

MACOMB COUNTY, MICHIGAN

**Comprehensive Annual Financial Report
For the Year Ended December 31, 2010**

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

MACOMB COUNTY, MICHIGAN

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Macomb County Executive

Mark A. Hackel

Mark F. Deldin
Deputy County Executive

June 30, 2011

To the Citizens of Macomb County

The Comprehensive Annual Financial Report (CAFR) of Macomb County, Michigan for the fiscal year ended December 31, 2010 is hereby submitted. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the County. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the various funds of the County. All disclosures necessary to enable the reader to gain an understanding of the County's financial activities have been included.

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

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

Macomb County's financial statements have been audited by Rehmann Robson, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the County for the fiscal year ended December 31, 2010 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, 2010 are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

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

The Fiscal Year 2010 Comprehensive Annual Financial Report is issued pursuant to the requirements of Governmental Accounting Standards Board (GASB) Statement No. 34 – Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments. Readers of our 2010 Comprehensive Annual Financial Report will notice two statements entitled Statement of Net Assets and Statement of Activities. These statements will provide readers with the financial position of Macomb County viewed as a single entity. The GASB statements also require that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. Macomb County's MD&A can be found immediately following the report of the independent auditors.

PROFILE OF MACOMB COUNTY

The 2010 Census figures show that Macomb County has passed Detroit in population thus giving the county new status in regional leadership along with Wayne and Oakland counties. Macomb County's population stands at 840,978 — a 6.7 percent increase from 10 years ago. Macomb's population increase is the highest among southeast Michigan counties. This increase will affect Macomb County's influence as legislative districts are redrawn to reflect the new landscape. Macomb's share of funding from Washington — where \$400 billion is tied to the census — and from Lansing should be positively affected, as census numbers will influence what roads are widened and what parks are built. The Census Bureau found that the county had gained 52,649 people since the last count, with most of the growth occurring in 2000-05. That allows Macomb County to maintain its status as the third-most populous county in Michigan, behind Oakland and Wayne. The data also show that Macomb remains larger in population than five states: Alaska, North Dakota, South Dakota, Vermont and Wyoming.

Under the new census count, Macomb County features three of the largest communities in Michigan. The third largest city in Michigan is Warren, the fourth largest is the City of Sterling Heights, and the 10th largest is Clinton Township. Warren and Clinton Township retained their former standing, while Sterling Heights moved up one spot, leapfrogging the City of Flint. The results document what many people already knew: communities in the north of the county saw vacant fields and farmlands sprout subdivisions and roads, and they continued to grow over the past decade. The biggest population increases in Macomb were experienced in New Baltimore with 63 percent; Macomb Township with 58 percent; and Washington Township at 32 percent.

The FBI's 2010 Uniform Crime Report shows that Sterling Heights, ranked fourth among Michigan's seven communities with more than 100,000 residents, has recorded the fewest number of overall violent crime incidents, robberies and burglaries. The report cites Sterling Heights as having experienced a five-percent decline in violent crime, thus establishing it as Michigan's safest big city, and one of the safest in the nation.

Macomb County's governmental structure is defined by the State Constitution and the general laws of the State of Michigan. For the fiscal year ending December 31, 2010, the County's legislative body, and its administrative body for most functions, was the County Board of Commissioners which was comprised of twenty-six commissioners elected by direct vote from single-member districts with two-year terms.

A new Home Rule Charter of Macomb County Michigan was approved by voters on November 3, 2009 and became effective January 1, 2011, altering the structure of Macomb County Government. The new Charter establishes a County Executive who is elected by the voters and serves as head of the executive branch of government. The County Executive duties are to supervise, coordinate, direct and control all County departments, except for departments headed by Countywide Elected Officials. The Macomb County Commission serves as the legislative body of Macomb County Government and is composed of thirteen commissioners elected for a two-year term from thirteen districts of nearly equal population.

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

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

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

This Comprehensive Annual Financial Report includes all the funds of the County and the funds of the Macomb/St. Clair Workforce Development Board (Michigan Works), the Martha T. Berry Medical Care Facility, the Macomb County Parks and Recreation Commission, the Macomb County 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 2010 was approximately \$27.8 billion, a decrease from the prior year of \$3.2 billion, or 10.2 percent. This recent phenomenon is a reversal from previous trends which saw the taxable value of property located in Macomb County increase by an average of 2.9% per annum over the last ten years.

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

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

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

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

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

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

There are over 6,000 retail trade establishments conveniently located throughout Macomb County, offering the consumer a full range of products and services. The county is also home to several large, regional shopping centers, including the Lakeside Mall, located in Sterling Heights, and the Mall at Partridge Creek, located in Clinton Township.

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

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

Higher education is a priority of Macomb County residents. This is directly reflected in the broad range of degree and technical certificate programs that are made available to them. Macomb Community College (MCC) is the county's leading post-secondary educational institution. With a current enrollment of nearly 24,000 students, MCC has multiple locations throughout the county, offering nearly 200 options for degrees and certificates. The college also offers continuing education courses, career counseling, cultural activities and community services.

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

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

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

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

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

Michigan State University has elevated the county's profile by having located an expansion of their College of Osteopathic Medicine at the site of MCC's University Center. Opened in 2010, a new building with lab and classroom space welcomed 50 of the school's 300 students enrolled in the program. The school's College of Osteopathic Medicine is one of only 24 in the nation, and is consistently ranked among the top-ten of all medical schools for its focus on primary care. MSU attributes the selection of the Macomb County site to the concentration of osteopathic physicians and partner hospitals in the area, and the responsive government and community leadership that worked to attract the program to the community.

Both Oakland University and Wayne State University have, as well, extended their reach into Macomb County. OU has established a Macomb center in Mount Clemens. The university will offer regular courses from select programs at this site in an effort to accommodate those students who reside nearby. Wayne State University's School of Business developed a new degree program that is offered at Macomb Community College's South Campus in Warren. The Bachelor of Arts in Business Administration with a major in Global Supply Chain Management focuses on the discipline of logistics.

The Macomb Intermediate School District serves the 137,000 K-12 students enrolled in 21 public school districts and center-based schools in Macomb County. The MISD provides curricular and programmatic support to the staff, students and parents of 135 elementary schools, 40 middle schools and 28 high schools countywide. Approximately 20,000 students receive special education services. In addition to the standard curriculum, direct services for special education students are provided through three schools for the handicapped, a nursing home, the Macomb Regional Center, a special education work activities program, programs for the severely emotionally impaired, and the Continuing Education for Youth Program. Macomb County's public schools also provide a variety of vocational and job training programs through their high schools and vocational skill centers.

The International Academy of Macomb, which opened in the Fall of 2008, is a public, tuition-free, high school for students from 18 Macomb County School districts. Operated through the Macomb Intermediate School District, the Academy is located on the campus of Chippewa Valley High School in Clinton Township. The academy is designed to provide a blend of rigorous academic standards, practical career-related experiences and intercultural learning opportunities focused on a challenging curriculum.

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

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

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

A full range of family living quarters is available in Macomb County including residential facilities in modern urbanized areas, rural settings, historic villages and scenic waterfront sites along numerous inland lakes and the shoreline of beautiful Lake St. Clair. There is a wide range of affordable housing throughout Macomb County. The median value of an owner-occupied housing unit in 2010 was \$149,026. The vast majority of Macomb County’s housing (71 percent) is owner occupied, ranking it among the highest in the nation.

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

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

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

MAJOR INITIATIVES

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

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

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

General Dynamics Land Systems (GDLS), based in Sterling Heights, and a wholly owned subsidiary of Virginia-based General Dynamics, has been awarded three contracts by the U.S. Army to support changes to, and fielding of, the Stryker vehicle. The Stryker is considered “the backbone” of the Army’s medium armored brigades. The contracts are worth a combined \$112.2 million. Under one contract for \$92 million, from TACOM’s Life Cycle Management Command, GDLS will provide design and integration engineering services, prototypes and procurement of materials and components as an integrated solution delivering improved blast-protection levels to support Stryker brigades.

A second contract, worth \$11.7 million, is to acquire the production cut-in for alternators and air conditioning for Stryker Mobile Gun System vehicles. The MGS variant is a direct-fire infantry assault platform with a 105mm tank cannon mounted in a low-profile, fully stabilized, “shoot-on-the-move” turret to support dismounted infantry. It destroys vehicles, equipment and hardened positions with its bunker and wall-breaching capability. It is also equipped to detect nuclear, biological and chemical weapons. Work on the contract is expected to begin by February 2011. The third contract awarded is valued at \$8.5 million for equipment and components for the production of Stryker vehicles. Work on the contract is expected to be completed by September 2011.

Additionally, GDLS has received a \$34 million fixed-fee contract from TACOM to provide system technical support on the Abrams battle tank program. Work under the single-source award is to be completed by December. GDLS is Macomb County’s sixth-largest employer, with a workforce estimated at 2,700 (2010).

Chrysler has decided to breathe new life into the Sterling Heights Assembly Plant by investing \$850 million in improvements to the facility. The plant was originally slated to close by December of 2010. The new project features the construction of a 442,000 square foot painting operation. This investment stands as the largest to date for the new Chrysler Group LLC, and is the single largest industrial investment in Sterling Heights’ history. The project is serving to retain 1,300 jobs, and will create an additional 900 new jobs at the site. Chrysler is Macomb County’s largest employer, with a workforce of approximately 7,200 (2010).

General Motors' Warren Powertrain Plant is scheduled for a \$71 million investment in real property improvements in preparation for the introduction of a new product. The company will also make a \$300 million investment in machinery and equipment at the site. Further, G.M. reports that they will be adding 1,000 engineering technical jobs in southeast Michigan over the next two years. Most of the jobs will be added at the company's key technical operations, including the Warren Technical Center. G.M. already has developed the industry's largest, most technologically advanced battery systems lab at this site.

Finally, in early June, G.M. announced plans to redevelop 30 acres at the Warren Technical Center for a new information technology facility. The \$130 million project, which is expected to create about 25 jobs, calls for the Cadillac Building to receive renovations and the construction of additional space. The new offices will house data servers, IT laboratories, and the campus' IT engineering operations. The new jobs will pay an average of \$44 an hour. G.M. is Macomb County's third largest employer, with a workforce of approximately 5,300 (2010).

Auto supplier Faurecia Interior Systems Inc., a part of Faurecia SA, is making \$19.3 million in improvements at its Fraser operation. The facility principally will produce door panels, center consoles, instrument panels and cockpit assemblies for Chrysler. Faurecia will also service a General Motors contract from this site. It is expected that this project will create up to 342 new jobs at the 264,000 square foot facility, bringing total employment at the plant to 779. The average weekly wage for the newly created jobs is projected to be \$690. Headquartered in the Paris suburb of Nanterre, Faurecia is the world's sixth-largest Tier I supplier of components to the automotive industry. Faurecia Interior Systems is Macomb County's 25th-largest employer, with a workforce estimated at 520 (2010).

Yanfeng USA Automotive Trim is a division of Yanfeng Visteon, China's largest manufacturer of automotive interior components. The company is investing \$13 million in the establishment of an engineering, R&D, and manufacturing facility in Harrison Township. The project is expected to create 131 jobs. Entry-level jobs will pay approximately \$700 per week, while the top-end jobs will pay approximately \$2,000 per week. The company will be occupying three vacant buildings formerly operated by AMP Industries, totaling more than 145,000 square feet on five acres. Yanfeng, which already has a production facility in Warren, is 51-percent owned by SAIC, China's third largest automaker, in partnership with Visteon.

FINANCIAL INFORMATION

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

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

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

Health Care Trust Fund. The County began to pre-fund Retiree Health Care benefits through the establishment of a trust for that purpose in 1997. The trust held funds in excess of \$113.7 million at year-end. These funds are restricted for future payment of Retiree Health Care expenses. The County's long term goal is to fully fund its Retiree Health Care liability.

Debt Administration. Macomb County has received the highest possible credit rating of AAA from Standard & Poor's. Only two other counties of 83 in Michigan and 67 other counties of 3,068 in the nation enjoy this distinction. Moody's Investor Service rated the County as Aa1. A detailed discussion of Macomb County's long-term debt can be found in the MD&A as well as the notes to the financial statements.

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

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

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

Risk Management. All County agencies and departments except the Martha T. Berry Medical Care Facility are self insured for losses of a General Liability nature up to \$500,000 per claim. The Martha T. Berry Medical Care Facility is 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, 2009. 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 five consecutive years. We believe that our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to the GFOA for consideration.

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

In closing, we would like to thank the Macomb County Board of Commissioners for the leadership they have shown during the past year in supporting the operations of the County. Macomb County offers a unique experience that no other place can and that is why so many residents and businesses have made Macomb their home.

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

Sincerely,



Mark A. Hackel
County Executive



Peter M. Provenzano
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, 2009

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.



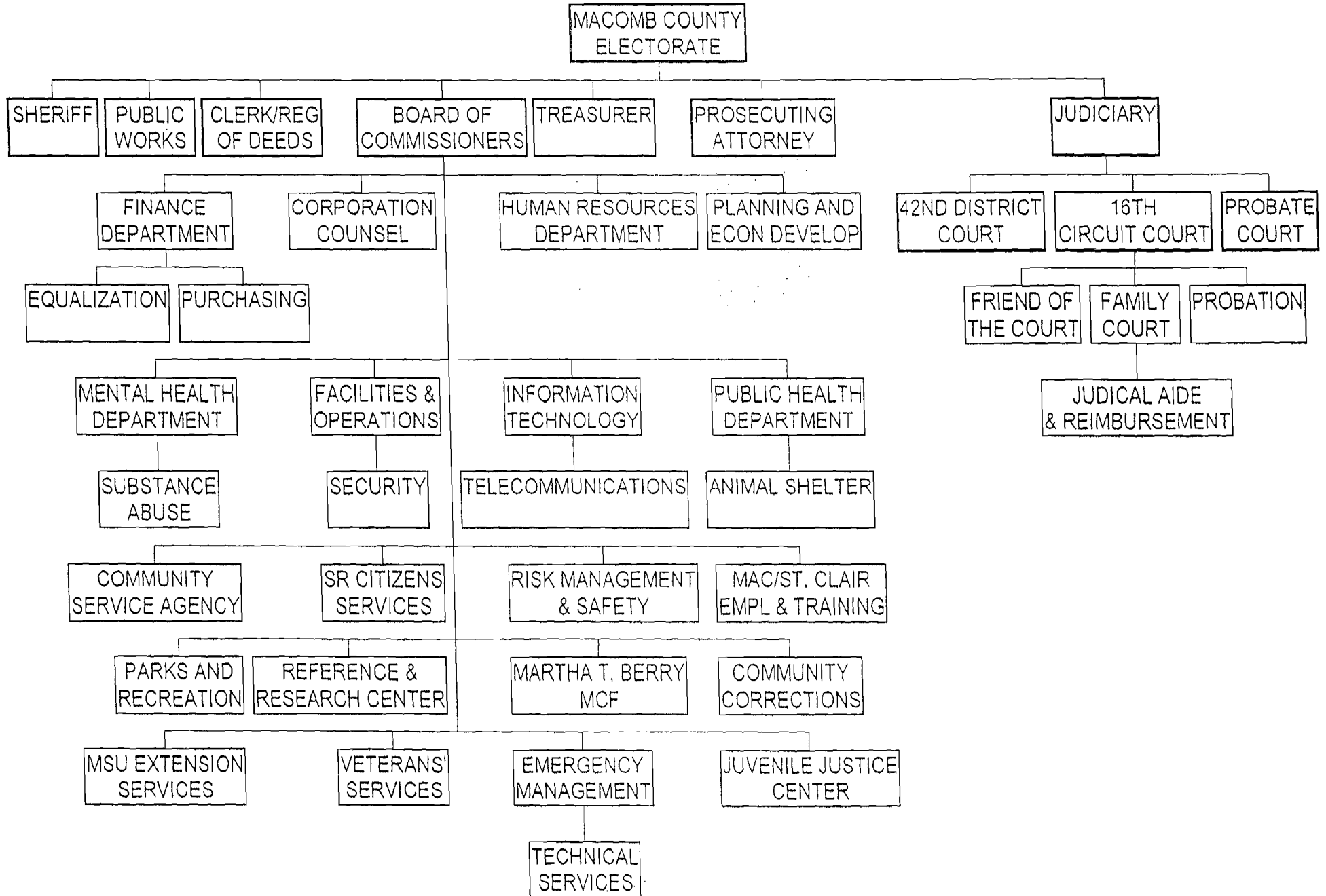
A stylized handwritten signature in black ink.

President

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

Executive Director

MACOMB COUNTY ORGANIZATION CHART



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MACOMB COUNTY, MICHIGAN

List of Elected and Appointed Officials
December 31, 2010

Officers of the Board of Commissioners

Chairperson	Paul Gielegem
Vice-Chairperson	Kathy Tocco
Sergeant-at-Arms	Joan Flynn

List of 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 Mocerì, District 4	Ed Bruley, District 17
Susan L. Doherty, District 5	Dana Camphous-Peterson, District 18
Joan Flynn, District 6	Paul Gielegem, 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

16th Judicial Circuit Court/Probate Court Chief Judge	Honorable Mark S. Switalski
42 nd District Court Chief Judge	Honorable Denis R. LeDuc
County Clerk/Register of Deeds	Carmella Sabaugh
Prosecuting Attorney	Eric Smith
Public Works Commissioner	Anthony V. Marrocco
Sheriff	Mark A. Hackel
Treasurer	Ted B. Wahby

County Department Heads

Community Services Agency Director	Frank T. Taylor
Corporation Counsel	George E. Brumbaugh
Emergency Management Coordinator	Vicki Wolber
Facilities & Operations Director	Lynn M. Arnott-Bryks
Finance Director	Gilbert J. Chang
Health Officer/Director	Steven Gold
Human Resources Interim Director	Eric A. Herppich
Juvenile Justice Center Director	Charles Seidelman
Management Information Services Acting Director	Gilbert J. Chang
Planning & Economic Development Executive Director	Stephen Cassin
Risk Management & Safety Director	John P. Anderson
Senior Citizens Services Director	Frank T. Taylor
Veterans Services Director	Kermit E. Harris

INDEPENDENT AUDITORS' REPORT

June 30, 2011

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, 2010, 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 58.5% of the assets and 29.3% of the revenues of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose reports were furnished to us, and our opinion, insofar as it relates to the amounts included for the Macomb County Road Commission, is based solely on the reports of the other auditors.

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

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of *Macomb County, Michigan*, as of December 31, 2010, 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 30, 2011, 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-19, 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 pages C-12 and C-13 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 fund balance of the Other Special Revenue nonmajor fund and the Governmental Activities net assets were decreased by \$1,174,802 to account for certain payables that were not recorded in the prior year. Also, the beginning fund balance of the Debt Service Funds in the Drainage Districts component unit and the net assets of the Drainage Districts component unit were increased by \$984,205 to account for accrued interest payable that had incorrectly been recorded in the prior year. In addition, the beginning net assets of Governmental Activities were decreased by \$2,171,797, and the beginning net assets of Business-Type Activities were increased by the same amount, to account for prior activity of the internal service funds that was not properly allocated.



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, 2010. 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 County settled virtually all of its labor contracts throughout the course of 2009, which resulted in significant wage and benefit concessions estimated to save approximately \$10.0 million in 2010. The concessions included a wage freeze, furlough days, increased health care co-pays and deductibles and changes in the County's defined benefit pension plan. The County also implemented changes in its retiree health care program in 2010 that resulted in a reduction in premiums of approximately \$2.7 million.
- The assets of the County exceeded its liabilities by \$244.1 million at year-end.
- The net assets of the County decreased by \$18.9 million in fiscal 2010, consisting primarily of a \$32.7 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" and a \$14.8 million surplus in the General Fund.
- The General Fund reported a surplus of \$14.8 million for the year. Unreserved fund balance was \$55.0 million, or 27.5% of 2011 General Fund budgeted expenditures. Total fund balance was \$55.3 million. The \$0.3 million difference is reserved for advances to other funds.
- The County's bond rating is AAA with Standard & Poors and Aa1 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.

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

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

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

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

The government-wide financial statements segregate the activities of the County into three categories: 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 non-major 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.

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.

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

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 \$244.1 million at December 31, 2010 and decreased by approximately \$18.9 million for the year then ended. (see page A-7)

Macomb County Primary Government Net Assets

	Governmental Activities		Business-type Activities		Totals	
	2009	2010	2009	2010	2009	2010
Current and other assets (1)	\$ 178,887,142	\$ 189,763,310	\$ 136,712,947	\$ 159,253,270	\$ 315,600,089	\$ 349,016,580
Capital assets	<u>173,485,642</u>	<u>164,573,857</u>	<u>1,460,032</u>	<u>1,348,388</u>	<u>174,945,674</u>	<u>165,922,245</u>
Total assets	<u>352,372,784</u>	<u>354,337,167</u>	<u>138,172,979</u>	<u>160,601,658</u>	<u>490,545,763</u>	<u>514,938,825</u>
Current liabilities (1)	13,224,453	17,684,333	23,006,933	34,103,005	36,231,386	51,787,338
Long-term liabilities (1)						
Due within one year	8,715,000	9,519,299	152,910	150,701	8,867,910	9,670,000
Due in more than one year	73,072,494	67,219,259	802,779	853,975	73,875,273	68,073,234
Net OPEB obligation	<u>108,569,505</u>	<u>141,285,020</u>	<u>-</u>	<u>-</u>	<u>108,569,505</u>	<u>141,285,020</u>
Total liabilities	<u>203,581,452</u>	<u>235,707,911</u>	<u>23,962,622</u>	<u>35,107,681</u>	<u>227,544,074</u>	<u>270,815,592</u>
Net assets						
Invested in capital assets, net of related debt	113,415,642	103,708,857	1,460,032	1,348,388	114,875,674	105,057,245
Restricted (1)	67,511,288	49,848,869	10,220,810	13,302,737	77,732,098	63,151,606
Unrestricted (1)	<u>(32,135,598)</u>	<u>(34,928,470)</u>	<u>102,529,515</u>	<u>110,842,852</u>	<u>70,393,917</u>	<u>75,914,382</u>
Total Net Assets	<u>\$ 148,791,332</u>	<u>\$ 118,629,256</u>	<u>\$ 114,210,357</u>	<u>\$ 125,493,977</u>	<u>\$ 263,001,689</u>	<u>\$ 244,123,233</u>

(1) - As restated. See Note 14.

Approximately \$105.1 million, or 43.0%, 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 \$63.2 million, or 25.9%, 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, 2010.

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 \$18.9 million for the year ended December 31, 2010. The components of this change were a decrease of \$30.2 million in governmental activities and an increase of \$11.3 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	
	2009	2010	2009	2010	2009	2010
Revenues						
Program revenue						
Charges for services	\$ 45,973,361	\$ 49,984,712	\$ 222,251,465	\$ 205,125,729	\$ 268,224,826	\$ 255,110,441
Operating grants and contributions	56,076,824	62,812,339	468,989	31,625,252	56,545,813	94,437,591
Capital grants and contributions	2,161,308	2,332,655	-	-	2,161,308	2,332,655
General revenue						
Property taxes	139,470,381	127,975,910	-	-	139,470,381	127,975,910
Intergovernmental revenues	2,365,592	2,214,828	-	-	2,365,592	2,214,828
Investment income	2,698,914	1,070,072	1,019,222	136,435	3,718,136	1,206,507
	<u>248,746,380</u>	<u>246,390,516</u>	<u>223,739,676</u>	<u>236,887,416</u>	<u>472,486,056</u>	<u>483,277,932</u>
Expenses						
Legislative	2,115,128	1,874,967	-	-	2,115,128	1,874,967
Judicial	38,342,444	33,417,284	-	-	38,342,444	33,417,284
General government	80,414,031	78,982,731	-	-	80,414,031	78,982,731
Public safety	75,880,452	71,359,017	-	-	75,880,452	71,359,017
Public works	1,850,591	886,886	-	-	1,850,591	886,886
Health and welfare	82,039,128	90,125,852	-	-	82,039,128	90,125,852
Recreation and culture	1,739,834	1,183,289	-	-	1,739,834	1,183,289
Interest and fees on long-term debt	2,848,677	2,672,502	-	-	2,848,677	2,672,502
Delinquent tax collections	-	-	2,538,257	5,494,921	2,538,257	5,494,921
Community Mental Health	-	-	188,614,994	194,116,732	188,614,994	194,116,732
Martha T. Berry Medical Care Facility	-	-	21,650,350	22,101,146	21,650,350	22,101,146
Freedom Hill Park	-	-	636,622	313,043	636,622	313,043
	<u>285,230,285</u>	<u>280,502,528</u>	<u>213,440,223</u>	<u>222,025,842</u>	<u>498,670,508</u>	<u>502,528,370</u>
Increase (decrease) in net assets before transfers	(36,483,905)	(34,112,012)	10,299,453	14,861,574	(26,184,452)	(19,250,438)
Net transfers	(1,909,188)	3,949,936	(1,456,409)	(3,577,954)	(3,365,597)	371,982
Increase (decrease) in net assets	(38,393,093)	(30,162,076)	8,843,044	11,283,620	(29,550,049)	(18,878,456)
Net assets, beginning of year (1)	187,184,425	148,791,332	105,367,313	114,210,357	292,551,738	263,001,689
Net assets, end of year	<u>\$ 148,791,332</u>	<u>\$ 118,629,256</u>	<u>\$ 114,210,357</u>	<u>\$ 125,493,977</u>	<u>\$ 263,001,689</u>	<u>\$ 244,123,233</u>

(1) - As restated. See Note 14.

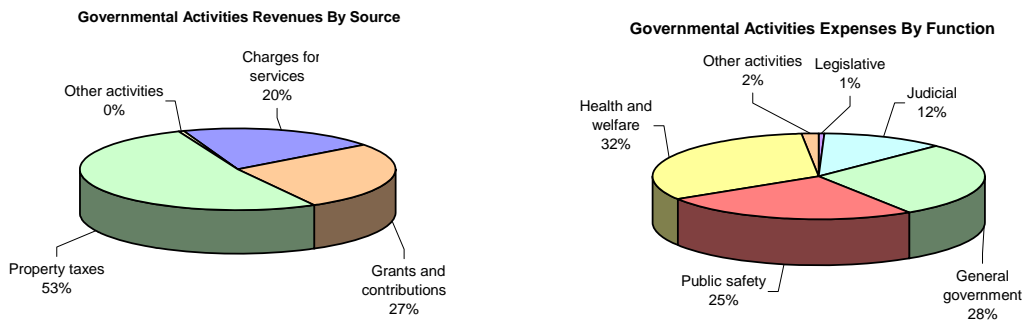
Governmental activities. Key components of the \$30.2 million decrease in the net assets of the County's governmental activities in 2010 are as follows:

- Property tax revenue decreased by \$11.5 million as a result of a 10.2% decline in property values across the County.
- Investment income decreased \$1.6 million as a result of significantly lower interest rates in 2010. Rates were below 1% much of the year.

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- A \$32.7 million charge was made to General Government expenses to record the increase in the County's OPEB liability for retiree health care. See Note 9 for more information.
- Expenses across all functions, except Health and Welfare, decreased significantly over the prior year, attributable primarily to the wage and benefit concessions discussed previously. Health and Welfare expenses increased approximately \$9.0 million due to an increase in the demand for services in response to the weak economy. The majority of the expenses in this category are funded by State and Federal grants.

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



Business-type activities. The net assets of the County's business-type activities increased approximately \$11.3 million during the year, consisting primarily of a \$6.1 million surplus in the Delinquent Tax Revolving Fund and a \$4.6 million surplus in Community Mental Health. The struggling economy in the region resulted in an increase in the amount of property taxes being paid in a less timely manner, thereby resulting in increased interest and administrative fees on the delinquent balances, thus leading to the surplus mentioned above.

Funding from the State of Michigan for certain programs administered by Community Mental Health are based on an estimated number of residents eligible for such services, primarily Medicaid. Amounts not spent in any given year are carried forward to the next year. The number of County residents eligible for Medicaid increased approximately 9.0% in fiscal 2010, while the actual number of residents served did not increase as much, thereby resulting in the surplus of \$4.6 million discussed previously.

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.

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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 \$136.6 million at December 31, 2010, an increase of \$5.9 million over the prior year. The increase consists of a \$14.8 million increase in the General Fund, a \$16.0 million decrease in the Revenue Sharing Reserve Fund, a combined increase of \$2.0 million in the Special Revenue and Debt Service funds and an \$5.1 million increase in the Capital Projects funds.

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

<u>Revenues</u>	<u>2009</u>	<u>2010</u>	<u>Increase (Decrease)</u>
Property taxes	\$ 138,020,133	\$ 126,586,902	\$ (11,433,231)
Licenses and permits	379,479	411,383	31,904
Federal and State grants	8,094,794	7,831,157	(263,637)
Charges for services	26,820,634	28,666,256	1,845,622
Investment income	1,431,882	806,490	(625,392)
Admin charges to other funds	15,162,426	10,257,636	(4,904,790)
Fines and forfeitures	768,313	751,177	(17,136)
Other revenue	103,871	149,831	45,960
Transfers from other funds	24,818,276	24,806,033	(12,243)
Total revenues	<u>215,599,808</u>	<u>200,266,865</u>	<u>(15,332,943)</u>
<u>Expenditures</u>			
Legislative	2,115,128	1,874,967	(240,161)
Judicial	22,854,520	21,895,796	(958,724)
General government	53,770,073	49,497,808	(4,272,265)
Public safety	62,914,727	57,340,640	(5,574,087)
Health and welfare	1,664	1,441	(223)
Other	4,984,541	1,246,498	(3,738,043)
Capital outlay	270,270	359,800	89,530
Transfers to other funds	60,581,440	53,283,687	(7,297,753)
Total Expenditures	<u>207,492,363</u>	<u>185,500,637</u>	<u>(21,991,726)</u>
Excess of revenues over expenditures	<u>\$ 8,107,445</u>	<u>\$ 14,766,228</u>	<u>\$ 6,658,783</u>

Property tax revenue decreased approximately \$11.4 million as property values continued to decline in 2010.

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Investment income decreased \$.6 million as interest rates continued to decline in 2010.

Administrative charges to other departments decreased \$4.9 million as charge-backs from the Information Technology department to other departments and funds were discontinued in 2010. This change also resulted in a \$3.9 million decrease in "Other" expenditures in the General Fund.

As mentioned previously, the County settled the vast majority of its labor contracts at various times throughout 2009. Those settlements included increased health care deductibles and co-pays and modifications to the defined benefit pension plan as well as suspension of longevity payments and six furlough days for most employees. In addition, numerous vacant positions remained unfilled throughout the year. The concessions and vacant positions are primarily responsible for the large decreases in expenditures across functions as well as transfers to other funds. Additional decreases in Public Safety expenditures were realized in 2010 as a result of closing the 200 bed annex at the Sheriff Department in August 2009.

