



COUNTY
of
MACOMB
MICHIGAN

*Comprehensive Annual Financial Report
For the Year Ended December 31, 2015*

MACOMB COUNTY, MICHIGAN

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Macomb County Executive

Mark A. Hackel

Mark F. Deldin
Deputy County Executive

June 24, 2016

To the citizens of Macomb County,

The Comprehensive Annual Financial Report (CAFR) of Macomb County, Michigan for the fiscal year ended December 31, 2015 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, 2015 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, 2015 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 2015 CAFR 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 2015 CAFR will notice two statements entitled Government-Wide Statement of Net Position and Government-Wide 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 a driving force for population growth in the State of Michigan and metropolitan Detroit region. 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 2015, United States Census Bureau estimates placed Macomb County’s population at 864,840. This was an increase of 24,592 residents over five years, which represents 13 people each day choosing to make Macomb their home.

Macomb County is home to three of the 10 most populated communities in Michigan: Warren (#3), Sterling Heights (#4), and Clinton Township (#8). 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. Census 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 offers a full range of housing options. The size and scale of residential development in Macomb County encompasses modern urban areas, picturesque rural settings, historic cities and villages

and scenic waterfront living. In 2016, Macomb County had 362,976 housing units, with a median home value of \$121,300. Currently more than 93 percent of the County's total housing units are occupied. The vast majority of Macomb's occupied housing units are owner occupied (77 percent), ranking it among the highest in the nation.

The County's robust and diverse housing stock is fortified by a number of pristine natural features. Macomb County's eastern border is shaped by 32 miles of Lake St. Clair coastline, and the County is bisected by the Clinton River. These freshwater assets help showcase the natural beauty of Macomb County, while also providing residents and visitors with a unique environment to live and recreate. These waterways are the staging ground for 60 public and private marinas and more than 50,000 registered boats. Macomb also possesses 17,000 acres of land devoted to parks, recreation and trails. With 180 municipal parks and more than 150 miles of non-motorized trails, the County's recreational assets are diverse and dynamic. These recreational destinations include everything from the regional park network of the Huron-Clinton Metropolitan Authority to world-renowned fisheries.

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 13 commissioners elected for two-year terms from 13 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, Department of Roads 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 at 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 of 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 2015 was approximately \$29.0 billion, an increase from the prior year of \$2.8 billion, or 10.7 percent.

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 Great Lakes Region, which is among the world's busiest 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 businesses and onboard new facilities and operations.

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 vital infrastructure needed to service emerging industries. A network of thoroughfares, state highways and interstates traverse Macomb County, providing residents 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 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 Great Lakes Water Authority.

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 more than 421,000 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 20 percent in 2016. Macomb County's service and professional sectors, which includes all employment outside of agriculture, mining, construction and manufacturing, now includes approximately 74 percent of the County's labor force. The County also showcases a fruitful agricultural and food processing heritage,

which is most evident in the northern portions of the county where multigenerational farms continue to produce and prosper.

With sound infrastructure and a skilled workforce in place, Macomb County has seen substantial industrial and commercial development over the past 40 years. Some of the County's prime development areas include:

- The Mound/Van Dyke Corridor – This mile-wide industrial corridor is 12 miles in length and is comprised of some of the world's most technologically-advanced production and procurement facilities. The corridor is anchored by these notable facilities:
 - Fiat Chrysler Automobiles
 - Warren Truck Assembly Plant
 - Sterling Heights Stamping Plant
 - Sterling Heights Assembly Plant
 - Ford Motor Company
 - Van Dyke Plant
 - Sterling Plant
 - General Motors
 - Global Technical Center
 - Powertrain Plant
 - Detroit News and Detroit Free Press Sterling Heights Printing Plant;
 - The U.S. Army's TACOM Life Cycle Management Command
 - The U.S. Tank Automotive Research, Development and Engineering Center (TARDEC)
 - General Dynamics Land Systems Headquarters
- Gratiot Avenue (M-3) – Gratiot Avenue is one of Macomb County's strategic regional thoroughfares. Extending from the heart of the City of Detroit this major transportation arterial traverses nine Macomb County communities, and has been a major destination for large scale commercial and institutional developments. Some of the corridors chief anchors include:
 - Downtown Development Authorities – Eastpointe, Roseville, Clinton Township, Mt. Clemens, and Richmond all possess core downtown areas. These hubs of commerce and creativity provide the County with a unique sense of place and nurture the entrepreneurial spirit. These districts operate under state-enabling legislation which incentivizes capital investments and economic development services.
 - Macomb Mall – A Macomb County institution for more than 50 years Macomb Mall recently underwent a \$40 million redevelopment. This 921,000-square-foot transformation began with the addition of 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 have spruced up the interior with new amenities and comfort areas. The mall, and its surrounding properties are home to new retailers including H&M, Ulta, Potbelly, Chipotle, Champs Sports, and AT&T.
- M-59/Hall Road – M-59 is a major commercial destination. This regional thoroughfare stretches from the coast of Lake St. Clair to the core of the City of Utica's historic downtown and borders seven communities. The corridor is the epicenter of more than 12,000 establishments and 23,000 jobs. Some of the corridors key retail destinations include:

- The Mall at Partridge Creek – 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.
- Lakeside Mall – 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.

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.

Michigan has 15 public universities with a strong focus on educating a high tech workforce from engineering talent to highly skilled manufacturing labor. Many are working on the next advancements in alternative energy, life science, advanced manufacturing and other 21st century opportunities.

MCC’s University Center offers access to six of them including the Michigan State University College of Osteopathic Medicine. In addition, there are satellite campuses of six public colleges located throughout the County. In fact, Macomb has more opportunities to complete coursework from one of Michigan’s public colleges within the County than any other in Michigan. This widely recognized program provides area residents with access to nearly 60 bachelor and master degree programs.

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 five years MCC 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.

MCC has recently gained national attention with two innovative programs. The first is the newly established Innovation Fund Macomb Community College. In partnership with JP Morgan Chase, MCC created a \$2.7 million innovation fund to provide valuable capital to entrepreneurs through loans and grants. This economic development and job creation effort is linking promising small businesses to the institutional support networks of MCC and JP Morgan Chase allowing them to advance the progress of their emerging ideas.

The second initiative was launched with the help of President Obama. During a recent visit to MCC, the president committed \$3.9 million in federal grants to expand apprenticeship opportunities throughout the state. MCC, along with Grand Rapids Community College (GRCC), were selected as host sites for the Michigan Apprenticeship Program Plus. With this new program MCC will produce 300 new apprentices in manufacturing while GRCC will focus on information technology.

Beyond MCC, other higher educational institutions have established 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.
- Macomb-Oakland University INCubator is a business acceleration center which supports economic development in Southeast Michigan by cultivating high-tech businesses, nurturing academic innovation and encouraging research and development. The incubator is also home to the Velocity Hub of the Michigan Cyber Range. This cyber security hub allows local companies with the capabilities to test their connected products and offers cyber security certification courses.
- Wayne State University recently invested in the Advanced Technology Education Center (ATEC) in Macomb County. ATEC is located in Warren, adjacent to MCC 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. ATEC is also in the process of establishing a cyber range.
- Other stand-alone satellite campuses in Macomb County include Central Michigan University, Davenport University, Ferris State 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.

Coordinated by the MISD, the County also has a strong system of “Career and Technical Education” (CTE) for high school students. Designed to equip students for careers in high-demand fields, there are more than 200 programs offered at 32 facilities throughout the County. Approximately 14,000 students enroll in programs ranging from emergency medical services, automotive technology, law enforcement, culinary arts, manufacturing and more each year. This focus on CTE has provided a platform for the County to become a national leader in Manufacturing Day (MFG Day). The Macomb County Department of Planning & Economic Development partners with MISD and dozens of area manufacturers to host one of the nation’s largest coordinated celebrations of national MFG Day. Held on the first Friday in October, 1,200 students participated in 2014 and 1,800 participated in 2015. The goal for 2016 is to provide opportunities for more than 2,100 high school students to learn about careers in the industry through tours of area plants.

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. McLaren recently opened a corporate services office in Macomb County. This 57,000 square foot facility consolidates 13 centers from around the

state and will improve insurance billing effectiveness that could increase revenue by as much as \$30 million annually for the health care system.

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 and Homeland Security

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. The base recently announced a new \$32.6 million jet fuel storage and delivery system.

Macomb County is also home to the U.S. Army’s 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, TACOM LCMC 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 in the Detroit Arsenal, in Warren, has grown over the years comprising several distinct parts and functions. The U.S. Army Garrison supports the infrastructure of the Detroit Arsenal; the engineering and design group is 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, 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. 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.

The presence of the MDC has provided Macomb County with the ability to target major grants. One of the most recent and pronounced grant awards was for the Advance Michigan Defense Collaborative. In August 2015, the Department of Defense Office of Economic Adjustment awarded a \$5.9 million grant to support the Advance Michigan Defense Collaborative in Southeast Michigan. The Collaborative will provide immediate and sustained assistance to firms and workers in a 13-county region in Southeast Michigan affected by reduced Department of Defense procurement. The coalition coordinates assistance to organizations that promote research, industrial development, and talent development relevant to the defense industry.

The Macomb/St. Clair Workforce Investment Board (M/SCWB), working on behalf of Macomb County government, will manage and administer the initiative with assistance from the Workforce Intelligence Network (WIN) for Southeast Michigan. The grant will support 15 projects intended to identify and diversify Michigan's defense portfolio, expand educational and workforce training for emerging markets, and provide opportunities for Michigan companies engaged in the defense economy.

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 more than \$30 billion in defense contracts from 2000 to 2015. In 2015 alone, \$1.4 billion were awarded to Macomb County companies.

All this activity in the defense sector has elevated Macomb County, and the state of Michigan, to a leader in this major industry. In fact, Michigan has been a leader in the defense sector for decades and the industry is a major contributor to our local economy. Recognizing that these assets are important to economy, the Michigan Economic Development Corporation and the U.S. Army TARDEC leadership took the first step in implementing the plan by signing a cooperative research and development agreement.

The announced plan aligns with federal Department of Defense (DOD) spending planned over the next decade and the state's existing defense industry infrastructure and resources, which has historically played a significant role in U.S. military operations. Michigan's defense industry supports 105,000 jobs and represents an \$8 billion economic impact on the state's economy.

"Protect and Grow" includes 17 recommendations to preserve current defense assets, missions and jobs and foster innovation:

- Promote and safeguard acquisition, technology and logistics capabilities at the Detroit Arsenal
- Invest state resources to enhance military installations and defense and homeland security missions

- Expand training ranges and opportunities
- Maximize the Michigan congressional delegation's deferral influence and support for military installations
- Strengthen and promote the link between defense and domestic auto and establish an autonomous vehicle corridor on I-69
- Leverage partnership opportunities between academia, industry, local government and DOD/DHS entities within the state
- Lead the nation in DOD/state cyber operations integration
- Secure East Coast missile defense ground-based interceptor site at the Fort Custer Training Center;
- Publicize the importance of the Soo Locks to national security and advocate for funding
- Establish an innovation center at the Detroit Arsenal
- Promote and expand economic gardening tools for Michigan companies
- Target and invest resources in growth areas including aerospace, advanced manufacturing, 3-D printing and autonomous systems
- Pursue opportunities and branding to lead the nation in DOD and state-sponsored renewable energy solutions
- Build and promote an asset database to leverage in-state testing and evaluation capabilities
- Study impacts and military research and development tax incentives and best practices in other states
- Connect veteran talent to Michigan industries
- Create new branding for the defense industry in Michigan

Next Generation Mobility

The automobile industry in Macomb County is a diverse network of companies involved in the R&D, production, wholesaling, retailing and maintenance of motor vehicles. This industry has been a driving force of our economy, and is instrumental to the viability of Macomb County's future.

Our steadfast commitment to the manufacturing/automotive base is fueling sustainable economic growth in Macomb County. Here, the automotive industry is made up of nearly 500 companies, employing more than 45,000 individuals. Since 2010, more than \$5.3 billion have been invested in Macomb County facilities. These investments signal the commitment our companies make to turning out the best product possible in a highly competitive global marketplace. Annually, manufacturing-based entities in Macomb County add more than \$13 billion to our economy, exporting more than \$43 billion worth of products and importing more than \$18 billion in goods.

Some of Macomb County's major investments in the automotive industry include:

- General Motors Global Technical Center: 2,600 jobs; \$1 billion investment – The GM Global Technical Center is a General Motors facility in Warren, Michigan. The Tech Center is a 710-acre campus that currently houses 19,000 employees. The project includes plans for a new design studio, the renovation of the R&D facilities, a new IT building, additional testing facilities at the Advanced Energy Center, and the renovation of existing offices as well as the construction of additional

parking. All this is in addition to the \$139.5 million investment GM previously announced for the body shop and stamping facility located at their Warren Pre-Production Operations.

- Sodecia North America, Inc: 298 jobs; \$84 million – Sodecia North America, Inc., founded in Porto, Portugal in 1980, is a global supplier of chassis, powertrain and “body in white” commodities to the automotive industry. Today, it employs more than 4,600 workers at 32 locations throughout Europe, South America, North America and Asia Pacific. The company plans to demolish all existing facilities in Center Line, Michigan and redevelop the entire plant including their North American Headquarters and Engineering Center. Renovations will include a 66,000-square-foot, state-of-the-art manufacturing facility along with a three-story tower to accommodate 27,600 square feet of administrative office. The new facility once completed will be more than 210,000 square feet.
- Cosworth Global Engineering Investment Center: 50 jobs; \$30 million – Cosworth, a world leader in automotive engineering and manufacturing, supplies electronics and powertrain products to vehicle manufacturers, motorsports teams and performance enthusiasts around the world. Cosworth was founded in 1958 and is headquartered in Northampton, UK. The group of companies plans to establish a new facility in Shelby Township to expand its business operations, producing high performance cylinder heads for an automotive OEM. The project will replicate Cosworth’s “one-stop-shop” model in the North American market, providing powertrain design, development and niche-volume manufacturing services in a single facility. The enterprise is expected to generate a capital investment of \$30 million and create a minimum of 50 jobs, resulting in a \$2.1 million Michigan Business Development Program performance-based loan.

Macomb County is witnessing the continued evolution of this great industry. From leading edge assembly plants to specialty manufacturing shops, the strength and stability of our automotive legacy is not only intact, but heading in new directions. This industry is no longer focused exclusively on the automobile, it is developing products and systems which are developing the next generation of mobility.

Macomb County is perfectly positioned to be the epicenter of next generation mobility because of the incredible cluster of assets the County possess. The County is home to some of the industry’s most advanced facilities. A number of these world-class facilities are owned by the “Big Three.” The presence of General Motors, Fiat Chrysler Automobiles and Ford within the county includes:

- General Motors – Nearly 20,000 employees
 - GM Tech Center – 19,000 employees
 - Warren Transmission – 581 employees
- Fiat Chrysler Automobiles – 11,000+ employees
 - Sterling Heights Assembly – Chrysler 200 – 3,260 employees
 - Warren Truck – Dodge RAM – 3,843 employees
 - Sterling Stamping – 2,275 employees
 - Warren Stamping – 1,973 employees
- Ford – 4,000+ employees
 - Sterling Axle – 1,800 employees
 - Van Dyke Transmission Plants – 1,200 employees
 - Romeo Proving Grounds – R&D and vehicle testing
 - Romeo Engine Plant – 1,074 employees

Advanced Manufacturing

The cornerstone of Macomb County's economy is manufacturing. In Macomb County there are more than 1,600 manufacturing firms, which employ nearly 65,000 individuals. The size and scope of Macomb County's production-based operations are impressive. From state-of-the-art engineering centers to one-of-a-kind machining facilities, Macomb County is a place where innovation leads to real-world application. This past year Macomb County ranked third in the nation in manufacturing growth. This ranking is a testament to the opportunity still associated with production-based operations in Macomb County. It is important to note that this resurgence is being spurred by advanced manufacturing.

Advanced manufacturing is where technology and innovation come together to redefine production. Across Macomb County, the way we make things is being driven by knowledge and expertise that are breaking down the barriers of manufacturing. This industry is no longer viewed as dirty, dull and dangerous. It is using the incredible cluster of talent and facilities we possess here in Macomb County to build better products and grow our economy. The advanced manufacturing industry cluster in Macomb County is comprised of 427 establishments, which employ more than 11,800 individuals. The skills and capabilities of these establishments have allowed Macomb County to be a competitive force in emerging industries including aerospace and robotics. Major investments in advanced manufacturing include:

- Paslin: 225 jobs; \$22 million – Paslin, based in Warren, Michigan, designs, assembles and integrates robotic assembly lines for Tier 1 and OEM automotive companies. Paslin opened a new 166,000-square-foot, state-of-the-art manufacturing and design facility in Shelby Township, Michigan, investing more than \$22 million and creating 225 new jobs. The company also plans to expand its three current facilities located in the City of Warren.
- KUKA Systems North America LLC: 100 jobs; \$10 million –KUKA Systems North America LLC is a subsidiary of KUKA AG and manufactures automated production systems and assemblies for the automotive, aerospace and alternative energy industries. The company plans to expand its plant in Clinton Township, Michigan to support its aerospace business, investing over \$10 million and creating over 100 new jobs.
- Global Tooling Systems LLC: 70 jobs; \$3.6 million – Global Tooling Systems, LLC, established in 1995, is a key supplier of aerospace assembly tools for the manufacture of aerospace structures and also supplies the automotive industry with complex automation tooling designs. The company is owned by AIP Aerospace, which has locations across the United States and Europe. The company plans to build-out its 42,000-square-foot office and manufacturing facility in Macomb Township, Michigan, investing more than \$3.6 million and creating 70 jobs.

Michigan Automotive and Defense Cyber Assurance Team (MADCAT)

Cyber security is an emerging sector in Macomb County. Currently there are 367 establishments employing more than 8,100 individuals who are engaged in cyber-related activities. Since 2010, Macomb County has seen an 85 percent increase in cyber operations, while the national average is just above 9 percent. With such an increase in our digital footprint Macomb County understood the need to support this emerging cluster.

The Michigan Automotive and Defense Cyber Assurance Team (MADCAT) was established in 2014 to promote Macomb County as a world leader in developing and supporting a cyber ecosystem. MADCAT leverages unique regional assets in the defense and automotive industries to drive technology innovation, encourage economic development, and create a talented workforce for Macomb County and the state of Michigan.

Spearheaded by the Macomb County Department of Planning & Economic Development, MADCAT is an organization comprised of representatives from government, business and academia who all have the same concern – how to guard against cyber threats. Through this collaborative partnership, MADCAT aims to advance cybersecurity technology as well as to stimulate related economic development in Southeast Michigan.

Another objective of MADCAT is to work with local colleges, universities and the Macomb Intermediate School District to cultivate talent in this growing industry. This means reaching out to students and educators to introduce them to careers in the field.

Jimmy John's Field and the United Shore Professional Baseball League

Macomb County is home to a recently-constructed \$15 million baseball stadium. Jimmy John's Field opened in May of 2016 in downtown Utica. This 4,500 seat ballpark is the home field of the United Shore Professional Baseball League. This newly-formed independent baseball league will play 75 games in its inaugural season between its three hometown teams the Utica Unicorns, Eastside Diamond Hoppers and Birmingham-Bloomfield Beavers. The facility boasts private suites, executive seating, grandstands, pavilion/picnic areas, a video board, and play areas for children. This major quality-of-life destination is situated in historic downtown Utica and is nestled on the banks of the Clinton River.

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. 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
-

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.

Retiree Health Care Plan. The County began to pre-fund Retiree Health Care benefits through the establishment of a trust (Retiree Health Care Trust Fund) for that purpose in 1997. The County closed the plan to new hires effective January 2, 2016 and issued bonds in 2015 to fully fund the unfunded retiree health care liability that was measured at December 31, 2013. A second trust fund (Retiree Health Care Intermediate Trust Fund) was established to hold and invest the bond proceeds and make annual required contributions to the Retiree Health Care Trust Fund, which is used to pay retiree health care premiums. Additional information regarding the two trust funds 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.

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 CAFR for the fiscal year ended December 31, 2014. 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 30 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 CAFR 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

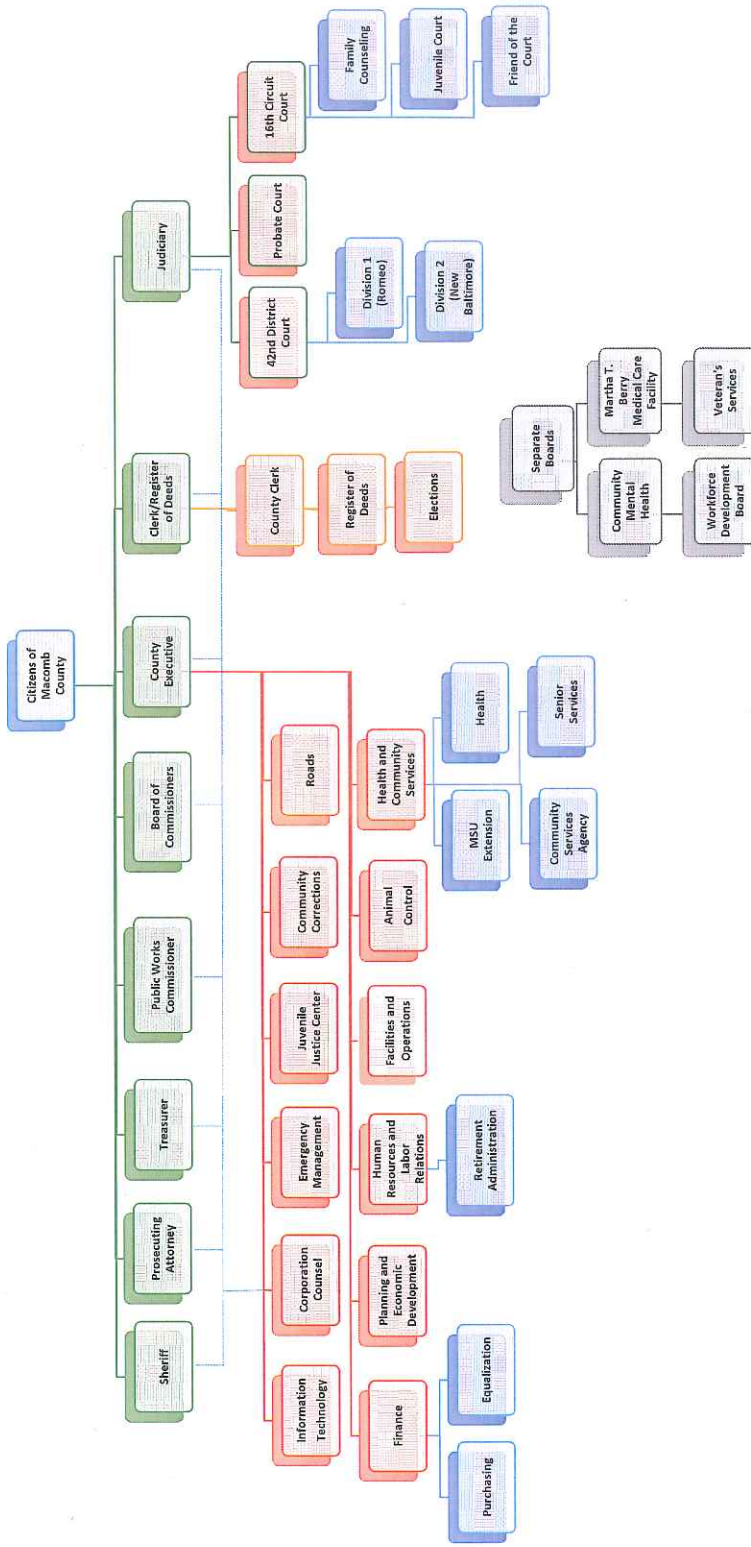
Macomb County
Michigan

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2014

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	Chief Deputy County Executive
Al Lorenzo	Deputy County Executive
Kathy Bartz	Deputy County Executive
Pam Lavers	Deputy 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
Andrey Duzyj, 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	Derek Miller

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 Arnett-Bryks
Finance Director	Stephen Smigiel
Health & Community Services Director	Steven Gold
Health Officer	William Ridella
Human Resources Director	Eric Herppich
Information Officer	Jako van Blerk
Juvenile Justice Center Director	Rhonda Westphal
Planning & Economic Development Director	John Paul Rea
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, 2015 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, 2015, 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 discussed in Note 15, during the year ended December 31, 2015, the County of Macomb adopted the provisions of Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions* - an amendment of GASB Statement No. 27. In accordance with Statement No. 68, the County is now recognizing its unfunded pension benefit obligation as a liability on the statement of net position for the first time. This statement also enhances accountability and transparency through revised note disclosures and required supplemental information (RSI). Our opinion is not modified with respect to this matter.

As explained in Note 2, the financial statements include investments valued at approximately \$241.7 million (17.0 percent of the equity of the aggregate remaining funds), whose fair values have been estimated by management in the absence of readily determinable market values. Management's estimates are based on information provided by the fund managers. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplemental 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 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 supplemental 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 24, 2016 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 24, 2016

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, 2015. 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 and deferred outflows of the County exceeded its liabilities and deferred inflows by \$1.1 billion at year-end.
- The net position of the County increased by \$12.4 million in fiscal 2015.
- The General Fund reported a deficit of \$13.0 million for the year. Unassigned fund balance was \$49.9 million, or 24.2% of 2015 General Fund budgeted expenditures. Total fund balance was \$72.2 million. The \$22.3 million difference is nonspendable for prepaid items, advances to other funds and long-term receivables or committed or assigned for future use.
- The County issued \$263.5 million in general obligation bonds to fully fund its unfunded retiree health care liability. It also made an additional contribution of \$59.0 million to the Retiree Health Care plan to pre-fund future normal costs.
- 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.

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

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

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

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

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FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE

The financial analysis of the County as a whole focuses on the net position and changes in net position of the governmental and business-type activities of the County. As noted earlier, net position and changes in net position may serve as one indicator of the financial health of the County. The assets and deferred outflows of resources of the County exceeded its liabilities and deferred inflows of resources by \$1.1 billion at December 31, 2015 and increased by approximately \$12.4 million for the year then ended. (See page A-8)

Macomb County Primary Government Net Position

	Governmental Activities		Business-type Activities		Totals	
	2014	2015	2014	2015	2014	2015
Current and other assets	\$ 289,682,542	\$ 308,774,205	\$ 209,565,628	\$ 195,245,953	\$ 499,248,170	\$ 504,020,158
Net pension asset (1)	25,519,646	-	2,796,985	-	28,316,631	-
Net OPEB asset	-	43,576,738	-	5,932,135	-	49,508,873
Capital assets	938,354,846	966,987,274	781,717	1,684,974	939,136,563	968,672,248
Total assets	1,253,557,034	1,319,338,217	213,144,330	202,863,062	1,466,701,364	1,522,201,279
Deferred outflows of resources	-	59,756,541	-	6,549,390	-	66,305,931
Current liabilities	31,511,607	35,574,387	41,193,462	43,644,617	72,705,069	79,219,004
Long-term liabilities						
Due within one year	7,869,752	17,981,233	100,000	1,964,807	7,969,752	19,946,040
Due in more than one year	52,326,391	291,675,540	1,254,920	44,229,755	53,581,311	335,905,295
Net Pension liability	-	32,854,630	-	3,600,907	-	36,455,537
Net OPEB obligation	200,189,005	-	32,392,036	-	232,581,041	-
Total liabilities	291,896,755	378,085,790	74,940,418	93,440,086	366,837,173	471,525,876
Deferred inflows of resources	1,091,478	5,357,961	-	463,034	1,091,478	5,820,995
Net position						
Net investment in capital assets	897,288,337	915,033,989	1,178,142	1,684,974	898,466,479	916,718,963
Restricted	93,367,510	141,828,276	24,331,490	28,339,188	117,699,000	170,167,464
Unrestricted (1)	(30,087,046)	(61,211,258)	112,694,280	85,485,170	82,607,234	24,273,912
Total Net Position	\$ 960,568,801	\$ 995,651,007	\$ 138,203,912	\$ 115,509,332	\$ 1,098,772,713	\$ 1,111,160,339

(1) - As restated. See Note 15.

Approximately \$916.7 million, or 82.5%, 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 \$170.2 million, or 15.3%, 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, 2015.

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As indicated in the following schedule, the net position of the County increased by \$12.4 million for the year ended December 31, 2015. The components of this change were an increase of \$35.1 million in governmental activities and a decrease of \$22.7 million in business-type activities. The components of these changes are discussed in the following section.

	Macomb County Primary Government Changes in Net Position					
	Governmental Activities		Business-type Activities		Totals	
	2014	2015	2014	2015	2014	2015
Revenues						
Program revenue						
Charges for services	\$ 65,601,199	\$ 76,493,890	\$ 210,770,880	\$ 223,237,698	\$ 276,372,079	\$ 299,731,588
Operating grants and contributions	46,664,900	49,585,955	29,255,762	17,957,340	75,920,662	67,543,295
Capital grants and contributions	76,970,341	73,401,991	-	-	76,970,341	73,401,991
General revenue						
Property taxes	113,049,176	117,744,918	-	-	113,049,176	117,744,918
Intergovernmental revenues	23,280,302	22,681,875	-	-	23,280,302	22,681,875
Investment income	1,793,014	479,802	293,997	317,502	2,087,011	797,304
	<u>327,358,932</u>	<u>340,388,431</u>	<u>240,320,639</u>	<u>241,512,540</u>	<u>567,679,571</u>	<u>581,900,971</u>
Expenses						
Legislative	1,190,807	1,487,448	-	-	1,190,807	1,487,448
Judicial	42,193,876	48,333,751	-	-	42,193,876	48,333,751
General government	52,613,762	50,182,442	-	-	52,613,762	50,182,442
Public safety	75,848,904	81,400,945	-	-	75,848,904	81,400,945
Public works	76,193,655	71,867,471	-	-	76,193,655	71,867,471
Health and welfare	66,909,404	66,119,147	-	-	66,909,404	66,119,147
Recreation and culture	146,509	139,381	-	-	146,509	139,381
Interest and fees on long-term debt	1,356,796	7,541,589	-	-	1,356,796	7,541,589
Delinquent tax collections	-	-	4,349,122	4,238,098	4,349,122	4,238,098
Community Mental Health	-	-	229,654,304	245,393,725	229,654,304	245,393,725
Freedom Hill Park	-	-	466,623	594,255	466,623	594,255
	<u>316,453,713</u>	<u>327,072,173</u>	<u>234,470,049</u>	<u>250,226,078</u>	<u>550,923,762</u>	<u>577,298,251</u>
Increase (decrease) in net position before transfers	10,905,219	13,316,258	5,850,590	(8,713,538)	16,755,809	4,602,720
Net transfers	(8,571,449)	21,765,948	7,316,361	(13,981,042)	(1,255,088)	7,784,906
Increase (decrease) in net position	2,333,770	35,082,206	13,166,951	(22,694,580)	15,500,721	12,387,626
Net position, beginning of year (1)	958,235,031	960,568,801	125,036,961	138,203,912	1,083,271,992	1,098,772,713
Net position, end of year	<u>\$ 960,568,801</u>	<u>\$ 995,651,007</u>	<u>\$ 138,203,912</u>	<u>\$ 115,509,332</u>	<u>\$ 1,098,772,713</u>	<u>\$ 1,111,160,339</u>

(1) - As restated. See Note 15.

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 \$35.1 million increase in net position of governmental activities stands in contrast to the increase in net position of \$2.3 million in the prior year. The change of \$32.8 million is composed of an increase in revenues of \$13.0 million, an increase in expenses of \$10.5 million and an increase of net transfers in of \$30.3 million.

As discussed in the financial highlights section, the County made a commitment to address its unfunded retiree health care obligation in 2013 and issued \$263.5 million in general obligation bonds in 2015 to fully fund its unfunded retiree health care liability of \$262.6 million that was measured as of December 31, 2013. The County also made an additional contribution of \$59.0 million to pre-fund future normal costs.

The County created a Section 115 trust fund in 1997 known as the Retiree Health Care Trust Fund and began pre-funding its retiree health care plan that year and did so until budgetary constraints precluded it from making any further pre-funding contributions beginning in 2004. In 2013, the County eliminated retiree health care coverage for new hires effective January 1, 2016 and commissioned an actuarial study to measure the impact on the retiree health care liability, which indicated that the unfunded liability would be reduced by approximately 50% to \$262.6 million. Management then began exploring the possibility of issuing debt to fund the unfunded liability. The analysis determined that actual retiree health care premium payments would exceed debt service payments on the bonds as early as 2018 and the County made the decision to move forward with the bond issue. The 20 year bonds were issued in March 2015 and annual debt service payments are approximately \$18.1 million.

As indicated previously, the County also contributed an additional contribution of \$59.0 million from the General Fund to pre-fund future normal costs associated with retiree health care. The combined total of \$321.6 million was placed into a newly created trust fund separate and distinct from the already existing Retiree Health Care Trust Fund. The newly formed trust is known as the Macomb County Retirees Intermediate Medical Benefits Trust Fund.

The net proceeds of \$321.6 million were allocated and charged between governmental activities, business-type activities and discretely presented component units as follows based on employee counts:

	<u>OPEB Bonds</u>			<u>OPEB Pre-Funding</u>	<u>Total</u>
	<u>Face Amount</u>	<u>Issue Costs/ Discounts</u>	<u>Net Proceeds</u>		
Governmental activities	\$ 218,794,324	\$ (762,189)	\$ 218,032,135	\$ 45,319,564	\$ 263,351,699
Business-type activities					
Community Mental Health	44,093,344	(153,603)	43,939,741	9,873,013	53,812,754
Freedom Hill Park	667,332	(2,325)	665,007	149,423	814,430
Total Business-type activities	<u>44,760,676</u>	<u>(155,928)</u>	<u>44,604,748</u>	<u>10,022,436</u>	<u>54,627,184</u>
Component Units					
Martha T Berry Medical Care Facility	-	-	-	3,658,000	3,658,000
	<u>\$ 263,555,000</u>	<u>\$ (918,117)</u>	<u>\$ 262,636,883</u>	<u>\$ 59,000,000</u>	<u>\$ 321,636,883</u>

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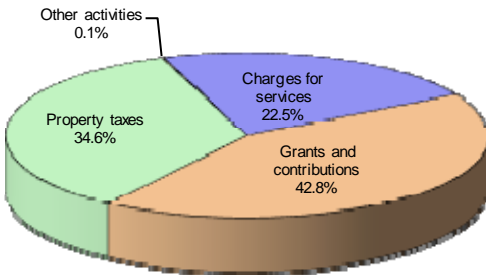
Total revenues increased \$13.0 million, \$4.7 million of which was attributable to an increase in property tax revenue as a result of increased property values.

Total expenditures increased approximately \$10.5 million, the largest portion of which was a \$6.2 million increase in interest expense on long-term debt as a result of issuing the retiree health care bonds as well as issuing \$44.2 million in construction bonds to renovate several building in its central campus. The remaining \$4.0 million can be attributed to a combination of charges at the government-wide level related to the OPEB funding transaction described previously as well as pension charges to record the County's net pension obligation for the first time as a result of implementing GASB Statement No. 68 in 2015.

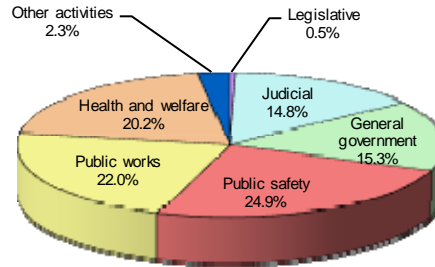
Net transfers in increased approximately \$30.3 million primarily as a result of a \$30.0 million transfer from the Delinquent Tax Revolving Fund to the General Fund that was then used to pre-fund retiree health care normal costs as described previously.

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 decreased approximately \$22.7 million during the year due primarily to a \$20.3 million loss in the Delinquent Tax Revolving Fund, which was driven by the \$30.0 million contribution to the General Fund discussed previously.

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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 \$187.9 million at December 31, 2015, an increase of \$9.3 million over the prior year. The increase consists of a \$13.0 million decrease in the General Fund, a \$2.3 million increase in the Roads Major Special Revenue Fund, a \$26.6 million increase in the Central Campus Renovation Major Capital Projects Fund and a combined decrease of \$6.6 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

Revenues	2014	2015	Increase (Decrease)
Property taxes	\$ 112,609,816	\$ 115,628,967	\$ 3,019,151
Licenses and permits	1,705,564	1,714,382	8,818
Federal and State grants	30,161,731	31,406,372	1,244,641
Charges for services	36,855,521	37,581,980	726,459
Investment income	225,937	177,285	(48,652)
Admin charges to other funds	8,070,459	7,620,362	(450,097)
Fines and forfeitures	589,715	533,786	(55,929)
Other revenue	155,011	148,490	(6,521)
Transfers from other funds	-	35,254,949	35,254,949
Total revenues	190,373,754	230,066,573	39,692,819
Expenditures			
Legislative	\$ 1,190,807	1,289,160	98,353
Judicial	29,417,533	30,188,518	770,985
General government	40,053,082	39,896,538	(156,544)
Public safety	59,561,962	62,543,742	2,981,780
Public Works	5,166,734	5,263,334	96,600
Health and welfare	18,717,297	19,563,735	846,438
Non-Departmental Appropriations	1,211,768	46,276,789	45,065,021
Capital outlay	2,228,634	1,197,610	(1,031,024)
Transfers to other funds	29,267,266	36,880,302	7,613,036
Total Expenditures	186,815,083	243,099,728	56,284,645
Excess of revenues over expenditures	\$ 3,558,671	\$ (13,033,155)	\$ (16,591,826)

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Property tax revenue increased by approximately 2.7% due to an increase in the taxable value of property in the County.

Federal and State grant revenue increased \$1.2 million primarily as a result of an increase of \$1.6 million in State revenue sharing and a \$0.4 million decrease in Federal grants.

The \$35.3 million increase in contributions from other funds is due to a \$30.0 million contribution from the Delinquent Tax Revolving Fund that was used to assist the General Fund in making a \$59.0 million contribution to a trust fund to pre-fund the County's retiree health care liability.

