



COMPREHENSIVE ANNUAL FINANCIAL REPORT

ST. CLAIR COUNTY, MICHIGAN

FOR THE YEAR ENDED DECEMBER 31, 2011

Current members of the BOARD OF COMMISSIONERS

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

Prepared by:
ADMINISTRATOR/CONTROLLER'S OFFICE

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

ST. CLAIR COUNTY, MICHIGAN

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June 19, 2012

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

The Comprehensive Annual Financial Report of St. Clair County, Michigan for the fiscal year ended December 31, 2011, is submitted herewith. The financial statements included in this report have been audited by Stewart Beauvais & Whipple PC, an independent firm of certified public accountants. The report is prepared for the purpose of disclosing the County's financial condition to its residents, elected officials and other interested parties.

The financial statements have been prepared in compliance with applicable State statues and Generally Accepted Accounting Principles (GAAP) as stated in the Governmental Accounting Standards Board Statements and interpretations. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the County. We believe the data, as presented, is accurate in all material aspects and that it is presented in such a manner as to fairly set forth the financial position and results of operations of the County as measured by the financial activity of its funds.

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.

GAAP requires that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. St. Clair County's MD&A can be found immediately following the report of the independent auditors.

Profile of St. Clair County

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

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

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

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

The court system consists of the 72nd District Court, Probate Court, and the 31st Circuit Court (including the Family Division). The 72nd District Court, with three judges, has jurisdiction over misdemeanors, ordinance and charter violations, civil cases under \$25,000, traffic infractions, and preliminary examinations in felony cases. The Probate

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

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

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

The County provides a wide range of services that are either mandated by state statute or authorized by the Board of Commissioners. These general areas include Legislative (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).

Financial Practices

The annual budget serves as the foundation for the County's financial planning and control. For the 2011 budget the Administrator/Controller's office prepared staffing budgets for the departments that adhered to the 2010 staffing levels but were brought up to the expected costs for 2011. All other expenditures for 2011 were kept at 2010 levels with the exception of various costs that are beyond our control (i.e. fuel, electricity, court appointed attorneys, and court witnesses). Departments were expected to do more with less. Departments of the County that wanted a budget other than what was prepared for

them were required to submit requests for new employees and programs with the documentation to support their request. The Administrator/Controller took into consideration these requests, the results of the County-wide Capital Improvement Program recommendations, and projections of revenues and expenditures from our financial forecasting model software. In October 2010, the Administrator/Controller submitted a balanced 2011 proposed budget to the Board of Commissioners for their consideration. The Board then held workshops to discuss the budget, heard from Departments that did not receive what they asked the Administrator/Controller for, held a public hearing, and finally adopted a balanced budget in November. State law requires the budgets be adopted prior to the start of the fiscal year.

Budgetary control is maintained at the account level (line item) while budgets are legally adopted at the activity (department) level in the General Fund or the function (e.g., public safety) level in the Special Revenue Funds. The Administrator/Controller is authorized to transfer budget amounts between accounts; however, any revisions to a total activity or function for any respective fund or activity must be approved by the Board of Commissioners. Revisions to the budget are recommended by the Administrator/Controller and adopted by the Board of Commissioners at regular meetings throughout the year. The Board of Commissioners are provided monthly reports that report budget and actual amounts by department or program.

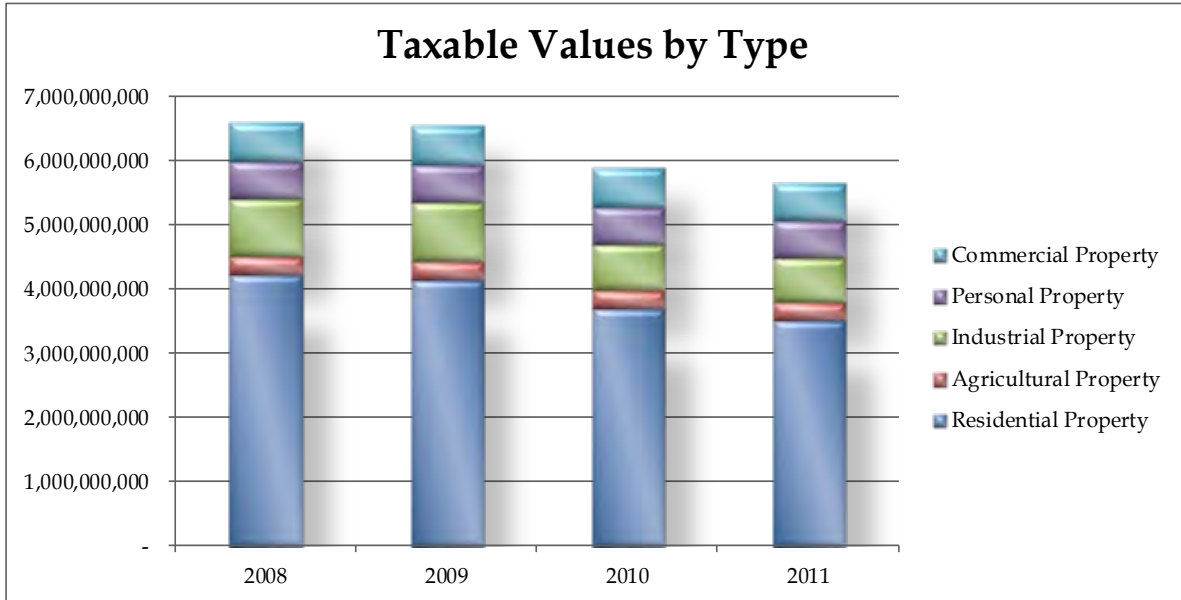
The Administration of St. Clair County has made it our practice to annually present and recommend a balanced budget to the Board of Commissioners.

Factors Affecting Financial Condition

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment in which the County operates.

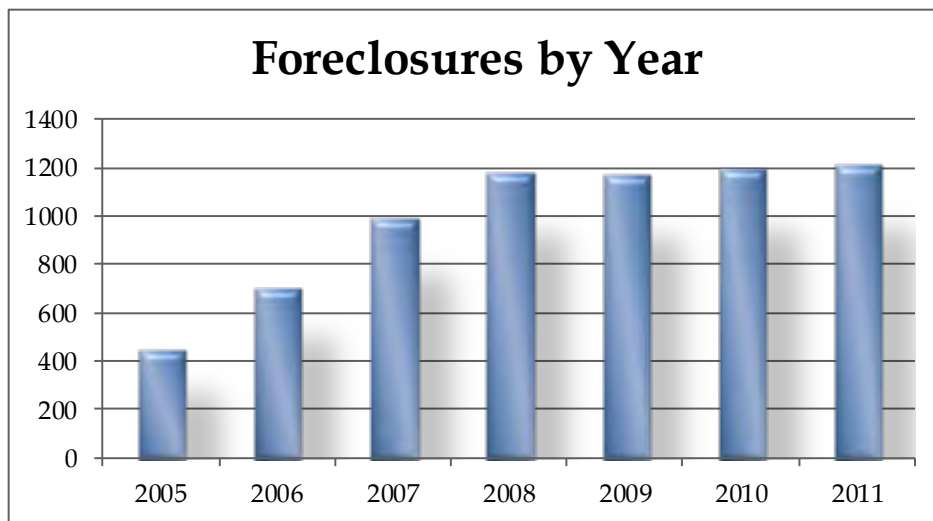
Local Economy. The County, like all governments in Michigan, is still feeling the effects of a general statewide economic downturn. Our manufacturing and industrial base is primarily aimed at the auto industry, which is suffering through a rough economy, and our residential property has been negatively impacted along with all residential properties in southeastern Michigan. The State of Michigan is projecting revenue reductions in its budget that will undoubtedly translate to less State money available to local governments for programs and operations. In fact, in 2011 we were again the recipients of reductions in a number of state supported programmatic revenues.

Most of the local units of government in St. Clair County experienced a reduction in taxable property values in 2011. The County overall experienced a decrease in taxable value of 3.9% in 2011 from 2010. The chart below illustrates the changes in taxable values by property type.



Although we are currently seeing decreases in total taxable values in the County, it is apparent the decreases are being driven by the decline in residential property values. Residential property represents about 63% of our total taxable property values. The Industrial property tax loss was driven by a write down in value of the DTE Energy plants in the County.

The decline in residential property has been driven by record high home foreclosures throughout the county. In 2011 the County had 1,211 foreclosure filings, which is an increase from the 2010 filings of 1,199. Though the 2011 numbers are slightly higher, it appears as though foreclosures have reached their peak. Based on the first four months of activity in 2012, we are estimating a 22% decrease in foreclosures for the year.



Despite the above noted roadblocks to growth: new national and regional retail businesses continue to move to St. Clair County, our population has remained about the same, the County general operating millage rate is at lower than authorized levels (due to Headlee overrides), the County bond rating continues to be strong and the County continues to maintain a high level of services to our citizens.

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

- Hirotec America, Inc., an automotive supplier specializing in body shop assembly tooling and hemming systems, has leased a 157,000 square foot building in Port Huron's Industrial Park. They are projected to create 90-120 new jobs and begin production in June of 2012.
- Pilot Flying J is constructing a new travel center in Kimball Township that will include a weigh station, overnight parking for truckers, showers and two restaurants. The \$6,000,000 project is expected to be complete by the end of 2012.
- GMA Cover Corporation temporarily expanded into a third facility in Port Huron's Industrial Park. GMA was recently awarded three large contracts for the Department of Defense for G12 parachutes, low cost containers and low velocity parachutes. They added over 150 new jobs as a result of the newly awarded contracts.
- The DaimlerChrysler Corporation has opened their new 750,000 square foot Marysville plant to produce axles and drive train components for 2011 model vehicles. The plant has been leased to ZF Group, the 9th largest auto supplier in the world. They will produce axles and drive train components in the most modern axle plant in North America for various automobile manufacturers. The plant opened for production in 2010 and currently has approximately 300 employees.
- Engineered Plastic Components, of St. Clair, purchased 4 new buildings in 2010 and have expanded their workforce by approximately 100 jobs. They are a plastic injection molding company of components for the automotive and appliance industry.
- The County has invested in a new, Township built, water line in Casco and Ira Townships that will provide a sufficient quantity of clean water to supply the 26 Mile Road industrial corridor. The line will be completed this summer and businesses along that road will then be able to connect to that new source of water.

Long-term Financial Planning. The County has implemented the conversion of our landfill cell space to new technology that will enable it to become a "perpetual landfill". Using a new, patented process we inject septage into the new cells at the landfill to promote the aggressive decomposition of refuse. After decomposition the cell will be re-filled with refuse, and the process starts over again. This "bio-reactor" has the potential to

ensure landfill space well into the future and the technology developed here will be marketed and sold to other landfills for their use. We have also contracted with a Detroit Edison Company to buy the methane gas created by the advanced decomposition at the landfill to produce electric power. Construction of the generating plant is completed and production of electricity began late in 2011. This revenue stream will continue for the life of the landfill.

To enhance the public safety system of the county the Board of Commissioner's sold bonds in the amount of \$3,000,000 to build two towers in the central and western portions of the county to improve reception and extend the life of our 911 communications system. The balance of the \$3.75 million project will come from federal and state grants already received. Construction started in late summer of 2009 and was completed in the spring of 2011.

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

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

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

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

Annually, at the conclusion of the annual audit, these Funds will be reviewed to determine if they are in compliance with the established policy. Any excess funds, other than those in separate millage supported funds and certain grant funds will 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 designated for future budget stabilization.

Major Initiatives.

St. Clair County is in the process of redefining our participation in the economic development initiative in the County. The current makeup and mission of the Economic Development Alliance, the agency in the County largely responsible for economic development and of which the County is a member, is being reorganized. The goal of these changes is to ensure community-wide economic development efforts are conducted efficiently and are aligned with community economic goals.

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



In 2011 the County Parks and Recreation Commission began construction of a lodge at Columbus County Park. The lodge, which is located near a sledding hill, will include restroom facilities, a picnic pavilion and rooms that will be available for special events. The project is expected to be complete by spring of 2012.

In 2010 the County took possession of the 181 year old Fort Gratiot lighthouse, built in 1829, and the former Coast Guard station buildings located at the confluence of Lake Huron and the St. Clair River in the City of Port Huron. This lighthouse, as the oldest in Michigan and the second oldest on the Great Lakes, is of significant historical value to our area. Our Parks & Recreation Commission is in the process of restoring the structures with grants and donations, and then they will maintain the structures and use the grounds as our newest county park.



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

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

Awards and Acknowledgements

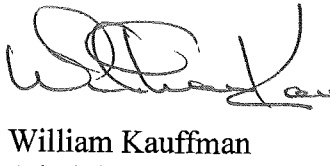
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to St. Clair County for its comprehensive annual financial report (CAFR) for the fiscal year ended December 31, 2010. This was our eighth consecutive award and our eighteenth award overall. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR. This report satisfied both GAAP and applicable legal requirements.

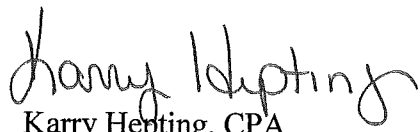
A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

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

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

Respectively submitted,


William Kauffman
Administrator/Controller


Karry Hepting, CPA
Deputy Controller/Finance Director

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

Elected Officials

Board of Commissioners

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

31st Circuit Court

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

72nd District Court

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

Probate Court

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

Other Elected Officials

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

Appointed Official

William Kauffman	Administrator/Controller
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Certificate of Achievement for Excellence in Financial Reporting

Presented to

St. Clair County
Michigan

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2010

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



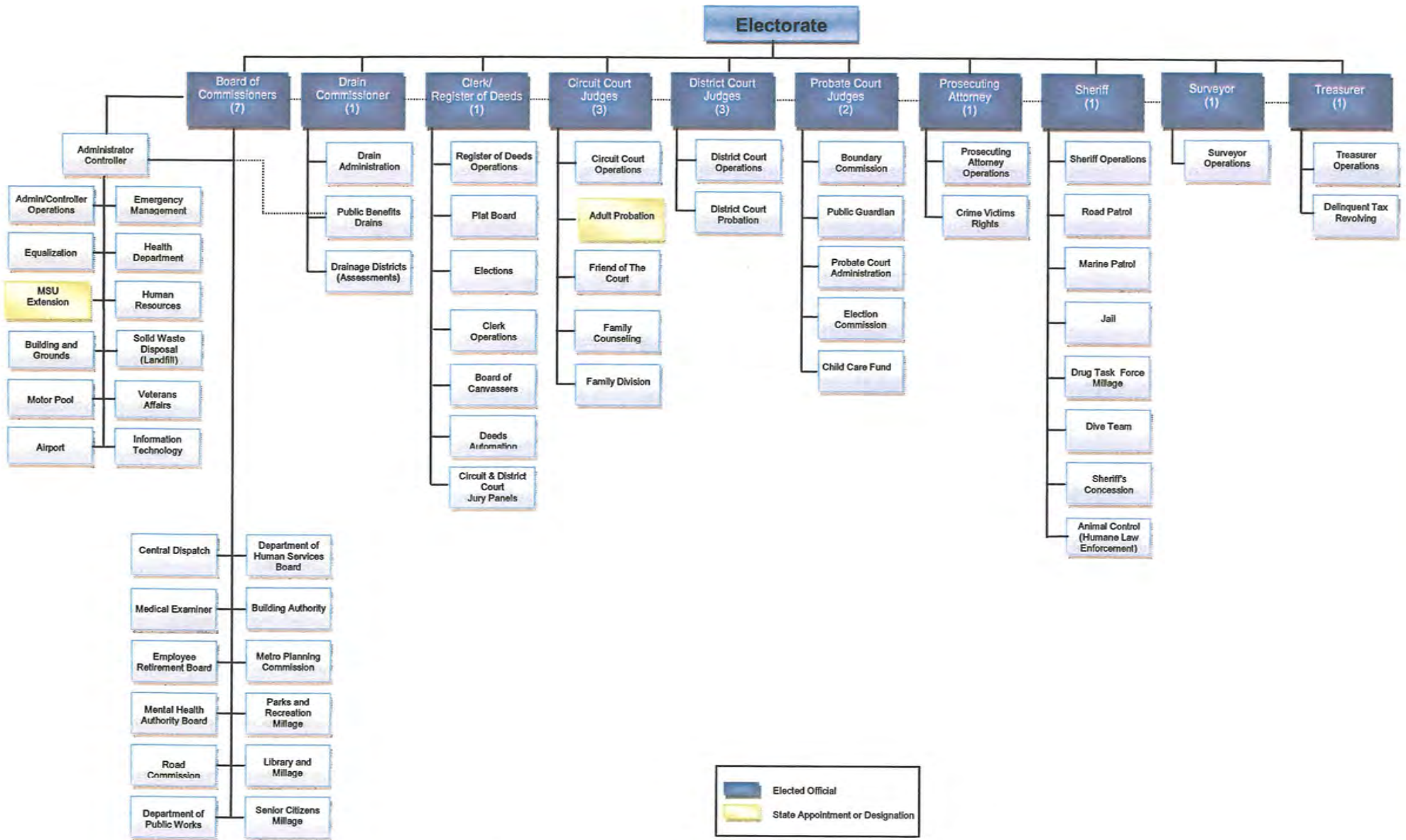
Linda C. Davidson

President

Jeffrey R. Egan

Executive Director

St. Clair County Organizational Chart



INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of St. Clair County, Michigan, as of and for the year ended December 31, 2011, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of St. Clair County's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of St. Clair County, Michigan, as of December 31, 2011, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

For the year ended December 31, 2011, as discussed in Note 1, the County implemented Government Accounting Standards Board (GASB) Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. As a result, the Planning Commission Fund previously a Special Revenue Fund, is reported as part of the County's General Fund and the Public Improvement Fund, previously a Special Revenue Fund, is reported as a Capital Projects Fund. In addition, the fund balances classifications have been changed to comply with this statement.

In accordance with *Government Auditing Standards*, we have also issued a report dated June 19, 2012 on our consideration of St. Clair County, Michigan's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*, and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 17 and the schedule of funding progress, employer contributions, and budgetary comparison information on pages 94 through 102 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.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise St. Clair County's basic financial statements. The introductory and statistical sections are presented for the purpose of additional analysis and are not a required part of the basic financial statements. Such information has 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 it.


Certified Public Accountants

June 19, 2012

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, 2011. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found preceding this narrative, and the accompanying basic financial statements and footnotes.

Financial Highlights

- The assets of the County exceeded its liabilities at December 31, 2011, by \$108,796,892. Of this amount \$14,340,450 may be used to meet the County's ongoing obligations to citizens and creditors. Additionally, \$23,241,983 has been restricted for specific purposes (i.e. specific millage funds, substance abuse, revenue sharing, E-911, etc) and \$71,214,459 represents our investment in capital assets, net of related liabilities.
- The total net assets decreased by \$14,061,824 mainly due to the implementation of GASB Statement No 45 requiring governments to report the liability for other post employment benefits.
- At December 31, 2011, the County's governmental funds reported combined ending fund balances of \$33,130,757 a decrease of \$4,185,409.
- In 2011 the General Fund reported revenues over expenditures of \$117,342 which increased the fund balance to \$9,273,080. Of this amount \$4,076,183 is nonspendable advances to the Drain Funds and component units and \$44,760 is restricted for drug forfeiture activities.
- In 2011 the Board of Commissioners adopted a balanced budget for the 2012 General Fund.

Overview of the Financial Statements

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

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

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

St. Clair County Management's Discussion and Analysis

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

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

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

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

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

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental

St. Clair County Management's Discussion and Analysis

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

The County maintains 31 individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General Fund, Health Department Fund, Parks and Recreation Fund, Library Fund, Senior Citizens Millage Fund, and Mental Health Building Debt Fund, all of which are considered to be major funds. Data for the other 25 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

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

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

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

Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The County uses enterprise funds to account for the activities of the Airport, Solid Waste Disposal System, Delinquent Tax Revolving, Sheriff's Concession, School Tax Collections, and Homestead Exemption Audits funds. Internal Service funds are an accounting device used to accumulate and allocate costs internally among the County's various functions. The County uses an internal service fund to account for its various employee benefits and risk programs.

Because these services predominately benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

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

St. Clair County Management's Discussion and Analysis

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

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

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

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 37-93 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the County's progress in funding its obligation to provide pension benefits to its employees and the budgetary information for six major governmental funds. This required supplementary information is found on pages 94-102 of this report.

The combining statements referred to earlier in connection with non-major governmental, enterprise and fiduciary funds are presented immediately following the required supplementary information. Combining, individual fund statements and schedules can be found on pages 103-126 of this report.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the County, assets exceeded liabilities by \$108,796,892 at December 31, 2011.

The largest portion of the County's net assets (66 percent) reflects our investment in capital assets, (e.g., land, buildings, machinery and equipment); less any related debt used to acquire those assets that is still outstanding. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. The second largest portion of net assets is unrestricted and is available for ongoing obligations to citizens and creditors.

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

Net Assets

	Governmental		Business-Type		Totals	
	Activities		Activities			
	2011	Restated 2010	2011	2010	2011	Restated 2010
Current and Other Assets	65,950,872	70,482,184	41,261,373	42,749,673	107,212,245	113,231,857
Capital Assets,						
Net of Accumulated Depreciation	93,920,381	94,881,921	23,988,889	23,094,688	117,909,270	117,976,609
Total Assets	159,871,253	165,364,105	65,250,262	65,844,361	225,121,515	231,208,466
Current Liabilities	17,599,174	17,390,056	1,027,482	2,376,954	18,626,656	19,767,010
Other Liabilities	81,673,890	74,607,894	16,024,077	13,974,846	97,697,967	88,582,740
Total Liabilities	99,273,064	91,997,950	17,051,559	16,351,800	116,324,623	108,349,750
Net Assets						
Investment in capital assets,						
Net of related debt	53,410,381	52,621,921	17,804,078	18,264,192	71,214,459	70,886,113
Restricted	21,420,124	24,997,081	1,821,859	1,517,250	23,241,983	26,514,331
Unrestricted	(14,232,316)	(4,252,847)	28,572,766	29,711,119	14,340,450	25,458,272
Total Net Assets	60,598,189	73,366,155	48,198,703	49,492,561	108,796,892	122,858,716

A portion of the County's net assets (21 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (13 percent) may be used to meet the government's ongoing obligations to citizens and creditors.

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

The County's net assets decreased by \$14,061,824. This decrease was primarily due to the Government Accounting Standards Board Statement Number 45 requiring governments to record their liability for the cost of other post employment benefits (OPEB).

Governmental Activities. Governmental activities decreased net assets by \$12,767,966. The key elements are as follows:

- The recording of other post employment benefit expenses of \$8,746,885.
- Decreased property tax revenues of \$2,699,556
- The continued depletion of the Revenue Sharing Reserve Fund established pursuant to Michigan Public Act 357 of 2004. This fund was designed to replace annual revenue sharing payments, which were suspended by the State as part of a budget balancing action in 2004. This statute accelerated the County's annual tax levy from a December 1 levy date to a July 1 levy date. As a result the County collected four years of taxes in a three year period. The additional levy was

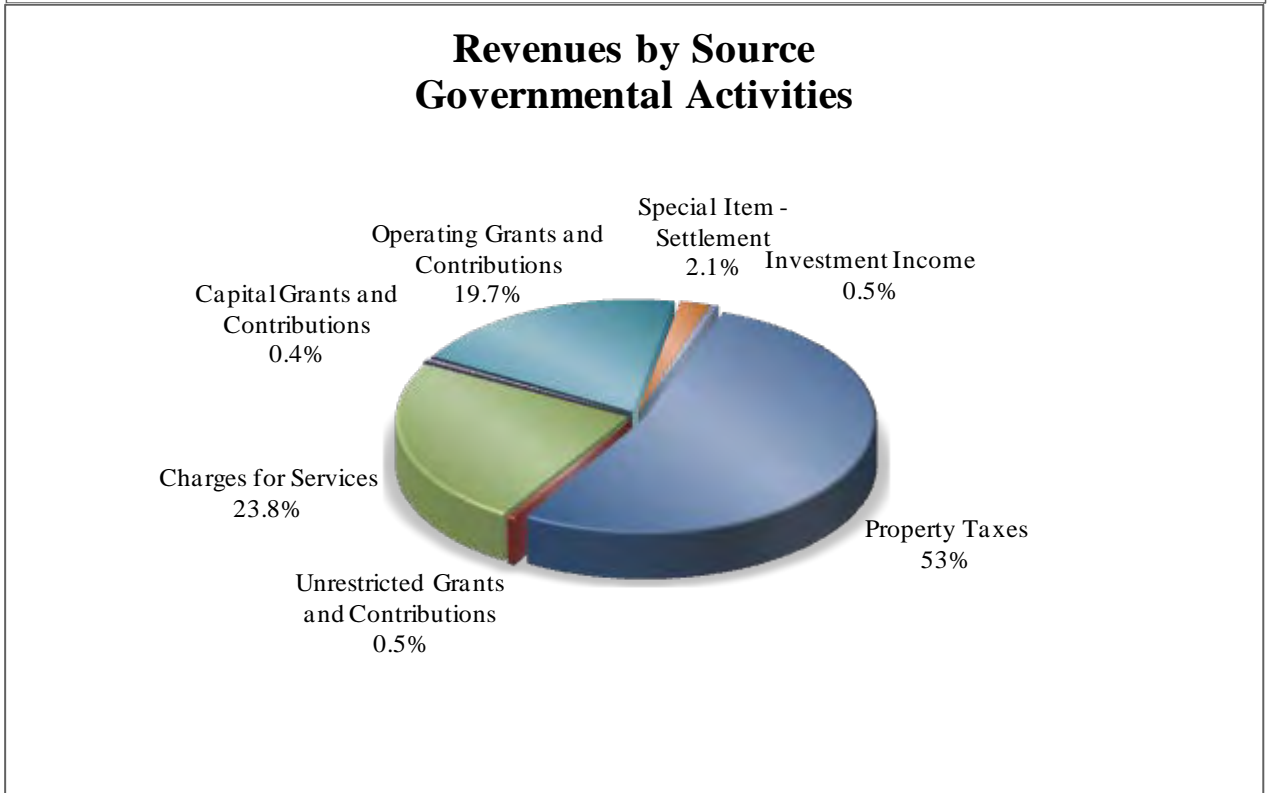
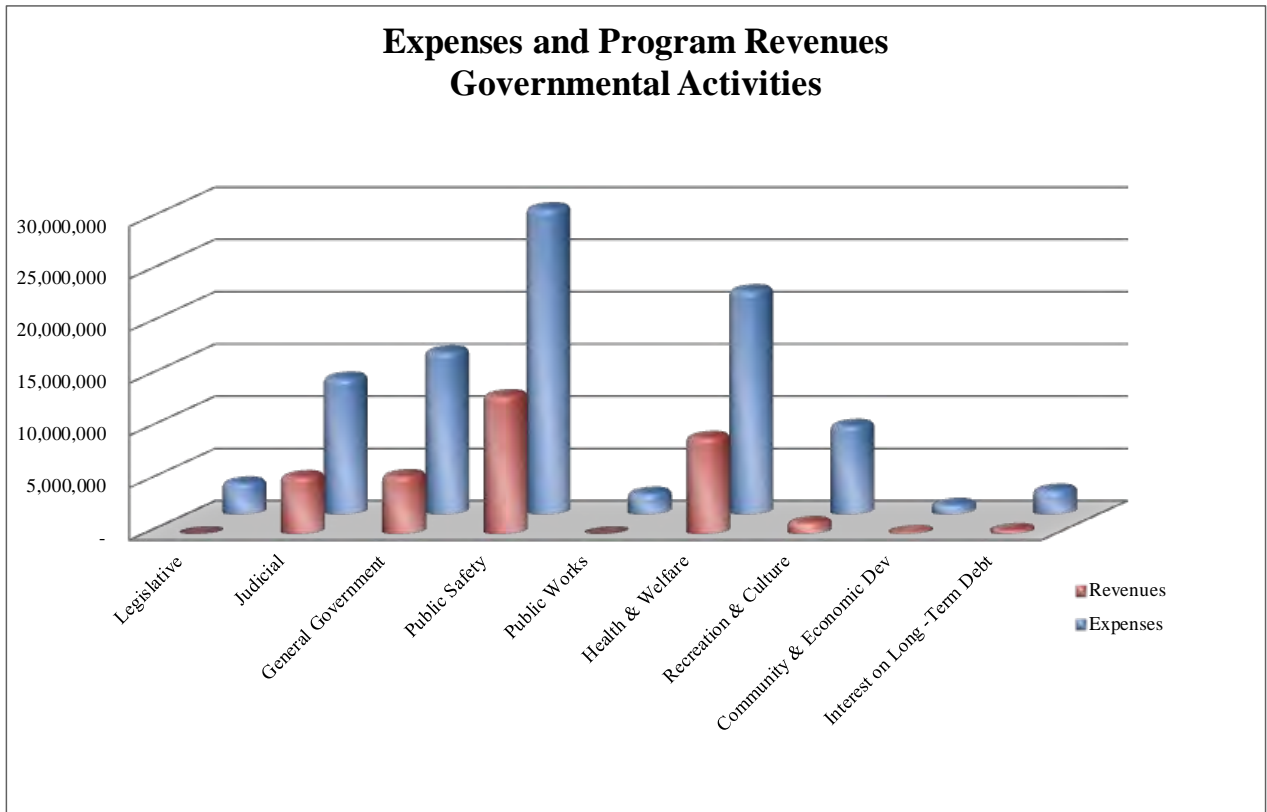
**St. Clair County
Management's Discussion and Analysis**

placed in this fund. Annually, an amount will be transferred from this fund to the General Fund to replace revenue sharing suspended by the State. Once this fund has been exhausted in 2013 the State has promised to reinstate the program.

Changes in Net Assets

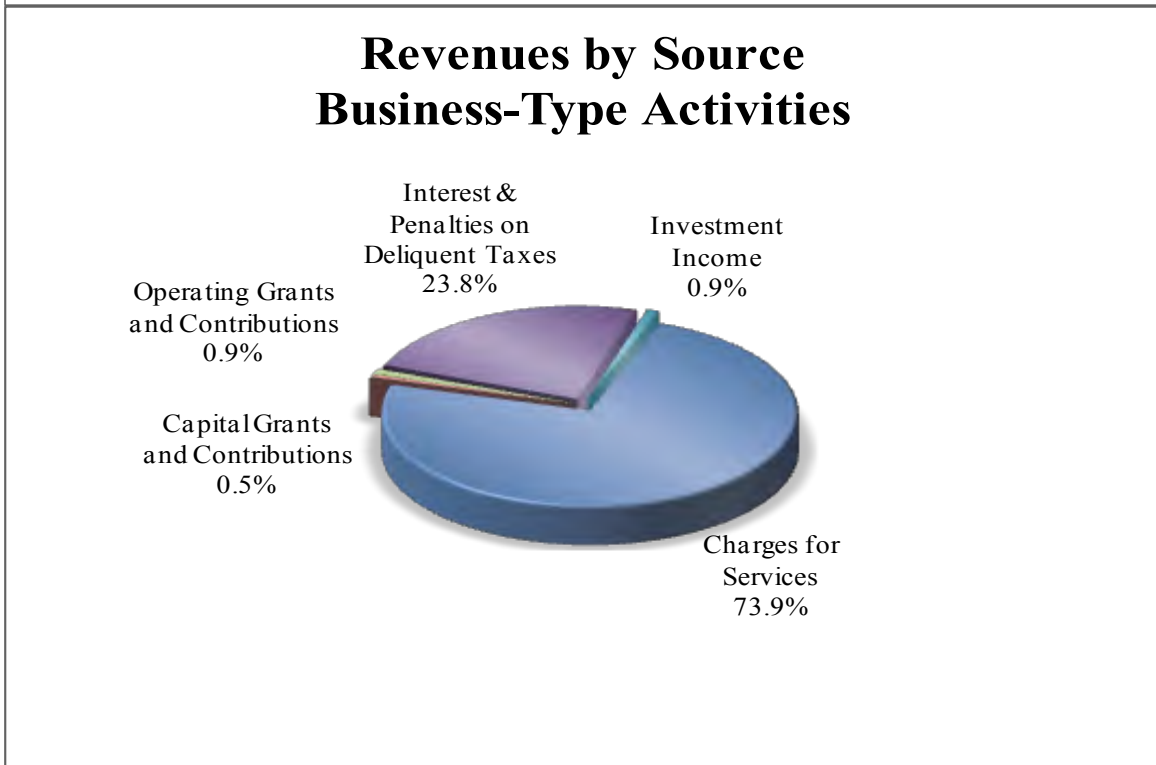
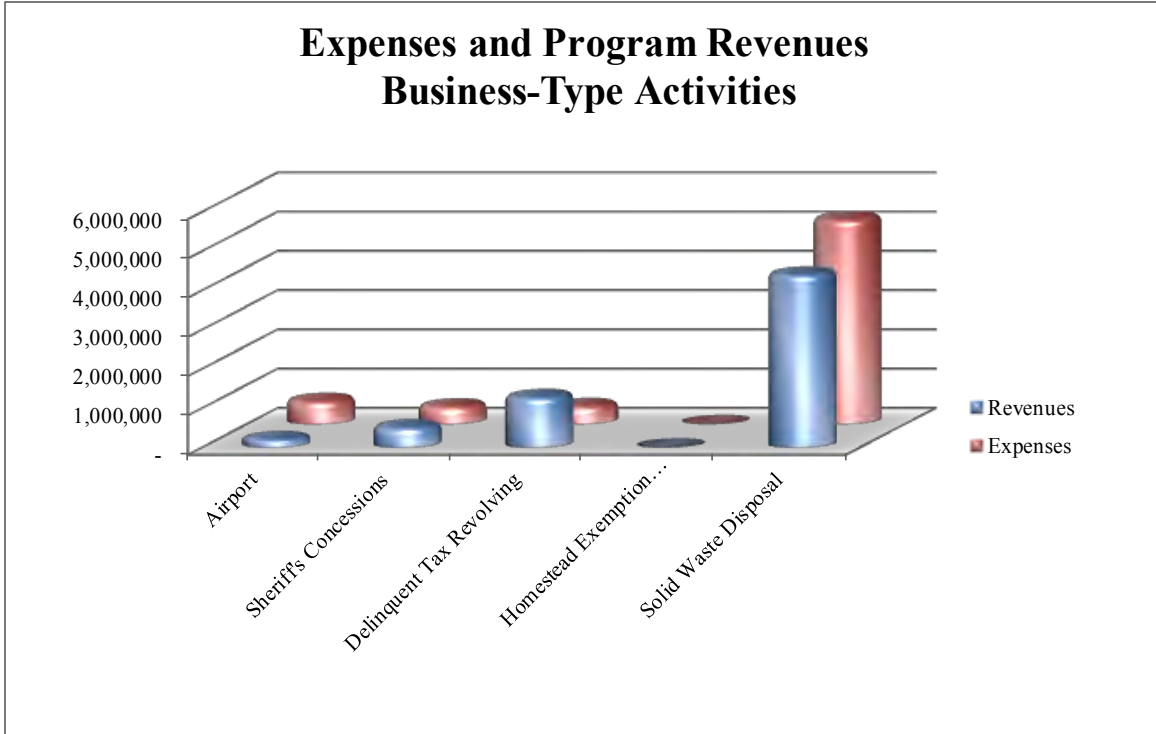
	Governmental Activities		Business-Type Activities		Totals	
	Restated		2011	2010	2011	Restated 2010
	2011	2010				
Revenues:						
Program revenues:						
Charges for services	19,149,266	17,660,587	6,311,167	5,798,964	25,460,433	23,459,551
Operating Grants and Contributions	15,854,691	16,531,138	77,216	83,916	15,931,907	16,615,054
Capital Grants and Contributions	323,326	1,398,456	42,193	5,575,949	365,519	6,974,405
General revenues:						
Property Taxes	42,494,542	45,194,098	-	-	42,494,542	45,194,098
Intergovernmental revenues	385,208	381,624	-	-	385,208	381,624
Investment earnings	411,149	414,385	78,402	83,624	489,551	498,009
Other revenues	13,087	28,237	2,029,383	2,052,217	2,042,470	2,080,454
Total Revenues	78,631,269	81,608,525	8,538,361	13,594,670	87,169,630	95,203,195
Expenses:						
Legislative	3,021,045	759,851	-	-	3,021,045	759,851
Judicial	13,052,795	11,984,463	-	-	13,052,795	11,984,463
General Government	15,569,246	15,196,596	-	-	15,569,246	15,196,596
Public Safety	29,256,089	27,820,260	-	-	29,256,089	27,820,260
Public Works	2,045,952	2,340,349	-	-	2,045,952	2,340,349
Health and Welfare	21,410,645	21,595,194	-	-	21,410,645	21,595,194
Recreation and Culture Community and Economic Development	972,084	677,888	-	-	972,084	-
Interest on Debt Service	2,341,772	2,341,661	-	-	2,341,772	2,341,661
Delinquent Tax Collections	-	-	461,842	486,888	461,842	486,888
Airport	-	-	592,512	582,882	592,512	582,882
Sheriff's Concession	-	-	451,022	430,470	451,022	430,470
School Tax Collections	-	-	-	14,156	-	14,156
Homestead Exemption Audits	-	-	621	515	621	515
Solid Waste Disposal	-	-	5,221,672	5,260,148	5,221,672	5,260,148
Total Expenses	96,203,785	90,803,281	6,727,669	6,775,059	102,931,454	97,578,340
Increase (Decrease) in Net Assets, before transfers	(17,572,516)	(9,194,756)	1,810,692	6,819,611	(15,761,824)	(2,375,145)
Transfers	3,104,550	2,933,488	(3,104,550)	(2,933,488)	-	-
Special Item	1,700,000	-	-	420,162	1,700,000	420,162
Decrease in Net Assets	(12,767,966)	(6,261,268)	(1,293,858)	4,306,285	(14,061,824)	(1,954,983)
Net Assets January 1	73,366,155	79,627,423	49,492,561	45,186,276	122,858,716	124,813,699
Net Assets December 31	60,598,189	73,366,155	48,198,703	49,492,561	108,796,892	122,858,716

**St. Clair County
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Business-type activities. Business-type activities decreased the County's net assets by \$1,293,858. This was primarily due to transfers out to Governmental funds for debt service and road match money.



