



Annual Comprehensive Financial Report

Year Ended December 31, 2020

Macomb County Finance Department
Stephen Smigel, Director

MACOMB COUNTY, MICHIGAN

Annual Comprehensive Financial Report

Year ended December 31, 2020

Prepared by:

The Macomb County Finance Department

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Macomb County, Michigan

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MARK A. HACKEL
COUNTY EXECUTIVE

MACOMB COUNTY
OFFICE OF COUNTY EXECUTIVE

MARK F. DELDIN
CHIEF DEPUTY COUNTY EXECUTIVE

June 22, 2021

To the citizens of Macomb County,

The Annual Comprehensive Financial Report of Macomb County, Michigan for the fiscal year ended December 31, 2020 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.

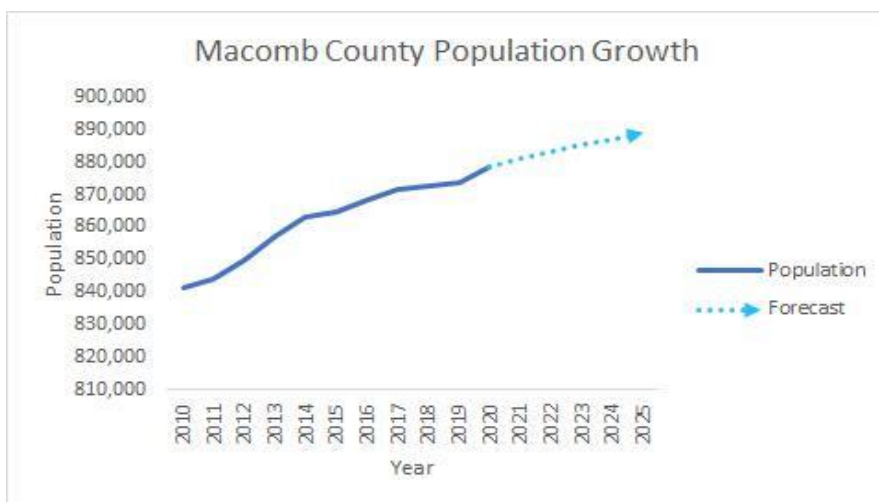
Macomb County's financial statements for the fiscal year ended December 31, 2020 have been audited by Plante Moran, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the County are free of material misstatement. 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, 2020 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 2020 Annual Comprehensive 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 2020 Annual Comprehensive Financial Report will notice two statements entitled Government-Wide Statement of Net Position and Government-Wide Statement of Activities. These statements will provide readers with the financial position of Macomb County viewed as a single entity. The GASB statements also require that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management’s Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. Macomb County’s MD&A can be found immediately following the report of the independent auditors.

PROFILE OF MACOMB COUNTY

Located in the greater Detroit area, Macomb County is Michigan’s third most populous county, but the ninth smallest in area. Its 482-square-miles include 27 cities, villages and townships with a combined 2020 population of 877,280 residents.¹ This figure is the result of an almost 70 year population growth trend. In fact, an average of 9 people move into Macomb County each day and the population is expected to grow by more than 10,671 residents over the next five years.² This increase can be attributed to the county’s dynamic urban clusters, expansive network of industry and commerce, pristine natural features and fruitful agricultural lands. It can also be tied to Macomb’s county charter, which was adopted by voters in 2009. Among other things, the charter created an executive position that would oversee county government. That executive, Mark A. Hackel, was elected in 2010. Over the past eleven years, Hackel has led countless initiatives related to infrastructure, the environment and the economy, while also giving a singular voice to the region. This, plus the area’s wealth of assets, makes Macomb County a desirable place to live, work and play.



Source: EMSI Labor Market Analytics - U.S. Census Bureau

¹ ESRI: Business Analyst Online

² Emsi: Labor Market Analytics

LOCATION ADVANTAGE

Macomb County is situated in the Great Lakes region of southeast Michigan, just north of the city of Detroit. The county also borders Lake St. Clair, a 430-square-mile lake that links with Lake Huron and Lake Erie and provides access to the world's busiest waterways.

This strategic location places Macomb County within approximately 500 miles of 165 million people, or one-half of the population of the United States and Canada. The county is also near two international border crossings with Canada, a geographic advantage that is part of the foundation for the area's economic success.

HOUSING

Macomb County's strong economy is best exemplified by its housing market and personal income growth. In 2020, the county had 372,552 housing units with an average home value of \$204,323. In the past two years, the average home value increased by \$19,787 (9.7 percent).³ Additionally, 69.1 percent of housing units are currently owner-occupied with a 6.6 percent vacancy rate. This puts Macomb County above the national average for owner-occupied housing, which is at 56.4 percent with an 11.3 percent vacancy rate.



INCOME & SAFETY

The average household income for Macomb County in 2020 was \$81,500 and that figure is projected to increase to \$89,512 (9.83 percent) in the next five years. This income growth rate outpaces the national average. Projected over the next five years, the majority of household income growth will be in the top income brackets: the \$100,000 - \$149,999 bracket is expected to grow nearly 10 percent; \$150,000-\$199,999 and the \$200,000 brackets by nearly 20 percent respectively. Together, these figures demonstrate the major career advancements and wage growth occurring in Macomb County.

Income Brackets	2020	2025	2020-2025 Growth
<\$15,000	28,312	26,060	-7.95%
\$15,000 - \$24,999	30,217	28,393	-6.04%
\$25,000 - \$34,999	31,518	30,299	-3.87%
\$35,000 - \$49,999	47,105	46,192	-1.94%
\$50,000 - \$74,999	62,498	62,798	0.48%
\$75,000 - \$99,999	48,532	50,343	3.73%
\$100,000 - \$149,999	60,749	66,415	9.33%
\$150,000 - \$199,999	23,282	27,701	18.98%
\$200,000<	15,576	18,454	18.48%

Source: American Community Survey - U.S. Census Bureau

In addition to income, safety is another notable statistic in Macomb County. In 2020, the county experienced 2.54 violent crimes per 1,000 people and 14 property crimes per 1,000 people. This puts the area well below the national average of 3.53 violent crimes per 1,000 people and 19.79 property crimes per 1,000 people. It also means Macomb County is a very safe place for residents and visitors alike.

³ ESRI Business Analyst Online

ECONOMIC CONDITIONS OF MACOMB COUNTY

ECONOMY

Macomb County is an expanding epicenter of growth and economic vitality, with several figures and reports from 2020 demonstrating the strength of the county's economy. For instance, its gross regional product (GRP) was \$41.7 billion, with \$62.3 billion of imported products and \$69 billion of exported goods.⁴ Additionally, in 2020, the total assessed value of its taxable property was \$36.6 billion – a number that is the result of significant increases in property value—surpassing projections for 2020 done in 2019.⁵ Finally, residents of Macomb County had consumer spending power of \$15.8 billion.⁶ This figure has been rising for the last several years and it directly correlates with increasing wages.

Historical Assessed Values

Year	Total Real Property Taxable Value
2016	28,754,000,000
2017	30,511,000,000
2018	31,739,000,000
2019	34,087,000,000
Projected 2020	36,508,000,000

BUSINESSES

There are a total of 26,256 businesses in Macomb County⁷ with, despite the economic challenges of the COVID-19 pandemic, collective earnings of \$26.45 billion. In 2020, these companies had total sales of \$110 billion. Notably, \$41 billion of those sales occurred in-county; the majority of which were within the construction, real estate, health care and retail trade sectors.⁸

Healthy profits have allowed businesses to create new jobs and since the 2009 recession, 60,814 have been added in Macomb County.⁹ This figure demonstrates sustainable business growth and helps keep vacancy rates at business facilities low. Presently, vacancy rates are at 2.3 percent in industrial properties, 6.5 percent in office space and 5.2 percent in retail locations.

WORKFORCE

Macomb County businesses draw from a diverse and highly-skilled workforce that is 449,794 individuals strong. In 2020, the county's unemployment rate stood at 4.2 percent prior to the COVID-19 pandemic, rose as high as 12.5 percent over the summer, and steadily declined since, finishing the year out at 9 percent as the economy picked up. The county has posted strong employment numbers in early 2021, with 5.1% unemployment in January and 4.0% unemployment in February.¹⁰ Macomb County workers earned an annual average of \$67,672 and the total retirement plan value for these individuals was \$31.9 billion. Together, these figures mean that an average resident has a median net worth of \$137,463, significantly higher than the \$96,706 national median net worth.¹¹

A contributing factor to this prosperity could be the overall transition in Macomb County's workforce, with blue collar careers shifting to new collar careers and with the rise of a professional services sector. In 2020, 61 percent of jobs in the

⁴ EMSI: Labor Market Analytics

⁵ Macomb County Equalization

⁶ ESRI Business Analyst: Retail Market Expenditures Report

⁷ ESRI Business Analyst: Business Summary Report

⁸ Collective Earnings, total sales, and in-region sales all pulled from EMSI: Labor Market Analytics Industry data

⁹ EMSI: Labor Market Analytics Industry Trends

¹⁰ EMSI: Labor Market Analytics, Regional Economy Report

¹¹ ESRI Business Analyst Online, Net Worth Profile Macomb County & USA.

county were white collar, 25 percent were blue collar and 14 percent were in services.¹² This transition was made possible through an increase in educational attainment. Today, 61 percent of Macomb County residents have had some level of college education and the average number of residents who obtain associate degrees is higher than the national average.¹³ Many individuals receiving these degrees are doing so later in life, showcasing a commitment to lifelong education and career advancement.

Eventually, this workforce will need to be replenished, so ensuring the next generation of talent is ready and prepared to fill jobs is paramount to Macomb County. The Macomb County Department of Planning & Economic Development (MCPED) is tasked with this responsibility and in 2018, the department created the Fueling the Talent Pipeline Initiative. The program allows MCPED to engage directly with young people and the businesses that will one day hire them. Ultimately, MCPED's goal is to expose students to career possibilities and guide them to educational pathways that lead to meaningful employment. This recently led to the creation of the local Academies at Romeo, a school that was designated as the first Ford Next Generation Learning community in Michigan, and the start of the Ford NGL process at Center Line High School. Other outcomes include successful implementations of Manufacturing Day and career fairs like MiCareerQuest.

COVID-19 AND MACOMB COUNTY'S RESPONSE

The Role of Government in a Pandemic

When the Macomb County Charter Commission convened at the will of the electorate in 2009, it was tasked with the purpose of forming a home rule chartered government to replace the existing general law county government. The citizens of Macomb County, exercising their constitutional right to reform their own representative government, sought a better, more efficient governing body to ensure the prosperity of the citizenry and to protect the citizenry in times of crisis, and the COVID-19 pandemic is one of the biggest crises of our lifetime.

The past 12 months have shown that COVID-19 is an existential threat to both the vitality of our communities and the ability of our leaders to carry out their most essential functions. The pandemic has required units of government at every level of the American system to respond with the utmost resourcefulness, diligence and urgency. Macomb County's system of government is no exception.

As previously mentioned in this report, Macomb County is home to 878,242 citizens. It is the third most populous county in the 10th most populous state in the Country. This diverse population has helped build vibrant, sustainable communities. However, the COVID-19 pandemic has rendered several aspects of those communities extremely vulnerable. In Macomb, there are 157,717 citizens age 65 and up, a total of 41,462 healthcare workers, 17,863 teachers and education professionals, 5,552 first responders, 64,388 manufacturing workers, 67,575 retail and hospitality workers, and as many as 177,031 Macomb County citizens that have asthma, type 1 or 2 diabetes, and/or high blood pressure. These numbers demonstrate that Macomb County has faced daunting barriers to successfully mitigating the COVID-19 crisis. Each citizen deserves basic human dignity, peace of mind, body and spirit, as well as economic security, and Macomb County has operationalized its resources, state resources and federal resources to help mitigate the devastating effects of the pandemic.

¹² EMSI: Labor Market Analytics Occupation Trends. See Appendix A for details on white collar occupations.

¹³ EMSI: Labor Market Analytics Educational Attainment Snapshot

Actions Taken

On March 13, 2020, Macomb County issued a COVID-19 state of emergency, a declaration that activates response and recovery elements of the county's emergency operations plan and directs county resources to be utilized to the fullest extent. An emergency operations center and joint information center were then established to develop and execute plans and communicate important details with the public. These actions helped the county streamline its response to COVID-19, which over the year, included:

- Establishing a public COVID helpline staffed with Health Department professionals
- Establishing a contact tracing unit to track COVID-19 cases
- Creating a county-sponsored COVID-19 drive-thru testing site, which has administered more than 36,000 tests
- Ensuring ongoing service for Meals on Wheels offered to homebound seniors, even during shutdowns, which resulted in the delivery of almost 380,000 meals
- Distributing nearly 4,000 care packages for homebound seniors with PPE, toiletries and other essential items
- Mobilizing the Macomb Food Program, which distributed more than 4.1 million pounds of food to its local food bank partners
- Sourcing and purchasing millions of pieces of PPE for use within the county and for distribution to local businesses, schools, etc - including face masks, gloves, hand sanitizers, face shields and gowns
- Establishing a mass vaccination site capable of delivering thousands of vaccines daily and creating vaccination partner sites to ensure vaccines could be given to people in the communities in which they live. These efforts resulted in more than 126,000 doses being administered as of early April
- Counseling more than 2,000 businesses on closures, safety guidance, financial support and grant programs
- Distributing nearly 4,000 'back-to-business' kits with PPE and other materials so local organizations could safely bring their employees back to work
- Creating new communication vehicles (video, digital, websites, etc.) to keep residents informed

State and federal funds boosted these efforts, including the \$152 million allocated to the county through the CARES Act. In May 2020, Macomb announced a series of grant programs for local businesses impacted by COVID-19 and funded with these dollars. The programs were facilitated by Macomb County Planning and Economic Development, which developed an entirely new system and process to accept grant applications and to award funding. By the end of 2020, more than \$42 million had been distributed to businesses in need.

Business Community Responds

In the midst of the pandemic, some manufacturing companies in Macomb County met the unprecedented challenge in extraordinary ways, harkening back to the region's reputation as the Arsenal of Democracy during World War II. Many of these companies used their manufacturing and engineering prowess to develop and produce medical equipment, personal protective equipment and other creative solutions to meet the needs of not just Macomb County, but the entire country.

- Cadillac Products Automotive Company was founded in 1942 to meet the urgent needs of the U.S. government during World War II. More than 75 years and four generations of family leadership later, the automotive supplier, which usually makes vehicle door watershields in their Roseville facility, pivoted to create supplies for the medical community. In April 2020, Cadillac developed a design and manufacturing process and then began to manufacture medical gowns. It donated 50,000 gowns to those in need before transitioning over to a sales model that will allow them to maintain and grow their presence in the PPE marketplace.
- In March 2020, General Motors became the first company to announce its plans to begin ventilator production. It partnered with Ventec Life Systems in Washington, which provides respiratory care products, and used its

logistics, purchasing and manufacturing expertise. GM then brought its Warren Transmission Plant online to produce hundreds of thousands of face masks. Ford, meanwhile, collaborated with 3M to begin producing powered air-purifying respirators while also making face masks at its Van Dyke Transmission Plant in Sterling Heights.

- Maelstrom Chemical Technologies in Shelby Township was among the many companies that transitioned to make hand sanitizer in the spring of 2020. Using its expertise, which is making chemicals that are used in bridge construction, smartphones and medical devices, the chemical solvent company created an extremely effective hand sanitizer. Maelstrom donated the sanitizer to various organizations, including doctors' offices, senior centers and hospitals. Based on its experience, the company plans to add a line of decontaminants to its product offerings.

In pivoting to produce new materials and supplies, Macomb County businesses have demonstrated their ability to be agile in an ever-changing market and world.

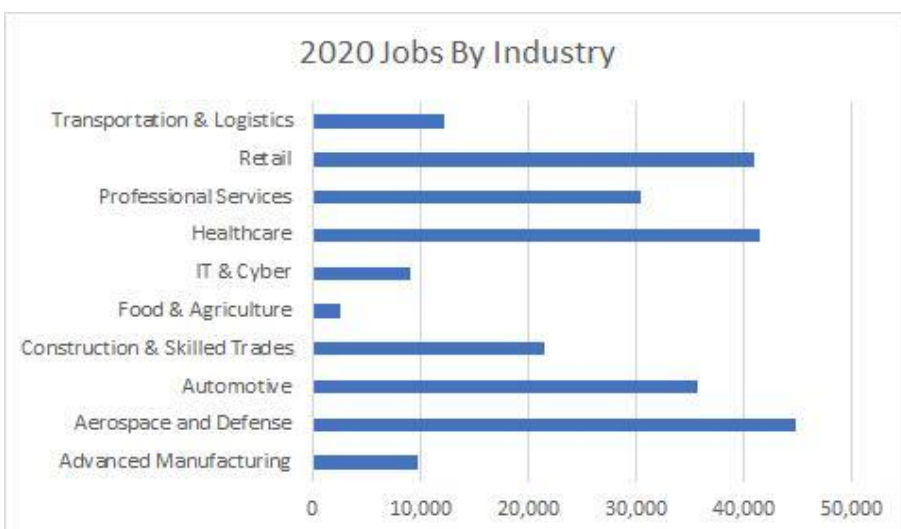
INDUSTRIES OF MACOMB COUNTY

TARGETED INDUSTRIES

MCPED has established a core set of industry clusters from the North American Industry Classification System (NAICS) that fit the business environment of Macomb County. The purpose of classifying businesses and the workforce by a set of targeted industries is to track the health of the variety of industries that power the county's business economy. These targeted industries are: advanced manufacturing, automotive, defense, food / agriculture, health care, IT / cyber security, logistics, professional services and retail.

ADVANCED MANUFACTURING

Manufacturing is one of Macomb County's most important industries, as it annually adds more than \$12 billion to the local economy. In 2020 alone, the sector exported more than \$37 billion worth of products and imported more than \$16.4 billion in goods. This impressive activity is driven by 1,600 companies that employ more than 70,000 people, and that



Source: EMSI Labor Market Analytics

Industry	Jobs	Businesses	Earnings
Advanced Manufacturing	9,811	399	\$88,181
Aerospace and Defense	44,873	2,270	\$101,818
Automotive	35,667	478	\$89,022
Construction & Skilled Trades	21,516	1,996	\$69,770
Food & Agriculture	2,545	122	\$43,485
IT & Cyber	9,088	715	\$98,917
Healthcare	41,462	2,168	\$60,369
Professional Services	30,395	1,611	\$111,179
Retail	40,953	2,710	\$41,328
Transportation & Logistics	12,211	735	\$67,170

Source: EMSI Labor Market Analytics

number continues to grow.¹⁴ Part of this robust manufacturing center is advanced manufacturing. Advanced manufacturing, boasting over 11,000 jobs at nearly 400 companies, is a subsector of manufacturing that uses integrated technology to improve products and processes. This makes Macomb County a place where innovation leads to real-world applications in emerging industries like mobility, robotics and aerospace.

NEXT GENERATION MOBILITY & AUTOMOTIVE

Macomb County's automotive industry is made up of a diverse network of 450 companies that have been a driving force of growth within the economy for many years. For instance, since 2010, these companies have invested more than \$13.2 billion and created over 35,254 jobs. In 2020, the sector created a \$12.5 billion demand for products, \$7.95 billion of which was met in-region and \$4.5 billion was imported.¹⁵

A major trend within the automotive industry is the focus on next generation mobility and technology. This is changing the way many in the sector operate, but Macomb County is poised to be a leader in this transformation because of its impressive cluster of assets. For instance, Paslin, a design and build company headquartered in Warren, will play a major role in the creation of new electric vehicles produced by Rivian, an automotive technology company. The county is also home to some of the industry's most advanced facilities, a number of which are owned by the "Big Three" - General Motors, Stellantis (formerly Fiat Chrysler Automobiles) and Ford. General Motors has its GM Tech Center in Warren with over 17,000 employees.¹⁶ Stellantis has a stamping and assembly plant in both Sterling Heights and Warren, both of which employ more than 14,000 people.¹⁷ And Ford has two facilities in Sterling Heights and two in Romeo with a combined workforce of 4,000 individuals.¹⁸ Each of these companies recently announced major investments into electric, hybrid and autonomous vehicles - including \$11 billion from Ford through 2022,¹⁹ \$20 billion from GM through 2025²⁰ and \$10.5 billion from Stellantis through 2022.²¹ GM recently announced in early 2021 its pledge to have a complete electrified lineup by 2035.

