



COUNTY
of
MACOMB
MICHIGAN

*Comprehensive Annual Financial Report
For the Year Ended December 31, 2013*

MACOMB COUNTY, MICHIGAN

**Comprehensive Annual Financial Report
For the Year Ended December 31, 2013**

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

MACOMB COUNTY, MICHIGAN

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Macomb County Executive

Mark A. Hackel

Mark F. Deldin
Deputy County Executive

June 27, 2014

To the Citizens of Macomb County,

The Comprehensive Annual Financial Report (CAFR) of Macomb County, Michigan for the fiscal year ended December 31, 2013 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, 2013 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, 2013 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 2013 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 2013 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 2013, the United States Census Bureau estimates placed Macomb County's population at 854,769. This was an increase of 13,478 residents over three years, which represents the fourth highest increase of any county in the State of Michigan. 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 2012, Macomb County had 357,085 housing units, with a median home value of \$113,000. Currently more than 92 percent of the County's total housing units (330,541) are occupied. The vast majority of Macomb's occupied housing units are owner occupied (73 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.

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 the Uniform Drain Code, Public Act 40 of 1956. 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.

Employing the latest technologies in maintaining the safety and welfare of residents and businesses, Macomb County has brought on-line its new Communications and Technology Center in Mount Clemens. The center integrates emergency management and operations, information technology, road department traffic operations and sheriff's office dispatch all under one roof. Technicians on-site can track everything from routine traffic conditions to severe weather to countywide emergencies.

The most prominent feature found at the 25,000 square foot COMTEC is a 20-by-50-foot video wall with 54 70-inch monitors. The monitors are used for displaying standard television and cable sources to live video feeds from road department and Michigan Department of Transportation cameras at intersections throughout the county. While 70 intersections are camera-monitored today, that number will increase to 360 once camera deployment is complete.

Tracking these monitors, center staff will employ software that uses real-time data to project traffic patterns and will allow them to alter signal timings as needed. For public safety purposes, the cameras will also offer sheriff's deputies real-time information for more efficient response to crash scenes and crimes in progress. Other applications include live feeds from mobile command vehicles, schools and private businesses, as well as video conferencing.

The COMTEC was built for a cost of \$13.5 million, but more than \$9 million, or about 75 percent of the cost was funded by federal and state grants.

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

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 2013 was approximately \$25.1 billion, an increase from the prior year of \$67 million, or .27 percent. This is a reversal from recent trends which saw the assessed value of property located in Macomb County decrease by an average of 6.9% per year over the last five 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 403,000 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 22 percent in 2014. Macomb County's service sector, which includes all employment outside of agriculture, mining, construction and manufacturing, now includes approximately 72 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 12,789 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.

Macomb Mall, a regional retail destination for 50 years, is undergoing a dramatic \$8.4 million dollar transformation. The plans include adding a 50,000 square foot Dick's Sporting Goods, demolishing and retrofitting underutilized retail spaces, and acquiring surrounding properties for future build-out. In addition, the mall owners plan to spruce up the interior with new common areas, entrance ways, ceilings, lights, flooring and restrooms, while the parking lots will receive new surfacing, lighting, islands and pedestrian walkways. The 921,000 enclosed shopping mall is anchored by Sears, Kohls, and Babies "R" Us, and currently reports an 85% occupancy rate with 75 merchants.

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 several years the college has managed multiple grants addressing employers' needs for skilled workers in the defense, aerospace, advanced automotive, manufacturing and health care industries. In just two grants, those targeting veterans, displaced and dislocated workers, 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 engaged in the implementation of six grants awarded by various sources. Among them, a grant from the National Science Foundation allowed the college 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.

MCC, on behalf of the Michigan Coalition for Advanced Manufacturing has been awarded a \$24.9 million U.S. Department of Labor grant. The funding will support the efforts of eight Michigan community colleges to leverage growing opportunities in advanced manufacturing, directly responding to employer needs and preparing individuals for jobs in computerized numeric control machining, welding/fabrication, multi-skilled technician and production operations. Those targeted for training include displaced workers, employed workers who require skills upgrading and veterans.

Macomb is the lead institution in this coalition. Its \$9.6 million share of the grant is the largest competitive grant award the college has ever received. Funding from the four-year grant will cover upgrades to the colleges' manufacturing technology to current employer standards, development of new educational offerings and delivery methods, and the training of 2,738 individuals.

Under the Advanced Energy Systems Storage Initiative, Southeast Michigan has been awarded \$2.1 million dollars to create new jobs and technologies related to the rapidly emerging advanced energy storage system industry-cluster. Advanced energy systems are critical to the future of the automotive industry, which is innovating rapidly around vehicle electrification and hybridization. The alternative energy economy also relies heavily on energy storage systems, like batteries and powertrains, to prolong the life of energy generated by solar and wind systems.

Other grants include the Make It in America Challenge Grant, the Clean Energy Coalition grant and a STEM Consortium Grant. The Make It in America Grant, awarded to a team of institutions comprising the "Biotech Partnership", is an effort to continue strengthening Southeast Michigan's role as a manufacturing and agricultural hub by building capacity and capability in the bio-based materials manufacturing sector. MCC is one of more than 30 regional partners of the Clean Energy Coalition. The group was awarded \$500,000 from the U.S. Department of Energy's Clean Cities initiative to fund Michigan Fuel Forward, a two-year project that will accelerate the use and availability of alternative fuel vehicles and infrastructure across Michigan.

The U.S. Department of Labor, through a \$19.7 million grant, is funding the National STEM Consortium. It is a collaborative of ten leading community colleges, including MCC, in nine states that is organized to develop nationally portable, certificate-level programs in Science, Technology, Engineering and Math (STEM) and to build a national model of multi-college cooperation in the design and delivery of high quality, labor market-driven occupational programs.

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 continues to expand its presence in Macomb County with the recent groundbreaking for their \$12 million, 40,000 square foot Advanced Technology Education Center in Warren. Located next door to Macomb Community College's South Campus, WSU and the college will seek to create an electric vehicle technologies center-of-excellence, where faculty and students can fully engage in the development and delivery of cutting-edge automotive technologies, coupled with collaborative opportunities with area businesses. Students there will also obtain four-year degrees in other high-demand academic programs, such as engineering, computer science, business, and advanced manufacturing.
- Macomb County has also witnessed an expansion of satellite campuses by a number of other higher education institutions. 13 of Michigan's 15 public universities and colleges have a satellite campus in Macomb County where residents can easily access coursework in select disciplines.

Macomb County also has a wealth of K-12 institutions and assets. The Macomb Intermediate School District (MISD) serves nearly 150,000 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. There are more than 3,000 healthcare related businesses in Macomb that employ more than 33,000 individuals.

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

Defense-related business continues to impact the region's economy, especially for Macomb County firms that are securing billions of dollars in defense contracts. Macomb County's strength in defense manufacturing, engineering and research and technology continues to make our nation safer and provides economic opportunity to our region. The passage of the National Defense Authorization Act for Fiscal Year 2014 set the baseline for the Department of Defense (DoD) budgets for fiscal years 2014 and 2015 at roughly \$497 billion. Although this is not an increase from the current rate for fiscal year 2013, this level avoids the significant decreases of sequestration that was experienced the previous year.

The County is home to the Selfridge Air National Guard Base (SANGB), located on the shores of Lake St. Clair in Harrison Township. With National Guard and/or Reserve personnel from every branch of the U.S. Armed Forces, SANGB provides a broad range of air and ground resources and support services to Michigan and to the United States. Hosted by the 127th Wing of the Michigan Air National Guard, Selfridge also calls itself home to the Army, Air Force, Navy, Marines, Coast Guard and Customs and Border Patrol. In fact, it is the only United States installation housing all 5 branches of the Department of Defense (DoD) and Department of Homeland Security (DHS). Through the use of an effective cost-sharing model with its' 40 tenants, the infrastructure at SANGB is able to support 3,000 square acres of land, a 9,000 foot long runway, 26 miles of road and over 500 buildings.

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. The A-10 and the air-refueling KC-135 aircraft are flown out of Selfridge. Selfridge also supports the STARBASE program, a science, technology, engineering, and mathematics (STEM) education program run by the DoD for elementary school students. In 2014, the STARBASE program received funding in Michigan with an allocation of \$21.7 million that is shared amongst Selfridge, Kellogg Air National Guard Base in Battle Creek, and the Alpena Combat Readiness Training Center. In addition to these activities, SANGB has been exploring options for leasing parcels of unused land to DoD contractors under their Commercial Land Use Program (CLUP).

Macomb County is also home to the U.S. Army Garrison – Detroit Arsenal which is the headquarters for the U.S. Army TACOM Life Cycle Management Command (LCMC) and the U.S. Tank Automotive Research, Development and Engineering Center (TARDEC). For more than 70 years, the TACOM LCMC 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. TACOM LCMC employs over 22,000 people globally with 8,000 working in Macomb County who are committed to excellence.

TARDEC is the DoD's leading laboratory for research and development of advanced military vehicle technologies, including efforts to protect Army vehicles against rocket propelled grenades, improvised explosive devices and explosive projectiles. TARDEC also works on advanced materials for tactical vehicle armor, more efficient engines, fuel-cell and hybrid electric vehicles, unmanned ground vehicles, computer simulations for vehicle design and training of Army personnel, and technology partnerships with the automotive industry.

In recognition as the epicenter for defense activity, Macomb County has received grant funds from the Michigan Economic Development Corporation (MEDC) to launch a statewide campaign to support and grow Michigan's defense industry. The MEDC/Macomb County Defense Grant positioned the county to provide leadership in promoting and branding Michigan's defense industry as the "Arsenal of Innovation". The overall goal 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.

Another prominent partner in fostering Macomb County's defense sector is the Macomb-OU INCubator, which is focused on defense technologies and its' ties to other sectors including manufacturing, electronics, life sciences and information technology. To date it has helped local businesses secure \$3.2 million in capital. Adding to their portfolio of services, the Macomb-OU INCubator was awarded \$776,000 from the MEDC to support businesses pursuing opportunities with the Defense Advanced Research Projects Agency, or DARPA. The Michigan DARPA Matching Funds Program (MD.MFP) grant helps increase the footprint of DARPA research taking place in Michigan by providing matching funds, up to \$50,000 for DARPA-funded projects. The grant also helps fund job retraining opportunities, assess and analyze the activity level of other DARPA grantees throughout the state, assist universities and businesses in competing in "DARPA challenges" award money and seek grants for area businesses.

Also housed at the Macomb-OU INCubator is the Michigan Defense Center (MDC), an office of the MEDC that is staffed by a team of specialists experienced in the contracting practices of the U.S. Department of Defense and the U.S. Department of Homeland Security. MDC staff 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. Their latest project is a Bid Targeting System that matches contract opportunities to company specific capabilities, decreasing the amount of time contractors spend searching for proposals to bid.

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 continues to experience a wealth of defense related work and investment. In 2012, Michigan defense contractors were awarded nearly \$4.7 billion in defense related work creating 47,256 defense-related jobs. Almost 50 percent of those contracts, \$2.31 billion, were awarded to Macomb County companies. In Macomb County alone, nearly 600 companies have been engaged in some variety of defense-related work and have secured \$26 billion in defense contracts in the last decade.

General Dynamics Land Systems (GDLS), based out of Sterling Heights, is one of the county's leading defense contractors with over 2000 employees. In fiscal year 2013, GDLS was awarded nearly \$1.8 billion in contracts from the U.S. Army TACOM LCMC in support of ground vehicle research and development on platforms such as the Abrams battle tank, the Ground Combat Vehicle (GCV) Infantry Fighting Vehicle (IFV) vehicle and Stryker modernization programs. Future procurements allocated under the National Defense Authorization Act for fiscal year 2014 include \$394.6 million for the Army's Stryker armored vehicle and \$178.1 million for the Abrams main battle tank program. General Dynamics Land Systems is the lead contractor for both platforms and more than 200 Michigan companies serve as suppliers.

Another major defense contractor located in Macomb County, BAE Systems has been recognized as "2013 Best Place to Work" by the Sterling Heights Chamber of Commerce and Industry. Supporting prototyping, engineering, and testing and evaluation, this division of BAE continues future development on new Army programs such as the Ground Combat Vehicle (GCV) and Joint Light Tactical Vehicle (JLTV). Recently, BAE Systems has been awarded a second phase engineering contract for the Bradley Fighting Vehicle which has a value expected to reach \$234 million by its final delivery in mid-2017.

A new-comer to Macomb County, California-based, Wyle, opened their engineering and testing office at the Defense Corridor's Center for Collaboration and Synergy, located in Sterling Heights. Wyle's Michigan operations will provide life cycle engineering support for customers at the U.S. Army's TACOM LCMC and TARDEC. Wyle anticipates near term hiring and has recently tripled their employees from 6 employees to 18 employees.

Automotive

In 2013, the same year in which the domestic auto industry has reported sales and profits that would have been thought inconceivable four-years prior, both General Motors and Chrysler made significant new and continued investments in their Macomb County operations. Leading the group was GM, with two major projects.

In May, the new \$130 million Enterprise Data Center opened on the GM Technical Center's campus in Warren. Claimed to be among the best in its class in the world, the 5,040 square foot center has 48 workstations and a 955-square-foot video wall used to monitor data use around the clock. It is billed as the computing backbone for the corporation's global operations.

Among the facility's functions is the maintenance of GM's private data cloud supporting data analysis of virtual crash testing. Performed by supercomputers, this analysis can be applied to vehicle design to refine safety technologies. Such testing will reportedly save the company \$350,000 for each physical crash test it doesn't have to perform. Data consolidation and analysis at the facility also will reportedly improve the company's ability to market products and to streamline engineering and production efforts, saving millions of dollars.

Also at GM's Technical Center in Warren, the company has accelerated its development and research of electrified vehicles by nearly tripling the size of its battery lab headquarters. The \$20 million expansion to the Global Battery Systems Lab, which opened in May 2009, added 50,000 square feet to the existing facility. The additional space brings the lab to 85,000 square feet, making it the largest battery lab in North America owned and operated by a major auto manufacturer.

The expansion includes additional equipment for future battery system development such as charging and testing, building prototype battery packs; increasing the number of pack-level test channels for battery packs from 64 to 112 and cell testing areas from 96 to 120; among other development and research capabilities. The lab, which was built in a former GM combustion engine testing area, is responsible for testing and validating both battery cells and packs for all of GM's vehicle electrification systems, including the Chevy Volt, Cadillac ELR, the Chevrolet Spark EV and the eAssist light electrification system. Some of the validation processes and testing inside the facility includes putting electric vehicle batteries through days or weeks of severe weather - from -104 degrees Fahrenheit to 185 degrees Fahrenheit.

Blue Economy Initiative

Macomb County is fortunate to rest on 32 miles of Lake St. Clair shoreline and to have the Clinton River and its many tributaries within its borders. Access to freshwater provides Macomb County with unique opportunities for economic development and enhanced quality of life. The lake supports more than 60 active marinas, a world class recreational boating and fishing industry, and numerous opportunities for private and public investment.

The Office of the County Executive launched the "Blue Economy Initiative" in early 2011. The program is administered by the county's Department of Planning and Economic Development and is based on three core principles:

1. Increase access to the lake and its tributaries for residents and visitors
2. Develop short-term and long-term economic investment
3. Build and sustain environmental stewardship of this precious freshwater resource

A resulting plan includes nearly 50 suggested projects and potential investments. Recent accomplishments include:

- Dedication of the county's first paddle park, a place where canoeists and kayakers can put in or pull out of the water with ease. The Utica Landing Park is located just steps from its historic downtown. Two more landing parks are set to open later this summer.
- The HEART Freshwater Center (Huron to Erie Alliance for Research and Training) is a unique alliance of agencies working together to study the Lake Huron to Lake Erie corridor through research, education and training. Founding partners include Macomb County, Wayne State University, Macomb Community College and the Huron Clinton Metroparks. The center is located at Lake St. Clair Metropark and will welcome its first group of students during the summer of 2014.
- Wilson Marine, a state leader in boat sales, opened its fourth store in Harrison Township in 2012. Wilson invested more than \$500,000 in their 30,000 square foot showroom and employ 25 people.
- Harrison Township was awarded a \$17,000 Coastal Zone Management grant from the Michigan Department of Environmental Quality to study possible enhancements to an important intersection at the lake. Township officials, working in conjunction with Wade Trim engineering firm and the county, will host community visioning sessions. Potential projects could include creating low-impact development that increases access to Lake St. Clair, developing a waterfront district and enhancing pedestrian and bike access to the area.
- In 2013, the final Bassmaster Elite series was held on Lake St. Clair. This televised event attracted anglers from across the country.

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, special revenue funds, debt service fund 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 \$155 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. The general obligation bonds of the County are rated AA+ by Standard & Poors and Aa1 by Moody's Investor Services. Further 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 are insured for losses of a General Liability nature up to \$11,000,000 in the aggregate, subject to a self-insured retention of \$750,000 per claim. The Martha T. Berry Medical Care Facility has a separate insurance policy and is fully insured for General Liability and Medical Malpractice claims for \$3,000,000 per occurrence and \$5,000,000 in the aggregate subject to a \$0 (zero-dollar) deductible. 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, 2012. 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 eight 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



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

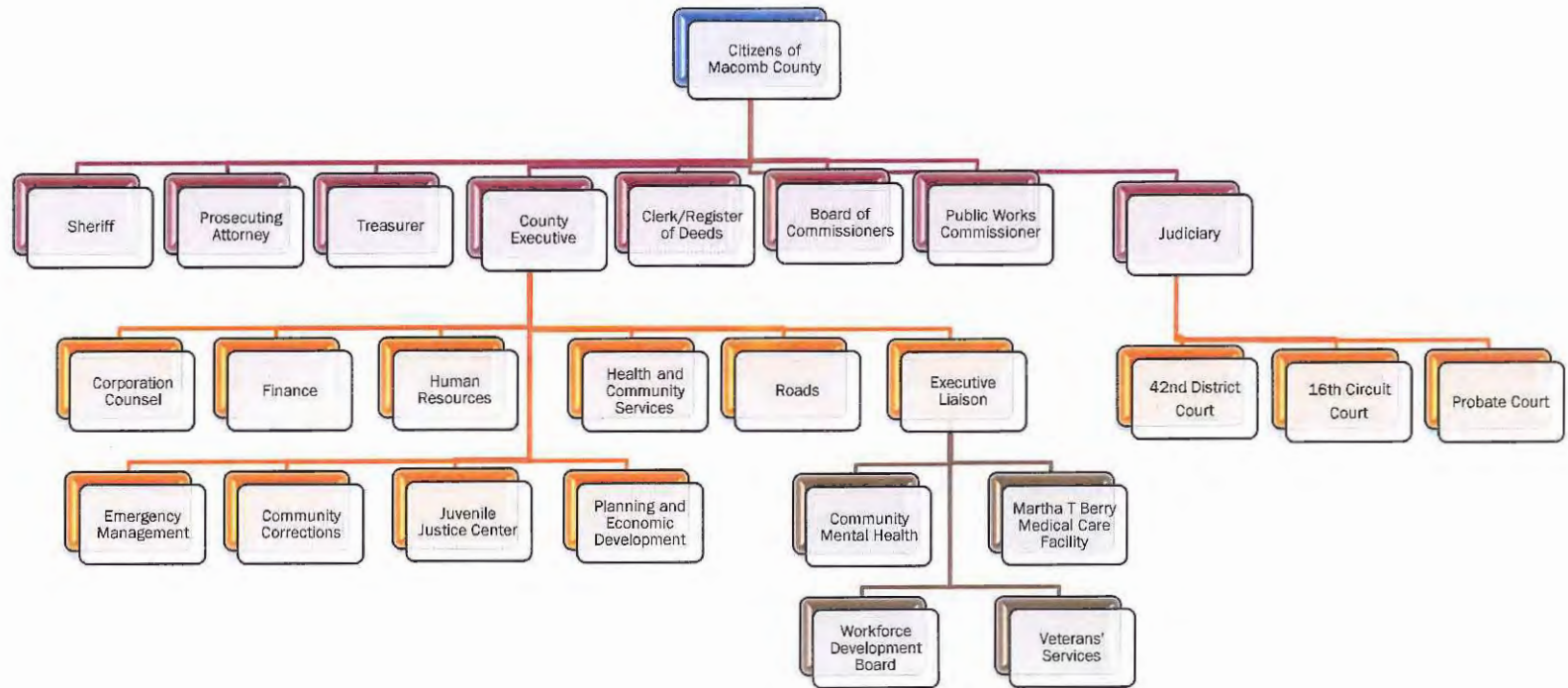
**Macomb County
Michigan**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2012

Executive Director/CEO

Macomb County, Michigan Organizational Chart



MACOMB COUNTY, MICHIGAN

List of Elected and Appointed Officials

County Executive's Office

Mark A. Hackel
Mark Deldin
Al Lorenzo
Melissa Roy
Pam Lavers

County Executive
Deputy County Executive
Assistant County Executive
Assistant County Executive
Assistant County Executive

2013-2014 Board of Commissioners

David Flynn, (Chair) District 4
Kathy Tocco, (Vice-Chair) District 11
Michael Boyle (Sergeant-at-Arms), District 10
Toni Mocerj, District 1
Marvin E. Sauger, District 2
Veronica Klinefelt, District 3

Robert Mijac, District 5
James L. Carabelli, District 6
Don Brown, District 7
Kathy D. Vosburg, District 8
Fred Miller, District 9
Bob Smith, District 12
Joe Sabatini, District 13

Elected County Officials

16th Judicial Circuit Court/Probate Court Chief Judge
42nd District Court Chief Judge
County Clerk/Register of Deeds
Prosecuting Attorney
Public Works Commissioner
Sheriff
Treasurer

Honorable David Viviano
Honorable Denis LeDuc
Carmella Sabaugh
Eric Smith
Anthony Marrocco
Anthony Wickersham
Ted Wahby

County Department Heads

Animal Care & Control Officer
Community Services Agency Director
Corporation Counsel (Interim)
Emergency Management & Communications Director
Facilities & Operations Director
Finance Director
Health & Community Services Director
Health Officer
Human Resources Director
Information Officer
Juvenile Justice Center Director
Planning & Economic Development Executive Director
Chief Veterans Service Officer

Jeff Randazzo
Mary Solomon
John Schapka
Vicki Wolber
Lynn M. Arnott-Bryks
Peter M. Provenzano
Steven Gold
William Ridella
Eric A. Herppich
Sandy Jurek
Rhonda Westphal
Stephen Cassin
Laura Rios

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 (the "County") as of and for the year ended December 31, 2013, 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 opinions.

To the Board of Commissioners
County of Macomb

Opinions

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, 2013 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 Matter

As discussed in Note 14 to the financial statements, the County of Macomb adopted GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. As a result, the County of Macomb now reports deferred inflows of resources for property taxes levied for the next year's budget and for governmental fund revenue that is not available. Our opinion is not modified with respect to this matter.

As explained in Note 2, the financial statements include investments valued at approximately \$217.7 million at year end (18.9 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.

To the Board of Commissioners
County of Macomb

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County of Macomb's basic financial statements. The combining and individual nonmajor funds financial statements and nonmajor fund budgetary comparison schedules and introductory section 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 and nonmajor fund budgetary comparison schedules 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 and nonmajor fund budgetary comparison schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we 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 June 27, 2014 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 County of Macomb's internal control over financial reporting and compliance.

Plante & Moran, PLLC

June 27, 2014

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, 2013. 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 decreased by \$4.8 million in fiscal 2013.
- The General Fund reported a surplus of \$1.6 million for the year. Unassigned fund balance was \$81.0 million, or 44.0% of 2013 General Fund budgeted expenditures. Total fund balance was \$81.7 million. The \$0.7 million difference is nonspendable for prepaid items and advances to other funds.
- The County's bond rating is AA+ with Standard & Poors and Aa1 with Moody's Investor Services.

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.

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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 and deferred inflows of resources by \$1.0 billion at December 31, 2013 and decreased by approximately \$4.8 million for the year then ended. (see page A-7)

Macomb County Primary Government Net Position

	Governmental Activities		Business-type Activities		Totals	
	2012	2013	2012	2013	2012	2013
Current and other assets	\$ 275,815,105	\$ 288,505,059	\$ 194,166,392	\$ 214,417,244	\$ 469,981,497	\$ 502,922,303
Capital assets	894,316,027	897,144,141	1,252,184	1,229,267	895,568,211	898,373,408
Total assets	1,170,131,132	1,185,649,200	195,418,576	215,646,511	1,365,549,708	1,401,295,711
Current liabilities	18,973,202	28,784,365	48,596,975	54,014,026	67,570,177	82,798,391
Long-term liabilities						
Due within one year	7,398,961	7,250,340	150,000	100,000	7,548,961	7,350,340
Due in more than one year	62,139,489	56,779,366	1,500,027	1,541,993	63,639,516	58,321,359
Net OPEB obligation	166,774,877	191,945,948	40,994,995	45,542,834	207,769,872	237,488,782
Total liabilities	255,286,529	284,760,019	91,241,997	101,198,853	346,528,526	385,958,872
Deferred inflows of resources	-	1,074,389	-	-	-	1,074,389
Net position						
Net investment in capital assets	843,554,433	851,247,977	1,252,184	1,229,267	844,806,617	852,477,244
Restricted	89,746,282	90,301,142	18,661,937	19,712,741	108,408,219	110,013,883
Unrestricted	(18,456,112)	(41,734,327)	84,262,458	93,505,850	65,806,346	51,771,323
Total Net Position	\$ 914,844,603	\$ 899,814,792	\$ 104,176,579	\$ 114,447,658	\$ 1,019,021,182	\$ 1,014,262,450

Approximately \$852.5 million, or 84.1%, 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 \$110.0 million, or 10.8%, of the County's net position represents resources that are subject to external restrictions regarding their use. Assets included in this category include funds received in Special Revenue and Capital Projects funds whose use is restricted by statute or 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, 2013.

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As indicated in the following schedule, the net position of the County decreased by \$4.7 million for the year ended December 31, 2013. The components of this change were a decrease of \$15.0 million in governmental activities and an increase of \$10.3 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	
	2012	2013	2012	2013	2012	2013
Revenues						
Program revenue						
Charges for services	\$ 75,885,678	\$ 67,800,196	\$ 215,220,377	\$ 216,359,244	\$ 291,106,055	\$ 284,159,440
Operating grants and contributions	51,378,555	50,079,157	34,995,209	35,802,219	86,373,764	85,881,376
Capital grants and contributions	60,427,158	72,745,940	-	-	60,427,158	72,745,940
General revenue						
Property taxes	114,893,544	109,501,040	-	-	114,893,544	109,501,040
Intergovernmental revenues	19,488,867	23,251,849	-	-	19,488,867	23,251,849
Investment income	663,130	423,848	309,591	309,380	972,721	733,228
	<u>322,736,932</u>	<u>323,802,030</u>	<u>250,525,177</u>	<u>252,470,843</u>	<u>573,262,109</u>	<u>576,272,873</u>
Expenses						
Legislative	1,138,536	1,201,841	-	-	1,138,536	1,201,841
Judicial	40,635,941	41,359,278	-	-	40,635,941	41,359,278
General government	68,095,281	68,830,406	-	-	68,095,281	68,830,406
Public safety	66,907,704	79,398,263	-	-	66,907,704	79,398,263
Public works	69,975,197	68,159,203	-	-	69,975,197	68,159,203
Health and welfare	73,383,416	72,040,781	-	-	73,383,416	72,040,781
Recreation and culture	62,122	234,229	-	-	62,122	234,229
Interest and fees on long-term debt	2,243,656	1,542,665	-	-	2,243,656	1,542,665
Delinquent tax collections	-	-	8,335,858	5,495,336	8,335,858	5,495,336
Community Mental Health	-	-	211,733,181	220,321,529	211,733,181	220,321,529
Martha T. Berry Medical Care Facility	-	-	24,989,152	22,853,076	24,989,152	22,853,076
Freedom Hill Park	-	-	209,254	381,345	209,254	381,345
	<u>322,441,853</u>	<u>332,766,666</u>	<u>245,267,445</u>	<u>249,051,286</u>	<u>567,709,298</u>	<u>581,817,952</u>
Increase (decrease) in net position before transfers	295,079	(8,964,636)	5,257,732	3,419,557	5,552,811	(5,545,079)
Net transfers	<u>1,926,004</u>	<u>(6,065,175)</u>	<u>(4,718,673)</u>	<u>6,851,522</u>	<u>(2,792,669)</u>	<u>786,347</u>
Increase (decrease) in net position	2,221,083	(15,029,811)	539,059	10,271,079	2,760,142	(4,758,732)
Net position, beginning 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>
Net position, end of year	<u>\$ 914,844,603</u>	<u>\$ 899,814,792</u>	<u>\$ 104,176,579</u>	<u>\$ 114,447,658</u>	<u>\$ 1,019,021,182</u>	<u>\$ 1,014,262,450</u>

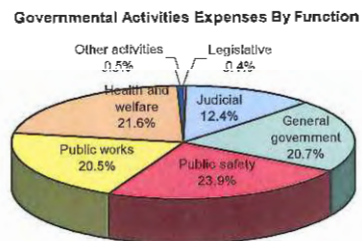
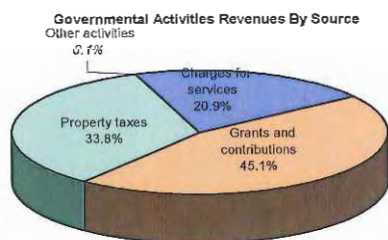
As mentioned in Note 1 of the financial statements, the majority of the funds of the County are accounted for on a fiscal year that ends of December 31. However, there are several funds that operate on a fiscal year the ends on September 30, which causes timing differences between operating transfers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

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Governmental activities. The \$15.0 million decrease in net position of governmental activities stands in contrast to the increase in net position of \$2.2 million in the prior year. The change of \$17.2 million is composed of an increase in revenues of \$1.0 million, an increase in expenses of \$10.4 million and a decrease of net transfers in of \$7.9 million. Notable changes occurred in the following areas.

- Charges for service revenue decreased by \$8.1 million primarily as a result of a reduction in the value of land released from developers to the Department of Roads.
- Property tax revenue decreased by \$5.4 million as a result of the timing of taxes collected within 60 days of year end.
- Revenue from capital grants increased approximately \$12.3 million due primarily to increases in Federal homeland security grants.
- General intergovernmental revenue increased approximately \$3.8 million due to a change mandated by the State of Michigan relative to the accounting for State revenue sharing payments. These payments are now considered general appropriations as opposed to distributions of State sales tax and are, therefore, earned at the time the annual appropriation is made by the State legislature.
- Public safety expenses increased approximately \$12.5 million due primarily to significant increases in Federal funding for homeland security grants.

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 \$10.3 million during the year, consisting of a \$12.3 million surplus in the Delinquent Tax Revolving Fund, a \$2.4 million loss in Community Mental Health, a \$0.2 million surplus in the Martha T. Berry Medical Care Facility and a \$0.1 million loss at the Freedom Hill Park.

The loss of \$2.4 million reported by Community Mental Health consists of a \$1.2 million surplus from normal operations offset by a charge of \$3.4 million for unfunded retiree health care obligations.

The surplus of \$0.2 million reported by Martha T. Berry consists of a \$1.3 million surplus from normal operations offset by a charge of \$1.1 million related to unfunded retiree health care obligations.

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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.

