



COUNTY
of
MACOMB
MICHIGAN

*Comprehensive Annual Financial Report
For the Year Ended December 31, 2012*

MACOMB COUNTY, MICHIGAN

**Comprehensive Annual Financial Report
For the Year Ended December 31, 2012**

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

MACOMB COUNTY, MICHIGAN

Table of Contents

December 31, 2012

INTRODUCTORY SECTION

Letter of transmittal.....	1
Certificate of Achievement for Excellence in Financial Reporting.....	12
Organizational chart.....	13
List of principal officials.....	14

FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT	A-1
MANAGEMENT'S DISCUSSION AND ANALYSIS	A-3

BASIC FINANCIAL STATEMENTS

Government-Wide Financial Statements

Statement of Net Position.....	B-1
Statement of Activities.....	B-2

Fund Financial Statements

Governmental Funds

Balance Sheet.....	B-4
Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Position - Governmental Activities.....	B-5
Statement of Revenues, Expenditures and Changes in Fund Balances.....	B-6
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Government-Wide Statement of Activities Governmental Activities.....	B-7

Proprietary Funds

Statement of Net Position.....	B-8
Statement of Revenues, Expenses and Changes in Fund Net Position.....	B-10
Statement of Cash Flows.....	B-12

Fiduciary Funds

Statement of Fiduciary Net Position.....	B-14
Statement of Changes in Fiduciary Net Position.....	B-15

Component Units

Combining Statement of Net Position - Component Units.....	B-16
Combining Statement of Activities - Component Units.....	B-17

Notes to Basic Financial Statements	B-19
--	-------------

MACOMB COUNTY, MICHIGAN

Table of Contents

December 31, 2012

FINANCIAL SECTION

Required Supplementary Information (other than MD&A)

Budgetary Comparison Schedule - General Fund.....	C-1
Budgetary Comparison Schedule - Department of Roads Fund.....	C-4
Schedule of Funding Progress - Employees Retirement System.....	C-5
Schedule of Employer Contributions - Employee Retirement System.....	C-5
Schedule of Funding Progress - Retiree Health Care Plan	C-6
Schedule of Employer Contributions - Retiree Health Care Plan	C-6
Schedule of Funding Progress - Road Commission Retiree Health Care Plan	C-7
Schedule of Employer Contributions - Road Commission Retiree Health Care Plan.....	C-7
Notes to the Required Supplementary Information	C-8

Combining and Individual Fund Statements and Schedules

Nonmajor Governmental Funds

Combining Balance Sheet.....	D-1
Combining Statement of Revenues, Expenditures and Changes in Fund Balances.....	D-2
Combining Balance Sheet - Nonmajor Special Revenue Funds.....	D-3
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Special Revenue Funds.....	D-12
Budgetary Comparison Schedule - Adult Drug Court.....	D-21
Budgetary Comparison Schedule - Child Care Fund.....	D-22
Budgetary Comparison Schedule - Community Corrections.....	D-23
Budgetary Comparison Schedule - Community Services Agency (Year Ended December 31, 2012).....	D-24
Budgetary Comparison Schedule - Community Services Agency (Year Ended September 30, 2012).....	D-25
Budgetary Comparison Schedule - Emergency Management Grants.....	D-26
Budgetary Comparison Schedule - Friend of the Court.....	D-27
Budgetary Comparison Schedule - Health Grants (Year Ended December 31, 2012).....	D-28
Budgetary Comparison Schedule - Health Grants (Year Ended September 30, 2012).....	D-29
Budgetary Comparison Schedule - Law Library.....	D-30
Budgetary Comparison Schedule - Macomb/St. Clair Employment and Training.....	D-31
Budgetary Comparison Schedule - MSU Extension.....	D-32
Budgetary Comparison Schedule - Prosecuting Attorney Grants (Year Ended December 31, 2012).....	D-33
Budgetary Comparison Schedule - Prosecuting Attorney Grants (Year Ended September 30, 2012).....	D-34

MACOMB COUNTY, MICHIGAN

Table of Contents

December 31, 2012

Budgetary Comparison Schedule - Register of Deeds Remonumentation Fund.....	D-35
Budgetary Comparison Schedule - Register of Deeds Technology Fund.....	D-36
Budgetary Comparison Schedule - Revenue Sharing Reserve.....	D-37
Budgetary Comparison Schedule - Sheriff Grants (Year Ended December 31, 2012).....	D-38
Budgetary Comparison Schedule - Sheriff Grants (Year Ended September 30, 2012).....	D-39
Budgetary Comparison Schedule - Social Welfare.....	D-40
Budgetary Comparison Schedule - Urban County Block Grant.....	D-41
Budgetary Comparison Schedule - Veterans' Affairs.....	D-42
Combining Balance Sheet - Nonmajor Capital Projects Funds.....	D-43
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Capital Projects Funds.....	D-47
Internal Service Funds	
Combining Statement of Net Position.....	D-51
Combining Statement of Revenues, Expenses and Changes in Net Position.....	D-52
Combining Statement of Cash Flows.....	D-53
Fiduciary Funds	
Combining Statement of Fiduciary Net Position - Pension and Other Employee Benefit Trust Funds.....	D-54
Combining Statement of Changes in Fiduciary Net Position - Pension and Other Employee Benefit Trust Funds.....	D-55
Combining Statement of Fiduciary Net Position - Agency Funds.....	D-56
Combined Statement of Changes in Fiduciary Net Position - Agency Funds.....	D-57
Statement of Changes in Assets and Liabilities - Trust & Agency Fund.....	D-58
Statement of Changes in Assets and Liabilities - Payroll & Benefits Agency Funds.....	D-59
Statement of Changes in Assets and Liabilities - Miscellaneous Agency Funds.....	D-60
Drainage Districts Component Unit	
Combining Balance Sheet - Governmental Funds - Drainage Districts Component Unit.....	D-61
Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Position - Governmental Activities - Drainage Districts Component Unit.....	D-62
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Drainage Districts Component Unit.....	D-63
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Government-Wide Statement of Activities Governmental Activities - Drainage Districts Component Unit.....	D-64

MACOMB COUNTY, MICHIGAN
Table of Contents
December 31, 2012

STATISTICAL SECTION

Net Position by Component - Last Ten Years.....	E-1
Changes in Net Position - Last Ten Years.....	E-2
Fund Balances - Governmental Funds - Last Ten Years	E-4
Changes in Fund Balances - Governmental Funds - Last Ten Years.....	E-5
Changes in Fund Balances - General Funds - Last Ten Years.....	E-6
Assessed and Actual Value of Taxable Property - Last Ten Years.....	E-7
Direct and Overlapping Property Tax Rates - Last Ten Years.....	E-8
Principal Property Tax Payers - Current Year and Nine Years Ago.....	E-9
Property Tax Levies and Collections - Last Ten Years.....	E-10
Ratio of General Bonded Debt Outstanding - Last Ten Years.....	E-11
Computation of Net Direct and Overlapping Debt	E-12
Legal Debt Margin - Last Ten Years.....	E-13
Demographic and Economic Statistics - Last Ten Years.....	E-14
Principal Employers - Current Year and Nine Years Ago.....	E-15
Full-Time Equivalent County Government Employees by Function/Program - Last Ten Years.....	E-16
Operating Indicators By Function/Program.....	E-17
Capital Asset Statistics by Function.....	E-18
Schedule of Insurance.....	E-19



Macomb County Executive

Mark A. Hackel

Mark F. Deldin
Deputy County Executive

August 16, 2013

To the Citizens of Macomb County,

The Comprehensive Annual Financial Report (CAFR) of Macomb County, Michigan for the fiscal year ended December 31, 2012 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 Plante Moran, 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, 2012 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, 2012 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 2012 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 2012 Comprehensive Annual Financial Report will notice two statements entitled Statement of Net Assets and Statement of Activities. These statements will provide readers with the financial position of Macomb County viewed as a single entity. The GASB statements also require that management provide a narrative

introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. Macomb County's MD&A can be found immediately following the report of the independent auditors.

PROFILE OF MACOMB COUNTY

Macomb County is located in Southeast Michigan. Positioned north of Wayne County and the City of Detroit, east of Oakland County, south of Lapeer County, southwest of St. Clair County and directly west of Lake St. Clair, Macomb County is home to a vast spectrum of people and places. Comprised of 27 local units of government, Macomb County is characterized by dynamic urban clusters, expansive networks of industry and commerce, pristine natural features and fruitful agricultural lands. From its densely populated southern cities to its charming rural villages, Macomb County possesses a wealth of assets that makes it a desirable place to live, work and play.

Population statistics from the United States Census Bureau continue to illustrate Macomb County's prominence in the State of Michigan and the metropolitan Detroit region. The 2010 Census concluded that Macomb County's population reached 840,978 residents, which was a 6.7 percent increase from the 2000 Census. This population increase was the highest among southeast Michigan counties, and reaffirmed the growth and stability of Macomb County.

As Michigan's third largest county, Macomb County has been able to weather the unstable population trends witnessed across the State of Michigan. From 2000 to 2010 Macomb County added more than 52,000 residents while the state and 40 other Michigan counties saw population decreases. In the midst of population loss at a grand scale across Michigan, Macomb County illustrated its ability to thrive.

In 2012, the United States Census Bureau estimates placed Macomb County's population at 847,383. This was an increase of 6,405 residents over two years, which represents the third highest increase of residents by any Michigan county. Macomb County is home to three of the ten most populated communities in Michigan: Warren (#3), Sterling Heights (#4), and Clinton Township (#8). Since 2010, Clinton Township moved up from tenth to eighth.

Macomb County is also home to some of the state's fastest growing communities. Since 2010, Macomb Township ranked second in the state for population growth adding 2,136 residents while Shelby Township ranked ninth with an increase of 1,120 individuals. The data also highlight that Macomb County has a larger population than five states (Wyoming, Vermont, North Dakota, Alaska and South Dakota) and the District of Columbia. Macomb's gains in population have also had positive impacts on the county's housing stock.

Macomb County possesses a full range of housing options. The size and scale of residential development in Macomb County encompasses modern urbanized areas, rural settings, historic cities and villages and scenic waterfront living. In 2011, Macomb County had 356,363 housing units, with a median home value of \$148,600. Currently more than 92 percent of the County's total housing units (330,452) are occupied. The vast majority of Macomb's occupied housing units are owner occupied (77 percent), ranking it among the highest in the nation.

Nestled among tracts of residential developments located across Macomb County are incredible parks and recreational amenities. There is more than 17,000 acres of land in Macomb County devoted to parks and recreation. Macomb County's recreational experiences include regional parks, picnic areas, hike and bike trails, world renowned fishing sites, beaches and boating facilities.

Approximately 32 miles of coastline along Lake St. Clair provide access to fun and sports on the waters of the Great Lakes. Lake St. Clair accounts for a third of the entire great lakes sport fishing catch each year,

and its contributing waters account for nearly half the entire Great Lakes sport fishing effort that is valued at approximately \$2 Billion annually to the local economy. With more than 50,000 registered boats, Macomb County is served by more than 60 public and private marinas offering countless amenities for both resident and transient boaters. In 2013, Lake St. Clair was named the #1 bass fishing lake in the United States by *Bassmaster Magazine*. Macomb County's Lake St. Clair is the gathering place of the Great Lakes.

Macomb County's governmental structure is defined by the Home Rule Charter of Macomb County Michigan and the general laws of the State of Michigan. A Home Rule Charter was approved by voters in 2009 and became effective January 1, 2011, thus altering the structure of Macomb County government. The charter established the position of County Executive to be elected by the voters and serve as head of the executive branch of government. The Executive's 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 two-year terms 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 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 and the Macomb County Criminal Justice Building Authority. 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 2012 was approximately \$24.3 billion, a decrease from the prior year of \$1.5 billion, or 6.0 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.

Situated in the Great Lakes Region, Macomb County is a thriving community with many geographic advantages. Macomb County is within 500-miles of half the population of the United States 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 multi-modal transportation network anchored by an inter-connected highway network, active rail corridors and aviation hubs. 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. These geographic advantages are the foundation for the economic transformation that is happening in Macomb County.

The County is also anchored by a robust infrastructure and a surging workforce. These two community characteristics establish Macomb County as a location of choice for businesses engaged in engineering, research and development, and advanced manufacturing. With approximately 34,000 acres of industrial and institutional land, Macomb County has the capacity to service existing and new business.

It is significant to note that the County has sufficient infrastructure and utility service. From comprehensive sewer and water systems to advanced telecommunication Macomb County possess the needed infrastructure to service its economic base. 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 (I-94) runs along the eastern border of the county leading to the Blue Water Bridge in one direction and to Chicago in the other.
- Interstate 696 (I-696) crosses the southern portion of the county providing a vital link between I-94 and I-75.
- A network of State of Michigan Highways, including M-53, M-59, M-97, M-3, M-19, M-102 and M-29, help provide important regional transportation linkages.

Macomb County is also served by nearly 70 miles of main-line rail corridor. 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, advanced manufacturing entities, 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.

Utility services are provided by DTE Energy (electric), Consumers Energy (gas), and the Southeast Michigan Gas Company (gas). All three have the capacity to supply large industrial customers. ITC Transmission provides electrical transmission service to the entire region. Telecommunications services are available from a host of providers, including AT&T, Comcast, WOW, Charter and Verizon. Municipal water and sanitary sewer service is largely provided through the Detroit Water and Sewage Department.

Macomb's labor force is one of the County's most valued resources. From those with advanced degrees, high-tech training, or the skilled trades, Macomb's labor force of over 401,000 is proficient 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 25 percent in 2012. Macomb County's service sector, which includes all employment outside of agriculture, mining, construction and manufacturing, now includes approximately 71 percent of the county's labor force. 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.

With sound infrastructure and a skilled workforce in place Macomb County has seen substantial industrial and commercial development over the past forty years. A mile-wide industrial corridor, 12-miles in length, comprises large industrial establishments including:

- Chrysler Group LLC
 - Warren Truck Assembly Plant
 - Sterling Heights Stamping Plant
 - Sterling Heights Assembly Plant
- Ford Motor Company
 - Van Dyke Plant
 - Sterling Plant
- General Motors
 - Technical Center
 - Powertrain Plant
- Detroit News and Detroit Free Press Sterling Heights Printing Plant;
- The U.S. Army's Tank-automotive and Armaments Command Life Cycle Management Command (TACOM LCMC)
- The U.S. Tank Automotive Research, Development and Engineering Center (TARDEC)
- General Dynamics Land Systems Headquarters

On the commercial side there are more than 12,000 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 1,500 people. The multi-level, climate-controlled mall of 1.4 million square feet is located on 545 acres with 51 acres of lakes. 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 Carson's 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.

Higher education is a priority in Macomb County. This is directly reflected in the broad range of degree and technical certificate programs that are offered at many institutions across the county. Macomb Community College (MCC), with two campuses in Warren and Clinton Township, is the county's leading post-secondary educational institution. The College serves nearly 50,000 students annually, and offers 200 options for

securing degrees and certificates. MCC is accredited by 17 state, national and occupational training associations, including the Higher Learning Commission. It is widely recognized for one of the first to create a "University Center."

This program is a unique arrangement that joins MCC with four-year colleges and universities to provide area residents increased access to nearly 60 bachelor and master degree programs. The program is an alternative to a residential college or attending a distant university-extension center. Participating schools include:

- Central Michigan University
- Ferris State University
- Madonna University
- Northern Michigan University
- Northwood University
- Oakland University
- Rochester College
- University of Detroit-Mercy
- Walsh College
- Wayne State University

The University Center is also home to the Michigan State University College of Osteopathic Medicine. Opened in 2010, it welcomes 50 new students annually.

MCC also offers continuing education courses, career counseling, cultural activities and community services. The 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. Located adjacent to the Macomb Center is the Lorenzo Cultural Center. This venue offers an unparalleled opportunity for exploring the influences and experiences related to science, history, literature, visual and performing arts and culture.

MCC has also been an instrumental partner in grant procurement, workforce development and technological innovation. Over the past three years Macomb Community College has managed multiple grants addressing employers' needs for skilled workers in the defense, aerospace, advanced automotive, manufacturing and health care industries. In its two largest grants, those targeting displaced and dislocated workers, as well as veterans, the college has reached its goals: A total of 1,403 individuals were placed into full-time employment at no cost to either the individual or the employer. These program graduates have been hired by 755 companies in Southeast Michigan.

Currently, the college is working in conjunction with the State Energy Sector Partnership Grant (SESP), offering a Certificate in Advanced Energy Storage (AES), which is designed to improve employment opportunities for electronic equipment installers, repairers and engineering technicians, who can earn annual wages of \$28,000 to \$56,500. MCC also received a grant from the National Science Foundation to establish the Center for Advanced Automotive Technology. This grant has provided the resources and partnerships for the college to create the region's premier storehouse of advanced automotive technology, catalog the intellectual capital that exists surrounding that technology, and provide small seed grants to encourage ongoing development of training in the region to support this emerging industry. The college has also partnered with the U.S. Department of Health and Human services to develop a program for health care and information technology professionals to modernize the country's medical record systems.

Beyond MCC, other higher educational institutions have established satellite campuses in Macomb County:

- Baker College, located in Clinton Township, sits on 42 centrally located acres easily accessed from I-94 and I-696. Approximately 5,000 students are enrolled in a variety of academic specializations, including elementary and secondary teacher preparation, nursing, radiology, surgical, veterinary and computer technology programs. The Baker Center for Graduate Studies is additionally accredited by the International Assembly of Collegiate Business Education.
- Oakland University recently opened a satellite campus in the heart of Macomb County. The Oakland University Anton/Frankel Center is a versatile classroom and community meeting space which provides undergraduate and graduate courses.
- Wayne State University recently invested in the Advanced Technology Education Center (ATEC) in Macomb County. The proposed ATEC facility, located in Warren, is adjacent to Macomb Community College and will offer students in Macomb County the opportunity to attain four-year degrees in marketable academic programs while providing collaborative opportunities with the business community in the area.
- Macomb County has also witnessed an expansion of satellite campuses by a number of other higher education institutions including Central Michigan University, Davenport University, and Saginaw Valley State University.

Macomb County also has a wealth of K-12 institutions and assets. The Macomb Intermediate School District (MISD) serves more than 137,000 K-12 students enrolled in 21 public school districts and 15 charter academies in Macomb County. The MISD provides curricular and programmatic support to the staff, students and parents of 200 elementary schools, 50 middle schools and 31 high schools countywide. Approximately 19,000 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 K-12 school system also provides a variety of vocational and technical training programs, arts and culture programs, and advanced International Academies. Leveraging high schools and vocational skill centers Macomb County is home to:

- Chippewa Valley Schools – International Academy of Macomb (offering the coveted International Baccalaureate® diploma)
- Utica Community Schools – Utica Academy of International Studies (offering the coveted International Baccalaureate® diploma)
- Armada Schools – Macomb Academy of Arts and Sciences
- Romeo Community Schools – Romeo Engineering and Technology Center
- Warren Consolidated Schools – Macomb Mathematics Science Technology Center and The School of Performing Arts
- Arts Academy in the Woods

These academies and specialty training schools are 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 three general hospitals with a capacity of approximately 1,100 beds to serve the area. Henry Ford Health System operates the Henry Ford Macomb Hospital in Clinton Township. Specialty services include a Heart & Vascular Institute, offering highly specialized robotic cardiac surgery, the Josephine Ford Cancer Institute, women's and children's services, orthopedics and

neurosciences. The hospital also has a 42-bed inpatient rehabilitation program, an ambulatory and minimally invasive surgery center and leading diagnostic imaging.

McLaren Macomb Hospital in Mount Clemens 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, Macomb Center in Warren. These include Behavioral Medicine Services, Cancer Care, Cardiology Services, Emergency Center, Physical Medicine and Rehabilitation Services, Surgical Services, 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.

MAJOR INITIATIVES

Defense-related business is one of the bright spots in the region's economy, especially for Macomb County firms that are securing billions of dollars in defense contracts. The county is home to the Selfridge Air National Guard Base. With National Guard and/or Reserve personnel from every branch of the U.S. Armed Forces, Selfridge ANGB provides a broad range of services and capabilities to Michigan and to the United States. The 127th Wing of the Michigan Air National Guard is the host unit at the base. The base is located on the shores of Lake St. Clair in Harrison Township. Nearly 3,000 full-time civilian and military personnel work at the base, in addition to approximately 3,000 members of the Air and Army National Guard and Reserve components of the U.S. Armed Forces.

Macomb County is also home to the U.S. Army's Tank-automotive and Armaments Command Life Cycle Management Command (TACOM LCMC), serving as the U.S. Army's contracting arm, and Tank Automotive Research, Development and Engineering Center (TARDEC), which is the U.S. Army's single-largest facility engaged in R&D, engineering and delivery of armored vehicles, weapons systems and other equipment. For more than 70 years, the TACOM Life Cycle Management Command has supported our nation's army, the industrial base and Michigan's economy with technical, contracting, logistics and project manager support. It is a strategic-level command headquarters dedicated to providing the best integrated vehicle, uniform and weapons systems designed for protection of our nation's greatest asset: our soldiers.

The command, headquartered on the Detroit Arsenal, in Warren, has grown over the years comprising several distinct parts and functions; the US Army Garrison supports the infrastructure of the Detroit Arsenal; the engineering and design group is the Tank Automotive Research, Development and Engineering Center, or TARDEC; contracting is conducted by the Army Contracting Command-Warren; logistics support is managed by the Integrated Logistic Support Center, and the Program Executive Offices – Ground Combat Systems and Combat Support and Combat Service Support with their Program Managers develop and field the army's fleet of combat and service vehicles.

Today, the TACOM LCMC is one of the army's largest weapon systems research, development, and sustainment organizations, providing our soldiers of all services and our allies with cutting-edge ground combat, automotive, marine and armaments technologies. TACOM LCMC employs over 22,000 people globally with 8,000 working in Macomb County who are committed to excellence.

In recognition of Macomb County's prominence as the state's center for defense industry activity, the Michigan Economic Development Corporation moved its Michigan Defense Center (MDC) from Lansing to the heart of Macomb County's defense corridor. The MDC is staffed by a team of specialists experienced in the contracting practices of the U.S. Department of Defense. Center staff will also work with major prime

contractors, such as General Dynamics and BAE Systems, to bring opportunities to potential suppliers across the state, as well as help to build a defense supply-chain cluster in Macomb County.

As part of the state's strategy to leverage Macomb County's strength in defense-related activities, the Michigan Economic Development Corporation (MEDC) recently awarded the county a special grant. The MEDC/Macomb County Defense Grant positions the county to provide leadership in promoting Michigan as a choice location for businesses in, and serving, the defense industry. This effort features the launch of a marketing and branding campaign that incorporates the creation of a central website, a video, a radio script and a business attraction brochure, all of which highlight our assets in the defense sector. It also includes exhibiting at the annual Association of United States Army (AUSA) Conference in Washington D.C. as well as facilitation of an external-market research study to identify companies located outside of Michigan to be targeted for attraction to our state. Two additional projects with state-wide impact are an effort to organize an industry collaborative around robotic and automated systems in support of that emerging market, and the coordination of two workshops that will educate employers on the benefits of hiring veterans. The overall goal of this grant is to market the state as a major thoroughfare for defense-related activities and to contribute to the growth of this important industry-sector in Michigan.

These operations and partnerships have spurred the establishment of defense businesses across Macomb County. Anchored by several military prime-contractors, as well as hundreds of their suppliers, Macomb County is seeing a wealth of defense related work and investment. In Macomb County alone, nearly 600 companies have been engaged in some variety of defense-related work and have secured \$30 billion in defense contracts from 2000 to 2012. In 2012 alone Michigan defense contractors were awarded \$4.67 billion in defense related work, nearly 50 percent of those contracts, \$2.31 billion, were awarded to Macomb County companies.

General Dynamics Land Systems (GDLS), based in Sterling Heights, is one of the county's leading defense contractors. GDLS is a wholly owned subsidiary of the Virginia-based General Dynamics. In 2012, GDLS won an eight-year, \$395 million contract from the U.S. Army to research, develop and test an Engineering Change Proposal 1 (ECP1) for the Abrams battle tank. This work will be completed locally and is expected to last through 2020. Army officials plan to operate the Abrams tank through 2050. GDLS was also awarded a \$39 million fixed-price contract to convert M1A2 vehicles to M1A2s configuration. GDLS will also share a \$43.6 million contract to design prototypes for a proposed military bridge system. This research and development activity has the potential to lead to more than \$600 million in future production work.

Macomb County has a long and successful connection with the automotive industry. In Macomb County the automotive industry is made up of nearly 1,000 companies, employing over 41,000 individuals. The automotive industry in Macomb County is represented by a diverse network of companies involved in the research, production, wholesaling, retailing, and maintenance of motor vehicles. The automotive industry is committed to Macomb County and that commitment can be seen in: billions of dollars of investment in facilities and infrastructure; developing a skilled and educated workforce that has reshaped the industry; and impactful public/private partnerships between companies and public sector agencies.

In Macomb County the Chrysler Group LLC., Ford Motor Company and General Motors are leading the resurgence of the auto industry. The "Big Three" operate nine facilities in the county employing more than 30,000 individuals. From vehicle assembly plants to leading research and development operations Macomb County is home to some of the industry's most advanced facilities. Over the past three years, auto investment in Macomb has exceeded \$2-billion and created or sustained 7,400 permanent jobs. These investments include:

- General Motors
 - Warren Transmission – \$325 million investment to retool/upgrade the facility
 - GM Technical Center – adding 1,500 IT positions and a planned \$300 million investment

- Chrysler Group LLC.
 - Sterling Heights Assembly – \$850 million investment paint shop
 - Warren Truck – adding 1,000 new workers with a third shift
- Ford Motor Company
 - Romeo Engine - \$50 million investment to retool/upgrade facility
 - Van Dyke Transmission - \$220 million investment to retool/upgrade facility

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, debt service fund, special revenue funds and certain enterprise 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 department 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). 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 \$130.2 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. 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 Poor's, Moody's 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 fully insured for General Liability and Medical Malpractice for \$3,000,000 per occurrence and \$5,000,000 in the aggregate. The County is a defendant in various lawsuits in which plaintiffs seek damages of an indeterminable amount. The General Liability Internal Service Fund has been established to account for the self-insured aspects of this program. The Risk Management and Contingencies and Commitments notes to the basic financial statements contain additional information concerning risk management. The Statistical Section of the CAFR includes a complete schedule of insurance coverage maintained by the County.

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Macomb County for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended December 31, 2011. 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 seven 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 elected officials and county employees for their contribution to the fiscal stability of the County. Macomb County is a great place to live, work, and play offering 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, Jr.
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, 2011

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.



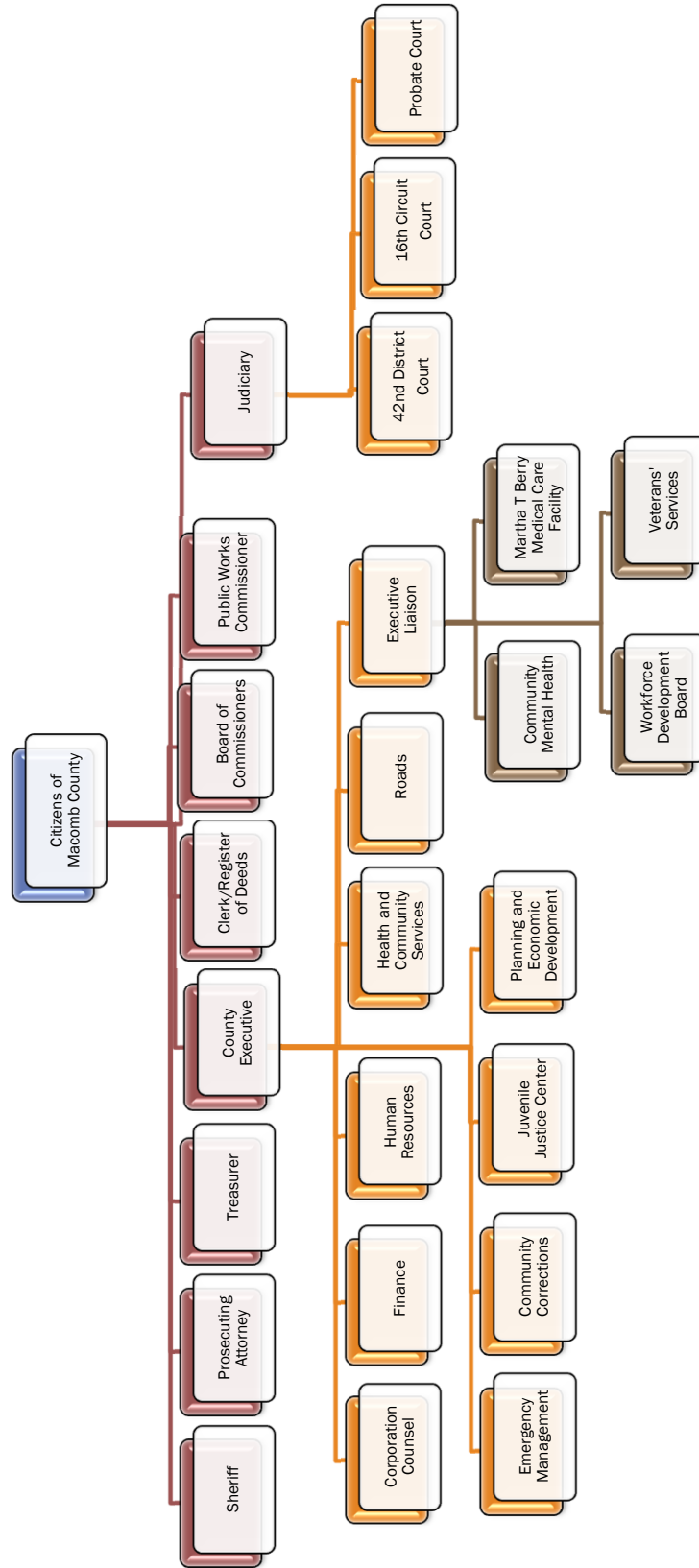
Christopher P. Morrell

President

Jeffrey R. Enos

Executive Director

Macomb County, Michigan Organizational Chart



MACOMB COUNTY, MICHIGAN

List of Elected and Appointed Officials

County Executive's Office

Mark A. Hackel	County Executive
Mark Deldin	Deputy County Executive
Al Lorenzo	Assistant County Executive
Melissa Roy	Assistant County Executive
Pam Lavers	Assistant County Executive

2011-2012 Board of Commissioners

Kathy D. Vosburg (Chair), District 8	Ray Gralewski, District 5
Marvin E. Sauger (Vice-Chair), District 2	James L. Carabelli, District 6
Fred Miller (Sergeant-at-Arms), District 9	Don Brown, District 7
Toni Mocerri, District 1	Roland Frascchetti, District 10
Phillip A. DiMaria, District 3	Kathy Tocco, District 11
David Flynn, District 4	Bob Smith, District 12
	Joe Sabatini, District 13

Elected County Officials

16th Judicial Circuit Court/Probate Court Chief Judge	Honorable David Viviano
42 nd District Court Chief Judge	Honorable Denis LeDuc
County Clerk/Register of Deeds	Carmella Sabaugh
Prosecuting Attorney	Eric Smith
Public Works Commissioner	Anthony Marrocco
Sheriff	Anthony Wickersham
Treasurer	Ted Wahby

County Department Heads

Community Services Agency Director	Mary Solomon
Corporation Counsel	George E. Brumbaugh
Emergency Management Coordinator	Vicki Woiber
Facilities & Operations Director	Lynn M. Arnott-Bryks
Finance Director	Peter M. Provenzano
Health Officer/Director	Steven Gold
Human Resources Director	Eric A. Herppich
Juvenile Justice Center Director	Charles Seidelman
Management Information Services Acting Director	Peter M. Provenzano
Planning & Economic Development Executive Director	Stephen Cassin
Risk Management & Safety Director	John P. Anderson
Senior Citizens Services Director	Rhonda Powell
Veterans Services Director	Kermit E. Harris

Independent Auditor's Report

To the Board of Commissioners
County of Macomb

Report on the Financial Statements

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 the County of Macomb as of and for the year ended December 31, 2012 and the related notes to the financial statements, which collectively comprise the County of Macomb's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, based on our audit, 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 the County of Macomb as of December 31, 2012 and the respective changes in its financial position and, where applicable, cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matters

As discussed in Note 13 to the basic financial statements, during 2012, adjustments were made to correct the accounting for other postemployment benefits, accumulated sick liability, special assessments, capital assets, and the fiscal year end for a discretely presented component unit. In addition, certain funds were reclassified to a different fund type. As a result, beginning balances as of January 1, 2012 have been restated. Our opinion is not modified with respect to this matter.

To the Board of Commissioners
County of Macomb

As explained in Note 2, the financial statements include investments valued at approximately \$156.7 million at year end (15.3 percent of the equity of the aggregate remaining funds), whose fair values have been estimated by management in the absence of readily determinable market values. Management's estimates are based on information provided by the fund managers. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, pension system and retiree health care plans' schedules of funding progress and employer contributions, and the major fund budgetary comparison schedules be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the County of Macomb's basic financial statements. The combining and individual nonmajor funds financial statements, introductory section, nonmajor fund budgetary comparison schedules, and statistical section are presented for the purpose of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor funds financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor funds financial statements are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory section, nonmajor fund budgetary comparison schedules, and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 16, 2013 on our consideration of the County of Macomb's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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* in considering the County of Macomb's internal control over financial reporting and compliance.

Plante & Moran, PLLC

August 16, 2013

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, 2012. Readers are encouraged to read it in conjunction with the letter of transmittal, which is located at the beginning of this report, and the accompanying basic financial statements.

FINANCIAL HIGHLIGHTS

- The assets of the County exceeded its liabilities by \$1.0 billion at year- end.
- The net position of the County increased by \$2.7 million in fiscal 2012.
- The General Fund reported a surplus of \$22.1 million for the year. Unassigned fund balance was \$79.8 million, or 40.9% of 2012 General Fund budgeted expenditures. Total fund balance was \$80.1 million. The \$0.3 million difference is nonspendable for advances to other funds.
- The County refinanced three of its general obligation bond issues which resulted in a net present value savings of \$3,365,586.
- The County's bond rating is AAA with Standard & Poors.

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 Position* and the *Statement of Activities* which provide readers with a broad overview of the activities of the County as a whole. One of the more important questions citizens and other readers of the financial statements often ask is "Is the County as a whole better or worse off this year than it was a year ago?" In other words, did the financial condition of the County improve or decline over the course of the past year. The government-wide statements report information in a manner that is intended to help answer these questions.

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

The *Statement of Net Position* presents information on all of the assets and liabilities of the County, with the difference between the two reported as *net position*. Net position can be thought of as one way of measuring the financial strength of the County. Increases or decreases in net position over time may serve as a useful indicator of whether the financial condition of the County is improving or deteriorating. Non-financial factors such as changes in the property tax base, population and condition of County infrastructure must also be considered when assessing the financial condition of the County.

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

The *Statement of Activities* presents information showing how the net position of the County has changed over the course of the most recent fiscal year. All changes in net position 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: 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, public works 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 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.

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 a whole. The thresholds used to determine a fund's status as major or non-major are set forth in GASB Statement No. 34.

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

Information regarding major funds is presented separately in the basic financial statements while data for all nonmajor funds is combined into a single, aggregated presentation. The General Fund and the Roads Special Revenue 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 account centrally 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.

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

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

FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE

The financial analysis of the County as a whole focuses on the net position and changes in net position of the governmental and business-type activities of the County. As noted earlier, net position and changes in net position may serve as one indicator of the financial health of the County. The assets of the County exceeded its liabilities by \$1.0 billion at December 31, 2012 and increased by approximately \$2.7 million for the year then ended. (see page A-7)

Macomb County Primary Government Net Position

	Governmental Activities		Business-type Activities		Totals	
	2011	2012	2011	2012	2011	2012
Current and other assets (1)	\$ 250,735,864	\$ 275,815,105	\$ 176,681,409	\$ 194,166,392	\$ 427,417,273	\$ 469,981,497
Capital assets	892,563,713	894,316,027	1,196,012	1,252,184	893,759,725	895,568,211
Total assets	1,143,299,577	1,170,131,132	177,877,421	195,418,576	1,321,176,998	1,365,549,708
Current liabilities (1)	20,010,370	18,973,202	39,665,015	48,596,975	59,675,385	67,570,177
Long-term liabilities						
Due within one year	9,401,255	7,398,961	50,000	150,000	9,451,255	7,548,961
Due in more than one year	64,586,627	62,139,489	928,064	1,500,027	65,514,691	63,639,516
Net OPEB obligation (1)	136,677,805	166,774,877	33,596,822	40,994,995	170,274,627	207,769,872
Total liabilities	230,676,057	255,286,529	74,239,901	91,241,997	304,915,958	346,528,526
Net position						
Net investment in capital assets	833,903,369	843,554,433	1,196,012	1,252,184	835,099,381	844,806,617
Restricted (1)	87,208,258	89,746,282	16,052,842	18,661,937	103,261,100	108,408,219
Unrestricted (1)	(8,488,107)	(18,456,112)	86,388,666	84,262,458	77,900,559	65,806,346
Total Net Position	\$ 912,623,520	\$ 914,844,603	\$ 103,637,520	\$ 104,176,579	\$ 1,016,261,040	\$ 1,019,021,182

(1) - 2011 restated. See Note 13

Approximately \$844.8 million, or 82.9%, of the County's net position 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 \$108.4 million, or 10.6%, of the County's net position 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 net position is unrestricted and may be used to meet the County's ongoing obligations. Positive balances are reported in all three categories at December 31, 2012.