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 and continuing through 2006, 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 total amount placed in the Revenue Sharing Reserve Fund over the three years was approximately \$113.0 million. 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 2012. The Revenue Sharing Reserve Fund transferred \$16.1 million to the General Fund in 2010 and earned \$.1 million in interest, resulting in a deficit of \$16.0 million for fiscal 2010. The fund balance is restricted in its entirety and totaled \$21.2 million at year-end.

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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 and expenditures by function is presented below.

<u>Revenues</u>	2009	2010	Increase (Decrease)
Federal and State grants	\$ 10,130,216	\$ 9,733,688	\$ (396,528)
Charges for services	830,274	1,416,084	585,810
Transfers from other funds	15,190,528	13,476,440	(1,714,088)
Total revenues	26,151,018	24,626,212	(1,524,806)
<u>Expenditures</u>			
Health and welfare	25,257,497	24,430,120	(827,377)
Capital outlay	34,209	53,647	19,438
Transfers out	169,577	-	(169,577)
Total expenditures	25,461,283	24,483,767	(977,516)
Excess of revenues over expenditures	<u>\$ 689,735</u>	<u>\$ 142,445</u>	<u>\$ (547,290)</u>

The majority of the revenue of the Child Care Fund comes in the form of Federal and State grants and operating transfers from the General Fund and such revenues are driven by the level of expenditures of the fund. Expenditures were significantly less in 2010 compared to the prior year primarily as a result of the wage and benefit concessions discussed previously as well as continued efforts to house juvenile offenders in the County Juvenile Justice Center as opposed to outside facilities, thereby resulting in corresponding decreases in grant reimbursements and matching contributions from the General Fund.

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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 and expenditures by function is presented below.

<u>Revenues</u>	<u>2009</u>	<u>2010</u>	<u>Increase (Decrease)</u>
Federal and State grants	\$ 6,926,132	\$ 6,488,256	\$ (437,876)
Charges for services	694,109	710,355	16,246
Investment income	508	479	(29)
Other revenue	351	314	(37)
Transfers from other funds	<u>6,095,149</u>	<u>5,778,892</u>	<u>(316,257)</u>
Total revenues	<u>13,716,249</u>	<u>12,978,296</u>	<u>(737,953)</u>
<u>Expenditures</u>			
Judicial	10,715,553	9,978,296	(737,257)
Capital outlay	696	-	(696)
Transfers to other funds	<u>3,000,000</u>	<u>3,000,000</u>	<u>-</u>
Total expenditures	<u>13,716,249</u>	<u>12,978,296</u>	<u>(737,953)</u>
Excess of revenues over expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The Friend of the Court fund is also funded primarily by Federal grants and contributions from the General Fund. Expenditures decreased in 2010 as a result of the labor concessions and vacant positions discussed previously. The reduction in expenditures had a direct downward impact on grant reimbursements and General Fund match.

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

The fund balances of the County's nonmajor governmental funds were approximately \$57.3 million at year-end, an increase of approximately \$6.9 million over the prior year. The majority of the increase was experienced in the Capital Projects funds, which reported a surplus of \$5.1 million, due primarily to several capital improvement projects being completed in 2009, thus resulting in reduced expenditures in 2010.

FINANCIAL ANALYSIS OF THE COUNTY'S MAJOR PROPRIETARY FUNDS

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

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

<u>Revenues</u>	<u>2009</u>	<u>2010</u>	<u>Increase (Decrease)</u>
Charges for services	\$ 17,523,782	\$ 20,237,135	\$ 2,713,353
Investment income	494,709	64,898	(429,811)
Total revenues	18,018,491	20,302,033	2,283,542
<u>Expenses</u>			
Personal services	336,479	351,363	14,884
Supplies and services	2,201,778	5,143,558	2,941,780
Transfers out	8,655,000	8,734,216	79,216
Total expenses	11,193,257	14,229,137	3,035,880
Net income	\$ 6,825,234	\$ 6,072,896	\$ (752,338)

Charges for services revenue increased \$2.7 million in 2010 as a result of an increase in interest and administrative fees as the number of property tax delinquencies increased due to the weakened economic climate being experienced throughout the region.

Investment income decreased \$.4 million as interest rates declined significantly in 2010 as the economy continued to weaken during the year.

Supplies and services expense increased \$2.9 million in response to an increase in property tax delinquencies as discussed previously.

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

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

<u>Revenues</u>	2009	2010	Increase (Decrease)
Federal and State grants	\$ 468,989	\$ 31,625,252	\$ 31,156,263
Charges for services	183,698,076	161,943,474	(21,754,602)
Investment income	524,513	71,537	(452,976)
Transfers in	5,897,808	5,085,535	(812,273)
Total revenues	190,589,386	198,725,798	8,136,412
<u>Expenses</u>			
Personal services	25,336,669	24,294,749	(1,041,920)
Contractual services	147,194,430	151,496,694	4,302,264
Utilities	288,125	282,118	(6,007)
Repairs and maintenance	36,779	60,106	23,327
Supplies and services	15,696,077	17,967,272	2,271,195
Depreciation	62,914	62,342	(572)
Total expenses	188,614,994	194,163,281	5,548,287
Net income	<u>\$ 1,974,392</u>	<u>\$ 4,562,517</u>	<u>\$ 2,588,125</u>

Community Mental Health is funded primarily by Medicare and Medicaid. Revenue from Federal and State grants and charges for services increased by a combined \$9.4 million due to a significant increase in the number of Medicaid eligible residents in the County in 2010. The significant changes in each of the two categories is due to revenues classified as charges for services in 2009 being more appropriately classified as State grants in 2010.

Personal services decreased \$1.0 million in response to the wage and benefit concessions mentioned previously.

Contractual services expense increased \$4.3 million and supplies and services increased \$2.3 million as the demand for services increased in 2010.

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

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

<u>Revenues</u>	<u>2009</u>	<u>2010</u>	<u>Increase (Decrease)</u>
Charges for services	\$ 20,856,803	\$ 22,761,020	\$ 1,904,217
Transfers in	896,979	-	(896,979)
 Total revenues	 <u>21,753,782</u>	 <u>22,761,020</u>	 <u>1,007,238</u>
 <u>Expenses</u>			
Personal services	12,626,736	12,691,652	64,916
Contractual services	2,712,363	3,728,425	1,016,062
Utilities	719,944	619,874	(100,070)
Repairs and maintenance	298,331	67,969	(230,362)
Supplies and services	5,247,609	4,967,456	(280,153)
Depreciation	45,367	65,858	20,491
 Total expenses	 <u>21,650,350</u>	 <u>22,141,234</u>	 <u>490,884</u>
 Net Income	 <u>\$ 103,432</u>	 <u>\$ 619,786</u>	 <u>\$ 516,354</u>

Charges for services revenue increased \$1.9 million as a result of an increase in the Medicaid daily rate approved by the State of Michigan as well as improved occupancy in 2010.

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

<u>Revenues</u>	<u>2009</u>	<u>2010</u>	<u>Increase (Decrease)</u>
Charges for services	\$ 172,804	\$ 184,100	\$ 11,296
Transfers in	403,804	70,727	(333,077)
 Total revenues	 <u>576,608</u>	 <u>254,827</u>	 <u>(321,781)</u>
 <u>Expenses</u>			
Personal services	88,721	8,264	(80,457)
Utilities	103,149	57,243	(45,906)
Repairs and maintenance	11,906	6,720	(5,186)
Supplies and services	372,832	182,600	(190,232)
Depreciation	60,014	58,216	(1,798)
 Total expenses	 <u>636,622</u>	 <u>313,043</u>	 <u>(323,579)</u>
 Net loss	 <u>\$ (60,014)</u>	 <u>\$ (58,216)</u>	 <u>\$ 1,798</u>

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The County booked a bad debt expense covering more than one year in 2009 in connection with receivables owed to the County by the company that leases the Freedom Hill Amphitheatre. The dispute continued into 2010, resulting in another write off, but one that was much lower than the previous year, thereby resulting in a \$0.2 million decrease in supplies and services expense.

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	\$ 125,875,821	\$ 125,875,821	\$ 126,586,902	\$ 711,081
Licenses and permits	345,400	345,400	411,383	65,983
Federal and State grants	8,339,176	8,339,176	7,831,157	(508,019)
Charges for services	29,263,296	29,882,401	28,666,256	(1,216,145)
Investment income	2,950,000	2,950,000	806,490	(2,143,510)
Admin charges to other funds	9,342,478	9,405,464	10,257,636	852,172
Fines and forfeitures	865,100	865,100	751,177	(113,923)
Other revenue	62,000	62,555	149,831	87,276
Transfers from other funds	26,813,935	27,071,289	24,806,033	(2,265,256)
	<u>\$ 203,857,206</u>	<u>\$ 204,797,206</u>	<u>\$ 200,266,865</u>	<u>\$ (4,530,341)</u>

Federal and State grant revenue was \$0.5 million below budget as a result of liquor tax payments from the State of Michigan being less than anticipated.

Charges for Services revenue was \$1.2 million under budget due to a number of factors. The continued decline in the housing market resulted in recording fees and real estate transfer tax being \$.8 million under budget. In addition, \$0.4 million of reimbursement revenue was budgeted in 2010 related to the work release program at the Sheriff Department. However, the 200 bed annex at the County jail was closed in August 2009, which resulted in the discontinuation of Work Release program at that time, thereby resulting in an unfavorable budget variance in 2010.

The \$0.9 million favorable variance in administrative charges to other funds is due primarily to an unanticipated increase in the amount paid by the Workforce Development Board Component Unit.

Investment income was \$2.1 million under budget as a result of a dramatic decrease in interest rates in 2010 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	\$ 109,745,037	\$ 108,355,402	\$ 101,092,582	\$ 7,262,820
Operating	34,021,971	34,728,304	30,737,075	3,991,229
Capital outlay	463,632	502,346	387,293	115,053
Transfers to other funds	61,585,398	61,705,484	53,283,687	8,421,797
	<u>\$ 205,816,038</u>	<u>\$ 205,291,536</u>	<u>\$ 185,500,637</u>	<u>\$ 19,790,899</u>

Numerous positions were left vacant during the year, resulting in salary and benefit expenditures being approximately \$7.3 million under budget in 2010.

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 utilities, building repairs and maintenance, vehicle fuel and jail medical services.

Transfers to other funds were approximately \$8.4 million below the budget due to the County's ongoing efforts to reduce deficit spending. \$1.0 million of the favorable variance is related to the Martha T. Berry Medical Care Facility, which required no contribution from the General Fund in 2010. Transfers were also impacted favorably as a result of position vacancies and wage and benefit concessions, as mentioned previously.

In summary, General Fund revenues exceeded expenditures by \$14.8 million for the year ended December 31, 2010. Unreserved fund balance was \$55.0 million or 27.5% of 2011 General Fund budgeted expenditures.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets. The County categorizes its capital assets as follows: land, land improvements, buildings and improvements, machinery, equipment and vehicles and construction in progress. At year-end, the County's investment in capital assets, net of accumulated depreciation, was \$164.6 million for governmental activities and \$1.3 million for business-type activities.

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

	Governmental Activities		Business-type Activities		Total	
	2009	2010	2009	2010	2009	2010
Land	\$ 12,998,859	\$ 12,998,859	\$ -	\$ -	\$ 12,998,859	\$ 12,998,859
Land improvements	5,971,968	5,571,358	144,909	133,940	6,116,877	5,705,298
Buildings and improvements	135,482,310	133,146,723	981,790	937,116	136,464,100	134,083,839
Machinery, equipment and vehicles	17,509,996	12,740,383	333,333	277,332	17,843,329	13,017,715
Construction in progress	1,522,509	116,534	-	-	1,522,509	116,534
	<u>\$ 173,485,642</u>	<u>\$ 164,573,857</u>	<u>\$ 1,460,032</u>	<u>\$ 1,348,388</u>	<u>\$ 174,945,674</u>	<u>\$ 165,922,245</u>

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The County completed its major construction and renovation projects in 2009. Depreciation expense accounts for the majority of the decrease in the net book value of capital assets in 2010.

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 \$63.1 million at December 31, 2010, 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	\$ 68,230,000	\$ -	\$ 5,165,000	\$ 63,065,000

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

State statute limits the total amount of general obligation debt of the County to 10% of the assessed value of all property in the County. Assessed value is generally 50% of true market value. Management, however, believes that the taxable value of all property in the County is a more practical and conservative base on which to base the calculation of the County's debt limit. The taxable value of all property in the County as of December 31, 2010 was \$27.8 billion. Therefore, the County's debt limitation was \$2.8 billion at year-end. The County's outstanding debt of \$63.1 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 2011 budget:

- Declining property values continue to severely impact the County budget. Property values are expected to decline by 13% in 2011.
- Health care costs are anticipated to increase 8% in 2011.

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- The County secured wage and benefit concessions from its union groups in 2010 that continued the concessions agreed to in 2009 through the end of 2011. These concessions include the suspension of longevity pay, six unpaid furlough days, increased health care deductibles and prescription co-pays and limiting certain pension benefits to employees hired on or before December 31, 2001.
- No salary increases were granted in 2011.
- Market interest rates in 2011 are expected to remain consistent with 2010 levels.
- Inflationary trends in the region compare favorably to national indices.
- Although the County is facing significant budgetary challenges at this time, its financial condition remains stable as demonstrated by the financial statements and other schedules included in this report.

CONTACTING THE COUNTY FINANCE DEPARTMENT

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

MACOMB COUNTY, MICHIGAN
Government-Wide Statement of Net Assets
December 31, 2010

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Cash and pooled investments	\$ 141,845,500	\$ 88,664,093	\$ 230,509,593	\$ 118,645,707
Receivables				
Property taxes	2,943,181	61,030,368	63,973,549	-
Accrued interest	73,246	25,412	98,658	64,158
Trade accounts, net	13,367,836	15,536,609	28,904,445	8,372,381
Special assessments	-	-	-	221,860,326
Inventories	342,867	-	342,867	4,988,192
Due from other governments	9,374,704	448,815	9,823,519	15,270,409
Internal balances	8,585,841	(8,585,841)	-	-
Due from fiduciary funds	5,909,881	-	5,909,881	-
Other assets	7,320,254	2,133,814	9,454,068	2,113,402
Capital assets, net				
Assets not being depreciated	13,115,393	-	13,115,393	230,129,563
Assets being depreciated	151,458,464	1,348,388	152,806,852	779,315,333
Net OPEB asset	-	-	-	1,163,384
Total assets	354,337,167	160,601,658	514,938,825	1,381,922,855
LIABILITIES				
Accounts payable and accrued liabilities	12,784,046	25,285,989	38,070,035	25,541,566
Accrued wages payable	790,786	891,310	1,682,096	51,492
Accrued interest payable	535,507	-	535,507	1,737,721
Due to other governments	1,660,991	571,725	2,232,716	67,905
Unearned revenue	1,913,003	7,353,981	9,266,984	-
Long-term liabilities:				
Due within one year	9,519,299	150,701	9,670,000	6,689,624
Due in more than one year	67,219,259	853,975	68,073,234	215,224,580
Net OPEB obligation	141,285,020	-	141,285,020	-
Total Liabilities	235,707,911	35,107,681	270,815,592	249,312,888
NET ASSETS				
Invested in capital assets, net of related debt	103,708,857	1,348,388	105,057,245	807,092,852
Restricted for				
Capital projects	5,401,296	-	5,401,296	-
Debt service	6,248,345	-	6,248,345	-
Housing rehabilitation loans	9,246,208	-	9,246,208	-
Revenue Sharing Reserve Fund	21,241,883	-	21,241,883	-
Mental Health risk reserve	-	13,302,737	13,302,737	-
Other purposes	7,711,137	-	7,711,137	-
Unrestricted (deficit)	(34,928,470)	110,842,852	75,914,382	325,517,115
Total Net Assets	\$ 118,629,256	\$ 125,493,977	\$ 244,123,233	\$ 1,132,609,967

MACOMB COUNTY, MICHIGAN
Government-Wide Statement of Activities
For the Year Ended December 31, 2010

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary government					
Governmental activities					
Legislative	\$ 1,874,967	\$ -	\$ -	\$ -	\$ (1,874,967)
Judicial	33,417,284	6,826,428	12,762,534	-	(13,828,322)
General government	78,982,731	16,697,094	482,519	284,090	(61,519,028)
Public safety	71,359,017	13,280,365	1,585,611	2,048,565	(54,444,476)
Public works	886,886	-	-	-	(886,886)
Health and welfare	90,125,852	13,095,185	47,981,675	-	(29,048,992)
Recreation and culture	1,183,289	85,640	-	-	(1,097,649)
Interest and fees on long-term debt	2,672,502	-	-	-	(2,672,502)
Total governmental activities	280,502,528	49,984,712	62,812,339	2,332,655	(165,372,822)
Business-type activities					
Delinquent tax collections	5,494,921	20,237,135	-	-	14,742,214
Community Mental Health	194,116,732	161,943,474	31,625,252	-	(548,006)
Martha T. Berry Medical Care Facility	22,101,146	22,761,020	-	-	659,874
Freedom Hill Park	313,043	184,100	-	-	(128,943)
Total business-type activities	222,025,842	205,125,729	31,625,252	-	14,725,139
Total primary government	\$ 502,528,370	\$ 255,110,441	\$ 94,437,591	\$ 2,332,655	\$ (150,647,683)
Component Units					
Drainage Districts	\$ 61,749,644	\$ 157,664,043	\$ -	\$ 9,113,760	\$ 105,028,159
Road Commission	67,486,011	25,528,220	-	65,187,994	23,230,203
Workforce Development Board	48,620,847	542,532	48,069,678	-	(8,637)
Total component units	\$ 177,856,502	\$ 183,734,795	\$ 48,069,678	\$ 74,301,754	\$ 128,249,725

MACOMB COUNTY, MICHIGAN
Government-Wide Statement of Activities (concluded)
For the Year Ended December 31, 2010

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	
Changes in net assets				
Net (expense) revenue (from page B-2)	\$ (165,372,822)	\$ 14,725,139	\$ (150,647,683)	\$ 128,249,725
General revenues				
Property tax	127,975,910	-	127,975,910	-
Intergovernmental revenues - unrestricted	2,214,828	-	2,214,828	-
Investment earnings	1,070,072	136,435	1,206,507	4,495,977
Transfers - internal activities	3,949,936	(3,577,954)	371,982	-
 Total general revenues and transfers	 135,210,746	 (3,441,519)	 131,769,227	 4,495,977
Change in net assets	(30,162,076)	11,283,620	(18,878,456)	132,745,702
Net assets, beginning of year (1)	148,791,332	114,210,357	263,001,689	999,864,265
Net assets, end of year	<u>\$ 118,629,256</u>	<u>\$ 125,493,977</u>	<u>\$ 244,123,233</u>	<u>\$ 1,132,609,967</u>

(1) - As restated. See Note 14.

The accompanying notes are an integral part of these financial statements

MACOMB COUNTY, MICHIGAN
Balance Sheet - Governmental Funds
December 31, 2010

	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	\$ 33,369,095	\$ 21,241,883	\$ 1,701,835	\$ -	\$ 51,986,731	\$ 108,299,544
Taxes receivable	1,834,900	-	-	-	1,108,281	2,943,181
Accrued interest receivable	73,246	-	-	-	-	73,246
Accounts receivable, net	3,026,901	-	77,678	-	9,941,674	13,046,253
Due from other governments	1,040,842	-	2,495,773	969,802	4,868,287	9,374,704
Due from governmental funds	2,081,041	-	-	-	-	2,081,041
Due from business-type units	11,848,951	-	-	-	-	11,848,951
Advances to other funds	295,000	-	-	-	-	295,000
Other assets	5,523,132	-	-	-	97,574	5,620,706
Total Assets	\$ 59,093,108	\$ 21,241,883	\$ 4,275,286	\$ 969,802	\$ 68,002,547	\$ 153,582,626
Liabilities and Fund Balances						
Liabilities						
Accounts payable	\$ 3,748,044	\$ -	\$ 1,327,813	\$ 13,325	\$ 5,576,349	\$ 10,665,531
Accrued compensation and benefits	42,410	-	254,938	203,833	289,605	790,786
Due to other governments	-	-	-	-	1,660,991	1,660,991
Due to governmental funds	-	-	-	671,883	1,271,343	1,943,226
Unearned revenue	-	-	-	-	1,913,003	1,913,003
Total Liabilities	3,790,454	-	1,582,751	889,041	10,711,291	16,973,537
Fund Balances						
Reserved						
Debt service	-	-	-	-	6,248,345	6,248,345
Programs	-	21,241,883	-	-	7,711,137	28,953,020
Advances to other funds	295,000	-	-	-	-	295,000
Housing rehabilitation loans	-	-	-	-	9,246,208	9,246,208
Capital projects	-	-	-	-	5,401,296	5,401,296
Unreserved						
Designated						
Subsequent year budget	13,538,934	-	-	-	-	13,538,934
Capital projects	-	-	-	-	22,921,777	22,921,777
Undesignated						
General fund	41,468,720	-	-	-	-	41,468,720
Special revenue funds	-	-	2,692,535	80,761	5,762,493	8,535,789
Total Fund Balances	55,302,654	21,241,883	2,692,535	80,761	57,291,256	136,609,089
Total Liabilities and Fund Balances	\$ 59,093,108	\$ 21,241,883	\$ 4,275,286	\$ 969,802	\$ 68,002,547	\$ 153,582,626

- Balance sheet as of September 30, 2010

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, 2010

Total fund balances for governmental funds	\$ 136,609,089
<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	10,190,613
Buildings and improvements	223,188,181
Machinery, equipment and vehicles	47,478,915
Construction in progress	116,534
Accumulated depreciation	(131,497,499)
<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	(68,230,000)
Bond principal repayments	5,165,000
<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>	
	(535,507)
<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>	
	(141,285,020)
<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 business-type units. The assets and liabilities of the Internal Service Funds that pertain to governmental funds are included in the governmental activities in the Government-Wide Statement of Net Assets</p>	
	24,430,091
Net assets of governmental activities reported in the Government-Wide Statement of Net Assets	\$ 118,629,256

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, 2010

	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	\$ 126,586,902	\$ -	\$ -	\$ -	\$ 1,389,008	\$ 127,975,910
Licenses and permits	411,383	-	-	-	1,015,790	1,427,173
Federal & State grants	7,831,157	-	9,733,688	6,488,256	42,445,264	66,498,365
Other grants	-	-	-	-	861,457	861,457
Charges for services	28,666,256	-	1,416,084	710,355	16,274,433	47,067,128
Investment income	806,490	61,032	-	479	202,071	1,070,072
Charges to other funds for administrative services	10,257,636	-	-	-	-	10,257,636
Fines and forfeitures	751,177	-	-	-	453,183	1,204,360
Other revenue	149,831	-	-	314	135,906	286,051
Total Revenues	175,460,832	61,032	11,149,772	7,199,404	62,777,112	256,648,152
Expenditures						
Current						
Legislative	1,874,967	-	-	-	-	1,874,967
Judicial	21,895,796	-	-	9,978,296	302,572	32,176,664
General government	49,497,808	-	-	-	1,319,018	50,816,826
Public safety	57,340,640	-	-	-	8,546,817	65,887,457
Public works	-	-	-	-	886,886	886,886
Health and welfare	1,441	-	24,430,120	-	62,680,289	87,111,850
Recreation and cultural	-	-	-	-	1,112,656	1,112,656
Other	1,246,498	-	-	-	-	1,246,498
Capital outlay	359,800	-	53,647	-	4,974,618	5,388,065
Debt service						
Principal	-	-	-	-	5,165,000	5,165,000
Interest and fees	-	-	-	-	2,706,312	2,706,312
Total Expenditures	132,216,950	-	24,483,767	9,978,296	87,694,168	254,373,181
Excess of Revenues over (under) Expenditures	43,243,882	61,032	(13,333,995)	(2,778,892)	(24,917,056)	2,274,971
Other financing sources (uses)						
Transfers in	24,806,033	-	13,476,440	5,778,892	42,486,096	86,547,461
Transfers out	(53,283,687)	(16,048,317)	-	(3,000,000)	(10,603,471)	(82,935,475)
Total other financing sources (uses)	(28,477,654)	(16,048,317)	13,476,440	2,778,892	31,882,625	3,611,986
Net change in fund balances	14,766,228	(15,987,285)	142,445	-	6,965,569	5,886,957
Fund Balances, beginning of year (2)	40,536,426	37,229,168	2,550,090	80,761	50,325,687	130,722,132
Fund Balances, end of year	\$ 55,302,654	\$ 21,241,883	\$ 2,692,535	\$ 80,761	\$ 57,291,256	\$ 136,609,089

(1) - Year ended September 30, 2010

(2) - As restated. See Note 14.

**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, 2010**

Net change in fund balances - total governmental funds \$ 5,886,957

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	3,945,633
Current year depreciation expense	(12,293,543)
Loss on disposal of assets	(44,861)

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)	5,165,000
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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.	33,810
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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.	(32,715,515)
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Internal service funds are used by management to charge the costs of certain activities such as insurance, compensated absences, workers' compensation and central inventory to individual governmental funds and business-type units. The net income (loss) in those funds that is attributable to governmental funds is excluded from the Statement of Activities.	<u>(139,557)</u>
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Change in net assets of governmental activities reported in the Statement of Activities	<u><u>\$ (30,162,076)</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, 2010

	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	\$ 49,805,459	\$ 38,611,203	\$ 168,866
Receivables			
Property taxes	61,030,368	-	-
Accrued interest	25,412	-	-
Trade accounts, net	9,739,668	3,018,903	2,451,716
Special assessments			
Inventories	-	-	-
Due from other governments	5,774	443,041	-
Due from fiduciary funds	-	-	-
Other assets	-	2,125,640	8,174
Total current assets	120,606,681	44,198,787	2,628,756
Noncurrent assets			
Capital assets, net			
Assets being depreciated	-	40,775	525,810
Total Assets	120,606,681	44,239,562	3,154,566
LIABILITIES			
Current liabilities			
Accounts payable	653,826	23,242,264	1,059,831
Accrued wages payable	150	869,016	22,144
Due to other governments	111,043	460,682	-
Due to governmental funds	11,848,951	-	-
Compensated absences	-	-	-
Claims and judgements	-	-	-
Unearned revenue	-	7,353,981	-
Total current liabilities	12,613,970	31,925,943	1,081,975
Noncurrent liabilities			
Claims and judgements	-	-	-
Compensated absences	-	-	-
Advances from other funds	-	-	-
Total noncurrent liabilities	-	-	-
Total Liabilities	12,613,970	31,925,943	1,081,975
NET ASSETS			
Invested in capital assets	-	40,775	525,810
Restricted - mental health risk reserve	-	13,302,737	-
Unrestricted surplus (deficit)	107,992,711	(1,029,893)	1,546,781
Total Net Assets	\$ 107,992,711	\$ 12,313,619	\$ 2,072,591

MACOMB COUNTY, MICHIGAN
Statement of Net Assets (concluded)
Proprietary Funds
December 31, 2010

	Major Business-Type Activities - Enterprise Funds		Governmental Activities
	Freedom Hill Park	Totals	Internal Service Funds
ASSETS			
Current assets			
Cash and pooled investments	\$ 78,565	\$ 88,664,093	\$ 33,545,956
Receivables			
Property taxes	-	61,030,368	-
Accrued interest	-	25,412	-
Trade accounts, net	326,322	15,536,609	321,583
Special assessments	-	-	-
Inventories	-	-	342,867
Due from other governments	-	448,815	-
Due from fiduciary funds	-	-	5,909,881
Other assets	-	2,133,814	1,699,548
Total current assets	404,887	167,839,111	41,819,835
Noncurrent assets			
Capital assets, net			
Assets being depreciated	781,803	1,348,388	2,098,254
Total Assets	1,186,690	169,187,499	43,918,089
LIABILITIES			
Current liabilities			
Accounts payable	330,068	25,285,989	2,118,515
Accrued wages payable	-	891,310	-
Due to other governments	-	571,725	-
Due to governmental funds	-	11,848,951	137,815
Compensated absences	-	-	900,000
Claims and judgements	-	-	3,150,000
Unearned revenue	-	7,353,981	-
Total current liabilities	330,068	45,951,956	6,306,330
Noncurrent liabilities			
Claims and judgements	-	-	5,498,621
Compensated absences	-	-	5,129,613
Advances from other funds	-	-	295,000
Total noncurrent liabilities	-	-	10,923,234
Total Liabilities	330,068	45,951,956	17,229,564
NET ASSETS			
Invested in capital assets	781,803	1,348,388	2,098,254
Restricted - mental health risk reserve	-	13,302,737	-
Unrestricted surplus (deficit)	74,819	108,584,418	24,590,271
Total Net Assets	\$ 856,622	\$ 123,235,543	\$ 26,688,525

Reconciliation of Statement of Net Assets for Proprietary Funds:

Total net assets of Enterprise Funds/Internal Service Funds	\$ 123,235,543	\$ 26,688,525
Add (subtract): Business-type equity in the net assets of internal service funds	2,258,434	(2,258,434)
Net Assets reported in the Government-Wide Statement of Net Assets	\$ 125,493,977	\$ 24,430,091

MACOMB COUNTY, MICHIGAN
Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Funds
Year Ended December 31, 2010

	Major Business-Type Activities - Enterprise Funds		
	Delinquent Tax Revolving	Community Mental Health	Martha T Berry Medical Care Facility
Operating Revenues			
Charges for services	\$ 20,237,135	\$ 161,943,474	\$ 22,761,020
Federal and state grants	-	31,625,252	-
Total operating revenues	20,237,135	193,568,726	22,761,020
Operating Expenses			
Personal services	351,363	24,294,749	12,691,652
Contractual services	-	151,496,694	3,728,425
Utilities	-	282,118	619,874
Repairs and maintenance	-	60,106	67,969
Benefits and claims expenses	-	-	-
Supplies and services	5,143,558	17,967,272	4,967,456
Depreciation	-	62,342	65,858
Total Operating Expenses	5,494,921	194,163,281	22,141,234
Operating Income (Loss)	14,742,214	(594,555)	619,786
Nonoperating revenues			
Investment income	64,898	71,537	-
Income (loss) before Transfers	14,807,112	(523,018)	619,786
Transfers			
Transfers in	-	5,085,535	-
Transfers out	(8,734,216)	-	-
Net Transfers	(8,734,216)	5,085,535	-
Increase (decrease) in net assets	6,072,896	4,562,517	619,786
Net assets, beginning of year	101,919,815	7,751,102	1,452,805
Net assets, end of year	\$ 107,992,711	\$ 12,313,619	\$ 2,072,591

