

MACOMB COUNTY, MICHIGAN

**Comprehensive Annual Financial Report
For the Year Ended December 31, 2008**

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

MACOMB COUNTY, MICHIGAN

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FINANCE DEPARTMENT

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June 25, 2009

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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, 2008 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, 2008 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was reasonable basis for rendering an unqualified opinion that the County's financial statements for the fiscal year ended December 31, 2008 are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

MACOMB COUNTY BOARD OF COMMISSIONERS

Andrey Duzyj - District 1
Marvin E. Sauger - District 2
Phillip A. DiMaria - District 3
Toni Mocerri - District 4
Susan L. Doherty - District 5

Sue Rocca - District 7
David Flynn - District 8
Robert Mijac - District 9
Ken Lampar - District 10
Ed Szczepanski - District 11

James L. Carabelli - District 12
Don Brown - District 13
Brian Brdak - District 14
Keith Rengert - District 15
Carey Torrice - District 16

Paul Gielegem
District 19
Chairman

Kathy Tocco
District 20
Vice Chair

Joan Flynn
District 6
Sergeant-At-Arms

1

Ed Bruley - District 17
Dana Camphous-Peterson - District 18
Irene M. Kepler - District 21
Frank Accavitti Jr. - District 22

William A. Crouchman - District 23
Michael A. Boyle - District 24
Kathy D. Vosburg - District 25
Jeffery S. Sprys - District 26

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

The Fiscal Year 2008 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 2008 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 Human Services Board, the Macomb County Public Works Commission, the Macomb County Community Mental Health Board, the Macomb County Employees Retirement System, the Macomb County Retiree Health Care Board, the Macomb County Building Authority, 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

As demonstrated by the financial statements and schedules included in this report, the County has not escaped the national trend of decreasing real estate values. The assessed value of the taxable property for 2008 was approximately \$31.8 billion, a decrease from the prior year of \$50 million, or less than 1%. This recent phenomenon is a reversal from recent trends which saw the taxable value of property located in Macomb County increase by an average of 5.3% per annum 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 1,800 manufacturing businesses located in Macomb County, including major facilities of each of the Detroit 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 Chrysler assembly plants - and also the only county with two Chrysler stamping plants. At two million square feet, Chrysler'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 412,000 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, Chrysler 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 foot 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 second year. The Academy, operated through the Macomb Intermediate School District, is located on the campus of Chippewa Valley High School in Clinton Township. It started out with 125 ninth grade students and will 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 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

A \$69 million construction project and 1,200 new jobs will further solidify a U.S. Army complex in Macomb County as a hub of military manufacturing. The project will include a new 230,000 square-foot administration building, a 584,000 square-foot parking deck and renovations and expansion to the weapons maintenance and operations center. The new eight story Tank Automotive Command (TACOM) administration building will accommodate jobs transferring from the Rock Island Armory, a TACOM facility in Illinois, as part of the 2005 Base Realignment and Closure Commission process. Approximately 20 to 30 percent of workers at Rock Island have agreed to transfer to TACOM, at Il Mile Road and Mound in Warren. Approximately 50 robotics positions will be transferred from the Redstone Arsenal in Alabama. That leaves hundreds of jobs to be filled locally. Most of the positions will be logisticians and specialties including engineering, finance, acquisition and management. The 1,800 vehicle parking deck is needed due to limited available space on the 360-acre Detroit Arsenal grounds. With 5,200 current employees, TACOM is the third-largest employer in Macomb County.

Asset Acceptance, a specialty financial services company based in Warren, has plans to invest \$8.1 million in the area while creating hundreds of new jobs through expansion. According to the Michigan Economic Development Corporation, the company's expanded facility will create 432 jobs over the next five years, and 601 by 2016. Asset Acceptance will expand its operations at its corporate headquarters in Warren and create a new Analytical Center for Excellence to improve company efficiency and effectiveness of current operations while seeking out new opportunities for growth. Asset Acceptance was founded in 1962.

Burek Inc of Chesterfield won a three-year contract worth up to \$94 million to supply 920 ambulances to the U.S. Army. The vehicles will be manufactured and assembled in Chesterfield.

The business unit of BAE Systems to be headquartered in Sterling Heights has obtained a \$601 million contract to reset and refit Bradley armored vehicles. The defense contractor's Heavy Brigade Combat Team, a Michigan-based division of BAE's U.S. Combat Systems handling armored ground vehicles, received the contract award from the U.S. Army TACOM Life Cycle Management Command in Warren. BAE Systems will repair and upgrade 606 Bradley Fighting Vehicles under the contract. Many of them are battle damaged or recently returned from deployment in Iraq and Afghanistan.

The Southeast Michigan Council of Governments (SEMCOG) reported that Macomb County had the second highest number of net new housing units in the seven county region during 2008. However, the 309 net new housing units reflected the current housing slump in the region by showing a decrease of 76% below the 1,280 units reported for 2007. Three of Macomb County's cities and townships ranked in the top ten communities in the region for total new units authorized in 2008. Macomb Township ranked second in the region with 125 units authorized, followed by third place Shelby Township with 120. Washington Township was sixth with 94 units authorized.

The Southeast Michigan Council of Governments also reported that Macomb County added the most people (43,990) and the most households (31,993) of any county in southeast Michigan between the 2000 U.S. Census and July 2008. Three out of the top five communities with the greatest gain in population in Southeast Michigan were in Macomb County. Macomb Township exceeded all other Southeastern Michigan communities in both population and household gain with an increase of 24,000 persons and 9,000 households since the 2000 census. Chesterfield Township was third with a gain in population of 7,512 and Shelby Township was fourth with a gain of 6,946.

Macomb County's annual unemployment rate for 2008 of 8.8 percent was slightly higher than the Michigan unemployment rate of 8.4 percent. The National unemployment rate was 5.8 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 \$77 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, 2007. 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.

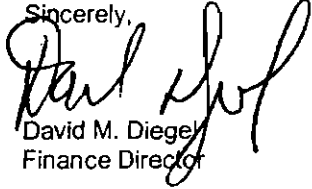
A Certificate of Achievement is valid for a period of one year only. Macomb County has received a Certificate of Achievement for the last twenty three consecutive years. We believe that our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting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

The National Association of Counties (NACo) recognized Macomb County for its commitment to excellence by awarding the County eleven 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. 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.

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 written in a cursive style with a large initial "D".

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, 2007

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.



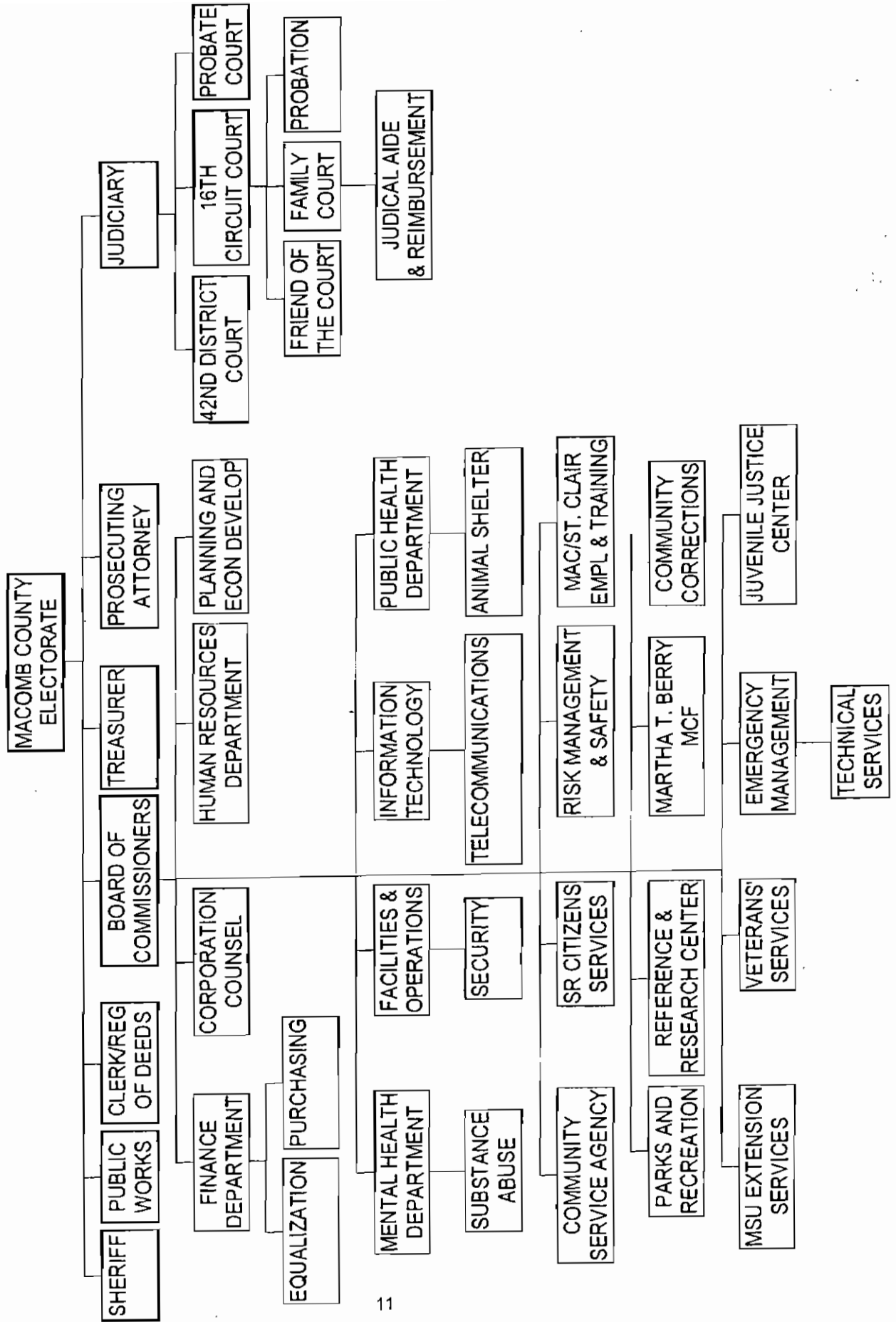
A handwritten signature in black ink, appearing to read "K. L. R. +".

President

A handwritten signature in black ink, appearing to read "Jeffrey R. Emery".

Executive Director

MACOMB COUNTY ORGANIZATION CHART



MACOMB COUNTY, MICHIGAN

Principal Officials

Officers of the Board of Commissioners

Chairman	Paul Gielegthem
Vice-Chairperson	Kathy Tocco
Sergeant-at-Arms	Joan Flynn
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
Toni Mocerri, District 4	Ed Bruley, District 17
Susan L. Doherty, District 5	Dana Camphous-Peterson, District 18
Joan Flynn, District 6	Paul Gielegthem, District 19
Sue Rocca, District 7	Kathy Tocco, District 20
David Flynn, District 8	Irene M. Kepler, District 21
Robert Mijac, District 9	Frank Accavitti Jr., District 22
Ken Lampar, District 10	William A. Crouchman, District 23
Ed Szczepanski, District 11	Michael A. Boyle, District 24
James L. Carabelli, District 12	Kathy D. Vosburg, District 25
Don Brown, District 13	Jeffery S. Sprys, 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 Acting Director	Vicki Wolber
Facilities & Operations Director	Lynn M. Amott-Bryks
Director / Health Officer	Thomas Kalkofen
Management Information Service Director	Cynthia N. Zerkowski
Acting Human Resources Director	Eric A. Herppich
Planning & Economic Development Executive Director	Stephen Cassin
Risk Management & Safety Director	John P. Anderson
Community Services Agency Director	Frank T. Taylor
County Library Asst. Director	Sandy Casamer
Senior Citizens Services Director	Angela Willis

INDEPENDENT AUDITORS' REPORT

June 25, 2009

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, 2008, 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 68.4% of the assets and 45.9% 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, 2008, and the respective changes in financial position and cash flows, where applicable, thereof and 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 25, 2009, 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-20, the budgetary comparisons for the General Fund and Major Special Revenue Funds on pages C-1 through C-10, the employees' retirement system information on page C-11 and the retiree health care plan information on page C-12 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.

As discussed in Note 14 to the financial statements, the beginning net assets of governmental activities were increased and the assets and liabilities of the agency funds were decreased by \$12,906,795 to appropriately reflect certain reclassifications in the current year.



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, 2008. 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 \$293.7 million at year- end.
- The net assets of the County decreased by \$56.4 million in fiscal 2008, consisting primarily of a \$7.3 loss in the General Fund and a \$42.8 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 \$7.3 million for the year, an increase of \$0.8 million from the prior year. Unreserved fund balance was \$32.1 million, or 6.6% of the total 2009 County operating budget. Total fund balance was \$32.4 million.
- The County advance refunded \$2.6 million in bonds and defeased another \$2.9 million in bonds, resulting in long-term interest savings of \$.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, public safety and judicial. **Business-type activities** operate like private businesses and are intended to recover the majority of their costs through user fees. The business-type activities of the County include the Delinquent Tax Revolving Funds, Martha T. Berry Medical Care Facility, Community Mental Health and the Freedom Hill Park. **Discretely presented component units** are legally separate entities, the majority of whose governing bodies are appointed by the Board of Commissioners and for which the County is financially accountable. The County reports the Road Commission, Macomb/St. Clair Workforce Development Board and Public Works Drainage Districts as discretely presented component units.

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

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, Revenue Sharing Reserve Fund, Child Care Fund and the Friend of the Court Fund are the only major governmental funds of the County. Individual fund data for each of the nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

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

The proprietary fund financial statements begin on page B-8 of this report.

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.

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

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

Combining and individual funds statements of the nonmajor funds 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 \$293.7 million at December 31, 2008 and decreased by approximately \$56.4 million for the year then ended. (see page A-7)

Macomb County Primary Government Net Assets

	Governmental Activities		Business-type Activities		Totals	
	2007	2008	2007	2008	2007	2008
Current and other assets	\$ 200,961,179	\$ 184,948,323	\$ 115,479,226	\$ 121,971,533	\$ 316,440,405	\$ 306,919,856
Capital assets	163,044,900	161,073,793	23,236,318	22,280,526	186,281,218	183,354,319
Total assets	364,006,079	346,022,116	138,715,544	144,252,059	502,721,623	490,274,175
Current liabilities	15,323,106	13,776,018	20,950,597	20,255,545	36,273,703	34,031,563
Long-term liabilities	129,217,447	162,516,072	-	-	129,217,447	162,516,072
Total liabilities	144,540,553	176,292,090	20,950,597	20,255,545	165,491,150	196,547,635
Net assets						
Invested in capital assets, net of related debt	116,042,257	117,056,251	23,236,318	22,280,526	139,278,575	139,336,777
Restricted	96,409,057	80,961,728	7,049,195	8,267,419	103,458,252	89,229,147
Unrestricted	7,014,212	(28,287,953)	87,479,434	93,448,569	94,493,646	65,160,616
Total Net Assets	\$ 219,465,526	\$ 169,730,026	\$ 117,764,947	\$ 123,996,514	\$ 337,230,473	\$ 293,726,540

Approximately \$139.3 million, or 47.4%, of the County's net assets represents its investment in capital assets, net of any outstanding debt used to acquire those assets. These assets are used by the County to provide services to the public; consequently, they are not available for future spending. Although the County's investment in its capital assets is reported net of any related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the assets themselves cannot be used to liquidate the outstanding debt obligations. Another \$89.2 million, or 30.4%, of the County's net assets represents resources that are subject to external restrictions regarding their use. Assets included in this category include bond proceeds that can only be utilized on the projects for which they were issued as well as cash and investments restricted for the repayment of outstanding debt. The remaining balance of the County's net assets is unrestricted and may be used to meet the County's ongoing obligations. Positive balances are reported in all three categories at December 31, 2008.

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 \$56.4 million for the year ended December 31, 2008. The components of this change were a decrease of \$62.6 million in governmental activities and an increase of \$6.2 million in business-type activities. The components of these changes are discussed in the following section.

	Macomb County Primary Government Changes in Net Assets					
	Governmental Activities		Business-type Activities		Totals	
	2007	2008	2007	2008	2007	2008
Revenues						
Program revenue						
Charges for services	\$ 46,949,519	\$ 44,602,040	\$ 198,312,263	\$ 207,219,669	\$ 245,261,782	\$ 251,821,709
Operating grants and contributions	59,335,333	60,071,795	371,694	415,486	59,707,027	60,487,281
Capital grants and contributions	2,723,534	1,061,794	-	-	2,723,534	1,061,794
General revenue						
Property taxes	141,903,387	132,538,774	-	-	141,903,387	132,538,774
Intergovernmental revenues	2,391,607	801,556	-	-	2,391,607	801,556
Investment income	10,635,005	6,644,970	2,965,938	2,164,461	13,600,943	8,809,431
	<u>263,938,385</u>	<u>245,720,929</u>	<u>201,649,895</u>	<u>209,799,616</u>	<u>465,588,280</u>	<u>455,520,545</u>
Expenses						
Legislative	2,344,822	2,354,128	-	-	2,344,822	2,354,128
Judicial	40,672,019	39,842,837	-	-	40,672,019	39,842,837
General government	94,800,964	96,873,484	867,728	1,219,328	95,668,692	98,092,812
Public safety	76,046,377	76,263,642	-	-	76,046,377	76,263,642
Public works	1,156,821	873,494	-	-	1,156,821	873,494
Health and welfare	89,361,432	84,882,530	195,851,262	201,788,422	285,212,694	286,670,952
Recreation and culture	2,845,099	2,307,587	1,115,742	1,079,518	3,960,841	3,387,105
Interest and fees on long-term debt	4,038,257	3,479,303	-	-	4,038,257	3,479,303
	<u>311,265,791</u>	<u>306,877,005</u>	<u>197,834,732</u>	<u>204,087,268</u>	<u>509,100,523</u>	<u>510,964,273</u>
Increase (decrease) in net assets before transfers	(47,327,406)	(61,156,076)	3,815,163	5,712,348	(43,512,243)	(55,443,728)
Net transfers	(324,749)	(1,486,219)	473,178	519,219	148,429	(967,000)
Increase (decrease) in net assets	(47,652,155)	(62,642,295)	4,288,341	6,231,567	(43,363,814)	(56,410,728)
Net assets, beginning of year (1)	267,117,681	232,372,321	113,476,606	117,764,947	380,594,287	350,137,268
Net assets, end of year	<u>\$ 219,465,526</u>	<u>\$ 169,730,026</u>	<u>\$ 117,764,947</u>	<u>\$ 123,996,514</u>	<u>\$ 337,230,473</u>	<u>\$ 293,726,540</u>

(1) - As restated. See Note 14.

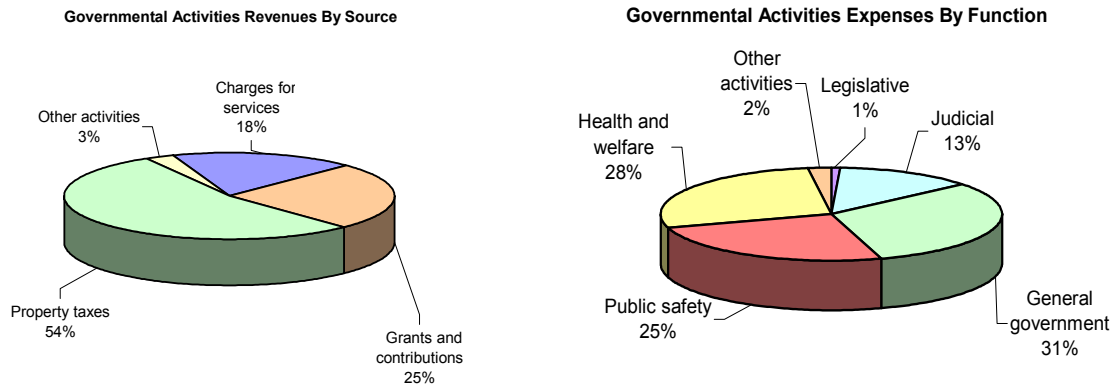
Governmental activities. Key components of the \$62.6 million decrease in the net assets of the County's governmental activities in 2008 are as follows:

- Property tax revenue decreased by \$9.4 million, or 6.6%, \$7.2 million of which is attributable to 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 suspended 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 and \$7.2 million of revenues deferred during the three year transition period was recognized in 2007, thereby causing a one-time increase in 2007 and a corresponding decrease in 2008. The remaining \$2.2 million decrease was caused by a .16% decrease in taxable values, an increase in the allowance for delinquencies as well as the exclusion of TIFA/DDA captured values in 2008.

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

- Intergovernmental revenues decreased by \$1.6 million, or 66.6%, as a result of the State of Michigan suspending liquor tax distributions for one year.
- Investment income decreased \$4.0 million, or 37.8%, as a result of significantly lower interest rates.
- A \$42.8 million charge was made to General Government expenses to record the increase in the County's OPEB liability for retiree health care. The \$42.8 million represents the amount by which the County's actuarially determined required contribution to the Retiree Health Trust Fund exceeded the actual contribution made by the County plus one year's interest on the liability as of December 31, 2007. See Note 9 for more information.
- Expenses across all functions decreased by \$4.4 million, or 1.4% over the prior year, with no unusual variances in any one function.

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



Business-type activities. The net assets of the County's business-type activities increased approximately \$6.2 million during the year, the single largest component being a \$5.6 million surplus in the Delinquent Tax Revolving Fund. A weakening of the economy in Southeast Michigan contributed to an increase in the number of property tax delinquencies in 2008 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 GOVERNMENTAL FUNDS

Governmental funds. As previously mentioned, the focus of governmental funds is to provide information on near-term inflows, outflows and remaining balances of spendable resources. Such information is useful in assessing the County's ability to meet its current financing requirements. The fund balance of governmental funds is segregated into one of 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 \$135.6 million at December 31, 2008, a decrease of \$26.8 million over the prior year. The \$26.8 million decrease consists of a \$7.3 million decrease in the General Fund, a \$13.1 million decrease in the Revenue Sharing Reserve Fund, a combined increase of \$2.1 million in the Special Revenue and Debt Service funds and an \$8.5 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.

<u>Source</u>	<u>2007</u>	<u>2008</u>	<u>Increase (Decrease)</u>	<u>% Change</u>
Property taxes	\$ 141,690,935	\$ 132,362,388	\$ (9,328,547)	-6.6%
Licenses and permits	307,729	348,032	40,303	13.1%
Federal and State grants	8,407,991	7,058,616	(1,349,375)	-16.1%
Charges for services	27,571,378	25,951,792	(1,619,586)	-5.9%
Investment income	6,591,146	2,979,670	(3,611,476)	-54.8%
Admin charges to other funds	11,925,270	14,521,847	2,596,577	21.8%
Fines and forfeitures	698,321	671,938	(26,383)	-3.8%
Other revenue	277,181	200,367	(76,814)	-27.7%
Transfers from other funds	23,876,560	27,356,343	3,479,783	14.6%
	<u>\$ 221,346,511</u>	<u>\$ 211,450,993</u>	<u>\$ (9,895,518)</u>	-4.5%

Property tax revenue decreased approximately \$9.3 million, or 6.6%, primarily the result of a one time revenues recognized in 2007 as discussed previously.

Federal and State grant revenue decreased \$1.3 million, or 16.1%, primarily because liquor tax payments were withheld by the State of Michigan. Such payments are expected to be restored in 2009.

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

Charges for services revenue decreased approximately \$1.6 million, or 5.9%, primarily because of reductions in recording fees and real estate transfer tax as a result of the continued depression in the housing market.

Investment income decreased \$3.6 million, or 54.8%, in response to lower interest rates.

The majority of \$2.6 million increase in administrative charges to other departments is related to increases in indirect cost charges to the Martha T. Berry Medical Care Facility and the Child Care Fund of \$.9 million and \$1.0 million, respectively. The increase at Martha T. Berry occurred because 2008 was the first year such costs were allocated to the facility. The increase in the Child Care Fund is attributable to an increase in the charge for depreciation on the Juvenile Justice Center building, which occurred because 2008 was the first full year of the depreciation charges on the Phase I renovations at the facility.

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

General Fund Expenditures By Function

<u>Function</u>	<u>2007</u>	<u>2008</u>	<u>Increase (Decrease)</u>	<u>% Change</u>
Legislative	\$ 2,344,822	\$ 2,354,128	\$ 9,306	0.4%
Judicial	24,196,654	24,199,572	2,918	0.0%
General government	57,995,814	57,491,729	(504,085)	-0.9%
Public safety	63,860,238	63,924,304	64,066	0.1%
Health and welfare	697,247	451,885	(245,362)	-35.2%
Other	5,618,750	5,188,484	(430,266)	-7.7%
Capital outlay	617,157	307,352	(309,805)	-50.2%
Transfers to other funds	72,573,876	64,858,581	(7,715,295)	-10.6%
	<u>\$ 227,904,558</u>	<u>\$ 218,776,035</u>	<u>\$ (9,128,523)</u>	-4.0%

The \$.2 million decrease in Health and Welfare expenditures was due to the discontinuation of the Senior Citizen Prescription Drug program as well as position vacancies in the Veterans' Affairs department.

The \$.3 million decrease in Capital Outlay expenditures was due to a budgeted reduction in new vehicle purchases in 2008.

The majority of the decrease in transfers to other funds relates to a one-time transfer of \$7.2 million to the Capital Improvement Fund in 2007 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.

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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. The Revenue Sharing Reserve Fund is expected to be fully depleted in 2011. The Revenue Sharing Reserve Fund transferred \$15.4 million to the General Fund in 2008 and earned \$2.3 million in interest, resulting in a deficit of \$13.1 million for fiscal 2008. The fund balance is restricted in its entirety and totaled \$52.5 million at year-end.

Child Care Fund - The Child Care Fund is used to account for the activities at the County Juvenile Justice Center. A year-to-year comparison of Child Care Fund revenues by source is presented below.

Child Care Fund Revenue By Source

<u>Source</u>	<u>2007</u>	<u>2008</u>	<u>Increase (Decrease)</u>	<u>% Change</u>
Federal and State grants	\$ 11,591,391	\$ 12,166,359	\$ 574,968	5.0%
Charges for services	1,151,298	792,940	(358,358)	-31.1%
Transfers from other funds	17,447,049	16,885,557	(561,492)	-3.2%
	<u>\$ 30,189,738</u>	<u>\$ 29,844,856</u>	<u>\$ (344,882)</u>	-1.1%

Federal and State grant revenue increased \$.6 million, or 5.0%, in fiscal 2008 primarily as a result of a decrease in charges for services revenue. Charges for services revenue decreased approximately \$.3 million, or 31.1%, in 2008 as a result of a weakening of the economy in the region, which in turn resulted in reduced reimbursements from parents and guardians for the cost of care.

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

Child Care Fund Expenditures By Function

<u>Function</u>	<u>2007</u>	<u>2008</u>	<u>Increase (Decrease)</u>	<u>% Change</u>
Health and welfare	\$ 30,173,316	\$ 29,827,601	\$ (345,715)	-1.2%
Capital outlay	16,422	6,989	(9,433)	-57.4%
	<u>\$ 30,189,738</u>	<u>\$ 29,834,590</u>	<u>\$ (355,148)</u>	-1.2%

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Friend of the Court Fund - The Friend of the Court Fund is used to account for the activities involved in enforcing child support orders as well as collecting and distributing child support and alimony payments. A year-to-year comparison of Friend of the Court Fund revenues by source is presented below.

Friend of the Court Fund Revenue By Source

<u>Source</u>	<u>2007</u>	<u>2008</u>	<u>Increase (Decrease)</u>	<u>% Change</u>
Federal and State grants	\$ 7,381,781	\$ 7,879,352	\$ 497,571	6.7%
Charges for services	688,107	726,374	38,267	5.6%
Investment income	4,292	2,896	(1,396)	-32.5%
Other revenue	-	457	457	100.0%
Transfers from other funds	5,769,569	5,115,781	(653,788)	-11.3%
	<u>\$ 13,843,749</u>	<u>\$ 13,724,860</u>	<u>\$ (118,889)</u>	-0.9%

Federal and State grant revenue increased \$.5 million, or 6.7%, in 2008 primarily as a result of recognizing incentive payments deferred in prior years. The decrease of \$.7 million in Transfers from Other Funds is due almost exclusively to the increase in Federal and State revenues.

A year-to-year comparison of Friend of the Court Fund expenditures by function is presented below.

Friend of the Court Fund Expenditures By Function

<u>Function</u>	<u>2007</u>	<u>2008</u>	<u>Increase (Decrease)</u>	<u>% Change</u>
Judicial	\$ 10,840,169	\$ 10,722,447	\$ (117,722)	-1.1%
Capital outlay	3,580	2,413	(1,167)	-32.6%
Transfers to other funds	3,000,000	3,000,000	-	0.0%
	<u>\$ 13,843,749</u>	<u>\$ 13,724,860</u>	<u>\$ (118,889)</u>	-0.9%

FINANCIAL ANALYSIS OF THE COUNTY'S NON-MAJOR GOVERNMENTAL FUNDS

The fund balances of the County's non-major governmental funds were approximately \$48.8 million at year-end, a decrease of approximately \$6.4 million over the prior year. A decrease of \$8.5 million was experienced in the capital projects funds as construction continued on several projects during the year. Of the \$48.8 million, \$17.0 million is reported in the capital projects funds, all of which is designated or restricted for use in the construction, remodeling, renovation and maintenance of new or existing facilities.

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FINANCIAL ANALYSIS OF THE COUNTY'S MAJOR PROPRIETARY FUNDS

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

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

	<u>2007</u>	<u>2008</u>	<u>Increase (Decrease)</u>	<u>% Change</u>
Charges for services	\$ 12,118,753	\$ 14,177,297	\$ 2,058,544	17.0%
Investment income	2,149,219	1,276,575	(872,644)	-40.6%
Total income	<u>\$ 14,267,972</u>	<u>\$ 15,453,872</u>	<u>\$ 1,185,900</u>	8.3%

Charges for services revenue increased \$2.1 million, or 17.0%, in 2008 as a result of an increase in interest and penalties as the number of property tax delinquencies increased due to the weakened economic climate being experienced throughout the region.

Investment income decreased \$.9 million, or 40.6%, as interest rates declined significantly in 2008 as the economy continued to weaken during the year.

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

	<u>2007</u>	<u>2008</u>	<u>Increase (Decrease)</u>	<u>% Change</u>
Personal services	\$ 357,589	\$ 302,601	\$ (54,988)	-15.4%
Supplies and services	510,139	916,727	406,588	79.7%
Transfers out	<u>8,730,000</u>	<u>8,655,000</u>	<u>(75,000)</u>	-0.9%
Total expenses	<u>\$ 9,597,728</u>	<u>\$ 9,874,328</u>	<u>\$ 276,600</u>	2.9%

Supplies and services expense increased \$.4 million, or 79.7%, in response to an increase in property tax delinquencies as discussed previously.

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

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

	<u>2007</u>	<u>2008</u>	<u>Increase (Decrease)</u>	<u>% Change</u>
Federal and State grants	\$ 371,694	\$ 415,486	\$ 43,792	11.8%
Charges for services	167,342,164	173,064,786	5,722,622	3.4%
Investment income	816,719	887,886	71,167	8.7%
Transfers in	6,044,025	5,941,852	(102,173)	-1.7%
	<u>\$ 174,574,602</u>	<u>\$ 180,310,010</u>	<u>\$ 5,735,408</u>	3.3%

Charges for services revenue increased \$5.7 million, or 3.4%, as a result of an overall increase in the demand for services in 2008.

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

	<u>2007</u>	<u>2008</u>	<u>Increase (Decrease)</u>	<u>% Change</u>
Personal services	\$ 25,573,521	\$ 25,948,486	\$ 374,965	1.5%
Contractual services	131,299,152	136,488,824	5,189,672	4.0%
Utilities	383,145	358,917	(24,228)	-6.3%
Repairs and maintenance	77,923	67,747	(10,176)	-13.1%
Supplies and services	16,725,513	15,468,527	(1,256,986)	-7.5%
Depreciation	66,408	62,648	(3,760)	-5.7%
	<u>\$ 174,125,662</u>	<u>\$ 178,395,149</u>	<u>\$ 4,269,487</u>	2.5%

Contractual services expense increased \$5.1 million, or 4.0%, as the demand for services increased in 2008, as mentioned previously.

Martha T Berry Medical Care Facility - The Martha T Berry Medical Care Facility provides long-term inpatient care to County residents who cannot otherwise afford the cost of private facilities.

A year-to-year comparison of Martha T Berry revenues is presented below.

	<u>2007</u>	<u>2008</u>	<u>Increase (Decrease)</u>	<u>% Change</u>
Charges for services	18,608,923	19,722,588	1,113,665	6.0%
Transfers in	2,354,488	2,476,501	122,013	5.2%
	<u>\$ 20,963,411</u>	<u>\$ 22,199,089</u>	<u>\$ 1,235,678</u>	5.9%

Charges for services revenue increased \$1.1 million, or 6.0%, as a result of an increase in the Medicaid daily rate approved by the State of Michigan.

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A year-to-year comparison of Martha T Berry expenses is presented below.