With the support of these investments and assets, Macomb County will continue to be at the forefront of automotive technology well into the future.

INFRASTRUCTURE & CONNECTED MOBILITY

Macomb County is home to a robust infrastructure and transportation network. These two community characteristics make the county a desirable location for businesses engaged in a variety of industries as well as residents commuting or traveling within the metropolitan Detroit region. From comprehensive sewer and water systems to advanced connected roadways and telecommunications, Macomb County possesses the vital infrastructure needed to service emerging industries and a growing population.

Over the past 10 years, Macomb County has been steadily increasing traffic safety and preparing for connected mobility by developing an intelligent transportation system (ITS). This has been realized through the creation of a centralized traffic

¹⁴ EMSI: Labor Market Analytics

¹⁵ EMSI: Labor Market Analytics Industry Analysis

¹⁶ Crain's Detroit Business

¹⁷ Crain's Detroit Business

¹⁸ Crain's Detroit Business

¹⁹ Reuters

²⁰ CNBC

²¹ Engadget

and communications center (COMTEC). The facility houses traffic operations, E-911 emergency dispatch and the county's information technology services. The resulting synergy has created a high-tech space designed to deploy, enhance and maximize vehicle-to-infrastructure communication technologies. For instance, Macomb County is one of a few dozen locations in the United States to have an ITS powered by a 9.7 gigabit network. The county is also leading the way in the installation of operational connected vehicle roadside units (RSU). There are now more than 300 RSUs along Macomb County's 152 miles of connected roadway. Other notable technologies include 630 traffic signals and over 260 cameras that are linked to COMTEC. The result of all of these advancements is a significant increase in safety. Most notably, between 2016 and 2017, the county reduced traffic crash related fatalities by 33 percent.

Another major infrastructure project in Macomb County is Innovate Mound, an initiative focused on rebuilding one of the most important manufacturing and R&D corridors in southeast Michigan, Mound Road. This corridor is a unique and nationally significant industrial area that hosts the General Motors Warren Technical Center, the Sterling Heights Ford Axle Plant, Stellantis' Sterling Assembly and Warren Truck Assembly Plants, the U.S. Army's Tank-Automotive and Armaments Command (TACOM) and the Combat Capabilities Development Command- Ground Vehicle Systems Center (CCDC-GVSC). All told, the Mound Road area has a direct employment total of 20,200 people that support 17,720 jobs in Macomb County and an additional 98,100 jobs in the state of Michigan.²² Therefore, the vision of Innovate Mound is to not only reconstruct the road, but to increase pedestrian friendliness and implement smart transportation technologies. The current estimated cost for the project is \$217 million. Innovative funding solutions, including a federal INFRA grant worth \$130 million, will cover that figure.

ROBOTICS & CYBER SECURITY

Macomb County is home to a large community of core manufacturing operations, supply chain industries and product development facilities that rely on automation and robotics. To ensure the local workforce can understand and meet these technology needs, Macomb County has created a nonprofit Robotics Collaboration and Innovation Center aimed at increasing awareness and opportunity within the robotics environment. The new facility launched in January 2020 at the Velocity Collaboration Center in Sterling Heights with the Macomb Intermediate School District and Macomb Community College. Its mission is to partner with businesses, educational organizations, nonprofits and startups to offer tools, programs, co-working space, expert assistance and access to an open and collaborative environment. The facility also features a tooling and fabrication shop, engineering and computer science assistance, business development assistance and mentors from leading automotive, defense, manufacturing and technology firms. Ultimately, it is working to create a pipeline that transports the next generation of the STEM workforce from schools to major employers.

Alongside the push for robotics training, Macomb County leaders have also stressed the importance of cyber security. Currently, the county has over 450 establishments employing almost 10,000 individuals in the information technology and cybersecurity industry. And since 2010, the area has seen a 104 percent increase in cyber operations, while the national average is just above 27 percent.²³ This led to the creation of the Michigan Automotive and Defense Cyber Assurance Team (MADCAT), an initiative spearheaded by the Macomb County Department of Planning & Economic Development. MADCAT promotes the county and the state of Michigan as a world leader in developing and supporting a cyber ecosystem while leveraging unique regional assets in the defense and automotive industries to drive technology innovation, encourage economic development and create a talented workforce for Michigan. Since its founding in 2014, the organization has facilitated three cyber hubs in Macomb County, including the Velocity Hub of the Michigan Cyber Range, Pinckney Cyber Training Institute and the Wayne State University Advanced Technology Education Center. These hubs

²² EMSI: Labor Market Analytics, *Economic Impact of Mound Road*, 2018.

²³ EMSI: Labor Market Analytics Industry Snapshot. 'Industry clusters' created using NAICS codes.

allow local companies to test connected products, provide training with industry leaders and offer cyber security certification courses. In May of 2019, MADCAT was awarded a National Association of Counties Achievement Award in the Community & Economic Development category.

AEROSPACE AND DEFENSE

In fiscal year 2019, defense companies located in Macomb County were awarded 5,422 contracts, totaling \$3.43 billion.²⁴ In that same year, the county's industry saw more than \$4.2 billion in purchases, with \$2.3 billion of those met within the region. Driving these numbers is a strategic locational advantage based on a skilled workforce and prime assets. For instance, the county is home to Selfridge Air National Guard Base, which houses all five branches of the armed services, as well as the US Coast Guard and the Department of Homeland Security. Established in 1917, Selfridge is one of the oldest continuously operating military airfields in the nation. It has nearly 7,000 personnel and contributes over \$850 million to the local economy - a number that could soon increase exponentially.

QUALITY OF LIFE IN MACOMB COUNTY

EDUCATION

Macomb County provides a large range of quality educational opportunities for its residents. These options include a model Head Start program, general K-12 education, special needs education programs, career technical education and higher education opportunities.

Head Start

Studies from the National Education Association show that investment in high quality prekindergarten programs generate billions of dollars in economic and other benefits for federal and state governments, while also producing major, long-term benefits for individuals. This is why support of Head Start programs is important and why Macomb County makes theirs a priority. For instance, using local and federal dollars, the county serves more than 1,000 children through Early Head Start and Head Start 0-5 while also providing supportive family services in the areas of health, nutrition, dental care, education and mental health. The result of this investment: The county's Head Start initiative has become a model program.

The result of this investment: The county's Head Start initiative has become a model program.

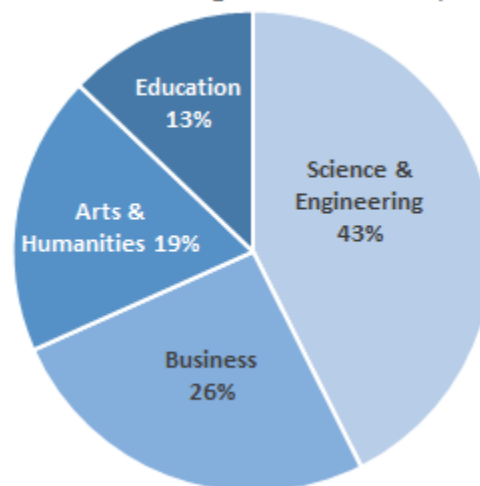
K-12

The Macomb Intermediate School District (MISD) serves the 21 public school districts, charter schools and private/parochial schools in Macomb County. It is the largest ISD in Michigan that provides direct services to students. Its staff help bring best practices to the classroom, impacting some 150,000 students in both public and nonpublic schools. Approximately 19,000 of those students receive special education services.

Career Technical Education

Career Technical Education (CTE) programs provide opportunities for students to learn real world skills, gain practical knowledge on career pathways and prepare for entering the workforce. Macomb County has more than 14,000 students

Bachelors Degree Field of Study



Source: American Community Survey

²⁴ USAspending.gov, Department of Defense contract data.

enrolled in its 235 state-approved CTE programs, the second highest CTE population in the state of Michigan. These numbers indicate a positive future for the region, the economy and the workforce in the county.

Higher Education

Affordable higher education is a priority in Macomb County. This is evident in the broad range of degrees and technical certificate programs that are offered through the county's many educational institutions and reflected in the fact that in 2020, the county's average amount owed on student loans is \$6,590 per student. This figure is dramatically lower than the national average of \$39,351 per student and Macomb County's total student debt accounts for merely 0.26% of total national student debt.²⁵ The result: More than 226,000 Macomb County residents have an associate degree or higher.²⁶ Analyzing bachelor's degrees further shows that residents are excelling in a variety of fields, with 43 percent in science and engineering, 26 percent in business, 19 percent in the arts and humanities and 13 percent in education. And while Macomb County has a lower bachelor's degree attainment rate than other counties, it has robust certification programs offered through community colleges and university programs that are recognized by industry in areas of advanced manufacturing and skilled trades. Many of these certifications transition individuals into higher paying and in-demand jobs. Certifications include: Certified nursing assistant, pharmacy technician, dental assistant, robot programmer, robot technician, industrial maintenance technician and controls technician.

In addition to affordability, availability is another contributing factor in the attainment of bachelor's degrees. In fact, Macomb County has more opportunities to complete coursework from one of Michigan's 15 public colleges than any other location in the state. For instance, Macomb Community College, the county's leading post-secondary education institution, hosts a University Center that offers access to six satellite campuses with over 60 bachelor's and master's degree programs. Outside of the Center, the college has two main campuses in Warren and Clinton Township that annually serve 50,000 students while providing 200 options for securing degrees and certificates.

Beyond Macomb Community College, there are a variety of other higher educational institutions that have established campuses in Macomb County. Oakland University recently opened a satellite campus that provides undergraduate and graduate courses. Wayne State University invested in the Advanced Technology Education Center (ATEC) in Warren. Other stand-alone satellite campuses include Central Michigan University, Michigan State University College of Osteopathic Medicine, Ferris State University and Saginaw Valley State University. Together, these institutions provide Macomb County students with the opportunity to attain bachelor's degrees in marketable academic segments without leaving the area.

HEALTH CARE

The health care industry has grown significantly in Macomb County, with world-renowned facilities investing in various operations throughout the area. Since 2014, these organizations have used MCPED's Business Retention Program to invest over \$200 million into expansion efforts.²⁷ Macomb County now has three general hospitals with capacity for approximately 1,100 beds. Notable health care facilities include:

- The Henry Ford Macomb Hospital in Clinton Township, which includes specialty services like a Heart & Vascular Institute, 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. Recently, the health system

²⁵ ESRI: Business Analyst Online Financial Expenditures Report

²⁶ ESRI: Business Analyst Online Community Profile

²⁷ Macomb County Planning and Economic Development Business Retention Report, Economic Impact

announced a \$250 million investment for Henry Ford Macomb. This is one of the largest investments in Macomb County for all health care organizations.

- McLaren Macomb Hospital in Mount Clemens, which offers several highly-regarded specialty centers within the hospital. Prominent among them are the Mat Gaberty Heart Center and the Ted B. Wahby Cancer Center, both of which offer comprehensive diagnostic and surgical services. McLaren recently opened a corporate services office in Macomb County. This 57,000-square-foot facility consolidates 13 centers from around the state and will improve insurance billing effectiveness that could increase revenue by as much as \$30 million annually for the health care system.
- St. John Providence Health System, which has established “Centers of Excellence” for a wide range of inpatient and outpatient services at St. John Macomb-Oakland Hospital and 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.
- Beaumont Health, which announced plans this year to open an outpatient campus in Lenox Township. The center is expected to open in August 2021 and will have 120,000-square-feet, making it the largest outpatient operation for the health system. The campus will offer Beaumont-affiliated primary and specialty care physicians, emergency care, imaging, outpatient surgery, cancer services, physical therapy and other services. Some independent physicians and other groups may also open offices at the site.

In addition to facilities, Macomb County has a skilled and talented health care workforce that is serviced by an expansive network of universities and colleges. For instance, MSU College of Osteopathic Medicine students have the option of completing their first two years of medical school at the Macomb University Center at Macomb Community College in Clinton Township. Educating these individuals and keeping them in Macomb County communities is a priority as the population continues to age and the demand for health care workers grows. In fact, according to a recent Future of Jobs report from the World Economic Forum, over the coming three years, 37 percent of projected job opportunities in emerging professions will be in the care economy.²⁸

ONEMACOMB

In 2012, Macomb County Executive Mark A. Hackel created the OneMacomb initiative in response to shifting demographics within the county. The effort, which is now led by a diverse executive committee, seeks to promote multiculturalism and inclusiveness, strengthen the economy and identify and implement multicultural best practices.

OneMacomb data shows that more than 116 primary languages are spoken in the county and that 11 percent of its residents are foreign born. This immigrant population helps drive the area’s economy, demonstrates how the county is a place for all to flourish and proves that anyone can make Macomb their home.

²⁸ Jobs of Tomorrow - Mapping Opportunity in the New Economy; World Economic Forum

BLUE ECONOMY & NATURAL FEATURES

Macomb County is adjacent to 32 miles of beautiful Lake St. Clair (Great Lakes) shoreline – an area that supports more than 70 active marinas and a world-class recreational boating and fishing industry. Additional water assets include the Clinton River, which meanders for 60 miles across the area, and many other local streams, ponds and waterways. Residents and visitors take advantage of these resources with 53,000 registered boats (2018) and through the area’s six public boat launches, 42 ramps and 16,000 boat slips at marinas and private waterfront and canal properties. This activity adds to the \$1.5 billion produced annually by outdoor recreation around the Lake St. Clair region²⁹.

In addition to water assets, Macomb County has incredible green spaces. To support these areas, Macomb County Planning & Economic Development created the Green Macomb initiative, a program that promotes green infrastructure efforts. Through diverse partnerships with local municipalities, businesses, private residents and nonprofit organizations, the initiative enhances our region’s land and water resources. For instance, Green Macomb is strategically increasing Macomb County’s tree canopy by planting diverse tree species in areas with high population density and high-impacted sub-watersheds. In 2020 alone, federal grants allowed individual volunteers to plant more than 1,400 trees throughout the county. Additionally, the private sector purchased over 20,000 trees and shrubs through the county’s Arbor Day Tree Sale. These efforts have been recognized by the National Association of Counties and the Michigan Department of Forestry as excellent work in establishing a more robust urban tree canopy.

All told, Macomb County is home to 215 unique public parks, 32 miles of lakefront shoreline, 155 miles of built bike paths, 32 miles of kayaking space and hundreds of additional miles of streams and tributaries. These assets contribute to an overall high quality of life for residents and make Macomb a great place to call home.

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 and issued bonds in 2015 to fully fund its unfunded liability for retiree health care. Additional information regarding the Retiree Health Care Trust Fund can be found in the notes to the financial statements.

²⁹ Michigan Boating Industries Association

Department of Roads Retiree Health Care Trust Plan. The County's Department of Roads administers its own single employer defined benefit retiree health care plan. Additional information regarding the Department of Roads Retiree Health Care Trust Plan 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, Health Care Trust Funds, and the Intermediate Retiree Medical Benefits Trust 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 Annual Comprehensive Financial Report 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 ACFR for the fiscal year ended December 31, 2020. 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 annual comprehensive financial report, whose contents conform to program standards. The report 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 35 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 Annual Comprehensive 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.

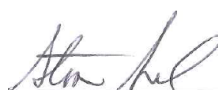
In closing, we would like to thank the elected officials and county employees for their contribution to the fiscal stability of the County. Macomb County is a great place to live, work and play offering a unique experience that no other place can and that is why so many residents and businesses have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

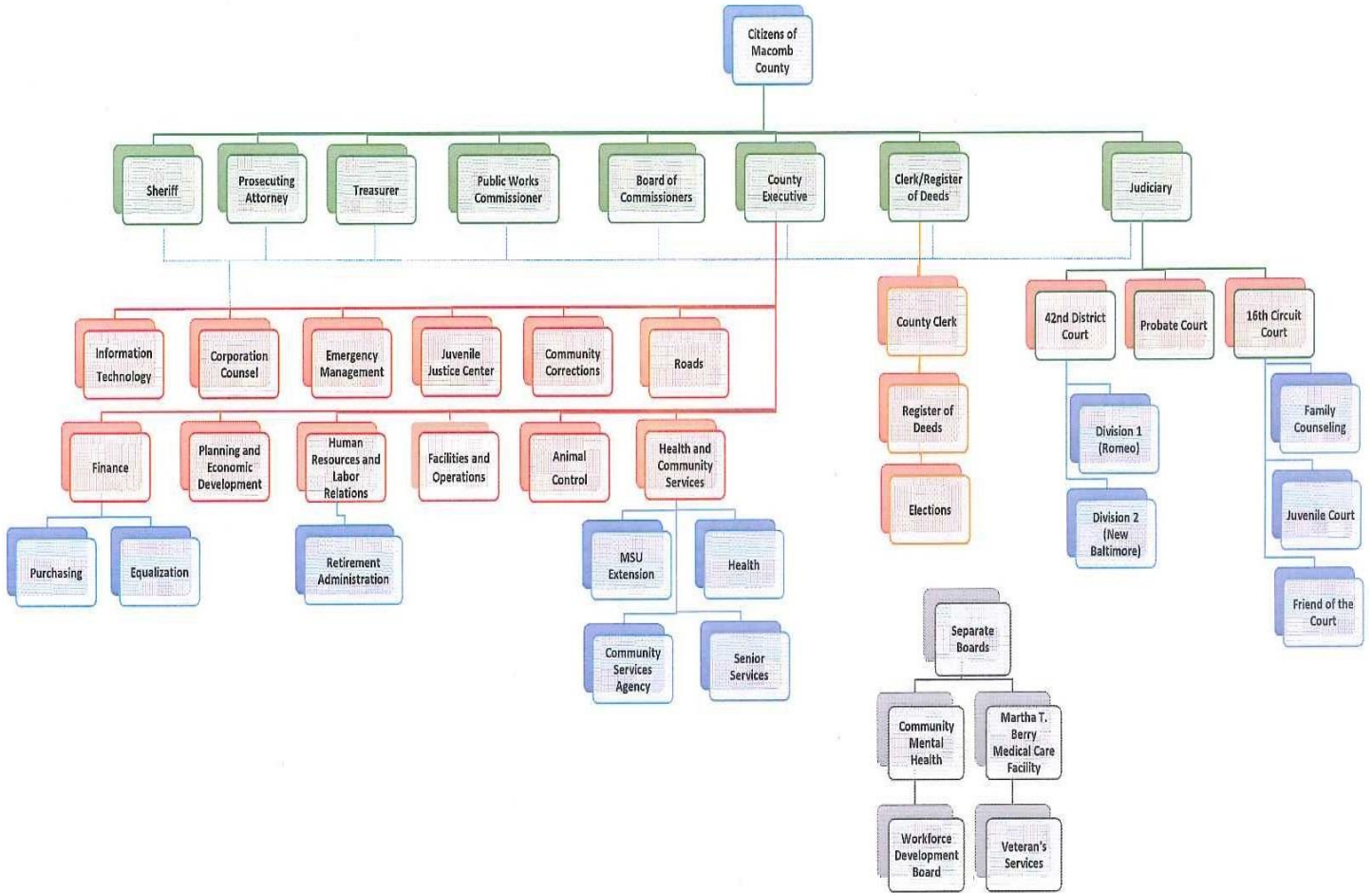
For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

December 31, 2019

Christopher P. Morill

Executive Director/CEO

Macomb County, Michigan
 ORGANIZATIONAL CHART
 Year Ended December 31, 2020



Macomb County, Michigan

LIST OF ELECTED AND APPOINTED OFFICIALS

Year Ended December 31, 2020

County Executive's Office

County Executive	Mark Hackel
Chief Deputy County Executive	Mark Deldin
Deputy County Executive	John Paul Rea
Deputy County Executive	Vicki Wolber
Deputy County Executive	Vacant

2019-2020 Board of Commissioners

Bob Smith, (Chair) District 12	Robert Mijac, District 5
James Carabelli, (Vice-Chair) District 6	Don Brown, District 7
Elizabeth Lucido (Sergeant-At-Arms), District 9	Phil Kraft, District 8
Andrey Duzyj, District 1	Robert Leonetti, District 10
Marvin Sauger, District 2	Harold Haugh, District 11
Veronica Klinefelt, District 3	Leon Drolet, District 13
Joseph Romano, District 4	

Elected County Officials

16th Judicial Circuit Court/Probate Court/42 nd District	
Court Chief Judge	Honorable James Biernat, Jr.
County Clerk/Register of Deeds	Fred Miller
Prosecuting Attorney (Acting)	Jean Cloud
Public Works Commissioner	Candice Miller
Sheriff	Anthony Wickersham
Treasurer	Lawrence Rocca

County Department Heads

Chief Animal Control Officer	Jeff Randazzo
Community Services Agency Director	Ernest Cawvey
Corporation Counsel	John Schapka
Emergency Management & Communications Director	Brandon Lewis
Facilities & Operations Director	Lynn Arnott-Bryks
Finance Director	Stephen Smigiel
Health & Community Services Director	Vacant
Health Officer	William Ridella
Human Resources and Labor Relations Director	Andrew McKinnon
Chief Information Officer	Jako van Blerk
Juvenile Justice Center Director	Rhonda Westphal
Planning & Economic Development Director	Vicky Rad
Chief Veterans Service Officer	Laura Rios

Independent Auditor's Report

To the Board of Commissioners
County of Macomb, Michigan

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, Michigan (the "County") as of and for the year ended December 31, 2020 and the related notes to the financial statements, which collectively comprise the County of Macomb, Michigan'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 opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

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, Michigan as of December 31, 2020 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, Michigan

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplementary information, 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's basic financial statements. The other supplementary information, introductory section, and statistical section schedules, as identified in the table of contents, are presented for the purpose of additional analysis and are not a required part of the basic financial statements.

