

MACOMB COUNTY, MICHIGAN

**Comprehensive Annual Financial Report
For the Year Ended December 31, 2004**

**Issued by the Department of Finance
David M. Diegel, Finance Director**

MACOMB COUNTY, MICHIGAN

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MACOMB COUNTY FINANCE DEPARTMENT

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Finance Director

JOHN H. FOSTER
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BOARD OF COMMISSIONERS

Andrey Duzyj
District 1

Marvin E. Sauger
District 2

Phillip A. DiMaria
District 3

Jon M. Switalski
District 4

Susan L. Doherty
District 5

Joan Flynn
Vice-Chair
District 6

Sue Rocca
District 7

Diana J. Kolakowski
District 8

Robert Mijac
District 9

Philis DeSaele
District 10

Ed Szczepanski
District 11

Peter J. Lund
District 12

Don Brown
District 13

Brian Brdak
District 14

Keith Rengert
District 15

William J. Revoir
District 16

Bobby L. Hill
District 17

Bob Gibson
District 18

Paul Gielegem
District 19

Nancy M. White
Chair
District 20

Leonard Haggerty
Sergeant-At-Arms
District 21

Betty Slinde
District 22

William A. Crouchman
District 23

Peggy A. Kennard
District 24

Kathy D. Vosburg
District 25

Nicholyn A. Brandenburg
District 26

June 28, 2005

To the Citizens of Macomb County

The Comprehensive Annual Financial Report (CAFR) of Macomb County, Michigan for the fiscal year ended December 31, 2004, 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. Because the cost of internal controls should not outweigh their benefits, 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 PricewaterhouseCoopers LLP, 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, 2004 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, 2004 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 internal controls and legal requirements involving the administration of federal awards. These reports are available in the County's separately issued Single Audit Report.

The Fiscal Year 2004 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, as amended by GASB Statement No. 37 - Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments - Omnibus and Statement No. 38 - Certain Financial Statement Note Disclosures. Readers of our 2004 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

Macomb County is located in Southeastern Michigan and comprises the northeastern portion of the Detroit Metropolitan Area. The County encompasses 482 square miles, and ranks third in both population and State Equalized Value of all 83 counties in the state. According to the 2000 census, there are 788,149 persons living within 27 municipalities in Macomb County including three of the largest communities in Southeast Michigan: the City of Warren (2nd), the City of Sterling Heights (3rd) and Clinton Township (7th). The cities of Warren and Sterling Heights enjoy the third and fourth highest populations of all cities in the State of Michigan, following only Detroit and Grand Rapids. The County seat is located in the City of Mount Clemens.

Macomb County's governmental structure is defined by the State Constitution and the general laws of the State of Michigan. The County's legislative body, and its administrative body for most functions, is the County Board of Commissioners. Currently, there are twenty-six commissioners elected by direct vote from single-member districts.

The 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, 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 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 Courts. 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 administers 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.

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 was considered to be part of the County's reporting entity when it was concluded that the County was financially accountable for the entity or the nature and significance of the relationship between the County and the entity was 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 Library Board, the Macomb County Social Services Board, the Macomb County Public Works Commission, the Macomb County Community Mental Health Board, the Macomb County Employees Retirement System, the Macomb Retiree Health Care Board, the Macomb County Building Authority, the Macomb County Criminal Justice Building Authority and the Macomb County Road Commission. 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

Macomb County remains in excellent financial condition, as demonstrated by the financial statements and schedules included in this report. The assessed value of the taxable property supporting the County's 2004 operations (the 2003 taxable value) was approximately \$25.6 billion, an increase over the prior year of \$1.4 billion, or 5.8%. The economic base of the County is continuing to increase. The 2004 valuation (to fund 2005 operations) shows an increase of 5.5% over the 2003 valuation. The County's tax base expansion has averaged 6.5% over the last seven years.

Macomb County is located within five hundred miles of one half of the United States' population and a major portion of the Canadian market. The County is linked to these important areas by an extensive transportation network consisting of highways, rail, and air. In addition, the County's eastern boundary borders Lake St. Clair which links Lakes Huron and Erie giving the County direct access to the world's busiest international waterway. Macomb County is the location of choice for manufacturers because of an abundance of industrial land ready for development, a highly skilled labor force, a strong local economy and local government support for County wide economic expansion.

There are more than 2,000 manufacturing businesses located in Macomb County, including major facilities of each of the Big Three automotive companies including the General Motors Technical Center, the world's largest engineering and design center. Macomb County is also headquarters for General Motors North American Operations. Macomb is the only county in the nation with two DaimlerChrysler assembly plants - and also the only county with two DaimlerChrysler stamping plants. At two million square feet, DaimlerChrysler's Sterling Heights Stamping Plant is the largest of all of it's stamping operations. In addition, more than 40 Fortune 100 companies have facilities in Macomb County.

Macomb County contains approximately 22,000 acres of industrial and institutional land. The County is positioned well for more growth due to the fact that it's land is only 50 percent developed. It is significant to note that Macomb County already has sufficient sewer and water capacity to serve the undeveloped balance of the County. The combination of these factors makes Macomb County a strategic location for manufacturing facilities in the Midwest. New and ongoing construction of full service industrial parks, manufacturing plants, office centers, research and development facilities, retail centers and residential construction continue to expand the existing economic base.

People are one of the County's richest resources. From college degrees, to high tech training, to practical experience, Macomb's work force of over 400,000 has it all. Macomb County continues to be a major manufacturing center, however the County experienced a major shift in employment during the decade of the 1990's as it diversified its employment base away from manufacturing to the service sector. The percentage of total County jobs in the manufacturing sector decreased from 35% in 1980 to 26% in 2000. Adding definition to Macomb's robust and diverse work force is an agricultural heritage most evident in the northern portions of the County, where second and third generation farmers maximize nature's wealth.

There has been substantial industrial development in the County over the past thirty years. A mile wide industrial corridor 12 miles long, located between Mound and Van Dyke Roads, includes large industrial establishments including General Motors Technical Center, DaimlerChrysler Corporation's Warren Truck Assembly Plant, Sterling Heights Stamping Plant, Sterling Heights Assembly Plant and the paint and vinyl plants of Ford Motor Company, as well as the Detroit News and Detroit Free Press Sterling Heights printing plant and General Dynamics Land Systems. General Dynamics designs, manufacturers and supports armored weapons systems and electronic products for the U.S. Army.

Electrical service is provided by the Detroit Edison Company. Consumers Energy Company and the Southeast Michigan Gas Company supply natural gas. All three utilities have the capacity to supply large industrial customers. SBC provides telephone service.

Municipal water and sanitary sewer service is available in most of Macomb County's urbanized areas. Large tracts of vacant industrial and commercial land have access to these services.

There are over 4,165 retail trade establishments conveniently located throughout Macomb County offering the consumer a full range of products and services. The Southeast Michigan Council of Governments reports that in 2004 Macomb County investors completed 2,578,637 square feet of non-residential floor space with an additional 2,897,770 square feet of non-residential space under construction.

Several large shopping malls are located in the County including the Macomb Mall located in the City of Roseville and Lakeside Shopping Center located in the City of Sterling Heights. Lakeside Mall opened in 1976. It is the area's largest shopping mall and employs approximately 2,200 people. This multi-level, enclosed, climate-controlled regional mall is located on 545 acres and has 51 acres of lakes, parking lots for 8,000 vehicles and 1,485,000 square feet of gross leasable space. The major stores in the mall are Marshall Field's (206,000 square feet), J.C. Penney (215,000 square feet), Sears (312,000 square feet) and Lord & Taylor (160,000 square feet). There are approximately 180 other mall stores, specialty shops, restaurants and other retail spaces in the mall.

Higher education is available to County residents at Macomb Community College, Baker College and Davenport University.

Macomb Community College, (MCC) has three campuses located in the County which offer 127 degree and certificate programs as well as continuing education courses, counseling, cultural activities and community services to a current enrollment of 27,000 students. The College operates the 1,200 seat Macomb Center for the Performing Arts, which is one of the finest facilities of its kind in the State of Michigan. MCC is accredited by eleven state, national and occupational associations, including the North Central Association. The College now has a Bachelors Degree Partnership Program. This program, in conjunction with Wayne State University, Central Michigan University, University of Detroit/Mercy, Oakland University and Walsh College offers fifteen different Bachelor Degree programs.

Baker College of Clinton Township has an enrollment of over 4,000 students. It is accredited by the North Central Association of Colleges and Schools and offers a variety of Certificates, Associate's, Bachelor's and Master's degree programs. Baker College recently completed a multi-million dollar expansion of its Clinton Township Campus including a Student Center and a 40,000 square foot classroom building.

There are 240 public and 53 non-public primary and secondary schools throughout the Macomb Intermediate School District. 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 its high schools and vocational skill centers.

The students of Macomb County are also served by a number of other institutions located outside of the County. These include Lawrence Technological University, Oakland University, University of Detroit/Mercy, University of Michigan-Dearborn, Wayne State University and Walsh College.

Eight general hospitals with a capacity of over 2,000 beds serve the area. There are also several special care facilities and 24 private nursing homes within 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 2000 was \$139,200. The vast majority of Macomb County's housing, 76 percent, is owner occupied, ranking it among the highest in the nation.

There are 6,500 acres of parkland located in Macomb County offering picnic sites, fishing, swimming, nature hiking 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. Public and private marinas provide docking facilities for more than 9,000 boats, ranking Macomb County first in the State of Michigan in the number of boat slips available at its marinas.

Several highways and thoroughfares traverse Macomb County providing regional and statewide continuity for movement of people, goods and services. 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, which is, located nine miles to the south.

Macomb County has nearly 70 miles of main line railroad tracks owned by two companies, CONRAIL and Grand Trunk Western Railroad. CONRAIL operates a service line along the western portion of the County serving the area's primary industrial corridor. This area is commonly referred to as the "Golden Mile" because of its large concentration of major industrial facilities. The Grand Trunk Western line serves the eastern portion of the County and connects Detroit-Windsor to the Port Huron-Sarnia area.

MAJOR INITIATIVES

General Dynamics, the defense industry's largest supplier of armored military vehicles, has chosen Sterling Heights over sites in Florida and South Carolina to expand its research and development operations. The \$6.6 million expansion will create 325 jobs. General Dynamics Land Systems Division, headquartered in Sterling Heights, has been awarded a nearly \$2 billion contract by Boeing Company to design and build manned ground vehicles for the U.S. Army's Future Combat Systems Program. This contract is the largest ever for the Sterling Heights division. Previous high marks were a \$712 million contract in 2000 for a Marine Corps fighting vehicle and a \$196 million contract for the Abrams Tank, awarded in 1976. The company will be producing 18 prototypes: eight combat vehicles, six command and control vehicles, and four reconnaissance vehicles to be completed by 2009.

Construction crews have begun to clear the land along a high profile stretch of Hall Road in Macomb Township for Beaumont Hospital's first major development in Macomb County. Beaumont will develop 15 of the 25 acres at Tilch and Hall Road for the 123,000 square foot facility. Included in the first phase of the development will be a 75,000 square foot, four story physicians building. A two story 53,000 square foot

building will be connected and offer a number of outpatient services, including MRIs, CT scans and ultrasounds. Also included in the complex will be two classrooms that can be used by the hospital and the public for community education classes. The remaining 10 acres will be kept for development and expansion by Beaumont. Officials expect the state of the art complex, which they say will offer the latest in medical and communication technology, to be completed by July 2006. The development of the \$50 million office and ambulatory care facility follows continual residential, retail, and office growth in the communities bordering M-59. Beaumont's only Macomb County facility now is a medical office building on Dequindre near M-59 in Sterling Heights, across the street from its Troy hospital.

Meanwhile, St. John officials are planning to construct a \$20 million ambulatory care facility at 23 Mile Road and Romeo Plank. It will be the second major facility in Macomb Township for St. John, which was one of the first major Metro Detroit health systems to expand north of Hall Road a decade ago with a medical center on Romeo Plank near 21 Mile.

Construction of a \$52 million elective surgery center by Mount Clemens General Hospital on its campus near Harrington and Groesbeck is nearing completion. The North Tower Surgery Center will include eight operating rooms with space to expand to ten.

Bloomfield Hills based Taubman Centers Inc. is hoping to begin development of a 590,000 square foot shopping center in Clinton Township called Partridge Creek Fashion Park in the spring of 2005. Taubman has proposed a shopping center that would be anchored by two department stores and would feature outdoor walkways with 260,000 square feet to 300,000 square feet of space for specialty retailers, five marquee restaurants and a 12-screen movie theater. While Taubman calls its outdoor shopping centers fashion parks, most retail developers refer to such centers as lifestyle centers because of their high concentration of restaurants, entertainment and specialty retailers.

Several hundred single-family homes and condominiums, plus stores and office buildings comprise a proposed massive development on one of the most prime parcels in southeastern Michigan. Farmington Hills based Grand Sakwa has submitted plans for a 312-acre development along Mound Road, across from the General Motors Technical Center in Warren. The project includes: 203 single family homes on 60 foot lots, 244 duplex condominiums, "Four-plexes" containing 204 condominiums and "Twelve-plexes" with 312 units, and two 4 story senior citizen apartment buildings totaling 150 units. This massive development will also include office, commercial and retail businesses at the corners of Mound and 13 mile Road, Mound and 12 Mile Road, and halfway between the two mile roads.

The first seven miles of the Macomb Orchard Trail was open to the public in July. The ten-foot wide asphalt trail follows the abandoned Grand Trunk Railroad; passing through scenic areas and over rustic railroad bridges that span over brooks, rivers, and designated trout streams. Once the entire 23-mile long trail is completed, users will have a safe pedestrian friendly environment to exercise and explore diverse urban and rural landscapes. Locally it will connect residents to parklands, downtowns, businesses, schools, residences and open spaces. Regionally, it will provide a connection from St. Clair County to Oakland County and on a state wide basis it will join the interconnected trail system that will ultimately link Lake Huron to Lake Michigan.

Safie Specialty Foods will be establishing a new 14,000 square foot food processing facility in Chesterfield Township. The company produces gourmet pickles from locally grown hand picked cucumbers, peppers and beets. The products are then packed into artfully labeled Mason-style jars and distributed widely across the Midwest and most recently, into Asia. The company will be investing more than \$1.5 million in the construction of the facility and the acquisition of new machinery and equipment.

A Clinton Township based company, Complete Prototype Services has opened an additional facility in the City of Fraser. CPS is a manufacturer of prototype and production molds for injection molded plastic products, as well as a producer of plastic components for automobile interiors. The company acquired a 60,000 square foot manufacturing facility located on James J. Pompo Drive in the Fraser Industrial Park and invested more than \$3.1 million in the acquisition of new machinery and equipment for the plant.

Copo U.S.A., Incorporated, a subsidiary of the Pontevedra, Spain based Grupo Copo, has selected a Shelby Township site for the establishment of a new manufacturing operation. At the 60,000 square foot facility, located on 26 mile road, Copo will be manufacturing automobile seating components for several OEMs. The company's plans include a future 30,000 square foot expansion of the facility and the addition of a second shift. Copo expects to create up to 130 new jobs by the end of 2006.

DaimlerChrysler plans to invest more than a quarter of a billion dollars in it's Sterling Heights Assembly Plant for the production of three new midsize cars that will replace the Chrysler Cirrus, Sebring Convertible and Dodge Stratus for the 2007 model year. The new vehicles will have all-wheel drive and diesel operations in addition to a right hand drive feature for vehicles to be sold outside of the United States. DCX is also investing \$28 million into the Sterling Stamping Plant. Chrysler will spend another \$228 million at it's Sterling stamping plant on robots, tooling and dies. DCX's 2.7 million square foot Sterling Stamping Plant, at 15 Mile and Van Dyke, employs 2,611 full-time employees who produce automotive stampings and sub- assemblies.

General Motors Corporation has proceeded with a \$350 million investment at it's Powertrain Plant at Nine Mile and Mound Roads. The investment will allow GM to produce 6 cylinder automatics at the plant, saving 518 jobs. The project will generate an estimated \$17 million in new tax revenue for the City of Warren over a period of 12 years beginning in 2006.

The Southeast Michigan Council of Governments (SEMCOG) reported that Macomb County had the third highest number of net new housing units in the seven county region in 2004. The 5,209 net new housing units were an increase of 3% over the 5,065 for 2003. Five of Macomb County's cities and townships ranked in the top ten communities in the region for total units authorized in 2004. Macomb Township ranked first in the region with 1,086 units authorized followed by fourth place Shelby Township at 893, Clinton Township at 776, Chesterfield Township at 663 and the city of Sterling Heights with 603 units.

The Southeast Michigan Council of Governments also reported that Macomb County added the most people (34,300) and the most households (21,200) of any county in southeast Michigan between the 2000 U.S. Census and July 2004. Wayne State University's Center for Urban Studies released data showing that Macomb County attracts more residents from it's neighboring counties than it loses, which, when combined with new residents from outside the tri-county area makes Macomb County the growth leader in the seven county region.

Macomb County's annual unemployment rate for 2004 of 6.7 percent compared favorably with the Michigan unemployment rate of 7.1 percent. The National unemployment rate was 5.0 percent.

Since its inception in the year 2000, the Macomb County Senior Prescription Drug Discount Program has saved senior citizens over \$17 million. Applicants must be age 60 or over, a resident of Macomb County and have no prescription coverage. Seniors save an average of 30 percent on each prescription. There is also a mail-order component, which gives seniors an even bigger discount. The Macomb County Senior Prescription Drug Discount Program was the first of its kind in the nation.

Macomb County won an important first round victory in it's fight to keep Selfridge Air National Guard Base and the Detroit Arsenal (TACOM) operational. The County Board Chair brought together a highly professional and diverse group of community leaders to protect Selfridge and TACOM from the reduction efforts of the Department of Defense Base Realignment and Closure Commission (BRAC). The community leadership group is being credited with securing the six thousand jobs at both installations as a result of the comprehensive testimony they provided to the BRAC. Although the final recommendation of the Base will not be know until September, Selfridge and TACOM were not among the 33 major bases included in the initial base-closing list. If the current proposal wins final approval in September, TACOM would actually gain 647 highly skilled jobs and Selfridge would lose a total of 300 civilian and military jobs for a net countywide gain of 347 jobs.

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 projects funds. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is established by function and activity 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 Employee's 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 also 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 \$83 million at year-end, which 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 from both Moody's Investors Service (Aaa) and Standard & Poor's (AAA), two of the country's most prestigious Wall Street rating agencies. Only two other counties of 83 in Michigan and 34 other counties of 3,066 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 Retirement Systems and Deferred Compensation Plan, 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 Poors, Moody's Investors Service, 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. The County is partially self-insured for losses of a general liability nature up to \$500,000 per claim. Liability claims at the Martha T. Berry Medical Care Facility are self insured by the County up to \$1 million 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, 2003. 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.

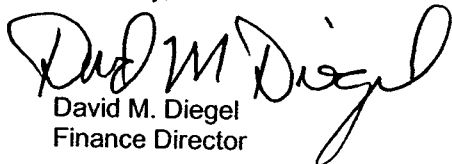
A Certificate of Achievement is valid for a period of one year only. Macomb County has received a Certificate of Achievement for the last nineteen consecutive years. We believe that our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it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

The National Association of Counties (NACo) recognized Macomb County for its commitment to excellence by awarding the County fourteen NACo Achievement Awards, including a "Best of Category" (Health) award presented for the "Portable Supports" program of Macomb County Community Mental Health. This program makes it possible for some individuals to live more independently, outside a supervised group home environment. NACo presents the awards annually, to counties across the country, for innovative programs that enhance service to citizens or improve county management, service or structure. In 2004, for the 23rd consecutive year, Macomb County received more NACo awards than any of the other 82 counties in Michigan. These awards are listed in the Macomb County Board of Commissioners Annual Report that is sent to all households in Macomb County.

Acknowledgments. 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 my sincere appreciation for the contribution made in the preparation of this report.

In closing, I would also like to thank the Macomb County Board of Commissioners for the leadership they have shown during the past year in supporting the operations of the County.

Sincerely,


David M. Diegel
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, 2003

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.



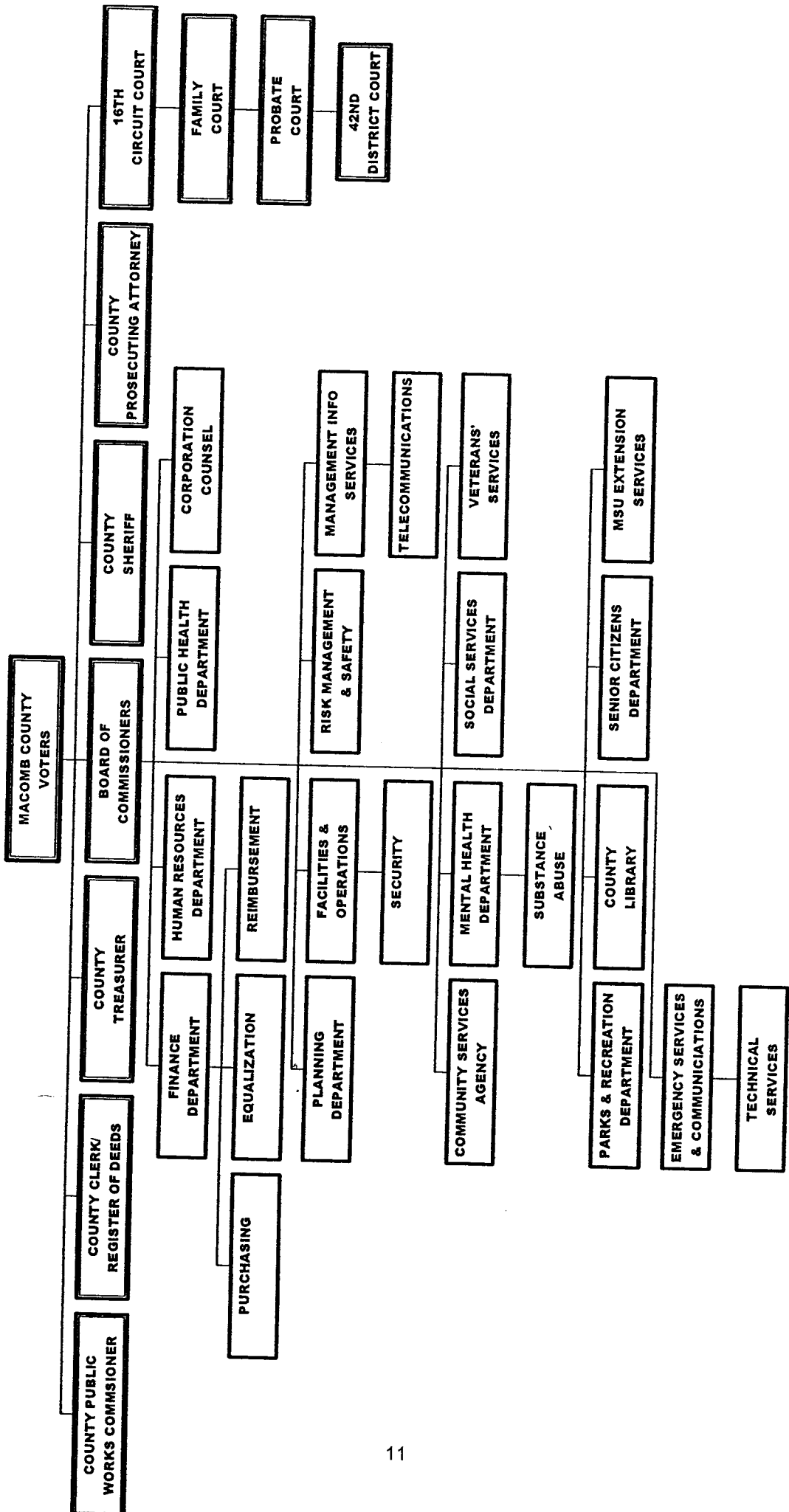
Nancy L. Zjelle

President

Jeffrey R. Emery

Executive Director

MACOMB COUNTY ORGANIZATION CHART



MACOMB COUNTY, MICHIGAN

Principal Officials

Officers of the Board of Commissioners

Chairperson	Nancy M. White
Vice-Chairperson	Joan Flynn
Sergeant-at-Arms	Leonard Haggerty
Clerk	Carmella Sabaugh
Corporation Counsel	George E. Brumbaugh

List of the Board of Commissioners

Andrey Duzyj, District 1	Brian Brdak, District 14
Marvin E. Sauger, District 2	Keith Rengert, District 15
Phillip A. DiMaria, District 3	William J. Revoir, District 16
Jon Switalski, District 4	Bobby L. Hill, District 17
Susan L. Doherty, District 5	Bob Gibson, District 18
Joan Flynn, District 6	Paul Gielegem, District 19
Sue Rocca, District 7	Nancy M. White, District 20
Daina J. Kolakowski, District 8	Leonard Haggerty, District 21
Robert Mijac, District 9	Betty Slinde, District 22
Philis DeSaele, District 10	William A. Crouchman, District 23
Ed Szczepanski, District 11	Peggy A. Kennard, District 24
Peter J. Lund, District 12	Kathy D. Vosburg, District 25
Don Brown, District 13	Nicholyn A. Brandenburg, District 26

Elected County Officials

Prosecuting Attorney	Eric Smith
Sheriff	Mark A. Hackel
County Clerk/Register of Deeds	Carmella Sabaugh
Treasurer	Ted B. Wahby
Public Works Commissioner	Anthony V. Marroco

County Department Heads

Finance Director	David M. Diegel
Emergency Management & Communications Director	Louis Mioduszewski
Facilities & Operations Director	Lynn M. Arnott-Bryks
Director / Health Officer	Thomas Kalkofen
Management Information Services Director	Cyntia N. Zerkowski
Human Resources Director	Ted J. Cwiek
Planning & Economic Development Director	Stephen Cassin
Risk Management & Safety Director	Richard Gasowski
Community Services Agency Director	Frank T. Taylor
County Library Director	Darlene LaBelle
Senior Citizens Services Interim Director	Karen D. Bisdorf

Report of Independent Auditors

To the Board of Commissioners
Macomb County, Michigan

In our opinion, based on our audits and the report of other auditors, the 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 (the "County") which collectively comprise the County's basic financial statements as listed in the table of contents, 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 the County at December 31, 2004, 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. We have also audited the aggregate non-major governmental funds, the aggregate internal service fund, and the fiduciary fund type as of and for the year ended December 31, 2004, as displayed in the County's basic financial statements. Certain special revenue funds and component units are accounted for as of September 30, 2004 and for the year then ended, and have been combined with the December 31, 2004 financial statements. These financial statements are the responsibility of the 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 Macomb County Road Commission (the "Road Commission"), which statements reflect total assets of \$740,994,910 (46% of government-wide total assets) and total revenues of \$98,492,791 (18% of government-wide total revenue) for the year then ended. Those statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Road Commission, is based on the report of the other auditors. Further, the net book value of the capital assets of the Road Commission, as of September 30, 2003, were restated by the other auditors in the amount of \$39,055,170 (as disclosed in Note 3). We conducted our audit of these statements in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the 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, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits and the report of other auditors provide a reasonable basis for our opinions.

In accordance with Government Auditing Standards, we have also issued our report dated June 24, 2005 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing, 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.

The management's discussion and analysis and the required supplementary information on pages A-3 through A-16 and C-1 through C-9 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America and the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The combining and individual non-major fund financial statements and supplemental information are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, based on our audit, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

We did not audit the financial data presented in the introductory section and the statistical section, and, therefore, we express no opinion thereon.

PricewaterhouseCoopers LLP

Detroit, Michigan

June 24, 2005

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, 2004. 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.

FINANCIAL HIGHLIGHTS

- The assets of the County exceeded its liabilities by \$349.9 million at year- end.
- The net assets of the County increased by \$29.2 million in fiscal 2004.
- The General Fund reported a loss of \$2.8 million for the year. Unreserved fund balance was \$62.4 million, or 15.1% of the total 2005 County operating budget. Total fund balance was \$62.7 million.
- The County's credit rating with Standard & Poors was upgraded from AA+ to AAA, the highest rating awarded by Standard & Poors. The County also maintained its Aaa rating with Moody's Investor Service.

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* and 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 roads and bridges must also be considered when assessing the financial condition of the County.

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

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: 1) 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, law enforcement 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 Road Commission, Macomb/St. Clair Workforce Development Board, the Public Works Commission and the County of Macomb Hospital Finance Authority as discretely presented component units.

The government-wide financial statements begin on page B-1 of this report.

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 of them 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.

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

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. The General Fund and the Revenue Sharing Reserve 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, Freedom Hill Park and the Martha T. Berry Medical Care Facility. *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 and general liability insurance and compensated absences. 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.