Expenditures increased approximately \$56.3 million across all functional categories in 2015 primarily as a result of increases in Public Safety, non-departmental appropriations and transfers to other funds.

- The \$3.0 million increase in Public Safety expenditures is due primarily to increased wages and benefits associated with adding seven (7) deputies at the Sheriff Department, which are funded through a contract with a local municipality, as well increased overtime at the Sheriff Department.
- The \$45.1 million increase in non-departmental appropriations represents the portion of the one-time \$59.0 million contribution to pre-fund the County's retiree health care liability that was attributable to the General Fund. The remaining \$13.7 million was allocated to the County's Mental Health and Freedom Hill Park business-type activities.
- The \$7.6 million increase in transfers out is due primarily to an increase in the contribution to Community Mental Health to fund its allocated portion of the \$59.0 million OPEB contribution discussed previously.

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

Department of Roads Revenues By Source and Expenditures By Function

<u>Revenues</u>	<u>2014</u>	<u>2015</u>	<u>Increase (Decrease)</u>
Licenses and permits	\$ 599,164	\$ 871,721	\$ 272,557
Federal, State and other grants	64,920,806	67,003,940	2,083,134
Charges for services	16,396,725	16,506,107	109,382
Investment income	138,516	186,182	47,666
Other revenue	431,393	343,186	(88,207)
Face amount of long-term debt	472,500	-	(472,500)
Total revenues	82,959,104	84,911,136	1,952,032
<u>Expenditures</u>			
Public works	71,573,270	78,670,442	7,097,172
Capital Outlay	4,792,915	3,542,969	(1,249,946)
Principal	127,155	162,196	35,041
Interest and fees	15,278	26,125	10,847
Transfers out	123,545	161,748	38,203
Total expenditures	76,632,163	82,563,480	5,931,317
Excess of revenues over expenditures	<u>\$ 6,326,941</u>	<u>\$ 2,347,656</u>	<u>\$ (3,979,285)</u>

- The \$2.1 million increase in Federal, State and other grant revenue is due to increased road construction activity.
- The \$7.1 million increase in Public works expenditures is due to increased road construction activity.

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OPEB Bonds Special Revenue Fund - The OPEB Bonds Special Revenue Fund is used to account for the issuance of \$263.5 million in general obligation bonds to fully fund the County's unfunded retiree health care liability as discussed previously. The bond issue was allocated between governmental funds and proprietary funds as follows: \$218.8 million to governmental funds and \$44.7 million to proprietary funds based on employee counts.

Central Campus Renovation Capital Projects Fund - The Central Campus Renovation Fund is used to account for the activities related to a \$64.7 million project to renovate various buildings at the County's downtown Mount Clemens campus. The project, which began in the spring of 2015 and is expected to be completed in 2017, is being funded primarily through a \$45.0 million bond issue. The remaining \$19.7 million is being funded through insurance proceeds and General Fund contributions. A total of \$19.4 million had been expended at December 31, 2015.

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

The fund balances of the County's nonmajor governmental funds were approximately \$23.2 million at year-end, a decrease of approximately \$6.7 million over the prior year. The decrease consists of a deficit of \$4.5 million experienced in the Special Revenue Funds and a deficit of \$2.2 million experienced in the Capital Projects funds.

FINANCIAL ANALYSIS OF THE COUNTY'S MAJOR PROPRIETARY FUNDS

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

Delinquent Tax Revolving Fund Revenue and Expense Comparison

Revenues	2014	2015	Increase (Decrease)
Charges for services	\$ 14,093,174	\$ 13,723,003	\$ (370,171)
Investment income	195,931	214,823	18,892
Total revenues	<u>14,289,105</u>	<u>13,937,826</u>	<u>(351,279)</u>
Expenses			
Personal services	447,149	458,511	11,362
Supplies and services	3,901,973	3,779,587	(122,386)
Transfers out	-	30,000,000	30,000,000
Total expenses	<u>4,349,122</u>	<u>34,238,098</u>	<u>29,888,976</u>
Net income	<u>\$ 9,939,983</u>	<u>\$ (20,300,272)</u>	<u>\$ (30,240,255)</u>

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The most notable change in operating results was an increase in transfers to other funds of \$30.0 million as a result of a contribution to the General Fund that was then used to pre-fund the County's retiree health care liability as discussed previously.

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

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

Community Mental Health Revenue and Expense Comparison

Revenues	2014	2015	Increase (Decrease)
Federal and State grants	\$ 29,255,762	\$ 17,957,340	\$ (11,298,422)
Charges for services	196,277,694	208,838,346	12,560,652
Investment income	98,066	102,679	4,613
Other	-	5,467	5,467
Transfers in	7,163,955	15,293,950	8,129,995
Total revenues	232,795,477	242,197,782	9,402,305
Expenses			
Personal services	27,616,111	43,303,028	15,686,917
Contractual services	182,060,136	175,454,861	(6,605,275)
Utilities	292,046	373,789	81,743
Repairs and maintenance	34,425	33,613	(812)
Supplies and services	19,256,161	25,665,631	6,409,470
Interest expense	-	642,236	642,236
Total expenses	229,258,879	245,473,158	16,214,279
Net income (loss)	\$ 3,536,598	\$ (3,275,376)	\$ (6,811,974)

Community Mental Health is funded primarily by Medicare and Medicaid. Revenue from Federal and State grants decreased \$11.3 million as a result of reductions in State General Fund appropriations. Revenue from charges for services (primarily Medicare and Medicaid) increased by \$12.5 million due to Medicaid expansion at the State level. A portion of Medicaid revenue is subsequently passed through to the State Department of Treasury and recorded as an expense of Community Mental Health.

Personnel expenses increased \$15.7 million as a result of \$16.2 million in pension and OPEB charges.

Contract services expense decreased \$6.6 million due to program cuts which occurred as a result of lost state general fund allocation to these programs.

Supplies and services expense increased \$6.4 million due primarily to an increase in the 6% State use tax paid to the State Department of Treasury in connection with the increase in Medicaid revenue.

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

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

Freedom Hill Park Revenue and Expense Comparison

Revenues	2014	2015	Increase (Decrease)
Charges for services	\$ 242,744	\$ 274,457	\$ 31,713
Other	157,268	396,425	239,157
Transfers in	152,406	725,008	572,602
Total revenues	552,418	1,395,890	843,472
Expenses			
Personal services	22,792	228,079	205,287
Utilities	179,336	109,458	(69,878)
Repairs and maintenance	152,732	106,361	(46,371)
Supplies and services	48,316	53,800	5,484
Interest expense	-	4,265	4,265
Depreciation	63,447	92,292	28,845
Total expenses	466,623	594,255	127,632
Net income (loss)	\$ 85,795	\$ 801,635	\$ 715,840

Other revenue decreased \$0.2 million due to a donation of playground equipment and reimbursement of costs associated with renovating the electronic advertising sign that was recorded in 2014.

Certain assets relating to the Freedom Hill Park were initially purchased from the County's Capital Improvement governmental fund and were subsequently transferred to the Freedom Hill fund, resulting in an increase of \$0.6 million in Transfers In revenue.

Personal services expenses increased primarily as a result of a \$0.1 million OPEB charge in connection to the pre-funding of the County's OPEB liability discussed previously.

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

GENERAL FUND BUDGETARY HIGHLIGHTS

The budget for the General Fund has historically been adopted by the Board of Commissioners in December of the prior year but may be adopted earlier if so desired. It may be amended from time to time throughout the year to reflect changing operational circumstances. A comparison of budgeted and actual revenues is presented below

<u>Source</u>	<u>General Fund Revenue Budget and Actual By Source</u>			
	<u>Budget</u>		<u>Actual</u>	<u>Variance</u>
	<u>Adopted</u>	<u>Final</u>		
Property taxes	\$ 112,820,357	\$ 116,855,791	\$ 115,628,967	\$ (1,226,824)
Licenses and permits	1,568,740	1,568,740	1,714,382	145,642
Federal and State grants	29,961,838	31,904,896	31,406,372	(498,524)
Charges for services	39,192,022	40,357,817	37,581,980	(2,775,837)
Investment income	225,000	225,000	177,285	(47,715)
Admin charges to other funds	8,570,813	8,570,813	7,620,362	(950,451)
Fines and forfeitures	648,300	648,300	533,786	(114,514)
Other revenue	117,500	128,108	148,490	20,382
Transfers from other funds	-	30,063,243	35,254,949	5,191,706
	<u>\$ 193,104,570</u>	<u>\$ 230,322,708</u>	<u>\$ 230,066,573</u>	<u>\$ (256,135)</u>

The \$1.2 million unfavorable variance in property tax revenues is due to a smaller than expected increase in the taxable value of property. An increase of 3.7% was budgeted while the actual increase was 2.4%.

The \$2.8 million unfavorable variance in Charges for Services revenue is due to payments from certain vendors for reimbursable costs not being received within 60 days of year end, which resulted in a deferral in the recognition of such revenues until 2016. The delay in payment is expected to be one time in nature.

The \$5.2 million favorable variance in transfers from other funds was the result of certain Internal Service funds refunding the General Fund for excess charges in prior years.

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

A comparison of budgeted and actual expenditures is presented below.

General Fund Expenditures Budget and Actual By Level of Control

Level of Control	Budget		Actual	Variance
	Adopted	Final		
Board of Commissioners	\$ 1,570,709	\$ 1,513,496	\$ 1,289,160	\$ 224,336
Building Authority	1,300	1,300	630	670
Circuit Court	11,247,562	10,957,932	10,879,190	78,742
Civil Service Commission	35,700	35,700	30,296	5,404
Corporation Counsel	924,874	917,615	873,341	44,274
County Clerk	4,799,286	4,390,054	4,279,922	110,132
County Executive	1,411,472	1,383,525	1,342,148	41,377
District Court - 3rd Class	25,000	25,000	19,745	5,255
District Court - New Baltimore	1,426,455	1,276,466	1,168,415	108,051
District Court - Romeo	1,126,799	1,048,616	978,790	69,826
Elections	29,800	29,800	13,260	16,540
Emergency Management	1,095,471	1,279,892	1,215,748	64,144
Ethics Board	59,000	59,000	2,669	56,331
Equalization	929,624	886,929	848,304	38,625
Facilities and Operations	14,784,957	14,592,743	14,313,878	278,865
Family Counseling	186,333	185,771	133,570	52,201
Family Court - Juvenile	5,198,618	4,738,983	4,580,097	158,886
Finance	2,210,939	1,951,531	1,901,785	49,746
Health & Community Services	288,687	284,327	274,845	9,482
Health Department	20,150,762	19,146,552	18,703,963	442,589
Human Resources	2,136,489	2,107,075	2,044,570	62,505
Information Technology	6,134,001	5,672,024	5,635,651	36,373
Jury Commission	183,700	148,700	95,691	53,009
Law Library	35,800	35,800	35,386	414
MSU Extension	900,361	885,443	840,598	44,845
Planning and Economic Development	3,031,336	2,831,736	2,756,287	75,449
Probate Court	3,057,790	2,831,971	2,750,783	81,188
Probation - Circuit Court	118,600	118,600	108,208	10,392
Probation - District Court	472,879	459,619	450,109	9,510
Prosecuting Attorney	9,585,361	9,080,306	8,988,534	91,772
Public Works	6,366,079	5,350,218	5,263,334	86,884
Purchasing	1,369,167	1,290,132	1,262,220	27,912
Register of Deeds	1,821,510	1,717,484	1,676,780	40,704
Senior Citizens Services	674,053	653,256	529,194	124,062
Sheriff Department	62,195,872	60,666,132	61,297,698	(631,566)
Social Services	72,472	72,472	55,733	16,739
Treasurer	2,296,398	2,215,352	2,104,495	110,857
Non-Departmental Appropriations	1,412,450	48,611,557	46,276,789	2,334,768
Vacant position turnover factor	(10,018,800)	-	-	-
Capital Outlay	1,574,590	1,324,428	1,197,610	126,818
Transfers Out	32,179,921	42,512,607	36,880,302	5,632,305
	<u>\$ 193,103,377</u>	<u>\$ 253,290,144</u>	<u>\$ 243,099,728</u>	<u>\$ 10,190,416</u>

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

The total budget for the General Fund was increased by \$60.2 million during the year, \$59.0 million of which is related to the OPEB contribution discussed previously. The majority of the remaining \$1.2 million in adjustments was related to the addition of seven (7) deputies at the Sheriff Department in connection with a contract for law enforcement services with a local unit of government.

The \$0.6 unfavorable variance in the Sheriff Department was due primarily to the payroll charge for pension contribution for Sheriff Department employees being budgeted at the lower rate associated with non-Sheriff employees.

In summary, General Fund expenditures exceeded revenues by \$13.0 million for the year ended December 31, 2015. Unassigned fund balance was \$49.9 million or 25.7% of 2015 General Fund budgeted expenditures, exclusive of the one-time \$59.0 million OPEB contribution.

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 \$939.1 million for governmental activities and \$1.7 million for business-type activities.

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

	Governmental Activities		Business-type Activities		Total	
	2014	2015	2014	2015	2014	2015
Land	\$ 239,331,873	\$ 243,034,171	\$ 50,000	50,000	\$ 239,381,873	\$ 243,084,171
Land improvements	5,734,623	6,352,852	253,330	272,309	5,987,953	6,625,162
Buildings and improvements	141,477,113	135,123,997	478,237	1,362,665	141,955,350	136,486,662
Machinery, equipment and vehicles	14,576,074	16,769,710	150	-	14,576,224	16,769,710
Infrastructure	522,657,431	527,469,927	-	-	522,657,431	527,469,927
Construction in progress	14,577,732	38,236,617	-	-	14,577,732	38,236,617
	<u>\$ 938,354,846</u>	<u>\$ 966,987,274</u>	<u>\$ 781,717</u>	<u>\$ 1,684,974</u>	<u>\$ 939,136,563</u>	<u>\$ 968,672,248</u>

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

Long-term debt. The County's long-term debt was \$335.6 million at December 31, 2015, all of which related to governmental activities. All outstanding obligations are backed by the full faith and credit of the County. The components of the total liability are presented below.

Macomb County's Long-Term Debt - Governmental Activities

	Balance Beginning of Year	New Debt Issued	Debt Retired	Balance End of Year
General obligation bonds	\$ 41,066,509	\$ 307,765,000	\$ 13,222,000	\$ 335,609,509

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, 2015 was \$25.5 billion. Therefore, the County's debt limitation was \$2.5 billion at year-end. The County's outstanding debt of \$335.6 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 2016 budget:

- Property values were projected to increase 2.0% in 2016.
- Across the board wage increases of 2% were factored into the 2016 budget
- Health care costs for employees are anticipated to increase 4% and 8% for retirees in 2016.
- Market interest rates in 2016 are expected to remain consistent with 2015 levels.
- Inflationary trends in the region compare favorably to national indices.
- Although the County is facing significant budgetary challenges at this time, its financial condition remains stable as demonstrated by the financial statements and other schedules included in this report.

CONTACTING THE COUNTY FINANCE DEPARTMENT

This financial report is designed to provide the citizens, taxpayers, investors, creditors and others with a general overview of the finances of the County. Questions concerning any information contained in this report or requests for additional information should be addressed to the attention of the Finance Director at the following address: Macomb County Finance Department, 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, 2015

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Assets				
Cash and pooled investments	\$ 173,625,611	\$ 153,478,732	\$ 327,104,343	\$ 40,651,925
Restricted cash - unspent bond proceeds	27,296,028	-	27,296,028	7,630,565
Receivables				
Property taxes, net	6,848,646	25,594,200	32,442,846	-
Accrued interest	112,185	46,580	158,765	-
Trade accounts, net	18,039,787	10,313,743	28,353,530	9,586,802
Component unit	19,368,000	-	19,368,000	-
Special assessments	-	-	-	269,383,514
Inventories	5,495,611	-	5,495,611	-
Due from other governments	32,369,005	470,906	32,839,911	3,888,306
Internal balances	(7,817,209)	3,431,323	(4,385,886)	-
Due from fiduciary funds	26,008,129	-	26,008,129	-
Other assets	7,428,413	1,910,469	9,338,882	259,019
Capital assets, net				
Assets not being depreciated	281,270,788	50,000	281,320,788	55,765,965
Assets being depreciated	685,716,486	1,634,974	687,351,460	257,941,065
Net other post-employment benefits asset	43,576,737	5,932,135	49,508,872	2,825,057
Total Assets	1,319,338,217	202,863,062	1,522,201,279	647,932,218
Deferred outflows of resources				
Related to pension	59,756,541	6,549,390	66,305,931	1,440,047
Liabilities				
Accounts payable and accrued liabilities	28,218,385	33,934,617	62,153,002	22,686,821
Accrued wages payable	5,266,347	1,002,193	6,268,540	447,064
Accrued interest payable	1,685,999	646,501	2,332,500	3,024,714
Due to other governments	382,511	7,988,340	8,370,851	110,002
Unearned revenue	21,145	72,966	94,111	6,762,415
Long-term liabilities:				
Due within one year	17,981,233	1,964,807	19,946,040	14,049,765
Due in more than one year	291,675,540	44,229,755	335,905,295	277,884,437
Net pension liability	32,854,630	3,600,907	36,455,537	791,749
Total Liabilities	378,085,790	93,440,086	471,525,876	325,756,967
Deferred Inflows of Resources				
Property taxes levied in advance	1,133,238	-	1,133,238	-
Related to pension	4,224,723	463,034	4,687,757	101,809
Total deferred inflows of resources	5,357,961	463,034	5,820,995	101,809
Net Position				
Net investment in capital assets	915,033,989	1,684,974	916,718,963	108,173,629
Restricted for				
Capital projects	97,792,265	-	97,792,265	6,716,684
Debt service	2,617,902	-	2,617,902	4,876,668
Health and welfare	10,549,206	-	10,549,206	-
Judicial	206,384	-	206,384	-
Housing rehabilitation loans	6,009,623	-	6,009,623	-
Mental health and substance abuse	-	28,339,188	28,339,188	-
Public safety	15,231,354	-	15,231,354	-
Technology	1,149,517	-	1,149,517	-
Department of Roads liability insurance	8,272,025	-	8,272,025	-
Unrestricted (deficit)	(61,211,258)	85,485,170	24,273,912	203,746,508
Total Net Position	\$ 995,651,007	\$ 115,509,332	\$ 1,111,160,339	\$ 323,513,489

MACOMB COUNTY, MICHIGAN
Government-Wide Statement of Activities
Year Ended December 31, 2015

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	
Primary Government				
Governmental activities				
Legislative	\$ 1,487,448	\$ -	\$ -	\$ -
Judicial	48,333,751	6,305,866	12,754,794	-
General government	50,182,442	17,102,736	256,051	40,400
Public safety	81,400,945	20,256,902	1,631,434	6,357,651
Public works	71,867,471	20,407,027	863,609	67,003,940
Health and welfare	66,119,147	12,361,992	34,080,067	-
Recreation and culture	139,381	59,368	-	-
Interest and fees on long-term debt	7,541,589	-	-	-
Total Governmental Activities	327,072,173	76,493,890	49,585,955	73,401,991
Business-Type Activities				
Delinquent tax collections	4,238,098	13,723,003	-	-
Community Mental Health	245,393,725	208,843,813	17,957,340	-
Freedom Hill Park	594,255	670,882	-	-
Total Business-Type Activities	250,226,078	223,237,698	17,957,340	-
Total Primary Government	\$ 577,298,251	\$ 299,731,588	\$ 67,543,295	\$ 73,401,991
Component Units				
Drainage Districts	\$ 93,414,508	\$ 83,525,191	\$ -	\$ 1,036,760
Workforce Development Board	22,956,938	677,339	22,276,908	-
Martha T. Berry Medical Care Facility	25,072,880	22,832,774	-	-
Total Component Units	\$ 141,444,326	\$ 107,035,304	\$ 22,276,908	\$ 1,036,760

MACOMB COUNTY, MICHIGAN
Government-Wide Statement of Activities (concluded)
Year Ended December 31, 2015

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	
Changes in Net Position				
Net (expense) revenue (from page B-2)	\$ (127,590,337)	\$ (9,031,040)	\$ (136,621,377)	\$ (11,095,354)
General revenues				
Property tax	117,744,918	-	117,744,918	-
Intergovernmental revenues - unrestricted	22,681,875	-	22,681,875	-
Investment earnings	479,802	317,502	797,304	7,464,505
Transfers - internal activities	21,765,948	(13,981,042)	7,784,906	-
Total General Revenues and Transfers	<u>162,672,543</u>	<u>(13,663,540)</u>	<u>149,009,003</u>	<u>7,464,505</u>
Change in Net Position	35,082,206	(22,694,580)	12,387,626	(3,630,849)
Net Position, beginning of year (1)	<u>960,568,801</u>	<u>138,203,912</u>	<u>1,098,772,713</u>	<u>327,144,338</u>
Net Position, end of year	<u><u>\$ 995,651,007</u></u>	<u><u>\$ 115,509,332</u></u>	<u><u>\$ 1,111,160,339</u></u>	<u><u>\$ 323,513,489</u></u>

(1) - As restated. See note 15.

The accompanying notes are an integral part of these financial statements

MACOMB COUNTY, MICHIGAN
Balance Sheet - Governmental Funds
December 31, 2015

	Major Governmental Funds					Nonmajor Governmental Funds	Total Governmental Funds
	General Fund	Special Revenue Funds		Capital Project Fund	Central Campus Renovation		
		Road Fund (1)	OPEB Bonds Fund				
Assets							
Cash and pooled investments	\$ 39,306,624	\$ 60,261,005	\$ -	\$ -	\$ 30,861,464	\$ 130,429,093	
Restricted cash - unspent bond proceeds	-	-	-	27,296,028	-	27,296,028	
Taxes receivable	5,862,118	-	-	-	986,528	6,848,646	
Accrued interest receivable	45,969	63,101	-	3,115	-	112,185	
Accounts receivable, net	6,306,985	2,960,288	-	1,000,000	7,435,523	17,702,796	
Due from component unit	3,658,000	-	-	-	-	3,658,000	
Inventories	-	5,227,082	-	-	-	5,227,082	
Due from other governments	13,230,967	9,750,253	-	-	9,387,785	32,369,005	
Due from governmental funds	2,844,952	-	-	-	-	2,844,952	
Due from fiduciary funds	19,324,167	-	-	-	-	19,324,167	
Advances to other funds	295,000	-	-	-	-	295,000	
Other assets	2,121,996	887,439	-	-	1,084,143	4,093,578	
Total Assets	\$ 92,996,778	\$ 79,149,168	\$ -	\$ 28,299,143	\$ 49,755,443	\$ 250,200,532	
Liabilities, Deferred Inflows of Resources and Fund Balances							
Liabilities							
Accounts payable	\$ 2,610,661	\$ 11,984,599	\$ -	\$ 1,654,113	\$ 10,867,180	\$ 27,116,553	
Accrued liabilities	-	-	-	-	766,644	766,644	
Accrued compensation and benefits	3,330,580	-	-	-	1,169,123	4,499,703	
Due to other governments	42,822	-	-	-	339,689	382,511	
Due to governmental funds	-	-	-	-	7,268,755	7,268,755	
Accrued workers compensation claims	-	112,357	-	-	-	112,357	
Unearned revenue	-	-	-	-	21,145	21,145	
Total Liabilities	5,984,063	12,096,956	-	1,654,113	20,432,536	40,167,668	
Deferred Inflows of Resources							
Property taxes and assessments levied in advance	-	-	-	-	1,133,238	1,133,238	
Unavailable property taxes and assessments	3,804,883	-	-	-	-	3,804,883	
Unavailable grants and other charges	10,994,594	1,241,508	-	-	4,996,147	17,232,249	
Total Deferred Inflows of Resources	14,799,477	1,241,508	-	-	6,129,385	22,170,370	
Fund Balances							
Nonspendable for:							
Advances to other funds	295,000	-	-	-	-	295,000	
Inventories	-	5,227,082	-	-	-	5,227,082	
Long term receivables	3,658,000	-	-	-	-	3,658,000	
Prepaid items	2,121,996	887,439	-	-	1,083,227	4,092,662	
Restricted for:							
Capital projects	-	59,696,183	-	25,559,304	4,073,502	89,328,989	
Debt service	-	-	-	-	2,617,902	2,617,902	
Health and welfare	-	-	-	-	5,651,061	5,651,061	
Judicial	-	-	-	-	54,997	54,997	
Housing rehabilitation loans	-	-	-	-	6,009,623	6,009,623	
Public Safety	-	-	-	-	1,642,182	1,642,182	
Technology	-	-	-	-	1,149,517	1,149,517	
Committed for:							
Capital projects	6,527,303	-	-	-	-	6,527,303	
Assigned for:							
Use of fund balance in subsequent budget	11,609,427	-	-	-	-	11,609,427	
Capital projects	-	-	-	1,085,726	3,906,533	4,992,259	
Health and welfare	-	-	-	-	1,397,262	1,397,262	
Judicial	-	-	-	-	8,103	8,103	
Unassigned	48,001,512	-	-	-	(4,400,387)	43,601,125	
Total Fund Balances	72,213,238	65,810,704	-	26,645,030	23,193,522	187,862,494	
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 92,996,778	\$ 79,149,168	\$ -	\$ 28,299,143	\$ 49,755,443	\$ 250,200,532	

(1) - Balance sheet as of September 30, 2015

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, 2015

Total fund balances for governmental funds \$ 187,862,494

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	243,034,171
Land improvements	13,895,986
Buildings and improvements	266,510,304
Machinery, equipment and vehicles	80,348,001
Infrastructure	1,189,063,797
Construction in progress	38,236,617
Accumulated depreciation	(865,584,228)

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	21,037,132
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Certain changes in pension plan net position are reported as deferred outflows and deferred inflows in the statement of net position, while reported as expenditures and revenues in the governmental funds	
Deferred inflows related to pension	(4,224,723)
Deferred outflows related to pension	59,756,541

Net pension liability is not due and payable in the current year and are not reported in the governmental funds	(32,854,630)
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Notes receivable not available to pay for current year expenditures are not recognized as assets in the governmental funds but are recognized as assets in the Statement of Net Position	15,710,000
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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	(290,876,684)
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Accrued interest payable on long-term debt at year-end is not recorded in the governmental funds, but is recorded as a liability in the Statement of Net Position	(1,685,999)
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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	(1,337,782)
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Accrued general liability claims not funded at year-end are not recorded in the governmental funds, but is recorded as a liability in the Statement of Net Position	(241,801)
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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	(92,994)
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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 an asset in the Statement of Net Position	36,661,729
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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	6,915,008
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Internal service funds are used by management to charge the costs of certain activities such as insurance, compensated absences, workers' compensation and central inventory to individual governmental funds and business-type units. The 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	33,518,068
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Net position of governmental activities reported in the Government-Wide Statement of Net Position	\$ 995,651,007
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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, 2015

	Major Governmental Funds					Nonmajor Governmental Funds	Total Governmental Funds
	General Fund	Special Revenue Funds		Capital Project Fund Central Campus Renovation			
		Road Fund (1)	OPEB Bonds Fund				
Revenues							
Property taxes	\$ 115,628,967	\$ -	\$ -	\$ -	\$ 1,112,558	\$ 116,741,525	
Licenses and permits	1,714,382	871,721	-	-	48,130	2,634,233	
Federal & state grants	31,406,372	67,003,940	-	-	46,154,326	144,564,638	
Other grants	-	-	-	-	604,691	604,691	
Charges for services	37,581,980	16,506,107	-	-	25,685,954	79,774,041	
Investment income	177,285	186,182	-	85,726	8,056	457,249	
Charges to other funds for administrative services	7,620,362	-	-	-	-	7,620,362	
Fines and forfeitures	533,786	-	-	-	490,570	1,024,356	
Other revenue	148,490	343,186	-	1,000,000	567,726	2,059,402	
Total Revenues	194,811,624	84,911,136	-	1,085,726	74,672,011	355,480,497	
Expenditures							
Current							
Legislative	1,289,160	-	-	-	-	1,289,160	
Judicial	30,188,518	-	-	-	12,145,606	42,334,124	
General government	39,896,538	-	-	-	1,920,816	41,817,354	
Public safety	62,543,742	-	-	-	9,988,020	72,531,762	
Public works	5,263,334	78,670,442	-	-	117,353	84,051,129	
Health and welfare	19,563,735	-	-	-	52,681,289	72,245,024	
Recreation and cultural	-	-	-	-	77,845	77,845	
OPEB contributions	45,319,564	-	218,032,135	-	-	263,351,699	
Other	957,225	-	-	-	-	957,225	
Capital outlay	1,197,610	3,542,969	-	19,122,283	14,304,030	38,166,892	
Debt service							
Principal	-	162,196	-	-	13,031,953	13,194,149	
Interest and fees	-	26,125	-	-	5,816,241	5,842,366	
Bond issue costs	-	-	489,101	317,485	-	806,586	
Total Expenditures	206,219,426	82,401,732	218,521,236	19,439,768	110,083,153	636,665,315	
Excess of Revenues over (under) Expenditures	(11,407,802)	2,509,404	(218,521,236)	(18,354,042)	(35,411,142)	(281,184,818)	
Other Financing Sources (uses)							
Face amount of long-term debt	-	-	218,794,324	44,210,000	-	263,004,324	
Transfers in	35,254,949	-	-	-	42,012,606	77,267,555	
Transfers out	(36,880,302)	(161,748)	-	-	(13,267,851)	(50,309,901)	
Bond (discounts) premiums	-	-	(273,088)	789,072	-	515,984	
Total Other Financing Sources (uses)	(1,625,353)	(161,748)	218,521,236	44,999,072	28,744,755	290,477,962	
Net change in Fund Balances	(13,033,155)	2,347,656	-	26,645,030	(6,666,387)	9,293,144	
Fund Balances, beginning of year	85,246,393	63,463,048	-	-	29,859,909	178,569,350	
Fund Balances, end of year	<u>\$ 72,213,238</u>	<u>\$ 65,810,704</u>	<u>\$ -</u>	<u>\$ 26,645,030</u>	<u>\$ 23,193,522</u>	<u>\$ 187,862,494</u>	

(1) - Year ended September 30, 2015

**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, 2015**

Net change in fund balances - total governmental funds \$ 9,293,144

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	81,243,264
Current year depreciation expense	(51,530,781)
Net book value of assets disposed	(1,281,984)

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	18,286,382
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Repayment of debt principal is recorded as an expenditure in the governmental funds, but is recorded as a reduction of long-term liabilities in the Statement of Net Position	13,194,149
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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	(263,004,324)
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Pension liability is reported in the statement of activities at the time it is earned, but not in the governmental funds until paid	(2,842,458)
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The change in amount of accrued compensated absences is not recorded in the governmental funds but is recorded as an operating expense in the Government-Wide Statement of Activities.	(75,573)
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The change in amount of accrued workers compensation claims is not recorded in the governmental funds but is recorded as an operating expense in the Government-Wide Statement of Activities.	84,276
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The change in amount of accrued interest payable is not recorded in the governmental funds, but is recorded as interest expense in the Government-Wide Statement of Activities.	(1,408,621)
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The change in amount of the net OPEB liability is not recorded in the governmental funds, but is recorded as an operating expense in the Government-Wide Statement of Activities.	239,555,753
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Internal service funds are used by management to charge the costs of certain activities such as insurance, compensated absences, workers' compensation and central inventory to individual governmental funds and business-type units. The net income (loss) in those funds that is attributable to governmental funds is excluded from the Statement of Activities.	<u>(6,431,021)</u>
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Change in net position of governmental activities reported in the Statement of Activities	<u><u>\$ 35,082,206</u></u>
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The accompanying notes are an integral part of these financial statements

MACOMB COUNTY, MICHIGAN
Statement of Net Position
Proprietary Funds
December 31, 2015

	Major Business-Type Activities - Enterprise Funds	
	Delinquent Tax Revolving	Community Mental Health (1)
Assets		
Current assets		
Cash and pooled investments	\$ 90,289,497	\$ 62,727,285
Receivables		
Property taxes	25,594,200	-
Accrued interest	42,916	3,664
Trade accounts, net	5,055,289	5,178,885
Inventories	-	-
Due from other governments	5,774	465,132
Due from governmental funds	-	-
Due from fiduciary funds	-	-
Other assets	-	1,910,469
Total current assets	120,987,676	70,285,435
Noncurrent assets		
Capital assets, net		
Assets not being depreciated	-	-
Assets being depreciated	-	-
Net other post-employment benefits asset	-	5,843,693
Total noncurrent assets	-	5,843,693
Total Assets	120,987,676	76,129,128
Deferred outflows of resources		
Related to pension	-	6,549,390
Liabilities		
Current liabilities		
Accounts payable	971,787	32,940,230
Accrued wages payable	11,900	989,738
Accrued interest payable	-	642,236
Due to other governments	56,270	7,932,070
Due to governmental funds	-	-
Long term liabilities due within one year	-	1,840,196
Compensated absences	-	-
Claims and judgements	-	-
Unearned revenue	-	72,966
Total current liabilities	1,039,957	44,417,436
Noncurrent liabilities		
Claims and judgements	-	-
Compensated absences	-	-
Advances from other funds	-	-
Long term liabilities due in more than one year	-	42,253,149
Net pension liability	-	3,600,907
Total noncurrent liabilities	-	45,854,056
Total Liabilities	1,039,957	90,271,492
Deferred inflows of resources		
Related to pension	-	463,034
Net Position		
Net position, investment in capital assets	-	-
Restricted for:		
Mental health and substance abuse	-	28,339,188
Department of Roads liability insurance	-	-
Unrestricted	119,947,719	(36,395,196)
Total Net Position	\$ 119,947,719	\$ (8,056,008)

(1) - Year ended September 30, 2015

MACOMB COUNTY, MICHIGAN
Statement of Net Position (concluded)
Proprietary Funds
December 31, 2015

	Nonmajor Enterprise Fund		Governmental Activities	
	Freedom Hill Park	Enterprise Fund Totals	Internal Service Funds	
Assets				
Current assets				
Cash and pooled investments	\$ 461,950	\$ 153,478,732	\$ 43,196,518	
Receivables				
Property taxes	-	25,594,200	-	
Accrued interest	-	46,580	-	
Trade accounts, net	79,569	10,313,743	336,991	
Inventories	-	-	268,529	
Due from other governments	-	470,906	-	
Due from governmental funds	-	-	213,219	
Due from fiduciary funds	-	-	6,683,962	
Other assets	-	1,910,469	3,334,834	
	<u>541,519</u>	<u>191,814,630</u>	<u>54,034,053</u>	
Total current assets				
Noncurrent assets				
Capital assets, net				
Assets not being depreciated	50,000	50,000	-	
Assets being depreciated	1,634,974	1,634,974	1,482,626	
Net other post-employment benefits asset	88,442	5,932,135	-	
	<u>1,773,416</u>	<u>7,617,109</u>	<u>1,482,626</u>	
Total noncurrent assets				
Total Assets	<u>2,314,935</u>	<u>199,431,739</u>	<u>55,516,679</u>	
Deferred outflows of resources				
Related to pension	-	6,549,390	-	
	<u>-</u>	<u>6,549,390</u>	<u>-</u>	
Liabilities				
Current liabilities				
Accounts payable	22,600	33,934,617	1,101,832	
Accrued wages payable	555	1,002,193	-	
Accrued interest payable	4,265	646,501	-	
Due to other governments	-	7,988,340	-	
Due to governmental funds	-	-	175,302	
Long term liabilities due within one year	24,611	1,864,807	-	
Compensated absences	-	-	1,000,000	
Claims and judgements	-	-	1,200,000	
Unearned revenue	-	72,966	-	
	<u>52,031</u>	<u>45,509,424</u>	<u>3,477,134</u>	
Total current liabilities				
Noncurrent liabilities				
Claims and judgements	-	-	5,133,664	
Compensated absences	-	-	11,123,226	
Advances from other funds	-	-	295,000	
Long term liabilities due in more than one year	614,870	42,868,019	-	
Net pension liability	-	3,600,907	-	
	<u>614,870</u>	<u>46,468,926</u>	<u>16,551,890</u>	
Total noncurrent liabilities				
Total Liabilities	<u>666,901</u>	<u>91,978,350</u>	<u>20,029,024</u>	
Deferred inflows of resources				
Related to pension	-	463,034	-	
	<u>-</u>	<u>463,034</u>	<u>-</u>	
Net Position				
Net position, investment in capital assets	1,684,974	1,684,974	1,482,626	
Restricted for:				
Mental health and substance abuse	-	28,339,188	-	
Department of Roads liability insurance	-	-	8,272,025	
Unrestricted	(36,940)	83,515,583	25,733,004	
	<u>(36,940)</u>	<u>83,515,583</u>	<u>25,733,004</u>	
Total Net Position	<u>\$ 1,648,034</u>	<u>\$ 113,539,745</u>	<u>\$ 35,487,655</u>	
Reconciliation of Statement of Net Position for Proprietary Funds:				
Total net position of Enterprise Funds/Internal Service Funds		\$ 113,539,745	\$ 35,487,655	
Add (subtract): Business-type equity in the net position of internal service funds		1,969,587	(1,969,587)	
Net Position reported in the Government-Wide Statement of Net Position		<u>\$ 115,509,332</u>	<u>\$ 33,518,068</u>	

MACOMB COUNTY, MICHIGAN
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
Year Ended December 31, 2015

	Major Business-Type Activities - Enterprise Funds	
	Delinquent Tax Revolving	Community Mental Health (1)
Operating revenues		
Charges for services	\$ 13,723,003	\$ 208,838,346
Federal and state grants	-	17,957,340
Other	-	5,467
Total Operating Revenues	13,723,003	226,801,153
Operating expenses		
Personal services	458,511	43,303,028
Contractual services	-	175,454,861
Utilities	-	373,789
Repairs and maintenance	-	33,613
Benefits and claims expenses	-	-
Supplies and services	3,779,587	25,665,631
Depreciation	-	-
Total Operating Expenses	4,238,098	244,830,922
Operating Income (loss)	9,484,905	(18,029,769)
Nonoperating revenues (expenses)		
Investment income	214,823	102,679
Interest expense	-	(642,236)
Total Nonoperating Revenues	214,823	(539,557)
Income (loss) before transfers	9,699,728	(18,569,326)
Transfers		
Transfers in	-	15,293,950
Transfers out	(30,000,000)	-
Net Transfers	(30,000,000)	15,293,950
Increase (decrease) in Net Position	(20,300,272)	(3,275,376)
Net Position, beginning of year (2)	140,247,991	(4,780,632)
Net Position, end of year	\$ 119,947,719	\$ (8,056,008)

(1) - Year ended September 30, 2015

(2) - As restated. See note 15.