The other supplementary information is the responsibility of management and was derived from and relates 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 other supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory section and statistical section schedules 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 22, 2021 on 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, grant agreements, and other matters. The purpose of that report is solely 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 effectiveness of the County's 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's internal control over financial reporting and compliance.



June 22, 2021

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MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2020

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, 2020. Readers are encouraged to read it in conjunction with the letter of transmittal, which is located at the beginning of this report, and the accompanying basic financial statements.

FINANCIAL HIGHLIGHTS

The assets and deferred outflows of the county exceeded its liabilities and deferred inflows by \$1.4 billion at year- end.

The net position of the county increased by \$212.6 million in fiscal 2020.

The General Fund reported an increase of \$10.9 million for the year. Nonspendable fund balance was \$4.2 million, while Unassigned fund balances were \$68.2 million, or 26.7% of 2020 General Fund expenditures. Total fund balance was \$72.4 million. Nonspendable fund balance represented amounts for prepaid items, advances to other funds, and long-term receivables.

The county's governmental and business-type activities added a combined \$131,015,000 and retired a combined \$126,069,612 million in long term debt during fiscal year 2020, for a net increase in long term debt of the primary government of \$4,945,388. At year end, the county is \$2.7 billion below its authorized debt limit.

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.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2020

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. The governmental funds financial statements begin on page B-3.

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, employee fringe benefits, and debt service related to 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-7 of this report.

Fiduciary funds are used to account for resources held by the county on behalf of others, including those of the Employee Retirement System, the Retiree Health Care Trust, and the Roads Retiree Health Care Investment Trust, as well as custodial funds, including the Current Tax Collection Fund, COMET Fund, and Miscellaneous Custodial Fund. 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-12 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-16 of this report.

MANAGEMENT'S DISCUSSION AND ANALYSIS

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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. Required Supplementary Information begins on page C-1 of this report.

Other Supplementary Information, which includes 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.

FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE

The financial analysis of the county as a whole focuses on the net position and changes in net position of the governmental and business-type activities of the county. As noted earlier, net position and changes in net position may serve as one indicator of the financial health of the county. The assets and deferred outflows of resources of the county exceeded its liabilities and deferred inflows of resources by \$1.4 billion at December 31, 2020 and increased by approximately \$212.6 million for the year then ended. (See page A-7)

Macomb County Primary Government Net Position

	Governmental Activities		Business-type Activities		Totals	
	2019	2020	2019	2020	2019	2020
Current and other assets	\$ 539,424,959	\$ 673,807,975	\$ 239,105,984	\$ 293,414,684	\$ 778,530,943	\$ 967,222,659
Capital assets	1,066,471,530	1,084,612,441	1,545,015	1,405,797	1,068,016,545	1,086,018,238
Net pension asset	27,492,687	77,209,485	2,657,071	7,005,997	30,149,758	84,215,482
Total assets	1,633,389,176	1,835,629,901	243,308,070	301,826,478	1,876,697,246	2,137,456,379
Deferred outflows of resources	25,793,069	44,082,254	1,834,571	7,292,403	27,627,640	51,374,657
Current liabilities	49,457,726	112,880,597	31,817,587	67,933,776	81,275,313	180,814,373
Long-term liabilities						
Due within one year	19,737,004	22,045,739	1,948,521	2,301,843	21,685,525	24,347,582
Due in more than one year	231,364,052	233,991,768	35,481,931	37,332,729	266,845,983	271,324,497
Asset retirement obligations	1,000,000	1,000,000	-	-	1,000,000	1,000,000
Net OPEB liability	189,263,178	93,450,308	35,227,324	17,233,408	224,490,502	110,683,716
Total liabilities	490,821,960	463,368,412	104,475,363	124,801,756	595,297,323	588,170,168
Deferred inflows of resources	132,595,266	198,404,052	16,415,442	29,667,853	149,010,708	228,071,905
Net position						
Net investment in capital assets	1,013,164,927	1,038,270,450	1,545,015	1,405,797	1,014,709,942	1,039,676,247
Restricted	133,214,164	148,169,392	26,701,997	43,979,515	159,916,161	192,148,907
Unrestricted	(110,614,072)	31,499,849	96,004,824	109,263,960	(14,609,248)	140,763,809
Total Net Position	\$1,035,765,019	\$1,217,939,691	\$ 124,251,836	\$ 154,649,272	\$ 1,160,016,855	\$ 1,372,588,963

Approximately \$1.0 billion 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 \$192 million 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, Capital Projects, and Internal Service funds whose use is restricted by statute as well as cash and investments restricted for the repayment of outstanding debt. The sum of restricted net position and net investment in capital assets exceeded total net position, resulting in a negative unrestricted net position at December 31, 2019. Conversely, the sum of restricted net position and net investment in capital assets is less than total net position, resulting in a positive unrestricted net position at December 31, 2020. The main cause of the negative unrestricted net position was the restatement related to the county's implementation of Government Accounting Standards Board Statement

Macomb County, Michigan

MANAGEMENT'S DISCUSSION AND ANALYSIS

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No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions* in 2018, which was still the main cause of the negative unrestricted net position in 2019. See Notes 14 and 15 for more information regarding the county's Other Postemployment Benefit plans. Favorable operating results combined with an increase in the county's net pension asset and decrease in the county's net OPEB liability were the main causes of the positive unrestricted net position at December 31, 2020.

As indicated in the following schedule, the net position of the county increased by \$212.6 million for the year ended December 31, 2020. The components of this change was an increase of \$182.2 million in governmental activities and an increase of \$30.4 million in business-type activities.

The components of these changes are discussed in the following section.

Macomb County Primary Government Changes in Net Position

	Governmental Activities		Business-type Activities		Totals	
	2019	2020	2019	2020	2019	2020
Revenues						
Program revenue						
Charges for services	\$ 82,813,009	\$ 77,010,324	\$ 222,899,782	\$ 220,858,281	\$ 305,712,791	\$ 297,868,605
Operating grants and contributions	60,167,872	198,481,450	18,827,124	16,354,074	78,994,996	214,835,524
Capital grants and contributions	101,493,870	109,189,878	-	-	101,493,870	109,189,878
General revenue						
Property taxes	128,421,178	131,892,370	-	-	128,421,178	131,892,370
Intergovernmental revenues	30,920,746	27,414,291	-	-	30,920,746	27,414,291
Investment earnings	54,595,921	46,777,506	12,860,411	10,524,413	67,456,332	57,301,919
	<u>458,412,596</u>	<u>590,765,819</u>	<u>254,587,317</u>	<u>247,736,768</u>	<u>712,999,913</u>	<u>838,502,587</u>
Expenses						
Legislative	1,714,406	1,334,027	-	-	1,714,406	1,334,027
Judicial	51,102,176	44,386,677	-	-	51,102,176	44,386,677
General government	41,434,879	35,156,964	-	-	41,434,879	35,156,964
Public safety	89,161,248	81,885,126	-	-	89,161,248	81,885,126
Public works	85,254,737	74,621,154	-	-	85,254,737	74,621,154
Health and welfare	86,963,308	121,249,385	-	-	86,963,308	121,249,385
Community and economic development	3,757,751	44,922,005	-	-	3,757,751	44,922,005
Recreation and culture	150,928	111,202	-	-	150,928	111,202
Interest and fees on long-term debt	8,627,617	5,998,231	1,406,263	866,700	10,033,880	6,864,931
Delinquent tax collections	-	-	2,828,876	1,904,565	2,828,876	1,904,565
Community Mental Health	-	-	225,054,456	213,128,953	225,054,456	213,128,953
Freedom Hill Park	-	-	453,186	466,620	453,186	466,620
	<u>368,167,050</u>	<u>409,664,771</u>	<u>229,742,781</u>	<u>216,366,838</u>	<u>597,909,831</u>	<u>626,031,609</u>
Increase (decrease) in net position before transfers	90,245,546	181,101,048	24,844,536	31,369,930	115,090,082	212,470,978
Net transfers	(424,040)	1,073,624	(779,308)	(972,494)	(1,203,348)	101,130
Increase (decrease) in net position	89,821,506	182,174,672	24,065,228	30,397,436	113,886,734	212,572,108
Net position, beginning of year	945,943,513	1,035,765,019	100,186,608	124,251,836	1,046,130,121	1,160,016,855
Net position, end of year	<u>\$1,035,765,019</u>	<u>\$1,217,939,691</u>	<u>\$ 124,251,836</u>	<u>\$ 154,649,272</u>	<u>\$1,160,016,855</u>	<u>\$1,372,588,963</u>

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

Governmental activities. The \$182.2 million increase in net position of governmental activities was contrasted by the increase in net position of \$89.8 million in the prior year. The change of \$92.4 million between the prior year's increase and the current year's increase is the result of strong stock market performance in 2020. As a result, pension expense was reduced by \$38 million because of the effect of deferrals related to pension being recognized in 2020. In the previous year,

MANAGEMENT'S DISCUSSION AND ANALYSIS

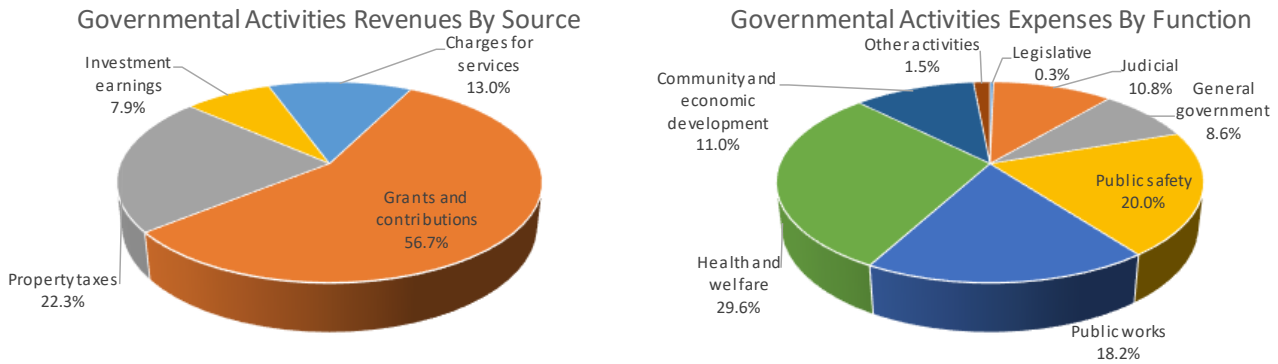
December 31, 2020

the impact of deferrals increased pension expense by \$10 million, a net change between prior year and current year of \$48 million. Additionally, certain increases in revenues and expenditures also contributed to the change in net position at December 31, 2020 as presented below.

Total revenues increased \$132.4 million, with the largest impact coming from operating grants and contributions, which increased by \$138.3 million, mainly as a result of Coronavirus Relief Funding received by the county from the US Treasury. Conversely, charges for services decreased by \$5.8 million, mainly as a result of reduced activity in the circuit court and in public works, both of which were caused by COVID-19 shutdowns.

Total expenses increased \$41.5 million, the largest portion of which was attributable to COVID-19 response related expenses, which increased health and welfare expenses by \$34.3 million as well as planning and economic development expenses by \$41.1 million. New expenses in health and welfare attributable to the COVID-19 response included building cleaning, expenses related to COVID-19 testing, and purchases of personal protective equipment (PPE). Planning and economic development expenses attributable to COVID-19 response included small business and non-profit grant programs.

The components of the county's governmental revenues and expenses are presented below:



Business-type activities. The net position of the county's business-type activities increased approximately \$30.4 million during the year. The increase in net position was mainly driven by the county's Community Mental Health agency, which experienced a gain of \$17.3 million for the year. The agency's gain was due to a decrease of \$10.1 million in expenses, which was achieved by a combination of COVID-19 service disruption and program reorganization. The agency's revenues decreased by \$4.9 million as a result of the agency having the maximum risk reserve in 2020.

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 \$241 million at December 31, 2020, an increase of \$56 million over the prior year. The increase consists of a \$10.9 million increase in the General Fund, a \$6.4 million increase in the Roads Major Special Revenue Fund, a \$5.6 million increase in the Coronavirus Response Fund, and a combined decrease of \$33.1 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.

MANAGEMENT'S DISCUSSION AND ANALYSIS

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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

	2019	2020	Increase (Decrease)	
			\$ Change	% Change
Revenues				
Property taxes	\$ 126,259,285	\$ 130,170,497	\$ 3,911,212	3.10%
Licenses and permits	1,534,192	1,455,253	(78,939)	-5.15%
Federal and state grants	40,570,044	68,406,321	27,836,277	68.61%
Charges for services	43,609,757	41,391,651	(2,218,106)	-5.09%
Charges to other funds for administrative services	11,022,426	13,289,629	2,267,203	20.57%
Fines and forfeitures	688,659	433,942	(254,717)	-36.99%
Interest and rents	4,823,978	3,258,385	(1,565,593)	-32.45%
Other revenue	878,208	59,112	(819,096)	-93.27%
Transfers from other funds	8,142,923	8,000,000	(142,923)	-1.76%
Total revenues	237,529,472	266,464,790	28,935,318	12.18%
Expenditures				
Current				
Legislative	1,696,053	1,515,571	(180,482)	-10.64%
Judicial	30,637,397	29,483,228	(1,154,169)	-3.77%
General government	43,741,844	44,186,949	445,105	1.02%
Public safety	74,984,198	77,156,919	2,172,721	2.90%
Public works	6,452,408	6,532,423	80,015	1.24%
Health and welfare	18,889,199	15,018,611	(3,870,588)	-20.49%
Community and economic development	3,296,313	2,972,372	(323,941)	-9.83%
Other / Non-departmental	2,338,697	1,144,930	(1,193,767)	-51.04%
Capital outlay	3,226,408	2,401,588	(824,820)	-25.56%
Transfers out	48,964,361	75,120,716	26,156,355	53.42%
Total expenditures	234,226,878	255,533,307	21,306,429	9.10%
Net change in fund balance	\$ 3,302,594	\$ 10,931,483	\$ 7,628,889	231.00%

Property tax revenue increased by \$3.9 million, or 3.1%, due to a robust housing market in 2020, which led to increased taxable values and associated property tax revenue collections for the year.

Federal and state grants increased by \$27.8 million, or 68.7%, mainly due to \$32.2 million of coronavirus relief funds recorded in the general fund that were used to fund public safety payroll.

Charges for services decreased by \$2.2 million, or 5.09%, because of disruption to county services related to COVID-19 mandated shutdowns. Specifically impacted were real estate transfer taxes (decrease of \$0.5 million), court costs and fines (decrease of \$0.5 million), inmate housing (decrease of \$0.6 million). While most charges for services experienced a decrease in revenues because of the disruption caused by COVID-19 in 2020, some services recorded increased revenues in 2020. Recording fee revenue increased by \$0.3 million because of historically low mortgage interest rates during the pandemic, which led to increased refinancing volume. Sheriff services increased by \$0.6 million based on contractual increases in road patrol and dispatch contracts.

Interest and rents decreased by \$1.6 million, or 32.45%, because of much lower interest rates in 2020 as compared to 2019. Additionally, other revenue decreased by \$0.8 million, or 93.27%. In 2019, the county implemented Governmental

MANAGEMENT'S DISCUSSION AND ANALYSIS

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Accounting Standards Board Statement No. 84, Fiduciary Activities, which required the county to move certain accounts and activities out of the county's agency funds and into the General Fund. No such one-time activity occurred in 2020.

Expenditures increased \$21.3 million in 2020. The main cause of the increase was an increase in transfers out of \$26.2 million or 53.42%. The county set aside an additional \$10.4 million in capital project funds to defray the cost to the General Fund of future projects. Additionally, the county set aside \$14.5 million in the debt service fund to retire the Series 2012 Public Works / Warehouse Refunding Bonds, and the Series 2012A 800Mhz / New Baltimore Court Refunding Bonds in 2021.

Health and welfare expenses decreased \$3.9 million, or 20.49%, because of service disruptions and reallocation of personnel to COVID response activities, which were recorded outside of the General Fund within the Coronavirus Response Fund.

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 Revenue By Source and Expenditures By Function

	2019	2020	Increase (Decrease)	
			\$ Change	% Change
Revenues				
Licenses and permits	\$ 1,099,485	\$ 869,570	\$ (229,915)	-20.91%
Federal and state grants	97,537,315	96,323,294	(1,214,021)	-1.24%
Charges for services	18,400,251	12,484,357	(5,915,894)	-32.15%
Interest and rents	2,311,362	1,675,989	(635,373)	-27.49%
Other revenue	321,380	694,196	372,816	116.00%
Total revenues	119,669,793	112,047,406	(7,622,387)	-6.37%
Expenditures				
Current				
Public works	96,065,039	95,566,939	(498,100)	-0.52%
Capital outlay	7,490,554	9,944,928	2,454,374	32.77%
Debt service				
Principal	203,933	154,612	(49,321)	-24.18%
Interest and fees	20,076	18,962	(1,114)	-5.55%
Transfers out	469,088	-	(469,088)	-100.00%
Total expenditures	104,248,690	105,685,441	1,436,751	1.38%
Net change in fund balance	\$ 15,421,103	\$ 6,361,965	\$ (9,059,138)	-58.75%

Revenues decreased by \$7.6 million, or 6.37%, as a result of few charges for services because of service disruptions caused by COVID-19 related shutdowns. Expenditures increased by \$1.4 million, or 1.38%, which was mainly the result of an increase in capital outlay expenditures. These costs increased because of an increase in construction and supply costs of roads projects.

Coronavirus Response Special Revenue Fund – The Coronavirus Response Special Revenue Fund is used to account for the revenues and expenditures related to the county's use of federal and state grant programs related to coronavirus response activities, such as small business grant programs, COVID testing and vaccination efforts, as well as county building retrofits and purchasing of personal protective equipment.