Fiduciary funds are used to account for resources held by the County on behalf of others, including those of the Employee Retirement System and the Retiree Health Care 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.

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 obligations and a budget to actual comparison for the major governmental funds of the County.

Required supplementary information begins on page C-1 of this report.

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

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

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 \$349.9 million at December 31, 2004 and increased by approximately \$29.2 million for the year then ended.

Macomb County Primary Government Net Assets

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Totals</u>	
	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>
Current and other assets	\$ 274,379,310	\$ 284,132,168	\$ 100,330,992	\$ 116,325,813	\$ 374,710,302	\$ 400,457,981
Capital assets	<u>157,536,562</u>	<u>138,949,617</u>	<u>2,556,498</u>	<u>2,573,755</u>	<u>160,093,060</u>	<u>139,523,372</u>
Total assets	<u>431,915,872</u>	<u>421,081,785</u>	<u>102,887,490</u>	<u>118,899,568</u>	<u>534,803,362</u>	<u>539,981,353</u>
Current liabilities	97,469,514	132,502,527	8,818,072	23,245,827	106,287,586	155,748,354
Long-term liabilities	<u>78,605,406</u>	<u>63,491,765</u>	<u>-</u>	<u>-</u>	<u>78,605,406</u>	<u>63,491,765</u>
Total liabilities	<u>176,074,920</u>	<u>195,994,292</u>	<u>8,818,072</u>	<u>23,245,827</u>	<u>184,892,992</u>	<u>219,240,119</u>
Net assets						
Invested in capital assets, net of related debt	103,036,562	84,829,617	2,556,498	2,573,755	105,593,060	87,403,372
Restricted	64,780,560	27,338,770	6,354,358	6,235,869	71,134,918	33,574,639
Unrestricted	<u>88,023,830</u>	<u>112,919,106</u>	<u>85,158,562</u>	<u>86,844,117</u>	<u>173,182,392</u>	<u>199,763,223</u>
Total Net Assets	<u>\$ 255,840,952</u>	<u>\$ 225,087,493</u>	<u>\$ 94,069,418</u>	<u>\$ 95,653,741</u>	<u>\$ 349,910,370</u>	<u>\$ 320,741,234</u>

Approximately \$105.6 million, or 30.2% 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 \$71.1 million, or 20.3%, 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 are unrestricted and may be used to meet the County's ongoing obligations. Positive balances in all three categories are reported at December 31, 2004.

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

As indicated in the following schedule, the net assets of the County increased by \$29.2 million for the year ended December 31, 2004. The components of this change were an increase of \$30.8 million in governmental activities and a decrease of \$1.6 million in business-type activities. 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	
	2004	2003	2004	2003	2004	2003
Revenues						
Program revenue						
Charges for services	\$ 46,441,446	\$ 46,850,539	\$ 118,681,565	\$ 115,671,590	\$ 165,123,011	\$ 162,522,129
Operating grants and contributions	50,190,070	43,500,252	35,802,880	35,906,815	85,992,950	79,407,067
Capital grants and contributions	3,197,973	232,167	-	-	3,197,973	232,167
General revenue						
Property taxes	145,946,433	104,046,884	-	-	145,946,433	104,046,884
Intergovernmental revenues	8,260,654	16,351,125	-	-	8,260,654	16,351,125
Investment income	3,432,645	4,151,847	1,052,437	1,106,311	4,485,082	5,258,158
Loss on sale of assets	-	(3,148)	-	-	-	(3,148)
	<u>257,469,221</u>	<u>215,129,666</u>	<u>155,536,882</u>	<u>152,684,716</u>	<u>413,006,103</u>	<u>367,814,382</u>
Expenses						
Legislative	1,958,277	1,833,491	-	-	1,958,277	1,833,491
Judicial	32,738,381	32,074,335	-	-	32,738,381	32,074,335
General government	47,040,467	42,674,817	865,989	546,457	47,906,456	43,221,274
Public safety	60,512,543	53,911,763	-	-	60,512,543	53,911,763
Public works	2,133,523	3,656,565	-	-	2,133,523	3,656,565
Health and welfare	71,578,296	61,775,792	157,780,177	154,091,761	229,358,473	215,867,553
Recreation and culture	2,982,626	3,502,761	1,130,182	1,063,041	4,112,808	4,565,802
Other activities	2,374,350	2,156,744	-	-	2,374,350	2,156,744
Interest and fees on long-term debt	3,423,082	2,896,984	-	-	3,423,082	2,896,984
	<u>224,741,545</u>	<u>204,483,252</u>	<u>159,776,348</u>	<u>155,701,259</u>	<u>384,517,893</u>	<u>360,184,511</u>
Increase (decrease) in net assets before transfers	32,727,676	10,646,414	(4,239,466)	(3,016,543)	28,488,210	7,629,871
Net transfers	(1,974,217)	825,039	2,655,143	(1,184,679)	680,926	(359,640)
Increase (decrease) in net assets	30,753,459	11,471,453	(1,584,323)	(4,201,222)	29,169,136	7,270,231
Net assets, beginning of year	<u>225,087,493</u>	<u>213,616,040</u>	<u>95,653,741</u>	<u>99,854,963</u>	<u>320,741,234</u>	<u>313,471,003</u>
Net assets, end of year	<u>\$ 255,840,952</u>	<u>\$ 225,087,493</u>	<u>\$ 94,069,418</u>	<u>\$ 95,653,741</u>	<u>\$ 349,910,370</u>	<u>\$ 320,741,234</u>

Governmental activities. Key components of the \$30.8 million increase in the net assets of the County's governmental activities in 2004 are as follows:

- Property tax revenue increased by \$41.9 million, of which \$37.7 million was due to the enactment of Public Act 357, which accelerated the revenue recognition and collection of property taxes to serve as a funding mechanism to replace State Revenue Sharing payments, which were discontinued during 2004. The remaining \$4.2 million increase was due to increases in property values throughout the County. The increase in property values is attributable primarily to increased construction of residential homes during the year.

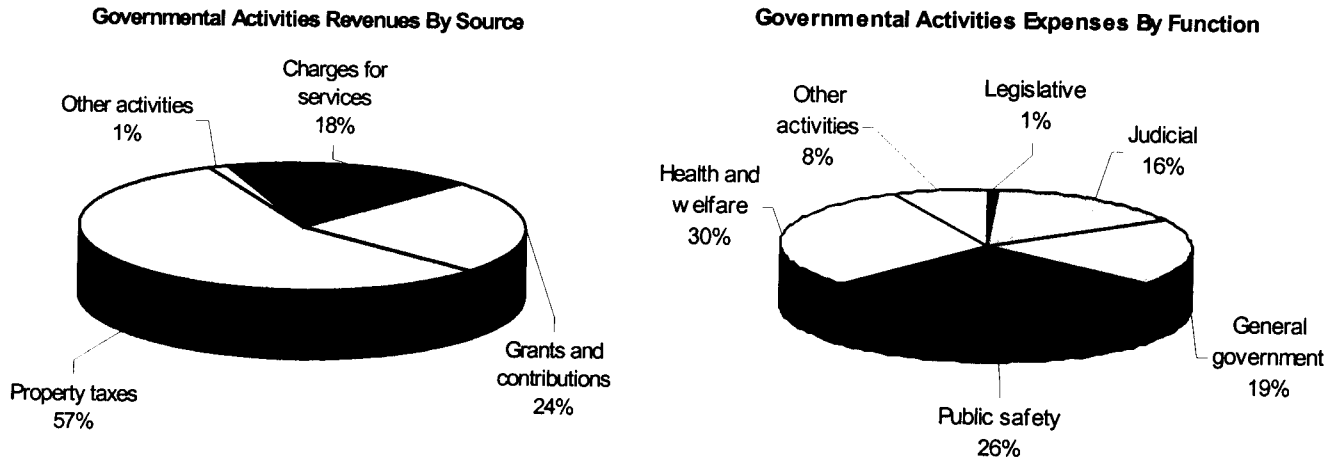
MACOMB COUNTY, MICHIGAN
Management's Discussion and Analysis
Required Supplemental Information

Pursuant to Public Act 357, the collection of property taxes will be accelerated over the course of three years, whereby the County will levy 100% of its property taxes in July rather than December. This gradual shift will take place as follows: 1/3 of the 2005 County levy will be made in July 2005, 2/3 of the 2006 levy will be made in July 2006 and 100% of the 2007 levy will be made in July 2007. Each year thereafter, 100% of the levy will be made in July. Beginning in 2004, three annual installments, each equal to 1/3 of the December 2004 property tax levy, will be recognized as revenue and placed in a restricted fund known as the Revenue Sharing Reserve Fund. The Revenue Sharing Reserve Fund will transfer monies to the General Fund each year beginning in 2004 until its fund balance is exhausted. The amount transferred each year will be determined by the State of Michigan and will be approximately the amount that would have been distributed by the State in fiscal 2004 if revenue sharing payments had not been discontinued. The amount placed in the Revenue Sharing Reserve Fund in 2004 was \$37.7 million, of which \$9.0 million was subsequently transferred to the General Fund.

- Capital grants and contributions increased by \$3.0 million as a result of grants received for the development of the Macomb Orchard Trail.
- Intergovernmental revenues decreased by \$8.1 million, due to a \$8.1 million reduction in revenue sharing payments from the State of Michigan.
- General government expenditures increased \$4.4 million, or 10.0%, attributed primarily to salaries and wages.
- Health and welfare expenses increased by \$9.8 million compared to the prior year, of which \$3.8 million, or 21.0%, was experienced in the Child Care Fund. Of this increase, \$3.5 million was caused by an increase in the amount spent to house juveniles in outside facilities. The increase was driven by two factors: an increase in the number of juveniles in the justice system and the construction of the new Juvenile Justice Center. The number of outside placements is expected to decrease going forward now that the new facility is operational. The remaining increase of \$6.3 million, or 10.1%, is primarily attributable to increases in salaries and wages and employee fringe benefits.

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

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



Business-type activities. The net assets of the County's business-type activities decreased approximately \$1.6 million during the year. The majority of this decrease is attributable to a \$1.1 million deficit in the Delinquent Tax Revolving Funds and a \$.6 deficit at the Martha T. Berry Medical Care Facility. The deficit in the Delinquent Tax Revolving Fund is primarily the result of a decrease in funding to County governmental activities. The deficit at the Martha T. Berry Medical Care Facility resulted from decreases in Medicare and Medicaid revenue, offset by an increase in funding from the General Fund.

FINANCIAL ANALYSIS OF THE COUNTY'S MAJOR 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 three categories: reserved, designated and unreserved. Reserved fund balance represents that portion of the net assets that may only be spent for specific purposes and are not available for new spending. Examples of fund balance reserves include amounts required to pay debt service, bond proceeds that may only be spent on projects for which the bonds were issued and amounts required to meet long-term contractual commitments and encumbrances.

Fund balance designations are established to represent that portion of net assets that are intended to be spent for certain purposes and differ from fund balance reserves in that they can be redirected and used for new spending if necessary. Unreserved fund balance represents the portion of net assets that is available at year-end for new spending.

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The combined ending fund balances of all governmental funds was \$155.3 million at December 31, 2004, an increase of \$28.1 million over the prior year. The \$28.1 million increase consists of a \$2.8 million decrease in the General Fund, a \$28.7 million increase in the Revenue Sharing Reserve Fund, a combined increase of \$1.2 million in the Special Revenue and Debt Service funds and a \$1.0 million increase in the Capital Projects funds.

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 is presented below.

General Fund Revenue By Source

Source	2004	2003	Increase (Decrease)
Taxes	\$ 108,024,702	\$ 103,904,729	\$ 4,119,973
Licenses and permits	397,172	391,814	5,358
Federal and State grants	14,756,398	21,874,509	(7,118,111)
Charges for services	26,754,510	28,746,761	(1,992,251)
Investment income	2,564,527	2,331,210	233,317
Admin charges to other funds	10,516,996	9,275,422	1,241,574
Fines and forfeitures	1,058,973	933,301	125,672
Other revenue	206,739	222,782	(16,043)
Transfers from other funds	19,668,740	9,655,000	10,013,740
	<u>\$ 183,948,757</u>	<u>\$ 177,335,528</u>	<u>\$ 6,613,229</u>

The \$4.1 million increase in property tax revenue is due primarily to a continued increase in taxable values throughout the County.

The \$7.1 million decrease in Federal and State grants can be attributed primarily to the elimination of revenue sharing payments from the State of Michigan as discussed previously.

The decrease in charges for services revenue of just under \$2.0 million is the result of a decrease in recording fee revenue generated by the Register of Deeds in 2004 due to a reduction in the number of mortgage refinancings processed during the year.

Transfers from other funds increased approximately \$10.0 million over the prior year, primarily as a result of a transfer from the Revenue Sharing Reserve Fund, as previously discussed.

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A year-to-year comparison of General Fund expenditures by function is presented below.

General Fund Expenditures By Function

Function	2004	2003	Increase (Decrease)
Legislative	\$ 1,958,277	\$ 1,833,491	\$ 124,786
Judicial	19,451,435	19,100,822	350,613
General government	48,848,120	45,923,613	2,924,507
Public safety	51,927,325	47,946,040	3,981,285
Health and welfare	775,974	677,726	98,248
Other	4,732,839	3,792,538	940,301
Capital outlay	722,119	749,272	(27,153)
Transfers to other funds	58,307,955	52,188,697	6,119,258
	<u>\$ 186,724,044</u>	<u>\$ 172,212,199</u>	<u>\$ 14,511,845</u>

The \$2.9 million increase in General Government expenditures represents a 6.3% increase, which is a result of increases in salaries and fringe benefit costs.

The \$4.0 million increase in Public Safety expenditures represents a 8.3% increase, which is a result of increases in salaries and fringe benefit costs at the Sheriff Department as well as additional positions added during the year as a result of expanded patrol contracts with local units of government in the County.

The \$6.1 million increase in transfers to other funds was caused primarily by increases in the subsidies to the Martha T. Berry Medical Care Facility and the Child Care Fund of \$1.8 million and \$2.5 million, respectively. The Martha T. Berry Medical Care Facility experienced a deficit of \$5.3 million exclusive of the General Fund contribution, compared to \$4.5 million in 2003. The increase of \$.8 million was due to decreases in Medicare and Medicaid revenue. The additional \$1.0 million contribution by the General Fund was necessary to reduce the operating loss of Martha T. Berry to a level that could be absorbed by existing fund equity. The increase in the contribution to the Child Care Fund was caused by an increase in the number of children placed in outside facilities, due in part to the construction of the new Juvenile Justice Center. The County is working to reduce the number of children in outside placement now that the new facility is operational.

The fund balances of the County's nonmajor governmental funds were approximately \$63.8 million at year-end, an increase of approximately \$2.1 million over the prior year. Of the \$63.8 million, \$35.5 million is reported in the capital projects funds, all of which is designated or restricted for use in the construction, remodeling, renovation and maintenance of new or existing facilities.

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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 demands.

A comparison of budgeted and actual revenues is presented below.

General Fund Revenue Budget and Actual By Source

Source	Budget		Actual	Variance
	Adopted	Final		
Taxes	\$ 109,370,508	\$ 109,370,508	\$ 108,024,702	\$ (1,345,806)
Licenses and permits	392,000	392,000	397,172	5,172
Federal and State grants	19,026,679	11,506,500	14,756,398	3,249,898
Charges for services	24,844,579	24,889,579	26,754,510	1,864,931
Investment income	3,638,000	3,638,000	2,564,527	(1,073,473)
Admin charges to other funds	9,399,561	9,583,954	10,516,996	933,042
Fines and forfeitures	890,100	890,100	1,058,973	168,873
Other revenue	24,150	41,150	206,739	165,589
Transfers from other funds	8,655,000	17,725,179	19,668,740	1,943,561
	<u>\$ 176,240,577</u>	<u>\$ 178,036,970</u>	<u>\$ 183,948,757</u>	<u>\$ 5,911,787</u>

The original and final revenue budgets of the General Fund for fiscal 2004 were \$176.2 million and \$178.0 million respectively, an increase of \$1.8 million of final over originally adopted. Approximately \$.2 million of the increase was caused by additional positions added in the Human Resources Department as a result of new hiring practices implemented by the County. The budget for revenue sharing was also increased by \$1.3 million as a result of a corresponding increase in the expenditure budget related to prisoner medical care. The budget for revenue sharing was subsequently reduced by \$9.0 million and reclassified as a transfer from other funds to account for the transfer from the Revenue Sharing Reserve Fund as required by Public Act 357. The net effect of these adjustments was a decrease of \$7.5 million in Federal and State grants.

Actual revenues exceeded budget in several areas for the year ended December 31, 2004. One of the more significant variances occurred in State and Federal Grants, where actual exceed budget by \$3.2 million, \$2.5 million of which was attributable to State Revenue Sharing. The amount of revenue sharing distributed to the County was based on the amount of sales tax collected by the State. It was one of the County's most vulnerable revenues and was eliminated by the State during 2004. Although actual 2004 State Revenue Sharing exceeded budget, it was approximately \$8.1 million less than 2003 actual due to the implementation of Public Act 357. Because of its discretionary nature, the County has historically established the budget for State Revenue Sharing at a conservative level.

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Charges for Services revenues exceeded budget by \$1.9 million, led by recording fees, which exceeded budget by approximately \$1.2 million as a result of mortgage refinancings in response to favorable mortgage interest rates throughout the year.

Investment revenue was approximately \$1.1 million under budget as a result of lower than expected market interest rates.

The \$1.9 million favorable variance in the Transfers from Other Funds category was due to a return of excess contributions made to Special Revenue Funds in prior years.

A comparison of budgeted and actual expenditures is presented below.

General Fund Expenditures Budget and Actual By Level of Control

Level of Control	Budget		Actual	Variance
	Adopted	Final		
Salaries and fringe benefits	\$ 103,771,429	\$ 104,013,556	\$ 96,968,705	\$ 7,044,851
Operating	35,983,940	37,096,542	30,562,006	6,534,536
Capital outlay - departmental	251,700	288,499	163,259	125,240
Capital outlay - nondepartmental	900,000	945,000	722,119	222,881
Transfers to other funds	65,069,023	65,530,304	58,307,955	7,222,349
	<u>\$ 205,976,092</u>	<u>\$ 207,873,901</u>	<u>\$ 186,724,044</u>	<u>\$ 21,149,857</u>

The original and final expenditure budgets of the General Fund for fiscal 2004 were \$206.0 million and \$207.8 million, respectively, an increase of \$1.8 million of final over originally adopted. The majority of this increase was caused by an increase in prisoner medical costs.

Actual General Fund expenditures were approximately \$21.2 million below budget. Of the total, \$7.0 million was in the area of salaries and fringe benefits, which can be attributed to vacant positions, employees not yet at their maximum salaries although budgets are established at position maximums and employees electing lower cost health care options. Another \$6.5 million favorable variance was realized in the area of operating expenses. Of this amount, \$1.7 million was realized in area of court appointed attorneys as a result of lowering the level of reserves established for fees incurred but not billed as of year-end. Another \$1.9 million favorable variance was experienced in the areas of utilities, building repairs and maintenance and equipment maintenance agreements.

The final budget includes \$65.5 million in transfers to other funds. Actual transfers were approximately \$58.3 million, resulting in a favorable variance of \$7.2 million, which is consistent with the prior year favorable variance of \$7.5 million. Budgeted transfers are maintained at conservative levels due to the uncertainty of outside revenue sources.

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In summary, General Fund expenditures exceeded revenues by \$2.8 million for the year ended December 31, 2004. Unreserved fund balance was \$62.4 million or 15.1% of the total 2005 County operating budget.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets. The County categorizes its capital assets in the Government-Wide Statement of Net Assets as follows: land, land improvements, buildings and improvements, machinery, equipment and vehicles and construction in progress. The County's investment in capital assets, net of accumulated depreciation, was \$157.5 million for governmental activities and \$2.6 million for business-type activities.

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

	Governmental Activities		Business-type Activities		Total	
	2004	2003	2004	2003	2004	2003
Land	\$ 9,233,484	\$ 6,114,204	\$ -	\$ -	\$ 9,233,484	\$ 6,114,204
Land improvements	2,761,707	2,547,340	108,408	118,436	2,870,115	2,665,776
Buildings and improvements	116,026,766	81,448,356	1,941,386	2,090,902	117,968,152	83,539,258
Machinery, equipment and vehicles	16,039,387	10,121,857	413,445	364,417	16,452,832	10,486,274
Construction in progress	13,475,219	36,717,860	93,259	-	13,568,478	36,717,860
	\$ 157,536,563	\$ 136,949,617	\$ 2,556,498	\$ 2,573,755	\$ 160,093,061	\$ 139,523,372

Major capital asset activity during the year included the following:

- Construction continued on the Youth Home Addition and Renovation project. Approximately \$2.2 million was expended in 2004. Phase one of the project was completed in September 2004.
- Construction continued on the addition and renovation project at the Martha T. Berry Medical Care Facility. Approximately \$3.9 million was expended in 2004. The project is scheduled for a staggered completion. The first phase was completed in 2003 and the remainder is scheduled for completion in 2005.
- The County purchased a 100,000 square foot warehouse for \$5.1 million in 2004.
- The purchase of the final parcels of the Macomb Orchard Trail was finalized in 2004, at a cost of \$2.6 million.

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

MACOMB COUNTY, MICHIGAN
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Long-term debt. The County's long-term debt was \$72.7 million at December 31, 2004, 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	\$ 56,385,000	\$ 19,350,000	\$ 2,985,000	\$ 72,750,000

The total debt of the primary government increased by \$16.4 million during the year, consisting of three new issues totaling \$19.4 million and \$3.0 million of debt retired.

The County issued \$10.0 million of general obligation bonds in April 2004 for the purpose of repairing or replacing structurally unsound bridges throughout the County. The County also issued \$5.1 million of general obligation bonds in April 2004 for the purpose of purchasing a 10,000 square foot warehouse and \$4.2 million of general obligation bonds in November 2004 for the purpose of constructing a new facility for the Office of the Public Works Commissioner.

The general obligation bonds of the County are rated **Aaa** by Moody's Investor Service and **AAA** by Standard & Poors, the highest rating awarded by each agency.

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 assessed and taxable values of all property in the County as of December 31, 2004 was \$33.7 billion and \$26.9 billion, respectively. Therefore, the County's debt limitation was \$2.69 billion at year-end. The County's outstanding debt at December 31, 2004 of \$72.7 million 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 the Note 4 to the basic financial statements.

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ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The following factors were considered when developing the 2005 budget.

- The State of Michigan continues to experience budgetary shortfalls as a result of a general slowdown in the National and State economies. As a result, the State of Michigan eliminated revenue sharing payments to the County in 2004 and established a County summer tax levy (P.A. 357), which will provide a substitute for State revenue sharing in Macomb County for approximately seven years.
- Property tax revenues are expected to increase 5.5% in 2005 due to the continued growth in new housing starts.
- Market interest rates are expected to improve slightly during 2005. The favorable trend in recording fees collected through mortgage refinancing and new construction is expected to continue in 2005.
- Health care costs are projected to increase 10-15%.
- New pension benefits and stock market declines over the past several years have significantly increased the County's funding requirement to its defined benefit pension plan over the past two years. This trend is expected to continue for the next several years.
- The advent of GASB Statements No. 43 and 45 related to postemployment health care benefits will require the County to disclose its funding progress relative to its Retiree Health Care Fund beginning in 2006. The County has been very proactive in recognizing its liability for retiree health care and began designating funds for this purpose in 1994. The County has contributed approximately \$68.0 million toward the unfunded liability since 1994. Investment earnings have increased the fund balance of the Retiree Health Care Fund to \$83.8 million as of December 31, 2004.
- Inflationary trends in the region compare favorably to national indices.
- The County remains in excellent financial condition 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, 2004

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Cash and pooled investments	\$ 147,477,291	\$ 62,653,664	\$ 210,130,955	\$ 99,951,805
Receivables:				
Property taxes	101,733,052	12,552,799	114,285,851	-
Accrued interest	1,069,072	304,347	1,373,419	254,732
Trade accounts, net	9,740,769	8,637,480	18,378,249	6,936,656
Special assessments	-	-	-	87,730,604
Inventories	339,593	-	339,593	3,178,334
Due from other governments	6,009,303	8,727,288	14,736,591	10,198,515
Internal balances	513,810	(513,810)	-	-
Due from fiduciary funds	2,113,077	4,743,407	6,856,484	-
Due from component units	4,326,303	-	4,326,303	-
Due from funds with different year end dates	-	-	-	-
Surplus property	-	-	-	62,639
Capital assets, net:				
Assets being depreciated	134,827,859	2,463,239	137,291,098	673,956,169
Assets not being depreciated	22,708,703	93,259	22,801,962	172,566,707
Other assets	1,057,040	3,225,817	4,282,857	1,394,588
Total assets	431,915,872	102,887,490	534,803,362	1,056,230,749
LIABILITIES				
Accounts payable and accrued liabilities	11,462,522	6,200,056	17,662,578	12,089,355
Accrued wages payable	91,495	25,492	116,987	948
Accrued interest payable	628,837	-	628,837	389,407
Deposits	-	-	-	-
Due to fiduciary funds	1,026	104,140	105,166	-
Due to other governments	339,830	985,925	1,325,755	-
Due to primary government	-	-	-	4,326,303
Compensated absences	1,000,000	-	1,000,000	-
Accrued workers compensation claims	1,000,000	-	1,000,000	114,475
Accrued general liability claims	1,100,000	-	1,100,000	140,292
Deferred revenue	78,285,804	1,502,459	79,788,263	84,208,621
Long-term debt maturities due within one year	3,560,000	-	3,560,000	13,530,000
Long-term liabilities:				
Compensated absences	5,899,733	-	5,899,733	1,249,609
Accrued workers compensation claims	998,875	-	998,875	232,300
Accrued general liability claims	2,516,798	-	2,516,798	1,606,242
Long-term debt maturities due in more than one year	69,190,000	-	69,190,000	83,035,604
Total Liabilities	176,074,920	8,818,072	184,892,992	200,923,156
NET ASSETS				
Investment in capital assets, net of related debt	103,036,562	2,556,498	105,593,060	749,957,272
Restricted for				
Capital projects	22,290,355	-	22,290,355	-
Debt service	7,680,784	-	7,680,784	6,516,460
Long-term receivables (Block Grants)	6,106,858	-	6,106,858	-
Revenue Sharing Reserve Fund	28,702,563	-	28,702,563	-
Mental Health risk reserve	-	6,354,358	6,354,358	-
Unrestricted	88,023,830	85,158,562	173,182,392	98,833,861
Total Net Assets	\$ 255,840,952	\$ 94,069,418	\$ 349,910,370	\$ 855,307,593

MACOMB COUNTY, MICHIGAN
Government-Wide Statement of Activities
For the Year Ended December 31, 2004

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary government					
Governmental activities					
Legislative	1,958,277	-	-	-	(1,958,277)
Judicial	32,738,381	6,060,009	7,372,554	-	(19,305,818)
General government	47,040,467	18,438,851	129,964	-	(28,471,652)
Public safety	60,512,543	8,812,186	4,175,824	-	(47,524,533)
Public works	2,133,523	-	-	-	(2,133,523)
Health and welfare	71,578,296	12,821,291	38,453,145	-	(20,303,860)
Recreation and culture	2,982,626	309,109	58,583	3,197,973	583,039
Other activities	2,374,350	-	-	-	(2,374,350)
Interest and fees on long-term debt	3,423,082	-	-	-	(3,423,082)
Total governmental activities	224,741,545	46,441,446	50,190,070	3,197,973	(124,912,056)
Business-type activities					
Delinquent tax collections	865,989	7,464,814	-	-	6,598,825
Community Mental Health	138,754,364	97,609,297	35,444,936	-	(5,700,131)
Martha T. Berry Medical Care Facility	19,025,813	13,365,807	357,944	-	(5,302,062)
Freedom Hill Park	1,130,182	241,647	-	-	(888,535)
Total business-type activities	159,776,348	118,681,565	35,802,880	-	(5,291,903)
Total primary government	\$ 384,517,893	\$ 165,123,011	\$ 85,992,950	\$ 3,197,973	\$ (130,203,959)
Component Units					
Public Works	15,092,321	10,539,116	-	-	(4,553,205)
Road Commission	64,189,310	11,521,155	-	86,412,881	33,744,726
Workforce Development Board	17,397,372	-	17,397,372	-	-
Hospital Finance Authority	8,609	16,254	-	-	7,645
Total component units	\$ 96,687,612	\$ 22,076,525	\$ 17,397,372	\$ 86,412,881	\$ 29,199,166

MACOMB COUNTY, MICHIGAN
Government-Wide Statement of Activities
For the Year Ended December 31, 2004

