

MACOMB COUNTY, MICHIGAN

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June 29, 2007

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To the Citizens of Macomb County

The Comprehensive Annual Financial Report (CAFR) of Macomb County, Michigan for the fiscal year ended December 31, 2006 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, 2006 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, 2006 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.

MACOMB COUNTY 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 - District 6
Sue Rocca - District 7
David Flynn - 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 A. Crouchman
District 23
Chairman

Dana Camphous-Peterson
District 18
Vice-Chair

Leonard Haggerty
District 21
Sergeant-At-Arms

Carey Torrice - District 16
Ed Bruley - District 17
Paul Gielegem - District 19
Kathy Tocco - District 20

Betty Slinde - District 22
Sarah Roberts - District 24
Kathy D. Vosburg - District 25
Leon Drolet - District 26

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 2006 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 2006 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 with two year terms.

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 Court Divisions I and II. The Circuit Court has jurisdiction over criminal cases where the minimum penalty is over one year incarceration, civil damage cases where the controversy exceeds \$25,000, and domestic relation matters. The Macomb County Probate Court consists of two divisions: Wills and Estates and Mental.

The Wills and Estates Division 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 County 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 continues to grow, as demonstrated by the financial statements and schedules included in this report. The assessed value of the taxable property supporting the County's 2006 operations (the 2005 taxable value) was approximately \$28.6 billion, an increase over the prior year of \$1.6 billion, or 6.0%. The economic base of the County is continuing to increase. The 2006 valuation (to fund 2007 operations) shows an increase of 6.1% over the 2005 valuation. The County's tax base expansion has averaged 6.5% over the last nine 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 its 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 its 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 420,000 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, comprises 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, which designs, manufactures 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. AT&T 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 2,988 retail trade establishments conveniently located throughout Macomb County offering the consumer a full range of products and services.

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 Macy'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 nearly 200 options for degrees and certificates 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. The Center presently brings a diversity of cultural arts experiences to nearly 260,000 annually. MCC is accredited by eleven state, national and occupational associations, including the North Central Association. The

University Partnership Program is a unique arrangement that is offered in partnership with four-year colleges and universities providing Macomb County residents increased access to advanced education through a mix of bachelor and master degree programs. The Degree Partnership Program is an alternative to “going away” to college or attending a distant university extension center. Courses are taught by faculty from partnership colleges and universities including: Central Michigan University, Ferris State University, Lawrence Technological University, Oakland University, Rochester College, University of Detroit Mercy, Walsh College and Wayne State University. Nearly 40 bachelor’s degree completion and master’s degree programs are offered.

Baker College of Clinton Township, located in a quiet residential setting, sits on 42 centrally located acres with easy access from I-94 and I-696. Approximately 5,200 students enjoy a large variety of academic programs including specialty offerings in elementary and secondary teacher preparation, nursing, radiology, surgical, veterinary and computer technology programs. Baker College is accredited by The Higher Learning Commission of the North Central Association. The Baker Center for Graduate Studies is also accredited by the International Assembly of Collegiate Business Education.

The Macomb Intermediate School District (MISD) serves 21 public school districts in Macomb County. There are over 138,000 K-12 students enrolled in Macomb County’s local school district and center based schools. MISD provides services to the staff, students and parents of 145 elementary schools, 32 Middle Schools and 25 High Schools throughout the County. 18,000 students receive special education services. In addition to the standard curriculum, direct services for special education students are provided through three schools for the handicapped, a nursing home, the Macomb Regional Center, a special education work activities program, programs for the severely emotionally impaired, and the Continuing Education for Youth Program. Macomb County’s public schools also provide a variety of vocational and job training programs through its high schools and vocational skill centers.

Macomb County residents 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, Rochester College 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

News that DaimlerChrysler AG's Chrysler Group would invest \$350 million in two Macomb County facilities was welcomed by officials throughout the area. A new \$300 million paint shop at the Sterling Heights Assembly Plant will feature retooling that will improve the coating process in all key areas of the paint shop – including pretreatment, a paint mix room and spray booths. In addition, the new technology will increase flexibility and efficiency that are expected to contribute to improved quality control and reduced costs. The new paint shop will have the capability to paint any front wheel drive vehicle. The other local improvement will be at the Warren Truck Assembly and Warren Stamping Plants, which both will receive multiple plant upgrades to improve quality, productivity and worker ergonomics. The \$50 million investment in Warren is expected to increase flexibility at the facility and prepare it for Chrysler Group's 20 all new vehicles coming in the next few years.

Ford Motor Company announced that it will invest \$320 million into the Van Dyke Transmission Plant in Sterling Heights, part of \$866 million to upgrade six Detroit-area operations. At the Sterling Heights Plant, the money will be used to install a flexible machining line to assemble six-speed, front-wheel drive transmissions for the next generation Ford Escape. The 1.8 million square foot Van Dyke plant, which opened in 1968, employs 1,190 workers.

Construction is under way on a 48,000 square foot Children's Hospital facility on a 4.3 acre site on Garfield, south of 19 Mile Road in Clinton Township. The \$15 Million facility will house outpatient children's services, including urgent care and general surgery. This is the first time Children's Hospital is building a site from the ground up outside of the city of Detroit. Health care professionals are expected to treat several thousand patients annually.

St. John Health System is developing a new \$23 Million medical campus on 23 Mile Road in Macomb Township which will offer an emergency department, cancer radiation and chemotherapy services as well as outpatient surgery. St. John will also construct an 80,000 square foot doctor's building on the property. The site contains sufficient property to develop a full service hospital which St. John hopes to construct at a future date, if regulatory issues can be resolved.

Beaumont Hospital completed its first major development in Macomb County during the year on a 25 acre site at Tilch and Hall Road in Macomb Township. Included in the first phase the development is a 75,000 square foot four story physicians building and a 53,000 square foot outpatient services building. This \$59 Million project was developed on 15 of the 25 acres at the site. The remaining 10 acres will be held for future development and expansion by Beaumont. Beaumont Hospital also opened a 40,000 square foot medical facility in the City of Warren during the year and a 30,000 square foot medical office building in St. Clair Shores. Beaumont also plans a major expansion of its campus on Dequindre in Sterling Heights with construction to begin in 2007.

The continuing development of major medical facilities like those noted above bring in satellite businesses that provide skilled jobs. St. John Health, Trinity Health, Henry Ford Health System and the Mount Clemens Regional Medical Center all rank among the top ten employers in the County.

Developers are gearing up for the grand opening of the mammoth Heritage Village development, a housing and retail site on 312 acres in Warren. The parcel was the last major piece of developable land in the city. The estimated \$400 million project will include 150 senior housing units as well as an additional 878 residential units ranging from single family homes to condominiums. Located across from the GM Technical Center, the vacant property is considered one of the most valuable parcels in Metropolitan Detroit because of its size and proximity to freeways and Fortune 500 companies. Heritage Village is expected to produce \$6.2 Million per year in local tax revenue when completed.

The former 100 acre Hillcrest Country Club located on Groesbeck Highway in Clinton Township is currently being developed for multiple uses including commercial, residential and public park space. This development will include a 207,000 square foot Meijer Super Center, 50,000 square feet of multi-tenant retail, 178 condominiums, 30 acres of public parkland and an additional 15 acres of commercial property reserved for future development.

Construction has started on the North Gratiot Interceptor, a new sewer system for the growing communities of New Haven and Lenox Township. The existing sewer system is at or near capacity and a new interceptor is needed to accommodate the expected new development. The new system will also help to prevent pollution because it allows people to disconnect from septic tanks in areas where presently they do not have sanitary sewers. Ric-Man Construction of Sterling Heights is the general contractor on the project, with Spalding De Decker Associates of Rochester Hills the design engineer. The entire project will cost \$50 million.

A \$23 million sewer project will save the County \$6 million while increasing sewer capacity and paving the way for new economic growth in Chesterfield Township, New Haven and Lenox Township. The project will replace a crumbling sanitary sewer line with a new 66-inch diameter pipe running 2.5 miles along I-94 from Joy Boulevard to 21 Mile Road. When the project is completed in late 2008, the line will serve as the downstream leg of a network of new sewers in northeast Macomb County. The Detroit Water and Sewer Department wanted to repair the existing pipe at a cost of \$10 million and build a second sewer adjacent to it. The Macomb County Public Works Commissioner opted to shut down the aging sewer and for an added cost of \$4 million, upgrade plans for the new interceptor to boost capacity by about 20 percent. The added sewer capacity will accommodate new sewer lines already under construction.

Faurecia Interior Systems, a Tier I automotive supplier, is preparing to open a third Macomb County based facility. The new plant will provide just in time delivery of pre-assembled front-end and interior modules to DaimlerChrysler's Sterling Heights Assembly Plant. This emerging facility is located on Merrill Drive in Sterling Heights, a mere two miles from the Sterling Heights Assembly Plant. Faurecia's investment in the operation is comprised of \$3.4 million for building improvements and nearly \$4.5 million for new machinery and equipment.

Burtek incorporated is a rapidly growing producer of custom designed and built land vehicles that are manufactured exclusively for military, law enforcement and homeland security applications. The company, with headquarters in Chesterfield Township, has recently expanded their operations to accommodate increased orders coming from around the globe. Burtek has leased an additional 52,000 square feet of manufacturing/assembly space and invested more than \$1 million in new machinery and equipment. The latest of their projects is a specially designed Mobile Radiation Portal Monitor, commissioned by the Department of Homeland Security for use by the U.S. Border Patrol. As Burtek's business expands they have also been increasing their workforce. Having hired nearly 80 new employees last year, the company anticipates creating up to 100 additional new jobs over the next two years.

Among the largest industrial projects in Macomb County over the past year, Cadence Innovation, formerly know as Venture Industries, is establishing a major presence in Chesterfield Township. The newly reorganized company, a Tier I supplier of auto interior components has elected to consolidate most of its manufacturing activities under one roof. The new operation will occupy a 735,000 square foot building (a former Visteon facility) located on 39 acres on 23 Mile Road, west of Gratiot. After having acquired the land

and building for \$8.5 million, Cadence is investing nearly \$6 million in renovations to the building and purchasing nearly \$50 million of new machinery and equipment. With secured contracts and new business from OEM's, Cadence expects to create 800 new jobs by the end of 2008.

In Roseville, Great Lakes Recycling has begun a series of improvements that reflect its growing prominence in the recycling industry, as well as in the community. The recent purchase and renovation of a neighboring building, which today serves as the headquarters for Great Lakes Recycling, puts a fresh face on the company and is a welcome enhancement to Groesbeck Highway. As a leading recycler of paper, plastic and metal materials originating from industrial, commercial and consumer waste streams, the purchase of new machinery and equipment (an investment of nearly \$2 million) will increase GLR's capabilities and improve their competitive position in the global recycling industry.

For many years, Clinton Township was known as the burial ground for southeast Michigan because it was home to four cemeteries. Now a bedroom community that includes a community college, a first-class hospital and a variety of top-notch restaurants and banquet halls, Clinton Township is establishing an identity as an entertainment center. In the next few years, the township will be home to a new "lifestyle" shopping center complete with high-end restaurants and a new 14-screen movie theater. Construction is on schedule for the Mall of Partridge Creek, a \$600 million, 55-acre project on M-59 between Garfield and Romeo Plank Road, four miles east of Lakeside Shopping Center in Sterling Heights.

Partridge Creek will include two upscale department stores in Nordstrom and Parisian. Both plan two-level, 129,000 square foot buildings. The 600,000 square foot center will feature 90 specialty stores and several sit down restaurants. The shopping center is the first regional mall built in the county in 30 years. Six builders are working on a variety of single family homes to be built in the 117 acre residential portion of the project. A senior citizen assisted living center and a condominium development will also be included. Karen MacDonald, a spokeswoman for the Taubman Co., the developer of the shopping center, said she anticipates the construction of the center will require about 1,500 temporary construction related jobs and create about 2,000 permanent jobs in the shops, restaurants and related businesses in the completed shopping center.

The Southeast Michigan Council of Governments (SEMCOG) reported that Macomb County had the second highest number of net new housing units in the seven county region in 2006. The 2,712 net new housing units reflected the current housing slump in the region by showing a decrease of 36% below the 4,213 units reported for 2005. Four of Macomb County's cities and townships ranked in the top ten communities in the region for total new units authorized in 2006. Macomb Township ranked second in the region with 657 units authorized, followed by third place Warren with 433, fourth place Shelby Township with 430 and the city of Sterling Heights with 220 units. Warren had not been in the top ten list since 1969.

The Southeast Michigan Council of Governments also reported that Macomb County added the most people (48,957) and the most households (31,289) of any county in southeast Michigan between the 2000 U.S. Census and July 2006. During the twelve months ending July 1, 2006, Macomb Township took first place in the area for population growth followed by Shelby Township in third place and Sterling Heights in fourth place.

Macomb County's annual unemployment rate for 2006 of 7.2 percent was slightly higher than the Michigan unemployment rate of 6.9 percent. The National unemployment rate was 4.6 percent.

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 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 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 \$106 million at year-end. These funds are restricted for future payment of Retiree Health Care expenses. The County's long term goal is to fully fund its Retiree Health Care liability.

Debt Administration. Macomb County has received the highest possible credit rating 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 Pension and Health Care Trust Funds and the 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. All County agencies and departments except the Martha T. Berry Medical Care Facility are self insured for losses of a General Liability nature up to \$500,000 per claim. The Martha T. Berry Medical Care Facility is self insured for General Liability and Medical Malpractice. 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, 2005. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

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

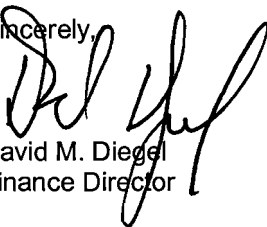
A Certificate of Achievement is valid for a period of one year only. Macomb County has received a Certificate of Achievement for the last twenty one consecutive years. We believe that our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting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

The National Association of Counties (NACo) recognized Macomb County for its commitment to excellence by awarding the County thirteen NACo Achievement Awards. 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 2006, for the 25th 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 which is available on the Macomb County website at www.macombcountymi.gov.

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, 2005

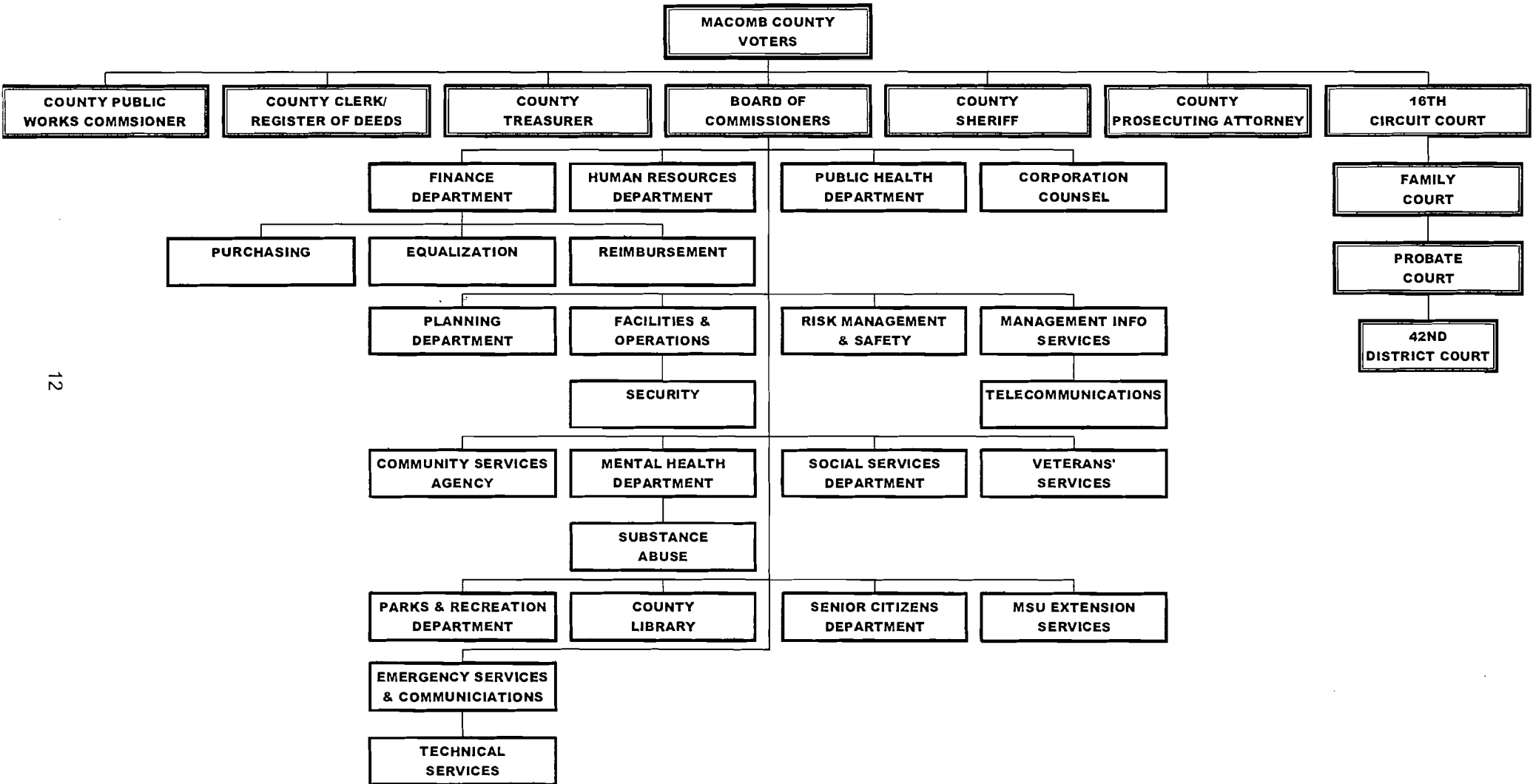
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards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



President

Executive Director

MACOMB COUNTY ORGANIZATION CHART



MACOMB COUNTY, MICHIGAN

Principal Officials

Officers of the Board of Commissioners

Chairman	William A. Crouchman
Vice-Chairperson	Dana Camphous-Peterson
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	Carey Torrice, District 16
Jon M. Switalski, District 4	Ed Bruley, District 17
Susan L Doherty, District 5	Dana Camphous-Peterson, District 18
Joan Flynn, District 6	Paul Gielegghem, District 19
Sue Rocca, District 7	Kathleen E. Tocco, District 20
David J. Flynn, 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	Sarah Roberts, District 24
Peter J. Lund, District 12	Kathy D. Vosburg, District 25
Don Brown, District 13	Leon Drolet, 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. Marrocco

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 Service Director	Cyntia N. Zerkowski
Acting Human Resources Director	Eric A. Herppich
Planning & Economic Development Executive Director	Stephen Cassin
Risk Management & Safety Director	John P. Anderson
Community Services Agency Director	Frank T. Taylor
County Library Director	Darlene LaBelle
Senior Citizens Services Director	Angela Willis

Report of Independent Auditors

To the Board of Commissioners
Macomb County, Michigan

In our opinion, based on our audit 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, 2006, 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 also have audited the aggregate non-major governmental funds, the aggregate internal service funds and each fiduciary fund type as of and for the year ended December 31, 2006, as displayed in the County's basic financial statements. Certain special revenue funds and component units are accounted for as of September 30, 2006 and for the year then ended, and have been combined with the December 31, 2006 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 the Macomb County Road Commission (the "Road Commission"), which statements reflect total assets of \$764,446,651 (49% of government-wide total assets) and total revenues of \$75,386,742 (13% of government-wide total revenues) 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. 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 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 audit and the report of other auditors provide a reasonable basis for our opinions.



As discussed in Note 1 to the financial statements, the County adopted the provisions of the Governmental Accounting Standards Board ("GASB") Statement No. 43 *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans* and GASB Statement No. 44, *Economic Condition Reporting: The Statistical Section - an amendment of NCGA Statement 1*, as of December 31, 2006.

In accordance with Government Auditing Standards, we have also issued our report dated June 29, 2007 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. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

The management's discussion and analysis on pages A-3 through A-16 and the required supplementary information on pages C-1 through C-10 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 by the Government 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 accompanying introductory section, combining and individual non-major fund financial statements, non-major budgetary comparison schedules and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual non-major fund financial statements and non-major budgetary comparison schedules have been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

PricewaterhouseCoopers LLP

June 29, 2007

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, 2006. 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 \$380.6 million at year- end.
- The net assets of the County increased by \$13.9 million in fiscal 2006, consisting of a \$25.0 million surplus in the Revenue Sharing Reserve Fund and a \$11.1 million deficit in all other activities of the primary government. The entire surplus of the Revenue Sharing Reserve Fund is restricted in its use as a replacement for State Revenue Sharing payments in future years. The majority of the deficit experienced in other activities pertains to the General Fund as discussed below.
- The General Fund reported a loss of \$7.3 million for the year, a reduction of \$1.8 million from the prior year. Unreserved fund balance was \$46.0 million, or 10.3% of the total 2007 County operating budget. Total fund balance was \$46.3 million.
- The County maintained its AAA credit rating with Standard & Poors and 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 County infrastructure 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.

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

All of the governmental funds of the County are categorized as either major or nonmajor for presentation in the financial statements. The purpose of such segregation is to focus the attention of the reader on the more significant funds of the County. A fund is considered major if its assets, liabilities, revenues or expenditures meet or exceed certain percentage thresholds in relation to all governmental funds taken as whole. The thresholds used to determine a fund's status as major or nonmajor are set forth in GASB Statement No. 34.

Information regarding major funds is presented separately in the basic financial statements while data for all nonmajor funds is combined into a single, aggregated presentation. 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 Fund, Freedom Hill Park Fund and the Martha T. Berry Medical Care Facility Fund. *Internal service funds*, on the other hand, are used to centrally account for services provided to other County departments and include phone services, fleet management, copier replacement, workers' compensation insurance, general liability insurance 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 as well as other agency monies such as state education tax collections from local units of government. The activities of the fiduciary funds are presented separately in this report but are not reflected in the government-wide financial statements because the resources of those funds are not available to support the operations of the County. Fiduciary funds are accounted for using the full accrual basis of accounting.

The fiduciary fund financial statements begin on page B-14 of this report.

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

Other Required Supplementary Information is presented following the notes to the financial statements and includes schedules regarding the progress of the County in funding its pension and retiree health care obligations and a budget to actual comparison for the major governmental funds of the County.

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

Other 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.

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 \$380.6 million at December 31, 2006 and increased by approximately \$13.9 million for the year then ended.

Macomb County Primary Government Net Assets

	Governmental Activities		Business-type Activities		Totals	
	2005	2006	2005	2006	2005	2006
Current and other assets	\$ 259,303,329	\$ 232,037,416	\$ 105,372,219	\$ 108,964,096	\$ 364,675,548	\$ 341,001,512
Capital assets	166,461,655	155,170,602	6,744,652	24,213,569	173,206,307	179,384,171
Total assets	425,764,984	387,208,018	112,116,871	133,177,665	537,881,855	520,385,683
Current liabilities	63,392,269	30,524,675	15,100,374	19,701,059	78,492,643	50,225,734
Long-term liabilities	92,728,531	89,565,662	-	-	92,728,531	89,565,662
Total liabilities	156,120,800	120,090,337	15,100,374	19,701,059	171,221,174	139,791,396
Net assets						
Invested in capital assets, net of related debt	110,591,655	99,279,977	6,744,652	24,213,569	117,336,307	123,493,546
Restricted	97,573,310	117,133,247	6,411,028	6,723,588	103,984,338	123,856,835
Unrestricted	61,479,219	50,704,457	83,860,817	82,539,449	145,340,036	133,243,906
Total Net Assets	\$ 269,644,184	\$ 267,117,681	\$ 97,016,497	\$ 113,476,606	\$ 366,660,681	\$ 380,594,287

Approximately \$123.5 million, or 32.4%, 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 \$123.9 million, or 32.5%, 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, 2006.

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 \$13.9 million for the year ended December 31, 2006. The components of this change were a decrease of \$2.5 million in governmental activities and an increase of \$16.4 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	
	2005	2006	2005	2006	2005	2006
Revenues						
Program revenue						
Charges for services	\$ 47,465,835	\$ 46,983,789	\$ 158,372,941	\$ 183,942,331	\$ 205,838,776	\$ 230,926,120
Operating grants and contributions	54,003,340	56,333,665	288,451	2,926,626	54,291,791	59,260,291
Capital grants and contributions	1,538,463	3,812,728	-	-	1,538,463	3,812,728
General revenue						
Property taxes	153,325,600	164,855,284	-	-	153,325,600	164,855,284
Intergovernmental revenues	2,435,590	2,263,249	-	-	2,435,590	2,263,249
Investment income	6,456,366	9,528,849	1,856,037	3,060,288	8,312,403	12,589,137
	<u>265,225,194</u>	<u>283,777,564</u>	<u>160,517,429</u>	<u>189,929,245</u>	<u>425,742,623</u>	<u>473,706,809</u>
Expenses						
Legislative	2,076,701	2,250,279	-	-	2,076,701	2,250,279
Judicial	37,466,334	40,051,717	-	-	37,466,334	40,051,717
General government	52,597,031	60,249,371	702,662	699,389	53,299,693	60,948,760
Public safety	67,117,931	73,774,136	-	-	67,117,931	73,774,136
Public works	953,845	1,499,863	-	-	953,845	1,499,863
Health and welfare	76,036,023	81,220,371	163,185,851	191,378,278	239,221,874	272,598,649
Recreation and culture	2,976,004	3,096,453	1,131,003	1,126,565	4,107,007	4,223,018
Interest and fees on long-term debt	3,762,691	3,637,114	-	-	3,762,691	3,637,114
	<u>242,986,560</u>	<u>265,779,304</u>	<u>165,019,516</u>	<u>193,204,232</u>	<u>408,006,076</u>	<u>458,983,536</u>
Increase (decrease) in net assets before transfers	22,238,634	17,998,260	(4,502,087)	(3,274,987)	17,736,547	14,723,273
Net transfers	(8,435,402)	(20,524,763)	7,449,166	19,735,096	(986,236)	(789,667)
Increase (decrease) in net assets	13,803,232	(2,526,503)	2,947,079	16,460,109	16,750,311	13,933,606
Net assets, beginning of year	<u>255,840,952</u>	<u>269,644,184</u>	<u>94,069,418</u>	<u>97,016,497</u>	<u>349,910,370</u>	<u>366,660,681</u>
Net assets, end of year	<u>\$ 269,644,184</u>	<u>\$ 267,117,681</u>	<u>\$ 97,016,497</u>	<u>\$ 113,476,606</u>	<u>\$ 366,660,681</u>	<u>\$ 380,594,287</u>

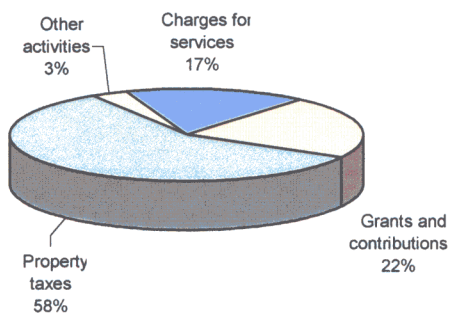
MACOMB COUNTY, MICHIGAN
Management's Discussion and Analysis
Required Supplemental Information

Governmental activities. Key components of the \$2.5 million decrease in the net assets of the County's governmental activities in 2006 are as follows:

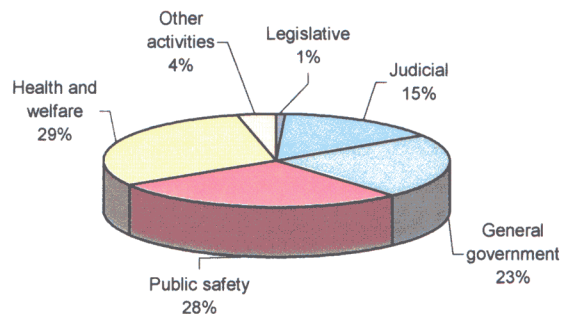
- Property tax revenue increased by \$11.5 million, or 7.5%, as a result of increases in property values throughout the County.
- Capital grants and contributions revenue increased \$2.3 million, or 147.8%, primarily the result of increased activity in Emergency Management grants.
- Investment income increased \$3.1 million, or 47.6%, as a result of increases in market interest rates throughout the year.
- Judicial expenditures increased \$2.6 million, or 6.9%, due primarily to increases in salaries and fringe benefits.
- General government expenditures increased \$7.6 million, or 14.6%, due primarily to increases in wages and fringe benefits.
- Public safety expenses increased by \$6.6 million, or 9.9%, compared to the prior year. Of this increase, \$1.6 million is the result of the contract between the Sheriff Department and the City of Mount Clemens for police and dispatching services being in effect for a full year in 2006 as opposed to six months in 2005. Another \$2.3 million increase was the result of increased expenditures in Emergency Management grants as mentioned above. The remaining increase of \$2.7 million, or 4.0%, was caused by increases in salaries and fringe benefits.
- Health and welfare expenditures increased by \$5.2 million, or 6.8% over the prior year, \$3.5 million of which relates to the Child Care Fund. The majority of the increase experienced in the Child Care Fund was the result of adding 20 positions to the budget in conjunction with the renovation and reconstruction of the Juvenile Justice Center. The remaining \$1.7 million increase in Health and Welfare expenditures represents a 2.2% change and can be largely attributed to increases in salaries and fringe benefits.