	<u>2007</u>	<u>2008</u>	<u>Increase (Decrease)</u>	<u>% Change</u>
Personal services	\$ 14,854,055	\$ 14,704,521	\$ (149,534)	-1.0%
Contractual services	2,081,200	2,142,153	60,953	2.9%
Utilities	703,289	747,143	43,854	6.2%
Repairs and maintenance	207,960	241,766	33,806	16.3%
Supplies and services	2,859,337	4,542,537	1,683,200	58.9%
Depreciation	1,019,759	1,015,153	(4,606)	-0.5%
	<u>\$ 21,725,600</u>	<u>\$ 23,393,273</u>	<u>\$ 1,667,673</u>	7.7%

Supplies and services expense increased \$1.7 million, or 58.9%, primarily the result of a \$.3 million increase in bad debt expense and a \$.9 million increase in indirect cost charges from other service departments within the County. The increase in bad debt expense was the result of an ongoing review of accounts receivable. The increase in indirect cost charges was because 2008 was the first year such costs were charged to the facility.

Freedom Hill Park – The Freedom Hill Park serves as a recreational facility for use by all County residents and hosts events such as ethnic festivals and picnics. The Freedom Hill Park was closed in 2009 as part of the County's deficit reduction plan.

A year-to-year comparison of Freedom Hill Park revenues is presented below.

	<u>2007</u>	<u>2008</u>	<u>Increase (Decrease)</u>	<u>% Change</u>
Charges for services	242,423	254,998	12,575	5.2%
Transfers in	804,665	755,866	(48,799)	-6.1%
	<u>\$ 1,047,088</u>	<u>\$ 1,010,864</u>	<u>\$ (36,224)</u>	-3.5%

A year-to-year comparison of Freedom Hill Park expenses is presented below.

	<u>2007</u>	<u>2008</u>	<u>Increase (Decrease)</u>	<u>% Change</u>
Personal services	\$ 693,774	\$ 700,455	\$ 6,681	1.0%
Utilities	145,565	157,492	11,927	8.2%
Repairs and maintenance	83,355	57,806	(25,549)	-30.7%
Supplies and services	124,394	95,111	(29,283)	-23.5%
Depreciation	68,654	68,654	-	0.0%
	<u>\$ 1,115,742</u>	<u>\$ 1,079,518</u>	<u>\$ (36,224)</u>	-3.3%

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GENERAL FUND BUDGETARY HIGHLIGHTS

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

Source	General Fund Revenue Budget and Actual By Source			
	Budget		Actual	Variance
	Adopted	Final		
Property taxes	\$ 138,429,813	\$ 138,429,813	\$ 132,362,388	\$ (6,067,425)
Licenses and permits	343,900	343,900	348,032	4,132
Federal and State grants	8,107,630	8,107,872	7,058,616	(1,049,256)
Charges for services	29,091,263	29,481,933	25,951,792	(3,530,141)
Investment income	6,802,500	6,802,500	2,979,670	(3,822,830)
Admin charges to other funds	14,643,778	14,643,778	14,521,847	(121,931)
Fines and forfeitures	914,100	914,100	671,938	(242,162)
Other revenue	37,100	45,825	200,367	154,542
Transfers from other funds	27,268,063	27,568,888	27,356,343	(212,545)
	<u>\$ 225,638,147</u>	<u>\$ 226,338,609</u>	<u>\$ 211,450,993</u>	<u>\$ (14,887,616)</u>

Property tax revenue was below budget due to a number of factors, the most significant being a) the budget was based on a 2.5% increase in property values while the actual change was a decrease of .16%, b) the captured value of property in TIFA and DDA zones was incorrectly included in the budget and c) the allowance for delinquencies and appeals was increased .5%.

Federal and State grant revenue was \$1.0 million under budget because the State of Michigan suspended liquor tax payments for one year in 2008, as discussed previously.

Charges for Services revenue was \$3.5 million under budget, primarily as a result of a continued decline in the housing market, which resulted in lower than expected recording fees and real estate transfer tax.

Investment income was \$3.8 million under budget as a result of a dramatic decrease in interest rates in 2008 in connection with the general weakening of the economy.

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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	\$ 118,249,984	\$ 118,839,814	\$ 116,242,184	\$ 2,597,630
Operating	40,783,572	41,190,095	37,233,925	3,956,170
Capital outlay	661,400	670,158	441,345	228,813
Transfers to other funds	71,079,157	71,070,353	64,858,581	6,211,772
	<u>\$ 230,774,113</u>	<u>\$ 231,770,420</u>	<u>\$ 218,776,035</u>	<u>\$ 12,994,385</u>

The original and final expenditure budgets of the General Fund for fiscal 2008 were \$230.7 million and \$231.7 million, respectively, an increase of \$1.0 million of final over originally adopted. Approximately 60% of the increase involved health care premiums for active employees, which exceeded budget because the budget was developed assuming benefit concessions secured in 2009 would have been secured in 2008. Another thirty percent of the increase was attributable to an increase in the cost of medical services at the County jail.

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 \$13.0 million below budget in fiscal 2008, consisting primarily of \$2.6 million in the area of salaries and wages, \$4.0 million in operating expenditures and \$6.2 million in transfers to other funds.

The \$2.6 million budget surplus in the area of salaries and fringe benefits can be attributed to a 20 week hiring delay implemented in 2008 as well as numerous vacant positions being held open to reduce operating deficits.

Operating expenditures were \$4.0 million below budget as a result of continued efforts to address ongoing deficits. Significant favorable variances were experienced in the areas of employee training, utilities, building repairs and maintenance, document imaging fees in the Register of Deeds and contingency.

Transfers to other funds were approximately \$6.2 million below the budget due to the County's ongoing efforts to reduce deficit spending. \$2.5 million of the favorable variance is related to the Martha T. Berry Medical Care Facility, which entered into a joint operating agreement with the Macomb County Human Services Board and the County Board of Commissioners during 2008 and becomes effective in 2009. Transfers were also favorably impacted by the 20 week hiring delay and position vacancies as mention previously.

In summary, General Fund expenditures exceeded revenues by \$7.3 million for the year ended December 31, 2008. Unreserved fund balance was \$32.1 million or 6.6% of the 2009 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 \$161.1 million for governmental activities and \$22.3 million for business-type activities.

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

	Governmental Activities		Business-type Activities		Total	
	2007	2008	2007	2008	2007	2008
Land	\$ 14,154,314	\$ 12,998,859	\$ -	\$ -	\$ 14,154,314	\$ 12,998,859
Land improvements	6,628,311	6,308,207	176,872	159,189	6,805,183	6,467,396
Buildings and improvements	104,443,960	111,558,704	21,975,005	21,232,806	126,418,965	132,791,510
Machinery, equipment and vehicles	26,844,138	21,988,396	1,084,441	888,531	27,928,579	22,876,927
Construction in progress	10,974,177	8,219,627	-	-	10,974,177	8,219,627
	<u>\$ 163,044,900</u>	<u>\$ 161,073,793</u>	<u>\$ 23,236,318</u>	<u>\$ 22,280,526</u>	<u>\$ 186,281,218</u>	<u>\$ 183,354,319</u>

Major capital asset activity during the year included the following:

- Construction was completed on the new Public Works building in January 2008. Approximately \$.1 million was expended in 2008 and total project costs were approximately \$7.0 million.
- Construction was completed on a new building for the 42nd District Court located in the City of New Baltimore. A total of \$2.4 million was spent in 2008 and total project costs were approximately \$7.9 million.
- Phase II of the Juvenile Justice Center renovation continued in 2008 and a total of \$5.1 million was spent in 2008. 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.

Long-term debt. The County's long-term debt was \$72.8 million at December 31, 2008, 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	\$ 80,245,000	\$ 2,605,000	\$ 10,035,000	\$ 72,815,000

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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 \$2.6 million in bonds in 2008, resulting in long-term interest savings of \$93,941. The County also defeased \$2.9 million in bonds as a result of a reduction in its bridge repair and renovation program, resulting in long-term principal and interest savings of \$.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, 2008 was \$36.4 billion and \$32.0 billion, respectively. Therefore, the County's debt limitation was \$3.2 billion at year-end. The County's outstanding debt of \$72.8 million at year end was well below the limit based on either assessed or taxable value.

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The following factors were considered when developing the 2009 budget:

- The economic downturn throughout the region and uncertainty in the financial markets continue to negatively impact County operations. Declining property values and legacy costs associated with employee health care and pension obligations continue to severely impact the County budget. Property values are expected to decline in 2009 for the first time in recent history and the County is anticipating that decrease to be 3.5%.
- Health care costs have increased at double digit rates for the past several years. An 8% increase is anticipated in 2009. Furthermore, enhanced pension benefits granted in the early part of this decade 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 expected to continue for the next several years as the required employer contribution moves closer to normal cost.
- The County secured wage and benefit concessions from several union groups in early 2009 and will be requesting the same wage and benefit concessions from the employee groups whose contracts have not yet been settled. The concessions are expected to save the County approximately \$20.0 million over the course of the next two years and include the suspension of longevity pay for 2009 and 2010, six unpaid days off each year for the next two years, increased health care deductibles and prescription co-pays and limiting certain pension benefits to employees hired on or before December 31, 2001.

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- In April 2009, the Board of Commissioners voted to increase the property tax millage rate for the first time in 27 years. The rate was increased from 4.2 mills to the 4.5685 maximum allowed by law and the increase is expected to generate \$11.0 million in additional property tax revenue in 2009.
- The Board of Commissioners reduced the 2009 budget by \$14.8 million through a variety of actions, including the elimination of 135 vacant positions, closing the Freedom Hill Park and entering into the joint operating agreement at the Martha T. Berry Medical Care Facility. These reductions were in addition to the wage and benefit concessions mentioned previously.
- No salary increases were granted in 2009 and a hiring freeze was enacted in 2009, except for positions at facilities that operate 24 hours a day or positions that are at least 50% funded by Federal or State funds.
- Market interest rates are expected to remain level during 2009.
- 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, 2008

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Cash and pooled investments	\$ 139,101,805	\$ 54,089,313	\$ 193,191,118	\$ 114,610,239
Receivables:				
Property taxes	4,495,322	50,731,003	55,226,325	-
Accrued interest	1,974,581	156,973	2,131,554	486,788
Trade accounts, net	16,054,962	21,819,570	37,874,532	8,774,092
Special assessments	-	-	-	110,250,000
Inventories	262,960	-	262,960	3,982,355
Due from other governments	7,076,562	461,633	7,538,195	13,780,756
Internal balances	6,987,064	(6,987,064)	-	-
Due from fiduciary funds	4,478,987	-	4,478,987	-
Due from funds with different year end dates	33,232	-	33,232	-
Capital assets, net:				
Assets not being depreciated	21,218,486	-	21,218,486	191,108,080
Assets being depreciated	139,855,307	22,280,526	162,135,833	688,833,413
Other assets	4,482,848	1,700,105	6,182,953	1,159,952
Total assets	346,022,116	144,252,059	490,274,175	1,132,985,675
LIABILITIES				
Accounts payable and accrued liabilities	7,901,237	18,658,892	26,560,129	26,314,041
Accrued wages payable	17,258	716,693	733,951	-
Accrued interest payable	603,507	-	603,507	778,161
Due to other governments	521,511	77,555	599,066	145
Compensated absences	1,300,000	-	1,300,000	-
Accrued workers compensation claims	1,000,000	-	1,000,000	2,064
Accrued general liability claims	1,000,000	-	1,000,000	32,614
Unearned revenue	1,432,505	802,405	2,234,910	106,537,589
Long-term debt maturities due within one year	4,585,000	-	4,585,000	4,755,000
Long-term liabilities:				
Compensated absences	4,723,821	-	4,723,821	1,305,389
Accrued workers compensation claims	788,503	-	788,503	38,464
Accrued general liability claims	3,085,865	-	3,085,865	77,790
Net OPEB obligation	81,102,883	-	81,102,883	1,021,017
Long-term debt maturities due in more than one year	68,230,000	-	68,230,000	105,495,000
Total Liabilities	176,292,090	20,255,545	196,547,635	246,357,274
NET ASSETS				
Invested in capital assets, net of related debt	117,056,251	22,280,526	139,336,777	790,997,217
Restricted for				
Capital projects	11,561,338	-	11,561,338	-
Debt service	7,227,719	-	7,227,719	-
Housing rehabilitation loans	9,549,692	-	9,549,692	-
Revenue Sharing Reserve Fund	52,482,416	-	52,482,416	-
Mental Health risk reserve	-	8,267,419	8,267,419	-
Other purposes	140,563	-	140,563	-
Unrestricted (deficit)	(28,287,953)	93,448,569	65,160,616	95,631,184
Total Net Assets	\$ 169,730,026	\$ 123,996,514	\$ 293,726,540	\$ 886,628,401

MACOMB COUNTY, MICHIGAN
Government-Wide Statement of Activities
For the Year Ended December 31, 2008

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	
Primary government				
Governmental activities				
Legislative	\$ 2,354,128	\$ -	\$ -	\$ (2,354,128)
Judicial	39,842,837	5,935,072	15,175,062	(18,732,703)
General government	96,873,484	13,249,527	394,525	(83,096,535)
Public safety	76,263,642	15,544,413	1,344,080	(58,446,252)
Public works	873,494	-	-	(873,494)
Health and welfare	84,882,530	9,757,834	43,103,734	(32,020,962)
Recreation and culture	2,307,587	115,194	54,394	(2,137,999)
Interest and fees on long-term debt	3,479,303	-	-	(3,479,303)
Total governmental activities	306,877,005	44,602,040	60,071,795	(201,141,376)
Business-type activities				
Delinquent tax collections	1,219,328	14,177,297	-	12,957,969
Community Mental Health	178,395,149	173,064,786	415,486	(4,914,877)
Martha T. Berry Medical Care Facility	23,393,273	19,722,588	-	(3,670,685)
Freedom Hill Park	1,079,518	254,998	-	(824,520)
Total business-type activities	204,087,268	207,219,669	415,486	3,547,887
Total primary government	\$ 510,964,273	\$ 251,821,709	\$ 60,487,281	\$ (197,593,489)
Component Units				
Drainage Districts	\$ 58,841,924	\$ 50,057,837	\$ -	\$ (8,784,087)
Road Commission	68,814,891	17,168,746	-	3,284,269
Workforce Development Board	32,826,865	12,228	32,789,478	(25,159)
Total component units	\$ 160,483,680	\$ 67,238,811	\$ 32,789,478	\$ (5,524,977)

MACOMB COUNTY, MICHIGAN
Government-Wide Statement of Activities (concluded)
For the Year Ended December 31, 2008

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	
Changes in net assets				
Net (expense) revenue (from page B-2)	\$ (201,141,376)	\$ 3,547,887	\$ (197,593,489)	\$ (5,524,977)
General revenues:				
Property tax	132,538,774	-	132,538,774	-
Intergovernmental revenues - unrestricted	801,556	-	801,556	-
Investment earnings	6,644,970	2,164,461	8,809,431	6,708,495
Transfers - internal activities	(1,486,219)	519,219	(967,000)	-
 Total general revenues and transfers	 <u>138,499,081</u>	 <u>2,683,680</u>	 <u>141,182,761</u>	 <u>6,708,495</u>
Change in net assets	(62,642,295)	6,231,567	(56,410,728)	1,183,518
Net assets, beginning of year (1)	<u>232,372,321</u>	<u>117,764,947</u>	<u>350,137,268</u>	<u>885,444,883</u>
Net assets, end of year	<u>\$ 169,730,026</u>	<u>\$ 123,996,514</u>	<u>\$ 293,726,540</u>	<u>\$ 886,628,401</u>

(1) - As restated for Governmental Activities. See Note 14.

MACOMB COUNTY, MICHIGAN
Balance Sheet - Governmental Funds
December 31, 2008

	General Fund	Major Special Revenue Funds			Nonmajor Governmental Funds	Total Governmental Funds
		Revenue Sharing Reserve Fund	Child Care (1)	Friend of the Court (1)		
Assets						
Cash and pooled investments	\$ 10,189,299	\$ 52,482,416	\$ 2,076,705	\$ -	\$ 40,471,245	\$ 105,219,665
Taxes receivable	3,201,163	-	-	-	1,294,159	4,495,322
Accrued interest receivable	1,974,581	-	-	-	-	1,974,581
Accounts receivable, net	5,872,248	-	-	-	10,175,369	16,047,617
Due from other governments	962,769	-	809,096	1,720,906	3,215,432	6,708,203
Due from governmental funds	3,264,887	-	-	-	-	3,264,887
Due from business-type units	6,987,064	-	-	-	-	6,987,064
Advances to other funds	295,000	-	-	-	-	295,000
Other assets	2,683,516	-	35,105	-	46,008	2,764,629
Total Assets	\$ 35,430,527	\$ 52,482,416	\$ 2,920,906	\$ 1,720,906	\$ 55,202,213	\$ 147,756,968
Liabilities and Fund Balances						
Liabilities						
Accounts payable	\$ 2,962,101	\$ -	\$ 1,060,551	\$ 17,042	\$ 2,700,142	\$ 6,739,836
Accrued liabilities	39,445	-	-	-	298,636	338,081
Accrued compensation and benefits	-	-	-	-	17,258	17,258
Due to other governments	-	-	-	-	521,511	521,511
Due to governmental funds	-	-	-	1,623,103	1,451,636	3,074,739
Unearned revenue	-	-	-	-	1,432,505	1,432,505
Total Liabilities	3,001,546	-	1,060,551	1,640,145	6,421,688	12,123,930
Fund Balances						
Reserved						
Debt service	-	-	-	-	7,227,719	7,227,719
Programs	-	52,482,416	-	-	140,563	52,622,979
Advances to other funds	295,000	-	-	-	-	295,000
Housing rehabilitation loans	-	-	-	-	9,549,692	9,549,692
Capital projects	-	-	-	-	11,561,338	11,561,338
Unreserved						
Designated						
Capital projects	-	-	-	-	10,667,901	10,667,901
Programs - special projects						
General fund	1,153,622	-	-	-	-	1,153,622
Special revenue funds	-	-	-	-	5,146,220	5,146,220
Undesignated						
General fund	30,980,359	-	-	-	-	30,980,359
Special revenue funds	-	-	1,860,355	80,761	4,487,092	6,428,208
Total Fund Balances	32,428,981	52,482,416	1,860,355	80,761	48,780,525	135,633,038
Total Liabilities and Fund Balances	\$ 35,430,527	\$ 52,482,416	\$ 2,920,906	\$ 1,720,906	\$ 55,202,213	\$ 147,756,968

(1) - Balance sheet as of September 30, 2008

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, 2008

Total fund balances for governmental funds	\$ 135,633,038
<p>Amounts reported for governmental activities in the Government-Wide Statement of Net Assets are different because:</p> <p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is capitalized and allocated over their estimated useful lives.</p>	
Capital assets	
Land	12,998,859
Land improvements	9,900,100
Buildings and improvements	181,741,832
Machinery, equipment and vehicles	44,554,661
Construction in progress	8,219,627
Accumulated depreciation	(99,412,571)
<p>Long-term bonded debt is not due and payable in the current period and, therefore, is not reported in the governmental funds. However, bonded debt is recorded as long-term liabilities in the Government-Wide Statement of Net Assets. (See Note 4)</p>	
Bonds issued in prior years	(80,245,000)
Net refunding bonds issued during the current year	2,740,000
Bond principal repayments	4,690,000
<p>Accrued interest payable on long-term debt at year-end is not recorded in the governmental funds, but is recorded as a liability in the Statement of Net Assets</p>	
	(603,507)
<p>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</p>	
	(81,102,883)
<p>Internal service funds are used by management to charge the costs of certain activities such as insurance, compensated absences, workers' compensation, central inventory to individual governmental funds and employee fringe benefits. The assets and liabilities of the Internal Service Funds are included in the governmental activities in the Government-Wide Statement of Net Assets</p>	
	30,615,870
Net assets of governmental activities reported in the Government-Wide Statement of Net Assets	\$ 169,730,026

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, 2008

	General Fund	Major Special Revenue Funds			Nonmajor Governmental Funds	Total Governmental Funds
		Revenue Sharing Reserve Fund	Child Care (1)	Friend of the Court (1)		
Revenues						
Property taxes	\$ 132,362,388	\$ -	\$ -	\$ -	\$ 176,386	\$ 132,538,774
Licenses and permits	348,032	-	-	-	895,413	1,243,445
Federal & State grants	7,058,816	-	12,166,359	7,879,352	33,482,402	60,586,729
Other grants	-	-	-	-	1,348,416	1,348,416
Charges for services	25,951,792	-	792,940	726,374	10,850,573	38,321,679
Investment income	2,979,670	2,334,557	-	2,896	1,327,847	6,644,970
Charges to other funds for administrative services	14,521,847	-	-	-	-	14,521,847
Fines and forfeitures	671,938	-	-	-	2,720,332	3,392,270
Other revenue	200,367	-	-	457	1,443,822	1,644,646
Total Revenues	184,094,650	2,334,557	12,959,299	8,609,079	52,245,191	260,242,776
Expenditures						
Current						
Legislative	2,354,128	-	-	-	-	2,354,128
Judicial	24,199,572	-	-	10,722,447	2,584,170	37,508,189
General government	57,491,729	-	-	-	1,317,560	58,809,289
Public safety	63,924,304	-	-	-	6,768,030	70,692,334
Public works	-	-	-	-	873,494	873,494
Health and welfare	451,885	-	29,827,601	-	53,011,577	83,291,063
Recreation and cultural	-	-	-	-	2,232,316	2,232,316
Other	5,188,484	-	-	-	-	5,188,484
Capital outlay	307,352	-	6,989	2,413	11,025,832	11,342,586
Debt service						
Principal	-	-	-	-	4,690,000	4,690,000
Interest and fees	-	-	-	-	3,151,836	3,151,836
Bond issue costs	-	-	-	-	60,892	60,892
Total Expenditures	153,917,454	-	29,834,590	10,724,860	85,715,707	280,192,611
Excess of Revenues over (under) Expenditures	30,177,196	2,334,557	(16,875,291)	(2,115,781)	(33,470,516)	(19,949,835)
Other financing sources (uses)						
Issuance of debt	-	-	-	-	2,605,000	2,605,000
Transfers in	27,356,343	-	18,885,557	5,115,781	54,699,108	104,056,789
Transfers out	(84,858,581)	(15,418,206)	-	(3,000,000)	(24,539,967)	(107,816,754)
Bond discounts	-	-	-	-	33,839	33,839
Payment to refunding debt escrow agent	-	-	-	-	(5,695,657)	(5,695,657)
Total other financing sources (uses)	(37,502,238)	(15,418,206)	16,885,557	2,115,781	27,102,323	(6,816,783)
Net change in fund balances	(7,325,042)	(13,083,649)	10,266	-	(6,368,193)	(26,766,618)
Fund Balances, beginning of year	39,754,023	85,566,065	1,850,089	80,761	55,148,718	162,399,656
Fund Balances, end of year	\$ 32,428,981	\$ 52,482,416	\$ 1,860,355	\$ 80,761	\$ 48,780,525	\$ 135,633,038

(1) - Year ended September 30, 2008

**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, 2008**

Net change in fund balances - total governmental funds \$ (26,766,618)

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	10,825,046
Current year depreciation expense	(12,466,694)
Loss on disposal of assets	(270,147)

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)	10,035,000
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The proceeds received as a result of issuing of bonds are recorded as revenue in the governmental funds, but are recorded as increases in long-term liabilities in the Statement of Net Assets. (See Note 4)	(2,605,000)
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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.	50,242
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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.	(42,769,939)
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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	<u>1,325,815</u>
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Change in net assets of governmental activities reported in the Statement of Activities	<u><u>\$ (62,642,295)</u></u>
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The accompanying notes are an integral part of these financial statements

MACOMB COUNTY, MICHIGAN
Statement of Net Assets
Proprietary Funds
December 31, 2008

	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	\$ 33,046,623	\$ 21,042,690	\$ -
Receivables:			
Property taxes	50,731,003	-	-
Accrued interest	156,973	-	-
Trade accounts, net	18,023,998	1,608,751	1,658,669
Inventories	-	-	-
Due from other governments	-	461,633	-
Due from governmental funds	-	-	-
Due from fiduciary funds	-	-	-
Other assets	-	1,700,105	-
Total current assets	101,958,597	24,813,179	1,658,669
Noncurrent assets			
Capital assets, net:			
Assets being depreciated	-	166,031	21,214,461
Total Assets	101,958,597	24,979,210	22,873,130
LIABILITIES			
Current liabilities			
Accounts payable	97,648	17,646,434	577,619
Accrued wages payable	182	697,455	18,524
Due to other governments	21,349	56,206	-
Due to governmental funds	6,744,837	-	126,616
Due to fiduciary funds	-	-	-
Claims and judgements	-	-	-
Deferred revenue	-	802,405	-
Total current liabilities	6,864,016	19,202,500	722,759
Noncurrent liabilities			
Claims and judgements	-	-	-
Compensated absences	-	-	-
Advances from other funds	-	-	-
Total noncurrent liabilities	-	-	-
Total Liabilities	6,864,016	19,202,500	722,759
NET ASSETS			
Invested in capital assets	-	166,031	21,214,461
Restricted - mental health risk reserve	-	8,267,419	-
Unrestricted surplus (deficit)	95,094,581	(2,656,740)	935,910
Total Net Assets	\$ 95,094,581	\$ 5,776,710	\$ 22,150,371

MACOMB COUNTY, MICHIGAN
Statement of Net Assets (concluded)
Proprietary Funds
December 31, 2008

	<u>Major Business-Type Activities - Enterprise Funds</u>		<u>Governmental Activities</u>
	<u>Freedom Hill Park</u>	<u>Totals</u>	<u>Internal Service Funds</u>
ASSETS			
Current assets			
Cash and pooled investments	\$ -	\$ 54,089,313	\$ 33,882,140
Receivables:			
Property taxes	-	50,731,003	-
Accrued interest	-	156,973	-
Trade accounts, net	528,152	21,819,570	7,345
Inventories	-	-	262,960
Due from other governments	-	461,633	368,359
Due from governmental funds	-	-	33,232
Due from fiduciary funds	-	-	4,478,987
Other assets	-	1,700,105	1,718,219
Total current assets	528,152	128,958,597	40,751,242
Noncurrent assets			
Capital assets, net:			
Assets being depreciated	900,034	22,280,526	3,071,285
Total Assets	1,428,186	151,239,123	43,822,527
LIABILITIES			
Current liabilities			
Accounts payable	337,191	18,658,892	823,320
Accrued wages payable	532	716,693	-
Due to other governments	-	77,555	-
Due to governmental funds	115,611	6,987,064	190,148
Due to fiduciary funds	-	-	1,300,000
Claims and judgements	-	-	2,000,000
Deferred revenue	-	802,405	-
Total current liabilities	453,334	27,242,609	4,313,468
Noncurrent liabilities			
Claims and judgements	-	-	3,874,368
Compensated absences	-	-	4,723,821
Advances from other funds	-	-	295,000
Total noncurrent liabilities	-	-	8,893,189
Total Liabilities	453,334	27,242,609	13,206,657
NET ASSETS			
Invested in capital assets	900,034	22,280,526	3,071,285
Restricted - mental health risk reserve	-	8,267,419	-
Unrestricted surplus (deficit)	74,818	93,448,569	27,544,585
Total Net Assets	\$ 974,852	\$ 123,996,514	\$ 30,615,870

MACOMB COUNTY, MICHIGAN
Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Funds
Year Ended December 31, 2008

	Major Business-Type Activities - Enterprise Funds		
	Delinquent Tax Revolving	Community Mental Health	Martha T Berry Medical Care Facility
Operating Revenues			
Charges for services	\$ 14,177,297	\$ 173,064,786	\$ 19,722,588
Federal and state grants	-	415,486	-
Total operating revenues	14,177,297	173,480,272	19,722,588
Operating Expenses			
Personal services	302,601	25,948,486	14,704,521
Contractual services	-	136,488,824	2,142,153
Utilities	-	358,917	747,143
Repairs and maintenance	-	67,747	241,766
Benefits and claims expenses	-	-	-
Supplies and services	916,727	15,468,527	4,542,537
Depreciation	-	62,648	1,015,153
Capital outlay	-	-	-
Total Operating Expenses	1,219,328	178,395,149	23,393,273
Operating income (Loss)	12,957,969	(4,914,877)	(3,670,685)
Nonoperating revenues			
Investment income	1,276,575	887,886	-
Income (loss) before Transfers	14,234,544	(4,026,991)	(3,670,685)
Transfers			
Transfers in	-	5,941,852	2,445,359
Transfers out	(8,655,000)	-	-
Other (See note 5)	-	-	31,142
Net Transfers	(8,655,000)	5,941,852	2,476,501
Increase (decrease) in net assets	5,579,544	1,914,861	(1,194,184)
Net assets, beginning of year (1)	89,515,037	3,861,849	23,344,555
Net assets, end of year	\$ 95,094,581	\$ 5,776,710	\$ 22,150,371

(1) - As restated for Internal Service Funds. See Note 14.

MACOMB COUNTY, MICHIGAN
Statement of Revenues, Expenses and Changes in Fund Net Assets (concluded)
Proprietary Funds
Year Ended December 31, 2008

	Major Business-Type Activities - Enterprise Funds		Governmental Activities
	Freedom Hill	Totals	Internal
	Park		Service Funds
Operating Revenues			
Charges for services	\$ 254,998	\$ 207,219,669	\$ 69,051,415
Federal and state grants	-	415,486	-
Total operating revenues	254,998	207,635,155	69,051,415
Operating Expenses			
Personal services	700,455	41,656,063	-
Contractual services	-	138,630,977	-
Utilities	157,492	1,263,552	-
Repairs and maintenance	57,806	367,319	-
Benefits and claims expenses	-	-	63,438,237
Supplies and services	95,111	21,022,902	5,897,268
Depreciation	68,654	1,146,455	662,482
Capital outlay	-	-	1,359
Total Operating Expenses	1,079,518	204,087,268	69,999,346
Operating Income (Loss)	(824,520)	3,547,887	(947,931)
Nonoperating revenues			
Investment income	-	2,164,461	-
Income (loss) before Transfers	(824,520)	5,712,348	(947,931)
Transfers			
Transfers in	755,866	9,143,077	2,273,746
Transfers out	-	(8,655,000)	-
Other (See note 5)	-	31,142	-
Net Transfers	755,866	519,219	2,273,746
Increase (decrease) in net assets	(68,654)	6,231,567	1,325,815
Net assets, beginning of year (1)	1,043,506	117,764,947	29,290,055
Net assets, end of year	\$ 974,852	\$ 123,996,514	\$ 30,615,870

(1) - As restated for Internal Service Funds. See Note 14.