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Management's Discussion and Analysis

Financial Analysis of the County's Major Funds

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

Governmental funds. The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County's financing requirements. In particular, 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, 2011, the County's governmental funds reported combined ending fund balances of \$33,130,757, a decrease of \$4,185,409 in comparison to the prior year. As of January 1, 2011, the County implemented GASB Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This statement establishes a hierarchy of fund balance classifications for use by all governmental funds. As part of the implementation of Statement 54, the County has adopted a fund balance policy which describes the five classifications to be used by County governmental funds. The General Fund, unlike other fund types, may also use the category of unassigned to account for balances that are not required to be listed as nonspendable, restricted, committed, or assigned. More information regarding these new classifications can be found in note 1 of the basic financial statements. Approximately 23% or \$7,634,450 of total governmental fund balance is made up of assigned and unassigned fund balance that is available for spending at the County's discretion. The remainder of fund balance, \$25,496,307 is classified as restricted or nonspendable as it is not available for new spending.

The General Fund is the chief operating fund of the County. At December 31, 2011, the general fund reported an ending fund balance of \$9,273,080. Of that amount \$5,152,137 is unassigned, \$44,760 is restricted for public safety grants, and \$4,076,183 is nonspendable loans to the Drain Commissioner for fund drain projects and a small loan to a component unit. As a measure of the 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 8.5 percent of total general fund expenditures and transfers, while total fund balance represents 15.4 percent of total general fund expenditures and transfers.

The General Fund balance increased by \$117,342 during the current fiscal year. The key factors in this growth are as follows:

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

The Health Department reported fund balance of \$1,271,976 at December 31, 2011. Fund balance decreased \$207,270 over the prior year. This decrease is mainly due to reduced state funding along with higher demands for service.

St. Clair County Management's Discussion and Analysis

The third major governmental fund is the special millage Parks and Recreation Fund. At December 31, 2011, Parks and Recreation reported a fund balance of \$2,910,790. Fund balance decreased \$63,630 over the prior fiscal year. This decrease was due to budgeted park improvements.

The fourth major governmental fund is the special millage Library Fund. It reported \$2,472,898 in fund balance at December 31, 2011. Fund balance increased \$106,944 over the prior fiscal year due to higher than anticipated penal fines received.

The fifth major governmental fund is the special millage Senior Citizens fund. It reported \$659,975 in fund balance at December 31, 2011. This fund decreased \$84,129 over the prior year due to increased demand for senior services coupled with decreasing tax revenues.

The sixth major governmental fund is the Mental Health Building Debt Fund. It reported a fund balance of \$610 at December 31, 2011. This fund accounts for the payment of debt as well as monies received from Community Mental Health to reimburse the County for the debt payment.

Proprietary funds. The County's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. The County had two major proprietary funds at December 31, 2011.

Net assets in the Solid Waste Disposal System at the end of the year amounted to \$15,642,644, of this amount \$14,164,937 is invested in capital assets. Net assets decreased \$1,921,993 over the prior year mainly due to transfers out of \$1,152,000 to fund the Road Commission local unit match program and airport operations. An increase of \$609,693 to landfill closure and post closure costs also contributed to the decrease.

The Delinquent Tax Revolving Fund reported net assets of \$28,326,015, an increase of \$739,275 over the prior year. A portion of the earnings in this fund are dedicated to the annual debt payment requirements of the bond secured for the construction of the Jail/Juvenile facility.

General Fund Budgetary Highlights

During the year the original budget was amended as needed. The original budget was balanced, while the final amended budget represents a gain of \$254,604. The 2011 amended budget of the General Fund had revenues and other financing sources of \$61,623,046 and expenditures and other financing uses of \$61,368,442. Included in the transfers out were appropriations to several funds that depend on the General Fund for operational funds.

Overall during the year the budget was adjusted as follows: the revenues and transfers in

St. Clair County Management's Discussion and Analysis

were adjusted up by \$7,405,360 (13.7%) and the expenditures and transfers out were adjusted up by \$7,150,756 (13.2%). Major changes can be summarized as follows:

- Intergovernmental revenues increased due to various grants received throughout the year.
- Charges for services were increased for additional revenues received for housing federal and immigration prisoners.
- Taxes were increased to reflect the actual tax levy.
- Transfers in were increased to add a transfer in from the Landfill for a portion of local unit's road match money to cover the unpaid portion of central dispatch fees.
- Revenues and expenditures were both amended to include the Planning Commission and Transportation Planning as General Fund departments as required by GASB 54.
- Issuance of debt was increased to account for debt issued due to new obligations associated with the County Drain at Large assessments.
- Expenditures were increased to account for the expenditure side of grants received.
- Other legislative activities were increased for an additional contribution of \$1,000,000 to fund retiree health care obligations.
- Transfers out were increased to transfer funds to the public improvement fund for projects that were incomplete at year end.

Amended revenue and other financing sources budgets differed by \$1,190,115 from actual revenues and other financing sources. Significant differences between the amended budgets and actual results for revenues were as follows:

- Charges for Services were greater than the amended budget by \$627,050 primarily due to greater than expected collections for jail inmate board and care.
- Intergovernmental revenues were \$1,015,138 less than the amended budget due to the timing of grant revenues with a different fiscal year as well as amounts required to be deferred at year end.
- Issuance of debt was \$231,458 less than amended budget due to fewer obligations associated with the County Drain at Large Assessment.
- Taxes were \$566,421 less than the amended budget due to a larger than anticipated decline in property value as well as tax tribunal refunds.

Amended expenditures and other financing uses differed \$1,052,853 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 in were \$480,500 less than the amended budget due to a reduction in the amount transferred for capital projects.
- Many departments were under their amended budgets due to positions held vacant throughout the year.
- Corrections were over its amended budget by \$276,686 due to overtime costs as

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well as costs associated with alternative sentencing programs.

- Buildings and Grounds were under its amended budget by \$85,132 due to vacant positions.
- Drains were under its amended budget by \$231,655 to reflect actual drain project activity.
- Planning was under its amended budget by \$248,419 due to the timing of grant expenditures with a different fiscal year.

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, 2011, amounted to \$117,909,270 (net of accumulated depreciation). This investment in capital assets includes land, buildings, land improvements, machinery and equipment, vehicles and infrastructure (i.e., roads, drains, etc). The total decrease in the County's capital assets for the current fiscal year was \$67,339. The governmental activities recorded a 1% decrease and the business-type activities had a 3.8% increase.

Capital Assets (net of depreciation)

	Governmental Activities		Business-Type Activities		Totals	
	2011	2010	2011	2010	2011	2010
Land	11,004,442	9,726,165	1,077,858	1,077,858	12,082,300	10,804,023
Buildings and Improvements	64,047,398	66,103,178	3,330,072	1,489,054	67,377,470	67,592,232
Improvements other than Buildings	4,286,537	4,547,915	10,296,740	10,223,760	14,583,277	14,771,675
Equipment and Vehicles	9,961,037	7,330,025	669,557	345,378	10,630,594	7,675,403
Books	2,464,475	2,484,061	-	-	2,464,475	2,484,061
Construction in Progress	2,156,492	4,690,577	8,614,662	9,958,638	10,771,154	14,649,215
Total	<u>93,920,381</u>	<u>94,881,921</u>	<u>23,988,889</u>	<u>23,094,688</u>	<u>117,909,270</u>	<u>117,976,609</u>

Major capital asset events during the year included the following:

- The Solid Waste Disposal System continued significant projects at the Landfill that included the completion of a gas to energy facility, leachate pretreatment system and as well continued cell construction.
- The demolition of the several vacant buildings including the old Jail, Juvenile Center, Day Treatment night watch and Economic Opportunity Committee building
- Construction of the final phase of the communications system. This included the construction of communications towers in the Village of Capac and acquiring and

St. Clair County Management's Discussion and Analysis

- installing equipment to an existing water tower in the City of St. Clair.
- Purchase of a Sub-Atlantic remote operated vehicle system by the Sheriff's Marine Division.
- The purchase of land as well as beginning construction of a lodge at Columbus County Park.
- Continued improvements at various County parks.
- Continued technology improvements in all County departments.
- Replacement of various county vehicles.
- Addition of books to the County library collection.

Additional information on the County's capital assets can be found in Note 5 beginning on page 56 of this report.

Long-term Debt. At December 31, 2011, the County had total debt outstanding of \$97,697,967 which was an increase of \$9,632,131.

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 (\$6,184,811), net of 36.3% of forgivable portion. This debt is issued through the State of Michigan Municipal Bond Authority.
- The general obligation bonds (Series A) sold in 2007 to construct a Mental Health Authority building (\$9,675,000).
- The general obligation bonds (Series B) sold in 2007 for the cost of acquiring and installing equipment related to 911 services (\$3,025,000).
- The general obligation bonds sold in 2003 to finance the construction of the Jail/Juvenile facility (\$27,900,000).
- The general obligation bonds sold in 2009 to construct a communications tower and acquire the required equipment (\$2,800,000).
- The outstanding portion of the 2004 refunding (refinanced) of the 1996 issue sold to finance the construction of the Administrative Building (\$6,785,000).
- In accordance with Governmental Accounting Standards Board Statement No. 45 an obligation for other post employment benefits has been recorded in the amount of \$24,220,790.
- 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 \$9,562,914.
- 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, 2011 is \$4,530,240.

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

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Outstanding Debt

	Governmental Activities		Business-Type Activities		Totals	
	2011	2010	2011	2010	2011	2010
General Obligation Bonds	50,185,000	52,185,000	6,184,811	4,830,496	56,369,811	57,015,496
Landfill Closure and Post Closure Costs	-	-	9,562,914	8,953,221	9,562,914	8,953,221
Drain Districts	3,244,497	2,862,168	-	-	3,244,497	2,862,168
Self-insurance Liability	230,000	500,000	-	-	230,000	500,000
Accumulated Employee Vacation, Sick and Compensatory Time	4,489,427	4,331,567	40,813	41,231	4,530,240	4,372,798
Other Post Employment Benefits	23,985,251	15,238,366	235,539	149,898	24,220,790	15,388,264
Deferred Amounts	(460,285)	(509,207)	-	-	(460,285)	(509,207)
Total	81,673,890	74,607,894	16,024,077	13,974,846	97,697,967	88,582,740

Economic Factors and Next Year's Budgets and Rates

Many factors were considered in preparation of the County's budget for the 2012 fiscal year. Several of the more telling factors are as follows:

- The unemployment rate for the County is currently around 11.8 percent, which is a decrease over a year ago, however is still higher than the state average of 8.3 percent.
- The State of Michigan's budget situation continues to jeopardize payments to local units of government.
- The taxable value of real and personal property within the County is anticipated to continue to fall, specifically 3.3% in 2012.
- Funding for economic development initiatives to locate new businesses and jobs in our county.
- In the spring of 2012 the county refunded \$23,365,000 of general obligation limited tax bonds. This advance refunding reduced the total debt service payments over the remaining 16 years by \$1,300,938.74

The 2012 budgets are currently balanced and the Board of Commissioners will approve any amendments, as needed.

St. Clair County
Management's Discussion and Analysis

Requests for Information

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

BASIC FINANCIAL STATEMENTS

ST. CLAIR COUNTY, MICHIGAN

**STATEMENT OF NET ASSETS
DECEMBER 31, 2011**

	Primary Government			Component Units
	Governmental Activities	Business Type Activities	Total	
ASSETS:				
Cash and cash equivalents	\$ 27,794,007	\$ 20,480,150	\$ 48,274,157	\$ 17,410,037
Investments	9,106,200	-	9,106,200	95,511
Receivables (net of allowance)	30,598,727	13,679,818	44,278,545	23,456,054
Prepaid expenses	1,116,793	16,918	1,133,711	790,595
Internal balances	(7,000,000)	7,000,000	-	-
Inventory	-	-	-	1,546,997
Long-term notes receivable	3,997,393	-	3,997,393	-
Advance to component units	50,000	-	50,000	-
Advance to primary government	-	-	-	89,281
Deferred charges	269,702	84,487	354,189	286,466
Restricted assets -				
Cash and cash equivalents	18,050	-	18,050	8,276,063
Receivables	-	-	-	25,724,423
Deferred charges	-	-	-	45,610
Capital assets (net of accumulated depreciation)				
Assets not being depreciated	13,160,934	9,692,520	22,853,454	43,767,231
Assets being depreciated	80,759,447	14,296,369	95,055,816	143,110,709
Total Assets	<u>159,871,253</u>	<u>65,250,262</u>	<u>225,121,515</u>	<u>264,598,977</u>
LIABILITIES:				
Payables and accrued liabilities	5,651,345	901,685	6,553,030	5,913,710
Advances and deposits	50,897	-	50,897	859,139
Advances from component units	-	89,281	89,281	-
Advances from primary government	-	-	-	50,000
Unearned revenue	11,896,932	36,516	11,933,448	691,558
Liabilities payable from restricted assets	-	-	-	177,708
Non-current liabilities -				
Net OPEB obligation	23,985,251	235,539	24,220,790	14,542,495
Due within one year	2,790,300	-	2,790,300	9,560,076
Due in more than one year	54,898,339	15,788,538	70,686,877	50,145,260
Total Liabilities	<u>99,273,064</u>	<u>17,051,559</u>	<u>116,324,623</u>	<u>81,939,946</u>
NET ASSETS (DEFICIT):				
Investment in capital assets, net of related debt	53,410,381	17,804,078	71,214,459	155,202,756
Restricted -				
Nonexpendable - Permanent Fund	18,050	-	18,050	-
Expendable -				
Acquisition/construction of capital assets	7,081,020	-	7,081,020	411,658
Debt Service	939,005	-	939,005	1,580,004
Recreation and Cultural	5,383,688	-	5,383,688	-
Revenue Sharing Reserve	5,819,426	-	5,819,426	-
Health and Welfare	956,826	-	956,826	-
Public Safety	514,855	-	514,855	-
Other Purposes	707,254	1,821,859	2,529,113	6,439,320
Unrestricted	(14,232,316)	28,572,766	14,340,450	19,025,293
Total Net Assets	<u>\$ 60,598,189</u>	<u>\$ 48,198,703</u>	<u>\$ 108,796,892</u>	<u>\$ 182,659,031</u>

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

ST. CLAIR COUNTY, MICHIGAN

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2011**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental activities:				
Legislative	\$ 3,021,045	\$ 110	\$ -	\$ -
Judicial	13,052,795	2,330,417	3,170,374	-
General Government	15,569,246	4,552,047	1,050,255	-
Public Safety	29,256,089	8,032,553	4,932,161	282,070
Public Works	2,045,952	-	-	-
Health and Welfare	21,410,645	2,761,224	6,503,773	-
Community and Economic Development	972,084	80,804	68,402	41,256
Recreation and Culture	8,534,157	988,358	129,726	-
Interest on Long Term Debt	2,341,772	403,753	-	-
Total governmental activities	<u>96,203,785</u>	<u>19,149,266</u>	<u>15,854,691</u>	<u>323,326</u>
Business type activities:				
Delinquent Tax Revolving	461,842	1,288,682	-	-
Airport Commission	592,512	121,606	48,208	42,193
Sheriff's Concession	451,022	516,894	-	-
Homestead Exemption Audits	621	142	-	-
Solid Waste Disposal System	5,221,672	4,383,843	29,008	-
Total business type activities	<u>6,727,669</u>	<u>6,311,167</u>	<u>77,216</u>	<u>42,193</u>
Total Primary Government	<u>\$102,931,454</u>	<u>\$ 25,460,433</u>	<u>\$ 15,931,907</u>	<u>\$ 365,519</u>
Component Units				
Road Commission	\$ 23,250,018	\$ 4,542,945	\$ 14,095,697	\$ 9,335,118
Department of Public Works	2,879,816	2,366,382	-	50,000
Community Mental Health Authority	93,849,630	1,228,258	91,568,505	-
Land Bank Authority	40	11,365	-	-
Drainage Districts	1,308,477	5,162,121	-	59,738
Total Component Units	<u>\$121,287,981</u>	<u>\$ 13,311,071</u>	<u>\$105,664,202</u>	<u>\$ 9,444,856</u>
General revenues:				
Property taxes				
Grants and contributions not restricted to specific programs				
Unrestricted investment income				
Interest and penalties on delinquent taxes				
Loss on sale of capital assets				
Transfers				
Special Items -				
Return of system contributions and transfer of system Settlement				
Total general revenues, transfers, and special items				
Change in net assets				
Net assets at beginning of year				
Prior period adjustments				
Net assets at beginning of year as restated				
Net assets at end of year				

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

Net (Expense) Revenue and Change in Net Assets

Primary Government			
Governmental Activities	Business Type Activities	Total	Component Units
\$(3,020,935)	\$ -	\$(3,020,935)	\$ -
(7,552,004)	-	(7,552,004)	-
(9,966,944)	-	(9,966,944)	-
(16,009,305)	-	(16,009,305)	-
(2,045,952)	-	(2,045,952)	-
(12,145,648)	-	(12,145,648)	-
(781,622)	-	(781,622)	-
(7,416,073)	-	(7,416,073)	-
(1,938,019)	-	(1,938,019)	-
<u>(60,876,502)</u>	<u>-</u>	<u>(60,876,502)</u>	<u>-</u>
-	826,840	826,840	-
-	(380,505)	(380,505)	-
-	65,872	65,872	-
-	(479)	(479)	-
-	(808,821)	(808,821)	-
<u>-</u>	<u>(297,093)</u>	<u>(297,093)</u>	<u>-</u>
<u>(60,876,502)</u>	<u>(297,093)</u>	<u>(61,173,595)</u>	<u>-</u>
-	-	-	4,723,742
-	-	-	(463,434)
-	-	-	(1,052,867)
-	-	-	11,325
-	-	-	3,913,382
<u>-</u>	<u>-</u>	<u>-</u>	<u>7,132,148</u>
42,494,542	-	42,494,542	-
385,208	-	385,208	-
411,149	78,402	489,551	187,315
13,087	2,029,383	2,042,470	-
-	-	-	476,776
3,104,550	(3,104,550)	-	-
-	-	-	(2,810,475)
<u>1,700,000</u>	<u>-</u>	<u>1,700,000</u>	<u>-</u>
<u>48,108,536</u>	<u>(996,765)</u>	<u>47,111,771</u>	<u>(2,146,384)</u>
<u>(12,767,966)</u>	<u>(1,293,858)</u>	<u>(14,061,824)</u>	<u>4,985,764</u>
72,849,251	49,492,561	122,341,812	178,628,013
516,904	-	516,904	(954,746)
<u>73,366,155</u>	<u>49,492,561</u>	<u>122,858,716</u>	<u>177,673,267</u>
<u>\$ 60,598,189</u>	<u>\$ 48,198,703</u>	<u>\$ 108,796,892</u>	<u>\$ 182,659,031</u>

ST. CLAIR COUNTY, MICHIGAN

**BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2011**

	<u>General</u>	<u>Health Department</u>	<u>Parks and Recreation</u>	<u>Library</u>
ASSETS				
Cash and cash equivalents	\$ 191,750	\$ 821,704	\$ 3,462,708	\$ 2,971,630
Investments	8,963,728	-	-	-
Receivables -				
Property taxes	2,749,765	-	2,660,433	3,752,964
Interest and accounts	387,739	38,663	22,000	12,090
Due from other governmental units -				
Federal/State	1,962,811	1,030,081	-	-
Local	392,801	73,955	-	-
Due from other funds	195,666	-	-	15,437
Long-term notes receivable	3,997,393	-	-	-
Advances to component units	50,000	-	-	-
Prepayments and deposits	28,790	-	-	-
	<u>\$ 18,920,443</u>	<u>\$ 1,964,403</u>	<u>\$ 6,145,141</u>	<u>\$ 6,752,121</u>
LIABILITIES AND FUND BALANCE				
Liabilities:				
Accounts payable	\$ 833,475	\$ 187,537	\$ 331,648	\$ 153,599
Accrued liabilities	973,525	136,520	16,020	59,246
Advances and deposits	500	45,897	4,500	-
Due to other governmental units -				
Federal/State	251	180,566	-	-
Local	2,861	-	-	-
Due to other funds	7,000,000	-	-	-
Deferred revenue	836,751	141,907	2,882,183	4,066,378
	<u>9,647,363</u>	<u>692,427</u>	<u>3,234,351</u>	<u>4,279,223</u>
Fund Balance:				
Nonspendable -				
Long-term Notes Receivable/Advances/Prepays	4,076,183	-	-	-
Permanent Fund	-	-	-	-
Restricted -				
Acquisition/construction of capital assets	-	-	-	-
Debt Service	-	-	-	-
Recreation and Cultural	-	-	2,910,790	2,472,898
Revenue Sharing Reserve	-	-	-	-
Health and Welfare	-	10,295	-	-
Public Safety	44,760	-	-	-
Other	-	-	-	-
Assigned	-	1,261,681	-	-
Unassigned	5,152,137	-	-	-
	<u>9,273,080</u>	<u>1,271,976</u>	<u>2,910,790</u>	<u>2,472,898</u>
	<u>\$ 18,920,443</u>	<u>\$ 1,964,403</u>	<u>\$ 6,145,141</u>	<u>\$ 6,752,121</u>

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

<u>Senior Citizens Millage</u>	<u>Mental Health Building Debt</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 1,090,568	\$ 610	\$ 16,086,484	\$ 24,625,454
-	-	142,472	9,106,200
2,685,562	-	2,032,609	13,881,333
-	-	1,553,284	2,013,776
-	-	738,214	3,731,106
-	9,675,000	539,435	10,681,191
-	-	274,066	485,169
-	-	-	3,997,393
-	-	-	50,000
-	-	-	28,790
<u>\$ 3,776,130</u>	<u>\$ 9,675,610</u>	<u>\$ 21,366,564</u>	<u>\$ 68,600,412</u>
\$ 206,522	\$ -	\$ 725,694	\$ 2,438,475
234	-	128,411	1,313,956
-	-	-	50,897
-	-	124,664	305,481
-	-	-	2,861
-	-	211,114	7,211,114
<u>2,909,399</u>	<u>9,675,000</u>	<u>3,635,253</u>	<u>24,146,871</u>
<u>3,116,155</u>	<u>9,675,000</u>	<u>4,825,136</u>	<u>35,469,655</u>
-	-	371,251	4,447,434
-	-	18,050	18,050
-	-	6,709,769	6,709,769
-	610	938,395	939,005
-	-	-	5,383,688
-	-	5,819,426	5,819,426
659,975	-	286,556	956,826
-	-	470,095	514,855
-	-	707,254	707,254
-	-	1,220,632	2,482,313
-	-	-	5,152,137
<u>659,975</u>	<u>610</u>	<u>16,541,428</u>	<u>33,130,757</u>
<u>\$ 3,776,130</u>	<u>\$ 9,675,610</u>	<u>\$ 21,366,564</u>	<u>\$ 68,600,412</u>

ST. CLAIR COUNTY, MICHIGAN

**RECONCILIATION OF FUND BALANCES ON THE BALANCE SHEET FOR
GOVERNMENTAL FUNDS TO NET ASSETS OF GOVERNMENTAL ACTIVITIES
ON THE STATEMENT OF NET ASSETS
DECEMBER 31, 2011**

Fund Balances - total governmental funds		\$ 33,130,757
Amounts reported for governmental activities in the statement of net assets are different because:		
Expenses recorded in the funds on the purchase method		299,812
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		
Capital assets		138,862,743
Accumulated depreciation		(45,020,784)
Other long term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.		
Delinquent personal property taxes (net of allowance)	145,251	
Housing rehabilitation loan	1,363,719	
Capital lease contract	9,675,000	
Interest receivable on capital lease contract	100,294	
Other	<u>581,693</u>	11,865,957
Internal Service Fund used by management to charge cost of property, liability, health, disability, workers compensation and life insurance expenses and claims. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.		3,138,257
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.		
Bonds payable	(50,185,000)	
Drain District assessments payable	(3,244,497)	
Accrued interest on bonds/notes payable	(529,975)	
Net OPEB obligation	(23,959,641)	
Accrued compensated absences	<u>(4,489,427)</u>	(82,408,540)
Losses on refunding are not reported in the governmental funds, whereas they are capitalized and amortized from net assets, (netted against bonds payables)		497,004
Discounts and Premiums on bonds are reported as other financing sources or uses in the governmental funds, where they are capitalized and amortized from net assets (netted against bonds payables)		
Bond premium	(192,534)	
Bond discount	<u>155,815</u>	(36,719)
Bond Issuance costs reported as debt retirement in the governmental funds, where they are deferred and amortized from net assets		<u>269,702</u>
Net Assets of governmental activities		<u><u>\$ 60,598,189</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, 2011**

	<u>General</u>	<u>Health Department</u>	<u>Parks and Recreation</u>	<u>Library</u>
Revenues:				
Taxes	\$ 30,716,142	\$ -	\$ 2,947,871	\$ 4,164,339
Licenses and permits	581,616	183,488	-	-
Intergovernmental -				
Federal/State	7,248,833	2,861,968	-	121,726
Local	1,975,154	42,317	-	8,000
Charges for services	9,614,259	1,869,544	79,969	198,002
Fines and forfeits	302,644	-	-	615,181
Interest and rent	1,157,039	-	17,107	61,069
Other	2,199,030	351,292	34,225	15,338
Total Revenues	<u>53,794,717</u>	<u>5,308,609</u>	<u>3,079,172</u>	<u>5,183,655</u>
Expenditures:				
Current -				
Legislative	2,996,536	-	-	-
Judicial	10,832,641	-	-	-
General Government	11,486,325	-	-	-
Public Safety	22,043,954	-	-	-
Public Works	2,045,952	-	-	-
Health and Welfare	1,676,588	7,747,397	-	-
Community and Economic Development	918,722	-	-	-
Recreation and Cultural	-	-	3,110,299	5,076,711
Capital Outlay	-	-	-	-
Debt Service -				
Principal	241,607	-	-	-
Interest	131,481	-	-	-
Total Expenditures	<u>52,373,806</u>	<u>7,747,397</u>	<u>3,110,299</u>	<u>5,076,711</u>
Revenues over (under) expenditures	<u>1,420,911</u>	<u>(2,438,788)</u>	<u>(31,127)</u>	<u>106,944</u>
Other Financing Sources (Uses):				
Issuance of debt	1,140,840	-	-	-
Transfers from other funds	5,497,374	2,231,518	-	-
Transfers to other funds	<u>(7,941,783)</u>	<u>-</u>	<u>(32,503)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(1,303,569)</u>	<u>2,231,518</u>	<u>(32,503)</u>	<u>-</u>
Net Change in Fund Balances	117,342	(207,270)	(63,630)	106,944
Fund Balances at beginning of year	<u>9,155,738</u>	<u>1,479,246</u>	<u>2,974,420</u>	<u>2,365,954</u>
Fund Balances at end of year	<u>\$ 9,273,080</u>	<u>\$ 1,271,976</u>	<u>\$ 2,910,790</u>	<u>\$ 2,472,898</u>

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

<u>Senior Citizens Millage</u>	<u>Mental Health Building Debt</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 2,975,384	\$ -	\$ 1,667,751	\$ 42,471,487
-	-	-	765,104
-	-	4,003,011	14,235,538
-	656,331	-	2,681,802
-	-	1,682,468	13,444,242
-	-	164,003	1,081,828
3,826	-	4,266	1,243,307
-	-	222,408	2,822,293
<u>2,979,210</u>	<u>656,331</u>	<u>7,743,907</u>	<u>78,745,601</u>
-	-	-	2,996,536
-	-	320,832	11,153,473
-	-	126,629	11,612,954
-	-	1,869,298	23,913,252
-	-	-	2,045,952
3,051,494	-	7,346,165	19,821,644
-	-	42,434	961,156
-	-	-	8,187,010
-	-	1,956,796	1,956,796
-	250,000	1,750,000	2,241,607
-	406,656	1,747,883	2,286,020
<u>3,051,494</u>	<u>656,656</u>	<u>15,160,037</u>	<u>87,176,400</u>
<u>(72,284)</u>	<u>(325)</u>	<u>(7,416,130)</u>	<u>(8,430,799)</u>
-	-	-	1,140,840
-	-	8,142,815	15,871,707
<u>(11,845)</u>	<u>-</u>	<u>(4,781,026)</u>	<u>(12,767,157)</u>
<u>(11,845)</u>	<u>-</u>	<u>3,361,789</u>	<u>4,245,390</u>
(84,129)	(325)	(4,054,341)	(4,185,409)
<u>744,104</u>	<u>935</u>	<u>20,595,769</u>	<u>37,316,166</u>
<u>\$ 659,975</u>	<u>\$ 610</u>	<u>\$ 16,541,428</u>	<u>\$ 33,130,757</u>

ST. CLAIR COUNTY, MICHIGAN

**RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGE IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2011**

Net change in fund balances - total governmental funds		\$(4,185,409)
Change in prepaid expenses recorded in the funds on the purchase method		67,229
<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		3,581,431
Depreciation expense	(	4,476,911)
Loss from sale/disposal of assets	(	63,571)
Revenue in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(	114,332)
<p>The issuance of long-term debt (e.g. bonds and notes) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources to governmental funds. Neither transaction, however, has any effect on net assets.</p>		
Principal payments on long term liabilities		2,241,607
Note proceeds from drain districts	(	1,140,840)
Amortization of bond premium		24,066
Amortization of bond discount	(	10,863)
Amortization of issuance costs	(	23,549)
Amortization of deferred loss on refunding	(	62,125)
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.		283,327
<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>		
Decrease in accrued interest payable		16,719
Increase in net OPEB obligation	(	8,746,885)
Increase in accrued compensated absences	(	157,860)
		<u>(8,888,026)</u>
Change in net assets of governmental activities		<u><u>\$(12,767,966)</u></u>

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

ST. CLAIR COUNTY, MICHIGAN

**STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
DECEMBER 31, 2011**

	Business Type Activities-Enterprise Funds				Governmental
	Solid Waste	Delinquent	Other	Total	Internal
	Disposal System	Tax Revolving	Proprietary Funds		Service Fund
ASSETS:					
Current Assets:					
Cash and cash equivalents	\$ 10,512,670	\$ 9,211,283	\$ 756,197	\$ 20,480,150	\$ 3,186,603
Accounts receivable (net of allowance) -					
Delinquent taxes	-	11,837,434	-	11,837,434	-
Interest and accounts	1,085,848	70,096	51,042	1,206,986	385,800
Due from other governmental units	347,963	190,494	-	538,457	-
Prepaid expenses	3,197	11,132	2,589	16,918	788,191
Due from other funds	-	7,000,000	-	7,000,000	-
Total Current Assets	<u>11,949,678</u>	<u>28,320,439</u>	<u>809,828</u>	<u>41,079,945</u>	<u>4,360,594</u>
Noncurrent Assets:					
Capital assets	34,707,820	190,335	12,112,393	47,010,548	99,583
Less - accumulated depreciation	(14,358,072)	(190,335)	(8,473,252)	(23,021,659)	(21,161)
Capital assets, net	<u>20,349,748</u>	<u>-</u>	<u>3,639,141</u>	<u>23,988,889</u>	<u>78,422</u>
Notes receivable	-	96,941	-	96,941	-
Deferred charges	84,487	-	-	84,487	-
Total Noncurrent Assets	<u>20,434,235</u>	<u>96,941</u>	<u>3,639,141</u>	<u>24,170,317</u>	<u>78,422</u>
Total Assets	<u>32,383,913</u>	<u>28,417,380</u>	<u>4,448,969</u>	<u>65,250,262</u>	<u>4,439,016</u>
LIABILITIES:					
Current Liabilities:					
Accounts payable	731,082	65,583	27,236	823,901	195,900
Accrued expenses	9,556	1,778	3,335	14,669	849,249
Due to other governmental units	18,632	7,408	-	26,040	-
Advances from component units	-	-	89,281	89,281	-
Accrued interest payable	37,075	-	-	37,075	-
Current portion of long-term liabilities	-	-	-	-	176,000
Unearned revenue	-	-	36,516	36,516	-
Total Current Liabilities	<u>796,345</u>	<u>74,769</u>	<u>156,368</u>	<u>1,027,482</u>	<u>1,221,149</u>
Long-Term Liabilities (less current portions):					
Accrued vacation and sick	31,528	-	9,285	40,813	-
Accrued insurance claims	-	-	-	-	54,000
Net OPEB obligation	165,671	16,596	53,272	235,539	25,610
Bonds payable	6,184,811	-	-	6,184,811	-
Estimated closure and post closure costs	9,562,914	-	-	9,562,914	-
Total Long-Term Liabilities	<u>15,944,924</u>	<u>16,596</u>	<u>62,557</u>	<u>16,024,077</u>	<u>79,610</u>
Total Liabilities	<u>16,741,269</u>	<u>91,365</u>	<u>218,925</u>	<u>17,051,559</u>	<u>1,300,759</u>
NET ASSETS:					
Investment in capital assets, net	14,164,937	-	3,639,141	17,804,078	78,422
Restricted - Expendable - Foreclosure sales	-	1,821,859	-	1,821,859	-
Unrestricted	1,477,707	26,504,156	590,903	28,572,766	3,059,835
Total Net Assets	<u>\$ 15,642,644</u>	<u>\$ 28,326,015</u>	<u>\$ 4,230,044</u>	<u>\$ 48,198,703</u>	<u>\$ 3,138,257</u>

