



COUNTY
of
MACOMB
MICHIGAN

*Comprehensive Annual Financial Report
For the Year Ended December 31, 2014*

MACOMB COUNTY, MICHIGAN

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Macomb County Executive

Mark A. Hackel

Mark F. Deldin
Deputy County Executive

June 29, 2015

To the Citizens of Macomb County,

The Comprehensive Annual Financial Report (CAFR) of Macomb County, Michigan for the fiscal year ended December 31, 2014 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 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 within six months of the close of each fiscal year.

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 for the fiscal year ended December 31, 2014 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 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. Plante Moran concluded, based upon the audit, that there was reasonable basis for rendering an unmodified opinion that the County's financial statements for the fiscal year ended December 31, 2014 are fairly presented in conformity with GAAP. Plante Moran'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 2014 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 2014 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 2014, United States Census Bureau estimates placed Macomb County's population at 869,158. This was an increase of 28,180 residents over four years, which represents nearly the highest increase of residents by any Michigan county. Macomb County is home to three of the ten most populated communities in Michigan: Warren (#3), Sterling Heights (#4), and Clinton Township (#8). Since 2010, Clinton Township moved up from tenth to eighth.

Macomb County is also home to some of the state's fastest growing communities. Since 2010, Macomb Township ranked first in the state for population growth adding 5,799 residents while Shelby Township ranked fifth with an increase of 3,029 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 2014, Macomb County had 356,363 housing units, with a median home value of \$148,600. Currently more than 92 percent of the County's total housing units (330,452) are occupied. The vast majority of Macomb's occupied housing units are owner occupied (77 percent), ranking it among the highest in the nation.

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

Approximately 32 miles of coastline along Lake St. Clair provide access to fun and sports on the waters of the Great Lakes. Lake St. Clair accounts for a third of the entire Great Lakes sport fishing catch each year, and its contributing waters account for nearly half of the entire Great Lake sport fishing effort that is valued at approximately \$2 billion annually to the local economy. With more than 50,000 registered boats, Macomb

County is served by more than 60 public and private marinas offering countless amenities for both resident and transient boaters. In 2013, Lake St. Clair was named the #1 bass fishing lake in the United States by *Bassmaster Magazine*. Macomb County's Lake St. Clair is the gathering place of the Great Lakes.

Macomb County's governmental structure is defined by the Home Rule Charter of Macomb County Michigan and the general laws of the State of Michigan. A Home Rule Charter was approved by voters in 2009 and became effective January 1, 2011, thus altering the structure of Macomb County government. The charter established the position of County Executive to be elected by the voters and serve as head of the executive branch of government. The Executive's duties are to supervise, coordinate, direct and control all county departments, except for departments headed by countywide elected officials. The Macomb County Board of Commissioners 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 State constitution. In addition, the Public Works Commissioner was established as an elected position in 1909 and currently operates under Public Act 40 of 1956, the Uniform Drain Code. The above offices are countywide elected with four-year terms. The Treasurer is responsible for collection of delinquent property taxes, property tax settlements with local units of government, cash management, and investments. The Clerk/Register of Deeds is responsible for recording vital statistics administering elections, maintaining court records, Board of Commissioner proceedings, and documents affecting property ownership. The Sheriff and Prosecutor are responsible for law enforcement. The Public Works Commissioner is responsible for the construction and maintenance of drains, lake level control and sewer interceptors.

Employing the latest technologies in maintaining the safety and welfare of residents and businesses, Macomb County opened its new Communications and Technology Center (COMTEC) in Mount Clemens in 2013. 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 the Sheriff's Department 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 as well as the funds of the Macomb/St. Clair Workforce Development Board (Michigan Works), the Macomb County Public Works Commission, the Martha T. Berry Medical Care Facility, 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. It does not include the funds of Macomb Community College, the Macomb Intermediate School District nor the 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 2014 was approximately \$26.2 billion, an increase from the prior year of \$1.1 billion, or 4.6 percent. This recent phenomenon is a reversal from previous trends which saw the assessed value of property located in Macomb County decrease by an average of 2.9% per annum over the last ten years.

Situated in the Great Lakes Region, Macomb County is a thriving community with many geographic advantages. Macomb County is within 500-miles of half the population of the United States and most of Southwestern Ontario. Within just 250 miles are the cities of Chicago, Cleveland and Toronto. The county is linked to these important destinations by an extensive multi-modal transportation network anchored by an inter-connected highway network, active rail corridors and aviation hubs. Macomb's southeastern boundary lies on the western shore of Lake St. Clair. This 430-square-mile lake links lakes Huron and Erie, providing access to the St. Lawrence Seaway, which is among the world's busiest international waterways. These geographic advantages are the foundation for the economic transformation that is happening in Macomb County.

The County is also anchored by a robust infrastructure and a surging workforce. These two community characteristics establish Macomb County as a location of choice for businesses engaged in engineering, research and development, and advanced manufacturing. With approximately 34,500 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 possesses the infrastructure needed 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 Sewerage Department.

Macomb's labor force is one of the County's most valued resources. From those with advanced degrees, high-tech training, or the skilled trades, Macomb's labor force of over 401,000 is proficient and productive. The county has a rich tradition of manufacturing, and continues to be a major manufacturing center. However, a shift in the economy during the 1990s produced a significant increase in service sector employment. The percentage of county jobs in the manufacturing sector decreased from 35 percent in 1980 to 25 percent in 2014. Macomb County's service sector, which includes all employment outside of agriculture, mining, construction and manufacturing, now includes approximately 71 percent of the county's labor force. Adding definition to Macomb's robust and diverse labor force is an agricultural heritage most evident in the northern portions of the county, where second-and-third-generation farmers maximize nature's wealth.

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

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

On the commercial side there are more than 12,000 establishments conveniently located throughout Macomb County, offering the consumer a full range of products and services. The county is also home to several large, regional shopping centers, including the Lakeside Mall, located in Sterling Heights, and the Mall at Partridge Creek, located in Clinton Township.

Lakeside is the area's largest shopping center, employing approximately 1,500 people. The multi-level, climate-controlled mall of 1.4 million square feet is located on 545 acres with 51 acres of lakes. The mall's anchor stores are Macy's, J.C. Penney, Sears and Lord & Taylor. There are approximately 150 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 more than 50 years, is undergoing a dramatic \$8.4 million dollar transformation. The first round of enhancements that have been completed 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 mall will be home to the first 1000 Degrees Pizza location in Michigan. Other new tenants include H&M, Ulta, Potbelly, Chipotle, Champs Sports, and AT&T. The final economic investment is expected to total in the 30 to 40 million dollar range. The 921,000 enclosed shopping mall is anchored by Sears, Kohls, and Babies "R" Us.

Higher education is a priority in Macomb County. This is directly reflected in the broad range of degree and technical certificate programs that are offered at many institutions across the county. Macomb Community College (MCC), with two campuses in Warren and Clinton Township, is the county's leading post-secondary educational institution. The College serves nearly 50,000 students annually, and offers 200 options for securing degrees and certificates. MCC is accredited by 17 state, national and occupational training associations, including the Higher Learning Commission. It is widely recognized for one of the first to create a "University Center."

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

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

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

MCC also offers continuing education courses, career counseling, cultural activities and community services. The college also operates the 1,271-seat Macomb Center for the Performing Arts, which is one of the finest facilities of its kind in the state. The center brings a diversity of cultural arts experiences to nearly 260,000 patrons annually. Located adjacent to the Macomb Center is the Lorenzo Cultural Center. This venue offers an unparalleled opportunity for exploring the influences and experiences related to science, history, literature, visual and performing arts and culture.

MCC has also been an instrumental partner in grant procurement, workforce development and technological innovation. Over the past three years Macomb Community College has managed multiple grants addressing employers' needs for skilled workers in the defense, aerospace, advanced automotive, manufacturing and health care industries. In its two largest grants, those targeting displaced and dislocated workers, as well as veterans, the college has reached its goals: A total of 1,600 individuals were placed into full-time employment at no cost to either the individual or the employer. These program graduates have been hired by 922 companies in Southeast Michigan.

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

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

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

Macomb County also has a wealth of K-12 institutions and assets. The Macomb Intermediate School District (MISD) serves more than 128,000 K-12 students enrolled in 21 public school districts and 15 charter academies in Macomb County. The MISD provides curricular and programmatic support to the staff, students and parents of 200 elementary schools, 50 middle schools and 31 high schools countywide. Approximately 19,000 students receive special education services.

In addition to the standard curriculum, direct services for special education students are provided through three schools for the handicapped, a nursing home, the Macomb Regional Center, a special education work activities program, programs for the severely emotionally impaired, and the Continuing Education for Youth Program.

Macomb County's K-12 school system also provides a variety of vocational and technical training programs, arts and culture programs, and advanced International Academies. Leveraging high schools and vocational skill centers Macomb County is home to:

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

These academies and specialty training schools are designed to provide a blend of rigorous academic standards, practical career-related experiences and intercultural learning opportunities focused on a challenging curriculum.

Health care services in Macomb County include three general hospitals with a capacity of approximately 1,100 beds to serve the area. Henry Ford Health System operates the Henry Ford Macomb Hospital in Clinton Township. Specialty services include a Heart & Vascular Institute, offering highly specialized robotic cardiac surgery, the Josephine Ford Cancer Institute, women's and children's services, orthopedics, and neurosciences. The hospital also has a 42-bed inpatient rehabilitation program, an ambulatory and minimally invasive surgery center and leading diagnostic imaging.

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

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

MAJOR INITIATIVES

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

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

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

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

In recognition of Macomb County's prominence as the state's center for defense industry activity, the Michigan Economic Development Corporation moved its Michigan Defense Center (MDC) from Lansing to the heart of Macomb County's defense corridor. The MDC is staffed by a team of specialists experienced in the contracting practices of the U.S. Department of Defense. Center staff will also work with major prime contractors, such as General Dynamics and BAE Systems, to bring opportunities to potential suppliers across the state, as well as help to build a defense supply-chain cluster in Macomb County.

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

These operations and partnerships have spurred the establishment of defense businesses across Macomb County. Anchored by several military prime-contractors, as well as hundreds of their suppliers, Macomb County is seeing a wealth of defense related work and investment. In Macomb County alone, more than 600 companies have been engaged in some variety of defense-related work and have secured \$30 billion in defense contracts from 2000 to 2013. In 2013 alone \$1.88 billion, were awarded to Macomb County companies.

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

Automotive

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

In Macomb County, the Chrysler Group LLC., Ford Motor Company and General Motors are leading the resurgence of the auto industry. The “Big Three” operate nine facilities in the county employing more than 30,000 individuals. From vehicle assembly plants to leading research and development operations, Macomb County is home to some of the industry’s most advanced facilities. Since 2010, auto investment in Macomb has exceeded \$3-billion and created or sustained more than 10,000 permanent jobs. These investments include:

- General Motors
 - \$1 billion to upgrade and expand the GM Technical Center in Warren
 - Warren Transmission – \$325 million investment to retool/upgrade the facility
 - IT Call and data center – adding 1,500 IT positions and a planned \$300 million investment at a facility near the GM Technical Center
- Chrysler Group LLC.
 - Sterling Heights Assembly – \$850 million investment paint shop
 - Warren Truck – adding 1,000 new workers with a third shift
- Ford Motor Company
 - Romeo Engine - \$50 million investment to retool/upgrade facility
 - Van Dyke Transmission - \$220 million investment to retool/upgrade facility

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. Combined, the impact on the county is profound: There are 53,000 registered boats in Macomb County and more than 500,000 launches were made from public ramps in 2013. The ability to recreate on our waterways sustains more than 5,700 direct blue economy jobs. In 2014, the region had 200 businesses selling or servicing boats.

County Executive Mark A. Hackel launched the “Blue Economy Initiative” shortly after he was elected in 2010. 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 welcomed 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 employs 25 people.
- Currently there is \$20 million in grants focused on 11 projects to improve water quality, on projects including retention basin expansions, sewer separations, downspout and footage drain disconnects, storm sewer cleaning and rehab, monitoring and rapid sampling efforts. The result of these projects will be 235 acres of wildlife habitat restored, 92,000 feet of coastline restored, 130 acres floodplain restored and 365 tons of sediment loading reduction.

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 County's long term goal is to fully fund its Retiree Health Care liability. Additional information regarding the Retiree Health Care Trust Fund can be found in the notes to the financial statements.

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 except the Martha T. Berry Medical Care Facility 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, 2013. 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.

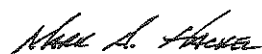
A Certificate of Achievement is valid for a period of one year only. Macomb County has received a Certificate of Achievement for the last twenty nine consecutive years. We believe that our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting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



Stephen L. Smigiel
Finance Director



Government Finance Officers Association

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

Presented to

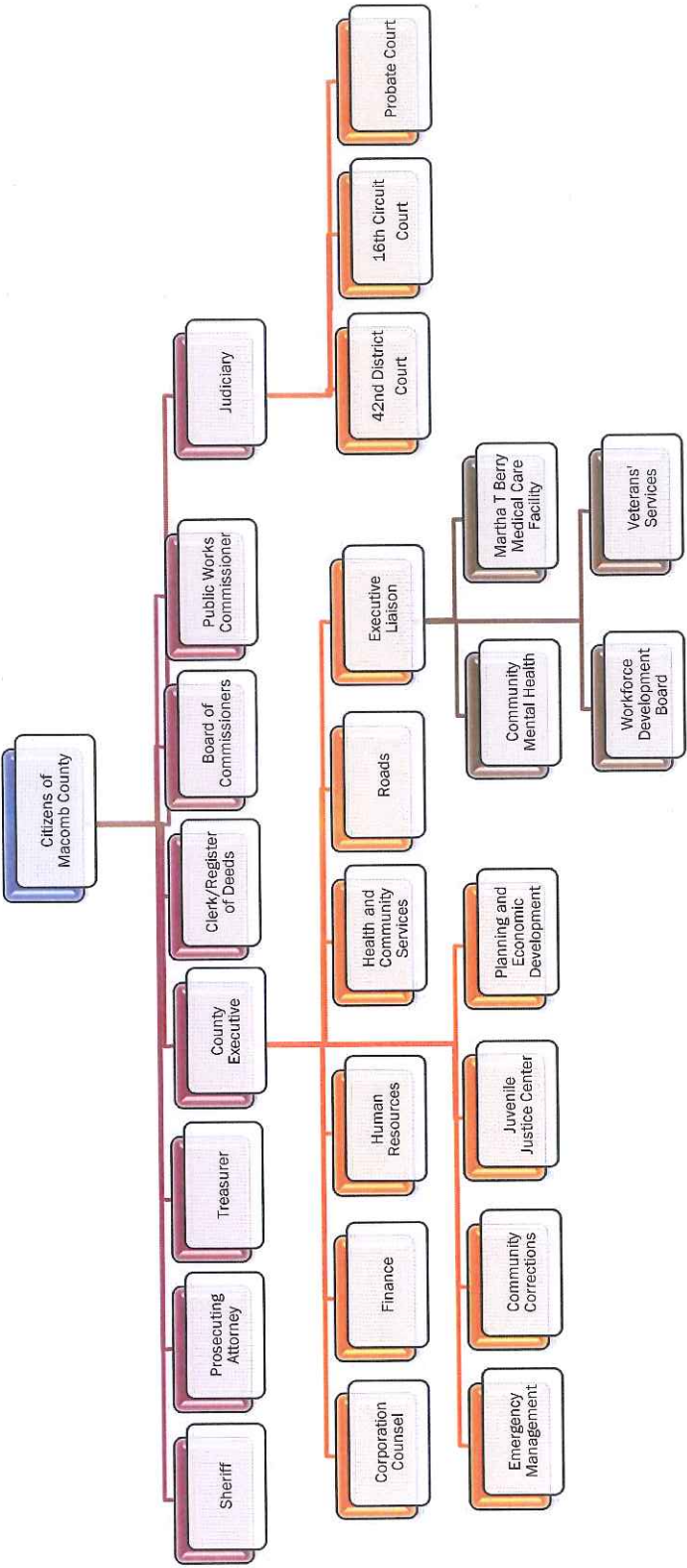
**Macomb County
Michigan**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2013

Executive Director/CEO

Macomb County, Michigan Organizational Chart



MACOMB COUNTY, MICHIGAN

List of Elected and Appointed Officials

County Executive's Office

| | |
|----------------|----------------------------|
| Mark A. Hackel | County Executive |
| Mark Deldin | Deputy County Executive |
| Al Lorenzo | Assistant County Executive |
| J. P. Rea | Assistant County Executive |
| Pam Lavers | Assistant County Executive |

2015-2016 Board of Commissioners

| | |
|--|-----------------------------|
| David Flynn, (Chair) District 4 | Robert Mijac, District 5 |
| Kathy Tocco, (Vice-Chair) District 11 | James Carabelli, District 6 |
| Steve Marino (Sergeant-at-Arms), District 10 | Don Brown, District 7 |
| Toni Mocerri, District 1 | Kathy Vosburg, District 8 |
| Marvin Sauger, District 2 | Fred Miller, District 9 |
| Veronica Klinefelt, District 3 | Bob Smith, District 12 |
| | Joe Sabatini, District 13 |

Elected County Officials

| | |
|---|------------------------------|
| 16th Judicial Circuit Court/Probate Court/42 nd District | |
| Court Chief Judge | Honorable James Biernat, Jr. |
| County Clerk/Register of Deeds | Carmella Sabaugh |
| Prosecuting Attorney | Eric Smith |
| Public Works Commissioner | Anthony Marrocco |
| Sheriff | Anthony Wickersham |
| Treasurer | Ted Wahby |

County Department Heads

| | |
|--|-------------------|
| Animal Care & Control Officer | Jeff Randazzo |
| Community Services Agency Director | Rhonda Powell |
| Corporation Counsel | John Schapka |
| Emergency Management & Communications Director | Vicki Wolber |
| Facilities & Operations Director | Lynn Arnott-Bryks |
| Finance Director | Stephen Smigiel |
| Health & Community Services Director | Steven Gold |
| Health Officer | William Ridella |
| Human Resources Director | Eric Herppich |
| Information Officer | Sandy Jurek |
| Juvenile Justice Center Director | Rhonda Westphal |
| Planning & Economic Development Executive Director | Stephen Cassin |
| Chief Veterans Service Officer | 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 as of and for the year ended December 31, 2014 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 in accordance with 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.

Opinions

In our opinion, 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, 2014, 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.

To the Board of Commissioners
County of Macomb

Emphasis of Matter

As explained in Note 2, the financial statements include investments valued at approximately \$202.2 million (17.1 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.

As described in Note 14, the financial statements now present the Martha T. Berry Medical Care Facility as a discretely presented component unit of the County. The beginning net position of the business type activities and discretely presented component units have been restated to reflect this change. Our opinion is not modified with respect to this matter.

As described in Note 14, the financial statements now reflect the net book value of certain roads and land released by developers in prior years. The beginning net position of the governmental activities has been restated to reflect this change. Our opinion is not modified with respect to this matter.

As described in Note 15 to the financial statements, during the year ended December 31, 2014, the County adopted the provisions of Governmental Accounting Standards Board Statement No. 67, *Financial Reporting for Pension Plans*. Adopting this Statement resulted in significant changes to the defined benefit related note disclosures as well as the required supplementary information schedules. 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 healthcare plans' schedules of funding progress and employer contributions, schedules of changes in the County net pension liability and related ratios, schedules of County contributions, schedules of investment returns, and the major fund budgetary comparison schedules as identified in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming 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.

To the Board of Commissioners
County of Macomb

The combining and individual nonmajor fund 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 fund 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 29, 2015 on our consideration of the County of Macomb's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County of Macomb's internal control over financial reporting and compliance.

Plante & Moran, PLLC

June 29, 2015

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, 2014. 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 \$1.1 billion at year- end.
- The net position of the County increased by \$15.5 million in fiscal 2014.
- The General Fund reported a surplus of \$3.5 million for the year. Unassigned fund balance was \$84.6 million, or 43.6% of 2014 General Fund budgeted expenditures. Total fund balance was \$85.2 million. The \$0.6 million difference is nonspendable for prepaid items and advances to other funds.
- The County's bond rating is AA+ with Standard & Poor's 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, 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, Public Works Drainage Districts and Martha T. Berry Medical Care Facility 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 and deferred outflows, liabilities and deferred inflows, 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 and the Freedom Hill Park Fund. *Internal service funds*, on the other hand, are used to account centrally for services provided to other County departments and include phone services, fleet management, copier replacement, workers' compensation insurance, general liability insurance, compensated absences and employee fringe benefits. Because the internal service funds predominately benefit governmental rather than business-type functions, they have been included within the governmental activities in the government-wide financial statements. Data regarding the internal service funds has been combined into a single, aggregated presentation in the basic financial statements. Information regarding the individual internal service funds is provided in the form of combining statements elsewhere in this report. The proprietary fund financial statements begin on page B-8 of this report.

Fiduciary funds are used to account for resources held by the County on behalf of others, including those of the Employee Retirement System and the Retiree Health Care Trust as well as other agency monies such as state education tax collections from local units of government. The activities of the fiduciary funds are presented separately in this report but are not reflected in the government-wide financial statements because the resources of those funds are not available to support the operations of the County. Fiduciary funds are accounted for using the full accrual basis of accounting. The fiduciary fund financial statements begin on page B-14 of this report.

Notes to the Financial Statements provide additional information that is essential to gain a full understanding of the data presented in both the government-wide and fund financial statements and begin on page B-19 of this report.

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

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

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

FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE

The financial analysis of the County as a whole focuses on the net position and changes in net position of the governmental and business-type activities of the County. As noted earlier, net position and changes in net position may serve as one indicator of the financial health of the County. The assets of the County exceeded its liabilities and deferred inflows of resources by \$1.1 billion at December 31, 2014 and increased by approximately \$15.5 million for the year then ended. (See page A-8)

Macomb County Primary Government Net Position

| | Governmental Activities | | Business-type Activities | | Totals | |
|--------------------------------------|-------------------------|-----------------------|--------------------------|-----------------------|-------------------------|-------------------------|
| | 2013 | 2014 | 2013 | 2014 | 2013 | 2014 |
| Current and other assets (1) | \$ 290,317,504 | \$ 289,682,542 | \$ 207,667,257 | \$ 209,565,628 | \$ 497,984,761 | \$ 499,248,170 |
| Capital assets (1) | 928,468,537 | 938,354,846 | 671,736 | 781,717 | 929,140,273 | 939,136,563 |
| Total assets | 1,218,786,041 | 1,228,037,388 | 208,338,993 | 210,347,345 | 1,427,125,034 | 1,438,384,733 |
| Current liabilities (1) | 28,784,365 | 31,511,607 | 53,399,865 | 41,193,462 | 82,184,230 | 72,705,069 |
| Long-term liabilities | | | | | | |
| Due within one year | 7,250,340 | 7,869,752 | 100,000 | 100,000 | 7,350,340 | 7,969,752 |
| Due in more than one year (1) | 57,015,614 | 52,326,391 | 1,305,845 | 1,254,920 | 58,321,259 | 53,581,311 |
| Net OPEB obligation (1) | 191,945,948 | 200,189,005 | 31,293,507 | 32,392,036 | 223,239,455 | 232,581,041 |
| Total liabilities | 284,996,267 | 291,896,755 | 86,099,017 | 74,940,418 | 371,095,284 | 366,837,173 |
| Deferred inflows of resources | 1,074,389 | 1,091,478 | - | - | 1,074,389 | 1,091,478 |
| Net position | | | | | | |
| Net investment in capital assets (1) | 882,572,373 | 897,288,337 | 671,736 | 781,717 | 883,244,109 | 898,070,054 |
| Restricted | 90,301,142 | 93,367,510 | 19,712,741 | 24,331,490 | 110,013,883 | 117,699,000 |
| Unrestricted (1) | (40,158,130) | (55,806,692) | 101,855,499 | 110,293,720 | 61,697,369 | 54,687,028 |
| Total Net Position | \$ 932,715,385 | \$ 935,049,155 | \$ 122,239,976 | \$ 135,406,927 | \$ 1,054,955,361 | \$ 1,070,456,082 |

(1) - As restated. See Note 14.

Approximately \$898.1 million, or 83.9%, of the County's net position represents its investment in capital assets, net of any outstanding debt used to acquire those assets. These assets are used by the County to provide services to the public; consequently, they are not available for future spending. Although the County's investment in its capital assets is reported net of any related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the assets themselves cannot be used to liquidate the outstanding debt obligations. Another \$117.7 million, or 11.0%, 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, 2014.

As indicated in the following schedule, the net position of the County increased by \$15.5 million for the year ended December 31, 2014. The components of this change were an increase of \$2.3 million in governmental activities and an increase of \$13.2 million in business-type activities. The components of these changes are discussed in the following section.

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Macomb County Primary Government Changes in Net Position

| | Governmental Activities | | Business-type Activities | | Totals | |
|--|-------------------------|-----------------------|--------------------------|-----------------------|-------------------------|-------------------------|
| | 2013 | 2014 | 2013 | 2014 | 2013 | 2014 |
| Revenues | | | | | | |
| Program revenue | | | | | | |
| Charges for services (1) | \$ 67,800,196 | \$ 65,601,199 | \$ 192,873,239 | \$ 210,770,880 | \$ 260,673,435 | \$ 276,372,079 |
| Operating grants and contributions | 50,079,157 | 46,664,900 | 35,802,219 | 29,255,762 | 85,881,376 | 75,920,662 |
| Capital grants and contributions | 72,745,940 | 76,970,341 | - | - | 72,745,940 | 76,970,341 |
| General revenue | | | | | | |
| Property taxes | 109,501,040 | 113,049,176 | - | - | 109,501,040 | 113,049,176 |
| Intergovernmental revenues | 23,251,849 | 23,280,302 | - | - | 23,251,849 | 23,280,302 |
| Investment income | 423,848 | 1,793,014 | 309,380 | 293,997 | 733,228 | 2,087,011 |
| | <u>323,802,030</u> | <u>327,358,932</u> | <u>228,984,838</u> | <u>240,320,639</u> | <u>552,786,868</u> | <u>567,679,571</u> |
| Expenses | | | | | | |
| Legislative | 1,201,841 | 1,190,807 | - | - | 1,201,841 | 1,190,807 |
| Judicial | 41,359,278 | 42,193,876 | - | - | 41,359,278 | 42,193,876 |
| General government (1) | 68,445,808 | 57,780,496 | - | - | 68,445,808 | 57,780,496 |
| Public safety | 79,398,263 | 75,848,904 | - | - | 79,398,263 | 75,848,904 |
| Public works | 68,159,203 | 71,026,921 | - | - | 68,159,203 | 71,026,921 |
| Health and welfare | 72,040,781 | 66,909,404 | - | - | 72,040,781 | 66,909,404 |
| Recreation and culture | 234,229 | 146,509 | - | - | 234,229 | 146,509 |
| Interest and fees on long-term debt | 1,542,665 | 1,356,796 | - | - | 1,542,665 | 1,356,796 |
| Delinquent tax collections | - | - | 5,495,336 | 4,349,122 | 5,495,336 | 4,349,122 |
| Community Mental Health | - | - | 220,321,529 | 229,654,304 | 220,321,529 | 229,654,304 |
| Martha T. Berry Medical Care Facility | - | - | 384,598 | - | 384,598 | - |
| Freedom Hill Park | - | - | 381,345 | 466,623 | 381,345 | 466,623 |
| | <u>332,382,068</u> | <u>316,453,713</u> | <u>226,582,808</u> | <u>234,470,049</u> | <u>558,964,876</u> | <u>550,923,762</u> |
| Increase (decrease) in net position before transfers | (8,580,038) | 10,905,219 | 2,402,030 | 5,850,590 | (6,178,008) | 16,755,809 |
| Net transfers | (6,065,175) | (8,571,449) | 6,851,522 | 7,316,361 | 786,347 | (1,255,088) |
| Increase (decrease) in net position | (14,645,213) | 2,333,770 | 9,253,552 | 13,166,951 | (5,391,661) | 15,500,721 |
| Net position, beginning of year (1) | 947,360,598 | 932,715,385 | 112,986,424 | 122,239,976 | 1,060,347,022 | 1,054,955,361 |
| Net position, end of year (1) | <u>\$ 932,715,385</u> | <u>\$ 935,049,155</u> | <u>\$ 122,239,976</u> | <u>\$ 135,406,927</u> | <u>\$ 1,054,955,361</u> | <u>\$ 1,070,456,082</u> |

(1) - As restated. See Note 14.

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.

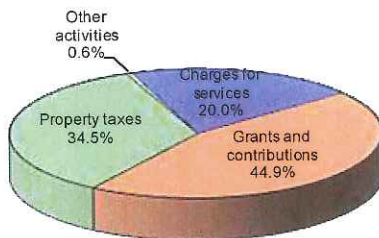
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Governmental activities. The \$2.3 million increase in net position of governmental activities stands in contrast to the decrease in net position of \$14.6 million in the prior year. The change of \$16.9 million is composed of an increase in revenues of \$3.5 million, a decrease in expenses of \$15.9 million and a decrease of net transfers in of \$2.5 million. Notable changes occurred in the following areas.

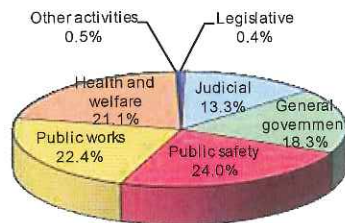
- Property tax revenue increased by \$3.5 million as a result of a 1.6% increase in taxable values of property and the timing of taxes collected within 60 days of year-end.
- Revenue from capital grants increased approximately \$4.2 million due primarily to an increase in road construction projects funded by the State of Michigan.
- General government expenses decreased by approximately \$10.7 million due primarily to a decrease of \$16.4 million in the change in the net OPEB obligation as a result of changes in certain actuarial assumptions used to determine the 2014 annual required contribution.

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

Governmental Activities Revenues By Source



Governmental Activities Expenses By Function



Business-type activities. The net position of the County's business-type activities increased approximately \$13.1 million during the year, consisting of a \$9.9 million surplus in the Delinquent Tax Revolving Fund, a \$3.1 million surplus in Community Mental Health and a \$0.1 million surplus at the Freedom Hill Park.

The surplus of \$3.1 million reported by Community Mental Health consists of a \$4.2 million surplus from normal operations offset by a charge of \$1.1 million for 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 \$178.5 million at December 31, 2014, a decrease of \$0.5 million over the prior year. The decrease consists of a \$3.5 million increase in the General Fund, a \$6.3 million increase in the Roads Major Special Revenue Fund and a combined decrease of \$10.3 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>2013</u> | <u>2014</u> | <u>Increase (Decrease)</u> |
|---|-------------------------|-------------------------|--------------------------------|
| Property taxes | \$ 109,894,939 | \$ 112,609,816 | \$ 2,714,877 |
| Licenses and permits | 1,640,405 | 1,705,564 | 65,159 |
| Federal and State grants | 25,728,412 | 30,161,731 | 4,433,319 |
| Charges for services | 36,827,383 | 36,855,521 | 28,138 |
| Investment income | 277,629 | 225,937 | (51,692) |
| Admin charges to other funds | 7,035,978 | 8,070,459 | 1,034,481 |
| Fines and forfeitures | 675,530 | 589,715 | (85,815) |
| Other revenue | 209,878 | 155,011 | (54,867) |
| Transfers from other funds | 21,039 | - | (21,039) |
| Total revenues | 182,311,193 | 190,373,754 | 8,062,561 |
| <u>Expenditures</u> | | | |
| Legislative | \$ 1,201,841 | 1,190,807 | (11,034) |
| Judicial | 29,218,706 | 29,417,533 | 198,827 |
| General government | 44,854,837 | 45,219,816 | 364,979 |
| Public safety | 58,338,204 | 59,561,962 | 1,223,758 |
| Health and welfare | 19,089,736 | 18,717,297 | (372,439) |
| Other | 781,088 | 1,211,768 | 430,680 |
| Capital outlay | 1,117,458 | 2,228,634 | 1,111,176 |
| Transfers to other funds | 26,092,607 | 29,267,266 | 3,174,659 |
| Total Expenditures | 180,694,477 | 186,815,083 | 6,120,606 |
| Excess of revenues over expenditures | \$ 1,616,716 | \$ 3,558,671 | \$ 1,941,955 |

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Although property values increased 1.6% in 2014, property tax revenue actually increased by approximately 2.5% due to the timing of collections within 60 days of year-end.

Federal and State grant revenue increased \$4.4 million primarily as a result of an increase of \$2.2 million in State revenue sharing and a \$1.7 million increase in liquor tax.

Expenditures increased approximately \$6.1 million across all functional categories in 2014 as a result of the following:

- The \$1.2 million increase in Public Safety expenditures is due primarily to a \$2.1 million increase in the wage and benefit costs at the Sheriff Department employees, offset by a \$1.0 million decrease in jail medical expenditures.
- The \$1.1 million increase in capital outlay expenditures is due primarily to the purchase of three marine patrol boats and in-car cameras for the Sheriff Department.
- The \$3.2 million increase in transfers out is due to increases in administrative overhead charges passed through to grant funds. Overhead charges had historically been charged only to those grants that could absorb such charges. The full cost of administrative overhead is now being charged to all grants.

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

Department of Roads Revenues By Source and Expenditures By Function

| <u>Revenues</u> | <u>2013</u> | <u>2014</u> | <u>Increase (Decrease)</u> |
|--------------------------------------|----------------------|---------------------|--------------------------------|
| Licenses and permits | \$ 341,860 | \$ 599,164 | \$ 257,304 |
| Federal, State and other grants | 55,536,485 | 64,920,806 | 9,384,321 |
| Charges for services | 13,587,671 | 16,396,725 | 2,809,054 |
| Investment income | 91,534 | 138,516 | 46,982 |
| Other revenue | 308,207 | 431,393 | 123,186 |
| Face amount of long-term debt | - | 472,500 | 472,500 |
| Total revenues | \$ 69,865,757 | 82,959,104 | 13,093,347 |
| | | | |
| <u>Expenditures</u> | | | |
| Public works | 63,032,701 | 71,573,270 | 8,540,569 |
| Capital Outlay | 3,634,650 | 4,792,915 | 1,158,265 |
| Principal | - | 127,155 | 127,155 |
| Interest and fees | - | 15,278 | 15,278 |
| Transfers out | 90,369 | 123,545 | 33,176 |
| Total expenditures | 66,757,720 | 76,632,163 | 9,874,443 |
| | | | |
| Excess of revenues over expenditures | \$ 3,108,037 | \$ 6,326,941 | \$ 3,218,904 |

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- The \$9.4 million increase in Federal, State and other grant revenue is due to increased road construction activity as well as a special winter maintenance appropriation of \$2.4 million from the State of Michigan.
- The \$2.8 million increase in charges for services is due primarily to an increase in the amount charged to the State of Michigan for highway maintenance.
- The \$8.5 million increase in Public works expenditures is due to increased road construction and snow removal activity.

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

The fund balances of the County's nonmajor governmental funds were approximately \$29.9 million at year-end, a decrease of approximately \$10.3 million over the prior year. The decrease consists of a deficit of \$1.7 million experienced in the Special Revenue Funds, a deficit of \$8.2 million experienced in the Capital Projects funds and a deficit of \$0.4 million experienced in the Debt Service Fund.

FINANCIAL ANALYSIS OF THE COUNTY'S MAJOR PROPRIETARY FUNDS

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

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

Delinquent Tax Revolving Fund Revenue and Expense Comparison

| <u>Revenues</u> | <u>2013</u> | <u>2014</u> | <u>Increase (Decrease)</u> |
|-----------------------|-------------------|-------------------|--------------------------------|
| Charges for services | \$ 17,640,100 | \$ 14,093,174 | \$ (3,546,926) |
| Investment income | 166,125 | 195,931 | 29,806 |
| Total revenues | 17,806,225 | 14,289,105 | (3,517,120) |
| <u>Expenses</u> | | | |
| Personal services | 443,499 | 447,149 | 3,650 |
| Supplies and services | 5,051,837 | 3,901,973 | (1,149,864) |
| Transfers out | - | - | - |
| Total expenses | 5,495,336 | 4,349,122 | (1,146,214) |
| Net income | \$ 12,310,889 | \$ 9,939,983 | \$ (2,370,906) |

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Charges for services revenue decreased \$3.5 million in response to a decrease in property tax delinquencies.

Supplies and services expense decreased \$1.1 million in response to a decrease in write offs as the economy continues to show signs of recovery.

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

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

| <u>Revenues</u> | <u>2013</u> | <u>2014</u> | <u>Increase (Decrease)</u> |
|--------------------------|-----------------------|---------------------|--------------------------------|
| Federal and State grants | \$ 35,802,219 | \$ 29,255,762 | \$ (6,546,457) |
| Charges for services | 175,000,723 | 196,277,694 | 21,276,971 |
| Investment income | 143,255 | 98,066 | (45,189) |
| Transfers in | 6,777,416 | 7,163,955 | 386,539 |
| Total revenues | 217,723,613 | 232,795,477 | 15,071,864 |
| | | | |
| <u>Expenses</u> | | | |
| Personal services | 27,406,342 | 27,616,111 | 209,769 |
| Contractual services | 179,490,858 | 182,060,136 | 2,569,278 |
| Utilities | 271,610 | 292,046 | 20,436 |
| Repairs and maintenance | 28,329 | 34,425 | 6,096 |
| Supplies and services | 12,918,274 | 19,256,161 | 6,337,887 |
| Depreciation | 3,842 | - | (3,842) |
| Total expenses | 220,119,255 | 229,258,879 | 9,139,624 |
| | | | |
| Net income (loss) | \$ (2,395,642) | \$ 3,536,598 | \$ 5,932,240 |

Community Mental Health is funded primarily by Medicare and Medicaid. Revenue from Federal and State grants decreased \$6.5 million as a result of reductions in State General Fund appropriations. Revenue from charges for services (primarily Medicare and Medicaid) increased by \$21.3 million due to Medicaid expansion at the State level as well as an increase in Medicaid rates as a result of the reintroduction of the State use tax on Medicaid service. The portion of Medicaid revenue related to the use tax was subsequently passed through to the State Department of Treasury and recorded as an expense of Community Mental Health.

Contract services expense increased \$2.6 million due to an increase in the number of Medicaid eligible residents.

Supplies and services expense increased \$6.3 million due primarily to the reintroduction of the 6% State use tax paid to the State Department of Treasury, 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>2013</u> | <u>2014</u> | <u>Increase (Decrease)</u> |
|-------------------------|--------------------|------------------|--------------------------------|
| Charges for services | \$ 232,416 | \$ 242,744 | \$ 10,328 |
| Other | - | 157,268 | 157,268 |
| Transfers in | 74,106 | 152,406 | 78,300 |
| Total revenues | 306,522 | 552,418 | 245,896 |
| | | | |
| <u>Expenses</u> | | | |
| Personal services | 72,063 | 22,792 | (49,271) |
| Utilities | 108,477 | 179,336 | 70,859 |
| Repairs and maintenance | 85,968 | 152,732 | 66,764 |
| Supplies and services | 58,709 | 48,316 | (10,393) |
| Depreciation | 56,128 | 63,447 | 7,319 |
| Total expenses | 381,345 | 466,623 | 85,278 |
| | | | |
| Net income (loss) | <u>\$ (74,823)</u> | <u>\$ 85,795</u> | <u>\$ 160,618</u> |

Other revenue increased \$0.2 million due to a donation of playground equipment and reimbursement of costs associated with renovating the electronic advertising sign.

Personal services expenses decreased and repairs and maintenance expenses increased as a result of utilizing more outside contractors for grounds maintenance.

Utility expense increased in response to a full season of concerts at the facility.

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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 | \$ 108,454,065 | \$ 108,454,065 | \$ 112,609,816 | \$ 4,155,751 |
| Licenses and permits | 1,498,240 | 1,525,240 | 1,705,564 | 180,324 |
| Federal and State grants | 25,274,210 | 25,811,382 | 30,161,731 | 4,350,349 |
| Charges for services | 35,975,664 | 36,153,679 | 36,855,521 | 701,842 |
| Investment income | 300,000 | 325,000 | 225,937 | (99,063) |
| Admin charges to other funds | 8,424,124 | 8,424,124 | 8,070,459 | (353,665) |
| Fines and forfeitures | 608,800 | 678,800 | 589,715 | (89,085) |
| Other revenue | 123,290 | 123,290 | 155,011 | 31,721 |
| Transfers from other funds | 10,725,000 | 10,725,000 | - | (10,725,000) |
| | \$ 191,383,393 | \$ 192,220,580 | \$ 190,373,754 | \$ (1,846,826) |

The \$4.2 million favorable variance in property tax revenues is due to better than expected recovery in property values in 2013 and 2014. A 2% decrease was budgeted in 2013 and a 0% increase was budgeted in 2014 while property values only declined 0.6% in 2013 and increased 1.6% in 2014.

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 2014, 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 | \$ 1,593,361 | \$ 1,520,385 | \$ 1,190,807 | \$ 329,578 |
| Building Authority | 1,300 | 1,300 | 440 | 860 |
| Circuit Court | 10,190,081 | 9,864,986 | 9,665,681 | 199,305 |
| Civil Service Commission | 36,010 | 36,010 | 29,314 | 6,696 |
| Corporation Counsel | 915,467 | 809,906 | 770,961 | 38,945 |
| County Clerk | 4,762,909 | 4,325,468 | 4,204,879 | 120,589 |
| County Executive | 1,392,385 | 1,364,896 | 1,254,927 | 109,969 |
| District Court - 3rd Class | 17,848 | 17,848 | 22,655 | (4,807) |
| District Court - New Baltimore | 1,433,625 | 1,393,102 | 1,344,237 | 48,865 |
| District Court - Romeo | 1,157,124 | 1,094,898 | 1,045,256 | 49,642 |
| Elections | 34,284 | 34,284 | 25,152 | 9,132 |
| Emergency Management | 1,005,215 | 955,209 | 933,732 | 21,477 |
| Ethics Board | 120,000 | 119,885 | 16,112 | 103,773 |
| Equalization | 937,114 | 867,746 | 852,736 | 15,010 |
| Facilities and Operations | 15,159,549 | 14,676,825 | 14,535,748 | 141,077 |
| Family Counseling | 156,523 | 153,393 | 144,397 | 8,996 |
| Family Court - Juvenile | 5,106,254 | 4,820,462 | 4,623,337 | 197,125 |
| Finance | 2,172,820 | 1,971,874 | 1,903,373 | 68,501 |
| Health & Community Services | 292,231 | 270,350 | 261,164 | 9,186 |
| Health Department | 19,606,755 | 18,745,194 | 17,723,478 | 1,021,716 |
| Human Resources | 2,323,769 | 2,169,994 | 2,152,908 | 17,086 |
| Information Technology | 6,152,320 | 5,838,898 | 5,494,425 | 344,473 |
| Jury Commission | 152,246 | 152,246 | 102,609 | 49,637 |
| Law Library | 31,772 | 31,772 | 30,279 | 1,493 |
| MSU Extension | 808,244 | 779,356 | 766,124 | 13,232 |
| Planning and Economic Development | 2,993,994 | 2,644,605 | 2,505,853 | 138,752 |
| Plat Board | 1,000 | 1,000 | - | 1,000 |
| Probate Court | 3,062,499 | 2,997,905 | 2,896,884 | 101,021 |
| Probation - Circuit Court | 120,902 | 120,902 | 105,754 | 15,148 |
| Probation - District Court | 480,934 | 458,046 | 446,610 | 11,436 |
| Prosecuting Attorney | 9,749,005 | 9,156,843 | 8,989,834 | 167,009 |
| Public Works | 6,178,079 | 5,431,500 | 5,166,734 | 264,766 |
| Purchasing | 1,418,261 | 1,259,551 | 1,171,208 | 88,343 |
| Register of Deeds | 1,814,674 | 1,698,820 | 1,574,947 | 123,873 |
| Reimbursement | 840,534 | 780,991 | 736,880 | 44,111 |
| Senior Citizens Services | 950,200 | 780,556 | 679,543 | 101,013 |
| Sheriff Department | 64,180,479 | 60,902,815 | 58,598,916 | 2,303,899 |
| Social Services | 72,472 | 72,472 | 53,112 | 19,360 |
| Treasurer | 2,318,374 | 2,197,201 | 2,086,409 | 110,792 |
| Non-Departmental Appropriations | 1,197,534 | 1,289,239 | 1,211,768 | 77,471 |
| Vacant position turnover factor | (10,924,152) | - | - | - |
| Capital Outlay | 1,960,555 | 2,564,135 | 2,228,634 | 335,501 |
| Transfers Out | 29,632,518 | 29,637,684 | 29,267,266 | 370,418 |
| | <u>\$ 191,607,068</u> | <u>\$ 194,010,552</u> | <u>\$ 186,815,083</u> | <u>\$ 7,195,469</u> |

The budgets for salaries and variable rate fringe benefits was increased by approximately \$1.9 million across all department as a result of lump sum payments made to employees in lieu of across the board salary increases. In addition, the vacant position turnover factor of \$10.9 million was allocated across all departments at year-end. The overall effect of these two items was a net decrease in expenditures in all departments. No other significant budget amendments were made during the year.