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

As indicated in the following schedule, the net position of the County increased by \$2.7 million for the year ended December 31, 2012. The components of this change were an increase of \$2.2 million in governmental activities and an increase of \$0.5 million in business-type activities. The components of these changes are discussed in the following section.

Macomb County Primary Government Changes in Net Position						
	Governmental Activities		Business-type Activities		Totals	
	2011	2012	2011	2012	2011	2012
Revenues						
Program revenue						
Charges for services (1)	\$ 67,489,720	\$ 75,865,678	\$ 213,644,550	\$ 215,220,377	\$ 281,134,270	\$ 291,106,055
Operating grants and contributions (1)	57,692,504	51,378,555	34,298,355	34,995,209	91,990,859	86,373,764
Capital grants and contributions	56,654,954	60,427,158	-	-	56,654,954	60,427,158
General revenue						
Property taxes	119,762,117	114,893,544	-	-	119,762,117	114,893,544
Intergovernmental revenues	2,306,798	19,488,867	-	-	2,306,798	19,488,867
Investment income (1)	776,924	663,130	213,738	309,591	990,662	972,721
	<u>304,683,017</u>	<u>322,736,932</u>	<u>248,156,643</u>	<u>250,525,177</u>	<u>552,839,660</u>	<u>573,262,109</u>
Expenses						
Legislative	1,182,344	1,138,536	-	-	1,182,344	1,138,536
Judicial	41,329,247	40,635,941	-	-	41,329,247	40,635,941
General government (1)	64,686,891	68,095,281	-	-	64,686,891	68,095,281
Public safety (1)	67,994,412	64,860,333	-	-	67,994,412	64,860,333
Public works	72,568,399	69,975,197	-	-	72,568,399	69,975,197
Health and welfare	83,258,920	75,430,787	-	-	83,258,920	75,430,787
Recreation and culture	825,096	62,122	-	-	825,096	62,122
Interest and fees on long-term debt	2,476,097	2,243,656	-	-	2,476,097	2,243,656
Delinquent tax collections	-	-	6,313,126	8,335,858	6,313,126	8,335,858
Community Mental Health (1)	-	-	208,176,922	211,733,181	208,176,922	211,733,181
Martha T. Berry Medical Care Facility (1)	-	-	23,847,901	24,989,152	23,847,901	24,989,152
Freedom Hill Park (1)	-	-	376,548	209,254	376,548	209,254
	<u>334,321,406</u>	<u>322,441,853</u>	<u>238,714,497</u>	<u>245,267,445</u>	<u>573,035,903</u>	<u>567,709,298</u>
Increase (decrease) in net position before transfers	(29,638,389)	295,079	9,442,146	5,257,732	(20,196,243)	5,552,811
Net transfers	4,174,937	1,926,004	(3,421,430)	(4,718,673)	753,507	(2,792,669)
Increase (decrease) in net position	(25,463,452)	2,221,083	6,020,716	539,059	(19,442,736)	2,760,142
Net position, beginning of year (1)	<u>938,086,972</u>	<u>912,623,520</u>	<u>97,616,804</u>	<u>103,637,520</u>	<u>1,035,703,776</u>	<u>1,016,261,040</u>
Net position, end of year	<u>\$ 912,623,520</u>	<u>\$ 914,844,603</u>	<u>\$ 103,637,520</u>	<u>\$ 104,176,579</u>	<u>\$ 1,016,261,040</u>	<u>\$ 1,019,021,182</u>

(1) - 2011 restated. See Note 13

As mentioned in Note 1 of the financial statements, the majority of the funds of the County are accounted for on a fiscal year that ends of December 31. However, there are several funds that operate on a fiscal year the ends on September 30, which causes timing differences between operating transfers between the General Fund (Dec 31 year end) and Special Revenue Funds that have September 30 year ends.

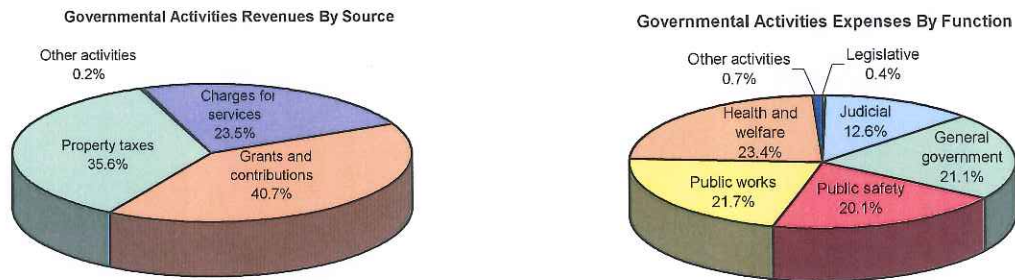
MACOMB COUNTY, MICHIGAN
Management's Discussion and Analysis
Required Supplemental Information

Governmental activities. The \$2.2 million increase in net position of governmental activities stands in contrast to the decrease in net position of \$25.5 million in the prior year. The change of \$27.7 million is composed of an increase in revenues of \$18.0 million, a decrease in expenses of \$11.9 million and a decrease of net transfers in of \$2.2 million. Notable changes occurred in the following areas.

- Property tax revenue decreased by \$4.9 million as a result of a 6% decline in property values across the County.
- Charges for services revenue increased by \$8.4 million consisting primarily of a \$3.0 million increase at the Department of Roads and a \$2.0 million increase in land transfer tax and recording fees generated by the Register of Deeds in response to the continued recovery of the housing market.
- Revenue from operating grants decreased approximately \$6.3 million as a result of numerous multi year grants expiring in 2012.
- Revenue from capital grants increased approximately \$3.7 million due to increases in Federal road construction funding and homeland security grants.
- General intergovernmental revenue increased approximately \$17.2 million due primarily to a \$15.2 million increase in revenue sharing distributions from the State of Michigan.
- General government expenses increased approximately \$3.4 million as a result of an increase of \$6.8 million in the charge for unfunded OPEB obligations, offset by operating cost reductions and personnel savings resulting from holding numerous positions open during the year.
- Public safety expenses decreased approximately \$3.1 million due primarily to a \$2.3 million decrease in total expenditures at the Sheriff Department. Significant cost reductions were experienced in the areas of overtime and jail medical costs. The remaining decrease is attributable to decreases in grant expenditures.
- Public works expenses decreased by approximately \$2.6 million as a result of lower than expected road construction and maintenance expenses.
- Health and welfare expenses decreased approximately \$7.8 million primarily as a result of reduced costs in the Health Department of \$2.4 million, cost reductions in the Child Care Fund of \$1.8 million, due primarily to reduced placement costs, and a \$2.0 million decrease in grant related expenditures administered by the Community Services Agency due to the expiration of several multi year grants.
- Recreation and culture expenses decreased \$0.7 million as a result of closing the County library.

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

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



Business-type activities. The net position of the County's business-type activities increased approximately \$0.5 million during the year, consisting of a \$3.1 million surplus in the Delinquent Tax Revolving Fund, a \$1.6 million loss in Community Mental Health, a \$1.4 million loss in the Martha T. Berry Medical Care Facility and a \$0.4 surplus in at the Freedom Hill Park. 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.

The loss of \$1.6 million reported by Community Mental Health consists of a \$3.3 million surplus from normal operations offset by a charge of \$4.9 million for unfunded retiree health care obligations.

The loss of \$1.4 million reported by Martha T. Berry consists of a \$1.0 million surplus from normal operations offset by a charge of \$2.4 million related to unfunded retiree health care obligations.

The surplus reported by the Freedom Hill Park is the result of the settlement of a lawsuit for unpaid rent from prior years.

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 five categories: nonspendable, restricted, committed, assigned and unassigned. Restricted fund balance represents that portion of the fund balance that may only be spent for specific restricted purposes and are not available for new spending. Examples of fund balance restrictions include amounts required to pay debt service, bond proceeds that may only be spent on projects for which the bonds were issued and amounts required to meet long-term contractual commitments and encumbrances. Fund balance assignments are established to represent that portion of fund balance that is intended to be spent for certain purposes and differ from fund balance restrictions in that they can be redirected and used for new spending if necessary. Unassigned fund balance represents the portion of fund balance that is available at year-end for new spending.

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

The combined ending fund balances of all governmental funds were \$187.7 million at December 31, 2012, an increase of \$9.8 million over the prior year. The increase consists of a \$22.1 million increase in the General Fund, a \$1.1 million increase in the Roads Major Special Revenue Fund and a combined decrease of \$13.4 million in the nonmajor governmental 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.

General Fund Revenue By Source and Expenditures By Function

<u>Revenues</u>	<u>2011</u>	<u>2012</u>	<u>Increase (Decrease)</u>
Property taxes	\$ 118,515,591	\$ 108,830,816	\$ (9,684,775)
Licenses and permits	1,407,572	1,510,367	102,795
Federal and State grants	12,289,622	28,455,427	16,165,805
Charges for services	29,452,630	35,525,507	6,072,877
Investment income	339,286	346,172	6,886
Admin charges to other funds	8,249,546	6,574,955	(1,674,591)
Fines and forfeitures	729,491	692,746	(36,745)
Other revenue	161,623	476,718	315,095
Transfers from other funds	24,998,138	18,254,440	(6,743,698)
Total revenues	196,143,499	200,667,148	4,523,649
<u>Expenditures</u>			
Legislative	\$ 1,182,344	1,138,536	(43,808)
Judicial	28,052,212	27,745,100	(307,112)
General government	40,998,103	42,464,395	1,466,292
Public safety	57,417,778	55,139,880	(2,277,918)
Health and welfare	20,580,938	18,165,990	(2,414,948)
Recreation and culture	749,074	-	(749,074)
Other	963,354	1,157,484	194,130
Capital outlay	243,728	563,244	319,516
Transfers to other funds	40,758,119	32,156,006	(8,602,113)
Total Expenditures	190,945,650	178,530,615	(12,415,035)
Excess of revenues over expenditures	\$ 5,197,849	\$ 22,136,533	\$ 16,938,684

Property tax revenue decreased approximately \$9.7 million as property values continued to decline in 2012.

Federal and State grant revenue increased \$16.2 million, which consists primarily of two items, State Revenue Sharing and liquor tax distributions. The State eliminated Revenue Sharing in 2004 and, through legislation, effected an accounting change and replaced it with an alternate funding mechanism whereby the operating tax levy was advanced from December 1 of each year to July 1 of each year. This shift took place over the course of three years and a total equaling the amount of the 2004 tax levy was placed in a restricted fund referred to as the Revenue Sharing Reserve Fund. The legislation mandated that each year the County transfer from this fund to the General Fund the amount that would have been received from the State had Revenue Sharing not been eliminated, until such time that the Revenue Sharing Reserve Fund was exhausted, at which time the State would reinstate revenue sharing payments. The last transfer took place in 2012 and the County received \$15.3 in revenue sharing payments in 2012. In addition, liquor tax distributions received from the State increased by \$2.0 million from the prior year. Other grants decreased \$1.1 million from the prior year.

Charges for services increased \$6.1 million from the prior year, \$2.0 million of which relates to recording fees and real estate transfer tax generated by the Register of Deeds. These fees pertain to property sales and transfers and increased in response to the continued recovery of the housing market in the County.

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

Administrative charges to other departments decreased \$1.7 million, primarily in response to the effects of wage and benefit concessions negotiated in prior years, as well as other operational efficiencies implemented in recent years.

Transfers in from other funds decreased \$6.7 million due primarily to the exhaustion of the Revenue Sharing Reserve Fund, as discussed above.

Public Safety expenditures decreased approximately \$2.3 million from the prior year, due primarily to a \$1.4 million decrease in jail medical costs as a result of changing vendors as well as reductions in overtime and prisoner meals.

Health & Welfare expenditures decreased \$2.4 million from the prior year due primarily to a \$0.8 million decrease in drugs and pharmaceuticals, a \$0.8 million decrease in administrative overhead charges as discussed previously and a \$0.6 million reduction in personnel costs due to various positions remaining vacant throughout the year.

Transfers out decreased approximately \$8.6 million from the prior year, primarily as a result of two items, the elimination of the \$4.0 million contribution to the Capital Improvement Fund and a one time transfer of \$6.5 million to fund the County's accrued sick leave liability in 2011.

Roads Special Revenue Fund - The Roads Special Revenue Fund is used to account for the activities at the Department of Roads. A year-to-year comparison of revenues by source and expenditures by function is presented below.

Department of Roads Revenues By Source and Expenditures By Function

<u>Revenues</u>	<u>2011</u>	<u>2012</u>	<u>Increase (Decrease)</u>
Licenses and permits	\$ 325,504	\$ 413,906	\$ 88,402
Federal, State and other grants	55,874,458	57,213,108	1,338,650
Charges for services	10,369,092	12,299,723	1,930,631
Investment income	192,448	159,231	(33,217)
Other revenue	71,931	560,576	488,645
Bond proceeds	829,405	-	(829,405)
Transfers from other funds	279,383	250,117	(29,266)
Total revenues	67,942,221	70,896,661	2,954,440
 <u>Expenditures</u>			
Public works	68,536,846	69,783,473	1,246,627
Principal	46,119	-	(46,119)
Total expenditures	68,582,965	69,783,473	1,200,508
 Excess of revenues over expenditures	 <u>\$ (640,744)</u>	 <u>\$ 1,113,188</u>	 <u>\$ 1,753,932</u>

Federal and State grant revenue increased \$1.3 million as a result of increased funding for road construction and maintenance projects. Charges for services revenue increased \$1.9 million due primarily to a positive audit adjustment on the State maintenance contract.

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

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

The fund balances of the County's nonmajor governmental funds were approximately \$53.6 million at year-end, a decrease of approximately \$13.4 million over the prior year. The decrease consists of a deficit of \$6.3 million experienced in the Special Revenue Funds, a deficit of \$6.1 million experienced in the Capital Projects funds and a deficit of \$1.0 million experienced in the Debt Service Fund.

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.

Delinquent Tax Revolving Fund Revenue and Expense Comparison

Revenues	2011	2012	Increase (Decrease)
Charges for services	\$ 21,717,969	\$ 21,998,636	\$ 280,667
Investment income	124,199	172,588	48,389
Total revenues	21,842,168	22,171,224	329,056
Expenses			
Personal services	376,499	390,891	14,392
Supplies and services	5,936,627	7,944,967	2,008,340
Transfers out	8,655,000	10,705,000	2,050,000
Total expenses	14,968,126	19,040,858	4,072,732
Net income	\$ 6,874,042	\$ 3,130,366	\$ (3,743,676)

Supplies and services expense increased \$2.0 million in response to an increase in property tax delinquencies and write offs.

Transfers out increased by \$2.0 million as a result of a budgeted increase in the annual amount transferred to the General Fund.

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

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.

Community Mental Health Revenue and Expense Comparison

<u>Revenues</u>	<u>2011</u>	<u>2012</u>	<u>Increase (Decrease)</u>	<u>% Change</u>
Federal and State grants	\$ 34,298,355	\$ 34,995,209	\$ 696,854	2.0%
Charges for services	168,557,011	169,394,684	837,673	0.5%
Investment income	89,539	137,003	47,464	53.0%
Transfers in	5,144,708	5,900,495	755,787	14.7%
Total revenues	208,089,613	210,427,391	2,337,778	1.1%
<u>Expenses</u>				
Personal services (1)	27,435,267	29,437,198	2,001,931	7.3%
Contractual services	159,339,464	166,920,979	7,581,515	4.8%
Utilities	321,501	303,344	(18,157)	-5.7%
Repairs and maintenance	55,818	12,970	(42,848)	-76.8%
Supplies and services	20,639,808	16,424,316	(4,215,492)	-20.4%
Depreciation	33,092	3,842	(29,250)	-88.4%
Total expenses	207,824,950	213,102,649	5,277,699	2.5%
Net income (loss)	\$ 264,663	\$ (2,675,258)	\$ (2,939,921)	-1110.8%

(1) - 2011 restated for OPEB. See Note 13

Community Mental Health is funded primarily by Medicare and Medicaid. Revenue from Federal and State grants and charges for services (primarily Medicare and Medicaid) increased by a combined \$1.5 million due to an increase in the number of Medicaid eligible residents in the County in 2012, as reflected in the increase in contractual services expense of \$7.0 million. This increase is offset by a \$4.0 million decrease in Medicaid revenue as a result of the State of Michigan replacing the 6% use tax with a 1% health care claims tax, which accounts for the largest portion of the \$4.2 million decrease in supplies and services expense. Both the use tax and the health care claims tax are pass-through items whereby the Medicaid reimbursement rate paid to the County by the Department of Community Health is increased by the amount of the tax and the County pays the same amount back to the State Department of Treasury. Replacing the use tax with the claims tax had the effect of lowering Medicaid revenue. However, the County provided direct services to more Medicaid eligible residents, which resulted in increased Medicaid reimbursements from the State, resulting in very little change in total revenue.

Personal services increased \$2.0 million as a result of increased pension and health care costs, including a \$1.1 million increase in the charge for unfunded OPEB obligations.

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

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.

Martha T Berry Revenue and Expense Comparison

<u>Revenues</u>	<u>2011</u>	<u>2012</u>	<u>Increase (Decrease)</u>	<u>% Change</u>
Charges for services	\$ 23,196,770	\$ 23,325,967	\$ 129,197	0.6%
 <u>Expenses</u>				
Personal services (1)	14,923,893	16,928,326	2,004,433	13.4%
Contractual services	3,168,579	2,290,327	(878,252)	-27.7%
Utilities	585,558	642,616	57,058	9.7%
Repairs and maintenance	24,915	67,399	42,484	170.5%
Supplies and services	5,395,023	5,046,084	(348,939)	-6.5%
Depreciation	79,555	88,300	8,745	11.0%
 Total expenses	 <u>24,177,523</u>	 <u>25,063,052</u>	 <u>885,529</u>	 3.7%
 Net Loss	 <u>\$ (980,753)</u>	 <u>\$ (1,737,085)</u>	 <u>\$ (756,332)</u>	 77.1%

(1) - 2011 restated for OPEB. See Note 13

Personal services increased \$2.0 million as a result of reducing the utilization of outside agency personnel as well as increased pension and health care costs, including a \$0.5 million increase in the charge for unfunded OPEB obligations.

Contractual services expense decreased by \$0.9 million as the facility reduced the utilization of outside agency personnel as mentioned previously.

Supplies and services expense decreased \$0.3 million as a result of a reduction in overhead charges from the General Fund in response to decreasing administrative costs resulting from wage and benefit concessions and operational efficiencies realized in recent years.

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

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.

Freedom Hill Park Revenue and Expense Comparison

<u>Revenues</u>	<u>2011</u>	<u>2012</u>	<u>Increase (Decrease)</u>	<u>% Change</u>
Charges for services	\$ 172,800	\$ 501,090	\$ 328,290	190.0%
Transfers in	88,862	85,832	(3,030)	-3.4%
Total revenues	261,662	586,922	325,260	124.3%
<u>Expenses</u>				
Personal services (1)	60,493	88,599	28,106	46.5%
Utilities	84,101	49,413	(34,688)	-41.3%
Repairs and maintenance	3,255	13,592	10,337	317.6%
Supplies and services	171,792	745	(171,047)	-99.6%
Depreciation	56,907	56,905	(2)	0.0%
Total expenses	376,548	209,254	(167,294)	-44.4%
Net income (loss)	\$ (114,886)	\$ 377,668	\$ 492,554	-428.7%

(1) - 2011 restated for OPEB. See Note 13

Charges for services revenue increased \$0.3 million due to the settlement of a lawsuit related to unpaid parking fees from prior years.

Supplies and services expense decreased \$0.2 million due primarily to a decrease in bad debt expense. Receivables had been written off in prior years as the County engaged in litigation involving the parking fees mentioned previously. The litigation was settled in 2012 and, therefore, no write offs were necessary.

MACOMB COUNTY, MICHIGAN
Management's Discussion and Analysis
Required Supplemental Information
GENERAL FUND BUDGETARY HIGHLIGHTS

The budget for the General Fund has historically been adopted by the Board of Commissioners in December of the prior year but may be adopted earlier if so desired. It 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	\$ 108,534,942	\$ 108,534,942	\$ 108,830,816	\$ 295,874
Licenses and permits	1,395,901	1,395,901	1,510,367	114,466
Federal and State grants	20,823,465	22,453,102	28,455,427	6,002,325
Charges for services	32,652,492	32,654,884	35,525,507	2,870,623
Investment income	400,000	400,000	346,172	(53,828)
Admin charges to other funds	8,291,730	8,300,547	6,574,955	(1,725,592)
Fines and forfeitures	813,827	813,827	692,746	(121,081)
Other revenue	210,125	210,125	476,718	266,593
Transfers from other funds	18,161,710	18,161,710	18,254,440	92,730
	<u>\$ 191,284,192</u>	<u>\$ 192,925,038</u>	<u>\$ 200,667,148</u>	<u>\$ 7,742,110</u>

Federal and State grant revenue was \$6.0 million over budget as a result of liquor tax and revenue sharing payments from the State of Michigan being greater than anticipated.

Charges for Services revenue was \$2.9 million over budget due primarily to an increase of \$2.0 million in real estate transfer tax and register of deeds recording fees as the real estate market continued to recover in 2012.

The \$1.7 million unfavorable variance in administrative charges to other funds is due to decreases in administrative expenses that are charged back to other funds as a result of wage and benefit concessions implemented in 2009.

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

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		
Board of Commissioners	\$ 1,472,869	\$ 1,391,309	\$ 1,138,536	\$ 252,773
Building Authority	1,300	1,300	-	1,300
Circuit Court	10,001,220	9,777,701	8,891,606	886,095
Civil Service Commission	17,250	17,250	18,269	(1,019)
Corporation Counsel	873,574	834,901	766,363	68,538
County Clerk	4,215,459	4,072,932	3,979,904	93,028
County Executive	1,265,334	1,245,522	1,109,453	136,069
District Court - 3rd Class	50,000	50,000	26,199	23,801
District Court - New Baltimore	1,385,866	1,320,294	1,311,457	8,837
District Court - Romeo	1,138,293	1,079,945	971,197	108,748
Elections	36,584	36,584	26,184	10,400
Emergency Management	989,609	941,003	854,606	86,397
Ethics Board	-	60,000	1,466	58,534
Equalization	904,550	860,199	759,751	100,448
Facilities and Operations	15,409,571	15,028,936	13,555,648	1,473,288
Family Counseling	169,038	166,145	164,224	1,921
Family Court - Juvenile	5,241,467	5,017,206	4,841,678	175,528
Finance	1,965,766	1,866,225	1,718,745	147,480
Health & Community Services	257,797	249,130	219,135	29,995
Health Department	19,434,112	20,488,794	16,882,176	3,606,618
Human Resources	2,009,758	1,922,725	1,793,082	129,643
Information Technology	5,605,157	5,456,791	5,130,798	325,993
Jury Commission	117,911	117,911	118,278	(367)
Law Library	31,500	31,500	30,345	1,155
MSU Extension	895,480	894,010	876,672	17,338
Planning and Economic Development	2,682,460	2,563,882	2,406,868	157,014
Plat Board	1,000	1,000	-	1,000
Probate Court - Mental	937,721	907,787	813,053	94,734
Probate Court - Wills and Estates	2,483,514	2,296,611	2,124,868	171,743
Probation - Circuit Court	125,828	125,828	114,656	11,172
Probation - District Court	588,527	556,557	453,656	102,901
Prosecuting Attorney	8,666,960	8,280,354	7,883,883	396,471
Public Works	5,729,780	5,462,103	4,899,873	562,230
Purchasing	1,449,432	1,389,119	1,210,612	178,507
Register of Deeds	1,784,867	1,686,101	1,469,792	216,309
Reimbursement	863,311	818,353	698,876	119,477
Senior Citizens Services	1,199,282	1,204,139	992,207	211,932
Sheriff Department	62,491,350	59,706,209	54,266,985	5,439,224
Social Services	72,472	72,472	72,472	-
Treasurer	2,236,331	2,124,994	2,060,308	64,686
Non-Departmental Appropriations	(4,472,449)	1,406,062	1,157,484	248,578
Capital Outlay	334,218	834,218	563,244	270,974
Transfers Out	32,691,709	32,662,226	32,156,006	506,220
	<u>\$ 193,355,778</u>	<u>\$ 195,026,328</u>	<u>\$ 178,530,615</u>	<u>\$ 16,495,713</u>

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

Numerous positions were left vacant during the year, resulting in salary and benefit expenditures being approximately \$8.4 million under budget in 2012.

Operating expenditures were \$6.9 million below budget as a result of the continued efforts of department heads to effectively manage their budgets. Significant favorable variances were experienced in the areas of equipment maintenance agreements (\$0.2 million), utilities (\$0.5 million), prisoner meals (\$0.2 million), court appointed attorneys (\$0.5 million), jail medical (\$1.9 million), indirect cost (\$1.3 million) and contingency (\$0.4 million), as well as smaller savings in numerous other line items.

In summary, General Fund revenues exceeded expenditures by \$22.1 million for the year ended December 31, 2012. Unassigned fund balance was \$79.8 million or 40.9% of 2012 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, infrastructure and construction in progress. At year-end, the County's investment in capital assets, net of accumulated depreciation, was \$894.3 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	
	2011	2012	2011	2012	2011	2012
Land	\$ 211,636,220	\$ 217,439,729	\$ -	\$ -	\$ 211,636,220	\$ 217,439,729
Land improvements	5,815,502	5,316,982	124,280	114,619	5,939,782	5,431,601
Buildings and improvements	145,317,783	140,000,089	873,515	964,328	146,191,298	140,964,417
Machinery, equipment and vehicles	14,637,482	12,766,611	198,217	173,237	14,835,699	12,959,848
Infrastructure	514,618,012	516,980,000	-	-	514,618,012	516,980,000
Construction in progress	538,714	1,792,616	-	-	538,714	1,792,616
	<u>\$ 892,563,713</u>	<u>\$ 894,316,027</u>	<u>\$ 1,196,012</u>	<u>\$ 1,252,184</u>	<u>\$ 893,759,725</u>	<u>\$ 895,568,211</u>

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

Long-term debt. The County's long-term debt was \$50.8 million at December 31, 2012, 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	New Debt	Debt	Balance
	Beginning of Year	Issued	Retired	End of Year
General obligation bonds	\$ 58,660,344	\$ 22,975,000	\$ 30,873,750	\$ 50,761,594

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

The County refinanced \$24,760,000 of its general obligation bonds in 2012, resulting in a net present value savings of \$3,365,586. These savings will be realized in the form of reduced interest expense over the course of the next 11 years. The interest rates on the bonds that were refinanced ranged from 3.6% - 5.0% while the interest rates on the new bonds ranges from 2.0% - 2.5%.

The general obligation bonds of the County are rated **AAA** by Standard & Poors.

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, 2012 was \$24.3 billion. Therefore, the County's debt limitation was \$2.4 billion at year-end. The County's outstanding debt of \$50.7 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 2013 budget:

- Property values were projected to decline by 2% in 2013.
- Health care costs for employees are anticipated to increase 4% and 8% for retirees in 2013.
- The wage and benefit concessions the County secured from its union groups in 2009 will continue through the end of 2013. 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 after December 31, 2001.
- No salary increases were granted in 2013.
- Market interest rates in 2013 are expected to remain consistent with 2012 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.

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

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, 120 N. Main, 2nd Floor, Mt. Clemens, MI. 48043. Requests can also be made by phone at 586-469-5250.

MACOMB COUNTY, MICHIGAN
Government-Wide Statement of Net Position
December 31, 2012

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Assets				
Cash and pooled investments	\$ 216,209,041	\$ 132,575,449	\$ 348,784,490	\$ 39,353,106
Restricted cash - unspent bond proceeds	-	-	-	25,859,629
Receivables				
Property taxes, net	7,168,540	39,727,793	46,896,333	-
Accrued interest	156,856	73,821	230,677	5
Trade accounts, net	18,904,996	13,298,417	32,203,413	11,071,972
Special assessments	-	-	-	253,818,665
Inventories	5,336,700	-	5,336,700	-
Due from other governments	18,622,931	1,203,515	19,826,446	5,122,707
Internal balances	(5,329,479)	5,329,479	-	-
Due from fiduciary funds	7,160,966	-	7,160,966	-
Other assets	3,641,429	1,957,918	5,599,347	685,142
Capital assets, net				
Assets not being depreciated	219,232,345	-	219,232,345	24,627,028
Assets being depreciated	675,083,682	1,252,184	676,335,866	275,372,622
Net OPEB asset	3,943,125	-	3,943,125	-
Total Assets	1,170,131,132	195,418,576	1,365,549,708	635,910,876
Liabilities				
Accounts payable and accrued liabilities	16,895,590	37,186,756	54,082,346	18,576,636
Accrued wages payable	149,382	123,533	272,915	67,255
Accrued interest payable	407,652	-	407,652	3,413,323
Due to other governments	297,996	11,125,972	11,423,968	30,379
Unearned revenue	1,222,582	160,714	1,383,296	24,281,970
Long-term liabilities:				
Due within one year	7,398,961	150,000	7,548,961	10,756,032
Due in more than one year	62,139,489	1,500,027	63,639,516	243,701,848
Net OPEB obligation	166,774,877	40,994,995	207,769,872	-
Total Liabilities	255,286,529	91,241,997	346,528,526	300,827,443
Net Position				
Net investment in capital assets	843,554,433	1,252,184	844,806,617	94,968,459
Restricted for				
Capital projects	55,882,911	-	55,882,911	25,859,629
Debt service	4,068,741	-	4,068,741	-
Health and welfare	4,700,256	-	4,700,256	-
Housing rehabilitation loans	9,027,198	-	9,027,198	-
Mental health and substance abuse	-	18,661,937	18,661,937	-
Public safety	3,967,944	-	3,967,944	-
Technology	2,706,456	-	2,706,456	-
Department of Roads liability insurance	9,392,776	-	9,392,776	-
Unrestricted (deficit)	(18,456,112)	84,262,458	65,806,346	214,255,345
Total Net Position	\$ 914,844,603	\$ 104,176,579	\$ 1,019,021,182	\$ 335,083,433

MACOMB COUNTY, MICHIGAN
Government-Wide Statement of Activities
Year Ended December 31, 2012

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	
Primary government				
Governmental activities				
Legislative	\$ 1,138,536	\$ -	\$ -	\$ -
Judicial	40,635,941	6,113,627	12,575,377	-
General government	68,095,281	19,037,398	192,986	541,281
Public safety	64,860,333	14,601,116	3,024,821	2,672,769
Public works	69,975,197	27,080,340	-	57,213,108
Health and welfare	75,430,787	9,053,197	35,585,371	-
Recreation and culture	62,122	-	-	-
Interest and fees on long-term debt	2,243,656	-	-	-
Total Governmental Activities	322,441,853	75,885,678	51,378,555	60,427,158
Business-type activities				
Delinquent tax collections	8,335,858	21,998,636	-	-
Community Mental Health	211,733,181	169,394,684	34,995,209	-
Martha T. Berry Medical Care Facility	24,989,152	23,325,967	-	-
Freedom Hill Park	209,254	501,090	-	-
Total Business-Type Activities	245,267,445	215,220,377	34,995,209	-
Total Primary Government	\$ 567,709,298	\$ 291,106,055	\$ 86,373,764	\$ 60,427,158
Component Units				
Drainage Districts	\$ 65,060,085	\$ 54,836,798	\$ -	\$ 1,253,582
Workforce Development Board	34,277,371	2,870,381	31,404,993	-
Total Component Units	\$ 99,337,456	\$ 57,707,179	\$ 31,404,993	\$ 1,253,582

MACOMB COUNTY, MICHIGAN
Government-Wide Statement of Activities (concluded)
Year Ended December 31, 2012

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	
Changes in net position				
Net (expense) revenue (from page B-2)	\$ (134,750,462)	\$ 4,948,141	\$ (129,802,321)	\$ (8,971,702)
General revenues				
Property tax	114,893,544	-	114,893,544	-
Intergovernmental revenues - unrestricted	19,488,867	-	19,488,867	-
Investment earnings	663,130	309,591	972,721	7,595,492
Transfers - internal activities	1,926,004	(4,718,673)	(2,792,669)	-
Total General Revenues and Transfers	<u>136,971,545</u>	<u>(4,409,082)</u>	<u>132,562,463</u>	<u>7,595,492</u>
Change in net position	2,221,083	539,059	2,760,142	(1,376,210)
Net position, beginning of year (1)	<u>912,623,520</u>	<u>103,637,520</u>	<u>1,016,261,040</u>	<u>336,459,643</u>
Net position, end of year	<u>\$ 914,844,603</u>	<u>\$ 104,176,579</u>	<u>\$ 1,019,021,182</u>	<u>\$ 335,083,433</u>

(1) - As restated. See Note 13

The accompanying notes are an integral part of these financial statements

MACOMB COUNTY, MICHIGAN
Balance Sheet - Governmental Funds
December 31, 2012

	<u>Major Governmental Funds</u>		<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
	<u>General Fund</u>	<u>Special Revenue Road Fund (1)</u>		
Assets				
Cash and pooled investments	\$ 66,903,462	\$ 48,179,249	\$ 45,692,701	\$ 160,775,412
Taxes receivable	6,178,594	-	989,946	7,168,540
Accrued interest receivable	106,153	50,703	-	156,856
Accounts receivable, net	7,078,573	1,957,197	9,652,155	18,687,925
Inventories	-	5,019,594	-	5,019,594
Due from other governments	3,367,350	8,649,770	6,605,811	18,622,931
Due from governmental funds	2,903,996	-	-	2,903,996
Due from business-type units	-	1,271	-	1,271
Advances to other funds	295,000	-	-	295,000
Other assets	244,920	1,193,837	18,581	1,457,338
Total Assets	<u>\$ 87,078,048</u>	<u>\$ 65,051,621</u>	<u>\$ 62,959,194</u>	<u>\$ 215,088,863</u>
 Liabilities and Fund Balances				
Liabilities				
Accounts payable	\$ 2,088,165	\$ 9,686,874	\$ 4,243,914	\$ 16,018,953
Accrued compensation and benefits	-	-	149,382	149,382
Due to other governments	25,179	-	272,817	297,996
Due to governmental funds	-	-	2,756,796	2,756,796
Accrued workers compensation claims	-	18,008	-	18,008
Deferred revenue	4,893,698	1,318,669	1,919,848	8,132,215
Total Liabilities	<u>7,007,042</u>	<u>11,023,551</u>	<u>9,342,757</u>	<u>27,373,350</u>
 Fund Balances				
Nonspendable for:				
Advances to other funds	295,000	-	-	295,000
Inventories	-	5,019,594	-	5,019,594
Restricted for:				
Capital projects	-	49,008,476	1,854,841	50,863,317
Debt service	-	-	4,068,741	4,068,741
Health and welfare	-	-	4,700,256	4,700,256
Housing Rehabilitation Loans	-	-	9,027,198	9,027,198
Public safety	-	-	3,967,944	3,967,944
Technology	-	-	2,706,456	2,706,456
Assigned for:				
Capital projects	-	-	23,794,186	23,794,186
Health and welfare	-	-	3,027,118	3,027,118
Judicial	-	-	414,878	414,878
Public safety	-	-	54,819	54,819
Unassigned	79,776,006	-	-	79,776,006
Total Fund Balances	<u>80,071,006</u>	<u>54,028,070</u>	<u>53,616,437</u>	<u>187,715,513</u>
Total Liabilities and Fund Balances	<u>\$ 87,078,048</u>	<u>\$ 65,051,621</u>	<u>\$ 62,959,194</u>	<u>\$ 215,088,863</u>

(1) - Balance sheet as of September 30, 2012

MACOMB COUNTY, MICHIGAN
Reconciliation Of The Fund Balances On The Balance Sheet Of
Governmental Funds To The Statement Of Net Position Of Governmental Activities
December 31, 2012

