



COMPREHENSIVE ANNUAL FINANCIAL REPORT

ST. CLAIR COUNTY, MICHIGAN

FOR THE YEAR ENDED DECEMBER 31, 2018

Current members of the
BOARD OF COMMISSIONERS

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

Prepared by:
ADMINISTRATOR/CONTROLLER'S OFFICE

Karry Hepting, CPA, Administrator/Controller
Danielle Hazlewood, CGFM, Deputy Controller/Finance Director
Dena Alderdyce, Accounting Manager

ST. CLAIR COUNTY, MICHIGAN

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COUNTY OF ST. CLAIR

Office of the Administrator/Controller



KARRY HEPTING, CPA
Administrator/Controller
khepting@stclaircounty.org
Phone: 810-989-6900

JENNIFER POSEY
Administrative Services Manager
jposey@stclaircounty.org
Phone: 810-989-6900

DANIELLE HAZLEWOOD, CGFM
Deputy Controller/Finance Director
dhazlewood@stclaircounty.org
Phone: 810-989-6301

DENA ALDERDYCE
Accounting Manager
dalderdyce@stclaircounty.org
Phone: 810-989-6324

OFFICE ADDRESS:
200 Grand River Avenue
Suite 203
Port Huron, MI 48060
Fax: 810-985-3463
www.stclaircounty.org

June 19, 2019

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, 2018.

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, 2018. The independent auditor’s report is located at the front of the financial section of this report.

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

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

Profile of St. Clair County

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

The 2010 census reported the population at 163,040, living in 63,841 households. The Southeastern Michigan Council of Governments currently estimates our population to grow 1.9% between 2010 and 2045. The County is made up of a mix of rural and urban communities, encompassing 9 villages and cities and 23 townships. The county seat is located in Port Huron, which is the largest city in the County, and where a majority of our offices are located.

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

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

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

civil damage cases over \$25,000, and family matters. All judges are elected, countywide, to staggered six-year terms.

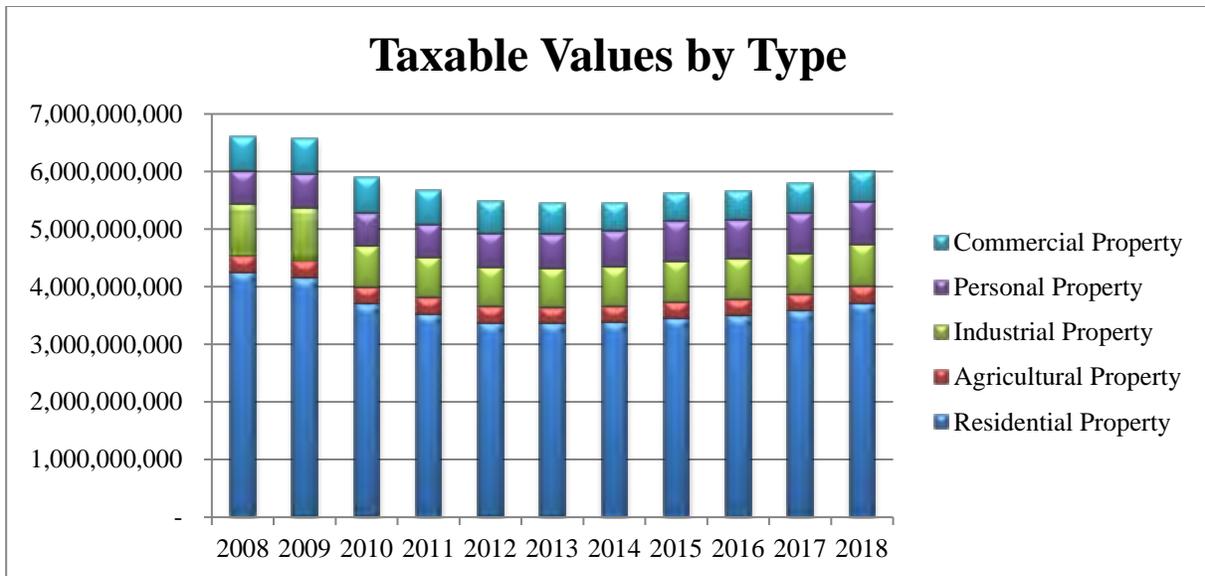
The Board of Commissioners appoints members to the three member Board of Road Commissioners, the three member Department of Public Works Board, the five member Land Bank Authority Board and the twelve member Community Mental Health Authority Board. These boards are governed and controlled by various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

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

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

Local Economy

As the State of Michigan's housing market fights to rebound, the County is experiencing a strong housing market and increasing property values. Most of the local units of government in St. Clair County experienced an increase in taxable property values in 2018. Despite the phase out of personal property tax under the State of Michigan's Personal Property Tax reform, the County still experienced an increase in taxable value of 3.5% in 2018 from 2017. The upward trend is expected to continue in 2019 with an expected increase of 4%. The chart below illustrates the changes in taxable values by property type.



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

The Economic Development Alliance of St. Clair County reported just under \$118 million of new investments in 2018. These investments resulted in the creation of over 760 new jobs. The following projects demonstrate the viability of St. Clair County to compete for new growth:

- The single largest and most impactful project of 2018 is DTE's decision to construct a new power plant in East China Township. Construction is expected to begin in 2019. This \$1 billion gas-fired plant will replace the capacity of the St. Clair Power Plant that is slated to close in 2023.
- St. Clair County Community College expanded its campus to include a new athletic field house and a new health science wing is underway. The new health science wing will help the college meet the growing demand of students in the medical profession. The College also offered student housing for the first time beginning in 2018.
- The County has seen \$60 million in new hotel investments. A California based developer, Jeff Katofsky, has taken on several significant projects in St. Clair County. The \$40 million restoration of the historic St. Clair Inn is expected to wrap up later this summer. In addition to the St. Clair Inn, a \$12 million restoration of the Harrington Hotel is also underway. Mr. Katofsky also purchased the vacant former St. Clair Middle School with the intent to convert it into small apartments targeted at millennials and employees of the Harrington and St. Clair Inn.

- In addition to the hotel projects listed above, the construction of a City Flats Hotel in the former Michigan National Bank Building located along the Black River is nearing completion. This will be the third Michigan location for City Flats. The hotel ballroom opened in spring of 2019 with the hotel expected to open later this summer.
- The county is seeing a significant increase in new residential construction. The most prominent new project to break ground in 2018 was the \$14 million 8-story Bluewater View Condos in Port Huron. Construction is underway and is expected to be complete later this year. In addition, a 94 unit apartment complex is under construction in St. Clair Township with a second 104 unit project currently under review. A new 200 home sub-division is underway in the City of Marysville along with several other new sub-divisions being planned in St. Clair Township, Ira Township, Fort Gratiot and Algonac.

Long-term Financial Planning and Major Initiatives

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

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

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

The County has implemented the conversion of our landfill cell space to new technology that may enable it to become a "perpetual landfill". Using a patented process we inject septage into the new cells at the landfill to promote the aggressive decomposition of refuse. After decomposition the cell will be re-filled with refuse, and the process starts over again. This bioreactor has the potential to ensure landfill space well into the future and the technology developed here will be marketed and sold to other landfills for their use. We have also contracted with a Detroit Edison Company to buy the methane gas created by the advanced

decomposition at the landfill to produce electric power. In 2018 the County was granted additional funding from the MDEQ to study the impact of the bioreactor process on the functional stability of the landfill and the impact to the closure and post closure monitoring process.

The natural beauty of St. Clair County continues to attract tourists with unique events like offshore power boat races, Port Huron to Mackinaw sail boat races, Blue Water Sand Fest, Blue Water Sturgeon Festival, and various other events highlighting our unique water trails. In March of 2017 the County along with the City of Port Huron was awarded SEMCOG's first Regional Showcase Award. The award recognized over three miles of recent shoreline revitalization, economic development, and recreation projects along the St. Clair River including the Blue Water River Walk, Island Loop National Water Trail and the Blue Water Convention Center.

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

The St. Clair County Park and Recreation Commission continues to secure grants to make improvements to the Blue Water River Walk Wetland Park. The next phase of improvements will include a play area, pavilion, and rest rooms. These improvements are expected to be completed during 2019-2020 dependent on the availability of grant funding.

Relevant Financial Policies

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

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

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

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to St. Clair County for its comprehensive annual financial report (CAFR) for the fiscal year ended December 31, 2017. This was our twenty third time receiving this award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR. This report satisfied both GAAP and applicable legal requirements.

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

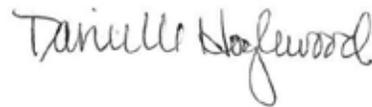
In addition, the County Health Department has once again met all standards set by the Michigan Local Public Health Accreditation Program and has been awarded accreditation. This accreditation process looks at a mandatory standards-based system for accrediting local public health departments.

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

Respectively submitted,



Karry Hepting, CPA
Administrator/Controller



Danielle Hazlewood, CGFM
Deputy Controller/Finance Director

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

Elected Officials

Board of Commissioners

Jeffrey Bohm	Chairperson
Bill Gratopp	Vice-Chairperson
Howard Heidemann	Member
Greg McConnell	Member
Duke Dunn	Member
David Rushing	Member
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
Charles Koob	Surveyor
Kelly M. Roberts-Burnett	Treasurer

Appointed Official

Karry Hepting	Administrator/Controller
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Government Finance Officers Association

Certificate of
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for Excellence
in Financial
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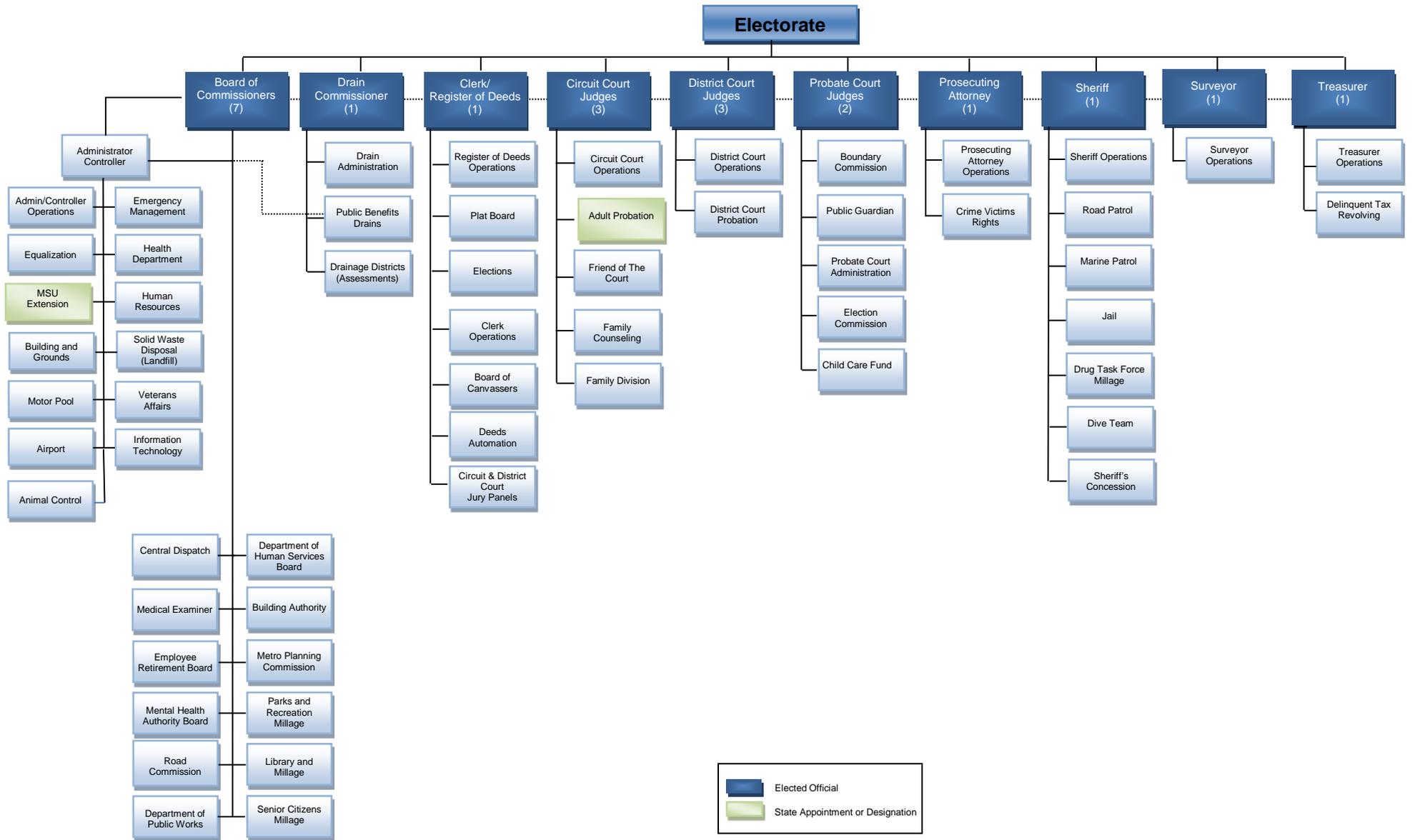
**St. Clair County
Michigan**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2017

Christopher P. Morrill

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, 2018 and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of St. Clair County, Michigan, as of December 31, 2018 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 19 to the financial statements, the County adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefit Other Than Pension*. The Sstatement requires the County to record its net OPEB liability in the government-wide and proprietary fund financial statements and enhanced the related note disclosures of the Plan. The County's net position has been restated as of January 1, 2018 as a result of this change in accounting principle. Our opinion is not modified with respect to these matters.

Other Matters

Required Supplementary Information

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

Other Information

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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 19, 2019 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.

Stewart, Beauvais & Whipple

Certified Public Accountants

June 19, 2019

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, 2018. 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, 2018 by \$27,731,954 (net position). Net position is either restricted for specific purposes or related to the County's investment in capital assets and is not available for spending.
- The government's total net position decreased by \$5,800,634. Governmental activities decreased by \$5,572,311 while Business-type activities decreased by \$228,323.
- At December 31, 2018, the County's governmental funds reported combined ending fund balances of \$35,511,294, an increase of \$2,684,360. Approximately 24% of this amount (\$8,487,332) is available for spending at the government's discretion (unassigned fund balance).
- Total outstanding long-term liabilities increased by \$614,579. This was primarily due to an increase to the County's net OPEB liability and debt issuance by the Drain Commission, net of scheduled payments and a decrease in the net pension liability.
- The Development Revolving Fund as well as the Budget Incentive Fund are included as sub funds of the Combined General Fund and are reflected on pages 121-122. 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 2018 the Board of Commissioners adopted a balanced budget for the 2019 General Fund.

Overview of the Financial Statements

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

St. Clair County Management's Discussion and Analysis

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

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

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

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

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

The government-wide financial statements can be found on pages 18-21 of this report.

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

St. Clair County Management's Discussion and Analysis

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. Governmental funds are reported using the modified accrual method of accounting. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements. Included are the Combined General Fund, the Special Revenue funds, the Debt Service funds, and the Capital Project funds.

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

The County maintains 33 individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the Combined General Fund, Parks and Recreation Fund, Library Fund, Senior Citizens Millage Fund, Drug Task Force Fund, and Mental Health Building Debt Fund, all of which are considered to be major funds. Data for 2 governmental funds and the General Fund are combined and reported as the Combined General Fund and data for the other 24 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

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

The basic governmental fund financial statements can be found on pages 22-27 of this report.

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

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

St. Clair County Management's Discussion and Analysis

Audits funds.

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

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

The basic proprietary fund financial statements can be found on pages 28-32 of this report.

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

The basic fiduciary fund financial statements can be found on pages 33-34 of this report.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 39-106 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the County's progress in funding its obligation to provide pension benefits and other post-employment benefits to its employees and the budgetary information for the General Fund and four major governmental funds (Special Revenue Funds). This required supplementary information is found on pages 107-120 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 121-147 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 \$27,731,954 at December 31, 2018. This compares to \$33,532,588 (\$62,521,843 less adjustments of \$28,989,255 for GASB 75 and Brownfield Redevelopment Authority) at the close of the prior fiscal year, a decrease of \$5,800,634. This decrease was due primarily to the recording of the net OPEB liability for the first time, as required by GASB statement number 75.

Net Position

	Governmental Activities		Business-Type Activities		Totals	
	2018	*2017	2018	*2017	2018	*2017
Current and Other Assets	67,881,390	67,248,083	42,876,712	42,997,784	110,758,102	110,245,867
Capital Assets,						
Net of Accumulated Depreciation	85,950,792	89,019,373	22,744,299	21,785,399	108,695,091	110,804,772
Total Assets	153,832,182	156,267,456	65,621,011	64,783,183	219,453,193	221,050,639
Total Deferred Outflows of Resources	14,349,075	12,640,890	158,985	130,324	14,508,060	12,771,214
Current Liabilities	6,484,605	7,571,794	1,558,230	1,041,816	8,042,835	8,613,610
Other Liabilities	160,003,691	130,344,709	17,278,385	16,520,002	177,282,076	146,864,711
Total Liabilities	166,488,296	137,916,503	18,836,615	17,561,818	185,324,911	155,478,321
Total Deferred Inflows of Resources	20,845,541	15,816,538	58,847	5,151	20,904,388	15,821,689
Net Position						
Net Investment in capital assets	53,387,369	53,996,316	13,802,588	13,027,718	67,189,957	67,024,034
Restricted	14,982,684	13,472,454	770,413	3,714,975	15,753,097	17,187,429
Unrestricted	(87,522,633)	(52,293,465)	32,311,533	30,603,845	(55,211,100)	(21,689,620)
Total Net Position	(19,152,580)	15,175,305	46,884,534	47,346,538	27,731,954	62,521,843

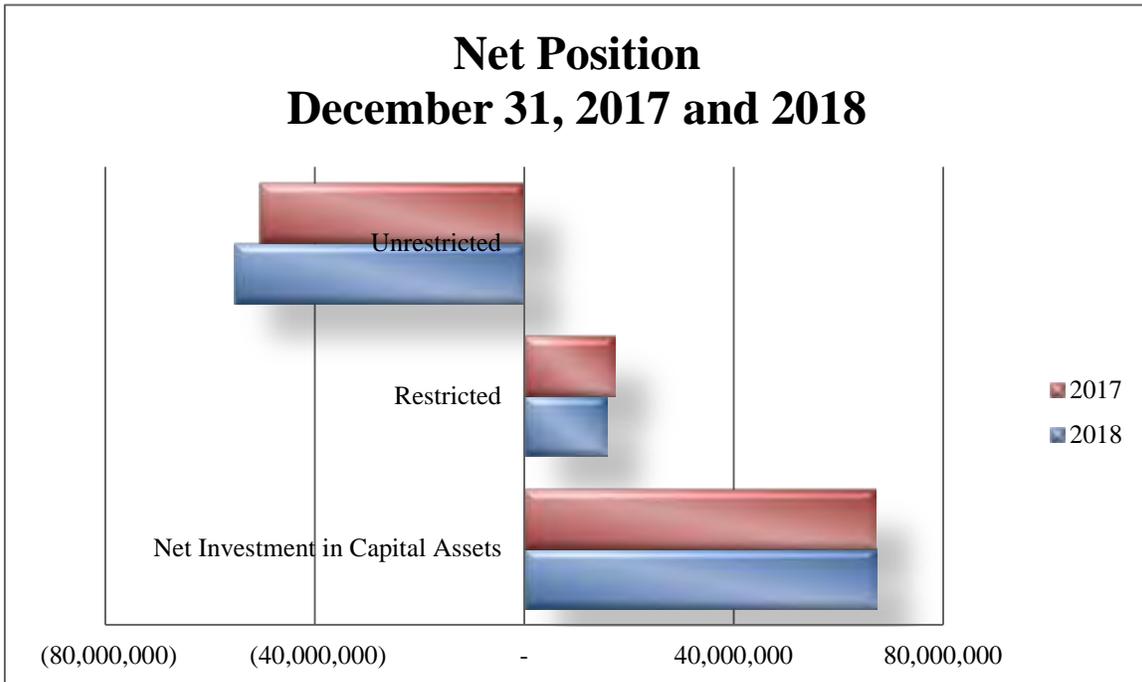
*Amounts have not been restated for the implementation of GASB No. 75.

St. Clair County's Net Position

The largest portion of the County's net position (242 percent) reflects our investment in capital assets, (e.g., land, buildings, machinery and equipment) less any related debt used to acquire those assets that is still outstanding. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

St. Clair County
Management's Discussion and Analysis

A portion of the County's net position (57 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position has a deficit balance (-199 percent) and is not available to meet the government's ongoing obligations to citizens and creditors.



Governmental Activities. Governmental activities net position decreased by \$5,572,311. The decrease was primarily due to recording of other post-employment benefit expenses and pension expenses mentioned above.

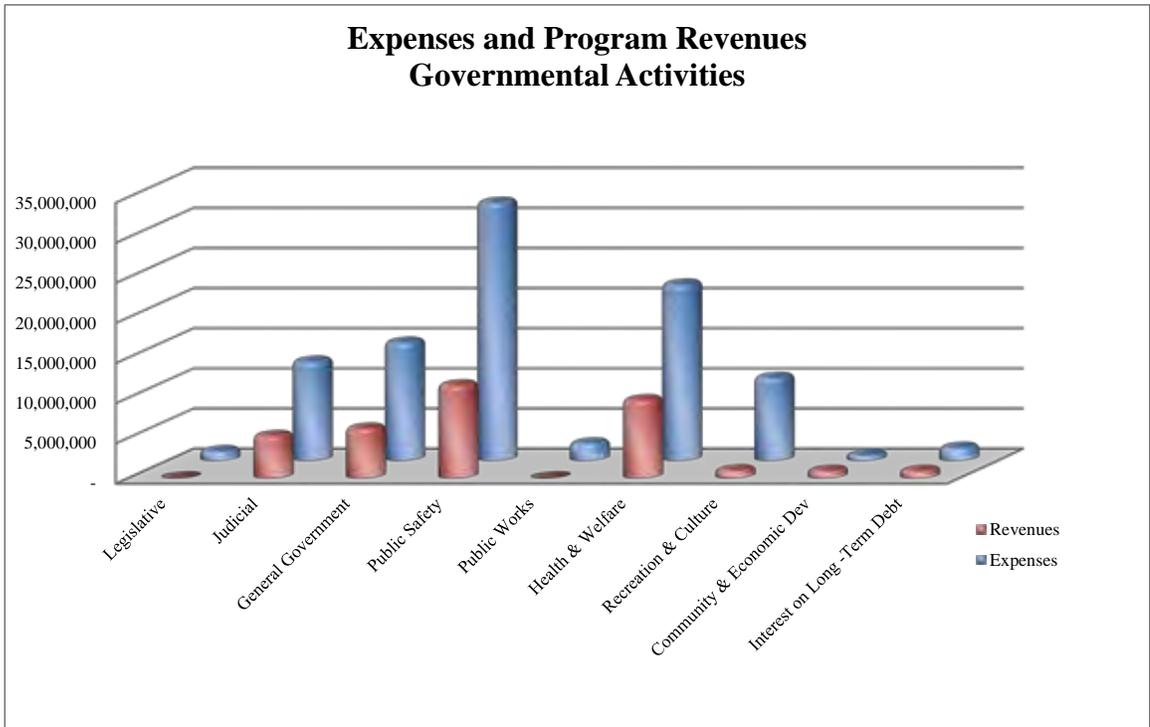
Business-Type Activities. Business-type activities decreased the County's net position by \$228,323. This decrease was due to costs associated with closure and post closure liability, as well as costs associated with post-employment benefits.

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

Changes in Net Position

	Governmental Activities		Business-Type Activities		Totals	
	2018	*2017	2018	*2017	2018	*2017
Revenues:						
Program revenues:						
Charges for services	20,182,756	19,014,710	11,855,633	11,474,717	32,038,389	30,489,427
Operating Grants and Contributions	15,539,442	17,102,295	111,617	74,752	15,651,059	17,177,047
Capital Grants and Contributions	96,280	230,969	226,056	-	322,336	230,969
General revenues:						
Property Taxes	47,282,360	45,982,891	-	-	47,282,360	45,982,891
Intergovernmental revenues	4,265,037	4,549,247	-	-	4,265,037	4,549,247
Investment earnings	1,031,235	656,537	278,916	168,498	1,310,151	825,035
Interest & Penalties on Delinq Taxes	4,922	14,417	1,101,351	1,074,915	1,106,273	1,089,332
Loss on disposal of capital assets	(61,931)	-	-	-	(61,931)	-
Total Revenues	88,340,101	87,551,066	13,573,573	12,792,882	101,913,674	100,343,948
Expenses:						
Legislative	1,208,963	1,183,900	-	-	1,208,963	1,183,900
Judicial	14,755,185	12,038,438	-	-	14,755,185	12,038,438
General Government	12,392,979	13,965,327	-	-	12,392,979	13,965,327
Public Safety	32,189,255	32,126,970	-	-	32,189,255	32,126,970
Public Works	2,186,688	971,174	-	-	2,186,688	971,174
Health and Welfare	21,992,370	20,845,128	-	-	21,992,370	20,845,128
Recreation and Culture	10,366,699	10,361,814	-	-	10,366,699	10,361,814
Community and Economic Development	682,229	2,604,813	-	-	682,229	2,604,813
Interest on Debt Service	1,653,774	1,795,350	-	-	1,653,774	1,795,350
Delinquent Tax Collections	-	-	400,099	422,586	400,099	422,586
Airport	-	-	1,069,876	1,087,918	1,069,876	1,087,918
Sheriff's Concession	-	-	1,160,624	1,156,423	1,160,624	1,156,423
School Tax Collections	-	-	7	-	7	-
Homestead Exemption Audits	-	-	-	182	-	182
Solid Waste Disposal	-	-	7,655,560	8,461,740	7,655,560	8,461,740
Total Expenses	97,428,142	95,892,914	10,286,166	11,128,849	107,714,308	107,021,763
Increase (Decrease) in Net Position, before transfers	(9,088,041)	(8,341,848)	3,287,407	1,664,033	(5,800,634)	(6,677,815)
Transfers	3,515,730	3,460,646	(3,515,730)	(3,460,646)	-	-
Decrease in Net Position	(5,572,311)	(4,881,202)	(228,323)	(1,796,613)	(5,800,634)	(6,677,815)
Net Position January 1, as restated	(13,580,269)	20,056,507	47,112,857	49,143,151	33,532,588	69,199,658
Net Position December 31	(19,152,580)	15,175,305	46,884,534	47,346,538	27,731,954	62,521,843

*Amounts have not been restated for implementation of GASB No. 75.

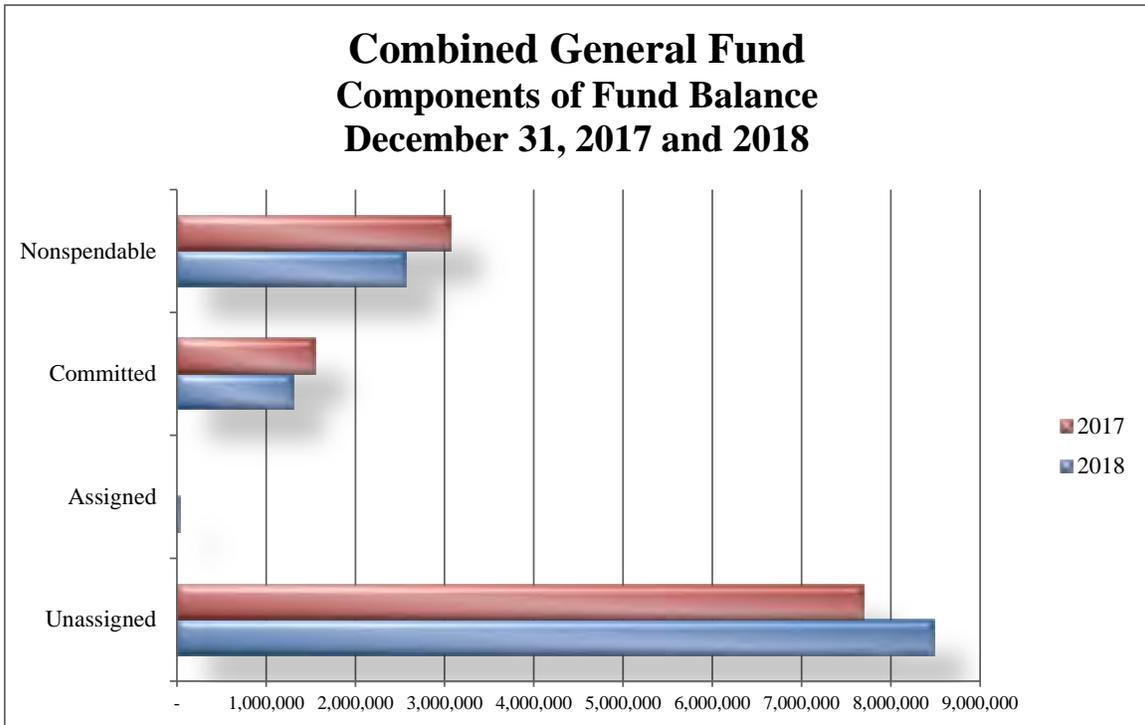


Financial Analysis of Governmental Funds

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

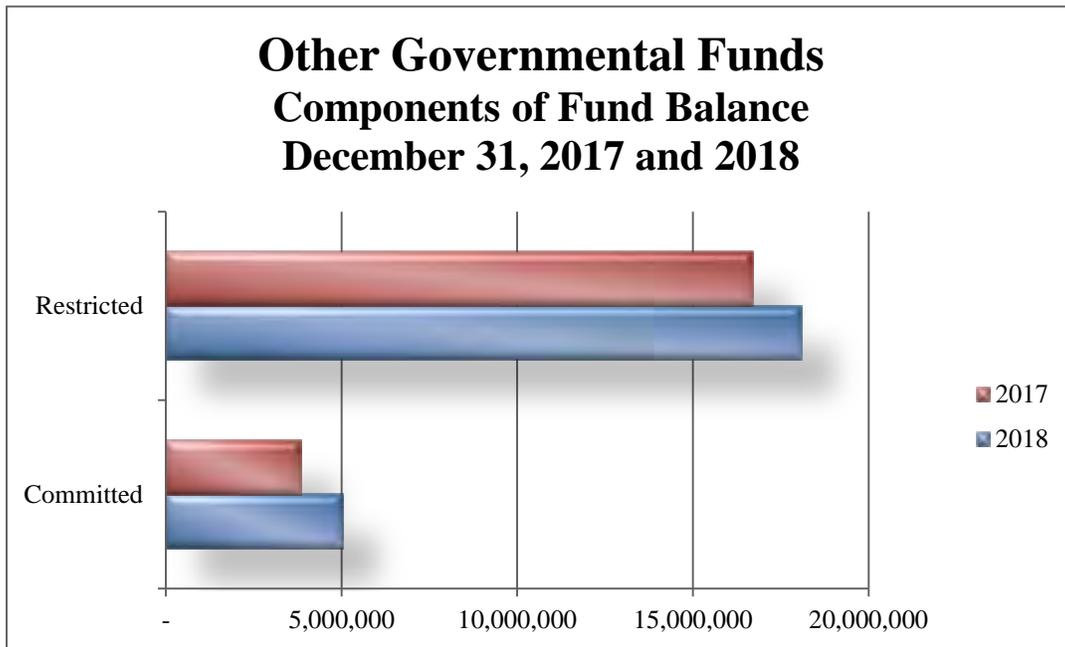
Governmental Funds. The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County's financing requirements. In particular, assigned and unassigned fund balance may serve as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

At December 31, 2018, the County's governmental funds reported combined ending fund balances of \$35,511,294, an increase of \$2,684,360 in comparison to the prior year. Approximately 24% of this fund balance (\$8,487,332) constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of fund balance is either nonspendable, restricted, committed or assigned to indicate that it is 1) not in spendable form (\$2,566,538), 2) restricted for particular purposes (\$18,084,149), 3) committed for particular purposes (\$6,335,331), or 4) assigned for particular purposes (\$37,944).



The Combined General Fund is the chief operating fund of the County. At December 31, 2018, the Combined General Fund reported an ending fund balance of \$12,394,318. Of that amount \$8,487,332 is unassigned, \$1,302,504 is committed for specific departments in the budget incentive fund, \$37,944 is assigned for economic development in the development revolving fund, and \$2,566,538 are nonspendable loans to the Drain Commissioner for funding drain projects, long-term receivables, and prepayments. As a measure of the combined general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents approximately 14 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 balance increased by \$89,288 during the current fiscal year. The increase is due to conservative spending on the departments' behalf.



The second major governmental fund is the special millage Parks and Recreation Fund. At December 31, 2018, Parks and Recreation reported a fund balance of \$2,349,748. Fund balance increased \$185,616 over the prior fiscal year. This increase was due to budgeted park improvements that were delayed to 2019.

The third major governmental fund is the special millage Library Fund. It reported 2,626,634 in fund balance at December 31, 2018. Fund balance decreased \$193,508 from the prior fiscal year. This decrease was contributed to budgeted expenditures for technology upgrades.

The fourth major governmental fund is the special millage Senior Citizens fund. It reported \$3,221,844 in fund balance at December 31, 2018. This fund decreased \$310,693 over the prior year. The use of fund balance was included in the board-approved budget to be used on additional services to our senior citizens.

The fifth major governmental fund is the special millage Drug Task Force fund. It reported a \$1,160,018 fund balance at December 31, 2018. The fund increased \$337,401 over the prior year. The increase was due to a voter approved millage increase that took effect in 2017.

The last major governmental fund is the Mental Health Building Debt Fund. It reported a fund balance of \$610 at December 31, 2018. This fund accounts for the payment of debt as well as monies received from Community Mental Health to reimburse the County for the debt payment.

St. Clair County
Management's Discussion and Analysis

Proprietary funds. The County's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. The County had two major proprietary funds at December 31, 2018.

Net position in the Solid Waste Disposal System at the end of the year amounted to \$13,077,784. Of this amount, \$9,434,975 is invested in capital assets. Net position decreased \$142,145 due to long-term liabilities relating to the pension program, bonds, and post-closure costs.

The Delinquent Tax Revolving Fund reported net position of \$28,204,523, a decrease of \$201,197 over the prior year. The earnings in this fund are dedicated to the annual debt payment requirements of the bond secured for the construction of the Jail/Juvenile facility.

General Fund Budgetary Highlights

Original budget compared to final budget. During the year the original budget was amended as needed. The original budget was balanced, while the final amended budget anticipated a gain of \$210,559. Major changes can be summarized as follows:

- Intergovernmental revenues and expenditures were adjusted for various grants received throughout the year.
- Revenue was adjusted for higher than expected property tax increase, as well as an increase in mortgage recording fees.
- Jail revenue and expenditures were increased for the increased population of federal inmates.
- Transfers out was increased to reflect transfers made to other funds, including the Child Care, Public Improvement, Indigent Defense, and debt service funds.
- Other expenditures were reserved for contingencies and was eliminated at the end of the year to cover other budget shortfalls.

Final budget compared to actual results. Overall, general fund revenues and transfers in were \$241,588 over budget. Increased interest revenue attributed to the overage, as well as grant revenues that were received after final budget adjustments were made.

Amended expenditures and other financing uses differed -\$117,203 from actual expenditures and other financing uses. Significant differences between the amended budgets and actual results for expenditures in the departments are as follows:

- Actual transfers out were \$704,378 more than the amended budget mainly due to additional transfers to the Child Care and Budget Incentive funds.
- The Jail was over its amended budget by \$175,166 due to inmate medical costs.
- Circuit Court was over its amended budget by \$92,516 due to an increase in court appointed attorneys fees.

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

- Most departments were under their amended budgets, so therefore, those unspent dollars were transferred to the Budget Incentive Fund mentioned earlier. Some departments had positions that remained vacant throughout the year which contributed to their savings.

Capital Asset and Debt Administration

Capital Assets. The County's investment in capital assets for its governmental and business-type activities as of December 31, 2018 amounted to \$108,695,091 (net of accumulated depreciation). This investment in capital assets includes land, buildings, land improvements, machinery and equipment, and vehicles. The total decrease in the County's capital assets for the current fiscal year was \$2,109,681.