MACOMB COUNTY, MICHIGAN
Statement of Revenues, Expenses and Changes in Fund Net Position (concluded)
Proprietary Funds
Year Ended December 31, 2015

	Nonmajor Enterprise Fund		
	Freedom Hill Park	Enterprise Fund Totals	Internal Service Funds
Operating revenues			
Charges for services	\$ 274,457	\$ 222,835,806	\$ 60,481,815
Federal and state grants	-	17,957,340	-
Other	396,425	401,892	-
Total Operating Revenues	670,882	241,195,038	60,481,815
Operating expenses			
Personal services	228,079	43,989,618	-
Contractual services	-	175,454,861	-
Utilities	109,458	483,247	-
Repairs and maintenance	106,361	139,974	-
Benefits and claims expenses	-	-	57,831,238
Supplies and services	53,800	29,499,018	3,208,297
Depreciation	92,292	92,292	624,715
Total Operating Expenses	589,990	249,659,010	61,664,250
Operating Income (loss)	80,892	(8,463,972)	(1,182,435)
Nonoperating revenues (expenses)			
Investment income	-	317,502	22,553
Interest expense	(4,265)	(646,501)	-
Total Nonoperating Revenues	(4,265)	(328,999)	22,553
Income (loss) before transfers	76,627	(8,792,971)	(1,159,882)
Transfers			
Transfers in	725,008	16,018,958	1,758,930
Transfers out	-	(30,000,000)	(6,950,636)
Net Transfers	725,008	(13,981,042)	(5,191,706)
Increase (decrease) in Net Position	801,635	(22,774,013)	(6,351,588)
Net Position, beginning of year (2)	846,399	136,313,758	41,839,243
Net Position, end of year	<u>\$ 1,648,034</u>	<u>\$ 113,539,745</u>	<u>\$ 35,487,655</u>
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		\$ (22,774,013)	\$ (6,351,588)
Add (subtract): Increase (Decrease) in Business-type activities' equity of internal service funds		79,433	(79,433)
Net income (loss) in the Government-Wide Statement of Activities		<u>\$ (22,694,580)</u>	<u>\$ (6,431,021)</u>

(2) - As restated. See note 15.

MACOMB COUNTY, MICHIGAN
Combining Statement of Cash Flows - Proprietary Funds
Year Ended December 31, 2015

	Major Business-type Activities - Enterprise Funds	
	Delinquent Tax Revolving	Community Mental Health (1)
Cash flows from operating activities		
Cash received from customers	\$ 58,546,500	\$ 222,760,304
Cash received from interfund services	-	-
Cash payments for delinquent taxes	(40,740,004)	-
Cash payments to employees and employee trusts	(446,611)	(79,908,595)
Cash payments to suppliers	(4,028,797)	(196,602,209)
Net cash provided by (used in) operating activities	<u>13,331,088</u>	<u>(53,750,500)</u>
Cash flows from noncapital financing activities		
Face amount of long-term debt		44,093,344
Principal and interest paid on long-term debt		-
Transfers in	-	15,293,950
Transfers out	(30,000,000)	-
Net cash provided by (used in) noncapital financing activities	<u>(30,000,000)</u>	<u>59,387,294</u>
Cash flows from capital and related financing activities		
Acquisition of capital assets	-	-
Cash flows from investing activities		
Interest received on investments	215,617	102,263
Increase (decrease) in cash and pooled investments	(16,453,295)	5,739,057
Cash and pooled investments, beginning of year	106,742,792	56,988,228
Cash and pooled investments, end of year	<u>\$ 90,289,497</u>	<u>\$ 62,727,285</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities		
Operating income (loss)	\$ 9,484,905	\$ (18,029,769)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:		
Depreciation	-	-
Changes in assets and liabilities:		
Taxes receivable	3,434,733	-
Accounts receivable	602,783	(303,153)
Inventory	-	-
Due from other governments	32,556	316,051
Due from other funds	-	-
Other assets	-	(342,304)
Accounts payable	(249,210)	4,925,685
Accrued employee benefits	11,900	835,696
Net OPEB obligation	-	(34,151,893)
Net pension liability	-	(3,289,370)
Due to other governments	13,421	(3,726,355)
Due to other funds	-	-
Unearned revenue	-	14,912
Accrued claims and judgements	-	-
Net cash provided by (used in) operating activities	<u>\$ 13,331,088</u>	<u>\$ (53,750,500)</u>

(1) - Year ended September 30, 2015

MACOMB COUNTY, MICHIGAN
Combining Statement of Cash Flows - Proprietary Funds (concluded)
Year Ended December 31, 2015

	Nonmajor Enterprise Fund Freedom Hill Park	Enterprise Fund Totals	Governmental Activities Internal Service Funds
Cash flows from operating activities			
Cash received from customers	\$ 675,413	\$ 281,982,217	\$ -
Cash received from interfund services	-	-	62,978,233
Cash payments for delinquent taxes	-	(40,740,004)	-
Cash payments to employees and employee trusts	(799,073)	(81,154,279)	(2,080,955)
Cash payments to suppliers	(291,391)	(200,922,397)	(62,074,496)
Net cash provided by (used in) operating activities	(415,051)	(40,834,463)	(1,177,218)
Cash flows from noncapital financing activities			
Face amount of long-term debt	667,332	44,760,676	
Principal and interest paid on long-term debt	(27,851)	(27,851)	
Transfers in	725,008	16,018,958	1,758,930
Transfers out	-	(30,000,000)	(6,950,636)
Net cash provided by (used in) noncapital financing activities	1,364,489	30,751,783	(5,191,706)
Cash flows from capital and related financing activities			
Acquisition of capital assets	(995,549)	(995,549)	(430,219)
Cash flows from investing activities			
Interest received on investments	-	317,880	22,553
Increase (decrease) in cash and pooled investments	(46,111)	(10,760,349)	(6,776,590)
Cash and pooled investments, beginning of year	508,061	164,239,081	49,973,108
Cash and pooled investments, end of year	\$ 461,950	\$ 153,478,732	\$ 43,196,518
Reconciliation of operating income (loss) to net cash provided (used) by operating activities			
Operating income (loss)	\$ 80,892	\$ (8,463,972)	\$ (1,182,435)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation	92,292	92,292	624,715
Changes in assets and liabilities:			
Taxes receivable	-	3,434,733	-
Accounts receivable	4,531	304,161	2,268,722
Inventory	-	-	495
Due from other governments	-	348,607	-
Due from other funds	-	-	185,145
Other assets	-	(342,304)	(1,357,446)
Accounts payable	(21,772)	4,654,703	(1,016,302)
Accrued employee benefits	377	847,973	494,111
Net OPEB obligation	(571,371)	(34,723,264)	-
Net pension liability	-	(3,289,370)	-
Due to other governments	-	(3,712,934)	-
Due to other funds	-	-	28,102
Unearned revenue	-	14,912	-
Accrued claims and judgements	-	-	(1,222,325)
Net cash provided by (used in) operating activities	\$ (415,051)	\$ (40,834,463)	\$ (1,177,218)

MACOMB COUNTY, MICHIGAN
Statement of Fiduciary Net Position
Fiduciary Funds
December 31, 2015

	Employee Retirement and Other Postemployment Benefits	Agency Funds
Assets		
Cash and pooled investments	\$ 47,480,022	\$ 11,663,063
Receivables		
Accrued interest	1,888,905	-
Other	995,094	731,787
Due from other funds	24,382	-
Investments, at fair value		
US Government obligations	46,306,785	-
Corporate bonds	22,160,938	-
Common stock	467,111,454	-
Foreign stock	76,515,346	-
Limited partnership	241,730,630	-
Real estate investment trusts	31,176,736	-
Fixed income common collective trusts	102,657,795	-
Equity common collective trusts	359,551,149	-
Due from fiduciary funds	-	12,212
Other assets	1,032,539	383,289
	<u>1,398,631,775</u>	<u>\$ 12,790,351</u>
Liabilities		
Accounts payable	4,825,556	\$ 4,981,937
Compensation and benefits	4,776,605	370,394
Deposits	-	6,788,141
Due to other governments	-	649,879
Due to governmental funds	26,008,128	-
	<u>35,610,289</u>	<u>\$ 12,790,351</u>
Net Position		
Net position restricted for pension and other postemployment benefits	<u>\$ 1,363,021,486</u>	

MACOMB COUNTY, MICHIGAN
Statement of Changes In Fiduciary Net Position
Fiduciary Funds
Year Ended December 31, 2015

	Employee Retirement and Other Postretirement Benefits
Additions	
Contributions	
Employer	\$ 342,918,495
Employee	4,527,139
Contribution from Retiree Health Care Intermediate Trust Fund	22,283,395
Total Contributions	369,729,029
Investment income	
Net appreciation in fair value of assets	(33,440,990)
Interest	16,209,721
Dividends	6,591,368
	(10,639,901)
Less investment expenses	
Management and custodial fees	5,930,899
Net investment income	(16,570,800)
Total Additions	353,158,229
Deductions	
Benefit payments	81,174,734
Refunds of contributions	467,958
Administrative expense	599,810
Contribution to Retiree Health Care Trust Fund	22,283,395
Total Deductions	104,525,897
Net decrease in Net Position	248,632,332
Net Position	
Beginning of year	1,114,389,154
End of year	\$ 1,363,021,486

MACOMB COUNTY, MICHIGAN
Combining Statement of Net Position - Component Units
December 31, 2015

	Drainage Districts (1)	Martha T. Berry Medical Care Facility	Workforce Development Board (2)	Total
Assets				
Cash and cash equivalents	\$ 35,811,500	\$ 3,070,776	\$ 1,769,649	\$ 40,651,925
Restricted cash - unspent bond proceeds	6,716,684	913,881	-	7,630,565
Receivables				
Trade accounts, net	6,951,549	2,635,253	-	9,586,802
Special assessments	269,383,514	-	-	269,383,514
Due from other governments	-	-	3,888,306	3,888,306
Other assets	-	257,893	1,126	259,019
Capital assets, net				
Assets not being depreciated	55,611,173	154,792	-	55,765,965
Assets being depreciated	257,454,451	486,614	-	257,941,065
Net other post-employment benefits asset	-	2,825,057	-	2,825,057
Total Assets	631,928,871	10,344,266	5,659,081	647,932,218
Deferred Outflows of Resources				
Related to pension	-	1,440,047	-	1,440,047
Liabilities				
Accounts payable	15,214,833	2,057,996	5,413,992	22,686,821
Accrued compensation and benefits	-	374,038	73,026	447,064
Accrued interest payable	2,934,831	89,883	-	3,024,714
Due to other governments	-	-	110,002	110,002
Unearned revenue	6,762,415	-	-	6,762,415
Long-term liabilities:				
Due within one year	12,950,552	1,099,213	-	14,049,765
Due in more than one year	259,226,509	18,657,928	-	277,884,437
Net pension liability	-	791,749	-	791,749
Total Liabilities	297,089,140	23,070,807	5,597,020	325,756,967
Deferred Inflows of Resources				
Related to pension	-	101,809	-	101,809
Net Position				
Net investment in capital assets	107,532,223	641,406	-	108,173,629
Restricted for				
Capital projects	6,716,684	-	-	6,716,684
Debt service	4,876,668	-	-	4,876,668
Unrestricted	215,714,156	(12,029,709)	62,061	203,746,508
Total Net Position	\$ 334,839,731	\$ (11,388,303)	\$ 62,061	\$ 323,513,489

(1) - Year-end September 30, 2015

(2) - Year-end June 30, 2015

MACOMB COUNTY, MICHIGAN
Combining Statement of Activities - Component Units
For the Year Ended December 31, 2015

Functions/Programs	Expenses	Charges for Services	Program Revenues Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenue
Drainage Districts (1)					
Governmental activities					
Public works	\$ 84,636,544	\$ 83,525,191	\$ -	\$ 1,036,760	\$ (74,593)
Interest on long-term debt	8,777,964	-	-	-	(8,777,964)
Total Public Works	<u>93,414,508</u>	<u>83,525,191</u>	<u>-</u>	<u>1,036,760</u>	<u>(8,852,557)</u>
Martha T. Berry Medical Care Facility					
Governmental activities					
Health and Welfare	24,664,620	22,832,774	-	-	(1,831,846)
Interest on long-term debt	408,260	-	-	-	(408,260)
Total Martha T. Berry Medical Care Facility	<u>25,072,880</u>	<u>22,832,774</u>	<u>-</u>	<u>-</u>	<u>(2,240,106)</u>
Workforce Development Board (2)					
Governmental activities					
Health and welfare	22,956,938	677,339	22,276,908	-	(2,691)
Total Workforce Development Board	<u>22,956,938</u>	<u>677,339</u>	<u>22,276,908</u>	<u>-</u>	<u>(2,691)</u>
Total Component Units	<u>\$ 141,444,326</u>	<u>\$ 107,035,304</u>	<u>\$ 22,276,908</u>	<u>\$ 1,036,760</u>	<u>\$ (11,095,354)</u>

(1) - Year ended September 30, 2015

(2) - Year ended June 30, 2015

The accompanying notes are an integral part of these financial statements

MACOMB COUNTY, MICHIGAN
Combining Statement of Activities - Component Units (concluded)
For the Year Ended December 31, 2015

	Drainage Districts (1)	Martha T. Berry Medical Care Facility	Workforce Development Board (2)	Total
Changes in Net Position				
Net (expense) revenue	\$ (8,852,557)	\$ (2,240,106)	\$ (2,691)	\$ (11,095,354)
General revenues				
Investment earnings	7,406,463	58,042	-	7,464,505
Change in Net Position	(1,446,094)	(2,182,064)	(2,691)	(3,630,849)
Net Position, beginning of year (3)	336,285,825	(9,206,239)	64,752	327,144,338
Net Position, end of year	<u>\$ 334,839,731</u>	<u>\$ (11,388,303)</u>	<u>\$ 62,061</u>	<u>\$ 323,513,489</u>

(1) - Year ended September 30, 2015

(2) - Year ended June 30, 2015

(3) - As restated. See note 15.

The accompanying notes are an integral part of these financial statements

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements
December 31, 2015

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, 2015, 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, 2015, and the Work Force Development Board which is included on a June 30, 2015 year-end basis.

A. 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.

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.

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2015

Note 1 – Summary of Significant Accounting Policies (continued)

A. Financial Reporting Entity (continued)

Discretely Presented Component Units (continued)

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. All of the funds of the Martha T. Berry Medical Care Facility are Enterprise Funds and as such, 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. Separate independently audited financial statements of the Martha T. Berry Medical Care Facility are available and can be obtained by contacting the Controller's Office at the Martha T. Berry Medical Care Facility, located at 43533 Elizabeth St, Mt Clemens, MI 48043.

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.

B. 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.

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2015

Note 1 – Summary of Significant Accounting Policies (continued)

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

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.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. 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.

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2015

Note 1 – Summary of Significant Accounting Policies (continued)

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

- 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 *OPEB Bonds Fund* accounts for the revenues and expenditures related to the issuance of the other postemployment benefits bonds as well as and subsequent contribution of those funds to the Retiree Health Care Intermediate Trust Fund.
- The *Central Campus Renovation Fund* accounts for the revenues and expenditures related to the renovation and construction costs of the Central Campus capital project.

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.

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.

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2015

Note 1 – Summary of Significant Accounting Policies (continued)

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

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.

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.

Retiree Health Care Intermediate Trust Fund – The Retiree Health Care Intermediate Trust Fund is used to account for other postemployment benefit (OPEB) bond proceeds as well as other contributions from the county for the purpose of funding the Retiree Health Care Trust Fund.

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.

C. 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.

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.

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2015

Note 1 – Summary of Significant Accounting Policies (continued)

C. Measurement Focus and Basis of Accounting (concluded)

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.

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.

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.

D. 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.

E. 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 \$28,353,530 at year-end, net of allowances of \$2,539,295 for the special revenue Community Services Agency Fund and \$135,162 for the Special Revenue Road Fund.

F. 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.

G. Other Assets

Other assets represent deposits and prepaid items.

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2015

Note 1 – Summary of Significant Accounting Policies (continued)

H. Budgetary Accounting (concluded)

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 Community Mental Health and Parks business-type activities and the Martha T. Berry Medical Care Facility Discretely Presented Component Unit. 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.

As required by the County charter, the County Finance Director submits to the Board of Commissioners a proposed operating budget by October 1 each year for the fiscal year beginning the following 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 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 in the General Fund and the fund level in all other funds.. 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.

I. 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 Position. 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.

J. Compensated Absences

County employees earn vacation and sick leave benefits based on length of service. Both are fully available for use upon completion of a probationary period of six months.

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2015

Note 1 – Summary of Significant Accounting Policies (continued)

J. Compensated Absences (concluded)

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.

K. 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.

L. Pension and Other Postemployment Benefit Costs (OPEB)

Pension - For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the plans and additions to/deductions from the plan fiduciary net positions have been determined on the same basis as they are reported by the plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

OPEB - The County offers 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, 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.

M. 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.

N. 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.

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2015

Note 1 – Summary of Significant Accounting Policies (continued)

N. Property Taxes (concluded)

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, 2015 levy (calendar 2015 revenue) was \$25,475,376,698.

The County operating tax rate for the 2015 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 1% for assessment appeals and personal property tax delinquencies. The amount recorded in 2015 was \$1,162,110.

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.

O. 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.

P. 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.

Q. 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.

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2015

Note 1 – Summary of Significant Accounting Policies (continued)

Q. Fund Equity (continued)

- 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 have 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.

The balances by function within the above categories as of December 31, 2015 are presented on the following page.

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2015

Note 1 – Summary of Significant Accounting Policies (continued)

Q. Fund Equity (continued)

	Major Governmental Funds					Total
	General Fund	Road Fund	OPEB Bonds Fund	Central Campus Renovation Fund	Nonmajor Governmental Funds	
Nonspendable for:						
Advances to other funds	\$ 295,000	\$ -	\$ -	\$ -	\$ -	\$ 295,000
Inventories	-	5,227,082	-	-	-	5,227,082
Long term receivables	3,658,000	-	-	-	-	3,658,000
Prepaid Items	2,121,996	887,439	-	-	1,083,227	4,092,662
Restricted for:						
Capital projects	-	59,696,183	-	25,559,304	4,073,502	89,328,989
Community Services	-	-	-	-	1,509,345	1,509,345
Community Corrections	-	-	-	-	9,840	9,840
Concealed Pistol License	-	-	-	-	48,130	48,130
Debt service	-	-	-	-	2,617,902	2,617,902
Health Department	-	-	-	-	2,928,259	2,928,259
Housing Rehabilitation Loans	-	-	-	-	6,009,623	6,009,623
MSU Extension	-	-	-	-	171,627	171,627
Prosecuting Attorney	-	-	-	-	54,997	54,997
Sheriff Department	-	-	-	-	1,632,342	1,632,342
Technology	-	-	-	-	1,149,517	1,149,517
Veterans Affairs	-	-	-	-	993,700	993,700
Committed for:						
Capital projects	6,527,303	-	-	-	-	6,527,303
Assigned for:						
Use of fund balance in subsequent budget	11,609,427	-	-	-	-	11,609,427
Capital projects	-	-	-	1,085,726	3,906,533	4,992,259
Community Services	-	-	-	-	484,658	484,658
MSU Extension	-	-	-	-	270,994	270,994
Health Department	-	-	-	-	10,734	10,734
Prosecuting Attorney	-	-	-	-	8,103	8,103
Social Welfare	-	-	-	-	102,756	102,756
Urban Block Grant	-	-	-	-	528,120	528,120
Unassigned	48,001,512	-	-	-	(4,400,387)	43,601,125
Total	<u>\$ 72,213,238</u>	<u>\$ 65,810,704</u>	<u>\$ -</u>	<u>\$ 26,645,030</u>	<u>\$ 23,193,522</u>	<u>\$ 187,862,494</u>

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.

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2015

Note 1 – Summary of Significant Accounting Policies (concluded)

R. 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 deferred outflows at year-end related to pension in the governmental and business-type activities. The deferred outflows of resources resulted from the difference between projected and actual earnings on pension plan investments.

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 four types of items that qualify for reporting in this category.

The governmental funds report unavailable revenues from three sources: property taxes, 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 2016. Finally, the government recognizes deferred inflows for pension related items on the statement of net position resulting from the difference between expected and actual plan experience, which will be recognized as part of pension expense over the next four fiscal years.

S. Comparative Data

Comparative data has not been presented in the accompanying financial statements since their inclusion would make the statements unduly complex and difficult to read.

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 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 on the following page.

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2015

Note 2 - Deposits and Investments (continued)

Primary Government and Component Unit Deposits and Investments (continued)

- 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, 2015 and September 30, 2015 respectively, are presented below.

	Primary Government	Component Units	Percent of Total
Cash on hand	\$ 81,388	\$ -	0.02%
Bank and money market accounts	87,672,644	24,699,362	27.68%
Certificates of deposit	222,854,493	23,583,128	60.71%
Subtotal - deposits	310,608,525	48,282,490	88.41%
Commercial paper	47,036,422	-	11.59%
Total deposits and investments	357,644,947	48,282,490	100.00%
Timing effect of different year ends	8,418,487	-	
Amount reported at December 31, 2015	<u>\$ 366,063,434</u>	<u>\$ 48,282,490</u>	
Amount reported in primary government	\$ 354,400,371		
Amount reported in agency funds	<u>11,663,063</u>		
	<u>\$ 366,063,434</u>		

Deposits – The deposits of the primary government and its component units are subject to custodial credit risk, which is the risk that the deposits may not be returned in the event of a bank failure. The custodial credit risk assumed by the County is measured by categorizing deposits in one of three categories: 1) insured or collateralized with securities held by the County or its agent in the County's name, 2) collateralized with securities held by the counter-party's trust department or agent in the County's name and 3) uninsured and uncollateralized. At year-end, the book value of the deposits was \$366,063,434, with corresponding bank balances of \$380,773,187. Qualifying deposits are insured by the FDIC up to \$250,000. Of the bank balances, \$3,102,712 was insured and the remaining \$377,670,475 was uninsured and uncollateralized.

The County believes that it is impractical to insure all deposits given the size of the portfolio and the limits of insurance established by the FDIC. As a result, the County evaluates each institution with which it deposits funds and assesses the level of risk associated with each institution and adjusts its deposits accordingly.

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2015

Note 2 - Deposits and Investments (continued)

Primary Government and Component Unit Deposits and Investments (concluded)

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

- **Custodial Credit Risk** exists when securities are uninsured, unregistered or held by a counterparty or its agent but not in the government's name. All investments of the primary government are held in the name of the County and are evidenced by a safekeeping receipt and, therefore, are not exposed to custodial credit risk.
- **Credit Risk** is a measure of the creditworthiness of the issuers of the instruments being held and represents the risk that the issuer or other counterparty to an investment will not fulfill its obligations. Statutes of the State of Michigan authorize the County to invest in the following instruments: obligations of the U.S. Treasury and its agencies and instrumentalities, commercial paper rated within the two highest classifications established by not less than two standard rating services, bankers' acceptances, investment pools of the Treasurer of the State of Michigan, and repurchase agreements. 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, 2015.

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, 2015 are presented below:

<u>Investment Type</u>	<u>Amount</u>	<u>Percent of Total</u>
Cash and pooled investments	\$ 164,885	0.08%
Common Stock	1,102,032	0.53%
Foreign Stock	29,925,178	14.49%
Real Estate Investment Trusts	31,176,736	15.10%
Fixed Income Common Collective Trusts	40,835,295	19.77%
Equity Common Collective Trusts	103,340,120	50.03%
	<u>\$ 206,544,246</u>	<u>100.00%</u>

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2015

Note 2 - Deposits and Investments (continued)

Retiree Health Care Trust Fund Investments (concluded)

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, 2015, 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	\$15,517,412	\$13,271,471	\$ 1,313,059	\$ 30,101,942	73.71%	10.90%
AA	-	-	1,301,012	1,301,012	3.19%	10.80%
A	-	-	4,288,523	4,288,523	10.50%	35.60%
BAA	-	-	5,143,818	5,143,818	12.60%	42.70%
	<u>\$15,517,412</u>	<u>\$ 13,271,471</u>	<u>\$ 12,046,412</u>	<u>\$ 40,835,295</u>	<u>100.00%</u>	<u>100.00%</u>

- **Custodial Credit Risk** exists when securities are uninsured, unregistered or held by a counterparty or its agent but not in the government's name. All investments of the Retiree Health Care Trust Fund are held in trust by a third party institution in the name of the Fund and, therefore, are not exposed to custodial credit risk.
- **Concentration of Credit Risk** is the risk of loss measured by the magnitude of investments in a single issuer. As defined by GASB Statement NO. 40, the County is exposed to concentration of credit risk if more than 5% of its portfolio is invested in instruments issued by a single issuer. Investments in instruments issued by the US Government, as well as those held in mutual funds and investment pools are exempt from this requirement. None of the investments in common or foreign stock exceeded the 5% threshold at December 31, 2015.
- **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 7.6 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, 2015 is presented on the following page:

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2015

Note 2 - Deposits and Investments (continued)

Employees' Retirement System Deposits and Investments (continued)

Investment Type	Amount	Percent of Total
Cash and pooled investments	\$ 36,050,277	4.05%
Corporate bonds	67,745	0.01%
Common stock	296,193,037	33.23%
Limited partnership	241,730,630	27.13%
Fixed income common collective trusts	61,822,500	6.94%
Equity common collective trusts	255,187,104	28.64%
	<u>\$ 891,051,293</u>	<u>100.00%</u>

Deposits – The deposits of the Macomb County Employee's Retirement System (the "System") are subject to custodial credit risk, which is the risk that the deposits may not be returned in the event of a bank failure. The custodial credit risk assumed by the System is measured by categorizing deposits as previously described. At year-end, the book value of the deposits of the System was \$36,050,277 with corresponding bank balances of \$36,063,844. 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 \$35,813,844 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, 2015, the System's investments in debt securities were rated by Standard & Poors as presented on the following page:

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2015

Note 2 - Deposits and Investments (continued)

Employees' Retirement System Deposits and Investments (concluded)

Quality Rating	US Treasury	US Agencies	Corporate Bonds	Total	Percent of Total
AAA	6,292,382	5,381,643	45,793,486	57,467,511	92.85%
AA	-	-	529,884	529,884	0.86%
A	-	-	1,738,684	1,738,684	2.81%
BAA	-	-	2,086,421	2,086,421	3.37%
BA	-	-	-	-	0.00%
B	-	-	-	-	0.00%
CCC	-	-	15,075	15,075	0.02%
D	-	-	24,350	24,350	0.04%
Not rated	-	-	28,320	28,320	0.05%
	<u>6,292,382</u>	<u>5,381,643</u>	<u>50,216,220</u>	<u>61,890,245</u>	<u>100.00%</u>

- **Interest Rate Risk** is the risk that the fair value of investments in debt securities will be adversely affected by changes in market interest rates and is measured primarily by average days to maturity. A summary of the maturities of the System's debt securities at December 31, 2015 were as follows:

Maturities (Years)	US Treasury	US Agencies	Corporate Bonds	Total	Percent of Total
Less than 1	-	-	52,670	52,670	0.09%
1 - 5	-	-	-	-	0.00%
6 - 10	6,292,382	5,381,643	50,148,475	61,822,500	99.89%
11 or more	-	-	15,075	15,075	0.02%
	<u>6,292,382</u>	<u>5,381,643</u>	<u>50,216,220</u>	<u>61,890,245</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 62.6 percent of the Employee's Retirement System assets and 69.8 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.

Intermediate Retiree Medical Benefits Trust

In addition to the instruments authorized by Public Act 20 of 1943, the Intermediate Retiree Medical Benefits Trust (the "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 Fund are held in a bank-administered trust fund.

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2015

Note 2 - Deposits and Investments (continued)

Intermediate Retiree Medical Benefits Trust (continued)

A summary of the investments of the Fund at December 31, 2015 are presented below:

<u>Investment Type</u>	<u>Amount</u>	<u>Percent of Total</u>
Cash and pooled investments	\$ 11,264,860	3.79%
US Government obligations	46,306,785	15.59%
Corporate bonds	22,093,193	7.44%
Common Stock	169,816,385	57.16%
Foreign Stock	46,590,168	15.68%
Equity Common Collective Trusts	1,023,925	0.34%
	<u>\$ 297,095,316</u>	<u>100.00%</u>

Investments of the 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 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 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, 2015, 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	\$25,198,552	\$ 21,108,233	\$ 3,408,980	\$ 49,715,765	72.68%	15.43%
AA	-	-	2,587,113	2,587,113	3.78%	11.71%
A	-	-	7,993,317	7,993,317	11.69%	36.18%
BAA	-	-	8,103,783	8,103,783	11.85%	36.68%
	<u>\$25,198,552</u>	<u>\$ 21,108,233</u>	<u>\$ 22,093,193</u>	<u>\$ 68,399,978</u>	<u>100.00%</u>	<u>100.00%</u>

- **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 Fund are held in trust by a third party institution in the name of the Fund and, therefore, are not exposed to custodial credit risk.
- **Concentration of Credit Risk** is the risk of loss measured by the magnitude of investments in a single issuer. As defined by GASB Statement NO. 40, the County is exposed to concentration of credit risk if more than 5% of its portfolio is invested in instruments issued by a single issuer. Investments in instruments issued by the US Government, as well as those held in mutual funds and investment pools are exempt from this requirement. None of the investments in common or foreign stock exceeded the 5% threshold at December 31, 2015.

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2015

Note 2 - Deposits and Investments (concluded)

Intermediate Retiree Medical Benefits Trust (concluded)

- ***Interest Rate Risk*** is the risk that the fair value of investments in debt securities will be adversely affected by changes in market interest rates and is measured primarily by average days to maturity. The entire portfolio of debt securities of the 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 7.7 years.

Note 3 – Due from Component Unit

The County issued general obligation bonds in the amount of \$263,555,000 in March 2015 for the purpose of defraying the County's unfunded retiree health care liability. The net proceeds were placed into the County's Retiree Health Care Intermediate Trust Fund. The employees of the Martha T. Berry Medical Care Facility Discretely Presented Component Unit participate in the retiree health care plan. Consequently, \$16,395,000 of the bond issue was allocated to Martha T. Berry based on actuarial analysis. Of the original amount, \$15,710,000 was outstanding at December 31, 2015 and was recorded in the governmental activities of the County as a due from component unit (a long-term receivable). The amount will be paid back to the County with installment payments due each May 1 and November 1 of each year through 2035.

In addition, the County made an additional contribution of \$59,000,000 to its Retiree Health Care Intermediate Trust Fund to pre-fund a portion of the County's other postemployment benefits liability. The Martha T. Berry Medical Care Facility (a discretely-presented component unit of the County) participates in the system and as such, \$3,658,000 of the \$59,000,000 contribution was deemed to be attributable to their portion of the amount of the pre-funding contribution. At December 31, 2015, the amount of \$3,658,000 was recorded on the General Fund balance sheet as a due from component unit (a long-term receivable), which will be paid back to the County with installment payments due each May 1 and November 1 of each year through 2035.

At December 31, 2015, the County has recorded a total due from component unit (a long-term receivable) on the governmental activities statement of net position in the amount of \$19,368,000, which will be paid back to the County with installment payments due each May 1 and November 1 of each year through 2035.

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2015

Note 4 – Capital Assets

The following is a summary of capital asset activity of the governmental activities of the County for the year ended December 31, 2015:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Capital assets not being depreciated				
Land	\$ 239,331,873	\$ 3,702,298	\$ -	\$ 243,034,171
Construction in progress	14,577,732	26,811,218	3,152,333	38,236,617
Total capital assets not being depreciated	253,909,605	30,513,516	3,152,333	281,270,788
Capital assets being depreciated				
Land improvements	13,093,416	1,155,636	353,066	13,895,986
Buildings	266,243,479	2,341,573	2,074,748	266,510,304
Machinery, equipment and vehicles	88,572,889	7,851,755	9,476,697	86,947,947
Infrastructure	1,145,704,032	43,359,765	-	1,189,063,797
Total capital assets being depreciated	1,513,613,816	54,708,729	11,904,511	1,556,418,034
Less accumulated depreciation for				
Land improvements	7,358,793	537,406	353,066	7,543,133
Buildings	124,766,366	7,539,867	919,926	131,386,307
Machinery, equipment and vehicles	73,996,815	5,530,958	9,349,535	70,178,237
Infrastructure	623,046,601	38,547,269	-	661,593,870
Total accumulated depreciation	829,168,575	52,155,500	10,622,527	870,701,548
Total capital assets being depreciated, net	684,445,241	2,553,229	1,281,984	685,716,486
Governmental activities capital assets, net	<u>\$ 938,354,846</u>	<u>\$ 33,066,745</u>	<u>\$ 4,434,317</u>	<u>\$ 966,987,274</u>

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

Governmental activities:

	Governmental Assets	Internal Service Assets	Total
Judicial	\$ 937,464	\$ -	\$ 937,464
General government	3,262,320	624,719	3,887,039
Health and welfare	2,780,379	-	2,780,379
Recreation and culture	63,915	-	63,915
Public safety	2,992,650	-	2,992,650
Public works	41,494,053	-	41,494,053
	<u>\$ 51,530,781</u>	<u>\$ 624,719</u>	<u>\$ 52,155,500</u>

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2015

Note 4 – Capital Assets (continued)

The following is a summary of capital asset activity of the business-type activities of the County for the year ended December 31, 2015:

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities				
Capital assets not being depreciated				
Land	\$ 50,000	\$ -	\$ -	\$ 50,000
Construction in progress	-	699,987	699,987	-
Total capital assets not being depreciated	50,000	699,987	699,987	50,000
Capital assets being depreciated				
Land improvements	515,205	37,360	156,910	395,655
Buildings	1,387,501	958,188	78,031	2,267,658
Machinery, equipment and vehicles	344,136	12,259	13,189	343,206
Total capital assets being depreciated	2,246,842	1,007,807	248,130	3,006,519
Less accumulated depreciation for				
Land improvements	261,875	18,381	156,910	123,346
Buildings	909,264	73,760	78,031	904,993
Machinery, equipment and vehicles	343,986	12,409	13,189	343,206
Total accumulated depreciation	1,515,125	104,550	248,130	1,371,545
Total capital assets being depreciated, net	731,717	903,257	-	1,634,974
Business-type activities capital assets, net	<u>\$ 781,717</u>	<u>\$ 1,603,244</u>	<u>\$ 699,987</u>	<u>\$ 1,684,974</u>

Depreciation expense of the business-type activities by function totaled \$92,292 for recreation and culture. The above capital asset activity schedule also includes \$12,258 of accumulated depreciation transfers from governmental activities to business-type activities, for a total reported increase in accumulated depreciation in business-type activities of \$104,550.

