

Auditing Procedures Report

Issued under Public Act 2 of 1968, as amended.

Unit Name	Macomb County	County	MACOMB	Type	COUNTY	MuniCode	50-0-000
Opinion Date	June 30, 2008	Audit Submitted	June 30, 2008	Fiscal Year	December 31, 2007		

If a local unit of government (authorities & commissions included) is operating within the boundaries of the audited entity and is NOT included in this or any other audit report, nor do they obtain a stand-alone audit, enclose the name(s), address(es), and a description(s) of the authority and/or commission.

Place a check next to each "Yes" or non-applicable question below. Questions left unmarked should be those you wish to answer "No".

- 1. Are all required component units/funds/agencies of the local unit included in the financial statements and/or disclosed in the reporting entity notes to the financial statements?
- 2. Does the local unit have a positive fund balance in all of its unreserved fund balances/unrestricted net assets?
- 3. Were the local unit's actual expenditures within the amounts authorized in the budget?
- 4. Is this unit in compliance with the Uniform Chart of Accounts issued by the Department of Treasury?
- 5. Did the local unit adopt a budget for all required funds?
- 6. Was a public hearing on the budget held in accordance with State statute?
- 7. Is the local unit in compliance with the Revised Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, and other guidance as issued by the Local Audit and Finance Division?
- 8. Has the local unit distributed tax revenues, that were collected for another taxing unit, timely as required by the general property tax act?
- 9. Do all deposits/investments comply with statutory requirements including the adoption of an investment policy?
- 10. Is the local unit free of illegal or unauthorized expenditures that came to your attention as defined in the Bulletin for Audits of Local Units of Government in Michigan, as revised (see Appendix H of Bulletin.)
- 11. Is the unit free of any indications of fraud or illegal acts that came to your attention during the course of audit that have not been previously communicated to the Local Audit and Finance Division? (If there is such activity, please submit a separate report under separate cover.)
- 12. Is the local unit free of repeated reported deficiencies from previous years?
- 13. Is the audit opinion unqualified? 14. If not, what type of opinion is it?
- 15. Has the local unit complied with GASB 34 and other generally accepted accounting principles (GAAP)?
- 16. Has the board or council approved all disbursements prior to payment as required by charter or statute?
- 17. To your knowledge, were the bank reconciliations that were reviewed performed timely?
- 18. Are there reported deficiencies? 19. If so, was it attached to the audit report?

General Fund Revenue:	197,469,951
General Fund Expenditure:	155,330,682
Major Fund Deficit Amount:	0

General Fund Balance:	39,754,023
Governmental Activities Long-Term Debt (see instructions):	92,734,503

We affirm that we are certified public accountants (CPA) licensed to practice in Michigan. We further affirm the above responses have been disclosed in the financial statements, including the notes, or in the Management Letter (Reported deviations).

CPA (First Name)	Thomas	Last Name	Darling	Ten Digit License Number	1101023094				
CPA Street Address	5750 New King Street	City	Troy	State	MI	Zip Code	48098	Telephone	(248) 952-5000
CPA Firm Name	Rehmann Robson	Unit's Street Address	10 N. Main Street 12th fl	City	Mount Clemens	Zip Code	48043		

MACOMB COUNTY, MICHIGAN

**Comprehensive Annual Financial Report
For the Year Ended December 31, 2007**

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

MACOMB COUNTY, MICHIGAN

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FINANCE DEPARTMENT

10 N. Main St., 12th Floor
Mount Clemens, Michigan 48043
586-469-5250 FAX 586-469-5847

June 16, 2008

David M. Diegel
Finance Director

John H. Foster
Assistant Finance Director

Robert Grzanka, C.P.A.
Internal Audit Manager

Stephen L. Smigiel, C.P.A.
Accounting Manager

To the Citizens of Macomb County

The Comprehensive Annual Financial Report (CAFR) of Macomb County, Michigan for the fiscal year ended December 31, 2007 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 Rehmann Robson, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the County for the fiscal year ended December 31, 2007 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

MACOMB COUNTY BOARD OF COMMISSIONERS

Andrey Duzjy - District 1
Marvin E. Sauger - District 2
Phillip A. DiMaria - District 3
Jon M Switalski - District 4

Joan Flynn - District 6
Sue Rocca - District 7
David Flynn - District 8
Robert Mijac - District 9

Ed Szczepanski - District 11
Peter J. Lund - District 12
Don Brown - District 13
Brian Brdak - District 14

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

Betty Stinde - District 22
Sarah Roberts - District 24
Kathy D. Voshare - District 25

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, 2007 are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of Macomb County was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in the County's separately issued Single Audit Report.

The Fiscal Year 2007 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 2007 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 administering elections, maintaining court records, Board of Commissioner proceedings, and documents affecting

property ownership. The Sheriff and Prosecutor are responsible for law enforcement. The Public Works Commissioner is responsible for 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 2007 operations was approximately \$31.9 billion, an increase over the prior year of \$1.5 billion, or 4.9%. The economic base of the County is continuing to increase. The taxable value of property located in Macomb County has increased an average of 6.3% over the last ten 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 417,000 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 Mall at Partridge Creek located in Clinton Township 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.

The Mall at Partridge Creek, a 640,000 square open-air shopping mall, opened in 2007. Department store chains Nordstrom and Parisian serve as anchor stores. In addition, the mall features over 90 shops and restaurants. The mall features a 14-screen movie theater, heated sidewalks, two bocce courts, an outdoor play area, plus a fireplace in the center court. Customers are also allowed to bring their dogs into the shopping center. "Comfort Stations" with water and sanitation supplies are available for dogs. Parking is available for 3,250 automobiles.

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 42,900 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.

The International Academy of Macomb, a public, tuition-free, high school for students from 18 Macomb County School districts is in its start up year. The Academy, operated through the Macomb Intermediate School District, is located on the campus of Chippewa Valley High School in Clinton Township. It will start out with 125 ninth grade students and add a grade every year until reaching a capacity of 500 students in 2011. The academy is designed to provide a blend of rigorous academic standards, practical career-related experiences and intercultural learning opportunities focused on a challenging curriculum.

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.

Six general hospitals with a capacity of over 1,400 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 9,349 acres of land in Macomb County devoted to outdoor recreation including picnic sites, fishing, swimming, boating facilities and hiking.

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

The Mall at Partridge Creek, a \$250 million open-air shopping mall in Clinton Township opened to public on October 18, 2007. It is the first mall to open in Macomb County since Lakeside Mall in 1976. Department store chains Nordstrom and Parisian serve as anchor stores. In addition, the mall features over 90 shops and restaurants, 70 of which are new to Macomb County. Tenants of the new mall include H&M, Samsonite (the second Samsonite store in Michigan), The Gap, Eddie Bauer, Apple Store, Coldwater Creek, Starbucks, Forever 21, Calvin Klein (the first White Label store to open in the country) and J. Crew. The mall features a 14-screen movie theater; heated sidewalks; two bocce courts; an outdoor play area; plus a fireplace in the center court. Customers are also allowed to bring their dogs into the shopping center, "comfort stations", with water and sanitation supplies, are available for dogs. Parking is available for 3,250 automobiles.

BAE the world's third largest defense contractor will spend \$58.4 million for expansion of its land & armament facilities in Sterling Heights. BAE plans to construct a new 175,000 square foot, state of the art engineering facility to consolidate and expand upon personnel and operations currently split between its existing Sterling Heights locations – on Mound Road near 15 Mile and on 19 Mile near Merrill. The expansion is expected to create 460 new engineering and technical jobs. Among the reasons BAE chose Sterling Heights for its expansion was its proximity to defense contractor General Dynamics and the opportunity for collaboration.

St. Joseph's Healthcare, based in Clinton Township, has become fully owned by Henry Ford Health System and is now called Henry Ford Macomb Hospitals. Henry Ford Macomb Hospitals is Macomb County's largest, longest-established and most comprehensive health system, with 3,000 associates and more than 700 medical staff members. Henry Ford Macomb is a 435-bed, multi-site system with a comprehensive, acute care hospital in Clinton Township, a specialty hospital in Mount Clemens and health centers in Bruce Township, Chesterfield Township and Fraser.

Henry Ford currently operates four medical centers in Macomb County as well as Henry Ford Bi-County Hospital in Warren. The health care system, the largest in metro Detroit, also owns Henry Ford Hospital in Detroit, Henry Ford Wyandotte Hospital, and Kingswood Hospital in Ferndale, and is building a 300 bed hospital in West Bloomfield.

Three prominent developers are creating the largest convention center in Macomb County; a 100,000 square foot venue in Chesterfield Township they hope will compete with the Rock Financial Showplace in Novi. Clinton Township builders John Carlo, Guy Rizzo and Paul Aragona are teaming up on Chesterfield Towne Center, on 200 acres with a mile frontage along I-94 between 21 Mile and Hall Road. In addition to the convention center, the expansive project includes an extended-stay hotel, several restaurants, big-box stores, a movie theater, offices, industrial buildings and a hike-bike trail. With an estimated total worth of nearly \$100 million, Towne Centre would bring about 2,000 jobs to Macomb County.

General Motors is investing \$36 million to renovate the Research and Development building on the grounds of the Technical Center. The project is expected to be completed in late 2011.

A 120-room hotel, a 4,000 square foot family restaurant and a 6,000 square foot conference center are among the amenities set for construction at Selfridge Air National Guard Base. The military land – guarded for national security reasons- will be opened to the public like never before. The preliminary blueprints for the 800 acre property in Harrison Township also include making an existing marina and golf course accessible to boaters and golfers outside the base. The land became available as a result of the U.S. Department of Defense's 2005 base realignment and

closings plan.

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 has opened. The \$15 Million facility houses outpatient children's services, including urgent care and general surgery. This is the first time Children's Hospital has built a site from the ground up outside of the city of Detroit. Health care professionals are expected to treat several thousand patients annually.

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.

The Southeast Michigan Council of Governments (SEMCOG) reported that Macomb County had the highest number of net new housing units in the seven county region in 2007. The 1,280 net new housing units reflected the current housing slump in the region by showing a decrease of 53% below the 2,712 units reported for 2006. Four of Macomb County's cities and townships ranked in the top ten communities in the region for total new units authorized in 2007. Macomb Township ranked second in the region with 419 units authorized, followed by third place Shelby Township with 261, fifth place Washington Township with 115 and eighth place Clinton Township with 104 units.

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 2007 of 7.6 percent was slightly higher than the Michigan unemployment rate of 7.2 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 \$111 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, 2006. 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 two 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 sixteen 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 2007, for the 26th 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,

A handwritten signature in black ink, appearing to read "David M. Diegel". The signature is fluid and cursive, with the first name "David" and last name "Diegel" clearly distinguishable.

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, 2006

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.



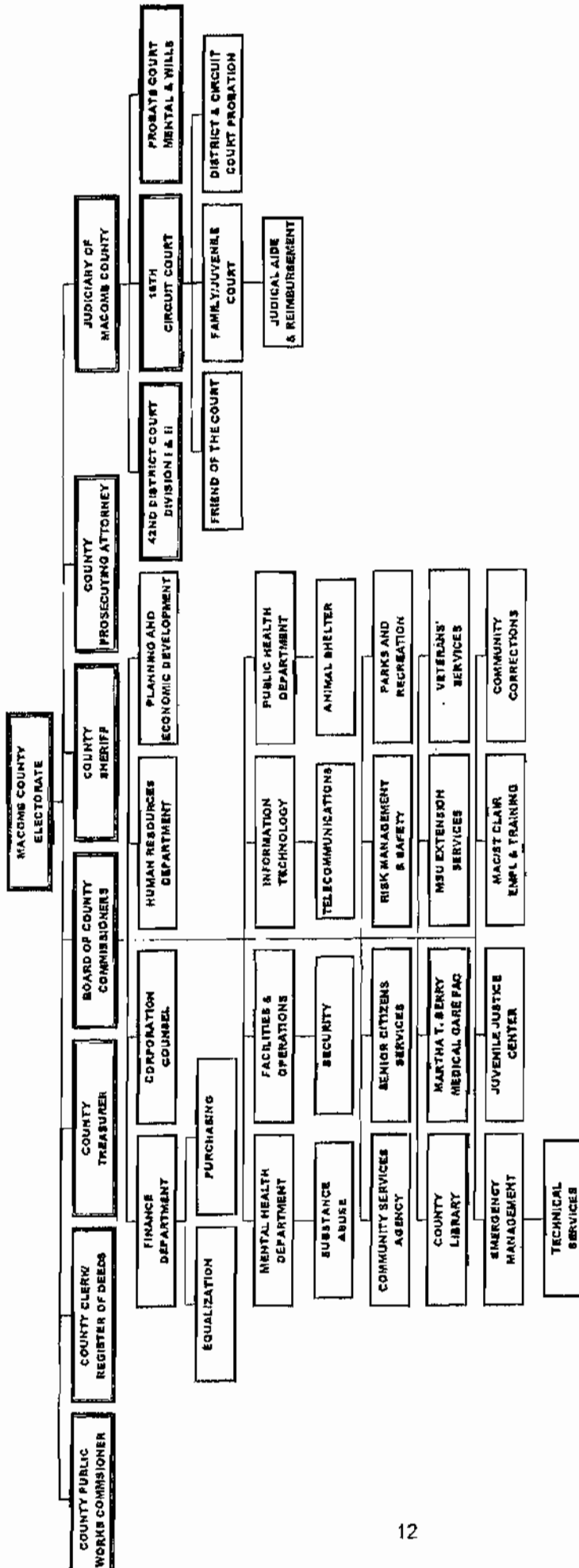
Oliver S. Cox

President

Jeffrey R. Emery

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 Gielegheem, 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	Cynthia N. Zerkowksi
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



REHMANN ROBSON

Certified Public Accountants

A member of THE REHMANN GROUP

An Independent Member of Baker Tilly International

INDEPENDENT AUDITORS' REPORT

June 30, 2008

To the Board of Commissioners
of Macomb County
Mount Clemens, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of **MACOMB COUNTY, MICHIGAN** as of and for the year ended December 31, 2007, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Macomb County's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Macomb County Road Commission, which represents 70.3% of the assets and 49.3% of the revenues of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose reports were furnished to us, and our opinion, insofar as it relates to the amounts included for the Macomb County Road Commission, is based solely on the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of *Macomb County, Michigan*, as of December 31, 2007, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparisons for the General Fund and Revenue Sharing Reserve Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 2008, on our consideration of *Macomb County, Michigan's* internal controls over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis on pages A-3 through A-15, the employees' retirement system information on page C-9 and the retiree health care plan information on page C-10 are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the 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 Macomb County's basic financial statements. The introductory section, combining and individual fund financial statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements and schedules have been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and, in our opinion, based upon our audit and the reports of other auditors, are fairly presented, in all material respects, in relation to the basic financial statements taken as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and, accordingly, we express no opinion on them.



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, 2007. 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 \$337.2 million at year- end.
- The net assets of the County decreased by \$43.4 million in fiscal 2007, consisting primarily of a \$6.5 deficit in the General Fund and a \$38.2 million charge to governmental activities for the difference between the actual and required employer contributions to the Retiree Health Care Fund, as required by GASB Statement No. 45, "Accounting and Financial Reporting by Employers for Post-employment Benefits Other Than Pensions".
- The General Fund reported a loss of \$6.5 million for the year, a reduction of \$0.8 million from the prior year. Unreserved fund balance was \$39.5 million, or 8.4% of the total 2008 County operating budget. Total fund balance was \$39.8 million.
- The County advance refunded \$16.2 million in bonds, resulting in long-term interest savings of \$0.5 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* which provide readers with a broad overview of the activities of the County as a whole. One of the more important questions citizens and other readers of the financial statements often ask is "Is the County as a whole better or worse off this year than it was a year ago?" In other words, did the financial condition of the County improve or decline over the course of the past year. The government-wide statements report information in a manner that is intended to help answer these questions.

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

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

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

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

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

The government-wide financial statements segregate the activities of the County into three categories: 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 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 \$337.2 million at December 31, 2007 and decreased by approximately \$43.4 million for the year then ended.

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Totals</u>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Current and other assets	\$ 232,037,416	\$ 200,961,179	\$ 108,964,096	\$ 115,479,226	\$ 341,001,512	\$ 316,440,405
Capital assets	155,170,602	163,044,900	24,213,569	23,236,318	179,384,171	186,281,218
Total assets	387,208,018	364,006,079	133,177,665	138,715,544	520,385,683	502,721,623
Current liabilities	30,524,675	15,323,100	19,701,059	20,950,597	50,225,734	36,273,703
Long-term liabilities	89,565,662	129,217,447	-	-	89,565,662	129,217,447
Total liabilities	120,090,337	144,540,553	19,701,059	20,950,597	139,791,396	165,491,150
Net assets						
Invested in capital assets, net of related debt	99,278,977	116,042,257	24,213,569	23,236,318	123,492,546	139,278,575
Restricted	117,133,247	96,409,057	6,723,588	7,049,195	123,856,835	103,458,252
Unrestricted	50,704,457	7,014,212	82,539,449	87,479,434	133,243,906	94,493,646
Total Net Assets	\$ 267,116,681	\$ 219,465,526	\$ 113,476,606	\$ 117,764,947	\$ 380,593,287	\$ 337,230,473

Approximately \$139.3 million, or 41.3%, 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 \$103.5 million, or 30.7%, 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, 2007.

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

As indicated in the following schedule, the net assets of the County decreased by \$43.4 million for the year ended December 31, 2007. The components of this change were a decrease of \$47.7 million in governmental activities and an increase of \$4.3 million in business-type activities. The components of these changes are discussed in the following section.

	Governmental Activities		Business-type Activities		Totals	
	2006	2007	2006	2007	2006	2007
Revenues						
Program revenue						
Charges for services	\$ 46,883,789	\$ 46,949,519	\$ 183,942,331	\$ 186,312,260	\$ 230,826,120	\$ 245,261,782
Operating grants and contributions	56,333,665	59,336,333	2,926,026	371,684	59,260,291	59,707,027
Capital grants and contributions	3,812,728	2,723,534	-	-	3,812,728	2,723,534
General revenue						
Property taxes	164,855,284	141,903,387	-	-	164,855,284	141,903,387
Intergovernmental revenues	2,263,249	2,381,607	-	-	2,263,249	2,381,607
Investment income	9,528,849	10,635,005	3,080,288	2,985,938	12,589,137	13,600,943
	<u>283,777,504</u>	<u>283,938,385</u>	<u>189,929,245</u>	<u>201,849,895</u>	<u>473,706,809</u>	<u>465,588,280</u>
Expenses						
Legislative	2,250,279	2,344,822	-	-	2,250,279	2,344,822
Judicial	40,051,717	40,672,019	-	-	40,051,717	40,672,019
General government	60,249,371	94,800,964	689,389	867,728	60,948,790	95,668,692
Public safety	73,774,136	76,046,377	-	-	73,774,136	76,046,377
Public works	1,499,863	1,156,821	-	-	1,499,863	1,156,821
Health and welfare	81,220,371	89,361,432	191,378,278	185,851,262	272,598,649	285,212,694
Recreation and culture	3,096,453	2,645,099	(1,126,565)	1,115,742	4,223,016	3,960,841
Interest and fees on long-term debt	3,637,114	4,038,257	-	-	3,637,114	4,038,257
	<u>265,779,304</u>	<u>311,285,791</u>	<u>190,204,232</u>	<u>197,834,732</u>	<u>458,983,538</u>	<u>509,100,523</u>
Increase (decrease) in net assets before transfers	17,998,260	(47,327,406)	(3,274,987)	3,815,163	14,723,273	(43,512,243)
Net transfers	(20,524,763)	(324,749)	19,735,096	473,178	(789,867)	148,429
Increase (decrease) in net assets	(2,526,503)	(47,652,155)	16,460,109	4,288,341	13,933,606	(43,363,814)
Net assets, beginning of year	<u>269,644,184</u>	<u>287,117,681</u>	<u>97,010,497</u>	<u>113,476,606</u>	<u>366,660,881</u>	<u>380,594,287</u>
Net assets, end of year	<u>\$ 267,117,681</u>	<u>\$ 219,465,526</u>	<u>\$ 113,478,606</u>	<u>\$ 117,764,947</u>	<u>\$ 380,594,287</u>	<u>\$ 337,230,473</u>

Governmental activities. Key components of the \$47.7 million decrease in the net assets of the County's governmental activities in 2007 are as follows:

- Property tax revenue decreased by \$23.0 million, or 13.9%. The change is composed of an increase of \$14.7 million in the General Fund and a decrease of \$37.7 in the Revenue Sharing Reserve Fund. These large changes were the result of the completion of the shift in the timing of the property tax levy from December to July in accordance with Public Act 357 of 2004. Public Act 357 was enacted to provide a substitute funding mechanism for State Revenue Sharing, which was eliminated by the State in 2004, and required that one third of the December 2004 levy be placed in a restricted fund for three consecutive years (2004-2006). During this time, the property tax levy was gradually accelerated from December to July of each year. The shift was completed in 2007; therefore none of the 2007 levy was placed in the Revenue Sharing Reserve Fund.

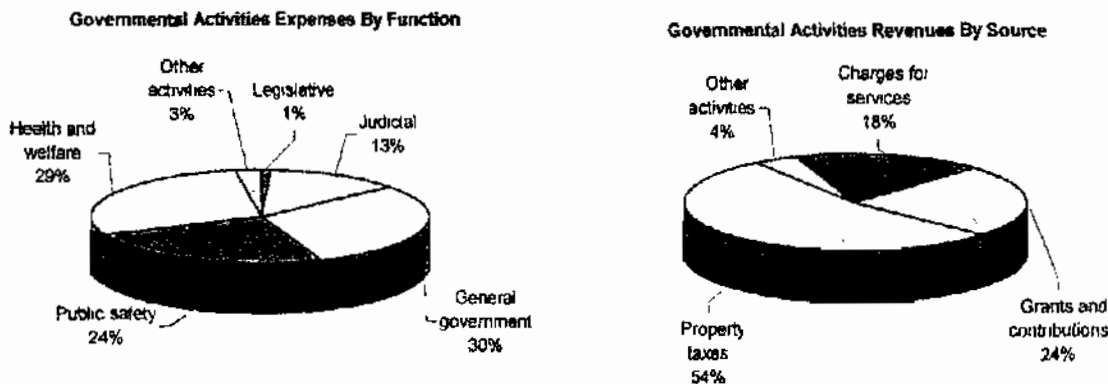
MACOMB COUNTY, MICHIGAN
Management's Discussion and Analysis
Required Supplemental Information

The increase of \$14.7 million in the General Fund consists of \$7.5 million attributable to an increase in property values throughout the County and \$7.2 million of revenues deferred over the course of the past three years in conjunction with the shift in the timing of the property tax levy as described previously.

- General government expenditures increased \$34.6 million, or 57.3%, consisting primarily of a \$38.3 million charge related to the implementation of GASB Statement No.45, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions". The \$38.3 million charge represents the amount by which the County's required contribution to the Retiree Health Care Trust Fund exceeded its actual contribution to the Retiree Health Care Trust Fund.

- Health and welfare expenditures increased by \$8.1 million, or 10.0% over the prior year, consisting primarily of increases of \$3.3 million in the Child Care Fund, \$2.7 million in the Health Fund and \$1.8 million in the Urban County Block Grant Fund. The increase experienced in the Child Care Fund was the result of several factors, including increased costs for salaries and fringe benefits, educational expense, medical services and housing individuals that have been declared wards of the State. The increase in expenditures in the Health Fund was due to an increase in the number of vaccinations performed as well as construction of a new morgue facility. The increase in expenditures in the Urban County Block Grant Fund was driven by a greater number of development projects initiated by local units of government.

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



Business-type activities. The net assets of the County's business-type activities increased approximately \$4.3 million during the year, the single largest component being a \$4.7 million surplus in the Delinquent Tax Revolving Fund. A general weakening of the economy in Southeast Michigan contributed to a significant increase in the number of property tax delinquencies in 2007 and the resulting interest and administrative fees charged against the higher delinquent balances resulted in the surplus reported in the Delinquent Tax Revolving Fund.

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

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 \$162.4 million at December 31, 2007, a decrease of \$20.7 million over the prior year. The \$20.7 million decrease consists of a \$6.5 million decrease in the General Fund, a \$12.3 million decrease in the Revenue Sharing Reserve Fund, a combined increase of \$1.6 million in the Special Revenue and Debt Service funds and a \$3.5 million decrease in the Capital Projects funds.

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

General Fund Revenue By Source

Source	2006	2007	Increase (Decrease)	% Change
Property taxes	\$ 126,970,438	\$ 141,690,935	\$ 14,720,497	11.6%
Licenses and permits	330,966	307,729	(23,237)	-7.0%
Federal and State grants	8,625,137	8,407,991	(217,146)	-2.5%
Charges for services	30,329,637	27,571,378	(2,758,259)	-9.1%
Investment income	5,957,464	6,591,146	633,682	10.6%
Admin charges to other funds	11,424,507	11,925,270	500,763	4.4%
Fines and forfeitures	864,669	698,321	(166,348)	-19.2%
Other revenue	67,645	277,181	209,536	309.8%
Transfers from other funds	23,339,929	23,876,560	536,631	2.3%
	<u>\$ 207,910,392</u>	<u>\$ 221,346,511</u>	<u>\$ 13,436,119</u>	6.5%

Property tax revenue increased approximately \$14.7 million, or 11.6%, \$7.5 million of which was the result of increased property values in the County. The remaining \$7.2 million pertains to a one-time surplus which was the result of shifting the property tax levy from December to July as discussed previously.

MACOMB COUNTY, MICHIGAN
Management's Discussion and Analysis
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Charges for services revenue decreased approximately \$2.8 million, or 9.1%, caused primarily by reductions in recording fees and real estate transfer tax as a result of the depressed housing market.