The combined ending fund balances of all governmental funds were \$179.0 million at December 31, 2013, a decrease of \$8.7 million over the prior year. The decrease consists of a \$1.6 million increase in the General Fund, a \$3.1 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>2012</u>	<u>2013</u>	<u>Increase (Decrease)</u>
Property taxes	\$ 108,830,816	\$ 109,894,939	\$ 1,064,123
Licenses and permits	1,510,367	1,640,405	130,038
Federal and State grants	28,455,427	25,728,412	(2,727,015)
Charges for services	35,525,507	36,827,383	1,301,876
Investment income	346,172	277,629	(68,543)
Admin charges to other funds	6,574,955	7,035,978	461,023
Fines and forfeitures	692,746	675,530	(17,216)
Other revenue	476,718	209,878	(266,840)
Transfers from other funds	<u>18,254,440</u>	<u>21,039</u>	<u>(18,233,401)</u>
Total revenues	<u>200,667,148</u>	<u>182,311,193</u>	<u>(18,355,955)</u>
<u>Expenditures</u>			
Legislative	\$ 1,138,536	1,201,841	63,305
Judicial	27,745,100	29,218,706	1,473,606
General government	42,464,395	44,854,837	2,390,442
Public safety	55,139,860	58,338,204	3,198,344
Health and welfare	18,165,990	19,089,736	923,746
Other	1,157,484	781,088	(376,396)
Capital outlay	563,244	1,117,458	554,214
Transfers to other funds	<u>32,156,006</u>	<u>26,092,607</u>	<u>(6,063,399)</u>
Total Expenditures	<u>178,530,615</u>	<u>180,694,477</u>	<u>2,163,862</u>
Excess of revenues over expenditures	<u>\$ 22,136,533</u>	<u>\$ 1,616,716</u>	<u>\$ (20,519,817)</u>

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Although property values declined 0.6% in 2013, property tax revenue actually increased by approximately \$1.1 million due to the timing of collections within 60 days of year end.

Federal and State grant revenue decreased \$2.7 million primarily as a result of a "windfall" of State Revenue Sharing payments in 2012. 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 revenue sharing payments from the State were reinstated in 2012, resulting in \$2.7 million in one-time payments that year.

Charges for services increased \$1.3 million from the prior year, due primarily to the Sheriff Department contracting with Clinton Township to provide dispatching services.

Transfers in from other funds decreased \$18.2 million, \$4.8 million of which can be attributed to the exhaustion of the Revenue Sharing Reserve Fund in 2012, as discussed above, and another \$10.7 million that can be attributed to a decrease in the budgeted transfer from the Delinquent Tax Revolving Enterprise Fund.

Expenditures increased approximately \$8.2 million across all functional categories in 2013 as a result of the following:

- The County settled virtually all of its labor contracts in 2013 for the years 2014-2016 and those contracts provided for lump sum payments to employees in December 2013 in lieu of across the board salary increases. These payments amounted to approximately \$3.9 million, including associated fringe benefits.
- Longevity payments suspended in 2009 were restored in 2013. These payments totaled approximately \$0.5 million including fringe benefits.
- The employer contribution to the defined benefit pension plan increased approximately \$2.1 million in 2013.
- Increases in other fringe benefits such as employee health and dental insurance and retiree health care charges increased approximately \$0.8 million.
- Non personnel operating and contractual service expenditures increased approximately \$0.3 million.

Transfers out decreased approximately \$6.1 million from the prior year, primarily as a result of decreased costs associated with housing juvenile offenders at outside facilities (\$2.4 million) as well as a reduction in debt service payments due to the refinancing of three bond issues in 2012 (\$1.7 million) and a one time transfer of \$1.0 million to the liability insurance internal service fund in 2012 to cover anticipated costs associated with a fire at the Old County Building.

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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>	2012	2013	Increase (Decrease)
Licenses and permits	\$ 413,906	\$ 341,860	\$ (72,046)
Federal, State and other grants	57,213,108	55,536,485	(1,676,623)
Charges for services	12,299,723	13,587,671	1,287,948
Investment income	159,231	91,534	(67,697)
Other revenue	560,576	308,207	(252,369)
Transfers from other funds	250,117	-	(250,117)
Total revenues	70,896,661	69,865,757	(1,030,904)
<u>Expenditures</u>			
Public works	69,325,868	63,032,701	(6,293,167)
Capital Outlay	457,605	3,634,650	3,177,045
Transfers	-	90,369	90,369
Total expenditures	69,783,473	66,757,720	(3,025,753)
Excess of revenues over expenditures	<u>\$ 1,113,188</u>	<u>\$ 3,108,037</u>	<u>\$ 1,994,849</u>

The net decrease in expenditures of \$3.0 million is composed of a decrease of \$4.4 million in new construction, offset by an increase of \$1.4 million in road maintenance.

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

The fund balances of the County's nonmajor governmental funds were approximately \$40.2 million at year-end, a decrease of approximately \$13.4 million over the prior year. The decrease consists of a deficit of \$5.3 million experienced in the Special Revenue Funds, a deficit of \$7.1 million experienced in the Capital Projects funds and a deficit of \$1.0 million experienced in the Debt Service Fund.

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FINANCIAL ANALYSIS OF THE COUNTY'S MAJOR PROPRIETARY FUNDS

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

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

Delinquent Tax Revolving Fund Revenue and Expense Comparison

<u>Revenues</u>	2012	2013	Increase (Decrease)
Charges for services	\$ 21,998,636	\$ 17,640,100	\$ (4,358,536)
Investment income	172,588	166,125	(6,463)
Total revenues	22,171,224	17,806,225	(4,364,999)
<u>Expenses</u>			
Personal services	390,891	443,499	52,608
Supplies and services	7,944,967	5,051,837	(2,893,130)
Transfers out	10,705,000	-	(10,705,000)
Total expenses	19,040,858	5,495,336	(13,545,522)
Net income	\$ 3,130,366	\$ 12,310,889	\$ 9,180,523

Charges for services revenue decreased \$4.3 million in response to a decrease in property tax delinquencies.

Supplies and services expense decreased \$2.9 million in response to a decrease in write offs as the economy continues to show signs of recovery.

Transfers out decreased by \$10.7 million as a result of the budgeted transfer to the General Fund being suspended in 2013 as discussed previously.

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

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

Community Mental Health Revenue and Expense Comparison			
Revenues	2012	2013	Increase (Decrease)
Federal and State grants	\$ 34,995,209	\$ 35,802,219	\$ 807,010
Charges for services	169,394,684	175,000,723	5,606,039
Investment income	137,003	143,255	6,252
Transfers in	5,900,495	6,777,416	876,921
Total revenues	210,427,391	217,723,613	7,296,222
Expenses			
Personal services	29,437,198	27,406,342	(2,030,856)
Contractual services	166,920,979	179,490,858	12,569,879
Utilities	303,344	271,610	(31,734)
Repairs and maintenance	12,970	28,329	15,359
Supplies and services	16,424,316	12,918,274	(3,506,042)
Depreciation	3,842	3,842	-
Total expenses	213,102,649	220,119,255	7,016,606
Net income (loss)	\$ (2,675,258)	\$ (2,395,642)	\$ 279,616

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 \$6.4 million due to 5.3% increase in the number of Medicaid eligible residents in the County in 2013. The increase in eligible residents also resulted in the net increase in contractual and operating expenses in 2013.

Personal services decreased \$2.0 million as a result of decrease of \$1.5 million in the charge for unfunded OPEB obligations.

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

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

Martha T Berry Revenue and Expense Comparison

<u>Revenues</u>	<u>2012</u>	<u>2013</u>	<u>Increase (Decrease)</u>
Charges for services	\$ 23,325,967	\$ 23,481,367	\$ 155,400
Other	-	4,638	4,638
Total revenues	23,325,967	23,486,005	160,038
<u>Expenses</u>			
Personal services	16,928,326	15,400,047	(1,528,279)
Contractual services	2,290,327	2,606,183	315,856
Utilities	642,616	395,447	(247,169)
Repairs and maintenance	67,399	-	(67,399)
Supplies and services	5,046,084	4,753,175	(292,909)
Depreciation	88,300	82,822	(5,478)
Total expenses	25,063,052	23,237,674	(1,825,378)
Net Loss	\$ (1,737,085)	\$ 248,331	\$ 1,985,416

Personal services decreased \$1.5 million due primarily to a \$1.4 million reduction in the charge for unfunded OPEB obligations.

Contractual services expense increased by \$0.3 million due to numerous position vacancies during the year as mentioned above.

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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>2012</u>	<u>2013</u>	<u>Increase (Decrease)</u>
Charges for services	\$ 501,090	\$ 232,416	\$ (268,674)
Transfers in	85,832	74,106	(11,726)
Total revenues	586,922	306,522	(280,400)
<u>Expenses</u>			
Personal services	88,599	72,063	(16,536)
Utilities	49,413	108,477	59,064
Repairs and maintenance	13,592	85,968	72,376
Supplies and services	745	58,709	57,964
Depreciation	56,905	56,128	(777)
Total expenses	209,254	381,345	172,091
Net income (loss)	<u>\$ 377,668</u>	<u>\$ (74,823)</u>	<u>\$ (452,491)</u>

Charges for services revenue decreased \$0.3 million due primarily to \$0.5 million in lawsuit settlement proceeds received in 2012. Revenues actually increased \$0.2 million otherwise as the facility was reopened in 2013 after being closed for the previous five years.

Utilities, repairs and supplies expenses all experienced increases in 2013 as a result of the facility reopening in 2013 as discussed previously.

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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	\$ 107,639,818	\$ 107,639,818	\$ 109,894,939	\$ 2,255,121
Licenses and permits	1,402,701	1,451,501	1,640,405	188,904
Federal and State grants	21,752,562	23,351,753	25,728,412	2,376,659
Charges for services	32,914,322	34,530,546	36,827,383	2,296,837
Investment income	300,000	300,000	277,629	(22,371)
Admin charges to other funds	8,291,115	8,291,115	7,035,978	(1,255,137)
Fines and forfeitures	627,800	627,800	675,530	47,730
Other revenue	216,000	216,000	209,878	(6,122)
Transfers from other funds	10,725,000	10,746,039	21,039	(10,725,000)
	<u>\$ 183,869,318</u>	<u>\$ 187,154,572</u>	<u>\$ 182,311,193</u>	<u>\$ (4,843,379)</u>

Property values declined 0.6% in 2013 but were budgeted to decline 2.0%, thereby resulting in the \$2.2 million favorable budget variance.

Federal and State grant revenue was \$2.4 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 \$2.3 million over budget due primarily to real estate transfer tax and register of deeds recording fees coming in approximately \$1.0 million over budget as the real estate market continued to recover in 2013.

As mentioned previously, lower than expected declines in property values, higher than expected revenues connected with real estate transactions and continued prudent spending by department heads and elected officials allowed management to suspend the budgeted \$10.7 million transfer from the Delinquent Tax Revolving fund for 2013, thereby resulting in a \$10.7 million variance in Transfers From Other Funds.

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A comparison of budgeted and actual expenditures is presented below.

General Fund Expenditures Budget and Actual By Level of Control

Level of Control	Budget		Actual	Variance
	Adopted	Final		
Board of Commissioners	\$ 1,503,974	\$ 1,338,176	\$ 1,201,841	\$ 136,335
Building Authority	1,300	1,300	1,228	72
Circuit Court	9,925,911	9,918,619	9,420,458	498,161
Civil Service Commission	14,150	24,962	15,965	8,997
Corporation Counsel	874,549	839,649	815,630	24,019
County Clerk	4,368,714	4,492,535	4,337,904	154,631
County Executive	1,275,227	1,285,363	1,271,929	13,434
District Court - 3rd Class	17,848	30,000	25,034	4,966
District Court - New Baltimore	1,374,310	1,409,002	1,372,867	36,135
District Court - Romeo	1,122,024	1,070,123	1,028,254	41,869
Elections	34,284	34,284	21,242	13,042
Emergency Management	980,613	927,913	892,671	35,242
Ethics Board	60,000	60,000	268	59,732
Equalization	906,025	820,485	770,091	50,394
Facilities and Operations	14,717,321	14,619,749	14,051,028	568,721
Family Counseling	168,920	172,104	170,712	1,392
Family Court - Juvenile	5,156,172	4,789,782	4,652,648	137,134
Finance	2,067,119	1,964,371	1,902,423	61,948
Health & Community Services	267,671	262,819	250,441	12,378
Health Department	18,271,486	19,032,076	17,825,025	1,207,051
Human Resources	2,001,530	2,002,534	1,956,228	46,306
Information Technology	5,678,520	5,494,481	5,257,407	237,074
Jury Commission	148,746	148,746	57,370	91,376
Law Library	31,500	31,500	29,153	2,347
MSU Extension	867,328	825,841	797,987	27,854
Planning and Economic Development	2,838,706	2,788,350	2,716,923	71,427
Plat Board	1,000	1,000	-	1,000
Probate Court	3,203,074	3,032,709	2,987,178	45,531
Probation - Circuit Court	124,256	124,256	108,592	15,664
Probation - District Court	467,638	483,559	465,705	17,854
Prosecuting Attorney	8,983,942	8,996,041	8,900,735	95,306
Public Works	5,693,283	5,481,633	5,342,788	138,845
Purchasing	1,353,534	1,227,095	1,150,197	76,898
Register of Deeds	1,706,977	1,660,148	1,596,275	63,873
Reimbursement	797,313	769,972	735,557	34,415
Senior Citizens Services	1,074,396	1,037,209	941,798	95,411
Sheriff Department	61,530,452	60,187,533	57,429,568	2,757,965
Social Services	72,472	72,472	72,472	-
Treasurer	2,215,093	2,194,693	2,129,732	64,961
Non-Departmental Appropriations	1,039,764	860,199	781,088	79,111
Vacant position turnover factor	(9,204,077)	-	-	-
Capital Outlay	1,106,620	1,263,221	1,117,458	145,763
Transfers Out	29,232,249	29,232,249	26,092,607	3,139,642
	<u>\$ 184,071,934</u>	<u>\$ 191,008,753</u>	<u>\$ 180,694,477</u>	<u>\$ 10,314,276</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 \$2.9 million under budget in 2013.

Operating expenditures were \$4.1 million below budget as a result of the continued efforts of department heads to effectively manage their budgets. Notable favorable variances were experienced in the areas of equipment maintenance agreements (\$0.2 million), utilities (\$0.4 million), jail medical (\$1.2 million), indirect cost (\$0.3 million) and contingency (\$0.2 million), as well as smaller savings in numerous other line items.

Transfers to other funds were \$3.1 million under budget as a result of reduced costs in various grant funds, primarily the Child Care Fund in connection with cost reductions of housing juvenile offenders in outside facilities.

In summary, General Fund revenues exceeded expenditures by \$1.6 million for the year ended December 31, 2013. Unassigned fund balance was \$81.0 million or 44.0% of 2013 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 \$897.1 million for governmental activities and \$1.2 million for business-type activities.

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

	Governmental Activities		Business-type Activities		Total	
	2012	2013	2012	2013	2012	2013
Land	\$ 217,439,729	\$ 220,008,607	\$ -	-	\$ 217,439,729	\$ 220,008,607
Land improvements	5,316,982	5,172,677	114,619	104,957	5,431,601	5,277,634
Buildings and improvements	140,000,089	143,538,977	964,328	964,614	140,964,417	144,503,591
Machinery, equipment and vehicles	12,786,611	15,057,640	173,237	109,696	12,959,848	15,167,336
Infrastructure	516,980,000	510,986,891	-	-	516,980,000	510,986,891
Construction in progress	1,792,616	2,379,349	-	-	1,792,616	2,379,349
	<u>\$ 894,316,027</u>	<u>\$ 897,144,141</u>	<u>\$ 1,252,184</u>	<u>\$ 1,179,267</u>	<u>\$ 895,568,211</u>	<u>\$ 898,323,408</u>

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

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

Long-term debt. The County's long-term debt was \$45.9 million at December 31, 2013, all of which related to governmental activities. All outstanding obligations are backed by the full faith and credit of the County. The components of the total liability are presented below.

Macomb County's Long-Term Debt - Governmental Activities

	Balance Beginning of Year	New Debt Issued	Debt Retired	Balance End of Year
General obligation bonds	\$ 50,761,594	\$ -	\$ 4,865,430	\$ 45,896,164

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

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, 2013 was \$24.1 billion. Therefore, the County's debt limitation was \$2.4 billion at year-end. The County's outstanding debt of \$45.9 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 2014 budget:

- Property values were projected to remain flat in 2014.
- Health care costs for employees are anticipated to increase 4% and 8% for retirees in 2014.
- No across the board salary increases were granted in 2014. However, the six annual furlough days implemented in 2009 were eliminated beginning in 2014.
- Market interest rates in 2014 are expected to remain consistent with 2013 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, 2013

	Primary Government		Total	Component Units
	Governmental Activities	Business-type Activities		
Assets				
Cash and pooled investments	\$ 223,363,081	\$ 161,167,036	\$ 384,530,117	\$ 40,036,953
Restricted cash - unspent bond proceeds	-	-	-	16,752,455
Receivables				
Property taxes, net	5,654,656	33,143,620	38,798,276	-
Accrued interest	223,410	45,921	269,331	-
Trade accounts, net	18,959,203	12,544,558	31,503,761	11,065,411
Special assessments	-	-	-	253,526,883
Inventories	4,746,683	-	4,746,683	-
Due from other governments	27,845,417	553,891	28,399,308	4,985,021
Internal balances	(5,080,243)	5,503,769	423,526	-
Due from fiduciary funds	6,341,310	-	6,341,310	-
Other assets	2,129,393	1,458,449	3,587,842	10,777
Capital assets, net				
Assets not being depreciated	222,387,956	50,000	222,437,956	37,153,842
Assets being depreciated	674,756,185	1,179,267	675,935,452	267,933,949
Net OPEB asset	4,322,149	-	4,322,149	-
Total Assets	1,185,649,200	215,646,511	1,401,295,711	631,465,291
Liabilities				
Accounts payable and accrued liabilities	27,863,930	38,934,297	66,798,227	20,243,448
Accrued wages payable	228,037	70,127	298,164	68,921
Accrued interest payable	346,034	-	346,034	3,340,891
Due to other governments	251,121	14,965,406	15,216,527	30,294
Unearned revenue	95,243	44,196	139,439	16,798,187
Long-term liabilities:				
Due within one year	7,250,340	100,000	7,350,340	11,529,057
Due in more than one year	56,779,366	1,541,993	58,321,359	242,487,035
Net OPEB obligation	191,945,948	45,542,834	237,488,782	-
Total Liabilities	284,760,019	101,198,853	385,958,872	294,497,833
Deferred Inflows of Resources				
Property taxes levied in advance	1,074,389	-	1,074,389	-
Net Position				
Net investment in capital assets	851,247,977	1,229,267	852,477,244	98,986,882
Restricted for				
Capital projects	60,370,222	-	60,370,222	-
Debt service	3,049,441	-	3,049,441	-
Health and welfare	4,449,770	-	4,449,770	-
Judicial	20,127	-	20,127	-
Housing rehabilitation loans	8,647,402	-	8,647,402	-
Mental health and substance abuse	-	19,712,741	19,712,741	-
Public safety	2,203,929	-	2,203,929	-
Technology	2,469,087	-	2,469,087	-
Department of Roads liability insurance	9,091,164	-	9,091,164	-
Unrestricted (deficit)	(41,734,327)	93,505,650	51,771,323	237,980,576
Total Net Position	\$ 899,814,792	\$ 114,447,658	\$ 1,014,262,450	\$ 336,967,458

MACOMB COUNTY, MICHIGAN
Government-Wide Statement of Activities
Year Ended December 31, 2013

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary Government					
Governmental activities					
Legislative	\$ 1,201,841	\$ -	\$ -	\$ -	\$ (1,201,841)
Judicial	41,359,278	5,516,743	12,191,476	-	(23,651,059)
General government	68,830,406	18,929,348	238,448	29,463	(49,633,147)
Public safety	79,398,263	16,541,690	1,716,859	17,117,313	(44,022,401)
Public works	68,159,203	19,692,664	-	55,536,485	7,069,946
Health and welfare	72,040,781	7,114,076	35,932,374	49,515	(28,944,816)
Recreation and culture	234,229	5,675	-	13,164	(215,390)
Interest and fees on long-term debt	1,542,665	-	-	-	(1,542,665)
Total Governmental Activities	332,766,666	67,800,196	50,079,157	72,745,940	(142,141,373)
Business-Type Activities					
Delinquent tax collections	5,495,336	17,640,100	-	-	12,144,764
Community Mental Health	220,321,529	175,000,723	35,802,219	-	(9,518,587)
Martha T. Berry Medical Care Facility	22,853,076	23,486,005	-	-	632,929
Freedom Hill Park	381,345	232,416	-	-	(148,929)
Total Business-Type Activities	249,051,286	216,359,244	35,802,219	-	3,110,177
Total Primary Government	\$ 581,817,952	\$ 284,159,440	\$ 85,881,376	\$ 72,745,940	\$ (139,031,196)
Component Units					
Drainage Districts	\$ 72,131,826	\$ 65,126,724	\$ -	\$ 1,562,243	\$ (5,442,859)
Workforce Development Board	29,131,760	862,989	28,260,450	-	(8,321)
Total Component Units	\$ 101,263,586	\$ 65,989,713	\$ 28,260,450	\$ 1,562,243	\$ (5,451,180)

MACOMB COUNTY, MICHIGAN
Government-Wide Statement of Activities (concluded)
Year Ended December 31, 2013

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	
Changes in Net Position				
Net (expense) revenue (from page B-2)	\$ (142,141,373)	\$ 3,110,177	\$ (139,031,196)	\$ (5,451,180)
General revenues				
Property tax	109,501,040	-	109,501,040	-
Intergovernmental revenues - unrestricted	23,251,849	-	23,251,849	-
Investment earnings	423,848	309,380	733,228	7,335,205
Transfers - internal activities	(6,065,175)	6,851,522	786,347	-
Total General Revenues and Transfers	127,111,562	7,160,902	134,272,464	7,335,205
Change in Net Position	(15,029,811)	10,271,079	(4,758,732)	1,884,025
Net Position, beginning of year	914,844,603	104,176,579	1,019,021,182	335,083,433
Net Position, end of year	<u>\$ 899,814,792</u>	<u>\$ 114,447,658</u>	<u>\$ 1,014,262,450</u>	<u>\$ 336,967,458</u>

The accompanying notes are an integral part of these financial statements

MACOMB COUNTY, MICHIGAN
Balance Sheet - Governmental Funds
December 31, 2013

	Major Governmental Funds		Nonmajor	Total
	General	Special Revenue	Governmental	Governmental
	Fund	Road Fund (1)	Funds	Funds
Assets				
Cash and pooled investments	\$ 69,538,282	\$ 57,223,271	\$ 35,564,215	\$ 162,325,768
Taxes receivable	4,700,406	-	954,250	5,654,656
Accrued interest receivable	115,569	15,189	92,652	223,410
Accounts receivable, net	5,901,034	1,911,810	10,817,499	18,630,343
Inventories	-	4,488,855	-	4,488,855
Due from other governments	9,287,687	8,176,043	10,381,687	27,845,417
Due from governmental funds	5,097,158	-	-	5,097,158
Advances to other funds	295,000	-	-	295,000
Other assets	443,166	524,409	193,333	1,160,908
Total Assets	\$ 95,378,302	\$ 72,339,577	\$ 58,003,636	\$ 225,721,515
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities				
Accounts payable	\$ 3,035,299	\$ 13,701,291	\$ 5,963,231	\$ 22,699,821
Accrued liabilities	-	-	789,482	789,482
Accrued compensation and benefits	-	-	228,037	228,037
Due to other governments	34,179	-	216,942	251,121
Due to governmental funds	-	-	4,949,958	4,949,958
Accrued workers compensation claims	-	8,882	-	8,882
Unearned revenue	-	-	95,243	95,243
Total Liabilities	3,069,478	13,710,173	12,242,893	29,022,544
Deferred Inflows of Resources				
Property taxes and assessments levied in advance	-	-	1,074,389	1,074,389
Unavailable property taxes and assessments	3,442,743	-	-	3,442,743
Unavailable grants and other charges	7,178,359	1,493,297	4,493,254	13,164,910
Total Deferred Inflows of Resources	10,621,102	1,493,297	5,567,643	17,682,042
Fund Balances				
Nonspendable for:				
Advances to other funds	295,000	-	-	295,000
Inventories	-	4,488,855	-	4,488,855
Prepaid expenses	363,762	407,713	191,574	963,049
Restricted for:				
Capital projects	-	52,239,539	3,232,853	55,472,392
Debt service	-	-	3,049,441	3,049,441
Health and welfare	-	-	4,259,675	4,259,675
Judicial	-	-	20,127	20,127
Housing rehabilitation loans	-	-	8,647,402	8,647,402
Public Safety	-	-	2,203,892	2,203,892
Technology	-	-	2,469,087	2,469,087
Assigned for:				
Capital projects	-	-	15,809,422	15,809,422
Health and welfare	-	-	3,219,693	3,219,693
Judicial	-	-	8,716	8,716
Public safety	-	-	51,555	51,555
Unassigned	81,028,960	-	(2,970,337)	78,058,623
Total Fund Balances	81,687,722	57,136,107	40,193,100	179,016,929
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 95,378,302	\$ 72,339,577	\$ 58,003,636	\$ 225,721,515

(1) - Balance sheet as of September 30, 2013

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, 2013

Total fund balances for governmental funds	\$ 179,016,929
Amounts reported for governmental activities in the Government-Wide Statement of Net Position are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is capitalized and allocated over their estimated useful lives.	
Capital assets	
Land	220,008,607
Land improvements	12,233,493
Buildings and improvements	261,543,048
Machinery, equipment and vehicles	85,517,625
Infrastructure	1,082,613,509
Construction in progress	2,379,349
Accumulated depreciation	(769,024,896)
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	16,607,653
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	(45,896,164)
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	(346,034)
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	(1,174,058)
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	(13,488)
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	(191,945,948)
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	4,322,149
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	43,973,018
Net position of governmental activities reported in the Government-Wide Statement of Net Position	\$ 899,814,792

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, 2013

	<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>		
Revenues				
Property taxes	\$ 109,894,939	\$ -	\$ 1,057,056	\$ 110,951,995
Licenses and permits	1,640,405	341,860	-	1,982,265
Federal & state grants	25,728,412	55,536,485	54,342,534	135,607,431
Other grants	-	-	460,355	460,355
Charges for services	36,827,383	13,587,671	9,680,193	60,095,247
Investment income	277,629	91,534	43,390	412,553
Charges to other funds for administrative services	7,035,978	-	-	7,035,978
Fines and forfeitures	675,530	-	256,345	931,875
Other revenue	209,878	308,207	376,043	894,128
Total Revenues	<u>182,290,154</u>	<u>69,865,757</u>	<u>66,215,916</u>	<u>318,371,827</u>
Expenditures				
Current				
Legislative	1,201,841	-	-	1,201,841
Judicial	29,218,706	-	11,173,803	40,392,509
General government	44,854,837	-	1,607,035	46,461,872
Public safety	58,338,204	-	18,261,267	76,599,471
Public works	-	63,032,701	5,041	63,037,742
Health and welfare	19,089,736	-	50,054,978	69,144,714
Recreation and cultural	-	-	172,107	172,107
Other	781,088	-	-	781,088
Capital outlay	1,117,458	3,634,650	13,061,171	17,813,279
Debt service				
Principal	-	-	4,740,000	4,740,000
Interest and fees	-	-	1,604,283	1,604,283
Total Expenditures	<u>154,601,870</u>	<u>66,667,351</u>	<u>100,679,685</u>	<u>321,948,906</u>
Excess of Revenues over (under) Expenditures	<u>27,688,284</u>	<u>3,198,406</u>	<u>(34,463,769)</u>	<u>(3,577,079)</u>
Other Financing Sources (uses)				
Transfers in	21,039	-	30,393,423	30,414,462
Transfers out	<u>(26,092,607)</u>	<u>(90,369)</u>	<u>(9,352,991)</u>	<u>(35,535,967)</u>
Total Other Financing Sources (uses)	<u>(26,071,568)</u>	<u>(90,369)</u>	<u>21,040,432</u>	<u>(5,121,505)</u>
Net change in Fund Balances	1,616,716	3,108,037	(13,423,337)	(8,698,584)
Fund Balances, beginning of year	<u>80,071,006</u>	<u>54,028,070</u>	<u>53,616,437</u>	<u>187,715,513</u>
Fund Balances, end of year	<u>\$ 81,687,722</u>	<u>\$ 57,136,107</u>	<u>\$ 40,193,100</u>	<u>\$ 179,016,929</u>

(1) - Year ended September 30, 2013

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, 2013

Net change in fund balances - total governmental funds \$ (8,698,584)

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	52,028,830
Current year depreciation expense	(49,124,556)

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	9,698,019
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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	4,865,430
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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.	56,882
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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.	7,262
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The change in amount of accrued interest payable is not recorded in the governmental funds, but is recorded as interest expense in the Government-Wide Statement of Activities.	61,618
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The change in amount of the net OPEB liability is not recorded in the governmental funds, but is recorded as an operating expense in the Government-Wide Statement of Activities.	(24,792,047)
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Internal service funds are used by management to charge the costs of certain activities such as insurance, compensated absences, workers' compensation and central inventory to individual governmental funds and business-type units. The net income (loss) in those funds that is attributable to governmental funds is excluded from the Statement of Activities.	867,335
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Change in net position of governmental activities reported in the Statement of Activities	\$ (15,029,811)
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The accompanying notes are an integral part of these financial statements

MACOMB COUNTY, MICHIGAN
Statement of Net Position
Proprietary Funds
December 31, 2013

	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	\$ 91,304,441	\$ 67,105,113	\$ 2,250,586
Receivables			
Property taxes	33,143,620	-	-
Accrued interest	38,525	7,396	-
Trade accounts, net	6,677,686	3,122,601	2,678,682
Inventories	-	-	-
Due from other governments	-	553,891	-
Due from governmental funds	-	-	-
Due from fiduciary funds	-	-	-
Other assets	-	1,450,275	8,174
Total current assets	131,164,272	72,239,276	4,937,442
Noncurrent assets			
Capital assets, net			
Assets being depreciated	-	-	557,531
Assets not being depreciated	-	-	-
Total noncurrent assets	-	-	557,531
Total Assets	131,164,272	72,239,276	5,494,973
Liabilities			
Current liabilities			
Accounts payable	789,525	37,513,545	614,161
Accrued wages payable	-	70,127	-
Due to other governments	66,739	14,898,667	-
Due to governmental funds	-	-	-
Compensated absences	-	-	-
Claims and judgements	-	-	-
Unearned revenue	-	44,196	-
Total current liabilities	856,264	52,526,535	614,161
Noncurrent liabilities			
Claims and judgements	-	-	-
Compensated absences	-	-	-
Advances from other funds	-	-	-
Net OPEB Obligation	-	30,826,956	14,249,327
Total noncurrent liabilities	-	30,826,956	14,249,327
Total Liabilities	856,264	83,353,491	14,863,488
Net Position			
Net investment in capital assets	-	-	557,531
Restricted for:			
Mental health and substance abuse	-	19,712,741	-
Department of Roads liability insurance	-	-	-
Unrestricted	130,308,008	(30,826,956)	(9,926,046)
Total Net Position	\$ 130,308,008	\$ (11,114,215)	\$ (9,368,515)

(1) - Year ended September 30, 2013

MACOMB COUNTY, MICHIGAN
Statement of Net Position (concluded)
Proprietary Funds
December 31, 2013