The majority of spending in this fund was funded with direct funding from the Federal government's Coronavirus Relief Fund, as enabled by the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act"). The county received

MANAGEMENT'S DISCUSSION AND ANALYSIS

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\$152,501,374 under the CARES Act. Under the CARES Act, funding may only be used to cover costs that (1) are necessary expenditures incurred due to the public health emergency with respect to COVID-19; (2) were not accounted for in the budget most recently approved as of March 27, 2020, and (3) were incurred during the period that begins on March 1, 2020, and ends on December 31, 2021. The county also accounted for two COVID-related grants received from the state in the Coronavirus Relief Fund. The county received \$7,188,976 from the Michigan Economic Development Corporation for the purpose of issuing grants to small businesses with increased costs incurred as a result of the COVID-19 pandemic. The county also received \$537,000 from the Michigan Treasury under the First Responder Hazard Pay Premiums Program (FRHPPP).

At December 31, 2020, the county reported expenditures charged against the direct relief funding of \$125,208,365, with \$99,137,090 being charged to the Coronavirus Response Fund. \$26,008,196 was charged against public safety payroll within the General Fund, while \$63,079 was charged against the prisoner re-entry program ran by the Workforce Development Board.

A summary of the Coronavirus Response Fund's expenditures by program, including Coronavirus Relief Funding spent in other funds is provided on the following page.

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Coronavirus Response - Expenditures by Program and Funding Location

Program	Coronavirus Response Fund	Other Funds	Total
Coronavirus Relief Funding (CRF) - Direct			
Workplace safety support	\$ 14,435,566	\$ 26,008,196	\$ 40,443,762
Technology enhancement support	8,686,480	-	8,686,480
Economic recovery support			
Agriculture grants	496,600	-	496,600
Small business grants	18,752,500	-	18,752,500
Small business grants - Last call	2,132,500	-	2,132,500
Non-profit grants	1,435,000	-	1,435,000
Workplace safety grants	6,843,870	-	6,843,870
Online business connect	6,936,936	-	6,936,936
Shop Local Macomb	20,000	-	20,000
PPE resilience program	1,700,000	-	1,700,000
Subtotal, economic recovery support	38,317,406	-	38,317,406
Local unit support			
School assistance	5,722,667	-	5,722,667
Municipal assistance	5,386,150	-	5,386,150
Medical care facility assistance	5,829,221	-	5,829,221
Subtotal, local unit support	16,938,038	-	16,938,038
Public health support			
Personal protective equipment (PPE) purchases	14,063,526	-	14,063,526
COVID-19 testing	5,473,128	-	5,473,128
Public outreach - media	768,015	-	768,015
Subtotal, public health support	20,304,669	-	20,304,669
Vulnerable population support			
Student tablets	59,880	-	59,880
Food assistance	3,388,854	-	3,388,854
Rent and utility support	1,249,901	-	1,249,901
Friend of the court assistance	929,359	-	929,359
Prisoner re-entry	-	63,079	63,079
Subtotal, public health support	5,627,994	63,079	5,691,073
Less: PPE reported in inventory at year end	(5,173,063)	-	(5,173,063)
SUBTOTAL, DIRECT CRF FUNDING	99,137,090	26,071,275	125,208,365
Coronavirus Relief Funding - Pass through			
Economic recovery support			
Small business grants (MEDC)	7,188,976	-	7,188,976
First responder premium pay (MI Treasury)	537,000	-	537,000
TOTAL, CRF EXPENDITURES	\$ 106,863,066	\$ 26,071,275	\$ 132,934,341

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

The fund balances of the county's nonmajor governmental funds were approximately \$59.1 million at year-end, an increase of approximately \$26 million over the prior year. The increase consists of an increase of \$0.1 million in the special revenue funds, an increase of \$14.4 million in the debt service fund, and an increase of \$18.5 million in the capital projects funds.

While the objective of many of the special revenue funds is to break even on an annual basis or over the period of a multi-year grant, the small increases or decreases experienced in these funds are often the result of the timing of payments from grant agencies, such as the state or federal government. The capital project funds experienced an increase of \$18.5 million in 2020 because of the transfer in from the General Fund for \$25.1 million, which offset the costs of ongoing capital project funding needs, while the debt service fund increased by \$14.4 million, which was mainly driven by the transfer from the General Fund for \$14.5 million, which will be used to retire the Series 2012 Public Works / Warehouse Refunding Bonds, and the Series 2012A 800Mhz / New Baltimore Court Refunding Bonds in 2021.

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 By Source and Expenditures By Function

	2019	2020	Increase (Decrease)	
			\$ Change	% Change
Revenues				
Charges for services	\$ 10,889,015	\$ 10,184,271	\$ (704,744)	-6.47%
Investment income	2,562,236	981,758	(1,580,478)	-61.68%
Total revenues	13,451,251	11,166,029	(2,285,222)	-16.99%
Expenses				
Wages and fringe benefits	469,558	467,756	(1,802)	-0.38%
Contractual services	-	107,124	107,124	100.00%
Supplies and services	2,359,318	1,329,685	(1,029,633)	-43.64%
Transfers out	8,000,000	8,000,000	-	0.00%
Total expenditures	10,828,876	9,904,565	(924,311)	-8.54%
Change in net position	\$ 2,622,375	\$ 1,261,464	\$ (1,360,911)	-51.90%

Revenues decreased by \$2.3 million, or 16.99% mainly as a result of a \$1.6 million decrease in investment income, which was the result of decreasing interest rates in 2020 as compared to 2019. Expenses decreased by \$0.9 million, or 8.54%, mainly as a result of a drop in supplies and services caused by fewer foreclosures. Due to COVID, the county treasurer only foreclosed on vacant land or unoccupied properties in 2020.

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2020

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

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

Community Mental Health Fund Revenue By Source and Expenditures By Function

	2019	2020	Increase (Decrease)	
			\$ Change	% Change
Revenues				
Federal and state grants	\$ 18,827,124	\$ 16,354,074	\$ (2,473,050)	-13.14%
Charges for services	207,985,334	206,228,830	(1,756,504)	-0.84%
Other	692,424	385,207	(307,217)	-44.37%
Investment income	619,037	518,472	(100,565)	-16.25%
Transfers in	7,137,906	6,906,868	(231,038)	-3.24%
Total revenues	235,261,825	230,393,451	(4,868,374)	-2.07%
Expenses				
Wages and fringe benefits	24,740,343	21,131,339	(3,609,004)	-14.59%
Contractual services	183,383,660	177,890,585	(5,493,075)	-3.00%
Utilities	353,490	376,358	22,868	6.47%
Repairs and maintenance	50,274	18,011	(32,263)	-64.17%
Supplies and services	14,710,084	13,699,644	(1,010,440)	-6.87%
Depreciation	4,396	1,885	(2,511)	-57.12%
Total expenditures	223,242,247	213,117,822	(10,124,425)	-4.54%
Change in net position	\$ 12,019,578	\$ 17,275,629	\$ 5,256,051	43.73%

Community Mental Health is funded primarily by Medicare and Medicaid. Revenues decreased by \$4.9 million as a result of fewer drawdowns due to the agency having met the maximum risk reserve. Wages, fringe benefits, and contractual services were the main drivers of the agency's \$10.1 million decrease, which was caused by a disruption in services as a result of COVID-19 as well as a reorganization of programs.

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2020

Freedom Hill Park – The Freedom Hill Park serves as a recreational facility for use by all county residents and is used as a concert and festival venue. A year-to-year comparison of Freedom Hill Park revenues is presented below.

Freedom Hill Park Fund Revenue By Source and Expenditures By Function

	2019	2020	Increase (Decrease)	
			\$ Change	% Change
Revenues				
Charges for services	\$ 227,879	\$ 208,951	\$ (18,928)	-8.31%
Transfers in	82,786	120,638	37,852	45.72%
Total revenues	310,665	329,589	18,924	6.09%
Expenses				
Wages and fringe benefits	84,481	84,260	(221)	-0.26%
Contractual services	530	64,350	63,820	12041.51%
Utilities	105,488	59,590	(45,898)	-43.51%
Repairs and maintenance	72,039	74,541	2,502	3.47%
Supplies and services	48,127	45,896	(2,231)	-4.64%
Depreciation	137,333	137,333	-	0.00%
Total expenditures	447,998	465,970	17,972	4.01%
Change in net position	\$ (137,333)	\$ (136,381)	\$ 952	-0.69%

Total revenue increased by \$18,924, which was primarily driven by a \$37,852 increase in transfers in. The transfer in for \$120,638 from the General Fund was to reimburse the Parks Fund for its operating loss (less depreciation).

Expenses increased by \$17,972, which was primarily driven by a reconciliation of accounts payable activity between the park and a vendor, increasing the cost by \$63,820. Utilities decreased by \$45,898, or 43.51%, because of the closure of the park during COVID-19 shutdowns.

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2020

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:

General Fund Revenues - Budgetary Comparison Schedule

	Original Budget	Final Amended Budget	Actual	Variance, Favorable (Unfavorable)	
				\$ Difference	% Difference
Revenues					
Property taxes	\$ 131,094,600	\$ 131,524,600	\$ 130,170,497	\$ (1,354,103)	-1.03%
Licenses and permits	1,522,800	1,522,800	1,455,253	(67,547)	-4.44%
Federal and state grants	37,230,400	69,334,977	68,406,321	(928,656)	-1.34%
Charges for services	44,798,500	43,868,200	41,391,651	(2,476,549)	-5.65%
Charges to other funds for administrative services	15,605,900	14,390,600	13,289,629	(1,100,971)	-7.65%
Fines and forfeitures	609,500	609,500	433,942	(175,558)	-28.80%
Interest and rents	5,041,900	4,253,900	3,258,385	(995,515)	-23.40%
Other revenue	78,600	83,600	59,112	(24,488)	-29.29%
Transfers in	8,174,200	8,174,200	8,000,000	(174,200)	-2.13%
Total revenues	\$ 244,156,400	\$ 273,762,377	\$ 266,464,790	\$ (7,297,587)	-2.67%

The charges for services unfavorable variance of \$2.5 million was mainly the result of lower than budgeted revenues for inmate housing, vending and phone commissions in the jail, and Medicare / Medicaid billings by the health department. All three revenue collections were significantly impaired by COVID-19 shutdowns and changes to operations as a result of the pandemic. The jail population, which directly correlates to commission and inmate housing revenues, dropped by over 60% during the pandemic due to COVID-related policy changes that worked to reduce the jail population combined with significantly lower court case volume in the county's circuit court.

The charges to other funds for administrative services unfavorable variance of \$1.1 million was the result of lower than initially estimated and budgeted indirect charges to other funds.

Interest and rents had an unfavorable variance of \$1.0 million, or 23.4%, as a result of lower than budgeted rent revenues, specifically related to the timing of collections of rent revenue from Martha T. Berry Medical Care Facility. Additionally, the state did not renew its lease within the county's Verkuilen Building, ending its lease in August 2020, which reduced rental revenue by \$0.3 million.

Macomb County, Michigan

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2020

A comparison of budgeted and actual expenditures is presented below and on the following pages.

General Fund Expenditures - Budgetary Comparison Schedule

Expenditures	Original Budget	Final Amended Budget	Actual	\$ Unused	% Utilized
Current					
Legislative					
Board of commissioners	\$ 1,787,400	\$ 1,701,464	\$ 1,515,571	\$ 185,893	89.07%
Judicial					
Circuit court	8,871,800	8,422,400	7,615,729	806,671	90.42%
District court - 3rd class	20,000	19,800	-	19,800	0.00%
District court - New Baltimore	1,394,900	1,370,028	1,372,377	(2,349)	100.17%
District court - Romeo	1,261,900	1,204,301	1,162,982	41,319	96.57%
Family counseling	75,600	48,347	41,723	6,624	86.30%
Family court - Juvenile division	6,189,800	5,906,659	5,685,969	220,690	96.26%
Jury commission	187,900	189,600	117,461	72,139	61.95%
Law library	9,800	9,400	9,179	221	97.65%
Probate court	3,430,600	3,205,670	3,106,667	99,003	96.91%
Probation - Circuit court	119,300	113,800	113,770	30	99.97%
Prosecuting attorney	10,985,700	10,311,783	10,257,371	54,412	99.47%
Total judicial	32,547,300	30,801,788	29,483,228	1,318,560	95.72%
General government					
Building authority	500	500	70	430	14.00%
County clerk	5,073,900	4,818,866	4,800,469	18,397	99.62%
County executive	1,719,100	1,610,020	1,477,818	132,202	91.79%
Corporation counsel	1,141,000	1,106,737	1,107,951	(1,214)	100.11%
Elections	989,700	1,027,174	987,890	39,284	96.18%
Ethics board	5,000	5,000	469	4,531	9.38%
Equalization	960,200	939,719	919,821	19,898	97.88%
Facilities and operations	17,582,800	16,416,792	14,742,027	1,674,765	89.80%
Finance	2,387,200	2,305,110	2,275,808	29,302	98.73%
Human resources	2,543,300	2,540,646	2,461,959	78,687	96.90%
Information technology	9,962,100	9,720,415	9,285,387	435,028	95.52%
MSU extension	1,014,900	972,923	954,970	17,953	98.15%
Purchasing	1,490,400	1,317,604	1,221,398	96,206	92.70%
Register of deeds	1,968,700	1,870,860	1,800,088	70,772	96.22%
Treasurer	2,399,300	2,223,310	2,150,824	72,486	96.74%
Total general government	49,238,100	46,875,676	44,186,949	2,688,727	94.26%
Public safety					
Civil service commission	60,800	60,200	27,721	32,479	46.05%
Emergency management	1,351,700	1,244,107	1,309,161	(65,054)	105.23%
Sheriff department	79,825,200	75,953,078	75,820,037	133,041	99.82%
Total public safety	81,237,700	77,257,385	77,156,919	100,466	99.87%

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2020

General Fund Expenditures - Budgetary Comparison Schedule (concluded)

Expenditures (concluded)	Original Budget	Final Amended Budget	Actual	\$ Unused	% Utilized
Current (concluded)					
Public works	\$ 6,927,600	\$ 6,496,358	\$ 6,532,423	\$ (36,065)	100.56%
Health and welfare					
Animal shelter	2,038,200	1,803,012	1,701,947	101,065	94.39%
Health & community services	344,800	189,887	126,180	63,707	66.45%
Health department	18,521,900	15,628,648	13,136,003	2,492,645	84.05%
Social services	59,500	58,900	54,481	4,419	92.50%
Total health and welfare	20,964,400	17,680,447	15,018,611	2,661,836	84.94%
Community and economic development					
Planning and economic development	3,723,300	3,348,295	2,972,372	375,923	88.77%
Other current operations					
Non-departmental appropriations	1,453,500	1,465,584	1,144,930	320,654	78.12%
Vacant position turnover factor	(3,532,400)	-	-	-	0.00%
Total other current operations	(2,078,900)	1,465,584	1,144,930	320,654	78.12%
Capital outlay	7,939,300	2,635,440	2,401,588	233,852	91.13%
Transfers out	41,870,200	75,452,653	75,120,716	331,937	99.56%
Total expenditures	<u>\$ 244,156,400</u>	<u>\$ 263,715,090</u>	<u>\$ 255,533,307</u>	<u>\$ 8,181,783</u>	<u>96.90%</u>

The total budget for the General Fund was increased by \$17.8 million during the year. In December 2020, the county amended the General Fund budget, increasing transfers out to the county's capital projects funds by \$10.8 million and increasing transfers out to the county's debt service fund by \$14.5 million. The \$10.8 transfer out to the capital project funds was made to defray the General Fund's costs related to future years' capital projects. The \$14.5 million transfer out to the debt service fund was made to set aside funds for the purpose of retiring the Series 2012 Public Works / Warehouse Refunding Bonds, and the Series 2012A 800Mhz / New Baltimore Court Refunding Bonds in 2021.

Additionally, budget amendments had a significant impact on the Sheriff and Health departments. The Sheriff Department experienced a decrease in total budget of \$3.9 million. The main cause for the decrease was a reduction in jail related cost centers because of jail populations much lower than originally expected, which occurred because of policy changes and shutdown of the courts for part of 2020 due to COVID related shutdown orders. The Health Department experienced a decrease in total budget of \$2.9 million. The main cause for the decrease was an across the board reallocation of personnel to COVID-19 related activities, such as test sites, call centers, and contact tracing. These activities were accounted for, depending on the funding source, within either the county's coronavirus response special revenue fund or the county's health grants special revenue fund. Additionally, the Health Department moved its Nurse Family Partnership program to the Health Grants Fiscal Fund in 2020, reducing the program expenses originally budgeted in the General Fund by \$0.6 million.

The \$0.8 million favorable variance in the Circuit Court was mainly the result of favorable variances in operating costs as a result of court operations such as jury trials shutting down for part of 2020 during the COVID-19 shutdown. The \$1.7 million favorable variance in the Facilities and Operations department was mainly the result of a reduction in utilities expense as a result of much less usage of county facilities during the COVID-19 shutdown in 2020. The \$0.4 million favorable variance in the Information Technology department was mainly because of a \$0.4 million favorable variance in contractual services, which occurred due to delays in projects involving contractual services. The \$2.4 million favorable variance in the Health Department was the result of favorable variances in total salaries, wages, and fringe benefits. Due to the COVID-19 public health crisis, a significant portion of health department personnel were re-allocated from programs budgeted in the General Fund to COVID-related programs budgeted within the county's Coronavirus Response Special Revenue Fund and the county's Health Grants Special Revenue Fund.

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2020

The county's administration benchmarks budget performance with the following goals. For revenues, the county seeks final collections of revenues to be within five percent of the final amended revenue budget. For expenditures, the county seeks final utilization of the expenditure budget to be equal to or no less than 95 percent of the final amended expenditure budget, excluding capital outlay and related transfers out. 2020 was unlike any year in recent memory for budgeting and financial projections. Despite the challenges of unforeseen and unparalleled events surrounding the COVID-19 public health crisis, the administration remained attentive to evolving needs and agile in their response. General Fund budgetary performance was strong in 2020, with revenue within desired county benchmarks, and expenditures just off desired county benchmarks.

When evaluating expenditure budget performance of the General Fund, it is necessary to exclude capital outlay and related transfers out as these line items vary significantly from the budget depending the status of capital projects being funded from these budgets. Since 2019, the county has funded the entire capital project in the year the project is approved by the Board of Commissioners. Prior to 2019, transfers from the General Fund to the Capital Project funds were requested as work was completed and invoices came due. Both methods have historically created large variances between budgeted expenditures in capital outlay and transfers out as compared to actual expenditures, which has been driven historically by the timing of projects, and the availability of contractors to perform the projects, which can delay the start date and the progress of the capital projects.

Based on county administration benchmarks and expenditure definitions described above, the county has achieved its budget performance goals in each of the past six years for revenues and in four out of the past six years for expenditures.

Excluding capital outlay and related transfers out, the General Fund experienced total expenditures that were \$12.3 million less than the final amended General Fund Budget. This represented total budget utilization of 94.87%. The General Fund experienced total revenue collections that were \$7.1 million less than the final amended General Fund Budget. This represented a total collection of budgeted revenues equal to 97.32%.

Below is a chart showing the budget performance of the General Fund since 2015, measured by utilization of budgeted expenditures (less capital outlay and related transfers out) and collection of budgeted revenues.

General Fund Budget Performance, 2015 - 2020

Year	Collection of Budgeted Revenues	Utilization of Budgeted Expenditures
2020	97.32%	94.87%
2019	100.11%	98.28%
2018	102.48%	99.93%
2017	103.48%	98.64%
2016	102.67%	98.24%
2015	100.00%	92.04%

Finally, General Fund revenues exceeded expenditures by \$10.9 million for the year ended December 31, 2020, and actual expenditures, when including capital outlay and related transfers out, were \$8.2 million less than final budgeted expenditures. Unassigned fund balance was \$68.2 million or 26.7% of 2020 General Fund 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 \$1.1 billion for governmental activities and \$1.4 million for business-type activities as shown on the following page.