Capital Assets (net of depreciation)

	Governmental Activities		Business-Type Activities		Totals	
	2018	2017	2018	2017	2018	2017
Land	13,005,562	13,030,562	1,892,998	1,892,998	14,898,560	14,923,560
Buildings and Improvements	60,150,450	62,263,549	5,594,837	6,013,195	65,745,287	68,276,744
Improvements other than Buildings	4,935,325	4,491,197	10,285,021	8,959,070	15,220,346	13,450,267
Equipment and Vehicles	5,921,760	6,569,445	4,733,489	4,273,673	10,655,249	10,843,118
Books	1,597,488	1,694,720	-	-	1,597,488	1,694,720
Construction in Progress	340,207	969,900	237,954	646,463	578,161	1,616,363
Total	85,950,792	89,019,373	22,744,299	21,785,399	108,695,091	110,804,772

Major capital asset events during the year included the following:

- Construction of a new playground at Columbus County Park
- A new heating and cooling system at the Courthouse in Port Huron
- Beach restoration at the Fort Gratiot County Park
- Replacement of various County vehicles
- Construction of a new pavilion at Goodells County Park
- Addition of books to the County library collection
- Improvements to the Bioreactor System at the Landfill

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

Long-term Debt/Liability. The County's long-term liability at December 31, 2018 totaled \$177,282,076.

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

Outstanding Debt/Long-Term Liabilities

	Governmental Activities		Business-Type Activities		Totals	
	2018	2017	2018	2017	2018	2017
General Obligation Bonds	37,825,000	41,180,000	8,941,711	8,757,681	46,766,711	49,937,681
Landfill Closure and Post Closure Costs		-	6,943,964	6,655,207	6,943,964	6,655,207
Drain Districts	3,773,915	2,823,141		-	3,773,915	2,823,141
Self-insurance Liability	371,000	328,000		-	371,000	328,000
Accumulated Employee Vacation, Sick and Compensatory Time	5,205,785	5,055,475	45,168	44,110	5,250,953	5,099,585
Net Premium	2,265,957	2,553,994		-	2,265,957	2,553,994
Net Pension Liability	10,813,750	19,220,954	125,805	219,679	10,939,555	19,440,633
Net OPEB Liability	99,748,284	88,742,322	1,221,737	1,086,934	100,970,021	89,829,256
Total	160,003,691	159,903,886	17,278,385	16,763,611	177,282,076	176,667,497

Significant portions of the debt include the following:

- The general obligation bonds sold in 2010 to construct a landfill leachate system and a gas to energy facility (\$6,049,280), net of 36.3% of forgivable portion. This debt is issued through the State of Michigan Municipal Bond Authority.
- The general obligation bonds sold in 2014 to expand the County's bioreactor system and to construct an additional landfill cell (\$2,892,431), net of 50% of forgivable portion. This debt is issued through the State of Michigan Municipal Bond Authority.
- The 2015 refunding of the 2007 (Series A) general obligation bonds to finance the construction of a Mental Health Authority building (\$6,470,000).
- The 2015 refunding of the 2007 (Series B) general obligation bonds to fund equipment related to 911 services (\$1,170,000).
- The outstanding portion of the 2012 refunding of the 2003 issue sold to finance the construction of a Jail/Juvenile facility (\$18,340,000).
- The 2013 refunding (taxable) of the general obligations to finance the construction of the Administrative Building (\$2,310,000).
- The general obligation bonds sold in 2012 to construct and equip the Blue Water Area Convention Center (\$7,955,000).
- The 2017 refunding of the 2009 general obligation bonds to construct a communications tower and acquire the required equipment (\$1,580,000).
- The County operates the Smiths Creek Landfill and is required to record the estimated costs of closure and the post-closure costs of the Landfill to ensure that when the facility is closed in the future there will be sufficient funds available to maintain it in an environmentally sound way. The amount recorded for this obligation is \$6,943,964.

St. Clair County
Management's Discussion and Analysis

- Upon their leaving County employment, certain employees of the County have, through collective bargaining agreements or policy, rights to be paid outstanding balances of accrued vacation, sick time, or compensatory time earned. This amount at December 31, 2018 is \$5,250,953.
- The net pension liability of County employees/retirees amounts to \$10,939,555.
- The net OPEB liability of the County employees/retirees amounts to \$100,970,021.

Additional information on the County's long-term debt can be found in Note 9 beginning on page 67 of this report.

Economic Factors and Next Year's Budgets and Rates

Many factors were considered in preparation of the County's budget for the 2019 fiscal year. Several of the more telling factors are as follows:

- The taxable value of real and personal property within the County is expected to increase 4% in 2019.
- County revenue sharing from the State increased .5% from the prior year.
- Employee healthcare costs increased by 5%.
- Costs of inmate medical and female inmate housing expenses are expected to increase.
- State-wide unemployment rates continue to decline.
- Community development is on the rise.

The 2019 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, 2018**

	Primary Government			Component Units
	Governmental Activities	Business Type Activities	Total	
Assets:				
Cash and cash equivalents	\$ 26,701,304	\$ 6,281,037	\$ 32,982,341	\$ 26,864,047
Investments	23,113,618	11,968,119	35,081,737	-
Receivables (net of allowance)	23,274,784	7,865,381	31,140,165	25,789,189
Prepaid expenses and deposits	3,013,150	18,587	3,031,737	385,662
Internal balances	(16,706,000)	16,706,000	-	-
Inventory	-	37,588	37,588	1,603,449
Properties held for sale	-	-	-	8,449
Long-term notes receivable	7,074,534	-	7,074,534	-
Advance to component units	1,410,000	-	1,410,000	-
Restricted assets -				
Cash and cash equivalents	-	-	-	2,464,740
Accounts receivable	-	-	-	37,500
Contract receivables	-	-	-	6,380,182
Beneficial interest in assets held by others	-	-	-	118,115
Capital assets (net of accumulated depreciation)				
Assets not being depreciated	13,345,769	2,130,952	15,476,721	35,543,567
Assets being depreciated	72,605,023	20,613,347	93,218,370	200,930,165
Total Assets	<u>153,832,182</u>	<u>65,621,011</u>	<u>219,453,193</u>	<u>300,125,065</u>
Deferred Outflows of Resources:				
Related to the pension plan	6,204,658	72,183	6,276,841	3,617,250
Related to the OPEB plan	7,086,883	86,802	7,173,685	4,642,843
Deferred charges on bond refunding	1,057,534	-	1,057,534	254,924
Total Deferred Outflows of Resources	<u>14,349,075</u>	<u>158,985</u>	<u>14,508,060</u>	<u>8,515,017</u>
Liabilities:				
Payables and accrued liabilities	6,239,748	1,555,189	7,794,937	7,315,705
Advances and deposits	133,021	-	133,021	3,808,233
Advances from primary government	-	-	-	1,410,000
Unearned revenue	111,836	3,041	114,877	117,246
Liabilities payable from restricted assets	-	-	-	45,212
Non-current liabilities -				
Due within one year	5,263,709	465,000	5,728,709	5,858,339
Due in more than one year	154,739,982	16,813,385	171,553,367	87,613,355
Total Liabilities	<u>166,488,296</u>	<u>18,836,615</u>	<u>185,324,911</u>	<u>106,168,090</u>
Deferred Inflows of Resources:				
Related to the pension plan	3,701,483	43,062	3,744,545	3,687,295
Related to the OPEB plan	1,288,727	15,785	1,304,512	1,457,898
Taxes levied for a subsequent period	15,855,331	-	15,855,331	1,152,845
Total Deferred Inflows of Resources	<u>20,845,541</u>	<u>58,847</u>	<u>20,904,388</u>	<u>6,298,038</u>

(Continued)

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

ST. CLAIR COUNTY, MICHIGAN

**STATEMENT OF NET POSITION
DECEMBER 31, 2018**

	Primary Government			Component Units
	Governmental Activities	Business Type Activities	Total	
Net Position:				
Net investment in capital assets	\$ 53,387,369	\$ 13,802,588	\$ 67,189,957	\$ 204,981,319
Restricted - Expendable -				
Acquisition/construction of capital assets	4,374,742	-	4,374,742	350,819
Debt Service	1,300,644	-	1,300,644	22,111,779
Judicial	869,795	-	869,795	-
Recreation and Cultural	720,876	-	720,876	-
Health and Welfare	5,348,055	-	5,348,055	-
Public Safety	1,957,966	-	1,957,966	-
Foreclosure sales	-	770,413	770,413	-
Other Purposes	410,606	-	410,606	148,374
Unrestricted (deficit)	(87,522,633)	32,311,533	(55,211,100)	(31,418,337)
Total Net Position	<u><u>\$ (19,152,580)</u></u>	<u><u>\$ 46,884,534</u></u>	<u><u>\$ 27,731,954</u></u>	<u><u>\$ 196,173,954</u></u>

(Concluded)

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

ST. CLAIR COUNTY, MICHIGAN

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2018**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental activities:				
Legislative	\$ 1,208,963	\$ -	\$ -	\$ -
General Government	14,755,185	5,194,471	1,037,880	-
Judicial	12,392,979	1,961,261	3,353,214	-
Public Safety	32,189,255	7,492,540	4,036,405	96,280
Public Works	2,186,688	-	-	-
Health and Welfare	21,992,370	3,056,504	6,711,931	-
Community and Economic Development	682,229	777,208	166,738	-
Recreation and Culture	10,366,699	767,583	233,274	-
Interest on Long Term Debt	1,653,774	933,189	-	-
Total governmental activities	<u>97,428,142</u>	<u>20,182,756</u>	<u>15,539,442</u>	<u>96,280</u>
Business-type activities:				
Delinquent Tax Revolving	400,099	989,944	-	-
Airport Commission	1,069,876	584,713	-	226,056
Sheriff's Concession	1,160,624	1,337,015	-	-
School Tax Collections	7	-	-	-
Homestead Exemption Audits	-	-	-	-
Solid Waste Disposal System	7,655,560	8,943,961	111,617	-
Total business-type activities	<u>10,286,166</u>	<u>11,855,633</u>	<u>111,617</u>	<u>226,056</u>
Total Primary Government	<u>\$ 107,714,308</u>	<u>\$ 32,038,389</u>	<u>\$ 15,651,059</u>	<u>\$ 322,336</u>
Component Units				
Road Commission	\$ 28,032,602	\$ 4,437,346	\$ 20,924,623	\$ 11,883,881
Department of Public Works	2,143,033	1,589,436	68,130	135,000
Community Mental Health Authority	56,535,258	2,589,874	53,324,792	-
Land Bank Authority	1,353	-	-	-
Brownfield Redevelopment Authority	90,413	7,000	89,943	-
Drainage Districts	2,085,984	6,007,212	-	-
Total Component Units	<u>\$ 88,888,643</u>	<u>\$ 14,630,868</u>	<u>\$ 74,407,488</u>	<u>\$ 12,018,881</u>

General revenues:
 Property taxes
 Grants and contributions not restricted to specific programs
 Unrestricted investment income
 Interest and penalties on delinquent taxes
 Loss on disposal of capital assets
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
\$(1,208,963)	\$ -	\$(1,208,963)	\$ -
(8,522,834)	-	(8,522,834)	-
(7,078,504)	-	(7,078,504)	-
(20,564,030)	-	(20,564,030)	-
(2,186,688)	-	(2,186,688)	-
(12,223,935)	-	(12,223,935)	-
261,717	-	261,717	-
(9,365,842)	-	(9,365,842)	-
(720,585)	-	(720,585)	-
<u>(61,609,664)</u>	<u>-</u>	<u>(61,609,664)</u>	<u>-</u>
-	589,845	589,845	-
-	(259,107)	(259,107)	-
-	176,391	176,391	-
-	(7)	(7)	-
-	-	-	-
-	1,400,018	1,400,018	-
<u>-</u>	<u>1,907,140</u>	<u>1,907,140</u>	<u>-</u>
<u>(61,609,664)</u>	<u>1,907,140</u>	<u>(59,702,524)</u>	<u>-</u>
-	-	-	9,213,248
-	-	-	(350,467)
-	-	-	(620,592)
-	-	-	(1,353)
-	-	-	6,530
<u>-</u>	<u>-</u>	<u>-</u>	<u>3,921,228</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>12,168,594</u>
47,282,360	-	47,282,360	1,145,011
4,265,037	-	4,265,037	-
1,031,235	278,916	1,310,151	110,245
4,922	1,101,351	1,106,273	-
(61,931)	-	(61,931)	(15,927)
<u>3,515,730</u>	<u>(3,515,730)</u>	<u>-</u>	<u>-</u>
<u>56,037,353</u>	<u>(2,135,463)</u>	<u>53,901,890</u>	<u>1,239,329</u>
(5,572,311)	(228,323)	(5,800,634)	13,407,923
<u>(13,580,269)</u>	<u>47,112,857</u>	<u>33,532,588</u>	<u>182,766,031</u>
<u>\$(19,152,580)</u>	<u>\$ 46,884,534</u>	<u>\$ 27,731,954</u>	<u>\$ 196,173,954</u>

ST. CLAIR COUNTY, MICHIGAN

**BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2018**

	<u>Combined General</u>	<u>Parks and Recreation</u>	<u>Library</u>	<u>Senior Citizens Millage</u>
Assets:				
Cash and cash equivalents	\$ 1,365,267	\$ 2,609,077	\$ 3,043,352	\$ 4,080,964
Investments	22,820,134	-	-	-
Receivables, net of allowance -				
Property taxes	1,567,401	2,811,282	3,975,058	4,540,088
Interest and accounts	324,883	1,479	2,994	-
Due from other governmental units	3,284,139	8,683	12,269	14,022
Due from other funds	273,595	-	-	-
Long-term notes receivable	604,534	-	-	-
Advances to component units	1,410,000	-	-	-
Prepayments and deposits	38,095	-	39,767	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 31,688,048</u>	<u>\$ 5,430,521</u>	<u>\$ 7,073,440</u>	<u>\$ 8,635,074</u>
Liabilities:				
Accounts payable	\$ 1,084,838	\$ 68,346	\$ 130,599	\$ 629,192
Accrued liabilities	1,696,302	38,419	128,225	1,010
Advances and deposits	-	12,300	-	-
Due to other governmental units	22,490	-	-	-
Due to other funds	16,306,000	-	-	-
Unearned revenue	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities	<u>19,109,630</u>	<u>119,065</u>	<u>258,824</u>	<u>630,202</u>
Deferred Inflows of Resources:				
Unavailable revenue -				
Delinquent property taxes	49,848	5,370	7,596	8,679
Lease contract/revolving loans	-	-	-	-
Grants/fees	134,252	-	-	-
Taxes levied for subsequent period	-	2,956,338	4,180,386	4,774,349
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Deferred Inflows of Resources	<u>184,100</u>	<u>2,961,708</u>	<u>4,187,982</u>	<u>4,783,028</u>
Fund Balances:				
Nonspendable -				
Long-term notes receivable/advances	2,528,443	-	-	-
Prepayments and deposits	38,095	-	-	-
Restricted	-	2,349,748	2,626,634	3,221,844
Committed	1,302,504	-	-	-
Assigned	37,944	-	-	-
Unassigned	8,487,332	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Fund Balances	<u>12,394,318</u>	<u>2,349,748</u>	<u>2,626,634</u>	<u>3,221,844</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 31,688,048</u>	<u>\$ 5,430,521</u>	<u>\$ 7,073,440</u>	<u>\$ 8,635,074</u>

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

<u>Drug Task Force</u>	<u>Mental Health Building Debt</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 1,508,362	\$ 610	\$ 14,076,726	\$ 26,684,358
-	-	293,484	23,113,618
3,182,789	-	567,204	16,643,822
-	-	972,602	1,301,958
19,187	-	1,456,849	4,795,149
-	-	-	273,595
-	6,470,000	-	7,074,534
-	-	-	1,410,000
-	-	-	77,862
<u>\$ 4,710,338</u>	<u>\$ 6,470,610</u>	<u>\$ 17,366,865</u>	<u>\$ 81,374,896</u>
\$ 118,955	\$ -	\$ 796,417	\$ 2,828,347
78,226	-	358,718	2,300,900
-	-	120,721	133,021
-	-	128,570	151,060
-	-	273,595	16,579,595
-	-	111,836	111,836
<u>197,181</u>	<u>-</u>	<u>1,789,857</u>	<u>22,104,759</u>
5,347	-	1,084	77,924
-	6,470,000	731,745	7,201,745
-	-	489,591	623,843
<u>3,347,792</u>	<u>-</u>	<u>596,466</u>	<u>15,855,331</u>
<u>3,353,139</u>	<u>6,470,000</u>	<u>1,818,886</u>	<u>23,758,843</u>
-	-	-	2,528,443
-	-	-	38,095
1,160,018	610	8,725,295	18,084,149
-	-	5,032,827	6,335,331
-	-	-	37,944
-	-	-	8,487,332
<u>1,160,018</u>	<u>610</u>	<u>13,758,122</u>	<u>35,511,294</u>
<u>\$ 4,710,338</u>	<u>\$ 6,470,610</u>	<u>\$ 17,366,865</u>	<u>\$ 81,374,896</u>

ST. CLAIR COUNTY, MICHIGAN

**RECONCILIATION OF THE BALANCE SHEET FOR
GOVERNMENTAL FUNDS TO STATEMENT OF NET POSITION
DECEMBER 31, 2018**

Fund Balances - total governmental funds		\$ 35,511,294
Amounts reported for governmental activities in the statement of net position are different because:		
Expenses recorded in the funds on the purchase method		479,732
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds		
Capital assets		149,905,855
Accumulated depreciation		(64,020,882)
Certain assets do not represent current financial resources and are therefore not recorded in the funds		
Interest receivable on capital lease contract		70,600
Certain pension and OPEB contributions and changes in pension and OPEB plan liabilities are reported as deferred outflows (inflows) of resources in the statement of net position		
Deferred outflows of resources		13,291,541
Deferred inflows of resources		(4,990,210)
Other long term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds		
Delinquent personal property taxes	\$ 77,924	
Housing rehabilitation loan	731,745	
Capital lease contract	6,470,000	
Grants/fees	<u>623,843</u>	7,903,512
Internal Service Fund used by management to charge cost of property, liability, health, disability, workers compensation, and life insurance expenses and claims. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.		1,663,576
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	(37,825,000)	
Drain District assessments payable	(3,773,915)	
Accrued interest on bonds/notes payable	(392,441)	
Net pension liability	(10,813,750)	
Net OPEB liability	(99,748,284)	
Accrued compensated absences	<u>(5,205,785)</u>	(157,759,175)
Charges on refunding are reported currently in the governmental funds, whereas they are capitalized and amortized from net position		1,057,534
Premiums on bonds are reported as other financing sources in the governmental funds, whereas they are capitalized and amortized from net position (netted against bonds payable)		<u>(2,265,957)</u>
Net Position of governmental activities		<u><u>\$(19,152,580)</u></u>

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

ST. CLAIR COUNTY, MICHIGAN

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2018**

	<u>Combined General</u>	<u>Parks and Recreation</u>	<u>Library</u>	<u>Senior Citizens Millage</u>
Revenues:				
Taxes	\$ 31,901,450	\$ 2,868,607	\$ 4,056,202	\$ 4,632,591
Licenses and permits	415,744	-	-	-
Intergovernmental	12,762,252	54,781	178,903	14,022
Charges for services	9,360,926	112,431	83,961	-
Fines and forfeits	343,507	-	485,124	-
Interest and rent	1,407,862	9,944	45,097	16,130
Other	1,865,822	35,775	50,292	3,908
Total Revenues	<u>58,057,563</u>	<u>3,081,538</u>	<u>4,899,579</u>	<u>4,666,651</u>
Expenditures:				
Current -				
Legislative	1,192,654	-	-	-
General Government	11,973,162	-	-	-
Judicial	10,906,393	-	-	-
Public Safety	23,572,489	-	-	-
Public Works	2,178,628	-	-	-
Health and Welfare	1,852,057	-	-	4,977,344
Community and Economic Development	660,825	-	-	-
Recreation and Cultural	-	2,895,922	5,093,087	-
Capital Outlay	121,613	-	-	-
Debt Service -				
Principal	335,796	-	-	-
Interest and charges	160,880	-	-	-
Total Expenditures	<u>52,954,497</u>	<u>2,895,922</u>	<u>5,093,087</u>	<u>4,977,344</u>
Revenues over (under) expenditures	<u>5,103,066</u>	<u>185,616</u>	<u>(193,508)</u>	<u>(310,693)</u>
Other Financing Sources (Uses):				
Issuance of debt	1,286,570	-	-	-
Transfers from other funds	2,362,427	-	-	-
Transfers to other funds	<u>(8,662,775)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(5,013,778)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	89,288	185,616	(193,508)	(310,693)
Fund Balances at beginning of year, as restated	<u>12,305,030</u>	<u>2,164,132</u>	<u>2,820,142</u>	<u>3,532,537</u>
Fund Balances at end of year	<u>\$ 12,394,318</u>	<u>\$ 2,349,748</u>	<u>\$ 2,626,634</u>	<u>\$ 3,221,844</u>

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

<u>Drug Task Force</u>	<u>Mental Health Building Debt</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 3,248,258	\$ -	\$ 582,700	\$ 47,289,808
-	-	338,222	753,966
51,523	-	6,965,569	20,027,050
-	-	5,150,982	14,708,300
-	-	107,986	936,617
3,125	849,250	235,807	2,567,215
22,804	-	812,932	2,791,533
<u>3,325,710</u>	<u>849,250</u>	<u>14,194,198</u>	<u>89,074,489</u>
-	-	-	1,192,654
-	-	226,209	12,199,371
-	-	319,777	11,226,170
2,630,383	-	195,819	26,398,691
-	-	-	2,178,628
-	-	14,252,922	21,082,323
-	-	-	660,825
-	-	1,420,260	9,409,269
-	-	1,242,847	1,364,460
-	555,000	2,800,000	3,690,796
-	294,250	1,334,112	1,789,242
<u>2,630,383</u>	<u>849,250</u>	<u>21,791,946</u>	<u>91,192,429</u>
<u>695,327</u>	<u>-</u>	<u>(7,597,748)</u>	<u>(2,117,940)</u>
-	-	-	1,286,570
-	-	11,278,505	13,640,932
<u>(357,926)</u>	<u>-</u>	<u>(1,104,501)</u>	<u>(10,125,202)</u>
<u>(357,926)</u>	<u>-</u>	<u>10,174,004</u>	<u>4,802,300</u>
337,401	-	2,576,256	2,684,360
<u>822,617</u>	<u>610</u>	<u>11,181,866</u>	<u>32,826,934</u>
<u>\$ 1,160,018</u>	<u>\$ 610</u>	<u>\$ 13,758,122</u>	<u>\$ 35,511,294</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, 2018**

Net change in fund balances - total governmental funds	\$	2,684,360
Change in prepaid expenses recorded in the funds on the purchase method		95,219
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.</p>		
Capital outlay		1,933,579
Depreciation expense	(	4,936,140)
Loss from sale/disposal of assets	(	61,931)
<p>Revenue in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>		
	(	672,457)
<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		3,690,796
Issuance of debt - drain districts	(	1,286,570)
<p>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.</p>		
Decrease in accrued interest payable		28,050
Amortization of bond premium		288,037
Amortization of deferred charge on refunding	(	180,619)
<p>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.</p>		
	(	923,455)
<p>Change in deferred outflows of resources and deferred inflows of resources related to the pension and OPEB plans</p>		
	(	3,482,112)
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the funds.</p>		
Increase in net OPEB liability	\$(	11,005,962)
Decrease in net pension liability		8,407,204
Increase in accrued compensated absences	(	150,310)
		<u>(2,749,068)</u>
Change in net position of governmental activities	\$(	<u><u>5,572,311</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, 2018**

	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	\$ 4,265,126	\$ 819,772	\$ 1,196,139	\$ 6,281,037	\$ 16,946
Investments	-	11,968,119	-	11,968,119	-
Receivables, net of allowance -					
Delinquent taxes	-	5,973,853	-	5,973,853	-
Interest and accounts	1,159,836	60,299	105,200	1,325,335	463,255
Due from other governmental units	421,028	36,716	-	457,744	-
Inventory	-	-	37,588	37,588	-
Prepaid expenses and deposits	1,002	16,843	742	18,587	2,455,556
Due from other funds	7,306,000	9,400,000	-	16,706,000	-
Total Current Assets	<u>13,152,992</u>	<u>28,275,602</u>	<u>1,339,669</u>	<u>42,768,263</u>	<u>2,935,757</u>
Noncurrent Assets:					
Capital assets	44,611,298	268,680	7,355,617	52,235,595	110,516
Less - accumulated depreciation	(26,234,612)	(268,680)	(2,988,004)	(29,491,296)	(44,697)
Capital assets, net	<u>18,376,686</u>	<u>-</u>	<u>4,367,613</u>	<u>22,744,299</u>	<u>65,819</u>
Notes receivable	<u>100,000</u>	<u>8,449</u>	<u>-</u>	<u>108,449</u>	<u>-</u>
Total Noncurrent Assets	<u>18,476,686</u>	<u>8,449</u>	<u>4,367,613</u>	<u>22,852,748</u>	<u>65,819</u>
Total Assets	<u>31,629,678</u>	<u>28,284,051</u>	<u>5,707,282</u>	<u>65,621,011</u>	<u>3,001,576</u>
Deferred Outflows of Resources:					
Related to pension plan	72,183	-	-	72,183	-
Related to OPEB plan	<u>86,802</u>	<u>-</u>	<u>-</u>	<u>86,802</u>	<u>-</u>
Total Deferred Outflows of Resources	<u>158,985</u>	<u>-</u>	<u>-</u>	<u>158,985</u>	<u>-</u>

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

	Business-type Activities - Enterprise Funds				Governmental
	Solid Waste Disposal System	Delinquent Tax Revolving	Other Proprietary Funds	Total	Internal Service Fund
Liabilities:					
Current Liabilities:					
Accounts payable	\$ 1,289,483	\$ 62,961	\$ 79,227	\$ 1,431,671	\$ 98,684
Accrued expenses	19,705	8,341	10,359	38,405	468,316
Due to other governmental units	22,673	8,226	-	30,899	-
Due to other funds	-	-	-	-	400,000
Accrued interest payable	54,214	-	-	54,214	-
Current portion of long-term liabilities	465,000	-	-	465,000	328,000
Unearned revenue	-	-	3,041	3,041	-
Total Current Liabilities	<u>1,851,075</u>	<u>79,528</u>	<u>92,627</u>	<u>2,023,230</u>	<u>1,295,000</u>
Long-term Liabilities (less current portions):					
Accrued vacation and sick	32,740	-	12,428	45,168	-
Accrued insurance claims	-	-	-	-	43,000
Net pension liability	125,805	-	-	125,805	-
Net OPEB liability	1,221,737	-	-	1,221,737	-
Bonds payable	8,476,711	-	-	8,476,711	-
Estimated closure and post closure costs	6,943,964	-	-	6,943,964	-
Total Long-term Liabilities	<u>16,800,957</u>	<u>-</u>	<u>12,428</u>	<u>16,813,385</u>	<u>43,000</u>
Total Liabilities	<u>18,652,032</u>	<u>79,528</u>	<u>105,055</u>	<u>18,836,615</u>	<u>1,338,000</u>
Deferred Inflows of Resources:					
Related to pension plan	43,062	-	-	43,062	-
Related to OPEB plan	15,785	-	-	15,785	-
Total Deferred Inflows of Resources	<u>58,847</u>	<u>-</u>	<u>-</u>	<u>58,847</u>	<u>-</u>
Net Position:					
Net investment in capital assets	9,434,975	-	4,367,613	13,802,588	65,819
Restricted - Expendable - Foreclosure sales	-	770,413	-	770,413	-
Unrestricted	3,642,809	27,434,110	1,234,614	32,311,533	1,597,757
Total Net Position	<u>\$ 13,077,784</u>	<u>\$ 28,204,523</u>	<u>\$ 5,602,227</u>	<u>\$ 46,884,534</u>	<u>\$ 1,663,576</u>

ST. CLAIR COUNTY, MICHIGAN

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2018**

	Business-type Activities - Enterprise Funds				Governmental
	Solid Waste	Delinquent	Other	Total	Activities
	Disposal System	Tax Revolving	Proprietary Funds		Internal Service Fund
Operating Revenues:					
Intergovernmental	\$ 111,617	\$ -	\$ -	\$ 111,617	\$ -
Charges for services	8,936,838	989,944	1,759,697	11,686,479	12,506,185
Interest and rents	-	1,101,351	159,906	1,261,257	-
Other	7,123	-	2,125	9,248	961,835
Total Operating Revenues	<u>9,055,578</u>	<u>2,091,295</u>	<u>1,921,728</u>	<u>13,068,601</u>	<u>13,468,020</u>
Operating Expenses:					
Personal services	629,654	118,334	273,506	1,021,494	317,407
Supplies	576,689	-	329,871	906,560	8,973
Other services	3,906,086	273,376	1,321,387	5,500,849	14,061,006
Closure and post closure costs	288,757	-	-	288,757	-
Depreciation	2,006,093	8,389	305,743	2,320,225	4,089
Total Operating Expenses	<u>7,407,279</u>	<u>400,099</u>	<u>2,230,507</u>	<u>10,037,885</u>	<u>14,391,475</u>
Operating income (loss)	<u>1,648,299</u>	<u>1,691,196</u>	<u>(308,779)</u>	<u>3,030,716</u>	<u>(923,455)</u>
Non-Operating Revenues (Expenses):					
Interest revenue	-	275,907	3,009	278,916	-
Loss on disposal of capital assets	(90,861)	-	-	(90,861)	-
Interest expense	(157,420)	-	-	(157,420)	-
Total Non-Operating Revenues (Expenses)	<u>(248,281)</u>	<u>275,907</u>	<u>3,009</u>	<u>30,635</u>	<u>-</u>
Net income (loss) before capital contributions and transfers	1,400,018	1,967,103	(305,770)	3,061,351	(923,455)
Capital Contributions	-	-	226,056	226,056	-
Net income (loss) before transfers	<u>1,400,018</u>	<u>1,967,103</u>	<u>(79,714)</u>	<u>3,287,407</u>	<u>(923,455)</u>
Transfers:					
Transfers from other funds	-	-	210,000	210,000	-
Transfers to other funds	(1,542,163)	(2,168,300)	(15,267)	(3,725,730)	-
Total Transfers	<u>(1,542,163)</u>	<u>(2,168,300)</u>	<u>194,733</u>	<u>(3,515,730)</u>	<u>-</u>
Change in Net Position	(142,145)	(201,197)	115,019	(228,323)	(923,455)
Net Position at beginning of year, as restated	<u>13,219,929</u>	<u>28,405,720</u>	<u>5,487,208</u>	<u>47,112,857</u>	<u>2,587,031</u>
Net Position at end of year	<u>\$ 13,077,784</u>	<u>\$ 28,204,523</u>	<u>\$ 5,602,227</u>	<u>\$ 46,884,534</u>	<u>\$ 1,663,576</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, 2018**

	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	\$ 9,765,725	\$10,925,802	\$ 1,936,671	\$22,628,198	\$ 752,776
Cash receipts from interfund services	-	-	-	-	12,506,185
Cash payments to suppliers	(3,979,377)	(9,205,585)	(1,714,555)	(14,899,517)	(14,321,349)
Cash payments to employees	(491,374)	(97,451)	(239,596)	(828,421)	(317,407)
Cash payments for interfund services	(62,125)	(16,388)	(31,034)	(109,547)	-
Other cash receipts	118,740	-	-	118,740	-
Net cash Provided by (Used in) Operating Activities	<u>5,351,589</u>	<u>1,606,378</u>	<u>(48,514)</u>	<u>6,909,453</u>	<u>(1,379,795)</u>
Cash Flows From Noncapital Financing Activities:					
Cash receipts/payments to other funds	(7,306,000)	3,400,000	-	(3,906,000)	400,000
Transfers from other funds	-	-	210,000	210,000	-
Transfers to other funds	<u>(1,542,163)</u>	<u>(2,168,300)</u>	<u>(15,267)</u>	<u>(3,725,730)</u>	<u>-</u>
Net cash Provided by (Used in) Non-capital Related Financing Activities	<u>(8,848,163)</u>	<u>1,231,700</u>	<u>194,733</u>	<u>(7,421,730)</u>	<u>400,000</u>
Cash Flows From Capital and Related Financing Activities:					
Proceeds from sale of bonds	514,030	-	-	514,030	-
Payments on bonds	(330,000)	-	-	(330,000)	-
Interest paid	(156,029)	-	-	(156,029)	-
Acquisition and construction of capital assets	<u>(3,132,032)</u>	<u>-</u>	<u>(11,898)</u>	<u>(3,143,930)</u>	<u>-</u>
Net cash Provided by (Used in) Capital Related Financing Activities	<u>(3,104,031)</u>	<u>-</u>	<u>(11,898)</u>	<u>(3,115,929)</u>	<u>-</u>
Cash Flows From Investing Activities:					
Interest received	-	275,907	3,009	278,916	-
Purchase of investments	<u>-</u>	<u>(4,352,363)</u>	<u>-</u>	<u>(4,352,363)</u>	<u>-</u>
Net cash Provided by (Used in) Investing Activities	<u>-</u>	<u>(4,076,456)</u>	<u>3,009</u>	<u>(4,073,447)</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	(6,600,605)	(1,238,378)	137,330	(7,701,653)	(979,795)
Cash and Cash Equivalents at beginning of year	<u>10,865,731</u>	<u>2,058,150</u>	<u>1,058,809</u>	<u>13,982,690</u>	<u>996,741</u>
Cash and Cash Equivalents at end of year	<u>\$ 4,265,126</u>	<u>\$ 819,772</u>	<u>\$ 1,196,139</u>	<u>\$ 6,281,037</u>	<u>\$ 16,946</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, 2018**

	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 in) Operating Activities:					
Operating income (loss)	\$ 1,648,299	\$ 1,691,196	\$(308,779)	\$ 3,030,716	\$(923,455)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities -					
Depreciation	2,006,093	8,389	305,743	2,320,225	4,089
Provision for uncollectible accounts	(100,000)	-	-	(100,000)	-
Estimated closure and post closure costs	288,757	-	-	288,757	-
Change in assets and liabilities:					
Receivables	1,020,779	(132,673)	16,894	905,000	(209,059)
Inventory	-	-	(19,279)	(19,279)	-
Prepays and deposits	35	(386)	241	(110)	(394,945)
Deferred outflows/inflows of resources related to pension and OPEB plans	25,035	-	-	25,035	-
Accounts payable/accrued expenses	561,615	55,789	(41,383)	576,021	143,575
Due to/from other governmental units	(99,024)	(15,937)	-	(114,961)	-
Unearned revenue	-	-	(1,951)	(1,951)	-
Net cash Provided by (Used in) Operating Activities	<u>\$ 5,351,589</u>	<u>\$ 1,606,378</u>	<u>\$(48,514)</u>	<u>\$ 6,909,453</u>	<u>\$(1,379,795)</u>
Non-Cash Capital and Related Financing Activities:					
Capital contributions	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 226,056</u>	<u>\$ 226,056</u>	<u>\$ -</u>

(Concluded)

ST. CLAIR COUNTY, MICHIGAN

**STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
DECEMBER 31, 2018**

	<u>Pension and Other Employee Benefits</u>	<u>Landfill Private-Purpose Trust Fund</u>	<u>Agency Funds</u>
Assets:			
Cash and cash equivalents	\$ 8,090,539	\$ 2,276,944	\$ 2,340,893
Investments -			
Corporate Debt	12,165,472	-	-
Hedge Funds	54,373	-	-
Stocks	127,030,961	-	-
Mutual Funds	7,451,746	-	-
Partnerships	111,072,959	-	-
Municipal Bonds	200,308	-	-
Certificates of Deposit	-	-	44,541
Receivables -			
Interest/dividends and accounts	254,363	-	20,462,326
Other	277,498	-	11,987
	<u>266,598,219</u>	<u>2,276,944</u>	<u>\$ 22,859,747</u>
Liabilities:			
Accounts payable	225,228	-	\$ -
Due to individuals and agencies	4,569	-	21,557,183
Due to other governmental units	-	-	1,302,564
	<u>229,797</u>	<u>-</u>	<u>\$ 22,859,747</u>
Net Position:			
Restricted for pension benefits	222,940,832	-	
Restricted for other postemployment benefits	43,427,590	-	
Restricted for landfill perpetual care	-	2,276,944	
	<u>\$ 266,368,422</u>	<u>\$ 2,276,944</u>	