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

ST. CLAIR COUNTY, MICHIGAN

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2011**

	Business Type Activities-Enterprise Funds				Governmental
	Solid Waste Disposal System	Delinquent Tax Revolving	Other Proprietary Funds	Total	Internal Service Fund
Operating Revenues:					
Intergovernmental -					
Federal/State	\$ 29,008	\$ -	\$ 48,208	\$ 77,216	\$ -
Charges for services	4,322,793	1,288,682	524,384	6,135,859	14,786,315
Interest and rents	-	2,029,383	116,230	2,145,613	-
Other	61,050	-	-	61,050	338,263
Total Operating Revenues	<u>4,412,851</u>	<u>3,318,065</u>	<u>688,822</u>	<u>8,419,738</u>	<u>15,124,578</u>
Operating Expenses:					
Personal services	478,301	111,858	208,852	799,011	296,438
Supplies	146,785	40	29,573	176,398	1,345
Other services	3,712,904	344,194	551,166	4,608,264	16,240,979
Depreciation	883,682	5,750	254,564	1,143,996	2,489
Total Operating Expenses	<u>5,221,672</u>	<u>461,842</u>	<u>1,044,155</u>	<u>6,727,669</u>	<u>16,541,251</u>
Operating Income (Loss)	(808,821)	2,856,223	(355,333)	1,692,069	(1,416,673)
Non-Operating Revenues:					
Interest revenue	38,828	37,602	-	76,430	-
Net Income (Loss) Before Contributions, Transfers, and Special Item	(769,993)	2,893,825	(355,333)	1,768,499	(1,416,673)
Capital Contributions	<u>-</u>	<u>-</u>	<u>42,193</u>	<u>42,193</u>	<u>-</u>
Net Income (Loss) Before Transfers and Special Item	(769,993)	2,893,825	(313,140)	1,810,692	(1,416,673)
Transfers:					
Transfers from other funds	-	-	202,000	202,000	-
Transfers to other funds	(1,152,000)	(2,154,550)	-	(3,306,550)	-
Total Transfers	<u>(1,152,000)</u>	<u>(2,154,550)</u>	<u>202,000</u>	<u>(3,104,550)</u>	<u>-</u>
Net Income (Loss) Before Special Item	(1,921,993)	739,275	(111,140)	(1,293,858)	(1,416,673)
Special Item:					
Settlement	-	-	-	-	1,700,000
Change in Net Assets	(1,921,993)	739,275	(111,140)	(1,293,858)	283,327
Net Assets at beginning of year	<u>17,564,637</u>	<u>27,586,740</u>	<u>4,341,184</u>	<u>49,492,561</u>	<u>2,854,930</u>
Net Assets end of year	<u>\$ 15,642,644</u>	<u>\$ 28,326,015</u>	<u>\$ 4,230,044</u>	<u>\$ 48,198,703</u>	<u>\$ 3,138,257</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, 2011**

	Business Type Activities-Enterprise Funds				Governmental
	Solid Waste Disposal System	Delinquent Tax Revolving	Other Proprietary Funds	Total	Internal Service Fund
Cash Flows From Operating Activities:					
Cash receipts from customers	\$ 4,138,178	\$ 2,846,517	\$ 686,508	\$ 7,671,203	\$ 114,647
Cash receipts from interfund services	-	-	-	-	14,786,315
Cash payments to suppliers	(4,562,706)	(372,927)	(607,137)	(5,542,770)	(15,130,887)
Cash payments to employees	(332,816)	(111,843)	(195,242)	(639,901)	(298,604)
Cash payments for interfund services	(72,097)	-	-	(72,097)	-
Other cash receipts	90,058	-	-	90,058	-
Net Cash Provided by (Used for) Operating Activities	<u>(739,383)</u>	<u>2,361,747</u>	<u>(115,871)</u>	<u>1,506,493</u>	<u>(528,529)</u>
Cash Flows From Noncapital Financing Activities:					
Cash receipts/payments to other funds	7,525,280	(7,000,000)	-	525,280	-
Transfers from other funds	-	-	202,000	202,000	-
Transfers to other funds	<u>(1,152,000)</u>	<u>(2,154,550)</u>	<u>-</u>	<u>(3,306,550)</u>	<u>-</u>
Net Cash Provided by (Used for) Noncapital Financing Activities	<u>6,373,280</u>	<u>(9,154,550)</u>	<u>202,000</u>	<u>(2,579,270)</u>	<u>-</u>
Cash Flows From Capital and Related Financing Activities:					
Proceeds from sale of bonds	2,951,078	-	-	2,951,078	-
Interest paid	(98,993)	-	-	(98,993)	-
Acquisition and construction of capital assets	<u>(1,874,872)</u>	<u>-</u>	<u>(1,083)</u>	<u>(1,875,955)</u>	<u>-</u>
Net Cash Provided by (Used for) Capital and Related Financing Activities	<u>977,213</u>	<u>-</u>	<u>(1,083)</u>	<u>976,130</u>	<u>-</u>
Cash Flows From Investing Activities:					
Interest earned	38,828	37,602	-	76,430	-
Notes receivable made	-	238,250	-	238,250	-
Net Cash Provided by Investing Activities	<u>38,828</u>	<u>275,852</u>	<u>-</u>	<u>314,680</u>	<u>-</u>
Increase (Decrease) in Cash and Cash Equivalents	6,649,938	(6,516,951)	85,046	218,033	(528,529)
Cash and Cash Equivalents at Beginning of Year	<u>3,862,732</u>	<u>15,728,234</u>	<u>671,151</u>	<u>20,262,117</u>	<u>3,715,132</u>
Cash and Cash Equivalents at End of Year	<u>\$10,512,670</u>	<u>\$ 9,211,283</u>	<u>\$ 756,197</u>	<u>\$20,480,150</u>	<u>\$ 3,186,603</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, 2011**

	Business Type Activities-Enterprise Funds				Governmental
	Solid Waste Disposal System	Delinquent Tax Revolving	Other Proprietary Funds	Total	Internal Service Fund
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:					
Operating income (loss) for the year	\$(808,821)	\$ 2,856,223	\$(355,333)	\$ 1,692,069	\$(1,416,673)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities -					
Depreciation	883,682	5,750	254,564	1,143,996	2,489
Estimated closure and post closure costs	609,693	-	-	609,693	-
Settlement	-	-	-	-	1,700,000
Change in assets and liabilities:					
Receivable	163,348	(419,514)	11,033	(245,133)	(223,616)
Prepays and deposits	(1,021)	(487)	86	(1,422)	(423,562)
Accounts payable/accrued expenses	(1,240,663)	(28,191)	(30,246)	(1,299,100)	(167,167)
Due to/from other governmental units	(345,601)	(52,034)	-	(397,635)	-
Unearned Revenue	-	-	4,025	4,025	-
Net Cash Provided by (Used for) Operating Activities	<u>\$(739,383)</u>	<u>\$ 2,361,747</u>	<u>\$(115,871)</u>	<u>\$ 1,506,493</u>	<u>\$(528,529)</u>
Non-Cash Capital and Related Financing Activities:					
Capital contributions	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 42,193</u>	<u>\$ 42,193</u>	<u>\$ -</u>

ST. CLAIR COUNTY, MICHIGAN

**STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
DECEMBER 31, 2011**

	Basic Retirement System	Other Postemployment Benefits	Landfill Private-Purpose Trust Fund	Agency Funds
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
ASSETS:				
Cash and cash equivalents	\$ 20,534,482	\$ 6,138,974	\$ 1,885,814	\$ 1,848,086
Investments -				
U.S. Government/Agencies	19,245	-	-	-
Corporate Debt	31,314,485	754,483	-	-
Equity Funds	40,154,856	1,248,358	-	-
Stocks	68,821,656	4,470,209	-	-
Foreign Bonds	12,814,606	-	-	-
Mutual Funds	8,341,589	4,947,045	-	-
Municipal Bonds	472,953	-	-	-
Invested Court Appointed Trust	-	-	-	80,622
Receivables -				
Interest/dividends and accounts	671,597	9,086	-	12,713,687
Other	8,233,788	23,833	-	-
Due from other funds	126,401	17,377,190	-	15,448
Prepayments and deposits	-	-	-	3,258
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>191,505,658</u>	<u>34,969,178</u>	<u>1,885,814</u>	<u>\$ 14,661,101</u>
LIABILITIES:				
Accounts payable	8,466,828	-	-	\$ -
Due to individuals and agencies	136,812	-	-	13,222,860
Due to other governmental units -				
Federal/State	-	-	-	473,069
Local	-	-	-	675,669
Due to other funds	17,377,190	126,401	-	289,503
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities	<u>25,980,830</u>	<u>126,401</u>	<u>-</u>	<u>\$ 14,661,101</u>
NET ASSETS:				
Assets held in trust for pension benefits	165,524,828	-	-	
Assets held in trust for other				
postemployment benefits	-	34,842,777	-	
Reserved for landfill perpetual care	-	-	1,885,814	
	<u> </u>	<u> </u>	<u> </u>	
Total Net Assets	<u>\$ 165,524,828</u>	<u>\$ 34,842,777</u>	<u>\$ 1,885,814</u>	

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

ST. CLAIR COUNTY, MICHIGAN

**STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2011**

	<u>Basic Retirement System</u>	<u>Other Postemployment Benefits</u>	<u>Landfill Private-Purpose Trust Fund</u>
Additions:			
Contributions -			
Member contributions	\$ 2,310,851	\$ 475,545	\$ -
Employer contributions	6,513,424	4,277,777	-
Closure/postclosure	-	-	92,052
Total Contributions	<u>8,824,275</u>	<u>4,753,322</u>	<u>92,052</u>
Investment income -			
Net appreciation (depreciation) in fair value of investments	(4,783,282)	(913,056)	-
Interest/dividends	4,386,630	534,903	194
Less investment expense	<u>(835,312)</u>	<u>(55,484)</u>	<u>(2,470)</u>
Net investment income	<u>(1,231,964)</u>	<u>(433,637)</u>	<u>(2,276)</u>
Other -			
Medicare Part D reimbursements	-	612,343	-
Total Additions	<u>7,592,311</u>	<u>4,932,028</u>	<u>89,776</u>
Deductions:			
Retirement payroll	11,046,552	-	-
Health insurance	-	5,696,207	-
Death benefits	65,658	-	-
Employee refunds	296,828	35,136	-
Administration	98,662	-	-
Professional fees	<u>56,618</u>	<u>144,093</u>	<u>-</u>
Total Deductions	<u>11,564,318</u>	<u>5,875,436</u>	<u>-</u>
Net increase (decrease)	(3,972,007)	(943,408)	89,776
Net assets held in trust -			
Beginning of year	<u>169,496,835</u>	<u>35,786,185</u>	<u>1,796,038</u>
End of year	<u>\$ 165,524,828</u>	<u>\$ 34,842,777</u>	<u>\$ 1,885,814</u>

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

ST. CLAIR COUNTY, MICHIGAN

**COMBINING STATEMENT OF NET ASSETS
DISCRETELY PRESENTED COMPONENT UNITS
DECEMBER 31, 2011**

	<u>Road Commission</u>	<u>Department of Public Works</u>	<u>Community Mental Health Authority</u>
ASSETS			
Cash and cash equivalents	\$ 6,123,405	\$ 127,732	\$ 8,943,413
Investments	-	-	-
Receivables (net of allowance)	2,243,230	333,413	2,172,417
Prepaid expenses	176,684	-	542,377
Inventory	1,514,255	-	-
Deferred charges	29,790	-	57,315
Advance to primary government	-	89,281	-
Restricted Assets -			
Cash and cash equivalents	-	1,120,487	7,155,576
Receivables	-	25,724,423	-
Deferred charges	-	45,610	-
Capital Assets (net of accum. depreciation)			
Assets not being depreciated	37,587,462	83,776	1,908,839
Assets being depreciated	<u>93,049,356</u>	<u>12,880,081</u>	<u>10,536,232</u>
Total Assets	<u>140,724,182</u>	<u>40,404,803</u>	<u>31,316,169</u>
LIABILITIES			
Payables and accrued liabilities	592,948	75,758	4,379,322
Accrued interest	15,120	-	1,474
Advances and deposits	727,140	131,999	-
Advance from primary government	-	-	-
Unearned revenue	-	-	691,558
Liabilities payable from restricted assets	-	177,708	-
Non-current liabilities -			
Net OPEB obligation	8,549,233	-	5,993,262
Due within one year	695,000	2,965,720	2,789,762
Due in more than one year	<u>1,096,000</u>	<u>23,335,434</u>	<u>9,572,780</u>
Total Liabilities	<u>11,675,441</u>	<u>26,686,619</u>	<u>23,428,158</u>
NET ASSETS (DEFICIT)			
Investment in capital assets, net of related liabilities	129,056,818	12,963,857	1,567,785
Restricted for:			
Risk corridor financing	-	-	5,706,598
Substance abuse	-	-	732,722
Equipment replacement	-	411,658	-
Debt Service	-	-	-
Unrestricted	<u>(8,077)</u>	<u>342,669</u>	<u>(119,094)</u>
Total Net Assets	<u>\$ 129,048,741</u>	<u>\$ 13,718,184</u>	<u>\$ 7,888,011</u>

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

Land Bank Authority	Drainage Districts	Totals
\$ 11,342	\$ 2,204,145	\$ 17,410,037
-	95,511	95,511
-	18,706,994	23,456,054
-	71,534	790,595
32,742	-	1,546,997
-	199,361	286,466
-	-	89,281
-	-	8,276,063
-	-	25,724,423
-	-	45,610
-	4,187,154	43,767,231
-	26,645,040	143,110,709
<u>44,084</u>	<u>52,109,739</u>	<u>264,598,977</u>
-	675,917	5,723,945
-	173,171	189,765
-	-	859,139
-	50,000	50,000
-	-	691,558
-	-	177,708
-	-	14,542,495
-	3,109,594	9,560,076
32,742	16,108,304	50,145,260
<u>32,742</u>	<u>20,116,986</u>	<u>81,939,946</u>
-	11,614,296	155,202,756
-	-	5,706,598
-	-	732,722
-	-	411,658
-	1,580,004	1,580,004
11,342	18,798,453	19,025,293
<u>\$ 11,342</u>	<u>\$ 31,992,753</u>	<u>\$ 182,659,031</u>

ST. CLAIR COUNTY, MICHIGAN

**COMBINING STATEMENT OF ACTIVITIES
DISCRETELY PRESENTED COMPONENT UNITS
FOR THE YEAR ENDED DECEMBER 31, 2011**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Road Commission				
Governmental activities:				
Highways and streets	\$ 23,205,534	\$ 4,542,945	\$ 14,095,697	\$ 9,335,118
Debt service	44,484	-	-	-
Total Road Commission	<u>23,250,018</u>	<u>4,542,945</u>	<u>14,095,697</u>	<u>9,335,118</u>
Department of Public Works				
Governmental activities:				
Debt service	947,727	947,727	-	-
Business type activities:				
Water and Sewer	1,932,089	1,418,655	-	50,000
Total Department of Public Works	<u>2,879,816</u>	<u>2,366,382</u>	<u>-</u>	<u>50,000</u>
Community Mental Health Authority				
Governmental activities:				
Health and Welfare	93,849,630	1,228,258	91,568,505	-
Land Bank Authority				
Governmental activities:				
Community and Economic Development	40	11,365	-	-
Drainage Districts				
Governmental activities:				
Public Works	503,501	5,162,121	-	59,738
Interest on Long Term Debt	804,976	-	-	-
Total Drains	<u>1,308,477</u>	<u>5,162,121</u>	<u>-</u>	<u>59,738</u>
Total Component Units	<u>\$ 121,287,981</u>	<u>\$ 13,311,071</u>	<u>\$ 105,664,202</u>	<u>\$ 9,444,856</u>

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

Change in net assets

Net assets at beginning of year

 Prior period adjustments

Net assets at beginning of year, restated

Net assets at end of year

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

Net (Expense) Revenue and Change in Net Assets

Road Commission	Department of Public Works	Community Mental Health Authority	Land Bank Authority	Drainage Districts	Total
\$ 4,768,226					\$ 4,768,226
<u>(44,484)</u>					<u>(44,484)</u>
<u>4,723,742</u>					
	\$ -				-
	<u>(463,434)</u>				<u>(463,434)</u>
	<u>(463,434)</u>				
		<u>\$(1,052,867)</u>			<u>(1,052,867)</u>
			<u>\$ 11,325</u>		11,325
				\$ 4,718,358	4,718,358
				<u>(804,976)</u>	<u>(804,976)</u>
				<u>3,913,382</u>	
					7,132,148
66,649	1,816	113,442	17	5,391	187,315
476,776	-	-	-	-	476,776
<u>-</u>	<u>(2,810,475)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,810,475)</u>
<u>543,425</u>	<u>(2,808,659)</u>	<u>113,442</u>	<u>17</u>	<u>5,391</u>	<u>(2,146,384)</u>
<u>5,267,167</u>	<u>(3,272,093)</u>	<u>(939,425)</u>	<u>11,342</u>	<u>3,918,773</u>	<u>4,985,764</u>
123,781,574	16,990,277	8,069,594	-	29,786,568	178,628,013
<u>-</u>	<u>-</u>	<u>757,842</u>	<u>-</u>	<u>(1,712,588)</u>	<u>(954,746)</u>
<u>123,781,574</u>	<u>16,990,277</u>	<u>8,827,436</u>	<u>-</u>	<u>28,073,980</u>	<u>177,673,267</u>
<u>\$ 129,048,741</u>	<u>\$ 13,718,184</u>	<u>\$ 7,888,011</u>	<u>\$ 11,342</u>	<u>\$ 31,992,753</u>	<u>\$ 182,659,031</u>

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2011**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

A. Reporting Entity -

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

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

BLENDED COMPONENT UNIT -

ST. CLAIR COUNTY BUILDING AUTHORITY - was formed for the purpose of constructing and financing the Library and Public Service Buildings and any additional facilities, which require financing. The main function of the Authority at the present time is to pay off the building bonds. The three member Board is appointed by the Board of Commissioners, and the County is fiscally responsible for the Authority. As a result, the Authority has been included as a blended component unit.

DISCRETELY PRESENTED COMPONENT UNITS -

ST. CLAIR COUNTY ROAD COMMISSION - The St. Clair County Road Commission maintains local, state and federal trunklines within St. Clair County. The Road Commission operations are financed primarily from the State distribution of gas and weight taxes, federal financial assistance and contributions from other local governmental units within the County. The Road Commission operates under a Board, which consists of three commissioners who are appointed by the County Commissioners. The Road Commission is financially accountable to the County for the following reasons: the County is secondarily obligated to provide repayment of a material loan through the State of Michigan, and all general long-term debt issuance, excluding capital lease purchase agreements, requires County authorization.

ST. CLAIR COUNTY DEPARTMENT OF PUBLIC WORKS - The Department of Public Works has the responsibility of administering the various Public Works Project Construction and Debt Service Funds under the provision of Act 185, Public Acts of 1957, as amended, as well as the Utility Operations and Maintenance Receiving and Wastewater Treatment Funds. The DPW operates under a Board, which consists of three commissioners, who are appointed by the County Commissioners. The County Commissioners must authorize and approve any long-term debt issued by the DPW and are secondarily responsible for all operations and obligations.

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2011**

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

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

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

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

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

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

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

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

ST. CLAIR COUNTY, MICHIGAN

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2011

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

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

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

B. Government-wide and fund financial statements -

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

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

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

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

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

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2011**

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

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

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

The County reports the following major governmental funds:

General Fund - is the County's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

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

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

Library - is used to account for the operations of the Public Library.

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

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

The County reports the following major proprietary funds:

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

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

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2011**

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

Additionally, the County reports the following fund types:

Special Revenue Funds - are used to account for the proceeds that are restricted, committed or assigned for expenditures for specific purposes other than debt services 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 government funds.

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

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

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

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

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

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

Private sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for the business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

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

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than program revenues. Likewise, general revenues include all taxes.

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2011**

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

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

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

D. Assets, Liabilities and Net Assets or Equity -

Deposits and Investments -

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

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

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

Receivables and Payables -

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

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

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

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2011**

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

Inventories and Prepaid Items -

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

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

Property Tax Calendar -

The property taxes for the County's general fund are levied on July 1 (the lien date), with all special purpose taxes levied on December 1 (the lien date), based on the taxable value of property located in the County as of the preceding December 31, by the various municipalities within the County. The July 1 taxes are due on or before September 15 and the December 1 taxes are due on or before February 15. The general fund levy is recognized in the year of the levy. The special purpose taxes that are levied on December 1 are recorded as a receivable and deferral since they are budgeted as revenues in the subsequent year. For the year the County levied 5.3265 mills for the General Fund, .4954 mills for Parks and Recreation, .7000 mills for Library, .5000 mills for Senior Citizens, .1000 mills for veterans, and .2803 mills for Drug Task Force.

Capital Assets -

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

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2011**

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

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

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

Compensated Absences -

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

Long-Term Obligations -

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

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

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2011**

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

Fund Equity -

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 or is required to be maintained intact.

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 or ordinance.

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

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

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

Estimates -

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

Federal Programs -

Federal Programs are accounted for in specific Special Revenue Funds or as part of the various fund types to which the programs pertain. The County has not integrated its Single Audit Reports and Schedule of Expenditures of Federal Awards as part of the Annual Financial Report. The Single Audit will be issued prior to August 31, 2012, under separate cover as supplementary information to the Annual Financial Report.

ST. CLAIR COUNTY, MICHIGAN

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2011

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

Accounting Change -

For the year ended December 31, 2011, the County implemented Government Accounting Standard Board (GASB) Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The objective of this Statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing fund type definitions. This statement establishes fund balance classification that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The implementation of this statement requires that the Planning Commission Fund, previously reported as a Special Revenue Fund, be reported as part of the General Fund. The Planning Commission Fund had a fund balance at December 31, 2010 of \$207,139. In addition, the Public Improvement Fund, previously reported as a Special Revenue Fund, is now classified as a Capital Projects Fund.

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY:

Budgetary Information -

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

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

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2011**

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

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

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

During the year ended December 31, 2011, the County (primary government) incurred expenditures in the General Fund and Special Revenue Funds, which were in excess of the amounts appropriated at the activity level for the General Fund and functional level for the Special Revenue Funds as follows:

Excess of Expenditures over Appropriations -

PRIMARY GOVERNMENT -

<u>Fund Type/Function/Activity</u>	<u>Appropriations</u>	<u>Expended</u>	<u>Variance</u>
General Fund -			
Judicial -			
Circuit Court	\$ 1,854,183	\$ 1,881,863	\$ 27,680
Courthouse Security	444,993	450,129	5,136
Family Division - Circuit Court	1,839,018	1,866,117	27,099
General Government -			
Accounting	410,505	412,232	1,727
Clerk	816,176	828,145	11,969
Purchasing	241,144	243,134	1,990
Information Technology	2,179,118	2,208,751	29,633
Motor Pool	12,500	13,509	1,009
Public Safety -			
Sheriff	7,243,860	7,262,072	18,212
Marine Law Enforcement	243,001	249,220	6,219
Corrections/Jail	10,991,174	11,267,860	276,686
Animal Shelter/Dog Warden	288,328	290,096	1,768
Health and Welfare -			
Medical Examiner	326,490	332,577	6,087
Public Guardian	353,313	359,336	6,023
Special Revenue Funds -			
Health Department -			
Health and Welfare	7,394,389	7,747,397	353,008
Parks and Recreation -			
Transfers to Other Funds	1,000	32,503	31,503
Senior Citizen's Millage -			
Transfers to other funds	-	11,845	11,845

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2011**

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

Nonmajor Special Revenue Funds -

<u>Fund Type/Function/Activity</u>	<u>Appropriations</u>	<u>Expended</u>	<u>Variance</u>
Drug Task Force – Public Safety	\$ 1,530,366	\$ 1,727,339	\$ 196,973
Brownfield Development – Community & Economic Development	-	42,434	42,434
Drug Law Enforcement – Public Safety	110,000	122,995	12,995
Transfers to other funds	-	178,000	178,000
CDBG Housing – Health & Welfare	165,326	190,235	24,909
Child Care – Health & Welfare	5,752,196	5,993,019	240,823
E-911 – Transfers to other funds	780,454	781,848	1,394
Deeds Automation – General Government	109,368	126,629	17,261
Family Counseling – Judicial	25,000	35,799	10,799

Unassigned Fund Balance Deficit -

The Drain Debt fund (component unit fund) has an undesignated fund balance deficit of \$465,104 at December 31, 2011 due to interest payments on notes being made before assessments have been made to the benefiting property owners.

NOTE 3 - DEPOSITS AND INVESTMENTS:

Authorized Deposits and Investments -

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

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2011**

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

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

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

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2011**

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

Carrying Amount -

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

	<u>Primary Government</u>	<u>Component Units</u>	<u>Fiduciary Unit</u>	<u>Reporting Entity</u>
Cash on Hand -				
Petty cash and cash on hand	\$ 17,332	\$ 4,275	\$ 1,200	\$ 22,807
Deposits with Financial Institutions - Checking/Savings/Certificates of Deposit/Money Market	<u>56,363,969</u>	<u>25,681,825</u>	<u>4,005,017</u>	<u>86,050,811</u>
Investments -				
Investment Trust Funds	1,017,106	-	26,401,139	27,418,245
U.S. Government/Agencies	-	95,511	19,245	114,756
Corporate Debt	-	-	32,068,968	32,068,968
Stocks	-	-	73,291,865	73,291,865
Equity Funds	-	-	41,403,214	41,403,214
Foreign Bonds	-	-	12,814,606	12,814,606
Mutual Funds	-	-	13,288,634	13,288,634
Municipal Bonds	-	-	472,953	472,953
Investments Held by Broker	-	-	<u>80,622</u>	<u>80,622</u>
Total Investments	<u>1,017,106</u>	<u>95,511</u>	<u>199,841,246</u>	<u>200,953,863</u>
Grand Total	<u>\$ 57,398,407</u>	<u>\$ 25,781,611</u>	<u>\$ 203,847,463</u>	<u>\$ 287,027,481</u>

Reconciliation To Combined Balance Sheet -

Reported as Cash and Cash Equivalents -	
Petty Cash and Cash on Hand	\$ 22,807
Cash in Checking/Cash in Savings	
Money Market/Certificate of Deposit	76,944,611
Investment Trust Funds	<u>27,418,245</u>
Total Cash and Cash Equivalents Reported on Combined Balance Sheet	<u>104,385,663</u>
Reported as Investments -	
Certificates of Deposits	9,106,200
U.S. Government/Agencies	114,756
Corporate Debt	32,068,968
Stocks	73,291,865
Equity Funds	41,403,214
Foreign Bonds	12,814,606
Mutual Funds	13,288,634
Municipal Bonds	472,953
Investments Held by Broker-Dealer	<u>80,622</u>
Total Investments Reported on Combined Balance Sheet	<u>182,641,818</u>
Grand Total - Combined Balance Sheet	<u>\$ 287,027,481</u>

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2011**

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

Deposits with Financial Institutions -

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

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

Custodial Credit Risk - Deposits - Custodial credit risk for deposits is the risk that in the event of a bank failure, the County's deposits may not be returned. As an indication of the level of deposit custodial credit risk assumed by the County, as of December 31, 2011, the book value of the County's deposits was \$86,050,811 with a corresponding bank balance of \$86,478,711. Insured deposits were \$13,893,160, collateralized by securities held by the pledging financial institution were \$41,239,632, and the remaining \$31,345,919 were uninsured, uncollateralized, and in the County's name.

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

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

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

Investments (Excluding Retirement)

Credit Risk - Investments - The County has \$2,968,531 excluding retirement, invested in investment trust funds that invest primarily in U.S. Treasuries, U.S. Agencies, repurchase agreements, and commercial paper. The County's investment policy does not specifically address credit risk for investments. The investment trusts have been rated as follows:

	<u>Amount</u>	<u>Rating</u>	<u>Rating Agency</u>	<u>Average Days to Maturity</u>
Primary Government -				
MBIA Michigan CLASS	\$ 1,017,106	AAAm	Standard & Poors	43
Fiduciary Unit -				
Federated Treasury Obligations	1,951,425	AAAm	Standard & Poors	51

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2011**

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

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

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

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

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

<u>Investment Types</u>	<u>Fair value</u>	<u>Maturity (years)</u>	
		<u><1</u>	<u>1-2</u>
Investment Trusts -			
Primary Government	\$ 1,017,106	\$ 1,017,106	\$ -
Fiduciary Unit	26,401,139	26,401,139	-
Certificates of Deposit (1) -			
Primary Government	9,106,200	3,106,200	6,000,000

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

Investments - Retirement System

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

US Large Cap Equities - No more than 5% of the outstanding securities of one issuer, nor more than 7% of the portfolio's assets in the outstanding securities of one issuer. No more than three times the sector weighting of the S & P 500 Index and a maximum weighting of 25% of the index weight, whichever is greater, invested in any one industry sector.

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2011**

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

US Small/Mid Cap Equities - No more than 5% of the outstanding securities of one issuer, nor more than 7% of the portfolio's assets in the outstanding securities of one issuer. No more than three times the sector weighting of the Russell 2500 Index and a maximum weighting of 25% of the index weight, whichever is greater, invested in any one-industry sector.

International Equities - No more than 25% of the portfolio in emerging market countries.

US Intermediate Fixed Income - No more than 5% may be invested in one issuer, except Treasury and Agency securities. All debt securities must have a quality rating of Aaa/AAA or above at the time of purchase.

Pension investments are made through the use of investment advisors, which are selected and retained by the Retirement Board. The advisors serve at the leisure of the Retirement Board as provided by investment agreements. At December 31, 2011 the Retirement System had five investment advisors. As of December 31, 2011, the County had the following investment types in its Retirement System:

<u>Investment Types</u>	<u>Fair Value</u>	<u>Percentage</u>
Corporate Debt – Other	\$ 32,068,968	16.35%
U.S. Government/Agency Bonds	19,245	.01
Municipal Bonds	472,953	.24
Foreign Bonds	12,814,606	6.53
Stocks	73,291,865	37.36
Mutual Funds	13,288,634	6.77
Equity Funds	<u>41,403,214</u>	<u>21.10</u>
	173,359,485	88.36
 Investment Trust Funds (1)	 <u>24,449,714</u>	 <u>11.64</u>
 Total	 <u>\$ 197,809,199</u>	 <u>100.00%</u>

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

	<u>Amount</u>	<u>Rating</u>	<u>Rating Agency</u>	<u>Average Days to Maturity</u>
Fifth Third Treasury Money Market	\$ 20,701,125	AAAm	Standard & Poors	54
Federated Govt. Obligations Tx Mgd Fund	3,748,589	AAAm	Standard & Poors	36

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2011**

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

Credit Risk - The Board's adopted Statement of Investment Policies Procedures and Objectives states that all debt securities, except Treasuries and Agencies, must have a quality rating of B or above at the time of issue and allows up to 25% of the portfolio in BB to CCC rated securities. If more than allowed value of securities are within that investment grade, it shall be reported to the Retirement Board immediately along with a proposed plan of action. As of December 31, 2011, investments held in the Retirement System excluding investment trusts, U.S. government securities, mutual funds, equity funds, and stocks had the following Standard & Poors ratings:

<u>Fair Value</u>	<u>Ratings</u>
\$ 2,215,905	AAA
2,166,090	AA+
321,135	AA
2,434,926	AA-
1,722,833	A+
1,092,016	A
6,751,354	A-
6,445,714	BBB+
5,455,780	BBB
7,221,258	BBB-
1,682,518	BB+
1,089,181	BB
1,478,375	BB-
1,136,019	B+
71,550	B
27,818	B-
504,413	CCC
79,523	CC
898	D
<u>3,459,221</u>	No Rating
<u>\$ 45,356,527</u>	

Custodial Credit Risk - The risk that, in the event of a failure of the counterparty, the Retirement System would not be able to recover the value of its investments that are in the possession of another side party. The Retirement System's Investment Policy requires that all investment transactions shall be conducted through a custodian that will act as the system's third party. Securities shall be held by the custodian, as designated by the Retirement Board, and shall be evidenced by a custodial report. As of December 31, 2011, \$197,809,199 in investments was held in third party safekeeping in the County's name.

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

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2011**

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

Interest Rate Risk - The Board's adopted Statement of Investment Policy and Objectives places no limitation on the system's fixed income manager on the length to maturity for fixed income investments. The system's fixed income investments had lengths of maturities ranging from one month to 47 years, which is reasonable given the long-term nature of the system. Having staggered maturities will reduce the retirement system's risk exposure to rising interest rates. As of December 31, 2011, the Retirement System's investments had the following maturities:

Investment	Fair Value	Years			
		<1	1-5	5-10	10>
Asset Backed Bonds	\$ 7,422,674	\$ -	\$ 69,090	\$ 1,030,161	\$ 6,323,423
Corporate Debt Other	24,646,294	345,850	6,896,153	7,693,741	9,710,550
Municipal Bonds	472,953	-	-	-	472,953
Foreign Bonds	12,814,606	2,882,043	3,420,448	3,375,493	3,136,622
	<u>\$ 45,356,527</u>	<u>\$ 3,227,893</u>	<u>\$ 10,385,691</u>	<u>\$ 12,099,395</u>	<u>\$ 19,643,548</u>

NOTE 4 - RECEIVABLES:

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

	Governmental Activities	Business-type Activities
Property taxes	\$ 13,881,333	\$ 11,837,434
Interest and accounts	2,399,576	1,304,486
Notes receivable	-	96,941
Intergovernmental -		
Federal/State	3,731,106	347,963
Local	10,781,485	190,494
Due from fiduciary funds	<u>289,503</u>	<u>-</u>
	31,083,003	13,777,318
Less - allowance for uncollectible	(484,276)	(97,500)
	<u>\$ 30,598,727</u>	<u>\$ 13,679,818</u>

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2011**

NOTE 4 - RECEIVABLES - (cont'd):

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not earned or are received in advance of the period they are intended to finance. At the end of the current fiscal year, the various components of deferred revenue and unearned revenue reported in the governmental funds were as follows:

		<u>Unavailable</u>	<u>Unearned</u>
General Fund	Property Taxes	\$ 447,490	\$ -
	Grants	323,705	-
	Fees and Other	<u>65,556</u>	<u>-</u>
		<u>836,751</u>	<u>-</u>
Health Department	Grants	<u>125,505</u>	<u>16,402</u>
Parks and Recreation	Property Taxes	<u>46,841</u>	<u>2,835,342</u>
Library	Property Taxes	<u>59,544</u>	<u>4,006,834</u>
Senior Citizens Millage	Property Taxes	<u>47,441</u>	<u>2,861,958</u>
Mental Health Building Debt	Lease Contract	<u>9,675,000</u>	<u>-</u>
Non-Major Governmental Funds	Property Taxes	28,211	2,176,396
	Grants	66,327	-
	Revolving Loan	1,363,719	-
	Fees	<u>600</u>	<u>-</u>
		<u>1,458,857</u>	<u>2,176,396</u>
Total deferred/unearned revenue in governmental funds		<u>\$ 12,249,939</u>	<u>\$ 11,896,932</u>

NOTE 5 - CAPITAL ASSETS:

Primary Government

Capital asset activity of the primary government for the year ended December 31, 2011 was as follows:

	<u>Balance January 1, 2011</u>	<u>Additions</u>	<u>Disposals/ Adjustments</u>	<u>Balance December 31, 2011</u>
Governmental Activities:				
Capital assets, not being depreciated				
Land	\$ 9,726,165	\$ 1,278,277	\$ -	\$ 11,004,442
Construction in progress	<u>4,690,577</u>	<u>2,057,975</u>	<u>4,592,060</u>	<u>2,156,492</u>
Total capital assets, not being depreciated	<u>14,416,742</u>	<u>3,336,252</u>	<u>4,592,060</u>	<u>13,160,934</u>

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2011**

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

	Balance January 1, 2011	Additions	Disposals/ Adjustments	Balance December 31, 2011
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Capital assets, being depreciated				
Buildings	\$ 88,999,175	\$ 66,394	\$ 1,552,539	\$ 87,513,030
Improvements other than buildings	6,885,819	36,640	-	6,922,459
Machinery and equipment	18,247,065	4,202,673	197,166	22,252,572
Books	<u>9,527,427</u>	<u>531,532</u>	<u>945,628</u>	<u>9,113,331</u>
Total capital assets being depreciated	<u>123,659,486</u>	<u>4,837,239</u>	<u>2,695,333</u>	<u>125,801,392</u>
Less accumulated depreciation for:				
Buildings	22,895,997	2,100,370	1,530,735	23,465,632
Improvements other than buildings	2,337,904	298,018	-	2,635,922
Machinery and equipment	10,917,040	1,529,894	155,399	12,291,535
Books	<u>7,043,366</u>	<u>551,118</u>	<u>945,628</u>	<u>6,648,856</u>
Total accumulated depreciation	<u>43,194,307</u>	<u>4,479,400</u>	<u>2,631,762</u>	<u>45,041,945</u>
Total capital assets being depreciated, net	<u>80,465,179</u>	<u>357,839</u>	<u>63,571</u>	<u>80,759,447</u>
Governmental activities capital assets, net	<u>\$ 94,881,921</u>	<u>\$ 3,694,091</u>	<u>\$ 4,655,631</u>	<u>\$ 93,920,381</u>
Business-type Activities:				
Capital assets, not being depreciated				
Land	\$ 1,077,858	\$ -	\$ -	\$ 1,077,858
Construction in progress	<u>9,958,638</u>	<u>1,288,302</u>	<u>2,632,278</u>	<u>8,614,662</u>
Total capital assets, not being depreciated	<u>11,036,496</u>	<u>1,288,302</u>	<u>2,632,278</u>	<u>9,692,520</u>
Capital assets, being depreciated				
Building	2,027,870	1,891,825	-	3,919,695
Improvements other than buildings	30,738,571	1,093,027	-	31,831,598
Machinery and equipment	<u>1,169,414</u>	<u>397,321</u>	<u>-</u>	<u>1,566,735</u>
Total capital assets being depreciated	<u>33,935,855</u>	<u>3,382,173</u>	<u>-</u>	<u>37,318,028</u>
Less accumulated depreciation for:				
Building	538,816	50,807	-	589,623
Improvements other than buildings	20,514,811	1,020,047	-	21,534,858
Machinery and equipment	<u>824,036</u>	<u>73,142</u>	<u>-</u>	<u>897,178</u>
	<u>21,877,663</u>	<u>1,143,996</u>	<u>-</u>	<u>23,021,659</u>
Total capital assets being depreciated, net	<u>12,058,192</u>	<u>2,238,177</u>	<u>-</u>	<u>14,296,369</u>
Business type activities capital assets, net	<u>\$ 23,094,688</u>	<u>\$ 3,526,479</u>	<u>\$ 2,632,278</u>	<u>\$ 23,988,889</u>

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2011**

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

The business-type capital assets include \$120,049 of capitalized interest.