Macomb County, Michigan

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2020

Macomb County Capital Assets Summary Schedule
(reported net of accumulated depreciation)

	Governmental Activities		Business-type Activities		Totals	
	2019	2020	2019	2020	2019	2020
Land	\$ 206,518,693	\$ 206,518,693	\$ 50,000	\$ 50,000	\$ 206,568,693	\$ 206,568,693
Land improvements	4,997,084	4,516,576	323,615	299,050	5,320,699	4,815,626
Buildings and improvements	201,246,058	211,350,559	1,125,398	1,020,798	202,371,456	212,371,357
Machinery, equipment and vehicles	17,465,545	19,427,330	46,002	35,949	17,511,547	19,463,279
Infrastructure	608,938,744	625,227,171	-	-	608,938,744	625,227,171
Construction in progress	27,305,406	17,572,112	-	-	27,305,406	17,572,112
Total assets	\$ 1,066,471,530	\$ 1,084,612,441	\$ 1,545,015	\$ 1,405,797	\$ 1,068,016,545	\$ 1,086,018,238

Additional information regarding the county's capital assets can be found in Note 5 to the basic financial statements.

Long-term debt. The county's total long-term debt was \$271.3 million at December 31, 2020. 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 Long-Term Debt - Primary Government

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
General Obligation Bonds					
Governmental activities	\$ 230,181,919	\$ 108,764,161	\$ 105,841,709	\$ 233,104,371	\$ 17,288,600
Business-type activities	36,184,684	22,250,839	20,227,903	38,207,620	2,101,843
Total general obligation bonds	\$ 266,366,603	\$ 131,015,000	\$ 126,069,612	\$ 271,311,991	\$ 19,390,443

The general obligation bonds of the county are rated **AA+** by Standard & Poor's and **Aa1** by Moody's Investor Services. State statute limits the total amount of general obligation debt of the county to 10% of the assessed value of all property in the county. Assessed value is generally 50% of true market value. Management, however, believes that the taxable value of all property in the county is a more practical and conservative base on which to base the calculation of the county's debt limit. The taxable value of all property in the county as of December 31, 2020 was \$29.8 billion. After adjustments as shown on page E-16, the county's debt limitation was \$2.7 billion at year-end. The county's outstanding debt of \$249.1 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 6 to the basic financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The following factors were considered when developing the 2021 budget:

Property values were projected to increase 2% in 2021.

Wage cost increases, as an average across the county, of approximately 2% were factored into the 2021 budget.

Health care costs are anticipated to increase 4% for employees and 8% for retirees in 2021.

Market interest rates in 2021 are expected to decrease from 2020 levels.

Inflationary trends in the region compare favorably to national indices.

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2020

CONTACTING THE COUNTY FINANCE DEPARTMENT

This financial report is designed to provide 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 North Main Street, 2nd Floor, Mount Clemens, Michigan 48043. Requests can also be made by phone at 586-469-5250.

Macomb County, Michigan

STATEMENT OF NET POSITION

December 31, 2020

	Primary Government		Total	Component Units
	Governmental Activities	Business-type Activities		
ASSETS				
Cash and pooled investments	\$ 337,930,587	\$ 197,955,684	\$ 535,886,271	\$ 62,151,327
Restricted cash	-	-	-	4,785,948
Investments, at fair value	237,512,527	49,979,009	287,491,536	-
Receivables				
Property taxes, net	7,612,403	25,362,026	32,974,429	2,922,746
Accrued interest	577,119	165,717	742,836	-
Trade accounts, net	16,370,544	5,897,486	22,268,030	23,910,599
Special assessments	-	-	-	306,511,198
Inventories	9,990,698	-	9,990,698	-
Due from other governments	39,132,586	9,993,799	49,126,385	6,572,231
Due from component units	17,629,888	-	17,629,888	-
Internal balances	(3,464,106)	2,417,643	(1,046,463)	-
Due from fiduciary funds	4,400,951	-	4,400,951	-
Other assets	6,114,778	1,643,320	7,758,098	1,733,340
Capital assets, net				
Assets not being depreciated	224,090,805	50,000	224,140,805	13,848,789
Assets being depreciated	860,521,636	1,355,797	861,877,433	341,700,643
Net pension asset	77,209,485	7,005,997	84,215,482	5,203,182
TOTAL ASSETS	1,835,629,901	301,826,478	2,137,456,379	769,340,003
DEFERRED OUTFLOWS OF RESOURCES				
Related to asset retirement obligations	770,158	-	770,158	-
Related to pension	3,024,263	276,273	3,300,536	37,595
Related to other post-employment benefits	20,460,006	2,955,009	23,415,015	995,417
Related to refunded debt	19,827,827	4,061,121	23,888,948	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	44,082,254	7,292,403	51,374,657	1,033,012
LIABILITIES				
Accounts payable and accrued liabilities	66,562,396	41,724,343	108,286,739	15,515,300
Accrued wages payable	8,919,753	543,294	9,463,047	474,409
Accrued interest payable	1,057,394	158,787	1,216,181	3,483,571
Due to other governments	12,096,792	25,444,644	37,541,436	1,699,793
Unearned revenue	24,244,262	62,708	24,306,970	10,370,600
Long-term liabilities				
Due within one year	22,045,739	2,301,843	24,347,582	22,178,317
Due within more than one year	233,991,768	37,332,729	271,324,497	334,448,587
Asset retirement obligations	1,000,000	-	1,000,000	-
Net other post-employment benefits liability	93,450,308	17,233,408	110,683,716	5,733,444
TOTAL LIABILITIES	463,368,412	124,801,756	588,170,168	393,904,021
DEFERRED INFLOWS OF RESOURCES				
Property taxes levied in advance	1,969,185	-	1,969,185	-
Related to pension	81,492,279	7,444,497	88,936,776	1,013,035
Related to other post-employment benefits	114,942,588	22,223,356	137,165,944	7,582,802
TOTAL DEFERRED INFLOWS OF RESOURCES	198,404,052	29,667,853	228,071,905	8,595,837
NET POSITION				
Net investment in capital assets	1,038,270,450	1,405,797	1,039,676,247	127,197,791
Restricted for:				
Capital projects	108,797,247	-	108,797,247	29,140,995
Debt service	155,747	-	155,747	193,195,931
General government	3,476,885	-	3,476,885	-
Health and welfare	16,130,161	-	16,130,161	4,227,742
Planning and economic development	363,873	-	363,873	-
Judicial	1,405,900	-	1,405,900	-
Housing rehabilitation loans	7,650,900	-	7,650,900	-
Mental health and substance abuse	-	43,979,515	43,979,515	-
Public safety	2,672,787	-	2,672,787	-
Public works	-	-	-	38,109,570
Department of Roads liability insurance	7,515,892	-	7,515,892	-
Unrestricted (deficit)	31,499,849	109,263,960	140,763,809	(23,998,872)
TOTAL NET POSITION	\$ 1,217,939,691	\$ 154,649,272	\$ 1,372,588,963	\$ 367,873,157

See accompanying notes to the financial statements.

Macomb County, Michigan

STATEMENT OF ACTIVITIES

Year Ended December 31, 2020

Functions / Programs	Expenses	Program Revenues			Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary government					
Governmental activities					
Legislative	\$ 1,334,027	\$ 500	\$ -	\$ -	\$ (1,333,527)
Judicial	44,386,677	5,699,756	15,559,721	-	(23,127,200)
General government	35,156,964	14,412,396	318,791	9,139,672	(11,286,105)
Public safety	81,885,126	23,843,146	36,441,051	3,726,912	(17,874,017)
Public works	74,621,154	17,182,277	-	96,323,294	38,884,417
Health and welfare	121,249,385	15,101,590	98,298,434	-	(7,849,361)
Community and economic development	44,922,005	743,049	47,863,453	-	3,684,497
Recreation and culture	111,202	27,610	-	-	(83,592)
Interest and fees on long-term debt	5,998,231	-	-	-	(5,998,231)
Total governmental activities	409,664,771	77,010,324	198,481,450	109,189,878	(24,983,119)
Business-type activities					
Delinquent tax collections	1,904,565	10,184,271	-	-	8,279,706
Community mental health	213,128,953	210,456,587	16,354,074	-	13,681,708
Freedom hill park	466,620	217,423	-	-	(249,197)
Interest and fees on long-term debt	866,700	-	-	-	(866,700)
Total business-type activities	216,366,838	220,858,281	16,354,074	-	20,845,517
Total primary government	\$ 626,031,609	\$ 297,868,605	\$ 214,835,524	\$ 109,189,878	\$ (4,137,602)
Component units					
Drainage districts	\$ 148,654,561	\$ 126,086,777	\$ -	\$ 3,648,515	\$ (18,919,269)
Martha T. Berry medical care facility	32,342,826	27,588,064	6,141,296	-	1,386,534
Workforce development board	22,439,908	12,785	22,397,277	-	(29,846)
Total component units	\$ 203,437,295	\$ 153,687,626	\$ 28,538,573	\$ 3,648,515	\$ (17,562,581)
		Governmental Activities	Business-Type Activities	Total	Component Units
Changes in net position					
Net (expense) revenue from above		\$ (24,983,119)	\$ 20,845,517	\$ (4,137,602)	\$ (17,562,581)
General revenues					
Property taxes		131,892,370	-	131,892,370	2,922,746
Intergovernmental revenues - unrestricted		27,414,291	-	27,414,291	-
Investment earnings		46,777,506	10,524,413	57,301,919	11,006,535
Transfers - internal activities		1,073,624	(972,494)	101,130	-
Extraordinary item - 2016 MIDD sinkhole settlement		-	-	-	12,500,000
Total general revenues and transfers		207,157,791	9,551,919	216,709,710	26,429,281
CHANGE IN NET POSITION		182,174,672	30,397,436	212,572,108	8,866,700
Net position, beginning of year		1,035,765,019	124,251,836	1,160,016,855	359,006,457
Net position, end of year		\$ 1,217,939,691	\$ 154,649,272	\$ 1,372,588,963	\$ 367,873,157

See accompanying notes to the financial statements.

Macomb County, Michigan

BALANCE SHEET – GOVERNMENTAL FUNDS

December 31, 2020

	Major Governmental Funds				
	General Fund	Special Revenue Fund		Nonmajor Governmental Funds	Total Governmental Funds
		Road Fund (1)	Coronavirus Response Fund		
ASSETS					
Cash and pooled investments	\$ 66,302,340	\$ 120,184,892	\$ 38,616,922	\$ 60,182,697	\$ 285,286,851
Receivables					
Property taxes, net	3,048,185	-	-	4,564,218	7,612,403
Accrued interest	91,053	384,935	-	-	475,988
Trade accounts, net	5,628,914	2,158,586	-	8,134,648	15,922,148
Inventories		4,159,762	5,637,563	-	9,797,325
Due from other governments	13,594,648	10,120,816	-	13,467,141	37,182,605
Due from governmental funds	185,054	690,061	-	-	875,115
Due from proprietary funds	5,370,587	-	-	-	5,370,587
Due from component units	2,743,500	-	-	-	2,743,500
Other assets	1,455,555	1,113,354	-	101,045	2,669,954
TOTAL ASSETS	\$ 98,419,836	\$ 138,812,406	\$ 44,254,485	\$ 86,449,749	\$ 367,936,476
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
LIABILITIES					
Accounts payable	\$ 4,741,402	\$ 32,411,880	\$ 15,890,844	\$ 7,337,878	\$ 60,382,004
Accrued liabilities	522,504	-	-	400,783	923,287
Accrued compensation and benefits	7,336,515	713,094	8,909	861,235	8,919,753
Due to other governments	144,370	-	-	4,520,280	4,664,650
Due to governmental funds	-	-	690,061	1,752,406	2,442,467
Accrued workers compensation claims	-	31,861	-	-	31,861
Unearned revenue	-	-	22,027,108	2,217,154	24,244,262
TOTAL LIABILITIES	12,744,791	33,156,835	38,616,922	17,089,736	101,608,284
DEFERRED INFLOWS OF RESOURCES					
Property taxes levied in advance	-	-	-	1,969,185	1,969,185
Unavailable property taxes	1,825,702	-	-	-	1,825,702
Unavailable grants and other charges	11,418,353	1,751,781	-	8,318,433	21,488,567
TOTAL DEFERRED INFLOWS OF RESOURCES	13,244,055	1,751,781	-	10,287,618	25,283,454
FUND BALANCES					
Nonspendable	4,199,055	5,273,116	5,637,563	101,045	15,210,779
Restricted	-	98,630,674	-	25,253,209	123,883,883
Assigned	-	-	-	37,861,209	37,861,209
Unassigned	68,231,935	-	-	(4,143,068)	64,088,867
TOTAL FUND BALANCES	72,430,990	103,903,790	5,637,563	59,072,395	241,044,738
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 98,419,836	\$ 138,812,406	\$ 44,254,485	\$ 86,449,749	\$ 367,936,476

(1) - Balance Sheet as of September 30, 2020

See accompanying notes to the financial statements.

Macomb County, Michigan

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION

December 31, 2020

Total fund balances for governmental funds \$ 241,044,738

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	\$ 206,518,693
Land improvements	11,691,774
Buildings and improvements	379,113,054
Machinery, equipment, and vehicles	102,301,771
Infrastructure	1,494,823,384
Construction in progress	17,572,112
Accumulated depreciation	<u>(1,128,344,781)</u>

Capital assets, net of accumulated depreciation 1,083,676,007

Internal service funds are used by management to charge the costs of certain activities such as insurance, compensated absences, workers' compensation, certain benefit-related debt service, 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. (70,433,720)

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. 23,314,269

Certain changes in pension plan net position are reported as deferred outflows and deferred inflows in the statement of net position, while reported as expenditures and revenues in the governmental funds.
Deferred inflows related to pension (81,492,279)
Deferred outflows related to pension 3,024,263

Certain changes in net position related to asset retirement obligations are reported as deferred outflows in the statement of net position, but not reported within the governmental funds 770,158

Net pension asset is not available for use in the current year and is not reported in the governmental funds. 77,209,485

Certain changes in the Department of Roads' OPEB plan net position are reported as deferred outflows and deferred inflows in the statement of net position, while reported as expenditures and revenues in the governmental funds.
Deferred inflows related to other post-employment benefits (6,440,319)
Deferred outflows related to other post-employment benefits 6,032,611

Net OPEB liability is not due and payable in the current year and is not reported in the governmental funds. (9,310,730)

Asset retirement obligations are not due and payable in the current year and are not reported in the governmental funds. (1,000,000)

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. (46,341,991)

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. (281,231)

Accrued compensated absences not funded at year-end are not recorded in the governmental funds, but are recorded as a liability in the statement of net position. (1,776,241)

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. (55,329)

Net position of governmental activities \$ 1,217,939,691

See accompanying notes to the financial statements.

Macomb County, Michigan

STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS

Year Ended December 31, 2020

	Major Governmental Funds				
	General Fund	Special Revenue Fund		Nonmajor Governmental Funds	Total Governmental Funds
		Road Fund (1)	Coronavirus Response Fund		
REVENUES					
Property taxes	\$ 130,170,497	\$ -	\$ -	\$ 3,967,567	\$ 134,138,064
Licenses and permits	1,455,253	869,570	-	694,986	3,019,809
Federal and state grants	68,406,321	96,323,294	111,858,464	56,297,937	332,886,016
Other grants	-	-	-	519,577	519,577
Charges for services	41,391,651	12,484,357	464,500	11,270,549	65,611,057
Charges to other funds for administrative services	13,289,629	-	-	-	13,289,629
Fines and forfeitures	433,942	-	-	476,442	910,384
Interest and rents	3,258,385	1,675,989	177,665	18,373	5,130,412
Other revenue	59,112	694,196	-	1,758,295	2,511,603
TOTAL REVENUES	258,464,790	112,047,406	112,500,629	75,003,726	558,016,551
EXPENDITURES					
Current					
Legislative	1,515,571	-	-	-	1,515,571
Judicial	29,483,228	-	-	18,440,547	47,923,775
General government	44,186,949	-	-	1,227,271	45,414,220
Public safety	77,156,919	-	-	8,265,170	85,422,089
Public works	6,532,423	95,566,939	-	86,022	102,185,384
Health and welfare	15,018,611	-	52,217,012	63,918,522	131,154,145
Community and economic development	2,972,372	-	45,506,382	1,208,127	49,686,881
Recreational and cultural	-	-	-	52,465	52,465
Other	1,144,930	-	-	-	1,144,930
Capital outlay	2,401,588	9,944,928	9,139,672	8,521,605	30,007,793
Debt service					
Principal	-	154,612	-	6,810,000	6,964,612
Interest and fees	-	18,962	-	1,578,074	1,597,036
TOTAL EXPENDITURES	180,412,591	105,685,441	106,863,066	110,107,803	503,068,901
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	78,052,199	6,361,965	5,637,563	(35,104,077)	54,947,650
OTHER FINANCING SOURCES (USES)					
Transfers in	8,000,000	-	-	68,257,460	76,257,460
Transfers out	(75,120,716)	-	-	(63,120)	(75,183,836)
TOTAL OTHER FINANCING SOURCES (USES)	(67,120,716)	-	-	68,194,340	1,073,624
NET CHANGE IN FUND BALANCES	10,931,483	6,361,965	5,637,563	33,090,263	56,021,274
Fund balances, beginning of year	61,499,507	97,541,825	-	25,982,132	185,023,464
Fund balances, end of year	\$ 72,430,990	\$ 103,903,790	\$ 5,637,563	\$ 59,072,395	\$ 241,044,738

(1) - Year ended September 30, 2020

See accompanying notes to the financial statements.

Macomb County, Michigan

RECONCILIATION OF THE CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

Year Ended December 31, 2020

Net change in fund balances - total governmental funds	\$ 56,021,274
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is capitalized and allocated over their estimated useful lives.	
Expenditures for capital assets	\$ 81,131,539
Current year depreciation expense	(62,729,440)
Net book value of assets disposed	<u>(266,370)</u>
	18,135,729
Revenues in the statement of activities that do not provide current financial resources are not recorded in the funds. In the current period these amounts consist of changes in unavailable resources.	2,470,737
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.	6,964,612
Net pension asset and deferred inflows and outflows related to pension are reported in the statement of activities at the time it is earned or incurred, but not in the governmental funds until paid.	38,587,266
Net OPEB liability and deferred inflows and outflows related to the Department of Roads' OPEB plan are reported in the statement of activities at the time it is earned or incurred, but not in the governmental funds until paid.	6,759,595
Asset retirement obligations and deferred outflows related to those obligations are reported in the statement of activities at the time they are earned or incurred, but not in the governmental funds until paid.	(114,921)
Internal service funds are used by management to charge the costs of certain activities such as insurance, compensated absences, workers' compensation, certain benefit-related debt service, 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.	53,473,856
Some items reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. These activities consist of:	
(Increase) in compensated absences	(270,484)
Decrease in workers' compensation claims	96,463
Decrease in accrued interest payable	<u>50,545</u>
	<u>(123,476)</u>
Change in net position of governmental activities	<u>\$ 182,174,672</u>

See accompanying notes to the financial statements.