	Nonmajor Enterprise Fund		Governmental Activities	
	Freedom Hill Park	Enterprise Fund Totals	Internal Service Funds	
Assets				
Current assets				
Cash and pooled investments	\$ 506,896	\$ 161,167,036	\$ 61,037,313	
Receivables				
Property taxes	-	33,143,620	-	
Accrued interest	-	45,921	-	
Trade accounts, net	65,589	12,544,558	328,860	
Inventories	-	-	257,828	
Due from other governments	-	553,891	-	
Due from governmental funds	-	-	423,526	
Due from fiduciary funds	-	-	6,341,310	
Other assets	-	1,458,449	968,485	
Total current assets	572,485	208,913,475	69,357,322	
Noncurrent assets				
Capital assets, net				
Assets being depreciated	621,736	1,179,267	1,873,406	
Assets not being depreciated	50,000	50,000	-	
Total noncurrent assets	671,736	1,229,267	1,873,406	
Total Assets	1,244,221	210,142,742	71,230,728	
Liabilities				
Current liabilities				
Accounts payable	17,066	38,934,297	4,374,627	
Accrued wages payable	-	70,127	-	
Due to other governments	-	14,965,406	-	
Due to governmental funds	-	-	147,200	
Compensated absences	-	-	750,000	
Claims and judgements	-	-	1,709,303	
Unearned revenue	-	44,196	-	
Total current liabilities	17,066	54,014,026	6,981,130	
Noncurrent liabilities				
Claims and judgements	-	-	5,020,960	
Compensated absences	-	-	11,098,844	
Advances from other funds	-	-	295,000	
Net OPEB Obligation	466,551	45,542,834	-	
Total noncurrent liabilities	466,551	45,542,834	16,414,804	
Total Liabilities	483,617	99,556,860	23,395,934	
Net Position				
Net investment in capital assets	671,736	1,229,267	1,873,406	
Restricted for:				
Mental health and substance abuse	-	19,712,741	-	
Department of Roads liability insurance	-	-	9,091,164	
Unrestricted	88,868	89,643,874	36,870,224	
Total Net Position	\$ 760,604	\$ 110,585,882	\$ 47,834,794	

Reconciliation of Statement of Net Position for Proprietary Funds:

Total net position of Enterprise Funds/Internal Service Funds	\$ 110,585,882	\$ 47,834,794
Add (subtract): Business-type equity in the net position of internal service funds	3,861,776	(3,861,776)
Net Assets reported in the Government-Wide Statement of Net Position	\$ 114,447,658	\$ 43,973,018

MACOMB COUNTY, MICHIGAN
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
Year Ended December 31, 2013

	Major Business-Type Activities - Enterprise Funds		
	Delinquent Tax Revolving	Community Mental Health (1)	Martha T Berry Medical Care Facility
Operating revenues			
Charges for services	\$ 17,640,100	\$ 175,000,723	\$ 23,481,367
Federal and state grants	-	35,802,219	-
Other	-	-	4,638
Total Operating Revenues	17,640,100	210,802,942	23,486,005
Operating expenses			
Personal services	443,499	27,406,342	15,400,047
Contractual services	-	179,490,858	2,606,183
Utilities	-	271,610	395,447
Repairs and maintenance	-	28,329	-
Benefits and claims expenses	-	-	-
Supplies and services	5,051,837	12,918,274	4,753,175
Depreciation	-	3,842	82,822
Capital outlay	-	-	-
Total Operating Expenses	5,495,336	220,119,255	23,237,674
Operating Income (loss)	12,144,764	(9,316,313)	248,331
Nonoperating revenues			
Investment income	166,125	143,255	-
Total Nonoperating Revenues	166,125	143,255	-
Income (loss) before transfers	12,310,889	(9,173,058)	248,331
Transfers			
Transfers in	-	6,777,416	-
Transfers out	-	-	-
Net Transfers	-	6,777,416	-
Increase (decrease) in Net Position	12,310,889	(2,395,642)	248,331
Net Position, beginning of year	117,997,119	(8,718,573)	(9,616,846)
Net Position, end of year	\$ 130,308,008	\$ (11,114,215)	\$ (9,368,515)

(1) - Year ended September 30, 2013

MACOMB COUNTY, MICHIGAN
Statement of Revenues, Expenses and Changes in Fund Net Position (concluded)
Proprietary Funds
Year Ended December 31, 2013

	Nonmajor Enterprise Fund Freedom Hill Park	Enterprise Fund Totals	Internal Service Funds
Operating revenues			
Charges for services	\$ 232,416	\$ 216,354,606	\$ 71,495,598
Federal and state grants	-	35,802,219	-
Other	-	4,638	-
Total Operating Revenues	232,416	252,161,463	71,495,598
Operating expenses			
Personal services	72,063	43,321,951	-
Contractual services	-	182,097,041	-
Utilities	108,477	775,534	-
Repairs and maintenance	85,968	114,297	-
Benefits and claims expenses	-	-	65,938,669
Supplies and services	58,709	22,781,995	3,047,163
Depreciation	56,128	142,792	521,934
Capital outlay	-	-	5,798
Total Operating Expenses	381,345	249,233,610	69,513,564
Operating Income (loss)	(148,929)	2,927,853	1,982,034
Nonoperating revenues			
Investment income	-	309,380	11,295
Total Nonoperating Revenues	-	309,380	11,295
Income (loss) before transfers	(148,929)	3,237,233	1,993,329
Transfers			
Transfers in	74,106	6,851,522	17,000
Transfers out	-	-	(960,670)
Net Transfers	74,106	6,851,522	(943,670)
Increase (decrease) in Net Position	(74,823)	10,088,755	1,049,659
Net Position, beginning of year	835,427	100,497,127	46,785,135
Net Position, end of year	\$ 760,604	\$ 110,585,882	\$ 47,834,794

**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	\$ 10,088,755	\$ 1,049,659
Add (subtract): Increase (Decrease) in Business-type activities' equity of internal service funds	182,324	(182,324)
Net income (loss) in the Government-Wide Statement of Activities	\$ 10,271,079	\$ 867,335

MACOMB COUNTY, MICHIGAN
Combining Statement of Cash Flows - Proprietary Funds
Year Ended December 31, 2013

	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	\$ 81,264,679	\$ 215,358,117	\$ 23,751,393
Cash received from interfund services	-	-	-
Cash payments for delinquent taxes	(56,169,512)	-	-
Cash payments to employees	(443,499)	(24,017,144)	(14,344,107)
Cash payments to suppliers	(4,787,172)	(190,996,488)	(7,987,497)
Net cash provided by (used in) operating activities	<u>19,864,496</u>	<u>344,485</u>	<u>1,419,789</u>
Cash flows from noncapital financing activities			
Transfers in	-	6,777,416	-
Transfers out	-	-	-
Net cash provided by (used in) noncapital financing activities	<u>-</u>	<u>6,777,416</u>	<u>-</u>
Cash flows from capital and related financing activities			
Acquisition of capital assets	-	-	(69,875)
Cash flows from investing activities			
Interest received on investments	194,116	143,164	-
Increase (decrease) in cash and pooled investments	20,058,612	7,265,065	1,349,914
Cash and pooled investments, beginning of year	71,245,829	59,840,048	900,672
Cash and pooled investments, end of year	<u>\$ 91,304,441</u>	<u>\$ 67,105,113</u>	<u>\$ 2,250,586</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities			
Operating income (loss)	\$ 12,144,764	\$ (9,316,313)	\$ 248,331
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation	-	3,842	82,822
Changes in assets and liabilities:			
Taxes receivable	6,584,173	-	-
Accounts receivable	1,239,740	(685,680)	265,388
Inventory	-	-	-
Due from other governments	7,460	642,164	-
Due from other funds	-	-	-
Other assets	-	499,469	-
Accounts payable	264,665	1,712,583	(232,692)
Accrued employee benefits	-	(53,406)	-
Net OPEB Obligation	-	3,442,604	1,055,940
Due to other governments	(376,306)	4,215,740	-
Due to other funds	-	-	-
Unearned revenue	-	(116,518)	-
Accrued claims and judgements	-	-	-
Net cash provided by (used in) operating activities	<u>\$ 19,864,496</u>	<u>\$ 344,485</u>	<u>\$ 1,419,789</u>

(1) - Year ended September 30, 2013

MACOMB COUNTY, MICHIGAN
Combining Statement of Cash Flows - Proprietary Funds (concluded)
Year Ended December 31, 2013

	Nonmajor Enterprise Fund		Governmental Activities	
	Freedom Hill Park	Enterprise Fund Totals	Internal Service Funds	
Cash flows from operating activities				
Cash received from customers	\$ 166,827	\$ 320,541,016	\$ -	
Cash received from interfund services	-	-	71,747,416	
Cash payments for delinquent taxes	-	(56,169,512)	-	
Cash payments to employees	(22,768)	(38,827,518)	(2,125,829)	
Cash payments to suppliers	(250,169)	(204,021,326)	(62,639,753)	
Net cash provided by (used in) operating activities	<u>(106,110)</u>	<u>21,522,660</u>	<u>6,981,834</u>	
Cash flows from noncapital financing activities				
Transfers in	74,106	6,851,522	17,000	
Transfers out	-	-	(960,670)	
Net cash provided by (used in) noncapital financing activities	<u>74,106</u>	<u>6,851,522</u>	<u>(943,670)</u>	
Cash flows from capital and related financing activities				
Acquisition of capital assets	(50,000)	(119,875)	(445,775)	
Cash flows from investing activities				
Interest received on investments	-	337,280	11,295	
Increase (decrease) in cash and pooled investments	(82,004)	28,591,587	5,603,684	
Cash and pooled investments, beginning of year	588,900	132,575,449	55,433,629	
Cash and pooled investments, end of year	<u>\$ 506,896</u>	<u>\$ 161,167,036</u>	<u>\$ 61,037,313</u>	
Reconciliation of operating income (loss) to net cash provided (used) by operating activities				
Operating income (loss)	\$ (148,929)	\$ 2,927,853	\$ 1,982,034	
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	56,128	142,792	521,934	
Changes in assets and liabilities:				
Taxes receivable	-	6,584,173	-	
Accounts receivable	(65,589)	753,859	(111,789)	
Inventory	-	-	59,278	
Due from other governments	-	649,624	-	
Due from other funds	-	-	396,130	
Other assets	-	499,469	1,215,606	
Accounts payable	2,985	1,747,541	3,497,991	
Accrued employee benefits	-	(53,406)	(548,345)	
Net OPEB Obligation	49,295	4,547,839	-	
Due to other governments	-	3,839,434	-	
Due to other funds	-	-	(1,271)	
Unearned revenue	-	(116,518)	-	
Accrued claims and judgements	-	-	(29,734)	
Net cash provided by (used in) operating activities	<u>\$ (106,110)</u>	<u>\$ 21,522,660</u>	<u>\$ 6,981,834</u>	

MACOMB COUNTY, MICHIGAN
Statement of Fiduciary Net Position
Fiduciary Funds
December 31, 2013

	Employee Retirement and Other Postretirement Benefits	Agency Funds
Assets		
Cash and pooled investments	\$ 24,443,420	\$ 9,705,365
Receivables		
Accrued interest	1,669,826	-
Other	678,879	458,260
Due from other funds	105,240	-
Investments, at fair value		
Corporate bonds	122,351	-
Common stock	401,368,959	-
Foreign stock	24,494,626	-
Limited partnership	176,003,311	-
Real estate investment trusts	23,662,411	-
Fixed income common collective trusts	173,185,601	-
Equity common collective trusts	252,749,531	-
Other assets	1,418	346,030
	1,078,485,573	\$ 10,509,655
 Liabilities		
Accounts payable	4,201,770	\$ 1,543,537
Compensation and benefits	4,002,000	200,376
Deposits	-	6,417,170
Due to other governments	-	2,348,572
Due to governmental funds	6,341,310	-
Due to fiduciary funds	105,240	-
	14,650,320	\$ 10,509,655
 Net Position		
Net position held in trust for pension and other postemployment benefits	\$ 1,063,835,253	

MACOMB COUNTY, MICHIGAN
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
Year Ended December 31, 2013

	Employee Retirement and Other Postretirement Benefits
Additions	
Contributions	
Employer	\$ 35,012,829
Employee	4,465,807
	39,478,636
Investment income	
Net appreciation in fair value of assets	171,687,291
Interest	10,183,744
Dividends	7,462,367
	189,333,402
Less investment expenses	
Management and custodial fees	4,729,634
	184,603,768
Net investment income	184,603,768
Total Additions	224,082,404
Deductions	
Benefit payments	77,735,701
Refunds of contributions	503,386
Administrative expense	235,187
	78,474,274
Net decrease in Net Position	145,608,130
Net Position	
Beginning of year	918,227,123
End of year	\$ 1,063,835,253

MACOMB COUNTY, MICHIGAN
Combining Statement of Net Position - Component Units
December 31, 2013

	Drainage Districts (1)	Workforce Development Board (2)	Total
Assets			
Cash and cash equivalents	\$ 39,450,910	\$ 586,043	\$ 40,036,953
Restricted cash - unspent bond proceeds	16,752,455	-	16,752,455
Receivables			
Trade accounts, net	11,050,253	15,158	11,065,411
Special assessments	253,526,883	-	253,526,883
Due from other governments	-	4,985,021	4,985,021
Other assets	-	10,777	10,777
Capital assets, net			
Assets not being depreciated	37,153,842	-	37,153,842
Assets being depreciated	267,933,949	-	267,933,949
Total Assets	625,868,292	5,596,999	631,465,291
Liabilities			
Accounts payable	14,805,676	5,437,772	20,243,448
Accrued compensation and benefits	-	68,921	68,921
Accrued interest payable	3,340,891	-	3,340,891
Due to other governments	-	30,294	30,294
Unearned revenue	16,798,187	-	16,798,187
Long-term liabilities:			
Due within one year	11,529,057	-	11,529,057
Due in more than one year	242,487,035	-	242,487,035
Total Liabilities	288,960,846	5,536,987	294,497,833
Net Position			
Net investment in capital assets	98,986,882	-	98,986,882
Unrestricted	237,920,564	60,012	237,980,576
Total Net Position	\$ 336,907,446	\$ 60,012	\$ 336,967,458

(1) - Year-end September 30, 2013

(2) - Year-end June 30, 2013

MACOMB COUNTY, MICHIGAN
Combining Statement of Activities - Component Units
For the Year Ended December 31, 2013

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Drainage Districts (1)					
Public works	\$ 63,593,410	\$ 65,126,724	\$ -	\$ 1,562,243	\$ 3,095,557
Interest on long-term debt	8,538,416	-	-	-	(8,538,416)
Total Public Works	<u>72,131,826</u>	<u>65,126,724</u>	<u>-</u>	<u>1,562,243</u>	<u>(5,442,859)</u>
Workforce Development Board (2)					
Health and welfare	<u>29,131,760</u>	<u>862,989</u>	<u>28,260,450</u>	<u>-</u>	<u>(8,321)</u>
Total Component Units	<u>\$ 101,263,586</u>	<u>\$ 65,989,713</u>	<u>\$ 28,260,450</u>	<u>\$ 1,562,243</u>	<u>\$ (5,451,180)</u>

(1) - Year ended September 30, 2013

(2) - Year ended June 30, 2013

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, 2013

	Drainage Districts (1)	Workforce Development Board (2)	Total
Changes in Net Position			
Net (expense) revenue	\$ (5,442,859)	\$ (8,321)	\$ (5,451,180)
General revenues			
Investment earnings	7,335,205	-	7,335,205
Change in Net Position	1,892,346	(8,321)	1,884,025
Net Position, beginning of year	335,015,100	68,333	335,083,433
Net Position, end of year	\$ 336,907,446	\$ 60,012	\$ 336,967,458

(1) - Year ended September 30, 2013

(2) - Year ended June 30, 2013

The accompanying notes are an integral part of these financial statements

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements
December 31, 2013

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, 2013, 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, Community Corrections, Community Services, Health Grants, MSU Extension, Prosecuting Attorney, and Sheriff Grants 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, 2013, and the Work Force Development Board which is included on a June 30, 2013 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. 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, 2013

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, 2013

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. Assignments 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, 2013

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. These activities are funded primarily by the Federal government, the State of Michigan and local units of government within 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, 2013

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. The financial statements of the internal service funds are consolidated into the governmental and business-type 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, 2013

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, 2013

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 \$31,503,761 at year end, net of an allowance of \$193,910, 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, 2013

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 expensed 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, 2013

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 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 expensed as incurred. 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 general operating property tax is levied July 1 of each year based on the taxable value of property as of the preceding December 31. The Veterans’ and Drain Debt property taxes are levied on December 1 of each year. 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, 2013 levy (calendar 2013 revenue) was \$24,113,941,897. The County operating tax rate for the 2013 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 2013 was \$2,226,001.

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, 2013

Note 1 – Summary of Significant Accounting Policies (concluded)

Unearned Revenue - Governmental funds, the governmental activities, and business type activities defer revenue recognition in connection with resources that have been received but not yet earned.

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 commitment.
- 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 other governmental funds.

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2013

Note 1 – Summary of Significant Accounting Policies (concluded)

Fund Equity (concluded) - When the County incurs an expenditure for purposes for which various fund balance classifications can be used, it is the County's policy to use restricted fund balance first, then committed, assigned, and finally unassigned fund balance, if any. Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

Deferred Outflows/Inflows of Resources - In addition to assets, the statement of net position and/or governmental funds balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then. The County had no deferred outflows at year end.

In addition to liabilities, the statement of net position and/or governmental funds balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents the acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has three types of items that qualify for reporting in this category. The governmental funds report unavailable revenues from two sources: property taxes and special assessments and State and Federal grants. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. In addition to these items, the primary government also reports deferred inflows for property taxes received before the period for which they were levied. These property taxes are shown as deferred inflows of resources on both the governmental funds balance sheet as well as the statement of net position. Those property taxes will be recognized as revenue in 2014.

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.

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2013

Note 2 – Deposits and Investments (continued)

Primary Government and Component Unit Deposits and Investments (continued) -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.

The deposits and investments of the primary government and component units, excluding the pension and other postemployment benefit trust funds, at December 31, 2013 and September 30, 2013 respectively, are presented below.

	<u>Primary Government</u>	<u>Component Units</u>	<u>Percent of Total</u>
Cash on hand	\$ 74,052	\$ -	0.02%
Bank and money market accounts	153,504,639	16,217,032	37.46%
Certificates of deposit	242,723,144	40,572,376	62.53%
Total deposits and investments	396,301,835	56,789,408	<u>100.01%</u>
Timing effect of different year ends	(2,066,353)	-	
Amount reported at December 31, 2013	<u>\$ 394,235,482</u>	<u>\$ 56,789,408</u>	
Amount reported in primary government	\$ 384,530,117		
Amount reported in agency funds	9,705,365		
	<u>\$ 394,235,482</u>		

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2013

Note 2 – Deposits and Investments (continued)

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

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 \$457,080,323, with corresponding bank balances of \$464,696,231. Qualifying deposits are insured by the FDIC up to \$250,000. Of the bank balances, \$2,500,000 was insured and the remaining \$462,196,231 was uninsured and uncollateralized. The County believes that it is impractical to insure all deposits given the size of the portfolio and the limits of insurance established by the FDIC. As a result, the County evaluates each institution with which it deposits funds and assesses the level of risk associated with each institution and adjusts its deposits accordingly.

Investments - Investments of the primary government 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 county party 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. No 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.

- ***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. The County had no investments exposed to interest rate risk at December 31, 2013.

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2013

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, 2013 are presented below:

<u>Investment Type</u>	<u>Amount</u>	<u>Percent of Total</u>
Cash and pooled investments	\$ 103,758	0.06%
Common Stock	921,105	0.56%
Foreign Stock	24,494,626	15.01%
Real Estate Investment Trusts	23,662,411	14.50%
Fixed Income Common Collective Trusts	32,181,192	19.74%
Equity Common Collective Trusts	81,775,564	50.13%
	<u>\$ 163,138,656</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, 2013, 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	\$ 11,553,048	\$ 10,845,062	\$ 1,447,896	\$ 23,846,006
AA	-	-	1,193,536	1,193,536
A	-	-	3,375,163	3,375,163
BAA	-	-	3,766,487	3,766,487
	<u>\$ 11,553,048</u>	<u>\$ 10,845,062</u>	<u>\$ 9,783,082</u>	<u>\$ 32,181,192</u>

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2013

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 NO. 40, the County is exposed to concentration of credit risk if more than 5% of its portfolio is invested in instruments issued by a single issuer. Investments in instruments issued by the US Government, as well as those held in mutual funds and investment pools are exempt from this requirement. None of the investments in common or foreign stock exceeded the 5% threshold at December 31, 2013.

- ***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, 2013 were as follows:

Maturities (Years)	Fair Value			
	US Treasury	US Agency	Corporate	Total
1-5	\$ 5,025,575	\$ 4,717,602	\$ 4,255,641	\$ 13,998,818
6-10	4,459,477	4,186,194	3,776,269	12,421,940
11 or more	2,067,996	1,941,266	1,751,172	5,760,434
	<u>\$ 11,553,048</u>	<u>\$ 10,845,062</u>	<u>\$ 9,783,082</u>	<u>\$ 32,181,192</u>

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2013

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, 2013 is presented below:

<u>Investment Type</u>	<u>Amount</u>	<u>Percent of Total</u>
Cash and pooled investments	\$ 24,339,662	2.67%
Corporate bonds	122,351	0.01%
Common stock	400,447,854	43.86%
Limited partnerships	176,003,311	19.28%
Fixed income common collective trusts	141,004,409	15.45%
Equity common collective trusts	170,973,967	18.73%
	<u>\$ 912,891,554</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 \$24,339,662 with corresponding bank balances of \$24,382,067. 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 \$24,132,067 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 seventy percent (70%) of the total portfolio.

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2013

Note 2 - Deposits and Investments (concluded)

Employees' Retirement System Deposits and Investments (concluded) –

At December 31, 2013, the System's investments in debt securities were rated by Standard & Poors as follows:

Quality Rating	US Treasury	US Agency	Foreign Bonds	Corporate Bonds	Total
AAA	\$ 22,506,693	\$ 21,485,648	\$ 5,748,202	\$ 7,744,088	\$ 57,484,631
AA+	-	-	4,129	-	4,129
AA	-	-	8,259	4,992,123	5,000,382
AA-	-	-	7,734,468	-	7,734,468
A	-	-	8,147,414	13,987,252	22,134,665
A-	-	-	2,481,802	-	2,481,802
BAA	-	-	-	25,432,918	25,432,918
BA	-	-	-	2,432,001	2,432,001
BBB+	-	-	5,789,495	-	5,789,495
BBB	-	-	2,746,087	-	2,746,087
BBB-	-	-	1,726,112	-	1,726,112
BB+	-	-	3,596,755	-	3,596,755
BB-	-	-	351,004	-	351,004
B+	-	-	607,030	-	607,030
B	-	-	-	868,572	868,572
B-	-	-	2,188,611	-	2,188,611
CCC+	-	-	165,177	-	165,177
CCC	-	-	-	17,128	17,128
D	-	-	-	24,583	24,583
Not rated	-	-	-	341,211	341,211
	<u>\$ 22,506,693</u>	<u>\$ 21,485,648</u>	<u>\$ 41,294,544</u>	<u>\$ 55,839,875</u>	<u>\$ 141,126,760</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, 2013 were as follows:

Maturities (Years)	US Treasury	US Agency	Foreign Bonds	Corporate Bonds	Total
Less than 1	\$ -	\$ -	\$ -	\$ 89,473	\$ 89,473
1-5	-	-	41,294,544	15,750	41,310,294
6-10	22,506,693	21,485,648	-	55,717,524	99,709,865
11 or more	-	-	-	17,128	17,128
	<u>\$ 22,506,693</u>	<u>\$ 21,485,648</u>	<u>\$ 41,294,544</u>	<u>\$ 55,839,875</u>	<u>\$ 141,126,760</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 53.4 percent of the Employee's Retirement System assets and 69.9 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, 2013

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, 2013:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities totals				
Capital assets not being depreciated				
Land	\$ 217,439,729	\$ 2,645,423	\$ 76,545	\$ 220,008,607
Construction in progress	1,792,616	2,860,517	2,273,784	2,379,349
Total capital assets not being depreciated	<u>219,232,345</u>	<u>5,505,940</u>	<u>2,350,329</u>	<u>222,387,956</u>
Capital assets being depreciated				
Land improvements	11,917,567	315,926	-	12,233,493
Buildings	251,346,819	12,087,530	1,891,301	261,543,048
Machinery, equipment and vehicles	88,714,717	6,993,607	2,226,159	93,482,165
Infrastructure	1,051,158,301	31,455,208	-	1,082,613,509
Total capital assets being depreciated	<u>1,403,137,404</u>	<u>50,852,271</u>	<u>4,117,460</u>	<u>1,449,872,215</u>
Less accumulated depreciation for				
Land improvements	6,600,585	460,231	-	7,060,816
Buildings	111,346,730	7,026,118	368,777	118,004,071
Machinery, equipment and vehicles	75,928,106	4,711,824	2,215,405	78,424,525
Infrastructure	534,178,301	37,448,317	-	571,626,618
Total accumulated depreciation	<u>728,053,722</u>	<u>49,646,490</u>	<u>2,584,182</u>	<u>775,116,030</u>
Total capital assets being depreciated, net	<u>675,083,682</u>	<u>1,205,781</u>	<u>1,533,278</u>	<u>674,756,185</u>
Governmental activities capital assets, net	<u>\$ 894,316,027</u>	<u>\$ 6,711,721</u>	<u>\$ 3,883,607</u>	<u>\$ 897,144,141</u>

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

	Governmental Assets	Internal Service Assets	Total
Judicial	\$ 966,769	\$ -	\$ 966,769
General government	2,255,108	521,934	2,777,042
Health and welfare	2,896,067	-	2,896,067
Recreation and culture	62,122	-	62,122
Public safety	2,798,792	-	2,798,792
Public works	40,145,698	-	40,145,698
	<u>\$ 49,124,556</u>	<u>\$ 521,934</u>	<u>\$ 49,646,490</u>

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2013

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, 2013:

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities				
Capital assets not being depreciated				
Land	\$ -	\$ 50,000	\$ -	\$ 50,000
Capital assets being depreciated				
Land improvements	350,128	-	-	350,128
Buildings	1,862,372	69,875	-	1,932,247
Machinery, equipment and vehicles	772,658	12,258	-	784,916
Total capital assets being depreciated	2,985,158	82,133	-	3,067,291
Less accumulated depreciation for				
Land improvements	235,509	9,662	-	245,171
Buildings	898,044	69,589	-	967,633
Machinery, equipment and vehicles	599,421	75,799	-	675,220
Total accumulated depreciation	1,732,974	155,050	-	1,888,024
Total capital assets being depreciated, net	1,252,184	(72,917)	-	1,179,267
Business-type activities capital assets, net	<u>\$ 1,252,184</u>	<u>\$ (22,917)</u>	<u>\$ -</u>	<u>\$ 1,229,267</u>

Depreciation expense of the business-type activities by function totaled \$86,664 for health and welfare and \$56,128 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, 2013:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated				
Land	\$ 1,992,428	\$ -	\$ -	\$ 1,992,428
Construction in progress	22,634,600	12,526,814	-	35,161,414
Total capital assets not being depreciated	24,627,028	12,526,814	-	37,153,842
Capital assets being depreciated				
Infrastructure	371,933,531	-	-	371,933,531
Less accumulated depreciation for				
Infrastructure	96,560,909	7,438,673	-	103,999,582
Total capital assets being depreciated, net	275,372,622	(7,438,673)	-	267,933,949
Drainage district capital assets, net	<u>\$ 299,999,650</u>	<u>\$ 5,088,141</u>	<u>\$ -</u>	<u>\$ 305,087,791</u>

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2013

Note 4 – Long-Term Debt

The following is a summary of the long-term liability transactions for the year ended December 31, 2013:

Issue	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Primary Government					
Governmental activities					
Criminal Justice Bldg Authority					
Series 2002-B Refunding	\$ 1,000,000	\$ -	\$ 1,000,000	\$ -	\$ -
Building Authority					
Series 2002 MTB/Youth Home	3,175,000	-	1,550,000	1,625,000	1,625,000
Series 2002-A Refunding	2,620,000	-	835,000	1,785,000	875,000
Series 2005 Clemens Refunding	2,095,000	-	250,000	1,845,000	245,000
Series 2007 Refunding	16,590,000	-	70,000	16,520,000	70,000
Series 2012 PW/Warehouse Refunding	6,430,000	-	480,000	5,950,000	495,000
Series 2012A 800Mhz/Court Refunding	14,160,000	-	25,000	14,135,000	25,000
MI Transportation Fund					
Series 2008- Bridge Refunding Bonds	1,335,000	-	430,000	905,000	445,000
Series 2012- Bridge Refunding Bonds	2,265,000	-	100,000	2,165,000	100,000
Department of Roads					
2007 MDOT Infrastructure Loan	339,359	-	47,045	292,314	47,516
2010 MDOT Infrastructure Loan	302,442	-	32,274	270,168	32,606
2010 MDOT Infrastructure Loan	449,793	-	46,111	403,682	47,033
	50,761,594	-	4,865,430	45,896,164	4,007,155
Other liabilities					
Compensated Absences					
General County	10,747,162	1,283,933	1,824,244	10,206,851	650,000
Department of Roads	1,230,940	815,491	872,373	1,174,058	875,000
General liability claims					
General County	2,908,695	1,555,482	1,709,539	2,754,638	800,000
Department of Roads	37,608	127,400	134,725	30,283	9,303
Workers' compensation claims					
General County	3,813,693	1,065,836	934,187	3,945,342	900,000
Department of Roads	38,758	(4,345)	12,043	22,370	8,882
Total Governmental Activities	69,538,450	4,843,797	10,352,541	64,029,706	7,250,340
Business-type activities					
Compensated Absences	1,650,027	293,551	301,585	1,641,993	100,000
Total Primary Government	<u>\$ 71,188,477</u>	<u>\$ 5,137,348</u>	<u>\$ 10,654,126</u>	<u>\$ 65,671,699</u>	<u>\$ 7,350,340</u>
Component Units					
Drainage Districts					
Special Assessment Debt	\$ 253,949,036	\$ 10,309,244	\$ 10,731,403	\$ 253,526,877	\$ 11,509,428
Unamortized premiums	2,135,873	-	115,336	2,020,537	115,336
Unamortized discounts	(1,627,029)	-	(95,707)	(1,531,322)	(95,707)
Total Component Units	<u>\$ 254,457,880</u>	<u>\$ 10,309,244</u>	<u>\$ 10,751,032</u>	<u>\$ 254,016,092</u>	<u>\$ 11,529,057</u>

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2013

Note 4 – Long-Term Debt (continued)