Total fund balances for governmental funds	\$ 187,715,513
<p>Amounts reported for governmental activities in the Government-Wide Statement of Net Position 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	217,439,729
Land improvements	11,917,567
Buildings and improvements	251,346,819
Machinery, equipment and vehicles	81,086,573
Infrastructure	1,051,158,301
Construction in progress	1,792,616
Accumulated depreciation	(722,375,143)
Receivables not available to pay for current year expenditures are not recognized as revenue in the governmental funds but are recognized as revenue in the Statement of Net Position	6,909,633
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 Position	(50,761,594)
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 Position	(407,652)
Accrued compensated absences not funded at year-end are not recorded in the governmental funds, but is recorded as a liability in the Statement of Net Position	(1,230,940)
The noncurrent portion of accrued workers compensation losses are not recorded in the governmental funds but are recorded as a liability in the Statement of Net Position	(20,750)
The difference between the actual and required contribution to the Retiree Health Care Fund for General and Sheriff employees is not recorded in the governmental funds, but is recorded as a liability in the Statement of Net Position	(166,774,877)
The difference between the actual and required contribution for retiree health care for employees of the Department of Roads is not recorded in the governmental funds, but is recorded as an asset in the Statement of Net Position	3,943,125
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 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 Position	<u>43,105,683</u>
Net position of governmental activities reported in the Government-Wide Statement of Net Position	<u><u>\$ 914,844,603</u></u>

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, 2012

	Major Governmental Funds		Nonmajor Governmental Funds	Total Governmental Funds
	General Fund	Special Revenue Road Fund (1)		
Revenues				
Property taxes	\$ 108,830,816	-	\$ 1,169,030	\$ 109,999,846
Licenses and permits	1,510,367	413,906	-	1,924,273
Federal & State grants	28,455,427	57,201,534	45,246,266	130,903,227
Other grants	-	11,574	379,779	391,353
Charges for services	35,525,507	12,299,723	9,940,901	57,766,131
Investment income	346,172	159,231	129,595	634,998
Charges to other funds for administrative services	6,574,955	-	-	6,574,955
Fines and forfeitures	692,746	-	1,776,676	2,469,422
Other revenue	476,718	560,576	1,383,390	2,420,684
Total Revenues	182,412,708	70,646,544	60,025,637	313,084,889
Expenditures				
Current				
Legislative	1,138,536	-	-	1,138,536
Judicial	27,745,100	-	11,807,753	39,552,853
General government	42,464,395	-	1,033,282	43,497,677
Public safety	55,139,860	-	4,899,565	60,039,425
Public works	-	69,325,868	192,313	69,518,181
Health and welfare	18,165,990	-	54,268,414	72,434,404
Other	1,157,484	-	-	1,157,484
Capital outlay	563,244	457,605	5,722,222	6,743,071
Debt service				
Principal	-	-	5,990,000	5,990,000
Interest and fees	-	-	2,250,741	2,250,741
Bond issue costs	-	-	235,240	235,240
Total Expenditures	146,374,609	69,783,473	86,399,530	302,557,612
Excess of Revenues over (under) Expenditures	36,038,099	863,071	(26,373,893)	10,527,277
Other financing sources (uses)				
Face amount of long-term debt	-	-	22,975,000	22,975,000
Transfers in	18,254,440	250,117	32,999,204	51,503,761
Transfers out	(32,156,006)	-	(18,421,751)	(50,577,757)
Bond discounts	-	-	149,741	149,741
Payment to refunding debt escrow agent	-	-	(24,760,000)	(24,760,000)
Total other financing sources (uses)	(13,901,566)	250,117	12,942,194	(709,255)
Net change in fund balances	22,136,533	1,113,188	(13,431,699)	9,818,022
Fund Balances, beginning of year (2)	57,934,473	52,914,882	67,048,136	177,897,491
Fund Balances, end of year	<u>\$ 80,071,006</u>	<u>\$ 54,028,070</u>	<u>\$ 53,616,437</u>	<u>\$ 187,715,513</u>

(1) - Year ended September 30, 2012

(2) - As restated. See Note 13

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, 2012

Net change in fund balances - total governmental funds \$ 9,818,022

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	52,475,821
Current year depreciation expense	(50,491,588)

The change in receivables not collected within 60 days of year end is not recorded in the governmental funds, but is recorded as revenue in the Statement of Activities	5,601,933
---	-----------

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 Position	30,873,750
---	------------

The proceeds received as a result of issuing of bonds and loans are recorded as revenue in the governmental funds, but are recorded as increases in long-term liabilities in the Statement of Net Position	(22,975,000)
--	--------------

The change in amount of accrued compensated absences is not recorded in the governmental funds but is recorded as an operating expense in the Government-Wide Statement of Activities.	12,924
--	--------

The change in amount of accrued workers compensation claims is not recorded in the governmental funds but is recorded as an operating expense in the Government-Wide Statement of Activities.	74,025
---	--------

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.	92,584
---	--------

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.	(28,584,950)
---	--------------

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.	5,323,562
--	-----------

Change in net position of governmental activities reported in the Statement of Activities	\$ 2,221,083
---	--------------

The accompanying notes are an integral part of these financial statements

MACOMB COUNTY, MICHIGAN
Statement of Net Position
Proprietary Funds
December 31, 2012

	Major Business-Type Activities - Enterprise Funds		
	Delinquent Tax Revolving	Community Mental Health (1)	Martha T Berry Medical Care Facility
Assets			
Current assets			
Cash and pooled investments	\$ 71,245,829	\$ 59,840,048	\$ 900,672
Receivables		-	-
Property taxes	39,727,793	-	-
Accrued interest	66,516	7,305	-
Trade accounts, net	7,917,426	2,436,921	2,944,070
Inventories	-	-	-
Due from other governments	7,460	1,196,055	-
Due from fiduciary funds	-	-	-
Other assets	-	1,949,744	8,174
Total current assets	118,965,024	65,430,073	3,852,916
Noncurrent assets			
Capital assets, net			
Assets being depreciated	-	3,842	570,478
Total noncurrent assets	-	3,842	570,478
Total Assets	118,965,024	65,433,915	4,423,394
Liabilities			
Current liabilities			
Accounts payable	524,860	35,800,962	846,853
Accrued wages payable	-	123,533	-
Due to other governments	443,045	10,682,927	-
Due to governmental funds	-	-	-
Compensated absences	-	-	-
Claims and judgements	-	-	-
Unearned revenue	-	160,714	-
Total current liabilities	967,905	46,768,136	846,853
Noncurrent liabilities			
Claims and judgements	-	-	-
Compensated absences	-	-	-
Advances from other funds	-	-	-
Net OPEB Obligation	-	27,384,352	13,193,387
Total noncurrent liabilities	-	27,384,352	13,193,387
Total Liabilities	967,905	74,152,488	14,040,240
Net Position			
Net investment in capital assets	-	3,842	570,478
Restricted for:			
Capital projects	-	-	-
Debt service	-	-	-
Mental health and substance abuse	-	18,661,937	-
Department of Roads liability insurance	-	-	-
Unrestricted	117,997,119	(27,384,352)	(10,187,324)
Total Net Position	\$ 117,997,119	\$ (8,718,573)	\$ (9,616,846)

(1) - Year ended September 30, 2012

MACOMB COUNTY, MICHIGAN
Statement of Net Position (concluded)
Proprietary Funds
December 31, 2012

	<u>Nonmajor Enterprise Fund Freedom Hill Park</u>	<u>Enterprise Fund Totals</u>	<u>Governmental Activities Internal Service Funds</u>
Assets			
Current assets			
Cash and pooled investments	\$ 588,900	\$ 132,575,449	\$ 55,433,629
Receivables			
Property taxes	-	39,727,793	-
Accrued interest	-	73,821	-
Trade accounts, net	-	13,298,417	217,071
Inventories	-	-	317,106
Due from other governments	-	1,203,515	-
Due from fiduciary funds	-	-	7,160,966
Other assets	-	1,957,918	2,184,091
Total current assets	588,900	188,836,913	65,312,863
Noncurrent assets			
Capital assets, net			
Assets being depreciated	677,864	1,252,184	1,949,565
Total noncurrent assets	677,864	1,252,184	1,949,565
Total Assets	1,266,764	190,089,097	67,262,428
Liabilities			
Current liabilities			
Accounts payable	14,081	37,186,756	876,636
Accrued wages payable	-	123,533	-
Due to other governments	-	11,125,972	-
Due to governmental funds	-	-	148,471
Compensated absences	-	-	1,150,000
Claims and judgements	-	-	1,515,523
Unearned revenue	-	160,714	-
Total current liabilities	14,081	48,596,975	3,690,630
Noncurrent liabilities			
Claims and judgements	-	-	5,244,474
Compensated absences	-	-	11,247,189
Advances from other funds	-	-	295,000
Net OPEB Obligation	417,256	40,994,995	-
Total noncurrent liabilities	417,256	40,994,995	16,786,663
Total Liabilities	431,337	89,591,970	20,477,293
Net Position			
Net investment in capital assets	677,864	1,252,184	1,949,565
Restricted for:			
Capital projects	-	-	-
Debt service	-	-	-
Mental health and substance abuse	-	18,661,937	-
Department of Roads liability insurance	-	-	9,392,776
Unrestricted	157,563	80,583,006	35,442,794
Total Net Position	\$ 835,427	\$ 100,497,127	\$ 46,785,135

Reconciliation of Statement of Net Position for Proprietary Funds:

Total net position of Enterprise Funds/Internal Service Funds	\$ 100,497,127	\$ 46,785,135
Add (subtract): Business-type equity in the net position of internal service funds	3,679,452	(3,679,452)
Net Assets reported in the Government-Wide Statement of Net Position	\$ 104,176,579	\$ 43,105,683

MACOMB COUNTY, MICHIGAN
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
Year Ended December 31, 2012

	Major Business-Type Activities - Enterprise Funds		
	Delinquent Tax Revolving	Community Mental Health (1)	Martha T Berry Medical Care Facility
Operating Revenues			
Charges for services	\$ 21,998,636	\$ 169,394,684	\$ 23,325,967
Federal and state grants	-	34,995,209	-
Total Operating Revenues	21,998,636	204,389,893	23,325,967
Operating Expenses			
Personal services	390,891	29,437,198	16,928,326
Contractual services	-	166,920,979	2,290,327
Utilities	-	303,344	642,616
Repairs and maintenance	-	12,970	67,399
Benefits and claims expenses	-	-	-
Supplies and services	7,944,967	16,424,316	5,046,084
Depreciation	-	3,842	88,300
Capital outlay	-	-	-
Total Operating Expenses	8,335,858	213,102,649	25,063,052
Operating Income (Loss)	13,662,778	(8,712,756)	(1,737,085)
Nonoperating revenues			
Investment income	172,588	137,003	-
Income (loss) before Transfers	13,835,366	(8,575,753)	(1,737,085)
Transfers			
Transfers in	-	5,900,495	-
Transfers out	(10,705,000)	-	-
Net Transfers	(10,705,000)	5,900,495	-
Increase (decrease) in net position	3,130,366	(2,675,258)	(1,737,085)
Net position, beginning of year (2)	114,866,753	(6,043,315)	(7,879,761)
Net position, end of year	\$ 117,997,119	\$ (8,718,573)	\$ (9,616,846)

(1) - Year ended September 30, 2012

(2) - As restated. See Note 13

MACOMB COUNTY, MICHIGAN
Statement of Revenues, Expenses and Changes in Fund Net Position (concluded)
Proprietary Funds
Year Ended December 31, 2012

	Nonmajor Enterprise Fund		Governmental Activities
	Freedom Hill Park	Enterprise Fund Totals	Internal Service Funds
Operating Revenues			
Charges for services	\$ 501,090	\$ 215,220,377	\$ 61,878,461
Federal and state grants	-	34,995,209	-
Total Operating Revenues	501,090	250,215,586	61,878,461
Operating Expenses			
Personal services	88,599	46,845,014	-
Contractual services	-	169,211,306	-
Utilities	49,413	995,373	-
Repairs and maintenance	13,592	93,961	-
Benefits and claims expenses	-	-	51,634,093
Supplies and services	745	29,416,112	3,950,087
Depreciation	56,905	149,047	516,625
Capital outlay	-	-	38,858
Total Operating Expenses	209,254	246,710,813	56,139,663
Operating Income (Loss)	291,836	3,504,773	5,738,798
Nonoperating revenues			
Investment income	-	309,591	28,132
Income (loss) before Transfers	291,836	3,814,364	5,766,930
Transfers			
Transfers in	85,832	5,986,327	1,000,000
Transfers out	-	(10,705,000)	-
Net Transfers	85,832	(4,718,673)	1,000,000
Increase (decrease) in net position	377,668	(904,309)	6,766,930
Net position, beginning of year (2)	457,759	101,401,436	40,018,205
Net position, end of year	\$ 835,427	\$ 100,497,127	\$ 46,785,135

(2) - As restated. See Note 13

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

Net increase (decrease) in net position	\$ (904,309)	\$ 6,766,930
Add (subtract): Increase (Decrease) in Business-type activities' equity of internal service funds	1,443,368	(1,443,368)
Net income (loss) in the Government-Wide Statement of Activities	\$ 539,059	\$ 5,323,562

MACOMB COUNTY, MICHIGAN
Combining Statement of Cash Flows - Proprietary Funds
Year Ended December 31, 2012

	Major Business-type Activities - Enterprise Funds		
	Delinquent Tax Revolving	Community Mental Health (1)	Martha T Berry Medical Care Facility
Cash Flows From Operating Activities			
Cash received from customers	\$ 100,615,481	\$ 210,446,727	\$ 22,756,817
Cash received from interfund services	-	-	-
Cash payments for delinquent taxes	(59,559,509)	-	-
Cash paid for interfund services	(18,621,195)	-	-
Cash payments to employees	(391,047)	(24,502,802)	(14,569,388)
Cash payments to suppliers	(8,716,831)	(180,662,721)	(7,741,715)
Net cash provided by (used in) Operating Activities	<u>13,326,899</u>	<u>5,281,204</u>	<u>445,714</u>
Cash Flows From Noncapital Financing Activities			
Transfers in	-	5,900,495	-
Transfers out	(10,705,000)	-	-
Net cash provided by (used in) Noncapital Financing Activities	<u>(10,705,000)</u>	<u>5,900,495</u>	<u>-</u>
Cash Flows From Capital and Related Financing Activities			
Proceeds from sale of capital assets	-	-	-
Acquisition of capital assets	-	-	(195,345)
Net Cash used in Capital and Related Financing Activities	<u>-</u>	<u>26,643</u>	<u>(195,345)</u>
Cash Flows From Investing Activities			
Interest received on investments	147,738	139,012	-
Net cash provided by Investing Activities	<u>147,738</u>	<u>139,012</u>	<u>-</u>
Increase (decrease) in cash and pooled investments	2,769,637	11,320,711	250,369
Cash and pooled investments, beginning of year	68,476,192	48,519,337	650,303
Cash and pooled investments, end of year	<u>\$ 71,245,829</u>	<u>\$ 59,840,048</u>	<u>\$ 900,672</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities			
Operating income (loss)	\$ 13,662,778	\$ (8,712,756)	\$ (1,737,085)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation	-	3,842	88,300
Changes in assets and liabilities:			
Taxes receivable	17,406,100	-	-
Accounts receivable	1,560,048	(68,929)	(569,150)
Inventory	-	-	-
Due from other governments	(1,686)	(676,347)	-
Due from other funds	-	-	-
Other assets	-	148,628	-
Accounts payable	(771,864)	2,998,888	304,711
Accrued employee benefits	(156)	(7,529)	(22,010)
Net OPEB Obligation	-	4,941,925	2,380,948
Due to other governments	92,874	6,624,874	-
Due to other funds	(18,621,195)	-	-
Unearned revenue	-	28,608	-
Workers' compensation claims	-	-	-
Accrued claims and judgements	-	-	-
Net cash provided by (used in) Operating Activities	<u>\$ 13,326,899</u>	<u>\$ 5,281,204</u>	<u>\$ 445,714</u>

MACOMB COUNTY, MICHIGAN
Combining Statement of Cash Flows - Proprietary Funds (concluded)
Year Ended December 31, 2012

	Nonmajor Enterprise Fund Freedom Hill Park	Enterprise Fund Totals	Governmental Activities Internal Service Funds
Cash Flows From Operating Activities			
Cash received from customers	\$ 827,412	\$ 334,646,437	\$ -
Cash received from interfund services	-	-	60,741,235
Cash payments for delinquent taxes	-	(59,559,509)	-
Cash paid for interfund services	-	(18,621,195)	-
Cash payments to employees	(13,299)	(39,476,536)	(893,964)
Cash payments to suppliers	(380,185)	(197,501,452)	(58,602,224)
Net cash provided by (used in) Operating Activities	<u>433,928</u>	<u>19,487,745</u>	<u>1,245,047</u>
Cash Flows From Noncapital Financing Activities			
Transfers in	85,832	5,986,327	1,000,000
Transfers out	-	(10,705,000)	-
Net cash provided by (used in) Noncapital Financing Activities	<u>85,832</u>	<u>(4,718,673)</u>	<u>1,000,000</u>
Cash Flows From Capital and Related Financing Activities			
Proceeds from sale of capital assets	-	-	-
Acquisition of capital assets	(9,874)	(205,219)	(284,706)
Net Cash used in Capital and Related Financing Activities	<u>(9,874)</u>	<u>(205,219)</u>	<u>(284,706)</u>
Cash Flows From Investing Activities			
Interest received on investments	-	286,750	28,132
Net cash provided by Investing Activities	<u>-</u>	<u>286,750</u>	<u>28,132</u>
Increase (decrease) in cash and pooled investments	509,886	14,850,603	1,988,473
Cash and pooled investments, beginning of year	79,014	117,724,846	53,445,156
Cash and pooled investments, end of year	<u>\$ 588,900</u>	<u>\$ 132,575,449</u>	<u>\$ 55,433,629</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities			
Operating income (loss)	\$ 291,836	\$ 3,504,773	\$ 5,738,798
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation	56,905	149,047	516,625
Changes in assets and liabilities:			
Taxes receivable	-	17,406,100	-
Accounts receivable	326,322	1,248,291	165,199
Inventory	-	-	19,997
Due from other governments	-	(678,033)	-
Due from other funds	-	-	(1,290,612)
Other assets	-	148,628	(1,488,334)
Accounts payable	(316,435)	2,215,300	(149,490)
Accrued employee benefits	-	(29,695)	(27,537)
Net OPEB Obligation	75,300	7,398,173	-
Due to other governments	-	6,717,748	-
Due to other funds	-	(18,621,195)	10,656
Unearned revenue	-	28,608	-
Workers' compensation claims	-	-	-
Accrued claims and judgements	-	-	(2,250,255)
Net cash provided by (used in) Operating Activities	<u>\$ 433,928</u>	<u>\$ 19,487,745</u>	<u>\$ 1,245,047</u>

MACOMB COUNTY, MICHIGAN
Statement of Fiduciary Net Position
Fiduciary Funds
December 31, 2012

	Employee Retirement and Other Postretirement Benefits	Agency Funds
Assets		
Cash and pooled investments	\$ 29,454,696	\$ 10,009,575
Receivables		
Accrued interest	2,813,671	-
Other	66,215	49,067
Due from other funds	18,646	-
Investments, at fair value		
Corporate Bonds	130,666	-
Common Stock	333,133,324	-
Foreign Stock	20,546,145	-
Limited partnership	156,681,176	-
Real Estate Investment Trusts	20,203,069	-
Common Collective Trusts	365,120,503	-
Other assets	-	372,864
	928,168,111	\$ 10,431,506
Liabilities		
Accounts payable	2,761,376	\$ 1,299,066
Compensation and benefits	-	67,871
Deposits	-	6,183,406
Due to other governments	-	2,881,163
Due to governmental funds	7,160,966	-
Due to fiduciary funds	18,646	-
	9,940,988	\$ 10,431,506
Net position		
Net position held in trust for pension and other postemployment benefits	\$ 918,227,123	

MACOMB COUNTY, MICHIGAN
Statement of Changes In Fiduciary Net Position
Fiduciary Funds
Year Ended December 31, 2012

	Employee Retirement and Other Postretirement Benefits
ADDITIONS	
Contributions	
Employer	\$ 30,361,889
Employee	4,319,922
	34,681,811
Investment income	
Net appreciation in fair value of assets	85,024,330
Interest	9,241,906
Dividends	8,867,567
	103,133,803
Less investment expenses	
Management and custodial fees	2,770,929
	100,362,874
Net investment income	100,362,874
Total additions	135,044,685
DEDUCTIONS	
Benefit payments	69,304,963
Refunds of contributions	555,489
Administrative expense	178,860
	70,039,312
Net decrease in net position	65,005,373
NET POSITION	
Beginning of year (1)	853,221,750
End of year	\$ 918,227,123

(1) - As restated. See Note 13

MACOMB COUNTY, MICHIGAN
Combining Statement of Net Position - Component Units
December 31, 2012

	Drainage Districts (1)	Workforce Development Board (2)	Total
Assets			
Cash and cash equivalents	\$ 38,811,137	\$ 541,969	\$ 39,353,106
Restricted cash - unspent bond proceeds	25,859,629	-	25,859,629
Receivables			
Accrued interest	5	-	5
Trade accounts, net	11,034,304	37,668	11,071,972
Special assessments	253,818,665	-	253,818,665
Due from other governments	-	5,122,707	5,122,707
Other assets	677,969	7,173	685,142
Capital assets, net			
Assets not being depreciated	24,627,028	-	24,627,028
Assets being depreciated	275,372,622	-	275,372,622
Total Assets	630,201,359	5,709,517	635,910,876
Liabilities			
Accounts payable	13,033,086	5,543,550	18,576,636
Accrued compensation and benefits	-	67,255	67,255
Accrued interest payable	3,413,323	-	3,413,323
Due to other governments	-	30,379	30,379
Unearned revenue	24,281,970	-	24,281,970
Long-term liabilities:			
Due within one year	10,756,032	-	10,756,032
Due in more than one year	243,701,848	-	243,701,848
Total Liabilities	295,186,259	5,641,184	300,827,443
Net Position			
Net investment in capital assets	94,968,459	-	94,968,459
Restricted for			
Capital projects	25,859,629	-	25,859,629
Unrestricted	214,187,012	68,333	214,255,345
Total Net Position	\$ 335,015,100	\$ 68,333	\$ 335,083,433

(1) - Year-end September 30, 2012

(2) - Year-end June 30, 2012

MACOMB COUNTY, MICHIGAN
Combining Statement of Activities - Component Units
For the Year Ended December 31, 2012

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Drainage Districts (1)					
Public works	\$ 56,295,286	\$ 54,836,798	\$ -	\$ 1,253,582	\$ (204,906)
Interest on long-term debt	8,764,799	-	-	-	(8,764,799)
Total Public Works	<u>65,060,085</u>	<u>54,836,798</u>	<u>-</u>	<u>1,253,582</u>	<u>(8,969,705)</u>
Workforce Development Board (2)					
Health and welfare	<u>34,277,371</u>	<u>2,870,381</u>	<u>31,404,993</u>	<u>-</u>	<u>(1,997)</u>
Total Component Units	<u>\$ 99,337,456</u>	<u>\$ 57,707,179</u>	<u>\$ 31,404,993</u>	<u>\$ 1,253,582</u>	<u>\$ (8,971,702)</u>

(1) - Year ended September 30, 2012

(2) - Year ended June 30, 2012

The accompanying notes are an integral part of these financial statements

MACOMB COUNTY, MICHIGAN
Combining Statement of Activities - Component Units (concluded)
For the Year Ended December 31, 2012

	Drainage Districts (1)	Workforce Development Board (2)	Total
Changes in net position			
Net (expense) revenue	\$ (8,969,705)	\$ (1,997)	\$ (8,971,702)
General revenues			
Investment earnings	7,595,492	-	7,595,492
Change in net position	(1,374,213)	(1,997)	(1,376,210)
Net position, beginning of year (3)	336,389,313	70,330	336,459,643
Net position, end of year	\$ 335,015,100	\$ 68,333	\$ 335,083,433

(1) - Year Ended September 30, 2012

(2) - Year Ended June 30, 2012

(3) - As restated. See Note 13

The accompanying notes are an integral part of these financial statements

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements
December 31, 2012

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, 2012, except as follows: the financial statements of the Adult Drug Court, Child Care, Department of Roads, Friend of the Court, Juvenile Drug Court Grants, Veterans' Services and certain Community Services, Health Grants, MSU Extension, Prosecuting Attorney, and Sheriff Special Revenue Funds, the Community Mental Health Enterprise Fund, and the Drainage Districts Component Unit, which are reported as of and for the year ended September 30, 2012, and the Work Force Development Board which is included on a June 30, 2012 year-end basis.

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 a Home Rule Charter that provides for both executive and legislative branches of government. The executive branch is directed by an elected County Executive, who serves as the Chief Administrative Officer of the County and directs the operations of all departments except the Sheriff, Prosecuting Attorney, Treasurer, Public Works, County Clerk/Register of Deeds, the Circuit and District Courts and the Board of Commissioners, which are all operated by separately elected officials. The legislative branch is directed by a 13 member elected Board of Commissioners. 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.

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2012

Note 1 – Summary of Significant Accounting Policies (continued)

Blended Component Units (concluded)–

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.

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 there are no adjustments necessary to convert their activities from the modified basis of accounting to the full accrual basis of accounting. Therefore, fund level financial statements are not presented herein.

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, 2012

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 Position** and the **Statement of Activities**.

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

- Net Investment in Capital Assets. 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 position that does 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 position 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, 2012

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 *Department of Roads Fund* accounts for the revenues and expenditures related to construction and maintenance of roads throughout the County.

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.

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2012

Note 1 – Summary of Significant Accounting Policies (continued)

Basic (Government-Wide) and Fund Financial Statements (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.

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 that are legally restricted, committed or assigned to expenditure for specific purposes other than debt service or capital projects.

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, 2012

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 received within the period of availability. 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, 2012

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. When an expense is incurred for which amounts in any of the unrestricted fund balance classifications could be used, it is the County's policy to spend funds in this order; committed, assigned and unassigned.

Bank Deposits and Investments – Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value. Pooled investment income from the relevant funds is generally allocated to each fund using a weighted average.

Receivables and Payables – In general, outstanding balances between funds are reported as “due to/from other funds.” Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as “advances to/from other funds”. Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as “internal balances”. All trade and property tax receivables are shown as net of allowance for uncollectible amounts. Trade receivables of the primary government totaled \$33,522,082 at year end, net of an allowance of \$446,065, all of which relates to the Martha T. Berry Enterprise Fund.

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 July 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, Special Revenue Funds and the Debt Service Fund, as well as the Martha T. Berry, Community Mental Health and Parks business-type activities. 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.

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2012

Note 1 – Summary of Significant Accounting Policies (continued)

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 department level. The County Executive is authorized to transfer funds between budgeted line items within a department within a fund as long as the amount being transferred does not exceed the lesser of \$30,000 or 2% of the department budget. Budget amendments that exceed these limits must be approved by the Finance Committee of 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 and budgeted amounts presented in the financial statements represent final budget authorization, including all amendments approved during the year.

More information regarding budget matters can be found in the Required Supplementary Information section of this report.

Capital Assets – Capital assets of the primary government, including land, land improvements, buildings, equipment, vehicles, and infrastructure, 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 are reported in the Drainage Districts Component Unit. The County capitalizes assets, except those purchased by the Department of Roads, whose initial purchase price equals or exceeds \$5,000 and whose estimated useful life exceeds one year. The Department of Roads 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 are available for use 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.

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2012

Note 1 – Summary of Significant Accounting Policies (continued)

Long Term Obligations – In the government-wide financial statements and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund-type statement of net position. Bond premiums and discounts, issuance costs, and the deferred amount on refunding are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount and deferred amount on refunding. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts are reported as other financing uses. Issuance costs are reported as debt service expenditures.

Pension and Other Postemployment Benefit Costs – The County offers both pension and retiree healthcare benefits to retirees. The County receives an actuarial valuation to compute the annual required contribution (ARC) necessary to fund the obligation over the remaining amortization period. In the governmental funds, pension and OPEB costs are recognized as contributions are made. For the government-wide statements and proprietary funds, the County reports the full accrual cost equal to the current year required contribution, adjusted for interest and “adjustment to the ARC” on the beginning of the year underpaid amount, if any.

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 lapse and are re-appropriated and spent under authorization of a new budget in the following year.

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, 2012 levy (calendar 2012 revenue) was \$24,255,702,728. The County operating tax rate for the 2012 levy was 4.5685 mills, the Veteran’s rate was .0400 mills, and the Drain Debt was .0050 mills. The County records an allowance of 2% for assessment appeals and personal property tax delinquencies. The amount recorded in 2012 was \$2,263,688.

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.

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2012

Note 1 – Summary of Significant Accounting Policies (concluded)

Deferred Revenue – Governmental funds report deferred revenue in connection with receivables for property tax revenue that is not considered to be available to liquidate liabilities of the current period. Governmental funds, the governmental activities, and business type activities also defer revenue recognition in connection with resources that have been received but not yet earned; including property taxes levied for the following fiscal year and grants received in advance.

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 report fund balance as either nonspendable, restricted, committed, assigned or unassigned.

- Nonspendable - Amounts that are not expected to be converted into cash, such as inventories and prepaid expenses, and amounts that are legally required to be maintained intact., such as the corpus of a permanent fund.
- Restricted – Amounts whose use are restricted by constraints imposed by outside parties such as creditors, grantors, laws and regulations of other governments, constitutional provisions or enabling legislation.
- Committed – Amounts that have been designated for specific purposes established by formal action of the government’s highest level of decision-making authority. Fund balance commitments require a formal resolution of the Board of Commissioners. Once committed, these amounts cannot be used for any other purpose unless the restrictions are removed or changed through the same type of action used to make the original designation.
- Assigned – Amounts that are intended to be used for specific purposes, but are not restricted or committed. Specific fund balance assignments require formal approval by the Board of Commissioners. However, the County has not adopted such a policy. Balances in governmental funds, other than the General Fund, not classified as nonspendable, restricted or committed are classified as assigned in accordance with GASB Statement No. 54, even though specific intended uses may not been declared by the government.
- Unassigned – The residual amount of fund balance remaining in the General Fund after all other classifications have been made and negative amounts in Special Revenue Funds.

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2012

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". Public Act 20 of 1943, as amended, authorizes local units of government to make deposits and invest in the accounts of federally insured banks, credit unions and savings and loan associations that maintain locations in the State of Michigan. The law also allows investments outside the State of Michigan if fully insured. Public Act 20 authorizes local units to invest in bonds, securities and other direct obligations of the United States government, repurchase agreements, bankers' acceptances of United States banks, commercial paper rated within the two highest classifications by not less than two standard rating services and maturing not more than 270 days after the date of purchase, investment grade obligations of the State of Michigan or any of its political subdivisions and mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan. 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, 2012

Note 2 – 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, 2012 and September 30, 2012 respectively, are presented below.

	<u>Primary Government</u>	<u>Component Units</u>	<u>Percent of Total</u>
Cash on hand	\$ 71,575	\$ -	0.02%
Bank and money market accounts	86,004,956	15,710,289	23.37%
Certificates of deposit	<u>282,547,751</u>	<u>49,502,446</u>	<u>76.27%</u>
Subtotal - deposits	368,624,282	65,212,735	99.66%
US Treasury securities	<u>1,497,025</u>	-	0.34%
Subtotal - investments	<u>1,497,025</u>	-	0.34%
Total deposits and investments	370,121,307	65,212,735	<u>100.00%</u>
Timing effect of different year ends	<u>(11,327,242)</u>	-	
Amount reported at December 31, 2012	<u>\$ 358,794,065</u>	<u>\$ 65,212,735</u>	
Amount reported in primary government	\$ 348,784,490		
Amount reported in agency funds	<u>10,009,575</u>		
	<u>\$ 358,794,065</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 \$422,517,420, with corresponding bank balances of \$445,149,458. Qualifying deposits are insured by the FDIC up to \$250,000. Of the bank balances, \$2,750,000 was insured and the remaining \$442,399,458 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, 2012

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. The county had more than 5% invested at six separate financial institutions for the periods being reported.

- **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</u> <u>(Years)</u>	<u>US Treasury</u>	<u>Percent of</u> <u>Total</u>
Less than 1	<u>\$ 1,497,025</u>	<u>100.00%</u>

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2012

Note 2 – Deposits and Investments (continued)

Retiree Health Care Trust Fund Investments – In addition to the instruments authorized by Public Act 20 of 1943, the Retiree Health Care Trust Fund is authorized by Public Act 314 of 1965, as amended, to invest in certain reverse repurchase agreements, stocks and bonds, diversified investment companies, real estate, annuity investment contracts, mortgages and certain other specified investment vehicles. 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, 2012 are presented below:

<u>Investment Type</u>	<u>Amount</u>	<u>Percent of Total</u>
Cash and pooled investments	\$ 81,079	0.06%
Real Estate Investment Trusts	20,203,069	14.77%
Equity Common Collective Trusts	66,858,138	48.85%
Bond Common Collective Trusts	28,003,609	20.46%
Foreign Stock	20,546,145	15.01%
Common Stock	<u>1,167,493</u>	<u>0.85%</u>
	<u>\$ 136,859,533</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:

- 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.

At December 31, 2012, the Fund’s investments in debt securities were rated by Standard & Poors as follows:

<u>Quality Rating</u>	<u>US Treasury</u>	<u>US Agency</u>	<u>Corporate</u>	<u>Total</u>
AAA	\$ 10,445,346	\$ 9,353,205	\$ 1,147,887	\$ 20,946,438
AA	-	-	980,504	980,504
A	-	-	3,724,275	3,724,275
BAA	<u>-</u>	<u>-</u>	<u>2,352,390</u>	<u>2,352,390</u>
	<u>\$ 10,445,346</u>	<u>\$ 9,353,205</u>	<u>\$ 8,205,056</u>	<u>\$ 28,003,607</u>

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2012

Note 2 – Deposits and Investments (continued)

Retiree Health Care Trust Fund Investments (concluded) –

- ***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.

- ***Concentration of Credit Risk*** is the risk of loss measured by the magnitude of investments in a single issuer. As defined by GASB Statement N0. 40, the County is exposed to concentration of credit risk if more than 5% of its portfolio is invested in instruments issued by a single issuer. Investments in instruments issued by the US Government, as well as those held in mutual funds and investment pools are exempt from this requirement. None of the investments in common or foreign stock exceeded the 5% threshold at December 31, 2012.

- ***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. A summary of the maturities of the Fund's debt securities at December 31, 2012 were as follows:

Maturities (Years)	Fair Value			Total
	US Treasury	US Agency	Corporate	
1-5	\$ 6,162,754	\$ 5,518,391	\$ 4,840,983	\$ 16,522,128
6-10	2,841,134	2,544,072	2,231,775	7,616,981
11 or more	1,441,458	1,290,742	1,132,298	3,864,498
	<u>\$ 10,445,346</u>	<u>\$ 9,353,205</u>	<u>\$ 8,205,056</u>	<u>\$ 28,003,607</u>

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2012

Note 2 - Deposits and Investments (continued)

Employees' Retirement System Deposits and Investments - In addition to the instruments authorized by Public Act 20 of 1943 the Retiree Health Care Trust Fund is authorized by Public Act 314 of 1965, as amended, to invest in certain reverse repurchase agreements, stocks and bonds, diversified investment companies, real estate, annuity investment contracts, mortgages and certain other specified investment vehicles. A summary of the investments of the System at December 31, 2012 is presented below:

<u>Investment Type</u>	<u>Amount</u>	<u>Percent of Total</u>
Cash and pooled investments	\$ 29,373,617	3.73%
Corporate bonds	130,666	0.02%
Common stock	331,965,831	42.10%
Limited partnerships	156,681,176	19.87%
Equity Common Collective Trusts	270,258,756	34.28%
	<u>\$ 788,410,046</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 \$29,373,617, with corresponding bank balances of \$29,675,475. Qualifying deposits are insured by the FDIC up to \$250,000. Of the bank balances of the System, \$250,000 was insured and the remaining \$29,425,475 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, 2012

Note 2 - Deposits and Investments (concluded)

Employees' Retirement System Deposits and Investments (concluded) –

At December 31, 2012, the System's investments in debt securities were rated by Standard & Poors as follows:

<u>Quality Rating</u>	<u>US Treasury</u>	<u>US Agency</u>	<u>Corporate</u>	
			<u>Bonds</u>	<u>Total</u>
AAA	\$ 36,915,054	\$ 4,801,006	\$ 11,597,323	\$ 53,313,383
AA	-	4,318,523	7,516,706	11,835,229
A	-	17,444,079	25,083,295	42,527,374
BBB	-	14,872,194	36,028,637	50,900,831
BB	-	767,701	3,202,789	3,970,490
B	-	716,877	2,152,694	2,869,571
CCC	-	-	278,155	278,155
D	-	-	24,583	24,583
Not rated	-	-	88,800	88,800
	<u>\$ 36,915,054</u>	<u>\$ 42,920,380</u>	<u>\$ 85,972,982</u>	<u>\$ 165,808,416</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, 2012 were as follows:

<u>Maturities (Years)</u>	<u>US Treasury</u>	<u>US Agency</u>	<u>Corporate</u>	
			<u>Bonds</u>	<u>Total</u>
Less than 1	\$ 32,422	\$ 29,546	\$ 121,227	\$ 183,195
1-5	22,714,242	29,979,316	32,792,661	\$ 85,486,219
6-10	10,277,757	9,366,020	50,019,250	69,663,027
11 or more	3,890,633	3,545,497	3,039,845	10,475,975
	<u>\$ 36,915,054</u>	<u>\$ 42,920,379</u>	<u>\$ 85,972,983</u>	<u>\$ 165,808,416</u>

Investments are reported at fair value or estimated fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Investments that do not have an established market value are reported at estimated fair value as determined by County Management. Approximately 57.6 percent of the Employee's Retirement System assets and 69.2 percent of the Retiree Health Care Plan assets are not publicly traded and therefore do not have a readily determinable market value. Because alternative investments are not readily marketable, their estimated value is subject to uncertainty and therefore may differ significantly from the values that would have been used had a ready market for these securities existed. The difference could be material.

