



COUNTY
of
MACOMB
MICHIGAN

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

MACOMB COUNTY, MICHIGAN

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Macomb County Executive

Mark A. Hackel

Mark F. Deldin
Deputy County Executive

June 29, 2015

To the Citizens of Macomb County,

The Comprehensive Annual Financial Report (CAFR) of Macomb County, Michigan for the fiscal year ended December 31, 2014 is hereby submitted. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the County. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the various funds of the County. All disclosures necessary to enable the reader to gain an understanding of the County's financial activities have been included.

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

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

Macomb County's financial statements for the fiscal year ended December 31, 2014 have been audited by Plante Moran, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the County are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. Plante Moran concluded, based upon the audit, that there was reasonable basis for rendering an unmodified opinion that the County's financial statements for the fiscal year ended December 31, 2014 are fairly presented in conformity with GAAP. Plante Moran's report is presented as the first component of the financial section of this report.

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

The 2014 Comprehensive Annual Financial Report is issued pursuant to the requirements of Governmental Accounting Standards Board (GASB) Statement No. 34 – Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments. Readers of our 2014 Comprehensive Annual Financial Report will notice two statements entitled Statement of Net Assets and Statement of Activities. These statements will provide readers with the financial position of Macomb County viewed as a single entity. The GASB statements also require that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A).

This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. Macomb County's MD&A can be found immediately following the report of the independent auditors.

PROFILE OF MACOMB COUNTY

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

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

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

In 2014, United States Census Bureau estimates placed Macomb County's population at 869,158. This was an increase of 28,180 residents over four years, which represents nearly the highest increase of residents by any Michigan county. Macomb County is home to three of the ten most populated communities in Michigan: Warren (#3), Sterling Heights (#4), and Clinton Township (#8). Since 2010, Clinton Township moved up from tenth to eighth.

Macomb County is also home to some of the state's fastest growing communities. Since 2010, Macomb Township ranked first in the state for population growth adding 5,799 residents while Shelby Township ranked fifth with an increase of 3,029 individuals. The data also highlight that Macomb County has a larger population than five states (Wyoming, Vermont, North Dakota, Alaska and South Dakota) and the District of Columbia. Macomb's gains in population have also had positive impacts on the county's housing stock.

Macomb County possesses a full range of housing options. The size and scale of residential development in Macomb County encompasses modern urbanized areas, rural settings, historic cities and villages and scenic waterfront living. In 2014, Macomb County had 356,363 housing units, with a median home value of \$148,600. Currently more than 92 percent of the County's total housing units (330,452) are occupied. The vast majority of Macomb's occupied housing units are owner occupied (77 percent), ranking it among the highest in the nation.

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

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

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

Macomb County's governmental structure is defined by the Home Rule Charter of Macomb County Michigan and the general laws of the State of Michigan. A Home Rule Charter was approved by voters in 2009 and became effective January 1, 2011, thus altering the structure of Macomb County government. The charter established the position of County Executive to be elected by the voters and serve as head of the executive branch of government. The Executive's duties are to supervise, coordinate, direct and control all county departments, except for departments headed by countywide elected officials. The Macomb County Board of Commissioners serves as the legislative body of Macomb County government and is composed of thirteen commissioners elected for two-year terms from thirteen districts of nearly equal population.

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

Employing the latest technologies in maintaining the safety and welfare of residents and businesses, Macomb County opened its new Communications and Technology Center (COMTEC) in Mount Clemens in 2013. The center integrates emergency management and operations, information technology, road department traffic operations and sheriff's office dispatch all under one roof. Technicians on-site can track everything from routine traffic conditions to severe weather to countywide emergencies.

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

Tracking these monitors, center staff will employ software that uses real-time data to project traffic patterns and will allow them to alter signal timings as needed. For public safety purposes, the cameras will also offer the Sheriff's Department real-time information for more efficient response to crash scenes and crimes in progress. Other applications include live feeds from mobile command vehicles, schools and private businesses, as well as video conferencing. The COMTEC was built for a cost of \$13.5 million, but more than \$9 million, or about 75 percent of the cost was funded by federal and state grants.

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

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

This Comprehensive Annual Financial Report includes all the funds of the County as well as the funds of the Macomb/St. Clair Workforce Development Board (Michigan Works), the Macomb County Public Works Commission, the Martha T. Berry Medical Care Facility, the Macomb County Employees Retirement System, the Macomb County Retiree Health Care Board, the Macomb County Building Authority and the Macomb County Criminal Justice Building Authority. It does not include the funds of Macomb Community College, the Macomb Intermediate School District nor the various cities, townships, villages and local school districts which have not met the established criteria for inclusion in the reporting entity and accordingly are excluded from this report.

ECONOMIC CONDITION

As demonstrated by the financial statements and schedules included in this report, the County has not escaped the national trend of decreasing real estate values. The assessed value of the taxable property for 2014 was approximately \$26.2 billion, an increase from the prior year of \$1.1 billion, or 4.6 percent. This recent phenomenon is a reversal from previous trends which saw the assessed value of property located in Macomb County decrease by an average of 2.9% per annum over the last ten years.

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

The County is also anchored by a robust infrastructure and a surging workforce. These two community characteristics establish Macomb County as a location of choice for businesses engaged in engineering, research and development, and advanced manufacturing. With approximately 34,500 acres of industrial and institutional land, Macomb County has the capacity to service existing and new business.

It is significant to note that the County has sufficient infrastructure and utility service. From comprehensive sewer and water systems to advanced telecommunication, Macomb County possesses the infrastructure needed to service its economic base. A network of thoroughfares, state highways and interstates traverse Macomb County, providing the general public and commercial vehicles ease-of-travel regionally, statewide and to destinations coast-to-coast:

- Interstate 94 (I-94) runs along the eastern border of the county leading to the Blue Water Bridge in one direction and to Chicago in the other.
 - Interstate 696 (I-696) crosses the southern portion of the county providing a vital link between I-94 and I-75.
 - A network of State of Michigan Highways, including M-53, M-59, M-97, M-3, M-19, M-102 and M-29, help provide important regional transportation linkages.
-

Macomb County is also served by nearly 70 miles of main-line rail corridor. Conrail Shared Assets operates a line along the western portion of the county, serving the area's primary industrial corridor, which is dominated by automotive OEM and Tier 1 supplier facilities, advanced manufacturing entities, and various defense contractors. A Canadian National rail-line serves the eastern portion of the county, connecting the intermodal hubs found at the Detroit-Windsor and Port Huron-Sarnia border crossings.

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

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

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

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

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

Lakeside is the area's largest shopping center, employing approximately 1,500 people. The multi-level, climate-controlled mall of 1.4 million square feet is located on 545 acres with 51 acres of lakes. The mall's anchor stores are Macy's, J.C. Penney, Sears and Lord & Taylor. There are approximately 150 other stores, specialty shops, restaurants and miscellaneous retail spaces in the mall.

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

Macomb Mall, a regional retail destination for more than 50 years, is undergoing a dramatic \$8.4 million dollar transformation. The first round of enhancements that have been completed include adding a 50,000 square foot Dick's Sporting Goods, demolishing and retrofitting underutilized retail spaces, and acquiring surrounding properties for future build-out. In addition, the mall owners plan to spruce up the interior with new common areas, entrance ways, ceilings, lights, flooring and restrooms, while the parking lots will receive new surfacing, lighting, islands and pedestrian walkways. The mall will be home to the first 1000 Degrees Pizza location in Michigan. Other new tenants include H&M, Ulta, Potbelly, Chipotle, Champs Sports, and AT&T. The final economic investment is expected to total in the 30 to 40 million dollar range. The 921,000 enclosed shopping mall is anchored by Sears, Kohls, and Babies "R" Us.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

MAJOR INITIATIVES

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

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

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

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

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

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

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

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

Automotive

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

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

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

Blue Economy Initiative

Macomb County is fortunate to rest on 32 miles of Lake St. Clair shoreline and to have the Clinton River and its many tributaries within its borders. Access to freshwater provides Macomb County with unique opportunities for economic development and enhanced quality of life. The lake supports more than 60 active marinas, a world class recreational boating and fishing industry, and numerous opportunities for private and public investment. Combined, the impact on the county is profound: There are 53,000 registered boats in Macomb County and more than 500,000 launches were made from public ramps in 2013. The ability to recreate on our waterways sustains more than 5,700 direct blue economy jobs. In 2014, the region had 200 businesses selling or servicing boats.

County Executive Mark A. Hackel launched the “Blue Economy Initiative” shortly after he was elected in 2010. The program is administered by the county’s Department of Planning and Economic Development and is based on three core principles:

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

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

- Dedication of the county's first paddle park, a place where canoeists and kayakers can put in or pull out of the water with ease. The Utica Landing Park is located just steps from its historic downtown. Two more landing parks are set to open later this summer.
- The HEART Freshwater Center (Huron to Erie Alliance for Research and Training) is a unique alliance of agencies working together to study the Lake Huron to Lake Erie corridor through research, education and training. Founding partners include Macomb County, Wayne State University, Macomb Community College and the Huron Clinton Metroparks. The center is located at Lake St. Clair Metropark and welcomed its first group of students during the summer of 2014.
- Wilson Marine, a state leader in boat sales, opened its fourth store in Harrison Township in 2012. Wilson invested more than \$500,000 in their 30,000 square foot showroom and employs 25 people.
- Currently there is \$20 million in grants focused on 11 projects to improve water quality, on projects including retention basin expansions, sewer separations, downspout and footage drain disconnects, storm sewer cleaning and rehab, monitoring and rapid sampling efforts. The result of these projects will be 235 acres of wildlife habitat restored, 92,000 feet of coastline restored, 130 acres floodplain restored and 365 tons of sediment loading reduction.

FINANCIAL INFORMATION

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

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

Pension Trust Fund. The County has a Defined Benefit Pension Plan referred to as the Macomb County Employees' Retirement System (MCERS). A detailed discussion of the performance of Macomb County's pension plan can be found in the notes to the financial statements.

Health Care Trust Fund. The County began to pre-fund Retiree Health Care benefits through the establishment of a trust for that purpose in 1997. The County's long term goal is to fully fund its Retiree Health Care liability. Additional information regarding the Retiree Health Care Trust Fund can be found in the notes to the financial statements.

Debt Administration. The general obligation bonds of the County are rated AA+ by Standard & Poors and Aa1 by Moody's Investor Services. Further discussion of Macomb County's long-term debt can be found in the MD&A as well as the notes to the financial statements.

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

- Investments of the County are held in the County's name.
- Investments are in U.S. Treasury obligations, banker's acceptances, certificates of deposit, and commercial paper top rated by not less than two of the four rating services: Standard and Poor's, Moody's Investor Services, Fitch Investors Services and Duff and Phelps.

- Only federal and state-chartered banks and savings institutions, which are members of FDIC, are utilized.
- State law requires the use of in-state banks.

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

Risk Management. All County agencies and departments except the Martha T. Berry Medical Care Facility are insured for losses of a General Liability nature up to \$11,000,000 in the aggregate, subject to a self-insured retention of \$750,000 per claim. The Martha T. Berry Medical Care Facility has a separate insurance policy and is fully insured for General Liability and Medical Malpractice claims for \$3,000,000 per occurrence and \$5,000,000 in the aggregate subject to a \$0 (zero-dollar) deductible. The County is a defendant in various lawsuits in which plaintiffs seek damages of an indeterminable amount. The General Liability Internal Service Fund has been established to account for the self-insured aspects of this program. The Risk Management and Contingencies and Commitments notes to the basic financial statements contain additional information concerning risk management. The Statistical Section of the CAFR includes a complete schedule of insurance coverage maintained by the County.

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Macomb County for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended December 31, 2013. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such CAFR must satisfy both generally accepted accounting principles and applicable legal requirements.

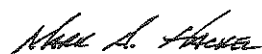
A Certificate of Achievement is valid for a period of one year only. Macomb County has received a Certificate of Achievement for the last twenty nine consecutive years. We believe that our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting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

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

In closing, we would like to thank the elected officials and county employees for their contribution to the fiscal stability of the County. Macomb County is a great place to live, work, and play offering a unique experience that no other place can and that is why so many residents and businesses have made Macomb their home.

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

Sincerely,



Mark A. Hackel
County Executive



Stephen L. Smigiel
Finance Director



Government Finance Officers Association

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

Presented to

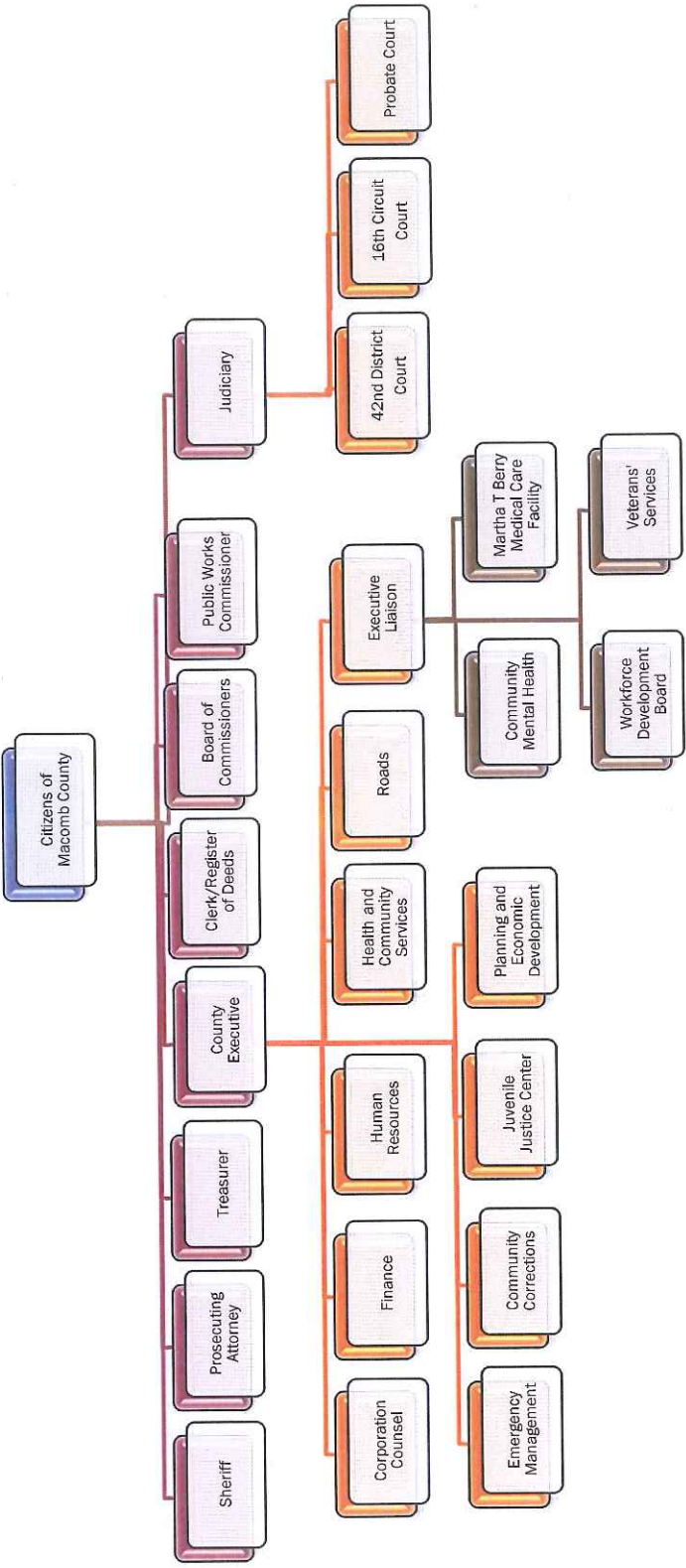
**Macomb County
Michigan**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2013

Executive Director/CEO

Macomb County, Michigan Organizational Chart



MACOMB COUNTY, MICHIGAN

List of Elected and Appointed Officials

County Executive's Office

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

2015-2016 Board of Commissioners

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

Elected County Officials

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

County Department Heads

Animal Care & Control Officer	Jeff Randazzo
Community Services Agency Director	Rhonda Powell
Corporation Counsel	John Schapka
Emergency Management & Communications Director	Vicki Wolber
Facilities & Operations Director	Lynn Arnott-Bryks
Finance Director	Stephen Smigiel
Health & Community Services Director	Steven Gold
Health Officer	William Ridella
Human Resources Director	Eric Herppich
Information Officer	Sandy Jurek
Juvenile Justice Center Director	Rhonda Westphal
Planning & Economic Development Executive Director	Stephen Cassin
Chief Veterans Service Officer	Laura Rios

Independent Auditor's Report

To the Board of Commissioners
County of Macomb

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Macomb as of and for the year ended December 31, 2014 and the related notes to the financial statements, which collectively comprise the County of Macomb's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and in accordance with the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Macomb as of December 31, 2014, and the respective changes in its financial position and, where applicable, cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

To the Board of Commissioners
County of Macomb

Emphasis of Matter

As explained in Note 2, the financial statements include investments valued at approximately \$202.2 million (17.1 percent of the equity of the aggregate remaining funds), whose fair values have been estimated by management in the absence of readily determinable market values. Management's estimates are based on information provided by the fund managers. Our opinion is not modified with respect to this matter.

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

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

As described in Note 15 to the financial statements, during the year ended December 31, 2014, the County adopted the provisions of Governmental Accounting Standards Board Statement No. 67, *Financial Reporting for Pension Plans*. Adopting this Statement resulted in significant changes to the defined benefit related note disclosures as well as the required supplementary information schedules. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

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

To the Board of Commissioners
County of Macomb

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

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

Other Reporting Required by *Government Auditing Standards*

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

Plante & Moran, PLLC

June 29, 2015

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

As management of the County, we offer this narrative overview and analysis of the financial activities of the County for the year ended December 31, 2014. Readers are encouraged to read it in conjunction with the letter of transmittal, which is located at the beginning of this report, and the accompanying basic financial statements.

FINANCIAL HIGHLIGHTS

- The assets of the County exceeded its liabilities by \$1.1 billion at year- end.
- The net position of the County increased by \$15.5 million in fiscal 2014.
- The General Fund reported a surplus of \$3.5 million for the year. Unassigned fund balance was \$84.6 million, or 43.6% of 2014 General Fund budgeted expenditures. Total fund balance was \$85.2 million. The \$0.6 million difference is nonspendable for prepaid items and advances to other funds.
- The County's bond rating is AA+ with Standard & Poor's and Aa1 with Moody's Investor Services.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of a series of financial statements: 1) government-wide financial statements, which focus on the County as a whole, 2) fund financial statements, which provide a more detailed view of the County's major funds and 3) notes to the financial statements, which provide additional information that is essential to gain a full understanding of the data presented in the financial statements.