MACOMB COUNTY, MICHIGAN
Combining Statement of Cash Flows - Proprietary Funds
Year Ended December 31, 2008

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	\$ 63,384,282	\$ 174,950,570	\$ 19,831,588
Cash received from interfund services	-	(115,306)	-
Cash payments for delinquent taxes	(80,546,187)	-	-
Cash payments for interfund services	6,744,837	260,047	126,616
Cash payments to employees	(302,541)	(25,749,597)	(14,704,818)
Cash payments to suppliers	(1,378,357)	(153,033,741)	(7,717,038)
Net cash provided by (used in) Operating Activities	(12,097,966)	(3,688,027)	(2,463,652)
Cash Flows From Noncapital Financing Activities			
Transfers in	-	5,941,852	2,445,359
Transfers out	(8,655,000)	-	-
Net cash provided by (used in) Noncapital Financing Activities	(8,655,000)	5,941,852	2,445,359
Cash Flows From Capital and Related Financing Activities			
Acquisition of capital assets	-	(11,582)	(147,940)
Cash Flows From Investing Activities			
Interest received on investments	1,602,656	887,886	-
Increase (decrease) in cash and pooled investments	(19,150,310)	3,130,129	(166,233)
Cash and pooled investments, beginning of year (1)	52,196,933	17,912,561	166,233
Cash and pooled investments, end of year	\$ 33,046,623	\$ 21,042,690	\$ -
Reconciliation of operating income (loss) to net cash provided (used) by operating activities			
Operating income (loss)	\$ 12,957,969	\$ (4,914,877)	\$ (3,670,685)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation	-	62,648	1,015,153
Increase in taxes receivable	(18,061,036)	-	-
Decrease (increase) in accounts receivable	(12,650,232)	419,646	26,157
Decrease in inventory	-	-	-
Decrease in amounts due from other governments	-	235,264	-
Decrease (increase) in amounts due from other funds	-	260,047	-
Increase in amounts advances to other funds	-	-	-
Decrease (increase) in other assets	-	(3,831)	82,843
Increase (decrease) in accounts payable	(461,630)	(649,726)	(43,439)
Increase (decrease) in accrued employee benefits	60	198,889	(297)
Increase (decrease) in amounts due to other governments	(627,934)	53,614	-
Increase (decrease) in amounts due to other funds	6,744,837	(115,306)	126,616
Increase in deferred revenue	-	765,605	-
Decrease in accrued workers' compensation claims	-	-	-
Decrease in accrued claims and judgements	-	-	-
Net cash provided by (used in) Operating Activities	\$ (12,097,966)	\$ (3,688,027)	\$ (2,463,652)

MACOMB COUNTY, MICHIGAN
Combining Statement of Cash Flows - Proprietary Funds (concluded)
Year Ended December 31, 2008

	<u>Major Business-type Activities - Enterprise Funds</u>		<u>Governmental Activities</u>
	<u>Freedom Hill</u>		<u>Internal</u>
	<u>Park</u>	<u>Totals</u>	<u>Service Funds</u>
Cash Flows from Operating Activities			
Cash received from customers	\$ 84,892	\$ 258,251,332	\$ 66,307
Cash received from interfund services	115,611	305	68,708,997
Cash payments for delinquent taxes	-	(80,546,187)	-
Cash payments for interfund services	(15,312)	7,116,188	-
Cash payments to employees	(700,541)	(41,457,497)	(904,601)
Cash payments to suppliers	(240,517)	(162,369,653)	(69,885,188)
Net cash provided by (used in) Operating Activities	<u>(755,867)</u>	<u>(19,005,512)</u>	<u>(2,014,485)</u>
Cash Flows From Noncapital Financing Activities			
Transfers in	755,867	9,143,078	-
Transfers out	-	(8,655,000)	2,273,746
Net cash provided by (used in) Noncapital Financing Activities	<u>755,867</u>	<u>488,078</u>	<u>2,273,746</u>
Cash Flows From Capital and Related Financing Activities			
Acquisition of capital assets	-	(159,522)	(603,170)
Cash Flows From Investing Activities			
Interest received on investments	-	2,490,542	-
Increase (decrease) in cash and pooled investments	-	(16,186,414)	(343,909)
Cash and pooled investments, beginning of year (1)	-	70,275,727	34,226,049
Cash and pooled investments, end of year	<u>\$ -</u>	<u>\$ 54,089,313</u>	<u>\$ 33,882,140</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities			
Operating income (loss)	\$ (824,520)	\$ 3,547,887	\$ (947,931)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation	68,654	1,146,455	662,482
Increase in taxes receivable	-	(18,061,036)	-
Decrease (increase) in accounts receivable	(170,106)	(12,374,535)	11,200
Decrease in inventory	-	-	67,004
Decrease in amounts due from other governments	-	235,264	260,812
Decrease (increase) in amounts due from other funds	-	260,047	(117,377)
Increase in amounts advances to other funds	-	-	(5,000)
Decrease (increase) in other assets	-	79,012	(208,202)
Increase (decrease) in accounts payable	69,892	(1,084,903)	(643,006)
Increase (decrease) in accrued employee benefits	(86)	198,566	(1,559)
Increase (decrease) in amounts due to other governments	-	(574,320)	-
Increase (decrease) in amounts due to other funds	100,299	6,856,446	(503,153)
Increase in deferred revenue	-	765,605	-
Decrease in accrued workers' compensation claims	-	-	-
Decrease in accrued claims and judgements	-	-	(589,755)
Net cash provided by (used in) Operating Activities	<u>\$ (755,867)</u>	<u>\$ (19,005,512)</u>	<u>\$ (2,014,485)</u>

MACOMB COUNTY, MICHIGAN
Statement of Fiduciary Net Assets
Fiduciary Funds
December 31, 2008

	<u>Employee Retirement and Postretirement Health Care Benefits</u>	<u>Agency Funds</u>
ASSETS		
Cash and pooled investments	\$ 83,673,320	\$ 20,438,628
Receivables		
Accrued interest	719,655	-
Other	166,655	2,853
Other assets	72,954	-
Investments, at fair value		
Corporate Bonds	75,974,909	-
Preferred Stock	7,704,498	-
Common Stock	127,744,127	-
Foreign Stock	30,018,917	-
Limited partnership	57,353,476	-
Mutual funds	342,273,120	-
Securities lending collateral	26,086,808	-
Due from fiduciary funds	950,977	113,415
Other assets	-	190
	<hr/>	<hr/>
Total Assets	752,739,416	\$ 20,555,086
	<hr/>	<hr/>
LIABILITIES		
Accounts payable	3,871,689	\$ 10,819,345
Accrued compensation and benefits	-	222,494
Deposits	-	7,577,729
Due to other governments	-	1,935,518
Due to fiduciary funds	5,542,618	-
Obligations under securities lending	26,086,808	-
	<hr/>	<hr/>
Total Liabilities	35,501,115	\$ 20,555,086
	<hr/>	<hr/>
NET ASSETS		
Net assets held in trust for pension and other postemployment benefits	<u>\$ 717,238,301</u>	

MACOMB COUNTY, MICHIGAN
Statement of Changes In Fiduciary Net Assets
Fiduciary Funds
Year Ended December 31, 2008

	Employee Retirement and Postretirement Health Care Benefits
ADDITIONS	
Contributions	
Employer	\$ 34,246,830
Employee	5,585,761
	39,832,591
Investment income	
Net depreciation in fair value of assets	(296,426,794)
Interest	1,735,086
Dividends	11,050,040
Securities lending	526,557
	(283,115,111)
Less investment expenses	
Management and custodial fees	3,519,178
Securities lending agent fees	157,967
	(286,792,256)
Net investment income	(286,792,256)
Total additions	(246,959,665)
DEDUCTIONS	
Benefit payments	52,105,677
Refunds of contributions	410,409
Administrative expense	252,271
	52,768,357
Net decrease in net assets	(299,728,022)
NET ASSETS	
Beginning of year	1,016,966,323
End of year	\$ 717,238,301

MACOMB COUNTY, MICHIGAN
Combining Statement of Net Assets - Component Units
December 31, 2008

	Drainage Districts (1)	Road Commission (1)	Workforce Development Board	Total
ASSETS				
Cash and cash equivalents	\$ 59,217,484	\$ 53,980,748	\$ 1,412,007	\$ 114,610,239
Receivables:				
Accrued interest	107,743	379,045	-	486,788
Trade accounts, net	7,726,759	1,044,975	2,358	8,774,092
Special assessments	110,250,000	-	-	110,250,000
Inventories	-	3,982,355	-	3,982,355
Due from other governments	-	8,042,688	5,738,068	13,780,756
Capital assets, net:				
Assets not being depreciated	6,504,166	184,603,914	-	191,108,080
Assets being depreciated	166,553,407	522,280,006	-	688,833,413
Other assets	-	1,159,952	-	1,159,952
Total assets	350,359,559	775,473,683	7,152,433	1,132,985,675
LIABILITIES				
Accounts payable	9,442,941	9,799,310	7,071,790	26,314,041
Accrued interest payable	778,161	-	-	778,161
Due to other governments	-	-	145	145
Accrued workers compensation claims	-	2,064	-	2,064
Accrued general liability claims	-	32,614	-	32,614
Unearned revenue	106,537,589	-	-	106,537,589
Long-term debt maturities due within one year	4,755,000	-	-	4,755,000
Long-term liabilities:				
Compensated absences	-	1,305,389	-	1,305,389
Accrued workers compensation claims	-	38,464	-	38,464
Accrued general liability claims	-	77,790	-	77,790
Net OPEB obligation	-	1,021,017	-	1,021,017
Long-term debt maturities due in more than one year	105,495,000	-	-	105,495,000
Total Liabilities	227,008,691	12,276,648	7,071,935	246,357,274
NET ASSETS				
Invested in capital assets, net of related debt	84,113,297	706,883,920	-	790,997,217
Unrestricted	39,237,571	56,313,115	80,498	95,631,184
Total Net Assets	\$ 123,350,868	\$ 763,197,035	\$ 80,498	\$ 886,628,401

(1) - Year-end September 30, 2008

MACOMB COUNTY, MICHIGAN
Combining Statement of Activities - Component Units
For the Year Ended December 31, 2008

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	
Drainage Districts (1)				
Governmental activities				
Public works	\$ 54,540,016	\$ 50,057,837	\$ -	\$ -
Interest on long-term debt	4,301,908	-	-	-
Total public works	58,841,924	50,057,837	-	-
Road Commission (1)				
Governmental activities				
Public works	68,814,891	17,168,746	-	54,930,414
Workforce Development Board				
Governmental activities				
Health and Welfare	32,826,865	12,228	32,789,478	-
Total Component Units	<u>\$ 160,483,680</u>	<u>\$ 67,238,811</u>	<u>\$ 32,789,478</u>	<u>\$ 54,930,414</u>
				<u>\$ (5,524,977)</u>

(1) - Year ended September 30, 2008

MACOMB COUNTY, MICHIGAN
Combining Statement of Activities - Component Units (concluded)
For the Year Ended December 31, 2008

	Drainage Districts (1)	Road Commission (1)	Workforce Development Board	Total
Changes in net assets				
Net (expense) revenue	\$ (8,784,087)	\$ 3,284,269	\$ (25,159)	\$ (5,524,977)
General revenues:				
Investment earnings	4,622,021	2,086,474	-	6,708,495
Change in net assets	(4,162,066)	5,370,743	(25,159)	1,183,518
Net assets, beginning of year	127,512,934	757,826,292	105,657	885,444,883
Net assets, end of year	\$ 123,350,868	\$ 763,197,035	\$ 80,498	\$ 886,628,401

(1) - Year Ended September 30, 2008

The accompanying notes are an integral part of these financial statements

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements
December 31, 2008

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, 2008, 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, 2008.

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", and amended by GASB Statement No. 39, as appointment of a voting majority of the component unit's board, and either (a) the ability of the primary government to impose its will on the component unit, or (b) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government. The accompanying financial statements present the financial position and results of operations of Macomb County (the primary government) and its component units. The component units discussed below are included in the County's reporting entity because of the significance of their operational or financial relationships with the County. In conformity with generally accepted accounting principles, the financial statements of component units have been included in the financial reporting entity either as blended component units or as discretely presented component units.

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, 2008

Note 1 – Summary of Significant Accounting Policies (continued)

Discretely Presented Component Units

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

The **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.

Related Organization

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

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2008

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, 2008

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 during the period 2005-2007.
- The *Child Care Fund* accounts for the revenues and expenditures related to juvenile detention and child safety and welfare.
- The *Friend of the Court Fund* is used to account for activities involved in administering and enforcing child support and parenting time orders issued by the 16th Circuit Court.

The County reports the following major enterprise funds:

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

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2008

Note 1 – Summary of Significant Accounting Policies (continued)

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

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 that are intended to recover the cost of services provided.

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2008

Note 1 – Summary of Significant Accounting Policies (continued)

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.

Fiduciary Funds

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

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

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

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

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

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

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2008

Note 1 – Summary of Significant Accounting Policies (continued)

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

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

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

Other Assets - Other assets represent deposits and prepaid expenses.

Budgetary Accounting - 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, Human 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 Budget 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, 2008

Note 1 – Summary of Significant Accounting Policies (continued)

State statutes provide that actual expenditures of a local unit of government shall not exceed the amounts appropriated. Actual expenditures exceeded budgeted amounts at the legal level of control as indicated below. The excess expenditures were funded by either additional unbudgeted revenues or available fund balance.

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Actual in Excess of Final Budget</u>
General Fund			
District Court - New Baltimore			
Salaries and fringe benefits	\$ 1,105,429	\$ 1,132,477	\$ 27,048
Family Court - Juvenile Division			
Salaries and fringe benefits	4,555,204	4,573,673	18,469
MSU Extension			
Salaries and fringe benefits	794,495	820,368	25,873
Court Building Safety			
Salaries and fringe benefits	944,411	1,004,969	60,558
Security			
Salaries and fringe benefits	625,124	640,994	15,870
Sheriff Department			
Operating	10,175,371	10,822,940	647,569
Non-Major Special Revenue Funds			
Community Services Agency			
Salaries and fringe benefits	7,467,363	7,490,418	23,055
Operating	5,349,131	5,589,105	239,974

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.

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2008

Note 1 – Summary of Significant Accounting Policies (continued)

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, 2008 levy (calendar 2008 revenue) was \$31,812,886,490. The County operating tax rate for the 2008 levy was 4.20 mills.

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 took 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.

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

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2008

Note 1 – Summary of Significant Accounting Policies (concluded)

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.

Note 2 - Deposits and Investments

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

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

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2008

Note 2 – Deposits and Investments (continued)

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

The deposits and investments of the primary government and component units, excluding the pension and other postemployment benefit trust funds, at December 31, 2008 and September 30, 2008, respectively, are presented below.

	<u>Primary Government</u>	<u>Component Units</u>	<u>Percent of Total</u>
Cash on hand	\$ 61,470	\$ -	0.03%
Bank and money market accounts	13,850,111	19,986,070	6.62%
Certificates of deposit	<u>176,019,043</u>	<u>84,295,484</u>	<u>84.07%</u>
Subtotal - deposits	<u>189,930,624</u>	<u>104,281,554</u>	<u>90.72%</u>
Commercial paper	14,499,864	-	6.93%
US Treasury securities	<u>4,924,645</u>	<u>10,328,685</u>	<u>2.35%</u>
Subtotal - investments	<u>19,424,509</u>	<u>10,328,685</u>	<u>9.28%</u>
Total deposits and investments	209,355,133	114,610,239	<u>100.00%</u>
Timing effect of different year ends	<u>4,274,613</u>	-	
Amount reported at December 31, 2008	<u>\$ 213,629,746</u>	<u>\$ 114,610,239</u>	
Amount reported in primary government	\$ 193,191,118		
Amount reported in agency funds	<u>20,438,628</u>		
	<u>\$ 213,629,746</u>		

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

At year-end, the book value of the deposits was \$294,212,178, with corresponding bank balances of \$301,902,730. Qualifying deposits are insured by the FDIC up to \$250,000. Of the bank balances \$3,250,000 was insured and the remaining \$298,652,730 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.

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2008

Note 2 – Deposits and Investments (continued)

Primary Government Deposits and Investments (concluded) –

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

- **Custodial Credit Risk** exists when securities are uninsured, unregistered or held by a counterparty or its agent but not in the government's name. All investments of the primary government are held in the name of the County and are evidenced by a safekeeping receipt and, therefore, are not exposed to custodial credit risk.
- **Credit Risk** is a measure of the creditworthiness of the issuers of the instruments being held and represents the risk that the issuer or other 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. No investments exceed the 5% threshold at year-end.
- **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			Percent of Total
	US Treasury	Commercial Paper	Total	
Less than 1	\$ 10,766,964	\$ 14,499,864	\$ 25,266,828	84.92%
1-5	4,486,366	-	4,486,366	15.08%
	<u>\$ 15,253,330</u>	<u>\$ 14,499,864</u>	<u>\$ 29,753,194</u>	<u>100.00%</u>

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2008

Note 2 – Deposits and Investments (continued)

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, 2008 are presented below:

<u>Investment Type</u>	<u>Amount</u>	<u>Percent of Total</u>
Cash and pooled investments	\$ 3,285,719	3.88%
Equity Mutual Funds	56,027,292	66.14%
Bond Mutual Funds	15,867,440	18.73%
Foreign Stock	9,313,908	10.99%
Common Stock	216,714	0.26%
	<u>\$ 84,711,073</u>	<u>100.00%</u>

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

- ***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, 2008, the Fund's investments in debt securities were rated by Standard & Pooers 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	\$ 3,950,993	\$ 7,584,636	\$ 1,110,677	\$ 12,646,306	79.70%
AA	-	-	650,638	650,638	4.10%
A	-	-	1,364,520	1,364,520	8.60%
BAA	-	-	1,205,976	1,205,976	7.60%
	<u>\$ 3,950,993</u>	<u>\$ 7,584,636</u>	<u>\$ 4,331,811</u>	<u>\$ 15,867,440</u>	<u>100.00%</u>

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2008

Note 2 – Deposits and Investments (continued)

Retiree Health Care Trust Fund Investments (concluded) –

- *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, 2008.

- *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			Total	Percent of Total
	US Treasury	US Agency	Corporate		
1-5	\$ 2,761,744	\$ 5,301,661	\$ 3,027,936	\$ 11,091,341	69.90%
6-10	806,003	1,547,265	883,689	3,236,957	20.40%
11 or more	383,246	735,710	420,186	1,539,142	9.70%
	<u>\$ 3,950,993</u>	<u>\$ 7,584,636</u>	<u>\$ 4,331,811</u>	<u>\$ 15,867,440</u>	<u>100.00%</u>

Employees' Retirement System Deposits and Investments - A summary of the investments of the System at December 31, 2008 is presented below:

Investment Type	Amount	Percent of Total
Cash and pooled investments	\$ 80,387,601	12.56%
Corporate bonds	75,974,909	11.87%
Preferred stock	7,704,498	1.20%
Common stock	127,527,413	19.93%
Foreign stock	20,705,009	3.23%
Limited partnerships	57,353,476	8.96%
Mutual funds	270,378,388	42.25%
	<u>\$ 640,031,294</u>	<u>100.00%</u>

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2008

Note 2 - Deposits and Investments (continued)

Employees' Retirement System Deposits and Investments (continued) --

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 \$80,387,601, with corresponding bank balances of \$80,558,081. Qualifying deposits are insured by the FDIC up to \$250,000. Of the bank balances of the System, \$500,000 was insured and the remaining \$80,058,081 was uninsured and uncollateralized.

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

- **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, 2008, the System's investments in debt securities were rated by Standard & Poors as follows:

<u>Quality Rating</u>	<u>Corporate Bonds</u>	<u>Percent of Total</u>
AAA	\$ 43,341,004	57.04%
AA	3,628,586	4.78%
A	10,531,464	13.86%
BBB	15,209,626	20.02%
BB	1,023,649	1.35%
B	2,240,580	2.95%
	<u>\$ 75,974,909</u>	<u>100.00%</u>

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2008

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, 2008 were as follows:

<u>Maturities (Years)</u>	<u>Corporate Bonds</u>	<u>Percent of Total</u>
1-5	\$ 40,518,548	53.34%
6-10	21,086,445	27.75%
11 or more	14,369,916	18.91%
	<u>\$ 75,974,909</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, 2008. 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 \$57,353,476 at December 31, 2008 and constituted 8.96% of the investment portfolio of the System.

Securities Lending Credit Risk – The Macomb County Employees' Retirement System is authorized to participate in securities lending agreements with its custodian. Such transactions involve loans of securities to broker/dealers and other entities for collateral with a simultaneous agreement to return the collateral for the same securities in the future and are perceived to be invisible to the third party money managers who manage segments of the portfolio. The market for securities lending has developed to provide temporary access to a large portfolio of securities for broker/dealers who have a need to borrow specific instruments. Broker/dealers collateralize their borrowings (typically in cash) to 102% of the security value for domestic securities and 105% for foreign securities and this collateral is adjusted daily to maintain the appropriate level. The System had no credit risk exposure to borrowers at year-end since the borrowers had collateralized the securities on loan at 102%. In addition, the system is indemnified through its agreement with its custodian should borrowers fail to return securities lent or fail to pay the System income distributions by the securities' issuers while the securities are on loan. The System may not pledge or sell collateral securities, except in the case of borrower default. The System periodically reviews the custodian's practices to ensure fair distributions by the securities' issuers while the securities are on loan. The value of securities on loan at December 31, 2008 was \$25,396,045.

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2008

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, 2008:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Capital assets not being depreciated				
Land	\$ 14,154,314	\$ -	\$ 1,155,455	\$ 12,998,859
Construction in progress	10,974,177	9,268,055	12,022,605	8,219,627
Total capital assets not being depreciated	<u>25,128,491</u>	<u>9,268,055</u>	<u>13,178,060</u>	<u>21,218,486</u>
Capital assets being depreciated				
Land improvements	9,768,083	132,017	-	9,900,100
Buildings	169,464,031	12,277,801	-	181,741,832
Machinery, equipment and vehicles	66,143,675	2,928,403	16,518,068	52,554,010
Total capital assets being depreciated	<u>245,375,789</u>	<u>15,338,221</u>	<u>16,518,068</u>	<u>244,195,942</u>
Less accumulated depreciation for				
Land improvements	3,139,772	452,121	-	3,591,893
Buildings	65,020,071	5,163,057	-	70,183,128
Machinery, equipment and vehicles	39,299,537	7,513,998	16,247,921	30,565,614
Total accumulated depreciation	<u>107,459,380</u>	<u>13,129,176</u>	<u>16,247,921</u>	<u>104,340,635</u>
Total capital assets being depreciated, net	<u>137,916,409</u>	<u>2,209,045</u>	<u>270,147</u>	<u>139,855,307</u>
Governmental activities capital assets, net	<u>\$ 163,044,900</u>	<u>\$ 11,477,100</u>	<u>\$ 13,448,207</u>	<u>\$ 161,073,793</u>

The primary government does not have any infrastructure assets. Infrastructure assets of the County are reported in either the Drainage Districts 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	\$ 2,336,648	\$ -	\$ 2,336,648
General government	2,892,000	662,482	3,554,482
Health and welfare	1,591,467	-	1,591,467
Recreation and culture	75,271	-	75,271
Public safety	5,571,308	-	5,571,308
	<u>\$ 12,466,694</u>	<u>\$ 662,482</u>	<u>\$ 13,129,176</u>

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2008

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, 2008:

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities				
Capital assets being depreciated				
Land improvements	\$ 455,054	\$ -	\$ -	\$ 455,054
Buildings	29,036,924	187,008	9,072	29,214,860
Machinery, equipment and vehicles	3,776,011	96,312	2,218,072	1,654,251
Total capital assets being depreciated	<u>33,267,989</u>	<u>283,320</u>	<u>2,227,144</u>	<u>31,324,165</u>
Less accumulated depreciation for				
Land improvements	278,182	17,683	-	295,865
Buildings	7,061,919	921,572	1,437	7,982,054
Machinery, equipment and vehicles	2,691,570	207,200	2,133,050	765,720
Total accumulated depreciation	<u>10,031,671</u>	<u>1,146,455</u>	<u>2,134,487</u>	<u>9,043,639</u>
Total capital assets being depreciated, net	<u>23,236,318</u>	<u>(863,135)</u>	<u>92,657</u>	<u>22,280,526</u>
Business-type activities capital assets, net	<u>\$ 23,236,318</u>	<u>\$ (863,135)</u>	<u>\$ 92,657</u>	<u>\$ 22,280,526</u>

The following is a summary of changes in the Drainage Districts Component Unit capital assets for the year ended September 30, 2008:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Capital assets not being depreciated				
Land	\$ 1,992,428	\$ -	\$ -	\$ 1,992,428
Construction in progress	16,903,526	1,727,494	14,119,282	4,511,738
Total capital assets not being depreciated	<u>18,895,954</u>	<u>1,727,494</u>	<u>14,119,282</u>	<u>6,504,166</u>
Capital assets being depreciated				
Infrastructure	224,304,214	14,363,772	-	238,667,986
Less accumulated depreciation for				
Infrastructure	67,484,856	4,629,723	-	72,114,579
Total capital assets being depreciated, net	<u>156,819,358</u>	<u>9,734,049</u>	<u>-</u>	<u>166,553,407</u>
Governmental activities capital assets, net	<u>\$ 175,715,312</u>	<u>\$ 11,461,543</u>	<u>\$ 14,119,282</u>	<u>\$ 173,057,573</u>

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2008

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, 2008:

	Balance Beginning	Increases	Decreases	Ending Balance
Governmental activities				
Capital assets not being depreciated				
Land	\$ 180,521,635	\$ 4,082,279	\$ -	\$ 184,603,914
Total capital assets not being depreciated	180,521,635	4,082,279	-	184,603,914
Capital assets being depreciated				
Land improvements	1,319,384	97,183	-	1,416,567
Buildings	25,157,021	28,110	-	25,185,131
Machinery, equipment and vehicles	26,887,389	1,369,637	811,210	27,445,816
Infrastructure	860,735,535	30,466,544	-	891,202,079
Total capital assets being depreciated	914,099,329	31,961,474	811,210	945,249,593
Less accumulated depreciation for				
Land improvements	814,474	67,045	-	881,519
Buildings	6,028,158	503,169	-	6,531,327
Machinery, equipment and vehicles	22,702,619	1,785,694	806,462	23,681,851
Infrastructure	357,955,403	33,919,487	-	391,874,890
Total accumulated depreciation	387,500,654	36,275,395	806,462	422,969,587
Total capital assets being depreciated, net	526,598,675	(4,313,921)	4,748	522,280,006
Governmental activities capital assets, net	\$ 707,120,310	\$ (231,642)	\$ 4,748	\$ 706,883,920

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2008

Note 4 – Long-Term Debt

The following is a summary of the long-term liability transactions for the year ended December 31, 2008:

Issue	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Primary Government					
Governmental activities					
Criminal Justice Bldg Authority					
Series 1989 Jail Renovation	\$ 300,000	\$ -	\$ 300,000	\$ -	\$ -
Series 2002-B Refunding	4,695,000	-	270,000	4,425,000	270,000
Building Authority					
Series 1999 Verkuilen Bldg	285,000	-	140,000	145,000	145,000
Series 2000 Clemens Center	350,000	-	175,000	175,000	175,000
Series 2002 MTB/Youth Home	9,950,000	-	1,250,000	8,700,000	1,300,000
Series 2002-A Refunding	6,310,000	-	680,000	5,630,000	705,000
Series 2004 Warehouse	4,550,000	-	200,000	4,350,000	200,000
Series 2004-A Public Works Bldg	3,800,000	-	175,000	3,625,000	175,000
Series 2005 Clemens Refunding	2,815,000	-	30,000	2,785,000	30,000
Series 2005 Commun System/Dist Court	17,930,000	-	725,000	17,205,000	750,000
Series 2007 Refunding	16,895,000	-	55,000	16,840,000	60,000
MI Transportation Fund					
Series 2000-A Bridge Bonds	3,115,000	-	2,775,000	340,000	340,000
Series 2004-B Bridge Bonds	9,250,000	-	3,245,000	6,005,000	400,000
Series 2008- Bridge Refunding Bonds	-	2,605,000	15,000	2,590,000	35,000
	<u>80,245,000</u>	<u>2,605,000</u>	<u>10,035,000</u>	<u>72,815,000</u>	<u>4,585,000</u>
Other liabilities					
Compensated Absences	6,025,380	1,102,519	1,104,078	6,023,821	1,300,000
General liability claims	4,624,581	3,307,336	3,846,052	4,085,865	1,000,000
Workers' compensation claims	1,839,542	1,147,187	1,198,226	1,788,503	1,000,000
	<u>92,734,503</u>	<u>8,162,042</u>	<u>16,183,356</u>	<u>84,713,189</u>	<u>7,885,000</u>
Component Units					
Drainage Districts					
Special Assessment Debt	92,820,000	22,340,000	4,910,000	110,250,000	4,755,000
Road Commission					
Compensated Absences	1,266,604	38,785	-	1,305,389	-
General liability claims	375,883	-	265,479	110,404	32,614
Workers' compensation claims	154,035	-	113,507	40,528	2,064
Total Road Commission	<u>1,796,522</u>	<u>38,785</u>	<u>378,986</u>	<u>1,456,321</u>	<u>34,678</u>
Grand Totals	<u>\$ 187,351,025</u>	<u>\$ 30,540,827</u>	<u>\$ 21,472,342</u>	<u>\$ 196,419,510</u>	<u>\$ 12,674,678</u>

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2008

Note 4 – Long-Term Debt (continued)

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

Issue	Interest Rate	Date of Issue	Maturing Through	Original Issue Amount	Balance End of Year
Primary Government					
Governmental activities					
Criminal Justice Building Authority					
Series 2002-B Refunding	2.00-4.00	01/01/2003	7/1/2013	\$ 5,830,000	\$ 4,425,000
Macomb County Building Authority					
Series 1999 Verkuilen Bldg Renovation	4.00-4.90	11/01/1999	5/1/2009	1,205,000	145,000
Series 2000 Clemens Center	4.70-5.70	08/01/2000	5/1/2020	4,000,000	175,000
Series 2002 MTB/Youth Home Renovation	3.50-5.00	05/01/2002	5/1/2022	32,000,000	8,700,000
Series 2002-A Refunding	2.50-4.00	12/01/2002	5/1/2015	8,885,000	5,630,000
Series 2004 Warehouse	2.00-5.00	05/01/2004	5/1/2024	5,100,000	4,350,000
Series 2004-A Public Works Bldg	3.00-4.50	11/01/2004	5/1/2024	4,250,000	3,625,000
Series 2005 Clemens Refunding	3.25-5.00	12/01/2005	5/1/2020	2,875,000	2,785,000
Series 2005 Commun System/Dist Court	3.75-4.50	12/01/2005	11/1/2025	19,380,000	17,205,000
Series 2007 Refunding	3.50-4.22	04/01/2007	3/1/2022	16,895,000	16,840,000
Michigan Transportation Bonds					
Series 2000-A Bridge Bonds	5.375-5.625	06/01/2000	12/1/2015	5,000,000	340,000
Series 2004-B Bridge Bonds	3.00-4.75	05/01/2004	12/1/2024	10,000,000	6,005,000
Series 2008 Bridge Refunding Bonds	3.00-3.50	06/01/2008	12/1/2015	2,605,000	2,590,000
Total Primary Government				118,025,000	72,815,000
Drainage Districts Component Unit					
Special Assessment Debt					
Busch Drain	3.80 - 4.55	10/01/1998	05/01/2014	1,250,000	650,000
Hawken Drain	4.30 - 5.25	08/01/2000	05/01/2015	795,000	400,000
Hayes Drain	4.50 - 5.20	08/01/2000	05/01/2015	1,095,000	725,000
Plumbrook Bridge Replacement	4.00 - 5.00	08/01/2000	05/01/2015	2,800,000	1,700,000
Schmidt Drain	3.60 - 4.30	05/01/2006	06/01/2016	525,000	425,000
17 Mile Road Drain & Branches	4.00 - 8.00	04/01/1973	05/01/2013	2,315,000	1,390,000
17 Mile Road Extension	3.00 - 4.50	11/01/2001	11/01/2016	1,725,000	1,125,000
Sterling Relief Lateral 12B Extension	2.00 - 4.00	09/01/2003	11/01/2012	885,000	505,000
Armada Village MCSSS	2.00	01/23/1992	10/01/2011	1,170,000	215,000
North Gration Interceptor	3.75 - 4.20	11/01/2006	05/01/2032	3,380,000	3,330,000
North Gration Interceptor - Lenox Local	4.00 - 4.25	03/01/2007	05/01/2031	15,200,000	14,750,000
North Gration Interceptor - Phase 1	3.25 - 4.75	06/01/2008	05/01/2033	22,340,000	22,340,000

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2008

Note 4 – Long-Term Debt (continued)

Issue	Interest Rate	Date of Issue	Maturing Through	Original Issue Amount	Balance End of Year
Drainage Districts Component Unit					
Special Assessment Debt					
Lake St. Clair Clean Water Initiative Series A	4.30 - 4.90	01/01/2001	10/1/2018	9,990,000	8,580,000
Lake St. Clair Clean Water Initiative					
State Revolving Fund Series #1 (5186-01)	2.50	Various	10/01/2022	20,670,000	15,515,000
Lake St. Clair Clean Water Initiative Phase II, No. 2		04/01/2002	04/01/2023	5,000,000	4,350,000
Lake St. Clair Clean Water Initiative					
State Revolving Fund Series #2 (5186-02)	2.50	Various	04/01/2022	13,630,000	10,235,000
Lake St. Clair Clean Water Initiative					
State Revolving Fund Series #3 (5186-03)	2.50	Various	04/08/2022	2,640,000	1,980,000
Lake St. Clair Clean Water Initiative					
State Revolving Fund Series #4 (5186-04)	2.50	Various	10/01/2022	5,550,000	4,165,000
Lake St. Clair Clean Water Initiative					
State Revolving Fund Series #5 (5186-05)	2.50	Various	10/01/2022	975,000	775,000
Lake St. Clair Clean Water Initiative Series 2004A	4.375 - 5.150	06/01/2004	10/01/2029	5,000,000	4,500,000
Lake St. Clair Clean Water Initiative Series 2004B	4.375 - 5.150	06/01/2004	10/01/2029	14,000,000	12,595,000
Total Drainage Districts Component Unit				<u>130,935,000</u>	<u>110,250,000</u>
Total Reporting Entity				<u>\$ 248,960,000</u>	<u>\$ 183,065,000</u>

All long-term obligations are presented as of December 31, 2008 except for the Special Assessment Debt with Governmental Commitment and Road Commission obligations, which are presented as of September 30, 2008. 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, 2008

Note 4 – Long-Term Debt (continued)

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

Principal Maturities					
Year	Primary Government			Drainage Districts	
	Building Authority	Criminal Justice	MI Transportation	Total	Special
		Building Authority	Bonds		Assessment Debt
2009	\$ 3,540,000	\$ 270,000	775,000	\$ 4,585,000	\$ 4,755,000
2010	3,505,000	865,000	795,000	5,165,000	4,985,000
2011	3,660,000	1,155,000	805,000	5,620,000	5,095,000
2012	3,815,000	1,135,000	920,000	5,870,000	5,215,000
2013	3,980,000	1,000,000	930,000	5,910,000	5,390,000
2014-2018	19,550,000	-	3,405,000	22,955,000	26,415,000
2019-2023	18,100,000	-	1,305,000	19,405,000	27,025,000
2024-2028	3,305,000	-	-	3,305,000	19,675,000
2029-2033	-	-	-	-	11,695,000
	<u>\$ 59,455,000</u>	<u>\$ 4,425,000</u>	<u>\$ 8,935,000</u>	<u>\$ 72,815,000</u>	<u>\$ 110,250,000</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:

Interest Maturities					
Year	Primary Government			Drainage Districts	
	Building Authority	Criminal Justice	MI Transportation	Total	Special
		Building Authority	Bonds		Assessment Debt
2009	\$ 2,364,190	\$ 170,600	344,962	\$ 2,879,752	\$ 4,255,333
2010	2,231,772	161,150	311,050	2,703,972	4,092,594
2011	2,096,741	128,712	283,712	2,509,165	3,921,694
2012	1,954,078	85,400	256,050	2,295,528	3,743,486
2013	1,800,716	40,000	224,275	2,064,991	3,557,682
2014-2018	6,633,812	-	643,525	7,277,337	14,958,701
2019-2023	2,680,829	-	92,775	2,773,604	10,075,662
2024-2028	195,875	-	-	195,875	5,199,560
2029-2033	-	-	-	-	1,038,265
	<u>\$ 19,958,013</u>	<u>\$ 585,862</u>	<u>\$ 2,156,349</u>	<u>\$ 22,700,224</u>	<u>\$ 50,842,977</u>

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2008

Note 4 – Long-Term Debt (continued)

New debt issued - On May 8, 2008, the County issued \$2,605,000 of Series 2008 Michigan Transportation Fund Refunding bonds to advance refund \$2,450,000 of the \$3,115,000 Macomb County Building Authority Series 2000 Michigan Transportation Fund bonds outstanding at that date. The net proceeds of \$2,577,947 (after payment of \$61,381 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 \$665,000 Series 2000 Michigan Transportation Fund bonds are due and payable serially through December 1, 2009. 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 \$104,413. The economic gain realized by the County as a result of the refunding was \$93,941, 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 3.00% to 3.50% and are due serially through December 1, 2015. The bonds are a general obligation of the County and are secured by the full faith and credit of the County. None of the refunding bonds are subject to early redemption.