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 \$2.8 million under budget in 2014.

Operating expenditures other than salaries and benefits were \$3.4 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 (\$0.1 million), utilities (\$0.2 million), jail medical (\$1.6 million), drugs and pharmaceuticals (\$0.3 million) and vehicle gasoline (\$0.2 million), as well as smaller savings in numerous other line items.

In summary, General Fund revenues exceeded expenditures by \$3.5 million for the year ended December 31, 2014. Unassigned fund balance was \$84.6 million or 43.6% of 2014 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 \$938.4 million for governmental activities and \$0.8 million for business-type activities.

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

| | Governmental Activities | | Business-type Activities | | Total | |
|---------------------------------------|-------------------------|-----------------------|--------------------------|-------------------|-----------------------|-----------------------|
| | 2013 | 2014 | 2013 | 2014 | 2013 | 2014 |
| Land (1) | \$ 237,704,529 | \$ 239,331,873 | \$ 50,000 | 50,000 | \$ 237,754,529 | \$ 239,381,873 |
| Land improvements | 5,172,677 | 5,734,623 | 104,957 | 253,330 | 5,277,634 | 5,987,953 |
| Buildings and improvements (1) | 143,538,977 | 141,477,113 | 516,323 | 478,237 | 144,055,300 | 141,955,350 |
| Machinery, equipment and vehicles (1) | 15,057,640 | 14,576,074 | 456 | 150 | 15,058,096 | 14,576,224 |
| Infrastructure (1) | 524,615,365 | 522,657,431 | - | - | 524,615,365 | 522,657,431 |
| Construction in progress | 2,379,349 | 14,577,732 | - | - | 2,379,349 | 14,577,732 |
| | <u>\$ 928,468,537</u> | <u>\$ 938,354,846</u> | <u>\$ 671,736</u> | <u>\$ 781,717</u> | <u>\$ 929,140,273</u> | <u>\$ 939,136,563</u> |

(1) - As restated. See Note 14.

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

Long-term debt. The County's long-term debt was \$41.1 million at December 31, 2014, all of which related to governmental activities. All outstanding obligations are backed by the full faith and credit of the County. The components of the total liability are presented below.

Macomb County's Long-Term Debt - Governmental Activities

| | Balance | New Debt | Debt | Balance |
|--------------------------|-------------------|---------------|---------------|---------------|
| | Beginning of Year | Issued | Retired | End of Year |
| General obligation bonds | \$ 45,896,164 | \$ 15,627,500 | \$ 20,457,155 | \$ 41,066,509 |

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

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

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, 2014 was \$24.6 billion. Therefore, the County's debt limitation was \$2.5 billion at year-end. The County's outstanding debt of \$41.1 million at year end was well below the limit based on either assessed or taxable value.

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The following factors were considered when developing the 2015 budget:

- Property values were projected to increase 2.0% in 2015.
- Health care costs for employees are anticipated to increase 4% and 8% for retirees in 2015.
- A lump sum payment of \$500 per employee was budgeted in lieu of across the board salary increases in 2015.
- Market interest rates in 2015 are expected to remain consistent with 2014 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.
- The County issued bonds in the amount of \$263 million in March 2015 for the purpose of fully funding its unfunded retiree health care liability. Annual debt service payments of \$18.4 million were factored into the 2015 budget.
- An annual debt service payment of \$1.1 million related to a planned bond issue in the amount of \$25 million for the purpose of renovating several of the buildings in its central campus was factored into the 2015 budget.

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, 2014

| | Primary Government | | | Component Units |
|--|----------------------------|-----------------------------|-------------------------|-----------------------|
| | Governmental Activities | Business-type Activities | Total | |
| Assets | | | | |
| Cash and pooled investments | \$ 219,220,364 | \$ 164,239,081 | \$ 383,459,445 | \$ 43,702,926 |
| Restricted cash - unspent bond proceeds | - | - | - | 9,511,224 |
| Receivables | | | | |
| Property taxes, net | 5,065,243 | 29,028,933 | 34,094,176 | - |
| Accrued interest | 167,673 | 46,958 | 214,631 | 130,821 |
| Trade accounts, net | 21,660,276 | 10,617,904 | 32,278,180 | 10,672,765 |
| Special assessments | - | - | - | 260,866,012 |
| Inventories | 3,177,837 | - | 3,177,837 | - |
| Due from other governments | 30,165,846 | 819,513 | 30,985,359 | 4,011,441 |
| Internal balances | (4,003,706) | 3,245,074 | (758,632) | - |
| Due from fiduciary funds | 6,683,962 | - | 6,683,962 | - |
| Other assets | 3,335,058 | 1,568,165 | 4,903,223 | 277,466 |
| Capital assets, net | | | | |
| Assets not being depreciated | 253,909,605 | 50,000 | 253,959,605 | 47,474,254 |
| Assets being depreciated | 684,445,241 | 731,717 | 685,176,958 | 265,481,986 |
| Net OPEB asset | 4,209,989 | - | 4,209,989 | - |
| Total Assets | 1,228,037,388 | 210,347,345 | 1,438,384,733 | 642,128,895 |
| Liabilities | | | | |
| Accounts payable and accrued liabilities | 29,651,770 | 29,279,914 | 58,931,684 | 24,476,417 |
| Accrued wages payable | 695,446 | 154,220 | 849,666 | 76,995 |
| Accrued interest payable | 277,378 | - | 277,378 | 3,257,997 |
| Due to other governments | 287,961 | 11,701,274 | 11,989,235 | 30,295 |
| Unearned revenue | 599,052 | 58,054 | 657,106 | 9,565,717 |
| Long-term liabilities: | | | | |
| Due within one year | 7,869,752 | 100,000 | 7,969,752 | 13,363,487 |
| Due in more than one year | 52,326,391 | 1,254,920 | 53,581,311 | 248,993,276 |
| Net OPEB obligation | 200,189,005 | 32,392,036 | 232,581,041 | 15,426,041 |
| Total Liabilities | 291,896,755 | 74,940,418 | 366,837,173 | 315,190,225 |
| Deferred Inflows of Resources | | | | |
| Property taxes levied in advance | 1,091,478 | - | 1,091,478 | - |
| Net Position | | | | |
| Net investment in capital assets | 897,288,337 | 781,717 | 898,070,054 | 106,815,401 |
| Restricted for | | | | |
| Capital projects | 66,687,328 | - | 66,687,328 | - |
| Debt service | 2,599,454 | - | 2,599,454 | 5,473,728 |
| Health and welfare | 3,250,755 | - | 3,250,755 | - |
| Judicial | 20,127 | - | 20,127 | - |
| Housing rehabilitation loans | 8,759,412 | - | 8,759,412 | - |
| Mental health and substance abuse | - | 24,331,490 | 24,331,490 | - |
| Public safety | 1,503,880 | - | 1,503,880 | - |
| Technology | 1,863,324 | - | 1,863,324 | - |
| Department of Roads liability insurance | 8,683,230 | - | 8,683,230 | - |
| Unrestricted (deficit) | (55,606,692) | 110,293,720 | 54,687,028 | 214,649,541 |
| Total Net Position | \$ 935,049,155 | \$ 135,406,927 | \$ 1,070,456,082 | \$ 326,938,670 |

MACOMB COUNTY, MICHIGAN
Government-Wide Statement of Activities
Year Ended December 31, 2014

| Functions/Programs | Expenses | Program Revenues | | | Net (Expense) Revenue |
|---------------------------------------|-----------------------|-------------------------|---------------------------------------|-------------------------------------|--------------------------|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | |
| Primary Government | | | | | |
| Governmental activities | | | | | |
| Legislative | \$ 1,190,807 | \$ - | \$ - | \$ - | \$ (1,190,807) |
| Judicial | 42,193,876 | 5,273,322 | 12,776,150 | - | (24,144,404) |
| General government | 57,780,496 | 15,772,416 | 168,034 | 32,320 | (41,807,726) |
| Public safety | 75,848,904 | 15,954,605 | 1,854,030 | 12,117,852 | (45,922,417) |
| Public works | 71,026,921 | 20,830,918 | - | 64,718,723 | 14,522,720 |
| Health and welfare | 66,909,404 | 7,769,938 | 31,866,686 | - | (27,272,780) |
| Recreation and culture | 146,509 | - | - | 101,446 | (45,063) |
| Interest and fees on long-term debt | 1,356,796 | - | - | - | (1,356,796) |
| Total Governmental Activities | 316,453,713 | 65,601,199 | 46,664,900 | 76,970,341 | (127,217,273) |
| Business-Type Activities | | | | | |
| Delinquent tax collections | 4,349,122 | 14,093,174 | - | - | 9,744,052 |
| Community Mental Health | 229,654,304 | 196,277,694 | 29,255,762 | - | (4,120,848) |
| Freedom Hill Park | 466,623 | 400,012 | - | - | (66,611) |
| Total Business-Type Activities | 234,470,049 | 210,770,880 | 29,255,762 | - | 5,556,593 |
| Total Primary Government | \$ 550,923,762 | \$ 276,372,079 | \$ 75,920,662 | \$ 76,970,341 | \$ (121,660,680) |
| Component Units | | | | | |
| Drainage Districts | \$ 89,872,096 | \$ 80,164,760 | \$ - | \$ 553,316 | \$ (9,154,020) |
| Workforce Development Board | 23,710,436 | 828,992 | 22,886,184 | - | 4,740 |
| Martha T. Berry Medical Care Facility | 23,747,810 | 23,704,418 | - | - | (43,392) |
| Total Component Units | \$ 137,330,342 | \$ 104,698,170 | \$ 22,886,184 | \$ 553,316 | \$ (9,192,672) |

MACOMB COUNTY, MICHIGAN
Government-Wide Statement of Activities (concluded)
Year Ended December 31, 2014

| | Primary Government | | | Component Units |
|---|----------------------------|-----------------------------|-------------------------|-----------------------|
| | Governmental Activities | Business-Type Activities | Total | |
| Changes in Net Position | | | | |
| Net (expense) revenue (from page B-2) | \$ (127,217,273) | \$ 5,556,593 | \$ (121,660,680) | \$ (9,192,672) |
| General revenues | | | | |
| Property tax | 113,049,176 | - | 113,049,176 | - |
| Intergovernmental revenues - unrestricted | 23,280,302 | - | 23,280,302 | - |
| Investment earnings | 1,793,014 | 293,997 | 2,087,011 | 8,532,399 |
| Transfers - internal activities | (8,571,449) | 7,316,361 | (1,255,088) | - |
| Total General Revenues and Transfers | <u>129,551,043</u> | <u>7,610,358</u> | <u>137,161,401</u> | <u>8,532,399</u> |
| Change in Net Position | 2,333,770 | 13,166,951 | 15,500,721 | (660,273) |
| Net Position, beginning of year (1) | <u>932,715,385</u> | <u>122,239,976</u> | <u>1,054,955,361</u> | <u>327,598,943</u> |
| Net Position, end of year | <u>\$ 935,049,155</u> | <u>\$ 135,406,927</u> | <u>\$ 1,070,456,082</u> | <u>\$ 326,938,670</u> |

(1) - As restated. See Note 14.

The accompanying notes are an integral part of these financial statements

MACOMB COUNTY, MICHIGAN
Balance Sheet - Governmental Funds
December 31, 2014

| | Major Governmental Funds | | Nonmajor Governmental Funds | Total Governmental Funds |
|---|--------------------------|----------------------------------|-----------------------------------|--------------------------------|
| | General Fund | Special Revenue Road Fund (1) | | |
| Assets | | | | |
| Cash and pooled investments | \$ 73,343,208 | \$ 64,942,922 | \$ 30,961,126 | \$ 169,247,256 |
| Taxes receivable | 4,192,271 | - | 872,972 | 5,065,243 |
| Accrued interest receivable | 110,156 | 57,517 | - | 167,673 |
| Accounts receivable, net | 6,254,193 | 2,018,461 | 10,781,909 | 19,054,563 |
| Inventories | - | 2,908,813 | - | 2,908,813 |
| Due from other governments | 12,691,405 | 9,911,877 | 7,562,564 | 30,165,846 |
| Due from governmental funds | 3,172,103 | - | - | 3,172,103 |
| Advances to other funds | 295,000 | - | - | 295,000 |
| Other assets | 378,896 | 517,086 | 461,688 | 1,357,670 |
| Total Assets | \$ 100,437,232 | \$ 80,356,676 | \$ 50,640,259 | \$ 231,434,167 |
| Liabilities, Deferred Inflows of Resources and Fund Balances | | | | |
| Liabilities | | | | |
| Accounts payable | \$ 2,977,624 | \$ 15,164,802 | \$ 8,781,126 | \$ 26,923,552 |
| Accrued liabilities | - | - | 610,084 | 610,084 |
| Accrued compensation and benefits | 392,163 | - | 303,283 | 695,446 |
| Due to other governments | 36,800 | - | 251,161 | 287,961 |
| Due to governmental funds | - | - | 4,181,899 | 4,181,899 |
| Accrued workers compensation claims | - | 14,595 | - | 14,595 |
| Unearned revenue | 111,266 | - | 487,786 | 599,052 |
| Total Liabilities | 3,517,853 | 15,179,397 | 14,615,339 | 33,312,589 |
| Deferred Inflows of Resources | | | | |
| Property taxes and assessments levied in advance | - | - | 1,091,478 | 1,091,478 |
| Unavailable property taxes and assessments | 2,801,490 | - | - | 2,801,490 |
| Unavailable grants and other charges | 8,871,496 | 1,714,231 | 5,073,533 | 15,659,260 |
| Total Deferred Inflows of Resources | 11,672,986 | 1,714,231 | 6,165,011 | 19,552,228 |
| Fund Balances | | | | |
| Nonspendable for: | | | | |
| Advances to other funds | 295,000 | - | - | 295,000 |
| Inventories | - | 2,908,813 | - | 2,908,813 |
| Prepaid items | 300,665 | 517,086 | 459,929 | 1,277,680 |
| Restricted for: | | | | |
| Capital projects | - | 60,037,149 | 3,224,280 | 63,261,429 |
| Debt service | - | - | 2,599,454 | 2,599,454 |
| Health and welfare | - | - | 3,250,755 | 3,250,755 |
| Judicial | - | - | 20,127 | 20,127 |
| Housing rehabilitation loans | - | - | 8,759,412 | 8,759,412 |
| Public Safety | - | - | 1,503,880 | 1,503,880 |
| Technology | - | - | 1,863,324 | 1,863,324 |
| Assigned for: | | | | |
| Capital projects | - | - | 6,806,224 | 6,806,224 |
| Health and welfare | - | - | 3,804,194 | 3,804,194 |
| Judicial | - | - | 8,218 | 8,218 |
| Public safety | - | - | 68,702 | 68,702 |
| Unassigned | 84,650,728 | - | (2,508,590) | 82,142,138 |
| Total Fund Balances | 85,246,393 | 63,463,048 | 29,859,909 | 178,569,350 |
| Total Liabilities, Deferred Inflows of Resources and Fund Balances | \$ 100,437,232 | \$ 80,356,676 | \$ 50,640,259 | \$ 231,434,167 |

(1) - Balance sheet as of September 30, 2014

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, 2014

| | |
|---|------------------------------|
| Total fund balances for governmental funds | \$ 178,569,350 |
| <p>Amounts reported for governmental activities in the Government-Wide Statement of Net Position are different because:</p> | |
| <p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is capitalized and allocated over their estimated useful lives.</p> | |
| Capital assets | |
| Land | 239,331,873 |
| Land improvements | 13,093,416 |
| Buildings and improvements | 266,243,479 |
| Machinery, equipment and vehicles | 80,439,559 |
| Infrastructure | 1,145,704,032 |
| Construction in progress | 14,577,732 |
| Accumulated depreciation | (822,712,367) |
| 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 | 18,460,750 |
| 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 | (41,066,509) |
| 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 | (277,378) |
| 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 | (1,262,209) |
| 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 | (22,646) |
| 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 | (200,189,005) |
| 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 | 4,209,989 |
| Internal service funds are used by management to charge the costs of certain activities such as insurance, compensated absences, workers' compensation and central inventory to individual governmental funds and business-type units. The assets and liabilities of the Internal Service Funds that pertain to governmental funds are included in the governmental activities in the Government-Wide Statement of Net Position | <u>39,949,089</u> |
| Net position of governmental activities reported in the Government-Wide Statement of Net Position | <u><u>\$ 935,049,155</u></u> |

The accompanying notes are an integral part of these financial statements

MACOMB COUNTY, MICHIGAN
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds
Year Ended December 31, 2014

| | Major Governmental Funds | | Nonmajor Governmental Funds | Total Governmental Funds |
|---|--------------------------|----------------------------------|-----------------------------------|--------------------------------|
| | General Fund | Special Revenue Road Fund (1) | | |
| Revenues | | | | |
| Property taxes | \$ 112,609,816 | \$ - | \$ 1,080,613 | \$ 113,690,429 |
| Licenses and permits | 1,705,564 | 599,164 | - | 2,304,728 |
| Federal & state grants | 30,161,731 | 64,920,806 | 47,911,708 | 142,994,245 |
| Other grants | - | - | 870,668 | 870,668 |
| Charges for services | 36,855,521 | 16,396,725 | 8,671,810 | 61,924,056 |
| Investment income | 225,937 | 138,516 | 8,614 | 373,067 |
| Charges to other funds for administrative services | 8,070,459 | - | - | 8,070,459 |
| Fines and forfeitures | 589,715 | - | 212,296 | 802,011 |
| Other revenue | 155,011 | 431,393 | 540,280 | 1,126,684 |
| Total Revenues | 190,373,754 | 82,486,604 | 59,295,989 | 332,156,347 |
| Expenditures | | | | |
| Current | | | | |
| Legislative | 1,190,807 | - | - | 1,190,807 |
| Judicial | 29,417,533 | - | 11,834,239 | 41,251,772 |
| General government | 45,219,816 | - | 1,737,646 | 46,957,462 |
| Public safety | 59,561,962 | - | 13,476,900 | 73,038,862 |
| Public works | - | 71,573,270 | 293,379 | 71,866,649 |
| Health and welfare | 18,717,297 | - | 45,390,127 | 64,107,424 |
| Recreation and cultural | - | - | 84,387 | 84,387 |
| Other | 1,211,768 | - | - | 1,211,768 |
| Capital outlay | 2,228,634 | 4,792,915 | 18,539,762 | 25,561,311 |
| Debt service | | | | |
| Principal | - | 127,155 | 3,880,000 | 4,007,155 |
| Interest and fees | - | 15,278 | 1,302,027 | 1,317,305 |
| Bond issue costs | - | - | 108,147 | 108,147 |
| Total Expenditures | 157,547,817 | 76,508,618 | 96,646,614 | 330,703,049 |
| Excess of Revenues over (under) Expenditures | 32,825,937 | 5,977,986 | (37,350,625) | 1,453,298 |
| Other Financing Sources (uses) | | | | |
| Face amount of long-term debt | - | 472,500 | 15,155,000 | 15,627,500 |
| Transfers in | - | - | 53,898,511 | 53,898,511 |
| Transfers out | (29,267,266) | (123,545) | (26,989,724) | (56,380,535) |
| Bond premiums | - | - | 1,403,647 | 1,403,647 |
| Payment to refunding debt escrow agent | - | - | (16,450,000) | (16,450,000) |
| Total Other Financing Sources (uses) | (29,267,266) | 348,955 | 27,017,434 | (1,900,877) |
| Net change in Fund Balances | 3,558,671 | 6,326,941 | (10,333,191) | (447,579) |
| Fund Balances, beginning of year | 81,687,722 | 57,136,107 | 40,193,100 | 179,016,929 |
| Fund Balances, end of year | <u>\$ 85,246,393</u> | <u>\$ 63,463,048</u> | <u>\$ 29,859,909</u> | <u>\$ 178,569,350</u> |

(1) - Year ended September 30, 2014

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, 2014

Net change in fund balances - total governmental funds \$ (447,579)

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 | 60,208,235 |
| Current year depreciation expense | (50,125,642) |

| | |
|---|-----------|
| 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 | 1,853,097 |
|---|-----------|

| | |
|---|------------|
| 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 | 20,457,155 |
|---|------------|

| | |
|--|--------------|
| The proceeds received as a result of issuing of bonds and loans are recorded as revenue in the governmental funds, but are recorded as increases in long-term liabilities in the Statement of Net Position | (15,627,500) |
|--|--------------|

| | |
|--|----------|
| 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. | (88,151) |
|--|----------|

| | |
|---|---------|
| 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. | (9,158) |
|---|---------|

| | |
|---|--------|
| 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. | 68,656 |
|---|--------|

| | |
|---|-------------|
| 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. | (8,355,217) |
|---|-------------|

| | |
|--|--------------------|
| Internal service funds are used by management to charge the costs of certain activities such as insurance, compensated absences, workers' compensation and central inventory to individual governmental funds and business-type units. The net income (loss) in those funds that is attributable to governmental funds is excluded from the Statement of Activities. | <u>(5,600,126)</u> |
|--|--------------------|

| | |
|---|----------------------------|
| Change in net position of governmental activities reported in the Statement of Activities | <u><u>\$ 2,333,770</u></u> |
|---|----------------------------|

The accompanying notes are an integral part of these financial statements

MACOMB COUNTY, MICHIGAN
Statement of Net Position
Proprietary Funds
December 31, 2014

| | Major Business-Type Activities - Enterprise Funds | |
|--|---|--------------------------------|
| | Delinquent Tax Revolving | Community Mental Health (1) |
| Assets | | |
| Current assets | | |
| Cash and pooled investments | \$ 106,742,792 | \$ 56,988,228 |
| Receivables | | |
| Property taxes | 29,028,933 | - |
| Accrued interest | 43,710 | 3,248 |
| Trade accounts, net | 5,658,072 | 4,875,732 |
| Inventories | - | - |
| Due from other governments | 38,330 | 781,183 |
| Due from governmental funds | - | - |
| Due from fiduciary funds | - | - |
| Other assets | - | 1,568,165 |
| Total current assets | 141,511,837 | 64,216,556 |
| Noncurrent assets | | |
| Capital assets, net | | |
| Assets being depreciated | - | - |
| Assets not being depreciated | - | - |
| Total noncurrent assets | - | - |
| Total Assets | 141,511,837 | 64,216,556 |
| Liabilities | | |
| Current liabilities | | |
| Accounts payable | 1,220,997 | 28,014,545 |
| Accrued wages payable | - | 154,042 |
| Due to other governments | 42,849 | 11,658,425 |
| Due to governmental funds | - | - |
| Compensated absences | - | - |
| Claims and judgements | - | - |
| Unearned revenue | - | 58,054 |
| Total current liabilities | 1,263,846 | 39,885,066 |
| Noncurrent liabilities | | |
| Claims and judgements | - | - |
| Compensated absences | - | - |
| Advances from other funds | - | - |
| Net OPEB Obligation | - | 31,909,107 |
| Total noncurrent liabilities | - | 31,909,107 |
| Total Liabilities | 1,263,846 | 71,794,173 |
| Net Position | | |
| Net position, investment in capital assets | - | - |
| Restricted for: | | |
| Mental health and substance abuse | - | 24,331,490 |
| Department of Roads liability insurance | - | - |
| Unrestricted | 140,247,991 | (31,909,107) |
| Total Net Position | \$ 140,247,991 | \$ (7,577,617) |

(1) - Year ended September 30, 2014

MACOMB COUNTY, MICHIGAN
Statement of Net Position (concluded)
Proprietary Funds
December 31, 2014

| | Nonmajor Enterprise Fund | | Governmental Activities | |
|--|-----------------------------|---------------------------|---------------------------|--|
| | Freedom Hill Park | Enterprise Fund Totals | Internal Service Funds | |
| Assets | | | | |
| Current assets | | | | |
| Cash and pooled investments | \$ 508,061 | \$ 164,239,081 | \$ 49,973,108 | |
| Receivables | | | | |
| Property taxes | - | 29,028,933 | - | |
| Accrued interest | - | 46,958 | - | |
| Trade accounts, net | 84,100 | 10,617,904 | 2,605,713 | |
| Inventories | - | - | 269,024 | |
| Due from other governments | - | 819,513 | - | |
| Due from governmental funds | - | - | 398,364 | |
| Due from fiduciary funds | - | - | 6,683,962 | |
| Other assets | - | 1,568,165 | 1,977,388 | |
| Total current assets | 592,161 | 206,320,554 | 61,907,559 | |
| Noncurrent assets | | | | |
| Capital assets, net | | | | |
| Assets being depreciated | 731,717 | 731,717 | 1,677,122 | |
| Assets not being depreciated | 50,000 | 50,000 | - | |
| Total noncurrent assets | 781,717 | 781,717 | 1,677,122 | |
| Total Assets | 1,373,878 | 207,102,271 | 63,584,681 | |
| Liabilities | | | | |
| Current liabilities | | | | |
| Accounts payable | 44,372 | 29,279,914 | 2,118,134 | |
| Accrued wages payable | 178 | 154,220 | - | |
| Due to other governments | - | 11,701,274 | - | |
| Due to governmental funds | - | - | 147,200 | |
| Compensated absences | - | - | 1,000,000 | |
| Claims and judgements | - | - | 2,017,961 | |
| Unearned revenue | - | 58,054 | - | |
| Total current liabilities | 44,550 | 41,193,462 | 5,283,295 | |
| Noncurrent liabilities | | | | |
| Claims and judgements | - | - | 5,538,028 | |
| Compensated absences | - | - | 10,629,115 | |
| Advances from other funds | - | - | 295,000 | |
| Net OPEB Obligation | 482,929 | 32,392,036 | - | |
| Total noncurrent liabilities | 482,929 | 32,392,036 | 16,462,143 | |
| Total Liabilities | 527,479 | 73,585,498 | 21,745,438 | |
| Net Position | | | | |
| Net position, investment in capital assets | 781,717 | 781,717 | 1,677,122 | |
| Restricted for: | | | | |
| Mental health and substance abuse | - | 24,331,490 | - | |
| Department of Roads liability insurance | - | - | 8,683,230 | |
| Unrestricted | 64,682 | 108,403,566 | 31,478,891 | |
| Total Net Position | \$ 846,399 | \$ 133,516,773 | \$ 41,839,243 | |

Reconciliation of Statement of Net Position for Proprietary Funds:

| | | |
|--|----------------|---------------|
| Total net position of Enterprise Funds/Internal Service Funds | \$ 133,516,773 | \$ 41,839,243 |
| Add (subtract): Business-type equity in the net position of internal service funds | 1,890,154 | (1,890,154) |
| Net Assets reported in the Government-Wide Statement of Net Position | \$ 135,406,927 | \$ 39,949,089 |

MACOMB COUNTY, MICHIGAN
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
Year Ended December 31, 2014

| | Major Business-Type Activities - Enterprise Funds | |
|--|--|--|
| | Delinquent Tax Revolving | Community Mental Health (1) |
| Operating revenues | | |
| Charges for services | \$ 14,093,174 | \$ 196,277,244 |
| Federal and state grants | - | 29,255,762 |
| Other | - | 450 |
| Total Operating Revenues | 14,093,174 | 225,533,456 |
| Operating expenses | | |
| Personal services | 447,149 | 27,616,111 |
| Contractual services | - | 182,060,136 |
| Utilities | - | 292,046 |
| Repairs and maintenance | - | 34,425 |
| Benefits and claims expenses | - | - |
| Supplies and services | 3,901,973 | 19,256,161 |
| Depreciation | - | - |
| Capital outlay | - | - |
| Total Operating Expenses | 4,349,122 | 229,258,879 |
| Operating Income (loss) | 9,744,052 | (3,725,423) |
| Nonoperating revenues | | |
| Investment income | 195,931 | 98,066 |
| Total Nonoperating Revenues | 195,931 | 98,066 |
| Income (loss) before transfers | 9,939,983 | (3,627,357) |
| Transfers | | |
| Transfers in | - | 7,163,955 |
| Transfers out | - | - |
| Net Transfers | - | 7,163,955 |
| Increase (decrease) in Net Position | 9,939,983 | 3,536,598 |
| Net Position, beginning of year (2) | 130,308,008 | (11,114,215) |
| Net Position, end of year | \$ 140,247,991 | \$ (7,577,617) |

(1) - Year ended September 30, 2014

(2) - As restated. See Note 14.

MACOMB COUNTY, MICHIGAN
Statement of Revenues, Expenses and Changes in Fund Net Position (concluded)
Proprietary Funds
Year Ended December 31, 2014

| | Nonmajor Enterprise Fund | | Enterprise Fund | | Internal Service Funds |
|--|-----------------------------|-----------|--------------------|-----------|---------------------------|
| | Freedom Hill Park | | Totals | | |
| Operating revenues | | | | | |
| Charges for services | \$ 242,744 | \$ | 210,613,162 | \$ | 68,848,222 |
| Federal and state grants | - | | 29,255,762 | | - |
| Other | 157,268 | | 157,718 | | - |
| Total Operating Revenues | 400,012 | | 240,026,642 | | 68,848,222 |
| Operating expenses | | | | | |
| Personal services | 22,792 | | 28,086,052 | | - |
| Contractual services | - | | 182,060,136 | | - |
| Utilities | 179,336 | | 471,382 | | - |
| Repairs and maintenance | 152,732 | | 187,157 | | - |
| Benefits and claims expenses | - | | - | | 64,792,966 |
| Supplies and services | 48,316 | | 23,206,450 | | 3,386,345 |
| Depreciation | 63,447 | | 63,447 | | 573,391 |
| Capital outlay | - | | - | | 17,946 |
| Total Operating Expenses | 466,623 | | 234,074,624 | | 68,770,648 |
| Operating Income (loss) | (66,611) | | 5,952,018 | | 77,574 |
| Nonoperating revenues | | | | | |
| Investment income | - | | 293,997 | | 16,300 |
| Total Nonoperating Revenues | - | | 293,997 | | 16,300 |
| Income (loss) before transfers | (66,611) | | 6,246,015 | | 93,874 |
| Transfers | | | | | |
| Transfers in | 152,406 | | 7,316,361 | | 2,111,622 |
| Transfers out | - | | - | | (8,201,047) |
| Net Transfers | 152,406 | | 7,316,361 | | (6,089,425) |
| Increase (decrease) in Net Position | 85,795 | | 13,562,376 | | (5,995,551) |
| Net Position, beginning of year (2) | 760,604 | | 119,954,397 | | 47,834,794 |
| Net Position, end of year | \$ 846,399 | \$ | 133,516,773 | \$ | 41,839,243 |

**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 | \$ 13,562,376 | \$ (5,995,551) |
| Add (subtract): Increase (Decrease) in Business-type activities' equity of internal service funds | (395,425) | 395,425 |
| Net income (loss) in the Government-Wide Statement of Activities | \$ 13,166,951 | \$ (5,600,126) |

(2) - As restated. See Note 14.

MACOMB COUNTY, MICHIGAN
Combining Statement of Cash Flows - Proprietary Funds
Year Ended December 31, 2014

| | Major Business-type Activities - Enterprise Funds | |
|--|--|--|
| | Delinquent Tax Revolving | Community Mental Health (1) |
| Cash flows from operating activities | | |
| Cash received from customers | \$ 65,526,238 | \$ 220,208,759 |
| Cash received from interfund services | - | - |
| Cash payments for delinquent taxes | (46,360,983) | - |
| Cash payments to employees | (447,149) | (26,450,045) |
| Cash payments to suppliers | (3,470,501) | (211,141,768) |
| Net cash provided by (used in) operating activities | <u>15,247,605</u> | <u>(17,383,054)</u> |
| Cash flows from noncapital financing activities | | |
| Transfers in | - | 7,163,955 |
| Transfers out | - | - |
| Net cash provided by (used in) noncapital financing activities | <u>-</u> | <u>7,163,955</u> |
| Cash flows from capital and related financing activities | | |
| Acquisition of capital assets | - | - |
| Cash flows from investing activities | | |
| Interest received on investments | 190,746 | 102,214 |
| Increase (decrease) in cash and pooled investments | 15,438,351 | (10,116,885) |
| Cash and pooled investments, beginning of year (2) | 91,304,441 | 67,105,113 |
| Cash and pooled investments, end of year | <u>\$ 106,742,792</u> | <u>\$ 56,988,228</u> |
| Reconciliation of operating income (loss) to net cash provided (used) by operating activities | | |
| Operating income (loss) | \$ 9,744,052 | \$ (3,725,423) |
| Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities: | | |
| Depreciation | - | - |
| Changes in assets and liabilities: | | |
| Taxes receivable | 4,114,687 | - |
| Accounts receivable | 1,019,614 | (1,753,131) |
| Inventory | - | - |
| Due from other governments | (38,330) | (227,292) |
| Due from other funds | - | - |
| Other assets | - | (117,890) |
| Accounts payable | 431,472 | (9,499,000) |
| Accrued employee benefits | - | 83,915 |
| Net OPEB Obligation | - | 1,082,151 |
| Due to other governments | (23,890) | (3,240,242) |
| Unearned revenue | - | 13,858 |
| Accrued claims and judgements | - | - |
| Net cash provided by (used in) operating activities | <u>\$ 15,247,605</u> | <u>\$ (17,383,054)</u> |

(1) - Year ended September 30, 2014

(2) - As restated. See Note 14.

MACOMB COUNTY, MICHIGAN
Combining Statement of Cash Flows - Proprietary Funds (concluded)
Year Ended December 31, 2014

| | Nonmajor Enterprise Fund Freedom Hill Park | Enterprise Fund Totals | Governmental Activities Internal Service Funds |
|--|---|---------------------------|--|
| Cash flows from operating activities | | | |
| Cash received from customers | \$ 381,501 | \$ 286,116,498 | \$ - |
| Cash received from interfund services | - | - | 66,294,033 |
| Cash payments for delinquent taxes | - | (46,360,983) | - |
| Cash payments to employees | (6,236) | (26,903,430) | (1,256,890) |
| Cash payments to suppliers | (353,078) | (214,965,347) | (69,651,116) |
| Net cash provided by (used in) operating activities | <u>22,187</u> | <u>(2,113,262)</u> | <u>(4,613,973)</u> |
| Cash flows from noncapital financing activities | | | |
| Transfers in | 152,406 | 7,316,361 | 2,111,622 |
| Transfers out | - | - | (8,201,047) |
| Net cash provided by (used in) noncapital financing activities | <u>152,406</u> | <u>7,316,361</u> | <u>(6,089,425)</u> |
| Cash flows from capital and related financing activities | | | |
| Acquisition of capital assets | (173,428) | (173,428) | (377,107) |
| Cash flows from investing activities | | | |
| Interest received on investments | - | 292,960 | 16,300 |
| Increase (decrease) in cash and pooled investments | 1,165 | 5,322,631 | (11,064,205) |
| Cash and pooled investments, beginning of year (2) | 506,896 | 158,916,450 | 61,037,313 |
| Cash and pooled investments, end of year | <u>\$ 508,061</u> | <u>\$ 164,239,081</u> | <u>\$ 49,973,108</u> |
| Reconciliation of operating income (loss) to net cash provided (used) by operating activities | | | |
| Operating income (loss) | \$ (66,611) | \$ 5,952,018 | \$ 77,574 |
| Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities: | | | |
| Depreciation | 63,447 | 63,447 | 573,391 |
| Changes in assets and liabilities: | | | |
| Taxes receivable | - | 4,114,687 | - |
| Accounts receivable | (18,511) | (752,028) | (2,276,853) |
| Inventory | - | - | (11,196) |
| Due from other governments | - | (265,622) | - |
| Due from other funds | - | - | (317,490) |
| Other assets | - | (117,890) | (1,008,903) |
| Accounts payable | 27,306 | (9,040,222) | (2,256,493) |
| Accrued employee benefits | 178 | 84,093 | (219,729) |
| Net OPEB Obligation | 16,378 | 1,098,529 | - |
| Due to other governments | - | (3,264,132) | - |
| Unearned revenue | - | 13,858 | - |
| Accrued claims and judgements | - | - | 825,726 |
| Net cash provided by (used in) operating activities | <u>\$ 22,187</u> | <u>\$ (2,113,262)</u> | <u>\$ (4,613,973)</u> |

(2) - As restated. See Note 14.

MACOMB COUNTY, MICHIGAN
Statement of Fiduciary Net Position
Fiduciary Funds
December 31, 2014

| | Employee Retirement and Other Postretirement Benefits | Agency Funds |
|---|---|----------------------|
| Assets | | |
| Cash and pooled investments | \$ 21,285,163 | \$ 10,071,684 |
| Receivables | | |
| Accrued interest | 1,855,125 | - |
| Other | 972,508 | 514,432 |
| Due from other funds | 100,871 | - |
| Investments, at fair value | | |
| Corporate bonds | 96,572 | - |
| Common stock | 383,548,186 | - |
| Foreign stock | 26,247,720 | - |
| Limited partnership | 253,467,096 | - |
| Real estate investment trusts | 27,051,541 | - |
| Fixed income common collective trusts | 100,685,204 | - |
| Equity common collective trusts | 313,648,305 | - |
| Due from fiduciary funds | - | 18,711 |
| Other assets | 8,684 | 553,423 |
| | <u>1,128,966,975</u> | <u>\$ 11,158,250</u> |
| Liabilities | | |
| Accounts payable | 3,768,349 | \$ 4,405,001 |
| Compensation and benefits | 4,024,639 | 222,734 |
| Deposits | - | 6,152,642 |
| Due to other governments | - | 377,873 |
| Due to governmental funds | 6,683,962 | - |
| Due to fiduciary funds | 100,871 | - |
| | <u>14,577,821</u> | <u>\$ 11,158,250</u> |
| Net Position | | |
| Net position held in trust for pension and other postemployment benefits | <u>\$ 1,114,389,154</u> | |

MACOMB COUNTY, MICHIGAN
Statement of Changes In Fiduciary Net Position
Fiduciary Funds
Year Ended December 31, 2014

| | Employee Retirement and Other Postretirement Benefits |
|--|--|
| Additions | |
| Contributions | |
| Employer | \$ 38,997,714 |
| Employee | 4,479,880 |
| | 43,477,594 |
| | |
| Investment income | |
| Net appreciation in fair value of assets | 63,208,625 |
| Interest | 15,485,739 |
| Dividends | 9,828,546 |
| | 88,522,910 |
| Less investment expenses | |
| Management and custodial fees | 5,887,885 |
| | 82,635,025 |
| Net investment income | |
| | 126,112,619 |
| | 126,112,619 |
| Deductions | |
| Benefit payments | 74,703,018 |
| Refunds of contributions | 328,355 |
| Administrative expense | 527,345 |
| | 75,558,718 |
| Total Deductions | |
| | 75,558,718 |
| Net decrease in Net Position | 50,553,901 |
| Net Position | |
| Beginning of year | 1,063,835,253 |
| | |
| End of year | \$ 1,114,389,154 |

MACOMB COUNTY, MICHIGAN
Combining Statement of Net Position - Component Units
December 31, 2014

| | Drainage Districts (1) | Martha T. Berry Medical Care Facility | Workforce Development Board (2) | Total |
|---|---------------------------|--|---------------------------------------|-----------------------|
| Assets | | | | |
| Cash and cash equivalents | \$ 39,534,907 | \$ 2,816,025 | \$ 1,351,994 | \$ 43,702,926 |
| Restricted cash - unspent bond proceeds | 9,511,224 | - | - | 9,511,224 |
| Receivables | | | | |
| Accrued interest | 130,821 | - | - | 130,821 |
| Trade accounts, net | 7,480,473 | 3,191,873 | 419 | 10,672,765 |
| Special assessments | 260,866,012 | - | - | 260,866,012 |
| Due from other governments | - | - | 4,011,441 | 4,011,441 |
| Other assets | - | 276,424 | 1,042 | 277,466 |
| Capital assets, net | | | | |
| Assets not being depreciated | 47,396,339 | 77,915 | - | 47,474,254 |
| Assets being depreciated | 264,983,802 | 498,184 | - | 265,481,986 |
| Total Assets | 629,903,578 | 6,860,421 | 5,364,896 | 642,128,895 |
| Liabilities | | | | |
| Accounts payable | 18,437,276 | 846,287 | 5,192,854 | 24,476,417 |
| Accrued compensation and benefits | - | - | 76,995 | 76,995 |
| Accrued interest payable | 3,257,997 | - | - | 3,257,997 |
| Due to other governments | - | - | 30,295 | 30,295 |
| Unearned revenue | 9,565,717 | - | - | 9,565,717 |
| Long-term liabilities: | | | | |
| Due within one year | 13,363,487 | - | - | 13,363,487 |
| Due in more than one year | 248,993,276 | - | - | 248,993,276 |
| Net OPEB Obligation | - | 15,426,041 | - | 15,426,041 |
| Total Liabilities | 293,617,753 | 16,272,328 | 5,300,144 | 315,190,225 |
| Net Position | | | | |
| Net investment in capital assets | 106,239,302 | 576,099 | - | 106,815,401 |
| Restricted for | | | | |
| Debt service | 5,473,728 | - | - | 5,473,728 |
| Unrestricted | 224,572,795 | (9,988,006) | 64,752 | 214,649,541 |
| Total Net Position | \$ 336,285,825 | \$ (9,411,907) | \$ 64,752 | \$ 326,938,670 |

(1) - Year-end September 30, 2014

(2) - Year-end June 30, 2014

MACOMB COUNTY, MICHIGAN
Combining Statement of Activities - Component Units
For the Year Ended December 31, 2014

| Functions/Programs | Expenses | Program Revenues | | Net (Expense) Revenue | |
|--|----------------|-------------------------|---------------------------------------|--------------------------|-------------------------------------|
| | | Charges for Services | Operating Grants and Contributions | | Capital Grants and Contributions |
| Drainage Districts (1) | | | | | |
| Governmental activities | | | | | |
| Public works | \$ 80,711,594 | \$ 80,164,760 | \$ - | \$ 553,316 | \$ 6,482 |
| Interest on long-term debt | 9,160,502 | - | - | - | (9,160,502) |
| Total Public Works | 89,872,096 | 80,164,760 | - | 553,316 | (9,154,020) |
| Martha T. Berry Medical Care Facility | | | | | |
| Governmental activities | | | | | |
| Health and Welfare | 23,747,810 | 23,704,418 | - | - | (43,392) |
| Total Martha T. Berry Medical Care Facility | 23,747,810 | 23,704,418 | - | - | (43,392) |
| Workforce Development Board (2) | | | | | |
| Governmental activities | | | | | |
| Health and welfare | 23,710,436 | 828,992 | 22,886,184 | - | 4,740 |
| Total Workforce Development Board | 23,710,436 | 828,992 | 22,886,184 | - | 4,740 |
| Total Component Units | \$ 137,330,342 | \$ 104,698,170 | \$ 22,886,184 | \$ 553,316 | \$ (9,192,672) |

(1) - Year ended September 30, 2014

(2) - Year ended June 30, 2014

MACOMB COUNTY, MICHIGAN
Combining Statement of Activities - Component Units (concluded)
For the Year Ended December 31, 2014

| | Drainage Districts (1) | Martha T. Berry Medical Care Facility | Workforce Development Board (2) | Total |
|--|---------------------------|--|---------------------------------------|-----------------------|
| Changes in Net Position | | | | |
| Net (expense) revenue | \$ (9,154,020) | \$ (43,392) | \$ 4,740 | \$ (9,192,672) |
| General revenues | | | | |
| Investment earnings | 8,532,399 | - | - | 8,532,399 |
| Total general revenues, contributions and transfers | 8,532,399 | - | - | 8,532,399 |
| Change in Net Position | (621,621) | (43,392) | 4,740 | (660,273) |
| Net Position, beginning of year (3) | 336,907,446 | (9,368,515) | 60,012 | 327,598,943 |
| Net Position, end of year | <u>\$ 336,285,825</u> | <u>\$ (9,411,907)</u> | <u>\$ 64,752</u> | <u>\$ 326,938,670</u> |

(1) - Year ended September 30, 2014

(2) - Year ended June 30, 2014

(3) - As restated. See Note 14.