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

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

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

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

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

The government-wide financial statements segregate the activities of the County into three categories: governmental activities, business-type activities and discretely presented component units. The basic services of the County are classified as **governmental activities** and are financed primarily through property taxes, user fees and intergovernmental revenues. Functions reported in this category include general government, legislative, health and welfare, public safety, public works and judicial. **Business-type activities** operate like private businesses and are intended to recover the majority of their costs through user fees. The business-type activities of the County include the Delinquent Tax Revolving Funds, Community Mental Health and the Freedom Hill Park. **Discretely presented component units** are legally separate entities, the majority of whose governing bodies are appointed by the Board of Commissioners and for which the County is financially accountable. The County reports the Macomb/St. Clair Workforce Development Board, Public Works Drainage Districts and Martha T. Berry Medical Care Facility as discretely presented component units.

The government-wide financial statements begin on page B-1 of this report.

Fund financial statements are separate groupings of related accounts that are used to maintain control over resources that have been segregated for specific purposes. Each fund of the County is considered a separate accounting entity for which a self-balancing set of accounts is maintained. Certain funds are established in accordance with State law while others are required by bond or grant agreements or are established at the discretion of management to enable it to more easily manage and report on the activities of the many programs of the County. All the funds of the County can be divided into one of three categories: governmental, proprietary or fiduciary.

Governmental funds are used to account for most of the basic services provided by the County and report essentially the same functions as those reported as governmental activities in the government-wide financial statements. Governmental funds are accounted for using the *modified accrual* basis of accounting, which focuses on the short-term inflows and outflows of cash and other financial assets that can be readily converted into cash and the balances available for spending at year-end. Because the focus of the governmental fund financial statements is narrower in scope than that of the government-wide financial statements, reconciliations are provided in both the governmental fund balance sheet and operating statement to help the reader better understand the relationship between the two.

All of the governmental funds of the County are categorized as either major or nonmajor for presentation in the financial statements. The purpose of such segregation is to focus the attention of the reader on the more significant funds of the County. A fund is considered major if its assets and deferred outflows, liabilities and deferred inflows, revenues or expenditures meet or exceed certain percentage thresholds in relation to all governmental funds taken as a whole. The thresholds used to determine a fund's status as major or non-major are set forth in GASB Statement No. 34.

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

Information regarding major funds is presented separately in the basic financial statements while data for all nonmajor funds is combined into a single, aggregated presentation. The General Fund and the Roads Special Revenue Fund are the only major governmental funds of the County. Individual fund data for each of the nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

Proprietary funds are classified as either enterprise funds or internal service funds and are accounted for using the full accrual basis of accounting. *Enterprise funds* are used to report the same functions as those presented as business-type activities in the government-wide financial statements and include the Delinquent Tax Revolving Fund, Community Mental Health Fund and the Freedom Hill Park Fund. *Internal service funds*, on the other hand, are used to account centrally for services provided to other County departments and include phone services, fleet management, copier replacement, workers' compensation insurance, general liability insurance, compensated absences and employee fringe benefits. Because the internal service funds predominately benefit governmental rather than business-type functions, they have been included within the governmental activities in the government-wide financial statements. Data regarding the internal service funds has been combined into a single, aggregated presentation in the basic financial statements. Information regarding the individual internal service funds is provided in the form of combining statements elsewhere in this report. The proprietary fund financial statements begin on page B-8 of this report.

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

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

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

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

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

FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE

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

Macomb County Primary Government Net Position

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

(1) - As restated. See Note 14.

Approximately \$898.1 million, or 83.9%, of the County's net position represents its investment in capital assets, net of any outstanding debt used to acquire those assets. These assets are used by the County to provide services to the public; consequently, they are not available for future spending. Although the County's investment in its capital assets is reported net of any related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the assets themselves cannot be used to liquidate the outstanding debt obligations. Another \$117.7 million, or 11.0%, of the County's net position represents resources that are subject to external restrictions regarding their use. Assets included in this category include funds received in Special Revenue and Capital Projects funds whose use is restricted by statute or as well as cash and investments restricted for the repayment of outstanding debt. The remaining net position is unrestricted and may be used to meet the County's ongoing obligations. Positive balances are reported in all three categories at December 31, 2014.

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

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Macomb County Primary Government Changes in Net Position

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

(1) - As restated. See Note 14.

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

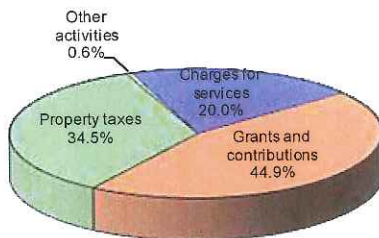
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Governmental activities. The \$2.3 million increase in net position of governmental activities stands in contrast to the decrease in net position of \$14.6 million in the prior year. The change of \$16.9 million is composed of an increase in revenues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

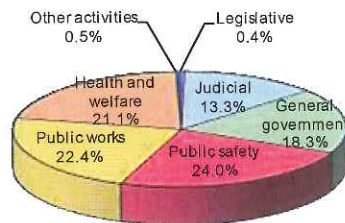
- Property tax revenue increased by \$3.5 million as a result of a 1.6% increase in taxable values of property and the timing of taxes collected within 60 days of year-end.
- Revenue from capital grants increased approximately \$4.2 million due primarily to an increase in road construction projects funded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

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

Governmental Activities Revenues By Source



Governmental Activities Expenses By Function



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

The surplus of \$3.1 million reported by Community Mental Health consists of a \$4.2 million surplus from normal operations offset by a charge of \$1.1 million for unfunded retiree health care obligations.

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FINANCIAL ANALYSIS OF THE COUNTY'S MAJOR GOVERNMENTAL FUNDS

Governmental funds. As previously mentioned, the focus of governmental funds is to provide information on near-term inflows, outflows and remaining balances of spendable resources. Such information is useful in assessing the County's ability to meet its current financing requirements. The fund balance of governmental funds is segregated into one of five categories: nonspendable, restricted, committed, assigned and unassigned. Restricted fund balance represents that portion of the fund balance that may only be spent for specific restricted purposes and are not available for new spending. Examples of fund balance restrictions include amounts required to pay debt service, bond proceeds that may only be spent on projects for which the bonds were issued and amounts required to meet long-term contractual commitments and encumbrances. Fund balance assignments are established to represent that portion of fund balance that is intended to be spent for certain purposes and differ from fund balance restrictions in that they can be redirected and used for new spending if necessary. Unassigned fund balance represents the portion of fund balance that is available at year-end for new spending.

The combined ending fund balances of all governmental funds were \$178.5 million at December 31, 2014, a decrease of \$0.5 million over the prior year. The decrease consists of a \$3.5 million increase in the General Fund, a \$6.3 million increase in the Roads Major Special Revenue Fund and a combined decrease of \$10.3 million in the nonmajor governmental funds.

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

General Fund Revenue By Source and Expenditures By Function

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

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

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

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

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

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

Department of Roads Revenues By Source and Expenditures By Function

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

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

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

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

FINANCIAL ANALYSIS OF THE COUNTY'S MAJOR PROPRIETARY FUNDS

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

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

Delinquent Tax Revolving Fund Revenue and Expense Comparison

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

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

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

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

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

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

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

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

Supplies and services expense increased \$6.3 million due primarily to the reintroduction of the 6% State use tax paid to the State Department of Treasury, as mentioned above.

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

Freedom Hill Park Revenue and Expense Comparison

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

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

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

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

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GENERAL FUND BUDGETARY HIGHLIGHTS

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

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

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

As mentioned previously, lower than expected declines in property values, higher than expected revenues connected with real estate transactions and continued prudent spending by department heads and elected officials allowed management to suspend the budgeted \$10.7 million transfer from the Delinquent Tax Revolving fund for 2014, thereby resulting in a \$10.7 million variance in Transfers from Other Funds.

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A comparison of budgeted and actual expenditures is presented below.

General Fund Expenditures Budget and Actual By Level of Control

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

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

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Numerous positions were left vacant during the year, resulting in salary and benefit expenditures being approximately \$2.8 million under budget in 2014.

Operating expenditures other than salaries and benefits were \$3.4 million below budget as a result of the continued efforts of department heads to effectively manage their budgets. Notable favorable variances were experienced in the areas of equipment maintenance agreements (\$0.1 million), utilities (\$0.2 million), jail medical (\$1.6 million), drugs and pharmaceuticals (\$0.3 million) and vehicle gasoline (\$0.2 million), as well as smaller savings in numerous other line items.

In summary, General Fund revenues exceeded expenditures by \$3.5 million for the year ended December 31, 2014. Unassigned fund balance was \$84.6 million or 43.6% of 2014 General Fund budgeted expenditures.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets. The County categorizes its capital assets as follows: land, land improvements, buildings and improvements, machinery, equipment and vehicles, infrastructure and construction in progress. At year-end, the County's investment in capital assets, net of accumulated depreciation, was \$938.4 million for governmental activities and \$0.8 million for business-type activities.

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

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

(1) - As restated. See Note 14.

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

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

Macomb County's Long-Term Debt - Governmental Activities

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

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

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

State statute limits the total amount of general obligation debt of the County to 10% of the assessed value of all property in the County. Assessed value is generally 50% of true market value. Management, however, believes that the taxable value of all property in the County is a more practical and conservative base on which to base the calculation of the County's debt limit. The taxable value of all property in the County as of December 31, 2014 was \$24.6 billion. Therefore, the County's debt limitation was \$2.5 billion at year-end. The County's outstanding debt of \$41.1 million at year end was well below the limit based on either assessed or taxable value.

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The following factors were considered when developing the 2015 budget:

- Property values were projected to increase 2.0% in 2015.
- Health care costs for employees are anticipated to increase 4% and 8% for retirees in 2015.
- A lump sum payment of \$500 per employee was budgeted in lieu of across the board salary increases in 2015.
- Market interest rates in 2015 are expected to remain consistent with 2014 levels.
- Inflationary trends in the region compare favorably to national indices.
- Although the County is facing significant budgetary challenges at this time, its financial condition remains stable as demonstrated by the financial statements and other schedules included in this report.
- The County issued bonds in the amount of \$263 million in March 2015 for the purpose of fully funding its unfunded retiree health care liability. Annual debt service payments of \$18.4 million were factored into the 2015 budget.
- An annual debt service payment of \$1.1 million related to a planned bond issue in the amount of \$25 million for the purpose of renovating several of the buildings in its central campus was factored into the 2015 budget.

CONTACTING THE COUNTY FINANCE DEPARTMENT

This financial report is designed to provide the citizens, taxpayers, investors, creditors and others with a general overview of the finances of the County. Questions concerning any information contained in this report or requests for additional information should be addressed to the attention of the Finance Director at the following address: Macomb County Finance Department, 120 N. Main, 2nd Floor, Mt. Clemens, MI. 48043. Requests can also be made by phone at 586-469-5250.

MACOMB COUNTY, MICHIGAN
Government-Wide Statement of Net Position
December 31, 2014

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

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

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

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

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

(1) - As restated. See Note 14.

The accompanying notes are an integral part of these financial statements

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

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

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

MACOMB COUNTY, MICHIGAN
Reconciliation Of The Fund Balances On The Balance Sheet Of
Governmental Funds To The Statement Of Net Position Of Governmental Activities
December 31, 2014

Total fund balances for governmental funds	\$ 178,569,350
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	239,331,873
Land improvements	13,093,416
Buildings and improvements	266,243,479
Machinery, equipment and vehicles	80,439,559
Infrastructure	1,145,704,032
Construction in progress	14,577,732
Accumulated depreciation	(822,712,367)
Receivables not available to pay for current year expenditures are not recognized as revenue in the governmental funds but are recognized as revenue in the Statement of Net Position	18,460,750
Long-term bonded debt is not due and payable in the current period and, therefore, is not reported in the governmental funds. However, bonded debt is recorded as long-term liabilities in the Government-Wide Statement of Net Position	(41,066,509)
Accrued interest payable on long-term debt at year-end is not recorded in the governmental funds, but is recorded as a liability in the Statement of Net Position	(277,378)
Accrued compensated absences not funded at year-end are not recorded in the governmental funds, but is recorded as a liability in the Statement of Net Position	(1,262,209)
The noncurrent portion of accrued workers compensation losses are not recorded in the governmental funds but are recorded as a liability in the Statement of Net Position	(22,646)
The difference between the actual and required contribution to the Retiree Health Care Fund for General and Sheriff employees is not recorded in the governmental funds, but is recorded as a liability in the Statement of Net Position	(200,189,005)
The difference between the actual and required contribution for retiree health care for employees of the Department of Roads is not recorded in the governmental funds, but is recorded as an asset in the Statement of Net Position	4,209,989
Internal service funds are used by management to charge the costs of certain activities such as insurance, compensated absences, workers' compensation and central inventory to individual governmental funds and business-type units. The assets and liabilities of the Internal Service Funds that pertain to governmental funds are included in the governmental activities in the Government-Wide Statement of Net Position	<u>39,949,089</u>
Net position of governmental activities reported in the Government-Wide Statement of Net Position	<u>\$ 935,049,155</u>

The accompanying notes are an integral part of these financial statements

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

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

(1) - Year ended September 30, 2014

MACOMB COUNTY, MICHIGAN
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2014

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

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is capitalized and allocated over their estimated useful lives.

Expenditures for capital assets	60,208,235
Current year depreciation expense	(50,125,642)

The change in receivables not collected within 60 days of year end is not recorded in the governmental funds, but is recorded as revenue in the Statement of Activities	1,853,097
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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	20,457,155
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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	(15,627,500)
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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.	(88,151)
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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.	(9,158)
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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.	68,656
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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.	(8,355,217)
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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.	(5,600,126)
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Change in net position of governmental activities reported in the Statement of Activities	\$ 2,333,770
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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, 2014

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

(1) - Year ended September 30, 2014

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

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

Reconciliation of Statement of Net Position for Proprietary Funds:

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

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

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

(1) - Year ended September 30, 2014

(2) - As restated. See Note 14.

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

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

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

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

(2) - As restated. See Note 14.

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

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

(1) - Year ended September 30, 2014

(2) - As restated. See Note 14.

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

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

(2) - As restated. See Note 14.

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

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

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

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

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

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

(1) - Year-end September 30, 2014

(2) - Year-end June 30, 2014

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

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

(1) - Year ended September 30, 2014

(2) - Year ended June 30, 2014

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

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

(1) - Year ended September 30, 2014

(2) - Year ended June 30, 2014

(3) - As restated. See Note 14.

The accompanying notes are an integral part of these financial statements

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

Note 1 – Summary of Significant Accounting Policies

The basic financial statements of Macomb County (the County) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing such principles. All financial statements are for the year ended December 31, 2014, except as follows: the financial statements of the Circuit Court Programs, Child Care, Department of Roads, Friend of the Court, Juvenile Drug Court Grants, Veterans' Services, Community Corrections, Community Services, Health Grants, MSU Extension, Prosecuting Attorney, and Sheriff Grants Special Revenue Funds, the Community Mental Health Enterprise Fund, and the Drainage Districts Component Unit, which are reported as of and for the year ended September 30, 2014, and the Work Force Development Board which is included on a June 30, 2014 year-end basis.

Financial Reporting Entity - Macomb County was incorporated in 1818 and includes an area of 482 square miles with the county seat located in the City of Mt. Clemens. The County operates under a Home Rule Charter that provides for both executive and legislative branches of government. The executive branch is directed by an elected County Executive, who serves as the Chief Administrative Officer of the County and directs the operations of all departments except the Sheriff, Prosecuting Attorney, Treasurer, Public Works, County Clerk/Register of Deeds, the Circuit and District Courts and the Board of Commissioners, which are all operated by separately elected officials. The legislative branch is directed by a 13 member elected Board of Commissioners. The County provides many services to residents, including law enforcement, administration of justice, community development and enrichment, parks and recreation and human services.

As defined by generally accepted accounting principles established by the Governmental Accounting Standards Board, the financial reporting entity consists of the primary government as well as its component units, which are legally separate organizations for which the elected officials of the primary government are financially accountable. The component units discussed below are included in the County's reporting entity because of the significance of their operational or financial relationships with the County. In conformity with generally accepted accounting principles, the financial statements of component units have been included in the financial reporting entity either as blended component units or as discretely presented component units.

Blended Component Units – Blended component units are legally separate from the County, but are so intertwined with the County that they are, in substance, the same as the County. They are reported as part of the County and blended into the appropriate funds.

The **Macomb County Criminal Justice Building Authority (MCCJBA)** is governed by a three-member board appointed by the County's Board of Commissioners. Although legally separate from the County, the MCCJBA is reported as if it were part of the primary government because its sole purpose is to finance and construct certain County Buildings.

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

Note 1 – Summary of Significant Accounting Policies (continued)

Blended Component Units (concluded)

The **Macomb County Building Authority** is governed by a seven-member board appointed by the County Board of Commissioners. Although legally separate from the County, the Building Authority is presented as a blended component unit because its sole purpose is to finance and construct certain County Buildings.

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

The **Macomb/St. Clair Workforce Development Board** is governed by a separate board, consisting of 37 members, the majority of which is appointed by the Chair of the Macomb County Board of Commissioners. The Workforce Development Board receives federal funding under the Workforce Investment Act to operate employment and training programs that lead to unsubsidized employment for unskilled adults and youth. Its activities are included in the County's financial statements because a financial benefit/burden relationship exists between the two organizations. Separate independently audited financial statements of the Workforce Development Board are not prepared. All of the funds of the Workforce Development Board are Special Revenue Funds and there are no adjustments necessary to convert their activities from the modified basis of accounting to the full accrual basis of accounting. Therefore, fund level financial statements are not presented herein.

The **Drainage Districts** are governed by separate boards composed of the Public Works Commissioner, the Chair of the County Board of Commissioners and Chair of the Finance Committee of the Board of Commissioners. Each Drainage District is a separate legal entity with the power to contract, sue and be sued and hold, dispose of and manage real property. The primary function of the Drainage Districts is to direct the construction and maintenance of drains, sewers and water supply systems within the County. The activities of the Drainage Districts are included in the County's financial statements because a financial benefit/burden relationship exists between the two organizations. Separate independently audited financial statements of the Drainage Districts are not prepared.

The **Martha T. Berry Medical Care Facility** is governed by a separate board consisting of 3 members, the majority of which are appointed by the Macomb County Board of Commissioners. Its activities are included in the County's financial statements since the County can impose its will. Separate independently audited financial statements of the Martha T. Berry Medical Care Facility are not prepared. All of the funds of the Martha T. Berry Medical Care Facility are Enterprise Funds and there are no adjustments necessary to convert their activities from the modified basis of accounting to the full accrual basis of accounting. Therefore, fund level financial statements are not presented herein.