On June 19, 2008, the North Gratiot Interceptor Drain Drainage District (the "Drainage District") issued \$22,340,000 of Series 2008 North Gratiot Interceptor Phase I bonds for the purpose of paying the cost of acquiring and constructing improvements to the North Gratiot Interceptor Drain. Bonds totaling \$11,440,000 were issued in denominations of \$5,000 or multiples thereof, bear interest from 3.250% to 4.625% and are due serially through May 1, 2027. The remaining \$10,900,000 term bonds bear interest from 4.75% to 5.00% and are due annually May 1, 2021 through May 1, 2033. The Bonds were issued under the provisions of Section 275 of Act 40, Public Acts of Michigan, 1956, as amended, and are payable from of special assessments against the Macomb County Wastewater Disposal District, the Charter Township of Chesterfield, the Township of Lenox and the Village of New Haven. The assessments represent a general obligation of the local units and are payable from their general funds or ad valorem taxes that may be levied by them. The County has also pledged its full faith and credit as additional security for the payment of the principal of and interest on the Bonds when due. Bonds designated as term bonds are subject to mandatory redemption at par and accrued interest on dates and in amounts as specified in the bond offering official statement. Of the remaining bonds, none maturing prior to May 1, 2016 are subject to early redemption. Bonds maturing on or after May 1, 2017 are subject to redemption at par plus accrued interest on or after May 1, 2016.

Defeased debt - On August 14, 2008, the County defeased \$2,895,000 of the \$9,250,000 Series 2004 Michigan Transportation Bonds outstanding at that date. A total of \$3,107,810 (after payment of \$9,900 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 defeased bonds. Therefore, the defeased bonds have been removed from the accounts of the County. The remaining \$6,355,000 Series 2004 Michigan Transportation Fund bonds are due and payable serially through December 1, 2021. 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 \$1,821,402. The economic gain realized by the County as a result of the refunding was \$359,818, which represents the difference between the present value of the debt service payments on the old and new debt.

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2008

Note 4 – Long-Term Debt (concluded)

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, 2008, the amount of defeased debt outstanding but not reported as long-term debt of the primary government totaled \$24,220,000.

Note 5 – Interfund Receivables, Payables and Transfers

	Due From Other Funds	Due To Other Funds
<u>Major governmental funds</u>		
General Fund	\$ 10,251,951	\$ -
Friend of the Court		1,623,103
	10,251,951	1,623,103
Nonmajor Special Revenue Funds	-	1,451,636
Internal Service Funds	4,512,219	190,148
<u>Major Business-Type Activities Funds</u>		
Delinquent Tax Revolving	-	6,744,837
Martha T. Berry	-	126,616
Freedom Hill Park	-	115,611
	-	6,987,064
<u>Fiduciary Funds</u>		
Pension Trust	950,977	1,022,245
Retiree Health Fund	-	4,520,373
Agency Funds	113,415	761
Fiduciary funds	1,064,392	5,543,379
Reporting Entity Subtotal	15,828,562	15,795,330
Imbalance caused by the timing effects of interfund transactions in funds with different year-end reporting dates	(33,232)	-
	\$ 15,795,330	\$ 15,795,330

The majority of the outstanding interfund balances represent short-term working capital loans for funds with negative cash balances in the County's cash and investment pool at year-end. However, certain balances result from the difference between the dates that interfund goods and services are provided and when the related payments are made.

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2008

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

	<u>Transfers In</u>	<u>Transfers Out</u>
<u>Major governmental funds</u>		
General Fund	\$ 27,356,343	\$ 64,858,581
Revenue Sharing Reserve	-	15,418,206
Child Care	16,885,557	-
Friend of the Court	5,115,781	3,000,000
	<u>49,357,681</u>	<u>83,276,787</u>
<u>Nonmajor governmental funds</u>		
Special revenue	22,157,624	753,180
Debt Service	10,509,819	-
Capital Projects	22,031,665	23,786,787
	<u>54,699,108</u>	<u>24,539,967</u>
Internal Service Funds	2,273,746	-
<u>Major Business-type activities</u>		
Delinquent Tax Revolving	-	8,655,000
Community Mental Health	5,941,852	-
Martha T. Berry Medical Care Facility - Operations	2,445,359	-
Martha T. Berry Medical Care Facility - Capital assets	31,142	-
Freedom Hill Park	755,866	-
	<u>9,174,219</u>	<u>8,655,000</u>
Subtotal	115,504,754	116,471,754
Imbalance caused by the timing effects of interfund transactions in funds with different year-end reporting dates	967,000	-
	<u>\$ 116,471,754</u>	<u>\$ 116,471,754</u>

Interfund transfers are used to (1) account for the movement of unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorization and (2) move restricted revenues from the funds that are allowed to collect them to funds that are allowed to expend them, most notably property taxes collected by the Revenue Sharing Reserve Fund and transferred to the General Fund in accordance with Public Act 357 of 2004 (see B-31).

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2008

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 \$31,142 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, 2008 were:

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

Note 6 – Leases

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

<u>Year</u>	<u>Amount</u>
2009	\$ 2,094,616
2010	1,791,270
2011	1,374,909
2012	980,165
2013	551,541
2014	110,634
2015	110,634
2016	110,634
2017	<u>59,927</u>
	<u>\$ 7,184,330</u>

Rental expense totaled \$2,369,694 for the year ended December 31, 2008.

Note 7 – Deferred Compensation

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

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2008

Note 8 – Employees’ Retirement System

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

At December 31, 2007 (date of the most recent actuarial valuation) the System’s membership consisted of:

Terminated employees entitled to benefits but not yet receiving them	228
Active employees covered by the plan	2,514
Total membership	4,926

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

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

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

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

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

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2008

Note 8– Employees’ Retirement System (continued)

Funding Policy – The System’s funding policy provides for periodic employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are designed to accumulate sufficient assets to pay benefits when due. The County’s required contribution for 2008 was \$18,658,075. Administrative costs of the System are financed from investment earnings. General County employees contribute 2.5% or 3.5% of their annual salary to the System depending upon classification. Road Commission employees contribute 3.5% of their annual salary. Sheriff employees contribute 4.0% of their annual salary. The County contributes the remaining amounts necessary to fund the System, using the actuarial basis specified by statute.

Annual Pension Cost and Net Pension Obligation – During the year ended December 31, 2008, employer contributions totaled \$18,658,075, as required by the actuarial valuation of the plan as of December 31, 2006. 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>
2006	\$ 20,215,000	100	-
2007	19,121,330	100	-
2008	18,658,075	100	-

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

Funding Status and Progress – As of December 31, 2007, the date of the most recent actuarial valuation, the plan was 109.7% funded. The actuarial accrued liability for benefits was \$772,649,767 and the actuarial value of assets in the plan was \$847,305,155, resulting in an excess of assets over the actuarial accrued liability of \$74,655,388. Covered payroll was \$126,696,252 and the ratio of the UAAL to covered payroll was 58.9 percent.

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (concluded)
December 31, 2008

Note 8- Employees' Retirement System (concluded)

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, 2008.

The System does not issue separate independently audited financial statements; therefore, condensed financial statements as of and for the year ended December 31, 2008 are presented below:

Statement of Fiduciary Net Assets

ASSETS	
Cash and investments	\$ 640,031,294
Securities lending collateral	26,086,808
Receivables	586,960
Due From Other Funds	<u>950,977</u>
 Total assets	 <u>667,656,039</u>
 LIABILITIES	
Accounts payable	662,627
Due to other funds	1,022,245
Obligations under securities lending	<u>26,086,808</u>
 Total Liabilities	 <u>27,771,680</u>
 NET ASSETS	 <u><u>\$ 639,884,359</u></u>

Statement of Changes in Fiduciary Net Assets

ADDITIONS	
Contributions	
Employer	\$ 18,658,075
Employee	4,994,742
Investment loss	<u>(252,478,480)</u>
 Total additions	 <u>(228,825,663)</u>
 DEDUCTIONS	
Benefit payments	36,017,384
Other expenses	<u>571,199</u>
 Total deductions	 <u>36,588,583</u>
 Net decrease in net assets	 (265,414,246)
 Net assets held in trust , beginning of year	 <u>905,298,605</u>
 Net assets held in trust , end of year	 <u><u>\$ 639,884,359</u></u>

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2008

Note 9-- 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:

Terminated employees entitled to benefits but not yet receiving them	204
Active employees covered by the plan	<u>2,388</u>
Total membership	<u><u>4,172</u></u>

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, 2008 was \$16,179,774, of which the employer contributed \$15,588,755 and plan members contributed \$591,019.

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.

The following table shows the components of the County's OPEB cost for the year ended December 31, 2008.

Annual required contribution	\$ 55,483,723
Interest on net OPEB obligation	2,874,971
Adjustment to annual required contribution	<u>-</u>
Annual OPEB cost	58,358,694
Employer contributions	<u>(15,588,755)</u>
Increase in OPEB obligation	42,769,939
Net OPEB obligation, beginning of year	<u>38,332,944</u>
Net OPEB obligation, end of year	<u><u>\$ 81,102,883</u></u>

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2008

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

The County implemented GASB Statement No. 45 in 2007 and used an actuarial valuation as of December 31, 2006 to determine its initial OPEB obligation. Since actuarial valuations of the Retiree Health Care Plan are performed on a biennial basis, the 2008 ARC does not include any amortization of the underfunding from the year ended December 31, 2007. Consequently, no adjustment to the ARC was necessary when calculating the OPEB obligation at December 31, 2008. Any deficiencies in the funding of the OPEB liability from fiscal 2007 and fiscal 2008 will be factored into future actuarial valuations. The valuation as of December 31, 2008 is expected to be completed in July 2009.

The County's annual OPEB cost, percentage of annual OPEB cost contributed and the net OPEB obligation as of December 31, 2008 were as follows:

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Year Ended December 31	Annual Required Contribution	Percentage Contributed	Net OPEB Obligation
2007	\$ 52,841,641	27.5%	\$ 38,332,944
2008	55,483,723	28.1%	81,102,883

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 (concluded)
December 31, 2008

Note 9– 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.

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, 2008.

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, 2008 is presented below:

Statement of Fiduciary Net Assets

ASSETS	
Cash and investments	\$ 84,711,073
Receivables	299,350
Other assets	<u>72,954</u>
Total assets	<u>85,083,377</u>
LIABILITIES	
Accounts payable	3,209,062
Due to other funds	<u>4,520,373</u>
Total Liabilities	<u>7,729,435</u>
NET ASSETS	<u>\$ 77,353,942</u>

Statement of Changes In Fiduciary Net Assets

ADDITIONS	
Contributions	\$ 16,179,774
Investment loss	<u>(34,313,776)</u>
Total additions	<u>(18,134,002)</u>
DEDUCTIONS	
Benefit payments	16,088,293
Other expenses	<u>91,481</u>
Total deductions	<u>16,179,774</u>
Net decrease in net assets	(34,313,776)
Net assets held in trust , beginning of year	<u>111,667,718</u>
Net assets held in trust , end of year	<u>\$ 77,353,942</u>

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2008

Note 10 - 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 \$2,951,272 for the year ended September 30, 2008. 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, 2008.

Annual OPEB Cost and Net OPEB Obligation - The cost of providing retiree health care benefits (OPEB) for the year ended September 30, 2008 was determined through an actuarial valuation as of December 31, 2006. 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, 2008.

Annual required contribution	\$ 6,302,811
Interest on net OPEB obligation	51,998
Adjustment to annual required contribution	<u>(32,499)</u>
Annual OPEB cost	6,322,310
Employer contributions	<u>(5,951,272)</u>
Increase in OPEB obligation	371,038
Net OPEB obligation, beginning of year	<u>649,979</u>
Net OPEB obligation, end of year	<u><u>\$ 1,021,017</u></u>

The Road Commission's s annual OPEB cost, percentage of annual OPEB cost contributed and the net OPEB obligation as of September 30, 2008 were as follows:

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Year Ended September 30	Annual Required Contribution	Percentage Contributed	Net OPEB Obligation
2007	\$ 6,147,445	89.4%	\$ 649,979
2008	6,302,811	94.4%	1,021,017

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2008

Note 10 – Post Employment Benefits Other Than Pensions – Road Commission (concluded)

Funding Status and Progress – As of December 31, 2007, the date of the most recent actuarial valuation, the plan was 11.0% funded. The actuarial accrued liability for benefits was \$87,898,593 and the actuarial value of assets in the plan was \$9,621,290, resulting in an unfunded actuarial accrued liability (UAAL) of \$78,277,303. Covered payroll was \$14,621,336 and the ratio of the UAAL to covered payroll was 535.4 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, 2007. Other significant assumptions were as follows: a) investments are assumed to earn 8.0% 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 6% is reached in the tenth year and beyond, (c) annual covered payroll is assumed to increase 4.0% 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 28 years.

Note 11 – Contingencies and commitments

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

Construction projects – At year-end, the County was committed for the estimated cost of completing renovation of its Juvenile Justice Center in the amount of \$1,526,224.

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2008

Note 12- Risk Management

The County is exposed to various risks of loss related to property damage and loss, torts, errors and omissions, employee injury (workers' compensation) and medical benefits provided to employees and retirees. The County has purchased commercial insurance for property damage coverage and certain medical benefits, but is self-insured for workers' compensation and general liability claims up to certain retention amounts, at which time reinsurance begins. The County also self-funds certain medical benefits of employees and retirees. There were no significant reductions in insurance coverage in 2008 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, 2008, the primary government has accrued an aggregate of \$1,788,503 for unresolved workers' compensation claims. At September 30, 2008, the Road Commission component unit has accrued an aggregate of \$40,528 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,	
	2007	2008	2007	2008
Estimated liability - beginning of year	\$ 1,642,061	\$ 1,839,542	\$ 337,360	\$ 154,035
Estimated claims incurred, including changes in estimates	1,170,209	1,147,187	(60,195)	(79,164)
Claims payments	(972,728)	(1,198,226)	(123,130)	(34,343)
Estimated liability - end of year	<u>\$ 1,839,542</u>	<u>\$ 1,788,503</u>	<u>\$ 154,035</u>	<u>\$ 40,528</u>

General Liability – The County is a defendant in various lawsuits in which plaintiffs seek damages of an indeterminable amount. Since December 1, 1977, the primary government has been partially self-insured for losses of a general liability nature. The County (excluding the Martha T. Berry Medical Care Facility and the Road Commission Component Unit) 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 Martha T. Berry Medical Care Facility has been completely self-insured for general liability claims since July 1, 2003. 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, 2008, the Road Commission had an accrual of \$110,404 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, 2008, the primary government reported a balance of \$4,085,865 for its unresolved general liability claims.

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (concluded)
December 31, 2008

Note 12- 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>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>
Estimated liability - beginning of year	\$ 4,771,237	\$ 4,624,581	\$ 1,627,623	\$ 375,883
Estimated claims incurred, including changes in estimates	2,342,695	3,307,336	(1,222,013)	(252,039)
Claims payments	<u>(2,489,351)</u>	<u>(3,846,052)</u>	<u>(29,727)</u>	<u>(13,440)</u>
Estimated liability - end of year	<u>\$ 4,624,581</u>	<u>\$ 4,085,865</u>	<u>\$ 375,883</u>	<u>\$ 110,404</u>

Note 13- Fund Balance Deficit

The Community Mental Health business-type unit reported a deficit in its unrestricted net assets of \$2,656,740 at September 30, 2008, which is composed of a deficit of \$2,960,104 in its operating fund and a surplus of \$303,364 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.

Note 14 – Restatement

The beginning net assets of governmental activities were increased and the assets and liabilities of the agency funds decreased by \$12,906,795 to reflect certain reclassifications in the current year.

MACOMB COUNTY, MICHIGAN

December 31, 2008

Other Required Supplementary Information

Budgetary Comparison Schedule – General Fund

Budgetary Comparison Schedule – Revenue Sharing Reserve Fund

Budgetary Comparison Schedule – Child Care Fund

Budgetary Comparison Schedule – Friend of the Court 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, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Taxes				
Current property	\$ 137,829,813	\$ 137,829,813	\$ 131,740,917	\$ (6,088,896)
Delinquent personal property	600,000	600,000	621,471	21,471
	<u>138,429,813</u>	<u>138,429,813</u>	<u>132,362,388</u>	<u>(6,067,425)</u>
Licenses and Permits	<u>343,900</u>	<u>343,900</u>	<u>348,032</u>	<u>4,132</u>
Federal Grants	<u>-</u>	<u>50,000</u>	<u>38,719</u>	<u>(11,281)</u>
State Grants				
Court financing	5,020,695	5,020,695	5,444,383	423,688
Cigarette tax	357,689	357,689	270,966	(88,723)
Liquor tax	2,011,246	2,011,246	530,590	(1,480,656)
Other	718,000	668,242	773,958	105,716
	<u>8,107,630</u>	<u>8,057,872</u>	<u>7,019,897</u>	<u>(1,037,975)</u>
Charges for Services				
Court costs and fees	2,530,300	2,536,300	2,431,532	(104,768)
Certified copies	858,500	838,500	775,081	(63,419)
Probation oversight fees	1,195,000	1,195,000	785,471	(409,529)
Land transfer tax	3,150,000	3,150,000	2,483,504	(666,496)
Recording fees	3,189,000	3,209,000	2,110,370	(1,098,630)
Rents	75,000	75,000	50,429	(24,571)
Sheriff road patrol	7,691,961	7,866,485	7,866,480	(5)
Other sheriff services	1,083,965	1,083,965	1,030,803	(53,162)
Foster care	899,000	899,000	457,604	(441,396)
Attorney fees	1,000,000	1,000,000	1,146,339	148,339
Public works - pumping station	985,192	1,058,192	1,066,798	8,606
Personal services	1,650,000	1,650,000	357,196	(1,292,804)
Housing inmates	1,993,000	1,978,000	2,291,724	313,724
Soil erosion fees	335,000	335,000	158,254	(176,746)
Commissions	934,650	972,750	1,017,540	44,790
Miscellaneous	1,520,695	1,634,741	1,922,667	267,926
	<u>29,091,263</u>	<u>29,481,933</u>	<u>25,951,792</u>	<u>(3,530,141)</u>
Investment Income	<u>6,802,500</u>	<u>6,802,500</u>	<u>2,979,670</u>	<u>(3,822,830)</u>
Charges to Other Funds for Administrative Services				
Data processing division	6,720,448	6,720,448	6,083,370	(637,078)
Other administrative charges	7,923,330	7,923,330	8,438,477	515,147
	<u>14,643,778</u>	<u>14,643,778</u>	<u>14,521,847</u>	<u>(121,931)</u>
Fines and Forfeitures	<u>914,100</u>	<u>914,100</u>	<u>671,938</u>	<u>(242,162)</u>
Other Revenue	<u>37,100</u>	<u>45,825</u>	<u>200,367</u>	<u>154,542</u>
Total Revenues	<u>198,370,084</u>	<u>198,769,721</u>	<u>184,094,650</u>	<u>(14,675,071)</u>
Other Financing Sources				
Transfers in	27,268,063	27,568,888	27,356,343	(212,545)
Total Revenues and Other Financing Sources	<u>\$ 225,638,147</u>	<u>\$ 226,338,609</u>	<u>\$ 211,450,993</u>	<u>\$ (14,887,616)</u>

MACOMB COUNTY, MICHIGAN
Required Supplementary Information
Budgetary Comparison Schedule (GAAP Basis) - General Fund Expenditures
Year Ended December 31, 2008

	<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	\$ 2,338,093	\$ 2,338,093	\$ 2,199,488	\$ 138,605
Operating	205,963	205,963	154,640	51,323
Department Total	<u>2,544,056</u>	<u>2,544,056</u>	<u>2,354,128</u>	<u>189,928</u>
Total Legislative	<u>2,544,056</u>	<u>2,544,056</u>	<u>2,354,128</u>	<u>189,928</u>
Judicial				
Circuit Court				
Salaries and fringe benefits	5,035,152	5,036,487	4,839,323	197,164
Operating	5,002,136	5,252,136	5,130,807	121,329
Department Total	<u>10,037,288</u>	<u>10,288,623</u>	<u>9,970,130</u>	<u>318,493</u>
District Court - New Baltimore				
Salaries and fringe benefits	1,090,564	1,105,429	1,132,477	(27,048)
Operating	292,592	292,592	281,560	11,032
Department Total	<u>1,383,156</u>	<u>1,398,021</u>	<u>1,414,037</u>	<u>(16,016)</u>
District Court - Romeo				
Salaries and fringe benefits	897,247	908,986	898,954	10,032
Operating	248,922	248,922	228,766	20,156
Department Total	<u>1,146,169</u>	<u>1,157,908</u>	<u>1,127,720</u>	<u>30,188</u>
District Court - 3rd Class				
Operating	59,000	59,000	44,055	14,945
Family Counseling				
Salaries and fringe benefits	60,420	61,340	60,644	696
Operating	159,104	159,104	127,523	31,581
Department Total	<u>219,524</u>	<u>220,444</u>	<u>188,167</u>	<u>32,277</u>
Family Court - Juvenile Division				
Salaries and fringe benefits	4,505,441	4,555,204	4,573,673	(18,469)
Operating	1,746,240	1,493,720	1,446,018	47,702
Capital Outlay	-	3,320	-	3,320
Department Total	<u>6,251,681</u>	<u>6,052,244</u>	<u>6,019,691</u>	<u>32,553</u>
Jury Commission				
Operating	75,796	75,796	69,918	5,878
Capital Outlay	-	29,747	13,884	15,863
Department Total	<u>75,796</u>	<u>105,543</u>	<u>83,802</u>	<u>21,741</u>

MACOMB COUNTY, MICHIGAN
Required Supplementary Information
Budgetary Comparison Schedule (GAAP Basis) - General Fund Expenditures
Year Ended December 31, 2008

	<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	\$ 915,860	\$ 915,860	\$ 844,864	\$ 70,996
Operating	296,048	281,758	270,968	10,790
Department Total	<u>1,211,908</u>	<u>1,197,618</u>	<u>1,115,832</u>	<u>81,786</u>
Probate Court - Wills and Estates Division				
Salaries and fringe benefits	2,369,500	2,370,560	2,320,563	49,997
Operating	251,550	265,840	264,866	974
Department Total	<u>2,621,050</u>	<u>2,636,400</u>	<u>2,585,429</u>	<u>50,971</u>
Probation - Circuit Court				
Operating	<u>156,320</u>	<u>156,320</u>	<u>144,406</u>	<u>11,914</u>
Probation - District Court				
Salaries and fringe benefits	1,497,938	1,497,938	1,420,227	77,711
Operating	89,672	95,672	86,076	9,596
Department Total	<u>1,587,610</u>	<u>1,593,610</u>	<u>1,506,303</u>	<u>87,307</u>
Total Judicial	<u>24,749,502</u>	<u>24,865,731</u>	<u>24,199,572</u>	<u>666,159</u>
General Government				
County Clerk				
Salaries and fringe benefits	4,174,564	4,174,564	4,042,382	132,182
Operating	503,356	502,098	434,626	67,472
Department Total	<u>4,677,920</u>	<u>4,676,662</u>	<u>4,477,008</u>	<u>199,654</u>
Corporation Counsel				
Salaries and fringe benefits	1,000,084	1,000,084	989,740	10,344
Operating	49,326	49,326	48,150	1,176
Department Total	<u>1,049,410</u>	<u>1,049,410</u>	<u>1,037,890</u>	<u>11,520</u>
Elections				
Operating	<u>34,769</u>	<u>57,648</u>	<u>56,508</u>	<u>1,140</u>

MACOMB COUNTY, MICHIGAN
Required Supplementary Information
Budgetary Comparison Schedule (GAAP Basis) - General Fund Expenditures
Year Ended December 31, 2008

	<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	\$ 8,306,810	\$ 8,310,810	\$ 7,742,530	\$ 568,280
Operating	9,588,362	9,590,252	7,372,932	2,217,320
Department Total	<u>17,895,172</u>	<u>17,901,062</u>	<u>15,115,462</u>	<u>2,785,600</u>
Finance				
Administration/Accounting				
Salaries and fringe benefits	2,128,115	2,128,115	2,078,554	49,561
Operating	137,907	178,157	159,235	18,922
Department Total	<u>2,266,022</u>	<u>2,306,272</u>	<u>2,237,789</u>	<u>68,483</u>
Equalization				
Salaries and fringe benefits	1,038,552	1,038,552	945,731	92,821
Operating	71,738	71,738	66,123	5,615
Capital outlay	-	10,000	5,000	5,000
Department Total	<u>1,110,290</u>	<u>1,120,290</u>	<u>1,016,854</u>	<u>103,436</u>
Purchasing				
Salaries and fringe benefits	1,420,726	1,459,804	1,449,340	10,464
Operating	266,852	266,852	230,084	36,768
Department Total	<u>1,687,578</u>	<u>1,726,656</u>	<u>1,679,424</u>	<u>47,232</u>
Human Resources				
Salaries and fringe benefits	2,003,248	1,948,248	1,806,797	141,451
Operating	267,508	322,508	274,491	48,017
Department Total	<u>2,270,756</u>	<u>2,270,756</u>	<u>2,081,288</u>	<u>189,468</u>
Information Technology				
Salaries and fringe benefits	4,431,840	4,371,132	4,223,133	147,999
Operating	1,938,597	1,972,197	1,856,641	115,556
Department Total	<u>6,370,437</u>	<u>6,343,329</u>	<u>6,079,774</u>	<u>263,555</u>

MACOMB COUNTY, MICHIGAN
Required Supplementary Information
Budgetary Comparison Schedule (GAAP Basis) - General Fund Expenditures
Year Ended December 31, 2008

	<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	\$ 785,150	\$ 794,495	\$ 820,388	\$ (25,873)
Operating	259,429	259,429	236,913	22,516
Department Total	<u>1,044,579</u>	<u>1,053,924</u>	<u>1,057,281</u>	<u>(3,357)</u>
Planning and Economic Development				
Salaries and fringe benefits	2,393,061	2,393,061	2,265,109	127,952
Operating	292,281	292,281	252,172	40,109
Department Total	<u>2,685,342</u>	<u>2,685,342</u>	<u>2,517,281</u>	<u>168,061</u>
Plat Board				
Operating	2,000	2,000	276	1,724
Prosecuting Attorney				
Salaries and fringe benefits	9,551,005	9,542,245	9,094,056	448,189
Operating	729,128	737,228	731,109	6,119
Department Total	<u>10,280,133</u>	<u>10,279,473</u>	<u>9,825,165</u>	<u>454,308</u>
Public Works				
Salaries and fringe benefits	4,633,086	4,760,731	4,757,083	3,648
Operating	356,748	356,748	355,640	1,108
Department Total	<u>4,989,834</u>	<u>5,117,479</u>	<u>5,112,723</u>	<u>4,756</u>
Register of Deeds				
Salaries and fringe benefits	1,583,849	1,583,849	1,426,903	156,946
Operating	713,296	708,549	301,046	407,503
Department Total	<u>2,297,145</u>	<u>2,292,398</u>	<u>1,727,949</u>	<u>564,449</u>
Reimbursement				
Salaries and fringe benefits	914,306	914,306	838,645	75,661
Operating	109,348	109,348	69,122	40,226
Department Total	<u>1,023,654</u>	<u>1,023,654</u>	<u>907,767</u>	<u>115,887</u>
Risk Management and Safety				
Salaries and fringe benefits	364,282	364,282	298,282	66,000
Operating	32,569	32,569	30,698	1,871
Capital outlay	2,000	2,000	-	2,000
Department Total	<u>398,851</u>	<u>398,851</u>	<u>328,980</u>	<u>69,871</u>
Treasurer				
Salaries and fringe benefits	2,101,695	2,101,695	2,054,798	46,897
Operating	179,929	179,929	177,512	2,417
Department Total	<u>2,281,624</u>	<u>2,281,624</u>	<u>2,232,310</u>	<u>49,314</u>
Total General Government	<u>62,365,516</u>	<u>62,586,830</u>	<u>57,491,729</u>	<u>5,095,101</u>

MACOMB COUNTY, MICHIGAN
Required Supplementary Information
Budgetary Comparison Schedule (GAAP Basis) - General Fund Expenditures
Year Ended December 31, 2008

	<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	\$ 30,750	\$ 30,750	\$ 13,325	\$ 17,425
Court Building Safety				
Salaries and fringe benefits	1,019,411	944,411	1,004,969	(60,558)
Operating	49,743	49,743	37,667	12,076
Capital outlay	5,000	5,000	-	5,000
Department Total	<u>1,074,154</u>	<u>999,154</u>	<u>1,042,636</u>	<u>(43,482)</u>
Emergency Management				
Salaries and fringe benefits	257,533	257,533	227,004	30,529
Operating	34,621	34,621	34,036	585
Department Total	<u>292,154</u>	<u>292,154</u>	<u>261,040</u>	<u>31,114</u>
Security				
Salaries and fringe benefits	614,527	625,124	640,994	(15,870)
Operating	12,117	12,117	6,233	5,884
Department Total	<u>626,644</u>	<u>637,241</u>	<u>647,227</u>	<u>(9,986)</u>
Sheriff Department				
Salaries and fringe benefits	49,727,408	50,237,159	50,174,765	62,394
Operating	9,881,428	10,175,371	10,822,940	(647,569)
Capital outlay	202,200	167,891	108,036	59,855
Department Total	<u>59,811,036</u>	<u>60,580,421</u>	<u>61,105,741</u>	<u>(525,320)</u>
Technical Services				
Salaries and fringe benefits	804,066	813,266	805,306	7,960
Operating	55,469	55,469	49,029	6,440
Capital outlay	20,000	20,000	-	20,000
Department Total	<u>879,535</u>	<u>888,735</u>	<u>854,335</u>	<u>34,400</u>
Total Public Safety	<u>62,714,273</u>	<u>63,428,455</u>	<u>63,924,304</u>	<u>(495,849)</u>

MACOMB COUNTY, MICHIGAN
Required Supplementary Information
Budgetary Comparison Schedule (GAAP Basis) - General Fund Expenditures
Year Ended December 31, 2008

	<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				
Operating	\$ 8,580	\$ 8,580	\$ 3,023	\$ 5,557
Senior Citizens Services				
Salaries and fringe benefits	9,986	9,986	-	9,986
Operating	203,929	203,929	629	203,300
Department Total	213,915	213,915	629	213,286
Veteran's Affairs				
Salaries and fringe benefits	276,465	276,465	265,482	10,983
Operating	249,425	249,425	175,678	73,747
Capital outlay	7,200	7,200	7,073	127
Department Total	533,090	533,090	448,233	84,857
Total Health and Welfare	755,585	755,585	451,885	303,700
Other Current Operations				
Non-Departmental Appropriations	6,141,024	6,094,410	5,188,484	905,926
Capital Outlay	425,000	425,000	307,352	117,648
Total Expenditures	159,694,956	160,700,067	153,917,454	6,782,613
Other Financing Uses				
Transfers Out	71,079,157	71,070,353	64,858,581	6,211,772
Total Expenditures and Other Financing Uses	\$ 230,774,113	\$ 231,770,420	\$ 218,776,035	\$ 12,994,385

MACOMB COUNTY, MICHIGAN
Required Supplementary Information
Budgetary Comparison Schedule (GAAP Basis) - Revenue Sharing Reserve Fund
Year Ended December 31, 2008

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Investment income	\$ -	\$ -	\$ 2,334,557	\$ 2,334,557
Other Financing Uses				
Transfers out	(15,388,063)	(15,418,206)	(15,418,206)	-
Net change in fund balances	(15,388,063)	(15,418,206)	(13,083,649)	2,334,557
Fund balances, beginning of year	65,566,065	65,566,065	66,566,065	-
Fund balances, end of year	<u>\$ 50,178,002</u>	<u>\$ 50,147,859</u>	<u>\$ 53,482,416</u>	<u>\$ 2,334,557</u>

MACOMB COUNTY, MICHIGAN
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Child Care Fund
Year Ended September 30, 2008