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

ST. CLAIR COUNTY, MICHIGAN

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2018**

	Pension and Other Employee Benefits	Landfill Private-Purpose Trust Fund
Additions:		
Contributions -		
Member contributions	\$ 2,278,886	\$ -
Employer contributions	9,042,521	-
Closure/postclosure	-	60,000
Total Contributions	11,321,407	60,000
Investment income -		
Net depreciation in fair value of investments	(16,392,681)	-
Interest/dividends	4,515,212	36,954
Less investment expense	(803,819)	(1,000)
Net investment income	(12,681,288)	35,954
Total Additions	(1,359,881)	95,954
Deductions:		
Retirement payroll	15,085,540	-
Health/dental insurance	3,958,898	-
Death benefits	49,000	-
Employee refunds	225,412	-
Administration	154,035	-
Total Deductions	19,472,885	-
Net increase	(20,832,766)	95,954
Net position -		
Beginning of year	287,201,188	2,180,990
End of year	\$ 266,368,422	\$ 2,276,944

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, 2018**

	<u>Road Commission</u>	<u>Department of Public Works</u>	<u>Community Mental Health Authority</u>
Assets:			
Cash and cash equivalents	\$ 10,759,642	\$ 223,961	\$ 9,704,747
Receivables (net of allowance)	4,934,956	381,965	3,093,251
Prepaid expenses	142,721	27,756	215,185
Inventory	1,599,568	-	3,881
Properties held for sale	-	-	-
Restricted Assets -			
Cash and cash equivalents	-	951,922	1,512,818
Accounts receivable	-	37,500	-
Contracts receivable	-	6,380,182	-
Beneficial interest in assets held by others	-	-	118,115
Capital Assets (net of accumulated depreciation)			
Assets not being depreciated	27,043,122	83,776	1,714,981
Assets being depreciated	144,467,969	10,346,965	8,593,052
Total Assets	<u>188,947,978</u>	<u>18,434,027</u>	<u>24,956,030</u>
Deferred Outflows of Resources:			
Related to the pension plan	1,621,342	-	1,995,908
Related to the OPEB plan	3,247,024	-	1,395,819
Deferred charges on bond refunding	-	-	254,924
Total Deferred Outflows of Resources	<u>4,868,366</u>	<u>-</u>	<u>3,646,651</u>
Liabilities:			
Payables and accrued liabilities	484,197	40,964	6,083,310
Accrued interest	-	-	1,384
Advances and deposits	1,493,504	121,270	1,991,886
Advance from primary government	-	-	-
Unearned revenue	-	-	117,246
Liabilities payable from restricted assets	-	45,212	-
Non-current liabilities -			
Due within one year	304,000	1,640,600	2,355,579
Due in more than one year	35,147,689	5,332,973	26,347,796
Total Liabilities	<u>37,429,390</u>	<u>7,181,019</u>	<u>36,897,201</u>
Deferred Inflows of Resources:			
Related to the pension plan	1,953,867	-	1,733,428
Related to the OPEB plan	1,271,105	-	186,793
Taxes levied for a subsequent period	1,152,845	-	-
Total Deferred Inflows of Resources	<u>4,377,817</u>	<u>-</u>	<u>1,920,221</u>
Net Position:			
Net investment in capital assets	171,511,091	10,430,741	2,130,228
Restricted -			
Donations	-	-	80,259
Beneficial interest	-	-	68,115
Equipment replacement	-	350,819	-
Debt Service	-	-	-
Unrestricted (Deficit)	(19,501,954)	471,448	(12,493,343)
Total Net Position	<u>\$ 152,009,137</u>	<u>\$ 11,253,008</u>	<u>\$(10,214,741)</u>

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

Land Bank Authority	Brownfield Redevelopment Authority	Drainage Districts	Totals
\$ 157,891	\$ 34,330	\$ 5,983,476	\$ 26,864,047
894	40,803	17,337,320	25,789,189
-	-	-	385,662
-	-	-	1,603,449
8,449	-	-	8,449
-	-	-	2,464,740
-	-	-	37,500
-	-	-	6,380,182
-	-	-	118,115
-	-	6,701,688	35,543,567
-	-	37,522,179	200,930,165
<u>167,234</u>	<u>75,133</u>	<u>67,544,663</u>	<u>300,125,065</u>
-	-	-	3,617,250
-	-	-	4,642,843
-	-	-	254,924
-	-	-	<u>8,515,017</u>
-	14,968	514,817	7,138,256
-	-	176,065	177,449
-	-	201,573	3,808,233
-	-	1,410,000	1,410,000
-	-	-	117,246
-	-	-	45,212
-	-	1,558,160	5,858,339
<u>8,449</u>	<u>380,000</u>	<u>20,396,448</u>	<u>87,613,355</u>
<u>8,449</u>	<u>394,968</u>	<u>24,257,063</u>	<u>106,168,090</u>
-	-	-	3,687,295
-	-	-	1,457,898
-	-	-	1,152,845
-	-	-	<u>6,298,038</u>
-	-	20,909,259	204,981,319
-	-	-	80,259
-	-	-	68,115
-	-	-	350,819
-	-	22,111,779	22,111,779
<u>158,785</u>	<u>(319,835)</u>	<u>266,562</u>	<u>(31,418,337)</u>
<u>\$ 158,785</u>	<u>\$(319,835)</u>	<u>\$ 43,287,600</u>	<u>\$ 196,173,954</u>

ST. CLAIR COUNTY, MICHIGAN

**COMBINING STATEMENT OF ACTIVITIES
DISCRETELY PRESENTED COMPONENT UNITS
FOR THE YEAR ENDED DECEMBER 31, 2018**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Road Commission				
Governmental activities:				
Highways and Streets	\$ 28,032,602	\$ 4,437,346	\$ 20,924,623	\$ 11,883,881
Department of Public Works				
Governmental activities:				
Interest on Long Term Debt	227,774	227,774	-	-
Business-type activities:				
Water and Sewer	1,915,259	1,361,662	68,130	135,000
Total Department of Public Works	2,143,033	1,589,436	68,130	135,000
Community Mental Health Authority				
Business type activities:				
Health and Welfare	56,535,258	2,589,874	53,324,792	-
Land Bank Authority				
Governmental activities:				
Community and Economic Development	1,353	-	-	-
Brownfield Redevelopment Authority				
Governmental activities:				
Community and Economic Development	90,413	7,000	89,943	-
Drainage Districts				
Governmental activities:				
Public Works	1,423,192	5,380,397	-	-
Interest on Long-term Debt	662,792	626,815	-	-
Total Drains	2,085,984	6,007,212	-	-
Total Component Units	\$ 88,888,643	\$ 14,630,868	\$ 74,407,488	\$ 12,018,881

General Revenues:
Property taxes
Unrestricted investment income
Gain (loss) on disposal of fixed assets
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	Brownfield Redevelopment Authority	Drainage Districts	Total
\$ 9,213,248						\$ 9,213,248
	\$ -					-
	(350,467)					(350,467)
	(350,467)					
		\$(620,592)				(620,592)
			\$(1,353)			(1,353)
				\$ 6,530		6,530
					\$ 3,957,205	3,957,205
					(35,977)	(35,977)
					<u>3,921,228</u>	<u>12,168,594</u>
1,117,493	-	-	1,683	25,835	-	1,145,011
37,081	3,562	21,115	158	-	48,329	110,245
-	(19,327)	3,400	-	-	-	(15,927)
<u>1,154,574</u>	<u>(15,765)</u>	<u>24,515</u>	<u>1,841</u>	<u>25,835</u>	<u>48,329</u>	<u>1,239,329</u>
10,367,822	(366,232)	(596,077)	488	32,365	3,969,557	13,407,923
<u>141,641,315</u>	<u>11,619,240</u>	<u>(9,618,664)</u>	<u>158,297</u>	<u>(352,200)</u>	<u>39,318,043</u>	<u>182,766,031</u>
<u>\$ 152,009,137</u>	<u>\$ 11,253,008</u>	<u>\$(10,214,741)</u>	<u>\$ 158,785</u>	<u>\$(319,835)</u>	<u>\$ 43,287,600</u>	<u>\$ 196,173,954</u>

ST. CLAIR COUNTY, MICHIGAN

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

A. Reporting Entity -

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

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

BLENDING COMPONENT UNIT -

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

DISCRETELY PRESENTED COMPONENT UNITS -

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

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

ST. CLAIR COUNTY, MICHIGAN

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2018

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

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

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

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

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

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018**

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

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

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

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

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

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

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

B. Government-wide and Fund Financial Statements -

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

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

ST. CLAIR COUNTY, MICHIGAN

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2018

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

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

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation -

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

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

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

The County reports the following major governmental funds:

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

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

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

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018**

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

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

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

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

The County reports the following major proprietary funds:

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

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

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.

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018**

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

Fiduciary Fund Types -

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

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

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

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

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

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

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

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

Deposits and Investments -

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

ST. CLAIR COUNTY, MICHIGAN

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2018

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

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

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

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

Receivables and Payables -

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

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

Inventories and Prepaid Items -

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

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

Properties Held for Sale -

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

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018**

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

Property Tax Calendar -

The property taxes for the County’s general fund are levied on July 1 (the lien date), with all special purpose taxes levied on December 1 (the lien date), based on the taxable value of property located in the County as of the preceding December 31, by the various municipalities within the County. The July 1 taxes are due on or before September 15 and the December 1 taxes are due on or before February 15. The General Fund levy is recognized in the year of the levy. The special purpose taxes that are levied on December 1 are recorded as a receivable and deferred inflow of resources since they are levied for the subsequent year operations. For the year, the County levied 5.3265 mills for the General Fund, 0.4954 mills for Parks and Recreation, 0.7000 mills for Library, 0.8000 mills for Senior Citizens, 0.1000 mills for Veterans, 0.5610 mills for Drug Task Force, and 0.2500 mills for Roads.

Capital Assets -

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

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

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

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018**

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

Compensated Absences -

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

Long-term Obligations -

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

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

Deferred Outflows/Inflows of Resources -

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

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018**

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

In addition to liabilities, the statement of net position and balance sheet reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period(s) so will not be recognized as an inflow of resources (revenue) until that time. The County had items that qualified for reporting under this category, including taxes levied for a subsequent period, unavailable revenues that are not collected within the 60-day or 90-day availability period, and items related to the pension plan and the OPEB plan. The County had unavailable revenues primarily from delinquent personal property taxes, long-term contract paid by other governmental units and individuals, fees, and expense reimbursement grants. The amounts are recognized as an inflow of resources in the period for which the tax is levied and in the period the amounts become available. The deferred inflows of resources related to the pension plan and OPEB plan are amortized over the expected remaining service lives of the participants, with the exception of the difference between projected and actual plan investment earnings, which is amortized over five (5) years.

Fund Balance -

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

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

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

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

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

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

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

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018**

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

Estimates -

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

Federal Programs -

Federal Programs are accounted for in specific Special Revenue Funds or as part of the various fund types to which the programs pertain. The County has not integrated its Single Audit Reports and Schedule of Expenditures of Federal Awards as part of the Annual Financial Report. The Single Audit will be issued prior to September 30, 2019 under a separate cover as supplementary information to the Annual Financial Report.

Upcoming Accounting Pronouncements -

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

GASB Statement No. 84, *Fiduciary Activities*, was issued in January 2017 and will become effective for the County's December 31, 2019 fiscal year. The statement re-establishes criteria for reporting fiduciary activities in the governmental financial statements where certain activities previously reported as agency funds may be reclassified.

GASB Statement No. 87, *Leases*, was issued in June 2017 and will become effective for the County's December 31, 2021 fiscal year. The objective of the statement is to improve accounting and financial reporting for leases by governments by requiring recognition of certain lease assets and liabilities for leases that were previously classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right-to-use of an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about the government's leasing activities.

ST. CLAIR COUNTY, MICHIGAN

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2018

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY:

Budgetary Information -

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

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

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

Michigan Public Act 621 of 1978 Section 18, as amended, provides that local governmental units shall not incur expenditures in excess of the amount appropriated at the legally enacted level. The Michigan Department of Treasury requires the reporting of any significant overages at the legal level of budgetary control level (any overages at the legal level of budgetary control greater than 10% of the total expenditure and the overage itself is larger than 10%). During the year ended December 31, 2018, the County had no overages that exceeded these thresholds.

ST. CLAIR COUNTY, MICHIGAN

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2018

NOTE 3 - DEPOSITS AND INVESTMENTS:

Authorized Deposits and Investments -

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

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

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

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018**

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

Carrying Amount -

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

	<u>Primary Government</u>	<u>Component Units</u>	<u>Fiduciary Funds</u>	<u>Reporting Entity</u>
Cash on Hand -				
Petty cash and cash on hand	\$ 25,227	\$ 4,385	\$ 1,200	\$ 30,812
Deposits with Financial Institutions -				
Checking/Savings/Certificates of Deposit/Money Market	<u>25,548,555</u>	<u>27,061,369</u>	<u>4,687,719</u>	<u>57,297,643</u>
Investments -				
Money Market Funds	14,566,567	2,263,033	8,063,998	24,893,598
Marketable CD's	3,150,000	-	-	3,150,000
Commercial Paper	23,274,734	-	-	23,274,734
US Treasury Notes	1,498,995	-	-	1,498,995
Corporate Debt	-	-	12,165,472	12,165,472
Stocks	-	-	127,030,961	127,030,961
Hedge Funds	-	-	54,373	54,373
Mutual Funds	-	-	7,451,746	7,451,746
Municipal Bonds	-	-	200,308	200,308
Partnerships	-	-	<u>111,072,959</u>	<u>111,072,959</u>
Total Investments	<u>42,490,296</u>	<u>2,263,033</u>	<u>266,039,817</u>	<u>310,793,146</u>
Grand Total	<u>\$ 68,064,078</u>	<u>\$ 29,328,787</u>	<u>\$ 270,728,736</u>	<u>\$ 368,121,601</u>

Reconciliation to Statements of Net Position -

Reported as Cash and Cash Equivalents -	
Petty Cash and Cash on Hand	\$ 30,812
Cash in Checking/Savings	50,095,094
Money Market Funds	<u>24,893,598</u>
Total Cash and Cash Equivalents Reported on Statements of Net Position	<u>75,019,504</u>

Reported as Investments -	
Certificates of Deposits	7,202,549
Marketable CD's	3,150,000
Commercial Paper	23,274,734
US Treasury Notes	1,498,995
Corporate Debt	12,165,472
Stocks	127,030,961
Hedge Funds	54,373
Mutual Funds	7,451,746
Municipal Bonds	200,308
Partnerships	<u>111,072,959</u>
Total Investments Reported on Statements of Net Position	<u>293,102,097</u>

Grand Total - Statements of Net Position	<u>\$ 368,121,601</u>
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ST. CLAIR COUNTY, MICHIGAN

NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018

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

Deposits with Financial Institutions -

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

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

Custodial Credit Risk - Deposits - Custodial credit risk for deposits is the risk that, in the event of a bank failure, the County's deposits may not be returned. As an indication of the level of deposit custodial credit risk assumed by the County at year-end, the bank balance of the County's deposits was \$59,216,135, of which \$19,062,988 was insured and the remaining \$40,153,147 was uninsured, uncollateralized, and in the County's name.

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

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

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

Investments (Excluding Retirement) -

Credit Risk - Investments - State law limits investment in commercial paper to the top two ratings issued by a nationally recognized statistical rating organization. The County had \$23,274,734 invested in commercial paper at December 31, 2018, all of which were rated either A1 or A2 by Standard & Poor's and P1 or P2 by Moody's. The County has \$16,829,600 invested in money market funds that invest primarily in U.S. Treasuries, U.S. Agencies, repurchase agreements, and commercial paper. The County's investment policy does not specifically address credit risk for investments. The money market fund has been rated as follows:

	<u>Amount</u>	<u>Rating</u>	<u>Rating Agency</u>	<u>Average Days to Maturity</u>
Primary Government - MBIA Michigan CLASS	\$ 14,566,567	AAAm	Standard & Poor's	54
Component Unit - MBIA Michigan CLASS	2,263,033	AAAm	Standard & Poor's	54

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018**

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

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

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

The securities of the pool are safe kept with a third party selected by the counterparty. However, the pool’s securities are held in trust for the participants of the fund that are not available to the counterparty if the counterparty should happen to fail. As of December 31, 2018, \$27,923,729 in investments were held in third-party safekeeping in the County’s name. The County’s investment policy does not limit the amount of securities that can be held by counterparties.

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

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

Investment Types	Fair Value	Maturity (Years)	
		<1	1-5
Primary Government -			
Money Market Funds	\$ 14,566,567	\$ 14,566,567	\$ -
Commercial Paper	23,274,734	23,274,734	-
US Treasury Notes	1,498,995	1,498,995	-
Certificates of Deposit (1)	7,150,008	7,150,008	-
Marketable CD’s (1)	3,150,000	1,150,000	2,000,000
Fiduciary Unit -			
Certificates of Deposit (1)	44,541	44,541	-
Component Unit -			
Money Market Funds	2,263,033	2,263,033	-

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

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018**

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

Investments - Retirement System -

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

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

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

Global Fixed Income - Active or core plus with an allocation ranging from 20% to 45% of plan assets. No more than 5% of the portfolio at market value may be invested in one issuer, except Treasury and Agency securities. At least 90% of debt securities must have a quality rating of Baa or higher. The account may invest up to 10% of the portfolio market value in securities rated BB to CCC.

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

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

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

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018**

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

Pension investments are made through the use of investment advisors, which are selected and retained by the Retirement Board. The advisors serve at the pleasure of the Retirement Board as provided by investment agreements. At December 31, 2018, the Retirement System had 12 investment advisors. As of December 31, 2018, the County had the following investment types in its Retirement System:

<u>Investment Types</u>	<u>Fair Value</u>	<u>Percentage</u>
Corporate Debt	\$ 12,165,472	4.57%
Municipal Bonds	200,308	0.08
Stocks	127,030,961	47.75
Mutual Funds	7,451,746	2.80
Hedge Funds	54,373	0.02
Partnerships	<u>111,072,959</u>	<u>41.75</u>
	257,975,819	96.97
Money Market Funds (1)	<u>8,063,998</u>	<u>3.03</u>
Total	<u>\$ 266,039,817</u>	<u>100.00%</u>

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

	<u>Amount</u>	<u>Rating</u>	<u>Rating Agency</u>	<u>Average Days to Maturity</u>
Federated -				
Treasury Obligations Fund	\$ 5,590,006	AAAm	Standard & Poor's	32
Govt. Obligations Tx Mgd Fund	2,473,992	AAAm	Standard & Poor's	21

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, 2018, investments held in the Retirement System excluding money market funds, partnerships, hedge funds, mutual funds, equity funds, and stocks had the following Standard & Poors ratings:

<u>Fair Value</u>	<u>Ratings</u>
\$ 638,287	AA+
246,635	AA
1,737,903	AA-
746,390	A+
1,291,347	A
2,865,493	A-
2,681,786	BBB+
1,522,662	BBB
191,402	BBB-
<u>443,875</u>	No Rating
<u>\$ 12,365,780</u>	

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018**

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

Custodial Credit Risk - The risk that, in the event of a failure of the counterparty, the Retirement System would not be able to recover the value of its investments that are in the possession of another third party. The Retirement System's Investment Policy requires that all investment transactions shall be conducted through a custodian that will act as the Retirement System's third party. Securities shall be held by the custodian, as designated by the Retirement Board, and shall be evidenced by a custodial report. As of December 31, 2018, \$146,848,487 in investments was held in third-party safekeeping in the County's name.

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

Interest Rate Risk - The Retirement Board's adopted Statement of Investment Policy and Objectives places no limitation on the Retirement System's fixed income manager on the length to maturity for fixed income investments. Having staggered maturities will reduce the retirement system's risk exposure to rising interest rates. As of December 31, 2018, the Retirement System's investments had the following maturities:

<u>Investment</u>	<u>Fair Value</u>	<u>Years</u>	
		<u><1</u>	<u>1-5</u>
Corporate Debt	\$ 12,165,472	\$ 2,390,338	\$ 9,775,134
Municipal Bonds	<u>200,308</u>	<u>200,308</u>	<u>-</u>
	<u>\$ 12,365,780</u>	<u>\$ 2,590,646</u>	<u>\$ 9,775,134</u>

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

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

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018**

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

The County has the following recurring fair value measurements as of December 31, 2018:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Commercial Paper	\$ -	\$ 23,274,734	\$ -	\$ 23,274,734
US Treasury Notes	-	1,498,995	-	1,498,995
Corporate Debt	-	12,165,472	-	12,165,472
Stocks	127,030,961	-	-	127,030,961
Mutual Funds	7,451,746	-	-	7,451,746
Municipal Bonds	-	200,308	-	200,308
Marketable CD's	-	3,150,000	-	3,150,000
	<u>\$ 134,482,707</u>	<u>\$ 40,289,509</u>	<u>\$ -</u>	174,772,216
Money Market Funds				24,893,598
Hedge Fund Valued at NAV				54,373
Partnerships Valued at NAV				<u>111,072,959</u>
				<u>\$ 310,793,146</u>

The fair value of municipal bonds, corporate debt, marketable CD's, and commercial paper are based on inputs (pricing) of similar assets at or near December 31, 2018.

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

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

	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency, if Eligible</u>	<u>Redemption Notice Period</u>
Partnerships	\$ 111,072,959	\$ 11,530,857	Varies*	Varies*

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

NOTE 4 - RECEIVABLES:

Receivables at December 31, 2018 in the governmental and business-type activities are as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Property taxes	\$ 16,933,131	\$ 5,973,853
Interest and accounts	1,961,213	1,390,335
Notes receivable	-	108,449
Intergovernmental	<u>4,865,749</u>	<u>457,744</u>
	23,760,093	7,930,381
Less - allowance for uncollectible	<u>(485,309)</u>	<u>(65,000)</u>
	<u>\$ 23,274,784</u>	<u>\$ 7,865,381</u>

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018**

NOTE 5 - CAPITAL ASSETS:

Primary Government

Capital asset activity of the primary government for the year ended December 31, 2018 was as follows:

	Balance January 1, 2018	Additions	Disposals/ Adjustments	Balance December 31, 2018
Governmental Activities:				
Capital assets, not being depreciated				
Land	\$ 13,030,562	\$ -	\$ 25,000	\$ 13,005,562
Construction in progress	969,900	478,646	1,108,339	340,207
Total capital assets, not being depreciated	<u>14,000,462</u>	<u>478,646</u>	<u>1,133,339</u>	<u>13,345,769</u>
Capital assets, being depreciated				
Buildings	99,051,861	442,530	31,500	99,462,891
Improvements other than buildings	8,226,703	929,426	26,281	9,129,848
Machinery and equipment	22,006,346	870,106	917,592	21,958,860
Books	6,162,917	321,210	365,124	6,119,003
Total capital assets being depreciated	<u>135,447,827</u>	<u>2,563,272</u>	<u>1,340,497</u>	<u>136,670,602</u>
Less accumulated depreciation for:				
Buildings	36,788,312	2,541,851	17,722	39,312,441
Improvements other than buildings	3,735,506	473,691	14,674	4,194,523
Machinery and equipment	15,436,901	1,506,245	906,046	16,037,100
Books	4,468,197	418,442	365,124	4,521,515
Total accumulated depreciation	<u>60,428,916</u>	<u>4,940,229</u>	<u>1,303,566</u>	<u>64,065,579</u>
Total capital assets being depreciated, net	<u>75,018,911</u>	<u>(2,376,957)</u>	<u>36,931</u>	<u>72,605,023</u>
Governmental activities capital assets, net	<u>\$ 89,019,373</u>	<u>\$(1,898,311)</u>	<u>\$ 1,170,270</u>	<u>\$ 85,950,792</u>
Business-type Activities:				
Capital assets, not being depreciated				
Land	\$ 1,892,998	\$ -	\$ -	\$ 1,892,998
Construction in progress	646,463	318,967	727,476	237,954
Total capital assets, not being depreciated	<u>2,539,461</u>	<u>318,967</u>	<u>727,476</u>	<u>2,130,952</u>
Capital assets, being depreciated				
Buildings	8,306,477	-	90,000	8,216,477
Improvements other than buildings	29,907,540	2,868,421	5,738	32,770,223
Machinery and equipment	8,241,370	910,074	33,501	9,117,943
Total capital assets being depreciated	<u>46,455,387</u>	<u>3,778,495</u>	<u>129,239</u>	<u>50,104,643</u>
Less accumulated depreciation for:				
Buildings	2,293,282	328,358	-	2,621,640
Improvements other than buildings	20,948,470	1,536,732	-	22,485,202
Machinery and equipment	3,967,697	455,135	38,378	4,384,454
	<u>27,209,449</u>	<u>2,320,225</u>	<u>38,378</u>	<u>29,491,296</u>
Total capital assets being depreciated, net	<u>19,245,938</u>	<u>1,458,270</u>	<u>90,861</u>	<u>20,613,347</u>
Business-type activities capital assets, net	<u>\$ 21,785,399</u>	<u>\$ 1,777,237</u>	<u>\$ 818,337</u>	<u>\$ 22,744,299</u>

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018**

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

The business-type capital assets include \$401,686 of capitalized interest. During the year ended December 31, 2018, interest incurred by the County business-type activities was \$217,305, of which \$157,420 was expensed and \$59,885 was capitalized.

Depreciation expense for 2018 was charged to functions/programs of the primary government as follows:

Governmental Activities:		
Judicial		\$ 36,890
General Government		1,243,252
Public Safety		2,346,734
Health and Welfare		155,815
Recreation and Cultural		<u>1,153,449</u>
Total depreciation expense - governmental activities		4,936,140
Depreciation in the internal service fund		<u>4,089</u>
		<u>\$ 4,940,229</u>
Business-type Activities:		
Solid Waste Disposal System		\$ 2,006,093
Delinquent Tax Revolving		8,389
Airport Commission		<u>305,743</u>
Total depreciation expense - business-type activities		<u>\$ 2,320,225</u>

Construction/Purchase Commitments

The County has committed to the following contracts at December 31, 2018 (These commitments do not include any change orders made after December 31, 2018):

	Contract Amount	Payments Through 12/31/18	Accounts Payable/ Retention	Remaining Balance 12/31/18
Landfill Cell Maintenance (a)	\$ 2,467,488	\$ 1,850,616	\$ -	\$ 616,872
Landfill Cell Construction (b)	3,657,080	1,742,644	544,203	1,370,233
Park Enhancements (c)	665,300	-	-	665,300
Jail Control System (d)	511,987	-	305,506	206,481
Airport Fixed-base Operator (e)	1,825,929	983,996	-	841,933

The County has open contracts at 12/31/18 for:

- (a) Cell maintenance at the landfill through December 31, 2019
- (b) Cell construction of Cell 4C and Cell 8
- (c) Improvements to the Blue Water River Walk
- (d) Upgrades to the jail control system
- (e) A fixed-base operator at the airport

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018**

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

Discretely Presented Component Units

Drainage Districts - Activity for the Drainage Districts for the year ended December 31, 2018 was as follows:

	Balance January 1, <u>2018</u>	<u>Additions</u>	<u>Deletions</u>	Balance December 31, <u>2018</u>
Capital assets, not being depreciated:				
Right of Ways	\$ 1,055,135	\$ 6,209	\$ -	\$ 1,061,344
Construction in progress	<u>3,864,609</u>	<u>1,775,735</u>	<u>-</u>	<u>5,640,344</u>
	<u>4,919,744</u>	<u>1,781,944</u>	<u>-</u>	<u>6,701,688</u>
Capital assets, being depreciated:				
Infrastructure	46,882,098	449,287	-	47,331,385
Equipment	<u>127,483</u>	<u>-</u>	<u>-</u>	<u>127,483</u>
	<u>47,009,581</u>	<u>449,287</u>	<u>-</u>	<u>47,458,868</u>
Less accumulated depreciation for:				
Infrastructure	9,140,763	713,284	-	9,854,047
Equipment	<u>66,059</u>	<u>16,583</u>	<u>-</u>	<u>82,642</u>
	<u>9,206,822</u>	<u>729,867</u>	<u>-</u>	<u>9,936,689</u>
Total capital assets being depreciated, net	<u>37,802,759</u>	<u>(280,580)</u>	<u>-</u>	<u>37,522,179</u>
Total capital assets, net	<u>\$ 42,722,503</u>	<u>\$ 1,501,364</u>	<u>\$ -</u>	<u>\$ 44,223,867</u>

Depreciation expense for 2018 was \$729,867.

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018**

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

Road Commission - Activity for the Road Commission for the year ended December 31, 2018 was as follows:

	Balance January 1, 2018	Additions	Deletions/ Removals	Balance December 31, 2018
Capital assets, not being depreciated -				
Land	\$ 65,629	\$ -	\$ -	\$ 65,629
Land Improvements	23,757,337	-	-	23,757,337
Right of Ways	<u>3,214,731</u>	<u>5,425</u>	<u>-</u>	<u>3,220,156</u>
Total capital assets, not being depreciated	<u>27,037,697</u>	<u>5,425</u>	<u>-</u>	<u>27,043,122</u>
Capital assets, being depreciated -				
Building and Improvements	5,398,513	420,640	-	5,819,153
Road Equipment	15,078,051	1,443,249	601,674	15,919,626
Shop Equipment	753,761	-	6,648	747,113
Office Equipment	180,174	-	-	180,174
Engineering Equipment	331,649	44,013	38,474	337,188
Infrastructure -				
Roads	146,512,001	8,704,606	2,602,390	152,614,217
Bridges	76,878,367	7,212,700	-	84,091,067
Traffic Signals	460,813	-	-	460,813
Depletable Assets -				
Gravel Pits	<u>163,455</u>	<u>-</u>	<u>-</u>	<u>163,455</u>
	<u>245,756,784</u>	<u>17,825,208</u>	<u>3,249,186</u>	<u>260,332,806</u>
Less - accumulated depreciation for -				
Buildings and Improvements	3,326,309	118,970	-	3,445,279
Road Equipment	11,636,904	1,434,712	598,674	12,472,942
Shop Equipment	578,847	19,132	6,648	591,331
Office Equipment	157,199	9,906	-	167,105
Engineering Equipment	264,780	22,977	38,474	249,283
Infrastructure -				
Roads	68,720,458	7,468,353	2,602,390	73,586,421
Bridges	23,125,440	1,746,995	-	24,872,435
Traffic Signals	427,937	5,762	-	433,699
Depletable Assets	<u>46,342</u>	<u>-</u>	<u>-</u>	<u>46,342</u>
	<u>108,284,216</u>	<u>10,826,807</u>	<u>3,246,186</u>	<u>115,864,837</u>
Total capital assets being depreciated, net	<u>137,472,568</u>	<u>6,998,401</u>	<u>3,000</u>	<u>144,467,969</u>
Total capital assets, net	<u>\$ 164,510,265</u>	<u>\$ 7,003,826</u>	<u>\$ 3,000</u>	<u>\$ 171,511,091</u>

Depreciation expense for 2018 was \$10,826,807.

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018**

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

Department of Public Works - Activity for the Department of Public Works for the year ended December 31, 2018 was as follows:

	Balance January 1, 2018	Additions	Deletions/ Removals	Balance December 31, 2018
Business-type Activities:				
Capital assets, not being depreciated -				
Land	\$ 83,776	\$ -	\$ -	\$ 83,776
Capital assets being depreciated -				
Plant	11,452,921	38,520	-	11,491,441
Utility System	16,002,766	-	-	16,002,766
Machinery and Equipment	809,784	293,485	122,522	980,747
	<u>28,265,471</u>	<u>332,005</u>	<u>122,522</u>	<u>28,474,954</u>
Less - accumulated depreciation for -				
Plant	6,335,150	229,444	-	6,564,594
Utility System	10,754,866	266,712	-	11,021,578
Machinery and Equipment	567,570	77,442	103,195	541,817
	<u>17,657,586</u>	<u>573,598</u>	<u>103,195</u>	<u>18,127,989</u>
Total capital assets, being depreciated, net	<u>10,607,885</u>	<u>(241,593)</u>	<u>19,327</u>	<u>10,346,965</u>
Total capital assets, net	<u>\$ 10,691,661</u>	<u>\$(241,593)</u>	<u>\$ 19,327</u>	<u>\$ 10,430,741</u>

Depreciation expense was charged to function/programs as follows:

Business-type activities - Water and Sewer	<u>\$ 573,598</u>
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Community Mental Health Authority - Activity for the Community Mental Health Authority for the year ended September 30, 2018 was as follows:

	Balance October 1, 2017	Additions	Disposals/ Adjustments	Balance September 30, 2018
Capital assets, not being depreciated -				
Land	\$ 1,464,611	\$ 37,200	\$ -	\$ 1,501,811
Non-depreciable equipment	5,252	-	-	5,252
Construction in progress	4,270	250,874	47,226	207,918
Total capital assets, not being depreciated	<u>1,474,133</u>	<u>288,074</u>	<u>47,226</u>	<u>1,714,981</u>
Capital assets, being depreciated -				
Building	14,528,414	249,644	-	14,778,058
Leasehold improvements	132,840	-	-	132,840
Equipment and Furniture	2,476,415	222,879	103,365	2,595,929
	<u>17,137,669</u>	<u>472,523</u>	<u>103,365</u>	<u>17,506,827</u>
Less accumulated depreciation for -				
Building	6,141,141	690,162	-	6,831,303
Leasehold improvements	61,469	12,977	-	74,446
Equipment	1,903,040	208,351	103,365	2,008,026
	<u>8,105,650</u>	<u>911,490</u>	<u>103,365</u>	<u>8,913,775</u>
Total capital assets, being depreciated, net	<u>9,032,019</u>	<u>(438,967)</u>	<u>-</u>	<u>8,593,052</u>
Total capital assets, net	<u>\$ 10,506,152</u>	<u>\$(150,893)</u>	<u>\$ 47,226</u>	<u>\$ 10,308,033</u>

Depreciation expense for 2018 was \$911,490.

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018**

NOTE 6 - PAYABLES:

Payables at December 31, 2018 in the governmental and business-type activities are as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Accounts payable/accrued expenses	\$ 3,370,031	\$ 1,431,671
Wages and fringe benefits	2,326,216	38,405
Accrued interest	392,441	54,214
Intergovernmental	<u>151,060</u>	<u>30,899</u>
	<u>\$ 6,239,748</u>	<u>\$ 1,555,189</u>

NOTE 7 - INTERFUND RECEIVABLE, PAYABLE, AND TRANSFERS:

The composition of interfund balances as of December 31, 2018 is as follows:

Due To/From Other Funds -

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Primary Government -		
Combined General Fund	E-911 Fund	\$ 269,595 (1)
	Deeds Automation	4,000 (3)
Solid Waste Disposal System Fund	Combined General Fund	7,306,000 (2)
Delinquent Tax Revolving Fund	Combined General Fund	9,000,000 (2)
	Internal Service Fund	400,000 (2)
Fiduciary Funds -		
Basic Retirement System	Other Postemployment Benefits	<u>199,258 (4)</u>
		<u>\$ 17,178,853</u>

- (1) Amount due for 4th quarter receipts
- (2) Amount due between funds for short fall in common cash
- (3) Amount due between funds for interfund services provided
- (4) To adjust contributions between pension and OPEB trust funds

Advances From/To Primary Government & Component Unit -

<u>Receivable Entity</u>	<u>Payable Entity</u>	
Primary Government -	Component Unit -	
Combined General Fund	Drainage Districts	<u>\$ 1,410,000 (1)</u>

- (1) Represent the long-term loan between entities for operating cash flow purposes (\$50,000) and capital purposes (\$1,360,000)

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018**

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

Transfers From/To Other Funds -

<u>Receiving Fund</u>	<u>Expending Fund</u>	<u>Amount</u>
Combined General	Drug Task Force	\$ 357,926 (4)
	Solid Waste Disposal System	900,000 (5)*
	E-911	1,093,501 (4)
	Prosecutor's Drug Forfeitures	11,000 (4)
Nonmajor Governmental Funds -		
Convention Center	Combined General	100,000 (1)
	Solid Waste Disposal System	432,163 (1)*
Health Department	Combined General	1,701,420 (1)
CDBG Housing	Combined General	10,000 (1)
Human Services	Combined General	26,501 (1)
Child Care	Combined General	3,441,452 (1)
Indigent Defense	Combined General	261,273 (1)
Veteran's Millage	Combined General	5,000 (1)
Public Improvement	Combined General	1,942,030 (3)
	Sheriff's Concession	15,267 (3)*
Jail/Juvenile Facility Debt	Delinquent Tax Revolving	2,168,300 (2)*
Building Authority Debt	Combined General	907,910 (2)
Communications Series 2009 Debt	Combined General	267,189 (2)
Nonmajor Enterprise Fund -		
Airport Commission	Solid Waste Disposal System	<u>210,000 (1)</u>
Total Transfers		<u>\$ 13,850,932</u>

(1) Annual appropriations for operations

(2) Transfers for the payment of debt

(3) Transfers for construction/equipment

(4) Transfers to cover costs

(5) Transfer to cover Road Appropriation

* Transfer Between Governmental and Business-type Activities

NOTE 8 - LEASES:

Primary Government

Lesser Leases - The County has entered into an operating lease agreement with the State of Michigan to lease approximately 49.3% (33,694 square feet) of the County Administration Building with a cost of \$16,600,373 and accumulated depreciation of \$7,582,106. The agreement calls for annual rent payments of \$681,333 per year with an adjustment based on actual operating cost after the end of each year. The original lease is for 25 years ending July 31, 2022 with an option to rent for an additional five years. However, the lease may be cancelled with the State for various reasons with at least 60 days' notice. The noncancellable portion of the lease is \$113,556.