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements
December 31, 2014

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, 2014, except as follows: the financial statements of the Circuit Court Programs, 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, 2014, and the Work Force Development Board which is included on a June 30, 2014 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, 2014

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 - Component units are legally separate organizations for which the Board of Commissioners appoints a majority of the organization's policy board and there is a degree of financial accountability to the County.

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 because a financial benefit/burden relationship exists between the two organizations. 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 because a financial benefit/burden relationship exists between the two organizations. Separate independently audited financial statements of the Drainage Districts are not prepared.

The **Martha T. Berry Medical Care Facility** is governed by a separate board consisting of 3 members, the majority of which are appointed by the Macomb County Board of Commissioners. Its activities are included in the County's financial statements since the County can impose its will. Separate independently audited financial statements of the Martha T. Berry Medical Care Facility are not prepared. All of the funds of the Martha T. Berry Medical Care Facility are Enterprise 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.

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2014

Note 1 – Summary of Significant Accounting Policies (continued)

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.

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, liabilities, deferred inflows and deferred outflows of the County, with the net of these items 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 is 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.

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2014

Note 1 – Summary of Significant Accounting Policies (continued)

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

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.

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.

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2014

Note 1 – Summary of Significant Accounting Policies (continued)

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

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 or committed 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, 2014

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, 2014

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.

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) 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.

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. The government's policy is to first apply restricted resources. When an expense is incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used, it is the government's policy to spend funds in this order: committed, assigned, and then 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 \$ 32,278,180 at year-end, net of an allowance of \$140,122, all of which relates to the Special Revenue Road 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 items.

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

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2014

Note 1 – Summary of Significant Accounting Policies (continued)

proposed expenditures and the means of financing them for the General Fund, Special Revenue Funds and the Debt Service Fund, as well as 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 \$100,000 or 10% of the department budget. Budget amendments that exceed these limits must be approved by the Finance Committee of the Board of Commissioners. During the year, supplemental budgetary appropriations were not significant in relation to the original appropriations as adopted. Unexpended appropriations lapse at year-end. Encumbrances open at year-end are re-appropriated in the following year. Budgets are adopted on a basis consistent with generally accepted accounting principles and budgeted amounts presented in the financial statements represent final budget authorization, including all amendments approved during the year.

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

Capital Assets – Capital assets of the primary government, including land, land improvements, buildings, equipment, vehicles, and infrastructure, are reported in the government-wide financial statements and the applicable proprietary fund financial statements. Capital assets utilized for governmental activities are only capitalized in the government-wide financial statements and are fully expended in the governmental funds. Capital assets of the component units are reported in the Drainage Districts and the Martha T. Berry Medical Care Facility. The County capitalizes assets whose initial purchase price equals or exceeds \$5,000 and whose 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 - 20 years, buildings and improvements – 20-40 years, equipment - 3-15 years, vehicles – 3-5 years and infrastructure 8-40 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, 2014

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 County property tax is levied July 1 of each year based on the taxable value of property as of the preceding December 31. Taxes are billed and collected for the County by the local units within the County and are payable in one installment no later than February 28 of the following year, at which time they become delinquent and subject to penalty. Taxable value is established annually by the local units, accepted by the County and equalized by the State of Michigan to approximate 50% of market value (SEV). The annual increase in taxable value is limited by State statute to the rate of inflation or 5%, whichever is less. Taxable value reverts to SEV when a property is sold or when SEV drops below taxable value. The taxable value of real and personal property in Macomb County for the July 1, 2014 levy (calendar 2014 revenue) was \$24,563,858,227. The County operating tax rate for the 2014 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 2014 was \$2,261,419.

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, 2014

Note 1 – Summary of Significant Accounting Policies (continued)

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 items, 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, 2014

Note 1 – Summary of Significant Accounting Policies (continued)

The balances by function within the above categories as of December 31, 2014 are presented below.

| | Major Funds | | Non Major Funds | | | Total |
|------------------------------|----------------------|----------------------|----------------------|----------------------|---------------------|-----------------------|
| | General Fund | Road Fund | Special Revenue | Capital Projects | Debt Service | |
| Nonspendable for: | | | | | | |
| Advances to other funds | \$ 295,000 | \$ - | \$ - | \$ - | \$ - | \$ 295,000 |
| Inventories | - | 2,908,813 | - | - | - | 2,908,813 |
| Prepaid Items | 300,665 | 517,086 | 164,113 | 295,816 | - | 1,277,680 |
| Restricted: | | | | | | |
| Capital projects | - | 60,037,149 | - | 3,224,280 | - | 63,261,429 |
| Community Services | - | - | 755,398 | - | - | 755,398 |
| Community Corrections | - | - | 54,655 | - | - | 54,655 |
| Debt service | - | - | - | - | 2,599,454 | 2,599,454 |
| Health Department | - | - | 1,169,638 | - | - | 1,169,638 |
| Housing Rehabilitation Loans | - | - | 8,759,412 | - | - | 8,759,412 |
| MSU Extension | - | - | 200,120 | - | - | 200,120 |
| Prosecuting Attorney | - | - | 20,127 | - | - | 20,127 |
| Sheriff Department | - | - | 1,449,225 | - | - | 1,449,225 |
| Technology | - | - | 1,863,324 | - | - | 1,863,324 |
| Veterans Affairs | - | - | 1,125,599 | - | - | 1,125,599 |
| Assigned for: | | | | | | |
| Board Special Projects | - | - | 10,734 | - | - | 10,734 |
| Capital projects | - | - | - | 6,806,224 | - | 6,806,224 |
| Child Care | - | - | 1,448,322 | - | - | 1,448,322 |
| Community Services | - | - | 1,358,607 | - | - | 1,358,607 |
| Debt service | - | - | 20,565 | - | - | 20,565 |
| MSU Extension | - | - | 298,486 | - | - | 298,486 |
| Health Department | - | - | 8,218 | - | - | 8,218 |
| Sheriff Department | - | - | 68,702 | - | - | 68,702 |
| Social Welfare | - | - | 62,092 | - | - | 62,092 |
| Urban Block Grant | - | - | 625,953 | - | - | 625,953 |
| Unassigned | 84,650,728 | - | (2,500,442) | (28,713) | - | 82,121,573 |
| Total | \$ 85,246,393 | \$ 63,463,048 | \$ 16,962,848 | \$ 10,297,607 | \$ 2,599,454 | \$ 178,569,350 |

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2014

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 2015.

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 is 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

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2014

Note 2 – Deposits and Investments (continued)

Primary Government and Component Unit Deposits and Investments (continued)

of the State of Michigan or any of its political subdivisions and mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan.

The Board of Commissioners adopts a depository resolution, including a list of authorized institutions, each year as recommended by the County Treasurer. The provisions of the depository resolution are as presented below.

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

The deposits and investments of the primary government and component units, excluding the pension and other postemployment benefit trust funds, at December 31, 2014 and September 30, 2014 respectively, are presented below.

| | Primary Government | Component Units | Percent of Total |
|---------------------------------------|-------------------------------|----------------------------|-----------------------------|
| Cash on hand | \$ 73,643 | \$ 1,657 | 0.02% |
| Bank and money market accounts | 90,983,003 | 23,585,701 | 25.31% |
| Certificates of deposit | 308,395,667 | 29,626,792 | 74.67% |
| | | | |
| Total deposits and investments | 399,452,313 | 53,214,150 | <u>100.00%</u> |
| Timing effect of different year ends | (5,921,184) | - | |
| | | | |
| Amount reported at December 31, 2014 | <u>\$ 393,531,129</u> | <u>\$ 53,214,150</u> | |
| | | | |
| Amount reported in primary government | \$ 383,459,445 | | |
| Amount reported in agency funds | <u>10,071,684</u> | | |
| | <u>\$ 393,531,129</u> | | |

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2014

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 \$457,369,217, with corresponding bank balances of \$464,337,237. Qualifying deposits are insured by the FDIC up to \$250,000. Of the bank balances, \$2,504,571 was insured and the remaining \$461,832,696 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 counterparty to an investment will not fulfill its obligations. Statutes of the State of Michigan authorize the County to invest in the following instruments: obligations of the U.S. Treasury and its agencies and instrumentalities, commercial paper rated within the two highest classifications established by not less than two standard rating services, bankers' acceptances, investment pools of the Treasurer of the State of Michigan, and repurchase agreements. 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 than 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, 2014.

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2014

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, 2014 are presented below:

| <u>Investment Type</u> | <u>Amount</u> | <u>Percent of Total</u> |
|---------------------------------------|-----------------------|-------------------------|
| Cash and pooled investments | \$ 95,690 | 0.05% |
| Common Stock | 1,125,005 | 0.62% |
| Foreign Stock | 26,247,720 | 14.44% |
| Real Estate Investment Trusts | 27,051,541 | 14.88% |
| Fixed Income Common Collective Trusts | 36,682,688 | 20.17% |
| Equity Common Collective Trusts | 90,635,052 | 49.84% |
| | <u>\$ 181,837,696</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, 2014, the Fund's investments in debt securities were rated by Standard & Poor's as follows:

| <u>Quality Rating</u> | <u>US Treasury</u> | <u>US Agency</u> | <u>Corporate</u> | <u>Total</u> | <u>Percent of Total</u> | <u>Breakdown of Corp Portfolio</u> |
|-----------------------|---------------------|---------------------|---------------------|----------------------|-------------------------|------------------------------------|
| AAA | \$13,279,133 | \$12,398,749 | \$ 1,210,529 | \$ 26,888,411 | 73.30% | 11.00% |
| AA | - | - | 1,287,562 | 1,287,562 | 3.51% | 11.70% |
| A | - | - | 3,741,634 | 3,741,634 | 10.20% | 34.00% |
| BAA | - | - | 4,765,081 | 4,765,081 | 12.98% | 43.30% |
| | <u>\$13,279,133</u> | <u>\$12,398,749</u> | <u>\$11,004,806</u> | <u>\$ 36,682,688</u> | <u>100.00%</u> | <u>100.00%</u> |

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2014

Note 2 – Deposits and Investments (continued)

Retiree Health Care Trust Fund Investments (concluded)

- **Custodial Credit Risk** exists when securities are uninsured, unregistered or held by a counterparty or its agent but not in the government's name. All investments of the Retiree Health Care Trust Fund are held in trust by a third party institution in the name of the Fund and, therefore, are not exposed to custodial credit risk.
- **Concentration of Credit Risk** is the risk of loss measured by the magnitude of investments in a single issuer. As defined by GASB Statement N0. 40, the County is exposed to concentration of credit risk if more than 5% of its portfolio is invested in instruments issued by a single issuer. Investments in instruments issued by the US Government, as well as those held in mutual funds and investment pools are exempt from this requirement. None of the investments in common or foreign stock exceeded the 5% threshold at December 31, 2014.
- **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. The maturities of this fund have an average weighted life of 7.5 years.

Employees' Retirement System Deposits and Investments - In addition to the instruments authorized by Public Act 20 of 1943 the Macomb County Employees' Retirement System 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, 2014 is presented below:

| <u>Investment Type</u> | <u>Amount</u> | <u>Percent of Total</u> |
|---------------------------------------|-----------------------|-----------------------------|
| Cash and pooled investments | \$ 21,189,473 | 2.24% |
| Corporate bonds | 96,572 | 0.01% |
| Common stock | 382,423,181 | 40.50% |
| Limited partnerships | 253,467,096 | 26.84% |
| Fixed income common collective trusts | 64,002,516 | 6.78% |
| Equity common collective trusts | 223,013,253 | 23.62% |
| | <u>\$ 944,192,091</u> | <u>100.00%</u> |

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2014

Note 2 - Deposits and Investments (continued)

Employees' Retirement System Deposits and Investments (concluded)

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 \$21,189,473 with corresponding bank balances of \$21,208,305. 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 \$20,958,305 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.

At December 31, 2014, 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 | Percent of Total |
|----------------|---------------------|---------------------|---------------|----------------------|----------------------|------------------|
| AAA | \$ 9,136,200 | \$ 8,769,654 | \$ - | \$ 4,140,687 | \$ 22,045,541 | 34.39% |
| AA | - | - | - | 2,793,343 | 2,793,343 | 4.36% |
| A | - | - | - | 11,479,353 | 11,479,353 | 17.91% |
| BAA | - | - | - | 23,304,339 | 23,304,339 | 36.35% |
| BA | - | - | - | 3,227,325 | 3,227,325 | 5.03% |
| B | - | - | - | 875,988 | 875,988 | 1.37% |
| CCC | - | - | - | 16,309 | 16,309 | 0.03% |
| D | - | - | - | 24,583 | 24,583 | 0.04% |
| Not rated | - | - | - | 332,307 | 332,307 | 0.52% |
| | <u>\$ 9,136,200</u> | <u>\$ 8,769,654</u> | <u>\$ -</u> | <u>\$ 46,194,234</u> | <u>\$ 64,099,088</u> | <u>100.00%</u> |

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2014

Note 2 - Deposits and Investments (concluded)

Interest Rate Risk is the risk that the fair value of investments in debt securities will be adversely affected by changes in market interest rates and is measured primarily by average days to maturity. A summary of the maturities of the System's debt securities at December 31, 2014 were as follows:

| Maturities (Years) | US Treasury | US Agency | Foreign Bonds | Corporate Bonds | Total | Percent of Total |
|-----------------------|---------------------|---------------------|------------------|----------------------|----------------------|---------------------|
| Less than 1 | \$ - | \$ - | \$ - | \$ 69,388 | \$ 69,388 | 0.11% |
| 1-5 | - | - | - | 10,875 | 10,875 | 0.02% |
| 6-10 | 9,135,200 | 8,769,654 | - | 46,097,662 | 64,002,516 | 99.85% |
| 11 or more | - | - | - | 16,309 | 16,309 | 0.02% |
| | <u>\$ 9,135,200</u> | <u>\$ 8,769,654</u> | <u>\$ -</u> | <u>\$ 46,194,234</u> | <u>\$ 64,099,088</u> | <u>100.00%</u> |

Investments are reported at fair value or estimated fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Investments that do not have an established market value are reported at estimated fair value as determined by County Management. Approximately 57.2 percent of the Employee's Retirement System assets and 70.2 percent of the Retiree Health Care Plan assets are not publicly traded and therefore do not have a readily determinable market value. Because alternative investments are not readily marketable, their estimated value is subject to uncertainty and therefore may differ significantly from the values that would have been used had a ready market for these securities existed. The difference could be material.

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2014

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, 2014:

| | Beginning Balance | Increases | Decreases | Ending Balance |
|---|-----------------------|----------------------|---------------------|-----------------------|
| Governmental activities totals | | | | |
| Capital assets not being depreciated | | | | |
| Land (1) | \$ 237,704,529 | \$ 1,627,344 | \$ - | \$ 239,331,873 |
| Construction in progress | 2,379,349 | 15,026,565 | 2,828,182 | 14,577,732 |
| Total capital assets not being depreciated | <u>240,083,878</u> | <u>16,653,909</u> | <u>2,828,182</u> | <u>253,909,605</u> |
| | | | | |
| Capital assets being depreciated | | | | |
| Land improvements | 12,233,493 | 1,028,950 | 169,027 | 13,093,416 |
| Buildings (1) | 261,543,048 | 5,480,251 | 779,820 | 266,243,479 |
| Machinery, equipment and vehicles (1) | 93,482,165 | 5,761,802 | 10,671,078 | 88,572,889 |
| Infrastructure (1) | 1,109,870,456 | 35,833,576 | - | 1,145,704,032 |
| Total capital assets being depreciated | <u>1,477,129,162</u> | <u>48,104,579</u> | <u>11,619,925</u> | <u>1,513,613,816</u> |
| | | | | |
| Less accumulated depreciation for | | | | |
| Land improvements | 7,060,816 | 467,004 | 169,027 | 7,358,793 |
| Buildings (1) | 118,004,071 | 7,511,158 | 748,863 | 124,766,366 |
| Machinery, equipment and vehicles (1) | 78,424,525 | 4,929,361 | 9,357,071 | 73,996,815 |
| Infrastructure (1) | 585,255,091 | 37,791,510 | - | 623,046,601 |
| Total accumulated depreciation | <u>788,744,503</u> | <u>50,699,033</u> | <u>10,274,961</u> | <u>829,168,575</u> |
| Total capital assets being depreciated, net | <u>688,384,659</u> | <u>(2,594,454)</u> | <u>1,344,964</u> | <u>684,445,241</u> |
| Governmental activities capital assets, net | <u>\$ 928,468,537</u> | <u>\$ 14,059,455</u> | <u>\$ 4,173,146</u> | <u>\$ 938,354,846</u> |

(1) - As restated. See Note 14.

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2014

Note 3 – Capital Assets (continued)

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

Governmental activities:

| | Governmental Assets | Internal Service Assets | Total |
|------------------------|------------------------|----------------------------|----------------------|
| Judicial | \$ 942,104 | \$ - | \$ 942,104 |
| General government | 2,753,257 | 573,391 | 3,326,648 |
| Health and welfare | 2,801,980 | - | 2,801,980 |
| Recreation and culture | 62,123 | - | 62,123 |
| Public safety | 2,810,041 | - | 2,810,041 |
| Public works | 40,756,137 | - | 40,756,137 |
| | <u>\$ 50,125,642</u> | <u>\$ 573,391</u> | <u>\$ 50,699,033</u> |

The following is a summary of capital asset activity of the business-type activities of the County for the year ended December 31, 2014:

| | 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 | 165,077 | - | 515,205 |
| Buildings (1) | 1,379,150 | 8,351 | - | 1,387,501 |
| Machinery, equipment and vehicles (1) | 390,370 | - | 46,234 | 344,136 |
| Total capital assets being depreciated | <u>2,119,648</u> | <u>173,428</u> | <u>46,234</u> | <u>2,246,842</u> |
| Less accumulated depreciation for | | | | |
| Land improvements | 245,171 | 16,704 | - | 261,875 |
| Buildings (1) | 862,827 | 46,437 | - | 909,264 |
| Machinery, equipment and vehicles (1) | 389,914 | 306 | 46,234 | 343,986 |
| Total accumulated depreciation | <u>1,497,912</u> | <u>63,447</u> | <u>46,234</u> | <u>1,515,125</u> |
| Total capital assets being depreciated, net | <u>621,736</u> | <u>109,981</u> | <u>-</u> | <u>731,717</u> |
| Business-type activities capital assets, net | <u>\$ 671,736</u> | <u>\$ 109,981</u> | <u>\$ -</u> | <u>\$ 781,717</u> |

(1) - As restated. See Note 14.

Depreciation expense of the business-type activities by function totaled \$63,447 for recreation and culture.

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2014

Note 3 – Capital Assets (concluded)

The following is a summary of changes in the Drainage Districts Component Unit capital assets for the year ended September 30, 2014:

| | Beginning Balance | Increases | Decreases | Ending Balance |
|---|----------------------|---------------|--------------|-------------------|
| Capital assets not being depreciated | | | | |
| Land | \$ 1,992,428 | \$ - | \$ - | \$ 1,992,428 |
| Construction in progress | 35,161,414 | 13,745,516 | 3,503,019 | 45,403,911 |
| Total capital assets not being depreciated | 37,153,842 | 13,745,516 | 3,503,019 | 47,396,339 |
| Capital assets being depreciated | | | | |
| Infrastructure | 371,933,531 | 4,533,864 | - | 376,467,395 |
| Less accumulated depreciation for Infrastructure | 103,999,582 | 7,484,011 | - | 111,483,593 |
| Total capital assets being depreciated, net | 267,933,949 | (2,950,147) | - | 264,983,802 |
| Drainage district capital assets, net | \$ 305,087,791 | \$ 10,795,369 | \$ 3,503,019 | \$ 312,380,141 |

The following is a summary of changes in the Martha T. Berry Medical Care Facility Component Unit capital assets for the year ended December 31, 2014:

| | Beginning Balance | Increases | Decreases | Ending Balance |
|---|----------------------|-----------|-----------|-------------------|
| Capital assets not being depreciated | | | | |
| Construction in progress | \$ - | \$ 77,915 | \$ - | \$ 77,915 |
| Capital assets being depreciated | | | | |
| Buildings (1) | 553,096 | 7,280 | - | 560,376 |
| Machinery, equipment and vehicles (1) | 394,545 | 5,907 | - | 400,452 |
| Total capital assets being depreciated | 947,641 | 13,187 | - | 960,828 |
| Less accumulated depreciation for | | | | |
| Buildings (1) | 104,806 | 26,473 | - | 131,279 |
| Machinery, equipment and vehicles (1) | 285,306 | 46,059 | - | 331,365 |
| Total accumulated depreciation | 390,112 | 72,532 | - | 462,644 |
| Total capital assets being depreciated, net | 557,529 | (59,345) | - | 498,184 |
| Martha T Berry capital assets, net | \$ 557,529 | \$ 18,570 | \$ - | \$ 576,099 |

(1) - As restated. See Note 14.

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2014

Note 4 – Long-Term Debt

The following is a summary of the long-term liability transactions for the year ended December 31, 2014:

| Issue | Beginning Balance | Additions | Reductions | Ending Balance | Due Within One Year |
|--|-----------------------|----------------------|----------------------|-----------------------|------------------------|
| Primary Government | | | | | |
| Governmental activities | | | | | |
| Building Authority | | | | | |
| Series 2002-A Admin Building Refunding | 1,785,000 | - | 875,000 | 910,000 | 910,000 |
| Series 2002 MTB/Youth Home | 1,625,000 | - | 1,625,000 | - | - |
| Series 2005 Clemens Refunding | 1,845,000 | - | 245,000 | 1,600,000 | 265,000 |
| Series 2007 MTB/Youth Home Refunding | 16,520,000 | - | 16,520,000 | - | - |
| Series 2012 Public Works/Warehouse Refun | 5,950,000 | - | 495,000 | 5,455,000 | 490,000 |
| Series 2012A 800MhZ/NB Court Refunding | 14,135,000 | - | 25,000 | 14,110,000 | 25,000 |
| Series 2014 MTB/Youth Home Refunding | - | 15,155,000 | - | 15,155,000 | 1,650,000 |
| MI Transportation Fund | | | | | |
| Series 2008- Bridge Refunding Bonds | 905,000 | - | 445,000 | 460,000 | 460,000 |
| Series 2012- Bridge Refunding Bonds | 2,165,000 | - | 100,000 | 2,065,000 | 100,000 |
| Department of Roads | | | | | |
| 2007 MDOT Infrastructure Loan | 292,314 | - | 47,516 | 244,798 | 47,991 |
| 2010 MDOT Infrastructure Loan | 270,168 | - | 32,606 | 237,562 | 32,938 |
| 2010 MDOT Infrastructure Loan | 403,682 | - | 47,033 | 356,649 | 47,974 |
| 2014 MDOT Infrastructure Loan | - | 472,500 | - | 472,500 | 33,293 |
| | 45,896,164 | 15,627,500 | 20,457,155 | 41,066,509 | 4,062,196 |
| Other liabilities | | | | | |
| Compensated Absences | | | | | |
| General County (1) | 10,443,199 | 874,182 | 1,043,186 | 10,274,195 | 900,000 |
| Department of Roads | 1,174,058 | 878,443 | 790,292 | 1,262,209 | 875,000 |
| General liability claims | | | | | |
| General County | 2,754,638 | 5,976,815 | 4,936,811 | 3,794,642 | 900,000 |
| Department of Roads | 30,283 | 230,149 | 230,582 | 29,850 | 17,961 |
| Workers' compensation claims | | | | | |
| General County | 3,945,342 | 1,135,379 | 1,349,224 | 3,731,497 | 1,100,000 |
| Department of Roads | 22,370 | 35,090 | 20,219 | 37,241 | 14,595 |
| Total Governmental Activities | 64,266,054 | 24,757,558 | 28,827,469 | 60,196,143 | 7,869,752 |
| Business-type activities | | | | | |
| Compensated Absences (1) | 1,405,645 | 162,979 | 213,704 | 1,354,920 | 100,000 |
| Total Primary Government | <u>\$ 65,671,699</u> | <u>\$ 24,920,537</u> | <u>\$ 29,041,173</u> | <u>\$ 61,551,063</u> | <u>\$ 7,969,752</u> |
| Component Units | | | | | |
| Drainage Districts | | | | | |
| Special Assessment Debt | \$ 253,526,877 | \$ 33,264,431 | \$ 25,925,304 | \$ 260,866,004 | \$ 13,275,780 |
| Unamortized premiums | 2,020,537 | 1,089,251 | 183,414 | 2,926,374 | 183,414 |
| Unamortized discounts | (1,531,322) | - | (95,707) | (1,435,615) | (95,707) |
| Total Component Units | <u>\$ 254,016,092</u> | <u>\$ 34,353,682</u> | <u>\$ 26,013,011</u> | <u>\$ 262,356,763</u> | <u>\$ 13,363,487</u> |

(1) - As restated. See Note 14

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2014

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 | | | | | |
| Macomb County Building Authority | | | | | |
| Series 2002-A Admin Building Refunding | 2.50-4.00 | 12/01/2002 | 05/01/2015 | 8,885,000 | 910,000 |
| Series 2005 Clemens Refunding | 3.25-5.00 | 12/01/2005 | 09/01/2020 | 2,875,000 | 1,600,000 |
| Series 2012 Public Works/Warehouse Refunding | 2.00-2.50 | 03/01/2012 | 05/01/2024 | 6,550,000 | 5,455,000 |
| Series 2012A 800MHz/NB Court Refunding | 2.00-2.50 | 10/01/2012 | 11/01/2025 | 14,160,000 | 14,110,000 |
| Series 2014 MTB/Youth Home Renovation | 3.00-4.00 | 09/01/2014 | 03/01/2022 | 15,155,000 | 15,155,000 |
| Michigan Transportation Bonds | | | | | |
| Series 2008 Bridge Refunding Bonds | 3.00-3.50 | 06/01/2008 | 12/01/2015 | 2,605,000 | 460,000 |
| Series 2012 Bridge Refunding Bonds | 2.00 | 11/01/2012 | 12/01/2019 | 2,265,000 | 2,065,000 |
| Department of Roads | | | | | |
| 2007 MDOT Infrastructure Loan | 1.00 | 11/14/2008 | 11/14/18 | 477,720 | 244,798 |
| 2010 MDOT Infrastructure Loan | 1.00 | 10/29/2010 | 10/29/20 | 334,405 | 237,562 |
| 2010 MDOT Infrastructure Loan | 2.00 | 12/22/2010 | 12/22/20 | 495,000 | 356,649 |
| 2014 MDOT Infrastructure Loan | 3.00 | 07/01/2014 | 07/01/25 | 472,500 | 472,500 |
| Total Primary Government | | | | \$ 54,274,625 | \$ 41,068,509 |
| Drainage Districts Component Unit | | | | | |
| Special Assessment Debt | | | | | |
| Hawken Drain | 4.30 - 5.25 | 08/01/2000 | 05/01/2015 | 795,000 | 75,000 |
| Hayes Drain | 4.50 - 5.20 | 08/01/2000 | 05/01/2015 | 1,095,000 | 125,000 |
| Plumbrook Bridge Replacement | 4.00 - 5.00 | 08/01/2000 | 05/01/2015 | 2,800,000 | 275,000 |
| Schmidt Drain | 3.60 - 4.30 | 05/01/2006 | 06/01/2016 | 525,000 | 125,000 |
| 17 Mile Road Extension | 3.00 - 4.50 | 11/01/2001 | 11/01/2016 | 1,725,000 | 300,000 |
| North Gratiot Interceptor - Phase 5 | 3.75 - 4.20 | 11/01/2006 | 05/01/2032 | 3,380,000 | 2,875,000 |
| North Gratiot Interceptor - Lenox Local | 4.00 - 4.25 | 03/01/2007 | 05/01/2031 | 15,200,000 | 12,200,000 |
| North Gratiot Interceptor - Phase 1 | 3.25 - 4.75 | 06/01/2008 | 05/01/2033 | 22,340,000 | 19,100,000 |
| North Gratiot Interceptor - Series 2010 | 1.00 - 6.35 | 05/11/2010 | 05/01/2035 | 16,965,000 | 15,070,000 |
| Lake St. Clair Clean Water Initiative | | | | | |
| State Revolving Fund Series #1 (5186-01) | 2.50 | Various | 10/01/2022 | 20,670,000 | 9,530,000 |
| Lake St. Clair Clean Water Initiative | | | | | |
| State Revolving Fund Series #2 (5186-02) | 2.50 | Various | 04/01/2022 | 13,630,000 | 6,285,000 |
| Lake St. Clair Clean Water Initiative | | | | | |
| State Revolving Fund Series #3 (5186-03) | 2.50 | Various | 04/08/2022 | 2,640,000 | 1,215,000 |
| Lake St. Clair Clean Water Initiative | | | | | |
| State Revolving Fund Series #4 (5186-04) | 2.50 | Various | 10/01/2022 | 5,550,000 | 2,555,000 |
| Lake St. Clair Clean Water Initiative | | | | | |
| State Revolving Fund Series #5 (5186-05) | 2.50 | Various | 10/01/2023 | 975,000 | 500,000 |
| Lake St. Clair Clean Water Initiative Series 2010 Refunding | 2.00 - 4.25 | 08/03/2010 | 10/01/2029 | 12,270,000 | 10,450,000 |
| Lake St. Clair Clean Water Initiative Series 2013 Refunding | 3.00 - 5.00 | 12/19/2013 | 10/1/2029 | 13,725,000 | 13,000,000 |
| 8.5 Mile Relief State Revolving Fund Loan (5306-01) | 2.50 | Various | 10/01/2029 | 4,025,000 | 3,195,000 |
| 8.5 Mile Relief State Revolving Fund Loan (5393-01) | 2.50 | Various | 10/01/2030 | 1,246,579 | 1,038,579 |
| 8.5 Mile Relief State Revolving Fund Loan (5460-01) | 2.50 | Various | 4/01/2031 | 418,482 | 374,994 |
| Oakland-Macomb Interceptor State Revolving Fund Loan (5368-01) | 2.50 | Various | 04/01/2031 | 13,429,140 | 11,816,875 |
| Oakland-Macomb Interceptor State Revolving Fund Loan (5368-02) | 2.50 | Various | 10/01/2020 | 10,720,475 | 10,229,600 |
| Oakland-Macomb Interceptor State Revolving Fund Loan (5368-03) | 2.00 | Various | 10/01/2034 | 15,682,020 | 15,682,020 |
| Oakland-Macomb Interceptor Series 2010B | 1.15 - 5.90 | 04/15/2010 | 04/01/2030 | 3,450,500 | 2,994,725 |
| Macomb Wastewater Disposal District SRF (5487-01) | 2.50 | Various | 4/1/2034 | 5,118,065 | 5,118,065 |
| Macomb Wastewater Disposal District SRF (5540-01) | 2.00 | Various | 10/01/2033 | 1,427,902 | 1,332,902 |
| Macomb Interceptor Series 2010A | 1.250 - 5.375 | 08/30/2010 | 05/01/2035 | 95,620,000 | 86,570,000 |
| Macomb Interceptor Series 2011 | 2.50 - 5.00 | 10/18/2011 | 05/01/2031 | 30,800,000 | 28,450,000 |
| Richmond-Columbus Series 2010 | 4.70 | 11/23/2010 | 06/01/2021 | 547,778 | 383,444 |
| Total Drainage Districts Component Unit | | | | \$ 316,770,941 | \$ 260,866,004 |
| Total Reporting Entity | | | | \$ 371,045,566 | \$ 301,932,513 |

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2014

Note 4 – Long-Term Debt (continued)

All long-term obligations are presented as of December 31, 2014 except for the Special Assessment Debt with Governmental Commitment and Department of Road obligations, which are presented as of September 30, 2014. Special assessments receivable have been pledged by various local units of government for the payment of principal and interest on the Special Assessment Debt with Governmental Commitment. The County has also pledged its full faith and credit as additional security for the payment of the principal and interest on the Special Assessment Debt with Governmental Commitment in the event that the monies required to pay the principal and interest on the bonds are not collected by the aforementioned special assessments.

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

| Year | Principal Maturities | | | | |
|-----------|-----------------------------|----------------------------|------------------------|---------------------------|----------------------------|
| | Primary Government | | | Drainage Districts | |
| | Building Authority | MI Transportation Bonds | Department of Roads | Total | Special Assessment Debt |
| 2015 | 3,340,000 | 560,000 | 162,196 | 4,062,196 | 13,275,780 |
| 2016 | 3,535,000 | 490,000 | 164,957 | 4,189,957 | 13,145,642 |
| 2017 | 3,910,000 | 470,000 | 167,778 | 4,547,778 | 13,340,505 |
| 2018 | 4,015,000 | 470,000 | 170,665 | 4,655,665 | 13,715,246 |
| 2019 | 4,165,000 | 535,000 | 173,607 | 4,873,607 | 14,417,684 |
| 2020-2024 | 16,715,000 | - | 381,477 | 17,096,477 | 72,962,591 |
| 2025-2029 | 1,550,000 | - | 90,829 | 1,640,829 | 68,236,525 |
| 2030-2034 | - | - | - | - | 45,167,031 |
| 2035-2039 | - | - | - | - | 6,605,000 |
| | \$ 37,230,000 | \$ 2,525,000 | \$ 1,311,509 | \$ 41,066,509 | \$ 260,866,004 |

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

| Year | Interest Maturities | | | | |
|-----------|----------------------------|----------------------------|------------------------|---------------------------|----------------------------|
| | Primary Government | | | Drainage Districts | |
| | Building Authority | MI Transportation Bonds | Department of Roads | Total | Special Assessment Debt |
| 2015 | 1,027,609 | 57,400 | 26,125 | 1,111,134 | 10,609,129 |
| 2016 | 937,745 | 39,300 | 23,364 | 1,000,409 | 10,221,566 |
| 2017 | 843,038 | 29,500 | 20,543 | 893,081 | 9,811,151 |
| 2018 | 730,685 | 20,100 | 17,657 | 768,442 | 9,387,765 |
| 2019 | 605,225 | 10,700 | 14,710 | 630,635 | 8,927,143 |
| 2020-2024 | 1,257,712 | - | 36,695 | 1,294,407 | 36,567,334 |
| 2025-2029 | 38,750 | - | 4,108 | 42,858 | 22,203,251 |
| 2030-2034 | - | - | - | - | 8,005,954 |
| 2035-2039 | - | - | - | - | 364,524 |
| | \$ 5,440,764 | \$ 157,000 | \$ 143,202 | \$ 5,740,966 | \$ 116,097,817 |

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2014

Note 4 – Long-Term Debt (continued)

New debt issued - On June 25, 2013, 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 \$65,140,000 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 2.00% and is due serially through October 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, 2014, the District had drawn a total of \$31,955,976. 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 49.07% of the amounts drawn down. As such, Macomb County has pledged its full faith and credit on up to \$31,966,690 of the \$65,140,000 total. A liability for \$15,682,020 representing 49.07% of the total drawn down has been recorded by Macomb County at year-end.

On September 17, 2013, 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 \$2,250,000 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 2.00% 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, 2014, the District had drawn down a total of \$1,427,902. 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 \$1,332,902, representing total drawdowns less principal repayments, has been recorded at year-end.

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, 2014, the District had drawn down a total of \$21,839,486. 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.

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2014

Note 4 – Long-Term Debt (continued)

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 49.09% 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 \$10,229,600 representing 49.09% of the total drawn down by the District, less principal payments made, 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, 2014, the District had drawn down a total of \$5,118,065. 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 \$5,118,065 representing the total drawn down by the District as of year-end has been recorded at year-end.

On December 19, 2013, the Lake St. Clair Clean Water Initiative Drain Drainage District, herein after referred to as the "District", issued \$13,725,000 of Series 2013 Lake St. Clair Clean Water Initiative Drain Drainage District Refunding bonds to advance refund \$3,775,000 of Series 2004-A Lake St. Clair Clean Water Initiative Drain Drainage District bonds and \$10,560,000 of Series 2004-B Lake St. Clair Clean Water Initiative Drain Drainage District bonds outstanding at that date. The refunded bonds were redeemed in full on April 1, 2014. The net proceeds of \$14,675,502 (after payment of \$138,749 of issuance costs, underwriters discounts and receipt of \$1,089,251 in underwriters premiums) were placed in an irrevocable trust with an escrow agent and used to purchase obligations of the U. S. Treasury to provide for future debt service payments on the refunded bonds. Therefore, the refunded bonds have been removed from the accounts of the District. 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 \$1,503,167. The economic gain realized by the District as a result of the refunding was \$1,151,274, 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 5.00% and are due serially through October 1, 2029. The Bonds are payable from special assessments against the Cities of St. Clair Shores, Roseville and Eastpointe, herein after referred to as the "Cities". The special assessments are a general obligation of the Cities and are payable from the Cities' general funds or from ad valorem taxes which may be levied on all taxable property in the Cities, subject to constitutional, statutory and charter tax rate limitations. The County has pledged its full faith and credit as additional security for the payment of the principal and interest on the Bonds.

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2014

Note 4 – Long-Term Debt (concluded)

On February 1, 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 Macomb County Building Authority Series 2007 Martha T. Berry/Youth Home bonds outstanding at that date. The net proceeds of \$16,450,000 (after payment of \$108,647 of issuance costs and receipt of \$1,403,647 in underwriter's premiums) were placed in an irrevocable trust with an escrow agent and used to purchase obligations of the U. S. Treasury to provide for future debt service payments on the refunded bonds. Therefore, the refunded bonds have been removed from the accounts of the County. The refunded bonds were redeemed in full on 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. The Refunding Bonds shall not be subject to redemption prior to maturity.

Note 5 – Interfund Receivables, Payables and Transfers

Interfund advances at December 31, 2014 were:

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

The majority of the outstanding interfund balances represent interfund reimbursements that were not settled at year-end, as well as short-term working capital loans for funds with negative cash balances in the County's cash and investment pool at year-end. Interfund transfers are used to (1) account for the movement of unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorization and (2) move restricted revenues from the funds that are allowed to collect them to funds that are allowed to expend them.

| <u>Due To</u> | <u>Due From</u> | | | | | <u>Total</u> |
|---|-------------------------|--------------|------------------------------------|-----------------------------|-----------------------------|---------------------|
| | <u>Major Funds</u> | | <u>Nonmajor Governmental Funds</u> | | | |
| | <u>General Fund</u> | <u>Roads</u> | <u>Special Revenue</u> | <u>Capital Projects</u> | <u>Internal Service</u> | |
| General Fund | \$ - | - | \$ 1,630,837 | \$ 1,394,066 | \$ 147,200 | \$ 3,172,103 |
| Internal Service | - | 398,364 | - | - | - | 398,364 |
| | - | 398,364 | 1,630,837 | 1,394,066 | 147,200 | 3,570,467 |
| Inbalance caused by the timing effects of interfund transactions in funds with different year-end reporting dates | - | (398,364) | 1,156,996 | - | - | 758,632 |
| | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 2,787,833</u> | <u>\$ 1,394,066</u> | <u>\$ 147,200</u> | <u>\$ 4,329,099</u> |

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2014

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

| Transfers Out | Transfers In | | | | | | | Total |
|---|--------------|-------------|-----------------------------|----------------------|---------------------|---------------------|---------------------|----------------------|
| | Major Funds | | Nonmajor Governmental Funds | | | | Proprietary Funds | |
| | General Fund | Roads | Special Revenue | Capital Projects | Debt Service | Internal Service | | |
| Major Governmental Funds | | | | | | | | |
| General Fund | \$ - | \$ - | \$ 16,995,325 | \$ 53,158 | \$ 4,749,017 | \$ - | \$ 7,469,766 | \$ 29,267,266 |
| Roads | - | - | - | 123,545 | - | - | - | 123,545 |
| Nonmajor Governmental Funds | | | | | | | | |
| Special Revenue | - | - | 9,206,929 | 248,784 | - | - | - | 9,455,713 |
| Capital Projects | - | - | - | 15,422,389 | - | 2,111,622 | - | 17,534,011 |
| Internal Service Funds | - | - | - | 8,201,047 | - | - | - | 8,201,047 |
| Subtotal | - | - | 26,202,254 | 24,048,923 | 4,749,017 | 2,111,622 | 7,469,766 | 64,581,582 |
| Inbalance caused by the timing effects of interfund transactions in funds with different year-end reporting dates | - | - | (1,101,683) | - | - | - | (153,405) | (1,255,088) |
| | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 25,100,571</u> | <u>\$ 24,048,923</u> | <u>\$ 4,749,017</u> | <u>\$ 2,111,622</u> | <u>\$ 7,316,361</u> | <u>\$ 63,326,494</u> |

Note 6 – Leases

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

| <u>Year</u> | <u>Amount</u> |
|-------------|----------------------|
| 2015 | \$ 5,263,333 |
| 2016 | 5,110,642 |
| 2017 | 3,681,970 |
| 2018 | 2,059,325 |
| 2019 | 1,162,974 |
| Thereafter | 208,935 |
| | <u>\$ 17,487,179</u> |

Rental expense totaled \$5,242,177 for the year ended December 31, 2014.