MACOMB COUNTY, MICHIGAN
Statement of Revenues, Expenses and Changes in Fund Net Assets (concluded)
Proprietary Funds
Year Ended December 31, 2010

	Major Business-Type Activities - Enterprise Funds		Governmental Activities
	Freedom Hill Park	Totals	Internal Service Funds
Operating Revenues			
Charges for services	\$ 184,100	\$ 205,125,729	\$ 60,463,401
Federal and state grants	-	31,625,252	-
Total operating revenues	184,100	236,750,981	60,463,401
Operating Expenses			
Personal services	8,264	37,346,028	-
Contractual services	-	155,225,119	-
Utilities	57,243	959,235	-
Repairs and maintenance	6,720	134,795	-
Benefits and claims expenses	-	-	56,378,248
Supplies and services	182,600	28,260,886	3,890,291
Depreciation	58,216	186,416	585,732
Total Operating Expenses	313,043	222,112,479	60,854,271
Operating Income (Loss)	(128,943)	14,638,502	(390,870)
Nonoperating revenues			
Investment income	-	136,435	-
Income (loss) before Transfers	(128,943)	14,774,937	(390,870)
Transfers			
Transfers in	70,727	5,156,262	337,950
Transfers out	-	(8,734,216)	-
Net Transfers	70,727	(3,577,954)	337,950
Increase (decrease) in net assets	(58,216)	11,196,983	(52,920)
Net assets, beginning of year	914,838	112,038,560	26,741,445
Net assets, end of year	\$ 856,622	\$ 123,235,543	\$ 26,688,525

Reconciliation of the Statement of Revenues, Expenses and Changes in Net Assets to the Statement of Activities of Business-Type Activities

Net increase (decrease) in net assets	\$ 11,196,983	\$ (52,920)
Add (subtract): Business-type activities' portion of net decrease in internal service funds	86,637	(86,637)
Net income (loss) in the Government-Wide Statement of Activities	\$ 11,283,620	\$ (139,557)

MACOMB COUNTY, MICHIGAN
Combining Statement of Cash Flows - Proprietary Funds
Year Ended December 31, 2010

	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	\$ 100,047,324	\$ 199,844,503	\$ 22,490,380
Cash received from interfund services	-	-	-
Cash payments for delinquent taxes	(82,138,712)	-	-
Cash payments for interfund services	(8,724,878)	-	(335,090)
Cash payments to employees	(351,468)	(24,189,511)	(12,692,167)
Cash payments to suppliers	(4,712,512)	(165,354,063)	(9,219,484)
Net cash provided by (used in) Operating Activities	4,119,754	10,300,929	243,639
Cash Flows From Noncapital Financing Activities			
Transfers in	-	5,085,535	-
Transfers out	(8,734,216)	-	-
Net cash provided by (used in) Noncapital Financing Activities	(8,734,216)	5,085,535	-
Cash Flows From Capital and Related Financing Activities			
Acquisition of capital assets	-	-	(74,773)
Cash Flows From Investing Activities			
Interest received on investments	103,988	71,537	-
Increase (decrease) in cash and pooled investments	(4,510,474)	15,458,001	168,866
Cash and pooled investments, beginning of year	54,315,933	23,153,202	-
Cash and pooled investments, end of year	\$ 49,805,459	\$ 38,611,203	\$ 168,866
Reconciliation of operating income (loss) to net cash provided (used) by operating activities			
Operating income (loss)	\$ 14,742,214	\$ (594,555)	\$ 619,786
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation	-	62,342	65,858
Changes in assets and liabilities:			
Taxes receivable	(7,663,816)	-	-
Accounts receivable	5,230,024	(1,185,867)	(270,639)
Inventory	-	-	-
Due from other governments	(5,774)	1,348,911	-
Due from other funds	-	-	-
Other assets	-	272,492	(1)
Accounts payable	431,046	4,452,127	164,240
Accrued employee benefits	(105)	105,238	(515)
Due to other governments	111,043	452,386	-
Due to other funds	(8,724,878)	-	(335,090)
Deferred revenue	-	5,387,855	-
Accrued claims and judgements	-	-	-
Net cash provided by (used in) Operating Activities	\$ 4,119,754	\$ 10,300,929	\$ 243,639

MACOMB COUNTY, MICHIGAN
Combining Statement of Cash Flows - Proprietary Funds (concluded)
Year Ended December 31, 2010

	Major Business-type Activities - Enterprise Funds		Governmental Activities
	Freedom Hill	Totals	Internal
	Park		Service Funds
Cash Flows From Operating Activities			
Cash received from customers	\$ 184,100	\$ 322,566,307	\$ -
Cash received from interfund services	-	-	60,246,974
Cash payments for delinquent taxes	-	(82,138,712)	-
Cash payments for interfund services	-	(9,059,968)	-
Cash payments to employees	(8,264)	(37,241,410)	(873,439)
Cash payments to suppliers	(253,805)	(179,539,864)	(57,496,768)
Net cash provided by (used in) Operating Activities	<u>(77,969)</u>	<u>14,586,353</u>	<u>1,876,767</u>
Cash Flows From Noncapital Financing Activities			
Transfers in	70,727	5,156,262	337,950
Transfers out	-	(8,734,216)	-
Net cash provided by (used in) Noncapital Financing Activities	<u>70,727</u>	<u>(3,577,954)</u>	<u>337,950</u>
Cash Flows From Capital and Related Financing Activities			
Acquisition of capital assets	-	(74,773)	(66,718)
Cash Flows From Investing Activities			
Interest received on investments	-	175,525	-
Increase (decrease) in cash and pooled investments	(7,242)	11,109,151	2,147,999
Cash and pooled investments, beginning of year	85,807	77,554,942	31,397,957
Cash and pooled investments, end of year	<u>\$ 78,565</u>	<u>\$ 88,664,093</u>	<u>\$ 33,545,956</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities			
Operating income (loss)	\$ (128,943)	\$ 14,638,502	\$ (390,870)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation	58,216	186,416	585,732
Changes in assets and liabilities:			
Taxes receivable	-	(7,663,816)	-
Accounts receivable	-	3,773,518	(314,868)
Inventory	-	-	9,889
Due from other governments	-	1,343,137	351,739
Due from other funds	-	-	(253,514)
Other assets	-	272,491	242,747
Accounts payable	(7,242)	5,040,171	569,012
Accrued employee benefits	-	104,618	(87,451)
Due to other governments	-	563,429	-
Due to other funds	-	(9,059,968)	(43,840)
Deferred revenue	-	5,387,855	-
Accrued claims and judgements	-	-	1,208,191
Net cash provided by (used in) Operating Activities	<u>\$ (77,969)</u>	<u>\$ 14,586,353</u>	<u>\$ 1,876,767</u>

MACOMB COUNTY, MICHIGAN
Statement of Fiduciary Net Assets
Fiduciary Funds
December 31, 2010

	Employee Retirement and Postretirement Health Care Benefits	Agency Funds
ASSETS		
Cash and pooled investments	\$ 34,654,251	\$ 15,790,098
Receivables		
Accrued interest	1,302,244	-
Other	24,527	78,832
Other assets	126,161	-
Investments, at fair value		
Corporate Bonds	33,112,355	-
Preferred Stock	621,511	-
Common Stock	366,843,253	-
Foreign Stock	17,336,421	-
Limited partnership	65,787,889	-
Mutual funds	386,810,977	-
Due from fiduciary funds	288,888	-
Other assets	-	75,677
	906,908,477	\$ 15,944,607
	906,908,477	\$ 15,944,607
LIABILITIES		
Accounts payable	1,779,460	\$ 8,516,508
Compensation and benefits	-	357,862
Deposits	-	5,938,845
Due to other governments	-	1,131,392
Due to governmental funds	5,909,881	-
Due to fiduciary funds	288,888	-
	7,978,229	\$ 15,944,607
	7,978,229	\$ 15,944,607
NET ASSETS		
Net assets held in trust for pension and other postemployment benefits	\$ 898,930,248	

MACOMB COUNTY, MICHIGAN
Statement of Changes In Fiduciary Net Assets
Fiduciary Funds
Year Ended December 31, 2010

	<u>Employee Retirement and Postretirement Health Care Benefits</u>
ADDITIONS	
Contributions	
Employer	\$ 27,893,458
Employee	4,569,589
	<hr/>
Total contributions	32,463,047
	<hr/>
Investment income	
Net appreciation in fair value of assets	95,593,678
Interest	825,513
Dividends	13,573,988
	<hr/>
	109,993,179
Less investment expenses	
Management and custodial fees	2,937,170
	<hr/>
Net investment income	107,056,009
	<hr/>
Total additions	139,519,056
	<hr/>
DEDUCTIONS	
Benefit payments	63,434,482
Refunds of contributions	302,316
Administrative expense	195,110
	<hr/>
Total deductions	63,931,908
	<hr/>
Net increase in net assets	75,587,148
NET ASSETS	
Beginning of year	823,343,100
	<hr/>
End of year	\$ 898,930,248
	<hr/> <hr/>

MACOMB COUNTY, MICHIGAN
Combining Statement of Net Assets - Component Units
December 31, 2010

	Drainage Districts (1)	Road Commission (1)	Workforce Development Board	Total
ASSETS				
Cash and cash equivalents	\$ 59,887,368	\$ 58,758,339	\$ -	\$ 118,645,707
Receivables				
Accrued interest	1,289	62,869	-	64,158
Trade accounts, net	7,240,613	1,131,768	-	8,372,381
Special assessments	221,860,326	-	-	221,860,326
Inventories	-	4,988,192	-	4,988,192
Due from other governments	-	9,073,213	6,197,196	15,270,409
Other assets	758,255	1,355,147	-	2,113,402
Capital assets, net				
Assets not being depreciated	35,995,230	194,134,333	-	230,129,563
Assets being depreciated	240,921,313	538,394,020	-	779,315,333
Net OPEB asset	-	1,163,384	-	1,163,384
Total assets	566,664,394	809,061,265	6,197,196	1,381,922,855
LIABILITIES				
Accounts payable	9,385,693	10,152,747	6,003,126	25,541,566
Accrued compensation and benefits	-	-	51,492	51,492
Accrued interest payable	1,737,721	-	-	1,737,721
Deposits	-	-	-	-
Due to other governments	-	-	67,905	67,905
Unearned revenue	-	-	-	-
Long-term liabilities:				
Due within one year	5,765,655	923,969	-	6,689,624
Due in more than one year	214,609,296	615,284	-	215,224,580
Total Liabilities	231,498,365	11,692,000	6,122,523	249,312,888
NET ASSETS				
Invested in capital assets, net of related debt	74,564,499	732,528,353	-	807,092,852
Restricted for				
Unrestricted	260,601,530	64,840,912	74,673	325,517,115
Total Net Assets	\$ 335,166,029	\$ 797,369,265	\$ 74,673	\$ 1,132,609,967

(1) - Year-end September 30, 2010

MACOMB COUNTY, MICHIGAN
Combining Statement of Activities - Component Units
For the Year Ended December 31, 2010

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue	
		Charges for Services	Operating Grants and Contributions		Capital Grants and Contributions
Drainage Districts (1)					
Public works	\$ 54,197,767	\$ 157,664,043	\$ -	\$ 9,113,760	\$ 112,580,036
Interest on long-term debt	7,551,877	-	-	-	(7,551,877)
Total public works	<u>61,749,644</u>	<u>157,664,043</u>	<u>-</u>	<u>9,113,760</u>	<u>105,028,159</u>
Road Commission (1)					
Public works	67,486,011	25,528,220	-	65,187,994	23,230,203
Interest on long-term debt	-	-	-	-	-
Total Road Commission	<u>67,486,011</u>	<u>25,528,220</u>	<u>-</u>	<u>65,187,994</u>	<u>23,230,203</u>
Workforce Development Board					
Health and Welfare	48,620,847	542,532	48,069,678	-	(8,637)
Total Component Units	<u>\$ 177,856,502</u>	<u>\$ 183,734,795</u>	<u>\$ 48,069,678</u>	<u>\$ 74,301,754</u>	<u>\$ 128,249,725</u>

(1) - Year ended September 30, 2010

MACOMB COUNTY, MICHIGAN
Combining Statement of Activities - Component Units (concluded)
For the Year Ended December 31, 2010 .

	Drainage Districts (1)	Road Commission (1)	Workforce Development Board	Total
Changes in net assets				
Net (expense) revenue	\$ 105,028,159	\$ 23,230,203	\$ (8,637)	\$ 128,249,725
General revenues				
Investment earnings	<u>4,158,328</u>	<u>337,649</u>	<u>-</u>	<u>4,495,977</u>
Change in net assets	109,186,487	23,567,852	(8,637)	132,745,702
Net assets, beginning of year (2)	<u>225,979,542</u>	<u>773,801,413</u>	<u>83,310</u>	<u>999,864,265</u>
Net assets, end of year	<u><u>\$ 335,166,029</u></u>	<u><u>\$ 797,369,265</u></u>	<u><u>\$ 74,673</u></u>	<u><u>\$ 1,132,609,967</u></u>

(1) - Year Ended September 30, 2010

(2) - As restated. See Note 14.

The accompanying notes are an integral part of these financial statements

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements
December 31, 2010

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, 2010, 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, 2010.

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, 2010

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, 2010

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, 2010

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 involved 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, 2010

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

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

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

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2010

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, 2010

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, Child Care Fund, Friend of the Court Fund, Health Department, Health Grant Fund, County Library, Human Services, Community Services Agency, and Senior Citizens Services Special Revenue Funds as well as the Martha T. Berry, Community Mental Health and Parks business-type activities. For those Special Revenue Funds and component units without annual operating budgets (Emergency Management Grants, Employment and Training Fund, Veterans' Trust Fund, MSU Extension Grants, COMET, Sheriff Grants, Urban County Block Grant, Prosecuting Attorney Grants, Other Special Revenue Funds and Michigan Works!), legal authorization for spending is obtained through approval of the Board of Commissioners or other appropriate authoritative body. 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, 2010

Note 1 – Summary of Significant Accounting Policies (continued)

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

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

Encumbrances – Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the General Fund and Special Revenue Funds. Encumbrances outstanding at year-end are reported as reserves of fund balances since they do not constitute expenditures or liabilities. In addition, the encumbrances outstanding at year-end are re-appropriated and spent under authorization of a new budget.

Property Taxes – The County property tax is levied July 1 of each year based on the taxable value of property as of the preceding December 31. Taxes are billed and collected for the County by the local units within the County and are payable in one installment no later than February 28 of the following year, at which time they become delinquent and subject to penalty. Taxable value is established annually by the local units, accepted by the County and equalized by the State of Michigan to approximate 50% of market value (SEV). The annual increase in taxable value is limited by State statute to the rate of inflation or 5%, whichever is less. Taxable value reverts to SEV when a property is sold or when SEV drops below taxable value. The taxable value of real and personal property in Macomb County for the July 1, 2010 levy (calendar 2010 revenue) was \$30,773,360,899. The County operating tax rate for the 2010 levy was 4.5685 mills.

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2010

Note 1 – Summary of Significant Accounting Policies (concluded)

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

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

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

Fund Equity - Governmental funds may report reservations and/or designations of fund balance. Balances reported as reserved represent amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Balances reported as designated represent tentative management plans that are subject to change.

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, 2010

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, 2010 and September 30, 2010 respectively, are presented below.

	<u>Primary Government</u>	<u>Component Units</u>	<u>Percent of Total</u>
Cash on hand	\$ 72,465	\$ -	0.02%
Bank and money market accounts	38,502,033	45,435,802	22.83%
Certificates of deposit	<u>206,681,075</u>	<u>73,209,905</u>	<u>76.11%</u>
Subtotal - deposits	245,255,573	118,645,707	98.96%
US Treasury securities	<u>3,813,931</u>	-	<u>1.04%</u>
Total deposits and investments	249,069,504	118,645,707	<u>100.00%</u>
Timing effect of different year ends	<u>(2,769,813)</u>	-	
Amount reported at December 31, 2010	<u>\$ 246,299,691</u>	<u>\$ 118,645,707</u>	
Amount reported in primary government	\$ 230,509,593		
Amount reported in agency funds	<u>15,790,098</u>		
	<u>\$ 246,299,691</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 \$363,901,280, with corresponding bank balances of \$373,776,604. Qualifying deposits are insured by the FDIC up to \$250,000. Of the bank balances, \$3,250,000 was insured and the remaining \$370,526,604 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, 2010

Note 2 – Deposits and Investments (continued)

Primary Government and Component Unit 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. The entire portfolio of investments issued by the United States Treasury or agencies of the United States held at year-end were rated AAA by Standard & Poors and Aaa by Moody's. No other instruments subject to credit risk were held at year-end.
- **Concentration of Credit Risk** is the risk of loss measured by the magnitude of the County's investment in a single issuer. As defined by GASB Statement NO. 40, the County is exposed to concentration of credit risk if more that 5% of its portfolio is invested in instruments issued by a single issuer. No investments exceed the 5% threshold at year-end.
- **Interest Rate Risk** is the risk that the fair value of the County's investments will be adversely affected by changes in market interest rates and is measured primarily by average days to maturity. Although the County investment policy does not limit investment maturities as a means of limiting its exposure to interest rate risk, the County manages this risk by purchasing a mix of short and longer term investments. Information regarding the County's exposure to interest rate risk is presented below:

<u>Maturities (Years)</u>	<u>US Treasury</u>	<u>Percent of Total</u>
Less than 1	\$ 1,264,222	33.15%
1-5	<u>2,549,709</u>	<u>66.85%</u>
	<u>\$ 3,813,931</u>	<u>100.00%</u>

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2010

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, 2010 are presented below:

<u>Investment Type</u>	<u>Amount</u>	<u>Percent of Total</u>
Cash and pooled investments	\$ 502,795	0.43%
Equity Mutual Funds	75,406,161	63.87%
Bond Mutual Fund	23,588,178	19.98%
Foreign Stock	17,336,421	14.68%
Common Stock	1,225,355	1.04%
	<u>\$ 118,058,910</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, 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. 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.
- *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 that 5% of its portfolio is invested in instruments issued by a single issuer. Investments in instruments issued by the US Government, as well as those held in mutual funds and investment pools are exempt from this requirement. None of the investments in common or foreign stock exceeded the 5% threshold at December 31, 2010.

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2010

Note 2 – Deposits and Investments (continued)

Retiree Health Care Trust Fund Investments (concluded) –

- *Interest Rate Risk* is the risk that the fair value of investments in debt securities will be adversely affected by changes in market interest rates and is measured primarily by average days to maturity. The entire portfolio of debt securities of the Retiree Health Care Trust Fund is held in one bond index mutual fund that consists of a mix of corporate, US Treasury and US Agency securities and is therefore not subject to interest rate risk.

Employees' Retirement System Deposits and Investments - A summary of the investments of the System at December 31, 2010 is presented below:

<u>Investment Type</u>	<u>Amount</u>	<u>Percent of Total</u>
Cash and pooled investments	\$ 34,151,456	4.34%
Corporate bonds	33,112,355	4.21%
Preferred stock	621,511	0.08%
Common stock	365,617,898	46.44%
Limited partnerships	65,787,889	8.36%
Mutual funds	287,816,638	36.57%
	<u>\$ 787,107,747</u>	<u>100.00%</u>

Deposits - The deposits of the Macomb County Employee's Retirement System (the "System") are subject to *custodial credit risk*, which is the risk that the deposits may not be returned in the event of a bank failure. The custodial credit risk assumed by the System is measured by categorizing deposits as previously described. At year-end, the book value of the deposits of the System was \$34,151,456, with corresponding bank balances of \$34,391,272. 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 \$33,891,272 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.

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2010

Note 2 - Deposits and Investments (continued)

Employees' Retirement System Deposits and Investments (continued) –

At December 31, 2010, 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	\$ 6,137,420	18.53%
AA	6,606,191	19.95%
A	14,107,202	42.60%
BBB	4,985,337	15.06%
BB	142,213	0.43%
B	260,571	0.79%
CCC	34,000	0.10%
D	95,267	0.29%
Not rated	744,154	2.25%
	<u>\$ 33,112,355</u>	<u>100.00%</u>

Interest Rate Risk is the risk that the fair value of investments in debt securities will be adversely affected by changes in market interest rates and is measured primarily by average days to maturity. A summary of the maturities of the System's debt securities at December 31, 2010 were as follows:

<u>Maturities (Years)</u>	<u>Corporate Bonds</u>	<u>Percent of Total</u>
Less than 1	\$ 719,663	2.17%
1-5	31,624,610	95.51%
6-10	124,320	0.38%
11 or more	643,762	1.94%
	<u>\$ 33,112,355</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, 2010. 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 \$65,787,889 at December 31, 2010 and constituted 8.36% of the investment portfolio of the System.

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2010

Note 2 - Deposits and Investments (continued)

Employees' Retirement System Deposits and Investments (concluded) –

Securities Lending Credit Risk – The Macomb County Employees' Retirement System is authorized to participate in securities lending agreements with its custodian. Such transactions involve loans of securities to broker/dealers and other entities for collateral with a simultaneous agreement to return the collateral for the same securities in the future and are perceived to be invisible to the third party money managers who manage segments of the portfolio. The market for securities lending has developed to provide temporary access to a large portfolio of securities for broker/dealers who have a need to borrow specific instruments. Broker/dealers collateralize their borrowings (typically in cash) to 102% of the security value for domestic securities and 105% for foreign securities and this collateral is adjusted daily to maintain the appropriate level. The System had no credit risk exposure to borrowers at year-end since the borrowers had collateralized the securities on loan at 102%. In addition, the system is indemnified through its agreement with its custodian should borrowers fail to return securities lent or fail to pay the System income distributions by the securities' issuers while the securities are on loan. The System may not pledge or sell collateral securities, except in the case of borrower default. The System periodically reviews the custodian's practices to ensure fair distributions by the securities' issuers while the securities are on loan. The System did not participate in any securities lending transactions during the year ended December 31, 2010.

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, 2010:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Capital assets not being depreciated				
Land	\$ 12,998,859	\$ -	\$ -	\$ 12,998,859
Construction in progress	1,522,509	815,135	2,221,110	116,534
Total capital assets not being depreciated	<u>14,521,368</u>	<u>815,135</u>	<u>2,221,110</u>	<u>13,115,393</u>
Capital assets being depreciated				
Land improvements	10,126,173	64,440	-	10,190,613
Buildings	219,118,571	4,069,610	-	223,188,181
Machinery, equipment and vehicles	54,934,343	1,287,794	869,814	55,352,323
Total capital assets being depreciated	<u>284,179,087</u>	<u>5,421,844</u>	<u>869,814</u>	<u>288,731,117</u>
Less accumulated depreciation for				
Land improvements	4,154,205	465,050	-	4,619,255
Buildings	83,636,261	6,405,197	-	90,041,458
Machinery, equipment and vehicles	37,424,347	6,009,028	821,435	42,611,940
Total accumulated depreciation	<u>125,214,813</u>	<u>12,879,275</u>	<u>821,435</u>	<u>137,272,653</u>
Total capital assets being depreciated, net	<u>158,964,274</u>	<u>(7,457,431)</u>	<u>48,379</u>	<u>151,458,464</u>
Governmental activities capital assets, net	<u>\$ 173,485,642</u>	<u>\$ (6,642,296)</u>	<u>\$ 2,269,489</u>	<u>\$ 164,573,857</u>

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2010

Note 3 – Capital Assets (continued)

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 activities:	Governmental Assets	Internal Service Assets	Total
Judicial	\$ 1,240,621	\$ -	\$ 1,240,621
General government	2,496,727	585,732	3,082,459
Health and welfare	3,014,002	-	3,014,002
Recreation and culture	70,633	-	70,633
Public safety	5,471,560	-	5,471,560
	<u>\$ 12,293,543</u>	<u>\$ 585,732</u>	<u>\$ 12,879,275</u>

The following is a summary of capital asset activity of the business-type activities of the County for the year ended December 31, 2010

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities				
Capital assets being depreciated				
Land improvements	\$ 350,128	\$ -	\$ -	\$ 350,128
Buildings	1,682,229	21,769	-	1,703,998
Machinery, equipment and vehicles	684,158	53,003	-	737,161
Total capital assets being depreciated	<u>2,716,515</u>	<u>74,772</u>	<u>-</u>	<u>2,791,287</u>
Less accumulated depreciation for				
Land improvements	205,219	10,969	-	216,188
Buildings	700,439	66,443	-	766,882
Machinery, equipment and vehicles	350,825	109,004	-	459,829
Total accumulated depreciation	<u>1,256,483</u>	<u>186,416</u>	<u>-</u>	<u>1,442,899</u>
Total capital assets being depreciated, net	<u>1,460,032</u>	<u>(111,644)</u>	<u>-</u>	<u>1,348,388</u>
Business-type activities capital assets, net	<u>\$ 1,460,032</u>	<u>\$ (111,644)</u>	<u>\$ -</u>	<u>\$ 1,348,388</u>

Depreciation expense of the business-type activities by function totaled \$128,200 for health and welfare and \$58,216 for recreation and culture.

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2010

Note 3 – Capital Assets (continued)

The following is a summary of changes in the Drainage Districts Component Unit capital assets for the year ended September 30, 2010:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated				
Land	\$ 1,992,428	\$ -	\$ -	\$ 1,992,428
Construction in progress	24,235,963	9,766,839	-	34,002,802
Total capital assets not being depreciated	26,228,391	9,766,839	-	35,995,230
Capital assets being depreciated				
Infrastructure	230,500,146	92,564,697	-	323,064,843
Less accumulated depreciation for Infrastructure	76,607,880	5,535,650	-	82,143,530
Total capital assets being depreciated, net	153,892,266	87,029,047	-	240,921,313
Drainage district capital assets, net	\$ 180,120,657	\$ 96,795,886	\$ -	\$ 276,916,543

The following is a summary of changes in the Road Commission Component Unit capital assets for the year ended September 30, 2010:

	Balance Beginning	Increases	Decreases	Ending Balance
Capital assets not being depreciated				
Land	\$ 186,954,846	\$ 7,179,487	\$ -	\$ 194,134,333
Capital assets being depreciated				
Land improvements	1,382,123	17,011	-	1,399,134
Buildings	25,093,532	302,420	-	25,395,952
Machinery, equipment and vehicles	28,831,764	2,108,201	1,927,287	29,012,678
Infrastructure	927,891,580	48,722,527	-	976,614,107
Total capital assets being depreciated	983,198,999	51,150,159	1,927,287	1,032,421,871
Less accumulated depreciation for				
Land improvements	950,805	69,530	-	1,020,335
Buildings	6,854,925	503,230	-	7,358,155
Machinery, equipment and vehicles	24,688,368	1,625,976	1,787,618	24,526,726
Infrastructure	426,128,853	34,993,782	-	461,122,635
Total accumulated depreciation	458,622,951	37,192,518	1,787,618	494,027,851
Total capital assets being depreciated, net	524,576,048	13,957,641	139,669	538,394,020
Road commission capital assets, net	\$ 711,530,894	\$ 21,137,128	\$ 139,669	\$ 732,528,353

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2010

Note 4 – Long-Term Debt

The following is a summary of the long-term liability transactions for the year ended December 31, 2010:

Issue	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Primary Government					
Governmental activities					
Criminal Justice Bldg Authority					
Series 2002-B Refunding	\$ 4,155,000	\$ -	\$ 865,000	\$ 3,290,000	\$ 1,155,000
Building Authority					
Series 2002 MTB/Youth Home	7,400,000	-	1,350,000	6,050,000	765,000
Series 2002-A Refunding	4,925,000	-	740,000	4,185,000	1,400,000
Series 2004 Warehouse	4,150,000	-	200,000	3,950,000	225,000
Series 2004-A Public Works Bldg	3,450,000	-	175,000	3,275,000	175,000
Series 2005 Clemens Refunding	2,755,000	-	205,000	2,550,000	230,000
Series 2005 Commun System/Dist Court	16,455,000	-	775,000	15,680,000	800,000
Series 2007 Refunding	16,780,000	-	60,000	16,720,000	65,000
MI Transportation Fund					
Series 2004-B Bridge Bonds	5,605,000	-	400,000	5,205,000	400,000
Series 2008- Bridge Refunding Bonds	2,555,000	-	395,000	2,160,000	405,000
	<u>68,230,000</u>	<u>-</u>	<u>5,165,000</u>	<u>63,065,000</u>	<u>5,620,000</u>
Other liabilities					
Compensated Absences	5,161,375	628,790	765,228	5,024,937	749,299
General liability claims	4,234,175	2,237,180	1,869,928	4,601,427	1,850,000
Workers' compensation claims	3,206,255	2,033,545	1,192,606	4,047,194	1,300,000
	<u>80,831,805</u>	<u>4,899,515</u>	<u>8,992,762</u>	<u>76,738,558</u>	<u>9,519,299</u>
Business-type activities					
Compensated Absences	955,689	157,198	108,211	1,004,676	150,701
	<u>955,689</u>	<u>157,198</u>	<u>108,211</u>	<u>1,004,676</u>	<u>150,701</u>
Total Primary Government	<u>\$ 81,787,494</u>	<u>\$ 5,056,713</u>	<u>\$ 9,100,973</u>	<u>\$ 77,743,234</u>	<u>\$ 9,670,000</u>
Component Units					
Drainage Districts					
Special Assessment Debt	\$ 108,846,637	\$ 130,208,689	\$ 17,195,000	\$ 221,860,326	\$ 5,805,850
Unamortized premiums	-	333,068	-	333,068	18,504
Unamortized discounts	-	(1,818,443)	-	(1,818,443)	(58,699)
	<u>108,846,637</u>	<u>128,723,314</u>	<u>17,195,000</u>	<u>220,374,951</u>	<u>5,765,655</u>
Road Commission					
Compensated Absences	1,394,603	936,162	1,014,045	1,316,720	857,207
General liability claims	76,599	(30,635)	5,221	40,743	15,586
Workers' compensation claims	428,100	(129,690)	116,620	181,790	51,176
	<u>1,899,302</u>	<u>775,837</u>	<u>1,135,886</u>	<u>1,539,253</u>	<u>923,969</u>
Total Component Units	<u>\$ 110,745,939</u>	<u>\$ 129,499,151</u>	<u>\$ 18,330,886</u>	<u>\$ 221,914,204</u>	<u>\$ 6,689,624</u>

