























City of St. Clair

Dashboard 2011

<u>Fiscal Stability</u>			
	<u>FY 2009</u>	<u>FY 2010</u>	<u>Progress</u>
Annual Revenues - Governmental Funds (000's)	\$6,695	\$6,281	
Annual Expenditures - Governmental Funds (000's)	\$6,337	\$6,399	
Unrestricted/Undesignated Fund Balance (% GF Expenditures)	\$2,407	\$1,180	
Bond Ratings (Standard & Poors)	AA	AA	
State Indicator Fiscal Score *	NA	3	
Unfunded Pension Liability (000's)	\$4,795	\$5,590	
Unfunded OPEB Liability (000's)	\$3,546	\$4,483	
Debt Burden (per capita)	\$817	\$724	
Employee Headcount (FTE)	38	37	
Number of services delivered via co-operative venture	1	1	

<u>Public Safety</u>			
	<u>FY 2009</u>	<u>FY 2010</u>	<u>Progress</u>
Fire Calls (Total- Fire Authority)	687	604	
Police Responses (Total)	2,238	2,222	
Traffic Accidents	67	111	
Violent Crimes	96	75	
Liquor Inspections	78	72	
Hand Gun Registrations	39	78	

<u>Quality of Life</u>			
	<u>FY 2009</u>	<u>FY 2010</u>	<u>Progress</u>
Miles of Sidewalks/Non-motorized Trails	40.4	40.4	
Parks, Recreation (% of Governmental Budget)	8%	13%	
Parks (Acres - not inclusive of Golf Course, Boat Harbor, Schools)	102.8	102.8	

<u>Legend</u>	
Performance Improving	
Performance Declining	
Performance Staying About the Same	

Revised September 23, 2011

* State Indicator Fiscal Score 0 - Lowest Risk, 9 - Highest Risk

Dollars & Sense:

How the City of St. Clair Spends Your Money

2011 Citizen's Guide to
City of St. Clair Financial Health

KEY TERMS

There are a few key terms that may be helpful when reading this report. They include:

- **Budget deficit/surplus.** If there is less money received than paid out in a given fiscal year, there is a budget **deficit** or shortfall. If there is more money received than paid during the fiscal year, a budget **surplus** exists.
 - **Debt.** Just like a homeowner takes out a mortgage, governments can borrow money to pay for certain types of projects. The City has both short-term debt (paid back within the fiscal year) and long-term debt. Debt can be either **general obligation** debt, meaning that the City pays back the debt with regular tax collections and other revenues, or **special revenue** debt, which is paid off over time with revenue from specified sources beyond the usual taxes and service fees.
 - **Fiscal year (FY).** The 12-month period of time during which budgets are allocated or finances are planned. Most households have a fiscal year that runs from January 1 to December 31, while City government uses an October 1 - September 30 fiscal year. Some local units of government, including public schools, use a July 1 - June 30 fiscal year, while others operate on a typical calendar year.
 - **Fund balance.** Once all the bills for the year have been paid out of a certain fund, whatever is left over is called the fund balance. When a fund balance is less than zero, you'll see the number shown with parentheses around it. Deficits cause fund balances to decrease, while surpluses cause them to increase.
 - **Public budget gap.** A novel measure, similar to the deficit, used to measure the extent to which a government is falling short of covering its current and long-term obligations in a fiscal period. The budget gap takes into account the budget deficit, as well as any new obligations that the government has failed to cover such as **employee pensions or retiree health care**.
 - **Reserved/Restricted funds.** Some funds are considered to be "reserved" or "restricted" for a specific purpose, and cannot be spent for anything else.
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Welcome

Greetings,

All St. Clair residents have a vested interest in the economic future of the City. This report is intended to provide all citizens with an assessment of the financial health of St. Clair. As taxpayers you deserve to know what your tax dollars are buying which will then allow you to have a voice in making sure desired services and programs are provided. This report provides information on:

- Sources of City Revenues
- Services provided across the City
- Future obligations for employee healthcare and pensions

For this report, data was used from the most recent audited financial statements (September 30, 2010). What does the data show? Largely, we have found the following:

- St. Clair's property values have decreased leading to a decrease in revenues collected by the City
- Revenues received from the State have decreased
- Services levels have not been cut. However, maintaining current service levels will prove to be challenging going forward.
- St. Clair's population has decreased

Once you have read this report you are invited to make your voice heard. Bring your ideas to the City's management and/or council. Only by working together can we make the necessary changes to ensure St. Clair's future is bright.

Sincerely,

Bill Cedar Jr.

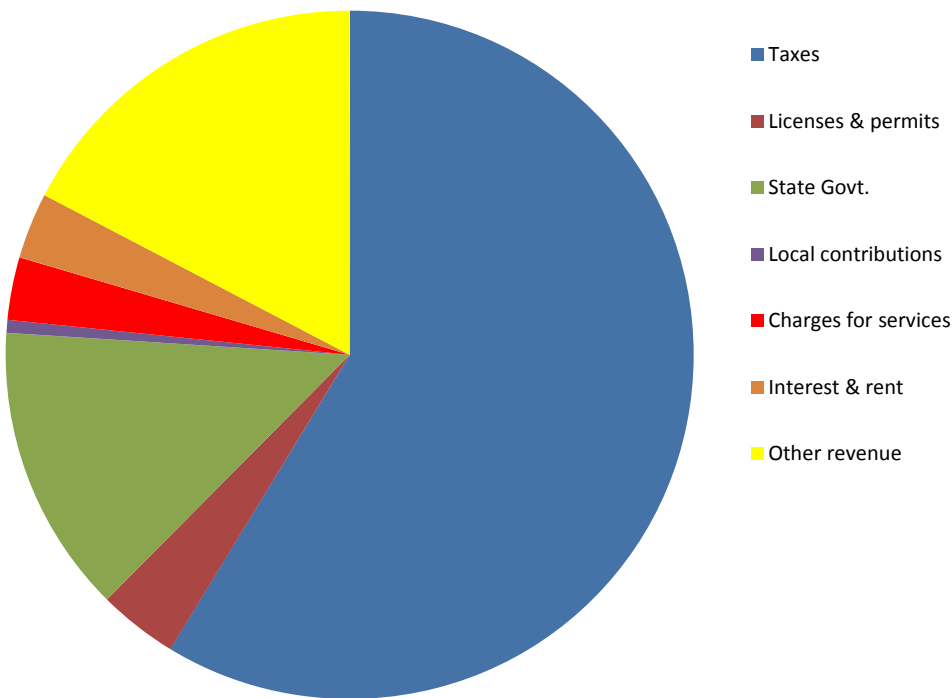
Mayor

WHERE CITIZEN DOLLARS GO

What benefits do you receive in exchange for the tax dollars you pay? Figure 1 shows that in FY 2010, the City of St. Clair received revenue from the following sources:

- Property taxes (Residents)
- Revenue Sharing - State
- Interest & Rent
- Licenses & Permits
- Fines & Forfeits
- Service Charges