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

Governmental Activities Revenues By Source



Governmental Activities Expenses By Function



MACOMB COUNTY, MICHIGAN
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Business-type activities. The net assets of the County's business-type activities increased approximately \$16.4 million during the year. The primary components of this increase are an \$18.3 million surplus at the Martha T. Berry Medical Care Facility and a \$3.1 million loss reported by Community Mental Health. The surplus at Martha T. Berry was primarily the result of transfers totaling \$18.1 million that represent the net book value of capital assets of Martha T. Berry that were paid from the governmental capital projects funds in prior years. The restricted fund equity of Martha T. Berry has been increased to reflect the capitalization of these assets in the accounts of Martha T. Berry. The unrestricted equity of Martha T. Berry increased \$1.1 million in fiscal 2006. The loss reported by Community Mental Health was the result of writing off \$3.7 million of accounts receivable deemed to be uncollectible.

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.

The combined ending fund balances of all governmental funds were \$183.1 million at December 31, 2006, an increase of \$6.6 million over the prior year. The \$6.6 million increase consists of a \$7.3 million decrease in the General Fund, a \$25.0 million increase in the Revenue Sharing Reserve Fund, a combined increase of \$.7 million in the Special Revenue and Debt Service funds and an \$11.8 million decrease in the Capital Projects funds.

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

General Fund Revenue By Source

<u>Source</u>	<u>2005</u>	<u>2006</u>	<u>Increase (Decrease)</u>	<u>% Change</u>
Property taxes	\$ 115,340,337	\$ 126,970,438	\$ 11,630,101	10.1%
Licenses and permits	391,395	330,966	(60,429)	-15.4%
Federal and State grants	8,421,712	8,625,137	203,425	2.4%
Charges for services	30,297,038	30,329,637	32,599	0.1%
Investment income	4,703,646	5,957,464	1,253,818	26.7%
Admin charges to other funds	11,087,868	11,424,507	336,639	3.0%
Fines and forfeitures	1,045,629	864,669	(180,960)	-17.3%
Other revenue	166,929	67,645	(99,284)	-59.5%
Transfers from other funds	22,724,515	23,339,929	615,414	2.7%
	<u>\$ 194,179,069</u>	<u>\$ 207,910,392</u>	<u>\$ 13,731,323</u>	7.1%

Property tax revenue increased approximately \$11.6 million, or 10.1%, primarily as a result of an overall 7.5% increase in taxable value during the year. The percentage increase reported by the General Fund is higher than the overall percentage increase reported at the government-wide level due to the interaction between the General Fund and the Revenue Sharing Reserve Fund. As explained later herein, property tax revenues have been allocated between the General Fund and the Revenue Sharing Reserve Fund for the past three years. However, the portion recorded in the Revenue Sharing Reserve Fund has remained static each of those years in accordance with State statute. Therefore, the full impact of any increases in property tax growth is recorded in the General Fund.

Investment income increased approximately \$1.3 million as market interest rates continued to recover in 2006.

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

General Fund Expenditures By Function

<u>Function</u>	<u>2005</u>	<u>2006</u>	<u>Increase (Decrease)</u>	<u>% Change</u>
Legislative	\$ 2,076,701	\$ 2,250,279	\$ 173,578	8.4%
Judicial	22,779,494	23,706,731	927,237	4.1%
General government	54,425,059	58,298,464	3,873,405	7.1%
Public safety	56,691,858	62,030,713	5,338,855	9.4%
Health and welfare	712,784	787,117	74,333	10.4%
Other	5,480,571	5,459,684	(20,887)	-0.4%
Capital outlay	802,454	705,595	(96,859)	-12.1%
Transfers to other funds	60,347,238	61,961,328	1,614,090	2.7%
	<u>\$ 203,316,159</u>	<u>\$ 215,199,911</u>	<u>\$ 11,883,752</u>	5.8%

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The \$3.9 million increase in General Government expenditures represents a 7.1% increase, the majority of which can be attributed to a 2.5% budgeted increase in salaries as well as large increases in health care and pension costs (approximately 10% and 33% respectively).

The \$5.3 million increase in Public Safety expenditures represents a 9.4% increase, which is a result of increases in salaries and fringe benefit costs at the Sheriff Department, including a full year of costs related to the positions added in 2005 in connection with patrol contracts with the City of Mount Clemens.

Revenue Sharing Reserve Fund - The Revenue Sharing Reserve Fund was established pursuant to Public Act 357 of 2004 to serve as a substitute funding mechanism for State Revenue Sharing. Under the provisions of Public Act 357, the collection of property taxes will be accelerated over the course of three years, whereby the County will eventually 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 was 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. Beginning in 2004, and each year thereafter until its fund balance is exhausted, the Revenue Sharing Reserve Fund will transfer to the General Fund each year an amount determined by the State of Michigan that approximates the amount of revenue sharing that would have been distributed by the State in fiscal 2004 if it had not been discontinued. The fund balance of the Revenue Sharing Reserve Fund is expected to be exhausted in 2011. The last installment of \$37.7 million was placed in the Revenue Sharing Reserve Fund in 2006. The Revenue Sharing Reserve Fund subsequently transferred \$14.5 million to the General Fund and earned \$1.8 million in interest, resulting in a surplus of \$25.0 million for the year ended December 31, 2006. The fund balance is restricted in its entirety and was \$77.8 million at year-end.

The fund balances of the County's non-major governmental funds were approximately \$58.9 million at year-end, a decrease of approximately \$11.1 million over the prior year. A decrease of \$11.8 million was experienced in the capital projects funds as construction continued on several projects during the year. Of the \$58.9 million, \$29.0 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 circumstances. A comparison of budgeted and actual revenues is presented below.

Source	General Fund Revenue Budget and Actual By Source			
	Budget		Actual	Variance
	Adopted	Final		
Property taxes	\$ 124,575,072	\$ 124,575,072	\$ 126,970,438	\$ 2,395,366
Licenses and permits	412,725	529,869	330,966	(198,903)
Federal and State grants	8,183,120	8,218,120	8,625,137	407,017
Charges for services	27,431,518	27,807,681	30,329,637	2,521,956
Investment income	5,310,750	5,310,750	5,957,464	646,714
Admin charges to other funds	11,887,038	11,887,038	11,424,507	(462,531)
Fines and forfeitures	992,100	1,002,100	864,669	(137,431)
Other revenue	20,750	20,750	67,645	46,895
Transfers from other funds	23,174,739	23,325,859	23,339,929	14,070
	<u>\$ 201,987,812</u>	<u>\$ 202,677,239</u>	<u>\$ 207,910,392</u>	<u>\$ 5,233,153</u>

Property tax revenue exceeded budget because the budget did not include the portion of the tax levy pertaining to properties eligible for industrial facilities tax exemption certificates.

Charges for Services revenues exceeded budget by \$2.5 million, consisting primarily of Personal Services charge-backs, which exceeded budget by roughly \$1.3 million. This interdepartmental chargeback revenue was generated primarily by the Facilities and Operations department on workorders and is budgeted conservatively.

A comparison of budgeted and actual expenditures is presented below.

Level of Control	General Fund Expenditures Budget and Actual By Level of Control			
	Budget		Actual	Variance
	Adopted	Final		
Salaries and fringe benefits	\$ 122,655,907	\$ 121,428,765	\$ 116,380,144	\$ 5,048,621
Operating	40,691,581	40,538,748	36,030,203	4,508,545
Capital outlay - departmental	252,900	210,173	122,641	87,532
Capital outlay - nondepatmental	1,048,800	950,000	705,595	244,405
Transfers to other funds	78,263,043	74,027,168	61,961,328	12,065,840
	<u>\$ 242,912,231</u>	<u>\$ 237,154,854</u>	<u>\$ 215,199,911</u>	<u>\$ 21,954,943</u>

The original and final expenditure budgets of the General Fund for fiscal 2006 were \$242.9 million and \$237.2 million, respectively, a decrease of \$5.7 million of final over originally adopted.

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The Board of Commissioners requested all departments to reduce their budgets by 3% as one way to address the ongoing deficits being experienced in the General Fund. These reductions included freezing or delaying the filling of vacant positions as well as reducing the contribution to the Capital Improvement Fund by \$1.9 million. The estimated savings realized as a result of the 3% reduction was \$6.0 million which includes the \$1.9 million in reduced funding to the Capital Improvement Fund.

One of the hallmarks of the County's financial management over the years has been its conservative budgeting. As a result, actual General Fund expenditures were approximately \$21.9 million below budget in fiscal 2006, consisting primarily of \$5.0 million in the area of salaries and wages and \$12.1 million in the area of transfers to other funds.

The County budgets salaries and wages at the maximums of its various salary ranges to reflect the fact that employees generally reach maximum within four years. Minimum salaries are generally 80% of maximum. Employees generally start toward the lower end of the pay scale. The \$5.0 million budget surplus in the area of salaries and fringe benefits can be attributed to vacant positions in connection with the budget reductions mentioned previously as well as employees moving through their salary grades. Actual expenditures for salaries and fringe benefits were 95.8% of budget.

Transfers to other funds of \$61.9 million were approximately \$12.1 million below the budget of \$74.0 million. Budgeted transfers are maintained at conservative levels due to the uncertainty of outside revenue sources.

In summary, General Fund expenditures exceeded revenues by \$7.3 million for the year ended December 31, 2006. Unreserved fund balance was \$46.0 million or 10.3% of the total 2007 County operating budget.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets. The County categorizes its capital assets as follows: land, land improvements, buildings and improvements, machinery, equipment and vehicles and construction in progress. At year-end, the County's investment in capital assets, net of accumulated depreciation, was \$155.1 million for governmental activities and \$24.2 million for business-type activities.

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

	Governmental Activities		Business-type Activities		Total	
	2005	2006	2005	2006	2005	2006
Land	\$ 12,543,652	\$ 14,154,314	\$ -	\$ -	\$ 12,543,652	\$ 14,154,314
Land improvements	4,626,135	5,431,804	212,237	194,554	4,838,372	5,626,358
Buildings and improvements	118,583,388	98,175,089	2,584,704	22,783,122	121,168,092	120,958,211
Machinery, equipment and vehicles	16,066,106	14,515,269	391,157	1,235,893	16,457,263	15,751,162
Construction in progress	14,642,374	22,894,126	3,556,554	-	18,198,928	22,894,126
	<u>\$ 166,461,655</u>	<u>\$ 155,170,602</u>	<u>\$ 6,744,652</u>	<u>\$ 24,213,569</u>	<u>\$ 173,206,307</u>	<u>\$ 179,384,171</u>

**MACOMB COUNTY, MICHIGAN
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Major capital asset activity during the year included the following:

- Construction on the addition and renovation of the Martha T. Berry Medical Care Facility was completed in 2006 at a total cost of approximately \$22.0 million.
- Construction continued on the E-911 radio communication system. Approximately \$3.7 million was expended in 2006 and total project costs are expected to be approximately \$13.5 million.
- Construction continued on the new Public Works building. Approximately \$2.3 million was expended in 2006 and total project costs are expected to be approximately \$6.3 million.

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

Long-term debt. The County's long-term debt was \$84.3 million at December 31, 2006, 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	\$ 88,770,000	\$ -	\$ 4,470,000	\$ 84,300,000

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 value of all property in the County as of December 31, 2006 was \$37.2 billion and \$30.4 billion, respectively. Therefore, the County's debt limitation was \$3.0 billion at year-end. The County's outstanding debt at December 31, 2006 of \$84.3 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 2007 budget:

- The General Fund experienced a deficit of \$7.3 million in fiscal 2006, following a deficit of \$9.1 million in fiscal 2005. Legacy costs associated with employee health care and pension obligations continue to present the largest challenge to balancing the County budget. Health care costs have increased at double digit rates for the past several years and this trend is expected to continue into the foreseeable future. A 10% increase was budgeted for 2007.

In addition, 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 in each of the past three years. This trend is also expected to continue for the next several years as the required employer contribution moves closer to normal cost. In order to address the deficit, the Board of Commissioners enacted a continuation budget in 2007 and again requested all departments to cut their budgets even further where possible. The County will also be requesting health care and pension benefit concessions of its employees in upcoming negotiations.

- Salaries will increase 2.5 % in 2007 in accordance with collective bargaining agreements.
- Property tax revenues are expected to increase 5.5% in 2007.
- Market interest rates are expected to improve slightly during 2007. However, higher rates are also expected to result in a reduction in recording fees collected through mortgage refinancings.
- GASB Statement No. 43, "Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans", required the County to begin disclosing its funding progress relative to its Retiree Health Care Fund beginning in 2006. GASB Statement No. 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions", will require the County to recognize a liability for the portion of the annual required contribution that it does not make to the Retiree Health Care plan beginning in 2007. The County is still evaluating the impact of Statement No. 45. 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 \$106.5 million as of December 31, 2006.
- Inflationary trends in the region compare favorably to national indices.
- Although the County is facing significant budgetary challenges at this time, its financial condition remains strong as demonstrated by the financial statements and other schedules included in this report.

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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, 2006

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Cash and pooled investments	\$ 157,104,928	\$ 77,809,705	\$ 234,914,633	\$ 79,107,871
Receivables:				
Property taxes	45,007,657	21,256,483	66,264,140	-
Accrued interest	2,618,610	441,426	3,060,036	585,448
Trade accounts, net	12,677,418	7,073,046	19,750,464	3,962,128
Special assessments	-	-	-	78,815,000
Inventories	389,126	-	389,126	3,379,698
Due from other governments	10,320,214	1,673,712	11,993,926	9,977,197
Internal balances	570,095	(570,095)	-	-
Due from component units	2,820,360	-	2,820,360	-
Surplus property	-	-	-	53,039
Capital assets, net:				
Assets being depreciated	118,122,162	24,213,569	142,335,731	690,168,079
Assets not being depreciated	37,048,440	-	37,048,440	181,845,789
Other assets	529,008	1,279,819	1,808,827	4,092,824
Total assets	387,208,018	133,177,665	520,385,683	1,051,987,073
LIABILITIES				
Accounts payable and accrued liabilities	10,836,023	19,276,477	30,112,500	13,983,132
Accrued wages payable	1,700,543	121,783	1,822,326	-
Accrued interest payable	722,284	-	722,284	186,764
Due to fiduciary funds	513,166	-	513,166	-
Due to funds with different year end dates	510,891	-	510,891	-
Due to other governments	576,351	302,799	879,150	-
Due to primary government	-	-	-	2,820,360
Compensated absences	1,000,000	-	1,000,000	-
Accrued workers compensation claims	900,000	-	900,000	55,747
Accrued general liability claims	850,000	-	850,000	25,800
Deferred revenue	8,165,417	-	8,165,417	75,614,546
Long-term debt maturities due within one year	4,750,000	-	4,750,000	4,565,000
Long-term liabilities:				
Compensated absences	5,352,364	-	5,352,364	1,447,542
Accrued workers compensation claims	742,061	-	742,061	281,613
Accrued general liability claims	3,921,237	-	3,921,237	1,601,823
Long-term debt maturities due in more than one year	79,550,000	-	79,550,000	74,340,000
Total Liabilities	120,090,337	19,701,059	139,791,396	174,922,327
NET ASSETS				
Investment in capital assets, net of related debt	99,279,977	24,213,569	123,493,546	793,108,868
Restricted for				
Capital projects	24,171,892	-	24,171,892	-
Debt service	7,430,333	-	7,430,333	-
Long-term receivables (Block Grants)	7,712,318	-	7,712,318	-
Revenue Sharing Reserve Fund	77,818,704	-	77,818,704	-
Mental Health risk reserve	-	6,723,588	6,723,588	-
Unrestricted	50,704,457	82,539,449	133,243,906	83,955,878
Total Net Assets	\$ 267,117,681	\$ 113,476,606	\$ 380,594,287	\$ 877,064,746

MACOMB COUNTY, MICHIGAN
Government-Wide Statement of Activities
For the Year Ended December 31, 2006

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary government					
Governmental activities					
Legislative	2,250,279	-	-	-	(2,250,279)
Judicial	40,051,717	6,972,669	14,739,316	-	(18,339,732)
General government	60,249,371	15,117,696	747,869	405,277	(43,978,529)
Public safety	73,774,136	12,736,134	1,399,997	3,407,451	(56,230,554)
Public works	1,499,863	-	-	-	(1,499,863)
Health and welfare	81,220,371	11,835,922	39,390,692	-	(29,993,757)
Recreation and culture	3,096,453	321,368	55,791	-	(2,719,294)
Interest and fees on long-term debt	3,637,114	-	-	-	(3,637,114)
Total governmental activities	265,779,304	46,983,789	56,333,665	3,812,728	(158,649,122)
Business-type activities					
Delinquent tax collections	699,389	8,210,752	-	-	7,511,363
Community Mental Health	171,379,727	161,597,017	333,787	-	(9,448,923)
Martha T. Berry Medical Care Facility	19,998,551	13,880,439	2,592,839	-	(3,525,273)
Freedom Hill Park	1,126,565	254,123	-	-	(872,442)
Total business-type activities	193,204,232	183,942,331	2,926,626	-	(6,335,275)
Total primary government	\$ 458,983,536	\$ 230,926,120	\$ 59,260,291	\$ 3,812,728	\$ (164,984,397)
Component Units					
Public Works	18,454,727	17,217,775	-	-	(1,236,952)
Road Commission	67,621,255	13,328,518	-	60,541,690	6,248,953
Workforce Development Board	21,032,487	92,366	21,019,137	-	79,016
Total component units	\$ 107,108,469	\$ 30,638,659	\$ 21,019,137	\$ 60,541,690	\$ 5,091,017

MACOMB COUNTY, MICHIGAN
Government-Wide Statement of Activities
For the Year Ended December 31, 2006

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	
Changes in net assets				
Net (expense) revenue (from page B-2)	\$ (158,649,122)	\$ (6,335,275)	\$ (164,984,397)	\$ 5,091,017
General revenues:				
Property tax	164,855,284	-	164,855,284	-
Intergovernmental revenues	2,263,249	-	2,263,249	-
Investment earnings	9,528,849	3,060,288	12,589,137	3,044,700
Transfers - internal activities	(20,524,763)	19,735,096	(789,667)	-
Total general revenues and transfers	<u>156,122,619</u>	<u>22,795,384</u>	<u>178,918,003</u>	<u>3,044,700</u>
Change in net assets	(2,526,503)	16,460,109	13,933,606	8,135,717
Net assets, beginning of year	<u>269,644,184</u>	<u>97,016,497</u>	<u>366,660,681</u>	<u>868,929,029</u>
Net assets, end of year	<u>\$ 267,117,681</u>	<u>\$ 113,476,606</u>	<u>\$ 380,594,287</u>	<u>\$ 877,064,746</u>

The accompanying notes are an integral part of these financial statements

MACOMB COUNTY, MICHIGAN
Balance Sheet - Governmental Funds
December 31, 2006

	<u>Major Funds</u>		<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
	<u>General Fund</u>	<u>Revenue Sharing Reserve Fund</u>		
Assets				
Cash and pooled investments	\$ 36,854,164	\$ 40,045,962	\$ 53,851,402	\$ 130,751,528
Taxes receivable	7,069,254	37,772,742	165,661	45,007,657
Accrued interest receivable	2,618,610	-	-	2,618,610
Accounts receivable, net	2,235,976	-	10,376,428	12,612,404
Due from other governments	3,205,503	-	5,315,446	8,520,949
Due from governmental funds	2,836,909	-	83,499	2,920,408
Due from business-type units	570,095	-	-	570,095
Due from component units	2,820,360	-	-	2,820,360
Advances to other funds	300,000	-	-	300,000
Other assets	28,483	-	171,359	199,842
Total Assets	<u><u>\$ 58,539,354</u></u>	<u><u>\$ 77,818,704</u></u>	<u><u>\$ 69,963,795</u></u>	<u><u>\$ 206,321,853</u></u>
Liabilities and Fund Balances				
Liabilities				
Accounts payable	\$ 2,807,594	\$ -	\$ 5,528,384	\$ 8,335,978
Accrued liabilities	-	-	488,475	488,475
Accrued compensation and benefits	1,668,164	-	32,379	1,700,543
Due to other governments	-	-	576,351	576,351
Due to governmental funds	10,922	-	3,420,377	3,431,299
Due to fiduciary funds	513,166	-	-	513,166
Deferred revenue	7,227,438	-	937,979	8,165,417
Total Liabilities	<u>12,227,284</u>	<u>-</u>	<u>10,983,945</u>	<u>23,211,229</u>
Fund Balances				
Reserved				
Debt service	-	-	7,430,333	7,430,333
Revenue sharing	-	77,818,704	-	77,818,704
Advances to other funds	300,000	-	-	300,000
Long-term receivables	-	-	7,712,318	7,712,318
Capital projects	-	-	24,171,892	24,171,892
Unreserved				
Designated				
Subsequent year budget	32,132,393	-	-	32,132,393
Capital projects	-	-	10,781,551	10,781,551
Programs - special projects				
General fund	1,149,977	-	-	1,149,977
Special revenue funds	-	-	4,876,396	4,876,396
Undesignated				
General fund	12,729,700	-	-	12,729,700
Special revenue funds	-	-	4,007,360	4,007,360
Total Fund Balances	<u>46,312,070</u>	<u>77,818,704</u>	<u>58,979,850</u>	<u>183,110,624</u>
Total Liabilities and Fund Balances	<u><u>\$ 58,539,354</u></u>	<u><u>\$ 77,818,704</u></u>	<u><u>\$ 69,963,795</u></u>	<u><u>\$ 206,321,853</u></u>

**MACOMB COUNTY, MICHIGAN
RECONCILIATION OF THE FUND BALANCES ON THE BALANCE SHEET OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF NET ASSETS OF GOVERNMENTAL ACTIVITIES
YEAR ENDED DECEMBER 31, 2006**

Total fund balances for governmental funds	\$ 183,110,624
<p>Amounts reported for governmental activities in the Government-Wide Statement of Net Assets are different because:</p>	
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is capitalized and allocated over their estimated useful lives.</p>	
Capital assets	
Land	14,154,314
Land improvements	8,195,813
Buildings and improvements	158,544,107
Machinery, equipment and vehicles	43,821,335
Construction in progress	21,535,111
Accumulated depreciation	(93,562,471)
<p>Long-term bonded debt is not due and payable in the current period and, therefore, is not reported in the governmental funds. However, bonded debt is recorded as long-term liabilities in the Government-Wide Statement of Net Assets. (See Note 4)</p>	
Bonds issued in prior years	(88,770,000)
Bond principal repayments	4,470,000
<p>Accrued interest payable on long-term debt at year-end is not recorded in the governmental funds, but is recorded as a liability in the Statement of Net Assets</p>	
	(722,284)
<p>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</p>	
	(109,488)
<p>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</p>	
	16,450,620
Net assets of governmental activities reported in the Government-Wide Statement of Net Assets	\$ 267,117,681

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, 2006

	Major Funds		Nonmajor Governmental Funds	Total Governmental Funds
	General Fund	Revenue Sharing Reserve Fund		
Revenues				
Property taxes	\$ 126,970,438	\$ 37,772,742	\$ 112,104	\$ 164,855,284
Licenses and permits	330,966	-	834,560	1,165,526
Federal & State grants	8,625,137	-	52,133,086	60,758,223
Other grants	-	-	250,641	250,641
Charges for services	30,329,637	-	14,689,857	45,019,494
Investment income	5,957,464	1,808,155	1,763,230	9,528,849
Charges to other funds for administrative services	11,424,507	-	-	11,424,507
Fines and forfeitures	864,669	-	573,162	1,437,831
Other revenue	67,645	-	1,387,009	1,454,654
Total Revenues	184,570,463	39,580,897	71,743,649	295,895,009
Expenditures				
Current				
Legislative	2,250,279	-	-	2,250,279
Judicial	23,706,731	-	14,158,055	37,864,786
General government	58,298,464	-	1,974,907	60,273,371
Public safety	62,030,713	-	7,888,297	69,919,010
Public works	-	-	1,499,863	1,499,863
Health and welfare	787,117	-	78,502,527	79,289,644
Recreation and cultural	-	-	3,024,394	3,024,394
Other	5,459,684	-	-	5,459,684
Capital outlay	705,595	-	16,675,033	17,380,628
Debt service				
Principal	-	-	4,470,000	4,470,000
Interest and fees	-	-	3,622,365	3,622,365
Total Expenditures	153,238,583	-	131,815,441	285,054,024
Excess of Revenues over (under) Expenditures	31,331,880	39,580,897	(60,071,792)	10,840,985
Other financing sources (uses)				
Transfers in	23,339,929	-	66,820,009	90,159,938
Transfers out	(61,961,328)	(14,533,809)	(17,855,340)	(94,350,477)
Total other financing sources (uses)	(38,621,399)	(14,533,809)	48,964,669	(4,190,539)
Net change in fund balances	(7,289,519)	25,047,088	(11,107,123)	6,650,446
Fund Balances, beginning of year	53,601,589	52,771,616	70,086,973	176,460,178
Fund Balances, end of year	\$ 46,312,070	\$ 77,818,704	\$ 58,979,850	\$ 183,110,624

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, 2006

Net change in fund balances - total governmental funds	\$ 6,650,446
 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	17,143,291
Expenditures reported as capital outlay in prior years transferred to business-type units	(18,116,541)
Expenditures reported as capital outlay but not capitalized	(2,256,474)
Current year depreciation expense	(9,370,433)
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)	4,470,000
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.	252,131
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.	(14,749)
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	<u>(1,284,174)</u>
Change in net assets of governmental activities reported in the Statement of Activities	<u>\$ (2,526,503)</u>

The accompanying notes are an integral part of these financial statements

MACOMB COUNTY, MICHIGAN
Statement of Net Assets
Proprietary Funds
December 31, 2006

	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	\$ 60,439,292	\$ 17,320,589	\$ -
Receivables:			
Property taxes	21,256,483	-	-
Accrued interest	441,426	-	-
Trade accounts, net	3,063,693	1,583,485	2,236,959
Inventories	-	-	-
Due from other governments	159,663	1,400,673	113,376
Other assets	-	1,196,976	82,843
Total current assets	85,360,557	21,501,723	2,433,178
Noncurrent assets			
Capital assets, net:			
Assets being depreciated	-	283,505	22,892,721
Construction in progress	-	-	-
Total noncurrent assets	-	283,505	22,892,721
Total Assets	85,360,557	21,785,228	25,325,899
LIABILITIES			
Current liabilities			
Accounts payable	515,633	17,968,720	628,870
Accrued wages payable	131	100,800	20,190
Due to other governments	-	302,799	-
Due to governmental funds	-	-	570,095
Compensated absences	-	-	-
Claims and judgements	-	-	-
Total current liabilities	515,764	18,372,319	1,219,155
Noncurrent liabilities			
Claims and judgements	-	-	-
Compensated absences and accrued wages payable	-	-	-
Advances from other funds	-	-	-
Total noncurrent liabilities	-	-	-
Total Liabilities	515,764	18,372,319	1,219,155
NET ASSETS			
Investment in capital assets, net of related debt	-	283,505	22,892,721
Restricted	-	6,723,588	-
Unrestricted	84,844,793	(3,594,184)	1,214,023
Total Net Assets	\$ 84,844,793	\$ 3,412,909	\$ 24,106,744

MACOMB COUNTY, MICHIGAN
Statement of Net Assets
Proprietary Funds
December 31, 2006

	<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	\$ 49,824	\$ 77,809,705	\$ 26,353,400
Receivables:			
Property taxes	-	21,256,483	-
Accrued interest	-	441,426	-
Trade accounts, net	188,909	7,073,046	65,014
Inventories	-	-	389,126
Due from other governments	-	1,673,712	398,487
Other assets	-	1,279,819	329,166
Total current assets	238,733	109,534,191	27,535,193
Noncurrent assets			
Capital assets, net:			
Assets being depreciated	1,037,343	24,213,569	1,123,378
Construction in progress	-	-	1,359,015
Total noncurrent assets	1,037,343	24,213,569	2,482,393
Total Assets	1,276,076	133,747,760	30,017,586
LIABILITIES			
Current liabilities			
Accounts payable	163,254	19,276,477	610,792
Accrued wages payable	662	121,783	-
Due to other governments	-	302,799	-
Due to governmental funds	-	570,095	-
Compensated absences	-	-	1,000,000
Claims and judgements	-	-	1,750,000
Total current liabilities	163,916	20,271,154	3,360,792
Noncurrent liabilities			
Claims and judgements	-	-	4,663,298
Compensated absences and accrued wages payable	-	-	5,242,876
Advances from other funds	-	-	300,000
Total noncurrent liabilities	-	-	10,206,174
Total Liabilities	163,916	20,271,154	13,566,966
NET ASSETS			
Investment in capital assets, net of related debt	1,037,343	24,213,569	2,482,393
Restricted	-	6,723,588	-
Unrestricted	74,817	82,539,449	13,968,227
Total Net Assets	\$ 1,112,160	\$ 113,476,606	\$ 16,450,620

