

MACOMB COUNTY, MICHIGAN

**Comprehensive Annual Financial Report
For the Year Ended December 31, 2011**

**Issued by the Department of Finance
Peter M. Provenzano, Finance Director**

MACOMB COUNTY, MICHIGAN

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Macomb County Executive

Mark A. Hackel

Mark F. Deldin
Deputy County Executive

June 29, 2012

To the Citizens of Macomb County,

The Comprehensive Annual Financial Report (CAFR) of Macomb County, Michigan for the fiscal year ended December 31, 2011 is hereby submitted. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the County. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the various funds of the County. All disclosures necessary to enable the reader to gain an understanding of the County's financial activities have been included.

State law requires that all general purpose local governments publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with Generally Accepted Accounting Principles (GAAP) and audited in accordance with Generally Accepted Auditing Standards by a firm of licensed certified public accountants.

This report consists of management's representations concerning the finances of Macomb County. Consequently, management assumes full responsibility for the completeness and reliability of all the information presented in this report. To provide a reasonable basis for making these presentations, County management has established a comprehensive internal control framework that is designed to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the County's financial statements in conformity with GAAP. The cost of internal controls should not outweigh their benefits; therefore the County's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

Macomb County's financial statements have been audited by Rehmann Robson, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the County for the fiscal year ended December 31, 2011 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was reasonable basis for rendering an unqualified opinion that the County's financial statements for the fiscal year ended December 31, 2011 are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of Macomb County 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 the administration of federal awards. These reports are available in the County's separately issued Single Audit Report.

The Fiscal Year 2011 Comprehensive Annual Financial Report is issued pursuant to the requirements of Governmental Accounting Standards Board (GASB) Statement No. 34 – Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments. Readers of our 2011 Comprehensive Annual Financial Report will notice two statements entitled Statement of Net Assets and Statement of Activities. These statements will provide readers with the financial position of Macomb County viewed as a single entity. The GASB statements also require 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. Macomb County's MD&A can be found immediately following the report of the independent auditors.

PROFILE OF MACOMB COUNTY

The 2010 Census figures show that Macomb County has passed Detroit in population thus giving the county new status in regional leadership along with Wayne and Oakland counties. Macomb County's population stands at 840,978 — a 6.7 percent increase from the last census. Macomb's population increase is the highest among southeast Michigan counties. This increase will affect Macomb County's influence as legislative districts are redrawn to reflect the new landscape. Macomb's share of funding from Washington — where \$400 billion is tied to the census — and from Lansing should be positively affected, as census numbers will influence what roads are widened and what parks are built. The Census Bureau found that the county had gained 52,649 people since the last count, with most of the growth occurring in 2000-05. That allows Macomb County to maintain its status as the third-most populous county in Michigan, behind Oakland and Wayne. The data also show that Macomb remains larger in population than five states: Alaska, North Dakota, South Dakota, Vermont and Wyoming.

Under the new census count, Macomb County features three of the largest communities in Michigan. The third largest city in Michigan is Warren, the fourth largest is the City of Sterling Heights, and the 10th largest is Clinton Township. Warren and Clinton Township retained their former standing, while Sterling Heights moved up one spot, leapfrogging the City of Flint. The results document what many people already knew: stable population growth is being witnessed throughout Macomb County. The biggest population increases in Macomb were experienced in New Baltimore with 63 percent; Macomb Township with 58 percent; and Washington Township at 32 percent.

The FBI's 2011 Uniform Crime Report shows that Sterling Heights, ranked fourth among Michigan's seven most-populous communities (those with more than 100,000 residents), has recorded the fewest number of overall violent crime incidents, robberies and burglaries. Typically registering a low-level of crime, Sterling Heights consistently ranks as Michigan's safest big city, and is among the safest cities of its size in the nation.

Macomb County's governmental structure is defined by the Home Rule Charter of Macomb County Michigan and the general laws of the State of Michigan. A Home Rule Charter was approved by voters in 2009 and became effective January 1, 2011, thus altering the structure of Macomb County government. The charter established the position of County Executive to be elected by the voters and serve as head of the executive branch of government. The Executive's duties are to supervise, coordinate, direct and control all county departments, except for departments headed by countywide elected officials. The Macomb County Commission serves as the legislative body of Macomb County government and is composed of thirteen commissioners elected for two-year terms from thirteen districts of nearly equal population.

The County Treasurer, Clerk/Register of Deeds, Prosecutor, and Sheriff are offices established by the State's constitution. A Public Works Commissioner was established as an elected position in 1909 and currently operates under Public Act 40 of 1956, the Uniform Drain Code. The above offices are countywide elected with four-year terms. The Treasurer is responsible for collection of delinquent property taxes, property tax settlements with local units of government, cash management, and investments. The Clerk/Register of Deeds is responsible for recording vital statistics administering elections, maintaining court records, Board of Commissioner proceedings, and documents affecting property ownership. The Sheriff and Prosecutor are responsible for law enforcement. The Public Works Commissioner is responsible for the construction and maintenance of drains, lake level control and sewer interceptors.

The Macomb County Courts consist of the Sixteenth Circuit (including Family Court), Probate and 42nd District Court Divisions I and II. The Circuit Court has jurisdiction over criminal cases where the minimum penalty is over one year incarceration, civil damage cases where the controversy exceeds \$25,000, and domestic relation matters. The Macomb County Probate Court consists of two divisions: Wills and Estates and Mental. The Wills and Estates Division administer estates for deceased persons and appoints guardians for minors and legally incapacitated adults. The Mental Division accepts petitions and holds hearings on the hospitalization of individuals who are in need of mental health services and appoints guardians when necessary. The 42nd District Court has jurisdiction over misdemeanors, ordinance and charter violations, civil cases under \$25,000, and preliminary examinations in felony cases for the Village of Romeo and the City of New Baltimore.

A consideration in preparing the CAFR for the County was the identification of the reporting entity. Various potential component units were evaluated to determine whether they should be reported in the County's CAFR. A component unit is considered to be part of the County's reporting entity when the County is financially accountable for the entity or the nature and significance of the relationship between the County and the entity is such that exclusion would cause the County's financial statements to be misleading or incomplete.

This Comprehensive Annual Financial Report includes all the funds of the County and the funds of the Macomb/St. Clair Workforce Development Board (Michigan Works), the Martha T. Berry Medical Care Facility, the Macomb County Parks and Recreation Commission, the Macomb County Human Services Board, the Macomb County Public Works Commission, the Macomb County Community Mental Health Board, the Macomb County Employees Retirement System, the Macomb County Retiree Health Care Board, the Macomb County Building Authority and the Macomb County Criminal Justice Building Authority. Not included are the funds of Macomb Community College and Macomb Intermediate School District as well as various cities, townships, villages and local school districts which have not met the established criteria for inclusion in the reporting entity and accordingly are excluded from this report.

The Building Authorities have been combined with the financial statements of the County in accordance with the Statement on Michigan Governmental Accounting and Auditing No. 2 (Accounting and Financial Disclosures of Building Authorities) as issued by the State Treasurer.

ECONOMIC CONDITION

As demonstrated by the financial statements and schedules included in this report, the County has not escaped the national trend of decreasing real estate values. The assessed value of the taxable property for 2011 was approximately \$25.8 billion, a decrease from the prior year of \$1.9 billion, or 6.9 percent. This recent phenomenon is a reversal from previous trends which saw the taxable value of property located in Macomb County increase by an average of 2.9% per annum over the last ten years.

Macomb is the state's third most populous county. Geographically situated in Southeast Michigan, Macomb County is a thriving suburb of the City of Detroit. While located in the Great Lakes Region, the county is within 500-miles of one-half of the United States' population and most of Southwestern Ontario. Within just 250 miles are the cities of Chicago, Cleveland and Toronto. The county is linked to these important destinations by an extensive transportation network of highway, rail and air services. Macomb's southeastern boundary lies on the western shore of Lake St. Clair. This 430-square-mile lake links lakes Huron and Erie, providing access to the St. Lawrence Seaway, which is among the world's busiest international waterways.

With approximately 34,000 acres of industrial and institutional land, Macomb County is well positioned for growth. It is significant to note that the county has sufficient sewer and water capacity in place to serve all of its largely undeveloped northern reaches. Today, new development of full-service industrial parks, manufacturing plants, office centers, R & D facilities, retail centers and residential construction continue to expand the county's economic base.

These locational advantages, coupled with the presence of a highly skilled labor force and a strong local economy all help to establish Macomb County as a location of choice for those businesses engaged in engineering, R&D, and advanced manufacturing.

Macomb County's labor force is its most valued resource. From those with college degrees and high-tech training to skilled-trades-persons, Macomb's labor force of over 400,000 is smart and productive. The county has a rich tradition of manufacturing, and continues to be a major manufacturing center. However, a shift in the economy during the 1990s produced a significant increase in service sector employment. The percentage of county jobs in the manufacturing sector decreased from 35 percent in 1980 to nearly 20 percent in 2010, with the service sector now employing approximately 45 percent. Adding definition to Macomb's robust and diverse labor force is an agricultural heritage most evident in the northern portions of the county, where second-and-third-generation farmers maximize nature's wealth.

Over the past forty years there has been substantial industrial development in Macomb County. A mile-wide industrial corridor, 12-miles in length, comprises large industrial establishments including the Chrysler Corporation's Warren Truck Assembly Plant, Sterling Heights Stamping Plant, and Sterling Heights Assembly Plant; Ford Motor Company's Van Dyke and Sterling plants; General Motors' Technical Center and Powertrain Plant; the Detroit News and Detroit Free Press Sterling Heights printing plant; The U.S. Army's TACOM Life Cycle Management Command (TACOM LCMC) and Tank Automotive Research, Development and Engineering Center (TARDEC); and the headquarters of General Dynamics Land Systems, which designs, engineers, and supports armored weapons systems for the U.S. Army and NATO allies.

Utility services are provided by DTE Energy, Consumers Energy, and the Southeast Michigan Gas Company. All three have the capacity to supply large industrial customers. Telecommunications services are available from a host of providers, including AT&T, Comcast and Verizon. Municipal water and sanitary sewer service is available in Macomb County's urbanized areas. Large tracts of vacant industrial and commercial land have access to these services.

There are over 10,000 retail-trade establishments conveniently located throughout Macomb County, offering the consumer a full range of products and services. The county is also home to several large, regional shopping centers, including the Lakeside Mall, located in Sterling Heights, and the Mall at Partridge Creek, located in Clinton Township.

Lakeside is the area's largest shopping center, employing approximately 1,800 people. The multi-level, climate-controlled mall of 1.4 million square feet is located on 545 acres with 51 acres of lakes, and parking for 8,000 vehicles. The mall's anchor stores are Macy's, J.C. Penney, Sears and Lord & Taylor. There are approximately 130 other stores, specialty shops, restaurants and miscellaneous retail spaces in the mall.

The Mall at Partridge Creek, a 640,000 square foot open-air, "lifestyle" shopping center, opened in 2007. Department-store chains Nordstrom and Parisian serve as anchors, with over 90 shops and restaurants rounding out the variety of offerings. The center also features a 14-screen movie theater, heated sidewalks, two bocce courts, an outdoor play area with water amusements, plus a fireplace in the center court. Customers are invited to bring their dogs and are accommodated with "Comfort Stations" that include water and sanitation supplies. Parking is available for 3,200 vehicles.

Higher education is a priority of Macomb County residents. This is directly reflected in the broad range of degree and technical certificate programs that are made available to them. Macomb Community College, with two campuses each in Warren and Clinton Township is the county's leading post-secondary educational institution. The nearly 48,000 students enrolled annually at the college have a choice of almost 200 options for securing degrees and certificates. The college also offers continuing education courses, career counseling, cultural activities and community services.

MCC has received a \$4.9-million federal grant to train veterans and unemployed people for the anticipated growth in defense-sector jobs in southeast Michigan. The college reports that 422 people have participated in the training, with an expected total of 2,600 people to be trained. Training and employment opportunities range from parachute sewing to quality control specialists.

The college is accredited by 11 state, national and occupational training associations, including the Higher Learning Commission. It is widely recognized for pioneering a concept that evolved into the University Partnership Program. This program is a unique arrangement that joins MCC with four-year colleges and universities to provide Macomb County residents increased access to a broader choice of bachelor and master degree programs. The program is an alternative to a residential college or attending a distant university-extension center.

Partnership courses are taught at MCC's University Center in Clinton Township by faculty from the partner colleges and universities, including: Central Michigan University, Ferris State University, Madonna College, Oakland University, Rochester College, University of Detroit-Mercy, Walsh College and Wayne State University. Nearly 50 bachelor's degree completion and master's degree programs are offered through the program.

The college also operates the 1,271-seat Macomb Center for the Performing Arts, which is one of the finest facilities of its kind in the state. The center brings a diversity of cultural arts experiences to nearly 260,000 patrons annually.

Baker College, located in a quiet residential setting in Clinton Township, sits on 42 centrally located acres with easy access from I-94 and I-696. Approximately 6,200 students are enrolled in a variety of academic specializations, including elementary and secondary teacher preparation, nursing, radiology, surgical, veterinary and computer technology programs. Baker College is accredited by The Higher Learning Commission of the North Central Association. The Baker Center for Graduate Studies is additionally accredited by the International Assembly of Collegiate Business Education.

Other post-secondary and professional educational institutions with a presence in Macomb County include Michigan State University's College of Osteopathic Medicine, Oakland University, and Wayne State University. The MSU program, located at the site of MCC's University Center, in Clinton Township opened in 2010, providing new classroom and lab space for as many as 50 of the school's 300 students enrolled in the program. At OU's Macomb center in Mount Clemens, the university offers regular courses from select programs at this site in an effort to accommodate those students who reside nearby. WSU's School of Business developed a new degree program offered at MCC's South Campus in Warren. The Bachelor of Arts in Business Administration with a major in Global Supply Chain Management focuses on the discipline of logistics.

The Macomb Intermediate School District serves the nearly 137,000 K-12 students enrolled in 21 public school districts and center-based schools in Macomb County. The MISD provides curricular and programmatic support to the staff, students and parents of 135 elementary schools, 40 middle schools and 28 high schools countywide. Approximately 20,000 students receive special education services.

In addition to the standard curriculum, direct services for special education students are provided through three schools for the handicapped, a nursing home, the Macomb Regional Center, a special education work activities program, programs for the severely emotionally impaired, and the Continuing Education for Youth Program. Macomb County's public schools also provide a variety of vocational and job training programs through their high schools and vocational skill centers.

The International Academy of Macomb is a public, tuition-free, high school for students from 18 Macomb County School districts. Operated through the Macomb Intermediate School District, the Academy is located on the campus of Chippewa Valley High School in Clinton Township. The academy is designed to provide a blend of rigorous academic standards, practical career-related experiences and intercultural learning opportunities focused on a challenging curriculum.

Health care services in Macomb County include five general hospitals with a capacity of over 1,400 beds to serve the area. Henry Ford Health System operates three Henry Ford Macomb hospitals within the county, in Clinton Township, Warren and Mount Clemens. They offer several "Centers of Excellence," including the Josephine Ford Cancer Center, and the Heart and Vascular Institute, which offers highly specialized robotic cardiac surgery.

Mount Clemens Regional Medical Center, a subsidiary of McLaren Health Care, offers several well-regarded specialty centers within the hospital. Prominent among them are the Mat Gaberty Heart Center and the Ted B. Wahby Cancer Center, both of which offer comprehensive diagnostic and surgical services.

St. John Providence Health System has established "Centers of Excellence" for a wide range of in-patient and out-patient services at St. John Macomb-Oakland Hospital in Warren. These include Behavioral Medicine Services, Cancer Care, Cardiology Services, Emergency Center, Physical Medicine and Rehabilitation Services, Surgical Services and Women's Health Services and the state-of-the-art Webber Cancer Center. There are also numerous special care facilities and private nursing homes located across the county.

A full range of family living quarters is available in Macomb County including residential facilities in modern urbanized areas, rural settings, historic villages and scenic waterfront sites along numerous inland lakes and the shoreline of beautiful Lake St. Clair. There is a wide range of affordable housing throughout Macomb County. The median value of an owner-occupied housing unit in 2012 was \$129,353. The vast majority of Macomb County's housing (71 percent) is owner occupied, ranking it among the highest in the nation.

There are 17,000 acres of land in Macomb County devoted to outdoor recreation including picnic areas, hiking trails, fishing sites, beaches, and boating facilities. Approximately thirty-miles of shoreline along Lake St. Clair provide access to fun and sports on the waters of the Great Lakes. With approximately 57,000 registered pleasure craft and over 100 public and private marinas, Macomb County hails as the state's boating capital.

A network of thoroughfares, state highways and interstates traverse Macomb County, providing the general public and commercial vehicles ease-of-travel regionally, statewide and to destinations coast-to-coast. Interstate 94 runs along the eastern border of the county and continues across southern Michigan to Chicago. Interstate 696 crosses the southern portion of the county providing a vital link between I-94 and I-75. M-53 helps provide an important link to the "Thumb Area" of the state. M-59 provides an east-west link between I-94 and I-75 across the county's midsection, paralleling I-696, and located nine-miles to the south.

Heavy industry and related commerce in Macomb County are served by nearly 70 miles of main-line rail. Conrail Shared Assets operates a line along the western portion of the county, serving the area's primary industrial corridor, which is dominated by automotive OEM and Tier 1 supplier facilities, and also includes the U.S. Army's Tank-automotive and Armaments Command, and various defense contractors. A Canadian National rail-line serves the eastern portion of the county, connecting the intermodal hubs found at the Detroit-Windsor and Port Huron-Sarnia border crossings.

MAJOR INITIATIVES

Defense-related business is one of the bright spots in the region's economy, especially for Macomb County firms that are securing millions of dollars in defense contracts. The county is home to the Selfridge Air National Guard Base in Harrison Township; TACOM, the U.S. Army's contracting arm; and TARDEC, the Army's research and development component. Both TACOM and TARDEC are located on a single campus in Warren. TARDEC is the Army's single-largest facility doing R&D, engineering and delivery of armored vehicles, weapons systems and other equipment. In 2010, there were approximately 6,900 employees at the two facilities, with that number expected to grow to 8,500 by 2016.

These Army operations have spurred the establishment of defense businesses across Macomb County, anchored by General Dynamics Land Systems and several other military prime-contractors, as well as hundreds of their suppliers. In Macomb County alone, 500 companies are engaged in some variety of defense-related work and have secured \$24 billion in defense contracts from 2000 to 2009.

Based on latest-available figures (2010), TACOM LCMC and TARDEC awarded \$1.6 billion in contracts to Michigan companies. Macomb County, which is at the heart of defense business in the state, attracted 61 percent of the defense dollars spent in Michigan. Seven percent of the defense work done in the U.S. is done in Macomb, which is the most of any county in the Midwest. As a result, companies such as General Dynamics Land Systems, BAE and Oshkosh, all manufacturers of military vehicles, have located and are expanding in Macomb County.

In recognition of Macomb County's prominence as the state's center for defense industry activity, the Michigan Economic Development Corporation has recently moved its Michigan Defense Center from Lansing, to the Macomb County - Oakland University Incubator in Sterling Heights, in the heart of the county's defense corridor. The MDC is staffed by a team of specialists experienced in the contracting practices of the U.S. Department of Defense. Center staff will also work with major prime contractors, such as General Dynamics and BAE Systems, to bring opportunities to potential suppliers across the state, as well as help to build a defense supply-chain cluster in Macomb County.

General Dynamics Land Systems (GDLS), based in Sterling Heights, and a wholly owned subsidiary of Virginia-based General Dynamics, has been awarded a \$243 million contract to continue to produce and deliver an additional 115 Stryker combat vehicles equipped with double-V hulls (DVHs). The double-V hull was developed on an accelerated timeline to provide Stryker-borne soldiers increased protection from the effects of roadside mines and improvised explosive devices. Recent Army reports indicate that deployed vehicles with the new double-V-hull design are providing significantly increased protection and survivability to soldiers. About 300 double-V-hulled Stryker vehicles have been delivered so far, under a contract awarded in July 2010 for the production of 450 double-V-hull vehicles.

Additional contracts won by GDLS include a \$60M award from TACOM LCMC for upgrades to the Abrams Tank. Designed and engineered in Sterling Heights, and a \$26 million contract from the U.S. Army Contracting Command to design and build two joint-assault bridge prototypes. The Abrams upgrade transforms the standard M1A1 tanks to the new M1A2 Systems Enhancement Package (SEP) V2 configuration. The vehicle is widely deployed in Afghanistan.

A year after announcing the addition of an \$850 million paint shop at its Sterling Heights Assembly Plant (the single largest industrial investment in Sterling Heights' history) Chrysler continues to make major investments in the operation. In March of this year, construction of a new 1 million square-foot body shop commenced. The state-of-the-art facility is expected to retain up to 200 jobs.

GM announced in October that a new electric drive unit will go into production at its Warren Powertrain plant. The project, and an associated \$325 million investment, was originally slated for an operation in Mexico. The 2.1 million square foot plant's workforce of nearly 700 employees produce transmissions for the Chevrolet Traverse, Buick Enclave and GMC Acadia crossovers, as well as the Chevrolet Malibu.

FINANCIAL INFORMATION

As demonstrated by the statements and schedules included in the financial section of this report, the County continues to meet its responsibility for sound financial management.

Budgeting Controls. The County maintains budgetary controls that are designed to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the Macomb County Board of Commissioners. Activities of the general fund and special revenue funds are included in the annual county budget. Project length financial plans are adopted for the capital project funds. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is established by function within an individual fund. The County also maintains an encumbrance accounting system as one technique of accomplishing budgetary control on a line item basis.

Pension Trust Fund. The County has a Defined Benefit Pension Plan referred to as the Macomb County Employees' Retirement System (MCERS). It is worthy to note that MCERS is fully funded. The annual actuarial valuation continues to reflect a positive trend in the funding of the MCERS. A detailed discussion of the performance of Macomb County's pension plan can be found in the notes to the financial statements.

Health Care Trust Fund. The County began to pre-fund Retiree Health Care benefits through the establishment of a trust for that purpose in 1997. The trust held funds in excess of \$114.3 million at year-end. These funds are restricted for future payment of Retiree Health Care expenses. The County's long term goal is to fully fund its Retiree Health Care liability.

Debt Administration. Macomb County has received the highest possible credit rating of AAA from Standard & Poor's. Only two other counties of 83 in Michigan and 67 other counties of 3,068 in the nation enjoy this distinction. A detailed discussion of Macomb County's long-term debt can be found in the MD&A as well as the notes to the financial statements.

Cash Management. Cash temporarily idle during the year was invested by the County Treasurer. Investments, except those of the Pension and Health Care Trust Funds are administered by the Treasurer in compliance with the provisions of Public Act 20 of 1943 as amended. Significant policies include:

- Investments of the County are held in the County's name.
- Investments are in U.S. Treasury obligations, banker's acceptances, certificates of deposit, and commercial paper top rated by not less than two of the four rating services: Standard and Poor's, Moody's Investor Services, Fitch Investors Services and Duff and Phelps.
- Only federal and state-chartered banks and savings institutions, which are members of FDIC, are utilized.
- State law requires the use of in-state banks.

The County's investment policy is to minimize credit and market risks while maintaining a competitive yield on its portfolio. Additional data related to investments is listed in the notes to the financial statements. The County's investment policy is reviewed periodically by the Board of Commissioners.

Risk Management. All County agencies and departments except the Martha T. Berry Medical Care Facility are self insured for losses of a General Liability nature up to \$500,000 per claim. The Martha T. Berry Medical Care Facility is fully insured for General Liability and Medical Malpractice for \$3,000,000 per occurrence and \$5,000,000 in the aggregate. The County is a defendant in various lawsuits in which plaintiffs seek damages of an indeterminable amount. The General Liability Internal Service Fund has been established to account for the self-insured aspects of this program. The Risk Management and Contingencies and Commitments notes to the basic financial statements contain additional information concerning risk management. The Statistical Section of the CAFR includes a complete schedule of insurance coverage maintained by the County.

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 Macomb County for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended December 31, 2010. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such CAFR must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. Macomb County has received a Certificate of Achievement for the last twenty six consecutive years. We believe that our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to the GFOA for consideration.

The preparation of the Comprehensive Annual Financial Report on a timely basis was made possible by the dedicated service of the entire staff of the Finance Department. Each member of the department has our sincere appreciation for the contribution made in the preparation of this report.

In closing, we would like to thank the elected officials and county employees for their contribution to the fiscal stability of the County. Macomb County is a great place to live, work, and play offering a unique experience that no other place can and that is why so many residents and businesses have made Macomb their home.

We are committed to making Macomb County the best that it can be.

Sincerely,



Mark A. Hackel
County Executive



Peter M. Provenzano, Jr.
Finance Director

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Macomb 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.



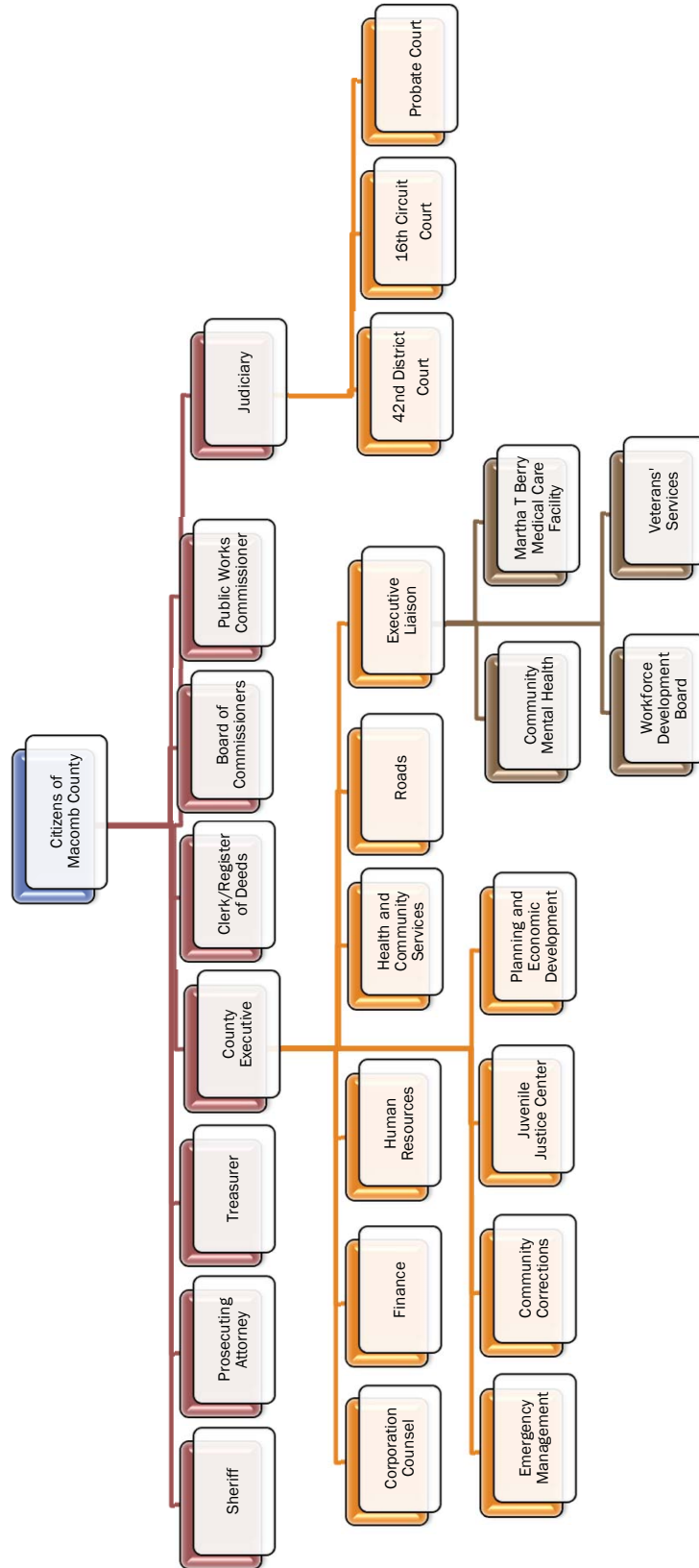
Linda C. Danison

President

Jeffrey R. Emer

Executive Director

Macomb County, Michigan
Organizational Chart
December 31, 2011



MACOMB COUNTY, MICHIGAN

List of Elected and Appointed Officials

County Executive's Office

Mark A. Hackel
Mark Deldin
Al Lorenzo
Melissa Roy
Pam Lavers

County Executive
Deputy County Executive
Assistant County Executive
Assistant County Executive
Assistant County Executive

2011 Board of Commissioners

Kathy D. Vosburg (Chair), District 8
Marvin E. Sauger (Vice-Chair), District 2
Fred Miller (Sergeant-at-Arms), District 9
Toni Mocerì, District 1
Phillip A. DiMaria, District 3
David Flynn, District 4

Ray Gralewski, District 5
James L. Carabelli, District 6
Don Brown, District 7
Roland Frascchetti, District 10
Kathy Tocco, District 11
Bob Smith, District 12
Joe Sabatini, District 13

Elected County Officials

16th Judicial Circuit Court/Probate Court Chief Judge
42nd District Court Chief Judge
County Clerk/Register of Deeds
Prosecuting Attorney
Public Works Commissioner
Sheriff
Treasurer

Honorable David Viviano
Honorable Denis LeDuc
Carmella Sabaugh
Eric Smith
Anthony Marrocco
Anthony Wickersham
Ted Wahby

County Department Heads

Community Services Agency Director
Corporation Counsel
Emergency Management Coordinator
Facilities & Operations Director
Finance Director
Health Officer/Director
Human Resources Director
Juvenile Justice Center Director
Management Information Services Acting Director
Planning & Economic Development Executive Director
Risk Management & Safety Director
Senior Citizens Services Director
Veterans Services Director

Frank T. Taylor
George E. Brumbaugh
Vicki Wolber
Lynn M. Arnott-Bryks
Peter M. Provenzano
Steven Gold
Eric A. Herppich
Charles Seidelman
Peter M. Provenzano
Stephen Cassin
John P. Anderson
Rhonda Powell
Kermit E. Harris

INDEPENDENT AUDITORS' REPORT

June 29, 2012

To the Board of Commissioners
of Macomb County
Mount Clemens, 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 **Macomb 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 Macomb County's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Macomb County Department of Roads, which represents 70.97% of the assets and 41.20% of the revenues of the governmental activities, 100% of the assets and 100% of the revenues of the major special revenue road fund, 1.84% of the assets and 0.01% of the revenues of the nonmajor governmental funds and 17.05% of the assets and 0.06% of the revenues of the internal service funds. Those financial statements were audited by other auditors whose report was furnished to us, and our opinion, insofar as it relates to the amounts included for the Macomb County Department of Roads, is based solely on the report of the other auditors.

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 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 and the report of other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the report of other auditors, 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 **Macomb County, Michigan**, as of December 31, 2011, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 29, 2012, on our consideration of **Macomb County, Michigan's** internal controls over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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, the budgetary comparisons for the general fund and major special revenue fund, and the schedules of funding progress and employer contributions 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 assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The introductory section, combining and individual fund financial statements and schedules, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements and schedules are the responsibility of management and were 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 by us and the other auditors 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, based on our audit and the report of other auditors, the information is fairly stated in all material respects in relation to the financial statements as a whole.

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

As discussed in Note 13 to the financial statements, the beginning fund balance of the General Fund and the Governmental Activities net assets were decreased by \$4,727,998 to account for repayments on certain deposits receivable received in prior years that had incorrectly been recorded as revenue in prior years. Also, the beginning fund balance of the Capital Projects Fund in the Drainage Districts component unit and the net assets of the Drainage Districts component unit were decreased by \$2,819,864 to account for certain deposits received that were incorrectly recorded as revenue as opposed to liabilities in prior years.

A handwritten signature in cursive script that reads "Lehmann Johnson".

MACOMB COUNTY, MICHIGAN
Management's Discussion and Analysis
Required Supplemental Information

As management of the County, we offer this narrative overview and analysis of the financial activities of the County for the year ended December 31, 2011. Readers are encouraged to read it in conjunction with the letter of transmittal, which is located at the beginning of this report, and the accompanying basic financial statements.

The County adopted GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions" during the year ended December 31, 2011. The purpose of the statement is to improve financial reporting by providing fund balance categories and classifications that will be more easily understood by users of the financial statements. In addition, the statement requires governments to report any funds that are expected to consistently receive a substantial portion of their financial resources from the General Fund to be combined with the General Fund for financial reporting purposes. The County considers substantial as greater than 50% for purposes of applying the pronouncement. Accordingly, the Health, Library and Senior Citizens Special Revenue Funds have been combined with the General Fund beginning in 2011 and this reporting change has also been reflected in the amounts presented for 2010 throughout these financial statements where applicable.

The voters of the County approved a Home Rule Charter in 2009 that changed the structure of government in Macomb County to an executive form of government beginning January 1, 2011. The charter reduced the number of County Commissioners from 26 to 13 and created an elected position of County Executive, who serves as the Chief Administrative official of the County. In connection with the change in form of government, the former Road Commission Component Unit was dissolved and became a department of the County under the direction of the County Executive. This change has been reflected throughout these financial statements.

FINANCIAL HIGHLIGHTS

- The assets of the County exceeded its liabilities by \$1.0 billion at year- end.
- The net assets of the County decreased by \$19.3 million in fiscal 2011, consisting primarily of a \$27.7 million charge for the difference between the actual and required employer contributions to the Retiree Health Care Fund, as required by GASB Statement No. 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions" and a \$5.2 million surplus in the General Fund.
- The General Fund reported a surplus of \$5.2 million for the year. Unassigned fund balance was \$57.6 million, or 27.5% of 2011 General Fund budgeted expenditures. Total fund balance was \$57.9 million. The \$0.3 million difference is nonspendable for advances to other funds.
- The County's bond rating is AAA with Standard & Poors and Aa1 with Moody's Investor Service.

MACOMB COUNTY, MICHIGAN
Management's Discussion and Analysis
Required Supplemental Information

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of a series of financial statements: 1) government-wide financial statements, which focus on the County as a whole, 2) fund financial statements, which provide a more detailed view of the County's major funds and 3) notes to the financial statements, which provide additional information that is essential to gain a full understanding of the data presented in the financial statements.

Government-wide financial statements consist of the *Statement of Net Assets* and the *Statement of Activities* which provide readers with a broad overview of the activities of the County as a whole. One of the more important questions citizens and other readers of the financial statements often ask is "Is the County as a whole better or worse off this year than it was a year ago?" In other words, did the financial condition of the County improve or decline over the course of the past year. The government-wide statements report information in a manner that is intended to help answer these questions.

The government-wide statements are prepared using the full accrual basis of accounting, which is similar to that employed by businesses in the private sector.

The *Statement of Net Assets* presents information on all of the assets and liabilities of the County, with the difference between the two reported as *net assets*. Net assets can be thought of as one way of measuring the financial strength of the County. Increases or decreases in net assets over time may serve as a useful indicator of whether the financial condition of the County is improving or deteriorating.

Non-financial factors such as changes in the property tax base, population and condition of County infrastructure must also be considered when assessing the financial condition of the County.

The *Statement of Activities* presents information showing how the net assets of the County have changed over the course of the most recent fiscal year. All changes in net assets are recognized as soon as the underlying transactions take place, regardless of the timing of the related cash flows. As a result, certain revenues and expenses reported in these statements are related to items that will only result in cash flows in future years. Examples of such items are uncollected property taxes and earned but unused sick and vacation leave.

The government-wide financial statements segregate the activities of the County into three categories: governmental activities, business-type activities and discretely presented component units. The basic services of the County are classified as **governmental activities** and are financed primarily through property taxes, user fees and intergovernmental revenues. Functions reported in this category include general government, legislative, health and welfare, public works, public safety and judicial. **Business-type activities** operate like private businesses and are intended to recover the majority of their costs through user fees. The business-type activities of the County include the Delinquent Tax Revolving Funds, Martha T. Berry Medical Care Facility, Community Mental Health and the Freedom Hill Park. **Discretely presented component units** are legally separate entities, the majority of whose governing bodies are appointed by the Board of Commissioners and for which the County is financially accountable. The County reports the Macomb/St. Clair Workforce Development Board and Public Works Drainage Districts as discretely presented component units. The government-wide financial statements begin on page B-1 of this report.

MACOMB COUNTY, MICHIGAN
Management's Discussion and Analysis
Required Supplemental Information

Fund financial statements are separate groupings of related accounts that are used to maintain control over resources that have been segregated for specific purposes. Each fund of the County is considered a separate accounting entity for which a self-balancing set of accounts is maintained. Certain funds are established in accordance with State law while others are required by bond or grant agreements or are established at the discretion of management to enable it to more easily manage and report on the activities of the many programs of the County. All the funds of the County can be divided into one of three categories: governmental, proprietary or fiduciary.

Governmental funds are used to account for most of the basic services provided by the County and report essentially the same functions as those reported as governmental activities in the government-wide financial statements. Governmental funds are accounted for using the *modified accrual* basis of accounting, which focuses on the short-term inflows and outflows of cash and other financial assets that can be readily converted into cash and the balances available for spending at year-end. Because the focus of the governmental fund financial statements is narrower in scope than that of the government-wide financial statements, reconciliations are provided in both the governmental fund balance sheet and operating statement to help the reader better understand the relationship between the two.

All of the governmental funds of the County are categorized as either major or nonmajor for presentation in the financial statements. The purpose of such segregation is to focus the attention of the reader on the more significant funds of the County. A fund is considered major if its assets, liabilities, revenues or expenditures meet or exceed certain percentage thresholds in relation to all governmental funds taken as whole. The thresholds used to determine a fund's status as major or nonmajor are set forth in GASB Statement No. 34. Information regarding major funds is presented separately in the basic financial statements while data for all nonmajor funds is combined into a single, aggregated presentation on page B-4 of this report. The General Fund and the Roads Special Revenue Fund are the only major governmental funds of the County. Individual fund data for each of the nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

Proprietary funds are classified as either enterprise funds or internal service funds and are accounted for using the full accrual basis of accounting. *Enterprise funds* are used to report the same functions as those presented as business-type activities in the government-wide financial statements and include the Delinquent Tax Revolving Fund, Community Mental Health Fund, Freedom Hill Park Fund and the Martha T. Berry Medical Care Facility Fund. *Internal service funds*, on the other hand, are used to centrally account for services provided to other County departments and include phone services, fleet management, copier replacement, workers' compensation insurance, general liability insurance, compensated absences and employee fringe benefits. Because the internal service funds predominately benefit governmental rather than business-type functions, they have been included within the governmental activities in the government-wide financial statements. Data regarding the internal service funds has been combined into a single, aggregated presentation in the basic financial statements. Information regarding the individual internal service funds is provided in the form of combining statements elsewhere in this report. The proprietary fund financial statements begin on page B-8 of this report.

MACOMB COUNTY, MICHIGAN
Management's Discussion and Analysis
Required Supplemental Information

Fiduciary funds are used to account for resources held by the County on behalf of others, including those of the Employee Retirement System, the Retiree Health Care Trust, the Accumulated Sick Leave Benefits Trust Fund, as well as other agency monies such as state education tax collections from local units of government. The activities of the fiduciary funds are presented separately in this report but are not reflected in the government-wide financial statements because the resources of those funds are not available to support the operations of the County. Fiduciary funds are accounted for using the full accrual basis of accounting. The fiduciary fund financial statements begin on page B-14 of this report.

Notes to the Financial Statements provide additional information that is essential to gain a full understanding of the data presented in both the government-wide and fund financial statements and begin on page B-19 of this report.

Other Required Supplementary Information is presented following the notes to the financial statements and includes schedules regarding the progress of the County in funding its pension and retiree health care obligations and a budget to actual comparison for the major governmental funds of the County. Other required supplementary information begins on page C-1 of this report.

Combining and individual funds statements of the nonmajor funds, internal service funds and fiduciary funds of the County are presented immediately following the required supplementary information and begin on page D-1 of this report.

FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE

The financial analysis of the County as a whole focuses on the net assets and changes in net assets of the governmental and business-type activities of the County. As noted earlier, net assets and changes in net assets may serve as one indicator of the financial health of the County. The assets of the County exceeded its liabilities by \$1.0 billion at December 31, 2011 and decreased by approximately \$19.3 million for the year then ended. (see page A-7)

Macomb County Primary Government Net Assets

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Totals</u>	
	2010	2011	2010	2011	2010	2011
Current and other assets	\$ 266,296,222	\$ 251,972,821	\$ 159,253,270	\$ 174,574,862	\$ 425,549,492	\$ 426,547,683
Capital assets	897,102,210	892,563,713	1,348,388	3,302,559	898,450,598	895,866,272
Total assets	1,163,398,432	1,144,536,534	160,601,658	177,877,421	1,324,000,090	1,322,413,955
Current liabilities	27,837,080	20,025,759	34,103,005	39,665,015	61,940,085	59,690,774
Long-term liabilities						
Due within one year	10,443,268	9,401,255	150,701	50,000	10,593,969	9,451,255
Due in more than one year	67,834,543	64,586,627	853,975	928,064	68,688,518	65,514,691
Net OPEB obligation	141,285,020	170,274,627	-	-	141,285,020	170,274,627
Total liabilities	247,399,911	264,288,268	35,107,681	40,643,079	282,507,592	304,931,347
Net assets						
Invested in capital assets, net of related debt	836,237,210	833,903,369	1,348,388	1,196,012	837,585,598	835,099,381
Restricted	114,689,781	88,429,826	13,302,737	16,052,842	127,992,518	104,482,668
Unrestricted (1)	(39,656,468)	(42,084,929)	110,842,852	119,985,488	71,186,384	77,900,559
Total Net Assets	\$ 911,270,523	\$ 880,248,266	\$ 125,493,977	\$ 137,234,342	\$ 1,036,764,500	\$ 1,017,482,608

(1) - 2010 restated for governmental activities. See Note 13

MACOMB COUNTY, MICHIGAN
Management's Discussion and Analysis
Required Supplemental Information

Approximately \$835.1 million, or 82.1%, of the County's net assets represents its investment in capital assets, net of any outstanding debt used to acquire those assets. These assets are used by the County to provide services to the public; consequently, they are not available for future spending. Although the County's investment in its capital assets is reported net of any related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the assets themselves cannot be used to liquidate the outstanding debt obligations. Another \$104.5 million, or 10.3%, of the County's net assets represents resources that are subject to external restrictions regarding their use. Assets included in this category include bond proceeds that can only be utilized on the projects for which they were issued as well as cash and investments restricted for the repayment of outstanding debt. The remaining balance of the County's net assets is unrestricted and may be used to meet the County's ongoing obligations. Positive balances are reported in all three categories at December 31, 2011.

As indicated in the following schedule, the net assets of the County decreased by \$19.3 million for the year ended December 31, 2011. The components of this change were a decrease of \$31.0 million in governmental activities and an increase of \$11.7 million in business-type activities. The former Road Commission Discretely Presented Component Unit was dissolved in 2011 and became a department of the County under the direction of the County Executive. Consequently, the amounts for 2010 presented below relative to governmental activities reflect those of the Department of Roads. The components of these changes are discussed in the following section.

Macomb County Primary Government Changes in Net Assets

	Governmental Activities		Business-type Activities		Totals	
	2010	2011	2010	2011	2010	2011
Revenues						
Program revenue						
Charges for services (1)	\$ 74,043,927	\$ 68,829,732	\$ 205,125,729	\$ 213,644,550	\$ 279,169,656	\$ 282,474,282
Operating grants and contributions	62,812,339	57,796,736	31,625,252	34,298,355	94,437,591	92,095,091
Capital grants and contributions	67,520,649	56,654,954	-	-	67,520,649	56,654,954
General revenue						
Property taxes	127,975,910	119,762,117	-	-	127,975,910	119,762,117
Intergovernmental revenues	2,214,828	2,306,798	-	-	2,214,828	2,306,798
Investment income	1,407,721	779,012	136,435	213,738	1,544,156	992,750
	<u>335,975,374</u>	<u>306,129,349</u>	<u>236,887,416</u>	<u>248,156,643</u>	<u>572,862,790</u>	<u>554,285,992</u>
Expenses						
Legislative	1,874,967	1,182,344	-	-	1,874,967	1,182,344
Judicial	41,845,396	41,329,247	-	-	41,845,396	41,329,247
General government	70,554,619	70,406,540	-	-	70,554,619	70,406,540
Public safety	71,359,017	68,450,495	-	-	71,359,017	68,450,495
Public works	68,372,897	73,397,804	-	-	68,372,897	73,397,804
Health and welfare	90,125,852	83,258,920	-	-	90,125,852	83,258,920
Recreation and culture	1,183,289	825,096	-	-	1,183,289	825,096
Interest and fees on long-term debt	2,672,502	2,476,097	-	-	2,672,502	2,476,097
Delinquent tax collections	-	-	5,494,921	6,313,126	5,494,921	6,313,126
Community Mental Health	-	-	194,116,732	204,356,092	194,116,732	204,356,092
Martha T. Berry Medical Care Facility	-	-	22,101,146	22,007,061	22,101,146	22,007,061
Freedom Hill Park	-	-	313,043	318,569	313,043	318,569
	<u>347,988,539</u>	<u>341,326,543</u>	<u>222,025,842</u>	<u>232,994,848</u>	<u>570,014,381</u>	<u>574,321,391</u>
Increase (decrease) in net assets						
before transfers	(12,013,165)	(35,197,194)	14,861,574	15,161,795	2,848,409	(20,035,399)
Net transfers	3,949,936	4,174,937	(3,577,954)	(3,421,430)	371,982	753,507
Increase (decrease) in net assets	(8,063,229)	(31,022,257)	11,283,620	11,740,365	3,220,391	(19,281,892)
Net assets, beginning of year (1)	919,333,752	911,270,523	114,210,357	125,493,977	1,033,544,109	1,036,764,500
Net assets, end of year	<u>\$ 911,270,523</u>	<u>\$ 880,248,266</u>	<u>\$ 125,493,977</u>	<u>\$ 137,234,342</u>	<u>\$ 1,036,764,500</u>	<u>\$ 1,017,482,608</u>

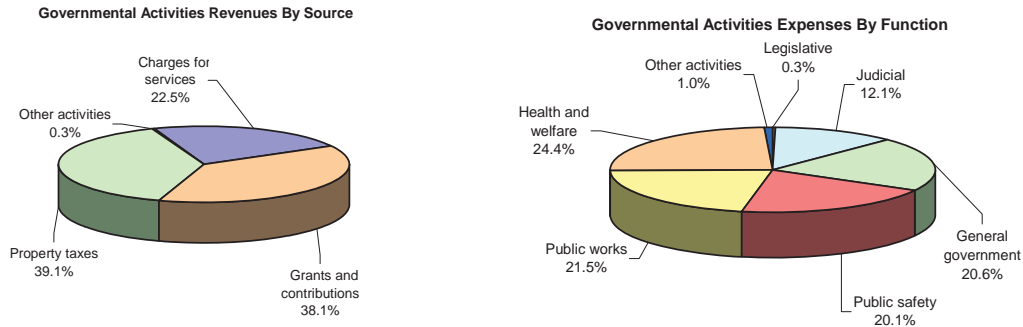
(1) - 2010 restated for governmental activities. See Note13.

MACOMB COUNTY, MICHIGAN
Management's Discussion and Analysis
Required Supplemental Information

Governmental activities. Key components of the \$31.0 million decrease in the net assets of the County's governmental activities in 2011 are as follows:

- Property tax revenue decreased by \$8.2 million as a result of a 6.9% decline in property values.
- Investment income decreased \$0.6 million as interest rates continued to decline in 2011. Rates were below 0.5% much of the year.
- A \$29.0 million charge was made to General Government expenses to record the increase in the County's OPEB liability for retiree health care. See Note 9 for more information.
- Health and Welfare expenses decreased approximately \$6.9 million due primarily to a \$4.0 million decrease in expenditures at the Juvenile Justice Center in response to staff reductions and efforts on the part of the Juvenile Court to place juveniles in the youth home as opposed to housing them in outside facilities. Another \$1.3 million reduction was experienced in the Community Services department as Federal ARRA funds expired in 2011. The majority of the expenses in this category are funded by State and Federal grants.

The components of the County's governmental revenues and expenses are presented below.



Business-type activities. The net assets of the County's business-type activities increased approximately \$11.7 million during the year, consisting primarily of a \$6.9 million surplus in the Delinquent Tax Revolving Fund and a \$4.1 million surplus in Community Mental Health. The struggling economy in the region resulted in an increase in the amount of property taxes being paid in a less timely manner, thereby resulting in increased interest and administrative fees on the delinquent balances, thus leading to the surplus mentioned above.

Funding from the State of Michigan for certain programs administered by Community Mental Health are based on an estimated number of residents eligible for such services. Amounts not spent in any given year are allowed to be retained and spent in future years. The number of residents eligible for services exceeded the number of residents seeking services, thereby resulting in the surplus of \$4.1 million discussed previously. Demand for services is expected to increase in coming years.

MACOMB COUNTY, MICHIGAN
Management's Discussion and Analysis
Required Supplemental Information

FINANCIAL ANALYSIS OF THE COUNTY'S MAJOR GOVERNMENTAL FUNDS

Governmental funds. As previously mentioned, the focus of governmental funds is to provide information on near-term inflows, outflows and remaining balances of spendable resources. Such information is useful in assessing the County's ability to meet its current financing requirements. The fund balance of governmental funds is segregated into one of five categories: nonspendable, restricted, committed, assigned and unassigned. Nonspendable fund balance represents that portion of fund balance that is not in spendable form, such as inventories and prepaid items, or are legally or contractually required to be maintained intact, such as endowments. Restricted fund balance represents that portion of the fund balance that may only be spent for specific purposes and are not available for new spending. Fund balance commitments and assignments are established to represent amounts that are intended to be spent for certain purposes and differ from fund balance restrictions in that they can be redirected and used for new spending if necessary. Fund balance commitments require formal action by the government's highest level of decision making authority. Fund balance assignments do not require formal approval of the government's highest level of decision making authority. Unassigned fund balance represents the portion of fund balance that remains after all other classifications have been made and is the amount available at year-end for new spending. The combined ending fund balances of all governmental funds were \$179.1 million at December 31, 2011 and decreased \$8.4 million from the prior year. The decrease consists of a \$4.8 million increase in the General Fund, a \$0.6 million decrease in the Roads Special Revenue Fund, a combined decrease of \$17.2 million in the Special Revenue and Debt Service funds and a \$4.6 million increase in the Capital Projects funds.

General Fund - The General Fund is the primary operating fund of the County. All revenues and expenditures are recorded in the General Fund unless otherwise required by statute, contractual agreement or policy. A year-to-year comparison of General Fund revenues by source and expenditures by function is presented below.

General Fund Revenue By Source and Expenditures By Function

Revenues	2010	2011	Increase (Decrease)
Property taxes	\$ 126,586,902	\$ 118,515,591	\$ (8,071,311)
Licenses and permits	1,427,173	1,407,572	(19,601)
Federal and State grants	12,042,035	12,289,622	247,587
Charges for services	31,756,444	29,452,630	(2,303,814)
Investment income	806,490	339,286	(467,204)
Admin charges to other funds	10,257,636	8,249,546	(2,008,090)
Fines and forfeitures	751,177	729,491	(21,686)
Other revenue	149,831	161,623	11,792
Transfers from other funds	24,806,033	24,998,138	192,105
Total revenues	208,583,721	196,143,499	(12,440,222)
Expenditures			
Legislative	1,874,967	1,182,344	(692,623)
Judicial	30,323,908	28,052,212	(2,271,696)
General government	41,069,696	40,998,103	(71,593)
Public safety	57,340,640	57,417,778	77,138
Health and welfare	20,474,168	20,580,938	106,770
Recreation and culture	1,112,656	749,074	(363,582)
Other	1,246,498	963,354	(283,144)
Capital outlay	457,444	243,728	(213,716)
Transfers to other funds	39,854,715	40,758,119	903,404
Total Expenditures	193,754,692	190,945,650	(2,809,042)
Excess of revenues over expenditures	\$ 14,829,029	\$ 5,197,849	\$ (9,631,180)

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Property tax revenue decreased approximately \$8.1 million as property values declined 6.9% in 2011.

Administrative charges to other funds represent indirect cost allocations against grant funds. As costs in central service departments have decreased over the last several years, so too have the costs charged to the grants as overhead. As a result, actual revenue in this category was approximately \$2.0 million less in 2011 than in 2010.

The \$2.3 million decrease in charge for services revenue is driven primarily by a \$0.7 million decrease in court costs and fees and a \$0.9 decrease in personal services. Revenues generated from court costs can fluctuate from year to year based on many factors, including but not limited to, individuals' ability to pay assessed costs, the amounts assessed at the discretion of the judges and the number of cases flowing through the court in any given year. Personal services revenue represents internal charge-backs from the Facilities and Operations department to other departments for repair and maintenance on buildings, machinery and equipment. These charges fluctuate from year to year based on the number of work orders requested. The reduction in this revenue item is offset by corresponding decreases in repairs and maintenance expenses across all funds.

Investment income decreased \$0.5 million as interest rates continued to decline in 2011.

Legislative expenditures decreased approximately \$0.7 million as a result of a decrease in the number of County Commissioners from 26 to 13 in connection with the implementation of the Home Rule Charter adopted by the voters in 2009. The Charter reduced the number of County Commissioners and created an elected position of County Executive, who serves as the Chief Administrative Officer of the County.

Approximately \$1.0 million of the \$2.3 million decrease in Judicial expenditures relates to court appointed attorneys. Conservative accruals made in prior years were not required in the current year due to efficiencies made by the Circuit Court relative to the accounts payable process. The remaining decrease is attributable to cost reductions in the personnel category as a result of not filling vacant positions.

The \$0.4 million reduction in Recreation and Culture is the result of closing the County library in 2011.

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Roads Special Revenue Fund - The Roads Special Revenue Fund is used to account for the activities at the Department of Roads. A year-to-year comparison of revenues by source and expenditures by function is presented below.

Department of Roads Revenues By Source and Expenditures By Function

<u>Revenues</u>	<u>2010</u>	<u>2011</u>	<u>Increase (Decrease)</u>
Licenses and permits	\$ 369,169	\$ 325,504	\$ (43,665)
Federal and State grants	62,745,666	55,874,458	(6,871,208)
Charges for services	10,940,443	9,068,662	(1,871,781)
Investment income	274,240	192,448	(81,792)
Other revenue	3,047,597	1,372,361	(1,675,236)
Bond proceeds	-	829,405	829,405
Transfers from other funds	1,263,671	279,383	(984,288)
Total revenues	78,640,786	67,942,221	(10,698,565)
<u>Expenditures</u>			
Public works	75,030,520	68,536,846	(6,493,674)
Principal	-	46,119	46,119
Total expenditures	75,030,520	68,582,965	(6,447,555)
Excess of revenues over expenditures	<u>\$ 3,610,266</u>	<u>\$ (640,744)</u>	<u>\$ (4,251,010)</u>

Federal and State grant revenue decreased approximately \$6.9 million in 2011 as a result of several projects funded with Federal ARRA funds being completed in 2010.

Charges for services revenue decreased \$1.9 million due primarily to decreased local cost participation by local units of government.

Other revenue decreased \$1.7 million primarily as a result of a completion of a construction project in 2010, of which Henry Ford Hospital contributed \$1.5 million.

Total expenditures decreased approximately \$6.4 million in 2011, primarily as a result of projects funded with Federal ARRA funds being completed in 2010.

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FINANCIAL ANALYSIS OF THE COUNTY'S NONMAJOR GOVERNMENTAL FUNDS

The fund balances of the County's nonmajor governmental funds were approximately \$68.3 million at year-end, a decrease of approximately \$12.6 million over the prior year. The majority of the decrease was experienced in the Special Revenue funds, which reported a loss of \$16.1 million, due primarily to a \$16.3 loss in the Revenue Sharing Reserve Fund as a result of its State mandated annual appropriation to the General Fund.

FINANCIAL ANALYSIS OF THE COUNTY'S MAJOR PROPRIETARY FUNDS

Delinquent Tax Revolving Fund – Virtually all of the local units of government in the County, including the County itself, levy their property taxes on July 1 of each year and unpaid taxes are considered delinquent March 1 of the following year. The County, through its Delinquent Tax Revolving Fund, purchases the delinquent taxes from the local units each year and thus becomes entitled to the interest and penalties on the delinquent balances.

A year-to-year comparison of Delinquent Tax Revolving Fund revenues and expenses is presented below.

Delinquent Tax Revolving Fund Revenue and Expense Comparison

<u>Revenues</u>	<u>2010</u>	<u>2011</u>	<u>Increase (Decrease)</u>
Charges for services	\$ 20,237,135	\$ 21,717,969	\$ 1,480,834
Investment income	64,898	124,199	59,301
Total revenues	<u>20,302,033</u>	<u>21,842,168</u>	<u>1,540,135</u>
<u>Expenses</u>			
Personal services	351,363	376,499	25,136
Supplies and services	5,143,558	5,936,627	793,069
Transfers out	<u>8,734,216</u>	<u>8,655,000</u>	<u>(79,216)</u>
Total expenses	<u>14,229,137</u>	<u>14,968,126</u>	<u>738,989</u>
Net income	<u>\$ 6,072,896</u>	<u>\$ 6,874,042</u>	<u>\$ 801,146</u>

Charges for services revenue increased \$1.5 million in 2011 as a result of an increase in interest and administrative fees as the number of property tax delinquencies increased due to the continued unfavorable economic climate being experienced throughout the region.

Supplies and services expense increased \$0.8 million in response to an increase in property tax delinquencies as discussed previously.

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Community Mental Health – The Mental Health Department delivers a variety of services to residents and their families throughout the County.

A year-to-year comparison of Community Mental Health revenues and expenses is presented below.

Community Mental Health Revenue and Expense Comparison

<u>Revenues</u>	2010	2011	Increase (Decrease)
Federal and State grants	\$ 31,625,252	\$ 34,298,355	\$ 2,673,103
Charges for services	161,943,474	168,557,011	6,613,537
Investment income	71,537	89,539	18,002
Transfers in	5,085,535	5,144,708	59,173
Total revenues	198,725,798	208,089,613	9,363,815
<u>Expenses</u>			
Personal services	24,294,749	23,614,437	(680,312)
Contractual services	151,496,694	159,339,464	7,842,770
Utilities	282,118	321,501	39,383
Repairs and maintenance	60,106	55,818	(4,288)
Supplies and services	17,967,272	20,639,808	2,672,536
Depreciation	62,342	33,092	(29,250)
Total expenses	194,163,281	204,004,120	9,840,839
Net income	\$ 4,562,517	\$ 4,085,493	\$ (477,024)

Community Mental Health is funded primarily by Medicare, Medicaid and the State General Fund. A significant portion of the revenue from these sources is based on the number of residents eligible for services as opposed to the number of residents actually receiving services. Amounts not spent in any given year are allowed to be carried forward and spent in future years. Federal and State grants and charges for services revenues increased by a combined \$9.3 million due to a significant increase in the number of eligible residents in the County in 2011.

Personal services decreased \$0.7 million in response to the wage and benefit concessions implemented during the year.

Contractual services expense increased \$7.8 million and supplies and services increased \$2.7 million as the demand for services increased in 2011.

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Martha T Berry Medical Care Facility - The Martha T Berry Medical Care Facility provides long-term inpatient care to County residents who cannot otherwise afford the cost of private facilities. A year-to-year comparison of Martha T Berry revenues and expenses is presented below.

Martha T Berry Revenue and Expense Comparison

<u>Revenues</u>	<u>2010</u>	<u>2011</u>	<u>Increase (Decrease)</u>
Charges for services	\$ 22,761,020	\$ 23,196,770	\$ 435,750
<u>Expenses</u>			
Personal services	12,691,652	13,083,053	391,401
Contractual services	3,728,425	3,168,579	(559,846)
Utilities	619,874	585,558	(34,316)
Repairs and maintenance	67,969	24,915	(43,054)
Supplies and services	4,967,456	5,395,023	427,567
Depreciation	65,858	79,555	13,697
Total expenses	<u>22,141,234</u>	<u>22,336,683</u>	<u>195,449</u>
Net Income	<u>\$ 619,786</u>	<u>\$ 860,087</u>	<u>\$ 240,301</u>

Charges for services revenue increased \$0.4 million as a result of an increase in the Medicaid daily rate approved by the State of Michigan as well as improved occupancy in 2011.

Contractual services decreased \$0.6 million as the facility continued to make concerted efforts to replace contract workers with employees, which contributed to a \$0.4 million increase in personal services expenses.

Freedom Hill Park - The Freedom Hill Park serves as a recreational facility for use by all County residents and hosted events such as ethnic festivals and picnics in prior years. A year-to-year comparison of Freedom Hill Park revenues is presented below.

Freedom Hill Park Revenue and Expense Comparison

<u>Revenues</u>	<u>2010</u>	<u>2011</u>	<u>Increase (Decrease)</u>
Charges for services	\$ 184,100	\$ 172,800	\$ (11,300)
Transfers in	70,727	88,862	18,135
Total revenues	<u>254,827</u>	<u>261,662</u>	<u>6,835</u>
<u>Expenses</u>			
Personal services	8,264	2,514	(5,750)
Utilities	57,243	84,101	26,858
Repairs and maintenance	6,720	3,255	(3,465)
Supplies and services	182,600	171,792	(10,808)
Depreciation	58,216	56,907	(1,309)
Total expenses	<u>313,043</u>	<u>318,569</u>	<u>5,526</u>
Net loss	<u>\$ (58,216)</u>	<u>\$ (56,907)</u>	<u>\$ 1,309</u>

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GENERAL FUND BUDGETARY HIGHLIGHTS

The budget for each fiscal year is adopted by the Board of Commissioners in December of the prior year and may be amended from time to time throughout the year to reflect changing operational circumstances. A comparison of budgeted and actual revenues is presented below

<u>Source</u>	<u>General Fund Revenue Budget and Actual By Source</u>			
	<u>Budget</u>		<u>Actual</u>	<u>Variance</u>
	<u>Adopted</u>	<u>Final</u>		
Property taxes	\$ 109,511,964	\$ 114,247,307	\$ 118,515,591	\$ 4,268,284
Licenses and permits	1,368,901	1,381,901	1,407,572	25,671
Federal and State grants	9,950,574	12,466,345	12,289,622	(176,723)
Charges for services	31,929,881	32,774,082	29,452,630	(3,321,452)
Investment income	2,150,000	2,150,000	339,286	(1,810,714)
Admin charges to other funds	8,410,734	8,410,734	8,249,546	(161,188)
Fines and forfeitures	860,000	860,000	729,491	(130,509)
Other revenue	282,148	322,390	161,623	(160,767)
Transfers from other funds	26,308,840	26,279,840	24,998,138	(1,281,702)
	<u>\$ 190,773,042</u>	<u>\$ 198,892,599</u>	<u>\$ 196,143,499</u>	<u>\$ (2,749,100)</u>

Property tax revenue was \$4.3 million over budget as allowances made in prior years to account for the large volume of property tax appeals was reduced in 2011 as caseloads became more current. In addition, the County recorded an allowance of approximately \$1.0 million in 2010 in anticipation that the Chrysler Sterling Stamping Plant would close. Chrysler subsequently decided to keep the plant open.

Charges for Services revenue was \$3.3 million under budget in numerous areas across virtually all departments, as indicated on page C-1 of the financial statements. A combined unfavorable variance of \$0.7 million was experienced in land transfer tax and recording fee revenues as the recovery in the housing market did not meet expectations. In addition, an unfavorable variance of \$0.7 million was experienced in court costs that were significantly less in 2011 while budgeted to increase slightly. Another \$0.7 million variance was experienced at the Health and Senior Citizens departments due to the unplanned expiration of funding from an outside organization.

Investment income was \$1.8 million under budget as budgetary levels in 2011 remained significantly higher than actual amounts earned. The amount budgeted in 2012 was reduced dramatically to more closely align amounts budgeted with expected results.

The County budgeted one-time transfers from certain Special Revenue Funds in the amount of \$1.2 million in 2011. These transfers were unnecessary due to fiscal constraints exercised by department heads and elected officials, such as not filling vacant positions and closely monitoring operational expenses throughout the year, that favorably impacted financial performance in fiscal 2011.

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A comparison of budgeted and actual expenditures is presented for the General Fund below.

General Fund Expenditures Budget and Actual By Level of Control

Level of Control	Budget		Actual	Variance
	Adopted	Final		
Apportionment Commission	\$ 38,774	\$ 38,774	\$ -	\$ 38,774
Board of Commissioners	1,313,500	1,396,813	1,182,344	214,469
Circuit Court	9,516,614	9,518,041	8,311,323	1,206,718
Civil Service Commission	17,250	17,250	5,739	11,511
Corporation Counsel	851,281	852,706	838,399	14,307
County Clerk	3,933,660	3,971,688	3,770,849	200,839
County Executive	682,307	1,068,878	966,868	102,010
Court Building Safety	820,796	834,505	827,928	6,577
District Court - 3rd Class	50,000	50,000	28,180	21,820
District Court - New Baltimore	1,339,388	1,328,629	1,152,532	176,097
District Court - Romeo	1,074,709	1,074,709	974,277	100,432
Elections	36,584	36,584	9,413	27,171
Emergency Management	249,393	257,507	257,080	427
Equalization	948,084	948,234	769,965	178,269
Facilities and Operations	14,844,209	14,939,678	13,103,818	1,835,860
Family Counseling	208,348	208,498	155,967	52,531
Family Court - Juvenile	5,566,215	5,402,388	4,856,157	546,231
Finance	1,851,962	1,856,679	1,552,457	304,222
Health & Community Services	-	144,893	24,361	120,532
Health Department	19,244,156	21,890,769	19,218,749	2,672,020
Human Resources	1,746,296	1,746,296	1,624,074	122,222
Information Technology	5,504,794	5,627,566	4,893,125	734,441
Jury Commission	72,156	146,340	92,909	53,431
Library	1,160,356	1,160,356	749,074	411,282
MSU Extension	927,448	927,485	800,098	127,387
Planning and Economic Development	2,411,763	2,521,022	2,257,267	263,755
Plat Board	1,000	1,000	-	1,000
Probate Court - Mental	977,967	978,657	868,232	110,425
Probate Court - Wills and Estates	2,430,221	2,446,194	2,358,137	88,057
Probation - Circuit Court	124,999	128,024	117,487	10,537
Probation - District Court	1,049,944	1,052,499	835,380	217,119
Prosecuting Attorney	8,609,127	8,596,114	8,301,631	294,483
Public Works	4,551,313	4,951,309	4,830,691	120,618
Purchasing	1,399,743	1,409,387	1,137,316	272,071
Register of Deeds	1,646,124	1,639,074	1,424,198	214,876
Reimbursement	789,170	789,170	699,828	89,342
Risk Management and Safety	358,904	364,129	344,805	19,324
Security	457,189	457,189	437,143	20,046
Senior Citizens Services	1,711,542	1,741,755	1,337,451	404,304
Sheriff Department	59,459,867	59,253,920	55,213,316	4,040,604
Technical Services	678,891	679,190	676,572	2,618
Treasurer	2,089,557	2,089,594	1,974,932	114,662
Water Quality Board	4,481	4,481	377	4,104
Non-Departmental Appropriations	2,175,258	2,147,187	963,354	1,183,833
Capital Outlay	375,000	375,000	243,728	131,272
Transfers Out	41,136,410	42,192,815	40,758,119	1,434,696
	<u>\$ 204,436,750</u>	<u>\$ 209,262,976</u>	<u>\$ 190,945,650</u>	<u>\$ 18,317,326</u>

MACOMB COUNTY, MICHIGAN
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Approximately 90-100 positions were vacant during the course of the year across numerous departments, resulting in salary and benefit expenditures being approximately \$9.7 million under budget in 2011.

Operating expenditures were approximately \$7.1 million below budget as a result of continued efforts to address ongoing deficits. Significant favorable variances were experienced in the areas of utilities, building repairs and maintenance, vehicle fuel and jail medical services.

Transfers out were \$1.1 million under budget as a result of a \$1.0 million favorable variance in the transfer to the Martha T Berry Medical Care Facility, which required no contribution in 2011.

In summary, General Fund revenues exceeded expenditures by \$5.2 million for the year ended December 31, 2011. Unassigned fund balance was \$57.6 million or 27.5% of 2011 General Fund budgeted expenditures.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets. The County categorizes its capital assets as follows: land, land improvements, buildings and improvements, machinery, equipment and vehicles and construction in progress. At year-end, the County's investment in capital assets, net of accumulated depreciation, was \$892.6 million for governmental activities and \$1.2 million for business-type activities.

Macomb County's Capital Assets
(net of accumulated depreciation)

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>
Land	\$ 207,133,192	\$ 211,636,220	\$ -	\$ -	\$ 207,133,192	\$ 211,636,220
Land improvements	5,950,157	5,815,502	133,940	124,280	6,084,097	5,939,782
Buildings and improvements	151,184,520	145,317,783	937,116	873,515	152,121,636	146,191,298
Machinery, equipment and vehicles	17,226,335	14,637,482	277,332	198,217	17,503,667	14,835,699
Infrastructure	515,491,472	514,618,012	-	-	515,491,472	514,618,012
Construction in progress	116,534	538,714	-	-	116,534	538,714
	<u>\$ 897,102,210</u>	<u>\$ 892,563,713</u>	<u>\$ 1,348,388</u>	<u>\$ 1,196,012</u>	<u>\$ 898,450,598</u>	<u>\$ 893,759,725</u>

Depreciation expense accounts for the majority of the decrease in the net book value of capital assets in 2011.

Additional information regarding the County's capital assets can be found in Note 3 to the basic financial statements.

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MACOMB COUNTY, MICHIGAN
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Long-term debt. The County's long-term debt was \$58.7 million at December 31, 2011, all of which related to governmental activities. All outstanding obligations are backed by the full faith and credit of the County. The components of the total liability are presented below.

Macomb County's Long-Term Debt - Governmental Activities

	Balance Beginning of Year	New Debt Issued	Debt Retired	Balance End of Year
General obligation bonds	\$ 63,497,058	\$ 829,405	\$ 5,666,119	\$ 58,660,344

The general obligation bonds of the County are rated **AAA** by Standard & Poors and **Aa1** by Moody's Investor Service.

State statute limits the total amount of general obligation debt of the County to 10% of the assessed value of all property in the County. Assessed value is generally 50% of true market value. Management, however, believes that the taxable value of all property in the County is a more practical and conservative base on which to base the calculation of the County's debt limit. The taxable value of all property in the County as of December 31, 2011 was \$25.8 billion. Therefore, the County's debt limitation was \$2.6 billion at year-end. The County's outstanding debt of \$58.7 million at year end was well below the limit based on either assessed or taxable value.

Additional information regarding the long-term obligations of the County may be found in Note 4 to the basic financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The following factors were considered when developing the 2012 budget:

- Declining property values continue to severely impact the County budget. Property values are expected to decline by 5% in 2012.
- Health care costs are anticipated to increase 8% in 2012.
- The County secured wage and benefit concessions from its union groups in 2011 that continued the concessions agreed to in 2009 through the end of 2013. These concessions include the suspension of longevity pay, six unpaid furlough days, increased health care deductibles and prescription co-pays and limiting certain pension benefits to employees hired on or after December 31, 2001.
- No salary increases were granted in 2012.
- Market interest rates in 2012 are expected to remain consistent with 2011 levels.

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- Inflationary trends in the region compare favorably to national indices.

- Although the County is facing significant budgetary challenges at this time, its financial condition remains stable as demonstrated by the financial statements and other schedules included in this report.

CONTACTING THE COUNTY FINANCE DEPARTMENT

This financial report is designed to provide the citizens, taxpayers, investors, creditors and others with a general overview of the finances of the County. Questions concerning any information contained in this report or requests for additional information should be addressed to the attention of the Finance Director at the following address: Macomb County Finance Department, 12th Floor County Building, Mt. Clemens, MI. 48043. Requests can also be made by phone at 586-469-5250.

MACOMB COUNTY, MICHIGAN
Government-Wide Statement of Net Assets
December 31, 2011

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Assets				
Cash and pooled investments	\$ 185,546,297	\$ 117,724,846	\$ 303,271,143	\$ 46,646,923
Receivables				
Property taxes	3,857,535	57,133,893	60,991,428	-
Accrued interest	155,548	50,980	206,528	13
Trade accounts, net	15,313,492	14,546,708	29,860,200	10,863,476
Loans	1,215,344	-	1,215,344	-
Special assessments	-	-	-	228,852,227
Inventories	4,891,791	-	4,891,791	-
Due from other governments	15,164,820	525,482	15,690,302	4,750,856
Internal balances	15,407,047	(15,407,047)	-	-
Due from fiduciary funds	5,870,354	-	5,870,354	-
Other assets	2,119,590	2,106,547	4,226,137	724,942
Capital assets, net				
Assets not being depreciated	212,174,934	-	212,174,934	13,354,254
Assets being depreciated	680,388,779	1,196,012	681,584,791	271,008,332
Net OPEB asset	2,431,003	-	2,431,003	-
Total assets	1,144,536,534	177,877,421	1,322,413,955	576,201,023
Liabilities				
Accounts payable and accrued liabilities	17,422,477	34,971,457	52,393,934	18,342,706
Accrued wages payable	241,827	153,228	395,055	20,628
Accrued interest payable	500,236	-	500,236	2,914,624
Due to other governments	355,407	4,408,224	4,763,631	30,294
Unearned revenue	1,505,812	132,106	1,637,918	-
Long-term liabilities:				
Due within one year	9,401,255	50,000	9,451,255	9,640,178
Due in more than one year	64,586,627	928,064	65,514,691	217,803,877
Net OPEB obligation	170,274,627	-	170,274,627	-
Total Liabilities	264,288,268	40,643,079	304,931,347	248,752,307
Net Assets				
Invested in capital assets, net of related debt	833,903,369	1,196,012	835,099,381	64,413,696
Restricted for				
Capital projects	60,896,543	-	60,896,543	-
Debt service	5,131,406	-	5,131,406	-
Health and welfare	4,678,217	-	4,678,217	-
Long term receivables	9,096,173	-	9,096,173	-
Mental Health risk reserve	-	16,052,842	16,052,842	-
Public safety	3,670,816	-	3,670,816	-
Revenue Sharing Reserve Fund	4,956,671	-	4,956,671	-
Unrestricted (deficit)	(42,084,929)	119,985,488	77,900,559	263,035,020
Total Net Assets	\$ 880,248,266	\$ 137,234,342	\$ 1,017,482,608	\$ 327,448,716

MACOMB COUNTY, MICHIGAN
Government-Wide Statement of Activities
Year Ended December 31, 2011

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue	
		Charges for Services	Operating Grants and Contributions		Capital Grants and Contributions
Primary government					
Governmental activities					
Legislative	\$ 1,182,344	\$ -	\$ -	\$ -	\$ (1,182,344)
Judicial	41,329,247	6,021,731	12,507,687	-	(22,799,829)
General government	70,406,540	17,359,731	437,812	113,205	(52,495,792)
Public safety	68,450,495	13,772,878	1,570,199	702,316	(52,405,102)
Public works	72,568,399	19,650,990	-	55,839,433	2,922,024
Health and welfare	83,258,920	11,194,997	43,281,038	-	(28,782,885)
Recreation and culture	825,096	-	-	-	(825,096)
Interest and fees on long-term debt	2,476,097	-	-	-	(2,476,097)
Total governmental activities	340,497,138	68,000,327	57,796,736	56,654,954	(158,045,121)
Business-type activities					
Delinquent tax collections	6,313,126	21,717,969	-	-	15,404,843
Community Mental Health	204,356,092	168,557,011	34,298,355	-	(1,500,726)
Martha T. Berry Medical Care Facility	22,007,061	23,196,770	-	-	1,189,709
Freedom Hill Park	318,569	172,800	-	-	(145,769)
Total business-type activities	232,994,848	213,644,550	34,298,355	-	14,948,057
Total primary government	\$ 573,491,986	\$ 281,644,877	\$ 92,095,091	\$ 56,654,954	\$ (143,097,064)
Component Units					
Drainage Districts	\$ 67,924,369	\$ 54,152,088	\$ -	\$ 371,048	\$ (13,401,233)
Workforce Development Board	39,907,913	415,757	39,487,813	-	(4,343)
Total component units	\$ 107,832,282	\$ 54,567,845	\$ 39,487,813	\$ 371,048	\$ (13,405,576)

MACOMB COUNTY, MICHIGAN
Government-Wide Statement of Activities (concluded)
Year Ended December 31, 2011

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	
Changes in net assets				
Net (expense) revenue (from page B-2)	\$ (158,045,121)	\$ 14,948,057	\$ (143,097,064)	\$ (13,405,576)
General revenues				
Property tax	119,762,117	-	119,762,117	-
Intergovernmental revenues - unrestricted	2,306,798	-	2,306,798	-
Investment earnings	779,012	213,738	992,750	8,433,554
Transfers - internal activities	4,174,937	(3,421,430)	753,507	-
Total general revenues and transfers	<u>127,022,864</u>	<u>(3,207,692)</u>	<u>123,815,172</u>	<u>8,433,554</u>
Change in net assets	(31,022,257)	11,740,365	(19,281,892)	(4,972,022)
Net assets, beginning of year (1)	<u>911,270,523</u>	<u>125,493,977</u>	<u>1,036,764,500</u>	<u>332,420,738</u>
Net assets, end of year	<u><u>\$ 880,248,266</u></u>	<u><u>\$ 137,234,342</u></u>	<u><u>\$ 1,017,482,608</u></u>	<u><u>\$ 327,448,716</u></u>

(1) - As restated. See Note 13

The accompanying notes are an integral part of these financial statements

MACOMB COUNTY, MICHIGAN
Balance Sheet - Governmental Funds
December 31, 2011

	<u>Major Governmental Funds</u>		<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
	<u>General Fund</u>	<u>Special Revenue Road Fund (1)</u>		
Assets				
Cash and pooled investments	\$ 30,572,313	\$ 47,133,336	\$ 60,895,492	\$ 138,601,141
Taxes receivable	2,857,378	-	1,000,157	3,857,535
Accrued interest receivable	99,730	55,818	-	155,548
Accounts receivable, net	4,839,677	469,922	9,621,623	14,931,222
Inventories	-	4,554,688	-	4,554,688
Due from other governments	787,486	8,005,710	6,279,268	15,072,464
Due from governmental funds	2,313,496	-	-	2,313,496
Due from business-type units	18,621,195	-	-	18,621,195
Advances to other funds	295,000	-	-	295,000
Other assets	138,340	1,250,531	34,962	1,423,833
	<u>\$ 60,524,615</u>	<u>\$ 61,470,005</u>	<u>\$ 77,831,502</u>	<u>\$ 199,826,122</u>
Total Assets				
	<u>\$ 60,524,615</u>	<u>\$ 61,470,005</u>	<u>\$ 77,831,502</u>	<u>\$ 199,826,122</u>
 Liabilities and Fund Balances				
Liabilities				
Accounts payable	\$ 2,522,985	\$ 8,523,138	\$ 5,350,228	\$ 16,396,351
Accrued compensation and benefits	49,371	-	192,456	241,827
Due to other governments	17,786	-	337,621	355,407
Due to governmental funds	-	-	2,175,681	2,175,681
Accrued workers compensation claims	-	31,985	-	31,985
Unearned revenue	-	-	1,505,812	1,505,812
	<u>2,590,142</u>	<u>8,555,123</u>	<u>9,561,798</u>	<u>20,707,063</u>
Total Liabilities	<u>2,590,142</u>	<u>8,555,123</u>	<u>9,561,798</u>	<u>20,707,063</u>
 Fund Balances				
Nonspendable for:				
Advances to other funds	295,000	-	-	295,000
Inventories	-	4,554,688	-	4,554,688
Restricted for:				
Capital projects	-	48,360,194	6,498,899	54,859,093
Debt service	-	-	5,131,406	5,131,406
Health and welfare	-	-	4,678,217	4,678,217
Long term receivables	-	-	9,096,173	9,096,173
Public safety	-	-	3,670,816	3,670,816
Revenue sharing reserve	-	-	4,956,671	4,956,671
Assigned for:				
Capital projects	-	-	27,852,580	27,852,580
Health and welfare	-	-	6,194,513	6,194,513
Judicial	-	-	128,933	128,933
Public safety	-	-	61,496	61,496
Unassigned	57,639,473	-	-	57,639,473
	<u>57,934,473</u>	<u>52,914,882</u>	<u>68,269,704</u>	<u>179,119,059</u>
Total Fund Balances	<u>57,934,473</u>	<u>52,914,882</u>	<u>68,269,704</u>	<u>179,119,059</u>
Total Liabilities and Fund Balances	<u>\$ 60,524,615</u>	<u>\$ 61,470,005</u>	<u>\$ 77,831,502</u>	<u>\$ 199,826,122</u>

(1) - Balance sheet as of September 30, 2011

MACOMB COUNTY, MICHIGAN
Reconciliation Of The Fund Balances On The Balance Sheet Of
Governmental Funds To The Statement Of Net Assets Of Governmental Activities
December 31, 2011

Total fund balances for governmental funds	\$ 179,119,059
Amounts reported for governmental activities in the Government-Wide Statement of Net Assets are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is capitalized and allocated over their estimated useful lives.	
Capital assets	
Land	211,636,220
Land improvements	11,912,317
Buildings and improvements	250,157,851
Machinery, equipment and vehicles	78,515,951
Infrastructure	1,011,983,801
Construction in progress	538,714
Accumulated depreciation	(674,362,625)
Receivables not available to pay for current year expenditures are not recognized in the governmental funds but are recognized as assets in the Statement of Net Assets	92,356
Loans receivable not available to pay for current year expenditures are not recognized as assets in the governmental funds but are recognized as assets in the Statement of Net Assets	1,215,344
Long-term bonded debt is not due and payable in the current period and, therefore, is not reported in the governmental funds. However, bonded debt is recorded as long-term liabilities in the Government-Wide Statement of Net Assets.	
Bonds and loans issued in prior years	(63,497,058)
Bonds and loans issued during the current year	(829,405)
Bond and loan principal repayments during the current year	5,666,119
Accrued interest payable on long-term debt at year-end is not recorded in the governmental funds, but is recorded as a liability in the Statement of Net Assets	(500,236)
Accrued compensated absences not funded at year-end are not recorded in the governmental funds, but is recorded as a liability in the Statement of Net Assets	(1,243,864)
The noncurrent portion of accrued workers compensation losses are not recorded in the governmental funds but are recorded as a liability in the Statement of Net Assets	(94,775)
The difference between the actual and required contribution to the Retiree Health Care Fund for General and Sheriff employees is not recorded in the governmental funds, but is recorded as a liability in the Statement of Net Assets	(170,274,627)
The difference between the actual and required contribution for retiree health care for employees of the Department of Roads is not recorded in the governmental funds, but is recorded as an asset in the Statement of Net Assets	2,431,003
Internal service funds are used by management to charge the costs of certain activities such as insurance, compensated absences, workers' compensation and central inventory to individual governmental funds and business-type units. The assets and liabilities of the Internal Service Funds that pertain to governmental funds are included in the governmental activities in the Government-Wide Statement of Net Assets	37,782,121
Net assets of governmental activities reported in the Government-Wide Statement of Net Assets	\$ 880,248,266

The accompanying notes are an integral part of these financial statements

MACOMB COUNTY, MICHIGAN
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds
Year Ended December 31, 2011

	Major Governmental Funds		Nonmajor Governmental Funds	Total Governmental Funds
	General Fund	Special Revenue Road Fund (1)		
Revenues				
Property taxes	\$ 118,515,591	\$ -	\$ 1,246,526	\$ 119,762,117
Licenses and permits	1,407,572	325,504	-	1,733,076
Federal & State grants	12,289,622	55,874,458	48,237,246	116,401,326
Other grants	-	-	392,187	392,187
Charges for services	29,452,630	9,068,662	14,426,951	52,948,243
Investment income	339,286	192,448	212,429	744,163
Charges to other funds for administrative services	8,249,546	-	-	8,249,546
Fines and forfeitures	729,491	-	1,061,737	1,791,228
Other revenue	161,623	1,372,361	1,114,526	2,648,510
Total Revenues	171,145,361	66,833,433	66,691,602	304,670,396
Expenditures				
Current				
Legislative	1,182,344	-	-	1,182,344
Judicial	28,052,212	-	12,149,822	40,202,034
General government	40,998,103	-	1,332,303	42,330,406
Public safety	57,417,778	-	5,807,953	63,225,731
Public works	-	68,536,846	488,929	69,025,775
Health and welfare	20,580,938	-	59,628,210	80,209,148
Recreation and cultural	749,074	-	13,900	762,974
Other	963,354	-	-	963,354
Capital outlay	243,728	-	4,537,338	4,781,066
Debt service				
Principal	-	46,119	5,620,000	5,666,119
Interest and fees	-	-	2,511,368	2,511,368
Total Expenditures	150,187,531	68,582,965	92,089,823	310,860,319
Excess of Revenues over (under) Expenditures	20,957,830	(1,749,532)	(25,398,221)	(6,189,923)
Other financing sources (uses)				
Issuance of debt	-	829,405	-	829,405
Transfers in	24,998,138	279,383	40,535,371	65,812,892
Transfers out	(40,758,119)	-	(27,717,786)	(68,475,905)
Total other financing sources (uses)	(15,759,981)	1,108,788	12,817,585	(1,833,608)
Net change in fund balances	5,197,849	(640,744)	(12,580,636)	(8,023,531)
Fund Balances, beginning of year (2)	52,736,624	53,555,626	80,850,340	187,142,590
Fund Balances, end of year	<u>\$ 57,934,473</u>	<u>\$ 52,914,882</u>	<u>\$ 68,269,704</u>	<u>\$ 179,119,059</u>

(1) - Year ended September 30, 2011

(2) - As restated. See Note 13

MACOMB COUNTY, MICHIGAN
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2011

Net change in fund balances - total governmental funds \$ (8,023,531)

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is capitalized and allocated over their estimated useful lives.