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

Note 1 – Summary of Significant Accounting Policies (continued)

Related Organization

The **County of Macomb Hospital Finance Authority** is governed by a five-member board appointed by the Macomb County Board of Commissioners. The Authority was created pursuant to Public Act 38 of 1969 for the purpose of providing hospitals within the County the opportunity to finance capital projects at favorable interest rates. Public Act 38 allows hospitals to finance capital projects through the Authority, which enjoys the County's excellent credit rating. Because the Authority does not provide a financial benefit or burden to the County, it is not reported as a component unit of the County.

Basic (Government-Wide) and Fund Financial Statements-

The activities of the County are categorized as either governmental or business-type in both the government-wide and fund financial statements. The majority of the County's activities are governmental activities and are supported primarily by property taxes, charges for services and intergovernmental revenues while business-type activities are supported by fees and charges for services.

For the most part, the effect of inter-fund activity has been eliminated from these statements. However, inter-fund activity between governmental activities and business-type activities has not been eliminated so as to not distort the direct costs and program revenues of the various functions.

The **basic (government-wide) financial statements** report information on the County as a whole. These statements focus on the sustainability of the County as an entity and the change in aggregate financial position resulting from the activities of the fiscal period and consist of the **Statement of Net Position** and the **Statement of Activities**.

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

- Net Investment in Capital Assets - This category represents the cost of the County's capital assets, net of accumulated depreciation and reduced by any outstanding debt used to acquire those assets.
- Restricted - Assets are considered restricted when constraints are placed on their use by external sources such as creditors and grantors, or imposed by statute.
- Unrestricted - Net position that does not meet the definition of the two preceding categories is considered unrestricted and can be used for new spending. Assignments are often placed on unrestricted net position to indicate that internal restrictions have been placed upon their use. However, designations differ from restrictions in that they may be subsequently removed or modified by management or the Board of Commissioners.

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

Note 1 – Summary of Significant Accounting Policies (continued)

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

The **Statement of Activities** demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Program revenues are segregated into three categories: charges for services, operating grants and capital grants. Charges for services are those revenues generated from charges to customers or applicants who purchase, use or directly benefit from the goods and services provided by a given function or segment. Operating and capital grants are those restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other revenues not specifically associated with a particular program are reported as general revenues in the Statement of Activities.

Fund financial statements report information at the individual fund level and are, in substance, very similar to the financial statements presented in the previous financial reporting model. The focus of the fund financial statements is on the major funds of both governmental and business-type activities. Major individual governmental and proprietary funds are reported as separate columns in the fund financial statements. Non-major funds are consolidated into a single column within each fund type in the basic financial statements and are detailed in the supplementary information. Funds are classified as governmental, proprietary or fiduciary. The fiduciary funds are included in the fund financial statements but are excluded from the government-wide financial statements since these assets are being held for the benefit of third parties and are not available to support the activities or obligations of the County.

The County reports the following major governmental funds:

- The *General Fund* is the chief operating fund of the County. It accounts for all financial resources except those required to be accounted for in another fund.
- The *Department of Roads Fund* accounts for the revenues and expenditures related to construction and maintenance of roads throughout the County. These activities are funded primarily by the Federal government, the State of Michigan and local units of government within the County.

The County reports the following major enterprise funds:

- The *Delinquent Tax Revolving Fund* accounts for the County's annual purchase of delinquent real property taxes from each of the local taxing jurisdictions in the County and their subsequent collection. In addition, the operations of the personal property tax collection division of the Treasurer's Office are reported here.
- The *Community Mental Health Fund* accounts for the activities of delivering an array of mental health services to County residents.

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

Note 1 – Summary of Significant Accounting Policies (continued)

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

Financial information regarding the County's Internal Service Funds is presented in summary form as part of the proprietary fund financial statements. The financial statements of the internal service funds are consolidated into the governmental and business-type activities in the entity-wide financial statements. Surpluses or deficits of the internal service funds are allocated back to the governmental activities within the government-wide financial statements.

The accounts of the County are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures, or expenses as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The funds of the County are classified into three broad categories: governmental, proprietary and fiduciary.

Governmental Funds

General Fund – The General Fund is the general operating fund of the County. It is used to account for all financial resources except those required to be accounted for in other funds.

Special Revenue Funds – Special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted or committed to expenditure for specific purposes other than debt service or capital projects.

Debt Service Funds – Debt service funds are used to account for the accumulation of resources for, and the payment of, principal, interest and related costs of general long-term debt not being accounted for in proprietary funds.

Capital Projects Funds - Capital projects funds are used to account for the acquisition, construction or renovation of major capital facilities other than those accounted for in proprietary funds.

Proprietary Funds

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

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

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

Note 1 – Summary of Significant Accounting Policies (continued)

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing goods and services in connection with the principal ongoing operations of any particular proprietary fund. Operating expenses for proprietary funds include cost of sales and services, administrative expenses and depreciation of capital assets. Revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Fiduciary Funds

Employees' Retirement Fund – The Employees' Retirement Fund is used to account for the accumulation of resources for pension benefit payments to qualified employees.

Retiree Health Care Trust Fund – The Retiree Health Care Trust Fund is used to account for the accumulation of resources to provide health care benefits to County retirees.

Agency Funds – Trust and agency funds are used to account for assets held by the County in a trustee capacity or as an agent for individuals, private organizations, other governments and/or other funds. The County reports the following agency funds: general agency for items such as court fees collected and passed through to the State of Michigan, payroll and benefits for employee withholdings such as garnishments and union dues and miscellaneous agency, which is used to account for monies such as library penal fines.

Measurement Focus and Basis of Accounting – The government-wide financial statements as well as the financial statements of the proprietary funds and pension trust funds are accounted for using the economic resources measurement focus and the full accrual basis of accounting. Their revenues are recognized when they are earned and their expenses are recognized when they are incurred without regard to the receipt or payment of cash or its equivalent. Agency funds do not have a measurement focus since they report only assets and liabilities and also use the accrual basis of accounting to recognize receivables and payables.

The governmental fund financial statements are prepared using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues of governmental funds are recognized when they become both measurable and available. "Measurable" means that the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the County considers revenues to be available if they are collected within 60 days of year-end.

Property taxes are recognized as revenue in the period for which they are levied. Federal grants, state distributions and grants and interest earned are recognized as revenue in the period they become both measurable and available. Special assessments are recognized as revenues only to the extent that individual installments are received within the period of availability. Licenses and permits, fines and forfeitures and other revenues are recorded when received in cash because they are generally not measurable until actually received. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred, with the exception of principal and interest on general long-term debt, which is recognized when due.

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

Note 1 – Summary of Significant Accounting Policies (continued)

The majority of the funds of the County are accounted for using the modified accrual basis of accounting. Because the governmental fund financial statements are presented on a different measurement focus and basis of accounting than the government-wide financial statements, a reconciliation is provided after each governmental fund financial statement that briefly explains the adjustments necessary to reconcile the fund financial statements to the government-wide financial statements.

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. The government's policy is to first apply restricted resources. When an expense is incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used, it is the government's policy to spend funds in this order: committed, assigned, and then unassigned.

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

Receivables and Payables – In general, outstanding balances between funds are reported as “due to/from other funds.” Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as “advances to/from other funds”. Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as “internal balances”. All trade and property tax receivables are shown as net of allowance for uncollectible amounts. Trade receivables of the primary government totaled \$ 32,278,180 at year-end, net of an allowance of \$140,122, all of which relates to the Special Revenue Road Fund.

Inventories - Inventories consist of expendable items held for consumption and are valued at cost using the first-in, first-out method. The expenditure related to utilization of inventory items is recorded at the time individual items are consumed.

Other Assets – Other assets represent deposits and prepaid items.

Budgetary Accounting – Prior to July 1, the County Finance Director submits to the Board of Commissioners a proposed operating budget for the year commencing January 1. The annual operating budget includes

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

Note 1 – Summary of Significant Accounting Policies (continued)

proposed expenditures and the means of financing them for the General Fund, Special Revenue Funds and the Debt Service Fund, as well as Community Mental Health and Parks business-type activities. A public hearing is conducted to obtain taxpayer comments and the budget is legally enacted through passage of a resolution by the Board of Commissioners no later than December 31.

Formal budgetary integration is employed as a management control device during the year for all funds. Expenditures may not legally exceed budgeted appropriations at the department level. The County Executive is authorized to transfer funds between budgeted line items within a department within a fund as long as the amount being transferred does not exceed the lesser of \$100,000 or 10% of the department budget. Budget amendments that exceed these limits must be approved by the Finance Committee of the Board of Commissioners. During the year, supplemental budgetary appropriations were not significant in relation to the original appropriations as adopted. Unexpended appropriations lapse at year-end. Encumbrances open at year-end are re-appropriated in the following year. Budgets are adopted on a basis consistent with generally accepted accounting principles and budgeted amounts presented in the financial statements represent final budget authorization, including all amendments approved during the year.

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

Capital Assets – Capital assets of the primary government, including land, land improvements, buildings, equipment, vehicles, and infrastructure, are reported in the government-wide financial statements and the applicable proprietary fund financial statements. Capital assets utilized for governmental activities are only capitalized in the government-wide financial statements and are fully expended in the governmental funds. Capital assets of the component units are reported in the Drainage Districts and the Martha T. Berry Medical Care Facility. The County capitalizes assets whose initial purchase price equals or exceeds \$5,000 and whose estimated useful life exceeds one year. Capital assets are valued at historical cost or estimated historical cost. Donated properties are recorded at fair market value at the date of donation. Depreciation of all exhaustible capital assets is allocated against the various functions in the Statement of Activities with accumulated depreciation reflected in the Statement of Net Assets. Depreciation has been provided over the following estimated useful lives using the straight-line method: land improvements - 20 years, buildings and improvements – 20-40 years, equipment - 3-15 years, vehicles – 3-5 years and infrastructure 8-40 years.

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

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

Note 1 – Summary of Significant Accounting Policies (continued)

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

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

Encumbrances – Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the General Fund and Special Revenue Funds. Encumbrances outstanding at year-end lapse and are re-appropriated and spent under authorization of a new budget in the following year.

Property Taxes – The County property tax is levied July 1 of each year based on the taxable value of property as of the preceding December 31. Taxes are billed and collected for the County by the local units within the County and are payable in one installment no later than February 28 of the following year, at which time they become delinquent and subject to penalty. Taxable value is established annually by the local units, accepted by the County and equalized by the State of Michigan to approximate 50% of market value (SEV). The annual increase in taxable value is limited by State statute to the rate of inflation or 5%, whichever is less. Taxable value reverts to SEV when a property is sold or when SEV drops below taxable value. The taxable value of real and personal property in Macomb County for the July 1, 2014 levy (calendar 2014 revenue) was \$24,563,858,227. The County operating tax rate for the 2014 levy was 4.5685 mills, the Veteran's rate was .0400 mills, and the Drain Debt was .0050 mills. The County records an allowance of 2% for assessment appeals and personal property tax delinquencies. The amount recorded in 2014 was \$2,261,419.

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

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

Note 1 – Summary of Significant Accounting Policies (continued)

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

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

Fund Equity - Governmental funds report fund balance as either nonspendable, restricted, committed, assigned or unassigned.

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

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

Note 1 – Summary of Significant Accounting Policies (continued)

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

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

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

Note 1 – Summary of Significant Accounting Policies (concluded)

Fund Equity (concluded)

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

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

In addition to liabilities, the statement of net position and/or governmental funds balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents the acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has three types of items that qualify for reporting in this category. The governmental funds report unavailable revenues from two sources: property taxes and special assessments and State and Federal grants. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. In addition to these items, the primary government also reports deferred inflows for property taxes received before the period for which they were levied. These property taxes are shown as deferred inflows of resources on both the governmental funds balance sheet as well as the statement of net position. Those property taxes will be recognized as revenue in 2015.

Note 2 - Deposits and Investments

Primary Government and Component Unit Deposits and Investments - The County maintains a cash and investment pool that is available for use by all funds. In addition to their participation in the pool, certain funds also maintain separate investment accounts, consisting primarily of certificates of deposit and money market accounts. Each fund's portion of the pool as well as any amounts in separate accounts is reported as "Cash and Pooled Investments". Public Act 20 of 1943, as amended, authorizes local units of government to make deposits and invest in the accounts of federally insured banks, credit unions and savings and loan associations that maintain locations in the State of Michigan. The law also allows investments outside the State of Michigan if fully insured. Public Act 20 authorizes local units to invest in bonds, securities and other direct obligations of the United States government, repurchase agreements, bankers' acceptances of United States banks, commercial paper rated within the two highest classifications by not less than two standard rating services and maturing not more than 270 days after the date of purchase, investment grade obligations

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

Note 2 – Deposits and Investments (continued)

Primary Government and Component Unit Deposits and Investments (continued)

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

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

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

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

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

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

Note 2 – Deposits and Investments (continued)

Primary Government and Component Unit Deposits and Investments (concluded)

Deposits - The deposits of the primary government and its component units are subject to *custodial credit risk*, which is the risk that the deposits may not be returned in the event of a bank failure. The custodial credit risk assumed by the County is measured by categorizing deposits in one of three categories: 1) insured or collateralized with securities held by the County or its agent in the County's name, 2) collateralized with securities held by the counter-party's trust department or agent in the County's name and 3) uninsured and uncollateralized. At year-end, the book value of the deposits was \$457,369,217, with corresponding bank balances of \$464,337,237. Qualifying deposits are insured by the FDIC up to \$250,000. Of the bank balances, \$2,504,571 was insured and the remaining \$461,832,696 was uninsured and uncollateralized. The County believes that it is impractical to insure all deposits given the size of the portfolio and the limits of insurance established by the FDIC. As a result, the County evaluates each institution with which it deposits funds and assesses the level of risk associated with each institution and adjusts its deposits accordingly.

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

- *Custodial Credit Risk* exists when securities are uninsured, unregistered or held by a counterparty or its agent but not in the government's name. All investments of the primary government are held in the name of the County and are evidenced by a safekeeping receipt and, therefore, are not exposed to custodial credit risk.
- *Credit Risk* is a measure of the creditworthiness of the issuers of the instruments being held and represents the risk that the issuer or other counterparty to an investment will not fulfill its obligations. Statutes of the State of Michigan authorize the County to invest in the following instruments: obligations of the U.S. Treasury and its agencies and instrumentalities, commercial paper rated within the two highest classifications established by not less than two standard rating services, bankers' acceptances, investment pools of the Treasurer of the State of Michigan, and repurchase agreements. No instruments subject to credit risk were held at year-end.
- *Concentration of Credit Risk* is the risk of loss measured by the magnitude of the County's investment in a single issuer. As defined by GASB Statement No. 40, the County is exposed to concentration of credit risk if more than 5% of its portfolio is invested in instruments issued by a single issuer.
- *Interest Rate Risk* is the risk that the fair value of the County's investments will be adversely affected by changes in market interest rates and is measured primarily by average days to maturity. Although the County investment policy does not limit investment maturities as a means of limiting its exposure to interest rate risk, the County manages this risk by purchasing a mix of short and longer-term investments. The County had no investments exposed to interest rate risk at December 31, 2014.

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

Note 2 – Deposits and Investments (continued)

Retiree Health Care Trust Fund Investments – In addition to the instruments authorized by Public Act 20 of 1943, the Retiree Health Care Trust Fund is authorized by Public Act 314 of 1965, as amended, to invest in certain reverse repurchase agreements, stocks and bonds, diversified investment companies, real estate, annuity investment contracts, mortgages and certain other specified investment vehicles. The investments of the Retiree Health Care Trust Fund (the “Fund”) are held in a bank-administered trust fund. A summary of the investments of the Retiree Health Care Trust Fund at December 31, 2014 are presented below:

<u>Investment Type</u>	<u>Amount</u>	<u>Percent of Total</u>
Cash and pooled investments	\$ 95,690	0.05%
Common Stock	1,125,005	0.62%
Foreign Stock	26,247,720	14.44%
Real Estate Investment Trusts	27,051,541	14.88%
Fixed Income Common Collective Trusts	36,682,688	20.17%
Equity Common Collective Trusts	90,635,052	49.84%
	<u>\$ 181,837,696</u>	<u>100.00%</u>

Investments of the Retiree Health Care Trust Fund are subject to various types of risks as defined below in accordance with GASB Statement No. 40:

- Credit Risk is a measure of the creditworthiness of the issuers of the instruments being held and represents the risk that the issuer or other counterparty to an investment will not fulfill its obligations. Statutes of the State of Michigan authorize the Retiree Health Care Trust Fund to invest in the following instruments: obligations of the U.S. Treasury and its agencies and instrumentalities, commercial paper rated within the two highest classifications established by not less than two standard rating services, bankers' acceptances, investment pools of the Treasurer of the State of Michigan, repurchase agreements and corporate bonds rated in the top four major grades as determined by at least two national ratings agencies. The entire portfolio of debt securities of the Retiree Health Care Trust Fund is held in one bond index mutual fund that consists of a mix of corporate, US Treasury and US Agency securities.

At December 31, 2014, the Fund's investments in debt securities were rated by Standard & Poor's as follows:

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

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

Note 2 – Deposits and Investments (continued)

Retiree Health Care Trust Fund Investments (concluded)

- **Custodial Credit Risk** exists when securities are uninsured, unregistered or held by a counterparty or its agent but not in the government's name. All investments of the Retiree Health Care Trust Fund are held in trust by a third party institution in the name of the Fund and, therefore, are not exposed to custodial credit risk.
- **Concentration of Credit Risk** is the risk of loss measured by the magnitude of investments in a single issuer. As defined by GASB Statement N0. 40, the County is exposed to concentration of credit risk if more than 5% of its portfolio is invested in instruments issued by a single issuer. Investments in instruments issued by the US Government, as well as those held in mutual funds and investment pools are exempt from this requirement. None of the investments in common or foreign stock exceeded the 5% threshold at December 31, 2014.
- **Interest Rate Risk** is the risk that the fair value of investments in debt securities will be adversely affected by changes in market interest rates and is measured primarily by average days to maturity. The entire portfolio of debt securities of the Retiree Health Care Trust Fund is held in one bond index mutual fund that consists of a mix of corporate, US Treasury and US Agency securities and is therefore not subject to interest rate risk. The maturities of this fund have an average weighted life of 7.5 years.