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2012

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, 2012:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities totals				
Capital assets not being depreciated				
Land	\$ 211,636,220	\$ 5,803,509	\$ -	\$ 217,439,729
Construction in progress	538,714	2,468,703	1,214,801	1,792,616
Total capital assets not being depreciated	212,174,934	8,272,212	1,214,801	219,232,345
Capital assets being depreciated				
Land improvements	11,912,317	5,250	-	11,917,567
Buildings	250,157,851	1,189,384	416	251,346,819
Machinery, equipment and vehicles	86,016,759	5,393,925	2,695,967	88,714,717
Infrastructure	1,011,983,801	39,174,500	-	1,051,158,301
Total capital assets being depreciated	1,360,070,728	45,763,059	2,696,383	1,403,137,404
Less accumulated depreciation for				
Land improvements	6,096,815	503,770	-	6,600,585
Buildings	104,255,589	7,091,143	2	111,346,730
Machinery, equipment and vehicles	71,963,756	6,600,789	2,636,439	75,928,106
Infrastructure	497,365,789	36,812,512	-	534,178,301
Total accumulated depreciation	679,681,949	51,008,214	2,636,441	728,053,722
Total capital assets being depreciated, net	680,388,779	(5,245,155)	59,942	675,083,682
Governmental activities capital assets, net	\$ 892,563,713	\$ 3,027,057	\$ 1,274,743	\$ 894,316,027

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

	Governmental Assets	Internal Service Assets	Total
Judicial	\$ 1,083,088	\$ -	\$ 1,083,088
General government	2,264,535	516,625	2,781,160
Health and welfare	2,996,383	-	2,996,383
Recreation and culture	62,122	-	62,122
Public safety	4,820,908	-	4,820,908
Public works	39,264,552	-	39,264,552
	\$ 50,491,589	\$ 516,625	\$ 51,008,214

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2012

Note 3 – Capital Assets (concluded)

The following is a summary of capital asset activity of the business-type activities of the County for the year ended December 31, 2012:

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities				
Capital assets being depreciated				
Land improvements	\$ 350,128	\$ -	\$ -	\$ 350,128
Buildings	1,703,998	158,374	-	1,862,372
Machinery, equipment and vehicles	725,813	46,845	-	772,658
Total capital assets being depreciated	<u>2,779,939</u>	<u>205,219</u>	<u>-</u>	<u>2,985,158</u>
Less accumulated depreciation for				
Land improvements	225,848	9,661	-	235,509
Buildings	830,483	67,561	-	898,044
Machinery, equipment and vehicles	527,596	71,825	-	599,421
Total accumulated depreciation	<u>1,583,927</u>	<u>149,047</u>	<u>-</u>	<u>1,732,974</u>
Total capital assets being depreciated, net	<u>1,196,012</u>	<u>56,172</u>	<u>-</u>	<u>1,252,184</u>
Business-type activities capital assets, net	<u>\$ 1,196,012</u>	<u>\$ 56,172</u>	<u>\$ -</u>	<u>\$ 1,252,184</u>

Depreciation expense of the business-type activities by function totaled \$92,140 for health and welfare and \$56,907 for recreation and culture.

The following is a summary of changes in the Drainage Districts Component Unit capital assets for the year ended September 30, 2012:

	Beginning Balance (1)	Increases	Decreases	Ending Balance
Capital assets not being depreciated				
Land	\$ 1,992,428	\$ -	\$ -	\$ 1,992,428
Construction in progress	11,361,826	13,886,187	2,613,413	22,634,600
Total capital assets not being depreciated	<u>13,354,254</u>	<u>13,886,187</u>	<u>2,613,413</u>	<u>24,627,028</u>
Capital assets being depreciated				
Infrastructure	369,177,158	2,756,373	-	371,933,531
Less accumulated depreciation for				
Infrastructure	89,157,898	7,403,011	-	96,560,909
Total capital assets being depreciated, net	<u>280,019,260</u>	<u>(4,646,638)</u>	<u>-</u>	<u>275,372,622</u>
Drainage district capital assets, net	<u>\$ 293,373,514</u>	<u>\$ 9,239,549</u>	<u>\$ 2,613,413</u>	<u>\$ 299,999,650</u>

(1) - as restated. See Note 13.

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2012

Note 4 – Long-Term Debt

The following is a summary of the long-term liability transactions for the year ended December 31, 2012:

Issue	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Primary Government					
Governmental activities					
Criminal Justice Bldg Authority					
Series 2002-B Refunding	\$ 2,135,000	\$ -	\$ 1,135,000	\$ 1,000,000	\$ 1,000,000
Building Authority					
Series 2002 MTB/Youth Home	4,650,000	-	1,475,000	3,175,000	1,550,000
Series 2002-A Refunding	3,420,000	-	800,000	2,620,000	835,000
Series 2004 Warehouse	3,725,000	-	3,725,000	-	-
Series 2004-A Public Works Bldg	3,100,000	-	3,100,000	-	-
Series 2005 Clemens Refunding	2,320,000	-	225,000	2,095,000	250,000
Series 2005 Commun System/Dist Court	14,880,000	-	14,880,000	-	-
Series 2007 Refunding	16,655,000	-	65,000	16,590,000	70,000
Series 2012 FW/Warehouse Refunding	-	6,550,000	120,000	6,430,000	480,000
Series 2012A 800MhZ/Court Refunding	-	14,160,000	-	14,160,000	25,000
MI Transportation Fund					
Series 2004-B Bridge Bonds	4,805,000	-	4,805,000	-	-
Series 2008- Bridge Refunding Bonds	1,755,000	-	420,000	1,335,000	430,000
Series 2012- Bridge Refunding Bonds	-	2,265,000	-	2,265,000	100,000
Department of Roads					
2007 MDOT Infrastructure Loan	385,939	-	46,580	339,359	47,045
2010 MDOT Infrastructure Loan	334,405	-	31,963	302,442	32,274
2010 MDOT Infrastructure Loan	495,000	-	45,207	449,793	46,111
	<u>58,660,344</u>	<u>22,975,000</u>	<u>30,873,750</u>	<u>50,761,594</u>	<u>4,865,430</u>
Other liabilities					
Compensated Absences					
General County	10,731,662	691,899	676,399	10,747,162	1,000,000
Department of Roads	1,243,864	862,319	875,243	1,230,940	-
General liability claims					
General County	4,510,810	(85,663)	1,516,452	2,908,695	500,000
Department of Roads	49,588	32,862	44,842	37,608	15,523
Workers' compensation claims					
General County	4,449,854	408,955	1,045,116	3,813,693	1,000,000
Department of Roads	126,760	(69,475)	18,527	38,758	18,008
Total Governmental Activities	<u>79,772,882</u>	<u>24,815,897</u>	<u>35,050,329</u>	<u>69,538,450</u>	<u>7,398,961</u>
Business-type activities					
Compensated Absences	<u>1,693,064</u>	<u>146,991</u>	<u>190,028</u>	<u>1,650,027</u>	<u>150,000</u>
Total Primary Government	<u>\$ 81,465,946</u>	<u>\$ 24,962,888</u>	<u>\$ 35,240,357</u>	<u>\$ 71,188,477</u>	<u>\$ 7,548,961</u>
Component Units					
Drainage Districts					
Special Assessment Debt	\$ 228,852,227	\$ 35,514,190	\$ 10,417,381	\$ 253,949,036	\$ 10,736,403
Unamortized premiums	314,564	1,936,645	115,336	2,135,873	115,336
Unamortized discounts	(1,722,736)	-	(95,707)	(1,627,029)	(95,707)
Total Component Units	<u>\$ 227,444,055</u>	<u>\$ 37,450,835</u>	<u>\$ 10,437,010</u>	<u>\$ 254,457,880</u>	<u>\$ 10,756,032</u>

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2012

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	07/01/2013	\$ 5,830,000	\$ 1,000,000
Macomb County Building Authority					
Series 2002 MTB/Youth Home Renovation	3.50-5.00	05/01/2002	05/01/2022	32,000,000	3,175,000
Series 2002-A Refunding	2.50-4.00	12/01/2002	05/01/2015	8,885,000	2,620,000
Series 2004 Warehouse	2.00-5.00	05/01/2004	05/01/2024	5,100,000	-
Series 2004-A Public Works Bldg	3.00-4.50	11/01/2004	05/01/2024	4,250,000	-
Series 2005 Clemens Refunding	3.25-5.00	12/01/2005	05/01/2020	2,875,000	2,095,000
Series 2005 Commun System/Dist Court	3.75-4.50	12/01/2005	11/01/2025	19,380,000	-
Series 2007 Refunding	3.50-4.22	04/01/2007	03/01/2022	16,895,000	16,590,000
Series 2012 Public Works/Warehouse Refunding	2.00-2.50	03/01/2012	05/01/2024	6,550,000	6,430,000
Series 2012A 800MHz/NB Court Refunding	2.00-2.50	10/01/2012	11/01/2025	14,160,000	14,160,000
Michigan Transportation Bonds					
Series 2004-B Bridge Bonds	3.00-4.75	05/01/2004	12/01/2024	10,000,000	-
Series 2008 Bridge Refunding Bonds	3.00-3.50	06/01/2008	12/01/2015	2,605,000	1,335,000
Series 2012 Bridge Refunding Bonds	2.00	11/01/2012	12/01/2019	2,265,000	2,265,000
Department of Roads					
2007 MDOT Infrastructure Loan	1.00	11/14/2008	11/14/18	477,720	339,359
2010 MDOT Infrastructure Loan	1.00	10/29/2010	10/29/20	334,405	302,442
2010 MDOT Infrastructure Loan	2.00	10/01/2010	12/01/20	495,000	449,793
Total Primary Government				<u>\$ 132,102,125</u>	<u>\$ 50,761,594</u>
Drainage Districts Component Unit					
Special Assessment Debt					
Busch Drain	3.80- 4.55	10/01/1998	05/01/2014	\$ 1,250,000	\$ 250,000
Hawken Drain	4.30 - 5.25	08/01/2000	05/01/2015	795,000	200,000
Hayes Drain	4.50 - 5.20	08/01/2000	05/01/2015	1,095,000	375,000
Plumbrook Bridge Replacement	4.00 - 5.00	08/01/2000	05/01/2015	2,800,000	800,000
Schmidt Drain	3.60 - 4.30	05/01/2006	06/01/2016	525,000	225,000
17 Mile Road Drain & Branches	4.00 - 8.00	04/01/1973	05/01/2013	2,315,000	290,000
17 Mile Road Extension	3.00 - 4.50	11/01/2001	11/01/2016	1,725,000	600,000
Sterling Relief Lateral 12B Extension	2.00 - 4.00	09/01/2003	11/01/2012	885,000	115,000
North Gratiot Interceptor - Phase 5	3.75 - 4.20	11/01/2006	05/01/2032	3,380,000	3,055,000
North Gratiot Interceptor - Lenox Local	4.00 - 4.25	03/01/2007	05/01/2031	15,200,000	13,150,000
North Gratiot Interceptor - Phase 1	3.25 - 4.75	06/01/2008	05/01/2033	22,340,000	20,350,000
North Gratiot Interceptor - Series 2010	1.00 - 6.35	05/11/2010	05/01/2035	16,965,000	16,120,000
Lake St. Clair Clean Water Initiative					
State Revolving Fund Series #1 (5186-01)	2.50	Various	10/01/2022	20,670,000	11,625,000
Lake St. Clair Clean Water Initiative					
State Revolving Fund Series #2 (5186-02)	2.50	Various	04/01/2022	13,630,000	7,670,000
Lake St. Clair Clean Water Initiative					
State Revolving Fund Series #3 (5186-03)	2.50	Various	04/08/2022	2,640,000	1,480,000
Lake St. Clair Clean Water Initiative					
State Revolving Fund Series #4 (5186-04)	2.50	Various	10/01/2022	5,550,000	3,120,000
Lake St. Clair Clean Water Initiative					
State Revolving Fund Series #5 (5186-05)	2.50	Various	10/01/2022	975,000	595,000
Lake St. Clair Clean Water Initiative Series 2004A	4.375 - 5.150	06/01/2004	10/01/2029	5,000,000	3,930,000
Lake St. Clair Clean Water Initiative Series 2004B	4.375 - 5.150	06/01/2004	10/01/2029	14,000,000	11,000,000
Lake St. Clair Clean Water Initiative Series 2010 Refunding	2.00 - 4.25	08/03/2010	10/01/2029	12,270,000	11,445,000
8.5 Mile Relief State Revolving Fund Loan (5306-01)	2.50	Various	10/01/2029	3,765,203	3,540,000
8.5 Mile Relief State Revolving Fund Loan (5393-01)	2.50	Various	10/01/2030	1,195,632	1,087,632
8.5 Mile Relief State Revolving Fund Loan (5460-01)	2.50	Various	4/01/2031	418,482	404,994
Oakland-Macomb Interceptor State Revolving Fund Loan (5368-01)	2.50	Various	04/01/2031	13,429,140	12,379,246
Oakland-Macomb Interceptor State Revolving Fund Loan (5368-02)	2.50	12/26/2011	10/01/2020	3,547,018	3,547,018
Oakland-Macomb Interceptor Series 2010B	1.15 - 5.90	04/15/2010	04/01/2030	3,450,500	3,236,775
Macomb Wastewater Disposal District SRF (5487-01)	2.50	09/18/2012	04/01/2015	130,371	130,371
Macomb Interceptor Series 2010A	1.250 - 5.375	08/30/2010	05/01/2035	95,620,000	92,635,000
Macomb Interceptor Series 2011	2.50 - 5.00	10/18/2011	05/01/2031	30,800,000	30,100,000
Richmond-Columbus Series 2010	4.70	11/23/2010	06/01/2021	547,778	493,000
Total Drainage Districts Component Unit				<u>\$ 301,914,124</u>	<u>\$ 253,949,036</u>
Total Reporting Entity				<u>\$ 434,016,249</u>	<u>\$ 304,710,630</u>

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2012

Note 4 – Long-Term Debt (continued)

All long-term obligations are presented as of December 31, 2012 except for the Special Assessment Debt with Governmental Commitment and Department of Road obligations, which are presented as of September 30, 2012. 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	Principal Maturities					Total	Drainage Districts Special Assessment Debt
	Primary Government				Total		
	Building Authority	Criminal Justice Building Authority	MI Transportation Bonds	Department of Roads			
2013	3,210,000	1,000,000	530,000	125,430	4,865,430	10,736,403	
2014	3,335,000	-	545,000	127,155	4,007,155	11,419,428	
2015	3,460,000	-	560,000	128,903	4,148,903	11,720,699	
2016	3,665,000	-	490,000	130,665	4,285,665	11,438,803	
2017	4,080,000	-	470,000	132,457	4,662,457	11,592,278	
2018-2022	21,565,000	-	1,005,000	446,984	23,016,984	63,130,853	
2023-2027	5,775,000	-	-	-	5,775,000	57,723,325	
2028-2032	-	-	-	-	-	55,842,247	
2033-2037	-	-	-	-	-	20,345,000	
	<u>\$ 45,070,000</u>	<u>\$ 1,000,000</u>	<u>\$ 3,600,000</u>	<u>\$ 1,091,594</u>	<u>\$ 50,761,594</u>	<u>\$ 253,949,036</u>	

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

Year	Interest Maturities					Total	Drainage Districts Special Assessment Debt
	Primary Government				Total		
	Building Authority	Criminal Justice Building Authority	MI Transportation Bonds	Department of Roads			
2013	1,393,875	40,000	95,800	15,423	1,545,098	10,622,230	
2014	1,245,784	-	74,975	13,699	1,334,458	10,338,291	
2015	1,121,522	-	57,400	11,950	1,190,872	10,004,129	
2016	1,016,847	-	39,300	10,188	1,066,335	9,654,809	
2017	904,951	-	29,500	8,396	942,847	9,276,871	
2018-2022	2,540,404	-	30,800	15,548	2,586,752	39,888,004	
2023-2027	253,212	-	-	-	253,212	28,269,989	
2028-2032	-	-	-	-	-	13,871,806	
2033-2037	-	-	-	-	-	2,194,726	
	<u>\$ 8,476,595</u>	<u>\$ 40,000</u>	<u>\$ 327,775</u>	<u>\$ 75,204</u>	<u>\$ 8,919,574</u>	<u>\$ 134,120,855</u>	

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2012

Note 4 – Long-Term Debt (continued)

New debt issued - On March 27, 2012, the Macomb County Building Authority (the "Authority") issued \$6,550,000 of Series 2012 Refunding bonds to advance refund \$3,500,000 of the \$3,725,000 Macomb County Building Authority Series 2004 Warehouse bonds and \$2,900,000 of the \$3,100,000 Macomb County Building Authority Series 2004-A Public Works building bonds outstanding at that date. The net proceeds of \$6,539,837 (after payment of \$76,093 of issuance costs and receipt of \$65,930 in underwriters premiums) were placed in an irrevocable trust with an escrow agent and used to purchase obligations of the U. S. Treasury to provide for future debt service payments on the refunded bonds. Therefore, the refunded bonds have been removed from the accounts of the County. The remaining \$225,000 Series 2004 Warehouse bonds and the remaining \$200,000 Series 2004-A Public Works building bonds were both due and payable May 1, 2012. The difference between the cash flows required to service the old debt and the cash flows required to service the new bonds and complete the refunding was \$1,001,504. The economic gain realized by the County as a result of the refunding was \$891,999, 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 2.50% and are due serially through May 1, 2024. The bonds are to be repaid from rental payments received pursuant to a lease agreement executed between the Authority and the County. Bonds maturing prior to May 1, 2022 are not subject to redemption prior to maturity. Bonds maturing on or after May 1, 2022 are subject to redemption at par plus accrued interest prior to maturity on any date on or after May 1, 2021.

On October 9, 2012, the Macomb County Building Authority (the "Authority") issued \$14,160,000 of Series 2012-A Refunding bonds to advance refund \$14,055,000 of the \$14,880,000 Macomb County Building Authority Series 2005 800MhZ Communications System/New Baltimore Court bonds outstanding at that date. The net proceeds of \$14,055,000 (after payment of \$105,000 of issuance costs and underwriters discounts) were placed in an irrevocable trust with an escrow agent and used to purchase obligations of the U. S. Treasury to provide for future debt service payments on the refunded bonds. Therefore, the refunded bonds have been removed from the accounts of the County. The remaining \$825,000 Series 2005 800MhZ Communications System/New Baltimore Court bonds were due and payable November 1, 2012. The difference between the cash flows required to service the old debt and the cash flows required to service the new bonds and complete the refunding was \$1,781,518. The economic gain realized by the County as a result of the refunding was \$1,925,151, 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 2.50% and are due serially through November 1, 2025. The bonds are to be repaid from rental payments received pursuant to a lease agreement executed between the Authority and the County. Bonds maturing prior to November 1, 2022 are not subject to redemption prior to maturity. Bonds maturing on or after November 1, 2022 are subject to redemption at par plus accrued interest prior to maturity on any date on or after November 1, 2021.

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2012

Note 4 – Long-Term Debt (continued)

On November 15, 2012, the County issued \$2,265,000 of Series 2012 Michigan Transportation Fund Refunding bonds to advance refund \$4,305,000 of the \$4,805,000 Michigan Transportation Fund Series 2004-B bonds outstanding at that date. The net proceeds of \$4,305,000, including a cash contribution of \$2,010,335 from the County, (after payment of \$59,375 of issuance costs and receipt of \$89,040 in underwriters premiums) and a cash contribution of \$2,010,335 from the County) were placed in an irrevocable trust with an escrow agent and used to purchase obligations of the U. S. Treasury to provide for future debt service payments on the refunded bonds. Therefore, the refunded bonds have been removed from the accounts of the County. The remaining \$500,000 Series 2004-B Michigan Transportation bonds were due and payable December 1, 2012. 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 \$667,227. The economic gain realized by the County as a result of the refunding was \$548,436, 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 at 2.00% and are due serially through December 1, 2019. The bonds are a general obligation of the County and are secured by the full faith and credit of the County. None of the refunding bonds are subject to early redemption.

On April 8, 2011, 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 \$418,482 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, 2012, the District had drawn down a total of \$418,482. The bond bears interest at a rate of 2.50% and is due serially through April 1, 2031 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.

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2012

Note 4 – Long-Term Debt (continued)

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 April 1, 2031. 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, 2012, the District had drawn down a total of \$25,053,371. 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 \$12,379,246 representing 51.5% of the total drawn down, less principal payments made, has been recorded by Macomb County at year end.

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. During the year ended September 30, 2012, the District drew down an additional \$12,647 on this loan, resulting in total draw downs of \$1,195,632 as of September 30, 2012. 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, 2012

Note 4 – Long-Term Debt (continued)

On December 16, 2011, 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 \$25,530,000 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 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, 2033. 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, 2012, the District had drawn down a total of \$6,887,414. 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 \$13,147,950 of the \$25,530,000 total. A liability for \$3,547,018 representing 51.5% of the total drawn down by the District as of year-end has been recorded by Macomb County.

On October 18, 2011, the Macomb Interceptor Drain Drainage District (the "Drainage District") issued \$30,800,000 of Series 2011 Macomb Interceptor Drainage District bonds for the purpose of paying the cost of constructing improvements to the Clintondale Pump Station. The bonds were issued under the provisions of Section 476 of Act 40, Public Acts of Michigan, 1956, as amended. Bonds totaling \$21,550,000 were issued in denominations of \$5,000 or multiples thereof, bear interest from 2.50% to 5.00% and are due serially through May 1, 2027. The remaining \$9,250,000 term bonds bear interest from 4.00% to 4.15% and are due annually May 1, 2029 through May 1, 2031. 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 Fraser, 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, 2012

Note 4 – Long-Term Debt (concluded)

On September 18, 2012, the Macomb Wastewater Disposal District (the “District”) entered into a loan agreement with the Michigan Finance Authority, through its State Revolving Fund, to borrow up to \$8,565,000 for the purpose of defraying a the cost of rehabilitating and replacing certain sewerage metering facilities in 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 April 1, 2034. 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, 2012, the District had drawn down a total of \$130,371. The loan proceeds are secured primarily by the revenues generated by the District through its sewer rates and , secondarily, by the full faith and credit of the County. The bond is subject to redemption prior to maturity only with the prior written consent of the Authority. A liability for \$130,371 representing the total drawn down by the District as of year-end has been recorded at year end.

Note 5 – Interfund Receivables, Payables and Transfers

Interfund advances at December 31, 2012 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 interfund reimbursements that were not settled at year end, as well as 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 and Delinquent Tax Revolving 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	\$ 2,903,996	\$ -
Nonmajor governmental funds	-	2,756,796
Internal Service Funds	7,160,966	147,200
Delinquent Tax Revolving	-	-
Fiduciary funds	18,646	7,179,612
	<u>\$ 10,083,608</u>	<u>\$ 10,083,608</u>

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2012

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

	Transfers In	Transfers Out
General Fund	\$ 18,254,440	\$ 32,156,006
Roads	250,118	-
Nonmajor Governmental Funds	32,999,204	18,421,751
Internal Service Funds	1,000,000	-
Delinquent Tax Revolving	-	10,705,000
Community Mental Health	5,900,495	-
Freedom Hill Park	85,832	-
Subtotal	58,490,089	61,282,757
Imbalance caused by the timing effects of interfund transactions in funds with different year-end reporting dates	-	(2,792,668)
	\$ 58,490,089	\$ 58,490,089

Note 6 – Leases

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

Year	Amount
2013	\$ 3,736,435
2014	3,082,947
2015	2,810,066
2016	2,369,012
2017	967,233
2018	115,500
2019	115,500
2020	115,500
	\$ 13,312,193

Rental expense totaled \$4,291,456 for the year ended December 31, 2012.

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. Accordingly, the assets of the plan are not reported as assets of the employer.

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2012

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 Department of Roads. At December 31, 2011 (date of the most recent actuarial valuation) the System’s membership consisted of:

Retirees and beneficiaries currently receiving benefits	2,542
Terminated employees entitled to benefits but not yet receiving them	201
Active employees covered by the plan	2,198
Total membership	4,941

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 or 15 years of service, depending on their date of hire.

General County- Virtually all employees hired on or before December 21, 2001 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 hired on or after January 1, 2002 and certain employees hired before that date 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%.

Department of Roads- Employees may retire at age 55 with 25 or more years of service, at age 60 with 8 years of service or at age 55 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 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 they are vested, accumulated employee contributions plus interest at the rate of 3.5% per year is refunded to the employee or designated beneficiary.

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2012

Note 8 – Employees’ Retirement System (continued)

Funding Policy – The System’s funding policy provides for periodic employer contributions at actuarially determined amounts 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 2012 was \$16,604,841. 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. Department of Roads employees contribute 3.5% of their annual salary. Sheriff employees contribute 4.0% of their annual salary. The County contributes the remaining amounts necessary to fund the System, using the actuarial basis specified by statute.

Annual Pension Cost and Net Pension Obligation – During the year ended December 31, 2012, employer contributions totaled \$16,604,841, as required by the actuarial valuation of the plan as of December 31, 2010. 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.

Year Ended December 31	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2010	15,170,777	100	-
2011	16,050,489	100	-
2012	16,604,841	100	-

Actuarial Methods and Assumptions – Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions regarding the probability of the occurrence of events in the future. Examples of such assumptions include future employment and retirement patterns, mortality and investment rate returns. These assumptions are subject to continual revision as actual results are measured against past expectations and new estimates are made about the future. The schedule of funding progress presented as required supplemental information following the notes herein, presents multi-year trend information that indicates whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities of the benefits provided. Significant actuarial assumptions used in determining the annual required contribution include (a) a rate of return on the investment of present and future assets of 7.5% per year compounded annually, (b) projected salary increases of 5.0% per year compounded annually, attributable to inflation, (c) additional projected salary increases ranging from 1.0% to 7.0% for various members per year, depending on service, attributable to seniority/merit, and (d) the assumption that benefits will not increase after retirement. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period.

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2012

Note 8 – Employees’ Retirement System (continued)

Funding Status and Progress – As of December 31, 2011, the date of the most recent actuarial valuation, the plan was 97% funded. The actuarial accrued liability for benefits was \$854,323,946 and the actuarial value of assets in the plan was \$828,692,442, resulting in an excess of actuarial accrued liability over assets of \$25,631,504. Covered payroll was \$108,900,180 and the ratio of the UAAL to covered payroll was (23.54) percent. The required schedule of funding progress immediately following the notes to the financial statements presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

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.

The System does not issue separate independently audited financial statements; therefore, financial statements as of and for the year ended December 31, 2012 are presented below:

Statement of Fiduciary Net Position

ASSETS	
Cash and pooled investments	\$ 29,373,617
Receivables	
Accrued interest	292,936
Other	66,215
Investments, at fair value	
Corporate Bonds	130,666
Common Stock	331,965,831
Limited partnership	156,681,176
Common Collective Trusts	<u>270,258,756</u>
 Total Assets	 <u>788,769,197</u>
LIABILITIES	
Accounts payable	813,097
Due to fiduciary funds	<u>18,646</u>
 Total Liabilities	 <u>831,743</u>
Net position held in trust for pension benefits	<u><u>\$ 787,937,454</u></u>

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2012

Note 8 – Employees' Retirement System (concluded)

Statement of Changes in Fiduciary Net Position

ADDITIONS	
Contributions	
Employer	\$ 16,604,841
Employee	<u>3,569,150</u>
Total contributions	<u>20,173,991</u>
Investment income	
Net appreciation in fair value of assets	75,777,960
Interest and dividends	<u>10,010,733</u>
	85,788,693
Less investment expenses	
Management and custodial fees	<u>2,686,802</u>
Net investment loss	<u>83,101,891</u>
Total additions	<u>103,275,882</u>
 DEDUCTIONS	
Benefit payments	53,458,289
Refunds of contributions	555,489
Administrative expense	<u>172,929</u>
Total deductions	<u>54,186,707</u>
Net decrease in net position	49,089,175
 NET POSITION	
Beginning of year	<u>738,848,279</u>
End of year	<u>\$ 787,937,454</u>

As of year-end, the plans legally required reserves have been fully funded as follows: Retiree Reserve of \$530,953,403 and Employee Reserve of \$25,723,383.

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2012

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 Department of Roads participate in a separate multiple-employer plan described later in this note.

At December 31, 2010 (date of the most recent actuarial valuation), membership consisted of:

Retirees and beneficiaries currently receiving benefits	2,126
Terminated employees entitled to benefits but not yet receiving them	208
Active employees covered by the plan	2,027
 Total membership	 4,361

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, 2012 was \$15,936,732, of which the employer contributed \$13,757,048 and plan members contributed \$750,772.

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, 2012.

Annual required contribution	\$ 49,542,167
Interest on net OPEB obligation	10,216,478
Adjustment to annual required contribution	(8,506,352)
 Annual OPEB cost	 51,252,293
Employer contributions	(13,757,048)
 Increase in OPEB obligation	 37,495,245
Net OPEB obligation, beginning of year	170,274,627
 Net OPEB obligation, end of year	 \$ 207,769,872

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2012

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, 2012 were as follows:

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Year Ended December 31	Annual OPEB Cost	Percentage Contributed	Net OPEB Obligation
2010	\$ 45,438,196	28.3%	\$ 141,285,020
2011	42,924,982	32.5%	170,274,627
2012	51,252,293	26.8%	207,769,872

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, 2010. Other significant assumptions were as follows: (a) investments are assumed to earn 6.0% per year, (b) health care costs are assumed to increase at an annual rate of 9.0% in year 1, reduced by .50% each year thereafter until an ultimate rate of 5.0% is reached in the tenth year and beyond, (c) annual covered payroll is assumed to increase 5.0% per year (d) additional projected salary increases ranging from 1.0% to 7.0% for various members per year, depending on service, attributable to seniority/merit, and (e) 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 28 years.

Funding Status and Progress – As of December 31, 2010, the date of the most recent actuarial valuation, the plan was 15.3% funded. The actuarial accrued liability for benefits was \$745,671,057 and the actuarial value of assets in the plan was \$113,732,259, resulting in an unfunded actuarial accrued liability (UAAL) of \$631,938,798. Covered payroll was \$97,650,493 and the ratio of the UAAL to covered payroll was 647.1 percent.

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2012

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.

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, 2012 are presented below:

Statement of Fiduciary Net Position

ASSETS	
Cash and pooled investments	\$ 81,079
Receivables	
Accrued interest	2,520,735
Other	-
Due from other funds	18,646
Investments, at fair value	
Common Stock	1,167,493
Foreign Stock	20,546,145
Real Estate Investment Trusts	20,203,069
Common Collective Trusts	<u>94,861,747</u>
Total investments	<u>136,778,454</u>
Total Assets	<u>139,398,914</u>
 LIABILITIES	
Accounts payable	1,948,279
Due to governmental funds	<u>7,160,966</u>
Total Liabilities	<u>9,109,245</u>
Net position held in trust for postemployment benefits	<u><u>\$ 130,289,669</u></u>

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2012

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

Statement of Changes in Fiduciary Net Position

ADDITIONS	
Contributions	
Employer	\$ 13,757,048
Employee	<u>750,772</u>
Total contributions	<u>14,507,820</u>
Investment income	
Net appreciation in fair value of assets	9,246,370
Interest and dividends	<u>8,098,740</u>
	17,345,110
Less investment expenses	
Management and custodial fees	<u>84,127</u>
Net investment income	<u>17,260,983</u>
Total additions	<u>31,768,803</u>
DEDUCTIONS	
Benefit payments	15,846,674
Administrative expense	<u>5,931</u>
Total deductions	<u>15,852,605</u>
Net increase in net position	15,916,198
NET POSITION	
Beginning of year	<u>114,373,471</u>
End of year	<u>\$ 130,289,669</u>

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2012

Note 10 - Post Employment Benefits Other Than Pensions – Department of Roads

Plan Description – The Department of Roads 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 Department of Roads bears 100% of the cost of providing health care benefits to its retirees and beneficiaries. The current cost of these benefits was \$4,566,215 for the year ended September 30, 2012. The Department of Roads 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, 2012.

Annual OPEB Cost and Net OPEB Obligation – The cost of providing retiree health care benefits (OPEB) for the year ended September 30, 2012 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 Department of Roads OPEB cost for the year ended September 30, 2012.

Annual OPEB cost		\$	6,054,090
Employer contributions			<u>(7,566,212)</u>
Increase in OPEB asset			(1,512,122)
Net OPEB asset, beginning of year			<u>(2,431,003)</u>
Net OPEB asset, end of year		\$	<u><u>(3,943,125)</u></u>

The Department of Roads annual OPEB cost, percentage of annual OPEB cost contributed and the net OPEB obligation as of September 30, 2012 were as follows:

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Year Ended September 30	Annual OPEB Cost	Percentage Contributed	Net OPEB (Asset)
2010	6,617,951	103.5%	(1,163,384)
2011	5,765,799	122.0%	(2,431,003)
2012	6,054,090	125.0%	(3,943,125)

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2012

Note 10 – Post Employment Benefits Other Than Pensions – Department of Roads (concluded)

Funding Status and Progress – As of December 31, 2011, the date of the most recent actuarial valuation, the plan was 26.0% funded. The actuarial accrued liability for benefits was \$90,532,651 and the actuarial value of assets in the plan was \$23,547,047, resulting in an unfunded actuarial accrued liability (UAAL) of \$66,985,604. Covered payroll was \$12,613,964 and the ratio of the UAAL to covered payroll was 531.0 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 individual entry age actuarial cost method was used to prepare the most recent actuarial valuation dated December 31, 2011. Significant actuarial assumptions included: (a) an investment rate of return of 8.0% per year, (b) an annual health care cost trend rate of 9.0% in year 1, reduced by .50% until an ultimate rate of 5.0% is reached in the tenth year and beyond, (c) annual covered payroll is assumed to increase 5.0% per year, (d) additional projected salary increases ranging from 1.0% to 6.0% for various members per year, depending on service, attributable to seniority/merit, and (e) 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 26 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, 2012

Note 11 – Contingencies and commitments (concluded)

Construction Commitments – The Department of Roads had several significant active projects in progress at September 30, 2012, with estimated total project costs of \$9,106,944. Of the total, \$5,998,900 represents amount previously expended and \$3,108,044 represents remaining commitments pursuant to construction contracts on those projects. In addition, the Drainage District Component Units had several active construction projects in progress at year end, with outstanding commitments of \$24,281,970.