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

General Fund Expenditures By Function

Function	2006	2007	Increase (Decrease)	% Change
Legislative	\$ 2,250,279	\$ 2,344,822	\$ 94,543	4.2%
Judicial	23,706,731	24,196,654	489,923	2.1%
General government	58,298,464	57,995,814	(302,650)	-0.5%
Public safety	62,030,713	63,860,238	1,829,525	3.0%
Health and welfare	787,117	697,247	(89,870)	-11.4%
Other	5,459,684	5,618,750	159,066	2.9%
Capital outlay	705,595	617,157	(88,438)	-12.5%
Transfers to other funds	61,961,328	72,573,876	10,612,548	17.1%
	<u>\$ 215,199,911</u>	<u>\$ 227,904,558</u>	<u>\$ 12,704,647</u>	5.9%

The \$1.8 million increase in Public Safety expenditures, representing a 3.0% increase, is a result of increases in jail medical and salary and fringe benefit costs at the Sheriff Department.

The majority of the increase in transfers to other funds is the result of a one-time transfer of \$7.2 million to the Capital Improvement Fund that was made possible through the recognition of revenues deferred in 2004-2006 as the collection of property taxes was accelerated from December to July as previously noted.

Revenue Sharing Reserve Fund - The Revenue Sharing Reserve Fund was established pursuant to Public Act 257 of 2004 to serve as a substitute funding mechanism for State Revenue Sharing. Under the provisions of Public Act 257, the collection of property taxes was accelerated over the course of three years, whereby the County now levies 100% of its property taxes in July rather than December. Beginning in 2004, three annual installments, each equal to 1/3 of the December 2004 property tax levy, were recognized as revenue and placed in a restricted fund known as the Revenue Sharing Reserve Fund. The last installment of \$37.7 million was placed in the Revenue Sharing Reserve Fund in 2006. Since the three installments placed in the Revenue Sharing Reserve Fund were frozen at the 2004 level and property tax values increased in 2005 and 2006, the difference between 1/3 of those levies and the amount deposited in the Revenue Sharing Reserve Fund each year was deferred and recognized in 2007. 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 if it had not been discontinued and will continue to do so until the fund balance is exhausted. We expect the fund to be fully depleted in 2011. The Revenue Sharing Reserve Fund transferred \$15.1 million to the General Fund in 2007 and earned \$2.8 million in interest, resulting in a deficit of \$12.3 million for fiscal 2007. The fund balance is restricted in its entirety and totaled \$65.6 million at year-end.

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The fund balances of the County's non-major governmental funds were approximately \$57.1 million at year-end, a decrease of approximately \$1.9 million over the prior year. A decrease of \$3.5 million was experienced in the capital projects funds as construction continued on several projects during the year. Of the \$57.1 million, \$25.5 million is reported in the capital projects funds, all of which is designated or restricted for use in the construction, remodeling, renovation and maintenance of new or existing facilities.

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	\$ 138,580,750	\$ 139,717,183	\$ 141,690,935	\$ 1,973,752
Licenses and permits	447,750	447,750	307,729	(140,021)
Federal and State grants	8,280,629	8,280,629	8,407,991	127,362
Charges for services	28,573,898	28,657,973	27,571,378	(1,086,595)
Investment income	8,050,750	8,050,750	6,591,146	(1,459,604)
Admin charges to other funds	12,457,310	12,457,310	11,925,270	(532,040)
Fines and forfeitures	1,006,600	1,006,600	698,321	(308,279)
Other revenue	40,750	40,750	277,181	236,431
Transfers from other funds	23,818,425	23,876,560	23,876,560	-
	<u>\$ 219,236,862</u>	<u>\$ 222,535,505</u>	<u>\$ 221,346,511</u>	<u>\$ (1,188,994)</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 revenue was \$1.1 million under budget, primarily as a result of a decline in the housing market, which resulted in lower than expected recording fees and real estate transfer tax.

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A comparison of budgeted and actual expenditures is presented below.

General Fund Expenditures Budget and Actual By Level of Control

Level of Control	Budget		Actual	Variance
	Adopted	Final		
Salaries and fringe benefits	\$ 127,931,689	\$ 128,002,371	\$ 118,020,509	\$ 9,981,862
Operating	42,610,084	42,329,551	36,540,840	5,788,711
Capital outlay	1,186,900	1,228,033	769,333	458,700
Transfers to other funds	79,348,836	86,858,422	72,573,876	14,284,546
	<u>\$ 251,077,509</u>	<u>\$ 258,418,377</u>	<u>\$ 227,904,558</u>	<u>\$ 30,513,819</u>

The original and final expenditure budgets of the General Fund for fiscal 2007 were \$251.1 million and \$258.4 million, respectively, an increase of \$7.3 million of final over originally adopted. Virtually the entire increase in budgeted expenditures was attributable to the one time transfer to the Capital Improvement Fund discussed previously.

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 \$30.5 million below budget in fiscal 2007, consisting primarily of \$10.0 million in the area of salaries and wages and \$14.3 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 County also implemented a 10 week hiring delay in 2007 as a way to address the General Fund deficit. The \$10.0 million budget surplus in the area of salaries and fringe benefits can be attributed to vacant positions, the hiring delay and the hiring of new employees at rates below the maximum salary. Actual expenditures for salaries and fringe benefits were 92.2% of budget.

Transfers to other funds of \$72.6 million were approximately \$14.3 million below the budget because budgeted transfers are maintained at conservative levels due to the uncertainty of outside revenue sources.

In summary, General Fund expenditures exceeded revenues by \$6.5 million for the year ended December 31, 2007. Unreserved fund balance was \$39.8 million or 8.4% of the 2008 County operating budget.

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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 \$163.0 million for governmental activities and \$23.2 million for business-type activities.

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

	Governmental Activities		Business-type Activities		Total	
	2006	2007	2006	2007	2006	2007
Land	\$ 14,154,314	\$ 14,154,314	\$ -	\$ -	\$ 14,154,314	\$ 14,154,314
Land improvements	5,431,804	6,628,311	194,554	176,872	5,626,358	6,805,183
Buildings and improvements	98,175,089	104,443,960	22,783,122	21,975,005	120,958,211	126,418,965
Machinery, equipment and vehicles	14,515,269	26,844,138	1,235,893	1,084,441	15,751,162	27,928,579
Construction in progress	22,894,126	10,974,177	-	-	22,894,126	10,974,177
	<u>\$ 155,170,602</u>	<u>\$ 163,044,900</u>	<u>\$ 24,213,569</u>	<u>\$ 23,236,318</u>	<u>\$ 179,384,171</u>	<u>\$ 186,281,218</u>

Major capital asset activity during the year included the following:

- Construction was completed on the E-911 radio communication system. Approximately \$0.9 million was expended in 2007 and total project costs were approximately \$13.3 million.
- Construction was substantially completed on the new Public Works building. Approximately \$2.8 million was expended in 2007 and total project costs are expected to be approximately \$7.0 million. The building is scheduled to open in January 2008.
- Construction began on a new building for the 42nd District Court located in the City of New Baltimore. A total of \$5.1 million was spent in 2007 and the total project is expected to cost \$7.9 million. The project is scheduled for completion in the spring of 2008.
- Phase two of the Juvenile Justice Center renovation began in 2007 and a total of \$1.7 million was spent in 2007. The project is expected to cost approximately \$7.1 million and is expected to be completed in 2009.

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

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Long-term debt. The County's long-term debt was \$80.2 million at December 31, 2007, 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	\$ 84,300,000	\$ 16,895,000	\$ 20,950,000	\$ 80,245,000

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.

The County advance refunded \$16.2 million in bonds in 2007, resulting in long-term interest savings of \$0.5 million.

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, 2007 was \$38.3 billion and \$31.9 billion, respectively. Therefore, the County's debt limitation was \$3.2 billion at year-end. The County's outstanding debt at December 31, 2007 of \$80.2 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 Note 4 to the basic financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The following factors were considered when developing the 2008 budget:

- The General Fund experienced a deficit of \$6.5 million in fiscal 2007, following deficits of \$7.3 million and \$9.2 million in fiscal 2006 and 2005, respectively. 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 is anticipated again in 2008.

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. 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 2008 and 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.

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- A zero percent increase in salaries in 2008.
- Property tax revenues are expected to remain at 2007 levels.
- Market interest rates are expected to remain level during 2008.
- 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.

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, 2007

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Cash and pooled investments	\$ 161,268,366	\$ 70,275,727	\$ 231,544,093	\$ 95,207,734
Receivables:				
Property taxes	11,199,346	32,669,967	43,869,313	-
Accrued interest	2,423,728	483,054	2,906,782	629,342
Trade accounts, net	12,789,447	9,445,035	22,234,482	7,579,812
Special assessments	-	-	-	92,820,000
Inventories	329,064	-	329,964	3,651,536
Due from other governments	10,372,899	696,897	11,069,796	11,456,158
Internal balances	(102,786)	102,786	-	-
Due from fiduciary funds	1,618	-	1,618	-
Due from funds with different year end dates	42,301	26,643	68,944	-
Capital assets, net:				
Assets being depreciated	137,916,409	23,236,318	161,152,727	683,418,033
Assets not being depreciated	25,128,491	-	25,128,491	199,417,589
Other assets	2,636,296	1,779,117	4,415,413	2,459,217
Total assets	364,006,079	138,715,544	502,721,623	1,096,639,421
LIABILITIES				
Accounts payable and accrued liabilities	9,649,782	19,743,795	29,393,577	25,710,209
Accrued wages payable	1,517,865	518,127	2,035,992	-
Accrued interest payable	653,749	-	653,749	465,509
Due to other governments	496,537	651,875	1,148,412	-
Accrued workers compensation claims	1,000,000	-	1,000,000	16,130
Accrued general liability claims	850,000	-	850,000	36,862
Deferred revenue	1,155,173	36,800	1,191,973	89,744,674
Long-term debt maturities due within one year	4,675,000	-	4,675,000	4,475,000
Long-term liabilities:				
Compensated absences	6,025,380	-	6,025,380	1,266,604
Accrued workers compensation claims	839,542	-	839,542	137,905
Accrued general liability claims	3,774,581	-	3,774,581	339,021
Net OPEB obligation	38,332,944	-	38,332,944	649,979
Long-term debt maturities due in more than one year	75,570,000	-	75,570,000	88,345,000
Total Liabilities	144,540,553	20,950,597	165,491,150	211,186,883
NET ASSETS				
Investment in capital assets, net of related debt	116,042,257	23,236,318	139,278,575	790,015,622
Restricted for				
Capital projects	15,147,980	-	15,147,980	-
Debt service	7,119,808	-	7,119,808	-
Long-term receivables (Block Grants)	8,575,204	-	8,575,204	-
Revenue Sharing Reserve Fund	65,566,065	-	65,566,065	-
Mental Health risk reserve	-	7,049,195	7,049,195	-
Unrestricted	7,014,212	87,479,434	94,493,646	95,436,906
Total Net Assets	\$ 219,465,526	\$ 117,764,947	\$ 337,230,473	\$ 885,452,528

MACOMB COUNTY, MICHIGAN
Government-Wide Statement of Activities
For the Year Ended December 31, 2007

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	
Primary government				
Governmental activities				
Legislative	2,344,822	-	-	(2,344,822)
Judicial	40,672,019	7,017,228	14,758,254	(18,896,537)
General government	94,800,964	13,288,395	537,598	(80,806,768)
Public safety	76,046,377	13,863,933	1,320,644	(58,306,469)
Public works	1,156,821	-	-	(1,156,821)
Health and welfare	89,361,432	12,660,061	42,661,812	(34,039,559)
Recreation and culture	2,845,099	119,902	57,025	(2,668,172)
Interest and fees on long-term debt	4,038,257	-	-	(4,038,257)
Total governmental activities	311,265,791	46,949,519	59,335,333	(202,257,405)
Business-type activities				
Delinquent tax collections	867,728	12,118,753	-	11,251,025
Community Mental Health	174,125,652	167,342,164	371,694	(6,411,804)
Martha T. Berry Medical Care Facility	21,725,800	18,608,923	-	(3,116,677)
Freedom Hill Park	1,115,742	242,423	-	(873,319)
Total business-type activities	197,834,732	198,312,263	371,694	849,225
Total primary government	\$ 509,100,523	\$ 245,261,782	\$ 59,707,027	\$ (201,408,180)
Component Units				
Public Works	49,414,383	47,576,244	-	(1,838,139)
Road Commission	70,494,393	10,841,335	-	3,337,998
Workforce Development Board	25,507,055	5,020	25,474,505	(27,530)
Total component units	\$ 145,415,831	\$ 58,422,599	\$ 25,474,505	\$ 1,472,329

MACOMB COUNTY, MICHIGAN
Government-Wide Statement of Activities (concluded)
For the Year Ended December 31, 2007

	<u>Primary Government</u>			<u>Component Units</u>
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>	
Changes in net assets				
Net (expense) revenue (from page B-2)	\$ (202,257,405)	\$ 849,225	\$ (201,408,180)	\$ 1,472,329
General revenues:				
Property tax	141,903,387	-	141,903,387	-
Intergovernmental revenues - unrestricted	2,391,607	-	2,391,607	-
Investment earnings	10,635,005	2,965,938	13,600,943	6,915,453
Transfers - internal activities	(324,749)	473,178	148,429	-
Total general revenues and transfers	<u>154,605,250</u>	<u>3,439,116</u>	<u>158,044,366</u>	<u>6,915,453</u>
Change in net assets	(47,652,155)	4,288,341	(43,363,814)	8,387,782
Net assets, beginning of year	<u>267,117,681</u>	<u>113,476,606</u>	<u>380,594,287</u>	<u>877,064,746</u>
Net assets, end of year	<u>\$ 219,465,526</u>	<u>\$ 117,764,947</u>	<u>\$ 337,230,473</u>	<u>\$ 885,452,528</u>

The accompanying notes are an integral part of these financial statements

MACOMB COUNTY, MICHIGAN
Balance Sheet - Governmental Funds
December 31, 2007

	Major Funds		Nonmajor Governmental Funds	Total Governmental Funds
	General Fund	Revenue Sharing Reserve Fund		
Assets				
Cash and pooled investments	\$ 20,728,675	\$ 65,566,065	\$ 49,131,096	\$ 135,425,836
Taxes receivable	11,031,292	-	168,054	11,199,346
Accrued interest receivable	2,423,728	-	-	2,423,728
Accounts receivable, net	3,748,824	-	9,022,078	12,770,902
Due from other governments	3,071,199	-	6,672,529	9,743,728
Due from governmental funds	1,098,958	-	-	1,098,958
Due from business-type units	15,312	-	-	15,312
Due from fiduciary funds	1,618	-	-	1,618
Advances to other funds	300,000	-	-	300,000
Other assets	1,981,977	-	239,717	2,221,694
Total Assets	\$ 44,401,583	\$ 65,566,065	\$ 65,233,474	\$ 175,201,122
Liabilities and Fund Balances				
Liabilities				
Accounts payable	\$ 3,140,260	\$ -	\$ 5,116,783	\$ 8,257,043
Accrued liabilities	-	-	735,758	735,758
Accrued compensation and benefits	1,507,300	-	10,565	1,517,865
Due to other governments	-	-	496,537	496,537
Due to governmental funds	-	-	639,090	639,090
Deferred revenue	-	-	1,155,173	1,155,173
Total Liabilities	4,647,560	-	8,153,906	12,801,466
Equities and Other Credits				
Fund Balances				
Reserved				
Debt service	-	-	7,119,808	7,119,808
Revenue sharing	-	65,566,065	-	65,566,065
Advances to other funds	300,000	-	-	300,000
Long-term receivables	-	-	8,575,204	8,575,204
Capital projects	-	-	15,147,980	15,147,980
Unreserved				
Designated				
Subsequent year budget	5,135,933	-	-	5,135,933
Capital projects	-	-	15,225,454	15,225,454
Programs - special projects	-	-	-	-
General fund	1,153,622	-	-	1,153,622
Special revenue funds	-	-	6,786,909	6,786,909
Undesignated				
General fund	33,164,468	-	-	33,164,468
Special revenue funds	-	-	4,224,213	4,224,213
Total Fund Balances	39,754,023	65,566,065	57,079,568	162,399,656
Total Liabilities and Fund Balances	\$ 44,401,583	\$ 65,566,065	\$ 65,233,474	\$ 175,201,122

MACOMB COUNTY, MICHIGAN
RECONCILIATION OF THE FUND BALANCES ON THE BALANCE SHEET OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF NET ASSETS OF GOVERNMENTAL ACTIVITIES
December 31, 2007

Total fund balances for governmental funds \$ 162,399,656

Amounts reported for governmental activities in the Government-Wide Statement of Net Assets are different because:

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

Capital assets	
Land	14,154,314
Land improvements	9,768,083
Buildings and improvements	169,464,031
Machinery, equipment and vehicles	58,673,151
Construction in progress	10,974,177
Accumulated depreciation	(103,119,453)

Long-term bonded debt is not due and payable in the current period and, therefore, is not reported in the governmental funds. However, bonded debt is recorded as long-term liabilities in the Government-Wide Statement of Net Assets. (See Note 4)

Bonds issued in prior years	(84,300,000)
Net refunding bonds issued during the current year	(695,000)
Bond principal repayments	4,750,000

Accrued interest payable on long-term debt at year-end is not recorded in the governmental funds, but is recorded as a liability in the Statement of Net Assets (653,749)

The difference between the actual and required contribution to the Retiree Health Care Fund is not recorded in the governmental funds, but is recorded as a liability in the Statement of Net Assets (38,332,944)

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 16,383,260

Net assets of governmental activities reported in the Government-Wide Statement of Net Assets \$ 219,465,526

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, 2007

	Major Funds		Nonmajor Governmental Funds	Total Governmental Funds
	General Fund	Revenue Sharing Reserve Fund		
Revenues				
Property taxes	\$ 141,690,935	\$ -	\$ 212,452	\$ 141,903,387
Licenses and permits	307,729	-	1,345,377	1,653,106
Federal & State grants	8,407,991	-	55,734,866	64,142,857
Other grants	-	-	307,617	307,617
Charges for services	27,571,378	-	14,912,424	42,483,802
Investment income	6,591,146	2,818,921	1,224,938	10,635,005
Charges to other funds for administrative services	11,925,270	-	-	11,925,270
Fines and forfeitures	698,321	-	683,889	1,382,210
Other revenue	277,181	-	1,153,220	1,430,401
Total Revenues	197,469,951	2,818,921	75,574,783	275,863,655
Expenditures				
Current				
Legislative	2,344,822	-	-	2,344,822
Judicial	24,196,654	-	13,638,553	37,835,207
General government	57,995,814	-	644,427	58,640,241
Public safety	63,860,238	-	8,887,264	72,747,502
Public works	-	-	1,156,821	1,156,821
Health and welfare	697,247	-	86,493,947	87,191,194
Recreation and cultural	-	-	2,781,895	2,781,895
Other	5,618,750	-	-	5,618,750
Capital outlay	617,157	-	18,703,379	19,320,536
Debt service				
Principal	-	-	4,750,000	4,750,000
Interest and fees	-	-	3,411,792	3,411,792
Bond issue costs	-	-	113,558	113,558
Total Expenditures	155,330,682	-	140,581,636	295,912,318
Excess of Revenues over (under) Expenditures	42,139,269	2,818,921	(65,006,853)	(20,048,663)
Other financing sources (uses)				
Issuance of debt	-	-	16,895,000	16,895,000
Transfers in	23,876,560	-	78,697,846	102,574,406
Transfers out	(72,573,876)	(15,071,560)	(15,704,833)	(103,350,269)
Bond discounts	-	-	(167,725)	(167,725)
Payment to refunding debt escrow agent	-	-	(16,613,717)	(16,613,717)
Total other financing sources (uses)	(48,697,316)	(15,071,560)	63,106,571	(62,305)
Net change in fund balances	(6,558,047)	(12,252,639)	(1,900,282)	(20,710,968)
Fund Balances, beginning of year	46,312,070	77,818,704	58,979,850	183,110,624
Fund Balances, end of year	\$ 39,754,023	\$ 65,566,065	\$ 57,079,568	\$ 162,399,656

**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, 2007**

Net change in fund balances - total governmental funds \$ (20,710,968)

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	19,320,536
Expenditures reported as capital outlay but not capitalized	(2,150,173)
Current year depreciation expense	(9,944,269)

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)	4,750,000
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The change in amount of accrued compensated absences not recorded in the governmental funds but is recorded as an operating expense in the Government-Wide Statement of Activities.	109,488
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The change in amount of accrued interest payable is not recorded in the governmental funds, but is recorded as interest expense in the Government-Wide Statement of Activities.	(626,465)
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The change in amount of the net OPEB liability is not recorded in the governmental funds, but is recorded as an operating expense in the Government-Wide Statement of Activities.	(38,332,944)
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Internal service funds are used by management to charge the costs of certain activities such as insurance, compensated absences, workers' compensation and central inventory to individual governmental funds. The net income (loss) attributable to those funds is reported with governmental activities	(67,360)
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Change in net assets of governmental activities reported in the Statement of Activities	\$ (47,652,155)
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The accompanying notes are an integral part of these financial statements

MACOMB COUNTY, MICHIGAN
Statement of Net Assets
Proprietary Funds
December 31, 2007

	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	\$ 52,196,933	\$ 17,912,561	\$ 166,233
Receivables			
Property taxes	32,669,967	-	-
Accrued interest	483,054	-	-
Trade accounts, net	5,373,766	2,028,397	1,684,826
Inventories	-	-	-
Due from other governments	-	696,897	-
Due from governmental funds	-	233,404	-
Due from business-type units	-	-	-
Due from funds with different year end dates	-	26,643	-
Other assets	-	1,696,274	82,843
Total current assets	90,723,720	22,594,176	1,933,902
Noncurrent assets			
Capital assets, net:			
Assets being depreciated	-	217,097	22,050,532
Total Assets	90,723,720	22,811,273	23,984,434
LIABILITIES			
Current liabilities			
Accounts payable	559,278	18,296,160	621,058
Accrued wages payable	122	498,566	18,821
Due to other governments	649,283	2,592	-
Due to governmental funds	-	115,306	-
Claims and judgements	-	-	-
Deferred revenue	-	36,800	-
Total current liabilities	1,208,683	18,949,424	639,879
Noncurrent liabilities			
Claims and judgements	-	-	-
Compensated absences and accrued wages payable	-	-	-
Advances from other funds	-	-	-
Total noncurrent liabilities	-	-	-
Total Liabilities	1,208,683	18,949,424	639,879
NET ASSETS			
Investment in capital assets, net of related debt	-	217,097	22,050,532
Restricted - Mental Health Risk Reserve	-	7,049,195	-
Unrestricted surplus (deficit)	89,515,037	(3,404,443)	1,294,023
Total Net Assets	\$ 89,515,037	\$ 3,861,849	\$ 23,344,555

MACOMB COUNTY, MICHIGAN
Statement of Net Assets (concluded)
Proprietary Funds
December 31, 2007

	<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	\$ -	\$ 70,275,727	\$ 25,842,530
Receivables:			-
Property taxes	-	32,669,967	-
Accrued interest	-	483,054	-
Trade accounts, net	358,046	9,445,035	18,545
Inventories	-	-	329,964
Due from other governments	-	696,897	629,171
Due from governmental funds	-	233,404	-
Due from business-type units	-	-	157,636
Due from funds with different year end dates	-	26,643	-
Other assets	-	1,779,117	414,602
Total current assets	358,046	115,609,844	27,392,448
Noncurrent assets			
Capital assets, net:			
Assets being depreciated	968,689	23,236,318	3,130,597
Total Assets	1,326,735	138,846,162	30,523,045
LIABILITIES			
Current liabilities			
Accounts payable	267,299	19,743,795	656,981
Accrued wages payable	618	518,127	-
Due to other governments	-	651,875	-
Due to governmental funds	15,312	130,618	693,301
Claims and judgements	-	-	1,850,000
Deferred revenue	-	36,800	-
Total current liabilities	283,229	21,081,215	3,200,282
Noncurrent liabilities			
Claims and judgements	-	-	4,614,123
Compensated absences and accrued wages payable	-	-	6,025,380
Advances from other funds	-	-	300,000
Total noncurrent liabilities	-	-	10,939,503
Total Liabilities	283,229	21,081,215	14,139,785
NET ASSETS			
Investment in capital assets, net of related debt	968,689	23,236,318	3,130,597
Restricted - Mental Health Risk Reserve	-	7,049,195	-
Unrestricted surplus (deficit)	74,817	87,479,434	13,252,663
Total Net Assets	\$ 1,043,506	\$ 117,764,947	\$ 16,383,260

MACOMB COUNTY, MICHIGAN
Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Funds
Year Ended December 31, 2007

	Major Business-Type Activities - Enterprise Funds		
	Delinquent Tax Revolving	Community Mental Health	Martha T Berry Medical Care Facility
Operating Revenues			
Charges for services	\$ 12,118,753	\$ 167,342,164	\$ 18,608,923
Federal and state grants	-	371,694	-
Total operating revenues	12,118,753	167,713,858	18,608,923
Operating Expenses			
Personal services	357,589	25,573,521	14,854,055
Contractual services	-	131,299,152	2,081,200
Utilities	-	383,145	703,289
Repairs and maintenance	-	77,923	207,960
Benefits and claims expenses	-	-	-
Supplies and services	510,139	16,725,513	2,859,337
Depreciation	-	66,408	1,019,759
Total Operating Expenses	867,728	174,125,662	21,725,600
Operating Income (Loss)	11,251,025	(6,411,804)	(3,116,677)
Nonoperating revenues			
Investment income	2,149,219	816,719	-
Gain on sale of assets	-	-	-
Total Nonoperating Revenues	2,149,219	816,719	-
Income (loss) before Transfers	13,400,244	(5,595,085)	(3,116,677)
Transfers			
Transfers in	-	6,044,025	2,225,762
Transfers out	(8,730,000)	-	-
Other (See note 5)	-	-	128,726
Net Transfers	(8,730,000)	6,044,025	2,354,488
Increase (decrease) in net assets	4,670,244	448,940	(762,189)
Net assets, beginning of year	84,844,793	3,412,909	24,106,744
Net assets, end of year	\$ 89,515,037	\$ 3,861,849	\$ 23,344,555

MACOMB COUNTY, MICHIGAN
Statement of Revenues, Expenses and Changes in Fund Net Assets (concluded)
Proprietary Funds
Year Ended December 31, 2007