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	
Changes in net assets				
Net (expense) revenue (from page B-2)	\$ (124,912,056)	\$ (5,291,903)	\$ (130,203,959)	\$ 29,199,166
General revenues:				
Property tax	145,946,433	-	145,946,433	-
Intergovernmental revenues	8,260,654	-	8,260,654	-
Investment earnings	3,432,645	1,052,437	4,485,082	3,169,145
Transfers - internal activities	(1,974,217)	2,655,143	680,926	-
Total general revenues and transfers	<u>155,665,515</u>	<u>3,707,580</u>	<u>159,373,095</u>	<u>3,169,145</u>
Change in net assets	30,753,459	(1,584,323)	29,169,136	32,368,311
Net assets, beginning of year	<u>225,087,493</u>	<u>95,653,741</u>	<u>320,741,234</u>	<u>822,939,282</u>
Net assets, end of year	<u>\$ 255,840,952</u>	<u>\$ 94,069,418</u>	<u>\$ 349,910,370</u>	<u>\$ 855,307,593</u>

The accompanying notes are an integral part of these financial statements

MACOMB COUNTY, MICHIGAN
Balance Sheet - Governmental Funds
December 31, 2004

	Major Funds		Nonmajor Governmental Funds	Total Governmental Funds
	General Fund	Revenue Sharing Reserve Fund		
Assets				
Cash and pooled investments	\$ 60,165,592	\$ -	\$ 58,570,691	\$ 118,736,283
Taxes receivable	63,820,051	37,772,742	140,259	101,733,052
Accrued interest receivable	1,002,835	-	66,237	1,069,072
Accounts receivable, net	902,526	-	8,813,691	9,716,217
Due from other governments	2,971,724	-	2,715,684	5,687,408
Due from governmental funds	9,433,616	-	15,965	9,449,581
Due from business-type units	2,899,280	-	389	2,899,669
Due from fiduciary funds	2,104,494	-	427	2,104,921
Due from component units	4,326,303	-	-	4,326,303
Advances to other funds	300,000	-	30,000	330,000
Other assets	8,180	-	613,110	621,290
Total Assets	\$ 147,934,601	\$ 37,772,742	\$ 70,966,453	\$ 256,673,796
Liabilities and Fund Balances				
Liabilities				
Accounts payable	\$ 5,170,711	\$ -	\$ 3,849,784	\$ 9,020,495
Accrued liabilities	-	-	1,732,047	1,732,047
Accrued compensation and benefits	73,994	-	17,392	91,386
Due to other governments	98,434	-	236,723	335,157
Due to governmental funds	15,965	9,070,179	363,437	9,449,581
Due to business-type units	2,485,695	-	96	2,485,791
Due to fiduciary funds	1,026	-	-	1,026
Deferred revenue	77,350,097	-	935,707	78,285,804
Total Liabilities	85,195,922	9,070,179	7,135,186	101,401,287
Fund Balances				
Reserved				
Debt service	-	-	7,680,784	7,680,784
Revenue sharing	-	28,702,563	-	28,702,563
Advances to other funds	300,000	-	30,000	330,000
Long-term receivables	-	-	6,106,858	6,106,858
Capital projects	-	-	22,290,355	22,290,355
Unreserved				
Designated				
Subsequent year budget	35,869,264	-	-	35,869,264
Capital projects	-	-	18,181,044	18,181,044
Programs - special projects	-	-	-	-
General fund	1,149,977	-	-	1,149,977
Special revenue funds	-	-	2,836,775	2,836,775
Undesignated				
General fund	25,419,438	-	-	25,419,438
Special revenue funds	-	-	6,705,451	6,705,451
Total Fund Balances	62,738,679	28,702,563	63,831,267	155,272,509
Total Liabilities and Fund Balances	\$ 147,934,601	\$ 37,772,742	\$ 70,966,453	\$ 256,673,796

**MACOMB COUNTY, MICHIGAN
RECONCILIATION OF THE FUND BALANCES ON THE BALANCE SHEET OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF NET ASSETS OF GOVERNMENTAL ACTIVITIES
YEAR ENDED DECEMBER 31, 2004**

Total fund balances for governmental funds \$ 155,272,509

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	9,233,484
Land improvements	4,984,358
Buildings and improvements	167,654,084
Machinery, equipment and vehicles	38,225,694
Construction in progress	13,475,219
Accumulated depreciation	(76,836,110)

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. (See Note 4)

Bonds issued in prior years	(56,385,000)
Bonds issued during the current year	(19,350,000)
Bond principal repayments	2,985,000

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 (628,837)

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 (345,158)

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. The assets and liabilities of the Internal Service Funds are included in the governmental activities in the Government-Wide Statement of Net Assets 17,555,709

Net assets of governmental activities reported in the Government-Wide Statement of Net Assets \$ 255,840,952

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, 2004

	Major Funds		Nonmajor Governmental Funds	Total Governmental Funds
	General Fund	Revenue Sharing Reserve Fund		
Revenues				
Taxes	\$ 108,024,702	\$ 37,772,742	\$ 148,989	\$ 145,946,433
Licenses and permits	397,172	-	689,881	1,087,053
Federal & State grants	14,756,398	-	46,885,299	61,641,697
Other grants	-	-	7,000	7,000
Charges for services	26,754,510	-	15,203,154	41,957,664
Investment income	2,564,527	-	868,118	3,432,645
Charges to other funds for administrative services	10,516,996	-	-	10,516,996
Fines and forfeitures	1,058,973	-	922,482	1,981,455
Other revenue	206,739	-	1,208,535	1,415,274
Total Revenues	164,280,017	37,772,742	65,933,458	267,986,217
Expenditures				
Current				
Legislative	1,958,277	-	-	1,958,277
Judicial	19,451,435	-	11,939,562	31,390,997
General government	48,848,120	-	722,132	49,570,252
Public safety	51,927,325	-	6,366,209	58,293,534
Public works	-	-	2,133,523	2,133,523
Health and welfare	775,974	-	69,071,843	69,847,817
Recreation and cultural	-	-	2,909,486	2,909,486
Other	4,732,839	-	-	4,732,839
Capital outlay	722,119	-	29,207,986	29,930,105
Debt service				
Principal	-	-	2,985,000	2,985,000
Interest and fees	-	-	2,733,457	2,733,457
Bond issue costs	-	-	220,481	220,481
Total Expenditures	128,416,089	-	128,289,679	256,705,768
Excess of Revenues over (under) Expenditures	35,863,928	37,772,742	(62,356,221)	11,280,449
Other financing sources (uses)				
Issuance of debt	-	-	19,350,000	19,350,000
Transfers in	19,668,740	-	57,122,541	76,791,281
Transfers out	(58,307,955)	(9,070,179)	(11,797,975)	(79,176,109)
Bond discounts	-	-	(171,581)	(171,581)
Total other financing sources (uses)	(38,639,215)	(9,070,179)	64,502,985	16,793,591
Net change in fund balances	(2,775,287)	28,702,563	2,146,764	28,074,040
Fund Balances, beginning of year	65,513,966	-	61,684,503	127,198,469
Fund Balances, end of year	\$ 62,738,679	\$ 28,702,563	\$ 63,831,267	\$ 155,272,509

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, 2004

Net change in fund balances - total governmental funds \$ 28,074,040

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	29,930,105
Expenditures reported as capital outlay but not capitalized	(1,268,676)
Current year depreciation expense	(7,797,582)
Loss on disposal of assets	(137,741)

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. (See Note 4) 2,985,000

The proceeds received as a result of issuing of bonds are recorded as revenue in the governmental funds, but are recorded as increases in long-term liabilities in the Statement of Net Assets. (See Note 4) (19,350,000)

Bond discounts 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	(220,636)
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The change in amount of accrued compensated absences not recorded in the governmental funds but is recorded as an operating expense in the Government-Wide Statement of Activities. (345,158)

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. (76,927)

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. The net income (loss) attributable to those funds is reported with governmental activities (1,038,966)

Change in net assets of governmental activities reported in the Statement of Activities \$ 30,753,459

The accompanying notes are an integral part of these financial statements

MACOMB COUNTY, MICHIGAN
Statement of Net Assets
Proprietary Funds
December 31, 2004

	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	\$ 62,575,452	\$ -	\$ 150
Receivables:			
Property taxes	12,552,799	-	-
Accrued interest	304,347	-	-
Trade accounts, net	2,788,879	2,997,770	2,830,092
Inventories	-	-	-
Due from other governments	178,404	8,548,884	-
Due from governmental funds	2,485,791	-	-
Due from business-type units	-	-	-
Due from fiduciary funds	4,743,407	-	-
Other assets	-	3,142,974	82,843
Total current assets	85,629,079	14,689,628	2,913,085
Noncurrent assets			
Capital assets, net:			
Assets being depreciated	-	53,942	1,380,157
Assets not being depreciated	-	-	-
Total noncurrent assets	-	53,942	1,380,157
Total Assets	85,629,079	14,743,570	4,293,242
LIABILITIES			
Current liabilities			
Accounts payable	222,973	5,477,821	476,173
Accrued wages payable	236	-	24,361
Due to other governments	504,375	481,550	-
Due to governmental funds	100,321	787,564	2,111,716
Due to fiduciary funds	104,140	-	-
Compensated absences	-	-	-
Claims and judgements	-	-	-
Deferred revenue	-	1,502,459	-
Total current liabilities	932,045	8,249,394	2,612,250
Noncurrent liabilities			
Claims and judgements	-	-	-
Compensated absences and accrued wages payable	-	-	-
Advances from other funds	-	-	-
Total noncurrent liabilities	-	-	-
Total Liabilities	932,045	8,249,394	2,612,250
NET ASSETS			
Investment in capital assets, net of related debt	-	53,942	1,380,157
Restricted	-	6,354,358	-
Unrestricted	84,697,034	85,876	300,835
Total Net Assets	\$ 84,697,034	\$ 6,494,176	\$ 1,680,992

MACOMB COUNTY, MICHIGAN
Statement of Net Assets
Proprietary Funds
December 31, 2004

	<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>
ASSETS			
Current assets			
Cash and pooled investments	\$ 78,062	\$ 62,653,664	\$ 28,741,008
Receivables:			
Property taxes	-	12,552,799	-
Accrued interest	-	304,347	-
Trade accounts, net	20,739	8,637,480	24,552
Inventories	-	-	339,593
Due from other governments	-	8,727,288	321,895
Due from governmental funds	-	2,485,791	-
Due from business-type units	-	-	99,932
Due from fiduciary funds	-	4,743,407	8,156
Other assets	-	3,225,817	435,745
Total current assets	98,801	103,330,593	29,970,881
Noncurrent assets			
Capital assets, net:			
Assets being depreciated	1,029,140	2,463,239	799,834
Assets not being depreciated	93,259	93,259	-
Total noncurrent assets	1,122,399	2,556,498	799,834
Total Assets	1,221,200	105,887,091	30,770,715
LIABILITIES			
Current liabilities			
Accounts payable	23,089	6,200,056	709,976
Accrued wages payable	895	25,492	109
Due to other governments	-	985,925	4,673
Due to governmental funds	-	2,999,601	-
Due to fiduciary funds	-	104,140	-
Compensated absences	-	-	1,000,000
Claims and judgements	-	-	2,100,000
Deferred revenue	-	1,502,459	-
Total current liabilities	23,984	11,817,673	3,814,758
Noncurrent liabilities			
Claims and judgements	-	-	3,515,673
Compensated absences and accrued wages payable	-	-	5,554,575
Advances from other funds	-	-	330,000
Total noncurrent liabilities	-	-	9,400,248
Total Liabilities	23,984	11,817,673	13,215,006
NET ASSETS			
Investment in capital assets, net of related debt	1,122,399	2,556,498	799,834
Restricted	-	6,354,358	-
Unrestricted	74,817	85,158,562	16,755,875
Total Net Assets	\$ 1,197,216	\$ 94,069,418	\$ 17,555,709

MACOMB COUNTY, MICHIGAN
Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Funds
Year Ended December 31, 2004

	Major Business-Type Activities - Enterprise Funds		
	Delinquent Tax Revolving	Community Mental Health	Martha T Berry Medical Care Facility
Operating Revenues			
Charges for services	\$ 7,464,814	\$ 97,577,176	\$ 13,365,807
Federal and state grants	-	35,444,936	-
Other	-	32,121	357,944
Total operating revenues	7,464,814	133,054,233	13,723,751
Operating Expenses			
Personal services	320,273	20,329,683	12,405,878
Contractual services	-	111,662,322	2,594,871
Utilities	-	326,090	645,112
Repairs and maintenance	-	30,195	202,867
Benefits and claims expenses	-	-	-
Supplies and services	545,716	6,388,040	2,997,567
Depreciation	-	18,034	179,518
Total Operating Expenses	865,989	138,754,364	19,025,813
Operating Income (Loss)	6,598,825	(5,700,131)	(5,302,062)
Nonoperating revenues			
Investment income	933,948	118,489	-
Total Nonoperating Revenues	933,948	118,489	-
Income before Transfers	7,532,773	(5,581,642)	(5,302,062)
Transfers			
Transfers in	-	5,727,373	4,651,829
Transfers out	(8,655,000)	-	-
Other (See note 5)	-	-	-
Net Transfers	(8,655,000)	5,727,373	4,651,829
Increase (decrease) in net assets	(1,122,227)	145,731	(650,233)
Net assets, beginning of year	85,819,261	6,348,445	2,331,225
Net assets, end of year	\$ 84,697,034	\$ 6,494,176	\$ 1,680,992

MACOMB COUNTY, MICHIGAN
Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Funds
Year Ended December 31, 2004

	<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	\$ 241,647	\$ 118,649,444	\$ 8,340,108
Federal and state grants	-	35,444,936	-
Other	-	390,065	-
Total operating revenues	241,647	154,484,445	8,340,108
Operating Expenses			
Personal services	702,417	33,758,251	66,457
Contractual services	5,194	114,262,387	-
Utilities	136,810	1,108,012	1,859,548
Repairs and maintenance	89,107	322,169	-
Benefits and claims expenses	-	-	4,401,450
Supplies and services	145,801	10,077,124	3,176,824
Depreciation	50,853	248,405	378,665
Total Operating Expenses	1,130,182	159,776,348	9,882,944
Operating Income (Loss)	(888,535)	(5,291,903)	(1,542,836)
Nonoperating revenues			
Investment income	-	1,052,437	-
Total Nonoperating Revenues	-	1,052,437	-
Income before Transfers	(888,535)	(4,239,466)	(1,542,836)
Transfers			
Transfers in	837,682	11,216,884	503,870
Transfers out	-	(8,655,000)	-
Other (See note 5)	93,259	93,259	-
Net Transfers	930,941	2,655,143	503,870
Increase (decrease) in net assets	42,406	(1,584,323)	(1,038,966)
Net assets, beginning of year	1,154,810	95,653,741	18,594,675
Net assets, end of year	\$ 1,197,216	\$ 94,069,418	\$ 17,555,709

MACOMB COUNTY, MICHIGAN
Combining Statement of Cash Flows - Proprietary Funds
Year Ended December 31, 2004

	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	\$ 10,127,896	\$ 141,678,985	\$ 13,840,251
Cash received from (paid for) interfund services	(2,003,499)	(4,709,324)	251,367
Cash payments to employees	(320,273)	(20,329,683)	(12,404,391)
Cash payments to suppliers	(323,738)	(122,459,852)	(6,227,155)
Net cash provided by (used in) Operating Activities	<u>7,480,386</u>	<u>(5,819,874)</u>	<u>(4,539,928)</u>
Cash Flows From Noncapital Financing Activities			
Transfers in	-	5,727,373	4,651,829
Transfers out	(8,655,000)	-	-
Net cash provided by (used in) Noncapital Financing Activities	<u>(8,655,000)</u>	<u>5,727,373</u>	<u>4,651,829</u>
Cash Flows From Capital and Related Financing Activities			
Proceeds from sale of capital assets	-	-	-
Acquisition of capital assets	-	(25,988)	(111,901)
Net Cash used in Capital and Related Financing Activities	<u>-</u>	<u>(25,988)</u>	<u>(111,901)</u>
Cash Flows From Investing Activities			
Interest received on investments	811,997	118,489	-
Net cash provided by Investing Activities	<u>811,997</u>	<u>118,489</u>	<u>-</u>
Increase (decrease) in cash and short-term investments	(362,617)	-	-
Cash and cash equivalents, beginning of year	62,938,069	-	150
Cash and cash equivalents, end of year	<u>\$ 62,575,452</u>	<u>\$ -</u>	<u>\$ 150</u>
Reconciliation of operating income to net cash provided (used) by operating activities			
Operating income (loss)	\$ 6,598,825	\$ (5,700,131)	\$ (5,302,062)
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:			
Depreciation	-	18,034	179,518
Decrease in taxes receivable	10,073,133	-	-
Decrease (increase) in accounts receivable	(427,608)	1,472,084	116,500
Increase in inventory	-	-	-
Decrease (increase) in amounts due from other governments	102	7,036,423	-
Increase in amounts due from other funds	(1,403,499)	-	-
Decrease in other assets	228,388	2,082,341	-
Increase (decrease) in accounts payable	221,978	(5,521,475)	37,112
Increase (decrease) in accrued employee benefits	-	-	1,487
Decrease in amounts due to other governments	(7,210,933)	(3,416,149)	-
Increase (decrease) in amounts due to other funds	(600,000)	(3,241,054)	427,517
Increase in deferred revenue	-	1,450,053	-
Increase in accrued claims and judgements	-	-	-
Net cash provided by (used in) Operating Activities	<u>\$ 7,480,386</u>	<u>\$ (5,819,874)</u>	<u>\$ (4,539,928)</u>

MACOMB COUNTY, MICHIGAN
Combining Statement of Cash Flows - Proprietary Funds
Year Ended December 31, 2004

	Major Business-type Activities - Enterprise Funds		Governmental Activities
	Freedom Hill	Totals	Internal
	Park		Service Funds
Cash Flows from Operating Activities			
Cash received from customers	\$ 239,463	\$ 165,886,595	\$ 133,886
Cash received from (paid for) interfund services	(19,076)	(6,480,532)	8,158,672
Cash payments to employees	(702,434)	(33,756,781)	(945,899)
Cash payments to suppliers	(347,647)	(129,358,392)	(7,515,952)
Net cash provided by (used in) Operating Activities	<u>(829,694)</u>	<u>(3,709,110)</u>	<u>(169,293)</u>
Cash Flows From Noncapital Financing Activities			
Transfers in	930,941	11,310,143	503,870
Transfers out	-	(8,655,000)	-
Net cash provided by (used in) Noncapital Financing Activities	<u>930,941</u>	<u>2,655,143</u>	<u>503,870</u>
Cash Flows From Capital and Related Financing Activities			
Proceeds from sale of capital assets	-	-	1,029
Acquisition of capital assets	(93,259)	(231,148)	(240,534)
Net Cash used in Capital and Related Financing Activities	<u>(93,259)</u>	<u>(231,148)</u>	<u>(239,505)</u>
Cash Flows From Investing Activities			
Interest received on investments	-	930,486	-
Net cash provided by Investing Activities	<u>-</u>	<u>930,486</u>	<u>-</u>
Increase (decrease) in cash and short-term investments	7,988	(354,629)	95,072
Cash and cash equivalents, beginning of year	70,074	63,008,293	28,645,936
Cash and cash equivalents, end of year	<u>\$ 78,062</u>	<u>\$ 62,653,664</u>	<u>\$ 28,741,008</u>
Reconciliation of operating income to net cash provided (used) by operating activities			
Operating income (loss)	\$ (888,535)	\$ (5,291,903)	\$ (1,542,836)
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:			
Depreciation	50,853	248,405	378,665
Decrease in taxes receivable	-	10,073,133	-
Decrease (increase) in accounts receivable	(2,184)	1,158,792	46,033
Increase in inventory	-	-	(49,542)
Decrease (increase) in amounts due from other governments	-	7,036,525	(102,566)
Increase in amounts due from other funds	-	(1,403,499)	-
Decrease in other assets	-	2,310,729	10,100
Increase (decrease) in accounts payable	10,189	(5,252,196)	327,359
Increase (decrease) in accrued employee benefits	(17)	1,470	25,726
Decrease in amounts due to other governments	-	(10,627,082)	(14,989)
Increase (decrease) in amounts due to other funds	-	(3,413,537)	-
Decrease in deferred revenue	-	1,450,053	-
Increase in accrued claims and judgements	-	-	752,757
Net cash provided by (used in) Operating Activities	<u>\$ (829,694)</u>	<u>\$ (3,709,110)</u>	<u>\$ (169,293)</u>

MACOMB COUNTY, MICHIGAN
Statement of Fiduciary Net Assets
Fiduciary Funds
December 31, 2004

ASSETS	Employee Retirement and Postretirement Health Care Benefits	Agency Funds
Cash and pooled investments	\$ 17,180,603	\$ 19,904,727
Receivables		
Accrued interest	1,653,529	-
Other	322,185	3,238,731
	<hr/>	<hr/>
Total receivables	1,975,714	3,238,731
	<hr/>	<hr/>
Investments, at fair value		
US Government obligations	39,103,631	-
Corporate Bonds	41,551,095	-
Preferred Stock	44,182,875	-
Common Stock	262,624,378	-
Foreign Stock	99,523,452	-
Limited partnerships	16,592,245	-
Mutual funds	265,554,660	-
	<hr/>	<hr/>
Total investments	769,132,336	-
	<hr/>	<hr/>
Securities lending collateral	47,120,066	-
Due from governmental funds	1,026	-
Due from business-type units	-	104,140
Due from fiduciary funds	327,022	1,009,344
Other assets	-	12,121
	<hr/>	<hr/>
Total Assets	835,736,767	\$ 24,269,063
	<hr/>	<hr/>
LIABILITIES		
Accounts payable	1,791,030	\$ 7,195,399
Accrued compensation and benefits	-	534,869
Deposits	-	6,580,311
Due to other governments	-	5,110,002
Due to governmental funds	2,113,077	-
Due to business-type units	-	4,743,407
Due to fiduciary funds	1,231,291	105,075
Obligations under securities lending	47,120,066	-
	<hr/>	<hr/>
Total Liabilities	52,255,464	\$ 24,269,063
	<hr/>	<hr/>
NET ASSETS		
Net assets held in trust for pension and other postemployment benefits	\$ 783,481,303	
	<hr/>	

MACOMB COUNTY, MICHIGAN
Statement of Changes In Fiduciary Net Assets
Fiduciary Funds
Year Ended December 31, 2004

	Employee Retirement and Postretirement Health Care Benefits
ADDITIONS	
Contributions	
Employer	\$ 17,251,701
Employee	5,833,580
	23,085,281
Total contributions	23,085,281
Investment income	
Net appreciation in fair value of assets	65,213,607
Interest	6,261,367
Dividends	10,690,107
Securities lending	134,462
	82,299,543
Less investment expenses	
Management and custodial fees	2,299,460
Securities lending agent fees	56,013
	2,355,473
Net investment income	79,944,070
Total additions	103,029,351
DEDUCTIONS	
Benefit payments	37,724,516
Refunds of contributions	205,225
Administrative expense	191,123
	38,120,864
Total deductions	38,120,864
Net increase in net assets	64,908,487
NET ASSETS	
Beginning of year	718,572,816
End of year	\$ 783,481,303

MACOMB COUNTY, MICHIGAN
Combining Statement of Net Assets - Component Units
December 31, 2004

	Public Works (1)	Road Commission (1)	Workforce Development Board	Hospital Finance Authority	Total
ASSETS					
Cash and cash equivalents	\$ 51,553,686	\$ 48,291,015	\$ 99,459	\$ 7,645	\$ 99,951,805
Receivables:					
Accrued interest	52,041	202,691	-	-	254,732
Trade accounts, net	4,311,674	2,624,982	-	-	6,936,656
Special assessments	87,730,604	-	-	-	87,730,604
Inventories	-	3,178,334	-	-	3,178,334
Due from other governments	-	7,353,178	2,845,337	-	10,198,515
Surplus property	-	62,639	-	-	62,639
Capital assets, net:					
Assets being depreciated	164,011,096	509,945,073	-	-	673,956,169
Assets not being depreciated	4,624,297	167,942,410	-	-	172,566,707
Other assets	-	1,394,588	-	-	1,394,588
Total assets	312,283,398	740,994,910	2,944,796	7,645	1,056,230,749
LIABILITIES					
Accounts payable	\$ 5,108,730	\$ 6,917,280	63,345	-	12,089,355
Accrued wages payable	-	-	948	-	948
Accrued interest payable	389,407	-	-	-	389,407
Due to primary government	1,445,800	-	2,880,503	-	4,326,303
Accrued workers compensation claims	-	114,475	-	-	114,475
Accrued general liability claims	-	140,292	-	-	140,292
Deferred revenue	84,208,621	-	-	-	84,208,621
Long-term debt maturities due within one year	13,530,000	-	-	-	13,530,000
Long-term liabilities:					
Compensated absences	-	1,249,609	-	-	1,249,609
Accrued workers compensation claims	-	232,300	-	-	232,300
Accrued general liability claims	-	1,606,242	-	-	1,606,242
Long-term debt maturities due in more than one year	83,035,604	-	-	-	83,035,604
Total Liabilities	187,718,162	10,260,198	2,944,796	-	200,923,156
NET ASSETS					
Investment in capital assets, net of related debt	72,069,789	677,887,483	-	-	749,957,272
Restricted for:					
Debt service	6,516,460	-	-	-	6,516,460
Unrestricted	45,978,987	52,847,229	-	7,645	98,833,861
Total Net Assets	\$ 124,565,236	\$ 730,734,712	\$ -	\$ 7,645	\$ 855,307,593

(1) - Year-end September 30, 2004

MACOMB COUNTY, MICHIGAN
Combining Statement of Activities - Component Units
For the Year Ended December 31, 2004

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Public Works (1)					
Public works	\$ 12,213,225	\$ 10,539,116	\$ -	\$ -	\$ (1,674,109)
Interest on long-term debt	2,879,096	-	-	-	(2,879,096)
Total public works	15,092,321	10,539,116	-	-	(4,553,205)
Road Commission (1)					
Public works	64,189,310	11,521,155	-	86,412,881	33,744,726
Total Road Commission	64,189,310	11,521,155	-	86,412,881	33,744,726
Workforce Development Board					
Health and Welfare	17,397,372	-	17,397,372	-	-
Total Workforce Development Board	17,397,372	-	17,397,372	-	-
Hospital Finance Authority					
Health and Welfare	8,609	16,254	-	-	7,645
Total Workforce Development Board	8,609	16,254	-	-	7,645
Total Component Units	\$ 96,687,612	\$ 22,076,525	\$ 17,397,372	\$ 86,412,881	\$ 29,199,166

(1) - Year ended September 30, 2004

The accompanying notes are an integral part of these financial statements

MACOMB COUNTY, MICHIGAN
Combining Statement of Activities - Component Units
For the Year Ended December 31, 2004

	Public Works (1)	Road Commission (1)	Workforce Development Board	Hospital Finance Authority	Total
Changes in net assets					
Net (expense) revenue	\$ (4,553,205)	\$ 33,744,726	\$ -	\$ 7,645	\$ 29,199,166
General revenues:					
Investment earnings	2,610,390	558,755	-	-	3,169,145
Total general revenues, contributions and transfers	2,610,390	558,755	-	-	3,169,145
Change in net assets	(1,942,815)	34,303,481	-	7,645	32,368,311
Net assets, beginning of year (as restated) (2)	126,508,051	696,431,231	-	-	822,939,282
Net assets, end of year	<u>\$ 124,565,236</u>	<u>\$ 730,734,712</u>	<u>\$ -</u>	<u>\$ 7,645</u>	<u>\$ 855,307,593</u>

(1) - Year Ended September 30, 2004

(2) - Restatement of beginning net assets of the Road Commission. See Note 3.

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements
December 31, 2004

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, 2004, 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, Senior Citizens and Sheriff Special Revenue Funds, the Community Mental Health Enterprise Fund, and the Road Commission and Public Works Component Units, which are reported as of and for the year ended September 30, 2004.

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 an elected Board of Commissioners (26 members). The Board of Commissioners is a legislative body that is also responsible for the administration of the County. 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", 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.

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.

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.

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2004

Note 1 – Summary of Significant Accounting Policies (continued)

Blended Component Units (concluded) –

The **Macomb County Employee's Retirement System** (the "System") is governed by a seven-member board. Although it is legally separate from the County, the System is reported as if it were part of the primary government because its sole purpose is to administer the Macomb County Employees' Retirement System.