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2010

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	\$ 3,290,000
Macomb County Building Authority					
Series 2002 MTE/Youth Home Renovation	3.50-5.00	05/01/2002	5/1/2022	32,000,000	6,050,000
Series 2002-A Refunding	2.50-4.00	12/01/2002	5/1/2015	8,885,000	4,185,000
Series 2004 Warehouse	2.00-5.00	05/01/2004	5/1/2024	5,100,000	3,950,000
Series 2004-A Public Works Bldg	3.00-4.50	11/01/2004	5/1/2024	4,250,000	3,275,000
Series 2005 Clemens Refunding	3.25-5.00	12/01/2005	5/1/2020	2,875,000	2,550,000
Series 2005 Commun System/Dist Court	3.75-4.50	12/01/2005	11/1/2025	19,380,000	15,680,000
Series 2007 Refunding	3.50-4.22	04/01/2007	3/1/2022	16,895,000	16,720,000
Michigan Transportation Bonds					
Series 2004-B Bridge Bonds	3.00-4.75	05/01/2004	12/1/2024	10,000,000	5,205,000
Series 2008 Bridge Refunding Bonds	3.00-3.50	06/01/2008	12/1/2015	2,605,000	2,160,000
Total Primary Government				\$ 107,820,000	\$ 63,065,000
Drainage Districts Component Unit					
Special Assessment Debt					
Busch Drain	3.80 - 4.55	10/01/1998	05/01/2014	1,250,000	450,000
Hawken Drain	4.30 - 5.25	08/01/2000	05/01/2015	795,000	300,000
Hayes Drain	4.50 - 5.20	08/01/2000	05/01/2015	1,095,000	575,000
Plumbrook Bridge Replacement	4.00 - 5.00	08/01/2000	05/01/2015	2,800,000	1,275,000
Schmidt Drain	3.60 - 4.30	05/01/2006	06/01/2016	525,000	325,000
17 Mile Road Drain & Branches	4.00 - 8.00	04/01/1973	05/01/2013	2,315,000	840,000
17 Mile Road Extension	3.00 - 4.50	11/01/2001	11/01/2016	1,725,000	875,000
Sterling Relief Lateral 12B Extension	2.00 - 4.00	09/01/2003	11/01/2012	885,000	320,000
Armada Village MCSSS	2.00	01/23/1992	10/01/2011	1,170,000	75,000
North Gratiot Interceptor	3.75 - 4.20	11/01/2006	05/01/2032	3,380,000	3,205,000
North Gratiot Interceptor - Lenox Local	4.00 - 4.25	03/01/2007	05/01/2031	15,200,000	14,000,000
North Gratiot Interceptor - Phase 1	3.25 - 4.75	06/01/2008	05/01/2033	22,340,000	21,350,000
North Gratiot Interceptor - Series 2010	1.00 - 6.35	05/11/2010	05/01/2035	16,965,000	16,965,000
Lake St. Clair Clean Water Initiative					
State Revolving Fund Series #1 (5186-01)	2.50	Various	10/01/2022	20,670,000	13,620,000
Lake St. Clair Clean Water Initiative Phase II, No. 2		04/01/2002	04/01/2023	5,000,000	135,000
Lake St. Clair Clean Water Initiative					
State Revolving Fund Series #2 (5186-02)	2.50	Various	04/01/2022	13,630,000	8,985,000
Lake St. Clair Clean Water Initiative					
State Revolving Fund Series #3 (5186-03)	2.50	Various	04/08/2022	2,640,000	1,735,000
Lake St. Clair Clean Water Initiative					
State Revolving Fund Series #4 (5186-04)	2.50	Various	10/01/2022	5,550,000	3,655,000
Lake St. Clair Clean Water Initiative					
State Revolving Fund Series #5 (5186-05)	2.50	Various	10/01/2022	975,000	685,000
Lake St. Clair Clean Water Initiative Series 2004A	4.375 - 5.150	06/01/2004	10/01/2029	5,000,000	4,225,000
Lake St. Clair Clean Water Initiative Series 2004B	4.375 - 5.150	06/01/2004	10/01/2029	14,000,000	11,830,000
Lake St. Clair Clean Water Initiative Series 2010 Refunding	2.00 - 4.25	08/03/2010	10/01/2029	12,270,000	12,270,000
8.5 Mile Relief State Revolving Fund Loan (5306-01)	2.50	Various	10/01/2027	3,765,203	3,605,203
8.5 Mile Relief State Revolving Fund Loan (5393-01)	2.50	Various	10/01/2024	829,468	829,468
Oakland-Macomb Interceptor State Revolving Fund Loan (5368-01)	2.50	Various	04/01/2013	660,155	660,155
Oakland-Macomb Interceptor Series 2010B	1.15 - 5.90	04/15/2010	04/01/2030	3,450,500	3,450,500
Macomb Interceptor Series 2010A	1.250 - 5.375	08/30/2010	05/01/2035	95,620,000	95,620,000
Total Drainage Districts Component Unit				\$ 254,505,326	\$ 221,860,326

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2010

Note 4 – Long-Term Debt (continued)

All long-term obligations are presented as of December 31, 2010 except for the Special Assessment Debt with Governmental Commitment and Road Commission obligations, which are presented as of September 30, 2010. Special assessments receivable have been pledged by various local units of government for the payment of principal and interest on the Special Assessment Debt with Governmental Commitment. The County has also pledged its full faith and credit as additional security for the payment of the principal and interest on the Special Assessment Debt with Governmental Commitment in the event that the monies required to pay the principal and interest on the bonds are not collected by the aforementioned special assessments.

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

Year	Primary Government			Total	Drainage Districts
	Building Authority	Criminal Justice Building Authority	MI Transportation Bonds		Special Assessment Debt
2011	\$ 3,660,000	\$ 1,155,000	\$ 805,000	\$ 5,620,000	\$ 5,805,850
2012	3,815,000	1,135,000	920,000	5,870,000	9,649,115
2013	3,980,000	1,000,000	930,000	5,910,000	9,465,365
2014	4,165,000	-	945,000	5,110,000	9,433,600
2015	4,320,000	-	960,000	5,280,000	9,528,750
2016-2020	19,125,000	-	2,700,000	21,825,000	48,278,725
2021-2025	13,345,000	-	105,000	13,450,000	47,146,043
2026-2030	-	-	-	-	46,707,878
2031-2035	-	-	-	-	35,845,000
	<u>\$ 52,410,000</u>	<u>\$ 3,290,000</u>	<u>\$ 7,365,000</u>	<u>\$ 63,065,000</u>	<u>\$ 221,860,326</u>

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

Year	Primary Government			Total	Drainage Districts
	Building Authority	Criminal Justice Building Authority	MI Transportation Bonds		Special Assessment Debt
2011	\$ 2,096,741	\$ 128,712	\$ 283,712	\$ 2,509,165	\$ 8,157,194
2012	1,954,078	85,400	256,050	2,295,528	9,189,327
2013	1,800,715	40,000	224,275	2,064,990	8,942,548
2014	1,637,015	-	190,725	1,827,740	8,688,708
2015	1,469,115	-	155,775	1,624,890	8,410,217
2016-2020	5,101,151	-	385,075	5,486,226	37,479,254
2021-2025	1,303,236	-	4,725	1,307,961	27,795,997
2026-2030	-	-	-	-	16,595,260
2031-2035	-	-	-	-	5,521,662
	<u>\$ 15,362,051</u>	<u>\$ 254,112</u>	<u>\$ 1,500,337</u>	<u>\$ 17,116,500</u>	<u>\$ 130,780,167</u>

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2010

Note 4 – Long-Term Debt (continued)

New debt issued - On September 22, 2008, the 8 ½ Mile Relief Drain Drainage District (the "District") entered into a loan agreement with the Michigan Municipal Bond Authority, through its State Revolving Fund, to borrow up to \$4,025,000 for the purpose of defraying a portion of the cost of certain intra-county drain projects located in the cities of Eastpointe and St. Clair Shores as well as Macomb County itself, herein after referred to as the "Local Units". The loan is evidenced by a single bond issued by the District and purchased by the Authority. The proceeds of the bond are drawn down as construction costs are incurred and approved by the District and the Authority. As of September 30, 2010, the District had drawn down a total of \$3,605,203. The bond bears interest at a rate of 2.50% and is due serially through October 1, 2027 and was issued pursuant to the provisions of Chapter 20 of Act 40, Public Acts of Michigan, 1956, as amended. The bond is to be repaid from assessments against the Local Units. These assessments are a general obligation of the Local Units and are payable from general funds or ad valorem taxes which may be levied by them. The County has also pledged its full faith and credit as additional security for the payment of the principal and interest on the bond when due. The bond is subject to redemption prior to maturity only with the prior written consent of the Authority.

On January 22, 2010, the Oakland-Macomb Interceptor Drain Drainage District (the "District") entered into a loan agreement with the Michigan Municipal Bond Authority, through its State Revolving Fund, to borrow up to \$42,060,000 for the purpose of defraying a portion of the cost of certain inter-county drain projects located in various cities, villages and townships (the "Local Units") located in Macomb County as well Oakland County, its neighboring county to the west. The loan was issued in accordance with provisions of the American Recovery and Reinvestment Act of 2009, under which \$15,984,000 of the loan was funded by the Federal government, resulting in a net obligation to the District of \$26,076,000. The loan is evidenced by a single bond issued by the District and purchased by the Authority. The bond bears interest at a rate of 2.50% and is due serially through October 1, 2027. The proceeds of the bond are drawn down as construction costs are incurred and approved by the District and the Authority. As of September 30, 2010, the District had drawn down a total of \$1,281,854. The bond is to be repaid from assessments against the local units. These assessments are a general obligation of the local units and are payable from general funds or ad valorem taxes which may be levied by them. Oakland and Macomb counties have also pledged their full faith and credit as additional security for the payment of the principal and interest on the bond when due. The bond is subject to redemption prior to maturity only with the prior written consent of the Authority. The local units located in Macomb County are responsible for repaying 51.5% of the amounts drawn down. As such, Macomb County has pledged its full faith and credit on up to \$13,429,140 of the \$26,076,000 total. A liability for \$660,155, representing 51.5% of the total drawn down by the District as of year-end, has been recorded by Macomb County.

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2010

Note 4 – Long-Term Debt (continued)

New debt issued (continued)- On April 15, 2010, the Oakland-Macomb Interceptor Drain Drainage District (the "Drainage District") issued \$6,700,000 of Series 2010-B Federally taxable Oakland-Macomb Interceptor Drainage District bonds for the purpose of paying for a portion of the structural rehabilitation of the Oakland-Macomb Interceptor Drain. The bonds were issued as Build America Bonds in accordance with provisions of the American Recovery and Reinvestment Act of 2009 and are eligible for a 45% interest rebate from the Federal government. Bonds totaling \$3,215,000 were issued in denominations of \$5,000 or multiples thereof, bear interest from 1.15% to 5.25% and are due serially through April 1, 2022. The remaining \$3,485,000 term bonds bear interest from 5.45% to 5.90% and are due annually April 1, 2024 through April 1, 2030. The Bonds are payable from special assessments against various cities, villages and townships (the "Local Units") located in Macomb County as well Oakland County, its neighboring county to the west. 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, only those maturing on or after May 1, 2021 are subject to early redemption and may be redeemed at par plus accrued interest on any interest payment date on or after May 1, 2020. The local units located in Macomb County are responsible for repaying 51.5% of the amounts drawn down. As such, Macomb County has pledged its full faith and credit on \$3,450,500 of the total amount issued and has recorded a liability for that amount.

On January 22, 2010, the 8 ½ Mile Relief Drain Drainage District (the "District") entered into a loan agreement with the Michigan Municipal Bond Authority, through its State Revolving Fund, to borrow up to \$2,205,000 for the purpose of defraying a portion of the cost of certain intra-county drain projects located in Eastpointe and St. Clair Shores as well as Macomb County itself, herein after referred to as the "Local Units". The loan was issued in accordance with provisions of the American Recovery and Reinvestment Act of 2009, under which \$882,000 of the loan, was funded by the Federal government, resulting in a net obligation of \$1,323,000 to the District. The loan is evidenced by a single bond issued by the District and purchased by the Authority. The bond bears interest at a rate of 2.50% and is due serially through October 1, 2030 and was issued pursuant to the provisions of Chapter 20 of Act 40, Public Acts of Michigan, 1956, as amended. The proceeds of the bond are drawn down as construction costs are incurred and approved by the District and the Authority. As of September 30, 2010, the District had drawn down a total of \$829,468. The bond is to be repaid from assessments against the Local Units. These assessments are a general obligation of the Local Units and are payable from general funds or ad valorem taxes which may be levied by the Local Units. The County has also pledged its full faith and credit as additional security for the payment of the principal and interest on the bond when due. The bond is subject to redemption prior to maturity only with the prior written consent of the Authority.

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2010

Note 4 – Long-Term Debt (continued)

New debt issued (continued)- On May 11, 2010, the North Gratiot Interceptor Drain Drainage District (the "Drainage District") issued \$16,965,000 of Series 2010 Federally taxable North Gratiot Interceptor Drainage District bonds for the purpose of paying the cost of acquiring and constructing improvements to the North Gratiot Interceptor Drain. The bonds were issued as Build America Bonds in accordance with provisions of the American Recovery and Reinvestment Act of 2009 and are eligible for a 45% interest rebate from the Federal government. Bonds totaling \$5,285,000 were issued in denominations of \$5,000 or multiples thereof, bear interest from 1.00% to 5.00% and are due serially through May 1, 2020. The remaining \$11,680,000 term bonds bear interest from 5.50% to 6.35% and are due annually May 1, 2023 through May 1, 2035. The Bonds are payable from special assessments against the Macomb County Wastewater Disposal District, the Township of Chesterfield, the Township of Lenox and the Village of New Haven, herein after referred to as the "Local Units". 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, only those maturing on or after May 1, 2021 are subject to early redemption and may be redeemed at par plus accrued interest on any interest payment date on or after May 1, 2020.

On August 30, 2010, the Macomb Interceptor Drain Drainage District (the "Drainage District") issued \$95,620,000 of Series 2010-A Federally taxable Macomb Interceptor Drainage District bonds for the purpose of acquiring the sewer interceptor system from the City of Detroit. The bonds were issued as Build America Bonds in accordance with provisions of the American Recovery and Reinvestment Act of 2009 and are eligible for a 35% interest rebate from the Federal government. Bonds totaling \$47,280,000 were issued in denominations of \$5,000 or multiples thereof, bear interest from 1.25% to 4.95% and are due serially through May 1, 2025. The remaining \$48,340,000 term bonds bear interest from 5.15% to 5.77% and are due annually May 1, 2027 through May 1, 2035. The Bonds are payable from special assessments against the Township of Chesterfield, the Township of Clinton, the Township of Harrison, the Township of Lenox, the Township of Macomb, the Township of Shelby, the Township of Washington, the Village of New Haven, the City of Sterling Heights and the City of Utica, herein after referred to as "the Local Units". 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, only those maturing on or after May 1, 2021 are subject to early redemption and may be redeemed at par plus accrued interest on any interest payment date on or after May 1, 2020.

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2010

Note 4 – Long-Term Debt (concluded)

New debt issued (concluded)- On August 3, 2010, the Lake St. Clair Clean Water Initiative Drain Drainage District, herein after referred to as the "District", issued \$12,270,000 of Series 2010 Lake St. Clair Clean Water Initiative Drain Drainage District Refunding bonds to advance refund \$8,090,000 of Series 2001-A Lake St. Clair Clean Water Initiative Drain Drainage District bonds and \$3,960,000 of the \$4,095,000 Series 2002-A Lake St. Clair Clean Water Initiative Drain Drainage District bonds outstanding at that date. The net proceeds of \$12,536,825 (after payment of \$143,331 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 District. The remaining \$135,000 Series 2002-A Lake St. Clair Clean Water Initiative Drain Drainage District bonds are due and payable on October 1, 2011. 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 \$2,777,934. The economic gain realized by the District as a result of the refunding was \$2,073,425, 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 2.00% to 4.25% and are due serially through October 1, 2029. The Bonds are payable from special assessments against the Cities of St. Clair Shores, Roseville and Eastpointe, herein after referred to as the "Cities". The special assessments are a general obligation of the Cities and are payable from the Cities' general funds or from ad valorem taxes which may be levied on all taxable property in the Cities, subject to constitutional, statutory and charter tax rate limitations. The County has pledged its full faith and credit as additional security for the payment of the principal and interest on the Bonds.

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, 2010, the amount of defeased debt outstanding but not reported as long-term debt of the primary government totaled \$2,895,000.

At December 31, 2010, the primary government reported Michigan Transportation Fund bonds totaling \$7,365,000, which were issued in order to finance the primary government's portion of certain bridge repair and renovation projects managed by the Road Commission Component Unit. The entire value of the underlying assets are capitalized in the accounts of the Road Commission Component Unit and, therefore, these bonds are excluded from the calculation of Net Assets Invested in Capital Assets, Net of Related Debt on the Statement of Net Assets of the primary government.

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2010

Note 5 – Interfund Receivables, Payables and Transfers

Interfund advances at December 31, 2010 were:

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

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

	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General Fund	\$ 13,929,992	\$ -
Friend of the Court	-	671,883
Nonmajor Governmental Funds	-	1,271,343
Internal Service Funds	5,909,881	137,815
Delinquent Tax Revolving	-	11,848,951
Fiduciary funds	288,888	6,198,769
Reporting Entity Total	<u>\$ 20,128,761</u>	<u>\$ 20,128,761</u>

	<u>Transfers In</u>	<u>Transfers Out</u>
<u>Major governmental funds</u>		
General Fund	\$ 24,806,033	\$ 53,283,687
Revenue Sharing Reserve	-	16,048,317
Child Care	13,476,440	-
Friend of the Court	5,778,892	3,000,000
Nonmajor Governmental Funds	42,486,096	10,603,471
Internal Service Funds	337,950	-
Delinquent Tax Revolving	-	8,734,216
Community Mental Health	5,085,535	-
Freedom Hill Park	70,727	-
Subtotal	92,041,673	91,669,691
Imbalance caused by the timing effects of interfund transactions in funds with different year-end reporting dates	-	371,982
	<u>\$ 92,041,673</u>	<u>\$ 92,041,673</u>

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2010

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>
2011	\$ 1,857,228
2012	1,455,148
2013	1,026,524
2014	585,617
2015	362,571
2016	226,134
2017	175,427
2018	115,500
2019	115,500
2020	<u>57,750</u>
	<u>\$ 5,977,399</u>

Rental expense totaled \$2,072,066 for the year ended December 31, 2010.

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.

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, 2009 (date of the most recent actuarial valuation) the System's membership consisted of:

Retirees and beneficiaries currently receiving benefits	2,341
Terminated employees entitled to benefits but not yet receiving them	232
Active employees covered by the plan	<u>2,325</u>
Total membership	<u><u>4,898</u></u>

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2010

Note 8– Employees’ Retirement System (continued)

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

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

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

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

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

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 2010 was \$15,170,777. Administrative costs of the System are financed from investment earnings. General County employees contribute 2.5% or 3.5% of their annual salary to the System depending upon classification. Road Commission employees contribute 3.5% of their annual salary. Sheriff employees contribute 4.0% of their annual salary. The County contributes the remaining amounts necessary to fund the System, using the actuarial basis specified by statute.

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2010

Note 8– Employees’ Retirement System (continued)

Annual Pension Cost and Net Pension Obligation – During the year ended December 31, 2010, employer contributions totaled \$15,170,777, as required by the actuarial valuation of the plan as of December 31, 2008. 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</u> <u>December 31</u>	<u>Annual Pension</u> <u>Cost (APC)</u>	<u>Percentage of</u> <u>APC Contributed</u>	<u>Net Pension</u> <u>Obligation</u>
2008	\$ 18,658,075	100	\$ -
2009	18,507,521	100	-
2010	15,170,777	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 for Sheriff employees, (c) projected salary increases of 0.0% per year for 2010 and 2011, and 5.0% per year thereafter, compounded annually, attributable to inflation for General, Road Commission and Martha T Berry employees, (d) additional projected salary increases ranging from 1.2% to 5.0% for various members per year, depending on service, attributable to seniority/merit, and (e) 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, 2009, the date of the most recent actuarial valuation, the plan was 106.4% funded. The actuarial accrued liability for benefits was \$814,563,728 and the actuarial value of assets in the plan was \$866,356,598, resulting in an excess of assets over the actuarial accrued liability of \$51,792,870. Covered payroll was \$116,522,938 and the ratio of the UAAL to covered payroll was 44.5 percent.

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.

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2010

Note 8– Employees’ Retirement System (continued)

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, 2010.

The System does not issue separate independently audited financial statements; therefore, financial statements as of and for the year ended December 31, 2010 are presented below:

Statement of Fiduciary Net Assets

ASSETS	
Cash and pooled investments	\$ 34,151,456
Receivables	
Accrued interest	826,007
Other	24,527
Investments, at fair value	
Corporate Bonds	33,112,355
Preferred Stock	621,511
Common Stock	365,617,898
Limited partnership	65,787,889
Mutual funds	<u>287,816,638</u>
Total Assets	<u>787,958,281</u>
LIABILITIES	
Accounts payable	1,305,144
Due to governmental funds	1,166,260
Due to fiduciary funds	<u>288,888</u>
Total Liabilities	<u>2,760,292</u>
Net assets held in trust for pension and other postemployment benefits	<u>\$ 785,197,989</u>

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2010

Note 8– Employees’ Retirement System (concluded)

Statement of Changes in Fiduciary Net Assets

ADDITIONS	
Contributions	
Employer	\$ 15,170,777
Employee	<u>3,919,964</u>
Total contributions	<u>19,090,741</u>
Investment income	
Net appreciation in fair value of assets	86,019,968
Interest	825,513
Dividends	<u>7,535,158</u>
	94,380,639
Less investment expenses	
Management and custodial fees	<u>2,860,166</u>
Net investment income	<u>91,520,473</u>
Total additions	<u>110,611,214</u>
DEDUCTIONS	
Benefit payments	50,155,776
Refunds of contributions	302,316
Administrative expense	<u>178,514</u>
Total deductions	<u>50,636,606</u>
Net increase in net assets	59,974,608
NET ASSETS	
Beginning of year	<u>725,223,381</u>
End of year	<u><u>\$ 785,197,989</u></u>

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2010

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, 2008 (date of the most recent actuarial valuation), membership consisted of:

Retirees and beneficiaries currently receiving benefits	1,834
Terminated employees entitled to benefits but not yet receiving them	227
Active employees covered by the plan	<u>2,142</u>
Total membership	<u><u>4,203</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, administrative expenses of the plan and investment management fees for the year ended December 31, 2010 was \$13,372,306, of which the employer contributed \$12,722,681 and plan members contributed \$649,625.

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, 2010.

Annual required contribution	\$ 42,587,289
Interest on net OPEB obligation	8,142,713
Adjustment to annual required contribution	<u>(5,291,806)</u>
Annual OPEB cost	45,438,196
Employer contributions	<u>(12,722,681)</u>
Increase in OPEB obligation	32,715,515
Net OPEB obligation, beginning of year	<u>108,569,505</u>
Net OPEB obligation, end of year	<u><u>\$ 141,285,020</u></u>

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2010

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

The County’s annual OPEB cost, percentage of annual OPEB cost contributed and the net OPEB obligation as of December 31, 2010 were as follows:

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Year Ended December 31	Annual OPEB Cost	Percentage Contributed	Net OPEB Obligation
2008	\$ 55,483,723	28.1%	\$ 81,102,883
2009	42,780,750	35.8%	108,569,505
2010	45,438,196	28.3%	141,285,020

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, 2008. Other significant assumptions were as follows: a) investments are assumed to earn 7.5% per year, (b) health care costs are assumed to increase at an annual rate of 9% in year 1, reduced by .5% each year thereafter until an ultimate rate of 5% is reached in the tenth year and beyond, (c) annual covered payroll is assumed to increase 5% per year and (d) active member population was assumed to remain constant. No specific price inflation was used to perform the valuation. The unfunded liability is being amortized as a level percentage of payroll over a closed period of 30 years.

Funding Status and Progress – As of December 31, 2008, the date of the most recent actuarial valuation, the plan was 13.0% funded. The actuarial accrued liability for benefits was \$595,309,199 and the actuarial value of assets in the plan was \$77,353,942, resulting in an unfunded actuarial accrued liability (UAAL) of \$517,955,257. Covered payroll was \$107,373,375 and the ratio of the UAAL to covered payroll was 482.4 percent.

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2010

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

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

Method Used to Value Investments – Investments are reported at fair value, as indicated by quoted market prices as of December 31, 2010.

Separate independently audited financial statements are not issued for the County Retiree Health Care Plan. Therefore, financial statements as of and for the year ended December 31, 2010 are presented below:

Statement of Fiduciary Net Assets

ASSETS	
Cash and pooled investments	\$ 502,795
Receivables	
Accrued interest	476,237
Other assets	415,049
Investments, at fair value	
Common Stock	1,225,355
Foreign Stock	17,336,421
Mutual funds	98,994,339
	117,556,115
Total investments	117,556,115
Total Assets	118,950,196
LIABILITIES	
Accounts payable	474,316
Due to governmental funds	4,743,621
	5,217,937
Total Liabilities	5,217,937
Net assets held in trust for pension and other postemployment benefits	\$ 113,732,259

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2010

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

Statement of Changes in Fiduciary Net Assets

ADDITIONS	
Contributions	
Employer	\$ 12,722,681
Employee	<u>649,625</u>
Total contributions	<u>13,372,306</u>
Investment income	
Net appreciation in fair value of assets	9,573,710
Dividends	<u>6,038,830</u>
	15,612,540
Less investment expenses	
Management and custodial fees	<u>77,004</u>
Net investment income	<u>15,535,536</u>
Total additions	<u>28,907,842</u>
DEDUCTIONS	
Benefit payments	13,278,706
Administrative expense	<u>16,596</u>
Total deductions	<u>13,295,302</u>
Net increase in net assets	15,612,540
NET ASSETS	
Beginning of year	<u>98,119,719</u>
End of year	<u>\$ 113,732,259</u>

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2010

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 \$3,846,908 for the year ended September 30, 2010. 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, 2010.

Annual OPEB Cost and Net OPEB Obligation - The cost of providing retiree health care benefits (OPEB) for the year ended September 30, 2010 was determined through an actuarial valuation as of December 31, 2009. The valuation computes an annual required contribution (ARC), which represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities or funding excess over a period not to exceed 30 years.

The following table shows the components of the Road Commission's OPEB cost for the year ended September 30, 2010.

Annual OPEB cost	\$ 6,617,951
Employer contributions	<u>(6,846,908)</u>
Increase in OPEB asset	(228,957)
Net OPEB asset, beginning of year	<u>(934,427)</u>
Net OPEB asset, end of year	<u><u>\$ (1,163,384)</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, 2010 were as follows:

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Year Ended <u>September 30</u>	Annual <u>OPEB Cost</u>	Percentage <u>Contributed</u>	Net OPEB <u>Obligation (Asset)</u>
2008	\$ 6,302,811	94.4%	\$ 1,021,017
2009	6,302,811	131.0%	(934,427)
2010	6,617,951	103.5%	(1,163,384)

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2010

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

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

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

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

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

Note 11 – Contingencies and commitments

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

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2010

Note 12- Risk Management

The County is exposed to various risks of loss related to property damage and loss, torts, errors and omissions, employee injury (workers' compensation) and medical benefits provided to employees and retirees. The County has purchased commercial insurance for property damage coverage and certain medical benefits, but is self-insured for workers' compensation and general liability claims up to certain retention amounts, at which time insurance coverage begins. The County also self-funds certain medical benefits of employees and retirees. There were no significant reductions in insurance coverage in 2010 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, 2010, the primary government has accrued an aggregate of \$4,047,194 for unresolved workers' compensation claims. At September 30, 2010, the Road Commission component unit has accrued an aggregate of \$181,790 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,	
	2009	2010	2009	2010
Estimated liability - beginning of year	\$ 1,788,503	\$ 3,206,255	\$ 40,528	\$ 428,100
Estimated claims incurred, including changes in estimates	2,345,015	2,033,545	654,020	(129,690)
Claims payments	(927,263)	(1,192,606)	(266,448)	(116,620)
Estimated liability - end of year	<u>\$ 3,206,255</u>	<u>\$ 4,047,194</u>	<u>\$ 428,100</u>	<u>\$ 181,790</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 \$20,000,000 annually. The Martha T. Berry Medical Care Facility has been completely self-insured for general liability claims since July 1, 2003. The 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, 2010, the Road Commission had an accrual of \$40,743 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, 2010, the primary government reported a balance of \$4,601,427 for its unresolved general liability claims.

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2010

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>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>
Estimated liability - beginning of year	\$ 4,085,865	\$ 4,234,175	\$ 110,404	\$ 76,599
Estimated claims incurred, including changes in estimates	2,100,796	2,237,180	(31,605)	(30,635)
Claims payments	<u>(1,952,486)</u>	<u>(1,869,928)</u>	<u>(2,200)</u>	<u>(5,221)</u>
Estimated liability - end of year	<u>\$ 4,234,175</u>	<u>\$ 4,601,427</u>	<u>\$ 76,599</u>	<u>\$ 40,743</u>

Note 13- Fund Balance Deficit

The Community Mental Health business-type unit reported a deficit in its unrestricted net assets of \$1,029,893 at September 30, 2010. 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- Restatements

Other Special Revenue Nonmajor Special Revenue Fund – Certain accounts payable were not recorded in the “Other Special Revenue” non-major Special Revenue Fund at December 31, 2009. As a result, the fund balance of the fund was overstated by \$1,174,802 at December 31, 2009. In order to correct these reporting errors, beginning fund balance has been decreased by 1,174,802 in these financial statements.

Drainage Districts Component Unit – Accrued interest payable was incorrectly recorded as a liability in the debt service governmental funds of the Drainage Districts Component Unit at September 30, 2009. As a result, the net assets of the Drainage Districts Component Unit were understated by \$984,205 at September 30, 2009. In order to correct these reporting errors, beginning net assets have been increased by \$984,205 in these financial statements.

Government-Wide Statement of Net Assets – The net assets of the Internal Service Funds were not properly allocated between governmental activities and business-type activities in prior years. As a result, the net assets of governmental activities were overstated by \$2,171,797 and the net assets of the business-type activities were understated by the same amount at December 31, 2009. In order to correct these reporting errors, beginning net assets of the governmental activities have been decreased by \$2,171,797 in these financial statements and the beginning net assets of the business-type activities have been increased by the same amount. The net effect on the net assets of the primary government was zero.