Expenditures for capital assets	37,527,871
Current year depreciation expense	(50,124,004)
Land and roads released from developers are reported as revenue and capitalized	8,095,984
Loss on disposal of assets	(121,578)

The change in receivables not collected within 60 days of year end is not recorded in the governmental funds, but is recorded as revenue in the Statement of Activities	748,261
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Repayment of debt principal is recorded as an expenditure in the governmental funds, but is recorded as a reduction of long-term liabilities in the Statement of Net Assets.	5,666,119
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The proceeds received as a result of issuing of bonds and loans are recorded as revenue in the governmental funds, but are recorded as increases in long-term liabilities in the Statement of Net Assets.	(829,405)
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The change in amount of accrued compensated absences is not recorded in the governmental funds but is recorded as an operating expense in the Government-Wide Statement of Activities.	72,856
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The change in amount of accrued workers compensation claims is not recorded in the governmental funds but is recorded as an operating expense in the Government-Wide Statement of Activities.	35,839
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The change in amount of accrued interest payable is not recorded in the governmental funds, but is recorded as interest expense in the Government-Wide Statement of Activities.	35,271
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The change in amount of the net OPEB liability is not recorded in the governmental funds, but is recorded as an operating expense in the Government-Wide Statement of Activities.	(27,721,988)
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Internal service funds are used by management to charge the costs of certain activities such as insurance, compensated absences, workers' compensation and central inventory to individual governmental funds and business-type units. The net income (loss) in those funds that is attributable to governmental funds is excluded from the Statement of Activities.	<u>3,616,048</u>
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Change in net assets of governmental activities reported in the Statement of Activities	<u><u>\$ (31,022,257)</u></u>
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The accompanying notes are an integral part of these financial statements

MACOMB COUNTY, MICHIGAN
Statement of Net Assets
Proprietary Funds
December 31, 2011

	Major Business-Type Activities - Enterprise Funds		
	Delinquent Tax Revolving	Community Mental Health	Martha T Berry Medical Care Facility
Assets			
Current assets			
Cash and pooled investments	\$ 68,476,192	\$ 48,519,337	\$ 650,303
Receivables			
Property taxes	57,133,893	-	-
Accrued interest	41,666	9,314	-
Trade accounts, net	9,477,474	2,367,992	2,374,920
Inventories	-	-	-
Due from other governments	5,774	519,708	-
Due from fiduciary funds	-	-	-
Other assets	-	2,098,373	8,174
Total current assets	135,134,999	53,514,724	3,033,397
Noncurrent assets			
Capital assets, net			
Assets being depreciated	-	7,683	463,433
Total Assets	135,134,999	53,522,407	3,496,830
Liabilities			
Current liabilities			
Accounts payable	1,296,724	32,802,074	542,142
Accrued wages payable	156	131,062	22,010
Due to other governments	350,171	4,058,053	-
Due to governmental funds	18,621,195	-	-
Compensated absences	-	-	-
Claims and judgements	-	-	-
Unearned revenue	-	132,106	-
Total current liabilities	20,268,246	37,123,295	564,152
Noncurrent liabilities			
Claims and judgements	-	-	-
Compensated absences	-	-	-
Advances from other funds	-	-	-
Total noncurrent liabilities	-	-	-
Total Liabilities	20,268,246	37,123,295	564,152
Net Assets			
Invested in capital assets	-	7,683	463,433
Restricted for:			
Capital projects	-	-	-
Mental health risk reserve	-	16,052,842	-
Unrestricted	114,866,753	338,587	2,469,245
Total Net Assets	\$ 114,866,753	\$ 16,399,112	\$ 2,932,678

MACOMB COUNTY, MICHIGAN
Statement of Net Assets (concluded)
Proprietary Funds
December 31, 2011

	<u>Major Business-Type Activities - Enterprise Funds</u>		<u>Governmental Activities</u>
	<u>Freedom Hill</u>	<u>Totals</u>	<u>Internal</u>
	<u>Park</u>		<u>Service Funds</u>
Assets			
Current assets			
Cash and pooled investments	\$ 79,014	\$ 117,724,846	\$ 46,945,156
Receivables			
Property taxes	-	57,133,893	-
Accrued interest	-	50,980	-
Trade accounts, net	326,322	14,546,708	382,270
Inventories	-	-	337,103
Due from other governments	-	525,482	-
Due from fiduciary funds	-	-	5,870,354
Other assets	-	2,106,547	695,757
Total current assets	405,336	192,088,456	54,230,640
Noncurrent assets			
Capital assets, net			
Assets being depreciated	724,896	1,196,012	2,181,484
Total Assets	1,130,232	193,284,468	56,412,124
Liabilities			
Current liabilities			
Accounts payable	330,517	34,971,457	1,026,126
Accrued wages payable	-	153,228	-
Due to other governments	-	4,408,224	-
Due to governmental funds	-	18,621,195	137,815
Compensated absences	-	-	1,100,000
Claims and judgements	-	-	2,325,521
Unearned revenue	-	132,106	-
Total current liabilities	330,517	58,286,210	4,589,462
Noncurrent liabilities			
Claims and judgements	-	-	6,684,731
Compensated absences	-	-	4,824,726
Advances from other funds	-	-	295,000
Total noncurrent liabilities	-	-	11,804,457
Total Liabilities	330,517	58,286,210	16,393,919
Net Assets			
Invested in capital assets	724,896	1,196,012	2,181,484
Restricted for:			
Capital projects	-	-	9,570,948
Mental health risk reserve	-	16,052,842	-
Unrestricted	74,819	117,749,404	28,265,773
Total Net Assets	\$ 799,715	\$ 134,998,258	\$ 40,018,205
Reconciliation of Statement of Net Assets for Proprietary Funds:			
Total net assets of Enterprise Funds/Internal Service Funds		\$ 134,998,258	\$ 40,018,205
Add (subtract): Business-type equity in the net assets of internal service funds		2,236,084	(2,236,084)
Net Assets reported in the Government-Wide Statement of Net Assets		\$ 137,234,342	\$ 37,782,121

MACOMB COUNTY, MICHIGAN
Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Funds
Year Ended December 31, 2011

	Major Business-Type Activities - Enterprise Funds		
	Delinquent Tax Revolving	Community Mental Health	Martha T Berry Medical Care Facility
Operating Revenues			
Charges for services	\$ 21,717,969	\$ 168,557,011	\$ 23,196,770
Federal and state grants	-	34,298,355	-
Total operating revenues	21,717,969	202,855,366	23,196,770
Operating Expenses			
Personal services	376,499	23,614,437	13,083,053
Contractual services	-	159,339,464	3,168,579
Utilities	-	321,501	585,558
Repairs and maintenance	-	55,818	24,915
Benefits and claims expenses	-	-	-
Supplies and services	5,936,627	20,639,808	5,395,023
Depreciation	-	33,092	79,555
Capital outlay	-	-	-
Total Operating Expenses	6,313,126	204,004,120	22,336,683
Operating Income (Loss)	15,404,843	(1,148,754)	860,087
Nonoperating revenues			
Investment income	124,199	89,539	-
Income (loss) before Transfers	15,529,042	(1,059,215)	860,087
Transfers			
Transfers in	-	5,144,708	-
Transfers out	(8,655,000)	-	-
Net Transfers	(8,655,000)	5,144,708	-
Increase (decrease) in net assets	6,874,042	4,085,493	860,087
Net assets, beginning of year	107,992,711	12,313,619	2,072,591
Net assets, end of year	\$ 114,866,753	\$ 16,399,112	\$ 2,932,678

MACOMB COUNTY, MICHIGAN
Statement of Revenues, Expenses and Changes in Fund Net Assets (concluded)
Proprietary Funds
Year Ended December 31, 2011

	<u>Major Business-Type Activities - Enterprise Funds</u>		<u>Governmental Activities</u>
	<u>Freedom Hill</u>		<u>Internal</u>
	<u>Park</u>	<u>Totals</u>	<u>Service Funds</u>
Operating Revenues			
Charges for services	\$ 172,800	\$ 213,644,550	\$ 61,091,856
Federal and state grants	-	34,298,355	-
Total operating revenues	172,800	247,942,905	61,091,856
Operating Expenses			
Personal services	2,514	37,076,503	-
Contractual services	-	162,508,043	-
Utilities	84,101	991,160	-
Repairs and maintenance	3,255	83,988	-
Benefits and claims expenses	-	-	59,979,531
Supplies and services	171,792	32,143,250	3,770,838
Depreciation	56,907	169,554	534,664
Capital outlay	-	-	85,924
Total Operating Expenses	318,569	232,972,498	64,370,957
Operating Income (Loss)	(145,769)	14,970,407	(3,279,101)
Nonoperating revenues			
Investment income	-	213,738	34,849
Income (loss) before Transfers	(145,769)	15,184,145	(3,244,252)
Transfers			
Transfers in	88,862	5,233,570	6,837,950
Transfers out	-	(8,655,000)	-
Net Transfers	88,862	(3,421,430)	6,837,950
Increase (decrease) in net assets	(56,907)	11,762,715	3,593,698
Net assets, beginning of year	856,622	123,235,543	36,424,507
Net assets, end of year	\$ 799,715	\$ 134,998,258	\$ 40,018,205
Reconciliation of the Statement of Revenues, Expenses and Changes in Net Assets to the Statement of Activities of Business-Type Activities			
Net increase (decrease) in net assets		\$ 11,762,715	\$ 3,593,698
Add (subtract): Decrease in Business-type activities' equity of internal service funds		(22,350)	22,350
Net income (loss) in the Government-Wide Statement of Activities		\$ 11,740,365	\$ 3,616,048

MACOMB COUNTY, MICHIGAN
Combining Statement of Cash Flows - Proprietary Funds
Year Ended December 31, 2011

	Major Business-type Activities - Enterprise Funds		
	Delinquent Tax Revolving	Community Mental Health	Martha T Berry Medical Care Facility
Cash Flows From Operating Activities			
Cash received from customers	\$ 91,733,835	\$ 199,832,373	\$ 23,273,566
Cash received from interfund services	-	-	-
Cash payments for delinquent taxes	(65,618,069)	-	-
Cash received from interfund services	6,772,244	-	-
Cash payments to employees	(376,493)	(24,352,391)	(13,083,187)
Cash payments to suppliers	(5,293,729)	(170,796,781)	(9,691,764)
Net cash provided by (used in) Operating Activities	<u>27,217,788</u>	<u>4,683,201</u>	<u>498,615</u>
Cash Flows From Noncapital Financing Activities			
Transfers in	-	5,144,708	-
Transfers out	(8,655,000)	-	-
Net cash provided by (used in) Noncapital Financing Activities	<u>(8,655,000)</u>	<u>5,144,708</u>	<u>-</u>
Cash Flows From Capital and Related Financing Activities			
Acquisition of capital assets	-	-	(17,178)
Cash Flows From Investing Activities			
Interest received on investments	107,945	80,225	-
Increase (decrease) in cash and pooled investments	18,670,733	9,908,134	481,437
Cash and pooled investments, beginning of year	49,805,459	38,611,203	168,866
Cash and pooled investments, end of year	<u>\$ 68,476,192</u>	<u>\$ 48,519,337</u>	<u>\$ 650,303</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities			
Operating income (loss)	\$ 15,404,843	\$ (1,148,754)	\$ 860,087
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation	-	33,092	79,555
Changes in assets and liabilities:			
Taxes receivable	3,896,475	-	-
Accounts receivable	262,194	650,911	76,796
Inventory	-	-	-
Due from other governments	-	(76,667)	-
Due from other funds	-	-	-
Other assets	-	27,267	-
Accounts payable	642,898	9,559,810	(517,689)
Accrued employee benefits	6	(737,954)	(134)
Due to other governments	239,128	3,597,371	-
Due to other funds	6,772,244	-	-
Unearned revenue	-	(7,221,875)	-
Accrued claims and judgements	-	-	-
Net cash provided by (used in) Operating Activities	<u>\$ 27,217,788</u>	<u>\$ 4,683,201</u>	<u>\$ 498,615</u>

MACOMB COUNTY, MICHIGAN
Combining Statement of Cash Flows - Proprietary Funds (concluded)
Year Ended December 31, 2011

	<u>Major Business-type Activities - Enterprise Funds</u>		<u>Governmental Activities</u>
	<u>Freedom Hill</u>	<u>Totals</u>	<u>Internal</u>
	<u>Park</u>		<u>Service Funds</u>
Cash Flows From Operating Activities			
Cash received from customers	\$ 172,800	\$ 315,012,574	\$ -
Cash received from interfund services	-	-	61,066,620
Cash payments for delinquent taxes	-	(65,618,069)	-
Cash received from interfund services	-	6,772,244	-
Cash payments to employees	(2,514)	(37,814,585)	(657,364)
Cash payments to suppliers	(258,699)	(186,040,973)	(63,041,686)
Net cash provided by (used in) Operating Activities	(88,413)	32,311,191	(2,632,430)
Cash Flows From Noncapital Financing Activities			
Transfers in	88,862	5,233,570	6,837,950
Transfers out	-	(8,655,000)	-
Net cash provided by (used in) Noncapital Financing Activities	88,862	(3,421,430)	6,837,950
Cash Flows From Capital and Related Financing Activities			
Acquisition of capital assets	-	(17,178)	(617,894)
Cash Flows From Investing Activities			
Interest received on investments	-	188,170	34,849
Increase (decrease) in cash and pooled investments	449	29,060,753	3,622,475
Cash and pooled investments, beginning of year	78,565	88,664,093	43,322,681
Cash and pooled investments, end of year	\$ 79,014	\$ 117,724,846	\$ 46,945,156
Reconciliation of operating income (loss) to net cash provided (used) by operating activities			
Operating income (loss)	\$ (145,769)	\$ 14,970,407	\$ (3,279,101)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation	56,907	169,554	534,664
Changes in assets and liabilities:			
Taxes receivable	-	3,896,475	-
Accounts receivable	-	989,901	(60,687)
Inventory	-	-	5,764
Due from other governments	-	(76,667)	-
Due from other funds	-	-	39,527
Other assets	-	27,267	1,003,791
Accounts payable	449	9,685,468	(1,092,389)
Accrued employee benefits	-	(738,082)	(104,887)
Due to other governments	-	3,836,499	-
Due to other funds	-	6,772,244	-
Unearned revenue	-	(7,221,875)	-
Accrued claims and judgements	-	-	320,888
Net cash provided by (used in) Operating Activities	\$ (88,413)	\$ 32,311,191	\$ (2,632,430)

MACOMB COUNTY, MICHIGAN
Statement of Fiduciary Net Assets
Fiduciary Funds
December 31, 2011

	<u>Employee Retirement and Other Postretirement Benefits</u>	<u>Agency Funds</u>
ASSETS		
Cash and pooled investments	\$ 45,990,598	\$ 15,956,741
Receivables		
Accrued interest	1,143,020	-
Other	712,223	3,885
Due from other funds	465,010	-
Investments, at fair value		
Corporate Bonds	12,605,086	-
Preferred Stock	745,620	-
Common Stock	320,619,374	-
Foreign Stock	16,971,034	-
Limited partnership	82,991,602	-
Mutual funds	386,698,163	-
Other assets	-	131,994
	<hr/>	<hr/>
Total Assets	868,941,730	\$ 16,092,620
	<hr/> <hr/>	<hr/> <hr/>
LIABILITIES		
Accounts payable	2,884,616	\$ 7,695,039
Compensation and benefits	-	344,964
Deposits	-	6,557,254
Due to other governments	-	1,495,363
Due to governmental funds	5,870,354	-
Due to fiduciary funds	465,010	-
	<hr/>	<hr/>
Total Liabilities	9,219,980	\$ 16,092,620
	<hr/> <hr/>	<hr/> <hr/>
NET ASSETS		
Net assets held in trust for pension and other postemployment benefits	\$ 859,721,750	
	<hr/> <hr/>	

MACOMB COUNTY, MICHIGAN
Statement of Changes In Fiduciary Net Assets
Fiduciary Funds
Year Ended December 31, 2011

	Employee Retirement and Other Postretirement Benefits
ADDITIONS	
Contributions	
Employer	\$ 36,485,864
Employee	4,437,215
	40,923,079
Investment income	
Net depreciation in fair value of assets	(22,642,438)
Interest	9,876,065
Dividends	7,191,725
	(5,574,648)
Less investment expenses	
Management and custodial fees	2,944,309
	(8,518,957)
Net investment loss	(8,518,957)
	32,404,122
DEDUCTIONS	
Benefit payments	71,023,790
Refunds of contributions	310,420
Administrative expense	278,410
	71,612,620
Total deductions	71,612,620
Net decrease in net assets	(39,208,498)
NET ASSETS	
Beginning of year	898,930,248
	898,930,248
End of year	\$ 859,721,750
	859,721,750

MACOMB COUNTY, MICHIGAN
Combining Statement of Net Assets - Component Units
December 31, 2011

	Drainage Districts (1)	Workforce Development Board	Workforce Development Board (1)	Total
ASSETS				
Cash and cash equivalents	\$ 46,499,445	\$ 119,220	\$ 28,258	\$ 46,646,923
Receivables				
Accrued interest	13	-	-	13
Trade accounts, net	10,863,476	-	-	10,863,476
Special assessments	228,852,227	-	-	228,852,227
Due from other governments	-	2,584,745	2,166,111	4,750,856
Other assets	718,112	6,830	-	724,942
Capital assets, net				
Assets not being depreciated	13,354,254	-	-	13,354,254
Assets being depreciated	271,008,332	-	-	271,008,332
Total assets	571,295,859	2,710,795	2,194,369	576,201,023
LIABILITIES				
Accounts payable	13,558,794	2,619,837	2,164,075	18,342,706
Accrued compensation and benefits	-	20,628	-	20,628
Accrued interest payable	2,914,624	-	-	2,914,624
Due to other governments	-	-	30,294	30,294
Long-term liabilities:				
Due within one year	9,640,178	-	-	9,640,178
Due in more than one year	217,803,877	-	-	217,803,877
Total Liabilities	243,917,473	2,640,465	2,194,369	248,752,307
NET ASSETS				
Invested in capital assets, net of related debt	64,413,696	-	-	64,413,696
Unrestricted	262,964,690	70,330	-	263,035,020
Total Net Assets	\$ 327,378,386	\$ 70,330	\$ -	\$ 327,448,716

(1) - Year-end September 30, 2011

MACOMB COUNTY, MICHIGAN
Combining Statement of Activities - Component Units
For the Year Ended December 31, 2011

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue	
		Charges for Services	Operating Grants and Contributions		Capital Grants and Contributions
Drainage Districts (1)					
Public works	\$ 59,319,702	\$ 54,152,088	\$ -	\$ 371,048	\$ (4,796,566)
Interest on long-term debt	8,604,667	-	-	-	(8,604,667)
Total public works	<u>67,924,369</u>	<u>54,152,088</u>	<u>-</u>	<u>371,048</u>	<u>(13,401,233)</u>
Workforce Development Board					
Health and Welfare	<u>21,623,559</u>	<u>400,453</u>	<u>21,218,763</u>	<u>-</u>	<u>(4,343)</u>
Workforce Development Board (1)					
Health and Welfare	<u>18,284,354</u>	<u>15,304</u>	<u>18,269,050</u>	<u>-</u>	<u>-</u>
Total Component Units	<u><u>\$ 107,832,282</u></u>	<u><u>\$ 54,567,845</u></u>	<u><u>\$ 39,487,813</u></u>	<u><u>\$ 371,048</u></u>	<u><u>\$ (13,405,576)</u></u>

(1) - Year ended September 30, 2011

The accompanying notes are an intergal part of these financial statements

MACOMB COUNTY, MICHIGAN
Combining Statement of Activities - Component Units (concluded)
For the Year Ended December 31, 2011

	<u>Drainage Districts (1)</u>	<u>Workforce Development Board</u>	<u>Workforce Development Board (1)</u>	<u>Total</u>
Changes in net assets				
Net (expense) revenue	\$ (13,401,233)	\$ (4,343)	\$ -	\$ (13,405,576)
General revenues				
Investment earnings	<u>8,433,554</u>	<u>-</u>	<u>-</u>	<u>8,433,554</u>
Change in net assets	(4,967,679)	(4,343)	-	(4,972,022)
Net assets, beginning of year (2)	<u>332,346,065</u>	<u>74,673</u>	<u>-</u>	<u>332,420,738</u>
Net assets, end of year	<u>\$ 327,378,386</u>	<u>\$ 70,330</u>	<u>\$ -</u>	<u>\$ 327,448,716</u>

(1) - Year Ended September 30, 2011

(2) - As restated. See Note 13

The accompanying notes are an integral part of these financial statements

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements
December 31, 2011

Note 1 – Summary of Significant Accounting Policies

The basic financial statements of Macomb County (the County) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing such principles. All financial statements are for the year ended December 31, 2011, except as follows: the financial statements of the Child Care, Community Services, Friend of the Court, Health Grants, Veterans' Services and certain MSU Extension, Prosecuting Attorney, Department of Roads, Senior Citizens and Sheriff Special Revenue Funds, the Community Mental Health Enterprise Fund, and the Public Works Component Unit, which are reported as of and for the year ended September 30, 2011.

Financial Reporting Entity - Macomb County was incorporated in 1818 and includes an area of 482 square miles with the county seat located in the city of Mt. Clemens. The County operates under a Home Rule Charter that provides for both executive and legislative branches of government. The executive branch is directed by an elected County Executive, who serves as the Chief Administrative Officer of the County and directs the operations of all departments except the Sheriff, Prosecuting Attorney, Public Works, County Clerk/Register of Deeds, the Circuit and District Courts and the Board of Commissioners, which are all operated by separately elected officials. The legislative branch is directed by a 13 member elected Board of Commissioners. The County provides many services to residents, including law enforcement, administration of justice, community development and enrichment, parks and recreation and human services.

As defined by generally accepted accounting principles established by the Governmental Accounting Standards Board, the financial reporting entity consists of the primary government as well as its component units, which are legally separate organizations for which the elected officials of the primary government are financially accountable. Financial accountability is defined by GASB Statement No. 14, "The Financial Reporting Entity", and amended by GASB Statement No. 39, as appointment of a voting majority of the component unit's board, and either (a) the ability of the primary government to impose its will on the component unit, or (b) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government. The accompanying financial statements present the financial position and results of operations of Macomb County (the primary government) and its component units. The component units discussed below are included in the County's reporting entity because of the significance of their operational or financial relationships with the County. In conformity with generally accepted accounting principles, the financial statements of component units have been included in the financial reporting entity either as blended component units or as discretely presented component units.

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Blended Component Units – Blended component units are legally separate from the County, but are so intertwined with the County that they are, in substance, the same as the County. They are reported as part of the County and blended into the appropriate funds.

The **Macomb County Criminal Justice Building Authority** (MCCJBA) is governed by a three-member board appointed by the County's Board of Commissioners. Although legally separate from the County, the MCCJBA is reported as if it were part of the primary government because its sole purpose is to finance and construct certain County Buildings.

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2011

Note 1 – Summary of Significant Accounting Policies (continued)

Blended Component Units (concluded)–

The **Macomb County Building Authority** is governed by a seven-member board appointed by the County Board of Commissioners. Although legally separate from the County, the Building Authority is presented as a blended component unit because its sole purpose is to finance and construct certain County Buildings.

Discretely Presented Component Units

The **Macomb/St. Clair Workforce Development Board** is governed by a separate board, consisting of 37 members, the majority of which is appointed by the Chair of the Macomb County Board of Commissioners. The Workforce Development Board receives federal funding under the Workforce Investment Act to operate employment and training programs that lead to unsubsidized employment for unskilled adults and youth. Its activities are included in the County's financial statements as the County is financially responsible for the entity and the exclusion of such activities would be misleading to the County's financial statements. Separate independently audited financial statements of the Workforce Development Board are not prepared. All of the funds of the Workforce Development Board are Special Revenue Funds and, therefore, fund level financial statements are not presented herein.

The **Drainage Districts** are governed by separate boards composed of the Public Works Commissioner, the Chair of the County Board of Commissioners and Chair of the Finance Committee of the Board of Commissioners. Each Drainage District is a separate legal entity with the power to contract, sue and be sued and hold, dispose of and manage real property. The primary function of the Drainage Districts is to direct the construction and maintenance of drains, sewers and water supply systems within the County. The activities of the Drainage Districts are included in the County's financial statements as the exclusion of these activities would be misleading. Separate independently audited financial statements of the Drainage Districts are not prepared.

Related Organization

The **County of Macomb Hospital Finance Authority** is governed by a five-member board appointed by the Macomb County Board of Commissioners. The Authority was created pursuant to Public Act 38 of 1969 for the purpose of providing hospitals within the County the opportunity to finance capital projects at favorable interest rates. Public Act 38 allows hospitals to finance capital projects through the Authority, which enjoys the County's excellent credit rating. Because the Authority does not provide a financial benefit or burden to the County, it is not reported as a component unit of the County.

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2011

Note 1 – Summary of Significant Accounting Policies (continued)

Basic (Government-Wide) and Fund Financial Statements-

The activities of the County are categorized as either governmental or business-type in both the government-wide and fund financial statements. The majorities of the County's activities are governmental activities and are supported primarily by property taxes, charges for services and intergovernmental revenues while business-type activities are supported by fees and charges for services.

For the most part, the effect of inter-fund activity has been eliminated from these statements. However, inter-fund activity between governmental activities and business-type activities has not been eliminated so as to not distort the direct costs and program revenues of the various functions.

The **basic (government-wide) financial statements** report information on the County as a whole. These statements focus on the sustainability of the County as an entity and the change in aggregate financial position resulting from the activities of the fiscal period and consist of the **Statement of Net Assets** and the **Statement of Activities**.

The **Statement of Net Assets** presents information on all of the assets and liabilities of the County, with the difference between the two reported as *net assets*. Net assets are classified into one of three categories for accounting and financial reporting purposes:

- Invested in capital assets, net of related debt. This category represents the cost of the County's capital assets, net of accumulated depreciation and reduced by any outstanding debt used to acquire those assets.
- Restricted. Assets are considered restricted when constraints are placed on their use by external sources such as creditors and grantors, or imposed by statute.
- Unrestricted. Net assets that do not meet the definition of the two preceding categories are considered unrestricted and can be used for new spending. Designations are often placed on unrestricted net assets to indicate that internal restrictions have been placed upon their use. However, designations differ from restrictions in that they may be subsequently removed or modified by management or the Board of Commissioners.

The **Statement of Activities** demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Program revenues are segregated into three categories: charges for services, operating grants and capital grants. Charges for services are those revenues generated from charges to customers or applicants who purchase, use or directly benefit from the goods and services provided by a given function or segment. Operating and capital grants are those restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other revenues not specifically associated with a particular program are reported as general revenues in the Statement of Activities.

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2011

Note 1 – Summary of Significant Accounting Policies (continued)

Basic (Government-Wide) and Fund Financial Statements (continued)-

Fund financial statements report information at the individual fund level and are, in substance, very similar to the financial statements presented in the previous financial reporting model. The focus of the fund financial statements is on the major funds of both governmental and business-type activities. Major individual governmental and proprietary funds are reported as separate columns in the fund financial statements. Non-major funds are consolidated into a single column within each fund type in the basic financial statements and are detailed in the supplementary information. Funds are classified as governmental, proprietary or fiduciary. The fiduciary funds are included in the fund financial statements but are excluded from the government-wide financial statements since these assets are being held for the benefit of third parties and are not available to support the activities or obligations of the County.

The County reports the following major governmental funds:

- The *General Fund* is the chief operating fund of the County. It accounts for all financial resources except those required to be accounted for in another fund.
- The *Department of Roads Fund* accounts for the revenues and expenditures related to construction and maintenance of roads throughout the County.

The County reports the following major enterprise funds:

- The *Delinquent Tax Revolving Fund* accounts for the County's annual purchase of delinquent real property taxes from each of the local taxing jurisdictions in the County and their subsequent collection. In addition, the operations of the personal property tax collection division of the Treasurer's Office are reported here.
- The *Community Mental Health Fund* accounts for the activities of delivering an array of mental health services to County residents.
- The *Martha T. Berry Medical Care Facility* accounts for the activities of delivering long-term nursing care to County residents.
- The Freedom Hill Park fund accounts for the operations of the Freedom Hill County Park.

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2011

Note 1 – Summary of Significant Accounting Policies (continued)

Basic (Government-Wide) and Fund Financial Statements (continued)-

Financial information regarding the County's Internal Service Funds is presented in summary form as part of the proprietary fund financial statements. Since the principal users of the services of these funds are the County's governmental activities, the financial statements of the internal service funds are consolidated into the governmental activities in the entity-wide financial statements. Surpluses or deficits of the internal service funds are allocated back to the governmental activities within the government-wide financial statements.

The accounts of the County are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures, or expenses as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The funds of the County are classified into three broad categories: governmental, proprietary and fiduciary.

Governmental Funds

General Fund – The General Fund is the general operating fund of the County. It is used to account for all financial resources except those required to be accounted for in other funds.

Special Revenue Funds – Special revenue funds are used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditure for specific purposes.

Debt Service Funds – Debt service funds are used to account for the accumulation of resources for, and the payment of, principal, interest and related costs of general long-term debt not being accounted for in proprietary funds.

Capital Projects Funds - Capital projects funds are used to account for the acquisition, construction or renovation of major capital facilities other than those accounted for in proprietary funds.

Proprietary Funds

Enterprise Funds - Enterprise funds are used to account for the activities of the County's business-type activities. The operations of these funds are financed primarily through user fees that are intended to recover the cost of services provided.

Internal Service Funds – Internal service funds are used to account for goods and services provided to other departments and governmental agencies on a cost-reimbursement basis. The County utilizes separate internal service funds to account for compensated absences, workers' compensation insurance, liability insurance and central services such as inventory and telephone.

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2011

Note 1 – Summary of Significant Accounting Policies (continued)

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing goods and services in connection with the principal ongoing operations of any particular proprietary fund. Operating expenses for proprietary funds include cost of sales and services, administrative expenses and depreciation of capital assets. Revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Fiduciary Funds

Employees' Retirement Fund – The Employees' Retirement Fund is used to account for the accumulation of resources for pension benefit payments to qualified employees.

Retiree Health Care Trust Fund – The Retiree Health Care Trust Fund is used to account for the accumulation of resources to provide health care benefits to County retirees.

Accumulated Sick Leave Benefits – The Accumulated Sick Leave Benefits Trust Fund is used to account for the accumulation of resources for the payment of accrued sick leave benefits after retirement.

Agency Funds – Trust and agency funds are used to account for assets held by the County in a trustee capacity or as an agent for individuals, private organizations, other governments and/or other funds. The County reports the following agency funds: general agency for items such as court fees collected and passed through to the State of Michigan, payroll and benefits for employee withholdings such as garnishments and union dues and miscellaneous agency, which is used to account for monies such as library penal fines.

Measurement Focus and Basis of Accounting – The government-wide financial statements as well as the financial statements of the proprietary funds and pension trust funds are accounted for using the economic resources measurement focus and the full accrual basis of accounting. Their revenues are recognized when they are earned and their expenses are recognized when they are incurred without regard to the receipt or payment of cash or its equivalent. Agency funds do not have a measurement focus since they report only assets and liabilities and also use the accrual basis of accounting to recognize receivables and payables.

The governmental fund financial statements are prepared using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues of governmental funds are recognized when they become both measurable and available. "Measurable" means that the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the County considers revenues to be available if they are collected within 60 days of year-end.

Property taxes are recognized as revenue in the period for which they are levied. Federal grants, state distributions and grants and interest earned are recognized as revenue in the period they become both measurable and available. Special assessments are recognized as revenues only to the extent that individual installments are due within one year. Licenses and permits, fines and forfeitures and other revenues are recorded when received in cash because they are generally not measurable until actually received. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred, with the exception of principal and interest on general long-term debt, which is recognized when due.

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2011

Note 1 – Summary of Significant Accounting Policies (continued)

The majority of the funds of the County are accounted for using the modified accrual basis of accounting. Because the governmental fund financial statements are presented on a different measurement focus and basis of accounting than the government-wide financial statements, a reconciliation is provided after each governmental fund financial statement that briefly explains the adjustments necessary to reconcile the fund financial statements to the government-wide financial statements.

When both restricted and unrestricted resources are available for use, restricted assets are used first and then unrestricted resources as needed.

Inventories - Inventories consist of expendable items held for consumption and are valued at cost using the first-in, first-out method. The expenditure related to utilization of inventory items is recorded at the time individual items are consumed.

Other Assets - Other assets represent deposits and prepaid expenses.

Budgetary Accounting - The charter requires the County Executive to submit a recommended budget to the Board of Commissioners 90 days prior to the beginning of the next fiscal year. The annual operating budget includes proposed expenditures and the means of financing them for the General Fund, Revenue Sharing Reserve Fund, Child Care Fund, Friend of the Court Fund, Health Department, Health Grant Fund, County Library, Human Services, Community Services Agency, Roads and Senior Citizens Services Special Revenue Funds as well as the Martha T. Berry, Community Mental Health and Parks business-type activities. For those Special Revenue Funds and component units without annual operating budgets (Emergency Management Grants, Employment and Training Fund, Veterans' Trust Fund, MSU Extension Grants, COMET, Sheriff Grants, Urban County Block Grant, Prosecuting Attorney Grants, Other Special Revenue Funds and Michigan Works!), legal authorization for spending is obtained through approval of the Board of Commissioners or other appropriate authoritative body. A public hearing is conducted to obtain taxpayer comments and the budget is legally enacted through passage of an ordinance by the Board of Commissioners no later than the first day of the next fiscal year.

Formal budgetary integration is employed as a management control device during the year for all funds. Expenditures may not legally exceed budgeted appropriations at the department level. The County Executive is authorized to transfer funds between budgeted line items within a department within a fund as long as the amount being transferred does not exceed the lesser of \$30,000 or 2% of the department budget. Budget amendments that exceed these limits must be approved by the Finance Committee of the Board of Commissioners. During the year, supplemental budgetary appropriations were not significant in relation to the original appropriations as adopted. Unexpended appropriations lapse at year-end. Encumbrances open at year-end are re-appropriated in the following year. Budgets are adopted on a basis consistent with generally accepted accounting principles and budgeted amounts presented in the financial statements represent final budget authorization, including all amendments approved during the year.

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2011

Note 1 – Summary of Significant Accounting Policies (continued)

Capital Assets – Capital assets of the primary government, including land, land improvements, buildings, equipment and vehicles, are reported in the government-wide financial statements and the applicable proprietary fund financial statements. Capital assets utilized for governmental activities are only capitalized in the government-wide financial statements and are fully expended in the governmental funds. Capital assets of the component units are reported in the Public Works Drainage Districts Component Unit. The County capitalizes assets, except those purchased by the Department of Roads, whose initial purchase price equals or exceeds \$5,000 and whose estimated useful life exceeds one year. The Department of Roads capitalizes assets whose initial cost equals or exceeds \$1,000 and estimated useful life exceeds one year. Capital assets are valued at historical cost or estimated historical cost. Donated properties are recorded at fair market value at the date of donation. Depreciation of all exhaustible capital assets is allocated against the various functions in the Statement of Activities with accumulated depreciation reflected in the Statement of Net Assets. Depreciation has been provided over the following estimated useful lives using the straight-line method: land improvements - 10-20 years, buildings and improvements – 25-50 years, equipment - 3-20 years, vehicles - 5 years and infrastructure 8-50 years.

Compensated Absences – County employees earn vacation and sick leave benefits based on length of service. Both fully vest upon completion of a probationary period of six months. Upon separation from service, employees are paid accumulated vacation and sick pay based upon the nature of separation (death, retirement or termination). Certain limitations have been placed on the number of hours of vacation and sick leave that may be accumulated and carried over for payment at separation of service. Unused hours exceeding these limitations are forfeited. Accumulated unpaid vacation, sick pay and other employee benefit liabilities have been accrued in the Compensated Absences Internal Service Fund.