The **Macomb County Retiree Health Care Board** consists of five members of the Board of Commissioners, the County Treasurer and the County Finance Director. Although legally separate from the County, the Board is reported as if it were part of the County since its sole purpose is to administer the Macomb County Retiree Health Care Plan and Trust.

Discretely Presented Component Units

The **Macomb/St. Clair Workforce Development Board** (Michigan Works!) is governed by a separate board appointed by the County Board of Commissioners. Michigan Works! receives federal funds under the Job Training Partnership 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 Michigan Works! are not prepared.

The **Macomb County Road Commission** is governed by a separate board appointed by the County Board of Commissioners. The Road Commission constructs, operates and maintains primary and local roads within the County. The Road Commission's activities are included in the County's financial statements as the exclusion of such activities would be misleading to the financial statements. Complete financial statements of the Road Commission can be obtained from the Road Commission administrative offices, 156 Mallow St., P. O. Box 2347, Mt. Clemens, MI, 48046-2347.

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.

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.

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2004

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 majority 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 interfund activity has been eliminated from these statements. However, interfund 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, 2004

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 *Revenue Sharing Reserve Fund* is required by the State of Michigan and accounts for property tax collections that serve as a substitute for State revenue sharing payments. This funding mechanism involves a gradual shift in the collection of County property taxes from December to July of each year.

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.

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.

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2004

Note 1 – Summary of Significant Accounting Policies (continued)

Basis of Presentation - Fund Accounting (concluded) - 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

Internal Service Funds - Internal services funds are used to account for goods and services provided to other departments and governmental agencies on a cost-reimbursement basis.

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 and are intended to recover the cost of services provided.

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.

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.

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2004

Note 1 – Summary of Significant Accounting Policies (continued)

Measurement Focus and Basis of Accounting – Basis of accounting refers to when revenues and expenses are recognized and reported in the financial statements.

The government-wide financial statements as well as the financial statements of the proprietary funds and pension trust funds are accounted for using 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.

The governmental fund financial statements are prepared using 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.

Federal grants, state distributions and grants, property taxes and interest earned are accrued since they are 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. 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.

Inventories - Inventories are valued at cost. Cost is determined by the first-in, first-out method. Inventories in the General Fund and the Road Commission (component unit) consist of expendable items held for consumption. The cost is recorded as an expenditure at the time individual inventory items are consumed. Inventories reported in the General Fund are equally offset by a fund balance reserve that indicates that they do not constitute "available spendable resources" even though they are a component of net current assets. Under current governmental accounting principles, establishing a reserve for inventories determined on the consumption basis is optional. As a matter of policy, the Road Commission has elected not to establish a fund balance reserve for its inventories.

Surplus Property – Surplus property is recorded at the lower of cost or market and represents currently available expendable resources.

Other Assets – Other assets represent deposits and prepaid expenses.

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2004

Note 1 – Summary of Significant Accounting Policies (continued)

Budgetary Accounting – In establishing the budgetary data reflected in the financial statements, the County follows these procedures:

- 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, Friend of the Court, Health, County Library, Medical Care Facility, Parks, Social Services, Community Services Agency, Senior Citizens Services and Child Care Special Revenue Funds. For those Special Revenue Funds and component units without annual operating budgets (MSU Extension Grants, Sheriff Grants, Urban County Block Grant, Prosecuting Attorney Grants, Health 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. Similarly, legal authorization for the spending of Debt Service Funds and Capital Projects Funds is provided by Board of Commissioners' approval of bond ordinances, grant agreements, construction contracts and special assessment rolls.
- A public hearing is conducted to obtain taxpayer comments.
- Prior to December 31, the budget is legally enacted through passage of a resolution by the Board of Commissioners.

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 function and object level within an individual department. Management cannot amend the enacted budget without the consent of the Finance Committee of the Board of Commissioners. The Finance Committee is authorized to transfer budgeted amounts within the legal levels of budgetary control. Any revisions that alter the total expenditures of any legal level of budgetary control must be approved by 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 reappropriated in the following year. Budgets are adopted on a basis consistent with generally accepted accounting principles. Budgeted amounts, as presented in the financial statements, represent final budget authorization, including all amendments approved during the year.

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 expensed in the governmental funds. Capital assets of the component units, including infrastructure assets such as roads, bridges and drains, are reported in the Public Works and Road Commission Component Units. The County capitalizes assets whose initial purchase price equals or exceeds \$5,000 and whose estimated useful life exceeds one year. The Road Commission 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.

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2004

Note 1 – Summary of Significant Accounting Policies (continued)

Capital Assets (concluded) – 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 are reported as reserves of fund balances since they do not constitute expenditures or liabilities. In addition, the encumbrances outstanding at year-end are reappropriated and spent under authorization of a new budget.

Property Taxes – The County property tax is levied each December 1 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 December 1, 2003 levy (calendar 2004 revenue) was \$25,573,225,399. The County operating tax rate for the 2003 levy was 4.20 mills.

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.

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.

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2004

Note 1 – Summary of Significant Accounting Policies (concluded)

Application of FASB Pronouncements – The County and its component units apply all applicable pronouncements of the Financial Accounting Standards Board (FASB) in accounting for their proprietary operations (excluding internal service funds), unless those pronouncements conflict with guidance issued by the Governmental Accounting Standards Board after November 30, 1989, as prescribed by GASB Statement No. 20.

Note 2 - Cash and Investments

The County maintains a cash and investment pool that is available for use by all funds, except the Pension Trust Fund and the Retiree Health Care Trust Fund. 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".

Cash and Certificates of Deposit – At year-end, the book value of the deposits of the primary government and component units was \$206,136,945 and \$99,951,805, respectively, with corresponding bank balances of \$216,888,640 and \$102,468,038. Qualifying deposits are insured by the FDIC up to \$100,000. Of the bank balance of the primary government, \$800,000 was insured and the remaining \$216,088,640 was uninsured and uncollateralized. Of the bank balances of the component units, \$900,000 was insured and the remaining \$101,568,038 was uninsured and uncollateralized.

Investments – 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. In addition, the Pension Trust Fund and Retiree Health Care Trust Fund are also authorized to invest in corporate bonds rated in the top four major grades as determined by at least two national rating services. Additionally, corporate stock limited to sixty five percent (65%) of the total portfolio of the Trust Funds, based on market value. The Pension Trust Fund also participates in securities lending transactions (see Note 7).

Investments are carried at fair value and are categorized in the following summary to give an indication of the level of risk assumed by the County at year-end. Category 1 includes investments that are insured or registered or for which the securities are held by the county or its agent in the County's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the county's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or its trust department or agents but not in the County's name.

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2004

Note 2 - Cash and Investments (concluded)

The carrying value of the County's investments by risk category and type at December 31, 2004, as follows:

	Category			Carrying Amount
	1	2	3	
Primary Government and Fiduciary Funds				
US Government Securities	\$ 14,152,927	\$ -	\$ 39,103,631	\$ 53,256,558
Commercial paper	26,926,413	-	-	26,926,413
Corporate stocks, bonds and notes	-	-	447,881,800	447,881,800
	<u>\$ 41,079,340</u>	<u>\$ -</u>	<u>\$ 486,985,431</u>	528,064,771
Deposits				206,136,945
Mutual Funds				265,554,660
Partnership units				16,592,245
Securities lending				10,659,627
US Government Securities				36,460,439
Cash collateral				1,063,468,687
Total Primary Government and Fiduciary Funds Deposits and Investments				<u>1,063,468,687</u>
Component Units:				
Deposits and investments				99,951,805
Total Reporting Entity Deposits and Investments				<u>\$ 1,163,420,492</u>
Description	Primary Government	Component Units	Fiduciary Funds	Total
General Fund	\$ 60,165,592	\$ -	\$ -	\$ 60,165,592
Special Revenue	14,526,181	-	-	14,526,181
Debt Service	7,741,186	-	-	7,741,186
Capital Projects	36,303,324	-	-	36,303,324
Internal Service	28,741,008	-	-	28,741,008
Enterprise (Business-type activities)	62,653,664	-	-	62,653,664
Employees' Retirement System	-	-	747,586,745	747,586,745
Retiree Health Care	-	-	85,846,260	85,846,260
Agency	-	-	19,904,727	19,904,727
Workforce Development Board	-	99,459	-	99,459
Public Works Component Unit	-	51,553,686	-	51,553,686
Road Commission Component Unit	-	48,291,015	-	48,291,015
Hospital Finance Authority Component Unit	-	7,645	-	7,645
Total	<u>\$ 210,130,955</u>	<u>\$ 99,951,805</u>	<u>\$ 853,337,732</u>	<u>\$ 1,163,420,492</u>

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2004

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, 2004:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Capital assets not being depreciated				
Land	\$ 6,114,204	\$ 3,119,280	\$ -	\$ 9,233,484
Construction in progress	36,717,860	31,431,799	54,674,440	13,475,219
Total capital assets not being depreciated	42,832,064	34,551,079	54,674,440	22,708,703
Capital assets being depreciated				
Land improvements	4,567,765	416,593	-	4,984,358
Buildings	128,723,798	38,930,286	-	167,654,084
Machinery, equipment and vehicles	34,766,273	9,678,445	616,321	43,828,397
Total capital assets being depreciated	168,057,836	49,025,324	616,321	216,466,839
Less accumulated depreciation for				
Land improvements	2,020,425	202,789	562	2,222,652
Buildings	47,275,442	4,316,007	(35,869)	51,627,318
Machinery, equipment and vehicles	24,644,416	3,657,451	512,857	27,789,010
Total accumulated depreciation	73,940,283	8,176,247	477,550	81,638,980
Total capital assets being depreciated, net	94,117,553	40,849,077	138,771	134,827,859
Governmental activities capital assets, net	\$ 136,949,617	\$ 75,400,156	\$ 54,813,211	\$ 157,536,562

The primary government does not report any infrastructure assets as of December 31, 2004.

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

	Governmental Assets	Internal Service Assets	Total
Governmental activities:			
Judicial	\$ 1,347,384	\$ -	\$ 1,347,384
General government	2,427,570	378,665	2,806,235
Health and welfare	1,730,479	-	1,730,479
Recreation and culture	73,140	-	73,140
Public safety	2,219,009	-	2,219,009
	\$ 7,797,582	\$ 378,665	\$ 8,176,247

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2004

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, 2004:

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities				
Capital assets not being depreciated				
Construction in progress	\$ -	\$ 93,259	\$ -	\$ 93,259
Total capital assets not being depreciated	-	93,259	-	93,259
Capital assets being depreciated				
Land improvements	337,934	-	-	337,934
Buildings	6,328,802	9,070	(9,864)	6,347,736
Machinery, equipment and vehicles	2,807,456	128,819	72,572	2,863,703
Total capital assets being depreciated	9,474,192	137,889	62,708	9,549,373
Less accumulated depreciation for				
Land improvements	219,498	10,028	-	229,526
Buildings	4,237,900	168,849	399	4,406,350
Machinery, equipment and vehicles	2,443,039	69,528	62,309	2,450,258
Total accumulated depreciation	6,900,437	248,405	62,708	7,086,134
Total capital assets being depreciated, net	2,573,755	(110,516)	-	2,463,239
Business-type activities capital assets, net	<u>\$ 2,573,755</u>	<u>\$ (17,257)</u>	<u>\$ -</u>	<u>\$ 2,556,498</u>

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2004

Note 3 – Capital Assets (continued)

The following is a summary of changes in the Public Works Component Unit capital assets for the year ended September 30, 2004:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities				
Capital assets not being depreciated				
Land	\$ 1,992,428	\$ -	\$ -	\$ 1,992,428
Construction in progress	14,372,603	7,052,983	18,793,717	2,631,869
Total capital assets not being depreciated	<u>16,365,031</u>	<u>7,052,983</u>	<u>18,793,717</u>	<u>4,624,297</u>
Capital assets being depreciated				
Infrastructure	199,429,179	18,793,717	-	218,222,896
Less accumulated depreciation for Infrastructure	<u>50,035,279</u>	<u>4,176,521</u>	<u>-</u>	<u>54,211,800</u>
Total capital assets being depreciated, net	<u>149,393,900</u>	<u>14,617,196</u>	<u>-</u>	<u>164,011,096</u>
Governmental activities capital assets, net	<u><u>\$ 165,758,931</u></u>	<u><u>\$ 21,670,179</u></u>	<u><u>\$ 18,793,717</u></u>	<u><u>\$ 168,635,393</u></u>

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2004

Note 3 – Capital Assets (concluded)

The following is a summary of changes in the Road Commission Component Unit capital assets for the year ended September 30, 2004:

	Beginning Balance (As Restated)	Increases	Decreases	Ending Balance
Governmental activities				
Capital assets not being depreciated				
Land	\$ 159,938,295	\$ 8,004,115	\$ -	\$ 167,942,410
Total capital assets not being depreciated	<u>159,938,295</u>	<u>8,004,115</u>	<u>-</u>	<u>167,942,410</u>
Capital assets being depreciated				
Land improvements	1,314,800	2,656	-	1,317,456
Buildings	23,467,968	754,582	-	24,222,550
Machinery, equipment and vehicles	23,899,612	1,989,699	887,900	25,001,411
Infrastructure	688,962,267	56,752,693	-	745,714,960
Total capital assets being depreciated	<u>737,644,647</u>	<u>59,499,630</u>	<u>887,900</u>	<u>796,256,377</u>
Less accumulated depreciation for				
Land improvements	550,468	65,829	-	616,297
Buildings	4,096,166	479,163	-	4,575,329
Machinery, equipment and vehicles	17,179,508	2,519,573	828,625	18,870,456
Infrastructure	233,806,308	28,442,914	-	262,249,222
Total accumulated depreciation	<u>255,632,450</u>	<u>31,507,479</u>	<u>828,625</u>	<u>286,311,304</u>
Total capital assets being depreciated, net	<u>482,012,197</u>	<u>27,992,151</u>	<u>59,275</u>	<u>509,945,073</u>
Governmental activities capital assets, net	<u>\$ 641,950,492</u>	<u>\$ 35,996,266</u>	<u>\$ 59,275</u>	<u>\$ 677,887,483</u>

The net book value of the capital assets of the Road Commission, a discretely presented component unit, were restated as of September 30, 2003 by the other auditors to account for assets (primarily infrastructure) that were in service but not reported at September 30, 2003 in the amount of \$39,055,170. Net income of governmental activities for the year ended September 30, 2003 was reduced by approximately \$9,600,000 as a result of this adjustment.

Capital assets at September 30, 2003, as previously reported	\$ 602,895,322
Capital assets, net of accumulated depreciation	<u>39,055,170</u>
Capital assets at September 30, 2003, as restated	<u>\$ 641,950,492</u>

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2004

Note 4 – Long-Term Debt

The following is a summary of the long-term liability transactions for the year ended December 31, 2004:

Issue	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Primary Government					
Governmental activities					
Criminal Justice Bldg Authority					
Series 1989 Jail Renovation	\$ 300,000	\$ -	\$ -	\$ 300,000	\$ -
Series 1996 Refunding	1,295,000	-	310,000	985,000	315,000
Series 2002-B Refunding	5,805,000	-	280,000	5,525,000	280,000
Building Authority					
Series 1996-A Warren Satellite	800,000	-	175,000	625,000	175,000
Series 1999 Verkuilen Bldg	795,000	-	120,000	675,000	125,000
Series 2000 Clemens Center	3,625,000	-	150,000	3,475,000	150,000
Series 2002 MTB/Youth Home	30,700,000	-	1,100,000	29,600,000	1,100,000
Series 2002-A Refunding	8,800,000	-	585,000	8,215,000	610,000
Series 2004 Warehouse	-	5,100,000	-	5,100,000	175,000
Series 2004-A Public Works Bldg	-	4,250,000	-	4,250,000	150,000
MI Transportation Fund					
Series 2000-A Bridge Bonds	4,265,000	-	265,000	4,000,000	280,000
Series 2004-B Bridge Bonds	-	10,000,000	-	10,000,000	200,000
	56,385,000	19,350,000	2,985,000	72,750,000	3,560,000
Other liabilities					
Compensated Absences	6,528,849	1,743,914	1,373,030	6,899,733	1,000,000
General liability claims	2,980,836	854,629	218,667	3,616,798	1,100,000
Workers' compensation claims	1,882,080	996,177	879,382	1,998,875	1,000,000
	67,776,765	22,944,720	5,456,079	85,265,406	6,660,000
Component Units					
Drain Commissioner					
Special Assessment Debt	80,468,171	20,287,433	4,190,000	96,565,604	13,530,000
Road Commission					
Compensated Absences	1,140,706	108,903	-	1,249,609	-
General liability claims	1,785,015	13,723	52,204	1,746,534	140,292
Workers' compensation claims	266,269	251,440	170,934	346,775	114,475
Total Road Commission	3,191,990	374,066	223,138	3,342,918	254,767
Grand Totals	\$ 151,436,926	\$ 43,606,219	\$ 9,869,217	\$ 185,173,928	\$ 20,444,767

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2004

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 1989 Jail Renovation	4.00-8.50%	9/1/1989	5/1/2008	3,800,000	300,000
Series 1996 Refunding	4.00-5.80	2/1/1996	5/1/2007	3,190,000	985,000
Series 2002-B Refunding	2.00-4.00	1/1/2003	7/1/2013	5,830,000	5,525,000
Macomb County Building Authority					
Series 1996-A Warren Satellite Renovation	3.80-4.80	5/1/1997	5/1/2007	1,700,000	625,000
Series 1999 Verkuilen Bldg Renovation	4.00-4.90	11/1/1999	5/1/2009	1,205,000	675,000
Series 2000 Clemens Center	4.70-5.70	8/1/2000	5/1/2020	4,000,000	3,475,000
Series 2002 MTB/Youth Home Renovation	3.50-5.00	5/1/2002	5/1/2022	32,000,000	29,600,000
Series 2002-A Refunding	2.50-4.00	12/1/2002	5/1/2015	8,885,000	8,215,000
Series 2004 Warehouse	2.00-5.00	5/1/2004	5/1/2024	5,100,000	5,100,000
Series 2004-A Public Works Bldg	3.00-4.50	11/1/2004	5/1/2024	4,250,000	4,250,000
Michigan Transportation Bonds					
Series 2000-A Bridge Bonds	5.375-5.625	6/1/2000	12/1/2015	5,000,000	4,000,000
Series 2004-B Bridge Bonds	3.00-4.75	5/1/2004	12/1/2024	10,000,000	10,000,000
Total Primary Government				84,960,000	72,750,000
Public Works Component Unit					
Special Assessment Debt					
Busch Drain	3.80- 4.55	10/1/1998	5/1/2014	1,250,000	975,000
Diener Drain Enclosure # 2	4.00- 9.00	1/1/1991	5/1/2005	1,920,000	200,000
Green Enclosure	2.80 - 5.70	7/1/1992	5/1/2007	1,065,000	300,000
Hawken Drain	4.30 - 5.25	8/1/2000	5/1/2015	795,000	600,000
Hayes Drain	4.50 - 5.20	8/1/2000	5/1/2015	1,095,000	975,000
Plumbrook Bridge Replacement	4.00 - 5.00	8/1/2000	5/1/2015	2,800,000	2,350,000
17 Mile Road Drain & Branches	4.00 - 8.00	4/1/1973	5/1/2013	3,550,000	2,315,000
17 Mile Road Extension	3.00 - 4.50	11/01/2001	11/01/2016	1,725,000	1,500,000
Sterling Relief Lateral 12B Extension	2.00 - 4.00	09/01/2003	11/01/2012	885,000	820,000
Warren Sanitary Refunding	4.40 - 4.45	12/1/1997	1/1/2007	4,750,000	1,440,000
Armada Village MCSSS	2.00	1/23/1992	10/1/2011	1,170,000	470,000
Chesterfield New Haven, Lenox Section	5.00 - 10.00	5/1/1998	10/1/2007	2,775,000	775,000

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2004

Note 4 – Long-Term Debt (continued)

Issue	Interest Rate	Date of Issue	Maturing Through	Original Issue Amount	Balance End of Year
Public Works Component Unit					
Special Assessment Debt					
Macomb County Water Supply System #13 (Lenox Township Section 2)	4.80 - 5.50	3/1/1994	5/1/2008	1,590,000	570,000
Macomb County Water Supply System #14 (Lenox Township Section 3)	4.75 - 5.40	3/1/1997	11/1/2011	1,050,000	785,000
Macomb County Waste Water Treatment System - Armada Refunding Bonds	3.70 - 4.50	6/1/1999	11/1/2007	990,000	515,000
Macomb County Water Supply System #12 (St. Clair Shores Section 4)	4.00 - 4.85	11/1/1993	5/1/2005	1,500,000	160,000
Lake St. Clair Clean Water Initiative Series A	4.30 - 4.90	1/1/2001	10/1/2018	9,990,000	9,440,000
Lake St. Clair Clean Water Initiative Series B	Variable	4/25/2001	10/1/2004	17,775,000	8,620,000
State Revolving Fund Series #1 (5186-01)	2.50	Various	10/01/2022	20,670,000	19,040,000
Lake St. Clair Clean Water Initiative Phase II, No. 2		04/01/2002	04/01/2023	5,000,000	4,800,000
Lake St. Clair Clean Water Initiative State Revolving Fund Series #2 (5186-02)	2.50	Various	04/01/2022	13,630,000	12,555,000
Lake St. Clair Clean Water Initiative State Revolving Fund Series #3 (5186-03)	2.50	Various	04/08/2022	2,640,000	2,430,000
Lake St. Clair Clean Water Initiative State Revolving Fund Series #4 (5186-04)	2.50	Various	10/01/2022	5,550,000	5,115,000
Lake St. Clair Clean Water Initiative State Revolving Fund Series #5 (5186-05)	2.50	Various	10/01/2022	855,604	815,604
Lake St. Clair Clean Water Initiative Series 2004A	4.375 - 5.150	06/01/2004	10/01/2029	5,000,000	5,000,000
Lake St. Clair Clean Water Initiative Series 2004B	4.375 - 5.150	06/01/2004	10/01/2029	14,000,000	14,000,000
Total Public Works Component Unit				<u>124,020,604</u>	<u>96,565,604</u>
Total Reporting Entity				<u>\$ 208,980,604</u>	<u>\$ 169,315,604</u>

All long-term obligations are presented as of December 31, 2004 except for the Special Assessment Debt with Governmental Commitment and Road Commission obligations, which are presented as of September 30, 2004. Assessments receivable, including interest thereon, have been pledged for the payment of the Special Assessment Debt with Governmental Commitment. The County has also pledged its full faith and credit for the payment of the principal and interest on the Special Assessment Debt with Governmental Commitment.

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2004

Note 4 – Long-Term Debt (continued)

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				
	Primary Government			Total	Public Works
	Building Authority	Criminal Justice Building Authority	MI Transportation Bonds		Special Assessment Debt
2005	\$ 2,485,000	\$ 595,000	480,000	\$ 3,560,000	\$ 13,530,000
2006	2,615,000	605,000	495,000	3,715,000	4,775,000
2007	2,720,000	615,000	660,000	3,995,000	4,515,000
2008	2,620,000	570,000	675,000	3,865,000	4,025,000
2009	2,700,000	270,000	740,000	3,710,000	3,915,000
2010-2014	14,515,000	4,155,000	4,285,000	22,955,000	20,870,000
2015-2019	14,135,000	-	3,065,000	17,200,000	19,400,000
2020-2024	10,150,000	-	3,600,000	13,750,000	15,905,604
2025-2029	-	-	-	-	9,630,000
	\$ 51,940,000	\$ 6,810,000	\$ 14,000,000	\$ 72,750,000	\$ 96,565,604

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 accrual, are as follows:

Year	Interest Maturities				
	Primary Government			Total	Public Works
	Building Authority	Criminal Justice Building Authority	MI Transportation Bonds		Special Assessment Debt
2005	\$ 2,176,343	\$ 251,537	632,282	\$ 3,060,162	\$ 3,481,573
2006	2,086,228	230,725	611,232	2,928,185	3,021,136
2007	1,988,344	208,775	588,126	2,785,245	2,851,244
2008	1,888,419	186,125	558,776	2,633,320	2,679,977
2009	1,787,858	170,600	528,618	2,487,076	2,743,463
2010-2014	7,294,597	415,262	2,114,810	9,824,669	10,609,295
2015-2019	4,108,208	-	1,193,156	5,301,364	7,302,484
2020-2024	890,889	-	531,200	1,422,089	4,173,612
2025-2029	-	-	-	-	1,593,938
	\$ 22,220,886	\$ 1,463,024	\$ 6,758,200	\$ 30,442,110	\$ 38,456,722

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2004

Note 4 – Long-Term Debt (continued)

New Debt Issued - In April 2004, the County issued \$10,000,000 of Series B general obligation limited tax Michigan Transportation Bonds dated May 1, 2004 for the purpose of repairing and replacing structurally unsound or closed bridges in various locations throughout the County. The bonds, issued in denominations of \$5,000 or multiples thereof, bear interest from 3.00% to 4.75% and are due serially through Dec 1, 2024. The bonds were issued pursuant to Public Act 51 of the State of Michigan, as amended, and represent a general obligation of the County. Bonds maturing prior to December 1, 2013 are not subject to redemption prior to maturity. Bonds maturing on or after December 1, 2013 may be redeemed at par beginning December 1, 2012.

In May 2004, the Macomb County Building Authority issued \$5,100,000 of Series 2004 general obligation limited tax bonds dated May 1, 2004 for the purpose of purchasing a 105,000 square foot warehouse. Bonds totaling \$4,400,000, issued in denominations of \$5,000 or multiples thereof, bear interest from 2.00% to 4.45% and are due serially through May 1, 2022. The remaining \$700,000 term bonds bear interest at 5.00% and are due May 1, 2024. The bonds are to be repaid from rental payments to be received pursuant to a lease agreement executed between the Macomb County Building Authority and the County. Bonds maturing prior to May 1, 2012 are not subject to redemption prior to maturity. Bonds maturing on or after May 1, 2012 may be redeemed at par beginning May 1, 2011.

In November 2004, the Macomb County Building Authority issued \$4,250,000 of Series 2004-A general obligation limited tax bonds dated November 1, 2004 for the purpose of constructing a new facility to house the Office of the Public Works Commissioner. The bonds, issued in denominations of \$5,000 or multiples thereof, bear interest from 3.00% to 4.45% and are due serially through May 1, 2024. The bonds are to be repaid from rental payments to be received pursuant to a lease agreement executed between the Macomb County Building Authority and the County. Bonds maturing prior to May 1, 2012 are not subject to redemption prior to maturity. Bonds maturing on or after May 1, 2012 may be redeemed at par beginning May 1, 2011.

In prior years, the Lake St. Clair Clean Water Initiative Drain Drainage District (the "District") entered into various loan agreements with the Michigan Municipal Bond Authority, through its State Revolving Fund, to borrow up to \$43,465,000 for the purpose of defraying a portion of the cost of certain intra-county drain projects located in the cities of Eastpointe, Roseville and St. Clair Shores (the "Cities"). The loans are evidenced by bonds issued by the District and purchased by the Authority. The proceeds of the bonds are drawn down as construction costs are incurred and approved by the District and the Authority. During the year ended September 30, 2004, the District drew down \$1,287,433 and had drawn down \$43,345,604 as of September 30, 2004. The bonds bears interest at a rate of 2.50% and are due serially through October 1, 2023 and were issued pursuant to the provisions of Chapter 20 of Act 40, Public Acts of Michigan, 1956, as amended. The bonds are to be repaid from assessments against the Cities. These assessments are a general obligation of the Cities and are payable from City general funds or ad valorem taxes which may be levied by the Cities. 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, 2004

Note 4 – Long-Term Debt (concluded)

New Debt Issued (concluded) - In June 2004, the Lake St. Clair Clean Water Initiative Drain Drainage District (the "District") issued \$5,000,000 of Series 2004-A Limited Tax General Obligation Bonds dated June 1, 2004 for the purpose of financing certain drain projects located in the cities of Eastpointe, Roseville and St. Clair Shores (the "Cities"). Bonds totaling \$3,750,000 were issued in denominations of \$5,000 or multiples thereof, bear interest from 4.375 to 5.000% and are due serially through October 1, 2025. The remaining \$1,250,000 term bonds bear interest at 5.15% and are due October 1, 2029. The bonds were issued pursuant to the provisions of Chapter 20 of Public Act 40 of the State of Michigan, as amended, and are a general obligation of the Cities. The bonds are payable from special assessments against the cities. The special assessments are general obligations of the Cities and are payable from the general funds of the Cities or ad valorem taxes which may be levied by the Cities. The County has also pledged its full faith and credit as additional security for the payment of the principal and interest on the bonds when due. Bonds maturing prior to October 1, 2014 are not subject to redemption prior to maturity. Bonds maturing on or after October 1, 2014 may be redeemed at par beginning October 1, 2013.