	Original	Final Budget	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
Revenues				
Federal & State grants	\$ 13,652,500	\$ 13,501,099	\$ 12,166,359	\$ (1,334,740)
Charges for services	1,432,686	1,570,186	792,940	(777,246)
Total Revenues	<u>15,085,186</u>	<u>15,071,285</u>	<u>12,959,299</u>	<u>(2,111,986)</u>
Expenditures				
Salaries and fringe benefits	10,490,870	10,442,754	9,786,862	655,892
Operating	23,123,922	23,151,516	20,040,739	3,110,777
Capital Outlay	16,720	9,440	6,989	2,451
Total Expenditures	<u>33,631,512</u>	<u>33,603,710</u>	<u>29,834,590</u>	<u>3,769,120</u>
Excess of Revenues over (under) Expenditures	<u>(18,546,326)</u>	<u>(18,532,425)</u>	<u>(16,875,291)</u>	<u>1,657,134</u>
Other financing sources (uses)				
Transfers in	18,546,326	18,532,425	16,885,557	(1,646,868)
Net change in fund balances	-	-	10,266	10,266
Fund Balances, beginning of year	<u>1,850,089</u>	<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>\$ 1,860,355</u>	<u>\$ 10,266</u>

MACOMB COUNTY, MICHIGAN
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Friend of the Court
Year Ended September 30, 2008

	Original	Final Budget	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
Revenues				
Federal & State grants	\$ 7,500,000	\$ 7,509,962	\$ 7,879,352	\$ 369,390
Charges for services	564,000	564,000	726,374	162,374
Investment income	-	-	2,896	2,896
Other revenue	-	-	457	457
Total Revenues	8,064,000	8,073,962	8,609,079	535,117
Expenditures				
Salaries and fringe benefits	8,883,863	8,883,863	8,186,744	697,119
Operating	2,757,942	2,767,904	2,535,703	232,201
Capital Outlay	12,500	12,500	2,413	10,087
Total Expenditures	11,654,305	11,664,267	10,724,860	939,407
Excess of Revenues over (under) Expenditures	(3,590,305)	(3,590,305)	(2,115,781)	1,474,524
Other financing sources (uses)				
Transfers in	6,590,305	6,590,305	5,115,781	(1,474,524)
Transfers out	(3,000,000)	(3,000,000)	(3,000,000)	-
Total Other financing sources (uses)	3,590,305	3,590,305	2,115,781	(1,474,524)
Net change in fund balances	-	-	-	-
Fund Balances, beginning of year	80,761	80,761	80,761	-
Fund Balances, end of year	\$ 80,761	\$ 80,761	\$ 80,761	\$ -

**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	\$ 105,581,699	(127.08)
2000	635,685,439	497,584,613	(138,100,826)	127.75	105,284,539	(131.17)
2001	657,800,320	513,299,693	(144,500,627)	128.15	106,979,632	(135.07)
2002	645,539,428	578,104,382	(67,435,046)	111.66	121,299,445	(55.59)
2003	639,624,122	624,212,027	(15,412,095)	102.47	127,235,644	(12.11)
2004	674,857,869	664,487,155	(10,370,714)	101.56	134,258,243	(7.72)
2005	719,336,871	682,144,687	(37,192,184)	105.45	134,886,588	(27.57)
2006	781,450,248	721,657,669	(59,792,579)	108.29	128,820,986	(46.42)
2007	847,305,155	772,649,767	(74,655,388)	109.66	126,696,252	(58.92)

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
2008	11,962,653	100	4,503,282	100	2,192,140	100	18,658,075

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

SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date <u>December 31</u>	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
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	52,841,641	27.5%
2008	55,483,723	28.1%

MACOMB COUNTY, MICHIGAN
Combining Balance Sheet
Nonmajor Fund Types
December 31, 2008

	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total</u>
Assets				
Cash and pooled investments	\$ 15,836,345	\$ 7,244,321	\$ 17,390,579	\$ 40,471,245
Taxes receivable	1,137,519	156,640	-	1,294,159
Accounts receivable, net	10,094,450	-	80,919	10,175,369
Due from other governments	3,069,141	-	146,291	3,215,432
Other assets	21,447	-	24,561	46,008
	<hr/>	<hr/>	<hr/>	<hr/>
Total Assets	<u>\$ 30,158,902</u>	<u>\$ 7,400,961</u>	<u>\$ 17,642,350</u>	<u>\$ 55,202,213</u>
Liabilities				
Accounts payable	\$ 2,325,003	-	\$ 375,139	\$ 2,700,142
Accrued liabilities	-	-	298,636	298,636
Accrued compensation and benefits	17,258	-	-	17,258
Due to other governments	521,511	-	-	521,511
Due to governmental funds	1,451,636	-	-	1,451,636
Unearned revenue	1,259,263	173,242	-	1,432,505
	<hr/>	<hr/>	<hr/>	<hr/>
Total Liabilities	<u>5,574,671</u>	<u>173,242</u>	<u>673,775</u>	<u>6,421,688</u>
Fund Balances				
Reserved				
Debt service	-	7,227,719	-	7,227,719
Programs	140,563	-	-	140,563
Housing rehabilitation loans	9,549,692	-	-	9,549,692
Capital projects	5,235,339	-	6,325,999	11,561,338
Unreserved				
Designated				
Capital projects	25,325	-	10,642,576	10,667,901
Programs	5,146,220	-	-	5,146,220
Undesignated	4,487,092	-	-	4,487,092
	<hr/>	<hr/>	<hr/>	<hr/>
Total Fund Balances	<u>24,584,231</u>	<u>7,227,719</u>	<u>16,968,575</u>	<u>48,780,525</u>
	<hr/>	<hr/>	<hr/>	<hr/>
Total Liabilities and Fund Balances	<u>\$ 30,158,902</u>	<u>\$ 7,400,961</u>	<u>\$ 17,642,350</u>	<u>\$ 55,202,213</u>

MACOMB COUNTY, MICHIGAN
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Fund Types
Year Ended December 31, 2008

	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total</u>
Revenues				
Taxes	\$ -	\$ 176,386	\$ -	\$ 176,386
Licenses and permits	895,413	-	-	895,413
Federal & State grants	33,369,505	-	112,897	33,482,402
Other grants	1,328,416	-	20,000	1,348,416
Charges for services	8,281,886	-	2,568,687	10,850,573
Investment income	231,710	458,795	637,342	1,327,847
Fines and forfeitures	2,720,332	-	-	2,720,332
Other revenue	1,443,822	-	-	1,443,822
Total Revenues	48,271,084	635,181	3,338,926	52,245,191
Expenditures				
Current				
Judicial	2,584,170	-	-	2,584,170
General government	1,317,560	-	-	1,317,560
Public safety	6,768,030	-	-	6,768,030
Public works	338,794	77,543	457,157	873,494
Health and welfare	53,011,577	-	-	53,011,577
Recreation and cultural	2,232,316	-	-	2,232,316
Capital outlay	1,361,565	-	9,664,267	11,025,832
Debt service				
Principal	-	4,690,000	-	4,690,000
Interest and fees	-	3,151,836	-	3,151,836
Bond issuance costs	-	60,892	-	60,892
Total Expenditures	67,614,012	7,980,271	10,121,424	85,715,707
Excess of Revenues over (under) Expenditures	(19,342,928)	(7,345,090)	(6,782,498)	(33,470,516)
Other financing sources (uses)				
Issuance of debt	-	2,605,000	-	2,605,000
Transfers in	22,157,624	10,509,819	22,031,665	54,699,108
Transfers out	(753,180)	-	(23,786,787)	(24,539,967)
Bond discounts	-	33,839	-	33,839
Payment to refunding debt escrow agent	-	(5,695,657)	-	(5,695,657)
Total Other financing sources (uses)	21,404,444	7,453,001	(1,755,122)	27,102,323
Net change in fund balances	2,061,516	107,911	(8,537,620)	(6,368,193)
Fund Balances, beginning of year	22,522,715	7,119,808	25,506,195	55,148,718
Fund Balances, end of year	\$ 24,584,231	\$ 7,227,719	\$ 16,968,575	\$ 48,780,525

MACOMB COUNTY, MICHIGAN
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2008

	<u>COMET</u>	<u>Community Services Agency (1)</u>	<u>Emergency Management Grants</u>
Assets			
Cash and pooled investments	\$ 1,549,382	\$ 1,957,150	\$ 10,922
Taxes receivable	-	-	-
Accounts receivable, net	-	106,059	-
Due from other governments	-	452,057	597,513
Other assets	18,206	1,759	-
	<u>1,567,588</u>	<u>2,517,025</u>	<u>608,435</u>
Total Assets	\$ 1,567,588	\$ 2,517,025	\$ 608,435
Liabilities and Fund Balances			
Liabilities			
Accounts payable	\$ 13,541	\$ 698,429	\$ -
Accrued compensation and benefits	-	-	-
Due to other governments	-	-	-
Due to governmental funds	-	-	583,110
Unearned revenue	-	-	-
	<u>13,541</u>	<u>698,429</u>	<u>583,110</u>
Total Liabilities	13,541	698,429	583,110
Fund Balances			
Reserved			
Programs	-	96,394	-
Housing rehabilitation loans	-	-	-
Capital projects	-	-	-
Unreserved			
Designated			
Capital projects	-	-	25,325
Programs	1,012,547	1,722,202	-
Undesignated	541,500	-	-
	<u>1,554,047</u>	<u>1,818,596</u>	<u>25,325</u>
Total Fund Balances	1,554,047	1,818,596	25,325
	<u>\$ 1,567,588</u>	<u>\$ 2,517,025</u>	<u>\$ 608,435</u>
Total Liabilities and Fund Balances	\$ 1,567,588	\$ 2,517,025	\$ 608,435

(1) - Balance sheet as of September 30, 2008

MACOMB COUNTY, MICHIGAN
Combining Balance Sheet
Nonmajor Special Revenue Funds (continued)
December 31, 2008

	<u>Health Department</u>	<u>Health Grants (1)</u>	<u>County Library</u>
Assets			
Cash and pooled investments	\$ 2,184,158	\$ 548,289	\$ 467,802
Taxes receivable	-	-	-
Accounts receivable, net	251,407	-	28,102
Due from other governments	250,769	82,816	-
Other assets	-	-	-
	<hr/>	<hr/>	<hr/>
Total Assets	<u>\$ 2,686,334</u>	<u>\$ 631,105</u>	<u>\$ 495,904</u>
 Liabilities and Fund Balances			
Liabilities			
Accounts payable	\$ 402,844	\$ 444,509	\$ 23,886
Accrued compensation and benefits	6,089	-	970
Due to other governments	17,174	2,991	-
Due to governmental funds	-	-	-
Unearned revenue	-	-	-
	<hr/>	<hr/>	<hr/>
Total Liabilities	<u>426,107</u>	<u>447,500</u>	<u>24,856</u>
 Fund Balances			
Reserved			
Programs	-	-	-
Housing rehabilitation loans	-	-	-
Capital projects	-	-	-
Unreserved			
Designated			
Capital projects	-	-	-
Programs	688,491	183,605	90,836
Undesignated	1,571,736	-	380,212
	<hr/>	<hr/>	<hr/>
Total Fund Balances	<u>2,260,227</u>	<u>183,605</u>	<u>471,048</u>
	<hr/>	<hr/>	<hr/>
Total Liabilities and Fund Balances	<u>\$ 2,686,334</u>	<u>\$ 631,105</u>	<u>\$ 495,904</u>

(1) - Balance sheet as of September 30, 2008

MACOMB COUNTY, MICHIGAN
Combining Balance Sheet
Nonmajor Special Revenue Funds (continued)
December 31, 2008

	Macomb/St. Clair Employment and Training	MSU Extension	MSU Extension (1)
Assets			
Cash and pooled investments	\$ 3,275	\$ 404,549	\$ 150,313
Taxes receivable	-	-	-
Accounts receivable, net	-	20,884	-
Due from other governments	-	-	116,878
Other assets	-	-	-
	<u>3,275</u>	<u>425,433</u>	<u>267,191</u>
Total Assets	\$ 3,275	\$ 425,433	\$ 267,191
Liabilities and Fund Balances			
Liabilities			
Accounts payable	\$ 3,275	\$ 1,364	\$ 6,422
Accrued compensation and benefits	-	-	-
Due to other governments	-	-	-
Due to governmental funds	-	-	-
Unearned revenue	-	-	-
	<u>3,275</u>	<u>1,364</u>	<u>6,422</u>
Total Liabilities	3,275	1,364	6,422
Fund Balances			
Reserved			
Programs	-	-	44,169
Housing rehabilitation loans	-	-	-
Capital projects	-	-	-
Unreserved			
Designated			
Capital projects	-	-	-
Programs	-	424,069	216,600
Undesignated	-	-	-
	<u>-</u>	<u>424,069</u>	<u>260,769</u>
Total Fund Balances	-	424,069	260,769
	<u>-</u>	<u>424,069</u>	<u>260,769</u>
Total Liabilities and Fund Balances	\$ 3,275	\$ 425,433	\$ 267,191
	<u>\$ 3,275</u>	<u>\$ 425,433</u>	<u>\$ 267,191</u>

(1) - Balance sheet as of September 30, 2008

MACOMB COUNTY, MICHIGAN
Combining Balance Sheet
Nonmajor Special Revenue Funds (continued)
December 31, 2008

	<u>Prosecuting Attorney Grants</u>	<u>Prosecuting Attorney Grants (1)</u>	<u>Senior Citizens Services</u>
Assets			
Cash and pooled investments	\$ 170,280	\$ -	\$ -
Taxes receivable	-	-	-
Accounts receivable, net	-	-	95,484
Due from other governments	-	316,209	-
Other assets	1,482	-	-
	<hr/>	<hr/>	<hr/>
Total Assets	<u>\$ 171,762</u>	<u>\$ 316,209</u>	<u>\$ 95,484</u>
 Liabilities and Fund Balances			
Liabilities			
Accounts payable	\$ -	\$ 4,803	\$ 4,158
Accrued compensation and benefits	-	2,351	-
Due to other governments	-	-	-
Due to governmental funds	23,711	279,247	37,281
Unearned revenue	-	-	-
	<hr/>	<hr/>	<hr/>
Total Liabilities	<u>23,711</u>	<u>286,401</u>	<u>41,439</u>
 Fund Balances			
Reserved			
Programs	-	-	-
Housing rehabilitation loans	-	-	-
Capital projects	-	-	-
Unreserved			
Designated			
Capital projects	-	-	-
Programs	148,051	29,808	54,045
Undesignated	-	-	-
	<hr/>	<hr/>	<hr/>
Total Fund Balances	<u>148,051</u>	<u>29,808</u>	<u>54,045</u>
	<hr/>	<hr/>	<hr/>
Total Liabilities and Fund Balances	<u>\$ 171,762</u>	<u>\$ 316,209</u>	<u>\$ 95,484</u>

(1) - Balance sheet as of September 30, 2008

MACOMB COUNTY, MICHIGAN
Combining Balance Sheet
Nonmajor Special Revenue Funds (continued)
December 31, 2008

	<u>Senior Citizens Services (1)</u>	<u>Sheriff Grants</u>	<u>Sheriff Grants (1)</u>
Assets			
Cash and pooled investments	\$ -	\$ 1,970,741	\$ 333,699
Taxes receivable	-	-	-
Accounts receivable, net	-	-	-
Due from other governments	3,632	53,100	671,686
Other assets	-	-	-
	<hr/>	<hr/>	<hr/>
Total Assets	<u>\$ 3,632</u>	<u>\$ 2,023,841</u>	<u>\$ 1,005,385</u>
Liabilities and Fund Balances			
Liabilities			
Accounts payable	\$ 15	\$ 8,730	\$ 156,327
Accrued compensation and benefits	-	89	7,636
Due to other governments	-	2,289	298,057
Due to governmental funds	3,122	-	525,165
Unearned revenue	-	-	-
	<hr/>	<hr/>	<hr/>
Total Liabilities	<u>3,137</u>	<u>11,108</u>	<u>987,185</u>
Fund Balances			
Reserved			
Programs	-	-	-
Housing rehabilitation loans	-	-	-
Capital projects	-	-	-
Unreserved			
Designated			
Capital projects	-	-	-
Programs	495	559,098	16,373
Undesignated	-	1,453,635	1,827
	<hr/>	<hr/>	<hr/>
Total Fund Balances	<u>495</u>	<u>2,012,733</u>	<u>18,200</u>
	<hr/>	<hr/>	<hr/>
Total Liabilities and Fund Balances	<u>\$ 3,632</u>	<u>\$ 2,023,841</u>	<u>\$ 1,005,385</u>

(1) - Balance sheet as of September 30, 2008

MACOMB COUNTY, MICHIGAN
Combining Balance Sheet
Nonmajor Special Revenue Funds (continued)
December 31, 2008

	<u>Human Services</u>	<u>Urban County Block Grant</u>	<u>Veterans' Trust Fund (1)</u>
Assets			
Cash and pooled investments	\$ 621,186	\$ 442,761	\$ 398
Taxes receivable	-	-	-
Accounts receivable, net	-	9,549,692	-
Due from other governments	162,739	71,238	565
Other assets	-	-	-
	<hr/>	<hr/>	<hr/>
Total Assets	<u>\$ 783,925</u>	<u>\$ 10,063,691</u>	<u>\$ 963</u>
Liabilities and Fund Balances			
Liabilities			
Accounts payable	\$ 485,443	\$ 556	\$ 963
Accrued compensation and benefits	-	-	-
Due to other governments	201,000	-	-
Due to governmental funds	-	-	-
Unearned revenue	-	-	-
	<hr/>	<hr/>	<hr/>
Total Liabilities	<u>686,443</u>	<u>556</u>	<u>963</u>
Fund Balances			
Reserved			
Programs	-	-	-
Housing rehabilitation loans	-	9,549,692	-
Capital projects	-	225,763	-
Unreserved			
Designated			
Capital projects	-	-	-
Programs	-	-	-
Undesignated	97,482	287,680	-
	<hr/>	<hr/>	<hr/>
Total Fund Balances	<u>97,482</u>	<u>10,063,135</u>	<u>-</u>
Total Liabilities and Fund Balances	<u>\$ 783,925</u>	<u>\$ 10,063,691</u>	<u>\$ 963</u>

(1) - Balance sheet as of September 30, 2008

MACOMB COUNTY, MICHIGAN
Combining Balance Sheet
Nonmajor Special Revenue Funds (concluded)
December 31, 2008

	<u>Veterans'</u> <u>Affairs</u>	<u>Other Special</u> <u>Revenue</u>	<u>Total</u> <u>Special Revenue</u>
Assets			
Cash and pooled investments	\$ 121,744	\$ 4,899,696	\$ 15,836,345
Taxes receivable	1,137,519	-	1,137,519
Accounts receivable, net	-	42,822	10,094,450
Due from other governments	-	289,939	3,069,141
Other assets	-	-	21,447
	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 1,259,263</u>	<u>\$ 5,232,457</u>	<u>\$ 30,158,902</u>
Liabilities and Fund Balances			
Liabilities			
Accounts payable	\$ -	\$ 69,738	\$ 2,325,003
Accrued compensation and benefits	-	123	17,258
Due to other governments	-	-	521,511
Due to governmental funds	-	-	1,451,636
Unearned revenue	1,259,263	-	1,259,263
	<u> </u>	<u> </u>	<u> </u>
Total Liabilities	<u>1,259,263</u>	<u>69,861</u>	<u>5,574,671</u>
Fund Balances			
Reserved			
Programs	-	-	140,563
Housing rehabilitation loans	-	-	9,549,692
Capital projects	-	5,009,576	5,235,339
Unreserved			
Designated			
Capital projects	-	-	25,325
Programs	-	-	5,146,220
Undesignated	-	153,020	4,487,092
	<u> </u>	<u> </u>	<u> </u>
Total Fund Balances	<u>-</u>	<u>5,162,596</u>	<u>24,584,231</u>
	<u> </u>	<u> </u>	<u> </u>
Total Liabilities and Fund Balances	<u>\$ 1,259,263</u>	<u>\$ 5,232,457</u>	<u>\$ 30,158,902</u>

(1) - Balance sheet as of September 30, 2008

MACOMB COUNTY, MICHIGAN
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Special Revenue Funds
Year Ended December 31, 2008

	<u>COMET</u>	<u>Community Services Agency (1)</u>	<u>Emergency Management Grants</u>
Revenues			
Licenses and permits	\$ -	\$ -	\$ -
Federal & State grants	-	10,879,547	928,897
Other grants	-	235,217	-
Charges for services	7,928	149,136	-
Investment income	46,795	-	-
Fines and forfeitures	1,080,020	-	-
Other revenue	-	1,047,109	-
	<hr/>	<hr/>	<hr/>
Total Revenues	1,134,743	12,311,009	928,897
Expenditures			
Current			
Judicial	-	-	-
General government	-	-	-
Public safety	426,780	-	557,745
Public works	-	-	-
Health and welfare	-	13,079,523	-
Recreation and cultural	-	-	-
Capital outlay	166,463	210,066	371,479
	<hr/>	<hr/>	<hr/>
Total Expenditures	593,243	13,289,589	929,224
Excess of Revenues over (under) Expenditures	<hr/>	<hr/>	<hr/>
	541,500	(978,580)	(327)
Other financing sources (uses)			
Transfers in	-	1,039,172	-
Transfers out	-	-	-
	<hr/>	<hr/>	<hr/>
Total Other financing sources (uses)	-	1,039,172	-
Net change in fund balances	541,500	60,592	(327)
Fund Balances, beginning of year	<hr/>	<hr/>	<hr/>
	1,012,547	1,758,004	25,652
Fund Balances, end of year	<hr/>	<hr/>	<hr/>
	\$ 1,554,047	\$ 1,818,596	\$ 25,325

(1) - Year ended September 30, 2008

MACOMB COUNTY, MICHIGAN
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Special Revenue Funds (continued)
Year Ended December 31, 2008

	<u>Health Department</u>	<u>Health Grants (1)</u>	<u>County Library</u>
Revenues			
Licenses and permits	\$ 895,413	\$ -	\$ -
Federal & State grants	7,148,198	3,389,231	54,394
Other grants	730,733	-	-
Charges for services	1,803,704	301,372	62,230
Investment income	-	-	-
Fines and forfeitures	-	-	36,199
Other revenue	57,036	-	16,765
	<u>10,635,084</u>	<u>3,690,603</u>	<u>169,588</u>
Total Revenues			
Expenditures			
Current			
Judicial	-	-	-
General government	-	-	-
Public safety	-	-	-
Public works	-	-	-
Health and welfare	23,748,952	4,159,159	-
Recreation and cultural	-	-	2,215,650
Capital outlay	153,203	48,857	616
	<u>23,902,155</u>	<u>4,208,016</u>	<u>2,216,266</u>
Total Expenditures			
Excess of Revenues over (under) Expenditures	<u>(13,267,071)</u>	<u>(517,413)</u>	<u>(2,046,678)</u>
Other financing sources (uses)			
Transfers in	13,415,488	453,480	2,058,505
Transfers out	-	-	-
	<u>13,415,488</u>	<u>453,480</u>	<u>2,058,505</u>
Total Other financing sources (uses)			
Net change in fund balances	148,417	(63,933)	11,827
Fund Balances, beginning of year	<u>2,111,810</u>	<u>247,538</u>	<u>459,221</u>
Fund Balances, end of year	<u>\$ 2,260,227</u>	<u>\$ 183,605</u>	<u>\$ 471,048</u>

(1) - Year ended September 30, 2008

MACOMB COUNTY, MICHIGAN
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Special Revenue Funds (continued)
Year Ended December 31, 2008

	<u>Macomb/St. Clair Employment and Training</u>	<u>MSU Extension</u>	<u>MSU Extension (1)</u>
Revenues			
Licenses and permits	\$ -	\$ -	\$ -
Federal & State grants	-	-	491,325
Other grants	-	-	-
Charges for services	3,582,921	137,474	122,080
Investment income	-	-	-
Fines and forfeitures	-	-	-
Other revenue	-	-	-
	<hr/>	<hr/>	<hr/>
Total Revenues	3,582,921	137,474	613,405
Expenditures			
Current			
Judicial	-	-	-
General government	-	-	-
Public safety	-	-	-
Public works	-	-	-
Health and welfare	3,582,921	134,173	618,151
Recreation and cultural	-	-	-
Capital outlay	-	850	4,173
	<hr/>	<hr/>	<hr/>
Total Expenditures	3,582,921	135,023	622,324
Excess of Revenues over (under) Expenditures	<hr/>	<hr/>	<hr/>
	-	2,451	(8,919)
Other financing sources (uses)			
Transfers in	-	2,260	7,235
Transfers out	-	-	(4,890)
	<hr/>	<hr/>	<hr/>
Total Other financing sources (uses)	-	2,260	2,345
Net change in fund balances	<hr/>	<hr/>	<hr/>
	-	4,711	(6,574)
Fund Balances, beginning of year	<hr/>	<hr/>	<hr/>
	-	419,358	267,343
Fund Balances, end of year	<hr/>	<hr/>	<hr/>
	\$ -	\$ 424,069	\$ 260,769

(1) - Year ended September 30, 2008

MACOMB COUNTY, MICHIGAN
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Special Revenue Funds (continued)
Year Ended December 31, 2008

	<u>Prosecuting Attorney Grants</u>	<u>Prosecuting Attorney Grants (1)</u>	<u>Senior Citizens Services</u>
Revenues			
Licenses and permits	\$ -	\$ -	\$ -
Federal & State grants	74,419	1,155,311	112,103
Other grants	-	-	134,716
Charges for services	-	-	136,461
Investment income	2,082	-	-
Fines and forfeitures	1,648	120,680	-
Other revenue	-	-	237,339
Total Revenues	<u>78,149</u>	<u>1,275,991</u>	<u>620,619</u>
Expenditures			
Current			
Judicial	118,307	1,864,763	-
General government	-	-	-
Public safety	-	-	-
Public works	-	-	-
Health and welfare	-	-	2,048,150
Recreation and cultural	-	-	-
Capital outlay	-	-	131
Total Expenditures	<u>118,307</u>	<u>1,864,763</u>	<u>2,048,281</u>
Excess of Revenues over (under) Expenditures	<u>(40,158)</u>	<u>(588,772)</u>	<u>(1,427,662)</u>
Other financing sources (uses)			
Transfers in	141,231	712,123	1,428,828
Transfers out	-	(123,351)	-
Total Other financing sources (uses)	<u>141,231</u>	<u>588,772</u>	<u>1,428,828</u>
Net change in fund balances	<u>101,073</u>	<u>-</u>	<u>1,166</u>
Fund Balances, beginning of year	<u>46,978</u>	<u>29,808</u>	<u>52,879</u>
Fund Balances, end of year	<u>\$ 148,051</u>	<u>\$ 29,808</u>	<u>\$ 54,045</u>

(1) - Year ended September 30, 2008

MACOMB COUNTY, MICHIGAN
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Special Revenue Funds (continued)
Year Ended December 31, 2008

	Senior Citizens Services (1)	Sheriff Grants	Sheriff Grants (1)
Revenues			
Licenses and permits	\$ -	\$ -	\$ -
Federal & State grants	39,737	665,443	2,245,961
Other grants	-	96,343	131,407
Charges for services	-	142,653	1,239
Investment income	-	-	-
Fines and forfeitures	-	1,460,111	13,174
Other revenue	-	-	500
Total Revenues	39,737	2,364,550	2,392,281
Expenditures			
Current			
Judicial	-	-	-
General government	-	-	-
Public safety	-	1,243,499	3,207,399
Public works	-	-	-
Health and welfare	50,455	-	-
Recreation and cultural	-	-	-
Capital outlay	-	272,380	64,551
Total Expenditures	50,455	1,515,879	3,271,950
Excess of Revenues over (under) Expenditures	(10,718)	848,671	(879,669)
Other financing sources (uses)			
Transfers in	10,718	203,729	891,594
Transfers out	-	-	-
Total Other financing sources (uses)	10,718	203,729	891,594
Net change in fund balances	-	1,052,400	11,925
Fund Balances, beginning of year	495	960,333	6,275
Fund Balances, end of year	\$ 495	\$ 2,012,733	\$ 18,200

(1) - Year ended September 30, 2008

MACOMB COUNTY, MICHIGAN
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Special Revenue Funds (continued)
Year Ended December 31, 2008

	Human Services	Urban County Block Grant	Veterans' Trust Fund (1)
Revenues			
Licenses and permits	\$ -	\$ -	\$ -
Federal & State grants	1,138,679	3,348,759	149,976
Other grants	-	-	-
Charges for services	263,438	191,181	-
Investment income	-	-	-
Fines and forfeitures	-	-	-
Other revenue	-	39,730	500
Total Revenues	1,402,117	3,579,670	150,476
Expenditures			
Current			
Judicial	-	-	-
General government	-	-	-
Public safety	-	-	-
Public works	-	338,794	-
Health and welfare	2,604,654	2,828,872	154,266
Recreation and cultural	-	-	-
Capital outlay	-	38,330	-
Total Expenditures	2,604,654	3,205,996	154,266
Excess of Revenues over (under) Expenditures	(1,202,537)	373,674	(3,790)
Other financing sources (uses)			
Transfers in	1,202,537	265,468	-
Transfers out	-	(95,598)	-
Total Other financing sources (uses)	1,202,537	169,870	-
Net change in fund balances	-	543,544	(3,790)
Fund Balances, beginning of year	97,482	9,519,591	3,790
Fund Balances, end of year	\$ 97,482	\$ 10,063,135	\$ -

(1) - Year ended September 30, 2008

MACOMB COUNTY, MICHIGAN
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Special Revenue Funds (concluded)
Year Ended December 31, 2008

	<u>Other Special Revenue</u>	<u>Total Special Revenue</u>
Revenues		
Licenses and permits	\$ -	\$ 895,413
Federal & State grants	1,547,525	33,369,505
Other grants	-	1,328,416
Charges for services	1,380,069	8,281,886
Investment income	182,833	231,710
Fines and forfeitures	8,500	2,720,332
Other revenue	44,843	1,443,822
Total Revenues	<u>3,163,770</u>	<u>48,271,084</u>
Expenditures		
Current		
Judicial	601,100	2,584,170
General government	1,317,560	1,317,560
Public safety	1,332,607	6,768,030
Public works	-	338,794
Health and welfare	2,301	53,011,577
Recreation and cultural	16,666	2,232,316
Capital outlay	30,466	1,361,565
Total Expenditures	<u>3,300,700</u>	<u>67,614,012</u>
Excess of Revenues over (under) Expenditures	<u>(136,930)</u>	<u>(19,342,928)</u>
Other financing sources (uses)		
Transfers in	325,256	22,157,624
Transfers out	(529,341)	(753,180)
Total Other financing sources (uses)	<u>(204,085)</u>	<u>21,404,444</u>
Net change in fund balances	<u>(341,015)</u>	<u>2,061,516</u>
Fund Balances, beginning of year	<u>5,503,611</u>	<u>22,522,715</u>
Fund Balances, end of year	<u>\$ 5,162,596</u>	<u>\$ 24,584,231</u>

(1) - Year ended September 30, 2008

MACOMB COUNTY, MICHIGAN
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Community Services Agency
Year Ended September 30, 2008

	Final Budget	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
Revenues			
Federal & State grants	\$ 10,647,171	\$ 10,879,547	\$ 232,376
Other grants	235,217	235,217	-
Charges for services	101,022	149,136	48,114
Other revenue	1,038,934	1,047,109	8,175
Total Revenues	12,022,344	12,311,009	288,665
Expenditures			
Salaries and fringe benefits	7,467,363	7,490,418	(23,055)
Operating	5,349,131	5,589,105	(239,974)
Capital outlay	210,066	210,066	-
Total Expenditures	13,026,560	13,289,589	(263,029)
Excess of Revenues over (under) Expenditures	(1,004,216)	(978,580)	25,636
Other financing sources (uses)			
Transfers in	1,039,172	1,039,172	-
Net change in fund balances	34,956	60,592	25,636
Fund Balances, beginning of year	1,758,004	1,758,004	-
Fund Balances, end of year	\$ 1,792,960	\$ 1,818,596	\$ 25,636

MACOMB COUNTY, MICHIGAN
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Health Department
Year Ended December 31, 2008

	Final Budget	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
Revenues			
Licenses and permits	\$ 893,184	\$ 895,413	\$ 2,229
Federal & State grants	7,630,173	7,148,198	(481,975)
Other grants	737,867	730,733	(7,134)
Charges for services	1,698,836	1,803,704	104,868
Other revenue	273,580	57,036	(216,544)
Total Revenues	11,233,640	10,635,084	(598,556)
Expenditures			
Salaries and fringe benefits	14,446,558	13,365,552	1,081,006
Operating	11,706,048	10,383,400	1,322,648
Capital outlay	180,584	153,203	27,381
Total Expenditures	26,333,190	23,902,155	2,431,035
Excess of Revenues over (under) Expenditures	(15,099,550)	(13,267,071)	1,832,479
Other financing sources (uses)			
Transfers in	15,362,492	13,415,488	(1,947,004)
Operating transfers out	(262,942)	-	262,942
Total Other financing sources (uses)	15,099,550	13,415,488	(1,684,062)
Net change in fund balances	-	148,417	148,417
Fund Balances, beginning of year	2,111,810	2,111,810	-
Fund Balances, end of year	\$ 2,111,810	\$ 2,260,227	\$ 148,417

MACOMB COUNTY, MICHIGAN
Schedule of Revenues, Expenditures and Changes In Fund Balance - Budget and Actual
County Library
Year Ended December 31, 2008