Encumbrances – Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the General Fund and Special Revenue Funds. Encumbrances outstanding at year-end lapse and are re-appropriated and spent under authorization of a new budget in the following year.

Property Taxes – The County property tax is levied July 1 of each year based on the taxable value of property as of the preceding December 31. Taxes are billed and collected for the County by the local units within the County and are payable in one installment no later than February 28 of the following year, at which time they become delinquent and subject to penalty. Taxable value is established annually by the local units, accepted by the County and equalized by the State of Michigan to approximate 50% of market value (SEV). The annual increase in taxable value is limited by State statute to the rate of inflation or 5%, whichever is less. Taxable value reverts to SEV when a property is sold or when SEV drops below taxable value. The taxable value of real and personal property in Macomb County for the July 1, 2011 levy (calendar 2011 revenue) was \$25,840,445,900. The County operating tax rate for the 2011 levy was 4.5685 mills.

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2011

Note 1 – Summary of Significant Accounting Policies (concluded)

The County, through its Delinquent Tax Revolving Fund, purchases annually from the municipalities within the County, at face value, the delinquent real property taxes receivable, as certified to the County as not collected as of March 1. The Delinquent Tax Revolving Fund is self-supporting at this time. Collection of these delinquent property taxes will be used to purchase future delinquent real property taxes from municipalities within the County.

Deferred Revenue– Deferred revenue in the governmental funds represents property taxes levied on December 1 of each year that are used to support the budget of the following year.

Use of Estimates – The preparation of financial statements, in conformity with generally accepted accounting principles, requires management to make significant estimates and assumptions that affect the reported amounts of assets, liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from such estimates.

Fund Equity - Governmental funds report fund balance as either nonspendable, restricted, committed, assigned or unassigned.

- Nonspendable - Amounts that are not expected to be converted into cash, such as inventories and prepaid expenses, and amounts that are legally required to be maintained intact., such as the corpus of a permanent fund.
- Restricted – Amounts whose use are restricted by constraints imposed by outside parties such as creditors, grantors, laws and regulations of other governments, constitutional provisions or enabling legislation.
- Committed – Amounts that have been designated for specific purposes established by formal action of the government’s highest level of decision-making authority. Fund balance commitments require formal approval by the Board of Commissioners. Once committed, these amounts cannot be used for any other purpose unless the restrictions are removed or changed through the same type of action used to make the original designation.
- Assigned – Amounts that are intended to be used for specific purposes, but are not restricted or committed. Specific fund balance assignments require formal approval by the Board of Commissioners. However, the County has not adopted such a policy. Balances in governmental funds, other than the General Fund, not classified as nonspendable, restricted or committed are classified as assigned in accordance with GASB Statement No. 54, even though specific intended uses may not have been declared by the government.
- Unassigned – The residual amount of fund balance remaining in the General Fund after all other classifications have been made and negative amounts in Special Revenue Funds.

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2011

Note 2 - Deposits and Investments

Primary Government and Component Unit Deposits and Investments - The County maintains a cash and investment pool that is available for use by all funds. In addition to their participation in the pool, certain funds also maintain separate investment accounts, consisting primarily of certificates of deposit and money market accounts. Each fund's portion of the pool as well as any amounts in separate accounts are reported as "Cash and Pooled Investments". The Board of Commissioners adopts a depository resolution, including a list of authorized institutions, each year as recommended by the County Treasurer. The provisions of the depository resolution are as presented below.

- Certificates of deposit must be with institutions with locations in the State of Michigan, shall not exceed 75% of the portfolio and the amount with any one institution may not exceed 25% of the total portfolio.
- Commercial paper must be rated A-1 by Standard & Poors and P-1 by Moodys and may not exceed 75% of the total portfolio.
- Banker's acceptances with any one institution may not exceed 20% of the total portfolio.
- Government investment pools may not exceed 50% of the total portfolio.
- The total of deposits and investments with any one institution may not exceed 50% of the capitalization of that institution.

The deposits and investments of the primary government and component units, excluding the pension and other postemployment benefit trust funds, at December 31, 2011 and September 30, 2011 respectively, are presented below.

	Primary Government	Component Units	Percent of Total
Cash on hand	\$ 97,389	\$ -	0.03%
Bank and money market accounts	54,806,958	22,157,643	20.76%
Certificates of deposit	<u>266,297,377</u>	<u>24,489,280</u>	<u>78.49%</u>
Subtotal - deposits	321,201,724	46,646,923	99.28%
US Treasury securities	<u>2,650,897</u>	<u>-</u>	<u>0.72%</u>
Total deposits and investments	323,852,621	46,646,923	<u>100.00%</u>
Timing effect of different year ends	<u>(4,624,737)</u>	<u>-</u>	
Amount reported at December 31, 2011	<u>\$ 319,227,884</u>	<u>\$ 46,646,923</u>	
Amount reported in primary government	\$ 303,271,143		
Amount reported in agency funds	<u>15,956,741</u>		
	<u>\$ 319,227,884</u>		

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2011

Note 2 – Deposits and Investments (continued)

Primary Government and Component Unit Deposits and Investments (continued) –

Deposits - The deposits of the primary government and its component units are subject to custodial credit risk, which is the risk that the deposits may not be returned in the event of a bank failure. The custodial credit risk assumed by the County is measured by categorizing deposits in one of three categories: 1) insured or collateralized with securities held by the County or its agent in the County's name, 2) collateralized with securities held by the counter-party's trust department or agent in the County's name and 3) uninsured and uncollateralized. At year-end, the book value of the deposits was \$367,848,647, with corresponding bank balances of \$376,876,370. Qualifying deposits are insured by the FDIC up to \$250,000. Of the bank balances, \$3,000,000 was insured and the remaining \$373,876,370 was uninsured and uncollateralized. The County believes that it is impractical to insure all deposits given the size of the portfolio and the limits of insurance established by the FDIC. As a result, the County evaluates each institution with which it deposits funds and assesses the level of risk associated with each institution and adjusts its deposits accordingly.

Investments - Investments of the primary government and component units are subject to various types of risks as defined below in accordance with GASB Statement No. 40:

- Custodial Credit Risk exists when securities are uninsured, unregistered or held by a counterparty or its agent but not in the government's name. All investments of the primary government are held in the name of the County and are evidenced by a safekeeping receipt and, therefore, are not exposed to custodial credit risk.
- Credit Risk is a measure of the creditworthiness of the issuers of the instruments being held and represents the risk that the issuer or other countyparty to an investment will not fulfill its obligations. Statutes of the State of Michigan authorize the County to invest in the following instruments: obligations of the U.S. Treasury and its agencies and instrumentalities, commercial paper rated within the two highest classifications established by not less than two standard rating services, bankers' acceptances, investment pools of the Treasurer of the State of Michigan, and repurchase agreements. The entire portfolio of investments issued by the United States Treasury or agencies of the United States held at year-end were rated AAA by Standard & Poors and Aaa by Moody's. No other instruments subject to credit risk were held at year-end.
- Concentration of Credit Risk is the risk of loss measured by the magnitude of the County's investment in a single issuer. As defined by GASB Statement NO. 40, the County is exposed to concentration of credit risk if more that 5% of its portfolio is invested in instruments issued by a single issuer. No investments exceed the 5% threshold at year-end.

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2011

Note 2 – Deposits and Investments (continued)

Primary Government and Component Unit Deposits and Investments (concluded) –

- Interest Rate Risk is the risk that the fair value of the County’s investments will be adversely affected by changes in market interest rates and is measured primarily by average days to maturity. Although the County investment policy does not limit investment maturities as a means of limiting its exposure to interest rate risk, the County manages this risk by purchasing a mix of short and longer term investments. Information regarding the County’s exposure to interest rate risk is presented below:

<u>Maturities (Years)</u>	<u>US Treasury</u>	<u>Percent of Total</u>
Less than 1	\$ 1,209,471	45.62%
1-5	1,441,426	54.38%
	<u>\$ 2,650,897</u>	<u>100.00%</u>

Retiree Health Care Trust Fund Investments – The investments of the Retiree Health Care Trust Fund (the “Fund”) are held in a bank-administered trust fund. A summary of the investments of the Retiree Health Care Trust Fund at December 31, 2011 are presented below:

<u>Investment Type</u>	<u>Amount</u>	<u>Percent of Total</u>
Cash and pooled investments	\$ 170,491	0.14%
Equity Mutual Funds	77,787,447	64.56%
Bond Mutual Fund	23,829,637	19.78%
Foreign Stock	16,971,034	14.08%
Common Stock	1,734,951	1.44%
	<u>\$ 120,493,560</u>	<u>100.00%</u>

Investments of the Retiree Health Care Trust Fund are subject to various types of risks as defined below in accordance with GASB Statement No. 40:

- Credit Risk is a measure of the creditworthiness of the issuers of the instruments being held and represents the risk that the issuer or other counterparty to an investment will not fulfill its obligations. Statutes of the State of Michigan authorize the Retiree Health Care Trust Fund to invest in the following instruments: obligations of the U.S. Treasury and its agencies and instrumentalities, commercial paper rated within the two highest classifications established by not less than two standard rating services, bankers’ acceptances, investment pools of the Treasurer of the State of Michigan, repurchase agreements and corporate bonds rated in the top four major grades as determined by at least two national ratings agencies. The entire portfolio of debt securities of the Retiree Health Care Trust Fund is held in one bond index mutual fund that consists of a mix of corporate, US Treasury and US Agency securities.

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2011

Note 2 – Deposits and Investments (continued)

Retiree Health Care Trust Fund Investments (concluded) –

- Custodial Credit Risk exists when securities are uninsured, unregistered or held by a counterparty or its agent but not in the government's name. All investments of the Retiree Health Care Trust Fund are held in trust by a third party institution in the name of the Fund and, therefore, are not exposed to custodial credit risk.
- Concentration of Credit Risk is the risk of loss measured by the magnitude of investments in a single issuer. As defined by GASB Statement NO. 40, the County is exposed to concentration of credit risk if more than 5% of its portfolio is invested in instruments issued by a single issuer. Investments in instruments issued by the US Government, as well as those held in mutual funds and investment pools are exempt from this requirement. None of the investments in common or foreign stock exceeded the 5% threshold at December 31, 2011.
- Interest Rate Risk is the risk that the fair value of investments in debt securities will be adversely affected by changes in market interest rates and is measured primarily by average days to maturity. The entire portfolio of debt securities of the Retiree Health Care Trust Fund is held in one bond index mutual fund that consists of a mix of corporate, US Treasury and US Agency securities and is therefore not subject to interest rate risk.

Employees' Retirement System Deposits and Investments - A summary of the investments of the System at December 31, 2011 is presented below:

<u>Investment Type</u>	<u>Amount</u>	<u>Percent of Total</u>
Cash and pooled investments	\$ 39,320,107	5.32%
Corporate bonds	12,605,086	1.71%
Preferred stock	745,620	0.10%
Common stock	318,884,423	43.11%
Limited partnerships	82,991,602	11.22%
Mutual funds	285,081,079	38.54%
	<u>\$ 739,627,917</u>	<u>100.00%</u>

Deposits - The deposits of the Macomb County Employee's Retirement System (the "System") are subject to custodial credit risk, which is the risk that the deposits may not be returned in the event of a bank failure. The custodial credit risk assumed by the System is measured by categorizing deposits as previously described. At year-end, the book value of the deposits of the System was \$39,320,107, with corresponding bank balances of \$39,605,040. Qualifying deposits are insured by the FDIC up to \$250,000. Of the bank balances of the System, \$250,000 was insured and the remaining \$39,355,040 was uninsured and uncollateralized.

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2011

Note 2 - Deposits and Investments (continued)

Employees' Retirement System Deposits and Investments (continued) –

Investments – The investments of the System are subject to various types of risks as defined below in accordance with GASB Statement No. 40:

- Custodial Credit Risk exists when securities are uninsured, unregistered or held by a counterparty or its agent but not in the government's name. All investments of the System are held in trust by a third party institution in the name of the System and are, therefore, are not exposed to custodial credit risk.

- Credit Risk is a measure of the creditworthiness of the issuers of the instruments being held and represents the risk that the issuer or other counterparty to an investment will not fulfill its obligations. Statutes of the State of Michigan authorize the System to invest in the following instruments: obligations of the U.S. Treasury and its agencies and instrumentalities, commercial paper rated within the two highest classifications established by not less than two standard rating services, bankers' acceptances, investment pools of the Treasurer of the State of Michigan, repurchase agreements, corporate stocks and corporate bonds rated in the top four major grades as determined by at least two national ratings agencies. Corporate stock cannot exceed sixty five percent (65%) of the total portfolio.

At December 31, 2011, the System's investments in debt securities were rated by Standard & Poors as follows:

<u>Quality Rating</u>	<u>Corporate Bonds</u>	<u>Percent of Total</u>
AAA	\$ 2,190,539	17.38%
AA	1,809,197	14.35%
A	5,038,317	39.97%
BBB	2,508,942	19.90%
BB	78,042	0.62%
CCC	306,117	2.43%
D	24,583	0.20%
Not rated	649,349	5.15%
	<u>\$ 12,605,086</u>	<u>100.00%</u>

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2011

Note 2 - Deposits and Investments (continued)

Employees' Retirement System Deposits and Investments (concluded) –

Interest Rate Risk is the risk that the fair value of investments in debt securities will be adversely affected by changes in market interest rates and is measured primarily by average days to maturity. A summary of the maturities of the System's debt securities at December 31, 2011 were as follows:

<u>Maturities (Years)</u>	<u>Corporate Bonds</u>	<u>Percent of Total</u>
Less than 1	\$ 122,503	0.97%
1-5	12,330,895	97.83%
11 or more	<u>151,688</u>	<u>1.20%</u>
	<u>\$ 12,605,086</u>	<u>100.00%</u>

Investments in non-marketable limited partnerships are generally carried at the fair value reported by the management of the investment partnerships as of December 31. The County believes that the carrying value of these investments is a reasonable estimate of the fair value as of December 31, 2011. Because these investments are not readily marketable, the carrying value may differ from the value that would have been reported had a ready market for these investments existed. The carrying value of such investments was \$82,991,602 at December 31, 2011 and constituted 11.22% of the investment portfolio of the System.

Securities Lending Credit Risk – The Macomb County Employees' Retirement System is authorized to participate in securities lending agreements with its custodian. Such transactions involve loans of securities to broker/dealers and other entities for collateral with a simultaneous agreement to return the collateral for the same securities in the future and are perceived to be invisible to the third party money managers who manage segments of the portfolio. The market for securities lending has developed to provide temporary access to a large portfolio of securities for broker/dealers who have a need to borrow specific instruments. Broker/dealers collateralize their borrowings (typically in cash) to 102% of the security value for domestic securities and 105% for foreign securities and this collateral is adjusted daily to maintain the appropriate level. The System had no credit risk exposure to borrowers at year-end since the borrowers had collateralized the securities on loan at 102%. In addition, the system is indemnified through its agreement with its custodian should borrowers fail to return securities lent or fail to pay the System income distributions by the securities' issuers while the securities are on loan. The System may not pledge or sell collateral securities, except in the case of borrower default. The System periodically reviews the custodian's practices to ensure fair distributions by the securities' issuers while the securities are on loan. The System did not participate in any securities lending transactions during the year ended December 31, 2011.

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2011

Note 3 – Capital Assets

The following is a summary of capital asset activity of the governmental activities of the County for the year ended December 31, 2011:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities totals				
Capital assets not being depreciated				
Land	\$ 207,133,192	\$ 4,503,028	\$ -	\$ 211,636,220
Construction in progress	116,534	2,514,132	2,091,952	538,714
Total capital assets not being depreciated	<u>207,249,726</u>	<u>7,017,160</u>	<u>2,091,952</u>	<u>212,174,934</u>
Capital assets being depreciated				
Land improvements	11,589,747	363,470	40,900	11,912,317
Buildings	248,584,133	1,860,104	870,865	249,573,372
Machinery, equipment and vehicles	84,365,001	3,723,273	1,487,036	86,601,238
Infrastructure	976,614,107	35,369,694	-	1,011,983,801
Total capital assets being depreciated	<u>1,321,152,988</u>	<u>41,316,541</u>	<u>2,398,801</u>	<u>1,360,070,728</u>
Less accumulated depreciation for				
Land improvements	5,639,590	493,516	36,291	6,096,815
Buildings	97,399,613	7,057,616	201,640	104,255,589
Machinery, equipment and vehicles	67,138,666	6,864,382	2,039,292	71,963,756
Infrastructure	461,122,635	36,243,154	-	497,365,789
Total accumulated depreciation	<u>631,300,504</u>	<u>50,658,668</u>	<u>2,277,223</u>	<u>679,681,949</u>
Total capital assets being depreciated, net	<u>689,852,484</u>	<u>(9,342,127)</u>	<u>121,578</u>	<u>680,388,779</u>
Governmental activities capital assets, net	<u>\$ 897,102,210</u>	<u>\$ (2,324,967)</u>	<u>\$ 2,213,530</u>	<u>\$ 892,563,713</u>

The beginning balance of governmental activities capital assets is composed of \$164,573,857 as reported in the 2010 financial statements and \$732,528,353 related to the Department of Roads, which was reported as a Discretely Presented Component Unit in the 2010 financial statements.

Depreciation expense was charged to the functions of the governmental activities as follows:

	Governmental Assets	Internal Service Assets	Total
Judicial	\$ 1,127,213	\$ -	\$ 1,127,213
General government	2,280,770	534,664	2,815,434
Health and welfare	3,049,772	-	3,049,772
Recreation and culture	62,122	-	62,122
Public safety	5,224,764	-	5,224,764
Public works	38,379,363	-	38,379,363
	<u>\$ 50,124,004</u>	<u>\$ 534,664</u>	<u>\$ 50,658,668</u>

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2011

Note 3 – Capital Assets (continued)

The following is a summary of capital asset activity of the business-type activities of the County for the year ended December 31, 2011

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities				
Capital assets being depreciated				
Land improvements	\$ 350,128	\$ -	\$ -	\$ 350,128
Buildings	1,703,998	-	-	1,703,998
Machinery, equipment and vehicles	737,161	17,178	28,526	725,813
Total capital assets being depreciated	2,791,287	17,178	28,526	2,779,939
Less accumulated depreciation for				
Land improvements	216,188	9,660	-	225,848
Buildings	766,882	63,601	-	830,483
Machinery, equipment and vehicles	459,829	96,293	28,526	527,596
Total accumulated depreciation	1,442,899	169,554	28,526	1,583,927
Total capital assets being depreciated, net	1,348,388	(152,376)	-	1,196,012
Business-type activities capital assets, net	<u>\$ 1,348,388</u>	<u>\$ (152,376)</u>	<u>\$ -</u>	<u>\$ 1,196,012</u>

Depreciation expense of the business-type activities by function totaled \$112,647 for health and welfare and \$56,907 for recreation and culture.

The following is a summary of changes in the Drainage Districts Component Unit capital assets for the year ended September 30, 2011:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated				
Land	\$ 1,992,428	\$ -	\$ -	\$ 1,992,428
Construction in progress	34,002,802	11,066,776	33,707,752	11,361,826
Total capital assets not being depreciated	35,995,230	11,066,776	33,707,752	13,354,254
Capital assets being depreciated				
Infrastructure	323,064,843	36,917,491	-	359,982,334
Less accumulated depreciation for				
Infrastructure	82,143,530	6,830,472	-	88,974,002
Total capital assets being depreciated, net	240,921,313	30,087,019	-	271,008,332
Drainage district capital assets, net	<u>\$ 276,916,543</u>	<u>\$ 41,153,795</u>	<u>\$ 33,707,752</u>	<u>\$ 284,362,586</u>

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2011

Note 4 – Long-Term Debt

The following is a summary of the long-term liability transactions for the year ended December 31, 2011. The beginning balances include \$1,971,311 related to the Department of Roads, which was reported as a Discretely Presented Component Unit in prior years.

Issue	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Primary Government					
Governmental activities					
Criminal Justice Bldg Authority					
Series 2002-B Refunding	\$ 3,290,000	\$ -	\$ 1,155,000	\$ 2,135,000	\$ 1,135,000
Building Authority					
Series 2002 MTB/Youth Home	6,050,000	-	1,400,000	4,650,000	1,475,000
Series 2002-A Refunding	4,185,000	-	765,000	3,420,000	800,000
Series 2004 Warehouse	3,950,000	-	225,000	3,725,000	225,000
Series 2004-A Public Works Bldg	3,275,000	-	175,000	3,100,000	200,000
Series 2005 Clemens Refunding	2,550,000	-	230,000	2,320,000	225,000
Series 2005 Commun System/Dist Court	15,680,000	-	800,000	14,880,000	825,000
Series 2007 Refunding	16,720,000	-	65,000	16,655,000	65,000
MI Transportation Fund					
Series 2004-B Bridge Bonds	5,205,000	-	400,000	4,805,000	500,000
Series 2008- Bridge Refunding Bonds	2,160,000	-	405,000	1,755,000	420,000
Department of Roads					
2007 MDOT Infrastructure Loan	432,058	-	46,119	385,939	46,579
2010 MDOT Infrastructure Loan	-	334,405	-	334,405	31,963
2007 MDOT Infrastructure Loan	-	495,000	-	495,000	45,207
	63,497,058	829,405	5,666,119	58,660,344	5,993,749
Other liabilities					
Compensated Absences					
General County	5,024,937	1,814,266	1,892,541	4,946,662	1,050,000
Department of Roads	1,316,720	919,612	992,468	1,243,864	-
General liability claims					
General County	4,601,427	1,907,619	1,998,236	4,510,810	1,100,000
Department of Roads	40,743	29,966	21,121	49,588	25,521
Workers' compensation claims					
General County	4,047,194	1,630,536	1,227,876	4,449,854	1,200,000
Department of Roads	181,790	29,590	84,620	126,760	31,985
Total Governmental Activities	78,709,869	7,160,994	11,882,981	73,987,882	9,401,255
Business-type activities					
Compensated Absences	1,004,676	-	26,612	978,064	50,000
Total Primary Government	\$ 79,714,545	\$ 7,160,994	\$ 11,909,593	\$ 74,965,946	\$ 9,451,255
Component Units					
Drainage Districts					
Special Assessment Debt	\$ 221,860,326	\$ 12,797,751	\$ 5,805,850	\$ 228,852,227	\$ 9,717,381
Unamortized premiums	333,068	-	18,504	314,564	18,504
Unamortized discounts	(1,818,443)	-	(95,707)	(1,722,736)	(95,707)
Total Component Units	\$ 220,374,951	\$ 12,797,751	\$ 5,728,647	\$ 227,444,055	\$ 9,640,178

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2011

Note 4 – Long-Term Debt (continued)

Long-term bonded debt of the Primary Government and Component Units consists of the following:

Issue	Interest Rate	Date of Issue	Maturing Through	Original Issue Amount	Balance End of Year
Primary Government					
Governmental activities					
Criminal Justice Building Authority					
Series 2002-B Refunding	2.00-4.00	01/01/2003	7/1/2013	\$ 5,830,000	\$ 2,135,000
Macomb County Building Authority					
Series 2002 MTB/Youth Home Renovation	3.50-5.00	05/01/2002	5/1/2022	32,000,000	4,650,000
Series 2002-A Refunding	2.50-4.00	12/01/2002	5/1/2015	8,885,000	3,420,000
Series 2004 Warehouse	2.00-5.00	05/01/2004	5/1/2024	5,100,000	3,725,000
Series 2004-A Public Works Bldg	3.00-4.50	11/01/2004	5/1/2024	4,250,000	3,100,000
Series 2005 Clemens Refunding	3.25-5.00	12/01/2005	5/1/2020	2,875,000	2,320,000
Series 2005 Commun System/Dist Court	3.75-4.50	12/01/2005	11/1/2025	19,380,000	14,880,000
Series 2007 Refunding	3.50-4.22	04/01/2007	3/1/2022	16,895,000	16,655,000
Michigan Transportation Bonds					
Series 2004-B Bridge Bonds	3.00-4.75	05/01/2004	12/1/2024	10,000,000	4,805,000
Series 2008 Bridge Refunding Bonds	3.00-3.50	06/01/2008	12/1/2015	2,605,000	1,755,000
Department of Roads					
2007 MDOT Infrastructure Loan	1.00	11/14/2008	11/14/18	477,720	385,939
2010 MDOT Infrastructure Loan	1.00	10/29/2010	10/29/20	334,405	334,405
2007 MDOT Infrastructure Loan	2.00	10/1/2010	12/01/20	495,000	495,000
Total Primary Government				<u>\$ 109,127,125</u>	<u>\$ 58,660,344</u>
Drainage Districts Component Unit					
Special Assessment Debt					
Busch Drain	3.80- 4.55	10/01/1998	05/01/2014	\$ 1,250,000	\$ 350,000
Hawken Drain	4.30 - 5.25	08/01/2000	05/01/2015	795,000	250,000
Hayes Drain	4.50 - 5.20	08/01/2000	05/01/2015	1,095,000	475,000
Plumbrook Bridge Replacement	4.00 - 5.00	08/01/2000	05/01/2015	2,800,000	1,050,000
Schmidt Drain	3.60 - 4.30	05/01/2006	06/01/2016	525,000	275,000
17 Mile Road Drain & Branches	4.00 - 8.00	04/01/1973	05/01/2013	2,315,000	560,000
17 Mile Road Extension	3.00 - 4.50	11/01/2001	11/01/2016	1,725,000	750,000
Sterling Relief Lateral 12B Extension	2.00 - 4.00	09/01/2003	11/01/2012	885,000	220,000
North Gratiot Interceptor	3.75 - 4.20	11/01/2006	05/01/2032	3,380,000	3,130,000
North Gratiot Interceptor - Lenox Local	4.00 - 4.25	03/01/2007	05/01/2031	15,200,000	13,600,000
North Gratiot Interceptor - Phase 1	3.25 - 4.75	06/01/2008	05/01/2033	22,340,000	20,850,000
North Gratiot Interceptor - Series 2010	1.00 - 6.35	05/11/2010	05/01/2035	16,965,000	16,640,000
Lake St. Clair Clean Water Initiative					
State Revolving Fund Series #1 (5186-01)	2.50	Various	10/01/2022	20,670,000	12,635,000
Lake St. Clair Clean Water Initiative					
State Revolving Fund Series #2 (5186-02)	2.50	Various	04/01/2022	13,630,000	8,335,000
Lake St. Clair Clean Water Initiative					
State Revolving Fund Series #3 (5186-03)	2.50	Various	04/08/2022	2,640,000	1,610,000
Lake St. Clair Clean Water Initiative					
State Revolving Fund Series #4 (5186-04)	2.50	Various	10/01/2022	5,550,000	3,390,000
Lake St. Clair Clean Water Initiative					
State Revolving Fund Series #5 (5186-05)	2.50	Various	10/01/2022	975,000	640,000
Lake St. Clair Clean Water Initiative Series 2004A	4.375 - 5.150	06/01/2004	10/01/2029	5,000,000	4,080,000
Lake St. Clair Clean Water Initiative Series 2004B	4.375 - 5.150	06/01/2004	10/01/2029	14,000,000	11,425,000
Lake St. Clair Clean Water Initiative Series 2010 Refunding	2.00 - 4.25	08/03/2010	10/01/2029	12,270,000	11,935,000
8.5 Mile Relief State Revolving Fund Loan (5306-01)	2.50	Various	10/01/2029	3,865,000	3,705,000
8.5 Mile Relief State Revolving Fund Loan (5393-01)	2.50	Various	10/01/2030	1,182,985	1,129,985
8.5 Mile Relief State Revolving Fund Loan (5460-01)	2.50	Various	4/01/2031	234,440	234,440
Oakland-Macomb Interceptor State Revolving Fund Loan (5368-01)	2.50	Various	04/01/2031	12,062,374	12,062,374
Oakland-Macomb Interceptor Series 2010B	1.15 - 5.90	04/15/2010	04/01/2030	3,450,500	3,352,650
Macomb Interceptor Series 2010A	1.250 - 5.375	08/30/2010	05/01/2035	95,620,000	95,620,000
Richmond-Columbus Series 2010	4.70	11/23/2010	06/01/2021	547,778	547,778
Total Drainage Districts Component Unit				<u>\$ 265,973,077</u>	<u>\$ 228,852,227</u>

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2011

Note 4 – Long-Term Debt (continued)

All long-term obligations are presented as of December 31, 2011 except for the Special Assessment Debt with Governmental Commitment and Department of Road obligations, which are presented as of September 30, 2011. Special assessments receivable have been pledged by various local units of government for the payment of principal and interest on the Special Assessment Debt with Governmental Commitment. The County has also pledged its full faith and credit as additional security for the payment of the principal and interest on the Special Assessment Debt with Governmental Commitment in the event that the monies required to pay the principal and interest on the bonds are not collected by the aforementioned special assessments.

The annual requirements necessary to pay principal on the obligations of the Primary Government and Component Units outstanding at year-end, exclusive of the compensated absences, general liability and workers' compensation accruals, are as follows:

Year	Principal Maturities					Total	Drainage Districts Special Assessment Debt
	Primary Government						
	Building Authority	Criminal Justice Building Authority	MI Transportation Bonds	Department of Roads			
2012	\$ 3,815,000	\$ 1,135,000	\$ 920,000	\$ 123,749	\$ 5,993,749	\$ 9,717,381	
2013	3,980,000	1,000,000	930,000	125,430	6,035,430	9,936,403	
2014	4,165,000	-	945,000	127,155	5,237,155	10,054,428	
2015	4,320,000	-	960,000	128,903	5,408,903	10,162,453	
2016	3,550,000	-	500,000	130,665	4,180,665	9,898,053	
2017-2021	19,630,000	-	2,305,000	579,442	22,514,442	53,095,515	
2022-2026	9,290,000	-	-	-	9,290,000	49,714,110	
2027-2031	-	-	-	-	-	48,528,884	
2032-2036	-	-	-	-	-	27,745,000	
	<u>\$ 48,750,000</u>	<u>\$ 2,135,000</u>	<u>\$ 6,560,000</u>	<u>\$ 1,215,344</u>	<u>\$ 58,660,344</u>	<u>\$ 228,852,227</u>	

The annual requirements to pay interest on the obligations of the Primary Government and Component Units outstanding at year-end, exclusive of the compensated absences, general liability and workers' compensation accruals, are as follows:

Year	Interest Maturities					Total	Drainage Districts Special Assessment Debt
	Primary Government						
	Building Authority	Criminal Justice Building Authority	MI Transportation Bonds	Department of Roads			
2012	\$ 1,954,078	\$ 85,400	\$ 60,375	\$ 17,103	\$ 2,116,956	\$ 9,317,590	
2013	1,800,715	40,000	46,725	15,423	1,902,863	9,074,529	
2014	1,637,015	-	31,675	13,699	1,682,389	8,810,673	
2015	1,469,115	-	16,100	11,950	1,497,165	8,519,884	
2016	1,318,609	-	-	10,188	1,328,797	8,223,728	
2017-2021	4,314,208	-	-	23,944	4,338,152	36,059,831	
2022-2026	771,570	-	-	-	771,570	26,698,970	
2027-2031	-	-	-	-	-	15,123,276	
2032-2036	-	-	-	-	-	3,641,956	
	<u>\$ 13,265,310</u>	<u>\$ 125,400</u>	<u>\$ 154,875</u>	<u>\$ 92,307</u>	<u>\$ 13,637,892</u>	<u>\$ 125,470,437</u>	

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2011

Note 4 – Long-Term Debt (continued)

New debt issued - On September 22, 2008, the 8 ½ Mile Relief Drain Drainage District (the "District") entered into a loan agreement with the Michigan Municipal Bond Authority, through its State Revolving Fund, to borrow up to \$4,025,000 for the purpose of defraying a portion of the cost of certain intra-county drain projects located in the cities of Eastpointe and St. Clair Shores as well as Macomb County itself, herein after referred to as the "Local Units". The loan is evidenced by a single bond issued by the District and purchased by the Authority. The proceeds of the bond are drawn down as construction costs are incurred and approved by the District and the Authority. As of September 30, 2011, the District had drawn down a total of \$3,865,000. The bond bears interest at a rate of 2.50% and is due serially through October 1, 2029 and was issued pursuant to the provisions of Chapter 20 of Act 40, Public Acts of Michigan, 1956, as amended. The bond is to be repaid from assessments against the Local Units. These assessments are a general obligation of the Local Units and are payable from general funds or ad valorem taxes which may be levied by them. The County has also pledged its full faith and credit as additional security for the payment of the principal and interest on the bond when due. The bond is subject to redemption prior to maturity only with the prior written consent of the Authority.

On April 8, 2011, the 8 ½ Mile Relief Drain Drainage District (the "District") entered into a loan agreement with the Michigan Municipal Bond Authority, through its State Revolving Fund, to borrow up to \$418,488 for the purpose of defraying a portion of the cost of certain intra-county drain projects located in the cities of Eastpointe and St. Clair Shores as well as Macomb County itself, herein after referred to as the "Local Units". The loan is evidenced by a single bond issued by the District and purchased by the Authority. The proceeds of the bond are drawn down as construction costs are incurred and approved by the District and the Authority. As of September 30, 2011, the District had drawn down a total of \$234,440. The bond bears interest at a rate of 2.50% and is due serially through April 1, 2031 and was issued pursuant to the provisions of Chapter 20 of Act 40, Public Acts of Michigan, 1956, as amended. The bond is to be repaid from assessments against the Local Units. These assessments are a general obligation of the Local Units and are payable from general funds or ad valorem taxes which may be levied by them. The County has also pledged its full faith and credit as additional security for the payment of the principal and interest on the bond when due. The bond is subject to redemption prior to maturity only with the prior written consent of the Authority.

On November 16, 2010, the Richmond Columbus Intercounty Drain Drainage District (the "District") entered into a loan agreement with the Hastings City Bank in the amount of \$547,778 for the purpose of paying costs associated with the maintaining and improving of the Richmond Columbus Intercounty Drain. The note bears interest at 4.7% and is due in annual installments of \$54,777 through June 1, 2021. The note was issued pursuant to Act 40, Public Acts of Michigan, 1956, as amended, and bond is to be repaid from assessments against the City of Richmond, located in Macomb County, and the Township of Columbus, located in St. Clair County. These assessments are a general obligation of the Local Units and are payable from general funds or ad valorem taxes which may be levied by them. The counties of Macomb and St. Clair have also pledged their full faith and credit as additional security for the payment of the principal and interest on the note when due.

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2011

Note 4 – Long-Term Debt (continued)

On January 22, 2010, the Oakland-Macomb Interceptor Drain Drainage District (the “District”) entered into a loan agreement with the Michigan Municipal Bond Authority, through its State Revolving Fund, to borrow up to \$42,060,000 for the purpose of defraying a portion of the cost of certain inter-county drain projects located in various cities, villages and townships (the “Local Units”) located in Macomb County as well Oakland County, its neighboring county to the west. The loan was issued in accordance with provisions of the American Recovery and Reinvestment Act of 2009, under which \$15,984,000 of the loan was funded by the Federal government, resulting in a net obligation to the District of \$26,076,000. The loan is evidenced by a single bond issued by the District and purchased by the Authority. The bond bears interest at a rate of 2.50% and is due serially through April 1, 2031. The proceeds of the bond are drawn down as construction costs are incurred and approved by the District and the Authority. As of September 30, 2011, the District had drawn down a total of \$23,422,085. The bond is to be repaid from assessments against the local units. These assessments are a general obligation of the local units and are payable from general funds or ad valorem taxes which may be levied by them. Oakland and Macomb counties have also pledged their full faith and credit as additional security for the payment of the principal and interest on the bond when due. The bond is subject to redemption prior to maturity only with the prior written consent of the Authority. The local units located in Macomb County are responsible for repaying 51.5% of the amounts drawn down. As such, Macomb County has pledged its full faith and credit on up to \$13,429,140 of the \$26,076,000 total. A liability for \$12,062,374 representing 51.5% of the total drawn down by the District as of year-end has been recorded by Macomb County.

On January 22, 2010, the 8 ½ Mile Relief Drain Drainage District (the “District”) entered into a loan agreement with the Michigan Municipal Bond Authority, through its State Revolving Fund, to borrow up to \$2,205,000 for the purpose of defraying a portion of the cost of certain intra-county drain projects located in Eastpointe and St. Clair Shores as well as Macomb County itself, herein after referred to as the “Local Units”. The loan was issued in accordance with provisions of the American Recovery and Reinvestment Act of 2009, under which \$882,000 of the loan, was funded by the Federal government, resulting in a net obligation of \$1,323,000 to the District. The loan is evidenced by a single bond issued by the District and purchased by the Authority. The bond bears interest at a rate of 2.50% and is due serially through October 1, 2030 and was issued pursuant to the provisions of Chapter 20 of Act 40, Public Acts of Michigan, 1956, as amended. The proceeds of the bond are drawn down as construction costs are incurred and approved by the District and the Authority. During the year ended September 30, 2011, the District drew down an additional \$353,517 on this loan, resulting in total draw downs of \$1,182,985 as of September 30, 2011. The bond is to be repaid from assessments against the Local Units. These assessments are a general obligation of the Local Units and are payable from general funds or ad valorem taxes which may be levied by the Local Units. The County has also pledged its full faith and credit as additional security for the payment of the principal and interest on the bond when due. The bond is subject to redemption prior to maturity only with the prior written consent of the Authority.

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2011

Note 4 – Long-Term Debt (continued)

In prior years, the County defeased certain general obligation bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and liability for the defeased bonds are not included in the financial statements of the County. At December 31, 2011, the amount of defeased debt outstanding but not reported as long-term debt of the primary government totaled \$2,895,000.

Note 5 – Interfund Receivables, Payables and Transfers

Interfund advances at December 31, 2011 were:

<u>Fund</u>	<u>Advances Receivable</u>	<u>Advances Payable</u>
General Fund	\$ 295,000	\$ -
Internal Service - Equipment Revolving	-	295,000
	<u>\$ 295,000</u>	<u>\$ 295,000</u>

The majority of the outstanding interfund balances represent short-term working capital loans for funds with negative cash balances in the County's cash and investment pool at year-end. Interfund transfers are used to (1) account for the movement of unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorization and (2) move restricted revenues from the funds that are allowed to collect them to funds that are allowed to expend them.

	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General Fund	\$ 20,934,691	\$ -
Nonmajor governmental funds	-	2,175,681
Internal Service Funds	5,870,354	137,815
Delinquent Tax Revolving	-	18,621,195
Fiduciary funds	465,010	6,335,364
	<u>\$ 27,270,055</u>	<u>\$ 27,270,055</u>
Total	<u>\$ 27,270,055</u>	<u>\$ 27,270,055</u>

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2011

Note 5 – Interfund Receivables, Payables and Transfers (concluded)

	Transfers In	Transfers Out
General Fund	\$ 24,998,138	\$ 40,758,119
Roads	279,383	-
Nonmajor Governmental Funds	40,735,371	27,917,786
Internal Service Funds	6,837,950	-
Delinquent Tax Revolving	-	8,655,000
Community Mental Health	5,144,708	-
Freedom Hill Park	88,862	-
Subtotal	78,084,412	77,330,905
Imbalance caused by the timing effects of interfund transactions in funds with different year-end reporting dates	-	753,507
	\$ 78,084,412	\$ 78,084,412

Note 6 – Leases

The County has commitments under operating lease agreements which provide for minimum annual lease payments as follows:

Year	Amount
2012	\$ 3,177,417
2013	2,023,406
2014	957,291
2015	501,599
2016	319,809
2017	175,427
2018	115,500
2019	115,500
2020	57,750
	\$ 7,443,699

Rental expense totaled \$3,930,932 for the year ended December 31, 2011.

Note 7 – Deferred Compensation

The County offers its employees a deferred compensation plan in accordance with Internal Revenue Code Section 457. The plan, available to all County employees, permits 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. All amounts of compensation deferred under the plan, all property and rights purchased with those amounts and all income attributable to those amounts are held in trust for the exclusive benefit of participants and their beneficiaries. Accordingly, the assets of the plan are not reported as assets of the employer.

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2011

Note 8 – Employees’ Retirement System

Plan Description and Provision – The County sponsors and administers the Macomb County Employees’ Retirement System (the “System”), a single employer defined benefit plan covering substantially all of the County’s employees. The System was established in accordance with state statutes to provide retirement benefits for the employees of the County and its several offices, boards and departments, including the County Road Commission. At December 31, 2011 (date of the most recent actuarial valuation) the System’s membership consisted of:

Retirees and beneficiaries currently receiving benefits	2,439
Terminated employees entitled to benefits but not yet receiving them	221
Active employees covered by the plan	2,257
 Total membership	 4,917

Retirement Benefits- The following is a summary of the benefits provided to the members of the system. All members become vested in the System after 8 years of service.