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018**

NOTE 8 - LEASES - (cont'd):

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

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

	<u>Principal</u>	<u>Interest</u>
2019	\$ 650,000	\$ 269,400
2020	750,000	241,400
2021	795,000	210,500
2022	790,000	178,800
2023	840,000	142,000
2024-2027	<u>2,645,000</u>	<u>173,000</u>
Total Receivable	<u>\$ 6,470,000</u>	<u>\$ 1,215,100</u>

Component Unit - Department of Public Works

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

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

	<u>Principal</u>	<u>Interest</u>
2019	\$ 1,640,600	\$ 244,470
2020	1,175,000	204,564
2021	585,000	119,686
2022	600,000	102,616
2023	610,000	84,940
2024-2028	2,146,954	199,535
2029-2033	200,000	10,253
2034	<u>16,019</u>	<u>400</u>
	<u>\$ 6,973,573</u>	<u>\$ 966,464</u>

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018**

NOTE 8 - LEASES - (cont'd):

The aggregate future capital lease payments necessary for the retirement of the debt principal and accrued interest payable at December 31, 2018 have been reported net of available cash as a capital lease receivable.

Principal due	\$ 6,973,573
Accrued interest	<u>45,212</u>
	7,018,785
Less - Cash available after current liabilities	<u>(638,603)</u>
	<u>\$ 6,380,182</u>

NOTE 9 - LONG-TERM LIABILITIES:

PRIMARY GOVERNMENT -

The following is a summary of changes in the long-term debt (including current portions) of the Primary Government for the year ended December 31, 2018:

	Restated Balance January 1, <u>2018</u>	<u>Additions</u>	<u>Reductions</u>	Balance December 31, <u>2018</u>	Due Within <u>One Year</u>
<u>Governmental Activities:</u>					
Governmental Funds -					
2009 General Obligation Bonds	\$ 200,000	\$ -	\$ 200,000	\$ -	\$ -
2012 Refunding Bonds	19,645,000	-	1,305,000	18,340,000	1,395,000
2012 General Obligation Bonds	8,170,000	-	215,000	7,955,000	220,000
2013 Refunding Bonds	3,035,000	-	725,000	2,310,000	795,000
2015 Refunding Bonds, Series A	7,025,000	-	555,000	6,470,000	650,000
2015 Refunding Bonds, Series B	1,510,000	-	340,000	1,170,000	365,000
2017 Refunding Bonds	1,595,000	-	15,000	1,580,000	220,000
Drain Districts	2,823,141	1,286,570	335,796	3,773,915	337,672
Accumulated Vacation, Sick, & Compensatory Leave	5,055,475	816,772	666,462	5,205,785	665,000
Net Pension Liability (see Note 10)	19,220,954	-	8,407,204	10,813,750	-
Net OPEB Liability (see Note 11)	88,742,322	11,005,962	-	99,748,284	-
Amounts for -					
Issuance Premiums	<u>2,553,994</u>	<u>-</u>	<u>288,037</u>	<u>2,265,957</u>	<u>288,037</u>
Total Governmental Funds	<u>159,575,886</u>	<u>13,109,304</u>	<u>13,052,499</u>	<u>159,632,691</u>	<u>4,935,709</u>
Internal Service Fund -					
Workers' Compensation Claims - Liability	55,000	180,430	114,430	121,000	121,000
General, Auto, & Property Insurance Claims Liability	<u>273,000</u>	<u>74,520</u>	<u>97,520</u>	<u>250,000</u>	<u>207,000</u>
Total Internal Service Fund	<u>328,000</u>	<u>254,950</u>	<u>211,950</u>	<u>371,000</u>	<u>328,000</u>
Total Governmental Activities	<u>159,903,886</u>	<u>13,364,254</u>	<u>13,264,449</u>	<u>160,003,691</u>	<u>5,263,709</u>

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018**

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

<u>Business-type Activities:</u>	Restated Balance January 1, 2018	<u>Additions</u>	<u>Reductions</u>	Balance December 31, 2018	Due Within <u>One Year</u>
Enterprise Funds -					
Solid Waste Disposal System -					
General Obligation Bonds					
2010	\$ 6,379,280	\$ -	\$ 330,000	\$ 6,049,280	\$ 330,000
General Obligation Bonds					
2014	2,378,401	514,030	-	2,892,431	135,000
Closure and Post-closure Costs	6,655,207	288,757	-	6,943,964	-
Net Pension Liability					
(see Note 10)	219,679	-	93,874	125,805	-
Net OPEB Liability					
(see Note 11)	1,086,934	134,803	-	1,221,737	-
Accumulated Vacation, Sick, & Compensatory Leave	34,176	2,970	4,406	32,740	-
Airport Commission -					
Accumulated Vacation, Sick, & Compensatory Leave	<u>9,934</u>	<u>4,070</u>	<u>1,576</u>	<u>12,428</u>	<u>-</u>
Total Enterprise Funds	<u>16,763,611</u>	<u>944,630</u>	<u>429,856</u>	<u>17,278,385</u>	<u>465,000</u>
Total Primary Government	<u>\$176,667,497</u>	<u>\$ 14,308,884</u>	<u>\$ 13,694,305</u>	<u>\$177,282,076</u>	<u>\$ 5,728,709</u>

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

2012 Refunding Bonds -

The County issued \$24,365,000 of general obligation limited tax refunding bonds to provide resources to purchase U.S. Government, State, and Local series securities that were placed in an irrevocable trust for the purpose of generating resources for future debt service payments of \$25,800,000 of 2003 General Obligation limited tax bonds. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the governmental activities column of the statement of net position. The bonds dated June 4, 2012 are due in annual installments from \$1,395,000 to \$2,365,000 through April 1, 2028, with interest ranging from 3.00% to 5.00%, payable semi-annually.

\$ 18,340,000

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 \$220,000 to \$490,000, through April 1, 2042 with interest ranging from 2.25% to 5.00%, payable semi-annually.

\$ 7,955,000

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018**

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

2013 Refunding Bonds -

The County issued \$5,380,000 of limited tax general obligation refunding bonds to provide resources to purchase securities that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of \$5,020,000 of 2004 Building Authority refunding bonds. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the governmental activities column of the statement of net position. The bonds dated June 20, 2013 are due in annual installments from \$745,000 to \$795,000 through April 1, 2021 with interest ranging from 1.95% to 2.45%, payable semi-annually.

\$ 2,310,000

2015 Refunding Bonds, Series A -

The County issued \$7,480,000 of General Obligation Limited Tax Refunding Bonds to provide resources to purchase securities that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of \$8,000,000 of 2007 General Obligation Series A Bonds. As a result, the refunded bonds are considered defeased and the liability has been removed from the governmental activities column in the statement of net position. The bonds, dated April 15, 2015, are due in annual installments of \$650,000 to \$900,000 through April 1, 2026 with interest ranging from 3.75% to 5.00%, payable semi-annually.

\$ 6,470,000

2015 Refunding Bonds, Series B -

The County issued \$1,800,000 of General Obligation Limited Tax Refunding Bonds to provide resources to purchase securities that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of \$1,850,000 of 2007 General Obligation Series B Bonds. As a result, the refunded bonds are considered defeased and the liability has been removed from the governmental activities column in the statement of net position. The bonds, dated April 15, 2015, are due in annual installments of \$365,000 to \$415,000 through April 1, 2021 with interest of 4.00%, payable semi-annually.

\$ 1,170,000

2017 Refunding Bonds -

The County issued \$1,595,000 of General Obligation Limited Tax Refunding Bonds to provide resources to purchase securities that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of \$1,625,000 of 2009 General Obligation Bonds. As a result, the refunded bonds are considered defeased and the liability has been removed from the governmental activities column in the statement of net position. The bonds, dated August 11, 2017, are due in annual installments of \$220,000 to \$315,000 through April 1, 2024 with interest of 4.00%, payable semi-annually.

\$ 1,580,000

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018**

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

2010 General Obligation Bonds -

The County issued \$14,045,000 of General Obligation Limited Tax Bonds through the Michigan Municipal Bond Authority to finance the construction of the Landfill Leachate System, of which \$5,096,000 or 36.3% of the bonds are forgivable. At December 31, 2018, the County had drawn \$12,605,659, including the forgivable portion of \$5,096,000. The bonds, dated January 22, 2010, are due in annual installments ranging from \$340,000 to \$474,280 through October 1, 2033 with interest of 2.50%, payable semi-annually.

\$ 6,049,280

2014 General Obligation Bonds -

The County issued \$6,870,000 of General Obligation Limited Tax Bonds through the Michigan Municipal Bond Authority to finance the construction of the Landfill Leachate System, of which \$3,435,000 or 50% of the bonds are forgivable. A capital grant has been reported for the forgivable portion of the obligation of \$3,434,990 in previous years. At December 31, 2018, the County had drawn \$6,327,421. The bonds, dated June 25, 2014, are due in annual installments ranging from \$135,000 to \$215,000 beginning April 1, 2019 through April 1, 2038 with interest of 2.5% payable semi-annually.

\$ 2,892,431

The proceeds of the 2004, 2012, 2013, 2015A, 2015B, and 2017 Refunding Bond issues were placed in special escrow accounts and are invested in securities of the U.S. Government and its agencies. The maturities of these investments coincide with the principal and interest payments on the extinguished debts and are sufficient to pay all principal and interest on the 1996 and 2003 General Obligation Bonds, 2004 Refunding Bonds, and the 2007A, 2007B, and 2009 General Obligation Bonds when due. Accordingly, the trust account assets and liabilities for the defeased bonds outstanding are not included in the Financial Statements. At December 31, 2018, the defeased bonds outstanding were \$2,400,000, \$19,450,000, \$2,350,000, \$6,900,000, \$1,200,000, and \$1,625,000, respectively.

Drain Districts -

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

\$ 3,773,915

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, 2018. The dollar amount of these claims is reflected on the Balance Sheet of the Self-Insurance Fund as a current obligation.

\$ 121,000

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018**

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

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, 2018. The dollar amount of these claims is reflected on the Balance Sheet of the Self-Insurance Fund, including the current portion of \$207,000. \$ 250,000

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 \$45,168 has been recorded as a long-term liability on the government-wide and fund level financial statements. The governmental activities portion of \$5,205,785 has been recorded in the government-wide financial statements as a long-term liability. The governmental activities portion is generally liquidated by the Combined General Fund or other governmental fund where the employee is charged.

Closure and Post-Closure Costs - In accordance with the Governmental Accounting Standards Board (GASB) Statement No. 18, the closure and post-closure care landfill liability at December 31, 2018, as reported in the Solid Waste Disposal System (Enterprise Fund/business activities), amounts to \$6,943,964. See Note 18 for additional information.

Letters of Credit - The County Landfill has letters of credit as a surety bond issued to the Michigan Department of Environmental Quality for \$2,595,000 and for the Belle River Watershed Bank for \$138,400. The letters are set to mature August 1, 2019 and January 5, 2019 for the Michigan Department of Environmental Quality and the Belle River Watershed Bank, respectively, with interest at the prime rate. As of December 31, 2018, there have been no claims on the letters of credit.

The County has a letter of credit issued for \$146,250 for the Day Treatment/Night Watch Wetlands. The letter is set to mature September 21, 2019 with interest at prime rate. As of December 31, 2018, there have been no claims on the letter of credit.

Annual Debt Requirements - The annual requirements to pay the debt outstanding at December 31, 2018 for the following bonds and notes (excluding the 2014 General Obligation Limited Tax Bonds since payments have not been finalized) of Primary Government are as follows:

Year Ending December 31,	Refunding Bonds		G.O. Limited Tax Bonds		Drain Districts	
	Principal	Interest	Principal	Interest	Principal	Interest
2019	\$ 3,425,000	\$ 1,219,943	\$ 560,000	\$ 438,225	\$ 337,672	\$ 170,427
2020	3,645,000	1,093,622	570,000	424,438	335,276	156,180
2021	3,740,000	950,926	585,000	410,126	299,477	141,373
2022	2,700,000	820,200	605,000	393,576	302,082	128,232
2023	2,855,000	713,525	625,000	375,901	304,829	114,948
2024-2028	13,505,000	1,565,675	3,360,000	1,613,515	1,318,754	377,869
2029-2033	-	-	3,869,280	1,102,653	531,727	141,574
2034-2038	-	-	1,965,000	549,375	344,098	42,255
2039-2043	-	-	1,865,000	142,971	-	-
	<u>\$29,870,000</u>	<u>\$ 6,363,891</u>	<u>\$14,004,280</u>	<u>\$ 5,450,780</u>	<u>\$ 3,773,915</u>	<u>\$ 1,272,858</u>

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018**

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

COMPONENT UNITS -

The following is a summary of changes in long-term debt (including current portions) of the Component Units for the year ended December 31, 2018:

	Restated Balance January 1, 2018	Additions	Reductions	Balance December 31, 2018	Due Within One Year
Department of Public Works (DPW) -					
General Obligation Bonds	\$ 3,976,019	\$ -	\$ 830,000	\$ 3,146,019	\$ 400,000
Drinking Water Revolving Loan	5,042,554	-	1,215,000	3,827,554	1,240,600
Total DPW	<u>9,018,573</u>	<u>-</u>	<u>2,045,000</u>	<u>6,973,573</u>	<u>1,640,600</u>
Road Commission -					
Accrued Vacation & Sick	388,000	526,000	494,000	420,000	304,000
Net Pension Liability (A)	6,486,984	-	3,100,786	3,386,198	-
Net OPEB Liability (A)	30,198,311	1,447,180	-	31,645,491	-
Total Road Commission	<u>37,073,295</u>	<u>1,973,180</u>	<u>3,594,786</u>	<u>35,451,689</u>	<u>304,000</u>
Drainage Districts -					
Notes Payable	3,115,746	2,000,000	2,123,040	2,992,706	240,824
Loans Payable	3,121,000	-	187,000	2,934,000	193,000
Bonds Payable	12,561,000	4,385,000	916,000	16,030,000	1,128,000
Amounts for -					
Issuance Premiums	-	72,523	3,453	69,070	3,453
Issuance Discounts	(78,285)	-	(7,117)	(71,168)	(7,117)
Total Drainage Districts	<u>18,719,461</u>	<u>6,457,523</u>	<u>3,222,376</u>	<u>21,954,608</u>	<u>1,558,160</u>
Land Bank Authority -					
Notes Payable	8,449	-	-	8,449	-
Brownfield Redevelopment Authority -					
Notes Payable	280,000	-	-	280,000	-
Tipping Fees	100,000	-	-	100,000	-
Total Brownfield Authority	<u>380,000</u>	<u>-</u>	<u>-</u>	<u>380,000</u>	<u>-</u>
Community Mental Health Authority (B) -					
Notes Payable	1,216,062	198,400	113,361	1,301,101	217,362
Contracts Payable	7,025,000	-	555,000	6,470,000	650,000
Amounts for -					
Issuance Premiums	749,846	-	88,218	661,628	88,217
Accrued Vacation & Sick	1,402,792	1,433,700	1,375,567	1,460,925	1,400,000
Net Pension Liability (A)	7,715,533	-	3,362,147	4,353,386	-
Net OPEB Liability (A)	13,077,381	1,378,954	-	14,456,335	-
Total Mental Health	<u>31,186,614</u>	<u>3,011,054</u>	<u>5,494,293</u>	<u>28,703,375</u>	<u>2,355,579</u>
Total Component Units	<u>\$ 96,386,392</u>	<u>\$ 11,441,757</u>	<u>\$ 14,356,455</u>	<u>\$ 93,471,694</u>	<u>\$ 5,858,339</u>

(A) See Note 10 for detailed information on the net pension liability and Note 11 for the net OPEB liability.

(B) October 1, 2017 through September 30, 2018

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018**

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

Department of Public Works -

General Obligation Bonds -

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

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

	<u>Interest Rate (Percent)</u>	<u>Principal Balance</u>
Governmental Activities (G.O. Bonds) -		
Sewage Disposal System No. X - Series 2000 Bonds (Village of Capac)	5.55	\$ 125,000
Water Supply System No. XII - Series 2008 Bonds (Cottrellville Township)	4.10-5.00	750,000
Water Supply System No. XIIA - Series 2009 Bonds (Cottrellville Township)	4.00-4.20	<u>1,375,000</u> 2,250,000
Sewage Disposal System I - 2012 Refunding Bonds (City of Algonac and Ira Township)	1.750-2.625	<u>655,000</u>
Total G.O. Bonds - Governmental Activities		<u>2,905,000</u>

Business-type Activities -

2014 General Obligation Bonds -

The Department of Public Works issued \$585,000 of General Obligation Limited Tax Bonds through the Michigan Municipal Bond Authority to finance construction at the Sewage Disposal System, of which \$292,500 or 50% of the bonds are forgivable. At December 31, 2018, the DPW had drawn \$583,519, including the forgivable portion of \$292,500. The bonds, dated July 1, 2014, are due in annual installments, ranging from \$10,000 to \$20,000 through October 1, 2034 with interest of 2.5%, payable semi-annually.

	<u>241,019</u>
Total G.O. Bonds	<u>\$ 3,146,019</u>

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018**

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

The proceeds from the refunding issue, after payment of issuance costs, were placed in a special escrow account and invested in securities of the U.S. Government and its agencies. The maturities of these investments coincide with the principal and interest payments on the extinguished debts and are sufficient to pay all principal and interest when due. Accordingly, the trust account assets and liabilities for the defeased bonds outstanding are not included in the financial statements.

The following refunding transaction occurred with the balance of bonds considered defeased at December 31, 2018:

On February 27, 2014, Clay Township issued refunding bonds to
advance refund the 2001 WSS No. IIA General Obligation Bonds. \$ 650,000

Drinking Water Revolving Loans -

Department of Environmental Quality Bonds have been sold through the State of Michigan Drinking Water Revolving Fund to construct water supply systems for four (4) townships and one 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 Fund loans outstanding are as follows:

Governmental Activities (Revolving Loans) -

	<u>Interest Rate (Percent)</u>	<u>Principal Balance</u>
Water Supply System X Series 1998 (City of Algonac/Clay Township)	2.50	\$ 490,600
Water Supply System III Series 1999 (Charter Townships of East China and China)	2.50	1,045,000
Water Supply System XI Series 2006 (Ira Township)	2.125	<u>2,291,954</u>
Total Revolving Loans		<u>\$ 3,827,554</u>

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018**

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

Annual debt service requirements to maturities are as follows:

Year Ending December 31,	General Obligation Bonds		Drinking Water Revolving Loans	
	Principal	Interest	Principal	Interest
2019	\$ 400,000	\$ 111,311	\$ 1,240,600	\$ 133,159
2020	405,000	96,779	770,000	107,785
2021	345,000	83,626	240,000	36,060
2022	350,000	71,762	250,000	30,854
2023	355,000	59,452	255,000	25,488
2024-2028	1,075,000	153,383	1,071,954	46,152
2029-2033	200,000	10,253	-	-
2034	16,019	400	-	-
	<u>\$ 3,146,019</u>	<u>\$ 586,966</u>	<u>\$ 3,827,554</u>	<u>\$ 379,498</u>

Road Commission -

Letter of Credit -

The Road Commission has a letter of credit as a surety bond issued to the Michigan Department of Environmental Quality for \$40,250. The letter is set to mature on August 2, 2019 with interest of 1.0% in excess of the prime rate and collateralized by a hold on a checking account. As of December 31, 2018, 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 \$115,000 for sick leave and \$305,000 for vacation at December 31, 2018.

Drainage Districts -

Bonds Payable -

Blue River Gardens Drain Drainage District Bonds -

In February 2008, the Blue River Gardens Drain Drainage District issued \$555,000 of bonds for improvements to the drainage district. The bonds will be paid from special assessments against property and public corporations within the drainage district. Principal on the bonds is due June 1 of each year through 2027 with interest due semi-annually at interest rates ranging from 4.20% to 5.10%.

\$ 270,000

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018**

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

Bunce Creek & Huffman Drain Drainage District Bonds -

In March 2009, the Bunce Creek & Huffman Drain Drainage District issued \$4,625,000 of bonds for improvements to the drainage district. The bonds will be paid from special assessments against property and public corporations within the drainage district. Principal on the bonds is due on April 1 of each year through 2029 with interest due semi-annually at interest rates ranging from 4.500% to 5.375%. \$ 2,750,000

Gossman and Branches Drain Drainage District Bonds -

In February 2012, the Gossman and Branches Drain Drainage District issued \$1,900,000 of bonds for improvements to the drainage district. The bonds will be paid from special assessments against property and public corporations within the drainage district. Principal on the bonds is due May 1 of each year through 2027 with interest of 3.15% due semi-annually. 1,135,000

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

In December 2009, the Cox-Doty and Stein Drain and Railroad Drain Drainage Districts issued \$2,380,000 of bonds for improvements to the drainage districts. The bonds will be paid from special assessments against property and public corporations within the drainage districts. Principal on the bonds is due on May 1 of each year through 2030 with interest due semi-annually at interest rates ranging from 4.00% to 4.50%. 1,690,000

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%. 885,000

Lakeland Drain Drainage District Bonds -

In July 2014, the Lakeland Drain Drainage District issued \$675,000 of bonds for improvements to the drainage district. The bonds will be paid from special assessments against property and public corporations within the drainage district. Principal is due on the bonds each June 1 through 2024 with interest due semi-annually at 2.52%. 405,000

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018**

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

Lester Bammel Drain Drainage District Bonds -

In October 2015, the Lester Bammel Drain Drainage District issued \$915,000 of bonds for improvements to the drainage district. The bonds will be paid from special assessments against property and public corporations within the drainage district. Principal on the bonds is due on June 1 of each year through 2030 with interest due semi-annually at interest rates ranging from 3.00% to 4.00%. \$ 765,000

Marine City Drain Drainage District Bonds -

In November 2016, the Marine City Drain Drainage District issued \$960,000 of bonds for improvements to the drainage district. The bonds will be paid from special assessments against property and public corporations within the drainage district. Principal on the bonds is due June 1 of each year through 2026 with interest due semi-annually at rates ranging from 1.45% to 2.50%. 770,000

Meldrum Drain Drainage District Bonds -

In January 2017, the Meldrum Drain Drainage District issued \$620,000 of bonds for improvements to the drainage district. The bonds will be paid from special assessments against property and public corporations within the drainage district. Principal is due on the bonds each June 1 through 2027 with interest due semi-annually at 2.98%. 560,000

Forrest Manor Drainage District Bonds -

Department of Agriculture Bonds have been sold for \$2,535,000 to finance the acquisition, construction, furnishing, and equipping of improvements to the Forrest Manor Drainage District. Payments on the bonds will be paid through special assessments to the drainage district. Principal payments on the bonds are due on March 1 of each year through 2046 with interest payable semi-annually at 2.25%. 2,415,000

Green Drain Drainage District Bonds -

In March 2018, the Green Drain Drainage District issued \$1,465,000 of bonds for improvements to the drainage district. The bonds will be paid from special assessments against property and public corporations within the drainage district. Principal on the bonds is due each March through 2038 with interest due semi-annually at rates ranging from 3.00%-4.00%. 1,465,000

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018**

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

Stocks Creek and Branches Drain Drainage District Bonds -

In February 2018, the Stocks Creek and Branches Drain Drainage District issued \$560,000 of bonds for improvements to the drainage district. The bonds will be paid from special assessments against property and public corporations within the drainage district. Principal is due on the bonds each March 1 through 2038 with interest due semi-annually at rates ranging from 3.20%-4.00%.

\$ 560,000

In March 2018, the Stocks Creek and Branches Drain Drainage District issued \$2,360,000 of bonds for improvements to the drainage district. The bonds will be paid from special assessments against property and public corporations within the drainage district. Principal is due on the bonds each March 1 through 2038 with interest due semi-annually at rates ranging from 3.00%-4.00%.

2,360,000

\$ 16,030,000

Loans -

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

\$ 1,675,000

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

1,259,000

\$ 2,934,000

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018**

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

Notes Payable -

St. Clair County, through the Drain Commission, administers the construction of drains, which are deemed to benefit properties against which special assessments are levied. To finance the construction, notes are issued in accordance with the provisions of Act No. 40 of the Michigan Public Acts of 1956, as amended by Act No. 71, Public Acts of 1976 or has received loans from the primary government. Repayment of the notes is made from the special assessment revenues, payment from other government units, etc. During the year, the Drain Commission issued \$2,000,000 of drain notes. The balance of the obligations at December 31, 2018 was as follows:

	<u>Interest Rate</u>	<u>Amount</u>
Governmental Activities -		
Layle-Robbins Drain	2.60 %	\$ 3,800*
Galbraith County Drain	3.50	118,000*
Richmond/Columbus Intercounty Drain	4.70	127,172
Fueslein Drain	3.75	90,000*
Howe Brandymore & Branches Drain	3.68	2,000,000
Macomb County Drain	2.00	192,000*
Baldwin Drain	3.50	106,000*
Barringer Drain	3.77	261,000
Shea Drain	3.50	<u>94,734*</u>
		<u>\$ 2,992,706</u>

* Amounts held by Primary Government

Letters of Credit -

The County has letters of credit issued for the Stocks Creek Drain of \$60,000 and \$596,200 set to mature June 14, 2019 with interest at prime rate. As of December 31, 2018, there have been no claims on the letters of credit.

Annual debt service requirements to maturities are as follows:

<u>Year Ended</u> <u>December 31,</u>	<u>Bonds</u>		<u>Notes</u>		<u>Loans</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2019	\$ 1,128,000	\$ 551,943	\$ 240,824	\$ 29,541	\$ 193,000	\$ 82,136
2020	1,164,000	511,054	2,240,824	97,299	200,000	77,698
2021	1,171,000	468,317	126,924	17,945	201,000	73,136
2022	1,177,000	425,174	84,534	16,375	203,000	68,531
2023	1,179,000	381,729	84,534	16,776	210,000	63,801
2024-2028	5,387,000	1,270,951	215,066	80,949	1,130,000	242,648
2029-2033	2,465,000	496,087	-	-	316,000	143,694
2034-2038	1,510,000	222,143	-	-	392,000	70,296
2039-2043	512,000	72,990	-	-	89,000	3,782
2044-2046	<u>337,000</u>	<u>15,278</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 16,030,000</u>	<u>\$ 4,415,666</u>	<u>\$ 2,992,706</u>	<u>\$ 258,885</u>	<u>\$ 2,934,000</u>	<u>\$ 825,722</u>

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018**

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

Land Bank Authority -

Notes Payable -

The Land Bank Authority issued notes in accordance with Provisions of Act No. 40 of the Michigan Public Acts of 1956, as Amended by Act No. 71 of the Public Acts of 1976. The Land Bank Authority has received a loan from the primary government to acquire foreclosed properties within the County. Repayment of the promissory notes will be made when the properties are ultimately sold. The balance at December 31, 2018 was \$8,449.

Brownfield Redevelopment Authority -

Notes Payable -

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

\$ 280,000

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

100,000

\$ 380,000

Annual debt service requirements at December 31, 2018 are as follows:

<u>Year Ending December 31,</u>	<u>Notes Payable</u>	
	<u>Principal</u>	<u>Interest</u>
2019	\$ -	\$ -
2020	-	-
2021	27,391	-
2022	23,602	3,789
2023	23,956	3,435
2024-2028	125,282	11,675
2029-2033	<u>179,769</u>	<u>2,405</u>
	<u>\$ 380,000</u>	<u>\$ 21,304</u>

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018**

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

Community Mental Health Authority -

Loans Payable -

In August 2007, the Community Mental Health Authority entered into a loan agreement for \$1,250,000 for the purchase of six homes, which will be used to provide mental health services. The loan was refinanced in August 2017 for \$935,062. The loan agreement calls for 59 monthly payments of \$7,064 beginning September 18, 2017 including interest of 4.25% through August 18, 2022, at which time the remaining balance is due. \$ 885,885

On May 3, 2011, the Community Mental Health Authority entered into a promissory note for the purchase of the Allen Road Home for \$124,000. The note was amended June 22, 2016 for \$91,573 and is to be repaid in monthly installments of \$906 including interest of 3.5% through June 22, 2021, at which time the remaining is due. The note is secured by the home. 73,766

On August 27, 2018, the Community Mental Health Authority entered into a promissory note for the purchase of the Mayfield Drive home for \$198,400. The note is to be repaid in monthly installments of \$1,946 including interest of 3.28% through August 27, 2023, at which time the remaining balance is due. The note is secured by the home and an assignment of any leases and rents. 197,015

On October 1, 2013, a term loan was entered into for \$191,641. The loan calls for 59 monthly payments of \$1,540 including interest of 5.17% with a final payment of \$145,108 on October 1, 2018. The note is secured by the property, however, is due on demand. 144,435
\$ 1,301,101

Contracts Payable -

The Community Mental Health Authority and County modified their lease agreement with the refunding of the bonds used to purchase, construct, and equip the office building of the Authority. Upon the retirement of debt, the site will be deeded to the Authority. The bonds, dated April 15, 2015, are due in annual installments of \$650,000 to \$900,000 through April 11, 2026 with interest ranging from 3.75% to 5.00% payable semi-annually. \$ 6,470,000

Accrued Vacation and Sick -

In accordance with contracts negotiated with various employee groups of the Community Mental Health Authority, individual employees have vested rights upon termination of employment to receive payments for unused vacation and sick leave under formulas and conditions specified in the contract. As of September 30, 2018, the vested benefits amounted to \$1,460,925.

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018**

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

Annual debt service requirements to pay the debt outstanding at September 30, 2018 are as follows:

Year Ended September 30,	Notes Payable		Contracts Payable	
	Principal	Interest	Principal	Interest
2019	\$ 217,362	\$ 46,633	\$ 650,000	\$ 269,400
2020	75,824	43,159	750,000	241,400
2021	126,717	39,520	795,000	210,500
2022	755,924	32,603	790,000	178,800
2023	125,274	3,567	840,000	142,000
2024-2026	-	-	<u>2,645,000</u>	<u>173,000</u>
	<u>\$ 1,301,101</u>	<u>\$ 165,482</u>	<u>\$ 6,470,000</u>	<u>\$ 1,215,100</u>

NOTE 10 - RETIREMENT PLAN:

DEFINED BENEFIT PLAN

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

Plan Description -

The St. Clair County Retirement System is a single-employer defined benefit Plan, which was established by County ordinance in 1964 to provide retirement and pension benefits for eligible employees of St. Clair County, the St. Clair County Road Commission and St. Clair County Community Mental Health Authority. Employees not in this plan are covered by a defined contribution plan. Effective January 1, 2016, the Plan is closed to all but the Sheriff deputies bargaining unit. The system is administered, managed and operated by a Board composed of 9 Trustees, the chairperson of the Board of Commissioners, or their appointee, a member of the Board of Commissioners, a member of the St. Clair County Road Commission Board, one appointed citizen, four elected employees of the retirement system, and one retired member elected by the retired members. The benefit provisions are governed by Act No. 427 of the Michigan Public Acts of 1984, as amended. The Plan may be amended by the County Board of Commissioners. The Plan is audited within the scope of the audit of the basic financial statements. Separate audited financial statements are not issued.

The membership at December 31, 2017 was composed of 604 active participants, 733 retirees and beneficiaries, and 152 inactive but vested members. The membership at December 31, 2016 was composed of 642 active participants, 704 retirees and beneficiaries, and 173 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.

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018**

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

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

All Employees - age 60 with 8 years of service.

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

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

Since the County does not issue a stand-alone report for its County defined benefit plan, following are condensed financial statements for the period as of and including December 31, 2018:

Statement of Net Position

Cash and investments	\$ 222,710,083
Other assets	<u>441,741</u>
Total assets	<u>223,151,824</u>
Liabilities	<u>210,992</u>
Net position	<u>\$ 222,940,832</u>

Statement of Changes in Net Position

Additions:	
Contributions	\$ 8,027,338
Investment income	<u>(11,247,946)</u>
Total additions	<u>(3,220,608)</u>
Deductions:	
Benefit payments	15,280,128
Other expenses	<u>153,471</u>
Total deductions	<u>15,433,599</u>
Change in net position	<u>(18,654,207)</u>
Net position, beginning of year	<u>241,595,039</u>
Net position, end of year	<u>\$ 222,940,832</u>

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018**

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

Summary of Significant Accounting Policies -

Basis of Accounting -

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

Method Used to Value Investments -

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

Contribution and Funding Policy -

The Plan's funding policy provides for periodic employer contributions at actuarially determined rates that, expressed as a level dollar amount designed to accumulate sufficient assets to pay benefits when due. During the year ended December 31, 2018, contributions totaling \$8,027,338 (\$6,172,608 employer and \$1,854,730 employee) were made in accordance with contribution requirements determined by an actuarial valuation for the Plan as of December 31, 2016. The required employer contributions were \$3,517,819 for General County, \$725,154 for the Road Commission, and \$1,153,083 for Community Mental Health. Employee contributions represent 5% of covered payroll, except the Road Commission where employees contributed 8%. The contribution requirement of a Plan member and the County are established by the St. Clair County Retirement Board and may be amended by the St. Clair County Board of Commissioners. Most administrative costs of the Plan are paid with retirement assets. The defined benefit Plan, excluding Sheriff Deputies, is closed to new-hires.

The required contribution rate was determined as part of the December 31, 2016 actuarial valuation using the individual entry age normal cost method. The actuarial assumptions included: (a) 7.5% net investment rate of return, and (b) projected salary increases of 3.5% to 8.0% per year, which includes pay inflation at 3.5%. There are no projected cost-of-living adjustments. The actuarial value was determined using techniques that smooth the effect of short-term volatility in the market value of investments over a five-year period. The Plan's unfunded actuarial accrued liability is being amortized as a level dollar on an open period, with a remaining amortization period as of December 31, 2016 of 19 years for Community Mental Health and amortized as a level dollar on a closed period with a remaining amortization period as of December 31, 2016 of 15 years for General Employees and the Road Commission.