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 2012 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 \$500,000 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, 2012, the County has accrued an aggregate of \$3,813,693 for unresolved workers' compensation claims, exclusive of the Department of Roads. At September 30, 2012 the Department of Roads has accrued an aggregate of \$38,758 for unresolved workers' compensation claims. Changes in the estimated liabilities for workers' compensation claims for the past two fiscal years were as follows:

	General County		Department of Roads	
	Year Ended December 31,		Year Ended September 30,	
	2011	2012	2011	2012
Estimated liability - beginning of year	\$ 4,047,194	\$ 4,449,854	\$ 181,790	\$ 126,760
Estimated claims incurred, including changes in estimates	1,630,536	408,955	29,590	(69,475)
Claims payments	(1,227,876)	(1,045,116)	(84,620)	(18,527)
Estimated liability - end of year	<u>\$ 4,449,854</u>	<u>\$ 3,813,693</u>	<u>\$ 126,760</u>	<u>\$ 38,758</u>

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2012

Note 12 - Risk Management (concluded)

General Liability – The County is a defendant in various lawsuits in which plaintiffs seek damages of an indeterminable amount. Since December 1, 1977, the primary government has been partially self-insured for losses of a general liability nature. The County (excluding the Martha T. Berry Medical Care Facility and the Department of Roads) 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 \$11,000,000 annually. The Martha T. Berry Medical Care Facility is insured for losses of up to \$3,000,000 per occurrence and \$5,000,000 in the aggregate, subject to a self-insured retention of \$10,000 per occurrence. The Department of Roads 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, 2012, the Department of Roads had an accrual of \$37,608 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 County, exclusive of the Department of Roads. At December 31, 2012, the general County reported a balance of \$2,908,695 for its unresolved general liability claims. Changes in the estimated liabilities for general liability claims for the past two fiscal years were as follows:

	General County		Department of Roads	
	Year Ended December 31,		Year Ended September 30,	
	2011	2012	2011	2012
Estimated liability - beginning of year	\$ 4,601,427	\$ 4,510,810	\$ 40,743	\$ 49,588
Estimated claims incurred, including changes in estimates	1,907,619	(85,663)	29,966	32,862
Claims payments	(1,998,236)	(1,516,452)	(21,121)	(44,842)
Estimated liability - end of year	<u>\$ 4,510,810</u>	<u>\$ 2,908,695</u>	<u>\$ 49,588</u>	<u>\$ 37,608</u>

Health Insurance – The County is self-insured for one of its several health care plans offered to employees and retirees. Approximately 20% of the total employees and retirees participate in this plan. The plan is administered by Blue Cross/Blue Shield of Michigan, whereby the County deposits a weekly amount based on estimated claims and settles these deposits against actual claims incurred on a quarterly basis. The amounts paid exceeded actual claims incurred for the past two years as indicated below:

	General County	
	Year Ended December 31,	
	2011	2012
Estimated liability - beginning of year	\$ (508,893)	\$ (537,532)
Estimated claims incurred, including changes in estimates	22,004,005	10,832,995
Claims payments	(22,032,644)	(12,298,859)
Estimated liability - end of year	<u>\$ (537,532)</u>	<u>\$ (2,003,396)</u>

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2012

Note 13 - Restatements

Enterprise Funds – The net OPEB obligation related to retiree health care attributable to the Enterprise Funds was reported as a liability of the governmental activities in prior years. As a result, the net position of the Enterprise Funds was overstated by \$33,596,822 and the net position of Governmental Activities was understated by the same amount at December 31, 2011. In order to correct these reporting errors, beginning net position of the Enterprise Funds and beginning net position of the business-type activities have been decreased by \$33,596,822 and the beginning net position of the governmental activities has been increased by \$33,596,822 in these financial statements. The impact of these restatements on the change in net position in the prior year was an increase of \$5,719,649 in governmental activities and a decrease of \$5,719,649 in the business-type activities of \$5,719,649 (\$3,820,830 Community Mental Health, \$1,840,840 Martha T Berry and \$57,979 Freedom Hill Park).

Fund Reclassifications – Management re-evaluated its fund classifications and determined that three funds reported as Special Revenue Funds in prior years should be reclassified as follows: a) the COMET Fund should be classified as an agency fund, b) the Circuit Court E-Filing Fund should be classified as a Capital Projects Fund and c) the E-911 Maintenance Fund should be classified as a Capital Projects Fund. As a result of these reclassifications, the beginning fund balance of the nonmajor Special Revenue Funds was decreased by \$1,654,365, the beginning fund balance of the nonmajor Capital Projects Funds was increased by \$432,797, beginning assets of the Miscellaneous Agency Funds was increased by \$1,236,957 and the beginning liabilities of the Miscellaneous Agency Funds was increased by \$1,236,957. The beginning net position of governmental activities was also decreased by \$1,221,568 as a result of these reclassifications. The impact of these restatements on the change in net position of governmental activities in the prior year was a decrease of \$160,844.

The liability for accumulated sick leave benefits was classified as an OPEB liability in 2011. In consultation with the independent auditors, it was determined that the nature of this liability lends itself to be more appropriately classified as compensated absences and accounted for in the County's Compensated Absences Internal Service Fund. As a result of this reclassification, beginning cash and compensated absences liability of the Internal Service Funds were each increased by \$6,500,000 in these financial statements with a corresponding decrease in cash and net position in the Employee's Retirement and Other Post Retirement Benefit Trust Fund.

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2012

Note 13 - Restatements (continued)

As a result of the changes noted above, the beginning net position and fund balances were restated as follows:

	Primary Government			Enterprise Funds		
	Governmental Activities	Business-type Activities	Total	Community Mental Health	Martha T. Berry	Freedom Hill Park
Net Position, December 31, 2011 as previously reported	\$ 880,248,266	\$ 137,234,342	\$ 1,017,482,608	\$ 16,399,112	\$ 2,932,678	\$ 799,715
Net OPEB Obligation allocated to Business-type Activities	33,596,822	(33,596,822)	-	(22,442,427)	(10,812,439)	(341,956)
COMET Special Revenue Fund reclassified as Agency Fund	(1,221,568)	-	(1,221,568)	-	-	-
Net Position, January 1, 2012 as restated	<u>\$ 912,623,520</u>	<u>\$ 103,637,520</u>	<u>\$ 1,016,261,040</u>	<u>\$ (6,043,315)</u>	<u>\$ (7,879,761)</u>	<u>\$ 457,759</u>

	Nonmajor Special Revenue	Nonmajor Debt Service	Nonmajor Capital Projects	Total Nonmajor Governmental Funds
Fund Balance, December 31, 2011 as previously reported	\$ 31,836,888	\$ 5,131,406	\$ 31,301,410	\$ 68,269,704
COMET Special Revenue Fund reclassified as Agency Fund	(1,221,568)	-	-	(1,221,568)
Circuit Court E-Filing Special Revenue Fund reclassified as Capital Projects	(5,614)	-	5,614	-
E-911 Special Revenue Fund reclassified as Capital Projects	(427,183)	-	427,183	-
Fund Balance, January 1, 2012 as restated	<u>\$ 30,182,523</u>	<u>\$ 5,131,406</u>	<u>\$ 31,734,207</u>	<u>\$ 67,048,136</u>

Drainage Districts Component Units – Certain architectural and engineering fees directly related to the construction of capital assets were not capitalized in prior years. As a result, the net position of the Drainage Districts Component Unit was understated by \$9,010,927 at September 30, 2011. In order to correct these reporting errors, beginning net position of the Drainage Districts Component Unit has been increased by \$9,010,927 in these financial statements. The impact of this restatement on the change in net position of the Drainage District Component Units in the prior year was an increase of \$8,683,410.

Special assessments not collected within 60 days of year end were recognized as revenue in prior years. As a result, the fund balances of the Drainage District Debt Service Funds were overstated by \$9,558,974 at September 30, 2011 and liabilities were understated by a corresponding amount. In order to correct these reporting errors, beginning fund balances and net position of the Drainage Districts Component Unit has been decreased by \$9,558,974 in these financial statements. The impact of this restatement on the change in fund balances of the Drainage District Component Units Debt Service Funds in the prior year was a decrease of \$3,986,531.

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2012

Note 13 - Restatements (concluded)

As a result of the changes noted above, the beginning net position and fund balances were restated as follows:

	Discretely Presented Component Units		
	Drainage Districts	Workforce Development Board	Total
	Net Position, September 30, 2011 as previously reported	\$ 327,378,386	\$ 70,330
Construction costs not capitalized in prior years	9,010,927	-	9,010,927
Net Position, October 1, 2012 as restated	<u>\$ 336,389,313</u>	<u>\$ 70,330</u>	<u>\$ 336,459,643</u>

	Drainage District Governmental Funds			
	Special Revenue	Debt Service	Capital Projects	Total
Fund Balance, September 30, 2011 as previously reported	\$ 10,714,690	\$ 14,003,079	\$ 28,803,752	\$ 53,521,521
Special assessments receivable not collected within 60 days of year end not deferred at September 30, 2011	-	(9,558,974)	-	(9,558,974)
Fund Balance, October 1, 2012 as restated	<u>\$ 10,714,690</u>	<u>\$ 4,444,105</u>	<u>\$ 28,803,752</u>	<u>\$ 43,962,547</u>

Workforce Development Board Component Unit – The reporting year of the Workforce Development Board was changed from December 31 to June 30 to correspond to its tax year on record with the Internal Revenue Service. There was no impact on beginning equity as a result of this change.

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2012

Note 14 - Net Investment in Capital Assets

The composition of net investment in capital assets as of December 31, 2012 is presented below:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Component Units</u>
Capital assets:			
Capital assets not being depreciated	\$ 219,232,345	\$ -	\$ 24,627,028
Capital assets being depreciated	675,083,682	1,252,184	275,372,622
	<u>894,316,027</u>	<u>1,252,184</u>	<u>299,999,650</u>
Related debt:			
Total bonds payable	50,761,594	-	253,949,036
Net bond discounts/premiums	-	-	508,844
Less: Unexpended bond proceeds	-	-	(24,281,970)
Less: Bond proceeds not capitalized	-	-	(25,144,719)
	<u>50,761,594</u>	<u>-</u>	<u>205,031,191</u>
Net investment in capital assets	<u>\$ 843,554,433</u>	<u>\$ 1,252,184</u>	<u>\$ 94,968,459</u>

Note 15 - Upcoming Accounting Pronouncements

In March 2012, the GASB issued GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, which is required to be implemented for financial statements for periods beginning after December 15, 2012. Statement No. 65 establishes accounting and financial reporting standards that reclassify, as deferred outflows and inflows of resources, certain items that were previously reported as assets and liabilities. This Statement also provides other financial reporting guidance related to the impact of the financial statement elements deferred outflows of resources and deferred inflows of resources. Statement No. 65 will be implemented for the County for the year ended December 31, 2013.

In June 2012, GASB Statement No. 67, *Financial Reporting for Pension Plans*, was issued by the Governmental Accounting Standards Board. This new standard, which replaces the requirements of GASB Statements No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans* and No. 50, *Pension Disclosures*, establishes standards for financial reporting that outline the basic framework for separately-issued pension plan financial reports and specifies the required approach to measuring the liability of employer(s) and certain nonemployer contributing entities, about which information is required to be disclosed. GASB Statement No. 67 is required to be adopted for years beginning after June 15, 2013. For County of Macomb, this standard will be adopted for the year ended December 31, 2014.

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (concluded)
December 31, 2012

Note 15 - Upcoming Accounting Pronouncements (concluded)

In June 2012, the GASB issued GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. Statement No. 68 requires governments providing defined benefit pensions to recognize their unfunded pension benefit obligation as a liability for the first time, and to more comprehensively and comparably measure the annual costs of pension benefits. This net pension liability that will be recorded on the government-wide, proprietary and discretely presented component units statements will be computed differently than the current unfunded actuarial accrued liability, using specific parameters set forth by the GASB. The Statement also enhances accountability and transparency through revised note disclosures and required supplementary information (RSI). The County is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this Statement are effective for financial statements for the year ended December 31, 2015.

Note 16 – Subsequent Events

Subsequent to year end, Macomb County experienced a fire in the main County Building in downtown Mount Clemens. The net book value of the assets as of December 31, 2012 was immaterial. Management is still evaluating options for repair and use of the building.

MACOMB COUNTY, MICHIGAN

December 31, 2012

Other Required Supplementary Information

Budgetary Comparison Schedule – General Fund

Budgetary Comparison Schedule – Roads Special Revenue Fund

Schedule of Funding Progress and Schedule of Employer Contributions –
Employees' Retirement System

Schedule of Funding Progress and Schedule of Employer Contributions –
Retiree Health Care Plan (County)

Schedule of Funding Progress and Schedule of Employer Contributions –
Retiree Health Care Plan (Department of Roads)

Notes to the Required Supplementary Information

MACOMB COUNTY, MICHIGAN
Required Supplementary Information
Budgetary Comparison Schedule (GAAP Basis) - General Fund Revenues
Year Ended December 31, 2012

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Taxes				
Current property	\$ 108,534,942	\$ 108,534,942	\$ 108,830,816	\$ 295,874
Licenses and Permits	1,395,901	1,395,901	1,510,367	114,466
Federal Grants	169,454	1,799,091	1,788,774	(10,317)
State Grants				
Revenue sharing	11,000,000	11,000,000	15,264,877	4,264,877
Court financing	5,083,776	5,083,776	4,638,074	(445,702)
Cigarette tax	100,000	100,000	44,488	(55,512)
Liquor tax	1,900,000	1,900,000	4,179,502	2,279,502
Health department	1,851,437	1,851,437	1,851,437	-
Other	718,798	718,798	688,275	(30,523)
	<u>20,654,011</u>	<u>20,654,011</u>	<u>26,666,653</u>	<u>6,012,642</u>
Charges for Services				
Attorney fees	1,818,500	1,818,500	1,445,804	(372,696)
Certified copies	852,919	852,919	957,763	104,844
Commissions	958,400	958,400	1,007,919	49,519
Court costs and fees	2,406,383	2,406,383	2,340,751	(65,632)
Foster care	705,000	705,000	391,228	(313,772)
Health Department	-	-	-	-
Housing inmates	1,808,000	1,808,000	1,722,306	(85,694)
Land transfer tax	1,600,000	1,600,000	2,511,500	911,500
Medicare/Medicaid	622,270	622,270	658,453	36,183
Other sheriff services	1,490,441	1,490,441	1,382,071	(108,370)
Personal services	1,025,000	1,025,000	1,609,392	584,392
Probation oversight fees	717,560	717,560	612,226	(105,334)
Public works - pumping station	2,079,887	2,079,887	1,572,805	(507,082)
Recording fees	1,911,100	1,911,100	2,875,968	964,868
Rents	1,983,760	1,983,760	3,171,915	1,188,155
Senior Citizens Services	-	-	-	-
Sheriff road patrol	8,351,700	8,351,700	8,460,591	108,891
Soil erosion fees	445,000	445,000	928,162	483,162
Miscellaneous	3,876,572	3,878,964	3,876,653	(2,311)
	<u>32,652,492</u>	<u>32,654,884</u>	<u>35,525,507</u>	<u>2,870,623</u>
Investment income	400,000	400,000	346,172	(53,828)
Charges to Other Funds for Administrative Services	8,291,730	8,300,547	6,574,955	(1,725,592)
Fines and Forfeitures	813,827	813,827	692,746	(121,081)
Other Revenue	210,125	210,125	476,718	266,593
Total Revenues	173,122,482	174,763,328	182,412,708	7,649,380
Other Financing Sources				
Transfers in	18,161,710	18,161,710	18,254,440	92,730
Total Revenues and Other Financing Sources	<u>\$ 191,284,192</u>	<u>\$ 192,925,038</u>	<u>\$ 200,667,148</u>	<u>\$ 7,742,110</u>

MACOMB COUNTY, MICHIGAN
Required Supplementary Information
Budgetary Comparison Schedule (GAAP Basis) - General Fund Expenditures
Year Ended December 31, 2012

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Legislative				
Board of Commissioners	\$ 1,472,869	\$ 1,391,309	\$ 1,138,536	\$ 252,773
Judicial				
Circuit Court	10,001,220	9,777,701	8,891,606	886,095
District Court - 3rd Class	50,000	50,000	26,199	23,801
District Court - New Baltimore	1,385,866	1,320,294	1,311,457	8,837
District Court - Romeo	1,138,293	1,079,945	971,197	108,748
Family Counseling	169,038	166,145	164,224	1,921
Family Court - Juvenile Division	5,241,467	5,017,206	4,841,678	175,528
Jury Commission	117,911	117,911	118,278	(367)
Law Library	31,500	31,500	30,345	1,155
Probate Court - Mental Division	937,721	907,787	813,053	94,734
Probate Court - Wills and Estates Division	2,483,514	2,296,611	2,124,868	171,743
Probation - Circuit Court	125,828	125,828	114,656	11,172
Probation - District Court	588,527	556,557	453,656	102,901
Prosecuting Attorney	8,666,960	8,280,354	7,883,883	396,471
Total Judicial	30,937,845	29,727,839	27,745,100	1,982,739
General Government				
Building Authority	1,300	1,300	-	1,300
County Clerk	4,215,459	4,072,932	3,979,904	93,028
County Executive	1,265,334	1,245,522	1,109,453	136,069
Corporation Counsel	873,574	834,901	766,363	68,538
Elections	36,584	36,584	26,184	10,400
Ethics Board	-	60,000	1,466	58,534
Facilities and Operations	15,409,571	15,028,936	13,555,648	1,473,288
Finance	1,965,766	1,866,225	1,718,745	147,480
Equalization	904,550	860,199	759,751	100,448
Human Resources	2,009,758	1,922,725	1,793,082	129,643
Information Technology	5,605,157	5,456,791	5,130,798	325,993
MSU Extension	895,480	894,010	876,672	17,338
Planning and Economic Development	2,682,460	2,563,882	2,406,868	157,014
Plat Board	1,000	1,000	-	1,000
Public Works	5,729,780	5,462,103	4,899,873	562,230
Purchasing	1,449,432	1,389,119	1,210,612	178,507
Register of Deeds	1,784,867	1,686,101	1,469,792	216,309
Reimbursement	863,311	818,353	698,876	119,477
Treasurer	2,236,331	2,124,994	2,060,308	64,686
Total General Government	47,929,714	46,325,677	42,464,395	3,861,282

MACOMB COUNTY, MICHIGAN
Required Supplementary Information
Budgetary Comparison Schedule (GAAP Basis) - General Fund Expenditures (concluded)
Year Ended December 31, 2012

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Public Safety				
Civil Service Commission	\$ 17,250	\$ 17,250	\$ 18,269	\$ (1,019)
Emergency Management	989,609	941,003	854,606	86,397
Sheriff Department	62,491,350	59,706,209	54,266,985	5,439,224
Total Public Safety	<u>63,498,209</u>	<u>60,664,462</u>	<u>55,139,860</u>	<u>5,524,602</u>
Health and Welfare				
Health & Community Services	257,797	249,130	219,135	29,995
Health Department	19,434,112	20,488,794	16,882,176	3,606,618
Senior Citizens Services	1,199,282	1,204,139	992,207	211,932
Social Services	72,472	72,472	72,472	-
Total Health and Welfare	<u>20,963,663</u>	<u>22,014,535</u>	<u>18,165,990</u>	<u>3,848,545</u>
Other Current Operations				
Non-Departmental Appropriations	(4,472,449)	1,406,062	1,157,484	248,578
Capital Outlay	<u>334,218</u>	<u>834,218</u>	<u>563,244</u>	<u>270,974</u>
Total Expenditures	<u>160,664,069</u>	<u>162,364,102</u>	<u>146,374,609</u>	<u>15,989,493</u>
Other Financing Uses				
Transfers out	32,691,709	32,662,226	32,156,006	506,220
Total Expenditures and Other Financing Uses	<u>\$ 193,355,778</u>	<u>\$ 195,026,328</u>	<u>\$ 178,530,615</u>	<u>\$ 16,495,713</u>

MACOMB COUNTY, MICHIGAN
Budgetary Comparison Schedule (GAAP Basis) - Department of Roads Special Revenue Fund
Year Ended September 30, 2012

	Original	Final Budget	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
Revenues				
Licenses and permits	\$ 506,200	506,200	413,906	(92,294)
Federal & State grants	77,485,644	77,485,644	57,201,534	(20,284,110)
Other grants	-	-	11,574	11,574
Charges for services	1,012,500	1,012,500	12,299,723	11,287,223
Investment income	177,924	177,924	159,231	(18,693)
Other revenue	803,961	803,961	560,576	(243,385)
		-		
Total Revenues	<u>79,986,229</u>	<u>79,986,229</u>	<u>70,646,544</u>	<u>(9,339,685)</u>
Expenditures				
Public Works and Capital Outlay	<u>88,999,752</u>	<u>89,093,698</u>	<u>69,783,473</u>	<u>19,310,225</u>
		-	-	
Excess of Revenues over (under) Expenditures	<u>(9,013,523)</u>	<u>(9,107,469)</u>	<u>863,071</u>	<u>9,970,540</u>
Other financing sources (uses)				
Transfers in	<u>250,000</u>	<u>250,000</u>	<u>250,117</u>	<u>117</u>
Net change in fund balances	<u>(8,763,523)</u>	<u>(8,857,469)</u>	<u>1,113,188</u>	<u>9,970,657</u>
Fund Balances, beginning of year	<u>46,106,712</u>	<u>52,914,882</u>	<u>52,914,882</u>	<u>-</u>
Fund Balances, end of year	<u>\$ 37,343,189</u>	<u>\$ 44,057,413</u>	<u>\$ 54,028,070</u>	<u>\$ 9,970,657</u>

MACOMB COUNTY, MICHIGAN
REQUIRED SUPPLEMENTARY INFORMATION - EMPLOYEES' RETIREMENT SYSTEM

SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Entry Age	Unfunded AAL (UAAL)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
December 31	(a)	(b)	(b-a)	(a/b)	(c)	((b-a)/c)
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)	109.86	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)
2010	862,915,501	837,167,835	(25,747,666)	103.08	110,795,240	(23.24)
2011	828,692,442	854,323,946	25,631,504	97.00	108,900,180	23.54

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	
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
2011	8,125,545	100	5,039,922	100	2,285,642	100	599,380	100	16,050,489
2012	9,083,504	100	4,352,489	100	2,476,890	100	691,958	100	16,604,841

**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 <u>(a)</u>	Actuarial Accrued Liability (AAL) Entry Age <u>(b)</u>	Unfunded AAL (UAAL) <u>(b-a)</u>	Funded Ratio <u>(a/b)</u>	Covered Payroll <u>(c)</u>	UAAL as a Percentage of Covered Payroll <u>((b-a)/c)</u>
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%
2010	113,732,259	745,671,057	631,938,798	15.25	97,650,493	647.1%

SCHEDULE OF EMPLOYER CONTRIBUTIONS

<u>Year Ended December 31</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
2010	42,587,289	29.9%
2011	39,386,733	35.4%
2012	49,542,167	27.8%

In 2012, the actuarial assumption related to the investment rate of return was changed from the rate of 7.5% used in previous years to the current rate of 6%.

MACOMB COUNTY, MICHIGAN
 REQUIRED SUPPLEMENTARY INFORMATION - DEPARTMENT OF ROADS 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%
2011	23,547,047	90,532,651	66,985,604	26.0%	12,613,964	531.0%

SCHEDULE OF EMPLOYER CONTRIBUTIONS

<u>Year Ended September 30</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
2010	6,617,951	103.5%
2011	5,765,799	122.0%
2012	6,054,090	125.0%

Macomb County, Michigan
Notes to the Required Supplemental Information
December 31, 2012

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, Special Revenue Funds and the Debt Service Fund, as well as the Martha T. Berry, Community Mental Health and Parks business-type activities. 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. Budgets were not adopted for the Juvenile Drug Court Grant, the Veterans’ Trust Fund, the Retiree Health Care Savings Fund or the MSU Extension September Year End Grant Fund. Combined expenditures in these funds totaled \$2,808,827, of which \$2,467,687 relates to a transfer of residual equity from the Retiree Health Care Savings Fund to the General Fund which was budgeted as revenue in the General Fund.

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 department level. The County Executive is authorized to transfer funds between budgeted line items within a department within a fund as long as the amount being transferred does not exceed the lesser of \$30,000 or 2% of the department budget. Budget amendments that exceed these limits must be approved by the Finance Committee of 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 and budgeted amounts presented in the financial statements represent final budget authorization, including all amendments approved during the year.

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

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Actual in Excess of Final Budget</u>
Special Revenue Funds			
Community Services (Sep 30 Year End)	\$ 13,726,741	\$ 13,960,998	\$ 234,257
Revenue Sharing Reserve Fund	4,856,551	4,969,281	112,730

MACOMB COUNTY, MICHIGAN
Combining Balance Sheet
Nonmajor Fund Types
December 31, 2012

	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total</u>
Assets				
Cash and pooled investments	\$ 14,469,660	\$ 4,079,692	\$ 27,143,349	\$ 45,692,701
Taxes receivable	880,682	109,264	-	989,946
Accounts receivable, net	9,393,596	-	258,559	9,652,155
Due from other governments	5,703,545	-	902,266	6,605,811
Other assets	18,581	-	-	18,581
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 30,466,064</u>	<u>\$ 4,188,956</u>	<u>\$ 28,304,174</u>	<u>\$ 62,959,194</u>
Liabilities and Fund Balances				
Liabilities				
Accounts payable	\$ 2,309,496	\$ 7	\$ 1,934,411	\$ 4,243,914
Accrued compensation and benefits	149,382	-	-	149,382
Due to other governments	272,817	-	-	272,817
Due to governmental funds	2,733,326	-	23,470	2,756,796
Unearned revenue	1,102,374	120,208	697,266	1,919,848
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities	<u>6,567,395</u>	<u>120,215</u>	<u>2,655,147</u>	<u>9,342,757</u>
Fund Balances				
Restricted for:				
Capital projects	-	-	1,854,841	1,854,841
Debt service	-	4,068,741	-	4,068,741
Health and welfare	4,700,256	-	-	4,700,256
Housing Rehabilitation Loans	9,027,198	-	-	9,027,198
Public Safety	3,967,944	-	-	3,967,944
Technology	2,706,456	-	-	2,706,456
Assigned for:				
Capital projects	-	-	23,794,186	23,794,186
Health and welfare	3,322,711	-	-	3,322,711
Judicial	119,285	-	-	119,285
Public Safety	54,819	-	-	54,819
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Fund Balances	<u>23,898,669</u>	<u>4,068,741</u>	<u>25,649,027</u>	<u>53,616,437</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities and Fund Balances	<u>\$ 30,466,064</u>	<u>\$ 4,188,956</u>	<u>\$ 28,304,174</u>	<u>\$ 62,959,194</u>

MACOMB COUNTY, MICHIGAN
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Fund Types
Year Ended December 31, 2012

	Special Revenue	Debt Service	Capital Projects	Total
Revenues				
Taxes	\$ 1,041,487	\$ 127,543	\$ -	\$ 1,169,030
Federal & State grants	44,789,059	-	457,207	45,246,266
Other grants	295,705	-	84,074	379,779
Charges for services	8,876,352	-	1,064,549	9,940,901
Investment income	20,383	101,903	7,309	129,595
Fines and forfeitures	1,776,676	-	-	1,776,676
Other revenue	1,331,822	-	51,568	1,383,390
Total Revenues	58,131,484	229,446	1,664,707	60,025,637
Expenditures				
Current				
Judicial	11,807,753	-	-	11,807,753
General government	1,033,282	-	-	1,033,282
Public safety	4,195,086	-	704,479	4,899,565
Public works	112,025	71,485	8,803	192,313
Health and welfare	54,268,414	-	-	54,268,414
Capital outlay	945,869	-	4,776,353	5,722,222
Debt service				
Principal	-	5,990,000	-	5,990,000
Interest and fees	-	2,250,741	-	2,250,741
Bond issuance costs	-	235,240	-	235,240
Total Expenditures	72,362,429	8,547,466	5,489,635	86,399,530
Excess of Revenues over (under) Expenditures	(14,230,945)	(8,318,020)	(3,824,928)	(26,373,893)
Other financing sources (uses)				
Face amount of long-term debt	-	22,975,000	-	22,975,000
Transfers in	15,496,531	8,890,614	8,612,059	32,999,204
Transfers out	(7,549,440)	-	(10,872,311)	(18,421,751)
Bond premiums	-	149,741	-	149,741
Payment to refunding debt escrow agent	-	(24,760,000)	-	(24,760,000)
Total Other financing sources (uses)	7,947,091	7,255,355	(2,260,252)	12,942,194
Net change in fund balances	(6,283,854)	(1,062,665)	(6,085,180)	(13,431,699)
Fund Balances, beginning of year (1)	30,182,523	5,131,406	31,734,207	67,048,136
Fund Balances, end of year	\$ 23,898,669	\$ 4,068,741	\$ 25,649,027	\$ 53,616,437

(1) - As restated. See Note 13

MACOMB COUNTY, MICHIGAN
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2012

	<u>Adult Drug Court (1)</u>	<u>Child Care (1)</u>	<u>Community Corrections</u>	<u>Community Services Agency</u>
Assets				
Cash and pooled investments	\$ -	\$ 2,317,948	\$ 64,465	\$ 435,544
Taxes receivable	-	-	-	-
Accounts receivable, net	-	-	-	-
Due from other governments	29,389	729,897	-	-
Other assets	-	225	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total Assets	<u>\$ 29,389</u>	<u>\$ 3,048,070</u>	<u>\$ 64,465</u>	<u>\$ 435,544</u>
 Liabilities and Fund Balances				
Liabilities				
Accounts payable	\$ 15,637	\$ 465,854	\$ -	\$ 4,219
Accrued compensation and benefits	-	-	-	-
Due to other governments	-	-	-	-
Due to governmental funds	13,752	-	-	-
Unearned revenue	-	-	64,465	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total Liabilities	<u>29,389</u>	<u>465,854</u>	<u>64,465</u>	<u>4,219</u>
 Fund Balances				
Restricted for:				
Health and welfare	-	-	-	431,325
Housing rehabilitation loans	-	-	-	-
Public safety	-	-	-	-
Technology	-	-	-	-
Assigned for:				
Health and welfare	-	2,582,216	-	-
Judicial	-	-	-	-
Public safety	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total Fund Balances	<u>-</u>	<u>2,582,216</u>	<u>-</u>	<u>431,325</u>
Total Liabilities and Fund Balances	<u>\$ 29,389</u>	<u>\$ 3,048,070</u>	<u>\$ 64,465</u>	<u>\$ 435,544</u>

(1) - Balance sheet as of September 30, 2012

MACOMB COUNTY, MICHIGAN
Combining Balance Sheet
Nonmajor Special Revenue Funds (continued)
December 31, 2012

	<u>Community Services Agency (1)</u>	<u>Emergency Management Grants</u>	<u>Friend of the Court (1)</u>
Assets			
Cash and pooled investments	\$ 1,095,624	\$ 10,922	\$ -
Taxes receivable	-	-	-
Accounts receivable, net	49,318	-	-
Due from other governments	1,083,586	1,502,219	784,661
Other assets	18,179	-	-
	<hr/>	<hr/>	<hr/>
Total Assets	<u>\$ 2,246,707</u>	<u>\$ 1,513,141</u>	<u>\$ 784,661</u>
Liabilities and Fund Balances			
Liabilities			
Accounts payable	\$ 371,696	\$ 356,549	\$ 25,636
Accrued compensation and benefits	72,867	-	-
Due to other governments	5,070	3,559	-
Due to governmental funds	-	1,127,927	678,264
Unearned revenue	52,024	-	-
	<hr/>	<hr/>	<hr/>
Total Liabilities	<u>501,657</u>	<u>1,488,035</u>	<u>703,900</u>
Fund Balances			
Restricted for:			
Health and welfare	1,745,050	-	-
Housing rehabilitation loans	-	-	-
Public safety	-	-	-
Technology	-	-	-
Assigned for:			
Health and welfare	-	-	-
Judicial	-	-	80,761
Public safety	-	25,106	-
	<hr/>	<hr/>	<hr/>
Total Fund Balances	<u>1,745,050</u>	<u>25,106</u>	<u>80,761</u>
	<hr/>	<hr/>	<hr/>
Total Liabilities and Fund Balances	<u>\$ 2,246,707</u>	<u>\$ 1,513,141</u>	<u>\$ 784,661</u>

(1) - Balance sheet as of September 30, 2012

MACOMB COUNTY, MICHIGAN
Combining Balance Sheet
Nonmajor Special Revenue Funds (continued)
December 31, 2012

	Health Grants	Health Grants (1)	Juvenile Drug Court Grant (1)
Assets			
Cash and pooled investments	\$ 384,439	\$ 976,574	\$ 613
Taxes receivable	-	-	-
Accounts receivable, net	-	-	-
Due from other governments	106,859	83,213	-
Other assets	-	177	-
Total Assets	\$ 491,298	\$ 1,059,964	\$ 613
Liabilities and Fund Balances			
Liabilities			
Accounts payable	\$ 12,215	\$ 270,198	\$ -
Accrued compensation and benefits	-	20,777	-
Due to other governments	5,116	76,204	-
Due to governmental funds	-	-	-
Unearned revenue	-	-	-
Total Liabilities	17,331	367,179	-
Fund Balances			
Restricted for:			
Health and welfare	473,967	692,785	-
Housing rehabilitation loans	-	-	-
Public safety	-	-	-
Technology	-	-	-
Assigned for:			
Health and welfare	-	-	-
Judicial	-	-	613
Public safety	-	-	-
Total Fund Balances	473,967	692,785	613
Total Liabilities and Fund Balances	\$ 491,298	\$ 1,059,964	\$ 613

(1) - Balance sheet as of September 30, 2012

MACOMB COUNTY, MICHIGAN
Combining Balance Sheet
Nonmajor Special Revenue Funds (continued)
December 31, 2012

	<u>Law Library</u>	<u>Macomb/St. Clair Employment and Training</u>	<u>MSU Extension</u>
Assets			
Cash and pooled investments	\$ -	\$ 58,592	\$ 313,779
Taxes receivable	-	-	-
Accounts receivable, net	-	104	50
Due from other governments	-	-	3,283
Other assets	-	-	-
	<hr/>	<hr/>	<hr/>
Total Assets	<u>\$ -</u>	<u>\$ 58,696</u>	<u>\$ 317,112</u>
 Liabilities and Fund Balances			
Liabilities			
Accounts payable	\$ -	\$ 2,958	\$ 21,519
Accrued compensation and benefits	-	55,738	-
Due to other governments	-	-	-
Due to governmental funds	-	-	-
Unearned revenue	-	-	-
	<hr/>	<hr/>	<hr/>
Total Liabilities	<u>-</u>	<u>58,696</u>	<u>21,519</u>
 Fund Balances			
Restricted for:			
Health and welfare	-	-	-
Housing rehabilitation loans	-	-	-
Public safety	-	-	-
Technology	-	-	-
Assigned for:			
Health and welfare	-	-	295,593
Judicial	-	-	-
Public safety	-	-	-
	<hr/>	<hr/>	<hr/>
Total Fund Balances	<u>-</u>	<u>-</u>	<u>295,593</u>
	<hr/>	<hr/>	<hr/>
Total Liabilities and Fund Balances	<u>\$ -</u>	<u>\$ 58,696</u>	<u>\$ 317,112</u>

(1) - Balance sheet as of September 30, 2012

MACOMB COUNTY, MICHIGAN
Combining Balance Sheet
Nonmajor Special Revenue Funds (continued)
December 31, 2012

	<u>MSU Extension (1)</u>	<u>Prosecuting Attorney Grants</u>	<u>Prosecuting Attorney Grants (1)</u>
Assets			
Cash and pooled investments	\$ 344,962	\$ 29,208	\$ -
Taxes receivable	-	-	-
Accounts receivable, net	5,150	-	-
Due from other governments	5,150	-	237,989
Other assets	-	-	-
	<hr/>	<hr/>	<hr/>
Total Assets	<u>\$ 355,262</u>	<u>\$ 29,208</u>	<u>\$ 237,989</u>
 Liabilities and Fund Balances			
Liabilities			
Accounts payable	\$ 5,235	\$ 340	\$ 5,384
Accrued compensation and benefits	-	-	-
Due to other governments	-	-	-
Due to governmental funds	-	-	202,797
Unearned revenue	-	-	-
	<hr/>	<hr/>	<hr/>
Total Liabilities	<u>5,235</u>	<u>340</u>	<u>208,181</u>
 Fund Balances			
Restricted for:			
Health and welfare	144,903	-	-
Housing rehabilitation loans	-	-	-
Public safety	-	20,765	-
Technology	-	-	-
Assigned for:			
Health and welfare	205,124	-	-
Judicial	-	8,103	29,808
Public safety	-	-	-
	<hr/>	<hr/>	<hr/>
Total Fund Balances	<u>350,027</u>	<u>28,868</u>	<u>29,808</u>
	<hr/>	<hr/>	<hr/>
Total Liabilities and Fund Balances	<u>\$ 355,262</u>	<u>\$ 29,208</u>	<u>\$ 237,989</u>

(1) - Balance sheet as of September 30, 2012

MACOMB COUNTY, MICHIGAN
Combining Balance Sheet
Nonmajor Special Revenue Funds (continued)
December 31, 2012

	Register of Deeds Remonumentation Fund	Register of Deeds Technology Fund	Retiree Health Care Reserve
Assets			
Cash and pooled investments	\$ -	\$ 2,826,490	\$ -
Taxes receivable	-	-	-
Accounts receivable, net	-	-	-
Due from other governments	115,792	-	-
Other assets	-	-	-
Total Assets	\$ 115,792	\$ 2,826,490	\$ -
Liabilities and Fund Balances			
Liabilities			
Accounts payable	\$ -	\$ 120,034	\$ -
Accrued compensation and benefits	-	-	-
Due to other governments	-	-	-
Due to governmental funds	115,792	-	-
Unearned revenue	-	-	-
Total Liabilities	115,792	120,034	-
Fund Balances			
Restricted for:			
Health and welfare	-	-	-
Housing rehabilitation loans	-	-	-
Public safety	-	-	-
Technology	-	2,706,456	-
Assigned for:			
Health and welfare	-	-	-
Judicial	-	-	-
Public safety	-	-	-
Total Fund Balances	-	2,706,456	-
Total Liabilities and Fund Balances	\$ 115,792	\$ 2,826,490	\$ -