Note 7 – Deferred Compensation

The County offers its employees a deferred compensation plan in accordance with Internal Revenue Code Section 457. The plan, Macomb County Deferred Compensation Plan & Trust, administered by Vanguard, is available to all County employees, and permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. All amounts of compensation deferred under the plan, all property and rights purchased with those amounts and all income attributable to those amounts are held in trust for the exclusive benefit of participants and their beneficiaries. Accordingly, the assets of the plan are not reported as assets of the employer.

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2014

Note 8 – Employees' Retirement System

Plan Description and Provision – The County sponsors 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. The system is administered by a seven member Board of Trustees (the "Pension Board") consisting of the County Executive or his/her designee, the Chair of the Board of Commissioners or his/her designee, the County Treasurer or his/her designee, the Director of the Department of Roads and three (3) active employees elected by the active members of the System on three year staggered terms.

At December 31, 2013 (date of the most recent actuarial valuation), the System's membership consisted of:

| | |
|--|-----------|
| Retirees and beneficiaries currently receiving benefits | 2,729 |
| Deferred members entitled to benefits but not yet receiving them | 236 |
| Active employees covered by the plan | 2,068 |
| Total membership | 5,033 |

The plan is closed to new entrants effective January 1, 2016.

Retirement Benefits- The System provides retirement, disability and death benefits. Benefit levels and employee contribution rates for union employees are granted through collective bargaining agreements and benefit levels for non-union employees are awarded by the County Executive in accordance with County charter. The Board of Trustees does not have the authority to determine benefit levels. However, the Board of Trustees does have the authority to grant disability retirements. Members become vested in the System after 8 or 15 years of service, depending on their date of hire. The System does not provide for automatic postemployment benefit changes such as cost-of-living adjustments. The following is a summary of the normal retirement benefits provided to the members of the system.

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%.

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2014

Note 8 – Employees' Retirement System (continued)

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.

Contributions – Article 9, Section 24 of the State of Michigan constitution requires that financial benefits arising on account of employee service rendered in each year be funded during that year. Accordingly, the Pension Board retains an independent actuary to determine the annual contribution. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability. Contribution requirements of plan members are established by collective bargaining agreement for union members. Contribution rates for nonunion members mirror those of union members with the same benefit levels. The County is required to contribute the difference between the actuarially determined rate and the contribution rate for employees. 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's required contribution for 2014 was \$22,152,820.

Deferred Retirement Option Program (DROP)- The County offers employees the ability to continue employment and be paid a salary after they are fully vested and also receive credits for the retirement benefit payments that would have been paid to them had they left County employment. Employees may receive up to 60 months of DROP credits. The accumulated credits are paid out, including interest at 3.5%, after the employee has fully retired (discontinued providing employee services to the County). The Plan had \$23,165,637 accumulated in DROP accounts at December 31, 2014.

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2014

Note 8 – Employees’ Retirement System (continued)

Investments- The pension plan’s policy in regard to the allocation of invested assets is established and may be amended by the Pension Board by a majority vote of its members. It is the policy of the Pension Board to pursue an investment strategy that manages risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The pension plan’s investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans. The following was the Board’s adopted asset allocation policy as of December 31, 2014:

| Asset Class | Target Allocation |
|----------------------------------|----------------------|
| Cash and Equivalents | 2.0% |
| Domestic Equity | 37.0% |
| Hedge Funds | 5.0% |
| High Yield Fixed Income | 4.0% |
| Infrastructure | 5.0% |
| International Equity | 15.0% |
| International Fixed Income | 4.0% |
| Investment Grade US Fixed Income | 8.0% |
| Private Equity | 10.0% |
| Real Estate | 10.0% |
| Total | 100.0% |

Rate of Return – The annual money-weighted rate of return on pension plan investments for the year ended December 31, 2014 was 7.42%. The money-weighted rate of return expressed investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net Pension Liability – The County reports pension expense based on funding requirements, as directed by GASB 27. Beginning next year, the County will adopt GASB 68, which will require the measurement of pension expense as it is earned, rather than as it is funded. The net pension liability of the County has been measured as of December 31, 2014 and is composed of the following:

| | |
|-----------------------------|-----------------|
| Total Pension Liability | \$ 911,324,542 |
| Plan Fiduciary Net Position | 940,256,160 |
| Net Pension Asset | \$ (28,931,618) |

| | |
|--|---------|
| Plan Fiduciary Net Position as % of Total Pension Liability | 103.17% |
|--|---------|

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2014

Note 8 – Employees’ Retirement System (continued)

Actuarial Methods and Assumptions – The December 31, 2014 total pension liability was determined by an actuarial valuation as of December 31, 2013, which used update procedures to roll forward the estimated liability to December 31, 2014. The actuarial valuation used the following assumptions, applied to all periods included in the measurement: (a) inflation of 3.25%, (b) salary increases of 6.0% to 12.0% including inflation and (c) investment rate of return of 7.5%, net of pension plan investment expense and adjusted for inflation. Mortality rates were based on the RP-2000 Healthy Life Mortality Table adjusted for mortality improvements to 2015.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of real rates of return as of December 31, 2014 for each major asset class included in the System’s target asset allocation, as disclosed in the investment footnote, are summarized in the following table and are presented as geometric means:

| <u>Asset Class</u> | <u>Long-Term Expected Rate of Return</u> |
|----------------------------------|--|
| Cash and Equivalents | 0.8% |
| Domestic Equity | 6.2% |
| Hedge Funds | 4.5% |
| High Yield Fixed Income | 4.9% |
| Infrastructure | 6.5% |
| International Equity | 6.1% |
| International Fixed Income | 2.0% |
| Investment Grade US Fixed Income | 1.7% |
| Private Equity | 9.4% |
| Real Estate | 6.2% |

Discount Rate – A single discount rate of 7.5% was used to measure the total pension liability. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and employer contributions will be made at rates equal to the difference between the actuarially determined contribution rates and the employee rates. Based on those assumptions, the System’s fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return System investments was applied to all periods of projected benefits to determine the total pension liability.

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2014

Note 8 – Employees’ Retirement System (continued)

Sensitivity of the Net Pension Obligation to Changes in the Discount Rate – The following presents the net pension liability of the County, calculated using the discount rate of 7.5% percent, as well as what that same liability would be if it were calculated using a discount rate that is one percentage-point lower (6.5%) or one percentage-point higher (8.5%) than the current rate:

| | 6.5% | 7.5% | 8.5% |
|-------------------------------|------------------|-----------------|------------------|
| Total Pension Liability | \$ 1,005,380,852 | \$ 911,324,542 | \$ 825,524,052 |
| Plan Fiduciary Net Position | 940,256,160 | 940,256,160 | 940,256,160 |
| Net Pension Liability (Asset) | \$ 65,124,692 | \$ (28,931,618) | \$ (114,732,108) |

Annual Pension Cost and Net Pension Obligation – During the year ended December 31, 2014, employer contributions totaled \$22,152,820, as required by the actuarial valuation of the plan as of December 31, 2012. The normal cost and actuarial accrued liability are determined using an entry age actuarial funding method. Unfunded actuarial accrued liabilities (UAAL) are amortized as a level percent of payroll over a 20-year open period. The County has historically contributed 100% of the annual required contribution. Three-year trend information regarding the County’s annual pension cost, percent contribution and net pension obligation are presented below.

| Year Ended December 31 | Annual Pension Cost (APC) | Percentage of APC Contributed | Net Pension Obligation |
|---------------------------|------------------------------|----------------------------------|---------------------------|
| 2012 | \$ 16,604,841 | 100 | \$ - |
| 2013 | 19,932,742 | 100 | - |
| 2014 | 22,152,820 | 100 | - |

Funding Status and Progress – As of December 31, 2013, the date of the most recent actuarial valuation, the plan was 94.8% funded. The actuarial accrued liability for benefits was \$884,041,581 and the actuarial value of assets in the plan was \$837,652,540, resulting in an excess of actuarial accrued liability over assets of \$46,389,041. Covered payroll was \$102,252,875 and the ratio of the UAAL to covered payroll was (45.37) 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, 2014

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, 2014 are presented below:

Statement of Fiduciary Net Position

| | |
|---|------------------------------|
| ASSETS | |
| Cash and pooled investments | \$ 21,189,473 |
| Receivables | |
| Accrued interest | 450,730 |
| Other | 972,508 |
| Other assets | 8,684 |
| Investments, at fair value | |
| Corporate Bonds | 96,572 |
| Common Stock | 382,423,181 |
| Limited partnership | 253,467,096 |
| Fixed income common collective trusts | 64,002,516 |
| Equity common collective trusts | <u>223,013,253</u> |
| Total investments | 923,002,618 |
| Due from fiduciary funds | <u>100,871</u> |
| Total Assets | <u>945,724,884</u> |
| LIABILITIES | |
| Accounts payable | 1,444,085 |
| Accrued compensation and benefits | <u>4,024,639</u> |
| Total Liabilities | <u>5,468,724</u> |
| Net position held in trust for pension benefits | <u><u>\$ 940,256,160</u></u> |

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2014

Note 8 – Employees' Retirement System (continued)

Statement of Changes in Fiduciary Net Position

| | |
|--|-----------------------|
| ADDITIONS | |
| Contributions | |
| Employer | \$ 22,152,820 |
| Employee | <u>3,597,063</u> |
| Total contributions | <u>25,749,883</u> |
| Investment income | |
| Net appreciation in fair value of assets | 60,282,265 |
| Interest and dividends | <u>9,913,675</u> |
| | 70,195,940 |
| Less investment expenses | |
| Management and custodial fees | <u>5,782,515</u> |
| Net investment income | <u>64,413,425</u> |
| Total additions | <u>90,163,308</u> |
| DEDUCTIONS | |
| Benefit payments | 57,744,672 |
| Refunds of contributions | 328,355 |
| Administrative expense | <u>523,640</u> |
| Total deductions | <u>58,596,667</u> |
| Net increase in net position | 31,566,641 |
| NET POSITION | |
| Beginning of year | <u>908,689,519</u> |
| End of year | <u>\$ 940,256,160</u> |

Pension Plan Reserves - In accordance with the provisions of the Plan document, the following reserves are required to be set aside within the pension plan:

The **retiree reserve** account is to be computed annually by the actuary as the present value of estimated benefit payments for all current retirees. The amounts reserved may be used solely to pay monthly retiree benefit payments.

The **employee reserve** account is credited as employee contributions are received throughout the year; the Plan maintains a record of the amount contributed by each employee, and credits interest annually at a rate of 3.5%. For any employee who terminates before vesting in the pension plan, their balance is returned to them; for those who stay until retirement, the balance is transferred into the retiree reserve.

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2014

Note 8 – Employees’ Retirement System (concluded)

Pension Plan Reserves (concluded)

The *employer reserve* account is used to account for the residual net position balance in the pension plan after funding the above two reserves.

The balances of the reserve accounts at December 31, 2014 are as follows: retiree reserve of \$597,364,319, employee reserve of \$46,460,019 and employer reserve of \$296,431,822.

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, 2013 (date of the most recent actuarial valuation), membership consisted of:

| | |
|--|-------|
| Retirees and beneficiaries currently receiving benefits | 2,407 |
| Deferred members entitled to benefits but not yet receiving them | 222 |
| Active employees covered by the plan | 1,861 |
| Total membership | 4,490 |

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, 2014 was \$17,067,421, of which the employer contributed \$16,184,604 and plan members contributed \$882,817.

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, 2014.

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2014

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

| | | |
|--|----|---------------------------|
| Annual required contribution | \$ | 22,283,395 |
| Interest on net OPEB obligation | | 17,811,659 |
| Adjustment to annual required contribution | | <u>(12,731,860)</u> |
| Annual OPEB cost | | 27,363,194 |
| Employer contributions | | <u>(16,844,894)</u> |
| Increase in OPEB obligation | | 10,518,300 |
| Net OPEB obligation, beginning of year | | <u>237,488,782</u> |
| Net OPEB obligation, end of year | \$ | <u><u>248,007,082</u></u> |

The County's annual OPEB cost, percentage of annual OPEB cost contributed and the net OPEB obligation as of December 31, 2014 were as follows:

SCHEDULE OF EMPLOYER CONTRIBUTIONS

| Year Ended December 31 | Annual OPEB Cost | Percentage Contributed | Net OPEB Obligation |
|---------------------------|---------------------|---------------------------|------------------------|
| 2012 | \$ 51,252,293 | 26.8% | \$ 207,769,872 |
| 2013 | 44,798,997 | 37.6% | 237,488,782 |
| 2014 | 27,363,194 | 61.6% | 248,007,082 |

Of the total OPEB obligation of \$248,007,082 at December 31, 2014, \$15,426,041 relates to the Martha T. Berry Discretely Presented Component Unit.

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.

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2014

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

The entry age actuarial cost method was used to prepare the last actuarial valuation dated December 31, 2013. Other significant assumptions were as follows: (a) investments are assumed to earn 7.5% per year, (b) health care costs are assumed to increase at an annual rate of 9.0% in year 1, reduced by .75% in years 2 and 3 and .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 4.0% 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 30 years.

Funding Status and Progress – As of December 31, 2013, the date of the most recent actuarial valuation, the plan was 37.1% funded. The actuarial accrued liability for benefits was \$417,782,617 and the actuarial value of assets in the plan was \$155,145,734, resulting in an unfunded actuarial accrued liability (UAAL) of \$262,636,883. Covered payroll was \$90,567,875 and the ratio of the UAAL to covered payroll was 290.0 percent.

Basis of Accounting – The financial statements of the Retiree Health Care Trust Fund are prepared using the accrual basis of accounting. Employee and employer contributions are recognized in the period that the contributions are due. Benefits and refunds are recognized when due and payable according to the terms of the plan. 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, 2014 are presented below:

Statement of Fiduciary Net Position

| | |
|--|----------------|
| ASSETS | |
| Cash and pooled investments | \$ 95,690 |
| Receivables | |
| Accrued interest | 1,404,395 |
| Other assets | - |
| | <hr/> |
| Total receivables and other assets | 1,404,395 |
| | <hr/> |
| Investments, at fair value | |
| Common stock | 1,125,005 |
| Foreign stock | 26,247,720 |
| Real estate investment trusts | 27,051,541 |
| Fixed income common collective trusts | 36,682,688 |
| Equity common collective trusts | 90,635,052 |
| | <hr/> |
| Total investments | 181,742,006 |
| | <hr/> |
| Total Assets | 183,242,091 |
| | <hr/> |
| LIABILITIES | |
| Accounts payable | 2,324,264 |
| Due to governmental funds | 6,683,962 |
| Due to fiduciary funds | 100,871 |
| | <hr/> |
| Total Liabilities | 9,109,097 |
| | <hr/> |
| Net position held in trust for postemployment benefits | \$ 174,132,994 |
| | <hr/> <hr/> |

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2014

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

Statement of Changes in Fiduciary Net Position

| | |
|--|-----------------------|
| ADDITIONS | |
| Contributions | |
| Employer | \$ 16,844,894 |
| Employee | 882,817 |
| | <u>17,727,711</u> |
| Total contributions | <u>17,727,711</u> |
| Investment income | |
| Net appreciation in fair value of assets | 2,926,360 |
| Interest and dividends | 15,400,610 |
| | <u>18,326,970</u> |
| Less investment expenses | |
| Management and custodial fees | 105,370 |
| | <u>18,221,600</u> |
| Net investment income | <u>18,221,600</u> |
| Total additions | <u>35,949,311</u> |
| DEDUCTIONS | |
| Benefit payments | 16,958,346 |
| Administrative expense | 3,705 |
| | <u>16,962,051</u> |
| Total deductions | <u>16,962,051</u> |
| Net increase in net position | 18,987,260 |
| NET POSITION | |
| Beginning of year | <u>155,145,734</u> |
| End of year | <u>\$ 174,132,994</u> |

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2014

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 \$2,884,329 for the year ended September 30, 2014. 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, 2014.

Annual OPEB Cost and Net OPEB Obligation - The cost of providing retiree health care benefits (OPEB) for the year ended September 30, 2014 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, 2014.

| | | | |
|--|--|----|-------------|
| Annual required contribution | | \$ | 6,095,512 |
| Interest on net OPEB asset | | | (345,772) |
| Adjustment to annual required contribution | | | 246,749 |
| | | | 5,996,489 |
| Annual OPEB cost | | | 5,996,489 |
| Employer contributions | | | (5,884,329) |
| | | | 112,160 |
| Decrease in OPEB asset | | | 112,160 |
| Net OPEB asset, beginning of year | | | (4,322,149) |
| | | | 112,160 |
| Net OPEB asset, end of year | | \$ | (4,209,989) |

The Department of Roads annual OPEB cost, percentage of annual OPEB cost contributed and the net OPEB obligation as of September 30, 2014 were as follows:

SCHEDULE OF EMPLOYER CONTRIBUTIONS

| Year Ended September 30 | Annual OPEB Cost | Percentage Contributed | Net OPEB (Asset) |
|----------------------------|---------------------|---------------------------|---------------------|
| 2012 | \$ 6,054,090 | 125.0% | \$ (3,943,125) |
| 2013 | 5,708,955 | 106.6% | (4,322,149) |
| 2014 | 5,996,489 | 98.1% | (4,209,989) |

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2014

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

Funding Status and Progress – As of December 31, 2013, the date of the most recent actuarial valuation, the plan was 52.7% funded. The actuarial accrued liability for benefits was \$69,322,970 and the actuarial value of assets in the plan was \$36,511,623, resulting in an unfunded actuarial accrued liability (UAAL) of \$32,811,347. Covered payroll was \$11,685,197 and the ratio of the UAAL to covered payroll was 280.8 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, 2013. Significant actuarial assumptions included: (a) an investment rate of return of 7.5% per year, (b) an annual health care cost trend rate of 9.0% in year 1, reduced by .75% in years 2 and 3 and .50% until an ultimate rate of 4.0% is reached in the tenth year and beyond, (c) annual covered payroll is assumed to increase 4.0% per year, (d) additional projected salary increases ranging from 1.0% to 5.0% 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 24 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, 2014

Note 11 – Contingencies and commitments (concluded)

Construction Commitments – The Department of Roads had several significant active projects in progress at September 30, 2014, with estimated total project costs of \$13,357,515. Of the total, \$7,249,048 represents amount previously expended and \$6,108,466 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 \$9,511,224.

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 auto 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 2014 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, 2014, the County has accrued an aggregate of \$3,731,497 for unresolved workers' compensation claims, exclusive of the Department of Roads. At September 30, 2014, the Department of Roads has accrued an aggregate of \$37,241 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>2013</u> | <u>2014</u> | <u>2013</u> | <u>2014</u> |
| Estimated liability - beginning of year | \$ 3,813,693 | \$ 3,945,342 | \$ 38,758 | \$ 22,370 |
| Estimated claims incurred, including changes in estimates | 1,065,836 | 1,135,379 | (4,345) | 35,090 |
| Claims payments | <u>(934,187)</u> | <u>(1,349,224)</u> | <u>(12,043)</u> | <u>(20,219)</u> |
| Estimated liability - end of year | <u>\$ 3,945,342</u> | <u>\$ 3,731,497</u> | <u>\$ 22,370</u> | <u>\$ 37,241</u> |

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2014

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, 2014, the Department of Roads had an accrual of \$29,850 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, 2014, the general County reported a balance of \$3,794,642 for its unresolved general liability claims. Changes in the estimated liabilities for general liability claims for the past two fiscal years were as follows:

| | General County | | Department of Roads | |
|---|-------------------------|---------------------|--------------------------|------------------|
| | Year Ended December 31, | | Year Ended September 30, | |
| | 2013 | 2014 | 2013 | 2014 |
| Estimated liability - beginning of year | \$ 2,908,695 | \$ 2,754,638 | \$ 37,608 | \$ 30,283 |
| Estimated claims incurred, including changes in estimates | 1,555,482 | 5,976,815 | 127,400 | 230,149 |
| Claims payments | (1,709,539) | (4,936,811) | (134,725) | (230,582) |
| Estimated liability - end of year | <u>\$ 2,754,638</u> | <u>\$ 3,794,642</u> | <u>\$ 30,283</u> | <u>\$ 29,850</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:

| | General County | |
|---|-------------------------|-----------------------|
| | Year Ended December 31, | |
| | 2013 | 2014 |
| Estimated liability - beginning of year | \$ (2,003,396) | \$ (333,068) |
| Estimated claims incurred, including changes in estimates | 9,449,918 | 6,683,268 |
| Claims payments | (7,779,590) | (7,620,449) |
| Estimated liability - end of year | <u>\$ (333,068)</u> | <u>\$ (1,270,249)</u> |

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2014

Note 13 - Net Investment in Capital Assets

The composition of net investment in capital assets as of December 31, 2014 is presented below:

| | <u>Governmental Activities</u> | <u>Business-type Activities</u> | <u>Component Units</u> |
|--------------------------------------|------------------------------------|-------------------------------------|----------------------------|
| Capital assets: | | | |
| Capital assets not being depreciated | \$ 253,909,605 | \$ 50,000 | \$ 47,474,254 |
| Capital assets being depreciated | <u>684,445,241</u> | <u>731,717</u> | <u>265,481,986</u> |
| | <u>938,354,846</u> | <u>781,717</u> | <u>312,956,240</u> |
| Related debt: | | | |
| Total bonds payable | 41,066,509 | - | 260,866,004 |
| Net bond discounts/premiums | - | - | 1,490,759 |
| Less: Unexpended bond proceeds | - | - | (9,511,224) |
| Less: Bond proceeds not capitalized | <u>-</u> | <u>-</u> | <u>(46,704,700)</u> |
| | <u>41,066,509</u> | <u>-</u> | <u>206,140,839</u> |
| Net investment in capital assets | <u>\$ 897,288,337</u> | <u>\$ 781,717</u> | <u>\$ 106,815,401</u> |

Note 14 - Restatements

Management re-evaluated its fund classifications and determined that the Martha T. Berry Medical Care Facility, which had been classified as an Enterprise Fund in prior years, should be classified as a Discretely Presented Component Unit. As a result, the beginning Net Position of Governmental Activities was increased by \$1,576,197, the Net Position of the Business-Type Activities was increased by \$7,792,318 and the beginning net position of Martha T. Berry fund was increased by \$9,368,515 and the beginning net position of the Discretely Presented Component Units was decreased by \$9,368,515. The impact of this restatement on the change in net position in the prior year was increases of \$384,598 in governmental activities and \$248,331 in discretely presented component units, respectively, and a decrease of \$632,929 in business-type activities.

The value of roads constructed by private developers and released to the County for maintenance purposes upon completion of the development is recorded as an asset and revenue. The data necessary to record this activity is obtained from the State of Michigan. During the year, it was determined that the information provided by the State in prior years was inaccurate and data that is more accurate was obtained. As a result, the beginning Net Position of Governmental Activities was increased by \$31,324,396. The impact of this restatement on the change in net position in the prior year was a decrease of \$1,362,847 in governmental activities.

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2014

Note 14 – Restatements (continued)

As a result of these changes, the beginning net position was restated as follows:

| | Primary Government | | | Enterprise Funds | Discretely Presented Component Units |
|---|-------------------------|--------------------------|-------------------------|-----------------------|--------------------------------------|
| | Governmental Activities | Business-type Activities | Total | | |
| Net Position, December 31, 2013 as previously reported | \$ 899,814,792 | \$ 114,447,658 | \$ 1,014,262,450 | \$ 110,585,882 | \$ 336,967,458 |
| Net book value of land released by developers in prior years | 31,324,396 | - | 31,324,396 | - | - |
| Martha T. Berry Medical Care Facility reclassified as Discretely Presented Component Unit | - | 9,368,515 | 9,368,515 | 9,368,515 | (9,368,515) |
| Martha T. Berry equity in net position of Internal service Funds | 1,576,197 | (1,576,197) | - | - | - |
| Net Position, January 1, 2014 as restated | <u>\$ 932,715,385</u> | <u>\$ 122,239,976</u> | <u>\$ 1,054,955,361</u> | <u>\$ 119,954,397</u> | <u>\$ 327,598,943</u> |

As a result of the changes noted above, the beginning capital assets were restated as follows:

| | Governmental Activities | | |
|-----------------------------------|-------------------------|----------------------|-----------------------|
| | Beginning Balance | Restatement | Beginning Balance |
| | As Reported | Amount | As Restated |
| Acquisition Vaue | | | |
| Land | \$ 220,008,607 | \$ 17,695,922 | \$ 237,704,529 |
| Construction in Progress | 2,379,349 | - | 2,379,349 |
| Land Improvements | 12,233,493 | - | 12,233,493 |
| Buildings | 261,543,048 | - | 261,543,048 |
| Machinery, equipment and vehicles | 93,482,165 | - | 93,482,165 |
| Infrastructure | 1,082,613,509 | 27,256,947 | 1,109,870,456 |
| | <u>1,672,260,171</u> | <u>44,952,869</u> | <u>1,717,213,040</u> |
| Accumulated Depreciation | | | |
| Land Improvements | (7,060,816) | - | (7,060,816) |
| Buildings | (118,004,071) | - | (118,004,071) |
| Machinery, equipment and vehicles | (78,424,525) | - | (78,424,525) |
| Infrastructure | (571,626,618) | (13,628,473) | (585,255,091) |
| | <u>(775,116,030)</u> | <u>(13,628,473)</u> | <u>(788,744,503)</u> |
| | <u>\$ 897,144,141</u> | <u>\$ 31,324,396</u> | <u>\$ 928,468,537</u> |

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2014

Note 14 – Restatements (concluded)

| | <u>Business-Type Activities</u> | | |
|-----------------------------------|---------------------------------|---------------------|--------------------------|
| | <u>Beginning Balance</u> | <u>Restatement</u> | <u>Beginning Balance</u> |
| | <u>As Reported</u> | <u>Amount</u> | <u>As Restated</u> |
| Acquisition Vaue | | | |
| Land | \$ 50,000 | \$ - | \$ 50,000 |
| Land Improvements | 350,128 | - | 350,128 |
| Buildings | 1,932,247 | (553,097) | 1,379,150 |
| Machinery, equipment and vehicles | 784,916 | (394,546) | 390,370 |
| | <u>3,117,291</u> | <u>(947,643)</u> | <u>2,169,648</u> |
| Accumulated Depreciation | | | |
| Land Improvements | (245,171) | - | (245,171) |
| Buildings | (967,633) | 104,806 | (862,827) |
| Machinery, equipment and vehicles | (675,220) | 285,306 | (389,914) |
| Infrastructure | (1,888,024) | 390,112 | (1,497,912) |
| | <u>\$ 1,229,267</u> | <u>\$ (557,531)</u> | <u>\$ 671,736</u> |

| | <u>Martha T. Berry Discretely Presented Component Unit</u> | | |
|-----------------------------------|--|--------------------|--------------------------|
| | <u>Beginning Balance</u> | <u>Restatement</u> | <u>Beginning Balance</u> |
| | <u>As Reported</u> | <u>Amount</u> | <u>As Restated</u> |
| Acquisition Vaue | | | |
| Buildings | \$ - | \$ 553,097 | \$ 553,097 |
| Machinery, equipment and vehicles | - | 394,546 | 394,546 |
| | <u>-</u> | <u>947,643</u> | <u>947,643</u> |
| Accumulated Depreciation | | | |
| Buildings | - | (104,806) | (104,806) |
| Machinery, equipment and vehicles | - | (285,306) | (285,306) |
| | <u>-</u> | <u>(390,112)</u> | <u>(390,112)</u> |
| | <u>\$ -</u> | <u>\$ 557,531</u> | <u>\$ 557,531</u> |

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2014

Note 15 - Accounting Pronouncements Implemented

During the year, the County implemented GASB Statement No. 67, *Financial Reporting for Pension Plans*. 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.

Note 16 – Subsequent Events

On March 31, 2015, the County issued \$263,555,000 of Series 2015 Retiree Health Care general obligation limited tax bonds for the purpose of fully funding its unfunded retiree health care liability. The bonds were issued for a term of 20 years and bear interest at coupon rates ranging from 0.57% to 4.126%. The bond proceeds, as well as one-time contributions of \$29,000,000 from the General Fund and \$30,000,000 from the Delinquent Tax Revolving Fund, were placed into a newly created trust fund that was established for the purpose of funding the annual required contribution related to the County's retiree health care plan, as described in Note 9.

On June 23, 2015, the County issued \$44,210,000 of Series 2015 Capital Improvement general obligation limited tax bonds for the purpose of paying a portion of the costs of certain repairs, upgrades, modernizations, and other improvements to County government buildings. The bonds were issued for a term of 15 years and bear interest at coupon rates ranging from 2.00% to 4.00%.

Note 17 - Upcoming Accounting Pronouncements

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. The 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 provisions of this Statement are effective for financial statements for the year ended December 31, 2015.

In February 2015, the Governmental Accounting Standards Board issued GASB Statement No. 72, *Fair Value Measurement and Application*. The requirements of this Statement will enhance comparability of financial statements among governments by requiring measurement of certain assets and liabilities at fair value using a consistent and more detailed definition of fair value and acceptable valuation techniques. This Statement also will enhance fair value application guidance and related disclosures in order to provide information to financial statement users about the impact of fair value measurements on a government's financial position. GASB Statement No. 72 is required to be adopted for years beginning after June 15, 2015. The County is currently evaluating the impact this standard will have on the financial statements when adopted, during the County's 2016 fiscal year.

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (concluded)
December 31, 2014

Note 17 - Upcoming Accounting Pronouncements (concluded)

In June 2015, the GASB issued two new standards addressing accounting and financial reporting by state and local governments for postemployment benefits other than pensions (OPEB). GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans other than Pension Plans, addresses reporting by OPEB plans whereas GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, addresses accounting and reporting by employer governments that provide OPEB benefits to their employees. Along with the currently required statement of fiduciary net position and statement of changes in fiduciary net position, OPEB plans will now be required to include in the financial statement more extensive footnote disclosures and required supplementary information related to the measurement of the OPEB liabilities for which assets have been accumulated. In addition, the County will, after adoption of GASB 75, recognize on the face of the financial statements its net OPEB liability. The County is currently evaluating the impact these standards will have on the financial statements when adopted. GASB 74 is effective for fiscal years beginning after June 15, 2016 whereas GASB 75 is effective one year later.

MACOMB COUNTY, MICHIGAN
Required Supplementary Information
Budgetary Comparison Schedule (GAAP Basis) - General Fund
Year Ended December 31, 2014

| | <u>Budgeted Amounts</u> | | <u>Actual Amounts</u> | <u>Variance with Final Budget</u> |
|---|-------------------------|--------------------|---------------------------|---------------------------------------|
| | <u>Original</u> | <u>Final</u> | | |
| Taxes | | | | |
| Current property | \$ 108,454,065 | \$ 108,454,065 | \$ 112,609,816 | \$ 4,155,751 |
| Licenses and Permits | 1,498,240 | 1,525,240 | 1,705,564 | 180,324 |
| Federal Grants | 2,586,000 | 2,596,654 | 2,090,008 | (506,646) |
| State Grants | | | | |
| Revenue sharing | 12,576,000 | 13,100,000 | 14,813,710 | 1,713,710 |
| Court financing | 4,841,581 | 4,841,581 | 4,611,672 | (229,909) |
| Cigarette tax | 50,000 | 50,000 | - | (50,000) |
| Liquor tax | 2,600,000 | 2,600,000 | 5,957,230 | 3,357,230 |
| Health Department | 1,851,437 | 1,851,437 | 1,969,054 | 117,617 |
| Other | 769,192 | 771,710 | 720,057 | (51,653) |
| | <u>22,688,210</u> | <u>23,214,728</u> | <u>28,071,723</u> | <u>4,856,995</u> |
| Charges for Services | | | | |
| Attorney fees | 1,587,000 | 1,397,000 | 1,333,564 | (63,436) |
| Certified copies | 804,784 | 834,680 | 1,034,131 | 199,451 |
| Commissions | 957,200 | 957,200 | 1,424,720 | 467,520 |
| Court costs and fees | 2,273,900 | 2,153,900 | 1,899,203 | (254,697) |
| Foster care | 385,000 | 385,000 | 312,657 | (72,343) |
| Health Department | 1,161,633 | 1,161,633 | 849,675 | (311,958) |
| Housing inmates | 1,608,000 | 1,608,000 | 1,669,978 | 61,978 |
| Land transfer tax | 2,200,000 | 2,400,000 | 2,794,557 | 394,557 |
| Medicare/medicaid | 613,299 | 613,299 | 939,122 | 325,823 |
| Other sheriff services | 2,841,756 | 2,841,756 | 2,346,665 | (495,091) |
| Personal services | 1,600,000 | 1,600,000 | 1,383,561 | (216,439) |
| Probation oversight fees | 612,650 | 612,650 | 495,330 | (117,320) |
| Public Works - pumping station | 2,323,128 | 2,450,685 | 2,704,704 | 254,019 |
| Recording fees | 2,347,300 | 2,457,300 | 2,106,416 | (350,884) |
| Rents | 1,959,000 | 1,959,000 | 2,957,337 | 998,337 |
| Sheriff road patrol | 9,368,632 | 9,368,632 | 9,228,128 | (140,504) |
| Soil erosion fees | 918,000 | 918,000 | 869,405 | (48,595) |
| Miscellaneous | 2,414,382 | 2,434,944 | 2,506,368 | 71,424 |
| | <u>35,975,664</u> | <u>36,153,679</u> | <u>36,855,521</u> | <u>701,842</u> |
| Investment Income | 300,000 | 325,000 | 225,937 | (99,063) |
| Charges to Other Funds for Administrative Services | 8,424,124 | 8,424,124 | 8,070,459 | (353,665) |
| Fines and Forfeitures | 608,800 | 678,800 | 589,715 | (89,085) |
| Other Revenue | 123,290 | 123,290 | 155,011 | 31,721 |
| Total Revenues | 180,658,393 | 181,495,580 | 190,373,754 | 8,878,174 |
| Other Financing Sources | | | | |
| Transfers in | 10,725,000 | 10,725,000 | - | (10,725,000) |
| Total Revenues and Other Financing Sources | <u>191,383,393</u> | <u>192,220,580</u> | <u>190,373,754</u> | <u>(1,846,826)</u> |

MACOMB COUNTY, MICHIGAN
Required Supplementary Information
Budgetary Comparison Schedule (GAAP Basis) - General Fund (continued)
Year Ended December 31, 2014

| | <u>Budgeted Amounts</u> | | <u>Actual Amounts</u> | <u>Variance with Final Budget</u> |
|-----------------------------------|-------------------------|-------------------|---------------------------|---------------------------------------|
| | <u>Original</u> | <u>Final</u> | | |
| Legislative | | | | |
| Board of Commissioners | \$ 1,593,361 | \$ 1,520,385 | \$ 1,190,807 | \$ 329,578 |
| Judicial | | | | |
| Circuit Court | 10,190,081 | 9,864,986 | 9,665,681 | 199,305 |
| District Court - 3rd Class | 17,848 | 17,848 | 22,655 | (4,807) |
| District Court - New Baltimore | 1,433,625 | 1,393,102 | 1,344,237 | 48,865 |
| District court - Romeo | 1,157,124 | 1,094,898 | 1,045,256 | 49,642 |
| Family Counseling | 156,523 | 153,393 | 144,397 | 8,996 |
| Family Court - Juvenile Division | 5,106,254 | 4,820,462 | 4,623,337 | 197,125 |
| Jury Commission | 152,246 | 152,246 | 102,609 | 49,637 |
| Law Library | 31,772 | 31,772 | 30,279 | 1,493 |
| Probate Court | 3,062,499 | 2,997,905 | 2,896,884 | 101,021 |
| Probation - Circuit Court | 120,902 | 120,902 | 105,754 | 15,148 |
| Probation - District Court | 480,934 | 458,046 | 446,610 | 11,436 |
| Prosecuting Attorney | 9,749,005 | 9,156,843 | 8,989,834 | 167,009 |
| Total Judicial | <u>31,658,813</u> | <u>30,262,403</u> | <u>29,417,533</u> | <u>844,870</u> |
| General Government | | | | |
| Building Authority | 1,300 | 1,300 | 440 | 860 |
| County Clerk | 4,762,909 | 4,325,468 | 4,204,879 | 120,589 |
| County Executive | 1,392,385 | 1,364,896 | 1,254,927 | 109,969 |
| Corporation Counsel | 915,467 | 809,906 | 770,961 | 38,945 |
| Elections | 34,284 | 34,284 | 25,152 | 9,132 |
| Ethics Board | 120,000 | 119,885 | 16,112 | 103,773 |
| Facilities and Operations | 15,159,549 | 14,676,825 | 14,535,748 | 141,077 |
| Finance | 2,172,820 | 1,971,874 | 1,903,373 | 68,501 |
| Equalization | 937,114 | 867,746 | 852,736 | 15,010 |
| Human Resources | 2,323,769 | 2,169,994 | 2,152,908 | 17,086 |
| Information Technology | 6,152,320 | 5,838,898 | 5,494,425 | 344,473 |
| MSU Extension | 808,244 | 779,356 | 766,124 | 13,232 |
| Planning and Economic Development | 2,993,994 | 2,644,605 | 2,505,853 | 138,752 |
| Plat Board | 1,000 | 1,000 | - | 1,000 |
| Public Works | 6,178,079 | 5,431,500 | 5,166,734 | 264,766 |
| Purchasing | 1,418,261 | 1,259,551 | 1,171,208 | 88,343 |
| Register of Deeds | 1,814,674 | 1,698,820 | 1,574,947 | 123,873 |
| Reimbursement | 840,534 | 780,991 | 736,880 | 44,111 |
| Treasurer | 2,318,374 | 2,197,201 | 2,086,409 | 110,792 |
| Total General Government | <u>50,345,077</u> | <u>46,974,100</u> | <u>45,219,816</u> | <u>1,754,284</u> |

MACOMB COUNTY, MICHIGAN
Required Supplementary Information
Budgetary Comparison Schedule (GAAP Basis) - General Fund (concluded)
Year Ended December 31, 2014

| | <u>Budgeted Amounts</u> | | <u>Actual Amounts</u> | <u>Variance with Final Budget</u> |
|--|-------------------------|----------------------|---------------------------|---------------------------------------|
| | <u>Original</u> | <u>Final</u> | | |
| Public Safety | | | | |
| Civil Service Commission | \$ 36,010 | \$ 36,010 | \$ 29,314 | \$ 6,696 |
| Emergency Management | 1,005,215 | 955,209 | 933,732 | 21,477 |
| Sheriff Department | 64,180,479 | 60,902,815 | 58,598,916 | 2,303,899 |
| Total Public Safety | <u>65,221,704</u> | <u>61,894,034</u> | <u>59,561,962</u> | <u>2,332,072</u> |
| Health and Welfare | | | | |
| Health & Community Services | 292,231 | 270,350 | 261,164 | 9,186 |
| Health Department | 19,608,755 | 18,745,194 | 17,723,478 | 1,021,716 |
| Senior Citizens Services | 950,200 | 780,556 | 679,543 | 101,013 |
| Social Services | 72,472 | 72,472 | 53,112 | 19,360 |
| Total Health and Welfare | <u>20,921,658</u> | <u>19,868,572</u> | <u>18,717,297</u> | <u>1,151,275</u> |
| Other Current Operations | | | | |
| Non-departmental appropriations | 1,197,534 | 1,289,239 | 1,211,768 | 77,471 |
| Vacant position turnover factor | (10,924,152) | - | - | - |
| Capital Outlay | <u>1,960,555</u> | <u>2,564,135</u> | <u>2,228,634</u> | <u>335,501</u> |
| Total Expenditures | <u>161,974,550</u> | <u>164,372,868</u> | <u>157,547,817</u> | <u>6,825,051</u> |
| Other Financing Uses | | | | |
| Transfers out | <u>29,632,518</u> | <u>29,637,684</u> | <u>29,267,266</u> | <u>370,418</u> |
| Total Expenditures and Other Financing Uses | <u>191,607,068</u> | <u>194,010,552</u> | <u>186,815,083</u> | <u>7,195,469</u> |
| Net change in Fund Balance | (223,675) | (1,789,972) | 3,558,671 | 5,348,643 |
| Fund Balance, beginning of year | <u>81,687,722</u> | <u>81,687,722</u> | <u>81,687,722</u> | <u>-</u> |
| Fund Balance, end of year | <u>\$ 81,464,047</u> | <u>\$ 79,897,750</u> | <u>\$ 85,246,393</u> | <u>\$ 5,348,643</u> |

MACOMB COUNTY, MICHIGAN
Budgetary Comparison Schedule (GAAP Basis) - Department of Roads Special Revenue Fund
Year Ended September 30, 2014

| | Original | Final Budget | Actual Amounts | Variance with Final Budget Favorable (Unfavorable) |
|--|----------------------|----------------------|----------------------|---|
| Revenues | | | | |
| Licenses and permits | \$ 531,200 | \$ 531,200 | \$ 599,164 | \$ 67,964 |
| Federal & state grants | 86,524,530 | 91,599,833 | 64,920,806 | (26,679,027) |
| Charges for services | 2,471,000 | 2,471,000 | 16,396,725 | 13,925,725 |
| Investment income | 113,569 | 113,569 | 138,516 | 24,947 |
| Other revenue | 186,350 | 238,367 | 431,393 | 193,026 |
| Total Revenues | 89,826,649 | 94,953,969 | 82,486,604 | (12,467,365) |
| Expenditures | | | | |
| Public works | 91,109,516 | 96,743,216 | 71,573,270 | 25,169,946 |
| Capital outlay | 7,835,175 | 8,102,686 | 4,792,915 | 3,309,771 |
| Principal | - | - | 127,155 | (127,155) |
| Interest and fees | - | - | 15,278 | (15,278) |
| | 98,944,691 | 104,845,902 | 76,508,618 | 28,337,284 |
| Excess of revenues over (under) expenditures | (9,118,042) | (9,891,933) | 5,977,986 | 15,869,919 |
| Other Financing Sources (uses) | | | | |
| Bond proceeds | - | - | 472,500 | 472,500 |
| Transfers out | (113,569) | (113,569) | (123,545) | (9,976) |
| Total Other financing sources (uses) | (113,569) | (113,569) | 348,955 | 462,524 |
| Net change in Fund Balances | (9,231,611) | (10,005,502) | 6,326,941 | 16,332,443 |
| Fund Balances, beginning of year | 57,136,107 | 57,136,107 | 57,136,107 | - |
| Fund Balances, end of year | \$ 47,904,496 | \$ 47,130,605 | \$ 63,463,048 | \$ 16,332,443 |

Macomb County, Michigan
Required Supplementary Information - Employees' Retirement System

| Schedule of Changes in Net Pension Liability | |
|--|-----------------|
| | 2014 |
| Total Pension Liability | |
| Service Cost | \$ 18,681,711 |
| Interest on Total Pension Liability | 64,832,607 |
| Benefit Changes | 1,752,896 |
| Difference Between Expected and Actual Experience of the Total Pension Liability | - |
| Assumption Changes | - |
| Benefit Payments and Refunds | (58,073,140) |
| Net Increase (Decrease) in Total Pension Liability | 27,194,074 |
| Total Pension Liability, Beginning of Year | 884,130,468 |
| Total Pension Liability, End of Year (a) | \$ 911,324,542 |
| Plan Fiduciary Net Position | |
| Employer Contributions | \$ 22,152,820 |
| Employee Contributions | 3,597,063 |
| Net Investment Income | 64,413,425 |
| Benefit Payments and Refunds | (58,073,027) |
| Administrative Expenses | (523,640) |
| Increase in Plan Fiduciary Net Position | 31,566,641 |
| Plan Fiduciary Net Position, Beginning of Year | 908,689,519 |
| Plan Fiduciary Net Position, End of Year (b) | \$ 940,256,160 |
| Net Pension (Asset), End of Year (a-b) | \$ (28,931,618) |
| Plan Fiduciary Net Position as a % of Total Pension Liability | 103.17% |
| Covered Payroll | \$ 107,365,519 |
| Net Pension (Asset) as a % of Covered Payroll | -26.95% |

NOTE: GASB 67 was implemented in 2014. Therefore, 10 year trend information is not yet available.