	Final Budget	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
Revenues			
Federal & State grants	\$ 70,901	\$ 54,394	\$ (16,507)
Charges for services	92,592	62,230	(30,362)
Fines and forfeitures	42,000	36,199	(5,801)
Other revenue	-	16,765	16,765
Total Revenues	205,493	169,588	(35,905)
Expenditures			
Salaries and fringe benefits	2,094,202	1,737,364	356,838
Operating	719,171	478,286	240,885
Capital Outlay	5,000	616	4,384
Total Expenditures	2,818,373	2,216,266	602,107
Excess of Revenues over (under) Expenditures	(2,612,880)	(2,046,678)	566,202
Other financing sources (uses)			
Transfers in	2,612,880	2,058,505	(554,375)
Net change in fund balances	-	11,827	11,827
Fund Balances, beginning of year	459,221	459,221	-
Fund Balances, end of year	\$ 459,221	\$ 471,048	\$ 11,827

MACOMB COUNTY, MICHIGAN
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Senior Citizens Services
Year Ended December 31, 2008

	Final Budget	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
Revenues			
Federal & State grants	\$ 106,273	\$ 112,103	\$ 5,830
Other grants	80,000	134,716	54,716
Charges for services	136,234	136,461	227
Other revenue	295,969	237,339	(58,630)
Total Revenues	618,476	620,619	2,143
Expenditures			
Salaries and fringe benefits	1,775,223	1,720,467	54,756
Operating	429,421	327,683	101,738
Capital outlay	3,000	131	2,869
Total Expenditures	2,207,644	2,048,281	159,363
Excess of Revenues over (under) Expenditures	(1,589,168)	(1,427,662)	161,506
Other financing sources (uses)			
Transfers in	1,589,168	1,428,828	(160,340)
Net change in fund balances	-	1,166	1,166
Fund Balances, beginning of year	52,879	52,879	-
Fund Balances, end of year	\$ 52,879	\$ 54,045	\$ 1,166

MACOMB COUNTY, MICHIGAN
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Senior Citizens Services
Year Ended September 30, 2008

	Final Budget	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
Revenues			
Federal & State grants	\$ 42,152	\$ 39,737	\$ (2,415)
Expenditures			
Salaries and fringe benefits	50,924	50,274	650
Operating	1,228	181	1,047
Total Expenditures	52,152	50,455	1,697
Excess of Revenues over (under) Expenditures	(10,000)	(10,718)	(718)
Other financing sources (uses)			
Transfers in	10,000	10,718	718
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
Human Services Fund
Year Ended December 31, 2008

	Final Budget	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
Revenues			
Federal & State grants	\$ 1,500,000	\$ 1,138,679	\$ (361,321)
Charges for services	400,000	263,438	(136,562)
Total Revenues	1,900,000	1,402,117	(497,883)
Expenditures			
Operating	3,279,133	2,604,654	674,479
Excess of Revenues over (under) Expenditures	(1,379,133)	(1,202,537)	176,596
Other financing sources (uses)			
Transfers in	1,379,133	1,202,537	(176,596)
Net change in fund balances	-	-	-
Fund Balances, beginning of year	97,482	97,482	-
Fund Balances, end of year	\$ 97,482	\$ 97,482	\$ -

MACOMB COUNTY, MICHIGAN
Combining Balance Sheet
Nonmajor Capital Projects Funds
December 31, 2008

	<u>Bridge Program</u>	<u>District Court Building</u>	<u>E-911 Radio System</u>
Assets			
Cash and pooled investments	\$ 4,044,955	\$ 1,357	\$ 845,552
Accounts receivable, net	-	-	-
Due from other governments	-	-	-
Other assets	-	-	-
Total Assets	<u>\$ 4,044,955</u>	<u>\$ 1,357</u>	<u>\$ 845,552</u>
Liabilities and Fund Balances			
Liabilities			
Accounts payable	\$ -	\$ -	\$ -
Accrued liabilities	-	1,357	-
Total Liabilities	<u>-</u>	<u>1,357</u>	<u>-</u>
Fund Balances			
Reserved			
Capital projects	4,044,955	-	845,552
Unreserved			
Designated - Capital projects	-	-	-
Total Fund Balances	<u>4,044,955</u>	<u>-</u>	<u>845,552</u>
Total Liabilities and Fund Balances	<u>\$ 4,044,955</u>	<u>\$ 1,357</u>	<u>\$ 845,552</u>

MACOMB COUNTY, MICHIGAN
Combining Balance Sheet
Nonmajor Capital Projects Funds (continued)
December 31, 2008

	<u>Martha T Berry Renovation</u>	<u>Public Works Building</u>	<u>Warehouse</u>
Assets			
Cash and pooled investments	\$ 63,496	\$ 163,886	\$ 326,444
Accounts receivable, less allowance for	-	-	-
Due from other governments	-	-	-
Other assets	-	-	-
	<hr/>	<hr/>	<hr/>
Total Assets	<u>\$ 63,496</u>	<u>\$ 163,886</u>	<u>\$ 326,444</u>
Liabilities and Fund Balances			
Liabilities			
Accounts payable	\$ -	\$ -	\$ 9,340
Accrued liabilities	-	-	-
	<hr/>	<hr/>	<hr/>
Total Liabilities	-	-	9,340
Fund Balances			
Reserved			
Capital projects	63,496	163,886	317,104
Unreserved			
Designated - Capital projects	-	-	-
	<hr/>	<hr/>	<hr/>
Total Fund Balances	<u>63,496</u>	<u>163,886</u>	<u>317,104</u>
	<hr/>	<hr/>	<hr/>
Total Liabilities and Fund Balances	<u>\$ 63,496</u>	<u>\$ 163,886</u>	<u>\$ 326,444</u>

MACOMB COUNTY, MICHIGAN
Combining Balance Sheet
Nonmajor Capital Projects Funds (concluded)
December 31, 2008

	<u>Youth Home Renovation</u>	<u>General County Capital Projects</u>	<u>Totals</u>
Assets			
Cash and pooled investments	\$ 1,428,034	\$ 10,516,855	\$ 17,390,579
Accounts receivable, net	-	80,919	80,919
Due from other governments	-	146,291	146,291
Other assets	-	24,561	24,561
	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 1,428,034</u>	<u>\$ 10,768,626</u>	<u>\$ 17,642,350</u>
Liabilities and Fund Balances			
Liabilities			
Accounts payable	\$ 239,749	\$ 126,050	\$ 375,139
Accrued liabilities	297,279	-	298,636
	<u> </u>	<u> </u>	<u> </u>
Total Liabilities	<u>537,028</u>	<u>126,050</u>	<u>673,775</u>
Fund Balances			
Reserved			
Capital projects	891,006	-	6,325,999
Unreserved			
Designated - Capital projects	-	10,642,576	10,642,576
	<u> </u>	<u> </u>	<u> </u>
Total Fund Balances	<u>891,006</u>	<u>10,642,576</u>	<u>16,968,575</u>
	<u> </u>	<u> </u>	<u> </u>
Total Liabilities and Fund Balances	<u>\$ 1,428,034</u>	<u>\$ 10,768,626</u>	<u>\$ 17,642,350</u>

MACOMB COUNTY, MICHIGAN
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Capital Projects Funds
Year Ended December 31, 2008

	<u>Bridge Program</u>	<u>District Court Building</u>	<u>E-911 Radio System</u>
Revenues			
Federal & State grants	\$ -	\$ -	\$ -
Other grants	-	-	-
Charges for services	-	-	-
Investment income	161,417	-	19,251
Total Revenues	<u>161,417</u>	<u>-</u>	<u>19,251</u>
Expenditures			
Current			
Public works	457,157	-	-
Capital outlay	-	2,394,734	-
Total Expenditures	<u>457,157</u>	<u>2,394,734</u>	<u>-</u>
Excess of Revenues over (under) Expenditures	<u>(295,740)</u>	<u>(2,394,734)</u>	<u>19,251</u>
Other financing sources (uses)			
Transfers In	-	2,394,618	-
Transfers out	<u>(3,117,710)</u>	<u>-</u>	<u>-</u>
Total Other financing sources (uses)	<u>(3,117,710)</u>	<u>2,394,618</u>	<u>-</u>
Net change in fund balances	(3,413,450)	(116)	19,251
Fund Balances, beginning of year	<u>7,458,405</u>	<u>116</u>	<u>826,301</u>
Fund Balances, end of year	<u>\$ 4,044,955</u>	<u>\$ -</u>	<u>\$ 845,552</u>

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>Warehouse</u>
Revenues			
Federal & State grants	\$ -	\$ -	\$ -
Other grants	-	-	-
Charges for services	-	-	-
Investment income	-	17,432	-
Total Revenues	<u>-</u>	<u>17,432</u>	<u>-</u>
Expenditures			
Current			
Public works	-	-	-
Capital outlay	4,412	114,614	276,144
Total Expenditures	<u>4,412</u>	<u>114,614</u>	<u>276,144</u>
Excess of Revenues over (under) Expenditures	<u>(4,412)</u>	<u>(97,182)</u>	<u>(276,144)</u>
Other financing sources (uses)			
Transfers in	-	-	-
Transfers out	-	(337,733)	(56,543)
Total Other financing sources (uses)	<u>-</u>	<u>(337,733)</u>	<u>(56,543)</u>
Net change in fund balances	(4,412)	(434,915)	(332,687)
Fund Balances, beginning of year	<u>67,908</u>	<u>598,801</u>	<u>649,791</u>
Fund Balances, end of year	<u>\$ 63,496</u>	<u>\$ 163,886</u>	<u>\$ 317,104</u>

MACOMB COUNTY, MICHIGAN
Combining Statement of Revenues, Expenditures and Changes In Fund Balance
Nonmajor Capital Projects Funds (concluded)
Year Ended December 31, 2008

	Youth Home Renovation	General County Capital Projects	Totals
Revenues			
Federal & State grants	\$ -	\$ 112,897	\$ 112,897
Other grants	-	20,000	20,000
Charges for services	-	2,568,687	2,568,687
Investment income	7,518	431,724	637,342
Total Revenues	7,518	3,133,308	3,338,926
Expenditures			
Current			
Public works	-	-	457,157
Capital outlay	5,145,945	1,728,418	9,664,267
Total Expenditures	5,145,945	1,728,418	10,121,424
Excess of Revenues over (under) Expenditures	(5,138,427)	1,404,890	(6,782,498)
Other financing sources (uses)			
Transfers in	5,258,498	14,378,549	22,031,665
Transfers out	-	(20,274,801)	(23,786,787)
Total Other financing sources (uses)	5,258,498	(5,896,252)	(1,755,122)
Net change in fund balances	120,071	(4,491,362)	(8,537,620)
Fund Balances, beginning of year	770,935	15,133,938	25,506,195
Fund Balances, end of year	\$ 891,006	\$ 10,642,576	\$ 16,968,575

MACOMB COUNTY, MICHIGAN
Combining Statement of Net Assets
Internal Service Funds
December 31, 2008

	<u>Compensated Absences</u>	<u>Equipment Revolving</u>	<u>General Liability Insurance</u>	<u>Workers' Compensation</u>	<u>Employee Fringe Benefits</u>	<u>Totals</u>
ASSETS						
Current assets						
Cash and pooled investments	\$ 6,242,876	\$ 5,241,485	\$ 4,835,446	\$ 8,608,651	\$ 8,953,682	\$ 33,882,140
Accounts receivable, net	-	7,345	-	-	-	7,345
Inventories	-	262,960	-	-	-	262,960
Due from other governments	-	368,359	-	-	-	368,359
Due from governmental funds	-	33,232	-	-	-	33,232
Due from fiduciary funds	-	-	-	-	4,478,987	4,478,987
Other assets	-	52,963	-	80,000	1,585,256	1,718,219
Total current assets	6,242,876	5,966,344	4,835,446	8,688,651	15,017,925	40,751,242
Noncurrent assets						
Capital assets, net:						
Assets being depreciated	-	3,071,285	-	-	-	3,071,285
Total Assets	6,242,876	9,037,629	4,835,446	8,688,651	15,017,925	43,822,527
LIABILITIES						
Current liabilities						
Accounts payable	-	206,121	185,654	-	431,545	823,320
Due to other funds	-	190,148	-	-	-	190,148
Compensated absences	1,300,000	-	-	-	-	1,300,000
Claims and judgements	-	-	1,000,000	1,000,000	-	2,000,000
Total current liabilities	1,300,000	396,269	1,185,654	1,000,000	431,545	4,313,468
Noncurrent liabilities						
Claims and judgements	-	-	3,085,865	788,503	-	3,874,368
Compensated absences	4,723,821	-	-	-	-	4,723,821
Advances from other funds	-	295,000	-	-	-	295,000
Total noncurrent liabilities	4,723,821	295,000	3,085,865	788,503	-	8,893,189
Total Liabilities	6,023,821	691,269	4,271,519	1,788,503	431,545	13,206,657
NET ASSETS						
Invested in capital assets	-	3,071,285	-	-	-	3,071,285
Unrestricted	219,055	5,275,075	563,927	6,900,148	14,586,380	27,544,585
Total Net Assets	\$ 219,055	\$ 8,346,360	\$ 563,927	\$ 6,900,148	\$ 14,586,380	\$ 30,615,870

MACOMB COUNTY, MICHIGAN
Combining Statement of Cash Flows - Internal Service Funds
Year Ended December 31, 2008

	Compensated Absences	Equipment Revolving	General Liability Insurance	Workers' Compensation	Employee Fringe Benefits	Totals
Cash Flows from Operating Activities						
Cash received from customers	\$ -	\$ 66,307	\$ -	\$ -	\$ -	\$ 66,307
Cash received from interfund services	904,601	5,538,150	1,978,005	769,765	59,518,476	68,708,997
Cash payments to employees	(904,601)	-	-	-	-	(904,601)
Cash payments to suppliers	-	(5,953,538)	(3,758,668)	(1,224,669)	(58,948,313)	(69,885,188)
Net cash provided by Operating Activities	-	(349,081)	(1,780,663)	(454,904)	570,163	(2,014,485)
Cash Flows From Noncapital Financing Activities						
Transfers in	-	393,746	1,880,000	-	-	2,273,746
Cash Flows From Capital and Related Financing Activities						
Acquisition of capital assets	-	(603,170)	-	-	-	(603,170)
Increase (decrease) in cash and pooled investments	-	(558,505)	99,337	(454,904)	570,163	(343,909)
Cash and pooled investments, beginning of year	6,242,876	5,799,990	4,736,109	9,063,555	8,383,519	34,226,049
Cash and pooled investments, end of year	<u>\$ 6,242,876</u>	<u>\$ 5,241,485</u>	<u>\$ 4,835,446</u>	<u>\$ 8,608,651</u>	<u>\$ 8,953,682</u>	<u>\$ 33,882,140</u>
Reconciliation of operating income to net cash provided (used) by operating activities						
Operating income (loss)	\$ 1,559	\$ (922,322)	\$ (1,329,331)	\$ (377,422)	\$ 1,679,585	\$ (947,931)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:						
Depreciation	-	662,482	-	-	-	662,482
Decrease in accounts receivable	-	11,200	-	-	-	11,200
Decrease in inventory	-	67,004	-	-	-	67,004
Decrease (increase) in amounts due from other governments	-	260,812	-	-	-	260,812
Decrease (increase) in amounts due from other funds	-	124,404	-	-	(241,781)	(117,377)
Decrease (increase) in other assets	-	77,407	153,166	51,066	(489,841)	(208,202)
Increase (decrease) in accounts payable	-	(121,915)	(65,782)	(77,509)	(377,800)	(643,006)
Decrease in accrued employee benefits	(1,559)	-	-	-	-	(1,559)
Increase (decrease) in amounts due to other funds	-	(503,153)	-	-	-	(503,153)
Decrease in advances from other funds	-	(5,000)	-	-	-	(5,000)
Increase (decrease) in accrued claims and judgments	-	-	(538,716)	(51,039)	-	(589,755)
Net cash provided by (used in) operating activities	<u>\$ -</u>	<u>\$ (349,081)</u>	<u>\$ (1,780,663)</u>	<u>\$ (454,904)</u>	<u>\$ 570,163</u>	<u>\$ (2,014,485)</u>

(1) - As restated for Employee Fringe Benefits. See Note 14.

MACOMB COUNTY, MICHIGAN
Combining Statement of Fiduciary Net Assets
Pension and Other Employee Benefit Trust Funds
December 31, 2008

	<u>Employees'</u> <u>Retirement Fund</u>	<u>Retiree Health</u> <u>Care Fund</u>	<u>Total</u>
ASSETS			
Cash and pooled investments	\$ 80,387,601	\$ 3,285,719	\$ 83,673,320
Receivables			
Accrued interest	420,305	299,350	719,655
Other	166,655	-	166,655
Other assets	-	72,954	72,954
Investments, at fair value			
Corporate Bonds	75,974,909	-	75,974,909
Preferred Stock	7,704,498	-	7,704,498
Common Stock	127,527,413	216,714	127,744,127
Foreign Stock	20,705,009	9,313,908	30,018,917
Limited partnership	57,353,476	-	57,353,476
Mutual funds	270,378,388	71,894,732	342,273,120
Securities lending collateral	26,086,808	-	26,086,808
Due from fiduciary funds	950,977	-	950,977
	<u>667,656,039</u>	<u>85,083,377</u>	<u>752,739,416</u>
Total Assets			
LIABILITIES			
Accounts payable	662,627	3,209,062	3,871,689
Due to fiduciary funds	1,022,245	4,520,373	5,542,618
Obligations under securities lending	26,086,808	-	26,086,808
	<u>27,771,680</u>	<u>7,729,435</u>	<u>35,501,115</u>
Total Liabilities			
NET ASSETS			
Net assets held in trust for pension and other postemployment benefits	<u>\$ 639,884,359</u>	<u>\$ 77,353,942</u>	<u>\$ 717,238,301</u>

MACOMB COUNTY, MICHIGAN
Combining Statement of Changes In Fiduciary Net Assets
Pension and Other Employee Benefit Trust Funds Funds
Year Ended December 31, 2008

	<u>Employees'</u> <u>Retirement Fund</u>	<u>Retiree Health</u> <u>Care Fund</u>	<u>Total</u>
ADDITIONS			
Contributions			
Employer	\$ 18,658,075	\$ 15,588,755	\$ 34,246,830
Employee	4,994,742	591,019	5,585,761
	<u>23,652,817</u>	<u>16,179,774</u>	<u>39,832,591</u>
Investment income			
Net appreciation (depreciation) in fair value of assets	(257,276,844)	(39,149,950)	(296,426,794)
Interest	1,735,086	-	1,735,086
Dividends	6,213,866	4,836,174	11,050,040
Securities lending	526,557	-	526,557
	<u>(248,801,335)</u>	<u>(34,313,776)</u>	<u>(283,115,111)</u>
Less investment expenses			
Management and custodial fees	3,519,178	-	3,519,178
Securities lending agent fees	157,967	-	157,967
	<u>(252,478,480)</u>	<u>(34,313,776)</u>	<u>(286,792,256)</u>
Net investment income	<u>(252,478,480)</u>	<u>(34,313,776)</u>	<u>(286,792,256)</u>
Total additions	<u>(228,825,663)</u>	<u>(18,134,002)</u>	<u>(246,959,665)</u>
DEDUCTIONS			
Benefit payments	36,017,384	16,088,293	52,105,677
Refunds of contributions	410,409	-	410,409
Administrative expense	160,790	91,481	252,271
	<u>36,588,583</u>	<u>16,179,774</u>	<u>52,768,357</u>
Total deductions	<u>36,588,583</u>	<u>16,179,774</u>	<u>52,768,357</u>
Net decrease in net assets	(265,414,246)	(34,313,776)	(299,728,022)
NET ASSETS			
Beginning of year	<u>905,298,605</u>	<u>111,667,718</u>	<u>1,016,966,323</u>
End of year	<u>\$ 639,884,359</u>	<u>\$ 77,353,942</u>	<u>\$ 717,238,301</u>

MACOMB COUNTY, MICHIGAN
Combining Statement of Fiduciary Net Assets
Agency Funds
December 31, 2008

	<u>Trust and Agency</u>	<u>Payroll and Benefits</u>	<u>Miscellaneous Agency Funds</u>	<u>Total</u>
ASSETS				
Cash and pooled investments	\$ 16,638,137	\$ 227,612	\$ 3,572,879	\$ 20,438,628
Receivables				
Other	902	-	1,951	2,853
Due from fiduciary funds	113,415	-	-	113,415
Other assets	190	-	-	190
	<hr/>	<hr/>	<hr/>	<hr/>
Total Assets	<u>\$ 16,752,644</u>	<u>\$ 227,612</u>	<u>\$ 3,574,830</u>	<u>\$ 20,555,086</u>
LIABILITIES				
Accounts payable	\$ 10,814,227	\$ 5,118	\$ -	\$ 10,819,345
Accrued compensation and benefits	-	222,494	-	222,494
Deposits	4,768,391	-	2,809,338	7,577,729
Due to other governments	1,170,026	-	765,492	1,935,518
	<hr/>	<hr/>	<hr/>	<hr/>
Total Liabilities	<u>\$ 16,752,644</u>	<u>\$ 227,612</u>	<u>\$ 3,574,830</u>	<u>\$ 20,555,086</u>

MACOMB COUNTY, MICHIGAN
Combined Statement of Changes in Fiduciary Net Assets
Agency Funds
Year Ended December 31, 2008

	<u>Balance 12/31/2007 (1)</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 12/31/2008</u>
ASSETS				
Cash and pooled investments	\$ 8,692,834	\$ 973,897,711	\$ 962,151,917	\$ 20,438,628
Receivables				
Other	1,016	965,216	963,379	2,853
Due from fiduciary funds	113,415	-	-	113,415
Other assets	190	131,526	131,526	190
	<u>190</u>	<u>131,526</u>	<u>131,526</u>	<u>190</u>
Total Assets	<u>\$ 8,807,455</u>	<u>\$ 974,994,453</u>	<u>\$ 963,246,822</u>	<u>\$ 20,555,086</u>
LIABILITIES				
Accounts payable	\$ 140,088	\$ 330,616,485	\$ 319,937,228	\$ 10,819,345
Accrued compensation and benefits	326,074	50,127,798	50,231,378	222,494
Deposits	5,657,884	34,863,751	32,943,906	7,577,729
Due to other governments	2,683,409	197,436,440	198,184,331	1,935,518
	<u>2,683,409</u>	<u>197,436,440</u>	<u>198,184,331</u>	<u>1,935,518</u>
Total Liabilities	<u>\$ 8,807,455</u>	<u>\$ 613,044,474</u>	<u>\$ 601,296,843</u>	<u>\$ 20,555,086</u>

(1) - As restated. See Note 14.

MACOMB COUNTY, MICHIGAN
Statement of Changes in Assets and Liabilities
Trust and Agency Fund
Year Ended December 31, 2008

	Balance 12/31/2007	Additions	Deletions	Balance 12/31/2008
ASSETS				
Cash and pooled investments	\$ 3,895,416	\$ 177,923,605	\$ 165,180,884	\$ 16,638,137
Receivables				
Other	902	573	573	902
Due from fiduciary funds	113,415	-	-	113,415
Other assets	190	131,526	131,526	190
	<u>4,009,923</u>	<u>178,055,704</u>	<u>165,312,983</u>	<u>16,752,644</u>
Total Assets	\$ 4,009,923	\$ 178,055,704	\$ 165,312,983	\$ 16,752,644
LIABILITIES				
Accounts payable	\$ 104,287	\$ 148,688,728	\$ 137,978,788	\$ 10,814,227
Deposits	2,238,769	33,068,031	30,538,409	4,768,391
Due to other governments	1,666,867	23,215,107	23,711,948	1,170,026
	<u>4,009,923</u>	<u>204,971,866</u>	<u>192,229,145</u>	<u>16,752,644</u>
Total Liabilities	\$ 4,009,923	\$ 204,971,866	\$ 192,229,145	\$ 16,752,644

MACOMB COUNTY, MICHIGAN
Statement of Changes in Assets and Liabilities
Payroll and Benefits Agency Funds
Year Ended December 31, 2008

	<u>Balance</u> <u>12/31/2007 (1)</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>12/31/2008</u>
ASSETS				
Cash and pooled investments	\$ 361,784	\$ 148,549,688	\$ 148,683,860	\$ 227,612
LIABILITIES				
Accounts payable	\$ 35,710	\$ 5,961,831	\$ 5,992,423	\$ 5,118
Accrued compensation and benefits	326,074	50,127,798	50,231,378	222,494
Total Liabilities	\$ 361,784	\$ 56,089,629	\$ 56,223,801	\$ 227,612

(1) - As restated. See Note 14.

MACOMB COUNTY, MICHIGAN
Statement of Changes in Assets and Liabilities
Miscellaneous Agency Funds
Year Ended December 31, 2008

	<u>Balance 12/31/2007</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 12/31/2008</u>
ASSETS				
Cash and pooled investments	\$ 4,435,634	\$ 647,424,418	\$ 648,287,173	\$ 3,572,879
Receivables				
Other	114	964,643	962,806	1,951
Total Assets	<u>\$ 4,435,748</u>	<u>\$ 648,389,061</u>	<u>\$ 649,249,979</u>	<u>\$ 3,574,830</u>
LIABILITIES				
Accounts payable	\$ 91	\$ 175,965,926	\$ 175,966,017	\$ -
Deposits	3,419,115	1,795,720	2,405,497	2,809,338
Due to other governments	1,016,542	174,221,333	174,472,383	765,492
Total Liabilities	<u>\$ 4,435,748</u>	<u>\$ 351,982,979</u>	<u>\$ 352,843,897</u>	<u>\$ 3,574,830</u>

MACOMB COUNTY, MICHIGAN
Combining Balance Sheet - Governmental Funds
Drainage Districts Component Unit
September 30, 2008

	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Debt Service</u>	<u>Total</u>
Assets				
Cash and pooled investments	\$ 4,766,657	\$ 51,831,197	\$ 2,619,630	\$ 59,217,484
Special assessments receivable	-	-	110,250,000	110,250,000
Accrued interest receivable	-	107,538	205	107,743
Accounts receivable, net	<u>7,060,967</u>	<u>59,590</u>	<u>606,202</u>	<u>7,726,759</u>
Total Assets	<u><u>\$ 11,827,624</u></u>	<u><u>\$ 51,998,325</u></u>	<u><u>\$ 113,476,037</u></u>	<u><u>\$ 177,301,986</u></u>
Liabilities				
Accounts payable	\$ 6,397,509	\$ 1,672,270	\$ 1,373,162	\$ 9,442,941
Unearned revenue	-	1,042,589	105,495,000	106,537,589
Total Liabilities	<u>6,397,509</u>	<u>2,714,859</u>	<u>106,868,162</u>	<u>115,980,530</u>
Fund Balances				
Reserved	-	45,579,612	6,607,875	52,187,487
Unreserved				
Designated				
Capital projects	<u>5,430,115</u>	<u>3,703,854</u>	<u>-</u>	<u>9,133,969</u>
Total Fund Balances	<u>5,430,115</u>	<u>49,283,466</u>	<u>6,607,875</u>	<u>61,321,456</u>
Total Liabilities and Fund Balances	<u><u>\$ 11,827,624</u></u>	<u><u>\$ 51,998,325</u></u>	<u><u>\$ 113,476,037</u></u>	<u><u>\$ 177,301,986</u></u>

**MACOMB COUNTY, MICHIGAN
RECONCILIATION OF THE FUND BALANCES ON THE BALANCE SHEET OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF NET ASSETS OF GOVERNMENTAL ACTIVITIES -
DRAINAGE DISTRICTS COMPONENT UNIT
SEPTEMBER 30, 2008**

Total fund balances for governmental funds \$ 61,321,456

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	1,992,428
Infrastructure	238,667,986
Construction in progress	4,511,738
Accumulated depreciation	(72,114,579)

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	(92,820,000)
Net refunding bonds issued during the current year	(22,340,000)
Bond principal repayments	4,910,000

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	(778,161)
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Net assets of governmental activities reported in the Government-Wide Statement of Net Assets	\$ 123,350,868
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The accompanying notes are an integral part of these financial statements

MACOMB COUNTY, MICHIGAN
Combining Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds
Drainage Districts Component Unit
Year Ended September 30, 2008

	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Debt Service</u>	<u>Total</u>
Revenues				
Special assessments	\$ -	\$ -	\$ 4,755,000	\$ 4,755,000
Charges for services	40,947,810	4,346,730	3,938	45,298,478
Investment income	159,919	1,129,774	3,332,328	4,622,021
Other revenue	-	4,359	-	4,359
	<u>41,107,729</u>	<u>5,480,863</u>	<u>8,091,266</u>	<u>54,679,858</u>
Total Revenues				
Expenditures				
Current				
Public works	40,719,350	2,174,996	-	42,894,346
Capital outlay	-	8,986,671	1,260	8,987,931
Debt service				
Principal	-	-	4,910,000	4,910,000
Interest and fees	-	5,019	3,885,606	3,890,625
Bond issuance costs	-	98,631	-	98,631
	<u>40,719,350</u>	<u>11,265,317</u>	<u>8,796,866</u>	<u>60,781,533</u>
Total Expenditures				
Excess of Revenues over (under) Expenditures	388,379	(5,784,454)	(705,600)	(6,101,675)
Other financing sources (uses)				
Issuance of debt	-	22,340,000	-	22,340,000
	<u>388,379</u>	<u>16,555,546</u>	<u>(705,600)</u>	<u>16,238,325</u>
Net change in fund balances				
Fund Balances, beginning of year	5,041,736	32,727,920	7,313,475	45,083,131
	<u>5,041,736</u>	<u>32,727,920</u>	<u>7,313,475</u>	<u>45,083,131</u>
Fund Balances, end of year	<u>\$ 5,430,115</u>	<u>\$ 49,283,466</u>	<u>\$ 6,607,875</u>	<u>\$ 61,321,456</u>

**MACOMB COUNTY, MICHIGAN
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES -
DRAINAGE DISTRICTS COMPONENT UNIT
YEAR ENDED SEPTEMBER 30, 2008**

Net change in fund balances - total governmental funds	\$ 16,238,325
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	1,971,984
Current year depreciation expense	(4,629,723)
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)	4,910,000
The proceeds received as a result of issuing of bonds are recorded as revenue in the governmental funds, but are recorded as increases in long-term liabilities in the Statement of Net Assets. (See Note 4)	(22,340,000)
The change in amount of accrued interest payable is not recorded in the governmental funds, but is recorded as interest expense in the Government-Wide Statement of Activities.	<u>(312,652)</u>
Change in net assets of governmental activities reported in the Statement of Activities	<u>\$ (4,162,066)</u>

The accompanying notes are an integral part of these financial statements

MACOMB COUNTY, MICHIGAN

December 31, 2008

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 Seven 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>	<u>2008</u>
Governmental activities							
Invested in capital assets, net of related debt	\$ 64,025	\$ 84,830	\$ 103,037	\$ 110,592	\$ 99,280	\$ 116,042	\$ 117,056
Restricted	37,717	27,338	64,780	97,573	117,133	96,409	80,962
Unrestricted	<u>111,874</u>	<u>112,919</u>	<u>88,024</u>	<u>61,479</u>	<u>50,704</u>	<u>7,014</u>	<u>(28,288)</u>
Total governmental activities net assets	<u>213,616</u>	<u>225,087</u>	<u>255,841</u>	<u>269,644</u>	<u>267,117</u>	<u>219,466</u>	<u>169,730</u>
Business-type activities							
Invested in capital assets, net of related debt	3,157	2,574	2,556	6,745	24,214	23,236	22,280
Restricted	6,309	6,236	6,354	6,411	6,724	7,049	8,267
Unrestricted	<u>90,389</u>	<u>86,844</u>	<u>85,159</u>	<u>83,860</u>	<u>82,539</u>	<u>87,479</u>	<u>93,449</u>
Total business-type units net assets	<u>99,855</u>	<u>95,654</u>	<u>94,069</u>	<u>97,016</u>	<u>113,477</u>	<u>117,764</u>	<u>123,996</u>
Primary Government							
Invested in capital assets, net of related debt	67,182	87,404	105,593	117,337	123,494	139,278	139,335
Restricted	44,026	33,574	71,134	103,984	123,857	103,458	89,229
Unrestricted	<u>202,263</u>	<u>199,763</u>	<u>173,183</u>	<u>145,339</u>	<u>133,243</u>	<u>94,494</u>	<u>65,161</u>
Total primary government net assets	<u>\$ 313,471</u>	<u>\$ 320,741</u>	<u>\$ 349,910</u>	<u>\$ 366,660</u>	<u>\$ 380,594</u>	<u>\$ 337,230</u>	<u>\$ 293,727</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 Seven Years (A)
(accrual basis of accounting, in thousands)