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018**

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

Net Pension Liability of the County -

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

	<u>Total Pension Liability</u>	<u>Plan's Net Position</u>	<u>Net Pension Liability</u>
Beginning balance	\$ 260,274,178	\$ 241,595,039	\$ 18,679,139
Service cost	4,060,697	-	4,060,697
Interest on total pension liability	19,252,111	-	19,252,111
Net investment income	-	(11,247,946)	11,247,946
Changes in assumptions	(354,808)	-	(354,808)
Expected and actual differences	(176,705)	-	(176,705)
Contributions from employer	-	6,172,608	(6,172,608)
Contributions from employees	-	1,854,730	(1,854,730)
Benefit payments	(15,280,128)	(15,280,128)	-
Administrative costs	<u>-</u>	<u>(153,471)</u>	<u>153,471</u>
Ending balance	<u>\$ 267,775,345</u>	<u>\$ 222,940,832</u>	<u>\$ 44,834,513</u>

Plan fiduciary net position as a percentage of the total pension liability 83.26%

The net pension liability of the County has been measured as of December 31, 2017, which used updated procedures to roll forward the estimated liability of an actuarial valuation at December 31, 2016 and is composed of the following:

	<u>Total Pension Liability</u>	<u>Plan's Net Position</u>	<u>Net Pension Liability</u>
Primary Government			
Beginning balance	\$ 167,538,870	\$ 148,098,237	\$ 19,440,633
Service cost	2,572,862	-	2,572,862
Interest on total pension liability	12,385,695	-	12,385,695
Net investment income	-	17,464,462	(17,464,462)
Changes in assumptions	(494,505)	-	(494,505)
Expected and actual differences	(559,596)	-	(559,596)
Contributions from employer	-	3,946,975	(3,946,975)
Contributions from employees	-	1,105,447	(1,105,447)
Benefit payments	(9,938,259)	(9,938,259)	-
Administrative costs	<u>-</u>	<u>(111,350)</u>	<u>111,350</u>
Ending balance	<u>\$ 171,505,067</u>	<u>\$ 160,565,512</u>	<u>\$ 10,939,555</u>

Plan fiduciary net position as a percentage of the total pension liability 93.62%

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018**

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

	<u>Total Pension Liability</u>	<u>Plan's Net Position</u>	<u>Net Pension Liability</u>
Component Units			
Beginning balance	\$ 88,376,220	\$ 74,173,703	\$ 14,202,517
Service cost	1,634,397	-	1,634,397
Interest on total pension liability	6,565,930	-	6,565,930
Net investment income	-	8,612,555	(8,612,555)
Changes in assumptions	(270,272)	-	(270,272)
Expected and actual differences	(2,607,396)	-	(2,607,396)
Contributions from employer	-	2,445,872	(2,445,872)
Contributions from employees	-	783,359	(783,359)
Benefit payments	(4,929,768)	(4,929,768)	-
Administrative costs	<u>-</u>	<u>(56,194)</u>	<u>56,194</u>
Ending balance	<u>\$ 88,769,111</u>	<u>\$ 81,029,527</u>	<u>\$ 7,739,584</u>

Plan fiduciary net position as a percentage of the total pension liability 91.28%

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

For the year ended December 31, 2018, the County recognized pension expense of \$3,780,319 in the government-wide and proprietary fund financial statements of the primary government and \$2,018,319 in the component units (\$623,280 in the Road Commission and \$1,395,039 in the Community Mental Health Authority). At December 31, 2018, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Primary Government</u>	<u>Component Units</u>
Deferred Outflows of Resources:		
Proportionate share difference	\$ 902,757	\$ 272,906
Changes in assumptions	1,636,829	1,195,796
Contributions made subsequent to the measurement date	<u>3,737,255</u>	<u>2,148,548</u>
	<u>\$ 6,276,841</u>	<u>\$ 3,617,250</u>

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018**

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

	<u>Primary Government</u>	<u>Component Units</u>
Deferred Inflows of Resources:		
Proportionate share difference	\$ -	\$ 1,175,663
Net difference between projected and actual earnings on Plan investments	1,681,497	1,042,612
Differences between expected and actual experience	1,727,125	1,231,360
Changes in assumptions	<u>335,923</u>	<u>237,660</u>
	<u>\$ 3,744,545</u>	<u>\$ 3,687,295</u>

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

	<u>Primary Government</u>	<u>Component Units</u>
2019	\$ 817,403	\$ 1,465
2020	243,389	(185,323)
2021	(1,139,043)	(1,237,610)
2022	<u>(1,126,708)</u>	<u>(797,125)</u>
	<u>\$(1,204,959)</u>	<u>\$(2,218,593)</u>

Investment Policy - The Plan's policy in regard to the allocation of invested assets is established and may be amended by the Retirement Board by a majority vote of its members. It is the policy of the Retirement Board to pursue an investment strategy that manages risk through diversification of the portfolio across a broad selection of distinct asset classes. The following was the Board's adopted asset allocation policy as of December 31, 2018 and 2017:

<u>Asset Class</u>	<u>Target Allocation</u>
Fixed Income	25.0 %
Domestic Equity	35.0
International Equity	25.0
Hedge Funds	2.5
Real Estate	12.5
Cash	0.0

Rate of Return - For the years ended December 31, 2018 and 2017, the annual money-weighted rate of return on Plan investments, net of Plan investment expense, was (4.72)% and 11.89%, respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018**

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

Actuarial Assumptions - The total pension liability was determined by an actuarial valuation as of December 31, 2016, which used updated procedures to roll forward the estimated liability to December 31, 2017, and by an actuarial valuation as of December 31, 2017, which also used updated procedures to roll forward this estimated liability to December 31, 2018. The valuations used the following actuarial assumptions based on the most recent experience study, completed December 31, 2013:

Salary increases	3.50 - 8.00 %
Investment rate of return	7.50
Inflation	2.50

Mortality Rate - Mortality rates were based on RP-2014 Mortality Table with generational improvements from 2006 based on the Social Security mortality improvement assumptions from the 2016 Trustees' Report.

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

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

The long-term expected rate of return on Plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of Plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return as of December 31, 2018 and 2017 for each major asset class included in the Plan's target asset allocation, as disclosed in the investment footnote, are summarized in the following table.

<u>Asset Class</u>	<u>Long-term Expected Real Rate of Return</u>
Fixed Income	2.83 %
Domestic Equity	8.03
International Equity	8.25
Hedge Funds	3.60
Real Estate	7.20
Cash	0.50

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018**

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

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

	1% Decrease <u>(6.50%)</u>	Current Discount Rate <u>(7.50%)</u>	1 % Increase <u>(8.50%)</u>
Net pension liability at December 31, 2018	\$ 74,923,228	\$ 44,834,513	\$ 19,433,610
Net pension liability at December 31, 2017			
Primary government	\$ 28,570,600	\$ 10,939,555	\$(4,863,587)
Component units	<u>20,213,244</u>	<u>7,739,584</u>	<u>(3,440,909)</u>
	<u>\$ 48,783,844</u>	<u>\$ 18,679,139</u>	<u>\$(8,304,496)</u>

DEFINED CONTRIBUTION PLAN

General Government -

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

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

Employer contributions for the year ended December 31, 2018 were \$685,604.

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, 2018, the Road Commission contributed \$135,911 to the plan.

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018**

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

The St. Clair County Community Mental Health Authority offers employees who have been hired on or after January 1, 2016 the option to participate in a defined contribution plan with contributions being held in accordance with Internal Revenue Code Section 457. The plan is administered by a third-party administrator. Participation in the plan is voluntary to eligible full-time employees. The St. Clair County Community Mental Health Authority will match the employee contribution dollar-for-dollar up to the maximum of 8% of total wages. The plan may be amended by the Board of Directors. For the year ended September 30, 2018, employer contributions were \$120,060.

NOTE 11 - POSTEMPLOYMENT HEALTH CARE PLAN:

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

Plan Description -

The single-employer plan administered through St. Clair County provides postemployment benefits for eligible employees of the County, including those of the St. Clair County Road Commission and employees of the St. Clair County Community Mental Health Authority. As of January 1, 2016, the OPEB Plan was closed to all new participants. Postemployment benefits consist of health, dental, and prescription drug coverage. The plan is audited within the scope of the audit of the basic financial statements. Separate audited financial statements are not issued.

Benefits Provided -

The membership at December 31, 2017 was composed of 574 active participants and 582 retirees and beneficiaries. The membership at December 31, 2016 was composed of 635 active participants and 550 retirees and beneficiaries. In general, all employees are eligible for postemployment benefits as follows:

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

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

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018**

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

Since the County does not issue a stand-alone report for its County postemployment benefit plan, following are condensed financial statements for the period as of and including December 31, 2018:

Statement of Net Position

Cash and investments	\$ 43,356,275
Other assets	<u>289,378</u>
Total assets	<u>43,645,653</u>
Liabilities	<u>218,063</u>
Net position	<u>\$ 43,427,590</u>

Statement of Changes in Net Position

Additions:	
Contributions	\$ 3,294,069
Investment Income	<u>(1,433,342)</u>
Total additions	<u>1,860,727</u>
Deductions:	
Benefit payments	4,038,722
Other expenses	<u>564</u>
Total deductions	<u>4,039,286</u>
Change in net position	(2,178,559)
Net position, beginning of year	<u>45,606,149</u>
Net position, end of year	<u>\$ 43,427,590</u>

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

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

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018**

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

Contribution and Funding Policy -

The OPEB Plan's funding policy provides for periodic employer contributions at actuarially determined rates that, expressed as a level dollar amount designed to accumulate sufficient assets to pay benefits when due. During the year ended December 31, 2018, contributions of \$3,294,069 (\$2,869,913 employer and \$424,156 employee) were made. The actuarial valuation dated December 31, 2017 determined a contribution of \$242,364 for Community Mental Health, \$4,013,767 for General County, and \$1,516,284 for Road Commission employees using an assumed rate of increase of health care costs as follows:

	<u>Medical and Prescription Drug</u>	<u>Dental</u>
2019	8.50 %	5.00 %
2020	8.00	5.00
2021	7.50	5.00
2022	7.00	5.00
2023 and after	6.50-5.00	5.00

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

The required contribution rate was determined as part of the December 31, 2017 actuarial valuation using the individual entry age normal level percent of salary cost method. The actuarial assumption included (a) 6.5% net investment rate of return, (b) projected salary increases of 3.5% to 8.0% per year, (c) an annual healthcare cost trend of 8.5% initially, reduced by decrements of 0.5% to an ultimate rate of 5.0% after 8 years, (d) an annual dental cost trend rate of 5.0%, and (e) inflation rate of 2.8%. There are no projected cost-of-living adjustments. The actuarial value of assets was determined using techniques that smooth the effect of short-term volatility in the market value of investment over a five-year period. The OPEB Plan's unfunded actuarial accrued liability is being amortized as a level dollar amount for General County employees and as a level percentage of member payroll for Community Mental Health and Road Commission employees on a closed period, with a remaining amortization period as of December 31, 2017 of 12 years.

Investment Policy -

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

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018**

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

The long-term expected rate of return on OPEB Plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The adopted asset allocation policy and the best estimates of arithmetic real rates of return for each asset class as of December 31, 2018 are as follows:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Fixed Income	40.0 %	4.8 %
Domestic Equity	38.0	7.7
International Equity	16.0	8.2
Hedge Funds	0.0	3.1
Real Estate	1.0	6.7
Cash	<u>5.0</u>	2.2
TOTAL	<u>100.0 %</u>	

Rate of Return -

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

Net OPEB Liability of the County -

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

	<u>Total OPEB Liability</u>	<u>OPEB Plan's Net Position</u>	<u>Net OPEB Liability</u>
Beginning balance	\$ 192,677,996	\$ 45,606,149	\$ 147,071,847
Service cost	4,749,618	-	4,749,618
Interest on total OPEB liability	7,426,229	-	7,426,229
Net investment income	-	(1,433,342)	1,433,342
Change in benefit terms	(76,361,668)	-	(76,361,668)
Changes in assumptions	(16,230,723)	-	(16,230,723)
Expected and actual differences	(11,659,639)	-	(11,659,639)
Contributions from employer	-	2,869,913	(2,869,913)
Contributions from employees	-	424,156	(424,156)
Benefit payments	(4,038,722)	(4,038,722)	-
Administrative costs	<u>-</u>	<u>(564)</u>	<u>564</u>
Ending balance	<u>\$ 96,563,091</u>	<u>\$ 43,427,590</u>	<u>\$ 53,135,501</u>
OPEB Plan fiduciary net position as a percentage of the total OPEB liability			44.97%

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018**

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

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

For the year ended December 31, 2018, the County recognized OPEB expense of \$7,072,142 in the government-wide and proprietary fund financial statements of the primary government and \$3,005,873 in the component units (\$1,953,244 in the Road Commission and \$1,052,629 in the Community Mental Health Authority). At December 31, 2018, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Primary Government</u>	<u>Component Units</u>
Deferred Outflows of Resources:		
Proportionate share difference	\$ 614,335	\$ 247,840
Differences between expected and actual experience	485,735	221,819
Changes in assumptions	5,114,396	2,335,562
Contributions made subsequent to the measurement date	<u>959,219</u>	<u>1,837,622</u>
	<u>\$ 7,173,685</u>	<u>\$ 4,642,843</u>
Deferred Inflows of Resources:		
Proportionate share difference	\$ -	\$ 862,175
Net difference between projected and actual earnings on OPEB Plan investments	<u>1,304,512</u>	<u>595,723</u>
	<u>\$ 1,304,512</u>	<u>\$ 1,457,898</u>

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

	<u>Primary Government</u>	<u>Component Units</u>
2019	\$ 1,227,488	\$ 336,831
2020	1,227,488	336,831
2021	1,227,488	336,831
2022	<u>1,227,490</u>	<u>336,830</u>
	<u>\$ 4,909,954</u>	<u>\$ 1,347,323</u>

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018**

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

Actuarial Assumptions -

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

Salary Increases - 3.50%-8.00%, including inflation

Investment Rate of Return - 6.34%

Mortality Rates - RP-2016 Mortality Table with generational improvements from 2006 based on the Social Security mortality improvement assumptions from the 2016 Trustees' Report.

Inflation Rate - 2.80%

Healthcare Cost Trend Rate - 8.50%, graded down by 0.50% increments to 5.00%

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

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

The following presents the net OPEB liability of the County, calculated using the discount rate of 5.20% as well as what the net OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower or one-percentage-point higher than the current rate.

	1% Decrease <u>(4.20%)</u>	Current Discount Rate <u>(5.20%)</u>	1% Increase <u>(6.20%)</u>
Net OPEB liability at December 31, 2018	\$ <u>67,548,117</u>	\$ <u>53,135,501</u>	\$ <u>41,461,444</u>
Net OPEB liability at December 31, 2017			
Primary Government	\$ 126,054,128	\$ 100,970,021	\$ 81,347,989
Component Units	<u>57,564,413</u>	<u>46,101,826</u>	<u>37,148,717</u>
	\$ <u>183,618,541</u>	\$ <u>147,071,847</u>	\$ <u>118,496,706</u>

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018**

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

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

The following presents the net OPEB liability of the County, calculated using the healthcare cost trend rate of 8.5% graded down in 0.5% increments to 5.0%, as well as what the net OPEB liability would be if it were calculated using a healthcare cost trend rate that is one percentage-point lower or one percentage-point higher than the current rate.

	1% Decrease <u>(7.5-4.0%)</u>	Current Discount Rate <u>(8.5-5.0%)</u>	1% Increase <u>(9.5-6.0%)</u>
Net OPEB liability at December 31, 2018	\$ <u>39,425,317</u>	\$ <u>53,135,501</u>	\$ <u>70,383,683</u>
Net OPEB liability at December 31, 2017			
Primary Government	\$ 79,065,565	\$ 100,970,021	\$ 129,420,474
Component Units	<u>36,106,417</u>	<u>46,101,826</u>	<u>59,101,702</u>
	\$ <u>115,171,982</u>	\$ <u>147,071,847</u>	\$ <u>188,522,176</u>

NOTE 12 - CONTINGENT LIABILITIES:

Primary Government -

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

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.

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018**

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

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

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

Component Unit - Community Mental Health Authority -

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

NOTE 13 - RISK MANAGEMENT:

Primary Government -

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

The County is completely self-insured for unemployment compensation and short-term disability claims and is self-insured for workers' compensation claims up to an amount of \$500,000 in individual claims for 2018.

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 \$121,000 for unemployment compensation, disability and workers' compensation, respectively.

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

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018**

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

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

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

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

The County has also elected to be a member of the Stop Loss Program, which limits the County's self-insurance retention. For 2018, that Stop Loss Program limited the retention for St. Clair County to \$637,500 in aggregate claims paid during the year.

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

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

Based on claims currently pending and past history, the County has estimated the accrued property and liability claims, including an estimate for claims incurred but not reported (IBNR), of \$250,000, which is recorded in the Self-Insurance Fund.

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018**

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

The County is self-insured for health care benefits with the administrative services of the program being performed on a contractual basis by a third party. The County pays claims up to \$150,000 per contract per contract year. Stop-loss insurance has been purchased to insure the County against losses in excess of these limits. Based on past history, the County has estimated the accrued health care claims, including an estimate for claims IBNR, of \$415,000 at December 31, 2018, 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:

	Property/ Liability Insurance		Disability Insurance		Unemployment	
	2018	2017	2018	2017	2018	2017
	Unpaid claims, beginning of year	\$ 273,000	\$ 630,000	\$ -	\$ -	\$ -
Incurred claims (including IBNR's)	51,520	(224,274)	392,123	307,185	19,238	20,532
Claims paid	(74,520)	(132,726)	(392,123)	(307,185)	(19,238)	(20,532)
Unpaid claims, end of year	250,000	273,000	-	-	-	-
Less current portion	(207,000)	(80,000)	-	-	-	-
Long-term Liabilities	<u>\$ 43,000</u>	<u>\$ 193,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
	Workers' Compensation		Health Care		Total	
	2018	2017	2018	2017	2018	2017
Unpaid claims, beginning of year	\$ 55,000	\$ 65,000	\$ 347,000	\$ 325,000	\$ 675,000	\$1,020,000
Incurred claims (including IBNR's)	180,431	81,996	9,463,404	8,472,151	10,106,716	8,657,590
Claims paid	(114,431)	(91,996)	(9,395,404)	(8,450,151)	(9,995,716)	(9,002,590)
Unpaid claims, end of year	121,000	55,000	415,000	347,000	786,000	675,000
Less current portion	(121,000)	(55,000)	(415,000)	(347,000)	(743,000)	(482,000)
Long-term Liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 43,000</u>	<u>\$ 193,000</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, 2018

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

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

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

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

The Road Commission is self-insured for health care benefits. The administrative services for the self-insured program are performed by a health insurance company. The Road Commission makes monthly payments, based on estimated claims and a stop-loss provision (up to \$30,000 per contract per contract year), which are adjusted quarterly. The Road Commission has estimated accrued health care claims in excess of the last quarter payments, including an estimate for claims IBNR of \$16,000 at December 31, 2018, which is recorded as a current liability.

Community Mental Health Authority -

CMHA is exposed to various risks of loss to general and auto liability, property damage, and errors and omissions. CMHA is a member in a public risk pool administered by the Michigan Municipal Risk Management Authority for risk of losses relating to its property and general liability (including auto liability and vehicle physical damage). MMRMA is a municipal self-insurance entity operating pursuant to the State of Michigan Public Act 138 of 1982. The purpose of the MMRMA is to administer a risk management fund, which provides members with loss protection for general and property liability. CMHA has joined with numerous other governmental agencies in Michigan as a participant in MMRMA's "State Pool." Members of the State Pool do not have individual self-retention amounts other than a \$250 or \$1,000 deductible per occurrence of property and vehicle coverage. State Pool members' limits of coverage (per occurrence) are \$15 million for liability and approximately \$15 million for buildings and personal property. If a loss exceeds these limits or, if for any reason, MMRMA's resources are depleted, the payment of all unpaid losses is the sole obligation of CMHA.

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

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

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018**

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 \$793,166,761. This represents approximately 13.21 percent of the taxable value for the County.

NOTE 15 - DEFERRED COMPENSATION:

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

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

NOTE 16 - NET POSITION/FUND BALANCE:

NET INVESTMENT IN CAPITAL ASSETS -

Governmental Activities:

Capital Assets	\$ 85,950,792
Less related debt -	
2013 Refunding Bonds	(2,310,000)
2012 Refunding Bonds	(18,340,000)
2012 G.O. Bonds	(7,955,000)
2015 Refunding Bonds, Series B	(1,170,000)
2017 Refunding Bonds	(1,580,000)
Bond premiums	(2,265,957)
Deferred charges	<u>1,057,534</u>
	<u>\$ 53,387,369</u>

Business-type Activities:

Capital Assets	\$ 22,744,299
Less related debt -	
2010 G.O. Bond	(6,049,280)
2014 G.O. Bond	<u>(2,892,431)</u>
	<u>\$ 13,802,588</u>

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018**

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, 2018:

	<u>Enabling Legislation</u>	<u>Other</u>	<u>Total</u>
Governmental Funds/Activities:			
Acquisition/construction of capital assets:			
Public Improvement	\$ 4,329,575	\$ -	<u>\$ 4,329,575</u>
Debt Service:			
Mental Health Building Debt Fund	-	610	610
Communications Debt Fund - Series B	638,233	-	638,233
Communications Debt Fund - 2009	748	-	748
Building Authority Debt Fund	-	130,142	130,142
Convention Center	-	525,789	525,789
Jail/Juvenile Facility	-	3,504	<u>3,504</u>
			<u>1,299,026</u>
Recreation and Cultural:			
Parks and Recreation	2,349,748	-	2,349,748
Library	2,626,634	-	<u>2,626,634</u>
			<u>4,976,382</u>
Health and Welfare:			
Senior Citizens Millage	3,221,844	-	3,221,844
CDBG Housing	-	336,604	336,604
HUD Housing	-	95,311	95,311
Health Department	-	363,805	363,805
Veterans' Millage	228,582	-	<u>228,582</u>
			<u>4,246,146</u>
Public Safety:			
Drug Task Force	1,160,018	-	1,160,018
Drug Law Enforcement	-	396,540	396,540
Local Corrections and Training	-	12,353	12,353
Prosecutor's Drug Forfeitures	-	183,437	183,437
Concealed Pistol Licensing	200,271	-	<u>200,271</u>
			<u>1,952,619</u>
Judicial:			
Friend of Court	-	641,299	641,299
Family Counseling	108,054	-	108,054
Indigent Defense	120,442	-	<u>120,442</u>
			<u>869,795</u>
Other Purposes:			
Deeds Automation	410,606	-	<u>410,606</u>
Total Restricted Fund Balance - Governmental Funds			<u>\$ 18,084,149</u>

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018**

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

	<u>Enabling Legislation</u>	<u>Other</u>	<u>Total</u>
Total Restricted Fund Balance - Governmental Funds			\$ 18,084,149
Deferred Inflows of Resources:			
Recreation and Cultural Programs			12,966
Health and Welfare Programs			1,101,909
Public Safety Programs			5,347
Debt Service			1,618
Acquisitional/Construction of Assets			45,167
Net Pension Liability and Net OPEB Liability associated with Recreation and Cultural Programs			<u>(4,268,472)</u>
Total Restricted Net Position - Governmental Activities			<u>\$ 14,982,684</u>
Business-type Activities:			
Foreclosure sales	\$ -	\$ 770,413	<u>\$ 770,413</u>

COMMITTED FUND BALANCES -

At December 31, 2018, the Board of Commissioners had committed the following fund balances:

Combined General Fund - Budget Incentive		\$ 1,302,504
Nonmajor Funds -		
General Government - Convention Center		462,417
Health and Welfare - Health Department		3,668,137
Human Services		61,550
Child Care		631,817
Capital Outlay - Municipal Building		<u>208,906</u>
		<u>\$ 6,335,331</u>

ASSIGNED FUND BALANCES -

At December 31, 2018, the Administrator/Controller had assigned \$37,944 in the Combined General Fund for Community and Economic Development.

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018**

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 \$6,943,964 at December 31, 2018, which is based on the estimated percentage of capacity used to date of 38.18%.

Currently, the County has 97 acres licensed, with an additional 10 acres available for licensing. It is estimated that an additional \$12,313,337 will be recognized as closure and post-closure care expense between the date of the balance sheet and the date the landfill is expected to be filled to capacity and monitored for 30 years. The estimated remaining life of the landfill is 75 years.

The estimated total cost of the landfill closure and post-closure care cost of \$19,257,301 is based on the amount that would be paid if all equipment, facilities, and services required to close, monitor, and maintain that landfill were acquired as of December 31, 2018. However, the actual cost of closure and post-closure care may be higher or lower due to inflation, changes in technology, or changes in landfill laws and regulations.

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

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

NOTE 18 - TAX ABATEMENTS:

The County has received reduced property tax revenues during 2018 as a result of industrial facilities tax exemptions (IFT's) entered into by cities, villages, and townships within the County.

The IFT's were entered into based upon the Industrial Development Districts Act, PA 198 of 1974, as amended. IFT's provide a tax incentive to manufacturers to enable renovation and expansion of aging facilities, assist in the building of new facilities, and to promote the establishment of high-tech facilities. Properties qualifying for IFT status are taxed at 50% of the millage rate applicable to other real and personal property in the County. The abatements amounted to approximately \$204,000 in reduced County tax revenues in the General Fund and \$129,000 in reduced County tax revenues in the Special Revenue millage funds for 2018.

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018**

NOTE 19 - CHANGE IN ACCOUNTING PRINCIPLE:

The County adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This statement required the County to record its net OPEB liability. The standard required this change to be applied retroactively. As a result, the January 1, 2018 net position decreased for governmental activities by \$28,727,774 and for business-type activities by \$233,681 (\$494,670 decrease in the Solid Waste Disposal System Fund, an increase in the Delinquent Tax Revolving Fund of \$113,401, and an increase in the Airport Commission Fund of \$147,588). The January 1, 2018 net position for the Road Commission (component unit) decreased by \$12,533,931. The October 1, 2017 net position for the Community Mental Health Authority (component unit) decreased by \$4,959,758.

NOTE 20 - RESTATED NET POSITION:

The County had previously reported the Brownfield Redevelopment Authority as a special revenue fund within the primary government, as opposed to a discretely presented component unit. Due to this change in reporting entity, the governmental activities of the primary government net position at January 1, 2018 is decreased by \$27,800. It was also discovered that the Brownfield Redevelopment Authority had notes payable due as of January 1, 2018 of \$380,000; therefore, the component unit net position was decreased by \$352,200 by this reclassification. The effect on net position in 2017, had this entity been reported as a component unit, would be an increase to the primary government's change in net position of \$15,000 and a decrease to the change in net position of the component units of \$395,000.

REQUIRED SUPPLEMENTARY INFORMATION

ST. CLAIR COUNTY, MICHIGAN

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

FOR THE YEAR ENDED DECEMBER 31, 2018

	Original Budget	Amended Budget	Actual	Variance with Amended Budget Positive (Negative)
Revenues:				
Taxes	\$ 31,562,224	\$ 32,107,614	\$ 31,901,450	\$(206,164)
Licenses and permits	496,000	475,000	415,744	(59,256)
Intergovernmental	13,153,311	12,633,127	12,762,252	129,125
Charges for services	7,354,409	9,096,178	9,360,926	264,748
Fines and forfeits	440,315	346,315	343,507	(2,808)
Interest and rent	867,808	1,292,808	1,407,862	115,054
Other	2,036,843	1,908,434	1,865,822	(42,612)
Total Revenues	<u>55,910,910</u>	<u>57,859,476</u>	<u>58,057,563</u>	<u>198,087</u>
Expenditures:				
Legislative -				
Board of Commissioners	216,538	220,438	213,653	6,785
Other Legislative Activities	1,057,580	1,057,580	979,001	78,579
	<u>1,274,118</u>	<u>1,278,018</u>	<u>1,192,654</u>	<u>85,364</u>
General Government -				
Administrator/Controller	495,688	495,688	490,969	4,719
Elections	200,000	238,163	218,610	19,553
Accounting	328,181	328,181	317,722	10,459
Clerk	796,190	775,033	753,420	21,613
Equalization	849,863	859,863	778,891	80,972
Human Resources	420,979	420,979	405,875	15,104
Prosecuting Attorney	3,038,908	3,056,634	2,987,246	69,388
Victims Rights	10,800	10,800	5,290	5,510
Purchasing	92,217	92,217	83,427	8,790
Register of Deeds	107,525	107,525	99,525	8,000
Treasurer	453,018	478,036	465,109	12,927
Cooperative Extension	213,064	213,064	202,720	10,344
Information Technology	2,243,083	2,235,677	2,256,979	(21,302)
Building and Grounds	2,321,506	2,322,896	2,292,025	30,871
Drain Commissioner	549,663	565,698	484,207	81,491
Motor Pool	169,500	169,500	131,147	38,353
	<u>12,290,185</u>	<u>12,369,954</u>	<u>11,973,162</u>	<u>396,792</u>
Judicial -				
Circuit Court	1,818,323	1,661,326	1,753,842	(92,516)
District Court	2,496,652	2,424,803	2,423,743	1,060
Courthouse Security	462,296	477,296	485,610	(8,314)
Friend of the Court	2,870,265	2,870,265	2,805,412	64,853
Probate Court	1,153,928	1,186,381	1,188,416	(2,035)
Family Division - Circuit Court	1,550,279	1,555,770	1,525,304	30,466
Probation	7,300	7,300	5,984	1,316
District Court Probation	661,334	742,497	718,082	24,415
	<u>11,020,377</u>	<u>10,925,638</u>	<u>10,906,393</u>	<u>19,245</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, 2018**

	Original Budget	Amended Budget	Actual	Variance with Amended Budget Positive (Negative)
Public Safety -				
Sheriff	\$ 8,265,973	\$ 8,239,746	\$ 8,172,319	\$ 67,427
Training	15,000	15,000	27,898	(12,898)
Communications/Radio	1,909,237	1,909,237	1,888,308	20,929
Marine Law Enforcement	222,349	233,849	233,149	700
Dive Team	28,099	28,099	25,339	2,760
Corrections / Jail	11,133,701	11,890,617	12,065,783	(175,166)
Other Corrections Activities	330,000	330,000	216,585	113,415
Emergency Preparedness	723,334	546,315	531,805	14,510
Hazardous Material Handling	39,495	39,495	27,969	11,526
Animal Shelter/Dog Warden	384,900	397,746	383,334	14,412
	<u>23,052,088</u>	<u>23,630,104</u>	<u>23,572,489</u>	<u>57,615</u>
Public Works -				
Road Commission	900,000	900,000	900,000	-
Drains - Public Benefit	635,308	1,278,629	1,278,628	1
	<u>1,535,308</u>	<u>2,178,629</u>	<u>2,178,628</u>	<u>1</u>
Health and Welfare -				
Medical Examiner	428,858	429,957	410,724	19,233
Mental Health	955,672	955,672	955,672	-
Public Guardian	428,352	476,435	474,261	2,174
Veterans' Burial	15,000	15,000	11,400	3,600
	<u>1,827,882</u>	<u>1,877,064</u>	<u>1,852,057</u>	<u>25,007</u>
Community and Economic Development -				
Planning Commission	643,695	655,626	656,961	(1,335)
Transportation Planning	8,350	8,350	3,864	4,486
	<u>652,045</u>	<u>663,976</u>	<u>660,825</u>	<u>3,151</u>
Other	<u>373,269</u>	<u>-</u>	<u>-</u>	<u>-</u>
Debt Service -				
Principal	-	335,796	335,796	-
Interest	-	160,880	160,880	-
	<u>-</u>	<u>496,676</u>	<u>496,676</u>	<u>-</u>
Total Expenditures	<u>52,025,272</u>	<u>53,420,059</u>	<u>52,832,884</u>	<u>587,175</u>
Revenues over expenditures	<u>3,885,638</u>	<u>4,439,417</u>	<u>5,224,679</u>	<u>785,262</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, 2018**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	Variance with Amended Budget Positive (Negative)
Other Financing Sources (Uses):				
Issuance of debt	\$ -	\$ 1,286,570	\$ 1,286,570	\$ -
Transfers from other funds	3,028,389	2,404,234	2,447,735	43,501
Transfers to other funds	<u>(6,914,027)</u>	<u>(7,919,662)</u>	<u>(8,624,040)</u>	<u>(704,378)</u>
Total Other Financing Sources	<u>(3,885,638)</u>	<u>(4,228,858)</u>	<u>(4,889,735)</u>	<u>(660,877)</u>
 Net Change in Fund Balance	-	210,559	334,944	124,385
 Fund Balance at beginning of year	<u>10,205,017</u>	<u>10,205,017</u>	<u>10,205,017</u>	<u>-</u>
 Fund Balance at end of year	<u>\$ 10,205,017</u>	<u>\$ 10,415,576</u>	<u>\$ 10,539,961</u>	<u>\$ 124,385</u>

Reconciliation of Budget-Basis to GAAP-Basis Reporting:

Net Change in General Fund Fund Balance (Budgetary Basis)	\$ 334,944
 Perspective difference -	
Other Budgeted Funds Net Change Allocated to the General Fund for GAAP-basis reporting	
Budget Incentive	<u>(245,656)</u>
Development Revolving	<u>-</u>
 Net Change in Combined General Fund Fund Balance (GAAP-Basis)	<u>\$ 89,288</u>

(Concluded)

ST. CLAIR COUNTY, MICHIGAN

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL - SPECIAL REVENUE FUND
PARKS AND RECREATION
FOR THE YEAR ENDED DECEMBER 31, 2018**

	Original Budget	Amended Budget	Actual	Variance with Amended Budget Positive (Negative)
Revenues:				
Taxes	\$ 2,848,000	\$ 2,868,800	\$ 2,868,607	\$(193)
Intergovernmental	105,000	54,780	54,781	1
Charges for services	105,500	103,500	112,431	8,931
Interest and rent	5,500	9,500	9,944	444
Other	8,500	15,600	35,775	20,175
Total Revenues	<u>3,072,500</u>	<u>3,052,180</u>	<u>3,081,538</u>	<u>29,358</u>
Expenditures:				
Recreation and Cultural	<u>3,861,500</u>	<u>3,269,455</u>	<u>2,895,922</u>	<u>373,533</u>
Net Change in Fund Balance	(789,000)	(217,275)	185,616	402,891
Fund Balance at beginning of year	<u>2,164,132</u>	<u>2,164,132</u>	<u>2,164,132</u>	<u>-</u>
Fund Balance at end of year	<u><u>\$ 1,375,132</u></u>	<u><u>\$ 1,946,857</u></u>	<u><u>\$ 2,349,748</u></u>	<u><u>\$ 402,891</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, 2018**

	Original Budget	Amended Budget	Actual	Variance with Amended Budget Positive (Negative)
Revenues:				
Taxes	\$ 4,071,813	\$ 4,071,813	\$ 4,056,202	\$(15,611)
Intergovernmental	173,426	173,426	178,903	5,477
Charges for services	84,500	84,500	83,961	(539)
Fines and forfeits	576,200	576,200	485,124	(91,076)
Interest and rent	48,500	48,500	45,097	(3,403)
Other	38,850	38,850	50,292	11,442
Total Revenues	<u>4,993,289</u>	<u>4,993,289</u>	<u>4,899,579</u>	<u>(93,710)</u>
Expenditures:				
Recreation and Cultural	<u>5,332,180</u>	<u>5,332,180</u>	<u>5,093,087</u>	<u>239,093</u>
Net Change in Fund Balance	(338,891)	(338,891)	(193,508)	145,383
Fund Balance at beginning of year	<u>2,820,142</u>	<u>2,820,142</u>	<u>2,820,142</u>	<u>-</u>
Fund Balance at end of year	<u><u>\$ 2,481,251</u></u>	<u><u>\$ 2,481,251</u></u>	<u><u>\$ 2,626,634</u></u>	<u><u>\$ 145,383</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, 2018**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	Variance with Amended Budget Positive (Negative)
Revenues:				
Taxes	\$ 4,739,742	\$ 4,739,742	\$ 4,632,591	\$(107,151)
Intergovernmental	-	-	14,022	14,022
Interest and rent	6,000	6,000	16,130	10,130
Other	-	-	3,908	3,908
Total Revenues	<u>4,745,742</u>	<u>4,745,742</u>	<u>4,666,651</u>	<u>(79,091)</u>
Expenditures:				
Health and Welfare	<u>5,242,590</u>	<u>5,242,590</u>	<u>4,977,344</u>	<u>265,246</u>
Net Change in Fund Balance	(496,848)	(496,848)	(310,693)	186,155
Fund Balance at beginning of year	<u>3,532,537</u>	<u>3,532,537</u>	<u>3,532,537</u>	<u>-</u>
Fund Balance at end of year	<u><u>\$ 3,035,689</u></u>	<u><u>\$ 3,035,689</u></u>	<u><u>\$ 3,221,844</u></u>	<u><u>\$ 186,155</u></u>

ST. CLAIR COUNTY, MICHIGAN

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL - SPECIAL REVENUE FUND
DRUG TASK FORCE
FOR THE YEAR ENDED DECEMBER 31, 2018**

	Original Budget	Amended Budget	Actual	Variance with Amended Budget Positive (Negative)
Revenues:				
Taxes	\$ 3,242,351	\$ 3,247,601	\$ 3,248,258	\$ 657
Intergovernmental	-	44,599	51,523	6,924
Interest and rent	-	-	3,125	3,125
Other	-	15,866	22,804	6,938
Total Revenues	<u>3,242,351</u>	<u>3,308,066</u>	<u>3,325,710</u>	<u>17,644</u>
Expenditures:				
Public Safety	<u>2,873,425</u>	<u>2,950,140</u>	<u>2,630,383</u>	<u>319,757</u>
Revenues over expenditures	368,926	357,926	695,327	337,401
Other Financing Uses:				
Transfers to other funds	<u>(368,926)</u>	<u>(357,926)</u>	<u>(357,926)</u>	<u>-</u>
Net Change in Fund Balance	-	-	337,401	337,401
Fund Balance at beginning of year	<u>822,617</u>	<u>822,617</u>	<u>822,617</u>	<u>-</u>
Fund Balance at end of year	<u><u>\$ 822,617</u></u>	<u><u>\$ 822,617</u></u>	<u><u>\$ 1,160,018</u></u>	<u><u>\$ 337,401</u></u>