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

Issue	Interest Rate	Date of Issue	Maturing Through	Original Issue Amount	Balance End of Year
Primary Government					
Governmental activities					
Criminal Justice Building Authority					
Series 2002-B Refunding	2.00-4.00	01/01/2003	7/1/2013	\$ 5,830,000	\$ -
Macomb County Building Authority					
Series 2002 MTB/Youth Home Renovation	4.0-4.375	05/01/2002	3/1/2014	32,000,000	1,625,000
Series 2002-A Refunding	2.50-4.00	12/01/2002	5/1/2015	8,885,000	1,785,000
Series 2005 Clemens Refunding	3.25-5.00	12/01/2005	5/1/2020	2,875,000	1,845,000
Series 2007 Refunding	3.50-4.22	04/01/2007	3/1/2022	16,895,000	16,520,000
Series 2012 Public Works/Warehouse Refunding	2.00-2.50	03/01/2012	5/1/2024	6,550,000	5,950,000
Series 2012A 800MHz/NB Court Refunding	2.00-2.50	10/01/2012	11/1/2025	14,160,000	14,135,000
Michigan Transportation Bonds					
Series 2008 Bridge Refunding Bonds	3.00-3.50	06/01/2008	12/1/2015	2,605,000	905,000
Series 2012 Bridge Refunding Bonds	2.00	11/01/2012	12/1/2019	2,265,000	2,165,000
Department of Roads					
2007 MDOT Infrastructure Loan	1.00	11/14/2006	11/14/18	477,720	252,314
2010 MDOT Infrastructure Loan	1.00	10/29/2010	10/29/20	334,405	270,168
2010 MDOT Infrastructure Loan	2.00	12/22/2010	12/22/20	495,000	403,682
Total Primary Government				<u>\$ 93,372,125</u>	<u>\$ 45,896,164</u>
Drainage Districts Component Unit					
Special Assessment Debt					
Busch Drain	3.80- 4.55	10/01/1998	05/01/2014	\$ 1,250,000	\$ 125,000
Hawken Drain	4.30 - 5.25	08/01/2000	05/01/2015	795,000	150,000
Hayes Drain	4.50 - 5.20	08/01/2000	05/01/2015	1,095,000	250,000
Plumbrook Bridge Replacement	4.00 - 5.00	08/01/2000	05/01/2015	2,800,000	550,000
Schmidt Drain	3.60 - 4.30	05/01/2005	06/01/2016	525,000	175,000
17 Mile Road Drain & Branches	4.00 - 8.00	04/01/1973	05/01/2013	2,315,000	-
17 Mile Road Extension	3.06 - 4.50	11/01/2001	11/01/2016	1,725,000	450,000
Sterling Relief Lateral 12B Extension	2.00 - 4.00	09/01/2003	11/01/2012	885,000	-
North Gratiot Interceptor - Phase 5	3.75 - 4.20	11/01/2006	05/01/2032	3,380,000	2,975,000
North Gratiot Interceptor - Lenox Local	4.00 - 4.25	03/01/2007	05/01/2031	15,200,000	12,700,000
North Gratiot Interceptor - Phase 1	3.25 - 4.75	06/01/2008	05/01/2033	22,340,000	19,850,000
North Gratiot Interceptor - Series 2010	1.00 - 6.35	05/11/2010	05/01/2035	16,965,000	15,600,000
Lake St. Clair Clean Water Initiative					
State Revolving Fund Series #1 (5186-01)	2.50	Various	10/01/2022	20,570,000	10,590,000
Lake St. Clair Clean Water Initiative					
State Revolving Fund Series #2 (5186-02)	2.50	Various	04/01/2022	13,630,000	6,985,000
Lake St. Clair Clean Water Initiative					
State Revolving Fund Series #3 (5186-03)	2.50	Various	04/08/2022	2,640,000	1,350,000
Lake St. Clair Clean Water Initiative					
State Revolving Fund Series #4 (5186-04)	2.50	Various	10/01/2022	5,550,000	2,840,000
Lake St. Clair Clean Water Initiative					
State Revolving Fund Series #5 (5186-05)	2.50	Various	10/01/2023	975,000	550,000
Lake St. Clair Clean Water Initiative Series 2004A	4.375 - 5.00	06/01/2004	10/01/2029	5,000,000	3,775,000
Lake St. Clair Clean Water Initiative Series 2004B	4.375 - 5.00	06/01/2004	10/01/2029	14,000,000	10,560,000
Lake St. Clair Clean Water Initiative Series 2010 Refunding	2.00 - 4.25	08/03/2010	10/01/2029	12,270,000	10,950,000
8.5 Mile Relief State Revolving Fund Loan (5306-01)	2.50	Various	10/01/2029	4,025,000	3,370,000
8.5 Mile Relief State Revolving Fund Loan (5393-01)	2.50	Various	10/01/2030	1,246,579	1,088,579
8.5 Mile Relief State Revolving Fund Loan (5460-01)	2.50	Various	4/01/2031	418,482	389,994
Oakland-Macomb Interceptor State Revolving Fund Loan (5368-01)	2.50	Various	04/01/2031	13,429,140	12,287,967
Oakland-Macomb Interceptor State Revolving Fund Loan (5368-02)	2.50	Various	10/01/2020	7,354,593	7,354,593
Oakland-Macomb Interceptor State Revolving Fund Loan (5368-03)	2.00	Various	10/01/2034	2,385,338	2,385,336
Oakland-Macomb Interceptor Series 2010B	1.15 - 5.90	04/15/2010	04/01/2030	3,450,500	3,118,325
Macomb Wastewater Disposal District SRF (5487-01)	2.50	Various	4/1/2034	3,501,458	3,501,458
Macomb Wastewater Disposal District SRF (5540-01)	2.00	Various	10/01/2033	247,403	247,403
Macomb Interceptor Series 2010A	1.250 - 5.375	08/30/2010	05/01/2035	95,620,000	89,620,000
Macomb Interceptor Series 2011	2.50 - 5.00	10/18/2011	05/01/2031	30,800,000	29,300,000
Richmond-Columbus Series 2010	4.70	11/23/2010	06/01/2021	547,778	438,222
Total Drainage Districts Component Unit				<u>\$ 307,036,269</u>	<u>\$ 253,526,677</u>
Total Reporting Entity				<u>\$ 400,408,394</u>	<u>\$ 299,423,041</u>

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2013

Note 4 – Long-Term Debt (continued)

All long-term obligations are presented as of December 31, 2013 except for the Special Assessment Debt with Governmental Commitment and Department of Road obligations, which are presented as of September 30, 2013. 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:

Principal Maturities					
Year	Primary Government				Drainage Districts
	Building Authority	MI Transportation Bonds	Department of Roads	Total	Special Assessment Debt
2014	3,335,000	545,000	127,155	4,007,155	11,509,428
2015	3,460,000	560,000	128,903	4,148,903	13,400,528
2016	3,665,000	490,000	130,665	4,285,665	12,836,342
2017	4,060,000	470,000	132,457	4,662,457	11,937,278
2018	4,175,000	470,000	134,284	4,779,284	12,295,753
2019-2023	19,475,000	535,000	312,700	20,322,700	66,023,584
2024-2028	3,690,000	-	-	3,690,000	61,648,150
2029-2033	-	-	-	-	50,890,814
2034-2038	-	-	-	-	12,985,000
	\$ 41,860,000	\$ 3,070,000	\$ 966,164	\$ 45,896,164	\$ 253,526,877

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

Interest Maturities					
Year	Primary Government				Drainage Districts
	Building Authority	MI Transportation Bonds	Department of Roads	Total	Special Assessment Debt
2014	1,245,784	74,975	13,699	1,334,458	10,603,241
2015	1,121,522	57,400	11,950	1,190,872	10,262,255
2016	1,016,847	39,300	10,188	1,066,335	9,871,653
2017	904,951	29,500	8,396	942,847	9,463,352
2018	779,911	20,100	6,569	806,580	9,064,460
2019-2023	1,891,965	10,700	8,979	1,911,644	38,152,794
2024-2028	121,743	-	-	121,743	24,742,789
2029-2033	-	-	-	-	10,457,764
2034-2038	-	-	-	-	1,081,140
	\$ 7,082,723	\$ 231,975	\$ 59,781	\$ 7,374,479	\$ 123,699,428

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2013

Note 4 – Long-Term Debt (continued)

New debt issued - 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, 2013, the District had drawn the total \$26,076,000. 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 \$12,287,967 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, 2013, the District drew down an additional \$50,947 on this loan, resulting in total draw downs of \$1,246,579 as of September 30, 2013. 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, 2013

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, 2013, the District had drawn down a total of \$7,354,593. 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 \$7,354,593 representing 51.5% of the total drawn down by the District as of year-end has been recorded by Macomb County.

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, 2013, the District had drawn down a total of \$3,501,458. 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 \$3,501,458 representing the total drawn down by the District as of year-end has been recorded at year end.

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2013

Note 5 – Interfund Receivables, Payables and Transfers

Interfund advances at December 31, 2013 were:

Fund	Advances Receivable	Advances Payable
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 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.

	Due From					
	Major Funds		Nonmajor Governmental Funds			Total
	General Fund	Roads	Special Revenue	Capital Projects	Internal Service	
General Fund	\$ -	\$ -	\$ 3,449,820	\$ 1,500,138	\$ 147,200	\$ 5,097,158
Internal Service	-	423,526	-	-	-	423,526
	-	423,526	3,449,820	1,500,138	147,200	5,520,684
Imbalance caused by the timing effects of interfund transactions in funds with different year-end reporting dates	-	(423,526)	-	-	-	(423,526)
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,449,820</u>	<u>\$ 1,500,138</u>	<u>\$ 147,200</u>	<u>\$ 5,097,158</u>

	Transfers In							
	Major Funds		Nonmajor Governmental Funds			Internal Service	Proprietary Funds	Total
	General Fund	Roads	Special Revenue	Capital Projects	Debt Service			
Transfers Out								
Major Governmental Funds								
General Fund	\$ -	-	14,564,492	-	5,169,942	-	6,358,173	\$ 26,092,607
Roads	-	-	-	90,369	-	-	-	90,369
Nonmajor Governmental Funds								
Special Revenue	21,039	-	30,047	1,393,533	-	17,000	-	1,461,619
Capital Projects	-	-	-	7,891,372	-	-	-	7,891,372
Debt Service	-	-	-	-	-	-	-	-
Internal Service Funds	-	-	-	960,670	-	-	-	960,670
Proprietary Funds	-	-	-	-	-	-	-	-
Subtotal	21,039	-	14,594,539	10,335,944	5,169,942	17,000	6,358,173	36,496,637
Imbalance caused by the timing effects of interfund transactions in funds with different year-end reporting dates	-	-	292,998	-	-	-	493,349	786,347
	<u>\$ 21,039</u>	<u>\$ -</u>	<u>\$ 14,887,537</u>	<u>\$ 10,335,944</u>	<u>\$ 5,169,942</u>	<u>\$ 17,000</u>	<u>\$ 6,851,522</u>	<u>\$ 37,282,984</u>

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2013

Note 6 – Leases

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

Year	Amount
2014	\$ 5,092,324
2015	4,497,402
2016	3,920,172
2017	2,494,148
2018	855,541
Thereafter	177,604
	\$ 17,037,191

Rental expense totaled \$3,979,210 for the year ended December 31, 2013.

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.

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, 2012 (date of the most recent actuarial valuation) the System’s membership consisted of:

Retirees and beneficiaries currently receiving benefits	2,591
Deferred members entitled to benefits but not yet receiving them	235
Active employees covered by the plan	2,079
Total membership	4,905

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2013

Note 8 – Employees' Retirement System (continued)

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

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 2013 was \$19,932,742. 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.

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2013

Note 8 – Employees’ Retirement System (continued)

Annual Pension Cost and Net Pension Obligation – During the year ended December 31, 2013, employer contributions totaled \$19,932,742, as required by the actuarial valuation of the plan as of December 31, 2011. The normal cost and actuarial accrued liability are determined using an entry age actuarial funding method. Unfunded actuarial accrued liabilities (UAAL) are amortized as a level percent of payroll over a 20-year open period. The County has historically contributed 100% of the annual required contribution. Three-year trend information regarding the County’s annual pension cost, percent contribution and net pension obligation are presented below.

<u>Year Ended December 31</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
2011	\$ 16,050,489	100	\$ -
2012	16,604,841	100	-
2013	19,932,742	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.

Funding Status and Progress – As of December 31, 2012, the date of the most recent actuarial valuation, the plan was 91.7% funded. The actuarial accrued liability for benefits was \$867,218,699 and the actuarial value of assets in the plan was \$795,605,544, resulting in an excess of actuarial accrued liability over assets of \$71,613,155. Covered payroll was \$105,391,874 and the ratio of the UAAL to covered payroll was (67.95) 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.

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2013

Note 8 – Employees’ Retirement System (continued)

The System does not issue separate independently audited financial statements; therefore, financial statements as of and for the year ended December 31, 2013 are presented below:

Statement of Fiduciary Net Position

ASSETS	
Cash and pooled investments	\$ 24,339,662
Receivables	
Accrued interest	571,051
Other	678,879
Investments, at fair value	
Corporate Bonds	122,351
Common Stock	400,447,854
Limited partnership	176,003,311
Fixed income common collective trusts	141,004,409
Equity common collective trusts	<u>170,973,967</u>
Total investments	888,551,892
Due from fiduciary funds	<u>105,240</u>
Total Assets	<u>914,246,724</u>
LIABILITIES	
Accounts payable	1,555,205
Accrued compensation and benefits	<u>4,002,000</u>
Total Liabilities	<u>5,557,205</u>
Net position held in trust for pension benefits	<u><u>\$ 908,689,519</u></u>

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2013

Note 8 – Employees' Retirement System (concluded)

Statement of Changes in Fiduciary Net Position

ADDITIONS	
Contributions	
Employer	\$ 19,932,742
Employee	<u>3,719,676</u>
Total contributions	<u>23,652,418</u>
Investment income	
Net appreciation in fair value of assets	157,241,288
Interest and dividends	<u>7,894,397</u>
	165,135,685
Less investment expenses	
Management and custodial fees	<u>4,627,754</u>
Net investment income	<u>160,507,931</u>
Total additions	<u>184,160,349</u>
DEDUCTIONS	
Benefit payments	62,721,398
Refunds of contributions	503,386
Administrative expense	<u>183,500</u>
Total deductions	<u>63,408,284</u>
Net increase in net position	120,752,065
NET POSITION	
Beginning of year	<u>787,937,454</u>
End of year	<u>\$ 908,689,519</u>

As of year-end, the plans legally required reserves have been fully funded as follows: Retiree Reserve of \$559,433,068 and Employee Reserve of \$45,727,274.

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2013

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, 2012 (date of the most recent actuarial valuation), membership consisted of:

Retirees and beneficiaries currently receiving benefits	1,760
Deferred members entitled to benefits but not yet receiving them	525
Active employees covered by the plan	1,819
 Total membership	 4,104

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, 2013 was \$15,167,870, of which the employer contributed \$14,421,739 and plan members contributed \$746,131.

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, 2013.

Annual required contribution	\$ 44,167,496
Interest on net OPEB obligation	9,869,069
Adjustment to annual required contribution	(9,237,568)
 Annual OPEB cost	 44,798,997
Employer contributions	(15,080,087)
 Increase in OPEB obligation	 29,718,910
Net OPEB obligation, beginning of year	207,769,872
 Net OPEB obligation, end of year	 \$ 237,488,782

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2013

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, 2013 were as follows:

SCHEDULE OF EMPLOYER CONTRIBUTIONS

<u>Year Ended</u> <u>December 31</u>	<u>Annual</u> <u>OPEB Cost</u>	<u>Percentage</u> <u>Contributed</u>	<u>Net OPEB</u> <u>Obligation</u>
2011	\$ 42,924,982	32.5%	\$ 170,274,627
2012	51,252,293	26.8%	207,769,872
2013	44,798,997	33.7%	237,488,782

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, 2012. Other significant assumptions were as follows: (a) investments are assumed to earn 4.75% 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 4.0% 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 26 years.

Funding Status and Progress – As of December 31, 2012, the date of the most recent actuarial valuation, the plan was 19.2% funded. The actuarial accrued liability for benefits was \$679,928,682 and the actuarial value of assets in the plan was \$130,289,669, resulting in an unfunded actuarial accrued liability (UAAL) of \$549,639,013. Covered payroll was \$91,150,925 and the ratio of the UAAL to covered payroll was 603.0 percent.

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2013

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, 2013 are presented below:

Statement of Fiduciary Net Position

ASSETS	
Cash and pooled investments	\$ 103,758
Receivables	
Accrued interest	1,098,775
Other assets	<u>1,418</u>
 Total receivables and othe assets	 <u>1,100,193</u>
 Investments, at fair value	
Common stock	921,105
Foreign stock	24,494,626
Real estate investment trusts	23,662,411
Fixed income common collective trusts	32,181,192
Equity common collective trusts	<u>81,775,564</u>
 Total investments	 <u>163,034,898</u>
 Total Assets	 <u>164,238,849</u>
 LIABILITIES	
Accounts payable	2,646,565
Due to governmental funds	6,341,310
Due to fiduciary funds	<u>105,240</u>
 Total Liabilities	 <u>9,093,115</u>
 Net position held in trust for postemployment benefits	 <u>\$ 155,145,734</u>

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2013

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

Statement of Changes in Fiduciary Net Position

ADDITIONS	
Contributions	
Employer	\$ 15,080,087
Employee	<u>746,131</u>
Total contributions	<u>15,826,218</u>
Investment income	
Net appreciation in fair value of assets	14,446,003
Interest and dividends	<u>9,751,714</u>
	24,197,717
Less investment expenses	
Management and custodial fees	<u>101,880</u>
Net investment income	<u>24,095,837</u>
Total additions	<u>39,922,055</u>
DEDUCTIONS	
Benefit payments	15,014,303
Administrative expense	<u>51,687</u>
Total deductions	<u>15,065,990</u>
Net increase in net position	24,856,065
NET POSITION	
Beginning of year	<u>130,289,669</u>
End of year	<u>\$ 155,145,734</u>

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2013

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 \$3,087,979 for the year ended September 30, 2013. 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, 2013.

Annual OPEB Cost and Net OPEB Obligation - The cost of providing retiree health care benefits (OPEB) for the year ended September 30, 2013 was determined through an actuarial valuation as of December 31, 2011. 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, 2013.

Annual required contribution	\$	5,805,250
Interest on net OPEB asset		(315,450)
Adjustment to annual required contribution		219,155
Annual OPEB cost		5,708,955
Employer contributions		(6,087,979)
Increase in OPEB asset		(379,024)
Net OPEB asset, beginning of year		(3,943,125)
Net OPEB asset, end of year	\$	(4,322,149)

The Department of Roads annual OPEB cost, percentage of annual OPEB cost contributed and the net OPEB obligation as of September 30, 2013 were as follows:

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Year Ended September 30	Annual OPEB Cost	Percentage Contributed	Net OPEB (Asset)
2011	\$ 5,765,799	122.0%	\$ (2,431,003)
2012	6,054,090	125.0%	(3,943,125)
2013	5,708,955	106.6%	(4,322,149)

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2013

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, 2012. 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, 2013

Note 11 – Contingencies and commitments (concluded)

Construction Commitments – The Department of Roads had several significant active projects in progress at September 30, 2013, with estimated total project costs of \$6,991,628. Of the total, \$4,253,212 represents amount previously expended and \$2,738,416 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 \$16,798,187.

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 2013 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, 2013, the County has accrued an aggregate of \$3,934,561 for unresolved workers' compensation claims, exclusive of the Department of Roads. At September 30, 2013 the Department of Roads has accrued an aggregate of \$22,370 for unresolved workers' compensation claims. Changes in the estimated liabilities for workers' compensation claims for the past two fiscal years were as follows:

	<u>General County</u>		<u>Department of Roads</u>	
	<u>Year Ended December 31,</u>		<u>Year Ended September 30,</u>	
	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>
Estimated liability - beginning of year	\$ 4,449,854	\$ 3,813,693	\$ 126,760	\$ 38,758
Estimated claims incurred, including changes in estimates	408,955	1,065,836	(69,475)	(4,345)
Claims payments	(1,045,116)	(934,187)	(18,527)	(12,043)
Estimated liability - end of year	<u>\$ 3,813,693</u>	<u>\$ 3,945,342</u>	<u>\$ 38,758</u>	<u>\$ 22,370</u>

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2013

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 \$750,000 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. 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, 2013, the Department of Roads had an accrual of \$30,283 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, 2013, the general County reported a balance of \$2,754,638 for its unresolved general liability claims. Changes in the estimated liabilities for general liability claims for the past two fiscal years were as follows:

	<u>General County</u>		<u>Department of Roads</u>	
	<u>Year Ended December 31,</u>		<u>Year Ended September 30,</u>	
	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>
Estimated liability - beginning of year	\$ 4,510,810	\$ 2,908,695	\$ 49,588	\$ 37,608
Estimated claims incurred, including changes in estimates	(85,663)	1,555,482	32,862	127,400
Claims payments	<u>(1,516,452)</u>	<u>(1,709,539)</u>	<u>(44,842)</u>	<u>(134,725)</u>
Estimated liability - end of year	<u>\$ 2,908,695</u>	<u>\$ 2,754,638</u>	<u>\$ 37,608</u>	<u>\$ 30,283</u>

Health Insurance – The County is self-insured for one of its several health care plans offered to employees and retirees. Approximately 17% 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:

	<u>Year Ended December 31,</u>	
	<u>2012</u>	<u>2013</u>
Estimated liability - beginning of year	\$ (537,532)	\$ (2,003,396)
Estimated claims incurred, including changes in estimates	10,832,995	9,449,918
Claims payments	<u>(12,298,859)</u>	<u>(7,779,590)</u>
Estimated liability - end of year	<u>\$ (2,003,396)</u>	<u>\$ (333,068)</u>

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2013

Note 13 - Net Investment in Capital Assets

The composition of net investment in capital assets as of December 31, 2013 is presented below:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Component Units</u>
Capital assets:			
Capital assets not being depreciated	\$ 222,387,956	\$ -	\$ 37,153,842
Capital assets being depreciated	674,756,185	1,179,267	267,933,949
	<u>897,144,141</u>	<u>1,179,267</u>	<u>305,087,791</u>
Related debt:			
Total bonds payable	45,896,164	-	253,526,877
Net bond discounts/premiums	-	-	489,215
Less: Unexpended bond proceeds	-	-	(16,752,455)
Less: Bond proceeds not capitalized	-	-	(31,162,728)
	<u>45,896,164</u>	<u>-</u>	<u>206,100,909</u>
Net investment in capital assets	<u>\$ 851,247,977</u>	<u>\$ 1,179,267</u>	<u>\$ 98,986,882</u>

Note 14 - Accounting Pronouncements Implemented

During the current year, the County adopted GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. The objective of this Statement is to establish standards that reclassify certain items that were previously reported as assets and liabilities and instead classified them as deferred inflows of resources or deferred outflows of resources. As a result of implementing this statement, the following items have been reclassified as indicated below:

<u>Item</u>	<u>Amount</u>	<u>Prior Classification</u>	<u>New Classification</u>
Property taxes that were levied in the current year that will finance the next year's budget	\$ 1,074,389	Liability	Deferred inflow of resources
Property taxes not collected within 60 days of year end	3,442,743	Liability	Deferred inflow of resources
Grant funds not collected within 60 days of year end	13,164,910	Liability	Deferred inflow of resources
Special assessments not collected within 60 days of year end	236,791,446	Liability	Deferred inflow of resources

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2013

Note 15 - Upcoming Accounting Pronouncements

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.

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.

In April 2013, the GASB issued GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*. Statement No. 70 requires governments that extend financial guarantees for the obligations of another entity without receiving equal or approximately equal value in exchange to recognize a liability when qualitative factors and historical data, if any, indicate that it is more likely than not that the government will be required to make a payment on the guarantee. The statement also specifies certain disclosures both for governments that extend financial guarantees and those that receive them. 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, 2014.

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (concluded)
December 31, 2013

Note 16 – Subsequent Events

On January 22, 2014, the Macomb County Building Authority (the "Authority") issued \$15,155,000 of Series 2014 Refunding bonds to advance refund \$16,450,000 of the \$16,520,000 Macomb County Building Authority Series 2007 Martha T. Berry/Youth Home refunding bonds outstanding at that date. The net proceeds of \$16,450,000 (after payment of \$108,647 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 \$70,000 Series 2007 refunding bonds were due and payable March 1, 2014. The difference between the cash flows required to service the old debt and the cash flows required to service the new bonds and complete the refunding was \$1,712,403. The economic gain realized by the County as a result of the refunding was \$1,584,568, which represents the difference between the present value of the debt service payments on the old and new debt. The refunding bonds, issued in denominations of \$5,000 or multiples thereof, bear interest from 3.00% to 4.00% and are due serially through March 1, 2022. The bonds are to be repaid from rental payments received pursuant to a lease agreement executed between the Authority and the County. These bonds are not subject to redemption prior to maturity.

MACOMB COUNTY, MICHIGAN

December 31, 2013

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
Year Ended December 31, 2013

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Taxes				
Current property	\$ 107,639,818	\$ 107,639,818	\$ 109,894,939	\$ 2,255,121
Licenses and Permits	1,402,701	1,451,501	1,640,405	188,904
Federal Grants	183,846	1,775,137	1,753,404	(21,733)
State Grants				
Revenue sharing	12,000,000	12,000,000	12,661,308	661,308
Court financing	5,074,971	5,074,971	4,576,065	(498,906)
Cigarette tax	50,000	50,000	33,471	(16,529)
Liquor tax	1,900,000	1,900,000	4,192,866	2,292,866
Health Department	1,851,437	1,851,437	1,876,196	24,759
Other	692,308	700,208	635,102	(65,106)
	<u>21,568,716</u>	<u>21,576,616</u>	<u>23,975,008</u>	<u>2,398,392</u>
Charges for Services				
Attorney fees	1,812,000	1,812,000	1,341,709	(470,291)
Certified copies	823,784	823,784	943,440	119,656
Commissions	958,100	958,100	1,326,537	368,437
Court costs and fees	2,388,830	2,388,830	1,952,150	(436,680)
Foster care	475,000	475,000	359,196	(115,804)
Health Department	1,098,183	1,098,183	1,068,445	(29,738)
Housing inmates	1,608,000	1,608,000	1,682,168	74,168
Land transfer tax	2,200,000	2,200,000	3,151,812	951,812
Medicare/medicaid	607,270	607,270	488,292	(118,978)
Other sheriff services	1,490,441	2,438,833	2,280,844	(157,989)
Personal services	900,000	900,000	1,064,309	164,309
Probation oversight fees	615,720	615,720	580,728	(34,992)
Public Works - pumping station	2,030,885	2,030,885	1,489,042	(541,843)
Recording fees	2,383,600	2,451,600	3,064,252	612,652
Rents	1,965,224	1,965,224	3,088,437	1,123,213
Sheriff road patrol	8,351,700	8,932,782	9,087,477	154,695
Soil erosion fees	665,000	665,000	1,058,435	393,435
Miscellaneous	2,540,585	2,559,335	2,800,110	240,775
	<u>32,914,322</u>	<u>34,530,546</u>	<u>36,827,383</u>	<u>2,296,837</u>
Investment Income	300,000	300,000	277,629	(22,371)
Charges to Other Funds for Administrative Services	8,291,115	8,291,115	7,035,978	(1,255,137)
Fines and Forfeitures	627,800	627,800	675,530	47,730
Other Revenue	216,000	216,000	209,878	(6,122)
Total Revenues	173,144,318	176,408,533	182,290,154	5,881,621
Other Financing Sources				
Transfers in	10,725,000	10,746,039	21,039	(10,725,000)
Total Revenues and Other Financing Sources	183,869,318	187,154,572	182,311,193	(4,843,379)

MACOMB COUNTY, MICHIGAN
Required Supplementary Information
Budgetary Comparison Schedule (GAAP Basis) - General Fund (continued)
Year Ended December 31, 2013

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Legislative				
Board of Commissioners	\$ 1,503,974	\$ 1,338,176	\$ 1,201,841	\$ 136,335
Judicial				
Circuit Court	9,925,911	9,918,619	9,420,458	498,161
District Court - 3rd Class	17,848	30,000	25,034	4,966
District Court - New Baltimore	1,374,310	1,409,002	1,372,867	36,135
District court - Romeo	1,122,024	1,070,123	1,028,254	41,869
Family Counseling	168,920	172,104	170,712	1,392
Family Court - Juvenile Division	5,156,172	4,789,782	4,652,648	137,134
Jury Commission	148,746	148,746	57,370	91,376
Law Library	31,500	31,500	29,153	2,347
Probate Court	3,203,074	3,032,709	2,987,178	45,531
Probation - Circuit Court	124,256	124,256	108,592	15,664
Probation - District Court	467,638	483,559	465,705	17,854
Prosecuting Attorney	8,983,942	8,996,041	8,900,735	95,306
Total Judicial	30,724,341	30,206,441	29,218,706	987,735
General Government				
Building Authority	1,300	1,300	1,228	72
County Clerk	4,368,714	4,492,535	4,337,904	154,631
County Executive	1,275,227	1,285,363	1,271,929	13,434
Corporation Counsel	874,549	839,649	815,630	24,019
Elections	34,284	34,284	21,242	13,042
Ethics Board	60,000	60,000	268	59,732
Facilities and Operations	14,717,321	14,619,749	14,051,028	568,721
Finance	2,067,119	1,964,371	1,902,423	61,948
Equalization	906,025	820,485	770,091	50,394
Human Resources	2,001,530	2,002,534	1,956,228	46,306
Information Technology	5,678,520	5,494,481	5,257,407	237,074
MSU Extension	867,328	825,841	797,987	27,854
Planning and Economic Development	2,838,706	2,788,350	2,716,923	71,427
Plat Board	1,000	1,000	-	1,000
Public Works	5,693,283	5,481,633	5,342,788	138,845
Purchasing	1,353,534	1,227,095	1,150,197	76,898
Register of Deeds	1,706,977	1,660,148	1,596,275	63,873
Reimbursement	797,313	769,972	735,557	34,415
Treasurer	2,215,093	2,194,693	2,129,732	64,961
Total General Government	47,457,823	46,563,483	44,854,837	1,708,646

MACOMB COUNTY, MICHIGAN
Required Supplementary Information
Budgetary Comparison Schedule (GAAP Basis) - General Fund (concluded)
Year Ended December 31, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Public Safety				
Civil Service Commission	\$ 14,150	\$ 24,962	\$ 15,965	\$ 8,997
Emergency Management	980,613	927,913	892,671	35,242
Sheriff Department	61,530,452	60,187,533	57,429,568	2,757,965
Total Public Safety	62,525,215	61,140,408	58,338,204	2,802,204
Health and Welfare				
Health & Community Services	267,671	262,819	250,441	12,378
Health Department	18,271,486	19,032,076	17,825,025	1,207,051
Senior Citizens Services	1,074,396	1,037,209	941,798	95,411
Social Services	72,472	72,472	72,472	-
Total Health and Welfare	19,686,025	20,404,576	19,089,736	1,314,840
Other Current Operations				
Non-departmental appropriations	1,039,764	860,199	781,088	79,111
Vacant position turnover factor	(9,204,077)	-	-	-
Capital Outlay	1,106,620	1,263,221	1,117,458	145,763
Total Expenditures	154,839,685	161,776,504	154,601,870	7,174,634
Other Financing Uses				
Transfers out	29,232,249	29,232,249	26,092,607	3,139,642
Total Expenditures and Other Financing Uses	184,071,934	191,008,753	180,694,477	10,314,276
Net change in Fund Balance	(202,616)	(3,854,181)	1,616,716	5,470,897
Fund Balance, beginning of year	80,071,006	80,071,006	80,071,006	-
Fund Balance, end of year	\$ 79,868,390	\$ 76,216,825	\$ 81,687,722	\$ 5,470,897

MACOMB COUNTY, MICHIGAN
Budgetary Comparison Schedule (GAAP Basis) - Department of Roads Special Revenue Fund
Year Ended September 30, 2013

	Original	Final Budget	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
Revenues				
Licenses and permits	\$ 481,200	\$ 481,200	\$ 341,860	\$ (139,340)
Federal & state grants	85,052,818	86,395,250	55,536,485	(30,858,765)
Charges for services	1,012,500	1,012,500	13,587,671	12,575,171
Investment income	171,296	171,296	91,534	(79,762)
Other revenue	353,583	353,583	308,207	(45,376)
Total Revenues	<u>87,071,397</u>	<u>88,413,829</u>	<u>69,865,757</u>	<u>(18,548,072)</u>
Expenditures				
Public works and capital outlay	94,099,911	95,512,343	66,667,351	28,844,992
Other Financing Sources (uses)				
Transfers out	(171,296)	(171,296)	(90,369)	80,927
Net change in Fund Balances	(7,199,810)	(7,269,810)	3,108,037	10,377,847
Fund Balances, beginning of year	54,028,070	54,028,070	54,028,070	-
Fund Balances, end of year	<u>\$ 46,828,260</u>	<u>\$ 46,758,260</u>	<u>\$ 57,136,107</u>	<u>\$ 10,377,847</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)
2007	847,305,155	772,649,767	(74,655,388)	109.66	126,696,252	(58.92)
2008	855,265,571	785,688,661	(69,576,910)	108.86	121,822,674	(57.11)
2009	866,356,598	814,563,728	(51,792,870)	106.36	116,522,938	(44.45)
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
2012	795,605,544	867,218,699	71,613,155	91.74	105,391,874	67.95

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	
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 (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)
2008	\$ 77,353,942	\$ 595,309,199	\$ 517,955,257	13.0%	\$ 107,373,375	482.4%
2010	113,732,259	745,671,057	631,938,798	15.3%	97,650,493	647.1%
2012	130,289,669	679,928,682	549,639,013	19.2%	91,150,925	603.0%

SCHEDULE OF EMPLOYER CONTRIBUTIONS

<u>Year Ended December 31</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
2011	\$ 39,386,733	35.4%
2012	49,542,167	30.4%
2013	44,167,496	34.1%

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%. In 2013, the rate was lowered to 4.75%.