(1) - Balance sheet as of September 30, 2012

MACOMB COUNTY, MICHIGAN
Combining Balance Sheet
Nonmajor Special Revenue Funds (continued)
December 31, 2012

	<u>Revenue Sharing Reserve</u>	<u>Sheriff Grants</u>	<u>Sheriff Grants (1)</u>
Assets			
Cash and pooled investments	\$ -	\$ 3,707,483	\$ 350,741
Taxes receivable	-	-	-
Accounts receivable, net	-	-	-
Due from other governments	-	-	514,012
Other assets	-	-	-
Total Assets	<u>\$ -</u>	<u>\$ 3,707,483</u>	<u>\$ 864,753</u>
Liabilities and Fund Balances			
Liabilities			
Accounts payable	\$ -	\$ 18,540	\$ 272,527
Accrued compensation and benefits	-	-	-
Due to other governments	-	-	48,868
Due to governmental funds	-	-	231,227
Unearned revenue	-	20,982	3,200
Total Liabilities	<u>-</u>	<u>39,522</u>	<u>555,822</u>
Fund Balances			
Restricted for:			
Health and welfare	-	-	-
Housing rehabilitation loans	-	-	-
Public safety	-	3,638,248	308,931
Technology	-	-	-
Assigned for:			
Health and welfare	-	-	-
Judicial	-	-	-
Public safety	-	29,713	-
Total Fund Balances	<u>-</u>	<u>3,667,961</u>	<u>308,931</u>
Total Liabilities and Fund Balances	<u>\$ -</u>	<u>\$ 3,707,483</u>	<u>\$ 864,753</u>

(1) - Balance sheet as of September 30, 2012

MACOMB COUNTY, MICHIGAN
Combining Balance Sheet
Nonmajor Special Revenue Funds (continued)
December 31, 2012

	<u>Social Welfare</u>	<u>Urban County Block Grant</u>	<u>Veterans' Affairs</u>
Assets			
Cash and pooled investments	\$ -	\$ 229,302	\$ 1,310,263
Taxes receivable	-	-	880,682
Accounts receivable, net	311,776	9,027,198	-
Due from other governments	227,556	279,939	-
Other assets	-	-	-
	<hr/>	<hr/>	<hr/>
Total Assets	<u>\$ 539,332</u>	<u>\$ 9,536,439</u>	<u>\$ 2,190,945</u>
Liabilities and Fund Balances			
Liabilities			
Accounts payable	\$ 41,765	\$ 279,282	\$ 17,016
Accrued compensation and benefits	-	-	-
Due to other governments	134,000	-	-
Due to governmental funds	363,567	-	-
Unearned revenue	-	-	961,703
	<hr/>	<hr/>	<hr/>
Total Liabilities	<u>539,332</u>	<u>279,282</u>	<u>978,719</u>
Fund Balances			
Restricted for:			
Health and welfare	-	-	1,212,226
Housing rehabilitation loans	-	9,027,198	-
Public safety	-	-	-
Technology	-	-	-
Assigned for:			
Health and welfare	-	229,959	-
Judicial	-	-	-
Public safety	-	-	-
	<hr/>	<hr/>	<hr/>
Total Fund Balances	<u>-</u>	<u>9,257,157</u>	<u>1,212,226</u>
	<hr/>	<hr/>	<hr/>
Total Liabilities and Fund Balances	<u>\$ 539,332</u>	<u>\$ 9,536,439</u>	<u>\$ 2,190,945</u>

(1) - Balance sheet as of September 30, 2012

MACOMB COUNTY, MICHIGAN
Combining Balance Sheet
Nonmajor Special Revenue Funds (concluded)
December 31, 2012

	<u>Veterans'</u> <u>Trust Fund (1)</u>	<u>Other Special</u> <u>Revenue</u>	<u>Total</u> <u>Special Revenue</u>
Assets			
Cash and pooled investments	\$ 2,892	\$ 9,819	\$ 14,469,660
Taxes receivable	-	-	880,682
Accounts receivable, net	-	-	9,393,596
Due from other governments	-	-	5,703,545
Other assets	-	-	18,581
Total Assets	<u>\$ 2,892</u>	<u>\$ 9,819</u>	<u>\$ 30,466,064</u>
 Liabilities and Fund Balances			
Liabilities			
Accounts payable	\$ 2,892	\$ -	\$ 2,309,496
Accrued compensation and benefits	-	-	149,382
Due to other governments	-	-	272,817
Due to governmental funds	-	-	2,733,326
Unearned revenue	-	-	1,102,374
Total Liabilities	<u>2,892</u>	<u>-</u>	<u>6,567,395</u>
 Fund Balances			
Restricted for:			
Health and welfare	-	-	4,700,256
Housing rehabilitation loans	-	-	9,027,198
Public safety	-	-	3,967,944
Technology	-	-	2,706,456
Assigned for:			
Health and welfare	-	9,819	3,322,711
Judicial	-	-	119,285
Public safety	-	-	54,819
Total Fund Balances	<u>-</u>	<u>9,819</u>	<u>23,898,669</u>
Total Liabilities and Fund Balances	<u>\$ 2,892</u>	<u>\$ 9,819</u>	<u>\$ 30,466,064</u>

(1) - Balance sheet as of September 30, 2012

MACOMB COUNTY, MICHIGAN
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Special Revenue Funds
Year Ended December 31, 2012

	Adult Drug Court (1)	Child Care (1)	Community Corrections	Community Service Agency
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Federal & State grants	40,000	7,282,923	29,736	697,331
Other grants	-	-	-	-
Charges for services	8,049	730,580	-	46,419
Investment income	-	-	-	-
Fines and forfeitures	-	-	-	15,012
Other revenue	-	-	-	-
Total Revenues	48,049	8,013,503	29,736	758,762
Expenditures				
Current				
Judicial	176,304	-	-	-
General government	-	-	-	-
Public safety	-	-	28,794	-
Public works	-	-	-	-
Health and welfare	-	18,122,709	-	736,758
Capital outlay	-	16,852	942	2,197
Total Expenditures	176,304	18,139,561	29,736	738,955
Excess of Revenues over (under) Expenditures	(128,255)	(10,126,058)	-	19,807
Other financing sources (uses)				
Transfers in	128,255	10,125,732	-	-
Transfers out	-	-	-	-
Total Other financing sources (uses)	128,255	10,125,732	-	-
Net change in fund balances	-	(326)	-	19,807
Fund Balances, beginning of year (2)	-	2,582,542	-	411,518
Fund Balances, end of year	\$ -	\$ 2,582,216	\$ -	\$ 431,325

(1) - Year ended September 30, 2012

(2) - As restated. See Note 13

MACOMB COUNTY, MICHIGAN
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Special Revenue Funds (continued)
Year Ended December 31, 2012

	<u>Community Service Agency (1)</u>	<u>Emergency Managements Grants</u>	<u>Friend of the Court (1)</u>
Revenues			
Taxes	\$ -	\$ -	\$ -
Federal & State grants	11,863,375	2,672,769	6,161,930
Other grants	86,605	-	-
Charges for services	278,335	-	934,201
Investment income	-	-	372
Fines and forfeitures	-	-	-
Other revenue	1,048,098	-	500
Total Revenues	<u>13,276,413</u>	<u>2,672,769</u>	<u>7,097,003</u>
Expenditures			
Current			
Judicial	-	-	9,536,050
General government	-	-	-
Public safety	-	-	-
Public works	-	-	-
Health and welfare	13,960,998	2,047,371	-
Capital outlay	78,187	625,398	912
Total Expenditures	<u>14,039,185</u>	<u>2,672,769</u>	<u>9,536,962</u>
Excess of Revenues over (under) Expenditures	<u>(762,772)</u>	<u>-</u>	<u>(2,439,959)</u>
Other financing sources (uses)			
Transfers in	836,053	-	2,439,959
Transfers out	-	-	-
Total Other financing sources (uses)	<u>836,053</u>	<u>-</u>	<u>2,439,959</u>
Net change in fund balances	73,281	-	-
Fund Balances, beginning of year (2)	<u>1,671,769</u>	<u>25,106</u>	<u>80,761</u>
Fund Balances, end of year	<u>\$ 1,745,050</u>	<u>\$ 25,106</u>	<u>\$ 80,761</u>

(1) - Year ended September 30, 2012

(2) - As restated. See Note 13

MACOMB COUNTY, MICHIGAN
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Special Revenue Funds (continued)
Year Ended December 31, 2012

	<u>Health Grants</u>	<u>Health Grants (1)</u>	<u>Juvenile Drug Court Grant (1)</u>
Revenues			
Taxes	\$ -	\$ -	\$ -
Federal & State grants	362,351	3,454,963	45,690
Other grants	-	-	-
Charges for services	40,523	568,410	3,560
Investment income	-	-	-
Fines and forfeitures	-	-	-
Other revenue	-	6,484	-
Total Revenues	<u>402,874</u>	<u>4,029,857</u>	<u>49,250</u>
Expenditures			
Current			
Judicial	-	-	50,767
General government	-	-	-
Public safety	-	-	-
Public works	-	-	-
Health and welfare	493,329	4,024,931	-
Capital outlay	-	23,069	-
Total Expenditures	<u>493,329</u>	<u>4,048,000</u>	<u>50,767</u>
Excess of Revenues over (under) Expenditures	<u>(90,455)</u>	<u>(18,143)</u>	<u>(1,517)</u>
Other financing sources (uses)			
Transfers in	-	192,906	1,517
Transfers out	-	-	-
Total Other financing sources (uses)	<u>-</u>	<u>192,906</u>	<u>1,517</u>
Net change in fund balances	<u>(90,455)</u>	<u>174,763</u>	<u>-</u>
Fund Balances, beginning of year (2)	<u>564,422</u>	<u>518,022</u>	<u>613</u>
Fund Balances, end of year	<u>\$ 473,967</u>	<u>\$ 692,785</u>	<u>\$ 613</u>

(1) - Year ended September 30, 2012

(2) - As restated. See Note 13

MACOMB COUNTY, MICHIGAN
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Special Revenue Funds (continued)
Year Ended December 31, 2012

	Law Library	Macomb/St. Clair Employment and Training	MSU Extension
Revenues			
Taxes	\$ -	\$ -	\$ -
Federal & State grants	-	-	73,110
Other grants	-	-	-
Charges for services	-	4,063,271	25,496
Investment income	-	-	-
Fines and forfeitures	-	-	-
Other revenue	-	-	95,145
Total Revenues	-	4,063,271	193,751
Expenditures			
Current			
Judicial	-	-	-
General government	-	-	-
Public safety	-	-	-
Public works	-	-	-
Health and welfare	-	4,063,271	243,365
Capital outlay	-	-	-
Total Expenditures	-	4,063,271	243,365
Excess of Revenues over (under) Expenditures	-	-	(49,614)
Other financing sources (uses)			
Transfers in	-	-	-
Transfers out	(14,990)	-	-
Total Other financing sources (uses)	(14,990)	-	-
Net change in fund balances	(14,990)	-	(49,614)
Fund Balances, beginning of year (2)	14,990	-	345,207
Fund Balances, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 295,593</u>

(1) - Year ended September 30, 2012

(2) - As restated. See Note 13

MACOMB COUNTY, MICHIGAN
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Special Revenue Funds (continued)
Year Ended December 31, 2012

	MSU Extension (1)	Prosecuting Attorney Grants	Prosecuting Attorney Grants (1)
Revenues			
Taxes	\$ -	\$ -	\$ -
Federal & State grants	-	-	1,211,408
Other grants	5,650	-	-
Charges for services	75,783	-	-
Investment income	-	22	-
Fines and forfeitures	-	19,980	-
Other revenue	27,475	-	38,678
Total Revenues	108,908	20,002	1,250,086
Expenditures			
Current			
Judicial	-	3,884	2,040,748
General government	-	-	-
Public safety	-	-	-
Public works	-	-	-
Health and welfare	135,885	-	-
Capital outlay	-	-	-
Total Expenditures	135,885	3,884	2,040,748
Excess of Revenues over (under) Expenditures	(26,977)	16,118	(790,662)
Other financing sources (uses)			
Transfers in	-	-	790,662
Transfers out	-	-	-
Total Other financing sources (uses)	-	-	790,662
Net change in fund balances	(26,977)	16,118	-
Fund Balances, beginning of year (2)	377,004	12,750	29,808
Fund Balances, end of year	\$ 350,027	\$ 28,868	\$ 29,808

(1) - Year ended September 30, 2012

(2) - As restated. See Note 13

MACOMB COUNTY, MICHIGAN
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Special Revenue Funds (continued)
Year Ended December 31, 2012

	Register of Deeds Remonumentation Fund	Register of Deeds Technology Fund	Retiree Health Care Reserve
Revenues			
Taxes	\$ -	\$ -	\$ -
Federal & State grants	192,986	-	-
Other grants	-	-	-
Charges for services	-	930,826	-
Investment income	-	7,379	-
Fines and forfeitures	-	-	-
Other revenue	-	-	-
Total Revenues	<u>192,986</u>	<u>938,205</u>	<u>-</u>
Expenditures			
Current			
Judicial	-	-	-
General government	192,986	835,198	-
Public safety	-	-	-
Public works	-	-	-
Health and welfare	-	-	-
Capital outlay	-	19,437	-
Total Expenditures	<u>192,986</u>	<u>854,635</u>	<u>-</u>
Excess of Revenues over (under) Expenditures	<u>-</u>	<u>83,570</u>	<u>-</u>
Other financing sources (uses)			
Transfers in	-	-	-
Transfers out	-	-	(2,467,687)
Total Other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(2,467,687)</u>
Net change in fund balances	<u>-</u>	<u>83,570</u>	<u>(2,467,687)</u>
Fund Balances, beginning of year (2)	<u>-</u>	<u>2,622,886</u>	<u>2,467,687</u>
Fund Balances, end of year	<u>\$ -</u>	<u>\$ 2,706,456</u>	<u>\$ -</u>

(1) - Year ended September 30, 2012

(2) - As restated. See Note 13

MACOMB COUNTY, MICHIGAN
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Special Revenue Funds (continued)
Year Ended December 31, 2012

	Revenue Sharing Reserve	Sheriff Grants	Sheriff Grants (1)
Revenues			
Taxes	\$ -	\$ -	\$ -
Federal & State grants	-	291,228	2,290,407
Other grants	-	-	203,450
Charges for services	-	259,957	811
Investment income	12,610	-	-
Fines and forfeitures	-	1,644,695	112,001
Other revenue	-	10,765	-
Total Revenues	12,610	2,206,645	2,606,669
Expenditures			
Current			
Judicial	-	-	-
General government	-	-	-
Public safety	-	754,435	3,411,857
Public works	-	-	-
Health and welfare	-	-	-
Capital outlay	-	135,750	19,894
Total Expenditures	-	890,185	3,431,751
Excess of Revenues over (under) Expenditures	12,610	1,316,460	(825,082)
Other financing sources (uses)			
Transfers in	-	68,263	913,184
Transfers out	(4,969,281)	-	-
Total Other financing sources (uses)	(4,969,281)	68,263	913,184
Net change in fund balances	(4,956,671)	1,384,723	88,102
Fund Balances, beginning of year (2)	4,956,671	2,283,238	220,829
Fund Balances, end of year	\$ -	\$ 3,667,961	\$ 308,931

(1) - Year ended September 30, 2012

(2) - As restated. See Note 13

MACOMB COUNTY, MICHIGAN
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Special Revenue Funds (continued)
Year Ended December 31, 2012

	Social Welfare	Urban County Block Grant	Veterans' Affairs
Revenues			
Taxes	\$ -	\$ -	\$ 1,041,487
Federal & State grants	772,046	7,192,318	-
Other grants	-	-	-
Charges for services	500,000	392,999	17,132
Investment income	-	-	-
Fines and forfeitures	-	-	-
Other revenue	-	89,486	-
Total Revenues	1,272,046	7,674,803	1,058,619
Expenditures			
Current			
Judicial	-	-	-
General government	-	-	-
Public safety	-	-	-
Public works	-	112,025	-
Health and welfare	1,272,046	8,011,746	1,001,517
Capital outlay	-	11,076	12,155
Total Expenditures	1,272,046	8,134,847	1,013,672
Excess of Revenues over (under) Expenditures	-	(460,044)	44,947
Other financing sources (uses)			
Transfers in	-	-	-
Transfers out	(97,482)	-	-
Total Other financing sources (uses)	(97,482)	-	-
Net change in fund balances	(97,482)	(460,044)	44,947
Fund Balances, beginning of year (2)	97,482	9,717,201	1,167,279
Fund Balances, end of year	<u>\$ -</u>	<u>\$ 9,257,157</u>	<u>\$ 1,212,226</u>

(1) - Year ended September 30, 2012

(2) - As restated. See Note 13

MACOMB COUNTY, MICHIGAN
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Special Revenue Funds (concluded)
Year Ended December 31, 2012

	Veterans' Trust Fund (1)	Other Special Revenue	Total Special Revenue
Revenues			
Taxes	\$ -	\$ -	\$ 1,041,487
Federal & State grants	154,488	-	44,789,059
Other grants	-	-	295,705
Charges for services	-	-	8,876,352
Investment income	-	-	20,383
Fines and forfeitures	-	-	1,776,676
Other revenue	-	179	1,331,822
Total Revenues	154,488	179	58,131,484
Expenditures			
Current			
Judicial	-	-	11,807,753
General government	-	5,098	1,033,282
Public safety	-	-	4,195,086
Public works	-	-	112,025
Health and welfare	154,488	-	54,268,414
Capital outlay	-	-	945,869
Total Expenditures	154,488	5,098	72,362,429
Excess of Revenues over (under) Expenditures	-	(4,919)	(14,230,945)
Other financing sources (uses)			
Transfers in	-	-	15,496,531
Transfers out	-	-	(7,549,440)
Total Other financing sources (uses)	-	-	7,947,091
Net change in fund balances	-	(4,919)	(6,283,854)
Fund Balances, beginning of year (2)	-	14,738	30,182,523
Fund Balances, end of year	<u>\$ -</u>	<u>\$ 9,819</u>	<u>\$ 23,898,669</u>

(1) - Year ended September 30, 2012

(2) - As restated. See Note 13

MACOMB COUNTY, MICHIGAN
Budgetary Comparison Schedule (GAAP Basis) - Adult Drug Court
Year Ended September 30, 2012

	(Unaudited) Final Budget	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
Revenues			
Federal & State grants	\$ 40,000	\$ 40,000	\$ -
Charges for services	-	8,049	8,049
Total Revenues	40,000	48,049	8,049
Expenditures			
Judicial	232,310	176,304	56,006
Total Expenditures	232,310	176,304	56,006
Excess of Revenues over (under) Expenditures	(192,310)	(128,255)	64,055
Other financing sources (uses)			
Transfers in	192,310	128,255	(64,055)
Net change in fund balances	-	-	-
Fund Balances, beginning of year	-	-	-
Fund Balances, end of year	\$ -	\$ -	\$ -

MACOMB COUNTY, MICHIGAN
Budgetary Comparison Schedule (GAAP Basis) - Child Care Fund
Year Ended September 30, 2012

	(Unaudited) Final Budget	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
Revenues			
Federal & State grants	\$ 10,626,756	\$ 7,282,923	\$ (3,343,833)
Charges for services	872,500	730,580	(141,920)
Total Revenues	11,499,256	8,013,503	(3,485,753)
Expenditures			
Health and welfare	26,042,879	18,122,709	7,920,170
Capital outlay	18,500	16,852	1,648
Total Expenditures	26,061,379	18,139,561	7,921,818
Excess of Revenues over (under) Expenditures	(14,562,123)	(10,126,058)	4,436,065
Other financing sources (uses)			
Transfers in	14,549,760	10,125,732	(4,424,028)
Total Other financing sources (uses)	14,549,760	10,125,732	(4,424,028)
Net change in fund balances	(12,363)	(326)	12,037
Fund Balances, beginning of year	2,582,542	2,582,542	-
Fund Balances, end of year	\$ 2,570,179	\$ 2,582,216	\$ 12,037

MACOMB COUNTY, MICHIGAN
Budgetary Comparison Schedule (GAAP Basis) - Community Corrections
Year Ended September 30, 2012

	(Unaudited) Final Budget	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
Revenues			
Federal & State grants	\$ 94,201	\$ 29,736	\$ (64,465)
Expenditures			
Public safety	92,366	28,794	63,572
Capital outlay	1,835	942	893
Total Expenditures	94,201	29,736	64,465
Net change in fund balances	-	-	-
Fund Balances, beginning of year	-	-	-
Fund Balances, end of year	\$ -	\$ -	\$ -

MACOMB COUNTY, MICHIGAN
Budgetary Comparison Schedule (GAAP Basis) - Community Services Agency
Year Ended December 31, 2012

	(Unaudited) Final Budget	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
Revenues			
Federal & State grants	\$ 2,854,919	\$ 697,331	\$ (2,157,588)
Charges for services	43,260	46,419	3,159
Other revenue	10,000	15,012	5,012
Total Revenues	<u>2,908,179</u>	<u>758,762</u>	<u>(2,149,417)</u>
Expenditures			
Health and welfare	2,946,353	736,758	2,209,595
Capital outlay	41,321	2,197	39,124
Total Expenditures	<u>2,987,674</u>	<u>738,955</u>	<u>2,248,719</u>
Excess of Revenues over (under) Expenditures	(79,495)	19,807	99,302
Other financing sources (uses)			
Transfers out	(53,500)	-	53,500
Net change in fund balances	(132,995)	19,807	152,802
Fund Balances, beginning of year	411,518	411,518	-
Fund Balances, end of year	<u>\$ 278,523</u>	<u>\$ 431,325</u>	<u>\$ 152,802</u>

MACOMB COUNTY, MICHIGAN
Budgetary Comparison Schedule (GAAP Basis) - Community Services Agency
Year Ended September 30, 2012

	(Unaudited) Final Budget	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
Revenues			
Federal & State grants	\$ 11,863,601	\$ 11,863,375	\$ (226)
Other grants	125,125	86,605	(38,520)
Charges for services	-	278,335	278,335
Other revenue	855,877	1,048,098	192,221
Total Revenues	12,844,603	13,276,413	431,810
Expenditures			
Health and welfare	13,726,741	13,960,998	(234,257)
Capital outlay	78,187	78,187	-
Total Expenditures	13,804,928	14,039,185	(234,257)
Excess of Revenues over (under) Expenditures	(960,325)	(762,772)	197,553
Other financing sources (uses)			
Transfers in	971,545	836,053	(135,492)
Transfers out	11,220	-	(11,220)
Total Other financing sources (uses)	982,765	836,053	(146,712)
Net change in fund balances	22,440	73,281	50,841
Fund Balances, beginning of year	1,671,769	1,671,769	-
Fund Balances, end of year	\$ 1,694,209	\$ 1,745,050	\$ 50,841

MACOMB COUNTY, MICHIGAN
Budgetary Comparison Schedule (GAAP Basis) - Emergency Management Grants
Year Ended December 31, 2012

	(Unaudited) Final Budget	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
Revenues			
Federal & State grants	\$ 13,245,853	\$ 2,672,769	\$ (10,573,084)
Expenditures			
Health and welfare	11,740,031	2,047,371	9,692,660
Capital outlay	1,520,006	625,398	894,608
Total Expenditures	13,260,037	2,672,769	10,587,268
Net change in fund balances	(14,184)	-	14,184
Fund Balances, beginning of year	25,106	25,106	-
Fund Balances, end of year	\$ 10,922	\$ 25,106	\$ 14,184

MACOMB COUNTY, MICHIGAN
Budgetary Comparison Schedule (GAAP Basis) - Friend of the Court
Year Ended September 30, 2012

	(Unaudited) Final Budget	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
Revenues			
Federal & State grants	\$ 6,741,350	\$ 6,161,930	\$ (579,420)
Charges for services	751,000	934,201	183,201
Investment income	-	372	372
Other revenue	-	500	500
Total Revenues	<u>7,492,350</u>	<u>7,097,003</u>	<u>(395,347)</u>
Expenditures			
Judicial	10,586,274	9,536,050	1,050,224
Capital outlay	2,500	912	1,588
Total Expenditures	<u>10,588,774</u>	<u>9,536,962</u>	<u>1,051,812</u>
Excess of Revenues over (under) Expenditures	(3,096,424)	(2,439,959)	656,465
Other financing sources (uses)			
Transfers in	3,096,424	2,439,959	(656,465)
Net change in fund balances	-	-	-
Fund Balances, beginning of year	<u>80,761</u>	<u>80,761</u>	<u>-</u>
Fund Balances, end of year	<u>\$ 80,761</u>	<u>\$ 80,761</u>	<u>\$ -</u>

MACOMB COUNTY, MICHIGAN
Budgetary Comparison Schedule (GAAP Basis) - Health Grants
Year Ended December 31, 2012

	(Unaudited) Final Budget	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
Revenues			
Federal & State grants	\$ 543,693	\$ 362,351	\$ (181,342)
Charges for services	125,000	40,523	(84,477)
Total Revenues	<u>668,693</u>	<u>402,874</u>	<u>(265,819)</u>
Expenditures			
Health and welfare	<u>926,354</u>	<u>493,329</u>	<u>433,025</u>
Net change in fund balances	(257,661)	(90,455)	167,206
Fund Balances, beginning of year	<u>564,422</u>	<u>564,422</u>	<u>-</u>
Fund Balances, end of year	<u>\$ 306,761</u>	<u>\$ 473,967</u>	<u>\$ 167,206</u>

MACOMB COUNTY, MICHIGAN
Budgetary Comparison Schedule (GAAP Basis) - Health Grants
Year Ended September 30, 2012

	(Unaudited) Final Budget	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
Revenues			
Federal & State grants	\$ 3,566,712	\$ 3,454,963	\$ (111,749)
Charges for services	443,917	568,410	124,493
Other revenue	7,500	6,484	(1,016)
Total Revenues	<u>4,018,129</u>	<u>4,029,857</u>	<u>11,728</u>
Expenditures			
Health and welfare	4,523,973	4,024,931	499,042
Capital outlay	28,722	23,069	5,653
Total Expenditures	<u>4,552,695</u>	<u>4,048,000</u>	<u>504,695</u>
Excess of Revenues over (under) Expenditures	(534,566)	(18,143)	516,423
Other financing sources (uses)			
Transfers in	534,566	192,906	(341,660)
Net change in fund balances	-	174,763	174,763
Fund Balances, beginning of year	518,022	518,022	-
Fund Balances, end of year	<u>\$ 518,022</u>	<u>\$ 692,785</u>	<u>\$ 174,763</u>

MACOMB COUNTY, MICHIGAN
Budgetary Comparison Schedule (GAAP Basis) - Law Library
Year Ended December 31, 2012

	(Unaudited) Final Budget	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
Other financing sources (uses)			
Transfers out	\$ (14,990)	\$ (14,990)	\$ -
Net change in fund balances	(14,990)	(14,990)	-
Fund Balances, beginning of year	14,990	14,990	-
Fund Balances, end of year	\$ -	\$ -	\$ -

MACOMB COUNTY, MICHIGAN
Budgetary Comparison Schedule (GAAP Basis) - Macomb/St. Clair Employment and Training
Year Ended December 31, 2012

	(Unaudited) Final Budget	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
Revenues			
Charges for services	\$ 4,120,104	\$ 4,063,271	\$ (56,833)
Expenditures			
Health and welfare	4,120,104	4,063,271	56,833
Net change in fund balances	-	-	-
Fund Balances, beginning of year	-	-	-
Fund Balances, end of year	\$ -	\$ -	\$ -

MACOMB COUNTY, MICHIGAN
Budgetary Comparison Schedule (GAAP Basis) - MSU Extension
Year Ended December 31, 2012

	(Unaudited) Final Budget	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
Revenues			
Federal & State grants	\$ 91,700	\$ 73,110	\$ (18,590)
Charges for services	18,688	25,496	6,808
Other revenue	106,000	95,145	(10,855)
Total Revenues	216,388	193,751	(22,637)
Expenditures			
Health and welfare	524,803	243,365	281,438
Capital outlay	8,800	-	8,800
Total Expenditures	533,603	243,365	290,238
Excess of Revenues over (under) Expenditures	(317,215)	(49,614)	267,601
Other financing sources (uses)			
Transfers in	10,000	-	(10,000)
Net change in fund balances	(307,215)	(49,614)	257,601
Fund Balances, beginning of year	345,207	345,207	-
Fund Balances, end of year	\$ 37,992	\$ 295,593	\$ 257,601

MACOMB COUNTY, MICHIGAN
Budgetary Comparison Schedule (GAAP Basis) - Prosecuting Attorney Grants
Year Ended December 31, 2012

	(Unaudited) Final Budget	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
Revenues			
Investment income	\$ -	\$ 22	\$ 22
Fines and forfeitures	30,000	19,980	(10,020)
Total Revenues	30,000	20,002	(9,998)
Expenditures			
Judicial	5,000	3,884	1,116
Capital outlay	25,000	-	25,000
Total Expenditures	30,000	3,884	26,116
Net change in fund balances	-	16,118	16,118
Fund Balances, beginning of year	12,750	12,750	-
Fund Balances, end of year	<u>\$ 12,750</u>	<u>\$ 28,868</u>	<u>\$ 16,118</u>

MACOMB COUNTY, MICHIGAN
Budgetary Comparison Schedule (GAAP Basis) - Prosecuting Attorney Grants
Year Ended September 30, 2012

	(Unaudited) Final Budget	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
Revenues			
Federal & State grants	\$ 1,321,758	\$ 1,211,408	\$ (110,350)
Other revenue	39,554	38,678	(876)
Total Revenues	<u>1,361,312</u>	<u>1,250,086</u>	<u>(111,226)</u>
Expenditures			
Judicial	<u>2,190,702</u>	<u>2,040,748</u>	<u>149,954</u>
Other financing sources (uses)			
Transfers in	<u>829,390</u>	<u>790,662</u>	<u>(38,728)</u>
Net change in fund balances	-	-	-
Fund Balances, beginning of year	<u>29,808</u>	<u>29,808</u>	<u>-</u>
Fund Balances, end of year	<u><u>\$ 29,808</u></u>	<u><u>\$ 29,808</u></u>	<u><u>\$ -</u></u>

MACOMB COUNTY, MICHIGAN
Budgetary Comparison Schedule (GAAP Basis) - Register of Deeds Remonumentation Fund
Year Ended December 31, 2012

	(Unaudited) Final Budget	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
Revenues			
Federal & State grants	\$ 192,986	\$ 192,986	\$ -
Expenditures			
General government	192,986	192,986	-
Net change in fund balances	-	-	-
Fund Balances, beginning of year	-	-	-
Fund Balances, end of year	\$ -	\$ -	\$ -

MACOMB COUNTY, MICHIGAN
Budgetary Comparison Schedule (GAAP Basis) - Register of Deeds Technology Fund
Year Ended December 31, 2012

	(Unaudited) Final Budget	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
Revenues			
Charges for services	\$ 820,000	\$ 930,826	\$ 110,826
Investment income	-	7,379	7,379
Total Revenues	820,000	938,205	118,205
Expenditures			
General government	837,200	835,198	2,002
Capital outlay	19,800	19,437	363
Total Expenditures	857,000	854,635	2,365
Net change in fund balances	(37,000)	83,570	120,570
Fund Balances, beginning of year	2,622,886	2,622,886	-
Fund Balances, end of year	<u>\$ 2,585,886</u>	<u>\$ 2,706,456</u>	<u>\$ 120,570</u>

MACOMB COUNTY, MICHIGAN
Budgetary Comparison Schedule (GAAP Basis) - Revenue Sharing Reserve Fund
Year Ended December 31, 2012

	(Unaudited) Final Budget	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
Revenues			
Investment income	\$ -	\$ 12,610	\$ 12,610
Other financing sources (uses)			
Transfers out	(4,856,551)	(4,969,281)	(112,730)
Net change in fund balances	(4,856,551)	(4,956,671)	(100,120)
Fund Balances, beginning of year	4,856,551	4,956,671	-
Fund Balances, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (100,120)</u>

MACOMB COUNTY, MICHIGAN
Budgetary Comparison Schedule (GAAP Basis) - Sheriff Grants
Year Ended December 31, 2012

	(Unaudited) Final Budget	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
Revenues			
Federal & State grants	\$ 292,627	\$ 291,228	\$ (1,399)
Charges for services	93,000	259,957	166,957
Fines and forfeitures	190,000	1,644,695	1,454,695
Other revenue	6,175	10,765	4,590
Total Revenues	581,802	2,206,645	1,624,843
Expenditures			
Public safety	1,168,000	754,435	413,565
Capital outlay	1,757,130	135,750	1,621,380
Total Expenditures	2,925,130	890,185	2,034,945
Excess of Revenues over (under) Expenditures	(2,343,328)	1,316,460	3,659,788
Other financing sources (uses)			
Transfers in	69,949	68,263	(1,686)
Net change in fund balances	(2,273,379)	1,384,723	3,658,102
Fund Balances, beginning of year	2,283,238	2,283,238	-
Fund Balances, end of year	<u>\$ 9,859</u>	<u>\$ 3,667,961</u>	<u>\$ 3,658,102</u>

MACOMB COUNTY, MICHIGAN
Budgetary Comparison Schedule (GAAP Basis) - Sheriff Grants
Year Ended September 30, 2012

	(Unaudited) Final Budget	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
Revenues			
Federal & State grants	\$ 2,372,388	\$ 2,290,407	\$ (81,981)
Other grants	241,991	203,450	(38,541)
Charges for services	-	811	811
Fines and forfeitures	30,000	112,001	82,001
Total Revenues	2,644,379	2,606,669	(37,710)
Expenditures			
Public safety	3,689,470	3,411,857	277,613
Capital outlay	23,100	19,894	3,206
Total Expenditures	3,712,570	3,431,751	280,819
Excess of Revenues over (under) Expenditures	(1,068,191)	(825,082)	243,109
Other financing sources (uses)			
Transfers in	1,068,191	913,184	(155,007)
Net change in fund balances	-	88,102	88,102
Fund Balances, beginning of year	220,829	220,829	-
Fund Balances, end of year	<u>\$ 220,829</u>	<u>\$ 308,931</u>	<u>\$ 88,102</u>

MACOMB COUNTY, MICHIGAN
Budgetary Comparison Schedule (GAAP Basis) - Social Welfare Fund
Year Ended December 31, 2012

	(Unaudited) Final Budget	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
Revenues			
Federal & State grants	\$ 1,500,000	\$ 772,046	\$ (727,954)
Charges for services	500,000	500,000	-
Total Revenues	<u>2,000,000</u>	<u>1,272,046</u>	<u>(727,954)</u>
Expenditures			
Health and welfare	<u>2,000,000</u>	<u>1,272,046</u>	<u>727,954</u>
Other financing sources (uses)			
Transfers out	<u>(97,482)</u>	<u>(97,482)</u>	<u>-</u>
Net change in fund balances	(97,482)	(97,482)	-
Fund Balances, beginning of year	<u>97,482</u>	<u>97,482</u>	<u>-</u>
Fund Balances, end of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

MACOMB COUNTY, MICHIGAN
Budgetary Comparison Schedule (GAAP Basis) - Urban County Block Grant
Year Ended December 31, 2012

	(Unaudited) Final Budget	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
Revenues			
Federal & State grants	\$ 14,994,165	\$ 7,192,318	\$ (7,801,847)
Charges for services	361,425	392,999	31,574
Other revenue	77,380	89,486	12,106
Total Revenues	15,432,970	7,674,803	(7,758,167)
Expenditures			
Public works	129,018	112,025	16,993
Health and welfare	14,895,725	8,011,746	6,883,979
Capital outlay	16,328	11,076	5,252
Total Expenditures	15,041,071	8,134,847	6,906,224
Excess of Revenues over (under) Expenditures	391,899	(460,044)	(851,943)
Other financing sources (uses)			
Transfers out	(480,356)	-	480,356
Net change in fund balances	(88,457)	(460,044)	(371,587)
Fund Balances, beginning of year	9,717,201	9,717,201	-
Fund Balances, end of year	\$ 9,628,744	\$ 9,257,157	\$ (371,587)

MACOMB COUNTY, MICHIGAN
Budgetary Comparison Schedule (GAAP Basis) - Veterans' Affairs Fund
Year Ended December 31, 2012

	(Unaudited) Final Budget	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
Revenues			
Property taxes	\$ 1,045,827	\$ 1,041,487	\$ -
Charges for services	18,150	17,132	(1,018)
Total Revenues	<u>1,063,977</u>	<u>1,058,619</u>	<u>(1,018)</u>
Expenditures			
Health and welfare	1,050,277	1,001,517	48,760
Capital outlay	13,700	12,155	1,545
Total Expenditures	<u>1,063,977</u>	<u>1,013,672</u>	<u>50,305</u>
Net change in fund balances	-	44,947	49,287
Fund Balances, beginning of year	<u>1,167,279</u>	<u>1,167,279</u>	-
Fund Balances, end of year	<u>\$ 1,167,279</u>	<u>\$ 1,212,226</u>	<u>\$ 49,287</u>