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2015

Note 4 – Capital Assets (concluded)

The following is a summary of changes in the Drainage Districts Component Unit capital assets for the year ended September 30, 2015:

	Beginning Balance	Increases	Decreases	Ending Balance
Component Unit - Drainage Districts				
Capital assets not being depreciated				
Land	\$ 1,992,428	\$ -	\$ -	\$ 1,992,428
Construction in progress	45,403,911	8,214,834	-	53,618,745
Total capital assets not being depreciated	47,396,339	8,214,834	-	55,611,173
Capital assets being depreciated				
Infrastructure	376,467,395	-	-	376,467,395
Less accumulated depreciation for				
Infrastructure	111,483,593	7,529,351	-	119,012,944
Total capital assets being depreciated, net	264,983,802	(7,529,351)	-	257,454,451
Drainage district capital assets, net	\$ 312,380,141	\$ 685,483	\$ -	\$ 313,065,624

The following is a summary of changes in the Martha T. Berry Medical Care Facility (MCF) Component Unit capital assets for the year ended December 31, 2015:

	Beginning Balance	Increases	Decreases	Ending Balance
Component Unit - Martha T. Berry MCF				
Capital assets not being depreciated				
Construction in progress	\$ 77,915	\$ 76,877	\$ -	\$ 154,792
Capital assets being depreciated				
Buildings	560,376	-	-	560,376
Machinery, equipment and vehicles	400,452	44,906	-	445,358
Total capital assets being depreciated	960,828	44,906	-	1,005,734
Less accumulated depreciation for				
Buildings	131,279	26,534	-	157,813
Machinery, equipment and vehicles	331,365	29,942	-	361,307
Total accumulated depreciation	462,644	56,476	-	519,120
Total capital assets being depreciated, net	498,184	(11,570)	-	486,614
Martha T Berry capital assets, net	\$ 576,099	\$ 65,307	\$ -	\$ 641,406

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2015

Note 5 – Long-Term Debt

The following is a summary of the long-term liability transactions for the year ended December 31, 2015:

Issue	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Primary Government					
Governmental activities					
Building Authority					
Series 2002-A Admin Building Refunding	\$ 910,000	\$ -	\$ 910,000	\$ -	\$ -
Series 2005 Clemens Refunding	1,600,000	-	265,000	1,335,000	260,000
Series 2012 Public Works/Warehouse Refunding	5,455,000	-	490,000	4,965,000	530,000
Series 2012A 800MhZ/NB Court Refunding	14,110,000	-	25,000	14,085,000	1,035,000
Series 2014 MTB/Youth Home Refunding	15,155,000	-	1,650,000	13,505,000	1,710,000
General County					
Series 2015 Capital Improvement Bonds	-	44,210,000	-	44,210,000	2,410,000
Series 2015 Retiree Health Care Bonds	-	218,794,324	9,131,953	209,662,371	8,069,273
MI Transportation Fund					
Series 2008- Bridge Refunding Bonds	460,000	-	460,000	-	-
Series 2012- Bridge Refunding Bonds	2,065,000	-	100,000	1,965,000	490,000
Department of Roads					
2007 MDOT Infrastructure Loan	244,798	-	47,991	196,807	48,471
2010 MDOT Infrastructure Loan	237,562	-	32,938	204,624	33,261
2010 MDOT Infrastructure Loan	356,649	-	47,974	308,675	48,933
2014 MDOT Infrastructure Loan	472,500	-	33,293	439,207	34,292
	41,066,509	263,004,324	13,194,149	290,876,684	14,669,230
Other liabilities					
Compensated Absences					
General County	10,274,195	1,996,676	1,609,382	10,661,489	900,000
Department of Roads	1,262,209	1,472,446	1,396,873	1,337,782	875,000
General liability claims					
General County	3,794,642	1,615,153	1,819,917	3,589,878	500,000
Department of Roads	29,850	238,171	26,220	241,801	224,646
Workers' compensation claims					
General County	3,731,497	292,562	1,280,273	2,743,786	700,000
Department of Roads	37,241	251,144	83,032	205,353	112,357
Total Governmental Activities	60,196,143	268,870,476	19,409,846	309,656,773	17,981,233
Business-type activities					
Series 2015 Retiree Health Care Bonds	-	44,760,676	27,851	44,732,825	1,864,807
Compensated Absences	1,354,920	294,301	187,484	1,461,737	100,000
Total Business-Type Activities	1,354,920	45,054,977	215,335	46,194,562	1,964,807
Total Primary Government	<u>\$ 61,551,063</u>	<u>\$ 313,925,453</u>	<u>\$ 19,625,181</u>	<u>\$ 355,851,335</u>	<u>\$ 19,946,040</u>
Component Units					
Martha T. Berry Medical Care Facility					
Compensated Absences	\$ 284,089	\$ 505,812	\$ 400,760	\$ 389,141	\$ 311,313
Notes payable to Macomb County	-	20,053,000	685,000	19,368,000	787,900
Total Martha T. Berry Medical Care Facility	284,089	20,558,812	1,085,760	19,757,141	1,099,213
Drainage Districts					
Special Assessment Debt	260,866,004	40,357,606	31,840,102	269,383,508	12,763,523
Unamortized premiums	2,926,374	1,489,823	282,736	4,133,461	282,736
Unamortized discounts	(1,435,615)	-	(95,707)	(1,339,908)	(95,707)
Total Drainage Districts	262,356,763	41,847,429	32,027,131	272,177,061	12,950,552
Total Component Units	<u>\$ 262,640,852</u>	<u>\$ 62,406,241</u>	<u>\$ 33,112,891</u>	<u>\$ 291,934,202</u>	<u>\$ 14,049,765</u>

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2015

Note 5 – Long-Term Debt (continued)

Long-term bonded debt of the Primary Government and Component Units are presented below and on the following page:

Issue	Interest Rate	Date of Issue	Maturing Through	Original Issue Amount	Balance End of Year
Primary Government					
Governmental activities					
Macomb County Building Authority					
Series 2005 Clemens Refunding	3.25-5.00	12/01/2005	05/01/2020	\$ 2,875,000	\$ 1,335,000
Series 2012 Public Works/Warehouse Refunding	2.00-2.50	03/01/2012	05/01/2024	6,550,000	4,965,000
Series 2012A 800MhZ/NB Court Refunding	2.00-2.50	10/01/2012	11/01/2025	14,160,000	14,085,000
Series 2014 MTB/Youth Home Renovation	3.00-4.00	09/01/2014	03/01/2022	15,155,000	13,505,000
General County Bonds					
Series 2015 Capital Improvement Bonds	2.00-4.00	06/23/2015	05/01/2030	44,210,000	44,210,000
Series 2015 Retiree Health Care Bonds	0.57-4.42	03/10/2015	11/01/2035	218,794,324	209,662,371
Michigan Transportation Bonds					
Series 2012 Bridge Refunding Bonds	2.00	11/01/2012	12/01/2019	2,265,000	1,965,000
Department of Roads					
2007 MDOT Infrastructure Loan	1.00	11/14/2008	11/14/2018	477,720	196,807
2010 MDOT Infrastructure Loan	1.00	10/29/2010	10/29/2020	334,405	204,624
2010 MDOT Infrastructure Loan	2.00	12/22/2010	12/22/2020	495,000	308,675
2014 MDOT Infrastructure Loan	3.00	07/01/2014	07/01/2016	569,620	439,207
Total Governmental activities				305,886,069	290,876,684
Business-type activities					
Series 2015 Retiree Health Care Bonds	0.57-4.42	03/10/2015	11/01/2035	44,760,676	44,732,825
Total Primary Government				350,646,745	335,609,509

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2015

Note 5 – Long-Term Debt (continued)

Issue	Interest Rate	Date of Issue	Maturing Through	Original Issue Amount	Balance End of Year
Drainage Districts Component Unit					
Special Assessment Debt with Governmental Commitment					
Schmidt Drain	3.60 - 4.30	05/01/2006	06/01/2016	\$ 525,000	\$ 75,000
17 Mile Road Extension	3.00 - 4.50	11/01/2001	11/01/2016	1,725,000	150,000
North Gratiot Interceptor - Phase 5	3.75 - 4.20	11/01/2006	05/01/2032	3,380,000	2,775,000
North Gratiot Interceptor - Lenox Local	4.00 - 4.25	03/01/2007	05/01/2031	15,200,000	11,650,000
North Gratiot Interceptor - Series 2010	1.00 - 6.35	05/11/2010	05/01/2035	16,965,000	14,535,000
North Gratiot Interceptor - Series 2015 Refunding	3.50 - 5.00	08/06/2015	05/01/2033	16,990,000	16,990,000
Lake St. Clair Clean Water Initiative					
State Revolving Fund Series #1 (5186-01)	2.50	Various	10/01/2022	20,670,000	8,440,000
Lake St. Clair Clean Water Initiative					
State Revolving Fund Series #2 (5186-02)	2.50	Various	04/01/2022	13,630,000	5,565,000
Lake St. Clair Clean Water Initiative					
State Revolving Fund Series #3 (5186-03)	2.50	Various	04/08/2022	2,640,000	1,075,000
Lake St. Clair Clean Water Initiative					
State Revolving Fund Series #4 (5186-04)	2.50	Various	10/01/2022	5,550,000	2,265,000
Lake St. Clair Clean Water Initiative					
State Revolving Fund Series #5 (5186-05)	2.50	Various	10/01/2023	975,000	450,000
Lake St. Clair Clean Water Initiative Series 2010 Refunding	2.00 - 4.25	08/03/2010	10/01/2029	12,270,000	9,925,000
Lake St. Clair Clean Water Initiative Series 2013 Refunding	3.00 - 5.00	12/19/2013	10/01/2029	13,725,000	12,385,000
8.5 Mile Relief State Revolving Fund Loan (5306-01)	2.50	Various	10/01/2029	4,025,000	3,015,000
8.5 Mile Relief State Revolving Fund Loan (5393-01)	2.50	Various	10/01/2030	1,246,579	983,579
8.5 Mile Relief State Revolving Fund Loan (5460-01)	2.50	Various	04/01/2031	418,482	359,994
8.5 Mile Relief State Revolving Fund Loan (5579-01)	2.50	Various	10/01/2034	217,640	202,640
Oakland-Macomb Interceptor State Revolving Fund Loan (5368-01)	2.50	Various	04/01/2031	13,429,140	11,252,750
Oakland-Macomb Interceptor State Revolving Fund Loan (5368-02)	2.50	Various	10/01/2020	12,532,058	11,538,035
Oakland-Macomb Interceptor State Revolving Fund Loan (5368-03)	2.00	Various	10/01/2034	29,603,715	28,288,536
Oakland-Macomb Interceptor Series 2010B	1.15 - 5.90	04/15/2010	04/01/2030	3,450,500	2,865,975
Oakland-Macomb Interceptor Series 2014	2.00 - 3.125	10/15/2014	10/01/2034	5,150,335	4,951,013
Macomb Wastewater Disposal District SRF (5487-01)	2.50	Various	04/01/2034	6,468,074	6,133,074
Macomb Wastewater Disposal District SRF (5540-01)	2.00	Various	10/01/2033	2,126,446	1,936,446
Macomb Interceptor Series 2010A	1.250 - 5.375	08/30/2010	05/01/2035	95,620,000	83,480,000
Macomb Interceptor Series 2011	2.50 - 5.00	10/18/2011	05/01/2031	30,800,000	27,550,000
Macomb Interceptor Series 2015 (5624-01)	2.50	Various	10/01/2035	217,800	217,800
Richmond-Columbus Series 2010	4.70	11/23/2010	06/01/2021	547,778	328,666
Total Drainage Districts Component Unit				<u>330,098,547</u>	<u>269,383,508</u>
Total Reporting Entity				<u>\$ 680,745,292</u>	<u>\$ 604,993,017</u>

All long-term obligations are presented as of December 31, 2015 except for the Special Assessment Debt with Governmental Commitment and Department of Road obligations, which are presented as of September 30, 2015. Special assessments receivable have been pledged by various local units of government for the payment of principal and interest on the Special Assessment Debt with Governmental Commitment. The County has also pledged its full faith and credit as additional security for the payment of the principal and interest on the Special Assessment Debt with Governmental Commitment in the event that the monies required to pay the principal and interest on the bonds are not collected by the aforementioned special assessments.

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2015

Note 5 – Long-Term Debt (continued)

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

Year	Principal Maturities						Special Assessment Debt
	Primary Government				Drainage Districts		
	Building Authority	General County	MI Transportation		Department of Roads	Total	
Bonds			Business-Type				
2016	3,535,000	10,479,273	490,000	1,864,807	164,957	16,534,037	12,763,523
2017	3,910,000	10,587,502	470,000	1,650,902	167,778	16,786,182	13,589,745
2018	4,015,000	10,732,581	470,000	1,662,795	170,665	17,051,041	13,903,805
2019	4,165,000	10,932,699	535,000	1,682,865	173,607	17,489,171	14,614,802
2020	4,175,000	11,181,479	-	1,712,841	126,174	17,195,494	15,041,841
2021-2025	14,090,000	60,823,076	-	9,225,568	300,046	84,438,690	73,545,495
2026-2030	-	71,967,625	-	10,810,435	46,086	82,824,146	77,950,994
2031-2035	-	67,168,136	-	13,176,336	-	80,344,472	47,973,303
2036-2040	-	-	-	2,946,276	-	2,946,276	-
	\$ 33,890,000	\$ 253,872,371	\$ 1,965,000	\$ 44,732,825	\$ 1,149,313	\$ 335,609,509	\$ 269,383,508

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						Special Assessment Debt
	Primary Government				Drainage Districts		
	Building Authority	General County	MI Transportation		Department of Roads	Total	
Bonds			Business-Type				
2016	937,745	8,524,391	39,300	1,603,529	23,364	11,128,329	10,424,853
2017	843,038	8,418,400	29,500	1,466,527	20,543	10,778,008	10,271,316
2018	730,685	8,268,083	20,100	1,450,308	17,657	10,486,833	9,836,483
2019	605,225	8,068,584	10,700	1,425,393	14,710	10,124,612	9,365,838
2020	476,225	7,816,163	-	1,392,278	11,708	9,696,374	8,847,144
2021-2025	820,237	34,193,031	-	6,258,529	27,712	41,299,509	35,801,262
2026-2030	-	23,035,154	-	4,606,690	1,383	27,643,227	20,618,144
2031-2035	-	9,154,765	-	2,155,817	-	11,310,582	6,093,821
2036-2040	-	-	-	65,052	-	65,052	-
	\$ 4,413,155	\$ 107,478,571	\$ 99,600	\$ 20,424,123	\$ 117,077	\$ 132,532,526	\$ 111,258,861

New Debt Issued

On March 10, 2015, Macomb County issued \$263,555,000 of Series 2015 Retiree Health Care Bonds for the purpose of defraying the unfunded portion of the County's retiree health care obligations and paying the costs of issuance of the bonds. The net proceeds of \$262,636,883 (after payment of \$589,161 of issuance costs, underwriters' discount of \$328,956) were placed in an intermediate trust fund that was established in conjunction with the Macomb County Retiree Health Care Trust Fund. The bonds were issued in denominations of \$5,000 or any integral multiple thereof. Bonds maturing in the years 2015 – 2030, totaling \$182,645,000, are designated serial bonds and bear interest from 0.570% to 4.126%. Bonds maturing in the years 2030 – 2035, totaling \$80,910,000, are designated as term bonds at 4.416%. The bonds were issued pursuant to the provisions of Act 34, Public Acts of Michigan, as amended, and a resolution adopted by the Board of Commissioners of the County on December 18, 2014. The bonds are to be repaid from the County's debt service fund. The bonds maturing prior to November 1, 2026 are not subject to optional redemption prior to maturity.

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2015

Note 5 – Long-Term Debt (continued)

New Debt Issued (continued)

The bonds maturing on November 1, 2035 (the Term Bonds) are subject to mandatory redemption on each November 1. The County has pledged its full faith and credit as additional security for the payment of the principal and interest on the Bonds.

On June 23, 2015, Macomb County issued \$44,210,000 of Series 2015 Capital Improvement Bonds for the purpose of paying a portion of the costs of certain repairs, upgrades, modernization, and other improvements to County Government buildings and paying the costs of issuance of the Bonds. The bonds, issued in denominations of \$5,000 or multiples thereof, bear interest from 2.00% to 4.00% and are due serially through May 1, 2030. The bonds were issued pursuant to the provisions of Act 34, Public Acts of Michigan, as amended, and a resolution adopted by the Board of Commissioners of the County on February 19, 2015. The bonds are to be repaid from the County's debt service fund. The bonds maturing prior to May 1, 2026 are not subject to optional redemption prior to maturity. The County has pledged its full faith and credit as additional security for the payment of the principal and interest on the Bonds.

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, 2015, the District had drawn a total of \$60,324,853. 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 \$28,288,536 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, 2015, the District had drawn down a total of \$2,126,446. 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 \$1,936,446, 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.

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2015

Note 5 – Long-Term Debt (continued)

New Debt Issued (continued)

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, 2015, the District had drawn down a total of \$25,530,000. The bond is to be repaid from assessments against the local units. These assessments are a general obligation of the local units and are payable from general funds or ad valorem taxes, which may be levied by them. Oakland and Macomb counties have also pledged their full faith and credit as additional security for the payment of the principal and interest on the bond when due. The bond is subject to redemption prior to maturity only with the prior written consent of the Authority. The local units located in Macomb County are responsible for repaying 49.09% of the amounts drawn down. As such, Macomb County has pledged its full faith and credit on up to \$12,532,677 of the \$25,530,000 total. A liability for \$11,538,035 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 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, 2015, the District had drawn down a total of \$6,468,074. 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 \$6,133,074 representing the total drawn down by the District as of year-end has been recorded at year-end.

On October 15, 2014, the Oakland-Macomb Interceptor Drain Drainage District (the “District”) herein after referred to as the “District”) issued \$7,235,000 of Series 2014-A Drainage District bonds for the purpose of paying for rehabilitation of Segment 4 of the Oakland-Macomb Interceptor Drain located in various cities and townships located in Macomb County, as well as Oakland County, its neighboring county to the west. The bonds were issued in denominations of \$5,000 or multiples thereof. Bonds maturing in the years 2015 – 2028 and 2031 – 2034, totaling \$6,415,000, are designated serial bonds and bear interest from 2.00% to 3.125%. Bonds maturing in 2029 – 2030, totaling \$820,000, are designated as term bonds at 3.0%. The Bonds are payable from special assessments against various cities, villages and townships (the “Local Units”) located in Macomb County as well Oakland County, its neighboring county to the west. The assessments represent a general obligation of the local units and are payable from their general funds or ad valorem taxes that may be levied by them. The County has also pledged its full faith and credit as additional security for the payment of the principal of and interest on the Bonds when due. Bonds designated as term bonds are subject to mandatory redemption at par and accrued interest on dates and in amounts as specified in the bond offering official statement. The local units located in Macomb County are responsible for repaying 71.19% of the bond issue. As such, Macomb County has pledged its full faith and credit on \$5,150,335 of the total amount issued and has recorded a liability for the remaining balance at year end of \$4,951,013.

On September 17, 2015, the Macomb Interceptor Drain Drainage District (the “District”) entered into a loan agreement with the Michigan Finance Authority, through its Clean Water Revolving Fund, to borrow up to \$3,675,000 for the purpose of defraying cost of rehabilitating sewers and manholes with cured in place pipe linings and point repairs in various cities, villages and townships (the “Local Units”) located in Macomb County, herein after referred to as the “Local Units”. Additional source of funding for the project is from grant and matching funds in the amount of \$1,110,528. The loan is evidenced by a single bond issued by the District and purchased by the Authority. The proceeds of the bond are drawn down as construction costs are incurred and approved by the District and the Authority. As of September 30, 2015, the District has drawn down a total of \$217,800. The bond bears interest at a rate of 2.50% and is due serially through October 1, 2035.

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2015

Note 5 – Long-Term Debt (concluded)

New Debt Issued (concluded)

The bond is to be repaid from assessments against the Local Units. These assessments are a general obligation of the Local Units and are payable from general funds or ad valorem taxes which may be levied by them. The County has also pledged its full faith and credit as additional security for the payment of the principal and interest on the bond when due. A liability for \$217,800 representing the total drawn down by the District as of year-end has been recorded by Macomb County.

On September 17, 2014, the 8 ½ Mile Relief Drain Drainage District (the “District”) entered into a loan agreement with the Michigan Municipal Bond Authority, through its State Revolving Fund, to borrow up to \$445,000 for the purpose of defraying the cost of certain drain projects to repair and replace sewer lines as well as other repairs to the sewer lines and manholes located in the cities of Eastpointe and St. Clair Shores as well as Macomb County itself, herein after referred to as the “Local Units”. The loan is evidenced by a single bond issued by the District and purchased by the Authority. The proceeds of the bond are drawn down as construction costs are incurred and approved by the District and the Authority. As of September 30, 2015, the District had drawn down a total of \$217,640. The bond bears interest at a rate of 2.50% and is due serially through October 1, 2034. The bond is to be repaid from assessments against the Local Units. These assessments are a general obligation of the Local Units and are payable from general funds or ad valorem taxes which may be levied by them. The County has also pledged its full faith and credit as additional security for the payment of the principal and interest on the bond when due. A liability for \$202,640 representing the total drawn down by the District, less principal payment made, as of year-end has been recorded by Macomb County.

On August 6, 2015 the North Gratiot Interceptor Drain Drainage District, herein after referred to as the “District”, issued \$16,990,000 of Series 2015 North Gratiot Interceptor Drain Drainage District Refunding bonds to advance refund \$18,350,000 of Series 2008 Drain Drainage District Phase 1 bonds outstanding at that date. The refunded bonds were redeemed in full on April 30, 2016. The net proceeds of \$18,557,744 (after payment of \$89,664 of issuance costs, underwriters’ discounts and receipt of \$1,489,823 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 \$1,792,303. The economic gain realized by the District as a result of the refunding was \$1,400,037, 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 5.00% to 3.75% and are due serially through May 1, 2033. The Bonds are payable from special assessments against the Charter Township of Chesterfield, Township of Lenox and the Village of New Haven, herein after referred to as the “Local Units”. The special assessments are a general obligation of the Local Units and are payable from the Local Units general funds or from ad valorem taxes which may be levied on all taxable property in the Local Units, 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.

Note 6 – Conduit Debt

The City of Utica is partnering with GS Entertainment, LLC, to redevelop property located north of Auburn Road and East of Moscone Drive, which is the site of a former unlicensed dump, into a community activity complex which includes a 2,000-seat ballpark and entertainment complex. The City of Utica and its Downtown Development Authority will own the properties and lease them to GS Entertainment, LLC.

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2015

Note 6 – Conduit Debt (concluded)

On August 11, 2015, Macomb County entered into a brownfield redevelopment loan agreement with the Michigan Department of Environmental Quality, Remediation and Redevelopment Division to borrow \$1,000,000 for the purpose of due care and additional response activities at the site of the former unlicensed dump located in the City of Utica. The loan repayments begin 5 years after execution of the contract, August 11, 2020, and continue through August 11, 2030. The interest rate established on the loan is 1.50%. The County may pay off a portion or the entire amount of the loan within the first 5 years without interest or penalty.

As collateral for this loan Talmer Bank issued an Irrevocable Standby Letter of Credit from GS Entertainment, LLC to the County in the amount of \$1,000,000. GS Entertainment also executed a Promissory Note and a loan guaranty agreement with the County in the amount of \$300,000 to be applied toward the environmental clean-up response action costs on the property.

As the debt has been issued on behalf of GS Entertainment and is fully secured by GS Entertainment, the debt is classified as conduit debt has not been recorded on the county's financial statements. The County will recognize payments as they are received from GS Entertainment in the governmental funds as a liability equal to the amounts collected but not yet remitted to debt holders.

Note 7 – Interfund Receivables, Payables and Transfers

Interfund advances at December 31, 2015 were:

Fund	Advances Receivable	Advances Payable
General Fund	\$ 295,000	\$ -
Internal Service - Equipment Revolving	-	295,000
	\$ 295,000	\$ 295,000

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

Due To	Due From					Total
	Major Funds		Nonmajor Governmental Funds			
	General Fund	Roads	Special Revenue	Capital Projects	Internal Service	
General Fund	\$ -	\$ -	\$ 1,299,055	\$ 1,370,595	\$ 175,302	\$ 2,844,952
Internal Service	-	213,219	-	-	-	213,219
	-	213,219	1,299,055	1,370,595	175,302	3,058,171
Inbalance caused by the timing effects of interfund transactions in funds with different year-end reporting dates	-	(213,219)	4,599,105	-	-	4,385,886
	\$ -	\$ -	\$ 5,898,160	\$ 1,370,595	\$ 175,302	\$ 7,444,057

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2015

Note 7 – Interfund Receivables, Payables and Transfers (concluded)

Transfers Out	Transfers In							Total
	Major Fund General Fund	Nonmajor Governmental Funds			Internal Service	Major Enterprise Fund Community Mental Health	Nonmajor Enterprise Funds	
		Special Revenue	Capital Projects	Debt Service				
Major Governmental Funds								
General Fund	\$ -	\$ 5,125,008	\$ 10,165,320	\$ 5,466,980	\$ -	\$ 15,959,747	\$ 163,247	\$ 36,880,302
Roads	-	-	161,748	-	-	-	-	161,748
Nonmajor Governmental Funds								
Capital Projects	63,243	-	12,642,847	-	-	-	561,761	13,267,851
Internal Service Funds	5,191,706	-	-	-	1,758,930	-	-	6,950,636
Major Enterprise Fund								
Delinquent Tax Revolving	30,000,000	-	-	-	-	-	-	30,000,000
Subtotal	35,254,949	5,125,008	22,969,915	5,466,980	1,758,930	15,959,747	725,008	87,260,537
Inbalance caused by the timing effects of interfund transactions in funds with different year-end reporting dates								
	-	8,450,703	-	-	-	(665,797)	-	7,784,906
	<u>\$ 35,254,949</u>	<u>\$ 13,575,711</u>	<u>\$ 22,969,915</u>	<u>\$ 5,466,980</u>	<u>\$ 1,758,930</u>	<u>\$ 15,293,950</u>	<u>\$ 725,008</u>	<u>\$ 95,045,443</u>

Note 8 – Leases

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

<u>Year</u>	<u>Amount</u>
2016	\$ 5,442,352
2017	4,241,596
2018	2,553,595
2019	1,674,530
2020	430,768
Thereafter	-
	<u>\$ 14,342,841</u>

Rental expense totaled \$5,372,095 for the year ended December 31, 2015.

Note 9 – 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, 2015

Note 10 – Employees’ Retirement System

Pension Plan Description

Plan Administration

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.

Plan Membership

At December 31, 2014 (date of the most recent actuarial valuation), the System’s membership consisted of:

Retirees and beneficiaries currently receiving benefits	2,785
Deferred members entitled to benefits but not yet receiving them	226
Active employees covered by the plan	2,134
	5,145

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

Benefits Provided

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% of final average compensation.

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2015

Note 10 – Employees’ Retirement System (continued)

Benefits Provided (concluded)

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% of final average compensation.

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% of final average compensation.

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 2015 was \$21,281,602. The County contributed \$21,281,612 to the System, which was \$10 more than the annual required contribution.

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 \$24,827,872 accumulated in DROP accounts at December 31, 2015.

Pension Plan Investments – Policy and Rate of Return

Investment Policy

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.

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2015

Note 10 – Employees’ Retirement System (continued)

Pension Plan Investments – Policy and Rate of Return (continued)

Investment Policy (concluded)

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, 2015:

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, 2015 was (0.59%). The money-weighted rate of return expressed investment performance, net of investment expense, adjusted for the changing amounts actually invested.

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.

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

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2015

Note 10 – Employees’ Retirement System (continued)

Pension Plan Investments – Policy and Rate of Return (continued)

Pension Plan Reserves (concluded)

The balances of the reserve accounts at December 31, 2015 are as follows:

	Required	Actual	Over (Under) Funded
Retiree Reserve	\$610,176,636	\$610,176,636	\$ -
Employee Reserve	45,526,859	45,526,859	-
Employer Reserve	N/A	229,749,008	N/A

Net Pension Liability of the County

Effective January 1, 2015, the County adopted GASB Statement No. 68, which requires the measurement of pension expense as it is earned, rather than as it is funded. The December 31, 2015 total pension liability was determined by an actuarial valuation dated December 31, 2014 and rolled forward to the measurement date. The components of the net pension liability of the County at December 31, 2015 were as follows:

Total pension liability	\$ 922,699,789
Plan fiduciary net position	885,452,503
County's net pension liability	\$ 37,247,286
Plan fiduciary net position, as a percentage of the total pension liability	95.96%

Changes in the net pension liability during the year are presented on the following page:

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2015

Note 10 – Employees’ Retirement System (continued)

Pension Plan Investments – Policy and Rate of Return (concluded)

Net Pension Liability of the County (concluded)

Total Pension Liability	
Service cost	\$ 17,405,488
Interest	67,324,776
Actual employee contributions	(3,667,705)
Difference between expected and actual experience of the total pension liability	(6,410,683)
Benefit payments, including refunds of member contributions	<u>(63,276,629)</u>
Net change in total pension liability	11,375,247
Total pension liability - beginning of year	<u>911,324,542</u>
Total pension liability - end of year (a)	<u><u>\$ 922,699,789</u></u>
Plan Fiduciary Net Position	
Contributions - employer	21,281,612
Contributions - employee	3,667,705
Net investment income	(15,948,798)
Benefit payments, including refunds of member contributions	(63,276,629)
Administrative expense	<u>(527,547)</u>
Net change in plan fiduciary net position	(54,803,657)
Plan fiduciary net position - beginning of year	<u>940,256,160</u>
Plan fiduciary net position - end of year (b)	<u><u>885,452,503</u></u>
County's net pension liability - end of year (a) - (b)	<u><u>37,247,286</u></u>
Plan fiduciary net position as a percent of total pension liability	95.96%
Covered employee payroll	123,291,975
County's net pension liability as a percent of covered employee payroll	30.2%

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2015

Note 10 – Employees’ Retirement System (continued)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended December 31, 2015, the County recognized pension expense of \$28,171,809 and reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 4,789,566
Net difference between projected and actual earnings on pension plan investments	67,745,978	-
Total	\$ 67,745,978	\$ 4,789,566

Amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense and revenue, respectively, as follows:

Year Ending December 31,	Pension Expense
2016	\$ 15,315,378
2017	15,315,378
2018	15,389,163
2019	16,936,495

Actuarial Assumptions

The December 31, 2015 total pension liability was determined by an actuarial valuation as of December 31, 2014, which used update procedures to roll forward the estimated liability to December 31, 2015. 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. Actuarial assumptions used in valuations are generally based on the results of periodic actuarial experience studies that encompass a five-year look-back window.

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.

Projected Cash Flows

Based on those assumptions, the System’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members.

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2015

Note 10 – Employees’ Retirement System (continued)

Projected Cash Flows - concluded

Had there been a point where assets were projected to be depleted, a municipal bond rate of 3.2% would have been used in the development of the blended GASB discount rate after that point. The 3.2% is based on the S&P Municipal Bond 20 Year High Grade Rate Index.

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, 2015 for each major asset class included in the System’s target asset allocation, are summarized in the following table and are presented as geometric means:

Asset Class	Long-Term Expected Rate of Return
Cash and Equivalents	0.88%
US Large Cap	8.36%
MSCI EAFE	6.72%
MSCI Emerging	9.84%
Aggregate Bonds	1.63%
Global Debt ex US	-0.56%
NCREIF	6.67%
Commodities	5.16%
Private Equity	12.25%

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:

	1% Decrease (6.5%)	Current Rate (7.5%)	1% Increase (8.5%)
Net Pension Liability	\$ 137,291,705	\$ 37,247,286	\$ (47,388,816)

Accounting Principles and Financial Reporting

The System follows accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. Accounting and financial reporting pronouncements are promulgated by the Governmental Accounting Standards Board (GASB). The financial statements of the System are included in these financial statements as Employee Retirement and Other Postemployment Benefits Trust funds.

The System does not issue separate independently audited financial statements; therefore, financial statements as of and for the year ended December 31, 2015 are presented below:

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2015

Note 10 – Employees’ Retirement System (continued)

Accounting Principles and Financial Reporting (continued)

Statement of Fiduciary Net Position

ASSETS	
Cash and pooled investments	\$ 36,050,277
Receivables	
Accrued interest	456,316
Other	995,094
Other assets	1,945
Investments, at fair value	
Corporate bonds	67,745
Common stock	296,193,037
Limited partnership	241,730,630
Fixed income common collective trusts	61,822,500
Equity common collective trusts	<u>255,187,104</u>
Total investments	<u>855,001,016</u>
Total assets	\$ 892,504,648
LIABILITIES	
Accounts payable	2,275,540
Accrued compensation and benefits	<u>4,776,605</u>
Total liabilities	<u>7,052,145</u>
Net position restricted for pension benefits	<u><u>\$ 885,452,503</u></u>

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2015

Note 10 – Employees’ Retirement System (concluded)

Accounting Principles and Financial Reporting (concluded)

Statement of Changes in Fiduciary Net Position

ADDITIONS	
Contributions	
Employer	\$ 21,281,612
Employee	3,667,705
	24,949,317
Total contributions	24,949,317
Investment income	
Net change in fair value of assets	(16,974,183)
Interest and dividends	6,834,437
	(10,139,746)
Less investment expenses	
Management and custodial fees	5,809,052
	(15,948,798)
Net investment income	(15,948,798)
Total additions	9,000,519
DEDUCTIONS	
Benefit payments	62,808,671
Refunds of contributions	467,958
Administrative expense	527,547
	63,804,176
Total deductions	63,804,176
Net change in net position	(54,803,657)
NET POSITION	
Beginning of year	940,256,160
End of year	\$ 885,452,503

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2015

Note 11 – 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. Plan assets are held in both the Retiree Health Care Trust Fund and the Retiree Health Care Intermediate Trust Fund. 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	1,866
Deferred members entitled to benefits but not yet receiving them	222
Active employees covered by the plan	2,156
Total membership	4,244

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.

On March 10, 2015, Macomb County issued retiree health care bonds for the purpose of defraying the unfunded portion of the County’s retiree health care obligations. The net proceeds of \$262,636,883 (after payment of \$589,161 of issuance costs, underwriters’ discount of \$328,956) were placed in the Retiree Health Care Intermediate Trust Fund, which was established in conjunction with the Macomb County Retiree Health Care Trust Fund to fund other postemployment benefits (OPEB). In addition, the County used General Fund balance of \$29,000,000 and \$30,000,000 contributed to the General Fund by the Delinquent Tax Revolving Fund in 2015 to contribute a total of \$59,000,000 to the Retiree Health Care Intermediate Trust Fund. It is the policy of the County to fund the annual required contribution (ARC) to the Macomb County Retiree Health Care Trust Fund each year via a transfer from the Retiree Health Care Intermediate Trust Fund.

County departments fully fund each debt service payment annually in lieu of contributing the OPEB ARC. Allocation of the debt service payment responsibility is determined based on the unfunded actuarial accrued liability as of December 31, 2013 by County department. Finally, contributions are actuarially recognized as the sum of contributions to the Retiree Health Care Intermediate Trust Fund plus the Macomb County Retiree Health Care Trust Fund, net of elimination of the contribution between the two funds each year.

The County contributed \$321,636,883 to the Retiree Health Care Intermediate Trust Fund, of which \$22,283,395 was used as an employer contribution to the Macomb County Retiree Health Care Trust Fund for the year ended December 31, 2015. Employee contributions for the year totaled \$859,434, for total contributions to the Macomb County Retiree Health Care Trust Fund in the amount of \$23,142,829. The total cost of retiree health care benefits, administrative expenses of the plan and investment management fees for the year ended December 31, 2015 was \$18,478,229.

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2015

Note 11 – Postemployment Benefits Other Than Pensions – General and Sheriff Employees (continued)

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, 2015.

Annual required contribution	\$ 23,174,730
Interest on net OPEB obligation	18,600,531
Adjustment to annual required contribution	<u>(13,564,381)</u>
Annual OPEB cost	28,210,880
Employer contributions	<u>(321,636,883)</u>
(Decrease) in OPEB obligation	(293,426,003)
Net OPEB obligation, beginning of year	<u>248,007,082</u>
Net OPEB obligation (asset), end of year	<u><u>\$ (45,418,921)</u></u>

The County's annual OPEB cost, percentage of annual OPEB cost contributed and the net OPEB obligation as of December 31, 2015 were as follows:

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Year Ended December 31	Annual OPEB Cost	Percentage Contributed	Net OPEB Obligation (Asset)
2013	\$ 44,798,997	37.6%	\$ 237,488,782
2014	27,363,194	61.6%	248,007,082
2015	28,210,880	1140.1%	(45,418,921)

Of the total OPEB asset of \$45,418,921 at December 31, 2015, \$2,825,057 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.

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2015

Note 11 – Postemployment Benefits Other Than Pensions – General and Sheriff Employees (continued)

Actuarial Methods and Assumptions (concluded)

Projections of benefits for financial reporting purposes are based on the substantive plan as understood by the employer and plan members and include the types of benefits provided at the time of each valuation and the historical pattern of cost sharing between the employer and plan members to that point.

The actuarial methods and assumptions used to prepare each valuation are designed to reduce short-term volatility in the value of actuarial accrued assets and liabilities, consistent with the long-term perspective of the calculations.

The entry age actuarial cost method was used to prepare the last actuarial valuation dated December 31, 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 0.75% in years 2 and 3 and 0.50% 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. The County made contributions totaling \$321,636,883 in 2015, which was not reflected in the funded status of the December 31, 2013 actuarial valuation.

Basis of Accounting

The financial statements of the Retiree Health Care Trust Fund and the Retiree Health Care Intermediate 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 either funds. Therefore, financial statements as of and for the year ended December 31, 2015 are presented on the following page:

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2015

Note 11 – Postemployment Benefits Other Than Pensions – General and Sheriff Employees (continued)

Statement of Fiduciary Net Position

	Retiree Health Care Trust Fund	Retiree Health Care Intermediate Trust Fund	Total
ASSETS			
Cash and pooled investments	\$ 164,885	\$ 11,264,860	\$ 11,429,745
Accrued interest	551,570	881,019	1,432,589
Due from other funds	24,382	-	24,382
Other assets	1,030,594	-	1,030,594
Investments, at fair value			
US Government obligations	-	46,306,785	46,306,785
Corporate bonds	-	22,093,193	22,093,193
Common stock	1,102,032	169,816,385	170,918,417
Foreign stock	29,925,178	46,590,168	76,515,346
Real estate investment trusts	31,176,736	-	31,176,736
Fixed income common collective trusts	40,835,295	-	40,835,295
Equity common collective trusts	103,340,120	1,023,925	104,364,045
Total investments	<u>206,379,361</u>	<u>285,830,456</u>	<u>492,209,817</u>
Total assets	<u>208,150,792</u>	<u>297,976,335</u>	<u>506,127,127</u>
LIABILITIES			
Accounts payable	2,171,929	378,087	2,550,016
Due to governmental funds	26,008,128	-	26,008,128
Total liabilities	<u>28,180,057</u>	<u>378,087</u>	<u>28,558,144</u>
Net position restricted for other postemployment benefits	<u>\$ 179,970,735</u>	<u>\$ 297,598,248</u>	<u>\$ 477,568,983</u>

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2015

Note 11 – Postemployment Benefits Other Than Pensions – General and Sheriff Employees (concluded)

Statement of Changes in Fiduciary Net Position

	<u>Retiree Health Care Trust Fund</u>	<u>Retiree Health Care Intermediate Trust Fund</u>	<u>Total</u>
ADDITIONS			
Contributions			
Employer	\$ -	\$ 321,636,883	\$ 321,636,883
Employee	859,434	-	859,434
Contribution from Retiree Health Care Intermediate Trust Fund	<u>22,283,395</u>	<u>-</u>	<u>22,283,395</u>
Total contributions	<u>23,142,829</u>	<u>321,636,883</u>	<u>344,779,712</u>
Investment income			
Net change in fair value of assets	(12,700,690)	(3,766,117)	(16,466,807)
Interest and dividends	<u>13,873,831</u>	<u>2,092,821</u>	<u>15,966,652</u>
	1,173,141	(1,673,296)	(500,155)
Less investment expenses			
Management and custodial fees	<u>108,983</u>	<u>12,864</u>	<u>121,847</u>
Net investment income	<u>1,064,158</u>	<u>(1,686,160)</u>	<u>(622,002)</u>
Total additions	<u>24,206,987</u>	<u>319,950,723</u>	<u>344,157,710</u>
DEDUCTIONS			
Benefit payments	18,366,063	-	18,366,063
Administrative expense	3,183	69,080	72,263
Contribution to Retiree Health Care Trust Fund	<u>-</u>	<u>22,283,395</u>	<u>22,283,395</u>
Total deductions	<u>18,369,246</u>	<u>22,352,475</u>	<u>40,721,721</u>
Net increase in net position	5,837,741	297,598,248	303,435,989
NET POSITION			
Beginning of year	<u>174,132,994</u>	<u>-</u>	<u>174,132,994</u>
End of year	<u>\$ 179,970,735</u>	<u>\$ 297,598,248</u>	<u>\$ 477,568,983</u>

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2015

Note 11 - Post Employment Benefits Other Than Pensions – Department of Roads

Plan Description

The Department of Roads provides health care benefits to its retirees and their beneficiaries in accordance with labor contracts. The benefits are administered by the Michigan Employers' Retirement System (MERS), an agent multiple employer pension and other post-employment benefits plan. MERS issues a publicly available financial report that may be obtained by writing to the system at 1134 Municipal Way, Lansing, Michigan 48917.