	<u>Major Business-Type Activities - Enterprise Funds</u>		<u>Governmental Activities-</u>
	<u>Freedom Hill</u>		<u>Internal</u>
	<u>Park</u>	<u>Totals</u>	<u>Service Funds</u>
Operating Revenues			
Charges for services	\$ 242,423	\$ 198,312,263	\$ 9,307,918
Federal and state grants	-	371,694	-
Total operating revenues	242,423	198,683,957	9,307,918
Operating Expenses			
Personal services	693,774	41,478,939	-
Contractual services	-	133,380,352	-
Utilities	145,565	1,231,999	-
Repairs and maintenance	83,355	369,238	-
Benefits and claims expenses	-	-	4,360,632
Supplies and services	124,394	20,219,383	4,953,952
Depreciation	68,654	1,154,821	517,037
Total Operating Expenses	1,115,742	197,834,732	9,831,621
Operating Income (Loss)	(873,319)	849,225	(523,703)
Nonoperating revenues			
Investment income	-	2,965,938	-
Gain on sale of assets	-	-	5,229
Total Nonoperating Revenues	-	2,965,938	5,229
Income (loss) before Transfers	(873,319)	3,815,163	(518,474)
Transfers			
Transfers in	804,665	9,074,452	451,114
Transfers out	-	(8,730,000)	-
Other (See note 5)	-	128,726	-
Net Transfers	804,665	473,178	451,114
Increase (decrease) in net assets	(68,654)	4,288,341	(67,360)
Net assets, beginning of year	1,112,160	113,476,606	16,450,620
Net assets, end of year	\$ 1,043,506	\$ 117,764,947	\$ 16,383,260

MACOMB COUNTY, MICHIGAN
Combining Statement of Cash Flows - Proprietary Funds
Year Ended December 31, 2007

	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	\$ (795,858)	\$ 167,210,017	\$ 19,274,432
Cash received from interfund services	-	115,306	-
Cash payments for interfund services	-	(260,047)	(570,095)
Cash payments to employees	(357,598)	(25,175,755)	(14,855,424)
Cash payments to suppliers	(466,494)	(148,158,293)	(5,859,588)
Net cash provided by (used in) Operating Activities	(1,619,950)	(6,268,772)	(2,010,685)
Cash Flows From Noncapital Financing Activities			
Transfers in	-	6,044,025	2,225,762
Transfers out	(8,730,000)	-	-
Net cash provided by (used in) Noncapital Financing Activities	(8,730,000)	6,044,025	2,225,762
Cash Flows From Capital and Related Financing Activities			
Acquisition of capital assets	-	-	(48,844)
Net Cash used in Capital and Related Financing Activities	-	-	(48,844)
Cash Flows From Investing Activities			
Interest received on investments	2,107,591	816,719	-
Net cash provided by Investing Activities	2,107,591	816,719	-
Increase (decrease) in cash and pooled investments	(8,242,359)	591,972	166,233
Cash and pooled investments, beginning of year	60,439,292	17,320,589	-
Cash and pooled investments, end of year	\$ 52,196,933	\$ 17,912,561	\$ 166,233
Reconciliation of operating income to net cash provided (used) by operating activities			
Operating income (loss)	\$ 11,251,025	\$ (6,411,804)	\$ (3,116,677)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation		86,408	1,019,759
Increase in taxes receivable	(11,413,484)	-	-
Decrease (increase) in accounts receivable	(2,310,073)	(444,912)	552,133
Decrease in inventory	-	-	-
Decrease (increase) in amounts due from other governments	159,663	703,776	113,376
Increase in amounts due from other funds	-	(260,047)	-
Increase in other assets	-	(499,298)	-
Increase (decrease) in accounts payable	43,645	327,440	(7,812)
Increase (decrease) in accrued employee benefits	(9)	397,766	(1,369)
Increase (decrease) in amounts due to other governments	649,283	(300,207)	-
Increase (decrease) in amounts due to other funds	-	115,306	(570,095)
Increase in deferred revenue	-	36,800	-
Increase in accrued claims and judgements	-	-	-
Net cash provided by (used in) Operating Activities	\$ (1,619,950)	\$ (6,268,772)	\$ (2,010,685)

MACOMB COUNTY, MICHIGAN
Combining Statement of Cash Flows - Proprietary Funds (concluded)
Year Ended December 31, 2007

	Major Business-type Activities - Enterprise Funds		Governmental Activities
	Freedom Hill		Internal
	Park	Totals	Service Funds
Cash Flows from Operating Activities			
Cash received from customers	\$ 73,286	\$ 185,761,877	\$ 72,706
Cash received from interfund services	15,312	130,618	9,552,293
Cash payments for interfund services	-	(830,142)	-
Cash payments to employees	(693,818)	(41,082,595)	(1,065,224)
Cash payments to suppliers	(249,269)	(154,733,654)	(8,361,747)
Net cash provided by (used in) Operating Activities	(854,489)	(10,753,896)	198,028
Cash Flows From Noncapital Financing Activities			
Transfers in	804,665	9,074,452	451,114
Transfers out	-	(8,730,000)	-
Net cash provided by (used in) Noncapital Financing Activities	804,665	344,452	451,114
Cash Flows From Capital and Related Financing Activities			
Acquisition of capital assets	-	(48,844)	(1,160,012)
Net Cash used in Capital and Related Financing Activities	-	(48,844)	(1,160,012)
Cash Flows From Investing Activities			
Interest received on investments	-	2,924,310	-
Net cash provided by Investing Activities	-	2,924,310	-
Increase (decrease) in cash and pooled investments	(49,824)	(7,533,978)	(510,870)
Cash and pooled investments, beginning of year	49,824	77,809,705	26,353,400
Cash and pooled investments, end of year	\$ -	\$ 70,275,727	\$ 25,842,530
Reconciliation of operating income to net cash provided (used) by operating activities			
Operating income (loss)	\$ (873,319)	\$ 849,225	\$ (523,703)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation	68,654	1,154,821	517,037
Increase in taxes receivable	-	(11,413,484)	-
Decrease (increase) in accounts receivable	(169,137)	(2,371,989)	46,469
Decrease in inventory	-	-	59,162
Decrease (increase) in amounts due from other governments	-	976,815	(230,684)
Increase in amounts due from other funds	-	(260,047)	(157,636)
Increase in other assets	-	(499,298)	(85,436)
Increase (decrease) in accounts payable	104,045	467,318	46,189
Increase (decrease) in accrued employee benefits	(44)	396,344	(217,496)
Increase (decrease) in amounts due to other governments	-	349,076	-
Increase (decrease) in amounts due to other funds	15,312	(439,477)	693,301
Decrease in deferred revenue	-	36,800	-
Increase in accrued claims and judgments	-	-	50,825
Net cash provided by (used in) Operating Activities	\$ (854,489)	\$ (10,753,896)	\$ 198,028

MACOMB COUNTY, MICHIGAN
Statement of Fiduciary Net Assets
Fiduciary Funds
December 31, 2007

	Employee Retirement and Postretirement Health Care Benefits	Agency Funds
ASSETS		
Cash and pooled investments	\$ 50,111,498	\$ 17,076,353
Receivables		
Accrued interest	1,365,451	-
Other	876,217	1,051,630
	2,241,668	1,051,630
Total receivables		
Investments, at fair value		
US Government obligations	921,188	-
Corporate Bonds	35,441,234	-
Preferred Stock	20,352,968	-
Common Stock	356,553,829	-
Foreign Stock	47,830,775	-
Limited partnerships	26,854,402	-
Mutual funds	483,348,105	-
	971,302,501	-
Total investments		
Securities lending collateral	54,126,987	-
Due from fiduciary funds	538,086	4,350,821
Other assets	-	44,990
	1,078,320,740	\$ 22,523,594
Total Assets		
LIABILITIES		
Accounts payable	2,337,105	\$ 13,462,350
Accrued compensation and benefits	-	719,951
Deposits	-	5,657,884
Due to other governments	-	2,683,409
Due to fiduciary funds	4,888,707	-
Obligations under securities lending	54,126,987	-
	61,354,417	\$ 22,523,594
Total Liabilities		
NET ASSETS		
Net assets held in trust for pension and other postemployment benefits	\$ 1,016,966,323	

MACOMB COUNTY, MICHIGAN
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
Year Ended December 31, 2007

	Employee Retirement and Postretirement Health Care Benefits
ADDITIONS	
Contributions	
Employer	\$ 33,630,027
Employee	5,366,564
	38,996,591
Investment income	
Net appreciation in fair value of assets	59,814,209
Interest	4,934,364
Dividends	12,936,585
Securities lending	390,078
	78,075,236
Less investment expenses	
Management and custodial fees	3,369,947
Securities lending agent fees	117,023
	3,486,970
Net investment income	74,588,266
Total additions	113,584,857
DEDUCTIONS	
Benefit payments	51,516,569
Refunds of contributions	381,008
Administrative expense	299,500
	52,197,077
Net increase in net assets	61,387,780
NET ASSETS	
Beginning of year	955,578,543
End of year	\$ 1,016,966,323

MACOMB COUNTY, MICHIGAN
Combining Statement of Net Assets - Component Units
December 31, 2007

	Public Works (1)	Road Commission (1)	Workforce Development Board	Hospital Finance Authority	Total
ASSETS					
Cash and cash equivalents	\$ 46,905,300	\$ 48,096,672	\$ 198,117	\$ 7,645	\$ 95,207,734
Receivables:					
Accrued interest	94,971	534,371	-	-	629,342
Trade accounts, net	6,473,570	1,102,028	4,214	-	7,579,812
Special assessments	92,820,000	-	-	-	92,820,000
Inventories	-	3,651,536	-	-	3,651,536
Due from other governments	-	7,953,894	3,502,264	-	11,456,158
Capital assets, net:					
Assets being depreciated	156,819,358	526,598,675	-	-	683,418,033
Assets not being depreciated	18,895,954	180,521,635	-	-	199,417,589
Other assets	-	2,459,217	-	-	2,459,217
Total assets	322,009,153	770,918,028	3,704,595	7,645	1,096,639,421
LIABILITIES					
Accounts payable	11,466,036	10,645,235	3,598,938	-	25,710,209
Accrued interest payable	465,509	-	-	-	465,509
Accrued workers compensation claims	-	16,130	-	-	16,130
Accrued general liability claims	-	36,862	-	-	36,862
Deferred revenue	89,744,674	-	-	-	89,744,674
Long-term debt maturities due within one year	4,475,000	-	-	-	4,475,000
Long-term liabilities:					
Compensated absences	-	1,266,604	-	-	1,266,604
Accrued workers compensation claims	-	137,905	-	-	137,905
Accrued general liability claims	-	339,021	-	-	339,021
Net OPEB obligation	-	649,979	-	-	649,979
Long-term debt maturities due in more than one year	88,345,000	-	-	-	88,345,000
Total Liabilities	194,496,219	13,091,736	3,598,938	-	211,186,893
NET ASSETS					
Investment in capital assets, net of related debt	82,895,312	707,120,310	-	-	790,015,622
Unrestricted	44,617,622	50,705,982	105,657	7,645	95,436,906
Total Net Assets	\$ 127,512,934	\$ 757,826,292	\$ 105,657	\$ 7,645	\$ 885,452,528

(1) - Year-end September 30, 2007

MACOMB COUNTY, MICHIGAN
Combining Statement of Activities - Component Units
For the Year Ended December 31, 2007

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Public Works (1)					
Governmental activities					
Public works	\$ 45,710,661	\$ 47,576,244	\$ -	\$ -	\$ 1,865,583
Interest on long-term debt	3,703,722	-	-	-	(3,703,722)
Total public works	<u>49,414,383</u>	<u>47,576,244</u>	<u>-</u>	<u>-</u>	<u>(1,838,139)</u>
Road Commission (1)					
Governmental activities					
Public works	70,494,393	10,841,335	-	62,991,056	3,337,998
Workforce Development Board					
Governmental activities					
Health and Welfare	25,507,055	5,020	25,474,505	-	(27,530)
Total Component Units	<u>\$ 145,415,831</u>	<u>\$ 58,422,599</u>	<u>\$ 25,474,505</u>	<u>\$ 62,991,056</u>	<u>\$ 1,472,329</u>

(1) - Year ended September 30, 2007

MACOMB COUNTY, MICHIGAN
Combining Statement of Activities - Component Units (concluded)
For the Year Ended December 31, 2007

	Public Works (1)	Road Commission (1)	Workforce Development Board	Hospital Finance Authority	Total
Changes in net assets					
Net (expense) revenue	\$ (1,838,139)	\$ 3,337,998	\$ (27,530)	\$ -	\$ 1,472,329
General revenues:					
Investment earnings	4,981,246	1,934,207	-	-	6,915,453
Change in net assets	3,143,107	5,272,205	(27,530)	-	8,387,782
Net assets, beginning of year	124,369,827	752,554,087	133,187	7,645	877,064,746
Net assets, end of year	<u>\$ 127,512,934</u>	<u>\$ 757,826,292</u>	<u>\$ 105,657</u>	<u>\$ 7,645</u>	<u>\$ 885,452,528</u>

(1) - Year Ended September 30, 2007

The accompanying notes are an integral part of these financial statements

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements
December 31, 2007

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, 2007, 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, 2007.

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, 2007

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, 2007

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

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

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

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

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

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2007

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, 2007

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. Revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2007

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 instalments 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, 2007

Note 1 – Summary of Significant Accounting Policies (continued)

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

Other Assets - Other assets represent deposits and prepaid expenses.

Budgetary Accounting - Prior to October 1, the County Finance Director submits to the Board of Commissioners a proposed operating budget for the year commencing January 1. The annual operating budget includes proposed expenditures and the means of financing them for the General Fund, Revenue Sharing Reserve Fund, 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 (Emergency Management Grants, Employment and Training Fund, Veterans' Trust Fund, MSU Extension Grants, COMET, Sheriff Grants, Urban County Block Grant, Prosecuting Attorney Grants, Health Grants, Other Special Revenue Funds and Michigan Works!), legal authorization for spending is obtained through approval of the Board of Commissioners or other appropriate authoritative body. Similarly, 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 re-appropriated 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, 2007

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 July 1 of each year based on the taxable value of property as of the preceding December 31. Taxes are billed and collected for the County by the local units within the County and are payable in one installment no later than February 28 of the following year, at which time they become delinquent and subject to penalty. Taxable value is established annually by the local units, accepted by the County and equalized by the State of Michigan to approximate 50% of market value (SEV). The annual increase in taxable value is limited by State statute to the rate of inflation or 5%, whichever is less. Taxable value reverts to SEV when a property is sold or when SEV drops below taxable value. The taxable value of real and personal property in Macomb County for the July 1, 2007 levy (calendar 2007 revenue) was \$31,862,669,926. The County operating tax rate for the 2007 levy was 4.20 mills.

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2007

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 were levied on July 1 and one third on December 1 and 100% of the taxes were 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) issued prior to December 1, 1989 in accounting for their proprietary operations (excluding internal service funds), unless those pronouncements conflict with guidance issued by the Governmental Accounting Standards Board on or after that date, as prescribed by GASB Statement No. 20. Governments also have the option of following private-sector guidance issued subsequent to December 1, 1989, subject to the same limitation. The County has elected not to do so and follow only guidance issued by the GASB subsequent December 1, 1989.

New GASB Pronouncements – The County adopted GASB Statement No. 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions" in 2007. Statement No. 45 requires 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.

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, 2007

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, 2007 are presented below.

	Amount	Percent of Total	Ratings	
			S&P	Moodys
Cash on hand	\$ 61,790	0.02%	Not Rated	Not Rated
Bank and money market accounts	26,848,550	10.85%	Not Rated	Not Rated
Certificates of deposit	170,769,870	69.02%	Not Rated	Not Rated
Subtotal - deposits	197,680,210	79.89%		
Commercial paper	44,567,463	18.02%	A-1	P-1
US Treasury securities	5,163,420	2.09%	AAA	AAA
Subtotal - investments	49,730,883	20.11%		
Total deposits and investments	247,411,093	100.00%		
Timing effect of different year ends	1,209,353			
Amount reported at December 31, 2007	\$ 248,620,446			
Amount reported in primary government	\$ 231,544,093			
Amount reported in agency funds	17,076,353			
	\$ 248,620,446			

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2007

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 \$197,680,210, with corresponding bank balances of 203,311,129. 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 \$202,511,129 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:

- *Custodial Credit Risk* exists when securities are uninsured, unregistered or held by a counterparty or its agent but not in the government's name. All investments of the primary government are held in the name of the County and are evidenced by a safekeeping receipt and, therefore, are not exposed to custodial credit risk.
- *Credit Risk* is a measure of the creditworthiness of the issuers of the instruments being held and represents the risk that the issuer or other 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 that 5% of its portfolio is invested in instruments issued by a single issuer. At year-end, the County held \$44,567,463 of commercial paper. Of this amount, instruments issued by Morgan Stanley totaled \$21,560,613, or 8.6% of the total portfolio. No other investments exceeded the 5% threshold.

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2007

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	Commercial Paper		
Less than 1	\$ 654,005	\$ -	\$ 44,567,463	\$ 45,221,468	90.93%
1-5	3,345,373	-	-	3,345,373	6.73%
6-10	1,164,042	-	-	1,164,042	2.34%
	<u>\$ 5,163,420</u>	<u>\$ -</u>	<u>\$ 44,567,463</u>	<u>\$ 49,730,883</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 \$95,207,734 at year-end, with corresponding bank balances of \$98,278,031. Of the bank balance, \$1,400,000 was insured and the remaining \$96,878,031 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 Retiree Health Care Trust Fund at December 31, 2007 are presented below:

Investment Type	Amount	Percent of Total
Cash and pooled investments	\$ 1,821,820	1.55%
Equity Mutual Funds	74,176,522	63.45%
Bond Mutual Funds	23,238,786	19.88%
Foreign Stock	16,934,935	14.49%
Common Stock	732,354	0.63%
	<u>\$ 116,904,417</u>	<u>100.00%</u>

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2007

Note 2 – Deposits and Investments (continued)

Retiree Health Care Trust Fund Deposits and Investments (continued)

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

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

- **Credit Risk** is a measure of the creditworthiness of the issuers of the instruments being held and represents the risk that the issuer or other counterparty to an investment will not fulfill its obligations. Statutes of the State of Michigan authorize the Retiree Health Care Trust Fund to invest in the following instruments: obligations of the U.S. Treasury and its agencies and instrumentalities, commercial paper rated within the two highest classifications established by not less than two standard rating services, bankers' acceptances, investment pools of the Treasurer of the State of Michigan, repurchase agreements and corporate bonds rated in the top four major grades as determined by at least two national ratings agencies. At December 31, 2007, the Fund'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	\$ 5,298,443	\$ 11,433,483	\$ 2,021,774	\$ 18,753,700	80.70%
AA	-	-	1,324,611	1,324,611	5.70%
A	-	-	1,673,193	1,673,193	7.20%
BAA	-	-	1,487,282	1,487,282	6.40%
	<u>\$ 5,298,443</u>	<u>\$ 11,433,483</u>	<u>\$ 6,506,860</u>	<u>\$ 23,238,786</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 NO. 40, the County is exposed to concentration of credit risk if more than 5% of its portfolio is invested in instruments issued by a single issuer. Investments in instruments issued by the US Government, as well as those held in mutual funds and investment pools are exempt from this requirement. None of the investments in common or foreign stock exceeded the 5% threshold at December 31, 2007.

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2007

Retiree Health Care Trust Fund Deposits and Investments (concluded)-

- *Interest Rate Risk* is the risk that the fair value of investments in debt securities will be adversely affected by changes in market interest rates and is measured primarily by average days to maturity. 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:

Maturities (Years)	Fair Value				Percent of
	US Treasury	US Agency	Corporate	Total	Total
1-5	\$ 2,866,458	\$ 6,185,514	\$ 3,520,211	\$ 12,572,183	54.10%
6-10	1,907,439	4,116,054	2,342,470	8,365,963	36.00%
11 or more	524,546	1,131,915	644,179	2,300,640	9.90%
	<u>\$ 5,298,443</u>	<u>\$ 11,433,483</u>	<u>\$ 6,506,860</u>	<u>\$ 23,238,786</u>	<u>100.00%</u>

Employees' Retirement System Deposits and Investments - A summary of the investments of the System at December 31, 2007 is presented below:

Investment Type	Amount	Percent of Total
Cash and pooled investments	\$ 48,289,678	5.34%
Preferred stock	20,352,968	2.25%
Common stock	355,821,475	39.34%
Foreign stock	30,895,840	3.42%
Limited partnerships	26,854,402	2.97%
Foreign government bonds	921,188	0.10%
Corporate bonds	35,441,234	3.92%
Mutual funds	385,932,797	42.66%
	<u>\$ 904,509,582</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 \$48,289,678, with corresponding bank balances of \$48,429,598. 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 \$48,229,598 was uninsured and uncollateralized.

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2007

Note 2 - Deposits and Investments (continued)

Employees' Retirement System Deposits and Investments (continued) -

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

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

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

At December 31, 2007, the System's investments in debt securities were rated by Standard & Poors as follows:

Quality Rating	Foreign		Total	Percent of Total
	Governments	Corporate		
AAA	\$ 921,188	\$ 868,310	\$ 1,789,498	4.92%
AA	-	868,310	868,310	2.39%
A	-	9,746,339	9,746,339	26.80%
BBB	-	14,672,671	14,672,671	40.35%
BB	-	6,840,158	6,840,158	18.81%
B	-	2,445,446	2,445,446	6.73%
	<u>\$ 921,188</u>	<u>\$ 35,441,234</u>	<u>\$ 36,362,422</u>	<u>100.00%</u>

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2007

Note 2 - Deposits and Investments (concluded)

Employees' Retirement System Deposits and Investments (concluded) -

- **Interest Rate Risk** is the risk that the fair value of investments in debt securities will be adversely affected by changes in market interest rates and is measured primarily by average days to maturity. A summary of the maturities of the System's debt securities at December 31, 2007 were as follows:

Maturities (Years)	Fair Value			Percent of Total
	Foreign Governments	Corporate	Total	
1-5	\$ -	\$ 7,134,333	\$ 7,134,333	19.62%
6-10	-	3,382,907	3,382,907	9.30%
11 or more	921,188	24,923,994	25,845,182	71.08%
	<u>\$ 921,188</u>	<u>\$ 35,441,234</u>	<u>\$ 36,362,422</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, 2007. 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 \$26,854,402 at December 31, 2007 and constituted 2.97% of the investment portfolio of the System.