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

Governmental activities:	
Judicial	\$ 38,967
General Government	820,006
Public Safety	2,440,407
Health and Welfare	134,220
Recreation and Cultural	<u>1,043,311</u>
Total depreciation expense-governmental activities	4,476,911
Depreciation in the internal service fund	<u>2,489</u>
	<u>\$ 4,479,400</u>
Business-type activities:	
Solid Waste Disposal System	\$ 883,682
Delinquent Tax Revolving	5,750
Airport Commission	<u>254,564</u>
Total depreciation expense-business-type activities	<u>\$ 1,143,996</u>

Construction/Purchase Commitments

The County has committed to the following contracts at December 31, 2011 (These commitments do not include change orders made after December 31, 2011):

	<u>Contract Amount</u>	<u>Payments Through 12/31/11</u>	<u>Accounts Payable/ Retention</u>	<u>Remaining Balance 12/31/11</u>
Air Advantage (a)	\$ 192,500	\$ 75,000	\$ -	\$ 117,500
Columbus County Park Lodge (b)	1,226,350	135,340	120,750	970,260
Goodells County Park Roof (c)	179,696	-	-	179,696
Network Fiber (d)	148,000	44,400	-	103,600

- a) The County has contracted for an Air Advantage wireless solution.
- b) The County has contracted to build a lodge at the Columbus County Park.
- c) The County has contracted for repair and replacement of roofs at Goodells County Park.
- d) The County has contracted for network fiber to be run from the Intervention Center to the Health Department and to the Court House.

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2011**

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

Discretely Presented Component Units

Drainage Districts. Activity for the Drainage Districts for the year ended December 31, 2011 was as follows:

	Balance January 1, 2011	Additions	Deletions	Balance December 31, 2011
Capital assets, not being depreciated:				
Right of Ways	\$ 435,355	\$ 104,156	\$ -	\$ 539,511
Construction in progress	<u>13,124,959</u>	<u>2,749,704</u>	<u>12,227,020</u>	<u>3,647,643</u>
	<u>13,560,314</u>	<u>2,853,860</u>	<u>12,227,020</u>	<u>4,187,154</u>
Capital assets, being depreciated:				
Infrastructure	19,776,523	12,454,572	-	32,231,095
Equipment	<u>38,067</u>	<u>-</u>	<u>-</u>	<u>38,067</u>
	<u>19,814,590</u>	<u>12,454,572</u>	<u>-</u>	<u>32,269,162</u>
Less accumulated depreciation for:				
Infrastructure	5,108,763	482,302	-	5,591,065
Equipment	<u>28,069</u>	<u>4,988</u>	<u>-</u>	<u>33,057</u>
	<u>5,136,832</u>	<u>487,290</u>	<u>-</u>	<u>5,624,122</u>
Total capital assets being depreciated, net	<u>14,677,758</u>	<u>11,967,282</u>	<u>-</u>	<u>26,645,040</u>
Total capital assets, net	<u>\$ 28,238,072</u>	<u>\$ 14,821,142</u>	<u>\$ 12,227,020</u>	<u>\$ 30,832,194</u>

Depreciation expense for 2011 was \$487,290.

Road Commission. Activity for the Road Commission for the year ended December 31, 2011 was as follows:

Capital assets, not being depreciated -				
Land	\$ 65,629	\$ -	\$ -	\$ 65,629
Land Improvements	34,684,249	633,505	-	35,317,754
Right of Ways	<u>2,028,948</u>	<u>374,131</u>	<u>199,000</u>	<u>2,204,079</u>
Total capital assets, not being depreciated	<u>36,778,826</u>	<u>1,007,636</u>	<u>199,000</u>	<u>37,587,462</u>

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2011**

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

	Balance January 1, 2011	Additions	Deletions/ Removals	Balance December 31, 2011
Capital assets, being depreciated -				
Building and Improvements	\$ 4,663,067	\$ -	\$ -	\$ 4,663,067
Road Equipment	11,653,576	977,646	1,460,020	11,171,202
Shop Equipment	700,898	3,428	8,466	695,860
Office Equipment	263,223	1,220	3,713	260,730
Engineering Equipment	342,835	39,264	28,647	353,452
Infrastructure -				
Roads	95,131,793	3,252,258	1,942,856	96,441,195
Bridges	43,345,393	8,273,083	-	51,618,476
Traffic Signals	423,008	-	-	423,008
Depletable Assets -				
Gravel Pits	<u>163,455</u>	<u>-</u>	<u>-</u>	<u>163,455</u>
	<u>156,687,248</u>	<u>12,546,899</u>	<u>3,443,702</u>	<u>165,790,445</u>
Less - accumulated depreciation for -				
Buildings and Improvements	2,608,207	100,087	-	2,708,294
Road Equipment	10,561,382	544,113	1,375,903	9,729,592
Shop Equipment	534,315	22,124	7,831	548,608
Office Equipment	248,471	7,464	3,713	252,222
Engineering Equipment	274,257	22,036	24,471	271,822
Infrastructure -				
Roads	40,169,739	5,249,123	1,942,856	43,476,006
Bridges	14,383,576	990,789	-	15,374,365
Traffic Signals	318,466	15,372	-	333,838
Depletable Assets	<u>46,342</u>	<u>-</u>	<u>-</u>	<u>46,342</u>
	<u>69,144,755</u>	<u>6,951,108</u>	<u>3,354,774</u>	<u>72,741,089</u>
Total capital assets, being depreciated, net	<u>87,542,493</u>	<u>5,595,791</u>	<u>88,928</u>	<u>93,049,356</u>
Total capital asset, net	<u>\$124,321,319</u>	<u>\$ 6,603,427</u>	<u>\$ 287,928</u>	<u>\$130,636,818</u>

Depreciation expense for 2011 was \$6,951,108.

Department of Public Works. Activity for the Department of Public Works for the year ended December 31, 2011 was as follows:

Business-type activities:

 Capital assets, not being depreciated -

Land	<u>\$ 705,522</u>	<u>\$ -</u>	<u>\$ 621,746</u>	<u>\$ 83,776</u>
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ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2011**

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

	Balance January 1, 2011	Additions	Deletions	Balance December 31, 2011
Capital assets being depreciated -				
Site Development	\$ 351,218	\$ -	\$ 351,218	\$ -
Plant	10,652,352	37,563	-	10,689,915
Utility System	19,019,275	-	3,016,509	16,002,766
Machinery and Equipment	<u>1,143,952</u>	<u>34,176</u>	<u>241,886</u>	<u>936,242</u>
	<u>31,166,797</u>	<u>71,739</u>	<u>3,609,613</u>	<u>27,628,923</u>
Less - accumulated depreciation for -				
Site Development	168,216	-	168,216	-
Plant	4,804,326	213,424	-	5,017,750
Utility System	10,317,212	266,713	1,429,337	9,154,588
Machinery and Equipment	<u>607,832</u>	<u>49,810</u>	<u>81,138</u>	<u>576,504</u>
	<u>15,897,586</u>	<u>529,947</u>	<u>1,678,691</u>	<u>14,748,842</u>
Total capital assets, being depreciated, net	<u>15,269,211</u>	<u>(458,208)</u>	<u>1,930,922</u>	<u>12,880,081</u>
Total capital assets, net	<u>\$ 15,974,733</u>	<u>\$(458,208)</u>	<u>\$ 2,552,668</u>	<u>\$ 12,963,857</u>

Depreciation expense was charged to function/programs as follows:

Business-type activities -	
Water and Sewer	<u>\$ 529,947</u>

Community Mental Health Authority. Activity for the Community Mental Health Authority for the year ended September 30, 2011 was as follows:

	Balance October 1, 2010	Additions	Disposals/ Adjustments	Balance September 30, 2011
Capital assets not being depreciated -				
Land	\$ 1,752,758	\$ 108,624	\$ -	\$ 1,861,382
Construction in progress	-	<u>47,457</u>	-	<u>47,457</u>
Total capital assets, not being depreciated	<u>1,752,758</u>	<u>156,081</u>	-	<u>1,908,839</u>
Capital assets being depreciated -				
Building	11,563,095	176,318	-	11,739,413
Leasehold improvements	54,980	-	-	54,980
Equipment and Furniture	<u>2,510,197</u>	<u>146,193</u>	<u>32,949</u>	<u>2,623,441</u>
	<u>14,128,272</u>	<u>322,511</u>	<u>32,949</u>	<u>14,417,834</u>
Less accumulated depreciation for -				
Building	1,524,977	641,762	-	2,166,739
Leasehold improvements	41,235	5,498	-	46,733
Equipment	<u>1,385,385</u>	<u>288,814</u>	<u>6,069</u>	<u>1,668,130</u>
	<u>2,951,597</u>	<u>936,074</u>	<u>6,069</u>	<u>3,881,602</u>
Total capital assets being depreciated, net	<u>11,176,675</u>	<u>(613,563)</u>	<u>26,880</u>	<u>10,536,232</u>
Total capital assets, net	<u>\$ 12,929,433</u>	<u>\$(457,482)</u>	<u>\$ 26,880</u>	<u>\$ 12,445,071</u>

Depreciation expense for 2011 was \$936,074.

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2011**

NOTE 6 - PAYABLES:

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

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Accounts payable/accrued expenses	\$ 3,474,375	\$ 823,901
Wages and fringe benefits	1,323,205	14,669
Accrued interest	529,975	37,075
Intergovernmental -		
Federal/State	305,481	-
Local	2,861	26,040
Due to fiduciary funds -	<u>15,448</u>	<u>-</u>
	<u>\$ 5,651,345</u>	<u>\$ 901,685</u>

NOTE 7 - INTERFUND RECEIVABLE, PAYABLE AND TRANSFERS:

The composition of interfund balances as of December 31, 2011:

Due To/From Other Funds -

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Primary Government –		
General Fund	E-911 Fund	\$ 195,666 (2)
Delinquent Tax Revolving Fund	General Fund	7,000,000 (5)
Library Fund	Library Penal Fine	15,437 (2)
E-911 Fund	Trust and Agency	195,666 (2)
Communications Debt Fund	Trust and Agency	<u>78,400 (2)</u>
		7,485,169
Fiduciary Funds –		
Trust and Agency	Drug Task Force	15,448 (1)
Basic Retirement System	Other Postemployment Benefits	126,401 (3)
Other Postemployment Benefits	Basic Retirement System	<u>17,377,190 (4)</u>
		<u>\$ 25,004,208</u>

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

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2011**

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

Advances From/To Primary Government & Component Unit -

<u>Receiving Entity</u>		
Primary Government - General Fund	Component Unit - Drains	\$ <u>50,000</u> (1)
Component Unit - DPW	Primary Government - Airport Commission	\$ <u>89,281</u> (1)

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

Transfers From/To Other Funds -

<u>Receiving Fund</u>	<u>Expending Fund</u>	<u>Amount</u>
General	Drug Task Force	\$ 197,464 (4)
	Solid Waste Disposal System	778,397 (6)*
		71,603 (4)*
	Revenue Sharing Reserve	3,623,714 (5)
	E-911	781,848 (4)
	Parks and Recreation	32,503 (4)
	Senior Millage	11,845 (4)
Health Department	General	2,231,518 (1)
Nonmajor Governmental Funds -		
Veterans' Millage	General	232,739 (4)
Brownfield Redevelopment	General	15,000 (4)
CDBG Housing	General	10,000 (1)
Human Services	General	304,262 (1)
Child Care	General	1,742,638 (1)
Drug Elimination	Drug Law Enforcement	178,000 (4)
Public Improvement	General	975,675 (3)
Jail/Juvenile Facility Debt	Delinquent Tax Revolving	2,154,550 (2)*
Development Revolving	General	1,362,000 (3)
	Solid Waste Disposal System	100,000 (7)*
Building Authority Debt	General	859,245 (2)
Communications Debt	General	208,706 (2)
Airport	Solid Waste Disposal System	<u>202,000</u> (1)*
Total Transfers		\$ <u>16,073,707</u>

(1) Annual appropriations for operations

(2) Transfers for the payment of debt

(3) Transfers for construction/equipment

(4) Transfers to cover cost

(5) Substitution for State Revenue Sharing

(6) Transfer to cover Road Appropriation

(7) Transfer of prior royalties

*Transfer Between Governmental and Business-type Activities

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2011**

NOTE 8 - LEASES:

Primary Government

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

Lessor Leases - The County has also entered into an operating lease agreement with the State of Michigan to lease approximately 49.3% (33,694 square feet) of the County Administration Building. The agreement calls for annual rent payments of \$774,693 per year with an adjustment based on actual operating cost after the end of each year. The original lease is for 25 years ending July 31, 2022 with an option to rent for an additional five years. However the lease may be cancelled by the State for various reasons with at least 90 days notice. The noncancellable portion of the lease is \$181,829.

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

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

	<u>Principal</u>	<u>Interest</u>
2012	\$ 250,000	\$ 396,174
2013	275,000	385,674
2014	300,000	374,175
2015	400,000	360,175
2016	450,000	343,175
2017-2021	3,450,000	1,359,737
2022-2026	<u>4,550,000</u>	<u>497,650</u>
Total Receivable	<u>\$ 9,675,000</u>	<u>\$ 3,716,760</u>

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2011**

NOTE 8 - LEASES - (cont'd):

Department of Public Works

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

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

	<u>Principal</u>	<u>Interest</u>
2012	\$ 2,970,000	\$ 907,093
2013	2,775,000	816,085
2014	2,670,000	727,034
2015	2,735,000	637,641
2016	2,620,000	545,266
2017-2021	9,000,600	1,509,817
2022-2026	2,750,000	342,996
2027-2029	<u>801,954</u>	<u>33,912</u>
	<u>\$ 26,322,554</u>	<u>\$ 5,519,844</u>

The aggregate future capital lease payments necessary for the retirement of the debt principal and accrued interest payable at December 31, 2011 have been reported net of available cash as a capital lease receivable.

Principal due	\$ 26,322,554
Accrued interest	177,483
Net premium (discount)	<u>(21,400)</u>
	26,478,637
Less -	
Cash available after	
current liabilities	<u>(708,604)</u>
Deferred charges	<u>(45,610)</u>
	<u>\$ 25,724,423</u>

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2011**

NOTE 9 - LONG-TERM DEBT:

PRIMARY GOVERNMENT -

The following is a summary of changes in the long-term debt (including current portions) of the Primary Government for the year ended December 31, 2011:

	Balance January 1, <u>2011, Restated</u>	<u>Additions</u>	<u>Reductions</u>	Balance December 31, 2011	Due Within One Year
Governmental Activities:					
Governmental Funds -					
2007 General Obligation Bonds, Series A	\$ 9,925,000	\$ -	\$ 250,000	\$ 9,675,000	\$ 250,000
2007 General Obligation Bonds, Series B	3,175,000	-	150,000	3,025,000	175,000
2003 General Obligation Bonds	28,850,000	-	950,000	27,900,000	1,000,000
2009 General Obligation Bonds	2,900,000	-	100,000	2,800,000	125,000
2004 Building Authority Refunding Bonds	7,335,000	-	550,000	6,785,000	535,000
Drain Districts	2,345,264	1,140,840	241,607	3,244,497	238,222
Accumulated Vacation, Sick & Compensatory Leave	4,331,567	572,519	414,659	4,489,427	340,000
Other Postemployment Benefits	15,212,756	12,362,559	3,615,674	23,959,641	-
Deferred amounts for -					
Issuance Discounts	(166,678)	-	(10,863)	(155,815)	(10,864)
Issuance Premiums	216,600	-	24,066	192,534	24,067
Refunding Loss	(559,129)	-	(62,125)	(497,004)	(62,125)
Total Governmental Funds	<u>73,565,380</u>	<u>14,075,918</u>	<u>6,223,018</u>	<u>81,418,280</u>	<u>2,614,300</u>
Internal Service Fund -					
Worker's Compensation Claims Liability	300,000	212	150,212	150,000	136,000
General, Auto and Property Insurance Claims Liability	200,000	111,593	231,593	80,000	40,000
Other Postemployment Benefits	<u>25,610</u>	<u>-</u>	<u>-</u>	<u>25,610</u>	<u>-</u>
Total Internal Service Fund	<u>525,610</u>	<u>111,805</u>	<u>381,805</u>	<u>255,610</u>	<u>176,000</u>
Total Governmental Activities	<u>74,090,990</u>	<u>14,187,723</u>	<u>6,604,823</u>	<u>81,673,890</u>	<u>2,790,300</u>
Business Activities:					
Enterprise Funds -					
Solid Waste Disposal System -					
General Obligation Bonds 2010	4,830,496	1,354,315	-	6,184,811	-
Closure and Post-closure Costs	8,953,221	609,693	-	9,562,914	-
Accumulated Vacation, Sick & Compensatory Leave	30,779	749	-	31,528	-
Other Postemployment Benefits	95,014	76,026	5,369	165,671	-
Delinquent Tax Revolving - Other Postemployment Benefits	16,596	-	-	16,596	-
Airport Commission - Accumulated Vacation, Sick & Compensatory Leave	10,452	-	1,167	9,285	-
Other Postemployment Benefits	<u>38,288</u>	<u>15,022</u>	<u>38</u>	<u>53,272</u>	<u>-</u>
Total Enterprise Funds	<u>13,974,846</u>	<u>2,055,805</u>	<u>6,574</u>	<u>16,024,077</u>	<u>-</u>
Total Primary Government	<u>\$ 88,065,836</u>	<u>\$ 16,243,528</u>	<u>\$ 6,611,397</u>	<u>\$ 97,697,967</u>	<u>\$ 2,790,300</u>

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2011**

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

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

2007 General Obligation Bonds, Series A -

The County issued \$10,490,000 of General Obligation Limited Tax Bonds, Pursuant to the provisions of Act 34, Public Acts of Michigan. The bonds were issued for the cost of acquiring, constructing, and equipping a new consolidated office building to house the Mental Health Authority administrative staff and direct operated programs. The bonds, dated April 1, 2007, are due in annual installments from \$250,000 to \$950,000 through April 1, 2026 with interest ranging from 4.0% to 4.3% payable semi-annually. \$ 9,675,000

2007 General Obligation Bonds, Series B -

The County issued \$3,500,000 of General Obligation Limited Tax Bonds, Pursuant to the provisions of Act 34, Public Acts of Michigan. The bonds were issued for the cost of acquiring and installing equipment related to 911 services located in the County. The bonds, dated April 1, 2007, are due in annual installments from \$175,000 to \$425,000 through April 1, 2021 with interest ranging from 4.0% to 4.15% payable semi-annually. \$ 3,025,000

2004 Building Authority Refunding Bonds -

The Building Authority issued \$9,625,000 of general obligation limited tax refunding bonds to provide resources to purchase U.S. Government, State and Local Series securities that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of \$9,100,000 of general obligation limited tax bonds. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the governmental activities column of the statement of net assets. The reacquisition price exceeded the net carrying amount of the old debt by \$994,007. This amount is being netted against the new debt and amortized over the remaining life of the refunding debt, which is shorter than the life of the new debt issued. This advance refunding was undertaken to reduce the total debt service payments over 16 years by \$369,426 and resulted in an economic gain of \$271,928. The bonds are due in annual installments from \$535,000 to \$785,000 through April 1, 2021 with interest ranging from 3.1% to 5.0%, payable semi-annually. \$ 6,785,000

2003 General Obligation Bonds -

The County issued \$34,000,000 of General Obligation Limited Tax Bonds, pursuant to Act 34, Public Acts of Michigan. The notes are for the design and construction of a jail and juvenile facility. The bonds, dated June 4, 2003 are due in annual installments increasing from \$1,000,000 to \$2,450,000 through April 1, 2028; plus interest ranging from 4.0% to 4.5%, payable semi-annually. \$ 27,900,000

ST. CLAIR COUNTY, MICHIGAN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2011

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

2009 General Obligation Bonds -

The County issued \$3,000,000 of General Obligation Limited Tax Bonds, pursuant to the provisions of Act 34, Public Acts of Michigan. The bonds were issued for the cost of acquiring and constructing communications towers and acquiring and installing related equipment. The bonds, dated September 1, 2009 are due in annual installments from \$125,000 to \$325,000 through April 1, 2024 with interest ranging from 3.0% to 4.125%, payable semi-annually.

\$ 2,800,000

2010 General Obligation Bonds -

The County issued \$14,045,000 of General Obligation Limited Tax Bonds through the Michigan Municipal Bond Authority to finance the construction of the Landfill Leachate System, of which \$5,096,000 or 36.3% of the bonds are forgivable. A capital grant has been reported in 2011 for the forgivable portion of the obligation. At December 31, 2011, the County had drawn \$11,280,811 including the forgivable portion of \$5,096,000. The bonds, dated January 22, 2010, are due in annual installments ranging from \$349,000 to \$560,000 beginning October 1, 2014 through October 1, 2033 with interest of 2.5% payable semi-annually.

\$ 6,184,811

Drain Districts -

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

\$ 3,244,497

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, 2011. The dollar amount of these claims are reflected on the Balance Sheet of the Self-Insurance Fund, including the current portion of \$40,000.

\$ 80,000

Accrued Worker's Compensation Claims -

The County has estimated accrued outstanding worker's compensation insurance claims, including an estimate for claims incurred but not reported (IBNR), at December 31, 2011. The dollar amount of these claims is reflected on the Balance Sheet of the Self-Insurance Fund, including the current portion of \$136,000.

\$ 150,000

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2011**

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

Accrued Vacation, Sick and Compensatory Leave - In accordance with contracts negotiated with the various employee groups of the County, individual employees have vested rights upon termination of employment to receive payments for unused vacation, sick and compensatory leave under formulas and conditions specified in the contracts. The Enterprise Funds portion of \$40,813 has been recorded as a long-term liability on the government-wide and fund level financial statements. The governmental activities portion of \$4,489,427 has been recorded in the government-wide financial statements as a long-term liability. The governmental activities portion is generally liquidated by the General Fund or other governmental funds where the employee is charged.

Other Postemployment Benefits - In accordance with Governmental Accounting Standards Board (GASB) Statement No. 45, the Net OPEB Obligation was reported in the proprietary funds and business-type activities in the amount of \$235,539 and governmental activities in the government-wide financial statements in the amount of \$23,985,251, (including the internal service fund of \$25,610). See Note 11 for additional information.

Post-Closure Care Landfill Costs - In accordance with the Governmental Accounting Standards Board (GASB) Statement 18, the post-closure care landfill liability at December 31, 2011, as reported in the Solid Waste Disposal System (Enterprise Fund/business activities amounts to \$9,562,914. See Note 16 for additional information.

Annual Debt Requirements - The Annual requirements to pay the debt outstanding at December 31, 2011, for the following bonds and notes (excluding accrued vacation, sick and compensatory, accrued insurance claims, other postemployment benefits and closure and post-closure landfill costs) of Primary Government are as follows:

Year Ending December 31,	Authority Bonds		G.O. Limited Tax Bonds		Drain Districts	
	Principal	Interest	Principal	Interest	Principal	Interest
2012	\$ 535,000	\$ 292,702	\$ 1,550,000	\$ 1,788,527	\$ 238,222	\$ 148,280
2013	620,000	274,180	1,725,000	1,724,401	236,276	137,555
2014	610,000	253,275	1,850,000	1,651,527	228,302	126,908
2015	600,000	231,800	2,025,000	1,569,778	210,155	116,679
2016	690,000	203,750	2,175,000	1,480,528	210,691	107,493
2017-2021	3,730,000	480,000	13,925,000	5,786,183	898,915	405,530
2022-2026	-	-	15,350,000	2,677,634	757,416	219,596
2027-2031	-	-	4,800,000	206,125	393,028	56,758
2032-2036	-	-	-	-	51,062	11,170
2037-2038	-	-	-	-	20,430	1,341
	<u>\$ 6,785,000</u>	<u>\$ 1,735,707</u>	<u>\$ 43,400,000</u>	<u>\$ 16,884,703</u>	<u>\$ 3,244,497</u>	<u>\$ 1,331,310</u>

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

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2011**

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

COMPONENT UNITS -

The following is a summary of changes in long-term debt (including current portions) of the Component Units for the year ended December 31, 2011:

	Balance January 1, <u>2011</u>	<u>Additions</u>	<u>Reductions</u>	Balance December 31, <u>2011</u>	Due Within <u>One Year</u>
Department of Public Works -					
Bonds Payable	\$ 16,135,000	\$ -	\$ 1,820,000	\$ 14,315,000	\$ 1,780,000
Drinking Water Revolving Loan	12,732,554	-	1,020,000	11,712,554	1,045,000
Revolving Loans	485,000	-	190,000	295,000	145,000
Deferred Amounts for -					
Issuance Premiums	1,164	-	194	970	194
Issuance Discounts	(26,844)	-	(4,474)	(22,370)	(4,474)
Total DPW	<u>29,326,874</u>	<u>-</u>	<u>3,025,720</u>	<u>26,301,154</u>	<u>2,965,720</u>
Road Commission -					
MTF Bonds - Series 2009 Refunding	2,085,000	-	505,000	1,580,000	515,000
MTF Bonds - Series 2001	250,000	-	250,000	-	-
Accrued Vacation & Sick Leave	273,000	398,000	460,000	211,000	180,000
Other Postemployment Benefits	<u>6,389,717</u>	<u>2,159,516</u>	<u>-</u>	<u>8,549,233</u>	<u>-</u>
Total Road Commission	<u>8,997,717</u>	<u>2,557,516</u>	<u>1,215,000</u>	<u>10,340,233</u>	<u>695,000</u>
Drainage Districts -					
Notes Payable, restated (2)	4,839,347	1,502,000	880,921	5,460,426	2,416,570
State Clean Water Revolving Loans	4,319,000	-	160,000	4,159,000	162,000
Bonds Payable, restated (2)	8,846,627	1,300,000	495,232	9,651,395	525,233
Deferred Amounts for -					
Issuance Premiums	80,970	-	12,908	68,062	12,908
Issuance Discounts	(128,102)	-	(7,117)	(120,985)	(7,117)
	<u>17,957,842</u>	<u>2,802,000</u>	<u>1,541,944</u>	<u>19,217,898</u>	<u>3,109,594</u>
Land Bank Authority -					
Notes Payable	<u>40,900</u>	<u>23,742</u>	<u>31,900</u>	<u>32,742</u>	<u>-</u>
Community Mental Health Authority (1) -					
Loan Payable	1,164,608	210,400	32,929	1,342,079	1,145,261
Contracts Payable	9,925,000	-	250,000	9,675,000	250,000
Deferred Amounts for -					
Issuance Discounts	(87,977)	-	(5,499)	(82,478)	(5,499)
Accrued Vacation, Sick & Compensatory	1,351,294	1,460,745	1,384,098	1,427,941	1,400,000
Other Postemployment Benefits	<u>4,241,493</u>	<u>2,433,274</u>	<u>681,505</u>	<u>5,993,262</u>	<u>-</u>
Total Mental Health	<u>16,594,418</u>	<u>4,104,419</u>	<u>2,343,033</u>	<u>18,355,804</u>	<u>2,789,762</u>
Total Component Units	<u>\$ 72,917,751</u>	<u>\$ 9,487,677</u>	<u>\$ 8,157,597</u>	<u>\$ 74,247,831</u>	<u>\$ 9,560,076</u>

(1) October 1, 2010 through September 30, 2011

(2) The restated notes payable and bonds payable balances at January 1, 2011 are due to a reclassification of a bond that was misclassified as a note payable in the amount of \$505,000. It has no effect on total beginning balance of Drainage District debt.

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2011**

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

Department of Public Works

General Obligation Bonds

General Obligation Bonds have been issued by the County to construct several water supply and sewage disposal systems for various townships, villages and cities in the County. The County in turn is leasing the systems to the various municipalities who operate, maintain and manage the systems. The bonds were sold with the full faith and credit of the Townships, Villages, Cities, and County pursuant to Act 185, Public Acts of Michigan, 1957, as amended. The original amount of the general obligation bonds issued in prior years was \$27,285,000.

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

<u>Purpose</u>	<u>Interest Rate</u>	
Governmental activities	2.00 - 5.55 %	\$ 9,290,000
Governmental activities - refunding	3.25 - 5.00	<u>5,025,000</u>
		<u>\$ 14,315,000</u>

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

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

On February 10, 2004, St. Clair County through the Department of Public Works issued \$2,740,000 WSSIX 2004 Refunding Bonds to partially advance refund the WSSIX Series 1996 and Series 1998 Bonds in the amounts of \$4,700,000 and \$850,000, respectively.

On May 18, 2004, St. Clair County through the Department of Public Works issued \$470,000 SDSX 2004 Refunding Bonds to advance refund SDSX series 1991B Bonds in the amount of \$465,000.

The proceeds from the refunding issues, after payment of issuance costs, were placed in special escrow accounts and invested in securities of the U.S. Government and its agencies. The maturities of these investments coincide with the principal and interest payments on the extinguished debts and are sufficient to pay all principal and interest when due. Accordingly, the trust account assets and liabilities for the defeased bonds outstanding are not included in the DPW Financial Statements. At December 31, 2011 the bonds outstanding of \$520,000, \$2,605,000, \$845,000, and \$75,000, are considered defeased.

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2011**

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

Drinking Water Revolving Loans

Department of Environmental Quality Bonds have been sold through the State of Michigan Drinking Water Revolving Fund to construct water supply systems for three (3) Townships and a City in the County. The County, in turn, is leasing the systems to the townships and city that operate, maintain and manage the systems. The full faith and credit of the Townships, City and County are pledged for the payments to the Drinking Water Revolving Fund. The original amount of the drinking water revolving fund loans drawn in prior years was \$16,255,600.

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

<u>Purpose</u>	<u>Interest Rate</u>	
Governmental activities	2.125 - 2.5%	<u>\$ 11,712,554</u>

State of Michigan Clean Water Revolving Loans

State of Michigan Clean Water Revolving Loans have been obtained to construct sewage disposal systems of a Village and City in the County. The County in turn is leasing the systems to the municipalities who operate, maintain and manage the systems. The loans are backed by the full faith and credit of the Village, City and County pursuant to Act 185, Public Act of Michigan 1957, as amended. The original amount of the State of Michigan Clean Water Revolving Loans issued in prior years was \$3,236,961.

The principal and interest are to be paid out of money received from the Village and City by the Board of Public Works pursuant to the lease agreement. Upon final payment of the loans, ownership of the systems reverts to the Village or City. State of Michigan Clean Water Revolving Loans currently outstanding is as follows:

<u>Purpose</u>	<u>Interest Rate</u>	
Governmental activities	2.0%	<u>\$ 295,000</u>

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

<u>Year Ending December 31,</u>	<u>General Obligation Bonds</u>		<u>Drinking Water Revolving Loans</u>		<u>Clean Water Revolving Loans</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2012	\$ 1,780,000	\$ 580,179	\$ 1,045,000	\$ 321,014	\$ 145,000	\$ 5,900
2013	1,555,000	517,625	1,070,000	295,460	150,000	3,000
2014	1,570,000	457,733	1,100,000	269,301	-	-
2015	1,610,000	395,232	1,125,000	242,409	-	-
2016	1,470,000	330,353	1,150,000	214,913	-	-
2017-2021	4,355,000	878,218	4,645,600	631,599	-	-
2022-2026	1,450,000	243,445	1,300,000	99,551	-	-
2027-2029	<u>525,000</u>	<u>30,969</u>	<u>276,954</u>	<u>2,943</u>	-	-
	<u>\$14,315,000</u>	<u>\$ 3,433,754</u>	<u>\$11,712,554</u>	<u>\$ 2,077,190</u>	<u>\$ 295,000</u>	<u>\$ 8,900</u>

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2011**

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

	<u>Interest Rate (Percent)</u>	<u>Balance December 31, 2011</u>
Governmental Activities (G.O. Bonds) -		
Sewage Disposal System No. X - Series 2000 Bonds (Village of Capac)	5.15-5.55	\$ 465,000
Sewage Disposal System No. I - Series 1999 Bonds (City of Algonac/Clay and Ira Townships)	5.125	235,000
Water Supply System No. II-A Series 2001 Bonds (Clay Township)	4.50-5.00	2,925,000
Sewage Disposal System No. I - Series 2003 Bonds (City of Algonac/Clay and Ira Townships)	3.50-4.60	2,140,000
Water Supply System No. XII - Series 2008 Bonds (Cottrellville Township)	3.50-5.00	1,275,000
Water Supply System No. XIIA - Series 2009 Bonds (Cottrellville Township)	2.00-4.20	<u>2,250,000</u>
		<u>9,290,000</u>
Governmental Activities (G.O. Refunding) -		
Water Supply System No. IIA - 1999 Refunding Bonds (Clay Township)	4.55-4.90	520,000
Water Supply System VII - 2003 A Refunding Bonds (Ira Township)	3.40-4.125	2,505,000
Water Supply System VII - 2003 B Refunding Bonds (Ira Township)	3.40-3.80	835,000
Water Supply System IX - 2004 Refunding Bonds (Burtchville Township)	3.25-3.60	<u>1,165,000</u>
		<u>5,025,000</u>
		<u>\$ 14,315,000</u>
Governmental Activities (Revolving Loans) -		
Water Supply System X Series 1999 (City of Algonac/Clay Township)	2.50	\$ 3,600,600
Water Supply System III Series 1999 (Charter Townships of East China and China)	2.50	4,315,000
Water Supply System XI Series 2006 (Ira Township)	2.125	3,796,954
Sewage Disposal System XI Series 1993 (City of Yale)	2.00	<u>295,000</u>
		<u>\$ 12,007,554</u>

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2011**

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

Road Commission

MTF Bonds - Series 2009 Refunding -

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

The proceeds from the refunding after payment of issuance costs were placed in a special escrow account and invested in securities of the U.S. Government and its agencies. The maturities of these investments coincide with the principal and interest payments on the extinguished debt and are sufficient to pay all principal and interest when due. Accordingly, a trust account asset and liability for the defeased bonds outstanding are not included in the financial statements. The bonds of \$2,505,000 were considered defeased. This advance refunding was undertaken to reduce the total debt service payments over five years by \$109,548 and resulted in an economic gain of \$104,297.