MACOMB COUNTY, MICHIGAN
Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Funds
Year Ended December 31, 2006

	Major Business-Type Activities - Enterprise Funds		
	Delinquent Tax Revolving	Community Mental Health	Martha T Berry Medical Care Facility
Operating Revenues			
Charges for services	\$ 8,210,752	\$ 161,597,017	\$ 13,880,439
Federal and state grants	-	333,787	2,592,839
Total operating revenues	8,210,752	161,930,804	16,473,278
Operating Expenses			
Personal services	364,702	25,155,074	13,500,426
Contractual services	-	124,168,864	1,813,268
Utilities	-	370,121	709,035
Repairs and maintenance	-	58,375	588,157
Benefits and claims expenses	-	-	-
Supplies and services	334,687	21,583,331	2,560,156
Depreciation	-	43,962	827,509
Total Operating Expenses	699,389	171,379,727	19,998,551
Operating Income (Loss)	7,511,363	(9,448,923)	(3,525,273)
Nonoperating revenues			
Investment income	2,555,479	504,809	-
Loss on sale of assets	-	-	-
Total Nonoperating Revenues	2,555,479	504,809	-
Income before Transfers	10,066,842	(8,944,114)	(3,525,273)
Transfers			
Transfers in	-	5,806,508	3,735,379
Transfers out	(8,727,120)	-	-
Other (See note 5)	-	-	18,116,541
Net Transfers	(8,727,120)	5,806,508	21,851,920
Increase (decrease) in net assets	1,339,722	(3,137,606)	18,326,647
Net assets, beginning of year	83,505,071	6,550,515	5,780,097
Net assets, end of year	\$ 84,844,793	\$ 3,412,909	\$ 24,106,744

MACOMB COUNTY, MICHIGAN
Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Funds
Year Ended December 31, 2006

	Major Business-Type Activities - Enterprise Funds		Governmental Activities-
	Freedom Hill	Totals	Internal
	Park		Service Funds
Operating Revenues			
Charges for services	\$ 254,123	\$ 183,942,331	\$ 8,950,173
Federal and state grants	-	2,926,626	-
Total operating revenues	254,123	186,868,957	8,950,173
Operating Expenses			
Personal services	698,855	39,719,057	-
Contractual services	-	125,982,132	-
Utilities	143,501	1,222,657	-
Repairs and maintenance	86,242	732,774	-
Benefits and claims expenses	-	-	6,540,653
Supplies and services	129,313	24,607,487	5,019,895
Depreciation	68,654	940,125	450,050
Total Operating Expenses	1,126,565	193,204,232	12,010,598
Operating Income (Loss)	(872,442)	(6,335,275)	(3,060,425)
Nonoperating revenues			
Investment income	-	3,060,288	-
Loss on sale of assets	-	-	(6,066)
Total Nonoperating Revenues	-	3,060,288	(6,066)
Income before Transfers	(872,442)	(3,274,987)	(3,066,491)
Transfers			
Transfers in	803,788	10,345,675	1,782,317
Transfers out	-	(8,727,120)	-
Other (See note 5)	-	18,116,541	-
Net Transfers	803,788	19,735,096	1,782,317
Increase (decrease) in net assets	(68,654)	16,460,109	(1,284,174)
Net assets, beginning of year	1,180,814	97,016,497	17,734,794
Net assets, end of year	\$ 1,112,160	\$ 113,476,606	\$ 16,450,620

MACOMB COUNTY, MICHIGAN
Combining Statement of Cash Flows - Proprietary Funds
Year Ended December 31, 2006

	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	\$ 602,223	\$ 175,241,891	\$ 15,803,293
Cash received from (paid for) interfund services	9,870,771	(961,832)	(558,476)
Cash payments to employees	(365,598)	(25,054,274)	(13,651,636)
Cash payments to suppliers	(265,436)	(141,223,049)	(5,328,710)
Net cash provided by (used in) Operating Activities	<u>9,841,960</u>	<u>8,002,736</u>	<u>(3,735,529)</u>
Cash Flows From Noncapital Financing Activities			
Transfers in	-	5,806,508	21,851,920
Transfers out	(8,727,120)	-	-
Net cash provided by (used in) Noncapital Financing Activities	<u>(8,727,120)</u>	<u>5,806,508</u>	<u>21,851,920</u>
Cash Flows From Capital and Related Financing Activities			
Acquisition of capital assets	-	(292,501)	(18,116,541)
Net Cash used in Capital and Related Financing Activities	<u>-</u>	<u>(292,501)</u>	<u>(18,116,541)</u>
Cash Flows From Investing Activities			
Interest received on investments	2,613,685	504,809	-
Net cash provided by Investing Activities	<u>2,613,685</u>	<u>504,809</u>	<u>-</u>
Increase (decrease) in cash and short-term investments	3,728,525	14,021,552	(150)
Cash and cash equivalents, beginning of year	56,710,767	3,299,037	150
Cash and cash equivalents, end of year	<u>\$ 60,439,292</u>	<u>\$ 17,320,589</u>	<u>\$ -</u>
Reconciliation of operating income to net cash provided (used) by operating activities			
Operating income (loss)	\$ 7,511,363	\$ (9,448,923)	\$ (3,525,273)
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:			
Depreciation	-	43,962	827,509
Loss on sale of assets	-	-	-
Increase in taxes receivable	(7,198,518)	-	-
Decrease (increase) in accounts receivable	(250,348)	1,356,648	(556,609)
Decrease in inventory	-	-	-
Decrease (increase) in amounts due from other governments	(159,663)	9,515,432	(113,376)
Decrease in amounts due from other funds	9,870,771	-	-
Decrease in other assets	-	2,151,604	-
Increase (decrease) in accounts payable	69,251	3,995,810	167,530
Increase (decrease) in accrued employee benefits	(896)	100,800	(151,210)
Increase (decrease) in amounts due to other governments	-	287,403	-
Decrease in amounts due to other funds	-	-	(384,100)
Increase in accrued claims and judgements	-	-	-
Net cash provided by (used in) Operating Activities	<u>\$ 9,841,960</u>	<u>\$ 8,002,736</u>	<u>\$ (3,735,529)</u>

MACOMB COUNTY, MICHIGAN
Combining Statement of Cash Flows - Proprietary Funds
Year Ended December 31, 2006

	<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>
Cash Flows from Operating Activities			
Cash received from customers	\$ 107,094	\$ 191,754,501	\$ 70,745
Cash received from (paid for) interfund services	(15,948)	8,334,515	8,805,208
Cash payments to employees	(707,178)	(39,778,686)	(1,505,799)
Cash payments to suppliers	(202,788)	(147,019,983)	(8,253,987)
Net cash provided by (used in) Operating Activities	<u>(818,820)</u>	<u>13,290,347</u>	<u>(883,833)</u>
Cash Flows From Noncapital Financing Activities			
Transfers in	803,788	28,462,216	1,782,317
Transfers out	-	(8,727,120)	-
Net cash provided by (used in) Noncapital Financing Activities	<u>803,788</u>	<u>19,735,096</u>	<u>1,782,317</u>
Cash Flows From Capital and Related Financing Activities			
Acquisition of capital assets	-	(18,409,042)	(1,765,220)
Net Cash used in Capital and Related Financing Activities	<u>-</u>	<u>(18,409,042)</u>	<u>(1,765,220)</u>
Cash Flows From Investing Activities			
Interest received on investments	-	3,118,494	-
Net cash provided by Investing Activities	<u>-</u>	<u>3,118,494</u>	<u>-</u>
Increase (decrease) in cash and short-term investments	(15,032)	17,734,895	(866,736)
Cash and cash equivalents, beginning of year	<u>64,856</u>	<u>60,074,810</u>	<u>27,220,136</u>
Cash and cash equivalents, end of year	<u>\$ 49,824</u>	<u>\$ 77,809,705</u>	<u>\$ 26,353,400</u>
Reconciliation of operating income to net cash provided (used) by operating activities			
Operating income (loss)	\$ (872,442)	\$ (6,335,275)	\$ (3,066,491)
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:			
Depreciation	68,654	940,125	450,050
Loss on sale of assets	-	-	6,066
Increase in taxes receivable	-	(7,198,518)	-
Decrease (increase) in accounts receivable	(147,029)	402,662	12,033
Decrease in inventory	-	-	23,343
Decrease (increase) in amounts due from other governments	-	9,242,393	(76,246)
Decrease in amounts due from other funds	-	9,870,771	-
Decrease in other assets	-	2,151,604	20,037
Increase (decrease) in accounts payable	140,320	4,372,911	(155,821)
Increase (decrease) in accrued employee benefits	(8,323)	(59,629)	(1,393)
Increase (decrease) in amounts due to other governments	-	287,403	(4,673)
Decrease in amounts due to other funds	-	(384,100)	(30,000)
Increase in accrued claims and judgements	-	-	1,939,262
Net cash provided by (used in) Operating Activities	<u>\$ (818,820)</u>	<u>\$ 13,290,347</u>	<u>\$ (883,833)</u>

MACOMB COUNTY, MICHIGAN
Statement of Fiduciary Net Assets
Fiduciary Funds
December 31, 2006

	<u>Employee Retirement and Postretirement Health Care Benefits</u>	<u>Agency Funds</u>
ASSETS		
Cash and pooled investments	\$ 30,554,537	\$ 14,652,267
Receivables		
Accrued interest	1,882,951	-
Other	575,649	2,817,915
Due from other funds	-	
Other assets	-	
Total receivables	<u>2,458,600</u>	<u>2,817,915</u>
Investments, at fair value		
US Government obligations	16,420,644	-
Corporate Bonds	53,891,182	-
Preferred Stock	32,513,184	-
Common Stock	341,240,682	-
Foreign Stock	142,618,430	-
Limited partnerships	20,938,656	-
Mutual funds	319,441,465	-
Total investments	<u>927,064,243</u>	<u>-</u>
Securities lending collateral	51,020,847	-
Due from governmental funds	513,166	-
Due from fiduciary funds	538,086	3,767,020
Other assets	-	51,617
Total Assets	<u>1,012,149,479</u>	<u>\$ 21,288,819</u>
LIABILITIES		
Accounts payable	1,244,983	\$ 9,644,756
Accrued compensation and benefits	-	615,556
Deposits	-	5,759,524
Due to other governments	-	5,268,983
Due to fiduciary funds	4,305,106	-
Obligations under securities lending	51,020,847	-
Total Liabilities	<u>56,570,936</u>	<u>\$ 21,288,819</u>
NET ASSETS		
Net assets held in trust for pension and other postemployment benefits	<u>\$ 955,578,543</u>	

MACOMB COUNTY, MICHIGAN
Statement of Changes In Fiduciary Net Assets
Fiduciary Funds
Year Ended December 31, 2006

	Employee Retirement and Postretirement Health Care Benefits
ADDITIONS	
Contributions	
Employer	\$ 29,655,450
Employee	6,455,424
	<u>36,110,874</u>
Investment income	
Net appreciation in fair value of assets	115,070,942
Interest	4,447,364
Dividends	11,502,408
Securities lending	279,096
	<u>131,299,810</u>
Less investment expenses	
Management and custodial fees	2,889,289
Securities lending agent fees	107,137
	<u>3,000,000</u>
Net investment income	<u>128,303,384</u>
Total additions	<u>164,414,258</u>
DEDUCTIONS	
Benefit payments	45,714,674
Refunds of contributions	279,609
Administrative expense	258,207
	<u>46,252,490</u>
Net increase in net assets	118,161,768
NET ASSETS	
Beginning of year	<u>837,416,775</u>
Prior period adjustment	
End of year	<u>\$ 955,578,543</u>

MACOMB COUNTY, MICHIGAN
Combining Statement of Net Assets - Component Units
December 31, 2006

	Public Works (1)	Road Commission (1)	Workforce Development Board	Hospital Finance Authority	Total
ASSETS					
Cash and cash equivalents	\$ 39,019,758	\$ 39,841,637	\$ 238,831	\$ 7,645	\$ 79,107,871
Receivables:					
Accrued interest	68,014	517,434	-	-	585,448
Trade accounts, net	2,656,595	1,305,533	-	-	3,962,128
Special assessments	78,815,000	-	-	-	78,815,000
Inventories	-	3,379,698	-	-	3,379,698
Due from other governments	-	7,136,236	2,840,961	-	9,977,197
Surplus property	-	53,039	-	-	53,039
Capital assets, net:					
Assets being depreciated	158,257,694	531,910,385	-	-	690,168,079
Assets not being depreciated	5,635,924	176,209,865	-	-	181,845,789
Other assets	-	4,092,824	-	-	4,092,824
Total assets	284,452,985	764,446,651	3,079,792	7,645	1,051,987,073
LIABILITIES					
Accounts payable	\$ 5,376,848	\$ 8,480,039	126,245	-	13,983,132
Accrued interest payable	186,764	-	-	-	186,764
Due to primary government	-	-	2,820,360	-	2,820,360
Accrued workers compensation claims	-	55,747	-	-	55,747
Accrued general liability claims	-	25,800	-	-	25,800
Deferred revenue	75,614,546	-	-	-	75,614,546
Long-term debt maturities due within one year	4,565,000	-	-	-	4,565,000
Long-term liabilities:					
Compensated absences	-	1,447,542	-	-	1,447,542
Accrued workers compensation claims	-	281,613	-	-	281,613
Accrued general liability claims	-	1,601,823	-	-	1,601,823
Long-term debt maturities due in more than one year	74,340,000	-	-	-	74,340,000
Total Liabilities	160,083,158	11,892,564	2,946,605	-	174,922,327
NET ASSETS					
Investment in capital assets, net of related debt	84,988,618	708,120,250	-	-	793,108,868
Unrestricted	39,381,209	44,433,837	133,187	7,645	83,955,878
Total Net Assets	\$ 124,369,827	\$ 752,554,087	\$ 133,187	\$ 7,645	\$ 877,064,746

(1) - Year-end September 30, 2006

MACOMB COUNTY, MICHIGAN
Combining Statement of Activities - Component Units
For the Year Ended December 31, 2006

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	
Public Works (1)				
Governmental activities				
Public works	\$ 15,499,117	\$ 17,217,775	\$ -	\$ -
Interest on long-term debt	2,955,610	-	-	-
Total public works	<u>18,454,727</u>	<u>17,217,775</u>	<u>-</u>	<u>-</u>
Road Commission (1)				
Governmental activities				
Public works	67,621,255	13,328,518	-	60,541,690
Total Road Commission	<u>67,621,255</u>	<u>13,328,518</u>	<u>-</u>	<u>60,541,690</u>
Workforce Development Board				
Governmental activities				
Health and Welfare	21,032,487	92,366	21,019,137	-
Total Workforce Development Board	<u>21,032,487</u>	<u>92,366</u>	<u>21,019,137</u>	<u>-</u>
Total Component Units	<u>\$ 107,108,469</u>	<u>\$ 30,638,659</u>	<u>\$ 21,019,137</u>	<u>\$ 60,541,690</u>

(1) - Year ended September 30, 2006

MACOMB COUNTY, MICHIGAN
Combining Statement of Activities - Component Units (concluded)
For the Year Ended December 31, 2006

	Public Works (1)	Road Commission (1)	Workforce Development Board	Hospital Finance Authority	Total
Changes in net assets					
Net (expense) revenue	\$ (1,236,952)	\$ 6,248,953	\$ 79,016	\$ -	\$ 5,091,017
General revenues:					
Investment earnings	1,528,166	1,516,534	-	-	3,044,700
Total general revenues, contributions and transfers	1,528,166	1,516,534	-	-	3,044,700
Change in net assets	291,214	7,765,487	79,016	-	8,135,717
Net assets, beginning of year	124,078,613	744,788,600	54,171	7,645	868,929,029
Net assets, end of year	<u>\$ 124,369,827</u>	<u>\$ 752,554,087</u>	<u>\$ 133,187</u>	<u>\$ 7,645</u>	<u>\$ 877,064,746</u>

(1) - Year Ended September 30, 2006

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements
December 31, 2006

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, 2006, 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, 2006.

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, 2006

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. Separate independently audited financial statements of the Hospital Finance Authority are not prepared.

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2006

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, 2006

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, 2006

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. The County utilizes separate internal service funds to account for compensated absences, workers' compensation insurance, liability insurance and central services such as inventory and telephone.

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.

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

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2006

Note 1 – Summary of Significant Accounting Policies (continued)

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. The County reports the following agency funds: general agency for items such as court fees collected and passed through to the State of Michigan, payroll and benefits for employee withholdings such as garnishments and union dues and miscellaneous agency, which is used to account for monies such as library penal fines.

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

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

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

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2006

Note 1 – Summary of Significant Accounting Policies (continued)

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 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.

Budgetary Accounting – 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, Social Services, Community Services Agency, Senior Citizens Services and Child Care Special Revenue Funds as well as the Martha T. Berry, Community Mental Health and Parks business-type activities. For those Special Revenue Funds and component units without annual operating budgets (MSU Extension Grants, COMET, Sheriff Grants, Urban County Block Grant, Prosecuting Attorney Grants, Health Grants, Other Special Revenue Funds, Revenue Sharing Reserve Fund and Michigan Works!), legal authorization for spending is obtained through approval of the Board of Commissioners or other appropriate authoritative body. Similarly, budgetary authorization for Debt Service and Capital Projects Funds is provided by Board approval of bond ordinances, grant agreements, construction contracts and special assessment rolls. A public hearing is conducted to obtain taxpayer comments and the budget is legally enacted through passage of a resolution by the Board of Commissioners no later than December 31.

Formal budgetary integration is employed as a management control device during the year for all funds. Expenditures may not legally exceed budgeted appropriations at the 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.

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2006

Note 1 – Summary of Significant Accounting Policies (continued)

Capital Assets – Capital assets of the primary government, including land, land improvements, buildings, equipment and vehicles, are reported in the government-wide financial statements and the applicable proprietary fund financial statements. Capital assets utilized for governmental activities are only capitalized in the government-wide financial statements and are fully expended in the governmental funds. Capital assets of the component units, 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.

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 re-appropriated 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, 2005 levy (calendar 2006 revenue) was \$28,602,726,523. The County operating tax rate for the 2005 levy was 4.20 mills.

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2006

Note 1 – Summary of Significant Accounting Policies (concluded)

Property Taxes (concluded) – The State eliminated State Revenue Sharing in 2004 and enacted Public Act 357 to provide for a gradual shift in County tax levies from December to July to serve as a substitute funding mechanism for State Revenue Sharing. The gradual shift takes place over a three year period as follows: in 2005, one-third of the taxes were levied on July 1, and two-thirds on December 1; in 2006, two-thirds of the taxes was levied on July 1 and one third on December 1 and the 100% of the taxes will be levied on July 1 beginning in 2007 and each year thereafter.

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.

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.

New GASB Pronouncements – The County adopted two new GASB pronouncements in 2006, Statement No. 43, “Financial Reporting for Postemployment Benefit Plans Other Than Pensions” and Statement No. 44, “Economic Condition Reporting: The Statistical Section”. Statement No. 43 requires the County to disclose certain information regarding its employer-sponsored Retiree Health Care plan. This information is presented on page C-10 and well as in Note 8 to the basic financial statements. Statement No. 44 effectively restructured the statistical information presented in the Comprehensive Annual Financial Report.

Note 2 - Deposits and Investments

Primary Government Deposits 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”. The Board of Commissioners adopts a depository resolution, including a list of authorized institutions, each year as recommended by the County Treasurer.

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2006

Note 2 - Deposits and Investments (continued)

Primary Government Deposits and Investments (continued) –

The provisions of the depository resolution are as follows:

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

The deposits and investments of the primary government at December 31, 2006 are presented below.

	Amount	Percent of Total	Ratings		Avg Days to Maturity
			S&P	Moodys	
Cash on hand	\$ 56,485	0.02%	Not Rated	Not Rated	N/A
Bank and money market accounts	35,550,879	14.10%	Not Rated	Not Rated	N/A
Certificates of deposit	176,037,806	69.83%	Not Rated	Not Rated	95
Subtotal - deposits	211,645,170				
Commercial paper					
General Electric	13,445,464	5.33%	A-1	P-1	54
Citigroup Financial	8,084,100	3.21%	A-1	P-1	79
Merrill Lynch	11,726,641	4.65%	A-1	P-1	94
US Obligations					
Fannie Mae	1,559,394	0.62%	AAA	AAA	79
US Treasury securities	459,647	0.18%	AAA	AAA	1-365
US Treasury securities	3,999,626	1.59%	AAA	AAA	366-1,825
US Treasury securities	1,163,843	0.45%	AAA	AAA	1,826-3,650
	252,083,885	99.98%			
Timing effect of different year ends	(2,516,985)				
Amount reported at December 31, 2006	\$ 249,566,900				
Amount reported in primary government	\$ 234,914,633				
Amount reported in agency funds	14,652,267				
	\$ 249,566,900				

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2006

Note 2 – Deposits and Investments (continued)

Primary Government Deposits and Investments (continued) –

Deposits - The deposits of the primary government are subject to *custodial credit risk*, which is the risk that the deposits may not be returned in the event of a bank failure. The custodial credit risk assumed by the County is measured by categorizing deposits in one of three categories: 1) insured or collateralized with securities held by the County or its agent in the County's name, 2) collateralized with securities held by the counterparty's trust department or agent in the County's name and 3) uninsured and uncollateralized.

At year-end, the book value of the deposits of the primary government was \$211,744,952, with corresponding bank balances of \$218,812,641. Qualifying deposits are insured by the FDIC up to \$100,000. Of the bank balances of the primary government, \$800,000 was insured and the remaining \$218,012,641 was uninsured and uncollateralized. The County believes that it is impractical to insure all deposits given the size of the portfolio and the limits of insurance established by the FDIC. As a result, the County evaluates each institution with which it deposits funds and assesses the level of risk associated with each institution and adjusts its deposits accordingly.

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

- **Credit Risk** is a measure of the creditworthiness of the issuers of the instruments being held and represents the risk that the issuer or other counterparty to an investment will not fulfill its obligations. Statutes of the State of Michigan authorize the 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. At year-end, all of the commercial paper held by the County was rated A-1 by Standard & Poors and P-1 by Moody's Investor Service. In addition, the entire portfolio of investments issued by the United States Treasury or agencies of the United States were rated AAA by Standard & Poors and Aaa by Moody's.

- **Concentration of Credit Risk** is the risk of loss measured by the magnitude of the County's investment in a single issuer. As defined by GASB Statement NO. 40, the County is exposed to concentration of credit risk if more than 5% of its portfolio is invested in instruments issued by a single issuer. At year-end, the County held \$13,445,464 of commercial paper issued by General Electric, which represented 5.33% of the portfolio. No other investments exceeded the 5% threshold.

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2006

Note 2 – Deposits and Investments (continued)

Primary Government Deposits and Investments (concluded) –

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

Maturities (Years)	Fair Value			Total	Percent of Total
	US Treasury	US Agency	Corporate		
Less than 1	\$ 459,647	\$ 1,559,394	\$ 33,256,205	\$ 35,275,246	87.23%
1-5	3,999,626	-	-	3,999,626	9.89%
6-10	1,163,843	-	-	1,163,843	2.88%
	<u>\$ 5,623,116</u>	<u>\$ 1,559,394</u>	<u>\$ 33,256,205</u>	<u>\$ 40,438,715</u>	<u>100.00%</u>

Component Unit Deposits and Investments –

Deposits - The deposits of the component units are subject to same **custodial credit risk** described previously in relation to the deposits of the primary government. The component units do not participate in the investment pool of the primary government and their portfolios consist entirely of bank accounts and certificates of deposit. The book value of the deposits of the component units was \$79,107,871 at year-end, with corresponding bank balances of \$81,179,663. Of the bank balance, \$900,000 was insured and the remaining \$80,279,663 was uninsured and uncollateralized.

Retiree Health Care Trust Fund Investments – The investments of the Retiree Health Care Trust Fund (the "Fund") are held in a bank-administered trust fund. A summary of the investments of the Fund at December 31, 2006 are presented below:

Investment Type	Amount	Percent of Total
Cash equivalents	\$ 93,200	0.09%
Equity Mutual Funds	71,302,860	65.14%
Common Stock	399,746	0.37%
Foreign Stock	16,089,493	14.70%
Bond Mutual Funds		
US Treasuries	5,715,786	5.22%
US Agencies	9,921,741	9.06%
Corporate	5,931,476	5.42%
	<u>\$ 109,454,302</u>	<u>100.00%</u>

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2006

Note 2 – Deposits and Investments (continued)

Retiree Health Care Trust Fund Investments (concluded)–

- **Credit Risk** is a measure of the creditworthiness of the issuers of the instruments being held and represents the risk that the issuer or other counterparty to an investment will not fulfill its obligations. Statutes of the State of Michigan authorize the component units to invest in the following instruments: obligations of the U.S. Treasury and its agencies and instrumentalities, commercial paper rated within the two highest classifications established by not less than two standard rating services, bankers' acceptances, investment pools of the Treasurer of the State of Michigan, repurchase agreements and corporate bonds rated in the top four major grades as determined by at least two national ratings agencies. At December 31, 2006, the Fund's investments in debt securities were rated by Standard & Poors as follows:

<u>Quality Rating</u>	<u>Fair Value</u>				<u>Percent of</u>
	<u>US Treasury</u>	<u>US Agency</u>	<u>Corporate</u>	<u>Total</u>	<u>Total</u>
AAA	\$ 5,715,786	\$ 9,921,741	\$ 1,512,526	\$ 17,150,053	79.51%
AA	-	-	1,121,049	1,121,049	5.20%
A	-	-	1,856,552	1,856,552	8.61%
BAA	-	-	1,441,349	1,441,349	6.68%
	<u>\$ 5,715,786</u>	<u>\$ 9,921,741</u>	<u>\$ 5,931,476</u>	<u>\$ 21,569,003</u>	<u>100.00%</u>

- **Concentration of Credit Risk** is the risk of loss measured by the magnitude of investments in a single issuer. As defined by GASB Statement N0. 40, the County is exposed to concentration of credit risk if more that 5% of its portfolio is invested in instruments issued by a single issuer. Investments in instruments issued by the US Government, as well as those held in mutual funds and investment pools are exempt from this requirement. None of the investments in common or foreign stock exceeded the 5% threshold at December 31, 2006.
- **Interest Rate Risk** is the risk that the fair value of investments in debt securities will be adversely affected by changes in market interest rates and is measured primarily by average days to maturity. The entire portfolio of debt securities of the Retiree Health Care Trust Fund is held in one bond index mutual fund that consists of a mix of corporate, US Treasury and US Agency securities. Therefore, the information regarding the Fund's exposure to interest rate risk is presented for the mutual fund as a whole:

<u>Maturities</u> <u>(Years)</u>	<u>Fair Value</u>				<u>Percent of</u>
	<u>US Treasury</u>	<u>US Agency</u>	<u>Corporate</u>	<u>Total</u>	<u>Total</u>
1-5	\$ 2,572,104	\$ 4,464,783	\$ 2,669,164	\$ 9,706,051	45.00%
6-10	2,292,030	3,978,618	2,378,522	8,649,170	40.10%
11 or more	851,652	1,478,340	883,790	3,213,782	14.90%
	<u>\$ 5,715,786</u>	<u>\$ 9,921,741</u>	<u>\$ 5,931,476</u>	<u>\$ 21,569,003</u>	<u>100.00%</u>

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2006

Note 2 - Deposits and Investments (continued)

Employees' Retirement System Deposits and Investments - A summary of the investments of the System at December 31, 2006 is presented below:

<u>Investment Type</u>	<u>Amount</u>	<u>Percent of Total</u>
Cash and pooled investments	\$ 30,461,337	3.59%
Preferred stock	32,513,184	3.83%
Common stock	340,840,936	40.19%
Foreign stock	126,528,937	14.92%
Limited partnerships	20,938,656	2.47%
US Treasury and Agency obligations	16,420,644	1.94%
Corporate bonds	53,891,182	6.35%
Mutual funds	226,569,602	26.71%
	<u>\$ 848,164,478</u>	<u>100.00%</u>

Deposits - The deposits of the Macomb County Employee's Retirement System (the "System") are subject to ***custodial credit risk***, which is the risk that the deposits may not be returned in the event of a bank failure. The custodial credit risk assumed by the System is measured by categorizing deposits as previously described. At year-end, the book value of the deposits of the System was \$30,461,337 , with corresponding bank balances of \$30,583,692 . Qualifying deposits are insured by the FDIC up to \$100,000. Of the bank balances of the System, \$200,000 was insured and the remaining \$30,383,692 was uninsured and uncollateralized.