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

SCHEDULE OF FUNDING PROGRESS

| Actuarial Valuation Date December 31 | Actuarial Value of Assets (a) | Actuarial Accrued Liability (AAL) Entry Age (b) | Unfunded AAL (UAAL) (b-a) | Funded Ratio (a/b) | Covered Payroll (c) | UAAL as a Percentage of Covered Payroll ((b-a)/c) |
|---|--|--|------------------------------------|--------------------------|---------------------------|--|
| 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 |
| 2013 | 837,652,540 | 884,041,581 | 46,389,041 | 94.75 | 102,252,875 | 45.37 |

| Year | Money Weighted Rate of Return |
|------|----------------------------------|
| 2005 | 8.44% |
| 2006 | 15.14% |
| 2007 | 8.86% |
| 2008 | -27.95% |
| 2009 | 17.44% |
| 2010 | 13.35% |
| 2011 | -1.05% |
| 2012 | 11.48% |
| 2013 | 21.42% |
| 2014 | 7.42% |

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

Schedule of Contributions

| Year Ended December 31, | Actuarially | | Contribution Excess (Deficiency) | Covered Payroll | Contributions as % of Covered Payroll |
|----------------------------|----------------------------|-------------------------|-------------------------------------|--------------------|---|
| | Determined Contribution | Actual Contributions | | | |
| 2005 | \$ 14,854,000 | \$ 14,854,000 | \$ - | \$ 134,886,588 | 11.01% |
| 2006 | 20,215,000 | 20,215,000 | - | 128,820,986 | 15.69% |
| 2007 | 19,121,330 | 19,121,330 | - | 126,696,252 | 15.09% |
| 2008 | 18,658,075 | 18,658,075 | - | 121,822,674 | 15.32% |
| 2009 | 18,507,521 | 18,507,521 | - | 116,522,938 | 15.88% |
| 2010 | 15,170,777 | 15,170,777 | - | 110,795,240 | 13.69% |
| 2011 | 16,050,489 | 16,050,489 | - | 108,900,180 | 14.74% |
| 2012 | 16,604,841 | 16,604,841 | - | 105,391,874 | 15.76% |
| 2013 | 19,932,742 | 19,932,742 | - | 102,252,875 | 19.49% |
| 2014 | 22,152,820 | 22,152,820 | - | 107,365,519 | 20.63% |

Notes to the Schedule of Contributions

Valuation Date Actuarially determined contributions are calculated as of December 31, one year prior to the beginning of the fiscal year in which the contributions are made.

Methods and Assumptions Used to Determine Contributions Rates:

| | |
|-------------------------------|--|
| Actuarial Cost Method | Entry-Age Normal |
| Amortization Method | Level percent of pay |
| Remaining Amortization Period | 20 Years |
| Asset Valuation Method | Market value of assets, with 5 year smoothing |
| Price Inflation | 3.25% |
| Salary Increases | 6.00-12.00%, including inflation |
| Investment Rate of Return | 7.50% |
| Retirement Age | Experience based table of rates that are specific to the type of eligibility condition |
| Mortality | RP-2000 Healthy Life Mortality Table Adjusted for Mortality Improvements to 2015 |

Other Information:

The determination of the Total Pension Liability as of December 31, 2014 was based on the assumptions and methods used in the December 31, 2013 actuarial valuation with the following exception: the valuation of the DROP was based on the method prescribed in GASB 67. General division active and current DROP members were assumed to participate in the DROP for 5 years. All other members were assumed to participate in the DROP for 2 years. In addition, 90% of all eligible active members were assumed to join the DROP and 10% were assumed to retire immediately from County employment.

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) |
|--|--|--|------------------------------------|--------------------------|---------------------------|--|
| 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% |
| 2013 | 155,145,734 | 417,782,617 | 262,636,883 | 37.1% | 90,567,875 | 290.0% |

SCHEDULE OF EMPLOYER CONTRIBUTIONS

| <u>Year Ended December 31</u> | <u>Annual Required Contribution</u> | <u>Percentage Contributed</u> |
|-----------------------------------|---|-----------------------------------|
| 2012 | \$ 49,542,167 | 30.4% |
| 2013 | 44,167,496 | 34.1% |
| 2014 | 22,283,395 | 75.6% |

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%. In 2014, the rate was increased to 7.5% as a result of fully funding the unfunded liability through a bond issue executed in March 2015.

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% |
| 2013 | 36,511,623 | 69,322,970 | 32,811,347 | 52.7% | 11,685,197 | 280.8% |

SCHEDULE OF EMPLOYER CONTRIBUTIONS

| <u>Year Ended September 30</u> | <u>Annual Required Contribution</u> | <u>Percentage Contributed</u> |
|------------------------------------|---|-----------------------------------|
| 2012 | \$ 6,054,090 | 125.0% |
| 2013 | 5,805,250 | 104.8% |
| 2014 | 6,095,512 | 96.5% |

Macomb County, Michigan
Notes to the Required Supplemental Information
December 31, 2014

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 \$100,000 or 10% of the department budget. Budget amendments that exceed these limits must be approved by the Finance Committee of the Board of Commissioners. During the year, supplemental budgetary appropriations were not significant in relation to the original appropriations as adopted. Unexpended appropriations lapse at year-end. Encumbrances open at year-end are re-appropriated in the following year. Budgets are adopted on a basis consistent with generally accepted accounting principles and budgeted amounts presented in the financial statements represent final budget authorization, including all amendments approved during the year.

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

| | <u>Final Budget</u> | <u>Actual Amounts</u> | <u>Actual in Excess of Final Budget</u> |
|--|-------------------------|---------------------------|---|
| General Fund | | | |
| District Court - 3rd Class | \$ 17,848 | \$ 22,655 | \$ 4,807 |
| Major Special Revenue Funds | | | |
| Department of Roads | - | 142,433 | 142,433 |
| Non-Major Special Revenue Funds | | | |
| Community Services | 110,326 | 110,329 | 3 |
| Emergency Management | 1,262 | 149,502 | 148,240 |
| Urban County Block Grant | 8,759,412 | 9,045,063 | 285,651 |

MACOMB COUNTY, MICHIGAN
Combining Balance Sheet
Nonmajor Fund Types
December 31, 2014

| | Special Revenue | Debt Service | Capital Projects | Total |
|---|----------------------------|-------------------------|-----------------------------|----------------------|
| Assets | | | | |
| Cash and pooled investments | \$ 11,834,243 | \$ 2,667,126 | \$ 16,459,757 | \$ 30,961,126 |
| Taxes receivable | 872,972 | - | - | 872,972 |
| Accounts receivable, net | 9,939,101 | 108,714 | 734,094 | 10,781,909 |
| Due from other governments | 6,669,856 | - | 892,708 | 7,562,564 |
| Other assets | 165,872 | - | 295,816 | 461,688 |
| | <u>\$ 29,482,044</u> | <u>\$ 2,775,840</u> | <u>\$ 18,382,375</u> | <u>\$ 50,640,259</u> |
| Total Assets | | | | |
| | | | | |
| Liabilities, Deferred Inflows of Resources and Fund Balances | | | | |
| Liabilities | | | | |
| Accounts payable | \$ 3,554,878 | \$ 55,113 | \$ 5,171,135 | \$ 8,781,126 |
| Accrued liabilities | 5,687 | - | 604,397 | 610,084 |
| Accrued compensation and benefits | 303,283 | - | - | 303,283 |
| Due to other governments | 251,161 | - | - | 251,161 |
| Due to governmental funds | 2,787,833 | - | 1,394,066 | 4,181,899 |
| Unearned revenue | 487,786 | - | - | 487,786 |
| | <u>7,390,628</u> | <u>55,113</u> | <u>7,169,598</u> | <u>14,615,339</u> |
| Total Liabilities | | | | |
| | | | | |
| Deferred Inflows of Resources | | | | |
| Property taxes and assessments levied in advance | 970,205 | 121,273 | - | 1,091,478 |
| Unavailable grants and other charges | 4,158,363 | - | 915,170 | 5,073,533 |
| | <u>5,128,568</u> | <u>121,273</u> | <u>915,170</u> | <u>6,165,011</u> |
| Total Deferred Inflows of Resources | | | | |
| | | | | |
| Fund Balances | | | | |
| Nonspendable for: | | | | |
| Prepaid items | 164,113 | - | 295,816 | 459,929 |
| Restricted for: | | | | |
| Capital projects | - | - | 3,224,280 | 3,224,280 |
| Debt service | - | 2,599,454 | - | 2,599,454 |
| Health and welfare | 3,250,755 | - | - | 3,250,755 |
| Judicial | 20,127 | - | - | 20,127 |
| Housing rehabilitation loans | 8,759,412 | - | - | 8,759,412 |
| Public safety | 1,503,880 | - | - | 1,503,880 |
| Technology | 1,863,324 | - | - | 1,863,324 |
| Assigned for: | | | | |
| Capital projects | - | - | 6,806,224 | 6,806,224 |
| Health and welfare | 3,804,194 | - | - | 3,804,194 |
| Judicial | 8,218 | - | - | 8,218 |
| Public safety | 68,702 | - | - | 68,702 |
| Unassigned | (2,479,877) | - | (28,713) | (2,508,590) |
| | <u>16,962,848</u> | <u>2,599,454</u> | <u>10,297,607</u> | <u>29,859,909</u> |
| Total Fund Balances | | | | |
| | | | | |
| Total Liabilities, Deferred Inflows of Resources and Fund Balances | | | | |
| | <u>\$ 29,482,044</u> | <u>\$ 2,775,840</u> | <u>\$ 18,382,375</u> | <u>\$ 50,640,259</u> |

MACOMB COUNTY, MICHIGAN
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Fund Types
Year Ended December 31, 2014

| | Special Revenue | Debt Service | Capital Projects | Total |
|--|----------------------|---------------------|----------------------|----------------------|
| Revenues | | | | |
| Taxes | \$ 961,002 | \$ 119,611 | \$ - | \$ 1,080,613 |
| Federal & state grants | 46,130,664 | - | 1,781,044 | 47,911,708 |
| Other grants | 249,248 | - | 621,420 | 870,668 |
| Charges for services | 8,454,042 | - | 217,768 | 8,671,810 |
| Investment income | 4,677 | - | 3,937 | 8,614 |
| Fines and forfeitures | 212,296 | - | - | 212,296 |
| Other revenue | 515,264 | - | 25,016 | 540,280 |
| Total Revenues | 56,527,193 | 119,611 | 2,649,185 | 59,295,989 |
| Expenditures | | | | |
| Current | | | | |
| Judicial | 11,829,326 | - | 4,913 | 11,834,239 |
| General government | 1,737,646 | - | - | 1,737,646 |
| Public safety | 13,223,601 | - | 253,299 | 13,476,900 |
| Public works | 7,019 | 137,088 | 149,272 | 293,379 |
| Health and welfare | 45,390,127 | - | - | 45,390,127 |
| Recreation and cultural | - | - | 84,387 | 84,387 |
| Capital outlay | 1,648,995 | - | 16,890,767 | 18,539,762 |
| Debt service | | | | |
| Principal | - | 3,880,000 | - | 3,880,000 |
| Interest and fees | - | 1,302,027 | - | 1,302,027 |
| Bond issuance costs | - | 108,147 | - | 108,147 |
| Total Expenditures | 73,836,714 | 5,427,262 | 17,382,638 | 96,646,614 |
| Excess of Revenues over (under) Expenditures | (17,309,521) | (5,307,651) | (14,733,453) | (37,350,625) |
| Other Financing Sources (uses) | | | | |
| Face amount of long-term debt | - | 15,155,000 | - | 15,155,000 |
| Transfers in | 25,100,571 | 4,749,017 | 24,048,923 | 53,898,511 |
| Transfers out | (9,455,713) | - | (17,534,011) | (26,989,724) |
| Bond premiums | - | 1,403,647 | - | 1,403,647 |
| Payment to refunding debt escrow agent | - | (16,450,000) | - | (16,450,000) |
| Total Other Financing Sources (uses) | 15,644,858 | 4,857,664 | 6,514,912 | 27,017,434 |
| Net Change in Fund Balances | (1,664,663) | (449,987) | (8,218,541) | (10,333,191) |
| Fund Balances, beginning of year | 18,627,511 | 3,049,441 | 18,516,148 | 40,193,100 |
| Fund Balances, end of year | \$ 16,962,848 | \$ 2,599,454 | \$ 10,297,607 | \$ 29,859,909 |

MACOMB COUNTY, MICHIGAN
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2014

| | Circuit Court Programs (1) | Child Care (1) | Community Corrections | Community Corrections (1) |
|---|---------------------------------------|---------------------------|----------------------------------|--------------------------------------|
| Assets | | | | |
| Cash and pooled investments | \$ - | \$ 1,373,469 | \$ 202,363 | \$ 37,106 |
| Taxes receivable | - | - | - | - |
| Accounts receivable, net | - | 127,792 | - | - |
| Due from other governments | 82,679 | 1,470,296 | - | 34,363 |
| Other assets | 950 | 2,763 | - | - |
| | <u>83,629</u> | <u>2,974,320</u> | <u>202,363</u> | <u>71,469</u> |
| Total Assets | \$ 83,629 | \$ 2,974,320 | \$ 202,363 | \$ 71,469 |
| Liabilities, Deferred Inflows of Resources and Fund Balances | | | | |
| Liabilities | | | | |
| Accounts payable | \$ 34,430 | \$ 484,896 | \$ - | \$ 15,149 |
| Accrued liabilities | - | - | - | - |
| Accrued compensation and benefits | 462 | 45,000 | - | 4,320 |
| Due to other governments | - | - | - | - |
| Due to governmental funds | 48,737 | - | - | - |
| Unearned revenue | - | - | 199,708 | - |
| | <u>83,629</u> | <u>529,896</u> | <u>199,708</u> | <u>19,469</u> |
| Total Liabilities | 83,629 | 529,896 | 199,708 | 19,469 |
| Deferred Inflows of Resources | | | | |
| Property taxes and assessments levied in advance | - | - | - | - |
| Unavailable grants and other charges | 46,779 | 993,339 | - | - |
| | <u>46,779</u> | <u>993,339</u> | <u>-</u> | <u>-</u> |
| Total Deferred Inflows of Resources | 46,779 | 993,339 | - | - |
| Fund Balances | | | | |
| Nonspendable for: | | | | |
| Prepaid items | 950 | 2,763 | - | - |
| Restricted for: | | | | |
| Health and welfare | - | - | - | - |
| Judicial | - | - | - | - |
| Long term receivables | - | - | - | - |
| Public safety | - | - | 2,655 | 52,000 |
| Technology | - | - | - | - |
| Assigned for: | | | | |
| Health and welfare | - | 1,448,322 | - | - |
| Judicial | - | - | - | - |
| Public safety | - | - | - | - |
| Unassigned | (47,729) | - | - | - |
| | <u>(46,779)</u> | <u>1,451,085</u> | <u>2,655</u> | <u>52,000</u> |
| Total Fund Balances | (46,779) | 1,451,085 | 2,655 | 52,000 |
| Total Liabilities, Deferred Inflows of Resources and Fund Balances | \$ 83,629 | \$ 2,974,320 | \$ 202,363 | \$ 71,469 |

(1) - Balance sheet as of September 30, 2014

MACOMB COUNTY, MICHIGAN
Combining Balance Sheet
Nonmajor Special Revenue Funds (continued)
December 31, 2014

| | <u>Community Services Agency</u> | <u>Community Services Agency (1)</u> | <u>Emergency Management Grants</u> |
|---|--------------------------------------|--|--|
| Assets | | | |
| Cash and pooled investments | \$ 580,017 | \$ 688,812 | \$ 780,793 |
| Taxes receivable | - | - | - |
| Accounts receivable, net | 8,759,412 | 253,061 | 477,312 |
| Due from other governments | - | 1,835,097 | 1,337,901 |
| Other assets | - | 2,462 | 153,600 |
| | <hr/> | <hr/> | <hr/> |
| Total Assets | \$ 9,339,429 | \$ 2,779,432 | \$ 2,749,606 |
| | <hr/> | <hr/> | <hr/> |
| Liabilities, Deferred Inflows of Resources and Fund Balances | | | |
| Liabilities | | | |
| Accounts payable | \$ - | \$ 669,177 | \$ 1,444,499 |
| Accrued liabilities | - | 688 | - |
| Accrued compensation and benefits | - | 120,284 | 60 |
| Due to other governments | - | 51,301 | 4,541 |
| Due to governmental funds | - | - | 1,127,928 |
| Unearned revenue | - | 21,145 | - |
| | <hr/> | <hr/> | <hr/> |
| Total Liabilities | - | 862,595 | 2,577,028 |
| | <hr/> | <hr/> | <hr/> |
| Deferred Inflows of Resources | | | |
| Property taxes and assessments levied in advance | - | - | - |
| Unavailable grants and other charges | - | 382,146 | 1,185,527 |
| | <hr/> | <hr/> | <hr/> |
| Total Deferred Inflows of Resources | - | 382,146 | 1,185,527 |
| | <hr/> | <hr/> | <hr/> |
| Fund Balances | | | |
| Nonspendable for: | | | |
| Prepaid items | - | 703 | 153,600 |
| Restricted for: | | | |
| Health and welfare | 580,017 | 175,381 | - |
| Judicial | - | - | - |
| Long term receivables | 8,759,412 | - | - |
| Public safety | - | - | - |
| Technology | - | - | - |
| Assigned for: | | | |
| Health and welfare | - | 1,358,607 | - |
| Judicial | - | - | - |
| Public safety | - | - | - |
| Unassigned | - | - | (1,166,549) |
| | <hr/> | <hr/> | <hr/> |
| Total Fund Balances | 9,339,429 | 1,534,691 | (1,012,949) |
| | <hr/> | <hr/> | <hr/> |
| Total Liabilities, Deferred Inflows of Resources and Fund Balances | \$ 9,339,429 | \$ 2,779,432 | \$ 2,749,606 |
| | <hr/> | <hr/> | <hr/> |

(1) - Balance sheet as of September 30, 2014

MACOMB COUNTY, MICHIGAN
Combining Balance Sheet
Nonmajor Special Revenue Funds (continued)
December 31, 2014

| | Friend of the Court (1) | Health Grants | Health Grants (1) |
|---|----------------------------|-------------------|----------------------|
| Assets | | | |
| Cash and pooled investments | \$ - | \$ 490,460 | \$ 879,995 |
| Taxes receivable | - | - | - |
| Accounts receivable, net | - | - | - |
| Due from other governments | 1,033,581 | 5,035 | 51,741 |
| Other assets | - | - | - |
| Total Assets | \$ 1,033,581 | \$ 495,495 | \$ 931,736 |
| Liabilities, Deferred Inflows of Resources and Fund Balances | | | |
| Liabilities | | | |
| Accounts payable | \$ 13,442 | \$ 1,252 | \$ 162,049 |
| Accrued liabilities | - | - | - |
| Accrued compensation and benefits | 43,117 | - | 13,039 |
| Due to other governments | - | 5,116 | - |
| Due to governmental funds | 896,261 | - | - |
| Unearned revenue | - | - | 39,143 |
| Total Liabilities | 952,820 | 6,368 | 214,231 |
| Deferred Inflows of Resources | | | |
| Property taxes and assessments levied in advance | - | - | - |
| Unavailable grants and other charges | 1,028,106 | 512 | 36,482 |
| Total Deferred Inflows of Resources | 1,028,106 | 512 | 36,482 |
| Fund Balances | | | |
| Nonspendable for: | | | |
| Prepaid items | - | - | - |
| Restricted for: | | | |
| Health and welfare | - | 488,615 | 681,023 |
| Judicial | - | - | - |
| Long term receivables | - | - | - |
| Public safety | - | - | - |
| Technology | - | - | - |
| Assigned for: | | | |
| Health and welfare | - | - | - |
| Judicial | - | - | - |
| Public safety | - | - | - |
| Unassigned | (947,345) | - | - |
| Total Fund Balances | (947,345) | 488,615 | 681,023 |
| Total Liabilities, Deferred Inflows of Resources and Fund Balances | \$ 1,033,581 | \$ 495,495 | \$ 931,736 |

(1) - Balance sheet as of September 30, 2014

MACOMB COUNTY, MICHIGAN
Combining Balance Sheet
Nonmajor Special Revenue Funds (continued)
December 31, 2014

| | <u>Juvenile Drug Court Grant (1)</u> | <u>Macomb/St. Clair Employment and Training</u> | <u>MSU Extension</u> |
|---|--|---|--------------------------|
| Assets | | | |
| Cash and pooled investments | \$ - | \$ 104,406 | \$ 203,641 |
| Taxes receivable | - | - | - |
| Accounts receivable, net | - | - | 356 |
| Due from other governments | 1,852 | - | - |
| Other assets | - | - | - |
| | <hr/> | <hr/> | <hr/> |
| Total Assets | <u>\$ 1,852</u> | <u>\$ 104,406</u> | <u>\$ 203,997</u> |
| Liabilities, Deferred Inflows of Resources and Fund Balances | | | |
| Liabilities | | | |
| Accounts payable | \$ - | \$ 38,675 | \$ 3,877 |
| Accrued liabilities | - | - | - |
| Accrued compensation and benefits | - | 65,731 | - |
| Due to other governments | - | - | - |
| Due to governmental funds | 1,852 | - | - |
| Unearned revenue | - | - | - |
| | <hr/> | <hr/> | <hr/> |
| Total Liabilities | <u>1,852</u> | <u>104,406</u> | <u>3,877</u> |
| Deferred Inflows of Resources | | | |
| Property taxes and assessments levied in advance | - | - | - |
| Unavailable grants and other charges | 1,852 | - | - |
| | <hr/> | <hr/> | <hr/> |
| Total Deferred Inflows of Resources | <u>1,852</u> | <u>-</u> | <u>-</u> |
| Fund Balances | | | |
| Nonspendable for: | | | |
| Prepaid items | - | - | - |
| Restricted for: | | | |
| Health and welfare | - | - | 200,120 |
| Judicial | - | - | - |
| Long term receivables | - | - | - |
| Public safety | - | - | - |
| Technology | - | - | - |
| Assigned for: | | | |
| Health and welfare | - | - | - |
| Judicial | - | - | - |
| Public safety | - | - | - |
| Unassigned | (1,852) | - | - |
| | <hr/> | <hr/> | <hr/> |
| Total Fund Balances | <u>(1,852)</u> | <u>-</u> | <u>200,120</u> |
| Total Liabilities, Deferred Inflows of Resources and Fund Balances | <u>\$ 1,852</u> | <u>\$ 104,406</u> | <u>\$ 203,997</u> |

(1) - Balance sheet as of September 30, 2014

MACOMB COUNTY, MICHIGAN
Combining Balance Sheet
Nonmajor Special Revenue Funds (continued)
December 31, 2014

| | MSU Extension (1) | Prosecuting Attorney Grants | Prosecuting Attorney Grants (1) |
|---|----------------------|--------------------------------|------------------------------------|
| Assets | | | |
| Cash and pooled investments | \$ 304,511 | \$ 28,345 | \$ - |
| Taxes receivable | - | - | - |
| Accounts receivable, net | - | - | - |
| Due from other governments | - | - | 254,381 |
| Other assets | - | - | - |
| Total Assets | \$ 304,511 | \$ 28,345 | \$ 254,381 |
| Liabilities, Deferred Inflows of Resources and Fund Balances | | | |
| Liabilities | | | |
| Accounts payable | \$ 6,025 | \$ - | \$ 3,157 |
| Accrued liabilities | - | - | - |
| Accrued compensation and benefits | - | - | 11,270 |
| Due to other governments | - | - | - |
| Due to governmental funds | - | - | 210,146 |
| Unearned revenue | - | - | - |
| Total Liabilities | 6,025 | - | 224,573 |
| Deferred inflows of Resources | | | |
| Property taxes and assessments levied in advance | - | - | - |
| Unavailable grants and other charges | - | - | 206,868 |
| Total Deferred Inflows of Resources | - | - | 206,868 |
| Fund Balances | | | |
| Nonspendable for: | | | |
| Prepaid items | - | - | - |
| Restricted for: | | | |
| Health and welfare | - | - | - |
| Judicial | - | 20,127 | - |
| Long term receivables | - | - | - |
| Public safety | - | - | - |
| Technology | - | - | - |
| Assigned for: | | | |
| Health and welfare | 298,486 | - | - |
| Judicial | - | 8,218 | - |
| Public safety | - | - | - |
| Unassigned | - | - | (177,060) |
| Total Fund Balances | 298,486 | 28,345 | (177,060) |
| Total Liabilities, Deferred Inflows of Resources and Fund Balances | \$ 304,511 | \$ 28,345 | \$ 254,381 |

(1) - Balance sheet as of September 30, 2014

MACOMB COUNTY, MICHIGAN
Combining Balance Sheet
Nonmajor Special Revenue Funds (continued)
December 31, 2014

| | Register of Deeds Remonumentation Fund | Register of Deeds Technology Fund | Sheriff Grants |
|---|--|---|---------------------|
| Assets | | | |
| Cash and pooled investments | \$ - | \$ 1,965,309 | \$ 1,693,904 |
| Taxes receivable | - | - | - |
| Accounts receivable, net | - | 61,939 | 259,229 |
| Due from other governments | 139,342 | - | - |
| Other assets | - | 4,859 | 238 |
| Total Assets | \$ 139,342 | \$ 2,032,107 | \$ 1,953,371 |
| Liabilities, Deferred Inflows of Resources and Fund Balances | | | |
| Liabilities | | | |
| Accounts payable | \$ - | \$ 163,924 | \$ 456,301 |
| Accrued liabilities | - | - | - |
| Accrued compensation and benefits | - | - | - |
| Due to other governments | - | - | - |
| Due to governmental funds | 139,342 | - | - |
| Unearned revenue | - | - | 227,790 |
| Total Liabilities | 139,342 | 163,924 | 684,091 |
| Deferred Inflows of Resources | | | |
| Property taxes and assessments levied in advance | - | - | - |
| Unavailable grants and other charges | 139,342 | - | 20,789 |
| Total Deferred Inflows of Resources | 139,342 | - | 20,789 |
| Fund Balances | | | |
| Nonspendable for: | | | |
| Prepaid items | - | 4,859 | 238 |
| Restricted for: | | | |
| Health and welfare | - | - | - |
| Judicial | - | - | - |
| Long term receivables | - | - | - |
| Public safety | - | - | 1,179,551 |
| Technology | - | 1,863,324 | - |
| Assigned for: | | | |
| Health and welfare | - | - | - |
| Judicial | - | - | - |
| Public safety | - | - | 68,702 |
| Unassigned | (139,342) | - | - |
| Total Fund Balances | (139,342) | 1,868,183 | 1,248,491 |
| Total Liabilities, Deferred Inflows of Resources and Fund Balances | \$ 139,342 | \$ 2,032,107 | \$ 1,953,371 |

MACOMB COUNTY, MICHIGAN
Combining Balance Sheet
Nonmajor Special Revenue Funds (continued)
December 31, 2014

| | <u>Sheriff Grants (1)</u> | <u>Social Welfare</u> | <u>Urban County Block Grant</u> |
|---|-------------------------------|---------------------------|-------------------------------------|
| Assets | | | |
| Cash and pooled investments | \$ 196,638 | \$ 425,659 | \$ 634,269 |
| Taxes receivable | - | - | - |
| Accounts receivable, net | - | - | - |
| Due from other governments | 365,951 | - | 57,637 |
| Other assets | - | - | 1,000 |
| | <hr/> | <hr/> | <hr/> |
| Total Assets | <u>\$ 562,589</u> | <u>\$ 425,659</u> | <u>\$ 692,906</u> |
| Liabilities, Deferred Inflows of Resources and Fund Balances | | | |
| Liabilities | | | |
| Accounts payable | \$ 30,936 | \$ - | \$ 16,109 |
| Accrued liabilities | 4,999 | - | - |
| Accrued compensation and benefits | - | - | - |
| Due to other governments | 190,203 | - | - |
| Due to governmental funds | - | 363,567 | - |
| Unearned revenue | - | - | - |
| | <hr/> | <hr/> | <hr/> |
| Total Liabilities | <u>226,138</u> | <u>363,567</u> | <u>16,109</u> |
| Deferred Inflows of Resources | | | |
| Property taxes and assessments levied in advance | - | - | - |
| Unavailable grants and other charges | 66,777 | - | 49,844 |
| | <hr/> | <hr/> | <hr/> |
| Total Deferred Inflows of Resources | <u>66,777</u> | <u>-</u> | <u>49,844</u> |
| Fund Balances | | | |
| Nonspendable for: | | | |
| Prepaid items | - | - | 1,000 |
| Restricted for: | | | |
| Health and welfare | - | - | - |
| Judicial | - | - | - |
| Long term receivables | - | - | - |
| Public safety | 269,674 | - | - |
| Technology | - | - | - |
| Assigned for: | | | |
| Health and welfare | - | 62,092 | 625,953 |
| Judicial | - | - | - |
| Public safety | - | - | - |
| Unassigned | - | - | - |
| | <hr/> | <hr/> | <hr/> |
| Total Fund Balances | <u>269,674</u> | <u>62,092</u> | <u>626,953</u> |
| | | | |
| Total Liabilities, Deferred Inflows of Resources and Fund Balances | <u>\$ 562,589</u> | <u>\$ 425,659</u> | <u>\$ 692,906</u> |

(1) - Balance sheet as of September 30, 2014

MACOMB COUNTY, MICHIGAN
Combining Balance Sheet
Nonmajor Special Revenue Funds (concluded)
December 31, 2014

| | Veterans' Affairs | Veterans' Trust Fund (1) | Other Special Revenue | Total Special Revenue |
|---|----------------------|-----------------------------|--------------------------|--------------------------|
| Assets | | | | |
| Cash and pooled investments | \$ 1,210,948 | \$ 22,864 | \$ 10,734 | \$ 11,834,243 |
| Taxes receivable | 872,972 | - | - | 872,972 |
| Accounts receivable, net | - | - | - | 9,939,101 |
| Due from other governments | - | - | - | 6,669,856 |
| Other assets | - | - | - | 165,872 |
| Total Assets | \$ 2,083,920 | \$ 22,864 | \$ 10,734 | \$ 29,482,044 |
| Liabilities, Deferred Inflows of Resources and Fund Balances | | | | |
| Liabilities | | | | |
| Accounts payable | \$ 8,681 | \$ 2,299 | \$ - | \$ 3,554,878 |
| Accrued liabilities | - | - | - | 5,687 |
| Accrued compensation and benefits | - | - | - | 303,283 |
| Due to other governments | - | - | - | 251,161 |
| Due to governmental funds | - | - | - | 2,787,833 |
| Unearned revenue | - | - | - | 487,786 |
| Total Liabilities | 8,681 | 2,299 | - | 7,390,628 |
| Deferred Inflows of Resources | | | | |
| Property taxes and assessments levied in advance | 970,205 | - | - | 970,205 |
| Unavailable grants and other charges | - | - | - | 4,158,363 |
| Total Deferred Inflows of Resources | 970,205 | - | - | 5,128,568 |
| Fund balances | | | | |
| Nonspendable for: | | | | |
| Prepaid items | - | - | - | 164,113 |
| Restricted for: | | | | |
| Health and welfare | 1,105,034 | 20,565 | - | 3,250,755 |
| Judicial | - | - | - | 20,127 |
| Long term receivables | - | - | - | 8,759,412 |
| Public safety | - | - | - | 1,503,880 |
| Technology | - | - | - | 1,863,324 |
| Assigned for: | | | | |
| Health and welfare | - | - | 10,734 | 3,804,194 |
| Judicial | - | - | - | 8,218 |
| Public safety | - | - | - | 68,702 |
| Unassigned | - | - | - | (2,479,877) |
| Total Fund Balances | 1,105,034 | 20,565 | 10,734 | 16,962,848 |
| Total Liabilities, Deferred Inflows of Resources and Fund Balances | \$ 2,083,920 | \$ 22,864 | \$ 10,734 | \$ 29,482,044 |

(1) - Balance sheet as of September 30, 2014

MACOMB COUNTY, MICHIGAN
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Special Revenue Funds
Year Ended December 31, 2014

| | Circuit Court Programs (1) | Child Care (1) | Community Corrections | Community Corrections (1) |
|---|-------------------------------|---------------------|--------------------------|------------------------------|
| Revenues | | | | |
| Taxes | \$ - | \$ - | \$ - | \$ - |
| Federal & state grants | 74,815 | 6,094,600 | 42,333 | 1,005,688 |
| Other grants | - | - | - | - |
| Charges for services | 3,619 | 1,317,255 | - | - |
| Investment income | - | - | - | - |
| Fines and forfeitures | - | - | - | - |
| Other revenue | - | 29,351 | 4,830 | - |
| Total Revenues | 78,434 | 7,441,206 | 47,163 | 1,005,688 |
| Expenditures | | | | |
| Current | | | | |
| Judicial | 251,940 | - | - | - |
| General government | - | - | - | - |
| Public safety | - | - | 172,246 | 1,312,505 |
| Public works | - | - | - | - |
| Health and welfare | - | 17,550,302 | - | - |
| Capital outlay | - | 16,827 | 1,779 | 394 |
| Total Expenditures | 251,940 | 17,567,129 | 174,025 | 1,312,899 |
| Excess of Revenues over (under) Expenditures | (173,506) | (10,125,923) | (126,862) | (307,211) |
| Other Financing Sources (uses) | | | | |
| Transfers in | 126,727 | 8,996,448 | 122,467 | 359,211 |
| Transfers out | - | - | - | - |
| Total Other Financing Sources (uses) | 126,727 | 8,996,448 | 122,467 | 359,211 |
| Net change in Fund Balances | (46,779) | (1,129,475) | (4,395) | 52,000 |
| Fund Balances, beginning of year | - | 2,580,560 | 7,050 | - |
| Fund Balances, end of year | \$ (46,779) | \$ 1,451,085 | \$ 2,655 | \$ 52,000 |

(1) - Year ended September 30, 2014

MACOMB COUNTY, MICHIGAN
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Special Revenue Funds (continued)
Year Ended December 31, 2014

| | <u>Community Service Agency</u> | <u>Community Service Agency (1)</u> | <u>Emergency Managements Grants</u> |
|---|-------------------------------------|---|---|
| Revenues | | | |
| Taxes | \$ - | \$ - | \$ - |
| Federal & state grants | 2,783,929 | 12,654,207 | 10,962,787 |
| Other grants | - | - | 22,024 |
| Charges for services | 436,321 | 474,778 | - |
| Investment income | - | - | - |
| Fines and forfeitures | - | - | - |
| Other revenue | 8,139 | 279,422 | - |
| Total Revenues | <u>3,228,389</u> | <u>13,408,407</u> | <u>10,984,811</u> |
| Expenditures | | | |
| Current | | | |
| Judicial | - | - | - |
| General government | - | - | - |
| Public safety | - | - | 9,380,420 |
| Public works | - | - | - |
| Health and welfare | 3,240,505 | 14,646,126 | - |
| Capital outlay | - | 215,266 | 781,570 |
| Total Expenditures | <u>3,240,505</u> | <u>14,861,392</u> | <u>10,161,990</u> |
| Excess of Revenues over (under) Expenditures | <u>(12,116)</u> | <u>(1,452,985)</u> | <u>822,821</u> |
| Other Financing Sources (uses) | | | |
| Transfers in | 9,045,063 | 1,479,714 | - |
| Transfers out | (110,329) | - | (149,502) |
| Total Other Financing Sources (uses) | <u>8,934,734</u> | <u>1,479,714</u> | <u>(149,502)</u> |
| Net change in Fund Balances | 8,922,618 | 26,729 | 673,319 |
| Fund Balances, beginning of year | <u>416,811</u> | <u>1,507,962</u> | <u>(1,686,268)</u> |
| Fund Balances, end of year | <u>\$ 9,339,429</u> | <u>\$ 1,534,691</u> | <u>\$ (1,012,949)</u> |

(1) - Year ended September 30, 2014

MACOMB COUNTY, MICHIGAN
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Special Revenue Funds (continued)
Year Ended December 31, 2014

| | Friend of the Court (1) | Health Grants | Health Grants (1) |
|---|----------------------------|-------------------|----------------------|
| Revenues | | | |
| Taxes | \$ - | \$ - | \$ - |
| Federal & state grants | 5,988,400 | 10,733 | 3,397,877 |
| Other grants | - | 23,863 | - |
| Charges for services | 893,352 | 1,225 | 599,495 |
| Investment income | 206 | - | - |
| Fines and forfeitures | - | - | - |
| Other revenue | 347 | 8,691 | - |
| Total Revenues | 6,882,305 | 44,512 | 3,997,372 |
| Expenditures | | | |
| Current | | | |
| Judicial | 9,421,926 | - | - |
| General government | - | - | - |
| Public safety | - | - | - |
| Public works | - | - | - |
| Health and welfare | - | 64,063 | 4,811,249 |
| Capital outlay | 8,067 | 740 | 38,711 |
| Total Expenditures | 9,429,993 | 64,803 | 4,849,960 |
| Excess of Revenues over (under) Expenditures | <u>(2,547,688)</u> | <u>(20,291)</u> | <u>(852,588)</u> |
| Other Financing Sources (uses) | | | |
| Transfers in | 1,990,719 | - | 908,902 |
| Transfers out | - | - | - |
| Total Other Financing Sources (uses) | 1,990,719 | - | 908,902 |
| Net change in Fund Balances | (556,969) | (20,291) | 56,314 |
| Fund Balances, beginning of year | <u>(390,376)</u> | <u>508,906</u> | <u>624,709</u> |
| Fund Balances, end of year | \$ (947,345) | \$ 488,615 | \$ 681,023 |

(1) - Year ended September 30, 2014

MACOMB COUNTY, MICHIGAN
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Special Revenue Funds (continued)
Year Ended December 31, 2014

| | Juvenile Drug Court Grant (1) | Macomb/St. Clair Employment and Training | MSU Extension |
|---|----------------------------------|--|-------------------|
| Revenues | | | |
| Taxes | \$ - | \$ - | \$ - |
| Federal & state grants | 14,425 | - | - |
| Other grants | - | - | - |
| Charges for services | 1,357 | 3,518,702 | 3,219 |
| Investment income | - | - | - |
| Fines and forfeitures | - | - | - |
| Other revenue | - | - | - |
| Total Revenues | <u>15,782</u> | <u>3,518,702</u> | <u>3,219</u> |
| Expenditures | | | |
| Current | | | |
| Judicial | 18,428 | - | - |
| General government | - | - | - |
| Public safety | - | - | - |
| Public works | - | - | - |
| Health and welfare | - | 3,518,702 | 39,917 |
| Capital outlay | - | - | - |
| Total Expenditures | <u>18,428</u> | <u>3,518,702</u> | <u>39,917</u> |
| Excess of Revenues over (under) Expenditures | <u>(2,646)</u> | <u>-</u> | <u>(36,698)</u> |
| Other Financing Sources (uses) | | | |
| Transfers in | 181 | - | - |
| Transfers out | - | - | (300) |
| Total Other Financing Sources (uses) | <u>181</u> | <u>-</u> | <u>(300)</u> |
| Net change in Fund Balances | <u>(2,465)</u> | <u>-</u> | <u>(36,998)</u> |
| Fund Balances, beginning of year | <u>613</u> | <u>-</u> | <u>237,118</u> |
| Fund Balances, end of year | <u>\$ (1,852)</u> | <u>\$ -</u> | <u>\$ 200,120</u> |

(1) - Year ended September 30, 2014

MACOMB COUNTY, MICHIGAN
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Special Revenue Funds (continued)
Year Ended December 31, 2014

| | <u>MSU Extension (1)</u> | <u>Prosecuting Attorney Grants</u> | <u>Prosecuting Attorney Grants (1)</u> |
|---|------------------------------|--|--|
| Revenues | | | |
| Taxes | \$ - | \$ - | \$ - |
| Federal & state grants | - | - | 1,209,323 |
| Other grants | - | - | - |
| Charges for services | - | - | - |
| Investment income | - | 39 | - |
| Fines and forfeitures | - | - | - |
| Other revenue | - | 76 | 38,609 |
| Total Revenues | - | 115 | 1,247,932 |
| Expenditures | | | |
| Current | | | |
| Judicial | - | - | 2,137,032 |
| General government | - | - | - |
| Public safety | - | - | - |
| Public works | - | - | - |
| Health and welfare | 37,503 | - | - |
| Capital outlay | - | - | - |
| Total Expenditures | 37,503 | - | 2,137,032 |
| Excess of Revenues over (under) Expenditures | (37,503) | 115 | (889,100) |
| Other Financing Sources (uses) | | | |
| Transfers in | 300 | - | 816,077 |
| Transfers out | - | - | - |
| Total Other Financing Sources (uses) | 300 | - | 816,077 |
| Net change in Fund Balances | (37,203) | 115 | (73,023) |
| Fund Balances, beginning of year | 335,689 | 28,230 | (104,037) |
| Fund Balances, end of year | <u>\$ 298,486</u> | <u>\$ 28,345</u> | <u>\$ (177,060)</u> |