Funding Policy

The Department of Roads bears 100% of the cost of providing health care benefits to its retirees and beneficiaries. The current cost of these benefits was \$3,319,636 for the year ended September 30, 2015. 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, 2015.

Annual OPEB Cost and Net OPEB Obligation

The cost of providing retiree health care benefits (OPEB) for the year ended September 30, 2015 was determined through an actuarial valuation as of December 31, 2013. 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, 2015.

Annual required contribution	\$ 3,376,175
Interest on net OPEB asset	(315,749)
Adjustment to annual required contribution	<u>259,210</u>
Annual OPEB cost	3,319,636
Employer contributions	<u>(6,024,655)</u>
(Decrease) in OPEB obligation	(2,705,019)
Net OPEB (asset), beginning of year	<u>(4,209,989)</u>
Net OPEB (asset), end of year	<u><u>\$ (6,915,008)</u></u>

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2015

Note 11 - Post Employment Benefits Other Than Pensions – Department of Roads (concluded)

Annual OPEB Cost and Net OPEB Obligation (concluded)

The Department of Roads annual OPEB cost, percentage of annual OPEB cost contributed and the net OPEB obligation as of September 30, 2015 were as follows:

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Year Ended December 31	Annual OPEB Cost	Percentage Contributed	Net OPEB Obligation (Asset)
2013	\$ 5,708,955	106.6%	\$ (4,322,149)
2014	5,996,489	98.1%	(4,209,989)
2015	3,319,636	181.5%	(6,915,008)

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 0.75% in years 2 and 3 and 0.50% 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. 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 24 years.

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2015

Note 12 – Contingencies and commitments

Grants

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

Construction Commitments

The Department of Roads had several significant active projects in progress at September 30, 2015, with estimated total project costs of \$15,820,173. Of the total, \$11,412,045 represents amount previously expended and \$4,408,128 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 \$6,716,684.

Note 13 - 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 2015 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, 2015, the County has accrued an aggregate of \$2,743,786 for unresolved workers' compensation claims, exclusive of the Department of Roads. At September 30, 2015, the Department of Roads has accrued an aggregate of \$205,353 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>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>
Estimated liability - beginning of year	\$ 3,945,342	\$ 3,731,497	\$ 22,370	\$ 37,241
Estimated claims incurred, including changes in estimates	1,135,379	292,562	35,090	251,144
Claims payments	<u>(1,349,224)</u>	<u>(1,280,273)</u>	<u>(20,219)</u>	<u>(83,032)</u>
Estimated liability - end of year	<u>\$ 3,731,497</u>	<u>\$ 2,743,786</u>	<u>\$ 37,241</u>	<u>\$ 205,353</u>

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2015

Note 13 - 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, 2015, the Department of Roads had an accrual of \$241,801 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, 2015, the general County reported a balance of \$3,589,878 for its unresolved general liability claims. Changes in the estimated liabilities for general liability claims for the past two fiscal years were as follows:

	<u>General County</u>		<u>Department of Roads</u>	
	<u>Year Ended December 31,</u>		<u>Year Ended September 30,</u>	
	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>
Estimated liability - beginning of year	\$ 2,754,638	\$ 3,794,642	\$ 30,283	\$ 29,850
Estimated claims incurred, including changes in estimates	5,976,815	1,615,153	230,149	238,171
Claims payments	<u>(4,936,811)</u>	<u>(1,819,917)</u>	<u>(230,582)</u>	<u>(26,220)</u>
Estimated liability - end of year	<u>\$ 3,794,642</u>	<u>\$ 3,589,878</u>	<u>\$ 29,850</u>	<u>\$ 241,801</u>

Health Insurance

The County is self-insured for one of its several health care plans offered to employees and retirees. Approximately 17% of the total employees and retirees participate in this plan. The plan is administered by Blue Cross/Blue Shield of Michigan, whereby the County deposits a weekly amount based on estimated claims and settles these deposits against actual claims incurred on a quarterly basis. The amounts paid exceeded actual claims incurred for the past two years as indicated below:

	<u>General County</u>	
	<u>Year Ended December 31,</u>	
	<u>2014</u>	<u>2015</u>
Estimated liability - beginning of year	\$ (333,068)	\$ (1,270,249)
Estimated claims incurred, including changes in estimates	6,683,268	7,862,349
Claims payments	<u>(7,620,449)</u>	<u>(7,329,372)</u>
Estimated liability - end of year	<u>\$ (1,270,249)</u>	<u>\$ (737,272)</u>

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2015

Note 14 - Net Investment in Capital Assets

The composition of net investment in capital assets as of December 31, 2015 is presented below:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Component Units</u>
Capital assets:			
Capital assets not being depreciated	\$ 281,270,788	\$ 50,000	\$ 55,765,965
Capital assets being depreciated	685,716,486	1,634,974	257,941,065
	<u>966,987,274</u>	<u>1,684,974</u>	<u>313,707,030</u>
Related debt:			
Total bonds payable	79,249,313	-	269,383,508
Net bond discounts/premiums	-	-	2,793,553
Less: Unexpended bond proceeds	(27,296,028)	-	(6,716,684)
Less: Bond proceeds not capitalized	-	-	(59,926,976)
	<u>51,953,285</u>	<u>-</u>	<u>205,533,401</u>
Net investment in capital assets	<u>\$ 915,033,989</u>	<u>\$ 1,684,974</u>	<u>\$ 108,173,629</u>

Note 15 - Restatements

As disclosed in the following note, *Note 16 – Accounting Pronouncements Implemented*, the County adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. As required by GASB, the County retrospectively applied the standard and as a result, a restatement of December 31, 2014 net position was made to record that period's net pension asset, which was \$25,519,646 for governmental activities, \$2,796,985 for business-type activities, and \$614,987 for the County's discretely-presented component unit, Martha T. Berry Medical Care Facility.

Additionally, Martha T. Berry Medical Care Facility had adjustments to beginning accounts payable and allowance for doubtful accounts balances due to corrections of accounting errors.

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

	<u>Primary Government</u>			<u>Enterprise Funds</u>	
	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>	<u>Community Mental Health</u>	<u>Freedom Hill Park</u>
Net Position, December 31, 2014 as previously reported	\$ 935,049,155	\$ 135,406,927	\$ 1,070,456,082	\$ (7,577,617)	\$ 846,399
Recognition of net pension asset	25,519,646	2,796,985	28,316,631	2,796,985	-
Net Position, January 1, 2015 as restated	<u>\$ 960,568,801</u>	<u>\$ 138,203,912</u>	<u>\$ 1,098,772,713</u>	<u>\$ (4,780,632)</u>	<u>\$ 846,399</u>

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2015

Note 15 – Restatements (concluded)

As a result of the changes noted on the previous page, the beginning net position for the County’s discretely presented component units was restated as follows:

	Discretely Presented Component Units		
	Martha T. Berry Medical Care Facility	Other Component Units	Total
Net Position, December 31, 2014 as previously reported	\$ (9,411,907)	\$ 336,350,577	\$ 326,938,670
Recognition of net pension asset	614,987	-	614,987
Adjustment for understated Accounts payable	(69,363)	-	(69,363)
Adjustment for understated Allowance for doubtful accounts	(339,956)	-	(339,956)
Net Position, January 1, 2015 as restated	<u>\$ (9,206,239)</u>	<u>\$ 336,350,577</u>	<u>\$ 327,144,338</u>

The Martha T. Berry Medical Care Facility would have reported a net loss of \$452,711, an increase in net loss of \$409,319, for the year ended December 31, 2014 if the transactions related to accounts payable and allowance for doubtful accounts indicated above had been recorded in the proper period.

Note 16 - Accounting Pronouncements Implemented

Effective January 1, 2015, the County implemented the provisions of the following Governmental Accounting Standards Board (GASB) statements:

No. 68, *Accounting and Financial Reporting for Pension – An Amendment of GASB Statement No. 27* – This statement improved the accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that are provided by other entities. Restatements as a result of this statement are presented above as part of Note 15.

No. 69, *Government Combinations and Disposals of Government Operations*. This statement improved financial reporting by addressing accounting and financial reporting for government combinations and disposals of government operations. This statement did not have an impact on the County’s financial statements.

No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. This statement addressed the issue regarding application of the transition provisions of Statement No. 68, *Accounting and Financial Reporting for Pensions*. The issue related to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government’s beginning net pension liability. This statement did not have an impact on the County’s financial statements.

Note 17 - Upcoming Accounting Pronouncements

In February 2015, the Governmental Accounting Standards Board (“the GASB”) issued 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.

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2015

Note 17 - Upcoming Accounting Pronouncements (continued)

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.

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.

In June 2015, the GASB issued Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. This statement will improve financial reporting by raising the category of GASB Implementation Guides in the generally accepted accounting principles (GAAP) hierarchy; emphasizing the importance of analogies to authoritative literature when the accounting treatment is not specified in authoritative GAAP; and requiring consideration of consistency with the GASB Concepts Statements when evaluating accounting treatments specified in non-authoritative literature which will improve the usefulness of financial statement information for making decisions and assessing accountability. The County is currently evaluating the impact this standard will have on the financial statements when adopted, during the County's 2016 fiscal year.

In August 2015, the GASB issued Statement No. 77, *Tax Abatement Disclosures*. The requirements of this Statement improve financial reporting by giving users of financial statements essential information that is not consistently or comprehensively reported to the public at present. Disclosure of information about the nature and magnitude of tax abatements will make these transactions more transparent to financial statement users. As a result, users will be better equipped to understand (1) how tax abatements affect a government's future ability to raise resources and meet its financial obligations and (2) the impact those abatements have on a government's financial position and economic condition. The County is currently evaluating the impact this standard will have on the financial statements when adopted, during the County's 2016 fiscal year.

In December 2015, the GASB issued Statement No. 79, *Certain External Investment Pools and Pool Participants*. The requirements of this Statement improve financial reporting by establishing specific criteria used to determine whether a qualifying external investment pool may elect to use an amortized cost exception to fair value measurement. Those criteria will provide qualifying external investment pools and participants in those pools with consistent application of an amortized cost-based measurement for financial reporting purposes. That measurement approximates fair value and mirrors the operations of external investment pools that transact with participants at a stable net asset value per share. The County is currently evaluating the impact this standard will have on the financial statements when adopted, during the County's 2016 fiscal year.

In January 2016, the GASB issued Statement No. 80, *Blending Requirements for Certain Component Units – An Amendment of GASB Statement No. 14*. This Statement amends the blending requirements for the financial statement presentation of component units of all state and local governments.

MACOMB COUNTY, MICHIGAN
Notes to Basic Financial Statements (continued)
December 31, 2015

Note 17 - Upcoming Accounting Pronouncements (concluded)

The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The additional criterion does not apply to component units included in the financial reporting entity pursuant to the provisions of Statement No. 39, *Determining Whether Certain Organizations Are Component Units*. The County is currently evaluating the impact this standard will have on the financial statements when adopted, during the County's 2017 fiscal year.

In March 2016, the GASB issued Statement No. 81, *Irrevocable Split-Interest Agreements*. The requirements of this Statement enhance financial reporting by providing recognition and measurement guidance for irrevocable split-interest agreements in which a government is a beneficiary. The County is currently evaluating the impact this standard will have on the financial statements when adopted, during the County's 2017 fiscal year.

In March 2016, the GASB issued Statement No. 82, *Pension Issues – An Amendment of GASB No. 67, No. 68, and No. 73*. This Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The County is currently evaluating the impact this standard will have on the financial statements when adopted, during the County's 2017 fiscal year.

MACOMB COUNTY, MICHIGAN
Required Supplementary Information
Budgetary Comparison Schedule (GAAP Basis) - General Fund
Year Ended December 31, 2015

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Taxes				
Current property	\$ 112,820,357	\$ 116,855,791	\$ 115,628,967	\$ (1,226,824)
Licenses and Permits	1,568,740	1,568,740	1,714,382	145,642
Federal Grants	2,281,782	2,082,585	1,680,262	(402,323)
State Grants				
Revenue sharing	16,432,531	16,432,531	16,403,694	(28,837)
Court financing	4,617,896	4,617,896	4,538,352	(79,544)
Cigarette tax	50,000	50,000	-	(50,000)
Liquor tax	4,000,000	6,092,255	6,278,181	185,926
Health Department	1,851,437	1,851,437	1,964,814	113,377
Mental health	-	-	95,488	95,488
Other	728,192	778,192	445,581	(332,611)
	<u>27,680,056</u>	<u>29,822,311</u>	<u>29,726,110</u>	<u>(96,201)</u>
Charges for Services				
Attorney fees	1,397,000	1,397,000	1,364,511	(32,489)
Certified copies	875,260	875,260	1,040,306	165,046
Commissions	804,700	804,700	1,531,797	727,097
Court costs and fees	2,022,600	2,022,600	1,829,066	(193,534)
Foster care	385,000	385,000	300,703	(84,297)
Health Department	1,161,633	1,161,633	827,984	(333,649)
Housing inmates	1,630,000	1,630,000	1,164,157	(465,843)
Land transfer tax	3,000,000	3,000,000	3,490,654	490,654
Medicare/medicaid	613,299	613,299	757,001	143,702
Other sheriff services	4,200,834	4,200,834	3,830,953	(369,881)
Personal services	1,250,000	1,250,000	777,849	(472,151)
Probation oversight fees	586,000	586,000	469,136	(116,864)
Public Works - pumping station	2,615,698	2,709,788	1,608,727	(1,101,061)
Recording fees	2,705,800	2,705,800	2,329,549	(376,251)
Rents	3,025,500	3,025,500	1,946,837	(1,078,663)
Sheriff road patrol	9,600,000	10,599,705	10,331,040	(268,665)
Soil erosion fees	930,000	930,000	968,355	38,355
Miscellaneous	2,388,698	2,460,698	3,013,355	552,657
	<u>39,192,022</u>	<u>40,357,817</u>	<u>37,581,980</u>	<u>(2,775,837)</u>
Investment Income	225,000	225,000	177,285	(47,715)
Charges to Other Funds for Administrative Services	8,570,813	8,570,813	7,620,362	(950,451)
Fines and Forfeitures	648,300	648,300	533,786	(114,514)
Other Revenue	117,500	128,108	148,490	20,382
Total Revenues	193,104,570	200,259,465	194,811,624	(5,447,841)
Other Financing Sources				
Transfers in	-	30,063,243	35,254,949	5,191,706
Total Revenues and Other Financing Sources	193,104,570	230,322,708	230,066,573	(256,135)

MACOMB COUNTY, MICHIGAN
Required Supplementary Information
Budgetary Comparison Schedule (GAAP Basis) - General Fund (continued)
Year Ended December 31, 2015

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Legislative				
Board of Commissioners	\$ 1,570,709	\$ 1,513,496	\$ 1,289,160	\$ 224,336
Judicial				
Circuit Court	11,247,562	10,957,932	10,879,190	78,742
District Court - 3rd Class	25,000	25,000	19,745	5,255
District Court - New Baltimore	1,426,455	1,276,466	1,168,415	108,051
District court - Romeo	1,126,799	1,048,616	978,790	69,826
Family Counseling	186,333	185,771	133,570	52,201
Family Court - Juvenile Division	5,198,618	4,738,983	4,580,097	158,886
Jury Commission	183,700	148,700	95,691	53,009
Law Library	35,800	35,800	35,386	414
Probate Court	3,057,790	2,831,971	2,750,783	81,188
Probation - Circuit Court	118,600	118,600	108,208	10,392
Probation - District Court	472,879	459,619	450,109	9,510
Prosecuting Attorney	9,585,361	9,080,306	8,988,534	91,772
Total Judicial	<u>32,664,897</u>	<u>30,907,764</u>	<u>30,188,518</u>	<u>719,246</u>
General Government				
Building Authority	1,300	1,300	630	670
County Clerk	4,799,286	4,390,054	4,279,922	110,132
County Executive	1,411,472	1,383,525	1,342,148	41,377
Corporation Counsel	924,874	917,615	873,341	44,274
Elections	29,800	29,800	13,260	16,540
Ethics Board	59,000	59,000	2,669	56,331
Facilities and Operations	14,784,957	14,592,743	14,313,878	278,865
Finance	2,210,939	1,951,531	1,901,785	49,746
Equalization	929,624	886,929	848,304	38,625
Human Resources	2,136,489	2,107,075	2,044,570	62,505
Information Technology	6,134,001	5,672,024	5,635,651	36,373
MSU Extension	900,361	885,443	840,598	44,845
Planning and Economic Development	3,031,336	2,831,736	2,756,287	75,449
Purchasing	1,369,167	1,290,132	1,262,220	27,912
Register of Deeds	1,821,510	1,717,484	1,676,780	40,704
Treasurer	2,296,398	2,215,352	2,104,495	110,857
Total General Government	<u>42,840,514</u>	<u>40,931,743</u>	<u>39,896,538</u>	<u>1,035,205</u>

MACOMB COUNTY, MICHIGAN
Required Supplementary Information
Budgetary Comparison Schedule (GAAP Basis) - General Fund (concluded)
Year Ended December 31, 2015

	<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	\$ 35,700	\$ 35,700	\$ 30,296	\$ 5,404
Emergency Management	1,095,471	1,279,892	1,215,748	64,144
Sheriff Department	62,195,872	60,666,132	61,297,698	(631,566)
Total Public Safety	<u>63,327,043</u>	<u>61,981,724</u>	<u>62,543,742</u>	<u>(562,018)</u>
Public Works	<u>6,366,079</u>	<u>5,350,218</u>	<u>5,263,334</u>	<u>86,884</u>
Health and Welfare				
Health & Community Services	288,687	284,327	274,845	9,482
Health Department	20,150,762	19,146,552	18,703,963	442,589
Senior Citizens Services	674,053	653,256	529,194	124,062
Social Services	72,472	72,472	55,733	16,739
Total Health and Welfare	<u>21,185,974</u>	<u>20,156,607</u>	<u>19,563,735</u>	<u>592,872</u>
Other Current Operations				
Non-departmental appropriations	1,412,450	48,611,557	46,276,789	2,334,768
Vacant position turnover factor	(10,018,800)	-	-	-
Total Other Current Operations	<u>(8,606,350)</u>	<u>48,611,557</u>	<u>46,276,789</u>	<u>2,334,768</u>
Capital Outlay	<u>1,574,590</u>	<u>1,324,428</u>	<u>1,197,610</u>	<u>126,818</u>
Total Expenditures	<u>160,923,456</u>	<u>210,777,537</u>	<u>206,219,426</u>	<u>4,558,111</u>
Other Financing Uses				
Transfers out	32,179,921	42,512,607	36,880,302	5,632,305
Total Expenditures and Other Financing Uses	<u>193,103,377</u>	<u>253,290,144</u>	<u>243,099,728</u>	<u>10,190,416</u>
Net change in Fund Balance	1,193	(22,967,436)	(13,033,155)	9,934,281
Fund Balance, beginning of year	<u>85,246,393</u>	<u>85,246,393</u>	<u>85,246,393</u>	<u>-</u>
Fund Balance, end of year	<u>\$ 85,247,586</u>	<u>\$ 62,278,957</u>	<u>\$ 72,213,238</u>	<u>\$ 9,934,281</u>

MACOMB COUNTY, MICHIGAN
Budgetary Comparison Schedule (GAAP Basis) - Department of Roads Special Revenue Fund
Year Ended September 30, 2015

	(Unaudited) Final Budget	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
Revenues			
Licenses and permits	\$ 598,200	\$ 871,721	\$ 273,521
Federal & state grants	37,893,000	67,003,940	29,110,940
Charges for services	6,135,470	16,506,107	10,370,637
Investment income	146,166	186,182	40,016
Other revenue	40,765,123	343,186	(40,421,937)
	<u>85,537,959</u>	<u>84,911,136</u>	<u>(626,823)</u>
Expenditures			
Public works	96,065,571	78,670,442	17,395,129
Capital outlay	3,966,993	3,542,969	424,024
Principal	-	162,196	(162,196)
Interest and fees	-	26,125	(26,125)
	<u>100,032,564</u>	<u>82,401,732</u>	<u>17,630,832</u>
Excess of revenues over (under) expenditures	<u>(14,494,605)</u>	<u>2,509,404</u>	<u>17,004,009</u>
Other Financing Sources (uses)			
Transfers out	-	(161,748)	(161,748)
Net change in Fund Balances	(14,494,605)	2,347,656	16,842,261
Fund Balances, beginning of year	<u>63,463,048</u>	<u>63,463,048</u>	<u>-</u>
Fund Balances, end of year	<u>\$ 48,968,443</u>	<u>\$ 65,810,704</u>	<u>\$ 16,842,261</u>

MACOMB COUNTY, MICHIGAN
Required Supplementary Information - Employees' Retirement System
Schedule of Changes in Net Pension Liability and Related Ratios
Years Ending December 31,

	2015	2014
Total Pension Liability		
Service cost	\$ 17,405,488	\$ 18,681,711
Interest	67,324,776	64,832,607
Benefit changes	-	1,752,896
Actual employee contributions	(3,667,705)	-
Difference between expected and actual experience of the total pension liability	(6,410,683)	-
Benefit payments, including refunds of member contributions	(63,276,629)	(58,073,140)
Net change in total pension liability	11,375,247	27,194,074
Total pension liability - beginning of year	911,324,542	884,130,468
Total pension liability - end of year (a)	\$ 922,699,789	\$ 911,324,542
Plan Fiduciary Net Position		
Contributions - employer	21,281,612	22,152,820
Contributions - employee	3,667,705	3,597,063
Net investment income	(15,948,798)	64,413,425
Benefit payments, including refunds of member contributions	(63,276,629)	(58,073,027)
Administrative expense	(527,547)	(523,640)
Net change in plan fiduciary net position	(54,803,657)	31,566,641
Plan fiduciary net position - beginning of year	940,256,160	908,689,519
Plan fiduciary net position - end of year (b)	885,452,503	940,256,160
County's net pension (asset) liability - end of year (a) - (b)	\$ 37,247,286	\$ (28,931,618)
Plan fiduciary net position as a percent of total pension liability	95.96%	103.17%
Covered employee payroll	\$ 123,291,975	\$ 107,365,519
County's net pension (asset) liability as a percent of covered employee payroll	30.21%	-26.95%

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

MACOMB COUNTY, MICHIGAN
Required Supplementary Information - Employees' Retirement System
Schedule of Money Weighted Investment Rate of Return
Years Ending December 31,

<u>Year</u>	<u>Money Weighted Rate of Return</u>
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%
2015	-0.59%

MACOMB COUNTY, MICHIGAN
Required Supplementary Information - Employees' Retirement System
Schedule of Employer Contributions
Years Ending December 31,

Year Ended December 31,	Actuarially Determined Contribution	Actual Contributions	Covered Payroll	Contributions as % of Covered Payroll
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%
2015	21,281,602	21,281,612	123,291,975	17.26%

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 year closed amortization period
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, 2015 was based on the assumptions and methods used in the December 31, 2014 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
Schedules of Funding Progress and Employer Contributions

Actuarial Valuation Date <u>December 31</u>	Actuarial Value of Assets <u>(a)</u>	Actuarial Accrued Liability (AAL) Entry Age <u>(b)</u>	Unfunded AAL (UAAL) <u>(b-a)</u>	Funded Ratio <u>(a/b)</u>	Covered Payroll <u>(c)</u>	UAAL as a Percentage of Covered Payroll <u>((b-a)/c)</u>
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%

<u>Year Ended December 31</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
2013	\$ 44,167,496	34.1%
2014	22,283,395	75.6%
2015	23,174,730	1387.9%

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 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.

The County made contributions totaling \$321,636,883 in 2015, which was not reflected in the funded status of the December 31, 2013 actuarial valuation.

MACOMB COUNTY, MICHIGAN
Required Supplementary Information - Department of Roads Retiree Health Care Trust Fund
Schedules of Funding Progress and Employer Contributions

Actuarial Valuation Date <u>December 31</u>	Actuarial Value of Assets <u>(a)</u>	Actuarial Accrued Liability (AAL) Entry Age <u>(b)</u>	Unfunded AAL (UAAL) <u>(b-a)</u>	Funded Ratio <u>(a/b)</u>	Covered Payroll <u>(c)</u>	UAAL as a Percentage of Covered Payroll <u>((b-a)/c)</u>
2006	\$ -	\$ 76,651,082	\$ 76,651,082	0.0%	\$ 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%

<u>Year Ended December 31</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
2013	\$ 5,805,250	104.8%
2014	6,095,512	96.5%
2015	3,376,175	178.5%

Macomb County, Michigan
Notes to the Required Supplemental Information
December 31, 2015

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 Community Mental Health and Parks business-type activities and the Martha T. Berry Medical Care Facility Discretely Presented Component Unit. 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.

It is the practice of Macomb County to not budget special revenue funds which are used to record bond proceeds. As such, there is no budget for the OPEB Bond Proceeds Fund.

Formal budgetary integration is employed as a management control device during the year for all funds. Expenditures may not legally exceed budgeted appropriations at the department level in the General Fund and the fund level in all other funds. 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 on the following page. The excess expenditures were funded by either additional unbudgeted revenues or available fund balance.

	<u>Final</u> <u>Budget</u>	<u>Actual</u> <u>Amounts</u>	<u>Actual in Excess</u> <u>of Final Budget</u>
General Fund			
Sheriff Department	\$ 60,666,132	\$ 61,297,698	\$ 631,566

MACOMB COUNTY, MICHIGAN
Combining Balance Sheet
Nonmajor Fund Types
December 31, 2015

	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total</u>
Assets				
Cash and pooled investments	\$ 12,091,587	\$ 2,632,976	\$ 16,136,901	\$ 30,861,464
Taxes receivable	875,687	110,841	-	986,528
Accounts receivable, net	7,415,432	-	20,091	7,435,523
Due from other governments	8,232,174	-	1,155,611	9,387,785
Other assets	969,871	-	114,272	1,084,143
	<hr/>	<hr/>	<hr/>	<hr/>
Total Assets	<u>\$ 29,584,751</u>	<u>\$ 2,743,817</u>	<u>\$ 17,426,875</u>	<u>\$ 49,755,443</u>
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities				
Accounts payable	\$ 4,295,087	\$ -	\$ 6,572,093	\$ 10,867,180
Accrued liabilities	48,504	-	718,140	766,644
Accrued compensation and benefits	1,169,123	-	-	1,169,123
Due to other governments	339,689	-	-	339,689
Due to governmental funds	5,898,160	-	1,370,595	7,268,755
Unearned revenue	21,145	-	-	21,145
	<hr/>	<hr/>	<hr/>	<hr/>
Total Liabilities	<u>11,771,708</u>	<u>-</u>	<u>8,660,828</u>	<u>20,432,536</u>
Deferred Inflows of Resources				
Property taxes and assessments levied in advance	1,007,323	125,915	-	1,133,238
Unavailable grants and other charges	4,298,172	-	697,975	4,996,147
	<hr/>	<hr/>	<hr/>	<hr/>
Total Deferred Inflows of Resources	<u>5,305,495</u>	<u>125,915</u>	<u>697,975</u>	<u>6,129,385</u>
Fund Balances				
Nonspendable for:				
Prepaid items	968,955	-	114,272	1,083,227
Restricted for:				
Capital projects	-	-	4,073,502	4,073,502
Debt service	-	2,617,902	-	2,617,902
Health and welfare	5,651,061	-	-	5,651,061
Judicial	54,997	-	-	54,997
Housing rehabilitation loans	6,009,623	-	-	6,009,623
Public safety	1,642,182	-	-	1,642,182
Technology	1,149,517	-	-	1,149,517
Assigned for:				
Capital projects	-	-	3,906,533	3,906,533
Health and welfare	1,397,262	-	-	1,397,262
Judicial	8,103	-	-	8,103
Unassigned	(4,374,152)	-	(26,235)	(4,400,387)
	<hr/>	<hr/>	<hr/>	<hr/>
Total Fund Balances	<u>12,507,548</u>	<u>2,617,902</u>	<u>8,068,072</u>	<u>23,193,522</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 29,584,751</u>	<u>\$ 2,743,817</u>	<u>\$ 17,426,875</u>	<u>\$ 49,755,443</u>

MACOMB COUNTY, MICHIGAN
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Fund Types
Year Ended December 31, 2015

	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total</u>
Revenues				
Taxes	\$ 988,139	\$ 124,419	\$ -	\$ 1,112,558
Licenses and permits	48,130	-	-	48,130
Federal & state grants	45,368,217	-	786,109	46,154,326
Other grants	604,691	-	-	604,691
Charges for services	10,561,768	13,381,214	1,742,972	25,685,954
Investment income	3,513	-	4,543	8,056
Fines and forfeitures	490,570	-	-	490,570
Other revenue	557,247	-	10,479	567,726
	<u>58,622,275</u>	<u>13,505,633</u>	<u>2,544,103</u>	<u>74,672,011</u>
Total Revenues				
	<u>58,622,275</u>	<u>13,505,633</u>	<u>2,544,103</u>	<u>74,672,011</u>
Expenditures				
Current				
Judicial	12,138,949	-	6,657	12,145,606
General government	1,920,816	-	-	1,920,816
Public safety	8,709,136	-	1,278,884	9,988,020
Public works	10,414	105,971	968	117,353
Health and welfare	52,681,289	-	-	52,681,289
Recreation and cultural	-	-	77,845	77,845
Capital outlay	1,192,682	-	13,111,348	14,304,030
Debt service				
Principal	-	13,031,953	-	13,031,953
Interest and fees	-	5,816,241	-	5,816,241
	<u>76,653,286</u>	<u>18,954,165</u>	<u>14,475,702</u>	<u>110,083,153</u>
Total Expenditures				
	<u>76,653,286</u>	<u>18,954,165</u>	<u>14,475,702</u>	<u>110,083,153</u>
Excess of Revenues over (under) Expenditures	<u>(18,031,011)</u>	<u>(5,448,532)</u>	<u>(11,931,599)</u>	<u>(35,411,142)</u>
Other Financing Sources (uses)				
Transfers in	13,575,711	5,466,980	22,969,915	42,012,606
Transfers out	-	-	(13,267,851)	(13,267,851)
	<u>13,575,711</u>	<u>5,466,980</u>	<u>9,702,064</u>	<u>28,744,755</u>
Total Other Financing Sources (uses)				
	<u>13,575,711</u>	<u>5,466,980</u>	<u>9,702,064</u>	<u>28,744,755</u>
Net Change in Fund Balances	(4,455,300)	18,448	(2,229,535)	(6,666,387)
Fund Balances, beginning of year	16,962,848	2,599,454	10,297,607	29,859,909
Fund Balances, end of year	<u>\$ 12,507,548</u>	<u>\$ 2,617,902</u>	<u>\$ 8,068,072</u>	<u>\$ 23,193,522</u>

MACOMB COUNTY, MICHIGAN
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2015

	Circuit Court Programs (1)	Child Care (1)	Community Corrections	Community Corrections (1)
Assets				
Cash and pooled investments	\$ -	\$ 882,500	\$ 144,047	\$ -
Taxes receivable	-	-	-	-
Accounts receivable, net	-	57,550	-	-
Due from other governments	59,945	3,184,838	-	150,101
Other assets	-	860,905	-	-
Total Assets	\$ 59,945	\$ 4,985,793	\$ 144,047	\$ 150,101
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities				
Accounts payable	\$ 21,865	\$ 1,185,634	\$ -	\$ 44,128
Accrued liabilities	-	-	1,760	-
Accrued compensation and benefits	3,129	278,078	-	25,163
Due to other governments	-	-	-	-
Due to governmental funds	34,930	3,520,138	-	80,749
Unearned revenue	-	-	-	-
Total Liabilities	59,924	4,983,850	1,760	150,040
Deferred Inflows of Resources				
Property taxes and assessments levied in advance	-	-	-	-
Unavailable grants and other charges	59,945	1,305,255	132,447	3,258
Total Deferred Inflows of Resources	59,945	1,305,255	132,447	3,258
Fund Balances				
Nonspendable for:				
Prepaid items	-	860,905	-	-
Restricted for:				
Health and welfare	-	-	-	-
Judicial	-	-	-	-
Housing rehabilitation loans	-	-	-	-
Public safety	-	-	9,840	-
Technology	-	-	-	-
Assigned for:				
Health and welfare	-	-	-	-
Judicial	-	-	-	-
Unassigned	(59,924)	(2,164,217)	-	(3,197)
Total Fund Balances	(59,924)	(1,303,312)	9,840	(3,197)
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 59,945	\$ 4,985,793	\$ 144,047	\$ 150,101

(1) - Balance sheet as of September 30, 2015

MACOMB COUNTY, MICHIGAN
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2015

	Community Services Agency	Community Services Agency (1)	Concealed Pistol License	Emergency Management Grants
Assets				
Cash and pooled investments	\$ 674,353	\$ 311,560	\$ 48,130	\$ 1,275,028
Taxes receivable	-	-	-	-
Accounts receivable, net	6,009,623	409,414	-	802,641
Due from other governments	322,102	1,733,272	-	675,970
Other assets	-	8,769	-	84,993
	<hr/>	<hr/>	<hr/>	<hr/>
Total Assets	<u>\$ 7,006,078</u>	<u>\$ 2,463,015</u>	<u>\$ 48,130</u>	<u>\$ 2,838,632</u>
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities				
Accounts payable	\$ 353,068	\$ 478,921	\$ -	\$ 1,552,048
Accrued liabilities	-	-	-	-
Accrued compensation and benefits	12,490	296,251	-	7,980
Due to other governments	-	6,985	-	7,934
Due to governmental funds	-	-	-	1,127,928
Unearned revenue	-	21,145	-	-
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Total Liabilities	<u>365,558</u>	<u>803,302</u>	<u>-</u>	<u>2,695,890</u>
Deferred Inflows of Resources				
Property taxes and assessments levied in advance	-	-	-	-
Unavailable grants and other charges	-	287,838	-	895,695
	<hr/>	<hr/>	<hr/>	<hr/>
Total Deferred Inflows of Resources	<u>-</u>	<u>287,838</u>	<u>-</u>	<u>895,695</u>
Fund Balances				
Nonspendable for:				
Prepaid items	-	8,769	-	84,993
Restricted for:				
Health and welfare	630,897	878,448	48,130	-
Judicial	-	-	-	-
Housing rehabilitation loans	6,009,623	-	-	-
Public safety	-	-	-	-
Technology	-	-	-	-
Assigned for:				
Health and welfare	-	484,658	-	-
Judicial	-	-	-	-
Unassigned	-	-	-	(837,946)
	<hr/>	<hr/>	<hr/>	<hr/>
Total Fund Balances	<u>6,640,520</u>	<u>1,371,875</u>	<u>48,130</u>	<u>(752,953)</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 7,006,078</u>	<u>\$ 2,463,015</u>	<u>\$ 48,130</u>	<u>\$ 2,838,632</u>

(1) - Balance sheet as of September 30, 2015

MACOMB COUNTY, MICHIGAN
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2015

	Friend of the Court (1)	Health Grants	Health Grants (1)	Juvenile Drug Court Grant (1)
Assets				
Cash and pooled investments	\$ -	\$ 527,848	\$ 2,838,369	\$ -
Taxes receivable	-	-	-	-
Accounts receivable, net	679	-	31,906	-
Due from other governments	1,079,502	1,841	48,841	-
Other assets	10,531	-	916	-
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Total Assets	\$ 1,090,712	\$ 529,689	\$ 2,920,032	\$ -
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities				
Accounts payable	\$ 10,276	\$ 2,902	\$ 245,906	\$ -
Accrued liabilities	-	-	-	-
Accrued compensation and benefits	276,607	-	153,687	-
Due to other governments	-	5,116	38,820	-
Due to governmental funds	692,802	-	-	-
Unearned revenue	-	-	-	-
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Total Liabilities	979,685	8,018	438,413	-
Deferred Inflows of Resources				
Property taxes and assessments levied in advance	-	-	-	-
Unavailable grants and other charges	1,076,127	603	74,428	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total Deferred Inflows of Resources	1,076,127	603	74,428	-
Fund Balances				
Nonspendable for:				
Prepaid items	10,531	-	-	-
Restricted for:				
Health and welfare	-	521,068	2,407,191	-
Judicial	-	-	-	-
Housing rehabilitation loans	-	-	-	-
Public safety	-	-	-	-
Technology	-	-	-	-
Assigned for:				
Health and welfare	-	-	-	-
Judicial	-	-	-	-
Unassigned	(975,631)	-	-	-
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Total Fund Balances	(965,100)	521,068	2,407,191	-
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Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 1,090,712	\$ 529,689	\$ 2,920,032	\$ -

(1) - Balance sheet as of September 30, 2015

MACOMB COUNTY, MICHIGAN
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2015