Employees' Retirement System Deposits and Investments - In addition to the instruments authorized by Public Act 20 of 1943 the Macomb County Employees' Retirement System is authorized by Public Act 314 of 1965, as amended, to invest in certain reverse repurchase agreements, stocks and bonds, diversified investment companies, real estate, annuity investment contracts, mortgages and certain other specified investment vehicles. A summary of the investments of the System at December 31, 2014 is presented below:

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

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

Note 2 - Deposits and Investments (continued)

Employees' Retirement System Deposits and Investments (concluded)

Deposits - The deposits of the Macomb County Employee's Retirement System (the "System") are subject to **custodial credit risk**, which is the risk that the deposits may not be returned in the event of a bank failure. The custodial credit risk assumed by the System is measured by categorizing deposits as previously described. At year-end, the book value of the deposits of the System was \$21,189,473 with corresponding bank balances of \$21,208,305. Qualifying deposits are insured by the FDIC up to \$250,000. Of the bank balances of the System, \$250,000 was insured and the remaining \$20,958,305 was uninsured and uncollateralized.

Investments - The investments of the System are subject to various types of risks as defined below in accordance with GASB Statement No. 40:

- **Custodial Credit Risk** exists when securities are uninsured, unregistered or held by a counterparty or its agent but not in the government's name. All investments of the System are held in trust by a third party institution in the name of the System and are, therefore, are not exposed to custodial credit risk.
- **Credit Risk** is a measure of the creditworthiness of the issuers of the instruments being held and represents the risk that the issuer or other counterparty to an investment will not fulfill its obligations. Statutes of the State of Michigan authorize the System to invest in the following instruments: obligations of the U.S. Treasury and its agencies and instrumentalities, commercial paper rated within the two highest classifications established by not less than two standard rating services, bankers' acceptances, investment pools of the Treasurer of the State of Michigan, repurchase agreements, corporate stocks and corporate bonds rated in the top four major grades as determined by at least two national ratings agencies. Corporate stock cannot exceed seventy percent (70%) of the total portfolio.

At December 31, 2014, the System's investments in debt securities were rated by Standard & Poors as follows:

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

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

Note 2 - Deposits and Investments (concluded)

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

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

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

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

Note 3 – Capital Assets

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

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

(1) - As restated. See Note 14.

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

Note 3 – Capital Assets (continued)

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

Governmental activities:

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

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

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities				
Capital assets not being depreciated				
Land	\$ 50,000	\$ -	\$ -	\$ 50,000
Capital assets being depreciated				
Land improvements	350,128	165,077	-	515,205
Buildings (1)	1,379,150	8,351	-	1,387,501
Machinery, equipment and vehicles (1)	390,370	-	46,234	344,136
Total capital assets being depreciated	<u>2,119,648</u>	<u>173,428</u>	<u>46,234</u>	<u>2,246,842</u>
Less accumulated depreciation for				
Land improvements	245,171	16,704	-	261,875
Buildings (1)	862,827	46,437	-	909,264
Machinery, equipment and vehicles (1)	389,914	306	46,234	343,986
Total accumulated depreciation	<u>1,497,912</u>	<u>63,447</u>	<u>46,234</u>	<u>1,515,125</u>
Total capital assets being depreciated, net	<u>621,736</u>	<u>109,981</u>	<u>-</u>	<u>731,717</u>
Business-type activities capital assets, net	<u>\$ 671,736</u>	<u>\$ 109,981</u>	<u>\$ -</u>	<u>\$ 781,717</u>

(1) - As restated. See Note 14.

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

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

Note 3 – Capital Assets (concluded)

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

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

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

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

(1) - As restated. See Note 14.

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

Note 4 – Long-Term Debt

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

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

(1) - As restated. See Note 14

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

Note 4 – Long-Term Debt (continued)

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

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

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

Note 4 – Long-Term Debt (continued)

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

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

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

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

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

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

Note 4 – Long-Term Debt (continued)

New debt issued - On June 25, 2013, the Oakland-Macomb Interceptor Drain Drainage District (the "District") entered into a loan agreement with the Michigan Municipal Bond Authority, through its State Revolving Fund, to borrow up to \$65,140,000 for the purpose of defraying a portion of the cost of certain inter-county drain projects located in various cities, villages and townships (the "Local Units") located in Macomb County as well Oakland County, its neighboring county to the west. The loan is evidenced by a single bond issued by the District and purchased by the Authority. The bond bears interest at a rate of 2.00% and is due serially through October 1, 2034. The proceeds of the bond are drawn down as construction costs are incurred and approved by the District and the Authority. As of September 30, 2014, the District had drawn a total of \$31,955,976. The bond is to be repaid from assessments against the local units. These assessments are a general obligation of the local units and are payable from general funds or ad valorem taxes, which may be levied by them. Oakland and Macomb counties have also pledged their full faith and credit as additional security for the payment of the principal and interest on the bond when due. The bond is subject to redemption prior to maturity only with the prior written consent of the Authority. The local units located in Macomb County are responsible for repaying 49.07% of the amounts drawn down. As such, Macomb County has pledged its full faith and credit on up to \$31,966,690 of the \$65,140,000 total. A liability for \$15,682,020 representing 49.07% of the total drawn down has been recorded by Macomb County at year-end.

On September 17, 2013, the Macomb Wastewater Disposal District (the "District") entered into a loan agreement with the Michigan Finance Authority, through its State Revolving Fund, to borrow up to \$2,250,000 for the purpose of defraying a the cost of rehabilitating and replacing certain sewerage metering facilities in the District. The loan is evidenced by a single bond issued by the District and purchased by the Authority. The bond bears interest at a rate of 2.00% and is due serially through October 1, 2033. The proceeds of the bond are drawn down as construction costs are incurred and approved by the District and the Authority. As of September 30, 2014, the District had drawn down a total of \$1,427,902. The loan proceeds are secured primarily by the revenues generated by the District through its sewer rates and, secondarily, by the full faith and credit of the County. The bond is subject to redemption prior to maturity only with the prior written consent of the Authority. A liability for \$1,332,902, representing total drawdowns less principal repayments, has been recorded at year-end.

On December 16, 2011, the Oakland-Macomb Interceptor Drain Drainage District (the "District") entered into a loan agreement with the Michigan Municipal Bond Authority, through its State Revolving Fund, to borrow up to \$25,530,000 for the purpose of defraying a portion of the cost of certain inter-county drain projects located in various cities, villages and townships (the "Local Units") located in Macomb County as well Oakland County, its neighboring county to the west. The loan is evidenced by a single bond issued by the District and purchased by the Authority. The bond bears interest at a rate of 2.50% and is due serially through October 1, 2033. The proceeds of the bond are drawn down as construction costs are incurred and approved by the district and the Authority. As of September 30, 2014, the District had drawn down a total of \$21,839,486. The bond is to be repaid from assessments against the local units. These assessments are a general obligation of the local units and are payable from general funds or ad valorem taxes, which may be levied by them. Oakland and Macomb counties have also pledged their full faith and credit as additional security for the payment of the principal and interest on the bond when due.

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

Note 4 – Long-Term Debt (continued)

The bond is subject to redemption prior to maturity only with the prior written consent of the Authority. The local units located in Macomb County are responsible for repaying 49.09% of the amounts drawn down. As such, Macomb County has pledged its full faith and credit on up to \$13,147,950 of the \$25,530,000 total. A liability for \$10,229,600 representing 49.09% of the total drawn down by the District, less principal payments made, as of year-end has been recorded by Macomb County.

On September 18, 2012, the Macomb Wastewater Disposal District (the "District") entered into a loan agreement with the Michigan Finance Authority, through its State Revolving Fund, to borrow up to \$8,565,000 for the purpose of defraying a the cost of rehabilitating and replacing certain sewerage metering facilities in the District. The loan is evidenced by a single bond issued by the District and purchased by the Authority. The bond bears interest at a rate of 2.50% and is due serially through April 1, 2034. The proceeds of the bond are drawn down as construction costs are incurred and approved by the District and the Authority. As of September 30, 2014, the District had drawn down a total of \$5,118,065. The loan proceeds are secured primarily by the revenues generated by the District through its sewer rates and, secondarily, by the full faith and credit of the County. The bond is subject to redemption prior to maturity only with the prior written consent of the Authority. A liability for \$5,118,065 representing the total drawn down by the District as of year-end has been recorded at year-end.

On December 19, 2013, the Lake St. Clair Clean Water Initiative Drain Drainage District, herein after referred to as the "District", issued \$13,725,000 of Series 2013 Lake St. Clair Clean Water Initiative Drain Drainage District Refunding bonds to advance refund \$3,775,000 of Series 2004-A Lake St. Clair Clean Water Initiative Drain Drainage District bonds and \$10,560,000 of Series 2004-B Lake St. Clair Clean Water Initiative Drain Drainage District bonds outstanding at that date. The refunded bonds were redeemed in full on April 1, 2014. The net proceeds of \$14,675,502 (after payment of \$138,749 of issuance costs, underwriters discounts and receipt of \$1,089,251 in underwriters premiums) were placed in an irrevocable trust with an escrow agent and used to purchase obligations of the U. S. Treasury to provide for future debt service payments on the refunded bonds. Therefore, the refunded bonds have been removed from the accounts of the District. The difference between the cash flows required to service the old debt and the cash flows required to service the new bonds and complete the refunding was \$1,503,167. The economic gain realized by the District as a result of the refunding was \$1,151,274, which represents the difference between the present value of the debt service payments on the old and new debt. The refunding bonds, issued in denominations of \$5,000 or multiples thereof, bear interest from 3.00% to 5.00% and are due serially through October 1, 2029. The Bonds are payable from special assessments against the Cities of St. Clair Shores, Roseville and Eastpointe, herein after referred to as the "Cities". The special assessments are a general obligation of the Cities and are payable from the Cities' general funds or from ad valorem taxes which may be levied on all taxable property in the Cities, subject to constitutional, statutory and charter tax rate limitations. The County has pledged its full faith and credit as additional security for the payment of the principal and interest on the Bonds.

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

Note 4 – Long-Term Debt (concluded)

On February 1, 2014, the Macomb County Building Authority (the "Authority") issued \$15,155,000 of Series 2014 Refunding bonds to advance refund \$16,450,000 of the Macomb County Building Authority Series 2007 Martha T. Berry/Youth Home bonds outstanding at that date. The net proceeds of \$16,450,000 (after payment of \$108,647 of issuance costs and receipt of \$1,403,647 in underwriter's premiums) were placed in an irrevocable trust with an escrow agent and used to purchase obligations of the U. S. Treasury to provide for future debt service payments on the refunded bonds. Therefore, the refunded bonds have been removed from the accounts of the County. The refunded bonds were redeemed in full on March 1, 2014. The difference between the cash flows required to service the old debt and the cash flows required to service the new bonds and complete the refunding was \$1,712,403. The economic gain realized by the County as a result of the refunding was \$1,584,568, which represents the difference between the present value of the debt service payments on the old and new debt. The refunding bonds, issued in denominations of \$5,000 or multiples thereof, bear interest from 3.00% to 4.00% and are due serially through March 1, 2022. The bonds are to be repaid from rental payments received pursuant to a lease agreement executed between the Authority and the County. The Refunding Bonds shall not be subject to redemption prior to maturity.

Note 5 – Interfund Receivables, Payables and Transfers

Interfund advances at December 31, 2014 were:

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

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

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

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

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

Transfers Out	Transfers In							Total
	Major Funds		Nonmajor Governmental Funds				Proprietary Funds	
	General Fund	Roads	Special Revenue	Capital Projects	Debt Service	Internal Service		
Major Governmental Funds								
General Fund	\$ -	\$ -	\$ 16,995,325	\$ 53,158	\$ 4,749,017	\$ -	\$ 7,469,766	\$ 29,267,266
Roads	-	-	-	123,545	-	-	-	123,545
Nonmajor Governmental Funds								
Special Revenue	-	-	9,206,929	248,784	-	-	-	9,455,713
Capital Projects	-	-	-	15,422,389	-	2,111,622	-	17,534,011
Internal Service Funds	-	-	-	8,201,047	-	-	-	8,201,047
Subtotal	-	-	26,202,254	24,048,923	4,749,017	2,111,622	7,489,766	64,581,582
Inbalance caused by the timing effects of interfund transactions in funds with different year-end reporting dates	-	-	(1,101,683)	-	-	-	(153,405)	(1,255,088)
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 25,100,571</u>	<u>\$ 24,048,923</u>	<u>\$ 4,749,017</u>	<u>\$ 2,111,622</u>	<u>\$ 7,316,361</u>	<u>\$ 63,326,494</u>

Note 6 – Leases

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

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

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

Note 7 – Deferred Compensation

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

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

Note 8 – Employees' Retirement System

Plan Description and Provision – The County sponsors the Macomb County Employees' Retirement System (the "System"), a single employer defined benefit plan covering substantially all of the County's employees. The System was established in accordance with state statutes to provide retirement benefits for the employees of the County and its several offices, boards and departments, including the Department of Roads. The system is administered by a seven member Board of Trustees (the "Pension Board") consisting of the County Executive or his/her designee, the Chair of the Board of Commissioners or his/her designee, the County Treasurer or his/her designee, the Director of the Department of Roads and three (3) active employees elected by the active members of the System on three year staggered terms.

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

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

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

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

General County- Virtually all employees hired on or before December 21, 2001 may retire if their age plus years of service equals or exceeds 70 and they have attained a minimum age of 50. The annual retirement benefit, payable monthly for life, is computed at 2.4% of final average compensation for the first 26 years of service and 1% for every year thereafter, with a maximum employer pension of 65%. Employees hired on or after January 1, 2002 and certain employees hired before that date not covered by the provisions described above may retire at age 55 with 25 or more years of service or age 60 with 8 years of service. The annual retirement benefit, payable monthly for life, for these employees is computed at 2.2% of final average compensation for each year of service, with a maximum employer pension of 66%.

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

Note 8 – Employees' Retirement System (continued)

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

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

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

Contributions – Article 9, Section 24 of the State of Michigan constitution requires that financial benefits arising on account of employee service rendered in each year be funded during that year. Accordingly, the Pension Board retains an independent actuary to determine the annual contribution. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability. Contribution requirements of plan members are established by collective bargaining agreement for union members. Contribution rates for nonunion members mirror those of union members with the same benefit levels. The County is required to contribute the difference between the actuarially determined rate and the contribution rate for employees. General County employees contribute 2.5% or 3.5% of their annual salary to the System depending upon classification. Department of Roads employees contribute 3.5% of their annual salary. Sheriff employees contribute 4.0% of their annual salary. The County's required contribution for 2014 was \$22,152,820.

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

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

Note 8 – Employees’ Retirement System (continued)

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

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

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

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

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

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

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

Note 8 – Employees’ Retirement System (continued)

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

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

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

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

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

Note 8 – Employees’ Retirement System (continued)

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

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

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

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

Funding Status and Progress – As of December 31, 2013, the date of the most recent actuarial valuation, the plan was 94.8% funded. The actuarial accrued liability for benefits was \$884,041,581 and the actuarial value of assets in the plan was \$837,652,540, resulting in an excess of actuarial accrued liability over assets of \$46,389,041. Covered payroll was \$102,252,875 and the ratio of the UAAL to covered payroll was (45.37) percent. The required schedule of funding progress immediately following the notes to the financial statements presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

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

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

Note 8 – Employees’ Retirement System (continued)

The System does not issue separate independently audited financial statements; therefore, financial statements as of and for the year ended December 31, 2014 are presented below:

Statement of Fiduciary Net Position

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

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

Note 8 – Employees' Retirement System (continued)

Statement of Changes in Fiduciary Net Position

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

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

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

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

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

Note 8 – Employees’ Retirement System (concluded)

Pension Plan Reserves (concluded)

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

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

Note 9 – Post Employment Benefits Other Than Pensions - General and Sheriff Employees

Plan Description - The County sponsors and administers a single employer defined benefit postretirement healthcare plan (the “County Retiree Health Care Plan”) that provides certain health care benefits for retirees and their spouses so long as the retiree is currently receiving a pension from the Macomb County Employees Retirement System. Benefit provisions are established by the County Board of Commissioners and may be amended in accordance with County policy. Hospitalization insurance is provided through insurance companies, whose premiums are based on the benefits paid during the year. The County finances these expenditures for General County and Sheriff Department retirees through the Retiree Health Care Trust Fund of the primary government. Retirees of the Department of Roads participate in a separate multiple-employer plan described later in this note.

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

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

Funding Policy - Plan members are required to contribute 25% of the cost of vision and dental coverage as well as co-pays for prescription drugs. The employer contributes the balance of actual current costs for these and all other benefits and administrative expenses of the plan. The employer also contributes additional amounts to pre-fund benefits in years it can afford to do so. The total cost of retiree health care benefits, administrative expenses of the plan and investment management fees for the year ended December 31, 2014 was \$17,067,421, of which the employer contributed \$16,184,604 and plan members contributed \$882,817.

Annual OPEB Cost and Net OPEB Obligation - The County’s annual cost of providing other post-employment benefits (OPEB) is calculated based on the annual required contribution (ARC) of the employer. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities or funding excess over a period not to exceed 30 years. The following table shows the components of the County’s OPEB cost for the year ended December 31, 2014.

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

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

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

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

SCHEDULE OF EMPLOYER CONTRIBUTIONS

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

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

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

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

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

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

The entry age actuarial cost method was used to prepare the last actuarial valuation dated December 31, 2013. Other significant assumptions were as follows: (a) investments are assumed to earn 7.5% per year, (b) health care costs are assumed to increase at an annual rate of 9.0% in year 1, reduced by .75% in years 2 and 3 and .50% each year thereafter until an ultimate rate of 4.0% is reached in the tenth year and beyond, (c) annual covered payroll is assumed to increase 4.0% per year (d) additional projected salary increases ranging from 1.0% to 7.0% for various members per year, depending on service, attributable to seniority/merit, and (e) active member population was assumed to remain constant. No specific price inflation was used to perform the valuation. The unfunded liability is being amortized as a level percentage of payroll over a closed period of 30 years.

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

Basis of Accounting – The financial statements of the Retiree Health Care Trust Fund are prepared using the accrual basis of accounting. Employee and employer contributions are recognized in the period that the contributions are due. Benefits and refunds are recognized when due and payable according to the terms of the plan. Separate independently audited financial statements are not issued for the County Retiree Health Care Plan. Therefore, financial statements as of and for the year ended December 31, 2014 are presented below:

Statement of Fiduciary Net Position

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

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

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

Statement of Changes in Fiduciary Net Position

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

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

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

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

Funding Policy - The Department of Roads bears 100% of the cost of providing health care benefits to its retirees and beneficiaries. The current cost of these benefits was \$2,884,329 for the year ended September 30, 2014. The Department of Roads has no obligation to make contributions in advance of when insurance premiums are due. However, it did contribute an additional \$3,000,000 toward future benefits during the year ended September 30, 2014.

Annual OPEB Cost and Net OPEB Obligation - The cost of providing retiree health care benefits (OPEB) for the year ended September 30, 2014 was determined through an actuarial valuation as of December 31, 2011. The valuation computes an annual required contribution (ARC), which represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities or funding excess over a period not to exceed 30 years.