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

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

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

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

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

ST. CLAIR COUNTY, MICHIGAN

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

	<u>2018</u>	<u>2017</u>	<u>2016</u>
Total Pension Liability			
Service Cost	\$ 4,060,697	\$ 4,207,259	\$ 4,334,943
Interest	19,252,111	18,951,625	18,082,930
Changes of assumptions	(354,808)	(764,777)	4,721,041
Differences between expected and actual experience	(176,705)	(3,166,992)	(834,461)
Benefit payments, including refunds	<u>(15,280,128)</u>	<u>(14,868,027)</u>	<u>(14,320,304)</u>
Change in total pension liability	7,501,167	4,359,088	11,984,149
Total pension liability, beginning of year	<u>260,274,178</u>	<u>255,915,090</u>	<u>243,930,941</u>
Total pension liability, end of year	<u><u>\$ 267,775,345</u></u>	<u><u>\$ 260,274,178</u></u>	<u><u>\$ 255,915,090</u></u>
Plan Fiduciary Net Position			
Contributions - Employer	\$ 6,172,608	\$ 6,392,847	\$ 6,264,277
Contributions - Member	1,854,730	1,888,806	1,989,155
Net investment income	(11,247,946)	26,077,017	16,974,234
Benefit payments, including refunds	(15,280,128)	(14,868,027)	(14,320,304)
Administrative expenses	<u>(153,471)</u>	<u>(167,544)</u>	<u>(223,755)</u>
Net change in plan fiduciary net position	(18,654,207)	19,323,099	10,683,607
Plan fiduciary net position, beginning of year	<u>241,595,039</u>	<u>222,271,940</u>	<u>211,588,333</u>
Plan fiduciary net position, end of year	<u><u>\$ 222,940,832</u></u>	<u><u>\$ 241,595,039</u></u>	<u><u>\$ 222,271,940</u></u>
County's Net Pension Liability - Ending	<u><u>\$ 44,834,513</u></u>	<u><u>\$ 18,679,139</u></u>	<u><u>\$ 33,643,150</u></u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	83.26%	92.82%	86.85%
Covered Payroll	\$ 34,265,366	\$ 35,708,838	\$ 37,714,347
County's Net Pension Liability as a Percentage of Covered Payroll	130.8%	52.3%	89.2%

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

<u>2015</u>	<u>2014</u>
\$ 4,389,780	\$ 4,781,202
17,509,331	16,948,045
-	-
(206,413)	(358,590)
<u>(13,659,456)</u>	<u>(13,331,371)</u>
8,033,242	8,039,286
<u>235,897,699</u>	<u>227,858,413</u>
<u>\$ 243,930,941</u>	<u>\$ 235,897,699</u>
\$ 7,179,980	\$ 7,192,197
2,038,958	2,093,855
3,454,816	11,448,618
(13,659,456)	(13,331,371)
<u>(142,937)</u>	<u>(154,764)</u>
(1,128,639)	7,248,535
<u>212,716,972</u>	<u>205,468,437</u>
<u>\$ 211,588,333</u>	<u>\$ 212,716,972</u>
<u>\$ 32,342,608</u>	<u>\$ 23,180,727</u>
86.74%	90.17%
\$ 38,937,952	\$ 39,542,954
83.1%	58.6%

ST. CLAIR COUNTY, MICHIGAN

BASIC RETIREMENT SYSTEM

SCHEDULE OF COUNTY CONTRIBUTIONS

LAST TEN FISCAL YEARS

	Actuarially determined contributions	Contributions in relation to the actuarially determined contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a percentage of covered employee payroll
2009	\$ 4,382,161	\$ 4,382,161	\$ -	\$ 47,125,760	9.30%
2010	5,067,619	5,067,619	-	45,859,200	11.05%
2011	6,513,424	6,513,424	-	46,217,020	14.09%
2012	6,360,209	6,755,000	(394,791)	44,165,160	15.29%
2013	7,378,242	7,378,242	-	42,911,460	17.19%
2014	7,192,197	7,192,197	-	42,461,824	16.94%
2015	6,197,341	7,179,980	(982,639)	38,496,661	18.65%
2016	5,620,520	6,264,277	(643,757)	37,413,854	16.74%
2017	6,090,683	6,392,847	(302,164)	35,512,868	18.00%
2018	5,396,056	6,172,608	(776,552)	34,585,027	17.85%

Valuation Date December 31 of the second previous fiscal year

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial cost method	Individual Entry Age
Amortization method	Level dollar
Remaining amortization period	15 years for General (closed), 16 years for Road Commission (closed), and 20 years for Community Mental Health (open)
Asset valuation method	5-year smoothed market value
Salary increases	3.5- 8.0% for General and Road Commission, 2.0% for Community Mental Health
Investment rate of return	7.50%
Retirement age	Earliest age participant becomes eligible for normal retirement
Mortality	RP-2014 Mortality Table with generational improvements from 2006 based on the Social Security mortality improvement assumptions from the 2015 Trustees' Report

ST. CLAIR COUNTY, MICHIGAN
RETIREE HEALTH BENEFITS
SCHEDULE OF INVESTMENT RETURNS
LAST TEN FISCAL YEARS

Annual money-weighted rate of return,
net of expenses

2017	20.08%
2018	-3.18%

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

ST. CLAIR COUNTY, MICHIGAN

**RETIREE HEALTH BENEFITS
SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS
LAST TEN FISCAL YEARS**

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

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

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

SUPPLEMENTARY INFORMATION

ST. CLAIR COUNTY, MICHIGAN

**COMBINING BALANCE SHEET
COMBINED GENERAL FUND
DECEMBER 31, 2018**

	<u>General</u>	<u>Budget Incentive</u>	<u>Development Revolving</u>	<u>Combined General</u>
Assets:				
Cash and cash equivalents	\$ 382	\$ 1,326,941	\$ 37,944	\$ 1,365,267
Investments	22,820,134	-	-	22,820,134
Receivables, net of allowance -				
Property taxes	1,567,401	-	-	1,567,401
Interest and accounts	324,883	-	-	324,883
Due from other governmental units	2,770,230	-	513,909	3,284,139
Due from other funds	273,595	-	-	273,595
Long-term notes receivable	604,534	-	-	604,534
Advances to component units	1,410,000	-	-	1,410,000
Prepayments and deposits	38,095	-	-	38,095
	<u>\$ 29,809,254</u>	<u>\$ 1,326,941</u>	<u>\$ 551,853</u>	<u>\$ 31,688,048</u>
Total Assets				
Liabilities:				
Accounts payable	\$ 1,060,401	\$ 24,437	\$ -	\$ 1,084,838
Accrued liabilities	1,696,302	-	-	1,696,302
Due to other governmental units	22,490	-	-	22,490
Due to other funds	16,306,000	-	-	16,306,000
Unearned revenue	-	-	-	-
	<u>19,085,193</u>	<u>24,437</u>	<u>-</u>	<u>19,109,630</u>
Total Liabilities				
Deferred Inflows of Resources:				
Unavailable revenue -				
Property taxes	49,848	-	-	49,848
Grants/fees	134,252	-	-	134,252
	<u>184,100</u>	<u>-</u>	<u>-</u>	<u>184,100</u>
Total Deferred Inflows of Resources				
Fund Balances:				
Nonspendable -				
Long-term notes receivable/advances	2,014,534	-	513,909	2,528,443
Prepayments	38,095	-	-	38,095
Committed	-	1,302,504	-	1,302,504
Assigned	-	-	37,944	37,944
Unassigned	8,487,332	-	-	8,487,332
	<u>10,539,961</u>	<u>1,302,504</u>	<u>551,853</u>	<u>12,394,318</u>
Total Fund Balances				
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 29,809,254</u>	<u>\$ 1,326,941</u>	<u>\$ 551,853</u>	<u>\$ 31,688,048</u>

ST. CLAIR COUNTY, MICHIGAN

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
COMBINED GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2018**

	<u>General</u>	<u>Budget Incentive</u>	<u>Development Revolving</u>	<u>Eliminations</u>	<u>Combined General</u>
Revenues:					
Taxes	\$ 31,901,450	\$ -	\$ -	\$ -	\$ 31,901,450
Licenses and permits	415,744	-	-	-	415,744
Intergovernmental	12,762,252	-	-	-	12,762,252
Charges for services	9,360,926	-	-	-	9,360,926
Fines and forfeits	343,507	-	-	-	343,507
Interest and rent	1,407,862	-	-	-	1,407,862
Other	1,865,822	-	-	-	1,865,822
Total Revenues	<u>58,057,563</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>58,057,563</u>
Expenditures:					
Current -					
Legislative	1,192,654	-	-	-	1,192,654
General Government	11,973,162	-	-	-	11,973,162
Judicial	10,906,393	-	-	-	10,906,393
Public Safety	23,572,489	-	-	-	23,572,489
Public Works	2,178,628	-	-	-	2,178,628
Health and Welfare	1,852,057	-	-	-	1,852,057
Community and Economic Development	660,825	-	-	-	660,825
Capital Outlay	-	121,613	-	-	121,613
Debt Service -					
Principal	335,796	-	-	-	335,796
Interest	160,880	-	-	-	160,880
Total Expenditures	<u>52,832,884</u>	<u>121,613</u>	<u>-</u>	<u>-</u>	<u>52,954,497</u>
Revenues over (under) expenditures	<u>5,224,679</u>	<u>(121,613)</u>	<u>-</u>	<u>-</u>	<u>5,103,066</u>
Other Financing Sources (Uses):					
Issuance of debt	1,286,570	-	-	-	1,286,570
Transfers from other funds	2,447,735	170,566	-	(255,874)	2,362,427
Transfers to other funds	<u>(8,624,040)</u>	<u>(294,609)</u>	<u>-</u>	<u>255,874</u>	<u>(8,662,775)</u>
Total Other Financing Sources (Uses)	<u>(4,889,735)</u>	<u>(124,043)</u>	<u>-</u>	<u>-</u>	<u>(5,013,778)</u>
Net Change in Fund Balance	334,944	(245,656)	-	-	89,288
Fund Balance at beginning of year	<u>10,205,017</u>	<u>1,548,160</u>	<u>551,853</u>	<u>-</u>	<u>12,305,030</u>
Fund Balance at end of year	<u>\$ 10,539,961</u>	<u>\$ 1,302,504</u>	<u>\$ 551,853</u>	<u>\$ -</u>	<u>\$ 12,394,318</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, 2018**

	<u>Amended Budget</u>	<u>Actual</u>	Variance with Actual Positive (Negative)
Expenditures:			
Capital Outlay	\$ 130,000	\$ 121,613	\$ 8,387
Other Financing Sources (Uses):			
Transfers from other funds	-	170,566	170,566
Transfers to other funds	<u>(294,609)</u>	<u>(294,609)</u>	<u>-</u>
	<u>(294,609)</u>	<u>(124,043)</u>	<u>170,566</u>
Net Change in Fund Balance	(424,609)	(245,656)	178,953
Fund Balance at beginning of year	<u>1,548,160</u>	<u>1,548,160</u>	<u>-</u>
Fund Balance at end of year	<u><u>\$ 1,123,551</u></u>	<u><u>\$ 1,302,504</u></u>	<u><u>\$ 178,953</u></u>

NON-MAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

DEBT SERVICE FUNDS

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

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

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

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

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

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

CAPITAL PROJECTS FUNDS

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

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

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

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

ST. CLAIR COUNTY, MICHIGAN

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2018**

	Special Revenue Funds				
	Friend of Court	Convention Center	Drug Law Enforcement	Health Department	HUD Housing
Assets:					
Cash and cash equivalents	\$ 438,091	\$ 548,250	\$ 370,476	\$ 4,099,477	\$ 95,311
Investments	143,484	-	-	-	-
Receivables, net of allowance -					
Property taxes	-	-	-	-	-
Interest and accounts	1,603	18,285	28,776	92,866	149,572
Due from other governmental units	67,102	-	-	425,844	-
Total Assets	\$ 650,280	\$ 566,535	\$ 399,252	\$ 4,618,187	\$ 244,883
Liabilities:					
Accounts payable	\$ 568	\$ 37,706	\$ 2,712	\$ 164,771	\$ -
Accrued liabilities	8,119	-	-	216,663	-
Advances and deposits	-	65,129	-	55,592	-
Due to other governmental units	294	-	-	30,561	-
Due to other funds	-	-	-	-	-
Unearned revenue	-	-	-	37,536	-
Total Liabilities	8,981	102,835	2,712	505,123	-
Deferred Inflows of Resources:					
Unavailable revenue -					
Delinquent property taxes	-	-	-	-	-
Lease contract/revolving loans	-	-	-	-	149,572
Grants/fees	-	1,283	-	81,122	-
Taxes levied for a subsequent period	-	-	-	-	-
Total Deferred Inflows of Resources	-	1,283	-	81,122	149,572
Fund Balances:					
Restricted	641,299	-	396,540	363,805	95,311
Committed	-	462,417	-	3,668,137	-
Total Fund Balances	641,299	462,417	396,540	4,031,942	95,311
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 650,280	\$ 566,535	\$ 399,252	\$ 4,618,187	\$ 244,883

Special Revenue Funds

CDBG Housing	Human Services	Child Care	Indigent Defense	Veterans' Millage	E - 911	Deeds Automation	Local Corrections and Training
\$ 342,252	\$ 62,205	\$ 452,093	\$ 239,804	\$ 280,299	\$ 269,595	\$ 267,498	\$ 12,353
-	-	-	-	-	-	150,000	-
-	-	-	-	567,204	-	-	-
632,468	-	500	463	-	-	1,736	-
-	-	901,248	-	1,753	-	-	-
<u>\$ 974,720</u>	<u>\$ 62,205</u>	<u>\$ 1,353,841</u>	<u>\$ 240,267</u>	<u>\$ 849,256</u>	<u>\$ 269,595</u>	<u>\$ 419,234</u>	<u>\$ 12,353</u>
\$ 5,648	\$ -	\$ 203,462	\$ 45,525	\$ 6,786	\$ -	\$ -	\$ -
-	655	110,741	-	16,338	-	4,628	-
-	-	-	-	-	-	-	-
50,295	-	47,420	-	-	-	-	-
-	-	-	-	-	269,595	4,000	-
-	-	-	74,300	-	-	-	-
<u>55,943</u>	<u>655</u>	<u>361,623</u>	<u>119,825</u>	<u>23,124</u>	<u>269,595</u>	<u>8,628</u>	<u>-</u>
-	-	-	-	1,084	-	-	-
582,173	-	-	-	-	-	-	-
-	-	360,401	-	-	-	-	-
-	-	-	-	596,466	-	-	-
<u>582,173</u>	<u>-</u>	<u>360,401</u>	<u>-</u>	<u>597,550</u>	<u>-</u>	<u>-</u>	<u>-</u>
336,604	-	-	120,442	228,582	-	410,606	12,353
-	61,550	631,817	-	-	-	-	-
<u>336,604</u>	<u>61,550</u>	<u>631,817</u>	<u>120,442</u>	<u>228,582</u>	<u>-</u>	<u>410,606</u>	<u>12,353</u>
<u>\$ 974,720</u>	<u>\$ 62,205</u>	<u>\$ 1,353,841</u>	<u>\$ 240,267</u>	<u>\$ 849,256</u>	<u>\$ 269,595</u>	<u>\$ 419,234</u>	<u>\$ 12,353</u>

(Continued)

ST. CLAIR COUNTY, MICHIGAN

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2018**

	Special Revenue Funds			Debt Service Funds		
	Family	Concealed	Prosecutor's	Communications		Building
	Counseling	Pistol	Drug	Series B	Series 2009	Authority
Assets:						
Cash and cash equivalents	\$ 109,978	\$ 201,189	\$ 187,707	\$ 632,684	\$ 748	\$ 130,142
Investments	-	-	-	-	-	-
Receivables, net of allowance -						
Property taxes	-	-	-	-	-	-
Interest and accounts	45	656	475	-	-	-
Due from other governmental units	-	-	-	5,549	-	-
Total Assets	\$ 110,023	\$ 201,845	\$ 188,182	\$ 638,233	\$ 748	\$ 130,142
Liabilities:						
Accounts payable	\$ 1,969	\$ -	\$ 4,745	\$ -	\$ -	\$ -
Accrued liabilities	-	1,574	-	-	-	-
Advances and deposits	-	-	-	-	-	-
Due to other governmental units	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-
Unearned revenue	-	-	-	-	-	-
Total Liabilities	1,969	1,574	4,745	-	-	-
Deferred Inflows of Resources:						
Unavailable revenue -						
Delinquent property taxes	-	-	-	-	-	-
Lease contract/revolving loans	-	-	-	-	-	-
Grants/fees	-	-	-	-	-	-
Taxes levied for a subsequent period	-	-	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-	-	-
Fund Balances:						
Restricted	108,054	200,271	183,437	638,233	748	130,142
Committed	-	-	-	-	-	-
Total Fund Balances	108,054	200,271	183,437	638,233	748	130,142
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 110,023	\$ 201,845	\$ 188,182	\$ 638,233	\$ 748	\$ 130,142

Debt Service Funds		Capital Projects Funds			
Convention Center	Jail/Juvenile Facility	Public Improvement	Municipal Building	Convention Center	Total
\$ 506,299	\$ 3,504	\$ 4,600,541	\$ 225,883	\$ 347	\$ 14,076,726
-	-	-	-	-	293,484
-	-	-	-	-	567,204
21,108	-	23,904	145	-	972,602
-	-	55,353	-	-	1,456,849
<u>\$ 527,407</u>	<u>\$ 3,504</u>	<u>\$ 4,679,798</u>	<u>\$ 226,028</u>	<u>\$ 347</u>	<u>\$ 17,366,865</u>
\$ -	\$ -	\$ 305,056	\$ 17,122	\$ 347	\$ 796,417
-	-	-	-	-	358,718
-	-	-	-	-	120,721
-	-	-	-	-	128,570
-	-	-	-	-	273,595
-	-	-	-	-	111,836
-	-	305,056	17,122	347	1,789,857
-	-	-	-	-	1,084
-	-	-	-	-	731,745
1,618	-	45,167	-	-	489,591
-	-	-	-	-	596,466
1,618	-	45,167	-	-	1,818,886
525,789	3,504	4,329,575	-	-	8,725,295
-	-	-	208,906	-	5,032,827
<u>525,789</u>	<u>3,504</u>	<u>4,329,575</u>	<u>208,906</u>	<u>-</u>	<u>13,758,122</u>
<u>\$ 527,407</u>	<u>\$ 3,504</u>	<u>\$ 4,679,798</u>	<u>\$ 226,028</u>	<u>\$ 347</u>	<u>\$ 17,366,865</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, 2018**

	Special Revenue Funds				
	Friend of Court	Convention Center	Drug Law Enforcement	Health Department	HUD Housing
Revenues:					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	244,791	-
Intergovernmental	221,457	-	28,890	3,293,595	-
Charges for services	50,180	728,315	-	2,151,796	-
Fines and forfeits	-	-	107,716	-	-
Interest and rent	2,670	224,155	-	-	-
Other	4,999	5,273	129,497	302,099	-
Total Revenues	<u>279,306</u>	<u>957,743</u>	<u>266,103</u>	<u>5,992,281</u>	<u>-</u>
Expenditures:					
Current -					
Judicial	170,641	-	-	-	-
General Government	-	-	-	-	-
Public Safety	-	-	127,425	-	-
Health and Welfare	-	-	-	7,185,864	-
Community and Economic Development	-	-	-	-	-
Recreation and Cultural	-	1,420,260	-	-	-
Capital Outlay	-	-	-	-	-
Debit Service -					
Principal	-	-	-	-	-
Interest and charges	-	-	-	-	-
Total Expenditures	<u>170,641</u>	<u>1,420,260</u>	<u>127,425</u>	<u>7,185,864</u>	<u>-</u>
Revenues over (under) expenditures	<u>108,665</u>	<u>(462,517)</u>	<u>138,678</u>	<u>(1,193,583)</u>	<u>-</u>
Other Financing Sources (Uses):					
Transfers from other funds	-	532,163	-	1,701,420	-
Transfers to other funds	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>532,163</u>	<u>-</u>	<u>1,701,420</u>	<u>-</u>
Net Change in Fund Balances	108,665	69,646	138,678	507,837	-
Fund Balances at beginning of year	<u>532,634</u>	<u>392,771</u>	<u>257,862</u>	<u>3,524,105</u>	<u>95,311</u>
Fund Balances at end of year	<u>\$ 641,299</u>	<u>\$ 462,417</u>	<u>\$ 396,540</u>	<u>\$ 4,031,942</u>	<u>\$ 95,311</u>

Special Revenue Funds

CDBG Housing	Human Services	Child Care	Indigent Defense	Veterans' Millage	E - 911	Deeds Automation	Local Corrections and Training
\$ -	\$ -	\$ -	\$ -	\$ 582,700	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	3,417,272	-	4,355	-	-	-
-	-	96,897	-	-	1,093,501	143,160	26,496
-	-	-	-	-	-	-	-
844	-	-	-	123	-	8,015	-
9,853	-	9,056	1,699	11,860	-	-	-
<u>10,697</u>	<u>-</u>	<u>3,523,225</u>	<u>1,699</u>	<u>599,038</u>	<u>1,093,501</u>	<u>151,175</u>	<u>26,496</u>
-	-	-	142,530	-	-	-	-
-	-	-	-	-	-	186,725	-
-	-	-	-	-	-	-	26,644
83,356	21,129	6,341,751	-	620,822	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>83,356</u>	<u>21,129</u>	<u>6,341,751</u>	<u>142,530</u>	<u>620,822</u>	<u>-</u>	<u>186,725</u>	<u>26,644</u>
<u>(72,659)</u>	<u>(21,129)</u>	<u>(2,818,526)</u>	<u>(140,831)</u>	<u>(21,784)</u>	<u>1,093,501</u>	<u>(35,550)</u>	<u>(148)</u>
10,000	26,501	3,441,452	261,273	5,000	-	-	-
-	-	-	-	-	(1,093,501)	-	-
<u>10,000</u>	<u>26,501</u>	<u>3,441,452</u>	<u>261,273</u>	<u>5,000</u>	<u>(1,093,501)</u>	<u>-</u>	<u>-</u>
<u>(62,659)</u>	<u>5,372</u>	<u>622,926</u>	<u>120,442</u>	<u>(16,784)</u>	<u>-</u>	<u>(35,550)</u>	<u>(148)</u>
<u>399,263</u>	<u>56,178</u>	<u>8,891</u>	<u>-</u>	<u>245,366</u>	<u>-</u>	<u>446,156</u>	<u>12,501</u>
<u>\$ 336,604</u>	<u>\$ 61,550</u>	<u>\$ 631,817</u>	<u>\$ 120,442</u>	<u>\$ 228,582</u>	<u>\$ -</u>	<u>\$ 410,606</u>	<u>\$ 12,353</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, 2018**

	Special Revenue Funds			Debt Service Funds		
	Family	Concealed	Prosecutor's	Communications		Building
	Counseling	Pistol	Drug	Series B	Series 2009	Authority
		Licensing	Forfeitures			
Revenues:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	93,431	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	13,986	-	15,375	294,256	-	-
Fines and forfeits	-	-	270	-	-	-
Interest and rent	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total Revenues	13,986	93,431	15,645	294,256	-	-
Expenditures:						
Current -						
Judicial	6,606	-	-	-	-	-
General Government	-	39,484	-	-	-	-
Public Safety	-	-	41,750	-	-	-
Health and Welfare	-	-	-	-	-	-
Community and Economic Development	-	-	-	-	-	-
Recreation and Cultural	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-
Debit Service -						
Principal	-	-	-	340,000	215,000	725,000
Interest and charges	-	-	-	54,350	68,099	56,495
Total Expenditures	6,606	39,484	41,750	394,350	283,099	781,495
Revenues over (under) expenditures	7,380	53,947	(26,105)	(100,094)	(283,099)	(781,495)
Other Financing Sources (Uses):						
Transfers from other funds	-	-	-	-	267,189	907,910
Transfers to other funds	-	-	(11,000)	-	-	-
Total Other Financing Sources (Uses)	-	-	(11,000)	-	267,189	907,910
Net Change in Fund Balances	7,380	53,947	(37,105)	(100,094)	(15,910)	126,415
Fund Balances at beginning of year	100,674	146,324	220,542	738,327	16,658	3,727
Fund Balances at end of year	\$ 108,054	\$ 200,271	\$ 183,437	\$ 638,233	\$ 748	\$ 130,142

Debt Service Funds		Capital Projects Funds			
Convention Center	Jail/Juvenile Facility	Public Improvement	Municipal Building	Convention Center	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 582,700
-	-	-	-	-	338,222
-	-	-	-	-	6,965,569
139,195	-	371,263	26,562	-	5,150,982
-	-	-	-	-	107,986
-	-	-	-	-	235,807
211,038	-	127,558	-	-	812,932
<u>350,233</u>	<u>-</u>	<u>498,821</u>	<u>26,562</u>	<u>-</u>	<u>14,194,198</u>
-	-	-	-	-	319,777
-	-	-	-	-	226,209
-	-	-	-	-	195,819
-	-	-	-	-	14,252,922
-	-	-	-	-	-
-	-	-	-	-	1,420,260
-	-	1,224,074	18,773	-	1,242,847
215,000	1,305,000	-	-	-	2,800,000
291,868	863,300	-	-	-	1,334,112
<u>506,868</u>	<u>2,168,300</u>	<u>1,224,074</u>	<u>18,773</u>	<u>-</u>	<u>21,791,946</u>
<u>(156,635)</u>	<u>(2,168,300)</u>	<u>(725,253)</u>	<u>7,789</u>	<u>-</u>	<u>(7,597,748)</u>
-	2,168,300	1,957,297	-	-	11,278,505
-	-	-	-	-	(1,104,501)
-	<u>2,168,300</u>	<u>1,957,297</u>	<u>-</u>	<u>-</u>	<u>10,174,004</u>
(156,635)	-	1,232,044	7,789	-	2,576,256
682,424	3,504	3,097,531	201,117	-	11,181,866
<u>\$ 525,789</u>	<u>\$ 3,504</u>	<u>\$ 4,329,575</u>	<u>\$ 208,906</u>	<u>\$ -</u>	<u>\$13,758,122</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, 2018**

	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
FRIEND OF COURT			
Revenues:			
Intergovernmental	\$ 221,563	\$ 221,457	\$(106)
Charges for services	54,000	50,180	(3,820)
Interest and rent	-	2,670	2,670
Other	-	4,999	4,999
Total Revenues	<u>275,563</u>	<u>279,306</u>	<u>3,743</u>
Expenditures:			
Judicial	<u>164,063</u>	<u>170,641</u>	<u>(6,578)</u>
Net Change in Fund Balance	111,500	108,665	(2,835)
Fund Balance at beginning of year	<u>532,634</u>	<u>532,634</u>	<u>-</u>
Fund Balance at end of year	<u><u>\$ 644,134</u></u>	<u><u>\$ 641,299</u></u>	<u><u>\$(2,835)</u></u>

CONVENTION CENTER

Revenues:			
Charges for services	\$ 624,448	\$ 728,315	\$ 103,867
Interest and rent	195,100	224,155	29,055
Other	-	5,273	5,273
Total Revenues	<u>819,548</u>	<u>957,743</u>	<u>138,195</u>
Expenditures:			
Recreation and Cultural	<u>1,426,611</u>	<u>1,420,260</u>	<u>6,351</u>
Revenues under expenditures	(607,063)	(462,517)	144,546
Other Financing Sources:			
Transfers from other funds	<u>532,163</u>	<u>532,163</u>	<u>-</u>
Net Change in Fund Balance	(74,900)	69,646	144,546
Fund Balance at beginning of year	<u>392,771</u>	<u>392,771</u>	<u>-</u>
Fund Balance at end of year	<u><u>\$ 317,871</u></u>	<u><u>\$ 462,417</u></u>	<u><u>\$ 144,546</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, 2018**

	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
DRUG LAW ENFORCEMENT			
Revenues:			
Intergovernmental	\$ 29,000	\$ 28,890	\$(110)
Fines and forfeits	100,000	107,716	7,716
Other	<u>144,496</u>	<u>129,497</u>	<u>(14,999)</u>
Total Revenues	273,496	266,103	(7,393)
Expenditures:			
Public Safety	<u>150,000</u>	<u>127,425</u>	<u>22,575</u>
Net Change in Fund Balance	123,496	138,678	15,182
Fund Balance at beginning of year	<u>257,862</u>	<u>257,862</u>	<u>-</u>
Fund Balance at end of year	<u>\$ 381,358</u>	<u>\$ 396,540</u>	<u>\$ 15,182</u>

HEALTH DEPARTMENT

Revenues:			
Licenses and permits	\$ -	\$ 244,791	\$ 244,791
Intergovernmental	5,671,753	3,293,595	(2,378,158)
Charges for services	-	2,151,796	2,151,796
Other	<u>-</u>	<u>302,099</u>	<u>302,099</u>
Total Revenues	5,671,753	5,992,281	320,528
Expenditures:			
Health and Welfare	<u>7,473,173</u>	<u>7,185,864</u>	<u>287,309</u>
Revenues under expenditures	(1,801,420)	(1,193,583)	607,837
Other Financing Sources:			
Transfers from other funds	<u>1,701,420</u>	<u>1,701,420</u>	<u>-</u>
Net Change in Fund Balance	(100,000)	507,837	607,837
Fund Balance at beginning of year	<u>3,524,105</u>	<u>3,524,105</u>	<u>-</u>
Fund Balance at end of year	<u>\$ 3,424,105</u>	<u>\$ 4,031,942</u>	<u>\$ 607,837</u>

HUD HOUSING

Net Change in Fund Balance	\$ -	\$ -	\$ -
Fund Balance at beginning of year	<u>95,311</u>	<u>95,311</u>	<u>-</u>
Fund Balance at end of year	<u>\$ 95,311</u>	<u>\$ 95,311</u>	<u>\$ -</u>

(Continued)

ST. CLAIR COUNTY, MICHIGAN

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2018**

	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
CDBG HOUSING			
Revenues:			
Interest	\$ -	\$ 844	\$ 844
Other	<u>11,000</u>	<u>9,853</u>	<u>(1,147)</u>
Total Revenues	11,000	10,697	(303)
Expenditures:			
Health and Welfare	<u>82,000</u>	<u>83,356</u>	<u>(1,356)</u>
Revenues under expenditures	(71,000)	(72,659)	(1,659)
Other Financing Sources:			
Transfers from other funds	<u>10,000</u>	<u>10,000</u>	<u>-</u>
Net Change in Fund Balance	(61,000)	(62,659)	(1,659)
Fund Balance at beginning of year	<u>399,263</u>	<u>399,263</u>	<u>-</u>
Fund Balance at end of year	<u>\$ 338,263</u>	<u>\$ 336,604</u>	<u>\$(1,659)</u>

HUMAN SERVICES			
Expenditures:			
Health and Welfare	\$ 26,501	\$ 21,129	\$ 5,372
Other Financing Sources:			
Transfers from other funds	<u>26,501</u>	<u>26,501</u>	<u>-</u>
Net Change in Fund Balance	-	5,372	5,372
Fund Balance at beginning of year	<u>56,178</u>	<u>56,178</u>	<u>-</u>
Fund Balance at end of year	<u>\$ 56,178</u>	<u>\$ 61,550</u>	<u>\$ 5,372</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, 2018**

	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
CHILD CARE			
Revenues:			
Intergovernmental	\$ 3,477,638	\$ 3,417,272	\$(60,366)
Charges for services	-	96,897	96,897
Other	<u>2,225</u>	<u>9,056</u>	<u>6,831</u>
Total Revenues	3,479,863	3,523,225	43,362
Expenditures:			
Health and Welfare	<u>6,301,104</u>	<u>6,341,751</u>	<u>(40,647)</u>
Revenues under expenditures	(2,821,241)	(2,818,526)	2,715
Other Financing Sources:			
Transfers from other funds	<u>3,441,452</u>	<u>3,441,452</u>	<u>-</u>
Net Change in Fund Balance	620,211	622,926	2,715
Fund Balance at beginning of year	<u>8,891</u>	<u>8,891</u>	<u>-</u>
Fund Balance at end of year	<u><u>\$ 629,102</u></u>	<u><u>\$ 631,817</u></u>	<u><u>\$ 2,715</u></u>
INDIGENT DEFENSE			
Revenues:			
Intergovernmental	\$ 74,300	\$ -	\$(74,300)
Other	<u>77,573</u>	<u>1,699</u>	<u>(75,874)</u>
Total Revenues	151,873	1,699	(150,174)
Expenditures:			
Judicial	<u>303,146</u>	<u>142,530</u>	<u>160,616</u>
Revenues under expenditures	(151,273)	(140,831)	10,442
Other Financing Sources:			
Transfers from other funds	<u>261,273</u>	<u>261,273</u>	<u>-</u>
Net Change in Fund Balance	110,000	120,442	10,442
Fund Balance at beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance at end of year	<u><u>\$ 110,000</u></u>	<u><u>\$ 120,442</u></u>	<u><u>\$ 10,442</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, 2018**

	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
VETERANS' MILLAGE			
Revenues:			
Taxes	\$ 581,674	\$ 582,700	\$ 1,026
Intergovernmental	2,600	4,355	1,755
Interest and rent	-	123	123
Other	2,400	11,860	9,460
Total Revenues	<u>586,674</u>	<u>599,038</u>	<u>12,364</u>
Expenditures:			
Health and Welfare	<u>625,674</u>	<u>620,822</u>	<u>4,852</u>
Revenues under expenditures	(39,000)	(21,784)	17,216
Other Financing Sources:			
Transfers from other funds	<u>5,000</u>	<u>5,000</u>	<u>-</u>
Net Change in Fund Balance	(34,000)	(16,784)	17,216
Fund Balance at beginning of year	<u>245,366</u>	<u>245,366</u>	<u>-</u>
Fund Balance at end of year	<u>\$ 211,366</u>	<u>\$ 228,582</u>	<u>\$ 17,216</u>

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Revenues:			
Charges for services	\$ 1,050,000	\$ 1,093,501	\$ 43,501
Other Financing Uses:			
Transfers to other funds	<u>(1,050,000)</u>	<u>(1,093,501)</u>	<u>(43,501)</u>
Net Change in Fund Balance	-	-	-
Fund Balance at beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

DEEDS AUTOMATION

Revenues:			
Charges for services	\$ 145,000	\$ 143,160	\$(1,840)
Interest	6,000	8,015	2,015
Total Revenues	<u>151,000</u>	<u>151,175</u>	<u>175</u>
Expenditures:			
General Government	<u>187,000</u>	<u>186,725</u>	<u>275</u>
Net Change in Fund Balance	(36,000)	(35,550)	450
Fund Balance at beginning of year	<u>446,156</u>	<u>446,156</u>	<u>-</u>
Fund Balance at end of year	<u>\$ 410,156</u>	<u>\$ 410,606</u>	<u>\$ 450</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, 2018**

	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
LOCAL CORRECTIONS AND TRAINING			
Revenues:			
Charges for services	\$ 30,000	\$ 26,496	\$(3,504)
Expenditures:			
Public Safety	<u>30,000</u>	<u>26,644</u>	<u>3,356</u>
Net Change in Fund Balance	-	(148)	(148)
Fund Balance at beginning of year	<u>12,501</u>	<u>12,501</u>	<u>-</u>
Fund Balance at end of year	<u><u>\$ 12,501</u></u>	<u><u>\$ 12,353</u></u>	<u><u>\$(148)</u></u>

FAMILY COUNSELING

Revenues:			
Charges for services	\$ 20,000	\$ 13,986	\$(6,014)
Expenditures:			
Judicial	<u>20,000</u>	<u>6,606</u>	<u>13,394</u>
Net Change in Fund Balance	-	7,380	7,380
Fund Balance at beginning of year	<u>100,674</u>	<u>100,674</u>	<u>-</u>
Fund Balance at end of year	<u><u>\$ 100,674</u></u>	<u><u>\$ 108,054</u></u>	<u><u>\$ 7,380</u></u>

CONCEALED PISTOL LICENSING

Revenues:			
Licenses and permits	\$ 90,000	\$ 93,431	\$ 3,431
Expenditures:			
General Government	<u>90,000</u>	<u>39,484</u>	<u>50,516</u>
Net Change in Fund Balance	-	53,947	53,947
Fund Balance at beginning of year	<u>146,324</u>	<u>146,324</u>	<u>-</u>
Fund Balance at end of year	<u><u>\$ 146,324</u></u>	<u><u>\$ 200,271</u></u>	<u><u>\$ 53,947</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, 2018**