	Macomb/St. Clair Employment and Training	MSU Extension	MSU Extension (1)	Prosecuting Attorney Grants
Assets				
Cash and pooled investments	\$ 133,577	\$ 175,476	\$ 271,134	\$ 63,100
Taxes receivable	-	-	-	-
Accounts receivable, net	-	596	-	-
Due from other governments	-	-	-	-
Other assets	-	-	-	-
Total Assets	\$ 133,577	\$ 176,072	\$ 271,134	\$ 63,100
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities				
Accounts payable	\$ 38,431	\$ 4,445	\$ 140	\$ -
Accrued liabilities	-	-	-	-
Accrued compensation and benefits	21,240	-	-	-
Due to other governments	29,291	-	-	-
Due to governmental funds	44,615	-	-	-
Unearned revenue	-	-	-	-
Total Liabilities	133,577	4,445	140	-
Deferred Inflows of Resources				
Property taxes and assessments levied in advance	-	-	-	-
Unavailable grants and other charges	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-
Fund Balances				
Nonspendable for:				
Prepaid items	-	-	-	-
Restricted for:				
Health and welfare	-	171,627	-	-
Judicial	-	-	-	54,997
Housing rehabilitation loans	-	-	-	-
Public safety	-	-	-	-
Technology	-	-	-	-
Assigned for:				
Health and welfare	-	-	270,994	-
Judicial	-	-	-	8,103
Unassigned	-	-	-	-
Total Fund Balances	-	171,627	270,994	63,100
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 133,577	\$ 176,072	\$ 271,134	\$ 63,100

(1) - Balance sheet as of September 30, 2015

MACOMB COUNTY, MICHIGAN
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2015

	Prosecuting Attorney Grants (1)	Register of Deeds Remonumentation Fund	Register of Deeds Technology Fund	Sheriff Grants
Assets				
Cash and pooled investments	\$ -	\$ -	\$ 1,287,978	\$ 1,428,590
Taxes receivable	-	-	-	-
Accounts receivable, net	-	-	63,285	39,738
Due from other governments	370,445	174,282	-	-
Other assets	-	-	-	3,757
	<hr/>	<hr/>	<hr/>	<hr/>
Total Assets	<u>\$ 370,445</u>	<u>\$ 174,282</u>	<u>\$ 1,351,263</u>	<u>\$ 1,472,085</u>
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities				
Accounts payable	\$ 4,056	\$ 38,085	\$ 201,746	\$ 36,222
Accrued liabilities	-	-	-	-
Accrued compensation and benefits	75,780	-	-	-
Due to other governments	-	-	-	-
Due to governmental funds	260,801	136,197	-	-
Unearned revenue	-	-	-	-
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Total Liabilities	<u>340,637</u>	<u>174,282</u>	<u>201,746</u>	<u>36,222</u>
Deferred Inflows of Resources				
Property taxes and assessments levied in advance	-	-	-	-
Unavailable grants and other charges	174,053	174,282	-	17,424
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Total Deferred Inflows of Resources	<u>174,053</u>	<u>174,282</u>	<u>-</u>	<u>17,424</u>
Fund Balances				
Nonspendable for:				
Prepaid items	-	-	-	3,757
Restricted for:				
Health and welfare	-	-	-	-
Judicial	-	-	-	-
Housing rehabilitation loans	-	-	-	-
Public safety	-	-	-	1,429,392
Technology	-	-	1,149,517	-
Assigned for:				
Health and welfare	-	-	-	-
Judicial	-	-	-	-
Unassigned	(144,245)	(174,282)	-	(14,710)
	<hr/>	<hr/>	<hr/>	<hr/>
Total Fund Balances	<u>(144,245)</u>	<u>(174,282)</u>	<u>1,149,517</u>	<u>1,418,439</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 370,445</u>	<u>\$ 174,282</u>	<u>\$ 1,351,263</u>	<u>\$ 1,472,085</u>

(1) - Balance sheet as of September 30, 2015

MACOMB COUNTY, MICHIGAN
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2015

	Sheriff Grants (1)	Social Welfare	Urban County Block Grant	Veterans' Affairs
Assets				
Cash and pooled investments	\$ 203,231	\$ 102,756	\$ 555,021	\$ 1,145,491
Taxes receivable	-	-	-	875,687
Accounts receivable, net	-	-	-	-
Due from other governments	425,376	-	5,659	-
Other assets	-	-	-	-
Total Assets	\$ 628,607	\$ 102,756	\$ 560,680	\$ 2,021,178
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities				
Accounts payable	\$ 36,212	\$ -	\$ 26,901	\$ 14,101
Accrued liabilities	46,744	-	-	-
Accrued compensation and benefits	-	-	-	18,718
Due to other governments	251,543	-	-	-
Due to governmental funds	-	-	-	-
Unearned revenue	-	-	-	-
Total Liabilities	334,499	-	26,901	32,819
Deferred Inflows of Resources				
Property taxes and assessments levied in advance	-	-	-	1,007,323
Unavailable grants and other charges	91,158	-	5,659	-
Total Deferred Inflows of Resources	91,158	-	5,659	1,007,323
Fund Balances				
Nonspendable for:				
Prepaid items	-	-	-	-
Restricted for:				
Health and welfare	-	-	-	981,036
Judicial	-	-	-	-
Housing rehabilitation loans	-	-	-	-
Public safety	202,950	-	-	-
Technology	-	-	-	-
Assigned for:				
Health and welfare	-	102,756	528,120	-
Judicial	-	-	-	-
Unassigned	-	-	-	-
Total Fund Balances	202,950	102,756	528,120	981,036
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 628,607	\$ 102,756	\$ 560,680	\$ 2,021,178

(1) - Balance sheet as of September 30, 2015

MACOMB COUNTY, MICHIGAN
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2015

	Veterans' Trust Fund (1)	Other Special Revenue	Total Special Revenue
Assets			
Cash and pooled investments	\$ 12,664	\$ 10,734	\$ 12,091,587
Taxes receivable	-	-	875,687
Accounts receivable, net	-	-	7,415,432
Due from other governments	-	-	8,232,174
Other assets	-	-	969,871
	<hr/>	<hr/>	<hr/>
Total Assets	<u>\$ 12,664</u>	<u>\$ 10,734</u>	<u>\$ 29,584,751</u>
Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities			
Accounts payable	\$ -	\$ -	\$ 4,295,087
Accrued liabilities	-	-	48,504
Accrued compensation and benefits	-	-	1,169,123
Due to other governments	-	-	339,689
Due to governmental funds	-	-	5,898,160
Unearned revenue	-	-	21,145
	<hr/>	<hr/>	<hr/>
Total Liabilities	-	-	11,771,708
Deferred Inflows of Resources			
Property taxes and assessments levied in advance	-	-	1,007,323
Unavailable grants and other charges	-	-	4,298,172
	<hr/>	<hr/>	<hr/>
Total Deferred Inflows of Resources	-	-	5,305,495
Fund Balances			
Nonspendable for:			
Prepaid items	-	-	968,955
Restricted for:			
Health and welfare	12,664	-	5,651,061
Judicial	-	-	54,997
Housing rehabilitation loans	-	-	6,009,623
Public safety	-	-	1,642,182
Technology	-	-	1,149,517
Assigned for:			
Health and welfare	-	10,734	1,397,262
Judicial	-	-	8,103
Unassigned	-	-	(4,374,152)
	<hr/>	<hr/>	<hr/>
Total Fund Balances	<u>12,664</u>	<u>10,734</u>	<u>12,507,548</u>
	<hr/>	<hr/>	<hr/>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 12,664</u>	<u>\$ 10,734</u>	<u>\$ 29,584,751</u>

(1) - Balance sheet as of September 30, 2015

MACOMB COUNTY, MICHIGAN
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Special Revenue Funds
Year Ended December 31, 2015

	Circuit Court Programs (1)	Child Care (1)	Community Corrections	Community Corrections (1)
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Federal & state grants	166,866	6,666,330	67,261	920,596
Other grants	-	-	-	-
Charges for services	3,859	1,310,159	-	-
Investment income	-	-	-	-
Fines and forfeitures	-	-	-	-
Other revenue	-	7,914	6,080	-
Total Revenues	170,725	7,984,403	73,341	920,596
Expenditures				
Current				
Judicial	315,106	-	-	-
General government	-	-	-	-
Public safety	-	-	139,179	1,261,988
Public works	-	-	-	-
Health and welfare	-	18,490,333	-	-
Recreation and cultural	-	-	-	-
Other	-	-	-	-
Capital outlay	-	9,358	-	-
Total Expenditures	315,106	18,499,691	139,179	1,261,988
Excess of Revenues over (under) Expenditures	(144,381)	(10,515,288)	(65,838)	(341,392)
Other Financing Sources (uses)				
Transfers in	131,236	7,760,891	73,023	286,195
Net change in Fund Balances	(13,145)	(2,754,397)	7,185	(55,197)
Fund Balances, beginning of year	(46,779)	1,451,085	2,655	52,000
Fund Balances, end of year	\$ (59,924)	\$ (1,303,312)	\$ 9,840	\$ (3,197)

(1) - Year ended September 30, 2015

MACOMB COUNTY, MICHIGAN
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Special Revenue Funds (continued)
Year Ended December 31, 2015

	<u>Community Service Agency</u>	<u>Community Service Agency (1)</u>	<u>Concealed Pistol License</u>	<u>Emergency Managements Grants</u>
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	48,130	-
Federal & state grants	3,608,158	14,334,234	-	5,599,370
Other grants	-	-	-	12,572
Charges for services	227,947	1,286,697	-	-
Investment income	-	-	-	-
Fines and forfeitures	-	-	-	-
Other revenue	1,565	114,407	-	-
	<u>3,837,670</u>	<u>15,735,338</u>	<u>48,130</u>	<u>5,611,942</u>
Total Revenues				
	3,837,670	15,735,338	48,130	5,611,942
Expenditures				
Current				
Judicial	-	-	-	-
General government	-	-	-	-
Public safety	-	-	-	5,112,620
Public works	-	-	-	-
Health and welfare	6,528,219	16,553,772	-	-
Recreation and cultural	-	-	-	-
Other	-	-	-	-
Capital outlay	8,360	413,757	-	239,326
	<u>6,536,579</u>	<u>16,967,529</u>	<u>-</u>	<u>5,351,946</u>
Total Expenditures				
	6,536,579	16,967,529	-	5,351,946
Excess of Revenues over (under) Expenditures	<u>(2,698,909)</u>	<u>(1,232,191)</u>	<u>48,130</u>	<u>259,996</u>
Other Financing Sources (uses)				
Transfers in	<u>-</u>	<u>1,069,375</u>	<u>-</u>	<u>-</u>
Net change in Fund Balances	(2,698,909)	(162,816)	48,130	259,996
Fund Balances, beginning of year	<u>9,339,429</u>	<u>1,534,691</u>	<u>-</u>	<u>(1,012,949)</u>
Fund Balances, end of year	<u>\$ 6,640,520</u>	<u>\$ 1,371,875</u>	<u>\$ 48,130</u>	<u>\$ (752,953)</u>

(1) - Year ended September 30, 2015

MACOMB COUNTY, MICHIGAN
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Special Revenue Funds (continued)
Year Ended December 31, 2015

	Friend of the Court (1)	Health Grants	Health Grants (1)	Juvenile Drug Court Grant (1)
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Federal & state grants	6,623,169	6,015	3,728,158	14,396
Other grants	-	-	-	-
Charges for services	918,711	47,154	2,240,695	1,328
Investment income	-	-	-	-
Fines and forfeitures	-	-	-	-
Other revenue	3,742	140	-	-
Total Revenues	7,545,622	53,309	5,968,853	15,724
Expenditures				
Current				
Judicial	9,568,706	-	-	13,872
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Health and welfare	-	15,775	5,205,540	-
Recreation and cultural	-	-	-	-
Other	-	-	-	-
Capital outlay	69,797	5,081	50,182	-
Total Expenditures	9,638,503	20,856	5,255,722	13,872
Excess of Revenues over (under) Expenditures	(2,092,881)	32,453	713,131	1,852
Other Financing Sources (uses)				
Transfers in	2,075,126	-	1,013,037	-
Net change in Fund Balances	(17,755)	32,453	1,726,168	1,852
Fund Balances, beginning of year	(947,345)	488,615	681,023	(1,852)
Fund Balances, end of year	\$ (965,100)	\$ 521,068	\$ 2,407,191	\$ -

(1) - Year ended September 30, 2015

MACOMB COUNTY, MICHIGAN
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Special Revenue Funds (continued)
Year Ended December 31, 2015

	Macomb/St. Clair Employment and Training	MSU Extension	MSU Extension (1)	Prosecuting Attorney Grants
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Federal & state grants	-	-	-	-
Other grants	-	-	-	-
Charges for services	3,450,613	3,026	-	-
Investment income	-	-	-	87
Fines and forfeitures	-	-	-	34,668
Other revenue	-	-	-	-
Total Revenues	3,450,613	3,026	-	34,755
Expenditures				
Current				
Judicial	-	-	-	-
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Health and welfare	3,450,613	30,662	27,492	-
Recreation and cultural	-	-	-	-
Other	-	-	-	-
Capital outlay	-	857	-	-
Total Expenditures	3,450,613	31,519	27,492	-
Excess of Revenues over (under) Expenditures	-	(28,493)	(27,492)	34,755
Other Financing Sources (uses)				
Transfers in	-	-	-	-
Net change in Fund Balances	-	(28,493)	(27,492)	34,755
Fund Balances, beginning of year	-	200,120	298,486	28,345
Fund Balances, end of year	\$ -	\$ 171,627	\$ 270,994	\$ 63,100

(1) - Year ended September 30, 2015

MACOMB COUNTY, MICHIGAN
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Special Revenue Funds (continued)
Year Ended December 31, 2015

	Prosecuting Attorney Grants (1)	Register of Deeds Remonumentation Fund	Register of Deeds Technology Fund	Sheriff Grants
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Federal & state grants	1,028,699	255,530	-	85,791
Other grants	383,312	-	-	-
Charges for services	-	-	908,254	118,338
Investment income	-	-	3,426	-
Fines and forfeitures	-	-	-	448,331
Other revenue	39,409	-	-	218,565
Total Revenues	1,451,420	255,530	911,680	871,025
Expenditures				
Current				
Judicial	2,241,265	-	-	-
General government	-	290,470	1,630,346	-
Public safety	-	-	-	340,552
Public works	-	-	-	-
Health and welfare	-	-	-	-
Recreation and cultural	-	-	-	-
Other	-	-	-	-
Capital outlay	-	-	-	360,525
Total Expenditures	2,241,265	290,470	1,630,346	701,077
Excess of Revenues over (under) Expenditures	(789,845)	(34,940)	(718,666)	169,948
Other Financing Sources (uses)				
Transfers in	822,660	-	-	-
Net change in Fund Balances	32,815	(34,940)	(718,666)	169,948
Fund Balances, beginning of year	(177,060)	(139,342)	1,868,183	1,248,491
Fund Balances, end of year	<u>\$ (144,245)</u>	<u>\$ (174,282)</u>	<u>\$ 1,149,517</u>	<u>\$ 1,418,439</u>

(1) - Year ended September 30, 2015

MACOMB COUNTY, MICHIGAN
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Special Revenue Funds (continued)
Year Ended December 31, 2015

	Sheriff Grants (1)	Social Welfare	Urban County Block Grant	Veterans' Affairs
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ 988,139
Licenses and permits	-	-	-	-
Federal & state grants	1,257,893	-	875,031	15,000
Other grants	205,807	-	3,000	-
Charges for services	-	40,664	4,323	-
Investment income	-	-	-	-
Fines and forfeitures	7,571	-	-	-
Other revenue	-	-	147,275	18,150
Total Revenues	1,471,271	40,664	1,029,629	1,021,289
Expenditures				
Current				
Judicial	-	-	-	-
General government	-	-	-	-
Public safety	1,854,797	-	-	-
Public works	-	-	10,414	-
Health and welfare	-	-	1,118,048	1,137,214
Recreation and cultural	-	-	-	-
Other	-	-	-	-
Capital outlay	27,366	-	-	8,073
Total Expenditures	1,882,163	-	1,128,462	1,145,287
Excess of Revenues over (under) Expenditures	(410,892)	40,664	(98,833)	(123,998)
Other Financing Sources (uses)				
Transfers in	344,168	-	-	-
Net change in Fund Balances	(66,724)	40,664	(98,833)	(123,998)
Fund Balances, beginning of year	269,674	62,092	626,953	1,105,034
Fund Balances, end of year	\$ 202,950	\$ 102,756	\$ 528,120	\$ 981,036

(1) - Year ended September 30, 2015

MACOMB COUNTY, MICHIGAN
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Special Revenue Funds (concluded)
Year Ended December 31, 2015

	Veterans' Trust Fund (1)	Other Special Revenue	Total Special Revenue
Revenues			
Taxes	\$ -	\$ -	\$ 988,139
Licenses and permits	-	-	48,130
Federal & state grants	115,720	-	45,368,217
Other grants	-	-	604,691
Charges for services	-	-	10,561,768
Investment income	-	-	3,513
Fines and forfeitures	-	-	490,570
Other revenue	-	-	557,247
	<hr/>	<hr/>	<hr/>
Total Revenues	115,720	-	58,622,275
	<hr/>	<hr/>	<hr/>
Expenditures			
Current			
Judicial	-	-	12,138,949
General government	-	-	1,920,816
Public safety	-	-	8,709,136
Public works	-	-	10,414
Health and welfare	123,621	-	52,681,289
Recreation and cultural	-	-	-
Other	-	-	-
Capital outlay	-	-	1,192,682
	<hr/>	<hr/>	<hr/>
Total Expenditures	123,621	-	76,653,286
	<hr/>	<hr/>	<hr/>
Excess of Revenues over (under) Expenditures	(7,901)	-	(18,031,011)
	<hr/>	<hr/>	<hr/>
Other Financing Sources (uses)			
Transfers in	-	-	13,575,711
	<hr/>	<hr/>	<hr/>
Net change in Fund Balances	(7,901)	-	(4,455,300)
	<hr/>	<hr/>	<hr/>
Fund Balances, beginning of year	20,565	10,734	16,962,848
	<hr/>	<hr/>	<hr/>
Fund Balances, end of year	\$ 12,664	\$ 10,734	\$ 12,507,548
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

(1) - Year ended September 30, 2015

MACOMB COUNTY, MICHIGAN
Budgetary Comparison Schedule (GAAP Basis) - Circuit Court Programs
Year Ended September 30, 2015

	(Unaudited) Final Budget	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
Revenues			
Federal & state grants	\$ 282,496	\$ 166,866	\$ (115,630)
Charges for services	6,000	3,859	(2,141)
	<u>288,496</u>	<u>170,725</u>	<u>(117,771)</u>
Expenditures			
Judicial	437,888	315,106	122,782
	<u>(149,392)</u>	<u>(144,381)</u>	<u>5,011</u>
Other Financing Sources (uses)			
Transfers in	163,963	131,236	(32,727)
	<u>14,571</u>	<u>(13,145)</u>	<u>(27,716)</u>
Net change in Fund Balances	(46,779)	(46,779)	-
Fund Balances, beginning of year	<u>(32,208)</u>	<u>(46,779)</u>	<u>-</u>
Fund Balances, end of year	<u>\$ (32,208)</u>	<u>\$ (59,924)</u>	<u>\$ (27,716)</u>

MACOMB COUNTY, MICHIGAN
Budgetary Comparison Schedule (GAAP Basis) - Child Care Fund
Year Ended September 30, 2015

	(Unaudited) Final Budget	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
Revenues			
Federal & state grants	\$ 8,554,487	\$ 6,666,330	\$ (1,888,157)
Charges for services	599,000	1,310,159	711,159
Other revenue	-	7,914	7,914
	<u>9,153,487</u>	<u>7,984,403</u>	<u>(1,169,084)</u>
Expenditures			
Health and welfare	21,431,150	18,490,333	2,940,817
Capital outlay	15,000	9,358	5,642
	<u>21,446,150</u>	<u>18,499,691</u>	<u>2,946,459</u>
Excess of Revenues over (under) Expenditures	(12,292,663)	(10,515,288)	1,777,375
Other Financing Sources (uses)			
Transfers in	12,281,888	7,760,891	(4,520,997)
Net change in Fund Balances	(10,775)	(2,754,397)	(2,743,622)
Fund Balances, beginning of year	1,451,085	1,451,085	-
Fund Balances, end of year	<u>\$ 1,440,310</u>	<u>\$ (1,303,312)</u>	<u>\$ (2,743,622)</u>

MACOMB COUNTY, MICHIGAN
Budgetary Comparison Schedule (GAAP Basis) - Community Corrections
Year Ended December 31, 2015

	(Unaudited) Final Budget	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
Revenues			
Federal & state grants	\$ 199,708	\$ 67,261	\$ (132,447)
Other revenue	3,000	6,080	3,080
Total Revenues	202,708	73,341	(129,367)
Expenditures			
Public safety	279,292	139,179	140,113
Excess of Revenues over (under) Expenditures	(76,584)	(65,838)	10,746
Other Financing Sources (uses)			
Transfers in	73,929	73,023	(906)
Net change in Fund Balances	(2,655)	7,185	9,840
Fund Balances, beginning of year	2,655	2,655	-
Fund Balances, end of year	\$ -	\$ 9,840	\$ 9,840

MACOMB COUNTY, MICHIGAN
Budgetary Comparison Schedule (GAAP Basis) - Community Corrections
Year Ended September 30, 2015

	(Unaudited) Final Budget	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
Revenues			
Federal & state grants	\$ 1,005,749	\$ 920,596	\$ (85,153)
Expenditures			
Public safety	1,366,260	1,261,988	104,272
Excess of Revenues over (under) Expenditures	(360,511)	(341,392)	19,119
Other Financing Sources (uses)			
Transfers in	360,511	286,195	(74,316)
Net change in Fund Balances	-	(55,197)	(55,197)
Fund Balances, beginning of year	52,000	52,000	-
Fund Balances, end of year	\$ 52,000	\$ (3,197)	\$ (55,197)

MACOMB COUNTY, MICHIGAN
Budgetary Comparison Schedule (GAAP Basis) - Concealed Pistol License
Year Ended December 31, 2015

	(Unaudited) Final Budget	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
Revenues			
Licenses and permits	\$ -	\$ 48,130	\$ 48,130
Net change in Fund Balances	-	48,130	48,130
Fund Balances, beginning of year	-	-	-
Fund Balances, end of year	\$ -	\$ 48,130	\$ 48,130

MACOMB COUNTY, MICHIGAN
Budgetary Comparison Schedule (GAAP Basis) - Community Services Agency
Year Ended December 31, 2015

	(Unaudited) Final Budget	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
Revenues			
Federal & state grants	\$ 6,075,125	\$ 3,608,158	\$ (2,466,967)
Charges for services	401,259	227,947	(173,312)
Other revenue	10,000	1,565	(8,435)
	<u>6,486,384</u>	<u>3,837,670</u>	<u>(2,648,714)</u>
Expenditures			
Health and welfare	6,544,946	6,528,219	16,727
Capital outlay	9,370	8,360	1,010
	<u>6,554,316</u>	<u>6,536,579</u>	<u>17,737</u>
Excess of Revenues over (under) Expenditures	(67,932)	(2,698,909)	(2,630,977)
Other Financing Sources (uses)			
Transfers out	(60,000)	-	60,000
Net change in Fund Balances	(127,932)	(2,698,909)	(2,570,977)
Fund Balances, beginning of year	<u>9,339,429</u>	<u>9,339,429</u>	<u>-</u>
Fund Balances, end of year	<u>\$ 9,211,497</u>	<u>\$ 6,640,520</u>	<u>\$ (2,570,977)</u>

MACOMB COUNTY, MICHIGAN
Budgetary Comparison Schedule (GAAP Basis) - Community Services Agency
Year Ended September 30, 2015

	(Unaudited) Final Budget	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
Revenues			
Federal & state grants	\$ 15,355,075	\$ 14,334,234	\$ (1,020,841)
Charges for services	2,105,815	1,286,697	(819,118)
Other revenue	157,000	114,407	(42,593)
Total Revenues	17,617,890	15,735,338	(1,882,552)
Expenditures			
Health and welfare	19,205,208	16,553,772	2,651,436
Capital outlay	480,342	413,757	66,585
Total Expenditures	19,685,550	16,967,529	2,718,021
Excess of Revenues over (under) Expenditures	(2,067,660)	(1,232,191)	835,469
Other Financing Sources (uses)			
Transfers in	1,599,983	1,069,375	(530,608)
Net change in Fund Balances	(467,677)	(162,816)	304,861
Fund Balances, beginning of year	1,534,691	1,534,691	-
Fund Balances, end of year	<u>\$ 1,067,014</u>	<u>\$ 1,371,875</u>	<u>\$ 304,861</u>

MACOMB COUNTY, MICHIGAN
Budgetary Comparison Schedule (GAAP Basis) - Emergency Management Grants
Year Ended December 31, 2015

	(Unaudited) Final Budget	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
Revenues			
Federal & state grants	\$ 8,554,056	\$ 5,599,370	\$ (2,954,686)
Other grants	-	12,572	12,572
Total Revenues	8,554,056	5,611,942	(2,942,114)
Expenditures			
Health and welfare	8,197,593	5,112,620	3,084,973
Capital outlay	379,180	239,326	139,854
Total Expenditures	8,576,773	5,351,946	3,224,827
Net change in Fund Balances	(22,717)	259,996	282,713
Fund Balances, beginning of year	(1,012,949)	(1,012,949)	-
Fund Balances, end of year	<u>\$ (1,035,666)</u>	<u>\$ (752,953)</u>	<u>\$ 282,713</u>

MACOMB COUNTY, MICHIGAN
Budgetary Comparison Schedule (GAAP Basis) - Friend of the Court
Year Ended September 30, 2015

	(Unaudited) Final Budget	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
Revenues			
Federal & state grants	\$ 6,626,022	\$ 6,623,169	\$ (2,853)
Charges for services	862,000	918,711	56,711
Other revenue	-	3,742	3,742
	<u>7,488,022</u>	<u>7,545,622</u>	<u>57,600</u>
Expenditures			
Judicial	10,340,531	9,568,706	771,825
Capital outlay	44,500	69,797	(25,297)
	<u>10,385,031</u>	<u>9,638,503</u>	<u>746,528</u>
Excess of Revenues over (under) Expenditures	(2,897,009)	(2,092,881)	804,128
Other Financing Sources (uses)			
Transfers in	2,897,009	2,075,126	(821,883)
Net change in Fund Balances	-	(17,755)	(17,755)
Fund Balances, beginning of year	(947,345)	(947,345)	-
Fund Balances, end of year	<u>\$ (947,345)</u>	<u>\$ (965,100)</u>	<u>\$ (17,755)</u>

MACOMB COUNTY, MICHIGAN
Budgetary Comparison Schedule (GAAP Basis) - Health Grants
Year Ended December 31, 2015

	(Unaudited) Final Budget	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
Revenues			
Federal & state grants	\$ 50,908	\$ 6,015	\$ (44,893)
Charges for services	500	47,154	46,654
Other revenue	-	140	140
	<u>51,408</u>	<u>53,309</u>	<u>1,901</u>
Expenditures			
Health and welfare	209,770	15,775	193,995
Capital outlay	28,720	5,081	23,639
	<u>238,490</u>	<u>20,856</u>	<u>217,634</u>
Net change in Fund Balances	(187,082)	32,453	219,535
Fund Balances, beginning of year	488,615	488,615	-
Fund Balances, end of year	<u>\$ 301,533</u>	<u>\$ 521,068</u>	<u>\$ 219,535</u>

MACOMB COUNTY, MICHIGAN
Budgetary Comparison Schedule (GAAP Basis) - Health Grants
Year Ended September 30, 2015

	(Unaudited) Final Budget	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
Revenues			
Federal & state grants	\$ 3,919,561	\$ 3,728,158	\$ (191,403)
Charges for services	471,905	2,240,695	1,768,790
Total Revenues	<u>4,391,466</u>	<u>5,968,853</u>	<u>1,577,387</u>
Expenditures			
Health and welfare	5,659,821	5,205,540	454,281
Capital outlay	53,238	50,182	3,056
Total Expenditures	<u>5,713,059</u>	<u>5,255,722</u>	<u>457,337</u>
Excess of Revenues over (under) Expenditures	(1,321,593)	713,131	2,034,724
Other Financing Sources (uses)			
Transfers in	1,318,569	1,013,037	(305,532)
Net change in Fund Balances	(3,024)	1,726,168	1,729,192
Fund Balances, beginning of year	681,023	681,023	-
Fund Balances, end of year	<u>\$ 677,999</u>	<u>\$ 2,407,191</u>	<u>\$ 1,729,192</u>

MACOMB COUNTY, MICHIGAN
Budgetary Comparison Schedule (GAAP Basis) - Juvenile Drug Court Grants
Year Ended September 30, 2015

	(Unaudited) Final Budget	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
Revenues			
Federal & state grants	\$ 14,571	\$ 14,396	\$ (175)
Charges for services	-	1,328	1,328
 Total Revenues	 14,571	 15,724	 1,153
Expenditures			
Judicial	15,732	13,872	1,860
 Net change in Fund Balances	 (1,161)	 1,852	 3,013
Fund Balances, beginning of year	-	(1,852)	-
Fund Balances, end of year	<u>\$ (1,161)</u>	<u>\$ -</u>	<u>\$ 3,013</u>

MACOMB COUNTY, MICHIGAN
Budgetary Comparison Schedule (GAAP Basis) - Macomb/St. Clair Employment and Training
Year Ended December 31, 2015

	(Unaudited) Final Budget	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
Revenues			
Charges for services	\$ 4,293,774	\$ 3,450,613	\$ (843,161)
Expenditures			
Health and welfare	4,293,774	3,450,613	843,161
Net change in Fund Balances	-	-	-
Fund Balances, beginning of year	-	-	-
Fund Balances, end of year	\$ -	\$ -	\$ -

MACOMB COUNTY, MICHIGAN
Budgetary Comparison Schedule (GAAP Basis) - MSU Extension
Year Ended December 31, 2015

	(Unaudited) Final Budget	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
Revenues			
Charges for services	\$ 5,000	\$ 3,026	\$ (1,974)
Expenditures			
Health and welfare	43,426	30,662	12,764
Capital outlay	1,500	857	643
Total Expenditures	44,926	31,519	13,407
Net change in Fund Balances	(39,926)	(28,493)	11,433
Fund Balances, beginning of year	200,120	200,120	-
Fund Balances, end of year	\$ 160,194	\$ 171,627	\$ 11,433

MACOMB COUNTY, MICHIGAN
Budgetary Comparison Schedule (GAAP Basis) - MSU Extension
Year Ended September 30, 2015

	(Unaudited) Final Budget	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
Expenditures			
Health and welfare	\$ 40,217	\$ 27,492	\$ 12,725
Net change in Fund Balances	(40,217)	(27,492)	12,725
Fund Balances, beginning of year	298,486	298,486	-
Fund Balances, end of year	<u>\$ 258,269</u>	<u>\$ 270,994</u>	<u>\$ 12,725</u>

MACOMB COUNTY, MICHIGAN
Budgetary Comparison Schedule (GAAP Basis) - Prosecuting Attorney Grants
Year Ended December 31, 2015

	(Unaudited) Final Budget	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
Revenues			
Investment income	\$ -	\$ 87	\$ 87
Fines and forfeitures	-	34,668	34,668
Total Revenues	-	34,755	34,755
Expenditures			
Judicial	5,000	-	5,000
Net change in Fund Balances	(5,000)	34,755	39,755
Fund Balances, beginning of year	28,345	28,345	-
Fund Balances, end of year	\$ 23,345	\$ 63,100	\$ 39,755

MACOMB COUNTY, MICHIGAN
Budgetary Comparison Schedule (GAAP Basis) - Prosecuting Attorney Grants
Year Ended September 30, 2015

	(Unaudited) Final Budget	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
Revenues			
Federal & state grants	\$ 1,039,028	\$ 1,028,699	\$ (10,329)
Other grants	322,079	383,312	61,233
Other revenue	39,382	39,409	27
Total Revenues	1,400,489	1,451,420	50,931
Expenditures			
Judicial	2,263,039	2,241,265	21,774
Excess of Revenues over (under) Expenditures	(862,550)	(789,845)	72,705
Other Financing Sources (uses)			
Transfers in	862,550	822,660	(39,890)
Net change in Fund Balances	-	32,815	32,815
Fund Balances, beginning of year	(177,060)	(177,060)	-
Fund Balances, end of year	\$ (177,060)	\$ (144,245)	\$ 32,815

MACOMB COUNTY, MICHIGAN
Budgetary Comparison Schedule (GAAP Basis) - Register of Deeds Remonumentation Fund
Year Ended December 31, 2015

	(Unaudited) Final Budget	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
Revenues			
Federal & state grants	\$ 290,470	\$ 255,530	\$ (34,940)
Expenditures			
General government	290,470	290,470	-
Net change in Fund Balances	-	(34,940)	(34,940)
Fund Balances, beginning of year	(139,342)	(139,342)	-
Fund Balances, end of year	\$ (139,342)	\$ (174,282)	\$ (34,940)

MACOMB COUNTY, MICHIGAN
Budgetary Comparison Schedule (GAAP Basis) - Register of Deeds Technology Fund
Year Ended December 31, 2015

	(Unaudited) Final Budget	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
Revenues			
Charges for services	\$ 1,100,000	\$ 908,254	\$ (191,746)
Investment income	-	3,426	3,426
Total Revenues	<u>1,100,000</u>	<u>911,680</u>	<u>(188,320)</u>
Expenditures			
General government	1,696,575	1,630,346	66,229
Capital outlay	<u>5,625</u>	<u>-</u>	<u>5,625</u>
Total Expenditures	<u>1,702,200</u>	<u>1,630,346</u>	<u>71,854</u>
Net change in Fund Balances	(602,200)	(718,666)	(116,466)
Fund Balances, beginning of year	<u>1,868,183</u>	<u>1,868,183</u>	<u>-</u>
Fund Balances, end of year	<u><u>\$ 1,265,983</u></u>	<u><u>\$ 1,149,517</u></u>	<u><u>\$ (116,466)</u></u>

MACOMB COUNTY, MICHIGAN
Budgetary Comparison Schedule (GAAP Basis) - Sheriff Grants
Year Ended December 31, 2015

	(Unaudited) Final Budget	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
Revenues			
Federal & state grants	\$ 63,198	\$ 85,791	\$ 22,593
Charges for services	100	118,338	118,238
Fines and forfeitures	-	448,331	448,331
Other revenue	8,000	218,565	210,565
	<u>71,298</u>	<u>871,025</u>	<u>799,727</u>
Total Revenues			
Expenditures			
Public safety	551,952	340,552	211,400
Capital outlay	777,493	360,525	416,968
	<u>1,329,445</u>	<u>701,077</u>	<u>628,368</u>
Total Expenditures			
Net change in Fund Balances	(1,258,147)	169,948	1,428,095
Fund Balances, beginning of year	<u>1,248,491</u>	<u>1,248,491</u>	<u>-</u>
Fund Balances, end of year	<u>\$ (9,656)</u>	<u>\$ 1,418,439</u>	<u>\$ 1,428,095</u>

MACOMB COUNTY, MICHIGAN
Budgetary Comparison Schedule (GAAP Basis) - Sheriff Grants
Year Ended September 30, 2015

	(Unaudited) Final Budget	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
Revenues			
Federal & state grants	\$ 1,216,007	\$ 1,257,893	\$ 41,886
Other grants	225,000	205,807	(19,193)
Fines and forfeitures	57,000	7,571	(49,429)
Total Revenues	<u>1,498,007</u>	<u>1,471,271</u>	<u>(26,736)</u>
Expenditures			
Public safety	1,902,610	1,854,797	47,813
Capital outlay	28,023	27,366	657
Total Expenditures	<u>1,930,633</u>	<u>1,882,163</u>	<u>48,470</u>
Excess of Revenues over (under) Expenditures	(432,626)	(410,892)	21,734
Other Financing Sources (uses)			
Transfers in	432,626	344,168	(88,458)
Net change in Fund Balances	-	(66,724)	(66,724)
Fund Balances, beginning of year	<u>269,674</u>	<u>269,674</u>	<u>-</u>
Fund Balances, end of year	<u>\$ 269,674</u>	<u>\$ 202,950</u>	<u>\$ (66,724)</u>

MACOMB COUNTY, MICHIGAN
Budgetary Comparison Schedule (GAAP Basis) - Social Welfare Fund
Year Ended December 31, 2015

	(Unaudited) Final Budget	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
Revenues			
Charges for services	\$ -	\$ 40,664	\$ 40,664
Net change in Fund Balances	-	40,664	40,664
Fund Balances, beginning of year	62,092	62,092	-
Fund Balances, end of year	<u>\$ 62,092</u>	<u>\$ 102,756</u>	<u>\$ 40,664</u>

MACOMB COUNTY, MICHIGAN
Budgetary Comparison Schedule (GAAP Basis) - Urban County Block Grant
Year Ended December 31, 2015

	(Unaudited) Final Budget	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
Revenues			
Federal & state grants	\$ 1,284,689	\$ 875,031	\$ (409,658)
Other grants	-	3,000	3,000
Charges for services	12,000	4,323	(7,677)
Other revenue	123,342	147,275	23,933
Total Revenues	1,420,031	1,029,629	(390,402)
Expenditures			
Public works	22,550	10,414	12,136
Health and welfare	1,618,512	1,118,048	500,464
Capital outlay	20,000	-	20,000
Total Expenditures	1,661,062	1,128,462	532,600
Net change in Fund Balances	(241,031)	(98,833)	142,198
Fund Balances, beginning of year	626,953	626,953	-
Fund Balances, end of year	\$ 385,922	\$ 528,120	\$ 142,198

MACOMB COUNTY, MICHIGAN
Budgetary Comparison Schedule (GAAP Basis) - Veterans' Affairs Fund
Year Ended December 31, 2015

	(Unaudited) Final Budget	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
Revenues			
Property taxes	\$ 970,289	\$ 988,139	\$ -
Federal & State grants	-	15,000	15,000
Other revenue	18,150	18,150	-
	<u>988,439</u>	<u>1,021,289</u>	<u>15,000</u>
Expenditures			
Health and welfare	1,310,416	1,137,214	173,202
Capital outlay	10,000	8,073	1,927
	<u>1,320,416</u>	<u>1,145,287</u>	<u>175,129</u>
Net change in Fund Balances	(331,977)	(123,998)	190,129
Fund Balances, beginning of year	1,105,034	1,105,034	-
Fund Balances, end of year	<u>\$ 773,057</u>	<u>\$ 981,036</u>	<u>\$ 190,129</u>