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (concluded)
December 31, 2010

Note 15- Invested in Capital Assets, Net of Related Debt

The composition of net assets invested in capital assets, net of related debt as of December 31, 2010 is presented below:

	Governmental Activities	Business-type Activities	Component Units
Capital assets:			
Capital assets not being depreciated	\$ 13,115,393	\$ -	\$ 230,129,563
Capital assets being depreciated	151,458,464	1,348,388	779,315,333
	164,573,857	1,348,388	1,009,444,896
Related debt:			
Total bonds payable	68,230,000	-	221,860,226
Net bond discounts/premiums	-	-	(1,485,375)
Less: Unexpended bond proceeds	-	-	(13,912,252)
Less: Assets financed with bonds but capitalized by other governmental agencies	(7,365,000)	-	(4,110,555)
	60,865,000	-	202,352,044
Invested in capital assets, net of related debt	\$ 103,708,857	\$ 1,348,388	\$ 807,092,852

MACOMB COUNTY, MICHIGAN

December 31, 2010

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

Notes to the Required Supplementary Information

MACOMB COUNTY, MICHIGAN
Required Supplementary Information
Budgetary Comparison Schedule (GAAP Basis) - General Fund Revenues
Year Ended December 31, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Taxes				
Current property	\$ 125,875,821	\$ 125,875,821	\$ 126,586,902	\$ 711,081
Licenses and Permits	345,400	345,400	411,383	65,983
Federal Grants	50,000	50,000	38,740	(11,260)
State Grants				
Court financing	5,320,695	5,320,695	5,000,532	(320,163)
Cigarette tax	72,538	72,538	130,123	57,585
Liquor tax	2,219,943	2,219,943	2,084,705	(135,238)
Other	676,000	676,000	577,057	(98,943)
	<u>8,289,176</u>	<u>8,289,176</u>	<u>7,792,417</u>	<u>(496,759)</u>
Charges for Services				
Court costs and fees	2,433,400	2,721,855	2,930,620	208,765
Certified copies	929,044	929,044	841,388	(87,656)
Probation oversight fees	890,200	890,200	1,018,620	128,420
Land transfer tax	2,300,000	2,300,000	1,662,354	(637,646)
Recording fees	2,235,500	2,235,500	1,942,030	(293,470)
Rents	61,000	329,955	341,564	11,609
Sheriff road patrol	8,172,061	8,172,061	7,771,539	(400,522)
Other sheriff services	1,539,941	1,539,941	1,429,444	(110,497)
Foster care	900,000	900,000	441,887	(458,113)
Attorney fees	1,500,000	1,500,000	1,355,275	(144,725)
Public works - pumping station	1,173,256	1,173,256	1,220,454	47,198
Personal services	988,779	988,779	1,983,832	995,053
Housing inmates	2,399,000	2,399,000	1,746,542	(652,458)
Soil erosion fees	275,000	275,000	645,121	370,121
Commissions	1,033,000	1,033,000	874,444	(158,556)
Miscellaneous	2,433,115	2,494,810	2,461,142	(33,668)
	<u>29,263,296</u>	<u>29,882,401</u>	<u>28,666,256</u>	<u>(1,216,145)</u>
Investment income	2,950,000	2,950,000	806,490	(2,143,510)
Charges to Other Funds for Administrative Services	9,342,478	9,405,464	10,257,636	852,172
Fines and Forfeitures	865,100	865,100	751,177	(113,923)
Other Revenue	62,000	62,555	149,831	87,276
Total Revenues	177,043,271	177,725,917	175,460,832	(2,265,085)
Other Financing Sources				
Transfers in	26,813,935	27,071,289	24,806,033	(2,265,256)
Total Revenues and Other Financing Sources	<u>\$ 203,857,206</u>	<u>\$ 204,797,206</u>	<u>\$ 200,266,865</u>	<u>\$ (4,530,341)</u>

MACOMB COUNTY, MICHIGAN
Required Supplementary Information
Budgetary Comparison Schedule (GAAP Basis) - General Fund Expenditures
Year Ended December 31, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Legislative				
Board of Commissioners				
Salaries and fringe benefits	\$ 1,940,767	\$ 1,944,387	\$ 1,767,978	\$ 176,409
Operating	122,256	122,756	103,847	18,909
Department Total	<u>2,063,023</u>	<u>2,067,143</u>	<u>1,871,825</u>	<u>195,318</u>
Public Affairs				
Salaries and fringe benefits	-	3,142	3,142	-
Total Legislative	<u>2,063,023</u>	<u>2,070,285</u>	<u>1,874,967</u>	<u>195,318</u>
Judicial				
Circuit Court				
Salaries and fringe benefits	4,896,701	4,905,637	4,266,005	639,632
Operating	5,008,399	5,011,499	4,736,003	275,496
Department Total	<u>9,905,100</u>	<u>9,917,136</u>	<u>9,002,008</u>	<u>915,128</u>
District Court - New Baltimore				
Salaries and fringe benefits	1,105,317	1,105,317	1,068,102	37,215
Operating	227,973	496,928	489,463	7,465
Capital outlay	-	3,500	2,845	655
Department Total	<u>1,333,290</u>	<u>1,605,745</u>	<u>1,560,410</u>	<u>45,335</u>
District Court - Romeo				
Salaries and fringe benefits	867,481	867,481	776,239	91,242
Operating	203,797	203,797	189,425	14,372
Capital outlay	-	3,500	2,845	655
Department Total	<u>1,071,278</u>	<u>1,074,778</u>	<u>968,509</u>	<u>106,269</u>
District Court - 3rd Class				
Operating	50,000	50,000	33,115	16,885
Family Counseling				
Salaries and fringe benefits	57,321	57,321	57,126	195
Operating	149,974	149,974	97,250	52,724
Department Total	<u>207,295</u>	<u>207,295</u>	<u>154,376</u>	<u>52,919</u>
Family Court - Juvenile Division				
Salaries and fringe benefits	4,117,432	4,117,432	3,986,370	131,062
Operating	1,578,067	1,578,084	1,476,502	101,582
Department Total	<u>5,695,499</u>	<u>5,695,516</u>	<u>5,462,872</u>	<u>232,644</u>
Jury Commission				
Operating	72,156	72,156	65,105	7,051

MACOMB COUNTY, MICHIGAN
Required Supplementary Information
Budgetary Comparison Schedule (GAAP Basis) - General Fund Expenditures (continued)
Year Ended December 31, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Judicial (concluded)				
Probate Court - Mental Division				
Salaries and fringe benefits	\$ 821,219	\$ 819,252	\$ 695,757	\$ 123,495
Operating	286,903	322,901	315,285	7,616
Department Total	1,108,122	1,142,153	1,011,042	131,111
Probate Court - Wills and Estates Division				
Salaries and fringe benefits	2,136,834	2,146,246	2,092,720	53,526
Operating	218,247	218,247	215,653	2,594
Department Total	2,355,081	2,364,493	2,308,373	56,120
Probation - Circuit Court				
Operating	124,553	124,553	116,688	7,865
Probation - District Court				
Salaries and fringe benefits	1,196,654	1,213,815	1,150,065	63,750
Operating	64,277	76,777	63,233	13,544
Department Total	1,260,931	1,290,592	1,213,298	77,294
Total Judicial	23,183,305	23,544,417	21,895,796	1,648,621
General Government				
Apportionment Commission				
Operating	-	56,915	18,141	38,774
Charter Commission				
Operating	-	78	659	(581)
County Clerk				
Salaries and fringe benefits	3,670,183	3,685,161	3,470,153	215,008
Operating	404,561	422,568	384,414	38,154
Capital outlay	-	2,010	-	2,010
Department Total	4,074,744	4,109,739	3,854,567	255,172
Corporation Counsel				
Salaries and fringe benefits	801,929	801,929	785,291	16,638
Operating	41,438	41,438	38,709	2,729
Department Total	843,367	843,367	824,000	19,367
Elections				
Operating	36,584	36,584	25,685	10,899

MACOMB COUNTY, MICHIGAN
Required Supplementary Information
Budgetary Comparison Schedule (GAAP Basis) - General Fund Expenditures (continued)
Year Ended December 31, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
General Government (continued)				
Facilities and Operations				
Salaries and fringe benefits	\$ 7,061,655	\$ 7,079,642	\$ 6,363,734	\$ 715,908
Operating	8,394,948	8,380,801	7,395,605	985,196
Capital outlay	-	28,859	19,553	9,306
Department Total	<u>15,456,603</u>	<u>15,489,302</u>	<u>13,778,892</u>	<u>1,710,410</u>
Finance				
Administration/Accounting				
Salaries and fringe benefits	1,743,567	1,748,884	1,705,667	43,217
Operating	<u>124,138</u>	<u>124,155</u>	<u>94,508</u>	<u>29,647</u>
Department Total	<u>1,867,705</u>	<u>1,873,039</u>	<u>1,800,175</u>	<u>72,864</u>
Equalization				
Salaries and fringe benefits	897,810	897,810	757,704	140,106
Operating	<u>48,605</u>	<u>61,369</u>	<u>49,182</u>	<u>12,187</u>
Department Total	<u>946,415</u>	<u>959,179</u>	<u>806,886</u>	<u>152,293</u>
Purchasing				
Salaries and fringe benefits	1,165,124	1,174,214	1,079,116	95,098
Operating	<u>225,982</u>	<u>226,051</u>	<u>188,497</u>	<u>37,554</u>
Department Total	<u>1,391,106</u>	<u>1,400,265</u>	<u>1,267,613</u>	<u>132,652</u>
Human Resources				
Salaries and fringe benefits	1,546,026	1,545,766	1,425,031	120,735
Operating	<u>210,725</u>	<u>218,225</u>	<u>186,045</u>	<u>32,180</u>
Department Total	<u>1,756,751</u>	<u>1,763,991</u>	<u>1,611,076</u>	<u>152,915</u>
Information Technology				
Salaries and fringe benefits	3,629,628	3,372,995	3,213,652	159,343
Operating	<u>2,003,063</u>	<u>2,146,063</u>	<u>1,787,913</u>	<u>358,150</u>
Department Total	<u>5,632,691</u>	<u>5,519,058</u>	<u>5,001,565</u>	<u>517,493</u>

MACOMB COUNTY, MICHIGAN
Required Supplementary Information
Budgetary Comparison Schedule (GAAP Basis) - General Fund Expenditures (continued)
Year Ended December 31, 2010

	<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	\$ 724,869	\$ 700,373	\$ 588,436	\$ 111,937
Operating	170,976	170,993	156,815	14,178
Department Total	<u>895,845</u>	<u>871,366</u>	<u>745,251</u>	<u>126,115</u>
Planning and Economic Development				
Salaries and fringe benefits	2,077,413	2,095,813	2,094,595	1,218
Operating	229,940	261,040	180,673	80,367
Department Total	<u>2,307,353</u>	<u>2,356,853</u>	<u>2,275,268</u>	<u>81,585</u>
Plat Board				
Operating	1,000	1,000	-	1,000
Prosecuting Attorney				
Salaries and fringe benefits	8,256,112	8,294,112	7,908,375	385,737
Operating	577,058	577,075	519,737	57,338
Department Total	<u>8,833,170</u>	<u>8,871,187</u>	<u>8,428,112</u>	<u>443,075</u>
Public Works				
Salaries and fringe benefits	4,500,770	4,504,170	4,441,198	62,972
Operating	292,344	294,196	251,013	43,183
Department Total	<u>4,793,114</u>	<u>4,798,366</u>	<u>4,692,211</u>	<u>106,155</u>
Register of Deeds				
Salaries and fringe benefits	1,465,221	1,465,432	1,280,550	184,882
Operating	222,615	222,615	117,379	105,236
Department Total	<u>1,687,836</u>	<u>1,688,047</u>	<u>1,397,929</u>	<u>290,118</u>
Reimbursement				
Salaries and fringe benefits	721,374	721,374	646,457	74,917
Operating	62,782	62,782	45,311	17,471
Department Total	<u>784,156</u>	<u>784,156</u>	<u>691,768</u>	<u>92,388</u>
Risk Management and Safety				
Salaries and fringe benefits	333,489	333,489	320,262	13,227
Operating	22,218	29,718	23,432	6,286
Department Total	<u>355,707</u>	<u>363,207</u>	<u>343,694</u>	<u>19,513</u>
Treasurer				
Salaries and fringe benefits	1,946,066	1,946,066	1,811,947	134,119
Operating	129,678	129,695	122,369	7,326
Department Total	<u>2,075,744</u>	<u>2,075,761</u>	<u>1,934,316</u>	<u>141,445</u>
Total General Government	<u>53,739,891</u>	<u>53,861,460</u>	<u>49,497,808</u>	<u>4,363,652</u>

MACOMB COUNTY, MICHIGAN
Required Supplementary Information
Budgetary Comparison Schedule (GAAP Basis) - General Fund Expenditures (continued)
Year Ended December 31, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Public Safety				
Civil Service Commission				
Operating	\$ 17,250	\$ 17,250	\$ 9,375	\$ 7,875
Court Building Safety				
Salaries and fringe benefits	814,870	815,013	801,338	13,675
Operating	29,669	30,469	26,872	3,597
Capital outlay	1,300	500	-	500
Department Total	845,839	845,982	828,210	17,772
Emergency Management				
Salaries and fringe benefits	208,067	223,981	222,785	1,196
Operating	22,708	22,344	19,345	2,999
Capital outlay	-	440	440	-
Department Total	230,775	246,765	242,570	4,195
Security				
Salaries and fringe benefits	491,646	492,322	420,394	71,928
Operating	10,427	10,427	7,046	3,381
Department Total	502,073	502,749	427,440	75,309
Sheriff Department				
Salaries and fringe benefits	49,920,022	48,647,356	45,265,626	3,381,730
Operating	10,783,264	11,138,150	9,898,135	1,240,015
Capital outlay	84,832	86,037	1,810	84,227
Department Total	60,788,118	59,871,543	55,165,571	4,705,972
Technical Services				
Salaries and fringe benefits	629,470	629,470	626,767	2,703
Operating	42,327	42,397	40,707	1,690
Capital outlay	2,500	2,500	-	2,500
Department Total	674,297	674,367	667,474	6,893
Total Public Safety	63,058,352	62,158,656	57,340,640	4,818,016

MACOMB COUNTY, MICHIGAN
Required Supplementary Information
Budgetary Comparison Schedule (GAAP Basis) - General Fund Expenditures (concluded)
Year Ended December 31, 2010

	<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	\$ 4,600	\$ 4,600	\$ 1,441	\$ 3,159
Other Current Operations				
Non-Departmental Appropriations	1,806,469	1,571,634	1,246,498	325,136
Capital Outlay	375,000	375,000	359,800	15,200
Total Expenditures	144,230,640	143,586,052	132,216,950	11,369,102
Other Financing Uses				
Transfers Out	61,585,398	61,705,484	53,283,687	8,421,797
Total Expenditures and Other Financing Uses	<u>\$ 205,816,038</u>	<u>\$ 205,291,536</u>	<u>\$ 185,500,637</u>	<u>\$ 19,790,899</u>

MACOMB COUNTY, MICHIGAN
Required Supplementary Information
Budgetary Comparison Schedule (GAAP Basis) - Revenue Sharing Reserve Fund
Year Ended December 31, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Investment income	\$ -	\$ -	\$ 61,032	\$ 61,032
Other Financing Uses				
Transfers out	<u>(16,579,505)</u>	<u>(16,579,505)</u>	<u>(16,048,317)</u>	<u>531,188</u>
Net change in fund balances	(16,579,505)	(16,579,505)	(15,987,285)	592,220
Fund balances, beginning of year	<u>37,229,168</u>	<u>37,229,168</u>	<u>37,229,168</u>	<u>-</u>
Fund balances, end of year	<u>\$ 20,649,663</u>	<u>\$ 20,649,663</u>	<u>\$ 21,241,883</u>	<u>\$ 592,220</u>

MACOMB COUNTY, MICHIGAN
Budgetary Comparison Schedule (GAAP Basis) - Child Care Fund
Year Ended September 30, 2010

	Original	Final Budget	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
Revenues				
Federal & State grants	\$ 11,207,519	\$ 11,207,519	\$ 9,733,688	\$ (1,473,831)
Charges for services	777,570	790,536	1,416,084	625,548
Total Revenues	11,985,089	11,998,055	11,149,772	(848,283)
Expenditures				
Salaries and fringe benefits	9,939,360	9,951,226	9,452,438	498,788
Operating	18,360,302	18,331,724	14,977,682	3,354,042
Capital Outlay	25,000	54,678	53,647	1,031
Total Expenditures	28,324,662	28,337,628	24,483,767	3,853,861
Excess of Revenues over (under) Expenditures	(16,339,573)	(16,339,573)	(13,333,995)	3,005,578
Other financing sources (uses)				
Transfers in	15,765,613	15,765,613	13,476,440	(2,289,173)
Net change in fund balances	(573,960)	(573,960)	142,445	716,405
Fund Balances, beginning of year	2,550,090	2,550,090	2,550,090	-
Fund Balances, end of year	\$ 1,976,130	\$ 1,976,130	\$ 2,692,535	\$ 716,405

MACOMB COUNTY, MICHIGAN
Budgetary Comparison Schedule (GAAP Basis) - Friend of the Court
Year Ended September 30, 2010

	Original	Final Budget	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
Revenues				
Federal & State grants	\$ 6,932,794	\$ 6,949,212	\$ 6,488,256	\$ (460,956)
Charges for services	625,653	625,653	710,355	84,702
Investment income	-	-	479	479
Other revenue	-	-	314	314
Total Revenues	7,558,447	7,574,865	7,199,404	(375,461)
Expenditures				
Salaries and fringe benefits	8,174,708	8,174,708	7,395,534	779,174
Operating	2,651,019	2,667,437	2,582,762	84,675
Capital Outlay	7,500	7,500	-	7,500
Total Expenditures	10,833,227	10,849,645	9,978,296	871,349
Excess of Revenues over (under) Expenditures	(3,274,780)	(3,274,780)	(2,778,892)	495,888
Other financing sources (uses)				
Transfers in	6,274,780	6,274,780	5,778,892	(495,888)
Transfers out	(3,000,000)	(3,000,000)	(3,000,000)	-
Total Other financing sources (uses)	3,274,780	3,274,780	2,778,892	(495,888)
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	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)
December 31						
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)
2008	855,265,571	785,688,661	(69,576,910)	108.86	121,822,674	(57.11)
2009	866,356,598	814,563,728	(51,792,870)	106.36	116,522,938	(44.45)

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Year Ended December 31	General Employees		Sheriff Employees		Road Employees		Martha T Berry Employees		Total
	Annual Required Contribution	Percentage Contributed	Annual Required Contribution	Percentage Contributed	Annual Required Contribution	Percentage Contributed	Annual Required Contribution	Percentage Contributed	
2004	\$ 3,741,031	100	\$ 3,267,545	100	\$ 1,569,268	100	\$ -	100	\$ 8,577,844
2005	8,282,000	100	4,196,000	100	2,376,000	100	-	100	14,854,000
2006	11,807,000	100	5,329,000	100	3,079,000	100	-	100	20,215,000
2007	11,286,334	100	5,169,283	100	2,665,713	100	-	100	19,121,330
2008	11,962,653	100	4,503,282	100	2,192,140	100	-	100	18,658,075
2009	11,940,369	100	4,557,635	100	2,009,517	100	-	100	18,507,521
2010	7,749,821	100	5,007,673	100	1,688,351	100	724,932	100	15,170,777

**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%
2008	77,353,942	595,309,199	517,955,257	12.99	107,373,375	482.4%

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Year Ended <u>December 31</u>	Annual Required Contribution	Percentage Contributed	Net OPEB Obligation
2008	\$ 55,483,723	28.1%	\$ 81,102,883
2009	40,559,324	37.7%	108,569,505
2010	42,587,289	29.9%	141,285,020

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

SCHEDULE OF FUNDING PROGRESS

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

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Year Ended <u>September 30</u>	Annual OPEB Cost	Percentage Contributed	Net OPEB Obligation (Asset)
2008	\$ 6,302,811	94.4%	\$ 1,021,017
2009	6,302,811	131.0%	(934,427)
2010	6,617,951	103.5%	(1,163,384)

Macomb County, Michigan
Notes to the Required Supplementary Information
December 31, 2010

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, Child Care Fund, Friend of the Court Fund, Health Department, Health Grant Fund, County Library, Human Services, Community Services Agency, and Senior Citizens Services Special Revenue Funds as well as the Martha T. Berry, Community Mental Health and Parks business-type activities. For those Special Revenue Funds and component units without annual operating budgets (Emergency Management Grants, Employment and Training Fund, Veterans' Trust Fund, MSU Extension Grants, COMET, Sheriff Grants, Urban County Block Grant, Prosecuting Attorney Grants, Other Special Revenue Funds and Michigan Works!), legal authorization for spending is obtained through approval of the Board of Commissioners or other appropriate authoritative body. 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
Combining Balance Sheet
Nonmajor Fund Types
December 31, 2010

	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total</u>
Assets				
Cash and pooled investments	\$ 20,524,500	\$ 6,232,453	\$ 25,229,778	\$ 51,986,731
Taxes receivable	1,003,286	104,995	-	1,108,281
Accounts receivable, net	9,847,009	-	94,665	9,941,674
Due from other governments	4,636,966	-	231,321	4,868,287
Other assets	19,868	64,356	13,350	97,574
	<u>36,031,629</u>	<u>6,401,804</u>	<u>25,569,114</u>	<u>68,002,547</u>
Total Assets	<u>\$ 36,031,629</u>	<u>\$ 6,401,804</u>	<u>\$ 25,569,114</u>	<u>\$ 68,002,547</u>
 Liabilities and Fund Balances				
Liabilities				
Accounts payable	\$ 4,928,879	\$ 19,787	\$ 627,683	\$ 5,576,349
Accrued compensation and benefits	289,605	-	-	289,605
Due to other governments	1,660,991	-	-	1,660,991
Due to governmental funds	1,271,343	-	-	1,271,343
Unearned revenue	1,779,331	133,672	-	1,913,003
	<u>9,930,149</u>	<u>153,459</u>	<u>627,683</u>	<u>10,711,291</u>
Total Liabilities	<u>9,930,149</u>	<u>153,459</u>	<u>627,683</u>	<u>10,711,291</u>
 Fund Balances				
Reserved				
Debt service	-	6,248,345	-	6,248,345
Programs	7,711,137	-	-	7,711,137
Housing rehabilitation loans	9,246,208	-	-	9,246,208
Capital projects	3,285,786	-	2,115,510	5,401,296
Unreserved				
Designated				
Capital projects	95,856	-	22,825,921	22,921,777
Undesignated	5,762,493	-	-	5,762,493
	<u>26,101,480</u>	<u>6,248,345</u>	<u>24,941,431</u>	<u>57,291,256</u>
Total Fund Balances	<u>26,101,480</u>	<u>6,248,345</u>	<u>24,941,431</u>	<u>57,291,256</u>
Total Liabilities and Fund Balances	<u>\$ 36,031,629</u>	<u>\$ 6,401,804</u>	<u>\$ 25,569,114</u>	<u>\$ 68,002,547</u>

MACOMB COUNTY, MICHIGAN
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Fund Types
Year Ended December 31, 2010

	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total</u>
Revenues				
Taxes	\$ 1,233,667	\$ 155,341	\$ -	\$ 1,389,008
Licenses and permits	1,015,790	-	-	1,015,790
Federal & State grants	42,161,174	-	284,090	42,445,264
Other grants	861,457	-	-	861,457
Charges for services	12,410,702	-	3,863,731	16,274,433
Investment income	9,357	178,254	14,460	202,071
Fines and forfeitures	453,183	-	-	453,183
Other revenue	129,652	-	6,254	135,906
Total Revenues	<u>58,274,982</u>	<u>333,595</u>	<u>4,168,535</u>	<u>62,777,112</u>
Expenditures				
Current				
Judicial	302,572	-	-	302,572
General government	1,319,018	-	-	1,319,018
Public safety	8,546,817	-	-	8,546,817
Public works	272,178	96,061	518,647	886,886
Health and welfare	62,680,289	-	-	62,680,289
Recreation and cultural	1,112,656	-	-	1,112,656
Capital outlay	1,488,042	-	3,486,576	4,974,618
Debt service				
Principal	-	5,165,000	-	5,165,000
Interest and fees	-	2,706,312	-	2,706,312
Total Expenditures	<u>75,721,572</u>	<u>7,967,373</u>	<u>4,005,223</u>	<u>87,694,168</u>
Excess of Revenues over (under) Expenditures	<u>(17,446,590)</u>	<u>(7,633,778)</u>	<u>163,312</u>	<u>(24,917,056)</u>
Other financing sources (uses)				
Transfers in	20,385,967	6,844,937	15,255,192	42,486,096
Transfers out	<u>(329,194)</u>	<u>-</u>	<u>(10,274,277)</u>	<u>(10,603,471)</u>
Total Other financing sources (uses)	<u>20,056,773</u>	<u>6,844,937</u>	<u>4,980,915</u>	<u>31,882,625</u>
Net change in fund balances	2,610,183	(788,841)	5,144,227	6,965,569
Fund Balances, beginning of year (1)	<u>23,491,297</u>	<u>7,037,186</u>	<u>19,797,204</u>	<u>50,325,687</u>
Fund Balances, end of year	<u>\$ 26,101,480</u>	<u>\$ 6,248,345</u>	<u>\$ 24,941,431</u>	<u>\$ 57,291,256</u>

(1) - As restated. See Note 14.

MACOMB COUNTY, MICHIGAN
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2010

	<u>COMET</u>	<u>Community Services Agency (1)</u>	<u>Emergency Management Grants</u>
Assets			
Cash and pooled investments	\$ 1,049,359	\$ 1,255,935	\$ 10,922
Taxes receivable	-	-	-
Accounts receivable, net	-	398,469	-
Due from other governments	-	1,464,786	1,154,783
Other assets	18,109	1,759	-
	<hr/>	<hr/>	<hr/>
Total Assets	<u>\$ 1,067,468</u>	<u>\$ 3,120,949</u>	<u>\$ 1,165,705</u>
Liabilities and Fund Balances			
Liabilities			
Accounts payable	\$ 6,744	\$ 573,850	\$ 227,646
Accrued compensation and benefits	-	135,825	1,097
Due to other governments	-	-	-
Due to governmental funds	-	-	911,856
Unearned revenue	-	484,761	-
	<hr/>	<hr/>	<hr/>
Total Liabilities	<u>6,744</u>	<u>1,194,436</u>	<u>1,140,599</u>
Fund Balances			
Reserved			
Programs	1,060,724	1,742,992	-
Housing rehabilitation loans	-	-	-
Unreserved			
Designated			
Capital projects	-	-	25,106
Undesignated	-	183,521	-
	<hr/>	<hr/>	<hr/>
Total Fund Balances	<u>1,060,724</u>	<u>1,926,513</u>	<u>25,106</u>
	<hr/>	<hr/>	<hr/>
Total Liabilities and Fund Balances	<u>\$ 1,067,468</u>	<u>\$ 3,120,949</u>	<u>\$ 1,165,705</u>

(1) - Balance sheet as of September 30, 2010

MACOMB COUNTY, MICHIGAN
Combining Balance Sheet
Nonmajor Special Revenue Funds (continued)
December 31, 2010

	<u>Health Department</u>	<u>Health Grants (1)</u>	<u>County Library</u>
Assets			
Cash and pooled investments	\$ 2,494,115	\$ 1,513,036	\$ 466,459
Taxes receivable	-	-	-
Accounts receivable, net	26,972	6,230	6,594
Due from other governments	197,287	101,489	-
Other assets	-	-	-
	<hr/>	<hr/>	<hr/>
Total Assets	<u>\$ 2,718,374</u>	<u>\$ 1,620,755</u>	<u>\$ 473,053</u>
Liabilities and Fund Balances			
Liabilities			
Accounts payable	\$ 385,751	\$ 197,098	\$ 92,243
Accrued compensation and benefits	5,855	75,408	598
Due to other governments	14,803	1,208,252	-
Due to governmental funds	-	-	-
Unearned revenue	-	-	-
	<hr/>	<hr/>	<hr/>
Total Liabilities	<u>406,409</u>	<u>1,480,758</u>	<u>92,841</u>
Fund Balances			
Reserved			
Programs	583,479	139,997	-
Housing rehabilitation loans	-	-	-
Unreserved			
Designated			
Capital projects	70,750	-	-
Undesignated	1,657,736	-	380,212
	<hr/>	<hr/>	<hr/>
Total Fund Balances	<u>2,311,965</u>	<u>139,997</u>	<u>380,212</u>
	<hr/>	<hr/>	<hr/>
Total Liabilities and Fund Balances	<u>\$ 2,718,374</u>	<u>\$ 1,620,755</u>	<u>\$ 473,053</u>

(1) - Balance sheet as of September 30, 2010

MACOMB COUNTY, MICHIGAN
Combining Balance Sheet
Nonmajor Special Revenue Funds (continued)
December 31, 2010

	<u>Macomb/St. Clair Employment and Training</u>	<u>MSU Extension</u>	<u>MSU Extension (1)</u>
Assets			
Cash and pooled investments	\$ 2,829	\$ 427,557	\$ 320,417
Taxes receivable	-	-	-
Accounts receivable, net	-	18,262	-
Due from other governments	-	-	16,250
Other assets	-	-	-
	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 2,829</u>	<u>\$ 445,819</u>	<u>\$ 336,667</u>
Liabilities and Fund Balances			
Liabilities			
Accounts payable	\$ 2,829	\$ 28,699	\$ 5,213
Accrued compensation and benefits	-	-	-
Due to other governments	-	-	-
Due to governmental funds	-	-	-
Unearned revenue	-	-	16,269
	<u> </u>	<u> </u>	<u> </u>
Total Liabilities	<u>2,829</u>	<u>28,699</u>	<u>21,482</u>
Fund Balances			
Reserved			
Programs	-	417,120	102,644
Housing rehabilitation loans	-	-	-
Unreserved			
Designated			
Capital projects	-	-	-
Undesignated	-	-	212,541
	<u> </u>	<u> </u>	<u> </u>
Total Fund Balances	<u>-</u>	<u>417,120</u>	<u>315,185</u>
	<u> </u>	<u> </u>	<u> </u>
Total Liabilities and Fund Balances	<u>\$ 2,829</u>	<u>\$ 445,819</u>	<u>\$ 336,667</u>

(1) - Balance sheet as of September 30, 2010

MACOMB COUNTY, MICHIGAN
Combining Balance Sheet
Nonmajor Special Revenue Funds (continued)
December 31, 2010

	<u>Prosecuting Attorney Grants</u>	<u>Prosecuting Attorney Grants (1)</u>	<u>Senior Citizens Services</u>
Assets			
Cash and pooled investments	\$ 81,683	\$ 11,895	\$ 32,294
Taxes receivable	-	-	-
Accounts receivable, net	-	-	23,111
Due from other governments	-	222,527	-
Other assets	-	-	-
	<hr/>	<hr/>	<hr/>
Total Assets	<u>\$ 81,683</u>	<u>\$ 234,422</u>	<u>\$ 55,405</u>
 Liabilities and Fund Balances			
Liabilities			
Accounts payable	\$ 319	\$ 6,048	\$ 2,135
Accrued compensation and benefits	-	43,298	-
Due to other governments	-	-	-
Due to governmental funds	-	155,268	-
Unearned revenue	-	-	-
	<hr/>	<hr/>	<hr/>
Total Liabilities	<u>319</u>	<u>204,614</u>	<u>2,135</u>
 Fund Balances			
Reserved			
Programs	73,279	-	-
Housing rehabilitation loans	-	-	-
Unreserved			
Designated			
Capital projects	-	-	-
Undesignated	8,085	29,808	53,270
	<hr/>	<hr/>	<hr/>
Total Fund Balances	<u>81,364</u>	<u>29,808</u>	<u>53,270</u>
	<hr/>	<hr/>	<hr/>
Total Liabilities and Fund Balances	<u>\$ 81,683</u>	<u>\$ 234,422</u>	<u>\$ 55,405</u>