	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
PROSECUTOR'S DRUG FORFEITURES			
Revenues:			
Charges for services	\$ 20,000	\$ 15,375	\$(4,625)
Fines and forfeits	<u>2,500</u>	<u>270</u>	<u>(2,230)</u>
Total Revenues	22,500	15,645	(6,855)
Expenditures:			
Public Safety	<u>37,500</u>	<u>41,750</u>	<u>(4,250)</u>
Revenues under expenditures	(15,000)	(26,105)	(11,105)
Other Financing Uses:			
Transfers to other funds	<u>(11,000)</u>	<u>(11,000)</u>	<u>-</u>
Net Change in Fund Balance	(26,000)	(37,105)	(11,105)
Fund Balance at beginning of year	<u>220,542</u>	<u>220,542</u>	<u>-</u>
Fund Balance at end of year	<u>\$ 194,542</u>	<u>\$ 183,437</u>	<u>\$(11,105)</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, 2018**

	<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	\$ 515,091	\$ 515,826	\$ 50,627	\$ 114,595	\$ 1,196,139
Interest and accounts receivable, net of allowance	16,510	88,690	-	-	105,200
Inventories	37,588	-	-	-	37,588
Prepaid expenses and deposits	742	-	-	-	742
Total Current Assets	<u>569,931</u>	<u>604,516</u>	<u>50,627</u>	<u>114,595</u>	<u>1,339,669</u>
Noncurrent Assets:					
Capital assets	7,355,617	-	-	-	7,355,617
Less - accumulated depreciation	<u>(2,988,004)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,988,004)</u>
Total Noncurrent Assets	<u>4,367,613</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,367,613</u>
Total Assets	<u>4,937,544</u>	<u>604,516</u>	<u>50,627</u>	<u>114,595</u>	<u>5,707,282</u>
Liabilities:					
Current Liabilities:					
Accounts payable	16,294	62,933	-	-	79,227
Accrued expenses	6,192	4,167	-	-	10,359
Unearned revenue	3,041	-	-	-	3,041
Total Current Liabilities	<u>25,527</u>	<u>67,100</u>	<u>-</u>	<u>-</u>	<u>92,627</u>
Long-Term Liabilities:					
Accrued vacation and sick (less current portion)	<u>12,428</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,428</u>
Total Liabilities	<u>37,955</u>	<u>67,100</u>	<u>-</u>	<u>-</u>	<u>105,055</u>
Net Position:					
Net investment in capital assets	4,367,613	-	-	-	4,367,613
Unrestricted	<u>531,976</u>	<u>537,416</u>	<u>50,627</u>	<u>114,595</u>	<u>1,234,614</u>
Total Net Position	<u>\$ 4,899,589</u>	<u>\$ 537,416</u>	<u>\$ 50,627</u>	<u>\$ 114,595</u>	<u>\$ 5,602,227</u>

ST. CLAIR COUNTY, MICHIGAN

**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2018**

	<u>Airport Commission</u>	<u>Sheriff's Concession</u>	<u>Homestead Exemption Audits</u>	<u>School Tax Collection</u>	<u>Total</u>
Operating Revenues:					
Charges for services	\$ 422,682	\$ 1,337,015	\$ -	\$ -	\$ 1,759,697
Interest and rents	159,906	-	-	-	159,906
Other	2,125	-	-	-	2,125
Total Operating Revenues	<u>584,713</u>	<u>1,337,015</u>	<u>-</u>	<u>-</u>	<u>1,921,728</u>
Operating Expenses:					
Personal services	164,906	108,600	-	-	273,506
Supplies	327,764	2,107	-	-	329,871
Other services	271,463	1,049,917	-	7	1,321,387
Depreciation	305,743	-	-	-	305,743
Total Operating Expenses	<u>1,069,876</u>	<u>1,160,624</u>	<u>-</u>	<u>7</u>	<u>2,230,507</u>
Operating Income (Loss)	(485,163)	176,391	-	(7)	(308,779)
Non-Operating Revenues:					
Interest revenue	<u>-</u>	<u>3,009</u>	<u>-</u>	<u>-</u>	<u>3,009</u>
Net Income (Loss) Before Contributions and Transfers	(485,163)	179,400	-	(7)	(305,770)
Capital Contributions	<u>226,056</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>226,056</u>
Net Income (Loss) Before Transfers	<u>(259,107)</u>	<u>179,400</u>	<u>-</u>	<u>(7)</u>	<u>(79,714)</u>
Transfers:					
Transfers from other funds	210,000	-	-	-	210,000
Transfers to other funds	<u>-</u>	<u>(15,267)</u>	<u>-</u>	<u>-</u>	<u>(15,267)</u>
	<u>210,000</u>	<u>(15,267)</u>	<u>-</u>	<u>-</u>	<u>194,733</u>
Change in Net Position	(49,107)	164,133	-	(7)	115,019
Net Position at beginning of year, as restated	<u>4,948,696</u>	<u>373,283</u>	<u>50,627</u>	<u>114,602</u>	<u>5,487,208</u>
Net Position at end of year	<u>\$ 4,899,589</u>	<u>\$ 537,416</u>	<u>\$ 50,627</u>	<u>\$ 114,595</u>	<u>\$ 5,602,227</u>

ST. CLAIR COUNTY, MICHIGAN

**COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2018**

	<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	\$ 584,562	\$ 1,352,109	\$ -	\$ -	\$ 1,936,671
Cash payments to suppliers	(640,783)	(1,073,765)	-	(7)	(1,714,555)
Cash payments to employees	(147,583)	(92,013)	-	-	(239,596)
Cash payments for interfund services	(14,860)	(16,174)	-	-	(31,034)
Other cash payments	-	-	-	-	-
Net Cash Provided by (Used in)					
Operating Activities	<u>(218,664)</u>	<u>170,157</u>	<u>-</u>	<u>(7)</u>	<u>(48,514)</u>
Cash Flows From Noncapital Financing Activities:					
Transfers to other funds	-	(15,267)	-	-	(15,267)
Transfers from other funds	210,000	-	-	-	210,000
Net Cash Provided by (Used for)					
Noncapital Financing Activities	<u>210,000</u>	<u>(15,267)</u>	<u>-</u>	<u>-</u>	<u>194,733</u>
Cash Flows From Capital and Related Financing Activities:					
Acquisition/construction of capital assets	(11,898)	-	-	-	(11,898)
Cash Flows From Investing Activities:					
Interest	-	3,009	-	-	3,009
Net Increase (Decrease) in					
Cash and Cash Equivalents	(20,562)	157,899	-	(7)	137,330
Cash and Cash Equivalents at Beginning of Year	<u>535,653</u>	<u>357,927</u>	<u>50,627</u>	<u>114,602</u>	<u>1,058,809</u>
Cash and Cash Equivalents at End of Year	<u>\$ 515,091</u>	<u>\$ 515,826</u>	<u>\$ 50,627</u>	<u>\$ 114,595</u>	<u>\$ 1,196,139</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in)					
Operating Activities:					
Operating Income (Loss)	\$(485,163)	\$ 176,391	\$ -	\$(7)	\$(308,779)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities					
Depreciation	305,743	-	-	-	305,743
Change in assets and liabilities:					
Accounts receivable	1,800	15,094	-	-	16,894
Inventory	(19,279)	-	-	-	(19,279)
Prepays and deposits	241	-	-	-	241
Accounts payable	(22,518)	(21,741)	-	-	(44,259)
Accrued expenses	2,463	413	-	-	2,876
Unearned revenue	(1,951)	-	-	-	(1,951)
Net Cash Provided by (Used in)					
Operating Activities	<u>\$(218,664)</u>	<u>\$ 170,157</u>	<u>\$ -</u>	<u>\$(7)</u>	<u>\$(48,514)</u>

FIDUCIARY FUNDS

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

Pension and Other Employee Benefits Trust Funds –

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

Other Postemployment Benefits – is used to account for employer and employee contributions, investment income, accumulated assets and payment for post-employment benefits other than pension.

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

Agency Funds –

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

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

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

ST. CLAIR COUNTY, MICHIGAN

**STATEMENT OF FIDUCIARY NET POSITION
PENSION AND OTHER EMPLOYEE BENEFIT TRUST FUNDS
DECEMBER 31, 2018**

	Basic Retirement System	Other Postemployment Benefits	Total
	<u> </u>	<u> </u>	<u> </u>
Assets:			
Cash and cash equivalents	\$ 5,580,338	\$ 2,510,201	\$ 8,090,539
Investments, at fair value -			
Corporate Debt	-	12,165,472	12,165,472
Hedge Funds	54,373	-	54,373
Stocks	106,002,413	21,028,548	127,030,961
Mutual Funds	-	7,451,746	7,451,746
Partnerships	111,072,959	-	111,072,959
Municipal Bonds	-	200,308	200,308
Receivables -			
Interest and dividends	137,182	117,181	254,363
Other	105,301	172,197	277,498
Due from other funds	199,258	-	199,258
	<u>223,151,824</u>	<u>43,645,653</u>	<u>266,797,477</u>
Liabilities:			
Accounts payable	206,423	18,805	225,228
Accrued liabilities	4,569	-	4,569
Due to other funds	-	199,258	199,258
	<u>210,992</u>	<u>218,063</u>	<u>429,055</u>
Net Position:			
Restricted for pension benefits	222,940,832	-	222,940,832
Restricted for other postemployment benefits	-	43,427,590	43,427,590
	<u>\$ 222,940,832</u>	<u>\$ 43,427,590</u>	<u>\$ 266,368,422</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, 2018**

	Basic Retirement System		
	Member Contributions	Employer Contributions	Pension Payments
Additions:			
Contributions			
Member contributions	\$ 1,854,730	\$ -	\$ -
Employer contributions	-	6,172,608	-
Total contributions	<u>1,854,730</u>	<u>6,172,608</u>	<u>-</u>
Investment income			
Net depreciation			
in fair value of investments	-	(14,081,572)	-
Interest/Dividends	-	3,502,507	-
Less investment expense	-	(668,881)	-
Net investment income	<u>-</u>	<u>(11,247,946)</u>	<u>-</u>
Total Additions	<u>1,854,730</u>	<u>(5,075,338)</u>	<u>-</u>
Deductions:			
Retirement payroll	-	-	15,085,540
Health/dental insurance	-	-	-
Death benefits	-	-	49,000
Employee refunds	145,588	-	-
Administration	-	153,471	-
Total Deductions	<u>145,588</u>	<u>153,471</u>	<u>15,134,540</u>
Net Increase (Decrease) before Transfers	1,709,142	(5,228,809)	(15,134,540)
Interfund Transfers In (Out):			
Retirees obligation	(1,521,178)	(193,287)	1,714,465
Interest	<u>610,385</u>	<u>7,741,736</u>	<u>(8,352,121)</u>
Net Increase (Decrease)	798,349	2,319,640	(21,772,196)
Net Position Restricted for Pension Benefits and Other Postemployment Benefits:			
Beginning of year	<u>30,447,804</u>	<u>58,395,299</u>	<u>152,751,936</u>
End of year	<u>\$ 31,246,153</u>	<u>\$ 60,714,939</u>	<u>\$ 130,979,740</u>

<u>Total</u>	<u>Other Postemployment Benefits</u>	<u>Total</u>
\$ 1,854,730	\$ 424,156	\$ 2,278,886
<u>6,172,608</u>	<u>2,869,913</u>	<u>9,042,521</u>
8,027,338	3,294,069	11,321,407
(14,081,572)	(2,311,109)	(16,392,681)
3,502,507	1,012,705	4,515,212
<u>(668,881)</u>	<u>(134,938)</u>	<u>(803,819)</u>
<u>(11,247,946)</u>	<u>(1,433,342)</u>	<u>(12,681,288)</u>
<u>(3,220,608)</u>	<u>1,860,727</u>	<u>(1,359,881)</u>
15,085,540	-	15,085,540
-	3,958,898	3,958,898
49,000	-	49,000
145,588	79,824	225,412
<u>153,471</u>	<u>564</u>	<u>154,035</u>
<u>15,433,599</u>	<u>4,039,286</u>	<u>19,472,885</u>
(18,654,207)	(2,178,559)	(20,832,766)
-	-	-
<u>-</u>	<u>-</u>	<u>-</u>
(18,654,207)	(2,178,559)	(20,832,766)
241,595,039	45,606,149	287,201,188
<u>\$ 222,940,832</u>	<u>\$ 43,427,590</u>	<u>\$ 266,368,422</u>

ST. CLAIR COUNTY, MICHIGAN

**COMBINING STATEMENT OF FIDUCIARY NET POSITION
AGENCY FUNDS
DECEMBER 31, 2018**

	<u>Trust and Agency</u>	<u>Library Penal Fines</u>	<u>Payroll</u>	<u>Total</u>
Assets:				
Cash and cash equivalents	\$ 2,200,014	\$ 5,451	\$ 135,428	\$ 2,340,893
Investments	44,541	-	-	44,541
Receivables	20,460,915	1,411	-	20,462,326
Due from individuals	<u>-</u>	<u>-</u>	<u>11,987</u>	<u>11,987</u>
 Total Assets	 <u>\$ 22,705,470</u>	 <u>\$ 6,862</u>	 <u>\$ 147,415</u>	 <u>\$ 22,859,747</u>
 Liabilities:				
Due to individuals and agencies	\$ 21,557,183	\$ -	\$ -	\$ 21,557,183
Due to other governmental units	<u>1,148,287</u>	<u>6,862</u>	<u>147,415</u>	<u>1,302,564</u>
 Total Liabilities	 <u>\$ 22,705,470</u>	 <u>\$ 6,862</u>	 <u>\$ 147,415</u>	 <u>\$ 22,859,747</u>

ST. CLAIR COUNTY, MICHIGAN

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2018**

	Balance January 1, 2018	Additions	Reductions	Balance December 31, 2018
TOTAL ALL AGENCY FUNDS				
Assets:				
Cash and cash equivalents	\$ 3,405,983	\$ 212,229,312	\$ 213,294,402	\$ 2,340,893
Investments	59,640	74	15,173	44,541
Receivables	19,789,620	1,089,142	416,436	20,462,326
Due from individuals	11,987	-	-	11,987
	<u>23,267,230</u>	<u>213,318,528</u>	<u>213,726,011</u>	<u>22,859,747</u>
Total Assets	<u>\$ 23,267,230</u>	<u>\$ 213,318,528</u>	<u>\$ 213,726,011</u>	<u>\$ 22,859,747</u>
Liabilities:				
Due to -				
Individuals and agencies	\$ 20,725,477	\$ 83,204,716	\$ 82,373,010	\$ 21,557,183
Other governmental units	2,541,753	256,576,316	257,815,505	1,302,564
	<u>23,267,230</u>	<u>339,781,032</u>	<u>340,188,515</u>	<u>22,859,747</u>
Total Liabilities	<u>\$ 23,267,230</u>	<u>\$ 339,781,032</u>	<u>\$ 340,188,515</u>	<u>\$ 22,859,747</u>
TRUST AND AGENCY				
Assets:				
Cash and cash equivalents	\$ 3,275,164	\$ 139,939,581	\$ 141,014,731	\$ 2,200,014
Investments	59,640	74	15,173	44,541
Receivables	19,788,447	1,087,731	415,263	20,460,915
	<u>23,123,251</u>	<u>141,027,386</u>	<u>141,445,167</u>	<u>22,705,470</u>
Total Assets	<u>\$ 23,123,251</u>	<u>\$ 141,027,386</u>	<u>\$ 141,445,167</u>	<u>\$ 22,705,470</u>
Liabilities:				
Due to -				
Individuals and agencies	\$ 20,725,477	\$ 83,204,716	\$ 82,373,010	\$ 21,557,183
Other governmental units	2,397,774	126,763,922	128,013,409	1,148,287
	<u>23,123,251</u>	<u>209,968,638</u>	<u>210,386,419</u>	<u>22,705,470</u>
Total Liabilities	<u>\$ 23,123,251</u>	<u>\$ 209,968,638</u>	<u>\$ 210,386,419</u>	<u>\$ 22,705,470</u>
LIBRARY PENAL FINES				
Assets:				
Cash and cash equivalents	\$ 5,881	\$ 912,577	\$ 913,007	\$ 5,451
Accounts receivable	1,173	1,411	1,173	1,411
	<u>7,054</u>	<u>913,988</u>	<u>914,180</u>	<u>6,862</u>
Total Assets	<u>\$ 7,054</u>	<u>\$ 913,988</u>	<u>\$ 914,180</u>	<u>\$ 6,862</u>
Liabilities:				
Due to other governmental units	\$ 7,054	\$ 12,688	\$ 12,880	\$ 6,862

(Continued)

ST. CLAIR COUNTY, MICHIGAN

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2018**

	Balance January 1, 2018	Additions	Reductions	Balance December 31, 2018
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
PAYROLL FUND				
Assets:				
Cash and cash equivalents	\$ 124,938	\$ 71,377,154	\$ 71,366,664	\$ 135,428
Due from individuals	<u>11,987</u>	<u>-</u>	<u>-</u>	<u>11,987</u>
Total Assets	<u><u>\$ 136,925</u></u>	<u><u>\$ 71,377,154</u></u>	<u><u>\$ 71,366,664</u></u>	<u><u>\$ 147,415</u></u>
Liabilities:				
Due to other governmental units	<u><u>\$ 136,925</u></u>	<u><u>\$ 129,799,706</u></u>	<u><u>\$ 129,789,216</u></u>	<u><u>\$ 147,415</u></u>

(Concluded)

**CAPITAL ASSETS USED IN THE OPERATION OF
GOVERNMENTAL FUNDS**

ST. CLAIR COUNTY, MICHIGAN

**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE OF CHANGES IN CAPITAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2018**

	Balance January 1, 2018	Additions	Disposals/ Adjustments	Balance December 31, 2018
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
General County:				
Land	\$ 13,030,562	\$ -	\$ 25,000	\$ 13,005,562
Land improvements	8,226,703	929,426	26,281	9,129,848
Buildings	98,946,402	442,530	31,500	99,357,432
Equipment -				
Machinery	17,080,496	185,692	242,537	17,023,651
Marine	1,795,601	183,040	81,169	1,897,472
Vehicles	3,125,192	501,374	593,886	3,032,680
Books	6,162,917	321,210	365,124	6,119,003
	<u>148,367,873</u>	<u>2,563,272</u>	<u>1,365,497</u>	<u>149,565,648</u>
Less - Accumulated depreciation	<u>(60,388,308)</u>	<u>(4,936,140)</u>	<u>(1,303,566)</u>	<u>(64,020,882)</u>
	87,979,565	<u>(2,372,868)</u>	61,931	85,544,766
Construction in progress	<u>969,900</u>	<u>478,646</u>	<u>1,108,339</u>	<u>340,207</u>
Total Capital Assets, Net	<u><u>\$ 88,949,465</u></u>	<u><u>\$(1,894,222)</u></u>	<u><u>\$ 1,170,270</u></u>	<u><u>\$ 85,884,973</u></u>

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

ST. CLAIR COUNTY, MICHIGAN

**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE OF CAPITAL ASSETS BY FUNCTION AND ACTIVITY
DECEMBER 31, 2018**

	<u>Total</u>	<u>Land and Improvements</u>	<u>Buildings</u>	<u>Equipment</u>
Judicial:				
District Court	\$ 554,779	\$ 50,051	\$ 374,512	\$ 130,216
Friend of Court	303,704	-	104,983	198,721
Courthouse Security	6,600	-	-	6,600
Public Improvement	768,021	5,900	446,397	315,724
	<u>1,633,104</u>	<u>55,951</u>	<u>925,892</u>	<u>651,261</u>
General Government:				
Administrator/Controller	8,794,491	970,215	7,766,169	58,107
Communications	549,616	-	-	549,616
Information Technology	138,077	-	-	138,077
Clerk	10,944	-	-	10,944
Register of Deeds	86,399	-	14,700	71,699
Equalization	46,225	-	-	46,225
Prosecuting Attorney	15,000	-	-	15,000
Property Description	16,341	-	-	16,341
County Treasurer	7,500	-	7,500	-
Buildings and Grounds	162,316	-	67,027	95,289
Public Improvement	3,309,742	797,883	1,010,515	1,501,344
Motor Pool	20,840	-	-	20,840
Drain Commissioner	257,276	-	-	257,276
	<u>13,414,767</u>	<u>1,768,098</u>	<u>8,865,911</u>	<u>2,780,758</u>
Public Safety:				
Sheriff and Patrol	542,898	-	-	542,898
Marine Law Enforcement	1,851,812	-	-	1,851,812
Jail	45,852,443	103,335	45,636,761	112,347
Juvenile Center	-	-	-	-
Radio/Communications	10,846,939	-	376,202	10,470,737
Secondary Road Patrol	50,866	-	-	50,866
Energy Efficiency	465,696	-	465,696	-
Emergency Services	1,235,156	9,142	345,106	880,908
Hazardous Materials Handling	969,527	60,895	477,340	431,292
Animal Shelter	295,006	-	295,006	-
Drug Task Force	676,236	24,900	99,543	551,793
Public Improvement	1,980,286	8,700	186,167	1,785,419
	<u>64,766,865</u>	<u>206,972</u>	<u>47,881,821</u>	<u>16,678,072</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, 2018**

	<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	1,905,401	132,407	1,548,944	224,050
Health Department	1,481,711	81,920	1,244,550	155,241
Child Care - Welfare	5,299	-	-	5,299
Motor Pool	94,078	-	-	94,078
Public Improvement	590,884	204,573	325,951	60,360
	<u>4,136,541</u>	<u>418,900</u>	<u>3,147,268</u>	<u>570,373</u>
Recreation and Cultural:				
Parks and Recreation	25,929,220	17,885,310	7,056,137	987,773
Public Library	7,372,242	111,759	864,383	6,396,100
Public Improvement	115,854	-	107,385	8,469
	<u>33,417,316</u>	<u>17,997,069</u>	<u>8,027,905</u>	<u>7,392,342</u>
General:				
Land and improvements	1,688,420	1,688,420	-	-
Buildings	30,508,635	-	30,508,635	-
	<u>32,197,055</u>	<u>1,688,420</u>	<u>30,508,635</u>	<u>-</u>
Total General Capital Assets	149,565,648	22,135,410	99,357,432	28,072,806
Less: Accumulated depreciation	<u>(64,020,882)</u>	<u>(4,194,523)</u>	<u>(39,269,936)</u>	<u>(20,556,423)</u>
	85,544,766	17,940,887	60,087,496	7,516,383
Construction in progress	<u>340,207</u>	<u>12,711</u>	<u>22,440</u>	<u>305,056</u>
Total Capital Assets (Net of Accumulated Depreciation)	<u>\$ 85,884,973</u>	<u>\$ 17,953,598</u>	<u>\$ 60,109,936</u>	<u>\$ 7,821,439</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, 2018**

	Balance January 1, 2018	Additions	Disposals/ Adjustments	Balance December 31, 2018
Judicial:				
District Court	\$ 554,779	\$ -	\$ -	\$ 554,779
Friend of Court	323,998	-	(20,294)	303,704
Courthouse Security	6,600	-	-	6,600
Public Improvement	443,717	324,304	-	768,021
Total Judicial	<u>1,329,094</u>	<u>324,304</u>	<u>(20,294)</u>	<u>1,633,104</u>
General Government:				
Administrator/Controller	8,783,425	11,066	-	8,794,491
Communications	549,616	-	-	549,616
Information Technology	138,077	-	-	138,077
Clerk/Register	10,944	-	-	10,944
Register of Deeds	86,399	-	-	86,399
Equalization	46,225	-	-	46,225
Prosecuting Attorney	15,000	-	-	15,000
Property Description	16,341	-	-	16,341
County Treasurer	7,500	-	-	7,500
Buildings and Grounds	170,068	-	(7,752)	162,316
Public Improvement	3,306,842	105,318	(102,418)	3,309,742
Motor Pool	20,840	-	-	20,840
Drain Commissioner	302,276	-	(45,000)	257,276
Total General Government	<u>13,453,553</u>	<u>116,384</u>	<u>(155,170)</u>	<u>13,414,767</u>
Public Safety:				
Sheriff and Patrol	698,323	-	(155,425)	542,898
Marine Law Enforcement	1,734,267	183,040	(65,495)	1,851,812
Jail	45,900,443	-	(48,000)	45,852,443
Juvenile Center	23,611	-	(23,611)	-
Radio/Communications	10,846,939	-	-	10,846,939
Secondary Road Patrol	50,866	-	-	50,866
Energy Efficiency	465,696	-	-	465,696
Emergency Preparedness	1,276,156	-	(41,000)	1,235,156
Hazardous Materials Handling	971,587	5,000	(7,060)	969,527
Animal Shelter	314,006	-	(19,000)	295,006
Drug Task Force	606,811	99,594	(30,169)	676,236
Public Improvement	1,786,305	347,927	(153,946)	1,980,286
Total Public Safety	<u>64,675,010</u>	<u>635,561</u>	<u>(543,706)</u>	<u>64,766,865</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, 2018**

	Balance January 1, 2018	Additions	Disposals/ Adjustments	Balance December 31, 2018
Health and Welfare:				
Veterans Counselor	\$ 8,323	\$ -	\$ -	\$ 8,323
Medical Examiner	50,845	-	-	50,845
Day Treatment/Night Watch	1,926,079	-	(20,678)	1,905,401
Health Department	1,483,533	6,286	(8,108)	1,481,711
Child Care - Welfare	5,299	-	-	5,299
Motor Pool	50,438	43,640	-	94,078
Public Improvement	576,803	171,772	(157,691)	590,884
Total Health and Welfare	<u>4,101,320</u>	<u>221,698</u>	<u>(186,477)</u>	<u>4,136,541</u>
Recreation and Cultural:				
Parks and Recreation	25,066,335	924,917	(62,032)	25,929,220
Public Library	7,429,652	340,408	(397,818)	7,372,242
Public Improvement	115,854	-	-	115,854
Total Recreation and Cultural	<u>32,611,841</u>	<u>1,265,325</u>	<u>(459,850)</u>	<u>33,417,316</u>
General:				
Land and improvements	1,688,420	-	-	1,688,420
Buildings	30,508,635	-	-	30,508,635
Total General	<u>32,197,055</u>	<u>-</u>	<u>-</u>	<u>32,197,055</u>
Construction in progress	969,900	478,646	(1,108,339)	340,207
Total Capital Assets	<u>\$ 149,337,773</u>	<u>\$ 3,041,918</u>	<u>\$(2,473,836)</u>	<u>\$ 149,905,855</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, 2018**

	<u>County Drain</u>	<u>Drain Revolving</u>	<u>Special Services</u>	<u>Drain Debt</u>
Assets:				
Cash and cash equivalents	\$ 3,169,867	\$ 212,154	\$ 10,568	\$ 2,495,059
Special assessments receivable	428,051	-	-	16,890,932
Accounts receivable	-	-	-	18,337
Due from other funds	-	1,360,000	-	-
Capital assets (net of accumulated depreciation) -				
Assets not being depreciated	-	-	-	-
Assets being depreciated	-	-	-	-
	<u>\$ 3,597,918</u>	<u>\$ 1,572,154</u>	<u>\$ 10,568</u>	<u>\$ 19,404,328</u>
Liabilities:				
Accounts payable	\$ 511,958	\$ -	\$ -	\$ 871
Accrued interest	-	-	-	-
Due to other funds	1,360,000	-	-	-
Escrow deposit	201,573	-	-	-
Advances from primary government	-	1,410,000	-	-
Non-current liabilities				
Due within one year	-	-	-	-
Due in more than one year	-	-	-	-
Total Liabilities	<u>2,073,531</u>	<u>1,410,000</u>	<u>-</u>	<u>871</u>
Deferred Inflows of Resources:				
Unavailable revenue -				
Special Assessments	<u>428,051</u>	<u>-</u>	<u>-</u>	<u>16,890,932</u>
Fund Balances:				
Restricted	-	-	-	2,512,525
Committed	-	162,154	10,568	-
Unassigned	<u>1,096,336</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>1,096,336</u>	<u>162,154</u>	<u>10,568</u>	<u>2,512,525</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u>\$ 3,597,918</u>	<u>\$ 1,572,154</u>	<u>\$ 10,568</u>	<u>\$ 19,404,328</u>
Net Position:				
Net investment in capital assets				
Restricted				
Unrestricted				
Total Net Position				

<u>Equipment</u>	<u>Total</u>	<u>GASB No. 34 Adjustments</u>	<u>Statement of Net Position</u>
\$ 95,828	\$ 5,983,476	\$ -	\$ 5,983,476
-	17,318,983	-	17,318,983
-	18,337	-	18,337
-	1,360,000	(1,360,000)	-
-	-	6,701,688	6,701,688
-	-	37,522,179	37,522,179
<u>\$ 95,828</u>	<u>\$ 24,680,796</u>	<u>42,863,867</u>	<u>67,544,663</u>
\$ 1,988	\$ 514,817	-	514,817
-	-	176,065	176,065
-	1,360,000	(1,360,000)	-
-	201,573	-	201,573
-	1,410,000	-	1,410,000
-	-	1,558,160	1,558,160
-	-	20,396,448	20,396,448
<u>1,988</u>	<u>3,486,390</u>	<u>20,770,673</u>	<u>24,257,063</u>
-	17,318,983	(17,318,983)	-
-	2,512,525	(2,512,525)	-
93,840	266,562	(266,562)	-
-	1,096,336	(1,096,336)	-
<u>93,840</u>	<u>3,875,423</u>	<u>(3,875,423)</u>	<u>-</u>
<u>\$ 95,828</u>	<u>\$ 24,680,796</u>		
		20,909,259	20,909,259
		22,111,779	22,111,779
		266,562	266,562
		<u>\$ 43,287,600</u>	<u>\$ 43,287,600</u>

ST. CLAIR COUNTY, MICHIGAN

**RECONCILIATION OF THE BALANCE SHEET FOR DRAIN FUNDS
TO THE STATEMENT OF NET POSITION OF DRAIN ACTIVITIES
DECEMBER 31, 2018**

Fund Balances - Drain Funds		\$ 3,875,423
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources, and therefore, are not reported in the funds		
Capital assets		54,160,556
Accumulated depreciation		(9,936,689)
Other long term assets are not available to pay for current period expenditures, and therefore, are deferred in the funds		
Special assessments		17,318,983
Discounts and premiums on bonds are reported as other financing sources or uses in the governmental funds, whereas they are capitalized and amortized from net position (netted against long-term debt)		
Bond premium		(69,070)
Bond discount		71,168
Long-term liabilities, including bonds payable, are not due and payable in the current period, and therefore, are not reported in the funds		
Notes payable	\$(2,992,706)	
Bonds payable	(16,030,000)	
Clean water revolving loans	(2,934,000)	
Accrued interest on bonds/notes payable	<u>(176,065)</u>	<u>(22,132,771)</u>
Net Position of Drainage Districts		<u><u>\$ 43,287,600</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, 2018**

	<u>County Drain</u>	<u>Drain Revolving</u>	<u>Special Services</u>	<u>Drain Debt</u>
Revenues:				
Charges for services	\$ 1,038,160	\$ -	\$ -	\$ 1,740,173
Interest and rent	48,329	-	-	626,815
Other	160,838	-	-	-
Total Revenues	<u>1,247,327</u>	<u>-</u>	<u>-</u>	<u>2,366,988</u>
Expenditures/Expenses:				
Public Works	2,842,116	-	-	-
Debt Service	-	-	-	3,840,408
Total Expenditures/Expenses	<u>2,842,116</u>	<u>-</u>	<u>-</u>	<u>3,840,408</u>
Revenues over (under) expenditures	<u>(1,594,789)</u>	<u>-</u>	<u>-</u>	<u>(1,473,420)</u>
Other Financing Sources (Uses):				
Bond/note proceeds	6,385,000	-	-	-
Issuance premium on long-term debt	72,523	-	-	-
Transfer from other funds	-	5	-	1,934,803
Transfer to other funds	<u>(1,999,199)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>4,458,324</u>	<u>5</u>	<u>-</u>	<u>1,934,803</u>
Net Change in Fund Balance/Net Position	2,863,535	5	-	461,383
Fund Balances/Net Position at beginning of year	<u>(1,767,199)</u>	<u>162,149</u>	<u>10,568</u>	<u>2,051,142</u>
Fund Balances/Net Position at end of year	<u>\$ 1,096,336</u>	<u>\$ 162,154</u>	<u>\$ 10,568</u>	<u>\$ 2,512,525</u>

<u>Equipment</u>	<u>Total</u>	<u>GASB No. 34 Adjustments</u>	<u>Statement of Activities</u>
\$ 10,104	\$ 2,788,437	\$ 2,431,122	\$ 5,219,559
-	675,144	-	675,144
-	160,838	-	160,838
<u>10,104</u>	<u>3,624,419</u>	<u>2,431,122</u>	<u>6,055,541</u>
82,440	2,924,556	(1,501,364)	1,423,192
-	3,840,408	(3,177,616)	662,792
<u>82,440</u>	<u>6,764,964</u>	<u>(4,678,980)</u>	<u>2,085,984</u>
<u>(72,336)</u>	<u>(3,140,545)</u>	<u>7,110,102</u>	<u>3,969,557</u>
-	6,385,000	(6,385,000)	-
-	72,523	(72,523)	-
64,391	1,999,199	(1,999,199)	-
-	(1,999,199)	1,999,199	-
<u>64,391</u>	<u>6,457,523</u>	<u>(6,457,523)</u>	<u>-</u>
(7,945)	3,316,978	652,579	3,969,557
<u>101,785</u>	<u>558,445</u>	<u>38,759,598</u>	<u>39,318,043</u>
<u>\$ 93,840</u>	<u>\$ 3,875,423</u>	<u>\$ 39,412,177</u>	<u>\$ 43,287,600</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, 2018**

Net change in fund balances - Drain Fund	\$	3,316,978
<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		2,231,231
Depreciation expense	(	729,867)
<p>Revenue in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>		
		2,431,122
<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		3,226,040
Bond/note proceeds	(	6,385,000)
<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>		
Bond premium	(	72,523)
Increase in accrued interest payable	(	44,760)
Amortization of bond premium		3,453
Amortization of bond discount	(	7,117)
Change in net position of Drainage Districts	\$	<u>3,969,557</u>

BROWNFIELD REDEVELOPMENT AUTHORITY

ST. CLAIR COUNTY, MICHIGAN

**BALANCE SHEET/STATEMENT OF NET POSITION
BROWNFIELD REDEVELOPMENT AUTHORITY
DECEMBER 31, 2018**

	<u>Operating</u>	<u>GASB No. 34 Adjustments</u>	<u>Statement of Net Position</u>
Assets:			
Cash and cash equivalents	\$ 34,330	\$ -	\$ 34,330
Due from other governmental units	<u>40,803</u>	<u>-</u>	<u>40,803</u>
Total Assets	<u>\$ 75,133</u>	<u>-</u>	<u>75,133</u>
Liabilities:			
Accounts payable	\$ 14,968	-	14,968
Non-current liabilities			
Due in more than one year	<u>-</u>	<u>380,000</u>	<u>380,000</u>
Total Liabilities	14,968	380,000	394,968
Fund Balances:			
Unassigned	<u>60,165</u>	<u>(60,165)</u>	<u>-</u>
Total Liabilities and Fund Balance	<u>\$ 75,133</u>		
Net Position:			
Unrestricted		<u>(319,835)</u>	<u>(319,835)</u>
Total Net Position		<u>\$(319,835)</u>	<u>\$(319,835)</u>

ST. CLAIR COUNTY, MICHIGAN

**RECONCILIATION OF THE BALANCE SHEET FOR BROWNFIELD
REDEVELOPMENT AUTHORITY TO THE STATEMENT OF NET POSITION OF
BROWNFIELD REDEVELOPMENT AUTHORITY
DECEMBER 31, 2018**

Fund Balance - Brownfield Redevelopment Authority	\$	60,165
Amounts reported for governmental activities in the statement of net position are different because:		
Long-term liabilities, including bonds payable, are not due and payable in the current period, and therefore, are not reported in the funds		
Notes payable	(	100,000)
Bonds payable	(	<u>280,000</u>)
Net Position of Brownfield Redevelopment Authority	\$	<u><u>(319,835)</u></u>

ST. CLAIR COUNTY, MICHIGAN

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES/STATEMENT OF ACTIVITIES
BROWNFIELD REDEVELOPMENT AUTHORITY
FOR THE YEAR ENDED DECEMBER 31, 2018**

	<u>Operating</u>	<u>GASB No. 34 Adjustments</u>	<u>Statement of Activities</u>
Revenues:			
Property taxes	\$ 25,835	\$ -	\$ 25,835
Intergovernmental	89,943	-	89,943
Charges for services	<u>7,000</u>	<u>-</u>	<u>7,000</u>
Total Revenues	122,778	-	122,778
Expenditures/Expenses:			
Community and Economic Development	<u>90,413</u>	<u>-</u>	<u>90,413</u>
Net Change in Fund Balance/Net Position	32,365	-	32,365
Fund Balances/Net Position at beginning of year, as restated	<u>27,800</u>	<u>(380,000)</u>	<u>(352,200)</u>
Fund Balances/Net Position at end of year	<u><u>\$ 60,165</u></u>	<u><u>\$ (380,000)</u></u>	<u><u>\$ (319,835)</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.