MACOMB COUNTY, MICHIGAN
Combining Balance Sheet
Nonmajor Capital Projects Funds
December 31, 2012

	Bridge Program	Capital Improvement Fund	Circuit Court E-Filing	Dept of Roads (1)
Assets				
Cash and pooled investments	\$ 83,010	\$ 20,791,760	\$ 61,191	\$ 1,185,103
Accounts receivable, net	-	-	-	-
Due from other governments	697,266	-	-	-
Total Assets	\$ 780,276	\$ 20,791,760	\$ 61,191	\$ 1,185,103
Liabilities and Fund Balances				
Liabilities				
Accounts payable	\$ -	\$ -	\$ 1,925	\$ -
Due to other funds	-	-	-	-
Deferred revenue	697,266	-	-	-
Total Liabilities	697,266	-	1,925	-
Fund Balances				
Restricted for:				
Capital projects	83,010	-	-	1,185,103
Assigned for:				
Capital projects	-	20,791,760	59,266	-
Total Fund Balances	83,010	20,791,760	59,266	1,185,103
Total Liabilities and Fund Balances	\$ 780,276	\$ 20,791,760	\$ 61,191	\$ 1,185,103

(1) - Balance sheet as of September 30, 2012

MACOMB COUNTY, MICHIGAN
Combining Balance Sheet
Nonmajor Capital Projects Funds (continued)
December 31, 2012

	District Court Improvement	E-911 Radio System	E-911 Cellular Fee	E-911 Radio Maintenance
Assets				
Cash and pooled investments	\$ 347,784	\$ 5,429	\$ 1,030,926	\$ 311,656
Accounts receivable, net	-	-	-	251,217
Due from other governments	-	-	-	-
	-	-	-	-
Total Assets	\$ 347,784	\$ 5,429	\$ 1,030,926	\$ 562,873
 Liabilities and Fund Balances				
Liabilities				
Accounts payable	\$ -	\$ -	\$ 1,030,926	\$ 8,175
Due to other funds	-	-	-	-
Deferred revenue	-	-	-	-
	-	-	-	-
Total Liabilities	-	-	1,030,926	8,175
 Fund Balances				
Restricted for:				
Capital projects	-	-	-	554,698
Assigned for:				
Capital projects	347,784	5,429	-	-
	347,784	5,429	-	554,698
Total Fund Balances	347,784	5,429	-	554,698
Total Liabilities and Fund Balances	\$ 347,784	\$ 5,429	\$ 1,030,926	\$ 562,873

MACOMB COUNTY, MICHIGAN
Combining Balance Sheet
Nonmajor Capital Projects Funds (continued)
December 31, 2012

	Nicholson Nature Center	Orchard Trail	Parking Structure	Public Works Building
Assets				
Cash and pooled investments	\$ -	\$ 598,357	\$ -	\$ -
Accounts receivable, net	-	7,342	-	-
Due from other governments	205,000	-	-	-
Total Assets	<u>\$ 205,000</u>	<u>\$ 605,699</u>	<u>\$ -</u>	<u>\$ -</u>
Liabilities and Fund Balances				
Liabilities				
Accounts payable	\$ 149,500	\$ 136,759	\$ -	\$ -
Due to other funds	23,470	-	-	-
Deferred revenue	-	-	-	-
Total Liabilities	<u>172,970</u>	<u>136,759</u>	<u>-</u>	<u>-</u>
Fund Balances				
Restricted for:				
Capital projects	32,030	-	-	-
Assigned for:				
Capital projects	-	468,940	-	-
Total Fund Balances	<u>32,030</u>	<u>468,940</u>	<u>-</u>	<u>-</u>
Total Liabilities and Fund Balances	<u>\$ 205,000</u>	<u>\$ 605,699</u>	<u>\$ -</u>	<u>\$ -</u>

MACOMB COUNTY, MICHIGAN
Combining Balance Sheet
Nonmajor Capital Projects Funds (concluded)
December 31, 2012

	<u>Youth Home Renovation</u>	<u>Warehouse</u>	<u>General County Capital Projects</u>	<u>Totals</u>
Assets				
Cash and pooled investments	\$ 103,230	\$ -	\$ 2,624,903	\$ 27,143,349
Accounts receivable, net	-	-	-	258,559
Due from other governments	-	-	-	902,266
Total Assets	<u>\$ 103,230</u>	<u>\$ -</u>	<u>\$ 2,624,903</u>	<u>\$ 28,304,174</u>
 Liabilities and Fund Balances				
Liabilities				
Accounts payable	\$ -	\$ -	\$ 607,126	1,934,411
Due to other funds	-	-	-	23,470
Deferred revenue	-	-	-	697,266
Total Liabilities	<u>-</u>	<u>-</u>	<u>607,126</u>	<u>2,655,147</u>
Fund Balances				
Restricted for:				
Capital projects	-	-	-	1,854,841
Assigned for:				
Capital projects	103,230	-	2,017,777	23,794,186
Total Fund Balances	<u>103,230</u>	<u>-</u>	<u>2,017,777</u>	<u>25,649,027</u>
Total Liabilities and Fund Balances	<u>\$ 103,230</u>	<u>\$ -</u>	<u>\$ 2,624,903</u>	<u>\$ 28,304,174</u>

MACOMB COUNTY, MICHIGAN
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Capital Projects Funds
Year Ended December 31, 2012

	<u>Bridge Program</u>	<u>Capital Improvement Fund</u>	<u>Circuit Court E-Filing</u>	<u>Dept of Roads (1)</u>
Revenues				
Federal & State grants	\$ -	\$ -	\$ -	\$ -
Other grants	84,074	-	-	-
Charges for services	-	-	64,194	-
Investment income	927	-	-	3,537
Other revenue	-	-	-	-
Total Revenues	<u>85,001</u>	<u>-</u>	<u>64,194</u>	<u>3,537</u>
Expenditures				
Current				
Public works	8,803	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	63,761	10,542	-
Total Expenditures	<u>8,803</u>	<u>63,761</u>	<u>10,542</u>	<u>-</u>
Excess of Revenues over (under) Expenditures	<u>76,198</u>	<u>(63,761)</u>	<u>53,652</u>	<u>3,537</u>
Other financing sources (uses)				
Transfers in	-	4,631,190	-	-
Transfers out	(2,010,335)	(3,705,799)	-	(250,117)
Total Other financing sources (uses)	<u>(2,010,335)</u>	<u>925,391</u>	<u>-</u>	<u>(250,117)</u>
Net change in fund balances	<u>(1,934,137)</u>	<u>861,630</u>	<u>53,652</u>	<u>(246,580)</u>
Fund Balances, beginning of year	<u>2,017,147</u>	<u>19,930,130</u>	<u>5,614</u>	<u>1,431,683</u>
Fund Balances, end of year	<u>\$ 83,010</u>	<u>\$ 20,791,760</u>	<u>\$ 59,266</u>	<u>\$ 1,185,103</u>

(1) - Year ended September 30, 2012

MACOMB COUNTY, MICHIGAN
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Capital Projects Funds (continued)
Year Ended December 31, 2012

	District Court Improvement	E-911 Radio System	E-911 Cellular Fee	E-911 Radio Maintenance
Revenues		-		
Federal & State grants	\$ -	\$ -	\$ 274,870	\$ -
Other grants	-	-	-	-
Charges for services	54,094	-	-	831,994
Investment income	-	233	-	-
Other revenue	-	-	-	-
Total Revenues	54,094	233	274,870	831,994
Expenditures				
Current				
Public safety	-	-	-	704,479
Public works	-	-	-	-
Capital outlay	4,260	339,041	-	-
Total Expenditures	4,260	339,041	-	704,479
Excess of Revenues over (under) Expenditures	49,834	(338,808)	274,870	127,515
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	-	-	(274,870)	-
Total Other financing sources (uses)	-	-	(274,870)	-
Net change in fund balances	49,834	(338,808)	-	127,515
Fund Balances, beginning of year	297,950	344,237	-	427,183
Fund Balances, end of year	<u>\$ 347,784</u>	<u>\$ 5,429</u>	<u>\$ -</u>	<u>\$ 554,698</u>

MACOMB COUNTY, MICHIGAN
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Capital Projects Funds (continued)
Year Ended December 31, 2012

	Nicholson Nature Center	Orchard Trail	Parking Structure	Public Works Building
Revenues				
Federal & State grants	\$ 205,000	\$ (36,461)	\$ -	\$ -
Other grants	-	-	-	-
Charges for services	-	20,010	3,257	-
Investment income	-	1,652	902	58
Other revenue	15	51,553	-	-
Total Revenues	205,015	36,754	4,159	58
Expenditures				
Current				
Public works	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	246,789	361,779	1,024	-
Total Expenditures	246,789	361,779	1,024	-
Excess of Revenues over (under) Expenditures	(41,774)	(325,025)	3,135	58
Other financing sources (uses)				
Transfers in	-	166,641	-	-
Transfers out	-	-	(368,485)	(163,834)
Total Other financing sources (uses)	-	166,641	(368,485)	(163,834)
Net change in fund balances	(41,774)	(158,384)	(365,350)	(163,776)
Fund Balances, beginning of year	73,804	627,324	365,350	163,776
Fund Balances, end of year	\$ 32,030	\$ 468,940	\$ -	\$ -

MACOMB COUNTY, MICHIGAN
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Capital Projects Funds (concluded)
Year Ended December 31, 2012

	Youth Home Renovation	Warehouse	General County Capital Projects	Totals
Revenues				
Federal & State grants	\$ -	\$ -	\$ 13,798	\$ 457,207
Other grants	-	-	-	84,074
Charges for services	-	-	91,000	1,064,549
Investment income	-	-	-	7,309
Other revenue	-	-	-	51,568
Total Revenues	-	-	104,798	1,664,707
Expenditures				
Current				
Public safety	-	-	-	704,479
Public works	-	-	-	8,803
Capital outlay	93,118	-	3,656,039	4,776,353
Total Expenditures	93,118	-	3,656,039	5,489,635
Excess of Revenues over (under) Expenditures	(93,118)	-	(3,551,241)	(3,824,928)
Other financing sources (uses)				
Transfers in	-	-	3,814,228	8,612,059
Transfers out	(400,000)	(411,391)	(3,287,480)	(10,872,311)
Total Other financing sources (uses)	(400,000)	(411,391)	526,748	(2,260,252)
Net change in fund balances	(493,118)	(411,391)	(3,024,493)	(6,085,180)
Fund Balances, beginning of year	596,348	411,391	5,042,270	31,734,207
Fund Balances, end of year	\$ 103,230	\$ -	\$ 2,017,777	\$ 25,649,027

MACOMB COUNTY, MICHIGAN
Combining Statement of Net Position
Internal Service Funds
December 31, 2012

	Dept of Roads (1)	Compensated Absences	Equipment Revolving	General Liability Insurance	Workers' Compensation	Employee Fringe Benefits	Totals
ASSETS							
Current assets							
Cash and pooled investments	\$ 9,431,656	\$ 13,128,205	\$ 6,881,818	\$ 8,272,331	\$ 8,836,608	\$ 8,883,011	\$ 55,433,629
Accounts receivable, net	-	-	217,071	-	-	-	217,071
Inventories	-	-	317,106	-	-	-	317,106
Due from fiduciary funds	-	-	-	-	-	7,160,966	7,160,966
Other assets	-	-	55,894	-	80,000	2,048,197	2,184,091
Total current assets	9,431,656	13,128,205	7,471,889	8,272,331	8,916,608	18,092,174	65,312,863
Noncurrent assets							
Capital assets, net:							
Assets being depreciated	-	-	1,949,565	-	-	-	1,949,565
Total Assets	9,431,656	13,128,205	9,421,454	8,272,331	8,916,608	18,092,174	67,262,428
LIABILITIES							
Current liabilities							
Accounts payable	-	-	212,993	83,887	117,104	462,652	876,636
Due to other funds	1,271	-	147,200	-	-	-	148,471
Compensated absences	-	1,150,000	-	-	-	-	1,150,000
Claims and judgements	15,523	-	-	500,000	1,000,000	-	1,515,523
Total current liabilities	16,794	1,150,000	360,193	583,887	1,117,104	462,652	3,690,630
Noncurrent liabilities							
Claims and judgements	22,086	-	-	2,408,695	2,813,693	-	5,244,474
Compensated absences	-	11,247,189	-	-	-	-	11,247,189
Advances from other funds	-	-	295,000	-	-	-	295,000
Total noncurrent liabilities	22,086	11,247,189	295,000	2,408,695	2,813,693	-	16,786,663
Total Liabilities	38,880	12,397,189	655,193	2,992,582	3,930,797	462,652	20,477,293
NET Position							
Net investment in capital assets	-	-	1,949,565	-	-	-	1,949,565
Restricted for:							
Department of Roads liability insurance	9,392,776	-	-	-	-	-	9,392,776
Unrestricted	-	731,016	6,816,696	5,279,749	4,985,811	17,629,522	35,442,794
Total Net Position	\$ 9,392,776	\$ 731,016	\$ 8,766,261	\$ 5,279,749	\$ 4,985,811	\$ 17,629,522	\$ 46,785,135

(1) - Balance sheet as of September 30, 2012

MACOMB COUNTY, MICHIGAN
Combining Statement of Revenues, Expenses and Changes in Net Position
Internal Service Funds
Year Ended December 31, 2012

	Dept of Roads (1)	Compensated Absences	Equipment Revolving	General Liability Insurance	Workers' Compensation	Employee Fringe Benefits	Totals
Operating Revenues							
Charges for services	\$ -	\$ 806,754	\$ 4,082,393	\$ 2,263,430	\$ 2,467,491	\$ 52,238,393	\$ 61,878,461
Operating Expenses							
Benefits and claims expenses	206,304	866,427	-	(168,521)	481,012	50,248,871	51,634,093
Supplies and services	-	-	3,950,087	-	-	-	3,950,087
Depreciation	-	-	516,625	-	-	-	516,625
Capital Outlay	-	-	38,858	-	-	-	38,858
Total operating expenses	206,304	866,427	4,505,570	(168,521)	481,012	50,248,871	56,139,663
Operating income (loss)	(206,304)	(59,673)	(423,177)	2,431,951	2,006,479	1,989,522	5,738,798
Nonoperating revenues							
Investment income	28,132	-	-	-	-	-	28,132
Income before transfers	(178,172)	(59,673)	(423,177)	2,431,951	2,006,479	1,989,522	5,766,930
Transfers							
Transfers in	-	-	-	1,000,000	-	-	1,000,000
Increase (Decrease) in net assets	(178,172)	(59,673)	(423,177)	3,431,951	2,006,479	1,989,522	6,766,930
Net position, beginning of year	9,570,948	790,689	9,189,438	1,847,798	2,979,332	15,640,000	40,018,205
Net position, end of year	9,392,776	\$ 731,016	\$ 8,766,261	\$ 5,279,749	\$ 4,985,811	\$ 17,629,522	\$ 46,785,135

(1) - Year ended September 30, 2012

MACOMB COUNTY, MICHIGAN
Combining Statement of Cash Flows - Internal Service Funds
Year Ended December 31, 2012

	Dept of Roads (1)	Compensated Absences	Equipment Revolving	General Liability Insurance	Workers' Compensation	Employee Fringe Benefits
Cash Flows from Operating Activities						
Cash received from interfund services	\$ 1,271	\$ 806,754	\$ 4,234,508	\$ 2,263,430	\$ 2,487,491	\$ 50,947,781
Cash payments to employees	-	(893,964)	-	-	-	-
Cash payments to suppliers	(218,283)	-	(4,008,475)	(1,516,451)	(1,045,116)	(51,813,899)
Net cash provided by Operating Activities	(217,012)	(87,210)	226,033	746,979	1,442,375	(866,118)
Cash Flows From Noncapital Financing Activities						
Transfers in	-	-	-	1,000,000	-	-
Cash Flows From Capital and Related Financing Activities						
Acquisition of capital assets	-	-	(284,706)	-	-	-
Cash Flows From Investing Activities						
Interest received on investments	28,132	-	-	-	-	-
Increase (decrease) in cash and pooled investments	(188,880)	(87,210)	(58,673)	1,746,979	1,442,375	(866,118)
Cash and pooled investments, beginning of year (2)	9,620,536	13,215,415	6,940,491	6,525,352	7,394,233	9,749,129
Cash and pooled investments, end of year	<u>\$ 9,431,656</u>	<u>\$ 13,128,205</u>	<u>\$ 6,881,818</u>	<u>\$ 8,272,331</u>	<u>\$ 8,836,608</u>	<u>\$ 8,883,011</u>

Reconciliation of operating income to net cash provided (used) by operating activities

Operating income (loss)	\$ (206,304)	\$ (59,673)	\$ (423,177)	\$ 2,431,951	\$ 2,006,479	\$ 1,989,522
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:						
Depreciation	-	-	516,625	-	-	-
Changes in assets and liabilities:						
Accounts receivable	-	-	165,199	-	-	-
Inventory	-	-	19,997	-	-	-
Due from other funds	-	-	-	-	-	(1,290,612)
Other assets	-	-	(22,469)	-	-	(1,465,865)
Accounts payable	-	-	(39,527)	(82,857)	72,057	(99,163)
Accrued employee benefits	-	(27,537)	-	-	-	-
Due to other funds	1,271	-	9,385	-	-	-
Accrued claims and judgements	(11,979)	-	-	(1,802,115)	(636,161)	-
Net cash provided by (used in) operating activities	<u>\$ (217,012)</u>	<u>\$ (87,210)</u>	<u>\$ 226,033</u>	<u>\$ 746,979</u>	<u>\$ 1,442,375</u>	<u>\$ (866,118)</u>

(1) - Balance sheet as of September 30, 2012

(2) - As restated. See Note 12

MACOMB COUNTY, MICHIGAN
Combining Statement of Fiduciary Net Position
Pension and Other Employee Benefit Trust Funds
December 31, 2012

	<u>Employees'</u> <u>Retirement Fund</u>	<u>Retiree Health</u> <u>Care Fund</u>	<u>Total</u>
Assets			
Cash and pooled investments	\$ 29,373,617	\$ 81,079	\$ 29,454,696
Receivables			
Accrued interest	292,936	2,520,735	2,813,671
Other	66,215	-	66,215
Due from other funds	-	18,646	18,646
Investments, at fair value			
Corporate bonds	130,666	-	130,666
Common stock	331,965,831	1,167,493	333,133,324
Foreign stock	-	20,546,145	20,546,145
Limited partnership	156,681,176	-	156,681,176
Real estate investment trusts	-	20,203,069	20,203,069
Common collective trusts	270,258,756	94,861,747	365,120,503
Total investments	<u>759,036,429</u>	<u>136,778,454</u>	<u>895,814,883</u>
Total Assets	<u>788,769,197</u>	<u>139,398,914</u>	<u>928,168,111</u>
Liabilities			
Accounts payable	813,097	1,948,279	2,761,376
Due to governmental funds	-	7,160,966	7,160,966
Due to fiduciary funds	18,646	-	18,646
Total Liabilities	<u>831,743</u>	<u>9,109,245</u>	<u>9,940,988</u>
Net position			
Net position held in trust for pension and other postemployment benefits	<u>\$ 787,937,454</u>	<u>\$ 130,289,669</u>	<u>\$ 918,227,123</u>

MACOMB COUNTY, MICHIGAN
Combining Statement of Changes In Fiduciary Net Position
Pension and Other Employee Benefit Trust Funds
Year Ended December 31, 2012

	<u>Employees'</u> <u>Retirement Fund</u>	<u>Retiree Health</u> <u>Care Fund</u>	<u>Total</u>
ADDITIONS			
Contributions			
Employer	\$ 16,604,841	\$ 13,757,048	\$ 30,361,889
Employee	3,569,150	750,772	4,319,922
	<u>20,173,991</u>	<u>14,507,820</u>	<u>34,681,811</u>
Investment income			
Net appreciation in fair value of assets	75,777,960	9,246,370	85,024,330
Interest	1,143,166	8,098,740	9,241,906
Dividends	8,867,567	-	8,867,567
	<u>85,788,693</u>	<u>17,345,110</u>	<u>103,133,803</u>
Less investment expenses			
Management and custodial fees	2,686,802	84,127	2,770,929
	<u>83,101,891</u>	<u>17,260,983</u>	<u>100,362,874</u>
Net investment income	<u>83,101,891</u>	<u>17,260,983</u>	<u>100,362,874</u>
Total additions	<u>103,275,882</u>	<u>31,768,803</u>	<u>135,044,685</u>
DEDUCTIONS			
Benefit payments	53,458,289	15,846,674	69,304,963
Refunds of contributions	555,489	-	555,489
Administrative expense	172,929	5,931	178,860
	<u>54,186,707</u>	<u>15,852,605</u>	<u>70,039,312</u>
Total deductions	<u>54,186,707</u>	<u>15,852,605</u>	<u>70,039,312</u>
Net increase (decrease) in net position	49,089,175	15,916,198	65,005,373
NET POSITION			
Beginning of year	<u>738,848,279</u>	<u>114,373,471</u>	<u>853,221,750</u>
End of year	<u>\$ 787,937,454</u>	<u>\$ 130,289,669</u>	<u>\$ 918,227,123</u>

MACOMB COUNTY, MICHIGAN
Combining Statement of Fiduciary Net Position
Agency Funds
December 31, 2012

	<u>Trust and Agency</u>	<u>Payroll and Benefits</u>	<u>Miscellaneous Agency Funds</u>	<u>Total</u>
Assets				
Cash and pooled investments	\$ 6,822,058	\$ 1,974	\$ 3,185,543	\$ 10,009,575
Receivables				
Other	7,288	-	41,779	49,067
Other assets	<u>97,864</u>	<u>275,000</u>	<u>-</u>	<u>372,864</u>
 Total Assets	 <u>\$ 6,927,210</u>	 <u>\$ 276,974</u>	 <u>\$ 3,227,322</u>	 <u>\$ 10,431,506</u>
 Liabilities				
Accounts payable	\$ 82,508	\$ 209,103	\$ 1,007,455	\$ 1,299,066
Accrued compensation and benefits	-	67,871	-	67,871
Deposits	4,632,646	-	1,550,760	6,183,406
Due to other governments	<u>2,212,056</u>	<u>-</u>	<u>669,107</u>	<u>2,881,163</u>
 Total Liabilities	 <u>\$ 6,927,210</u>	 <u>\$ 276,974</u>	 <u>\$ 3,227,322</u>	 <u>\$ 10,431,506</u>

MACOMB COUNTY, MICHIGAN
Combined Statement of Changes in Fiduciary Net Position
Agency Funds
Year Ended December 31, 2012

	Balance 12/31/2011 (1)	Additions	Deletions	Balance 12/31/2012
Assets				
Cash and pooled investments	\$ 17,193,696	\$ 627,876,380	\$ 635,060,501	\$ 10,009,575
Receivables				
Other	3,885	541,210	496,028	49,067
Other assets	131,994	735,087	494,217	372,864
	<u>\$ 17,329,575</u>	<u>\$ 629,152,677</u>	<u>\$ 636,050,746</u>	<u>\$ 10,431,506</u>
Total Assets				
	<u>\$ 17,329,575</u>	<u>\$ 629,152,677</u>	<u>\$ 636,050,746</u>	<u>\$ 10,431,506</u>
Liabilities				
Accounts payable	\$ 8,931,994	\$ 209,670,092	\$ 217,303,020	\$ 1,299,066
Accrued compensation and benefits	344,964	36,438,547	36,715,640	67,871
Deposits	6,557,254	31,541,770	31,915,618	6,183,406
Due to other governments	1,495,363	157,190,827	155,805,027	2,881,163
	<u>\$ 17,329,575</u>	<u>\$ 434,841,236</u>	<u>\$ 441,739,305</u>	<u>\$ 10,431,506</u>
Total Liabilities				
	<u>\$ 17,329,575</u>	<u>\$ 434,841,236</u>	<u>\$ 441,739,305</u>	<u>\$ 10,431,506</u>

(1) - As restated. See Note 13

MACOMB COUNTY, MICHIGAN
Statement of Changes in Assets and Liabilities
Trust and Agency Fund
Year Ended December 31, 2012

	<u>Balance 12/31/2011</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 12/31/2012</u>
Assets				
Cash and pooled investments	\$ 12,536,476	\$ 101,391,726	\$ 107,106,144	\$ 6,822,058
Receivables				
Other	1,729	5,559	-	7,288
Other assets	56,994	535,087	494,217	97,864
	<u>56,994</u>	<u>535,087</u>	<u>494,217</u>	<u>97,864</u>
Total Assets	<u>\$ 12,595,199</u>	<u>\$ 101,932,372</u>	<u>\$ 107,600,361</u>	<u>\$ 6,927,210</u>
Liabilities				
Accounts payable	\$ 6,371,684	\$ 68,126,029	\$ 74,415,205	\$ 82,508
Deposits	4,729,117	29,671,392	29,767,863	4,632,646
Due to other governments	1,494,398	22,102,507	21,384,849	2,212,056
	<u>1,494,398</u>	<u>22,102,507</u>	<u>21,384,849</u>	<u>2,212,056</u>
Total Liabilities	<u>\$ 12,595,199</u>	<u>\$ 119,899,928</u>	<u>\$ 125,567,917</u>	<u>\$ 6,927,210</u>

MACOMB COUNTY, MICHIGAN
Statement of Changes in Assets and Liabilities
Payroll and Benefits Agency Funds
Year Ended December 31, 2012

	Balance 12/31/2011	Additions	Deletions	Balance 12/31/2012
Assets				
Cash and pooled investments	\$ 272,356	\$ 69,356,420	\$ 69,626,802	\$ 1,974
Other assets	75,000	200,000	-	275,000
Total Assets	\$ 347,356	\$ 69,556,420	\$ 69,626,802	\$ 276,974
Liabilities				
Accounts payable	\$ 2,392	\$ 4,953,495	\$ 4,746,784	\$ 209,103
Accrued compensation and benefits	344,964	36,438,547	36,715,640	67,871
Total Liabilities	\$ 347,356	\$ 41,392,042	\$ 41,462,424	\$ 276,974

MACOMB COUNTY, MICHIGAN
Statement of Changes in Assets and Liabilities
Miscellaneous Agency Funds
Year Ended December 31, 2012

	<u>Balance</u> <u>12/31/2011 (1)</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>12/31/2012</u>
Assets				
Cash and pooled investments	\$ 4,384,864	\$ 457,128,234	\$ 458,327,555	\$ 3,185,543
Receivables				
Other	<u>2,156</u>	<u>535,651</u>	<u>496,028</u>	<u>41,779</u>
Total Assets	<u>\$ 4,387,020</u>	<u>\$ 457,663,885</u>	<u>\$ 458,823,583</u>	<u>\$ 3,227,322</u>
Liabilities				
Accounts payable	\$ 2,557,918	\$ 136,590,568	\$ 138,141,031	\$ 1,007,455
Deposits	1,828,137	1,870,378	2,147,755	1,550,760
Due to other governments	<u>965</u>	<u>135,088,320</u>	<u>134,420,178</u>	<u>669,107</u>
Total Liabilities	<u>\$ 4,387,020</u>	<u>\$ 273,549,266</u>	<u>\$ 274,708,964</u>	<u>\$ 3,227,322</u>

(1) - As restated. See Note 13

MACOMB COUNTY, MICHIGAN
Combining Balance Sheet - Governmental Funds
Drainage Districts Component Unit
September 30, 2012

	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Debt Service</u>	<u>Total</u>
Assets				
Cash and pooled investments	\$ 6,495,364	\$ 27,443,852	\$ 4,871,921	\$ 38,811,137
Restricted cash - unspent bond proceeds	-	25,859,629	-	25,859,629
Special assessments receivable	-	-	253,818,665	253,818,665
Accrued interest receivable	-	5	-	5
Accounts receivable, net	9,849,392	387,395	797,517	11,034,304
Total Assets	<u><u>\$ 16,344,756</u></u>	<u><u>\$ 53,690,881</u></u>	<u><u>\$ 259,488,103</u></u>	<u><u>\$ 329,523,740</u></u>
Liabilities and Fund Balances				
Liabilities				
Accounts payable	\$ 7,556,023	\$ 5,450,947	\$ 26,116	\$ 13,033,086
Deferred revenue	-	-	253,703,665	253,703,665
Total Liabilities	<u>7,556,023</u>	<u>5,450,947</u>	<u>253,729,781</u>	<u>266,736,751</u>
Fund Balances				
Restricted for:				
Capital projects	-	25,859,629	-	25,859,629
Unassigned	8,788,733	22,380,305	5,758,322	36,927,360
Total Liabilities and Fund Balances	<u><u>\$ 16,344,756</u></u>	<u><u>\$ 53,690,881</u></u>	<u><u>\$ 259,488,103</u></u>	<u><u>\$ 329,523,740</u></u>

MACOMB COUNTY, MICHIGAN
Reconciliation Of The Fund Balances On The Balance Sheet Of
Governmental Funds To The Statement Of Net Position Of Governmental Activities -
Drainage Districts Component Unit
September 30, 2012

Total fund balances for governmental funds	\$ 62,786,989
<p>Amounts reported for governmental activities in the Government-Wide Statement of Net Position 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	1,992,428
Infrastructure	371,933,531
Construction in progress	22,634,600
Accumulated depreciation	(96,560,909)
<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 Position</p>	
Bonds issued in prior years	(228,852,227)
Bonds issued during the current year	(35,514,189)
Bond principal repayments	10,417,381
Unamortized bond premiums	(2,135,874)
Unamortized bond discounts	1,627,029
<p>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.</p>	
	677,969
<p>Special assessments receivable are not available to pay for current expenditures and therefore are recorded as deferred revenue in the governmental funds</p>	
	229,421,695
<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 Position</p>	
	<u>(3,413,323)</u>
Net position of governmental activities reported in the Government-Wide Statement of Net Position	<u>\$ 335,015,100</u>

MACOMB COUNTY, MICHIGAN
Combining Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds
Drainage Districts Component Unit
Year Ended September 30, 2012

	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Debt Service</u>	<u>Total</u>
Revenues				
Federal & State grants	\$ -	\$ 1,253,582	\$ -	\$ 1,253,582
Charges for services	41,644,252	2,766,529	24,167	44,434,948
Investment income	-	162,417	7,433,075	7,595,492
Total Revenues	<u>41,644,252</u>	<u>4,182,528</u>	<u>17,131,217</u>	<u>62,957,997</u>
Expenditures				
Current				
Public works	38,872,431	-	-	38,872,431
Capital outlay	-	24,048,992	-	24,048,992
Debt service				
Principal	-	-	10,417,381	10,417,381
Interest and fees	-	3,321	8,242,264	8,245,585
Total Expenditures	<u>38,872,431</u>	<u>24,052,313</u>	<u>18,659,645</u>	<u>81,584,389</u>
Excess of Revenues over (under) Expenditures	2,771,821	(19,869,785)	(1,528,428)	(18,626,392)
Other financing sources (uses)				
Issuance of debt	-	35,514,189	-	35,514,189
Transfers in	-	4,697,778	2,842,645	7,540,423
Transfers out	(4,697,778)	(2,842,645)	-	(7,540,423)
Bond (discounts) premiums	-	1,936,645	-	1,936,645
Total Other financing sources (uses)	<u>(4,697,778)</u>	<u>39,305,967</u>	<u>2,842,645</u>	<u>37,450,834</u>
Net change in fund balances	(1,925,957)	19,436,182	1,314,217	18,824,442
Fund Balances, beginning of year (1)	<u>10,714,690</u>	<u>28,803,752</u>	<u>4,444,105</u>	<u>43,962,547</u>
Fund Balances, end of year	<u>\$ 8,788,733</u>	<u>\$ 48,239,934</u>	<u>\$ 5,758,322</u>	<u>\$ 62,786,989</u>

(1) - As restated. See Note 12

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, 2012

Net change in fund balances - total governmental funds	\$ 18,824,442
Amounts reported for governmental activities in the Statement of Activities are different because:	
<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>	
Expenditures for capital assets	14,029,148
Current year depreciation expense	(7,403,011)
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 Position	10,417,381
The proceeds received as a result of issuing bonds are recorded as revenue in the governmental funds, but are recorded as increases in long-term liabilities in the Statement of Net Position	(35,514,189)
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	(1,936,645)
Current year amortization	(20,515)
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.	727,875
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>(498,699)</u>
Change in net position of governmental activities reported in the Statement of Activities	<u>\$ (1,374,213)</u>

MACOMB COUNTY, MICHIGAN

December 31, 2012

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 help 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-20) – 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 Position by Component
Last Ten Years
(accrual basis of accounting, in thousands)

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Governmental activities										
Net investment in capital assets (1)	\$ 84,830	\$ 103,037	\$ 110,592	\$ 99,280	\$ 116,042	\$ 137,857	\$ 113,415	\$ 103,709	\$ 833,903	\$ 843,554
Restricted (2) (4)	27,338	64,780	97,573	117,133	96,409	80,962	67,512	49,849	87,208	89,746
Unrestricted (2) (3) (4)	112,919	88,024	61,479	50,704	7,014	(28,288)	(32,136)	(34,923)	(8,488)	(18,456)
Total governmental activities net position	225,087	255,841	269,644	267,117	219,466	190,531	148,791	118,635	912,623	914,845
Business-type activities										
Net investment in capital assets	2,574	2,556	6,745	24,214	23,236	1,479	1,460	1,348	1,196	1,252
Restricted	6,236	6,354	6,411	6,724	7,049	8,267	10,221	13,303	16,053	18,662
Unrestricted (2) (4)	86,844	85,159	83,860	82,539	87,479	93,449	102,529	110,843	86,388	84,262
Total business-type units net position	95,654	94,069	97,016	113,477	117,764	103,195	114,210	125,494	103,637	104,177
Primary Government										
Net investment in capital assets (1)	87,404	105,593	117,337	123,494	139,278	139,335	114,875	105,057	835,099	844,807
Restricted (2) (4)	33,574	71,134	103,984	123,857	103,458	89,229	77,733	63,152	103,261	108,408
Unrestricted (2) (3) (4)	199,763	173,183	145,339	133,243	94,494	65,161	70,393	75,914	77,901	65,806
Total primary government net position	\$ 320,741	\$ 349,910	\$ 366,660	\$ 380,594	\$ 337,230	\$ 293,727	\$ 263,002	\$ 244,129	\$ 1,016,261	\$ 1,019,021

(1) - 2008 restated

(2) - 2009 restated. See Note 14 of the 2010 financial statements.

(3) - 2010 restated. See Note 13 of the 2011 financial statements.

(4) - 2011 restated. See Note 13 of the 2012 financial statements.