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

- ***Credit Risk*** is a measure of the creditworthiness of the issuers of the instruments being held and represents the risk that the issuer or other counterparty to an investment will not fulfill its obligations. Statutes of the State of Michigan authorize the System to invest in the following instruments: obligations of the U.S. Treasury and its agencies and instrumentalities, commercial paper rated within the two highest classifications established by not less than two standard rating services, bankers' acceptances, investment pools of the Treasurer of the State of Michigan, repurchase agreements, corporate stocks and corporate bonds rated in the top four major grades as determined by at least two national ratings agencies. Corporate stock cannot exceed sixty five percent (65%) of the total portfolio. The System also participates in securities lending transactions (see Note 7).

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2006

Note 2 - Deposits and Investments (continued)

Employees' Retirement System Deposits and Investments (concluded) -

At December 31, 2006, the System's investments in debt securities were rated by Standard & Poors as follows:

<u>Quality Rating</u>	<u>US Treasury</u>	<u>US Agency</u>	<u>Corporate</u>	<u>Total</u>	<u>Percent of Total</u>
AAA	\$ 7,130,147	\$ 9,290,497	\$ 6,668,552	\$ 23,089,196	32.84%
AA	-	-	8,588,534	8,588,534	12.21%
A	-	-	16,754,098	16,754,098	23.83%
BAA	-	-	8,845,910	8,845,910	12.58%
B or lower	-	-	13,034,088	13,034,088	18.54%
	<u>\$ 7,130,147</u>	<u>\$ 9,290,497</u>	<u>\$ 53,891,182</u>	<u>\$ 70,311,826</u>	<u>100.00%</u>

- **Interest Rate Risk** is the risk that the fair value of investments in debt securities will be adversely affected by changes in market interest rates and is measured primarily by average days to maturity. A summary of the maturities of the System's debt securities at December 31, 2006 were as follows:

<u>Maturities (Years)</u>	<u>Fair Value</u>				<u>Percent of Total</u>
	<u>US Treasury</u>	<u>US Agency</u>	<u>Corporate</u>	<u>Total</u>	
1-5	\$ -	\$ 4,511,053	\$ 14,783,264	\$ 19,294,317	27.44%
6-10	1,837,994	-	11,058,213	12,896,207	18.34%
11 or more	5,292,153	4,779,444	28,049,705	38,121,302	54.22%
	<u>\$ 7,130,147</u>	<u>\$ 9,290,497</u>	<u>\$ 53,891,182</u>	<u>\$ 70,311,826</u>	<u>100.00%</u>

Investments in non-marketable limited partnerships are generally carried at the fair value reported by the management of the investment partnerships as of December 31. The County believes that the carrying value of these investments is a reasonable estimate of the fair value as of December 31, 2006. Because these investments are not readily marketable, the carrying value may differ from the value that would have been reported had a ready market for these investments existed. The carrying value of such investments was \$20,938,656 at December 31, 2006 and constituted 2.47% of the investment portfolio of the System.

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2006

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, 2006:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Capital assets not being depreciated				
Land	\$ 12,543,652	\$ 1,620,000	\$ 9,338	\$ 14,154,314
Construction in progress	14,642,374	10,527,661	2,275,909	22,894,126
Total capital assets not being depreciated	<u>27,186,026</u>	<u>12,147,661</u>	<u>2,285,247</u>	<u>37,048,440</u>
Capital assets being depreciated				
Land improvements	7,063,500	1,132,313	-	8,195,813
Buildings	175,145,425	718,999	17,320,317	158,544,107
Machinery, equipment and vehicles	47,561,400	3,665,587	877,106	50,349,881
Total capital assets being depreciated	<u>229,770,325</u>	<u>5,516,899</u>	<u>18,197,423</u>	<u>217,089,801</u>
Less accumulated depreciation for				
Land improvements	2,437,365	326,644	-	2,764,009
Buildings	56,562,037	4,603,771	796,790	60,369,018
Machinery, equipment and vehicles	31,495,294	4,890,068	550,750	35,834,612
Total accumulated depreciation	<u>90,494,696</u>	<u>9,820,483</u>	<u>1,347,540</u>	<u>98,967,639</u>
Total capital assets being depreciated, net	<u>139,275,629</u>	<u>(4,303,584)</u>	<u>16,849,883</u>	<u>118,122,162</u>
Governmental activities capital assets, net	<u>\$ 166,461,655</u>	<u>\$ 7,844,077</u>	<u>\$ 19,135,130</u>	<u>\$ 155,170,602</u>

The primary government does not have any infrastructure assets. Infrastructure assets of the County are reported in either the Public Works or Road Commission Discretely Presented Component Units.

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

	Governmental Assets	Internal Service Assets	Total
Governmental activities:			
Judicial	\$ 2,186,931	\$ -	\$ 2,186,931
General government	2,726,368	450,050	3,176,418
Health and welfare	1,673,105	-	1,673,105
Recreation and culture	72,059	-	72,059
Public safety	2,711,970	-	2,711,970
	<u>\$ 9,370,433</u>	<u>\$ 450,050</u>	<u>\$ 9,820,483</u>

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2006

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, 2006:

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities				
Capital assets not being depreciated				
Construction in progress	\$ 3,556,554	\$ -	\$ 3,556,554	\$ -
Total capital assets not being depreciated	3,556,554	-	3,556,554	-
Capital assets being depreciated				
Land improvements	455,054		-	455,054
Buildings	7,169,248	21,757,630	-	28,926,878
Machinery, equipment and vehicles	2,872,126	1,076,180	227,657	3,720,649
Total capital assets being depreciated	10,496,428	22,833,810	227,657	33,102,581
Less accumulated depreciation for				
Land improvements	242,817	17,683	-	260,500
Buildings	4,584,544	1,559,212	-	6,143,756
Machinery, equipment and vehicles	2,480,969	231,444	227,657	2,484,756
Total accumulated depreciation	7,308,330	1,808,339	227,657	8,889,012
Total capital assets being depreciated, net	3,188,098	21,025,471	-	24,213,569
Business-type activities capital assets, net	<u>\$ 6,744,652</u>	<u>\$ 21,025,471</u>	<u>\$ 3,556,554</u>	<u>\$ 24,213,569</u>

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2006

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, 2006:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Capital assets not being depreciated				
Land	\$ 1,992,428	\$ -	\$ -	\$ 1,992,428
Construction in progress	2,848,829	1,635,740	841,073	3,643,496
Total capital assets not being depreciated	4,841,257	1,635,740	841,073	5,635,924
Capital assets being depreciated				
Infrastructure	221,102,701	183,940	-	221,286,641
Less accumulated depreciation for Infrastructure	58,605,055	4,423,892	-	63,028,947
Total capital assets being depreciated, net	162,497,646	(4,239,952)	-	158,257,694
Governmental activities capital assets, net	\$ 167,338,903	\$ (2,604,212)	\$ 841,073	\$ 163,893,618

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2006

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, 2006:

	Balance Beginning	Increases	Decreases	Ending Balance
Governmental activities				
Capital assets not being depreciated				
Land	\$ 172,567,067	\$ 3,642,798	\$ -	\$ 176,209,865
Total capital assets not being depreciated	172,567,067	3,642,798	-	176,209,865
Capital assets being depreciated				
Land improvements	1,317,456	113,366	111,438	1,319,384
Buildings	25,081,151	28,913	32,500	25,077,564
Machinery, equipment and vehicles	25,925,704	936,487	847,896	26,014,295
Infrastructure	796,799,463	35,496,586	-	832,296,049
Total capital assets being depreciated	849,123,774	36,575,352	991,834	884,707,292
Less accumulated depreciation for				
Land improvements	682,302	67,463	1,393	748,372
Buildings	5,079,737	476,010	30,225	5,525,522
Machinery, equipment and vehicles	19,967,400	2,267,544	773,399	21,461,545
Infrastructure	292,768,577	32,292,891	-	325,061,468
Total accumulated depreciation	318,498,016	35,103,908	805,017	352,796,907
Total capital assets being depreciated, net	530,625,758	1,471,444	186,817	531,910,385
Governmental activities capital assets, net	\$ 703,192,825	\$ 5,114,242	\$ 186,817	\$ 708,120,250

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2006

Note 4 – Long-Term Debt

The following is a summary of the long-term liability transactions for the year ended December 31, 2006:

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	670,000	-	330,000	340,000	340,000
Series 2002-B Refunding	5,245,000	-	275,000	4,970,000	275,000
Building Authority					
Series 1996-A Warren Satellite	450,000	-	225,000	225,000	225,000
Series 1999 Verkuilen Bldg	550,000	-	130,000	420,000	135,000
Series 2000 Clemens Center	650,000	-	150,000	500,000	150,000
Series 2002 MTB/Youth Home	28,500,000	-	1,150,000	27,350,000	1,200,000
Series 2002-A Refunding	7,605,000	-	635,000	6,970,000	660,000
Series 2004 Warehouse	4,925,000	-	175,000	4,750,000	200,000
Series 2004-A Public Works Bldg	4,100,000	-	150,000	3,950,000	150,000
Series 2005 Clemens Refunding	2,875,000	-	30,000	2,845,000	30,000
Series 2005 Commun System/Dist Court	19,380,000	-	725,000	18,655,000	725,000
MI Transportation Fund					
Series 2000-A Bridge Bonds	3,720,000	-	295,000	3,425,000	310,000
Series 2004-B Bridge Bonds	9,800,000	-	200,000	9,600,000	350,000
	88,770,000	-	4,470,000	84,300,000	4,750,000
Other liabilities					
Compensated Absences	6,604,495	1,252,275	1,504,406	6,352,364	1,000,000
General liability claims	2,683,890	2,338,431	251,084	4,771,237	850,000
Workers' compensation claims	1,790,146	718,080	866,165	1,642,061	900,000
	99,848,531	4,308,786	7,091,655	97,065,662	7,500,000
Component Units					
Drain Commissioner					
Special Assessment Debt	83,155,000	525,000	4,775,000	78,905,000	4,565,000
Road Commission					
Compensated Absences	1,438,284	9,258	-	1,447,542	-
General liability claims	1,620,538	28,823	21,738	1,627,623	55,747
Workers' compensation claims	388,303	164,598	215,541	337,360	281,613
Total Road Commission	3,447,125	202,679	237,279	3,412,525	337,360
Grand Totals	\$ 186,450,656	\$ 5,036,465	\$ 12,103,934	\$ 179,383,187	\$ 12,402,360

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2006

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	340,000
Series 2002-B Refunding	2.00-4.00	1/1/2003	7/1/2013	5,830,000	4,970,000
Macomb County Building Authority					
Series 1996-A Warren Satellite Renovation	3.80-4.80	5/1/1997	5/1/2007	1,700,000	225,000
Series 1999 Verkuilen Bldg Renovation	4.00-4.90	11/1/1999	5/1/2009	1,205,000	420,000
Series 2000 Clemens Center	4.70-5.70	8/1/2000	5/1/2020	4,000,000	500,000
Series 2002 MTB/Youth Home Renovation	3.50-5.00	5/1/2002	5/1/2022	32,000,000	27,350,000
Series 2002-A Refunding	2.50-4.00	12/1/2002	5/1/2015	8,885,000	6,970,000
Series 2004 Warehouse	2.00-5.00	5/1/2004	5/1/2024	5,100,000	4,750,000
Series 2004-A Public Works Bldg	3.00-4.50	11/1/2004	5/1/2024	4,250,000	3,950,000
Series 2005 Clemens Refunding	3.25-5.00	12/1/2005	5/1/2020	2,875,000	2,845,000
Series 2005 Commun System/Dist Court	3.75-4.50	12/1/2005	11/1/2025	19,380,000	18,655,000
Michigan Transportation Bonds					
Series 2000-A Bridge Bonds	5.375-5.625	6/1/2000	12/1/2015	5,000,000	3,425,000
Series 2004-B Bridge Bonds	3.00-4.75	5/1/2004	12/1/2024	10,000,000	9,600,000
Total Primary Government				107,215,000	84,300,000
Public Works Component Unit					
Special Assessment Debt					
Busch Drain	3.80- 4.55	10/1/1998	5/1/2014	1,250,000	825,000
Green Enclosure	2.80 - 5.70	7/1/1992	5/1/2007	1,065,000	100,000
Hawken Drain	4.30 - 5.25	8/1/2000	5/1/2015	795,000	500,000
Hayes Drain	4.50 - 5.20	8/1/2000	5/1/2015	1,095,000	875,000
Plumbrook Bridge Replacement	4.00 - 5.00	8/1/2000	5/1/2015	2,800,000	2,050,000
Schmidt Drain				525,000	525,000
17 Mile Road Drain & Branches	4.00 - 8.00	4/1/1973	5/1/2013	3,550,000	1,885,000
17 Mile Road Extension	3.00 - 4.50	11/01/2001	11/01/2016	1,725,000	1,325,000
Sterling Relief Lateral 12B Extension	2.00 - 4.00	09/01/2003	11/01/2012	885,000	670,000
Warren Sanitary Refunding	4.40 - 4.45	12/1/1997	1/1/2007	4,750,000	220,000
Armada Village MCSSS	2.00	1/23/1992	10/1/2011	1,170,000	350,000
Chesterfield New Haven, Lenox Section	5.00 - 10.00	5/1/1998	10/1/2007	2,775,000	275,000

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2006

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	295,000
Macomb County Water Supply System #14 (Lenox Township Section 3)	4.75 - 5.40	3/1/1997	11/1/2011	1,050,000	620,000
Macomb County Waste Water Treatment System - Armada Refunding Bonds	3.70 - 4.50	6/1/1999	11/1/2007	990,000	250,000
Lake St. Clair Clean Water Initiative Series A	4.30 - 4.90	1/1/2001	10/1/2018	9,990,000	9,030,000
Lake St. Clair Clean Water Initiative State Revolving Fund Series #1 (5186-01)	2.50	Various	10/01/2022	20,670,000	17,320,000
Lake St. Clair Clean Water Initiative Phase II, No. 2		04/01/2002	04/01/2023	5,000,000	4,585,000
Lake St. Clair Clean Water Initiative State Revolving Fund Series #2 (5186-02)	2.50	Various	04/01/2022	13,630,000	11,420,000
Lake St. Clair Clean Water Initiative State Revolving Fund Series #3 (5186-03)	2.50	Various	04/08/2022	2,640,000	2,210,000
Lake St. Clair Clean Water Initiative State Revolving Fund Series #4 (5186-04)	2.50	Various	10/01/2022	5,550,000	4,650,000
Lake St. Clair Clean Water Initiative State Revolving Fund Series #5 (5186-05)	2.50	Various	10/01/2022	855,604	855,000
Lake St. Clair Clean Water Initiative Series 2004A	4.375 - 5.150	06/01/2004	10/01/2029	5,000,000	4,755,000
Lake St. Clair Clean Water Initiative Series 2004B	4.375 - 5.150	06/01/2004	10/01/2029	14,000,000	13,315,000
Total Public Works Component Unit				<u>103,350,604</u>	<u>78,905,000</u>
Total Reporting Entity				<u>\$ 210,565,604</u>	<u>\$ 163,205,000</u>

All long-term obligations are presented as of December 31, 2006 except for the Special Assessment Debt with Governmental Commitment and Road Commission obligations, which are presented as of September 30, 2006. Special assessments receivable have been pledged by various local units of government for the payment of principal and interest on the Special Assessment Debt with Governmental Commitment. The County has also pledged its full faith and credit as additional security for the payment of the principal and interest on the Special Assessment Debt with Governmental Commitment in the event that the monies required to pay the principal and interest on the bonds are not collected by the aforementioned special assessments.

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2006

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:

Principal Maturities						
Year	Primary Government				Public Works	
	Building Authority	Criminal Justice	MI Transportation	Total	Special	
		Building Authority	Bonds		Assessment Debt	
2007	\$ 3,475,000	\$ 615,000	660,000	\$ 4,750,000	\$ 4,565,000	
2008	3,375,000	570,000	675,000	4,620,000	4,075,000	
2009	3,480,000	270,000	740,000	4,490,000	3,965,000	
2010	3,445,000	865,000	760,000	5,070,000	4,115,000	
2011	3,595,000	1,155,000	775,000	5,525,000	4,230,000	
2012-2016	19,490,000	2,135,000	4,215,000	25,840,000	20,610,000	
2017-2021	19,475,000	-	2,800,000	22,275,000	19,445,000	
2022-2026	9,330,000	-	2,400,000	11,730,000	11,490,000	
2027-2031	-	-	-	-	6,410,000	
	<u>\$ 65,665,000</u>	<u>\$ 5,610,000</u>	<u>\$ 13,025,000</u>	<u>\$ 84,300,000</u>	<u>\$ 78,905,000</u>	

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

Interest Maturities						
Year	Primary Government				Public Works	
	Building Authority	Criminal Justice	MI Transportation	Total	Special	
		Building Authority	Bonds		Assessment Debt	
2007	\$ 2,726,426	\$ 208,775	588,126	\$ 3,523,327	\$ 2,836,516	
2008	2,598,331	186,125	558,776	3,343,232	2,680,083	
2009	2,469,579	170,600	528,618	3,168,797	2,548,647	
2010	2,339,194	161,150	495,844	2,996,188	2,414,592	
2011	2,206,288	128,712	461,544	2,796,544	2,274,225	
2012-2016	8,731,036	125,400	1,712,278	10,568,714	9,219,014	
2017-2021	4,581,034	-	943,500	5,524,534	6,017,088	
2022-2026	778,345	-	226,000	1,004,345	2,897,444	
2027-2031	-	-	-	-	549,641	
	<u>\$ 26,430,233</u>	<u>\$ 980,762</u>	<u>\$ 5,514,686</u>	<u>\$ 32,925,681</u>	<u>\$ 31,437,250</u>	

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, 2006, the amount of defeased debt outstanding but not reported as long-term debt of the County totaled \$2,975,000 and \$ 125,000 for the primary government and Public Works Component Units, respectively.

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2006

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	\$ 3,407,004	\$ 524,088	\$ 2,820,360	\$ -
<u>Special Revenue</u>				
Child Care	4,830	-	-	-
Emergency Management Grants	10,922	1,049,777	-	-
Friend of the Court	661	-	-	-
Prosecuting Attorney Grants	63,339	-	-	-
Senior Citizen Services	1,275	3,444	-	-
Sheriff Grants	2,472	628,875	-	-
Social Welfare	-	1,738,281	-	-
	<u>83,499</u>	<u>3,420,377</u>	<u>-</u>	<u>-</u>
<u>Business-type activities Funds</u>				
Martha T. Berry	-	570,095	-	-
<u>Fiduciary Funds</u>				
Pension Trust	1,051,252	904,270	-	-
Retiree Health Fund	-	3,400,836	-	-
Agency Funds	3,767,020	-	-	-
	<u>4,818,272</u>	<u>4,305,106</u>	<u>-</u>	<u>-</u>
<u>Component Units</u>				
Michigan Works !	-	-	-	<u>2,820,360</u>
Reporting Entity Subtotal	8,308,775	8,819,666	2,820,360	2,820,360
Imbalance caused by the timing effects of interfund transactions in funds with different year-end reporting dates	<u>510,891</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 8,819,666</u>	<u>\$ 8,819,666</u>	<u>\$ 2,820,360</u>	<u>\$ 2,820,360</u>

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2006

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

Fund	Transfers In	Transfers Out
General Fund	\$ 23,339,929	\$ 61,961,328
Revenue Sharing Reserve	-	14,533,809
<u>Special Revenue</u>		
Child Care	15,542,741	75,577
Community Services Agency	1,245,382	-
Friend of the Court	6,006,979	3,000,000
Health	13,410,156	-
Health Grants	365,400	-
Library	2,672,042	-
MSU Extension	225,773	200,773
Prosecuting Attorney Grants	716,384	100,000
Senior Citizens Services	1,670,584	3,788
Sheriff Grants	1,075,843	6,267
Social Welfare	1,160,088	-
Urban County Block Grant	133,630	79,000
Other Special Revenue	784,616	169,839
	<u>45,009,618</u>	<u>3,635,244</u>
Debt Service Fund	7,622,576	-
<u>Capital Projects Funds</u>		
Bridge program	-	399,104
District Court Building	144,000	-
E-911 Radio System	78,278	-
Martha T. Berry Renovation	892,260	-
Public Works Building	2,885,925	237,337
Warehouse	188,890	-
General County Capital Projects Funds	9,998,462	13,583,655
	<u>14,187,815</u>	<u>14,220,096</u>
<u>Internal Service Funds</u>		
Equipment Revolving	1,682,317	-
General Liability Insurance	100,000	-
	<u>1,782,317</u>	<u>-</u>
<u>Business-type activities</u>		
Delinquent Tax Revolving	-	8,727,120
Community Mental Health	5,806,508	-
Martha T. Berry Medical Care Facility	3,735,379	-
Fredom Hill Park	803,788	-
	<u>10,345,675</u>	<u>8,727,120</u>
Subtotal	102,287,930	103,077,597
Imbalance caused by the timing effects of interfund transactions in funds with different year-end reporting dates	789,667	-
	<u>\$ 103,077,597</u>	<u>\$ 103,077,597</u>

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2006

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

The governmental capital projects funds of the County paid for certain capital improvements at the Martha T. Berry in the current and prior years. The value of the reported assets totaled \$18,116,541 and is reflected under the caption Transfers - Other in the Statement of Revenues, Expenses and Changes in Fund Net Assets of the Martha T. Berry business-type unit.

Interfund advances at December 31, 2006 were:

Fund	Advances Receivable	Advances Payable
General Fund	\$ 300,000	\$ -
Internal Service - Equipment Revolving	-	300,000
	\$ 300,000	\$ 300,000

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.

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, 2005 (date of the most recent actuarial valuation) the System's membership consisted of:

Retirees and beneficiaries currently receiving benefits	1,779
Terminated employees entitled to benefits but not yet receiving them	223
Active employees covered by the plan	2,851
Total membership	4,853

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2006

Note 7 – Employees’ Retirement System (continued)

Separate independently audited financial statements are not issued for the System; therefore, condensed financial statements as of and for the year ended December 31, 2006 are presented below:

Statement of Fiduciary Net Assets

ASSETS

Cash and investments	\$ 848,164,478
Securities lending collateral	51,020,847
Receivables	1,970,578
Due From Other Funds	<u>1,051,252</u>

Total assets	<u>902,207,155</u>
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LIABILITIES

Accounts payable	1,179,713
Due to other funds	904,270
Obligations under securities lending	<u>51,020,847</u>

Total Liabilities	<u>53,104,830</u>
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NET ASSETS

\$ 849,102,325	<u><u>849,102,325</u></u>
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Statement of Changes In Fiduciary Net Assets

ADDITIONS

Contributions	
Employer	\$ 20,215,000
Employee	5,897,034
Investment income	<u>111,554,754</u>

Total additions	<u>137,666,788</u>
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DEDUCTIONS

Benefit payments	35,788,069
Other expenses	<u>465,581</u>

Total deductions	<u>36,253,650</u>
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Net increase in net assets	101,413,138
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Net assets held in trust , beginning of year	<u>747,689,187</u>
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Net assets held in trust , end of year	<u><u>\$ 849,102,325</u></u>
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MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2006

Note 7 – Employees' Retirement System (continued)

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.

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, 2006.

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 2006 was \$20,215,000. 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.

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2006

Note 7 – Employees’ Retirement System (concluded)

Annual Pension Cost and Net Pension Obligation – During the year ended December 31, 2006, employer contributions totaled \$20,215,000, as required by the actuarial valuation of the plan as of December 31, 2004. 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 14 year closed period. Remaining UAAL is being amortized as a level percent of payroll over an 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.

<u>Year Ended</u> <u>December 31</u>	<u>Annual Pension</u> <u>Cost (APC)</u>	<u>Percentage of</u> <u>APC Contributed</u>	<u>Net Pension</u> <u>Obligation</u>
2004	8,577,844	100	-
2005	14,854,000	100	-
2006	20,215,000	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.

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, 2006 was \$49,541,260.

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2006

Note 8 – Post Employment Benefits Other Than Pensions

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

At December 31, 2004 (date of the most recent actuarial valuation), membership consisted of:

Retirees and beneficiaries currently receiving benefits	1,253
Terminated employees entitled to benefits but not yet receiving them	221
Active employees covered by the plan	<u>2,573</u>
 Total membership	 <u><u>4,047</u></u>

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

Method Used to Value Investments – Investments are reported at fair value, as indicated by quoted market prices as of December 31, 2006.

Funding Policy – Plan members are required to contribute 25% of the cost of vision and dental coverage and minimal co-pays for prescription drugs. The employer contributes the balance of actual current costs for these and all other benefits and administrative expenses of the plan. The employer also contributes additional amounts to the pre-fund benefits in years it can afford to do so.

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

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2006

Note 8 – Post Employment Benefits Other Than Pensions (continued)

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

The entry age actuarial cost method was used to prepare the most actuarial valuation dated December 31, 2004. Other significant assumptions were as follows: a) investments are assumed to earn 7.5% per year, (b) health care costs are assumed to increase at an annual rate of 12% in year 1, reduced by 1% each year until an ultimate rate of 5% is reached in the seventh year and beyond, (c) annual covered payroll is assumed to increase 5% per year and (d) active member population was assumed to remain constant. The unfunded liability is being amortized as a level percentage of payroll over a closed period of 30 years.

Funding Status and Progress – The funded status of the Retiree Health Care Plan as of December 31, 2004, the date of the most recent actuarial valuation, was as follows:

Actuarial accrued liability	\$ 492,905,106
Actuarial Value of Plan Assets	<u>83,794,483</u>
Unfunded Accrued Liability	<u>\$ 409,110,623</u>
Funded ratio	17.0%
Annual covered payroll	\$ 117,894,514
Unfunded liability as % of annual payroll	347.0%

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2006

Note 8 – Post Employment Benefits Other Than Pensions (continued)

Separate independently audited financial statements are not issued for the County Retiree Health Care Plan. Therefore, condensed financial statements as of and for the year ended December 31, 2006 is presented below:

Statement of Fiduciary Net Assets

ASSETS	
Cash and investments	\$ 109,454,302
Receivables	488,022
	<hr/>
Total assets	109,942,324
	<hr/>
LIABILITIES	
Accounts payable	65,270
Due to other funds	3,400,836
	<hr/>
Total Liabilities	3,466,106
	<hr/>
NET ASSETS	\$ 106,476,218
	<hr/> <hr/>

Statement of Changes In Fiduciary Net Assets

ADDITIONS	
Contributions	\$ 9,998,840
Investment income	16,748,630
	<hr/>
Total additions	26,747,470
	<hr/>
DEDUCTIONS	
Benefit payments	9,926,605
Other expenses	72,235
	<hr/>
Total deductions	9,998,840
	<hr/>
Net increase in net assets	16,748,630
Net assets held in trust , beginning of year	89,727,588
	<hr/>
Net assets held in trust , end of year	\$ 106,476,218
	<hr/> <hr/>

Road Commission Component Unit - The Road Commission Component Unit provides its retirees and their beneficiaries health care benefits in accordance with labor contracts. The benefits are administered by the Michigan Employers' Retirement System (MERS), a multiple employer pension and other postemployment benefits plan. The expenditures for these benefits are recognized when premiums become due and were approximately \$3,000,000 for the year ended September 30, 2006.

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2006

Note 8 – Post Employment Benefits Other Than Pensions (concluded)

Upcoming Reporting Change – The Governmental Accounting Standards Board recently released Statement No. 45, “accounting and Reporting by Employers for Postemployment Benefits Other Than Pensions”. The new pronouncement will require employers to recognize the cost of providing retiree health care benefits over the working life of the employee rather than at the time health care premiums are paid. The new pronouncement is effective for the County and its Component Units in 2007.

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.