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>
2011	\$ 5,765,799	122.0%
2012	6,054,090	125.0%
2013	5,805,250	104.8%

Macomb County, Michigan
Notes to the Required Supplemental Information
December 31, 2013

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.

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.

MACOMB COUNTY, MICHIGAN
Combining Balance Sheet
Nonmajor Fund Types
December 31, 2013

	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total</u>
Assets				
Cash and pooled investments	\$ 12,210,834	\$ 3,060,708	\$ 20,292,673	\$ 35,564,215
Taxes receivable	846,137	108,113	-	954,250
Accrued interest receivable	92,652	-	-	92,652
Accounts receivable, net	9,523,078	-	1,294,421	10,817,499
Due from other governments	7,838,786	-	2,542,901	10,381,687
Other assets	192,071	-	1,262	193,333
	<u>30,703,558</u>	<u>3,168,821</u>	<u>24,131,257</u>	<u>58,003,636</u>
Total Assets	\$ 30,703,558	\$ 3,168,821	\$ 24,131,257	\$ 58,003,636
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities				
Accounts payable	\$ 4,135,759	\$ 3	\$ 1,827,469	\$ 5,963,231
Accrued liabilities	64,908	-	724,574	789,482
Accrued compensation and benefits	228,037	-	-	228,037
Due to other governments	216,942	-	-	216,942
Due to governmental funds	3,449,820	-	1,500,138	4,949,958
Unearned revenue	95,243	-	-	95,243
	<u>8,190,709</u>	<u>3</u>	<u>4,052,181</u>	<u>12,242,893</u>
Total Liabilities	8,190,709	3	4,052,181	12,242,893
Deferred Inflows of Resources				
Property taxes and assessments levied in advance	955,012	119,377	-	1,074,389
Unavailable grants and other charges	2,930,326	-	1,562,928	4,493,254
	<u>3,885,338</u>	<u>119,377</u>	<u>1,562,928</u>	<u>5,567,643</u>
Total Deferred Inflows of Resources	3,885,338	119,377	1,562,928	5,567,643
Fund Balances				
Nonspendable for:				
Prepaid expenses	190,312	-	1,262	191,574
Restricted for:				
Capital projects	-	-	3,232,853	3,232,853
Debt service	-	3,049,441	-	3,049,441
Health and welfare	4,259,675	-	-	4,259,675
Judicial	20,127	-	-	20,127
Housing rehabilitation loans	8,647,402	-	-	8,647,402
Public safety	2,203,892	-	-	2,203,892
Technology	2,469,087	-	-	2,469,087
Assigned for:				
Capital projects	-	-	15,809,422	15,809,422
Health and welfare	3,219,693	-	-	3,219,693
Judicial	8,716	-	-	8,716
Public safety	51,555	-	-	51,555
Unassigned	(2,442,948)	-	(527,389)	(2,970,337)
	<u>18,627,511</u>	<u>3,049,441</u>	<u>18,516,148</u>	<u>40,193,100</u>
Total Fund Balances	18,627,511	3,049,441	18,516,148	40,193,100
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 30,703,558	\$ 3,168,821	\$ 24,131,257	\$ 58,003,636

MACOMB COUNTY, MICHIGAN
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Fund Types
Year Ended December 31, 2013

	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total</u>
Revenues				
Taxes	\$ 935,990	\$ 121,066	\$ -	\$ 1,057,056
Federal & state grants	52,649,875	-	1,692,659	54,342,534
Other grants	460,355	-	-	460,355
Charges for services	8,566,342	-	1,113,851	9,680,193
Investment income	6,313	33,975	3,102	43,390
Fines and forfeitures	256,345	-	-	256,345
Other revenue	287,858	-	88,185	376,043
Total Revenues	<u>63,163,078</u>	<u>155,041</u>	<u>2,897,797</u>	<u>66,215,916</u>
Expenditures				
Current				
Judicial	11,165,202	-	8,601	11,173,803
General government	1,607,035	-	-	1,607,035
Public safety	17,419,701	-	841,566	18,261,267
Public works	1,352	-	3,689	5,041
Health and welfare	50,054,978	-	-	50,054,978
Recreation and cultural	-	-	172,107	172,107
Capital outlay	1,611,886	-	11,449,285	13,061,171
Debt service				
Principal	-	4,740,000	-	4,740,000
Interest and fees	-	1,604,283	-	1,604,283
Total Expenditures	<u>81,860,154</u>	<u>6,344,283</u>	<u>12,475,248</u>	<u>100,679,685</u>
Excess of Revenues over (under) Expenditures	<u>(18,697,076)</u>	<u>(6,189,242)</u>	<u>(9,577,451)</u>	<u>(34,463,769)</u>
Other Financing Sources (uses)				
Transfers in	14,887,537	5,169,942	10,335,944	30,393,423
Transfers out	(1,461,619)	-	(7,891,372)	(9,352,991)
Total Other Financing Sources (uses)	<u>13,425,918</u>	<u>5,169,942</u>	<u>2,444,572</u>	<u>21,040,432</u>
Net Change in Fund Balances	<u>(5,271,158)</u>	<u>(1,019,300)</u>	<u>(7,132,879)</u>	<u>(13,423,337)</u>
Fund Balances, beginning of year	<u>23,898,669</u>	<u>4,068,741</u>	<u>25,649,027</u>	<u>53,616,437</u>
Fund Balances, end of year	<u>\$ 18,627,511</u>	<u>\$ 3,049,441</u>	<u>\$ 18,516,148</u>	<u>\$ 40,193,100</u>

MACOMB COUNTY, MICHIGAN
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2013

	<u>Adult Drug Court (1)</u>	<u>Child Care (1)</u>	<u>Community Corrections</u>	<u>Community Corrections (1)</u>
Assets				
Cash and pooled investments	\$ 11,304	\$ 1,100,464	\$ 79,547	\$ -
Taxes receivable	-	-	-	-
Accrued interest receivable	-	-	-	-
Accounts receivable, net	-	84,900	-	-
Due from other governments	-	1,946,155	-	124,728
Other assets	-	-	-	-
Total Assets	<u>\$ 11,304</u>	<u>\$ 3,131,519</u>	<u>\$ 79,547</u>	<u>\$ 124,728</u>
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities				
Accounts payable	\$ 11,087	\$ 528,322	\$ -	\$ 35,480
Accrued liabilities	-	-	9,984	2,483
Accrued compensation and benefits	217	22,637	-	1,762
Due to other governments	-	-	-	-
Due to governmental funds	-	-	-	85,003
Unearned revenue	-	-	62,513	-
Total Liabilities	<u>11,304</u>	<u>550,959</u>	<u>72,497</u>	<u>124,728</u>
Deferred Inflows of Resources				
Property taxes and assessments levied in advance	-	-	-	-
Unavailable grants and other charges	-	-	-	-
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances				
Nonspendable for:				
Prepaid expenses	-	-	-	-
Restricted for:				
Health and welfare	-	-	-	-
Judicial	-	-	-	-
Long term receivables	-	-	-	-
Public safety	-	-	7,050	-
Technology	-	-	-	-
Assigned for:				
Health and welfare	-	2,580,560	-	-
Judicial	-	-	-	-
Public safety	-	-	-	-
Unassigned	-	-	-	-
Total Fund Balances	<u>-</u>	<u>2,580,560</u>	<u>7,050</u>	<u>-</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 11,304</u>	<u>\$ 3,131,519</u>	<u>\$ 79,547</u>	<u>\$ 124,728</u>

(1) - Balance sheet as of September 30, 2013

MACOMB COUNTY, MICHIGAN
Combining Balance Sheet
Nonmajor Special Revenue Funds (continued)
December 31, 2013

	Community Services Agency	Community Services Agency (1)	Emergency Management Grants
Assets			
Cash and pooled investments	\$ 398,835	\$ 1,421,768	\$ 618,612
Taxes receivable	-	-	-
Accrued interest receivable	-	-	-
Accounts receivable, net	17,976	489,950	865
Due from other governments	-	302,683	2,970,261
Other assets	-	191,402	-
Total Assets	<u>\$ 416,811</u>	<u>\$ 2,405,803</u>	<u>\$ 3,589,738</u>
Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities			
Accounts payable	\$ -	\$ 489,994	\$ 2,441,546
Accrued liabilities	-	688	-
Accrued compensation and benefits	-	134,495	-
Due to other governments	-	1,075	3,282
Due to governmental funds	-	-	1,127,928
Unearned revenue	-	23,773	-
Total Liabilities	<u>-</u>	<u>650,025</u>	<u>3,572,756</u>
Deferred Inflows of Resources			
Property taxes and assessments levied in advance	-	-	-
Unavailable grants and other charges	-	247,816	1,703,250
Total Deferred Inflows of Resources	<u>-</u>	<u>247,816</u>	<u>1,703,250</u>
Fund Balances			
Nonspendable for:			
Prepaid expenses	-	189,643	-
Restricted for:			
Health and welfare	416,811	1,318,319	-
Judicial	-	-	-
Long term receivables	-	-	-
Public safety	-	-	-
Technology	-	-	-
Assigned for:			
Health and welfare	-	-	-
Judicial	-	-	-
Public safety	-	-	-
Unassigned	-	-	(1,686,268)
Total Fund Balances	<u>416,811</u>	<u>1,507,962</u>	<u>(1,686,268)</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 416,811</u>	<u>\$ 2,405,803</u>	<u>\$ 3,589,738</u>

(1) - Balance sheet as of September 30, 2013

MACOMB COUNTY, MICHIGAN
Combining Balance Sheet
Nonmajor Special Revenue Funds (continued)
December 31, 2013

	Friend of the Court (1)	Health Grants	Health Grants (1)
Assets			
Cash and pooled investments	\$ -	\$ 481,651	\$ 856,588
Taxes receivable	-	-	-
Accrued interest receivable	-	-	-
Accounts receivable, net	-	-	35
Due from other governments	1,405,888	33,291	55,804
Other assets	-	-	32
Total Assets	\$ 1,405,888	\$ 514,942	\$ 912,459
Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities			
Accounts payable	\$ 31,303	\$ 920	\$ 245,630
Accrued liabilities	-	-	-
Accrued compensation and benefits	-	-	6,302
Due to other governments	-	5,116	35,818
Due to governmental funds	1,293,824	-	-
Unearned revenue	-	-	-
Total Liabilities	1,325,127	6,036	287,750
Deferred Inflows of Resources			
Property taxes and assessments levied in advance	-	-	-
Unavailable grants and other charges	471,137	-	-
Total Deferred Inflows of Resources	471,137	-	-
Fund Balances			
Nonspendable for:			
Prepaid expenses	-	-	32
Restricted for:			
Health and welfare	-	508,906	624,677
Judicial	-	-	-
Long term receivables	-	-	-
Public safety	-	-	-
Technology	-	-	-
Assigned for:			
Health and welfare	-	-	-
Judicial	-	-	-
Public safety	-	-	-
Unassigned	(390,376)	-	-
Total Fund Balances	(390,376)	508,906	624,709
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 1,405,888	\$ 514,942	\$ 912,459

(1) - Balance sheet as of September 30, 2013

MACOMB COUNTY, MICHIGAN
Combining Balance Sheet
Nonmajor Special Revenue Funds (continued)
December 31, 2013

	Juvenile Drug Court Grant (1)	Macomb/St. Clair Employment and Training	MSU Extension
Assets			
Cash and pooled investments	\$ -	\$ 74,055	\$ 243,093
Taxes receivable	-	-	-
Accrued interest receivable	-	-	-
Accounts receivable, net	-	105	(941)
Due from other governments	27,157	-	1,883
Other assets	-	-	-
Total Assets	\$ 27,157	\$ 74,160	\$ 244,035
Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities			
Accounts payable	\$ 5,732	\$ 16,892	\$ 5,711
Accrued liabilities	-	-	1,206
Accrued compensation and benefits	-	57,268	-
Due to other governments	-	-	-
Due to governmental funds	20,812	-	-
Unearned revenue	-	-	-
Total Liabilities	26,544	74,160	6,917
Deferred Inflows of Resources			
Property taxes and assessments levied in advance	-	-	-
Unavailable grants and other charges	-	-	-
Total Deferred Inflows of Resources	-	-	-
Fund Balances			
Nonspendable for:			
Prepaid expenses	-	-	-
Restricted for:			
Health and welfare	-	-	237,118
Judicial	-	-	-
Long term receivables	-	-	-
Public safety	-	-	-
Technology	-	-	-
Assigned for:			
Health and welfare	-	-	-
Judicial	613	-	-
Public safety	-	-	-
Unassigned	-	-	-
Total Fund Balances	613	-	237,118
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 27,157	\$ 74,160	\$ 244,035

(1) - Balance sheet as of September 30, 2013

MACOMB COUNTY, MICHIGAN
Combining Balance Sheet
Nonmajor Special Revenue Funds (continued)
December 31, 2013

	MSU Extension (1)	Prosecuting Attorney Grants	Prosecuting Attorney Grants (1)
Assets			
Cash and pooled investments	\$ 329,967	\$ 28,548	\$ -
Taxes receivable	-	-	-
Accrued interest receivable	-	-	-
Accounts receivable, net	8,000	-	-
Due from other governments	-	-	271,524
Other assets	-	-	-
	\$ 337,967	\$ 28,548	\$ 271,524
Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities			
Accounts payable	\$ 2,278	\$ 318	\$ 5,891
Accrued liabilities	-	-	-
Accrued compensation and benefits	-	-	5,356
Due to other governments	-	-	-
Due to governmental funds	-	-	230,424
Unearned revenue	-	-	45
	2,278	318	241,716
Deferred Inflows of Resources			
Property taxes and assessments levied in advance	-	-	-
Unavailable grants and other charges	-	-	133,845
	-	-	133,845
Fund Balances			
Nonspendable for:			
Prepaid expenses	-	-	-
Restricted for:			
Health and welfare	-	-	-
Judicial	-	20,127	-
Long term receivables	-	-	-
Public safety	-	-	-
Technology	-	-	-
Assigned for:			
Health and welfare	335,689	-	-
Judicial	-	8,103	-
Public safety	-	-	-
Unassigned	-	-	(104,037)
	335,689	28,230	(104,037)
Total Fund Balances	\$ 335,689	\$ 28,230	\$ (104,037)
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 337,967	\$ 28,548	\$ 271,524

(1) - Balance sheet as of September 30, 2013

MACOMB COUNTY, MICHIGAN
Combining Balance Sheet
Nonmajor Special Revenue Funds (continued)
December 31, 2013

	Register of Deeds Remonumentation Fund	Register of Deeds Technology Fund	Sheriff Grants
Assets			
Cash and pooled investments	\$ -	\$ 2,574,025	\$ 1,923,438
Taxes receivable	-	-	-
Accrued interest receivable	-	92,652	-
Accounts receivable, net	-	-	23,275
Due from other governments	122,767	-	-
Other assets	-	-	37
	<hr/>	<hr/>	<hr/>
Total Assets	<u>\$ 122,767</u>	<u>\$ 2,666,677</u>	<u>\$ 1,946,750</u>
Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities			
Accounts payable	\$ 25,732	\$ 197,590	\$ 38,761
Accrued liabilities	-	-	-
Accrued compensation and benefits	-	-	-
Due to other governments	-	-	-
Due to governmental funds	97,035	-	-
Unearned revenue	-	-	-
	<hr/>	<hr/>	<hr/>
Total Liabilities	<u>122,767</u>	<u>197,590</u>	<u>38,761</u>
Deferred Inflows of Resources			
Property taxes and assessments levied in advance	-	-	-
Unavailable grants and other charges	122,767	-	-
	<hr/>	<hr/>	<hr/>
Total Deferred Inflows of Resources	<u>122,767</u>	<u>-</u>	<u>-</u>
Fund Balances			
Nonspendable for:			
Prepaid expenses	-	-	37
Restricted for:			
Health and welfare	-	-	-
Judicial	-	-	-
Long term receivables	-	-	-
Public safety	-	-	1,856,397
Technology	-	2,469,087	-
Assigned for:			
Health and welfare	-	-	-
Judicial	-	-	-
Public safety	-	-	51,555
Unassigned	(122,767)	-	-
	<hr/>	<hr/>	<hr/>
Total Fund Balances	<u>(122,767)</u>	<u>2,469,087</u>	<u>1,907,989</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 122,767</u>	<u>\$ 2,666,677</u>	<u>\$ 1,946,750</u>

MACOMB COUNTY, MICHIGAN
Combining Balance Sheet
Nonmajor Special Revenue Funds (continued)
December 31, 2013

	Sheriff Grants (1)	Social Welfare	Urban County Block Grant
Assets			
Cash and pooled investments	\$ 433,239	\$ 224,067	\$ 105,131
Taxes receivable	-	-	-
Accrued interest receivable	-	-	-
Accounts receivable, net	-	139,500	8,759,413
Due from other governments	333,906	-	242,739
Other assets	-	-	-
Total Assets	\$ 767,145	\$ 363,567	\$ 9,107,283
Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities			
Accounts payable	\$ 11,222	\$ -	\$ 8,301
Accrued liabilities	3,688	-	46,859
Accrued compensation and benefits	-	-	-
Due to other governments	171,651	-	-
Due to governmental funds	231,227	363,567	-
Unearned revenue	8,912	-	-
Total Liabilities	426,700	363,567	55,160
Deferred Inflows of Resources			
Property taxes and assessments levied in advance	-	-	-
Unavailable grants and other charges	-	139,500	112,011
Total Deferred Inflows of Resources	-	139,500	112,011
Fund Balances			
Nonspendable for:			
Prepaid expenses	-	-	-
Restricted for:			
Health and welfare	-	-	-
Judicial	-	-	-
Long term receivables	-	-	8,647,402
Public safety	340,445	-	-
Technology	-	-	-
Assigned for:			
Health and welfare	-	-	292,710
Judicial	-	-	-
Public safety	-	-	-
Unassigned	-	(139,500)	-
Total Fund Balances	340,445	(139,500)	8,940,112
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 767,145	\$ 363,567	\$ 9,107,283

(1) - Balance sheet as of September 30, 2013

MACOMB COUNTY, MICHIGAN
Combining Balance Sheet
Nonmajor Special Revenue Funds (concluded)
December 31, 2013

	Veterans' Affairs	Veterans' Trust Fund (1)	Dther Special Revenue	Total Special Revenue
Assets				
Cash and pooled investments	\$ 1,275,974	\$ 19,794	\$ 10,734	\$ 12,210,834
Taxes receivable	846,137	-	-	846,137
Accrued interest receivable	-	-	-	92,652
Accounts receivable, net	-	-	-	9,523,078
Due from other governments	-	-	-	7,838,786
Other assets	600	-	-	192,071
Total Assets	\$ 2,122,711	\$ 19,794	\$ 10,734	\$ 30,703,558
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities				
Accounts payable	\$ 13,255	\$ 19,794	\$ -	\$ 4,135,759
Accrued liabilities	-	-	-	64,908
Accrued compensation and benefits	-	-	-	228,037
Due to other governments	-	-	-	216,942
Due to governmental funds	-	-	-	3,449,820
Unearned revenue	-	-	-	95,243
Total Liabilities	13,255	19,794	-	8,190,709
Deferred Inflows of Resources				
Property taxes and assessments levied in advance	955,012	-	-	955,012
Unavailable grants and other charges	-	-	-	2,930,326
Total Deferred Inflows of Resources	955,012	-	-	3,885,338
Fund balances				
Nonspendable for:				
Prepaid expenses	600	-	-	190,312
Restricted for:				
Health and welfare	1,153,844	-	-	4,259,675
Judicial	-	-	-	20,127
Long term receivables	-	-	-	8,647,402
Public safety	-	-	-	2,203,892
Technology	-	-	-	2,469,087
Assigned for:				
Health and welfare	-	-	10,734	3,219,693
Judicial	-	-	-	8,716
Public safety	-	-	-	51,555
Unassigned	-	-	-	(2,442,948)
Total Fund Balances	1,154,444	-	10,734	18,627,511
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 2,122,711	\$ 19,794	\$ 10,734	\$ 30,703,558

(1) - Balance sheet as of September 30, 2013

MACOMB COUNTY, MICHIGAN
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Special Revenue Funds
Year Ended December 31, 2013

	<u>Adult Drug Court (1)</u>	<u>Child Care (1)</u>	<u>Community Corrections</u>	<u>Community Corrections (1)</u>
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Federal & state grants	35,000	7,551,946	22,935	949,547
Other grants	-	-	-	-
Charges for services	6,339	691,154	-	-
Investment income	-	-	-	-
Fines and forfeitures	-	-	-	-
Other revenue	-	644	7,050	-
Total Revenues	<u>41,339</u>	<u>8,243,744</u>	<u>29,985</u>	<u>949,547</u>
Expenditures				
Current				
Judicial	185,544	-	-	-
General government	-	-	-	-
Public safety	-	-	96,094	1,247,760
Public works	-	-	-	-
Health and welfare	-	18,016,713	-	-
Capital outlay	-	16,573	-	836
Total Expenditures	<u>185,544</u>	<u>18,033,286</u>	<u>96,094</u>	<u>1,248,596</u>
Excess of Revenues over (under) Expenditures	<u>(144,205)</u>	<u>(9,789,542)</u>	<u>(66,109)</u>	<u>(299,049)</u>
Other Financing Sources (uses)				
Transfers in	144,205	9,787,886	73,159	299,049
Transfers out	-	-	-	-
Total Other Financing Sources (uses)	<u>144,205</u>	<u>9,787,886</u>	<u>73,159</u>	<u>299,049</u>
Net change in Fund Balances	<u>-</u>	<u>(1,656)</u>	<u>7,050</u>	<u>-</u>
Fund Balances, beginning of year	-	2,582,216	-	-
Fund Balances, end of year	<u>\$ -</u>	<u>\$ 2,580,560</u>	<u>\$ 7,050</u>	<u>\$ -</u>

(1) - Year ended September 30, 2013

MACOMB COUNTY, MICHIGAN
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Special Revenue Funds (continued)
Year Ended December 31, 2013

	<u>Community Service Agency</u>	<u>Community Service Agency (1)</u>	<u>Emergency Managements Grants</u>
Revenues			
Taxes	\$ -	\$ -	\$ -
Federal & state grants	1,167,515	12,563,627	12,880,103
Other grants	-	-	-
Charges for services	159,410	1,230,062	-
Investment income	-	-	-
Fines and forfeitures	-	-	-
Other revenue	10,916	153,212	-
Total Revenues	<u>1,337,841</u>	<u>13,946,901</u>	<u>12,880,103</u>
Expenditures			
Current			
Judicial	-	-	-
General government	-	-	-
Public safety	-	-	13,360,892
Public works	-	-	-
Health and welfare	1,327,673	15,005,359	-
Capital outlay	-	100,601	1,230,585
Total Expenditures	<u>1,327,673</u>	<u>15,105,960</u>	<u>14,591,477</u>
Excess of Revenues over (under) Expenditures	<u>10,168</u>	<u>(1,159,059)</u>	<u>(1,711,374)</u>
Other Financing Sources (uses)			
Transfers in	-	927,336	-
Transfers out	(24,682)	(5,365)	-
Total Other Financing Sources (uses)	<u>(24,682)</u>	<u>921,971</u>	<u>-</u>
Net change in Fund Balances	(14,514)	(237,088)	(1,711,374)
Fund Balances, beginning of year	431,325	1,745,050	25,106
Fund Balances, end of year	<u>\$ 416,811</u>	<u>\$ 1,507,962</u>	<u>\$ (1,686,268)</u>

(1) - Year ended September 30, 2013

MACOMB COUNTY, MICHIGAN
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Special Revenue Funds (continued)
Year Ended December 31, 2013

	Friend of the Court (1)	Health Grants	Health Grants (1)
Revenues			
Taxes	\$ -	\$ -	\$ -
Federal & state grants	5,561,380	137,946	3,410,843
Other grants	-	-	244,443
Charges for services	899,819	50,000	-
Investment income	224	-	-
Fines and forfeitures	-	-	-
Other revenue	215	-	-
Total Revenues	6,461,638	187,946	3,655,286
Expenditures			
Current			
Judicial	8,894,494	-	-
General government	-	-	-
Public safety	-	-	-
Public works	-	-	-
Health and welfare	-	153,007	3,966,365
Capital outlay	4,944	-	53,807
Total Expenditures	8,899,438	153,007	4,020,172
Excess of Revenues over (under) Expenditures	(2,437,800)	34,939	(364,886)
Other Financing Sources (uses)			
Transfers in	1,966,663	-	296,810
Transfers out	-	-	-
Total Other Financing Sources (uses)	1,966,663	-	296,810
Net change in Fund Balances	(471,137)	34,939	(68,076)
Fund Balances, beginning of year	80,761	473,967	692,785
Fund Balances, end of year	\$ (390,376)	\$ 508,906	\$ 624,709

(1) - Year ended September 30, 2013

MACOMB COUNTY, MICHIGAN
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Special Revenue Funds (continued)
Year Ended December 31, 2013

	Juvenile Drug Court Grant (1)	Macomb/St. Clair Employment and Training	MSU Extension
Revenues			
Taxes	\$ -	\$ -	\$ -
Federal & state grants	66,226	-	-
Other grants	-	-	-
Charges for services	2,304	3,803,083	12,204
Investment income	-	-	-
Fines and forfeitures	-	-	-
Other revenue	-	-	-
Total Revenues	68,530	3,803,083	12,204
Expenditures			
Current			
Judicial	70,511	-	-
General government	-	-	-
Public safety	-	-	-
Public works	-	-	-
Health and welfare	-	3,803,083	70,679
Capital outlay	-	-	-
Total Expenditures	70,511	3,803,083	70,679
Excess of Revenues over (under) Expenditures	(1,981)	-	(58,475)
Other Financing Sources (uses)			
Transfers in	1,981	-	-
Transfers out	-	-	-
Total Other Financing Sources (uses)	1,981	-	-
Net change in Fund Balances	-	-	(58,475)
Fund Balances, beginning of year	613	-	295,593
Fund Balances, end of year	<u>\$ 613</u>	<u>\$ -</u>	<u>\$ 237,118</u>

(1) - Year ended September 30, 2013

MACOMB COUNTY, MICHIGAN
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Special Revenue Funds (continued)
Year Ended December 31, 2013

	MSU Extension (1)	Prosecuting Attorney Grants	Prosecuting Attorney Grants (1)
Revenues			
Taxes	\$ -	\$ -	\$ -
Federal & state grants	-	-	1,097,722
Other grants	450	-	-
Charges for services	41,580	-	-
Investment income	-	47	-
Fines and forfeitures	-	-	-
Other revenue	-	-	39,349
Total Revenues	42,030	47	1,137,071
Expenditures			
Current			
Judicial	-	3,615	2,011,038
General government	-	-	-
Public safety	-	-	-
Public works	-	-	-
Health and welfare	56,368	-	-
Capital outlay	-	-	-
Total Expenditures	56,368	3,615	2,011,038
Excess of Revenues over (under) Expenditures	(14,338)	(3,568)	(873,967)
Other Financing Sources (uses)			
Transfers in	-	2,930	740,122
Transfers out	-	-	-
Total Other Financing Sources (uses)	-	2,930	740,122
Net change in Fund Balances	(14,338)	(638)	(133,845)
Fund Balances, beginning of year	350,027	28,868	29,808
Fund Balances, end of year	\$ 335,689	\$ 28,230	\$ (104,037)

(1) - Year ended September 30, 2013

MACOMB COUNTY, MICHIGAN
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Special Revenue Funds (continued)
Year Ended December 31, 2013

	Register of Deeds Remuneration Fund	Register of Deeds Technology Fund	Sheriff Grants
Revenues			
Taxes	\$ -	\$ -	\$ -
Federal & state grants	81,845	-	79,565
Other grants	-	-	-
Charges for services	-	1,180,051	129,323
Investment income	-	6,042	-
Fines and forfeitures	-	-	210,944
Other revenue	-	-	8,129
Total Revenues	81,845	1,186,093	427,961
Expenditures			
Current			
Judicial	-	-	-
General government	204,612	1,402,423	-
Public safety	-	-	653,652
Public works	-	-	-
Health and welfare	-	-	-
Capital outlay	-	-	154,748
Total Expenditures	204,612	1,402,423	808,400
Excess of Revenues over (under) Expenditures	(122,767)	(216,330)	(380,439)
Other Financing Sources (uses)			
Transfers in	-	-	14,000
Transfers out	-	(21,039)	(1,393,533)
Total Other Financing Sources (uses)	-	(21,039)	(1,379,533)
Net change in Fund Balances	(122,767)	(237,369)	(1,759,972)
Fund Balances, beginning of year	-	2,706,456	3,667,961
Fund Balances, end of year	\$ (122,767)	\$ 2,469,087	\$ 1,907,989

MACOMB COUNTY, MICHIGAN
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Special Revenue Funds (continued)
Year Ended December 31, 2013

	Sheriff Grants (1)	Social Welfare	Urban County Block Grant
Revenues			
Taxes	\$ -	\$ -	\$ -
Federal & state grants	1,228,205	-	5,572,382
Other grants	215,462	-	-
Charges for services	3,134	110,500	228,779
Investment income	-	-	-
Fines and forfeitures	45,401	-	-
Other revenue	-	-	67,428
Total Revenues	1,492,202	110,500	5,868,589
Expenditures			
Current			
Judicial	-	-	-
General government	-	-	-
Public safety	2,061,303	-	-
Public works	-	-	1,352
Health and welfare	-	250,000	6,164,361
Capital outlay	15,781	-	19,921
Total Expenditures	2,077,084	250,000	6,185,634
Excess of Revenues over (under) Expenditures	<u>(584,882)</u>	<u>(139,500)</u>	<u>(317,045)</u>
Other Financing Sources (uses)			
Transfers in	633,396	-	-
Transfers out	<u>(17,000)</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (uses)	616,396	-	-
Net change in Fund Balances	31,514	(139,500)	(317,045)
Fund Balances, beginning of year	<u>308,931</u>	<u>-</u>	<u>9,257,157</u>
Fund Balances, end of year	<u>\$ 340,445</u>	<u>\$ (139,500)</u>	<u>\$ 8,940,112</u>

(1) - Year ended September 30, 2013

MACOMB COUNTY, MICHIGAN
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Special Revenue Funds (concluded)
Year Ended December 31, 2013

	Veterans' Affairs	Veterans' Trust Fund (1)	Other Special Revenue	Total Special Revenue
Revenues				
Taxes	\$ 935,990	\$ -	\$ -	\$ 935,990
Federal & state grants	-	243,088	-	52,649,875
Other grants	-	-	-	460,355
Charges for services	18,600	-	-	8,566,342
Investment income	-	-	-	6,313
Fines and forfeitures	-	-	-	256,345
Other revenue	-	-	915	287,858
Total Revenues	954,590	243,088	915	63,163,078
Expenditures				
Current				
Judicial	-	-	-	11,165,202
General government	-	-	-	1,607,035
Public safety	-	-	-	17,419,701
Public works	-	-	-	1,352
Health and welfare	998,282	243,088	-	50,054,978
Capital outlay	14,090	-	-	1,611,886
Total Expenditures	1,012,372	243,088	-	81,860,154
Excess of Revenues over (under) Expenditures	(57,782)	-	915	(18,697,076)
Other Financing Sources (uses)				
Transfers in	-	-	-	14,887,537
Transfers out	-	-	-	(1,461,619)
Total Other Financing Sources (uses)	-	-	-	13,425,918
Net change in Fund Balances	(57,782)	-	915	(5,271,158)
Fund Balances, beginning of year	1,212,226	-	9,819	23,898,669
Fund Balances, end of year	\$ 1,154,444	\$ -	\$ 10,734	\$ 18,627,511