The following table shows the components of the Department of Roads OPEB cost for the year ended September 30, 2014.

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

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

SCHEDULE OF EMPLOYER CONTRIBUTIONS

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

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

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

Funding Status and Progress – As of December 31, 2013, the date of the most recent actuarial valuation, the plan was 52.7% funded. The actuarial accrued liability for benefits was \$69,322,970 and the actuarial value of assets in the plan was \$36,511,623, resulting in an unfunded actuarial accrued liability (UAAL) of \$32,811,347. Covered payroll was \$11,685,197 and the ratio of the UAAL to covered payroll was 280.8 percent.

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

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

The individual entry age actuarial cost method was used to prepare the most recent actuarial valuation dated December 31, 2013. Significant actuarial assumptions included: (a) an investment rate of return of 7.5% per year, (b) an annual health care cost trend rate of 9.0% in year 1, reduced by .75% in years 2 and 3 and .50% until an ultimate rate of 4.0% is reached in the tenth year and beyond, (c) annual covered payroll is assumed to increase 4.0% per year, (d) additional projected salary increases ranging from 1.0% to 5.0% for various members per year, depending on service, attributable to seniority/merit, and (e) active member population was assumed to remain constant. The unfunded liability is being amortized as a level percentage of payroll over a closed period of 24 years.

Note 11 – Contingencies and commitments

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

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

Note 11 – Contingencies and commitments (concluded)

Construction Commitments – The Department of Roads had several significant active projects in progress at September 30, 2014, with estimated total project costs of \$13,357,515. Of the total, \$7,249,048 represents amount previously expended and \$6,108,466 represents remaining commitments pursuant to construction contracts on those projects. In addition, the Drainage District Component Units had several active construction projects in progress at year-end, with outstanding commitments of \$9,511,224.

Note 12 - Risk Management

The County is exposed to various risks of loss related to property damage and loss, torts, errors and omissions, employee injury (workers' compensation) and medical benefits provided to employees and retirees. The County has purchased commercial insurance for property damage coverage and certain medical benefits, but is self-insured for workers' compensation and auto liability claims up to certain retention amounts, at which time insurance coverage begins. The County also self-funds certain medical benefits of employees and retirees. There were no significant reductions in insurance coverage in 2014 from the prior year. Claims settled during the past three years have not exceeded the retention amounts. Liabilities include estimates of claims incurred but not reported and are calculated considering the effects of inflation, recent claim settlement trends and other economic and social factors.

Workers' Compensation – Since December 1, 1978, the County has been partially self-insured against workers' compensation claims. Under the plan, the County is obligated to pay the first \$500,000 of an individual settlement or award with commercial insurance covering claims in excess of the retention to an aggregate of \$1,000,000 annually. At December 31, 2014, the County has accrued an aggregate of \$3,731,497 for unresolved workers' compensation claims, exclusive of the Department of Roads. At September 30, 2014, the Department of Roads has accrued an aggregate of \$37,241 for unresolved workers' compensation claims. Changes in the estimated liabilities for workers' compensation claims for the past two fiscal years were as follows:

	<u>General County</u>		<u>Department of Roads</u>	
	<u>Year Ended December 31,</u>		<u>Year Ended September 30,</u>	
	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>
Estimated liability - beginning of year	\$ 3,813,693	\$ 3,945,342	\$ 38,758	\$ 22,370
Estimated claims incurred, including changes in estimates	1,065,836	1,135,379	(4,345)	35,090
Claims payments	<u>(934,187)</u>	<u>(1,349,224)</u>	<u>(12,043)</u>	<u>(20,219)</u>
Estimated liability - end of year	<u>\$ 3,945,342</u>	<u>\$ 3,731,497</u>	<u>\$ 22,370</u>	<u>\$ 37,241</u>

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

Note 12 - Risk Management (concluded)

General Liability – The County is a defendant in various lawsuits in which plaintiffs seek damages of an indeterminable amount. Since December 1, 1977, the primary government has been partially self-insured for losses of a general liability nature. The County (excluding the Martha T. Berry Medical Care Facility and the Department of Roads) is currently self-insured for losses of a general liability nature up to \$750,000 per claim, with commercial insurance covering claims in excess of the retention amount to an aggregate of \$11,000,000 annually. The Martha T. Berry Medical Care Facility is insured for losses of up to \$3,000,000 per occurrence and \$5,000,000 in the aggregate. The Department of Roads is self-insured, within certain limits, for general liability claims arising prior to February 18, 1986 and subsequent to January 17, 1993 and is completely self-insured for claims arising within those dates. At September 30, 2014, the Department of Roads had an accrual of \$29,850 for its unresolved general liability claims. The General Liability Insurance Internal Service Fund has been established to account for the self-insured aspects of this program for the County, exclusive of the Department of Roads. At December 31, 2014, the general County reported a balance of \$3,794,642 for its unresolved general liability claims. Changes in the estimated liabilities for general liability claims for the past two fiscal years were as follows:

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

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

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

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

Note 13 - Net Investment in Capital Assets

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

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

Note 14 - Restatements

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

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

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

Note 14 – Restatements (continued)

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

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

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

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

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

Note 14 – Restatements (concluded)

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

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

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

Note 15 - Accounting Pronouncements Implemented

During the year, the County implemented GASB Statement No. 67, *Financial Reporting for Pension Plans*. This new standard, which replaces the requirements of GASB Statements No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans* and No. 50, *Pension Disclosures*, establishes standards for financial reporting that outline the basic framework for separately-issued pension plan financial reports and specifies the required approach to measuring the liability of employer(s) and certain nonemployer contributing entities, about which information is required to be disclosed.

Note 16 – Subsequent Events

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

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

Note 17 - Upcoming Accounting Pronouncements

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

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

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

Note 17 - Upcoming Accounting Pronouncements (concluded)

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

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

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

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

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

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

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

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

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

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

Schedule of Changes in Net Pension Liability

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

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

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

SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date December 31	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
2008	\$ 855,265,571	\$ 785,688,661	\$ (69,576,910)	108.86	\$ 121,822,674	(57.11)
2009	866,356,598	814,563,728	(51,792,870)	106.36	116,522,938	(44.45)
2010	862,915,501	837,167,835	(25,747,666)	103.08	110,795,240	(23.24)
2011	828,692,442	854,323,946	25,631,504	97.00	108,900,180	23.54
2012	795,605,544	867,218,699	71,613,155	91.74	105,391,874	67.95
2013	837,652,540	884,041,581	46,389,041	94.75	102,252,875	45.37

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

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

Schedule of Contributions

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

Notes to the Schedule of Contributions

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

Methods and Assumptions Used to Determine Contributions Rates:

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

Other Information:

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

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

SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date <u>December 31</u>	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
2010	\$ 113,732,259	\$ 745,671,057	\$ 631,938,798	15.3%	\$ 97,650,493	647.1%
2012	130,289,669	679,928,682	549,639,013	19.2%	91,150,925	603.0%
2013	155,145,734	417,782,617	262,636,883	37.1%	90,567,875	290.0%

SCHEDULE OF EMPLOYER CONTRIBUTIONS

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

In 2012, the actuarial assumption related to the investment rate of return was changed from the rate of 7.5% used in previous years to the current rate of 6%. In 2013, the rate was lowered to 4.75%. In 2014, the rate was increased to 7.5% as a result of fully funding the unfunded liability through a bond issue executed in March 2015.

MACOMB COUNTY, MICHIGAN
REQUIRED SUPPLEMENTARY INFORMATION - DEPARTMENT OF ROADS RETIREE HEALTH CARE TRUST FUND

SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date <u>December 31</u>	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
2006	-	\$ 76,651,082	\$ 76,651,082	-	\$ 15,548,979	493.0%
2007	9,621,290	87,898,593	78,277,303	10.9%	14,621,336	535.4%
2009	15,047,927	83,364,455	68,316,528	18.1%	14,421,101	473.7%
2011	23,547,047	90,532,651	66,985,604	26.0%	12,613,964	531.0%
2013	36,511,623	69,322,970	32,811,347	52.7%	11,685,197	280.8%

SCHEDULE OF EMPLOYER CONTRIBUTIONS

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

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

Budgetary Accounting – Prior to October 1, the County Finance Director submits to the Board of Commissioners a proposed operating budget for the year commencing January 1. The annual operating budget includes proposed expenditures and the means of financing them for the General Fund, Special Revenue Funds and the Debt Service Fund, as well as the Martha T. Berry, Community Mental Health and Parks business-type activities. A public hearing is conducted to obtain taxpayer comments and the budget is legally enacted through passage of a resolution by the Board of Commissioners no later than December 31.

Formal budgetary integration is employed as a management control device during the year for all funds. Expenditures may not legally exceed budgeted appropriations at the department level. The County Executive is authorized to transfer funds between budgeted line items within a department within a fund as long as the amount being transferred does not exceed the lesser of \$100,000 or 10% of the department budget. Budget amendments that exceed these limits must be approved by the Finance Committee of the Board of Commissioners. During the year, supplemental budgetary appropriations were not significant in relation to the original appropriations as adopted. Unexpended appropriations lapse at year-end. Encumbrances open at year-end are re-appropriated in the following year. Budgets are adopted on a basis consistent with generally accepted accounting principles and budgeted amounts presented in the financial statements represent final budget authorization, including all amendments approved during the year.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(1) - Year ended September 30, 2014

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

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

(1) - Year ended September 30, 2014

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

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

(1) - Year ended September 30, 2014

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

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

(1) - Year ended September 30, 2014

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

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

(1) - Year ended September 30, 2014

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

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

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

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

(1) - Year ended September 30, 2014

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

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

(1) - Year ended September 30, 2014

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(1) - Year ended September 30, 2014

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

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

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

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

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

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

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

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

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

(1) - Year ended September 30, 2014

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

MACOMB COUNTY, MICHIGAN
Reconciliation Of The Fund Balances On The Balance Sheet Of
Governmental Funds To The Statement Of Net Position Of Governmental Activities -
Drainage Districts Component Unit
September 30, 2014

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

Amounts reported for governmental activities in the Government-Wide Statement of Net Position are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is capitalized and allocated over their estimated useful lives.

Capital assets	
Land	1,992,428
Infrastructure	376,467,395
Construction in progress	45,403,911
Accumulated depreciation	(111,483,593)

Long-term bonded debt is not due and payable in the current period and, therefore, is not reported in the governmental funds. However, bonded debt is recorded as long-term liabilities in the Government-Wide Statement of Net Position

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

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

Accrued interest payable on long-term debt at year-end is not recorded in the governmental funds, but is recorded as a liability in the Statement of Net Position (3,257,997)

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

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

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

MACOMB COUNTY, MICHIGAN
Reconciliation Of The Statement Of Revenues, Expenditures And Changes
In Fund Balances Of Governmental Funds To The Government-Wide Statement Of Activities -
Drainage Districts Component Unit
Year Ended September 30, 2014

Net change in fund balances - total governmental funds	\$ (14,219,536)
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is capitalized and allocated over their estimated useful lives.	
Expenditures for capital assets	14,776,361
Current year depreciation expense	(7,484,011)
Repayment of debt principal is recorded as an expenditure in the governmental funds, but is recorded as a reduction of long-term liabilities in the Statement of Net Position	25,804,206
The proceeds received as a result of issuing bonds are recorded as revenue in the governmental funds, but are recorded as increases in long-term liabilities in the Statement of Net Position	(33,143,333)
Bond discounts are recorded as reductions of financial resources in the governmental funds at the time the bonds are issued. However, they are capitalized and allocated over the life of the bonds as amortization expense in Statement of Activities.	
Premiums, discounts and issue costs on bonds issued during the year	(1,089,251)
Current year amortization	87,707
The change in the amount of unavailable revenue in the governmental funds does not provide current financial resources in the Government-Wide Statement of Activities.	14,563,342
The change in amount of accrued interest payable is not recorded in the governmental funds, but is recorded as interest expense in the Government-Wide Statement of Activities.	82,894
Change in net position of governmental activities reported in the Statement of Activites	\$ (621,621)

MACOMB COUNTY, MICHIGAN

December 31, 2014

Statistical Section – Unaudited

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

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

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

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

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

Operating Information (pages E-16 through E-20) – These schedules contain information regarding the County's employees and infrastructure assets to assist the reader in understanding the services provided by the County.

UNAUDITED

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

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Governmental activities										
Net investment in capital assets (1) (5)	\$ 110,592	\$ 99,280	\$ 116,042	\$ 137,857	\$ 113,415	\$ 103,709	\$ 833,903	\$ 843,554	\$ 882,572	\$ 897,288
Restricted (2) (4)	97,573	117,133	96,409	80,962	67,512	49,849	87,208	89,746	90,301	93,367.51
Unrestricted (2) (3) (4) (5)	61,479	50,704	7,014	(28,288)	(32,136)	(34,923)	(8,488)	(18,456)	(40,158)	(55,607)
Total governmental activities net position	269,644	287,117	219,466	190,531	148,791	118,635	912,623	914,845	932,715	935,049
Business-type activities										
Net investment in capital assets (5)	6,745	24,214	23,236	1,479	1,460	1,348	1,196	1,252	672	782
Restricted	6,411	6,724	7,049	8,267	10,221	13,303	16,053	18,662	19,713	24,331
Unrestricted (2) (4) (5)	83,860	82,539	87,479	93,449	102,529	110,843	86,388	84,262	101,855	110,294
Total business-type units net position	97,016	113,477	117,764	103,195	114,210	125,494	103,637	104,177	122,240	135,407
Primary government										
Net investment in capital assets (1) (5)	117,337	123,494	139,278	139,335	114,875	105,057	835,099	844,807	883,244	898,070
Restricted (2) (4)	103,984	123,857	103,458	89,229	77,733	63,152	103,261	108,408	110,014	117,699
Unrestricted (2) (3) (4) (5)	145,339	133,243	94,494	65,161	70,393	75,914	77,901	65,806	61,697	54,687
Total primary government net position	\$ 366,660	\$ 380,594	\$ 337,230	\$ 293,727	\$ 263,002	\$ 244,129	\$ 1,016,261	\$ 1,019,021	\$ 1,054,955	\$ 1,070,456

(1) - 2008 restated

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

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

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

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

Source: Macomb County Finance Department

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

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

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

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

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

Source: Macomb County Finance Department

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

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

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

Source: Macomb County Finance Department

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

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

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

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

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

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

Source: Macomb County Finance Department

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

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

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

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

Source: Macomb County Finance Department

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

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

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

Source: Macomb County Finance Department

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

Year	Assessed Values						Total Assessed Value	Total Direct Tax Rate
	Agricultural Property	Commercial Property	Industrial Property	Residential Property	Developmental Property	Personal Property		
2005	\$ 228,485	\$ 4,485,740	\$ 2,646,205	\$ 25,481,289	\$ 102,725	\$ 2,624,386	\$ 35,568,830	4.2058
2006	243,151	4,772,155	2,689,040	26,786,776	124,032	2,613,175	37,228,329	4.2055
2007	266,096	5,053,235	2,681,261	27,627,369	125,903	2,603,537	38,357,401	4.2055
2008	274,992	4,924,851	2,488,333	25,985,673	126,015	2,603,959	36,403,823	4.2455
2009	270,567	4,857,836	2,429,055	23,042,608	121,466	2,676,181	33,397,713	4.6135
2010	248,577	4,676,384	2,175,330	19,618,529	97,475	2,447,867	29,264,162	4.6135
2011	177,967	4,218,452	1,760,665	18,201,017	5,165	2,386,396	26,749,662	4.6135
2012	170,970	3,797,845	1,593,307	17,048,349	25,276	2,385,441	25,021,188	4.6135
2013	170,372	3,557,160	1,512,235	17,377,703	24,071	2,446,743	25,088,284	4.6135
2014	172,965	3,714,340	1,505,560	18,336,828	21,675	2,481,818	26,233,186	4.6135

Source: Macomb County Equalization Department

Macomb County, Michigan Direct and Overlapping Property Tax Rates Last Ten Years

(rate per \$1,000 of taxable value)

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

UNAUDITED

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

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

Source: Macomb County Equalization Department

UNAUDITED

MACOMB COUNTY
Property Tax Levies and Collections
Last Ten Years

Year	Taxes Levied for the Fiscal Year	Collected within the		Subsequent Years Collections	Total Collections to Date	
		Fiscal Year of the Levy	% of Levy		Amount	% of Levy
2005	\$ 115,602,340	\$ 114,604,662	99.14%	\$ 991,393	\$ 115,596,055	99.99%
2006	129,938,194	126,412,193	97.29%	3,476,990	129,889,183	99.96%
2007	136,819,673	123,526,358	90.28%	11,472,131	134,998,489	98.67%
2008	138,024,533	122,395,032	88.68%	8,611,855	131,006,887	94.92%
2009	141,108,452	130,591,323	92.55%	6,700,080	137,291,403	97.29%
2010	129,683,069	115,652,424	89.18%	5,452,483	121,104,907	93.39%
2011	120,899,127	110,808,310	91.65%	4,337,877	115,146,187	95.24%
2012	113,410,640	104,151,427	91.84%	6,463,833	110,615,260	97.54%
2013	112,568,178	104,387,624	92.73%	4,737,833	109,125,457	96.94%
2014	114,319,512	106,683,701	93.32%	4,365,607	111,049,308	97.14%

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

UNAUDITED

MACOMB COUNTY
Ratios of General Bonded Debt Outstanding
Last Ten Years

Year	General Obligation Bonds	Infrastructure Loans	Total Debt	Less: Amounts Restricted to Repaying		% of Personal Income	% of Total Assessed Value of Property	Net General Obligation Debt Per Capita
				Principal	Total			
2005	88,770,000	-	88,770,000	7,666,450	81,103,550	0.31%	0.25%	97.78
2006	84,300,000	-	84,300,000	7,430,333	76,869,667	0.39%	0.23%	92.30
2007	80,245,000	-	80,245,000	7,119,808	73,125,192	0.36%	0.21%	87.99
2008	72,815,000	-	72,815,000	7,227,719	65,587,281	0.32%	0.20%	78.96
2009	68,230,000	-	68,230,000	7,037,186	61,192,814	0.30%	0.20%	73.42
2010	63,065,000	-	63,065,000	6,248,345	56,816,655	0.28%	0.22%	67.56
2011	57,445,000	1,215,344	58,660,344	5,131,406	53,528,938	0.28%	0.22%	63.56
2012	49,670,000	1,091,594	50,761,594	4,068,741	46,692,853	0.22%	0.20%	55.10
2013	44,930,000	966,164	45,896,164	3,049,441	42,846,723	0.20%	0.18%	50.13
2014	39,755,000	1,311,509	41,066,509	2,599,454	38,467,055	0.18%	0.16%	44.72