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 2006 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, 2006, the primary government has accrued an aggregate of \$1,642,061 for unresolved workers’ compensation claims and claims incurred but not reported. At September 30, 2006, the Road Commission component unit has accrued an aggregate of \$337,360 for unresolved workers’ compensation claims and claims incurred but not reported. Changes in the estimated liabilities for workers’ compensation claims 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>2005</u>	<u>2006</u>	<u>2005</u>	<u>2006</u>
Estimated liability - beginning of year	\$ 1,998,875	\$ 1,790,146	\$ 346,775	\$ 388,303
Estimated claims incurred, including changes in estimates	479,807	718,080	292,968	164,598
Claims payments	<u>(688,536)</u>	<u>(866,165)</u>	<u>(251,440)</u>	<u>(215,541)</u>
Estimated liability - end of year	<u>\$ 1,790,146</u>	<u>\$ 1,642,061</u>	<u>\$ 388,303</u>	<u>\$ 337,360</u>

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (concluded)
December 31, 2006

Note 10- Risk Management (concluded)

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, 2006, the Road Commission had an accrual of \$1,627,623 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, 2006, the primary government reported a balance of \$4,771,237 for its unresolved general liability claims.

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

	Primary Government		Road Commission	
	Year Ended December 31,		Year Ended September 30,	
	2005	2006	2005	2006
Estimated liability - beginning of year	\$ 3,616,798	\$ 2,683,890	\$ 1,746,534	\$ 1,620,538
Estimated claims incurred, including changes in estimates	(610,153)	2,338,431	(62,100)	28,823
Claims payments	(322,755)	(251,084)	(63,896)	(21,738)
Estimated liability - end of year	<u>\$ 2,683,890</u>	<u>\$ 4,771,237</u>	<u>\$ 1,620,538</u>	<u>\$ 1,627,623</u>

Note 11- Fund Balance Deficit

The Community Mental Health fund reported a deficit in its unrestricted net assets of \$3,594,184 at September 30, 2006 as a result of writing off \$3,700,000 in uncollectible receivables in 2006. The Community Mental Health Department intends for this deficit to be recovered through interest earnings in future years that could otherwise be utilized for other purposes and is expected to be eliminated by 2013.

MACOMB COUNTY, MICHIGAN

December 31, 2006

Other Required Supplementary Information

Budgetary Comparison Schedule – General Fund

Budgetary Comparison Schedule – Revenue Sharing Reserve Fund

Schedule of Funding Progress – Employees' Retirement System

Schedule of Employer Contributions – Employees' Retirement System

Schedule of Funding Progress – Retiree Health Care Plan

Schedule of Employer Contributions – Retiree Health Care Plan

MACOMB COUNTY, MICHIGAN
Required Supplementary Information
Budgetary Comparison Schedule (GAAP Basis) - General Fund Revenues
Year Ended December 31, 2006

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Taxes				
Current property	\$ 123,975,072	\$ 123,975,072	\$ 126,384,196	\$ 2,409,124
Delinquent personal property	600,000	600,000	586,242	(13,758)
	<u>124,575,072</u>	<u>124,575,072</u>	<u>126,970,438</u>	<u>2,395,366</u>
Licenses and Permits	412,725	529,869	330,966	(198,903)
Federal Grants	-	-	12,839	12,839
State Grants				
Court financing	4,971,874	4,971,874	5,141,915	170,041
Cigarette tax	535,808	535,808	465,481	(70,327)
Liquor tax	1,967,938	1,967,938	2,126,343	158,405
Other	707,500	742,500	878,559	136,059
	<u>8,183,120</u>	<u>8,218,120</u>	<u>8,612,298</u>	<u>394,178</u>
Charges for Services				
Court costs and fees	1,533,600	1,543,600	1,929,970	386,370
Certified copies	761,000	761,000	776,767	15,767
Probation oversight fees	1,535,754	1,556,164	1,657,864	101,700
Land transfer tax	3,500,000	3,500,000	4,062,152	562,152
Recording fees	4,267,000	4,267,000	3,696,043	(570,957)
Rents	-	29,760	42,125	12,365
Sheriff road patrol	7,079,719	7,154,219	7,205,310	51,091
Other sheriff services	660,000	660,000	835,652	175,652
Foster care	845,000	845,000	1,073,324	228,324
Attorney fees	1,165,000	1,225,000	990,183	(234,817)
Public works - pumping station	760,000	807,637	730,295	(77,342)
Personal services	820,000	820,000	2,093,716	1,273,716
Housing inmates	1,968,000	1,968,000	2,205,542	237,542
Soil erosion fees	500,000	500,000	319,225	(180,775)
Commissions	836,650	836,650	927,892	91,242
Miscellaneous	1,199,795	1,333,651	1,783,577	449,926
	<u>27,431,518</u>	<u>27,807,681</u>	<u>30,329,637</u>	<u>2,521,956</u>
Investment income	5,310,750	5,310,750	5,957,464	646,714
Charges to Other Funds for Administrative Services				
Data processing division	6,779,016	6,779,016	6,225,619	(553,397)
Other administrative charges	5,108,022	5,108,022	5,198,888	90,866
	<u>11,887,038</u>	<u>11,887,038</u>	<u>11,424,507</u>	<u>(462,531)</u>
Fines and Forfeitures	992,100	1,002,100	864,669	(137,431)
Other Revenue	20,750	20,750	67,645	46,895
Total Revenues	<u>178,813,073</u>	<u>179,351,380</u>	<u>184,570,463</u>	<u>5,219,083</u>
Other Financing Sources				
Transfers in	23,174,739	23,325,859	23,339,929	14,070
Total Revenues and Other Financing Sources	<u>\$ 201,987,812</u>	<u>\$ 202,677,239</u>	<u>\$ 207,910,392</u>	<u>\$ 5,233,153</u>

MACOMB COUNTY, MICHIGAN
Required Supplementary Information
Budgetary Comparison Schedule (GAAP Basis) - General Fund Expenditures
Year Ended December 31, 2006

	<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	\$ 2,311,468	\$ 2,311,468	\$ 2,114,603	\$ 196,865
Operating	202,267	183,871	135,676	48,195
Department Total	<u>2,513,735</u>	<u>2,495,339</u>	<u>2,250,279</u>	<u>245,060</u>
Total Legislative	<u>2,513,735</u>	<u>2,495,339</u>	<u>2,250,279</u>	<u>245,060</u>
Judicial				
Circuit court				
Salaries and fringe benefits	4,938,308	4,964,228	4,687,710	276,518
Operating	4,868,396	4,721,892	4,713,265	8,627
Department Total	<u>9,806,704</u>	<u>9,686,120</u>	<u>9,400,975</u>	<u>285,145</u>
District Court - New Baltimore				
Salaries and fringe benefits	1,147,846	1,147,846	1,027,727	120,119
Operating	311,369	294,439	267,946	26,493
Department Total	<u>1,459,215</u>	<u>1,442,285</u>	<u>1,295,673</u>	<u>146,612</u>
District Court - Romeo				
Salaries and fringe benefits	888,382	888,382	820,774	67,608
Operating	257,805	240,423	204,931	35,492
Department Total	<u>1,146,187</u>	<u>1,128,805</u>	<u>1,025,705</u>	<u>103,100</u>
District Court - 3rd Class				
Operating	59,000	59,000	33,495	25,505
Family Counseling				
Salaries and fringe benefits	58,885	58,885	58,519	366
Operating	159,143	159,058	133,895	25,163
Department Total	<u>218,028</u>	<u>217,943</u>	<u>192,414</u>	<u>25,529</u>
Family Court - Juvenile Division				
Salaries and fringe benefits	5,172,461	4,899,523	4,716,483	183,040
Operating	1,701,599	1,652,135	1,589,506	62,629
Department Total	<u>6,874,060</u>	<u>6,551,658</u>	<u>6,305,989</u>	<u>245,669</u>
Jury Commission				
Operating	45,466	75,366	73,792	1,574

MACOMB COUNTY, MICHIGAN
Required Supplementary Information
Budgetary Comparison Schedule (GAAP Basis) - General Fund Expenditures
Year Ended December 31, 2006

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Judicial (concluded)				
Probate Court - Mental Division				
Salaries and fringe benefits	957,078	957,078	923,112	33,966
Operating	347,642	335,750	276,477	59,273
Department Total	<u>1,304,720</u>	<u>1,292,828</u>	<u>1,199,589</u>	<u>93,239</u>
Probate Court - Wills and Estates Division				
Salaries and fringe benefits	2,417,977	2,417,977	2,343,240	74,737
Operating	380,386	308,916	257,696	51,220
Department Total	<u>2,798,363</u>	<u>2,726,893</u>	<u>2,600,936</u>	<u>125,957</u>
Probation - Circuit Court				
Operating	191,368	176,310	160,525	15,785
Department Total	<u>191,368</u>	<u>176,310</u>	<u>160,525</u>	<u>15,785</u>
Probation - District Court				
Salaries and fringe benefits	1,467,264	1,487,444	1,325,799	161,645
Operating	148,411	91,549	91,839	(290)
Department Total	<u>1,615,675</u>	<u>1,578,993</u>	<u>1,417,638</u>	<u>161,355</u>
Total Judicial	<u>25,518,786</u>	<u>24,936,201</u>	<u>23,706,731</u>	<u>1,229,470</u>
General Government				
County Clerk				
Salaries and fringe benefits	4,478,751	4,485,540	3,947,068	538,472
Operating	507,143	450,584	436,555	14,029
Department Total	<u>4,985,894</u>	<u>4,936,124</u>	<u>4,383,623</u>	<u>552,501</u>
Corporation Counsel				
Salaries and fringe benefits	1,000,351	1,000,351	887,062	113,289
Operating	50,542	45,740	43,209	2,531
Department Total	<u>1,050,893</u>	<u>1,046,091</u>	<u>930,271</u>	<u>115,820</u>
Elections				
Operating	58,119	67,418	39,241	28,177

MACOMB COUNTY, MICHIGAN
Required Supplementary Information
Budgetary Comparison Schedule (GAAP Basis) - General Fund Expenditures
Year Ended December 31, 2006

	<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	7,862,814	7,967,367	7,959,314	8,053
Operating	9,553,106	9,515,463	8,259,383	1,256,080
Department Total	17,415,920	17,482,830	16,218,697	1,264,133
Finance				
Administration/Accounting				
Salaries and fringe benefits	2,466,266	2,447,566	2,070,123	377,443
Operating	155,539	132,750	125,740	7,010
Department Total	2,621,805	2,580,316	2,195,863	384,453
Equalization				
Salaries and fringe benefits	1,168,854	1,127,768	938,668	189,100
Operating	116,225	76,690	65,321	11,369
Department Total	1,285,079	1,204,458	1,003,989	200,469
Purchasing				
Salaries and fringe benefits	1,479,427	1,434,476	1,365,784	68,692
Operating	265,799	255,973	228,948	27,025
Department Total	1,745,226	1,690,449	1,594,732	95,717
Reimbursement				
Salaries and fringe benefits	956,400	960,900	870,933	89,967
Operating	131,533	116,545	99,460	17,085
Department Total	1,087,933	1,077,445	970,393	107,052
Human Resources				
Salaries and fringe benefits	2,277,029	2,198,987	1,947,277	251,710
Operating	303,800	276,881	231,587	45,294
Department Total	2,580,829	2,475,868	2,178,864	297,004
Information Technology				
Salaries and fringe benefits	4,699,540	4,609,536	4,577,082	32,454
Operating	1,926,254	1,986,559	1,835,376	151,183
Department Total	6,625,794	6,596,095	6,412,458	183,637

MACOMB COUNTY, MICHIGAN
Required Supplementary Information
Budgetary Comparison Schedule (GAAP Basis) - General Fund Expenditures
Year Ended December 31, 2006

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
General Government (concluded)				
MSU Extension				
Salaries and fringe benefits	920,983	886,033	784,210	101,823
Operating	301,008	267,229	240,669	26,560
Department Total	<u>1,221,991</u>	<u>1,153,262</u>	<u>1,024,879</u>	<u>128,383</u>
Planning and Economic Development				
Salaries and fringe benefits	2,325,581	2,416,581	2,237,727	178,854
Operating	239,007	254,718	174,750	79,968
Capital outlay	-	2,500	-	2,500
Department Total	<u>2,564,588</u>	<u>2,673,799</u>	<u>2,412,477</u>	<u>261,322</u>
Plat Board				
Operating	4,500	4,500	1,120	3,380
Prosecuting Attorney				
Salaries and fringe benefits	9,513,618	9,214,860	9,073,590	141,270
Operating	751,118	696,293	693,058	3,235
Department Total	<u>10,264,736</u>	<u>9,911,153</u>	<u>9,766,648</u>	<u>144,505</u>
Public Works				
Salaries and fringe benefits	4,831,584	4,879,221	4,179,459	699,762
Operating	361,539	315,777	297,564	18,213
Department Total	<u>5,193,123</u>	<u>5,194,998</u>	<u>4,477,023</u>	<u>717,975</u>
Register of Deeds				
Salaries and fringe benefits	1,640,425	1,647,214	1,491,906	155,308
Operating	1,056,183	1,054,913	568,665	486,248
Department Total	<u>2,696,608</u>	<u>2,702,127</u>	<u>2,060,571</u>	<u>641,556</u>
Risk Management and Safety				
Salaries and fringe benefits	354,132	354,132	315,876	38,256
Operating	57,109	43,322	30,997	12,325
Department Total	<u>411,241</u>	<u>397,454</u>	<u>346,873</u>	<u>50,581</u>
Treasurer				
Salaries and fringe benefits	2,204,569	2,204,569	2,127,224	77,345
Operating	258,446	177,905	153,518	24,387
Department Total	<u>2,463,015</u>	<u>2,382,474</u>	<u>2,280,742</u>	<u>101,732</u>
Total General Government	<u>64,277,294</u>	<u>63,576,861</u>	<u>58,298,464</u>	<u>5,278,397</u>

MACOMB COUNTY, MICHIGAN
Required Supplementary Information
Budgetary Comparison Schedule (GAAP Basis) - General Fund Expenditures
Year Ended December 31, 2006

	<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	40,550	40,550	14,450	26,100
Court Building Safety				
Salaries and fringe benefits	1,024,230	1,024,230	1,003,040	21,190
Operating	55,025	55,025	35,962	19,063
Capital outlay	10,000	10,000	-	10,000
Department Total	1,089,255	1,089,255	1,039,002	50,253
Emergency Management				
Salaries and fringe benefits	326,104	326,104	296,230	29,874
Operating	46,445	31,095	27,708	3,387
Department Total	372,549	357,199	323,938	33,261
Security				
Salaries and fringe benefits	703,943	651,340	621,950	29,390
Operating	10,514	10,514	4,619	5,895
Department Total	714,457	661,854	626,569	35,285
Sheriff Department				
Salaries and fringe benefits	51,007,919	51,016,393	50,491,314	525,079
Operating	9,860,218	9,638,866	8,616,145	1,022,721
Capital outlay	202,200	175,473	90,441	85,032
Department Total	61,070,337	60,830,732	59,197,900	1,632,832
Technical Services				
Salaries and fringe benefits	795,880	784,928	776,975	7,953
Operating	57,160	60,459	51,879	8,580
Capital outlay	33,500	15,000	-	15,000
Department Total	886,540	860,387	828,854	31,533
Total Public Safety	64,173,688	63,839,977	62,030,713	1,809,264

MACOMB COUNTY, MICHIGAN
Required Supplementary Information
Budgetary Comparison Schedule (GAAP Basis) - General Fund Expenditures
Year Ended December 31, 2006

	<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	210	3,570
Operating	<u>11,220</u>	<u>11,372</u>	<u>5,608</u>	<u>5,764</u>
Department Total	<u>15,000</u>	<u>15,152</u>	<u>5,818</u>	<u>9,334</u>
Senior Citizens Services				
Salaries and fringe benefits	18,453	18,453	7,533	10,920
Operating	<u>265,163</u>	<u>254,620</u>	<u>154,989</u>	<u>99,631</u>
Department Total	<u>283,616</u>	<u>273,073</u>	<u>162,522</u>	<u>110,551</u>
Veteran's Affairs				
Salaries and fringe benefits	395,455	395,455	372,321	23,134
Operating	266,660	250,698	239,338	11,360
Capital outlay	<u>7,200</u>	<u>7,200</u>	<u>7,118</u>	<u>82</u>
Department Total	<u>669,315</u>	<u>653,353</u>	<u>618,777</u>	<u>34,576</u>
Total Health and Welfare	<u>967,931</u>	<u>941,578</u>	<u>787,117</u>	<u>154,461</u>
Other Current Operations				
Non-Departmental Appropriations	<u>6,147,754</u>	<u>6,387,730</u>	<u>5,459,684</u>	<u>928,046</u>
Capital Outlay	<u>1,050,000</u>	<u>950,000</u>	<u>705,595</u>	<u>244,405</u>
Total Expenditures	<u>164,649,188</u>	<u>163,127,686</u>	<u>153,238,583</u>	<u>9,889,103</u>
Other Financing Uses				
Transfers Out	<u>78,263,043</u>	<u>74,027,168</u>	<u>61,961,328</u>	<u>12,065,840</u>
Total Expenditures and Other Financing Uses	<u>\$ 242,912,231</u>	<u>\$ 237,154,854</u>	<u>\$ 215,199,911</u>	<u>\$ 21,954,943</u>

MACOMB COUNTY, MICHIGAN
Required Supplementary Information
Budgetary Comparison Schedule (GAAP Basis) - Revenue Sharing Reserve Fund
Year Ended December 31, 2006

	<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	-	-	1,808,155	1,808,155
	<u>37,772,742</u>	<u>37,772,742</u>	<u>39,580,897</u>	<u>1,808,155</u>
Total Revenues				
Other Financing Uses				
Transfers out	<u>(37,772,742)</u>	<u>(37,772,742)</u>	<u>(14,533,809)</u>	<u>23,238,933</u>
Total Other Financing Uses	<u>(37,772,742)</u>	<u>(37,772,742)</u>	<u>(14,533,809)</u>	<u>23,238,933</u>
Net change in fund balances	-	-	25,047,088	25,047,088
Fund balances, beginning of year	-	-	52,771,616	-
Fund balances, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 77,818,704</u>	<u>\$ 25,047,088</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)
2004	674,857,869	664,487,155	(10,370,714)	101.56	134,258,243	(7.72)
2005	719,336,871	682,144,687	(37,192,184)	105.45	134,886,588	(27.57)

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Year Ended December 31	General Employees		Sheriff Employees		Road Employees		Total
	Annual Required Contribution	Percentage Contributed	Annual Required Contribution	Percentage Contributed	Annual Required Contribution	Percentage Contributed	
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
2005	8,282,000	100	4,196,000	100	2,376,000	100	14,854,000
2006	11,807,000	100	5,329,000	100	3,079,000	100	20,215,000

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

SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Entry Age	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payro
December 31	(a)	(b)	(b-a)	(a/b)	(c)	((b-a)/c)
2004	83,794,483	492,905,016	409,110,533	17.00	117,894,514	347.0%

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Year Ended December 31	Annual Required Contribution	Percentage Contributed
2006	\$ 44,511,025	21.2%

MACOMB COUNTY, MICHIGAN
Combining Balance Sheet
Nonmajor Fund Types
December 31, 2006

	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total</u>
Assets				
Cash and pooled investments	\$ 16,247,398	\$ 7,517,143	\$ 30,086,861	\$ 53,851,402
Taxes receivable	-	165,661	-	165,661
Accounts receivable, net	10,235,089	-	141,339	10,376,428
Due from other governments	5,251,685	-	63,761	5,315,446
Due from governmental funds	83,499	-	-	83,499
Other assets	60,372	616	110,371	171,359
	<u>60,372</u>	<u>616</u>	<u>110,371</u>	<u>171,359</u>
Total Assets	<u>\$ 31,878,043</u>	<u>\$ 7,683,420</u>	<u>\$ 30,402,332</u>	<u>\$ 69,963,795</u>
Liabilities and Fund Balances				
Liabilities				
Accounts payable	\$ 4,578,816	41,990	\$ 907,578	\$ 5,528,384
Accrued liabilities	-	-	488,475	488,475
Accrued compensation and benefits	32,379	-	-	32,379
Due to other governments	576,351	-	-	576,351
Due to governmental funds	3,420,377	-	-	3,420,377
Deferred revenue	726,882	211,097	-	937,979
	<u>726,882</u>	<u>211,097</u>	<u>-</u>	<u>937,979</u>
Total Liabilities	<u>9,334,805</u>	<u>253,087</u>	<u>1,396,053</u>	<u>10,983,945</u>
Fund Balances				
Reserved				
Debt service	-	7,430,333	-	7,430,333
Long-term receivables	7,712,318	-	-	7,712,318
Capital projects	5,406,108	-	18,765,784	24,171,892
Unreserved				
Designated				
Capital projects	541,056	-	10,240,495	10,781,551
Programs	4,876,396	-	-	4,876,396
Undesignated	4,007,360	-	-	4,007,360
	<u>4,007,360</u>	<u>-</u>	<u>-</u>	<u>4,007,360</u>
Total Fund Balances	<u>22,543,238</u>	<u>7,430,333</u>	<u>29,006,279</u>	<u>58,979,850</u>
Total Liabilities and Fund Balances	<u>\$ 31,878,043</u>	<u>\$ 7,683,420</u>	<u>\$ 30,402,332</u>	<u>\$ 69,963,795</u>

MACOMB COUNTY, MICHIGAN
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Fund Types
Year Ended December 31, 2006

	Special Revenue	Debt Service	Capital Projects	Total
Revenues				
Taxes	\$ -	\$ 112,104	\$ -	\$ 112,104
Licenses and permits	834,560	-	-	834,560
Federal & State grants	51,727,809	-	405,277	52,133,086
Other grants	250,641	-	-	250,641
Charges for services	12,127,625	-	2,562,232	14,689,857
Investment income	251,035	264,148	1,248,047	1,763,230
Fines and forfeitures	573,162	-	-	573,162
Other revenue	1,068,098	-	318,911	1,387,009
Total Revenues	66,832,930	376,252	4,534,467	71,743,649
Expenditures				
Current				
Judicial	14,158,055	-	-	14,158,055
General government	1,974,907	-	-	1,974,907
Public safety	7,888,297	-	-	7,888,297
Public works	354,419	142,580	1,002,864	1,499,863
Health and welfare	78,502,527	-	-	78,502,527
Recreation and cultural	3,024,394	-	-	3,024,394
Capital outlay	1,415,413	-	15,259,620	16,675,033
Debt service				
Principal	-	4,470,000	-	4,470,000
Interest and fees	-	3,622,365	-	3,622,365
Total Expenditures	107,318,012	8,234,945	16,262,484	131,815,441
Excess of Revenues over (under) Expenditures	(40,485,082)	(7,858,693)	(11,728,017)	(60,071,792)
Other financing sources (uses)				
Transfers in	45,009,618	7,622,576	14,187,815	66,820,009
Transfers out	(3,635,244)	-	(14,220,096)	(17,855,340)
Total Other financing sources (uses)	41,374,374	7,622,576	(32,281)	48,964,669
Net change in fund balances	889,292	(236,117)	(11,760,298)	(11,107,123)
Fund Balances, beginning of year	21,653,946	7,666,450	40,766,577	70,086,973
Fund Balances, end of year	\$ 22,543,238	\$ 7,430,333	\$ 29,006,279	\$ 58,979,850

MACOMB COUNTY, MICHIGAN
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2006

	<u>Child Care (1)</u>	<u>COMET</u>	<u>Community Services Agency (1)</u>	<u>Emergency Management Grants</u>	<u>Friend of the Court (1)</u>
Assets					
Cash and pooled investments	\$ 2,255,913	\$ 1,041,036	\$ 1,871,851	\$ -	\$ 309,577
Accounts receivable, net	-	-	150,069	-	-
Due from other governments	868,292	-	157,439	1,095,162	503,183
Due from governmental funds	4,830	-	-	10,922	661
Other assets	47,033	13,296	-	43	-
Total Assets	\$ 3,176,068	\$ 1,054,332	\$ 2,179,359	\$ 1,106,127	\$ 813,421
Liabilities and Fund Balances					
Liabilities					
Accounts payable	\$ 1,325,979	\$ 30,726	\$ 487,142	\$ 45,428	\$ 5,778
Accrued compensation and benefits	-	-	8,836	-	-
Due to other governments	-	-	166	-	-
Due to governmental funds	-	-	-	1,049,777	-
Deferred revenue	-	-	-	-	726,882
Total Liabilities	1,325,979	30,726	496,144	1,095,205	732,660
Fund Balances					
Reserved					
Long-term receivables	-	-	-	-	-
Capital projects	-	-	-	-	-
Unreserved					
Designated					
Capital projects	-	-	-	-	-
Programs	-	1,023,606	1,683,215	10,922	-
Undesignated	1,850,089	-	-	-	80,761
Total Fund Balances	1,850,089	1,023,606	1,683,215	10,922	80,761
Total Liabilities and Fund Balances	\$ 3,176,068	\$ 1,054,332	\$ 2,179,359	\$ 1,106,127	\$ 813,421

(1) - Balance sheet as of September 30, 2006

MACOMB COUNTY, MICHIGAN
Combining Balance Sheet
Nonmajor Special Revenue Funds (continued)
December 31, 2006

	<u>Health Department</u>	<u>Health Grants (1)</u>	<u>County Library</u>	<u>Macomb/St. Clair Employment and Training</u>	<u>MSU Extension</u>
Assets					
Cash and pooled investments	\$ 2,440,351	\$ 733,194	\$ 542,762	\$ 2,411	\$ 407,746
Accounts receivable, net	26,712	-	13,863	-	4,748
Due from other governments	604,392	54,877	-	-	-
Due from governmental funds	-	-	-	-	-
Other assets	-	-	-	-	-
Total Assets	<u><u>\$ 3,071,455</u></u>	<u><u>\$ 788,071</u></u>	<u><u>\$ 556,625</u></u>	<u><u>\$ 2,411</u></u>	<u><u>\$ 412,494</u></u>
Liabilities and Fund Balances					
Liabilities					
Accounts payable	\$ 546,462	\$ 664,490	\$ 109,119	\$ 2,411	\$ 5,379
Accrued compensation and benefits	7,032	-	1,618	-	-
Due to other governments	17,908	115,663	-	-	-
Due to governmental funds	-	-	-	-	-
Deferred revenue	-	-	-	-	-
Total Liabilities	<u>571,402</u>	<u>780,153</u>	<u>110,737</u>	<u>2,411</u>	<u>5,379</u>
Fund Balances					
Reserved					
Long-term receivables		-	-	-	-
Capital projects	-	-	-	-	-
Unreserved					
Designated					
Capital projects	541,056	-	-	-	-
Programs	478,778	7,918	65,676	-	407,115
Undesignated	1,480,219	-	380,212	-	-
Total Fund Balances	<u>2,500,053</u>	<u>7,918</u>	<u>445,888</u>	<u>-</u>	<u>407,115</u>
Total Liabilities and Fund Balances	<u><u>\$ 3,071,455</u></u>	<u><u>\$ 788,071</u></u>	<u><u>\$ 556,625</u></u>	<u><u>\$ 2,411</u></u>	<u><u>\$ 412,494</u></u>

(1) - Balance sheet as of September 30, 2006

MACOMB COUNTY, MICHIGAN
Combining Balance Sheet
Nonmajor Special Revenue Funds (continued)
December 31, 2006

	<u>MSU Extension (1)</u>	<u>Prosecuting Attorney Grants</u>	<u>Prosecuting Attorney Grants (1)</u>	<u>Senior Citizens Services</u>
Assets				
Cash and pooled investments	\$ 191,718	\$ 36,284	\$ -	\$ 41,150
Accounts receivable, net	10,024	-	-	15,058
Due from other governments	83,436	23,570	77,554	-
Due from governmental funds	-	-	63,339	-
Other assets	-	-	-	-
Total Assets	<u>\$ 285,178</u>	<u>\$ 59,854</u>	<u>\$ 140,893</u>	<u>\$ 56,208</u>
 Liabilities and Fund Balances				
Liabilities				
Accounts payable	\$ 10,793	\$ 1,646	\$ 4,942	\$ 16,584
Accrued compensation and benefits	-	-	-	-
Due to other governments	-	21,391	-	-
Due to governmental funds	-	-	-	-
Deferred revenue	-	-	-	-
Total Liabilities	<u>10,793</u>	<u>23,037</u>	<u>4,942</u>	<u>16,584</u>
Fund Balances				
Reserved				
Long-term receivables	-	-	-	-
Capital projects	-	-	-	-
Unreserved				
Designated				
Capital projects	-	-	-	-
Programs	274,385	29,102	135,951	32,711
Undesignated	-	7,715	-	6,913
Total Fund Balances	<u>274,385</u>	<u>36,817</u>	<u>135,951</u>	<u>39,624</u>
Total Liabilities and Fund Balances	<u>\$ 285,178</u>	<u>\$ 59,854</u>	<u>\$ 140,893</u>	<u>\$ 56,208</u>

(1) - Balance sheet as of September 30, 2006

MACOMB COUNTY, MICHIGAN
Combining Balance Sheet
Nonmajor Special Revenue Funds (continued)
December 31, 2006