Figure 1 - Where City Receives Money (all governmental funds) – St. Clair

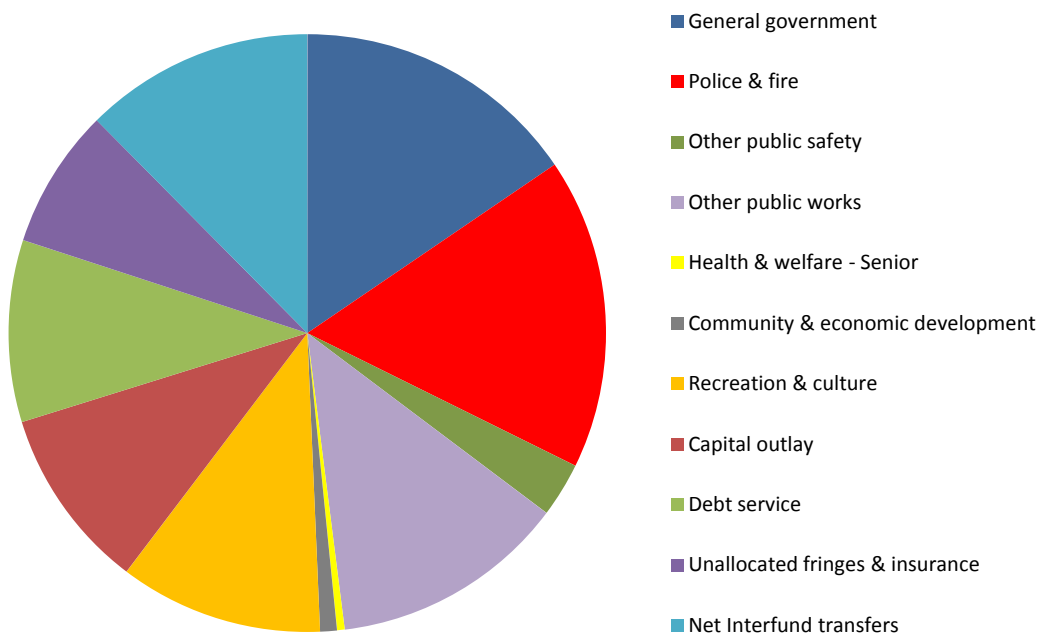


SERVICES PROVIDED BY CITY

Where does this money go? Figure 2 highlights that, in general, the City collects money from taxes, fees, etc. and uses these funds to coordinate delivery of public services, including, but not limited to:

- General Government
- Police & Fire
- Public Works
- Roads (Major & Local Streets)
- Health & Welfare (Senior Van)
- Community & Economic Development (Planning & Zoning)

Figure 2 – Where City Spends Money (all governmental funds) – St. Clair



*How Taxpayer Money is Spent:
Government Revenues & Expenditures*

GOVERNMENT BUDGETS

Many governments in Michigan are spending more than they receive. To illustrate, consider that in FY 2010 the total of all state and local governments (including public schools) received \$82.5 billion in revenue and spent \$84.8 billion. During the period of 2005 to 2010 the City of St. Clair had a shortfall during the FY's 2006 and 2010. For each year the shortfalls were covered by revenues received in the preceding years. The City's FY 2010 spending in plain and simple terms was:

City Received	\$6,280,597
City Spent	(\$6,398,998)
Difference	(\$118,401)

Revenues

Figure 3 provides a breakdown of the dollars moving into the City. In particular, the chart provides details of changes that transpired between the 2009 and 2010 FY's. Property taxes which accounted for 59% of the revenues during 2010 declined by \$32,734. Money received from the State of Michigan via revenue sharing decreased by \$34,266 during 2010. Further, note revenue sharing, during the period of 2005-2010, decreased approximately 12%.

Figure 3 – Comparative Revenue 2009 vs. 2010 (all governmental funds) – St. Clair

	<u>2009</u>	<u>2010</u>	<u>%- Change</u>
Taxes	\$3,720,376	\$3,687,642	-1%
Licenses & permits	\$207,929	\$234,359	13%
from State Govt.	\$886,719	\$852,453	-4%
Local contributions	\$25,703	\$37,928	48%
Charges for services	\$150,760	\$185,143	23%
Interest & rent	\$228,155	\$194,365	-15%
Other revenue	<u>\$1,475,607</u>	<u>\$1,088,707</u>	-26%
Total	<u>\$6,695,249</u>	<u>\$6,280,597</u>	-6%

Expenditures

Figure 4 provides a breakdown of the dollars consumed by the City. In particular, the chart provides details of changes that transpired between the 2009 and 2010 FY's. Capital outlay, which accounted for the largest increase in expenditures, increased by \$173,323 or 38%. The increased expenditures were the result of additional funds used to complete improvements to the City's streets. Street capital during 2009 was \$112,892 while the amount increased to \$302,141 in 2010.