Principal on the bonds is due on August 1, 2012 through 2014 with interest due semi-annually on February 1 and August 1 at interest rates ranging from 2.00% to 2.625%. The balance as of December 31, 2011 was \$1,580,000.

Accrued Sick and Vacation -

In accordance with contracts negotiated with the various employee groups of the Road Commission, individual employees have a vested right upon termination of employment to receive payment for unused sick leave and vacation under formulas and conditions specified in the contracts. The dollar amount of these vested rights, which has been accrued on the financial statements, amounted to approximately \$47,000 for sick leave and \$164,000 for vacation at December 31, 2011.

Post Employment Benefits -

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

The annual requirements to amortize long-term liabilities outstanding at December 31, 2011, excluding compensated absences and other postemployment benefits liability are as follows:

	<u>MTF Bonds</u>		
	<u>Series 2009 Refunding</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 515,000	\$ 36,288	\$ 551,288
2013	525,000	25,987	550,987
2014	<u>540,000</u>	<u>14,175</u>	<u>554,175</u>
	<u>\$ 1,580,000</u>	<u>\$ 76,450</u>	<u>\$ 1,656,450</u>

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2011**

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

South Branch of Mill Creek Intercounty Drain Bonds -

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

Principal on the bonds is due on June 1 of each year through 2017 with interest due semi-annually at interest rates ranging from 4.0% to 6.0%. St. Clair County's portion of the bonds at December 31, 2011 was \$1,201,395.

Blue River Gardens Drain Drainage District Bonds -

In February 2008, the Blue River Gardens Drain Drainage District issued \$555,000 of bonds for improvements to the drainage district. The bonds will be paid from special assessments against property and public corporations within the drainage district. Principal on the bonds is due June 1 of each year through 2027 with interest due semi-annually at interest rates ranging from 3.25% to 5.10%. The balance outstanding at December 31, 2011 was \$480,000.

Bunce Creek & Huffman Drain Drainage District Bonds -

In March 2009 the Bunce Creek & Huffman Drain Drainage District issued \$4,625,000 of bonds for improvements to the drainage district. The bonds will be paid from special assessments against property and public corporations within the drainage district. Principal on the bonds is due on April 1 of each year through 2029 with interest due semi-annually at interest rates ranging from 3.0% to 5.375%. The balance outstanding at December 31, 2011 was \$4,360,000.

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2011**

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

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

In December 2009 the Cox-Doty and Stein Drain and Railroad Drain Drainage Districts issued \$2,380,000 of bonds for improvements to the drainage districts. The bonds will be paid from special assessments against property and public corporations within the drainage district. Principal on the bonds is due on May 1 of each year through 2030 with interest due semi-annually at interest rates ranging from 3.50% to 4.50%. The balance outstanding at December 31, 2011 was \$2,310,000.

Pelton Drain Drainage District Bonds -

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

State Clean Water Revolving Fund Loans -

Department of Environmental Quality Bonds have been sold for \$2,425,000 and \$560,000 through the State of Michigan Clean Water Revolving Fund to construct sanitary sewer improvements, including two sanitary sewage pump stations and a treatment lagoon for the South Branch Pine River Drain Drainage District. Payments on the loans will be paid through special assessments. Principal on the bonds is due on April 1 of each year through 2028 with interest due semi-annually at interest rates of 1.625% and 2.50% for each of the bonds. The balances outstanding at December 31, 2011 were \$2,180,000 and \$495,000.

Department of Agriculture Bonds have been sold for \$1,520,000 through the State of Michigan Clean Water Revolving Fund to finance the acquisition, construction, furnishing and equipping of improvements to the Number 211, Avoca Wastewater Treatment Project Drainage District. Payments on the loan will be paid through special assessments to the drainage district. Principal payments on the loan are due on September 1 of each year through 2039 with interest payable semi-annually at 4.25%. The balance outstanding at December 31, 2011 was \$1,484,000.

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2011**

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

Notes -

St. Clair County, through the Drain Commission, administers the construction of drains, which are deemed to benefit properties against which special assessments are levied. To finance the construction, notes are issued in accordance with the provisions of Act No. 40 of the Michigan Public Acts of 1956, as amended by Act No. 71, Public Acts of 1976 or has received loans from the primary government. Repayment of the notes is made from the special assessment revenues, payment from other government units, etc. During the year the Drain Commission issued \$1,502,000 of drain notes. The balance of the obligations at December 31, 2011 was as follows:

	<u>Interest Rate</u>	<u>Amount</u>
Governmental Activities -		
Dana	5.90 %	\$ 320,000
Layle-Robbins Drain	2.60	17,100*
202 County Drain	3.25	90,000*
209 County Drain	4.90	16,000
Stocks Creek & Branch	3.25	500,000*
Galbraith County Drain	3.25	531,000*
Richmond/Columbus Intercounty Drain	4.70	410,833
Marsac Creek	3.25	26,000*
Metcalf	3.25	162,500*
Carrigan Branches	3.25	10,000*
Carrigan Branch 1	5.69	203,000
Shanahan 2008Q	3.25	140,000*
Chase Ext - Coon Creek Intercounty Drain	4.00	165,200
Gossman & Branches County Drain	3.00	200,000*
Green Drain	2.13	60,000*
Holland & Branches County Drain	3.00	120,000*
King County Drain	3.00	25,000*
Lakeland County Drain	3.00	60,000*
Macomb County Drain	3.00	60,000*
Howe Brandymore & Branches	3.25	250,000*
Stocks Creek	3.00	222,540*
Keewahdin Branch of Carrigan Drain	2.13	80,000*
Baldwin Drain	3.50	477,000*
Robbins Drain	3.25	112,500*
South Branch of the Pine River	4.23	228,000
Scheffler Drain	4.12	120,000
Barringer Drain	1.00	50,000*
Shea Drain	3.50	189,467*
Marine City Drain	1.00	100,000*
Price Drain	3.50	514,286*
		<u>\$ 5,460,426</u>

* Amounts held by Primary Government

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2011**

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

Annual debt service requirements to maturities are as follows:

Year Ended December 31,	Bonds		Notes		Loans	
	Principal	Interest	Principal	Interest	Principal	Interest
2012	\$ 525,233	\$ 387,540	\$ 2,416,570	\$ 200,648	\$ 162,000	\$ 109,663
2013	560,233	366,327	555,930	123,235	169,000	106,062
2014	595,232	349,054	542,931	100,599	171,000	102,336
2015	635,232	328,543	505,430	78,216	177,000	98,484
2016	645,232	309,475	395,431	56,974	179,000	94,549
2017-2021	2,485,233	1,250,025	989,998	100,314	961,000	409,926
2022-2026	2,430,000	706,995	54,136	4,737	1,075,000	293,845
2027-2031	1,775,000	155,725	-	-	649,000	175,273
2032-2036	-	-	-	-	360,000	101,576
2037-2039	-	-	-	-	256,000	22,058
	<u>\$ 9,651,395</u>	<u>\$ 3,853,684</u>	<u>\$ 5,460,426</u>	<u>\$ 664,723</u>	<u>\$ 4,159,000</u>	<u>\$ 1,513,772</u>

Land Bank Authority

Notes Payable -

The Land Bank Authority issued notes in accordance with Provisions of Act No. 40 of the Michigan Public Acts of 1956, as Amended by Act No. 71. Public Acts of 1976 has received a loan from the primary government to acquire foreclosed properties within the County. Repayment of the promissory notes will be made when the properties are ultimately sold. The balance at December 31, 2011 was \$32,742.

Community Mental Health Authority

Loan Payable -

In August 2007, the Authority entered into a loan agreement for \$1,250,000 for the purchase of six homes, which will be used to provide mental health services. The loan calls for 119 monthly payments of \$7,503, including interest of 5.19% with a final payment of \$939,864 on August 21, 2017; however, the entire note is due on demand. \$ 1,135,038

On May 3, 2011, the Authority entered into a promissory note for the purchase of the Allen Road Home for \$124,000. The note is to be repaid in monthly installments of \$917, including interest of 4.0%, through May 3, 2011, at which time the remaining is due. The note is secured by the home. 122,016

On June 28, 2011, the Authority entered into a promissory note for the Strawberry Lane Home for \$86,400. The note is to be repaid in 180 monthly payments of \$743, including interest at the Treasury Security Rate plus 4.633%. 85,025

\$ 1,342,079

Contracts Payable -

The Authority has entered into a lease agreement with St. Clair County for the acquisition, construction, and equipping of a new consolidated office building. The County has issued bonds for the project, and the debt service payments will be paid through the lease with the Authority. The bonds were issued on March 30, 2007 for \$10,490,000 payable semi-annually with interest ranging from 4.0% to 4.5%. \$ 9,675,000

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2011**

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

Accrued Vacation and Sick -

In accordance with contracts negotiated with various employee groups of the Authority, individual employees have vested rights upon termination of employment to receive payments for unused vacation and sick leave under formulas and conditions specified in the contract. As of September 30, 2011, the vested benefits amounted to \$1,427,941.

Post Employment Benefits -

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

Annual debt requirements to pay the debt outstanding at September 30, 2011 (excluding vacation and sick and other postemployment benefits) are as follows:

Year Ended September 30,	Loan Payable		Contracts Payable	
	Principal *	Interest *	Principal	Interest
2012	\$ 42,055	\$ 67,906	\$ 250,000	\$ 396,174
2013	43,859	66,102	275,000	385,674
2014	46,158	63,803	300,000	374,175
2015	48,578	61,382	400,000	360,175
2016	138,836	57,642	450,000	343,175
2017-2021	986,182	61,267	3,450,000	1,359,738
2022-2026	<u>36,411</u>	<u>5,909</u>	<u>4,550,000</u>	<u>497,650</u>
	<u>\$ 1,342,079</u>	<u>\$ 384,011</u>	<u>\$ 9,675,000</u>	<u>\$ 3,716,761</u>

* The annual debt requirement for the August 2007 note assumes the bank will not demand payment early.

NOTE 10 - RETIREMENT PLAN:

DEFINED BENEFIT PLAN

Plan Description -

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

ST. CLAIR COUNTY, MICHIGAN

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2011

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

The membership at December 31, 2010 was composed of 900 active participants, 589 retirees and beneficiaries, and 104 inactive but vested members. In general all employees are eligible for regular retirement as follows:

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

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

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

All Employees - age 60 with 8 years of service.

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

- Deferred Retirement - 8 or more years of service, benefits begin at 60 or at age 55 with 25 or more years of service.
- Death In-Service - 10 or more years of service.
- Duty Disability - Sheriff's Department plan members 10 or more years of service, others no age or service requirements but must be in receipt of Worker's Compensation payments.
- Non-Duty Disability - 10 or more years of service.
- Life insurance - \$3,500 policy to retirees.

Summary of Significant Accounting Policies -

Basis of Accounting -

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

Method Used to Value Investments -

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

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2011**

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

Contribution and Funding Policy -

The Plan's funding policy provides for periodic employer contributions at actuarially determined rates that, expressed as a level dollar amount for General County employees and as percentages of annual covered payroll for Community Mental Health and Road Commission employees, are designed to accumulate sufficient assets to pay benefits when due. During the year ended December 31, 2011, contributions totaling \$8,824,275 (\$6,513,424 employer and \$2,310,851 employee) were made in accordance with contribution requirements determined by an actuarial valuation for the plan as of December 31, 2009. The employer and employee contributions represent \$4,664,029 for General County and 9.62% and 17.08% for Community Mental Health and Road Commission, respectively, of covered payroll. Employee contributions represent 5.0% of covered payroll. (For January – July, the Road Commission contributed 17.08% and employees 5%, for August – December, the contributions changed to 15.08% and 7%, respectively.) The contribution requirement of a plan member and the County are established by the St. Clair County Retirement Board and may be amended by the St. Clair County Board of Commissioners. Most administrative costs of the plan are paid with retirement assets. The defined benefit plan for various units of the County and Sheriff, along with the Road Commission, are closed to new hires.

The required contribution rate was determined as part of the December 31, 2009 actuarial valuation using the individual entry age normal cost method. The actuarial assumptions included (a) 7.5% net investment rate of return, and (b) projected salary increases of 5.5% to 11.0% per year, which includes pay inflation at 5.0%. There are no projected cost of living adjustments. The actuarial value was determined using techniques that smooth the effect of short-term volatility in the market value of investments over a five-year period. The Plan's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open period, with a remaining amortization period as of December 31, 2009 of 20 years for Community Mental Health and the Road Commission and amortized as a level dollar on a closed period with a remaining amortization period, as of December 31, 2009, of 20 years for General Employees.

Schedule of Funding Progress -

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered (b-a)/(c)
12/31/08*	\$ 175,091,222	\$ 191,638,371	\$ 16,547,149	91.4 %	\$ 45,511,253	36.4 %
12/31/09*	176,924,494	203,602,461	26,677,967	86.9	46,078,581	57.9
12/31/10*	180,051,710	209,379,385	29,327,675	86.0	44,623,366	65.7

*Plan amended

Schedule of Employer Contributions -

Year Ended December 31,	Annual Pension Cost	Percentage Contributed	Net Pension Obligation
2009	\$ 4,382,161	100.00 %	\$ -
2010	5,067,619	100.00	-
2011	6,513,424	100.00	-

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

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2011**

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

DEFINED CONTRIBUTION PLAN

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

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

Employer and employee contributions for the year-ended December 31, 2011 were \$116,860 and \$152,363, respectively.

NOTE 11 - POSTEMPLOYMENT HEALTH CARE PLAN:

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

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

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

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

Beneficiaries of deceased retirees and survivors of deceased employees are provided health and dental coverage's for recipients and dependents beginning no earlier than age 55 if appropriate pension options have been selected.

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2011**

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

Summary of Significant Accounting Policies -

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

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

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

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

Contribution and Funding Policy -

The Plan's funding policy provides for periodic employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are designed to accumulate sufficient assets to pay benefits when due. During the year ended December 31, 2011, contributions of \$4,753,322 (\$4,277,777 employer and \$475,545 employee) were made. Employer contributions were 3.38% of covered payroll for Community Mental Health and up to 8.73% for General County employees through June 30, 2011. New contracts don't stipulate a required percentage for County contributions. The actuarial valuation dated December 31, 2009 determined a contribution rates of 22.13% and 49.15% of covered payroll for 2011 for Community Mental Health and Road Commission employees, respectively, and \$12,685,222 for General County employees using an assumed rate of increase of health care costs as follows:

	<u>Medical and Prescription Drug</u>	<u>Dental</u>
2011	9.0 %	5.00 %
2012	8.5	5.00
2013	8.0	5.00
2014	7.5	5.00
2015	7.0	5.00
2016 and after	5.0 - 6.5	5.00

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

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

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2011**

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

The required contribution rate was determined as part of the December 31, 2009 actuarial valuation using the individual entry age normal cost method. The actuarial assumption included (a) 5.0% net investment rate of return, (b) projected salary increases of 5.5% to 11.0% per year, which includes pay inflation at 5.0%, (c) an annual healthcare cost trend of 9.0% initially, reduced by decrements to an ultimate rate of 5% after 8 years, and (d) an annual dental cost trend rate of 5%. There are no projected cost of living adjustments. The actuarial value was determined using techniques that smooth the effect of short-term volatility in the market value of investment over a five-year period. The Plan unfunded actuarial accrued liability is being amortized as a level dollar amount for General County employees and as a level percentage of member payroll for Community Mental Health and Road Commission on a closed period, with a remaining amortization period, as of December 31, 2009, of 30 years.

Annual OPEB Cost and Net OPEB Obligation -

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

	<u>Primary Government</u>	<u>Component Units</u>
Annual required contribution	\$ 12,685,222	\$ 4,710,376
Interest on net OPEB obligation	769,413	390,616
Adjustment to annual required contribution	<u>(1,001,028)</u>	<u>(508,202)</u>
Annual OPEB cost (expense)	12,453,607	4,592,790
Contributions made	<u>(3,621,081)</u>	<u>(681,505)</u>
Increase in net OPEB obligation	8,832,526	3,911,285
NET OPEB obligation – beginning of year	<u>15,388,264</u>	<u>10,631,210</u>
NET OPEB obligation – end of year	<u>\$ 24,220,790</u>	<u>\$ 14,542,495</u>

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

Schedule of Funding Progress -

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered (b-a)/(c)
12/31/08*	\$ 38,496,962	\$ 214,789,128	\$ 176,292,166	17.9 %	\$ 45,511,253	387 %
12/31/09*	37,213,548	249,961,670	212,748,122	14.9	46,078,581	462
12/31/10*	36,105,532	244,063,636	207,958,104	14.8	44,623,366	466

*Amortization period changed

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2011**

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

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

Schedule of Employer Contributions -

General Government

<u>Year Ended December 31,</u>	<u>Annual OPEB Cost</u>	<u>Percentage Contributed</u>	<u>Change In Net OPEB Obligation</u>	<u>Net OPEB Obligation</u>
2009	\$ 7,812,802	25.73 %	\$ 5,802,360	\$ 10,925,657
2010	6,793,235	34.31	4,462,607	15,388,264
2011	12,453,607	29.08	8,832,526	24,220,790

Component Units -

Road Commission

<u>Year Ended December 31,</u>	<u>Annual OPEB Cost</u>	<u>Percentage Contributed</u>	<u>Change In Net OPEB Obligation</u>	<u>Net OPEB Obligation</u>
2009	\$ 2,172,197	4.54 %	\$ 2,073,480	\$ 4,056,705
2010	2,333,012	-	2,333,012	6,389,717
2011	2,159,516	-	2,159,516	8,549,233

Community Mental Health

<u>Year Ended September 30,</u>	<u>Annual OPEB Cost</u>	<u>Percentage Contributed</u>	<u>Change In Net OPEB Obligation</u>	<u>Net OPEB Obligation</u>
2009	\$ 2,173,272	24.50 %	\$ 1,640,790	\$ 2,872,527
2010	2,132,759	35.81	1,368,966	4,241,493
2011	2,433,274	28.00	1,751,769	5,993,262

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2011**

NOTE 12 - CONTINGENT LIABILITIES:

Primary Government -

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

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

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

Road Commission -

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

NOTE 13 - RISK MANAGEMENT:

Primary Government -

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

The County is completely self-insured for unemployment compensation and short-term disability claims, and is self-insured for worker's compensation claims up to an amount of \$350,000 in individual claims for 2011.

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 \$150,000 for unemployment compensation, disability and worker's compensation, respectively.

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2011**

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

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

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

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

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

The County has also elected to be a member of the Stop Loss Program, which limits the County's self-insurance retention. For 2011, that Stop Loss Program limited the retention for St. Clair County to \$756,000 in aggregate claims paid during the year.

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

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

Based on claims currently pending and past history, the County has estimated the accrued property and liability claims, including an estimate for claims incurred but not reported (IBNR), of \$80,000, which is recorded in the Self-Insurance Fund.

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2011**

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 \$125,000 per contract per contract year. Stop-loss insurance has been purchased to insure the County against losses in excess of these limits. Based on past history, the County has estimated the accrued health care claims, including an estimate for claims incurred but not reported (IBNR), of \$750,000 at December 31, 2011, which is recorded as current liabilities in the Self Insurance (Internal Service) Fund. Changes in the balance of claims liability during the past two years as reported in the Self-Insurance (Internal Service) Fund are as follows:

	<u>Property/Liability Insurance</u>		<u>Disability Insurance</u>		<u>Unemployment</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Unpaid claims, beginning of year	\$ 200,000	\$ 200,000	\$ -	\$ -	\$ -	\$ -
Incurred claims (including IBNR's)	111,593	43,536	392,472	357,969	162,422	133,923
Claims paid	(231,593)	(43,536)	(392,472)	(357,969)	(162,422)	(133,923)
Unpaid claims, end of year	80,000	200,000	-	-	-	-
Less current portion	(40,000)	(100,000)	-	-	-	-
Long-term Liabilities	<u>\$ 40,000</u>	<u>\$ 100,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
	<u>Worker's Compensation</u>		<u>Health Care</u>		<u>Total</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Unpaid claims, beginning of year	\$ 300,000	\$ 200,000	\$ 600,000	\$ 700,000	\$ 1,100,000	\$ 1,100,000
Incurred claims (including IBNR's)	212	283,057	11,741,108	10,364,769	12,407,807	11,183,254
Claims paid	(150,212)	(183,057)	(11,591,108)	(10,464,769)	(12,527,807)	(11,183,254)
Unpaid claims, end of year	150,000	300,000	750,000	600,000	980,000	1,100,000
Less current portion	(136,000)	(170,000)	(750,000)	(600,000)	(926,000)	(870,000)
Long-term Liabilities	<u>\$ 14,000</u>	<u>\$ 130,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 54,000</u>	<u>\$ 230,000</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, 2011**

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

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

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

The Road Commission is self-insured for health care benefits. The administrative services for the self-insured program are performed by the health insurance company. The Road Commission makes monthly payments, based on estimated claims and a stop-loss provision (up to \$30,000 per contract per contract year), which are adjusted quarterly.

The Road Commission has estimated accrued health care claims in excess of the last quarter payments, including an estimate for claims incurred but not reported (IBNR), of \$38,000 at December 31, 2011, which is recorded as a current liability.

Community Mental Health Authority -

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

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

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

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

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2011**

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

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

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

NOTE 14 - MAJOR TAXPAYER:

The County is economically dependent upon the Detroit Edison Company that has real and personal property within the County with a taxable value of \$678,086,391. This represents approximately 12 percent of the taxable value for the County.

NOTE 15 - DEFERRED COMPENSATION:

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

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

NOTE 16 - FUND EQUITY:

INVESTMENT IN CAPITAL ASSETS, NET OF RELATED DEBT -

	<u>Enabling Legislation</u>		<u>Other</u>		<u>Total</u>
Governmental Activities:					
Capital Assets	\$	-	\$	93,920,381	\$ 93,920,381
Less related debt -					
2007 G.O. Bonds		-	(	3,025,000)	(3,025,000)
2004 Authority Bonds		-	(	6,785,000)	(6,785,000)
2003 G.O. Bonds		-	(	27,900,000)	(27,900,000)
2009 G.O. Bonds		-	(	2,800,000)	(2,800,000)
					<u>\$ 53,410,381</u>
Business-type Activities:					
Capital Assets		-		23,988,889	\$ 23,988,889
Less related debt -					
2010 G.O. Bond		-	(	6,184,811)	(6,184,811)
					<u>\$ 17,804,078</u>

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2011**

NOTE 16 - FUND EQUITY - (cont'd):

RESTRICTED FUND BALANCE/NET ASSETS -

The fund balances and net assets the Primary Government have been restricted for the following purposes at December 31, 2011:

	<u>Enabling Legislation</u>	<u>Other</u>	<u>Total</u>
Governmental Funds/Activities:			
Acquisition/construction of capital assets:			
Public Improvement	-	\$ 3,843,087	\$ 3,843,087
Municipal Building Construction	-	169,589	169,589
Day Treatment/Night Watch Construction	-	80,725	80,725
Development Revolving	-	2,520,745	2,520,749
Communications Construction	-	95,619	<u>95,619</u>
			6,709,769
Restricted Long-term Receivable	-	371,251	<u>371,251</u>
			<u>7,081,020</u>
Debt Service:			
Mental Health Building Debt Fund	-	610	610
Communications Debt Fund - 2007	936,531	-	936,531
Communications Debt Fund - 2009	75	-	75
Building Authority Debt Fund	-	1,789	<u>1,789</u>
			<u>939,005</u>
Recreation and Cultural:			
Parks and Recreation	2,910,790	-	2,910,790
Library	2,472,898	-	<u>2,472,898</u>
			<u>5,383,688</u>
Revenue Sharing Reserve Fund	-	5,819,426	<u>5,819,426</u>
Health and Welfare:			
Health Department	-	10,295	10,295
Senior Citizens Millage	659,975	-	659,975
CDBG Housing	-	177,965	177,965
HUD Housing	-	95,311	95,311
Veterans' Trust	-	8,203	8,203
Veterans' Millage	5,077	-	<u>5,077</u>
			<u>956,826</u>
Public Safety:			
Drug Task Force	177,481	-	177,481
Drug Law Enforcement	-	251,703	251,703
Local Corrections and Training	-	40,911	40,911
Prosecutor's Drug Forfeiture	-	44,760	<u>44,760</u>
			<u>514,855</u>
Other:			
Friend of Court	-	244,104	244,104
Deeds Automation	-	454,972	454,972
Expendable Permanent Fund	-	8,178	<u>8,178</u>
			<u>707,254</u>
			21,402,074
Nonexpendable Permanent Fund	-	18,050	<u>18,050</u>
Total Restricted Net Assets, governmental activities			<u>\$ 21,420,124</u>

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2011**

NOTE 16 - FUND EQUITY - (cont'd):

	<u>Enabling Legislation</u>	<u>Other</u>	<u>Total</u>
Business-type Activities:			
Foreclosure sales	\$ -	\$ 1,821,859	<u>\$ 1,821,859</u>

ASSIGNED FUND BALANCES –

At December 31, 2011, the Administrator/Controller had assigned the following fund balances:

Major Funds -		
Health Department		\$ 1,261,681
Nonmajor Funds -		
Brownfield Development		343
Human Services		277,976
Childcare		793,101
Family Counseling		<u>149,212</u>
		<u>\$ 2,482,313</u>

NOTE 17 - CLOSURE AND POSTCLOSURE CARE COSTS:

State and Federal laws and regulations require that the County of St. Clair place a final cover on its landfill and perform certain maintenance and monitoring functions at the landfill site for thirty years after closure. In addition to operating expenses related to current activities of the landfill, an expense provision and related liability are being recognized based on the future closure and postclosure care costs that will be incurred near or after the date the landfill no longer accepts waste. The recognition of the landfill closure and postclosure care costs is based on the amount of the landfill capacity used during the year. The estimated liability for landfill closure and postclosure care costs was \$9,562,914 at December 31, 2011, which is based on the estimated percentage of capacity used to date of 44.8%.

Currently the County has 75 acres licensed, with an additional 27 acres available for licensing. It is estimated that an additional \$13,886,120 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 16 years.

The estimated total current cost of the landfill closure and post-closure care cost of \$23,449,034 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, 2011. However, the actual cost of closure and post-closure care may be higher due to inflation, changes in technology or changes in landfill laws and regulations.

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

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

ST. CLAIR COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2011**

NOTE 18 - SPECIAL ITEMS:

Internal Service Fund (Primary Government)

During 2011, the County settled a lawsuit with their insurance provider for \$1,700,000. The lawsuit was filed as the carrier was over charging the County on fees. The settlement was given by adjusting the County's weekly payments to the provider at the end of the year and a single payment after year end.

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

The St. Clair County Department of Public Works (Utility Operation and Maintenance Fund) operated the water and sewer systems serving the Air Industrial Park and the water system that connects Kimball Township to the City of Port Huron, which also serves other customers. During the year the St. Clair County Department of Public Works made the decision to turn the operations over to Kimball Township. As a result, the unspent contributions to the system were returned to the Township of \$257,807, as well as the transfer of the actual system of \$2,552,668.

NOTE 19 - PRIOR PERIOD ADJUSTMENTS:

Governmental Activities and Drain (Component Unit) -

Drain special assessments receivables were over reported in prior years of \$1,712,588 and the County's At-Large portion due the drain districts was overstated by \$516,904. The over reporting was due to inaccurate assessment rolls that included future interest.

Community Mental Health -

The September 30, 2010 net assets have been restated (increased) by \$757,842 to reflect amendments to the fiscal 2010 settlement with the Michigan Department of Community Health.

NOTE 20 - SUBSEQUENT EVENTS:

On February 27, 2012, the St. Clair County DPW SDI 2003 Bonds (Algonac, Clay and Ira Townships) were refunded with Clay Township paying off their portion. The bonds were refunded for \$1,360,000 with an interest rate of 1.50% to 2.625% through April 1, 2023.

On April 19, 2012 the Board of Commissioners approved the issuance of up to \$9,000,000 of bonds for the construction of a convention center. The bonds are expected to be sold in July 2012.

REQUIRED SUPPLEMENTARY INFORMATION

ST. CLAIR COUNTY, MICHIGAN

**REQUIRED SUPPLEMENTARY INFORMATION
BASIC RETIREMENT SYSTEM**

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Entry Age	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
12/31/01 *	\$ 151,153,871	\$ 121,225,557	\$(29,928,314)	124.69%	\$ 32,744,255	-91.40%
12/31/02 *	148,949,978	129,997,328	(18,952,650)	114.58%	35,716,619	-53.06%
12/31/03 *	146,556,581	139,409,729	(7,146,852)	105.13%	38,047,803	-18.78%
12/31/04 *	144,411,118	149,377,188	4,966,070	96.68%	39,609,752	12.54%
12/31/05 *,#	153,016,205	159,090,379	6,074,174	96.18%	42,622,922	14.25%
12/31/06 *	165,525,909	171,374,116	5,848,207	96.59%	44,015,666	13.29%
12/31/07 *	176,628,933	181,439,996	4,811,063	97.35%	44,600,186	10.79%
12/31/08 *	175,091,222	191,638,371	16,547,149	91.37%	45,511,253	36.36%
12/31/09 *	176,924,494	203,602,461	26,677,967	86.90%	46,078,581	57.90%
12/31/10 *	180,051,710	209,379,385	29,327,675	85.99%	44,623,366	65.72%

* Plan amended

Certain assumptions revised

Schedule of Employer Contributions

Year Ended December 31,	Annual Pension Costs	Percentage Contributed
2002	\$ -	0.00%
2003	-	0.00%
2004	1,408,431	100.00%
2005	2,791,134	100.00%
2006	4,211,036	100.00%
2007	4,177,556	100.00%
2008	4,312,555	100.00%
2009	4,382,161	100.00%
2010	5,067,619	100.00%
2011	6,513,424	100.00%

Actuarial Cost Method

Individual Entry Age Normal Cost

Asset Valuation Method

Market Value with 5 year Smoothing of Gains and Losses

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

Net Investment Return

7.50%

Projected Salary Increases

5.0% pay inflation plus merit and longevity

Cost-of-Living Adjustments

None

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

ST. CLAIR COUNTY, MICHIGAN

**REQUIRED SUPPLEMENTARY INFORMATION
RETIREE HEALTH BENEFITS**

Schedule of Funding Progress

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

Certain assumptions revised

** Amortization period changed

Schedule of Employer Contributions

<u>Year Ended December 31,</u>	<u>Annual OPEB Costs</u>	<u>Percentage Contributed</u>
2005	\$ 8,051,186	32.90%
2006	8,221,747	19.62%
2007	7,363,357	24.84%
2008	11,000,584	24.20%
2009	12,158,271	21.73%
2010	11,259,006	27.48%
2011	17,046,397	25.24%

Actuarial Cost Method

Individual Entry Age Normal Cost

Asset Valuation Method

Market Value with 5 year Smoothing of Gains and Losses

Principal Actuarial Assumptions -

Net Investment Return

5.00%

Projected Salary Increases

5.0% pay inflation plus merit and longevity

Cost-of-Living Adjustments

None

Rate of Increase of Healthcare Costs

Medical and Prescription

5.0% to 9.0%

Dental

5.0%

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

ST. CLAIR COUNTY, MICHIGAN

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

FOR THE YEAR ENDED DECEMBER 31, 2011

	Original Budget	Amended Budget	Actual	Variance with Amended Budget Positive (Negative)
Revenues:				
Taxes	\$ 29,081,820	\$ 31,282,563	\$ 30,716,142	\$(566,421)
Licenses and permits	484,000	534,000	581,616	47,616
Intergovernmental -				
Federal/State	6,856,860	8,263,971	7,248,833	(1,015,138)
Local	2,001,870	1,977,928	1,975,154	(2,774)
Charges for services	7,147,923	8,987,209	9,614,259	627,050
Fines and forfeits	385,000	335,000	302,644	(32,356)
Interest and rent	1,187,693	1,159,410	1,157,039	(2,371)
Other	2,307,166	2,209,123	2,199,030	(10,093)
Total Revenues	<u>49,452,332</u>	<u>54,749,204</u>	<u>53,794,717</u>	<u>(954,487)</u>
Expenditures:				
Legislative -				
Board of Commissioners	210,590	210,590	203,126	7,464
Other Legislative Activities	1,434,470	2,798,470	2,793,410	5,060
	<u>1,645,060</u>	<u>3,009,060</u>	<u>2,996,536</u>	<u>12,524</u>
Judicial -				
Circuit Court	1,909,183	1,854,183	1,881,863	(27,680)
District Court	2,421,682	2,448,526	2,383,069	65,457
Courthouse Security	444,993	444,993	450,129	(5,136)
Friend of the Court	2,777,798	2,786,484	2,746,530	39,954
Probate Court	992,342	839,275	823,497	15,778
Family Division - Circuit Court	1,789,018	1,839,018	1,866,117	(27,099)
Probation	13,383	13,383	7,454	5,929
District Court Probation	683,452	683,452	673,982	9,470
	<u>11,031,851</u>	<u>10,909,314</u>	<u>10,832,641</u>	<u>76,673</u>
General Government -				
Administrator/Controller	398,024	402,454	399,412	3,042
Elections	108,502	88,502	80,148	8,354
Accounting	376,505	410,505	412,232	(1,727)
Clerk	897,706	816,176	828,145	(11,969)
Equalization	934,863	886,863	872,745	14,118
Human Resources	306,736	306,736	302,884	3,852
Prosecuting Attorney	2,586,269	2,561,269	2,524,713	36,556
Victims Rights	10,800	5,800	1,718	4,082
Purchasing	214,144	241,144	243,134	(1,990)
Register of Deeds	143,331	143,331	140,713	2,618
Boundary Commission	200	-	-	-
Treasurer	475,979	436,979	428,095	8,884
Cooperative Extension	304,233	314,753	307,586	7,167
Information Technology	2,059,118	2,179,118	2,208,751	(29,633)
Building and Grounds	2,612,928	2,492,928	2,407,796	85,132
Drain Commissioner	404,442	343,851	314,744	29,107
Motor Pool	12,500	12,500	13,509	(1,009)
	<u>11,846,280</u>	<u>11,642,909</u>	<u>11,486,325</u>	<u>156,584</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, 2011