	<u>Senior Citizens Services (1)</u>	<u>Sheriff Grants</u>	<u>Sheriff Grants (1)</u>	<u>Social Welfare</u>
Assets				
Cash and pooled investments	\$ -	\$ 542,613	\$ -	\$ -
Accounts receivable, net	-	-	3,146	2,289,841
Due from other governments	5,012	236,493	980,414	138,475
Due from governmental funds	1,275	-	2,472	-
Other assets	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets	<u>\$ 6,287</u>	<u>\$ 779,106</u>	<u>\$ 986,032</u>	<u>\$ 2,428,316</u>
Liabilities and Fund Balances				
Liabilities				
Accounts payable	\$ 2,348	\$ 17,421	\$ 344,189	\$ 391,553
Accrued compensation and benefits	-	10,385	4,508	-
Due to other governments	-	220,223	-	201,000
Due to governmental funds	3,444	-	628,875	1,738,281
Deferred revenue	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>5,792</u>	<u>248,029</u>	<u>977,572</u>	<u>2,330,834</u>
Fund Balances				
Reserved				
Long-term receivables	-	-	-	-
Capital projects	-	-	-	-
Unreserved				
Designated				
Capital projects	-	-	-	-
Programs	495	531,077	8,460	-
Undesignated	-	-	-	97,482
	<u>-</u>	<u>-</u>	<u>-</u>	<u>97,482</u>
Total Fund Balances	<u>495</u>	<u>531,077</u>	<u>8,460</u>	<u>97,482</u>
Total Liabilities and Fund Balances	<u>\$ 6,287</u>	<u>\$ 779,106</u>	<u>\$ 986,032</u>	<u>\$ 2,428,316</u>

(1) - Balance sheet as of September 30, 2006

MACOMB COUNTY, MICHIGAN
Combining Balance Sheet
Nonmajor Special Revenue Funds (concluded)
December 31, 2006

	Urban County Block Grant	Veterans' Trust Fund (1)	Other Special Revenue	Total Special Revenue
Assets				
Cash and pooled investments	\$ 1,304,682	\$ 4,342	\$ 4,521,768	\$ 16,247,398
Accounts receivable, net	7,712,408	-	9,220	10,235,089
Due from other governments	44,687	-	378,699	5,251,685
Due from governmental funds	-	-	-	83,499
Other assets	-	-	-	60,372
Total Assets	\$ 9,061,777	\$ 4,342	\$ 4,909,687	\$ 31,878,043
Liabilities and Fund Balances				
Liabilities				
Accounts payable	\$ 14,936	\$ 2,010	\$ 549,480	\$ 4,578,816
Accrued compensation and benefits	-	-	-	32,379
Due to other governments	-	-	-	576,351
Due to governmental funds	-	-	-	3,420,377
Deferred revenue	-	-	-	726,882
Total Liabilities	14,936	2,010	549,480	9,334,805
Fund Balances				
Reserved				
Long-term receivables	7,712,318	-	-	7,712,318
Capital projects	1,245,547	-	4,160,561	5,406,108
Unreserved				
Designated				
Capital projects	-	-	-	541,056
Programs	-	2,332	184,653	4,876,396
Undesignated	88,976	-	14,993	4,007,360
Total Fund Balances	9,046,841	2,332	4,360,207	22,543,238
Total Liabilities and Fund Balances	\$ 9,061,777	\$ 4,342	\$ 4,909,687	\$ 31,878,043

(1) - Balance sheet as of September 30, 2006

MACOMB COUNTY, MICHIGAN
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Special Revenue Funds
Year Ended December 31, 2006

	Child Care (1)	COMET	Community Services Agency (1)	Emergency Management Grants	Friend of the Court (1)
Revenues					
Licenses and permits	\$ -	\$ -	\$ -	\$ -	\$ -
Federal & State grants	10,180,100	100,000	10,949,206	2,264,295	7,184,329
Other grants	-	-	-	-	-
Charges for services	1,214,216	19,739	1,807,710	-	657,346
Investment income	-	48,525	-	-	3,373
Fines and forfeitures	-	355,820	-	-	-
Other revenue	2,966	-	918,449	-	-
Total Revenues	11,397,282	524,084	13,675,365	2,264,295	7,845,048
Expenditures					
Current					
Judicial	-	-	-	-	10,850,907
General government	-	-	-	-	-
Public safety	-	443,627	-	1,553,963	-
Public works	-	-	-	-	-
Health and welfare	26,852,450	-	14,901,591	-	-
Recreation and cultural	-	-	-	-	-
Capital outlay	11,996	32,614	24,850	699,410	1,120
Total Expenditures	26,864,446	476,241	14,926,441	2,253,373	10,852,027
Excess of Revenues over (under) Expenditures	(15,467,164)	47,843	(1,251,076)	10,922	(3,006,979)
Other financing sources (uses)					
Transfers in	15,542,741	-	1,245,382	-	6,006,979
Transfers out	(75,577)	-	-	-	(3,000,000)
Total Other financing sources (uses)	15,467,164	-	1,245,382	-	3,006,979
Net change in fund balances	-	47,843	(5,694)	10,922	-
Fund Balances, beginning of year	1,850,089	975,763	1,688,909	-	80,761
Fund Balances, end of year	\$ 1,850,089	\$ 1,023,606	\$ 1,683,215	\$ 10,922	\$ 80,761

(1) - Year ended September 30, 2006

MACOMB COUNTY, MICHIGAN
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Special Revenue Funds (continued)
Year Ended December 31, 2006

	Health Department	Health Grants (1)	County Library	Employment and Training	MSU Extension
Revenues					
Licenses and permits	\$ 693,004	\$ 141,556	\$ -	\$ -	\$ -
Federal & State grants	5,796,473	2,974,619	55,791	-	-
Other grants	-	-	-	-	39,960
Charges for services	1,913,725	371,919	273,269	3,113,002	69,454
Investment income	-	-	-	-	-
Fines and forfeitures	-	-	48,099	-	-
Other revenue	41,524	-	-	-	-
Total Revenues	8,444,726	3,488,094	377,159	3,113,002	109,414
Expenditures					
Current					
Judicial	-	-	-	-	-
General government	-	-	-	-	-
Public safety	-	-	-	-	-
Public works	-	-	-	-	-
Health and welfare	21,313,986	3,847,990	-	3,113,002	107,271
Recreation and cultural	-	-	3,024,394	-	-
Capital outlay	391,174	40,794	17,682	-	-
Total Expenditures	21,705,160	3,888,784	3,042,076	3,113,002	107,271
Excess of Revenues over (under) Expenditures	(13,260,434)	(400,690)	(2,664,917)	-	2,143
Other financing sources (uses)					
Transfers in	13,410,156	365,400	2,672,042	-	200,773
Transfers out	-	-	-	-	(10,460)
Total Other financing sources (uses)	13,410,156	365,400	2,672,042	-	190,313
Net change in fund balances	149,722	(35,290)	7,125	-	192,456
Fund Balances, beginning of year	2,350,331	43,208	438,763	-	214,659
Fund Balances, end of year	\$ 2,500,053	\$ 7,918	\$ 445,888	\$ -	\$ 407,115

(1) - Year ended September 30, 2006

MACOMB COUNTY, MICHIGAN
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Special Revenue Funds (continued)
Year Ended December 31, 2006

	<u>MSU Extension (1)</u>	<u>Prosecuting Attorney Grants</u>	<u>Prosecuting Attorney Grants (1)</u>	<u>Senior Citizens Services</u>
Revenues				
Licenses and permits	\$ -	\$ -	\$ -	\$ -
Federal & State grants	486,353	142,817	1,227,982	113,500
Other grants	-	-	-	-
Charges for services	205,369	2,793	-	369,165
Investment income	-	1,970	-	-
Fines and forfeitures	-	-	94,732	-
Other revenue	-	-	50	-
Total Revenues	<u>691,722</u>	<u>147,580</u>	<u>1,322,764</u>	<u>482,665</u>
Expenditures				
Current				
Judicial	-	172,964	1,947,579	-
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Health and welfare	682,741	-	-	2,134,494
Recreation and cultural	-	-	-	-
Capital outlay	-	-	4,558	2,597
Total Expenditures	<u>682,741</u>	<u>172,964</u>	<u>1,952,137</u>	<u>2,137,091</u>
Excess of Revenues over (under) Expenditures	<u>8,981</u>	<u>(25,384)</u>	<u>(629,373)</u>	<u>(1,654,426)</u>
Other financing sources (uses)				
Transfers in	25,000	42,774	673,610	1,661,632
Transfers out	(190,313)	-	(100,000)	(3,788)
Total Other financing sources (uses)	<u>(165,313)</u>	<u>42,774</u>	<u>573,610</u>	<u>1,657,844</u>
Net change in fund balances	<u>(156,332)</u>	<u>17,390</u>	<u>(55,763)</u>	<u>3,418</u>
Fund Balances, beginning of year	<u>430,717</u>	<u>19,427</u>	<u>191,714</u>	<u>36,206</u>
Fund Balances, end of year	<u>\$ 274,385</u>	<u>\$ 36,817</u>	<u>\$ 135,951</u>	<u>\$ 39,624</u>

(1) - Year ended September 30, 2005

MACOMB COUNTY, MICHIGAN
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Special Revenue Funds (continued)
Year Ended December 31, 2006

	<u>Senior Citizens Services (1)</u>	<u>Sheriff Grants</u>	<u>Sheriff Grants (1)</u>	<u>Social Welfare</u>
Revenues				
Licenses and permits	\$ -	\$ -	\$ -	\$ -
Federal & State grants	46,100	933,218	2,781,315	1,182,640
Other grants	-	126,804	83,877	-
Charges for services	-	118,702	2,634	276,848
Investment income	-	-	-	-
Fines and forfeitures	-	74,511	-	-
Other revenue	-	-	-	-
Total Revenues	<u>46,100</u>	<u>1,253,235</u>	<u>2,867,826</u>	<u>1,459,488</u>
Expenditures				
Current				
Judicial	-	-	-	-
General government	-	-	-	-
Public safety	-	1,626,040	3,611,684	-
Public works	-	-	-	-
Health and welfare	55,052	-	-	2,619,576
Recreation and cultural	-	-	-	-
Capital outlay	-	144,173	39,794	-
Total Expenditures	<u>55,052</u>	<u>1,770,213</u>	<u>3,651,478</u>	<u>2,619,576</u>
Excess of Revenues over (under) Expenditures	<u>(8,952)</u>	<u>(516,978)</u>	<u>(783,652)</u>	<u>(1,160,088)</u>
Other financing sources (uses)				
Transfers in	8,952	284,490	791,353	1,160,088
Transfers out	-	-	(6,267)	-
Total Other financing sources (uses)	<u>8,952</u>	<u>284,490</u>	<u>785,086</u>	<u>1,160,088</u>
Net change in fund balances	<u>-</u>	<u>(232,488)</u>	<u>1,434</u>	<u>-</u>
Fund Balances, beginning of year	<u>495</u>	<u>763,565</u>	<u>7,026</u>	<u>97,482</u>
Fund Balances, end of year	<u>\$ 495</u>	<u>\$ 531,077</u>	<u>\$ 8,460</u>	<u>\$ 97,482</u>

(1) - Year ended September 30, 2006

MACOMB COUNTY, MICHIGAN
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Special Revenue Funds (concluded)
Year Ended December 31, 2006

	Urban County Block Grant	Veterans' Trust Fund (1)	Other Special Revenue	Total Special Revenue
Revenues				
Licenses and permits	\$ -	\$ -	\$ -	\$ 834,560
Federal & State grants	3,032,610	77,720	2,198,741	51,727,809
Other grants	-	-	-	250,641
Charges for services	696,287	473	1,014,974	12,127,625
Investment income	-	-	197,167	251,035
Fines and forfeitures	-	-	-	573,162
Other revenue	-	-	105,109	1,068,098
Total Revenues	3,728,897	78,193	3,515,991	66,832,930
Expenditures				
Current				
Judicial	-	-	1,186,605	14,158,055
General government	-	-	1,974,907	1,974,907
Public safety	-	-	652,983	7,888,297
Public works	354,419	-	-	354,419
Health and welfare	2,717,078	77,670	79,626	78,502,527
Recreation and cultural	-	-	-	3,024,394
Capital outlay	4,651	-	-	1,415,413
Total Expenditures	3,076,148	77,670	3,894,121	107,318,012
Excess of Revenues over (under) Expenditures	652,749	523	(378,130)	(40,485,082)
Other financing sources (uses)				
Transfers in	133,630	-	784,616	45,009,618
Transfers out	(79,000)	-	(169,839)	(3,635,244)
Total Other financing sources (uses)	54,630	-	614,777	41,374,374
Net change in fund balances	707,379	523	236,647	889,292
Fund Balances, beginning of year	8,339,462	1,809	4,123,560	21,653,946
Fund Balances, end of year	\$ 9,046,841	\$ 2,332	\$ 4,360,207	\$ 22,543,238

(1) - Year ended September 30, 2006

MACOMB COUNTY, MICHIGAN
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Child Care Fund
Year Ended September 30, 2006

	Final Budget	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
Revenues			
Federal & State grants	\$ 7,908,659	\$ 10,180,100	\$ 2,271,441
Charges for services	1,385,000	1,214,216	(170,784)
Other revenue	150	2,966	2,816
Total Revenues	9,293,809	11,397,282	2,103,473
Expenditures			
Salaries and fringe benefits	9,558,572	8,864,955	693,617
Operating	17,943,874	17,987,495	(43,621)
Capitla Outlay	18,244	11,996	6,248
Total Expenditures	27,520,690	26,864,446	656,244
Excess of Revenues over (under) Expenditures	(18,226,881)	(15,467,164)	2,759,717
Other financing sources (uses)			
Transfers in	18,340,247	15,542,741	(2,797,506)
Transfers out	(113,366)	(75,577)	37,789
Total Other financing sources (uses)	18,226,881	15,467,164	(2,759,717)
Net change in fund balances	-	-	-
Fund Balances, beginning of year	1,850,089	1,850,089	-
Fund Balances, end of year	\$ 1,850,089	\$ 1,850,089	\$ -

MACOMB COUNTY, MICHIGAN
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Community Services Agency
Year Ended September 30, 2006

	Final Budget	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
Revenues			
Licenses and permits	\$ -	\$ -	\$ -
Federal & State grants	10,891,533	10,949,206	57,673
Charges for services	1,862,295	1,807,710	(54,585)
Other revenue	1,033,046	918,449	(114,597)
Total Revenues	13,786,874	13,675,365	(111,509)
Expenditures			
Salaries and fringe benefits	7,832,970	7,804,003	28,967
Operating	7,154,109	7,097,588	56,521
Capital outlay	25,414	24,850	564
Total Expenditures	15,012,493	14,926,441	86,052
Excess of Revenues over (under) Expenditures	(1,225,619)	(1,251,076)	(25,457)
Other financing sources (uses)			
Transfers in	1,245,619	1,245,382	(237)
Transfers out	(20,000)	-	20,000
Total Other financing sources (uses)	1,225,619	1,245,382	19,763
Net change in fund balances	-	(5,694)	(5,694)
Fund Balances, beginning of year	1,688,909	1,688,909	-
Fund Balances, end of year	\$ 1,688,909	\$ 1,683,215	\$ (5,694)

MACOMB COUNTY, MICHIGAN
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Friend of the Court
Year Ended September 30, 2006

	Final Budget	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
Revenues			
Federal & State grants	\$ 7,435,479	\$ 7,184,329	\$ (251,150)
Charges for services	514,000	657,346	143,346
Investment income	-	3,373	3,373
Total Revenues	<u>7,949,479</u>	<u>7,845,048</u>	<u>(104,431)</u>
Expenditures			
Salaries and fringe benefits	8,966,739	8,651,158	315,581
Operating	3,083,299	2,199,749	883,550
Capital Outlay	20,000	1,120	18,880
Total Expenditures	<u>12,070,038</u>	<u>10,852,027</u>	<u>1,218,011</u>
Excess of Revenues over (under) Expenditures	<u>(4,120,559)</u>	<u>(3,006,979)</u>	<u>1,113,580</u>
Other financing sources (uses)			
Transfers in	7,120,559	6,006,979	(1,113,580)
Transfers out	(3,000,000)	(3,000,000)	-
Total Other financing sources (uses)	<u>4,120,559</u>	<u>3,006,979</u>	<u>(1,113,580)</u>
Net change in fund balances	-	-	-
Fund Balances, beginning of year	<u>80,761</u>	<u>80,761</u>	<u>-</u>
Fund Balances, end of year	<u><u>\$ 80,761</u></u>	<u><u>\$ 80,761</u></u>	<u><u>\$ -</u></u>

MACOMB COUNTY, MICHIGAN
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Health Department
Year Ended December 31, 2006

	Final Budget	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
Revenues			
Licenses and permits	648,401	\$ 693,004	\$ 44,603
Federal & State grants	6,716,325	5,796,473	(919,852)
Charges for services	1,832,462	1,913,725	81,263
Other revenue	92,867	41,524	(51,343)
Total Revenues	9,290,055	8,444,726	(845,329)
Expenditures			
Salaries and fringe benefits	14,900,703	13,049,014	1,851,689
Operating	10,673,486	8,264,972	2,408,514
Capital outlay	812,041	391,174	420,867
Total Expenditures	26,386,230	21,705,160	4,681,070
Excess of Revenues over (under) Expenditures	(17,096,175)	(13,260,434)	3,835,741
Other financing sources (uses)			
Transfers in	17,096,175	13,410,156	(3,686,019)
Total Other financing sources (uses)	17,096,175	13,410,156	(3,686,019)
Net change in fund balances	-	149,722	149,722
Fund Balances, beginning of year	2,455,421	2,350,331	-
Fund Balances, end of year	\$ 2,455,421	\$ 2,500,053	\$ 149,722

MACOMB COUNTY, MICHIGAN
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
County Library
Year Ended December 31, 2006

	Final Budget	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
Revenues			
Federal & State grants	\$ 70,901	\$ 55,791	\$ (15,110)
Charges for services	459,618	273,269	(186,349)
Fines and forfeitures	44,500	48,099	3,599
Total Revenues	575,019	377,159	(197,860)
Expenditures			
Salaries and fringe benefits	3,065,031	2,320,914	744,117
Operating	776,719	703,480	73,239
Capital Outlay	17,682	17,682	-
Total Expenditures	3,859,432	3,042,076	817,356
Excess of Revenues over (under) Expenditures	(3,284,413)	(2,664,917)	619,496
Other financing sources (uses)			
Transfers in	3,284,413	2,672,042	(612,371)
Total Other financing sources (uses)	3,284,413	2,672,042	(612,371)
Net change in fund balances	-	7,125	7,125
Fund Balances, beginning of year	444,786	438,763	-
Fund Balances, end of year	\$ 444,786	\$ 445,888	\$ 7,125

MACOMB COUNTY, MICHIGAN
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Senior Citizens Services
Year Ended December 31, 2006

	Final Budget	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
Revenues			
Federal & State grants	\$ 135,932	\$ 113,500	\$ (22,432)
Charges for services	327,964	369,165	41,201
Other revenue	736	-	(736)
Total Revenues	464,632	482,665	18,033
Expenditures			
Salaries and fringe benefits	1,875,194	1,753,993	121,201
Operating	433,666	380,501	53,165
Capital outlay	8,248	2,597	5,651
Total Expenditures	2,317,108	2,137,091	180,017
Excess of Revenues over (under) Expenditures	(1,852,476)	(1,654,426)	198,050
Other financing sources (uses)			
Transfers in	1,856,264	1,661,632	(194,632)
Transfers out	(3,788)	(3,788)	-
Total Other financing sources (uses)	1,852,476	1,657,844	(194,632)
Net change in fund balances	-	3,418	3,418
Fund Balances, beginning of year	26,629	36,206	-
Fund Balances, end of year	<u>\$ 26,629</u>	<u>\$ 39,624</u>	<u>\$ 3,418</u>

MACOMB COUNTY, MICHIGAN
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Senior Citizens Services
Year Ended September 30, 2006

	Final Budget	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
Revenues			
Federal & State grants	\$ 49,232	\$ 46,100	\$ (3,132)
Total Revenues	49,232	46,100	(3,132)
Expenditures			
Salaries and fringe benefits	49,514	48,394	1,120
Operating	9,718	6,658	3,060
Total Expenditures	59,232	55,052	4,180
Excess of Revenues over (under) Expenditures	(10,000)	(8,952)	1,048
Other financing sources (uses)			
Transfers in	10,000	8,952	(1,048)
Total Other financing sources (uses)	10,000	8,952	(1,048)
Net change in fund balances	-	-	-
Fund Balances, beginning of year	-	495	-
Fund Balances, end of year	\$ -	\$ 495	\$ -

MACOMB COUNTY, MICHIGAN
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Social Welfare Fund
Year Ended December 31, 2006

	Final Budget	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
Revenues			
Federal & State grants	\$ 1,500,000	\$ 1,182,640	\$ (317,360)
Charges for services	400,000	276,848	(123,152)
Total Revenues	<u>1,900,000</u>	<u>1,459,488</u>	<u>(440,512)</u>
Expenditures			
Operating	<u>3,479,133</u>	<u>2,619,576</u>	<u>859,557</u>
Total Expenditures	<u>3,479,133</u>	<u>2,619,576</u>	<u>859,557</u>
Excess of Revenues over (under) Expenditures	<u>(1,579,133)</u>	<u>(1,160,088)</u>	<u>419,045</u>
Other financing sources (uses)			
Transfers in	<u>1,579,133</u>	<u>1,160,088</u>	<u>(419,045)</u>
Total Other financing sources (uses)	<u>1,579,133</u>	<u>1,160,088</u>	<u>(419,045)</u>
Net change in fund balances	-	-	-
Fund Balances, beginning of year	<u>97,482</u>	<u>97,482</u>	-
Fund Balances, end of year	<u>\$ 97,482</u>	<u>\$ 97,482</u>	<u>\$ -</u>

MACOMB COUNTY, MICHIGAN

December 31, 2006

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.
District Court Building	To account for the construction of a court facility in the City of New Baltimore.
E-911 Radio System	To account for the construction of a high frequency emergency communications system.
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, 2006

	Bridge Program	Clemens Center	District Court Building	E-911 Radio System
Assets				
Cash and pooled investments	\$ 7,895,176	\$ 35,444	\$ 5,068,225	\$ 1,629,055
Accounts receivable, net	-	-	-	-
Due from other governments	-	-	-	-
Other assets	-	-	-	-
Total Assets	\$ 7,895,176	\$ 35,444	\$ 5,068,225	\$ 1,629,055
 Liabilities and Fund Balances				
Liabilities				
Accounts payable	\$ 81,555	-	21,974	\$ 6,160
Accrued liabilities	-	-	-	-
Total Liabilities	81,555	-	21,974	6,160
Fund Balances				
Reserved				
Capital projects	7,813,621	35,444	5,046,251	1,622,895
Unreserved				
Designated - Capital projects	-	-	-	-
Total Fund Balances	7,813,621	35,444	5,046,251	1,622,895
Total Liabilities and Fund Balances	\$ 7,895,176	\$ 35,444	\$ 5,068,225	\$ 1,629,055

MACOMB COUNTY, MICHIGAN
Combining Balance Sheet
Nonmajor Capital Projects Funds
December 31, 2006

	Martha T Berry Renovation	Public Works Building	Verkuilen Bldg Renovation	Warehouse
Assets				
Cash and pooled investments	\$ 82,428	\$ 4,072,875	\$ 36,108	\$ 155
Accounts receivable, less allowance for Due from other governments	-	-	-	-
Other assets	-	-	-	-
Total Assets	\$ 82,428	\$ 4,072,875	\$ 36,108	\$ 155
Liabilities and Fund Balances				
Liabilities				
Accounts payable	\$ 81,928	\$ 357,771	\$ -	\$ -
Accrued liabilities	-	359,272	-	-
Total Liabilities	81,928	717,043	-	-
Fund Balances				
Reserved				
Capital projects	500	3,355,832	36,108	155
Unreserved				
Designated - Capital projects	-	-	-	-
Total Fund Balances	500	3,355,832	36,108	155
Total Liabilities and Fund Balances	\$ 82,428	\$ 4,072,875	\$ 36,108	\$ 155

MACOMB COUNTY, MICHIGAN
Combining Balance Sheet
Nonmajor Capital Projects Funds
December 31, 2006

	<u>Youth Home Renovation</u>	<u>General County Capital Projects</u>	<u>Totals</u>
Assets			
Cash and pooled investments	\$ 975,178	\$ 10,292,217	\$ 30,086,861
Accounts receivable, net	-	141,339	141,339
Due from other governments	-	63,761	63,761
Other assets	-	110,371	110,371
	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 975,178</u>	<u>\$ 10,607,688</u>	<u>\$ 30,402,332</u>
Liabilities and Fund Balances			
Liabilities			
Accounts payable	\$ 20,200	\$ 337,990	\$ 907,578
Accrued liabilities	100,000	29,203	488,475
	<u> </u>	<u> </u>	<u> </u>
Total Liabilities	<u>120,200</u>	<u>367,193</u>	<u>1,396,053</u>
Fund Balances			
Reserved			
Capital projects	854,978	-	18,765,784
Unreserved			
Designated - Capital projects	-	10,240,495	10,240,495
	<u> </u>	<u> </u>	<u> </u>
Total Fund Balances	<u>854,978</u>	<u>10,240,495</u>	<u>29,006,279</u>
Total Liabilities and Fund Balances	<u>\$ 975,178</u>	<u>\$ 10,607,688</u>	<u>\$ 30,402,332</u>

MACOMB COUNTY, MICHIGAN
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Capital Projects Funds
Year Ended December 31, 2006

	<u>Bridge Program</u>	<u>Clemens Center</u>	<u>District Court Building</u>	<u>E-911 Radio System</u>
Revenues				
Federal & State grants	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	3,900	-
Investment income	420,019	-	-	377,416
Other revenue	-	-	-	-
Total Revenues	<u>420,019</u>	<u>-</u>	<u>3,900</u>	<u>377,416</u>
Expenditures				
Current				
Public works	1,002,864	-	-	-
Capital outlay	-	-	873,529	3,733,502
Total Expenditures	<u>1,002,864</u>	<u>-</u>	<u>873,529</u>	<u>3,733,502</u>
Excess of Revenues over (under) Expenditures	<u>(582,845)</u>	<u>-</u>	<u>(869,629)</u>	<u>(3,356,086)</u>
Other financing sources (uses)				
Issuance of debt	-	-	-	-
Transfers in	-	-	144,000	78,278
Transfers out	(399,104)	-	-	-
Total Other financing sources (uses)	<u>(399,104)</u>	<u>-</u>	<u>144,000</u>	<u>78,278</u>
Net change in fund balances	<u>(981,949)</u>	<u>-</u>	<u>(725,629)</u>	<u>(3,277,808)</u>
Fund Balances, beginning of year	<u>8,795,570</u>	<u>35,444</u>	<u>5,771,880</u>	<u>4,900,703</u>
Fund Balances, end of year	<u>\$ 7,813,621</u>	<u>\$ 35,444</u>	<u>\$ 5,046,251</u>	<u>\$ 1,622,895</u>

MACOMB COUNTY, MICHIGAN
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Capital Projects Funds
Year Ended December 31, 2006

	<u>Martha T Berry Renovation</u>	<u>Public Works Building</u>	<u>Verkuilen Bldg Renovation</u>	<u>Warehouse</u>
Revenues				
Federal & State grants	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	-
Investment income	6,316	115,749	-	-
Other revenue	-	-	-	-
Total Revenues	<u>6,316</u>	<u>115,749</u>	<u>-</u>	<u>-</u>
Expenditures				
Current				
Public works	-	-	-	-
Capital outlay	2,415,405	2,338,907	-	188,735
Total Expenditures	<u>2,415,405</u>	<u>2,338,907</u>	<u>-</u>	<u>188,735</u>
Excess of Revenues over (under) Expenditures	<u>(2,409,089)</u>	<u>(2,223,158)</u>	<u>-</u>	<u>(188,735)</u>
Other financing sources (uses)				
Issuance of debt	-	-	-	-
Transfers in	892,260	2,885,925	-	188,890
Transfers out	-	(237,337)	-	-
Total Other financing sources (uses)	<u>892,260</u>	<u>2,648,588</u>	<u>-</u>	<u>188,890</u>
Net change in fund balances	<u>(1,516,829)</u>	<u>425,430</u>	<u>-</u>	<u>155</u>
Fund Balances, beginning of year	<u>1,517,329</u>	<u>2,930,402</u>	<u>36,108</u>	<u>-</u>
Fund Balances, end of year	<u>\$ 500</u>	<u>\$ 3,355,832</u>	<u>\$ 36,108</u>	<u>\$ 155</u>