Macomb County, Michigan

STATEMENT OF NET POSITION – PROPRIETARY FUNDS

December 31, 2020

	Major Business-Type Activities - Enterprise Funds		Nonmajor Enterprise Fund	Enterprise Fund Totals	Internal Service Funds
	Delinquent Tax Revolving	Community Mental Health (1)	Freedom Hill Park		
ASSETS					
Current Assets					
Cash and pooled investments	\$ 99,783,838	\$ 97,586,338	\$ 388,786	\$ 197,758,962	\$ 52,840,458
Investments, at fair value	-	-	-	-	287,491,536
Receivables					
Property taxes, net	25,362,026	-	-	25,362,026	-
Accrued interest	122,809	22,195	-	145,004	121,844
Trade accounts, net	4,559,422	1,146,744	104,164	5,810,330	535,552
Inventories	-	-	-	-	193,373
Due from other governments	-	9,993,799	-	9,993,799	1,949,981
Due from component unit	-	-	-	-	14,886,388
Due from governmental funds	-	-	-	-	520,889
Due from fiduciary funds	-	-	-	-	4,400,951
Other assets	-	1,643,320	-	1,643,320	3,444,824
Total current assets	129,828,095	110,392,396	492,950	240,713,441	366,385,796
Noncurrent assets					
Capital assets, net					
Assets not being depreciated	-	-	50,000	50,000	-
Assets being depreciated	-	3,142	1,352,655	1,355,797	936,434
Net pension asset	-	7,005,997	-	7,005,997	-
Total noncurrent assets	-	7,009,139	1,402,655	8,411,794	936,434
TOTAL ASSETS	129,828,095	117,401,535	1,895,605	249,125,235	367,322,230
DEFERRED OUTFLOWS OF RESOURCES					
Related to pension	-	276,273	-	276,273	-
Related to other post-employment benefits	-	-	-	-	17,382,404
Related to refunded debt	-	-	-	-	23,888,948
TOTAL DEFERRED OUTFLOWS OF RESOURCES	-	276,273	-	276,273	41,271,352
LIABILITIES					
Current liabilities					
Accounts payable and accrued liabilities	1,212,751	40,325,409	96,864	41,635,024	5,346,424
Accrued wages payable	22,416	516,190	4,688	543,294	-
Accrued interest payable	-	-	-	-	934,950
Due to other governments	98,297	25,346,347	-	25,444,644	7,432,142
Due to governmental funds	-	-	-	-	5,370,587
Unearned revenue	-	62,708	-	62,708	-
Long-term liabilities due within one year	-	-	-	-	15,900,456
Total current liabilities	1,333,464	66,250,654	101,552	67,685,670	34,984,559
Noncurrent liabilities					
Long-term liabilities due in more than one year	-	-	-	-	231,566,201
Net other post-employment benefits liability	-	-	-	-	101,372,986
Total noncurrent liabilities	-	-	-	-	332,939,187
TOTAL LIABILITIES	1,333,464	66,250,654	101,552	67,685,670	367,923,746
DEFERRED INFLOWS OF RESOURCES					
Related to pension	-	7,444,497	-	7,444,497	-
Related to other post-employment benefits	-	-	-	-	130,725,625
TOTAL DEFERRED INFLOWS OF RESOURCES	-	7,444,497	-	7,444,497	130,725,625
NET POSITION					
Net investment in capital assets	-	3,142	1,402,655	1,405,797	936,434
Restricted for:					
Mental health and substance abuse	-	43,979,515	-	43,979,515	-
Department of Roads liability insurance	-	-	-	-	7,515,892
Unrestricted (deficit)	128,494,631	-	391,398	128,886,029	(98,508,115)
TOTAL NET POSITION	\$ 128,494,631	\$ 43,982,657	\$ 1,794,053	\$ 174,271,341	\$ (90,055,789)

RECONCILIATION OF THE STATEMENT OF NET POSITION FOR PROPRIETARY FUNDS

Total net position of enterprise funds / internal service funds	\$ 174,271,341	\$ (90,055,789)
Add (subtract): Business-type equity in the net position of internal service funds	(19,622,069)	19,622,069

(1) - Year ended September 30, 2020

Net position reported in the government-wide statement of net position	\$ 154,649,272	\$ (70,433,720)
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See accompanying notes to the financial statements.

Macomb County, Michigan

STATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN FUND NET POSITION – PROPRIETARY FUNDS

Year Ended December 31, 2020

	Major Business-Type Activities - Enterprise Funds	
	Delinquent Tax Revolving	Community Mental Health (1)
OPERATING REVENUES		
Federal and state grants	\$ -	\$ 16,354,074
Charges for services	10,184,271	206,228,830
Other	-	385,207
TOTAL OPERATING REVENUES	10,184,271	222,968,111
OPERATING EXPENSES		
Wages and fringe benefits	467,756	21,131,339
Contractual services	107,124	177,890,585
Utilities	-	376,358
Repairs and maintenance	-	18,011
Benefits and claims expenses	-	-
Supplies and services	1,329,685	13,699,644
Depreciation	-	1,885
TOTAL OPERATING EXPENSES	1,904,565	213,117,822
OPERATING INCOME (LOSS)	8,279,706	9,850,289
NONOPERATING REVENUES (EXPENSES)		
Investment income (expense)	981,758	518,472
Interest expense	-	-
TOTAL NONOPERATING REVENUES (EXPENSES)	981,758	518,472
NET INCOME (LOSS) BEFORE TRANSFERS	9,261,464	10,368,761
TRANSFERS		
Transfers in	-	6,906,868
Transfers out	(8,000,000)	-
NET TRANSFERS	(8,000,000)	6,906,868
CHANGE IN NET POSITION	1,261,464	17,275,629
Net position, beginning of year	127,233,167	26,707,028
Net position, end of year	<u>\$ 128,494,631</u>	<u>\$ 43,982,657</u>

(1) - Year ended September 30, 2020

Macomb County, Michigan

STATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN FUND NET POSITION – PROPRIETARY FUNDS (CONCLUDED)

Year Ended December 31, 2020

	Nonmajor Enterprise Fund		Internal Service Funds
	Freedom Hill Park	Enterprise Fund Totals	
OPERATING REVENUES			
Federal and state grants	\$ -	\$ 16,354,074	\$ -
Charges for services	208,951	216,622,052	88,486,283
Other	-	385,207	-
TOTAL OPERATING REVENUES	208,951	233,361,333	88,486,283
OPERATING EXPENSES			
Wages and fringe benefits	84,260	21,683,355	-
Contractual services	64,350	178,062,059	-
Utilities	59,590	435,948	-
Repairs and maintenance	74,541	92,552	-
Benefits and claims expenses	-	-	65,902,400
Supplies and services	45,896	15,075,225	4,623,691
Depreciation	137,333	139,218	361,251
TOTAL OPERATING EXPENSES	465,970	215,488,357	70,887,342
OPERATING INCOME (LOSS)	(257,019)	17,872,976	17,598,941
NONOPERATING REVENUES (EXPENSES)			
Investment income (expense)	-	1,500,230	53,190,079
Interest expense	-	-	(5,318,440)
TOTAL NONOPERATING REVENUES (EXPENSES)	-	1,500,230	47,871,639
NET INCOME (LOSS) BEFORE TRANSFERS	(257,019)	19,373,206	65,470,580
TRANSFERS			
Transfers in	120,638	7,027,506	1,476,496
Transfers out	-	(8,000,000)	(1,476,496)
NET TRANSFERS	120,638	(972,494)	-
CHANGE IN NET POSITION	(136,381)	18,400,712	65,470,580
Net position, beginning of year	1,930,434	155,870,629	(155,526,369)
Net position, end of year	<u>\$ 1,794,053</u>	<u>\$ 174,271,341</u>	<u>\$ (90,055,789)</u>
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION TO THE STATEMENT OF ACTIVITIES OF BUSINESS-TYPE ACTIVITIES			
Change in net position		\$ 18,400,712	\$ 65,470,580
Add (subtract): Increase (decrease) in business-type activities' equity of internal service funds		11,996,724	(11,996,724)
Net income (loss) in the government-wide statement of activities		<u>\$ 30,397,436</u>	<u>\$ 53,473,856</u>

See accompanying notes to the financial statements.

Macomb County, Michigan

STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS

Year Ended December 31, 2020

	Major Business-Type Activities - Enterprise Funds	
	Delinquent Tax Revolving	Community Mental Health (1)
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	\$ 53,809,088	\$ 221,561,978
Cash received from interfund services	-	-
Cash payments for delinquent taxes	(43,984,265)	-
Cash payments to employees and employee trusts	(570,012)	(24,721,249)
Cash payments to suppliers	(1,086,340)	(156,439,479)
TOTAL CASH FLOWS FROM OPERATING ACTIVITIES	8,168,471	40,401,250
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Principal and interest paid on long-term debt	-	-
Transfers in	-	6,906,868
Transfers out	(8,000,000)	-
NET CASH PROVIDED BY (USED IN) NONCAPITAL FINANCING ACTIVITIES	(8,000,000)	6,906,868
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition of capital assets	-	-
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received on investments	1,546,474	587,916
Proceeds from sale and maturities of investment securities	-	-
Change in fair value of cash equivalents	-	-
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	1,546,474	587,916
NET INCREASE (DECREASE) IN CASH AND POOLED INVESTMENTS	1,714,945	47,896,034
Cash and pooled investments, beginning of year	98,068,893	49,690,304
Cash and pooled investments, end of year	<u>\$ 99,783,838</u>	<u>\$ 97,586,338</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities		
Operating income (loss)	\$ 8,279,706	\$ 9,850,289
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:		
Depreciation	-	1,885
Changes in deferrals related to pension or OPEB	-	624,987
Changes in assets and liabilities:		
Taxes receivable	(518,170)	-
Accounts receivable	60,425	1,966,329
Inventory	-	-
Due from other governments	-	(3,382,323)
Due from component unit	-	-
Due from other funds	-	-
Due from fiduciary funds	-	-
Other assets	-	(55,842)
Accounts payable	243,345	14,043,600
Accrued employee benefits	4,868	134,029
Due to other governments	98,297	21,566,634
Due to other funds	-	(9,273)
Unearned revenue	-	9,861
Long term liabilities	-	-
Net pension or net OPEB liability	-	(4,348,926)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	\$ 8,168,471	\$ 40,401,250

(1) - Year ended September 30, 2020

See accompanying notes to the financial statements.

-CONTINUED-

Macomb County, Michigan

STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS (CONCLUDED)

Year Ended December 31, 2020

	Nonmajor Enterprise Fund	Enterprise Fund	Internal Service
	Freedom Hill Park	Totals	Funds
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	\$ 151,611	\$ 275,522,677	\$ -
Cash received from interfund services	-	-	86,446,555
Cash payments for delinquent taxes	-	(43,984,265)	-
Cash payments to employees and employee trusts	(82,637)	(25,373,898)	(43,538,929)
Cash payments to suppliers	(191,329)	(157,717,148)	(54,232,948)
TOTAL CASH FLOWS FROM OPERATING ACTIVITIES	(122,355)	48,447,366	(11,325,322)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Principal and interest paid on long-term debt	-	-	(14,254,825)
Transfers in	120,638	7,027,506	1,476,496
Transfers out	-	(8,000,000)	(1,476,496)
NET CASH PROVIDED BY (USED IN) NONCAPITAL FINANCING ACTIVITIES	120,638	(972,494)	(14,254,825)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition of capital assets	-	-	(366,433)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received on investments	-	2,134,390	106,651
Proceeds from sale and maturities of investment securities	-	-	24,061,562
Change in fair value of cash equivalents	-	-	104,531
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	-	2,134,390	24,272,744
NET INCREASE (DECREASE) IN CASH AND POOLED INVESTMENTS	(1,717)	49,609,262	(1,673,836)
Cash and pooled investments, beginning of year	390,503	148,149,700	54,514,294
Cash and pooled investments, end of year	<u>\$ 388,786</u>	<u>\$ 197,758,962</u>	<u>\$ 52,840,458</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities			
Operating income (loss)	\$ (257,019)	\$ 17,872,976	\$ 17,598,941
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation	137,333	139,218	361,251
Changes in deferrals related to pension or OPEB	-	624,987	66,063,021
Changes in assets and liabilities:			
Taxes receivable	-	(518,170)	-
Accounts receivable	(57,340)	1,969,414	1,224,816
Inventory	-	-	12,597
Due from other governments	-	(3,382,323)	(1,929,981)
Due from component unit	-	-	(1,347,985)
Due from other funds	-	-	215,743
Due from fiduciary funds	-	-	(311,816)
Other assets	-	(55,842)	(1,642,321)
Accounts payable	53,048	14,339,993	5,473,745
Accrued employee benefits	1,623	140,520	-
Due to other governments	-	21,664,931	7,432,142
Due to other funds	-	(9,273)	(625,769)
Unearned revenue	-	9,861	-
Long term liabilities	-	-	1,996,859
Net pension or net OPEB liability	-	(4,348,926)	(105,846,565)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	\$ (122,355)	\$ 48,447,366	\$ (11,325,322)

See accompanying notes to the financial statements.

Macomb County, Michigan

STATEMENT OF FIDUCIARY NET POSITION

December 31, 2020

	Pension and Other Employee Benefit Trust Funds	Custodial Funds
ASSETS		
Cash and pooled investments	\$ 94,041,896	\$ 9,918,369
Investments, at fair value		
Common stock	529,358,400	-
Preferred stock	1,697,961	-
Foreign stock	111,991,042	-
Limited partnership	277,658,270	-
Real estate investment trusts	35,289,726	-
Fixed income common collective trusts	149,653,085	-
Equity common collective trusts	359,109,387	-
Interest in pooled investment	80,358,112	-
Total investments, at fair value	1,545,115,983	-
Receivables		
Accrued interest	1,576,858	-
Other	193,238	155,315
Due from other governments	-	211,331
Other assets	46,942	-
TOTAL ASSETS	1,640,974,917	10,285,015
LIABILITIES		
Accounts payable	5,062,802	2,145,357
Accrued compensation and benefits	5,194,964	-
Cash bonds and deposits	-	-
Due to other governments	-	7,167,135
Due to primary government	4,400,951	-
TOTAL LIABILITIES	14,658,717	9,312,492
NET POSITION		
Restricted for:		
Pension benefits	1,153,630,925	-
Other postemployment benefits	472,685,275	-
Individuals, organizations, and other governments	-	972,523
	\$ 1,626,316,200	\$ 972,523

See accompanying notes to the financial statements.

Macomb County, Michigan

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

Year Ended December 31, 2020

	Pension and Other Employee Benefit Trust Funds	Custodial Funds
ADDITIONS		
Investment income (loss):		
Interest and dividends	\$ 27,337,716	\$ 2,918
Net change in fair value of investments	160,155,660	-
Less investment expenses	(8,268,029)	-
Net investment income (loss)	179,225,347	2,918
Contributions		
Employer	22,879,084	-
Employee	3,142,287	-
Contribution from Retiree Healthcare Intermediate Trust Fund	24,061,562	-
Total contributions	50,082,933	-
Tax collections for other governments	-	219,489,143
Tax adjustments collected from other governments	-	2,151,175
State funds collected for other governments	-	65,708
Forfeitures collected for other governments	-	179,898
Fee and fine collections for other governments	-	767,973
Real estate transfer taxes collected for other governments	-	31,676,231
Payments collected on behalf on others	-	5,003,519
Other collections	-	688,417
TOTAL ADDITIONS	229,308,280	260,024,982
DEDUCTIONS		
Benefit payments	92,993,178	-
Withdrawals and refunds of contributions	324,814	-
Tax collections disbursed to other governments	-	219,489,143
Tax adjustments disbursed to individuals	-	2,151,175
Forfeiture grants disbursed to other governments	-	68,540
Forfeiture proceeds disbursed to other governments	-	231,307
Fees and fines disbursed to other governments	-	767,973
Real estate transfer taxes disbursed to other governments	-	31,676,231
Payments disbursed to others	-	5,003,519
Administrative expenses	768,243	3,000
Other disbursements	-	549,340
TOTAL DEDUCTIONS	94,086,235	259,940,228
CHANGE IN NET POSITION	135,222,045	84,754
Net Position - beginning of year	1,491,094,155	887,769
Net Position - end of year	<u>\$ 1,626,316,200</u>	<u>\$ 972,523</u>

See accompanying notes to the financial statements.

Macomb County, Michigan

COMBINING STATEMENT OF NET POSITION – COMPONENT UNITS

December 31, 2020

	Drainage Districts (1)	Martha T. Berry Medical Care Facility	Workforce Development Board (2)	Total
ASSETS				
Cash and pooled investments	\$ 59,033,899	\$ 3,110,613	\$ 6,815	\$ 62,151,327
Restricted cash	4,747,220	38,728	-	4,785,948
Receivables				
Property taxes, net	-	2,922,746	-	2,922,746
Trade accounts, net	20,469,783	3,439,416	1,400	23,910,599
Special assessments	306,511,198	-	-	306,511,198
Due from other governments	1,310,643	1,979,138	3,282,450	6,572,231
Other assets	1,050,528	511,156	171,656	1,733,340
Capital assets, net				
Assets not being depreciated	13,848,789	-	-	13,848,789
Assets being depreciated	335,664,171	6,036,472	-	341,700,643
Net pension asset	-	5,203,182	-	5,203,182
TOTAL ASSETS	742,636,231	23,241,451	3,462,321	769,340,003
DEFERRED OUTFLOWS OF RESOURCES				
Related to pension	-	37,595	-	37,595
Related to other post-employment benefits	-	995,417	-	995,417
TOTAL DEFERRED OUTFLOWS OF RESOURCES	-	1,033,012	-	1,033,012
LIABILITIES				
Accounts payable and accrued liabilities	10,838,491	1,430,867	3,245,942	15,515,300
Accrued wages payable	-	317,839	156,570	474,409
Accrued interest payable	3,402,259	81,312	-	3,483,571
Due to other governments	-	1,669,499	30,294	1,699,793
Unearned revenue	8,646,743	1,723,857	-	10,370,600
Long-term liabilities				
Due within one year	19,540,172	2,638,145	-	22,178,317
Due within more than one year	318,600,751	15,847,836	-	334,448,587
Net other post-employment benefits liability	-	5,733,444	-	5,733,444
TOTAL LIABILITIES	361,028,416	29,442,799	3,432,806	393,904,021
DEFERRED INFLOWS OF RESOURCES				
Related to pension	-	1,013,035	-	1,013,035
Related to other post-employment benefits	-	7,582,802	-	7,582,802
TOTAL DEFERRED OUTFLOWS OF RESOURCES	-	8,595,837	-	8,595,837
NET POSITION				
Net investment in capital assets	121,161,319	6,036,472	-	127,197,791
Restricted for:				
Capital projects	29,140,995	-	-	29,140,995
Debt service	193,195,931	-	-	193,195,931
Public works	38,109,570	-	-	38,109,570
Health and welfare	-	4,227,742	-	4,227,742
Unrestricted (deficit)	-	(24,028,387)	29,515	(23,998,872)
TOTAL NET POSITION	\$ 381,607,815	\$ (13,764,173)	\$ 29,515	\$ 367,873,157

(1) - Balance Sheet as of September 30, 2020

(2) - Balance Sheet as of June 30, 2020

See accompanying notes to the financial statements.

Macomb County, Michigan

COMBINING STATEMENT OF ACTIVITIES – COMPONENT UNITS

Year Ended December 31, 2020

Functions / Programs	Expenses	Program Revenues			Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Drainage Districts (1)					
Governmental activities					
Public works	\$ 139,326,500	\$ 126,086,777	\$ -	\$ 3,648,515	\$ (9,591,208)
Interest and fees on long-term debt	9,328,061	-	-	-	(9,328,061)
Total Drainage Districts	148,654,561	126,086,777	-	3,648,515	(18,919,269)
Martha T. Berry Medical Care Facility					
Governmental activities					
Health and welfare	31,842,098	27,588,064	6,141,296	-	1,887,262
Interest and fees on long-term debt	500,728	-	-	-	(500,728)
Total Martha T. Berry Medical Care Facility	32,342,826	27,588,064	6,141,296	-	1,386,534
Workforce Development Board (2)					
Governmental activities					
Health and welfare	22,439,908	12,785	22,397,277	-	(29,846)
Total component units	<u>\$ 203,437,295</u>	<u>\$ 153,687,626</u>	<u>\$ 28,538,573</u>	<u>\$ 3,648,515</u>	<u>\$ (17,562,581)</u>
		Drainage Districts (1)	Martha T. Berry Medical Care Facility	Workforce Development Board (2)	Total
Changes in net position					
Net (expense) revenue from above		\$ (18,919,269)	\$ 1,386,534	\$ (29,846)	\$ (17,562,581)
General revenues					
Property taxes		-	2,922,746	-	2,922,746
Investment earnings		11,006,535	-	-	11,006,535
Extraordinary item - 2016 MIDD Sinkhole Settlement		12,500,000	-	-	12,500,000
Total general revenues and extraordinary item		23,506,535	2,922,746	-	26,429,281
CHANGE IN NET POSITION		4,587,266	4,309,280	(29,846)	8,866,700
Net position, beginning of year		377,020,549	(18,073,453)	59,361	359,006,457
Net position, end of year		<u>\$ 381,607,815</u>	<u>\$ (13,764,173)</u>	<u>\$ 29,515</u>	<u>\$ 367,873,157</u>

(1) - Year ended September 30, 2020

(2) - Year ended June 30, 2020

See accompanying notes to the financial statements.