Contents

Page

Financial Trends

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

S - 1 to S - 6

Revenue Capacity

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

S - 7 to S - 10

Debt Capacity

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

S - 11 to S - 14

Demographic and Economic Information

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

S - 15 to S - 16

Operating Information

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

S - 17

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>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Governmental Activities										
Net investment in capital assets	\$ 49,646	\$ 52,622	\$ 53,410	\$ 54,475	\$ 53,667	\$ 54,114	\$ 54,417	\$ 54,110	\$ 53,996	\$ 53,387
Restricted	28,607	24,480	21,420	12,905	13,540	14,037	15,230	12,682	13,472	14,983
Unrestricted	1,374	(4,253)	(14,232)	(23,262)	(27,904)	(33,040)	(45,509)	(46,735)	(52,293)	(87,523)
Total Governmental Activities Net Position	<u>\$ 79,627</u>	<u>\$ 72,849</u>	<u>\$ 60,598</u>	<u>\$ 44,118</u>	<u>\$ 39,303</u>	<u>\$ 35,111</u>	<u>\$ 24,138</u>	<u>\$ 20,057</u>	<u>\$ 15,175</u>	<u>\$ (19,153)</u>
Business-Type Activities										
Net investment in capital assets	\$ 15,991	\$ 18,264	\$ 17,804	\$ 14,988	\$ 14,836	\$ 17,036	\$ 16,256	\$ 15,360	\$ 13,028	\$ 13,803
Restricted	1,272	1,518	1,822	2,078	2,417	2,735	3,008	3,531	3,715	770
Unrestricted	27,923	29,711	28,573	28,096	31,005	31,640	31,203	30,252	30,604	32,312
Total Business-Type Activities Net Position	<u>\$ 45,186</u>	<u>\$ 49,493</u>	<u>\$ 48,199</u>	<u>\$ 45,162</u>	<u>\$ 48,258</u>	<u>\$ 51,411</u>	<u>\$ 50,467</u>	<u>\$ 49,143</u>	<u>\$ 47,347</u>	<u>\$ 46,885</u>
Primary Government										
Net investment in capital assets	\$ 65,637	\$ 70,886	\$ 71,214	\$ 69,463	\$ 68,503	\$ 71,150	\$ 70,672	\$ 69,470	\$ 67,024	\$ 67,190
Restricted	29,879	25,998	23,242	14,983	15,957	16,772	18,238	16,212	17,187	15,753
Unrestricted	29,297	25,458	14,341	4,834	3,101	(1,400)	(14,306)	(16,483)	(21,689)	(55,211)
Total Primary Government Net Position	<u>\$ 124,813</u>	<u>\$ 122,342</u>	<u>\$ 108,797</u>	<u>\$ 89,280</u>	<u>\$ 87,561</u>	<u>\$ 86,522</u>	<u>\$ 74,604</u>	<u>\$ 69,200</u>	<u>\$ 62,522</u>	<u>\$ 27,732</u>

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

ST. CLAIR COUNTY, MICHIGAN

SCHEDULE 2

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Expenses										
Governmental Activities:										
Legislative	\$ 606	\$ 759	\$ 3,021	\$ 1,086	\$ 1,847	\$ 1,653	\$ 1,026	\$ 1,247	\$ 1,184	\$ 1,209
Judicial	12,834	11,985	13,053	13,140	11,213	11,302	10,953	11,635	13,965	14,755
General Government	15,610	15,197	15,569	13,832	12,685	13,734	13,311	14,840	12,039	12,393
Public Safety	28,314	27,820	29,256	34,740	29,208	28,362	28,042	29,258	32,127	32,189
Public Works	1,520	2,340	2,046	1,247	1,008	1,111	1,045	1,083	971	2,187
Health and Welfare	20,861	21,595	21,411	20,888	20,709	20,135	19,589	20,412	20,845	21,992
Community and Economic Development	819	678	972	844	788	1,015	705	592	2,605	682
Recreation and Culture	8,321	8,087	8,534	8,567	8,802	7,802	9,479	9,586	10,362	10,367
Interest on Long Term Debt	2,254	2,342	2,342	2,710	2,318	2,065	2,260	1,863	1,795	1,654
Total Governmental Activities Expenses	91,139	90,803	96,204	97,054	88,577	87,179	86,410	90,515	95,893	97,428
Business-Type Activities:										
Delinquent Revolving Tax	400	487	462	557	534	461	413	430	423	400
Airport Commission	683	583	592	490	1,063	1,125	1,039	925	1,088	1,070
Sheriff Concession	424	430	451	509	631	620	572	798	1,156	1,161
School Tax Collection	9	14	-	-	-	-	-	-	-	-
Homestead Exemption Audits	2	1	1	-	-	-	-	-	-	-
Solid Waste Disposal System	4,530	5,260	5,221	5,103	1,348	4,647	6,864	7,084	8,462	7,655
Total Business-Type Activities Expenses	6,048	6,775	6,727	6,659	3,576	6,853	8,888	9,237	11,129	10,286
Total Primary Government Expenses	\$ 97,187	\$ 97,578	\$ 102,931	\$ 103,713	\$ 92,153	\$ 94,032	\$ 95,298	\$ 99,753	\$ 107,022	\$ 107,714
Program Revenues										
Governmental Activities:										
Charges for Services:										
Legislative	\$ 2	\$ -	\$ -	\$ -	\$ 1	\$ -	\$ -	\$ -	\$ -	\$ -
Judicial	2,581	2,436	2,330	2,404	2,440	2,240	2,136	1,987	1,977	1,961
General Government	5,175	4,866	4,552	4,871	5,215	4,359	4,653	4,937	5,117	5,194
Public Safety	4,801	6,279	8,033	7,446	6,828	6,133	5,244	6,264	6,320	7,493
Health and Welfare	2,534	2,737	2,761	1,663	3,076	3,211	3,527	2,543	2,997	3,057
Community and Economic Development	10	47	81	73	76	69	420	663	811	777
Recreation and Culture	842	882	988	1,026	1,078	1,034	1,021	783	848	768
Interest on Long Term Debt	757	414	404	394	695	676	485	970	945	933
Operating Grants and Contributions	15,777	16,531	15,855	15,558	14,809	13,987	13,742	14,380	17,102	15,539
Capital Grants and Contributions	1,236	1,398	323	1,042	1,770	2,132	1,292	641	231	96
Total Governmental Activities Program Revenues	33,715	35,590	35,327	34,477	35,988	33,841	32,520	33,168	36,348	35,818

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Business-Type Activities:										
Charges for Services:										
Delinquent Revolving Tax	\$ 1,226	\$ 1,271	\$ 1,288	\$ 1,219	\$ 1,310	\$ 1,175	\$ 1,099	\$ 1,259	\$ 920	\$ 990
Airport Commission	130	124	122	128	527	669	651	577	553	585
Sheriff Concession	400	408	517	578	643	649	603	832	1,202	1,337
School Tax Collection	5	-	-	-	-	-	-	-	-	-
Homestead Exemption Audits	-	-	-	-	-	-	-	1	-	-
Solid Waste Disposal System	3,785	3,996	4,384	4,692	4,933	5,598	7,209	6,808	8,800	8,944
Operating Grants and Contributions	168	84	77	159	335	137	505	68	75	111
Capital Grants and Contributions	122	5,576	42	24	224	3,309	314	760	-	226
Total Business-Type Activities Program Revenues	5,836	11,459	6,430	6,800	7,972	11,537	10,381	10,305	11,550	12,193
Total Primary Government Program Revenues	\$ 39,551	\$ 47,049	\$ 41,757	\$ 41,277	\$ 43,960	\$ 45,378	\$ 42,901	\$ 43,472	\$ 47,898	\$ 48,011
Net (expense)/revenue										
Governmental Activities	\$ (57,424)	\$ (55,213)	\$ (60,877)	\$ (62,577)	\$ (52,589)	\$ (53,338)	\$ (53,890)	\$ (57,348)	\$ (59,545)	\$ (61,610)
Business-Type Activities	(212)	4,684	(297)	141	4,396	4,684	1,493	1,068	421	1,907
Total Primary Government Net Expense	\$ (57,636)	\$ (50,529)	\$ (61,174)	\$ (62,436)	\$ (48,193)	\$ (48,654)	\$ (52,397)	\$ (56,280)	\$ (59,124)	\$ (59,703)
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Property Taxes	\$ 47,200	\$ 44,677	\$ 42,495	\$ 41,670	\$ 42,145	\$ 41,955	\$ 43,235	\$ 43,557	\$ 45,983	\$ 47,282
Unrestricted Grants and Contributions	387	382	385	660	2,779	3,909	4,129	5,675	4,549	4,265
Unrestricted Investment Income	509	414	411	263	176	234	257	417	657	1,031
Interest and Penalties on Delinquent Taxes	2	28	13	10	9	6	11	5	14	5
Loss on Disposal of Capital Assets	-	-	-	-	-	-	-	-	-	(62)
Transfers	2,634	2,934	3,105	3,495	2,666	3,042	3,648	3,613	3,461	3,516
Special Item - Tribunal Settlement	-	-	1,700	-	-	-	-	-	-	-
Total Governmental Activities	50,732	48,435	48,109	46,098	47,774	49,146	51,280	53,267	54,664	56,037
Business-Type Activities										
Unrestricted Investment Income	20	84	78	56	24	32	49	103	168	279
Interest and Penalties on Delinquent Taxes	2,116	2,052	2,029	2,185	1,342	1,479	1,249	1,119	1,075	1,101
Transfers	(2,634)	(2,934)	(3,104)	(3,495)	(2,666)	(3,042)	(3,648)	(3,613)	(3,461)	(3,516)
Special Item – Return of contribution	-	420	-	-	-	-	-	-	-	-
Total Business-Type Activities	(498)	(378)	(997)	(1,254)	(1,300)	(1,531)	(2,350)	(2,391)	(2,218)	(2,136)
Total Primary Government	\$ 50,234	\$ 48,057	\$ 47,112	\$ 44,844	\$ 46,474	\$ 47,615	\$ 48,930	\$ 50,876	\$ 52,446	\$ 53,901
Change in Net Position										
Governmental Activities	\$ (6,692)	\$ (6,778)	\$ (12,768)	\$ (16,479)	\$ (4,815)	\$ (4,192)	\$ (2,609)	\$ (4,081)	\$ (4,881)	\$ (5,573)
Business-Type Activities	(710)	4,306	(1,294)	(1,113)	3,096	3,153	(857)	(1,323)	(1,797)	(229)
Total Primary Government	\$ (7,402)	\$ (2,472)	\$ (14,062)	\$ (17,592)	\$ (1,719)	\$ (1,039)	\$ (3,466)	\$ (5,404)	\$ (6,678)	\$ (5,802)

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)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Fund										
Reserved	\$ 2,785	\$ 3,055	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	5,919	5,894	-	-	-	-	-	-	-	-
Nonspendable	-	-	4,076	4,408	4,736	5,452	5,766	5,800	3,063	2,567
Restricted	-	-	45	-	-	-	-	-	-	-
Committed	-	-	-	686	1,093	1,364	1,353	1,438	1,548	1,302
Assigned	-	-	-	2,928	1,577	926	580	552	-	38
Unassigned	-	-	5,152	4,917	4,702	4,036	4,040	4,242	7,694	8,487
Total General Fund	<u>\$ 8,704</u>	<u>\$ 8,949</u>	<u>\$ 9,273</u>	<u>\$ 12,939</u>	<u>\$ 12,108</u>	<u>\$ 11,778</u>	<u>\$ 11,739</u>	<u>\$ 12,032</u>	<u>\$ 12,305</u>	<u>\$ 12,394</u>
All other Governmental Funds										
Reserved	\$ 5,961	\$ 3,267	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted, reported in:										
Special Revenue Funds	26,301	25,100	-	-	-	-	-	-	-	-
Debt Service Funds	-	-	-	-	-	-	-	-	-	-
Nonspendable	-	-	389	-	-	-	-	-	-	-
Restricted	-	-	20,986	19,720	18,827	14,314	14,506	15,741	16,703	18,084
Committed	-	-	-	2,402	2,437	3,115	3,329	3,800	3,847	5,033
Assigned	-	-	2,482	-	-	-	-	-	-	-
Total all other Governmental Funds	<u>\$ 32,262</u>	<u>\$ 28,367</u>	<u>\$ 23,857</u>	<u>\$ 22,122</u>	<u>\$ 21,264</u>	<u>\$ 17,429</u>	<u>\$ 17,835</u>	<u>\$ 19,542</u>	<u>\$ 20,550</u>	<u>\$ 23,117</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)**

	2009	2010	2011	2012	2013
Revenues:					
Taxes	\$ 47,172	\$ 44,746	\$ 42,472	\$ 41,637	\$ 42,153
Licenses and Permits	776	792	765	717	749
Intergovernmental	18,386	18,806	16,917	16,816	19,370
Charges for Services	10,705	11,707	13,444	12,299	12,365
Fines and Forfeits	1,243	1,102	1,082	1,366	1,530
Interest and Rent	1,350	1,390	1,243	1,079	1,648
Other	2,524	2,957	2,822	3,033	3,220
Total Revenues	82,156	81,500	78,745	76,947	81,035
Expenditures:					
Legislative	582	2,002	2,996	1,054	1,839
Judicial	11,730	11,144	11,153	11,262	10,462
General Government	12,689	11,903	11,613	11,957	11,145
Public Safety	23,485	24,297	23,913	25,227	25,063
Public Works	1,521	2,340	2,046	1,248	1,004
Health and Welfare	20,597	20,909	19,822	19,321	19,967
Community and Economic Development	831	678	961	791	790
Recreation and Cultural	9,784	8,044	8,187	9,150	7,986
Other Activities	700	-	-	-	-
Capital Outlay	1,804	3,950	1,957	3,501	2,180
Debt Service					
Principal	1,840	2,014	2,242	2,364	2,622
Interest/Issuance Costs	2,220	2,289	2,286	2,369	2,453
Total Expenditures	87,783	89,570	87,176	88,244	85,511
Revenues over (under) expenditures	(5,627)	(8,070)	(8,431)	(11,297)	(4,476)
Other Financing Sources (Uses):					
Transfers In	20,163	16,662	15,871	15,665	15,557
Transfers Out	(17,529)	(13,728)	(12,767)	(12,170)	(12,891)
Issuance of debt	3,867	1,486	1,141	9,622	-
Issuance of Refunding Bonds	-	-	-	24,365	5,380
Premium on Debt	-	-	-	2,620	-
Payment to Refunding Bond Escrow Agent	-	-	-	(26,874)	(5,259)
Total Other Financing Sources (Uses)	6,501	4,420	4,245	13,228	2,787
Special Item - Tribunal Settlement	-	-	-	-	-
Net Change in Fund Balances	\$ 874	\$ (3,650)	\$ (4,186)	\$ 1,931	\$ (1,689)
Debt Service as a Percentage of Noncapital Expenditures	4.88%	5.12%	5.42%	5.78%	6.18%

SCHEDULE 4

2014	2015	2016	2017	2018
\$ 41,966	\$ 43,292	\$ 43,570	\$ 45,986	\$ 47,290
758	794	766	813	754
19,703	19,338	20,769	21,250	20,027
11,868	11,112	12,611	13,483	14,708
1,356	1,273	949	987	937
1,681	1,786	1,893	2,116	2,567
2,845	3,410	3,024	2,683	2,791
<u>80,177</u>	<u>81,005</u>	<u>83,582</u>	<u>87,318</u>	<u>89,074</u>
1,643	1,028	1,242	1,178	1,193
10,383	10,543	10,696	10,879	11,226
10,958	11,436	11,575	11,499	12,199
23,918	24,152	24,826	26,160	26,399
1,107	1,042	1,086	978	2,179
19,330	19,196	19,589	19,971	21,082
999	717	592	2,610	661
7,695	9,229	9,176	9,927	9,409
-	-	-	-	-
6,270	1,966	1,313	1,086	1,364
3,066	3,187	3,385	3,480	3,691
2,123	2,210	1,978	1,929	1,789
<u>87,492</u>	<u>84,705</u>	<u>85,458</u>	<u>89,697</u>	<u>91,192</u>
<u>(7,315)</u>	<u>(3,700)</u>	<u>(1,876)</u>	<u>(2,379)</u>	<u>(2,118)</u>
11,546	11,888	12,526	12,470	13,641
(8,504)	(8,240)	(8,913)	(9,009)	(10,125)
107	232	263	127	1,286
-	9,280	-	1,595	-
-	1,138	-	156	-
-	(10,231)	-	(1,679)	-
<u>3,149</u>	<u>4,067</u>	<u>3,875</u>	<u>3,660</u>	<u>4,802</u>
-	-	-	-	-
<u>\$ (4,166)</u>	<u>\$ 367</u>	<u>\$ 2,000</u>	<u>\$ 1,281</u>	<u>\$ 2,684</u>
<u>6.50%</u>	<u>6.63%</u>	<u>6.45%</u>	<u>6.18%</u>	<u>6.14%</u>

ST. CLAIR COUNTY, MICHIGAN

SCHEDULE 5

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

Fiscal Year Ended 12/31/2018	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					
2009	4,758,585,316	711,281,355	1,389,976,448	562,192,556	581,871,212	8,003,906,887	7.3022	16,106,193,867	49.69%
2010	3,971,598,924	703,012,594	749,672,675	469,173,055	578,004,195	6,471,461,443	7.3022	13,015,713,760	49.72%
2011	3,750,886,322	653,641,431	717,718,570	434,665,345	580,347,808	6,137,259,476	7.4022	12,363,112,485	49.64%
2012	3,538,223,638	610,977,218	698,943,058	401,257,193	595,313,942	5,844,715,049	7.9522	11,753,145,749	49.73%
2013	3,544,001,864	567,319,100	701,020,790	399,395,970	607,263,019	5,819,000,743	7.9522	11,700,887,497	49.73%
2014	3,647,452,119	514,049,239	704,585,720	477,832,025	629,706,602	5,973,625,705	7.9522	12,020,528,102	49.70%
2015	3,866,047,148	519,097,300	729,895,238	475,635,547	711,895,854	6,302,571,087	7.9522	12,676,913,578	49.72%
2016	4,133,911,528	565,812,942	727,091,150	442,567,334	673,454,031	6,542,836,985	8.2329	13,158,800,715	49.72%
2017	4,408,301,523	594,112,810	749,080,816	447,497,500	715,405,067	6,914,397,716	8.2329	13,912,504,690	49.70%
2018	4,563,302,894	632,776,798	787,646,500	457,459,860	751,715,432	7,192,901,484	8.2329	14,447,177,908	49.79%

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				
2009	2.30	15.30	5.3265	0.5000	0.2803	0.7000	0.4954	0.0000	0.0000	7.3022	1.89	3.43	28.90	59.12
2010	2.36	15.34	5.3265	0.5000	0.2803	0.7000	0.4954	0.0000	0.0000	7.3022	1.89	3.43	29.48	59.80
2011	2.32	14.46	5.3265	0.5000	0.2803	0.7000	0.4954	0.0000	0.1000	7.4022	1.89	3.43	29.62	59.12
2012	2.55	15.06	5.3265	0.8000	0.2803	0.7000	0.4954	0.2500	0.1000	7.9522	1.89	3.43	29.78	60.66
2013	2.50	15.80	5.3265	0.8000	0.2803	0.7000	0.4954	0.2500	0.1000	7.9522	1.89	3.43	29.80	61.37
2014	2.66	16.28	5.3265	0.8000	0.2803	0.7000	0.4954	0.2500	0.1000	7.9522	1.89	3.43	30.23	62.44
2015	2.69	17.01	5.3265	0.8000	0.2803	0.7000	0.4954	0.2500	0.1000	7.9522	1.89	3.43	29.91	62.88
2016	2.72	16.57	5.3265	0.8000	0.5610	0.7000	0.4954	0.2500	0.1000	8.2329	1.89	3.43	29.83	62.67
2017	2.77	16.50	5.3265	0.8000	0.5610	0.7000	0.4954	0.2500	0.1000	8.2329	1.89	3.43	29.86	62.69
2018	2.90	17.27	5.3265	0.8000	0.5610	0.7000	0.4954	0.2500	0.1000	8.2329	1.89	3.43	29.82	63.54

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

		2018			2009		
		Taxable Valuation	Rank	Percentage of Total Taxable Value	Taxable Valuation	Rank	Percentage of Total Taxable Value
DTE Companies	Electrical Utility	\$ 793,166,761	1	13.21%	\$ 752,301,283	1	11.45%
ITC Transmission	Electrical Transmission	105,465,020	2	1.76%	24,330,600	3	0.37%
Consumers Energy Company	Liquid Natural Gas Storage	105,102,736	3	1.75%	9,377,300	10	N/A
Enbridge Energy	Natural Gas & Pipeline	64,206,167	4	1.07%	N/A		N/A
Semco Energy Gas Company	Gas Utility	34,457,534	5	0.57%	N/A		N/A
Marysville Hydrocarbon LLC	Propane and Butane Storage	28,128,788	6	0.47%	N/A		N/A
Blue Water Gas Storage	Natural Gas Storage	22,455,534	7	0.37%	15,116,300	5	0.23%
Acheson Ventures	Community Development	12,468,099	8	0.21%	13,504,000	7	0.21%
MPT of Port Huron LLC	Petroleum Distributor	11,977,544	9	0.20%	N/A		N/A
Plains LPG Services	Production and Storage of Petroleum	11,062,900	10	0.18%	N/A		N/A
Michigan Consolidated Gas Co.	Natural Gas and Pipeline	N/A	-	N/A	50,152,400	2	0.76%
Daimler Chrysler	Automotive Parts Storage	N/A	-	N/A	20,733,300	4	0.32%
Birchwood Mall	Mall	N/A	-	N/A	14,391,458	6	0.22%
E.B. Eddy	Paper Manufacturing	N/A	-	N/A	11,862,100	8	0.18%
Mueller Brass Co. & Affiliates	Brass Rod Manufacturing	N/A	-	N/A	10,790,100	9	0.16%
		<u>\$ 1,188,491,083</u>		19.80%	<u>\$ 922,558,841</u>		13.90%

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>
2009	47,259,128	44,346,907	93.8%	2,554,609	46,901,516	99.2%	357,612	0.8%
2010	43,598,158	40,993,146	94.0%	2,379,194	43,372,340	99.5%	225,818	0.5%
2011	42,634,713	40,385,017	94.7%	2,031,428	42,416,445	99.5%	218,268	0.5%
2012	44,247,974	42,158,910	95.3%	1,894,263	44,053,173	99.6%	194,801	0.4%
2013	44,024,180	41,340,361	93.9%	2,491,636	43,831,996	99.6%	192,184	0.4%
2014	44,138,950	41,649,782	94.4%	2,305,638	43,955,420	99.6%	183,530	0.4%
2015	45,488,432	43,323,968	95.2%	1,981,333	45,305,300	99.6%	183,132	0.4%
2016	47,048,311	44,803,444	95.2%	2,100,442	46,903,886	99.7%	144,425	0.3%
2017	48,222,693	46,107,827	95.6%	1,987,468	48,095,295	99.7%	127,398	0.3%
2018	49,767,833	47,517,704	95.5%	2,108,820	49,626,524	99.7%	141,309	0.3%

** Represents Delinquent Personal Property Taxes and Chargebacks

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

Source: County Treasurer's Office

ST. CLAIR COUNTY, MICHIGAN

SCHEDULE 9

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

Fiscal Year	Governmental Activities			Business-Type Activities	Total Primary Government	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Drain Districts	Premiums, Discounts	General Obligation Bonds			
2009	54,060,000	1,514,539	63,126	-	55,637,665	1.05%	338.77
2010	52,185,000	2,862,168	49,922	4,830,496	59,927,586	1.15%	367.56
2011	50,185,000	3,244,497	36,719	6,184,811	59,651,027	1.10%	365.87
2012	55,665,000	3,588,472	2,518,799	6,623,535	68,395,806	1.20%	419.50
2013	53,680,000	3,311,730	2,183,303	7,041,911	66,216,944	1.14%	406.14
2014	50,935,000	3,098,484	2,016,276	7,055,760	63,105,520	1.05%	387.06
2015	47,480,000	3,028,889	2,953,413	7,497,077	60,959,379	0.97%	373.89
2016	44,385,000	3,001,226	2,685,017	8,452,477	58,523,721	0.91%	358.95
2017	41,180,000	2,823,141	2,553,994	8,757,681	55,314,816	0.83%	339.27
2018	37,825,000	3,773,915	2,265,957	8,941,711	52,806,583	0.79%	323.89

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

ST. CLAIR COUNTY, MICHIGAN

SCHEDULE 10

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

<u>Fiscal Year</u>	<u>Population *</u>	<u>Assessed Value (000)</u>	<u>Bonded Debt</u>	<u>Premiums, Discounts & Adjustments</u>	<u>Less: Amounts Available in Debt Service Funds</u>	<u>Total</u>	<u>Ratio of Net Bonded Debt to Taxable Value</u>	<u>Per Capita</u>
2009	164,235	8,003,907	53,501,870	(558,130)	807,732	52,136,008	0.32	317.45
2010	163,040	6,471,461	56,506,289	(509,207)	883,296	55,113,786	0.42	338.04
2011	163,040	6,137,259	55,909,526	(460,285)	939,005	54,510,236	0.44	334.34
2012	163,040	5,844,715	63,365,232	1,076,697	973,741	63,468,188	0.54	389.28
2013	163,040	5,819,001	61,522,919	801,008	1,750,395	60,573,532	0.52	371.53
2014	163,040	5,973,626	57,990,760	764,303	1,795,436	56,959,627	0.47	349.36
2015	163,040	6,302,571	54,977,077	1,415,235	1,909,191	54,483,121	0.43	334.17
2016	163,040	6,542,837	52,837,477	1,320,656	1,662,063	52,496,070	0.40	321.98
2017	163,040	6,914,398	49,937,681	1,315,841	1,445,250	49,808,272	0.36	305.50
2018	163,040	7,192,901	46,766,711	1,208,423	1,299,026	46,676,108	0.32	286.29

* 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, 2018 - UNAUDITED**

Direct Debt:

Building Authority		\$ 2,310,000
Communication System - Refunding Bonds		1,170,000
Communication System - Refunding Bonds		1,580,000
Comm. Mental Health - Refunding Bonds		6,470,000
Jail Refunding Bonds		18,340,000
Convention Center - General Obligation Bonds		7,955,000
Drain Districts		<u>3,773,915</u>
Net Direct Debt		41,598,915

Overlapping Debt:

Cities	\$ 56,184,185	
Townships	15,948,052	
Villages	151,745	
School Districts	305,195,596	
Intermediate School District	74,962	
Community College	<u>1,478,076</u>	<u>379,032,615</u>

Net Direct and Overlapping Debt \$ 420,631,530

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>
2009	800,388,624	55,016,409	745,372,215
2010	647,034,586	54,537,961	592,496,625
2011	613,544,334	52,969,212	560,575,122
2012	584,459,452	60,330,169	524,129,283
2013	581,900,074	57,792,738	524,107,336
2014	597,362,571	54,797,787	542,564,784
2015	630,257,109	51,924,124	578,332,985
2016	654,283,699	48,706,882	605,576,817
2017	691,556,650	44,003,141	647,553,509
2018	719,290,148	41,598,915	677,691,233

Legal Debt Margin Calculation for Fiscal Year 2018

State Equalized Value	<u>\$ 7,192,901,484</u>
Legal Debt Limit (10% of State Equalized Value)	\$ 719,290,148
Less: Total Long-Term Debt	<u>41,598,915</u>
Legal Debt Margin	<u>\$ 677,691,233</u>

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

ST. CLAIR COUNTY, MICHIGAN

SCHEDULE 13

DEMOGRAPHIC AND ECONOMICAL STATISTICS
LAST TEN FISCAL YEARS - UNAUDITED

<u>Fiscal Year</u>	<u>Population *</u>	<u>U. S. Census</u>	<u>Personal Income **</u>	<u>Per Capita Income **</u>	<u>K - 12 School Enrollment ***</u>	<u>Unemployment Rate ****</u>
2009	166,842	164,235	5,290,584	31,574	25,477	17.5
2010	163,040	163,040	5,200,174	31,956	25,844	14.9
2011	162,569	163,040	5,408,369	33,459	25,344	13.1
2012	160,182	163,040	5,696,181	35,458	24,875	12.2
2013	160,327	163,040	5,802,172	36,158	24,184	10.6
2014	160,506	163,040	6,002,407	37,497	23,867	9.9
2015	160,025	163,040	6,277,941	39,268	23,396	7.1
2016	159,699	163,040	6,453,233	40,437	22,974	6.2
2017	159,719	163,040	6,693,068	42,002	22,497	5
2018	159,134	163,040	6,693,068	42,002	21,892	4.7

Sources

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

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

ST. CLAIR COUNTY, MICHIGAN

SCHEDULE 14

PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO - UNAUDITED

Employer	Product/Service	2018			2009		
		Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
McLaren Port Huron	Health Care	1,579	1	2.18%	1,057	2	1.53%
SMR Automotive	Manufacturing	1,119	2	1.55%	N/A		
Port Huron School District	Education	1,100	3	1.52%	1,462	1	2.12%
St. Clair County	Municipal Government	983	4	1.36%	832	5	1.21%
ZF Marysville	Manufacturing	921	5	1.27%	N/A		
DTE Energy	Utility	747	6	1.03%	1,044	3	1.52%
Lake Huron Medical Center	Health Care	665	7	0.92%	693	6	1.01%
Meijer	Retail/ Big Box	604	8	0.83%	N/A		
East China School District	Education	539	9	0.74%	594	7	0.86%
St. Clair County Community College	Education	419	10	0.58%	N/A		
K-Mart Corporation	Retail/ Big Box	N/A	N/A	N/A	850	4	1.23%
Visiucorp	Manufacturing	N/A	N/A	N/A	500	8	0.73%
AT & T	Utility	N/A	N/A	N/A	459	9	0.67%
International Automative Comp.	Manufacturing	170	30	0.23%	450	10	0.65%
		<u>8,846</u>		<u>13.14%</u>	<u>7,941</u>		<u>11.53%</u>

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

ST. CLAIR COUNTY, MICHIGAN

SCHEDULE 15

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

Function	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Legislative										
Board of Commissioners	7	7	7	7	7	7	7	7	7	7
Judicial										
Circuit Court	13	13	13	13	13	13	12	12	12	13
District Court	30	27	27	27	27	28	27	27	27	28
Courthouse Security	7	7	7	7	5	5	5	5	5	5
Friend of the Court	40	40	35	35	32	32	33	33	33	35
Probate Court - Adult	9	9	9	9	9	9	9	10	10	11
Probate Court - Juvenile	23	21	19	19	17	17	15	15	16	14
Probation - Adult	8	8	8	8	8	8	8	8	8	7
General Government										
Administrator/Controller	3	3	3	3	3	3	4	4	4	4
Elections	1	1	1	1	1	0	0	0	0	0
Accounting	4	4	4	4	4	4	4	4	4	4
Purchasing	2	2	2	2	2	2	1	1	1	1
Clerk	11	10	10	10	10	9	9	9	9	9
Equalization	11	10	10	10	9	8	8	8	8	8
Human Resources	6	6	4	4	5	5	5	7	7	6
Prosecuting Attorney	25	24	25	25	24	24	25	26	26	28
Register of Deeds	4	3	2	2	2	2	2	2	2	2
Treasurer	7	7	7	7	7	7	7	7	7	7
Cooperative Extension	4	3	2	2	2	2	2	2	2	2
Information Technology	14	13	12	14	14	15	15	15	16	16
Buildings and Grounds	23	21	20	20	19	20	20	20	20	20
Drain Commissioner	8	8	8	8	8	7	7	7	7	6
Public Safety										
Sheriff Department	76	77	77	79	86	85	85	85	86	86
Communications	23	23	23	26	23	21	21	22	22	22
Marine Patrol	1	1	1	1	1	1	1	1	1	1
Jail	97	96	96	96	95	100	100	100	100	100
Emergency Services	4	3	3	3	3	3	3	3	3	3
Animal Control	3	1	1	3	3	3	3	3	3	3
Metropolitan Planning	7	7	7	5	5	5	5	6	7	7

(Continued)

Function	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Health and Welfare										
Medical Examiner	1	1	1	2	2	2	2	2	2	1
Veterans Counselor	2	2	2	4	4	4	6	6	6	6
Public Guardian	3	3	3	3	3	3	4	4	5	5
Health Department	79	79	75	75	68	61	61	61	64	65
Child Care	50	48	48	48	48	42	40	40	40	40
Recreation and Culture										
Parks and Recreation	9	9	10	10	10	11	11	11	11	11
Library	37	37	37	37	37	36	37	37	35	35
Proprietary Activities										
Landfill	3	3	4	5	5	4	4	4	5	4
Airport	2	2	1	1	1	1	1	1	1	2

(Concluded)

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

ST. CLAIR COUNTY, MICHIGAN

SCHEDULE 16

OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS - UNAUDITED

Function	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Judicial										
Circuit Court Cases Filed	4,138	3,793	3,795	3,764	3,843	3,616	3,721	3,638	3,732	3,650
Circuit Court Cases Dispositions	4,295	3,952	3,851	3,952	4,099	3,797	3,836	3,818	3,797	3,699
General Government										
Marriage licenses	880	842	957	937	937	964	963	968	970	938
Births Certificates	1,705	1,536	1,605	1,496	1,462	1,501	1,429	1,435	1,262	1,335
Divorces Filed	621	715	635	743	787	780	735	525	550	503
Death Certificates	1,517	1,569	1,551	1,472	1,633	1,608	1,632	1,592	1,653	1,538
Public Safety										
Inmate bookings	5,908	5,789	5,451	5,794	5,935	5,646	6,047	5,164	4,442	4,160
Dispatch Calls	106,349	109,642	118,511	123,958	122,499	119,743	116,294	114,070	118,884	126,247
Dog Licenses Issued	22,196	22,389	25,816	27,023	25,719	25,600	27,019	26,405	25,582	19,570
Airport										
Take-offs and Landings (1)	27,000	20,000	32,000	18,775	27,500	25,689	26,230	26,500	27,011	27,000
Landfill										
Tons of Waste Collected	190,680	188,541	238,254	171,072	176,671	221,912	293,962	297,049	384,686	308,774

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	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Judicial										
Buildings	1	1	1	1	1	1	1	1	1	1
Vehicles	1	1	1	3	2	0	0	0	0	0
General Government										
Buildings	3	3	2	2	3	3	4	4	4	4
Vehicles	11	10	10	20	26	28	27	25	25	23
Public Safety										
Buildings	5	5	3	3	4	5	5	5	5	5
Jail Beds Available	450	478	491	491	491	491	491	491	491	491
Vehicles										
Patrol	46	45	41	43	41	35	35	34	39	40
Other	20	22	28	30	33	34	35	40	40	34
Health & Welfare										
Buildings	2	3	2	2	2	2	2	2	2	2
Vehicles	5	6	6	6	8	8	11	12	12	13
Recreation & Cultural										
Buildings	37	37	37	43	43	47	47	47	47	47
Vehicles	9	10	10	10	10	10	10	10	9	9
Park Acreage	559	559	562	562	565	566	568	633	633	633
Airport										
Buildings	6	6	6	6	7	7	7	7	7	7
Vehicles	2	2	2	2	3	2	2	2	2	2
Landfill										
Buildings	1	1	2	3	3	6	6	6	6	6
Vehicles	1	1	2	3	3	3	3	3	3	2

Source: Accounting Department