(1) - Year ended September 30, 2014

MACOMB COUNTY, MICHIGAN
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Special Revenue Funds (continued)
Year Ended December 31, 2014

| | Register of Deeds Remonumentation Fund | Register of Deeds Technology Fund | Sheriff Grants |
|---|--|---|---------------------|
| Revenues | | | |
| Taxes | \$ - | \$ - | \$ - |
| Federal & state grants | 215,661 | - | 98,031 |
| Other grants | - | - | - |
| Charges for services | - | 902,356 | 73,819 |
| Investment income | - | 4,432 | - |
| Fines and forfeitures | - | - | 198,488 |
| Other revenue | - | 11 | 17,362 |
| Total Revenues | <u>215,661</u> | <u>906,799</u> | <u>387,700</u> |
| Expenditures | | | |
| Current | | | |
| Judicial | - | - | - |
| General government | 232,236 | 1,505,410 | - |
| Public safety | - | - | 346,125 |
| Public works | - | - | - |
| Health and welfare | - | - | - |
| Capital outlay | - | 2,293 | 550,554 |
| Total Expenditures | <u>232,236</u> | <u>1,507,703</u> | <u>896,679</u> |
| Excess of Revenues over (under) Expenditures | <u>(16,575)</u> | <u>(600,904)</u> | <u>(508,979)</u> |
| Other Financing Sources (uses) | | | |
| Transfers in | - | - | - |
| Transfers out | - | - | (150,519) |
| Total Other Financing Sources (uses) | <u>-</u> | <u>-</u> | <u>(150,519)</u> |
| | | | |
| Net change in Fund Balances | (16,575) | (600,904) | (659,498) |
| | | | |
| Fund Balances, beginning of year | <u>(122,767)</u> | <u>2,469,087</u> | <u>1,907,989</u> |
| | | | |
| Fund Balances, end of year | <u>\$ (139,342)</u> | <u>\$ 1,868,183</u> | <u>\$ 1,248,491</u> |

MACOMB COUNTY, MICHIGAN
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Special Revenue Funds (continued)
Year Ended December 31, 2014

| | Sheriff Grants (1) | Social Welfare | Urban County Block Grant |
|---|-----------------------|-------------------|-----------------------------|
| Revenues | | | |
| Taxes | \$ - | \$ - | \$ - |
| Federal & state grants | 1,204,353 | - | 225,182 |
| Other grants | 203,361 | - | - |
| Charges for services | - | 201,592 | 8,802 |
| Investment income | - | - | - |
| Fines and forfeitures | 13,808 | - | - |
| Other revenue | - | - | 128,426 |
| Total Revenues | 1,421,522 | 201,592 | 362,410 |
| Expenditures | | | |
| Current | | | |
| Judicial | - | - | - |
| General government | - | - | - |
| Public safety | 2,012,305 | - | - |
| Public works | - | - | 7,019 |
| Health and welfare | - | - | 332,462 |
| Capital outlay | 25,775 | - | - |
| Total Expenditures | 2,038,080 | - | 339,481 |
| Excess of Revenues over (under) Expenditures | (616,558) | 201,592 | 22,929 |
| Other Financing Sources (uses) | | | |
| Transfers in | 545,787 | - | 708,975 |
| Transfers out | - | - | (9,045,063) |
| Total Other Financing Sources (uses) | 545,787 | - | (8,336,088) |
| Net change in Fund Balances | (70,771) | 201,592 | (8,313,159) |
| Fund Balances, beginning of year | 340,445 | (139,500) | 8,940,112 |
| Fund Balances, end of year | <u>\$ 269,674</u> | <u>\$ 62,092</u> | <u>\$ 626,953</u> |

(1) - Year ended September 30, 2014

MACOMB COUNTY, MICHIGAN
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Special Revenue Funds (concluded)
Year Ended December 31, 2014

| | Veterans' Affairs | Veterans' Trust Fund (1) | Other Special Revenue | Total Special Revenue |
|---|----------------------|-----------------------------|--------------------------|--------------------------|
| Revenues | | | | |
| Taxes | \$ 961,002 | \$ - | \$ - | \$ 961,002 |
| Federal & state grants | - | 148,320 | - | 46,130,664 |
| Other grants | - | - | - | 249,248 |
| Charges for services | 18,150 | - | - | 8,454,042 |
| Investment income | - | - | - | 4,677 |
| Fines and forfeitures | - | - | - | 212,296 |
| Other revenue | - | - | - | 515,264 |
| Total Revenues | 979,152 | 148,320 | - | 56,527,193 |
| Expenditures | | | | |
| Current | | | | |
| Judicial | - | - | - | 11,829,326 |
| General government | - | - | - | 1,737,646 |
| Public safety | - | - | - | 13,223,601 |
| Public works | - | - | - | 7,019 |
| Health and welfare | 1,021,543 | 127,755 | - | 45,390,127 |
| Capital outlay | 7,019 | - | - | 1,648,995 |
| Total Expenditures | 1,028,562 | 127,755 | - | 73,836,714 |
| Excess of Revenues over (under) Expenditures | (49,410) | 20,565 | - | (17,309,521) |
| Other Financing Sources (uses) | | | | |
| Transfers in | - | - | - | 25,100,571 |
| Transfers out | - | - | - | (9,455,713) |
| Total Other Financing Sources (uses) | - | - | - | 15,644,858 |
| Net change in Fund Balances | (49,410) | 20,565 | - | (1,664,663) |
| Fund Balances, beginning of year | 1,154,444 | - | 10,734 | 18,627,511 |
| Fund Balances, end of year | <u>\$ 1,105,034</u> | <u>\$ 20,565</u> | <u>\$ 10,734</u> | <u>\$ 16,962,848</u> |

(1) - Year ended September 30, 2014

MACOMB COUNTY, MICHIGAN
Budgetary Comparison Schedule (GAAP Basis) - Circuit Court Programs
Year Ended September 30, 2014

| | (Unaudited) Final Budget | Actual Amounts | Variance with Final Budget Favorable (Unfavorable) |
|---|--------------------------------|--------------------|---|
| Revenues | | | |
| Federal & state grants | \$ 218,495 | \$ 74,815 | \$ (143,680) |
| Charges for services | 5,500 | 3,619 | (1,881) |
| Total Revenues | 223,995 | 78,434 | (145,561) |
| Expenditures | | | |
| Judicial | 434,441 | 251,940 | 182,501 |
| Excess of Revenues over (under) Expenditures | (210,446) | (173,506) | 36,940 |
| Other Financing Sources (uses) | | | |
| Transfers in | 210,446 | 126,727 | (83,719) |
| Net change in Fund Balances | - | (46,779) | (46,779) |
| Fund Balances, beginning of year | - | - | - |
| Fund Balances, end of year | \$ - | \$ (46,779) | \$ (46,779) |

MACOMB COUNTY, MICHIGAN
Budgetary Comparison Schedule (GAAP Basis) - Child Care Fund
Year Ended September 30, 2014

| | (Unaudited) Final Budget | Actual Amounts | Variance with Final Budget Favorable (Unfavorable) |
|--|--------------------------------|---------------------|---|
| Revenues | | | |
| Federal & state grants | \$ 8,858,183 | \$ 6,094,600 | \$ (2,763,583) |
| Charges for services | 644,100 | 1,317,255 | 673,155 |
| Other revenue | 146,912 | 29,351 | (117,561) |
| Total Revenues | 9,649,195 | 7,441,206 | (2,207,989) |
| Expenditures | | | |
| Health and welfare | 21,353,383 | 17,550,302 | 3,803,081 |
| Capital outlay | 20,000 | 16,827 | 3,173 |
| Total Expenditures | 21,373,383 | 17,567,129 | 3,806,254 |
| Excess of Revenues over (under) Expenditures | (11,724,188) | (10,125,923) | 1,598,265 |
| Other Financing Sources (uses) | | | |
| Transfers in | 11,724,188 | 8,996,448 | (2,727,740) |
| Net change in Fund Balances | - | (1,129,475) | (1,129,475) |
| Fund Balances, beginning of year | 2,580,560 | 2,580,560 | - |
| Fund Balances, end of year | <u>\$ 2,580,560</u> | <u>\$ 1,451,085</u> | <u>\$ (1,129,475)</u> |

MACOMB COUNTY, MICHIGAN
Budgetary Comparison Schedule (GAAP Basis) - Community Corrections
Year Ended December 31, 2014

| | (Unaudited) Final Budget | Actual Amounts | Variance with Final Budget Favorable (Unfavorable) |
|--|--------------------------------|-------------------|---|
| Revenues | | | |
| Federal & state grants | \$ 163,556 | \$ 42,333 | \$ (121,223) |
| Other revenue | 3,000 | 4,830 | 1,830 |
| Total Revenues | <u>166,556</u> | <u>47,163</u> | <u>(119,393)</u> |
| Expenditures | | | |
| Public safety | 298,076 | 172,246 | 125,830 |
| Capital outlay | 1,779 | 1,779 | - |
| Total expenditures | <u>299,855</u> | <u>174,025</u> | <u>125,830</u> |
| Excess of Revenues over (under) Expenditures | (133,299) | (126,862) | 6,437 |
| Other Financing Sources (uses) | | | |
| Transfers in | 126,249 | 122,467 | (3,782) |
| Net change in Fund Balances | (7,050) | (4,395) | 2,655 |
| Fund Balances, beginning of year | 7,050 | 7,050 | - |
| Fund Balances, end of year | <u>\$ -</u> | <u>\$ 2,655</u> | <u>\$ 2,655</u> |

MACOMB COUNTY, MICHIGAN
Budgetary Comparison Schedule (GAAP Basis) - Community Corrections
Year Ended September 30, 2014

| | (Unaudited) Final Budget | Actual Amounts | Variance with Final Budget Favorable (Unfavorable) |
|--|--------------------------------|-------------------|---|
| Revenues | | | |
| Federal & state grants | \$ 1,025,540 | \$ 1,005,688 | \$ (19,852) |
| Expenditures | | | |
| Public safety | 1,326,834 | 1,312,505 | 14,329 |
| Capital outlay | 1,000 | 394 | 606 |
| Total Expenditures | <u>1,327,834</u> | <u>1,312,899</u> | <u>14,935</u> |
| Excess of Revenues over (under) Expenditures | (302,294) | (307,211) | (4,917) |
| Other Financing Sources (uses) | | | |
| Transfers in | <u>302,294</u> | <u>359,211</u> | <u>56,917</u> |
| Net change in Fund Balances | - | 52,000 | 52,000 |
| Fund Balances, beginning of year | <u>-</u> | <u>-</u> | <u>-</u> |
| Fund Balances, end of year | <u>\$ -</u> | <u>\$ 52,000</u> | <u>\$ 52,000</u> |

MACOMB COUNTY, MICHIGAN
Budgetary Comparison Schedule (GAAP Basis) - Community Services Agency
Year Ended December 31, 2014

| | (Unaudited) Final Budget | Actual Amounts | Variance with Final Budget Favorable (Unfavorable) |
|---|--------------------------------|---------------------|---|
| Revenues | | | |
| Federal & state grants | \$ 6,840,432 | \$ 2,783,929 | \$ (4,056,503) |
| Charges for services | 936,372 | 436,321 | (500,051) |
| Other revenue | 10,000 | 8,139 | (1,861) |
| Total Revenues | <u>7,786,804</u> | <u>3,228,389</u> | <u>(4,558,415)</u> |
| Expenditures | | | |
| Health and welfare | <u>7,812,974</u> | <u>3,240,505</u> | <u>4,572,469</u> |
| Excess of Revenues over (under) Expenditures | (26,170) | (12,116) | 14,054 |
| Other Financing Sources (uses) | | | |
| Transfers in | - | 9,045,063 | 9,045,063 |
| Transfers out | <u>(110,326)</u> | <u>(110,329)</u> | <u>(3)</u> |
| Total other Financing Sources (uses) | <u>(110,326)</u> | <u>8,934,734</u> | <u>9,045,060</u> |
| Net change in Fund Balances | (136,496) | 8,922,618 | 9,059,114 |
| Fund Balances, beginning of year | <u>416,811</u> | <u>416,811</u> | <u>-</u> |
| Fund Balances, end of year | <u>\$ 280,315</u> | <u>\$ 9,339,429</u> | <u>\$ 9,059,114</u> |

MACOMB COUNTY, MICHIGAN
Budgetary Comparison Schedule (GAAP Basis) - Community Services Agency
Year Ended September 30, 2014

| | (Unaudited) Final Budget | Actual Amounts | Variance with Final Budget Favorable (Unfavorable) |
|--|--------------------------------|---------------------|---|
| Revenues | | | |
| Federal & state grants | \$ 12,389,393 | \$ 12,654,207 | \$ 264,814 |
| Charges for services | 1,933,690 | 474,778 | (1,458,912) |
| Other revenue | 198,346 | 279,422 | 81,076 |
| Total Revenues | 14,521,429 | 13,408,407 | (1,113,022) |
| Expenditures | | | |
| Health and welfare | 15,713,729 | 14,646,126 | 1,067,603 |
| Capital outlay | 270,755 | 215,266 | 55,489 |
| Total Expenditures | 15,984,484 | 14,861,392 | 1,123,092 |
| Excess of Revenues over (under) Expenditures | (1,463,055) | (1,452,985) | 10,070 |
| Other Financing Sources (uses) | | | |
| Transfers in | 1,182,455 | 1,479,714 | 297,259 |
| Net change in Fund Balances | (280,600) | 26,729 | 307,329 |
| Fund Balances, beginning of year | 1,507,962 | 1,507,962 | - |
| Fund Balances, end of year | \$ 1,227,362 | \$ 1,534,691 | \$ 307,329 |

MACOMB COUNTY, MICHIGAN
Budgetary Comparison Schedule (GAAP Basis) - Emergency Management Grants
Year Ended December 31, 2014

| | (Unaudited) Final Budget | Actual Amounts | Variance with Final Budget Favorable (Unfavorable) |
|--|--------------------------------|-----------------------|---|
| Revenues | | | |
| Federal & state grants | \$ 13,424,174 | \$ 10,962,787 | \$ (2,461,387) |
| Other grants | - | 22,024 | 22,024 |
| Total Revenues | 13,424,174 | 10,984,811 | (2,439,363) |
| Expenditures | | | |
| Health and welfare | 12,352,286 | 9,380,420 | 2,971,866 |
| Capital outlay | 1,076,269 | 781,570 | 294,699 |
| Total Expenditures | 13,428,555 | 10,161,990 | 3,266,565 |
| Excess of Revenues over (under) Expenditures | (4,381) | 822,821 | 827,202 |
| Other Financing Sources (uses) | | | |
| Transfers out | (1,262) | (149,502) | (148,240) |
| Net change in Fund Balances | (5,643) | 673,319 | 678,962 |
| Fund Balances, beginning of year | (1,686,268) | (1,686,268) | - |
| Fund Balances, end of year | <u>\$ (1,691,911)</u> | <u>\$ (1,012,949)</u> | <u>\$ 678,962</u> |

MACOMB COUNTY, MICHIGAN
Budgetary Comparison Schedule (GAAP Basis) - Friend of the Court
Year Ended September 30, 2014

| | (Unaudited) Final Budget | Actual Amounts | Variance with Final Budget Favorable (Unfavorable) |
|--|--------------------------------|---------------------|---|
| Revenues | | | |
| Federal & state grants | \$ 6,705,700 | \$ 5,988,400 | \$ (717,300) |
| Charges for services | 822,300 | 893,352 | 71,052 |
| Investment income | - | 206 | 206 |
| Other revenue | - | 347 | 347 |
| Total Revenues | 7,528,000 | 6,882,305 | (645,695) |
| Expenditures | | | |
| Judicial | 10,567,943 | 9,421,926 | 1,146,017 |
| Capital outlay | 11,000 | 8,067 | 2,933 |
| Total Expenditures | 10,578,943 | 9,429,993 | 1,148,950 |
| Excess of Revenues over (under) Expenditures | (3,050,943) | (2,547,688) | 503,255 |
| Other Financing Sources (uses) | | | |
| Transfers in | 3,050,943 | 1,990,719 | (1,060,224) |
| Net change in Fund Balances | - | (556,969) | (556,969) |
| Fund Balances, beginning of year | (390,376) | (390,376) | - |
| Fund Balances, end of year | \$ (390,376) | \$ (947,345) | \$ (556,969) |

MACOMB COUNTY, MICHIGAN
Budgetary Comparison Schedule (GAAP Basis) - Health Grants
Year Ended December 31, 2014

| | (Unaudited) Final Budget | Actual Amounts | Variance with Final Budget Favorable (Unfavorable) |
|------------------------------------|--------------------------------|-------------------|---|
| Revenues | | | |
| Federal & state grants | \$ 63,351 | \$ 10,733 | \$ (52,618) |
| Other grants | 27,000 | 23,863 | (3,137) |
| Charges for services | - | 1,225 | 1,225 |
| Other revenue | - | 8,691 | 8,691 |
| Total Revenues | 90,351 | 44,512 | (45,839) |
| Expenditures | | | |
| Health and welfare | 255,683 | 64,063 | 191,620 |
| Capital outlay | 83,720 | 740 | 82,980 |
| Total Expenditures | 339,403 | 64,803 | 274,600 |
| Net change in Fund Balances | (249,052) | (20,291) | 228,761 |
| Fund Balances, beginning of year | 508,906 | 508,906 | - |
| Fund Balances, end of year | \$ 259,854 | \$ 488,615 | \$ 228,761 |

MACOMB COUNTY, MICHIGAN
Budgetary Comparison Schedule (GAAP Basis) - Health Grants
Year Ended September 30, 2014

| | (Unaudited) Final Budget | Actual Amounts | Variance with Final Budget Favorable (Unfavorable) |
|--|--------------------------------|-------------------|---|
| Revenues | | | |
| Federal & state grants | \$ 3,498,345 | \$ 3,397,877 | \$ (100,468) |
| Charges for services | 439,189 | 599,495 | 160,306 |
| Total Revenues | 3,937,534 | 3,997,372 | 59,838 |
| Expenditures | | | |
| Health and welfare | 5,081,957 | 4,811,249 | 270,708 |
| Capital outlay | 42,289 | 38,711 | 3,578 |
| Total Expenditures | 5,124,246 | 4,849,960 | 274,286 |
| Excess of Revenues over (under) Expenditures | (1,186,712) | (852,588) | 334,124 |
| Other Financing Sources (uses) | | | |
| Transfers in | 1,182,982 | 908,902 | (274,080) |
| Net change in Fund Balances | (3,730) | 56,314 | 60,044 |
| Fund Balances, beginning of year | 624,709 | 624,709 | - |
| Fund Balances, end of year | \$ 620,979 | \$ 681,023 | \$ 60,044 |

MACOMB COUNTY, MICHIGAN
Budgetary Comparison Schedule (GAAP Basis) - Juvenile Drug Court Grants
Year Ended September 30, 2014

| | (Unaudited) Final Budget | Actual Amounts | Variance with Final Budget Favorable (Unfavorable) |
|---|--------------------------------|-------------------|---|
| Revenues | | | |
| Federal & state grants | \$ 16,284 | \$ 14,425 | \$ (1,859) |
| Charges for services | 1,500 | 1,357 | (143) |
| Total Revenues | <u>17,784</u> | <u>15,782</u> | <u>(2,002)</u> |
| Expenditures | | | |
| Judicial | <u>20,822</u> | <u>18,428</u> | <u>2,394</u> |
| Excess of Revenues over (under) Expenditures | (3,038) | (2,646) | 392 |
| Other Financing Sources (uses) | | | |
| Transfers in | <u>3,038</u> | <u>181</u> | <u>(2,857)</u> |
| Net change in Fund Balances | - | (2,465) | (2,465) |
| Fund Balances, beginning of year | <u>613</u> | <u>613</u> | <u>-</u> |
| Fund Balances, end of year | <u>\$ 613</u> | <u>\$ (1,852)</u> | <u>\$ (2,465)</u> |

MACOMB COUNTY, MICHIGAN
Budgetary Comparison Schedule (GAAP Basis) - Macomb/St. Clair Employment and Training
Year Ended December 31, 2014

| | (Unaudited) Final Budget | Actual Amounts | Variance with Final Budget Favorable (Unfavorable) |
|----------------------------------|--------------------------------|-------------------|---|
| Revenues | | | |
| Charges for services | \$ 4,162,798 | \$ 3,518,702 | \$ (644,096) |
| Expenditures | | | |
| Health and welfare | 4,162,798 | 3,518,702 | 644,096 |
| Fund Balances, beginning of year | - | - | - |
| Fund Balances, end of year | \$ - | \$ - | \$ - |

MACOMB COUNTY, MICHIGAN
Budgetary Comparison Schedule (GAAP Basis) - MSU Extension
Year Ended December 31, 2014

| | (Unaudited) Final Budget | Actual Amounts | Variance with Final Budget Favorable (Unfavorable) |
|--|--------------------------------|-------------------|---|
| Revenues | | | |
| Charges for services | \$ 25,620 | \$ 3,219 | \$ (22,401) |
| Expenditures | | | |
| Health and welfare | 108,400 | 39,917 | 68,483 |
| Capital outlay | 2,000 | - | 2,000 |
| Total Expenditures | 110,400 | 39,917 | 70,483 |
| Excess of revenues over (under) expenditures | (84,780) | (36,698) | 48,082 |
| Other financing sources (uses) | | | |
| Transfers out | (300) | (300) | - |
| Net change in Fund Balances | (85,080) | (36,998) | 48,082 |
| Fund Balances, beginning of year | 237,118 | 237,118 | - |
| Fund Balances, end of year | <u>\$ 152,038</u> | <u>\$ 200,120</u> | <u>\$ 48,082</u> |

MACOMB COUNTY, MICHIGAN
Budgetary Comparison Schedule (GAAP Basis) - MSU Extension
Year Ended September 30, 2014

| | (Unaudited) Final Budget | Actual Amounts | Variance with Final Budget Favorable (Unfavorable) |
|----------------------------------|--------------------------------|-------------------|---|
| Expenditures | | | |
| Health and welfare | \$ 79,950 | \$ 37,503 | \$ 42,447 |
| Other financing sources (uses) | | | |
| Transfers in | - | 300 | 300 |
| Net change in Fund Balances | (79,950) | (37,203) | 42,747 |
| Fund Balances, beginning of year | 335,689 | 335,689 | - |
| Fund Balances, end of year | <u>\$ 255,739</u> | <u>\$ 298,486</u> | <u>\$ 42,747</u> |

MACOMB COUNTY, MICHIGAN
Budgetary Comparison Schedule (GAAP Basis) - Prosecuting Attorney Grants
Year Ended December 31, 2014

| | (Unaudited) Final Budget | Actual Amounts | Variance with Final Budget Favorable (Unfavorable) |
|------------------------------------|--------------------------------|-------------------|---|
| Revenues | | | |
| Investment income | \$ - | \$ 39 | \$ 39 |
| Other revenue | - | 76 | 76 |
| Total Revenues | - | 115 | 115 |
| Expenditures | | | |
| Judicial | 5,000 | - | 5,000 |
| Net change in Fund Balances | (5,000) | 115 | 5,115 |
| Fund Balances, beginning of year | 28,230 | 28,230 | - |
| Fund Balances, end of year | \$ 23,230 | \$ 28,345 | \$ 5,115 |

MACOMB COUNTY, MICHIGAN
Budgetary Comparison Schedule (GAAP Basis) - Prosecuting Attorney Grants
Year Ended September 30, 2014

| | (Unaudited) Final Budget | Actual Amounts | Variance with Final Budget Favorable (Unfavorable) |
|---|--------------------------------|---------------------|---|
| Revenues | | | |
| Federal & state grants | \$ 1,356,820 | \$ 1,209,323 | \$ (147,497) |
| Other revenue | 38,609 | 38,609 | - |
| Total Revenues | <u>1,395,429</u> | <u>1,247,932</u> | <u>(147,497)</u> |
| Expenditures | | | |
| Judicial | <u>2,260,436</u> | <u>2,137,032</u> | <u>123,404</u> |
| Excess of Revenues over (under) Expenditures | (865,007) | (889,100) | (24,093) |
| Other Financing Sources (uses) | | | |
| Transfers in | <u>865,007</u> | <u>816,077</u> | <u>(48,930)</u> |
| Net change in Fund Balances | - | (73,023) | (73,023) |
| Fund Balances, beginning of year | <u>(104,037)</u> | <u>(104,037)</u> | <u>-</u> |
| Fund Balances, end of year | <u>\$ (104,037)</u> | <u>\$ (177,060)</u> | <u>\$ (73,023)</u> |

MACOMB COUNTY, MICHIGAN
Budgetary Comparison Schedule (GAAP Basis) - Register of Deeds Remonumentation Fund
Year Ended December 31, 2014

| | (Unaudited) Final Budget | Actual Amounts | Variance with Final Budget Favorable (Unfavorable) |
|----------------------------------|--------------------------------|---------------------|---|
| Revenues | | | |
| Federal & state grants | \$ 232,236 | \$ 215,661 | \$ (16,575) |
| Expenditures | | | |
| General government | 232,236 | 232,236 | - |
| Net change in Fund Balances | - | (16,575) | (16,575) |
| Fund Balances, beginning of year | (122,767) | (122,767) | - |
| Fund Balances, end of year | <u>\$ (122,767)</u> | <u>\$ (139,342)</u> | <u>\$ (16,575)</u> |

MACOMB COUNTY, MICHIGAN
Budgetary Comparison Schedule (GAAP Basis) - Register of Deeds Technology Fund
Year Ended December 31, 2014

| | (Unaudited) Final Budget | Actual Amounts | Variance with Final Budget Favorable (Unfavorable) |
|----------------------------------|--------------------------------|---------------------|---|
| Revenues | | | |
| Charges for services | \$ 900,000 | \$ 902,356 | \$ 2,356 |
| Investment income | - | 4,432 | 4,432 |
| Other revenue | - | 11 | 11 |
| Total Revenues | 900,000 | 906,799 | 6,799 |
| Expenditures | | | |
| General government | 2,304,315 | 1,505,410 | 798,905 |
| Capital outlay | 5,000 | 2,293 | 2,707 |
| Total Expenditures | 2,309,315 | 1,507,703 | 801,612 |
| Net change in Fund Balances | (1,409,315) | (600,904) | 808,411 |
| Fund Balances, beginning of year | 2,469,087 | 2,469,087 | - |
| Fund Balances, end of year | <u>\$ 1,059,772</u> | <u>\$ 1,868,183</u> | <u>\$ 808,411</u> |

MACOMB COUNTY, MICHIGAN
Budgetary Comparison Schedule (GAAP Basis) - Sheriff Grants
Year Ended December 31, 2014

| | (Unaudited) Final Budget | Actual Amounts | Variance with Final Budget Favorable (Unfavorable) |
|--|--------------------------------|---------------------|---|
| Revenues | | | |
| Federal & state grants | \$ 29,226 | \$ 98,031 | \$ 68,805 |
| Charges for services | 100 | 73,819 | 73,719 |
| Fines and forfeitures | - | 198,488 | 198,488 |
| Other revenue | 12,359 | 17,362 | 5,003 |
| Total Revenues | 41,685 | 387,700 | 346,015 |
| Expenditures | | | |
| Public safety | 1,037,227 | 346,125 | 691,102 |
| Capital outlay | 613,643 | 550,554 | 63,089 |
| Total Expenditures | 1,650,870 | 896,679 | 754,191 |
| Excess of Revenues over (under) Expenditures | (1,609,185) | (508,979) | 1,100,206 |
| Other Financing Sources (uses) | | | |
| Transfers out | (287,701) | (150,519) | 137,182 |
| Net change in Fund Balances | (1,896,886) | (659,498) | 1,237,388 |
| Fund Balances, beginning of year | 1,907,989 | 1,907,989 | - |
| Fund Balances, end of year | <u>\$ 11,103</u> | <u>\$ 1,248,491</u> | <u>\$ 1,237,388</u> |

MACOMB COUNTY, MICHIGAN
Budgetary Comparison Schedule (GAAP Basis) - Sheriff Grants
Year Ended September 30, 2014

| | (Unaudited) Final Budget | Actual Amounts | Variance with Final Budget Favorable (Unfavorable) |
|--|--------------------------------|-------------------|---|
| Revenues | | | |
| Federal & state grants | \$ 1,392,711 | \$ 1,204,353 | \$ (188,358) |
| Other grants | 240,588 | 203,361 | (37,227) |
| Fines and forfeitures | 30,000 | 13,808 | (16,192) |
| Total Revenues | 1,663,299 | 1,421,522 | (241,777) |
| Expenditures | | | |
| Public safety | 2,268,597 | 2,012,305 | 256,292 |
| Capital outlay | 27,622 | 25,775 | 1,847 |
| Total Expenditures | 2,296,219 | 2,038,080 | 258,139 |
| Excess of Revenues over (under) Expenditures | (632,920) | (616,558) | 16,362 |
| Other Financing Sources (uses) | | | |
| Transfers in | 649,920 | 545,787 | (104,133) |
| Transfers out | (17,000) | - | 17,000 |
| Total other Financing Sources (uses) | 632,920 | 545,787 | (87,133) |
| Net change in Fund Balances | - | (70,771) | (70,771) |
| Fund Balances, beginning of year | 340,445 | 340,445 | - |
| Fund Balances, end of year | \$ 340,445 | \$ 269,674 | \$ (70,771) |

MACOMB COUNTY, MICHIGAN
Budgetary Comparison Schedule (GAAP Basis) - Social Welfare Fund
Year Ended December 31, 2014

| | (Unaudited) Final Budget | Actual Amounts | Variance with Final Budget Favorable (Unfavorable) |
|----------------------------------|--------------------------------|-------------------|---|
| Revenues | | | |
| Charges for services | \$ 200,000 | \$ 201,592 | \$ 1,592 |
| Expenditures | | | |
| Health and welfare | 200,000 | - | 200,000 |
| Net change in Fund Balances | - | 201,592 | 201,592 |
| Fund Balances, beginning of year | (139,500) | (139,500) | - |
| Fund Balances, end of year | \$ (139,500) | \$ 62,092 | \$ 201,592 |

MACOMB COUNTY, MICHIGAN
Budgetary Comparison Schedule (GAAP Basis) - Urban County Block Grant
Year Ended December 31, 2014

| | (Unaudited) Final Budget | Actual Amounts | Variance with Final Budget Favorable (Unfavorable) |
|--|--------------------------------|--------------------|---|
| Revenues | | | |
| Federal & state grants | \$ 1,594,791 | \$ 225,182 | \$ (1,369,609) |
| Charges for services | 52,000 | 8,802 | (43,198) |
| Other revenue | 151,575 | 128,426 | (23,149) |
| Total Revenues | 1,798,366 | 362,410 | (1,435,956) |
| Expenditures | | | |
| Public works | 27,000 | 7,019 | 19,981 |
| Health and welfare | 1,881,781 | 332,462 | 1,549,319 |
| Capital outlay | 25,000 | - | 25,000 |
| Total Expenditures | 1,933,781 | 339,481 | 1,594,300 |
| Excess of Revenues over (under) Expenditures | (135,415) | 22,929 | 158,344 |
| Other Financing Sources (uses) | | | |
| Transfers in | - | 708,975 | 708,975 |
| Transfers out | (8,759,412) | (9,045,063) | (285,651) |
| Total other Financing Sources (uses) | (8,759,412) | (8,336,088) | 423,324 |
| Net change in Fund Balances | (8,894,827) | (8,313,159) | 581,668 |
| Fund Balances, beginning of year | 8,940,112 | 8,940,112 | - |
| Fund Balances, end of year | <u>\$ 45,285</u> | <u>\$ 626,953</u> | <u>\$ 581,668</u> |

MACOMB COUNTY, MICHIGAN
Budgetary Comparison Schedule (GAAP Basis) - Veterans' Affairs Fund
Year Ended December 31, 2014

| | (Unaudited) Final Budget | Actual Amounts | Variance with Final Budget Favorable (Unfavorable) |
|------------------------------------|--------------------------------|---------------------|---|
| Revenues | | | |
| Property taxes | \$ 956,149 | \$ 961,002 | \$ - |
| Charges for services | 18,150 | 18,150 | - |
| Total Revenues | <u>974,299</u> | <u>979,152</u> | <u>-</u> |
| Expenditures | | | |
| Health and welfare | 1,292,497 | 1,021,543 | 270,954 |
| Capital outlay | 8,000 | 7,019 | 981 |
| Total Expenditures | <u>1,300,497</u> | <u>1,028,562</u> | <u>271,935</u> |
| Net change in Fund Balances | (326,198) | (49,410) | 271,935 |
| Fund Balances, beginning of year | <u>1,154,444</u> | <u>1,154,444</u> | <u>-</u> |
| Fund Balances, end of year | <u>\$ 828,246</u> | <u>\$ 1,105,034</u> | <u>\$ 271,935</u> |

MACOMB COUNTY, MICHIGAN
Budgetary Comparison Schedule (GAAP Basis) - Veterans Trust Fund
Year Ended September 30, 2014

| | (Unaudited) Final Budget | Actual Amounts | Variance with Final Budget Favorable (Unfavorable) |
|----------------------------------|--------------------------------|-------------------|---|
| Revenues | | | |
| Federal & state grants | \$ 148,320 | \$ 148,320 | \$ - |
| Expenditures | | | |
| Health and welfare | 148,320 | 127,755 | 20,565 |
| Net change in Fund Balances | - | 20,565 | 20,565 |
| Fund Balances, beginning of year | - | - | - |
| Fund Balances, end of year | \$ - | \$ 20,565 | \$ 20,565 |

MACOMB COUNTY, MICHIGAN
 Budgetary Comparison Schedule (GAAP Basis) - Other Special Revenue
 Year Ended December 31, 2014

| | (Unaudited) Final Budget | Actual Amounts | Variance with Final Budget Favorable (Unfavorable) |
|----------------------------------|--------------------------------|-------------------|---|
| Revenues | | | |
| Other revenue | \$ 9,096 | \$ - | \$ (9,096) |
| Expenditures | | | |
| General government | 9,096 | - | 9,096 |
| Net change in Fund Balances | - | - | - |
| Fund Balances, beginning of year | 10,734 | 10,734 | - |
| Fund Balances, end of year | \$ 10,734 | \$ 10,734 | \$ - |

MACOMB COUNTY, MICHIGAN
Budgetary Comparison Schedule (GAAP Basis) - Debt Service
Year Ended December 31, 2014

| | (Unaudited) Final Budget | Actual Amounts | Variance with Final Budget Favorable (Unfavorable) |
|--|--------------------------------|-------------------|---|
| Revenues | | | |
| Taxes | \$ 119,515 | \$ 119,611 | \$ 96 |
| Expenditures | | | |
| Public works | 174,621 | 137,088 | 37,533 |
| Debt service | | | |
| Principal | 3,880,000 | 3,880,000 | - |
| Interest and fees | 1,547,561 | 1,302,027 | 245,534 |
| Bond issuance costs | 108,647 | 108,147 | (500) |
| Total Expenditures | 5,710,829 | 5,427,262 | 282,567 |
| Excess of Revenues over (under) Expenditures | (5,591,314) | (5,307,651) | 282,663 |
| Other Financing Sources (uses) | | | |
| Face amount of long-term debt | 15,155,000 | 15,155,000 | - |
| Transfers in | 4,749,017 | 4,749,017 | - |
| Bond (discounts) premiums | 1,403,647 | 1,403,647 | - |
| Payment to refunding debt escrow agent | (16,450,000) | (16,450,000) | - |
| Total other Financing Sources (uses) | 4,857,664 | 4,857,664 | - |
| Net change in Fund Balances | (733,650) | (449,987) | 282,663 |
| Fund Balances, beginning of year | 3,049,441 | 3,049,441 | - |
| Fund Balances, end of year | \$ 2,315,791 | \$ 2,599,454 | \$ 282,663 |

MACOMB COUNTY, MICHIGAN
Combining Balance Sheet
Nonmajor Capital Projects Funds
December 31, 2014

| | Bridge Program | Capital Improvement Fund | Circuit Court E-Filing | Communication Center |
|---|-------------------|-----------------------------|---------------------------|-------------------------|
| Assets | | | | |
| Cash and pooled investments | \$ 145,531 | \$ 5,072,315 | \$ 163,075 | \$ 1,169,725 |
| Accounts receivable, net | 649,176 | - | 5,440 | - |
| Due from other governments | - | - | - | 284,891 |
| Other assets | - | - | - | 46,918 |
| Total Assets | \$ 794,707 | \$ 5,072,315 | \$ 168,515 | \$ 1,501,534 |
| Liabilities, Deferred Inflows of Resources and Fund Balances | | | | |
| Liabilities | | | | |
| Accounts payable | \$ 145,531 | \$ - | \$ 9,585 | \$ 112,733 |
| Accrued liabilities | - | - | - | - |
| Due to governmental funds | - | - | - | 1,370,596 |
| Total Liabilities | 145,531 | - | 9,585 | 1,483,329 |
| Deferred Inflows of Resources | | | | |
| Unavailable grants and other charges | 649,176 | - | - | - |
| Fund Balances | | | | |
| Nonspendable for: | | | | |
| Prepaid items | - | - | - | 46,918 |
| Restricted for: | | | | |
| Capital projects | - | - | - | - |
| Assigned for: | | | | |
| Capital projects | - | 5,072,315 | 158,930 | - |
| Unassigned | - | - | - | (28,713) |
| Total Fund Balances | - | 5,072,315 | 158,930 | 18,205 |
| Total Liabilities, Deferred Inflows of Resources and Fund Balances | \$ 794,707 | \$ 5,072,315 | \$ 168,515 | \$ 1,501,534 |

MACOMB COUNTY, MICHIGAN
Combining Balance Sheet
Nonmajor Capital Projects Funds (continued)
December 31, 2014

| | Dept of Roads (1) | District Court Improvement | E-911 Radio System | E-911 Cellular Fee |
|---|----------------------|-------------------------------|-----------------------|-----------------------|
| Assets | | | | |
| Cash and pooled investments | \$ 1,402,883 | \$ 428,040 | \$ 5,591 | \$ 2,158,355 |
| Accounts receivable, net | - | - | - | - |
| Due from other governments | - | - | - | 341,823 |
| Other assets | - | - | - | 37,478 |
| Total Assets | \$ 1,402,883 | \$ 428,040 | \$ 5,591 | \$ 2,537,656 |
| Liabilities, Deferred Inflows of Resources and Fund Balances | | | | |
| Liabilities | | | | |
| Accounts payable | \$ - | \$ - | \$ - | \$ 1,118,887 |
| Accrued liabilities | - | - | - | - |
| Due to governmental funds | - | - | - | - |
| Total Liabilities | - | - | - | 1,118,887 |
| Deferred Inflows of Resources | | | | |
| Unavailable grants and other charges | - | - | - | - |
| Fund Balances | | | | |
| Nonspendable for: | | | | |
| Prepaid items | - | - | - | 37,478 |
| Restricted for: | | | | |
| Capital projects | 1,402,883 | - | - | 1,381,291 |
| Assigned for: | | | | |
| Capital projects | - | 428,040 | 5,591 | - |
| Unassigned | - | - | - | - |
| Total Fund Balances | 1,402,883 | 428,040 | 5,591 | 1,418,769 |
| Total Liabilities, Deferred Inflows of Resources and Fund Balances | \$ 1,402,883 | \$ 428,040 | \$ 5,591 | \$ 2,537,656 |

(1) - Balance sheet as of September 30, 2014

MACOMB COUNTY, MICHIGAN
Combining Balance Sheet
Nonmajor Capital Projects Funds (continued)
December 31, 2014

| | E-911 Radio Maintenance | Nicholson Nature Center | Orchard Trail |
|---|----------------------------|----------------------------|------------------|
| Assets | | | |
| Cash and pooled investments | \$ 375,385 | \$ 27,960 | \$ 362,939 |
| Accounts receivable, net | 72,125 | - | 7,353 |
| Due from other governments | 265,994 | - | - |
| Other assets | 1,126 | - | - |
| Total Assets | \$ 714,630 | \$ 27,960 | \$ 370,292 |
| Liabilities, Deferred Inflows of Resources and Fund Balances | | | |
| Liabilities | | | |
| Accounts payable | \$ 11,865 | \$ 4,490 | \$ 5,425 |
| Accrued liabilities | - | - | - |
| Due to governmental funds | - | 23,470 | - |
| Total Liabilities | 11,865 | 27,960 | 5,425 |
| Deferred Inflows of Resources | | | |
| Unavailable grants and other charges | 265,994 | - | - |
| Fund Balances | | | |
| Nonspendable for: | | | |
| Prepaid items | 1,126 | - | - |
| Restricted for: | | | |
| Capital projects | 435,645 | - | 4,461 |
| Assigned for: | | | |
| Capital projects | - | - | 360,406 |
| Unassigned | - | - | - |
| Total Fund Balances | 436,771 | - | 364,867 |
| Total Liabilities, Deferred Inflows of Resources and Fund Balances | \$ 714,630 | \$ 27,960 | \$ 370,292 |

MACOMB COUNTY, MICHIGAN
Combining Balance Sheet
Nonmajor Capital Projects Funds (concluded)
December 31, 2014

| | Youth Home Renovation | General County Capital Projects | Totals |
|---|--------------------------|------------------------------------|----------------------|
| Assets | | | |
| Cash and pooled investments | \$ 103,230 | \$ 5,044,728 | \$ 16,459,757 |
| Accounts receivable, net | - | - | 734,094 |
| Due from other governments | - | - | 892,708 |
| Other assets | - | 210,294 | 295,816 |
| | - | 210,294 | 295,816 |
| Total Assets | \$ 103,230 | \$ 5,255,022 | \$ 18,382,375 |
| Liabilities, Deferred Inflows of Resources and Fund Balances | | | |
| Liabilities | | | |
| Accounts payable | \$ - | \$ 3,762,619 | \$ 5,171,135 |
| Accrued liabilities | - | 604,397 | 604,397 |
| Due to governmental funds | - | - | 1,394,066 |
| | - | - | 1,394,066 |
| Total Liabilities | - | 4,367,016 | 7,169,598 |
| Deferred Inflows of Resources | | | |
| Unavailable grants and other charges | - | - | 915,170 |
| | - | - | 915,170 |
| Fund Balances | | | |
| Nonspendable for: | | | |
| Prepaid items | - | 210,294 | 295,816 |
| Restricted for: | | | |
| Capital projects | - | - | 3,224,280 |
| Assigned for: | | | |
| Capital projects | 103,230 | 677,712 | 6,806,224 |
| Unassigned | - | - | (28,713) |
| | - | - | (28,713) |
| Total Fund Balances | 103,230 | 888,006 | 10,297,607 |
| Total Liabilities, Deferred Inflows of Resources and Fund Balances | \$ 103,230 | \$ 5,255,022 | \$ 18,382,375 |

MACOMB COUNTY, MICHIGAN
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Capital Projects Funds
Year Ended December 31, 2014

| | <u>Bridge Program</u> | <u>Capital Improvement Fund</u> | <u>Circuit Court E-Filing</u> | <u>Communication Center</u> |
|--|---------------------------|-------------------------------------|-----------------------------------|---------------------------------|
| Revenues | | | | |
| Federal & state grants | \$ - | \$ - | \$ - | \$ 1,195,320 |
| Other grants | - | - | - | 621,420 |
| Charges for services | 24,045 | - | 64,623 | - |
| Investment income | 762 | - | - | - |
| Other revenue | - | - | - | - |
| Total Revenues | <u>24,807</u> | <u>-</u> | <u>64,623</u> | <u>1,816,740</u> |
| Expenditures | | | | |
| Current | | | | |
| Judicial | - | - | 4,913 | - |
| Public safety | - | - | - | - |
| Public works | 149,272 | - | - | - |
| Recreation and cultural | - | - | - | - |
| Capital outlay | - | - | 38,417 | 1,395,327 |
| Total Expenditures | <u>149,272</u> | <u>-</u> | <u>43,330</u> | <u>1,395,327</u> |
| Excess of Revenues over (under) Expenditures | <u>(124,465)</u> | <u>-</u> | <u>21,293</u> | <u>421,413</u> |
| Other Financing Sources (uses) | | | | |
| Transfers in | 20,572 | 8,201,047 | - | 346,792 |
| Transfers out | - | (17,422,947) | - | - |
| Total Other Financing Sources (uses) | <u>20,572</u> | <u>(9,221,900)</u> | <u>-</u> | <u>346,792</u> |
| Net change in Fund Balances | <u>(103,893)</u> | <u>(9,221,900)</u> | <u>21,293</u> | <u>768,205</u> |
| Fund Balances, beginning of year | <u>103,893</u> | <u>14,294,215</u> | <u>137,637</u> | <u>(750,000)</u> |
| Fund Balances, end of year | <u>\$ -</u> | <u>\$ 5,072,315</u> | <u>\$ 158,930</u> | <u>\$ 18,205</u> |