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2007

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, 2007:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Capital assets not being depreciated				
Land	\$ 14,154,314	\$ -	\$ -	\$ 14,154,314
Construction in progress	22,894,126	10,548,565	22,468,514	10,974,177
Total capital assets not being depreciated	<u>37,048,440</u>	<u>10,548,565</u>	<u>22,468,514</u>	<u>25,128,491</u>
Capital assets being depreciated				
Land improvements	8,195,813	1,572,270	-	9,768,083
Buildings	158,544,107	10,919,924	-	169,464,031
Machinery, equipment and vehicles	50,349,881	17,848,899	2,055,105	66,143,675
Total capital assets being depreciated	<u>217,089,801</u>	<u>30,341,093</u>	<u>2,055,105</u>	<u>245,375,789</u>
Less accumulated depreciation for				
Land improvements	2,764,009	375,763	-	3,139,772
Buildings	60,369,018	4,651,053	-	65,020,071
Machinery, equipment and vehicles	35,834,612	5,434,490	1,969,565	39,299,537
Total accumulated depreciation	<u>98,967,639</u>	<u>10,461,306</u>	<u>1,969,565</u>	<u>107,459,380</u>
Total capital assets being depreciated, net	<u>118,122,162</u>	<u>19,879,787</u>	<u>85,540</u>	<u>137,916,409</u>
Governmental activities capital assets, net	<u>\$ 155,170,602</u>	<u>\$ 30,428,352</u>	<u>\$ 22,554,054</u>	<u>\$ 163,044,900</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	\$ 2,836,812	\$ -	\$ 2,836,812
General government	1,575,140	517,037	2,092,177
Health and welfare	2,170,238	-	2,170,238
Recreation and culture	63,204	-	63,204
Public safety	3,298,875	-	3,298,875
	<u>\$ 9,944,269</u>	<u>\$ 517,037</u>	<u>\$ 10,461,306</u>

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2007

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, 2007:

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities				
Capital assets being depreciated				
Land improvements	\$ 455,054	\$ -	\$ -	\$ 455,054
Buildings	28,926,878	110,046	-	29,036,924
Machinery, equipment and vehicles	3,720,649	67,524	12,162	3,776,011
Total capital assets being depreciated	<u>33,102,581</u>	<u>177,570</u>	<u>12,162</u>	<u>33,267,989</u>
Less accumulated depreciation for				
Land improvements	260,500	17,682	-	278,182
Buildings	6,143,756	918,163	-	7,061,919
Machinery, equipment and vehicles	2,484,756	218,876	12,162	2,691,570
Total accumulated depreciation	<u>8,889,012</u>	<u>1,154,821</u>	<u>12,162</u>	<u>10,031,671</u>
Total capital assets being depreciated, net	<u>24,213,569</u>	<u>(977,251)</u>	<u>-</u>	<u>23,236,318</u>
Business-type activities capital assets, net	<u>\$ 24,213,569</u>	<u>\$ (977,251)</u>	<u>\$ -</u>	<u>\$ 23,236,318</u>

The following is a summary of changes in the Public Works Component Unit capital assets for the year ended September 30, 2007:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Capital assets not being depreciated				
Land	\$ 1,992,428	\$ -	\$ -	\$ 1,992,428
Construction in progress	3,643,496	15,004,677	1,744,647	16,903,526
Total capital assets not being depreciated	<u>5,635,924</u>	<u>15,004,677</u>	<u>1,744,647</u>	<u>18,895,954</u>
Capital assets being depreciated				
Infrastructure	221,286,641	3,017,573	-	224,304,214
Less accumulated depreciation for				
Infrastructure	63,028,947	4,455,909	-	67,484,856
Total capital assets being depreciated, net	<u>158,257,694</u>	<u>(1,438,336)</u>	<u>-</u>	<u>156,819,358</u>
Governmental activities capital assets, net	<u>\$ 163,893,618</u>	<u>\$ 13,566,341</u>	<u>\$ 1,744,647</u>	<u>\$ 175,715,312</u>

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2007

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, 2007:

	Balance Beginning	Increases	Decreases	Ending Balance
Governmental activities				
Capital assets not being depreciated				
Land	\$ 176,209,865	\$ 4,311,770	\$ -	\$ 180,521,635
Total capital assets not being depreciated	176,209,865	4,311,770	-	180,521,635
Capital assets being depreciated				
Land improvements	1,319,384	-	-	1,319,384
Buildings	25,077,564	79,457	-	25,157,021
Machinery, equipment and vehicles	26,014,295	1,526,695	653,601	26,887,389
Infrastructure	832,296,049	28,439,486	-	860,735,535
Total capital assets being depreciated	884,707,292	30,045,638	653,601	914,099,329
Less accumulated depreciation for				
Land improvements	748,372	66,102	-	814,474
Buildings	5,525,522	502,636	-	6,028,158
Machinery, equipment and vehicles	21,461,545	1,890,317	649,243	22,702,619
Infrastructure	325,061,468	32,893,935	-	357,955,403
Total accumulated depreciation	352,796,907	35,352,990	649,243	387,500,654
Total capital assets being depreciated, net	531,910,385	(5,307,352)	4,358	526,598,675
Governmental activities capital assets, net	\$ 708,120,250	\$ (995,582)	\$ 4,358	\$ 707,120,310

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2007

Note 4 -- Long-Term Debt

The following is a summary of the long-term liability transactions for the year ended December 31, 2007:

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	\$ 300,000
Series 1996 Refunding	340,000	-	340,000	-	-
Series 2002-B Refunding	4,970,000	-	275,000	4,695,000	270,000
Building Authority					
Series 1996-A Warren Satellite	225,000	-	225,000	-	-
Series 1999 Verkuilen Bldg	420,000	-	135,000	285,000	140,000
Series 2000 Clemens Center	500,000	-	150,000	350,000	175,000
Series 2002 MTB/Youth Home	27,350,000	-	17,400,000	9,950,000	1,250,000
Series 2002-A Refunding	6,970,000	-	660,000	6,310,000	680,000
Series 2004 Warehouse	4,750,000	-	200,000	4,550,000	200,000
Series 2004-A Public Works Bldg	3,950,000	-	150,000	3,800,000	175,000
Series 2005 Clemens Refunding	2,845,000	-	30,000	2,815,000	30,000
Series 2005 Commun System/Dist Court	18,655,000	-	725,000	17,930,000	725,000
Series 2007 Refunding	-	16,895,000	-	16,895,000	55,000
MI Transportation Fund					
Series 2000-A Bridge Bonds	3,425,000	-	310,000	3,115,000	325,000
Series 2004-B Bridge Bonds	9,600,000	-	350,000	9,250,000	350,000
	<u>84,300,000</u>	<u>16,895,000</u>	<u>20,950,000</u>	<u>80,245,000</u>	<u>4,675,000</u>
Other liabilities					
Compensated Absences	6,352,364	1,065,224	1,392,208	6,025,380	-
General liability claims	4,771,237	2,342,695	2,489,351	4,624,581	850,000
Workers' compensation claims	1,642,061	1,170,209	972,728	1,839,542	1,000,000
	<u>97,065,662</u>	<u>21,473,128</u>	<u>25,804,287</u>	<u>92,734,503</u>	<u>6,525,000</u>
Component Units					
Drain Commissioner					
Special Assessment Debt	78,905,000	18,580,000	4,665,000	92,820,000	4,475,000
Road Commission					
Compensated Absences	1,447,542	-	180,938	1,266,604	-
General liability claims	1,627,623	-	1,251,740	375,883	36,862
Workers' compensation claims	337,360	-	183,325	154,035	16,130
Total Road Commission	<u>3,412,525</u>	<u>-</u>	<u>1,616,003</u>	<u>1,796,522</u>	<u>52,992</u>
Grand Totals	<u>\$ 179,383,187</u>	<u>\$ 40,053,128</u>	<u>\$ 32,085,290</u>	<u>\$ 187,351,025</u>	<u>\$ 11,052,992</u>

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2007

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	4.00-6.50%	9/1/1989	5/1/2008	\$ 3,800,000	\$ 300,000
Series 2002-B Refunding	2.00-4.00	1/1/2003	7/1/2013	5,830,000	4,695,000
Macomb County Building Authority					
Series 1999 Verkuilen Bldg Renovation	4.00-4.90	11/1/1999	5/1/2009	1,205,000	285,000
Series 2000 Clemens Center	4.70-5.70	8/1/2000	5/1/2020	4,000,000	350,000
Series 2002 MTB/Youth Home Renovation	3.50-5.00	5/1/2002	5/1/2022	32,000,000	9,950,000
Series 2002-A Refunding	2.50-4.00	12/1/2002	5/1/2015	8,885,000	6,310,000
Series 2004 Warehouse	2.00-5.00	5/1/2004	5/1/2024	5,100,000	4,550,000
Series 2004-A Public Works Bldg	3.00-4.50	11/1/2004	5/1/2024	4,250,000	3,800,000
Series 2005 Clemens Refunding	3.25-5.00	12/1/2005	5/1/2020	2,875,000	2,815,000
Series 2005 Common System/Dist Court	3.75-4.50	12/1/2005	11/1/2025	19,380,000	17,930,000
Series 2007 Refunding	3.50-4.22	4/1/2007	3/1/2022	15,895,000	16,895,000
Michigan Transportation Bonds					
Series 2000-A Bridge Bonds	5.375-5.625	6/1/2000	12/1/2015	5,000,000	3,115,000
Series 2004-B Bridge Bonds	3.00-4.75	5/1/2004	12/1/2024	10,000,000	9,250,000
Total Primary Government				119,220,000	80,245,000
Public Works Component Unit					
Special Assessment Debt					
Busch Drain	3.80- 4.55	10/1/1998	5/1/2014	1,250,000	750,000
Hawken Drain	4.30 - 5.25	8/1/2000	5/1/2015	795,000	450,000
Hayes Drain	4.50 - 5.20	8/1/2000	5/1/2015	1,095,000	800,000
Plumbrook Bridge Replacement	4.00 - 5.00	8/1/2000	5/1/2015	2,800,000	1,875,000
Schmidt Drain				525,000	475,000
17 Mile Road Drain & Branches	4.00 - 8.00	4/1/1973	5/1/2013	2,315,000	1,635,000
17 Mile Road Extension	3.00 - 4.50	11/01/2001	11/01/2016	1,725,000	1,225,000
Sterling Relief Lateral 12B Extension	2.00 - 4.00	09/01/2003	11/01/2012	885,000	590,000
Armada Village MCSSS	2.00	1/23/1992	10/1/2011	1,170,000	285,000
North Gration Interceptor				3,380,000	3,380,000
North Gration Interceptor - Lenox Local		03/01/2007	05/01/2031	15,200,000	15,100,000

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2007

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	\$ 150,000
Macomb County Water Supply System #14 (Lenox Township Section 3)	4.75 - 5.40	3/1/1997	11/1/2011	1,050,000	530,000
Macomb County Waste Water Treatment System - Armada Refunding Bonds	3.70 - 4.50	6/1/1999	11/1/2007	990,000	120,000
Lake St. Clair Clean Water Initiative Series A	4.30 - 4.90	1/1/2001	10/1/2018	9,990,000	8,810,000
Lake St. Clair Clean Water Initiative State Revolving Fund Series #1 (5186-01)	2.50	Various	10/01/2022	20,670,000	16,430,000
Lake St. Clair Clean Water Initiative Phase II, No. 2		04/01/2002	04/01/2023	5,000,000	4,470,000
Lake St. Clair Clean Water Initiative State Revolving Fund Series #2 (5186-02)	2.50	Various	04/01/2022	13,630,000	10,835,000
Lake St. Clair Clean Water Initiative State Revolving Fund Series #3 (5186-03)	2.50	Various	04/08/2022	2,640,000	2,095,000
Lake St. Clair Clean Water Initiative State Revolving Fund Series #4 (5186-04)	2.50	Various	10/01/2022	5,550,000	4,410,000
Lake St. Clair Clean Water Initiative State Revolving Fund Series #5 (5186-05)	2.50	Various	10/01/2022	975,000	815,000
Lake St. Clair Clean Water Initiative Series 2004A	4.375 - 5.150	06/01/2004	10/01/2029	5,000,000	4,630,000
Lake St. Clair Clean Water Initiative Series 2004B	4.375 - 5.150	06/01/2004	10/01/2029	14,000,000	12,960,000
Total Public Works Component Unit				<u>112,225,000</u>	<u>92,820,000</u>
Total Reporting Entity				<u>\$ 231,445,000</u>	<u>\$ 173,065,000</u>

All long-term obligations are presented as of December 31, 2007 except for the Special Assessment Debt with Governmental Commitment and Road Commission obligations, which are presented as of September 30, 2007. 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, 2007

Note 4 -- Long-Term Debt (continued)

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

Year	Principal Maturities				
	Primary Government				Public Works
	Building Authority	Criminal Justice Building Authority	MI Transportation Bonds	Total	Special Assessment Debt
2008	\$ 3,430,000	\$ 570,000	675,000	\$ 4,675,000	\$ 4,475,000
2009	3,540,000	270,000	740,000	4,550,000	4,365,000
2010	3,505,000	865,000	760,000	5,130,000	4,590,000
2011	3,660,000	1,155,000	775,000	5,590,000	4,705,000
2012	3,815,000	1,135,000	895,000	5,845,000	4,835,000
2013-2017	19,705,000	1,000,000	3,820,000	24,525,000	23,070,000
2018-2022	20,050,000	-	3,100,000	23,150,000	23,955,000
2023-2027	5,180,000	-	1,600,000	6,780,000	13,690,000
2028-2032	-	-	-	-	9,135,000
	<u>\$ 62,885,000</u>	<u>\$ 4,995,000</u>	<u>\$ 12,365,000</u>	<u>\$ 80,245,000</u>	<u>\$ 92,820,000</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, general liability and workers' compensation accruals, are as follows:

Year	Interest Maturities				
	Primary Government				Public Works
	Building Authority	Criminal Justice Building Authority	MI Transportation Bonds	Total	Special Assessment Debt
2008	\$ 2,494,883	\$ 186,125	558,776	\$ 3,239,784	\$ 3,426,819
2009	2,364,190	170,600	528,618	3,063,408	3,279,181
2010	2,231,772	161,150	495,844	2,888,766	3,127,486
2011	2,096,741	128,712	461,544	2,686,997	2,968,054
2012	1,954,078	85,400	426,418	2,465,896	2,804,479
2013-2017	7,404,380	40,000	1,519,710	8,964,090	11,557,090
2018-2022	3,489,670	-	822,050	4,311,720	7,684,572
2023-2027	417,182	-	113,600	530,782	3,924,755
2028-2032	-	-	-	-	727,834
	<u>\$ 22,452,896</u>	<u>\$ 771,987</u>	<u>\$ 4,926,560</u>	<u>\$ 28,151,443</u>	<u>\$ 39,500,270</u>

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2007

Note 4 – Long-Term Debt (concluded)

New debt issued - On March 13, 2007, the Macomb County Building Authority (the "Authority") issued \$16,895,000 of Series 2007 Refunding bonds to advance refund \$16,200,000 of the \$26,150,000 Macomb County Building Authority Series 2002 Martha T Berry/Youth Home renovation bonds outstanding at that date. The net proceeds of \$16,613,717 (after payment of \$281,283 of issuance costs and underwriters discounts) were placed in an irrevocable trust with an escrow agent and used to purchase obligations of the U. S. Treasury to provide for future debt service payments on the refunded bonds. Therefore, the refunded bonds have been removed from the accounts of the County. The remaining \$9,950,000 Series 2002 Martha T Berry/Youth Home renovation bonds are due and payable serially through March 1, 2014. The difference between the cash flows required to service the old debt and the cash flows required to service the new bonds and complete the refunding was \$666,842. The economic gain realized by the County as a result of the refunding was \$527,612, which represents the difference between the present value of the debt service payments on the old and new debt. The refunding bonds, issued in denominations of \$5,000 or multiples thereof, bear interest from 3.375% to 4.50% and are due serially through May 1, 2022. The bonds are to be repaid from rental payments received pursuant to a lease agreement executed between the Authority and the County. Bonds maturing prior to March 1, 2015 are not subject to redemption prior to maturity. Bonds maturing on or after March 1, 2015 are subject to redemption at par plus accrued interest prior to maturity, on or after March 1, 2014.

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, 2007, the amount of defeased debt outstanding but not reported as long-term debt of the primary government totaled \$18,875,000.

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2007

Note 5 – Interfund Receivables, Payables and Transfers

Fund	Due From Other Funds	Due To Other Funds
General Fund	\$ 1,115,888	\$.
<u>Special Revenue</u>		
Emergency Management Grants	-	86,785
Prosecuting Attorney Grants	-	23,711
Senior Citizen Services	-	3,429
Sheriff Grants	-	525,165
	-	<u>639,090</u>
<u>Internal Service Funds</u>		
Equipment Revolving	157,636	693,301
	<u>157,636</u>	<u>693,301</u>
<u>Business-type activities Funds</u>		
Community Mental Health	260,047	115,306
Freedom Hill Park	-	15,312
	<u>260,047</u>	<u>130,618</u>
<u>Fiduciary Funds</u>		
Pension Trust	538,086	905,888
Retiree Health Fund	-	3,984,437
Agency Funds	4,350,621	-
	<u>4,888,707</u>	<u>4,890,325</u>
Reporting Entity Subtotal	6,422,278	6,353,334
Imbalance caused by the timing effects of interfund transactions in funds with different year-end reporting dates	<u>(68,944)</u>	<u>-</u>
	<u>\$ 6,353,334</u>	<u>\$ 6,353,334</u>

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2007

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

Fund	Transfers In	Transfers Out
General Fund	\$ 23,876,560	\$ 72,573,876
Revenue Sharing Reserve	-	15,071,560
Special Revenue		
Child Care	17,447,049	-
Community Services Agency	1,223,176	-
Friend of the Court	5,769,569	3,000,000
Health	14,594,195	-
Health Grants	451,049	-
Library	2,623,301	-
MSU Extension	67,764	41,135
Prosecuting Attorney Grants	789,807	109,335
Senior Citizens Services	1,688,240	-
Sheriff Grants	1,104,788	-
Social Welfare	1,120,220	-
Urban County Block Grant	314,091	186,803
Other Special Revenue	402,263	217,350
	<u>47,595,512</u>	<u>3,554,620</u>
Debt Service Fund	7,691,377	-
Capital Projects Funds		
Bridge program	46,661	-
Clemens Center	-	35,444
Verkuilen Bldg	-	36,108
Distict Court Building	92,000	-
Martha T. Berry Renovation	163,750	-
Public Works Building	3,065	-
Warehouse	1,631,245	-
Youth Home Renovation	1,708,041	-
General County Capital Projects Funds	19,766,195	12,078,658
	<u>23,410,967</u>	<u>12,150,210</u>
Internal Service Funds		
Equipment Revolving	351,114	-
General Liability Insurance	100,000	-
	<u>451,114</u>	<u>-</u>
Business-type activities		
Delinquent Tax Revolving	-	8,730,000
Community Mental Health	6,044,025	-
Martha T. Berry Medical Care Facility - Operations	2,225,762	-
Martha T. Berry Medical Care Facility - Capital assets	128,726	-
Freedom Hill Park	804,655	-
	<u>9,203,178</u>	<u>8,730,000</u>
Subtotal	112,228,698	112,080,269
Imbalance caused by the timing effects of interfund transactions in funds with different year-end reporting dates	(148,429)	-
	<u>\$ 112,080,269</u>	<u>\$ 112,080,269</u>

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2007

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 Medical Care Facility in the current year. The value of the reported assets totaled \$128,726 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, 2007 were:

Fund	Advances Receivable	Advances Payable
General Fund	\$ 300,000	\$ -
Internal Service - Equipment Revolving	-	300,000
	<u>\$ 300,000</u>	<u>\$ 300,000</u>

Note 6 – Deferred Compensation

The County offers its employees a deferred compensation plan in accordance with Internal Revenue Code Section 457. The plan, available to all County employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. All amounts of compensation deferred under the plan, all property and rights purchased with those amounts and all income attributable to those amounts are held in trust for the exclusive benefit of participants and their beneficiaries. In accordance with GASB Statement No. 32, "Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans", the assets of the plan are no longer reported as assets of the employer.

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, 2006 (date of the most recent actuarial valuation) the System's membership consisted of:

Retirees and beneficiaries currently receiving benefits	1,988
Terminated employees entitled to benefits but not yet receiving them	217
Active employees covered by the plan	2,681
Total membership	4,886

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2007

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, 2007 are presented below:

Statement of Fiduciary Net Assets

ASSETS	
Cash and investments	\$ 904,509,582
Securities lending collateral	54,126,987
Receivables	1,724,907
Due From Other Funds	<u>538,086</u>
Total assets	<u>960,899,562</u>
 LIABILITIES	
Accounts payable	568,082
Due to other funds	905,888
Obligations under securities lending	<u>54,126,987</u>
Total Liabilities	<u>55,600,957</u>
NET ASSETS	<u>\$ 905,298,605</u>

Statement of Changes In Fiduciary Net Assets

ADDITIONS	
Contributions	
Employer	\$ 19,121,330
Employee	4,774,535
Investment income	<u>69,396,765</u>
Total additions	<u>93,292,630</u>
 DEDUCTIONS	
Benefit payments	36,523,881
Other expenses	<u>572,469</u>
Total deductions	<u>37,096,350</u>
Net increase in net assets	56,196,280
Net assets held in trust , beginning of year	<u>849,102,325</u>
Net assets hold in trust , end of year	<u>\$ 905,298,605</u>

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2007

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, 2007.

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 2007 was \$19,121,330. 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, 2007

Note 7 – Employees’ Retirement System (concluded)

Annual Pension Cost and Net Pension Obligation – During the year ended December 31, 2007, employer contributions totaled \$19,121,330, as required by the actuarial valuation of the plan as of December 31, 2005. The normal cost and actuarial accrued liability are determined using an entry age actuarial funding method. Unfunded actuarial accrued liabilities (UAAL) are amortized as a level percent of payroll over a 20 year open period. The County has historically contributed 100% of the annual required contribution. Three-year trend information regarding the County’s annual pension cost, percent contribution and net pension obligation are presented below.

<u>Year Ended December 31</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
2005	\$ 14,854,000	100	-
2006	20,215,000	100	-
2007	19,121,330	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, 2007 was \$52,415,722.

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2007

Note 8 – Post Employment Benefits Other Than Pensions-General and Sheriff Employees

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

At December 31, 2006 (date of the most recent actuarial valuation), membership consisted of:

Retirees and beneficiaries currently receiving benefits	1,580
Terminated employees entitled to benefits but not yet receiving them	204
Active employees covered by the plan	<u>2,388</u>
 Total membership	 <u>4,172</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, 2007.

Funding Policy - Plan members are required to contribute 25% of the cost of vision and dental coverage as well as co-pays for prescription drugs. The employer contributes the balance of actual current costs for these and all other benefits and administrative expenses of the plan. The employer also contributes additional amounts to pre-fund benefits in years it can afford to do so. The total cost of retiree health care benefits and administrative expenses of the plan for the year ended December 31, 2007 was \$15,100,726, of which the employer contributed \$14,508,697 and plan members contributed \$592,029.

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

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2007

Note 8 – Postemployment Benefits Other Than Pensions -General and Sheriff Employees (continued)

Annual OPEB Cost and Net OPEB Obligation (concluded)-

The following table shows the components of the County's OPEB cost for the year ended December 31, 2007.

Annual required contribution	\$ 52,841,641
Interest on net OPEB obligation	-
Adjustment to annual required contribution	-
Annual OPEB cost	52,841,641
Employer contributions	(14,508,697)
Increase in OPEB obligation	38,332,944
Net OPEB obligation, beginning of year	-

The County's annual OPEB cost, percentage of annual OPEB cost contributed and the net OPEB obligation as of December 31, 2007 were as follows:

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Annual

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

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

The entry age actuarial cost method was used to prepare the last actuarial valuation dated December 31, 2006. 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 11% in year 1, reduced by 1% each year for the first two years and .5% each year thereafter until an ultimate rate of 5% is reached in the tenth year and beyond, (c) annual covered payroll is assumed to increase 5% per year and (d) active member population was assumed to remain constant. The unfunded liability is being amortized as a level percentage of payroll over a closed period of 30 years.

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2007

Note 8 -- Postemployment Benefits Other Than Pensions--General and Sheriff Employees (concluded)

Funding Status and Progress – As of December 31, 2006, the date of the most recent actuarial valuation, the plan was 16.6% funded. The actuarial accrued liability for benefits was \$643,208,474 and the actuarial value of assets in the plan was \$106,476,217, resulting in an unfunded actuarial accrued liability (UAAL) of \$536,732,257. Covered payroll was \$113,523,878 and the ratio of the UAAL to covered payroll was 472.8 percent.

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, 2007 is presented below:

Statement of Fiduciary Net Assets

ASSETS	
Cash and investments	\$ 116,904,417
Receivables	516,761
	117,421,178
LIABILITIES	
Accounts payable	1,769,023
Due to other funds	3,984,437
	5,753,460
NET ASSETS	\$ 111,667,718

Statement of Changes In Fiduciary Net Assets

ADDITIONS	
Contributions	\$ 15,100,726
Investment income	5,191,501
	20,292,227
DEDUCTIONS	
Benefit payments	14,992,888
Other expenses	108,039
	15,100,927
Net increase in net assets	5,191,500
Net assets held in trust , beginning of year	106,476,218
	\$ 111,667,718

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2007

Note 9 – Post Employment Benefits Other Than Pensions – Road Commission

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

Funding Policy - The Road Commission bears 100% of the cost of providing health care benefits to its retirees and beneficiaries. The current costs of these benefits was \$2,497,466 for the year ended September 30, 2007. The Road Commission has no obligation to make contributions in advance of when insurance premiums are due. However, it did contribute an additional \$3,000,000 toward future benefits during the year ended September 30, 2007.

Annual OPEB Cost and Net OPEB Obligation - The cost of providing retiree health care benefits (OPEB) for the year ended September 30, 2007 was determined through an actuarial valuation as of December 31, 2005. The valuation computes an annual required contribution (ARC), which represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities or funding excess over a period not to exceed 30 years.

The following table shows the components of the Road Commission's OPEB cost for the year ended September 30, 2007.

Annual required contribution	\$ 6,147,445
Interest on net OPEB obligation	-
Adjustment to annual required contribution	-
	6,147,445
Annual OPEB cost	6,147,445
Employer contributions	(5,497,466)
	649,979
Increase in OPEB obligation	649,979
Net OPEB obligation, beginning of year	-
	649,979
Net OPEB obligation, end of year	\$ 649,979

The Road Commission's annual OPEB cost, percentage of annual OPEB cost contributed and the net OPEB obligation as of September 30, 2007 were as follows:

Year Ended	Annual Required Contribution	Percentage Contributed	Net OPEB Obligation
September 30 2007	\$ 6,147,445	89.4%	\$ 649,979

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2007

Note 9 – Post Employment Benefits Other Than Pensions – Road Commission (concluded)

Funding Status and Progress – As of December 31, 2006, the date of the most recent actuarial valuation, the plan was 0.0% funded. The actuarial accrued liability for benefits was \$76,651,082 and the actuarial value of assets in the plan was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$76,561,082. Covered payroll was \$15,548,979 and the ratio of the UAAL to covered payroll was 492.9 percent.

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

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

The entry age actuarial cost method was used to prepare the most actuarial valuation dated December 31, 2005. 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 10% in year 1, reduced in decrements until an ultimate rate of 5% is reached in the tenth year and beyond, (c) annual covered payroll is assumed to increase 4.5% 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.

Note 10 – Contingencies and commitments

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

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2007

Note 11- 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 2007 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, 2007, the primary government has accrued an aggregate of \$1,839,542 for unresolved workers' compensation claims. At September 30, 2007, the Road Commission component unit has accrued an aggregate of \$154,035 for unresolved workers' compensation claims. Changes in the estimated liabilities for workers' compensation claims for the past two fiscal years were as follows:

	Primary Government		Road Commission	
	Year Ended December 31,		Year Ended September 30,	
	2006	2007	2006	2007
Estimated liability - beginning of year	\$ 1,790,146	\$ 1,642,061	\$ 388,303	\$ 337,360
Estimated claims incurred, including changes in estimates	718,080	1,170,209	164,598	(60,195)
Claims payments	(866,165)	(972,728)	(215,541)	(123,130)
Estimated liability - end of year	<u>\$ 1,642,061</u>	<u>\$ 1,839,542</u>	<u>\$ 337,360</u>	<u>\$ 154,035</u>

General Liability - The County is a defendant in various lawsuits in which plaintiffs seek damages of an indeterminable amount. Since December 1, 1977, the primary government has been partially self-insured for losses of a general liability nature. The County (excluding the Road Commission) is currently self-insured for losses of a general liability nature up to \$500,000 per claim, with commercial insurance covering claims in excess of the retention amount to an aggregate of \$10,000,000 annually. The Road Commission Component Unit is self-insured, within certain limits, for general liability claims arising prior to February 18, 1986 and subsequent to January 17, 1993 and is completely self-insured for claims arising within those dates. At September 30, 2007, the Road Commission had an accrual of \$375,883 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, 2007, the primary government reported a balance of \$4,624,581 for its unresolved general liability claims.