Figure 4 – Comparative Expenditures 2009 vs. 2010 (all governmental funds) – St. Clair

	<u>2009</u>	<u>2010</u>	<u>% Change</u>
General government	\$1,046,576	\$990,694	-5%
Police & fire	\$1,139,751	\$1,077,135	-5%
Other public safety	\$192,347	\$188,821	-2%
Other public works	\$812,777	\$814,766	0%
Health & welfare	\$24,091	\$26,003	8%
Community & economic development	\$62,104	\$58,907	-5%
Recreation & culture	\$599,717	\$703,348	17%
Capital outlay	\$458,108	\$631,431	38%
Debt service	\$625,223	\$630,523	1%
Unallocated fringes & insurance	\$453,780	\$482,757	6%
Net Inter-fund transfers	\$922,316	\$794,613	-14%
Total expenditures	<u>\$6,336,790</u>	<u>\$6,398,998</u>	<u>1%</u>

NUMBER OF GOVERNMENT EMPLOYEES

The City of St. Clair's total employee count has decreased 15% from 2006 to 2010. Further, the number of full time employees has decreased 8% during the same period.

Employment City of St. Clair

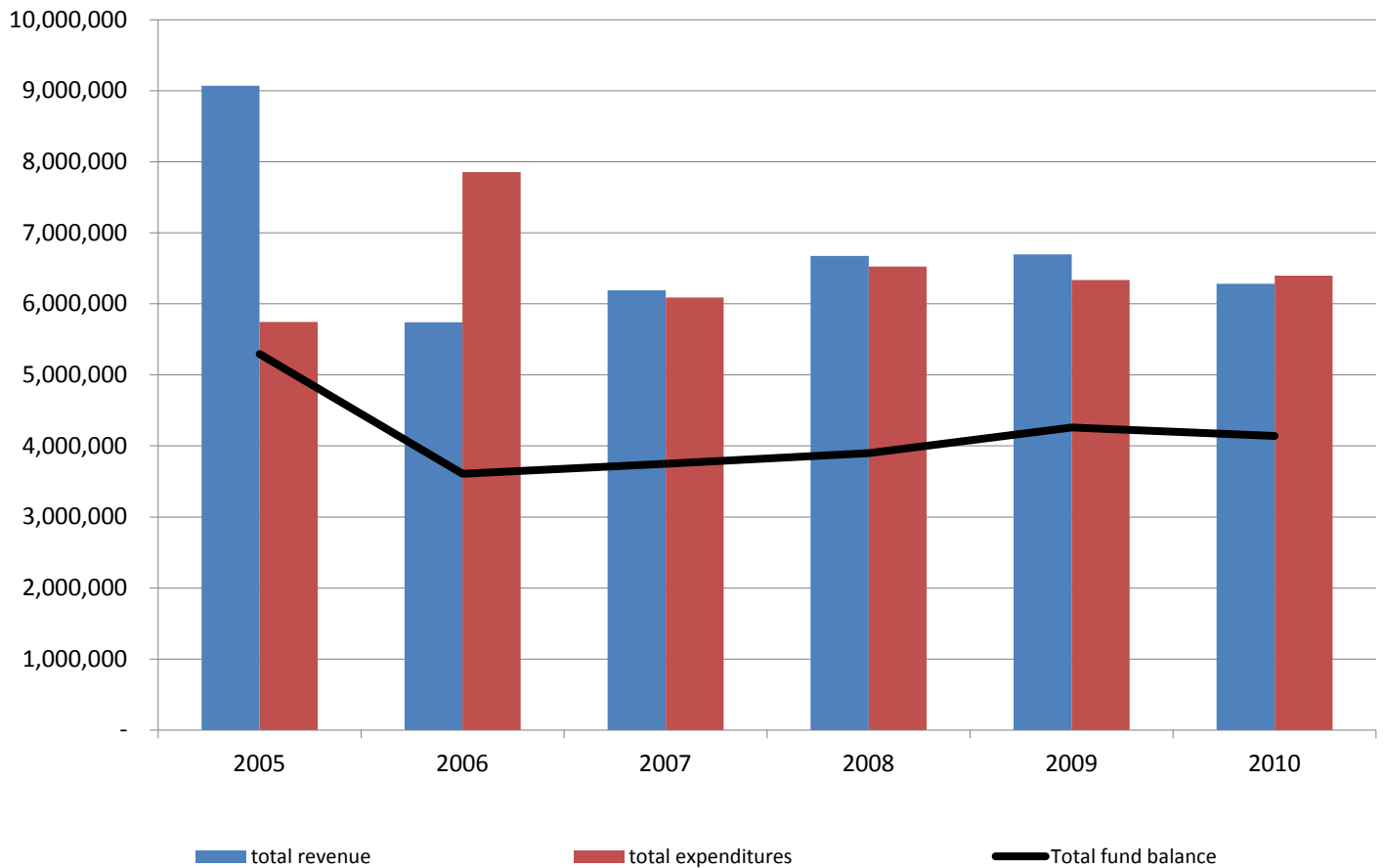
	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Total Employees*	139	130	137	122	118
Full Time Employees	40	40	40	38	37