MACOMB COUNTY, MICHIGAN
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Capital Projects Funds (continued)
Year Ended December 31, 2014

| | Dept of Roads (1) | District Court Improvement | E-911 Radio System | E-911 Cellular Fee |
|---|----------------------|-------------------------------|-----------------------|-----------------------|
| Revenues | | | | |
| Federal & state grants | \$ - | \$ - | \$ - | \$ 451,958 |
| Other grants | | | | |
| Charges for services | - | 38,441 | - | - |
| Investment income | 2,399 | - | 30 | - |
| Other revenue | - | - | - | - |
| Total Revenues | <u>2,399</u> | <u>38,441</u> | <u>30</u> | <u>451,958</u> |
| Expenditures | | | | |
| Current | | | | |
| Judicial | - | - | - | - |
| Public safety | - | - | - | 53,020 |
| Public works | - | - | - | - |
| Recreation and cultural | - | - | - | - |
| Capital outlay | - | 650 | - | 104,434 |
| Total Expenditures | <u>-</u> | <u>650</u> | <u>-</u> | <u>157,454</u> |
| Excess of Revenues over (under) Expenditures | <u>2,399</u> | <u>37,791</u> | <u>30</u> | <u>294,504</u> |
| Other Financing Sources (uses) | | | | |
| Transfers in | 123,545 | - | - | - |
| Transfers out | - | - | - | (111,064) |
| Total Other Financing Sources (uses) | <u>123,545</u> | <u>-</u> | <u>-</u> | <u>(111,064)</u> |
| Net change in Fund Balances | 125,944 | 37,791 | 30 | 183,440 |
| Fund Balances, beginning of year | <u>1,276,939</u> | <u>390,249</u> | <u>5,561</u> | <u>1,235,329</u> |
| Fund Balances, end of year | <u>\$ 1,402,883</u> | <u>\$ 428,040</u> | <u>\$ 5,591</u> | <u>\$ 1,418,769</u> |

(1) - Year ended September 30, 2014

MACOMB COUNTY, MICHIGAN
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Capital Projects Funds (continued)
Year Ended December 31, 2014

| | <u>E-911 Radio Maintenance</u> | <u>Nicholson Nature Center</u> | <u>Orchard Trail</u> |
|--|------------------------------------|------------------------------------|--------------------------|
| Revenues | | | |
| Federal & state grants | \$ - | \$ 101,446 | \$ - |
| Other grants | | | |
| Charges for services | 23,829 | - | 66,830 |
| Investment income | - | - | 746 |
| Other revenue | - | - | 25,000 |
| | <hr/> | <hr/> | <hr/> |
| Total Revenues | 23,829 | 101,446 | 92,576 |
| Expenditures | | | |
| Current | | | |
| Judicial | | | |
| Public safety | 200,279 | - | - |
| Public works | - | - | - |
| Recreation and cultural | - | - | 84,387 |
| Capital outlay | - | 4,490 | 208 |
| | <hr/> | <hr/> | <hr/> |
| Total Expenditures | 200,279 | 4,490 | 84,595 |
| Excess of Revenues over (under) Expenditures | <hr/> | <hr/> | <hr/> |
| | (176,450) | 96,956 | 7,981 |
| Other Financing Sources (uses) | | | |
| Transfers in | - | 32,586 | - |
| Transfers out | - | - | - |
| | <hr/> | <hr/> | <hr/> |
| Total Other Financing Sources (uses) | - | 32,586 | - |
| Net change in Fund Balances | <hr/> | <hr/> | <hr/> |
| | (176,450) | 129,542 | 7,981 |
| Fund Balances, beginning of year | <hr/> | <hr/> | <hr/> |
| | 613,221 | (129,542) | 356,886 |
| Fund Balances, end of year | <hr/> | <hr/> | <hr/> |
| | \$ 436,771 | \$ - | \$ 364,867 |

MACOMB COUNTY, MICHIGAN
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Capital Projects Funds (concluded)
Year Ended December 31, 2014

| | <u>Youth Home Renovation</u> | <u>General County Capital Projects</u> | <u>Totals</u> |
|--|----------------------------------|--|---------------|
| Revenues | | | |
| Federal & state grants | \$ - | \$ 32,320 | \$ 1,781,044 |
| Other grants | - | - | 621,420 |
| Charges for services | - | - | 217,768 |
| Investment income | - | - | 3,937 |
| Other revenue | - | 16 | 25,016 |
| | <hr/> | <hr/> | <hr/> |
| Total Revenues | - | 32,336 | 2,649,185 |
| Expenditures | | | |
| Current | | | |
| Judicial | - | - | 4,913 |
| Public safety | - | - | 253,299 |
| Public works | - | - | 149,272 |
| Recreation and cultural | - | - | 84,387 |
| Capital outlay | - | 15,347,241 | 16,890,767 |
| | <hr/> | <hr/> | <hr/> |
| Total Expenditures | - | 15,347,241 | 17,382,638 |
| Excess of Revenues over (under) Expenditures | - | (15,314,905) | (14,733,453) |
| Other Financing Sources (uses) | | | |
| Transfers in | - | 15,324,381 | 24,048,923 |
| Transfers out | - | - | (17,534,011) |
| | <hr/> | <hr/> | <hr/> |
| Total Other Financing Sources (uses) | - | 15,324,381 | 6,514,912 |
| Net change in Fund Balances | - | 9,476 | (8,218,541) |
| Fund Balances, beginning of year | 103,230 | 878,530 | 18,516,148 |
| | <hr/> | <hr/> | <hr/> |
| Fund Balances, end of year | \$ 103,230 | \$ 888,006 | \$ 10,297,607 |
| | <hr/> <hr/> | <hr/> <hr/> | <hr/> <hr/> |

MACOMB COUNTY, MICHIGAN
Combining Statement of Net Position
Internal Service Funds
December 31, 2014

| | Dept of Roads (1) | Compensated Absences | Equipment Revolving | General Liability Insurance | Workers' Compensation | Employee Fringe Benefits | Totals |
|---|----------------------|-------------------------|------------------------|--------------------------------|--------------------------|-----------------------------|----------------------|
| Assets | | | | | | | |
| Current assets | | | | | | | |
| Cash and pooled investments | \$ 8,713,080 | \$ 11,783,911 | \$ 6,635,602 | \$ 4,098,507 | \$ 10,448,743 | \$ 8,293,265 | \$ 49,973,108 |
| Receivables | | | | | | | |
| Accounts receivable, net | - | - | 327,378 | 2,278,335 | - | - | 2,605,713 |
| Inventories | - | - | 269,024 | - | - | - | 269,024 |
| Due from governmental funds | - | - | - | - | - | 398,364 | 398,364 |
| Due from fiduciary funds | - | - | - | - | - | 6,683,962 | 6,683,962 |
| Other assets | - | - | 46,992 | 426,110 | 161,499 | 1,342,787 | 1,977,388 |
| Total Current Assets | 8,713,080 | 11,783,911 | 7,278,996 | 6,802,952 | 10,610,242 | 16,718,378 | 61,907,559 |
| Noncurrent assets | | | | | | | |
| Capital assets, net: | | | | | | | |
| Assets being depreciated | - | - | 1,677,122 | - | - | - | 1,677,122 |
| Total noncurrent assets | - | - | 1,677,122 | - | - | - | 1,677,122 |
| Total Assets | 8,713,080 | 11,783,911 | 8,956,118 | 6,802,952 | 10,610,242 | 16,718,378 | 63,584,681 |
| Liabilities | | | | | | | |
| Current liabilities | | | | | | | |
| Accounts payable | - | - | 237,117 | 325,139 | - | 1,555,878 | 2,118,134 |
| Due to governmental funds | - | - | 147,200 | - | - | - | 147,200 |
| Compensated absences | - | 1,000,000 | - | - | - | - | 1,000,000 |
| Claims and judgements | 17,961 | - | - | 900,000 | 1,100,000 | - | 2,017,961 |
| Total Current Liabilities | 17,961 | 1,000,000 | 384,317 | 1,225,139 | 1,100,000 | 1,555,878 | 5,283,295 |
| Noncurrent Liabilities | | | | | | | |
| Claims and judgements | 11,889 | - | - | 2,894,642 | 2,631,497 | - | 5,538,028 |
| Compensated absences | - | 10,629,115 | - | - | - | - | 10,629,115 |
| Advances from other funds | - | - | 295,000 | - | - | - | 295,000 |
| Total Noncurrent Liabilities | 11,889 | 10,629,115 | 295,000 | 2,894,642 | 2,631,497 | - | 16,462,143 |
| Total Liabilities | 29,850 | 11,629,115 | 679,317 | 4,119,781 | 3,731,497 | 1,555,878 | 21,745,438 |
| Net Position | | | | | | | |
| Net investment in capital assets | - | - | 1,677,122 | - | - | - | 1,677,122 |
| Restricted for: | | | | | | | |
| Department of Roads liability insurance | 8,683,230 | - | - | - | - | - | 8,683,230 |
| Unrestricted | - | 154,796 | 6,599,679 | 2,683,171 | 6,878,745 | 15,162,500 | 31,478,891 |
| Total Net Position | \$ 8,683,230 | \$ 154,796 | \$ 8,276,801 | \$ 2,683,171 | \$ 6,878,745 | \$ 15,162,500 | \$ 41,839,243 |

(1) - Balance sheet as of September 30, 2014

MACOMB COUNTY, MICHIGAN
Combining Statement of Revenues, Expenses and Changes in Net Position
Internal Service Funds
Year Ended December 31, 2014

| | Dept of Roads (1) | Compensated Absences | Equipment Revolving | General Liability Insurance | Workers' Compensation | Employee Fringe Benefits | Totals |
|--------------------------------------|----------------------|-------------------------|------------------------|--------------------------------|--------------------------|-----------------------------|---------------|
| Operating Revenues | | | | | | | |
| Charges for services | \$ - | \$ 923,333 | \$ 3,543,621 | \$ 9,878,916 | \$ 1,355,280 | \$ 53,147,072 | \$ 68,848,222 |
| Operating Expenses | | | | | | | |
| Benefits and claims expenses | 424,234 | 1,037,161 | - | 6,064,860 | 1,029,056 | 56,237,655 | 64,792,866 |
| Supplies and services | - | - | 3,386,345 | - | - | - | 3,386,345 |
| Depreciation | - | - | 573,391 | - | - | - | 573,391 |
| Capital outlay | - | - | 17,946 | - | - | - | 17,946 |
| Total Operating Expenses | 424,234 | 1,037,161 | 3,977,682 | 6,064,860 | 1,029,056 | 56,237,655 | 68,770,648 |
| Operating Income (loss) | (424,234) | (113,828) | (434,061) | 3,814,056 | 326,224 | (3,090,583) | 77,574 |
| Nonoperating Revenues | | | | | | | |
| Investment income | 16,300 | - | - | - | - | - | 16,300 |
| Total Nonoperating Revenues | 16,300 | - | - | - | - | - | 16,300 |
| Income before Transfers | (407,934) | (113,828) | (434,061) | 3,814,056 | 326,224 | (3,090,583) | 93,874 |
| Transfers | | | | | | | |
| Transfers in | - | - | - | 2,111,622 | - | - | 2,111,622 |
| Transfers out | - | - | - | (8,201,047) | - | - | (8,201,047) |
| Net Operating Transfers | - | - | - | (6,089,425) | - | - | (6,089,425) |
| Increase (decrease) in net positions | (407,934) | (113,828) | (434,061) | (2,275,369) | 326,224 | (3,090,583) | (5,995,551) |
| Net Position, beginning of year | 9,091,164 | 268,624 | 8,710,862 | 4,958,540 | 6,552,521 | 18,253,083 | 47,834,794 |
| Net Position, end of year | \$ 8,683,230 | \$ 154,796 | \$ 8,276,801 | \$ 2,683,171 | \$ 6,878,745 | \$ 15,162,500 | \$ 41,839,243 |

(1) - Year ended September 30, 2014

MACOMB COUNTY, MICHIGAN
Combining Statement of Cash Flows - Internal Service Funds
Year Ended December 31, 2014

| | 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 | \$ - | \$ 923,333 | \$ 3,585,257 | \$ 7,600,581 | \$ 1,355,280 | \$ 52,829,582 | \$ 66,294,033 |
| Cash payments to employees | - | (1,256,890) | - | - | - | - | (1,256,890) |
| Cash payments to suppliers | (424,667) | - | (3,387,485) | (4,939,950) | (1,430,723) | (59,468,291) | (69,651,116) |
| Net cash provided by (used in) operating activities | (424,667) | (333,557) | 197,772 | 2,660,631 | (75,443) | (6,638,709) | (4,613,973) |
| Cash flows from noncapital financing activities | | | | | | | |
| Transfers in | - | - | - | 2,111,622 | - | - | 2,111,622 |
| Transfers out | - | - | - | (8,201,047) | - | - | (8,201,047) |
| Net cash provided by (used in) noncapital financing activities | - | - | - | (6,089,425) | - | - | (6,089,425) |
| Cash flows from capital and related financing activities | | | | | | | |
| Acquisition of capital assets | - | - | (377,107) | - | - | - | (377,107) |
| Cash flows from investing activities | | | | | | | |
| Interest received on investments | 16,300 | - | - | - | - | - | 16,300 |
| Increase (decrease) in cash and pooled investments | (408,367) | (333,557) | (179,335) | (3,428,794) | (75,443) | (6,638,709) | (11,064,205) |
| Cash and pooled investments, beginning of year | 9,121,447 | 12,117,468 | 6,814,937 | 7,527,301 | 10,524,186 | 14,931,974 | 61,037,313 |
| Cash and pooled investments, end of year | \$ 8,713,080 | \$ 11,783,911 | \$ 6,635,602 | \$ 4,098,507 | \$ 10,448,743 | \$ 8,293,265 | \$ 49,973,108 |
| Reconciliation of operating income to net cash provided (used) by operating activities | | | | | | | |
| Operating income (loss) | \$ (424,234) | \$ (113,828) | \$ (434,061) | \$ 3,814,056 | \$ 326,224 | \$ (3,090,583) | \$ 77,574 |
| Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities: | | | | | | | |
| Depreciation | - | - | 573,391 | - | - | - | 573,391 |
| Changes in assets and liabilities: | | | | | | | |
| Accounts receivable | - | - | 1,482 | (2,278,335) | - | - | (2,276,853) |
| Inventory | - | - | (11,196) | - | - | - | (11,196) |
| Due from other funds | - | - | - | - | - | (317,490) | (317,490) |
| Other assets | - | - | 40,154 | (3,139) | (81,499) | (964,419) | (1,008,903) |
| Accounts payable | - | - | 28,002 | 88,045 | (106,323) | (2,266,217) | (2,256,493) |
| Accrued employee benefits | - | (219,729) | - | - | - | - | (219,729) |
| Accrued claims and judgements | (433) | - | - | 1,040,004 | (213,845) | - | 825,726 |
| Net cash provided by (used in) operating activities | \$ (424,667) | \$ (333,557) | \$ 197,772 | \$ 2,660,631 | \$ (75,443) | \$ (6,638,709) | \$ (4,613,973) |

(1) - Balance sheet as of September 30, 2014

MACOMB COUNTY, MICHIGAN
Combining Statement of Fiduciary Net Position
Pension and Other Employee Benefit Trust Funds
December 31, 2014

| | <u>Employees'</u> <u>Retirement Fund</u> | <u>Retiree Health</u> <u>Care Fund</u> | <u>Total</u> |
|---|---|---|-------------------------|
| Assets | | | |
| Cash and pooled investments | \$ 21,189,473 | \$ 95,690 | \$ 21,285,163 |
| Receivables | | | |
| Accrued interest | 450,730 | 1,404,395 | 1,855,125 |
| Other | 972,508 | - | 972,508 |
| Due from other funds | 100,871 | - | 100,871 |
| Other assets | 8,684 | - | 8,684 |
| | <u>1,532,793</u> | <u>1,404,395</u> | <u>2,937,188</u> |
| | | | |
| Investments, at fair value | | | |
| Corporate bonds | 96,572 | - | 96,572 |
| Common stock | 382,423,181 | 1,125,005 | 383,548,186 |
| Foreign stock | - | 26,247,720 | 26,247,720 |
| Limited partnership | 253,467,096 | - | 253,467,096 |
| Real estate investment trusts | - | 27,051,541 | 27,051,541 |
| Fixed income common collective trusts | 64,002,516 | 36,682,688 | 100,685,204 |
| Equity common collective trusts | 223,013,253 | 90,635,052 | 313,648,305 |
| | <u>923,002,618</u> | <u>181,742,006</u> | <u>1,104,744,624</u> |
| | | | |
| Total Assets | <u>945,724,884</u> | <u>183,242,091</u> | <u>1,128,966,975</u> |
| | | | |
| Liabilities | | | |
| Accounts payable | 1,444,085 | 2,324,264 | 3,768,349 |
| Accrued compensation and benefits | 4,024,639 | - | 4,024,639 |
| Due to governmental funds | - | 6,683,962 | 6,683,962 |
| Due to fiduciary funds | - | 100,871 | 100,871 |
| | <u>5,468,724</u> | <u>9,109,097</u> | <u>14,577,821</u> |
| | | | |
| Net Position | | | |
| Net position held in trust for pension and other postemployment benefits | <u>\$ 940,256,160</u> | <u>\$ 174,132,994</u> | <u>\$ 1,114,389,154</u> |

MACOMB COUNTY, MICHIGAN
Combining Statement of Changes In Fiduciary Net Position
Pension and Other Employee Benefit Trust Funds
Year Ended December 31, 2014

| | <u>Employees'</u> <u>Retirement Fund</u> | <u>Retiree Health</u> <u>Care Fund</u> | <u>Total</u> |
|--|---|---|-------------------------|
| Additions | | | |
| Contributions | | | |
| Employer | \$ 22,152,820 | \$ 16,844,894 | \$ 38,997,714 |
| Employee | 3,597,063 | 882,817 | 4,479,880 |
| | <u>25,749,883</u> | <u>17,727,711</u> | <u>43,477,594</u> |
| Investment Income | | | |
| Net appreciation in fair value of assets | 60,282,265 | 2,926,360 | 63,208,625 |
| Interest | 85,129 | 15,400,610 | 15,485,739 |
| Dividends | 9,828,546 | - | 9,828,546 |
| | <u>70,195,940</u> | <u>18,326,970</u> | <u>88,522,910</u> |
| Less investment expenses | | | |
| Management and custodial fees | 5,782,515 | 105,370 | 5,887,885 |
| | <u>64,413,425</u> | <u>18,221,600</u> | <u>82,635,025</u> |
| Net investment income | <u>64,413,425</u> | <u>18,221,600</u> | <u>82,635,025</u> |
| Total Additions | <u>90,163,308</u> | <u>35,949,311</u> | <u>126,112,619</u> |
| Deductions | | | |
| Benefit payments | 57,744,672 | 16,958,346 | 74,703,018 |
| Refunds of contributions | 328,355 | - | 328,355 |
| Administrative expense | 523,640 | 3,705 | 527,345 |
| | <u>58,596,667</u> | <u>16,962,051</u> | <u>75,558,718</u> |
| Total Deductions | <u>58,596,667</u> | <u>16,962,051</u> | <u>75,558,718</u> |
| Net increase in Net Position | 31,566,641 | 18,987,260 | 50,553,901 |
| Net Position | | | |
| Beginning of year | <u>908,689,519</u> | <u>155,145,734</u> | <u>1,063,835,253</u> |
| End of year | <u>\$ 940,256,160</u> | <u>\$ 174,132,994</u> | <u>\$ 1,114,389,154</u> |

MACOMB COUNTY, MICHIGAN
Combining Statement of Fiduciary Net Position
Agency Funds
December 31, 2014

| | <u>Trust and Agency</u> | <u>Payroll and Benefits</u> | <u>Miscellaneous Agency Funds</u> | <u>Total</u> |
|-----------------------------------|-------------------------|-----------------------------|---------------------------------------|----------------------|
| Assets | | | | |
| Cash and pooled investments | \$ 7,461,246 | \$ 1,974 | \$ 2,608,464 | \$ 10,071,684 |
| Receivables | | | | |
| Other | 428,478 | 20,045 | 65,909 | 514,432 |
| Due from other governments | 18,711 | - | - | 18,711 |
| Other assets | 164,333 | 388,504 | 586 | 553,423 |
| | <u>164,333</u> | <u>388,504</u> | <u>586</u> | <u>553,423</u> |
| Total Assets | <u>\$ 8,072,768</u> | <u>\$ 410,523</u> | <u>\$ 2,674,959</u> | <u>\$ 11,158,250</u> |
| Liabilities | | | | |
| Accounts payable | \$ 3,066,277 | \$ 187,789 | \$ 1,150,935 | \$ 4,405,001 |
| Accrued compensation and benefits | - | 222,734 | - | 222,734 |
| Deposits | 4,641,846 | - | 1,510,796 | 6,152,642 |
| Due to other governments | 364,645 | - | 13,228 | 377,873 |
| | <u>364,645</u> | <u>-</u> | <u>13,228</u> | <u>377,873</u> |
| Total Liabilities | <u>\$ 8,072,768</u> | <u>\$ 410,523</u> | <u>\$ 2,674,959</u> | <u>\$ 11,158,250</u> |

MACOMB COUNTY, MICHIGAN
Combined Statement of Changes in Fiduciary Net Position
Agency Funds
Year Ended December 31, 2014

| | <u>Balance 12/31/2013</u> | <u>Additions</u> | <u>Deletions</u> | <u>Balance 12/31/2014</u> |
|-----------------------------------|-------------------------------|-----------------------|-----------------------|-------------------------------|
| Assets | | | | |
| Cash and pooled investments | \$ 9,705,365 | \$ 578,437,119 | \$ 578,070,800 | \$ 10,071,684 |
| Receivables | | | | |
| Other | 458,260 | 1,185,223 | 1,129,051 | 514,432 |
| Due from other governments | - | 106,215 | 87,504 | 18,711 |
| Other assets | 346,030 | 1,162,758 | 955,365 | 553,423 |
| | <u>346,030</u> | <u>1,162,758</u> | <u>955,365</u> | <u>553,423</u> |
| Total Assets | <u>\$ 10,509,655</u> | <u>\$ 580,891,315</u> | <u>\$ 580,242,720</u> | <u>\$ 11,158,250</u> |
| Liabilities | | | | |
| Accounts payable | \$ 1,543,537 | \$ 220,942,727 | \$ 218,081,263 | \$ 4,405,001 |
| Accrued compensation and benefits | 200,376 | 40,581,172 | 40,558,814 | 222,734 |
| Deposits | 6,417,170 | 38,182,163 | 38,446,691 | 6,152,642 |
| Due to other governments | 2,348,572 | 166,379,425 | 168,350,124 | 377,873 |
| | <u>2,348,572</u> | <u>166,379,425</u> | <u>168,350,124</u> | <u>377,873</u> |
| Total Liabilities | <u>\$ 10,509,655</u> | <u>\$ 466,085,487</u> | <u>\$ 465,436,892</u> | <u>\$ 11,158,250</u> |

MACOMB COUNTY, MICHIGAN
Statement of Changes in Assets and Liabilities
Trust and Agency Fund
Year Ended December 31, 2014

| | <u>Balance 12/31/2013</u> | <u>Additions</u> | <u>Deletions</u> | <u>Balance 12/31/2014</u> |
|-----------------------------|-------------------------------|-----------------------|-----------------------|-------------------------------|
| Assets | | | | |
| Cash and pooled investments | \$ 6,726,095 | \$ 86,061,177 | \$ 85,326,026 | \$ 7,461,246 |
| Receivables | | | | |
| Other | 345,696 | 493,943 | 411,161 | 428,478 |
| Due from other governments | - | 106,215 | 87,504 | 18,711 |
| Other assets | 70,305 | 1,046,672 | 952,644 | 164,333 |
| | <u>7,142,096</u> | <u>1,046,672</u> | <u>952,644</u> | <u>164,333</u> |
| Total Assets | \$ 7,142,096 | \$ 87,708,007 | \$ 86,777,335 | \$ 8,072,768 |
| Liabilities | | | | |
| Accounts payable | \$ 250,320 | \$ 40,495,275 | \$ 37,679,318 | \$ 3,066,277 |
| Deposits | 4,553,166 | 36,970,505 | 36,881,825 | 4,641,846 |
| Due to other governments | 2,338,610 | 29,769,503 | 31,743,468 | 364,645 |
| | <u>2,338,610</u> | <u>29,769,503</u> | <u>31,743,468</u> | <u>364,645</u> |
| Total Liabilities | \$ 7,142,096 | \$ 107,235,283 | \$ 106,304,611 | \$ 8,072,768 |

MACOMB COUNTY, MICHIGAN
Statement of Changes in Assets and Liabilities
Payroll and Benefits Agency Funds
Year Ended December 31, 2014

| | <u>Balance 12/31/2013</u> | <u>Additions</u> | <u>Deletions</u> | <u>Balance 12/31/2014</u> |
|-----------------------------------|-------------------------------|----------------------|----------------------|-------------------------------|
| Assets | | | | |
| Cash and pooled investments | \$ 1,974 | \$ - | \$ - | \$ 1,974 |
| Receivables | | | | |
| Other | 11,548 | 8,497 | - | 20,045 |
| Other assets | 273,901 | 115,500 | 897 | 388,504 |
| | <u>287,423</u> | <u>123,997</u> | <u>897</u> | <u>410,523</u> |
| Total Assets | <u>\$ 287,423</u> | <u>\$ 123,997</u> | <u>\$ 897</u> | <u>\$ 410,523</u> |
| Liabilities | | | | |
| Accounts payable | \$ 87,047 | \$ 43,124,019 | \$ 43,023,277 | \$ 187,789 |
| Accrued compensation and benefits | 200,376 | 40,581,172 | 40,558,814 | 222,734 |
| Due to governmental funds | - | 200,273 | 200,273 | - |
| | <u>287,423</u> | <u>83,905,464</u> | <u>83,782,364</u> | <u>410,523</u> |
| Total Liabilities | <u>\$ 287,423</u> | <u>\$ 83,905,464</u> | <u>\$ 83,782,364</u> | <u>\$ 410,523</u> |

MACOMB COUNTY, MICHIGAN
Statement of Changes in Assets and Liabilities
Miscellaneous Agency Funds
Year Ended December 31, 2014

| | Balance 12/31/2013 | Additions | Deletions | Balance 12/31/2014 |
|-----------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Assets | | | | |
| Cash and pooled investments | \$ 2,977,296 | \$ 492,375,942 | \$ 492,744,774 | \$ 2,608,464 |
| Receivables | | | | |
| Other | 101,016 | 682,783 | 717,890 | 65,909 |
| Other assets | 1,824 | 586 | 1,824 | 586 |
| | <u>3,080,136</u> | <u>493,059,311</u> | <u>493,464,488</u> | <u>2,674,959</u> |
| Total Assets | <u>\$ 3,080,136</u> | <u>\$ 493,059,311</u> | <u>\$ 493,464,488</u> | <u>\$ 2,674,959</u> |
| Liabilities | | | | |
| Accounts payable | \$ 1,206,170 | \$ 137,323,433 | \$ 137,378,668 | \$ 1,150,935 |
| Deposits | 1,864,004 | 1,211,658 | 1,564,866 | 1,510,796 |
| Due to other governments | 9,962 | 136,609,922 | 136,606,656 | 13,228 |
| | <u>3,080,136</u> | <u>275,145,013</u> | <u>275,550,190</u> | <u>2,674,959</u> |
| Total Liabilities | <u>\$ 3,080,136</u> | <u>\$ 275,145,013</u> | <u>\$ 275,550,190</u> | <u>\$ 2,674,959</u> |

MACOMB COUNTY, MICHIGAN
Combining Balance Sheet - Governmental Funds
Drainage Districts Component Unit
September 30, 2014

| | <u>Special Revenue</u> | <u>Capital Projects</u> | <u>Debt Service</u> | <u>Total</u> |
|---|----------------------------|-----------------------------|-------------------------|-----------------------|
| Assets | | | | |
| Cash and pooled investments | \$ 9,383,481 | \$ 24,841,270 | \$ 5,310,156 | \$ 39,534,907 |
| Restricted cash - unspent bond proceeds | - | 9,511,224 | - | 9,511,224 |
| Special assessments receivable | - | - | 260,866,012 | 260,866,012 |
| Accrued interest receivable | - | - | 130,821 | 130,821 |
| Accounts receivable, net | 6,940,125 | 496,306 | 44,042 | 7,480,473 |
| Due from governmental funds | 51,241 | 840,928 | 411 | 892,580 |
| | <u>16,374,847</u> | <u>35,689,728</u> | <u>266,351,442</u> | <u>318,416,017</u> |
| Total Assets | \$ 16,374,847 | \$ 35,689,728 | \$266,351,442 | \$ 318,416,017 |
| Liabilities, Deferred Inflows of Resources and Fund Balances | | | | |
| Liabilities | | | | |
| Accounts payable | \$ 12,891,020 | \$ 5,546,256 | \$ - | \$ 18,437,276 |
| Due to governmental funds | 21,923 | 867,717 | 2,940 | 892,580 |
| Unearned revenue | - | 45,731 | 9,519,986 | 9,565,717 |
| | <u>12,912,943</u> | <u>6,459,704</u> | <u>9,522,926</u> | <u>28,895,573</u> |
| Total Liabilities | 12,912,943 | 6,459,704 | 9,522,926 | 28,895,573 |
| Deferred Inflows of Resources | | | | |
| Unavailable property taxes and assessments | - | - | 251,354,788 | 251,354,788 |
| Fund Balances | | | | |
| Restricted for: | | | | |
| Debt service | - | - | 5,473,728 | 5,473,728 |
| Assigned | | | | |
| Public Works | 3,461,904 | - | - | 3,461,904 |
| Unassigned | - | 29,230,024 | - | 29,230,024 |
| | <u>3,461,904</u> | <u>29,230,024</u> | <u>5,473,728</u> | <u>38,165,656</u> |
| Total Fund Balances | 3,461,904 | 29,230,024 | 5,473,728 | 38,165,656 |
| Total Liabilities, Deferred Inflows of Resources and Fund Balances | \$ 16,374,847 | \$ 35,689,728 | \$266,351,442 | \$ 318,416,017 |

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, 2014

Total fund balances for governmental funds \$ 38,165,656

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 | 376,467,395 |
| Construction in progress | 45,403,911 |
| Accumulated depreciation | (111,483,593) |

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 | (253,647,975) |
| Bonds issued during the current year | (33,143,333) |
| Bonds refunded during the year | 14,335,000 |
| Bond principal repayments | 11,590,304 |
| Unamortized bond premiums | (2,926,374) |
| Unamortized bond discounts | 1,435,615 |

Special assessments receivable are not available to pay for current expenditures and therefore are recorded as deferred inflows of resources in the governmental funds 251,354,788

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 (3,257,997)

Net position of governmental activities reported in the Government-Wide Statement of Net Position \$ 336,285,825

MACOMB COUNTY, MICHIGAN
Combining Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds
Drainage Districts Component Unit
Year Ended September 30, 2014

| | <u>Special Revenue</u> | <u>Capital Projects</u> | <u>Debt Service</u> | <u>Total</u> |
|--|----------------------------|-----------------------------|-------------------------|----------------------|
| Revenues | | | | |
| Federal & State grants | \$ 430,528 | \$ 122,788 | \$ - | \$ 553,316 |
| Charges for services | 50,516,051 | 4,221,505 | 87,905 | 54,825,461 |
| Investment income | 7,990 | 67,038 | 8,457,371 | 8,532,399 |
| Special assessments | - | 178,906 | 10,597,051 | 10,775,957 |
| | <u>50,954,569</u> | <u>4,590,237</u> | <u>19,142,327</u> | <u>74,687,133</u> |
| Expenditures | | | | |
| Current | | | | |
| Public works | 73,124,582 | - | - | 73,124,582 |
| Capital outlay | - | 14,740,613 | - | 14,740,613 |
| Debt service | | | | |
| Principal | - | - | 11,590,304 | 11,590,304 |
| Interest and fees | - | 2,708 | 8,866,795 | 8,869,503 |
| Bond issuance costs | - | - | 138,749 | 138,749 |
| | <u>73,124,582</u> | <u>14,743,321</u> | <u>20,595,848</u> | <u>108,463,751</u> |
| Excess of Revenues over (under) Expenditures | (22,170,013) | (10,153,084) | (1,453,521) | (33,776,618) |
| Other Financing Sources (uses) | | | | |
| Issuance of debt | 19,418,333 | - | 13,725,000 | 33,143,333 |
| Transfers in | - | 1,046,721 | 1,198,422 | 2,245,143 |
| Transfers out | (1,209,004) | (1,036,000) | (139) | (2,245,143) |
| Bond (discounts) premiums | - | - | 1,089,251 | 1,089,251 |
| Payment to refunding debt escrow agent | - | - | (14,675,502) | (14,675,502) |
| | <u>18,209,329</u> | <u>10,721</u> | <u>1,337,032</u> | <u>19,557,082</u> |
| Net change in Fund Balances | (3,960,684) | (10,142,363) | (116,489) | (14,219,536) |
| Fund Balances, beginning of year | <u>7,422,588</u> | <u>39,372,387</u> | <u>5,590,217</u> | <u>52,385,192</u> |
| Fund Balances, end of year | <u>\$ 3,461,904</u> | <u>\$ 29,230,024</u> | <u>\$ 5,473,728</u> | <u>\$ 38,165,656</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, 2014

| | |
|---|-----------------|
| Net change in fund balances - total governmental funds | \$ (14,219,536) |
| 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 | 14,776,361 |
| Current year depreciation expense | (7,484,011) |
| Repayment of debt principal is recorded as an expenditure in the governmental funds, but is recorded as a reduction of long-term liabilities in the Statement of Net Position | 25,804,206 |
| 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 | (33,143,333) |
| 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. | |
| Premiums, discounts and issue costs on bonds issued during the year | (1,089,251) |
| Current year amortization | 87,707 |
| The change in the amount of unavailable revenue in the governmental funds does not provide current financial resources in the Government-Wide Statement of Activities. | 14,563,342 |
| 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. | 82,894 |
| Change in net position of governmental activities reported in the Statement of Activites | \$ (621,621) |

MACOMB COUNTY, MICHIGAN

December 31, 2014

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)

| | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
|--|------------|------------|------------|------------|------------|------------|--------------|--------------|--------------|--------------|
| Governmental activities | | | | | | | | | | |
| Net investment in capital assets (1) (5) | \$ 110,592 | \$ 99,280 | \$ 116,042 | \$ 137,857 | \$ 113,415 | \$ 103,709 | \$ 833,903 | \$ 843,554 | \$ 882,572 | \$ 897,288 |
| Restricted (2) (4) | 97,573 | 117,133 | 96,409 | 80,962 | 67,512 | 49,849 | 87,208 | 89,746 | 90,301 | 93,367.51 |
| Unrestricted (2) (3) (4) (5) | 61,479 | 50,704 | 7,014 | (28,288) | (32,136) | (34,923) | (8,488) | (18,456) | (40,158) | (55,607) |
| Total governmental activities net position | 269,644 | 267,117 | 219,466 | 190,531 | 148,791 | 118,635 | 912,623 | 914,845 | 932,715 | 935,049 |
| Business-type activities | | | | | | | | | | |
| Net investment in capital assets (5) | 6,745 | 24,214 | 23,236 | 1,479 | 1,460 | 1,348 | 1,196 | 1,252 | 672 | 782 |
| Restricted | 6,411 | 6,724 | 7,049 | 8,267 | 10,221 | 13,303 | 16,053 | 18,662 | 19,713 | 24,331 |
| Unrestricted (2) (4) (5) | 83,860 | 82,539 | 87,479 | 93,449 | 102,529 | 110,843 | 86,388 | 84,262 | 101,855 | 110,294 |
| Total business-type units net position | 97,016 | 113,477 | 117,764 | 103,195 | 114,210 | 125,494 | 103,637 | 104,177 | 122,240 | 135,407 |
| Primary government | | | | | | | | | | |
| Net investment in capital assets (1) (5) | 117,337 | 123,494 | 139,278 | 139,335 | 114,875 | 105,057 | 835,099 | 844,807 | 883,244 | 898,070 |
| Restricted (2) (4) | 103,984 | 123,857 | 103,458 | 89,229 | 77,733 | 63,152 | 103,261 | 108,408 | 110,014 | 117,699 |
| Unrestricted (2) (3) (4) (5) | 145,339 | 133,243 | 94,494 | 65,161 | 70,393 | 75,914 | 77,901 | 65,806 | 61,697 | 54,687 |
| Total primary government net position | \$ 366,660 | \$ 380,594 | \$ 337,230 | \$ 293,727 | \$ 263,002 | \$ 244,129 | \$ 1,016,261 | \$ 1,019,021 | \$ 1,054,955 | \$ 1,070,456 |

(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.

(5) - 2013 restated. See Note 14 of the 2014 financial statements

Source: Macomb County Finance Department

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

| | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 (1) | 2012 | 2013 | 2014 |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Expenses | | | | | | | | | | |
| Governmental activities | | | | | | | | | | |
| Legislative | \$ 2,077 | \$ 2,250 | \$ 2,345 | \$ 2,354 | \$ 2,115 | \$ 1,875 | \$ 1,182 | \$ 1,139 | \$ 1,202 | \$ 1,191 |
| Judicial | 37,466 | 40,052 | 40,672 | 39,843 | 38,342 | 33,417 | 41,329 | 40,636 | 41,359 | 42,194 |
| General government (2) (5) | 52,597 | 60,249 | 94,801 | 96,873 | 80,414 | 78,983 | 64,687 | 68,095 | 68,830 | 57,780 |
| Public safety (2) | 67,118 | 73,774 | 76,046 | 76,264 | 75,880 | 71,359 | 67,994 | 64,860 | 79,398 | 75,849 |
| Public works | 953 | 1,500 | 1,157 | 873 | 1,851 | 887 | 72,568 | 69,975 | 68,159 | 71,027 |
| Health and welfare | 76,036 | 81,220 | 89,362 | 85,570 | 82,039 | 90,126 | 83,259 | 75,431 | 72,041 | 66,909 |
| Recreation and culture | 2,976 | 3,096 | 2,845 | 2,308 | 1,740 | 1,183 | 825 | 62 | 234 | 147 |
| Other activities | - | - | - | - | - | - | - | - | - | - |
| Interest on long-term debt | 3,763 | 3,637 | 4,038 | 3,479 | 2,849 | 2,673 | 2,476 | 2,244 | 1,543 | 1,357 |
| Total governmental activities expenses | 242,986 | 265,778 | 311,266 | 307,564 | 285,230 | 280,503 | 334,321 | 322,442 | 332,766 | 316,454 |
| Business-type activities | | | | | | | | | | |
| Delinquent tax collections | 703 | 699 | 868 | 1,219 | 2,538 | 5,495 | 6,313 | 8,336 | 5,495 | 4,349 |
| Community Mental Health (2) | 145,169 | 171,380 | 174,125 | 178,395 | 188,615 | 194,117 | 208,177 | 211,733 | 220,322 | 229,654 |
| Martha T Berry Medical Care Facility (2) (5) | 18,017 | 19,999 | 21,726 | 23,393 | 21,650 | 22,101 | 23,848 | 24,989 | - | - |
| Freedom Hill Park (2) | 1,131 | 1,127 | 1,116 | 1,080 | 657 | 313 | 377 | 209 | 381 | 467 |
| Total business-type activities expenses | 165,020 | 193,205 | 197,835 | 204,087 | 213,440 | 222,026 | 238,715 | 245,267 | 226,198 | 234,470 |
| Total primary government expenses | 408,006 | 458,983 | 509,101 | 511,651 | 498,670 | 502,529 | 573,036 | 567,709 | 558,964 | 550,924 |
| Program revenues | | | | | | | | | | |
| Governmental activities | | | | | | | | | | |
| Charges for services | | | | | | | | | | |
| Judicial | 6,666 | 6,973 | 7,017 | 5,935 | 5,972 | 6,826 | 6,022 | 6,114 | 5,517 | 5,273 |
| General government | 20,085 | 15,118 | 13,288 | 13,250 | 15,166 | 16,697 | 17,360 | 19,037 | 18,929 | 15,772 |
| Public safety | 8,931 | 12,736 | 13,864 | 15,544 | 13,898 | 13,280 | 13,262 | 14,601 | 16,542 | 15,955 |
| Public works | - | - | - | - | - | - | 19,651 | 27,080 | 19,693 | 20,831 |
| Health and welfare | 11,474 | 11,836 | 12,680 | 9,758 | 10,853 | 13,095 | 11,195 | 9,053 | 7,114 | 7,770 |
| Recreation and culture | 310 | 321 | 120 | 115 | 84 | 86 | - | - | 6 | - |
| Operating grants and contributions | 54,003 | 56,334 | 59,335 | 60,072 | 56,077 | 62,812 | 57,693 | 51,379 | 50,079 | 46,665 |
| Capital grants and contributions | 1,538 | 3,813 | 2,725 | 1,062 | 2,161 | 2,333 | 56,655 | 60,427 | 72,746 | 76,970 |
| Total governmental activities program revenues | 103,007 | 107,130 | 109,009 | 105,736 | 104,211 | 115,130 | 181,837 | 187,691 | 190,626 | 189,236 |
| Business-type activities | | | | | | | | | | |
| Charges for services | | | | | | | | | | |
| Delinquent tax collections | 6,366 | 8,211 | 12,119 | 14,177 | 17,524 | 20,237 | 21,718 | 21,999 | 17,640 | 14,093 |
| Community Mental Health | 139,403 | 161,597 | 167,342 | 173,065 | 183,698 | 161,943 | 168,557 | 169,395 | 175,001 | 196,278 |
| Martha T Berry Medical Care Facility (5) | 12,340 | 13,880 | 18,609 | 19,723 | 20,857 | 22,761 | 23,197 | 23,326 | - | - |
| Freedom Hill Park | 264 | 254 | 242 | 255 | 173 | 184 | 173 | 501 | 232 | 400 |
| Operating grants and contributions | 288 | 2,927 | 372 | 415 | 469 | 31,625 | 34,298 | 34,995 | 35,802 | 29,256 |
| Total business-type activities program revenues | 158,661 | 186,869 | 198,684 | 207,635 | 222,720 | 236,751 | 247,943 | 250,216 | 228,675 | 240,027 |
| Total primary government program revenues | 261,668 | 293,999 | 307,693 | 313,371 | 326,932 | 351,881 | 429,780 | 437,907 | 419,301 | 429,263 |
| Net (expense) revenue | | | | | | | | | | |
| Governmental activities | (139,979) | (158,648) | (202,257) | (201,828) | (181,019) | (165,373) | (152,484) | (134,751) | (142,140) | (127,217) |
| Business-type activities | (6,359) | (6,336) | 849 | 3,548 | 9,280 | 14,725 | 9,228 | 4,949 | 2,477 | 5,557 |
| Total primary government net expenses | \$ (146,338) | \$ (164,984) | \$ (201,408) | \$ (198,280) | \$ (171,738) | \$ (150,648) | \$ (143,256) | \$ (129,802) | \$ (139,663) | \$ (121,661) |

(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.