(1) - Balance sheet as of September 30, 2010

MACOMB COUNTY, MICHIGAN
Combining Balance Sheet
Nonmajor Special Revenue Funds (continued)
December 31, 2010

	<u>Senior Citizens Services (1)</u>	<u>Sheriff Grants</u>	<u>Sheriff Grants (1)</u>
Assets			
Cash and pooled investments	\$ -	\$ 2,445,282	\$ -
Taxes receivable	-	-	-
Accounts receivable, net	-	-	-
Due from other governments	1,531	-	886,135
Other assets	-	-	-
	<hr/>	<hr/>	<hr/>
Total Assets	<u>\$ 1,531</u>	<u>\$ 2,445,282</u>	<u>\$ 886,135</u>
 Liabilities and Fund Balances			
Liabilities			
Accounts payable	\$ -	\$ 99,196	\$ 174,203
Accrued compensation and benefits	-	-	23,910
Due to other governments	-	-	270,936
Due to governmental funds	1,036	-	203,183
Unearned revenue	-	206,483	-
	<hr/>	<hr/>	<hr/>
Total Liabilities	<u>1,036</u>	<u>305,679</u>	<u>672,232</u>
 Fund Balances			
Reserved			
Programs	-	2,095,305	211,912
Housing rehabilitation loans	-	-	-
Unreserved			
Designated			
Capital projects	-	-	-
Undesignated	495	44,298	1,991
	<hr/>	<hr/>	<hr/>
Total Fund Balances	<u>495</u>	<u>2,139,603</u>	<u>213,903</u>
	<hr/>	<hr/>	<hr/>
Total Liabilities and Fund Balances	<u>\$ 1,531</u>	<u>\$ 2,445,282</u>	<u>\$ 886,135</u>

(1) - Balance sheet as of September 30, 2010

MACOMB COUNTY, MICHIGAN
Combining Balance Sheet
Nonmajor Special Revenue Funds (continued)
December 31, 2010

	<u>Human Services</u>	<u>Urban County Block Grant</u>	<u>Veterans' Trust Fund (1)</u>
Assets			
Cash and pooled investments	\$ 1,458,087	\$ 913,613	\$ 922
Taxes receivable	-	-	-
Accounts receivable, net	-	9,246,208	-
Due from other governments	297,266	142,451	-
Other assets	-	-	-
	<hr/>	<hr/>	<hr/>
Total Assets	<u>\$ 1,755,353</u>	<u>\$ 10,302,272</u>	<u>\$ 922</u>
 Liabilities and Fund Balances			
Liabilities			
Accounts payable	\$ 1,490,871	\$ 139,376	\$ 922
Accrued compensation and benefits	-	-	-
Due to other governments	167,000	-	-
Due to governmental funds	-	-	-
Unearned revenue	-	-	-
	<hr/>	<hr/>	<hr/>
Total Liabilities	<u>1,657,871</u>	<u>139,376</u>	<u>922</u>
 Fund Balances			
Reserved			
Programs	-	329,802	-
Housing rehabilitation loans	-	9,246,208	-
Unreserved			
Designated			
Capital projects	-	-	-
Undesignated	97,482	586,886	-
	<hr/>	<hr/>	<hr/>
Total Fund Balances	<u>97,482</u>	<u>10,162,896</u>	<u>-</u>
	<hr/>	<hr/>	<hr/>
Total Liabilities and Fund Balances	<u>\$ 1,755,353</u>	<u>\$ 10,302,272</u>	<u>\$ 922</u>

(1) - Balance sheet as of September 30, 2010

MACOMB COUNTY, MICHIGAN
Combining Balance Sheet
Nonmajor Special Revenue Funds (concluded)
December 31, 2010

	<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	\$ 1,050,522	\$ 6,989,573	\$ 20,524,500
Taxes receivable	1,003,286	-	1,003,286
Accounts receivable, net	-	121,163	9,847,009
Due from other governments	-	152,461	4,636,966
Other assets	-	-	19,868
	<hr/>	<hr/>	<hr/>
Total Assets	<u>\$ 2,053,808</u>	<u>\$ 7,263,197</u>	<u>\$ 36,031,629</u>
Liabilities and Fund Balances			
Liabilities			
Accounts payable	\$ 27,059	\$ 1,468,677	\$ 4,928,879
Accrued compensation and benefits	1,048	2,566	289,605
Due to other governments	-	-	1,660,991
Due to governmental funds	-	-	1,271,343
Unearned revenue	1,071,818	-	1,779,331
	<hr/>	<hr/>	<hr/>
Total Liabilities	<u>1,099,925</u>	<u>1,471,243</u>	<u>9,930,149</u>
Fund Balances			
Reserved			
Programs	953,883	-	7,711,137
Housing rehabilitation loans	-	-	9,246,208
Capital projects	-	3,285,786	3,285,786
Unreserved			
Designated			
Capital projects	-	-	95,856
Undesignated	-	2,506,168	5,762,493
	<hr/>	<hr/>	<hr/>
Total Fund Balances	<u>953,883</u>	<u>5,791,954</u>	<u>26,101,480</u>
	<hr/>	<hr/>	<hr/>
Total Liabilities and Fund Balances	<u>\$ 2,053,808</u>	<u>\$ 7,263,197</u>	<u>\$ 36,031,629</u>

(1) - Balance sheet as of September 30, 2010

MACOMB COUNTY, MICHIGAN
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Special Revenue Funds
Year Ended December 31, 2010

	<u>COMET</u>	<u>Community Services Agency (1)</u>	<u>Emergency Management Grants</u>
Revenues			
Taxes	\$ -	\$ -	\$ -
Licenses and permits	-	-	-
Federal & State grants	91,281	17,049,266	2,048,565
Other grants	-	575,075	-
Charges for services	15,580	1,351,548	-
Investment income	2,255	-	-
Fines and forfeitures	105,021	-	-
Other revenue	-	132	-
Total Revenues	<u>214,137</u>	<u>18,976,021</u>	<u>2,048,565</u>
Expenditures			
Current			
Judicial	-	-	-
General government	-	-	-
Public safety	550,924	-	-
Public works	-	-	-
Health and welfare	-	18,983,453	1,744,966
Recreation and cultural	-	-	-
Capital outlay	5,759	520,307	303,718
Total Expenditures	<u>556,683</u>	<u>19,503,760</u>	<u>2,048,684</u>
Excess of Revenues over (under) Expenditures	<u>(342,546)</u>	<u>(527,739)</u>	<u>(119)</u>
Other financing sources (uses)			
Transfers in	-	594,779	-
Transfers out	-	-	-
Total Other financing sources (uses)	<u>-</u>	<u>594,779</u>	<u>-</u>
Net change in fund balances	<u>(342,546)</u>	<u>67,040</u>	<u>(119)</u>
Fund Balances, beginning of year (2)	<u>1,403,270</u>	<u>1,859,473</u>	<u>25,225</u>
Fund Balances, end of year	<u>\$ 1,060,724</u>	<u>\$ 1,926,513</u>	<u>\$ 25,106</u>

(1) - Year ended September 30, 2010

(2) - As restated. See Note 14.

MACOMB COUNTY, MICHIGAN
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Special Revenue Funds (continued)
Year Ended December 31, 2010

	Health Department	Health Grants (1)	County Library
Revenues			
Taxes	\$ -	\$ -	\$ -
Licenses and permits	1,015,790	-	-
Federal & State grants	4,268,289	5,245,227	-
Other grants	-	-	-
Charges for services	3,052,419	347,982	85,640
Investment income	-	-	-
Fines and forfeitures	-	-	-
Other revenue	-	-	-
Total Revenues	8,336,498	5,593,209	85,640
Expenditures			
Current			
Judicial	-	-	-
General government	-	-	-
Public safety	-	-	-
Public works	-	-	-
Health and welfare	19,765,130	5,825,056	-
Recreation and cultural	-	-	1,112,656
Capital outlay	98,412	107,406	-
Total Expenditures	19,863,542	5,932,462	1,112,656
Excess of Revenues over (under) Expenditures	(11,527,044)	(339,253)	(1,027,016)
Other financing sources (uses)			
Transfers in	11,617,997	318,189	1,027,016
Transfers out	-	-	-
Total Other financing sources (uses)	11,617,997	318,189	1,027,016
Net change in fund balances	90,953	(21,064)	-
Fund Balances, beginning of year (2)	2,221,012	161,061	380,212
Fund Balances, end of year	\$ 2,311,965	\$ 139,997	\$ 380,212

(1) - Year ended September 30, 2010

(2) - As restated. See Note 14.

MACOMB COUNTY, MICHIGAN
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Special Revenue Funds (continued)
Year Ended December 31, 2010

	<u>Macomb/St. Clair Employment and Training</u>	<u>MSU Extension</u>	<u>MSU Extension (1)</u>
Revenues			
Taxes	\$ -	\$ -	\$ -
Licenses and permits	-	-	-
Federal & State grants	-	120,629	4,997
Other grants	-	20,000	29,525
Charges for services	4,488,798	133,956	130,656
Investment income	-	-	-
Fines and forfeitures	-	-	-
Other revenue	-	-	-
	<hr/>	<hr/>	<hr/>
Total Revenues	4,488,798	274,585	165,178
Expenditures			
Current			
Judicial	-	-	-
General government	-	-	-
Public safety	-	-	-
Public works	-	-	-
Health and welfare	4,488,798	379,502	176,684
Recreation and cultural	-	-	-
Capital outlay	-	16,406	-
	<hr/>	<hr/>	<hr/>
Total Expenditures	4,488,798	395,908	176,684
Excess of Revenues over (under) Expenditures	<hr/>	<hr/>	<hr/>
	-	(121,323)	(11,506)
Other financing sources (uses)			
Transfers in	-	77,484	60,148
Transfers out	-	(47,450)	(17,892)
	<hr/>	<hr/>	<hr/>
Total Other financing sources (uses)	-	30,034	42,256
Net change in fund balances	-	(91,289)	30,750
Fund Balances, beginning of year (2)	<hr/>	<hr/>	<hr/>
	-	508,409	284,435
Fund Balances, end of year	<hr/>	<hr/>	<hr/>
	\$ -	\$ 417,120	\$ 315,185

(1) - Year ended September 30, 2010

(2) - As restated. See Note 14.

MACOMB COUNTY, MICHIGAN
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Special Revenue Funds (continued)
Year Ended December 31, 2010

	<u>Prosecuting Attorney Grants</u>	<u>Prosecuting Attorney Grants (1)</u>	<u>Senior Citizens Services</u>
Revenues			
Taxes	\$ -	\$ -	\$ -
Licenses and permits	-	-	-
Federal & State grants	500	1,132,843	120,209
Other grants	-	-	-
Charges for services	-	-	534,682
Investment income	111	-	-
Fines and forfeitures	28,332	-	-
Other revenue	-	25	-
	<hr/>	<hr/>	<hr/>
Total Revenues	28,943	1,132,868	654,891
Expenditures			
Current			
Judicial	3,962	-	-
General government	-	-	-
Public safety	-	1,804,662	-
Public works	-	-	-
Health and welfare	-	-	1,462,346
Recreation and cultural	-	-	-
Capital outlay	-	-	8
	<hr/>	<hr/>	<hr/>
Total Expenditures	3,962	1,804,662	1,462,354
Excess of Revenues over (under) Expenditures	<hr/>	<hr/>	<hr/>
	24,981	(671,794)	(807,463)
Other financing sources (uses)			
Transfers in	-	671,794	799,514
Transfers out	-	-	-
	<hr/>	<hr/>	<hr/>
Total Other financing sources (uses)	-	671,794	799,514
Net change in fund balances	24,981	-	(7,949)
Fund Balances, beginning of year (2)	<hr/>	<hr/>	<hr/>
	56,383	29,808	61,219
Fund Balances, end of year	<hr/>	<hr/>	<hr/>
	\$ 81,364	\$ 29,808	\$ 53,270

(1) - Year ended September 30, 2010

(2) - As restated. See Note 14.

MACOMB COUNTY, MICHIGAN
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Special Revenue Funds (continued)
Year Ended December 31, 2010

	<u>Senior Citizens Services (1)</u>	<u>Sheriff Grants</u>	<u>Sheriff Grants (1)</u>
Revenues			
Taxes	\$ -	\$ -	\$ -
Licenses and permits	-	-	-
Federal & State grants	33,834	842,440	2,328,525
Other grants	-	-	236,857
Charges for services	-	200,190	8,838
Investment income	-	-	-
Fines and forfeitures	-	285,332	25,998
Other revenue	-	-	-
	<hr/>	<hr/>	<hr/>
Total Revenues	33,834	1,327,962	2,600,218
Expenditures			
Current			
Judicial	-	-	-
General government	-	-	-
Public safety	-	1,050,514	3,463,821
Public works	-	-	-
Health and welfare	39,679	-	-
Recreation and cultural	-	-	-
Capital outlay	-	303,426	99,940
	<hr/>	<hr/>	<hr/>
Total Expenditures	39,679	1,353,940	3,563,761
Excess of Revenues over (under) Expenditures	<hr/> <u>(5,845)</u>	<hr/> <u>(25,978)</u>	<hr/> <u>(963,543)</u>
Other financing sources (uses)			
Transfers in	5,845	68,058	974,709
Transfers out	-	-	-
	<hr/>	<hr/>	<hr/>
Total Other financing sources (uses)	5,845	68,058	974,709
Net change in fund balances	-	42,080	11,166
Fund Balances, beginning of year (2)	<hr/> <u>495</u>	<hr/> <u>2,097,523</u>	<hr/> <u>202,737</u>
Fund Balances, end of year	<hr/> <u>\$ 495</u>	<hr/> <u>\$ 2,139,603</u>	<hr/> <u>\$ 213,903</u>

(1) - Year ended September 30, 2010

(2) - As restated. See Note 14.

MACOMB COUNTY, MICHIGAN
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Special Revenue Funds (continued)
Year Ended December 31, 2010

	<u>Human Services</u>	<u>Urban County Block Grant</u>	<u>Veterans' Trust Fund (1)</u>
Revenues			
Taxes	\$ -	\$ -	\$ -
Licenses and permits	-	-	-
Federal & State grants	1,194,622	6,086,704	91,788
Other grants	-	-	-
Charges for services	290,361	187,794	-
Investment income	-	-	-
Fines and forfeitures	-	-	-
Other revenue	-	126,592	-
	<hr/>	<hr/>	<hr/>
Total Revenues	1,484,983	6,401,090	91,788
Expenditures			
Current			
Judicial	-	-	-
General government	-	-	-
Public safety	-	-	-
Public works	-	272,178	-
Health and welfare	2,694,739	6,244,774	91,788
Recreation and cultural	-	-	-
Capital outlay	-	3,549	-
	<hr/>	<hr/>	<hr/>
Total Expenditures	2,694,739	6,520,501	91,788
Excess of Revenues over (under) Expenditures	<hr/> (1,209,756)	<hr/> (119,411)	<hr/> -
Other financing sources (uses)			
Transfers in	1,209,756	292,797	-
Transfers out	-	(20,000)	-
	<hr/>	<hr/>	<hr/>
Total Other financing sources (uses)	1,209,756	272,797	-
Net change in fund balances	-	153,386	-
Fund Balances, beginning of year (2)	<hr/> 97,482	<hr/> 10,009,510	<hr/> -
Fund Balances, end of year	<hr/> <u>\$ 97,482</u>	<hr/> <u>\$ 10,162,896</u>	<hr/> <u>\$ -</u>

(1) - Year ended September 30, 2010

(2) - As restated. See Note 14.

MACOMB COUNTY, MICHIGAN
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Special Revenue Funds (concluded)
Year Ended December 31, 2010

	<u>Veterans'</u> <u>Affairs</u>	<u>Other Special</u> <u>Revenue</u>	<u>Total</u> <u>Special Revenue</u>
Revenues			
Taxes	\$ 1,233,667	\$ -	\$ 1,233,667
Licenses and permits	-	-	1,015,790
Federal & State grants	-	1,501,455	42,161,174
Other grants	-	-	861,457
Charges for services	18,391	1,563,867	12,410,702
Investment income	-	6,991	9,357
Fines and forfeitures	-	8,500	453,183
Other revenue	-	2,903	129,652
Total Revenues	<u>1,252,058</u>	<u>3,083,716</u>	<u>58,274,982</u>
Expenditures			
Current			
Judicial	-	298,610	302,572
General government	-	1,319,018	1,319,018
Public safety	-	1,676,896	8,546,817
Public works	-	-	272,178
Health and welfare	783,374	-	62,680,289
Recreation and cultural	-	-	1,112,656
Capital outlay	22,340	6,771	1,488,042
Total Expenditures	<u>805,714</u>	<u>3,301,295</u>	<u>75,721,572</u>
Excess of Revenues over (under) Expenditures	<u>446,344</u>	<u>(217,579)</u>	<u>(17,446,590)</u>
Other financing sources (uses)			
Transfers in	-	2,667,881	20,385,967
Transfers out	-	(243,852)	(329,194)
Total Other financing sources (uses)	<u>-</u>	<u>2,424,029</u>	<u>20,056,773</u>
Net change in fund balances	<u>446,344</u>	<u>2,206,450</u>	<u>2,610,183</u>
Fund Balances, beginning of year (2)	<u>507,539</u>	<u>3,585,504</u>	<u>23,491,297</u>
Fund Balances, end of year	<u>\$ 953,883</u>	<u>\$ 5,791,954</u>	<u>\$ 26,101,480</u>

(1) - Year ended September 30, 2010

(2) - As restated. See Note 14.

MACOMB COUNTY, MICHIGAN
Budgetary Comparison Schedule (GAAP Basis) - Community Services Agency
Year Ended September 30, 2010

	Final Budget	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
Revenues			
Federal & State grants	\$ 23,089,720	\$ 17,049,266	\$ (6,040,454)
Other grants	565,251	575,075	9,824
Charges for services	1,397,359	1,351,548	(45,811)
Other revenue	210,968	132	(210,836)
Total Revenues	<u>25,263,298</u>	<u>18,976,021</u>	<u>(6,287,277)</u>
Expenditures			
Salaries and fringe benefits	9,552,861	7,877,805	1,675,056
Operating	15,605,880	11,105,648	4,500,232
Capital outlay	772,112	520,307	251,805
Total Expenditures	<u>25,930,853</u>	<u>19,503,760</u>	<u>6,427,093</u>
Excess of Revenues over (under) Expenditures	<u>(667,555)</u>	<u>(527,739)</u>	<u>139,816</u>
Other financing sources (uses)			
Transfers in	533,028	594,779	61,751
Net change in fund balances	(134,527)	67,040	201,567
Fund Balances, beginning of year	<u>1,859,473</u>	<u>1,859,473</u>	<u>-</u>
Fund Balances, end of year	<u>\$ 1,724,946</u>	<u>\$ 1,926,513</u>	<u>\$ 201,567</u>

MACOMB COUNTY, MICHIGAN
Budgetary Comparison Schedule (GAAP Basis) - Health Department
Year Ended December 31, 2010

	Final Budget	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
Revenues			
Licenses and permits	\$ 939,184	\$ 1,015,790	\$ 76,606
Federal & State grants	4,250,258	4,268,289	18,031
Charges for services	3,437,522	3,052,419	(385,103)
Total Revenues	8,626,964	8,336,498	(290,466)
Expenditures			
Salaries and fringe benefits	12,537,495	11,364,683	1,172,812
Operating	9,802,686	8,400,447	1,402,239
Capital outlay	230,983	98,412	132,571
Total Expenditures	22,571,164	19,863,542	2,707,622
Excess of Revenues over (under) Expenditures	(13,944,200)	(11,527,044)	2,417,156
Other financing sources (uses)			
Transfers in	13,429,015	11,617,997	(1,811,018)
Transfers out	173,275	-	(173,275)
Total Other financing sources (uses)	13,602,290	11,617,997	(1,984,293)
Net change in fund balances	(341,910)	90,953	432,863
Fund Balances, beginning of year	2,221,012	2,221,012	-
Fund Balances, end of year	\$ 1,879,102	\$ 2,311,965	\$ 432,863

MACOMB COUNTY, MICHIGAN
Budgetary Comparison Schedule (GAAP Basis) - Health Grants
Year Ended September 30, 2010

	Final Budget	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
Revenues			
Federal & State grants	\$ 6,398,302	\$ 5,245,227	\$ (1,153,075)
Charges for services	458,390	347,982	(110,408)
Total Revenues	6,856,692	5,593,209	(1,263,483)
Expenditures			
Salaries and fringe benefits	3,421,396	2,985,648	435,748
Operating	3,772,861	2,839,408	933,453
Capital outlay	168,050	107,406	60,644
Total Expenditures	7,362,307	5,932,462	1,429,845
Excess of Revenues over (under) Expenditures	(505,615)	(339,253)	166,362
Other financing sources (uses)			
Transfers in	505,615	318,189	(187,426)
Net change in fund balances	-	(21,064)	(21,064)
Fund Balances, beginning of year	161,061	161,061	-
Fund Balances, end of year	\$ 161,061	\$ 139,997	\$ (21,064)

MACOMB COUNTY, MICHIGAN
Budgetary Comparison Schedule (GAAP Basis) - County Library
Year Ended December 31, 2010

	Final Budget	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
Revenues			
Charges for services	\$ 82,956	\$ 85,640	\$ 2,684
Expenditures			
Salaries and fringe benefits	870,000	761,914	108,086
Operating	393,950	350,742	43,208
Capital outlay	5,000	-	5,000
Total Expenditures	1,268,950	1,112,656	156,294
Excess of Revenues over (under) Expenditures	(1,185,994)	(1,027,016)	158,978
Other financing sources (uses)			
Transfers in	1,185,994	1,027,016	(158,978)
Net change in fund balances	-	-	-
Fund Balances, beginning of year	380,212	380,212	-
Fund Balances, end of year	\$ 380,212	\$ 380,212	\$ -

MACOMB COUNTY, MICHIGAN
Budgetary Comparison Schedule (GAAP Basis) - Senior Citizens Services
Year Ended December 31, 2010

	Final Budget	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
Revenues			
Federal & State grants	\$ 106,273	\$ 120,209	\$ 13,936
Charges for services	595,414	534,682	(60,732)
Other revenue	36,315	-	(36,315)
Total Revenues	738,002	654,891	(83,111)
Expenditures			
Salaries and fringe benefits	1,506,186	1,205,455	300,731
Operating	300,132	256,891	43,241
Capital outlay	2,000	8	1,992
Total Expenditures	1,808,318	1,462,354	345,964
Excess of Revenues over (under) Expenditures	(1,070,316)	(807,463)	262,853
Other financing sources (uses)			
Transfers in	1,073,580	799,514	(274,066)
Transfers out	(3,264)	-	3,264
Total Other financing sources (uses)	1,070,316	799,514	(270,802)
Net change in fund balances	-	(7,949)	(7,949)
Fund Balances, beginning of year	61,219	61,219	-
Fund Balances, end of year	\$ 61,219	\$ 53,270	\$ (7,949)

MACOMB COUNTY, MICHIGAN
Budgetary Comparison Schedule (GAAP Basis) - Senior Citizens Services
Year Ended September 30, 2010

	Final Budget	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
Revenues			
Federal & State grants	\$ 42,152	\$ 33,834	\$ (8,318)
Expenditures			
Salaries and fringe benefits	50,924	39,610	11,314
Operating	1,228	69	1,159
Total Expenditures	52,152	39,679	12,473
Excess of Revenues over (under) Expenditures	(10,000)	(5,845)	4,155
Other financing sources (uses)			
Transfers in	10,000	5,845	(4,155)
Net change in fund balances	-	-	-
Fund Balances, beginning of year	495	495	-
Fund Balances, end of year	\$ 495	\$ 495	-

MACOMB COUNTY, MICHIGAN
Budgetary Comparison Schedule (GAAP Basis) - Human Services Fund
Year Ended December 31, 2010

	Final Budget	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
Revenues			
Federal & State grants	\$ 1,500,000	\$ 1,194,622	\$ (305,378)
Charges for services	400,000	290,361	(109,639)
Total Revenues	<u>1,900,000</u>	<u>1,484,983</u>	<u>(415,017)</u>
Expenditures			
Operating	<u>3,279,133</u>	<u>2,694,739</u>	<u>584,394</u>
Excess of Revenues over (under) Expenditures	(1,379,133)	(1,209,756)	169,377
Other financing sources (uses)			
Transfers in	<u>1,379,133</u>	<u>1,209,756</u>	<u>(169,377)</u>
Net change in fund balances		-	-
Fund Balances, beginning of year	<u>97,482</u>	<u>97,482</u>	<u>-</u>
Fund Balances, end of year	<u>\$ 97,482</u>	<u>\$ 97,482</u>	<u>\$ -</u>

MACOMB COUNTY, MICHIGAN
Budgetary Comparison Schedule (GAAP Basis) - Veterans' Affairs Fund
Year Ended December 31, 2010

	Final Budget	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
Revenues			
Taxes	\$ 1,279,345	\$ 1,233,667	\$ (45,678)
Charges for services	18,150	18,391	241
Total Revenues	<u>1,297,495</u>	<u>1,252,058</u>	<u>(45,437)</u>
Expenditures			
Salaries and fringe benefits	533,444	452,193	81,251
Operating	733,152	331,181	401,971
Capital outlay	30,899	22,340	8,559
Total Expenditures	<u>1,297,495</u>	<u>805,714</u>	<u>491,781</u>
Excess of Revenues over (under) Expenditures	-	446,344	446,344
Fund Balances, beginning of year	<u>507,539</u>	<u>507,539</u>	-
Fund Balances, end of year	<u>\$ 507,539</u>	<u>\$ 953,883</u>	<u>\$ 446,344</u>

MACOMB COUNTY, MICHIGAN
Combining Balance Sheet
Nonmajor Capital Projects Funds
December 31, 2010

	<u>Bridge Program</u>	<u>District Court Improvement</u>	<u>E-911 Radio System</u>
Assets			
Cash and pooled investments	\$ 2,115,510	\$ 237,962	\$ 661,661
Accounts receivable, net	-	-	-
Due from other governments	-	-	-
Other assets	-	-	-
Total Assets	<u><u>\$ 2,115,510</u></u>	<u><u>\$ 237,962</u></u>	<u><u>\$ 661,661</u></u>
Liabilities and Fund Balances			
Liabilities			
Accounts payable	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Fund Balances			
Reserved			
Capital projects	2,115,510	-	-
Unreserved			
Designated - Capital projects	<u>-</u>	<u>237,962</u>	<u>661,661</u>
Total Fund Balances	<u><u>2,115,510</u></u>	<u><u>237,962</u></u>	<u><u>661,661</u></u>
Total Liabilities and Fund Balances	<u><u>\$ 2,115,510</u></u>	<u><u>\$ 237,962</u></u>	<u><u>\$ 661,661</u></u>

MACOMB COUNTY, MICHIGAN
Combining Balance Sheet
Nonmajor Capital Projects Funds (continued)
December 31, 2010

	<u>Capital Improvement Fund</u>	<u>Nicholson Nature Center</u>	<u>Orchard Trail</u>
Assets			
Cash and pooled investments	\$ 13,800,444	\$ 73,904	\$ 10,957
Accounts receivable, net	74,276	-	8,528
Due from other governments	-	-	167,560
Other assets	10,917	-	-
	<u>13,885,637</u>	<u>73,904</u>	<u>187,045</u>
Total Assets	\$ 13,885,637	\$ 73,904	\$ 187,045
Liabilities and Fund Balances			
Liabilities			
Accounts payable	\$ 7,500	\$ -	\$ 7,551
Fund Balances			
Reserved			
Capital projects	-	-	-
Unreserved			
Designated - Capital projects	13,878,137	73,904	179,494
	<u>13,878,137</u>	<u>73,904</u>	<u>179,494</u>
Total Fund Balances	13,878,137	73,904	179,494
	<u>13,885,637</u>	<u>73,904</u>	<u>187,045</u>
Total Liabilities and Fund Balances	\$ 13,885,637	\$ 73,904	\$ 187,045

MACOMB COUNTY, MICHIGAN

Combining Balance Sheet

Nonmajor Capital Projects Funds (continued)

December 31, 2010

	Parking Structure	Public Works Building	Warehouse
Assets			
Cash and pooled investments	\$ 361,021	\$ 163,692	\$ 411,391
Accounts receivable, net	650	-	-
Due from other governments	-	-	-
Other assets	2,433	-	-
	<u>364,104</u>	<u>163,692</u>	<u>411,391</u>
Total Assets	\$ 364,104	\$ 163,692	\$ 411,391
 Liabilities and Fund Balances			
Liabilities			
Accounts payable	\$ 1,250	\$ -	\$ -
Fund Balances			
Reserved			
Capital projects	-	-	-
Unreserved			
Designated - Capital projects	362,854	163,692	411,391
	<u>362,854</u>	<u>163,692</u>	<u>411,391</u>
Total Fund Balances	362,854	163,692	411,391
	<u>\$ 364,104</u>	<u>\$ 163,692</u>	<u>\$ 411,391</u>
Total Liabilities and Fund Balances	\$ 364,104	\$ 163,692	\$ 411,391

MACOMB COUNTY, MICHIGAN
Combining Balance Sheet
Nonmajor Capital Projects Funds (concluded)
December 31, 2010

	<u>Youth Home Renovation</u>	<u>General County Capital Projects</u>	<u>Totals</u>
Assets			
Cash and pooled investments	\$ 1,022,061	\$ 6,371,175	\$ 25,229,778
Accounts receivable, net	-	11,211	94,665
Due from other governments	-	63,761	231,321
Other assets	-	-	13,350
	<u>1,022,061</u>	<u>6,446,147</u>	<u>25,569,114</u>
Total Assets	\$ 1,022,061	\$ 6,446,147	\$ 25,569,114
Liabilities and Fund Balances			
Liabilities			
Accounts payable	\$ 2,198	\$ 609,184	\$ 627,683
Fund Balances			
Reserved			
Capital projects	-	-	2,115,510
Unreserved			
Designated - Capital projects	<u>1,019,863</u>	<u>5,836,963</u>	<u>22,825,921</u>
	<u>1,019,863</u>	<u>5,836,963</u>	<u>24,941,431</u>
Total Fund Balances	\$ 1,019,863	\$ 5,836,963	\$ 24,941,431
	<u>1,022,061</u>	<u>6,446,147</u>	<u>25,569,114</u>
Total Liabilities and Fund Balances	\$ 1,022,061	\$ 6,446,147	\$ 25,569,114