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (concluded)
December 31, 2007

Note 11- Risk Management (concluded)

Changes in the estimated liabilities for general liability 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>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>
Estimated liability - beginning of year	\$ 2,683,890	\$ 4,771,237	\$ 1,620,538	\$ 1,627,623
Estimated claims incurred, including changes in estimates	2,338,431	2,342,695	28,823	(1,222,013)
Claims payments	<u>(251,084)</u>	<u>(2,489,351)</u>	<u>(21,738)</u>	<u>(29,727)</u>
Estimated liability - end of year	<u>\$ 4,771,237</u>	<u>\$ 4,624,581</u>	<u>\$ 1,627,623</u>	<u>\$ 375,883</u>

Note 12- Fund Balance Deficit

The Community Mental Health business-type unit reported a deficit in its unrestricted net assets of \$3,404,443 at September 30, 2007, which is composed of a deficit of \$3,525,440 in its operating fund and a surplus of \$120,997 in its Substance Abuse Fund. The initial deficit in the operating fund was \$3,594,184 and was incurred during the fiscal year ended September 30, 2006 as result of writing off uncollectible receivables. The Community Mental Health Department intends to recover this deficit through interest earnings in future years that could otherwise be utilized for other purposes and is expected to be eliminated by 2013. A formal deficit reduction plan has been filed with and approved by the State of Michigan.

MACOMB COUNTY, MICHIGAN

December 31, 2007

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, 2007

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Taxes				
Current property	\$ 135,960,750	\$ 139,117,183	\$ 141,017,423	\$ 1,900,240
Delinquent personal property	600,000	600,000	673,512	73,512
	<u>136,560,750</u>	<u>139,717,183</u>	<u>141,690,935</u>	<u>1,973,752</u>
Licenses and Permits	<u>447,750</u>	<u>447,750</u>	<u>307,729</u>	<u>(140,021)</u>
State Grants				
Court financing	5,010,698	5,010,698	5,346,299	335,601
Cigarette tax	440,233	440,233	380,361	(59,872)
Liquor tax	2,121,698	2,121,698	2,011,246	(110,452)
Other	708,000	708,000	670,085	(37,915)
	<u>8,280,629</u>	<u>8,280,629</u>	<u>8,407,991</u>	<u>127,362</u>
Charges for Services				
Court costs and fees	1,688,600	1,688,600	2,487,050	798,450
Certified copies	810,000	810,000	805,223	(4,777)
Probation oversight fees	1,800,400	1,800,400	1,320,541	(279,859)
Land transfer tax	3,500,000	3,500,000	3,117,230	(382,770)
Recording fees	4,267,000	4,267,000	2,869,736	(1,397,264)
Rents	30,000	30,000	59,952	29,952
Sheriff road patrol	7,470,103	7,550,878	7,597,332	46,454
Other sheriff services	890,000	890,000	1,157,011	267,011
Foster care	845,000	845,000	801,468	(43,532)
Attorney fees	1,150,000	1,150,000	1,025,325	(124,675)
Public works - pumping station	880,000	880,000	903,007	23,007
Personal services	850,000	850,000	423,637	(426,363)
Housing inmates	2,003,000	2,003,000	2,342,651	339,651
Soil erosion fees	500,000	500,000	279,472	(220,528)
Commissions	857,650	857,650	996,430	138,780
Miscellaneous	1,232,145	1,235,445	1,385,313	149,868
	<u>28,573,898</u>	<u>28,657,973</u>	<u>27,571,378</u>	<u>(1,086,595)</u>
Investment income	<u>8,050,750</u>	<u>8,050,750</u>	<u>6,591,146</u>	<u>(1,459,604)</u>
Charges to Other Funds for Administrative Services				
Data processing division	6,867,118	6,867,118	5,962,679	(904,439)
Other administrative charges	5,590,192	5,590,192	5,962,591	372,399
	<u>12,457,310</u>	<u>12,457,310</u>	<u>11,925,270</u>	<u>(532,040)</u>
Fines and Forfeitures	<u>1,006,600</u>	<u>1,006,600</u>	<u>698,321</u>	<u>(308,279)</u>
Other Revenue	<u>40,750</u>	<u>40,750</u>	<u>277,181</u>	<u>236,431</u>
Total Revenues	<u>195,418,437</u>	<u>198,658,945</u>	<u>197,469,951</u>	<u>(1,188,994)</u>
Other Financing Sources				
Transfers in	<u>23,818,425</u>	<u>23,876,560</u>	<u>23,876,560</u>	<u>-</u>
Total Revenues and Other Financing Sources	<u>\$ 219,236,862</u>	<u>\$ 222,535,505</u>	<u>\$ 221,346,511</u>	<u>\$ (1,188,994)</u>

MACOMB COUNTY, MICHIGAN
Required Supplementary Information
Budgetary Comparison Schedule (GAAP Basis) - General Fund Expenditures
Year Ended December 31, 2007

	<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	\$ 2,447,483	\$ 2,454,161	\$ 2,166,217	\$ 287,944
Operating	233,523	239,576	178,605	60,971
Department Total	<u>2,681,006</u>	<u>2,693,737</u>	<u>2,344,822</u>	<u>348,915</u>
Total Legislative	<u>2,681,006</u>	<u>2,693,737</u>	<u>2,344,822</u>	<u>348,915</u>
Judicial				
Circuit Court				
Salaries and fringe benefits	5,372,254	5,372,254	4,856,430	515,824
Operating	5,079,625	5,053,625	4,951,516	102,109
Department Total	<u>10,451,879</u>	<u>10,425,879</u>	<u>9,807,946</u>	<u>617,933</u>
District Court - New Baltimore				
Salaries and fringe benefits	1,210,892	1,210,892	1,053,278	157,614
Operating	292,717	292,717	268,574	24,143
Department Total	<u>1,503,609</u>	<u>1,503,609</u>	<u>1,321,852</u>	<u>181,757</u>
District Court - Romeo				
Salaries and fringe benefits	954,999	954,999	887,440	67,559
Operating	247,902	247,902	237,025	10,877
Department Total	<u>1,202,901</u>	<u>1,202,901</u>	<u>1,124,465</u>	<u>78,436</u>
District Court - 3rd Class				
Operating	59,000	59,000	58,610	390
Family Counseling				
Salaries and fringe benefits	62,472	62,472	60,109	2,363
Operating	158,951	158,951	143,340	15,611
Department Total	<u>221,423</u>	<u>221,423</u>	<u>203,449</u>	<u>17,974</u>
Family Court - Juvenile Division				
Salaries and fringe benefits	5,006,806	5,006,806	4,498,972	507,834
Operating	1,742,093	1,741,468	1,683,629	57,839
Capital Outlay	-	625	625	-
Department Total	<u>6,748,899</u>	<u>6,748,899</u>	<u>6,183,226</u>	<u>565,673</u>
Jury Commission				
Operating	44,566	71,346	70,120	1,226

MACOMB COUNTY, MICHIGAN
Required Supplementary Information
Budgetary Comparison Schedule (GAAP Basis) - General Fund Expenditures (continued)
Year Ended December 31, 2007

	<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	\$ 1,012,222	\$ 956,159	\$ 873,925	\$ 82,234
Operating	336,945	337,476	302,924	34,552
Department Total	<u>1,349,167</u>	<u>1,293,635</u>	<u>1,176,849</u>	<u>116,786</u>
Probate Court - Wills and Estates Division				
Salaries and fringe benefits	2,569,509	2,569,509	2,337,778	231,731
Operating	302,751	302,751	247,636	55,115
Department Total	<u>2,872,260</u>	<u>2,872,260</u>	<u>2,585,414</u>	<u>286,846</u>
Probation - Circuit Court				
Operating	175,465	173,465	163,835	9,630
Capital Outlay	-	2,000	1,498	502
Department Total	<u>175,465</u>	<u>175,465</u>	<u>165,333</u>	<u>10,132</u>
Probation - District Court				
Salaries and fringe benefits	1,589,109	1,589,109	1,418,934	170,175
Operating	85,829	87,829	80,456	7,373
Department Total	<u>1,674,938</u>	<u>1,676,938</u>	<u>1,499,390</u>	<u>177,548</u>
Total Judicial	<u>26,304,107</u>	<u>26,251,355</u>	<u>24,196,654</u>	<u>2,054,701</u>
General Government				
County Clerk				
Salaries and fringe benefits	4,814,844	4,814,844	4,077,242	737,602
Operating	445,716	454,943	381,753	73,190
Capital outlay	-	1,313	1,313	1,313
Department Total	<u>5,260,560</u>	<u>5,271,100</u>	<u>4,460,308</u>	<u>812,105</u>
Corporation Counsel				
Salaries and fringe benefits	1,055,233	1,055,233	959,850	95,383
Operating	45,204	45,204	43,609	1,595
Department Total	<u>1,100,437</u>	<u>1,100,437</u>	<u>1,003,459</u>	<u>96,978</u>
Elections				
Operating	50,969	50,969	14,649	36,320

MACOMB COUNTY, MICHIGAN
Required Supplementary Information
Budgetary Comparison Schedule (GAAP Basis) - General Fund Expenditures (continued)
Year Ended December 31, 2007

	<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	\$ 8,242,560	\$ 8,242,560	\$ 8,050,454	\$ 192,106
Operating	9,476,497	9,476,545	7,566,058	1,910,487
Department Total	<u>17,719,057</u>	<u>17,719,105</u>	<u>15,616,512</u>	<u>2,102,593</u>
Finance				
Administration/Accounting				
Salaries and fringe benefits	2,585,305	2,585,305	2,059,367	525,938
Operating	126,191	151,191	135,459	15,732
Department Total	<u>2,711,496</u>	<u>2,736,496</u>	<u>2,194,826</u>	<u>541,670</u>
Equalization				
Salaries and fringe benefits	1,190,037	1,190,037	990,331	199,706
Operating	70,144	70,144	66,829	3,515
Department Total	<u>1,260,181</u>	<u>1,260,181</u>	<u>1,056,960</u>	<u>203,221</u>
Purchasing				
Salaries and fringe benefits	1,515,388	1,515,388	1,421,092	94,296
Operating	265,922	265,536	232,853	32,683
Department Total	<u>1,781,310</u>	<u>1,780,924</u>	<u>1,653,945</u>	<u>126,979</u>
Reimbursement				
Salaries and fringe benefits	1,013,383	1,013,383	928,530	84,853
Operating	105,052	105,052	74,054	30,998
Department Total	<u>1,118,435</u>	<u>1,118,435</u>	<u>1,002,584</u>	<u>115,851</u>
Human Resources				
Salaries and fringe benefits	2,322,705	2,322,705	1,804,192	518,513
Operating	258,522	283,522	216,894	66,628
Department Total	<u>2,581,227</u>	<u>2,606,227</u>	<u>2,021,086</u>	<u>585,141</u>
Information Technology				
Salaries and fringe benefits	4,873,962	4,813,580	4,375,074	438,506
Operating	1,964,121	1,964,121	1,587,922	376,199
Department Total	<u>6,838,083</u>	<u>6,777,701</u>	<u>5,962,996</u>	<u>814,705</u>

MACOMB COUNTY, MICHIGAN
Required Supplementary Information
Budgetary Comparison Schedule (GAAP Basis) - General Fund Expenditures (continued)
Year Ended December 31, 2007

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
General Government (concluded)				
MSU Extension				
Salaries and fringe benefits	\$ 930,430	\$ 930,430	\$ 814,054	\$ 116,376
Operating	261,802	261,802	247,481	14,321
Department Total	<u>1,192,232</u>	<u>1,192,232</u>	<u>1,061,535</u>	<u>130,697</u>
Planning and Economic Development				
Salaries and fringe benefits	2,652,095	2,652,095	2,343,320	308,775
Operating	292,933	281,433	237,385	44,048
Capital outlay	2,500	14,000	3,254	10,746
Department Total	<u>2,947,528</u>	<u>2,947,528</u>	<u>2,583,959</u>	<u>363,569</u>
Plat Board				
Operating	4,500	4,500	981	3,519
Prosecuting Attorney				
Salaries and fringe benefits	10,202,617	10,202,617	9,268,874	933,743
Operating	682,285	707,285	703,988	3,297
Department Total	<u>10,884,902</u>	<u>10,909,902</u>	<u>9,972,862</u>	<u>937,040</u>
Public Works				
Salaries and fringe benefits	5,225,643	5,225,643	4,656,326	569,317
Operating	304,507	303,873	295,223	8,650
Department Total	<u>5,530,150</u>	<u>5,529,516</u>	<u>4,951,549</u>	<u>577,967</u>
Register of Deeds				
Salaries and fringe benefits	1,740,970	1,740,970	1,477,133	263,837
Operating	1,069,024	1,069,024	411,611	657,413
Department Total	<u>2,809,994</u>	<u>2,809,994</u>	<u>1,888,744</u>	<u>921,250</u>
Risk Management and Safety				
Salaries and fringe benefits	373,190	373,190	334,369	38,821
Operating	40,360	40,360	32,475	7,885
Department Total	<u>413,550</u>	<u>413,550</u>	<u>366,844</u>	<u>46,706</u>
Treasurer				
Salaries and fringe benefits	2,335,103	2,335,103	2,035,154	299,949
Operating	166,534	166,156	146,861	19,295
Department Total	<u>2,501,637</u>	<u>2,501,259</u>	<u>2,182,015</u>	<u>319,244</u>
Total General Government	<u>66,706,248</u>	<u>66,730,056</u>	<u>57,995,814</u>	<u>8,735,555</u>

MACOMB COUNTY, MICHIGAN
Required Supplementary Information
Budgetary Comparison Schedule (GAAP Basis) - General Fund Expenditures (continued)
Year Ended December 31, 2007

	<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	\$ 19,308	\$ 21,242
Court Building Safety				
Salaries and fringe benefits	1,053,979	1,058,979	1,030,630	28,349
Operating	56,612	51,612	39,056	12,556
Capital outlay	5,000	5,000	-	5,000
Department Total	<u>1,115,591</u>	<u>1,115,591</u>	<u>1,069,686</u>	<u>45,905</u>
Emergency Management				
Salaries and fringe benefits	345,315	345,315	251,880	93,435
Operating	29,731	30,583	29,770	813
Department Total	<u>375,046</u>	<u>375,898</u>	<u>281,650</u>	<u>94,248</u>
Security				
Salaries and fringe benefits	690,633	690,633	687,448	3,185
Operating	10,886	10,886	10,530	356
Department Total	<u>701,519</u>	<u>701,519</u>	<u>697,978</u>	<u>3,541</u>
Sheriff Department				
Salaries and fringe benefits	53,270,028	53,445,477	51,185,326	2,260,151
Operating	9,747,373	9,762,193	9,654,595	107,598
Capital outlay	202,200	227,895	136,878	91,017
Department Total	<u>63,219,601</u>	<u>63,435,565</u>	<u>60,976,799</u>	<u>2,458,766</u>
Technical Services				
Salaries and fringe benefits	828,646	828,646	773,924	54,722
Operating	50,147	50,114	39,393	10,721
Capital outlay	20,000	20,000	1,500	18,500
Department Total	<u>898,793</u>	<u>898,760</u>	<u>814,817</u>	<u>83,943</u>
Total Public Safety	<u>66,351,100</u>	<u>66,567,883</u>	<u>63,860,238</u>	<u>2,707,645</u>

MACOMB COUNTY, MICHIGAN
Required Supplementary Information
Budgetary Comparison Schedule (GAAP Basis) - General Fund Expenditures (concluded)
Year Ended December 31, 2007

	<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	\$ -	\$ 3,780
Operating	10,770	10,770	6,020	4,750
Department Total	<u>14,550</u>	<u>14,550</u>	<u>6,020</u>	<u>8,530</u>
Senior Citizens Services				
Salaries and fringe benefits	23,333	23,333	-	23,333
Operating	254,591	254,591	92,070	162,521
Department Total	<u>277,924</u>	<u>277,924</u>	<u>92,070</u>	<u>185,854</u>
Veteran's Affairs				
Salaries and fringe benefits	416,764	416,764	342,856	73,908
Operating	247,596	266,596	249,193	17,403
Capital outlay	7,200	7,200	7,108	92
Department Total	<u>671,560</u>	<u>690,560</u>	<u>599,157</u>	<u>91,403</u>
Total Health and Welfare	<u>964,034</u>	<u>983,034</u>	<u>697,247</u>	<u>285,787</u>
Other Current Operations				
Non-Departmental Appropriations	<u>7,772,178</u>	<u>7,383,890</u>	<u>5,618,750</u>	<u>1,765,140</u>
Capital Outlay	<u>950,000</u>	<u>950,000</u>	<u>617,157</u>	<u>332,843</u>
Total Expenditures	<u>171,728,673</u>	<u>171,559,955</u>	<u>155,330,682</u>	<u>16,230,586</u>
Other Financing Uses				
Transfers Out	<u>79,348,836</u>	<u>86,858,422</u>	<u>72,573,876</u>	<u>14,284,546</u>
Total Expenditures and Other Financing Uses	<u>\$ 251,077,509</u>	<u>\$ 258,418,377</u>	<u>\$ 227,904,558</u>	<u>\$ 30,515,132</u>

MACOMB COUNTY, MICHIGAN
Required Supplementary Information
Budgetary Comparison Schedule (GAAP Basis) - Revenue Sharing Reserve Fund
Year Ended December 31, 2007

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Investment income	\$ -	\$ -	\$ 2,818,921	\$ 2,818,921
Other Financing Uses				
Transfers out	<u>(15,013,425)</u>	<u>(15,071,560)</u>	<u>(15,071,560)</u>	<u>-</u>
Net change in fund balances	(15,013,425)	(15,071,560)	(12,252,639)	2,818,921
Fund balances, beginning of year	<u>77,818,704</u>	<u>77,818,704</u>	<u>77,818,704</u>	<u>-</u>
Fund balances, end of year	<u>\$ 62,805,279</u>	<u>\$ 62,747,144</u>	<u>\$ 65,566,065</u>	<u>\$ 2,818,921</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)
1999	\$ 581,170,294	\$ 446,999,030	\$ (134,171,264)	130.02	\$ 105,581,899	(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)
2006	781,450,248	721,657,669	(59,792,579)	108.29	128,820,986	(46.42)

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	
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
2007	11,286,334	100	5,169,283	100	2,665,713	100	19,121,330

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 Payroll
<u>December 31</u>	<u>(a)</u>	<u>(b)</u>	<u>(b-a)</u>	<u>(a/b)</u>	<u>(c)</u>	<u>((b-a)/c)</u>
2004	\$ 83,794,483	\$ 492,905,016	\$ 409,110,533	17.00	\$ 117,894,514	347.0%
2006	106,476,217	643,208,474	536,732,257	16.55	113,523,878	472.8%

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Year Ended <u>December 31</u>	Annual Required Contribution	Percentage Contributed
2006	\$ 44,511,025	21.2%
2007	52,841,541	27.5%

MACOMB COUNTY, MICHIGAN
Combining Balance Sheet
Nonmajor Fund Types
December 31, 2007

	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total</u>
Assets				
Cash and pooled investments	\$ 14,592,139	\$ 7,168,906	\$ 27,370,051	\$ 49,131,096
Taxes receivable	-	168,054	-	168,054
Accounts receivable, net	8,996,155	-	25,923	9,022,078
Due from other governments	6,572,899	-	99,630	6,672,529
Other assets	213,080	-	26,637	239,717
Total Assets	\$ 30,374,273	\$ 7,336,960	\$ 27,522,241	\$ 65,233,474
Liabilities and Fund Balances				
Liabilities				
Accounts payable	\$ 3,795,700	40,872	\$ 1,280,411	\$ 5,116,783
Accrued liabilities	123	-	735,635	735,758
Accrued compensation and benefits	10,565	-	-	10,565
Due to other governments	496,537	-	-	496,537
Due to governmental funds	639,090	-	-	639,090
Deferred revenue	978,693	176,480	-	1,155,173
Total Liabilities	5,920,708	217,152	2,016,046	8,153,906
Fund Balances				
Reserved				
Debt service	-	7,119,808	-	7,119,808
Long-term receivables	8,575,204	-	-	8,575,204
Capital projects	4,775,723	-	10,372,257	15,147,980
Unreserved				
Designated				
Capital projects	91,516	-	15,133,938	15,225,454
Programs	6,786,909	-	-	6,786,909
Undesignated	4,224,213	-	-	4,224,213
Total Fund Balances	24,453,565	7,119,808	25,506,195	57,079,568
Total Liabilities and Fund Balances	\$ 30,374,273	\$ 7,336,960	\$ 27,522,241	\$ 65,233,474

MACOMB COUNTY, MICHIGAN
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Fund Types
Year Ended December 31, 2007

	Special Revenue	Debt Service	Capital Projects	Total
Revenues				
Taxes	\$ -	\$ 212,452	\$ -	\$ 212,452
Licenses and permits	1,345,377	-	-	1,345,377
Federal & State grants	55,606,663	-	128,203	55,734,866
Other grants	267,617	-	40,000	307,617
Charges for services	12,423,346	-	2,489,078	14,912,424
Investment income	341,576	10,701	872,661	1,224,938
Fines and forfeitures	683,889	-	-	683,889
Other revenue	1,153,220	-	-	1,153,220
Total Revenues	71,821,688	223,153	3,529,942	75,574,783
Expenditures				
Current				
Judicial	13,638,553	-	-	13,638,553
General government	644,427	-	-	644,427
Public safety	8,887,264	-	-	8,887,264
Public works	286,327	63,263	807,231	1,156,821
Health and welfare	86,493,947	-	-	86,493,947
Recreation and cultural	2,781,895	-	-	2,781,895
Capital outlay	1,219,837	-	17,483,542	18,703,379
Debt service				
Principal	-	4,750,000	-	4,750,000
Interest and fees	-	3,411,792	-	3,411,792
Bond issuance costs	-	113,558	-	113,558
Total Expenditures	113,952,250	8,338,613	18,290,773	140,581,636
Excess of Revenues over (under) Expenditures	(42,130,562)	(8,115,460)	(14,760,831)	(65,006,853)
Other financing sources (uses)				
Issuance of debt	-	16,895,000	-	16,895,000
Transfers in	47,595,512	7,691,377	23,410,957	78,697,846
Transfers out	(3,554,623)	-	(12,150,210)	(15,704,833)
Bond discounts	-	(167,725)	-	(167,725)
Payment to refunding debt escrow agent	-	(16,613,717)	-	(16,613,717)
Total Other financing sources (uses)	44,040,889	7,804,935	11,260,747	63,106,571
Net change in fund balances	1,910,327	(310,525)	(3,500,084)	(1,900,282)
Fund Balances, beginning of year	22,543,238	7,430,333	29,006,279	58,979,850
Fund Balances, end of year	\$ 24,453,565	\$ 7,119,808	\$ 25,506,195	\$ 57,079,568

MACOMB COUNTY, MICHIGAN
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2007

	Child Care (1)	COMET	Community Services Agency (1)	Emergency Management Grants	Friend of the Court (1)
Assets					
Cash and pooled investments	\$ 9,469	\$ 1,047,893	\$ 1,742,931	\$ 10,922	\$ 86,000
Accounts receivable, net	59,508	-	11,483	-	-
Due from other governments	2,732,577	-	583,224	103,904	978,467
Other assets	189,076	24,004	-	-	-
Total Assets	\$ 2,990,630	\$ 1,071,897	\$ 2,337,638	\$ 114,826	\$ 1,064,467
Liabilities and Fund Balances					
Liabilities					
Accounts payable	\$ 1,140,541	\$ 59,350	\$ 578,359	\$ 2,389	\$ 5,013
Accrued liabilities	-	-	-	-	-
Accrued compensation and benefits	-	-	1,275	-	-
Due to other governments	-	-	-	-	-
Due to governmental funds	-	-	-	86,785	-
Deferred revenue	-	-	-	-	978,693
Total Liabilities	1,140,541	59,350	579,634	89,174	983,706
Fund Balances					
Reserved					
Long-term receivables	-	-	-	-	-
Capital projects	-	-	-	-	-
Unreserved					
Designated					
Capital projects	-	-	-	-	-
Programs	-	1,012,547	1,758,004	25,652	-
Undesignated	1,850,089	-	-	-	80,761
Total Fund Balances	1,850,089	1,012,547	1,758,004	25,652	80,761
Total Liabilities and Fund Balances	\$ 2,990,630	\$ 1,071,897	\$ 2,337,638	\$ 114,826	\$ 1,064,467

(1) - Balance sheet as of September 30, 2007

MACOMB COUNTY, MICHIGAN
Combining Balance Sheet
Nonmajor Special Revenue Funds (continued)
December 31, 2007

	Health Department	Health Grants (1)	County Library	Macomb/St. Clair Employment and Training	MSU Extension
Assets					
Cash and pooled investments	\$ 2,318,716	\$ 623,105	\$ 550,374	\$ 2,329	\$ 419,271
Accounts receivable, net	114,663	-	21,040	-	-
Due from other governments	173,140	67,070	-	-	2,510
Other assets	-	-	-	-	-
Total Assets	\$ 2,606,510	\$ 690,175	\$ 571,414	\$ 2,329	\$ 421,781
Liabilities and Fund Balances					
Liabilities					
Accounts payable	\$ 469,104	\$ 431,877	\$ 110,785	\$ 2,329	\$ 2,423
Accrued liabilities	-	-	-	-	-
Accrued compensation and benefits	6,495	-	1,408	-	-
Due to other governments	19,110	10,780	-	-	-
Due to governmental funds	-	-	-	-	-
Deferred revenue	-	-	-	-	-
Total Liabilities	494,709	442,637	112,193	2,329	2,423
Fund Balances					
Reserved					
Long-term receivables	-	-	-	-	-
Capital projects	-	-	-	-	-
Unreserved					
Designated					
Capital projects	91,516	-	-	-	-
Programs	540,074	247,538	79,000	-	419,358
Undesignated	1,480,220	-	380,212	-	-
Total Fund Balances	2,111,810	247,538	459,221	-	419,358
Total Liabilities and Fund Balances	\$ 2,608,519	\$ 690,175	\$ 571,414	\$ 2,329	\$ 421,781

(1) - Balance sheet as of September 30, 2007

MACOMB COUNTY, MICHIGAN
Combining Balance Sheet
Nonmajor Special Revenue Funds (continued)
December 31, 2007