*Includes Seasonal Employees

RESERVES & MAJOR FUND BALANCES

In recent years, many governmental units have drawn down their financial reserves or depleted their savings to support current spending levels. As indicated earlier the City, other than in FY's 2006 & 2010 when money was used to fund the previous years' projects, has done a good job of keeping expenses in check (reference figure 5). It is considered good practice to keep around 10% of annual operating expenditures in unrestricted fund balances to cover new, unexpected expenses or an unanticipated drop in revenue. In 2010, the City maintained an unrestricted fund balance of 31%.

Figure 5 – Fund Balance Reserves (all governmental funds) – St.



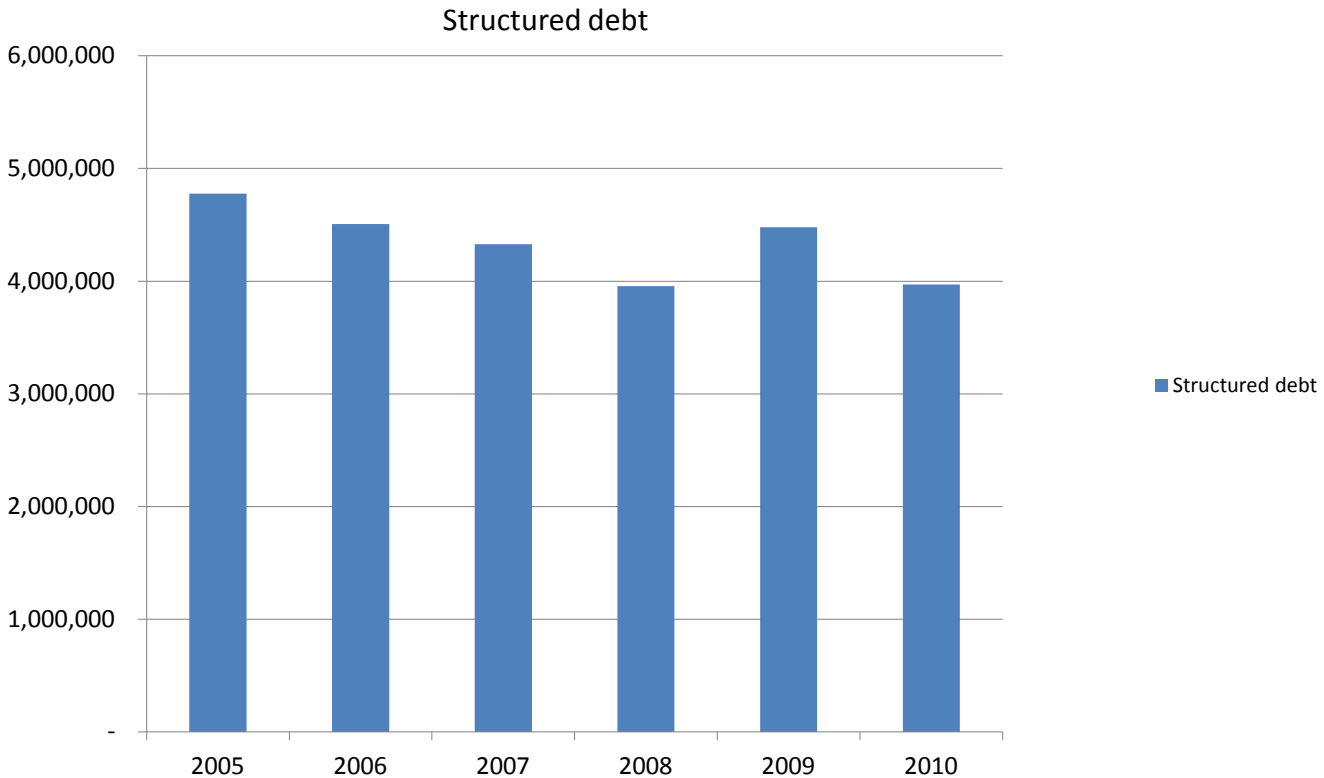
DEBT LEVELS

Local Governments can take on short and long-term debt. Typically, they would take on short-term debt to cover cash-flow needs. As the City of St. Clair has fund reserves there is no need to secure short term debt to cover operating activities.

Long-term debt is generally secured to pay for larger projects (new city hall, street reconstruction, etc.). The City of St. Clair has issued long-term debt to cover some larger projects. Debt obligations at September 30, 2010 were as follows (also reference figure 6):

- 1999 Building Authority Bonds (City Hall Construction – Balance \$395,000) Matures Nov-2014
- 2004 Building Authority Refunding Bonds (DPW – Balance \$69,723) Matures Nov-2011
- 2005 General Obligation Bonds (Street Bonds – Balance \$2,705,000) Matures Nov-2016
- 2004 Community Development Block Grant (Industrial Park – Balance \$800,000) Matures Aug-2018