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2020

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, 2020, except as follows: the financial statements of the Circuit Court Programs, Child Care, Department of Roads, Friend of the Court, 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, 2020. The Macomb / St. Clair Employment and Training special revenue fund as well as the Work Force Development Board component unit are reported as of and for the year ended June 30, 2020.

A. Financial Reporting Entity

Macomb County was incorporated in 1818 and includes a land area of 479 square miles with the county seat located in the City of Mt. Clemens. The county operates under a Home Rule Charter that provides for both executive and legislative branches of government. The executive branch is directed by an elected County Executive, who serves as the Chief Administrative Officer of the county and directs the operations of all departments except the Sheriff, Prosecuting Attorney, Treasurer, Public Works, County Clerk/Register of Deeds, the Circuit and District Courts and the Board of Commissioners, which are all operated by separately elected officials. The legislative branch is directed by a 13 member elected Board of Commissioners. The county provides many services to residents, including law enforcement, administration of justice, community development and enrichment, parks and recreation and human services.

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

Blended Component Units

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

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

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

Discretely Presented Component Units

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

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.

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. Financial Reporting Entity (concluded)

Discretely Presented Component Units (concluded)

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 Macomb County Board of Commissioners not only appoints a majority of the facility's board, but also because the facility's budget is approved by the Board of Commissioners. All of the funds of the Martha T. Berry Medical Care Facility are Enterprise Funds and as such, there are no adjustments necessary to convert their activities from the modified basis of accounting to the full accrual basis of accounting. Therefore, fund level financial statements are not presented herein. Separate independently audited financial statements of the Martha T. Berry Medical Care Facility are available and can be obtained by contacting the Controller's Office at the Martha T. Berry Medical Care Facility, located at 43533 Elizabeth St, Mt Clemens, MI 48043.

The **Macomb County Employees' Retirement System** is governed by a separate board consisting of seven members, composed of the County Executive or their designee, the Chair of the Board of Commissioners or their designee, the County Treasurer or their designee, the Director of the Department of Roads, and three active employees elected by the active members of the system on three year staggered terms. Although it is legally separate from the county, it is reported as a fiduciary component unit because county officials comprise of a voting majority of the board and the system imposes a financial burden on the county. Separate independently audited financial statements of the system are not prepared.

The **Macomb County Retiree Health Care Trust** is governed by a separate board consisting of five members, composed of the County Executive or their designee, the Chair of the Board of Commissioners or their designee, a member of the Board of Commissioners, the County Treasurer or their designee, and the County Finance Director. Although it is legally separate from the county, it is reported as a fiduciary component unit because county officials comprise of a voting majority of the board and the trust imposes a financial burden on the county. Separate independently audited financial statements of the trust are not prepared.

The **Macomb County Roads Department Retiree Health Care Investment Trust** is governed by a separate board of the Department of Roads administration, composed of the Department of Roads Director and the Department of Roads Assistant Finance Director. Although it is legally separate from the county, it is reported as a fiduciary component unit because county officials comprise of a voting majority of the board and the trust imposes a financial burden on the county. Separate independently audited financial statements of the trust are not prepared.

Related Organization

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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, assignments differ from restrictions in that they may be subsequently removed or modified by management or the Board of Commissioners.

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

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

The county reports the following major governmental funds:

- The *General Fund* is the chief operating fund of the county. It accounts for all financial resources except those required to be accounted for in another fund.

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

- The *Department of Roads Fund* accounts for the revenues and expenditures related to construction and maintenance of roads throughout the county. These activities are funded primarily by the Federal government, the State of Michigan and local units of government within the county.
- The *Coronavirus Response Fund* accounts for the revenues and expenditures related to the county's use of federal and state grant programs related to coronavirus response activities not budgeted elsewhere, such as small business grant programs, COVID testing and vaccination efforts, as well as county building retrofits and purchasing of personal protective equipment. These activities are funded primarily by the Federal Government, and the State of Michigan.

The county reports the following major enterprise funds:

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

Financial information regarding the county's internal service funds is presented in summary form as part of the proprietary fund financial statements.

The financial statements of the internal service funds are consolidated into the governmental and business-type activities in the entity-wide financial statements. Surpluses or deficits of the internal service funds are allocated back to the governmental activities and business-type 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.

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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, certain benefit-related debt service, and central services such as inventory and telephone.

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

Fiduciary Funds

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

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

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

Custodial Funds – Custodial 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 custodial funds: the COMET fund, which accounts for the activities of the COMET forfeiture unit, the Tax Administration Fund, which accounts for the collection and disbursement of taxes payable to various jurisdictions, and the Miscellaneous Custodial Fund, which accounts for a variety of items collected on behalf of and disbursed to other jurisdictions. For example, the Miscellaneous Custodial Fund accounts for state-mandated court fees collected and passed through to the State of Michigan.

C. Measurement Focus and Basis of Accounting

The government-wide financial statements as well as the financial statements of the proprietary funds, fiduciary trust funds, and custodial funds are accounted for using the economic resources measurement focus and the full accrual basis of accounting. Their revenues are recognized when they are earned and their expenses are recognized when they are incurred without regard to the receipt or payment of cash or its equivalent.

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

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.

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus and Basis of Accounting (concluded)

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

D. Bank Deposits and Investments

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

E. Receivables and Payables

In general, outstanding balances between funds are reported as “due to/from other funds.” Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as “advances to/from other funds”. Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as “internal balances”. All trade and property tax receivables are shown as net of allowance for uncollectible amounts. Trade receivables of the primary government totaled \$22,268,030 at year-end, net of an allowance of \$2,351,710 for the special revenue Community Action Agency Fund.

F. Inventories

Inventories consist of expendable items held for consumption and are valued at cost using the weighted average value method. The expenditure related to utilization of inventory items is recorded at the time individual items are consumed.

G. Other Assets

Other assets represent deposits and prepaid items. Prepaid items are accounted for under the consumption method.

H. Budgetary Accounting

The annual operating budget includes proposed expenditures and the means of financing them for the General Fund, Special Revenue Funds and the Debt Service Fund, as well as Community Mental Health and Parks business-type activities and the Martha T. Berry Medical Care Facility Discretely Presented Component Unit. A public hearing is conducted to obtain taxpayer comments and the budget is legally enacted through passage of a resolution by the Board of Commissioners no later than December 31.

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

Formal budgetary integration is employed as a management control device during the year for all funds. Expenditures may not legally exceed budgeted appropriations at the department level in the General Fund and the fund level in all other funds. The County Executive is authorized to transfer funds between budgeted line items within a department within a fund as long as the amount being transferred does not exceed the lesser of \$35,000 or 5% of the department budget. Budget amendments that exceed these limits must be approved by the Finance Committee of the Board of Commissioners.

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Budgetary Accounting (concluded)

During the year, supplemental budgetary appropriations were not significant in relation to the original appropriations as adopted. Unexpended appropriations lapse at year-end. Encumbrances open at year-end are re-appropriated in the following year. Budgets are adopted on a basis consistent with generally accepted accounting principles and budgeted amounts presented in the financial statements represent final budget authorization, including all amendments approved during the year.

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

I. Capital Assets

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

J. Compensated Absences

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

Upon separation from service, employees are paid accumulated vacation and sick pay based upon the nature of separation (death, retirement or termination). Certain limitations have been placed on the number of hours of vacation and sick leave that may be accumulated and carried over for payment at separation of service. Unused hours exceeding these limitations are forfeited. Accumulated unpaid vacation, sick pay and other employee benefit liabilities have been accrued in the Compensated Absences Internal Service Fund.

K. Long Term Obligations

In the government-wide financial statements and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund-type statement of net position.

Bond premiums and discounts and the deferred amount on refunding are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount and deferred amount on refunding. Bond issuance costs are expensed as incurred. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts are reported as other financing uses. Issuance costs are reported as debt service expenditures.

L. Pension and Other Postemployment Benefit Costs (OPEB)

Pension – For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the plan and additions

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. Pension and Other Postemployment Benefit Costs (OPEB) (concluded)

to/deductions from the plan fiduciary net position have been determined on the same basis as they are reported by the plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Each county fund with participants in the plan contribute towards the liquidation of the net pension liability. Investments are reported at fair value.

OPEB – For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the plans and additions to/deductions from the plan fiduciary net positions have been determined on the same basis as they are reported by the plans. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. The OPEB Internal

Services Fund, which is funded by each county fund with participants in the plan, contributes toward the liquidation of the net OPEB liability. Investments are reported at fair value.

M. Encumbrances

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

N. Property Taxes

The county property tax is levied July 1 of each year based on the taxable value of property as of the preceding December 31. 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, 2020 levy (calendar 2020 revenue) was \$29,779,003,821.

The county operating tax rate for the 2020 levy was 4.4150 mills, the Veteran's rate was .0674 mills, and the Martha T. Berry Medical Care Facility tax was .0990 mills. The county records an allowance of 0.25% for assessment appeals and personal property tax delinquencies. The amount recorded in 2020 was \$338,933.

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

O. Unearned Revenue

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

P. Use of Estimates

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Q. Fund Equity

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

- Nonspendable - Amounts that are not expected to be converted into cash, such as inventories and prepaid items, and amounts that are legally required to be maintained intact, such as the corpus of a permanent fund.
- Restricted – Amounts whose use are restricted by constraints imposed by outside parties such as creditors, grantors, laws and regulations of other governments, constitutional provisions or enabling legislation.
- 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, such as use of fund balance in a subsequent budget, require formal approval by the Board of Commissioners. Other assignments of fund balances do not require board approval. Fund balances in governmental funds other than the General Fund, which are not classified as nonspendable, restricted or committed are classified as assigned in accordance with GASB Statement No. 54, even though specific intended uses may not have been declared by the government.
- Unassigned – The residual amount of fund balance remaining in the General Fund after all other classifications have been made and negative amounts in other governmental funds.

The balances by function within the above categories as each funds' year end are presented on the following page.

Macomb County, Michigan

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Q. Fund Equity (continued)

	Major Governmental Funds			Nonmajor Governmental Funds	Total
	General Fund	Road Fund	Coronavirus Response Fund		
Nonspendable for:					
Inventories	\$ -	\$ 4,159,762	\$ 5,637,563	\$ -	\$ 9,797,325
Long-term receivables	2,743,500	-	-	-	2,743,500
Prepaid items	1,455,555	1,113,354	-	101,045	2,669,954
TOTAL NONSPENDABLE	4,199,055	5,273,116	5,637,563	101,045	15,210,779
Restricted for:					
Capital projects	-	98,630,674	-	3,138,622	101,769,296
Community Action Agency	-	-	-	2,710,098	2,710,098
Community Corrections	-	-	-	6,053	6,053
Concealed Pistol License	-	-	-	1,765,451	1,765,451
Debt service	-	-	-	155,747	155,747
Health Department	-	-	-	3,720,427	3,720,427
Housing rehabilitation loans	-	-	-	7,650,900	7,650,900
Macomb / St. Clair Employment and Training	-	-	-	115,192	115,192
MSU Extension	-	-	-	135,810	135,810
Prosecuting Attorney	-	-	-	210,695	210,695
Sheriff Department	-	-	-	1,732,393	1,732,393
Technology	-	-	-	1,710,209	1,710,209
Urban County Block Grant	-	-	-	151,078	151,078
Veterans Affairs	-	-	-	2,050,534	2,050,534
TOTAL RESTRICTED	-	98,630,674	-	25,253,209	123,883,883
Assigned for:					
Capital projects	-	-	-	22,103,927	22,103,927
Circuit Court	-	-	-	88	88
MSU Extension	-	-	-	183,123	183,123
Health Department	-	-	-	900	900
Debt service	-	-	-	14,459,000	14,459,000
Sheriff Department	-	-	-	17,418	17,418
Urban Block Grant	-	-	-	1,096,753	1,096,753
TOTAL ASSIGNED	-	-	-	37,861,209	37,861,209
Unassigned	68,231,935	-	-	(4,143,068)	64,088,867
TOTAL FUND BALANCES	\$ 72,430,990	\$ 103,903,790	\$ 5,637,563	\$ 59,072,395	\$ 241,044,738

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.

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONCLUDED)

Q. Fund Equity (concluded)

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.

R. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position and/or governmental funds balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

The county had deferred outflows at year-end related to pension and other post-employment benefits in its governmental activities, business-type activities, and the Martha T. Berry component unit. Explanations of the pension-related deferred outflows can be found in Note 12 of the notes to the basic financial statements. Explanations of the other post-employment benefit-related deferred outflows can be found in Notes 13 and 14 of the notes to the basic financial statements.

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

The governmental funds report unavailable revenues from three sources: property taxes, special assessments, and State and Federal grants. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. In addition to these items, the primary government also reports deferred inflows for property taxes received before the period for which they were levied. These property taxes are shown as deferred inflows of resources on both the governmental funds balance sheet as well as the statement of net position. Those property taxes will be recognized as revenue in the subsequent fiscal year. Finally, the county had deferred inflows at year-end related to pension and other post-employment benefits in its governmental activities, business-type activities, and the Martha T. Berry component unit. Explanations of the pension-related deferred outflows can be found in Note 12 of the notes to the basic financial statements. Explanations of the other post-employment benefit-related deferred outflows can be found in Notes 13 and 14 of the notes to the basic financial statements.

S. Comparative Data

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

NOTE 2 – DEPOSITS AND INVESTMENTS

Primary Government and Component Unit Deposits and Investments

The county maintains a cash and investment pool that is available for use by all funds. In addition to their participation in the pool, certain funds also maintain separate investment accounts, consisting primarily of certificates of deposit and money market accounts. Each fund's portion of the pool as well as any amounts in separate accounts is reported as "Cash and Pooled Investments". Public Act 20 of 1943, as amended, authorizes local units of government to make deposits and invest in the accounts of federally insured banks, credit unions and savings and loan associations that maintain locations in the State of Michigan. The law also allows investments outside the State of Michigan if fully insured.

Public Act 20 authorizes local units to invest in bonds, securities and other direct obligations of the United States government, repurchase agreements, bankers' acceptances of United States banks, commercial paper rated within the two highest classifications by not less than two standard rating services and maturing not more than 270 days after the date of

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2020

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

Primary Government and Component Unit Deposits and Investments (continued)

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

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

- 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.

In 2017, the county implemented Governmental Accounting Standards Board Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, which required the county to change how it accounts for the county's Intermediate Retirement Medical Benefits Trust (the "Trust"). The Trust's assets are now accounted for in the Other Postemployment Benefits Fund, an internal service fund. As a result of this, the Trust's assets are now included below in primary government cash and investments. In addition to the instruments authorized by Public Act 20 of 1943, the Trust 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 Trust are held in a bank-administered trust fund.

The deposits and investments of the primary government and component units, excluding the pension and other postemployment benefit trust funds, at December 31, 2020 and September 30, 2020 respectively, are presented on the following page.

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2020

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

Primary Government and Component Unit Deposits and Investments (continued)

	<u>Primary Government</u>	<u>Component Units</u>	<u>Percent of Total</u>
Cash on hand	\$ 36,425	\$ 6,000	0.00%
Bank and money market accounts	200,573,003	29,782,350	25.43%
Certificates of deposit	<u>257,190,713</u>	<u>37,148,925</u>	<u>32.50%</u>
Subtotal - deposits	457,800,141	66,937,275	57.93%
Commercial paper	81,125,688	12,391,981	10.32%
Common stock	146,909,909	-	16.23%
Foreign stock	32,250,240	-	3.56%
Real estate investment trusts	49,800,683	-	5.50%
Fixed income common collective trusts	36,890,182	-	4.07%
Equity common collective trusts	<u>21,640,522</u>	<u>-</u>	<u>2.39%</u>
Subtotal - investments	<u>368,617,224</u>	<u>12,391,981</u>	<u>42.07%</u>
Total deposits and investments	826,417,365	79,329,256	100.00%
Timing effect of different year ends	<u>7,434,688</u>	<u>(12,391,981)</u>	
Amount reported at December 31, 2020	<u>\$ 833,852,053</u>	<u>\$ 66,937,275</u>	
Amount reported in primary government	\$ 823,377,807		
Amount reported in fiduciary trusts	555,877		
Amount reported in custodial funds	<u>9,918,369</u>		
	<u>\$ 833,852,053</u>		

The following summarizes the restricted cash and cash equivalents as of December 31, 2020:

	<u>Component Units (Total)</u>
Restricted cash and cash equivalents	
Unspent bond proceeds	\$ 4,747,220
Residents' Trust	<u>38,728</u>
	<u>\$ 4,785,948</u>

Deposits – The deposits of the primary government and its component units are subject to custodial credit risk, which is the risk that the deposits may not be returned in the event of a bank failure. The custodial credit risk assumed by the county is measured by categorizing deposits in one of three categories: 1) insured or collateralized with securities held by the county or its agent in the county's name, 2) collateralized with securities held by the counter-party's trust department or agent in the county's name and 3) uninsured and uncollateralized. At year-end, the book value of the deposits was \$519,780,122, with corresponding bank balances of \$536,899,341. Qualifying deposits are insured by the FDIC up to \$250,000. Of the bank balances, \$3,062,138 was insured and the remaining \$533,837,203 was uninsured and uncollateralized.

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2020

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

Primary Government and Component Unit Deposits and Investments (continued)

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:

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.

Additionally, statutes of the State of Michigan authorize the county’s Intermediate Retiree Medical Benefits Trust to invest in the following instruments: obligations of the U.S. Treasury and its agencies and instrumentalities, commercial paper rated within the two highest classifications established by not less than two standard rating services, bankers’ acceptances, investment pools of the Treasurer of the State of Michigan, repurchase agreements and corporate bonds rated in the top four major grades as determined by at least two national ratings agencies. The entire portfolio of debt securities of the Fund is held in one bond index mutual fund that consists of a mix of corporate, US Treasury and US Agency securities. At December 31, 2019, the Fund’s investments in debt securities were rated by Standard & Poor’s as presented on the following page:

Quality Rating	US Treasury	US Agency	Corporate and Municipal Bonds	Total	Percent of Total	Breakdown of Corporate Portfolio
AAA	\$ 9,960,349	\$ 8,226,511	\$ 3,172,083	\$ 21,358,943	57.90%	16.96%
AA	-	-	1,180,180	1,180,180	3.20%	6.31%
A	-	-	5,386,557	5,386,557	14.60%	28.80%
BBB	-	-	8,631,583	8,631,583	23.40%	46.15%
BB	-	-	332,919	332,919	0.90%	1.78%
	<u>\$ 9,960,349</u>	<u>\$ 8,226,511</u>	<u>\$ 18,703,322</u>	<u>\$ 36,890,182</u>	<u>100.00%</u>	<u>100.00%</u>

Concentration of Credit Risk is the risk of loss measured by the magnitude of investments in a single issuer. As defined by GASB Statement No. 40, the county is exposed to concentration of credit risk if more that 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, 2020.

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’s entire portfolio of debt securities of the Fund is held in one bond index mutual fund that consists of a mix of corporate, US Treasury and US Agency securities and is therefore not subject to interest rate risk. The maturities of this fund have an average weighted life of 8.1 years.

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2020

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)**Retiree Health Care Trust Fund Deposits and Investments**

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

Deposits – The Retiree Health Care Trust Fund has no deposits as of December 31, 2020. All reported cash and pooled investments are held by the Fund's bank-administered investment custodian and is invested in short term holdings, such as money market accounts.