(1) - Year ended September 30, 2013

MACOMB COUNTY, MICHIGAN
Budgetary Comparison Schedule (GAAP Basis) - Adult Drug Court
Year Ended September 30, 2013

	(Unaudited) Final Budget	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
Revenues			
Federal & state grants	\$ 40,000	\$ 35,000	\$ (5,000)
Charges for services	-	6,339	6,339
Total Revenues	<u>40,000</u>	<u>41,339</u>	<u>1,339</u>
Expenditures			
Judicial	<u>232,310</u>	<u>185,544</u>	<u>46,766</u>
Excess of Revenues over (under) Expenditures	(192,310)	(144,205)	48,105
Other Financing Sources (uses)			
Transfers in	<u>192,310</u>	<u>144,205</u>	<u>(48,105)</u>
Net change in Fund Balances	-	-	-
Fund Balances, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

MACOMB COUNTY, MICHIGAN
Budgetary Comparison Schedule (GAAP Basis) - Child Care Fund
Year Ended September 30, 2013

	(Unaudited) Final Budget	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
Revenues			
Federal & state grants	\$ 9,194,012	\$ 7,551,946	\$ (1,642,066)
Charges for services	704,000	691,154	(12,846)
Other revenue	-	644	644
Total Revenues	9,898,012	8,243,744	(1,654,268)
Expenditures			
Health and welfare	22,382,568	18,016,713	4,365,855
Capital outlay	38,500	16,573	21,927
Total Expenditures	22,421,068	18,033,286	4,387,782
Excess of Revenues over (under) Expenditures	(12,523,056)	(9,789,542)	2,733,514
Other Financing Sources (uses)			
Transfers in	12,511,020	9,787,886	(2,723,134)
Net change in Fund Balances	(12,036)	(1,656)	10,380
Fund Balances, beginning of year	2,582,216	2,582,216	-
Fund Balances, end of year	\$ 2,570,180	\$ 2,580,560	\$ 10,380

MACOMB COUNTY, MICHIGAN
Budgetary Comparison Schedule (GAAP Basis) - Community Corrections
Year Ended December 31, 2013

	(Unaudited) Final Budget	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
Revenues			
Federal & state grants	\$ 73,527	\$ 22,935	\$ (50,592)
Other revenue	4,000	7,050	3,050
Total Revenues	<u>77,527</u>	<u>29,985</u>	<u>(47,542)</u>
Expenditures			
Public safety	151,306	96,094	55,212
Excess of Revenues over (under) Expenditures	(73,779)	(66,109)	7,670
Other Financing Sources (uses)			
Transfers in	73,779	73,159	(620)
Net change in Fund Balances	-	7,050	7,050
Fund Balances, beginning of year	-	-	-
Fund Balances, end of year	<u>\$ -</u>	<u>\$ 7,050</u>	<u>\$ 7,050</u>

MACOMB COUNTY, MICHIGAN
Budgetary Comparison Schedule (GAAP Basis) - Community Corrections
Year Ended September 30, 2013

	(Unaudited) Final Budget	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
Revenues			
Federal & state grants	\$ 1,025,540	\$ 949,547	\$ (75,993)
Expenditures			
Public safety	1,326,834	1,247,760	79,074
Capital outlay	1,000	836	164
Total Expenditures	<u>1,327,834</u>	<u>1,248,596</u>	<u>79,238</u>
Excess of Revenues over (under) Expenditures	(302,294)	(299,049)	3,245
Other Financing Sources (uses)			
Transfers in	<u>302,294</u>	<u>299,049</u>	<u>(3,245)</u>
Net change in Fund Balances	-	-	-
Fund Balances, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

MACOMB COUNTY, MICHIGAN
Budgetary Comparison Schedule (GAAP Basis) - Community Services Agency
Year Ended December 31, 2013

	(Unaudited) Final Budget	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
Revenues			
Federal & state grants	\$ 7,895,702	\$ 1,167,515	\$ (6,728,187)
Charges for services	987,515	159,410	(828,105)
Other revenue	10,000	10,916	916
Total Revenues	8,893,217	1,337,841	(7,555,376)
Expenditures			
Health and welfare	8,972,768	1,327,673	7,645,095
Excess of Revenues over (under) Expenditures	(79,551)	10,168	89,719
Other Financing Sources (uses)			
Transfers out	(55,150)	(24,682)	30,468
Net change in Fund Balances	(134,701)	(14,514)	120,187
Fund Balances, beginning of year	431,325	431,325	-
Fund Balances, end of year	\$ 296,624	\$ 416,811	\$ 120,187

MACOMB COUNTY, MICHIGAN
Budgetary Comparison Schedule (GAAP Basis) - Community Services Agency
Year Ended September 30, 2013

	(Unaudited) Final Budget	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
Revenues			
Federal & state grants	\$ 12,886,881	\$ 12,563,627	\$ (323,254)
Charges for services	1,362,622	1,230,062	(132,560)
Other revenue	256,790	153,212	(103,578)
Total Revenues	14,506,293	13,946,901	(559,392)
Expenditures			
Health and welfare	15,736,485	15,005,359	731,126
Capital outlay	122,585	100,601	21,984
Total Expenditures	15,859,070	15,105,960	753,110
Excess of Revenues over (under) Expenditures	(1,352,777)	(1,159,059)	193,718
Other Financing Sources (uses)			
Transfers in	972,233	927,336	(44,897)
Transfers out	-	(5,365)	(5,365)
Total Other Financing Sources (uses)	972,233	921,971	(50,262)
Net change in Fund Balances	(380,544)	(237,088)	143,456
Fund Balances, beginning of year	1,745,050	1,745,050	-
Fund Balances, end of year	\$ 1,364,506	\$ 1,507,962	\$ 143,456

MACOMB COUNTY, MICHIGAN
Budgetary Comparison Schedule (GAAP Basis) - Emergency Management Grants
Year Ended December 31, 2013

	(Unaudited) Final Budget	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
Revenues			
Federal & state grants	\$ 23,341,953	\$ 12,880,103	\$ (10,461,850)
Expenditures			
Health and welfare	21,394,571	13,360,892	8,033,679
Capital outlay	1,678,481	1,230,585	447,896
Total Expenditures	<u>23,073,052</u>	<u>14,591,477</u>	<u>8,481,575</u>
 Excess of Revenues over (under) Expenditures	 268,901	 (1,711,374)	 (1,980,275)
Other Financing Sources (uses)			
Transfers out	<u>(283,084)</u>	<u>-</u>	<u>283,084</u>
 Net change in Fund Balances	 (14,183)	 (1,711,374)	 (1,697,191)
 Fund Balances, beginning of year	 <u>25,106</u>	 <u>25,106</u>	 <u>-</u>
 Fund Balances, end of year	 <u>\$ 10,923</u>	 <u>\$ (1,686,268)</u>	 <u>\$ (1,697,191)</u>

MACOMB COUNTY, MICHIGAN
Budgetary Comparison Schedule (GAAP Basis) - Friend of the Court
Year Ended September 30, 2013

	(Unaudited) Final Budget	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
Revenues			
Federal & state grants	\$ 6,403,225	\$ 5,561,380	\$ (841,845)
Charges for services	781,000	899,819	118,819
Investment income	-	224	224
Other revenue	-	215	215
Total Revenues	7,184,225	6,461,638	(722,587)
Expenditures			
Judicial	9,979,652	8,894,494	1,085,158
Capital outlay	5,800	4,944	856
Total Expenditures	9,985,452	8,899,438	1,086,014
Excess of Revenues over (under) Expenditures	(2,801,227)	(2,437,800)	363,427
Other Financing Sources (uses)			
Transfers in	2,801,227	1,966,663	(834,564)
Net change in Fund Balances	-	(471,137)	(471,137)
Fund Balances, beginning of year	80,761	80,761	-
Fund Balances, end of year	\$ 80,761	\$ (390,376)	\$ (471,137)

MACOMB COUNTY, MICHIGAN
Budgetary Comparison Schedule (GAAP Basis) - Health Grants
Year Ended December 31, 2013

	(Unaudited) Final Budget	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
Revenues			
Federal & state grants	\$ 197,474	\$ 137,946	\$ (59,528)
Charges for services	100,000	50,000	(50,000)
Total Revenues	<u>297,474</u>	<u>187,946</u>	<u>(109,528)</u>
Expenditures			
Health and welfare	511,587	153,007	358,580
Net change in Fund Balances	(214,113)	34,939	249,052
Fund Balances, beginning of year	<u>473,967</u>	<u>473,967</u>	<u>-</u>
Fund Balances, end of year	<u>\$ 259,854</u>	<u>\$ 508,906</u>	<u>\$ 249,052</u>

MACOMB COUNTY, MICHIGAN
Budgetary Comparison Schedule (GAAP Basis) - Health Grants
Year Ended September 30, 2013

	(Unaudited) Final Budget	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
Revenues			
Federal & state grants	\$ 3,451,174	\$ 3,410,843	\$ (40,331)
Other grants	401,740	244,443	(157,297)
Total Revenues	3,852,914	3,655,286	(197,628)
Expenditures			
Health and welfare	4,319,998	3,966,365	353,633
Capital outlay	78,016	53,807	24,209
Total Expenditures	4,398,014	4,020,172	377,842
Excess of Revenues over (under) Expenditures	(545,100)	(364,886)	180,214
Other Financing Sources (uses)			
Transfers in	544,717	296,810	(247,907)
Net change in Fund Balances	(383)	(68,076)	(67,693)
Fund Balances, beginning of year	692,785	692,785	-
Fund Balances, end of year	<u>\$ 692,402</u>	<u>\$ 624,709</u>	<u>\$ (67,693)</u>

MACOMB COUNTY, MICHIGAN
Budgetary Comparison Schedule (GAAP Basis) - Juvenile Drug Court Grants
Year Ended September 30, 2013

	(Unaudited) Final Budget	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
Revenues			
Federal & state grants	\$ 106,769	\$ 66,226	\$ (40,543)
Charges for services	3,000	2,304	(696)
 Total Revenues	 109,769	 68,530	 (41,239)
Expenditures			
Judicial	111,054	70,511	40,543
 Excess of Revenues over (under) Expenditures	 (1,285)	 (1,981)	 (696)
Other Financing Sources (uses)			
Transfers in	1,285	1,981	696
 Net change in Fund Balances	 -	 -	 -
Fund Balances, beginning of year	613	613	-
Fund Balances, end of year	<u>\$ 613</u>	<u>\$ 613</u>	<u>\$ -</u>

MACOMB COUNTY, MICHIGAN
Budgetary Comparison Schedule (GAAP Basis) - Macomb/St. Clair Employment and Training
Year Ended December 31, 2013

	(Unaudited) Final Budget	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
Revenues			
Charges for services	\$ 3,948,980	\$ 3,803,083	\$ (145,897)
Expenditures			
Health and welfare	3,948,980	3,803,083	145,897
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, 2013

	(Unaudited) Final Budget	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
Revenues			
Federal & state grants	\$ 65,000	\$ -	\$ (65,000)
Charges for services	31,034	12,204	(18,830)
Other revenue	154,821	-	(154,821)
Total Revenues	250,855	12,204	(238,651)
Expenditures			
Health and welfare	248,855	70,679	178,176
Capital outlay	2,000	-	2,000
Total Expenditures	250,855	70,679	180,176
Net change in Fund Balances	-	(58,475)	(58,475)
Fund Balances, beginning of year	295,593	295,593	-
Fund Balances, end of year	\$ 295,593	\$ 237,118	\$ (58,475)

MACOMB COUNTY, MICHIGAN
Budgetary Comparison Schedule (GAAP Basis) - MSU Extension
Year Ended September 30, 2013

	(Unaudited) Final Budget	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
Revenues			
Other grants	\$ 3,000	\$ 450	\$ (2,550)
Charges for services	162,800	41,580	(121,220)
Total Revenues	<u>165,800</u>	<u>42,030</u>	<u>(123,770)</u>
Expenditures			
Health and welfare	295,485	56,368	239,117
Net change in Fund Balances	(129,685)	(14,338)	115,347
Fund Balances, beginning of year	<u>350,027</u>	<u>350,027</u>	<u>-</u>
Fund Balances, end of year	<u>\$ 220,342</u>	<u>\$ 335,689</u>	<u>\$ 115,347</u>

MACOMB COUNTY, MICHIGAN
Budgetary Comparison Schedule (GAAP Basis) - Prosecuting Attorney Grants
Year Ended December 31, 2013

	(Unaudited) Final Budget	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
Revenues			
Federal & state grants	\$ 2,930	\$ -	\$ (2,930)
Investment income	-	47	47
Total Revenues	2,930	47	(2,883)
Expenditures			
Judicial	3,680	3,615	65
Excess of Revenues over (under) Expenditures	(750)	(3,568)	(2,818)
Other Financing Sources (uses)			
Transfers in	-	2,930	2,930
Net change in Fund Balances	(750)	(638)	112
Fund Balances, beginning of year	28,868	28,868	-
Fund Balances, end of year	\$ 28,118	\$ 28,230	\$ 112

MACOMB COUNTY, MICHIGAN
Budgetary Comparison Schedule (GAAP Basis) - Prosecuting Attorney Grants
Year Ended September 30, 2013

	(Unaudited) Final Budget	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
Revenues			
Federal & state grants	\$ 1,288,674	\$ 1,097,722	\$ (190,952)
Other revenue	39,705	39,349	(356)
Total Revenues	<u>1,328,379</u>	<u>1,137,071</u>	<u>(191,308)</u>
Expenditures			
Judicial	<u>2,136,842</u>	<u>2,011,038</u>	<u>125,804</u>
Excess of Revenues over (under) Expenditures	(808,463)	(873,967)	(65,504)
Other Financing Sources (uses)			
Transfers in	<u>808,463</u>	<u>740,122</u>	<u>(68,341)</u>
Net change in Fund Balances	-	(133,845)	(133,845)
Fund Balances, beginning of year	<u>29,808</u>	<u>29,808</u>	<u>-</u>
Fund Balances, end of year	<u>\$ 29,808</u>	<u>\$ (104,037)</u>	<u>\$ (133,845)</u>

MACOMB COUNTY, MICHIGAN
Budgetary Comparison Schedule (GAAP Basis) - Register of Deeds Remonumentation Fund
Year Ended December 31, 2013

	(Unaudited) Final Budget	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
Revenues			
Federal & state grants	\$ 204,612	\$ 81,845	\$ (122,767)
Expenditures			
General government	204,612	204,612	-
Net change in Fund Balances	-	(122,767)	(122,767)
Fund Balances, beginning of year	-	-	-
Fund Balances, end of year	\$ -	\$ (122,767)	\$ (122,767)

MACOMB COUNTY, MICHIGAN
Budgetary Comparison Schedule (GAAP Basis) - Register of Deeds Technology Fund
Year Ended December 31, 2013

	(Unaudited) Final Budget	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
Revenues			
Charges for services	\$ 850,000	\$ 1,180,051	\$ 330,051
Investment income	-	6,042	6,042
Total Revenues	850,000	1,186,093	336,093
Expenditures			
General government	1,594,462	1,402,423	192,039
Capital outlay	766,961	-	766,961
Total Expenditures	2,361,423	1,402,423	959,000
Excess of Revenues over (under) Expenditures	(1,511,423)	(216,330)	1,295,093
Other Financing Sources (uses)			
Transfers out	(21,039)	(21,039)	-
Net change in Fund Balances	(1,532,462)	(237,369)	1,295,093
Fund Balances, beginning of year	2,706,456	2,706,456	-
Fund Balances, end of year	\$ 1,173,994	\$ 2,469,087	\$ 1,295,093

MACOMB COUNTY, MICHIGAN
Budgetary Comparison Schedule (GAAP Basis) - Sheriff Grants
Year Ended December 31, 2013

	(Unaudited) Final Budget	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
Revenues			
Federal & state grants	\$ 77,872	\$ 79,565	\$ 1,693
Charges for services	92,700	129,323	36,623
Fines and forfeitures	180,000	210,944	30,944
Other revenue	4,500	8,129	3,629
Total Revenues	355,072	427,961	72,889
Expenditures			
Public safety	1,108,731	653,652	455,079
Capital outlay	1,353,107	154,748	1,198,359
Total Expenditures	2,461,838	808,400	1,653,438
Excess of Revenues over (under) Expenditures	(2,106,766)	(380,439)	1,726,327
Other Financing Sources (uses)			
Transfers in	-	14,000	14,000
Transfers out	(1,500,000)	(1,393,533)	106,467
Total Other Financing Sources (uses)	(1,500,000)	(1,379,533)	120,467
Net change in Fund Balances	(3,606,766)	(1,759,972)	1,846,794
Fund Balances, beginning of year	3,667,961	3,667,961	-
Fund Balances, end of year	\$ 61,195	\$ 1,907,989	\$ 1,846,794

MACOMB COUNTY, MICHIGAN
Budgetary Comparison Schedule (GAAP Basis) - Sheriff Grants
Year Ended September 30, 2013

	(Unaudited) Final Budget	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
Revenues			
Federal & state grants	\$ 1,392,711	\$ 1,228,205	\$ (164,506)
Other grants	240,588	215,462	(25,126)
Charges for services		3,134	3,134
Fines and forfeitures	30,000	45,401	15,401
Total Revenues	1,663,299	1,492,202	(171,097)
Expenditures			
Public safety	2,268,597	2,061,303	207,294
Capital outlay	27,622	15,781	11,841
Total Expenditures	2,296,219	2,077,084	219,135
Excess of Revenues over (under) Expenditures	(632,920)	(584,882)	48,038
Other Financing Sources (uses)			
Transfers in	649,920	633,396	(16,524)
Transfers out	(17,000)	(17,000)	-
Total other Financing Sources (uses)	632,920	616,396	(16,524)
Net change in Fund Balances	-	31,514	31,514
Fund Balances, beginning of year	308,931	308,931	-
Fund Balances, end of year	\$ 308,931	\$ 340,445	\$ 31,514

MACOMB COUNTY, MICHIGAN
Budgetary Comparison Schedule (GAAP Basis) - Social Welfare Fund
Year Ended December 31, 2013

	(Unaudited) Final Budget	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
Revenues			
Federal & state grants	\$ 1,500,000	\$ -	\$ (1,500,000)
Charges for services	500,000	110,500	(389,500)
Total Revenues	2,000,000	110,500	(1,889,500)
Expenditures			
Health and welfare	2,000,000	250,000	1,750,000
Net change in Fund Balances	-	(139,500)	(139,500)
Fund Balances, beginning of year	-	-	-
Fund Balances, end of year	\$ -	\$ (139,500)	\$ (139,500)

MACOMB COUNTY, MICHIGAN
Budgetary Comparison Schedule (GAAP Basis) - Urban County Block Grant
Year Ended December 31, 2013

	(Unaudited) Final Budget	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
Revenues			
Federal & state grants	\$ 11,047,705	\$ 5,572,382	\$ (5,475,323)
Charges for services	676,000	228,779	(447,221)
Other revenue	31,780	67,428	35,648
Total Revenues	11,755,485	5,868,589	(5,886,896)
Expenditures			
Public works	76,899	1,352	75,547
Health and welfare	11,771,594	6,164,361	5,607,233
Capital outlay	23,800	19,921	3,879
Total Expenditures	11,872,293	6,185,634	5,686,659
Net change in Fund Balances	(116,808)	(317,045)	(200,237)
Fund Balances, beginning of year	9,257,157	9,257,157	-
Fund Balances, end of year	\$ 9,140,349	\$ 8,940,112	\$ (200,237)

MACOMB COUNTY, MICHIGAN
Budgetary Comparison Schedule (GAAP Basis) - Veterans' Affairs Fund
Year Ended December 31, 2013

	(Unaudited) Final Budget	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
Revenues			
Property taxes	\$ 942,452	\$ 935,990	\$ -
Charges for services	18,150	18,600	450
Total Revenues	960,602	954,590	450
Expenditures			
Health and welfare	1,096,588	998,282	98,306
Capital outlay	17,100	14,090	3,010
Total Expenditures	1,113,688	1,012,372	101,316
Net change in Fund Balances	(153,086)	(57,782)	101,766
Fund Balances, beginning of year	1,212,226	1,212,226	-
Fund Balances, end of year	\$ 1,059,140	\$ 1,154,444	\$ 101,766

MACOMB COUNTY, MICHIGAN
Budgetary Comparison Schedule (GAAP Basis) - Veterans Trust Fund
Year Ended September 30, 2013

	(Unaudited) Final Budget	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
Revenues			
Federal & state grants	\$ 243,088	\$ 243,088	\$ -
Expenditures			
Health and welfare	243,088	243,088	-
Net change in Fund Balances	-	-	-
Fund Balances, beginning of year	-	-	-
Fund Balances, end of year	\$ -	\$ -	\$ -

MACOMB COUNTY, MICHIGAN
Budgetary Comparison Schedule (GAAP Basis) - Other Special Revenue
Year Ended December 31, 2013

	(Unaudited) Final Budget	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
Revenues			
Other revenue	\$ -	\$ 915	\$ 915
Expenditures			
General government	8,181	-	8,181
Net change in Fund Balances	(8,181)	915	9,096
Fund Balances, beginning of year	9,819	9,819	-
Fund Balances, end of year	<u>\$ 1,638</u>	<u>\$ 10,734</u>	<u>\$ 9,096</u>

MACOMB COUNTY, MICHIGAN
Budgetary Comparison Schedule (GAAP Basis) - Debt Service
Year Ended December 31, 2013

	(Unaudited) Final Budget	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
Revenues			
Taxes	\$ 124,448	\$ 121,066	\$ (3,382)
Investment income	27,529	33,975	6,446
Total Revenues	<u>151,977</u>	<u>155,041</u>	<u>3,064</u>
Expenditures			
Public works	130,000	-	130,000
Debt service			
Principal	5,502,033	4,740,000	762,033
Interest and fees	1,896,242	1,604,283	291,959
Total Expenditures	<u>7,528,275</u>	<u>6,344,283</u>	<u>1,183,992</u>
Excess of Revenues over (under) Expenditures	(7,376,298)	(6,189,242)	1,187,056
Other Financing Sources (uses)			
Transfers in	5,858,050	5,169,942	(688,108)
Net change in Fund Balances	(1,518,248)	(1,019,300)	498,948
Fund Balances, beginning of year	4,068,741	4,068,741	-
Fund Balances, end of year	<u>\$ 2,550,493</u>	<u>\$ 3,049,441</u>	<u>\$ 498,948</u>

MACOMB COUNTY, MICHIGAN
Combining Balance Sheet
Nonmajor Capital Projects Funds
December 31, 2013

	Bridge Program	Capital Improvement Fund	Circuit Court E-Filing	Communication Center
Assets				
Cash and pooled investments	\$ 103,893	\$ 14,294,215	\$ 137,637	\$ -
Accounts receivable, net	673,221	-	-	346,292
Due from other governments	-	-	-	2,094,570
Other assets	-	-	-	1,262
Total Assets	\$ 777,114	\$ 14,294,215	\$ 137,637	\$ 2,442,124
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities				
Accounts payable	\$ -	\$ -	\$ -	\$ 445,185
Accrued liabilities	-	-	-	626,343
Due to governmental funds	-	-	-	1,370,596
Total Liabilities	-	-	-	2,442,124
Deferred Inflows of Resources				
Unavailable grants and other charges	673,221	-	-	750,000
Fund Balances				
Nonspendable for:				
Prepaid expenses	-	-	-	1,262
Restricted for:				
Capital projects	103,893	-	-	-
Long term receivables	-	-	-	-
Assigned for:				
Capital projects	-	14,294,215	137,637	-
Unassigned	-	-	-	(751,262)
Total Fund Balances	103,893	14,294,215	137,637	(750,000)
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 777,114	\$ 14,294,215	\$ 137,637	\$ 2,442,124

MACOMB COUNTY, MICHIGAN
Combining Balance Sheet
Nonmajor Capital Projects Funds (continued)
December 31, 2013

	Dept of Roads (1)	District Court Improvement	E-911 Radio System	E-911 Cellular Fee
Assets				
Cash and pooled investments	\$ 1,276,939	\$ 390,249	\$ 5,561	\$ 2,121,077
Accounts receivable, net	-	-	-	-
Due from other governments	-	-	-	314,299
Other assets	-	-	-	-
Total Assets	\$ 1,276,939	\$ 390,249	\$ 5,561	\$ 2,435,376
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities				
Accounts payable	\$ -	\$ -	\$ -	\$ 1,200,047
Accrued liabilities	-	-	-	-
Due to governmental funds	-	-	-	-
Total Liabilities	-	-	-	1,200,047
Deferred Inflows of Resources				
Unavailable grants and other charges	-	-	-	-
Fund Balances				
Nonspendable for:				
Prepaid expenses	-	-	-	-
Restricted for:				
Capital projects	1,276,939	-	-	1,235,329
Long term receivables	-	-	-	-
Assigned for:				
Capital projects	-	390,249	5,561	-
Unassigned	-	-	-	-
Total Fund Balances	1,276,939	390,249	5,561	1,235,329
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 1,276,939	\$ 390,249	\$ 5,561	\$ 2,435,376

(1) - Balance sheet as of September 30, 2013

MACOMB COUNTY, MICHIGAN
Combining Balance Sheet
Nonmajor Capital Projects Funds (continued)
December 31, 2013

	E-911 Radio Maintenance	Nicholson Nature Center	Orchard Trail
Assets			
Cash and pooled investments	\$ 353,954	\$ -	\$ 416,556
Accounts receivable, net	267,566	-	7,342
Due from other governments	-	134,032	-
Other assets	-	-	-
Total Assets	\$ 621,520	\$ 134,032	\$ 423,898
Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities			
Accounts payable	\$ 8,299	\$ -	\$ 61,337
Accrued liabilities	-	-	-
Due to governmental funds	-	129,542	-
Total Liabilities	8,299	129,542	61,337
Deferred Inflows of Resources			
Unavailable grants and other charges	-	134,032	5,675
Fund Balances			
Nonspendable for:			
Prepaid expenses	-	-	-
Restricted for:			
Capital projects	613,221	-	3,471
Long term receivables	-	-	-
Assigned for:			
Capital projects	-	-	-
Unassigned	-	(129,542)	353,415
Total Fund Balances	613,221	(129,542)	356,886
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 621,520	\$ 134,032	\$ 423,898

MACOMB COUNTY, MICHIGAN
Combining Balance Sheet
Nonmajor Capital Projects Funds (concluded)
December 31, 2013

	Youth Home Renovation	General County Capital Projects	Totals
Assets			
Cash and pooled investments	\$ 103,230	\$ 1,089,362	\$ 20,292,673
Accounts receivable, net	-	-	1,294,421
Due from other governments	-	-	2,542,901
Other assets	-	-	1,262
Total Assets	\$ 103,230	\$ 1,089,362	\$ 24,131,257
Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities			
Accounts payable	\$ -	\$ 112,601	\$ 1,827,469
Accrued liabilities	-	98,231	724,574
Due to governmental funds	-	-	1,500,138
Total Liabilities	-	210,832	4,052,181
Deferred Inflows of Resources			
Unavailable grants and other charges	-	-	1,562,928
Fund Balances			
Nonspendable for:			
Prepaid expenses	-	-	1,262
Restricted for:			
Capital projects	-	-	3,232,853
Long term receivables	-	-	-
Assigned for:			
Capital projects	103,230	878,530	15,809,422
Unassigned	-	-	(527,389)
Total Fund Balances	103,230	878,530	18,516,148
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 103,230	\$ 1,089,362	\$ 24,131,257

MACOMB COUNTY, MICHIGAN
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Capital Projects Funds
Year Ended December 31, 2013

	<u>Bridge Program</u>	<u>Capital Improvement Fund</u>	<u>Circuit Court E-Filing</u>	<u>Communication Center</u>
Revenues				
Federal & state grants	\$ -	\$ -	\$ -	\$ 1,344,571
Charges for services	24,045	-	86,972	-
Investment income	527	-	-	-
Other revenue	-	-	-	-
Total Revenues	<u>24,572</u>	<u>-</u>	<u>86,972</u>	<u>1,344,571</u>
Expenditures				
Current				
Judicial	-	-	8,601	-
Public safety	-	-	-	-
Public works	3,689	-	-	-
Recreation and cultural	-	-	-	-
Capital outlay	-	-	-	6,832,697
Total Expenditures	<u>3,689</u>	<u>-</u>	<u>8,601</u>	<u>6,832,697</u>
Excess of Revenues over (under) Expenditures	<u>20,883</u>	<u>-</u>	<u>78,371</u>	<u>(5,488,126)</u>
Other Financing Sources (uses)				
Transfers in	-	-	-	4,738,126
Transfers out	-	(6,497,545)	-	-
Total Other Financing Sources (uses)	<u>-</u>	<u>(6,497,545)</u>	<u>-</u>	<u>4,738,126</u>
Net change in Fund Balances	20,883	(6,497,545)	78,371	(750,000)
Fund Balances, beginning of year	<u>83,010</u>	<u>20,791,760</u>	<u>59,266</u>	<u>-</u>
Fund Balances, end of year	<u>\$ 103,893</u>	<u>\$ 14,294,215</u>	<u>\$ 137,637</u>	<u>\$ (750,000)</u>

MACOMB COUNTY, MICHIGAN
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Capital Projects Funds (continued)
Year Ended December 31, 2013

	Dept of Roads (1)	District Court Improvement	E-911 Radio System	E-911 Cellular Fee
Revenues				
Federal & state grants	\$ -	\$ -	\$ -	\$ 439,493
Charges for services	-	55,246	-	-
Investment income	1,467	-	132	-
Other revenue	-	-	-	-
Total Revenues	<u>1,467</u>	<u>55,246</u>	<u>132</u>	<u>439,493</u>
Expenditures				
Current				
Judicial	-	-	-	-
Public safety	-	-	-	5,367
Public works	-	-	-	-
Recreation and cultural	-	-	-	-
Capital outlay	-	12,781	-	5,852
Total Expenditures	<u>-</u>	<u>12,781</u>	<u>-</u>	<u>11,219</u>
Excess of Revenues over (under) Expenditures	<u>1,467</u>	<u>42,465</u>	<u>132</u>	<u>428,274</u>
Other Financing Sources (uses)				
Transfers in	90,369	-	-	1,100,441
Transfers out	-	-	-	(293,386)
Total Other Financing Sources (uses)	<u>90,369</u>	<u>-</u>	<u>-</u>	<u>807,055</u>
Net change in Fund Balances	<u>91,836</u>	<u>42,465</u>	<u>132</u>	<u>1,235,329</u>
Fund Balances, beginning of year	<u>1,185,103</u>	<u>347,784</u>	<u>5,429</u>	<u>-</u>
Fund Balances, end of year	<u>\$ 1,276,939</u>	<u>\$ 390,249</u>	<u>\$ 5,561</u>	<u>\$ 1,235,329</u>

(1) - Year ended September 30, 2013

MACOMB COUNTY, MICHIGAN
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Capital Projects Funds (continued)
Year Ended December 31, 2013

	<u>E-911 Radio Maintenance</u>	<u>Nicholson Nature Center</u>	<u>Orchard Trail</u>
Revenues			
Federal & state grants	\$ -	\$ (134,032)	\$ 13,164
Charges for services	891,472	-	54,616
Investment income	-	-	976
Other revenue	3,250	-	-
Total Revenues	<u>894,722</u>	<u>(134,032)</u>	<u>68,756</u>
Expenditures			
Current			
Judicial			
Public safety	836,199	-	-
Public works	-	-	-
Recreation and cultural	-	-	172,107
Capital outlay	-	27,540	8,703
Total Expenditures	<u>836,199</u>	<u>27,540</u>	<u>180,810</u>
Excess of Revenues over (under) Expenditures	<u>58,523</u>	<u>(161,572)</u>	<u>(112,054)</u>
Other Financing Sources (uses)			
Transfers in	-	-	-
Transfers out	-	-	-
Total Other Financing Sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net change in Fund Balances	58,523	(161,572)	(112,054)
Fund Balances, beginning of year	<u>554,698</u>	<u>32,030</u>	<u>468,940</u>
Fund Balances, end of year	<u>\$ 613,221</u>	<u>\$ (129,542)</u>	<u>\$ 356,886</u>