MACOMB COUNTY, MICHIGAN
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Capital Projects Funds
Year Ended December 31, 2006

	<u>Youth Home Renovation</u>	<u>General County Capital Projects</u>	<u>Totals</u>
Revenues			
Federal & State grants	\$ -	\$ 405,277	\$ 405,277
Charges for services	-	2,558,332	2,562,232
Investment income	51,580	276,967	1,248,047
Other revenue	-	318,911	318,911
	<u>51,580</u>	<u>3,559,487</u>	<u>4,534,467</u>
Expenditures			
Current			
Public works	-	-	1,002,864
Capital outlay	248,612	5,460,930	15,259,620
	<u>248,612</u>	<u>5,460,930</u>	<u>16,262,484</u>
Excess of Revenues over (under) Expenditures	<u>(197,032)</u>	<u>(1,901,443)</u>	<u>(11,728,017)</u>
Other financing sources (uses)			
Issuance of debt	-	-	-
Transfers in	-	9,998,462	14,187,815
Transfers out	-	(13,583,655)	(14,220,096)
	<u>-</u>	<u>(3,585,193)</u>	<u>(32,281)</u>
Net change in fund balances	(197,032)	(5,486,636)	(11,760,298)
Fund Balances, beginning of year	<u>1,052,010</u>	<u>15,727,131</u>	<u>40,766,577</u>
Fund Balances, end of year	<u>\$ 854,978</u>	<u>\$ 10,240,495</u>	<u>\$ 29,006,279</u>

MACOMB COUNTY, MICHIGAN

December 31, 2006

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, 2006

	<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	\$ 6,242,876	\$ 5,303,557	\$ 5,485,126	\$ 9,321,841	\$ 26,353,400
Receivables:					
Trade accounts, net	-	65,014	-	-	65,014
Inventories	-	389,126	-	-	389,126
Due from other governments	-	398,487	-	-	398,487
Other assets	-	96,001	153,165	80,000	329,166
Total current assets	<u>6,242,876</u>	<u>6,252,185</u>	<u>5,638,291</u>	<u>9,401,841</u>	<u>27,535,193</u>
Noncurrent assets					
Capital assets, net:					
Assets being depreciated	-	1,123,378	-	-	1,123,378
Construction in progress	-	1,359,015	-	-	1,359,015
Total noncurrent assets	<u>-</u>	<u>2,482,393</u>	<u>-</u>	<u>-</u>	<u>2,482,393</u>
Total Assets	<u>6,242,876</u>	<u>8,734,578</u>	<u>5,638,291</u>	<u>9,401,841</u>	<u>30,017,586</u>
LIABILITIES					
Current liabilities					
Accounts payable	\$ -	\$ 225,929	\$ 312,294	\$ 72,569	\$ 610,792
Compensated absences	1,000,000	-	-	-	1,000,000
Claims and judgements	-	-	850,000	900,000	1,750,000
Total current liabilities	<u>1,000,000</u>	<u>225,929</u>	<u>1,162,294</u>	<u>972,569</u>	<u>3,360,792</u>
Noncurrent liabilities					
Claims and judgements	-	-	3,921,237	742,061	4,663,298
Compensated absences	5,242,876	-	-	-	5,242,876
Advances from other funds	-	300,000	-	-	300,000
Total noncurrent liabilities	<u>5,242,876</u>	<u>300,000</u>	<u>3,921,237</u>	<u>742,061</u>	<u>10,206,174</u>
Total Liabilities	<u>6,242,876</u>	<u>525,929</u>	<u>5,083,531</u>	<u>1,714,630</u>	<u>13,566,966</u>
NET ASSETS					
Investment in capital assets, net of related debt	-	2,482,393	-	-	2,482,393
Unrestricted	-	5,726,256	554,760	7,687,211	13,968,227
Total Net Assets	<u>\$ -</u>	<u>\$ 8,208,649</u>	<u>\$ 554,760</u>	<u>\$ 7,687,211</u>	<u>\$ 16,450,620</u>

MACOMB COUNTY, MICHIGAN
Combining Statement of Revenues, Expenses and Changes in Net Assets
Internal Service Funds
Year Ended December 31, 2006

	<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	\$ 1,504,406	\$ 5,301,217	\$ 1,430,985	\$ 713,565	\$ 8,950,173
Operating Expenses					
Benefits and claims expenses	1,504,406	-	4,245,598	790,649	6,540,653
Supplies and services	-	5,019,895	-	-	5,019,895
Depreciation	-	450,050	-	-	450,050
Total operating expenses	<u>1,504,406</u>	<u>5,469,945</u>	<u>4,245,598</u>	<u>790,649</u>	<u>12,010,598</u>
Operating income	-	(168,728)	(2,814,613)	(77,084)	(3,060,425)
Nonoperating revenues					
Loss on sale of assets	-	(6,066)	-	-	(6,066)
Total nonoperating revenues	<u>-</u>	<u>(6,066)</u>	<u>-</u>	<u>-</u>	<u>(6,066)</u>
Income before operating transfers	<u>-</u>	<u>(174,794)</u>	<u>(2,814,613)</u>	<u>(77,084)</u>	<u>(3,066,491)</u>
Transfers					
Transfers in	-	1,682,317	100,000	-	1,782,317
Net Operating Transfers	<u>-</u>	<u>1,682,317</u>	<u>100,000</u>	<u>-</u>	<u>1,782,317</u>
Increase (Decrease) in net assets	-	1,507,523	(2,714,613)	(77,084)	(1,284,174)
Net assets, beginning of year	<u>-</u>	<u>6,701,126</u>	<u>3,269,373</u>	<u>7,764,295</u>	<u>17,734,794</u>
Net assets, end of year	<u>\$ -</u>	<u>\$ 8,208,649</u>	<u>\$ 554,760</u>	<u>\$ 7,687,211</u>	<u>\$ 16,450,620</u>

MACOMB COUNTY, MICHIGAN
Combining Statement of Cash Flows - Internal Service Funds
Year Ended December 31, 2006

	<u>Compensated Absences</u>	<u>Equipment Revolving</u>	<u>General Liability Insurance</u>	<u>Workers' Compensation</u>	<u>Totals</u>
Cash Flows from Operating Activities					
Cash received from customers	\$ -	\$ 70,745	\$ -		\$ 70,745
Cash received from interfund services	1,504,406	5,156,252	1,430,985	713,565	8,805,208
Cash payments to employees	(1,504,406)	(1,393)	-	-	(1,505,799)
Cash payments to suppliers	-	(5,395,394)	(1,993,048)	(865,545)	(8,253,987)
Net cash provided by Operating Activities	-	(169,790)	(562,063)	(151,980)	(883,833)
Cash Flows From Noncapital Financing Activities					
Transfers in	-	1,682,317	100,000	-	1,782,317
Net cash provided by (used in) Noncapital Financing Activities	-	1,682,317	100,000	-	1,782,317
Cash Flows From Capital and Related Financing Activities					
Acquisition of capital assets	-	(1,765,220)	-	-	(1,765,220)
Net Cash used in Capital and Related Financing Activities	-	(1,765,220)	-	-	(1,765,220)
Decrease in cash and short-term investments	-	(252,693)	(462,063)	(151,980)	(866,736)
Cash and cash equivalents, beginning of year	6,242,876	5,556,250	5,947,189	9,473,821	27,220,136
Cash and cash equivalents, end of year	<u>\$ 6,242,876</u>	<u>\$ 5,303,557</u>	<u>\$ 5,485,126</u>	<u>\$ 9,321,841</u>	<u>\$ 26,353,400</u>
Reconciliation of operating income to net cash provided (used) by operating activities					
Operating loss	\$ -	\$ (174,794)	\$ (2,814,613)	\$ (77,084)	\$ (3,066,491)
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:					
Depreciation	-	450,050	-	-	450,050
Loss on sale of assets	-	6,066	-	-	6,066
Decrease in accounts receivable	-	12,033	-	-	12,033
Decrease in inventory	-	23,343	-	-	23,343
Increase in amounts due from other governments	-	(76,246)	-	-	(76,246)
Decrease (Increase) in other assets	-	19,993	(576)	620	20,037
Increase (decrease) in accounts payable	-	(394,169)	165,779	72,569	(155,821)
Increase in accrued employee benefits	-	(1,393)	-	-	(1,393)
Decrease in amounts due to other governments	-	(4,673)	-	-	(4,673)
Decrease in advances from other funds	-	(30,000)	-	-	(30,000)
Increase (decrease) in accrued claims and judgements	-	-	2,087,347	(148,085)	1,939,262
Net cash provided by Operating Activities	<u>\$ -</u>	<u>\$ (169,790)</u>	<u>\$ (562,063)</u>	<u>\$ (151,980)</u>	<u>\$ (883,833)</u>

MACOMB COUNTY, MICHIGAN

December 31, 2006

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
December 31, 2006

	<u>Employees'</u> <u>Retirement Fund</u>	<u>Retiree Health</u> <u>Care Fund</u>	<u>Total</u>
ASSETS			
Cash and pooled investments	\$ 30,461,337	\$ 93,200	\$ 30,554,537
Receivables			
Accrued interest	1,400,708	482,243	1,882,951
Other	569,870	5,779	575,649
	<u>1,970,578</u>	<u>488,022</u>	<u>2,458,600</u>
Total receivables			2,458,600
Investments, at fair value			
US Government obligations	16,420,644	-	16,420,644
Corporate Bonds	53,891,182	-	53,891,182
Preferred Stock	32,513,184	-	32,513,184
Common Stock	340,840,936	399,746	341,240,682
Foreign Stock	126,528,937	16,089,493	142,618,430
Limited partnerships	20,938,656	-	20,938,656
Mutual funds	226,569,602	92,871,863	319,441,465
	<u>817,703,141</u>	<u>109,361,102</u>	<u>927,064,243</u>
Total investments			927,064,243
Securities lending collateral	51,020,847	-	51,020,847
Due from governmental funds	513,166	-	513,166
Due from fiduciary funds	538,086	-	538,086
	<u>51,020,847</u>	<u>-</u>	<u>51,020,847</u>
Total Assets	<u>902,207,155</u>	<u>109,942,324</u>	<u>1,012,149,479</u>
LIABILITIES			
Accounts payable	1,179,713	65,270	1,244,983
Due to fiduciary funds	904,270	3,400,836	4,305,106
Obligations under securities lending	51,020,847	-	51,020,847
	<u>53,104,830</u>	<u>3,466,106</u>	<u>56,570,936</u>
Total Liabilities			56,570,936
NET ASSETS			
Net assets held in trust for pension and other postemployment benefits	<u>\$ 849,102,325</u>	<u>\$ 106,476,218</u>	<u>\$ 955,578,543</u>

MACOMB COUNTY, MICHIGAN
Combining Statement of Changes In Fiduciary Net Assets
Pension and Other Employee Benefit Trust Funds
Year Ended December 31, 2006

	<u>Employees'</u> <u>Retirement Fund</u>	<u>Retiree Health</u> <u>Care Fund</u>	<u>Total</u>
ADDITIONS			
Contributions			
Employer	\$ 20,215,000	\$ 9,440,450	\$ 29,655,450
Employee	5,897,034	558,390	6,455,424
	<hr/>	<hr/>	<hr/>
Total contributions	26,112,034	9,998,840	36,110,874
	<hr/>	<hr/>	<hr/>
Investment income			
Net appreciation in fair value of assets	102,106,547	12,964,395	115,070,942
Interest	4,447,364	-	4,447,364
Dividends	7,718,173	3,784,235	11,502,408
Securities lending	279,096	-	279,096
	<hr/>	<hr/>	<hr/>
	114,551,180	16,748,630	131,299,810
Less investment expenses			
Management and custodial fees	2,889,289	-	2,889,289
Securities lending agent fees	107,137	-	107,137
	<hr/>	<hr/>	<hr/>
Net investment income	111,554,754	16,748,630	128,303,384
	<hr/>	<hr/>	<hr/>
Total additions	137,666,788	26,747,470	164,414,258
	<hr/>	<hr/>	<hr/>
DEDUCTIONS			
Benefit payments	35,788,069	9,926,605	45,714,674
Refunds of contributions	279,609	-	279,609
Administrative expense	185,972	72,235	258,207
	<hr/>	<hr/>	<hr/>
Total deductions	36,253,650	9,998,840	46,252,490
	<hr/>	<hr/>	<hr/>
Net increase in net assets	101,413,138	16,748,630	118,161,768
	<hr/>	<hr/>	<hr/>
NET ASSETS			
Beginning of year	747,689,187	89,727,588	837,416,775
	<hr/>	<hr/>	<hr/>
End of year	\$ 849,102,325	\$ 106,476,218	\$ 955,578,543
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

MACOMB COUNTY, MICHIGAN
Combining Statement of Fiduciary Net Assets
Agency Funds
December 31, 2006

	<u>Trust and Agency</u>	<u>Payroll and Benefits</u>	<u>Miscellaneous Agency Funds</u>	<u>Total</u>
ASSETS				
Cash and pooled investments	\$ 6,051,561	\$ 5,055,461	\$ 3,545,245	\$ 14,652,267
Receivables				
Other	1,724	953,380	1,862,811	2,817,915
	<u>1,724</u>	<u>953,380</u>	<u>1,862,811</u>	<u>2,817,915</u>
Total receivables	1,724	953,380	1,862,811	2,817,915
Due from fiduciary funds	113,415	3,653,605	-	3,767,020
Other assets	133	51,484	-	51,617
	<u>133</u>	<u>51,484</u>	<u>-</u>	<u>51,617</u>
Total Assets	<u>\$ 6,166,833</u>	<u>\$ 9,713,930</u>	<u>\$ 5,408,056</u>	<u>\$ 21,288,819</u>
LIABILITIES				
Accounts payable	\$ 438,556	\$ 9,098,374	\$ 107,826	\$ 9,644,756
Accrued compensation and benefits	-	615,556	-	615,556
Deposits	3,102,536	-	2,656,988	5,759,524
Due to other governments	2,625,741	-	2,643,242	5,268,983
	<u>2,625,741</u>	<u>-</u>	<u>2,643,242</u>	<u>5,268,983</u>
Total Liabilities	<u>\$ 6,166,833</u>	<u>\$ 9,713,930</u>	<u>\$ 5,408,056</u>	<u>\$ 21,288,819</u>

MACOMB COUNTY, MICHIGAN
Statement of Changes in Assets and Liabilities
Trust and Agency Fund
Year Ended December 31, 2006

	<u>Balance 12/31/2005</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 12/31/2006</u>
ASSETS				
Cash and pooled investments	\$ 21,893,645	\$ 115,888,026	\$ 131,730,110	\$ 6,051,561
Receivables				
Other	680,301	38,603	717,180	1,724
Total receivables	680,301	38,603	717,180	1,724
Due from fiduciary funds	113,416	30,727	30,728	113,415
Other assets	4,843	146,864	151,574	133
Total Assets	<u>\$ 22,692,205</u>	<u>\$ 116,104,220</u>	<u>\$ 132,629,592</u>	<u>\$ 6,166,833</u>
LIABILITIES				
Accounts payable	\$ 724,844	\$ 42,804,804	\$ 43,091,092	\$ 438,556
Accrued compensation and benefits	-	5,221,706	5,221,706	-
Deposits	8,899,665	25,368,179	31,165,308	3,102,536
Due to other governments	3,196,925	30,010,019	30,581,203	2,625,741
Due to business-type units	9,870,771	52,177,866	62,048,637	-
Total Liabilities	<u>\$ 22,692,205</u>	<u>\$ 155,582,574</u>	<u>\$ 172,107,946</u>	<u>\$ 6,166,833</u>

MACOMB COUNTY, MICHIGAN
Statement of Changes in Assets and Liabilities
Payroll and Benefits Agency Funds
Year Ended December 31, 2006

	<u>Balance 12/31/2005</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 12/31/2006</u>
ASSETS				
Cash and pooled investments	\$ 5,962,283	\$ 211,834,078	\$ 212,740,900	\$ 5,055,461
Receivables				
Other	892,088	249,872	188,580	953,380
Total receivables	892,088	249,872	188,580	953,380
Due from business-type units	-			-
Due from fiduciary funds	1,199,358	8,957,302	6,503,055	3,653,605
Other assets	-	51,484	-	51,484
Total Assets	<u>\$ 8,053,729</u>	<u>\$ 221,092,736</u>	<u>\$ 219,432,535</u>	<u>\$ 9,713,930</u>
LIABILITIES				
Accounts payable	\$ 7,060,508	\$ 14,764,155	\$ 12,726,289	\$ 9,098,374
Accrued compensation and benefits	993,221	50,825,423	51,203,088	615,556
Due to governmental funds	-	286,487	286,487	-
Total Liabilities	<u>\$ 8,053,729</u>	<u>\$ 65,876,065</u>	<u>\$ 64,215,864</u>	<u>\$ 9,713,930</u>

MACOMB COUNTY, MICHIGAN
Statement of Changes in Assets and Liabilities
Miscellaneous Agency Funds
Year Ended December 31, 2006

	<u>Balance</u> <u>12/31/2005</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>12/31/2006</u>
ASSETS				
Cash and pooled investments	\$ 3,206,059	\$ 682,783,419	\$ 682,444,233	\$ 3,545,245
Receivables				
Other	1,837,866	6,366,413	6,341,468	1,862,811
Total receivables	1,837,866	6,366,413	6,341,468	1,862,811
Total Assets	<u>\$ 5,043,925</u>	<u>\$ 689,149,832</u>	<u>\$ 688,785,701</u>	<u>\$ 5,408,056</u>
LIABILITIES				
Accounts payable	\$ 44,470	\$ 176,031,529	\$ 175,968,173	\$ 107,826
Deposits	2,289,746	2,627,040	2,259,798	2,656,988
Due to other governments	2,709,709	173,063,492	173,129,959	2,643,242
Total Liabilities	<u>\$ 5,043,925</u>	<u>\$ 351,722,061</u>	<u>\$ 351,357,930</u>	<u>\$ 5,408,056</u>

MACOMB COUNTY, MICHIGAN

December 31, 2006

Statistical Section - Unaudited

UNAUDITED

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

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Governmental activities					
Invested in capital assets, net of accumulated debt	\$ 64,025	\$ 84,830	\$ 103,037	\$ 110,592	\$ 99,280
Restricted	37,717	27,338	64,780	97,573	117,133
Unrestricted	<u>111,874</u>	<u>112,919</u>	<u>88,024</u>	<u>61,479</u>	<u>50,704</u>
Total governmental activities net assets	<u>213,616</u>	<u>225,087</u>	<u>255,841</u>	<u>269,644</u>	<u>267,118</u>
Business-type activities					
Invested in capital assets, net of accumulated debt	3,157	2,574	2,556	6,745	24,214
Restricted	6,309	6,236	6,354	6,411	6,724
Unrestricted	<u>90,389</u>	<u>86,844</u>	<u>85,159</u>	<u>83,860</u>	<u>82,539</u>
Total business-type units net assets	<u>99,855</u>	<u>95,654</u>	<u>94,069</u>	<u>97,016</u>	<u>113,477</u>
Primary Government					
Invested in capital assets, net of accumulated debt	67,182	87,404	105,593	117,337	123,494
Restricted	44,026	33,574	71,134	103,984	123,857
Unrestricted	<u>202,263</u>	<u>199,763</u>	<u>173,183</u>	<u>145,339</u>	<u>133,244</u>
Total primary government net assets	<u>\$ 313,471</u>	<u>\$ 320,741</u>	<u>\$ 349,910</u>	<u>\$ 366,660</u>	<u>\$ 380,594</u>

(A) - The County implemented GASB Statement No. 34 as of and for the year ended December 31, 2002. Data prior to that date is not available.

Source: Macomb County Finance Department

UNAUDITED

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

	2002	2003	2004	2005	2006
Expenses					
Governmental activities					
Legislative	\$ 1,715	\$ 1,833	\$ 1,958	\$ 2,077	\$ 2,250
Judicial	31,820	32,074	32,738	37,466	40,052
General Government	39,247	39,443	47,040	52,597	60,249
Public safety	51,446	53,912	60,513	67,118	73,774
Public works	319	3,657	2,134	953	1,500
Health and welfare	61,742	61,776	71,578	76,036	81,220
Recreation and culture	2,805	3,503	2,983	2,976	3,096
Other activities	2,917	5,389	2,374	-	-
Interest on long-term debt	2,425	2,896	3,423	3,763	3,637
Total governmental activities expenses	194,436	204,483	224,741	242,986	265,779
Business-type activities					
Delinquent tax collections	718	546	866	703	699
Community Mental Health	126,422	135,124	138,755	145,169	171,380
Martha T Berry Medical Care Facility	17,410	18,967	19,026	18,017	19,999
Freedom Hill Park	1,012	1,063	1,130	1,131	1,127
Total business-type activities expenses	145,562	155,700	159,777	165,020	193,204
Total primary government expenses	339,998	360,183	384,518	408,006	458,984
Program revenues					
Governmental activities					
Charges for services					
Judicial	5,593	5,797	6,060	6,666	6,973
General Government	16,658	19,730	18,439	20,085	15,118
Public safety	7,407	8,078	8,812	8,931	12,736
Health and welfare	11,198	12,960	12,821	11,474	11,836
Recreation and culture	-	286	309	310	321
Operating grants and contributions	44,996	43,500	50,190	54,003	56,334
Capital grants and contributions	716	232	3,198	1,538	3,813
Total governmental activities program revenues	86,568	90,583	99,829	103,007	107,130
Business-type activities					
Charges for services					
Delinquent tax collections	6,830	7,401	7,465	6,366	8,211
Community Mental Health	82,650	93,752	97,609	139,403	161,597
Martha T Berry Medical Care Facility	13,723	14,260	13,366	12,340	13,880
Freedom Hill Park	223	259	242	264	254
Operating grants and contributions	38,543	35,907	35,803	288	2,927
Total business-type activities program revenues	141,969	151,579	154,485	158,661	186,869
Total primary government program revenues	228,537	242,162	254,314	261,668	293,999
Net (Expense) Revenue					
Governmental activities	(107,868)	(113,900)	(124,912)	(139,979)	(158,649)
Business-type activities	(3,593)	(4,121)	(5,292)	(6,359)	(6,335)
Total primary government net expenses	\$ (111,461)	\$ (118,021)	\$ (130,204)	\$ (146,338)	\$ (164,984)

(A) - The County implemented GASB Statement No. 34 as of and for the year ended December 31, 2002.
Data prior to that date is not available.

Source: Macomb County Finance Department

UNAUDITED

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

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
General Revenues					
Governmental activities					
Property taxes	\$ 96,531	\$ 104,047	\$ 145,946	\$ 153,326	\$ 164,855
Intergovernmental revenues - restricted	-	-	-	493	-
Intergovernmental revenues - unrestricted	18,454	16,351	8,260	1,943	2,263
Investment earnings	5,711	4,152	3,433	6,456	9,529
Gain (loss) on sale of assets	8	(3)	-	-	-
Transfers	<u>(101,422)</u>	<u>825</u>	<u>(1,974)</u>	<u>(8,435)</u>	<u>(20,525)</u>
Total governmental activities	<u>19,282</u>	<u>125,372</u>	<u>155,665</u>	<u>153,783</u>	<u>156,122</u>
Business-type activities					
Investment earnings	2,059	1,106	1,052	1,856	3,060
Transfers	<u>101,389</u>	<u>(1,184)</u>	<u>2,655</u>	<u>7,449</u>	<u>19,735</u>
Total business-type activities	<u>103,448</u>	<u>(78)</u>	<u>3,707</u>	<u>9,305</u>	<u>22,795</u>
Total primary government	<u>122,730</u>	<u>125,294</u>	<u>159,372</u>	<u>163,088</u>	<u>178,917</u>
Change in Net Assets					
Governmental activities	(88,586)	11,472	30,753	13,804	(2,527)
Business-type activities	<u>99,855</u>	<u>(4,199)</u>	<u>(1,585)</u>	<u>2,946</u>	<u>16,460</u>
Total primary government net revenue	<u>\$ 11,269</u>	<u>\$ 7,273</u>	<u>\$ 29,168</u>	<u>\$ 16,750</u>	<u>\$ 13,933</u>

(A) - The County implemented GASB Statement No. 34 as of and for the year ended December 31, 2002.
 Data prior to that date is not available.

Source: Macomb County Finance Department

UNAUDITED

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

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
General Fund					
Reserved	\$ 1,365	\$ 300	\$ 300	\$ 300	\$ 300
Unreserved	<u>59,056</u>	<u>65,214</u>	<u>62,439</u>	<u>53,302</u>	<u>46,012</u>
Total general fund	<u>\$ 60,421</u>	<u>\$ 65,514</u>	<u>\$ 62,739</u>	<u>\$ 53,602</u>	<u>\$ 46,312</u>
All Other Governmental Funds					
Reserved	\$ 37,748	\$ 27,368	\$ 64,811	\$ 97,604	\$ 117,134
Unreserved, reported in					
Special Revenue Funds	11,054	11,212	9,542	9,528	8,884
Capital Projects Funds	<u>29,002</u>	<u>23,104</u>	<u>18,181</u>	<u>15,727</u>	<u>10,782</u>
Total all other governmental funds	<u>\$ 77,804</u>	<u>\$ 61,684</u>	<u>\$ 92,534</u>	<u>\$ 122,859</u>	<u>\$ 136,800</u>

(A) - The County implemented GASB Statement No. 34 as of and for the year ended December 31, 2002. Data prior to that date is not available.