	Original Budget	Amended Budget	Actual	Variance with Amended Budget Positive (Negative)
Public Safety -				
Sheriff	\$ 7,100,803	\$ 7,243,860	\$ 7,262,072	\$(18,212)
Training	14,000	12,437	10,944	1,493
Communications/Radio	1,829,997	1,539,056	1,467,290	71,766
Marine Law Enforcement	238,872	243,001	249,220	(6,219)
Dive Team	25,917	28,417	28,194	223
Corrections / Jail	10,726,191	10,991,174	11,267,860	(276,686)
Other Corrections Activities	280,000	190,000	156,468	33,532
Emergency Preparedness	1,142,643	1,303,104	1,289,593	13,511
Hazardous Material Handling	33,172	41,830	22,217	19,613
Animal Shelter/Dog Warden	249,328	288,328	290,096	(1,768)
	<u>21,640,923</u>	<u>21,881,207</u>	<u>22,043,954</u>	<u>(162,747)</u>
Public Works -				
Road Commission	-	787,947	778,397	9,550
Drains	500,000	1,499,210	1,267,555	231,655
	<u>500,000</u>	<u>2,287,157</u>	<u>2,045,952</u>	<u>241,205</u>
Health and Welfare -				
Medical Examiner	274,490	326,490	332,577	(6,087)
Mental Health	955,672	955,672	955,672	-
Public Guardian	255,313	353,313	359,336	(6,023)
Veterans' Burial	10,000	20,000	18,900	1,100
Veterans' Counselor	208,945	15,634	10,103	5,531
Soldiers and Sailors Relief	1,000	-	-	-
	<u>1,705,420</u>	<u>1,671,109</u>	<u>1,676,588</u>	<u>(5,479)</u>
Community and Economic Development -				
Planning Commission	-	1,164,065	915,646	248,419
Transportation Planning	-	8,250	3,076	5,174
	<u>-</u>	<u>1,172,315</u>	<u>918,722</u>	<u>253,593</u>
Other	246,409	-	-	-
Debt Service -				
Principal	-	241,607	241,607	-
Interest	-	131,481	131,481	-
	<u>-</u>	<u>373,088</u>	<u>373,088</u>	<u>-</u>
Total Expenditures	<u>48,615,943</u>	<u>52,946,159</u>	<u>52,373,806</u>	<u>572,353</u>
Revenues over (under) expenditures	<u>836,389</u>	<u>1,803,045</u>	<u>1,420,911</u>	<u>(382,134)</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, 2011**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	Variance with Amended Budget Positive (Negative)
Other Financing Sources (Uses):				
Issuance of debt	\$ -	\$ 1,372,298	\$ 1,140,840	\$(231,458)
Transfers from other funds	4,765,354	5,501,544	5,497,374	(4,170)
Transfers to other funds	<u>(5,601,743)</u>	<u>(8,422,283)</u>	<u>(7,941,783)</u>	480,500
Total Other Financing Sources (Uses)	<u>(836,389)</u>	<u>(1,548,441)</u>	<u>(1,303,569)</u>	244,872
Net Change in Fund Balance	-	254,604	117,342	(137,262)
Fund Balance at beginning of year	<u>9,155,738</u>	<u>9,155,738</u>	<u>9,155,738</u>	-
Fund Balance at end of year	<u><u>\$ 9,155,738</u></u>	<u><u>\$ 9,410,342</u></u>	<u><u>\$ 9,273,080</u></u>	<u><u>\$(137,262)</u></u>

Concluded

ST. CLAIR COUNTY, MICHIGAN

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL - SPECIAL REVENUE FUND
HEALTH DEPARTMENT
FOR THE YEAR ENDED DECEMBER 31, 2011**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	Variance with Amended Budget Positive (Negative)
Revenues:				
Licenses and permits	\$ 187,500	\$ 187,500	\$ 183,488	\$(4,012)
Intergovernmental -				
Federal/State	3,321,210	2,834,801	2,861,968	27,167
Local	-	-	42,317	42,317
Charges for services	1,632,400	2,263,355	1,869,544	(393,811)
Other	-	50,880	351,292	300,412
Total Revenues	<u>5,141,110</u>	<u>5,336,536</u>	<u>5,308,609</u>	<u>(27,927)</u>
Expenditures:				
Health and Welfare	<u>7,241,974</u>	<u>7,394,389</u>	<u>7,747,397</u>	<u>(353,008)</u>
Revenues under expenditures	(2,100,864)	(2,057,853)	(2,438,788)	(380,935)
Other Financing Sources:				
Transfers from other funds	<u>1,736,518</u>	<u>2,226,518</u>	<u>2,231,518</u>	<u>5,000</u>
Net Change in Fund Balance	(364,346)	168,665	(207,270)	(375,935)
Fund Balance at beginning of year	<u>1,479,246</u>	<u>1,479,246</u>	<u>1,479,246</u>	<u>-</u>
Fund Balance at end of year	<u><u>\$ 1,114,900</u></u>	<u><u>\$ 1,647,911</u></u>	<u><u>\$ 1,271,976</u></u>	<u><u>\$(375,935)</u></u>

ST. CLAIR COUNTY, MICHIGAN

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL - SPECIAL REVENUE FUND
PARKS AND RECREATION
FOR THE YEAR ENDED DECEMBER 31, 2011**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance with Amended Budget Positive (Negative)</u>
Revenues:				
Taxes	\$ 2,874,400	\$ 2,949,500	\$ 2,947,871	\$(1,629)
Intergovernmental -				
Federal/State	-	40,000	-	(40,000)
Charges for services	72,500	74,000	79,969	5,969
Interest and rent	18,000	16,500	17,107	607
Other	1,200	26,800	34,225	7,425
Total Revenues	<u>2,966,100</u>	<u>3,106,800</u>	<u>3,079,172</u>	<u>(27,628)</u>
Expenditures:				
Recreation and Cultural	<u>5,410,786</u>	<u>4,326,946</u>	<u>3,110,299</u>	<u>1,216,647</u>
Revenues under expenditures	(2,444,686)	(1,220,146)	(31,127)	1,189,019
Other Financing Uses:				
Transfers to other funds	<u>(1,000)</u>	<u>(1,000)</u>	<u>(32,503)</u>	<u>(31,503)</u>
Net Change in Fund Balance	(2,445,686)	(1,221,146)	(63,630)	1,157,516
Fund Balance at beginning of year	<u>2,974,420</u>	<u>2,974,420</u>	<u>2,974,420</u>	<u>-</u>
Fund Balance at end of year	<u><u>\$ 528,734</u></u>	<u><u>\$ 1,753,274</u></u>	<u><u>\$ 2,910,790</u></u>	<u><u>\$ 1,157,516</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, 2011**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	Variance with Amended Budget Positive (Negative)
Revenues:				
Taxes	\$ 4,091,079	\$ 4,091,079	\$ 4,164,339	\$ 73,260
Intergovernmental -				
Federal/State	104,965	104,965	121,726	16,761
Local	8,000	8,000	8,000	-
Charges for services	209,300	209,300	198,002	(11,298)
Fines and forfeits	427,200	427,200	615,181	187,981
Interest and rent	73,000	73,000	61,069	(11,931)
Other	6,150	6,150	15,338	9,188
Total Revenues	<u>4,919,694</u>	<u>4,919,694</u>	<u>5,183,655</u>	<u>263,961</u>
Expenditures:				
Recreation and Cultural	<u>5,088,636</u>	<u>5,088,636</u>	<u>5,076,711</u>	<u>11,925</u>
Net Change in Fund Balance	(168,942)	(168,942)	106,944	275,886
Fund Balance at beginning of year	<u>2,365,954</u>	<u>2,365,954</u>	<u>2,365,954</u>	<u>-</u>
Fund Balance at end of year	<u><u>\$ 2,197,012</u></u>	<u><u>\$ 2,197,012</u></u>	<u><u>\$ 2,472,898</u></u>	<u><u>\$ 275,886</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, 2011**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	Variance with Amended Budget Positive (Negative)
Revenues:				
Taxes	\$ 2,877,123	\$ 2,981,692	\$ 2,975,384	\$(6,308)
Interest and rent	10,000	4,000	3,826	(174)
Total Revenues	<u>2,887,123</u>	<u>2,985,692</u>	<u>2,979,210</u>	<u>(6,482)</u>
Expenditures:				
Health and Welfare	<u>3,158,739</u>	<u>3,158,739</u>	<u>3,051,494</u>	<u>107,245</u>
Revenues under expenditures	(271,616)	(173,047)	(72,284)	100,763
Other Financing Uses:				
Transfers to other funds	<u>-</u>	<u>-</u>	<u>(11,845)</u>	<u>(11,845)</u>
Net Change in Fund Balance	(271,616)	(173,047)	(84,129)	88,918
Fund Balance at beginning of year	<u>744,104</u>	<u>744,104</u>	<u>744,104</u>	<u>-</u>
Fund Balance at end of year	<u><u>\$ 472,488</u></u>	<u><u>\$ 571,057</u></u>	<u><u>\$ 659,975</u></u>	<u><u>\$ 88,918</u></u>

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

- The General and Major Special Revenue Funds budgets shown in the required supplementary information were prepared on a basis consistent with accounting principles generally accepted in the United States of America and on the same modified accrual basis used to reflect actual results.

SUPPLEMENTARY INFORMATION

NON-MAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

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

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

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

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

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.

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

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

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

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

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

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

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

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

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

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

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

DEBT SERVICE FUNDS

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

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

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

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

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

CAPITAL PROJECTS FUNDS

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

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

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

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

Development Revolving – is used to account for monies set aside to finance local construction projects on a revolving loan basis.

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

PERMANENT FUND

Lewis Memorial Endowment Fund – is used to account for collection of and distribution of assets held for the Clayton and Florence Lewis Memorial Book Fund.

ST. CLAIR COUNTY, MICHIGAN

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2011**

	<u>Friend of Court</u>	<u>Drug Task Force</u>	<u>Brownfield Redevelopment</u>	<u>Drug Law Enforcement</u>	<u>HUD Housing</u>	<u>CDBG Housing</u>
ASSETS						
Cash and cash equivalents	\$ 82,670	\$ 378,139	\$ 41,599	\$ 229,858	\$ 95,311	\$ 178,052
Investments	142,472	-	-	-	-	-
Receivables -						
Property taxes	-	1,505,558	-	-	-	-
Accounts and interest	696	600	-	31,004	333,381	1,154,723
Due from other governmental units -						
Federal/State	47,671	-	41,256	-	-	791
Local	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-
Total Assets	<u>\$ 273,509</u>	<u>\$ 1,884,297</u>	<u>\$ 82,855</u>	<u>\$ 260,862</u>	<u>\$ 428,692</u>	<u>\$ 1,333,566</u>
LIABILITIES AND FUND BALANCE						
Liabilities:						
Accounts payable	\$ -	\$ 22,142	\$ 41,256	\$ 9,159	\$ -	\$ 878
Accrued liabilities	4,334	37,618	-	-	-	-
Due to other governmental units -						
Federal/State	-	-	-	-	-	124,385
Due to other funds	-	15,448	-	-	-	-
Deferred revenue	25,071	1,631,608	41,256	-	333,381	1,030,338
Total Liabilities	<u>29,405</u>	<u>1,706,816</u>	<u>82,512</u>	<u>9,159</u>	<u>333,381</u>	<u>1,155,601</u>
Fund Balance:						
Nonspendable -						
Long-Term Receivables	-	-	-	-	-	-
Permanent Fund	-	-	-	-	-	-
Restricted -						
Acquisition/construction of capital assets	-	-	-	-	-	-
Debt Service	-	-	-	-	-	-
Revenue Sharing Reserve	-	-	-	-	-	-
Health and Welfare	-	-	-	-	95,311	177,965
Public Safety	-	177,481	-	251,703	-	-
Other	244,104	-	-	-	-	-
Assigned	-	-	343	-	-	-
Total Fund Balance	<u>244,104</u>	<u>177,481</u>	<u>343</u>	<u>251,703</u>	<u>95,311</u>	<u>177,965</u>
Total Liabilities and Fund Balance	<u>\$ 273,509</u>	<u>\$ 1,884,297</u>	<u>\$ 82,855</u>	<u>\$ 260,862</u>	<u>\$ 428,692</u>	<u>\$ 1,333,566</u>

Special Revenue Funds

Human Services	Child Care	Veterans' Trust	Veterans' Millage	E - 911	Deeds Automation	Revenue Sharing Reserve	Local Corrections and Training
\$ 244,431	\$ 366,168	\$ 8,203	\$ 55,977	\$ -	\$ 454,959	\$ 5,819,426	\$ 42,415
-	-	-	-	-	-	-	-
-	-	-	527,051	-	-	-	-
-	1,675	-	-	-	475	-	-
33,853	614,643	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	195,666	-	-	-
<u>\$ 278,284</u>	<u>\$ 982,486</u>	<u>\$ 8,203</u>	<u>\$ 583,028</u>	<u>\$ 195,666</u>	<u>\$ 455,434</u>	<u>\$ 5,819,426</u>	<u>\$ 42,415</u>
\$ -	\$ 107,658	\$ -	\$ 111	\$ -	\$ -	\$ -	\$ 1,504
29	81,727	-	4,241	-	462	-	-
279	-	-	-	-	-	-	-
-	-	-	-	195,666	-	-	-
-	-	-	573,599	-	-	-	-
<u>308</u>	<u>189,385</u>	<u>-</u>	<u>577,951</u>	<u>195,666</u>	<u>462</u>	<u>-</u>	<u>1,504</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	5,819,426	-
-	-	8,203	5,077	-	-	-	-
-	-	-	-	-	-	-	40,911
-	-	-	-	-	454,972	-	-
277,976	793,101	-	-	-	-	-	-
<u>277,976</u>	<u>793,101</u>	<u>8,203</u>	<u>5,077</u>	<u>-</u>	<u>454,972</u>	<u>5,819,426</u>	<u>40,911</u>
<u>\$ 278,284</u>	<u>\$ 982,486</u>	<u>\$ 8,203</u>	<u>\$ 583,028</u>	<u>\$ 195,666</u>	<u>\$ 455,434</u>	<u>\$ 5,819,426</u>	<u>\$ 42,415</u>

Continued

ST. CLAIR COUNTY, MICHIGAN
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2011

	Special	Debt Service Funds			
	Revenue Funds	Communications		Building	Jail/Juvenile
	Family Counseling	Series 2007 B	Series 2009	Authority	Facility
ASSETS					
Cash and cash equivalents	\$ 162,190	\$ 849,505	\$ 75	\$ 1,789	\$ -
Investments	-	-	-	-	-
Receivables -					
Property taxes	-	-	-	-	-
Accounts and interest	15	8,626	-	-	-
Due from other governmental units -					
Federal/State	-	-	-	-	-
Local	-	-	-	-	-
Due from other funds	-	78,400	-	-	-
Total Assets	<u>\$ 162,205</u>	<u>\$ 936,531</u>	<u>\$ 75</u>	<u>\$ 1,789</u>	<u>\$ -</u>
LIABILITIES AND FUND BALANCE					
Liabilities:					
Accounts payable	\$ 12,993	\$ -	\$ -	\$ -	\$ -
Accrued liabilities	-	-	-	-	-
Due to other governmental units -					
Federal/State	-	-	-	-	-
Due to other funds	-	-	-	-	-
Deferred revenue	-	-	-	-	-
Total Liabilities	<u>12,993</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance:					
Nonspendable -					
Long-Term Receivables	-	-	-	-	-
Permanent Fund	-	-	-	-	-
Restricted -					
Acquisition/construction of capital assets	-	-	-	-	-
Debt Service	-	936,531	75	1,789	-
Revenue Sharing Reserve	-	-	-	-	-
Health and Welfare	-	-	-	-	-
Public Safety	-	-	-	-	-
Other	-	-	-	-	-
Assigned	149,212	-	-	-	-
Total Fund Balance	<u>149,212</u>	<u>936,531</u>	<u>75</u>	<u>1,789</u>	<u>-</u>
Total Liabilities and Fund Balance	<u>\$ 162,205</u>	<u>\$ 936,531</u>	<u>\$ 75</u>	<u>\$ 1,789</u>	<u>\$ -</u>

Capital Projects Funds					Permanent Fund	
Public Improvement	Municipal Building	DTNW Building	Development Revolving	Communications Construction	Lewis Memorial Endowment	Total
\$ 4,193,081	\$ 221,886	\$ 80,725	\$ 2,501,155	\$ 52,642	\$ 26,228	\$ 16,086,484
-	-	-	-	-	-	142,472
-	-	-	-	-	-	2,032,609
2,250	245	-	19,594	-	-	1,553,284
-	-	-	-	-	-	738,214
-	-	-	371,251	168,184	-	539,435
-	-	-	-	-	-	274,066
<u>\$ 4,195,331</u>	<u>\$ 222,131</u>	<u>\$ 80,725</u>	<u>\$ 2,892,000</u>	<u>\$ 220,826</u>	<u>\$ 26,228</u>	<u>\$ 21,366,564</u>
\$ 352,244	\$ 52,542	\$ -	\$ -	\$ 125,207	\$ -	\$ 725,694
-	-	-	-	-	-	128,411
-	-	-	-	-	-	124,664
-	-	-	-	-	-	211,114
-	-	-	-	-	-	3,635,253
<u>352,244</u>	<u>52,542</u>	<u>-</u>	<u>-</u>	<u>125,207</u>	<u>-</u>	<u>4,825,136</u>
-	-	-	371,251	-	-	371,251
-	-	-	-	-	18,050	18,050
3,843,087	169,589	80,725	2,520,749	95,619	-	6,709,769
-	-	-	-	-	-	938,395
-	-	-	-	-	-	5,819,426
-	-	-	-	-	-	286,556
-	-	-	-	-	-	470,095
-	-	-	-	-	8,178	707,254
-	-	-	-	-	-	1,220,632
<u>3,843,087</u>	<u>169,589</u>	<u>80,725</u>	<u>2,892,000</u>	<u>95,619</u>	<u>26,228</u>	<u>16,541,428</u>
<u>\$ 4,195,331</u>	<u>\$ 222,131</u>	<u>\$ 80,725</u>	<u>\$ 2,892,000</u>	<u>\$ 220,826</u>	<u>\$ 26,228</u>	<u>\$ 21,366,564</u>

ST. CLAIR COUNTY, MICHIGAN

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2011**

	<u>Friend of Court</u>	<u>Drug Task Force</u>	<u>Brownfield Redevelopment</u>	<u>Drug Law Enforcement</u>	<u>HUD Housing</u>	<u>CDBG Housing</u>
Revenues:						
Taxes	\$ -	\$ 1,667,729	\$ -	\$ -	\$ -	\$ -
Intergovernmental -						
Federal/State	173,589	-	-	1,527	-	25,311
Charges for services	71,280	-	-	-	-	130,418
Fines and forfeits	-	80	-	163,923	-	-
Interest and rent	1,122	360	-	-	-	1,212
Other	-	170	-	-	-	19,766
Total Revenues	<u>245,991</u>	<u>1,668,339</u>	<u>-</u>	<u>165,450</u>	<u>-</u>	<u>176,707</u>
Expenditures:						
Current -						
Judicial	285,033	-	-	-	-	-
General Government	-	-	-	-	-	-
Public Safety	-	1,727,339	-	122,995	-	-
Health and Welfare	-	-	-	-	-	190,235
Community and Economic Development	-	-	42,434	-	-	-
Capital Outlay	-	-	-	-	-	-
Debit Service -						
Principal	-	-	-	-	-	-
Interest and charges	-	-	-	-	-	-
Total Expenditures	<u>285,033</u>	<u>1,727,339</u>	<u>42,434</u>	<u>122,995</u>	<u>-</u>	<u>190,235</u>
Revenues over (under) expenditures	<u>(39,042)</u>	<u>(59,000)</u>	<u>(42,434)</u>	<u>42,455</u>	<u>-</u>	<u>(13,528)</u>
Other Financing Sources (Uses):						
Transfers from other funds	-	178,000	15,000	-	-	10,000
Transfers to other funds	-	(197,464)	-	(178,000)	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>(19,464)</u>	<u>15,000</u>	<u>(178,000)</u>	<u>-</u>	<u>10,000</u>
Net Change in Fund Balances	<u>(39,042)</u>	<u>(78,464)</u>	<u>(27,434)</u>	<u>(135,545)</u>	<u>-</u>	<u>(3,528)</u>
Fund Balances at beginning of year	<u>283,146</u>	<u>255,945</u>	<u>27,777</u>	<u>387,248</u>	<u>95,311</u>	<u>181,493</u>
Fund Balances at end of year	<u>\$ 244,104</u>	<u>\$ 177,481</u>	<u>\$ 343</u>	<u>\$ 251,703</u>	<u>\$ 95,311</u>	<u>\$ 177,965</u>

Special Revenue Funds

<u>Human Services</u>	<u>Child Care</u>	<u>Veterans' Trust</u>	<u>Veterans' Millage</u>	<u>E - 911</u>	<u>Deeds Automation</u>	<u>Revenue Sharing Reserve</u>	<u>Local Corrections And Training</u>
\$ -	\$ -	\$ -	\$ 22	\$ -	\$ -	\$ -	\$ -
494,103	3,119,605	20,692	-	-	-	-	-
-	147,665	-	3,750	781,848	150,364	-	26,725
-	-	-	-	-	-	-	-
-	-	-	-	-	998	574	-
88,889	25,854	-	-	-	-	-	-
<u>582,992</u>	<u>3,293,124</u>	<u>20,692</u>	<u>3,772</u>	<u>781,848</u>	<u>151,362</u>	<u>574</u>	<u>26,725</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	126,629	-	-
-	-	-	-	-	-	-	18,964
908,843	5,993,019	22,634	231,434	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>908,843</u>	<u>5,993,019</u>	<u>22,634</u>	<u>231,434</u>	<u>-</u>	<u>126,629</u>	<u>-</u>	<u>18,964</u>
<u>(325,851)</u>	<u>(2,699,895)</u>	<u>(1,942)</u>	<u>(227,662)</u>	<u>781,848</u>	<u>24,733</u>	<u>574</u>	<u>7,761</u>
304,262	1,742,638	-	232,739	-	-	-	-
-	-	-	-	(781,848)	-	(3,623,714)	-
<u>304,262</u>	<u>1,742,638</u>	<u>-</u>	<u>232,739</u>	<u>(781,848)</u>	<u>-</u>	<u>(3,623,714)</u>	<u>-</u>
(21,589)	(957,257)	(1,942)	5,077	-	24,733	(3,623,140)	7,761
<u>299,565</u>	<u>1,750,358</u>	<u>10,145</u>	<u>-</u>	<u>-</u>	<u>430,239</u>	<u>9,442,566</u>	<u>33,150</u>
<u>\$ 277,976</u>	<u>\$ 793,101</u>	<u>\$ 8,203</u>	<u>\$ 5,077</u>	<u>\$ -</u>	<u>\$ 454,972</u>	<u>\$ 5,819,426</u>	<u>\$ 40,911</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, 2011**

	Special Revenue Funds		Debt Service Funds		
	Family Counseling	Communications		Building Authority	Jail/Juvenile Facility
		Series 2007 B	Series 2009		
Revenues:					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental -					
Federal/State	-	-	-	-	-
Charges for services	14,340	331,416	-	-	-
Fines and forfeits	-	-	-	-	-
Interest and rent	-	-	-	-	-
Other	-	-	-	-	-
Total Revenues	<u>14,340</u>	<u>331,416</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures:					
Current -					
Judicial	35,799	-	-	-	-
General Government	-	-	-	-	-
Public Safety	-	-	-	-	-
Health and Welfare	-	-	-	-	-
Community and Economic Development	-	-	-	-	-
Capital Outlay	-	-	-	-	-
Debit Service -					
Principal	-	150,000	100,000	550,000	950,000
Interest and charges	-	125,232	108,631	309,470	1,204,550
Total Expenditures	<u>35,799</u>	<u>275,232</u>	<u>208,631</u>	<u>859,470</u>	<u>2,154,550</u>
Revenues over (under) expenditures	<u>(21,459)</u>	<u>56,184</u>	<u>(208,631)</u>	<u>(859,470)</u>	<u>(2,154,550)</u>
Other Financing Sources (Uses):					
Transfers from other funds	-	-	208,706	859,245	2,154,550
Transfers to other funds	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>208,706</u>	<u>859,245</u>	<u>2,154,550</u>
Net Change in Fund Balances	<u>(21,459)</u>	<u>56,184</u>	<u>75</u>	<u>(225)</u>	<u>-</u>
Fund Balances at beginning of year	<u>170,671</u>	<u>880,347</u>	<u>-</u>	<u>2,014</u>	<u>-</u>
Fund Balances at end of year	<u>\$ 149,212</u>	<u>\$ 936,531</u>	<u>\$ 75</u>	<u>\$ 1,789</u>	<u>\$ -</u>

Capital Projects Funds					Permanent Fund	
Public Improvement	Municipal Building	DTNW Building	Development Revolving	Communications Construction	Lewis Memorial Endowment	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,667,751
-	-	-	-	168,184	-	4,003,011
-	24,662	-	-	-	-	1,682,468
-	-	-	-	-	-	164,003
-	-	-	-	-	-	4,266
26,217	-	11,512	50,000	-	-	222,408
<u>26,217</u>	<u>24,662</u>	<u>11,512</u>	<u>50,000</u>	<u>168,184</u>	<u>-</u>	<u>7,743,907</u>
-	-	-	-	-	-	320,832
-	-	-	-	-	-	126,629
-	-	-	-	-	-	1,869,298
-	-	-	-	-	-	7,346,165
-	-	-	-	-	-	42,434
1,120,719	54,039	-	-	782,038	-	1,956,796
-	-	-	-	-	-	1,750,000
-	-	-	-	-	-	1,747,883
<u>1,120,719</u>	<u>54,039</u>	<u>-</u>	<u>-</u>	<u>782,038</u>	<u>-</u>	<u>15,160,037</u>
<u>(1,094,502)</u>	<u>(29,377)</u>	<u>11,512</u>	<u>50,000</u>	<u>(613,854)</u>	<u>-</u>	<u>(7,416,130)</u>
975,675	-	-	1,462,000	-	-	8,142,815
-	-	-	-	-	-	(4,781,026)
<u>975,675</u>	<u>-</u>	<u>-</u>	<u>1,462,000</u>	<u>-</u>	<u>-</u>	<u>3,361,789</u>
(118,827)	(29,377)	11,512	1,512,000	(613,854)	-	(4,054,341)
<u>3,961,914</u>	<u>198,966</u>	<u>69,213</u>	<u>1,380,000</u>	<u>709,473</u>	<u>26,228</u>	<u>20,595,769</u>
<u>\$ 3,843,087</u>	<u>\$ 169,589</u>	<u>\$ 80,725</u>	<u>\$ 2,892,000</u>	<u>\$ 95,619</u>	<u>\$ 26,228</u>	<u>\$ 16,541,428</u>

Concluded

ST. CLAIR COUNTY, MICHIGAN

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2011**

	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
FRIEND OF COURT			
Revenues:			
Intergovernmental - Federal/State	\$ 256,364	\$ 173,589	\$(82,775)
Charges for services	1,000	71,280	70,280
Interest and rent	25,000	1,122	(23,878)
Total Revenues	<u>282,364</u>	<u>245,991</u>	<u>(36,373)</u>
Expenditures:			
Judicial	<u>309,998</u>	<u>285,033</u>	<u>24,965</u>
Net Change in Fund Balance	(27,634)	(39,042)	(11,408)
Fund Balance at beginning of year	<u>283,146</u>	<u>283,146</u>	<u>-</u>
Fund Balance at end of year	<u><u>\$ 255,512</u></u>	<u><u>\$ 244,104</u></u>	<u><u>\$(11,408)</u></u>

DRUG TASK FORCE			
Revenues:			
Taxes	\$ 1,668,211	\$ 1,667,729	\$(482)
Fines and forfeits	-	80	80
Interest and rent	1,000	360	(640)
Other	1,000	170	(830)
Total Revenues	<u>1,670,211</u>	<u>1,668,339</u>	<u>(1,872)</u>
Expenditures:			
Public Safety	<u>1,530,366</u>	<u>1,727,339</u>	<u>(196,973)</u>
Revenues over (under) expenditures	<u>139,845</u>	<u>(59,000)</u>	<u>(198,845)</u>
Other Financing Sources (Uses):			
Transfers from other funds	-	178,000	178,000
Transfers to other funds	<u>(197,464)</u>	<u>(197,464)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(197,464)</u>	<u>(19,464)</u>	<u>178,000</u>
Net Change in Fund Balance	(57,619)	(78,464)	(20,845)
Fund Balance at beginning of year	<u>255,945</u>	<u>255,945</u>	<u>-</u>
Fund Balance at end of year	<u><u>\$ 198,326</u></u>	<u><u>\$ 177,481</u></u>	<u><u>\$(20,845)</u></u>

Continued

ST. CLAIR COUNTY, MICHIGAN

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2011**

	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
BROWNFIELD REDEVELOPMENT			
Expenditures:			
Community and Economic Development	\$ -	\$ 42,434	\$(42,434)
Revenues under expenditures	-	(42,434)	(42,434)
Other Financing Sources:			
Transfers from other funds	-	15,000	15,000
Net Change in Fund Balance	-	(27,434)	(27,434)
Fund Balance at beginning of year	<u>27,777</u>	<u>27,777</u>	<u>-</u>
Fund Balance at end of year	<u>\$ 27,777</u>	<u>\$ 343</u>	<u>\$(27,434)</u>

DRUG LAW ENFORCEMENT			
Revenues:			
Intergovernmental - Federal/State	\$ -	\$ 1,527	\$ 1,527
Fines and forfeits	<u>110,000</u>	<u>163,923</u>	<u>53,923</u>
Total Revenues	110,000	165,450	55,450
Expenditures:			
Public Safety	<u>110,000</u>	<u>122,995</u>	<u>(12,995)</u>
Revenues over expenditures	-	42,455	42,455
Other Financing Uses:			
Transfers to other funds	-	(178,000)	(178,000)
Net Change in Fund Balance	-	(135,545)	(135,545)
Fund Balance at beginning of year	<u>387,248</u>	<u>387,248</u>	<u>-</u>
Fund Balance at end of year	<u>\$ 387,248</u>	<u>\$ 251,703</u>	<u>\$(135,545)</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 BALANCE
BUDGET AND ACTUAL - NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2011**

	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
CDBG HOUSING			
Revenues:			
Intergovernmental -			
Federal/State	\$ 24,200	\$ 25,311	\$ 1,111
Charges for services	105,000	130,418	25,418
Interest	-	1,212	1,212
Other	20,000	19,766	(234)
Total Revenues	<u>149,200</u>	<u>176,707</u>	<u>27,507</u>
Expenditures:			
Health and Welfare	<u>165,326</u>	<u>190,235</u>	<u>(24,909)</u>
Revenues under expenditures	(16,126)	(13,528)	2,598
Other Financing Sources:			
Transfers from other funds	<u>10,000</u>	<u>10,000</u>	<u>-</u>
Net Change in Fund Balance	(6,126)	(3,528)	2,598
Fund Balance at beginning of year	<u>181,493</u>	<u>181,493</u>	<u>-</u>
Fund Balance at end of year	<u><u>\$ 175,367</u></u>	<u><u>\$ 177,965</u></u>	<u><u>\$ 2,598</u></u>
HUMAN SERVICES			
Revenues:			
Intergovernmental -			
Federal/State	\$ 590,000	\$ 494,103	\$(95,897)
Other	3,500	88,889	85,389
Total Revenues	<u>593,500</u>	<u>582,992</u>	<u>(10,508)</u>
Expenditures:			
Health and Welfare	<u>956,000</u>	<u>908,843</u>	<u>47,157</u>
Revenues under expenditures	(362,500)	(325,851)	36,649
Other Financing Sources:			
Transfers from other funds	<u>304,262</u>	<u>304,262</u>	<u>-</u>
Net Change in Fund Balance	(58,238)	(21,589)	36,649
Fund Balance at beginning of year	<u>299,565</u>	<u>299,565</u>	<u>-</u>
Fund Balance at end of year	<u><u>\$ 241,327</u></u>	<u><u>\$ 277,976</u></u>	<u><u>\$ 36,649</u></u>

Continued

ST. CLAIR COUNTY, MICHIGAN

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2011**

	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
CHILD CARE			
Revenues:			
Intergovernmental - Federal/State	\$ 2,925,000	\$ 3,119,605	\$ 194,605
Charges for services	95,000	147,665	52,665
Other	18,000	25,854	7,854
Total Revenues	<u>3,038,000</u>	<u>3,293,124</u>	<u>255,124</u>
Expenditures:			
Health and Welfare	<u>5,752,196</u>	<u>5,993,019</u>	<u>(240,823)</u>
Revenues under expenditures	<u>(2,714,196)</u>	<u>(2,699,895)</u>	<u>14,301</u>
Other Financing Sources (Uses):			
Transfers from other funds	1,742,638	1,742,638	-
Transfers to other funds	<u>(209,166)</u>	<u>-</u>	<u>209,166</u>
Total Other Financing Sources (Uses)	<u>1,533,472</u>	<u>1,742,638</u>	<u>209,166</u>
Net Change in Fund Balance	<u>(1,180,724)</u>	<u>(957,257)</u>	<u>223,467</u>
Fund Balance at beginning of year	<u>1,750,358</u>	<u>1,750,358</u>	<u>-</u>
Fund Balance at end of year	<u><u>\$ 569,634</u></u>	<u><u>\$ 793,101</u></u>	<u><u>\$ 223,467</u></u>
VETERANS' TRUST			
Revenues:			
Intergovernmental - Federal/State	\$ 25,000	\$ 20,692	\$(4,308)
Expenditures:			
Health and Welfare	<u>25,000</u>	<u>22,634</u>	<u>2,366</u>
Net Change in Fund Balance	-	<u>(1,942)</u>	<u>(1,942)</u>
Fund Balance at beginning of year	<u>10,145</u>	<u>10,145</u>	<u>-</u>
Fund Balance at end of year	<u><u>\$ 10,145</u></u>	<u><u>\$ 8,203</u></u>	<u><u>\$(1,942)</u></u>

Continued

ST. CLAIR COUNTY, MICHIGAN

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2011**

	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
VETERANS' MILLAGE			
Revenues:			
Taxes	\$ -	\$ 22	\$ 22
Charges for services	-	3,750	3,750
Total Revenues	<u>-</u>	<u>3,772</u>	<u>3,772</u>
Expenditures:			
Health and Welfare	<u>232,739</u>	<u>231,434</u>	<u>1,305</u>
Revenues under expenditures	(232,739)	(227,662)	5,077
Other Financing Sources:			
Transfers from other funds	<u>232,739</u>	<u>232,739</u>	<u>-</u>
Net Change in Fund Balance	-	5,077	5,077
Fund Balance at beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance at end of year	<u><u>\$ -</u></u>	<u><u>\$ 5,077</u></u>	<u><u>\$ 5,077</u></u>

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Revenues:			
Charges for services	\$ 780,454	\$ 781,848	\$ 1,394
Other Financing Uses :			
Transfers to other funds	<u>(780,454)</u>	<u>(781,848)</u>	<u>(1,394)</u>
Net Change in Fund Balance	-	-	-
Fund Balance at beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance at end of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

Continued

ST. CLAIR COUNTY, MICHIGAN

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2011**

	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
DEEDS AUTOMATION			
Revenues:			
Charges for services	\$ 130,000	\$ 150,364	\$ 20,364
Interest	1,500	998	(502)
Total Revenues	<u>131,500</u>	<u>151,362</u>	<u>19,862</u>
Expenditures:			
General Government	<u>109,368</u>	<u>126,629</u>	<u>(17,261)</u>
Net Change in Fund Balance	22,132	24,733	2,601
Fund Balance at beginning of year	<u>430,239</u>	<u>430,239</u>	<u>-</u>
Fund Balance at end of year	<u><u>\$ 452,371</u></u>	<u><u>\$ 454,972</u></u>	<u><u>\$ 2,601</u></u>

REVENUE SHARING RESERVE			
Revenues:			
Interest and rent	\$ -	\$ 574	\$ 574
Other Financing Uses:			
Transfers to other funds	<u>(3,623,714)</u>	<u>(3,623,714)</u>	<u>-</u>
Net Change in Fund Balance	(3,623,714)	(3,623,140)	574
Fund Balance at beginning of year	<u>9,442,566</u>	<u>9,442,566</u>	<u>-</u>
Fund Balance at end of year	<u><u>\$ 5,818,852</u></u>	<u><u>\$ 5,819,426</u></u>	<u><u>\$ 574</u></u>

LOCAL CORRECTIONS AND TRAINING			
Revenues:			
Charges for services	\$ 25,000	\$ 26,725	\$ 1,725
Expenditures:			
Public Safety	<u>25,000</u>	<u>18,964</u>	<u>6,036</u>
Net Change in Fund Balance	-	7,761	7,761
Fund Balance at beginning of year	<u>33,150</u>	<u>33,150</u>	<u>-</u>
Fund Balance at end of year	<u><u>\$ 33,150</u></u>	<u><u>\$ 40,911</u></u>	<u><u>\$ 7,761</u></u>

Continued

ST. CLAIR COUNTY, MICHIGAN

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2011**

	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
FAMILY COUNSELING			
Revenues:			
Charges for services	\$ 15,000	\$ 14,340	\$(660)
Expenditures:			
Judicial	<u>25,000</u>	<u>35,799</u>	<u>(10,799)</u>
Net Change in Fund Balance	(10,000)	(21,459)	(11,459)
Fund Balance at beginning of year	<u>170,671</u>	<u>170,671</u>	<u>-</u>
Fund Balance at end of year	<u><u>\$ 160,671</u></u>	<u><u>\$ 149,212</u></u>	<u><u>\$(11,459)</u></u>