MACOMB COUNTY, MICHIGAN
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Capital Projects Funds (concluded)
Year Ended December 31, 2013

	<u>Youth Home Renovation</u>	<u>General County Capital Projects</u>	<u>Totals</u>
Revenues			
Federal & state grants	\$ -	\$ 29,463	\$ 1,692,659
Charges for services	-	1,500	1,113,851
Investment income	-	-	3,102
Other revenue	-	84,935	88,185
	<hr/>	<hr/>	<hr/>
Total Revenues	-	115,898	2,897,797
Expenditures			
Current			
Judicial	-	-	8,601
Public safety	-	-	841,566
Public works	-	-	3,689
Recreation and cultural	-	-	172,107
Capital outlay	-	4,561,712	11,449,285
	<hr/>	<hr/>	<hr/>
Total Expenditures	-	4,561,712	12,475,248
Excess of Revenues over (under) Expenditures	<hr/>	<hr/>	<hr/>
	-	(4,445,814)	(9,577,451)
Other Financing Sources (uses)			
Transfers in	-	4,407,008	10,335,944
Transfers out	-	(1,100,441)	(7,891,372)
	<hr/>	<hr/>	<hr/>
Total Other Financing Sources (uses)	-	3,306,567	2,444,572
Net change in Fund Balances	<hr/>	<hr/>	<hr/>
	-	(1,139,247)	(7,132,879)
Fund Balances, beginning of year	<hr/>	<hr/>	<hr/>
	103,230	2,017,777	25,649,027
Fund Balances, end of year	<hr/>	<hr/>	<hr/>
	\$ 103,230	\$ 878,530	\$ 18,516,148

MACOMB COUNTY, MICHIGAN
Combining Statement of Net Position
Internal Service Funds
December 31, 2013

	Dept of Roads (1)	Compensated Absences	Equipment Revolving	General Liability Insurance	Workers' Compensation	Employee Fringe Benefits	Totals
Assets							
Current assets							
Cash and pooled investments	\$ 9,121,447	\$ 12,117,468	\$ 6,814,937	\$ 7,527,301	\$ 10,524,186	\$ 14,931,974	\$ 61,037,313
Accounts receivable, net	-	-	328,860	-	-	-	328,860
Inventories	-	-	257,828	-	-	-	257,828
Due from governmental funds	-	-	-	-	-	423,526	423,526
Due from fiduciary funds	-	-	-	-	-	6,341,310	6,341,310
Other assets	-	-	87,146	422,971	80,000	378,368	968,465
Total Current Assets	9,121,447	12,117,468	7,488,771	7,950,272	10,604,186	22,075,178	69,357,322
Noncurrent assets							
Capital assets, net:							
Assets being depreciated	-	-	1,873,406	-	-	-	1,873,406
Total Assets	9,121,447	12,117,468	9,362,177	7,950,272	10,604,186	22,075,178	71,230,728
Liabilities							
Current liabilities							
Accounts payable	-	-	209,115	237,094	106,323	3,822,095	4,374,627
Due to other funds	-	-	147,200	-	-	-	147,200
Compensated absences	-	750,000	-	-	-	-	750,000
Claims and judgements	9,303	-	-	800,000	900,000	-	1,709,303
Total Current Liabilities	9,303	750,000	356,315	1,037,094	1,006,323	3,822,095	6,981,130
Noncurrent Liabilities							
Claims and judgements	20,980	-	-	1,954,638	3,045,342	-	5,020,960
Compensated absences	-	11,098,844	-	-	-	-	11,098,844
Advances from other funds	-	-	295,000	-	-	-	295,000
Total Noncurrent Liabilities	20,980	11,098,844	295,000	1,954,638	3,045,342	-	16,414,804
Total Liabilities	30,283	11,848,844	651,315	2,991,732	4,051,665	3,822,095	23,395,934
Net Position							
Net investment in capital assets	-	-	1,873,406	-	-	-	1,873,406
Restricted for:							
Department of Roads liability insurance	9,091,164	-	-	-	-	-	9,091,164
Unrestricted	-	268,624	6,837,456	4,958,540	6,552,521	18,253,083	36,870,224
Total Net Position	\$ 9,091,164	\$ 268,624	\$ 8,710,862	\$ 4,958,540	\$ 6,552,521	\$ 18,253,083	\$ 47,834,794

(1) - Balance sheet as of September 30, 2013

MACOMB COUNTY, MICHIGAN
Combining Statement of Revenues, Expenses and Changes in Net Position
Internal Service Funds
Year Ended December 31, 2013

	Dept of Roads (1)	Compensated Absences	Equipment Revolving	General Liability Insurance	Workers' Compensation	Employee Fringe Benefits	Totals
Operating Revenues							
Charges for services	\$ -	\$ 1,115,092	\$ 3,502,496	\$ 9,930,267	\$ 2,621,764	\$ 54,325,979	\$ 71,495,598
Operating Expenses							
Benefits and claims expenses	312,907	1,577,484	-	9,290,806	1,055,054	53,702,418	65,938,669
Supplies and services	-	-	3,047,163	-	-	-	3,047,163
Depreciation	-	-	521,934	-	-	-	521,934
Capital outlay	-	-	5,798	-	-	-	5,798
Total Operating Expenses	312,907	1,577,484	3,574,895	9,290,806	1,055,054	53,702,418	69,513,564
Operating Income (loss)	(312,907)	(462,392)	(72,399)	639,461	1,566,710	623,561	1,982,034
Nonoperating Revenues							
Investment income	11,295	-	-	-	-	-	11,295
Total Nonoperating Revenues	11,295	-	-	-	-	-	11,295
Income before Transfers	(301,612)	(462,392)	(72,399)	639,461	1,566,710	623,561	1,993,329
Transfers							
Transfers in	-	-	17,000	-	-	-	17,000
Transfers out	-	-	-	(960,670)	-	-	(960,670)
Net Operating Transfers	-	-	17,000	(960,670)	-	-	(943,670)
Increase (decrease) in net positions	(301,612)	(462,392)	(55,399)	(321,209)	1,566,710	623,561	1,049,659
Net Position, beginning of year	9,392,776	731,016	8,766,261	5,279,749	4,985,811	17,629,522	46,785,135
Net Position, end of year	<u>\$ 9,091,164</u>	<u>\$ 268,624</u>	<u>\$ 8,710,862</u>	<u>\$ 4,958,540</u>	<u>\$ 6,552,521</u>	<u>\$ 18,253,083</u>	<u>\$ 47,834,794</u>

(1) - Year ended September 30, 2013

MACOMB COUNTY, MICHIGAN
Combining Statement of Cash Flows - Internal Service Funds
Year Ended December 31, 2013

	Dept of Roads (1)	Compensated Absences	Equipment Revolving	General Liability Insurance	Workers' Compensation	Employee Fringe Benefits	Totals
Cash flows from operating activities							
Cash received from interfund services	\$ (1,271)	\$ 1,115,092	\$ 3,359,455	\$ 9,930,267	\$ 2,621,764	\$ 54,722,109	\$ 71,747,416
Cash payments to employees	-	(2,125,829)	-	-	-	-	(2,125,829)
Cash payments to suppliers	(320,233)	-	(2,997,561)	(9,714,627)	(934,186)	(48,673,146)	(62,639,753)
Net cash provided by (used in) operating activities	(321,504)	(1,010,737)	361,894	215,640	1,687,578	6,048,963	6,981,834
Cash flows from noncapital financing activities							
Transfers in	-	-	17,000	-	-	-	17,000
Transfers out	-	-	-	(960,670)	-	-	(960,670)
Net cash provided by (used in) noncapital financing activities	-	-	17,000	(960,670)	-	-	(943,670)
Cash flows from capital and related financing activities							
Acquisition of capital assets	-	-	(445,775)	-	-	-	(445,775)
Cash flows from investing activities							
Interest received on investments	11,295	-	-	-	-	-	11,295
Increase (decrease) in cash and pooled investments	(310,209)	(1,010,737)	(66,881)	(745,030)	1,687,578	6,048,963	5,603,684
Cash and pooled investments, beginning of year	9,431,656	13,128,205	5,881,818	8,272,331	8,836,608	8,883,011	55,433,629
Cash and pooled investments, end of year	\$ 9,121,447	\$ 12,117,468	\$ 6,814,937	\$ 7,527,301	\$ 10,524,186	\$ 14,931,974	\$ 61,037,313
Reconciliation of operating income to net cash provided (used) by operating activities							
Operating income (loss)	\$ (312,907)	\$ (462,392)	\$ (72,399)	\$ 639,461	\$ 1,566,710	\$ 623,561	\$ 1,982,034
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:							
Depreciation	-	-	521,934	-	-	-	521,934
Changes in assets and liabilities:							
Accounts receivable	-	-	(111,789)	-	-	-	(111,789)
Inventory	-	-	59,278	-	-	-	59,278
Due from other funds	-	-	-	-	-	396,130	396,130
Other assets	-	-	(31,252)	(422,971)	-	1,669,829	1,215,606
Accounts payable	-	-	(3,878)	153,207	(10,791)	3,359,443	3,497,991
Accrued employee benefits	-	(548,345)	-	-	-	-	(548,345)
Due to other funds	(1,271)	-	-	-	-	-	(1,271)
Accrued claims and judgements	(7,325)	-	-	(154,057)	131,649	-	(29,734)
Net cash provided by (used in) operating activities	\$ (321,504)	\$ (1,010,737)	\$ 361,894	\$ 215,640	\$ 1,687,578	\$ 6,048,963	\$ 6,981,834

(1) - Balance sheet as of September 30, 2013

MACOMB COUNTY, MICHIGAN
Combining Statement of Fiduciary Net Position
Pension and Other Employee Benefit Trust Funds
December 31, 2013

	<u>Employees'</u> <u>Retirement Fund</u>	<u>Retiree Health</u> <u>Care Fund</u>	<u>Total</u>
Assets			
Cash and pooled investments	\$ 24,339,662	\$ 103,758	\$ 24,443,420
Receivables			
Accrued interest	571,051	1,098,775	1,669,826
Other	678,879	-	678,879
Due from other funds	105,240	-	105,240
Other assets	-	1,418	1,418
	<u>1,355,170</u>	<u>1,100,193</u>	<u>2,455,363</u>
Investments, at fair value			
Corporate bonds	122,351	-	122,351
Common stock	400,447,854	921,105	401,368,959
Foreign stock	-	24,494,626	24,494,626
Limited partnership	176,003,311	-	176,003,311
Real estate investment trusts	-	23,662,411	23,662,411
Fixed income common collective trusts	141,004,409	32,181,192	173,185,601
Equity common collective trusts	170,973,967	81,775,564	252,749,531
	<u>888,551,892</u>	<u>163,034,898</u>	<u>1,051,586,790</u>
Total Assets	<u>914,246,724</u>	<u>164,238,849</u>	<u>1,078,485,573</u>
Liabilities			
Accounts payable	1,555,205	2,646,565	4,201,770
Accrued compensation and benefits	4,002,000		4,002,000
Due to governmental funds	-	6,341,310	6,341,310
Due to fiduciary funds	-	105,240	105,240
	<u>5,557,205</u>	<u>9,093,115</u>	<u>14,650,320</u>
Net Position			
Net position held in trust for pension and other postemployment benefits	<u>\$ 908,689,519</u>	<u>\$ 155,145,734</u>	<u>\$ 1,063,835,253</u>

MACOMB COUNTY, MICHIGAN
Combining Statement of Changes In Fiduciary Net Position
Pension and Other Employee Benefit Trust Funds
Year Ended December 31, 2013

	<u>Employees'</u> <u>Retirement Fund</u>	<u>Retiree Health</u> <u>Care Fund</u>	<u>Total</u>
Additions			
Contributions			
Employer	\$ 19,932,742	\$ 15,080,087	\$ 35,012,829
Employee	3,719,676	746,131	4,465,807
	<u>23,652,418</u>	<u>15,826,218</u>	<u>39,478,636</u>
Total Contributions			
Investment Income			
Net appreciation in fair value of assets	157,241,288	14,446,003	171,687,291
Interest	432,030	9,751,714	10,183,744
Dividends	7,462,367	-	7,462,367
	<u>165,135,685</u>	<u>24,197,717</u>	<u>189,333,402</u>
Less investment expenses			
Management and custodial fees	4,627,754	101,880	4,729,634
	<u>160,507,931</u>	<u>24,095,837</u>	<u>184,603,768</u>
Net investment income			
	<u>184,160,349</u>	<u>39,922,055</u>	<u>224,082,404</u>
Total Additions			
Deductions			
Benefit payments	62,721,398	15,014,303	77,735,701
Refunds of contributions	503,386	-	503,386
Administrative expense	183,500	51,687	235,187
	<u>63,408,284</u>	<u>15,065,990</u>	<u>78,474,274</u>
Total Deductions			
	<u>120,752,065</u>	<u>24,856,065</u>	<u>145,608,130</u>
Net increase in Net Position			
Net Position			
Beginning of year	787,937,454	130,289,669	918,227,123
	<u>787,937,454</u>	<u>130,289,669</u>	<u>918,227,123</u>
End of year	\$ 908,689,519	\$ 155,145,734	\$ 1,063,835,253
	<u>\$ 908,689,519</u>	<u>\$ 155,145,734</u>	<u>\$ 1,063,835,253</u>

MACOMB COUNTY, MICHIGAN
Combining Statement of Fiduciary Net Position
Agency Funds
December 31, 2013

	<u>Trust and Agency</u>	<u>Payroll and Benefits</u>	<u>Miscellaneous Agency Funds</u>	<u>Total</u>
Assets				
Cash and pooled investments	\$ 6,726,095	\$ 1,974	\$ 2,977,296	\$ 9,705,365
Receivables				
Other	345,696	11,548	101,016	458,260
Other assets	<u>70,305</u>	<u>273,901</u>	<u>1,824</u>	<u>346,030</u>
Total Assets	<u>\$ 7,142,096</u>	<u>\$ 287,423</u>	<u>\$ 3,080,136</u>	<u>\$ 10,509,655</u>
Liabilities				
Accounts payable	\$ 250,320	\$ 87,047	\$ 1,206,170	\$ 1,543,537
Accrued compensation and benefits	-	200,376	-	200,376
Deposits	4,553,166	-	1,864,004	6,417,170
Due to other governments	<u>2,338,610</u>	<u>-</u>	<u>9,962</u>	<u>2,348,572</u>
Total Liabilities	<u>\$ 7,142,096</u>	<u>\$ 287,423</u>	<u>\$ 3,080,136</u>	<u>\$ 10,509,655</u>

MACOMB COUNTY, MICHIGAN
Combined Statement of Changes in Fiduciary Net Position
Agency Funds
Year Ended December 31, 2013

	<u>Balance 12/31/2012</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 12/31/2013</u>
Assets				
Cash and pooled investments	\$ 10,009,575	\$ 548,855,484	\$ 549,159,694	\$ 9,705,365
Receivables				
Other	49,067	1,053,006	643,813	458,260
Other assets	372,864	276,458	303,292	346,030
	<u>10,431,506</u>	<u>550,184,948</u>	<u>550,106,799</u>	<u>10,509,655</u>
Total Assets	\$ 10,431,506	\$ 550,184,948	\$ 550,106,799	\$ 10,509,655
Liabilities				
Accounts payable	\$ 1,299,066	\$ 217,933,931	\$ 217,689,460	\$ 1,543,537
Accrued compensation and benefits	67,871	40,544,345	40,411,840	200,376
Deposits	6,183,406	38,965,799	38,732,035	6,417,170
Due to other governments	2,881,163	163,477,904	164,010,495	2,348,572
	<u>10,431,506</u>	<u>460,921,979</u>	<u>460,843,830</u>	<u>10,509,655</u>
Total Liabilities	\$ 10,431,506	\$ 460,921,979	\$ 460,843,830	\$ 10,509,655

MACOMB COUNTY, MICHIGAN
Statement of Changes in Assets and Liabilities
Trust and Agency Fund
Year Ended December 31, 2013

	Balance 12/31/2012	Additions	Deletions	Balance 12/31/2013
Assets				
Cash and pooled investments	\$ 6,822,058	\$ 73,248,293	\$ 73,344,256	\$ 6,726,095
Receivables				
Other	7,288	370,460	32,052	345,696
Other assets	97,864	274,634	302,193	70,305
	<u>6,927,210</u>	<u>73,893,387</u>	<u>73,678,501</u>	<u>7,142,096</u>
Total Assets	\$ 6,927,210	\$ 73,893,387	\$ 73,678,501	\$ 7,142,096
Liabilities				
Accounts payable	\$ 82,508	\$ 36,450,312	\$ 36,282,500	\$ 250,320
Deposits	4,632,646	37,879,838	37,959,318	4,553,166
Due to other governments	2,212,056	28,861,863	28,735,309	2,338,610
	<u>6,927,210</u>	<u>103,192,013</u>	<u>102,977,127</u>	<u>7,142,096</u>
Total Liabilities	\$ 6,927,210	\$ 103,192,013	\$ 102,977,127	\$ 7,142,096

MACOMB COUNTY, MICHIGAN
Statement of Changes in Assets and Liabilities
Payroll and Benefits Agency Funds
Year Ended December 31, 2013

	<u>Balance 12/31/2012</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 12/31/2013</u>
Assets				
Cash and pooled investments	\$ 1,974	\$ -	\$ -	\$ 1,974
Receivables				
Other	-	11,548	-	11,548
Other assets	<u>275,000</u>	<u>-</u>	<u>1,099</u>	<u>273,901</u>
 Total Assets	 <u>\$ 276,974</u>	 <u>\$ 11,548</u>	 <u>\$ 1,099</u>	 <u>\$ 287,423</u>
 Liabilities				
Accounts payable	\$ 209,103	\$ 45,550,327	\$ 45,672,383	\$ 87,047
Accrued compensation and benefits	67,871	40,544,345	40,411,840	200,376
Due to governmental funds	<u>-</u>	<u>200,273</u>	<u>200,273</u>	<u>-</u>
 Total Liabilities	 <u>\$ 276,974</u>	 <u>\$ 86,294,945</u>	 <u>\$ 86,284,496</u>	 <u>\$ 287,423</u>

MACOMB COUNTY, MICHIGAN
Statement of Changes in Assets and Liabilities
Miscellaneous Agency Funds
Year Ended December 31, 2013

	<u>Balance 12/31/2012</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 12/31/2013</u>
Assets				
Cash and pooled investments	\$ 3,185,543	\$ 475,607,191	\$ 475,815,438	\$ 2,977,296
Receivables				
Other	41,779	670,998	611,761	101,016
Other assets	-	1,824	-	1,824
	<u>3,227,322</u>	<u>476,280,013</u>	<u>476,427,199</u>	<u>3,080,136</u>
Total Assets	<u>\$ 3,227,322</u>	<u>\$ 476,280,013</u>	<u>\$ 476,427,199</u>	<u>\$ 3,080,136</u>
Liabilities				
Accounts payable	\$ 1,007,455	\$ 135,933,292	\$ 135,734,577	\$ 1,206,170
Deposits	1,550,760	1,085,961	772,717	1,864,004
Due to other governments	669,107	134,616,041	135,275,186	9,962
	<u>3,227,322</u>	<u>271,635,294</u>	<u>271,782,480</u>	<u>3,080,136</u>
Total Liabilities	<u>\$ 3,227,322</u>	<u>\$ 271,635,294</u>	<u>\$ 271,782,480</u>	<u>\$ 3,080,136</u>

MACOMB COUNTY, MICHIGAN
Combining Balance Sheet - Governmental Funds
Drainage Districts Component Unit
September 30, 2013

	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Debt Service</u>	<u>Total</u>
Assets				
Cash and pooled investments	\$ 5,506,433	\$ 28,387,893	\$ 5,556,584	\$ 39,450,910
Restricted cash - unspent bond proceeds	-	16,752,455	-	16,752,455
Special assessments receivable	-	-	253,526,883	253,526,883
Accounts receivable, net	10,669,750	329,326	51,177	11,050,253
Due from governmental funds	9,230	756,269	411	765,910
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u><u>\$ 16,185,413</u></u>	<u><u>\$ 46,225,943</u></u>	<u><u>\$259,135,055</u></u>	<u><u>\$ 321,546,411</u></u>
 Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities				
Accounts payable	\$ 8,762,825	\$ 6,041,914	\$ 937	\$ 14,805,676
Due to governmental funds	-	765,910	-	765,910
Unearned revenue	-	45,732	16,752,455	16,798,187
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities	<u>8,762,825</u>	<u>6,853,556</u>	<u>16,753,392</u>	<u>32,369,773</u>
 Deferred Inflows of Resources				
Unavailable property taxes and assessments	-	-	236,791,446	236,791,446
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
 Fund Balances				
Unassigned	<u>7,422,588</u>	<u>39,372,387</u>	<u>5,590,217</u>	<u>52,385,192</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Fund Balances	<u>7,422,588</u>	<u>39,372,387</u>	<u>5,590,217</u>	<u>52,385,192</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u><u>\$ 16,185,413</u></u>	<u><u>\$ 46,225,943</u></u>	<u><u>\$259,135,055</u></u>	<u><u>\$ 321,546,411</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, 2013

Total fund balances for governmental funds	\$ 52,385,192
Amounts reported for governmental activities in the Government-Wide Statement of Net Position are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is capitalized and allocated over their estimated useful lives.	
Capital assets	
Land	1,992,428
Infrastructure	371,933,531
Construction in progress	35,161,414
Accumulated depreciation	(103,999,582)
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	
Bonds issued in prior years	(253,949,036)
Bonds issued during the current year	(10,309,244)
Bond principal repayments	10,731,403
Unamortized bond premiums	(2,020,537)
Unamortized bond discounts	1,531,322
Special assessments receivable are not available to pay for current expenditures and therefore are recorded as deferred inflows of resources in the governmental funds	236,791,446
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	<u>(3,340,891)</u>
Net position of governmental activities reported in the Government-Wide Statement of Net Position	<u><u>\$ 336,907,446</u></u>

MACOMB COUNTY, MICHIGAN
Combining Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds
Drainage Districts Component Unit
Year Ended September 30, 2013

	Special Revenue	Capital Projects	Debt Service	Total
Revenues				
Federal & State grants	\$ 944,014	\$ 618,229	\$ -	\$ 1,562,243
Charges for services	44,586,665	2,378,553	6,718	46,971,936
Investment income	8,181	4,084	7,322,940	7,335,205
Special assessments	-	166,358	10,618,679	10,785,037
Total Revenues	<u>45,538,860</u>	<u>3,167,224</u>	<u>17,948,337</u>	<u>66,654,421</u>
Expenditures				
Current				
Public works	49,628,670	-	-	49,628,670
Capital outlay	-	18,374,912	-	18,374,912
Debt service				
Principal	-	-	10,731,403	10,731,403
Interest and fees	-	6,946	8,623,531	8,630,477
Total Expenditures	<u>49,628,670</u>	<u>18,381,858</u>	<u>19,354,934</u>	<u>87,365,462</u>
Excess of Revenues over (under) Expenditures	(4,089,810)	(15,214,634)	(1,406,597)	(20,711,041)
Other Financing Sources (uses)				
Issuance of debt	3,618,490	6,690,754	-	10,309,244
Transfers in	-	-	1,238,492	1,238,492
Transfers out	(894,825)	(343,667)	-	(1,238,492)
Total Other Financing Sources (uses)	<u>2,723,665</u>	<u>6,347,087</u>	<u>1,238,492</u>	<u>10,309,244</u>
Net change in Fund Balances	(1,366,145)	(8,867,547)	(168,105)	(10,401,797)
Fund Balances, beginning of year	<u>8,788,733</u>	<u>48,239,934</u>	<u>5,758,322</u>	<u>62,786,989</u>
Fund Balances, end of year	<u>\$ 7,422,588</u>	<u>\$ 39,372,387</u>	<u>\$ 5,590,217</u>	<u>\$ 52,385,192</u>

MACOMB COUNTY, MICHIGAN
Reconciliation Of The Statement Of Revenues, Expenditures And Changes
In Fund Balances Of Governmental Funds To The Government-Wide Statement Of Activities -
Drainage Districts Component Unit
Year Ended September 30, 2013

Net change in fund balances - total governmental funds	\$ (10,401,797)
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	12,526,814
Current year depreciation expense	(7,438,673)
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	10,731,403
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	(10,309,244)
Bond discounts 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.	
Current year amortization	(677,969)
The change in the amount of unearned revenue in the governmental funds does not provide current financial resources in the Government-Wide Statement of Activities.	7,369,751
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>92,061</u>
Change in net position of governmental activities reported in the Statement of Activities	<u><u>\$ 1,892,346</u></u>

MACOMB COUNTY, MICHIGAN

December 31, 2013

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)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Governmental activities										
Net investment in capital assets (1)	\$ 103,037	\$ 110,592	\$ 99,280	\$ 116,042	\$ 137,857	\$ 113,415	\$ 103,709	\$ 833,903	\$ 843,554	\$ 851,248
Restricted (2) (4)	64,780	97,573	117,133	96,409	80,962	67,512	49,849	87,208	89,746	90,301
Unrestricted (2) (3) (4)	88,024	61,479	50,704	7,014	(28,288)	(32,136)	(34,923)	(8,488)	(18,456)	(41,734)
Total governmental activities net position	255,841	269,644	267,117	219,466	190,531	148,791	118,635	912,623	914,845	899,815
Business-type activities										
Net investment in capital assets	2,556	6,745	24,214	23,236	1,479	1,460	1,348	1,196	1,252	1,229
Restricted	6,354	6,411	6,724	7,049	8,267	10,221	13,303	16,053	18,662	19,713
Unrestricted (2) (4)	85,159	83,860	82,539	87,479	93,449	102,529	110,843	86,388	84,262	93,506
Total business-type units net position	94,069	97,016	113,477	117,764	103,195	114,210	125,494	103,637	104,177	114,448
Primary government										
Net investment in capital assets (1)	105,593	117,337	123,494	139,278	139,335	114,875	105,057	835,099	844,807	852,477
Restricted (2) (4)	71,134	103,984	123,857	103,458	89,229	77,733	63,152	103,261	108,408	110,014
Unrestricted (2) (3) (4)	173,183	145,339	133,243	94,494	65,161	70,393	75,914	77,901	65,806	51,771
Total primary government net position	\$ 349,910	\$ 366,680	\$ 380,594	\$ 337,230	\$ 293,727	\$ 263,002	\$ 244,129	\$ 1,016,261	\$ 1,019,021	\$ 1,014,262

(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

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

	2004	2005	2006	2007	2008	2009	2010	2011 (1)	2012	2013
Expenses										
Governmental activities										
Legislative	\$ 1,958	\$ 2,077	\$ 2,250	\$ 2,345	\$ 2,354	\$ 2,115	\$ 1,875	\$ 1,182	\$ 1,139	\$ 1,202
Judicial	32,738	37,466	40,052	40,672	39,843	39,342	33,417	41,329	40,636	41,359
General government (2)	47,040	52,597	60,249	94,801	96,873	80,414	78,983	64,687	68,095	68,830
Public safety (2)	60,513	67,118	73,774	76,046	76,264	75,880	71,359	67,994	84,880	79,398
Public works	2,134	953	1,500	1,157	873	1,851	887	72,568	69,975	68,159
Health and welfare	71,578	76,036	81,220	89,362	85,570	82,039	90,126	83,259	75,431	72,041
Recreation and culture	2,983	2,976	3,096	2,845	2,308	1,740	1,183	825	62	234
Other activities	2,374	-	-	-	-	-	-	-	-	-
Interest on long-term debt	3,423	3,763	3,637	4,038	3,479	2,849	2,673	2,476	2,244	1,543
Total governmental activities expenses	224,741	242,986	265,778	311,266	307,564	285,230	280,503	334,321	322,442	332,757
Business-type activities										
Delinquent tax collections	866	703	699	868	1,219	2,538	5,495	6,313	8,336	5,495
Community Mental Health (2)	138,755	145,169	171,380	174,125	178,395	188,615	194,117	208,177	211,733	220,322
Martha T Berry Medical Care Facility (2)	19,026	18,017	19,999	21,726	23,393	21,650	22,101	23,848	24,989	22,853
Freedom Hill Park (2)	1,130	1,131	1,127	1,116	1,080	637	313	377	209	381
Total business-type activities expenses	159,777	165,020	193,205	197,835	204,087	213,440	222,026	238,715	245,267	249,051
Total primary government expenses	384,518	408,006	458,983	509,101	511,651	498,670	502,529	573,036	567,709	581,818
Program revenues										
Governmental activities										
Charges for services										
Judicial	6,060	6,666	6,973	7,017	5,935	5,972	6,826	6,022	6,114	5,517
General government	18,439	20,085	15,118	13,288	13,250	15,166	16,697	17,360	19,037	18,929
Public safety	8,812	8,931	12,736	13,864	15,544	13,898	13,280	13,262	14,601	16,542
Public works	-	-	-	-	-	-	-	19,651	27,080	19,693
Health and welfare	12,821	11,474	11,836	12,660	9,758	10,853	13,095	11,195	9,053	7,114
Recreation and culture	309	310	321	120	115	84	86	-	-	6
Operating grants and contributions	50,190	54,003	56,334	59,335	60,072	56,077	62,812	57,693	51,379	50,079
Capital grants and contributions	3,198	1,538	3,813	2,725	1,062	2,161	2,333	56,655	60,427	72,746
Total governmental activities program revenues	99,829	103,007	107,130	109,009	105,736	104,211	115,130	181,837	187,691	190,625
Business-type activities										
Charges for services										
Delinquent tax collections	7,465	6,366	8,211	12,119	14,177	17,524	20,237	21,718	21,999	17,640
Community Mental Health	97,609	139,403	161,597	167,342	173,065	183,698	161,943	168,557	169,395	175,001
Martha T Berry Medical Care Facility	13,366	12,340	13,890	18,609	19,723	20,857	22,761	23,197	23,326	23,486
Freedom Hill Park	242	254	254	242	255	173	184	173	501	232
Operating grants and contributions	35,803	288	2,927	372	415	469	31,626	34,298	34,995	35,802
Total business-type activities program revenues	154,485	158,661	186,869	198,684	207,635	222,720	236,751	247,943	250,216	252,161
Total primary government program revenues	254,314	261,668	293,999	307,693	313,371	326,932	351,881	429,780	437,907	442,787
Net (expense) revenue										
Governmental activities	(124,912)	(139,979)	(158,648)	(202,257)	(201,828)	(161,019)	(165,373)	(152,484)	(134,751)	(142,141)
Business-type activities	(5,292)	(6,359)	(6,336)	849	3,548	9,280	14,725	9,228	4,949	3,110
Total primary government net expenses	\$(130,204)	\$(146,338)	\$(164,984)	\$(201,408)	\$(198,280)	\$(171,738)	\$(150,648)	\$(143,256)	\$(129,802)	\$(139,031)