General County- Virtually all employees hired on or before December 21, 2001 may retire if their age plus years of service equals or exceeds 70 and they have attained a minimum age of 50. The annual retirement benefit, payable monthly for life, is computed at 2.4% of final average compensation for the first 26 years of service and 1% for every year thereafter, with a maximum employer pension of 65%. Employees hired on or after January 1, 2002 and certain employees hired before that date not covered by the provisions described above may retire at age 55 with 25 or more years of service or age 60 with 8 years of service. The annual retirement benefit, payable monthly for life, for these employees is computed at 2.2% of final average compensation for each year of service, with a maximum employer pension of 66%.

Sheriff Department- Employees may retire at any age with 25 or more years of service or age 60 with 8 years of service. The annual retirement benefit for the Sheriff and deputies, payable monthly for life, is computed at 2.64% of final average compensation multiplied by credited years of service with a maximum employer pension of 66%. The factor for the undersheriff, captains, jail administrator, command officers, corrections officers and dispatchers is 2.4% for the first 26 years of service and 1% for every year thereafter, with a maximum employer pension of 66%.

Department of Roads - Employees may retire at age 55 with 25 or more years of service, at age 60 with 8 years of service or regardless of age if their age plus years of service equals or exceeds 70. The annual retirement benefit, payable monthly for life, is computed at 2.4% of final average compensation multiplied for the first 26 years of service and 1% for every year thereafter, with a maximum employer pension of 65%.

The System also provides death and disability benefits. If an employee leaves covered employment or dies before 8 years of credited service, accumulated employee contributions plus interest at the rate of 3.5% per year is refunded to the employee or designated beneficiary.

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2011

Note 8– Employees’ Retirement System (continued)

Funding Policy – The System’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. The County’s required contribution for 2011 was \$16,050,489. Administrative costs of the System are financed from investment earnings. General County employees contribute 2.5% or 3.5% of their annual salary to the System depending upon classification. Employees of the Department of Roads contribute 3.5% of their annual salary. Sheriff employees contribute 4.0% of their annual salary. The County contributes the remaining amounts necessary to fund the System, using the actuarial basis specified by statute.

Annual Pension Cost and Net Pension Obligation – During the year ended December 31, 2011, employer contributions totaled \$16,050,489, as required by the actuarial valuation of the plan as of December 31, 2009. The normal cost and actuarial accrued liability are determined using an entry age actuarial funding method. Unfunded actuarial accrued liabilities (UAAL) are amortized as a level percent of payroll over a 20-year open period. The County has historically contributed 100% of the annual required contribution. Three-year trend information regarding the County’s annual pension cost, percent contribution and net pension obligation are presented below.

Year Ended December 31	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2009	\$ 18,507,521	100	\$ -
2010	15,170,777	100	-
2011	16,050,489	100	-

Actuarial Methods and Assumptions – Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions regarding the probability of the occurrence of events in the future. Examples of such assumptions include future employment and retirement patterns, mortality and investment rate returns. These assumptions are subject to continual revision as actual results are measured against past expectations and new estimates are made about the future. The schedule of funding progress presented as required supplemental information following the notes herein, presents multi-year trend information that indicates whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities of the benefits provided. Significant actuarial assumptions used in determining the annual required contribution include (a) a rate of return on the investment of present and future assets of 7.5% per year compounded annually, (b) projected salary increases of 5.0% per year compounded annually, attributable to inflation, (c) additional projected salary increases ranging from 1.2% to 5.0% for various members per year, depending on service, attributable to seniority/merit, and (d) the assumption that benefits will not increase after retirement. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period.

Funding Status and Progress – As of December 31, 2010, the date of the most recent actuarial valuation, the plan was 103.1% funded. The actuarial accrued liability for benefits was \$837,167,835 and the actuarial value of assets in the plan was \$862,915,501, resulting in an excess of assets over the actuarial accrued liability of \$25,747,666. Covered payroll was \$110,795,240 and the ratio of the UAAL to covered payroll was 23.2 percent.

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2011

Note 8– Employees’ Retirement System (continued)

Basis of Accounting – The financial statements of the System are prepared using the accrual basis of accounting. Employee and employer contributions are recognized in the period that the contributions are due. Benefits and refunds are recognized when due and payable according to the terms of the plan.

Method Used to Value Investments – In accordance with GASB Statement 25, “Financial Reporting for Defined Benefit Plans and Note Disclosures for Defined Contribution Plans”, investments are reported at fair value, as indicated by quoted market prices as of December 31, 2011.

The System does not issue separate independently audited financial statements; therefore, financial statements as of and for the year ended December 31, 2011 are presented below:

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Statement of Fiduciary Net Assets

ASSETS

Cash and pooled investments	\$	39,320,107
Receivables		
Accrued interest		501,304
Other		39,451

Investments, at fair value

Corporate Bonds		12,605,086
Preferred Stock		745,620
Common Stock		318,884,423
Limited partnership		82,991,602
Mutual funds		<u>285,081,079</u>

Total Assets		<u>740,168,672</u>
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LIABILITIES

Accounts payable		855,383
Due to fiduciary funds		<u>465,010</u>

Total Liabilities		<u>1,320,393</u>
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Net assets held in trust for pension benefits	\$	<u><u>738,848,279</u></u>
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MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2011

Note 8– Employees’ Retirement System (concluded)

Statement of Changes in Fiduciary Net Assets

ADDITIONS	
Contributions	
Employer	\$ 16,050,489
Employee	<u>3,735,723</u>
Total contributions	<u>19,786,212</u>
Investment income	
Net depreciation in fair value of assets	(16,197,095)
Interest and dividends	<u>8,181,201</u>
	(8,015,894)
Less investment expenses	
Management and custodial fees	<u>2,861,431</u>
Net investment loss	<u>(10,877,325)</u>
Total additions	<u>8,908,887</u>
DEDUCTIONS	
Benefit payments	54,754,726
Refunds of contributions	310,420
Administrative expense	<u>193,451</u>
Total deductions	<u>55,258,597</u>
Net decrease in net assets	(46,349,710)
NET ASSETS	
Beginning of year	<u>785,197,989</u>
End of year	<u><u>\$ 738,848,279</u></u>

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2011

Note 9— Post Employment Benefits Other Than Pensions-General and Sheriff Employees

Retiree Health Care

Plan Description - The County sponsors and administers a single employer defined benefit postretirement healthcare plan (the "County Retiree Health Care Plan") that provides certain health care benefits for retirees and their spouses so long as the retiree is currently receiving a pension from the Macomb County Employees Retirement System. Benefit provisions are established by the County Board of Commissioners and may be amended in accordance with County policy. Hospitalization insurance is provided through insurance companies, whose premiums are based on the benefits paid during the year. The County finances these expenditures for General County and Sheriff Department retirees through the Retiree Health Care Trust Fund of the primary government. Retirees of the Department of Roads participate in a separate multiple-employer plan described later in this note.

At December 31, 2010 (date of the most recent actuarial valuation), membership consisted of:

Retirees and beneficiaries currently receiving benefits	2,126
Terminated employees entitled to benefits but not yet receiving them	208
Active employees covered by the plan	2,027
 Total membership	 4,361

Funding Policy - Plan members are required to contribute 25% of the cost of vision and dental coverage as well as co-pays for prescription drugs. The employer contributes the balance of actual current costs for these and all other benefits and administrative expenses of the plan. The employer also contributes additional amounts to pre-fund benefits in years it can afford to do so. The total cost of retiree health care benefits, administrative expenses of the plan and investment management fees for the year ended December 31, 2011 was \$16,436,901, of which the employer contributed \$13,935,375 and plan members contributed \$701,492.

Annual OPEB Cost and Net OPEB Obligation - The County's annual cost of providing other postemployment benefits (OPEB) is calculated based on the annual required contribution (ARC) of the employer. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities or funding excess over a period not to exceed 30 years.

The following table shows the components of the County's OPEB cost for the year ended December 31, 2011.

Annual required contribution	\$ 39,386,733
Interest on net OPEB obligation	10,596,377
Adjustment to annual required contribution	(7,058,128)
 Annual OPEB cost	 42,924,982
Employer contributions	(13,935,375)
 Increase in OPEB obligation	 28,989,607
Net OPEB obligation, beginning of year	141,285,020
 Net OPEB obligation, end of year	 \$ 170,274,627

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2011

Note 9– Postemployment Benefits Other Than Pensions–General and Sheriff Employees (continued)

Retiree Health Care (continued)

The County’s annual OPEB cost, percentage of annual OPEB cost contributed and the net OPEB obligation as of December 31, 2011 and the preceding two years were as follows:

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Year Ended December 31	Annual OPEB Cost	Percentage Contributed	Net OPEB Obligation
2009	\$ 42,780,750	35.8%	\$ 108,569,505
2010	45,438,196	28.3%	141,285,020
2011	42,924,982	32.5%	170,274,627

Actuarial Methods and Assumptions – Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions regarding the probability of the occurrence of events in the future. Examples of such assumptions include future employment and retirement patterns, mortality, investment rate returns and health care inflation. These assumptions are subject to continual revision as actual results are measured against past expectations and new estimates are made about the future. The schedule of funding progress presented as required supplemental information following the notes herein, presents multi-year trend information that indicates whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities of the benefits provided.

Projections of benefits for financial reporting purposes are based on the substantive 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 cost sharing between the employer and plan members to that point. The actuarial methods and assumptions used to prepare each valuation are designed to reduce short-term volatility in the value of actuarial accrued assets and liabilities, consistent with the long-term perspective of the calculations.

The entry age actuarial cost method was used to prepare the last actuarial valuation dated December 31, 2010. Other significant assumptions were as follows: a) investments are assumed to earn 7.5% per year, (b) health care costs are assumed to increase at an annual rate of 9% in year 1, reduced by .5% each year thereafter until an ultimate rate of 5% is reached in the tenth year and beyond, (c) annual covered payroll is assumed to increase 5% per year and (d) active member population was assumed to remain constant. No specific price inflation was used to perform the valuation. The unfunded liability is being amortized as a level percentage of payroll over a closed period of 28 years.

Funding Status and Progress – As of December 31, 2010, the date of the most recent actuarial valuation, the plan was 18.6% funded. The actuarial accrued liability for benefits was \$610,599,385 and the actuarial value of assets in the plan was \$113,732,259, resulting in an unfunded actuarial accrued liability (UAAL) of \$496,867,126. Covered payroll was \$97,650,493 and the ratio of the UAAL to covered payroll was 508.8 percent.

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2011

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Note 9– Postemployment Benefits Other Than Pensions—General and Sheriff Employees (continued)

Retiree Health Care (continued)

Basis of Accounting – The financial statements of the Retiree Health Care Trust Fund are prepared using the accrual basis of accounting. Employee and employer contributions are recognized in the period that the contributions are due. Benefits and refunds are recognized when due and payable according to the terms of the plan.

Method Used to Value Investments – Investments are reported at fair value, as indicated by quoted market prices as of December 31, 2011.

Separate independently audited financial statements are not issued for the County Retiree Health Care Plan. Therefore, financial statements as of and for the year ended December 31, 2011 are presented below:

Statement of Fiduciary Net Assets

ASSETS	
Cash and pooled investments	\$ 170,491
Receivables	
Accrued interest	641,716
Other	672,772
Due from other funds	465,010
Investments, at fair value	
Common Stock	1,734,951
Foreign Stock	16,971,034
Mutual funds	<u>101,617,084</u>
Total investments	<u>120,323,069</u>
Total Assets	<u>122,273,058</u>
LIABILITIES	
Accounts payable	2,029,233
Due to governmental funds	<u>5,870,354</u>
Total Liabilities	<u>7,899,587</u>
Net assets held in trust for postemployment benefits	<u><u>\$ 114,373,471</u></u>

□

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2011

Note 9– Postemployment Benefits Other Than Pensions–General and Sheriff Employees (continued)

Retiree Health Care (concluded)

Statement of Changes in Fiduciary Net Assets

ADDITIONS	
Contributions	
Employer	\$ 13,935,375
Employee	701,492
	14,636,867
Total contributions	14,636,867
Investment income	
Net depreciation in fair value of assets	(6,445,343)
Interest and dividends	8,886,589
	2,441,246
Less investment expenses	
Management and custodial fees	82,878
	2,358,368
Net investment income	2,358,368
Total additions	16,995,235
DEDUCTIONS	
Benefit payments	16,269,064
Administrative expense	84,959
	16,354,023
Total deductions	16,354,023
Net increase in net assets	641,212
NET ASSETS	
Beginning of year	113,732,259
End of year	\$ 114,373,471

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2011

Note 9– Postemployment Benefits Other Than Pensions–General and Sheriff Employees (continued)

Accumulated Sick Leave Benefits

Plan Description - The Macomb County Accumulated Sick Leave Benefits Plan (the Plan) is a single-employer defined benefit postemployment plan established and administered by Macomb County to provide sick leave payouts to eligible employees of the primary government. Plan provisions are established and may be amended by the Macomb County Board of Commissioners, subject to the County's various collective bargaining agreements. Eligible employees are those individuals who meet the requirements to receive retirement benefits pursuant to the Macomb County Employees Retirement System and entitles them to 50% of their accumulated sick bank not to exceed a certain number of days, in accordance with the various labor contracts and personnel policies. The following is a summary of when employees become eligible to receive sick leave payouts:

General County - Virtually all employees hired on or before December 31, 2001 become eligible if their age plus years of service equals or exceeds 70 and they have attained a minimum age of 50. Employees hired on or after January 1, 2001 and certain employees hired before that date not covered by the provisions described above, become eligible at age 55 with 25 or more years of service or age 60 with 8 years of services.

Sheriff Department - Employees become eligible at any age with 25 or more years of service or age 60 with 8 years of service.

The Plan is reported as an other benefit trust fund in the accompanying financial statements and does not issue a separate or stand-alone report.

Funding Policy - Employer contributions to fund the Plan are currently on a pay-as-you-go basis with additional contributions intended to build the fund for purposes of paying future benefits. During the fiscal year, the County performed calculations based on number of years of service, age and amounts accumulated in the individuals' sick banks to support the amount contributed to the Plan. Total contributions by the County for the year ended December 31, 2011 were \$6,500,000. Plan members are not required to contribute. The County will have an actuarial valuation performed on this plan in the upcoming fiscal year to determine the County's liability under GASB 45.

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2011

Note 9– Postemployment Benefits Other Than Pensions–General and Sheriff Employees (concluded)

Accumulated Sick Leave Benefits (concluded)

Separate independently audited financial statements are not issued for the Plan. Therefore, financial statements as of and for the year ended December 31, 2011 are presented below:

Statement of Fiduciary Net Assets

ASSETS	
Cash and pooled investments	\$ 6,500,000
	<u> </u>
Net assets held in trust for postemployment benefits	\$ 6,500,000
	<u> </u>

Statement of Changes in Fiduciary Net Assets

ADDITIONS	
Contributions	
Employer	\$ 6,500,000
DEDUCTIONS	
Benefit payments	-
	<u> </u>
Net increase in net assets	6,500,000
NET ASSETS	
Beginning of year	-
	<u> </u>
End of year	\$ 6,500,000
	<u> </u>

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2011

Note 10 - Post Employment Benefits Other Than Pensions – Department of Roads

Plan Description - The Department of Roads provides health care benefits to its retirees and their beneficiaries in accordance with labor contracts. The benefits are administered by the Michigan Employers' Retirement System (MERS), an agent multiple employer pension and other postemployment benefits plan. MERS issues a publicly available financial report that may be obtained by writing to the system at 1134 Municipal Way, Lansing, Michigan 48917.

Funding Policy - The Department of Roads bears 100% of the cost of providing health care benefits to its retirees and beneficiaries. The current cost of these benefits was \$4,033,418 for the year ended September 30, 2011. The Department of Roads has no obligation to make contributions in advance of when insurance premiums are due. However, it did contribute an additional \$3,000,000 toward future benefits during the year ended September 30, 2011.

Annual OPEB Cost and Net OPEB Obligation - The cost of providing retiree health care benefits (OPEB) for the year ended September 30, 2011 was determined through an actuarial valuation as of December 31, 2009. The valuation computes an annual required contribution (ARC), which represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities or funding excess over a period not to exceed 30 years.

The following table shows the components of the Department of Roads OPEB cost for the year ended September 30, 2011.

Annual OPEB cost	\$	5,765,799
Employer contributions		<u>(7,033,418)</u>
Increase in OPEB asset		(1,267,619)
Net OPEB asset, beginning of year		<u>(1,163,384)</u>
Net OPEB asset, end of year	\$	<u><u>(2,431,003)</u></u>

The Department of Roads annual OPEB cost, percentage of annual OPEB cost contributed and the net OPEB asset as of September 30, 2011 and the preceding two years were as follows:

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Year Ended <u>September 30</u>	Annual <u>OPEB Cost</u>	Percentage <u>Contributed</u>	Net OPEB <u>(Asset)</u>
2009	\$ 6,302,811	131.0%	\$ (934,427)
2010	6,617,951	103.5%	(1,163,384)
2011	5,765,799	122.0%	(2,431,003)

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2011

Note 10 – Post Employment Benefits Other Than Pensions – Department of Roads (concluded)

Funding Status and Progress – As of December 31, 2009, the date of the most recent actuarial valuation, the plan was 18.1% funded. The actuarial accrued liability for benefits was \$83,364,455 and the actuarial value of assets in the plan was \$15,047,927, resulting in an unfunded actuarial accrued liability (UAAL) of \$68,316,528. Covered payroll was \$14,421,101 and the ratio of the UAAL to covered payroll was 473.7 percent.

Actuarial Methods and Assumptions – Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions regarding the probability of the occurrence of events in the future. Examples of such assumptions include future employment and retirement patterns, mortality, investment rate returns and health care inflation. These assumptions are subject to continual revision as actual results are measured against past expectations and new estimates are made about the future. The schedule of funding progress presented as required supplemental information following the notes herein, presents multi-year trend information that indicates whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities of the benefits provided.

Projections of benefits for financial reporting purposes are based on the substantive 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 cost sharing between the employer and plan members to that point. The actuarial methods and assumptions used to prepare each valuation are designed to reduce short-term volatility in the value of actuarial accrued assets and liabilities, consistent with the long-term perspective of the calculations.

The entry age actuarial cost method was used to prepare the most recent actuarial valuation dated December 31, 2009. Significant actuarial assumptions included an investment rate of return of 8.0% per year and an annual health care cost trend rate of 9% in year 1, reduced in decrements until an ultimate rate of 5% is reached in the tenth year and beyond. Both rates included a 5% inflation assumption. Annual covered payroll is assumed to increase 5.0% per year and active member population was assumed to remain constant. The unfunded liability is being amortized as a level percentage of payroll over a closed period of 28 years.

Note 11 – Contingencies and commitments

Grants – The County receives funds from various Federal and State units to finance specific activities. The final determination of revenue is subject to the acceptance of project costs by the granting agency, usually after a compliance audit. To the extent that costs are disallowed by the granting agency, County monies would be required to reimburse the grant fund. The County does not believe that any disallowed costs would be material to the financial statements.

Construction Commitments - The Department of Roads had several significant active projects in progress at September 30, 2011, with estimated total project costs of \$10,491,845. Of the total, \$7,664,349 represents amounts previously expended and \$2,827,496 represents remaining commitments pursuant to construction contracts on those projects.

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2011

Note 12- Risk Management

The County is exposed to various risks of loss related to property damage and loss, torts, errors and omissions, employee injury (workers' compensation) and medical benefits provided to employees and retirees. The County has purchased commercial insurance for property damage coverage and certain medical benefits, but is self-insured for workers' compensation and general liability claims up to certain retention amounts, at which time insurance coverage begins. The County also self-funds certain medical benefits of employees and retirees. There were no significant reductions in insurance coverage in 2011 from the prior year. Claims settled during the past three years have not exceeded the retention amounts. Liabilities include estimates of claims incurred but not reported and are calculated considering the effects of inflation, recent claim settlement trends and other economic and social factors.

Workers' Compensation – Since December 1, 1978, the County has been partially self-insured against workers' compensation claims. Under the plan, the County is obligated to pay the first \$350,000 of an individual settlement or award with commercial insurance covering claims in excess of the retention to an aggregate of \$1,000,000 annually. At December 31, 2011, the County has accrued an aggregate of \$4,449,854 for unresolved workers' compensation claims, exclusive of the Department of Roads. At September 30, 2011 the Department of Roads has accrued an aggregate of \$126,760 for unresolved workers' compensation claims. Changes in the estimated liabilities for workers' compensation claims for the past two fiscal years were as follows:

	General County		Department of Roads	
	Year Ended December 31,		Year Ended September 30,	
	2010	2011	2010	2011
Estimated liability - beginning of year	\$ 3,206,255	\$ 4,047,194	\$ 428,100	\$ 181,790
Estimated claims incurred, including changes in estimates	2,033,545	1,630,536	(129,690)	29,590
Claims payments	(1,192,606)	(1,227,876)	(116,620)	(84,620)
Estimated liability - end of year	<u>\$ 4,047,194</u>	<u>\$ 4,449,854</u>	<u>\$ 181,790</u>	<u>\$ 126,760</u>

General Liability – The County is a defendant in various lawsuits in which plaintiffs seek damages of an indeterminable amount. Since December 1, 1977, the primary government has been partially self-insured for losses of a general liability nature. The County (excluding the Martha T. Berry Medical Care Facility and the Department of Roads) is currently self-insured for losses of a general liability nature up to \$500,000 per claim, with commercial insurance covering claims in excess of the retention amount to an aggregate of \$20,000,000 annually. The Martha T. Berry Medical Care Facility has been completely self-insured for general liability claims since July 1, 2003. The Department of Roads is self-insured, within certain limits, for general liability claims arising prior to February 18, 1986 and subsequent to January 17, 1993 and is completely self-insured for claims arising within those dates. At September 30, 2011, the Department of Roads had an accrual of \$49,588 for its unresolved general liability claims. The General Liability Insurance Internal Service Fund has been established to account for the self-insured aspects of this program for the County, exclusive of the Department of Roads. At December 31, 2011, the general County reported a balance of \$4,510,810 for its unresolved general liability claims.

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2011

Note 12- Risk Management (concluded)

Changes in the estimated liabilities for general liability claims for the past two fiscal years were as follows:

	General County		Department of Roads	
	Year Ended December 31,		Year Ended September 30,	
	2010	2011	2010	2011
Estimated liability - beginning of year	\$ 4,234,175	\$ 4,601,427	\$ 76,599	\$ 40,743
Estimated claims incurred, including changes in estimates	2,237,180	1,907,619	(30,635)	29,966
Claims payments	(1,869,928)	(1,998,236)	(5,221)	(21,121)
Estimated liability - end of year	<u>\$ 4,601,427</u>	<u>\$ 4,510,810</u>	<u>\$ 40,743</u>	<u>\$ 49,588</u>

Note 13- Restatements and Reporting Changes

General Fund – Repayments on certain deposits receivable received in prior years were incorrectly recorded as revenue. As a result, the fund balance of the General Fund was overstated by \$4,727,998 at December 31, 2010. In order to correct these reporting errors, beginning fund balance of the governmental funds as well as the beginning net assets of governmental activities have been decreased by \$4,727,998 in these financial statements.

Drainage Districts Component Unit – Certain deposits received were incorrectly recorded as revenue as opposed to liabilities in prior years in the capital projects governmental funds of the Drainage Districts Component Unit. As a result, the net assets of the Drainage Districts Component Unit were overstated by \$2,819,864 at September 30, 2010. In order to correct these reporting errors, beginning net assets of the Drainage Districts Component Unit have been decreased by \$2,819,864 in these financial statements.

Accounting and Reporting Changes – During the year ended December 31, 2011, the County adopted GASB Statement No. 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 as well as clarifying the existing governmental fund type definitions. One of the requirements of the statement is that any Special Revenue Fund that is expected to receive a substantial portion of its revenue from the General Fund must be combined with the General Fund for financial reporting purposes. In order to conform with this requirement, the Health Fund, Library Fund and the Senior Citizens Services funds have been incorporated into the General Fund in these financial statements. As a result, the beginning fund balance of the General Fund was increased by \$2,161,968 and the beginning fund balance of the nonmajor Special Revenue Funds was decreased by the same amount.

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2011

Note 13- Restatements and Reporting Changes (continued)

During the year, the former Road Commission Component Unit was dissolved and became an operating department of the County under the direction of the County Executive. As a result, the Child Care, Friend of the Court and Revenue Sharing Reserve funds, which were reported as major funds in prior years, are reported as nonmajor funds in these financial statements. Therefore, the beginning fund balance of the nonmajor special revenue funds was increased by \$24,015,179. In addition, the beginning net assets of governmental activities was increased by \$797,369,265 and the beginning net assets of the discretely presented component units was decreased by the same amount to account for the reporting change relative to the Department of Roads.

As a result of the changes noted above, beginning net assets were restated as follows:

	<u>Governmental Activities</u>	<u>Discretely Presented Component Units</u>
Net Assets, December 31, 2010 as previously reported	\$ 118,629,256	\$ 1,132,609,967
Department of Roads	797,369,265	(797,369,265)
Prior Period Adjustments	<u>(4,727,998)</u>	<u>(2,819,964)</u>
Net Assets, January 1, 2011 as restated	<u>\$ 911,270,523</u>	<u>\$ 332,420,738</u>

As a result of the changes noted above, the beginning fund balances were restated as follows:

	<u>General Fund</u>	<u>Nonmajor Special Revenue Funds</u>			<u>Total</u>
		<u>Health Fund</u>	<u>Library</u>	<u>Senior Citizens</u>	
Fund Balance, December 31, 2010 as previously reported	\$ 55,302,654	\$ 1,728,486	\$ 380,212	\$ 53,270	\$ 57,464,622
Reclassifications - GASB 54	2,161,968	(1,728,486)	(380,212)	(53,270)	-
Prior Period Adjustment	<u>(4,727,998)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(4,727,998)</u>
Fund Balance, January 1, 2011 as restated	<u>\$ 52,736,624</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 52,736,624</u>

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (concluded)
December 31, 2011

Note 13- Restatements and Reporting Changes (concluded)

	Nonmajor Special Revenue	Nonmajor Debt Service	Nonmajor Capital Projects	Total Nonmajor Governmental Funds
Fund Balance, December 31, 2010 as previously reported	\$ 26,101,480	\$ 6,248,345	\$ 24,941,431	\$ 57,291,256
Reclassifications - GASB 54	(2,161,968)	-	-	(2,161,968)
Department of Roads classified as component unit in prior years	-	-	1,705,873	1,705,873
Major funds reclassified as nonmajor in 2011	<u>24,015,179</u>	<u>-</u>	<u>-</u>	<u>24,015,179</u>
Fund Balance, January 1, 2011 as restated	<u>\$ 47,954,691</u>	<u>\$ 6,248,345</u>	<u>\$ 26,647,304</u>	<u>\$ 80,850,340</u>

Note 14- Invested in Capital Assets, Net of Related Debt

The composition of net assets invested in capital assets, net of related debt as of December 31, 2011 is presented below:

	Governmental Activities	Business-type Activities	Component Units
Capital assets:			
Capital assets not being depreciated	\$ 212,174,934	\$ -	\$ 13,354,254
Capital assets being depreciated	680,388,779	1,196,012	271,008,332
	<u>892,563,713</u>	<u>1,196,012</u>	<u>284,362,586</u>
Related debt:			
Total bonds payable	58,660,344	-	228,852,227
Net bond discounts/premiums	-	-	(1,408,172)
Less: Unexpended bond proceeds	-	-	(3,461,266)
Less: Bond proceeds not capitalized	<u>-</u>	<u>-</u>	<u>(4,033,899)</u>
	<u>58,660,344</u>	<u>-</u>	<u>219,948,890</u>
Invested in capital assets, net of related debt	<u>\$ 833,903,369</u>	<u>\$ 1,196,012</u>	<u>\$ 64,413,696</u>

Note 15 – Subsequent Events

The County issued \$6,550,000 of refunding bonds on March 7, 2012 to advance refund \$6,400,000 of general obligation bonds issued in prior years.

MACOMB COUNTY, MICHIGAN

December 31, 2011

Other Required Supplementary Information

Budgetary Comparison Schedule – General Fund

Budgetary Comparison Schedule – Roads Special Revenue Fund

Schedule of Funding Progress – Employees' Retirement System

Schedule of Employer Contributions – Employees' Retirement System

Schedule of Funding Progress – Retiree Health Care Plan

Schedule of Employer Contributions – Retiree Health Care Plan

Notes to the Required Supplementary Information

MACOMB COUNTY, MICHIGAN
Required Supplementary Information
Budgetary Comparison Schedule (GAAP Basis) - General Fund Revenues
Year Ended December 31, 2011

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Taxes				
Current property	\$ 109,511,964	\$ 114,247,307	\$ 118,515,591	\$ 4,268,284
Licenses and Permits	<u>1,368,901</u>	<u>1,381,901</u>	<u>1,407,572</u>	<u>25,671</u>
Federal Grants	<u>179,454</u>	<u>2,610,884</u>	<u>2,606,087</u>	<u>(4,797)</u>
State Grants				
Court financing	5,274,971	5,274,971	4,783,767	(491,204)
Cigarette tax	27,515	27,515	54,243	26,728
Liquor tax	1,888,081	1,888,081	2,252,555	364,474
Health department	1,978,553	2,062,894	2,130,125	67,231
Other	602,000	602,000	462,845	(139,155)
	<u>9,771,120</u>	<u>9,855,461</u>	<u>9,683,535</u>	<u>(171,926)</u>
Charges for Services				
Attorney fees	1,500,000	1,500,000	1,467,918	(32,082)
Certified copies	823,219	823,219	864,625	41,406
Commissions	958,000	958,000	746,871	(211,129)
Court costs and fees	2,992,400	2,992,400	2,279,747	(712,653)
Foster care	800,000	800,000	463,294	(336,706)
Health Department	2,540,338	2,540,338	2,150,782	(389,556)
Housing inmates	1,823,000	1,823,000	1,632,228	(190,772)
Land transfer tax	2,500,000	2,500,000	1,940,680	(559,320)
Other sheriff services	1,490,441	1,490,441	1,482,125	(8,316)
Personal services	1,025,000	1,025,000	1,077,779	52,779
Probation oversight fees	815,000	815,000	758,115	(56,885)
Public works - pumping station	964,966	1,750,567	1,478,355	(272,212)
Recording fees	2,185,500	2,185,500	1,999,157	(186,343)
Rents	43,750	43,750	60,564	16,814
Senior Citizens Services	581,477	581,477	235,940	(345,537)
Sheriff road patrol	8,212,921	8,212,921	7,886,111	(326,810)
Soil erosion fees	349,744	349,744	703,934	354,190
Miscellaneous	2,324,125	2,382,725	2,224,405	(158,320)
	<u>31,929,881</u>	<u>32,774,082</u>	<u>29,452,630</u>	<u>(3,321,452)</u>
Investment income	<u>2,150,000</u>	<u>2,150,000</u>	<u>339,286</u>	<u>(1,810,714)</u>
Charges to Other Funds for				
Administrative Services	<u>8,410,734</u>	<u>8,410,734</u>	<u>8,249,546</u>	<u>(161,188)</u>
Fines and Forfeitures	<u>860,000</u>	<u>860,000</u>	<u>729,491</u>	<u>(130,509)</u>
Other Revenue	<u>282,148</u>	<u>322,390</u>	<u>161,623</u>	<u>(160,767)</u>
Total Revenues	164,464,202	172,612,759	171,145,361	(1,467,398)
Other Financing Sources				
Transfers in	42,047,156	42,018,156	38,169,877	(3,848,279)
Eliminate Seniors, Library, Health	(15,738,316)	(15,738,316)	(13,171,739)	2,566,577
Transfers in	<u>26,308,840</u>	<u>26,279,840</u>	<u>24,998,138</u>	<u>(1,281,702)</u>
Total Revenues and Other Financing Sources	<u>\$ 190,773,042</u>	<u>\$ 198,892,599</u>	<u>\$ 196,143,499</u>	<u>\$ (2,749,100)</u>

MACOMB COUNTY, MICHIGAN
Required Supplementary Information
Budgetary Comparison Schedule (GAAP Basis) - General Fund Expenditures
Year Ended December 31, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Legislative				
Board of Commissioners	\$ 1,313,500	\$ 1,396,813	\$ 1,182,344	\$ 214,469
Judicial				
Circuit Court	9,516,614	9,518,041	8,311,323	1,206,718
District Court - 3rd Class	50,000	50,000	28,180	21,820
District Court - New Baltimore	1,339,388	1,328,629	1,152,532	176,097
District Court - Romeo	1,074,709	1,074,709	974,277	100,432
Family Counseling	208,348	208,498	155,967	52,531
Family Court - Juvenile Division	5,566,215	5,402,388	4,856,157	546,231
Jury Commission	72,156	146,340	92,909	53,431
Probate Court - Mental Division	977,967	978,657	868,232	110,425
Probate Court - Wills and Estates Division	2,430,221	2,446,194	2,358,137	88,057
Probation - Circuit Court	124,999	128,024	117,487	10,537
Probation - District Court	1,049,944	1,052,499	835,380	217,119
Prosecuting Attorney	8,609,127	8,596,114	8,301,631	294,483
Total Judicial	31,019,688	30,930,093	28,052,212	2,877,881
General Government				
Apportionment Commission	38,774	38,774	-	38,774
County Clerk	3,933,660	3,971,688	3,770,849	200,839
County Executive	682,307	1,068,878	966,868	102,010
Corporation Counsel	851,281	852,706	838,399	14,307
Elections	36,584	36,584	9,413	27,171
Facilities and Operations	14,844,209	14,939,678	13,103,818	1,835,860
Finance	1,851,962	1,856,679	1,552,457	304,222
Equalization	948,084	948,234	769,965	178,269
Human Resources	1,746,296	1,746,296	1,624,074	122,222
Information Technology	5,504,794	5,627,566	4,893,125	734,441
MSU Extension	927,448	927,485	800,098	127,387
Planning and Economic Development	2,411,763	2,521,022	2,257,267	263,755
Plat Board	1,000	1,000	-	1,000
Public Works	4,551,313	4,951,309	4,830,691	120,618
Purchasing	1,399,743	1,409,387	1,137,316	272,071
Register of Deeds	1,646,124	1,639,074	1,424,198	214,876
Reimbursement	789,170	789,170	699,828	89,342
Risk Management and Safety	358,904	364,129	344,805	19,324
Treasurer	2,089,557	2,089,594	1,974,932	114,662
Total General Government	44,612,973	45,779,253	40,998,103	4,781,150

MACOMB COUNTY, MICHIGAN
Required Supplementary Information
Budgetary Comparison Schedule (GAAP Basis) - General Fund Expenditures (concluded)
Year Ended December 31, 2011

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Public Safety				
Civil Service Commission	\$ 17,250	\$ 17,250	\$ 5,739	\$ 11,511
Court Building Safety	820,796	834,505	827,928	6,577
Emergency Management	249,393	257,507	257,080	427
Security	457,189	457,189	437,143	20,046
Sheriff Department	59,459,867	59,253,920	55,213,316	4,040,604
Technical Services	678,891	679,190	676,572	2,618
	<u>61,683,386</u>	<u>61,499,561</u>	<u>57,417,778</u>	<u>4,081,783</u>
Total Public Safety				
	<u>61,683,386</u>	<u>61,499,561</u>	<u>57,417,778</u>	<u>4,081,783</u>
Health and Welfare				
Health & Community Services	-	144,893	24,361	120,532
Health Department	19,244,156	21,890,769	19,218,749	2,672,020
Senior Citizens Services	1,711,542	1,741,755	1,337,451	404,304
Water Quality Board	4,481	4,481	377	4,104
	<u>20,960,179</u>	<u>23,781,898</u>	<u>20,580,938</u>	<u>3,200,960</u>
Total Health and Welfare				
	<u>20,960,179</u>	<u>23,781,898</u>	<u>20,580,938</u>	<u>3,200,960</u>
Recreation and Culture				
Library	1,160,356	1,160,356	749,074	411,282
Other Current Operations				
Non-Departmental Appropriations	2,175,258	2,147,187	963,354	1,183,833
Capital Outlay				
	375,000	375,000	243,728	131,272
Total Expenditures				
	<u>163,300,340</u>	<u>167,070,161</u>	<u>150,187,531</u>	<u>16,882,630</u>
Other Financing Uses				
Transfers Out	41,136,410	42,192,815	40,758,119	1,434,696
Total Expenditures and Other Financing Uses				
	<u>\$ 204,436,750</u>	<u>\$ 209,262,976</u>	<u>\$ 190,945,650</u>	<u>\$ 18,317,326</u>

MACOMB COUNTY, MICHIGAN
Budgetary Comparison Schedule (GAAP Basis) - Department of Roads Special Revenue Fund
Year Ended September 30, 2011

	Original	Final Budget	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
Revenues				
Licenses and permits	\$ 631,500	\$ 426,500	\$ 325,504	\$ (100,996)
Federal & State grants	63,621,591	55,036,291	55,874,458	838,167
Charges for services	11,254,325	9,640,691	9,068,662	(572,029)
Investment income	177,238	200,000	192,448	(7,552)
Other revenue	1,253,050	1,346,546	1,372,361	25,815
Total Revenues	<u>76,937,704</u>	<u>66,650,028</u>	<u>66,833,433</u>	<u>183,405</u>
Expenditures				
Public Works and Capital Outlay	84,355,500	70,062,282	68,536,846	1,525,436
Principal	46,119	46,119	46,119	-
	<u>84,401,619</u>	<u>70,108,401</u>	<u>68,582,965</u>	<u>1,525,436</u>
Excess of Revenues over (under) Expenditures	<u>(7,463,915)</u>	<u>(3,458,373)</u>	<u>(1,749,532)</u>	<u>1,708,841</u>
Other financing sources (uses)				
Bond proceeds	-	-	829,405	829,405
Transfers in	-	275,000	279,383	4,383
Total Other financing sources (uses)	<u>-</u>	<u>275,000</u>	<u>1,108,788</u>	<u>833,788</u>
Net change in fund balances	<u>(7,463,915)</u>	<u>(3,183,373)</u>	<u>(640,744)</u>	<u>2,542,629</u>
Fund Balances, beginning of year	<u>53,555,626</u>	<u>53,555,626</u>	<u>53,555,626</u>	<u>-</u>
Fund Balances, end of year	<u>\$ 46,091,711</u>	<u>\$ 50,372,253</u>	<u>\$ 52,914,882</u>	<u>\$ 2,542,629</u>

**MACOMB COUNTY, MICHIGAN
REQUIRED SUPPLEMENTARY INFORMATION - EMPLOYEES' RETIREMENT SYSTEM**

SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date December 31	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
2004	\$ 674,857,869	\$ 664,487,155	\$ (10,370,714)	101.56	\$ 134,258,243	(7.72)
2005	719,336,871	682,144,687	(37,192,184)	105.45	134,886,588	(27.57)
2006	781,450,248	721,657,669	(59,792,579)	108.29	128,820,986	(46.42)
2007	847,305,155	772,649,767	(74,655,388)	109.66	126,696,252	(58.92)
2008	855,265,571	785,688,661	(69,576,910)	108.86	121,822,674	(57.11)
2009	866,356,598	814,563,728	(51,792,870)	106.36	116,522,938	(44.45)
2010	862,915,501	837,167,835	(25,747,666)	103.08	110,795,240	(23.24)

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Year Ended December 31	General Employees		Sheriff Employees		Road Employees		Martha T Berry Employees		Total
	Annual Required Contribution	Percentage Contributed	Annual Required Contribution	Percentage Contributed	Annual Required Contribution	Percentage Contributed	Annual Required Contribution	Percentage Contributed	
2005	\$ 8,282,000	100	\$ 4,196,000	100	\$ 2,376,000	100	\$ -	100	\$ 14,854,000
2006	11,807,000	100	5,329,000	100	3,079,000	100	-	100	20,215,000
2007	11,286,334	100	5,169,283	100	2,665,713	100	-	100	19,121,330
2008	11,962,653	100	4,503,282	100	2,192,140	100	-	100	18,658,075
2009	11,940,369	100	4,557,635	100	2,009,517	100	-	100	18,507,521
2010	7,749,821	100	5,007,673	100	1,688,351	100	724,932	100	15,170,777
2011	8,125,545	100	5,039,922	100	2,285,642	100	599,380	100	16,050,489

MACOMB COUNTY, MICHIGAN
REQUIRED SUPPLEMENTARY INFORMATION - RETIREE HEALTH CARE TRUST FUND

SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date <u>December 31</u>	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
2006	\$ 106,476,217	\$ 643,208,474	\$ 536,732,257	16.55	\$ 113,523,878	472.8%
2008	77,353,942	595,309,199	517,955,257	12.99	107,373,375	482.4%
2010	113,732,259	610,599,385	496,867,126	18.63	97,650,493	508.8%

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Year Ended <u>December 31</u>	Annual Required Contribution	Percentage Contributed
2009	\$ 40,559,324	37.7%
2010	42,587,289	29.9%
2011	39,386,733	35.4%

MACOMB COUNTY, MICHIGAN
REQUIRED SUPPLEMENTARY INFORMATION - ROAD COMMISSION RETIREE HEALTH CARE TRUST FUND

SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date <u>December 31</u>	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
2006	-	\$ 76,651,082	\$ 76,651,082	-	\$ 15,548,979	493.0%
2007	9,621,290	87,898,593	78,277,303	10.9%	14,621,336	535.4%
2009	15,047,927	83,364,455	68,316,528	18.1%	14,421,101	473.7%

SCHEDULE OF EMPLOYER CONTRIBUTIONS

<u>Year Ended September 30</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
2009	\$ 6,302,811	131.0%
2010	6,617,951	103.5%
2011	5,765,799	122.0%

Macomb County, Michigan
Notes to the Required Supplementary Information
December 31, 2011

Prior to October 1, the County Finance Director submits to the Board of Commissioners a proposed operating budget for the year commencing January 1. The annual operating budget includes proposed expenditures and the means of financing them for the General Fund, Revenue Sharing Reserve Fund, Child Care Fund, Friend of the Court Fund, Health Department, Health Grant Fund, County Library, Human Services, Community Services Agency, Roads and Senior Citizens Services Special Revenue Funds as well as the Martha T. Berry, Community Mental Health and Parks business-type activities. For those Special Revenue Funds and component units without annual operating budgets (Emergency Management Grants, Employment and Training Fund, Veterans' Trust Fund, MSU Extension Grants, COMET, Sheriff Grants, Urban County Block Grant, Prosecuting Attorney Grants, Other Special Revenue Funds and Michigan Works!), legal authorization for spending is obtained through approval of the Board of Commissioners or other appropriate authoritative body. A public hearing is conducted to obtain taxpayer comments and the budget is legally enacted through passage of a resolution by the Board of Commissioners no later than December 31.