Concluded

NON-MAJOR ENTERPRISE FUNDS

ENTERPRISE FUNDS

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

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

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

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

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

ST. CLAIR COUNTY, MICHIGAN

**COMBINING STATEMENT OF NET ASSETS
NONMAJOR ENTERPRISE FUNDS
DECEMBER 31, 2011**

	<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	\$ 490,297	\$ 122,676	\$ 28,576	\$ 114,648	\$ 756,197
Accounts receivable					
Interest and accounts	1,812	49,230	-	-	51,042
Prepaid expenses	2,589	-	-	-	2,589
Total Current Assets	<u>494,698</u>	<u>171,906</u>	<u>28,576</u>	<u>114,648</u>	<u>809,828</u>
Noncurrent Assets:					
Capital assets	12,112,393	-	-	-	12,112,393
Less - accumulated depreciation	<u>(8,473,252)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(8,473,252)</u>
Total Noncurrent Assets	<u>3,639,141</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,639,141</u>
Total Assets	<u>4,133,839</u>	<u>171,906</u>	<u>28,576</u>	<u>114,648</u>	<u>4,448,969</u>
LIABILITIES:					
Current Liabilities:					
Accounts payable	7,055	20,181	-	-	27,236
Accrued expenses	2,955	380	-	-	3,335
Advances from component units	89,281	-	-	-	89,281
Unearned revenue	36,516	-	-	-	36,516
Total Current Liabilities	<u>135,807</u>	<u>20,561</u>	<u>-</u>	<u>-</u>	<u>156,368</u>
Long-Term Liabilities:					
Accrued vacation and sick (less current portion)	9,285	-	-	-	9,285
Net OPEB obligation	53,272	-	-	-	53,272
Total Long-Term Liabilities	<u>62,557</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>62,557</u>
Total Liabilities	<u>198,364</u>	<u>20,561</u>	<u>-</u>	<u>-</u>	<u>218,925</u>
NET ASSETS:					
Invested in capital assets, net of related debt	3,639,141	-	-	-	3,639,141
Unrestricted	296,334	151,345	28,576	114,648	590,903
Total Net Assets	<u>\$ 3,935,475</u>	<u>\$ 151,345</u>	<u>\$ 28,576</u>	<u>\$ 114,648</u>	<u>\$ 4,230,044</u>

ST. CLAIR COUNTY, MICHIGAN

**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2011**

	<u>Airport Commission</u>	<u>Sheriff's Concession</u>	<u>Homestead Exemption Audits</u>	<u>School Tax Collection</u>	<u>Total</u>
Operating Revenues:					
Intergovernmental -					
Federal/State	\$ 48,208	\$ -	\$ -	\$ -	\$ 48,208
Charges for services	7,348	516,894	142	-	524,384
Interest and rents	<u>114,258</u>	<u>-</u>	<u>1,972</u>	<u>-</u>	<u>116,230</u>
Total Operating Revenues	<u>169,814</u>	<u>516,894</u>	<u>2,114</u>	<u>-</u>	<u>688,822</u>
Operating Expenses:					
Personal services	189,036	19,816	-	-	208,852
Supplies	19,803	9,770	-	-	29,573
Other services	129,109	421,436	621	-	551,166
Depreciation	<u>254,564</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>254,564</u>
Total Operating Expenses	<u>592,512</u>	<u>451,022</u>	<u>621</u>	<u>-</u>	<u>1,044,155</u>
Operating Income (Loss)	(422,698)	65,872	1,493	-	(355,333)
Capital Contributions	<u>42,193</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>42,193</u>
Net Income (Loss) Before Transfers	(380,505)	65,872	1,493	-	(313,140)
Transfers:					
Transfers from other funds	<u>202,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>202,000</u>
Change in Net Assets	(178,505)	65,872	1,493	-	(111,140)
Net Assets at beginning of year	<u>4,113,980</u>	<u>85,473</u>	<u>27,083</u>	<u>114,648</u>	<u>4,341,184</u>
Net Assets at end of year	<u>\$ 3,935,475</u>	<u>\$ 151,345</u>	<u>\$ 28,576</u>	<u>\$ 114,648</u>	<u>\$ 4,230,044</u>

ST. CLAIR COUNTY, MICHIGAN

**COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2011**

	<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	\$ 175,658	\$ 507,820	\$ 3,030	\$ -	\$ 686,508
Cash payments to suppliers	(177,012)	(429,676)	(449)	-	(607,137)
Cash payments to employees	(175,426)	(19,816)	-	-	(195,242)
Net Cash Provided by (Used for)					
Operating Activities	(176,780)	58,328	2,581	-	(115,871)
Cash Flows From Noncapital Financing Activities:					
Operating transfers from other funds	202,000	-	-	-	202,000
Cash Flows From Capital and Related Financing Activities:					
Acquisition/construction of capital assets	(1,083)	-	-	-	(1,083)
Net Increase in Cash and Cash Equivalents	24,137	58,328	2,581	-	85,046
Cash and Cash Equivalents at Beginning of Year	<u>466,160</u>	<u>64,348</u>	<u>25,995</u>	<u>114,648</u>	<u>671,151</u>
Cash and Cash Equivalents at End of Year	<u>\$ 490,297</u>	<u>\$ 122,676</u>	<u>\$ 28,576</u>	<u>\$ 114,648</u>	<u>\$ 756,197</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:					
Operating income (loss) for the year	\$(422,698)	\$ 65,872	\$ 1,493	\$ -	\$(355,333)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities -					
Depreciation	254,564	-	-	-	254,564
Change in assets and liabilities:					
Accounts receivable	1,819	(9,074)	18,288	-	11,033
Prepays and deposits	(86)	-	172	-	86
Accounts payable	(28,014)	1,530	(17,372)	-	(43,856)
Accrued expenses	13,610	-	-	-	13,610
Deferred revenue	4,025	-	-	-	4,025
Net Cash Provided by (Used for)					
Operating Activities	<u>\$(176,780)</u>	<u>\$ 58,328</u>	<u>\$ 2,581</u>	<u>\$ -</u>	<u>\$(115,871)</u>
Non-Cash Capital and Related Financing Activities:					
Capital contributions	<u>\$ 42,193</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 42,193</u>

FIDUCIARY FUNDS

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

Pension Trust Funds –

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

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

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

The Pension Fund is accounted for in essentially the same manner as Proprietary Funds, but with an important expanded emphasis on net assets available for pension benefits.

Agency Funds –

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

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

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

ST. CLAIR COUNTY, MICHIGAN

**STATEMENT OF FIDUCIARY NET ASSETS
PENSION AND OTHER EMPLOYEE BENEFIT TRUST FUND
DECEMBER 31, 2011**

	Basic Retirement System	Other Postemployment Benefits	Total
	<u> </u>	<u> </u>	<u> </u>
ASSETS:			
Cash and cash equivalents	\$ 20,534,482	\$ 6,138,974	\$ 26,673,456
Investments, at fair value			
U.S. Government/Agencies	19,245	-	19,245
Corporate Debt	31,314,485	754,483	32,068,968
Equity Funds	40,154,856	1,248,358	41,403,214
Stocks	68,821,656	4,470,209	73,291,865
Foreign Bonds	12,814,606	-	12,814,606
Mutual Funds	8,341,589	4,947,045	13,288,634
Municipal Bonds	472,953	-	472,953
Receivables -			
Interest and dividends	671,597	9,086	680,683
Other	8,233,788	23,833	8,257,621
Due from other funds	<u>126,401</u>	<u>17,377,190</u>	<u>17,503,591</u>
Total Assets	<u>191,505,658</u>	<u>34,969,178</u>	<u>226,474,836</u>
 LIABILITIES:			
Accounts payable	8,466,828	-	8,466,828
Accrued liabilities	136,812	-	136,812
Due to other funds	<u>17,377,190</u>	<u>126,401</u>	<u>17,503,591</u>
Total Liabilities	<u>25,980,830</u>	<u>126,401</u>	<u>26,107,231</u>
 NET ASSETS:			
Net assets held in trust for pension benefits	165,524,828	-	165,524,828
Net assets held in trust for other postemployment benefits	<u>-</u>	<u>34,842,777</u>	<u>34,842,777</u>
	<u>\$ 165,524,828</u>	<u>\$ 34,842,777</u>	<u>\$ 200,367,605</u>

ST. CLAIR COUNTY, MICHIGAN

**COMBINING SCHEDULE OF CHANGES IN FIDUCIARY NET ASSETS
PENSION AND OTHER EMPLOYEE BENEFIT TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 2011**

	Basic Retirement System			
	Member Contributions	Employer Contributions	Pension Payments	Total
Additions:				
Contributions				
Member contributions	\$ 2,310,851	\$ -	\$ -	\$ 2,310,851
Employer contributions	-	6,513,424	-	6,513,424
Total contributions	<u>2,310,851</u>	<u>6,513,424</u>	<u>-</u>	<u>8,824,275</u>
Investment income				
Net appreciation (depreciation) in fair value of investments	-	(4,783,282)	-	(4,783,282)
Interest/Dividends	-	4,386,630	-	4,386,630
Less investment expense	-	(835,312)	-	(835,312)
Net investment income	<u>-</u>	<u>(1,231,964)</u>	<u>-</u>	<u>(1,231,964)</u>
Other				
Medicare Part D reimbursements	-	-	-	-
Total Additions	<u>2,310,851</u>	<u>5,281,460</u>	<u>-</u>	<u>7,592,311</u>
Deductions:				
Retirement payroll	-	-	11,046,552	11,046,552
Health/dental insurance	-	-	-	-
Death benefits	-	65,658	-	65,658
Employee refunds	296,828	-	-	296,828
Administration	-	98,662	-	98,662
Professional fees	-	56,618	-	56,618
Total Deductions	<u>296,828</u>	<u>220,938</u>	<u>11,046,552</u>	<u>11,564,318</u>
Net Increase (Decrease) Before Transfers	2,014,023	5,060,522	(11,046,552)	(3,972,007)
Interfund Transfers In (Out):				
Retirees obligation	(2,212,213)	(5,950,715)	8,162,928	-
Interest	555,031	740,823	(1,295,854)	-
Net Increase (Decrease)	356,841	(149,370)	(4,179,478)	(3,972,007)
Net assets held in trust for pension benefits and other postemployment benefits:				
Beginning of year	<u>27,932,636</u>	<u>38,387,603</u>	<u>103,176,596</u>	<u>169,496,835</u>
End of year	<u>\$ 28,289,477</u>	<u>\$ 38,238,233</u>	<u>\$ 98,997,118</u>	<u>\$ 165,524,828</u>

Other Postemployment Benefits

401H Health Care	Act 149 Health Care	Total	Total
\$ -	\$ 475,545	\$ 475,545	\$ 2,786,396
<u>-</u>	<u>4,277,777</u>	<u>4,277,777</u>	<u>10,791,201</u>
<u>-</u>	<u>4,753,322</u>	<u>4,753,322</u>	<u>13,577,597</u>
(145,438)	(767,618)	(913,056)	(5,696,338)
-	534,903	534,903	4,921,533
<u>-</u>	<u>(55,484)</u>	<u>(55,484)</u>	<u>(890,796)</u>
<u>(145,438)</u>	<u>(288,199)</u>	<u>(433,637)</u>	<u>(1,665,601)</u>
<u>612,343</u>	<u>-</u>	<u>612,343</u>	<u>612,343</u>
<u>466,905</u>	<u>4,465,123</u>	<u>4,932,028</u>	<u>12,524,339</u>
-	-	-	11,046,552
5,696,207	-	5,696,207	5,696,207
-	-	-	65,658
35,136	-	35,136	331,964
-	-	-	98,662
144,093	-	144,093	200,711
<u>5,875,436</u>	<u>-</u>	<u>5,875,436</u>	<u>17,439,754</u>
(5,408,531)	4,465,123	(943,408)	(4,915,415)
-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
(5,408,531)	4,465,123	(943,408)	(4,915,415)
<u>22,785,721</u>	<u>13,000,464</u>	<u>35,786,185</u>	<u>205,283,020</u>
<u>\$ 17,377,190</u>	<u>\$ 17,465,587</u>	<u>\$ 34,842,777</u>	<u>\$ 200,367,605</u>

ST. CLAIR COUNTY, MICHIGAN

**COMBINING STATEMENT OF FIDUCIARY NET ASSETS
AGENCY FUNDS
DECEMBER 31, 2011**

	Agency Funds			
	Trust and Agency	Library Penal Fines	Payroll	Total
ASSETS				
Cash and cash equivalents	\$ 1,667,287	\$ 12,204	\$ 168,595	\$ 1,848,086
Investments	80,622	-	-	80,622
Receivables	12,698,318	15,369	-	12,713,687
Due from other funds	15,448	-	-	15,448
Due from individuals	-	-	3,258	3,258
	<u>\$ 14,461,675</u>	<u>\$ 27,573</u>	<u>\$ 171,853</u>	<u>\$ 14,661,101</u>
 LIABILITIES				
Due to individuals and agencies	\$ 13,222,860	\$ -	\$ -	\$ 13,222,860
Due to other governmental units -				
Federal/State	316,666	-	156,403	473,069
Local	648,083	12,136	15,450	675,669
Due to other funds	274,066	15,437	-	289,503
	<u>\$ 14,461,675</u>	<u>\$ 27,573</u>	<u>\$ 171,853</u>	<u>\$ 14,661,101</u>

ST. CLAIR COUNTY, MICHIGAN

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2011**

	Balance January 1, 2011	Additions	Reductions	Balance December 31, 2011
TOTAL ALL AGENCY FUNDS				
Assets:				
Cash and cash equivalents	\$ 1,634,570	\$ 234,005,406	\$ 233,791,890	\$ 1,848,086
Investments	94,881	-	14,259	80,622
Receivables	11,065,343	2,042,135	393,791	12,713,687
Due from individuals	3,472	33,152,919	33,153,133	3,258
Due from other funds	15,448	-	-	15,448
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 12,813,714</u>	<u>\$ 269,200,460</u>	<u>\$ 267,353,073</u>	<u>\$ 14,661,101</u>
Liabilities:				
Due to -				
Individuals and agencies	\$ 11,833,530	\$ 43,565,016	\$ 42,175,686	\$ 13,222,860
Other governmental units -				
Federal/State	391,238	15,189,954	15,108,123	473,069
Local	588,946	113,059,145	112,972,422	675,669
Other funds	-	9,722,089	9,432,586	289,503
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities	<u>\$ 12,813,714</u>	<u>\$ 181,536,204</u>	<u>\$ 179,688,817</u>	<u>\$ 14,661,101</u>
TRUST AND AGENCY				
Assets:				
Cash and cash equivalents	\$ 1,461,581	\$ 166,570,775	\$ 166,365,069	\$ 1,667,287
Investments	94,881	-	14,259	80,622
Due from other funds	15,448	-	-	15,448
Receivables	11,060,194	2,026,766	388,642	12,698,318
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 12,632,104</u>	<u>\$ 168,597,541</u>	<u>\$ 166,767,970</u>	<u>\$ 14,461,675</u>
Liabilities:				
Due to -				
Individuals and agencies	\$ 11,833,530	\$ 43,565,016	\$ 42,175,686	\$ 13,222,860
Other governmental units -				
State	233,395	3,725,300	3,642,029	316,666
Local	565,179	105,010,817	104,927,913	648,083
Other funds	-	477,190	203,124	274,066
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities	<u>\$ 12,632,104</u>	<u>\$ 152,778,323</u>	<u>\$ 150,948,752</u>	<u>\$ 14,461,675</u>

Continued

ST. CLAIR COUNTY, MICHIGAN

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2011**

	Balance January 1, 2011	Additions	Reductions	Balance December 31, 2011
LIBRARY PENAL FINES				
Assets:				
Cash and cash equivalents	\$ 3,982	\$ 626,578	\$ 618,356	\$ 12,204
Accounts receivable	5,149	15,369	5,149	15,369
	<u>\$ 9,131</u>	<u>\$ 641,947</u>	<u>\$ 623,505</u>	<u>\$ 27,573</u>
Liabilities:				
Due to -				
Other governmental units - Local	\$ 9,131	\$ 23,955	\$ 20,950	\$ 12,136
Other funds	-	657,501	642,064	15,437
	<u>\$ 9,131</u>	<u>\$ 681,456</u>	<u>\$ 663,014</u>	<u>\$ 27,573</u>
PAYROLL FUND				
Assets:				
Cash and cash equivalents	\$ 169,007	\$ 66,808,053	\$ 66,808,465	\$ 168,595
Due from individuals	3,472	33,152,919	33,153,133	3,258
	<u>\$ 172,479</u>	<u>\$ 99,960,972</u>	<u>\$ 99,961,598</u>	<u>\$ 171,853</u>
Liabilities:				
Due to -				
Other governmental units -				
Federal/State	\$ 157,843	\$ 11,464,654	\$ 11,466,094	\$ 156,403
Local	14,636	8,024,373	8,023,559	15,450
Other funds	-	8,587,398	8,587,398	-
	<u>\$ 172,479</u>	<u>\$ 28,076,425</u>	<u>\$ 28,077,051</u>	<u>\$ 171,853</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, 2011**

	Balance January 1, 2011	Additions	Disposals/ Adjustments	Balance December 31, 2011
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
General County:				
Land	\$ 9,726,165	\$ 1,278,277	\$ -	\$ 11,004,442
Land improvements	6,885,819	36,640	-	6,922,459
Buildings	88,899,592	66,394	1,552,539	87,413,447
Equipment -				
Machinery	14,923,249	3,655,949	40,000	18,539,198
Marine	894,214	210,594	-	1,104,808
Vehicles	2,429,602	336,130	157,166	2,608,566
Books	9,527,427	531,532	945,628	9,113,331
	<u>133,286,068</u>	<u>6,115,516</u>	<u>2,695,333</u>	<u>136,706,251</u>
Less - Accumulated depreciation	<u>(43,175,635)</u>	<u>(4,476,911)</u>	<u>(2,631,762)</u>	<u>(45,020,784)</u>
	90,110,433	1,638,605	63,571	91,685,467
Construction in progress	<u>4,690,577</u>	<u>2,057,975</u>	<u>4,592,060</u>	<u>2,156,492</u>
Total Investment in Capital Assets, Net	<u>\$ 94,801,010</u>	<u>\$ 3,696,580</u>	<u>\$ 4,655,631</u>	<u>\$ 93,841,959</u>

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

ST. CLAIR COUNTY, MICHIGAN

**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE OF CAPITAL ASSETS BY FUNCTION AND ACTIVITY
DECEMBER 31, 2011**

	<u>Total</u>	<u>Land and Improvements</u>	<u>Buildings</u>	<u>Equipment</u>
Judicial:				
Circuit Court	\$ 185,932	\$ -	\$ -	\$ 185,932
Circuit Court - Family Division	71,612	-	-	71,612
District Court	677,262	66,034	343,368	267,860
Friend of Court	266,674	-	8,449	258,225
Public Improvement	460,143	5,900	76,510	377,733
	<u>1,661,623</u>	<u>71,934</u>	<u>428,327</u>	<u>1,161,362</u>
General Government:				
Administrator/Controller	10,000	-	-	10,000
Accounting	171,242	-	-	171,242
Information Technology	1,617,359	-	-	1,617,359
Clerk	41,528	-	-	41,528
Register of Deeds	103,798	-	14,700	89,098
Equalization	5,630	-	-	5,630
Prosecuting Attorney	27,871	-	-	27,871
Human Resources	15,741	-	-	15,741
Property Description	79,447	-	-	79,447
County Treasurer	13,000	-	7,500	5,500
Buildings and Grounds	136,645	-	72,016	64,629
Public Improvement	1,233,146	425,090	84,625	723,431
Drain Commissioner	213,075	-	-	213,075
	<u>3,668,482</u>	<u>425,090</u>	<u>178,841</u>	<u>3,064,551</u>
Public Safety:				
Sheriff and Patrol	1,718,858	-	-	1,718,858
Marine Law Enforcement	935,337	-	-	935,337
Jail	46,917,484	108,394	46,557,083	252,007
Juvenile Center	210,533	40,385	109,147	61,001
Radio/Communications	11,814,243	-	376,202	11,438,041
Emergency Services	754,849	9,142	9,975	735,732
Hazardous Materials Handling	958,000	60,895	477,340	419,765
Animal Shelter	301,021	19,200	262,821	19,000
Drug Task Force	401,742	-	-	401,742
Public Improvement	383,244	8,700	157,911	216,633
Planning Commission	48,500	-	-	48,500
	<u>64,443,811</u>	<u>246,716</u>	<u>47,950,479</u>	<u>16,246,616</u>
Health and Welfare:				
Veterans Counselor	8,323	-	8,323	-
Medical Examiner	50,845	-	19,500	31,345
Day Treatment/Night Watch	1,866,260	141,580	1,603,230	121,450
Health Department	1,739,887	81,920	1,358,659	299,308
Public Improvement	310,600	32,800	277,800	-
	<u>3,975,915</u>	<u>256,300</u>	<u>3,267,512</u>	<u>452,103</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, 2011**

	<u>Total</u>	<u>Land and Improvements</u>	<u>Buildings</u>	<u>Equipment</u>
Recreation and Cultural:				
Parks and Recreation	\$ 19,616,188	\$ 14,658,027	\$ 4,168,086	\$ 790,075
Public Library	10,547,936	95,164	864,383	9,588,389
Public Improvement	14,711	-	6,242	8,469
	<u>30,178,835</u>	<u>14,753,191</u>	<u>5,038,711</u>	<u>10,386,933</u>
General:				
Land and improvements	2,173,670	2,173,670	-	-
Buildings	30,549,577	-	30,549,577	-
Equipment	54,338	-	-	54,338
	<u>32,777,585</u>	<u>2,173,670</u>	<u>30,549,577</u>	<u>54,338</u>
Total General Fixed Assets	136,706,251	17,926,901	87,413,447	31,365,903
Less: Accumulated depreciation	<u>(45,020,784)</u>	<u>(2,635,922)</u>	<u>(23,444,471)</u>	<u>(18,940,391)</u>
	91,685,467	15,290,979	63,968,976	12,425,512
Construction in progress	<u>2,156,492</u>	<u>-</u>	<u>1,360,654</u>	<u>795,838</u>
Total Capital Assets (Net of Accumulated Depreciation)	<u>\$ 93,841,959</u>	<u>\$ 15,290,979</u>	<u>\$ 65,329,630</u>	<u>\$ 13,221,350</u>

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

Concluded

ST. CLAIR COUNTY, MICHIGAN

**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE OF CHANGES IN CAPITAL ASSETS - BY FUNCTION AND ACTIVITY
FOR THE YEAR ENDED DECEMBER 31, 2011**

	Balance January 1, 2011	Additions	Disposals and Adjustments	Balance December 31, 2011
Judicial:				
Circuit Court	\$ 185,932	\$ -	\$ -	\$ 185,932
Circuit Court - Family Division	71,612	-	-	71,612
District Court	670,592	-	6,670	677,262
Friend of Court	266,674	-	-	266,674
Public Improvement	41,182	72,298	346,663	460,143
Total Judicial	<u>1,235,992</u>	<u>72,298</u>	<u>353,333</u>	<u>1,661,623</u>
General Government:				
Administrator/Controller	10,000	-	-	10,000
Accounting	171,242	-	-	171,242
Information Technology	1,583,228	60,352	(26,221)	1,617,359
Clerk/Register	41,528	-	-	41,528
Register of Deeds	103,798	-	-	103,798
Equalization	5,630	-	-	5,630
Prosecuting Attorney	27,871	-	-	27,871
Human Resources	15,741	-	-	15,741
Property Description	79,447	-	-	79,447
County Treasurer	13,000	-	-	13,000
Buildings and Grounds	165,219	-	(28,574)	136,645
Public Improvement	1,456,253	35,507	(258,614)	1,233,146
Drain Commissioner	207,879	5,196	-	213,075
Total General Government	<u>3,880,836</u>	<u>101,055</u>	<u>(313,409)</u>	<u>3,668,482</u>
Public Safety:				
Sheriff and Patrol	1,459,959	313,130	(54,231)	1,718,858
Marine Law Enforcement	726,907	210,593	(2,163)	935,337
Jail	47,884,038	-	(966,554)	46,917,484
Juvenile Center	654,407	-	(443,874)	210,533
Radio/Communications	8,442,889	3,371,354	-	11,814,243
Secondary Road Patrol	20,661	-	(20,661)	-
Emergency Services	745,037	42,815	(33,003)	754,849
Hazardous Materials Handling	958,000	-	-	958,000
Animal Shelter	326,655	-	(25,634)	301,021
Drug Task Force	476,223	-	(74,481)	401,742
Public Improvement	327,453	15,977	39,814	383,244
Planning Commission	48,500	-	-	48,500
Total Public Safety	<u>62,070,729</u>	<u>3,953,869</u>	<u>(1,580,787)</u>	<u>64,443,811</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, 2011**

	Balance January 1, 2011	Additions	Disposals and Adjustments	Balance December 31, 2011
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Health and Welfare:				
Veterans Counselor	\$ 7,295	\$ 8,323	\$(7,295)	\$ 8,323
Medical Examiner	29,760	21,085	-	50,845
Day Treatment/Night Watch	1,909,255	-	(42,995)	1,866,260
Health Department	2,050,487	-	(310,600)	1,739,887
Public Improvement	-	-	310,600	310,600
Total Health and Welfare	<u>3,996,797</u>	<u>29,408</u>	<u>(50,290)</u>	<u>3,975,915</u>
Recreation and Cultural:				
Parks and Recreation	18,238,285	1,427,354	(49,451)	19,616,188
Public Library	10,962,033	531,532	(945,629)	10,547,936
Public Improvement	-	-	14,711	14,711
Total Recreation and Cultural	<u>29,200,318</u>	<u>1,958,886</u>	<u>(980,369)</u>	<u>30,178,835</u>
General:				
Land and improvements	2,194,379	-	(20,709)	2,173,670
Buildings	30,707,017	-	(157,440)	30,549,577
Equipment	-	-	54,338	54,338
Total General	<u>32,901,396</u>	<u>-</u>	<u>(123,811)</u>	<u>32,777,585</u>
Construction in progress	<u>4,690,577</u>	<u>2,057,975</u>	<u>(4,592,060)</u>	<u>2,156,492</u>
 Total Capital Assets	 <u>\$ 137,976,645</u>	 <u>\$ 8,173,491</u>	 <u>\$(7,287,393)</u>	 <u>\$ 138,862,743</u>

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

Concluded

DRAIN COMMISSIONER

ST. CLAIR COUNTY, MICHIGAN

**BALANCE SHEET/STATEMENT OF NET ASSETS
DRAIN FUNDS
DECEMBER 31, 2011**

	<u>County Drain</u>	<u>Drain Revolving</u>	<u>Special Services</u>	<u>Drain Debt</u>
ASSETS				
Cash and cash equivalents	\$ 1,668,103	\$ 197,022	\$ 12,728	\$ 10,204
Investment	-	-	-	-
Special assessments receivable	497,409	-	-	17,098,712
Due from other governmental units	68,681	-	-	-
Deposit with other governmental units	71,534	-	-	-
Deferred charges	-	-	-	-
Due from other funds	475,000	206,178	-	-
Capital assets (net of accumulated depreciation) -				
Assets not being depreciated	-	-	-	-
Assets being depreciated	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 2,780,727</u>	<u>\$ 403,200</u>	<u>\$ 12,728</u>	<u>\$ 17,108,916</u>
 LIABILITIES AND FUND BALANCE				
Liabilities:				
Accounts payable	\$ 663,991	\$ -	\$ -	\$ 308
Accrued interest	8,890	-	-	-
Due to other funds	206,178	-	-	475,000
Advances from primary government	-	50,000	-	-
Deferred revenue	566,090	-	-	17,098,712
Non-current liabilities				
Due within one year	-	-	-	-
Due in more than one year	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities	<u>1,445,149</u>	<u>50,000</u>	<u>-</u>	<u>17,574,020</u>
 Fund Balance (Deficit):				
Restricted	1,335,578	-	-	-
Assigned	-	353,200	12,728	-
Unassigned	-	-	-	(465,104)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities and Fund Balance	<u>\$ 2,780,727</u>	<u>\$ 403,200</u>	<u>\$ 12,728</u>	<u>\$ 17,108,916</u>
 Net Assets:				
Invested in capital assets, net of related debt				
Restricted				
Unrestricted				
Total Net Assets				

<u>Mill Creek Debt</u>	<u>Equipment Rental</u>	<u>Total</u>	<u>GASB 34 Adjustments</u>	<u>Statement of Net Assets</u>
\$ 159,955	\$ 156,133	\$ 2,204,145	\$ -	\$ 2,204,145
95,511	-	95,511	-	95,511
1,042,192	-	18,638,313	-	18,638,313
-	-	68,681	-	68,681
-	-	71,534	-	71,534
-	-	-	199,361	199,361
-	-	681,178	(681,178)	-
-	-	-	4,187,154	4,187,154
-	-	-	26,645,040	26,645,040
<u>\$ 1,297,658</u>	<u>\$ 156,133</u>	<u>\$ 21,759,362</u>	<u>30,350,377</u>	<u>52,109,739</u>
\$ 11,040	\$ 578	\$ 675,917	-	675,917
-	-	8,890	164,281	173,171
-	-	681,178	(681,178)	-
-	-	50,000	-	50,000
1,042,192	-	18,706,994	(18,706,994)	-
-	-	-	3,109,594	3,109,594
-	-	-	16,108,304	16,108,304
<u>1,053,232</u>	<u>578</u>	<u>20,122,979</u>	<u>(5,993)</u>	<u>20,116,986</u>
244,426	-	1,580,004	(1,580,004)	-
-	155,555	521,483	(521,483)	-
-	-	(465,104)	465,104	-
<u>244,426</u>	<u>155,555</u>	<u>1,636,383</u>	<u>(1,636,383)</u>	<u>-</u>
<u>\$ 1,297,658</u>	<u>\$ 156,133</u>	<u>\$ 21,759,362</u>		
			11,614,296	11,614,296
			1,580,004	1,580,004
			<u>18,798,453</u>	<u>18,798,453</u>
			<u>\$ 31,992,753</u>	<u>\$ 31,992,753</u>

ST. CLAIR COUNTY, MICHIGAN

**RECONCILIATION OF FUND BALANCES ON THE BALANCE SHEET FOR
DRAIN FUNDS TO NET ASSETS OF DRAIN ACTIVITIES
ON THE STATEMENT OF NET ASSETS
DECEMBER 31, 2011**

Fund Balances - Drain Funds		\$ 1,636,383
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds		
Capital assets		36,456,316
Accumulated depreciation		(5,624,122)
Other long term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds		
Special assessments		18,638,313
Other		68,681
Discounts and premiums on bonds are reported as other financing sources or uses in the governmental funds, where they are capitalized and amortized from net assets (netted against long-term debt)		
Bond premium		(68,062)
Bond discount		120,985
Bond Issuance costs reported as debt retirement in the governmental funds, where they are deferred and amortized from net assets		
		199,361
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds		
Notes payable	(5,460,426)	
Bonds payable	(9,651,395)	
Clean water revolving loan	(4,159,000)	
Accrued interest on bonds/notes payable	(164,281)	(19,435,102)
Net Assets of Drain Commissioner		<u>\$ 31,992,753</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, 2011**

	<u>County Drain</u>	<u>Drain Revolving</u>	<u>Special Services</u>	<u>Drain Debt</u>
Revenues:				
Intergovernmental -				
Federal/State	\$ 59,738	\$ -	\$ -	\$ -
Charges for services	904,749	-	2,325	1,575,806
Interest and rent	5,391	-	-	-
Other	35,933	-	-	338,501
Total Revenues	<u>1,005,811</u>	<u>-</u>	<u>2,325</u>	<u>1,914,307</u>
Expenditures/Expenses:				
Public Works	3,112,544	-	-	-
Debt Service	-	-	-	1,995,317
Total Expenditures/Expenses	<u>3,112,544</u>	<u>-</u>	<u>-</u>	<u>1,995,317</u>
Revenues over (under) expenditures	<u>(2,106,733)</u>	<u>-</u>	<u>2,325</u>	<u>(81,010)</u>
Other Financing Sources (Uses):				
Issuance of debt	2,802,000	-	-	-
Transfer from other funds	97,245	-	-	-
Transfer to other funds	<u>(66,497)</u>	<u>-</u>	<u>(15,966)</u>	<u>(70,909)</u>
Total Other Financing Sources (Uses)	<u>2,832,748</u>	<u>-</u>	<u>(15,966)</u>	<u>(70,909)</u>
Net Change in Fund Balance/Net Assets	<u>726,015</u>	<u>-</u>	<u>(13,641)</u>	<u>(151,919)</u>
Fund Balances/Net Assets at beginning of year	609,563	353,200	26,369	(313,185)
Prior period adjustment	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances/Net Assets at beginning of year, restated	<u>609,563</u>	<u>353,200</u>	<u>26,369</u>	<u>(313,185)</u>
Fund Balances/Net Assets at end of year	<u>\$ 1,335,578</u>	<u>\$ 353,200</u>	<u>\$ 12,728</u>	<u>\$(465,104)</u>

<u>Mill Creek Debt</u>	<u>Equipment Rental</u>	<u>Total</u>	<u>GASB 34 Adjustments</u>	<u>Statement of Activities</u>
\$ -	\$ -	\$ 59,738	\$ -	\$ 59,738
232,428	-	2,715,308	2,072,379	4,787,687
-	-	5,391	-	5,391
-	-	374,434	-	374,434
<u>232,428</u>	<u>-</u>	<u>3,154,871</u>	<u>2,072,379</u>	<u>5,227,250</u>
-	17,939	3,130,483	(2,626,982)	503,501
280,066	-	2,275,383	(1,470,407)	804,976
<u>280,066</u>	<u>17,939</u>	<u>5,405,866</u>	<u>(4,097,389)</u>	<u>1,308,477</u>
<u>(47,638)</u>	<u>(17,939)</u>	<u>(2,250,995)</u>	<u>6,169,768</u>	<u>3,918,773</u>
-	-	2,802,000	(2,802,000)	-
-	66,497	163,742	(163,742)	-
-	(10,370)	(163,742)	163,742	-
<u>-</u>	<u>56,127</u>	<u>2,802,000</u>	<u>(2,802,000)</u>	<u>-</u>
<u>(47,638)</u>	<u>38,188</u>	<u>551,005</u>	<u>3,367,768</u>	<u>3,918,773</u>
292,064	117,367	1,085,378	28,701,190	29,786,568
-	-	-	(1,712,588)	(1,712,588)
<u>292,064</u>	<u>117,367</u>	<u>1,085,378</u>	<u>26,988,602</u>	<u>28,073,980</u>
<u>\$ 244,426</u>	<u>\$ 155,555</u>	<u>\$ 1,636,383</u>	<u>\$ 30,356,370</u>	<u>\$ 31,992,753</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, 2011**

Net change in fund balances - Drain Fund	\$ 551,005
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital outlay	3,081,412
Depreciation expense	(487,290)

Revenue in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	2,072,379
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The issuance of long-term debt (e.g. bonds and notes) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources to governmental funds. Neither transaction, however, has any effect on net assets.

Principal payments on long term liabilities	1,536,153
Note proceeds	(1,502,000)
Bond/loan proceeds	(1,300,000)
Issuance costs	32,860
Amortization of bond premium	12,908
Amortization of bond discount	(7,117)
Amortization of issuance costs	(12,219)

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the funds.