In June 2004, the Lake St. Clair Clean Water Initiative Drain Drainage District (the "District") issued \$14,000,000 of Series 2004-B Limited Tax General Obligation Bonds dated June 1, 2004 for the purpose of financing certain drain projects located in the city of St. Clair Shores (the "City"). Bonds totaling \$10,550,000 were issued in denominations of \$5,000 or multiples thereof, bear interest from 4.375 to 5.000% and are due serially through October 1, 2025. The remaining \$3,450,000 term bonds bear interest at 5.15% and are due October 1, 2029. The bonds were issued pursuant to the provisions of Chapter 20 of Public Act 40 of the State of Michigan, as amended, and are a general obligation of the City. The bonds are payable from special assessments against the City. The special assessments are general obligations of the City and are payable from the general funds of the City or ad valorem taxes which may be levied by the City. The County has also pledged its full faith and credit as additional security for the payment of the principal and interest on the bonds when due. Bonds maturing prior to October 1, 2014 are not subject to redemption prior to maturity. Bonds maturing on or after October 1, 2014 may be redeemed at par beginning October 1, 2013.

Defeased debt - 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, 2004, the amount of defeased debt outstanding but not reported as long-term debt of the County totaled \$900,000 and \$ 375,000 for the primary government and Public Works Component Units, respectively.

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2004

Note 5 – Interfund Receivables, Payables and Transfers

Fund	Due From Other Funds	Due To Other Funds	Due From Component Units	Due To Primary Government
General Fund	\$ 14,437,390	\$ 2,502,686	\$ 4,326,303	\$ -
Revenue Sharing Reserve Fund	-	9,070,179	-	-
<u>Special Revenue</u>				
Community Services Agency	15,965	-	-	-
Emergency Management Grants	-	258,716	-	-
Senior Citizen Services	-	5,653	-	-
Sheriff Grants	-	99,068	-	-
	<u>15,965</u>	<u>363,437</u>	<u>-</u>	<u>-</u>
Debt Service Fund	816	96	-	-
<u>Internal Service Funds</u>				
Equipment Revolving	98,481	-	-	-
General Liability Insurance	9,607	-	-	-
	<u>108,088</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>Business-type activities Funds</u>				
Delinquent Tax Revolving	7,229,198	204,461	-	-
Community Mental Health	-	787,564	-	-
Martha T. Berry	-	2,111,716	-	-
	<u>7,229,198</u>	<u>3,103,741</u>	<u>-</u>	<u>-</u>
<u>Fiduciary Funds</u>				
Pension Trust	328,048	1,048,691	-	-
Retiree Health Fund	-	2,295,677	-	-
Agency Funds	1,113,484	4,848,482	-	-
	<u>1,441,532</u>	<u>8,192,850</u>	<u>-</u>	<u>-</u>
<u>Component Units</u>				
Public Works	-	-	-	1,445,800
Michigan Works !	-	-	-	2,880,503
	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,326,303</u>
	<u>\$ 23,232,989</u>	<u>\$ 23,232,989</u>	<u>\$ 4,326,303</u>	<u>\$ 4,326,303</u>

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2004

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

Fund	Transfers In	Transfers Out
General Fund	\$ 19,668,740	\$ 58,299,085
Revenue Sharing Reserve	-	9,070,179
<u>Special Revenue</u>		
Child Care	12,735,771	-
Community Services Agency	838,261	4,700
Emergency Management Grants	-	110,000
Friend of the Court	5,506,417	3,000,000
Health	11,893,299	-
Health Grants	381,203	178,432
Library	2,543,296	-
MSU Extension	25,000	-
Prosecuting Attorney Grants - Calendar	37,381	-
Prosecuting Attorney Grants - Fiscal	585,453	539,000
Senior Citizens Services - calendar	1,657,461	-
Sheriff Grants - calendar	484,520	748,518
Sheriff Grants - fiscal	1,044,558	685,971
Social Welfare	912,589	-
Urban County Block Grant	184,393	15,000
Other Special Revenue	553,647	135,520
	<u>39,383,249</u>	<u>5,417,141</u>
Debt Service Fund	5,231,832	-
<u>Capital Projects Funds</u>		
Bridge program	87,500	-
Clemens center	144,136	-
Public Works Building	401,630	-
Warehouse	287,579	-
General County Capital Projects Funds	11,586,615	6,380,834
	<u>12,507,460</u>	<u>6,380,834</u>
<u>Internal Service Funds</u>		
Equipment Revolving	403,870	-
General Liability Insurance	100,000	-
	<u>503,870</u>	<u>-</u>

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2004

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

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
<u>Business-type activities</u>		
Delinquent Tax Revolving	-	8,655,000
Community Mental Health	5,727,373	-
Martha T. Berry Medical Care Facility	4,651,829	-
Freedom Hill Park	837,682	-
	<u>11,216,884</u>	<u>8,655,000</u>
Subtotal	88,512,035	87,822,239
Imbalance caused by the timing effects of interfund transactions in funds with different year-end reporting dates	<u>(689,796)</u>	<u>-</u>
	<u>\$ 87,822,239</u>	<u>\$ 87,822,239</u>

At December 31, 2004, the County's Freedom Hill Park business-type unit reported construction in progress in the amount of \$93,259, the cost of which was paid for by the governmental capital projects funds. The value of the reported asset is reflected as a transfer in the Statement of Revenues, Expenses and Changes in Fund Net Assets of the Freedom Hill business-type unit.

Interfund advances at December 31, 2004 were

<u>Fund</u>	<u>Advances Receivable</u>	<u>Advances Payable</u>
General Fund	\$ 300,000	\$ -
Special Revenue - Library	30,000	-
Internal Service - Equipment Revolving	-	330,000
	<u>\$ 330,000</u>	<u>\$ 330,000</u>

Note 6 – 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. In accordance with GASB Statement No. 32, "Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans", the assets of the plan are no longer reported as assets of the employer.

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2004

Note 7 – 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, 2003 (date of the most recent actuarial valuation) the System’s membership consisted of:

Retirees and beneficiaries currently receiving benefits	1,534
Terminated employees entitled to benefits but not yet receiving them	232
Active employees covered by the plan	2,861
Total membership	4,627

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- The majority of employees 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 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%.

Road Commission- 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, 2004

Note 7 – 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, 2004.

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 2004 was \$8,577,844. 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. Road Commission employees 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, 2004, employer contributions totaled \$8,577,844, as required by the actuarial valuation of the plan as of December 31, 2002. The normal cost and actuarial accrued liability are determined using an entry age actuarial funding method. Unfunded actuarial accrued liabilities (UAAL) due to benefit and assumption changes are being amortized as a level percent of payroll over a 16 year closed period. Remaining UAAL is being amortized as a level percent of payroll over a 8-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
2002	3,263,741	100	\$ -
2003	3,042,099	100	-
2004	8,577,844	100	-

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.

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2004

Note 7 – Employees' Retirement System (concluded)

Securities Lending – 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 value of securities on loan at December 31, 2004 was \$46,196,143.

Note 8 – Post Employment Benefits

The County and its Road Commission component unit provide certain health care and life insurance benefits for the 1,534 retirees and beneficiaries currently receiving retirement benefits. In accordance with labor agreements and County policy, substantially all of the County's employees may become eligible for these benefits if they meet normal vesting requirements while still working for the County. Hospitalization and life insurance benefits are 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. Life insurance for General County and Sheriff Department retirees is accounted for in the operating funds of the County. All postemployment benefits of Road Commission retirees are accounted for in the accounts of the Road Commission Component Unit. Post-employment benefit expenditures are recognized when premiums are paid and totaled \$11,664,806 in 2004, consisting of \$9,156,306 for County retiree health care, \$2,450,000 for Road Commission retiree health care and \$58,500 for County life insurance.

Note 9 – 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.

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2004

Note 10- 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 reinsurance begins. The County also self-funds certain medical benefits of employees and retirees. There were no significant reductions in insurance coverage in 2004 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, 2004, the primary government has accrued an aggregate of \$1,998,875 for unresolved workers' compensation claims and claims incurred but not reported. At September 30, 2004, the Road Commission component unit has accrued an aggregate of \$346,775 for unresolved workers' compensation claims and claims incurred but not reported. Changes in the estimated liabilities for the past two fiscal years were as follows:

	<u>Primary Government</u>		<u>Road Commission</u>	
	<u>Year Ended December 31,</u>		<u>Year Ended September 30,</u>	
	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>
Estimated liability - beginning of year	\$ 1,882,080	\$ 1,636,851	\$ 266,269	\$ 327,468
Estimated claims incurred, including changes in estimates	996,177	1,207,538	251,440	110,948
Claims payments	(879,382)	(962,309)	(170,934)	(172,147)
Estimated liability - end of year	<u>\$ 1,998,875</u>	<u>\$ 1,882,080</u>	<u>\$ 346,775</u>	<u>\$ 266,269</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 Road Commission) 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 \$10,000,000 annually. The Road Commission Component Unit 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, 2004, the Road Commission had an accrual of \$1,746,534 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 primary government. At December 31, 2004, the primary government reported a balance of \$3,616,798 for its unresolved general liability claims.

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2004

Note 10- Risk Management (concluded)

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

	<u>Primary Government</u>		<u>Road Commission</u>	
	<u>Year Ended December 31,</u>		<u>Year Ended September 30,</u>	
	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>
Estimated liability - beginning of year	\$ 2,980,836	\$ 3,697,444	\$ 1,785,015	\$ 2,559,090
Estimated claims incurred, including changes in estimates	854,629	(642,653)	13,723	(701,682)
Claims payments	(218,667)	(73,955)	(52,204)	(72,393)
Estimated liability - end of year	<u>\$ 3,616,798</u>	<u>\$ 2,980,836</u>	<u>\$ 1,746,534</u>	<u>\$ 1,785,015</u>

MACOMB COUNTY, MICHIGAN

December 31, 2004

Required Supplementary Information

Budgetary Comparison Schedule – General Fund

Budgetary Comparison Schedule – Revenue Sharing Reserve Fund

Schedule of Funding Progress

Schedule of Employer Contributions

MACOMB COUNTY, MICHIGAN
Required Supplementary Information
Budgetary Comparison Schedule (GAAP Basis) - General Fund Revenues
Year Ended December 31, 2004

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Taxes				
Current property	\$ 108,770,508	\$ 108,820,508	\$ 107,278,756	\$ (1,541,752)
Delinquent personal property	600,000	550,000	745,946	195,946
	<u>109,370,508</u>	<u>109,370,508</u>	<u>108,024,702</u>	<u>(1,345,806)</u>
Licenses and Permits	392,000	392,000	397,172	5,172
Federal Grants	-	-	129,964	129,964
State Grants				
Revenue sharing	9,800,000	2,229,821	4,683,013	2,453,192
Court financing	4,962,069	5,012,069	5,486,257	474,188
Single business tax	1,411,814	1,411,814	1,308,447	(103,367)
Cigarette tax	380,201	380,201	453,264	73,063
Liquor tax	1,761,095	1,761,095	1,815,930	54,835
Other	711,500	711,500	879,523	168,023
	<u>19,026,679</u>	<u>11,506,500</u>	<u>14,626,434</u>	<u>3,119,934</u>
Charges for Services				
Court costs and fees	1,462,600	1,462,600	1,493,215	30,615
Certified copies	740,100	740,100	788,370	48,270
Probation oversight fees	1,591,900	1,591,900	1,417,326	(174,574)
Land transfer tax	3,500,000	3,500,000	5,046,750	1,546,750
Recording fees	4,117,500	4,117,500	5,361,548	1,244,048
Rents	-	-	120,763	120,763
Sheriff road patrol	3,460,938	3,767,147	3,855,177	88,030
Other sheriff services	499,646	499,646	791,419	291,773
Foster care	850,000	850,000	1,030,238	180,238
Attorney fees	1,175,000	1,175,000	1,107,746	(67,254)
Public works - pumping station	1,124,000	1,124,000	1,030,437	(93,563)
Personal services	970,000	970,000	230,752	(739,248)
Housing inmates	2,385,000	2,385,000	1,992,937	(392,063)
Soil erosion fees	500,000	500,000	484,520	(15,480)
Commissions	1,453,000	1,143,791	938,300	(205,491)
Miscellaneous	1,014,895	1,062,895	1,065,012	2,117
	<u>24,844,579</u>	<u>24,889,579</u>	<u>26,754,510</u>	<u>1,864,931</u>
Investment income	3,638,000	3,638,000	2,564,527	(1,073,473)
Charges to Other Funds for Administrative Services				
Data processing division	4,850,000	4,850,000	5,637,068	787,068
Other administrative charges	4,549,561	4,733,954	4,879,928	145,974
	<u>9,399,561</u>	<u>9,583,954</u>	<u>10,516,996</u>	<u>933,042</u>
Fines and Forfeitures	890,100	890,100	1,058,973	168,873
Other Revenue	24,150	41,150	206,739	165,589
Total Revenues	<u>167,585,577</u>	<u>160,311,791</u>	<u>164,280,017</u>	<u>3,968,226</u>
Other Financing Sources				
Transfers in	8,655,000	17,725,179	19,668,740	1,943,561
Total Revenues and Other Financing Sources	<u>\$ 176,240,577</u>	<u>\$ 178,036,970</u>	<u>\$ 183,948,757</u>	<u>\$ 5,911,787</u>

MACOMB COUNTY, MICHIGAN
Required Supplementary Information
Budgetary Comparison Schedule (GAAP Basis) - General Fund Expenditures
Year Ended December 31, 2004

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Legislative				
Board of Commissioners				
Salaries and fringe benefits	\$ 1,956,187	\$ 1,956,187	\$ 1,821,721	\$ 134,466
Operating	175,471	175,471	136,556	38,915
Department Total	2,131,658	2,131,658	1,958,277	173,381
Total Legislative	2,131,658	2,131,658	1,958,277	173,381
Judicial				
Circuit court				
Salaries and fringe benefits	4,519,825	4,519,825	4,270,566	249,259
Operating	4,630,057	4,630,057	2,784,145	1,845,912
Department Total	9,149,882	9,149,882	7,054,711	2,095,171
District Court - New Baltimore				
Salaries and fringe benefits	1,005,015	1,005,015	867,766	137,249
Operating	256,727	256,727	218,785	37,942
Department Total	1,261,742	1,261,742	1,086,551	175,191
District Court - Romeo				
Salaries and fringe benefits	732,953	732,953	726,042	6,911
Operating	196,730	214,530	194,582	19,948
Capital outlay	-	200	200	-
Department Total	929,683	947,683	920,824	26,859
District Court - 3rd Class				
Operating	57,500	59,000	40,809	18,191
Family Counseling				
Salaries and fringe benefits	49,287	51,787	51,060	727
Operating	160,086	160,086	137,300	22,786
Department Total	209,373	211,873	188,360	23,513
Family Court - Juvenile Division				
Salaries and fringe benefits	4,775,938	4,775,938	4,140,614	635,324
Operating	1,394,786	1,551,786	1,543,139	8,647
Department Total	6,170,724	6,327,724	5,683,753	643,971
Jury Commission				
Operating	50,304	41,428	18,950	22,478

MACOMB COUNTY, MICHIGAN
Required Supplementary Information
Budgetary Comparison Schedule (GAAP Basis) - General Fund Expenditures
Year Ended December 31, 2004

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Judicial (concluded)				
Municipal Court				
Operating	1,500	-	-	-
Probate Court - Mental Division				
Salaries and fringe benefits	767,180	767,180	682,486	84,694
Operating	304,092	354,092	233,889	120,203
Department Total	1,071,272	1,121,272	916,375	204,897
Probate Court - Wills and Estates Division				
Salaries and fringe benefits	2,138,011	2,138,011	1,994,484	143,527
Operating	295,493	295,493	261,237	34,256
Department Total	2,433,504	2,433,504	2,255,721	177,783
Probation - Circuit Court				
Operating	163,569	163,569	145,389	18,180
Department Total	163,569	163,569	145,389	18,180
Probation - District Court				
Salaries and fringe benefits	1,197,489	1,197,489	1,048,167	149,322
Operating	112,238	111,457	91,825	19,632
Department Total	1,309,727	1,308,946	1,139,992	168,954
Total Judicial	22,808,780	23,026,623	19,451,435	3,575,188
General Government				
County Clerk				
Salaries and fringe benefits	3,667,840	3,667,840	3,385,722	282,118
Operating	323,161	352,009	351,790	219
Department Total	3,991,001	4,019,849	3,737,512	282,337
Corporation Counsel				
Salaries and fringe benefits	948,750	948,750	793,024	155,726
Operating	41,879	41,879	39,860	2,019
Department Total	990,629	990,629	832,884	157,745
Elections				
Operating	56,298	57,862	48,684	9,178

MACOMB COUNTY, MICHIGAN
Required Supplementary Information
Budgetary Comparison Schedule (GAAP Basis) - General Fund Expenditures
Year Ended December 31, 2004

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
General Government (continued)				
Facilities and Operations				
Salaries and fringe benefits	6,712,121	6,712,121	6,613,285	98,836
Operating	<u>8,772,934</u>	<u>8,772,934</u>	<u>6,561,034</u>	<u>2,211,900</u>
Department Total	<u>15,485,055</u>	<u>15,485,055</u>	<u>13,174,319</u>	<u>2,310,736</u>
Finance				
Administration/Accounting				
Salaries and fringe benefits	2,238,287	2,238,287	1,757,369	480,918
Operating	<u>125,500</u>	<u>125,500</u>	<u>115,407</u>	<u>10,093</u>
Department Total	<u>2,363,787</u>	<u>2,363,787</u>	<u>1,872,776</u>	<u>491,011</u>
Equalization				
Salaries and fringe benefits	1,116,417	1,116,417	915,952	200,465
Operating	<u>79,503</u>	<u>79,503</u>	<u>69,672</u>	<u>9,831</u>
Department Total	<u>1,195,920</u>	<u>1,195,920</u>	<u>985,624</u>	<u>210,296</u>
Purchasing				
Salaries and fringe benefits	1,245,899	1,245,899	1,203,973	41,926
Operating	<u>240,301</u>	<u>240,301</u>	<u>236,303</u>	<u>3,998</u>
Department Total	<u>1,486,200</u>	<u>1,486,200</u>	<u>1,440,276</u>	<u>45,924</u>
Reimbursement				
Salaries and fringe benefits	803,309	803,309	746,660	56,649
Operating	<u>99,674</u>	<u>99,674</u>	<u>84,200</u>	<u>15,474</u>
Department Total	<u>902,983</u>	<u>902,983</u>	<u>830,860</u>	<u>72,123</u>
Human Resources				
Salaries and fringe benefits	1,639,671	1,871,243	1,697,022	174,221
Operating	<u>255,865</u>	<u>255,865</u>	<u>217,384</u>	<u>38,481</u>
Department Total	<u>1,895,536</u>	<u>2,127,108</u>	<u>1,914,406</u>	<u>212,702</u>
Management Information Services				
Salaries and fringe benefits	4,234,533	4,234,533	3,856,609	377,924
Operating	<u>1,453,027</u>	<u>1,456,777</u>	<u>1,059,701</u>	<u>397,076</u>
Department Total	<u>5,687,560</u>	<u>5,691,310</u>	<u>4,916,310</u>	<u>775,000</u>

MACOMB COUNTY, MICHIGAN
Required Supplementary Information
Budgetary Comparison Schedule (GAAP Basis) - General Fund Expenditures
Year Ended December 31, 2004

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
General Government (concluded)				
MSU Extension				
Salaries and fringe benefits	756,171	756,171	704,686	51,485
Operating	222,448	222,448	206,340	16,108
Department Total	978,619	978,619	911,026	67,593
Planning Commission				
Salaries and fringe benefits	2,128,759	2,128,759	1,772,582	356,177
Operating	165,514	176,539	164,307	12,232
Department Total	2,294,273	2,305,298	1,936,889	368,409
Plat Board				
Operating	4,500	4,500	1,400	3,100
Prosecuting Attorney				
Salaries and fringe benefits	8,480,448	8,475,898	7,125,490	1,350,408
Operating	607,104	626,654	577,743	48,911
Department Total	9,087,552	9,102,552	7,703,233	1,399,319
Public Works				
Salaries and fringe benefits	4,142,996	4,138,741	3,651,398	487,343
Operating	217,865	275,389	259,208	16,181
Department Total	4,360,861	4,414,130	3,910,606	503,524
Register of Deeds				
Salaries and fringe benefits	1,351,760	1,366,760	1,366,270	490
Operating	1,102,044	1,102,044	918,129	183,915
Department Total	2,453,804	2,468,804	2,284,399	184,405
Risk Management and Safety				
Salaries and fringe benefits	319,271	319,271	288,931	30,340
Operating	52,542	52,542	47,012	5,530
Department Total	371,813	371,813	335,943	35,870
Treasurer				
Salaries and fringe benefits	1,920,998	1,920,998	1,845,407	75,591
Operating	180,073	180,073	165,566	14,507
Department Total	2,101,071	2,101,071	2,010,973	90,098
Total General Government	55,707,462	56,067,490	48,848,120	7,219,370

MACOMB COUNTY, MICHIGAN
Required Supplementary Information
Budgetary Comparison Schedule (GAAP Basis) - General Fund Expenditures
Year Ended December 31, 2004

	<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				
Operating	48,700	48,700	17,229	31,471
Court Building Safety				
Salaries and fringe benefits	972,047	972,047	963,402	8,645
Operating	46,379	46,379	34,162	12,217
Capital outlay	10,000	10,000	-	10,000
Department Total	<u>1,028,426</u>	<u>1,028,426</u>	<u>997,564</u>	<u>30,862</u>
Emergency Services				
Salaries and fringe benefits	302,725	302,725	253,884	48,841
Operating	33,634	33,634	24,709	8,925
Department Total	<u>336,359</u>	<u>336,359</u>	<u>278,593</u>	<u>57,766</u>
Security				
Salaries and fringe benefits	562,486	562,486	530,155	32,331
Operating	10,034	10,034	9,019	1,015
Department Total	<u>572,520</u>	<u>572,520</u>	<u>539,174</u>	<u>33,346</u>
Sheriff Department				
Salaries and fringe benefits	41,156,903	41,156,903	40,921,384	235,519
Operating	7,149,330	8,472,981	8,378,298	94,683
Capital outlay	202,200	238,779	145,120	93,659
Department Total	<u>48,508,433</u>	<u>49,868,663</u>	<u>49,444,802</u>	<u>423,861</u>
Technical Services				
Salaries and fringe benefits	716,900	716,900	608,255	108,645
Operating	43,075	43,075	29,788	13,287
Capital outlay	33,500	33,500	11,920	21,580
Department Total	<u>793,475</u>	<u>793,475</u>	<u>649,963</u>	<u>143,512</u>
Total Public Safety	<u>51,287,913</u>	<u>52,648,143</u>	<u>51,927,325</u>	<u>720,818</u>

MACOMB COUNTY, MICHIGAN
Required Supplementary Information
Budgetary Comparison Schedule (GAAP Basis) - General Fund Expenditures
Year Ended December 31, 2004

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Health and Welfare				
Water Quality Board				
Salaries and fringe benefits	3,780	3,780	455	3,325
Operating	11,220	11,220	4,790	6,430
Department Total	<u>15,000</u>	<u>15,000</u>	<u>5,245</u>	<u>9,755</u>
Senior Citizens Services				
Salaries and fringe benefits	18,241	20,101	20,096	5
Operating	265,800	265,800	233,504	32,296
Department Total	<u>284,041</u>	<u>285,901</u>	<u>253,600</u>	<u>32,301</u>
Veteran's Affairs				
Salaries and fringe benefits	357,082	357,082	314,706	42,376
Operating	202,587	205,567	196,403	9,164
Capital outlay	6,000	6,020	6,020	-
Department Total	<u>565,669</u>	<u>568,669</u>	<u>517,129</u>	<u>51,540</u>
Total Health and Welfare	<u>864,710</u>	<u>869,570</u>	<u>775,974</u>	<u>93,596</u>
Other Current Operations				
Non-Departmental Appropriations	7,206,546	6,655,113	4,732,839	1,922,274
Capital Outlay	900,000	945,000	722,119	222,881
Total Expenditures	<u>140,907,069</u>	<u>142,343,597</u>	<u>128,416,089</u>	<u>13,927,508</u>
Other Financing Uses				
Transfers Out	65,069,023	65,530,304	58,307,955	7,222,349
Total Expenditures and Other Financing Uses	<u>\$ 205,976,092</u>	<u>\$ 207,873,901</u>	<u>\$ 186,724,044</u>	<u>\$ 21,149,857</u>

MACOMB COUNTY, MICHIGAN
Required Supplementary Information
Budgetary Comparison Schedule (GAAP Basis) - Revenue Sharing Reserve Fund
Year Ended December 31, 2004

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Current property taxes	\$ 37,772,742	\$ 37,772,742	\$ 37,772,742	\$ -
Investment income				-
Total Revenues	<u>37,772,742</u>	<u>37,772,742</u>	<u>37,772,742</u>	<u>-</u>
Other Financing Uses				
Transfers out	\$ (37,772,742)	\$ (37,772,742)	\$ (9,070,179)	28,702,563
Total Other Financing Uses	<u>(37,772,742)</u>	<u>(37,772,742)</u>	<u>(9,070,179)</u>	<u>28,702,563</u>
Net change in fund balances	-	-	28,702,563	28,702,563
Fund balances, beginning of year	-	-	-	-
Fund balances, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 28,702,563</u>	<u>\$ 28,702,563</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)
1998	503,458,791	415,475,313	(87,983,478)	121.18	100,795,108	(87.29)
1999	581,170,294	446,999,030	(134,171,264)	130.02	105,581,699	(127.08)
2000	635,685,439	497,584,613	(138,100,826)	127.75	105,284,539	(131.17)
2001	657,800,320	513,299,693	(144,500,627)	128.15	106,979,632	(135.07)
2002	645,539,428	578,104,382	(67,435,046)	111.66	121,299,445	(55.59)
2003	639,624,122	624,212,027	(15,412,095)	102.47	127,235,644	(12.11)

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Year Ended	General Employees		Sheriff Employees		Road Employees		Total
	Annual Required Contribution	Percentage Contributed	Annual Required Contribution	Percentage Contributed	Annual Required Contribution	Percentage Contributed	
1998	5,561,895	100	3,361,802	100	2,070,263	100	10,993,960
1999	4,665,757	100	2,889,371	100	1,792,220	100	9,347,348
2000	2,837,566	100	2,170,690	100	1,492,430	100	6,500,686
2001	496,645	100	1,325,647	100	849,866	100	2,672,158
2002	1,707,060	100	1,184,523	100	372,158	100	3,263,741
2003	842,903	100	1,235,022	100	964,174	100	3,042,099
2004	3,741,031	100	3,267,545	100	1,569,268	100	8,577,844

MACOMB COUNTY, MICHIGAN

Combining Balance Sheet

Nonmajor Fund Types

December 31, 2004

	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total</u>
Assets				
Cash and pooled investments	\$ 14,526,181	\$ 7,741,186	\$ 36,303,324	\$ 58,570,691
Taxes receivable	-	140,259	-	140,259
Accrued interest receivable	-	-	66,237	66,237
Accounts receivable, net	6,187,687	-	2,626,004	8,813,691
Due from other governments	2,664,536	-	51,148	2,715,684
Due from governmental funds	15,965	-	-	15,965
Due from business-type units	-	389	-	389
Due from fiduciary funds	-	427	-	427
Advances to other funds	30,000	-	-	30,000
Other assets	610,052	625	2,433	613,110
Total Assets	\$ 24,034,421	\$ 7,882,886	\$ 39,049,146	\$ 70,966,453
Liabilities and Fund Balances				
Liabilities				
Accounts payable	\$ 2,017,902	-	\$ 1,831,882	\$ 3,849,784
Accrued liabilities	-	-	1,732,047	1,732,047
Accrued compensation and benefits	17,392	-	-	17,392
Due to other governments	236,723	-	-	236,723
Due to governmental funds	363,437	-	-	363,437
Due to business-type units	-	96	-	96
Deferred revenue	733,701	202,006	-	935,707
Total Liabilities	3,369,155	202,102	3,563,929	7,135,186
Fund Balances				
Reserved				
Debt service	-	7,680,784	-	7,680,784
Advances to other funds	30,000	-	-	30,000
Long-term receivables	6,106,858	-	-	6,106,858
Capital projects	4,435,696	-	17,854,659	22,290,355
Unreserved				
Designated				
Capital projects	550,486	-	17,630,558	18,181,044
Programs	2,836,775	-	-	2,836,775
Undesignated	6,705,451	-	-	6,705,451
Total Fund Balances	20,665,266	7,680,784	35,485,217	63,831,267
Total Liabilities and Fund Balances	\$ 24,034,421	\$ 7,882,886	\$ 39,049,146	\$ 70,966,453