Source: Macomb County Finance Department

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

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Revenues										
Property taxes	\$ 69,792	\$ 74,132	\$ 79,567	\$ 84,643	\$ 88,610	\$ 96,531	\$ 104,046	\$ 145,946	\$ 153,326	\$ 164,855
Licenses and permits	908	933	965	981	985	1,030	1,054	1,087	1,203	1,166
Federal & State grants	134,919	151,130	142,804	145,840	162,242	63,981	59,856	61,642	57,690	60,758
Other grants	3,052	4,779	3,683	4,984	4,321	185	313	7	287	251
Charges for services	107,919	105,843	132,970	141,133	158,752	37,276	43,659	41,958	45,832	45,019
Investment income	13,305	15,043	15,101	16,242	15,343	5,711	4,152	3,433	6,456	9,529
Special assessments	5,262	3,623	5,772	2,850	3,124	-	-	-	-	-
Charges to other funds for administrative services	6,352	6,610	6,786	7,374	7,503	8,855	9,275	10,517	11,088	11,425
Fines and forfeitures	861	1,154	1,225	1,265	1,040	1,075	1,097	1,981	1,790	1,438
Other revenue	6,093	6,723	4,646	4,663	8,553	1,476	956	1,415	581	1,455
Total Revenues	348,463	369,970	393,519	409,975	450,473	216,120	224,408	267,986	278,253	295,896
Expenditures										
Legislative	1,369	1,497	1,525	1,488	1,731	1,715	1,833	1,958	2,077	2,250
Judicial	22,870	24,310	23,687	27,197	28,852	30,125	30,638	31,391	35,369	37,865
General government	33,017	37,745	38,139	40,028	43,299	44,697	46,351	49,570	55,724	60,273
Public safety	34,967	37,761	40,167	42,570	45,923	48,531	52,211	58,294	64,883	69,919
Public works	49,766	59,024	55,146	51,581	56,802	319	3,657	2,134	954	1,500
Health and welfare	155,132	167,382	182,015	190,882	205,182	60,632	61,370	69,848	73,868	79,290
Recreation and cultural	3,130	3,137	3,319	3,410	3,507	2,763	3,503	2,909	2,904	3,024
Other	2,960	719	2,888	2,694	3,267	2,918	3,793	4,733	5,481	5,460
Capital outlay	25,530	23,116	15,854	20,553	43,945	25,652	26,554	29,930	23,771	17,381
Debt service										
Principal	6,003	6,002	5,099	5,664	5,130	1,620	3,070	2,985	3,560	4,470
Interest and fees	3,264	2,550	2,508	2,593	3,034	1,861	2,504	2,733	3,064	3,622
Bond issuance costs	-	-	-	-	-	87	64	220	288	-
Total Expenditures	338,008	363,243	370,347	388,660	440,672	220,920	235,548	256,705	271,943	285,054
Excess of Revenues over (under) Expenditures	10,455	6,727	23,172	21,315	9,801	(4,800)	(11,140)	11,281	6,310	10,842
Other financing sources (uses)										
Issuance of debt	2,719	-	2,414	13,535	30,872	40,885	-	19,350	22,255	-
Transfers in	56,870	67,507	61,728	58,157	69,117	59,682	67,515	76,791	84,041	90,160
Transfers out	(54,542)	(61,201)	(56,319)	(54,459)	(60,951)	(69,710)	(67,467)	(79,176)	(88,412)	(94,350)
Transfers to component units	(75)	(79)	(79)	(83)	(76)	(765)	-	-	-	-
Operating transfers from primary government	75	79	79	83	76	-	-	-	-	-
Bond discounts	-	-	-	-	-	(237)	-	(172)	(205)	-
Proceeds of refunding debt	-	4,750	990	-	-	-	5,830	-	-	-
Payment to refunding debt escrow agent	-	(6,250)	(990)	-	-	(8,798)	(5,765)	-	(2,802)	-
Total Other financing sources (uses)	5,047	4,806	7,823	17,233	39,038	21,057	113	16,793	14,877	(4,190)
Net change in fund balances	\$ 15,502	\$ 11,533	\$ 30,995	\$ 38,548	\$ 48,839	\$ 16,257	\$ (11,027)	\$ 28,074	\$ 21,187	\$ 6,652
Debt service as % of noncapital expenditures	3.06%	2.58%	2.19%	2.29%	2.10%	1.86%	2.77%	2.69%	2.86%	3.12%

Source: Macomb County Finance Department

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

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Revenues										
Taxes	\$ 69,639	\$ 73,989	\$ 79,413	\$ 84,479	\$ 88,458	\$ 96,389	\$ 103,905	\$ 108,025	\$ 115,340	\$ 126,970
Licenses and permits	355	366	385	353	366	377	392	397	391	331
Federal & State grants	19,881	20,999	21,653	23,431	30,081	24,247	21,875	14,756	8,422	8,625
Charges for services	19,402	20,342	22,559	22,776	23,604	25,759	28,747	26,754	30,297	30,330
Investment income	7,054	6,391	7,487	9,709	8,409	4,462	2,331	2,565	4,704	5,957
Charges to other funds for administrative services	6,352	6,610	6,786	7,374	7,502	8,855	9,275	10,517	11,088	11,425
Fines and forfeitures	711	884	1,007	989	888	856	933	1,059	1,046	865
Other revenue	55	117	228	247	238	227	223	207	167	68
Total Revenues	123,449	129,698	139,518	149,358	159,546	161,172	167,681	164,280	171,455	184,571
Expenditures										
Legislative	1,369	1,497	1,525	1,487	1,731	1,715	1,833	1,958	2,077	2,250
Judicial	14,904	15,936	16,738	17,315	19,134	19,219	19,101	19,452	22,779	23,707
General government	33,017	37,744	38,139	40,028	43,299	43,885	45,924	48,848	54,425	58,298
Public safety	32,092	34,447	36,310	38,682	41,614	44,360	47,976	51,927	56,692	62,031
Health and welfare	643	484	364	674	702	712	678	776	713	787
Other	2,748	470	2,430	2,399	2,943	2,918	3,793	4,733	5,481	5,460
Capital outlay	585	747	609	697	777	769	749	722	802	706
Total Expenditures	85,358	91,325	96,115	101,282	110,200	113,578	120,054	128,416	142,969	153,239
Excess of Revenues over (under) Expenditures	38,091	38,373	43,403	48,076	49,346	47,594	47,627	35,864	28,486	31,332
Other financing sources (uses)										
Transfers in	8,412	8,176	6,475	6,325	7,655	7,805	9,655	19,669	22,724	23,340
Transfers out	(42,610)	(39,836)	(42,896)	(47,044)	(49,186)	(49,195)	(52,189)	(58,308)	(60,347)	(61,961)
Total Other financing sources (uses)	(34,198)	(31,660)	(36,421)	(40,719)	(41,531)	(41,390)	(42,534)	(38,639)	(37,623)	(38,621)
Net change in fund balances	\$ 3,893	\$ 6,713	\$ 6,982	\$ 7,357	\$ 7,815	\$ 6,204	\$ 5,093	\$ (2,775)	\$ (9,137)	\$ (7,289)

Source: Macomb County Finance Department

UNAUDITED

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

Year	Assessed Values						Total Assessed Value	Total Actual Estimated Value	Total Direct Tax Rate
	Agricultural Property	Commercial Property	Industrial Property	Residential Property	Developmental Property	Personal Property			
1997	\$ 90,349	\$ 2,050,688	\$ 1,336,830	\$ 11,530,755	\$ 16,766	\$ 2,227,538	\$ 17,252,926	\$ 34,505,852	4.2080
1998	89,662	2,152,328	1,451,043	12,392,086	17,146	2,472,272	18,574,537	37,149,074	4.2080
1999	90,265	2,255,426	1,555,927	13,255,400	17,044	2,670,660	19,844,723	39,689,446	4.2080
2000	86,384	2,378,640	1,642,722	14,304,179	18,434	2,668,898	21,099,256	42,198,512	4.2070
2001	88,217	2,578,382	1,739,876	15,585,365	17,012	2,693,477	22,702,329	45,404,658	4.2060
2002	91,710	2,746,541	1,805,521	16,877,117	16,750	2,668,666	24,206,307	48,412,614	4.2058
2003	86,213	2,899,405	1,904,056	17,928,699	24,403	2,730,451	25,573,225	51,146,450	4.2058
2004	88,809	3,070,056	1,993,113	19,159,039	32,411	2,637,103	26,980,530	53,961,060	4.2058
2005	89,477	3,256,304	2,103,638	20,489,780	39,290	2,624,238	28,602,727	57,205,454	4.2058
2006	90,755	3,493,198	2,206,807	21,920,822	49,452	2,612,885	30,373,918	60,747,836	4.2055

Source: Macomb County Equalization Department

Macomb County, Michigan
Direct and Overlapping Property Tax Rates
Last Ten Years
(rate per \$1,000 of taxable value)

		<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
County direct rate											
Operation		4.2000	4.2000	4.2000	4.2000	4.2000	4.2000	4.2000	4.2000	4.2000	4.2000
County drain debt		0.0080	0.0080	0.0080	0.0070	0.0060	0.0058	0.0058	0.0058	0.0058	0.0055
Total direct rate		<u>4.2080</u>	<u>4.2080</u>	<u>4.2080</u>	<u>4.2070</u>	<u>4.2060</u>	<u>4.2058</u>	<u>4.2058</u>	<u>4.2058</u>	<u>4.2058</u>	<u>4.2055</u>
Overlapping rates											
Cities:											
Center Line		18.0330	17.8870	18.5610	19.2520	19.1830	20.1750	20.6360	21.2997	23.1496	23.2656
Eastpointe		19.9030	20.4403	19.2900	18.2634	18.1834	18.1074	18.4002	17.9541	18.9845	25.8009
Fraser		17.1000	17.1000	17.8600	17.8600	18.1100	18.1100	18.0000	18.0000	18.1382	18.1382
Memphis		16.1216	16.0264	16.0088	15.7862	15.5511	15.4344	15.1195	15.1195	14.8019	14.3889
Mt. Clemens		20.9661	23.6713	22.9017	22.7620	22.6321	22.4989	22.2498	22.0327	21.2434	21.2434
New Baltimore		15.9419	15.3233	15.6371	14.6652	14.3948	14.1189	13.7745	12.6439	14.4123	13.8955
Richmond		24.2009	24.0691	23.0000	21.4500	21.8436	21.4501	20.8232	20.0127	18.7026	18.6526
Roseville		16.3800	16.3800	16.3800	16.3800	16.3800	16.3800	16.3800	16.3800	16.3800	16.3800
St. Clair Shores		12.8527	12.8333	13.2320	14.9975	14.7980	15.0063	15.4504	15.8504	17.9863	18.2755
Sterling Heights		11.4700	11.2200	10.9700	10.7200	10.6500	10.6300	10.6250	10.6250	10.6250	10.7250
Utica		21.8128	22.0310	21.8021	20.4934	21.1986	21.1418	21.2473	21.4636	21.9024	21.9198
Warren		16.5832	16.5832	16.3068	16.3068	16.2600	16.2524	16.1924	16.1924	16.9424	16.9424
Townships (rates range)	Low	0.8919	0.8919	0.8884	0.8812	0.8052	0.8043	0.7992	0.7713	0.7797	0.7794
	High	10.3405	12.6112	13.0578	13.0115	12.5405	13.7958	13.8955	13.8934	13.7278	15.1516
Villages (rates range)	Low	12.4890	12.4890	12.4890	13.6312	14.1052	14.5543	14.4987	13.8141	14.7547	14.7438
	High	20.3960	20.5712	16.7114	26.0402	25.5613	25.3993	24.6899	19.4654	19.4508	19.4508
School districts (rates range)	Low	7.3000	7.3000	7.3000	8.3500	9.1500	9.1500	9.3000	9.3000	9.2000	8.9000
	High	36.6500	36.6500	36.6500	36.5060	36.5060	36.4488	35.2263	35.9310	35.4143	35.4143
Intermediate school district		2.0367	2.0363	2.0210	2.0210	2.0031	2.9865	2.9729	2.9615	2.9430	2.9430
Community college		1.6539	1.6134	1.5840	1.5140	1.6707	1.6925	1.5859	1.5002	1.4212	1.4212
SMART Regional Transportation		0.3300	0.3229	0.3273	0.3273	0.3235	0.6000	0.5973	0.5949	0.5912	0.5900
HCM Park Authority		0.2236	0.2235	0.2218	0.2202	0.2186	0.2170	0.2161	0.2154	0.2146	0.2146

Source: Macomb County Equalization Department

UNAUDITED

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

Taxpayer	2006			1997		
	Taxable Value	Rank	Percentage of Total County Taxable Value	Taxable Value	Rank	Percentage of Total County Taxable Value
DAIMLER/CHRYSLER	\$ 381,504,081	1	1.26%	\$ 268,870,984	3	1.56%
GENERAL MOTORS	328,517,996	2	1.08%	401,543,887	1	2.33%
DETROIT EDISON	256,794,644	3	0.85%	224,633,403	4	1.30%
FORD	174,985,035	4	0.58%	349,035,658	2	2.02%
VISTEON/AUTO COMP	117,565,450	5	0.39%	-	-	-
CONSUMERS	94,989,749	6	0.31%	106,781,032	5	0.62%
INTERNATIONAL TRANS.	56,961,879	7	0.19%	-	-	-
MEIJERS	41,576,501	8	0.14%	36,687,756	7	0.21%
MICHIGAN CONSOLIDATED	40,643,337	9	0.13%	-	-	-
ART VAN	35,293,997	10	0.12%	-	-	-
E.D.S.	-	-	-	53,317,758	6	0.31%
LAKESIDE ASSOC.	-	-	-	29,640,400	8	0.17%
MT. CLEMENS COATING	-	-	-	22,766,000	9	0.13%
DETROIT NEWSPAPER AGENCY	-	-	-	22,130,000	10	0.13%
	<u>\$ 1,528,832,669</u>		<u>5.03%</u>	<u>\$ 1,515,406,878</u>		<u>8.78%</u>

Source: Macomb County Equalization Department

UNAUDITED

MACOMB COUNTY
Property Tax Levies and Collections
Last Ten Years

Year	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Subsequent Years Collections	Total Collections to Date	
		Amount	% of Levy		Amount	% of Levy
1997	\$ 70,130,393	\$ 69,279,823	98.79%	\$ 359,522	\$ 69,639,345	99.30%
1998	74,386,358	73,670,498	99.04%	318,679	73,989,177	99.47%
1999	80,048,654	78,920,951	98.59%	491,631	79,412,582	99.21%
2000	85,418,460	83,958,287	98.29%	520,877	84,479,164	98.90%
2001	90,682,439	87,735,241	96.75%	723,239	88,458,480	97.55%
2002	97,887,664	95,833,685	97.90%	555,879	96,389,564	98.47%
2003	104,447,066	103,230,735	98.84%	673,994	103,904,729	99.48%
2004	109,802,442	107,355,031	97.77%	669,651	108,024,682	98.38%
2005	115,602,340	114,604,662	99.14%	735,676	115,340,338	99.77%
2006	129,938,194	126,412,193	97.29%	558,244	126,970,437	97.72%

Source: Macomb County Treasurer Department

UNAUDITED

MACOMB COUNTY
Ratios of General Bonded Debt Outstanding
Last Ten Years

Year	General Obligation Bonds	Less: Amounts Restricted to Repaying Principal	Total	% of Personal Income	% of Total Assessed Value of Property	Net General Obligation Debt Per Capita
1997	\$ 22,760,000	\$ 7,360,513	\$ 15,399,487	0.07%	0.09%	19.66
1998	21,830,000	7,253,064	14,576,936	0.06%	0.08%	18.51
1999	22,060,000	7,124,395	14,935,605	0.06%	0.08%	18.86
2000	24,930,000	6,983,717	17,946,283	0.07%	0.09%	22.77
2001	23,610,000	6,829,444	16,780,556	0.06%	0.07%	20.98
2002	54,655,000	6,663,027	47,991,973	0.18%	0.20%	59.59
2003	52,120,000	6,620,170	45,499,830	0.16%	0.18%	55.44
2004	58,750,000	6,438,925	52,311,075	0.19%	0.19%	63.59
2005	75,250,000	6,290,152	68,959,848	0.24%	0.24%	83.14
2006	71,275,000	6,036,145	65,238,855	N/A	0.21%	78.33

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

UNAUDITED

MACOMB COUNTY
Computation of Net Direct and Overlapping Debt
As of December 31, 2006

	<u>Gross Amount Outstanding</u>	<u>Self-Supporting or Paid by Benefited Entity</u>	<u>Net Amount Outstanding</u>
Direct debt			
Macomb County Building Authority	\$ 65,665,000	\$ -	\$ 65,665,000
Criminal Justice Building Authority	5,610,000	-	5,610,000
Michigan Transportation bonds	13,025,000	-	13,025,000
Public Works - water and sewer debt	<u>78,905,000</u>	<u>78,905,000</u>	<u>-</u>
Net direct debt	<u>\$ 163,205,000</u>	<u>\$ 78,905,000</u>	<u>\$ 84,300,000</u>
Overlapping debt			
School districts			\$ 1,868,525,041
Cities			301,292,216
Township			129,883,466
Villages			9,003,388
Intermediate school district			2,506,935
Library			<u>16,780,000</u>
Net overlapping debt			<u>\$ 2,327,991,046</u>
Net direct and overlapping debt			<u><u>\$ 2,412,291,046</u></u>

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

UNAUDITED

MACOMB COUNTY
Legal Debt Margin
Last Ten Years

Legal Debt Margin Calculation for 2006

2006 Assessed Taxable Value		<u>\$ 30,373,918,359</u>
Debt Limit (10% of Assessed Taxable Value)		\$ 3,037,391,836
Outstanding Long-term Debt	\$ 163,205,000	
Less: Transportation Fund bonds	(13,025,000)	
Debt Applicable to Limit		<u>150,180,000</u>
LEGAL DEBT MARGIN		<u>\$ 2,887,211,836</u>

<u>Years</u>	<u>Debt Limit</u>	<u>Total Net Debt Applicable to Limit</u>	<u>Legal Debt Margin</u>	<u>Total Net Debt Applicable to Limit as a Percentage of Debt Limit</u>
1997	\$1,812,662,712	\$ 54,121,158	\$ 1,758,541,554	2.99%
1998	1,945,749,055	48,093,865	1,897,655,190	2.47%
1999	2,079,931,784	45,195,000	2,034,736,784	2.17%
2000	2,109,925,642	54,965,000	2,054,960,642	2.61%
2001	2,270,232,886	76,356,546	2,193,876,340	3.36%
2002	2,420,630,650	133,480,598	2,287,150,052	5.51%
2003	2,557,322,540	137,655,000	2,419,667,540	5.38%
2004	2,698,053,037	155,315,604	2,542,737,433	5.76%
2005	2,860,272,652	158,405,000	2,701,867,652	5.54%
2006	3,037,391,836	150,180,000	2,887,211,836	4.94%

Source: Macomb County Finance Department

UNAUDITED

MACOMB COUNTY
Demographic and Economic Statistics
Last Ten Years

Years	Population	Personal Income (thousands of dollars)	Per Capita Personal Income	Unemployment Rate
1997	783,451	\$ 21,474,827	\$ 27,656	3.5%
1998	787,698	22,861,388	29,326	3.2%
1999	792,082	24,302,127	31,004	3.2%
2000	788,149	26,057,293	32,941	3.1%
2001	799,954	26,267,199	32,800	5.1%
2002	805,395	26,724,410	33,054	5.7%
2003	820,739	27,821,090	34,107	6.6%
2004	822,660	27,774,429	33,735	8.2%
2005	829,453	28,814,941	34,761	7.8%
2006	832,861	N/A	N/A	8.0%

Source: Macomb County Finance Department

U.S. Census Bureau, American Community Survey

U.S. Department of Commerce - BEA

UNAUDITED

MACOMB COUNTY
Principal Employers
Current Year and Nine Years Ago

Employer	2006			1997		
	Employees	Rank	% of Total County Employment	Employees	Rank	% of Total County Employment
General Motors	15,631	1	3.98%	17,300	1	4.20%
Chrysler	13,557	2	3.46%	10,710	3	2.60%
Ford	7,608	3	1.94%	12,145	2	2.95%
U.S. Government	5,115	4	1.30%	6,494	4	1.58%
St. John Health System	3,672	5	0.94%	1,562	14	0.38%
Utica Schools	3,538	6	0.90%	-	-	-
Macomb County	3,066	7	0.78%	2,620	5	0.64%
Warren Con. Schools	2,707	8	0.69%	-	-	-
General Dynamics	2,435	9	0.62%	1,690	10	0.41%
Trinity Health	2,418	10	0.62%	1,456	15	0.35%
Mt. Clemens Hospital	1,892	11	0.48%	1,807	9	0.44%
Chippewa Valley School	1,780	12	0.45%	-	-	-
Auto Components Holdings	1,700	13	0.43%	-	-	-
Henry Ford Health System	1,567	14	0.40%	-	-	-
U.S. Postal Service	1,525	15	0.39%	-	-	-
AZ Automotive Corp.	1,210	16	0.31%	-	-	-
Art Van Furniture	1,206	17	0.31%	-	-	-
State of Michigan	1,201	18	0.31%	1,150	16	0.28%
Campbell-Ewald	920	19	0.23%	-	-	-
Kroger Co.	916	20	0.23%	715	20	0.17%
Kmart Corp.	-	-	-	2,350	6	0.57%
EDS Corp.	-	-	-	2,165	7	0.53%
Mercy Health Services Inc.	-	-	-	2,024	8	0.49%
Becker Group Inc.	-	-	-	1,650	11	0.40%
TRW Inc.	-	-	-	1,644	12	0.40%
Aetna Industries Inc.	-	-	-	1,621	13	0.39%
Macomb Com. College	-	-	-	957	17	0.23%
Ameritech Michigan	-	-	-	834	18	0.20%
DuPont Automotive	-	-	-	750	19	0.18%
	<u>73,664</u>		<u>18.78%</u>	<u>71,644</u>		<u>17.39%</u>

Source: Macomb County Finance Department
Crain's Detroit Business

MACOMB COUNTY

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

Function/Program	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Legislative										
Board of Commissioners	25	25	25	25	25	25	26	26	26	26
Judicial										
Circuit Court	53	56	56	57	57	57	62	65	65	65
District Court Div. 1	13	13	13	13	13	13	13	13	13	13
District Court Div. 2	15	16	16	17	18	18	18	18	18	18
Friend of the Court	112	117	117	118	119	121	122	124	125	125
Probate Court - Estates	26	26	26	27	27	27	31	31	31	31
Probate Court - Juvenile	69	69	69	69	72	70	69	68	68	64
Probate Court - Mental Division	9	7	7	7	8	10	10	10	12	12
Probation	11	11	11	13	13	14	16	16	18	19
General Government										
County Administration	6	7	7	7	7	7	7	9	9	9
Corporation Counsel	5	6	6	7	7	7	8	9	9	9
Budget	1	1	1	2	2	2	2	2	2	2
Finance	24	25	25	25	25	25	25	25	25	25
Purchasing	25	25	25	22	22	22	22	24	24	23
Reimbursement	14	14	14	14	14	14	15	15	15	15
Information & Tech Systems	43	42	42	46	46	45	48	48	49	48
Equalization	16	16	16	16	16	16	16	16	15	14
Human Resources	21	21	21	21	22	22	23	29	29	28
Clerk/Register	73	76	81	81	81	86	92	96	98	98
Treasurer	32	33	33	34	34	34	34	34	34	34
Public Works	45	46	46	48	48	51	51	55	57	58
M.S.U. County Extension	56	56	61	65	66	75	76	76	77	76
Planning & Econ Dev	36	36	36	36	36	33	33	35	35	37
Risk Management	2	3	4	4	4	4	4	4	4	4
Facilities & Operations	105	111	111	111	113	113	115	123	124	124
Prosecuting Attorney	97	104	105	109	113	114	117	120	123	140
Public Safety										
Sheriff	390	413	425	429	444	470	478	475	501	503
Technical Services	10	10	10	10	10	10	10	10	10	10
Emergency Services	2	2	2	3	3	3	3	4	4	4
Community Corrections	-	-	-	-	-	-	-	9	10	11
Health										
Environmental Health	39	39	39	45	45	48	48	48	48	50
Pubic Health	235	247	243	239	235	229	227	226	229	226
Community Mental Health	286	323	324	325	326	326	328	330	330	330
Substance Abuse	10	10	10	10	10	10	10	10	10	10
Social Services										
Child Care - Youth Home	91	92	112	112	112	112	112	122	122	140
Medical Care Facility	234	234	234	232	232	235	237	236	240	244
Veterans Services	7	5	5	5	5	4	7	6	6	6
Senior Citizen Services	30	31	32	35	36	36	37	39	39	38
Community Services Agency	288	294	293	298	299	284	301	308	267	260
Macomb/St. Clair Employment	-	-	40	46	44	44	45	42	42	43
Culture & Recreation										
Parks & recreation	8	8	8	8	8	8	8	8	8	9
Library	56	69	69	69	69	67	67	67	67	65
Total	2,620	2,739	2,820	2,860	2,886	2,911	2,973	3,031	3,038	3,066

Source: Macomb County Budget

MACOMB COUNTY, MICHIGAN
Miscellaneous Statistics
December 31, 2006

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Macomb County Facilities and services:										
Public works										
Lane Miles of County and Local Roads	2,007	2,007	2,007	2,942	2,942	2,942	2,942	2,942	2,942	2,942
Bridges and Drainage Structures	752	752	752	756	756	756	756	756	756	756
Miles of Storm Drains	688	688	688	688	688	688	688	700	750	750
Miles of State Trunklines and Freeways	166	166	166	166	166	166	166	166	166	166
Miles of Sanitary Sewers	188	188	188	188	188	188	188	188	188	188
Miles of Water Mains	43	43	43	43	43	43	43	43	43	43
Waste Water Pump Stations	42	42	42	42	42	42	42	42	42	42
Sewage Treatment Plants	9	9	9	9	9	9	9	9	9	9
Education										
Public Elementary Schools	132	132	132	138	138	142	142	148	181	181
Public Senior High Schools	28	28	28	28	28	29	29	29	60	60
Public Middle Schools	40	40	40	43	43	42	42	42	66	66
Public Special Purpose Schools	21	21	21	21	21	43	43	21	21	21
Community College Campus Sites	3	3	3	3	3	3	3	5	5	5
Private/Parochial & Charter Schools	-	-	-	4	4	6	6	65	65	65
Medical Care										
General Acute Care Hospital	8	8	8	8	8	8	8	6	6	6
General Acute Care Patient Beds	1,302	1,302	1,302	1,302	1,302	1,341	1,388	1,388	1,388	1,388
Nursing Care Facilities	23	23	23	23	23	29	29	29	29	29
Nursing Care Patient Beds	3,932	3,932	3,932	3,932	3,932	3,933	3,933	3,933	3,933	3,933
Private Mental Health Facilities	4	4	4	4	4	3	3	3	3	3
Private Mental Health Patient Beds	328	328	328	328	328	177	177	177	177	177
Public Safety										
County Sheriff's Offices	1	1	1	1	1	1	1	1	1	1
Sheriff's Patrol Substations	4	4	4	5	5	5	5	5	6	6
Sheriff's Marine Patrol Substations	2	2	2	2	2	2	2	2	2	2
Fire Stations	47	47	47	47	47	49	49	49	49	49
Community Fire Departments	24	24	24	24	24	26	26	26	26	26
Community Police Departments	19	19	19	19	19	18	18	18	18	18
State Police Departments	1	1	1	1	1	1	1	1	1	1
Culture & Recreation										
County Library	1	1	1	1	1	1	1	1	1	1
Library Books	137,244	137,244	137,244	141,528	141,528	149,806	149,806	149,806	149,806	149,806
Other Library Media	5,030	5,030	5,030	5,971	5,971	17,332	17,332	17,332	17,332	17,332
State Parks	1	1	1	1	1	1	1	1	1	1
Acres	935	935	935	935	935	935	935	935	935	935
Regional Metropolitan Parks	3	3	3	3	3	3	3	3	3	3
Acres	7,611	7,611	7,611	7,611	7,611	7,611	7,611	7,856	7,856	7,856
Marinas	91	91	91	91	91	91	91	100	100	100
County Parks	1	1	1	1	1	1	1	1	1	1

Source: Macomb County Finance Department

MACOMB COUNTY

Schedule of Insurance
As of December 31, 2006

Type of Coverage / Name of Company	Policy Period	Premium	Description
Public Entity Liability International Insurance Co. of Hannover	7-1-06 to 7-1-07	\$321,336	Includes Auto Liability, General Liability, Law Enforcement Liability, Public Officials Liability including Employment Practices Liability. Limit \$5,000,000 for Personal Injury Liability, Products/Completed Operations Hazard and Public Officials' Errors & Omissions Combined. \$5,000,000 Each Occurrence or Wrongful Act, or Combination of Occurrence And Wrongful Act. - \$500,000 Self-insured Retention
Excess Workers' Compensation Insurance Accident Fund	7-1-06 to 6-30-09	\$102,081	Statutory Liability \$1,000,000. Self-Insured Retention per claim \$350,000.
Property Affiliated FM Insurance Co.	7-1-06 to 7-1-07	\$127,287	Covers buildings & contents. Limit - up to \$228,500 - Deductible \$100,000
Boiler & Machinery Affiliated FM Insurance Co.	7-1-06 to 7-1-07	Included in Property	Repair or replacement of insured property, expediting expenses, liability for injury, damage to property of others, defense costs resulting from an accident to injured object - \$10,000 Deductible - \$250,000 Limit
Electronic Data Processing Affiliated FM Insurance Co.	7-1-06 to 7-1-07	Included in Property	Replacement cost for damaged equipment and media; extra expense to resume operations; all risk less certain excluded perils; included Chapaton Pump Station with separate limits \$1,000,000 Limit' \$5,000 Retention
Public Entity Fiduciary Liability Federal Insurance Co.	7-1-06 to 7-1-07	\$13,775	County Employees Retirement System - \$5,000,000 Aggregate, \$25,000 Deductible
Crime Fidelity & Deposit Company of Maryland	4-1-06 to 7-1-07	\$18,144	Theft - disappearance and destruction in/out premises. LIMITS: \$1,500,000 Crime; \$200,000 Forgery; \$50,000 Counterfeit Currency; \$200,000 Theft & Destruction - \$25,000 Deductible

MACOMB COUNTY

Schedule of Insurance
As of December 31, 2006

Type of Coverage / Name of Company	Policy Period	Premium	Description
Life Insurance MetLife	1-1-04 to 12-31-06	\$157,815	Death benefit equals one year salary
Dental Insurance Delta Dental	1-1-04 to 12-31-06	\$187,002	\$1,000 Annual Maximum per Individual/ Calendar Year
Dental Insurance Golden Dental	1/1/04 to 12-31-06	\$132,359	\$1250 Annual Maximum per Individual / Calendar year - 100% Diagnostic & Preventive; 90% Restorative; 75% Prosthetics & Special Care; 30% Orthodontics
Long Term Disability Insurance C.N.A. / The Hartford	1-1-06 to 12-31-06	\$243,060	60% of salary to age 65; up to \$4,500 per month subject to coordination of benefits
Health/Hospital Insurance Blue Care Network	1-1-06 to 12-31-06	\$1,412,947 active \$97,096 retirees	HMO offers primary care physicians, network hospitals, affiliated pharmacies and labs and other providers within the particular HMO network
Health/Hospital Insurance HAP	1-1-06 to 12-31-06	\$4,776,642 active \$1,639,404 retirees	HMO offers primary care physicians, network hospitals, affiliated pharmacies and labs and other providers within the particular HMO network - Includes Vision
Health/Hospital Insurance BCBS of Michigan	1-1-06 to 12-31-06	\$980,710 including retirees	Self insured medical plan - \$1,000,000 Lifetime Maximum Includes Vision
Vision Care SVS Vision	1-1-06 to 12-31-06	\$16,576	Vision care pays for certain tests & supplies when obtained by participating provider

Source: Risk Management & Safety