	2002	2003	2004	2005	2006	2007	2008
Expenses							
Governmental activities							
Legislative	\$ 1,715	\$ 1,833	\$ 1,958	\$ 2,077	\$ 2,250	\$ 2,345	\$ 2,354
Judicial	31,820	32,074	32,738	37,466	40,052	40,672	39,843
General Government	39,247	39,443	47,040	52,597	60,249	94,801	96,873
Public safety	51,446	53,912	60,513	67,118	73,774	76,046	76,264
Public works	319	3,657	2,134	953	1,500	1,157	873
Health and welfare	61,742	61,776	71,578	76,036	81,220	89,362	84,883
Recreation and culture	2,805	3,503	2,983	2,976	3,096	2,845	2,308
Other activities	2,917	5,389	2,374	-	-	-	-
Interest on long-term debt	2,425	2,896	3,423	3,763	3,637	4,038	3,479
Total governmental activities expenses	194,438	204,483	224,741	242,986	265,778	311,266	306,877
Business-type activities							
Delinquent tax collections	718	548	866	703	699	868	1,219
Community Mental Health	126,422	135,124	138,755	145,169	171,380	174,125	178,395
Martha T Berry Medical Care Facility	17,410	18,967	19,026	18,017	19,999	21,726	23,393
Freedom Hill Park	1,012	1,063	1,130	1,131	1,127	1,116	1,080
Total business-type activities expenses	145,562	155,700	159,777	165,020	193,205	197,835	204,087
Total primary government expenses	339,998	380,183	384,518	408,006	458,983	509,101	510,964
Program revenues							
Governmental activities							
Charges for services							
Judicial	5,593	5,797	6,060	6,866	6,973	7,017	5,935
General Government	18,858	19,730	18,439	20,085	15,118	13,288	13,250
Public safety	7,407	8,078	8,812	8,931	12,736	13,864	15,544
Health and welfare	11,198	12,960	12,821	11,474	11,836	12,660	9,758
Recreation and culture	-	286	309	310	321	120	115
Operating grants and contributions	44,996	43,500	50,190	54,003	56,334	59,335	60,072
Capital grants and contributions	718	232	3,198	1,538	3,813	2,725	1,062
Total governmental activities program revenues	86,568	90,583	99,829	103,007	107,130	109,009	105,736
Business-type activities							
Charges for services							
Delinquent tax collections	8,830	7,401	7,465	6,366	8,211	12,119	14,177
Community Mental Health	82,650	93,752	97,609	139,403	161,597	167,342	173,065
Martha T Berry Medical Care Facility	13,723	14,260	13,366	12,340	13,880	18,609	19,723
Freedom Hill Park	223	259	242	264	254	242	255
Operating grants and contributions	38,543	35,907	35,803	288	2,927	372	415
Total business-type activities program revenues	141,969	151,579	154,485	158,661	186,869	198,684	207,635
Total primary government program revenues	228,537	242,162	254,314	261,668	293,999	307,693	313,371
Net (Expense) Revenue							
Governmental activities							
	(107,868)	(113,900)	(124,912)	(139,979)	(158,648)	(202,257)	(201,141)
Business-type activities							
	(3,593)	(4,121)	(5,292)	(6,359)	(6,336)	849	3,548
Total primary government net expenses	\$ (111,461)	\$ (118,021)	\$ (130,204)	\$ (146,338)	\$ (164,984)	\$ (201,408)	\$ (197,593)

(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 Seven 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>	<u>2008</u>
General Revenues							
Governmental activities							
Property taxes	\$ 96,531	\$ 104,047	\$ 145,946	\$ 153,326	\$ 164,855	\$ 141,903	\$ 132,539
Intergovernmental revenues - restricted	-	-	-	493	-	-	-
Intergovernmental revenues - unrestricted	18,454	16,351	8,260	1,943	2,263	2,392	801
Investment earnings	5,711	4,152	3,433	6,456	9,529	10,635	6,645
Gain (loss) on sale of assets	8	(3)	-	-	-	-	-
Transfers	(101,422)	825	(1,974)	(8,435)	(20,525)	(325)	(1,486)
Total governmental activities	<u>19,282</u>	<u>125,372</u>	<u>155,665</u>	<u>153,783</u>	<u>156,122</u>	<u>154,605</u>	<u>138,499</u>
Business-type activities							
Investment earnings	2,059	1,106	1,052	1,856	3,060	2,966	2,164
Transfers	101,389	(1,184)	2,655	7,449	19,735	473	519
Total business-type activities	<u>103,448</u>	<u>(78)</u>	<u>3,707</u>	<u>9,305</u>	<u>22,795</u>	<u>3,439</u>	<u>2,683</u>
Total primary government	<u>122,730</u>	<u>125,294</u>	<u>159,372</u>	<u>163,088</u>	<u>178,917</u>	<u>158,044</u>	<u>141,182</u>
Change in Net Assets							
Governmental activities	(88,586)	11,472	30,753	13,804	(2,526)	(47,652)	(62,642)
Business-type activities	99,855	(4,199)	(1,585)	2,946	16,459	4,288	6,231
Total primary government net revenue	<u>\$ 11,269</u>	<u>\$ 7,273</u>	<u>\$ 29,168</u>	<u>\$ 16,750</u>	<u>\$ 13,933</u>	<u>\$ (43,364)</u>	<u>\$ (56,411)</u>

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

Source: Macomb County Finance Department

UNAUDITED

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

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
General Fund							
Reserved	\$ 1,365	\$ 300	\$ 300	\$ 300	\$ 300	\$ 300	\$ 295
Unreserved	<u>59,056</u>	<u>65,214</u>	<u>62,439</u>	<u>53,302</u>	<u>46,012</u>	<u>39,454</u>	<u>32,134</u>
Total general fund	<u>\$ 60,421</u>	<u>\$ 65,514</u>	<u>\$ 62,739</u>	<u>\$ 53,602</u>	<u>\$ 46,312</u>	<u>\$ 39,754</u>	<u>\$ 32,429</u>
All Other Governmental Funds							
Reserved	\$ 37,748	\$ 27,368	\$ 64,811	\$ 97,604	\$ 117,134	\$ 96,409	\$ 80,962
Unreserved, reported in							
Special Revenue Funds	11,054	11,212	9,542	9,528	8,884	11,011	11,574
Capital Projects Funds	<u>29,002</u>	<u>23,104</u>	<u>18,181</u>	<u>15,727</u>	<u>10,782</u>	<u>15,225</u>	<u>10,668</u>
Total all other governmental funds	<u>\$ 77,804</u>	<u>\$ 61,684</u>	<u>\$ 92,534</u>	<u>\$ 122,859</u>	<u>\$ 136,800</u>	<u>\$ 122,645</u>	<u>\$ 103,204</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)

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Revenues										
Property taxes	\$ 79,567	\$ 84,643	\$ 86,610	\$ 96,531	\$ 104,046	\$ 145,946	\$ 153,326	\$ 164,855	\$ 141,903	\$ 132,539
Licenses and permits	965	981	985	1,030	1,054	1,087	1,203	1,166	1,650	1,243
Federal & State grants	142,804	145,840	162,242	63,981	59,856	61,642	57,690	60,758	64,143	60,587
Other grants	3,683	4,984	4,321	185	313	7	287	251	308	1,348
Charges for services	132,970	141,133	158,752	37,276	43,659	41,958	45,832	45,019	42,484	36,322
Investment income	15,101	16,242	15,343	5,711	4,152	3,433	6,456	9,529	10,635	6,645
Special assessments	5,772	2,850	3,124	-	-	-	-	-	-	-
Charges to other funds for administrative services	8,786	7,374	7,503	8,855	9,275	10,517	11,088	11,425	11,925	14,522
Fines and forfeitures	1,225	1,265	1,040	1,075	1,097	1,981	1,790	1,438	1,382	3,392
Other revenue	4,646	4,663	8,553	1,476	956	1,415	561	1,455	1,430	1,645
Total Revenues	393,519	409,975	450,473	216,120	224,408	267,986	278,253	295,896	275,863	260,243
Expenditures										
Legislative	1,525	1,488	1,731	1,715	1,833	1,958	2,077	2,250	2,345	2,354
Judicial	23,687	27,197	28,852	30,125	30,638	31,391	35,369	37,865	37,835	37,506
General government	38,139	40,028	43,299	44,897	46,351	49,570	55,724	60,273	58,640	58,808
Public safety	40,187	42,570	45,923	48,531	52,211	58,294	64,883	69,919	72,748	70,692
Public works	55,146	51,581	58,802	319	3,657	2,134	954	1,500	1,157	873
Health and welfare	182,015	190,882	205,182	60,632	61,370	69,848	73,868	79,290	87,191	83,292
Recreation and cultural	3,319	3,410	3,507	2,763	3,503	2,909	2,904	3,024	2,782	2,232
Other	2,888	2,694	3,267	2,918	3,793	4,733	5,481	5,460	5,619	5,189
Capital outlay	15,854	20,553	43,945	25,652	26,554	29,930	23,771	17,381	19,321	11,343
Debt service:										
Principal	5,099	5,664	5,130	1,820	3,070	2,985	3,560	4,470	4,750	4,890
Interest and fees	2,508	2,593	3,034	1,861	2,504	2,733	3,064	3,622	3,412	3,152
Bond issuance costs	-	-	-	87	64	220	288	-	114	61
Total Expenditures	370,347	388,680	440,672	220,920	235,548	256,705	271,943	285,054	295,914	280,193
Excess of Revenues over (under) Expenditures	23,172	21,315	9,801	(4,800)	(11,140)	11,281	6,310	10,842	(20,051)	(19,950)
Other financing sources (uses)										
Issuance of debt	2,414	13,535	30,872	40,885	-	19,350	22,255	-	16,895	2,605
Transfers in	61,728	58,157	69,117	59,682	67,515	78,791	84,041	90,160	102,574	104,057
Transfers out	(56,318)	(54,459)	(60,951)	(69,710)	(67,467)	(79,176)	(88,412)	(94,350)	(103,350)	(107,817)
Transfers to component units	(79)	(83)	(76)	(765)	-	-	-	-	-	-
Operating transfers from primary government	79	83	78	-	-	-	-	-	-	-
Bond discounts	-	-	-	(237)	-	(172)	(205)	-	(168)	34
Proceeds of refunding debt	990	-	-	-	5,830	-	-	-	-	-
Payment to refunding debt escrow agent	(990)	-	-	(8,798)	(5,765)	-	(2,802)	-	(16,614)	(5,696)
Total Other financing sources (uses)	7,823	17,233	39,038	21,057	113	16,793	14,877	(4,190)	(863)	(6,817)
Net change in fund balances	\$ 30,995	\$ 38,548	\$ 48,839	\$ 18,257	\$ (11,027)	\$ 28,074	\$ 21,187	\$ 6,652	\$ (20,714)	\$ (26,787)
Debt service as % of noncapital expenditures	2.05%	2.12%	1.85%	1.82%	2.68%	2.60%	2.72%	3.00%	2.97%	2.93%

Source: Macomb County Finance Department

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

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Revenues										
Taxes	\$ 79,413	\$ 84,479	\$ 88,458	\$ 98,389	\$ 103,905	\$ 108,025	\$ 115,340	\$ 128,970	\$ 141,691	\$ 132,362
Licenses and permits	385	353	366	377	392	397	391	331	308	348
Federal & State grants	21,653	23,431	30,081	24,247	21,875	14,756	8,422	8,625	8,408	7,058
Charges for services	22,559	22,776	23,604	25,759	28,747	26,754	30,297	30,330	27,571	25,952
Investment income	7,487	9,709	8,409	4,462	2,331	2,565	4,704	5,957	6,591	2,980
Charges to other funds for administrative services	6,786	7,374	7,502	8,855	9,275	10,517	11,088	11,425	11,925	14,522
Fines and forfeitures	1,007	989	888	856	933	1,059	1,046	865	698	672
Other revenue	228	247	238	227	223	207	167	68	277	200
Total Revenues	139,518	149,358	159,546	161,172	167,681	184,280	171,455	184,571	197,469	184,094
Expenditures										
Legislative	1,525	1,487	1,731	1,715	1,833	1,956	2,077	2,250	2,346	2,354
Judicial	16,738	17,315	18,134	19,219	19,101	19,452	22,779	23,707	24,197	24,200
General government	38,139	40,028	43,299	43,865	45,924	48,848	54,425	58,298	57,996	57,492
Public safety	36,310	38,682	41,614	44,360	47,976	51,927	56,692	62,031	63,860	63,924
Health and welfare	364	674	702	712	678	776	713	767	697	452
Other	2,430	2,399	2,943	2,918	3,793	4,733	5,481	5,460	5,619	5,188
Capital outlay	609	697	777	769	749	722	802	706	817	307
Total Expenditures	98,115	101,282	110,200	113,578	120,054	128,416	142,969	153,239	155,331	153,917
Excess of Revenues over (under) Expenditures	43,403	48,076	49,346	47,594	47,627	35,864	28,486	31,332	42,138	30,177
Other financing sources (uses)										
Transfers in	6,475	8,325	7,655	7,805	9,655	10,669	22,724	23,340	23,877	27,358
Transfers out	(42,896)	(47,044)	(49,186)	(49,195)	(52,189)	(56,308)	(60,347)	(81,981)	(72,574)	(64,856)
Total Other financing sources (uses)	(36,421)	(40,719)	(41,531)	(41,390)	(42,534)	(38,639)	(37,623)	(38,621)	(48,697)	(37,502)
Net change in fund balances	\$ 6,962	\$ 7,357	\$ 7,815	\$ 6,204	\$ 5,093	\$ (2,775)	\$ (9,137)	\$ (7,289)	\$ (6,559)	\$ (7,326)

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				
1999	\$ 90,265	\$ 2,255,426	\$ 1,555,927	\$ 13,255,400	\$ 17,044	\$ 2,670,660	\$ 19,844,723	\$ 39,689,446	4.2080	
2000	86,384	2,378,640	1,642,722	14,304,179	18,434	2,668,898	21,099,256	42,198,512	4.2070	
2001	88,217	2,578,382	1,739,876	15,585,365	17,012	2,683,477	22,702,329	45,404,658	4.2060	
2002	91,710	2,746,541	1,805,521	16,877,117	16,750	2,668,666	24,206,307	48,412,614	4.2058	
2003	86,213	2,899,405	1,904,056	17,928,699	24,403	2,730,451	25,573,225	51,146,450	4.2058	
2004	88,809	3,070,056	1,993,113	19,159,039	32,411	2,637,103	26,980,530	53,961,060	4.2058	
2005	89,477	3,256,304	2,103,638	20,489,780	39,290	2,624,238	28,602,727	57,205,454	4.2058	
2006	90,755	3,493,198	2,206,807	21,920,822	49,452	2,612,885	30,373,918	60,747,836	4.2055	
2007	95,800	3,752,879	2,263,653	23,097,856	50,800	2,601,682	31,862,670	63,725,340	4.2055	
2008	99,611	3,910,548	2,154,165	23,063,322	47,768	2,537,472	31,812,886	63,625,772	4.2455	

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

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

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
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	0.0060	0.0070	0.0060	0.0058	0.0058	0.0058	0.0056	0.0055	0.0055	0.0055
County Veteran	-	-	-	-	-	-	-	-	-	0.0400
Total direct rate	4.2060	4.2070	4.2080	4.2058	4.2056	4.2058	4.2056	4.2055	4.2055	4.2455
Overlapping rates										
Cities:										
Center Line	18.5610	19.2520	19.1830	20.1750	20.8360	21.2997	23.1486	23.2656	22.6223	21.2329
Eastpointe	19.2900	18.2834	18.1834	18.1074	18.4002	17.9541	18.9845	25.8009	23.8711	24.1214
Fraser	17.8600	17.8800	18.1100	18.1100	18.0000	18.0000	18.1362	18.1382	18.1382	18.1382
Memphis	16.0088	15.7862	15.5511	15.4344	15.1195	15.1195	14.8019	14.3889	14.2953	14.2953
Mt. Clemens	22.9017	22.7620	22.8321	22.4989	22.2498	22.0327	21.2434	21.2434	18.2159	18.2159
New Baltimore	15.6371	14.8852	14.3948	14.1189	13.7745	12.8439	14.4123	13.8955	13.8955	13.9445
Richmond	23.0000	21.4500	21.8436	21.4501	20.8232	20.0127	18.7028	18.6526	18.4826	18.4326
Roseville	16.3800	16.3800	16.3800	16.3800	16.3800	16.3800	16.3800	16.3800	21.3800	21.3800
St. Clair Shores	13.2320	14.9975	14.7980	15.0063	15.4504	15.8504	17.9863	18.2755	18.3316	18.8982
Sterling Heights	10.9700	10.7200	10.6500	10.8300	10.6250	10.6250	10.6250	10.7250	10.7250	10.7858
Ulica	21.8021	20.4934	21.1986	21.1418	21.2473	21.4636	21.9024	21.9198	21.4758	21.7201
Warren	16.3088	18.3088	18.2600	16.2524	16.1924	18.1924	18.9424	16.9424	16.9424	16.9424
Townships (rates range)										
Low	0.8864	0.8812	0.8052	0.8043	0.7992	0.7713	0.7797	0.7794	0.7794	0.7794
High	13.0578	13.0115	12.5405	13.7958	13.8955	13.8934	13.7278	15.1516	14.7275	15.0575
Villages (rates range)										
Low	12.4890	13.6312	14.1052	14.5543	14.4987	13.8141	14.7547	14.7438	15.0794	15.0794
High	16.7114	28.0402	25.5613	25.3993	24.6899	19.4654	19.4508	19.4508	19.0936	19.0936
School districts (rates range)										
Low	7.3000	8.3500	9.1500	9.1500	9.3000	9.3000	9.2000	8.9000	8.9000	8.9000
High	36.6500	38.5080	36.5080	38.4488	35.2263	35.9310	35.4143	35.4143	35.4143	35.4143
Intermediate school district										
Community college	1.5840	1.5140	1.8707	1.6925	1.5859	1.5002	1.4212	1.4212	1.4212	1.4212
SMART Regional Transportation	0.3273	0.3273	0.3235	0.6000	0.5973	0.5949	0.5912	0.5900	0.5900	0.5900
HCM Park Authority	0.2218	0.2202	0.2166	0.2170	0.2161	0.2154	0.2146	0.2146	0.2146	0.2146
ZOO Authority	-	-	-	-	-	-	-	-	-	0.1000

Source: Macomb County Equalization Department

UNAUDITED

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

Taxpayer	2008			1999		
	Taxable Value	Rank	Percentage of Total County Taxable Value	Taxable Value	Rank	Percentage of Total County Taxable Value
CHRYSLER CORPORATION	\$ 358,931,795	1	1.13%	\$ 378,994,715	3	2.09%
GENERAL MOTORS	306,878,013	2	0.96%	444,835,657	1	2.45%
DETROIT EDISON	261,195,781	3	0.82%	253,076,907	4	1.39%
FORD MOTOR COMPANY	212,224,694	4	0.67%	395,847,611	2	2.18%
CONSUMERS ENERGY	94,935,481	5	0.30%	108,878,921	5	0.60%
INTERNATIONAL TRANS.	88,437,947	6	0.28%	-	-	0.00%
MICHIGAN CONSOLIDATED GAS	62,078,691	7	0.20%	-	-	0.00%
MEIJER	58,561,608	8	0.18%	29,314,837	9	0.16%
MALL AT PARTRIDGE CREEK	40,196,000	9	0.13%	-	-	0.00%
AZ AUTOMOTIVE	39,176,125	10	0.12%	-	-	0.00%
E.D.S.	-		0.00%	47,905,524	6	0.26%
PINE TREE ACRES	-		0.00%	43,103,531	7	0.24%
LAKESIDE ASSOCIATES	-		0.00%	32,833,700	8	0.18%
TRW	-		0.00%	26,731,442	10	0.15%
	<u>\$ 1,522,616,135</u>		<u>4.79%</u>	<u>\$ 1,761,522,845</u>		<u>9.70%</u>

Source: Macomb County Equalization Department

UNAUDITED

MACOMB COUNTY
Property Tax Levies and Collections
Last Ten Years

<u>Year</u>	<u>Taxes Levied for the Fiscal Year</u>	<u>Collected within the Fiscal Year of the Levy</u>		<u>Subsequent Years Collections</u>	<u>Total Collections to Date</u>	
		<u>Amount</u>	<u>% of Levy</u>		<u>Amount</u>	<u>% of Levy</u>
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%
2008	138,024,533	132,205,509	95.78%	156,879	132,362,388	95.90%

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
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	0.28%	0.20%	74.96
2008	63,880,000	5,591,223	58,288,777	N/A	0.18%	70.17

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, 2008

	<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	\$ 59,455,000	\$ -	\$ 59,455,000
Criminal Justice Building Authority	4,425,000	-	4,425,000
Michigan Transportation bonds	8,890,000	-	8,890,000
Public Works - water and sewer debt	110,250,000	110,250,000	-
	<u>183,020,000</u>	<u>110,250,000</u>	<u>72,770,000</u>
Net direct debt	<u>\$ 183,020,000</u>	<u>\$ 110,250,000</u>	<u>\$ 72,770,000</u>
Overlapping debt			
School districts			\$ 1,918,261,570
Cities			310,651,138
Township			143,812,716
Villages			10,251,269
Intermediate school district			1,618,554
Library			15,095,000
			<u>2,399,690,247</u>
Net overlapping debt			<u>\$ 2,399,690,247</u>
Net direct and overlapping debt			<u>\$ 2,472,460,247</u>

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

MACOMB COUNTY
Legal Debt Margin
Last Ten Years

Legal Debt Margin Calculation for 2008

2008 Assessed Taxable Value	\$ 31,812,886,490
Debt Limit (10% of Assessed Taxable Value)	\$ 3,181,288,649
Outstanding Long-term Debt	\$ 191,910,000
Less: Transportation Fund bonds	(8,890,000)
Debt Applicable to Limit	<u>183,020,000</u>
LEGAL DEBT MARGIN	<u>\$ 2,998,268,649</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
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%
2008	3,181,288,649	183,005,000	2,998,268,649	5.75%

Source: Macomb County Finance Department

UNAUDITED

MACOMB COUNTY
Demographic and Economic Statistics
Last Ten Years

<u>Years</u>	<u>Population</u>	<u>Personal Income (thousands of dollars)</u>	<u>Per Capita Personal Income</u>	<u>Unemployment Rate</u>
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	22,272,864	26,800	9.0%
2008	830,663	N/A	N/A	8.8%

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

UNAUDITED

MACOMB COUNTY
Principal Employers
Current Year and Nine Years Ago

Employer	2008			1999		
	Employees	Rank	% of Total County Employment	Employees	Rank	% of Total County Employment
General Motors	14,327	1	3.32%	15,709	1	3.70%
Chrysler Corporation	10,558	2	2.45%	10,435	3	2.46%
U.S. Government	5,357	3	1.24%	6,147	4	1.45%
Ford Motor Company	4,789	4	1.11%	11,887	2	2.80%
Henry Ford Health System	3,736	5	0.87%	975	17	0.23%
Utica Schools	3,676	6	0.85%	-	-	-
St. John Health System	3,385	7	0.78%	2,711	6	0.64%
Macomb County	3,047	8	0.71%	2,733	5	0.64%
General Dynamics	2,500	9	0.58%	1,900	9	0.45%
Cadence Innovation	2,000	10	0.46%	-	-	-
Chippewa Valley School	1,690	11	0.39%	-	-	-
U.S. Postal Service	1,606	12	0.37%	-	-	-
Warren Con. Schools	1,398	13	0.32%	-	-	-
The Kroger Co.	1,324	14	0.31%	761	20	0.18%
State of Michigan	1,198	15	0.28%	1,126	15	0.27%
Mt. Clemens Med. Center	1,055	16	0.24%	1,794	10	0.42%
AZ Automotive Corp.	1,048	17	0.24%	-	-	-
Campbell-Ewald	990	18	0.23%	-	-	-
Faurecia	925	19	0.21%	-	-	-
Asset Acceptance Capital	836	20	0.19%	-	-	-
Kmart Co	-	-	-	2,326	7	0.55%
Mercy Health Services Inc.	-	-	-	1,926	8	0.45%
EDS	-	-	-	1,600	11	0.38%
Becker Group Inc.	-	-	-	835	18	0.20%
TRW Inc.	-	-	-	1,545	12	0.36%
Aetna Industries Inc.	-	-	-	1,472	13	0.35%
Johnson Controls	-	-	-	1,190	14	0.28%
Ameritech Michigan	-	-	-	1,000	16	0.24%
Farmer Jack	-	-	-	768	19	0.18%
	65,445		15.17%	68,840		16.20%

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	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Legislative										
Board of Commissioners	25	25	25	25	26	26	26	26	26	26
Judicial										
Circuit Court	56	57	57	57	62	65	65	65	67	67
Family Counseling Services	-	-	-	-	-	-	-	-	-	1
District Court Div. 1	13	13	13	13	13	13	13	13	13	13
District Court Div. 2	16	17	18	18	18	18	18	18	18	18
Friend of the Court	117	118	119	121	122	124	125	125	126	125
Probate Court - Estates	26	27	27	27	31	31	31	31	31	31
Probate Court - Juvenila	69	69	72	70	69	68	68	64	62	62
Probate Court - Mental Division	7	7	8	10	10	10	12	12	12	11
Probation	11	13	13	14	16	16	18	19	19	19
General Government										
County Administration	7	7	7	7	7	9	9	9	9	9
Corporation Counsel	6	7	7	7	8	9	9	9	9	9
Budget	1	2	2	2	2	2	2	2	2	2
Finance	25	25	25	25	25	25	25	25	25	25
Purchasing	25	22	22	22	22	24	24	23	23	23
Reimbursement	14	14	14	14	15	15	15	15	15	15
Information & Tech Systems	42	46	46	45	48	48	49	48	49	49
Equalization	16	16	16	16	16	16	15	14	14	13
Human Resources	21	21	22	22	23	29	29	28	28	28
Clerk/Register	81	81	81	86	92	96	98	98	99	99
Treasurer	33	34	34	34	34	34	34	34	34	34
Public Works	46	48	48	51	51	55	57	58	58	60
M.S.U. County Extension	61	65	66	75	76	76	77	76	76	76
Planning & Econ Dev	36	36	36	33	33	35	35	37	37	36
Risk Management	4	4	4	4	4	4	4	4	4	4
Facilities & Operations	111	111	113	113	115	123	124	124	127	126
Prosecuting Attorney	105	109	113	114	117	120	123	140	141	141
Public Safety										
Sheriff	425	429	444	470	478	475	501	503	503	503
Technical Services	10	10	10	10	10	10	10	10	10	10
Emergency Services	2	3	3	3	3	4	4	4	4	7
Community Corrections	-	-	-	-	-	9	10	11	11	11
Health										
Environmental Health	39	45	45	48	48	48	48	50	50	50
Pubic Health	243	239	235	229	227	226	229	226	223	223
Community Mental Health	324	325	326	326	328	330	330	330	333	333
Substance Abuse	10	10	10	10	10	10	10	10	10	10
Social Services										
Child Care - Youth Home	112	112	112	112	112	122	122	140	141	141
Medical Care Facility	234	232	232	235	237	236	240	244	244	243
Veterans Services	5	5	5	4	7	6	6	6	6	6
Senior Citizen Services	32	35	36	36	37	39	39	38	38	38
Community Services Agency	293	298	299	284	301	308	267	260	257	243
Macomb/St. Clair Employment	40	46	44	44	45	42	42	43	41	41
Culture & Recreation										
Parks & recreation	8	8	8	8	8	8	8	9	9	9
Library	69	69	69	67	67	67	67	65	65	57
Total	2,820	2,860	2,886	2,911	2,973	3,031	3,038	3,066	3,069	3,047

Source: Macomb County Budget

MACOMB COUNTY, MICHIGAN
Operating Indicators By Function/Program
December 31, 2008

UNAUDITED

Function/Program	1999	2000	2001	2002	2003	2004	2005	2008	2007	2008
Judicial:										
Circuit Court										
Caseload	16,163	16,293	16,972	17,561	17,080	17,225	18,420	23,992	23,988	24,184
District Court - Romeo										
Caseload	13,975	12,756	11,943	13,830	13,630	13,143	14,059	11,362	8,637	9,500
District Court - New Baltimore										
Caseload	14,240	19,138	18,054	17,792	15,346	22,935	25,000	18,965	15,541	15,000
Prosecuting Attorney										
Felony warrants issued	N/A	6,828	6,950	6,523	7,815	8,133	8,758	8,432	8,623	8,990
Misdemeanors issued	N/A	10,280	10,363	11,133	11,038	9,741	9,376	9,902	9,929	10,122
General Government:										
County Clerk										
Birth records	N/A	5,175	5,115	4,772	4,514	4,713	4,445	4,273	3,866	4,500
Death records	N/A	5,677	5,683	5,832	5,558	5,942	6,113	6,084	5,465	6,200
Marriage licenses	N/A	5,562	5,826	5,545	4,934	5,603	5,445	5,221	5,111	5,600
Public Works										
Inspections	N/A	N/A	23,471	20,893	19,844	20,599	16,320	11,577	12,092	17,400
Public Safety:										
Sheriff										
Complaints handled	110,313	102,857	103,661	99,645	88,267	83,078	105,996	109,328	105,323	105,850
Inmate bookings	25,942	25,908	24,548	26,084	21,674	22,563	23,259	22,574	22,059	21,706
Arrests made	8,863	8,035	8,022	8,234	8,147	8,305	10,571	10,420	9,370	9,417
Crashes investigated	3,441	3,588	3,698	4,430	3,262	3,486	4,913	4,150	4,874	4,898
Health and Welfare:										
Health Department										
Vaccines administered	72,341	70,092	71,848	74,467	62,907	53,746	82,245	59,658	79,136	75,036
Animals received at animal shelter	10,165	12,441	12,691	12,908	12,261	12,935	11,700	14,300	12,856	13,571
Food service inspections	2,140	2,058	N/A	3,904	4,048	4,307	4,168	4,419	4,460	4,423
Autopsies performed	188	200	217	237	229	283	361	359	365	509

Source: Macomb County Finance Department

MACOMB COUNTY**Schedule of Insurance
As of December 31, 2008**

Type of Coverage / Name of Company	Policy Period	Premium	Description
Public Entity Liability St. Paul Fire & Marine	7-1-08 to 7-1-09	\$429,546	Includes Auto Liability, General Liability, Law Enforcement Liability, Public Officials Liability including Employment Practices Liability. Limit \$20,000,000 for Personal Injury Liability, Products/Completed Operations Hazard and Public Officials' Errors & Omissions Combined. \$20,000,000 Each Occurrence or Wrongful Act, or Combination of Occurrence And Wrongful Act. - \$500,000 Self-insured Retention
Excess Workers' Compensation Insurance Accident Fund	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.	7-1-08 to 7-1-09	\$125,966 (Premium Incl Tria) \$5,000 (Engineering Fee)	Covers buildings & contents. Limit - up to \$264,668,071 - Deductible \$100,000.
Boiler & Machinery Affiliated FM Insurance Co.	7-1-08 to 7-1-09	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.	7-1-08 to 7-1-09	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.	7-1-08 to 7-1-09	\$13,775	County Employees Retirement System - \$5,000,000 Aggregate, \$25,000 Deductible
Crime AIG	7-1-08 to 7-1-09	\$7,440	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, 2008

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

**MACOMB COUNTY,
MICHIGAN**

SINGLE AUDIT

For the Year Ended December 31, 2008

**MACOMB COUNTY, MICHIGAN
SINGLE AUDIT**

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Year Ended December 31, 2008

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MACOMB COUNTY, MICHIGAN
Schedule of Expenditures of Federal Awards
For the Year Ending December 31, 2008

Federal Agency/Pass-Through Grantor/Program Title	Catalog of Federal Domestic Assistance	Program Period		Expenditures
		From	To	
U.S. DEPARTMENT OF AGRICULTURE				
Direct Program -				
USDA Commodities - Food Donations	10.550	10/01/07	09/30/08	\$ 31,023
Passed Through Area Agency on Aging 1-B:				
Home Delivered Meals - USDA	10.558	10/01/07	09/30/08	283,616
Congregate Nutrition Program	10.558	10/01/07	09/30/08	78,301
Passed Through Michigan Department of Community Health -				
WIC - Special Supplemental Nutrition for Infants and Children	10.557	10/01/07	09/30/08	1,148,003
Passed Through Michigan Department of Education:				
National School Breakfast	10.553	10/01/07	09/30/08	50,196
National School Lunch	10.555	10/01/07	09/30/08	77,606
Head Start-Children Meals Program	10.558	09/01/07	08/31/08	336,353
TEFAP Surplus Food Assistance - Administration	10.568	10/01/07	09/30/08	66,548
TEFAP Surplus Food Assistance - Commodities	10.569	10/01/07	09/30/08	181,240
Passed Through MI Department of Energy, Labor and Economic Growth:				
Food Assistance and Employment Training - Operations	10.561	10/01/07	09/30/08	120,770
Food Assistance and Employment Training - Support Services	10.561	10/01/07	09/30/08	6,686
Passed Through Kansas State University -				
Operation Military Kids	10.500	10/01/07	09/30/08	21,682
				2,402,024
Total U.S. Department of Agriculture				
U.S. DEPARTMENT OF COMMERCE				
Passed Through Michigan Department of State Police -				
2007 Public Safety Interoperable Communications R2-13	11.555	10/01/07	06/30/10	211,202
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
Direct Programs:				
Community Development Block Grant (B-06-Uc-26-0005)	14.218	01/01/08	12/31/08	395,821
Community Development Block Grant (B-07-Uc-26-0005)	14.218	01/01/08	12/31/08	1,286,989
HUD Homeless	14.235	10/01/07	09/30/08	13,051
Home Investment Partnership # M-05-Uc-26-0209	14.239	01/01/08	12/31/08	80,068
Home Investment Partnership # M-06-Dc-26-0209	14.239	01/01/08	12/31/08	998,844
Home Investment Partnership # M-07-Dc-26-0209	14.239	01/01/08	12/31/08	292,456
Passed Through other than State of Michigan:				
Warren Housing	14.218	10/01/07	09/30/08	10,275
CSA Chore Services - Cities	14.219	10/01/07	09/30/08	117,017
Continuum Care	14.219	07/01/07	06/30/08	35,200
				3,229,721
Total U.S. Department of Housing and Urban Development				
U.S. DEPARTMENT OF JUSTICE				
Direct Programs:				
Comm. Orientated Policing Tech Prgm. Grant #2008CKWX0491	16.710	12/26/07	12/25/10	82,415
Comm. Orientated Policing Tech Prgm. Grant #2008CKWX0492	16.710	12/26/07	12/25/10	172,628
Comm. Orientated Policing Tech Prgm. Grant #2008CKWX0493	16.710	12/26/07	12/25/10	79,010
JAG #2008-DJ-BX-0136	16.738	10/01/07	09/30/11	44,649
Passed Through Michigan Department of Human Services -				
Juvenile Accountability Incentive Block Grant	16.523	04/01/07	03/31/08	43,871
Passed Through Michigan Department of Community Health:				
Domestic Violence Victim Advocate	16.575	10/01/07	09/30/08	139,854
Anti-Drug Abuse	16.738	10/01/07	09/30/08	58,714
Street Level Enforcement Team	16.738	10/01/07	09/30/08	253,286

continued...