Figure 6 – Long Term Debt (all governmental funds) – St. Clair



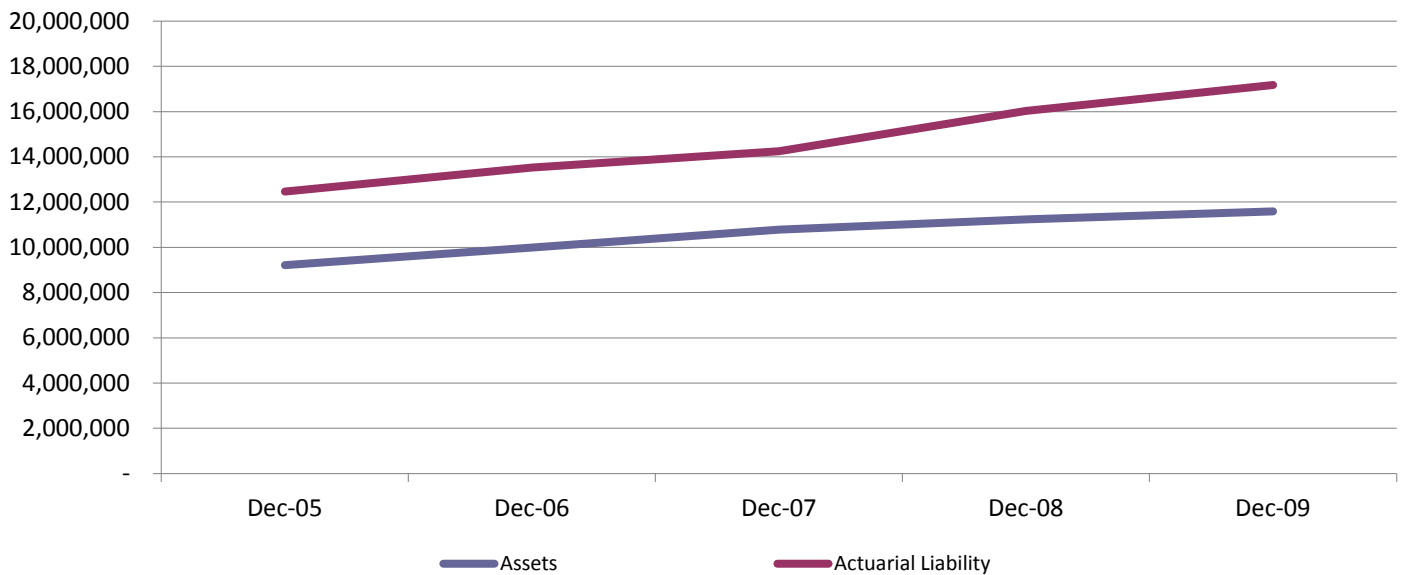
PENSION & OTHER RETIREE BENEFITS

The City of St. Clair has not fully funded its' future employee retirement obligations. City employees who meet certain requirements, such as years of service and age, receive a pension upon retirement. Many retirees also have the option to enroll in a health care program. Most retirees, who are eligible for health care benefits upon retirement, are required to pay a percentage of the monthly premiums.

City of St. Clair Pension Benefits

Pension benefits are pre-funded by contributions from the City and employees, who often need to contribute a certain percentage of their salary. The pension system provided by the City is the Municipal Employees Retirement System (MERS). MERS, an independent public corporation, oversees the retirement fund. The City, as of December 31, 2009 had a pension plan that was 67 percent funded (reference figure 7).

Figure 7 – Pension Funding Status – St. Clair



Retiree Health Care Benefits

Retiree Health Care benefits are pay-as-you-go, meaning they are not pre-funded. Unlike pensions, these benefits are not guaranteed by the City by means of a trust fund.

The City, within the General Fund, has reserved funds for retiree health coverage. However, the funds have not been set aside in a trust meaning they could be used to support other obligations. Further, the City's obligation at December 31, 2009 was \$4,482,757 while the reserve, at September 30, 2010, was only \$618,050.

PUBLIC BUDGET GAP

A deficit is the extent to which expenses exceed revenues in a given year. As established the City does not run operating deficits. However, the City has unfunded obligations that are not recognized in their surpluses. These partially funded pensions and retirement health benefits that are not recognized as liabilities in the financial statements would cause the surplus situation into a deficit. This situation is known as a public budget gap. At September 30, 2010 the City had \$10,072,495 of pension/retiree health benefits that were not funded.

How This Report Was Developed

The goal of this report was to provide the public with as much information as possible on the revenues, expenditures, and other financial activities of the City government.

DATA SOURCES & NOTES

This report can be found at www.cityofstclair.com. Also, copies can be obtained from the City Clerk's office. For additional information about the City and/or the State governments please refer to www.michigan.gov/treasury. To obtain audit data, for the City, click on local government services. Then click on local unit audit reports. Audit reports are available, on the State's website, for the FY's 2003->2010.

Data was obtained from the CAFRs of the MERS pension system

U. S. Census information was used to supply population numbers

For the City our fiscal year runs from October 1 to September 30

This Citizen's Guide has been prepared by utilizing existing financial information. If you have questions concerning, this guide, please contact the City Superintendent - Scott Adkins or City Accountant - Mike Booth at 810.329.7121.