Increase in accrued interest payable	<u>(59,318)</u>
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Change in net assets of Drain Commissioner	<u>\$ 3,918,773</u>
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**STATISTICAL SECTION
(Unaudited)**

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

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

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

ST. CLAIR COUNTY, MICHIGAN

SCHEDULE 1

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

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Governmental Activities										
Invested in capital assets, net of related debt	\$ 27,953	\$ 29,358	\$ 35,995	\$ 45,828	\$ 47,087	\$ 50,693	\$ 50,828	\$ 49,646	\$ 52,622	\$ 53,410
Restricted	200	183	18,143	24,711	32,161	30,141	28,469	28,607	24,480	21,420
Unrestricted	29,117	25,068	12,517	11,786	13,764	15,253	7,022	1,374	(4,253)	(14,232)
Total Governmental Activities Net Assets	\$ 57,270	\$ 54,609	\$ 66,655	\$ 82,325	\$ 93,012	\$ 96,087	\$ 86,319	\$ 79,627	\$ 72,849	\$ 60,598
Business-Type Activities										
Invested in capital assets, net of related debt	\$ 5,541	\$ 8,905	\$ 9,605	\$ 12,804	\$ 12,514	\$ 15,424	\$ 15,145	\$ 15,991	\$ 18,264	\$ 17,804
Restricted	-	-	-	85	316	535	935	1,272	1,518	1,822
Unrestricted	35,221	39,279	36,431	29,523	28,239	25,257	29,816	27,923	29,711	28,573
Total Business-Type Activities Net Assets	\$ 40,762	\$ 48,184	\$ 46,036	\$ 42,412	\$ 41,069	\$ 41,216	\$ 45,896	\$ 45,186	\$ 49,493	\$ 48,199
Primary Government										
Invested in capital assets, net of related debt	\$ 33,494	\$ 38,263	\$ 45,600	\$ 58,632	\$ 59,601	\$ 66,117	\$ 65,973	\$ 65,637	\$ 70,886	\$ 71,214
Restricted	200	183	18,143	24,796	32,477	30,676	29,404	29,879	25,998	23,242
Unrestricted	64,338	64,347	48,948	41,309	42,003	40,510	36,838	29,297	25,458	14,341
Total Primary Government Net Assets	\$ 98,032	\$ 102,793	\$ 112,691	\$ 124,737	\$ 134,081	\$ 137,303	\$ 132,215	\$ 124,813	\$ 122,342	\$ 108,797

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

ST. CLAIR COUNTY, MICHIGAN

SCHEDULE 2

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

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Expenses										
Governmental Activities:										
Legislative	\$ 1,198	\$ 788	\$ 1,154	\$ 1,000	\$ 1,349	\$ 786	\$ 648	\$ 606	\$ 759	\$ 3,021
Judicial	9,971	10,767	10,893	11,074	11,850	12,240	12,813	12,834	11,985	13,053
General Government	11,909	12,575	13,673	13,432	14,519	14,798	17,057	15,610	15,197	15,569
Public Safety	14,564	15,628	17,721	20,780	22,012	23,708	25,937	28,314	27,820	29,256
Public Works	1,339	968	826	607	737	551	1,134	1,520	2,340	2,046
Health and Welfare	17,362	19,354	18,448	19,140	20,301	22,473	22,970	20,861	21,595	21,411
Community and Economic Development	-	-	-	-	633	693	652	819	678	972
Recreation and Culture	5,951	5,589	6,109	6,056	6,672	7,340	8,217	8,321	8,087	8,534
Other Activities	1,200	1,002	800	800	-	-	-	-	-	-
Interest on Long Term Debt	597	1,448	151	1,797	1,751	2,165	2,300	2,254	2,342	2,342
Total Governmental Activities Expenses	<u>64,091</u>	<u>68,119</u>	<u>69,775</u>	<u>74,686</u>	<u>79,824</u>	<u>84,754</u>	<u>91,728</u>	<u>91,139</u>	<u>90,803</u>	<u>96,204</u>
Business-Type Activities:										
Delinquent Revolving Tax	1	15	57	76	231	239	316	400	487	462
Airport Commission	856	691	534	688	510	474	569	683	583	592
Sheriff Concession	101	142	157	163	354	350	380	424	430	451
School Tax Collection	-	-	-	-	-	4	6	9	14	-
Homestead Exemption Audits	-	-	-	-	-	-	-	2	1	1
Solid Waste Disposal System	4,681	2,408	4,699	4,935	5,504	4,631	4,842	4,530	5,260	5,221
Total Business-Type Activities Expenses	<u>5,639</u>	<u>3,256</u>	<u>5,447</u>	<u>5,862</u>	<u>6,599</u>	<u>5,698</u>	<u>6,113</u>	<u>6,048</u>	<u>6,775</u>	<u>6,727</u>
Total Primary Government Expenses	<u>\$ 69,730</u>	<u>\$ 71,375</u>	<u>\$ 75,222</u>	<u>\$ 80,548</u>	<u>\$ 86,423</u>	<u>\$ 90,452</u>	<u>\$ 97,841</u>	<u>\$ 97,187</u>	<u>\$ 97,578</u>	<u>\$ 102,931</u>
Program Revenues										
Governmental Activities:										
Charges for Services:										
Legislative	\$ -	\$ 58	\$ 123	\$ 7	\$ -	\$ -	\$ -	\$ 2	\$ -	\$ -
Judicial	2,766	2,830	3,060	3,227	3,077	3,113	2,809	2,581	2,436	2,330
General Government	3,365	3,984	4,737	4,429	4,635	4,305	4,927	5,175	4,866	4,552
Public Safety	2,866	2,993	3,151	3,561	4,472	5,353	4,484	4,801	6,279	8,033
Health and Welfare	1,994	2,132	1,632	1,760	1,929	2,487	2,103	2,534	2,737	2,761
Community and Economic Development	-	-	-	-	51	37	36	10	47	81
Recreation and Culture	1,022	1,143	1,151	1,113	1,051	983	895	842	882	988
Interest on Long Term Debt	-	-	-	-	-	370	731	757	414	404
Operating Grants and Contributions	12,329	12,379	13,353	14,807	14,549	13,973	16,538	15,777	16,531	15,855
Capital Grants and Contributions	383	674	877	3,597	1,580	4,146	934	1,236	1,398	323
Total Governmental Activities Program Revenues	<u>24,725</u>	<u>26,193</u>	<u>28,084</u>	<u>32,501</u>	<u>31,344</u>	<u>34,767</u>	<u>33,457</u>	<u>33,715</u>	<u>35,590</u>	<u>35,327</u>

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Business-Type Activities:										
Charges for Services:										
Delinquent Revolving Tax	\$ 446	\$ 454	\$ 442	\$ 570	\$ 897	\$ 995	\$ 1,415	\$ 1,226	\$ 1,271	\$ 1,288
Airport Commission	194	173	168	298	197	74	150	130	124	122
Sheriff Concession	112	104	145	151	357	361	389	400	408	517
School Tax Collection	-	-	-	-	32	48	58	5	-	-
Homestead Exemption Audits	-	-	-	-	-	-	1	-	-	-
Solid Waste Disposal System	4,328	6,484	5,182	5,130	4,468	4,950	4,355	3,785	3,996	4,384
Operating Grants and Contributions	76	80	342	403	133	143	134	168	84	77
Capital Grants and Contributions	60	894	26	702	342	46	-	122	5,576	42
Total Business-Type Activities Program Revenues	5,216	8,189	6,305	7,254	6,426	6,617	6,502	5,836	11,459	6,430
Total Primary Government Program Revenues	\$ 29,941	\$ 34,382	\$ 34,389	\$ 39,755	\$ 37,770	\$ 41,384	\$ 39,959	\$ 39,551	\$ 47,049	\$ 41,757
Net (expense)/revenue										
Governmental Activities	\$ (39,366)	\$ (41,926)	\$ (41,691)	\$ (42,185)	\$ (48,480)	\$ (49,987)	\$ (58,271)	\$ (57,424)	\$ (55,213)	\$ (60,877)
Business-Type Activities	(423)	4,933	858	1,392	(173)	919	389	(212)	4,684	(297)
Total Primary Government Net Expense	\$ (39,789)	\$ (36,993)	\$ (40,833)	\$ (40,793)	\$ (48,653)	\$ (49,068)	\$ (57,882)	\$ (57,636)	\$ (50,529)	\$ (61,174)
General Revenues and Other Changes in Net Assets										
Governmental Activities:										
Property Taxes	\$ 33,629	\$ 35,910	\$ 47,254	\$ 49,590	\$ 52,637	\$ 46,895	\$ 46,594	\$ 47,200	\$ 44,677	\$ 42,495
Unrestricted Grants and Contributions	4,231	3,809	1,331	378	393	46	386	387	382	385
Unrestricted Investment Income	1,423	876	871	2,026	3,119	3,626	1,880	509	414	411
Interest and Penalties on Delinquent Taxes	-	3	9	21	29	17	21	2	28	13
Gain (Loss) on Disposal/Sale of Capital Assets	-	(86)	-	-	-	-	-	-	-	-
Transfers	(60)	(1,246)	4,271	7,323	2,989	2,478	3,779	2,634	2,934	3,105
Special Item - Tribunal Settlement	-	-	-	-	-	-	(4,157)	-	-	1,700
Total Governmental Activities	39,223	39,266	53,736	59,338	59,167	53,062	48,503	50,732	48,435	48,109
Business-Type Activities:										
Unrestricted Investment Income	553	352	379	728	1,819	1,137	551	20	84	78
Interest and Penalties on Delinquent Taxes	903	891	887	856	-	1,110	1,455	2,116	2,052	2,029
Gain on Sale of Capital Assets	84	-	-	30	-	59	-	-	-	-
Other/Road Commission	-	-	-	-	-	(600)	-	-	-	-
Transfers	60	1,246	(4,271)	(7,323)	(2,989)	(2,478)	(3,779)	(2,634)	(2,934)	(3,104)
Special Item – Return of contribution	-	-	-	-	-	-	-	-	420	-
Total Business-Type Activities	1,600	2,489	(3,005)	(5,709)	(1,170)	(772)	(1,773)	(498)	(378)	(997)
Total Primary Government	\$ 40,823	\$ 41,755	\$ 50,731	\$ 53,629	\$ 57,997	\$ 52,290	\$ 46,730	\$ 50,234	\$ 48,057	\$ 47,112
Change in Net Assets										
Governmental Activities	\$ (143)	\$ (2,660)	\$ 12,045	\$ 17,153	\$ 10,687	\$ 3,075	\$ (9,768)	\$ (6,692)	\$ (6,778)	\$ (12,768)
Business-Type Activities	1,177	7,422	(2,147)	(4,317)	(1,343)	147	(1,384)	(710)	4,306	(1,294)
Total Primary Government	\$ 1,034	\$ 4,762	\$ 9,898	\$ 12,836	\$ 9,344	\$ 3,222	\$ (11,152)	\$ (7,402)	\$ (2,472)	\$ (14,062)

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)**

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
General Fund										
Reserved	\$ 94	\$ 92	\$ 92	\$ 92	\$ 92	\$ 65	\$ 66	\$ 2,785	\$ 3,055	\$ -
Unreserved	8,714	8,333	8,693	7,880	7,842	8,082	8,406	5,919	5,894	-
Nonspendable	-	-	-	-	-	-	-	-	-	4,076
Restricted	-	-	-	-	-	-	-	-	-	45
Unassigned	-	-	-	-	-	-	-	-	-	5,152
Total General Fund	<u>\$ 8,808</u>	<u>\$ 8,425</u>	<u>\$ 8,785</u>	<u>\$ 7,972</u>	<u>\$ 7,934</u>	<u>\$ 8,147</u>	<u>\$ 8,472</u>	<u>\$ 8,704</u>	<u>\$ 8,949</u>	<u>\$ 9,273</u>
All other Governmental Funds										
Reserved	\$ 515	\$ 25,182	\$ 3,397	\$ 644	\$ 715	\$ 8,440	\$ 2,309	\$ 5,961	\$ 3,267	\$ -
Unrestricted, reported in:										
Special Revenue Funds	14,325	12,335	20,870	26,818	31,284	33,936	29,311	26,301	25,100	-
Debt Service Funds	4,000	3,492	1,598	135	418	-	-	-	-	-
Capital Project Funds	-	-	-	-	-	-	-	-	-	-
Nonspendable	-	-	-	-	-	-	-	-	-	389
Restricted	-	-	-	-	-	-	-	-	-	20,986
Assigned	-	-	-	-	-	-	-	-	-	2,482
Total all other Governmental Funds	<u>\$ 18,840</u>	<u>\$ 41,009</u>	<u>\$ 25,865</u>	<u>\$ 27,597</u>	<u>\$ 32,417</u>	<u>\$ 42,376</u>	<u>\$ 31,620</u>	<u>\$ 32,262</u>	<u>\$ 28,367</u>	<u>\$ 23,857</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)**

	2002	2003	2004	2005	2006
Revenues:					
Taxes	\$ 33,566	\$ 35,883	\$ 47,233	\$ 49,609	\$ 52,700
Licenses and Permits	767	589	669	536	737
Intergovernmental	17,093	16,810	15,135	19,473	18,872
Charges for Services	8,036	9,128	8,912	7,835	7,742
Fines and Forfeits	1,660	1,744	1,808	1,534	1,417
Interest and Rent	2,210	1,968	1,937	2,908	4,162
Other	749	713	1,854	2,149	2,157
Total Revenues	64,081	66,835	77,548	84,044	87,787
Expenditures:					
Legislative	1,198	683	1,151	1,016	1,362
Judicial	9,756	10,338	10,649	11,289	12,088
General Government	10,110	10,827	11,946	12,828	13,448
Public Safety	13,840	15,055	18,250	20,463	20,401
Public Works	1,339	980	828	628	755
Health and Welfare	17,404	18,952	18,390	19,327	20,436
Community and Economic Development	-	-	-	-	633
Recreation and Cultural	4,396	4,364	6,052	9,810	8,603
Other Activities	1,200	1,002	800	800	650
Capital Outlay	8,326	10,899	26,173	11,528	4,724
Debt Service					
Principal	363	3,363	920	1,008	1,208
Interest/Issuance Costs	602	1,274	1,777	1,751	1,708
Total Expenditures	68,534	77,737	96,936	90,448	86,016
Revenues over (under) expenditures	(4,453)	(10,902)	(19,388)	(6,404)	1,771
Other Financing Sources (Uses):					
Transfers In	23,402	11,218	16,150	19,672	16,775
Transfers Out	(23,462)	(12,464)	(11,878)	(12,348)	(13,787)
Issuance of debt	3,000	33,935	9,625	-	23
Premium on Debt	55	-	385	-	-
Payment to Refunding Bond Escrow Agent	-	-	(10,094)	-	-
Total Other Financing Sources (Uses)	2,995	32,689	4,188	7,324	3,011
Special Item - Tribunal Settlement	-	-	-	-	-
Net Change in Fund Balances	\$ (1,458)	\$ 21,787	\$ (15,200)	\$ 920	\$ 4,782
Debt Service as a Percentage of Noncapital Expenditures	1.55%	6.86%	4.05%	3.64%	3.74%

SCHEDULE 4

2007	2008	2009	2010	2011
\$ 46,969	\$ 46,539	\$ 47,172	\$ 44,746	\$ 42,472
746	780	776	792	765
22,015	17,749	18,386	18,806	16,917
8,059	9,671	10,705	11,707	13,444
1,431	1,280	1,243	1,102	1,082
4,683	2,750	1,350	1,390	1,243
1,834	3,299	2,524	2,957	2,822
<u>85,737</u>	<u>82,068</u>	<u>82,156</u>	<u>81,500</u>	<u>78,745</u>
788	625	582	2,002	2,996
12,083	11,715	11,730	11,144	11,153
13,329	13,569	12,689	11,903	11,613
21,573	21,666	23,485	24,297	23,913
68	677	1,521	2,340	2,046
22,596	22,354	20,597	20,909	19,822
630	640	831	678	961
10,232	8,474	9,784	8,044	8,187
802	450	700	-	-
6,646	8,076	1,804	3,950	1,957
1,327	1,634	1,840	2,014	2,242
1,959	2,242	2,220	2,289	2,286
<u>92,033</u>	<u>92,122</u>	<u>87,783</u>	<u>89,570</u>	<u>87,176</u>
<u>(6,296)</u>	<u>(10,054)</u>	<u>(5,627)</u>	<u>(8,070)</u>	<u>(8,431)</u>
18,268	21,805	20,163	16,662	15,871
(15,790)	(18,026)	(17,529)	(13,728)	(12,767)
13,990	-	3,867	1,486	1,141
-	-	-	-	-
-	-	-	-	-
<u>16,468</u>	<u>3,779</u>	<u>6,501</u>	<u>4,420</u>	<u>4,245</u>
-	(4,157)	-	-	-
<u>\$ 10,172</u>	<u>\$ (10,432)</u>	<u>\$ 874</u>	<u>\$ (3,650)</u>	<u>\$ (4,186)</u>
<u>3.86%</u>	<u>4.35%</u>	<u>4.88%</u>	<u>5.12%</u>	<u>5.42%</u>

ST. CLAIR COUNTY, MICHIGAN

SCHEDULE 5

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

Fiscal Year Ended December 31,	Real Property				Total Personal Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
	Residential Property	Commercial Property	Industrial Property	Other Property					
2002	3,963,247,697	528,342,214	885,601,668	454,144,141	540,086,157	6,371,421,877	7.1040	12,805,888,897	49.75%
2003	4,236,291,363	566,571,526	906,270,043	490,771,702	517,807,765	6,717,712,399	7.1040	13,499,930,792	49.76%
2004	4,490,834,960	599,504,098	913,180,592	518,309,171	534,108,319	7,055,937,140	7.1040	14,191,013,880	49.72%
2005	4,748,425,166	647,424,324	1,324,052,903	560,127,617	565,327,870	7,845,357,880	7.1018	15,785,539,048	49.70%
2006	5,053,480,633	670,202,027	1,362,439,979	549,748,926	545,477,448	8,181,349,013	7.3022	16,418,998,179	49.83%
2007	5,248,267,837	697,916,720	1,371,541,451	585,605,328	558,278,662	8,461,609,998	7.3022	17,048,618,161	49.63%
2008	5,231,341,989	711,841,017	1,380,728,677	589,786,748	577,689,370	8,491,387,801	7.3022	17,123,796,731	49.59%
2009	4,758,585,316	711,281,355	1,389,976,448	562,192,556	581,871,212	8,003,906,887	7.3022	16,106,193,867	49.69%
2010	3,971,598,924	703,012,594	749,672,675	469,173,055	578,004,195	6,471,461,443	7.3022	13,015,713,760	49.72%
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%

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	Veterans				
2002	2.21	17.67	5.33	0.50	0.28	0.50	0.50	0.00	1.89	3.45	29.21	61.54
2003	2.22	15.85	5.33	0.50	0.28	0.50	0.50	0.00	1.89	3.46	27.89	58.42
2004	2.74	15.74	5.33	0.50	0.28	0.50	0.50	0.00	1.89	3.45	28.06	58.99
2005	2.52	15.51	5.33	0.50	0.28	0.50	0.50	0.00	1.89	3.45	28.18	58.66
2006	2.36	15.38	5.33	0.50	0.28	0.70	0.50	0.00	1.89	3.43	28.13	58.50
2007	2.50	15.87	5.33	0.50	0.28	0.70	0.50	0.00	1.89	3.43	23.25	54.25
2008	2.55	15.39	5.33	0.50	0.28	0.70	0.50	0.00	1.89	3.43	26.90	57.47
2009	2.30	15.30	5.33	0.50	0.28	0.70	0.50	0.00	1.89	3.43	28.90	59.13
2010	2.36	15.34	5.33	0.50	0.28	0.70	0.50	0.00	1.89	3.43	29.48	59.80
2011	2.32	14.46	5.33	0.50	0.28	0.70	0.50	0.10	1.89	3.43	29.62	59.12

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

Rounded to two (2) decimal places.

Source: Equalization Department

ST. CLAIR COUNTY, MICHIGAN

SCHEDULE 7

PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO - UNAUDITED

		2011			2002		
		Taxable Valuation	Rank	Percentage of Total Taxable Value	Taxable Valuation	Rank	Percentage of Total Taxable Value
Detroit Edison	Electrical Utility	\$ 678,086,391	1	11.96%	\$ 877,957,441	1	16.98%
Mich-Con	Gas Production	60,692,100	2	1.07%	N/A	-	N/A
ZF Industries	Automobile Manufacturing	37,962,900	3	0.67%	N/A	-	N/A
ITC Transmission	Electrical Transmission	33,300,456	4	0.59%	N/A	-	N/A
Chrysler LLC	Automotive Parts	24,474,600	5	0.43%	N/A	-	N/A
Marysville Ethanol	Gas Production	21,445,603	6	0.38%	N/A	-	N/A
Acheson Ventures	Land Development	19,462,132	7	0.34%	N/A	-	N/A
Blue Water Gas Storage	Gas Production	19,725,200	8	0.35%	N/A	-	N/A
Birchwood Mall	Retail	15,997,710	9	0.28%	N/A	-	N/A
Domtar Ind	Paper Production	14,458,700	10	0.25%	N/A	-	N/A
SEMCO Energy & Affiliates		N/A	-	N/A	29,217,609	2	0.57%
Mueller Brass Company		N/A	-	N/A	27,979,748	3	0.54%
Consumers Power		N/A	-	N/A	25,004,383	4	0.48%
E.B. Eddy		N/A	-	N/A	23,761,000	5	0.46%
Michigan Consolidated Gas Co.		N/A	-	N/A	22,893,486	6	0.44%
Daimler Chrysler		N/A	-	N/A	20,733,954	7	0.40%
ANR Pipeline Co.		N/A	-	N/A	20,277,524	8	0.39%
DNR		N/A	-	N/A	13,203,211	9	0.26%
Huntsman Polypropylene Corp.		N/A	-	N/A	12,933,412	10	0.25%
		<u>\$ 925,605,792</u>		16.32%	<u>\$ 1,073,961,768</u>		20.77%

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>
2002	35,906,956	34,037,073	94.8%	1,801,235	35,838,308	99.8%	68,648	0.2%
2003	37,388,505	34,862,827	93.2%	2,309,117	37,171,944	99.4%	216,561	0.6%
2004	39,237,971	36,507,284	93.0%	2,647,560	39,154,844	99.8%	83,127	0.2%
2005	41,162,593	38,683,746	94.0%	2,402,738	41,086,484	99.8%	76,109	0.2%
2006	45,433,336	41,803,246	92.0%	3,552,794	45,356,040	99.8%	77,296	0.2%
2007	47,496,559	43,688,419	92.0%	3,728,541	47,416,960	99.8%	79,599	0.2%
2008	48,647,762	44,401,581	91.3%	3,938,715	48,340,296	99.4%	307,466	0.6%
2009	47,259,128	44,346,907	93.8%	2,554,609	46,901,516	99.2%	357,612	0.8%
2010	43,598,158	40,993,146	94.0%	2,379,194	43,372,340	99.5%	225,818	0.5%
2011	42,634,713	40,385,017	94.7%	2,031,428	42,416,445	99.5%	218,268	0.5%

** Represents Delinquent Personal Property Taxes and Chargebacks

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

Source: County Treasurer's Office

ST. CLAIR COUNTY, MICHIGAN

SCHEDULE 9

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

Fiscal Year	Governmental Activities			Business-Type Activities		Total Primary Government	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Drain Districts	Capital Leases	General Obligation Bonds	Capital Leases			
2002	13,400,000	-	126,000	-	-	13,526,000	0.29%	82.36
2003	44,100,000	-	78,021	-	-	44,178,021	0.90%	268.99
2004	43,775,000	-	7,738	-	-	43,782,738	0.88%	266.59
2005	42,775,000	-	-	-	162,335	42,937,335	0.84%	261.44
2006	41,575,000	-	14,523	-	121,751	41,711,274	0.81%	253.97
2007	54,315,000	414,379	6,551	-	121,751	54,857,681	1.02%	334.02
2008	52,775,000	772,882	-	-	40,584	53,588,466	0.99%	326.29
2009	54,060,000	1,514,539	-	-	-	55,574,539	1.05%	338.38
2010	52,185,000	2,862,168	-	4,830,496	-	59,877,664	1.15%	367.26
2011	50,185,000	3,244,497	-	6,184,811	-	59,614,308	1.15%	365.64

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

ST. CLAIR COUNTY, MICHIGAN

SCHEDULE 10

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

<u>Fiscal Year</u>	<u>Population *</u>	<u>Assessed Value (000)</u>	<u>Gross Bonded Debt</u>	<u>Less: Amounts Available in Debt Service Funds</u>	<u>Less: Self-Supporting Debt **</u>	<u>Total</u>	<u>Ratio of Net Bonded Debt to Assessed Value</u>	<u>Per Capita</u>
2002	164,235	6,371,422	42,875,000	-	32,475,000	10,400,000	0.16	63.32
2003	164,235	6,717,712	77,920,000	3,483,783	33,820,000	40,616,217	0.60	247.31
2004	164,235	7,055,937	72,275,000	1,597,972	28,500,000	42,177,028	0.60	256.81
2005	164,235	7,845,357	69,215,000	134,898	26,440,000	42,640,102	0.54	259.63
2006	164,235	8,181,349	67,723,902	417,854	22,413,902	44,892,146	0.55	273.34
2007	164,235	8,461,610	78,533,902	616,976	20,873,902	57,043,024	0.67	347.33
2008	164,235	8,491,388	76,244,012	708,847	20,534,012	55,001,153	0.65	334.89
2009	164,235	8,003,907	84,596,908	807,732	27,986,908	55,802,268	0.70	339.77
2010	163,040	6,471,461	83,577,123	883,296	24,476,627	58,217,200	0.90	357.07
2011	163,040	6,137,259	81,916,206	939,005	23,966,395	57,010,806	0.93	349.67

* U.S. Census

** Gross Bonded Debt and Self-Supporting Debt includes the Component Unit G.O. Bonds the County is contingently liable for.

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

ST. CLAIR COUNTY, MICHIGAN

SCHEDULE 11

COMPUTATION OF DIRECT AND OVERLAPPING DEBT
DECEMBER 31, 2011 - UNAUDITED

Direct Debt:

Building Authority	\$	6,785,000	
Jail Construction - General Obligation Bonds		27,900,000	
Communication System - General Obligation Bonds		3,025,000	
Comm. Mental Health - General Obligation Bonds		9,675,000	
Communication System - General Obligation Bonds		2,800,000	
Landfill Leachate System – General Obligation Bonds		6,184,811	
Community Mental Health Loans		1,342,079	
Water and Sewer Systems - General Obligation Bonds and Loans		26,322,554	*
Michigan Transportation Fund Bonds		1,580,000	
Land Bank Authority Notes		32,742	
Drain Bonds		9,651,395	*
Drain Revolving Loan		4,159,000	*
Drain Notes		5,460,426	*
		<u>104,918,007</u>	
Less: Self-Supporting Debt *		<u>45,593,375</u>	
Net Direct Debt			59,324,632

Overlapping Debt:

Cities	98,577,796	
Townships	29,799,554	
Villages	501,574	
School Districts	270,428,418	
Intermediate School District	3,976,268	
Community College	3,515,776	
	<u>406,799,386</u>	

Net Direct and Overlapping Debt \$ 466,124,018

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

ST. CLAIR COUNTY, MICHIGAN

SCHEDULE 12

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

<u>Fiscal Year</u>	<u>Debt Limit</u>	<u>Total Net Debt Applicable to Limit</u>	<u>Legal Debt Margin</u>
2002	637,142,188	65,913,100	571,229,088
2003	671,771,239	97,239,721	574,531,518
2004	705,593,714	90,826,838	614,766,876
2005	784,535,788	88,613,950	695,921,838
2006	817,931,908	89,910,979	728,020,929
2007	845,645,189	103,185,559	742,459,630
2008	849,227,458	105,871,959	743,355,499
2009	800,388,624	109,198,636	691,971,579
2010	647,034,586	107,913,532	539,121,054
2011	613,544,334	104,918,007	508,626,327

Legal Debt Margin Calculation for Fiscal Year 2011

State Equalized Value	<u>\$ 6,135,443,344</u>
Legal Debt Limit (10% of State Equalized Value)	\$ 613,544,334
Less: Total Long-Term Debt	<u>104,918,007</u>
Legal Debt Margin	<u>\$ 508,626,327</u>

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

ST. CLAIR COUNTY, MICHIGAN

SCHEDULE 13

DEMOGRAPHIC AND ECONOMICAL STATISTICS
LAST TEN FISCAL YEARS - UNAUDITED

<u>Fiscal Year</u>	<u>Population *</u>	<u>U. S. Census</u>	<u>Personal Income *****</u>	<u>Per Capita Income **</u>	<u>K - 12 School Enrollment ***</u>	<u>Unemployment Rate ****</u>
2001	166,541	164,235	4,571,141	27,710	27,952	6.9
2002	167,712	164,235	4,702,627	28,102	28,835	7.8
2003	170,572	164,235	4,912,828	29,005	28,383	9.2
2004	171,661	164,235	4,955,516	29,017	28,211	9.4
2005	172,546	164,235	5,119,100	29,922	28,235	7.6
2006	172,866	164,235	5,171,399	30,845	27,692	8.4
2007	174,954	164,235	5,358,337	30,942	26,890	9.1
2008	171,017	164,235	5,419,462	31,956	26,132	10.4
2009	166,842	164,235	5,290,584	31,574	25,477	17.5
2010	163,040	163,040	5,200,174	31,956	25,005	14.9
2011	162,569	163,040	5,200,174	24,481	24,408	13.1

Sources

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

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

ST. CLAIR COUNTY, MICHIGAN

SCHEDULE 14

PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO - UNAUDITED

Employer	Product/Service	2011			2002		
		Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Port Huron Hospital	Health Care Services	1,750	1	2.87%	1,057	2	1.58%
Port Huron School District	Public Education	1,111	2	1.82%	1,462	1	2.19%
St. Clair County	Municipal Government	988	3	1.62%	832	5	1.25%
DTE Energy	Public Utility	915	4	1.50%	1,044	3	1.56%
Mercy Hospital	Health Care Services	770	5	1.26%	693	6	1.04%
Meijer	Grocery/Retail	650	6	1.07%	N/A	N/A	N/A
East China Public Schools	Public Education	600	7	0.99%	594	8	N/A
AT&T	Public Utility	500	8	0.82%	459	10	N/A
St. John River District Hospital	Health Care Services	450	9	0.74%	N/A	N/A	N/A
SMR (Previously Visiocorp USA)	Manufacturer	425	10	0.70%	N/A	N/A	N/A
Bundy Corporation	Motor Vehicle Parts	N/A	N/A	N/A	620	7	0.93%
K-Mart Corporation	Grocery/Retail	N/A	N/A	N/A	850	4	1.27%
Britax Rainsford	Glass Products	N/A	N/A	N/A	591	9	0.88%
		<u>8,159</u>		<u>10.72%</u>	<u>8,202</u>		<u>14.49%</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	Full - Time Equivalent Employees as of December 31,									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Legislative										
Board of Commissioners	7	7	7	7	7	7	7	7	7	7
Judicial										
Circuit Court	16	15	13	14	14	14	13	13	13	13
District Court	26	25	27	29	28	28	30	30	27	27
Courthouse Security	6	6	7	7	7	7	7	7	7	7
Friend of the Court	38	38	33	40	41	40	40	40	40	35
Probate Court - Adult	10	9	9	7	10	10	9	9	9	9
Probate Court - Juvenile	23	24	27	28	23	23	23	23	21	19
Probation - Adult	5	5	6	7	8	8	8	8	8	8
General Government										
Administrator/Controller	4	4	5	4	4	4	3	3	3	3
Elections	1	1	1	1	1	1	1	1	1	1
Accounting	6	6	5	5	5	4	4	4	4	4
Purchasing	0	0	0	0	2	3	3	2	2	2
Clerk	16	14	11	11	11	11	11	11	10	10
Equalization	7	7	7	9	11	11	11	11	10	10
Human Resources	7	7	8	8	8	5	6	6	6	4
Staff Resource Pool	5	6	6	6	0	0	0	0	0	0
Prosecuting Attorney	26	26	26	26	26	26	25	25	24	25
Register of Deeds	5	6	6	6	6	6	4	4	3	1
Lands and Graphics/Property Description	5	5	5	0	0	0	0	0	0	0
Treasurer	8	7	7	7	8	8	7	7	7	7
Cooperative Extension	5	5	5	5	5	5	4	4	3	2
Information Technology	4	6	11	11	16	16	14	14	13	12
Buildings and Grounds	31	30	27	27	25	27	23	23	21	20
Drain Commissioner	6	7	8	9	9	9	8	8	8	8
Public Safety										
Sheriff Department	70	73	78	80	85	86	76	76	77	77
Communications	12	14	15	15	15	15	23	23	23	23
Marine Patrol	1	1	1	1	1	1	1	1	1	1
Jail	49	50	55	94	94	94	97	97	96	96
Emergency Services	2	3	3	4	5	5	4	4	3	3
Animal Control	4	5	5	5	4	4	3	3	1	1
Metropolitan Planning	7	7	7	7	7	7	7	7	7	7

Function	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Health and Welfare										
Medical Examiner	0	0	0	0	0	1	1	1	1	1
Veterans Counselor	3	3	3	3	4	4	3	2	2	2
Public Guardian	3	3	3	3	4	3	3	3	3	3
Health Department	86	85	93	93	93	93	79	79	79	75
Child Care	31	24	27	34	45	47	50	50	48	48
Recreation and Culture										
Parks and Recreation	6	7	7	7	7	7	9	9	9	10
Library	33	39	38	35	37	37	37	37	37	37
Proprietary Activities										
Landfill	2	2	3	3	3	3	3	3	3	4
Airport	3	3	4	4	3	3	2	2	2	1

(Concluded)

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

ST. CLAIR COUNTY, MICHIGAN

SCHEDULE 16

OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS - UNAUDITED

Function	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Judicial										
Circuit Court Cases Filed	4,464	4,645	4,487	4,232	4,337	4,359	4,293	4,138	3,793	3,795
Circuit Court Cases Dispositions	4,527	4,643	4,952	4,423	4,327	4,647	4,429	4,295	3,952	3,851
General Government										
Marriage licenses	1,172	1,121	1,080	1,108	1,124	945	946	880	842	957
Births Certificates	1,847	1,912	1,948	1,891	1,860	1,798	1,746	1,705	1,536	1,605
Divorces Recorded	763	711	705	635	687	625	638	621	715	635
Death Certificates	1,599	1,490	1,420	1,454	1,445	1,487	1,535	1,517	1,569	1,551
Public Safety										
Inmate bookings	6,049	6,034	5,789	5,652	5,960	6,052	6,165	5,908	5,789	5,451
Dispatch Calls	41,420	41,119	47,961	56,061	58,623	66,814	88,680	106,349	109,642	118,511
Dog Licenses Issued	23,127	23,525	23,267	23,550	24,996	26,000	24,198	22,196	22,389	25,816
Airport										
Take-offs and Landings (1)	50,000	50,000	50,000	50,000	50,000	30,000	36,000	27,000	20,000	32,000
Landfill										
Tons of Waste Collected	33,548	390,266	268,059	241,074	207,483	245,662	219,362	190,680	188,541	238,254

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	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Judicial										
Buildings	1	1	1	1	1	1	1	1	1	1
Vehicles	1	1	1	1	1	1	1	1	1	1
General Government										
Buildings	3	3	3	3	3	3	3	3	3	2
Vehicles	8	8	10	11	11	12	11	11	10	10
Public Safety										
Buildings	3	3	4	5	5	5	5	5	5	3
Jail Beds Available	170	170	170	400	400	400	450	450	478	491
Vehicles										
Patrol	47	58	54	50	49	47	44	46	45	41
Other	16	15	16	19	20	20	19	20	22	28
Health & Welfare										
Buildings	2	2	2	2	2	2	2	2	3	2
Vehicles	2	2	2	2	2	2	5	5	6	6
Recreation & Cultural										
Buildings	36	36	36	36	37	37	37	37	37	37
Vehicles	5	6	6	6	8	8	8	9	10	10
Park Acreage	121	121	121	137	232	523	559	559	559	562
Airport										
Buildings	6	7	7	7	7	7	7	7	7	7
Vehicles	2	2	2	2	3	2	2	2	2	2
Landfill										
Buildings	1	1	1	1	1	1	1	1	1	2
Vehicles	0	0	0	0	0	0	0	1	1	2

Source: Accounting Department