MACOMB COUNTY, MICHIGAN
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Capital Projects Funds
Year Ended December 31, 2010

	<u>Bridge Program</u>	<u>District Court Improvement</u>	<u>E-911 Radio System</u>
Revenues			
Federal & State grants	\$ -	\$ -	\$ -
Charges for services	-	61,656	-
Investment income	1,670	-	390
Other revenue	-	-	-
Total Revenues	<u>1,670</u>	<u>61,656</u>	<u>390</u>
Expenditures			
Current			
Public works	518,647	-	-
Capital outlay	-	-	17,190
Total Expenditures	<u>518,647</u>	<u>-</u>	<u>17,190</u>
Excess of Revenues over (under) Expenditures	<u>(516,977)</u>	<u>61,656</u>	<u>(16,800)</u>
Other financing sources (uses)			
Transfers in	-	-	-
Transfers out	-	-	-
Total Other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>(516,977)</u>	<u>61,656</u>	<u>(16,800)</u>
Fund Balances, beginning of year	<u>2,632,487</u>	<u>176,306</u>	<u>678,461</u>
Fund Balances, end of year	<u>\$ 2,115,510</u>	<u>\$ 237,962</u>	<u>\$ 661,661</u>

MACOMB COUNTY, MICHIGAN
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Capital Projects Funds (continued)
Year Ended December 31, 2010

	<u>Capital Improvement Fund</u>	<u>Nicholson Nature Center</u>	<u>Orchard Trail</u>
Revenues			
Federal & State grants	\$ -	\$ -	\$ 37,476
Charges for services	3,791,339	-	3,493
Investment income	11,174	-	386
Other revenue	3,754	-	2,000
Total Revenues	<u>3,806,267</u>	<u>-</u>	<u>43,355</u>
Expenditures			
Current			
Public works	-	-	-
Capital outlay	1,525	5,261	88,287
Total Expenditures	<u>1,525</u>	<u>5,261</u>	<u>88,287</u>
Excess of Revenues over (under) Expenditures	<u>3,804,742</u>	<u>(5,261)</u>	<u>(44,932)</u>
Other financing sources (uses)			
Transfers in	11,500,000	-	19,455
Transfers out	(10,274,277)	-	-
Total Other financing sources (uses)	<u>1,225,723</u>	<u>-</u>	<u>19,455</u>
Net change in fund balances	<u>5,030,465</u>	<u>(5,261)</u>	<u>(25,477)</u>
Fund Balances, beginning of year	<u>8,847,672</u>	<u>79,165</u>	<u>204,971</u>
Fund Balances, end of year	<u>\$ 13,878,137</u>	<u>\$ 73,904</u>	<u>\$ 179,494</u>

MACOMB COUNTY, MICHIGAN
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Capital Projects Funds (continued)
Year Ended December 31, 2010

	<u>Parking Structure</u>	<u>Public Works Building</u>	<u>Warehouse</u>
Revenues			
Federal & State grants	\$ -	\$ -	\$ -
Charges for services	7,200	-	-
Investment income	751	89	-
Other revenue	-	-	-
Total Revenues	<u>7,951</u>	<u>89</u>	<u>-</u>
Expenditures			
Current			
Public works	-	-	-
Capital outlay	1,256	-	-
Total Expenditures	<u>1,256</u>	<u>-</u>	<u>-</u>
Excess of Revenues over (under) Expenditures	<u>6,695</u>	<u>89</u>	<u>-</u>
Other financing sources (uses)			
Transfers in	-	-	-
Transfers out	-	-	-
Total Other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	6,695	89	-
Fund Balances, beginning of year	<u>356,159</u>	<u>163,603</u>	<u>411,391</u>
Fund Balances, end of year	<u>\$ 362,854</u>	<u>\$ 163,692</u>	<u>\$ 411,391</u>

MACOMB COUNTY, MICHIGAN
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Capital Projects Funds (concluded)
Year Ended December 31, 2010

	<u>Youth Home Renovation</u>	<u>General County Capital Projects</u>	<u>Totals</u>
Revenues			
Federal & State grants	\$ 225,000	\$ 21,614	\$ 284,090
Charges for services	-	43	3,863,731
Investment income	-	-	14,460
Other revenue	-	500	6,254
Total Revenues	<u>225,000</u>	<u>22,157</u>	<u>4,168,535</u>
Expenditures			
Current			
Public works	-	-	518,647
Capital outlay	118,093	3,254,964	3,486,576
Total Expenditures	<u>118,093</u>	<u>3,254,964</u>	<u>4,005,223</u>
Excess of Revenues over (under) Expenditures	<u>106,907</u>	<u>(3,232,807)</u>	<u>163,312</u>
Other financing sources (uses)			
Transfers in	-	3,735,737	15,255,192
Transfers out	-	-	(10,274,277)
Total Other financing sources (uses)	<u>-</u>	<u>3,735,737</u>	<u>4,980,915</u>
Net change in fund balances	106,907	502,930	5,144,227
Fund Balances, beginning of year	<u>912,956</u>	<u>5,334,033</u>	<u>19,797,204</u>
Fund Balances, end of year	<u>\$ 1,019,863</u>	<u>\$ 5,836,963</u>	<u>\$ 24,941,431</u>

MACOMB COUNTY, MICHIGAN
Combining Statement of Net Assets
Internal Service Funds
December 31, 2010

	<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	\$ 6,716,162	\$ 6,755,190	\$ 5,903,013	\$ 7,941,640	\$ 6,229,951	\$ 33,545,956
Receivables						
Accounts receivable, net	-	321,583	-	-	-	321,583
Inventories	-	342,867	-	-	-	342,867
Due from fiduciary funds	-	-	-	-	5,909,881	5,909,881
Other assets	-	29,349	-	83,330	1,586,869	1,699,548
Total current assets	6,716,162	7,448,989	5,903,013	8,024,970	13,726,701	41,819,835
Noncurrent assets						
Assets being depreciated	-	2,098,254	-	-	-	2,098,254
Total Assets	6,716,162	9,547,243	5,903,013	8,024,970	13,726,701	43,918,089
LIABILITIES						
Current liabilities						
Accounts payable	-	194,239	144,161	127,017	1,653,098	2,118,515
Due to other funds	-	137,815	-	-	-	137,815
Compensated absences	900,000	-	-	-	-	900,000
Claims and judgements	-	-	1,850,000	1,300,000	-	3,150,000
Total current liabilities	900,000	332,054	1,994,161	1,427,017	1,653,098	6,306,330
Noncurrent liabilities						
Claims and judgements	-	-	2,751,427	2,747,194	-	5,498,621
Compensated absences	5,129,613	-	-	-	-	5,129,613
Advances from other funds	-	295,000	-	-	-	295,000
Total noncurrent liabilities	5,129,613	295,000	2,751,427	2,747,194	-	10,923,234
Total Liabilities	6,029,613	627,054	4,745,588	4,174,211	1,653,098	17,229,564
NET ASSETS						
Invested in capital assets	-	2,098,254	-	-	-	2,098,254
Unrestricted	686,549	6,821,935	1,157,425	3,850,759	12,073,603	24,590,271
Total Net Assets	\$ 686,549	\$ 8,920,189	\$ 1,157,425	\$ 3,850,759	\$ 12,073,603	\$ 26,688,525

MACOMB COUNTY, MICHIGAN
Combining Statement of Revenues, Expenses and Changes in Net Assets
Internal Service Funds
Year Ended December 31, 2010

	<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>
Operating Revenues						
Charges for services	\$ 869,529	\$ 4,440,745	\$ 2,651,336	\$ 672,477	\$ 51,829,314	\$ 60,463,401
Operating Expenses						
Benefits and claims expenses	785,988	-	2,270,263	2,101,191	51,220,806	56,378,248
Supplies and services	-	3,890,291	-	-	-	3,890,291
Depreciation	-	585,732	-	-	-	585,732
Total operating expenses	<u>785,988</u>	<u>4,476,023</u>	<u>2,270,263</u>	<u>2,101,191</u>	<u>51,220,806</u>	<u>60,854,271</u>
Operating income (loss)	83,541	(35,278)	381,073	(1,428,714)	608,508	(390,870)
Transfers in	-	337,950	-	-	-	337,950
Increase (Decrease) in net assets	83,541	302,672	381,073	(1,428,714)	608,508	(52,920)
Net assets, beginning of year	603,008	8,617,517	776,352	5,279,473	11,465,095	26,741,445
Net assets, end of year	<u>\$ 686,549</u>	<u>\$ 8,920,189</u>	<u>\$ 1,157,425</u>	<u>\$ 3,850,759</u>	<u>\$ 12,073,603</u>	<u>\$ 26,688,525</u>

MACOMB COUNTY, MICHIGAN
Combining Statement of Cash Flows - Internal Service Funds
Year Ended December 31, 2010

	<u>Compensated Absences</u>	<u>Equipment Revolving</u>	<u>General Liability Insurance</u>	<u>Workers' Compensation</u>	<u>Employee Fringe Benefits</u>	<u>Totals</u>
Cash Flows from Operating Activities						
Cash received from interfund services	\$ 869,529	\$ 4,477,832	\$ 2,651,336	\$ 672,477	\$ 51,575,800	\$ 60,246,974
Cash payments to employees	(873,439)	-	-	-	-	(873,439)
Cash payments to suppliers	-	(3,921,932)	(1,869,928)	(1,192,606)	(50,512,302)	(57,496,768)
Net cash provided by Operating Activities	<u>(3,910)</u>	<u>555,900</u>	<u>781,408</u>	<u>(520,129)</u>	<u>1,063,498</u>	<u>1,876,767</u>
Cash Flows From Noncapital Financing Activities						
Transfers in	-	337,950	-	-	-	337,950
Cash Flows From Capital and Related Financing Activities						
Acquisition of capital assets	-	(66,718)	-	-	-	(66,718)
Increase (decrease) in cash and pooled investments	<u>(3,910)</u>	<u>827,132</u>	<u>781,408</u>	<u>(520,129)</u>	<u>1,063,498</u>	<u>2,147,999</u>
Cash and pooled investments, beginning of year	6,720,072	5,928,058	5,121,605	8,461,769	5,166,453	31,397,957
Cash and pooled investments, end of year	<u>\$ 6,716,162</u>	<u>\$ 6,755,190</u>	<u>\$ 5,903,013</u>	<u>\$ 7,941,640</u>	<u>\$ 6,229,951</u>	<u>\$ 33,545,956</u>
Reconciliation of operating income to net cash provided (used) by operating activities						
Operating income (loss)	\$ 83,541	\$ (35,278)	\$ 381,073	\$ (1,428,714)	\$ 608,508	\$ (390,870)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:						
Depreciation	-	585,732	-	-	-	585,732
Changes in assets and liabilities:						
Accounts receivable	-	(314,868)	-	-	-	(314,868)
Inventory	-	9,889	-	-	-	9,889
Due from other governments	-	351,739	-	-	-	351,739
Due from other funds	-	-	-	-	(253,514)	(253,514)
Other assets	-	44,056	-	-	198,691	242,747
Accounts payable	-	(41,530)	33,083	67,646	509,813	569,012
Accrued employee benefits	(87,451)	-	-	-	-	(87,451)
Due to other funds	-	(43,840)	-	-	-	(43,840)
Accrued claims and judgements	-	-	367,252	840,939	-	1,208,191
Net cash provided by (used in) operating activities	<u>\$ (3,910)</u>	<u>\$ 555,900</u>	<u>\$ 781,408</u>	<u>\$ (520,129)</u>	<u>\$ 1,063,498</u>	<u>\$ 1,876,767</u>

MACOMB COUNTY, MICHIGAN
Combining Statement of Fiduciary Net Assets
Pension and Other Employee Benefit Trust Funds
December 31, 2010

	Employees' Retirement Fund	Retiree Health Care Fund	Total
ASSETS			
Cash and pooled investments	\$ 34,151,456	\$ 502,795	\$ 34,654,251
Receivables			
Accrued interest	826,007	476,237	1,302,244
Other	24,527	-	24,527
Due from other funds	-	288,888	288,888
Other assets	-	126,161	126,161
	<u>850,534</u>	<u>891,286</u>	<u>1,741,820</u>
Total receivables			
Investments, at fair value			
Corporate Bonds	33,112,355	-	33,112,355
Preferred Stock	621,511	-	621,511
Common Stock	365,617,898	1,225,355	366,843,253
Foreign Stock	-	17,336,421	17,336,421
Limited partnership	65,787,889	-	65,787,889
Mutual funds	287,816,638	98,994,339	386,810,977
	<u>752,956,291</u>	<u>117,556,115</u>	<u>870,512,406</u>
Total investments			
Total Assets	<u>787,958,281</u>	<u>118,950,196</u>	<u>906,908,477</u>
LIABILITIES			
Accounts payable	1,305,144	474,316	1,779,460
Due to governmental funds	1,166,260	4,743,621	5,909,881
Due to fiduciary funds	288,888	-	288,888
	<u>2,760,292</u>	<u>5,217,937</u>	<u>7,978,229</u>
Total Liabilities			
NET ASSETS			
Net assets held in trust for pension and other postemployment benefits	<u>\$ 785,197,989</u>	<u>\$ 113,732,259</u>	<u>\$ 898,930,248</u>

MACOMB COUNTY, MICHIGAN
Combining Statement of Changes In Fiduciary Net Assets
Pension and Other Employee Benefit Trust Funds
Year Ended December 31, 2010

	<u>Employees'</u> <u>Retirement Fund</u>	<u>Retiree Health</u> <u>Care Fund</u>	<u>Total</u>
ADDITIONS			
Contributions			
Employer	\$ 15,170,777	\$ 12,722,681	\$ 27,893,458
Employee	3,919,964	649,625	4,569,589
	<u>19,090,741</u>	<u>13,372,306</u>	<u>32,463,047</u>
Investment income			
Net appreciation in fair value of assets	86,019,968	9,573,710	95,593,678
Interest	825,513	-	825,513
Dividends	7,535,158	6,038,830	13,573,988
	<u>94,380,639</u>	<u>15,612,540</u>	<u>109,993,179</u>
Less investment expenses			
Management and custodial fees	2,860,166	77,004	2,937,170
	<u>91,520,473</u>	<u>15,535,536</u>	<u>107,056,009</u>
Net investment income	<u>91,520,473</u>	<u>15,535,536</u>	<u>107,056,009</u>
Total additions	<u>110,611,214</u>	<u>28,907,842</u>	<u>139,519,056</u>
DEDUCTIONS			
Benefit payments	50,155,776	13,278,706	63,434,482
Refunds of contributions	302,316	-	302,316
Administrative expense	178,514	16,596	195,110
	<u>50,636,606</u>	<u>13,295,302</u>	<u>63,931,908</u>
Total deductions	<u>50,636,606</u>	<u>13,295,302</u>	<u>63,931,908</u>
Net increase in net assets	59,974,608	15,612,540	75,587,148
NET ASSETS			
Beginning of year	<u>725,223,381</u>	<u>98,119,719</u>	<u>823,343,100</u>
End of year	<u>\$ 785,197,989</u>	<u>\$ 113,732,259</u>	<u>\$ 898,930,248</u>

MACOMB COUNTY, MICHIGAN
Combining Statement of Fiduciary Net Assets
Agency Funds
December 31, 2010

	<u>Trust and Agency</u>	<u>Payroll and Benefits</u>	<u>Miscellaneous Agency Funds</u>	<u>Total</u>
ASSETS				
Cash and pooled investments	\$ 10,757,092	\$ 282,935	\$ 4,750,071	\$ 15,790,098
Receivables				
Other	76,881	-	1,951	78,832
Other assets	677	75,000	-	75,677
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 10,834,650</u>	<u>\$ 357,935</u>	<u>\$ 4,752,022</u>	<u>\$ 15,944,607</u>
LIABILITIES				
Accounts payable	\$ 6,231,183	\$ 73	\$ 2,285,252	\$ 8,516,508
Accrued compensation and benefits	-	357,862	-	357,862
Deposits	3,472,946	-	2,465,899	5,938,845
Due to other governments	1,130,521	-	871	1,131,392
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities	<u>\$ 10,834,650</u>	<u>\$ 357,935</u>	<u>\$ 4,752,022</u>	<u>\$ 15,944,607</u>

MACOMB COUNTY, MICHIGAN
Combined Statement of Changes in Fiduciary Net Assets
Agency Funds
Year Ended December 31, 2010

	<u>Balance 12/31/2009</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 12/31/2010</u>
ASSETS				
Cash and pooled investments	\$ 15,815,827	\$ 861,235,304	\$ 861,261,033	\$ 15,790,098
Receivables				
Other	58,503	79,275	58,946	78,832
Due from fiduciary funds	113,415	-	113,415	-
Other assets	187	275,038	199,548	75,677
	<u>15,987,932</u>	<u>861,589,617</u>	<u>861,632,942</u>	<u>15,944,607</u>
Total Assets	\$ 15,987,932	\$ 861,589,617	\$ 861,632,942	\$ 15,944,607
LIABILITIES				
Accounts payable	\$ 8,539,727	\$ 288,656,709	\$ 288,679,928	\$ 8,516,508
Accrued compensation and benefits	10,048	42,831,865	42,484,051	357,862
Deposits	6,150,265	36,697,916	36,909,336	5,938,845
Due to other governments	1,287,131	168,331,468	168,487,207	1,131,392
Due to fiduciary funds	761	-	761	-
	<u>15,987,932</u>	<u>536,517,958</u>	<u>536,561,283</u>	<u>15,944,607</u>
Total Liabilities	\$ 15,987,932	\$ 536,517,958	\$ 536,561,283	\$ 15,944,607

MACOMB COUNTY, MICHIGAN
Statement of Changes in Assets and Liabilities
Trust and Agency Fund
Year Ended December 31, 2010

	Balance 12/31/2009	Additions	Deletions	Balance 12/31/2010
ASSETS				
Cash and pooled investments	\$ 11,431,670	\$ 155,368,007	\$ 156,042,585	\$ 10,757,092
Receivables				
Other	56,541	79,133	58,793	76,881
Due from fiduciary funds	113,415	-	113,415	-
Other assets	187	200,038	199,548	677
Total Assets	\$ 11,601,813	\$ 155,647,178	\$ 156,414,341	\$ 10,834,650
LIABILITIES				
Accounts payable	\$ 6,042,291	\$ 119,122,472	\$ 118,933,580	\$ 6,231,183
Deposits	4,276,973	34,223,588	35,027,615	3,472,946
Due to other governments	1,281,788	17,998,307	18,149,574	1,130,521
Due to fiduciary funds	761	-	761	-
Total Liabilities	\$ 11,601,813	\$ 171,344,367	\$ 172,111,530	\$ 10,834,650

MACOMB COUNTY, MICHIGAN
Statement of Changes in Assets and Liabilities
Payroll and Benefits Agency Funds
Year Ended December 31, 2010

	Balance 12/31/2009	Additions	Deletions	Balance 12/31/2010
ASSETS				
Cash and pooled investments	\$ 141,243	\$ 152,790,928	\$ 152,649,236	\$ 282,935
Other assets	-	75,000	-	75,000
Total Assets	\$ 141,243	\$ 152,865,928	\$ 152,649,236	\$ 357,935
LIABILITIES				
Accounts payable	\$ 131,195	\$ 15,949,082	\$ 16,080,204	\$ 73
Accrued compensation and benefits	10,048	42,831,865	42,484,051	357,862
Total Liabilities	\$ 141,243	\$ 58,780,947	\$ 58,564,255	\$ 357,935

MACOMB COUNTY, MICHIGAN
Statement of Changes in Assets and Liabilities
Miscellaneous Agency Funds
Year Ended December 31, 2010

	<u>Balance 12/31/2009</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 12/31/2010</u>
ASSETS				
Cash and pooled investments	\$ 4,242,914	\$ 553,076,369	\$ 552,569,212	\$ 4,750,071
Receivables				
Other	1,962	142	153	1,951
Total Assets	<u>\$ 4,244,876</u>	<u>\$ 553,076,511</u>	<u>\$ 552,569,365</u>	<u>\$ 4,752,022</u>
LIABILITIES				
Accounts payable	\$ 2,366,241	\$ 153,585,155	\$ 153,666,144	\$ 2,285,252
Deposits	1,873,292	2,474,328	1,881,721	2,465,899
Due to other governments	5,343	150,333,161	150,337,633	871
Total Liabilities	<u>\$ 4,244,876</u>	<u>\$ 306,392,644</u>	<u>\$ 305,885,498</u>	<u>\$ 4,752,022</u>

MACOMB COUNTY, MICHIGAN
Combining Balance Sheet - Governmental Funds
Drainage Districts Component Unit
September 30, 2010

	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Debt Service</u>	<u>Total</u>
Assets				
Cash and pooled investments	\$ 7,287,918	\$ 49,282,094	\$ 3,317,356	\$ 59,887,368
Special assessments receivable	-	-	221,860,326	221,860,326
Accrued interest receivable	-	1,289	-	1,289
Accounts receivable, net	6,038,540	930,680	271,393	7,240,613
Total Assets	<u><u>\$ 13,326,458</u></u>	<u><u>\$ 50,214,063</u></u>	<u><u>\$ 225,449,075</u></u>	<u><u>\$ 288,989,596</u></u>
 Liabilities and Fund Balances				
Liabilities				
Accounts payable	\$ 5,604,796	\$ 1,699,823	\$ 2,081,074	\$ 9,385,693
Unearned revenue	-	-	216,054,476	216,054,476
Total Liabilities	<u>5,604,796</u>	<u>1,699,823</u>	<u>218,135,550</u>	<u>225,440,169</u>
 Fund Balances				
Reserved	<u>7,721,662</u>	<u>48,514,240</u>	<u>7,313,525</u>	<u>63,549,427</u>
Total Liabilities and Fund Balances	<u><u>\$ 13,326,458</u></u>	<u><u>\$ 50,214,063</u></u>	<u><u>\$ 225,449,075</u></u>	<u><u>\$ 288,989,596</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, 2010**

Total fund balances for governmental funds \$ 63,549,427

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	323,064,843
Construction in progress	34,002,802
Accumulated depreciation	(82,143,530)

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	(108,846,637)
Bonds issued during the current year	(117,938,689)
Net refunding bonds issued during the current year	(220,000)
Bond principal repayments	5,145,000
Unamortized bond premiums	(389,362)
Unamortized bond discounts	1,874,737

Bond issue costs are recorded as reductions of financial resources in the governmental funds at the time the bonds are issued. However, they are capitalized and allocated over the life of the bonds in the Statement of Activities.	758,255
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Special assessments receivable are not available to pay for current expenditures and therefore are recorded as deferred revenue in the governmental funds	216,054,476
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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	<u>(1,737,721)</u>
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Net assets of governmental activities reported in the Government-Wide Statement of Net Assets	<u><u>\$ 335,166,029</u></u>
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MACOMB COUNTY, MICHIGAN
Combining Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds
Drainage Districts Component Unit
Year Ended September 30, 2010

	Special Revenue	Capital Projects	Debt Service	Total
Revenues				
Special assessments	\$ -	\$ -	\$ 5,805,850	\$ 5,805,850
Federal & State grants	-	9,113,760	-	9,113,760
Charges for services	38,005,081	6,040,939	145,502	44,191,522
Investment income	-	180,742	3,977,586	4,158,328
Total Revenues	38,005,081	15,335,441	9,928,938	63,269,460
Expenditures				
Current				
Public works	36,538,593	1,360,818	-	37,899,411
Capital outlay	-	117,107,047	-	117,107,047
Debt service				
Principal	-	-	5,145,000	5,145,000
Interest and fees	-	1,225,414	4,803,937	6,029,351
Bond issuance costs	-	713,650	84,748	798,398
Total Expenditures	36,538,593	120,406,929	10,033,685	166,979,207
Excess of Revenues over (under) Expenditures	1,466,488	(105,071,488)	(104,747)	(103,709,747)
Other financing sources (uses)				
Issuance of debt	-	117,938,689	12,270,000	130,208,689
Bond (discounts) premiums	-	(1,914,150)	351,572	(1,562,578)
Payment to refunding debt escrow agent	-	-	(12,536,824)	(12,536,824)
Total Other financing sources (uses)	-	116,024,539	84,748	116,109,287
Net change in fund balances	1,466,488	10,953,051	(19,999)	12,399,540
Fund Balances, beginning of year (1)	6,255,174	37,561,189	7,333,524	51,149,887
Fund Balances, end of year	<u>\$ 7,721,662</u>	<u>\$ 48,514,240</u>	<u>\$ 7,313,525</u>	<u>\$ 63,549,427</u>

(1) - As restated. See Note 14.

**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, 2010**

Net change in fund balances - total governmental funds \$ 12,399,540

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	102,331,536
Current year depreciation expense	(5,535,650)

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)	5,145,000
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The net proceeds of refunding debt is recorded as an revenue in the governmental funds, but is recorded as an increase of long-term liabilities in the Statement of Net Assets. (See Note 4)	(220,000)
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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)	(117,938,689)
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Bond discounts and issue costs are recorded as reductions of financial resources in the governmental funds at the time the bonds are issued. However, they are capitalized and allocated over the life of the bonds as amortization expense in Statement of Activities.

Premiums, discounts and issue costs on bonds issued during the year	2,360,976
Current year amortization	(117,346)

The change in the amount of deferred revenue in the governmental funds does not provide current financial resources in the Government-Wide Statement of Activities.	111,679,476
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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.	<u>(918,356)</u>
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Change in net assets of governmental activities reported in the Statement of Activities	<u><u>\$ 109,186,487</u></u>
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MACOMB COUNTY, MICHIGAN

December 31, 2010

Statistical Section – Unaudited

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

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

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

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

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

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

UNAUDITED

Macomb County, Michigan
Net Assets by Component
Last Nine 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>	<u>2009</u>	<u>2010</u>
Governmental activities									
Invested in capital assets, net of related debt (1)	\$ 64,025	\$ 84,830	\$ 103,037	\$ 110,592	\$ 99,280	\$ 116,042	\$ 137,857	\$ 113,415	\$ 103,709
Restricted (2)	37,717	27,338	64,780	97,573	117,133	96,409	80,962	67,512	49,849
Unrestricted (2)	<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>	<u>(32,136)</u>	<u>(34,928)</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>190,531</u>	<u>148,791</u>	<u>118,629</u>
Business-type activities									
Invested in capital assets, net of related debt	3,157	2,574	2,556	6,745	24,214	23,236	1,479	1,460	1,348
Restricted	6,309	6,236	6,354	6,411	6,724	7,049	8,267	10,221	13,303
Unrestricted (2)	<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>	<u>102,529</u>	<u>110,843</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>103,195</u>	<u>114,210</u>	<u>125,494</u>
Primary Government									
Invested in capital assets, net of related debt (1)	67,182	87,404	105,593	117,337	123,494	139,278	139,335	114,875	105,057
Restricted (2)	44,026	33,574	71,134	103,984	123,857	103,458	89,229	77,733	63,152
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>	<u>70,393</u>	<u>75,914</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>	<u>\$ 263,002</u>	<u>\$ 244,123</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.

(1) - 2008 restated

(2) - 2009 restated. See Note 14.

Source: Macomb County Finance Department

UNAUDITED

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

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

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

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

(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 Ten Years
(modified accrual basis of accounting, in thousands)

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
General Fund										
Reserved	\$ 1,289	\$ 1,365	\$ 300	\$ 300	\$ 300	\$ 300	\$ 300	\$ 295	\$ 295	\$ 295
Unreserved	52,927	59,056	65,214	62,439	53,302	46,012	39,454	32,134	40,241	55,008
Total general fund	<u>\$ 54,216</u>	<u>\$ 60,421</u>	<u>\$ 65,514</u>	<u>\$ 62,739</u>	<u>\$ 53,602</u>	<u>\$ 46,312</u>	<u>\$ 39,754</u>	<u>\$ 32,429</u>	<u>\$ 40,536</u>	<u>\$ 55,303</u>
All Other Governmental Funds										
Reserved (1)	\$ 24,028	\$ 37,746	\$ 27,368	\$ 64,811	\$ 97,604	\$ 117,134	\$ 96,409	\$ 80,962	\$ 59,906	\$ 49,849
Unreserved, reported in										
Special Revenue Funds	13,751	11,054	11,212	9,542	9,528	8,884	11,011	11,574	6,633	8,536
Debt Service Funds	-	-	-	-	-	-	-	-	7,037	-
Capital Projects Funds	30,000	29,002	23,104	18,181	15,727	10,782	15,225	10,668	16,611	22,922
Total all other governmental funds	<u>\$ 67,779</u>	<u>\$ 77,804</u>	<u>\$ 61,684</u>	<u>\$ 92,534</u>	<u>\$ 122,859</u>	<u>\$ 136,800</u>	<u>\$ 122,645</u>	<u>\$ 103,204</u>	<u>\$ 90,187</u>	<u>\$ 81,307</u>

(1) - 2009 restated. See Note 14.