	MSU Extension (1)	Prosecuting Attorney Grants	Prosecuting Attorney Grants (1)	Senior Citizens Services
Assets				
Cash and pooled investments	\$ 169,380	\$ 44,799	\$ -	\$ 45,864
Accounts receivable, net	791	-	-	14,347
Due from other governments	113,786	25,890	179,022	-
Other assets	-	-	-	-
Total Assets	\$ 283,957	\$ 70,689	\$ 179,022	\$ 60,211
Liabilities and Fund Balances				
Liabilities				
Accounts payable	\$ 15,349	\$ -	\$ 67,715	\$ 7,332
Accrued liabilities	-	-	-	-
Accrued compensation and benefits	1,265	-	-	-
Due to other governments	-	-	81,499	-
Due to governmental funds	-	23,711	-	-
Deferred revenue	-	-	-	-
Total Liabilities	16,614	23,711	149,214	7,332
Fund Balances				
Reserved				
Long-term receivables	-	-	-	-
Capital projects	-	-	-	-
Unreserved				
Designated				
Capital projects	-	-	-	-
Programs	267,343	46,978	29,808	49,735
Undesignated	-	-	-	3,144
Total Fund Balances	267,343	46,978	29,808	52,879
Total Liabilities and Fund Balances	\$ 283,957	\$ 70,689	\$ 179,022	\$ 60,211

(1) - Balance sheet as of September 30, 2007

MACOMB COUNTY, MICHIGAN
Combining Balance Sheet
Nonmajor Special Revenue Funds (continued)
December 31, 2007

	<u>Senior Citizens Services (1)</u>	<u>Sheriff Grants</u>	<u>Sheriff Grants (1)</u>	<u>Social Welfare</u>
Assets				
Cash and pooled investments	\$ 536	\$ 967,982	\$ -	\$ 547,825
Accounts receivable, net	-	19,133	3,186	143,847
Due from other governments	3,388	175,763	856,912	68,729
Other assets	-	-	-	-
Total Assets	\$ 3,924	\$ 1,162,858	\$ 860,098	\$ 760,401
 Liabilities and Fund Balances				
Liabilities				
Accounts payable	\$ -	\$ 18,235	\$ 328,658	\$ 461,919
Accrued liabilities	-	-	-	-
Accrued compensation and benefits	-	122	-	-
Due to other governments	-	184,168	-	201,000
Due to governmental funds	3,429	-	525,165	-
Deferred revenue	-	-	-	-
Total Liabilities	3,429	202,525	853,823	662,919
 Fund Balances				
Reserved				
Long-term receivables	-	-	-	-
Capital projects	-	-	-	-
Unreserved				
Designated				
Capital projects	-	-	-	-
Programs	495	960,333	6,275	-
Undesignated	-	-	-	97,482
Total Fund Balances	495	960,333	6,275	97,482
Total Liabilities and Fund Balances	\$ 3,924	\$ 1,162,858	\$ 860,098	\$ 760,401

(1) - Balance sheet as of September 30, 2007

MACOMB COUNTY, MICHIGAN
Combining Balance Sheet
Nonmajor Special Revenue Funds (concluded)
December 31, 2007

	Urban County Block Grant	Veterans' Trust Fund (1)	Other Special Revenue	Total Special Revenue
Assets				
Cash and pooled investments	\$ 853,235	\$ 13,815	\$ 5,137,713	\$ 14,592,139
Accounts receivable, net	8,575,204	-	32,953	8,996,155
Due from other governments	141,078	-	367,439	6,572,899
Other assets	-	-	-	213,080
Total Assets	\$ 9,569,517	\$ 13,815	\$ 5,538,105	\$ 30,374,273
Liabilities and Fund Balances				
Liabilities				
Accounts payable	\$ 49,926	\$ 10,025	\$ 34,371	\$ 3,795,700
Accrued liabilities	-	-	123	123
Accrued compensation and benefits	-	-	-	10,565
Due to other governments	-	-	-	496,537
Due to governmental funds	-	-	-	639,090
Deferred revenue	-	-	-	978,693
Total Liabilities	49,926	10,025	34,494	5,920,708
Fund Balances				
Reserved				
Long-term receivables	8,575,204	-	-	8,575,204
Capital projects	631,802	-	4,143,921	4,775,723
Unreserved				
Designated				
Capital projects	-	-	-	91,516
Programs	-	3,790	1,339,970	6,786,909
Undesignated	312,685	-	19,720	4,224,213
Total Fund Balances	9,519,591	3,790	5,503,611	24,453,565
Total Liabilities and Fund Balances	\$ 9,569,517	\$ 13,815	\$ 5,538,105	\$ 30,374,273

(1) - Balance sheet as of September 30, 2007

MACOMB COUNTY, MICHIGAN
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Special Revenue Funds
Year Ended December 31, 2007

	Child Care (1)	COMET	Community Services Agency (1)	Emergency Management Grants	Friend of the Court (1)
Revenues					
Licenses and permits	\$ -	\$ -	\$ -	\$ -	\$ -
Federal & State grants	11,591,391	105,282	10,642,798	2,555,331	7,381,781
Other grants	-	-	-	-	-
Charges for services	1,151,298	7,520	1,998,412	85,037	688,107
Investment income	-	61,934	-	-	4,292
Fines and forfeitures	-	296,905	-	-	-
Other revenue	-	-	1,056,114	-	-
Total Revenues	12,742,689	471,641	13,697,324	2,640,368	8,074,180
Expenditures					
Current					
Judicial	-	-	-	-	10,840,169
General government	-	-	-	-	-
Public safety	-	462,210	-	2,382,499	-
Public works	-	-	-	-	-
Health and welfare	30,173,316	-	14,791,687	-	-
Recreation and cultural	-	-	-	-	-
Capital outlay	16,422	20,490	54,024	243,139	3,580
Total Expenditures	30,189,738	482,700	14,845,711	2,625,638	10,843,749
Excess of Revenues over (under) Expenditures	(17,447,049)	(11,059)	(1,148,387)	14,730	(2,769,569)
Other financing sources (uses)					
Transfers in	17,447,049	-	1,223,176	-	5,769,569
Transfers out	-	-	-	-	(3,000,000)
Total Other financing sources (uses)	17,447,049	-	1,223,176	-	2,769,569
Net change in fund balances	-	(11,059)	74,789	14,730	-
Fund Balances, beginning of year	1,850,089	1,023,806	1,683,215	10,922	80,761
Fund Balances, end of year	\$ 1,850,089	\$ 1,012,547	\$ 1,758,004	\$ 25,652	\$ 80,761

(1) - Year ended September 30, 2007

MACOMB COUNTY, MICHIGAN
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Special Revenue Funds (continued)
Year Ended December 31, 2007

	Health Department	Health Grants (1)	County Library	Macomb/St. Clair Employment and Training	MSU Extension
Revenues					
Licenses and permits	\$ 714,467	\$ -	\$ -	\$ -	\$ -
Federal & State grants	6,888,853	3,404,207	57,025	-	-
Other grants	-	-	-	-	-
Charges for services	2,076,537	598,839	82,857	3,277,700	104,828
Investment income	-	-	-	-	-
Fines and forfeitures	-	-	37,045	-	-
Other revenue	-	-	-	-	-
Total Revenues	9,679,857	4,003,046	176,927	3,277,700	104,828
Expenditures					
Current					
Judicial	-	-	-	-	-
General government	-	-	-	-	-
Public safety	-	-	-	-	-
Public works	-	-	-	-	-
Health and welfare	23,981,828	4,132,943	-	3,277,700	134,207
Recreation and cultural	-	-	2,781,895	-	-
Capital outlay	680,467	81,532	5,000	-	1,142
Total Expenditures	24,662,295	4,214,475	2,786,895	3,277,700	135,348
Excess of Revenues over (under) Expenditures	(14,982,438)	(211,429)	(2,609,968)	-	(30,521)
Other financing sources (uses)					
Transfers in	14,594,195	451,049	2,623,301	-	42,764
Transfers out	-	-	-	-	-
Total Other financing sources (uses)	14,594,195	451,049	2,623,301	-	42,764
Net change in fund balances	(388,243)	239,620	13,333	-	12,243
Fund Balances, beginning of year	2,500,053	7,918	445,888	-	407,115
Fund Balances, end of year	\$ 2,111,810	\$ 247,538	\$ 459,221	\$ -	\$ 419,358

(1) - Year ended September 30, 2007

MACOMB COUNTY, MICHIGAN
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Special Revenue Funds (continued)
Year Ended December 31, 2007

	MSU Extension (1)	Prosecuting Attorney Grants	Prosecuting Attorney Grants (1)	Senior Citizens Services
Revenues				
Licenses and permits	\$ 512,785	\$ -	\$ -	\$ -
Federal & State grants	-	99,472	1,202,101	109,273
Other grants	-	-	-	59,064
Charges for services	98,950	-	38	372,639
Investment income	-	2,171	-	-
Fines and forfeitures	-	7,990	83,396	-
Other revenue	-	-	-	-
Total Revenues	611,735	109,633	1,285,535	540,976
Expenditures				
Current				
Judicial	-	142,293	2,029,329	-
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Health and welfare	601,936	-	-	2,205,298
Recreation and cultural	-	-	-	-
Capital outlay	706	-	-	3,195
Total Expenditures	602,642	142,293	2,029,329	2,208,493
Excess of Revenues over (under) Expenditures	9,093	(32,660)	(743,794)	(1,667,517)
Other financing sources (uses)				
Transfers in	25,000	42,821	746,986	1,680,772
Transfers out	(41,135)	-	(109,335)	-
Total Other financing sources (uses)	(16,135)	42,821	637,651	1,680,772
Net change in fund balances	(7,042)	10,161	(106,143)	13,255
Fund Balances, beginning of year	274,385	36,817	135,951	39,624
Fund Balances, end of year	\$ 267,343	\$ 46,978	\$ 29,808	\$ 52,879

(1) - Year ended September 30, 2007

MACOMB COUNTY, MICHIGAN
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Special Revenue Funds (continued)
Year Ended December 31, 2007

	Senior Citizens Services (1)	Sheriff Grants	Sheriff Grants (1)	Social Welfare
Revenues				
Licenses and permits	\$ -	\$ -	\$ -	\$ -
Federal & State grants	38,332	1,101,527	2,737,618	1,089,546
Other grants	-	124,676	83,877	-
Charges for services	-	155,840	-	215,361
Investment income	-	-	-	-
Fines and forfeitures	-	241,553	-	-
Other revenue	-	-	-	-
Total Revenues	38,332	1,623,596	2,821,495	1,304,907
Expenditures				
Current				
Judicial	-	-	-	-
General government	-	-	-	-
Public safety	-	1,524,416	3,533,625	-
Public works	-	-	-	-
Health and welfare	45,800	-	-	2,425,127
Recreation and cultural	-	-	-	-
Capital outlay	-	63,461	1,306	-
Total Expenditures	45,800	1,587,877	3,534,931	2,425,127
Excess of Revenues over (under) Expenditures	(7,468)	35,719	(713,436)	(1,120,220)
Other financing sources (uses)				
Transfers in	7,468	393,537	711,251	1,120,220
Transfers out	-	-	-	-
Total Other financing sources (uses)	7,468	393,537	711,251	1,120,220
Net change in fund balances	-	429,256	(2,185)	-
Fund Balances, beginning of year	495	531,077	8,460	97,482
Fund Balances, end of year	\$ 495	\$ 960,333	\$ 6,275	\$ 97,482

(1) - Year ended September 30, 2007

MACOMB COUNTY, MICHIGAN
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Special Revenue Funds (concluded)
Year Ended December 31, 2007

	Urban County Block Grant	Veterans' Trust Fund (1)	Other Special Revenue	Total Special Revenue
Revenues				
Licenses and permits	\$ -	\$ 118,125	\$ -	\$ 1,345,377
Federal & State grants	4,790,650	-	1,811,476	55,606,663
Other grants	-	-	-	267,617
Charges for services	265,543	-	1,243,840	12,423,346
Investment income	-	-	273,179	341,576
Fines and forfeitures	-	-	17,000	683,889
Other revenue	97,106	-	-	1,153,220
Total Revenues	5,153,299	118,125	3,345,495	71,821,688
Expenditures				
Current				
Judicial	-	-	626,762	13,638,553
General government	-	-	644,427	644,427
Public safety	-	-	984,514	8,887,264
Public works	286,327	-	-	286,327
Health and welfare	4,516,412	116,667	91,026	86,493,947
Recreation and cultural	-	-	-	2,781,895
Capital outlay	5,098	-	40,275	1,219,837
Total Expenditures	4,807,837	116,667	2,387,004	113,952,250
Excess of Revenues over (under) Expenditures	345,462	1,458	958,491	(42,130,562)
Other financing sources (uses)				
Transfers in	314,091	-	402,263	47,595,512
Transfers out	(186,803)	-	(217,350)	(3,554,623)
Total Other financing sources (uses)	127,288	-	184,913	44,040,889
Net change in fund balances	472,750	1,458	1,143,404	1,910,327
Fund Balances, beginning of year	9,046,841	2,332	4,360,207	22,543,238
Fund Balances, end of year	\$ 9,519,591	\$ 3,790	\$ 5,503,611	\$ 24,453,565

(1) - Year ended September 30, 2007

MACOMB COUNTY, MICHIGAN
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Child Care Fund
Year Ended September 30, 2007

	Final Budget	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
Revenues			
Federal & State grants	\$ 9,393,473	\$ 11,591,391	\$ 2,197,918
Charges for services	1,330,150	1,151,298	(178,852)
Total Revenues	<u>10,723,623</u>	<u>12,742,689</u>	<u>2,019,066</u>
Expenditures			
Salaries and fringe benefits	11,258,505	9,680,554	1,577,951
Operating	20,979,319	20,492,762	486,557
Capital Outlay	19,296	16,422	2,874
Total Expenditures	<u>32,257,120</u>	<u>30,189,738</u>	<u>2,067,382</u>
Excess of Revenues over (under) Expenditures	<u>(21,533,497)</u>	<u>(17,447,049)</u>	<u>4,086,448</u>
Other financing sources (uses)			
Transfers in	<u>21,533,497</u>	<u>17,447,049</u>	<u>(4,086,448)</u>
Net change in fund balances	-	-	-
Fund Balances, beginning of year	<u>1,850,089</u>	<u>1,850,089</u>	<u>-</u>
Fund Balances, end of year	<u>\$ 1,850,089</u>	<u>\$ 1,850,089</u>	<u>\$ -</u>

MACOMB COUNTY, MICHIGAN
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Community Services Agency
Year Ended September 30, 2007

	Final Budget	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
Revenues			
Federal & State grants	\$ 12,103,223	\$ 10,642,798	\$ (1,460,425)
Charges for services	577,975	1,998,412	1,420,437
Other revenue	1,270,806	1,056,114	(214,692)
Total Revenues	<u>13,952,004</u>	<u>13,697,324</u>	<u>(254,680)</u>
Expenditures			
Salaries and fringe benefits	7,659,980	7,542,395	117,585
Operating	7,424,223	7,249,292	174,931
Capital outlay	62,399	54,024	8,375
Total Expenditures	<u>15,146,602</u>	<u>14,845,711</u>	<u>300,891</u>
Excess of Revenues over (under) Expenditures	<u>(1,194,598)</u>	<u>(1,148,387)</u>	<u>46,211</u>
Other financing sources (uses)			
Transfers in	1,224,598	1,223,176	(1,422)
Transfers out	(30,000)	-	30,000
Total Other financing sources (uses)	<u>1,194,598</u>	<u>1,223,176</u>	<u>28,578</u>
Net change in fund balances	-	74,789	74,789
Fund Balances, beginning of year	<u>1,683,215</u>	<u>1,683,215</u>	<u>-</u>
Fund Balances, end of year	<u>\$ 1,683,215</u>	<u>\$ 1,758,004</u>	<u>\$ 74,789</u>

MACOMB COUNTY, MICHIGAN
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Friend of the Court
Year Ended September 30, 2007

	Final Budget	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
Revenues			
Federal & State grants	\$ 7,001,820	\$ 7,381,781	\$ 379,961
Charges for services	595,000	688,107	93,107
Investment income	-	4,292	4,292
Total Revenues	<u>7,596,820</u>	<u>8,074,180</u>	<u>477,360</u>
Expenditures			
Salaries and fringe benefits	9,540,777	8,373,006	1,167,771
Operating	2,787,759	2,467,163	320,596
Capital Outlay	17,500	3,580	13,920
Total Expenditures	<u>12,346,036</u>	<u>10,843,749</u>	<u>1,502,287</u>
Excess of Revenues over (under) Expenditures	<u>(4,749,216)</u>	<u>(2,769,569)</u>	<u>1,979,647</u>
Other financing sources (uses)			
Transfers in	7,749,216	5,769,569	(1,979,647)
Transfers out	(3,000,000)	(3,000,000)	-
Total Other financing sources (uses)	<u>4,749,216</u>	<u>2,769,569</u>	<u>(1,979,647)</u>
Net change in fund balances	-	-	-
Fund Balances, beginning of year	<u>80,761</u>	<u>80,761</u>	<u>-</u>
Fund Balances, end of year	<u>\$ 80,761</u>	<u>\$ 80,761</u>	<u>\$ -</u>

MACOMB COUNTY, MICHIGAN
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Health Department
Year Ended December 31, 2007

	Final Budget	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
Revenues			
Licenses and permits	\$ 658,503	\$ 714,467	\$ 55,964
Federal & State grants	7,476,050	6,888,853	(587,197)
Charges for services	2,534,721	2,076,537	(458,184)
Total Revenues	10,669,274	9,679,857	(989,417)
Expenditures			
Salaries and fringe benefits	15,894,310	13,899,113	1,995,197
Operating	11,916,401	10,082,715	1,833,686
Capital outlay	890,591	680,467	210,124
Total Expenditures	28,701,302	24,662,295	4,039,007
Excess of Revenues over (under) Expenditures	(18,032,028)	(14,982,438)	3,049,590
Other financing sources (uses)			
Transfers in	18,032,028	14,594,195	(3,437,833)
Net change in fund balances	-	(388,243)	(388,243)
Fund Balances, beginning of year	2,500,053	2,500,053	-
Fund Balances, end of year	\$ 2,500,053	\$ 2,111,810	\$ (388,243)

MACOMB COUNTY, MICHIGAN
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
County Library
Year Ended December 31, 2007

	Final Budget	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
Revenues			
Federal & State grants	\$ 70,901	\$ 57,025	\$ (13,876)
Charges for services	278,600	82,857	(195,743)
Fines and forfeitures	44,500	37,045	(7,455)
Total Revenues	394,001	176,927	(217,074)
Expenditures			
Salaries and fringe benefits	2,857,112	2,115,920	741,192
Operating	787,925	665,975	121,950
Capital Outlay	5,000	5,000	-
Total Expenditures	3,650,037	2,786,895	863,142
Excess of Revenues over (under) Expenditures	(3,256,036)	(2,609,968)	646,068
Other financing sources (uses)			
Transfers in	3,256,036	2,623,301	(632,735)
Net change in fund balances	-	13,333	13,333
Fund Balances, beginning of year	445,888	445,888	-
Fund Balances, end of year	\$ 445,888	\$ 459,221	\$ 13,333

MACOMB COUNTY, MICHIGAN
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Senior Citizens Services
Year Ended December 31, 2007

	Final Budget	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
Revenues			
Federal & State grants	\$ 111,667	\$ 109,273	\$ (2,394)
Other grants		59,064	59,064
Charges for services	330,328	372,639	42,311
Other revenue	621	-	(621)
Total Revenues	<u>442,616</u>	<u>540,976</u>	<u>98,360</u>
Expenditures			
Salaries and fringe benefits	1,955,560	1,841,114	114,446
Operating	419,883	364,184	55,699
Capital outlay	3,000	3,195	(195)
Total Expenditures	<u>2,378,443</u>	<u>2,208,493</u>	<u>169,950</u>
Excess of Revenues over (under) Expenditures	<u>(1,935,827)</u>	<u>(1,667,517)</u>	<u>268,310</u>
Other financing sources (uses)			
Transfers in	1,935,827	1,680,772	(255,055)
Net change in fund balances	-	13,255	13,255
Fund Balances, beginning of year	<u>39,624</u>	<u>39,624</u>	<u>-</u>
Fund Balances, end of year	<u>\$ 39,624</u>	<u>\$ 52,879</u>	<u>\$ 13,255</u>

MACOMB COUNTY, MICHIGAN
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Senior Citizens Services
Year Ended September 30, 2007

	Final Budget	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
Revenues			
Federal & State grants	\$ 42,249	\$ 38,332	\$ (3,917)
Expenditures			
Salaries and fringe benefits	43,767	41,167	2,600
Operating	8,482	4,633	3,849
Total Expenditures	52,249	45,800	6,449
Excess of Revenues over (under) Expenditures	(10,000)	(7,468)	2,532
Other financing sources (uses)			
Transfers in	10,000	7,468	(2,532)
Net change in fund balances	-	-	-
Fund Balances, beginning of year	495	495	-
Fund Balances, end of year	\$ 495	\$ 495	\$ -

MACOMB COUNTY, MICHIGAN
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Social Welfare Fund
Year Ended December 31, 2007

	Final Budget	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
Revenues			
Federal & State grants	\$ 1,500,000	\$ 1,089,546	\$ (410,454)
Charges for services	400,000	215,361	(184,639)
Total Revenues	<u>1,900,000</u>	<u>1,304,907</u>	<u>(595,093)</u>
Expenditures			
Operating	<u>3,479,133</u>	<u>2,425,127</u>	<u>1,054,006</u>
Excess of Revenues over (under) Expenditures	<u>(1,579,133)</u>	<u>(1,120,220)</u>	<u>458,913</u>
Other financing sources (uses)			
Transfers in	<u>1,579,133</u>	<u>1,120,220</u>	<u>(458,913)</u>
Net change in fund balances	-	-	-
Fund Balances, beginning of year	<u>97,482</u>	<u>97,482</u>	<u>-</u>
Fund Balances, end of year	<u>\$ 97,482</u>	<u>\$ 97,482</u>	<u>\$ -</u>

MACOMB COUNTY, MICHIGAN

December 31, 2007

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 and are reported in the Government-Wide Statement of Net Assets 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, 2007

	<u>Bridge Program</u>	<u>Clemens Center</u>	<u>District Court Building</u>	<u>E-911 Radio System</u>
Assets				
Cash and pooled investments	\$ 7,511,269	\$ -	\$ 899,363	\$ 826,301
Accounts receivable, net	-	-	-	-
Due from other governments	-	-	-	-
Other assets	-	-	-	-
Total Assets	<u>\$ 7,511,269</u>	<u>\$ -</u>	<u>\$ 899,363</u>	<u>\$ 826,301</u>
 Liabilities and Fund Balances				
Liabilities				
Accounts payable	\$ 52,864	\$ -	\$ 524,848	\$ -
Accrued liabilities	-	-	374,399	-
Total Liabilities	<u>52,864</u>	<u>-</u>	<u>899,247</u>	<u>-</u>
 Fund Balances				
Reserved				
Capital projects	7,458,405	-	116	826,301
Unreserved				
Designated - Capital projects	-	-	-	-
Total Fund Balances	<u>7,458,405</u>	<u>-</u>	<u>116</u>	<u>826,301</u>
Total Liabilities and Fund Balances	<u>\$ 7,511,269</u>	<u>\$ -</u>	<u>\$ 899,363</u>	<u>\$ 826,301</u>

MACOMB COUNTY, MICHIGAN
Combining Balance Sheet
Nonmajor Capital Projects Funds (continued)
December 31, 2007

	<u>Martha T Berry Renovation</u>	<u>Public Works Building</u>	<u>Warehouse</u>
Assets			
Cash and pooled investments	\$ 67,908	\$ 936,556	\$ 712,883
Accounts receivable, less allowance for	-	-	-
Due from other governments	-	-	-
Other assets	-	-	-
Total Assets	<u>\$ 67,908</u>	<u>\$ 936,556</u>	<u>\$ 712,883</u>
Liabilities and Fund Balances			
Liabilities			
Accounts payable	\$ -	\$ 124,198	\$ 27,736
Accrued liabilities	-	213,557	35,356
Total Liabilities	<u>-</u>	<u>337,755</u>	<u>63,092</u>
Fund Balances			
Reserved			
Capital projects	67,908	598,801	649,791
Unreserved			
Designated - Capital projects	-	-	-
Total Fund Balances	<u>67,908</u>	<u>598,801</u>	<u>649,791</u>
Total Liabilities and Fund Balances	<u>\$ 67,908</u>	<u>\$ 936,556</u>	<u>\$ 712,883</u>

MACOMB COUNTY, MICHIGAN
Combining Balance Sheet
Nonmajor Capital Projects Funds (concluded)
December 31, 2007

	<u>Youth Home Renovation</u>	<u>General County Capital Projects</u>	<u>Totals</u>
Assets			
Cash and pooled investments	\$ 1,188,277	\$ 15,227,494	\$ 27,370,051
Accounts receivable, net	-	25,923	25,923
Due from other governments	-	99,630	99,630
Other assets	-	26,637	26,637
Total Assets	<u>\$ 1,188,277</u>	<u>\$ 15,379,684</u>	<u>\$ 27,522,241</u>
Liabilities and Fund Balances			
Liabilities			
Accounts payable	\$ 305,019	\$ 245,746	\$ 1,280,411
Accrued liabilities	112,323	-	735,635
Total Liabilities	<u>417,342</u>	<u>245,746</u>	<u>2,016,046</u>
Fund Balances			
Reserved			
Capital projects	770,935	-	10,372,257
Unreserved			
Designated - Capital projects	-	15,133,938	15,133,938
Total Fund Balances	<u>770,935</u>	<u>15,133,938</u>	<u>25,506,195</u>
Total Liabilities and Fund Balances	<u>\$ 1,188,277</u>	<u>\$ 15,379,684</u>	<u>\$ 27,522,241</u>

MACOMB COUNTY, MICHIGAN
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Capital Projects Funds
Year Ended December 31, 2007