Formal budgetary integration is employed as a management control device during the year for all funds. Expenditures may not legally exceed budgeted appropriations at the department level. The County Executive is authorized to transfer funds between budgeted line items within a department within a fund as long as the amount being transferred does not exceed the lesser of \$30,000 or 2% of the department budget. Budget amendments that exceed these limits must be approved by the Finance Committee of the Board of Commissioners. During the year, supplemental budgetary appropriations were not significant in relation to the original appropriations as adopted. Unexpended appropriations lapse at year-end. Encumbrances open at year-end are re-appropriated in the following year. Budgets are adopted on a basis consistent with generally accepted accounting principles and budgeted amounts presented in the financial statements represent final budget authorization, including all amendments approved during the year.

MACOMB COUNTY, MICHIGAN
Combining Balance Sheet
Nonmajor Fund Types
December 31, 2011

	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total</u>
Assets				
Cash and pooled investments	\$ 24,242,466	\$ 5,143,257	\$ 31,509,769	\$ 60,895,492
Taxes receivable	888,150	112,007	-	1,000,157
Accounts receivable, net	9,612,102	-	9,521	9,621,623
Due from other governments	6,085,424	-	193,844	6,279,268
Other assets	32,529	-	2,433	34,962
	<hr/>	<hr/>	<hr/>	<hr/>
Total Assets	<u>\$ 40,860,671</u>	<u>\$ 5,255,264</u>	<u>\$ 31,715,567</u>	<u>\$ 77,831,502</u>
Liabilities and Fund Balances				
Liabilities				
Accounts payable	\$ 4,936,049	\$ 22	\$ 414,157	\$ 5,350,228
Accrued compensation and benefits	192,456	-	-	192,456
Due to other governments	337,621	-	-	337,621
Due to governmental funds	2,175,681	-	-	2,175,681
Unearned revenue	1,381,976	123,836	-	1,505,812
	<hr/>	<hr/>	<hr/>	<hr/>
Total Liabilities	<u>9,023,783</u>	<u>123,858</u>	<u>414,157</u>	<u>9,561,798</u>
Fund Balances				
Restricted for:				
Capital projects	3,050,069	-	3,448,830	6,498,899
Debt service	-	5,131,406	-	5,131,406
Health and welfare	4,678,217	-	-	4,678,217
Long term receivables	9,096,173	-	-	9,096,173
Public Safety	3,670,816	-	-	3,670,816
Revenue sharing reserve	4,956,671	-	-	4,956,671
Assigned for:				
Capital projects	-	-	27,852,580	27,852,580
Health and welfare	6,194,513	-	-	6,194,513
Judicial	128,933	-	-	128,933
Public Safety	61,496	-	-	61,496
	<hr/>	<hr/>	<hr/>	<hr/>
Total Fund Balances	<u>31,836,888</u>	<u>5,131,406</u>	<u>31,301,410</u>	<u>68,269,704</u>
	<hr/>	<hr/>	<hr/>	<hr/>
Total Liabilities and Fund Balances	<u>\$ 40,860,671</u>	<u>\$ 5,255,264</u>	<u>\$ 31,715,567</u>	<u>\$ 77,831,502</u>

MACOMB COUNTY, MICHIGAN
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Fund Types
Year Ended December 31, 2011

	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total</u>
Revenues				
Taxes	\$ 1,108,214	\$ 138,312	\$ -	\$ 1,246,526
Federal & State grants	48,124,041	-	113,205	48,237,246
Other grants	392,187	-	-	392,187
Charges for services	10,762,687	-	3,664,264	14,426,951
Investment income	45,008	129,967	37,454	212,429
Fines and forfeitures	1,061,737	-	-	1,061,737
Other revenue	538,163	-	576,363	1,114,526
	<u>62,032,037</u>	<u>268,279</u>	<u>4,391,286</u>	<u>66,691,602</u>
Expenditures				
Current				
Judicial	12,149,822	-	-	12,149,822
General government	1,332,303	-	-	1,332,303
Public safety	5,807,953	-	-	5,807,953
Public works	287,714	101,505	99,710	488,929
Health and welfare	59,628,210	-	-	59,628,210
Recreation and cultural	13,900	-	-	13,900
Capital outlay	932,197	-	3,605,141	4,537,338
Debt service				
Principal	-	5,620,000	-	5,620,000
Interest and fees	-	2,511,368	-	2,511,368
	<u>80,152,099</u>	<u>8,232,873</u>	<u>3,704,851</u>	<u>92,089,823</u>
Excess of Revenues over (under) Expenditures	<u>(18,120,062)</u>	<u>(7,964,594)</u>	<u>686,435</u>	<u>(25,398,221)</u>
Other financing sources (uses)				
Transfers in	21,610,600	6,847,655	12,277,116	40,735,371
Transfers out	(19,608,341)	-	(8,309,445)	(27,917,786)
	<u>2,002,259</u>	<u>6,847,655</u>	<u>3,967,671</u>	<u>12,817,585</u>
Net change in fund balances	(16,117,803)	(1,116,939)	4,654,106	(12,580,636)
Fund Balances, beginning of year	47,954,691	6,248,345	26,647,304	80,850,340
Fund Balances, end of year	<u>\$ 31,836,888</u>	<u>\$ 5,131,406</u>	<u>\$ 31,301,410</u>	<u>\$ 68,269,704</u>

MACOMB COUNTY, MICHIGAN
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2011

	<u>Child Care (1)</u>	<u>COMET</u>	<u>Community Services Agency</u>
Assets			
Cash and pooled investments	\$ 2,108,599	\$ 1,236,957	\$ 656,255
Taxes receivable	-	-	-
Accounts receivable, net	-	-	-
Due from other governments	1,062,473	-	-
Other assets	-	-	-
Total Assets	<u>\$ 3,171,072</u>	<u>\$ 1,236,957</u>	<u>\$ 656,255</u>
Liabilities and Fund Balances			
Liabilities			
Accounts payable	\$ 588,530	\$ 15,389	\$ 18,024
Accrued compensation and benefits	-	-	-
Due to other governments	-	-	-
Due to governmental funds	-	-	-
Unearned revenue	-	-	226,713
Total Liabilities	<u>588,530</u>	<u>15,389</u>	<u>244,737</u>
Fund Balances			
Restricted for:			
Capital projects	-	-	-
Health and welfare	-	-	411,518
Long term receivables	-	-	-
Public Safety	-	1,221,568	-
Revenue sharing reserve	-	-	-
Assigned for:			
Health and welfare	2,582,542	-	-
Judicial	-	-	-
Public Safety	-	-	-
Total Fund Balances	<u>2,582,542</u>	<u>1,221,568</u>	<u>411,518</u>
Total Liabilities and Fund Balances	<u>\$ 3,171,072</u>	<u>\$ 1,236,957</u>	<u>\$ 656,255</u>

(1) - Balance sheet as of September 30, 2011

MACOMB COUNTY, MICHIGAN
Combining Balance Sheet
Nonmajor Special Revenue Funds (continued)
December 31, 2011

	<u>Community Services Agency (1)</u>	<u>Emergency Management Grants</u>	<u>Friend of the Court (1)</u>
Assets			
Cash and pooled investments	\$ 847,883	\$ 10,922	\$ -
Taxes receivable	-	-	-
Accounts receivable, net	335,399	50	-
Due from other governments	1,204,795	419,931	1,490,800
Other assets	32,529	-	-
	<u>2,420,606</u>	<u>430,903</u>	<u>1,490,800</u>
Total Assets	<u>\$ 2,420,606</u>	<u>\$ 430,903</u>	<u>\$ 1,490,800</u>
Liabilities and Fund Balances			
Liabilities			
Accounts payable	\$ 448,978	\$ 168,832	\$ 14,923
Accrued compensation and benefits	190,876	-	-
Due to other governments	83,659	-	-
Due to governmental funds	-	236,965	1,395,116
Unearned revenue	25,324	-	-
	<u>748,837</u>	<u>405,797</u>	<u>1,410,039</u>
Total Liabilities	<u>748,837</u>	<u>405,797</u>	<u>1,410,039</u>
Fund Balances			
Restricted for:			
Capital projects	-	-	-
Health and welfare	1,671,769	-	-
Long term receivables	-	-	-
Public Safety	-	-	-
Revenue sharing reserve	-	-	-
Assigned for:			
Health and welfare	-	-	-
Judicial	-	-	80,761
Public Safety	-	25,106	-
	<u>1,671,769</u>	<u>25,106</u>	<u>80,761</u>
Total Fund Balances	<u>1,671,769</u>	<u>25,106</u>	<u>80,761</u>
Total Liabilities and Fund Balances	<u>\$ 2,420,606</u>	<u>\$ 430,903</u>	<u>\$ 1,490,800</u>

(1) - Balance sheet as of September 30, 2011

MACOMB COUNTY, MICHIGAN
Combining Balance Sheet
Nonmajor Special Revenue Funds (continued)
December 31, 2011

	<u>Health Grants</u>	<u>Health Grants (1)</u>	<u>Macomb/St. Clair Employment and Training</u>
Assets			
Cash and pooled investments	\$ 435,635	\$ 668,596	\$ -
Taxes receivable	-	-	-
Accounts receivable, net	154,879	1,379	17,797
Due from other governments	81,166	60,793	-
Other assets	-	-	-
	<hr/>	<hr/>	<hr/>
Total Assets	<u>\$ 671,680</u>	<u>\$ 730,768</u>	<u>\$ 17,797</u>
Liabilities and Fund Balances			
Liabilities			
Accounts payable	\$ 101,983	\$ 186,465	\$ 17,797
Accrued compensation and benefits	159	-	-
Due to other governments	5,116	26,281	-
Due to governmental funds	-	-	-
Unearned revenue	-	-	-
	<hr/>	<hr/>	<hr/>
Total Liabilities	<u>107,258</u>	<u>212,746</u>	<u>17,797</u>
Fund Balances			
Restricted for:	-	-	-
Capital projects	-	-	-
Health and welfare	564,422	518,022	-
Long term receivables	-	-	-
Public Safety	-	-	-
Revenue sharing reserve	-	-	-
Assigned for:	-	-	-
Health and welfare	-	-	-
Judicial	-	-	-
Public Safety	-	-	-
	<hr/>	<hr/>	<hr/>
Total Fund Balances	<u>564,422</u>	<u>518,022</u>	<u>-</u>
	<hr/>	<hr/>	<hr/>
Total Liabilities and Fund Balances	<u>\$ 671,680</u>	<u>\$ 730,768</u>	<u>\$ 17,797</u>

(1) - Balance sheet as of September 30, 2011

MACOMB COUNTY, MICHIGAN
Combining Balance Sheet
Nonmajor Special Revenue Funds (continued)
December 31, 2011

	<u>MSU Extension</u>	<u>MSU Extension (1)</u>	<u>Prosecuting Attorney Grants</u>
Assets			
Cash and pooled investments	\$ 323,268	\$ 388,941	\$ 13,420
Taxes receivable	-	-	-
Accounts receivable, net	1,869	-	-
Due from other governments	26,250	1,000	-
Other assets	-	-	-
	<hr/>	<hr/>	<hr/>
Total Assets	<u>\$ 351,387</u>	<u>\$ 389,941</u>	<u>\$ 13,420</u>
 Liabilities and Fund Balances			
Liabilities			
Accounts payable	\$ 6,180	\$ 12,937	\$ 670
Accrued compensation and benefits	-	-	-
Due to other governments	-	-	-
Due to governmental funds	-	-	-
Unearned revenue	-	-	-
	<hr/>	<hr/>	<hr/>
Total Liabilities	<u>6,180</u>	<u>12,937</u>	<u>670</u>
 Fund Balances			
Restricted for:	-	-	-
Capital projects	-	-	-
Health and welfare	345,207	-	-
Long term receivables	-	-	-
Public Safety	-	-	-
Revenue sharing reserve	-	-	-
Assigned for:	-	-	-
Health and welfare	-	377,004	-
Judicial	-	-	12,750
Public Safety	-	-	-
	<hr/>	<hr/>	<hr/>
Total Fund Balances	<u>345,207</u>	<u>377,004</u>	<u>12,750</u>
	<hr/>	<hr/>	<hr/>
Total Liabilities and Fund Balances	<u>\$ 351,387</u>	<u>\$ 389,941</u>	<u>\$ 13,420</u>

(1) - Balance sheet as of September 30, 2011

MACOMB COUNTY, MICHIGAN
Combining Balance Sheet
Nonmajor Special Revenue Funds (continued)
December 31, 2011

	<u>Prosecuting Attorney Grants (1)</u>	<u>Revenue Sharing Reserve</u>	<u>Senior Citizens Services (1)</u>	<u>Sheriff Grants</u>
Assets				
Cash and pooled investments	\$ -	\$ 4,956,671	\$ -	\$ 2,407,888
Taxes receivable	-	-	-	-
Accounts receivable, net	-	-	-	-
Due from other governments	353,124	-	-	-
Other assets	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total Assets	<u>\$ 353,124</u>	<u>\$ 4,956,671</u>	<u>\$ -</u>	<u>\$ 2,407,888</u>
 Liabilities and Fund Balances				
Liabilities				
Accounts payable	\$ 10,943	\$ -	\$ -	\$ 7,469
Accrued compensation and benefits	-	-	-	-
Due to other governments	-	-	-	-
Due to governmental funds	312,373	-	-	-
Unearned revenue	-	-	-	117,181
	<hr/>	<hr/>	<hr/>	<hr/>
Total Liabilities	<u>323,316</u>	<u>-</u>	<u>-</u>	<u>124,650</u>
 Fund Balances				
Restricted for:				
Capital projects	-	-	-	-
Health and welfare	-	-	-	-
Long term receivables	-	-	-	-
Public Safety	-	-	-	2,246,848
Revenue sharing reserve	-	4,956,671	-	-
Assigned for:				
Health and welfare	-	-	-	-
Judicial	29,808	-	-	-
Public Safety	-	-	-	36,390
	<hr/>	<hr/>	<hr/>	<hr/>
Total Fund Balances	<u>29,808</u>	<u>4,956,671</u>	<u>-</u>	<u>2,283,238</u>
Total Liabilities and Fund Balances	<u>\$ 353,124</u>	<u>\$ 4,956,671</u>	<u>\$ -</u>	<u>\$ 2,407,888</u>

(1) - Balance sheet as of September 30, 2011

MACOMB COUNTY, MICHIGAN
Combining Balance Sheet
Nonmajor Special Revenue Funds (continued)
December 31, 2011

	<u>Sheriff Grants (1)</u>	<u>Social Welfare</u>	<u>Urban County Block Grant</u>	<u>Veterans' Trust Fund (1)</u>
Assets				
Cash and pooled investments	\$ -	\$ 1,530,198	\$ 465,166	\$ 2,214
Taxes receivable	-	-	-	-
Accounts receivable, net	-	-	9,096,173	-
Due from other governments	699,277	170,359	394,616	-
Other assets	-	-	-	-
Total Assets	<u>\$ 699,277</u>	<u>\$ 1,700,557</u>	<u>\$ 9,955,955</u>	<u>\$ 2,214</u>
Liabilities and Fund Balances				
Liabilities				
Accounts payable	\$ 163,556	\$ 1,442,075	\$ 238,754	\$ 2,214
Accrued compensation and benefits	-	-	-	-
Due to other governments	61,565	161,000	-	-
Due to governmental funds	231,227	-	-	-
Unearned revenue	22,100	-	-	-
Total Liabilities	<u>478,448</u>	<u>1,603,075</u>	<u>238,754</u>	<u>2,214</u>
Fund Balances				
Restricted for:				
Capital projects	-	-	-	-
Health and welfare	-	-	-	-
Long term receivables	-	-	9,096,173	-
Public Safety	202,400	-	-	-
Revenue sharing reserve	-	-	-	-
Assigned for:				
Health and welfare	18,429	97,482	621,028	-
Judicial	-	-	-	-
Public Safety	-	-	-	-
Total Fund Balances	<u>220,829</u>	<u>97,482</u>	<u>9,717,201</u>	<u>-</u>
Total Liabilities and Fund Balances	<u>\$ 699,277</u>	<u>\$ 1,700,557</u>	<u>\$ 9,955,955</u>	<u>\$ 2,214</u>

(1) - Balance sheet as of September 30, 2011

MACOMB COUNTY, MICHIGAN
Combining Balance Sheet
Nonmajor Special Revenue Funds (concluded)
December 31, 2011

	<u>Veterans'</u> <u>Affairs</u>	<u>Circuit Court</u> <u>E-Filing</u>	<u>Other Special</u> <u>Revenue</u>	<u>Total</u> <u>Special Revenue</u>
Assets				
Cash and pooled investments	\$ 1,308,554	\$ 5,614	\$ 6,875,685	\$ 24,242,466
Taxes receivable	888,150	-	-	888,150
Accounts receivable, net	-	-	4,556	9,612,102
Due from other governments	-	-	120,840	6,085,424
Other assets	-	-	-	32,529
	<hr/>	<hr/>	<hr/>	<hr/>
Total Assets	<u>\$ 2,196,704</u>	<u>\$ 5,614</u>	<u>\$ 7,001,081</u>	<u>\$ 40,860,671</u>
Liabilities and Fund Balances				
Liabilities				
Accounts payable	\$ 37,505	\$ -	\$ 1,452,825	\$ 4,936,049
Accrued compensation and benefits	1,262	-	159	192,456
Due to other governments	-	-	-	337,621
Due to governmental funds	-	-	-	2,175,681
Unearned revenue	990,658	-	-	1,381,976
	<hr/>	<hr/>	<hr/>	<hr/>
Total Liabilities	<u>1,029,425</u>	<u>-</u>	<u>1,452,984</u>	<u>9,023,783</u>
Fund Balances				
Restricted for:				
Capital projects	-	-	3,050,069	3,050,069
Health and welfare	1,167,279	-	-	4,678,217
Long term receivables	-	-	-	9,096,173
Public Safety	-	-	-	3,670,816
Revenue sharing reserve	-	-	-	4,956,671
Assigned for:				
Health and welfare	-	-	2,498,028	6,194,513
Judicial	-	5,614	-	128,933
Public Safety	-	-	-	61,496
	<hr/>	<hr/>	<hr/>	<hr/>
Total Fund Balances	<u>1,167,279</u>	<u>5,614</u>	<u>5,548,097</u>	<u>31,836,888</u>
	<hr/>	<hr/>	<hr/>	<hr/>
Total Liabilities and Fund Balances	<u>\$ 2,196,704</u>	<u>\$ 5,614</u>	<u>\$ 7,001,081</u>	<u>\$ 40,860,671</u>

(1) - Balance sheet as of September 30, 2011

MACOMB COUNTY, MICHIGAN
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Special Revenue Funds
Year Ended December 31, 2011

	Child Care (1)	COMET	Community Services Agency
Revenues			
Taxes	\$ -	\$ -	\$ -
Federal & State grants	8,164,203	104,232	2,696,133
Other grants	-	-	-
Charges for services	741,105	-	50,513
Investment income	-	2,088	-
Fines and forfeitures	-	503,938	-
Other revenue	-	6,669	6,440
Total Revenues	8,905,308	616,927	2,753,086
Expenditures			
Current			
Judicial	-	-	-
General government	-	-	-
Public safety	-	419,221	-
Public works	-	-	-
Health and welfare	19,997,990	-	2,770,029
Recreation and cultural	-	-	-
Capital outlay	-	36,862	5,875
Total Expenditures	19,997,990	456,083	2,775,904
Excess of Revenues over (under) Expenditures	(11,092,682)	160,844	(22,818)
Other financing sources (uses)			
Transfers in	10,982,689	-	-
Transfers out	-	-	-
Total Other financing sources (uses)	10,982,689	-	-
Net change in fund balances	(109,993)	160,844	(22,818)
Fund Balances, beginning of year	2,692,535	1,060,724	434,336
Fund Balances, end of year	<u>\$ 2,582,542</u>	<u>\$ 1,221,568</u>	<u>\$ 411,518</u>

(1) - Year ended September 30, 2011

MACOMB COUNTY, MICHIGAN
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Special Revenue Funds (continued)
Year Ended December 31, 2011

	<u>Community Services Agency (1)</u>	<u>Emergency Management Grants</u>	<u>Friend of the Court (1)</u>
Revenues			
Taxes	\$ -	\$ -	\$ -
Federal & State grants	13,159,848	702,316	6,314,223
Other grants	161,010	-	-
Charges for services	1,038,666	-	740,066
Investment income	-	-	575
Fines and forfeitures	-	-	-
Other revenue	342,847	-	129
	<hr/>	<hr/>	<hr/>
Total Revenues	14,702,371	702,316	7,054,993
Expenditures			
Current			
Judicial	-	-	9,832,305
General government	-	-	-
Public safety	-	-	-
Public works	-	-	-
Health and welfare	15,114,196	702,316	-
Recreation and cultural	-	-	-
Capital outlay	324,806	-	-
	<hr/>	<hr/>	<hr/>
Total Expenditures	15,439,002	702,316	9,832,305
Excess of Revenues over (under) Expenditures	<hr/>	<hr/>	<hr/>
	(736,631)	-	(2,777,312)
Other financing sources (uses)			
Transfers in	916,223	-	5,527,312
Transfers out	-	-	(2,750,000)
	<hr/>	<hr/>	<hr/>
Total Other financing sources (uses)	916,223	-	2,777,312
Net change in fund balances	179,592	-	-
Fund Balances, beginning of year	<hr/>	<hr/>	<hr/>
	1,492,177	25,106	80,761
Fund Balances, end of year	<hr/>	<hr/>	<hr/>
	\$ 1,671,769	\$ 25,106	\$ 80,761

(1) - Year ended September 30, 2011

MACOMB COUNTY, MICHIGAN
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Special Revenue Funds (continued)
Year Ended December 31, 2011

	<u>Health Grants</u>	<u>Health Grants (1)</u>	<u>Macomb/St. Clair Employment and Training</u>
Revenues			
Taxes	\$ -	\$ -	\$ -
Federal & State grants	325,382	3,470,384	-
Other grants	-	-	-
Charges for services	202,970	763,980	4,282,536
Investment income	-	-	-
Fines and forfeitures	-	-	-
Other revenue	-	-	-
Total Revenues	<u>528,352</u>	<u>4,234,364</u>	<u>4,282,536</u>
Expenditures			
Current			
Judicial	-	-	-
General government	-	-	-
Public safety	-	-	-
Public works	-	-	-
Health and welfare	1,155,657	3,942,802	4,282,536
Recreation and cultural	-	-	-
Capital outlay	4,995	188,020	-
Total Expenditures	<u>1,160,652</u>	<u>4,130,822</u>	<u>4,282,536</u>
Excess of Revenues over (under) Expenditures	<u>(632,300)</u>	<u>103,542</u>	<u>-</u>
Other financing sources (uses)			
Transfers in	613,243	274,483	-
Transfers out	-	-	-
Total Other financing sources (uses)	<u>613,243</u>	<u>274,483</u>	<u>-</u>
Net change in fund balances	(19,057)	378,025	-
Fund Balances, beginning of year	583,479	139,997	-
Fund Balances, end of year	<u>\$ 564,422</u>	<u>\$ 518,022</u>	<u>\$ -</u>

(1) - Year ended September 30, 2011

MACOMB COUNTY, MICHIGAN
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Special Revenue Funds (continued)
Year Ended December 31, 2011

	MSU Extension	MSU Extension (1)	Prosecuting Attorney Grants
Revenues			
Taxes	\$ -	\$ -	\$ -
Federal & State grants	43,359	-	588
Other grants	-	6,900	-
Charges for services	33,090	413,437	-
Investment income	-	-	91
Fines and forfeitures	-	-	-
Other revenue	-	-	-
Total Revenues	76,449	420,337	679
Expenditures			
Current			
Judicial	-	-	4,410
General government	-	-	-
Public safety	-	-	-
Public works	-	-	-
Health and welfare	149,394	356,518	-
Recreation and cultural	-	-	-
Capital outlay	968	-	64,883
Total Expenditures	150,362	356,518	69,293
Excess of Revenues over (under) Expenditures	(73,913)	63,819	(68,614)
Other financing sources (uses)			
Transfers in	2,000	-	-
Transfers out	-	(2,000)	-
Total Other financing sources (uses)	2,000	(2,000)	-
Net change in fund balances	(71,913)	61,819	(68,614)
Fund Balances, beginning of year	417,120	315,185	81,364
Fund Balances, end of year	\$ 345,207	\$ 377,004	\$ 12,750

(1) - Year ended September 30, 2011

MACOMB COUNTY, MICHIGAN
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Special Revenue Funds (continued)
Year Ended December 31, 2011

	Prosecuting Attorney Grants (1)	Revenue Sharing Reserve	Senior Citizens Services (1)	Sheriff Grants
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Federal & State grants	1,162,182	-	-	133,960
Other grants	-	-	-	-
Charges for services	-	-	-	78,940
Investment income	-	35,926	-	-
Fines and forfeitures	1,603	-	-	534,247
Other revenue	-	-	-	13,788
Total Revenues	1,163,785	35,926	-	760,935
Expenditures				
Current				
Judicial	1,906,221	-	-	-
General government	-	-	-	-
Public safety	-	-	-	414,640
Public works	-	-	-	-
Health and welfare	-	-	-	-
Recreation and cultural	-	-	-	-
Capital outlay	-	-	-	269,409
Total Expenditures	1,906,221	-	-	684,049
Excess of Revenues over (under) Expenditures	(742,436)	35,926	-	76,886
Other financing sources (uses)				
Transfers in	742,436	-	-	66,749
Transfers out	-	(16,321,138)	(495)	-
Total Other financing sources (uses)	742,436	(16,321,138)	(495)	66,749
Net change in fund balances	-	(16,285,212)	(495)	143,635
Fund Balances, beginning of year	29,808	21,241,883	495	2,139,603
Fund Balances, end of year	\$ 29,808	\$ 4,956,671	\$ -	\$ 2,283,238

(1) - Year ended September 30, 2011

MACOMB COUNTY, MICHIGAN
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Special Revenue Funds (continued)
Year Ended December 31, 2011

	Sheriff Grants (1)	Social Welfare	Urban County Block Grant	Veterans' Trust Fund (1)
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Federal & State grants	2,360,360	931,034	6,781,542	134,188
Other grants	224,277	-	-	-
Charges for services	-	251,000	537,494	-
Investment income	-	-	-	-
Fines and forfeitures	19,259	-	-	-
Other revenue	-	-	125,902	-
Total Revenues	2,603,896	1,182,034	7,444,938	134,188
Expenditures				
Current				
Judicial	-	-	-	-
General government	-	-	-	-
Public safety	3,514,536	-	-	-
Public works	-	-	287,714	-
Health and welfare	-	2,421,922	7,696,829	134,188
Recreation and cultural	-	-	-	-
Capital outlay	21,225	-	5,874	-
Total Expenditures	3,535,761	2,421,922	7,990,417	134,188
Excess of Revenues over (under) Expenditures	(931,865)	(1,239,888)	(545,479)	-
Other financing sources (uses)				
Transfers in	938,791	1,239,888	119,784	-
Transfers out	-	-	(20,000)	-
Total Other financing sources (uses)	938,791	1,239,888	99,784	-
Net change in fund balances	6,926	-	(445,695)	-
Fund Balances, beginning of year	213,903	97,482	10,162,896	-
Fund Balances, end of year	<u>\$ 220,829</u>	<u>\$ 97,482</u>	<u>\$ 9,717,201</u>	<u>\$ -</u>

(1) - Year ended September 30, 2011

MACOMB COUNTY, MICHIGAN
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Special Revenue Funds (concluded)
Year Ended December 31, 2011

	<u>Veterans'</u> <u>Affairs</u>	<u>Circuit Court</u> <u>E-Filing</u>	<u>Other Special</u> <u>Revenue</u>	<u>Total</u> <u>Special Revenue</u>
Revenues				
Taxes	\$ 1,108,214	\$ -	\$ -	\$ 1,108,214
Federal & State grants	-	-	1,640,107	48,124,041
Other grants	-	-	-	392,187
Charges for services	18,150	6,198	1,604,542	10,762,687
Investment income	-	-	6,328	45,008
Fines and forfeitures	-	-	2,690	1,061,737
Other revenue	145	-	42,243	538,163
Total Revenues	1,126,509	6,198	3,295,910	62,032,037
Expenditures				
Current				
Judicial	-	584	406,302	12,149,822
General government	-	-	1,332,303	1,332,303
Public safety	-	-	1,459,556	5,807,953
Public works	-	-	-	287,714
Health and welfare	903,833	-	-	59,628,210
Recreation and cultural	-	-	13,900	13,900
Capital outlay	9,280	-	-	932,197
Total Expenditures	913,113	584	3,212,061	80,152,099
Excess of Revenues over (under) Expenditures	213,396	5,614	83,849	(18,120,062)
Other financing sources (uses)				
Transfers in	-	-	187,002	21,610,600
Transfers out	-	-	(514,708)	(19,608,341)
Total Other financing sources (uses)	-	-	(327,706)	2,002,259
Net change in fund balances	213,396	5,614	(243,857)	(16,117,803)
Fund Balances, beginning of year	953,883	-	5,791,954	47,954,691
Fund Balances, end of year	\$ 1,167,279	\$ 5,614	\$ 5,548,097	\$ 31,836,888

(1) - Year ended September 30, 2011

MACOMB COUNTY, MICHIGAN
Budgetary Comparison Schedule (GAAP Basis) - Child Care Fund
Year Ended September 30, 2011

	Final Budget	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
Revenues			
Federal & State grants	\$ 11,119,064	\$ 8,164,203	\$ (2,954,861)
Charges for services	664,200	741,105	76,905
Other revenue	142,447	-	(142,447)
Total Revenues	11,925,711	8,905,308	(3,020,403)
Expenditures			
Health and Welfare and Capital Outlay	27,782,898	19,997,990	7,784,908
Excess of Revenues over (under) Expenditures	(15,857,187)	(11,092,682)	4,764,505
Other financing sources (uses)			
Transfers in	15,857,187	10,982,689	(4,874,498)
Net change in fund balances	-	(109,993)	(109,993)
Fund Balances, beginning of year	2,692,535	2,692,535	-
Fund Balances, end of year	\$ 2,692,535	\$ 2,582,542	\$ (109,993)

MACOMB COUNTY, MICHIGAN
Budgetary Comparison Schedule (GAAP Basis) - Community Services Agency
Year Ended December 31, 2011

	Final Budget	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
Revenues			
Federal & State grants	\$ 5,325,170	\$ 2,696,133	\$ (2,629,037)
Other grants	-	-	-
Charges for services	34,542	50,513	15,971
Other revenue	126,206	6,440	(119,766)
Total Revenues	5,485,918	2,753,086	(2,732,832)
Expenditures			
Health and Welfare and Capital Outlay	5,485,918	2,775,904	2,710,014
Net change in fund balances	-	(22,818)	(22,818)
Fund Balances, beginning of year	434,336	434,336	-
Fund Balances, end of year	\$ 434,336	\$ 411,518	\$ (22,818)

MACOMB COUNTY, MICHIGAN
Budgetary Comparison Schedule (GAAP Basis) - Community Services Agency
Year Ended September 30, 2011

	Final Budget	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
Revenues			
Federal & State grants	\$ 13,906,651	\$ 13,159,848	\$ (746,803)
Other grants	184,339	161,010	(23,329)
Charges for services	992,422	1,038,666	46,244
Other revenue	405,430	342,847	(62,583)
Total Revenues	15,488,842	14,702,371	(786,471)
Expenditures			
Health and Welfare and Capital Outlay	16,429,459	15,439,002	990,457
Excess of Revenues over (under) Expenditures	(940,617)	(736,631)	203,986
Other financing sources (uses)			
Transfers in	940,617	916,223	(24,394)
Net change in fund balances	-	179,592	179,592
Fund Balances, beginning of year	1,492,177	1,492,177	-
Fund Balances, end of year	<u>\$ 1,492,177</u>	<u>\$ 1,671,769</u>	<u>\$ 179,592</u>

MACOMB COUNTY, MICHIGAN
Budgetary Comparison Schedule (GAAP Basis) - Friend of the Court
Year Ended September 30, 2011

	Final Budget	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
Revenues			
Federal & State grants	\$ 6,747,846	\$ 6,314,223	\$ (433,623)
Charges for services	640,000	740,066	100,066
Investment income	-	575	575
Other revenue	-	129	129
Total Revenues	<u>7,387,846</u>	<u>7,054,993</u>	<u>(332,853)</u>
Expenditures			
Judicial and Capital Outlay	<u>10,501,772</u>	<u>9,832,305</u>	<u>669,467</u>
Excess of Revenues over (under) Expenditures	<u>(3,113,926)</u>	<u>(2,777,312)</u>	<u>336,614</u>
Other financing sources (uses)			
Transfers in	5,863,926	5,527,312	(336,614)
Transfers out	<u>(2,750,000)</u>	<u>(2,750,000)</u>	<u>-</u>
Total Other financing sources (uses)	<u>3,113,926</u>	<u>2,777,312</u>	<u>(336,614)</u>
Net change in fund balances	-	-	-
Fund Balances, beginning of year	<u>80,761</u>	<u>80,761</u>	<u>-</u>
Fund Balances, end of year	<u><u>\$ 80,761</u></u>	<u><u>\$ 80,761</u></u>	<u><u>\$ -</u></u>

MACOMB COUNTY, MICHIGAN
Budgetary Comparison Schedule (GAAP Basis) - Health Grants
Year Ended December 31, 2011

	Final Budget	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
Revenues			
Federal & State grants	\$ 732,824	\$ 325,382	\$ (407,442)
Charges for services	332,691	202,970	(129,721)
Total Revenues	1,065,515	528,352	(537,163)
Expenditures			
Health & Welfare and Capital Outlay	1,893,223	1,160,652	732,571
Excess of Revenues over (under) Expenditures	(827,708)	(632,300)	195,408
Other financing sources (uses)			
Transfers in	565,725	613,243	47,518
Net change in fund balances	(261,983)	(19,057)	242,926
Fund Balances, beginning of year	583,479	583,479	-
Fund Balances, end of year	\$ 321,496	\$ 564,422	\$ 242,926

MACOMB COUNTY, MICHIGAN
Budgetary Comparison Schedule (GAAP Basis) - Health Grants
Year Ended September 30, 2011

	Final Budget	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
Revenues			
Federal & State grants	\$ 3,540,188	\$ 3,470,384	\$ (69,804)
Charges for services	455,785	763,980	308,195
Total Revenues	3,995,973	4,234,364	238,391
Expenditures			
Health and Welfare and Capital Outlay	4,429,186	4,130,822	298,364
Excess of Revenues over (under) Expenditures	(433,213)	103,542	536,755
Other financing sources (uses)			
Transfers in	433,213	274,483	(158,730)
Net change in fund balances	-	378,025	378,025
Fund Balances, beginning of year	139,997	139,997	-
Fund Balances, end of year	\$ 139,997	\$ 518,022	\$ 378,025

MACOMB COUNTY, MICHIGAN
Required Supplementary Information
Budgetary Comparison Schedule (GAAP Basis) - Revenue Sharing Reserve Fund
Year Ended December 31, 2011

	Final Budget	Actual Amounts	Variance with Final Budget
Revenues			
Investment income	\$ -	\$ 35,926	\$ 35,926
Other Financing Uses			
Transfers out	<u>(16,385,332)</u>	<u>(16,321,138)</u>	<u>64,194</u>
Net change in fund balances	(16,385,332)	(16,285,212)	100,120
Fund balances, beginning of year	<u>21,241,883</u>	<u>21,241,883</u>	<u>-</u>
Fund balances, end of year	<u><u>\$ 4,856,551</u></u>	<u><u>\$ 4,956,671</u></u>	<u><u>\$ 100,120</u></u>

MACOMB COUNTY, MICHIGAN
Budgetary Comparison Schedule (GAAP Basis) - Social Welfare Fund
Year Ended December 31, 2011

	Final Budget	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
Revenues			
Federal & State grants	\$ 1,500,000	\$ 931,034	\$ (568,966)
Charges for services	400,000	251,000	(149,000)
Total Revenues	1,900,000	1,182,034	(717,966)
Expenditures			
Health and Welfare and Capital Outlay	3,012,434	2,421,922	590,512
Excess of Revenues over (under) Expenditures	(1,112,434)	(1,239,888)	(127,454)
Other financing sources (uses)			
Transfers in	1,112,434	1,239,888	127,454
Net change in fund balances	-	-	-
Fund Balances, beginning of year	97,482	97,482	-
Fund Balances, end of year	\$ 97,482	\$ 97,482	\$ -

MACOMB COUNTY, MICHIGAN
Budgetary Comparison Schedule (GAAP Basis) - Veterans' Affairs Fund
Year Ended December 31, 2011

	Final Budget	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
Revenues			
Taxes	\$ 1,100,870	\$ 1,108,214	\$ 7,344
Charges for services	-	18,150	18,150
Other revenue	-	145	145
Total Revenues	1,100,870	1,126,509	25,639
Expenditures			
Health and Welfare and Capital Outlay	1,100,870	913,113	187,757
Excess of Revenues over (under) Expenditures	-	213,396	213,396
Fund Balances, beginning of year	953,883	953,883	-
Fund Balances, end of year	\$ 953,883	\$ 1,167,279	\$ 213,396

MACOMB COUNTY, MICHIGAN
Combining Balance Sheet
Nonmajor Capital Projects Funds
December 31, 2011

	<u>Bridge Program</u>	<u>District Court Improvement</u>	<u>E-911 Radio System</u>	<u>Dept of Roads (1)</u>
Assets				
Cash and pooled investments	\$ 2,017,147	\$ 297,950	\$ 344,237	\$ 1,431,683
Accounts receivable, net	-	-	-	-
Due from other governments	-	-	-	-
Other assets	-	-	-	-
Total Assets	<u>\$ 2,017,147</u>	<u>\$ 297,950</u>	<u>\$ 344,237</u>	<u>\$ 1,431,683</u>
 Liabilities and Fund Balances				
Liabilities				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Fund Balances				
Restricted for:				
Capital projects	2,017,147	-	-	1,431,683
Assigned for:				
Capital projects	-	297,950	344,237	-
Total Fund Balances	<u>2,017,147</u>	<u>297,950</u>	<u>344,237</u>	<u>1,431,683</u>
Total Liabilities and Fund Balances	<u>\$ 2,017,147</u>	<u>\$ 297,950</u>	<u>\$ 344,237</u>	<u>\$ 1,431,683</u>