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

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

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

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

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

MACOMB COUNTY
Legal Debt Margin
Last Ten Years

Legal Debt Margin Calculation for 2014

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

Years	Debt Limit	Total Net Debt Applicable to Limit	Legal Debt Margin	Total Net Debt Applicable to Limit as a Percentage of Debt Limit
2005	\$2,860,272,652	\$ 158,405,000	\$ 2,701,867,652	5.54%
2006	3,037,391,836	150,180,000	2,887,211,836	4.94%
2007	3,186,266,993	160,005,000	3,026,264,993	5.02%
2008	3,193,793,316	174,130,000	3,007,158,649	5.45%
2009	3,107,998,931	177,076,637	2,930,922,294	5.70%
2010	2,777,336,090	284,925,326	2,492,410,764	10.26%
2011	2,584,044,590	287,512,571	2,296,532,019	11.13%
2012	2,425,570,273	304,710,630	2,120,859,643	12.56%
2013	2,411,394,190	299,423,041	2,111,971,149	12.42%
2014	2,456,385,823	301,932,513	2,154,453,310	12.29%

Source: Macomb County Finance Department

UNAUDITED

MACOMB COUNTY
Demographic and Economic Statistics
Last Ten Years

<u>Years</u>	<u>Population</u>	<u>Personal Income (thousands of dollars)</u>	<u>Per Capita Personal Income</u>	<u>Unemployment Rate</u>
2005	829,453	\$ 28,814,941	\$ 34,740	7.8%
2006	832,861	21,576,097	25,906	8.0%
2007	831,077	22,272,864	26,800	9.0%
2008	830,663	22,763,488	27,404	8.9%
2009	833,430	22,533,447	27,037	18.4%
2010	840,978	22,306,100	26,524	14.4%
2011	842,145	20,587,077	24,446	11.5%
2012	847,383	22,592,078	26,661	10.0%
2013	854,769	22,752,241	26,618	9.3%
2014	869,158	23,248,238	26,748	8.2%

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

MACOMB COUNTY
Principal Employers
Current Year and Nine Years Ago

Employer	2014			2005		
	Employees	Rank	% of Total County Employment	Employees	Rank	% of Total County Employment
General Motors	15,578	1	5.11%	14,971	1	4.58%
Chrysler Corporation	11,985	2	3.93%	14,182	2	4.34%
U.S. Government	6,503	3	2.13%	4,926	5	1.51%
Ford Motor Company	4,135	4	1.36%	8,390	3	2.57%
St. John Health System	3,285	5	1.08%	4,162	6	1.27%
Henry Ford Health System	3,161	6	1.04%	1,509	12	0.46%
Utica Community Schools	2,711	7	0.89%	-	-	-
Macomb County	2,199	8	0.72%	2,500	7	0.77%
General Dynamics	1,622	9	0.53%	2,326	9	0.71%
Faurecia	1,390	10	0.46%	-	-	-
McLaren Macomb (formerly Mt. Clemens Med.)	1,314	11	0.43%	1,526	11	0.47%
State of Michigan	1,294	12	0.42%	1,058	15	0.32%
Chippewa Valley Schools	1,257	13	0.41%	-	-	-
Art Van Furniture	1,101	14	0.36%	-	-	-
Macomb Intermediate School District	964	15	0.32%	-	-	-
L'Anse Creuse Public Schools	804	16	0.26%	-	-	-
Johnson Controls - Automotive Experience	700	17	0.23%	-	-	-
Macomb Couuunity College	682	18	0.22%	1,911	10	-
U.S. Farathane Corp.	566	19	0.19%	-	-	-
TRW Inc.	543	20	0.18%	839	20	0.26%
Visteon	-	-	-	5,650	4	1.73%
Trinity Health (formerly Mercy Health)	-	-	-	2,351	8	0.72%
U.S. Postal Service	-	-	-	1,507	13	0.46%
AZ Automotive (formerly Aetna Industries)	-	-	-	1,293	14	0.40%
Campbell-Ewald Co.	-	-	-	955	16	0.29%
Kroger Co of Michigan	-	-	-	912	17	0.28%
Sears Holding Corp	-	-	-	900	18	0.28%
Fisher & Co. Inc	-	-	-	843	19	0.26%
	<u>61,794</u>		<u>21.50%</u>	<u>72,711</u>		<u>22.26%</u>

Source: Macomb County Finance Department
Crain's Detroit Business

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

Function/Program	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Legislative										
Board of Commissioners	26	26	26	26	26	26	19	19	19	19
Judicial										
Circuit Court	65	65	67	67	67	66	63	65	64	67
Family Counseling Services	-	-	-	1	1	1	1	1	1	1
District Court Div. 1	13	13	13	13	13	13	13	13	13	13
District Court Div. 2	18	18	18	18	18	18	18	17	17	17
Friend of the Court	125	125	126	125	121	121	121	121	118	107
Family Court - Juvenile	68	64	62	62	59	56	51	50	50	46
Probate Court	31	31	31	31	31	30	29	27	31	28
Probate Court - Mental Division	12	12	12	11	10	8	8	7	-	-
Probation - District Court	18	19	19	19	16	14	12	6	5	5
General Government										
County Administration	9	9	9	9	7	7	6	9	9	9
Corporation Counsel	9	9	9	9	8	8	8	8	8	8
Finance	27	27	27	27	26	20	20	20	21	21
Purchasing	24	23	23	23	21	18	18	17	16	16
Reimbursement	15	15	15	15	13	13	12	12	11	11
Information Technology	49	48	49	49	42	35	36	36	36	36
Equalization	15	14	14	13	11	11	11	10	10	10
Human Resources	29	28	28	28	25	22	22	22	22	24
Clerk/Register	98	98	99	99	89	82	79	78	80	81
Treasurer	34	34	34	34	32	31	31	26	26	26
Public Works	57	58	58	60	59	55	55	59	60	60
M.S.U. County Extension	77	76	76	76	51	50	50	8	8	8
Planning & Econ Dev	35	37	37	36	33	33	33	31	26	26
Risk Management	4	4	4	4	4	4	4	-	-	-
Facilities & Operations	124	124	127	126	114	104	99	99	95	95
Prosecuting Attorney	123	140	141	141	117	107	122	104	104	106
Department of Roads	-	-	-	-	-	-	-	233	232	232
Public Safety										
Sheriff	501	503	503	503	498	487	477	487	486	492
Technical Services	10	10	10	10	9	8	8	8	8	11
Emergency Services	4	4	4	7	6	6	6	3	3	7
Community Corrections	10	11	11	11	11	11	11	11	11	11
Health										
Environmental Health	48	50	50	50	-	-	-	-	-	-
Pubic Health	229	226	223	223	251	241	239	232	228	220
Community Mental Health	330	330	333	333	334	334	334	335	335	341
Substance Abuse	10	10	10	10	10	10	10	10	10	10
Health & Community Services	-	-	-	-	-	-	-	2	2	2
Social Services										
Child Care - Youth Home	122	140	141	141	146	138	137	129	123	121
Medical Care Facility	240	244	244	243	231	231	231	231	238	245
Veterans Services	6	6	6	6	10	10	10	10	10	11
Senior Citizen Services	39	38	38	38	32	32	30	16	15	3
Community Services Agency	267	260	257	243	253	283	193	184	182	171
Macomb/St. Clair Employment	42	43	41	41	68	68	68	68	68	68
Culture & Recreation										
Parks & Recreation	8	9	9	9	-	-	-	-	-	-
Library	67	65	65	57	16	11	10	-	-	-
Total	3,038	3,066	3,069	3,047	2,889	2,823	2,705	2,824	2,801	2,785

Source: Macomb County Budget

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

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

Source: Macomb County Finance Department

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

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

MACOMB COUNTY

Schedule of Insurance
As of December 31, 2014

Type of Coverage / Name of Company	Policy Period	Premium	Description
Public Entity Liability ACE-Illinois Union Insurance National Casualty Co (excess)	7-1-14 to 7-1-15	\$518,084 ACE \$120,006 National Casualty	Includes auto liability, general liability, law enforcement liability and public officials liability. \$5,000,000 each occurrence or wrongful act subject to a \$750,000 self-insured retention. Excess insurance \$6,000,000 umbrella policy for a combined \$11,000,000 in coverage.
Excess Workers' Compensation Insurance Safety National Casualty Corp	5-1-15 to 5-1-17	\$143,563 (excess premium) annually	Statutory liability \$1,000,000. Self-insured retention \$600,000 each occurrence.
Property Affiliated FM Insurance Co	7-1-14 to 7-1-15	\$141,679	Covers buildings & contents. Limit - up to \$300,000,000 - deductible \$100,000
Boiler & Machinery Affiliated FM Insurance Co	7-1-14 to 7-1-15	Included in property	Repair or replacement of insured property, expediting expenses, liability for injury, damage to property of others, defense costs resulting from an accident to injured object - \$10,000 deductible - \$300,000,000 limit
Electronic Data Processing Affiliated FM Insurance Co	7-1-14 to 7-1-15	Included in property	Replacement cost for damaged equipment and media; extra expense to resume operations; all risk less certain excluded perils; included Chapaton pump station with separate limits \$1,000,000; limit \$5,000 retention
Public Entity Fiduciary Liability Federal Insurance Co.	8-1-14 to 7-31-15	\$28,811	County employees retirement system - \$5,000,000 aggregate, \$50,000 deductible
Crime National Union Fire Ins	8-1-14 to 7-31-15	\$7,263	Employee theft - disappearance and destruction in/out premises. LIMITS: \$1,500,000 crime; \$200,000 forgery; \$1,000,000 computer fraud; \$1,000,000 funds transfer fraud; \$200,000 money orders & counterfeit currency; \$200,000 Theft & destruction - \$25,000 deductible
Life Insurance The Hartford	1-1-14 to 12-31-14	\$433,337 County Active \$21,506 Roads Active \$27,360 Roads Retirees	Death benefit equals one year salary

MACOMB COUNTY**Schedule of Insurance
As of December 31, 2014**

Type of Coverage / Name of Company	Policy Period	Premium	Description
Dental Insurance Delta Dental	1-1-14 to 12-31-14	\$1,360,203 County Active \$1,043,093 County Retirees \$155,456 Roads Active \$150,716 Roads Retirees	\$1,000 annual maximum per individual/ calendar year
Dental Insurance Golden Dental	1-1-14 to 12-31-14	\$158,181 County Active \$12,911 Roads Active \$1,221 Roads Retirees	Unlimited annual benefit
Short Term Disability Insurance NGS	1-1-14 to 12-31-14	\$232,227 Roads Active	100% of salary for up to 6 months
Long Term Disability Insurance The Hartford	1-1-13 to 12-31-13	\$100,286 County Active	60% of salary to age 65; up to \$4,500 per month subject to coordination of benefits
Health/Hospital Insurance Blue Care Network	1-1-14 to 12-31-14	\$8,606,205 County Active \$3,128,017 County Retirees \$1,994,783 Roads Active \$119,151 Roads Retirees	HMO offers primary care physicians, network hospitals, affiliated pharmacies and labs and other providers within the particular HMO network
Health/Hospital Insurance HAP	1-1-14 to 12-31-14	\$13,387,782 County Active \$56,100 County Retirees \$525,191 Roads Active \$35,354 Roads Retirees	HMO offers primary care physicians, network hospitals, affiliated pharmacies and labs and other providers within the particular HMO network - Includes vision
Health/Hospital Insurance BCBS of Michigan	1-1-14 to 12-31-14	\$2,750,205 County Active \$5,359,892 County Retirees \$246,460 Roads Active \$2,728,541 Roads Retirees	Self insured medical plan - \$1,000,000 lifetime maximum; includes vision
Health/Hospital Insurance BCBS Medicare	1-1-14 to 12-31-14	\$7,059,488 County Retirees	Partially self insured medical plan
Vision Care SVS Vision	1-1-14 to 12-31-14	\$52,175 County Retirees \$11,572 Roads Retirees	Vision care pays for certain tests & supplies when obtained by participating provider
Hearing Care Health Care Network	1-1-14 to 12-31-14	\$58,824 County Retirees \$2,370 Roads Retirees	Retiree hearing care

Source: Risk Management & Safety

Macomb County, Michigan

**Federal Awards
Supplemental Information
December 31, 2014**

Macomb County, Michigan

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Report on Schedule of Expenditures of Federal Awards
Required by OMB Circular A-133
Independent Auditor's Report

To the Board of Commissioners
Macomb County, Michigan

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Macomb County, Michigan (the "County") as of and for the year ended December 31, 2014 and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We issued our report thereon dated June 29, 2015 which contained unmodified opinions on those basic financial statements. Our audit was conducted for the purpose of forming opinions on the financial statement that collectively comprise the basic financial statements. We have not performed any procedures with respect to the audited financial statements subsequent to June 29, 2015.

The accompanying schedule of expenditures of federal awards is presented for the purpose of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Plante & Moran, PLLC

June 29, 2015

Report on Internal Control Over Financial Reporting and on Compliance
and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards*

Independent Auditor's Report

To Management and the
Board of Commissioners
Macomb County, Michigan

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Macomb County, Michigan (the "County") as of and for the year ended December 31, 2014 and related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated June 29, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Macomb County, Michigan's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and other deficiencies that we consider to be a significant deficiency.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be material weaknesses. See findings 2014-001 and 2014-003.

To Management and the
Board of Commissioners
Macomb County, Michigan

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying schedule of findings and questioned costs to be a significant deficiency. See finding 2014-002.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Macomb County, Michigan's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Macomb County, Michigan's Response to Finding

Macomb County, Michigan's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. Macomb County, Michigan's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Plante & Moran, PLLC

June 29, 2015

Report on Compliance For Each Major Federal Program;
Report on Internal Control Over Compliance
Independent Auditor's Report

To the Board of Commissioners
Macomb County, Michigan

Report on Compliance for Each Major Federal Program

We have audited Macomb County, Michigan's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2014. Macomb County, Michigan's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Macomb County, Michigan's major federal programs based on our audit of the types of compliance requirements referred to above.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Macomb County, Michigan's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Macomb County, Michigan's compliance.

To the Board of Commissioners
Macomb County, Michigan

Opinion on Each Major Federal Program

In our opinion, Macomb County, Michigan complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2014.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 2014-004, 2014-005, and 2014-006. Our opinion on each major federal program is not modified with respect to these matters.

Macomb County, Michigan's responses to the noncompliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs and corrective action plan. Macomb County, Michigan's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on them.

Report on Internal Control Over Compliance

Management of Macomb County, Michigan is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Macomb County, Michigan's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses.

To the Board of Commissioners
Macomb County, Michigan

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention of those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as Findings 2014-004, 2014-005, and 2014-006 to be material weaknesses.

Macomb County, Michigan's responses to the internal control over compliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs and/or corrective action plan. Macomb County, Michigan's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on them.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Plante & Moran, PLLC

June 29, 2015

Macomb County, Michigan

Schedule of Expenditures of Federal Awards December 31, 2014

Federal Agency/Pass-through Entity/Program Title	Federal CFDA Number		Federal Expenditures
U.S. Department of Agriculture:			
Passed Through State Department of Community Health:			
WIC - Special Supplemental Nutrition for Infants and Children	10.557		\$ 1,719,628
WIC - Breastfeeding Peer Counselor	10.557		46,790
Passed Through State Department of Education:			
Head Start - Children Meals Program	10.558		453,688
National School Lunch - After School Snack	10.555	(1)	17,066
National School Breakfast	10.553	(1)	58,777
National School Lunch	10.555	(1)	93,615
USDA Commodities - Food Donations	10.555	(1)	20,172
TEFAP Surplus Food Distribution Emergency Food Assist. - Admin	10.568	(2)	159,476
TEFAP - Commodities	10.569	(2)	670,430
Passed Through Workforce Development Agency - State of Michigan:			
Food Assistance and Employment Training - Operations	10.561	(3)	154,636
Food Assistance and Employment Training - Support Services	10.561	(3)	42
Total U.S. Department of Agriculture			3,394,320
National Oceanic and Atmospheric Administration -			
Direct Program -			
Clinton River Spillway Habitat Restoration Planning and Design	11.463		1,067
Total National Oceanic and Atmospheric Administration			1,067
U.S. Department of HUD:			
Direct Programs:			
Emergency Solutions Grant (E-13-UC-26-0005)	14.231		6,222
Neighborhood Stabilization Program-3 (B-11-UN-26-0003)	14.218	(4)	21,419
Community Development Block Grant (B-12-UC-26-0005)	14.218	(4)	683,183
Community Development Block Grant (B-13-UC-26-0005)	14.218	(4)	523,045
HUD Homeless	14.235		27,145
Home Investment Partnership # M-11-DC-26-0209	14.239		634,854
Home Investment Partnership # M-010-DC-26-0209	14.239		707,829
Home Investment Partnership # M-09-DC-26-0209	14.239		45,132
Hud Grants Passed Through Other Than State -			
CSA Chore Services - Cities	14.218	(4)	104,872
Total U.S. Department of HUD			2,753,701
U.S. Department of Justice:			
Direct Programs:			
Drug Forfeitures	16.922		668,664
JAG #2012-DJ-BX-0275	16.738	(5)	17,420
JAG #2011-DJ-BX-2601	16.738	(5)	8,033
JAG #2013-DJ-BX-0113	16.738	(5)	16,880
2010 COPS Technology Grant	16.710		284,891
Passed Through Michigan Department of Human Services -			
Juvenile Accountability Incentive Block Grant	16.523		13,835
Passed Through Department Of State Police:			
Anti-Drug Abuse	16.738	(5)	47,568
Street Level Enforcement Team	16.738	(5)	30,780
Passed Through Michigan Department of Community Health -			
Domestic Violence Victim Advocate	16.575		154,437
Total U.S. Department of Justice			1,242,508

See Notes to Schedule of Expenditures
of Federal Awards.