MACOMB COUNTY, MICHIGAN
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Fund Types
Year Ended December 31, 2004

	Special Revenue	Debt Service	Capital Projects	Total
Revenues				
Taxes	\$ -	\$ 148,989	\$ -	\$ 148,989
Licenses and permits	689,881	-	-	689,881
Federal & State grants	43,687,326	-	3,197,973	46,885,299
Other grants	7,000	-	-	7,000
Charges for services	12,679,953	-	2,523,201	15,203,154
Investment income	62,939	305,380	499,799	868,118
Fines and forfeitures	922,482	-	-	922,482
Other revenue	1,205,116	-	3,419	1,208,535
Total Revenues	59,254,697	454,369	6,224,392	65,933,458
Expenditures				
Current				
Judicial	11,939,562	-	-	11,939,562
General government	722,132	-	-	722,132
Public safety	6,366,209	-	-	6,366,209
Public works	421,309	80,053	1,632,161	2,133,523
Health and welfare	69,071,843	-	-	69,071,843
Recreation and cultural	2,909,486	-	-	2,909,486
Capital outlay	502,132	-	28,705,854	29,207,986
Debt service				
Principal	-	2,985,000	-	2,985,000
Interest and fees	-	2,733,457	-	2,733,457
Bond issuance costs	-	-	220,481	220,481
Total Expenditures	91,932,673	5,798,510	30,558,496	128,289,679
Excess of Revenues over (under) Expenditures	(32,677,976)	(5,344,141)	(24,334,104)	(62,356,221)
Other financing sources (uses)				
Issuance of debt	-	-	19,350,000	19,350,000
Transfers in	39,383,249	5,231,832	12,507,460	57,122,541
Transfers out	(5,417,141)	-	(6,380,834)	(11,797,975)
Bond discounts	-	-	(171,581)	(171,581)
Total Other financing sources (uses)	33,966,108	5,231,832	25,305,045	64,502,985
Net change in fund balances	1,288,132	(112,309)	970,941	2,146,764
Fund Balances, beginning of year	19,377,134	7,793,093	34,514,276	61,684,503
Fund Balances, end of year	\$ 20,665,266	\$ 7,680,784	\$ 35,485,217	\$ 63,831,267

MACOMB COUNTY, MICHIGAN
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2004

	Child Care (1)	COMET	Community Services Agency (1)	Emergency Management Grants	Friend of the Court (1)
Assets					
Cash and pooled investments	\$ 2,319,158	\$ 1,365,440	\$ 1,670,810	\$ -	\$ 265,397
Accounts receivable, net	-	-	-	-	-
Due from other governments	-	-	8,307	295,188	445,086
Due from governmental funds	-	-	15,965	-	-
Advances to other funds	-	-	-	-	-
Other assets	-	-	1,759	-	-
Total Assets	\$ 2,319,158	\$ 1,365,440	\$ 1,696,841	\$ 295,188	\$ 710,483
Liabilities and Fund Balances					
Liabilities					
Accounts payable	\$ 469,069	\$ 23,876	\$ 27,686	\$ 36,472	\$ 1,577
Accrued compensation and benefits	-	-	-	-	-
Due to other governments	-	-	166	-	-
Due to governmental funds	-	-	-	258,716	-
Deferred revenue	-	-	-	-	628,145
Total Liabilities	469,069	23,876	27,852	295,188	629,722
Fund Balances					
Reserved					
Advances to other funds	-	-	-	-	-
Long-term receivables	-	-	-	-	-
Capital projects	-	-	-	-	-
Unreserved					
Designated					
Capital projects	-	-	-	-	-
Programs	-	1,341,564	-	-	-
Undesignated	1,850,089	-	1,668,989	-	-
Total Fund Balances	1,850,089	1,341,564	1,668,989	-	80,761
Total Liabilities and Fund Balances	\$ 2,319,158	\$ 1,365,440	\$ 1,696,841	\$ 295,188	\$ 710,483

(1) - Balance sheet as of September 30, 2004

MACOMB COUNTY, MICHIGAN
Combining Balance Sheet
Nonmajor Special Revenue Funds (continued)
December 31, 2004

	Health Department	Health Grants (1)	County Library	Macomb/St. Clair Employment and Training	MSU Extension
Assets					
Cash and pooled investments	\$ 2,617,991	\$ 193,147	\$ 455,662	\$ -	\$ 287,796
Accounts receivable, net	17,694	-	15,059	-	8,989
Due from other governments	523,974	18,903	-	-	3,495
Due from governmental funds	-	-	-	-	-
Advances to other funds	-	-	30,000	-	-
Other assets	-	-	-	-	-
Total Assets	\$ 3,159,659	\$ 212,050	\$ 500,721	\$ -	\$ 300,280
Liabilities and Fund Balances					
Liabilities					
Accounts payable	\$ 680,080	\$ 9,416	\$ 53,700	\$ -	\$ 3,547
Accrued compensation and benefits	11,619	43	2,235	-	105
Due to other governments	12,539	9,385	-	-	-
Due to governmental funds	-	-	-	-	-
Deferred revenue	-	-	-	-	2,500
Total Liabilities	704,238	18,844	55,935	-	6,152
Fund Balances					
Reserved					
Advances to other funds	-	-	30,000	-	-
Long-term receivables	-	-	-	-	-
Capital projects	-	-	-	-	-
Unreserved					
Designated					
Capital projects	541,056	-	9,430	-	-
Programs	-	193,206	64,506	-	-
Undesignated	1,914,365	-	340,850	-	294,128
Total Fund Balances	2,455,421	193,206	444,786	-	294,128
Total Liabilities and Fund Balances	\$ 3,159,659	\$ 212,050	\$ 500,721	\$ -	\$ 300,280

(1) - Balance sheet as of September 30, 2004

MACOMB COUNTY, MICHIGAN
Combining Balance Sheet
Nonmajor Special Revenue Funds (continued)
December 31, 2004

	MSU Extension (1)	Prosecuting Attorney Grants	Prosecuting Attorney Grants (1)	Senior Citizens Services
Assets				
Cash and pooled investments	\$ 302,709	\$ 23,937	\$ 285,196	\$ 34,665
Accounts receivable, net	27,750	-	2,000	-
Due from other governments	-	20,148	4,287	2,697
Due from governmental funds	-	-	-	-
Advances to other funds	-	-	-	-
Other assets	-	-	-	-
Total Assets	\$ 330,459	\$ 44,085	\$ 291,483	\$ 37,362
Liabilities and Fund Balances				
Liabilities				
Accounts payable	\$ 17	\$ 26,278	\$ 3,588	\$ 8,513
Accrued compensation and benefits	-	105	-	2,220
Due to other governments	-	-	-	-
Due to governmental funds	-	-	-	-
Deferred revenue	-	-	-	-
Total Liabilities	17	26,383	3,588	10,733
Fund Balances				
Reserved				
Advances to other funds	-	-	-	-
Long-term receivables	-	-	-	-
Capital projects	-	-	-	-
Unreserved				
Designated				
Capital projects	-	-	-	-
Programs	330,442	17,702	40,750	22,839
Undesignated	-	-	247,145	3,790
Total Fund Balances	330,442	17,702	287,895	26,629
Total Liabilities and Fund Balances	\$ 330,459	\$ 44,085	\$ 291,483	\$ 37,362

(1) - Balance sheet as of September 30, 2004

MACOMB COUNTY, MICHIGAN
Combining Balance Sheet
Nonmajor Special Revenue Funds (continued)
December 31, 2004

	Senior Citizens Services (1)	Sheriff Grants	Sheriff Grants (1)	Social Welfare
Assets				
Cash and pooled investments	\$ -	\$ -	\$ -	\$ 9,231
Accounts receivable, net	-	3,145	-	-
Due from other governments	5,653	405,053	301,734	123,650
Due from governmental funds	-	-	-	-
Advances to other funds	-	-	-	-
Other assets	-	-	-	562,500
Total Assets	\$ 5,653	\$ 408,198	\$ 301,734	\$ 695,381
Liabilities and Fund Balances				
Liabilities				
Accounts payable	-	\$ 30,980	\$ 39,639	\$ 370,616
Accrued compensation and benefits	-	131	-	-
Due to other governments	-	-	13,633	201,000
Due to governmental funds	5,653	26,851	72,217	-
Deferred revenue	-	11,991	-	26,283
Total Liabilities	5,653	69,953	125,489	597,899
Fund Balances				
Reserved				
Advances to other funds	-	-	-	-
Long-term receivables	-	-	-	-
Capital projects	-	-	-	-
Unreserved				
Designated				
Capital projects	-	-	-	-
Programs	-	338,245	23,208	-
Undesignated	-	-	153,037	97,482
Total Fund Balances	-	338,245	176,245	97,482
Total Liabilities and Fund Balances	\$ 5,653	\$ 408,198	\$ 301,734	\$ 695,381

(1) - Balance sheet as of September 30, 2004

MACOMB COUNTY, MICHIGAN
Combining Balance Sheet
Nonmajor Special Revenue Funds (concluded)
December 31, 2004

	Urban County Block Grant	Veterans' Trust Fund (1)	Other Special Revenue	Total Special Revenue
Assets				
Cash and pooled investments	\$ 1,564,909	\$ 1,678	\$ 3,128,455	\$ 14,526,181
Accounts receivable, net	6,106,858	-	6,192	6,187,687
Due from other governments	63,598	-	442,763	2,664,536
Due from governmental funds	-	-	-	15,965
Advances to other funds	-	-	-	30,000
Other assets	45,793	-	-	610,052
Total Assets	\$ 7,781,158	\$ 1,678	\$ 3,577,410	\$ 24,034,421
Liabilities and Fund Balances				
Liabilities				
Accounts payable	\$ 85,910	\$ -	\$ 146,938	\$ 2,017,902
Accrued compensation and benefits	803	-	131	17,392
Due to other governments	-	-	-	236,723
Due to governmental funds	-	-	-	363,437
Deferred revenue	-	-	64,782	733,701
Total Liabilities	86,713	-	211,851	3,369,155
Fund Balances				
Reserved				
Advances to other funds	-	-	-	30,000
Long-term receivables	6,106,858	-	-	6,106,858
Capital projects	1,238,644	-	3,197,052	4,435,696
Unreserved				
Designated				
Capital projects	-	-	-	550,486
Programs	-	1,678	168,507	2,836,775
Undesignated	348,943	-	-	6,705,451
Total Fund Balances	7,694,445	1,678	3,365,559	20,665,266
Total Liabilities and Fund Balances	\$ 7,781,158	\$ 1,678	\$ 3,577,410	\$ 24,034,421

(1) - Balance sheet as of September 30, 2004

MACOMB COUNTY, MICHIGAN
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Special Revenue Funds
Year Ended December 31, 2004

	Child Care (1)	COMET	Community Services Agency (1)	Emergency Management Grants	Friend of the Court (1)
Revenues					
Licenses and permits	\$ -		\$ -	\$ -	
Federal & State grants	8,114,166	151,809	10,207,475	295,188	5,744,120
Other grants	-	-	7,000	-	-
Charges for services	1,153,592	-	2,722,702	-	-
Investment income	-	19,568	-	-	514,971
Fines and forfeitures	-	730,414	-	-	179
Other revenue	1,664	994,381	88,049	-	-
	<u>9,269,422</u>	<u>1,896,172</u>	<u>13,025,226</u>	<u>295,188</u>	<u>6,260,400</u>
Total Revenues					
Expenditures					
Current					
Judicial	-	-	-	-	8,762,422
General government	-	-	-	-	-
Public safety	-	554,608	-	185,188	-
Public works	-	-	-	-	-
Health and welfare	21,996,795	-	13,691,755	-	-
Recreation and cultural	-	-	-	-	-
Capital outlay	8,398	-	172,703	-	4,395
	<u>22,005,193</u>	<u>554,608</u>	<u>13,864,458</u>	<u>185,188</u>	<u>8,766,817</u>
Total Expenditures					
Excess of Revenues over (under) Expenditures	<u>(12,735,771)</u>	<u>1,341,564</u>	<u>(839,232)</u>	<u>110,000</u>	<u>(2,506,417)</u>
Other financing sources (uses)					
Transfers in	12,735,771	-	838,261	-	5,506,417
Transfers out	-	-	(4,700)	(110,000)	(3,000,000)
	<u>12,735,771</u>	<u>-</u>	<u>833,561</u>	<u>(110,000)</u>	<u>2,506,417</u>
Total Other financing sources (uses)					
Net change in fund balances	<u>-</u>	<u>1,341,564</u>	<u>(5,671)</u>	<u>-</u>	<u>-</u>
Fund Balances, beginning of year	<u>1,850,089</u>	<u>-</u>	<u>1,674,660</u>	<u>-</u>	<u>80,761</u>
Fund Balances, end of year	<u>\$ 1,850,089</u>	<u>\$ 1,341,564</u>	<u>\$ 1,668,989</u>	<u>\$ -</u>	<u>\$ 80,761</u>

(1) - Year ended September 30, 2004

MACOMB COUNTY, MICHIGAN
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Special Revenue Funds (continued)
Year Ended December 31, 2004

	Health Department	Health Grants (1)	County Library	Employment and Training	MSU Extension
Revenues					
Licenses and permits	\$ 689,881	\$ -	\$ -	\$ -	\$ -
Federal & State grants	4,957,988	2,675,331	58,583	-	-
Other grants	-	-	-	-	-
Charges for services	1,410,388	279,726	264,439	2,857,128	211,954
Investment income	-	-	-	-	-
Fines and forfeitures	-	-	43,653	-	-
Other revenue	48,073	-	1,017	-	-
Total Revenues	7,106,330	2,955,057	367,692	2,857,128	211,954
Expenditures					
Current					
Judicial	-	-	-	-	-
General government	-	-	-	-	-
Public safety	-	-	-	-	-
Public works	-	-	-	-	-
Health and welfare	18,740,069	3,076,876	-	2,857,128	174,112
Recreation and cultural	-	-	2,909,486	-	-
Capital outlay	181,009	60,567	973	-	-
Total Expenditures	18,921,078	3,137,443	2,910,459	2,857,128	174,112
Excess of Revenues over (under) Expenditures	(11,814,748)	(182,386)	(2,542,767)	-	37,842
Other financing sources (uses)					
Transfers in	11,893,299	381,203	2,543,296	-	-
Transfers out	-	(178,432)	-	-	-
Total Other financing sources (uses)	11,893,299	202,771	2,543,296	-	-
Net change in fund balances	78,551	20,385	529	-	37,842
Fund Balances, beginning of year	2,376,870	172,821	444,257	-	256,286
Fund Balances, end of year	\$ 2,455,421	\$ 193,206	\$ 444,786	\$ -	\$ 294,128

(1) - Year ended September 30, 2004

MACOMB COUNTY, MICHIGAN
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Special Revenue Funds (continued)
Year Ended December 31, 2004

	MSU Extension (1)	Prosecuting Attorney Grants	Prosecuting Attorney Grants (1)	Senior Citizens Services
Revenues				
Licenses and permits	\$ -	\$ -	\$ -	\$ -
Federal & State grants	546,183	101,656	1,231,026	170,729
Other grants	-	-	-	-
Charges for services	84,280	-	75,000	285,769
Investment income	-	-	-	-
Fines and forfeitures	-	-	119,379	-
Other revenue	-	-	-	2,000
Total Revenues	<u>630,463</u>	<u>101,656</u>	<u>1,425,405</u>	<u>458,498</u>
Expenditures				
Current				
Judicial	-	184,167	1,765,556	-
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Health and welfare	574,515	-	-	2,112,536
Recreation and cultural	-	-	-	-
Capital outlay	3,056	-	-	1,736
Total Expenditures	<u>577,571</u>	<u>184,167</u>	<u>1,765,556</u>	<u>2,114,272</u>
Excess of Revenues over (under) Expenditures	<u>52,892</u>	<u>(82,511)</u>	<u>(340,151)</u>	<u>(1,655,774)</u>
Other financing sources (uses)				
Transfers in	25,000	37,381	585,453	1,657,461
Transfers out	-	-	(539,000)	-
Total Other financing sources (uses)	<u>25,000</u>	<u>37,381</u>	<u>46,453</u>	<u>1,657,461</u>
Net change in fund balances	77,892	(45,130)	(293,698)	1,687
Fund Balances, beginning of year	<u>252,550</u>	<u>62,832</u>	<u>581,593</u>	<u>24,942</u>
Fund Balances, end of year	<u>\$ 330,442</u>	<u>\$ 17,702</u>	<u>\$ 287,895</u>	<u>\$ 26,629</u>

(1) - Year ended September 30, 2004

MACOMB COUNTY, MICHIGAN
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Special Revenue Funds (continued)
Year Ended December 31, 2004

	Senior Citizens Services (1)	Sheriff Grants	Sheriff Grants (1)	Social Welfare
Revenues				
Licenses and permits	\$ -	\$ -	\$ -	\$ -
Federal & State grants	39,257	907,969	2,494,950	1,241,133
Other grants	-	-	-	-
Charges for services	10	224,027	203,295	335,489
Investment income	-	-	-	-
Fines and forfeitures	-	20,536	-	-
Other revenue	-	-	-	-
Total Revenues	39,267	1,152,532	2,698,245	1,576,622
Expenditures				
Current				
Judicial	-	-	-	-
General government	-	-	-	-
Public safety	-	1,451,402	3,263,947	-
Public works	-	-	-	-
Health and welfare	39,267	-	-	2,589,211
Recreation and cultural	-	-	-	-
Capital outlay	-	2,172	47,261	-
Total Expenditures	39,267	1,453,574	3,311,208	2,589,211
Excess of Revenues over (under) Expenditures	-	(301,042)	(612,963)	(1,012,589)
Other financing sources (uses)				
Transfers in	-	484,520	1,044,558	912,589
Transfers out	-	(748,518)	(685,971)	-
Total Other financing sources (uses)	-	(263,998)	358,587	912,589
Net change in fund balances	-	(565,040)	(254,376)	(100,000)
Fund Balances, beginning of year	-	903,285	430,621	197,482
Fund Balances, end of year	\$ -	\$ 338,245	\$ 176,245	\$ 97,482

(1) - Year ended September 30, 2004

MACOMB COUNTY, MICHIGAN
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Special Revenue Funds (concluded)
Year Ended December 31, 2004

	Urban County Block Grant	Veterans' Trust Fund (1)	Other Special Revenue	Total Special Revenue
Revenues				
Licenses and permits	\$ -	\$ -	\$ -	\$ 689,881
Federal & State grants	2,423,084	79,392	2,247,287	43,687,326
Other grants	-	-	-	7,000
Charges for services	690,966	168	1,366,049	12,679,953
Investment income	-	-	43,192	62,939
Fines and forfeitures	-	-	8,500	922,482
Other revenue	2,589	-	66,213	1,205,116
Total Revenues	3,116,639	79,560	3,731,241	59,254,697
Expenditures				
Current				
Judicial	-	-	1,227,417	11,939,562
General government	-	-	722,132	722,132
Public safety	-	-	911,064	6,366,209
Public works	421,309	-	-	421,309
Health and welfare	3,034,725	77,882	106,972	69,071,843
Recreation and cultural	-	-	-	2,909,486
Capital outlay	6,060	-	13,802	502,132
Total Expenditures	3,462,094	77,882	2,981,387	91,932,673
Excess of Revenues over (under) Expenditures	(345,455)	1,678	749,854	(32,677,976)
Other financing sources (uses)				
Transfers in	184,393	-	553,647	39,383,249
Transfers out	(15,000)	-	(135,520)	(5,417,141)
Total Other financing sources (uses)	169,393	-	418,127	33,966,108
Net change in fund balances	(176,062)	1,678	1,167,981	1,288,132
Fund Balances, beginning of year	7,870,507	-	2,197,578	19,377,134
Fund Balances, end of year	\$ 7,694,445	\$ 1,678	\$ 3,365,559	\$ 20,665,266

(1) - Year ended September 30, 2004

MACOMB COUNTY, MICHIGAN
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Child Care Fund
Year Ended September 30, 2004

	Final Budget	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
Revenues			
Federal & State grants	\$ 6,852,000	\$ 8,114,166	\$ 1,262,166
Charges for services	1,285,040	1,153,592	(131,448)
Other revenue	1,200	1,664	464
Total Revenues	<u>8,138,240</u>	<u>9,269,422</u>	<u>1,131,182</u>
Expenditures			
Salaries and fringe benefits	7,191,053	6,521,156	669,897
Operating	15,553,200	15,475,639	77,561
Capitla Outlay	20,320	8,398	11,922
Total Expenditures	<u>22,764,573</u>	<u>22,005,193</u>	<u>759,380</u>
Excess of Revenues over (under) Expenditures	<u>(14,626,333)</u>	<u>(12,735,771)</u>	<u>1,890,562</u>
Other financing sources (uses)			
Transfers in	14,626,333	12,735,771	(1,890,562)
Total Other financing sources (uses)	<u>14,626,333</u>	<u>12,735,771</u>	<u>(1,890,562)</u>
Net change in fund balances	-	-	-
Fund Balances, beginning of year	<u>1,850,089</u>	<u>1,850,089</u>	-
Fund Balances, end of year	<u>\$ 1,850,089</u>	<u>\$ 1,850,089</u>	<u>\$ -</u>

MACOMB COUNTY, MICHIGAN
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Community Services Agency
Year Ended September 30, 2004

	Final Budget	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
Revenues			
Federal & State grants	\$ 10,365,861	\$ 10,207,475	\$ (158,386)
Other grants	30,708	7,000	(23,708)
Charges for services	3,684,134	2,722,702	(961,432)
Investment income	1,120	-	(1,120)
Other revenue	294,823	88,049	(206,774)
Total Revenues	<u>14,376,646</u>	<u>13,025,226</u>	<u>(1,351,420)</u>
Expenditures			
Salaries and fringe benefits	7,169,642	6,809,165	360,477
Operating	8,212,272	6,882,590	1,329,682
Capital outlay	172,717	172,703	14
Total Expenditures	<u>15,554,631</u>	<u>13,864,458</u>	<u>1,690,173</u>
Excess of Revenues over (under) Expenditures	<u>(1,177,985)</u>	<u>(839,232)</u>	<u>338,753</u>
Other financing sources (uses)			
Transfers in	1,208,594	838,261	(370,333)
Transfers out	(30,609)	(4,700)	25,909
Total Other financing sources (uses)	<u>1,177,985</u>	<u>833,561</u>	<u>(344,424)</u>
Net change in fund balances	-	(5,671)	(5,671)
Fund Balances, beginning of year	<u>1,674,660</u>	<u>1,674,660</u>	-
Fund Balances, end of year	<u>\$ 1,674,660</u>	<u>\$ 1,668,989</u>	<u>\$ (5,671)</u>

MACOMB COUNTY, MICHIGAN
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Friend of the Court
Year Ended September 30, 2004

	Final Budget	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
Revenues			
Federal & State grants	\$ 6,162,236	\$ 5,744,120	\$ (418,116)
Charges for services	390,000	514,971	124,971
Investment income	-	179	179
Other revenue	-	1,130	1,130
Total Revenues	<u>6,552,236</u>	<u>6,260,400</u>	<u>(291,836)</u>
Expenditures			
Salaries and fringe benefits	7,522,308	6,848,701	673,607
Operating	2,645,227	1,913,721	731,506
Capital Outlay	24,000	4,395	19,605
Total Expenditures	<u>10,191,535</u>	<u>8,766,817</u>	<u>1,424,718</u>
Excess of Revenues over (under) Expenditures	<u>(3,639,299)</u>	<u>(2,506,417)</u>	<u>1,132,882</u>
Other financing sources (uses)			
Transfers in	6,639,299	5,506,417	(1,132,882)
Transfers out	(3,000,000)	(3,000,000)	-
Total Other financing sources (uses)	<u>3,639,299</u>	<u>2,506,417</u>	<u>(1,132,882)</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>\$ 80,761</u>	<u>\$ 80,761</u>	<u>\$ -</u>

MACOMB COUNTY, MICHIGAN
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Health Department
Year Ended December 31, 2004

	Final Budget	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
Revenues			
Licenses and permits	628,251	\$ 689,881	\$ 61,630
Federal & State grants	6,712,654	4,957,988	(1,754,666)
Charges for services	1,325,703	1,410,388	84,685
Other revenue	207,650	48,073	(159,577)
Total Revenues	<u>8,874,258</u>	<u>7,106,330</u>	<u>(1,767,928)</u>
Expenditures			
Salaries and fringe benefits	13,038,147	11,404,379	1,633,768
Operating	10,075,033	7,335,690	2,739,343
Capital outlay	267,442	181,009	86,433
Total Expenditures	<u>23,380,622</u>	<u>18,921,078</u>	<u>4,459,544</u>
Excess of Revenues over (under) Expenditures	<u>(14,506,364)</u>	<u>(11,814,748)</u>	<u>2,691,616</u>
Other financing sources (uses)			
Transfers in	14,506,364	11,893,299	(2,613,065)
Total Other financing sources (uses)	<u>14,506,364</u>	<u>11,893,299</u>	<u>(2,613,065)</u>
Net change in fund balances	-	78,551	78,551
Fund Balances, beginning of year	<u>2,376,870</u>	<u>2,376,870</u>	<u>-</u>
Fund Balances, end of year	<u>\$ 2,376,870</u>	<u>\$ 2,455,421</u>	<u>\$ 78,551</u>

MACOMB COUNTY, MICHIGAN
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
County Library
Year Ended December 31, 2004

	Final Budget	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
Revenues			
Federal & State grants	\$ 70,103	\$ 58,583	\$ (11,520)
Charges for services	423,689	264,439	(159,250)
Fines and forfeitures	50,500	43,653	(6,847)
Other revenue	-	1,017	1,017
Total Revenues	<u>544,292</u>	<u>367,692</u>	<u>(176,600)</u>
Expenditures			
Salaries and fringe benefits	2,903,614	2,149,797	753,817
Operating	907,926	759,689	148,237
Capital Outlay	973	973	-
Total Expenditures	<u>3,812,513</u>	<u>2,910,459</u>	<u>902,054</u>
Excess of Revenues over (under) Expenditures	<u>(3,268,221)</u>	<u>(2,542,767)</u>	<u>725,454</u>
Other financing sources (uses)			
Transfers in	3,268,221	2,543,296	(724,925)
Total Other financing sources (uses)	<u>3,268,221</u>	<u>2,543,296</u>	<u>(724,925)</u>
Net change in fund balances	-	529	529
Fund Balances, beginning of year	<u>444,257</u>	<u>444,257</u>	<u>-</u>
Fund Balances, end of year	<u>\$ 444,257</u>	<u>\$ 444,786</u>	<u>\$ 529</u>

MACOMB COUNTY, MICHIGAN
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Senior Citizens Services
Year Ended September 30, 2004

	Final Budget	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
Revenues			
Federal & State grants	\$ 39,257	\$ 39,257	\$ -
Charges for services	10	10	-
Total Revenues	<u>39,267</u>	<u>39,267</u>	<u>-</u>
Expenditures			
Salaries and fringe benefits	35,517	35,517	-
Operating	3,750	3,750	-
Total Expenditures	<u>39,267</u>	<u>39,267</u>	<u>-</u>
Net change in fund balances	-	-	-
Fund Balances, beginning of year	-	-	-
Fund Balances, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

MACOMB COUNTY, MICHIGAN
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Senior Citizens Services
Year Ended December 31, 2004

	Final Budget	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
Revenues			
Federal & State grants	\$ 177,958	\$ 170,729	\$ (7,229)
Charges for services	306,170	285,769	(20,401)
Other revenue	60,178	2,000	(58,178)
Total Revenues	<u>544,306</u>	<u>458,498</u>	<u>(85,808)</u>
Expenditures			
Salaries and fringe benefits	1,725,193	1,742,252	(17,059)
Operating	465,277	370,284	94,993
Capital outlay	7,000	1,736	5,264
Total Expenditures	<u>2,197,470</u>	<u>2,114,272</u>	<u>83,198</u>
Excess of Revenues over (under) Expenditures	<u>(1,653,164)</u>	<u>(1,655,774)</u>	<u>(2,610)</u>
Other financing sources (uses)			
Transfers in	1,653,164	1,657,461	4,297
Total Other financing sources (uses)	<u>1,653,164</u>	<u>1,657,461</u>	<u>4,297</u>
Net change in fund balances	-	1,687	1,687
Fund Balances, beginning of year	<u>24,942</u>	<u>24,942</u>	<u>-</u>
Fund Balances, end of year	<u>\$ 24,942</u>	<u>\$ 26,629</u>	<u>\$ 1,687</u>

MACOMB COUNTY, MICHIGAN
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Social Welfare Fund
Year Ended December 31, 2004

	Final Budget	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
Revenues			
Federal & State grants	\$ 1,500,000	\$ 1,241,133	\$ (258,867)
Charges for services	400,000	335,489	(64,511)
Total Revenues	<u>1,900,000</u>	<u>1,576,622</u>	<u>(323,378)</u>
Expenditures			
Operating	<u>3,827,972</u>	<u>2,589,211</u>	<u>1,238,761</u>
Total Expenditures	<u>3,827,972</u>	<u>2,589,211</u>	<u>1,238,761</u>
Excess of Revenues over (under) Expenditures	<u>(1,927,972)</u>	<u>(1,012,589)</u>	<u>915,383</u>
Other financing sources (uses)			
Transfers in	<u>1,927,972</u>	<u>912,589</u>	<u>(1,015,383)</u>
Total Other financing sources (uses)	<u>1,927,972</u>	<u>912,589</u>	<u>(1,015,383)</u>
Net change in fund balances	-	(100,000)	(100,000)
Fund Balances, beginning of year	<u>197,482</u>	<u>197,482</u>	<u>-</u>
Fund Balances, end of year	<u>\$ 197,482</u>	<u>\$ 97,482</u>	<u>\$ (100,000)</u>

MACOMB COUNTY, MICHIGAN

December 31, 2004

Capital Projects Funds

These funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities. The related capital assets are included in the General Fixed Asset Account Group and are financed by County funds or state grants. Separate funds are used for major capital projects and include:

Bridge Program	To account for the activities related to the renovation and repair of certain bridge structures in the County.
Clemens Center	To account for the acquisition and renovation of the Clemens Center complex.
Martha T. Berry Renovation	To account for the renovation of the Martha T. Berry Medical Care Facility.
Public Works Building	To account for the construction of the new Public Works facility.
Verkuilen Building Renovation	To account for the renovation of the Verkuilen Building.
Warehouse	To account for the purchase of a warehouse facility.
Youth Home Renovation	To account for the renovation of the County Youth Home.
General County Capital Projects Funds	These funds are used to account for various construction and equipment replacement activities.