(1) - Balance sheet as of September 30, 2011

MACOMB COUNTY, MICHIGAN
Combining Balance Sheet
Nonmajor Capital Projects Funds (continued)
December 31, 2011

	Capital Improvement Fund	Nicholson Nature Center	Orchard Trail
Assets			
Cash and pooled investments	\$ 19,930,130	\$ 73,804	\$ 545,022
Accounts receivable, net	-	-	9,521
Due from other governments	-	-	130,083
Other assets	-	-	-
	<u>\$ 19,930,130</u>	<u>\$ 73,804</u>	<u>\$ 684,626</u>
Total Assets	\$ 19,930,130	\$ 73,804	\$ 684,626
 Liabilities and Fund Balances			
Liabilities			
Accounts payable	\$ -	\$ -	\$ 57,302
	<u>-</u>	<u>-</u>	<u>57,302</u>
Fund Balances			
Restricted for:			
Capital projects	-	-	-
Assigned for:			
Capital projects	19,930,130	73,804	627,324
	<u>19,930,130</u>	<u>73,804</u>	<u>627,324</u>
Total Fund Balances	<u>19,930,130</u>	<u>73,804</u>	<u>627,324</u>
Total Liabilities and Fund Balances	\$ 19,930,130	\$ 73,804	\$ 684,626

MACOMB COUNTY, MICHIGAN
Combining Balance Sheet
Nonmajor Capital Projects Funds (continued)
December 31, 2011

	Parking Structure	Public Works Building	Warehouse
Assets			
Cash and pooled investments	\$ 364,757	\$ 163,776	\$ 411,391
Accounts receivable, net	-	-	-
Due from other governments	-	-	-
Other assets	2,433	-	-
	<u>367,190</u>	<u>163,776</u>	<u>411,391</u>
Total Assets	<u>\$ 367,190</u>	<u>\$ 163,776</u>	<u>\$ 411,391</u>
 Liabilities and Fund Balances			
Liabilities			
Accounts payable	\$ 1,840	\$ -	\$ -
	<u>1,840</u>	<u>-</u>	<u>-</u>
Fund Balances			
Restricted for:			
Capital projects	-	-	-
Assigned for:			
Capital projects	365,350	163,776	411,391
	<u>365,350</u>	<u>163,776</u>	<u>411,391</u>
Total Fund Balances	<u>365,350</u>	<u>163,776</u>	<u>411,391</u>
Total Liabilities and Fund Balances	<u>\$ 367,190</u>	<u>\$ 163,776</u>	<u>\$ 411,391</u>

MACOMB COUNTY, MICHIGAN
Combining Balance Sheet
Nonmajor Capital Projects Funds (concluded)
December 31, 2011

	Youth Home Renovation	General County Capital Projects	Totals
Assets			
Cash and pooled investments	\$ 683,823	\$ 5,246,049	\$ 31,509,769
Accounts receivable, net	-	-	9,521
Due from other governments	-	63,761	193,844
Other assets	-	-	2,433
	-	-	2,433
 Total Assets	\$ 683,823	\$ 5,309,810	\$ 31,715,567
 Liabilities and Fund Balances			
Liabilities			
Accounts payable	\$ 87,475	\$ 267,540	\$ 414,157
 Fund Balances			
Restricted for:			
Capital projects	-	-	3,448,830
Assigned for:			
Capital projects	596,348	5,042,270	27,852,580
 Total Fund Balances	596,348	5,042,270	31,301,410
 Total Liabilities and Fund Balances	\$ 683,823	\$ 5,309,810	\$ 31,715,567

MACOMB COUNTY, MICHIGAN
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Capital Projects Funds
Year Ended December 31, 2011

	Bridge Program	District Court Building	District Court Improvement	E-911 Radio System	Dept of Roads (1)
Revenues					
Federal & State grants	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	60,680	-	-
Investment income	1,347	-	-	339	5,193
Other revenue	-	-	-	-	-
Total Revenues	1,347	-	60,680	339	5,193
Expenditures					
Current					
Public works	99,710	-	-	-	-
Capital outlay	-	70,000	692	317,763	-
Total Expenditures	99,710	70,000	692	317,763	-
Excess of Revenues over (under) Expenditures	(98,363)	(70,000)	59,988	(317,424)	5,193
Other financing sources (uses)					
Transfers in	-	70,000	-	-	-
Transfers out	-	-	-	-	(279,383)
Total Other financing sources (uses)	-	70,000	-	-	(279,383)
Net change in fund balances	(98,363)	-	59,988	(317,424)	(274,190)
Fund Balances, beginning of year	2,115,510	-	237,962	661,661	1,705,873
Fund Balances, end of year	<u>\$ 2,017,147</u>	<u>\$ -</u>	<u>\$ 297,950</u>	<u>\$ 344,237</u>	<u>\$ 1,431,683</u>

(1) - Year ended September 30, 2011

MACOMB COUNTY, MICHIGAN
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Capital Projects Funds (continued)
Year Ended December 31, 2011

	Capital Improvement Fund	Nicholson Nature Center	Orchard Trail
Revenues			
Federal & State grants	\$ -	\$ -	\$ 90,044
Charges for services	3,597,113	-	3,731
Investment income	28,824	-	914
Other revenue	42,059	-	520,720
Total Revenues	3,667,996	-	615,409
Expenditures			
Current			
Public works	-	-	-
Capital outlay	85,941	100	249,310
Total Expenditures	85,941	100	249,310
Excess of Revenues over (under) Expenditures	3,582,055	(100)	366,099
Other financing sources (uses)			
Transfers in	10,500,000	-	81,731
Transfers out	(8,030,062)	-	-
Total Other financing sources (uses)	2,469,938	-	81,731
Net change in fund balances	6,051,993	(100)	447,830
Fund Balances, beginning of year	13,878,137	73,904	179,494
Fund Balances, end of year	\$ 19,930,130	\$ 73,804	\$ 627,324

MACOMB COUNTY, MICHIGAN
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Capital Projects Funds (continued)
Year Ended December 31, 2011

	Parking Structure	Public Works Building	Warehouse
Revenues			
Federal & State grants	\$ -	\$ -	\$ -
Charges for services	2,710	-	-
Investment income	753	84	-
Other revenue	-	-	-
Total Revenues	3,463	84	-
Expenditures			
Current			
Public works	-	-	-
Capital outlay	967	-	-
Total Expenditures	967	-	-
Excess of Revenues over (under) Expenditures	2,496	84	-
Other financing sources (uses)			
Transfers in	-	-	-
Transfers out	-	-	-
Total Other financing sources (uses)	-	-	-
Net change in fund balances	2,496	84	-
Fund Balances, beginning of year	362,854	163,692	411,391
Fund Balances, end of year	<u>\$ 365,350</u>	<u>\$ 163,776</u>	<u>\$ 411,391</u>

MACOMB COUNTY, MICHIGAN
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Capital Projects Funds (concluded)
Year Ended December 31, 2011

	Youth Home Renovation	General County Capital Projects	Totals
Revenues			
Federal & State grants	\$ -	\$ 23,161	\$ 113,205
Charges for services	-	30	3,664,264
Investment income	-	-	37,454
Other revenue	-	13,584	576,363
Total Revenues	-	36,775	4,391,286
Expenditures			
Current			
Public works	-	-	99,710
Capital outlay	423,515	2,456,853	3,605,141
Total Expenditures	423,515	2,456,853	3,704,851
Excess of Revenues over (under) Expenditures	(423,515)	(2,420,078)	686,435
Other financing sources (uses)			
Transfers in	-	1,625,385	12,277,116
Transfers out	-	-	(8,309,445)
Total Other financing sources (uses)	-	1,625,385	3,967,671
Net change in fund balances	(423,515)	(794,693)	4,654,106
Fund Balances, beginning of year	1,019,863	5,836,963	26,647,304
Fund Balances, end of year	\$ 596,348	\$ 5,042,270	\$ 31,301,410

MACOMB COUNTY, MICHIGAN
Combining Statement of Net Assets
Internal Service Funds
December 31, 2011

	Dept of Roads (1)	Compensated Absences	Equipment Revolving	General Liability Insurance	Workers' Compensation	Employee Fringe Benefits	Totals
ASSETS							
Current assets							
Cash and pooled investments	\$ 9,620,536	\$ 6,715,415	\$ 6,940,491	\$ 6,525,352	\$ 7,394,233	\$ 9,749,129	\$ 46,945,156
Accounts receivable, net	-	-	382,270	-	-	-	382,270
Inventories	-	-	337,103	-	-	-	337,103
Due from fiduciary funds	-	-	-	-	-	5,870,354	5,870,354
Other assets	-	-	33,425	-	80,000	582,332	695,757
Total current assets	9,620,536	6,715,415	7,693,289	6,525,352	7,474,233	16,201,815	54,230,640
Noncurrent assets							
Capital assets, net:							
Assets being depreciated	-	-	2,181,484	-	-	-	2,181,484
Total Assets	9,620,536	6,715,415	9,874,773	6,525,352	7,474,233	16,201,815	56,412,124
LIABILITIES							
Current liabilities							
Accounts payable	-	-	252,520	166,744	45,047	561,815	1,026,126
Due to other funds	-	-	137,815	-	-	-	137,815
Compensated absences	-	1,100,000	-	-	-	-	1,100,000
Claims and judgements	25,521	-	-	1,100,000	1,200,000	-	2,325,521
Total current liabilities	25,521	1,100,000	390,335	1,266,744	1,245,047	561,815	4,589,462
Noncurrent liabilities							
Claims and judgements	24,067	-	-	3,410,810	3,249,854	-	6,684,731
Compensated absences	-	4,824,726	-	-	-	-	4,824,726
Advances from other funds	-	-	295,000	-	-	-	295,000
Total noncurrent liabilities	24,067	4,824,726	295,000	3,410,810	3,249,854	-	11,804,457
Total Liabilities	49,588	5,924,726	685,335	4,677,554	4,494,901	561,815	16,393,919
NET ASSETS							
Invested in capital assets	-	-	2,181,484	-	-	-	2,181,484
Restricted for:							
Capital projects	9,570,948	-	-	-	-	-	9,570,948
Unrestricted	-	790,689	7,007,954	1,847,798	2,979,332	15,640,000	28,265,773
Total Net Assets	\$ 9,570,948	\$ 790,689	\$ 9,189,438	\$ 1,847,798	\$ 2,979,332	\$ 15,640,000	\$ 40,018,205

(1) - Balance sheet as of September 30, 2011

MACOMB COUNTY, MICHIGAN
Combining Statement of Revenues, Expenses and Changes in Net Assets
Internal Service Funds
Year Ended December 31, 2011

	Dept of Roads (1)	Compensated Absences	Equipment Revolving	General Liability Insurance	Workers' Compensation	Employee Fringe Benefits	Totals
Operating Revenues							
Charges for services	\$ -	\$ 1,018,617	\$ 4,322,725	\$ 2,382,956	\$ 677,139	\$ 52,690,419	\$ 61,091,856
Operating Expenses							
Benefits and claims expenses	199,883	7,414,477	-	1,692,583	1,548,566	49,124,022	59,979,531
Supplies and services	-	-	3,770,838	-	-	-	3,770,838
Depreciation	-	-	534,664	-	-	-	534,664
Capital Outlay	-	-	85,924	-	-	-	85,924
Total operating expenses	199,883	7,414,477	4,391,426	1,692,583	1,548,566	49,124,022	64,370,957
Operating income (loss)	(199,883)	(6,395,860)	(68,701)	690,373	(871,427)	3,566,397	(3,279,101)
Nonoperating revenues							
Investment income	34,849	-	-	-	-	-	34,849
Income before transfers	(165,034)	(6,395,860)	(68,701)	690,373	(871,427)	3,566,397	(3,244,252)
Transfers							
Transfers in	-	6,500,000	337,950	-	-	-	6,837,950
Increase (Decrease) in net assets	(165,034)	104,140	269,249	690,373	(871,427)	3,566,397	3,593,698
Net assets, beginning of year	9,735,982	686,549	8,920,189	1,157,425	3,850,759	12,073,603	36,424,507
Net assets, end of year	9,570,948	\$ 790,689	\$ 9,189,438	\$ 1,847,798	\$ 2,979,332	\$ 15,640,000	\$ 40,018,205

(1) - Year ended September 30, 2011

MACOMB COUNTY, MICHIGAN
Combining Statement of Cash Flows - Internal Service Funds
Year Ended December 31, 2011

	<u>Dept of Roads (1)</u>	<u>Compensated Absences</u>	<u>Equipment Revolving</u>	<u>General Liability Insurance</u>	<u>Workers' Compensation</u>	<u>Employee Fringe Benefits</u>	<u>Totals</u>
Cash Flows from Operating Activities							
Cash received from interfund services	\$ -	\$ 1,018,617	\$ 4,257,962	\$ 2,382,956	\$ 677,139	\$ 52,729,946	\$ 61,066,620
Cash payments to employees	-	(657,364)	-	-	-	-	(657,364)
Cash payments to suppliers	(191,038)	(6,862,000)	(3,792,717)	(1,760,617)	(1,224,546)	(49,210,768)	(63,041,686)
Net cash provided by Operating Activities	(191,038)	(6,500,747)	465,245	622,339	(547,407)	3,519,178	(2,632,430)
Cash Flows From Noncapital Financing Activities							
Transfers in	-	6,500,000	337,950	-	-	-	6,837,950
Cash Flows From Capital and Related Financing Activities							
Acquisition of capital assets	-	-	(617,894)	-	-	-	(617,894)
Cash Flows From Investing Activities							
Interest received on investments	34,849	-	-	-	-	-	34,849
Increase (decrease) in cash and pooled investments	(156,189)	(747)	185,301	622,339	(547,407)	3,519,178	3,622,475
Cash and pooled investments, beginning of year	9,776,725	6,716,162	6,755,190	5,903,013	7,941,640	6,229,951	43,322,681
Cash and pooled investments, end of year	<u>\$ 9,620,536</u>	<u>\$ 6,715,415</u>	<u>\$ 6,940,491</u>	<u>\$ 6,525,352</u>	<u>\$ 7,394,233</u>	<u>\$ 9,749,129</u>	<u>\$ 46,945,156</u>
Reconciliation of operating income to net cash provided (used) by operating activities							
Operating income (loss)	\$ (199,883)	\$ (6,395,860)	\$ (68,701)	\$ 690,373	\$ (871,427)	\$ 3,566,397	\$ (3,279,101)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:							
Depreciation	-	-	534,664	-	-	-	534,664
Changes in assets and liabilities:							
Accounts receivable	-	-	(60,687)	-	-	-	(60,687)
Inventory	-	-	5,764	-	-	-	5,764
Due from other funds	-	-	-	-	-	39,527	39,527
Other assets	-	-	(4,076)	-	3,330	1,004,537	1,003,791
Accounts payable	-	-	58,281	22,583	(81,970)	(1,091,283)	(1,092,389)
Accrued employee benefits	-	(104,887)	-	-	-	-	(104,887)
Accrued claims and judgements	8,845	-	-	(90,617)	402,660	-	320,888
Net cash provided by (used in) operating activities	<u>\$ (191,038)</u>	<u>\$ (6,500,747)</u>	<u>\$ 465,245</u>	<u>\$ 622,339</u>	<u>\$ (547,407)</u>	<u>\$ 3,519,178</u>	<u>\$ (2,632,430)</u>

(1) - Balance sheet as of September 30, 2011

MACOMB COUNTY, MICHIGAN
Combining Statement of Fiduciary Net Assets
Pension and Other Employee Benefit Trust Funds
December 31, 2011

	<u>Employees'</u> <u>Retirement Fund</u>	<u>Retiree Health</u> <u>Care Fund</u>	<u>Accumulated</u> <u>Sick Leave</u> <u>Benefits</u>	<u>Total</u>
ASSETS				
Cash and pooled investments	\$ 39,320,107	\$ 170,491	\$ 6,500,000	\$ 45,990,598
Receivables				
Accrued interest	501,304	641,716	-	1,143,020
Other	39,451	672,772	-	712,223
Due from other funds	-	465,010	-	465,010
Investments, at fair value				
Corporate Bonds	12,605,086	-	-	12,605,086
Preferred Stock	745,620	-	-	745,620
Common Stock	318,884,423	1,734,951	-	320,619,374
Foreign Stock	-	16,971,034	-	16,971,034
Limited partnership	82,991,602	-	-	82,991,602
Mutual funds	285,081,079	101,617,084	-	386,698,163
Total investments	<u>700,307,810</u>	<u>120,323,069</u>	<u>-</u>	<u>820,630,879</u>
Total Assets	<u>740,168,672</u>	<u>122,273,058</u>	<u>6,500,000</u>	<u>868,941,730</u>
LIABILITIES				
Accounts payable	855,383	2,029,233	-	2,884,616
Due to governmental funds	-	5,870,354	-	5,870,354
Due to fiduciary funds	465,010	-	-	465,010
Total Liabilities	<u>1,320,393</u>	<u>7,899,587</u>	<u>-</u>	<u>9,219,980</u>
NET ASSETS				
Net assets held in trust for pension and other postemployment benefits	<u>\$ 738,848,279</u>	<u>\$ 114,373,471</u>	<u>\$ 6,500,000</u>	<u>\$ 859,721,750</u>

MACOMB COUNTY, MICHIGAN
Combining Statement of Changes In Fiduciary Net Assets
Pension and Other Employee Benefit Trust Funds
Year Ended December 31, 2011

	<u>Employees'</u> <u>Retirement Fund</u>	<u>Retiree Health</u> <u>Care Fund</u>	<u>Accumulated</u> <u>Sick Leave</u> <u>Benefits</u>	<u>Total</u>
ADDITIONS				
Contributions				
Employer	\$ 16,050,489	\$ 13,935,375	\$ 6,500,000	\$ 36,485,864
Employee	3,735,723	701,492	-	4,437,215
	<u>19,786,212</u>	<u>14,636,867</u>	<u>6,500,000</u>	<u>40,923,079</u>
Investment income				
Net depreciation in fair value of assets	(16,197,095)	(6,445,343)	-	(22,642,438)
Interest	989,476	8,886,589	-	9,876,065
Dividends	7,191,725	-	-	7,191,725
	<u>(8,015,894)</u>	<u>2,441,246</u>	<u>-</u>	<u>(5,574,648)</u>
Less investment expenses				
Management and custodial fees	2,861,431	82,878	-	2,944,309
	<u>(10,877,325)</u>	<u>2,358,368</u>	<u>-</u>	<u>(8,518,957)</u>
Net investment income (loss)				
Total additions	<u>8,908,887</u>	<u>16,995,235</u>	<u>6,500,000</u>	<u>32,404,122</u>
DEDUCTIONS				
Benefit payments	54,754,726	16,269,064	-	71,023,790
Refunds of contributions	310,420	-	-	310,420
Administrative expense	193,451	84,959	-	278,410
	<u>55,258,597</u>	<u>16,354,023</u>	<u>-</u>	<u>71,612,620</u>
Net increase (decrease) in net assets	(46,349,710)	641,212	6,500,000	(39,208,498)
NET ASSETS				
Beginning of year	785,197,989	113,732,259	-	898,930,248
End of year	<u>\$ 738,848,279</u>	<u>\$ 114,373,471</u>	<u>\$ 6,500,000</u>	<u>\$ 859,721,750</u>

MACOMB COUNTY, MICHIGAN
Combining Statement of Fiduciary Net Assets
Agency Funds
December 31, 2011

	<u>Trust and Agency</u>	<u>Payroll and Benefits</u>	<u>Miscellaneous Agency Funds</u>	<u>Total</u>
ASSETS				
Cash and pooled investments	\$ 12,536,476	\$ 272,356	\$ 3,147,909	\$ 15,956,741
Receivables				
Other	1,729	-	2,156	3,885
Other assets	56,994	75,000	-	131,994
	<u>12,595,199</u>	<u>347,356</u>	<u>3,150,065</u>	<u>16,092,620</u>
Total Assets	<u>\$ 12,595,199</u>	<u>\$ 347,356</u>	<u>\$ 3,150,065</u>	<u>\$ 16,092,620</u>
LIABILITIES				
Accounts payable	\$ 6,371,684	\$ 2,392	\$ 1,320,963	\$ 7,695,039
Accrued compensation and benefits	-	344,964	-	344,964
Deposits	4,729,117	-	1,828,137	6,557,254
Due to other governments	1,494,398	-	965	1,495,363
	<u>12,595,199</u>	<u>347,356</u>	<u>3,150,065</u>	<u>16,092,620</u>
Total Liabilities	<u>\$ 12,595,199</u>	<u>\$ 347,356</u>	<u>\$ 3,150,065</u>	<u>\$ 16,092,620</u>

MACOMB COUNTY, MICHIGAN
Combined Statement of Changes in Fiduciary Net Assets
Agency Funds
Year Ended December 31, 2011

	<u>Balance 12/31/2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 12/31/2011</u>
ASSETS				
Cash and pooled investments	\$ 15,790,098	\$ 758,812,723	\$ 758,646,080	\$ 15,956,741
Receivables				
Other	78,832	3,621	78,568	3,885
Other assets	<u>75,677</u>	<u>407,778</u>	<u>351,461</u>	<u>131,994</u>
 Total Assets	 <u>\$ 15,944,607</u>	 <u>\$ 759,224,122</u>	 <u>\$ 759,076,109</u>	 <u>\$ 16,092,620</u>
 LIABILITIES				
Accounts payable	\$ 8,516,508	\$ 274,477,122	\$ 275,298,591	\$ 7,695,039
Accrued compensation and benefits	357,862	46,501,731	46,514,629	344,964
Deposits	5,938,845	38,648,482	38,030,073	6,557,254
Due to other governments	<u>1,131,392</u>	<u>162,782,971</u>	<u>162,419,000</u>	<u>1,495,363</u>
 Total Liabilities	 <u>\$ 15,944,607</u>	 <u>\$ 522,410,306</u>	 <u>\$ 522,262,293</u>	 <u>\$ 16,092,620</u>

MACOMB COUNTY, MICHIGAN
Statement of Changes in Assets and Liabilities
Trust and Agency Fund
Year Ended December 31, 2011

	<u>Balance 12/31/2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 12/31/2011</u>
ASSETS				
Cash and pooled investments	\$ 10,757,092	\$ 148,431,213	\$ 146,651,829	\$ 12,536,476
Receivables				
Other	76,881	3,190	78,342	1,729
Other assets	<u>677</u>	<u>407,086</u>	<u>350,769</u>	<u>56,994</u>
Total Assets	<u>\$ 10,834,650</u>	<u>\$ 148,841,489</u>	<u>\$ 147,080,940</u>	<u>\$ 12,595,199</u>
LIABILITIES				
Accounts payable	\$ 6,231,183	\$ 112,654,194	\$ 112,513,693	\$ 6,371,684
Deposits	3,472,946	37,346,996	36,090,825	4,729,117
Due to other governments	<u>1,130,521</u>	<u>18,985,735</u>	<u>18,621,858</u>	<u>1,494,398</u>
Total Liabilities	<u>\$ 10,834,650</u>	<u>\$ 168,986,925</u>	<u>\$ 167,226,376</u>	<u>\$ 12,595,199</u>

MACOMB COUNTY, MICHIGAN
Statement of Changes in Assets and Liabilities
Payroll and Benefits Agency Funds
Year Ended December 31, 2011

	<u>Balance 12/31/2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 12/31/2011</u>
ASSETS				
Cash and pooled investments	\$ 282,935	\$ 149,459,505	\$ 149,470,084	\$ 272,356
Other assets	75,000	692	692	75,000
 Total Assets	 <u>\$ 357,935</u>	 <u>\$ 149,460,197</u>	 <u>\$ 149,470,776</u>	 <u>\$ 347,356</u>
 LIABILITIES				
Accounts payable	\$ 73	\$ 15,135,632	\$ 15,133,313	\$ 2,392
Accrued compensation and benefits	357,862	46,501,731	46,514,629	344,964
 Total Liabilities	 <u>\$ 357,935</u>	 <u>\$ 61,637,363</u>	 <u>\$ 61,647,942</u>	 <u>\$ 347,356</u>

MACOMB COUNTY, MICHIGAN
Statement of Changes in Assets and Liabilities
Miscellaneous Agency Funds
Year Ended December 31, 2011

	<u>Balance 12/31/2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 12/31/2011</u>
ASSETS				
Cash and pooled investments	\$ 4,750,071	\$ 460,922,005	\$ 462,524,167	\$ 3,147,909
Receivables				
Other	1,951	431	226	2,156
	<u>4,752,022</u>	<u>460,922,436</u>	<u>462,524,393</u>	<u>3,150,065</u>
Total Assets	<u>\$ 4,752,022</u>	<u>\$ 460,922,436</u>	<u>\$ 462,524,393</u>	<u>\$ 3,150,065</u>
LIABILITIES				
Accounts payable	\$ 2,285,252	\$ 146,687,296	\$ 147,651,585	\$ 1,320,963
Deposits	2,465,899	1,301,486	1,939,248	1,828,137
Due to other governments	871	143,797,236	143,797,142	965
	<u>4,752,022</u>	<u>291,786,018</u>	<u>293,387,975</u>	<u>3,150,065</u>
Total Liabilities	<u>\$ 4,752,022</u>	<u>\$ 291,786,018</u>	<u>\$ 293,387,975</u>	<u>\$ 3,150,065</u>

MACOMB COUNTY, MICHIGAN
Combining Balance Sheet - Governmental Funds
Drainage Districts Component Unit
September 30, 2011

	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Debt Service</u>	<u>Total</u>
Assets				
Cash and pooled investments	\$ 8,871,896	\$ 33,491,525	\$ 4,136,024	\$ 46,499,445
Special assessments receivable	-	-	228,852,227	228,852,227
Accrued interest receivable	-	5	8	13
Accounts receivable, net	8,702,981	1,068,189	1,092,306	10,863,476
Total Assets	<u>\$ 17,574,877</u>	<u>\$ 34,559,719</u>	<u>\$ 234,080,565</u>	<u>\$ 286,215,161</u>
 Liabilities and Fund Balances				
Liabilities				
Accounts payable	\$ 6,860,187	\$ 5,755,967	\$ 942,640	\$ 13,558,794
Unearned revenue	-	-	219,134,846	219,134,846
Total Liabilities	<u>6,860,187</u>	<u>5,755,967</u>	<u>220,077,486</u>	<u>232,693,640</u>
 Fund Balances				
Unassigned	<u>10,714,690</u>	<u>28,803,752</u>	<u>14,003,079</u>	<u>53,521,521</u>
Total Liabilities and Fund Balances	<u>\$ 17,574,877</u>	<u>\$ 34,559,719</u>	<u>\$ 234,080,565</u>	<u>\$ 286,215,161</u>

MACOMB COUNTY, MICHIGAN
Reconciliation Of The Fund Balances On The Balance Sheet Of
Governmental Funds To The Statement Of Net Assets Of Governmental Activities -
Drainage Districts Component Unit
SEPTEMBER 30, 2011

Total fund balances for governmental funds	\$ 53,521,521
<p>Amounts reported for governmental activities in the Government-Wide Statement of Net Assets are different because:</p>	
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is capitalized and allocated over their estimated useful lives.</p>	
Capital assets	
Land	1,992,428
Infrastructure	359,982,334
Construction in progress	11,361,826
Accumulated depreciation	(88,974,002)
<p>Long-term bonded debt is not due and payable in the current period and, therefore, is not reported in the governmental funds. However, bonded debt is recorded as long-term liabilities in the Government-Wide Statement of Net Assets.</p>	
Bonds issued in prior years	(221,860,326)
Bonds issued during the current year	(12,797,751)
Bond principal repayments	5,805,850
Unamortized bond premiums	(314,564)
Unamortized bond discounts	1,722,736
<p>Bond issue costs are recorded as reductions of financial resources in the governmental funds at the time the bonds are issued. However, they are capitalized and allocated over the life of the bonds in the Statement of Activities.</p>	
	718,112
<p>Special assessments receivable are not available to pay for current expenditures and therefore are recorded as deferred revenue in the governmental funds</p>	
	219,134,846
<p>Accrued interest payable on long-term debt at year-end is not recorded in the governmental funds, but is recorded as a liability in the Statement of Net Assets</p>	
	<u>(2,914,624)</u>
Net assets of governmental activities reported in the Government-Wide Statement of Net Assets	<u><u>\$ 327,378,386</u></u>

MACOMB COUNTY, MICHIGAN
Combining Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds
Drainage Districts Component Unit
Year Ended September 30, 2011

	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Debt Service</u>	<u>Total</u>
Revenues				
Special assessments	\$ -	\$ -	\$ 9,717,381	\$ 9,717,381
Federal & State grants	-	303,764	67,284	371,048
Charges for services	38,336,392	2,932,822	85,123	41,354,337
Investment income	-	124,081	8,309,473	8,433,554
	<u>38,336,392</u>	<u>3,360,667</u>	<u>18,179,261</u>	<u>59,876,320</u>
Total Revenues				
Expenditures				
Current				
Public works	35,343,364	1,312,705	-	36,656,069
Capital outlay	-	29,992,330	-	29,992,330
Debt service				
Principal	-	-	5,805,850	5,805,850
Interest and fees	-	1,743,907	5,683,857	7,427,764
	<u>35,343,364</u>	<u>33,048,942</u>	<u>11,489,707</u>	<u>79,882,013</u>
Total Expenditures				
Excess of Revenues over (under) Expenditures	2,993,028	(29,688,275)	6,689,554	(20,005,693)
Other financing sources (uses)				
Issuance of debt	-	12,797,751	-	12,797,751
Net change in fund balances	2,993,028	(16,890,524)	6,689,554	(7,207,942)
Fund Balances, beginning of year (1)	<u>7,721,662</u>	<u>45,694,276</u>	<u>7,313,525</u>	<u>60,729,463</u>
Fund Balances, end of year	<u>\$ 10,714,690</u>	<u>\$ 28,803,752</u>	<u>\$ 14,003,079</u>	<u>\$ 53,521,521</u>

(1) - As restated. See Note 13

MACOMB COUNTY, MICHIGAN
Reconciliation Of The Statement Of Revenues, Expenditures And Changes
In Fund Balances Of Governmental Funds To The Government-Wide Statement Of Activities -
Drainage Districts Component Unit
YEAR ENDED SEPTEMBER 30, 2011

Net change in fund balances - total governmental funds	\$ (7,207,942)
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is capitalized and allocated over their estimated useful lives.	
Expenditures for capital assets	14,276,515
Current year depreciation expense	(6,830,472)
Repayment of debt principal is recorded as an expenditure in the governmental funds, but is recorded as a reduction of long-term liabilities in the Statement of Net Assets.	5,805,850
The proceeds received as a result of issuing bonds are recorded as revenue in the governmental funds, but are recorded as increases in long-term liabilities in the Statement of Net Assets.	(12,797,751)
Bond discounts and issue costs are recorded as reductions of financial resources in the governmental funds at the time the bonds are issued. However, they are capitalized and allocated over the life of the bonds as amortization expense in Statement of Activities.	
Current year amortization	(117,346)
The change in the amount of deferred revenue in the governmental funds does not provide current financial resources in the Government-Wide Statement of Activities.	3,080,370
The change in amount of accrued interest payable is not recorded in the governmental funds, but is recorded as interest expense in the Government-Wide Statement of Activities.	<u>(1,176,903)</u>
Change in net assets of governmental activities reported in the Statement of Activities	<u><u>\$ (4,967,679)</u></u>

MACOMB COUNTY, MICHIGAN

December 31, 2011

Statistical Section – Unaudited

This part of the County's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, footnotes and required supplementary information says about the County's overall financial health.

Financial Trends (pages E-1 through E-6) - These schedules contain trend information to assist the reader in understanding how the County's financial performance and well-being have changed over time.

Revenue Capacity (pages E-7 through E-10) – These schedules contain information to assist the reader assess the County's most significant local revenue source, the property tax.

Debt Capacity (pages E-11 through E-13) – These schedules present information regarding the affordability of the County's current levels of outstanding debt and its ability to issue additional debt in the future.

Demographic and Economic Information (pages E-14 through E-15) – These schedules present data to assist the reader in understanding the demographic and economic environment that the County operates in.

Operating Information (pages E-16 through E-21) – These schedules contain information regarding the County's employees and infrastructure assets to assist the reader in understanding the services provided by the County.

UNAUDITED

Macomb County, Michigan
Net Assets by Component
Last Ten Years
(accrual basis of accounting, in thousands)

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Governmental activities										
Invested in capital assets, net of related debt (1)	\$ 64,025	\$ 84,830	\$ 103,037	\$ 110,592	\$ 99,280	\$ 116,042	\$ 137,857	\$ 113,415	\$ 103,709	\$ 833,903
Restricted (2)	37,717	27,338	64,780	97,573	117,133	96,409	80,962	67,512	49,849	88,430
Unrestricted (2) (3)	111,874	112,919	88,024	61,479	50,704	7,014	(28,288)	(32,136)	(34,923)	(42,085)
Total governmental activities net assets	<u>213,616</u>	<u>225,087</u>	<u>255,841</u>	<u>269,644</u>	<u>267,117</u>	<u>219,466</u>	<u>190,531</u>	<u>148,791</u>	<u>118,635</u>	<u>880,248</u>
Business-type activities										
Invested in capital assets, net of related debt	3,157	2,574	2,556	6,745	24,214	23,236	1,479	1,460	1,348	1,196
Restricted	6,309	6,236	6,354	6,411	6,724	7,049	8,267	10,221	13,303	16,053
Unrestricted (2)	90,389	86,844	85,159	83,860	82,539	87,479	93,449	102,529	110,843	119,985
Total business-type units net assets	<u>99,855</u>	<u>95,654</u>	<u>94,069</u>	<u>97,016</u>	<u>113,477</u>	<u>117,764</u>	<u>103,195</u>	<u>114,210</u>	<u>125,494</u>	<u>137,234</u>
Primary Government										
Invested in capital assets, net of related debt (1)	67,182	87,404	105,593	117,337	123,494	139,278	139,335	114,875	105,057	835,099
Restricted (2)	44,026	33,574	71,134	103,984	123,857	103,458	89,229	77,733	63,152	104,483
Unrestricted (2) (3)	202,263	199,763	173,183	145,339	133,243	94,494	65,161	70,393	75,914	77,901
Total primary government net assets	<u>\$ 313,471</u>	<u>\$ 320,741</u>	<u>\$ 349,910</u>	<u>\$ 366,660</u>	<u>\$ 380,594</u>	<u>\$ 337,230</u>	<u>\$ 293,727</u>	<u>\$ 263,002</u>	<u>\$ 244,129</u>	<u>\$ 1,017,483</u>

(1) - 2008 restated

(2) - 2009 restated. See Note 14 of the 2010 financial statements.

(3) - 2010 restated. See Note 13 of the 2011 financial statements.

Source: Macomb County Finance Department

UNAUDITED

Macomb County, Michigan
Changes in Net Assets
Last Ten Years
(accrual basis of accounting, in thousands)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011 (1)
Expenses										
Governmental activities										
Legislative	\$ 1,715	\$ 1,833	\$ 1,958	\$ 2,077	\$ 2,250	\$ 2,345	\$ 2,354	\$ 2,115	\$ 1,875	\$ 1,182
Judicial	31,820	32,074	32,738	37,466	40,052	40,672	39,843	38,342	33,417	41,329
General Government	39,247	39,443	47,040	52,597	60,249	94,801	96,873	80,414	78,983	70,407
Public safety	51,446	53,912	60,513	67,118	73,774	76,046	76,264	75,880	71,359	68,450
Public works	319	3,657	2,134	953	1,500	1,157	873	1,851	887	72,568
Health and welfare	61,742	61,776	71,578	76,036	81,220	89,362	85,570	82,039	90,126	83,259
Recreation and culture	2,805	3,503	2,983	2,976	3,096	2,845	2,308	1,740	1,183	825
Other activities	2,917	5,389	2,374	-	-	-	-	-	-	-
Interest on long-term debt	2,425	2,896	3,423	3,763	3,637	4,038	3,479	2,849	2,673	2,476
Total governmental activities expenses	194,436	204,483	224,741	242,986	265,778	311,266	307,564	285,230	280,503	340,497
Business-type activities										
Delinquent tax collections	718	546	866	703	699	868	1,219	2,538	5,495	6,313
Community Mental Health	126,422	135,124	138,755	145,169	171,380	174,125	178,395	188,615	194,117	204,356
Martha T Berry Medical Care Facility	17,410	18,967	19,026	18,017	19,999	21,726	23,393	21,650	22,101	22,007
Freedom Hill Park	1,012	1,063	1,130	1,131	1,127	1,116	1,080	637	313	319
Total business-type activities expenses	145,562	155,700	159,777	165,020	193,205	197,835	204,087	213,440	222,026	232,995
Total primary government expenses	339,998	360,183	384,518	408,006	458,983	509,101	511,651	498,670	502,529	573,492
Program revenues										
Governmental activities										
Charges for services										
Judicial	5,593	5,797	6,060	6,666	6,973	7,017	5,935	5,972	6,826	6,022
General Government	16,658	19,730	18,439	20,085	15,118	13,288	13,250	15,166	16,697	17,360
Public safety	7,407	8,078	8,812	8,931	12,736	13,864	15,544	13,898	13,280	13,773
Public works	-	-	-	-	-	-	-	-	-	19,651
Health and welfare	11,198	12,960	12,821	11,474	11,836	12,660	9,758	10,853	13,095	11,195
Recreation and culture	-	286	309	310	321	120	115	84	86	-
Operating grants and contributions	44,996	43,500	50,190	54,003	56,334	59,335	60,072	56,077	62,812	57,797
Capital grants and contributions	716	232	3,198	1,538	3,813	2,725	1,062	2,161	2,333	56,655
Total governmental activities program revenues	86,568	90,583	99,829	103,007	107,130	109,009	105,736	104,211	115,130	182,452
Business-type activities										
Charges for services										
Delinquent tax collections	6,830	7,401	7,465	6,366	8,211	12,119	14,177	17,524	20,237	21,718
Community Mental Health	82,650	93,752	97,609	139,403	161,597	167,342	173,065	183,698	161,943	168,557
Martha T Berry Medical Care Facility	13,723	14,260	13,366	12,340	13,880	18,609	19,723	20,857	22,761	23,197
Freedom Hill Park	223	259	242	264	254	242	255	173	184	173
Operating grants and contributions	38,543	35,907	35,803	288	2,927	372	415	469	31,625	34,298
Total business-type activities program revenues	141,969	151,579	154,485	158,661	186,869	198,684	207,635	222,720	236,751	247,943
Total primary government program revenues	228,537	242,162	254,314	261,668	293,999	307,693	313,371	326,932	351,881	430,395
Net (Expense) Revenue										
Governmental activities	(107,868)	(113,900)	(124,912)	(139,979)	(158,648)	(202,257)	(201,828)	(181,019)	(165,373)	(158,045)
Business-type activities	(3,593)	(4,121)	(5,292)	(6,359)	(6,336)	849	3,548	9,280	14,725	14,948
Total primary government net expenses	\$ (111,461)	\$ (118,021)	\$ (130,204)	\$ (146,338)	\$ (164,984)	\$ (201,408)	\$ (198,280)	\$ (171,738)	\$ (150,648)	\$ (143,097)

(1) - The former Road Commission Discretely Presented Component Unit was dissolved in 2011 and became a department under the direction of the County Executive. Data relative to the Department of Roads is categorized as Public Works. Revenue and expense data for years prior to 2011 does not include information relative to the Department of Roads.