Macomb County, Michigan

Schedule of Expenditures of Federal Awards (Continued) December 31, 2014

Federal Agency/Pass-through Entity/Program Title	Federal CFDA Number		Federal Expenditures
U.S. Department of Labor:			
Passed Through Workforce Development Agency - State of Michigan:			
Wagner - Peyser - 7A - Employment Services	17.207	(6)	\$ 1,997,149
Workforce Investment Act - Adult	17.258	(7)	3,032,060
Workforce Investment Act - Dislocated Workers	17.278	(7)	2,683,783
Workforce Investment Act - Youth	17.259	(7)	2,885,931
WIA - Dislocated Workers Training NEG #2619	17.277		140,261
Joint Adjustment Committee - Syncreon Sterling Heights	17.278	(7)	5,487
Trade Adjustment Assistance - Case Management 2009/2011	17.245		766,523
WIA Statewide Activities - Mich Works Services Center	17.258	(7)	26,657
WIA Statewide Activities - Mich Works Services Center	17.259	(7)	28,585
WIA Statewide Activities - Mich Works Services Center	17.278	(7)	28,585
WIA Statewide - Capacity Building	17.258	(7)	31,304
WIA Statewide - Capacity Building	17.259	(7)	33,476
WIA Statewide - Capacity Building	17.278	(7)	33,970
Trade Adjustment Assistance	17.245		1,077,478
WIA - Local Admin	17.258	(7)	310,490
WIA - Local Admin	17.259	(7)	180,000
WIA - Local Admin	17.278	(7)	291,595
Emergency Unemployment Compensation	17.225		308,418
WIA DW NEG -OJT	17.277		245,883
Trade Adjustment Assistance - 2002	17.245		515,356
Passed Through State Office of Services to the Aging - Senior Comm Service Employment Program	17.235		668,640
Direct Programs:			
Job Innovation Accelerator Challenge	17.268		328,268
Job Accelerator - Make it in America Challenge	17.268		27,765
Total U.S. Department of Labor			15,647,664
U.S. Department of Transportation:			
Passed Through Department of State Police:			
Drive Michigan Safety Task Force PT-12-14	20.600	(8)	165,039
Hazardous Materials Emergency Preparedness	20.703		14,187
Passed Through Department of Transportation - Highway Planning and Construction Cluster	20.205	(9)	2,772,034
Total U.S. Department of Transportation			2,951,260
U.S. Department of Veterans Affairs -			
Passed Through Community Action Partnership - Supportive Services for Veterans Families	64.033		290,464
Total U.S. Department of Veterans Affairs			290,464
U.S. Environmental Protection Agency:			
Passed Through Michigan Department of Environmental Protection Agency (EPA):			
State Clean Water Revolving Fund Loan #5540-01	66.458	(10)	418,160
Non-Community (TYPE II) Water Supply Requirements	66.471		2,188
State Clean Water Revolving Fund Loan #5487-01	66.458	(10)	284,491
Direct Programs:			
Brownfield Revolving Loan Grant	66.818		11,257
Lake St. Clair Coastal Marshland Restoration	66.469		51,537
Total U.S. Environmental Protection Agency			767,633

See Notes to Schedule of Expenditures
of Federal Awards.

Macomb County, Michigan

Schedule of Expenditures of Federal Awards (Continued) December 31, 2014

Federal Agency/Pass-through Entity/Program Title	Federal CFDA Number	Federal Expenditures
U. S. Department of Energy -		
Passed Through Michigan Department of Human Services:		
Weatherization	81.042	\$ 553,584
LIHEAP	81.042	354,037
		907,621
Total U.S. Department of Energy		
U.S. Department of Health and Human Services:		
Direct Program -		
Head Start	93.600	6,461,187
Passed Through Area Agency on Aging I-B:		
Senior Citizen Chore Services	93.044 (11)	93,548
Title III Outreach/Resource Advocacy	93.044 (11)	71,379
Home Injury Control	93.044 (11)	17,701
Evidence Based Disease Prevention/Health Promotion	93.043	12,000
Congregate Nutrition Programs	93.045 (11)	248,486
Home Delivered Meals	93.045 (11)	927,067
Home Delivered Meals - NSIP	93.053 (11)	281,115
Congregate Nutrition Program - NSIP	93.053 (11)	63,636
Dementia Adult Day Services	93.044 (11)	20,864
Medicaid Waiver Payments	93.044 (11)	369
Creating Confident Caregivers	93.051	100
Passed Through State Department of Community Health:		
MITURN Homeless Project	93.150	60,962
Bioterrorism - Focus A Program #1590	93.069	226,736
Sexually Transmitted Disease, STD Control	93.991	14,669
Macomb Homeless Project - (PATH)	93.150	35,444
West Nile Community Surveillance	93.521	6,000
Detroit Metro Learning Collaborative	93.994	5,000
Family Planning - General Services	93.217	118,945
Immunizations - IAP	93.268	332,247
Cities Readiness Initiative	93.069	145,735
AIDS/HIV Prevention	93.940	118,256
Integrated Healthcare	93.958	139,896
Local Mch Program - Family Planning	93.994	220,812
Medicaid Outreach Activities Reimbursement	93.778 (12)	64,037
Alcohol/Drug Abuse Mental Health Block Grant	93.959	3,238,989
OBRA Assessment	93.778 (12)	359,559
Fetal Infant Mortality Review	93.994	3,579
FDA Tobacco Retailer Inspections	93.058	2,521
Adjusted Value of Federally Funded Vaccines	93.268	1,281,394
CSHCS Outreach Advocacy	93.778 (12)	113,000
Passed Through Michigan Department of Human Services:		
Cooperative Reimbursement Program-Incentive	93.563	1,069,934
Prosecuting Atty-Child Support Enforcement	93.563	777,869
Friend of the Court - IV D Program	93.563	4,757,092
CAA Administration	93.569	224,252
General Community Programming	93.569	852,090
LIHEAP-LCA Deliverable Fuels	93.568	21,105
CSBG - Discretionary	93.569	41,828
Passed Through Workforce Development Agency - State of Michigan:		
Workfirst TANF - PATH (formerly JET)	93.558 (13)	4,507,271
Workfirst TANF - JET - Supportive Services	93.558 (13)	25,000
DHS Chafee Funding Foster Care Summer	93.674	94,579
TANF - Refugee	93.558 (13)	305,991
SYEP Supportive Services	93.558 (13)	3,812
Passed Through State Court Administrative Office -		
Access And Visitation Grant	93.597	12,188
Passed Through Nat'l Assoc. of County & City Health Officials (NACCHO):		
NACCHO Challenge Award	93.008	2,208
NACCHO Capacity Builder Award	93.008	3,500
		27,383,952
Total U.S. Department of Health And Human Services		

See Notes to Schedule of Expenditures
of Federal Awards.

Macomb County, Michigan

Schedule of Expenditures of Federal Awards (Continued) December 31, 2014

Federal Agency/Pass-through Entity/Program Title	Federal CFDA Number	Federal Expenditures
Office of National Drug Control Policy - Michigan Department of State Police - High Intensity Drug Trafficking Area Program (HIDTA)	95.001	\$ 81,325
Total Office of National Drug Control Policy		81,325
U.S. Department of Homeland Security: Direct Programs - Port Security Grant	97.056	640,654
Passed Through Michigan Department of State Police: Emergency Management Performance Grant - 2014	97.042	48,443
Emergency Management Performance Grant - 2013	97.042	5,042
Emergency Management Performance Grant - 2012	97.042	7,946
2013 Operation Stonegarden	97.067	49,897
2012 Operation Stonegarden	97.067	99,410
2011 Homeland Security Grant - SHSP	97.067	381,130
2011 Homeland Security Grant - UASI	97.067	4,408,896
2011 Homeland Security - Operation Stonegarden	97.067	70,495
2011 Homeland Security - Citizens Corps Prgm	97.067	56,930
2012 Homeland Security Grant - SHSP	97.067	206,489
2012 Homeland Security Grant - UASI	97.067	3,311,164
2013 Homeland Security Grant - SHSP	97.067	119,245
2013 Homeland Security Grant - UASI	97.067	1,754,151
Passed Through United Way - Emergency Food and Shelter	97.024	162,245
Total U.S. Department of Homeland Security		11,322,137
TOTAL FEDERAL FINANCIAL ASSISTANCE		<u>\$ 66,743,652</u>

- (1) Denotes the Child Nutrition Cluster
- (2) Denotes the Food Distribution Cluster
- (3) Denotes the Supplemental Nutrition Assistance Program (SNAP) Cluster
- (4) Denotes the Community Development Block Grant (CDBG) Entitlement Cluster
- (5) Denotes the Justice Assistance Grant (JAG) Cluster
- (6) Denotes the Employment Services Cluster
- (7) Denotes the Workforce Investment Act (WIA) Cluster
- (8) Denotes the Highway Safety Cluster
- (9) Denotes the Highway Planning and Construction Cluster
- (10) Denotes the Clean Water State Revolving Fund Cluster
- (11) Denotes the Aging Cluster
- (12) Denotes the Medicaid Cluster
- (13) Denotes the Temporary Assistance for Needy Families (TANF) Cluster

Macomb County, Michigan

Notes to Schedule of Expenditures of Federal Awards Year Ended December 31, 2014

Note 1 - Basis of Presentation and Significant Accounting Policies

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of Macomb County, Michigan under programs of the federal government for the year ended December 31, 2014. Expenditures reported on the Schedule are reported on the same basis of accounting as the basic financial statements, although the basis for determining when federal awards are expended is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. In addition, expenditures reported on the Schedule are recognized following the cost principles contained in OMB Circular A-87, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Therefore, some amounts presented in this Schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Because the Schedule presents only a selected portion of the operations of Macomb County, Michigan, it is not intended to, and does not, present the financial position, changes in net position, or cash flows, if applicable, of Macomb County, Michigan. Pass-through entity identifying numbers are presented where available.

Note 2 - Noncash Assistance

The value of the noncash assistance received was determined in accordance with the provisions of OMB Circular A-133.

Summary of Noncash Assistance - The grantee received the following noncash assistance during the year ended December 31, 2014 that is included on the schedule of expenditures of federal awards:

<u>Federal Program</u>	<u>CFDA Number</u>	<u>Description</u>	<u>Amount</u>
USDA Commodities (Food Donations)	10.555	Food donations	\$ 20,172
TEFAP Commodities	10.569	Food donations	<u>670,430</u>
		Total	<u>\$ 690,602</u>

Macomb County, Michigan

Notes to Schedule of Expenditures of Federal Awards Year Ended December 31, 2014

Note 3 - Subrecipient Awards

Of the federal expenditures presented in the schedule, federal awards were provided to subrecipients as follows:

<u>Federal Program Title</u>	<u>CFDA Number</u>	<u>Amount Provided to Subrecipients</u>
Food Assistance & Employment Training	10.561	\$ 139,159
Community Development Block Grant Entitlement Cluster	14.218	1,091,766
Workforce Investment Cluster	17.258/17.259/17.278	1,714,172
Highway Planning and Construction Cluster	20.205	3,558
Drive Michigan Safety Task Force	20.600	130,527
Alcohol/Drug Abuse Mental Health Block Grant	93.959	2,596,671
TANF Cluster	93.558	842,817
DHS Chafee Funding Foster Care Summer	93.674	46,741
Homeland Security Cluster	97.067	4,876,468
Total		<u>\$ 11,441,879</u>

Macomb County, Michigan

Schedule of Findings and Questioned Costs Year Ended December 31, 2014

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? Yes None reported

Noncompliance material to financial statements noted? Yes No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? Yes None reported

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133? Yes No

Identification of major programs:

CFDA Numbers	Name of Federal Program or Cluster
14.218	Community Development Block Grant (CDBG) Cluster
17.258, 17.259, 17.278	Workforce Investment Act (WIA) Cluster
93.558	Temporary Assistance for Needy Families (TANF) Cluster
93.563	Child Support Enforcement
93.959	Block Grants for Prevention and Treatment of Substance Abuse
97.067	Homeland Security Grant Program
93.600	Headstart

Dollar threshold used to distinguish between type A and type B programs: \$2,002,310

Auditee qualified as low-risk auditee? Yes No

Macomb County, Michigan

Schedule of Findings and Questioned Costs (Continued) Year Ended December 31, 2014

Section II - Financial Statement Audit Findings

Reference
Number

Finding

2014-001 **Finding Type** - Material Weakness

Criteria - In order to protect against unintentional or intentional corruption or loss of data, the County should have appropriate controls over information technology.

Condition - There was no documentation retained for user access changes or user access terminations for individuals within the Finance Department. Additionally, certain individuals with administrative access also had the ability to post journal entries in Information Consulting Solutions (the financial accounting system used by the Drainage District component unit) for the first several months of the year under audit. Last, certain key environmental controls were not present such as flood protection and backup generator power were not present surrounding the Drainage District system.

Context - An appropriate system of internal controls over information technology helps to ensure the integrity of data and protect it from unintentional or intentional misstatements, in addition to aiding in the operational efficiency of the County.

Cause - Appropriate controls were not in place in these two systems for a majority of the year to sufficiently address segregation of duties and environmental controls.

Effect - Lack of appropriate controls could result in loss of data, business interruption, or manipulation of financial statement data resulting in potentially material errors in the financial statements.

Recommendation - We recommend that the County and Drainage District implement environmental controls to mitigate the risk of data loss due to hardware damage or malfunction. We also recommend that the County and Drainage District limit those with administrative access to the system from the ability to post journal entries to the financial records. Finally, we recommend that the County and Drainage District institute a system of periodic review of IT controls, including segregation of duties, environmental controls, and backup systems in order to provide appropriate safeguards over data.

Views of Responsible Officials and Planned Corrective Actions - The items identified above pertaining to the County's system were identified and corrected during the course of the 2014 audit. The items pertaining to the Drainage District were corrected subsequent to the 2013 audit, which did not conclude until June 2014.

Macomb County, Michigan

Schedule of Findings and Questioned Costs (Continued) Year Ended December 31, 2014

Section II - Financial Statement Audit Findings (Continued)

Reference Number	Finding
2014-002	<p>Finding Type - Significant Deficiency</p> <p>Criteria - GAAP requires all expenditures and expenses to be recorded in the various funds at the time they are incurred. To the extent that such items are not paid before year end, an accounts payable liability should be recorded.</p> <p>Condition - The County's procedures to record accounts payable in the Drainage District did not consistently identify unpaid obligations at year end.</p> <p>Context - Some of the items were for service periods that crossed over the year end, in which case an allocation of the expense to accounts payable would be required. The net impact of the errors identified would result in an increase of expenses of approximately \$483,000.</p> <p>Cause - Lack of an effective review of services performed before year end and invoices received after year end to ensure that all significant items have been recorded in the appropriate period.</p> <p>Effect - At year end, the County's liabilities for the Drainage District were understated by the amount of unrecorded accounts payable items. The lack of an effective review could result in potentially significant errors in the financial statements.</p> <p>Recommendation - We recommend that the Drainage District perform a more detailed search for unrecorded liabilities at year end.</p> <p>Views of Responsible Officials and Planned Corrective Actions - Methods of review were put in place in the Finance Department in prior years to enhance and strengthen year-end accounts payable cutoff procedures and the review of other potential unrecorded liabilities at year end. This included notifications to departments as well as review by finance staff of documents sent to the finance department for processing. The item listed above pertained to a component unit that is responsible for entering its own accounts payable and retaining all documents. Management of the Finance Department will again discuss this issue with the staff of the component unit and stress the importance of performing a detailed search of unrecorded liabilities at year end.</p>

Macomb County, Michigan

Schedule of Findings and Questioned Costs (Continued) Year Ended December 31, 2014

Section II - Financial Statement Audit Findings (Continued)

Reference Number	Finding
2014-003	<p>Finding Type - Material Weakness</p> <p>Criteria - The County is required to capitalize costs incurred by others associated with developing or improving roads that are the responsibility of the County to maintain.</p> <p>Condition - During the year, the County identified donated road mileage that had not been previously capitalized on the County's balance sheet.</p> <p>Context - The adjustment to record the net book value of these previously donated roads was approximately \$31 million, and resulted in a prior period adjustment to the County's financial statements.</p> <p>Cause - Prior methods of determining local road mileage did not identify all roads. The mileage was identified during a County-initiated inventory of its local roads using improved technological procedures.</p> <p>Effect - The unusual nature of this situation gave rise to the understatement of government-wide infrastructure at the onset of the financial statement audit.</p> <p>Recommendation - We recommend that the County review its controls for ensuring that donated roads are captured in the County's financial records at the time the assets are conveyed to the County.</p> <p>Views of Responsible Officials and Planned Corrective Actions - The item above was identified as a result of a County-initiated review of its infrastructure. Through discussion with the impacted departments, the controls in place are sufficient to capture the year-to-year donated roads. The adjustment above is anticipated to be a one-time occurrence in the current year.</p>

Macomb County, Michigan

Schedule of Findings and Questioned Costs (Continued) Year Ended December 31, 2014

Section III - Federal Program Audit Findings

Reference Number	Finding
2014-004	<p>Program Name - Block Grants for Prevention and Treatment of Substance Abuse (CFDA 93.959)</p> <p>Pass-through Entity - Michigan Department of Community Health</p> <p>Finding Type - Material Weakness and Material Noncompliance with Laws and Regulations</p> <p>Criteria - According to OMB Circular A-87, where employees are expected to work solely on a single federal award or cost objective, charges for their salaries and wages will be supported by periodic certifications that the employees worked solely on that program for the period covered by the certification. These certifications will be prepared at least semiannually and will be signed by the employee or supervisory official having first-hand knowledge of the work performed by the employee.</p> <p>Condition - The employees that charge time to the block grants spend 100 percent of their time on this award, and during the year, the County did not obtain and retain certifications from these individuals. The semiannual certifications were signed by the nine individuals after this was brought to the notice of the program administrator, resulting in no questioned costs.</p> <p>Questioned Costs - None</p> <p>Context - Nine individuals work solely on this grant and the semi-annual certifications were not completed for any of the nine individuals.</p> <p>Cause and Effect - The County did not have controls in place to ensure that certifications were prepared at least semiannually.</p> <p>Recommendation - The County should implement controls to ensure that payroll certifications for employees who spend 100 percent of their time on child support activities are performed at least semiannually.</p> <p>Views of Responsible Officials and Planned Corrective Actions - The department has been notified of this requirement to assure certifications are prepared at least semiannually and signed by the employee or supervisory official having first-hand knowledge of the work performed by the employee.</p>

Macomb County, Michigan

Schedule of Findings and Questioned Costs (Continued) Year Ended December 31, 2014

Section III - Federal Program Audit Findings (Continued)

Reference Number	Finding
2014-005	<p>Program Name - Workforce Investment Act (CFDA 17.258, 17.259, and 17.278), Temporary Assistance for Needy Families (CFDA 93.558), DHS Foster Care (CFDA 93.674), Trade Adjustment Assistance (CFDA 17.245), Senior-Community Service Employment Program (CFDA 17.235), WIA DW NEG - OJT (CFDA 17.277), Wagner Peyser Employment Services Cluster (CFDA 17.207), and Food Assistance and Employment Training (CFDA 10.561)</p> <p>Pass-through Entity - Workforce Development Agency - State of Michigan, State Office of Services to Aging</p> <p>Finding Type - Material Weakness and Material Noncompliance with Laws and Regulations</p> <p>Criteria - Per Circular A-87 Attachment D, indirect cost proposals must be developed (and, when required, submitted) within six months after the close of the governmental unit's fiscal year, unless an exception is approved by the cognizant federal agency. If the proposed central service cost allocation plan for the same period has not been approved by that time, the indirect cost proposal may be prepared including an amount for central services that is based on the latest federally approved central service cost allocation plan. The difference between these central service amounts and the amounts ultimately approved will be compensated for by an adjustment in a subsequent period.</p> <p>Additionally, the State monitored the program and stated that per 2 CFR part 230, Appendix A, A.4.a "to be allowable under an award, costs must be reasonable for the performance of the award and be allocable thereto under these principles."</p> <p>Condition - The County used the incorrect indirect cost allocation plans to allocate indirect costs to the Workforce Development Board (WDB) grants for the period from July 1, 2013 through June 30, 2014.</p> <p>Questioned Costs - \$210,860 - questioned costs are for the Workforce Development Board's 2014 fiscal year (July 1, 2013 through June 30, 2014)</p>