MACOMB COUNTY, MICHIGAN
Schedule of Expenditures of Federal Awards
For the Year Ending December 31, 2008

Federal Agency/Pass-Through Grantor/Program Title	Catalog of Federal Domestic Assistance	Program Period		Expenditures
		From	To	
U.S. DEPARTMENT OF JUSTICE (CONCLUDED)				
Passed Through Michigan Department of Human Services - Disproportionate Minority Contract	16.540	10/01/07	09/30/08	\$ 109,766
Total U.S. Department of Justice				<u>984,193</u>
U.S. DEPARTMENT OF LABOR				
Passed Through MI Department of Energy, Labor and Economic Growth:				
Wagner - Peysler - 7A - Employment Services	17.207	01/01/08	12/31/08	1,613,762
Wagner - Peysler - 7A - No Worker Left Behind	17.207	01/01/08	12/31/08	254,971
Trade Adjustment Assistance	17.245	10/01/07	09/30/08	3,860,595
Workforce Investment Act - Adult	17.258	01/01/08	12/31/08	7,309,072
WIA Statewide - One Stop Operation	17.258	01/01/08	12/31/08	97,321
WIA Statewide - Incentive	17.258	01/01/08	12/31/08	18,754
WIA Statewide - Capacity Building	17.258	01/01/08	12/31/08	5,669
WIA - Local Admin	17.258	01/01/08	12/31/08	204,496
WIA Statewide - Work First Support	17.258	01/01/08	12/31/08	60,048
WIA Statewide - No Worker Left Behind	17.258	01/01/08	12/31/08	79,325
Career Transition Program	17.258	01/01/08	12/31/08	343
WIA Career Advancement Statewide Match	17.258	01/01/08	12/31/08	23,990
WIA Statewide - No Worker Left Behind	17.259	01/01/08	12/31/08	170,269
WIA Statewide - No Worker Left Behind	17.260	01/01/08	12/31/08	86,243
Workforce Investment Act - Youth	17.259	01/01/08	12/31/08	3,128,411
WIA Statewide - One Stop Operation	17.259	01/01/08	12/31/08	208,899
WIA Statewide - Incentive	17.259	01/01/08	12/31/08	40,254
WIA Statewide - Capacity Building	17.259	01/01/08	12/31/08	12,168
WIA - Local Admin	17.259	01/01/08	12/31/08	438,948
WIA Statewide - Work First Support	17.259	01/01/08	12/31/08	128,893
Career Transition Program	17.259	01/01/08	12/31/08	737
WIA Career Advancement Statewide Match	17.259	01/01/08	12/31/08	51,494
Workforce Investment Act - Dislocated Workers	17.260	01/01/08	12/31/08	5,833,971
WIA Statewide - One Stop Operation	17.260	01/01/08	12/31/08	105,809
WIA - Incumbent Worker	17.260	01/01/08	12/31/08	496,939
WIA Statewide - Incentive	17.260	01/01/08	12/31/08	20,389
WIA Statewide - Capacity Building	17.260	01/01/08	12/31/08	6,163
WIA - Local Admin	17.260	01/01/08	12/31/08	222,331
WIA Statewide - Work First Support	17.260	01/01/08	12/31/08	65,285
WIA - National Emergency Grant	17.260	01/01/08	12/31/08	284,173
Career Transition Program	17.260	01/01/08	12/31/08	373
WIA Career Advancement Statewide Match	17.260	01/01/08	12/31/08	26,082
WIA Dislocated Worker-No Worker Left Behind	17.260	01/01/08	12/31/08	442,795
WIA Dislocated Worker-Career Advancement	17.260	01/01/08	12/31/08	108,637
WIA - Disability Navigator	17.266	01/01/08	12/31/08	63,173
Passed Through State Office of Services to the Aging - Senior Community Service Employment Program	17.235	01/01/08	12/31/08	<u>640,983</u>
Total U.S. Department of Labor				<u>26,111,765</u>
U.S. DEPARTMENT OF TRANSPORTATION				
Passed Through Michigan Department of State Police:				
Drive Michigan Safety Task Force	20.600	10/01/07	09/30/08	272,462
Youth Alcohol Enforcement	20.601	10/01/07	09/30/08	39,372
Red Light Enforcement	20.602	10/01/07	09/30/08	66,362
Operation Nightcap and Belt Enforcement - Equipment	20.609	10/01/07	09/30/08	30,089
Hazardous Materials Emergency Preparedness	20.703	10/01/07	09/30/08	8,993

continued...

MACOMB COUNTY, MICHIGAN
Schedule of Expenditures of Federal Awards
For the Year Ending December 31, 2008

Federal Agency/Pass-Through Grantor/Program Title	Catalog of Federal Domestic Assistance	Program Period		Expenditures
		From	To	
U.S. DEPARTMENT OF TRANSPORTATION (CONCLUDED)				
Passed Through Michigan Department of Transportation: Macomb Orchard Trail Phase II and III	20.205	01/01/08	12/31/08	\$ 47,568
Total U.S. Department of Transportation				<u>464,846</u>
U.S. SMALL BUSINESS CENTER				
Direct Programs:				
SBA Incubator	59.000	08/01/08	07/31/10	36,961
Small Business Tech and Development Center	59.037	01/01/08	12/31/08	<u>190,000</u>
Total U.S. Small Business Center				<u>226,961</u>
U.S. ENVIRONMENTAL PROTECTION AGENCY				
Direct Programs:				
Collection of Unwanted Household Electronics and Medicines	66.469	10/01/07	09/30/08	10,526
Drinking Water Protection	66.469	10/01/07	09/30/08	277,234
EPA Assess Brownfield	66.818	02/01/06	02/28/09	67,621
Passed Through Michigan Department of Environmental Quality:				
Beach Monitoring and Notification	66.427	10/01/07	09/30/08	5,964
State Clean Water and/or Drinking Water Revolving Fund	66.458	10/01/07	09/30/08	133,701
Non-Community Water-Operator Certification	66.471	10/01/07	09/30/08	5,800
Passed Through Michigan Department of Agriculture - Clean Sweep Pesticide Collection Program	66.801	10/01/07	09/30/08	<u>14,982</u>
Total U.S. Environmental Protection Agency				<u>515,828</u>
U.S. DEPARTMENT OF ENERGY				
Passed Through Michigan Department of Human Services - Weatherization	81.042	04/01/07	03/31/08	<u>519,998</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Direct Program - Head Start	93.600	09/01/07	08/31/08	5,375,543
Passed Through Area Agency on Aging 1-B:				
Senior Citizen Chore Services	93.044	10/01/07	09/30/08	83,998
Title III Outreach/Resource Advocacy	93.044	10/01/07	09/30/08	70,098
Legal Assistance	93.044	10/01/07	09/30/08	41,880
Home Injury Control	93.044	10/01/07	09/30/08	23,577
Congregate Nutrition Programs	93.045	10/01/07	09/30/08	387,584
Home Delivered Meals	93.045	10/01/07	09/30/08	726,085
Passed Through Michigan Department of Community Health:				
Tuberculosis Control, Directly Observed Therapy	93.116	10/01/07	09/30/08	22,470
MITURN Homeless Project	93.150	10/01/07	09/30/08	67,200
Macomb Homeless Project - (PATH)	93.150	10/01/07	09/30/08	34,420
Family Planning - General Services	93.217	10/01/07	09/30/08	156,899
Immunization Grants	93.268	10/01/07	09/30/08	4,345,928
Immunization - Centralized Vaccine	93.268	10/01/07	09/30/08	16,980
Immunizations - IAP	93.268	10/01/07	09/30/08	338,189
Immunizations - AFIX	93.268	10/01/07	09/30/08	2,550
VFC/AFIX - Provider Site Visits	93.268	10/01/07	09/30/08	10,800
VFC - Provider Site Visits	93.268	10/01/07	09/30/08	1,800

continued...

MACOMB COUNTY, MICHIGAN
Schedule of Expenditures of Federal Awards
For the Year Ending December 31, 2008

Federal Agency/Pass-Through Grantor/Program Title	Catalog of Federal Domestic Assistance	Program Period		Expenditures
		From	To	
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (CONCLUDED)				
Passed Through Michigan Department of Community Health (concluded):				
Immunization - Nurse Training	93.268	10/01/07	09/30/08	\$ 4,200
Bioterrorism - Focus A	93.283	10/01/07	09/30/08	372,077
Bioterrorism - EWIDS	93.283	10/01/07	09/30/08	197
Bioterrorism - Pandemic Flu Supplemental	93.283	10/01/07	09/30/08	192,956
Cities Readiness Initiative	93.283	10/01/07	09/30/08	193,725
Child Care Consultation Grant	93.575	10/01/07	09/30/08	72,715
MI Child	93.767	10/01/07	09/30/08	77,827
Adult Benefits Waiver	93.767	10/01/07	09/30/08	110,910
MI Child - Substance Abuse	93.767	10/01/07	09/30/08	10,816
CSHCS Outreach Advocacy	93.778	10/01/07	09/30/08	81,782
CSHCS Care Coordination	93.778	10/01/07	09/30/08	26,386
Infant Mortality Coalition Support	93.778	10/01/07	09/30/08	60,932
Medicaid Outreach Activities Reimbursement	93.778	10/01/07	09/30/08	52,246
OBRA Assessment	93.778	10/01/07	09/30/08	329,981
Fetal Infant Mortality Review	93.926	10/01/07	09/30/08	3,780
AIDS / HIV Prevention	93.940	10/01/07	09/30/08	163,578
Housing Resource Center	93.958	10/01/07	09/30/08	100,000
Coordinated Homeless Housing Resource Center	93.958	10/01/07	09/30/08	31,483
Consumer Created Video	93.958	10/01/07	09/30/08	12,477
Development of a Consumer Cooperative	93.958	10/01/07	09/30/08	2,724
Family Psychoeducation	93.958	10/01/07	09/30/08	26,542
Outreach Team for Chronically Homeless Adults with SMI	93.958	10/01/07	09/30/08	17,832
Consumer Drop-In Center Enhancements	93.958	10/01/07	09/30/08	2,700
Alcohol/Drug Abuse Mental Health Block Grant	93.959	10/01/07	09/30/08	2,927,240
Sexually Transmitted Disease - STD Control	93.991	10/01/07	09/30/08	44,186
CSHCS Outreach and Advocacy Reg Allocation	93.994	10/01/07	09/30/08	62,469
SIDS Counseling	93.994	10/01/07	09/30/08	85
Local MCH Program - Family Planning	93.994	10/01/07	09/30/08	196,271
Passed Through Michigan Department of Human Services:				
Temporary Assistance for Needy Families (TANF)	93.558	10/01/07	09/30/08	104,280
Earned Income Tax Credit (TANF-E)	93.558	01/01/08	06/30/08	20,503
Cooperative Reimbursement Program-Incentive	93.563	10/01/07	09/30/08	956,169
Prosecuting Attorney - Child Support Enforcement	93.563	10/01/07	09/30/08	729,708
Friend of the Court - IV D Program	93.563	10/01/07	09/30/08	5,204,305
CAA Administration	93.569	10/01/07	09/30/08	158,641
General Community Programming	93.569	10/01/07	09/30/08	658,360
CSBG - Discretionary EITC	93.569	01/01/08	06/30/08	13,000
Child Care Development Block Grant	93.575	10/01/07	09/30/08	61,200
Community Coordinated Child Care	93.596	10/01/07	09/30/08	373,354
Youth Mentor Can	93.667	10/01/07	09/30/08	9,900
Passed Through MI Department of Energy, Labor and Economic Growth:				
Workfirst TANF - Jobs Education and Training	93.558	10/01/07	09/30/08	3,752,973
Workfirst TANF "E" Supportive Services	93.558	10/01/07	09/30/08	187,000
Workfirst TANF "V" Supportive Services	93.558	10/01/07	09/30/08	75,299
Jobs Education and Training plus Pilot	93.558	10/01/07	09/30/08	50,000
Passed Through State Court Administrative Office -				
Access and Visitation Grant	93.563	10/01/07	09/30/08	13,827
Total U.S. Department of Health and Human Services				29,252,637
U.S. CORPORATION FOR NATIONAL AND COMMUNITY SERVICES				
Passed Through Michigan Community Service Commission -				
Teen Peer Mentoring	94.006	10/01/07	09/30/08	10,364

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MACOMB COUNTY, MICHIGAN
Schedule of Expenditures of Federal Awards
For the Year Ending December 31, 2008

Federal Agency/Pass-Through Grantor/Program Title	Catalog of Federal Domestic Assistance	Program Period		Expenditures
		From	To	
U.S. DEPARTMENT OF HOMELAND SECURITY				
Direct Program -				
Emergency Food and Shelter Program	97.024	01/01/08	12/31/08	\$ 232,376
Passed Through Michigan Department of State Police:				
Emergency Management Performance Grant	97.042	10/01/07	09/30/08	29,726
2005 Michigan Citizen Corps Program	97.067	06/01/07	03/31/08	19,919
2006 Michigan Citizen Corps Program	97.067	06/01/07	06/01/08	1,314
2006 Homeland Security Grant	97.067	01/01/08	12/31/08	319,630
2007 Homeland Security Grant SHSP	97.067	07/01/07	03/31/10	2,225
2007 Homeland Security Grant UASI	97.067	07/01/07	03/31/10	21,551
State Homeland Security 05/07	97.067	01/01/08	12/31/08	806
LETPP 05/07	97.067	01/01/08	12/31/08	18,197
Total U.S. Department of Homeland Security				645,744
TOTAL EXPENDITURES OF FEDERAL AWARDS				\$ 64,575,283

See the accompanying notes to this schedule.

MACOMB COUNTY, MICHIGAN

Notes to Schedule of Expenditures of Federal Awards

1. BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Macomb County, Michigan (the "County") and is presented on the accrual basis of accounting.

The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

2. SUBRECIPIENTS

Of the federal expenditures presented in the schedule, Macomb County, Michigan provided federal awards to subrecipients as follows:

Program Title	CFDA Number	Amount Provided to Subrecipients
Food Assistance & Employment Training	10.561	\$ 121,574
Community Development Block Grant	14.218	1,304,875
Street Level Enforcement Team	16.738	72,693
Wagner Peyser 7(a) Employment Services	17.207	1,138,344
Senior Title V	17.235	72,172
Workforce Investment Act - Adult	17.258	1,479,977
Workforce Investment Act - Youth	17.259	2,494,309
Workforce Investment Act - Dislocated Workers	17.260	2,087,451
Drive Michigan Safely Task Force	20.600	205,922
Youth Alcohol Enforcement	20.601	20,424
Red Light – Occupant Protection	20.602	66,362

* * * * *

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS***

June 25, 2009

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

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of **MACOMB COUNTY, MICHIGAN**, as of and for the year ended December 31, 2008, which collectively comprise the County's basis financial statements, and have issued our report thereon dated June 25, 2009. We did not audit the financial statements of the Macomb County Road Commission, which represents 68.4% of the assets and 45.9% 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 opinions, insofar as they relate to the amounts included for the Macomb County Road Commission, are 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Macomb County, Michigan's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A *control deficiency* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2008-1 and 2008-2 to be significant deficiencies in internal control over financial reporting.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we consider item 2008-1 to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether *Macomb County, Michigan's* financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests and the reports of the other auditors disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of Macomb County in a separate letter dated June 25, 2009.

The County's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the County's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of the budget committee, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

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

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH
REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM
AND INTERNAL CONTROL OVER COMPLIANCE IN
ACCORDANCE WITH OMB CIRCULAR A-133**

August 17, 2009

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

Compliance

We have audited the compliance of **Macomb County, Michigan** (the "County") with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2008. The County's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

The County's basic financial statements include the operations of the Macomb County Road Commission, which expended \$1,330,276 in federal awards, which is not included in the schedule of expenditures of federal awards for the year ended December 31, 2008. Our audit, described below, did not include the operations of the Macomb County Road Commission because an audit in accordance with OMB Circular A-133 for those activities was performed by other auditors and a separate report was issued.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the County's compliance with those requirements.

In our opinion, the County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2008. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 2008-3 thru 2008-9.

Internal Control Over Compliance

The management of the County is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the County's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the County's internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2008-4, 2008-5, 2008-7, 2008-8 and 2008-9 to be significant deficiencies.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control. We do not consider any of the deficiencies described in the accompanying schedule of findings and questioned costs to be material weaknesses.

The County's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the County's responses and, accordingly, we express no opinion on them.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County, as of and for the year ended December 31, 2008, and have issued our report thereon dated June 25, 2009. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of the budget committee, management, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



MACOMB COUNTY, MICHIGAN

Schedule of Findings and Questioned Costs

For the Year Ended December 31, 2008

SECTION I – SUMMARY OF AUDITORS’ RESULTS

Financial Statements

Type of auditors’ report issued:

Unqualified

Internal control over financial reporting:

Material weakness(es) identified?

X yes no

Significant deficiencies identified
not considered to be material weaknesses?

X yes none reported

Noncompliance material to financial statements
noted?

 yes X no

Federal Awards

Internal Control over major programs:

Material weakness(es) identified?

 yes X no

Significant deficiencies identified
not considered to be material weaknesses?

X yes none reported

Type of auditors’ report issued on compliance
for major programs:

Unqualified

Any audit findings disclosed that are required
to be reported in accordance with
Circular A-133, Section 510(a)?

X yes no

MACOMB COUNTY, MICHIGAN

Schedule of Findings and Questioned Costs (Continued)

For the Year Ended December 31, 2008

SECTION I - SUMMARY OF AUDITORS' RESULTS (CONCLUDED)

Identification of Major Programs

CFDA Numbers

17.245

93.558

93.563

93.600

Name of Federal Program or Cluster

Trade Adjustment Assistance

Temporary Assistance for Needy
Families

Child Support Enforcement

Head Start

Dollar threshold used to distinguish
between Type A and Type B programs:

\$1,937,258

Auditee qualified as low-risk auditee?

X yes no

MACOMB COUNTY, MICHIGAN

Schedule of Findings and Questioned Costs (Continued)

For the Year Ended December 31, 2008

SECTION II – FINANCIAL STATEMENT FINDINGS

2008-1 Material Audit Adjustments (Including Reclassifications)

Finding type:	Material weakness in internal controls over financial reporting.
Criteria:	Management is responsible for maintaining its accounting records in accordance with generally accepted accounting principles (GAAP).
Condition/Finding:	During our audit, we identified and proposed four adjustments (which were approved and posted by management) that were significant, either individually or in the aggregate, to the County's financial statements. These adjustments included corrections for accounts receivable, compensated absences, accrued taxes receivable, beginning net assets and accrued liabilities.
Cause:	Internal controls did not detect all adjustments necessary to properly record year-end balances.
Effect:	As a result the following areas were initially misstated: <ul style="list-style-type: none">• Accounts receivable in the Martha T Berry Medical Care Facility enterprise fund was overstated by approximately \$278,000.• Compensated absences in the compensated absences internal service fund was understated by approximately \$198,000.• Taxes receivable was overstated and due from other funds was understated in the general fund by approximately \$6,745,000 and both taxes receivable and due to other funds were understated in the delinquent tax revolving enterprise fund by the same amount. Fund equity was properly stated in both funds prior to this adjustment.• Beginning net assets in the employee fringe benefit internal service fund was understated by approximately \$12,907,000 and liabilities in the payroll agency fund were overstated by the same amount.
Recommendation/ Comment:	We recommend that the County take steps to insure that all year-end adjustments are identified and posted for financial reporting purposes.
View of Responsible Official:	Procedures have already been instituted to ensure that those adjustments are made correctly going forward.

MACOMB COUNTY, MICHIGAN

Schedule of Findings and Questioned Costs (Continued)

For the Year Ended December 31, 2008

SECTION II – FINANCIAL STATEMENT FINDINGS (Concluded)

2008-2 Reconciliation of Agency Fund Liability Accounts

Finding type:	Significant deficiency in internal controls over the reconciliation of agency fund liability accounts.
Criteria:	The County uses its agency funds to account for assets held on behalf of outside parties, including other governments. Accordingly, the County is required to keep accurate subsidiary records of amounts held in each liability account. These accounts should be analyzed and reconciled on a regular basis (i.e., monthly or quarterly).
Condition/Finding:	During our audit, we requested support for various accounts held as part of the County's agency funds. The County was unable to provide support for one of the accounts requested.
Cause:	The County does not have an established policy requiring the periodic reconciliation of its agency fund liabilities.
Effect:	As a result of this condition, the County is exposed to an increased risk of error or fraud as disbursements from agency funds are not subject to the normal budgetary oversight found in other funds.
Recommendation/ Comment:	The County is in the process of reconciling its agency accounts. Once reconciled, we recommend that these accounts be reconciled in a timely manner throughout the year.
View of Responsible Official:	Reconciliation of the agency accounts is actively taking place.

MACOMB COUNTY, MICHIGAN

Schedule of Findings and Questioned Costs (Continued)

For the Year Ended December 31, 2008

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

2008-3 Payroll Certifications

Finding type: Noncompliance

Federal program(s): Temporary Assistance for Needy Families (CFDA# 93.558)

Criteria: OMB Circular A-87, Attachment B, requires charges to federal programs to be supported by personnel activity reports, or in the case of staff who spend 100% of their time on a single federal program, semi-annual certifications.

Condition/Finding: During the fiscal year ending September 30, 2008, semi-annual certifications were not being completed during the first three months of the year (October – December 2007) for employees charged 100% to the Temporary Assistance for Needy Families program.

Cause: This condition appears to be the result of (1) past practice not having been previously questioned, and (2) lack of specific knowledge and understanding of the payroll allocation methods allowed by federal guidelines.

Effect: This condition increases the risk that the County will report an incorrect amount related to the Temporary Assistance for Needy Families grant.

Recommendation/
Comment: The County has corrected this issue during the fiscal year, beginning in January 2008. The County now appears to be properly following federal guidelines.

View of
Responsible
Officials: The situation was corrected in January 2008.

2008-4 Suspended and Debarred Parties

Finding type: Noncompliance; Significant deficiency in internal controls over compliance.

Federal program(s): Child Support Enforcement (CFDA# 93.563)

Criteria: The OMB Circular A-133 Compliance Supplement provides that “Non-federal entities are prohibited from contracting with or making subawards under covered transactions to parties that are suspended or debarred or whose principals are suspended or debarred...the non-federal entity must verify that the entity is not suspended or debarred or otherwise excluded.”

MACOMB COUNTY, MICHIGAN

Schedule of Findings and Questioned Costs (Continued)

For the Year Ended December 31, 2008

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (Continued)

2008-4 Suspended and Debarred Parties (Concluded)

Condition/Finding: During our testing of this compliance requirement we found one instance in the Child Support Enforcement program where the County had not verified suspension or debarment.

Cause: Those responsible for administering the County's Child Support Enforcement grant were not aware of this requirement.

Effect: This condition increases the risk that the County could conduct business with suspended or debarred party in violation of OMB Circular A-133.

Recommendation/
Comment: We recommend that the County implement procedures necessary to identify all covered transactions that take place and to use the already existing County contractual language that contains the suspension and debarment clause.

View of
Responsible
Officials: The Friend of the Court will take corrective action to assure that contracts subject to this requirement include appropriate language regarding suspension and debarment in the future. In addition, contracts currently in effect will be amended appropriately.

2008-5 Supporting Documentation to Ensure Proper Period of Availability

Finding type: Noncompliance; Significant deficiency in internal controls over compliance.

Federal program(s): Child Support Enforcement (CFDA# 93.563)

Criteria: Expenditures charged to a federal program are required to be supported by proper documentation.

Condition/Finding: During our testing to ensure proper period of availability, of the twenty-five October 2008 expenditures we selected to test, we found two instances in the Child Support Enforcement program where the County was not able to provide support for the expenditure.

Cause: This condition appears to be the result of a misallocation of phone equipment charges among departments.

MACOMB COUNTY, MICHIGAN

Schedule of Findings and Questioned Costs (Continued)

For the Year Ended December 31, 2008

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (Continued)

2008-5 Supporting Documentation to Ensure Proper Period of Availability (Concluded)

Effect: This condition increases the risk that the County could charge expenditures to the Child Support Enforcement program that are unallowable or relate to the incorrect grant year.

Recommendation/
Comment: We recommend that the County implement procedures necessary to be able to support all expenditures charged to federal programs.

View of
Responsible
Officials: Job responsibilities were reassigned in early 2009 in the department responsible for allocating the costs in question and the situation has been corrected as a result.

2008-6 Period of Availability

Finding type: Noncompliance; Significant deficiency in internal controls over compliance.

Federal program(s): Trade Adjustment Assistance (CFDA# 17.245)

Criteria: Expenditures charged to federal grants should be actual expenditures of the period in which the expenditures are charged to the grant.

Condition/Finding: During our testing to ensure proper period of availability, of the twenty-five October 2008 expenditures we selected to test, we found five instances in the Trade Adjustment Assistance program where the expenditure related to fiscal year ended September 30, 2008 were not charged to the grant until the next fiscal year.

Cause: This condition appears to be the result of lack of controls over the process of recording expenditures in the proper period.

Effect: This condition increases the risk that federal expenditures will be submitted for reimbursement in the incorrect year and, therefore, be rejected by the funding agency.

Recommendation/
Comment: We recommend that those administering the Trade Adjustment Assistance program implement procedures necessary to ensure that expenditures charged to the federal program are charged in the proper period.

View of Responsible
Officials: The costs in question were allowable costs that were charged to the wrong grant year. Year-end cutoff will be reviewed more closely in the future.

MACOMB COUNTY, MICHIGAN

Schedule of Findings and Questioned Costs (Concluded)

For the Year Ended December 31, 2008

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (Concluded)

2008-7 Quarterly Reports

Finding type: Noncompliance; Significant deficiency in internal controls over compliance.

Federal program(s): Trade Adjustment Assistance (CFDA# 17.245)

Criteria: The U.S. Department of Labor requires that quarterly reports summarizing expenditures be filed each quarter.

Condition/Finding: During our testing of this requirement, it was noted that two of the four quarters did not agree to the monthly FSR's that were submitted for those time periods for the Trade Adjustment Assistance program.

Cause: This condition appears to be the result of lack of controls over this reporting requirement.

Effect: This condition increases the risk that the quarterly reports submitted do not reflect the correct amount of expenditures for the period.

Recommendation/
Comment: We recommend that the County work with the Workforce Development Board to implement the procedures necessary to ensure that actual expenditures are being reported on these quarterly reports and agree to, or can be reconciled to, both IFAS and the monthly FSR's.

View of Responsible
Officials: The requirement for quarterly reports was discontinued effective for the fourth quarter in fiscal year 2008.

SECTION IV – PRIOR YEAR FEDERAL AWARD FINDINGS

No matters were reported.

* * * * *

June 25, 2009

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

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of *Macomb County* (the “County”) for the year ended December 31, 2008, and have issued our report thereon dated June 25, 2009. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility Under Auditing Standards Generally Accepted in the United States of America and OMB Circular A-133

As stated in our engagement letter dated December 8, 2008, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your responsibilities.

In planning and performing our audit, we considered the County’s internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on the internal control over financial reporting. We also considered internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

As part of obtaining reasonable assurance about whether the County’s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit. Also, in accordance with OMB Circular A-133, we examined, on a test basis, evidence about the County’s compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* applicable to each of its major federal programs for the purpose of expressing an opinion on the County’s compliance

with those requirements. While our audit provides a reasonable basis for our opinion, it does not provide a legal determination on the County's compliance with those requirements.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in our engagement letter and our meeting about planning matters on April 17, 2009.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the County are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

- Management's estimate of the useful lives of depreciable capital assets is based on the length of time it is believed that those assets will provide some economic benefit in the future.
- Management's estimate of the accrued compensated absences is based on current hourly rates and policies regarding payment of sick and vacation banks.
- Management's estimate of the allowance for uncollectible receivable balances is based on past experience and future expectation for collection of various account balances.
- Management's estimate of the insurance claims incurred but not reported is based on information provided by the entity's third party administrators and subsequent claims activity.
- Management's estimated of the OPEB liability is based primarily on information provided by the third party actuary.

We evaluated the key factors and assumptions used to develop these estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Audit Adjustments

Professional standards require us to accumulate all known and likely adjustments identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. The following adjustments were detected as a result of audit procedures and were made by management:

- Accounts receivable in the Martha T Berry Medical Care Facility enterprise fund was overstated by approximately \$278,000.
- Compensated absences in the compensated absences internal service fund was understated by approximately \$198,000.
- Taxes receivable was overstated and due from other funds was understated in the general fund by approximately \$6,745,000 and both taxes receivable and due to other funds were understated in the delinquent tax revolving enterprise fund by the same amount. Fund equity was properly stated in both funds prior to this adjustment.
- Beginning net assets in the employee fringe benefit internal service fund was understated \$12,907,000 and liabilities in the payroll agency fund were overstated by the same amount.

Certain other proposed adjustment were identified during the course of our audit, the effects of which were determined by management to be immaterial, both individually and in the aggregate, to the financial statements taken as a whole and, therefore, were not made. Such adjustments are identified in the schedule presented at the end of this document.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated June 25, 2009 that has been obtained.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a “second opinion” on certain situations. If a consultation involves application of an accounting principle to the entity’s financial statements or a determination of the type of auditor’s opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit’s auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of the governing body and management of Macomb County and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

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

Macomb County

Comments and Recommendations

For the Year Ended December 31, 2008

In planning and performing our audit of the financial statements of the Macomb County as of and for the year ended December 31, 2008, in accordance with auditing standards generally accepted in the United States of America, we considered the County's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

Our consideration of internal control was for the limited purpose described in the first paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses.

A *control deficiency* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. The deficiencies we noted that we consider to be significant deficiencies are described in the Schedule of Findings and Questioned Costs in the County's Single Audit report.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control. The deficiencies we noted that we consider to be material weaknesses are described in the Schedule of Findings and Questioned Costs in the County's Single Audit report.

Other Matters

Lack of Signature on Friend of the Court Payroll Support

The County is required by the State to submit signed position expense reports and case count certifications for the Friend of the Court department. Although the County is preparing and signing these reports prior to submission, the signed copy is not being retained. In order to enhance internal controls over this area, we recommend that the County retain a signed copy of all reports submitted as evidence that this essential task occurred timely each month.

Macomb County

Comments and Recommendations

For the Year Ended December 31, 2008

Lack of Documentation of Changes in Grant Requirements

The County is required, by the State, to submit a signed DHS-303 Programmatic report at the end of the grant period for the Temporary Assistance for Needy Families grant. During our test work, we noted that the County did not complete this report. However, we noted that this was not a compliance exception based on e-mail correspondence with the grant coordinator at the State level who stated that the State is no longer monitoring this particular report. In order to ensure future compliance with all grant requirements, we recommend, in the future, that the County obtain, in writing, an amendment stating that such requirements are no longer applicable.

This communication is intended solely for the information and use of management, the Budget Committee of the Board of Commissioners, and others within the organization, and is not intended to be and should not be used by anyone other than these specified parties.

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Macomb County
Schedule of Adjustments Passed (SOAP)
For the December 31, 2008 Audit

In accordance with the provisions of SAS 89, *Audit Adjustments*, we have prepared the following schedule of proposed audit adjustments, which we believe are immaterial both individually and in the aggregate. Also in accordance with SAS 89, we are providing this schedule to both management and the audit committee to receive their assurance that they agree that the amounts listed below are not material to the financial statements, either individually or in the aggregate, and do not need to be recorded.

	Effect of Passed Adjustment - Over(Under)Statement				
	Assets	Liabilities	Beginning Fund Balance	Revenue	Expenses/ Expenditures
GASB 34					
Over accrued PY expenditures	-	-	(140,467)	-	(140,467)
Issuance costs, discount and difference between proceeds and proceeds booked - issuance costs and discount should have been capitalized and not expensed	(155,000)	-	-	-	155,000
Total Governmental Activities	(155,000)	-	(140,467)	-	14,533
Medical Care Facility					
Under accrued expenditures	-	(6,630)	-	-	(6,630)
Over accrued expenditures	-	68,144	-	-	68,144
Total Business-Type Activities	-	61,514	-	-	61,514
Component Units					
Public Works					
Understatement of PY revenue	-	-	(1,399,674)	1,399,674	-
Understatement of CY revenue	-	1,042,589	-	(1,042,589)	-
Understatement of CY assets	(98,090)	-	-	(98,090)	-
Total Component Units	(98,090)	1,042,589	(1,399,674)	258,995	-