Source: Macomb County Finance Department

UNAUDITED

Macomb County, Michigan
Changes in Net Assets (concluded)
Last Ten Years
 (accrual basis of accounting, in thousands)

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
General Revenues										
Governmental activities										
Property taxes	\$ 96,531	\$ 104,047	\$ 145,946	\$ 153,326	\$ 164,855	\$ 141,903	\$ 132,539	\$ 139,470	\$ 127,976	\$ 119,762
Intergovernmental revenues - restricted	-	-	-	493	-	-	-	-	-	-
Intergovernmental revenues - unrestricted	18,454	16,351	8,260	1,943	2,263	2,392	801	2,365	2,215	2,307
Investment earnings	5,711	4,152	3,433	6,456	9,529	10,635	6,645	2,699	1,070	779
Gain (loss) on sale of assets	8	(3)	-	-	-	-	-	-	-	-
Transfers	(101,422)	825	(1,974)	(8,435)	(20,525)	(325)	(1,486)	(1,909)	3,950	4,175
Total governmental activities	<u>19,282</u>	<u>125,372</u>	<u>155,665</u>	<u>153,783</u>	<u>156,122</u>	<u>154,605</u>	<u>138,499</u>	<u>142,625</u>	<u>135,211</u>	<u>127,023</u>
Business-type activities										
Investment earnings	2,059	1,106	1,052	1,856	3,060	2,966	2,164	1,019	136	214
Transfers	101,389	(1,184)	2,655	7,449	19,735	473	519	(1,456)	(3,578)	(3,421)
Total business-type activities	<u>103,448</u>	<u>(78)</u>	<u>3,707</u>	<u>9,305</u>	<u>22,795</u>	<u>3,439</u>	<u>2,683</u>	<u>(437)</u>	<u>(3,442)</u>	<u>(3,208)</u>
Total primary government	<u>122,730</u>	<u>125,294</u>	<u>159,372</u>	<u>163,088</u>	<u>178,917</u>	<u>158,044</u>	<u>141,182</u>	<u>142,188</u>	<u>131,769</u>	<u>123,815</u>
Change in Net Assets										
Governmental activities	(88,586)	11,472	30,753	13,804	(2,526)	(47,652)	(63,329)	(38,394)	(30,162)	(31,022)
Business-type activities	99,855	(4,199)	(1,585)	2,946	16,459	4,288	6,231	8,843	11,284	11,740
Total primary government net revenue	<u>\$ 11,269</u>	<u>\$ 7,273</u>	<u>\$ 29,168</u>	<u>\$ 16,750</u>	<u>\$ 13,933</u>	<u>\$ (43,364)</u>	<u>\$ (57,098)</u>	<u>\$ (29,550)</u>	<u>\$ (18,878)</u>	<u>\$ (19,282)</u>

Source: Macomb County Finance Department

UNAUDITED

Macomb County, Michigan
Fund Balances - Governmental Funds
Last Ten Years
(modified accrual basis of accounting, in thousands)

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011 (3)</u>
General Fund										
Reserved	\$ 1,365	\$ 300	\$ 300	\$ 300	\$ 300	\$ 300	\$ 295	\$ 295	\$ 295	\$ -
Unreserved (2)	59,056	65,214	62,439	53,302	46,012	39,454	32,134	40,241	50,280	-
Nonspendable	-	-	-	-	-	-	-	-	-	295
Unassigned	-	-	-	-	-	-	-	-	-	57,639
Total general fund	<u>\$ 60,421</u>	<u>\$ 65,514</u>	<u>\$ 62,739</u>	<u>\$ 53,602</u>	<u>\$ 46,312</u>	<u>\$ 39,754</u>	<u>\$ 32,429</u>	<u>\$ 40,536</u>	<u>\$ 50,575</u>	<u>\$ 57,934</u>
All Other Governmental Funds										
Reserved (1)	\$ 37,748	\$ 27,368	\$ 64,811	\$ 97,604	\$ 117,134	\$ 96,409	\$ 80,962	\$ 59,906	\$ 49,849	\$ -
Unreserved, reported in										
Special Revenue Funds	11,054	11,212	9,542	9,528	8,884	11,011	11,574	6,633	8,536	-
Debt Service Funds	-	-	-	-	-	-	-	7,037	-	-
Capital Projects Funds	29,002	23,104	18,181	15,727	10,782	15,225	10,668	16,611	22,922	-
Nonspendable (3)	-	-	-	-	-	-	-	-	-	4,555
Restricted (3)	-	-	-	-	-	-	-	-	-	82,392
Assigned (3)	-	-	-	-	-	-	-	-	-	34,238
Total all other governmental funds	<u>\$ 77,804</u>	<u>\$ 61,684</u>	<u>\$ 92,534</u>	<u>\$ 122,859</u>	<u>\$ 136,800</u>	<u>\$ 122,645</u>	<u>\$ 103,204</u>	<u>\$ 90,187</u>	<u>\$ 81,307</u>	<u>\$ 121,185</u>

(1) - 2009 restated. See Note 14 of the 2010 financial statements.

(2) - 2010 restated. See Note 13 of the 2011 financial statements.

(3) - The County adopted GASB 54 in 2011. That statement created new fund balance classifications that have not been reflected on this schedule in years prior to 2011. In addition, the Health, Library and Senior Citizens Special Revenue Funds have been combined with the General Fund for financial statement purposes in 2011. Financial data pertaining to those funds is included in the Other Governmental Funds category for years prior to 2011.

Source: Macomb County Finance Department

Macomb County, Michigan
Changes in Fund Balances - Governmental Funds
Last Ten Years
(modified accrual basis of accounting, in thousands)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011 (1)
Revenues										
Property taxes	\$ 96,531	\$ 104,046	\$ 145,946	\$ 153,326	\$ 164,855	\$ 141,903	\$ 132,539	\$ 139,470	\$ 127,976	\$ 119,762
Licenses and permits	1,030	1,054	1,087	1,203	1,166	1,653	1,243	1,321	1,427	1,733
Federal & State grants	63,981	59,856	61,642	57,690	60,758	64,143	60,587	58,641	66,498	116,401
Other grants	185	313	7	287	251	308	1,348	1,963	861	392
Charges for services	37,276	43,659	41,958	45,832	45,019	42,484	38,322	42,544	47,067	52,948
Investment income	5,711	4,152	3,433	6,456	9,529	10,635	6,645	2,699	1,070	744
Charges to other funds for administrative services	8,855	9,275	10,517	11,088	11,425	11,925	14,522	15,162	10,258	8,250
Fines and forfeitures	1,075	1,097	1,981	1,790	1,438	1,382	3,392	1,923	1,204	1,791
Other revenue	1,476	956	1,415	581	1,455	1,430	1,645	186	286	2,649
Total Revenues	216,120	224,408	267,986	278,253	295,896	275,863	260,243	263,909	256,648	304,670
Expenditures										
Legislative	1,715	1,833	1,958	2,077	2,250	2,345	2,354	2,115	1,875	1,182
Judicial	30,125	30,638	31,391	35,369	37,865	37,835	37,506	36,286	32,177	40,202
General government	44,697	46,351	49,570	55,724	60,273	58,640	58,809	55,179	50,817	42,330
Public safety	48,531	52,211	58,294	64,883	69,919	72,748	70,692	70,375	65,887	63,226
Public works	319	3,657	2,134	954	1,500	1,157	873	1,851	887	69,026
Health and welfare	60,632	61,370	69,848	73,868	79,290	87,191	83,292	79,354	87,112	80,209
Recreation and cultural	2,763	3,503	2,909	2,904	3,024	2,782	2,232	1,669	1,113	763
Other	2,918	3,793	4,733	5,481	5,460	5,619	5,189	4,985	1,246	963
Capital outlay	25,652	26,554	29,930	23,771	17,381	19,321	11,343	6,059	5,388	4,781
Debt service										
Principal	1,620	3,070	2,985	3,560	4,470	4,750	4,690	4,585	5,165	5,666
Interest and fees	1,861	2,504	2,733	3,064	3,622	3,412	3,152	2,883	2,706	2,511
Bond issuance costs	87	64	220	288	-	114	61	-	-	-
Total Expenditures	220,920	235,548	256,705	271,943	285,054	295,914	280,193	265,341	254,373	310,860
Excess of Revenues over (under) Expenditures	(4,800)	(11,140)	11,281	6,310	10,842	(20,051)	(19,950)	(1,432)	2,275	(6,190)
Other financing sources (uses)										
Issuance of debt	40,885	-	19,350	22,255	-	16,895	2,605	-	-	829
Transfers in	59,682	67,515	76,791	84,041	90,160	102,574	104,057	87,734	86,547	65,813
Transfers out	(69,710)	(67,467)	(79,176)	(88,412)	(94,350)	(103,350)	(107,817)	(90,038)	(82,935)	(68,476)
Transfers to component units	(765)	-	-	-	-	-	-	-	-	-
Bond discounts	(237)	-	(172)	(205)	-	(168)	34	-	-	-
Proceeds of refunding debt	-	5,830	-	-	-	-	-	-	-	-
Payment to refunding debt escrow agent	(8,798)	(5,765)	-	(2,802)	-	(16,614)	(5,696)	-	-	-
Total Other financing sources (uses)	21,057	113	16,793	14,877	(4,190)	(663)	(6,817)	(2,304)	3,612	(1,834)
Net change in fund balances	\$ 16,257	\$ (11,027)	\$ 28,074	\$ 21,187	\$ 6,652	\$ (20,714)	\$ (26,767)	\$ (3,736)	\$ 5,887	\$ (8,024)
Debt service as % of noncapital expenditures	1.82%	2.68%	2.60%	2.72%	3.02%	2.97%	2.93%	2.87%	3.14%	2.98%
Source: Macomb County Finance Department										
	25,104	24,957	28,661	17,767	14,887	17,170	10,825			
DO NOT PRINT THIS AREA - FOR CHECKING PURPOSES ONLY										
Total governmental expenditures	220,920	235,548	256,705	271,943	285,054	295,914	280,193	265,341	254,373	310,860
Less Capital outlay (amt capitalized at gov-wide level)	(25,105)	(24,957)	(28,661)	(17,766)	(17,143)	(17,170)	(10,825)	(5,098)	(3,945)	(4,781)
Total governmental expenditure less capital outlay	195,815	210,591	228,044	254,177	267,911	278,744	269,368	260,243	250,428	306,079
Total debt service	3,568	5,638	5,938	6,912	8,092	8,276	7,903	7,468	7,871	8,177
	1.82%	2.68%	2.60%	2.72%	3.02%	2.97%	2.93%	2.87%	3.14%	2.67%

(1) - The former Road Commission Discretely Presented Component Unit was dissolved in 2011 and became a department under the direction of the County Executive. Data relative to the Department of Roads is categorized as Public Works. Revenue and expense data for years prior to 2011 does not include information relative to the Department of Roads.

MACOMB COUNTY, MICHIGAN
Changes in Fund Balances - General Fund
Last Ten Years
(modified accrual basis of accounting, in thousands)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011 (1)
Revenues										
Taxes	\$ 96,389	\$ 103,905	\$ 108,025	\$ 115,340	\$ 126,970	\$ 141,691	\$ 132,362	\$ 138,020	\$ 126,587	\$ 118,516
Licenses and permits	377	392	397	391	331	308	348	379	411	1,408
Federal & State grants	24,247	21,875	14,756	8,422	8,625	8,408	7,058	8,095	7,831	12,290
Charges for services	25,759	28,747	26,754	30,297	30,330	27,571	25,952	26,821	28,666	29,453
Investment income	4,462	2,331	2,565	4,704	5,957	6,591	2,980	1,432	806	339
Charges to other funds for administrative services	8,855	9,275	10,517	11,088	11,425	11,925	14,522	15,162	10,258	8,250
Fines and forfeitures	856	933	1,059	1,046	865	698	672	768	751	729
Other revenue	227	223	207	167	68	277	200	104	150	162
Total Revenues	161,172	167,681	164,280	171,455	184,571	197,469	184,094	190,781	175,461	171,145
Expenditures										
Legislative	1,715	1,833	1,958	2,077	2,250	2,345	2,354	2,115	1,875	1,182
Judicial	19,219	19,101	19,452	22,779	23,707	24,197	24,200	22,854	21,896	28,052
General government	43,885	45,924	48,848	54,425	58,298	57,996	57,492	53,770	49,498	40,998
Public safety	44,360	47,976	51,927	56,692	62,031	63,860	63,924	62,915	57,341	57,418
Health and welfare	712	678	776	713	787	697	452	2	1	20,581
Recreation and cultural	-	-	-	-	-	-	-	-	-	749
Other	2,918	3,793	4,733	5,481	5,460	5,619	5,188	4,985	1,246	963
Capital outlay	769	749	722	802	706	617	307	270	360	244
Total Expenditures	113,578	120,054	128,416	142,969	153,239	155,331	153,917	146,911	132,217	150,188
Excess of Revenues over (under) Expenditures	47,594	47,627	35,864	28,486	31,332	42,138	30,177	43,870	43,244	20,958
Other financing sources (uses)										
Transfers in	7,805	9,655	19,669	22,724	23,340	23,877	27,356	24,818	24,806	24,998
Transfers out	(49,195)	(52,189)	(58,308)	(60,347)	(61,961)	(72,574)	(64,858)	(60,581)	(53,284)	(40,758)
Total Other financing sources (uses)	(41,390)	(42,534)	(38,639)	(37,623)	(38,621)	(48,697)	(37,502)	(35,763)	(28,478)	(15,760)
Net change in fund balances	\$ 6,204	\$ 5,093	\$ (2,775)	\$ (9,137)	\$ (7,289)	\$ (6,559)	\$ (7,325)	\$ 8,107	\$ 14,766	\$ 5,198

(1) - The County adopted GASB 54 in 2011. Accordingly, the activity of the Health, Library and Senior Citizens Special Revenue Funds has been combined with the General Fund for financial statement purposes in 2011. Financial data pertaining to those funds has not been included for years prior to 2011.

Source: Macomb County Finance Department

Macomb County, Michigan
Assessed and Actual Value of Taxable Property
Last Ten Years
(in thousands of dollars)

Year	Assessed Values						Total Assessed Value	Total Actual Estimated Value	Total Direct Tax Rate
	Agricultural Property	Commercial Property	Industrial Property	Residential Property	Developmental Property	Personal Property			
2002	\$ 91,710	\$ 2,746,541	\$ 1,805,521	\$ 16,877,117	\$ 16,750	\$ 2,668,666	\$ 24,206,307	\$ 48,412,614	4.2058
2003	86,213	2,899,405	1,904,056	17,928,699	24,403	2,730,451	25,573,225	51,146,450	4.2058
2004	88,809	3,070,056	1,993,113	19,159,039	32,411	2,637,103	26,980,530	53,961,060	4.2058
2005	89,477	3,256,304	2,103,638	20,489,780	39,290	2,624,238	28,602,727	57,205,454	4.2058
2006	90,755	3,493,198	2,206,807	21,920,822	49,452	2,612,885	30,373,918	60,747,836	4.2055
2007	95,800	3,752,879	2,263,653	23,097,856	50,800	2,601,682	31,862,670	63,725,340	4.2055
2008	99,611	3,910,548	2,154,165	23,063,322	47,768	2,537,472	31,812,886	63,625,772	4.2455
2009	104,963	4,036,043	2,146,151	21,941,441	49,434	2,609,895	30,887,928	61,775,856	4.6135
2010	107,696	4,019,758	1,962,915	19,251,025	38,705	2,393,262	27,773,361	55,546,722	4.6135
2011	121,390	3,793,239	1,631,341	17,962,447	2,719	2,329,310	25,840,446	51,680,892	4.6135

Source: Macomb County Equalization Department

Macomb County, Michigan Direct and Overlapping Property Tax Rates Last Ten Years

(rate per \$1,000 of taxable value)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
County direct rate										
Operation	4.2000	4.2000	4.2000	4.2000	4.2000	4.2000	4.2000	4.5685	4.5685	4.5685
County drain debt	0.0058	0.0058	0.0058	0.0058	0.0055	0.0055	0.0055	0.0050	0.0050	0.0050
County Veteran	-	-	-	-	-	-	0.0400	0.0400	0.0400	0.0400
Total direct rate	4.2058	4.2058	4.2058	4.2058	4.2055	4.2055	4.2455	4.6135	4.6135	4.6135
Overlapping rates										
Cities:										
Center Line	20.1750	20.6360	21.2997	23.1496	23.2656	22.6223	21.2329	23.8266	24.9025	31.7022
Eastpointe	18.1074	18.4002	17.9541	18.9845	25.8009	23.8711	24.1214	24.0133	25.0978	25.2113
Fraser	18.1100	18.0000	18.0000	18.1382	18.1382	18.1382	18.1382	18.1382	18.1382	18.7659
Grosse Pointe Shores	-	-	-	-	-	-	-	15.8900	15.8900	17.1400
Memphis	15.4344	15.1195	15.1195	14.8019	14.3889	14.2953	14.2953	14.2953	14.2953	14.2953
Mt. Clemens	22.4989	22.2498	22.0327	21.2434	21.2434	18.2159	18.2159	18.2159	18.2159	18.3511
New Baltimore	14.1189	13.7745	12.8439	14.4123	13.8955	13.8955	13.9445	14.2795	14.9715	14.9405
Richmond	21.4501	20.8232	20.0127	18.7026	18.6526	18.4826	18.4326	16.6526	16.6526	16.6526
Roseville	16.3800	16.3800	16.3800	16.3800	16.3800	21.3800	21.3800	21.3800	21.3800	21.3800
St. Clair Shores	15.0063	15.4504	15.8504	17.9863	18.2755	18.3316	18.8982	18.2280	18.0406	19.3562
Sterling Heights	10.6300	10.6250	10.6250	10.6250	10.7250	10.7250	10.7858	10.7858	12.6858	12.6858
Utica	21.1418	21.2473	21.4636	21.9024	21.9198	21.4758	21.7201	21.8835	21.9794	21.6998
Warren	16.2524	16.1924	16.1924	16.9424	16.9424	16.9424	16.9424	16.9424	17.7924	17.7924
Townships (rates range)										
Low	0.8043	0.7992	0.7713	0.7797	0.7794	0.7794	0.7794	2.5558	3.2312	3.2812
High	13.7958	13.8955	13.8934	13.7278	15.1516	14.7275	15.0575	15.0575	15.3516	15.3816
Villages (rates range)										
Low	14.5543	14.4987	13.8141	14.7547	14.7438	15.0794	15.0794	16.5004	16.5004	16.5354
High	25.3993	24.6899	19.4654	19.4508	19.4508	19.0936	19.0936	18.8436	18.8436	18.8436
School districts (rates range)										
Low	9.1500	9.3000	9.3000	9.2000	8.9000	8.9000	8.9000	8.9000	9.7500	9.8600
High	36.4488	35.2263	35.9310	35.4143	35.4143	35.4143	35.4143	35.4143	35.4143	35.4143
Intermediate school district	2.9865	2.9729	2.9615	2.9430	2.9430	2.9430	2.9430	2.9430	2.9430	2.9430
Community college	1.6925	1.5859	1.5002	1.4212	1.4212	1.4212	1.4212	1.4212	1.4212	1.5712
SMART Regional Transportation	0.6000	0.5973	0.5949	0.5912	0.5900	0.5900	0.5900	0.5900	0.5900	0.5900
HCM Park Authority	0.2170	0.2161	0.2154	0.2146	0.2146	0.2146	0.2146	0.2146	0.2146	0.2146
ZOO Authority	-	-	-	-	-	-	0.1000	0.1000	0.1000	0.1000

Macomb County, Michigan
Principal Property Tax Payers
Current Year and Nine Years Ago

Taxpayer	2011			2002		
	Taxable Value	Rank	Percentage of Total County Taxable Value	Taxable Value	Rank	Percentage of Total County Taxable Value
GENERAL MOTORS	\$ 281,835,409	1	1.05%	\$ 356,525,225	2	1.80%
CHRYSLER CORPORATION	264,860,738	2	0.99%	410,617,201	1	2.07%
DETROIT EDISON	240,480,219	3	0.90%	297,720,557	3	1.50%
FORD MOTOR COMPANY	200,411,870	4	0.75%	118,447,260	6	0.60%
CONSUMERS ENERGY	96,264,531	5	0.36%	121,275,158	5	0.61%
INTERNATIONAL TRANS.	62,204,979	6	0.23%	-	-	0.00%
MEIJER	53,968,997	7	0.20%	42,913,636	7	0.22%
COMCAST	48,773,034	8	0.18%	-	-	0.00%
MALL AT PARTRIDGE CREEK	33,290,600	9	0.12%	-	-	0.00%
WALMART	32,869,001	10	0.12%	-	-	0.00%
VISTEON	-		0.00%	204,873,286	4	1.03%
LAKESIDE ASSOCIATES	-		0.00%	37,417,200	8	0.19%
ART VAN FURNITURE	-		0.00%	33,113,792	9	0.17%
DUPONT	-		0.00%	30,587,400	10	0.15%
	<u>\$ 1,314,959,378</u>		<u>4.92%</u>	<u>\$ 1,653,490,715</u>		<u>8.34%</u>

Source: Macomb County Equalization Department

UNAUDITED

MACOMB COUNTY
Property Tax Levies and Collections
Last Ten Years

<u>Year</u>	<u>Taxes Levied for the Fiscal Year</u>	<u>Collected within the Fiscal Year of the Levy</u>		<u>Subsequent Years Collections</u>	<u>Total Collections to Date</u>	
		<u>Amount</u>	<u>% of Levy</u>		<u>Amount</u>	<u>% of Levy</u>
2002	\$ 97,887,664	\$ 95,833,685	97.90%	\$ 2,050,898	\$ 97,884,583	100.00%
2003	104,447,066	103,230,735	98.84%	1,212,560	104,443,295	100.00%
2004	109,802,442	107,355,031	97.77%	2,429,790	109,784,821	99.98%
2005	115,602,340	114,604,662	99.14%	991,393	115,596,055	99.99%
2006	129,938,194	126,412,193	97.29%	3,476,990	129,889,183	99.96%
2007	136,819,673	123,526,358	90.28%	11,472,131	134,998,489	98.67%
2008	138,024,533	122,395,032	88.68%	8,611,855	131,006,887	94.92%
2009	141,108,452	130,591,323	92.55%	6,700,080	137,291,403	97.29%
2010	129,683,069	115,652,424	89.18%	5,452,483	121,104,907	93.39%
2011	120,899,127	110,808,310	91.65%	4,337,877	115,146,187	95.24%

Source: Collections - Macomb County Treasurer Department
Tax Levy - Macomb County Finance Department

UNAUDITED

MACOMB COUNTY
Ratios of General Bonded Debt Outstanding
Last Ten Years

Year	General Obligation Bonds	Less: Amounts Restricted to Repaying Principal	Total	% of Personal Income	% of Total Assessed Value of Property	Net General Obligation Debt Per Capita
2002	\$ 59,175,000	\$ 6,663,027	\$ 52,511,973	0.20%	0.22%	\$ 65.20
2003	56,385,000	6,620,170	49,764,830	0.18%	0.19%	60.63
2004	72,750,000	6,438,925	66,311,075	0.24%	0.25%	80.61
2005	88,770,000	6,290,152	82,479,848	0.29%	0.29%	99.44
2006	84,300,000	6,036,145	78,263,855	0.36%	0.26%	93.97
2007	80,245,000	5,582,598	74,662,402	0.34%	0.23%	89.84
2008	72,815,000	5,591,223	67,223,777	0.30%	0.21%	80.93
2009	68,230,000	5,343,430	62,886,570	0.28%	0.20%	75.46
2010	63,065,000	4,495,309	58,569,691	0.26%	0.21%	69.64
2011	57,940,000	3,341,563	54,598,437	0.27%	0.21%	64.83

Source: Macomb County Finance Department and Municipal Advisory Council of Michigan

MACOMB COUNTY
Computation of Net Direct and Overlapping Debt
As of December 31, 2011

	<u>Gross Amount Outstanding</u>	<u>Self-Supporting or Paid by Benefiting Entity</u>	<u>Gross, Less Self Supporting</u>	<u>Share of Overlapping Debt</u>	<u>% Overlapping</u>
Direct debt					
Macomb County Building Authority	\$ 48,750,000	\$ -	\$ 48,750,000	\$ 48,750,000	
Criminal Justice Building Authority	2,135,000	-	2,135,000	2,135,000	
Michigan Transportation bonds	6,560,000	-	6,560,000	6,560,000	
Department of Roads Loans	1,215,344	720,344	495,000	495,000	
Public Works - water and sewer debt	<u>228,852,227</u>	<u>228,852,227</u>	<u>-</u>	<u>-</u>	
Net direct debt	<u>\$ 287,512,571</u>	<u>\$ 229,572,571</u>	57,940,000	57,940,000	
Overlapping debt					
School districts			2,422,276,998	2,160,154,123	89.2%
Cities			354,563,549	347,200,400	97.9%
Township			243,730,193	243,730,193	100.0%
Villages			17,536,206	17,536,206	100.0%
Intermediate school district			70,275,000	146,502	0.2%
Library			<u>13,695,000</u>	<u>13,695,000</u>	100.0%
Net overlapping debt			<u>3,122,076,946</u>	<u>2,782,462,424</u>	89.1%
Net direct and overlapping debt			<u>\$ 3,180,016,946</u>	<u>\$ 2,840,402,424</u>	89.3%

Source: Macomb County Finance Department and Municipal Advisory Council of Michigan

MACOMB COUNTY
Legal Debt Margin
Last Ten Years

Legal Debt Margin Calculation for 2011

2011 Taxable Value	<u>\$ 25,840,445,900</u>
Debt Limit (10% of Assessed Taxable Value)	2,584,044,590
Outstanding Long-term Debt	<u>287,512,571</u>
LEGAL DEBT MARGIN	<u>\$ 2,296,532,019</u>

<u>Years</u>	<u>Debt Limit</u>	<u>Total Net Debt Applicable to Limit</u>	<u>Legal Debt Margin</u>	<u>Total Net Debt Applicable to Limit as a Percentage of Debt Limit</u>
2002	#####	\$ 133,480,598	\$ 2,287,150,052	5.51%
2003	2,557,322,540	137,655,000	2,419,667,540	5.38%
2004	2,698,053,037	155,315,604	2,542,737,433	5.76%
2005	2,860,272,652	158,405,000	2,701,867,652	5.54%
2006	3,037,391,836	150,180,000	2,887,211,836	4.94%
2007	3,186,266,993	160,005,000	3,026,264,993	5.02%
2008	3,193,793,316	174,130,000	3,007,158,649	5.45%
2009	3,107,998,931	177,076,637	2,930,922,294	5.70%
2010	2,777,336,090	284,925,326	2,492,410,764	10.26%
2011	2,584,044,590	287,512,571	2,296,532,019	11.13%

Source: Macomb County Finance Department

UNAUDITED

MACOMB COUNTY
Demographic and Economic Statistics
Last Ten Years

<u>Years</u>	<u>Population</u>	<u>Personal Income (thousands of dollars)</u>	<u>Per Capita Personal Income</u>	<u>Unemployment Rate</u>
2002	805,395	\$ 26,724,410	\$ 33,054	5.7%
2003	820,739	27,821,090	34,107	6.6%
2004	822,660	27,774,429	33,735	8.2%
2005	829,453	28,814,941	34,761	7.8%
2006	832,861	21,576,097	25,906	8.0%
2007	831,077	22,272,864	26,800	9.0%
2008	830,663	22,763,488	27,404	8.9%
2009	833,430	22,533,447	27,037	18.4%
2010	840,978	22,306,100	26,524	14.4%
2011	842,145	20,587,077	24,446	11.5%

Source: Macomb County Finance Department
U.S. Bureau of Labor Statistics

UNAUDITED

MACOMB COUNTY
Principal Employers
Current Year and Nine Years Ago

Employer	2011			2002		
	Employees	Rank	% of Total County Employment	Employees	Rank	% of Total County Employment
General Motors	11,932	1	4.39%	14,621	1	4.55%
Chrysler Corporation	7,692	2	2.83%	12,000	2	3.73%
U.S. Government	7,027	3	2.59%	4,314	4	1.34%
Ford Motor Company	4,246	4	1.56%	11,149	3	3.47%
Henry Ford Health System	4,107	5	1.51%	1,270	12	0.39%
St. John Health System	3,857	6	1.42%	3,399	5	1.06%
Utica Community Schools	3,195	7	1.18%	-	-	-
General Dynamics	2,920	8	1.08%	1,762	10	0.55%
Macomb County	2,316	9	0.85%	2,340	6	0.73%
Mt. Clemens Med. Center	1,487	10	0.55%	1,811	9	0.56%
Chippewa Valley Schools	1,375	11	0.51%	-	-	-
State of Michigan	1,345	12	0.50%	1,160	13	0.36%
Warren Consolidated Schools	1,300	13	0.48%	-	-	-
U.S. Postal Service	1,282	14	0.47%	1,714	11	0.53%
L'Anse Creuse Public Schools	1,195	15	0.44%	-	-	-
Faurecia	1,000	16	0.37%	-	-	-
Art Van Furniture	900	17	0.33%	-	-	-
Macomb Intermediate School Dist.	872	18	0.32%	-	-	-
Asset Acceptance Capital	815	19	0.30%	-	-	-
Campbell-Ewald Co.	810	20	0.30%	-	-	-
Kmart Co	-	-	-	2,100	7	0.65%
Mercy Health Services Inc.	-	-	-	1,859	8	0.58%
Kroger Co of Michigan	-	-	-	1,135	14	0.35%
TRW Inc.	-	-	-	966	15	0.30%
Aetna Industries Inc.	-	-	-	890	16	0.28%
Ameritech Michigan	-	-	-	850	17	0.26%
EDS	-	-	-	800	18	0.25%
Collins & Alkman Corp	-	-	-	787	19	0.24%
Farmer Jack	-	-	-	774	20	0.24%
	<u>59,673</u>		<u>13.77%</u>	<u>65,701</u>		<u>15.46%</u>

Source: Macomb County Finance Department
Crain's Detroit Business

MACOMB COUNTY
Full-Time Equivalent County Government Employees by Function/Program
Last Ten Years

Function/Program	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Legislative										
Board of Commissioners	25	26	26	26	26	26	26	26	26	19
Judicial										
Circuit Court	57	62	65	65	65	67	67	67	66	63
Family Counseling Services	-	-	-	-	-	-	1	1	1	1
District Court Div. 1	13	13	13	13	13	13	13	13	13	13
District Court Div. 2	18	18	18	18	18	18	18	18	18	18
Friend of the Court	121	122	124	125	125	126	125	121	121	121
Probate Court - Estates	27	31	31	31	31	31	31	31	30	29
Probate Court - Juvenile	70	69	68	68	64	62	62	59	56	51
Probate Court - Mental Division	10	10	10	12	12	12	11	10	8	8
Probation	14	16	16	18	19	19	19	16	14	12
General Government										
County Administration	7	7	9	9	9	9	9	7	7	6
Corporation Counsel	7	8	9	9	9	9	9	8	8	8
Budget	2	2	2	2	2	2	2	-	-	-
Finance	25	25	25	25	25	25	25	26	20	20
Purchasing	22	22	24	24	23	23	23	21	18	18
Reimbursement	14	15	15	15	15	15	15	13	13	12
Information & Tech Systems	45	48	48	49	48	49	49	42	35	36
Equalization	16	16	16	15	14	14	13	11	11	11
Human Resources	22	23	29	29	28	28	28	25	22	22
Clerk/Register	86	92	96	98	98	99	99	89	82	79
Treasurer	34	34	34	34	34	34	34	32	31	31
Public Works	51	51	55	57	58	58	60	59	55	55
M.S.U. County Extension	75	76	76	77	76	76	76	51	50	50
Planning & Econ Dev	33	33	35	35	37	37	36	33	33	33
Risk Management	4	4	4	4	4	4	4	4	4	4
Facilities & Operations	113	115	123	124	124	127	126	114	104	99
Prosecuting Attorney	114	117	120	123	140	141	141	117	107	122
Public Safety										
Sheriff	470	478	475	501	503	503	503	498	487	477
Technical Services	10	10	10	10	10	10	10	9	8	8
Emergency Services	3	3	4	4	4	4	7	6	6	6
Community Corrections	-	-	9	10	11	11	11	11	11	11
Health										
Environmental Health	48	48	48	48	50	50	50	-	-	-
Pubic Health	229	227	226	229	226	223	223	251	241	239
Community Mental Health	326	328	330	330	330	333	333	334	334	334
Substance Abuse	10	10	10	10	10	10	10	10	10	10
Social Services										
Child Care - Youth Home	112	112	122	122	140	141	141	146	138	137
Medical Care Facility	235	237	236	240	244	244	243	231	231	231
Veterans Services	4	7	6	6	6	6	6	10	10	10
Senior Citizen Services	36	37	39	39	38	38	38	32	32	30
Community Services Agency	284	301	308	267	260	257	243	253	283	283
Macomb/St. Clair Employment	44	45	42	42	43	41	41	68	68	68
Culture & Recreation										
Parks & recreation	8	8	8	8	9	9	9	-	-	-
Library	67	67	67	67	65	65	57	16	11	10
Total	2,911	2,973	3,031	3,038	3,066	3,069	3,047	2,889	2,823	2,795

MACOMB COUNTY, MICHIGAN
Operating Indicators By Function/Program
December 31, 2011

Function/Program	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Judicial:										
Circuit Court										
Caseload	17,561	17,080	17,225	23,076	23,992	23,988	24,030	23,001	22,793	20,788
District Court - Romeo										
Caseload	13,830	13,630	13,143	14,059	11,362	8,637	9,950	9,502	9,819	9,760
District Court - New Baltimore										
Caseload	17,792	15,346	22,935	25,000	18,965	15,141	15,000	15,607	15,175	14,405
Prosecuting Attorney										
Felony warrants issued	6,523	7,815	8,133	8,758	8,432	8,623	8,990	N/A	N/A	N/A
Misdemeanors issued	11,133	11,038	9,741	9,376	9,902	9,929	10,122	N/A	N/A	N/A
General Government:										
County Clerk										
Birth records	4,772	4,514	4,713	4,445	4,273	3,866	3,539	2,837	6,052	5,768
Death records	5,832	5,558	5,942	6,113	6,084	5,465	4,943	4,881	4,791	5,065
Marriage licenses	5,545	4,934	5,603	5,445	5,221	5,111	4,947	4,625	4,864	5,169
Public Works										
Inspections	20,893	19,844	20,599	16,320	11,577	12,092	14,197	8,021	6,451	6,037
Public Safety:										
Sheriff										
Complaints handled	99,645	88,267	83,078	105,996	109,328	105,323	103,115	100,603	98,189	94,821
Inmate bookings	26,084	21,674	22,563	23,259	22,574	22,059	21,706	20,166	19,814	18,464
Arrests made	8,234	8,147	8,305	10,571	10,420	9,370	8,679	8,139	7,249	6,602
Crashes investigated	4,430	3,262	3,486	4,913	4,150	4,874	4,898	2,971	4,042	4,048
Health and Welfare:										
Health Department										
Vaccines administered	74,467	62,907	53,746	82,245	59,658	79,136	75,036	114,953	100,036	70,711
Animals received at animal shelter	12,908	12,261	12,935	11,700	14,300	12,856	13,571	12,900	7,146	7,520
Food service inspections	3,904	4,048	4,307	4,168	4,419	4,460	4,423	4,420	4,368	4,374
Autopsies performed	237	229	283	361	359	365	509	582	533	625

Source: Macomb County Finance Department

MACOMB COUNTY, MICHIGAN
Capital Asset Statistics By Function
Last Ten Years

Function	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Judicial										
Number of court buildings	5	5	5	5	5	5	5	5	5	5
General Government										
Number of buildings	4	4	4	5	6	6	6	6	6	6
Vehicles	206	207	209	207	203	188	189	186	187	187
Public Safety										
Number of jails	1	1	1	1	1	1	1	1	1	1
Stations and substations	5	5	5	6	6	6	6	6	6	6
Marine patrol substations	2	2	2	2	2	2	2	2	2	2
Vehicles	70	71	71	74	78	92	91	94	94	93
Public Works										
Lane miles of roads	2,335	2,335	2,335	2,335	2,335	2,335	2,335	2,335	2,335	2,335
Number of buildings	4	4	4	4	4	4	4	4	4	4
Health and Welfare										
Number of buildings	10	10	10	10	10	10	10	10	10	10
Vehicles	25	23	21	20	20	21	21	21	20	18
Recreation and Culture										
County parks	1	1	1	1	1	1	1	1	1	1

MACOMB COUNTY
Schedule of Insurance
As of December 31, 2011

Type of Coverage / Name of Company	Policy Period	Premium	Description
Public Entity Liability Travelers Indemnity Co	7-1-11 to 7-1-12	\$456,632	Includes Auto Liability, General Liability, Law Enforcement Liability, Public Officials Liability including Employment Practices Liability. Limit \$20,000,000 for Personal Injury Liability, Products/Completed Operations Hazard and Public Officials' Errors & Omissions Combined. \$20,000,000 Each Occurrence or Wrongful Act, or Combination of Occurrence and Wrongful Act. - \$500,000 Self-Insured Retention
Excess Workers' Compensation Insurance Accident Fund / CompOne	5-1-11 to 5-1-14	\$73,391 (Excess Premium) \$80,065 (Service Fee)	Statutory Liability \$1,000,000. Self-Insured Retention \$500,000
Property Travelers Indemnity Co	7-1-11 to 7-1-12	\$114,125	Covers buildings & contents. Limit - up to \$297,246,150 - Deductible \$100,000
Boiler & Machinery Travelers Indemnity Co	7-1-11 to 7-1-12	Included in Property	Repair or replacement of insured property, expediting expenses, liability for injury, damage to property of others, defense costs resulting from an accident to injured object - \$10,000 Deductible - \$297,246,150 Limit
Electronic Data Processing Travelers Indemnity Co	7-1-11 to 7-1-12	Included in Property	Replacement cost for damaged equipment and media; extra expense to resume operations; all risk less certain excluded perils; included Chapaton Pump Station with separate limits \$1,000,000 Limit \$100,000 Retention
Public Entity Fiduciary Liability Federal Insurance Co.	8-1-11 to 7-31-12	\$14,464	County Employees Retirement System - \$5,000,000 Aggregate, \$50,000 Deductible
Crime National Union Fire Ins	8-1-11 to 7-31-12	\$7,021	Employee Theft - disappearance and destruction in/out premises. LIMITS: \$1,500,000 Crime; \$200,000 Forgery; \$200,000 Counterfeit Currency; \$200,000 Theft & Destruction - \$25,000 Deductible
Life Insurance The Hartford	1-1-11 to 12-31-11	\$42,315 Basic Life \$3,902 Basic Life MTB \$327,321 Supp Life \$16,969 Supp Life MTB	Death benefit equals one year salary
Dental Insurance Delta Dental	1-1-10 to 12-31-12	\$1,415,638 (2011) Active \$800,291 (2011) Retirees \$69,374 MTB (2011) Active \$62,259 (2011) MTB	\$1,000 Annual Maximum per Individual/ Calendar Year

MACOMB COUNTY
Schedule of Insurance
As of December 31, 2011

Type of Coverage / Name of Company	Policy Period	Premium	Description
Dental Insurance Cigna Dental	1-1-10 to 12-31-12	\$69,084 (2011) Active \$10,510 (2011) MTB Active	Unlimited Annual Benefit
Dental Insurance Golden Dental	7-1-10 to 12-31-12	\$45,550 (2011) Active \$18,490 (2011) MTB Active	Unlimited Annual Benefit
Long Term Disability Insurance The Hartford	1-1-11 to 12-31-11	\$179,484 Admin \$12,253 MTB Admin Plus \$2,455 per year for Basic & AD&D	60% of salary to age 65; up to \$4,500 per month subject to coordination of benefits
Health/Hospital Insurance Blue Care Network	1-1-11 to 12-31-11	\$4,088,346 Active \$1,387,478 Retirees \$373,574 MTB Active \$121,184 MTB Retirees	HMO offers primary care physicians, network hospitals, affiliated pharmacies and labs and other providers within the particular HMO network
Health/Hospital Insurance HAP	1-1-11 to 12-31-11	\$6,807,074 Active \$718,350 MTB Active	HMO offers primary care physicians, network hospitals, affiliated pharmacies and labs and other providers within the particular HMO network - Includes Vision
Health/Hospital Insurance BCBS of Michigan	1-1-11 to 12-31-11	\$11,934,028 Active \$4,055,752 Retirees \$1,088,803 MTB Active \$192,381 MTB Retirees	Self insured medical plan - \$1,000,000 Lifetime Maximum Includes Vision
Vision Care SVS Vision	1-1-10 to 12-31-12	\$9,500 Active \$39,906 Retirees \$905 MTB Active \$3,926 MTB Retirees	Vision care pays for certain tests & supplies when obtained by participating provider
Hearing Care Health Care Network	1-1-11 to 12-31-11	\$42,230 Retirees \$1,905 MTB Retirees	Retiree Hearing care
Short Term Disability Colonial Life	1-1-11 to 12-31-11	\$145,610	Employee Deduction
Short Term Disability Unum	1-1-11 to 12-31-11	\$33,574	Non-Union & BOC - Voluntary

MACOMB COUNTY

Schedule of Insurance
As of December 31, 2011

Type of Coverage / Name of Company	Policy Period	Premium	Description
Medicare Eligible Retiree Medical & Prescription AmWins Group	1-1-11 to 12-31-11	\$4,976,766 Retirees \$558,277 MTB Retirees	Medicare Eligible Retiree's Healthcare
Self Funded Claims United American	1-1-11 to 12-31-11	\$1,212,145 Retirees \$126,367 MTB Retirees	Medicare Eligible Retiree's Healthcare
Stop Loss Insurance United American	1-1-11 to 12-31-11	\$171,455 Retirees \$12,555 MTB Retirees	Spouse / Dependent of Medicare Eligible Retiree Stop / Loss

Source: Risk Management & Safety