	Bridge Program	Clemens Center	District Court Building	E-911 Radio System
Revenues				
Federal & State grants	\$ -	\$ -	\$ -	\$ -
Other grants	-	-	-	-
Charges for services	-	-	1,904	-
Investment income	405,354	-	-	62,564
Total Revenues	405,354	-	1,904	62,564
Expenditures				
Current				
Public works	807,231	-	-	-
Capital outlay	-	-	5,140,039	859,158
Total Expenditures	807,231	-	5,140,039	859,158
Excess of Revenues over (under) Expenditures	(401,877)	-	(5,138,135)	(796,594)
Other financing sources (uses)				
Transfers in	46,661	-	92,000	-
Transfers out	-	(35,444)	-	-
Total Other financing sources (uses)	46,661	(35,444)	92,000	-
Net change in fund balances	(355,216)	(35,444)	(5,046,135)	(796,594)
Fund Balances, beginning of year	7,813,621	35,444	5,046,251	1,622,895
Fund Balances, end of year	\$ 7,458,405	\$ -	\$ 116	\$ 826,301

MACOMB COUNTY, MICHIGAN
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Capital Projects Funds (continued)
Year Ended December 31, 2007

	<u>Martha T Berry Renovation</u>	<u>Public Works Building</u>	<u>Verkuilen Bldg Renovation</u>	<u>Warehouse</u>
Revenues				
Federal & State grants	\$ -	\$ -	\$ -	\$ -
Other grants	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	91,394	-	-
Total Revenues	<u>-</u>	<u>91,394</u>	<u>-</u>	<u>-</u>
Expenditures				
Current				
Public works	-	-	-	-
Capital outlay	96,342	2,851,490	-	981,609
Total Expenditures	<u>96,342</u>	<u>2,851,490</u>	<u>-</u>	<u>981,609</u>
Excess of Revenues over (under) Expenditures	<u>(96,342)</u>	<u>(2,760,096)</u>	<u>-</u>	<u>(981,609)</u>
Other financing sources (uses)				
Transfers in	163,750	3,065	-	1,631,245
Transfers out	-	-	(36,108)	-
Total Other financing sources (uses)	<u>163,750</u>	<u>3,065</u>	<u>(36,108)</u>	<u>1,631,245</u>
Net change in fund balances	67,408	(2,757,031)	(36,108)	649,636
Fund Balances, beginning of year	<u>500</u>	<u>3,355,832</u>	<u>36,108</u>	<u>155</u>
Fund Balances, end of year	<u>\$ 67,908</u>	<u>\$ 598,801</u>	<u>\$ -</u>	<u>\$ 649,791</u>

MACOMB COUNTY, MICHIGAN
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Capital Projects Funds (concluded)
Year Ended December 31, 2007

	<u>Youth Home Renovation</u>	<u>General County Capital Projects</u>	<u>Totals</u>
Revenues			
Federal & State grants	\$ -	\$ 128,203	\$ 128,203
Other grants	-	40,000	40,000
Charges for services	-	2,487,174	2,489,078
Investment income	45,353	257,996	872,661
Total Revenues	<u>45,353</u>	<u>2,923,373</u>	<u>3,529,942</u>
Expenditures			
Current			
Public works	-	-	807,231
Capital outlay	1,837,437	5,717,467	17,483,542
Total Expenditures	<u>1,837,437</u>	<u>5,717,467</u>	<u>18,290,773</u>
Excess of Revenues over (under) Expenditures	<u>(1,792,084)</u>	<u>(2,794,094)</u>	<u>(14,760,831)</u>
Other financing sources (uses)			
Transfers in	1,708,041	19,766,195	23,410,957
Transfers out	-	(12,078,658)	(12,150,210)
Total Other financing sources (uses)	<u>1,708,041</u>	<u>7,687,537</u>	<u>11,260,747</u>
Net change in fund balances	<u>(84,043)</u>	<u>4,893,443</u>	<u>(3,500,084)</u>
Fund Balances, beginning of year	<u>854,978</u>	<u>10,240,495</u>	<u>29,006,279</u>
Fund Balances, end of year	<u>\$ 770,935</u>	<u>\$ 15,133,938</u>	<u>\$ 25,506,195</u>

MACOMB COUNTY, MICHIGAN

December 31, 2007

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, 2007

	<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	\$ 5,799,990	\$ 4,736,109	\$ 9,063,555	\$ 25,842,530
Trade accounts, net	-	18,545	-	-	18,545
Inventories	-	329,964	-	-	329,964
Due from other governments	-	629,171	-	-	629,171
Due from business-type units	-	157,636	-	-	157,636
Other assets	-	130,370	153,166	131,086	414,602
Total current assets	<u>6,242,876</u>	<u>7,065,676</u>	<u>4,889,275</u>	<u>9,194,621</u>	<u>27,392,448</u>
Noncurrent assets					
Capital assets, net:					
Assets being depreciated	-	3,130,597	-	-	3,130,597
Total Assets	<u>6,242,876</u>	<u>10,196,273</u>	<u>4,889,275</u>	<u>9,194,621</u>	<u>30,523,045</u>
LIABILITIES					
Current liabilities					
Accounts payable	-	328,036	251,436	77,509	656,981
Due to other funds	-	693,301	-	-	693,301
Claims and judgements	-	-	850,000	1,000,000	1,850,000
Total current liabilities	<u>-</u>	<u>1,021,337</u>	<u>1,101,436</u>	<u>1,077,509</u>	<u>3,200,282</u>
Noncurrent liabilities					
Claims and judgements	-	-	3,774,581	839,542	4,614,123
Compensated absences	6,025,380	-	-	-	6,025,380
Advances from other funds	-	300,000	-	-	300,000
Total noncurrent liabilities	<u>6,025,380</u>	<u>300,000</u>	<u>3,774,581</u>	<u>839,542</u>	<u>10,939,503</u>
Total Liabilities	<u>6,025,380</u>	<u>1,321,337</u>	<u>4,876,017</u>	<u>1,917,051</u>	<u>14,139,785</u>
NET ASSETS					
Investment in capital assets, net of related debt	-	3,130,597	-	-	3,130,597
Unrestricted	217,496	5,744,339	13,258	7,277,570	13,252,663
Total Net Assets	<u>\$ 217,496</u>	<u>\$ 8,874,936</u>	<u>\$ 13,258</u>	<u>\$ 7,277,570</u>	<u>\$ 16,383,260</u>

MACOMB COUNTY, MICHIGAN
Combining Statement of Revenues, Expenses and Changes in Net Assets
Internal Service Funds
Year Ended December 31, 2007

	<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	\$ 1,065,224	\$ 5,780,933	\$ 1,701,193	\$ 760,568	\$ 9,307,918
Operating Expenses					
Benefits and claims expenses	847,728	-	2,342,695	1,170,209	4,360,632
Supplies and services	-	4,953,952	-	-	4,953,952
Depreciation	-	517,037	-	-	517,037
Total operating expenses	<u>847,728</u>	<u>5,470,989</u>	<u>2,342,695</u>	<u>1,170,209</u>	<u>9,831,621</u>
Operating income (loss)	217,496	309,944	(641,502)	(409,641)	(523,703)
Nonoperating revenues					
Gain on sale of assets	-	5,229	-	-	5,229
Income before transfers	<u>217,496</u>	<u>315,173</u>	<u>(641,502)</u>	<u>(409,641)</u>	<u>(518,474)</u>
Transfers					
Transfers in	-	351,114	100,000	-	451,114
Increase (Decrease) in net assets	217,496	666,287	(541,502)	(409,641)	(67,360)
Net assets, beginning of year	-	8,208,649	554,760	7,687,211	16,450,620
Net assets, end of year	<u>\$ 217,496</u>	<u>\$ 8,874,936</u>	<u>\$ 13,258</u>	<u>\$ 7,277,570</u>	<u>\$ 16,383,260</u>

MACOMB COUNTY, MICHIGAN
Combining Statement of Cash Flows - Internal Service Funds
Year Ended December 31, 2007

	Compensated Absences	Equipment Revolving	General Liability Insurance	Workers' Compensation	Totals
Cash Flows from Operating Activities					
Cash received from customers	\$ -	\$ 72,706	\$ -		\$ 72,706
Cash received from interfund services	1,065,224	6,025,308	1,701,193	760,569	9,552,293
Cash payments to employees	(1,065,224)	-	-	-	(1,065,224)
Cash payments to suppliers	-	(4,792,683)	(2,550,210)	(1,018,854)	(8,361,747)
Net cash provided by Operating Activities	-	1,305,331	(849,017)	(258,286)	198,028
Cash Flows From Noncapital Financing Activities					
Transfers in	-	351,114	100,000	-	451,114
Cash Flows From Capital and Related Financing Activities					
Acquisition of capital assets	-	(1,160,012)	-	-	(1,160,012)
Increase (decrease) in cash and pooled investments	-	498,433	(749,017)	(258,286)	(510,870)
Cash and pooled investments, beginning of year	6,242,876	5,303,557	5,485,126	9,321,841	26,353,400
Cash and pooled investments, end of year	<u>\$ 6,242,876</u>	<u>\$ 5,799,990</u>	<u>\$ 4,736,109</u>	<u>\$ 9,063,555</u>	<u>\$ 25,842,530</u>
Reconciliation of operating income to net cash provided (used) by operating activities					
Operating income (loss)	\$ 217,496	\$ 309,944	\$ (841,502)	\$ (409,641)	\$ (523,703)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation	-	517,037	-	-	517,037
Decrease in accounts receivable	-	46,469	-	-	46,469
Decrease in inventory	-	59,162	-	-	59,162
Increase in amounts due from other governments	-	(230,684)	-	-	(230,684)
Increase in amounts due from other funds	-	(157,636)	-	-	(157,636)
Increase in other assets	-	(34,369)	(1)	(51,066)	(85,436)
Increase (decrease) in accounts payable	-	102,107	(60,858)	4,940	46,189
Decrease in accrued employee benefits	(217,496)	-	-	-	(217,496)
Increase in amounts due to other funds	-	693,301	-	-	693,301
Increase (decrease) in accrued claims and judgments	-	-	(146,858)	197,481	50,825
Net cash provided by (used in) operating activities	\$ -	\$ 1,305,331	\$ (849,017)	\$ (258,286)	\$ 198,028

MACOMB COUNTY, MICHIGAN

December 31, 2007

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, 2007

	<u>Employees'</u> <u>Retirement Fund</u>	<u>Retiree Health</u> <u>Care Fund</u>	<u>Total</u>
ASSETS			
Cash and pooled investments	\$ 48,289,678	\$ 1,821,820	\$ 50,111,498
Receivables			
Accrued interest	848,690	516,761	1,365,451
Other	876,217	-	876,217
Total receivables	<u>1,724,907</u>	<u>516,761</u>	<u>2,241,668</u>
Investments, at fair value			
US Government obligations	921,188	-	921,188
Corporate Bonds	35,441,234	-	35,441,234
Preferred Stock	20,352,968	-	20,352,968
Common Stock	355,821,475	732,354	356,553,829
Foreign Stock	30,895,840	16,934,935	47,830,775
Limited partnerships	26,854,402	-	26,854,402
Mutual funds	385,932,797	97,415,308	483,348,105
Total investments	<u>856,219,904</u>	<u>115,082,597</u>	<u>971,302,501</u>
Securities lending collateral	54,126,987	-	54,126,987
Due from fiduciary funds	<u>538,086</u>	<u>-</u>	<u>538,086</u>
Total Assets	<u>960,899,562</u>	<u>117,421,178</u>	<u>1,078,320,740</u>
LIABILITIES			
Accounts payable	568,082	1,769,023	2,337,105
Due to governmental funds	1,618	-	1,618
Due to fiduciary funds	904,270	3,984,437	4,888,707
Obligations under securities lending	<u>54,126,987</u>	<u>-</u>	<u>54,126,987</u>
Total Liabilities	<u>55,600,957</u>	<u>5,753,460</u>	<u>61,354,417</u>
NET ASSETS			
Net assets held in trust for pension and other postemployment benefits	<u>\$ 905,298,605</u>	<u>\$ 111,667,718</u>	<u>\$ 1,016,966,323</u>

MACOMB COUNTY, MICHIGAN
Combining Statement of Changes In Fiduciary Net Assets
Pension and Other Employee Benefit Trust Funds Funds
Year Ended December 31, 2007

	<u>Employees'</u> <u>Retirement Fund</u>	<u>Retiree Health</u> <u>Care Fund</u>	<u>Total</u>
ADDITIONS			
Contributions			
Employer	\$ 19,121,330	\$ 14,508,697	\$ 33,630,027
Employee	4,774,535	592,029	5,366,564
Total contributions	<u>23,895,865</u>	<u>15,100,726</u>	<u>38,996,591</u>
Investment income			
Net appreciation in fair value of assets	59,358,483	455,726	59,814,209
Interest	4,934,364	-	4,934,364
Dividends	8,200,810	4,735,775	12,936,585
Securities lending	390,078	-	390,078
	<u>72,883,735</u>	<u>5,191,501</u>	<u>78,075,236</u>
Less investment expenses			
Management and custodial fees	3,369,947	-	3,369,947
Securities lending agent fees	117,023	-	117,023
	<u>69,396,765</u>	<u>5,191,501</u>	<u>74,588,266</u>
Net investment income	<u>69,396,765</u>	<u>5,191,501</u>	<u>74,588,266</u>
Total additions	<u>93,292,630</u>	<u>20,292,227</u>	<u>113,584,857</u>
DEDUCTIONS			
Benefit payments	36,523,881	14,992,688	51,516,569
Refunds of contributions	381,008	-	381,008
Administrative expense	191,461	108,039	299,500
Total deductions	<u>37,096,350</u>	<u>15,100,727</u>	<u>52,197,077</u>
Net increase in net assets	<u>56,196,280</u>	<u>5,191,500</u>	<u>61,387,780</u>
NET ASSETS			
Beginning of year	<u>849,102,325</u>	<u>106,476,218</u>	<u>955,578,543</u>
End of year	<u>\$ 905,298,605</u>	<u>\$ 111,667,718</u>	<u>\$ 1,016,966,323</u>

MACOMB COUNTY, MICHIGAN
Combining Statement of Fiduciary Net Assets
Agency Funds
December 31, 2007

	<u>Trust and Agency</u>	<u>Payroll and Benefits</u>	<u>Miscellaneous Agency Funds</u>	<u>Total</u>
ASSETS				
Cash and pooled investments	\$ 3,895,416	\$ 8,745,303	\$ 4,435,634	\$ 17,076,353
Receivables				
Other	902	1,050,614	114	1,051,630
Due from fiduciary funds	113,415	4,237,206	-	4,350,621
Other assets	190	44,800	-	44,990
	<u>4,009,923</u>	<u>14,077,923</u>	<u>4,435,748</u>	<u>22,523,594</u>
Total Assets	\$ 4,009,923	\$ 14,077,923	\$ 4,435,748	\$ 22,523,594
LIABILITIES				
Accounts payable	\$ 104,287	\$ 13,357,972	\$ 91	\$ 13,462,350
Accrued compensation and benefits	-	719,951	-	719,951
Deposits	2,238,769	-	3,419,115	5,657,884
Due to other governments	1,666,867	-	1,016,542	2,683,409
	<u>4,009,923</u>	<u>14,077,923</u>	<u>4,435,748</u>	<u>22,523,594</u>
Total Liabilities	\$ 4,009,923	\$ 14,077,923	\$ 4,435,748	\$ 22,523,594

MACOMB COUNTY, MICHIGAN
Combined Statement of Changes in Fiduciary Net Assets
Agency Funds
Year Ended December 31, 2007

	Balance 12/31/2006	Additions	Deletions	Balance 12/31/2007
ASSETS				
Cash and pooled investments	\$ 14,652,267	\$ 1,018,626,365	\$ 1,016,202,279	\$ 17,076,353
Receivables				
Other	2,817,915	1,307,550	3,073,835	1,051,630
Due from other funds	-	(365)	(365)	-
Due from fiduciary funds	3,767,020	12,354,020	11,770,419	4,350,621
Other assets	51,617	135,261	141,888	44,990
Total Assets	\$ 21,288,819	\$ 1,032,422,831	\$ 1,031,188,056	\$ 22,523,594
LIABILITIES				
Accounts payable	\$ 9,644,756	\$ 236,548,409	\$ 232,730,815	\$ 13,462,350
Accrued compensation and benefits	615,556	57,096,389	56,991,994	719,951
Deposits	5,759,524	32,927,974	33,029,614	5,657,884
Due to other governments	5,268,983	203,598,151	206,183,725	2,683,409
Due to other funds	-	448,656	448,656	-
Total Liabilities	\$ 21,288,819	\$ 530,619,579	\$ 529,384,804	\$ 22,523,594

MACOMB COUNTY, MICHIGAN
Statement of Changes in Assets and Liabilities
Trust and Agency Fund
Year Ended December 31, 2007

	Balance 12/31/2006	Additions	Deletions	Balance 12/31/2007
ASSETS				
Cash and pooled investments	\$ 6,051,561	\$ 127,158,660	\$ 129,314,805	\$ 3,895,416
Receivables				
Other	1,724	1,820	2,642	902
Due from fiduciary funds	113,415	9,532	9,532	113,415
Other assets	133	131,724	131,667	190
Total Assets	\$ 6,166,833	\$ 127,301,736	\$ 129,458,646	\$ 4,009,923
LIABILITIES				
Accounts payable	\$ 438,556	\$ 33,587,994	\$ 33,922,263	\$ 104,287
Accrued compensation and benefits	-	5,222,972	5,222,972	-
Deposits	3,102,536	29,303,519	30,167,286	2,238,769
Due to other governments	2,625,741	21,686,230	22,645,104	1,666,867
Due to business-type units	-	65,968,263	65,968,263	-
Total Liabilities	\$ 6,166,833	\$ 155,768,978	\$ 157,925,888	\$ 4,009,923

MACOMB COUNTY, MICHIGAN
Statement of Changes in Assets and Liabilities
Payroll and Benefits Agency Funds
Year Ended December 31, 2007

	<u>Balance 12/31/2006</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 12/31/2007</u>
ASSETS				
Cash and pooled investments	\$ 5,055,461	\$ 227,507,039	\$ 223,817,197	\$ 8,745,303
Receivables				
Other	953,380	351,469	254,235	1,050,614
Due from fiduciary funds	3,653,605	12,344,488	11,760,887	4,237,206
Other assets	51,484	3,537	10,221	44,800
	<u>9,713,930</u>	<u>240,206,533</u>	<u>235,842,540</u>	<u>14,077,923</u>
Total Assets	\$ 9,713,930	\$ 240,206,533	\$ 235,842,540	\$ 14,077,923
LIABILITIES				
Accounts payable	\$ 9,098,374	\$ 18,366,965	\$ 14,107,367	\$ 13,357,972
Accrued compensation and benefits	615,556	51,873,417	51,769,022	719,951
Due to governmental funds	-	448,656	448,656	-
	<u>9,713,930</u>	<u>70,689,038</u>	<u>66,325,045</u>	<u>14,077,923</u>
Total Liabilities	\$ 9,713,930	\$ 70,689,038	\$ 66,325,045	\$ 14,077,923

MACOMB COUNTY, MICHIGAN
Statement of Changes in Assets and Liabilities
Miscellaneous Agency Funds
Year Ended December 31, 2007

	Balance 12/31/2006	Additions	Deletions	Balance 12/31/2007
ASSETS				
Cash and pooled investments	\$ 3,545,245	\$ 663,960,666	\$ 663,070,277	\$ 4,435,634
Receivables				
Other	1,862,811	954,261	2,816,958	114
Due from other funds	-	(365)	(365)	-
Total Assets	\$ 5,408,056	\$ 664,914,562	\$ 665,886,870	\$ 4,435,748
LIABILITIES				
Accounts payable	\$ 107,826	\$ 184,593,450	\$ 184,701,185	\$ 91
Deposits	2,656,988	3,624,455	2,862,328	3,419,115
Due to other governments	2,643,242	181,911,921	183,536,621	1,016,542
Total Liabilities	\$ 5,408,056	\$ 370,129,826	\$ 371,102,134	\$ 4,435,748

MACOMB COUNTY, MICHIGAN

December 31, 2007

Statistical Section – Unaudited

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

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

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

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

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

Operating Information (pages E-16 through E-19) – These schedules contain information regarding the County's employees and infrastructure assets to assist the reader in understanding the services and provided by the County.

UNAUDITED

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

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Governmental activities						
Invested in capital assets, net of accumulated debt	\$ 64,025	\$ 84,830	\$ 103,037	\$ 110,592	\$ 99,280	\$ 116,042
Restricted	37,717	27,338	64,780	97,573	117,133	96,409
Unrestricted	111,874	112,919	88,024	61,479	50,704	7,014
Total governmental activities net assets	<u>213,616</u>	<u>225,087</u>	<u>255,841</u>	<u>269,644</u>	<u>267,117</u>	<u>219,466</u>
Business-type activities						
Invested in capital assets, net of accumulated debt	3,157	2,574	2,556	6,745	24,214	23,236
Restricted	6,309	6,236	6,354	6,411	6,724	7,049
Unrestricted	90,389	86,844	85,159	83,860	82,539	87,479
Total business-type units net assets	<u>99,855</u>	<u>95,654</u>	<u>94,069</u>	<u>97,016</u>	<u>113,477</u>	<u>117,764</u>
Primary Government						
Invested in capital assets, net of accumulated debt	67,182	87,404	105,593	117,337	123,494	139,278
Restricted	44,026	33,574	71,134	103,984	123,857	103,458
Unrestricted	202,263	189,763	173,183	145,339	133,243	94,494
Total primary government net assets	<u>\$ 313,471</u>	<u>\$ 320,741</u>	<u>\$ 349,910</u>	<u>\$ 366,660</u>	<u>\$ 380,594</u>	<u>\$ 337,230</u>

(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 Six Years (A)
 (accrual basis of accounting, in thousands)

	2002	2003	2004	2005	2006	2007
Expenses						
Governmental activities						
Legislative	\$ 1,715	\$ 1,833	\$ 1,958	\$ 2,077	\$ 2,250	\$ 2,345
Judicial	31,820	32,074	32,738	37,486	40,052	40,672
General Government	39,247	39,443	47,040	52,507	60,249	94,801
Public safety	51,448	53,912	60,513	67,118	73,774	76,046
Public works	319	3,657	2,134	953	1,500	1,157
Health and welfare	61,742	61,776	71,578	76,036	81,220	89,362
Recreation and culture	2,805	3,503	2,983	2,976	3,098	2,845
Other activities	2,917	5,389	2,374	-	-	-
Interest on long-term debt	2,425	2,896	3,423	3,783	3,637	4,038
Total governmental activities expenses	194,438	204,483	224,741	242,986	265,778	311,266
Business-type activities						
Delinquent tax collections	718	546	866	703	699	868
Community Mental Health	126,422	135,124	138,755	145,169	171,380	174,125
Martha T Berry Medical Care Facility	17,410	18,967	19,026	18,017	19,999	21,726
Freedom Hill Park	1,012	1,063	1,130	1,131	1,127	1,116
Total business-type activities expenses	145,562	155,700	159,777	165,020	193,205	197,835
Total primary government expenses	339,998	360,183	384,518	408,006	458,983	509,101
Program revenues						
Governmental activities						
Charges for services						
Judicial	5,593	5,797	6,060	6,666	6,973	7,017
General Government	16,658	19,730	18,439	20,085	15,118	13,288
Public safety	7,407	8,078	8,812	8,931	12,736	13,864
Health and welfare	11,198	12,960	12,821	11,474	11,836	12,660
Recreation and culture	-	286	309	310	321	120
Operating grants and contributions	44,996	43,500	59,190	54,003	56,334	59,335
Capital grants and contributions	716	232	3,198	1,538	3,813	2,725
Total governmental activities program revenues	86,588	90,583	99,829	103,007	107,130	109,009
Business-type activities						
Charges for services						
Delinquent tax collections	6,230	7,401	7,465	6,368	8,211	12,119
Community Mental Health	82,650	93,752	97,609	139,403	161,597	167,342
Martha T Berry Medical Care Facility	13,723	14,260	13,366	12,340	13,880	18,609
Freedom Hill Park	223	259	242	264	254	242
Operating grants and contributions	38,543	35,907	35,803	288	2,927	372
Total business-type activities program revenues	141,969	151,579	154,485	158,661	186,869	198,684
Total primary government program revenues	228,537	242,162	254,314	261,668	293,999	307,693
Net (Expense) Revenue						
Governmental activities	(107,888)	(113,900)	(124,912)	(139,979)	(158,648)	(202,257)
Business-type activities	(3,593)	(4,121)	(5,292)	(6,359)	(6,336)	849
Total primary government net expenses	\$ (111,481)	\$ (118,021)	\$ (130,204)	\$ (146,338)	\$ (164,984)	\$ (201,408)

(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 Six Years (A)
 (accrual basis of accounting, in thousands)

	2002	2003	2004	2005	2006	2007
General Revenues						
Governmental activities						
Property taxes	\$ 98,531	\$ 104,047	\$ 145,946	\$ 153,326	\$ 164,855	\$ 141,903
Intergovernmental revenues - restricted	-	-	-	493	-	-
Intergovernmental revenues - unrestricted	18,454	16,351	8,260	1,943	2,263	2,392
Investment earnings	5,711	4,152	3,433	6,456	9,529	10,635
Gain (loss) on sale of assets	8	(3)	-	-	-	-
Transfers	(101,422)	825	(1,974)	(8,435)	(20,525)	(325)
Total governmental activities	<u>19,282</u>	<u>125,372</u>	<u>155,665</u>	<u>153,783</u>	<u>156,122</u>	<u>154,605</u>
Business-type activities						
Investment earnings	2,059	1,106	1,052	1,856	3,060	2,966
Transfers	101,389	(1,184)	2,655	7,449	19,735	473
Total business-type activities	<u>103,448</u>	<u>(78)</u>	<u>3,707</u>	<u>9,305</u>	<u>22,795</u>	<u>3,439</u>
Total primary government	<u>122,730</u>	<u>125,294</u>	<u>159,372</u>	<u>163,088</u>	<u>178,917</u>	<u>158,044</u>
Change in Net Assets						
Governmental activities	(88,586)	11,472	30,753	13,804	(2,526)	(47,652)
Business-type activities	99,855	(4,199)	(1,585)	2,946	16,459	4,288
Total primary government net revenue	<u>\$ 11,269</u>	<u>\$ 7,273</u>	<u>\$ 29,168</u>	<u>\$ 16,750</u>	<u>\$ 13,933</u>	<u>\$ (43,364)</u>