Macomb County, Michigan

Schedule of Findings and Questioned Costs (Continued) Year Ended December 31, 2014

Section III - Federal Program Audit Findings (Continued)

Reference Number	Finding
2014-005 (Cont.)	<p>Context - The County's Workforce Development Board (WDB) reports on a fiscal year that is from July through June as compared to the County's calendar year (i.e., the County's calendar year 2014 includes WDB activity for fiscal year July 1, 2013 through June 30, 2014). The County's cost allocation plan is completed on a calendar year basis.</p> <p>For the period from July 1, 2013 through December 31, 2013, WDB should have allocated \$229,505 (half of the costs allocable for calendar year 2013 under the 2011 Maximus Plan).</p> <p>For the period from January 1, 2014 through June 30, 2014, WDB should have allocated \$57,632 (half of the costs allocable for calendar year 2014 under the 2012 Maximus Plan).</p> <p>As a result of using the incorrect cost allocation plan, WDB allocated a total of \$497,997 for fiscal year ended June 30, 2014 versus \$287,137 (\$229,505 + \$57,632) resulting in questioned costs of \$210,860, which were allocated between the seven programs managed by WDB.</p> <p>Cause and Effect - WDB did not utilize the appropriate cost allocation plans for the period from January 1, 2014 through June 30, 2014 (for WDB the SEFA reports the expenditures incurred during this period) resulting in questioned costs of \$210,860.</p> <p>Recommendation - The timing of when the cost allocation plans are completed and approved during WDB's fiscal year caused the issue. The County should identify this and ensure that they are in compliance by either using the appropriate cost allocation plan or changing the way costs are allocated to WDB.</p> <p>Views of Responsible Officials and Planned Corrective Actions - The timing of the budget process versus the completion of each year's cost allocation plan necessitates using the plan from three years back for budgeting purposes each year. The County will begin charging actual amounts each year based on the cost allocation plan from two years prior.</p>

Macomb County, Michigan

Schedule of Findings and Questioned Costs (Continued) Year Ended December 31, 2014

Section III - Federal Program Audit Findings (Continued)

Reference Number	Finding
2014-006	<p>Program Name - Head Start (CFDA 93.600)</p> <p>Pass-through Entity - N/A</p> <p>Finding Type - Material Weakness and Material Noncompliance with Laws and Regulations</p> <p>Criteria - Per 2 CFR Part 225, in order to be an allowable cost, the cost must be reasonable. A cost is reasonable if, in its nature and amount, it does not exceed that which would be incurred by a prudent person under the circumstances prevailing at the time the decision was made to incur the cost. Related to matching, per 45 CFR Part 92.24, the federal agency may require the market value or fair rental value of real property to be set by an independent appraiser, and that the value or rate be certified by the grantee.</p> <p>Condition - During the 2013-2014 program year, the County recorded the value of nonfederal donated space for buildings using multiple valuation methods. These inconsistent methods are not reasonable. In addition, the valuations of the donated space were not established by an independent appraiser.</p> <p>Questioned Costs - Unknown</p> <p>Context - The grantee provided Head Start and Early Head Start services at 21 locations. The locations were not valued by a certified appraiser. Two of the donated spaces were calculated using inconsistent valuation methods.</p> <p>The County also received a notice of noncompliance findings from the Administration for Children & Families (a division of U.S. Department of HHS) following completion of their monitoring visit for the 2013-2014 program year regarding these issues.</p> <p>Cause and Effect - The County has not established a consistent method of valuing donated space using valuations provided by an independent appraiser.</p> <p>Recommendation - The County should value its donated space using a consistent and reasonable method that meets the federal agency's guidelines.</p> <p>Views of Responsible Officials and Planned Corrective Actions - The County will solicit competitive bids for the services of a certified appraiser for the purpose of establishing proper space costs.</p>

June 29, 2015

To the Macomb County Board
of Commissioners
County of Macomb, Michigan

We have audited the financial statements of the County of Macomb (the "County") as of and for the year ended December 31, 2014 and have issued our report thereon dated June 29, 2015. Professional standards require that we provide you with the following information related to our audit which is divided into the following sections:

Section I - Required Communications with Those Charged with Governance

Section II - Legislative and Other Updates

Section I includes information that current auditing standards require independent auditors to communicate to those individuals charged with governance. We will report this information annually to the board of commissioners of the County. Section II presents updates on current legislative and accounting matters impacting the County.

In addition to the comments and recommendations in this letter, our observations and comments regarding the County's internal control, including any significant deficiencies or material weaknesses that we identified, have been reported to you in the report on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with *Government Auditing Standards*. This report is included in the supplemental schedule of expenditures of federal awards and we recommend that the matters we have noted there receive your careful consideration.

We would like to take this opportunity to thank the County's staff for the cooperation and courtesy extended to us during our audit. Their assistance and professionalism are invaluable.

This report is intended solely for the use of the board of commissioners and management of the County and is not intended to be and should not be used by anyone other than these specified parties.

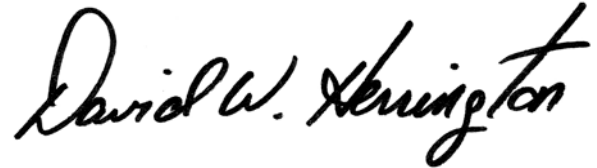
To the Macomb County Board
of Commissioners
County of Macomb, Michigan

June 29, 2015

We welcome any questions you may have regarding the following communications and we would be willing to discuss any of these or other questions that you might have at your convenience.

Very truly yours,

Plante & Moran, PLLC

A handwritten signature in black ink that reads "David W. Herrington". The signature is written in a cursive style with a large, prominent initial "D".

David W. Herrington

A handwritten signature in black ink that reads "Lisa C. Manetta". The signature is written in a cursive style with a large, prominent initial "L".

Lisa C. Manetta

Section I - Required Communications with Those Charged with Governance

Our Responsibility Under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated December 23, 2014, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities. Our responsibility is to plan and perform the audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement.

As part of our audit, we considered the internal control of the County. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures specifically to identify such matters.

Our audit of the County of Macomb's financial statements has also been conducted in accordance with *Government Auditing Standards*, issued by the Comptroller General of the United States. Under *Government Auditing Standards*, we are obligated to communicate certain matters that come to our attention related to our audit to those responsible for the governance of the County, including compliance with certain provisions of laws, regulations, contracts, grant agreements, certain instances of error or fraud, illegal acts applicable to government agencies, and significant deficiencies in internal control that we identify during our audit. Toward this end, we issued a separate letter dated June 29, 2015 regarding our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in our meeting about planning matters on March 16, 2015.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the County are described in Note I to the financial statements.

As described in Note 15, the County adopted the provisions of GASB Statement No. 67, *Financial Reporting for Pension Plans*. Accordingly, new disclosures and required supplementary information schedules have been incorporated into the financial statements in accordance with this new standard.

As described in Note I, the County has a December 31 fiscal year end but reports numerous funds on a September 30 basis. No authoritative accounting principles have been issued that would specifically allow different year ends to be utilized for funds within a primary government. However, management believes that the discussion in GASB Statement No. 14, which allows component units to be included on a different year end than the primary government, is analogous and that the standard is relevant to the County's circumstances and would support the inclusion of funds with a year end other than December 31. We discussed the accounting for this treatment with management and believe the method selected is acceptable in this circumstance.

We noted no transactions entered into by the County during the year for which there is a lack of authoritative guidance or consensus.

There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

Management's estimate of the OPEB liability is based on the annual required contribution as calculated by an actuary and is allocated to different funds based on their relative number of active employees. Management's estimate of the net pension liability is based on the projected future cost related to services rendered, as calculated by an actuary, net of the assets held by the County in a fiduciary capacity designated to fund such future cost. Management's estimate of potential property tax refunds as a result of appeals to the Michigan tax tribunal (MTT) is based on historical collections from the type of entity involved (i.e., governmental agency versus private individual). Management's estimate of claims liability for litigation ongoing at year end is based on evaluation of the unique circumstances of the individual case, historical outcomes of similar cases, and advice of legal counsel. Management's estimate of workers' compensation claims at year end is based on evaluation of the unique circumstances of the individual case and advice of the claims administrator. We evaluated the key factors and assumptions used to develop these estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

The Macomb County Employees' Retirement System and the County Retiree Health Care Plan hold investments in non-traditional investment vehicles (common collective trusts, venture capital, and limited partnerships) which are not actively traded on an open market. The County has valued these investments based on market values provided by the investment custodians. We have performed tests of the estimates by reviewing the audited financial statements of the non-traditional investment vehicles to satisfy ourselves as to the reasonableness in relation to the financial statements.

The disclosures in the financial statements are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Disagreements with Management

For the purpose of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management.

As a result of our auditing procedures, we noted a material adjustment needed to record roads constructed by third parties and donated to the County in previous years. As discussed in Note 14 to the financial statements, the adjustment was recorded as a restatement of beginning net position of the governmental activities. The attached schedule summarizes uncorrected misstatements of the financial statements. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

Significant Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, business conditions affecting the County, and business plans and strategies that may affect the risks of material misstatement with management each year prior to our retention as the County's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition of our retention.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated June 29, 2015.

Other Information in Documents Containing Audited Financial Statements

Our responsibility for other information in documents containing the County's financial statements and report does not extend beyond the financial statements. We do not have an obligation to determine whether or not such other information is properly stated. However, we read the introductory and statistical sections of the County's Comprehensive Annual Financial Report and nothing came to our attention that caused us to believe that such information, or its manner of presentation, is materially inconsistent with the information or manner of its presentation appearing in the financial statements.

Section II - Legislative and Other Updates

New Pension Standards

Beginning with the County's December 31, 2015 year end, GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, significantly revises the employer's accounting and reporting requirements for pensions.

Employers providing defined benefit pensions to its employees will begin to recognize their unfunded pension benefit obligation as a liability for the first time, and must begin to measure the costs of pension benefits as the employees' service is rendered, rather than as the employer funds the benefit. As a result, the County will record the full net pension asset or liability on the government-wide financial statements. In addition, we expect that in three years the retiree healthcare asset or liability will also be required to be reported in this same way.

The accounting entries to implement GASB Statement No. 68 and allocate these costs to the various proprietary funds and governmental functions is complex. We are happy to work with the County and its actuarial firm over the next year to ensure smooth implementation of this new standard. We would also encourage County personnel to view the free webinars available on Plante & Moran, PLLC's website, if you have not already done so.

New Rules Governing Management of Federal Programs

The Office of Management and Budget (OMB) has issued significant reforms to the compliance requirements that must be followed by non-federal entities receiving federal funding. All entities receiving federal dollars will need to understand the changes made as a result of these reforms and may be required to make changes to internal procedures, processes, and controls.

These reforms impact three key areas of federal grants management:

1. **Audit Requirements** - For fiscal years beginning on or after January 1, 2015, the threshold for obtaining a federal awards audit will increase from the current threshold of \$500,000 of annual federal spending to \$750,000. There will also be significant changes to the criteria for qualifying as a low-risk auditee and a reduction in the number of major programs required to be tested for some clients.

The County has historically been well above the new higher \$750,000 threshold.

2. **Cost Principles** - Effective for all federal awards received on or after December 26, 2014, the grant reforms related to cost principles go into effect. Not only were certain changes made to allowable costs under this new guidance, but there were significant changes in the area of time and effort reporting and indirect costs.
3. **Administrative Requirements** - Also effective for all federal awards received on or after December 26, 2014, non-federal entities receiving federal funding must adhere to new rules related to administering federal awards. Most notably, these requirements may impact the County's procurement systems, including maintaining written conflict of interest policies and disclosures.

These revisions are clearly the most significant change to occur to federal grants management in recent history. Entities receiving federal funding will need to carefully digest these changes. Plante & Moran, PLLC has been on the cutting edge of these reforms, offering our clients free webinars, implementation checklists, and other tools to aid in implementation. We have been working with the County to help ensure that the implementation of the new regulations occurs in a timely and complete manner. Plante & Moran, PLLC has many experts in this area and welcome any questions or additional needs you may have in this area.

Retro-pay Prohibition

Public Act 54 of 2011 prohibits retroactive pay on an expired contract and calls for employees working under an expired agreement to bear the cost of any increased healthcare costs until a new contract is in effect. During that period, the public employer is authorized to make payroll deductions necessary to pay the increased cost of maintaining those benefits.

PA 322 of 2014 provides for exceptions to the retro-pay prohibition for public safety personnel that are subject to compulsory arbitration of labor disputes under PA 312 of 1969. In addition, these employees would only be required to pay increases in insurance benefits after a collective bargaining agreement expired and before a new agreement is in place that would not exceed the amount of the employee's share under the Publicly Funded Health Insurance Contribution Act.

EVIP-like Requirements Tied to Act 51 Monies (Public Act 301 of 2014)

PA 301 of 2014 became effective October 9, 2014. This Act creates EVIP-like requirements for those who pay employees with Act 51 monies. For the purposes of this Act, "transportation employee" means an employee paid in whole or in part through Act 51 revenues or who is engaged in work funded through Act 51 revenues.

The act requires local units receiving ACT 51 money for the construction or maintenance of roads to comply with **one of the following** conditions by September 30, 2015:

1. Develop and publicize a transportation employee compensation plan that the local agency intends to implement with any new, modified, or extended employment contracts or agreements. This compensation plan must include certain limitations on employer contribution toward retirement plans and health insurance as well as limitations on factors that determine pension benefits.
2. Comply with Public Act 152 of 2011, which requires public employers to place hard caps on the amounts they contribute toward healthcare costs with an option to elect an 80 percent contribution cap rather than a hard cap. These hard caps are adjusted annually for inflation.
3. Certify that the local road agency does not offer medical benefits to its transportation employees or elected public officials.

To the Macomb County Board
of Commissioners
County of Macomb, Michigan

June 29, 2015

If a local unit receiving Act 51 money does not certify that it complies with one of the above criteria by September 30 of each year, the Department of Transportation may withhold Act 51 distributions until compliance is established. Act 301 also requires local road agencies to maintain a searchable website (accessible to the public) that includes the current budget, the number of active transportation employees by job classification and wage rate, a financial performance dashboard, the names and contact information of the governing body, and a copy of the annual certification provided to the Michigan Department of Transportation (MDOT).

For communities who are already complying with the requirements of Public Act 152 of 2011, we do not expect this new legislation to have a significant impact on operations since it essentially just creates a new reporting requirement; however, please contact your audit team if you would like to talk through the details of the act and the County's compliance.

PA 298 of 2012 - Act 51 Performance Audits

Public Act 298 of 2012 allows the MDOT to conduct performance audits and make investigations of the disposition of all Act 51 state funds received by county road commissions, cities, and villages. The act states that these audits will be conducted by either an independent CPA or an employee of MDOT; however, recent communications sent to all cities, villages, and road commissions from MDOT indicate that you will need to have your CPA conduct the performance audit.

Based on this communication, the County will need a performance audit for its fiscal year ending December 31, 2016. These procedures will be focused on evaluating the procedures the County puts in place to ensure it complies with the requirements of Public Act 51, and we will issue a separate report for this engagement. We are currently in the process of writing programs to address the key compliance areas. It is not clear to us whether this will be an annual requirement, but we will keep you apprised as additional information is provided by the State.

Client: **County of Macomb**
Opinion Unit: **Governmental Activities**
Y/E: **12/31/2014**

SUMMARY OF UNRECORDED POSSIBLE ADJUSTMENTS

The pretax effect of misstatements and classification errors identified would be to increase (decrease) the reported amounts in the financial statement categories identified below:

Ref. #	Description of Misstatement	Current Assets	Long-term Assets	Deferred Outflows of Resources	Current Liabilities	Long-term Liabilities	Deferred Inflows of Resources	Equity	Revenue	Expenses	Net Income Statement Impact
FACTUAL MISSTATEMENTS:											
A1	Bond premiums were not recorded on the statement of net position				\$ (200,520)	\$ (1,019,317)				\$ (1,219,837)	\$ 1,219,837
JUDGMENTAL ADJUSTMENTS:											
B1	To adjust capitalization of local roads identified in 2014 donated in past years using an average historical cost per mile	\$	(1,486,649)					\$ (1,486,649)			
PROJECTED ADJUSTMENTS:											
C1	None	\$ -	-	\$ -	-	-	\$ -	-	\$ -	-	-
	Combined effect	-	(1,486,649)	-	(200,520)	(1,019,317)	-	(1,486,649)	-	(1,219,837)	1,219,837
	Total	\$ -	\$ (1,486,649)	\$ -	\$ (200,520)	\$ (1,019,317)	\$ -	\$ (1,486,649)	\$ -	\$ (1,219,837)	\$ 1,219,837
PASSED DISCLOSURES:											
D1	None										

Client: **County of Macomb**
Opinion Unit: **Discretely Presented Component Units**
Y/E: **12/31/2014**

SUMMARY OF UNRECORDED POSSIBLE ADJUSTMENTS

The pretax effect of misstatements and classification errors identified would be to increase (decrease) the reported amounts in the financial statement categories identified below:

Ref. #	Description of Misstatement	Current Assets	Long-term Assets	Deferred Outflows of Resources	Current Liabilities	Long-term Liabilities	Deferred Inflows of Resources	Equity	Revenue	Expenses	Net Income Statement Impact
FACTUAL MISSTATEMENTS:											
A1	Invoices improperly excluded from accounts payable within Public Works at year end				\$ 482,826					\$ 482,826	
A2	Compensated absences related to the Martha T. Berry Medical Facility are not recorded on the Component Unit Balance Sheet					\$ 273,166		\$ (273,166)			
JUDGMENTAL ADJUSTMENTS:											
B1	None										
PROJECTED ADJUSTMENTS:											
C1	None	\$ -	\$ -	\$ -	-	-	\$ -	-	\$ -	-	\$ -
	Combined effect	-	-	-	482,826	273,166	-	(273,166)	-	482,826	-
	Total	\$ -	\$ -	\$ -	\$ 482,826	\$ 273,166	\$ -	\$ (273,166)	\$ -	\$ 482,826	\$ -
PASSED DISCLOSURES:											
D1	None										