(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)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General revenues										
Governmental activities										
Property taxes	\$ 145,946	\$ 153,326	\$ 164,855	\$ 141,903	\$ 132,539	\$ 139,470	\$ 127,978	\$ 119,762	\$ 114,894	\$ 109,501
Intergovernmental revenues - restricted	-	493	-	-	-	-	-	-	-	-
Intergovernmental revenues - unrestricted	8,260	1,943	2,263	2,392	801	2,365	2,215	2,307	19,489	23,252
Investment earnings	3,433	6,456	9,529	10,635	6,645	2,699	1,070	777	683	424
Transfers	(1,974)	(8,435)	(20,525)	(325)	(1,488)	(1,909)	3,950	4,175	1,926	(6,065)
Total governmental activities	155,665	153,783	156,122	154,605	138,499	142,625	135,211	127,021	138,972	127,112
Business-type activities										
Investment earnings	1,052	1,856	3,060	2,966	2,184	1,019	136	214	310	309
Transfers	2,655	7,449	19,735	473	519	(1,456)	(3,578)	(3,421)	(4,719)	6,852
Total business-type activities	3,707	9,305	22,795	3,439	2,683	(437)	(3,442)	(3,208)	(4,409)	7,161
Total primary government	159,372	163,088	178,917	158,044	141,182	142,188	131,769	123,813	132,563	134,272
Change in net position										
Governmental activities	30,753	13,804	(2,526)	(47,652)	(63,329)	(38,394)	(30,182)	(25,463)	2,221	(15,030)
Business-type activities	(1,585)	2,946	16,459	4,288	8,231	8,843	11,284	6,020	540	10,271
Total primary government net revenue	\$ 29,168	\$ 16,750	\$ 13,933	\$ (43,364)	\$ (57,098)	\$ (29,550)	\$ (18,878)	\$ (19,443)	\$ 2,761	\$ (4,759)

Source: Macomb County Finance Department

UNAUDITED

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

	2004	2005	2006	2007	2008	2009	2010	2011 (3)	2012	2013
General fund										
Reserved	\$ 300	\$ 300	\$ 300	\$ 300	\$ 295	\$ 295	\$ 295	\$ -	\$ -	\$ -
Unreserved (2)	62,439	53,302	46,012	39,454	32,134	40,241	50,280	-	-	-
Nonspendable	-	-	-	-	-	-	-	295	295	659
Unassigned	-	-	-	-	-	-	-	57,639	79,776	81,029
Total general fund	\$ 62,739	\$ 53,602	\$ 46,312	\$ 39,754	\$ 32,429	\$ 40,536	\$ 50,575	\$ 57,934	\$ 80,071	\$ 81,688
All other governmental funds										
Reserved (1)	\$ 64,811	\$ 97,604	\$ 117,134	\$ 96,409	\$ 80,962	\$ 59,906	\$ 49,849	\$ -	\$ -	\$ -
Unreserved, reported in										
Special revenue funds	9,542	9,528	8,684	11,011	11,574	6,633	8,536	-	-	-
Debt service funds	-	-	-	-	-	7,037	-	-	-	-
Capital projects funds	18,181	15,727	10,782	15,225	10,668	16,611	22,922	-	-	-
Nonspendable (3)	-	-	-	-	-	-	-	4,555	5,020	4,489
Restricted (3) (4)	-	-	-	-	-	-	-	81,171	75,334	76,122
Assigned (3)	-	-	-	-	-	-	-	34,238	27,291	19,089
Unassigned	-	-	-	-	-	-	-	-	-	(2,970)
Total all other governmental funds	\$ 92,534	\$ 122,859	\$ 136,600	\$ 122,645	\$ 103,204	\$ 90,187	\$ 81,307	\$ 119,963	\$ 107,645	\$ 96,730

(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)

	2004	2005	2006	2007	2008	2009	2010	2011 (1)	2012	2013
Revenues										
Property taxes	\$ 145,946	\$ 153,326	\$ 164,855	\$ 141,903	\$ 132,539	\$ 139,470	\$ 127,976	\$ 119,762	\$ 110,000	\$ 110,952
Licenses and permits	1,087	1,203	1,166	1,653	1,243	1,321	1,427	1,733	1,924	1,982
Federal & state grants (2)	61,642	57,690	60,758	64,143	60,587	58,841	66,498	116,297	130,903	135,607
Other grants	7	287	251	308	1,348	1,963	861	392	391	460
Charges for services (2)	41,958	45,832	45,019	42,484	38,322	42,544	47,067	52,437	57,766	60,095
Investment income (2)	3,433	6,456	9,529	10,635	6,645	2,699	1,070	742	635	413
Charges to other funds for administrative services	10,517	11,088	11,425	11,925	14,522	15,162	10,258	8,250	6,575	7,036
Fines and forfeitures	1,981	1,790	1,438	1,382	3,392	1,923	1,204	1,791	2,469	932
Other revenue	1,415	581	1,455	1,430	1,645	186	286	2,649	2,421	894
Total revenues	267,986	278,253	295,896	275,863	260,243	263,909	256,648	304,053	313,084	318,372
Expenditures										
Legislative	1,958	2,077	2,250	2,345	2,354	2,115	1,875	1,182	1,139	1,202
Judicial	31,391	35,369	37,865	37,835	37,506	36,286	32,177	40,202	39,553	40,393
General government	49,570	55,724	60,273	58,640	58,809	55,179	50,817	42,330	43,498	46,462
Public safety (2)	58,294	64,883	69,919	72,748	70,692	70,375	65,887	62,770	60,039	76,599
Public works	2,134	954	1,500	1,157	873	1,851	887	69,026	69,518	63,038
Health and welfare	69,848	73,868	79,290	87,191	83,292	79,354	87,112	80,209	72,434	69,145
Recreation and cultural	2,909	2,904	3,024	2,782	2,232	1,669	1,113	753	-	172
Other	4,733	5,481	5,460	5,619	5,189	4,985	1,246	963	1,157	781
Capital outlay	29,930	23,771	17,381	19,321	11,343	6,059	5,388	4,781	6,743	17,813
Debt service										
Principal	2,985	3,560	4,470	4,750	4,690	4,585	5,165	5,666	5,990	4,740
Interest and fees	2,733	3,064	3,622	3,412	3,152	2,883	2,706	2,511	2,251	1,604
Bond issuance costs	220	288	-	114	61	-	-	-	235	-
Total expenditures	256,705	271,943	285,054	295,914	280,193	265,341	254,373	310,405	302,557	321,949
Excess of revenues over (under) expenditures	11,281	6,310	10,842	(20,051)	(19,950)	(1,432)	2,275	(6,352)	10,527	(3,577)
Other financing sources (uses)										
Face amount of long-term debt	19,350	22,255	-	16,895	2,605	-	-	829	22,975	-
Transfers in	76,791	84,041	90,160	102,574	104,057	87,734	86,547	65,813	51,504	30,414
Transfers out	(79,176)	(88,412)	(94,350)	(103,350)	(107,817)	(90,038)	(82,935)	(68,476)	(50,578)	(35,536)
Bond discounts	(172)	(205)	-	(168)	34	-	-	-	150	-
Payment to refunding debt escrow agent	-	(2,802)	-	(16,814)	(5,696)	-	-	-	(24,760)	-
Total Other financing sources (uses)	16,793	14,877	(4,190)	(663)	(6,817)	(2,304)	3,612	(1,834)	(709)	(5,122)
Net change in fund balances	\$ 28,074	\$ 21,187	\$ 6,652	\$ (20,714)	\$ (26,767)	\$ (3,736)	\$ 5,887	\$ (8,186)	\$ 9,818	\$ (8,699)
Debt service as % of noncapital expenditures	2.60%	2.72%	3.00%	2.97%	2.93%	2.87%	3.14%	3.00%	3.39%	2.35%

(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)

	2004	2005	2006	2007	2008	2009	2010	2011 (1)	2012	2013
Revenues										
Taxes	\$ 108,025	\$ 115,340	\$ 126,970	\$ 141,691	\$ 132,362	\$ 138,020	\$ 126,587	\$ 118,516	\$ 108,831	\$ 109,895
Licenses and permits	397	391	331	308	348	379	411	1,408	1,510	1,640
Federal & state grants	14,756	8,422	8,625	8,408	7,058	8,095	7,831	12,290	28,455	25,728
Charges for services	26,754	30,297	30,330	27,571	25,952	26,821	28,666	29,453	35,526	36,827
Investment income	2,565	4,704	5,957	6,591	2,980	1,432	806	339	346	278
Charges to other funds for administrative services	10,517	11,088	11,425	11,925	14,522	15,162	10,258	8,250	6,575	7,036
Fines and forfeitures	1,059	1,046	865	698	672	768	751	729	693	676
Other revenue	207	167	68	277	200	104	150	162	477	210
Total revenues	164,280	171,455	184,571	197,469	184,094	190,781	175,461	171,146	182,413	182,290
Expenditures										
Legislative	1,958	2,077	2,250	2,345	2,354	2,115	1,875	1,182	1,139	1,202
Judicial	19,452	22,779	23,707	24,197	24,200	22,854	21,896	28,052	27,745	29,219
General government	48,848	54,425	56,298	57,996	57,492	53,770	49,498	40,998	42,464	44,855
Public safety	51,927	56,692	62,031	63,860	63,924	62,915	57,341	57,418	55,140	58,338
Health and welfare	776	713	787	697	452	2	1	20,581	18,166	19,090
Recreation and cultural	-	-	-	-	-	-	-	749	-	-
Other	4,733	5,481	5,460	5,619	5,188	4,985	1,246	963	1,157	781
Capital outlay	722	802	706	617	307	270	360	244	563	1,117
Total expenditures	128,416	142,969	153,239	155,331	153,917	146,911	132,217	150,188	146,374	154,602
Excess of revenues over (under) expenditures	35,864	28,486	31,332	42,138	30,177	43,870	43,244	20,958	36,039	27,688
Other financing sources (uses)										
Transfers in	19,669	22,724	23,340	23,877	27,356	24,818	24,806	24,998	18,254	21
Transfers out	(58,308)	(60,347)	(61,961)	(72,574)	(64,858)	(60,581)	(53,284)	(40,758)	(32,156)	(26,093)
Total other financing sources (uses)	(38,639)	(37,623)	(38,621)	(48,697)	(37,502)	(35,763)	(28,478)	(15,760)	(13,902)	(26,072)
Net change in fund balances	\$ (2,775)	\$ (9,137)	\$ (7,289)	\$ (6,559)	\$ (7,325)	\$ 8,107	\$ 14,766	\$ 5,199	\$ 22,137	\$ 1,617

(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

UNAUDITED

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

Year	Assessed Values						Total Assessed Value	Total Direct Tax Rate
	Agricultural Property	Commercial Property	Industrial Property	Residential Property	Developmental Property	Personal Property		
2004	\$ 192,638	\$ 4,219,934	\$ 2,530,250	\$24,066,971	\$ 72,824	\$ 2,638,870	\$ 33,721,487	4.2058
2005	228,485	4,485,740	2,646,205	25,481,289	102,725	2,624,386	35,568,830	4.2058
2006	243,151	4,772,155	2,689,040	26,786,776	124,032	2,613,175	37,228,329	4.2055
2007	266,096	5,053,235	2,681,261	27,627,369	125,903	2,603,537	38,357,401	4.2055
2008	274,992	4,924,851	2,488,333	25,985,673	126,015	2,603,959	36,403,823	4.2455
2009	270,567	4,857,836	2,429,055	23,042,608	121,466	2,676,181	33,397,713	4.6135
2010	248,577	4,676,384	2,175,330	19,618,529	97,475	2,447,867	29,264,162	4.6135
2011	177,967	4,218,452	1,760,665	18,201,017	5,165	2,386,396	26,749,662	4.6135
2012	170,970	3,797,845	1,593,307	17,048,349	25,276	2,385,441	25,021,188	4.6135
2013	170,372	3,557,160	1,512,235	17,377,703	24,071	2,446,743	25,088,284	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)

		2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
County direct rate											
Operation		4.2000	4.2000	4.2000	4.2000	4.2000	4.5685	4.5685	4.5685	4.5685	4.5685
County drain debt		0.0058	0.0058	0.0055	0.0055	0.0055	0.0050	0.0050	0.0050	0.0050	0.0050
County Veteran		-	-	-	-	0.0400	0.0400	0.0400	0.0400	0.0400	0.0400
Total direct rate		4.2058	4.2058	4.2055	4.2055	4.2455	4.6135	4.6135	4.6135	4.6135	4.6135
Overlapping rates											
Cities:											
Center Line		21.2997	23.1496	23.2656	22.6223	21.2329	23.8266	24.9025	31.7022	38.3328	37.5025
Eastpointe		17.9541	18.9845	25.8009	23.8711	24.1214	24.0133	25.0978	25.2113	26.6102	26.9612
Fraser		18.0000	18.1382	18.1382	18.1382	18.1382	18.1382	18.1382	18.7659	18.8159	20.8359
Grosse Pointe Shores		-	-	-	-	-	15.8900	15.8900	17.1400	18.3800	17.8794
Memphis		15.1195	14.8019	14.3889	14.2953	14.2953	14.2953	14.2953	14.2953	14.2953	14.2953
Mt. Clemens		22.0327	21.2434	21.2434	18.2159	18.2159	18.2159	18.2159	18.3511	18.6639	18.6639
New Baltimore		12.6439	14.4123	13.8955	13.8955	13.9445	14.2795	14.9715	14.9405	15.2135	14.9165
Richmond		20.0127	18.7026	18.6526	18.4826	18.4326	16.6526	16.6526	16.6526	16.6526	16.6526
Roseville		16.3800	16.3800	16.3800	21.3800	21.3800	21.3800	21.3800	21.3800	24.8494	24.8494
St. Clair Shores		15.8504	17.9863	18.2755	18.3316	18.8982	18.2280	18.0406	19.3562	19.4518	20.5388
Sterling Heights		10.6250	10.6250	10.7250	10.7250	10.7858	10.7858	12.6858	12.6858	12.6858	12.6858
Utica		21.4636	21.9024	21.9198	21.4758	21.7201	21.8835	21.9794	21.6998	22.5358	22.617
Warren		16.1924	16.9424	16.9424	16.9424	16.9424	16.9424	17.7924	17.7924	27.8656	27.8656
Townships (rates range)	Low	0.7713	0.7797	0.7794	0.7794	0.7794	2.5558	3.2312	3.2812	3.2812	3.2812
	High	13.8934	13.7278	15.1516	14.7275	15.0575	15.0575	15.3516	15.3816	15.4316	17.7116
Villages (rates range)	Low	13.8141	14.7547	14.7438	15.0794	15.0794	16.5004	16.5004	16.5354	16.5354	16.5354
	High	19.4654	19.4508	19.4508	19.0936	19.0936	18.8436	18.8436	18.8436	18.8436	18.8436
School districts (rates range)	Low	9.3000	9.2000	8.9000	8.9000	8.9000	8.9000	9.7500	9.8500	9.8500	9.8500
	High	35.9310	35.4143	35.4143	35.4143	35.4143	35.4143	35.4143	35.4143	35.4143	35.4143
Intermediate school district		2.9615	2.9430	2.9430	2.9430	2.9430	2.9430	2.9430	2.9430	2.9430	2.9430
Community college		1.5002	1.4212	1.4212	1.4212	1.4212	1.4212	1.4212	1.5712	1.5712	1.5312
SMART Regional Transportation		0.5949	0.5912	0.5900	0.5900	0.5900	0.5900	0.5900	0.5900	0.5900	0.5900
HCM Park Authority		0.2154	0.2146	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	0.1000	0.1000
ART Authority		-	-	-	-	-	-	-	-	0.2000	0.2000

UNAUDITED

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

Taxpayer	2013			2004		
	Taxable Value	Rank	Percentage of Total County Taxable Value	Taxable Value	Rank	Percentage of Total County Taxable Value
GENERAL MOTORS	\$ 440,092,481	1	1.83%	\$ 553,024,285	2	2.05%
CHRYSLER CORPORATION	424,158,342	2	1.76%	594,199,547	1	2.20%
DETROIT EDISON	288,048,814	3	1.19%	213,307,948	5	0.79%
FORD MOTOR COMPANY	239,882,539	4	0.99%	263,114,868	3	0.98%
CONSUMERS ENERGY	140,095,624	5	0.58%	108,591,308	6	0.40%
INTERNATIONAL TRANS.	88,206,962	6	0.37%	59,567,241	7	-
COMCAST	47,372,398	7	0.20%	-	-	-
MEIJER	43,113,706	8	0.18%	38,616,847	8	0.14%
WASHINGTON 10	38,377,082	9	0.16%	-	-	-
GENERAL DYNAMICS	33,166,140	10	0.14%	-	-	-
WALMART	-	-	-	33,640,217	10	0.12%
TOWER AUTOMOTIVE	-	-	-	35,097,800	9	0.13%
VISTEON	-	-	-	231,817,049	4	0.86%
	<u>\$ 1,782,514,088</u>		<u>7.39%</u>	<u>\$ 2,130,977,110</u>		<u>7.68%</u>

Source: Macomb County Equalization Department

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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 Amount	% of Levy		Amount	% of Levy
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%
2013	112,568,178	104,387,624	92.73%	4,737,833	109,125,457	96.94%

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

MACOMB COUNTY
Ratios of General Bonded Debt Outstanding
Last Ten Years

Year	General Obligation Bonds	Infrastructure Loans	Total Debt	Less:		% of Personal Income	% of Total Assessed Value of Property	Net General Obligation Debt Per Capita
				Amounts Restricted to Repaying Principal	Total			
2004	72,750,000	-	72,750,000	7,680,784	65,069,216	0.26%	0.22%	79.10
2005	88,770,000	-	88,770,000	7,666,450	81,103,550	0.31%	0.25%	97.78
2006	84,300,000	-	84,300,000	7,430,333	76,869,667	0.39%	0.23%	92.30
2007	80,245,000	-	80,245,000	7,119,808	73,125,192	0.36%	0.21%	87.99
2008	72,815,000	-	72,815,000	7,227,719	65,587,281	0.32%	0.20%	78.96
2009	68,230,000	-	68,230,000	7,037,186	61,192,814	0.30%	0.20%	73.42
2010	63,065,000	-	63,065,000	6,248,345	56,816,655	0.28%	0.22%	67.56
2011	57,445,000	1,215,344	58,660,344	5,131,406	53,528,938	0.28%	0.22%	63.56
2012	49,670,000	1,091,594	50,761,594	4,068,741	46,692,853	0.22%	0.20%	55.10
2013	44,930,000	966,164	45,896,164	3,049,441	42,846,723	0.20%	0.18%	50.13

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

MACOMB COUNTY
Computation of Net Direct and Overlapping Debt
As of December 31, 2013

	<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	\$ 41,860,000	\$ -	\$ 41,860,000	\$ 41,860,000	
Michigan Transportation bonds	3,070,000	-	3,070,000	3,070,000	
Department of Roads loans	966,164	562,482	403,682	403,682	
Public Works - water and sewer debt	<u>253,526,877</u>	<u>253,526,877</u>	<u>-</u>	<u>-</u>	
Net direct debt	<u>\$ 299,423,041</u>	<u>\$ 254,089,359</u>	45,333,682	45,333,682	
Overlapping debt					
School districts			2,292,406,643	2,075,499,530	90.5%
Cities			398,046,698	391,551,794	98.4%
Township			257,500,041	257,500,041	100.0%
Villages			16,832,172	16,832,172	100.0%
Intermediate school district			61,865,000	125,296	0.2%
Macomb Community College			18,525,000	18,525,000	100.0%
Library			<u>19,460,000</u>	<u>19,460,000</u>	100.0%
Net overlapping debt			<u>3,064,635,554</u>	<u>2,779,493,833</u>	90.7%
Net direct and overlapping debt			<u>\$ 3,109,969,236</u>	<u>\$ 2,824,827,515</u>	90.8%

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

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MACOMB COUNTY
Legal Debt Margin
Last Ten Years

Legal Debt Margin Calculation for 2013

2013 Taxable Value	<u>\$ 24,113,941,897</u>
Debt Limit (10% of Assessed Taxable Value)	2,411,394,190
Outstanding Long-term Debt	<u>299,423,041</u>
LEGAL DEBT MARGIN	<u>\$ 2,111,971,149</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>
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%
2013	2,411,394,190	299,423,041	2,111,971,149	12.42%

Source: Macomb County Finance Department

MACOMB COUNTY
Demographic and Economic Statistics
Last Ten Years

Years	Population	Personal Income (thousands of dollars)	Per Capita Personal Income	Unemployment Rate
2004	822,660	\$ 27,774,429	\$ 33,762	8.2%
2005	829,453	28,814,941	34,740	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%
2013	854,769	22,752,241	26,618	9.3%

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

MACOMB COUNTY
Principal Employers
Current Year and Nine Years Ago

Employer	2013			2004		
	Employees	Rank	% of Total County Employment	Employees	Rank	% of Total County Employment
General Motors	12,668	1	4.30%	14,736	1	4.56%
Chrysler Corporation	10,406	2	3.53%	7,578	3	2.35%
U.S. Government	6,671	3	2.26%	6,186	4	1.92%
Ford Motor Company	4,135	4	1.40%	9,963	2	3.09%
St. John Health System	3,558	5	1.21%	3,608	5	1.12%
Henry Ford Health System	3,328	6	1.13%	1,023	15	0.32%
Utica Community Schools	2,711	7	0.92%	-	-	-
Macomb County	2,218	8	0.75%	2,387	6	0.74%
General Dynamics	2,079	9	0.71%	2,070	8	0.64%
McLaren Macomb (formerly Mt. Clemens Med.)	1,561	10	0.53%	1,919	9	0.59%
Warren Consolidated Schools	1,409	11	0.48%	-	-	-
State of Michigan	1,343	12	0.46%	1,038	14	0.32%
Faurecia	1,325	13	0.45%	-	-	-
Chippewa Valley Schools	1,245	14	0.42%	-	-	-
L'Anse Creuse Public Schools	1,123	15	0.38%	-	-	-
Art Van Furniture	1,016	16	0.34%	-	-	-
Macomb Intermediate School District	924	17	0.31%	-	-	-
U.S. Postal Service	849	18	0.29%	1,594	10	0.49%
Asset Acceptance Capital	729	19	0.25%	-	-	-
Johnson Controls - Automotive Experience	725	20	0.25%	-	-	-
Trinity Health (formerly Mercy Health)	-	-	-	2,351	7	0.73%
Kroger Co of Michigan	-	-	-	1,471	11	0.46%
Kmart Co	-	-	-	1,300	12	0.40%
AZ Automotive (formerly Aetna Industries)	-	-	-	1,127	13	0.35%
Campbell-Ewald Co.	-	-	-	942	16	0.29%
TRW Inc.	-	-	-	925	17	0.29%
EDS	-	-	-	770	18	0.24%
Detroit Newspapers	-	-	-	733	19	0.23%
SBC Communications Inc.	-	-	-	729	20	0.23%
	<u>60,023</u>		<u>20.88%</u>	<u>62,450</u>		<u>19.34%</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	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Legislative										
Board of Commissioners	26	26	26	26	26	26	26	19	19	19
Judicial										
Circuit Court	65	65	65	67	67	67	66	63	65	64
Family Counseling Services	-	-	-	-	1	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	17	17
Friend of the Court	124	125	125	126	125	121	121	121	121	118
Family Court - Juvenile	68	68	64	62	62	59	56	51	50	50
Probate Court	31	31	31	31	31	31	30	29	27	31
Probate Court - Mental Division	10	12	12	12	11	10	8	8	7	-
Probation	16	18	19	19	19	16	14	12	6	5
General Government										
County Administration	9	9	9	9	9	7	7	6	9	9
Corporation Counsel	9	9	9	9	9	8	8	8	8	8
Finance	27	27	27	27	27	26	20	20	20	21
Purchasing	24	24	23	23	23	21	18	18	17	16
Reimbursement	15	15	15	15	15	13	13	12	12	11
Information Technology	48	49	48	49	49	42	35	36	36	36
Equalization	16	15	14	14	13	11	11	11	10	10
Human Resources	29	29	28	28	28	25	22	22	22	22
Clerk/Register	96	98	98	99	99	89	82	79	78	80
Treasurer	34	34	34	34	34	32	31	31	26	26
Public Works	55	57	58	58	60	59	55	55	59	60
M.S.U. County Extension	76	77	76	76	76	51	50	50	8	8
Planning & Econ Dev	35	35	37	37	36	33	33	33	31	26
Risk Management	4	4	4	4	4	4	4	4	-	-
Facilities & Operations	123	124	124	127	126	114	104	99	99	95
Prosecuting Attorney	120	123	140	141	141	117	107	122	104	104
Department of Roads	-	-	-	-	-	-	-	-	233	232
Public Safety										
Sheriff	475	501	503	503	503	498	487	477	487	486
Technical Services	10	10	10	10	10	9	8	8	8	8
Emergency Services	4	4	4	4	7	6	6	6	3	3
Community Corrections	9	10	11	11	11	11	11	11	11	11
Health										
Environmental Health	48	48	50	50	50	-	-	-	-	-
Pubic Health	226	229	226	223	223	251	241	239	232	228
Community Mental Health	330	330	330	333	333	334	334	334	335	335
Substance Abuse	10	10	10	10	10	10	10	10	10	10
Health & Community Services	-	-	-	-	-	-	-	-	2	2
Social Services										
Child Care - Youth Home	122	122	140	141	141	146	138	137	129	123
Medical Care Facility	236	240	244	244	243	231	231	231	231	238
Veterans Services	6	6	6	6	6	10	10	10	10	10
Senior Citizen Services	39	39	38	38	38	32	32	30	16	15
Community Services Agency	308	267	260	257	243	253	283	193	184	182
Macomb/St. Clair Employment	42	42	43	41	41	68	68	68	68	68
Culture & Recreation										
Parks & Recreation	8	8	9	9	9	-	-	-	-	-
Library	67	67	65	65	57	16	11	10	-	-
Total	3,031	3,038	3,066	3,069	3,047	2,889	2,823	2,705	2,824	2,801

Source: Macomb County Budget

MACOMB COUNTY, MICHIGAN
Operating Indicators By Function/Program
December 31, 2013

Function/Program	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Judicial:										
Circuit Court										
Caseload	17,225	23,076	23,992	23,988	24,030	23,001	22,793	20,788	20,022	19,375
District Court - Romeo										
Caseload	13,143	14,059	11,362	8,637	9,950	9,502	9,819	9,760	9,396	7,917
District Court - New Baltimore										
Caseload	22,935	25,000	18,965	15,141	15,000	15,607	15,175	14,405	12,751	12,300
General Government:										
County Clerk										
Birth records	4,713	4,445	4,273	3,866	3,539	2,837	6,052	5,768	5,604	5,453
Death records	5,942	6,113	6,084	5,465	4,943	4,881	4,791	5,065	5,107	5,158
Marriage licenses	5,603	5,445	5,221	5,111	4,947	4,625	4,864	5,169	5,291	4,877
Public Works										
Inspections	20,599	16,320	11,577	12,092	14,197	8,021	6,451	6,037	5,955	6,718
Public Safety:										
Sheriff										
Complaints handled	83,078	105,996	109,328	105,323	103,115	100,603	98,189	94,821	94,451	133,808
Inmate bookings	22,563	23,259	22,574	22,059	21,706	20,166	19,814	18,464	19,709	18,732
Arrests made	8,305	10,571	10,420	9,370	8,679	8,139	7,249	6,602	6,617	6,206
Crashes investigated	3,486	4,913	4,150	4,874	4,898	2,971	4,042	4,048	3,924	3,880
Health and Welfare:										
Health Department										
Vaccines administered	53,746	82,245	59,658	79,136	75,036	114,953	100,036	70,711	58,253	59,726
Animals received at animal control	12,935	11,700	14,300	12,856	13,571	12,900	7,146	7,520	5,782	3,219
Food service inspections	4,307	4,168	4,419	4,460	4,423	4,420	4,368	4,374	5,452	4,645
Forensic examinations	283	361	359	365	509	582	533	625	571	648

Source: Macomb County Finance Department

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

Function	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Judicial										
Number of court buildings	5	5	5	5	5	5	5	5	5	5
Vehicles	6	6	7	7	7	7	6	6	6	4
General Government										
Number of buildings	5	6	7	7	7	7	7	7	6	7
Vehicles	52	51	57	54	57	55	54	54	54	55
Public Safety										
Number of jails	1	1	1	1	1	1	1	1	1	1
Stations and substations	5	6	6	6	6	6	6	6	6	6
Marine patrol substations	2	2	2	2	2	2	2	2	2	2
Vehicles	112	125	126	134	95	155	149	141	141	157
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	8	8	9	9	9	9	9	9	9	9
Vehicles	24	27	33	32	33	37	38	36	34	36
Health and Welfare										
Number of buildings	7	7	7	7	7	7	7	7	8	8
Vehicles	101	102	77	88	89	96	91	88	87	89
Recreation and Culture										
Number of buildings	1	1	1	1	1	1	1	1	1	1
County parks	1	1	1	1	1	1	1	1	1	1

MACOMB COUNTY

Schedule of Insurance
As of December 31, 2013

Type of Coverage / Name of Company	Policy Period	Premium	Description
Public Entity Liability ACE-Illinois Union Insurance National Casualty Co (excess)	7-1-13 to 7-1-14	\$499,913 ACE \$119,949 National Casualty	Includes auto liability, general liability, law enforcement liability and public officials liability. \$5,000,000 each occurrence or wrongful act subject to a \$750,000 self-insured retention. Excess insurance \$6,000,000 umbrella policy for a combined \$11,000,000 in coverage.
Excess Workers' Compensation Insurance Citizens Ins. Co of America	5-1-11 to 5-1-14	\$73,392 (excess premium) \$80,066 (service fee)	Statutory liability \$1,000,000. Self-insured retention \$500,000
Property Affiliated FM Insurance Co	7-1-13 to 7-1-14	\$135,055	Covers buildings & contents. Limit - up to \$299,769,820 - deductible \$100,000
Boiler & Machinery Affiliated FM Insurance Co	7-1-13 to 7-1-14	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 - \$299,768,820 limit
Electronic Data Processing Affiliated FM Insurance Co	7-1-13 to 7-1-14	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.	8-1-13 to 7-31-14	\$17,950	County employees retirement system - \$5,000,000 aggregate, \$50,000 deductible
Crime National Union Fire Ins	8-1-13 to 7-31-14	\$7,128	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	1-1-13 to 12-31-13	\$532,818 County Active \$23,374 Roads Active \$27,360 Roads Retirees	Death benefit equals one year salary

MACOMB COUNTY

Schedule of Insurance
As of December 31, 2013

Type of Coverage / Name of Company	Policy Period	Premium	Description
Dental Insurance Delta Dental	1-1-13 to 12-31-13	\$1,511,893 County Active \$1,006,268 County Retirees \$240,455 Roads Active \$140,076 Roads Retirees	\$1,000 annual maximum per individual/ calendar year
Dental Insurance Cigna Dental	1-1-13 to 12-31-13	\$7,105 County Active	Unlimited annual benefit
Dental Insurance Golden Dental	1-1-13 to 12-31-13	\$147,533 County Active \$9,297 Roads Active	Unlimited annual benefit
Long Term Disability Insurance The Hartford	1-1-13 to 12-31-13	\$111,329 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	1-1-13 to 12-31-13	\$7,381,434 County Active \$2,085,105 County Retirees \$658,730 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	1-1-13 to 12-31-13	\$14,112,036 County Active \$187,222 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	1-1-13 to 12-31-13	\$3,721,456 County Active \$5,728,462 County Retirees \$2,158,752 Roads Active \$2,832,616 Roads Retirees	Self insured medical plan - \$1,000,000 lifetime maximum; includes vision
Health/Hospital Insurance United American	1-1-13 to 12-31-13	\$18,180 County Retirees	Partially self insured medical plan
Health/Hospital Insurance BCBS Medicare	1-1-13 to 12-31-13	\$5,878,706 County Retirees	Partially self insured medical plan
Vision Care SVS Vision	1-1-13 to 12-31-13	\$7,199 County Active \$49,144 County Retirees \$51 Roads Active	Vision care pays for certain tests & supplies when obtained by participating provider
Hearing Care Health Care Network	1-1-13 to 12-31-13	\$49,144 County Retirees	Retiree hearing care

Source: Risk Management & Safety