(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)

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Revenues										
Property taxes	\$ 74,132	\$ 79,567	\$ 84,643	\$ 89,610	\$ 95,531	\$ 104,046	\$ 145,946	\$ 183,326	\$ 164,855	\$ 141,803
Licenses and permits	933	965	981	965	1,030	1,054	1,087	1,203	1,166	1,658
Federal & State grants	151,130	142,804	145,840	162,242	63,981	59,856	61,842	57,690	60,758	64,143
Other grants	4,779	3,683	4,984	4,321	185	313	7	287	251	308
Charges for services	105,843	132,970	141,133	158,752	37,276	43,659	41,958	45,832	45,019	42,484
Investment income	15,043	15,101	16,242	15,343	5,711	4,152	3,433	6,458	9,529	10,635
Special assessments	3,623	5,772	2,850	3,124	-	-	-	-	-	-
Charges to other funds for administrative services	5,610	5,785	7,374	7,503	8,855	9,275	10,517	11,088	11,425	11,525
Fines and forfeitures	1,154	1,225	1,265	1,040	1,075	1,097	1,981	1,790	1,438	1,302
Other revenue	6,723	4,545	4,663	8,553	1,478	956	1,415	581	1,455	1,430
Total Revenues	309,970	393,519	409,975	450,473	216,120	224,408	267,986	278,253	295,895	275,863
Expenditures										
Legislative	1,497	1,525	1,488	1,731	1,715	1,833	1,958	2,077	2,250	2,345
Judicial	24,310	23,687	27,197	28,852	30,125	30,638	31,391	35,389	37,865	37,875
General government	37,745	38,139	40,028	43,299	44,897	46,351	49,570	55,724	50,273	58,840
Public safety	37,761	40,187	42,570	45,923	48,531	52,211	50,294	64,883	69,919	72,748
Public works	59,074	55,146	51,581	56,802	319	3,687	2,134	954	1,500	1,157
Health and welfare	167,382	182,010	190,882	205,182	60,632	61,370	69,848	73,868	79,260	87,191
Recreation and cultural	3,137	3,349	3,410	3,507	2,763	3,503	2,908	2,904	3,024	2,782
Other	719	2,888	2,584	3,267	2,918	3,793	4,733	5,481	5,480	5,619
Capital outlay	23,118	15,854	20,553	43,945	25,852	25,554	29,930	23,771	17,381	19,321
Debt service										
Principal	5,002	5,089	5,664	5,130	1,570	3,070	2,985	3,560	4,470	4,750
Interest and fees	2,550	2,508	2,593	3,034	1,861	2,504	2,733	3,094	3,622	3,412
Bond issuance costs	-	-	-	-	87	84	220	288	-	114
Total Expenditures	383,243	370,247	388,560	440,672	220,920	235,548	256,705	271,843	285,054	295,814
Excess of Revenues over (under) Expenditures	6,727	23,172	21,315	9,801	(4,800)	(11,140)	11,281	6,310	10,842	(20,051)
Other financing sources (uses)										
Issuance of debt	-	2,414	13,535	30,872	40,885	-	19,350	22,258	-	16,095
Transfers in	67,507	81,778	58,157	69,117	59,082	87,515	76,791	84,041	90,160	102,574
Transfers out	(61,201)	(56,319)	(54,458)	(60,951)	(69,710)	(67,467)	(79,176)	(88,412)	(94,350)	(103,350)
Transfers to component units	(78)	(78)	(83)	(78)	(75)	-	-	-	-	-
Operating transfers from primary government	79	79	83	76	-	-	-	-	-	-
Bond discounts	-	-	-	-	(237)	-	(172)	(205)	-	(168)
Proceeds of refunding debt	4,750	990	-	-	-	5,830	-	-	-	-
Payment to refunding debt escrow agent	(6,250)	(990)	-	-	(8,798)	(5,785)	-	(2,002)	-	(16,614)
Total Other financing sources (uses)	4,806	7,823	17,233	39,038	21,057	113	15,793	14,877	(4,190)	(663)
Net change in fund balances	\$ 11,533	\$ 30,995	\$ 38,548	\$ 48,639	\$ 16,257	\$ (11,027)	\$ 28,074	\$ 21,187	\$ 6,652	\$ (20,714)
Debt service as % of noncapital expenditures	2.51%	2.15%	2.24%	2.06%	1.83%	2.70%	2.82%	2.79%	3.02%	2.99%

Source: Macomb County Finance Department

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

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Revenues										
Taxes	\$ 73,989	\$ 79,413	\$ 84,479	\$ 88,458	\$ 96,389	\$ 103,905	\$ 108,025	\$ 115,340	\$ 126,970	\$ 141,691
License and permits	366	365	353	366	377	392	397	391	331	308
Federal & State grants	20,999	21,853	23,431	30,081	24,247	21,875	14,756	8,422	8,625	8,408
Charges for services	20,342	22,559	22,776	23,804	25,759	28,747	26,754	30,207	30,330	27,571
Investment income	5,391	7,487	9,709	8,409	4,482	2,331	2,565	4,704	5,957	6,591
Charges to other funds for administrative services	6,810	6,786	7,374	7,502	8,855	9,275	10,517	11,068	11,425	11,925
Fines and forfeitures	884	1,007	989	888	856	933	1,059	1,045	965	698
Other revenue	117	228	247	238	227	223	207	167	68	277
Total Revenues	129,668	139,518	149,358	159,546	161,172	167,681	164,280	171,455	184,571	197,469
Expenditures										
Legislative	1,497	1,525	1,487	1,731	1,715	1,833	1,958	2,077	2,250	2,345
Judicial	15,936	18,738	17,315	19,134	19,219	19,101	19,452	22,779	23,707	24,197
General government	37,744	38,139	40,028	43,298	43,885	45,924	48,848	54,425	58,298	57,998
Public safety	34,447	38,310	38,682	41,614	44,360	47,976	51,927	58,692	62,031	63,860
Health and welfare	484	364	674	702	712	678	776	713	787	697
Other	470	2,430	2,399	2,943	2,918	3,793	4,733	5,481	5,460	5,619
Capital outlay	747	609	597	777	769	749	722	802	706	617
Total Expenditures	91,325	96,115	101,262	110,200	113,578	120,054	129,416	142,969	153,239	155,331
Excess of Revenues over (under) Expenditures	38,343	43,403	48,096	49,346	47,594	47,627	35,864	28,486	31,332	42,138
Other financing sources (uses)										
Transfers in	8,176	6,475	6,325	7,655	7,805	9,055	19,869	22,724	23,340	23,877
Transfers out	(39,836)	(42,898)	(47,044)	(49,166)	(49,185)	(52,180)	(58,308)	(60,347)	(61,961)	(72,574)
Total Other financing sources (uses)	(31,660)	(36,421)	(40,719)	(41,511)	(41,380)	(42,534)	(38,639)	(37,623)	(38,621)	(48,697)
Net change in fund balances	\$ 6,713	\$ 6,982	\$ 7,357	\$ 7,815	\$ 6,204	\$ 5,093	\$ (2,775)	\$ (9,137)	\$ (7,289)	\$ (6,556)

Source: Macomb County Finance Department

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

Year	Assessed Values							Total Assessed Value	Total Actual Estimated Value	Total Direct Tax Rate
	Agricultural Property	Commercial Property	Industrial Property	Residential Property	Developmental Property	Personal Property	Total Assessed Value			
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	19,944,723	39,689,446	4.2080	
2000	96,384	2,378,640	1,642,722	14,304,179	18,434	2,668,898	21,098,256	42,198,512	4.2070	
2001	88,217	2,578,382	1,739,876	15,565,365	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	24,208,307	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	26,990,530	53,981,060	4.2058	
2005	89,477	3,256,304	2,103,638	20,489,760	39,290	2,624,238	28,602,727	57,205,454	4.2058	
2006	90,755	3,493,199	2,206,807	21,920,822	49,452	2,612,885	30,373,918	60,747,836	4.2055	
2007	95,800	3,752,879	2,263,653	23,097,856	50,800	2,601,682	31,862,670	63,725,340	4.2055	

Source: Macomb County Equalization Department

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

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
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	0.0070	0.0060	0.0058	0.0068	0.0068	0.0068	0.0055	0.0055
Total direct rate	4.2080	4.2080	4.2070	4.2060	4.2058	4.2068	4.2068	4.2068	4.2055	4.2055
Overlapping rates										
Cities:										
Center Line	17.8870	18.6810	19.2520	19.1830	20.1750	20.8360	21.2987	23.1486	23.2658	22.6223
Eastpointe	20.4403	19.2900	18.2834	18.1834	18.1074	18.4002	17.9541	18.9845	25.8008	23.8711
Fraser	17.1000	17.8600	17.8600	18.1100	18.1100	18.0000	18.0000	18.1362	18.1362	18.1362
Memphis	16.0284	16.0088	16.7862	15.5511	15.4344	15.1195	15.1195	14.8019	14.3869	14.2953
Mt. Clemens	23.6713	22.9017	22.7620	22.8321	22.4989	22.2488	22.0327	21.2434	21.2434	18.2159
New Baltimore	15.3233	16.6371	14.6652	14.3948	14.1189	13.7745	12.6439	14.4123	13.8955	13.8955
Richmond	24.0691	23.0000	21.4500	21.8438	21.4501	20.8232	20.0127	18.7026	18.6526	18.4826
Roseville	16.3800	16.3800	16.3800	16.3800	16.3800	16.3800	16.3800	16.3800	16.3800	21.3800
St. Clair Shores	12.8333	13.2320	14.8975	14.7980	15.0083	15.4504	15.8504	17.9863	18.2755	18.3318
Sterling Heights	11.2200	10.9700	10.7200	10.6500	10.6300	10.6250	10.6250	10.6250	10.7250	10.7250
Utica	22.0310	21.8021	20.4634	21.1986	21.1478	21.2473	21.4636	21.9024	21.9188	21.4758
Warren	16.5832	16.3068	16.3068	16.2600	16.2524	16.1924	16.1824	16.9424	16.9424	18.9424
Townships (rates range):										
Low	0.8919	0.8884	0.8812	0.8052	0.8043	0.7992	0.7713	0.7767	0.7794	0.7784
High	12.8112	13.0578	13.0116	12.6405	13.7936	13.8955	13.8934	13.7276	15.1516	14.7275
Villages (rates range):										
Low	12.4980	12.4890	13.6312	14.1052	14.5543	14.4897	13.8141	14.7547	14.7438	15.0784
High	20.5712	16.7114	26.0402	25.5813	25.3993	24.8898	19.4654	19.4608	19.4508	19.0638
School districts (rates range):										
Low	7.3000	7.3000	8.3506	8.1500	8.1500	8.3000	9.3000	9.2000	8.9000	8.9000
High	36.6500	36.6500	36.5060	36.5060	36.4488	35.2285	35.9310	35.4143	35.4143	35.4143
Intermediate school district:										
Community college	2.0883	2.0210	2.0210	2.0031	2.8885	2.9725	2.9815	2.8430	2.8430	2.9430
Community college	1.6134	1.5840	1.5140	1.6707	1.6926	1.8868	1.5002	1.4212	1.4212	1.4212
SMART Regional Transportation	0.3229	0.3273	0.3273	0.3235	0.6000	0.5973	0.5948	0.5912	0.5900	0.5900
HCM Park Authority	0.2235	0.2218	0.2202	0.2188	0.2170	0.2181	0.2154	0.2148	0.2148	0.2148

Source: Macomb County Equalization Department

UNAUDITED

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

Taxpayer	2007			1998		
	Taxable Value	Rank	Percentage of Total County Taxable Value	Taxable Value	Rank	Percentage of Total County Taxable Value
CHRYSLER	\$ 369,127,166	1	1.16%	\$ 322,375,742	3	1.60%
GENERAL MOTORS	315,556,136	2	0.99%	424,453,995	1	2.11%
DETROIT EDISON	258,682,192	3	0.81%	246,281,583	4	1.22%
FORD	217,872,283	4	0.68%	407,349,730	2	2.02%
CONSUMERS	79,978,893	5	0.25%	107,630,259	5	0.53%
INTERNATIONAL TRANS.	79,412,208	6	0.25%	-	-	0.00%
MEIJERS	56,694,959	7	0.18%	35,323,089	8	0.18%
ACH	52,441,731	8	0.16%	-	-	0.00%
MICHIGAN CONSOLIDATED	39,865,519	9	0.13%	-	-	0.00%
MT. CLEMENS COATING	37,652,600	10	0.12%	-	-	0.00%
E.D.S.	-	-	-	54,337,618	6	0.27%
PINE TREE ACRES	-	-	-	43,776,283	7	0.22%
LAKESIDE ASSOC.	-	-	-	32,655,000	9	0.16%
VENTURE INDUSTRIES	-	-	-	23,208,410	10	0.12%
	<u>\$ 1,507,283,687</u>		<u>4.73%</u>	<u>\$ 1,697,391,709</u>		<u>8.44%</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
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%
2007	136,819,673	141,207,858	103.21%	483,076	141,690,934	103.56%

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

UNAUDITED

MACOMB COUNTY
Ratios of General Bonded Debt Outstanding
Last Ten Years

Year	General Obligation Bonds	Less: Amounts Restricted to Repaying Principal	Total	% of Personal Income	% of Total Assessed Value of Property	Net General Obligation Debt Per Capita
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	0.30%	0.21%	78.33
2007	67,880,000	5,582,598	62,297,402	n/a	0.20%	74.96

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, 2007

	<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	\$ 62,190,000	\$ -	\$ 62,190,000
Criminal Justice Building Authority	4,995,000	-	4,995,000
Michigan Transportation bonds	12,365,000	-	12,365,000
Public Works - water and sewer debt	<u>92,820,000</u>	<u>92,820,000</u>	<u>-</u>
Net direct debt	<u>\$ 172,370,000</u>	<u>\$ 92,820,000</u>	<u>\$ 79,550,000</u>
Overlapping debt			
School districts			\$ 1,863,353,701
Cities			312,245,425
Township			140,617,174
Villages			8,919,636
Intermediate school district			2,067,426
Library			<u>15,945,000</u>
Net overlapping debt			<u>\$ 2,343,148,362</u>
Net direct and overlapping debt			<u><u>\$ 2,422,698,362</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 2007

2007 Assessed Taxable Value		<u>\$ 31,862,699,926</u>
Debt Limit (10% of Assessed Taxable Value)		<u>\$ 3,186,269,993</u>
Outstanding Long-term Debt	\$ 172,370,000	
Less: Transportation Fund bonds	(12,365,000)	
Debt Applicable to Limit		<u>160,005,000</u>
LEGAL DEBT MARGIN		<u>\$ 3,026,264,993</u>

Years	Debt Limit	Total Net Debt Applicable to Limit	Legal Debt Margin	Total Net Debt Applicable to Limit as a Percentage of Debt Limit
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%
2007	3,186,269,993	160,005,000	3,026,264,993	5.02%

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
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	21,576,097	25,906	8.0%
2007	831,077	N/A	N/A	9.0%

Source: Macomb County Finance Department

U.S. Census Bureau, American Community Survey (in 2006 inflation-adjusted dollars)

U.S. Department of Commerce - BEA

UNAUDITED

MACOMB COUNTY
Principal Employers
Current Year and Nine Years Ago

Employer	2007			1998		
	Employees	Rank	% of Total County Employment	Employees	Rank	% of Total County Employment
General Motors	14,942	1	3.92%	16,129	1	3.80%
Chrysler	12,873	2	3.37%	10,798	3	2.54%
Ford	7,389	3	1.94%	11,906	2	2.80%
U.S. Government	5,243	4	1.37%	6,494	4	1.53%
St. John Health System	4,544	5	1.19%	2,249	7	0.53%
Utica Schools	3,688	6	0.97%	-	-	-
Macomb County	3,069	7	0.80%	2,739	5	0.64%
General Dynamics	2,454	8	0.64%	1,900	9	0.45%
Henry Ford Health System	1,794	9	0.47%	-	-	-
Chippewa Valley School	1,781	10	0.47%	-	-	-
Cadence Innovation	1,700	11	0.45%	-	-	-
Warren Con. Schools	1,531	12	0.40%	-	-	-
U.S. Postal Service	1,519	13	0.40%	-	-	-
State of Michigan	1,232	14	0.32%	1,115	17	0.26%
Mt. Clemens Hospital	1,052	15	0.28%	1,373	15	0.32%
AZ Automotive Corp.	1,079	16	0.28%	-	-	-
Campbell-Ewald	930	17	0.24%	-	-	-
Art Van Furniture	850	18	0.22%	-	-	-
Kroger Co.	834	19	0.22%	777	20	0.18%
Asset Acceptance Capital	632	20	0.17%	-	-	-
Kmart Co	-	-	-	2,439	6	0.57%
Mercy Health Services Inc.	-	-	-	1,952	8	0.46%
EDS	-	-	-	1,700	10	0.40%
Becker Group Inc.	-	-	-	1,563	11	0.37%
St. Joseph's Mercy Macomb	-	-	-	1,528	12	0.36%
TRW Inc.	-	-	-	1,455	13	0.34%
Aetna Industries Inc.	-	-	-	1,379	14	0.32%
Macomb Com. College	-	-	-	1,169	16	0.28%
Ameritech Michigan	-	-	-	1,000	18	0.24%
Arbor Drugs Inc.	-	-	-	881	19	0.21%
	<u>69,136</u>		<u>18.12%</u>	<u>70,546</u>		<u>16.60%</u>

Source: Macomb County Finance Department
Crain's Detroit Business

UNAUDITED

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

Function/Program	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Legislative										
Board of Commissioners	25	25	25	25	25	26	26	26	26	26
Judicial										
Circuit Court	56	56	57	57	57	62	65	65	65	67
District Court Div. 1	13	13	13	13	13	13	13	13	13	13
District Court Div. 2	16	16	17	18	18	18	18	18	18	18
Friend of the Court	117	117	118	119	121	122	124	125	125	126
Probate Court - Estates	26	26	27	27	27	31	31	31	31	31
Probate Court - Juvenile	69	69	69	72	70	69	68	68	64	62
Probate Court - Mental Division	7	7	7	8	10	10	10	12	12	12
Probation	11	11	13	13	14	16	16	18	19	19
General Government										
County Administration	7	7	7	7	7	7	9	9	9	9
Corporation Counsel	6	6	7	7	7	8	9	9	9	9
Budget	1	1	2	2	2	2	2	2	2	2
Finance	25	25	25	25	25	25	25	25	25	25
Purchasing	25	25	22	22	22	22	24	24	23	23
Reimbursement	14	14	14	14	14	15	15	15	15	15
Information & Tech Systems	42	42	46	46	45	48	48	49	48	49
Equalization	16	16	16	16	16	16	16	15	14	14
Human Resources	21	21	21	22	22	23	29	29	28	28
Clerk/Register	76	81	81	81	86	92	96	98	98	99
Treasurer	33	33	34	34	34	34	34	34	34	34
Public Works	46	46	48	48	51	51	55	57	58	58
M.S.U. County Extension	56	61	65	66	75	76	76	77	76	76
Planning & Econ Dev	36	36	36	36	33	33	35	35	37	37
Risk Management	3	4	4	4	4	4	4	4	4	4
Facilities & Operations	111	111	111	113	113	115	123	124	124	127
Prosecuting Attorney	104	105	109	113	114	117	120	123	140	141
Public Safety										
Sheriff	413	425	429	444	470	478	475	501	503	503
Technical Services	10	10	10	10	10	10	10	10	10	10
Emergency Services	2	2	3	3	3	3	4	4	4	4
Community Corrections	-	-	-	-	-	-	9	10	11	11
Health										
Environmental Health	39	39	45	45	48	48	48	48	50	50
Public Health	247	243	239	235	229	227	226	229	226	223
Community Mental Health	323	324	325	326	326	328	330	330	330	333
Substance Abuse	10	10	10	10	10	10	10	10	10	10
Social Services										
Child Care - Youth's Home	92	112	112	112	112	112	122	122	140	141
Medical Care Facility	234	234	232	232	235	237	236	240	244	244
Veterans Services	5	5	5	5	4	7	6	6	6	6
Senior Citizen Services	31	32	35	36	36	37	39	39	38	38
Community Services Agency	294	293	298	299	284	301	308	267	260	257
Macomb/St. Clair Employment	-	40	46	44	44	45	42	42	43	41
Culture & Recreation										
Parks & recreation	8	8	8	8	8	8	8	8	9	9
Library	69	69	69	69	67	67	67	67	65	65
Total	<u>2,739</u>	<u>2,820</u>	<u>2,860</u>	<u>2,886</u>	<u>2,911</u>	<u>2,973</u>	<u>3,031</u>	<u>3,038</u>	<u>3,066</u>	<u>3,069</u>

Source: Macomb County Budget

MACOMB COUNTY, MICHIGAN
Miscellaneous Statistics
December 31, 2007

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Macomb County Facilities and services:										
Public works										
Lane Miles of County and Local Roads	2,007	2,007	2,942	2,942	2,942	2,942	2,942	2,942	2,942	2,942
Bridges and Drainage Structures	752	752	756	756	756	756	756	756	756	756
Miles of Storm Drains	688	688	688	688	688	688	700	750	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	138	138	142	142	148	123	123	123
Public Senior High Schools	28	28	28	28	29	29	29	27	27	27
Public Middle Schools	40	40	43	43	42	42	42	41	41	41
Public Special Purpose Schools	21	21	21	21	43	43	21	61	61	61
Community College Campus Sites	3	3	3	3	3	3	3	3	3	3
Private/Parochial & Charter Schools	-	-	4	4	6	6	65	65	65	65
Medical Care										
General Acute Care Hospital	8	8	8	8	8	8	6	6	6	7
General Acute Care Patient Beds	1,302	1,302	1,302	1,302	1,341	1,388	1,388	1,388	1,388	1,388
Nursing Care Facilities	23	23	23	23	29	29	29	29	29	29
Nursing Care Patient Beds	3,932	3,932	3,932	3,932	3,933	3,933	3,933	3,933	3,933	3,933
Private Mental Health Facilities	4	4	4	4	3	3	3	3	3	3
Private Mental Health Patient Beds	328	328	328	328	177	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	5	5	5	5	5	6	6	6
Sheriff's Marine Patrol Substations	2	2	2	2	2	2	2	2	2	2
Fire Stations	47	47	47	47	49	49	49	49	49	53
Community Fire Departments	24	24	24	24	26	26	26	26	26	25
Community Police Departments	19	19	19	19	18	18	18	18	18	19
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	141,528	141,528	149,806	149,806	149,806	149,806	149,806	149,806
Other Library Media	5,030	5,030	5,971	5,971	17,332	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	7,856	7,856	7,856	7,856
Marinas	91	91	91	91	91	91	100	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, 2007

Type of Coverage / Name of Company	Policy Period	Premium	Description
Public Entity Liability St. Paul Fire & Marine	7-1-07 to 7-1-08	\$370,628	Includes Auto Liability, General Liability, Law Enforcement Liability, Public Officials Liability including Employment Practices Liability. Limit \$10,000,000 for Personal Injury Liability, Products/Completed Operations Hazard and Public Officials' Errors & Omissions Combined. \$10,000,000 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 (Insurance Premium) \$107,410 (Admin Fee)	Statutory Liability \$1,000,000. Self-insured Retention per claim \$350,000.
Property Affiliated FM Insurance Co.	7-1-07 to 7-1-08	\$118,275	Covers buildings & contents. Limit - up to \$245,000 - Deductible \$100,000
Boiler & Machinery Affiliated FM Insurance Co.	7-1-07 to 7-1-08	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.	7-1-07 to 7-1-08	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.	7-1-07 to 7-1-08	\$13,775	County Employees Retirement System - \$5,000,000 Aggregate, \$25,000 Deductible
Crime AIG	7-1-07 to 7-1-08	\$7,808	Theft - disappearance and destruction in/out premises. LIMITS: \$1,500,000 Crime; \$200,000 Forgery; \$200,000 Counterfeit Currency; \$200,000 Theft & Destruction - \$25,000 Deductible

MACOMB COUNTY

Schedule of Insurance
As of December 31, 2007

Type of Coverage / Name of Company	Policy Period	Premium	Description
Life Insurance MetLife	1-1-07 to 12-31-09	\$200,789	Death benefit equals one year salary
Dental Insurance Delta Dental	1-1-07 to 12-31-09	\$190,742 (2007) \$194,482 (2008) \$198,638 (2009)	\$1,000 Annual Maximum per Individual/ Calendar Year
Dental Insurance Golden Dental	1/1/07 to 12-31-09	\$132,359 (annual premium)	\$1250 Annual Maximum per Individual / Calendar year - 100% Diagnostic & Preventive; 90% Restorative; 75% Prosthetics & Special Care; 30% Orthodontics
Long Term Disability Insurance The Hartford	1-1-07 to 12-31-09	\$179,654 (annual premium) plus \$50,939 (Basic AD&D)	60% of salary to age 65; up to \$4,500 per month subject to coordination of benefits
Health/Hospital Insurance Blue Care Network	1-1-07 to 12-31-08	\$1,073,906 active \$100,472 retirees (2007 rates only)	HMO offers primary care physicians, network hospitals, affiliated pharmacies and labs and other providers within the particular HMO network
Health/Hospital Insurance HAP	1-1-07 to 12-31-08	\$6,408,333 active \$1,831,572 retirees (2007 rates only)	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	1-1-07 to 12-31-09	\$3,681,015 (2007 - including retirees) \$2,661,399 (2008) \$2,737,535 (2009)	Self insured medical plan - \$1,000,000 Lifetime Maximum Includes Vision
Vision Care SVS Vision	1-1-07 to 12-31-09	\$16,908 (annual premium)	Vision care pays for certain tests & supplies when obtained by participating provider

Source: Risk Management & Safety