(5) - 2013 restated. See Note 14 of the 2014 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)

| | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
|---|------------------|------------------|--------------------|--------------------|--------------------|--------------------|--------------------|-----------------|-------------------|------------------|
| General revenues | | | | | | | | | | |
| Governmental activities | | | | | | | | | | |
| Property taxes | \$ 153,328 | \$ 164,855 | \$ 141,903 | \$ 132,539 | \$ 139,470 | \$ 127,978 | \$ 119,762 | \$ 114,894 | \$ 109,501 | \$ 113,049 |
| Intergovernmental revenues - restricted | 493 | - | - | - | - | - | - | - | - | - |
| Intergovernmental revenues - unrestricted | 1,943 | 2,263 | 2,392 | 801 | 2,365 | 2,215 | 2,307 | 19,489 | 23,252 | 23,280 |
| Investment earnings | 6,456 | 9,529 | 10,635 | 6,645 | 2,699 | 1,070 | 777 | 663 | 424 | 1,793 |
| Transfers | (8,435) | (20,525) | (325) | (1,486) | (1,909) | 3,950 | 4,175 | 1,926 | (6,065) | (6,571) |
| Total governmental activities | 153,783 | 156,122 | 154,605 | 138,499 | 142,625 | 135,211 | 127,021 | 136,972 | 127,112 | 129,551 |
| Business-type activities | | | | | | | | | | |
| Investment earnings | 1,856 | 3,060 | 2,966 | 2,164 | 1,019 | 136 | 214 | 310 | 309 | 294 |
| Transfers | 7,449 | 19,735 | 473 | 519 | (1,456) | (3,578) | (3,421) | (4,719) | 6,851 | 7,316 |
| Total business-type activities | 9,305 | 22,795 | 3,439 | 2,683 | (437) | (3,442) | (3,208) | (4,409) | 7,160 | 7,610 |
| Total primary government | 163,088 | 178,917 | 158,044 | 141,182 | 142,188 | 131,769 | 123,813 | 132,563 | 134,272 | 137,161 |
| Change in net position | | | | | | | | | | |
| Governmental activities | 13,804 | (2,526) | (47,652) | (63,329) | (38,394) | (30,162) | (25,463) | 2,221 | (15,028) | 2,334 |
| Business-type activities (1) | 2,946 | 16,459 | 4,288 | 6,231 | 8,843 | 11,284 | 6,020 | 540 | 9,637 | 13,167 |
| Total primary government net revenue | \$ 16,750 | \$ 13,933 | \$ (43,364) | \$ (57,098) | \$ (29,550) | \$ (18,878) | \$ (19,443) | \$ 2,761 | \$ (5,391) | \$ 15,501 |

(1) - 2013 restated. See Note 14 of the 2014 financial statements.

Source: Macomb County Finance Department

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

| | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 (3) | 2012 | 2013 | 2014 |
|---|-------------------|-------------------|-------------------|-------------------|------------------|------------------|-------------------|-------------------|------------------|------------------|
| General fund | | | | | | | | | | |
| Reserved | \$ 300 | \$ 300 | \$ 300 | \$ 295 | \$ 295 | \$ 295 | \$ - | \$ - | \$ - | \$ - |
| Unreserved (2) | 53,302 | 46,012 | 39,454 | 32,134 | 40,241 | 50,280 | - | - | - | - |
| Nonspendable | - | - | - | - | - | - | 295 | 295 | 659 | 596 |
| Unassigned | - | - | - | - | - | - | 57,639 | 79,776 | 81,029 | 84,650 |
| Total general fund | \$ 53,602 | \$ 46,312 | \$ 39,754 | \$ 32,429 | \$ 40,536 | \$ 50,575 | \$ 57,934 | \$ 80,071 | \$ 81,688 | \$ 85,246 |
| All other governmental funds | | | | | | | | | | |
| Reserved (1) | \$ 97,604 | \$ 117,134 | \$ 96,409 | \$ 80,962 | \$ 59,906 | \$ 49,849 | \$ - | \$ - | \$ - | \$ - |
| Unreserved, reported in | | | | | | | | | | |
| Special revenue funds | 9,528 | 8,884 | 11,011 | 11,574 | 6,633 | 8,536 | - | - | - | - |
| Debt service funds | - | - | - | - | 7,037 | - | - | - | - | - |
| Capital projects funds | 15,727 | 10,782 | 15,225 | 10,668 | 16,611 | 22,922 | - | - | - | - |
| Nonspendable (3) | - | - | - | - | - | - | 4,555 | 5,020 | 4,489 | 3,886 |
| Restricted (3) (4) | - | - | - | - | - | - | 81,171 | 75,334 | 76,122 | 81,258 |
| Assigned (3) | - | - | - | - | - | - | 34,238 | 27,291 | 19,089 | 10,687 |
| Unassigned | - | - | - | - | - | - | - | - | (2,970) | (2,509) |
| Total all other governmental funds | \$ 122,859 | \$ 136,800 | \$ 122,645 | \$ 103,204 | \$ 90,187 | \$ 81,307 | \$ 119,963 | \$ 107,645 | \$ 96,730 | \$ 93,323 |

(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)

| | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 (1) | 2012 | 2013 | 2014 |
|---|------------------|-----------------|--------------------|--------------------|-------------------|-----------------|-------------------|-----------------|-------------------|-----------------|
| Revenues | | | | | | | | | | |
| Property taxes | \$ 153,326 | \$ 164,855 | \$ 141,903 | \$ 132,539 | \$ 139,470 | \$ 127,976 | \$ 119,762 | \$ 110,000 | \$ 110,952 | \$ 113,690 |
| Licenses and permits | 1,203 | 1,166 | 1,653 | 1,243 | 1,321 | 1,427 | 1,733 | 1,924 | 1,985 | 2,305 |
| Federal & state grants (2) | 57,690 | 60,758 | 64,143 | 60,587 | 58,641 | 66,498 | 116,297 | 130,903 | 135,606 | 142,994 |
| Other grants | 287 | 251 | 308 | 1,348 | 1,963 | 861 | 392 | 391 | 460 | 871 |
| Charges for services (2) | 45,832 | 45,019 | 42,484 | 38,322 | 42,544 | 47,067 | 52,437 | 57,766 | 60,094 | 61,924 |
| Investment income (2) | 6,456 | 9,529 | 10,635 | 6,645 | 2,699 | 1,070 | 742 | 635 | 413 | 373 |
| Charges to other funds for administrative services | 11,088 | 11,425 | 11,925 | 14,522 | 15,162 | 10,258 | 8,250 | 6,575 | 7,036 | 8,070 |
| Fines and forfeitures | 1,790 | 1,438 | 1,382 | 3,392 | 1,923 | 1,204 | 1,791 | 2,469 | 932 | 802 |
| Other revenue | 581 | 1,455 | 1,430 | 1,645 | 186 | 286 | 2,649 | 2,421 | 894 | 1,127 |
| Total revenues | 278,253 | 295,896 | 275,863 | 260,243 | 263,909 | 256,648 | 304,053 | 313,084 | 318,372 | 332,156 |
| Expenditures | | | | | | | | | | |
| Legislative | 2,077 | 2,250 | 2,345 | 2,354 | 2,115 | 1,875 | 1,182 | 1,139 | 1,202 | 1,191 |
| Judicial | 35,369 | 37,865 | 37,835 | 37,506 | 36,286 | 32,177 | 40,202 | 39,553 | 40,393 | 41,252 |
| General government | 55,724 | 60,273 | 58,640 | 58,809 | 55,179 | 50,817 | 42,330 | 43,498 | 46,462 | 46,957 |
| Public safety (2) | 64,883 | 69,919 | 72,748 | 70,692 | 70,375 | 65,887 | 62,770 | 60,039 | 76,599 | 73,039 |
| Public works | 954 | 1,500 | 1,157 | 873 | 1,851 | 887 | 69,026 | 69,518 | 63,038 | 71,867 |
| Health and welfare | 73,868 | 79,290 | 87,191 | 83,292 | 79,354 | 87,112 | 80,209 | 72,434 | 69,145 | 64,107 |
| Recreation and cultural | 2,904 | 3,024 | 2,782 | 2,232 | 1,669 | 1,113 | 763 | - | 172 | 84 |
| Other | 5,481 | 5,460 | 5,619 | 5,189 | 4,985 | 1,246 | 963 | 1,157 | 781 | 1,212 |
| Capital outlay | 23,771 | 17,381 | 19,321 | 11,343 | 6,059 | 5,388 | 4,781 | 6,743 | 17,813 | 25,561 |
| Debt service | | | | | | | | | | |
| Principal | 3,560 | 4,470 | 4,750 | 4,690 | 4,585 | 5,165 | 5,666 | 5,990 | 4,740 | 4,007 |
| Interest and fees | 3,064 | 3,622 | 3,412 | 3,152 | 2,883 | 2,706 | 2,511 | 2,251 | 1,604 | 1,317 |
| Bond issuance costs | 288 | - | 114 | 61 | - | - | - | 235 | - | 108 |
| Total expenditures | 271,943 | 285,054 | 295,914 | 280,193 | 265,341 | 254,373 | 310,405 | 302,557 | 321,949 | 330,703 |
| Excess of revenues over (under) expenditures | 6,310 | 10,842 | (20,051) | (19,950) | (1,432) | 2,275 | (6,352) | 10,527 | (3,577) | 1,453 |
| Other financing sources (uses) | | | | | | | | | | |
| Face amount of long-term debt | 22,255 | - | 16,895 | 2,605 | - | - | 829 | 22,975 | - | 15,628 |
| Transfers in | 84,041 | 90,160 | 102,574 | 104,057 | 87,734 | 86,547 | 65,813 | 51,504 | 30,414 | 53,899 |
| Transfers out | (88,412) | (94,350) | (103,350) | (107,817) | (90,038) | (82,935) | (68,476) | (50,578) | (35,536) | (56,381) |
| Bond discounts | (205) | - | (168) | 34 | - | - | - | 150 | - | 1,404 |
| Payment to refunding debt escrow agent | (2,802) | - | (16,614) | (5,696) | - | - | - | (24,760) | - | (16,450) |
| Total Other financing sources (uses) | 14,877 | (4,190) | (663) | (6,817) | (2,304) | 3,612 | (1,834) | (709) | (5,122) | (1,901) |
| Net change in fund balances | \$ 21,187 | \$ 6,652 | \$ (20,714) | \$ (26,767) | \$ (3,736) | \$ 5,887 | \$ (8,186) | \$ 9,818 | \$ (8,699) | \$ (448) |
| Debt service as % of noncapital expenditures | 2.72% | 3.00% | 2.97% | 2.93% | 2.87% | 3.14% | 3.00% | 3.39% | 2.35% | 2.01% |

(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)

| | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 (1) | 2012 | 2013 | 2014 |
|---|-------------------|-------------------|-------------------|-------------------|-----------------|------------------|-----------------|------------------|-----------------|-----------------|
| Revenues | | | | | | | | | | |
| Taxes | \$ 115,340 | \$ 126,970 | \$ 141,691 | \$ 132,362 | \$ 138,020 | \$ 126,587 | \$ 118,516 | \$ 108,831 | \$ 109,895 | \$ 112,610 |
| Licenses and permits | 391 | 331 | 308 | 348 | 379 | 411 | 1,408 | 1,510 | 1,640 | 1,706 |
| Federal & state grants | 8,422 | 8,625 | 8,408 | 7,058 | 8,095 | 7,831 | 12,290 | 28,455 | 25,728 | 30,162 |
| Charges for services | 30,297 | 30,330 | 27,571 | 25,952 | 26,821 | 28,666 | 29,453 | 35,526 | 36,827 | 36,856 |
| Investment income | 4,704 | 5,957 | 6,591 | 2,980 | 1,432 | 806 | 339 | 346 | 278 | 226 |
| Charges to other funds for administrative services | 11,088 | 11,425 | 11,925 | 14,522 | 15,162 | 10,258 | 8,250 | 6,575 | 7,036 | 8,070 |
| Fines and forfeitures | 1,046 | 865 | 698 | 672 | 768 | 751 | 729 | 693 | 676 | 590 |
| Other revenue | 167 | 68 | 277 | 200 | 104 | 150 | 162 | 477 | 210 | 155 |
| Total revenues | 171,455 | 184,571 | 197,469 | 184,094 | 190,781 | 175,461 | 171,146 | 182,413 | 182,290 | 190,374 |
| Expenditures | | | | | | | | | | |
| Legislative | 2,077 | 2,250 | 2,345 | 2,354 | 2,115 | 1,875 | 1,182 | 1,139 | 1,202 | 1,191 |
| Judicial | 22,779 | 23,707 | 24,197 | 24,200 | 22,854 | 21,896 | 28,052 | 27,745 | 29,219 | 29,418 |
| General government | 54,425 | 58,298 | 57,996 | 57,492 | 53,770 | 49,498 | 40,998 | 42,464 | 44,855 | 45,220 |
| Public safety | 56,692 | 62,031 | 63,860 | 63,924 | 62,915 | 57,341 | 57,418 | 55,140 | 58,338 | 59,562 |
| Health and welfare | 713 | 787 | 897 | 452 | 2 | 1 | 20,581 | 18,166 | 19,090 | 18,717 |
| Recreation and cultural | - | - | - | - | - | - | 749 | - | - | - |
| Other | 5,481 | 5,460 | 5,619 | 5,188 | 4,985 | 1,246 | 963 | 1,157 | 781 | 1,212 |
| Capital outlay | 802 | 706 | 617 | 307 | 270 | 360 | 244 | 563 | 1,117 | 2,229 |
| Total expenditures | 142,969 | 153,239 | 155,331 | 153,917 | 146,911 | 132,217 | 150,188 | 146,374 | 154,602 | 157,546 |
| Excess of revenues over (under) expenditures | 28,486 | 31,332 | 42,138 | 30,177 | 43,870 | 43,244 | 20,958 | 36,039 | 27,688 | 32,826 |
| Other financing sources (uses) | | | | | | | | | | |
| Transfers in | 22,724 | 23,340 | 23,877 | 27,356 | 24,818 | 24,806 | 24,998 | 18,254 | 21 | - |
| Transfers out | (60,347) | (61,961) | (72,574) | (64,858) | (60,581) | (53,284) | (40,758) | (32,156) | (26,093) | (29,267) |
| Total other financing sources (uses) | (37,623) | (38,621) | (48,697) | (37,502) | (35,763) | (28,478) | (15,760) | (13,902) | (26,072) | (29,267) |
| Net change in fund balances | \$ (9,137) | \$ (7,289) | \$ (6,559) | \$ (7,325) | \$ 8,107 | \$ 14,766 | \$ 5,198 | \$ 22,137 | \$ 1,616 | \$ 3,559 |

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

Source: Macomb County Finance Department

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

| Year | Assessed Values | | | | | | Total Assessed Value | Total Direct Tax Rate |
|------|-----------------------|---------------------|---------------------|----------------------|------------------------|-------------------|----------------------|-----------------------|
| | Agricultural Property | Commercial Property | Industrial Property | Residential Property | Developmental Property | Personal Property | | |
| 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 |
| 2014 | 172,965 | 3,714,340 | 1,505,560 | 18,336,828 | 21,675 | 2,481,818 | 26,233,186 | 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)

| | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
|---|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| County direct rate | | | | | | | | | | |
| Operation | 4.2000 | 4.2000 | 4.2000 | 4.2000 | 4.5685 | 4.5685 | 4.5685 | 4.5685 | 4.5685 | 4.5685 |
| County drain debt | 0.0058 | 0.0055 | 0.0055 | 0.0055 | 0.0050 | 0.0050 | 0.0050 | 0.0050 | 0.0050 | 0.0050 |
| County Veteran | - | - | - | 0.0400 | 0.0400 | 0.0400 | 0.0400 | 0.0400 | 0.0400 | 0.0400 |
| Total direct rate | 4.2058 | 4.2055 | 4.2055 | 4.2455 | 4.6135 | 4.6135 | 4.6135 | 4.6135 | 4.6135 | 4.6135 |
| Overlapping rates | | | | | | | | | | |
| Cities: | | | | | | | | | | |
| Center Line | 23.1496 | 23.2656 | 22.6223 | 21.2329 | 23.8266 | 24.9025 | 31.7022 | 38.3328 | 37.5025 | 39.1266 |
| Easipointe | 18.9845 | 25.8009 | 23.8711 | 24.1214 | 24.0133 | 25.0978 | 25.2113 | 26.6102 | 26.9612 | 27.1583 |
| Fraser | 18.1382 | 18.1382 | 18.1382 | 18.1382 | 18.1382 | 18.1382 | 18.7659 | 18.8159 | 20.8359 | 20.8664 |
| Grosse Pointe Shores | - | - | - | - | 15.8900 | 15.8900 | 17.1400 | 18.3800 | 17.8794 | 17.8794 |
| Memphis | 14.8019 | 14.3889 | 14.2953 | 14.2953 | 14.2953 | 14.2953 | 14.2953 | 14.2953 | 14.2953 | 14.2953 |
| Mt. Clemens | 21.2434 | 21.2434 | 18.2159 | 18.2159 | 18.2159 | 18.2159 | 18.3511 | 18.6639 | 18.6639 | 18.6639 |
| New Baltimore | 14.4123 | 13.8955 | 13.8955 | 13.9445 | 14.2795 | 14.9715 | 14.9405 | 15.2135 | 14.9165 | 14.9198 |
| Richmond | 18.7026 | 18.6526 | 18.4826 | 18.4326 | 16.6526 | 16.6526 | 16.6526 | 16.6526 | 16.6526 | 16.6526 |
| Roseville | 16.3800 | 16.3800 | 21.3800 | 21.3800 | 21.3800 | 21.3800 | 21.3800 | 24.8494 | 24.8494 | 24.8494 |
| St. Clair Shores | 17.9863 | 18.2755 | 18.3316 | 18.8982 | 18.2280 | 18.0406 | 19.3662 | 19.4518 | 20.5388 | 20.9950 |
| Sterling Heights | 10.6250 | 10.7250 | 10.7250 | 10.7858 | 10.7858 | 12.6858 | 12.6858 | 12.6858 | 12.6858 | 15.1858 |
| Utica | 21.9024 | 21.9198 | 21.4758 | 21.7201 | 21.8635 | 21.9794 | 21.6898 | 22.5358 | 22.617 | 22.6753 |
| Warren | 16.9424 | 16.9424 | 16.9424 | 16.9424 | 16.9424 | 17.7924 | 17.7924 | 27.8656 | 27.8656 | 27.8656 |
| Townships (rates range) | | | | | | | | | | |
| Low | 0.7797 | 0.7794 | 0.7794 | 0.7794 | 2.5558 | 3.2312 | 3.2812 | 3.2812 | 3.2812 | 3.2812 |
| High | 13.7278 | 15.1516 | 14.7275 | 15.0575 | 15.0575 | 15.3516 | 15.3816 | 15.4316 | 17.7116 | 17.6816 |
| Villages (rates range) | | | | | | | | | | |
| Low | 14.7547 | 14.7438 | 15.0794 | 15.0794 | 16.5004 | 16.5004 | 16.5354 | 15.5354 | 16.5354 | 16.5194 |
| High | 19.4508 | 19.4508 | 19.0936 | 19.0936 | 18.8436 | 18.8436 | 18.8436 | 18.8436 | 18.8436 | 18.8436 |
| School districts (rates range) | | | | | | | | | | |
| Low | 9.2000 | 8.9000 | 8.9000 | 8.9000 | 8.9000 | 9.7500 | 9.8500 | 9.8500 | 9.8500 | 9.8500 |
| High | 35.4143 | 35.4143 | 35.4143 | 35.4143 | 35.4143 | 35.4143 | 35.4143 | 35.4143 | 35.4143 | 35.7643 |
| Intermediate school district | | | | | | | | | | |
| Community college | 1.4212 | 1.4212 | 1.4212 | 1.4212 | 1.4212 | 1.4212 | 1.5712 | 1.5712 | 1.5312 | 1.5262 |
| SMART Regional Transportation | | | | | | | | | | |
| HCM Park Authority | 0.5912 | 0.5900 | 0.5900 | 0.5900 | 0.5900 | 0.5900 | 0.5900 | 0.5900 | 0.5900 | 1.0000 |
| ZOO Authority | 0.2146 | 0.2146 | 0.2146 | 0.2146 | 0.2146 | 0.2146 | 0.2146 | 0.2146 | 0.2146 | 0.2146 |
| ART Authority | - | - | - | 0.1000 | 0.1000 | 0.1000 | 0.1000 | 0.1000 | 0.1000 | 0.1000 |
| | - | - | - | - | - | - | - | 0.2000 | 0.2000 | 0.2000 |

UNAUDITED

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

| Taxpayer | 2014 | | | 2005 | | |
|--------------------------|-------------------------|------|--|-------------------------|------|--|
| | Taxable Value | Rank | Percentage of Total County Taxable Value | Taxable Value | Rank | Percentage of Total County Taxable Value |
| GENERAL MOTORS | \$ 482,111,409 | 1 | 1.96% | \$ 580,406,671 | 2 | 2.03% |
| CHRYSLER CORPORATION | 404,987,076 | 2 | 1.64% | 684,761,204 | 1 | 2.39% |
| FORD MOTOR COMPANY | 327,883,354 | 3 | 1.33% | 326,128,593 | 4 | 1.14% |
| DETROIT EDISON | 281,184,427 | 4 | 1.14% | 265,014,103 | 5 | 0.93% |
| CONSUMERS ENERGY | 206,288,637 | 5 | 0.84% | 110,602,999 | 6 | 0.39% |
| INTERNATIONAL TRANS. | 90,000,610 | 6 | 0.37% | 49,681,480 | 8 | 0.17% |
| COMCAST | 52,110,616 | 7 | 0.21% | - | - | - |
| WALMART | 39,636,202 | 8 | 0.16% | - | - | - |
| MEIJER | 39,433,144 | 9 | 0.16% | 52,927,639 | 7 | 0.19% |
| MALL AT PARTRIDGE CREEK | 31,760,200 | 10 | 0.13% | - | - | - |
| VISTEON | - | - | - | 277,134,000 | 3 | 0.97% |
| MT. CLEMENS COATING | - | - | - | 45,222,700 | 9 | 0.16% |
| LAKESIDE MALL PROPERTIES | - | - | - | 41,675,100 | 10 | 0.15% |
| | <u>\$ 1,955,395,675</u> | | <u>7.93%</u> | <u>\$ 2,433,554,489</u> | | <u>8.51%</u> |

Source: Macomb County Equalization Department

UNAUDITED

MACOMB COUNTY
Property Tax Levies and Collections
Last Ten Years

| Year | Taxes Levied for the Fiscal Year | Collected within the | | Subsequent Years Collections | Total Collections to Date | |
|------|--|-------------------------|--------------|------------------------------------|---------------------------|--------------|
| | | Fiscal Year of the Levy | % of Levy | | Amount | % of Levy |
| 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% |
| 2014 | 114,319,512 | 106,683,701 | 93.32% | 4,365,607 | 111,049,308 | 97.14% |

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

UNAUDITED

MACOMB COUNTY
Ratios of General Bonded Debt Outstanding
Last Ten Years

| Year | General Obligation Bonds | 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 | | | |
| 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 |
| 2014 | 39,755,000 | 1,311,509 | 41,066,509 | 2,599,454 | 38,467,055 | 0.18% | 0.16% | 44.72 |

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

MACOMB COUNTY
Computation of Net Direct and Overlapping Debt
As of December 31, 2014

| | <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 | \$ 37,230,000 | \$ - | \$ 37,230,000 | \$ 37,230,000 | |
| Michigan Transportation bonds | 2,525,000 | - | 2,525,000 | 2,525,000 | |
| Department of Roads loans | 1,311,509 | 954,860 | 356,649 | 356,649 | |
| Public Works - water and sewer debt | <u>260,866,004</u> | <u>260,866,004</u> | <u>-</u> | <u>-</u> | |
| Net direct debt | <u>\$ 301,932,513</u> | <u>\$ 261,820,864</u> | 40,111,649 | 40,111,649 | |
| Overlapping debt | | | | | |
| School districts | | | 2,212,148,361 | 2,022,766,688 | 91.4% |
| Cities | | | 373,741,000 | 367,697,299 | 98.4% |
| Township | | | 253,257,748 | 253,257,748 | 100.0% |
| Villages | | | 16,183,235 | 16,183,235 | 100.0% |
| Intermediate school district | | | 60,100,000 | 119,832 | 0.2% |
| Macomb Community College | | | 15,625,000 | 15,625,000 | 100.0% |
| Library | | | <u>18,730,000</u> | <u>18,730,000</u> | 100.0% |
| Net overlapping debt | | | <u>2,949,785,344</u> | <u>2,694,379,802</u> | 91.3% |
| Net direct and overlapping debt | | | <u>\$ 2,989,896,993</u> | <u>\$ 2,734,491,451</u> | 91.5% |

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

MACOMB COUNTY
Legal Debt Margin
Last Ten Years

Legal Debt Margin Calculation for 2014

| | |
|--|--------------------------------|
| 2014 Taxable Value | <u>\$ 24,563,858,227</u> |
| Debt Limit (10% of Assessed Taxable Value) | 2,456,385,823 |
| Outstanding Long-term Debt | <u>301,932,513</u> |
| LEGAL DEBT MARGIN | <u>\$ 2,154,453,310</u> |

| Years | Debt Limit | Total Net Debt Applicable to Limit | Legal Debt Margin | Total Net Debt Applicable to Limit as a Percentage of Debt Limit |
|-------|-----------------|---------------------------------------|-------------------|---|
| 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% |
| 2014 | 2,456,385,823 | 301,932,513 | 2,154,453,310 | 12.29% |

Source: Macomb County Finance Department

UNAUDITED

MACOMB COUNTY
Demographic and Economic Statistics
Last Ten Years

| <u>Years</u> | <u>Population</u> | <u>Personal Income (thousands of dollars)</u> | <u>Per Capita Personal Income</u> | <u>Unemployment Rate</u> |
|--------------|-------------------|---|---------------------------------------|------------------------------|
| 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% |
| 2014 | 869,158 | 23,248,238 | 26,748 | 8.2% |

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

MACOMB COUNTY
Principal Employers
Current Year and Nine Years Ago

| Employer | 2014 | | | 2005 | | |
|--|---------------|------|------------------------------------|---------------|------|------------------------------------|
| | Employees | Rank | % of Total County Employment | Employees | Rank | % of Total County Employment |
| General Motors | 15,578 | 1 | 5.11% | 14,971 | 1 | 4.58% |
| Chrysler Corporation | 11,985 | 2 | 3.93% | 14,182 | 2 | 4.34% |
| U.S. Government | 6,503 | 3 | 2.13% | 4,926 | 5 | 1.51% |
| Ford Motor Company | 4,135 | 4 | 1.36% | 8,390 | 3 | 2.57% |
| St. John Health System | 3,285 | 5 | 1.08% | 4,162 | 6 | 1.27% |
| Henry Ford Health System | 3,161 | 6 | 1.04% | 1,509 | 12 | 0.46% |
| Utica Community Schools | 2,711 | 7 | 0.89% | - | - | - |
| Macomb County | 2,199 | 8 | 0.72% | 2,500 | 7 | 0.77% |
| General Dynamics | 1,622 | 9 | 0.53% | 2,326 | 9 | 0.71% |
| Faurecia | 1,390 | 10 | 0.46% | - | - | - |
| McLaren Macomb (formerly Mt. Clemens Med.) | 1,314 | 11 | 0.43% | 1,526 | 11 | 0.47% |
| State of Michigan | 1,294 | 12 | 0.42% | 1,058 | 15 | 0.32% |
| Chippewa Valley Schools | 1,257 | 13 | 0.41% | - | - | - |
| Art Van Furniture | 1,101 | 14 | 0.36% | - | - | - |
| Macomb Intermediate School District | 964 | 15 | 0.32% | - | - | - |
| L'Anse Creuse Public Schools | 804 | 16 | 0.26% | - | - | - |
| Johnson Controls - Automotive Experience | 700 | 17 | 0.23% | - | - | - |
| Macomb Couuunity College | 682 | 18 | 0.22% | 1,911 | 10 | - |
| U.S. Farathane Corp. | 566 | 19 | 0.19% | - | - | - |
| TRW Inc. | 543 | 20 | 0.18% | 839 | 20 | 0.26% |
| Visteon | - | - | - | 5,650 | 4 | 1.73% |
| Trinty Health (formerly Mercy Health) | - | - | - | 2,351 | 8 | 0.72% |
| U.S. Postal Service | - | - | - | 1,507 | 13 | 0.46% |
| AZ Automotive (formerly Aetna Industries) | - | - | - | 1,293 | 14 | 0.40% |
| Campbell-Ewald Co. | - | - | - | 955 | 16 | 0.29% |
| Kroger Co of Michigan | - | - | - | 912 | 17 | 0.28% |
| Sears Holding Corp | - | - | - | 900 | 18 | 0.28% |
| Fisher & Co. Inc | - | - | - | 843 | 19 | 0.26% |
| | <u>61,794</u> | | <u>21.50%</u> | <u>72,711</u> | | <u>22.26%</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 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Legislative | | | | | | | | | | |
| Board of Commissioners | 26 | 26 | 26 | 26 | 26 | 26 | 19 | 19 | 19 | 19 |
| Judicial | | | | | | | | | | |
| Circuit Court | 65 | 65 | 67 | 67 | 67 | 66 | 63 | 65 | 64 | 67 |
| Family Counseling Services | - | - | - | 1 | 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 | 17 | 17 | 17 |
| Friend of the Court | 125 | 125 | 126 | 125 | 121 | 121 | 121 | 121 | 118 | 107 |
| Family Court - Juvenile | 68 | 64 | 62 | 62 | 59 | 56 | 51 | 50 | 50 | 46 |
| Probate Court | 31 | 31 | 31 | 31 | 31 | 30 | 29 | 27 | 31 | 28 |
| Probate Court - Mental Division | 12 | 12 | 12 | 11 | 10 | 8 | 8 | 7 | - | - |
| Probation - District Court | 18 | 19 | 19 | 19 | 16 | 14 | 12 | 6 | 5 | 5 |
| General Government | | | | | | | | | | |
| County Administration | 9 | 9 | 9 | 9 | 7 | 7 | 6 | 9 | 9 | 9 |
| Corporation Counsel | 9 | 9 | 9 | 9 | 8 | 8 | 8 | 8 | 8 | 8 |
| Finance | 27 | 27 | 27 | 27 | 26 | 20 | 20 | 20 | 21 | 21 |
| Purchasing | 24 | 23 | 23 | 23 | 21 | 18 | 18 | 17 | 16 | 16 |
| Reimbursement | 15 | 15 | 15 | 15 | 13 | 13 | 12 | 12 | 11 | 11 |
| Information Technology | 49 | 48 | 49 | 49 | 42 | 35 | 36 | 36 | 36 | 36 |
| Equalization | 15 | 14 | 14 | 13 | 11 | 11 | 11 | 10 | 10 | 10 |
| Human Resources | 29 | 28 | 28 | 28 | 25 | 22 | 22 | 22 | 22 | 24 |
| Clerk/Register | 98 | 98 | 99 | 99 | 89 | 82 | 79 | 78 | 80 | 81 |
| Treasurer | 34 | 34 | 34 | 34 | 32 | 31 | 31 | 26 | 26 | 26 |
| Public Works | 57 | 58 | 58 | 60 | 59 | 55 | 55 | 59 | 60 | 60 |
| M.S.U. County Extension | 77 | 76 | 76 | 76 | 51 | 50 | 50 | 8 | 8 | 8 |
| Planning & Econ Dev | 35 | 37 | 37 | 36 | 33 | 33 | 33 | 31 | 26 | 26 |
| Risk Management | 4 | 4 | 4 | 4 | 4 | 4 | 4 | - | - | - |
| Facilities & Operations | 124 | 124 | 127 | 126 | 114 | 104 | 99 | 99 | 95 | 95 |
| Prosecuting Attorney | 123 | 140 | 141 | 141 | 117 | 107 | 122 | 104 | 104 | 106 |
| Department of Roads | - | - | - | - | - | - | - | 233 | 232 | 232 |
| Public Safety | | | | | | | | | | |
| Sheriff | 501 | 503 | 503 | 503 | 498 | 487 | 477 | 487 | 486 | 492 |
| Technical Services | 10 | 10 | 10 | 10 | 9 | 8 | 8 | 8 | 8 | 11 |
| Emergency Services | 4 | 4 | 4 | 7 | 6 | 6 | 6 | 3 | 3 | 7 |
| Community Corrections | 10 | 11 | 11 | 11 | 11 | 11 | 11 | 11 | 11 | 11 |
| Health | | | | | | | | | | |
| Environmental Health | 48 | 50 | 50 | 50 | - | - | - | - | - | - |
| Pubic Health | 229 | 226 | 223 | 223 | 251 | 241 | 239 | 232 | 228 | 220 |
| Community Mental Health | 330 | 330 | 333 | 333 | 334 | 334 | 334 | 335 | 335 | 341 |
| Substance Abuse | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 |
| Health & Community Services | - | - | - | - | - | - | - | 2 | 2 | 2 |
| Social Services | | | | | | | | | | |
| Child Care - Youth Home | 122 | 140 | 141 | 141 | 146 | 138 | 137 | 129 | 123 | 121 |
| Medical Care Facility | 240 | 244 | 244 | 243 | 231 | 231 | 231 | 231 | 238 | 245 |
| Veterans Services | 6 | 6 | 6 | 6 | 10 | 10 | 10 | 10 | 10 | 11 |
| Senior Citizen Services | 39 | 38 | 38 | 38 | 32 | 32 | 30 | 16 | 15 | 3 |
| Community Services Agency | 267 | 260 | 257 | 243 | 253 | 283 | 193 | 184 | 182 | 171 |
| Macomb/St. Clair Employment | 42 | 43 | 41 | 41 | 68 | 68 | 68 | 68 | 68 | 68 |
| Culture & Recreation | | | | | | | | | | |
| Parks & Recreation | 8 | 9 | 9 | 9 | - | - | - | - | - | - |
| Library | 67 | 65 | 65 | 57 | 16 | 11 | 10 | - | - | - |
| Total | 3,038 | 3,066 | 3,069 | 3,047 | 2,889 | 2,823 | 2,705 | 2,824 | 2,801 | 2,785 |

Source: Macomb County Budget

MACOMB COUNTY, MICHIGAN
Operating Indicators By Function/Program
December 31, 2014

| Function/Program | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
|------------------------------------|---------|---------|---------|---------|---------|---------|--------|--------|--------|---------|
| Judicial: | | | | | | | | | | |
| Circuit Court | | | | | | | | | | |
| Caseload | 23,076 | 23,992 | 23,988 | 24,030 | 23,001 | 22,793 | 20,788 | 20,022 | 19,375 | 19,243 |
| District Court - Romeo | | | | | | | | | | |
| Caseload | 14,059 | 11,362 | 8,637 | 9,950 | 9,502 | 9,819 | 9,760 | 9,396 | 7,917 | 8,306 |
| District Court - New Baltimore | | | | | | | | | | |
| Caseload | 25,000 | 18,965 | 15,141 | 15,000 | 15,607 | 15,175 | 14,405 | 12,751 | 12,300 | 9,833 |
| General Government: | | | | | | | | | | |
| County Clerk | | | | | | | | | | |
| Birth records | 4,445 | 4,273 | 3,866 | 3,539 | 2,837 | 6,052 | 5,768 | 5,604 | 5,453 | 6,492 |
| Death records | 6,113 | 6,084 | 5,465 | 4,943 | 4,881 | 4,791 | 5,065 | 5,107 | 5,158 | 5,001 |
| Marriage licenses | 5,445 | 5,221 | 5,111 | 4,947 | 4,625 | 4,864 | 5,169 | 5,291 | 4,877 | 4,996 |
| Public Works | | | | | | | | | | |
| Inspections | 16,320 | 11,577 | 12,092 | 14,197 | 8,021 | 6,451 | 6,037 | 5,955 | 6,718 | 5,777 |
| Public Safety: | | | | | | | | | | |
| Sheriff | | | | | | | | | | |
| Complaints handled | 105,996 | 109,328 | 105,323 | 103,115 | 100,603 | 98,189 | 94,821 | 94,451 | 93,701 | 101,029 |
| Inmate bookings | 23,259 | 22,574 | 22,059 | 21,706 | 20,166 | 19,814 | 18,464 | 19,709 | 18,732 | 17,881 |
| Arrests made | 10,571 | 10,420 | 9,370 | 8,679 | 8,139 | 7,249 | 6,602 | 6,617 | 6,206 | 5,601 |
| Crashes investigated | 4,913 | 4,150 | 4,874 | 4,898 | 2,971 | 4,042 | 4,048 | 3,924 | 3,880 | 4,120 |
| Health and Welfare: | | | | | | | | | | |
| Health Department | | | | | | | | | | |
| Vaccines administered | 82,245 | 59,658 | 79,136 | 75,036 | 114,953 | 100,036 | 70,711 | 58,253 | 59,726 | 45,048 |
| Animals received at animal control | 11,700 | 14,300 | 12,856 | 13,571 | 12,900 | 7,146 | 7,520 | 5,782 | 3,219 | 2,009 |
| Food service inspections | 4,168 | 4,419 | 4,460 | 4,423 | 4,420 | 4,368 | 4,374 | 5,452 | 4,645 | 4,578 |
| Forensic examinations | 361 | 359 | 365 | 509 | 582 | 533 | 625 | 571 | 648 | 649 |

Source: Macomb County Finance Department

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

| Function | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
|-------------------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Judicial | | | | | | | | | | |
| Number of court buildings | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 |
| Vehicles | 6 | 7 | 7 | 7 | 7 | 6 | 6 | 6 | 4 | 4 |
| General Government | | | | | | | | | | |
| Number of buildings | 6 | 7 | 7 | 7 | 7 | 7 | 7 | 6 | 7 | 7 |
| Vehicles | 51 | 57 | 54 | 57 | 55 | 54 | 54 | 54 | 55 | 54 |
| Public Safety | | | | | | | | | | |
| Number of jails | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Stations and substations | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 |
| Marine patrol substations | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Vehicles | 125 | 126 | 134 | 95 | 155 | 149 | 141 | 141 | 157 | 147 |
| Public Works | | | | | | | | | | |
| Lane miles of roads | 2,335 | 2,335 | 2,335 | 2,335 | 2,335 | 2,335 | 2,335 | 2,335 | 2,335 | 2,393 |
| Number of buildings | 8 | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 9 |
| Vehicles | 27 | 33 | 32 | 33 | 37 | 38 | 36 | 34 | 36 | 38 |
| Health and Welfare | | | | | | | | | | |
| Number of buildings | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 8 | 8 | 8 |
| Vehicles | 102 | 77 | 88 | 89 | 96 | 91 | 88 | 87 | 89 | 88 |
| 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, 2014

| Type of Coverage / Name of Company | Policy Period | Premium | Description |
|--|--------------------|---|--|
| Public Entity Liability ACE-Illinois Union Insurance National Casualty Co (excess) | 7-1-14 to 7-1-15 | \$518,084 ACE \$120,006 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 Safety National Casualty Corp | 5-1-15 to 5-1-17 | \$143,563 (excess premium) annually | Statutory liability \$1,000,000. Self-insured retention \$600,000 each occurrence. |
| Property Affiliated FM Insurance Co | 7-1-14 to 7-1-15 | \$141,679 | Covers buildings & contents. Limit - up to \$300,000,000 - deductible \$100,000 |
| Boiler & Machinery Affiliated FM Insurance Co | 7-1-14 to 7-1-15 | 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 - \$300,000,000 limit |
| Electronic Data Processing Affiliated FM Insurance Co | 7-1-14 to 7-1-15 | Included in property | Replacement cost for damaged equipment and media; extra expense to resume operations; all risk less certain excluded perils; included Chapaton pump station with separate limits \$1,000,000; limit \$5,000 retention |
| Public Entity Fiduciary Liability Federal Insurance Co. | 8-1-14 to 7-31-15 | \$28,811 | County employees retirement system - \$5,000,000 aggregate, \$50,000 deductible |
| Crime National Union Fire Ins | 8-1-14 to 7-31-15 | \$7,263 | 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 | 1-1-14 to 12-31-14 | \$433,337 County Active \$21,506 Roads Active \$27,360 Roads Retirees | Death benefit equals one year salary |

MACOMB COUNTY

Schedule of Insurance
As of December 31, 2014

| Type of Coverage / Name of Company | Policy Period | Premium | Description |
|---|--------------------|--|---|
| Dental Insurance Delta Dental | 1-1-14 to 12-31-14 | \$1,360,203 County Active \$1,043,093 County Retirees \$155,456 Roads Active \$150,716 Roads Retirees | \$1,000 annual maximum per individual/ calendar year |
| Dental Insurance Golden Dental | 1-1-14 to 12-31-14 | \$158,181 County Active \$12,911 Roads Active \$1,221 Roads Retirees | Unlimited annual benefit |
| Short Term Disability Insurance NGS | 1-1-14 to 12-31-14 | \$232,227 Roads Active | 100% of salary for up to 6 months |
| Long Term Disability Insurance The Hartford | 1-1-13 to 12-31-13 | \$100,286 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 | 1-1-14 to 12-31-14 | \$8,606,205 County Active \$3,128,017 County Retirees \$1,994,783 Roads Active \$119,151 Roads Retirees | HMO offers primary care physicians, network hospitals, affiliated pharmacies and labs and other providers within the particular HMO network |
| Health/Hospital Insurance HAP | 1-1-14 to 12-31-14 | \$13,387,782 County Active \$56,100 County Retirees \$525,191 Roads Active \$35,354 Roads Retirees | HMO offers primary care physicians, network hospitals, affiliated pharmacies and labs and other providers within the particular HMO network - Includes vision |
| Health/Hospital Insurance BCBS of Michigan | 1-1-14 to 12-31-14 | \$2,750,205 County Active \$5,359,892 County Retirees \$246,460 Roads Active \$2,728,541 Roads Retirees | Self insured medical plan - \$1,000,000 lifetime maximum; includes vision |
| Health/Hospital Insurance BCBS Medicare | 1-1-14 to 12-31-14 | \$7,059,488 County Retirees | Partially self insured medical plan |
| Vision Care SVS Vision | 1-1-14 to 12-31-14 | \$52,175 County Retirees \$11,572 Roads Retirees | Vision care pays for certain tests & supplies when obtained by participating provider |
| Hearing Care Health Care Network | 1-1-14 to 12-31-14 | \$58,824 County Retirees \$2,370 Roads Retirees | Retiree hearing care |

Source: Risk Management & Safety