MACOMB COUNTY, MICHIGAN
Budgetary Comparison Schedule (GAAP Basis) - Veterans Trust Fund
Year Ended September 30, 2015

	(Unaudited) Final Budget	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
Revenues			
Federal & state grants	\$ 103,720	\$ 115,720	\$ 12,000
Expenditures			
Health and welfare	124,285	123,621	664
Net change in Fund Balances	(20,565)	(7,901)	12,664
Fund Balances, beginning of year	20,565	20,565	-
Fund Balances, end of year	\$ -	\$ 12,664	\$ 12,664

MACOMB COUNTY, MICHIGAN
Budgetary Comparison Schedule (GAAP Basis) - Debt Service
Year Ended December 31, 2015

	(Unaudited) Final Budget	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
Revenues			
Taxes	\$ 121,288	\$ 124,419	\$ 3,131
Charges for services	18,427,625	13,381,214	(5,046,411)
Total Revenues	18,548,913	13,505,633	(5,043,280)
Expenditures			
Current			
Public works	120,000	105,971	14,029
Debt service			
Principal	15,275,599	13,031,953	2,243,646
Interest and fees	8,674,262	5,816,241	2,858,021
Total Expenditures	24,069,861	18,954,165	5,115,696
Excess of Revenues over (under) Expenditures	(5,520,948)	(5,448,532)	72,416
Other Financing Sources (uses)			
Transfers in	5,522,236	5,466,980	(55,256)
Net change in Fund Balances	1,288	18,448	17,160
Fund Balances, beginning of year	2,599,454	2,599,454	-
Fund Balances, end of year	<u>\$ 2,600,742</u>	<u>\$ 2,617,902</u>	<u>\$ 17,160</u>

MACOMB COUNTY, MICHIGAN
Combining Balance Sheet
Nonmajor Capital Projects Funds
December 31, 2015

	<u>Bridge Program</u>	<u>Capital Improvement Fund</u>	<u>Circuit Court E-Filing</u>
Assets			
Cash and pooled investments	\$ 23,077	\$ 1,867,707	\$ 196,404
Accounts receivable, net	-	-	-
Due from other governments	625,131	-	-
Other assets	-	-	-
Total Assets	<u>\$ 648,208</u>	<u>\$ 1,867,707</u>	<u>\$ 196,404</u>
Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities			
Accounts payable	\$ -	\$ -	\$ -
Accrued liabilities	-	-	-
Due to governmental funds	-	-	-
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>
Deferred Inflows of Resources			
Unavailable grants and other charges	<u>625,131</u>	<u>-</u>	<u>-</u>
Fund Balances			
Nonspendable for:			
Prepaid items	-	-	-
Restricted for:			
Capital projects	23,077	-	-
Assigned for:			
Capital projects	-	1,867,707	196,404
Unassigned	-	-	-
Total Fund Balances	<u>23,077</u>	<u>1,867,707</u>	<u>196,404</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 648,208</u>	<u>\$ 1,867,707</u>	<u>\$ 196,404</u>

MACOMB COUNTY, MICHIGAN
Combining Balance Sheet
Nonmajor Capital Projects Funds (continued)
December 31, 2015

	Communication Center	Dept of Roads (1)	District Court Improvement
Assets			
Cash and pooled investments	\$ 1,344,360	\$ 1,568,366	\$ 409,934
Accounts receivable, net	-	-	-
Due from other governments	-	-	-
Other assets	57,143	-	-
Total Assets	<u>\$ 1,401,503</u>	<u>\$ 1,568,366</u>	<u>\$ 409,934</u>
Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities			
Accounts payable	\$ -	\$ -	\$ -
Accrued liabilities	-	-	-
Due to governmental funds	1,370,595	-	-
Total Liabilities	<u>1,370,595</u>	<u>-</u>	<u>-</u>
Deferred Inflows of Resources			
Unavailable grants and other charges	-	-	-
Fund Balances			
Nonspendable for:			
Prepaid items	57,143	-	-
Restricted for:			
Capital projects	-	1,568,366	-
Assigned for:			
Capital projects	-	-	409,934
Unassigned	(26,235)	-	-
Total Fund Balances	<u>30,908</u>	<u>1,568,366</u>	<u>409,934</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 1,401,503</u>	<u>\$ 1,568,366</u>	<u>\$ 409,934</u>

(1) - Balance sheet as of September 30, 2015

MACOMB COUNTY, MICHIGAN
Combining Balance Sheet
Nonmajor Capital Projects Funds (continued)
December 31, 2015

	<u>E-911 Radio System</u>	<u>E-911 Cellular Fee</u>	<u>E-911 Radio Maintenance</u>
Assets			
Cash and pooled investments	\$ 5,591	\$ 2,090,958	\$ 647,373
Accounts receivable, net	-	-	13,563
Due from other governments	-	326,180	204,300
Other assets	-	37,477	-
Total Assets	<u>\$ 5,591</u>	<u>\$ 2,454,615</u>	<u>\$ 865,236</u>
Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities			
Accounts payable	\$ -	\$ 715,428	\$ 12,043
Accrued liabilities	-	-	-
Due to governmental funds	-	-	-
Total Liabilities	<u>-</u>	<u>715,428</u>	<u>12,043</u>
Deferred Inflows of Resources			
Unavailable grants and other charges	<u>-</u>	<u>-</u>	<u>72,844</u>
Fund Balances			
Nonspendable for:			
Prepaid items	-	37,477	-
Restricted for:			
Capital projects	-	1,701,710	780,349
Assigned for:			
Capital projects	5,591	-	-
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>
Total Fund Balances	<u>5,591</u>	<u>1,739,187</u>	<u>780,349</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 5,591</u>	<u>\$ 2,454,615</u>	<u>\$ 865,236</u>

MACOMB COUNTY, MICHIGAN
Combining Balance Sheet
Nonmajor Capital Projects Funds (concluded)
December 31, 2015

	<u>Orchard Trail</u>	<u>Youth Home Renovation</u>	<u>General County Capital Projects</u>	<u>Totals</u>
Assets				
Cash and pooled investments	\$ 506,898	\$ 103,230	\$ 7,373,003	\$ 16,136,901
Accounts receivable, net	6,528	-	-	20,091
Due from other governments	-	-	-	1,155,611
Other assets	-	-	19,652	114,272
Total Assets	<u>\$ 513,426</u>	<u>\$ 103,230</u>	<u>\$ 7,392,655</u>	<u>\$ 17,426,875</u>
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities				
Accounts payable	\$ 908	\$ -	\$ 5,843,714	\$ 6,572,093
Accrued liabilities	-	-	718,140	718,140
Due to governmental funds	-	-	-	1,370,595
Total Liabilities	<u>908</u>	<u>-</u>	<u>6,561,854</u>	<u>8,660,828</u>
Deferred Inflows of Resources				
Unavailable grants and other charges	-	-	-	697,975
Fund Balances				
Nonspendable for:				
Prepaid items	-	-	19,652	114,272
Restricted for:				
Capital projects	-	-	-	4,073,502
Assigned for:				
Capital projects	512,518	103,230	811,149	3,906,533
Unassigned	-	-	-	(26,235)
Total Fund Balances	<u>512,518</u>	<u>103,230</u>	<u>830,801</u>	<u>8,068,072</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 513,426</u>	<u>\$ 103,230</u>	<u>\$ 7,392,655</u>	<u>\$ 17,426,875</u>

MACOMB COUNTY, MICHIGAN
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Capital Projects Funds
Year Ended December 31, 2015

	<u>Bridge Program</u>	<u>Capital Improvement Fund</u>	<u>Circuit Court E-Filing</u>
Revenues			
Federal & state grants	\$ -	\$ -	\$ -
Charges for services	24,045	-	69,045
Investment income	-	-	-
Other revenue	-	-	-
	<hr/>	<hr/>	<hr/>
Total Revenues	24,045	-	69,045
Expenditures			
Current			
Judicial	-	-	6,657
Public safety	-	-	-
Public works	968	-	-
Recreation and cultural	-	-	-
Capital outlay	-	-	24,914
	<hr/>	<hr/>	<hr/>
Total Expenditures	968	-	31,571
Excess of Revenues over (under) Expenditures	23,077	-	37,474
Other Financing Sources (uses)			
Transfers in	-	10,000,000	-
Transfers out	-	(13,204,608)	-
	<hr/>	<hr/>	<hr/>
Total Other Financing Sources (uses)	-	(3,204,608)	-
Net change in Fund Balances	23,077	(3,204,608)	37,474
Fund Balances, beginning of year	-	5,072,315	158,930
	<hr/>	<hr/>	<hr/>
Fund Balances, end of year	\$ 23,077	\$ 1,867,707	\$ 196,404
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

MACOMB COUNTY, MICHIGAN
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Capital Projects Funds (continued)
Year Ended December 31, 2015

	<u>Communication Center</u>	<u>Dept of Roads (1)</u>	<u>District Court Improvement</u>
Revenues			
Federal & state grants	\$ 147,776	\$ -	\$ -
Charges for services	-	-	46,092
Investment income	-	3,735	-
Other revenue	-	-	-
	<hr/>	<hr/>	<hr/>
Total Revenues	147,776	3,735	46,092
	<hr/>	<hr/>	<hr/>
Expenditures			
Current			
Judicial	-	-	-
Public safety	-	-	-
Public works	-	-	-
Recreation and cultural	-	-	-
Capital outlay	142,305	-	64,198
	<hr/>	<hr/>	<hr/>
Total Expenditures	142,305	-	64,198
	<hr/>	<hr/>	<hr/>
Excess of Revenues over (under) Expenditures	5,471	3,735	(18,106)
	<hr/>	<hr/>	<hr/>
Other Financing Sources (uses)			
Transfers in	7,232	161,748	-
Transfers out	-	-	-
	<hr/>	<hr/>	<hr/>
Total Other Financing Sources (uses)	7,232	161,748	-
	<hr/>	<hr/>	<hr/>
Net change in Fund Balances	12,703	165,483	(18,106)
	<hr/>	<hr/>	<hr/>
Fund Balances, beginning of year	18,205	1,402,883	428,040
	<hr/>	<hr/>	<hr/>
Fund Balances, end of year	<u>\$ 30,908</u>	<u>\$ 1,568,366</u>	<u>\$ 409,934</u>

(1) - Year ended September 30, 2015

MACOMB COUNTY, MICHIGAN
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Capital Projects Funds (continued)
Year Ended December 31, 2015

	E-911 Radio System	E-911 Cellular Fee	E-911 Radio Maintenance
Revenues			
Federal & state grants	\$ -	\$ 597,933	\$ -
Charges for services	-	-	1,544,422
Investment income	-	-	-
Other revenue	-	10,413	-
	<hr/>	<hr/>	<hr/>
Total Revenues	-	608,346	1,544,422
Expenditures			
Current			
Judicial	-	-	-
Public safety	-	78,040	1,200,844
Public works	-	-	-
Recreation and cultural	-	-	-
Capital outlay	-	146,645	-
	<hr/>	<hr/>	<hr/>
Total Expenditures	-	224,685	1,200,844
Excess of Revenues over (under) Expenditures	<hr/>	<hr/>	<hr/>
	-	383,661	343,578
Other Financing Sources (uses)			
Transfers in	-	-	-
Transfers out	-	(63,243)	-
	<hr/>	<hr/>	<hr/>
Total Other Financing Sources (uses)	-	(63,243)	-
Net change in Fund Balances	-	320,418	343,578
Fund Balances, beginning of year	<hr/>	<hr/>	<hr/>
	5,591	1,418,769	436,771
Fund Balances, end of year	<hr/>	<hr/>	<hr/>
	\$ 5,591	\$ 1,739,187	\$ 780,349

MACOMB COUNTY, MICHIGAN
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Capital Projects Funds (concluded)
Year Ended December 31, 2015

	Orchard Trail	Youth Home Renovation	General County Capital Projects	Totals
Revenues				
Federal & state grants	\$ -	\$ -	\$ 40,400	\$ 786,109
Charges for services	59,368	-	-	1,742,972
Investment income	808	-	-	4,543
Other revenue	-	-	66	10,479
Total Revenues	60,176	-	40,466	2,544,103
Expenditures				
Current				
Judicial	-	-	-	6,657
Public safety	-	-	-	1,278,884
Public works	-	-	-	968
Recreation and cultural	77,845	-	-	77,845
Capital outlay	-	-	12,733,286	13,111,348
Total Expenditures	77,845	-	12,733,286	14,475,702
Excess of Revenues over (under) Expenditures	(17,669)	-	(12,692,820)	(11,931,599)
Other Financing Sources (uses)				
Transfers in	165,320	-	12,635,615	22,969,915
Transfers out	-	-	-	(13,267,851)
Total Other Financing Sources (uses)	165,320	-	12,635,615	9,702,064
Net change in Fund Balances	147,651	-	(57,205)	(2,229,535)
Fund Balances, beginning of year	364,867	103,230	888,006	10,297,607
Fund Balances, end of year	<u>\$ 512,518</u>	<u>\$ 103,230</u>	<u>\$ 830,801</u>	<u>\$ 8,068,072</u>

MACOMB COUNTY, MICHIGAN
Combining Statement of Net Position
Internal Service Funds
December 31, 2015

	<u>Dept of Roads (1)</u>	<u>Compensated Absences</u>	<u>Equipment Revolving</u>	<u>General Liability Insurance</u>	<u>Workers' Compensation</u>	<u>Employee Fringe Benefits</u>	<u>Totals</u>
Assets							
Current assets							
Cash and pooled investments	\$ 8,513,826	\$ 12,373,226	\$ 6,541,047	\$ 6,726,870	\$ 5,052,439	\$ 3,989,110	\$ 43,196,518
Accounts receivable, net	-	-	326,697	-	-	10,294	336,991
Inventories	-	-	268,529	-	-	-	268,529
Due from governmental funds	-	-	-	-	-	213,219	213,219
Due from fiduciary funds	-	-	-	-	-	6,683,962	6,683,962
Other assets	-	-	42,837	467,430	182,821	2,641,746	3,334,834
Total Current Assets	8,513,826	12,373,226	7,179,110	7,194,300	5,235,260	13,538,331	54,034,053
Noncurrent assets							
Capital assets, net:							
Assets being depreciated	-	-	1,482,626	-	-	-	1,482,626
Total Assets	8,513,826	12,373,226	8,661,736	7,194,300	5,235,260	13,538,331	55,516,679
Liabilities							
Current liabilities							
Accounts payable	241,801	-	173,048	96,279	83,475	507,229	1,101,832
Due to governmental funds	-	-	175,302	-	-	-	175,302
Compensated absences	-	1,000,000	-	-	-	-	1,000,000
Claims and judgements	-	-	-	500,000	700,000	-	1,200,000
Total Current Liabilities	241,801	1,000,000	348,350	596,279	783,475	507,229	3,477,134
Noncurrent Liabilities							
Claims and judgements	-	-	-	3,089,878	2,043,786	-	5,133,664
Compensated absences	-	11,123,226	-	-	-	-	11,123,226
Advances from other funds	-	-	295,000	-	-	-	295,000
Total Noncurrent Liabilities	-	11,123,226	295,000	3,089,878	2,043,786	-	16,551,890
Total Liabilities	241,801	12,123,226	643,350	3,686,157	2,827,261	507,229	20,029,024
Net Position							
Net investment in capital assets	-	-	1,482,626	-	-	-	1,482,626
Restricted for:							
Department of Roads liability insurance	8,272,025	-	-	-	-	-	8,272,025
Unrestricted	-	250,000	6,535,760	3,508,143	2,407,999	13,031,102	25,733,004
Total Net Position	\$ 8,272,025	\$ 250,000	\$ 8,018,386	\$ 3,508,143	\$ 2,407,999	\$ 13,031,102	\$ 35,487,655
Total Liabilities and Net Position	\$ 8,513,826	\$ 12,373,226	\$ 8,661,736	\$ 7,194,300	\$ 5,235,260	\$ 13,538,331	\$ 55,516,679

(1) - Balance sheet as of September 30, 2015

MACOMB COUNTY, MICHIGAN
Combining Statement of Revenues, Expenses and Changes in Net Position
Internal Service Funds
Year Ended December 31, 2015

	Dept of Roads (1)	Compensated Absences	Equipment Revolving	General Liability Insurance	Workers' Compensation	Employee Fringe Benefits	Totals
Operating Revenues							
Charges for services	\$ -	\$ 911,340	\$ 3,574,597	\$ 2,211,265	\$ 1,096,997	\$ 52,687,616	\$ 60,481,815
Operating Expenses							
Benefits and claims expenses	433,758	2,575,066	-	1,386,293	376,037	53,060,084	57,831,238
Supplies and services	-	-	3,208,297	-	-	-	3,208,297
Depreciation	-	-	624,715	-	-	-	624,715
Total Operating Expenses	433,758	2,575,066	3,833,012	1,386,293	376,037	53,060,084	61,664,250
Operating Income (loss)	(433,758)	(1,663,726)	(258,415)	824,972	720,960	(372,468)	(1,182,435)
Nonoperating Revenues							
Investment income	22,553	-	-	-	-	-	22,553
Income before Transfers	(411,205)	(1,663,726)	(258,415)	824,972	720,960	(372,468)	(1,159,882)
Transfers							
Transfers in	-	1,758,930	-	-	-	-	1,758,930
Transfers out	-	-	-	-	(5,191,706)	(1,758,930)	(6,950,636)
Net Operating Transfers	-	1,758,930	-	-	(5,191,706)	(1,758,930)	(5,191,706)
Increase (decrease) in net positions	(411,205)	95,204	(258,415)	824,972	(4,470,746)	(2,131,398)	(6,351,588)
Net Position, beginning of year	8,683,230	154,796	8,276,801	2,683,171	6,878,745	15,162,500	41,839,243
Net Position, end of year	<u>\$ 8,272,025</u>	<u>\$ 250,000</u>	<u>\$ 8,018,386</u>	<u>\$ 3,508,143</u>	<u>\$ 2,407,999</u>	<u>\$ 13,031,102</u>	<u>\$ 35,487,655</u>

(1) - Year ended September 30, 2015

MACOMB COUNTY, MICHIGAN
Combining Statement of Cash Flows - Internal Service Funds
Year Ended December 31, 2015

	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	\$ -	\$ 911,340	\$ 3,607,535	\$ 4,489,600	\$ 1,096,997	\$ 52,872,761	\$ 62,978,233
Cash payments to employees	-	(2,080,955)	-	-	-	-	(2,080,955)
Cash payments to suppliers	(221,807)	-	(3,271,871)	(1,861,237)	(1,301,595)	(55,417,986)	(62,074,496)
Net cash provided by (used in) operating activities	(221,807)	(1,169,615)	335,664	2,628,363	(204,598)	(2,545,225)	(1,177,218)
Cash flows from noncapital financing activities							
Transfers in	-	1,758,930	-	-	-	-	1,758,930
Transfers out	-	-	-	-	(5,191,706)	(1,758,930)	(6,950,636)
Net cash provided by (used in) noncapital financing activities	-	1,758,930	-	-	(5,191,706)	(1,758,930)	(5,191,706)
Cash flows from capital and related financing activities							
Acquisition of capital assets	-	-	(430,219)	-	-	-	(430,219)
Cash flows from investing activities							
Interest received on investments	22,553	-	-	-	-	-	22,553
Increase (decrease) in cash and pooled investments	(199,254)	589,315	(94,555)	2,628,363	(5,396,304)	(4,304,155)	(6,776,590)
Cash and pooled investments, beginning of year	8,713,080	11,783,911	6,635,602	4,098,507	10,448,743	8,293,265	49,973,108
Cash and pooled investments, end of year	<u>\$ 8,513,826</u>	<u>\$ 12,373,226</u>	<u>\$ 6,541,047</u>	<u>\$ 6,726,870</u>	<u>\$ 5,052,439</u>	<u>\$ 3,989,110</u>	<u>\$ 43,196,518</u>
Reconciliation of operating income to net cash provided (used) by operating activities							
Operating income (loss)	\$ (433,758)	\$ (1,663,726)	\$ (258,415)	\$ 824,972	\$ 720,960	\$ (372,468)	\$ (1,182,435)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:							
Depreciation	-	-	624,715	-	-	-	624,715
Changes in assets and liabilities:							
Accounts receivable	-	-	681	2,278,335	-	(10,294)	2,268,722
Inventory	-	-	495	-	-	-	495
Due from other funds	-	-	-	-	-	185,145	185,145
Other assets	-	-	4,155	(41,320)	(21,322)	(1,298,959)	(1,357,446)
Accounts payable	241,801	-	(64,069)	(228,860)	83,475	(1,048,649)	(1,016,302)
Accrued employee benefits	-	494,111	-	-	-	-	494,111
Due to other funds	-	-	28,102	-	-	-	28,102
Accrued claims and judgements	(29,850)	-	-	(204,764)	(987,711)	-	(1,222,325)
Net cash provided by (used in) operating activities	<u>\$ (221,807)</u>	<u>\$ (1,169,615)</u>	<u>\$ 335,664</u>	<u>\$ 2,628,363</u>	<u>\$ (204,598)</u>	<u>\$ (2,545,225)</u>	<u>\$ (1,177,218)</u>

(1) - Balance sheet as of September 30, 2015

MACOMB COUNTY, MICHIGAN
Combining Statement of Fiduciary Net Position
Pension and Other Employee Benefit Trust Funds
December 31, 2015

	Employees' Retirement Fund	Retiree Health Care Trust Fund	Retiree Health Care Intermediate Trust Fund	Total
Assets				
Cash and pooled investments	\$ 36,050,277	\$ 164,885	\$ 11,264,860	\$ 47,480,022
Receivables				
Accrued interest	456,316	551,570	881,019	1,888,905
Other	995,094	-	-	995,094
Due from other funds	-	24,382	-	24,382
Other assets	1,945	1,030,594	-	1,032,539
	<u>1,453,355</u>	<u>1,606,546</u>	<u>881,019</u>	<u>3,940,920</u>
Total Receivables and Other Assets				
Investments, at fair value				
US Government obligations	-	-	46,306,785	46,306,785
Corporate bonds	67,745	-	22,093,193	22,160,938
Common stock	296,193,037	1,102,032	169,816,385	467,111,454
Foreign stock	-	29,925,178	46,590,168	76,515,346
Limited partnership	241,730,630	-	-	241,730,630
Real estate investment trusts	-	31,176,736	-	31,176,736
Fixed income common collective trusts	61,822,500	40,835,295	-	102,657,795
Equity common collective trusts	255,187,104	103,340,120	1,023,925	359,551,149
	<u>855,001,016</u>	<u>206,379,361</u>	<u>285,830,456</u>	<u>1,347,210,833</u>
Total Investments				
Total Assets	<u>892,504,648</u>	<u>208,150,792</u>	<u>297,976,335</u>	<u>1,398,631,775</u>
Liabilities				
Accounts payable	2,275,540	2,171,929	378,087	4,825,556
Accrued compensation and benefits	4,776,605	-	-	4,776,605
Due to governmental funds	-	26,008,128	-	26,008,128
	<u>7,052,145</u>	<u>28,180,057</u>	<u>378,087</u>	<u>35,610,289</u>
Total Liabilities				
Net Position				
Net position restricted for pension and other postemployment benefits	<u>\$ 885,452,503</u>	<u>\$ 179,970,735</u>	<u>\$ 297,598,248</u>	<u>\$ 1,363,021,486</u>

MACOMB COUNTY, MICHIGAN
Combining Statement of Changes In Fiduciary Net Position
Pension and Other Employee Benefit Trust Funds
Year Ended December 31, 2015

	<u>Employees'</u> <u>Retirement Fund</u>	<u>Retiree Health</u> <u>Care Trust Fund</u>	<u>Retiree Health</u> <u>Care Intermediate</u> <u>Trust Fund</u>	<u>Total</u>
Additions				
Contributions				
Employer	\$ 21,281,612	\$ -	\$ 321,636,883	\$ 342,918,495
Employee	3,667,705	859,434	-	4,527,139
Contribution from Retiree Health Care Intermediate Trust Fund	-	22,283,395	-	22,283,395
	<u>24,949,317</u>	<u>23,142,829</u>	<u>321,636,883</u>	<u>369,729,029</u>
Total Contributions				
Investment Income				
Net change in fair value of assets	(16,974,183)	(12,700,690)	(3,766,117)	(33,440,990)
Interest	243,069	13,873,831	2,092,821	16,209,721
Dividends	6,591,368	-	-	6,591,368
	<u>(10,139,746)</u>	<u>1,173,141</u>	<u>(1,673,296)</u>	<u>(10,639,901)</u>
Less investment expenses				
Management and custodial fees	5,809,052	108,983	12,864	5,930,899
	<u>(15,948,798)</u>	<u>1,064,158</u>	<u>(1,686,160)</u>	<u>(16,570,800)</u>
Net investment income				
Total Additions	<u>9,000,519</u>	<u>24,206,987</u>	<u>319,950,723</u>	<u>353,158,229</u>
Deductions				
Benefit payments	62,808,671	18,366,063	-	81,174,734
Refunds of contributions	467,958	-	-	467,958
Administrative expense	527,547	3,183	69,080	599,810
Contribution to Retiree Health Care Trust Fund	-	-	22,283,395	22,283,395
	<u>63,804,176</u>	<u>18,369,246</u>	<u>22,352,475</u>	<u>104,525,897</u>
Total Deductions				
Net change in Net Position	(54,803,657)	5,837,741	297,598,248	248,632,332
Net Position				
Beginning of year	940,256,160	174,132,994	-	1,114,389,154
End of year	<u>\$ 885,452,503</u>	<u>\$ 179,970,735</u>	<u>\$ 297,598,248</u>	<u>\$ 1,363,021,486</u>

MACOMB COUNTY, MICHIGAN
Combining Statement of Fiduciary Net Position
Agency Funds
December 31, 2015

	<u>Trust and Agency</u>	<u>Payroll and Benefits</u>	<u>Utica Ballpark Cleanup</u>	<u>Miscellaneous Agency Funds</u>	<u>Total</u>
Assets					
Cash and pooled investments	\$ 6,787,806	\$ 429,682	\$ 924,616	\$ 3,520,959	\$ 11,663,063
Receivables					
Other	662,239	20,045	-	49,503	731,787
Due from other governments	12,212	-	-	-	12,212
Other assets	192,006	191,090	-	193	383,289
	<u>7,654,263</u>	<u>640,817</u>	<u>924,616</u>	<u>3,570,655</u>	<u>12,790,351</u>
Total Assets	<u>\$ 7,654,263</u>	<u>\$ 640,817</u>	<u>\$ 924,616</u>	<u>\$ 3,570,655</u>	<u>\$ 12,790,351</u>
Liabilities					
Accounts payable	\$ 2,645,369	\$ 270,423	\$ 924,616	\$ 1,141,529	\$ 4,981,937
Accrued compensation and benefits	-	370,394	-	-	370,394
Deposits	4,390,832	-	-	2,397,309	6,788,141
Due to other governments	618,062	-	-	31,817	649,879
	<u>7,654,263</u>	<u>640,817</u>	<u>924,616</u>	<u>3,570,655</u>	<u>12,790,351</u>
Total Liabilities	<u>\$ 7,654,263</u>	<u>\$ 640,817</u>	<u>\$ 924,616</u>	<u>\$ 3,570,655</u>	<u>\$ 12,790,351</u>

MACOMB COUNTY, MICHIGAN
Combined Statement of Changes in Fiduciary Net Position
Agency Funds
Year Ended December 31, 2015

	<u>Balance 12/31/2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 12/31/2015</u>
Assets				
Cash and pooled investments	\$ 10,071,684	\$ 593,312,573	\$ 591,721,194	\$ 11,663,063
Receivables				
Other	514,432	1,480,356	1,263,001	731,787
Due from other governments	18,711	229,217	235,716	12,212
Other assets	553,423	1,363,537	1,533,671	383,289
	<u>553,423</u>	<u>1,363,537</u>	<u>1,533,671</u>	<u>383,289</u>
Total Assets	<u>\$ 11,158,250</u>	<u>\$ 596,385,683</u>	<u>\$ 594,753,582</u>	<u>\$ 12,790,351</u>
Liabilities				
Accounts payable	\$ 4,405,001	\$ 219,857,960	\$ 219,281,024	\$ 4,981,937
Accrued compensation and benefits	222,734	37,340,089	37,192,429	370,394
Deposits	6,152,642	49,974,744	49,339,245	6,788,141
Due to other governments	377,873	174,326,248	174,054,242	649,879
	<u>377,873</u>	<u>174,326,248</u>	<u>174,054,242</u>	<u>649,879</u>
Total Liabilities	<u>\$ 11,158,250</u>	<u>\$ 481,499,041</u>	<u>\$ 479,866,940</u>	<u>\$ 12,790,351</u>

MACOMB COUNTY, MICHIGAN
Statement of Changes in Assets and Liabilities
Trust and Agency Fund
Year Ended December 31, 2015

	<u>Balance</u> <u>12/31/2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>12/31/2015</u>
Assets				
Cash and pooled investments	\$ 7,461,246	\$ 89,845,397	\$ 90,518,837	\$ 6,787,806
Receivables				
Other	428,478	851,102	617,341	662,239
Due from other governments	18,711	229,217	235,716	12,212
Other assets	164,333	1,301,184	1,273,511	192,006
	<u>8,072,768</u>	<u>92,226,900</u>	<u>92,645,405</u>	<u>7,654,263</u>
Total Assets	<u>\$ 8,072,768</u>	<u>\$ 92,226,900</u>	<u>\$ 92,645,405</u>	<u>\$ 7,654,263</u>
Liabilities				
Accounts payable	\$ 3,066,277	\$ 37,517,236	\$ 37,938,144	\$ 2,645,369
Deposits	4,641,846	48,030,759	48,281,773	4,390,832
Due to other governments	364,645	32,523,118	32,269,701	618,062
	<u>8,072,768</u>	<u>118,071,113</u>	<u>118,489,618</u>	<u>7,654,263</u>
Total Liabilities	<u>\$ 8,072,768</u>	<u>\$ 118,071,113</u>	<u>\$ 118,489,618</u>	<u>\$ 7,654,263</u>

MACOMB COUNTY, MICHIGAN
Statement of Changes in Assets and Liabilities
Payroll and Benefits Agency Funds
Year Ended December 31, 2015

	<u>Balance 12/31/2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 12/31/2015</u>
Assets				
Cash and pooled investments	\$ 1,974	\$ 427,708	\$ -	\$ 429,682
Receivables				
Other	20,045	-	-	20,045
Other assets	<u>388,504</u>	<u>62,160</u>	<u>259,574</u>	<u>191,090</u>
Total Assets	<u>\$ 410,523</u>	<u>\$ 489,868</u>	<u>\$ 259,574</u>	<u>\$ 640,817</u>
Liabilities				
Accounts payable	\$ 187,789	\$ 38,063,871	\$ 37,981,237	\$ 270,423
Accrued compensation and benefits	<u>222,734</u>	<u>37,340,089</u>	<u>37,192,429</u>	<u>370,394</u>
Total Liabilities	<u>\$ 410,523</u>	<u>\$ 75,403,960</u>	<u>\$ 75,173,666</u>	<u>\$ 640,817</u>

MACOMB COUNTY, MICHIGAN
Statement of Changes in Assets and Liabilities
Miscellaneous Agency Funds
Year Ended December 31, 2015

	<u>Balance 12/31/2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 12/31/2015</u>
Assets				
Cash and pooled investments	\$ 2,608,464	\$ 502,039,468	\$ 501,126,973	\$ 3,520,959
Receivables				
Other	65,909	629,254	645,660	49,503
Other assets	586	193	586	193
	<u>2,674,959</u>	<u>502,668,915</u>	<u>501,773,219</u>	<u>3,570,655</u>
Total Assets	<u>\$ 2,674,959</u>	<u>\$ 502,668,915</u>	<u>\$ 501,773,219</u>	<u>\$ 3,570,655</u>
Liabilities				
Accounts payable	\$ 1,150,935	\$ 143,276,853	\$ 143,286,259	\$ 1,141,529
Deposits	1,510,796	1,943,985	1,057,472	2,397,309
Due to other governments	13,228	141,803,130	141,784,541	31,817
	<u>2,674,959</u>	<u>287,023,968</u>	<u>286,128,272</u>	<u>3,570,655</u>
Total Liabilities	<u>\$ 2,674,959</u>	<u>\$ 287,023,968</u>	<u>\$ 286,128,272</u>	<u>\$ 3,570,655</u>

MACOMB COUNTY, MICHIGAN
Statement of Changes in Assets and Liabilities
Utica Ballpark Cleanup Fund
Year Ended December 31, 2015

	<u>Balance 12/31/2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 12/31/2015</u>
Assets				
Cash and pooled investments	\$ -	\$ 1,000,000	\$ 75,384	\$ 924,616
Liabilities				
Accounts payable	\$ -	\$ 1,000,000	\$ 75,384	\$ 924,616

MACOMB COUNTY, MICHIGAN
Combining Balance Sheet - Governmental Funds
Drainage Districts Component Unit
September 30, 2015

	Special Revenue	Capital Projects	Debt Service	Total
Assets				
Cash and pooled investments	\$ 8,793,582	\$ 22,140,833	\$ 4,877,085	\$ 35,811,500
Restricted cash - unspent bond proceeds	-	6,716,684	-	6,716,684
Special assessments receivable	-	-	269,383,514	269,383,514
Accounts receivable, net	6,113,103	838,035	411	6,951,549
Due from governmental funds	426,232	1,200,511	-	1,626,743
Total Assets	<u>\$ 15,332,917</u>	<u>\$ 30,896,063</u>	<u>\$274,261,010</u>	<u>\$ 320,489,990</u>
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities				
Accounts payable	\$ 10,210,112	\$ 5,003,893	\$ 828	\$ 15,214,833
Due to governmental funds	229,638	1,397,105	-	1,626,743
Unearned revenue	-	45,731	6,716,684	6,762,415
Total Liabilities	10,439,750	6,446,729	6,717,512	23,603,991
Deferred Inflows of Resources				
Unavailable property taxes and assessments	-	-	262,666,830	262,666,830
Fund Balances				
Restricted for:				
Capital projects	-	6,716,684		6,716,684
Debt service	-	-	4,876,668	4,876,668
Assigned				
Public Works	4,893,167	17,732,650	-	22,625,817
Total Fund Balances	4,893,167	24,449,334	4,876,668	34,219,169
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 15,332,917</u>	<u>\$ 30,896,063</u>	<u>\$274,261,010</u>	<u>\$ 320,489,990</u>

MACOMB COUNTY, MICHIGAN
Reconciliation Of The Fund Balances On The Balance Sheet Of
Governmental Funds To The Statement Of Net Position Of Governmental Activities -
Drainage Districts Component Unit
September 30, 2015

Total fund balances for governmental funds \$ 34,219,169

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		53,618,745
Accumulated depreciation		(119,012,944)

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	(260,866,004)
Bonds issued during the current year	(40,357,606)
Bonds refunded during the year	18,350,001
Bond principal repayments	13,490,101
Unamortized bond premiums	(4,133,461)
Unamortized bond discounts	1,339,908

Special assessments receivable are not available to pay for current expenditures and therefore are recorded as deferred inflows of resources in the governmental funds 262,666,830

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 (2,934,831)

Net position of governmental activities reported in the Government-Wide Statement of Net Position \$ 334,839,731

MACOMB COUNTY, MICHIGAN
Combining Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds
Drainage Districts Component Unit
Year Ended September 30, 2015

	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Debt Service</u>	<u>Total</u>
Revenues				
Federal & State grants	\$ 649,162	\$ 387,598	\$ -	\$ 1,036,760
Charges for services	54,460,854	3,084,123	4,914	57,549,891
Investment income	1,246,098	58,029	7,343,261	8,647,388
Special assessments	2,711,149	-	10,711,184	13,422,333
	<u>59,067,263</u>	<u>3,529,750</u>	<u>18,059,359</u>	<u>80,656,372</u>
Total Revenues				
Expenditures				
Current				
Public works	76,489,765	-	-	76,489,765
Capital outlay	-	8,675,258	-	8,675,258
Debt service				
Principal	-	-	13,490,101	13,490,101
Interest and fees	-	3,282	9,244,719	9,248,001
Bond issuance costs	-	67,340	89,664	157,004
	<u>76,489,765</u>	<u>8,745,880</u>	<u>22,824,484</u>	<u>108,060,129</u>
Total Expenditures				
Excess of Revenues over (under) Expenditures	(17,422,502)	(5,216,130)	(4,765,125)	(27,403,757)
Other Financing Sources (uses)				
Face amount of long-term debt	22,932,166	435,440	16,990,000	40,357,606
Transfers in	-	-	4,078,401	4,078,401
Transfers out	(4,078,401)	-	-	(4,078,401)
Bond (discounts) premiums	-	-	1,489,823	1,489,823
Payment to refunding debt escrow agent	-	-	(18,390,159)	(18,390,159)
	<u>18,853,765</u>	<u>435,440</u>	<u>4,168,065</u>	<u>23,457,270</u>
Total Other Financing Sources (uses)				
Net change in Fund Balances	1,431,263	(4,780,690)	(597,060)	(3,946,487)
Fund Balances, beginning of year	3,461,904	29,230,024	5,473,728	38,165,656
Fund Balances, end of year	<u>\$ 4,893,167</u>	<u>\$ 24,449,334</u>	<u>\$ 4,876,668</u>	<u>\$ 34,219,169</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, 2015

Net change in fund balances - total governmental funds	\$ (3,946,487)
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	8,214,834
Current year depreciation expense	(7,529,351)
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	13,490,101
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	(22,007,604)
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 and discounts on bonds issued during the year	(1,489,823)
Current year amortization	187,029
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.	11,312,041
The change in amount of accrued interest payable is not recorded in the governmental funds, but is recorded as interest expense in the Government-Wide Statement of Activities.	<u>323,166</u>
Change in net position of governmental activities reported in the Statement of Activities	<u><u>\$ (1,446,094)</u></u>

MACOMB COUNTY, MICHIGAN

December 31, 2015

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)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Governmental activities										
Net investment in capital assets (1) (5)	\$ 99,280	\$ 116,042	\$ 137,857	\$ 113,415	\$ 103,709	\$ 833,903	\$ 843,554	\$ 882,572	\$ 897,288	\$ 915,034
Restricted (2) (4)	117,133	96,409	80,962	67,512	49,849	87,208	89,746	90,301	93,368	141,828
Unrestricted (2) (3) (4) (5) (6)	50,704	7,014	(28,288)	(32,136)	(34,923)	(8,488)	(18,456)	(40,158)	(30,484)	(61,211)
Total governmental activities net position	267,117	219,466	190,531	148,791	118,635	912,623	914,845	932,715	960,172	995,651
Business-type activities										
Net investment in capital assets (5)	24,214	23,236	1,479	1,460	1,348	1,196	1,252	672	782	1,685
Restricted	6,724	7,049	8,267	10,221	13,303	16,053	18,662	19,713	24,331	28,339
Unrestricted (2) (4) (5) (6)	82,539	87,479	93,449	102,529	110,843	86,388	84,262	101,855	113,487	85,485
Total business-type units net position	113,477	117,764	103,195	114,210	125,494	103,637	104,177	122,240	138,600	115,509
Primary government										
Net investment in capital assets (1) (5)	123,494	139,278	139,335	114,875	105,057	835,099	844,807	883,244	898,070	916,719
Restricted (2) (4)	123,857	103,458	89,229	77,733	63,152	103,261	108,408	110,014	117,699	170,167
Unrestricted (2) (3) (4) (5) (6)	133,243	94,494	65,161	70,393	75,914	77,901	65,806	61,697	83,003	24,274
Total primary government net position	\$ 380,594	\$ 337,230	\$ 293,727	\$ 263,002	\$ 244,129	\$ 1,016,261	\$ 1,019,021	\$ 1,054,955	\$ 1,098,772	\$ 1,111,160

(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.