Source: Macomb County Finance Department

UNAUDITED

Macomb County, Michigan
Changes in Net Position
Last Ten Years
(accrual basis of accounting, in thousands)

	2003	2004	2005	2006	2007	2008	2009	2010	2011 (1)	2012
Expenses										
Governmental activities										
Legislative	\$ 1,833	\$ 1,958	\$ 2,077	\$ 2,250	\$ 2,345	\$ 2,354	\$ 2,115	\$ 1,875	\$ 1,182	\$ 1,139
Judicial	32,074	32,738	37,466	40,052	40,672	39,843	38,342	33,417	41,329	40,636
General Government (2)	39,443	47,040	52,597	60,249	94,801	96,873	80,414	78,983	64,687	68,095
Public safety (2)	53,912	60,513	67,118	73,774	76,046	76,264	75,880	71,359	67,994	64,860
Public works	3,657	2,134	953	1,500	1,157	873	1,851	887	72,568	69,975
Health and welfare	61,776	71,578	76,036	81,220	89,362	85,570	82,039	90,126	83,259	75,431
Recreation and culture	3,503	2,983	2,976	3,096	2,845	2,308	1,740	1,183	825	62
Other activities	5,389	2,374	-	-	-	-	-	-	-	-
Interest on long-term debt	2,896	3,423	3,763	3,637	4,038	3,479	2,849	2,673	2,476	2,244
Total governmental activities expenses	204,483	224,741	242,986	265,778	311,266	307,554	285,230	280,503	334,321	322,442
Business-type activities										
Delinquent tax collections	546	866	703	699	868	1,219	2,538	5,495	6,313	8,336
Community Mental Health (2)	135,124	138,755	145,169	171,380	174,125	178,395	188,615	194,117	208,177	211,733
Martha T Berry Medical Care Facility (2)	18,967	19,026	18,017	19,999	21,726	23,393	21,650	22,101	23,848	24,989
Freedom Hill Park (2)	1,063	1,130	1,131	1,127	1,116	1,080	637	313	377	209
Total business-type activities expenses	155,700	159,777	165,020	193,205	197,835	204,087	213,440	222,026	238,715	245,267
Total primary government expenses	360,183	384,518	408,006	459,983	509,101	511,651	498,670	502,529	573,036	567,709
Program revenues										
Governmental activities										
Charges for services										
Judicial	5,797	6,060	6,666	6,973	7,017	5,935	5,972	6,826	6,022	6,114
General Government	19,730	18,439	20,085	15,118	13,288	13,250	15,166	16,697	17,360	19,037
Public safety	8,078	8,812	8,931	12,736	13,864	15,544	13,898	13,280	13,262	14,601
Public works	-	-	-	-	-	-	-	-	19,651	27,080
Health and welfare	12,960	12,821	11,474	11,836	12,660	9,758	10,853	13,095	11,195	9,053
Recreation and culture	286	309	310	321	120	115	84	86	-	-
Operating grants and contributions	43,500	50,190	54,003	56,334	59,335	60,072	56,077	62,812	57,693	51,379
Capital grants and contributions	232	3,198	1,538	3,813	2,725	1,052	2,161	2,333	56,655	60,427
Total governmental activities program revenues	90,583	99,829	103,007	107,130	109,009	105,736	104,211	115,130	181,837	187,691
Business-type activities										
Charges for services										
Delinquent tax collections	7,401	7,465	6,366	8,211	12,119	14,177	17,524	20,237	21,718	21,999
Community Mental Health	93,752	97,609	139,403	161,597	167,342	173,065	183,698	161,943	168,557	169,895
Martha T Berry Medical Care Facility	14,260	13,366	12,340	13,880	19,609	19,723	20,857	22,751	23,197	23,326
Freedom Hill Park	259	242	264	254	242	255	173	184	173	501
Operating grants and contributions	35,907	35,803	288	2,927	372	415	469	31,625	34,298	34,995
Total business-type activities program revenues	151,579	154,485	158,661	186,669	198,684	207,635	222,720	236,751	247,943	250,216
Total primary government program revenues	242,162	254,314	261,668	293,999	307,693	313,371	326,932	351,881	429,780	437,907
Net (Expense) Revenue										
Governmental activities	(113,900)	(124,912)	(139,979)	(158,648)	(202,257)	(201,828)	(181,019)	(165,373)	(152,484)	(134,750)
Business-type activities	(4,121)	(5,292)	(6,359)	(6,336)	849	3,548	9,280	14,725	9,228	4,948
Total primary government net expenses	\$ (118,021)	\$ (130,204)	\$ (146,338)	\$ (164,984)	\$ (201,408)	\$ (198,280)	\$ (171,736)	\$ (150,648)	\$ (143,256)	\$ (129,802)

(1) - The former Road Commission Discretely Presented Component Unit was dissolved in 2011 and became a department under the direction of the County Executive. Data relative to the Department of Roads is categorized as Public Works. Revenue and expense data for years prior to 2011 does not include information relative to the Department of Roads.

(2) - 2011 restated. See Note 13 of 2012 financial statements.

Source: Macomb County Finance Department

UNAUDITED

Macomb County, Michigan
Changes in Net Position (concluded)
Last Ten Years
 (accrual basis of accounting, in thousands)

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General Revenues										
Governmental activities										
Property taxes	\$ 104,047	\$ 145,946	\$ 153,326	\$ 164,855	\$ 141,903	\$ 132,539	\$ 139,470	\$ 127,976	\$ 119,762	\$ 114,894
Intergovernmental revenues - restricted	-	-	493	-	-	-	-	-	-	-
Intergovernmental revenues - unrestricted	16,351	8,260	1,943	2,263	2,392	801	2,365	2,215	2,307	19,489
Investment earnings	4,152	3,433	6,458	9,529	10,635	6,645	2,699	1,070	777	663
Gain (loss) on sale of assets	(3)	-	-	-	-	-	-	-	-	-
Transfers	825	(1,974)	(8,435)	(20,525)	(325)	(1,486)	(1,909)	3,950	4,175	1,926
Total governmental activities	125,372	155,665	153,783	156,122	154,605	138,499	142,625	135,211	127,021	136,972
Business-type activities										
Investment earnings	1,106	1,052	1,856	3,060	2,968	2,164	1,019	136	214	310
Transfers	(1,184)	2,655	7,449	19,735	473	519	(1,456)	(3,578)	(3,421)	(4,719)
Total business-type activities	(78)	3,707	9,305	22,795	3,439	2,683	(437)	(3,442)	(3,208)	(4,409)
Total primary government	125,294	159,372	163,088	178,917	158,044	141,182	142,188	131,769	123,813	132,562
Change in Net Position										
Governmental activities	11,472	30,753	13,804	(2,526)	(47,652)	(63,329)	(58,394)	(30,162)	(25,463)	2,221
Business-type activities	(4,199)	(1,585)	2,946	16,459	4,288	6,231	8,843	11,284	6,020	539
Total primary government net revenue	\$ 7,273	\$ 29,168	\$ 16,750	\$ 13,933	\$ (43,364)	\$ (57,098)	\$ (29,550)	\$ (18,878)	\$ (19,443)	\$ 2,760

Source: Macomb County Finance Department

UNAUDITED

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

	2003	2004	2005	2006	2007	2008	2009	2010	2011 (3)	2012
General Fund										
Reserved	\$ 300	\$ 300	\$ 300	\$ 300	\$ 300	\$ 295	\$ 295	\$ 295	\$ -	\$ -
Unreserved (2)	65,214	62,439	53,302	46,012	39,454	32,134	40,241	50,280	-	-
Nonspendable	-	-	-	-	-	-	-	-	295	295
Unassigned	-	-	-	-	-	-	-	-	57,639	79,776
Total general fund	\$ 65,514	\$ 62,739	\$ 53,602	\$ 46,312	\$ 39,754	\$ 32,429	\$ 40,536	\$ 50,575	\$ 57,934	\$ 80,071
All Other Governmental Funds										
Reserved (1)	\$ 27,368	\$ 64,811	\$ 97,604	\$ 117,134	\$ 96,409	\$ 80,962	\$ 59,906	\$ 49,849	\$ -	\$ -
Unreserved, reported in										
Special Revenue Funds	11,212	9,542	9,528	8,884	11,011	11,574	6,633	8,536	-	-
Debt Service Funds	-	-	-	-	-	-	7,037	-	-	-
Capital Projects Funds	23,104	18,181	15,727	10,782	15,225	10,668	16,611	22,922	-	-
Nonspendable (3)	-	-	-	-	-	-	-	-	4,555	5,020
Restricted (3) (4)	-	-	-	-	-	-	-	-	81,171	75,334
Assigned (3)	-	-	-	-	-	-	-	-	34,238	27,291
Total all other governmental funds	\$ 61,664	\$ 92,534	\$ 122,859	\$ 136,800	\$ 122,645	\$ 103,204	\$ 90,187	\$ 81,307	\$ 119,963	\$ 107,645

(1) - 2009 restated. See Note 14 of the 2010 financial statements.
(2) - 2010 restated. See Note 13 of the 2011 financial statements.

(3) - The County adopted GASB 54 in 2011. That statement created new fund balance classifications that have not been reflected on this schedule in years prior to 2011. In addition, the Health, Library and Senior Citizens Special Revenue Funds have been combined with the General Fund for financial statement purposes in 2011. Financial data pertaining to those funds is included in the Other Governmental Funds category for years prior to 2011.

(4) - 2011 restated. See Note 13 of the 2012 financial statements.

Source: Macomb County Finance Department

Macomb County, Michigan
Changes in Fund Balances - Governmental Funds
Last Ten Years

(modified accrual basis of accounting, in thousands)

	2003	2004	2005	2006	2007	2008	2009	2010	2011 (1)	2012
Revenues										
Property taxes	\$ 104,046	\$ 145,946	\$ 153,326	\$ 164,855	\$ 141,903	\$ 132,539	\$ 139,470	\$ 127,976	\$ 119,762	\$ 110,000
Licenses and permits	1,054	1,087	1,203	1,166	1,653	1,243	1,321	1,427	1,733	1,924
Federal & State grants (2)	59,856	61,642	57,690	60,758	64,143	60,587	58,641	66,498	116,297	130,903
Other grants	313	7	287	251	308	1,348	1,963	861	392	391
Charges for services (2)	43,659	41,958	45,832	45,019	42,484	38,322	42,544	47,067	52,437	57,766
Investment income (2)	4,152	3,433	6,456	9,529	10,635	6,645	2,699	1,070	742	635
Charges to other funds for administrative services	9,275	10,517	11,088	11,425	11,925	14,522	15,162	10,258	8,250	6,575
Fines and forfeitures	1,097	1,981	1,790	1,438	1,382	3,392	1,923	1,204	1,791	2,469
Other revenue	956	1,415	581	1,455	1,430	1,645	186	288	2,649	2,421
Total Revenues	224,408	267,986	278,253	295,896	275,863	260,243	263,909	256,648	304,053	313,085
Expenditures										
Legislative	1,833	1,958	2,077	2,250	2,345	2,354	2,115	1,875	1,182	1,139
Judicial	30,638	31,391	35,369	37,865	37,835	37,506	36,286	32,177	40,202	39,553
General government	46,351	49,570	55,724	60,273	58,640	58,809	55,179	50,817	42,330	43,498
Public safety (2)	52,211	58,294	64,883	69,919	72,748	70,692	70,375	65,887	62,770	60,039
Public works	3,657	2,134	954	1,500	1,157	873	1,851	887	69,026	69,518
Health and welfare	61,370	69,848	73,868	79,290	87,191	83,292	79,354	87,112	80,209	72,434
Recreation and cultural	3,503	2,909	2,904	3,024	2,782	2,232	1,669	1,113	763	-
Other	3,793	4,733	5,481	5,460	5,619	5,189	4,985	1,246	963	1,157
Capital outlay	26,554	29,930	23,771	17,381	19,321	11,343	6,059	5,388	4,781	6,743
Debt service										
Principal	3,070	2,985	3,560	4,470	4,750	4,690	4,585	5,165	5,666	5,990
Interest and fees	2,504	2,733	3,064	3,622	3,412	3,152	2,883	2,706	2,511	2,251
Bond issuance costs	64	220	288	-	114	61	-	-	-	235
Total Expenditures	235,548	256,705	271,943	285,054	295,914	280,193	265,341	254,373	310,405	302,558
Excess of Revenues over (under) Expenditures	(11,140)	11,281	6,310	10,842	(20,051)	(19,950)	(1,432)	2,275	(6,352)	10,527
Other financing sources (uses)										
Face amount of long-term debt	5,830	19,350	22,255	-	16,895	2,605	-	-	829	22,975
Transfers in	67,515	76,791	84,041	90,160	102,574	104,057	87,734	86,547	65,813	51,504
Transfers out	(67,467)	(79,176)	(88,412)	(94,350)	(103,350)	(107,817)	(90,038)	(82,935)	(68,476)	(50,578)
Bond discounts	-	(172)	(205)	-	(168)	34	-	-	-	150
Payment to refunding debt escrow agent	(5,765)	-	(2,802)	-	(16,614)	(5,696)	-	-	-	(24,760)
Total Other financing sources (uses)	113	16,793	14,877	(4,190)	(663)	(6,817)	(2,304)	3,612	(1,834)	(709)
Net change in fund balances	\$ (11,027)	\$ 28,074	\$ 21,187	\$ 6,652	\$ (20,714)	\$ (26,767)	\$ (3,736)	\$ 5,887	\$ (6,186)	\$ 9,818
Debt service as % of noncapital expenditures	2.68%	2.60%	2.72%	3.02%	2.97%	2.93%	2.87%	3.14%	2.68%	2.87%

(1) - The former Road Commission Discretely Presented Component Unit was dissolved in 2011 and became a department under the direction of the County Executive. Data relative to the Department of Roads is categorized as Public Works. Revenue and expense data for years prior to 2011 does not include information relative to the Department of Roads.

(2) - 2011 restated. See Note 13 of 2012 financial statements.

Source: Macomb County Finance Department

MACOMB COUNTY, MICHIGAN
Changes in Fund Balances - General Fund
Last Ten Years
(modified accrual basis of accounting, in thousands)

	2003	2004	2005	2006	2007	2008	2009	2010	2011 (1)	2012
Revenues										
Taxes	\$ 103,905	\$ 108,025	\$ 115,340	\$ 126,970	\$ 141,691	\$ 132,362	\$ 138,020	\$ 126,587	\$ 118,516	\$ 108,831
Licenses and permits	392	397	391	331	308	348	379	411	1,408	1,510
Federal & State grants	21,875	14,756	8,422	8,625	8,408	7,058	8,095	7,831	12,290	28,455
Charges for services	26,747	26,754	30,297	30,330	27,571	25,952	26,821	28,666	29,453	35,526
Investment income	2,331	2,565	4,704	5,957	6,591	2,980	1,432	806	339	346
Charges to other funds for administrative services	9,275	10,517	11,088	11,425	11,925	14,522	15,162	10,258	8,250	6,575
Fines and forfeitures	933	1,059	1,046	865	698	672	768	751	729	693
Other revenue	223	207	167	68	277	200	104	150	162	477
Total Revenues	167,681	164,280	171,455	184,571	197,469	184,094	190,781	175,461	171,146	182,413
Expenditures										
Legislative	1,833	1,958	2,077	2,250	2,345	2,354	2,115	1,875	1,182	1,139
Judicial	19,101	19,452	22,779	23,707	24,197	24,200	22,854	21,896	28,052	27,745
General government	45,924	48,848	54,425	58,298	57,996	57,492	53,770	49,498	40,998	42,464
Public safety	47,976	51,927	56,692	62,031	63,860	63,924	62,915	57,341	57,418	55,140
Health and welfare	678	776	713	787	697	452	2	1	20,581	18,166
Recreation and cultural	-	-	-	-	-	-	-	-	749	-
Other	3,793	4,733	5,481	5,460	5,619	5,188	4,985	1,246	963	1,157
Capital outlay	749	722	802	706	617	307	270	360	244	563
Total Expenditures	120,054	128,416	142,969	153,239	155,331	153,917	146,911	132,217	150,188	146,375
Excess of Revenues over (under) Expenditures	47,627	35,864	28,486	31,332	42,138	30,177	43,870	43,244	20,958	36,038
Other financing sources (uses)										
Transfers in	9,655	19,669	22,724	23,340	23,877	27,356	24,818	24,806	24,998	18,254
Transfers out	(52,189)	(58,308)	(60,347)	(61,961)	(72,574)	(64,858)	(60,561)	(53,284)	(40,758)	(32,156)
Total Other financing sources (uses)	(42,534)	(38,639)	(37,623)	(38,621)	(48,697)	(37,502)	(35,763)	(28,478)	(15,760)	(13,902)
Net change in fund balances	\$ 5,093	\$ (2,775)	\$ (9,137)	\$ (7,289)	\$ (6,559)	\$ (7,325)	\$ 8,107	\$ 14,766	\$ 5,198	\$ 22,137

(1) - The County adopted GASB 54 in 2011. Accordingly, the activity of the Health, Library and Senior Citizens Special Revenue Funds has been combined with the General Fund for financial statement purposes in 2011. Financial data pertaining to those funds has not been included for years prior to 2011.

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			
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	23,097,656	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
2011	121,390	3,793,239	1,631,341	17,962,447	2,719	2,329,310	25,840,446	51,680,892	4.6135
2012	120,873	3,494,810	1,473,017	16,830,120	20,664	2,316,219	24,255,703	48,511,406	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)

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
County direct rate										
Operation	4.2000	4.2000	4.2000	4.2000	4.2000	4.2000	4.5685	4.5685	4.5685	4.5685
County drain debt	0.0058	0.0058	0.0058	0.0055	0.0055	0.0055	0.0050	0.0050	0.0050	0.0050
County Veteran	-	-	-	-	-	0.0400	0.0400	0.0400	0.0400	0.0400
Total direct rate	4.2058	4.2058	4.2058	4.2055	4.2055	4.2455	4.6135	4.6135	4.6135	4.6135
Overlapping rates										
Cities:										
Center Line	20.6360	21.2997	23.1496	23.2656	22.6223	21.2329	23.8266	24.9025	31.7022	38.3328
Eastpointe	18.4002	17.9541	18.9845	25.8009	23.8711	24.1214	24.0133	25.0978	25.2113	26.6102
Fraser	18.0000	18.0000	18.1382	18.1382	18.1382	18.1382	18.1382	18.1382	18.7659	18.8159
Grosse Pointe Shores	-	-	-	-	-	-	15.8900	15.8900	17.1400	18.3800
Memphis	15.1195	15.1195	14.8019	14.3889	14.2953	14.2953	14.2953	14.2953	14.2953	14.2953
Mt. Clemens	22.2498	22.0327	21.2434	21.2434	18.2159	18.2159	18.2159	18.2159	18.3511	18.6639
New Baltimore	13.7745	12.6439	14.4123	13.8955	13.8955	13.9445	14.2795	14.9715	14.9405	15.2135
Richmond	20.8232	20.0127	18.7026	18.8528	18.4826	18.4326	16.6526	16.6526	16.6526	16.6526
Roseville	16.3800	16.3800	16.3800	16.3800	21.3800	21.3800	21.3800	21.3800	21.3800	24.8494
St. Clair Shores	15.4504	15.8504	17.9863	18.2765	18.3316	18.8982	18.2280	18.0406	19.3562	19.4518
Sterling Heights	10.6250	10.6250	10.6250	10.7250	10.7250	10.7858	10.7858	12.6858	12.6858	12.6858
Utica	21.2473	21.4636	21.9024	21.9198	21.4758	21.7201	21.8835	21.9794	21.6998	22.5358
Warren	16.1924	16.1924	16.9424	16.9424	16.9424	16.9424	16.9424	17.7924	17.7924	27.8656
Townships (rates range)										
Low	0.7992	0.7713	0.7797	0.7794	0.7794	0.7794	2.5558	3.2312	3.2812	3.2812
High	13.8955	13.8934	13.7278	15.1518	14.7275	15.0575	15.0575	15.3516	15.3816	15.4316
Villages (rates range)										
Low	14.4987	13.8141	14.7547	14.7438	15.0794	15.0794	16.5004	16.5004	16.5354	15.5354
High	24.6899	19.4654	19.4508	19.4508	19.0936	19.0936	18.8436	18.8436	18.8436	18.8436
School districts (rates range)										
Low	9.3000	9.3000	9.2000	8.9000	8.9000	8.9000	8.9000	9.7500	9.8500	9.8500
High	35.2263	35.9310	35.4143	35.4143	35.4143	35.4143	35.4143	35.4143	35.4143	35.4143
Intermediate school district	2.9729	2.9615	2.9430	2.9430	2.9430	2.9430	2.9430	2.9430	2.9430	2.9430
Community college	1.5859	1.5002	1.4212	1.4212	1.4212	1.4212	1.4212	1.4212	1.5712	1.5712
SMART Regional Transportation	0.5973	0.5949	0.5912	0.5900	0.5900	0.5900	0.5900	0.5900	0.5900	0.5900
HCM Park Authority	0.2161	0.2154	0.2146	0.2146	0.2146	0.2146	0.2146	0.2146	0.2146	0.2146
ZOO Authority	-	-	-	-	-	0.1000	0.1000	0.1000	0.1000	0.2146
ART Authority	-	-	-	-	-	-	-	-	-	0.2000

UNAUDITED

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

Taxpayer	2012			2003		
	Taxable Value	Rank	Percentage of Total County Taxable Value	Taxable Value	Rank	Percentage of Total County Taxable Value
GENERAL MOTORS	\$ 420,712,383	1	1.73%	\$ 537,910,252	2	2.10%
CHRYSLER CORPORATION	376,784,701	2	1.55%	623,111,251	1	2.44%
DETROIT EDISON	279,055,893	3	1.15%	287,435,828	4	1.12%
FORD MOTOR COMPANY	259,700,088	4	1.07%	358,517,023	3	1.40%
CONSUMERS ENERGY	132,533,587	5	0.55%	125,605,669	6	0.49%
INTERNATIONAL TRANS.	86,030,503	6	0.35%	-	-	-
MEIJER	63,809,741	7	0.26%	45,194,761	7	0.18%
COMCAST	56,236,085	8	0.23%	-	-	-
WASHINGTON 10	43,264,710	9	0.18%	-	-	-
WALMART	36,967,375	10	0.15%	-	-	-
LAKESIDE ASSOCIATES	-	-	-	31,765,800	10	0.12%
TOWER AUTOMOTIVE	-	-	-	33,762,000	9	0.13%
MICHIGAN CONSOLIDATED GAS	-	-	-	34,440,175	8	0.13%
VISTEON	-	-	-	253,582,337	5	0.99%
	<u>\$ 1,755,095,066</u>		<u>7.24%</u>	<u>\$ 2,331,325,096</u>		<u>9.12%</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		Subsequent Years Collections	Total Collections to Date	
		Fiscal Year of the Levy	% of		Amount	% of
		Amount	Levy		Amount	Levy
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%
2011	120,899,127	110,808,310	91.65%	4,337,877	115,146,187	95.24%
2012	113,410,640	104,151,427	91.84%	6,463,833	110,615,260	97.54%

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:		% of Personal Income	% of Total Assessed Value of Property	Net General Obligation Debt Per Capita
		Restricted to Repaying Principal	Amounts Total			
2003	56,385,000	7,793,093	48,591,907	0.17%	0.19%	59.21
2004	72,750,000	7,680,784	65,069,216	0.23%	0.24%	79.10
2005	88,770,000	7,666,450	81,103,550	0.28%	0.28%	97.78
2006	84,300,000	7,430,333	76,869,667	0.36%	0.25%	92.30
2007	80,245,000	7,119,808	73,125,192	0.33%	0.23%	87.99
2008	72,815,000	7,227,719	65,587,281	0.29%	0.21%	78.96
2009	68,230,000	7,037,186	61,192,814	0.27%	0.20%	73.42
2010	63,065,000	6,248,345	56,816,655	0.25%	0.20%	67.56
2011	57,940,000	5,131,406	52,808,594	0.26%	0.20%	62.71
2012	49,670,000	4,068,741	45,601,259	0.20%	0.19%	53.81

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

MACOMB COUNTY
Computation of Net Direct and Overlapping Debt
As of December 31, 2012

	<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	\$ 45,070,000	\$ -	\$ 45,070,000	\$ 45,070,000	
Criminal Justice Building Authority	1,000,000	-	1,000,000	1,000,000	
Michigan Transportation bonds	3,600,000	-	3,600,000	3,600,000	
Department of Roads Loans	1,091,594	1,091,594	-	-	
Public Works - water and sewer debt	253,949,036	253,949,036	-	-	
	<u>\$ 304,710,630</u>	<u>\$ 255,040,630</u>	49,670,000	49,670,000	
Overlapping debt					
School districts			2,359,433,925	2,122,579,904	90.0%
Cities			362,950,747	356,040,165	98.1%
Township			238,286,876	238,286,876	100.0%
Villages			16,935,319	16,935,319	100.0%
Intermediate school district			67,835,000	140,423	0.2%
Macomb Community College			11,720,000	11,720,000	100.0%
Library			14,400,000	14,400,000	100.0%
			<u>3,071,561,867</u>	<u>2,760,102,687</u>	89.9%
Net overlapping debt			<u>3,071,561,867</u>	<u>2,760,102,687</u>	89.9%
Net direct and overlapping debt			<u>\$ 3,121,231,867</u>	<u>\$ 2,809,772,687</u>	90.0%

The overlapping percentage is calculated by dividing the taxable value of property of the overlapping government located in Macomb County by the total taxable value of all property in the overlapping government.

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 2012

2012 Taxable Value	<u>\$ 24,255,702,728</u>
Debt Limit (10% of Assessed Taxable Value)	2,425,570,273
Outstanding Long-term Debt	<u>304,710,630</u>
LEGAL DEBT MARGIN	<u>\$ 2,120,859,643</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>
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	2,492,410,764	10.26%
2011	2,584,044,590	287,512,571	2,296,532,019	11.13%
2012	2,425,570,273	304,710,630	2,120,859,643	12.56%

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
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	22,306,100	26,524	14.4%
2011	842,145	20,587,077	24,446	11.5%
2012	847,383	22,592,078	26,661	10.0%

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

MACOMB COUNTY
Principal Employers
Current Year and Nine Years Ago

Employer	2012			2003		
	Employees	Rank	% of Total County Employment	Employees	Rank	% of Total County Employment
General Motors	12,343	1	4.29%	14,213	1	4.46%
Chrysler Corporation	9,423	2	3.28%	10,197	2	3.20%
U.S. Government	6,736	3	2.34%	6,028	4	1.89%
Ford Motor Company	4,179	4	1.45%	9,288	3	2.92%
St. John Health System	3,640	5	1.27%	3,506	5	1.10%
Utica Community Schools	3,151	6	1.10%	-	-	-
Henry Ford Health System	2,873	7	1.00%	1,544	11	0.48%
General Dynamics	2,318	8	0.81%	2,000	8	0.63%
Macomb County	2,217	9	0.77%	2,357	6	0.74%
McLaren Macomb (formerly Mt. Clemens Med.)	1,500	10	0.52%	1,879	9	0.59%
Faurecia	1,500	11	0.52%	-	-	-
State of Michigan	1,382	12	0.48%	1,061	14	0.33%
Warren Consolidated Schools	1,249	13	0.43%	-	-	-
U.S. Postal Service	1,226	14	0.43%	1,635	10	0.51%
L'Anse Creuse Public Schools	1,195	15	0.42%	-	-	-
Chippewa Valley Schools	1,182	16	0.41%	-	-	-
Art Van Furniture	1,138	17	0.40%	-	-	-
Asset Acceptance Capital	744	18	0.26%	-	-	-
DuPont Automotive	700	19	0.24%	700	19	0.22%
Campbell-Ewald Co.	700	20	0.24%	-	-	-
Trinity Health (formerly Mercy Health)	-	-	-	2,140	7	0.67%
AZ Automotive (formerly Aetna Industries)	-	-	-	1,420	12	0.45%
Kroger Co of Michigan	-	-	-	1,070	13	0.34%
Kmart Co	-	-	-	1,000	15	0.31%
TRW Inc.	-	-	-	1,000	16	0.31%
EDS	-	-	-	770	17	0.24%
SBC Communications Inc.	-	-	-	770	18	0.24%
Farmer Jack	-	-	-	706	20	0.22%
	<u>59,396</u>		<u>20.67%</u>	<u>63,284</u>		<u>19.86%</u>

Source: Macomb County Finance Department
Crain's Detroit Business

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

Function/Program	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Legislative										
Board of Commissioners	26	26	26	26	26	26	26	26	19	19
Judicial										
Circuit Court	62	65	65	65	67	67	67	66	63	65
Family Counseling Services	-	-	-	-	-	1	1	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	17
Friend of the Court	122	124	125	125	126	125	121	121	121	121
Probate Court - Estates	31	31	31	31	31	31	31	30	29	27
Probate Court - Juvenile	69	68	68	64	62	62	59	56	51	50
Probate Court - Mental Division	10	10	12	12	12	11	10	8	8	7
Probation	16	16	18	19	19	19	16	14	12	6
General Government										
County Administration	7	9	9	9	9	9	7	7	6	9
Corporation Counsel	8	9	9	9	9	9	8	8	8	8
Budget	2	2	2	2	2	2	-	-	-	-
Finance	25	25	25	25	25	25	26	20	20	20
Purchasing	22	24	24	23	23	23	21	18	18	17
Reimbursement	15	15	15	15	15	15	13	13	12	12
Information & Tech Systems	48	48	49	48	49	49	42	35	36	36
Equalization	16	16	15	14	14	13	11	11	11	10
Human Resources	23	29	29	28	28	28	25	22	22	22
Clerk/Register	92	96	98	98	99	99	89	82	79	78
Treasurer	34	34	34	34	34	34	32	31	31	26
Public Works	51	55	57	58	58	60	59	55	55	59
M.S.U. County Extension	76	76	77	76	76	76	51	50	50	8
Planning & Econ Dev	33	35	35	37	37	36	33	33	33	31
Risk Management	4	4	4	4	4	4	4	4	4	0
Facilities & Operations	115	123	124	124	127	126	114	104	99	99
Prosecuting Attorney	117	120	123	140	141	141	117	107	122	104
Dept of Roads	-	-	-	-	-	-	-	-	-	233
Public Safety										
Sheriff	478	475	501	503	503	503	498	487	477	487
Technical Services	10	10	10	10	10	10	9	8	8	8
Emergency Services	3	4	4	4	4	7	6	6	6	3
Community Corrections	-	9	10	11	11	11	11	11	11	11
Health										
Environmental Health	48	48	48	50	50	50	-	-	-	-
Public Health	227	226	229	226	223	223	251	241	239	232
Community Mental Health	328	330	330	330	333	333	334	334	334	335
Substance Abuse	10	10	10	10	10	10	10	10	10	10
Health & Community Services	-	-	-	-	-	-	-	-	-	2
Social Services										
Child Care - Youth Home	112	122	122	140	141	141	146	138	137	129
Medical Care Facility	237	236	240	244	244	243	231	231	231	231
Veterans Services	7	6	6	6	6	6	10	10	10	10
Senior Citizen Services	37	39	39	38	38	38	32	32	30	16
Community Services Agency	301	308	267	260	257	243	253	283	283	285
Macomb/St. Clair Employment	45	42	42	43	41	41	68	68	68	68
Culture & Recreation										
Parks & recreation	8	8	8	9	9	9	-	-	-	-
Library	67	67	67	65	65	57	16	11	10	-
Total	2,973	3,031	3,038	3,066	3,069	3,047	2,889	2,823	2,795	2,925

MACOMB COUNTY, MICHIGAN
Operating Indicators By Function/Program
December 31, 2012

Function/Program	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Judicial:										
Circuit Court										
Caseload	17,080	17,225	23,076	23,992	23,988	24,030	23,001	22,793	20,788	20,022
District Court - Romeo										
Caseload	13,630	13,143	14,059	11,362	8,637	9,950	9,502	9,819	9,760	9,396
District Court - New Baltimore										
Caseload	15,346	22,935	25,000	18,965	15,141	15,000	15,607	15,175	14,405	12,751
Prosecuting Attorney										
Felony warrants issued	7,815	8,133	8,758	8,432	8,623	8,990	N/A	N/A	N/A	N/A
Misdemeanors issued	11,038	9,741	9,376	9,902	9,929	10,122	N/A	N/A	N/A	N/A
General Government:										
County Clerk										
Birth records	4,514	4,713	4,445	4,273	3,866	3,539	2,837	6,052	5,768	5,604
Death records	5,558	5,942	6,113	6,084	5,465	4,943	4,881	4,791	5,065	5,107
Marriage licenses	4,934	5,603	5,445	5,221	5,111	4,947	4,625	4,864	5,169	5,291
Public Works										
Inspections	19,844	20,599	16,320	11,577	12,092	14,197	8,021	6,451	6,037	5,955
Public Safety:										
Sheriff										
Complaints handled	88,267	83,078	105,996	109,328	105,323	103,115	100,603	98,189	94,821	94,451
Inmate bookings	21,674	22,563	23,259	22,574	22,059	21,706	20,166	19,814	18,464	19,709
Arrests made	8,147	8,305	10,571	10,420	9,370	8,679	8,139	7,249	6,602	6,617
Crashes investigated	3,262	3,486	4,913	4,150	4,874	4,898	2,971	4,042	4,048	3,924
Health and Welfare:										
Health Department										
Vaccines administered	62,907	53,746	82,245	59,658	79,136	75,036	114,953	100,036	70,711	58,253
Animals received at animal shelter	12,261	12,935	11,700	14,300	12,856	13,571	12,900	7,146	7,520	5,782
Food service inspections	4,048	4,307	4,168	4,419	4,460	4,423	4,420	4,368	4,374	5,452
Autopsies performed	229	283	361	359	365	509	582	533	625	571

Source: Macomb County Finance Department

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

Function	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Judicial										
Number of court buildings	5	5	5	5	5	5	5	5	5	5
General Government										
Number of buildings	4	4	5	6	6	6	6	6	6	5
Vehicles	207	209	207	203	188	189	186	187	187	183
Public Safety										
Number of jails	1	1	1	1	1	1	1	1	1	1
Stations and substations	5	5	6	6	6	6	6	6	6	6
Marine patrol substations	2	2	2	2	2	2	2	2	2	2
Vehicles	71	71	74	78	92	91	94	94	93	94
Public Works										
Lane miles of roads	2,335	2,335	2,335	2,335	2,335	2,335	2,335	2,335	2,335	2,335
Number of buildings	4	4	4	4	4	4	4	4	4	4
Health and Welfare										
Number of buildings	10	10	10	10	10	10	10	10	10	10
Vehicles	23	21	20	20	21	21	21	20	18	19
Recreation and Culture										
County parks	1	1	1	1	1	1	1	1	1	1

MACOMB COUNTY
 Schedule of Insurance
 As of December 31, 2012

Type of Coverage / Name of Company	Policy Period	Premium	Description
Public Entity Liability Travelers Indemnity Co	7-1-12 to 7-1-13	\$513,300	Includes Auto Liability, General Liability, Law Enforcement Liability, Public Officials Liability including Employment Practices Liability. Limit \$11,000,000 for Personal Injury Liability, Products/Completed Operations Hazard and Public Officials' Errors & Omissions Combined. \$11,000,000 Each Occurrence or Wrongful Act, or Combination of Occurrence and Wrongful Act. - \$500,000 Self-Insured Retention
Excess Workers' Compensation Insurance Citizens Ins. Co of America	5-1-11 to 5-1-14	\$73,391 (Excess Premium) \$80,065 (Service Fee)	Statutory Liability \$1,000,000. Self-Insured Retention \$500,000
Property Travelers Indemnity Co	7-1-12 to 7-1-13	\$129,401	Covers buildings & contents. Limit - up to \$299,328,312 - Deductible \$100,000
Boiler & Machinery Travelers Indemnity Co	7-1-12 to 7-1-13	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 - \$299,328,312 Limit
Electronic Data Processing Travelers Indemnity Co	7-1-12 to 7-1-13	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 \$100,000 Retention
Public Entity Fiduciary Liability Federal Insurance Co.	8-1-12 to 7-31-13	\$16,420	County Employees Retirement System - \$5,000,000 Aggregate, \$50,000 Deductible
Crime National Union Fire Ins	8-1-12 to 7-31-13	\$7,074	Employee Theft - disappearance and destruction in/out premises. LIMITS: \$1,500,000 Crime; \$200,000 Forgery; \$1,000,000 Computer Fraud; \$1,000,000 Funds Transfer Fraud; \$200,000 Money Orders & Counterfeit Currency; \$200,000 Theft & Destruction - \$25,000 Deductible
Life Insurance The Hartford/ The Standard (Roads only)	1-1-12 to 12-31-12	\$379,285 County Active \$50,033 Roads Active \$75,943 Roads Retiree	Death benefit equals one year salary

MACOMB COUNTY
Schedule of Insurance
As of December 31, 2012

Type of Coverage / Name of Company	Policy Period	Premium	Description
Dental Insurance Delta Dental	1-1-12 to 12-31-12	\$1,288,380 County Active \$833,216 County Retirees \$261,301 Roads Active \$162,161 Roads Retirees	\$1,000 Annual Maximum per Individual/ Calendar Year
Dental Insurance Cigna Dental	1-1-12 to 12-31-12	\$78,551 County Active	Unlimited Annual Benefit
Dental Insurance Golden Dental	1-1-12 to 12-31-12	\$75,618 County Active \$5,473 Roads Active	Unlimited Annual Benefit
Long Term Disability Insurance	1-1-12 to 12-31-12	\$180,068 County Active	60% of salary to age 65; up to \$4,500 per month subject to coordination of benefits
Health/Hospital Insurance Blue Care Network	1-1-12 to 12-31-12	\$4,987,052 County Active \$1,787,834 County Retirees \$52,415 Roads Active	HMO offers primary care physicians, network hospitals, affiliated pharmacies and labs and other providers within the particular HMO network
Health/Hospital Insurance HAP	1-1-12 to 12-31-12	\$14,112,036 County Active \$9,421 Roads Active	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	1-1-12 to 12-31-12	\$4,993,066 County Active \$5,324,179 County Retirees \$3,685,627 Roads Active \$3,648,209 Roads Retiree	Self insured medical plan - \$1,000,000 Lifetime Maximum Includes Vision
Health/Hospital Insurance United American	1-1-12 to 12-31-12	\$7,615,505 County Retirees	Partially self insured medical plan
Vision Care SVS Vision	1-1-10 to 12-31-12	\$7,002 County Active \$45,946 County Retirees \$11 Roads Active	Vision care pays for certain tests & supplies when obtained by participating provider
Hearing Care Health Care Network	1-1-12 to 12-31-12	\$35,349 County Retirees	Retiree Hearing care

Source: Risk Management & Safety