MACOMB COUNTY, MICHIGAN
Combining Balance Sheet
Nonmajor Capital Projects Funds
December 31, 2004

	<u>Bridge Program</u>	<u>Clemens Center</u>	<u>Martha T Berry Renovation</u>
Assets			
Cash and pooled investments	\$ 8,985,013	\$ 301,996	\$ 3,734,635
Accrued interest receivable	44,769		21,468
Accounts receivable, net	-	-	-
Due from other governments	-	-	-
Other assets	-	-	-
Total Assets	<u><u>\$ 9,029,782</u></u>	<u><u>\$ 301,996</u></u>	<u><u>\$ 3,756,103</u></u>
 Liabilities and Fund Balances			
Liabilities			
Accounts payable	\$ 34,894	\$ 201,550	\$ 194,684
Accrued liabilities	-	-	669,193
Total Liabilities	<u>34,894</u>	<u>201,550</u>	<u>863,877</u>
 Fund Balances			
Reserved			
Capital projects	8,994,888	-	2,892,226
Unreserved			
Designated - Capital projects	-	100,446	-
Total Fund Balances	<u>8,994,888</u>	<u>100,446</u>	<u>2,892,226</u>
Total Liabilities and Fund Balances	<u><u>\$ 9,029,782</u></u>	<u><u>\$ 301,996</u></u>	<u><u>\$ 3,756,103</u></u>

MACOMB COUNTY, MICHIGAN
Combining Balance Sheet
Nonmajor Capital Projects Funds
December 31, 2004

	<u>Public Works Building</u>	<u>Verkuilen Bldg Renovation</u>	<u>Warehouse</u>
Assets			
Cash and pooled investments	\$ 4,239,987	\$ 36,108	\$ 77,920
Accrued interest receivable	-	-	-
Accounts receivable, less allowance for	-	-	-
Due from other governments	-	-	-
Other assets	-	-	-
Total Assets	<u><u>\$ 4,239,987</u></u>	<u><u>\$ 36,108</u></u>	<u><u>\$ 77,920</u></u>
Liabilities and Fund Balances			
Liabilities			
Accounts payable	\$ -	\$ -	\$ 77,920
Accrued liabilities	-	-	-
Total Liabilities	<u>-</u>	<u>-</u>	<u>77,920</u>
Fund Balances			
Reserved			
Capital projects	4,239,987	-	-
Unreserved			
Designated - Capital projects	-	36,108	-
Total Fund Balances	<u>4,239,987</u>	<u>36,108</u>	<u>-</u>
Total Liabilities and Fund Balances	<u><u>\$ 4,239,987</u></u>	<u><u>\$ 36,108</u></u>	<u><u>\$ 77,920</u></u>

MACOMB COUNTY, MICHIGAN
Combining Balance Sheet
Nonmajor Capital Projects Funds
December 31, 2004

	<u>Youth Home Renovation</u>	<u>General County Capital Projects</u>	<u>Totals</u>
Assets			
Cash and pooled investments	\$ 3,261,543	\$ 15,666,122	\$ 36,303,324
Accrued interest receivable	-	-	66,237
Accounts receivable, net	-	2,626,004	2,626,004
Due from other governments	-	51,148	51,148
Other assets	-	2,433	2,433
Total Assets	<u>\$ 3,261,543</u>	<u>\$ 18,345,707</u>	<u>\$ 39,049,146</u>
 Liabilities and Fund Balances			
Liabilities			
Accounts payable	\$ 573,885	\$ 748,949	\$ 1,831,882
Accrued liabilities	960,100	102,754	1,732,047
Total Liabilities	<u>1,533,985</u>	<u>851,703</u>	<u>3,563,929</u>
 Fund Balances			
Reserved			
Capital projects	1,727,558	-	17,854,659
Unreserved			
Designated - Capital projects	-	17,494,004	17,630,558
Total Fund Balances	<u>1,727,558</u>	<u>17,494,004</u>	<u>35,485,217</u>
Total Liabilities and Fund Balances	<u>\$ 3,261,543</u>	<u>\$ 18,345,707</u>	<u>\$ 39,049,146</u>

MACOMB COUNTY, MICHIGAN
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Capital Projects Funds
Year Ended December 31, 2004

	Bridge Program	Clemens Center	Martha T Berry Renovation
Revenues			
Federal & State grants	\$ -	\$ -	\$ -
Charges for services	-	-	-
Investment income	125,210	-	149,424
Other revenue	-	-	-
Total Revenues	125,210	-	149,424
Expenditures			
Current			
Public works	1,531,896	-	-
Bond issue costs	88,795	-	-
Capital outlay	-	394,800	3,885,662
Total Expenditures	1,620,691	394,800	3,885,662
Excess of Revenues over (under) Expenditures	(1,495,481)	(394,800)	(3,736,238)
Other financing sources (uses)			
Issuance of debt	10,000,000	-	-
Transfers in	87,500	144,136	-
Transfers out	-	-	-
Bond discounts	(100,000)	-	-
Total Other financing sources (uses)	9,987,500	144,136	-
Net change in fund balances	8,492,019	(250,664)	(3,736,238)
Fund Balances, beginning of year	502,869	351,110	6,628,464
Fund Balances, end of year	\$ 8,994,888	\$ 100,446	\$ 2,892,226

MACOMB COUNTY, MICHIGAN
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Debt Service Funds
Year Ended December 31, 2004

	<u>Public Works Building</u>	<u>Verkuilen Bldg Renovation</u>	<u>Warehouse</u>
Revenues			
Federal & State grants	\$ -	\$ -	\$ -
Charges for services	-	-	-
Investment income	15,761	-	16,515
Other revenue	-	-	-
Total Revenues	<u>15,761</u>	<u>-</u>	<u>16,515</u>
Expenditures			
Current			
Public works	22,346	-	77,919
Bond issue costs	56,446	-	75,240
Capital outlay	<u>327,362</u>	<u>10,490</u>	<u>5,200,604</u>
Total Expenditures	<u>406,154</u>	<u>10,490</u>	<u>5,353,763</u>
Excess of Revenues over (under) Expenditures	<u>(390,393)</u>	<u>(10,490)</u>	<u>(5,337,248)</u>
Other financing sources (uses)			
Issuance of debt	4,250,000	-	5,100,000
Transfers in	401,630	-	287,579
Transfers out	-	-	-
Bond discounts	<u>(21,250)</u>	<u>-</u>	<u>(50,331)</u>
Total Other financing sources (uses)	<u>4,630,380</u>	<u>-</u>	<u>5,337,248</u>
Net change in fund balances	4,239,987	(10,490)	-
Fund Balances, beginning of year	<u>-</u>	<u>46,598</u>	<u>-</u>
Fund Balances, end of year	<u>\$ 4,239,987</u>	<u>\$ 36,108</u>	<u>\$ -</u>

MACOMB COUNTY, MICHIGAN
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Capital Projects Funds
Year Ended December 31, 2004

	Youth Home Renovation	General County Capital Projects	Totals
Revenues			
Federal & State grants	\$ -	\$ 3,197,973	\$ 3,197,973
Charges for services	-	2,523,201	2,523,201
Investment income	17,023	175,866	499,799
Other revenue	-	3,419	3,419
Total Revenues	17,023	5,900,459	6,224,392
Expenditures			
Current			
Public works	-	-	1,632,161
Bond issue costs	-	-	220,481
Capital outlay	2,170,758	16,716,178	28,705,854
Total Expenditures	2,170,758	16,716,178	30,558,496
Excess of Revenues over (under) Expenditures	(2,153,735)	(10,815,719)	(24,334,104)
Other financing sources (uses)			
Issuance of debt	-	-	19,350,000
Transfers in	-	11,586,615	12,507,460
Transfers out	-	(6,380,834)	(6,380,834)
Bond discounts	-	-	(171,581)
Total Other financing sources (uses)	-	5,205,781	25,305,045
Net change in fund balances	(2,153,735)	(5,609,938)	970,941
Fund Balances, beginning of year	3,881,293	23,103,942	34,514,276
Fund Balances, end of year	\$ 1,727,558	\$ 17,494,004	\$ 35,485,217

MACOMB COUNTY, MICHIGAN

December 31, 2004

Internal Service Funds

These funds are used to account for services rendered or materials supplied on a user charge basis to departments or other governments within the County. Funds in this group include:

- | | |
|---------------------------------|--|
| Compensated Absences | To account for the costs of accumulated sick and annual leave pay. |
| Equipment Revolving | To account for the costs of operating and maintaining automotive and other equipment used by County departments. |
| General Liability Insurance | To account for the costs of self-insurance for general liability insurance. |
| Workers' Compensation Insurance | To account for the costs of self-insurance for workers' compensation insurance. |

MACOMB COUNTY, MICHIGAN
Combining Statement of Net Assets
Internal Service Funds
December 31, 2004

	<u>Compensated Absences</u>	<u>Equipment Revolving</u>	<u>General Liability Insurance</u>	<u>Workers' Compensation</u>	<u>Totals</u>
ASSETS					
Current assets					
Cash and pooled investments	\$ 6,554,575	\$ 6,072,907	\$ 6,688,911	\$ 9,424,615	\$ 28,741,008
Trade accounts, net	-	24,552	-	-	24,552
Inventories	-	339,593	-	-	339,593
Due from other governments	-	321,895	-	-	321,895
Due from business-type units	-	90,325	9,607	-	99,932
Due from fiduciary funds	-	8,156	-	-	8,156
Other assets	-	157,103	152,546	126,096	435,745
Total current assets	<u>6,554,575</u>	<u>7,014,531</u>	<u>6,851,064</u>	<u>9,550,711</u>	<u>29,970,881</u>
Noncurrent assets					
Capital assets, net:					
Assets being depreciated	-	799,834	-	-	799,834
Total noncurrent assets	<u>-</u>	<u>799,834</u>	<u>-</u>	<u>-</u>	<u>799,834</u>
Total Assets	<u>6,554,575</u>	<u>7,814,365</u>	<u>6,851,064</u>	<u>9,550,711</u>	<u>30,770,715</u>
LIABILITIES					
Current liabilities					
Accounts payable	\$ -	\$ 531,608	\$ 139,756	\$ 38,612	\$ 709,976
Accrued wages payable	-	109	-	-	109
Due to other governments	-	4,673	-	-	4,673
Compensated absences	1,000,000	-	-	-	1,000,000
Claims and judgements	-	-	1,100,000	1,000,000	2,100,000
Total current liabilities	<u>1,000,000</u>	<u>536,390</u>	<u>1,239,756</u>	<u>1,038,612</u>	<u>3,814,758</u>
Noncurrent liabilities					
Claims and judgements	-	-	2,516,798	998,875	3,515,673
Compensated absences	5,554,575	-	-	-	5,554,575
Advances from other funds	-	330,000	-	-	330,000
Total noncurrent liabilities	<u>5,554,575</u>	<u>330,000</u>	<u>2,516,798</u>	<u>998,875</u>	<u>9,400,248</u>
Total Liabilities	<u>6,554,575</u>	<u>866,390</u>	<u>3,756,554</u>	<u>2,037,487</u>	<u>13,215,006</u>
NET ASSETS					
Investment in capital assets, net of related debt	-	799,834	-	-	799,834
Unrestricted	-	6,148,141	3,094,510	7,513,224	16,755,875
Total Net Assets	<u>\$ -</u>	<u>\$ 6,947,975</u>	<u>\$ 3,094,510</u>	<u>\$ 7,513,224</u>	<u>\$ 17,555,709</u>

MACOMB COUNTY, MICHIGAN
Combining Statement of Revenues, Expenses and Changes in Net Assets
Internal Service Funds
Year Ended December 31, 2004

	<u>Compensated Absences</u>	<u>Equipment Revolving</u>	<u>General Liability Insurance</u>	<u>Workers' Compensation</u>	<u>Totals</u>
Operating Revenues					
Charges for services	\$ 879,442	\$ 5,173,011	\$ 1,608,702	\$ 678,953	\$ 8,340,108
Operating Expenses					
Personal services	-	66,457	-	-	66,457
Utilities	-	1,859,548	-	-	1,859,548
Benefits and claims expenses	905,168	-	2,384,350	1,111,932	4,401,450
Supplies and services	-	3,176,824	-	-	3,176,824
Depreciation	-	378,665	-	-	378,665
Total operating expenses	<u>905,168</u>	<u>5,481,494</u>	<u>2,384,350</u>	<u>1,111,932</u>	<u>9,882,944</u>
Operating income	(25,726)	(308,483)	(775,648)	(432,979)	(1,542,836)
Transfers					
Transfers in	-	403,870	100,000	-	503,870
Net Operating Transfers	-	403,870	100,000	-	503,870
Increase (Decrease) in net assets	(25,726)	95,387	(675,648)	(432,979)	(1,038,966)
Net assets, beginning of year	25,726	6,852,588	3,770,158	7,946,203	18,594,675
Net assets, end of year	<u>\$ -</u>	<u>\$ 6,947,975</u>	<u>\$ 3,094,510</u>	<u>\$ 7,513,224</u>	<u>\$ 17,555,709</u>

MACOMB COUNTY, MICHIGAN
Combining Statement of Cash Flows - Internal Service Funds
Year Ended December 31, 2004

	Compensated Absences	Equipment Revolving	General Liability Insurance	Workers' Compensation	Totals
Cash Flows from Operating Activities					
Cash received from customers	\$ -	\$ 133,886	\$ -		\$ 133,886
Cash received from interfund services	879,442	4,991,575	1,608,702	678,953	8,158,672
Cash payments to employees	(879,442)	(66,457)	-	-	(945,899)
Cash payments to suppliers	-	(4,886,744)	(1,658,721)	(970,487)	(7,515,952)
Net cash provided by Operating Activities	-	172,260	(50,019)	(291,534)	(169,293)
Cash Flows From Noncapital Financing Activities					
Transfers in	-	403,870	100,000	-	503,870
Net cash provided by (used in) Noncapital Financing Activities	-	403,870	100,000	-	503,870
Cash Flows From Capital and Related Financing Activities					
Proceeds from sale of capital assets	-	1,029	-	-	1,029
Acquisition of capital assets	-	(240,534)	-	-	(240,534)
Net Cash used in Capital and Related Financing Activities	-	(239,505)	-	-	(239,505)
Increase (decrease) in cash and short-term investments	-	336,625	49,981	(291,534)	95,072
Cash and cash equivalents, beginning of year	6,554,575	5,736,282	6,638,930	9,716,149	28,645,936
Cash and cash equivalents, end of year	<u>\$ 6,554,575</u>	<u>\$ 6,072,907</u>	<u>\$ 6,688,911</u>	<u>\$ 9,424,615</u>	<u>\$ 28,741,008</u>
Reconciliation of operating income to net cash provided (used) by operating activities					
Operating income (loss)	\$ (25,726)	\$ (308,483)	\$ (775,648)	\$ (432,979)	\$ (1,542,836)
Depreciation	-	378,665	-	-	378,665
Decrease in accounts receivable	-	46,033	-	-	46,033
Increase in inventory	-	(49,542)	-	-	(49,542)
Increase in amounts due from other governments	-	(102,566)	-	-	(102,566)
Decrease (Increase) in other assets	-	8,983	(1,047)	2,164	10,100
Increase in accounts payable	-	214,159	90,714	22,486	327,359
Increase in accrued employee benefits	25,726	-	-	-	25,726
Decrease in amounts due to other governments	-	(14,989)	-	-	(14,989)
Increase in accrued claims and judgements	-	-	635,962	116,795	752,757
Net cash provided by Operating Activities	\$ -	\$ 172,260	\$ (50,019)	\$ (291,534)	\$ (169,293)

MACOMB COUNTY, MICHIGAN

December 31, 2004

Fiduciary Funds

These funds are used to account for money and property received from individuals and other parties by the County as trustee, custodian or agent for those parties. Funds in this group include:

- | | |
|--------------------------------|--|
| Pension Trust Fund | To account for the accumulation of resources to be used for retirement payments. Resources are contributed by employees at rates fixed by union contract and by the County at amounts determined by annual actuarial valuations. |
| Retiree Health Care Trust Fund | To account for expenditures related to providing health care benefits to County retirees. |
| Trust and Agency | To account for the collection and subsequent payment of property taxes to other funds and various governmental units located within the County. This fund also accounts for deposits associated with judicial proceedings. |
| Payroll and Benefits | To account for the transfer of money from other funds to be used for the payment of payroll and employee benefits. |
| Other | To account for money received from individuals or other miscellaneous parties for which the County acts as an agent. |

MACOMB COUNTY, MICHIGAN
Combining Statement of Fiduciary Net Assets
Pension and Other Employee Benefit Trust Funds Funds
December 31, 2004

ASSETS	Employees' Retirement Fund	Retiree Health Care Fund	Total
Cash and pooled investments	\$ 17,180,603	\$ -	\$ 17,180,603
Receivables			
Accrued interest	1,370,515	283,014	1,653,529
Other	316,986	5,199	322,185
Total receivables	1,687,501	288,213	1,975,714
Investments, at fair value			
US Government obligations	39,103,631	-	39,103,631
Corporate Bonds	41,551,095	-	41,551,095
Preferred Stock	44,182,875	-	44,182,875
Common Stock	262,624,378	-	262,624,378
Foreign Stock	99,523,452	-	99,523,452
Limited partnerships	16,592,245	-	16,592,245
Mutual funds	179,708,400	85,846,260	265,554,660
Total investments	683,286,076	85,846,260	769,132,336
Securities lending collateral	47,120,066	-	47,120,066
Due from governmental funds	1,026	-	1,026
Due from fiduciary funds	327,022	-	327,022
Total Assets	749,602,294	86,134,473	835,736,767
LIABILITIES			
Accounts payable	1,746,717	44,313	1,791,030
Due to governmental funds	144,422	1,968,655	2,113,077
Due to fiduciary funds	904,269	327,022	1,231,291
Obligations under securities lending	47,120,066	-	47,120,066
Total Liabilities	49,915,474	2,339,990	52,255,464
NET ASSETS			
Net assets held in trust for pension and other postemployment benefits	<u>\$ 699,686,820</u>	<u>\$ 83,794,483</u>	<u>\$ 783,481,303</u>

MACOMB COUNTY, MICHIGAN
Combining Statement of Changes In Fiduciary Net Assets
Pension and Other Employee Benefit Trust Funds Funds
Year Ended December 31, 2004

	<u>Employees'</u> <u>Retirement Fund</u>	<u>Retiree Health</u> <u>Care Fund</u>	<u>Total</u>
ADDITIONS			
Contributions			
Employer	\$ 8,577,844	\$ 8,673,857	\$ 17,251,701
Employee	5,302,540	531,040	5,833,580
Total contributions	<u>13,880,384</u>	<u>9,204,897</u>	<u>23,085,281</u>
Investment income			
Net appreciation in fair value of assets	61,575,207	3,638,400	65,213,607
Interest	6,261,367	-	6,261,367
Dividends	7,105,987	3,584,120	10,690,107
Securities lending	134,462	-	134,462
	<u>75,077,023</u>	<u>7,222,520</u>	<u>82,299,543</u>
Less investment expenses			
Management and custodial fees	2,299,460	-	2,299,460
Securities lending agent fees	56,013	-	56,013
	<u>2,355,473</u>	<u>-</u>	<u>2,355,473</u>
Net investment income	<u>72,721,550</u>	<u>7,222,520</u>	<u>79,944,070</u>
Total additions	<u>86,601,934</u>	<u>16,427,417</u>	<u>103,029,351</u>
DEDUCTIONS			
Benefit payments	28,568,210	9,156,306	37,724,516
Refunds of contributions	205,225	-	205,225
Administrative expense	142,532	48,591	191,123
	<u>28,915,967</u>	<u>9,204,897</u>	<u>38,120,864</u>
Total deductions	<u>28,915,967</u>	<u>9,204,897</u>	<u>38,120,864</u>
Net increase in net assets	57,685,967	7,222,520	64,908,487
NET ASSETS			
Beginning of year	<u>642,000,853</u>	<u>76,571,963</u>	<u>718,572,816</u>
End of year	<u>\$ 699,686,820</u>	<u>\$ 83,794,483</u>	<u>\$ 783,481,303</u>

MACOMB COUNTY, MICHIGAN
Combining Statement of Fiduciary Net Assets
Agency Funds
December 31, 2004

	<u>Trust and Agency</u>	<u>Payroll and Benefits</u>	<u>Miscellaneous Agency Funds</u>	<u>Total</u>
ASSETS				
Cash and pooled investments	\$ 12,548,255	\$ 4,531,064	\$ 2,825,408	\$ 19,904,727
Receivables				
Other	367,426	1,222,398	1,648,907	3,238,731
Total receivables	367,426	1,222,398	1,648,907	3,238,731
Due from business-type units	101,212	2,898	30	104,140
Due from fiduciary funds	149,947	790,854	68,543	1,009,344
Other assets	2,356	9,765	-	12,121
Total Assets	<u>\$ 13,169,196</u>	<u>\$ 6,556,979</u>	<u>\$ 4,542,888</u>	<u>\$ 24,269,063</u>
LIABILITIES				
Accounts payable	\$ 1,164,911	\$ 6,022,110	\$ 8,378	\$ 7,195,399
Accrued compensation and benefits	-	534,869	-	534,869
Deposits	4,217,593	-	2,362,718	6,580,311
Due to other governments	3,038,697	-	2,071,305	5,110,002
Due to business-type units	4,742,273	-	1,134	4,743,407
Due to fiduciary funds	5,722	-	99,353	105,075
Total Liabilities	<u>\$ 13,169,196</u>	<u>\$ 6,556,979</u>	<u>\$ 4,542,888</u>	<u>\$ 24,269,063</u>

MACOMB COUNTY, MICHIGAN
Statement of Changes in Assets and Liabilities
Trust and Agency Fund
Year Ended December 31, 2004

	Balance 12/31/2003	Additions	Deletions	Balance 12/31/2004
ASSETS				
Cash and pooled investments	\$ 14,832,805	\$ 155,820,645	\$ 158,105,195	\$ 12,548,255
Receivables				
Other	338,761	42,867	14,202	367,426
Total receivables	338,761	42,867	14,202	367,426
Due from business-type units	101,212	-	-	101,212
Due from fiduciary funds	149,947	-	-	149,947
Due from component units	15,803	-	15,803	-
Other assets	1,266	169,293	168,203	2,356
Total Assets	<u>\$ 15,439,794</u>	<u>\$ 156,032,805</u>	<u>\$ 158,303,403</u>	<u>\$ 13,169,196</u>
LIABILITIES				
Accounts payable	\$ 3,764,291	\$ 88,006,690	\$ 90,606,070	\$ 1,164,911
Accrued compensation and benefits	-	5,385,206	5,385,206	-
Deposits	4,397,532	48,271,842	48,451,781	4,217,593
Due to other governments	3,933,475	38,370,106	39,264,884	3,038,697
Due to business-type units	3,338,774	48,887,659	47,484,160	4,742,273
Due to fiduciary funds	5,722	-	-	5,722
Total Liabilities	<u>\$ 15,439,794</u>	<u>\$ 228,921,503</u>	<u>\$ 231,192,101</u>	<u>\$ 13,169,196</u>

MACOMB COUNTY, MICHIGAN
Statement of Changes in Assets and Liabilities
Payroll and Benefits Agency Funds
Year Ended December 31, 2004

	Balance 12/31/2003	Additions	Deletions	Balance 12/31/2004
ASSETS				
Cash and pooled investments	\$ 5,214,799	\$ 154,937,566	\$ 155,621,301	\$ 4,531,064
Receivables				
Other	664,334	658,498	100,434	1,222,398
Total receivables	664,334	658,498	100,434	1,222,398
Due from business-type units	2,898	-	-	2,898
Due from fiduciary funds	620,201	7,221,855	7,051,202	790,854
Other assets	20,434	9,765	20,434	9,765
Total Assets	<u>\$ 6,522,666</u>	<u>\$ 162,827,684</u>	<u>\$ 162,793,371</u>	<u>\$ 6,556,979</u>
LIABILITIES				
Accounts payable	\$ 5,919,530	\$ 10,915,552	\$ 10,812,972	\$ 6,022,110
Accrued compensation and benefits	603,136	43,118,365	43,186,632	534,869
Total Liabilities	<u>\$ 6,522,666</u>	<u>\$ 54,033,917</u>	<u>\$ 53,999,604</u>	<u>\$ 6,556,979</u>

MACOMB COUNTY, MICHIGAN
Statement of Changes in Assets and Liabilities
Miscellaneous Agency Funds
Year Ended December 31, 2004

	<u>Balance 12/31/2003</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 12/31/2004</u>
ASSETS				
Cash and pooled investments	\$ 5,070,648	\$ 616,937,883	\$ 619,183,123	\$ 2,825,408
Receivables				
Other	1,662,694	932,506	946,293	1,648,907
Total receivables	1,662,694	932,506	946,293	1,648,907
Due from governmental funds	398,638	-	398,638	-
Due from business-type units	30	-	-	30
Due from fiduciary funds	68,543	-	-	68,543
Total Assets	<u>\$ 7,200,553</u>	<u>\$ 617,870,389</u>	<u>\$ 620,528,054</u>	<u>\$ 4,542,888</u>
LIABILITIES				
Accounts payable	\$ 828,759	\$ 159,754,277	\$ 160,574,658	\$ 8,378
Deposits	2,016,628	1,981,832	1,635,742	2,362,718
Due to other governments	1,689,919	160,011,288	159,629,902	2,071,305
Due to governmental funds	2,564,760	-	2,564,760	-
Due to business-type units	1,134	-	-	1,134
Due to fiduciary funds	99,353	-	-	99,353
Total Liabilities	<u>\$ 7,200,553</u>	<u>\$ 321,747,397</u>	<u>\$ 324,405,062</u>	<u>\$ 4,542,888</u>