(6) - 2014 restated. See Note 15 of the 2015 financial statements.

Source: Macomb County Finance Department

UNAUDITED

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

	2006	2007	2008	2009	2010	2011 (1)	2012	2013 (4)	2014	2015
Expenses										
Governmental activities										
Legislative	\$ 2,250	\$ 2,345	\$ 2,354	\$ 2,115	\$ 1,875	\$ 1,182	\$ 1,139	\$ 1,202	\$ 1,191	\$ 1,487
Judicial	40,052	40,672	39,843	38,342	33,417	41,329	40,636	41,359	42,194	48,335
General government (2) (3)	60,249	94,801	96,873	80,414	78,983	64,687	68,095	68,830	57,780	50,182
Public safety (2)	73,774	76,046	76,264	75,880	71,359	67,994	64,860	79,398	75,849	81,401
Public works	1,500	1,157	873	1,851	887	72,568	69,975	68,159	71,027	71,867
Health and welfare	81,220	89,362	85,570	82,039	90,126	83,259	75,431	72,041	66,909	66,119
Recreation and culture	3,096	2,845	2,308	1,740	1,183	825	62	234	147	139
Interest on long-term debt	3,637	4,038	3,479	2,849	2,673	2,476	2,244	1,543	1,357	7,542
Total governmental activities expenses	265,778	311,266	307,564	285,230	280,503	334,321	322,442	332,766	316,454	327,072
Business-type activities										
Delinquent tax collections	699	868	1,219	2,538	5,495	6,313	8,336	5,495	4,349	4,238
Community Mental Health (2)	171,380	174,125	178,395	188,615	194,117	208,177	211,733	220,322	229,654	245,394
Martha T Berry Medical Care Facility (2) (3)	19,999	21,726	23,393	21,650	22,101	23,848	24,989	-	-	-
Freedom Hill Park (2)	1,127	1,116	1,080	637	313	377	209	381	467	594
Total business-type activities expenses	193,205	197,835	204,087	213,440	222,026	238,715	245,267	226,198	234,470	250,226
Total primary government expenses	458,983	509,101	511,651	498,670	502,529	573,036	567,709	558,964	550,924	577,298
Program revenues										
Governmental activities										
Charges for services										
Judicial	6,973	7,017	5,935	5,972	6,826	6,022	6,114	5,517	5,273	6,306
General government	15,118	13,288	13,250	15,166	16,697	17,360	19,037	18,929	15,772	17,103
Public safety	12,736	13,864	15,544	13,898	13,280	13,262	14,601	16,542	15,955	20,257
Public works	-	-	-	-	-	19,651	27,080	19,693	20,831	20,407
Health and welfare	11,836	12,660	9,758	10,853	13,095	11,195	9,053	7,114	7,770	12,362
Recreation and culture	321	120	115	84	86	-	-	6	-	59
Operating grants and contributions	56,334	59,335	60,072	56,077	62,812	57,693	51,379	50,079	46,665	49,586
Capital grants and contributions	3,813	2,725	1,062	2,161	2,333	56,655	60,427	72,746	76,970	73,402
Total governmental activities program revenues	107,130	109,009	105,736	104,211	115,130	181,837	187,691	190,626	189,236	199,482
Business-type activities										
Charges for services										
Delinquent tax collections	8,211	12,119	14,177	17,524	20,237	21,718	21,999	17,640	14,093	13,723
Community Mental Health	161,597	167,342	173,065	183,698	161,943	168,557	169,395	175,001	196,278	208,844
Martha T Berry Medical Care Facility (3)	13,880	18,609	19,723	20,857	22,761	23,197	23,326	-	-	-
Freedom Hill Park	254	242	255	173	184	173	501	232	400	671
Operating grants and contributions	2,927	372	415	469	31,625	34,298	34,995	35,802	29,256	17,957
Total business-type activities program revenues	186,869	198,684	207,635	222,720	236,751	247,943	250,216	228,675	240,027	241,195
Total primary government program revenues	293,999	307,693	313,371	326,932	351,881	429,780	437,907	419,301	429,263	440,677
Net (expense) revenue										
Governmental activities	(158,648)	(202,257)	(201,828)	(181,019)	(165,373)	(152,484)	(134,751)	(142,140)	(127,218)	(127,590)
Business-type activities	(6,336)	849	3,548	9,280	14,725	9,228	4,949	2,477	5,557	(9,031)
Total primary government net expenses	<u>\$ (164,984)</u>	<u>\$ (201,408)</u>	<u>\$ (198,280)</u>	<u>\$ (171,738)</u>	<u>\$ (150,648)</u>	<u>\$ (143,256)</u>	<u>\$ (129,802)</u>	<u>\$ (139,663)</u>	<u>\$ (121,661)</u>	<u>\$ (136,621)</u>

(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.

(3) - 2013 restated. See Note 14 of the 2014 financial statements.

(4) - The Martha T. Berry Medical Care Facility was re-evaluated by management and determined to be a component unit beginning in fiscal year 2013.

Source: Macomb County Finance Department

UNAUDITED

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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General revenues										
Governmental activities										
Property taxes	\$ 164,855	\$ 141,903	\$ 132,539	\$ 139,470	\$ 127,976	\$ 119,762	\$ 114,894	\$ 109,501	\$ 113,049	\$ 117,745
Intergovernmental revenues - unrestricted	2,263	2,392	801	2,365	2,215	2,307	19,489	23,252	23,280	22,682
Investment earnings	9,529	10,635	6,645	2,699	1,070	777	663	424	1,793	479
Transfers	(20,525)	(325)	(1,486)	(1,909)	3,950	4,175	1,926	(6,065)	(8,571)	21,766
Total governmental activities	156,122	154,605	138,499	142,625	135,211	127,021	136,972	127,112	129,551	162,672
Business-type activities										
Investment earnings	3,060	2,966	2,164	1,019	136	214	310	309	294	317
Transfers	19,735	473	519	(1,456)	(3,578)	(3,421)	(4,719)	6,851	7,316	(13,981)
Total business-type activities	22,795	3,439	2,683	(437)	(3,442)	(3,208)	(4,409)	7,160	7,610	(13,664)
Total primary government	178,917	158,044	141,182	142,188	131,769	123,813	132,563	134,272	137,161	149,008
Change in net position										
Governmental activities	(2,526)	(47,652)	(63,329)	(38,394)	(30,162)	(25,463)	2,221	(15,028)	2,334	35,082
Business-type activities (1)	16,459	4,288	6,231	8,843	11,284	6,020	540	9,637	13,167	(22,695)
Total primary government change in net position	\$ 13,933	\$ (43,364)	\$ (57,098)	\$ (29,550)	\$ (18,878)	\$ (19,443)	\$ 2,761	\$ (5,391)	\$ 15,501	\$ 12,388

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

Source: Macomb County Finance Department

UNAUDITED

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

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011 (3)</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
General fund										
Reserved	\$ 300	\$ 300	\$ 295	\$ 295	\$ 295	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved (2)	46,012	39,454	32,134	40,241	50,280	-	-	-	-	-
Nonspendable	-	-	-	-	-	295	295	659	596	6,075
Committed	-	-	-	-	-	-	-	-	-	6,527
Assigned	-	-	-	-	-	-	-	-	-	11,609
Unassigned	-	-	-	-	-	57,639	79,776	81,029	84,650	48,002
Total general fund	<u>\$ 46,312</u>	<u>\$ 39,754</u>	<u>\$ 32,429</u>	<u>\$ 40,536</u>	<u>\$ 50,575</u>	<u>\$ 57,934</u>	<u>\$ 80,071</u>	<u>\$ 81,688</u>	<u>85,246</u>	<u>\$ 72,213</u>
All other governmental funds										
Reserved (1)	\$ 117,134	\$ 96,409	\$ 80,962	\$ 59,906	\$ 49,849	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in										
Special revenue funds	8,884	11,011	11,574	6,633	8,536	-	-	-	-	-
Debt service funds	-	-	-	7,037	-	-	-	-	-	-
Capital projects funds	10,782	15,225	10,668	16,611	22,922	-	-	-	-	-
Nonspendable (3)	-	-	-	-	-	4,555	5,020	4,489	3,886	7,198
Restricted (3) (4)	-	-	-	-	-	81,171	75,334	76,122	81,258	106,454
Assigned (3)	-	-	-	-	-	34,238	27,291	19,089	10,687	6,397
Unassigned	-	-	-	-	-	-	-	(2,970)	(2,509)	(4,400)
Total all other governmental funds	<u>\$ 136,800</u>	<u>\$ 122,645</u>	<u>\$ 103,204</u>	<u>\$ 90,187</u>	<u>\$ 81,307</u>	<u>\$ 119,963</u>	<u>\$ 107,645</u>	<u>\$ 96,730</u>	<u>\$ 93,323</u>	<u>\$ 115,649</u>

(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

UNAUDITED

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

	2006	2007	2008	2009	2010	2011 (1)	2012	2013	2014	2015
Revenues										
Property taxes	\$ 164,855	\$ 141,903	\$ 132,539	\$ 139,470	\$ 127,976	\$ 119,762	\$ 110,000	\$ 110,952	\$ 113,690	\$ 116,742
Licenses and permits	1,166	1,653	1,243	1,321	1,427	1,733	1,924	1,985	2,305	2,634
Federal & state grants (2)	60,758	64,143	60,587	58,641	66,498	116,297	130,903	135,606	142,994	144,565
Other grants	251	308	1,348	1,963	861	392	391	460	871	605
Charges for services (2)	45,019	42,484	38,322	42,544	47,067	52,437	57,766	60,094	61,924	79,774
Investment income (2)	9,529	10,635	6,645	2,699	1,070	742	635	413	373	457
Charges to other funds for administrative services	11,425	11,925	14,522	15,162	10,258	8,250	6,575	7,036	8,070	7,620
Fines and forfeitures	1,438	1,382	3,392	1,923	1,204	1,791	2,469	932	802	1,024
Other revenue	1,455	1,430	1,645	186	286	2,649	2,421	894	1,127	2,059
Total revenues	295,896	275,863	260,243	263,909	256,648	304,053	313,084	318,372	332,156	355,480
Expenditures										
Legislative	2,250	2,345	2,354	2,115	1,875	1,182	1,139	1,202	1,191	1,289
Judicial	37,865	37,835	37,506	36,286	32,177	40,202	39,553	40,393	41,252	42,334
General government	60,273	58,640	58,809	55,179	50,817	42,330	43,498	46,462	46,957	41,817
Public safety (2)	69,919	72,748	70,692	70,375	65,887	62,770	60,039	76,599	73,039	72,532
Public works	1,500	1,157	873	1,851	887	69,026	69,518	63,038	71,867	84,051
Health and welfare	79,290	87,191	83,292	79,354	87,112	80,209	72,434	69,145	64,107	72,245
Recreation and cultural	3,024	2,782	2,232	1,669	1,113	763	-	172	84	78
OPEB contributions										263,352
Other	5,460	5,619	5,189	4,985	1,246	963	1,157	781	1,212	957
Capital outlay	17,381	19,321	11,343	6,059	5,388	4,781	6,743	17,813	25,561	38,167
Debt service										
Principal	4,470	4,750	4,690	4,585	5,165	5,666	5,990	4,740	4,007	13,194
Interest and fees	3,622	3,412	3,152	2,883	2,706	2,511	2,251	1,604	1,317	5,842
Bond issuance costs	-	114	61	-	-	-	235	-	108	807
Total expenditures	285,054	295,914	280,193	265,341	254,373	310,405	302,557	321,949	330,703	636,665
Excess of revenues over (under) expenditures	10,842	(20,051)	(19,950)	(1,432)	2,275	(6,352)	10,527	(3,577)	1,453	(281,185)
Other financing sources (uses)										
Face amount of long-term debt	-	16,895	2,605	-	-	829	22,975	-	15,628	263,004
Transfers in	90,160	102,574	104,057	87,734	86,547	65,813	51,504	30,414	53,899	77,268
Transfers out	(94,350)	(103,350)	(107,817)	(90,038)	(82,935)	(68,476)	(50,578)	(35,536)	(56,381)	(50,310)
Bond discounts	-	(168)	34	-	-	-	150	-	1,404	516
Payment to refunding debt escrow agent	-	(16,614)	(5,696)	-	-	-	(24,760)	-	(16,450)	-
Total Other financing sources (uses)	(4,190)	(663)	(6,817)	(2,304)	3,612	(1,834)	(709)	(5,122)	(1,901)	290,478
Net change in fund balances	\$ 6,652	\$ (20,714)	\$ (26,767)	\$ (3,736)	\$ 5,887	\$ (8,186)	\$ 9,818	\$ (8,699)	\$ (448)	\$ 9,293
Debt service as % of noncapital expenditures	3.00%	2.97%	2.93%	2.87%	3.14%	3.00%	3.39%	2.35%	2.04%	3.60%

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

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

Source: Macomb County Finance Department

UNAUDITED

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

	2006	2007	2008	2009	2010	2011 (1)	2012	2013	2014	2015
Revenues										
Taxes	\$ 126,970	\$ 141,691	\$ 132,362	\$ 138,020	\$ 126,587	\$ 118,516	\$ 108,831	\$ 109,895	\$ 112,610	\$ 115,629
Licenses and permits	331	308	348	379	411	1,408	1,510	1,640	1,706	1,714
Federal & state grants	8,625	8,408	7,058	8,095	7,831	12,290	28,455	25,728	30,162	31,406
Charges for services	30,330	27,571	25,952	26,821	28,666	29,453	35,526	36,827	36,856	37,584
Investment income	5,957	6,591	2,980	1,432	806	339	346	278	226	177
Charges to other funds for administrative services	11,425	11,925	14,522	15,162	10,258	8,250	6,575	7,036	8,070	7,620
Fines and forfeitures	865	698	672	768	751	729	693	676	590	534
Other revenue	68	277	200	104	150	162	477	210	155	148
Total revenues	184,571	197,469	184,094	190,781	175,461	171,146	182,413	182,290	190,375	194,812
Expenditures										
Legislative	2,250	2,345	2,354	2,115	1,875	1,182	1,139	1,202	1,191	1,289
Judicial	23,707	24,197	24,200	22,854	21,896	28,052	27,745	29,219	29,418	30,189
General government	58,298	57,996	57,492	53,770	49,498	40,998	42,464	44,855	45,220	39,897
Public safety	62,031	63,860	63,924	62,915	57,341	57,418	55,140	58,338	59,562	62,543
Public works	-	-	-	-	-	-	-	-	-	5,263
Health and welfare	787	697	452	2	1	20,581	18,166	19,090	18,717	19,564
Recreation and cultural	-	-	-	-	-	749	-	-	-	-
OPEB contributions	-	-	-	-	-	-	-	-	-	45,320
Other	5,460	5,619	5,188	4,985	1,246	963	1,157	781	1,212	957
Capital outlay	706	617	307	270	360	244	563	1,117	2,229	1,198
Total expenditures	153,239	155,331	153,917	146,911	132,217	150,188	146,374	154,602	157,549	206,220
Excess of revenues over (under) expenditures	31,332	42,138	30,177	43,870	43,244	20,958	36,039	27,688	32,826	(11,408)
Other financing sources (uses)										
Transfers in	23,340	23,877	27,356	24,818	24,806	24,998	18,254	21	-	35,255
Transfers out	(61,961)	(72,574)	(64,858)	(60,581)	(53,284)	(40,758)	(32,156)	(26,093)	(29,267)	(36,880)
Total other financing sources (uses)	(38,621)	(48,697)	(37,502)	(35,763)	(28,478)	(15,760)	(13,902)	(26,072)	(29,267)	(1,625)
Net change in fund balances	\$ (7,289)	\$ (6,559)	\$ (7,325)	\$ 8,107	\$ 14,766	\$ 5,198	\$ 22,137	\$ 1,616	\$ 3,559	\$ (13,033)

(1) - The County adopted GASB 54 in 2011. Accordingly, the activity of 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 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		
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
2015	173,823	4,030,628	1,715,544	20,475,069	23,225	2,611,704	29,029,993	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)

		2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
County direct rate											
Operation		4.2000	4.2000	4.2000	4.5685	4.5685	4.5685	4.5685	4.5685	4.5685	4.5685
County drain debt		0.0055	0.0055	0.0055	0.0050	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	0.0400
Total direct rate		4.2055	4.2055	4.2455	4.6135	4.6135	4.6135	4.6135	4.6135	4.6135	4.6135
Overlapping rates											
Cities:											
Center Line		23.2656	22.6223	21.2329	23.8266	24.9025	31.7022	38.3328	37.5025	39.1266	38.6503
Eastpointe		25.8009	23.8711	24.1214	24.0133	25.0978	25.2113	26.6102	26.9612	27.1583	40.9612
Fraser		18.1382	18.1382	18.1382	18.1382	18.1382	18.7659	18.8159	20.8359	20.8664	23.2580
Grosse Pointe Shores		-	-	-	15.8900	15.8900	17.1400	18.3800	17.8794	17.8794	17.8794
Memphis		14.3889	14.2953	14.2953	14.2953	14.2953	14.2953	14.2953	14.2953	14.2953	16.2953
Mt. Clemens		21.2434	18.2159	18.2159	18.2159	18.2159	18.3511	18.6639	18.6639	18.6639	24.8062
New Baltimore		13.8955	13.8955	13.9445	14.2795	14.9715	14.9405	15.2135	14.9165	14.9198	14.9003
Richmond		18.6526	18.4826	18.4326	16.6526	16.6526	16.6526	16.6526	16.6526	16.6526	16.6526
Roseville		16.3800	21.3800	21.3800	21.3800	21.3800	21.3800	24.8494	24.8494	24.8494	24.8494
St. Clair Shores		18.2755	18.3316	18.8982	18.2280	18.0406	19.3562	19.4518	20.5388	20.9950	21.2602
Sterling Heights		10.7250	10.7250	10.7858	10.7858	12.6858	12.6858	12.6858	12.6858	15.1858	15.1858
Utica		21.9198	21.4758	21.7201	21.8835	21.9794	21.6998	22.5358	22.617	22.6753	22.5017
Warren		16.9424	16.9424	16.9424	16.9424	17.7924	17.7924	27.8656	27.8656	27.8656	27.7637
Townships (rates range)	Low	0.7794	0.7794	0.7794	2.5558	3.2312	3.2812	3.2812	3.2812	3.2812	3.5529
	High	15.1516	14.7275	15.0575	15.0575	15.3516	15.3816	15.4316	17.7116	17.6816	17.6916
Villages (rates range)	Low	14.7438	15.0794	15.0794	16.5004	16.5004	16.5354	15.5354	16.5354	16.5194	17.4276
	High	19.4508	19.0936	19.0936	18.8436	18.8436	18.8436	18.8436	18.8436	18.8436	19.2550
School districts (rates range)	Low	8.9000	8.9000	8.9000	8.9000	9.7500	9.8500	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	35.7643	35.7643
Intermediate school district		2.9430	2.9430	2.9430	2.9430	2.9430	2.9430	2.9430	2.9430	2.9430	2.9430
Community college		1.4212	1.4212	1.4212	1.4212	1.4212	1.5712	1.5712	1.5312	1.5262	1.5302
SMART Regional Transportation		0.5900	0.5900	0.5900	0.5900	0.5900	0.5900	0.5900	0.5900	1.0000	1.0000
HCM Park Authority		0.2146	0.2146	0.2146	0.2146	0.2146	0.2146	0.2146	0.2146	0.2146	0.2146
ZOO Authority		-	-	0.1000	0.1000	0.1000	0.1000	0.1000	0.1000	0.1000	0.1000
ART Authority		-	-	-	-	-	-	0.2000	0.2000	0.2000	0.2000

Source: Macomb County Equalization Department

UNAUDITED

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

Taxpayer	2015			2006		
	Taxable Value	Rank	Percentage of Total County Taxable Value	Taxable Value	Rank	Percentage of Total County Taxable Value
GENERAL MOTORS	\$ 458,977,512	1	1.80%	\$ 328,517,996	2	1.08%
CHRYSLER CORPORATION	352,024,227	2	1.38%	381,504,081	1	1.26%
FORD MOTOR COMPANY	256,479,052	3	1.00%	174,985,035	4	0.58%
DETROIT EDISON	249,210,622	4	0.98%	256,794,644	3	0.85%
CONSUMERS ENERGY	191,641,636	5	0.75%	94,989,749	6	0.31%
ENBRIDGE ENERGY	94,810,529	6	0.37%	-	-	-
INTERNATIONAL TRANS.	76,070,362	7	0.30%	56,961,879	7	0.19%
MEIJER	45,473,551	8	0.18%	41,576,501	8	0.14%
COMCAST	40,772,238	9	0.16%	-	-	-
HARBOURS APT	40,666,500	10	0.16%	-	-	-
VISTEON	-	-	-	117,565,450	5	0.39%
MICHIGAN CONSOLIDATED	-	-	-	40,643,337	9	0.13%
ART VAN	-	-	-	35,293,997	10	0.12%
	<u>\$ 1,806,126,229</u>		<u>7.07%</u>	<u>\$ 1,528,832,669</u>		<u>5.03%</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
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%
2015	117,387,793	110,149,786	93.83%	4,188,670	114,338,456	97.40%

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: Amounts Restricted to Repaying		% of Personal Income	% of Total Assessed Value of Property	Net General Obligation Debt Per Capita
				Principal	Total			
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%	44.26
2015	\$ 289,727,371	1,149,313	290,876,684	2,617,902	288,258,782	1.24%	1.00%	333.31

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

MACOMB COUNTY
Computation of Net Direct and Overlapping Debt
As of December 31, 2015

	<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	\$ 33,890,000	\$ -	\$ 33,890,000	\$ 33,890,000	
General County Bonds	253,872,371	-	253,872,371	253,872,371	
Michigan Transportation bonds	1,965,000	-	1,965,000	1,965,000	
Department of Roads infrastructure loans	1,149,313	840,638	308,675	308,675	
Public Works - water and sewer debt	<u>269,383,508</u>	<u>269,383,508</u>	<u>-</u>	<u>-</u>	
Net direct debt	<u>\$ 560,260,192</u>	<u>\$ 270,224,146</u>	<u>\$ 290,036,046</u>	<u>\$ 290,036,046</u>	
Overlapping debt					
School districts			2,101,482,381	1,940,762,933	92.4%
Cities			348,768,163	343,203,367	98.4%
Township			256,103,341	256,103,341	100.0%
Villages			15,227,904	15,227,904	100.0%
Intermediate school district			58,270,000	112,885	0.2%
Macomb Community College			12,650,000	12,650,000	100.0%
Library			<u>17,885,000</u>	<u>17,885,000</u>	100.0%
Net overlapping debt			<u>2,810,386,789</u>	<u>2,585,945,430</u>	92.0%
Net direct and overlapping debt			<u>\$ 3,100,422,835</u>	<u>\$ 2,875,981,476</u>	92.8%

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

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

MACOMB COUNTY
Legal Debt Margin
Last Ten Years

Legal Debt Margin Calculation for 2015

2015 Taxable Value		\$ 25,475,376,698
Debt Limit (10% of Assessed Taxable Value)		2,547,537,670
Outstanding Long-term Debt	\$	604,993,017
Less:		
Amount available in debt service funds		2,617,902
Special assessment bonds		<u>269,383,508</u>
Total amount of debt applicable to debt limit		<u>332,991,607</u>

LEGAL DEBT MARGIN \$ 2,214,546,062

Bonds which are not required to be included in this computation of net indebtedness, according to Public Act 279 of 1909, as amended, are:

- A. Special assessment bonds
- B. Mortgage bonds
- C. Motor vehicle highway fund bonds
- D. Revenue bonds
- E. Bonds issued, or contracts or assessment obligation, incurred to comply with an order of the Water Resources Commission or a court of competent jurisdiction.
- F. Other obligations incurred for water supply, sewage, and drainage or refuse disposal projects necessary to protect the public health by abating pollution.

Years	Debt Limit	Total Net Debt Applicable to Limit	Legal Debt Margin	Total Net Debt Applicable to Limit as a Percentage of Debt Limit
2006	\$ 3,037,391,836	\$ 71,275,000	\$ 2,887,211,836	2.35%
2007	3,186,266,993	67,185,000	3,026,264,993	2.11%
2008	3,193,793,316	63,880,000	3,007,158,649	2.00%
2009	3,107,998,931	66,826,637	2,930,922,294	2.15%
2010	2,777,336,090	63,065,000	2,492,410,764	2.27%
2011	2,584,044,590	58,660,344	2,296,532,019	2.27%
2012	2,425,570,273	50,761,594	2,120,859,643	2.09%
2013	2,411,394,190	45,896,164	2,111,971,149	1.90%
2014	2,456,385,823	41,066,509	2,456,385,823	1.67%
2015	2,547,537,670	332,991,607	2,214,546,062	13.07%

Source: Macomb County Finance Department

UNAUDITED

MACOMB COUNTY
Demographic and Economic Statistics
Last Ten Years

Years	Population	Personal Income (thousands of dollars)	Per Capita Personal Income	Unemployment Rate
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	860,112	23,248,238	27,029	8.2%
2015	864,840	23,476,082	27,145	6.0%

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

MACOMB COUNTY
Principal Employers
Current Year and Nine Years Ago

Employer	2015			2006		
	Employees	Rank	% of Total County Employment	Employees	Rank	% of Total County Employment
General Motors	16,824	1	4.27%	15,631	1	4.83%
FCA US LLC (formerly Chrysler)	12,903	2	3.27%	13,557	2	4.19%
U.S. Government	6,302	3	1.60%	5,115	4	1.58%
Ford Motor Company	4,184	4	1.06%	7,608	3	2.35%
Ascension Michigan (formerly St. John)	3,067	5	0.78%	3,672	5	1.14%
Henry Ford Health System	2,754	6	0.70%	1,567	14	0.48%
Utica Community Schools	2,637	7	0.67%	3,538	6	1.09%
Macomb County	2,305	8	0.58%	3,066	7	0.95%
General Dynamics	1,872	9	0.47%	2,435	9	0.75%
Faurecia	1,391	10	0.35%	-	-	-
Chippewa Valley Schools	1,391	11	0.35%	1,780	12	0.55%
State of Michigan	1,280	12	0.32%	1,201	18	0.37%
L'Anse Creuse Public Schools	1,249	13	0.32%	-	-	-
Art Van Furniture	1,111	14	0.28%	1206	17	0.37%
Macomb Intermediate School District	990	15	0.25%	-	-	-
U.S. Postal Service	842	16	0.21%	1525	15	0.47%
Magna International of America Inc.	760	17	0.19%	-	-	-
Johnson Controls - Automotive Experience	700	18	0.18%	-	-	-
Macomb Community College	698	19	0.18%	-	-	-
ZF TRW Active & Passive Technology	600	20	0.15%	-	-	-
Warren Consolidated Schools	-	-	-	2,707	8	0.84%
Trinity Health (formerly Mercy Health)	-	-	-	2,418	10	0.75%
AZ Automotive (formerly Aetna Industries)	-	-	-	1,210	16	0.37%
Campbell-Ewald Co.	-	-	-	920	19	0.28%
Kroger Co of Michigan	-	-	-	916	20	0.28%
Mt. Clemens Hospital	-	-	-	1,892	11	0.59%
Auto Components Holdings	-	-	-	1,700	13	0.53%
	<u>63,860</u>		<u>22.22%</u>	<u>73,664</u>		<u>22.78%</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	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Legislative										
Board of Commissioners	26	26	26	26	26	19	19	19	19	19
Judicial										
Circuit Court	65	67	67	67	66	63	65	64	67	80
Family Counseling Services	-	-	1	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	17	17	17	17
Friend of the Court	125	126	125	121	121	121	121	118	107	107
Family Court - Juvenile	64	62	62	59	56	51	50	50	46	46
Probate Court	31	31	31	31	30	29	27	31	28	28
Probate Court - Mental Division	12	12	11	10	8	8	7	-	-	-
Probation - District Court	19	19	19	16	14	12	6	5	5	5
General Government										
County Administration	9	9	9	7	7	6	9	9	9	9
Corporation Counsel	9	9	9	8	8	8	8	8	8	8
Finance	27	27	27	26	20	20	20	21	21	22
Purchasing	23	23	23	21	18	18	17	16	16	16
Reimbursement	15	15	15	13	13	12	12	11	11	0
Information Technology	48	49	49	42	35	36	36	36	36	36
Equalization	14	14	13	11	11	11	10	10	10	10
Human Resources	28	28	28	25	22	22	22	22	24	22
Clerk/Register	98	99	99	89	82	79	78	80	81	85
Treasurer	34	34	34	32	31	31	26	26	26	28
Public Works	58	58	60	59	55	55	59	60	60	63
M.S.U. County Extension	76	76	76	51	50	50	8	8	8	7
Planning & Econ Dev	37	37	36	33	33	33	31	26	26	27
Risk Management	4	4	4	4	4	4	-	-	-	-
Facilities & Operations	124	127	126	114	104	99	99	95	95	95
Prosecuting Attorney	140	141	141	117	107	122	104	104	106	106
Department of Roads	-	-	-	-	-	-	233	232	232	250
Public Safety										
Sheriff	503	503	503	498	487	477	487	486	492	499
Technical Services	10	10	10	9	8	8	8	8	11	12
Emergency Services	4	4	7	6	6	6	3	3	7	7
Community Corrections	11	11	11	11	11	11	11	11	11	10
Health										
Environmental Health	50	50	50	-	-	-	-	-	-	-
Public Health	226	223	223	251	241	239	232	228	220	226
Community Mental Health	330	333	333	334	334	334	335	335	341	345
Substance Abuse	10	10	10	10	10	10	10	10	10	13
Health & Community Services	-	-	-	-	-	-	2	2	2	2
Social Services										
Child Care - Youth Home	140	141	141	146	138	137	129	123	121	121
Medical Care Facility	244	244	243	231	231	231	231	238	245	238
Veterans Services	6	6	6	10	10	10	10	10	11	11
Senior Citizen Services	38	38	38	32	32	30	16	15	3	3
Community Services Agency	260	257	243	253	283	193	184	182	171	172
Macomb/St. Clair Employment	43	41	41	68	68	68	68	68	68	68
Culture & Recreation										
Parks & Recreation	9	9	9	-	-	-	-	-	-	-
Library	65	65	57	16	11	10	-	-	-	-
Total	3,066	3,069	3,047	2,889	2,823	2,705	2,824	2,801	2,785	2,827

Source: Macomb County Budget

UNAUDITED

MACOMB COUNTY, MICHIGAN
Operating Indicators By Function/Program
December 31, 2015

Function/Program	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Judicial:										
Circuit Court Caseload	23,992	23,988	24,030	23,001	22,793	20,788	20,022	19,375	19,243	19,329
District Court - Romeo Caseload	11,362	8,637	9,950	9,502	9,819	9,760	9,396	7,917	8,306	8,772
District Court - New Baltimore Caseload	18,965	15,141	15,000	15,607	15,175	14,405	12,751	12,300	9,833	12,937
General Government:										
County Clerk Birth records	4,273	3,866	3,539	2,837	6,052	5,768	5,604	5,453	6,492	6,111
County Clerk Death records	6,084	5,465	4,943	4,881	4,791	5,065	5,107	5,158	5,001	5,713
County Clerk Marriage licenses	5,221	5,111	4,947	4,625	4,864	5,169	5,291	4,877	4,996	5,180
Public Works Inspections	11,577	12,092	14,197	8,021	6,451	6,037	5,955	6,718	5,777	5,043
Public Safety:										
Sheriff Complaints handled	109,328	105,323	103,115	100,603	98,189	94,821	94,451	93,701	101,029	87,090
Sheriff Inmate bookings	22,574	22,059	21,706	20,166	19,814	18,464	19,709	18,732	17,881	17,291
Sheriff Arrests made	10,420	9,370	8,679	8,139	7,249	6,602	6,617	6,206	5,601	3,316
Sheriff Crashes investigated	4,150	4,874	4,898	2,971	4,042	4,048	3,924	3,880	4,120	1,563
Health and Welfare:										
Health Department Vaccines administered	59,658	79,136	75,036	114,953	100,036	70,711	58,253	59,726	45,048	44,711
Health Department Animals received at animal control	14,300	12,856	13,571	12,900	7,146	7,520	5,782	3,219	2,009	4,276
Health Department Food service inspections	4,419	4,460	4,423	4,420	4,368	4,374	5,452	4,645	4,578	4,634
Health Department Forensic examinations	359	365	509	582	533	625	571	648	649	643

Source: Macomb County Finance Department

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

Function	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Judicial										
Number of court buildings	5	5	5	5	5	5	5	5	5	5
Vehicles	7	7	7	7	6	6	6	4	4	4
General Government										
Number of buildings	7	7	7	7	7	7	6	7	7	7
Vehicles	57	54	57	55	54	54	54	55	54	63
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	126	134	95	155	149	141	141	157	147	168
Public Works										
Lane miles of roads	2,335	2,335	2,335	2,335	2,335	2,335	2,335	2,335	2,393	2,397
Number of buildings	9	9	9	9	9	9	9	9	9	9
Vehicles	33	32	33	37	38	36	34	36	38	74
Health and Welfare										
Number of buildings	7	7	7	7	7	7	8	8	8	8
Vehicles	77	88	89	96	91	88	87	89	88	92
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, 2015

Type of Coverage / Name of Company	Policy Period	Premium	Description
Public Entity Liability ACE-Illinois Union Insurance National Casualty Co (excess)	7-1-15 to 7-1-16	\$560,755 ACE \$121,976 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	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	7-1-15 to 7-1-16	\$163,892	Covers buildings & contents. Limit - up to \$300,000,000 - deductible \$100,000
Boiler & Machinery Affiliated FM Insurance Co	7-1-15 to 7-1-16	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	7-1-15 to 7-1-16	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.	8-1-15 to 7-31-16	\$19,919	County employees retirement system - \$5,000,000 aggregate, \$50,000 deductible
Crime National Union Fire Ins	8-1-15 to 7-31-16	\$7,263	Employee theft - disappearance and destruction in/out premises. LIMITS: \$1,500,000 Crime; \$200,000 Forgery;\$200,000 Inside the Premises-Theft of Money and Securities;\$200,000 Outside the Premises; \$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	01/01/15 to 12/31/15	\$412,378 County Active \$40,448 County Retirees \$9,082 Roads Active \$26,720 Roads Retirees	Death Benefit equals one year salary

CONTINUED

MACOMB COUNTY
Schedule of Insurance
As of December 31, 2015

Type of Coverage / Name of Company	Policy Period	Premium	Description
Dental Insurance Delta Dental	1-1-15 to 12-31-15	\$1,539,558 County Active \$844,534 County Retirees \$157,043 Roads Active \$137,386 Roads Retirees	\$1,000 annual maximum per individual/ calendar year
Dental Insurance Golden Dental	1-1-15 to 12-31-15	\$133,975 County Active \$15,991 Roads Active \$1,422 Roads Retirees	Unlimited annual benefit
Short Term Disability Insurance NGS	1-1-15 to 12-31-15	\$240,312 Roads Active	100% of salary for up to 6 months
Long Term Disability Insurance The Hartford	1-1-15 to 12-31-15	\$139,297 County Active \$31,720 Roads Retirees	60% of salary to age 65; up to \$4,500 per month subject to coordination of benefits
Health/Hospital Insurance Blue Care Network	1-1-15 to 12-31-15	\$8,816,715 County Active \$3,083,590 County Retirees \$2,086,931 Roads Active \$151,912 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	1-1-15 to 12-31-15	\$12,397,261 County Active \$209,701 County Retirees \$613,062 Roads Active \$59,206 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	1-1-15 to 12-31-15	\$2,509,595 County Active \$5,901,591 County Retirees \$161,385 Roads Active \$1,552,509 Roads Retirees	Self insured medical plan - \$1,000,000 lifetime maximum; includes vision
Health/Hospital Insurance BCBS Medicare	1-1-15 to 12-31-15	\$7,867,201 County Retirees \$1,175,603 Roads Retirees	Partially self insured medical plan
Vision Care SVS Vision	1-1-15 to 12-31-15	\$77,703 County Active \$34,703 County Retirees \$14,948 Roads Active \$16,965 Roads Retirees	Vision care pays for certain tests & supplies when obtained by participating provider
Hearing Care Health Care Network	1-1-15 to 12-31-15	\$48,579 County Retirees \$5,792 Roads Retirees	Retiree hearing care

Source: Risk Management & Safety