Source: Macomb County Finance Department

UNAUDITED

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

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Revenues										
Property taxes	\$ 88,610	\$ 96,531	\$ 104,046	\$ 145,946	\$ 153,326	\$ 164,855	\$ 141,903	\$ 132,539	\$ 139,470	\$ 127,976
Licenses and permits	985	1,030	1,054	1,087	1,203	1,166	1,653	1,243	1,321	1,427
Federal & State grants	162,242	63,981	59,856	61,642	57,690	60,758	64,143	60,587	58,641	66,498
Other grants	4,321	185	313	7	287	251	308	1,348	1,963	861
Charges for services	158,752	37,276	43,659	41,958	45,832	45,019	42,484	38,322	42,544	47,067
Investment income	15,343	5,711	4,152	3,433	6,456	9,529	10,635	6,645	2,699	1,070
Special assessments	3,124	-	-	-	-	-	-	-	-	-
Charges to other funds for administrative services	7,503	8,855	9,275	10,517	11,088	11,425	11,925	14,522	15,162	10,258
Fines and forfeitures	1,040	1,075	1,097	1,981	1,790	1,438	1,382	3,392	1,923	1,204
Other revenue	8,553	1,476	956	1,415	581	1,455	1,430	1,645	186	286
Total Revenues	450,473	216,120	224,408	267,986	278,253	295,896	275,863	260,243	263,909	256,648
Expenditures										
Legislative	1,731	1,715	1,833	1,958	2,077	2,250	2,345	2,354	2,115	1,875
Judicial	28,852	30,125	30,638	31,391	35,369	37,865	37,835	37,506	36,286	32,177
General government	43,299	44,697	46,351	49,570	55,724	60,273	58,640	58,809	55,179	50,817
Public safety	45,923	48,531	52,211	58,294	64,883	69,919	72,748	70,692	70,375	65,887
Public works	56,802	319	3,657	2,134	954	1,500	1,157	873	1,851	887
Health and welfare	205,182	60,632	61,370	69,848	73,868	79,290	87,191	83,292	79,354	87,112
Recreation and cultural	3,507	2,763	3,503	2,909	2,904	3,024	2,782	2,232	1,669	1,113
Other	3,267	2,918	3,793	4,733	5,481	5,460	5,619	5,189	4,985	1,246
Capital outlay	43,945	25,652	26,554	29,930	23,771	17,381	19,321	11,343	6,059	5,388
Debt service										
Principal	5,130	1,620	3,070	2,985	3,560	4,470	4,750	4,690	4,585	5,165
Interest and fees	3,034	1,861	2,504	2,733	3,064	3,622	3,412	3,152	2,883	2,706
Bond issuance costs	-	87	64	220	288	-	114	61	-	-
Total Expenditures	440,672	220,920	235,548	256,705	271,943	285,054	295,914	280,193	265,341	254,373
Excess of Revenues over (under) Expenditures	9,801	(4,800)	(11,140)	11,281	6,310	10,842	(20,051)	(19,950)	(1,432)	2,275
Other financing sources (uses)										
Issuance of debt	30,872	40,885	-	19,350	22,255	-	16,895	2,805	-	-
Transfers in	69,117	59,682	67,515	76,791	84,041	90,160	102,574	104,057	87,734	86,547
Transfers out	(60,951)	(69,710)	(67,467)	(79,176)	(88,412)	(94,350)	(103,350)	(107,817)	(90,038)	(82,935)
Transfers to component units	(76)	(765)	-	-	-	-	-	-	-	-
Operating transfers from primary government	76	-	-	-	-	-	-	-	-	-
Bond discounts	-	(237)	-	(172)	(205)	-	(168)	34	-	-
Proceeds of refunding debt	-	-	5,830	-	-	-	-	-	-	-
Payment to refunding debt escrow agent	-	(8,798)	(5,765)	-	(2,802)	-	(16,614)	(5,696)	-	-
Total Other financing sources (uses)	39,036	21,057	113	16,793	14,877	(4,190)	(663)	(6,817)	(2,304)	3,612
Net change in fund balances	\$ 48,839	\$ 16,257	\$ (11,027)	\$ 28,074	\$ 21,187	\$ 6,652	\$ (20,714)	\$ (26,767)	\$ (3,736)	\$ 5,887
Debt service as % of noncapital expenditures	2.06%	1.82%	2.68%	2.60%	2.72%	3.02%	2.97%	2.93%	2.87%	3.14%

Source: Macomb County Finance Department

UNAUDITED

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

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Revenues										
Taxes	\$ 88,458	\$ 96,389	\$ 103,905	\$ 108,025	\$ 115,340	\$ 126,970	\$ 141,691	\$ 132,362	\$ 138,020	\$ 126,587
Licenses and permits	366	377	392	397	391	331	308	348	379	411
Federal & State grants	30,081	24,247	21,875	14,756	8,422	8,625	8,408	7,058	8,095	7,831
Charges for services	23,604	25,759	28,747	26,754	30,297	30,330	27,571	25,952	26,821	28,666
Investment income	8,409	4,462	2,331	2,565	4,704	5,957	6,591	2,980	1,432	806
Charges to other funds for administrative services	7,502	8,855	9,275	10,517	11,088	11,425	11,925	14,522	15,162	10,258
Fines and forfeitures	888	856	933	1,059	1,046	865	698	672	768	751
Other revenue	238	227	223	207	167	68	277	200	104	150
Total Revenues	159,546	161,172	167,681	164,280	171,455	184,571	197,469	184,094	190,781	175,461
Expenditures										
Legislative	1,731	1,715	1,833	1,958	2,077	2,250	2,345	2,354	2,115	1,875
Judicial	19,134	19,219	19,101	19,452	22,779	23,707	24,197	24,200	22,854	21,896
General government	43,299	43,885	45,924	48,848	54,425	58,298	57,996	57,492	53,770	49,498
Public safety	41,614	44,360	47,976	51,927	56,692	62,031	63,860	63,924	62,915	57,341
Health and welfare	702	712	678	776	713	787	697	452	2	1
Other	2,943	2,918	3,793	4,733	5,481	5,460	5,619	5,188	4,985	1,246
Capital outlay	777	769	749	722	802	706	617	307	270	360
Total Expenditures	110,200	113,578	120,054	128,416	142,969	153,239	155,331	153,917	146,911	132,217
Excess of Revenues over (under) Expenditures	49,346	47,594	47,627	35,864	28,486	31,332	42,138	30,177	43,870	43,244
Other financing sources (uses)										
Transfers in	7,655	7,805	9,655	19,669	22,724	23,340	23,877	27,356	24,818	24,806
Transfers out	(49,186)	(49,195)	(52,189)	(58,308)	(60,347)	(61,961)	(72,574)	(64,858)	(60,581)	(53,284)
Total Other financing sources (uses)	(41,531)	(41,390)	(42,534)	(38,639)	(37,623)	(38,621)	(48,697)	(37,502)	(35,763)	(28,478)
Net change in fund balances	\$ 7,815	\$ 6,204	\$ 5,093	\$ (2,775)	\$ (9,137)	\$ (7,289)	\$ (6,559)	\$ (7,325)	\$ 8,107	\$ 14,766

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			
2001	88,217	2,578,382	1,739,876	15,585,365	17,012	2,693,477	22,702,329	45,404,658	4.2060
2002	91,710	2,746,541	1,805,521	16,877,117	16,750	2,668,666	24,206,307	48,412,614	4.2058
2003	86,213	2,899,405	1,904,056	17,928,699	24,403	2,730,451	25,573,225	51,146,450	4.2058
2004	88,809	3,070,056	1,993,113	19,159,039	32,411	2,637,103	26,980,530	53,961,060	4.2058
2005	89,477	3,256,304	2,103,638	20,489,780	39,290	2,624,238	28,602,727	57,205,454	4.2058
2006	90,755	3,493,198	2,206,807	21,920,822	49,452	2,612,885	30,373,918	60,747,836	4.2055
2007	95,800	3,752,879	2,263,653	23,097,856	50,800	2,601,682	31,862,670	63,725,340	4.2055
2008	99,611	3,910,548	2,154,165	23,063,322	47,768	2,537,472	31,812,886	63,625,772	4.2455
2009	104,963	4,036,043	2,146,151	21,941,441	49,434	2,609,895	30,887,928	61,775,856	4.6135
2010	107,696	4,019,758	1,962,915	19,251,025	38,705	2,393,262	27,773,361	55,546,722	4.6135

Source: Macomb County Equalization Department

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

		2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
County direct rate											
Operation		4.2000	4.2000	4.2000	4.2000	4.2000	4.2000	4.2000	4.2000	4.5685	4.5685
County drain debt		0.0060	0.0058	0.0058	0.0058	0.0058	0.0055	0.0055	0.0055	0.0050	0.0050
County Veteran		-	-	-	-	-	-	-	0.0400	0.0400	0.0400
Total direct rate		4.2060	4.2058	4.2058	4.2058	4.2058	4.2055	4.2055	4.2455	4.6135	4.6135
Overlapping rates											
Cities:											
Center Line		19.1830	20.1750	20.6360	21.2997	23.1496	23.2656	22.6223	21.2329	23.8266	24.9025
Eastpointe		18.1834	18.1074	18.4002	17.9541	18.9845	25.8009	23.8711	24.1214	24.0133	25.0978
Fraser		18.1100	18.1100	18.0000	18.0000	18.1382	18.1382	18.1382	18.1382	18.1382	18.1382
Grosse Pointe Shores		-	-	-	-	-	-	-	-	15.8900	15.8900
Memphis		15.5511	15.4344	15.1195	15.1195	14.8019	14.3889	14.2953	14.2953	14.2953	14.2953
Mt. Clemens		22.6321	22.4989	22.2498	22.0327	21.2434	21.2434	18.2159	18.2159	18.2159	18.2159
New Baltimore		14.3948	14.1189	13.7745	12.6439	14.4123	13.8955	13.8955	13.9445	14.2795	14.9715
Richmond		21.8436	21.4501	20.8232	20.0127	18.7028	18.6526	18.4826	18.4326	16.6526	16.6526
Roseville		16.3800	16.3800	16.3800	16.3800	16.3800	16.3800	21.3800	21.3800	21.3800	21.3800
St. Clair Shores		14.7980	15.0063	15.4504	15.6504	17.9863	18.2755	18.3316	18.8982	18.2280	18.0406
Sterling Heights		10.6500	10.6300	10.6250	10.6250	10.6250	10.7250	10.7250	10.7858	10.7858	12.6858
Utica		21.1986	21.1418	21.2473	21.4636	21.9024	21.9198	21.4758	21.7201	21.8835	21.9794
Warren		16.2600	16.2524	16.1924	16.1924	16.9424	16.9424	16.9424	16.9424	16.9424	17.7924
Townships (rates range)	Low	0.8052	0.8043	0.7992	0.7713	0.7797	0.7794	0.7794	0.7794	2.5558	3.2312
	High	12.5405	13.7958	13.8955	13.8934	13.7278	15.1516	14.7275	15.0575	15.0575	15.3516
Villages (rates range)	Low	14.1052	14.5543	14.4987	13.8141	14.7547	14.7438	15.0794	15.0794	16.5004	16.5004
	High	25.5613	25.3993	24.6899	19.4654	19.4508	19.4508	19.0936	19.0936	18.8436	18.8436
School districts (rates range)	Low	9.1500	9.1500	9.3000	9.3000	9.2000	8.9000	8.9000	8.9000	8.9000	9.7500
	High	36.5060	36.4488	35.2263	35.9310	35.4143	35.4143	35.4143	35.4143	35.4143	35.4143
Intermediate school district		2.0031	2.9865	2.9729	2.9615	2.9430	2.9430	2.9430	2.9430	2.9430	2.9430
Community college		1.6707	1.6925	1.5859	1.5002	1.4212	1.4212	1.4212	1.4212	1.4212	1.4212
SMART Regional Transportation		0.3235	0.6000	0.5973	0.5949	0.5912	0.5900	0.5900	0.5900	0.5900	0.5900
HCM Park Authority		0.2186	0.2170	0.2161	0.2154	0.2146	0.2146	0.2146	0.2146	0.2146	0.2146
ZOO Authority		-	-	-	-	-	-	-	0.1000	0.1000	0.1000

Source: Macomb County Equalization Department

UNAUDITED

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

Taxpayer	2010			2001		
	Taxable Value	Rank	Percentage of Total County Taxable Value	Taxable Value	Rank	Percentage of Total County Taxable Value
CHRYSLER CORPORATION	\$ 303,568,400	1	1.09%	\$ 386,725,876	1	1.83%
DETROIT EDISON	246,218,914	2	0.89%	297,784,223	3	1.41%
GENERAL MOTORS	216,720,941	3	0.78%	352,411,901	2	1.67%
FORD MOTOR COMPANY	202,608,270	4	0.73%	199,236,952	5	0.94%
CONSUMERS ENERGY	77,560,724	5	0.28%	115,794,532	6	0.55%
INTERNATIONAL TRANS.	71,304,490	6	0.26%	-	-	0.00%
MEIJER	54,184,621	7	0.20%	32,084,073	10	0.15%
MICHIGAN CONSOLIDATED GAS	36,869,580	8	0.13%	-	-	0.00%
WALMART	30,616,887	9	0.11%	-	-	0.00%
LAKESIDE MALL PROPERTIES	30,265,650	10	0.11%	35,022,600	8	0.17%
VISTEON	-		0.00%	199,641,920	4	0.95%
PINE TREE ACRES	-		0.00%	45,671,800	7	0.22%
TOWER AUTOMOTIVE	-		0.00%	32,421,800	9	0.15%
	<u>\$ 1,269,918,477</u>		<u>4.57%</u>	<u>\$ 1,696,795,677</u>		<u>8.04%</u>

Source: Macomb County Equalization Department

UNAUDITED

MACOMB COUNTY
Property Tax Levies and Collections
Last Ten Years

Year	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Subsequent Years Collections	Total Collections to Date	
		Amount	% of Levy		Amount	% of Levy
2001	90,682,439	87,735,241	96.75%	2,943,072	90,678,313	100.00%
2002	97,887,664	95,833,685	97.90%	2,050,898	97,884,583	100.00%
2003	104,447,066	103,230,735	98.84%	1,212,560	104,443,295	100.00%
2004	109,802,442	107,355,031	97.77%	2,429,790	109,784,821	99.98%
2005	115,602,340	114,604,662	99.14%	991,393	115,596,055	99.99%
2006	129,938,194	126,412,193	97.29%	3,476,990	129,889,183	99.96%
2007	136,819,673	123,526,358	90.28%	11,472,131	134,998,489	98.67%
2008	138,024,533	122,395,032	88.68%	8,611,855	131,006,887	94.92%
2009	141,108,452	130,591,323	92.55%	6,700,080	137,291,403	97.29%
2010	129,683,069	115,652,424	89.18%	5,452,483	121,104,907	93.39%

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
2001	\$ 28,375,000	\$ 6,829,444	\$ 21,545,556	0.08%	0.09%	\$ 26.93
2002	59,175,000	6,663,027	52,511,973	0.20%	0.22%	65.20
2003	56,385,000	6,620,170	49,764,830	0.18%	0.19%	60.63
2004	72,750,000	6,438,925	66,311,075	0.24%	0.25%	80.61
2005	88,770,000	6,290,152	82,479,848	0.29%	0.29%	99.44
2006	84,300,000	6,036,145	78,263,855	0.36%	0.26%	93.97
2007	80,245,000	5,582,598	74,662,402	0.34%	0.23%	89.84
2008	72,815,000	5,591,223	67,223,777	0.30%	0.21%	80.93
2009	68,230,000	5,343,430	62,886,570	0.28%	0.20%	75.46
2010	55,700,000	4,495,309	51,204,691	N/A	0.18%	60.89

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, 2010

	<u>Gross Amount Outstanding</u>	<u>Self-Supporting or Paid by Benefiting Entity</u>	<u>Gross, Less Self Supporting</u>	<u>Share of Overlapping Debt</u>	<u>% Overlapping</u>
Direct debt					
Macomb County Building Authority	\$ 52,410,000	\$ -	\$ 52,410,000	\$ 52,410,000	
Criminal Justice Building Authority	3,290,000	-	3,290,000	3,290,000	
Michigan Transportation bonds	7,365,000	-	7,365,000	7,365,000	
Public Works - water and sewer debt	221,860,326	221,860,326	-	-	
Net direct debt	<u>\$ 284,925,326</u>	<u>\$ 221,860,326</u>	63,065,000	63,065,000	
Overlapping debt					
School districts			2,460,661,368	2,183,342,241	88.7%
Cities			361,757,986	353,985,734	97.9%
Township			214,730,264	214,730,264	100.0%
Villages			17,912,950	17,912,950	100.0%
Intermediate school district			73,125,000	637,011	0.9%
Library			14,250,000	14,250,000	100.0%
Net overlapping debt			<u>3,142,437,568</u>	<u>2,784,858,200</u>	88.6%
Net direct and overlapping debt			<u>\$ 3,205,502,568</u>	<u>\$ 2,847,923,200</u>	88.8%

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

UNAUDITED

MACOMB COUNTY
Legal Debt Margin
Last Ten Years

Legal Debt Margin Calculation for 2010

2010 Taxable Value	<u>\$ 27,773,360,899</u>
Debt Limit (10% of Assessed Taxable Value)	2,777,336,090
Outstanding Long-term Debt	<u>284,925,326</u>
LEGAL DEBT MARGIN	<u>\$ 2,492,410,764</u>

<u>Years</u>	<u>Debt Limit</u>	<u>Total Net Debt Applicable to Limit</u>	<u>Legal Debt Margin</u>	<u>Total Net Debt Applicable to Limit as a Percentage of Debt Limit</u>
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	3,186,266,993	160,005,000	3,026,264,993	5.02%
2008	3,193,793,316	174,130,000	3,007,158,649	5.45%
2009	3,107,998,931	177,076,637	2,930,922,294	5.70%
2010	2,777,336,090	284,925,326	2,930,922,294	10.26%

Source: Macomb County Finance Department

UNAUDITED

MACOMB COUNTY
Demographic and Economic Statistics
Last Ten Years

Years	Population	Personal Income (thousands of dollars)	Per Capita Personal Income	Unemployment Rate
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	22,763,488	27,404	8.9%
2009	833,430	22,533,447	27,037	18.4%
2010	840,978	N/A	N/A	14.4%

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

UNAUDITED

MACOMB COUNTY
Principal Employers
Current Year and Nine Years Ago

Employer	2010			2001		
	Employees	Rank	% of Total County Employment	Employees	Rank	% of Total County Employment
Chrysler Corporation	7,237	1	1.67%	10,202	3	2.40%
U.S. Government	6,900	2	1.59%	4,063	4	0.96%
General Motors	5,349	3	1.23%	15,498	1	3.65%
St. John Health System	3,891	4	0.90%	3,007	5	0.71%
General Dynamics	2,700	5	0.62%	1,500	13	0.35%
Ford Motor Company	2,500	6	0.58%	11,517	2	2.71%
Henry Ford Health System	2,433	7	0.56%	1,891	9	0.45%
Mt. Clemens Med. Center	1,244	8	0.29%	1,777	10	0.42%
Campbell-Ewald	1,000	9	0.23%	-	-	-
GenTra Inc.	1,000	10	0.23%	-	-	-
Asset Acceptance Capital	802	11	0.19%	-	-	-
E I Du Pont Nemours	800	12	0.18%	-	-	-
AZ Automotive Corp.	729	13	0.17%	-	-	-
Art Van Furniture	725	14	0.17%	-	-	-
JCI/Bridgewater Interiors, LLC	620	15	0.14%	-	-	-
US Manufacturing Corporation	600	16	0.14%	-	-	-
Utica Enterprises	475	17	0.11%	-	-	-
Continental Plastics	400	18	0.09%	-	-	-
Fisher & Co.	400	19	0.09%	-	-	-
MNP Corporation	400	20	0.09%	-	-	-
Macomb County	-	-	-	2,357	6	0.56%
U.S. Postal Service	-	-	-	2,084	7	0.49%
Kmart Co	-	-	-	1,900	8	0.45%
Mercy Health Services Inc.	-	-	-	1,717	11	0.40%
Aetna Industries Inc.	-	-	-	1,538	12	0.36%
Ameritech Michigan	-	-	-	1,500	13	0.35%
Lamb Technicon	-	-	-	1,313	15	0.31%
State of Michigan	-	-	-	1,219	16	0.29%
TRW Inc.	-	-	-	1,080	17	0.25%
Farmer Jack	-	-	-	837	18	0.20%
TI Group Automotive Systems	-	-	-	800	19	0.19%
EDS	-	-	-	800	19	0.19%
	<u>40,205</u>		<u>9.28%</u>	<u>66,600</u>		<u>15.67%</u>

Source: Macomb County Finance Department
Crain's Detroit Business

UNAUDITED

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

Function/Program	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Legislative										
Board of Commissioners	25	25	26	26	26	26	26	26	26	26
Judicial										
Circuit Court	57	57	62	65	65	65	67	67	67	66
Family Counseling Services	-	-	-	-	-	-	-	1	1	1
District Court Div. 1	13	13	13	13	13	13	13	13	13	13
District Court Div. 2	18	18	18	18	18	18	18	18	18	18
Friend of the Court	119	121	122	124	125	125	126	125	121	121
Probate Court - Estates	27	27	31	31	31	31	31	31	31	30
Probate Court - Juvenile	72	70	69	68	68	64	62	62	59	56
Probate Court - Mental Division	8	10	10	10	12	12	12	11	10	8
Probation	13	14	16	16	18	19	19	19	16	14
General Government										
County Administration	7	7	7	9	9	9	9	9	7	7
Corporation Counsel	7	7	8	9	9	9	9	9	8	8
Budget	2	2	2	2	2	2	2	2		
Finance	25	25	25	25	25	25	25	25	26	20
Purchasing	22	22	22	24	24	23	23	23	21	18
Reimbursement	14	14	15	15	15	15	15	15	13	13
Information & Tech Systems	46	45	48	48	49	48	49	49	42	35
Equalization	16	16	16	16	15	14	14	13	11	11
Human Resources	22	22	23	29	29	28	28	28	25	22
Clerk/Register	81	86	92	96	98	98	99	99	89	82
Treasurer	34	34	34	34	34	34	34	34	32	31
Public Works	48	51	51	55	57	58	58	60	59	55
M.S.U. County Extension	66	75	76	76	77	76	76	76	51	50
Planning & Econ Dev	36	33	33	35	35	37	37	36	33	33
Risk Management	4	4	4	4	4	4	4	4	4	4
Facilities & Operations	113	113	115	123	124	124	127	126	114	104
Prosecuting Attorney	113	114	117	120	123	140	141	141	117	107
Public Safety										
Sheriff	444	470	478	475	501	503	503	503	498	487
Technical Services	10	10	10	10	10	10	10	10	9	8
Emergency Services	3	3	3	4	4	4	4	7	6	6
Community Corrections	-	-	-	9	10	11	11	11	11	11
Health										
Environmental Health	45	48	48	48	48	50	50	50		
Public Health	235	229	227	226	229	226	223	223	251	241
Community Mental Health	326	326	328	330	330	330	333	333	334	334
Substance Abuse	10	10	10	10	10	10	10	10	10	10
Social Services										
Child Care - Youth Home	112	112	112	122	122	140	141	141	146	138
Medical Care Facility	232	235	237	236	240	244	244	243	231	231
Veterans Services	5	4	7	6	6	6	6	6	10	10
Senior Citizen Services	36	36	37	39	39	38	38	38	32	32
Community Services Agency	299	284	301	308	267	260	257	243	253	283
Macomb/St. Clair Employment	44	44	45	42	42	43	41	41	68	68
Culture & Recreation										
Parks & recreation	8	8	8	8	8	9	9	9	0	0
Library	69	67	67	67	67	65	65	57	16	11
Total	2,886	2,911	2,973	3,031	3,038	3,066	3,069	3,047	2,889	2,823

Source: Macomb County Budget

UNAUDITED

MACOMB COUNTY, MICHIGAN
Operating Indicators By Function/Program
December 31, 2010

Function/Program	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Judicial:										
Circuit Court										
Caseload	16,972	17,561	17,080	17,225	23,076	23,992	23,988	24,030	23,001	22,793
District Court - Romeo										
Caseload	11,943	13,830	13,630	13,143	14,059	11,362	8,637	9,950	9,502	9,819
District Court - New Baltimore										
Caseload	18,054	17,792	15,346	22,935	25,000	18,965	15,141	15,000	15,607	15,175
Prosecuting Attorney										
Felony warrants issued	6,950	6,523	7,815	8,133	8,758	8,432	8,623	8,990	N/A	N/A
Misdemeanors issued	10,363	11,133	11,038	9,741	9,376	9,902	9,929	10,122	N/A	N/A
General Government:										
County Clerk										
Birth records	5,115	4,772	4,514	4,713	4,445	4,273	3,866	3,539	2,837	2,129
Death records	5,683	5,832	5,558	5,942	6,113	6,084	5,465	4,943	4,881	4,791
Marriage licenses	5,826	5,545	4,934	5,603	5,445	5,221	5,111	4,947	4,625	4,864
Public Works										
Inspections	23,471	20,893	19,844	20,599	16,320	11,577	12,092	14,197	8,021	6,451
Public Safety:										
Sheriff										
Complaints handled	103,661	99,645	88,267	83,078	105,996	109,328	105,323	103,115	100,603	98,189
Inmate bookings	24,548	26,084	21,674	22,563	23,259	22,574	22,059	21,706	20,166	19,814
Arrests made	8,022	8,234	8,147	8,305	10,571	10,420	9,370	8,679	8,139	7,249
Crashes investigated	3,698	4,430	3,262	3,486	4,913	4,150	4,874	4,898	2,971	4,042
Health and Welfare:										
Health Department										
Vaccines administered	71,848	74,467	62,907	53,746	82,245	59,658	79,136	75,036	114,953	100,036
Animals received at animal shelter	12,691	12,908	12,261	12,935	11,700	14,300	12,856	13,571	12,900	7,146
Food service inspections	N/A	3,904	4,048	4,307	4,168	4,419	4,460	4,423	4,420	4,368
Autopsies performed	217	237	229	283	361	359	365	509	582	533

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

Function	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Judicial										
Number of court buildings	5	5	5	5	5	5	5	5	5	5
General Government										
Number of buildings	4	4	4	4	5	6	6	6	6	6
Vehicles	206	206	207	209	207	203	188	189	186	187
Public Safety										
Number of jails	1	1	1	1	1	1	1	1	1	1
Stations and substations	5	5	5	5	6	6	6	6	6	6
Marine patrol substations	2	2	2	2	2	2	2	2	2	2
Vehicles	70	70	71	71	74	78	92	91	94	94
Public Works										
Lane miles of roads	2,942	2,942	2,942	2,942	2,942	2,942	2,942	2,942	2,942	2,942
Number of buildings	1	1	1	1	1	2	1	2	2	2
Health and Welfare										
Number of buildings	10	10	10	10	10	10	10	10	10	10
Vehicles	25	25	23	21	20	20	21	21	21	20
Recreation and Culture										
County parks	1	1	1	1	1	1	1	1	1	1

MACOMB COUNTY

Schedule of Insurance
As of December 31, 2010

Type of Coverage / Name of Company	Policy Period	Premium	Description
Public Entity Liability Travelers Indemnity Co	7-1-10 to 7-1-11	\$448,664	Includes Auto Liability, General Liability, Law Enforcement Liability, Public Officials Liability including Employment Practices Liability. Limit \$20,000,000 for Personal Injury Liability, Products/Completed Operations Hazard and Public Officials' Errors & Omissions Combined. \$20,000,000 Each Occurrence or Wrongful Act, or Combination of Occurrence And Wrongful Act. - \$500,000 Self-insured Retention
Excess Workers' Compensation Insurance Accident Fund / CompOne	7-1-10 to 5/1/11	\$25,520 (Ins. Premium) \$40,279 (Admin Fee)	Statutory Liability \$1,000,000. Self-Insured Retention per claim \$400,000
Property Travelers Indemnity Co	7-1-10 to 7-1-11	\$106,894	Covers buildings & contents. Limit - up to \$262,029,330 - Deductible \$100,000
Boiler & Machinery Travelers Indemnity Co	7-1-10 to 7-1-11	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 - \$262,029,330 Limit
Electronic Data Processing Travelers Indemnity Co	7-1-10 to 7-1-11	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.	8-1-10 to 8-1-11	\$14,464	County Employees Retirement System - \$5,000,000 Aggregate, \$25,000 Deductible
Crime National Union Fire Ins	8-1-10 to 8-1-11	\$6,959	Theft - disappearance and destruction in/out premises. LIMITS: \$1,500,000 Crime; \$200,000 Forgery; \$200,000 Counterfeit Currency; \$200,000 Theft & Destruction - \$25,000 Deductible
Life Insurance The Hartford	1-1-10 to 12-31-11	\$368,743 (2010) \$17,655 (2010) MTB	Death benefit equals one year salary
Dental Insurance Delta Dental	1-1-10 to 12-31-12	\$1,506,330 (2010) Active \$745,925 (2010) Retirees \$74,507 MTB (2010) Active \$57,038 (2010) MTB	\$1,000 Annual Maximum per Individual/ Calendar Year

MACOMB COUNTY
Schedule of Insurance
As of December 31, 2010

Type of Coverage / Name of Company	Policy Period	Premium	Description
Dental Insurance Cigna Dental	1-1-10 to 12-31-12	\$63,334 (2010) Active \$12,354 (2010) MTB Active	Unlimited Annual Benefit
Dental Insurance Golden Dental	7-1-10 to 12-31-12	\$47,807 (2010) Active \$16,463 (2010) MTB Active	\$1250 Annual Maximum per Individual / Calendar year - 100% Diagnostic & Preventive; 90% Restorative; 75% Prosthetics & Special Care; 30% Orthodontics
Long Term Disability Insurance The Hartford	1-1-10 to 12-31-11	\$185,754 (2010) Admin \$12,853 (2010) MTB Admin plus \$51,408 (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	1-1-10 to 12-31-10	\$2,887,621 Active \$889,544 Retirees \$304,446 MTB Active \$96,372 MTB Retirees	HMO offers primary care physicians, network hospitals, affiliated pharmacies and labs and other providers within the particular HMO network
Health/Hospital Insurance HAP	1-1-10 to 12-31-10	\$6,423,074 Active \$183,066 Retirees \$719,043 MTB Active \$18,946 MTB Retirees	HMO offers primary care physicians, network hospitals, affiliated pharmacies and labs and other providers within the particular HMO network - Includes Vision
Health/Hospital Insurance BCBS of Michigan	1-1-10 to 12-31-10	\$11,804,348 Active \$6,186,537 Retirees \$714,969 MTB Active \$290,821 MTB Retirees	Self insured medical plan - \$1,000,000 Lifetime Maximum Includes Vision
Vision Care SVS Vision	1-1-10 to 12-31-12	\$9,509 (2010) Active \$33,478 (2010) Retirees \$1,097 MTB (2010) Active \$3,389 (2010) MTB Retirees	Vision care pays for certain tests & supplies when obtained by participating provider
Hearing Care Health Care Network	1-1-10 to 12-31-10	\$31,335 Retirees \$3,355 MTB Retirees	Retiree Hearing care
Short Term Disability Colonial Life	1-1-10 to 12-31-10	\$127,589	Employee Deduction

MACOMB COUNTY

Schedule of Insurance
As of December 31, 2010

Type of Coverage / Name of Company	Policy Period	Premium	Description
Short Term Disability Unum	1-1-10 to 12-31-10	\$40,953	Non-Union & BOC - Voluntary
Medicare Eligible Retiree Medical & Prescription AmWins Group	1-1-10 to 12-31-10	\$4,860,780 Retirees \$557,673 MTB Retirees	Medicare Eligible Retiree's Healthcare
Self Funded Claims United American	1-1-10 to 12-31-10	\$763,683 Retirees \$28,062 MTB Retirees	Medicare Eligible Retiree's Healthcare
Stop Loss Insurance AmWins Group	1-1-10 to 12-31-10	\$91,048 Retirees \$7,544 MTB Retirees	Spouse / Dependent of Medicare Eligible Retiree Stop / Loss

Source: Risk Management & Safety