MACOMB COUNTY, MICHIGAN

December 31, 2004

Statistical Section - Unaudited

MACOMB COUNTY, MICHIGAN

General Governmental Expenditures By Function - Unaudited
Last Ten Fiscal Years

	1995 (1)	1996 (1)	1997 (1)	1998 (1)	1999 (1)	2000 (1)	2001 (1)	2002 (2)	2003 (2)	2004 (2)
Legislative	\$1,331,799	\$1,326,741	\$1,368,647	\$1,496,704	\$1,525,364	\$1,487,510	\$1,730,854	\$1,714,990	\$1,833,491	\$1,958,277.00
Judicial	20,795,776	21,558,249	22,870,283	24,309,620	23,686,678	27,196,695	28,851,981	30,125,239	30,637,765	31,390,997
General government	31,340,986	31,882,467	33,017,267	37,744,517	38,138,938	40,027,974	43,298,739	44,696,780	46,351,383	58,783,768
Public safety	32,285,939	32,854,454	34,966,720	37,761,410	40,167,550	42,570,273	45,923,195	48,530,770	52,210,801	58,293,534
Public works	44,600,767	50,542,963	49,766,261	59,023,548	55,145,689	51,581,451	56,802,005	87,850,389	76,769,274	81,415,154
Health and welfare	134,635,414	136,415,086	155,132,371	167,382,079	182,014,743	190,881,896	205,182,224	228,170,810	237,972,823	245,025,366
Recreation and culture	3,151,136	3,048,149	3,130,436	3,137,408	3,319,253	3,410,383	3,506,992	3,774,400	4,565,802	4,039,668
Other	2,340,334	2,767,708	2,959,608	719,088	2,887,901	2,693,902	3,267,085	2,917,469	3,792,538	4,732,839
Capital outlay	10,106,985	7,899,880	25,529,723	23,116,352	15,853,555	20,553,128	43,945,069	25,652,360	26,553,566	29,930,105
Debt service	10,151,907	9,853,613	9,266,918	8,552,677	7,607,815	8,257,378	8,164,390	6,774,873	5,639,355	5,938,938
Total	\$290,741,043	\$298,149,310	\$338,008,234	\$363,243,403	\$370,347,486	\$388,660,590	\$440,672,534	\$480,208,080	\$486,326,818	\$521,508,636

(1) Includes General Fund, Special Revenue Funds, Debt Service Funds, Capital Projects Funds, Expendable Trust Fund and Discretely Presented Component Units

(2) Implementation of GASB Statement No. 34. Includes General Fund, Special Revenue Funds, Debt Service Funds, Capital Projects Funds, Proprietary Funds (excluding Delinquent Tax revolving Fund), Retiree Health Care Fiduciary Fund and Discretely Presented Component Units

Source: Macomb County Financial Statements

MACOMB COUNTY, MICHIGAN

General Governmental Revenues By Source - Unaudited
Last Ten Fiscal Years

	1995 (1)	1996 (1)	1997 (1)	1998 (1)	1999 (1)	2000 (1)	2001 (1)	2002 (2)	2003 (2)	2004 (2)
Taxes	\$63,068,823	\$66,147,764	\$69,792,429	\$74,131,732	\$79,567,175	\$84,643,231	\$88,610,129	\$ 96,530,794	\$ 104,046,884	\$ 145,946,433
Licenses and permits	801,962	869,820	907,715	933,279	964,757	980,986	984,592	1,029,545	1,053,529	1,087,053
Federal and State grants	34,042,321	147,810,286	134,919,045	151,129,657	142,804,451	145,840,221	162,242,048	216,809,918	209,298,687	200,896,886
Other grants	118,667,198	3,946,078	3,052,209	4,779,364	3,682,706	4,983,537	4,321,437	185,267	312,849	7,000
Charges for services	3,596,874	55,671,975	107,919,207	105,842,514	132,970,488	141,132,423	158,751,879	191,414,385	192,188,076	184,423,716
Investment income	46,495,146	13,308,474	13,304,811	15,043,135	15,100,718	16,242,248	15,342,938	6,009,063	20,346,221	13,942,799
Special assessments	12,471,914	4,129,895	5,261,715	3,622,788	5,771,676	2,850,419	3,124,138	-	-	-
Charges to other funds for administrative services	2,808,919	5,536,753	6,351,764	6,610,223	6,786,318	7,374,423	7,502,557	8,854,689	9,275,422	10,516,996
Fines and forfeitures	5,394,112	853,392	860,976	1,154,375	1,225,053	1,264,973	1,040,199	1,075,053	1,097,119	1,981,455
Other revenue	764,504	6,554,630	6,093,092	6,723,406	4,645,766	4,663,349	8,553,412	2,105,797	1,329,097	1,805,339
Total	\$288,111,773	\$304,829,067	\$348,462,963	\$369,970,473	\$393,519,108	\$409,975,810	\$450,473,329	\$524,014,511	\$538,947,884	\$560,607,677

(1) Includes General Fund, Special Revenue Funds, Debt Service Funds, Capital Projects Funds, Expendable Trust Fund and Discretely Presented Component Units

(2) Implementation of GASB Statement No. 34. Includes General Fund, Special Revenue Funds, Debt Service Funds, Capital Projects Funds, Proprietary Funds (excluding Delinquent Tax revolving Fund), Retiree Health Care Fiduciary Fund and Discretely Presented Component Units. Special assessments are included as charges for services beginning in 2002.

Source: Macomb County Financial Statements

MACOMB COUNTY, MICHIGAN

County Property Tax Levies and Collections - Unaudited
Last Ten Fiscal Years

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
Operating levy	\$61,747,162	\$64,313,055	\$68,215,669	\$72,462,286	\$78,013,055	\$83,347,833	\$88,616,875	\$95,349,781	\$101,666,486	\$107,407,546
Industrial & commercial facility tax	1,624,615	1,782,622	1,914,724	1,924,072	2,035,599	2,070,627	2,065,564	2,537,883	2,780,580	2,394,896
Total tax levy	<u>\$63,371,777</u>	<u>\$66,095,677</u>	<u>\$70,130,393</u>	<u>\$74,386,358</u>	<u>\$80,048,654</u>	<u>\$85,418,460</u>	<u>\$90,682,439</u>	<u>\$97,887,664</u>	<u>\$104,447,066</u>	<u>\$109,802,442</u>
Current tax collections	\$62,597,857	\$65,623,818	\$69,279,823	\$73,670,498	\$78,920,951	\$83,958,287	\$87,735,241	\$95,833,685	\$103,230,735	\$107,355,031
Delinquent tax collections	315,009	346,666	359,522	318,679	491,631	520,877	723,239	555,879	673,994	669,651
Total tax collections	<u>\$62,912,866</u>	<u>\$65,970,484</u>	<u>\$69,639,345</u>	<u>\$73,989,177</u>	<u>\$79,412,582</u>	<u>\$84,479,164</u>	<u>\$88,458,480</u>	<u>\$96,389,564</u>	<u>\$103,904,729</u>	<u>\$108,024,682</u>
Current collections as a percent of current levy	98.8%	99.3%	98.8%	99.0%	98.6%	98.3%	96.7%	97.9%	98.8%	97.8%
Total collections as a percent of current levy	99.3%	99.8%	99.3%	99.5%	99.2%	98.9%	97.5%	98.5%	99.5%	98.4%
Outstanding delinquent taxes	\$2,049,899	\$1,765,970	\$1,670,918	\$1,711,458	\$2,063,377	\$1,996,976	\$2,155,371	\$1,115,588	\$1,657,925	\$3,435,685
Outstanding delinquent taxes as a percent of current levy	3.2%	2.7%	2.4%	2.3%	2.6%	2.3%	2.4%	1.1%	1.6%	3.1%

Source: Macomb County Treasurer

MACOMB COUNTY, MICHIGAN

Assessed and Actual (Estimated) Value of Taxable Property - Unaudited
Last Ten Fiscal Years

Fiscal Year	Real Property		Personal Property		Total		Ratio of Total Assessed Value to Actual Value
	Assessed Value	Actual Value (Estimated)	Assessed Value	Actual Value (Estimated)	Assessed Value	Actual Value (Estimated)	
1995	13,707,905,256	27,636,843,316	1,842,084,300	3,684,454,288	15,549,989,556	31,321,297,604	49.65
1996	14,634,860,739	29,532,331,567	2,089,670,135	4,179,341,149	16,724,530,874	33,711,672,716	49.61
1997	15,944,820,686	32,105,427,466	2,229,248,841	4,458,493,471	18,174,069,527	36,563,920,937	49.70
1998	17,646,762,286	35,580,569,981	2,472,813,024	4,945,620,357	20,119,575,310	40,526,190,338	49.65
1999	19,592,141,715	39,529,004,811	2,670,678,340	5,341,419,143	22,262,820,055	44,870,423,954	49.62
2000	21,647,822,913	43,657,252,303	2,669,098,323	5,339,430,081	24,316,921,236	48,996,682,384	49.63
2001	24,274,542,247	48,187,829,237	2,693,815,190	5,394,490,942	26,968,357,437	53,582,320,179	50.33
2002	27,162,673,833	54,648,958,134	2,668,991,460	5,354,597,725	29,831,665,293	60,003,555,859	49.72
2003	29,275,241,874	58,976,236,880	2,731,345,097	5,479,015,079	32,006,586,971	64,455,251,959	49.66
2004	31,082,617,162	62,611,108,416	2,638,869,596	5,299,578,832	33,721,486,758	67,910,687,248	49.66

Source: Macomb County Equalization Department

MACOMB COUNTY, MICHIGAN

Tax Rates Per \$1,000 Assessed Value and Tax Levies - Unaudited
Last Ten Fiscal Years

PROPERTY TAX RATES (MILLS)

Fiscal Year	County Operating	Drain Debt	Huron Clinton Metropolitan Park Authority	SMART Regional Transportation	Intermediate School District	Special Education	Community College	Total
1995	4.2000	0.0120	0.2236	-	0.2101	1.8266	1.7257	8.1980
1996	4.2000	0.0110	0.2236	0.3300	0.2101	1.8266	1.6757	8.4770
1997	4.2000	0.0090	0.2236	0.3300	0.2101	1.8266	1.6457	8.4450
1998	4.2000	0.0080	0.2236	0.3300	0.2101	1.8266	1.6539	8.4522
1999	4.2000	0.0080	0.2235	0.3299	0.2101	1.8262	1.6134	8.4111
2000	4.2000	0.0080	0.2218	0.3273	0.2085	1.8125	1.5840	8.3621
2001	4.2000	0.0070	0.2202	0.3273	0.2085	1.8125	1.5140	8.2895
2002	4.2000	0.0060	0.2186	0.3235	0.2066	1.7965	1.6707	8.4219
2003	4.2000	0.0058	0.2170	0.6000	0.2054	2.7811	1.7000	9.7093
2004	4.2000	0.0058	0.2161	0.5973	0.2044	2.7685	1.5859	9.5780

PROPERTY TAX LEVIES

1995	61,747,162	176,421	3,287,301	-	3,088,560	26,854,135	25,370,733	120,524,312
1996	64,313,055	168,439	3,423,904	5,053,171	3,216,914	27,970,055	25,659,378	129,804,916
1997	68,215,669	146,177	3,631,671	5,359,800	3,412,120	29,667,320	26,729,174	137,161,931
1998	72,462,286	138,024	3,857,755	5,693,465	3,624,540	31,514,194	28,534,614	145,824,878
1999	78,013,055	148,600	4,151,409	6,127,737	3,902,129	33,920,820	29,968,158	156,231,908
2000	83,347,833	158,758	4,401,558	6,495,177	4,137,223	35,968,560	31,434,041	165,943,150
2001	88,616,875	147,697	4,646,056	6,905,785	4,398,578	38,242,402	31,944,274	174,901,667
2002	95,349,781	136,214	4,962,732	7,344,203	4,689,616	40,784,734	37,928,781	191,196,061
2003	101,666,486	140,394	5,252,769	14,523,780	4,971,211	72,334,187	40,969,174	239,858,001
2004	107,407,546	148,321	5,526,376	15,274,885	5,226,338	76,069,437	40,556,578	250,209,481

Source: Macomb County Apportionment Report

MACOMB COUNTY, MICHIGAN

Special Assessment Billings and Collections - Unaudited
Last Ten Fiscal Years

<u>Year Ended December 31,</u>	<u>Special Assessment Billings</u>	<u>Special Assessment Collections</u>
1995	\$ 6,007,500	\$ 5,521,359
1996	6,467,823	6,953,964
1997	6,270,073	6,620,247
1998	5,726,582	5,376,407
1999	8,007,651	8,007,651
2000	5,397,810	5,397,810
2001	8,077,661	8,077,661
2002	6,448,918	6,448,918
2003	8,552,020	8,552,020
2004	6,367,966	6,582,966

Source: Public Works Commission

MACOMB COUNTY, MICHIGAN

Percentage of General Obligation Bonded Debt to Assessed Value
and General Obligation Bonded Debt Per Capita - Unaudited
Last Ten Fiscal Years

Fiscal Year	Population (A)	Assessed Value	Net General Obligation Bonded Debt (B)	Percentage of Net General Obligation Bonded Debt to Assessed Value	Net General Obligation Bonded Debt Per Capita
1995	766,210	15,549,989,556	10,100,000	0.06	13.18
1996	778,699	16,724,530,874	21,630,000	0.13	27.78
1997	783,451	18,174,069,527	22,760,000	0.13	29.05
1998	787,698	20,119,575,310	21,830,000	0.11	27.71
1999	792,082	22,262,820,055	22,060,000	0.10	27.85
2000	788,149	24,316,921,236	24,930,000	0.10	31.63
2001	799,954	26,968,357,637	23,610,000	0.09	29.51
2002	805,395	29,831,665,293	54,655,000	0.18	67.86
2003	820,739	32,006,586,971	52,120,000	0.16	63.50
2004	822,660	33,721,486,758	58,750,000	0.17	71.41

Sources: (A) SEMCOG & U.S. Census Bureau

(B) Municipal Advisory Council of Michigan

MACOMB COUNTY, MICHIGAN

Computation of Direct and Overlapping Debt - Unaudited
December 31, 2004

	Long-term Debt		Percentage Applicable to Macomb County	Macomb County Share of Debt
	Total	Net (A)		
Macomb County County Issued Bonds Paid by Local Municipalities	\$72,750,000 (B)	\$58,750,000	100.0	\$58,750,000
	96,565,604	96,565,604	100.0	96,565,604
Total County Debt	169,315,604	155,315,604		155,315,604
School Districts	1,921,002,110	1,921,002,110	81.5	1,564,694,687
Cities and Villages	311,239,339	311,239,339	98.1	305,338,520
Townships	134,630,880	134,630,880	100.0	134,630,880
Community College and Intermediate School District	26,335,000	26,335,000	19.8	5,201,587
	\$2,562,522,933	\$2,548,522,933		\$2,165,181,278

(A) Net amounts consist of debt primarily financed by real estate tax levies.

(B) Amount is exclusive of compensated absences and workers compensation.

Source: Municipal Advisory Council of Michigan

MACOMB COUNTY, MICHIGAN

Computation of Legal Debt Margin - Unaudited
December 31, 2004

2004 Assessed Taxable Value (A)	<u>\$ 26,980,530,368</u>
Debt Limit - 10% of Assessed Taxable Value (1)	\$2,698,053,037
Outstanding Debt (2)	\$169,315,604
Less: Transportation Fund Bonds	<u>14,000,000</u>
Amount of Outstanding Debt	<u>155,315,604</u>
LEGAL DEBT MARGIN	<u>\$2,542,737,433</u>

Note:

- (1) Act 279, Public Acts of Michigan, 1909, as amended, states that the net indebtedness of the County shall not exceed 10% of all assessed real and personal property in the County.
- (2) Represents total long-term debt payable exclusive of compensated absences and workers compensation.

Source: (A) Macomb County Apportionment Report - 2004 Tax Year (2005 Fiscal Year)

MACOMB COUNTY, MICHIGAN

Ratio of Debt Service Expenditures for General Obligation
Bonded Debt to Total General Expenditures - Unaudited
Last Ten Fiscal Years

	1995	1996	1997	1998	1999	2000	2001	2002(A)	2003	2004
Debt service expenditures for general obligation bonded debt:										
Principal	\$327,550	\$1,040,719	\$768,892	\$930,000	\$975,000	\$1,130,000	\$1,555,000	\$1,620,000	\$3,070,000	\$2,985,000
Interest	572,454	876,866	1,065,435	1,082,611	1,030,829	1,257,082	1,467,681	1,861,009	2,569,355	2,733,457
Total	\$900,004	\$1,917,585	\$1,834,327	\$2,012,611	\$2,005,829	\$2,387,082	\$3,022,681	\$3,481,009	\$5,639,355	\$5,718,457
General expenditures										
General fund	\$79,923,201	\$81,200,973	\$85,357,866	\$91,325,258	\$96,114,714	\$101,282,145	\$110,199,655	\$113,578,461	\$120,053,502	\$128,416,089
Special revenue funds	135,083,210	141,446,994	157,924,346	168,243,802	180,802,604	193,643,525	208,114,366	78,792,800	81,107,364	91,932,673
Debt service funds	7,982,269	1,920,973	1,837,528	2,015,632	2,009,036	2,387,082	3,022,681	3,481,009	5,736,668	5,798,510
Capital projects funds	6,588,377	3,130,615	15,490,301	15,808,059	5,512,813	11,802,987	6,501,890	24,980,529	28,650,916	30,163,696
Enterprise funds (excluding Delinquent Tax Revolving Fund)	-	-	-	-	-	-	-	144,842,967	155,154,802	158,940,193
Total	\$229,577,057	\$227,699,555	\$260,610,041	\$277,392,751	\$284,439,167	\$309,115,739	\$327,838,592	\$365,675,766	\$390,703,252	\$415,251,161

Ratio of debt service expenditures for general obligation bonded debt to total general expenditures:										
Principal	0.1%	0.5%	0.3%	0.3%	0.3%	0.4%	0.5%	0.4%	0.8%	0.7%
Interest	0.2%	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%	0.5%	0.7%	0.7%
Total	0.4%	0.8%	0.7%	0.7%	0.6%	0.8%	0.9%	1.0%	1.4%	1.4%

(A) The County implemented GASB Statement No. 34 for the year-ended December 31, 2002. Certain funds previously accounted for as Special Revenue Funds were reclassified as Enterprise Funds as part of the implementation.

Source: Macomb County Financial Statements

MACOMB COUNTY, MICHIGAN

Insurance Coverage - Unaudited
December 31, 2004

<u>Company Name/Type of Insurance</u>	<u>Policy Term</u>	<u>Limits/Deductibles</u>	<u>Brief Description of Policy</u>
<u>COMPREHENSIVE GENERAL LIABILITY:</u>			
International Insurance Company of Hanover	7/1/04-6/30/05	a) \$5,000,000 bodily injury, personal injury and public officials liability b) \$500,000 Deductible	Comprehensive General Liability including premises, products and completed operations, personal injury, discrimination coverage, and professional liability, employees and elected officials; public officials coverage for misfeasance, malfeasance and non-feasance includes errors or omissions for wrongful acts or misstatements
<u>AUTOMOBILE POLICY:</u>			
International Insurance Company of Hanover	7/1/04-6/30/05	a) \$5,000,000 per occurrence bodily injury and property damage	Liability and No-Fault protection for all owned vehicles; coverage for the County while employees use their own vehicles or hired or borrowed vehicles

Source: Macomb County Risk Management

MACOMB COUNTY, MICHIGAN

Insurance Coverage - Unaudited
December 31, 2004

<u>Company Name/Type of Insurance</u>	<u>Policy Term</u>	<u>Limits/Deductibles</u>	<u>Brief Description of Policy</u>
<u>WORKERS' COMPENSATION SPECIFIC STOP LOSS INSURANCE:</u>			
Accident Fund Co.	7/1/04-6/30/05	a) Compensation-Statutory, Liability-\$1,000,000 b) \$350,000 self-insured retention per claim	Specific Stop Loss only; excess as indicated
<u>BOILER AND MACHINERY:</u>			
F M Global	7/1/04-6/30/05	a) \$250,000 limit b) \$10,000 retention	Repair or replacement of insured property, expediting expenses, extra expense, (carry on as normal as possible), liability for injury, damage to property of others, defense costs resulting from an accident to injured object
<u>ELECTRONIC DATA PROCESSING:</u>			
F M Global	7/1/04-6/30/05	a) \$500,000 limit b) \$5,000 retention	Replacement cost for damaged equipment and media; extra expense to resume operations; all risk less certain excluded perils; includes Chapaton Pump Station with separate limits

- a) Limits
- b) Deductible

Source: Macomb County Risk Management

MACOMB COUNTY, MICHIGAN

Insurance Coverage - Unaudited
December 31, 2004

<u>Company Name/Type of Insurance</u>	<u>Policy Term</u>	<u>Limits/Deductibles</u>	<u>Brief Description of Policy</u>
<u>PROPERTY:</u>			
F M Global	7/1/04-6/30/05	a) \$200,000,000 buildings and contents b) \$100,000 each occurrence	Insures buildings and contents from all risk of loss, subject to limits and certain excluded perils. Total limit: any one occurrence, loss or disaster with respect to real property is \$25,000,000 for earthquake, \$25,000,000 for flood, \$1,000,000 for valuable papers.
<u>DEPOSITORS FIDUCIARY LIABILITY:</u>			
Federal Insurance Company	7/1/04-7/1/07	a) \$25,000 per loss \$5,000,000 aggregate b) \$25,000	
<u>CRIME:</u>			
Fidelity & Deposit Co.	4/1/05-3/31/06	a) \$1,500,000 crime \$200,000 forgery \$50,000 counterfeit currency \$200,000 theft and destruction b) \$25,000	Theft, disappearance and destruction in/out premises

- a) Limits
- b) Deductible

Source: Macomb County Risk Management

MACOMB COUNTY, MICHIGAN

Insurance Coverage - Unaudited
December 31, 2004

<u>Company Name/Type of Insurance</u>	<u>Policy Term</u>	<u>Limits/Deductibles</u>	<u>Brief Description of Policy</u>
<u>LIFE INSURANCE:</u> Metlife	1/1/04-12/31/06	a) As per schedule	Principal sum for death or scheduled loss; one-half (1/2) of principal sum for other scheduled losses; provision for conversion
<u>DENTAL INSURANCE: (Self Funded)</u> Administered by Delta Dental Plan Administered by Golden Dental	1/1/04-12/31/06	a) \$1,000 maximum payment per covered individual per contract year (Delta), subject to co-payment by covered individual	75% payment of Class I benefits; diagnostic, restorative, periodontics, endodontics, etc.
<u>LONG-TERM DISABILITY INSURANCE:</u> C N A	4/1/04-3/31/06	a) \$5,000 monthly maximum; Six (6) month elimination period	60% of salary to age 65, as scheduled from ages 65 to 70; subject to coordination of benefits; covers those totally disabled by accident or illness

a) Limits

Source: Macomb County Risk Management

MACOMB COUNTY, MICHIGAN

Insurance Coverage - Unaudited
December 31, 2004

<u>Company Name/Type of Insurance</u>	<u>Policy Term</u>	<u>Limits/Deductibles</u>	<u>Brief Description of Policy</u>
<u>HEALTH/HOSPITAL INSURANCE:</u>			
Blue Cross/Blue Shield Network of Michigan (BCN)	1/1/04-12/31/06	a) Limits of self retention \$125,000	Medical Service Indemnity Contract
HMO - Health Alliance Plan			I Blue Cross Comp. Hospital Coverage 365 days sickness, 45 days nervous and mental
			II. Blue Shield (Master Medical) \$1,000,000 lifetime maximum (catastrophic) covers surgical and doctors treatment, maternity, outpatient lab tests and prescription drugs
Self Funded - Administered by Blue Cross/Blue Shield of Michigan Traditional Plan Community Blue PPO Plan	1/1/04-12/31/06	a) Specific excess of \$125,000 per claim	Stop loss insurance
a) Limits			
Source: Macomb County Risk Management			

MACOMB COUNTY, MICHIGAN

Demographic Statistics - Unaudited
Last Ten Fiscal Years

	<u>Population</u>	<u>Median Household Income</u>	<u>Median Age</u>	<u>K thru 12 School Enrollment</u>	<u>Unemployment Rate</u>
1995	766,210	47,369	35.3	121,664	4.8
1996	778,699	41,332	35.7	121,849	4.1
1997	783,451	44,023	36.0	126,130	3.5
1998	787,698	45,089	36.3	126,626	3.2
1999	792,082	45,089	36.5	127,802	3.2
2000	788,149	46,336	37.0	129,964	3.1
2001	799,954	49,601	36.9	134,354	5.1
2002	805,395	52,102	36.9	136,578	5.7
2003	820,739	50,134	37.2	144,529	6.6
2004	822,660	51,858	37.9	151,500	8.2

Source: U.S. Census Bureau and SEMCOG

MACOMB COUNTY, MICHIGAN

Property Values, Construction and Bank Deposits - Unaudited
Last Ten Fiscal Years

Fiscal Year	Assessed Property Value			Nontaxable (Estimated)	Residential Construction		Commercial Construction		Bank Deposits (In Thousands)
	Residential	Commercial	Tax Abatement		Units	Value	Units	Value	
1995	10,458,541,143	1,914,803,447	747,282,566	2,705,281,000	4,788	487,444,000	155	119,944,000	6,712,096
1996	11,230,824,485	1,999,356,515	731,373,971	2,884,289,000	4,518	463,119,000	147	116,850,000	7,235,072
1997	12,321,855,281	2,138,029,968	1,106,846,000	3,133,321,000	3,801	435,847,000	135	105,688,000	10,252,819
1998	13,765,463,183	2,267,628,144	1,207,410,000	3,164,546,000	5,297	519,361,000	128	102,659,000	10,665,048
1999	15,343,358,605	2,499,667,087	1,313,933,000	3,105,164,000	5,648	694,080,000	NA	NA	10,789,079
2000	17,087,602,588	2,673,843,115	943,541,000	3,265,812,000	5,963	725,963,000	NA	NA	11,067,818
2001	18,954,831,089	2,923,132,057	1,213,714,000	2,920,368,000	4,614	564,727,326	NA	NA	11,521,828
2002	20,907,586,826	3,753,838,046	1,275,619,000	4,242,566,000	4,818	624,940,000	NA	NA	11,618,993
2003	22,568,891,512	4,086,548,493	1,154,067,000	3,998,529,000	5,151	655,311,000	NA	NA	11,949,085
2004	24,066,971,401	4,219,934,337	1,091,791,000	6,140,506,000	5,125	684,972,000	NA	NA	12,216,991

NA - Not available

Source: Macomb County Equalization Department
FDIC/OTS Data book
SEMCOG Building Permits
S/E Mich. Residential Bldg. Report

MACOMB COUNTY, MICHIGAN

Principal Taxpayers - Unaudited
Top Ten Taxpayers for 2004

Taxpayer	Real Property Taxable Value	Personal Property Taxable Value	Total Taxable Value	Percentage of Total County Taxable Value
Daimler-Chrysler	\$132,941,373	\$238,466,124	\$371,407,497	1.38 %
General Motors	194,551,900	155,992,372	350,544,272	1.30
Ford Motor Company	22,634,418	216,502,800	239,137,218	0.89
Detroit Edison	5,227,706	208,080,242	213,307,948	0.79
Visteon	40,412,562	132,867,867	173,280,429	0.64
Consumer Energy	4,894,958	103,696,350	108,591,308	0.40
International Trans.	34,304,580	25,262,661	59,567,241	0.22
Meijers	31,347,994	7,268,853	38,616,847	0.14
Walmart	17,663,934	15,976,283	33,640,217	0.12
Michigan Consolidated	1,865,580	30,308,808	32,174,388	0.12
TOTAL	\$485,845,005	\$1,134,422,360	\$1,620,267,365	6.01 %

Note: All values listed are taxable values for assessment purposes and as such denotes generally, 50% of true cash value for the year 2004.

Table does not include industrial facility assessments.

Source: Macomb County Equalization Department

MACOMB COUNTY, MICHIGAN
 Miscellaneous Statistics - Unaudited
 December 31, 2004

Date of incorporation	1818
Area in square miles	482
Communities:	
Cities	12
Townships	12
Villages	3

Macomb County facilities and services:

Library books	149,806
Other library media	17,332
Lane miles of county primary and local roads	2,942
Bridges and drainage structures	756
Miles of storm drains	700
Miles of state trunklines and freeways maintained	166
Miles of sanitary sewers	188
Miles of water mains	43
Waste water pump stations	42
County sheriff's offices	1
Sheriff's marine patrol substations	2
Sheriff's patrol substations	5
Sewage treatment plants	9
Parks	1

Facilities and services not included in the reporting entity:

Education	
Public elementary schools	148
Public senior high schools	29
Public middle schools	42
Public special purpose schools	21
Community college campus sites	5
Private/parochial & Charter Schools	65

Medical care

General acute care hospitals	6
General acute care patient beds	1,388
Nursing care facilities	29
Nursing care patient beds	3,933
Private mental health facilities	3
Private mental health patient beds	177

Public safety

Fire stations	49
Community fire departments	26
Community police departments	18
State police posts	1

Recreation

State areas	1
Acres	935
Regional metropolitan parks	3
Acres	7,856
Marinas	100