Investments – A summary of the investments of the Retiree Health Care Trust Fund at December 31, 2020 are presented below:

	<u>Amount</u>	<u>Percent of Total</u>
Cash and pooled investments	\$ 33,275,276	8.35%
Common stock	96,269,429	24.17%
Foreign stock	26,757,725	6.72%
Limited partnerships	3,866	0.00%
Real estate investment trusts	35,289,726	8.86%
Fixed income common collective trusts	39,556,715	9.93%
Equity common collective trusts	167,175,203	41.97%
	<u>\$ 398,327,940</u>	<u>100.00%</u>

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, 2020, 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 Bonds</u>	<u>Total</u>	<u>Percent of Total</u>	<u>Breakdown of Corporate Portfolio</u>
AAA	\$ 15,110,665	\$ 791,134	\$ 16,045,642	\$ 31,947,441	80.77%	67.82%
AA	-	-	945,251	945,251	2.39%	4.00%
A	-	-	3,190,223	3,190,223	8.06%	13.49%
BAA	-	-	3,473,800	3,473,800	8.78%	14.69%
	<u>\$ 15,110,665</u>	<u>\$ 791,134</u>	<u>\$ 23,654,916</u>	<u>\$ 39,556,715</u>	<u>100.00%</u>	<u>100.00%</u>

Custodial Credit Risk exists when securities are uninsured, unregistered or held by a counterparty or its agent but not in the government's name. All investments of the Retiree Health Care Trust Fund are held in trust by a third party institution in the name of the Fund and, therefore, are not exposed to custodial credit risk.

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2020

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)**Retiree Health Care Trust Fund Deposits and Investments (continued)**

Concentration of Credit Risk is the risk of loss measured by the magnitude of investments in a single issuer. 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, 2020.

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 8.1 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.

Deposits – The deposits of the Macomb County Employees' 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 \$60,766,620 with corresponding bank balances of \$60,766,975. 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 \$60,516,975 was uninsured and uncollateralized.

Investments – A summary of the investments of the System at December 31, 2020 is presented below:

	<u>Amount</u>	<u>Percent of Total</u>
Cash and pooled investments	\$ 60,766,620	5.24%
Common stock	433,088,971	37.32%
Preferred stock	1,697,961	0.15%
Foreign stock	85,233,317	7.34%
Limited partnerships	277,654,404	23.92%
Fixed income common collective trusts	110,096,370	9.49%
Equity common collective trusts	191,934,184	16.54%
	<u>\$ 1,160,471,827</u>	<u>100.00%</u>

The investments of the System are subject to various types of risks as defined below:

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 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

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2020

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)**Employees' Retirement System Deposits and Investments (concluded)**

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, 2020, the System's investments in debt securities were rated by Standard & Poor's as presented below:

Quality Rating	US Treasury	US Agency	Corporate Bonds	Total	Percent of Total	Breakdown of Corporate Portfolio
AAA	\$ 30,572,523	\$ 23,008,013	\$ 9,441,986	\$ 63,022,522	57.24%	16.71%
AA	-	-	4,641,121	4,641,121	4.22%	8.21%
A+	-	-	39,464	39,464	0.04%	0.07%
A	-	-	14,965,808	14,965,808	13.59%	26.48%
BBB+	-	-	597,217	597,217	0.54%	1.06%
BBB	-	-	24,914,984	24,914,984	22.62%	44.08%
BBB-	-	-	214,419	214,419	0.19%	0.38%
BB	-	-	924,970	924,970	0.84%	1.64%
BB-	-	-	27,625	27,625	0.03%	0.05%
B+	-	-	28,282	28,282	0.03%	0.05%
B	-	-	385,428	385,428	0.35%	0.68%
B-	-	-	200,607	200,607	0.18%	0.35%
CCC+	-	-	28,940	28,940	0.03%	0.05%
CCC	-	-	92,082	92,082	0.08%	0.16%
CC	-	-	8,600	8,600	0.01%	0.02%
Not Rated	-	-	4,301	4,301	0.01%	0.01%
	<u>\$ 30,572,523</u>	<u>\$ 23,008,013</u>	<u>\$ 56,515,834</u>	<u>\$ 110,096,370</u>	<u>100.00%</u>	<u>100.00%</u>

Interest Rate Risk is the risk that the fair value of investments in debt securities will be adversely affected by changes in market interest rates and is measured primarily by average days to maturity. The maturities of the System have an average weighted life of 7.7 years.

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 25.3 percent of the Employees' Retirement System assets and 20.1 percent of the Intermediate Retiree Medical Benefits Trust 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.

NOTE 3 – FAIR VALUE MEASUREMENTS

The county categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investments that are measured at fair value using the net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy as reported on the following page.

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2020

NOTE 3 – FAIR VALUE MEASUREMENTS (CONTINUED)**Primary Government**

The primary government of the county had recurring fair value measurements as of December 31, 2020 as presented below:

<u>Assets Measured at Fair Value on a Recurring Basis - Primary Government</u>				
	<u>Ending Balance</u>	<u>Fair Value Measurement Using</u>		
		<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Equity securities				
Common stock	\$ 146,909,909	\$ 146,909,909	\$ -	\$ -
Foreign stock	32,250,240	32,250,240	-	-
Total equity securities	179,160,149	179,160,149	-	-
Fixed income common collective trusts	36,890,182	-	36,890,182	-
Equity common collective trusts	21,640,522	-	21,640,522	-
Real estate investment trust funds	20,001,198	-	20,001,198	-
Total investments by fair value level	257,692,051	<u>\$ 179,160,149</u>	<u>\$ 78,531,902</u>	<u>\$ -</u>
Investments measured at net asset value (NAV)				
Hedge funds	9,944,689			
Private equity	5,227,693			
Real estate funds	14,627,103			
Total investments measured at NAV	29,799,485			
Total investments measured at fair value	<u>\$ 287,491,536</u>			

Equity securities classified in level 1 are valued using prices quoted in active markets for those securities. Debt and equity securities classified in level 2 are valued using the following approaches: Fixed income investments are normally valued based on price data obtained from observed transactions and market price quotations from broker dealers and/or pricing vendors.

The county holds shares or interests in investment companies whereby the fair value of the investments is measured on a recurring basis using net asset value per share (or its equivalent) of the investment companies as a practical expedient.

At the year ended December 31, 2020, the fair value, unfunded commitments, and redemption rules of those investments are as presented on the following page:

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2020

NOTE 3 – FAIR VALUE MEASUREMENTS (CONTINUED)**Primary Government (concluded)**

	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency, if Eligible</u>	<u>Redemption Notice Period</u>
Hedge funds	\$ 9,944,689	\$ -	None	N/A
Private equity funds	5,227,693	21,207,049	None	N/A
Real estate funds	<u>14,627,103</u>	<u>2,660,237</u>	None	N/A
Total investments measured at NAV	<u>\$ 29,799,485</u>	<u>\$ 23,867,286</u>		

Multiple funds are held in the hedge funds category reported above. For reporting purposes, the redemption frequency and redemption notice period provided are the most restrictive in the category.

The hedge funds class includes investments in funds that achieve capital appreciation through multimanager and/or multistrategy investments. Within this group of funds, there is exposure to investment strategies including, but not limited to, credit, event-driven, equity, and relative value. The funds have the ability to invest across all markets and across all asset classes to implement their various strategies. The fair values of the investments in this class have been estimated using the net asset value per share of the investments.

The private equity funds class is comprised of multiple funds with portfolios including investments in funds that achieve capital appreciation through leveraged buyouts and venture and growth equity. The fair value of the investments in this class have been estimated using the net asset value per share of the investments. None of the value of the investments in the private equity funds are in the process of being liquidated by fund manager. Distributions from each fund will be received as the underlying investments of the fund are liquidated. It is estimated that the underlying investments of the fund will be liquidated over the next 1 to 6 years.

The real estate funds class is comprised of multiple funds with portfolios including investments in commercial real estate that provide current cash flow yield and upside through future appreciation. The fair value of the investments in this class have been estimated using the net asset value per share of the investments. None of the value of the investments in the real estate funds are in the process of being liquidated by fund managers. Distributions from each fund will be received as the underlying investments of the fund are liquidated. It is estimated that the underlying investments of the funds will be liquidated over the next 2 to 6 years.

Disclosures Regarding Redemption Only Upon Liquidation

The investments in hedge funds, international equity funds, private equity funds, and real estate funds can never be redeemed with the funds. Distributions from each fund will be received only as the underlying investments of the funds are liquidated. It is estimated that the underlying assets of the funds will be liquidated over the next 1 to 6 years.

Fiduciary Trust Funds

The county's fiduciary trust funds, which comprise of the Macomb County Employees' Retirement System, the Retiree Health Care Trust Fund, and the Roads' Retiree Health Care Investment Trust had recurring fair value measurements as of December 31, 2020 as presented on the following page.

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2020

NOTE 3 – FAIR VALUE MEASUREMENTS (CONTINUED)**Fiduciary Trust Funds (continued)**

Assets Measured at Fair Value on a Recurring Basis - Fiduciary Trust Funds				
	Ending Balance	Fair Value Measurement Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Equity securities				
Common stock	\$ 529,358,400	\$ 529,358,400	\$ -	\$ -
Foreign stock	111,991,042	111,991,042	-	-
Preferred stock	1,697,961	1,697,961	-	-
Total equity securities	643,047,403	643,047,403	-	-
Limited Partnership investments	3,866	3,866	-	-
Fixed income common collective trusts	149,653,085	-	149,653,085	-
Equity common collective trusts	359,109,387	62,400,201	296,709,186	-
Real estate investment trust funds	35,289,726	35,289,726	-	-
Total investments by fair value level	1,187,103,467	<u>\$ 740,741,196</u>	<u>\$ 446,362,271</u>	<u>\$ -</u>
Investments measured at net asset value (NAV)				
Hedge funds	122,881,549			
Infrastructure funds	21,266,593			
Private equity funds	51,378,424			
Real estate funds	79,470,390			
International real estate funds	2,657,448			
Interest in pooled investment	80,358,112			
Total investments measured at NAV	<u>358,012,516</u>			
Total investments measured at fair value	<u>\$ 1,545,115,983</u>			

Equity securities classified in level 1 are valued using prices quoted in active markets for those securities. Debt and equity securities classified in level 2 are valued using the following approaches: Fixed income investments are normally valued based on price data obtained from observed transactions and market price quotations from broker dealers and/or pricing vendors. Preferred stocks classified in level 2 are normally valued based on previous observed pricing and other similar offerings from the same institution. Debt securities classified in level 3 are based upon unobservable inputs.

The county holds shares or interests in investment companies whereby the fair value of the investments is measured on a recurring basis using net asset value per share (or its equivalent) of the investment companies as a practical expedient.

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2020

NOTE 3 – FAIR VALUE MEASUREMENTS (CONTINUED)**Fiduciary Trust Funds (continued)**

At the year ended December 31, 2020, the fair value, unfunded commitments, and redemption rules of those investments are as follows:

	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency, if Eligible</u>	<u>Redemption Notice Period</u>
Hedge funds	\$ 122,881,549	\$ 2,348,302	None	N/A
Infrastructure funds	21,266,593	9,958,931	None	N/A
Private equity funds	51,378,424	80,638,104	None	N/A
Real estate funds	79,470,390	10,949,796	None	N/A
International real estate funds	2,657,448	14,894,175	None	N/A
Interest in pooled investment	80,358,112	-	Daily	None
	<u>\$ 358,012,516</u>	<u>\$ 118,789,308</u>		
Total investments measured at NAV	<u>\$ 358,012,516</u>	<u>\$ 118,789,308</u>		

Multiple funds are held in most of the categories reported above. For reporting purposes, the redemption frequency and redemption notice period provided are the most restrictive of any of the funds in the category.

The hedge funds class includes investments in funds that achieve capital appreciation through multimanager and/or multistrategy investments. Within this group of funds, there is exposure to investment strategies including, but not limited to, credit, event-driven, equity, and relative value. The funds have the ability to invest across all markets and across all asset classes to implement their various strategies. The fair values of the investments in this class have been estimated using the net asset value per share of the investments. Approximately 3 percent of the value of the investments in the hedge funds are in the process of being liquidated by fund manager. Distributions from each fund will be received as the underlying investments of the fund are liquidated. It is estimated that the underlying investments of the fund will be liquidated over the next month to 5 years.

The infrastructure funds class is comprised of the Morgan Infrastructure Fund. The fund is comprised of various infrastructure projects, typically constructed by governmental entities. Many of these projects are subject to regulatory establishment of rates, service delivery levels, or both. Individual investments generally require capital commitments for a minimum of 10 to 20 years. The fair values of the investments in this class have been estimated using the net asset value per share of the investments. Approximately 3 percent of the value of the investment in the infrastructure fund is in the process of being liquidated by fund manager. Distributions from each fund will be received as the underlying investments of the fund are liquidated. It is estimated that the underlying investments of the fund will be liquidated over the next month to 1 year.

The private equity funds class includes investments in funds that achieve capital appreciation in a variety of different ways depending on the individual funds' objectives. Objectives include investments in emerging technologies, and mortgage recovery, while other funds eschew traditional sector-oriented goals in favor of flexibility in order to capitalize on opportunities that are time-sensitive, complex, or in dislocated markets. The fair value of the investments in this class have been estimated using the net asset value per share of the investments. Approximately 8 percent of the value of the investments in the private equity funds are in the process of being liquidated by fund manager. Distributions from each fund will be received as the underlying investments of the fund are liquidated. It is estimated that the underlying investments of the fund will be liquidated over the next month to 3 years.

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2020

NOTE 3 – FAIR VALUE MEASUREMENTS (CONCLUDED)

Fiduciary Trust Funds (concluded)

The real estate funds class includes investments in funds whose objective is to operate a core portfolio of real estate investments predominately located in the U.S. The funds acquire ownership in underlying investments either through direct real estate ownership or ownership in real estate companies or the equity of real estate investment trusts. The funds predominately target purchases in office, industrial, retail, or multifamily real estate classes. The fair value of the investments in this class have been estimated using the net asset value per share of the investments. Approximately 12 percent of the value of the investments in the real estate funds are in the process of being liquidated by fund manager. Distributions from each fund will be received as the underlying investments of the fund are liquidated. It is estimated that the underlying investments of the fund will be liquidated over the next month to 7 years.

The interest in pooled investment is comprised of the Municipal Employees' Retirement System of Michigan (MERS) Total Market Fund, which is a fully diversified portfolio combining traditional stocks and bonds with alternative asset classes, including real estate, private equity, and commodities. The objective is to provide current income and capital appreciation while minimizing the volatility of the capital markets. MERS manages the asset allocation and monitors the underlying investment managers of the MERS Total Market Fund.

Disclosures Regarding Redemption Only Upon Liquidation

The investments in hedge funds, infrastructure funds, international equity funds, private equity funds, real estate funds, and international real estate funds can never be redeemed with the funds. Distributions from each fund will be received only as the underlying investments of the funds are liquidated. It is estimated that the underlying assets of the funds will be liquidated over the next 1 to 20 years.

NOTE 4 – DUE FROM COMPONENT UNIT

The county issued general obligation bonds in the amount of \$263,555,000 in March 2015 for the purpose of defraying the county's unfunded retiree health care liability. The net proceeds were placed into the Macomb County Retiree Health Care Intermediate Trust Fund. The employees of the Martha T. Berry Medical Care Facility Discretely Presented Component Unit participate in the retiree health care plan. Consequently, \$16,395,000 of the bond issue was allocated to Martha T. Berry based on actuarial analysis.

In October 2020, the county issued refunding general obligation bonds in the amount of \$131,015,000. The partial refunding retired \$108,810,000 of the 2015 bonds. The same actuarial analysis from 2015 was used to allocate the 2015 and 2020 bonds to Martha T. Berry. As a result, \$6,802,082 (\$7,585,000 less \$782,918 due in November 2020 not yet paid to the county) of Martha T. Berry's allocation of the 2015 Bonds was considered refunded, and \$8,150,067 of the 2020 refunding bonds were allocated to Martha T. Berry. Remaining amounts due from Martha T. Berry for the 2015 bonds will be paid back to the county with installment payments each May 1 and November 1 of each year through 2028. Remaining amounts due from Martha T. Berry for the 2020 refunding bonds will be paid back to the county with installment payments each May 1 and November 1 of each year through 2035. Both amounts were recorded in the governmental activities of the county as a due from component unit (a long-term receivable).

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

The county has recorded a due from component unit on the governmental activities statement of net position as shown in the table on the following page:

Macomb County, Michigan

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2020

NOTE 4 – DUE FROM COMPONENT UNIT (CONCLUDED)

	Balance, January 1, 2020	Increases	Decreases	Balance, December 31, 2020
2015 OPEB Bonds	\$ 13,538,403	\$ -	\$ 6,802,082	\$ 6,736,321
2020 OPEB Refunding Bonds	-	8,150,067	-	8,150,067
General Fund Loan Repayment	2,926,400	-	182,900	2,743,500
Total, Due from Component Unit	\$ 16,464,803	\$ 8,150,067	\$ 6,984,982	\$ 17,629,888

NOTE 5 – CAPITAL ASSETS

The following is a summary of capital asset activity of the governmental activities of the county for the year ended December 31, 2020:

	Beginning Balance	Increases	Decreases and Transfers	Ending Balance
Governmental Activities				
Capital assets not being depreciated:				
Land	\$ 206,518,693	\$ -	\$ -	\$ 206,518,693
Construction in progress	27,305,406	6,801,867	16,535,161	17,572,112
Total capital assets not being depreciated	233,824,099	6,801,867	16,535,161	224,090,805
Capital assets being depreciated:				
Land improvements	12,043,467	12,854	364,547	11,691,774
Buildings and building improvements	359,381,202	21,954,229	2,222,377	379,113,054
Machinery, equipment, and vehicles	102,502,610	9,042,699	2,402,831	109,142,478
Infrastructure	1,434,588,565	60,234,819	-	1,494,823,384
Total capital assets being depreciated	1,908,515,844	91,244,601	4,989,755	1,994,770,690
Less accumulated depreciation for:				
Land Improvements	7,046,383	483,975	355,160	7,175,198
Buildings and building improvements	158,135,144	11,725,281	2,097,930	167,762,495
Machinery, equipment, and vehicles	85,037,065	6,935,043	2,256,960	89,715,148
Infrastructure	825,649,821	43,946,392	-	869,596,213
Total accumulated depreciation	1,075,868,413	63,090,691	4,710,050	1,134,249,054
Net capital assets being depreciated	832,647,431	28,153,910	279,705	860,521,636
Net governmental capital assets	\$ 1,066,471,530	\$ 34,955,777	\$ 16,814,866	\$ 1,084,612,441

Macomb County, Michigan

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2020

NOTE 5 – CAPITAL ASSETS (CONTINUED)

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

	Governmental Assets	Internal Service Assets	Total
Judicial	\$ 1,058,742	\$ -	\$ 1,058,742
General government	6,090,204	361,251	6,451,455
Health and welfare	2,676,633	-	2,676,633
Recreation and culture	63,094	-	63,094
Public safety	4,659,220	-	4,659,220
Public works	48,181,547	-	48,181,547
	<u>\$ 62,729,440</u>	<u>\$ 361,251</u>	<u>\$ 63,090,691</u>

A summary of capital asset activity of the business-type activities of the county for the year ended December 31, 2020 is presented below:

	Beginning Balance	Increases and Transfers	Decreases	Ending Balance
Business-type Activities				
Capital assets not being depreciated:				
Land	\$ 50,000	\$ -	\$ -	\$ 50,000
Capital assets being depreciated:				
Land improvements	491,310	-	-	491,310
Buildings and building improvements	2,449,173	-	-	2,449,173
Machinery, equipment, and vehicles	454,553	-	1,259	453,294
Total capital assets being depreciated	3,395,036	-	1,259	3,393,777
Less accumulated depreciation for:				
Land Improvements	167,695	24,565	-	192,260
Buildings and building improvements	1,323,775	104,600	-	1,428,375
Machinery, equipment, and vehicles	408,551	10,053	1,259	417,345
Total accumulated depreciation	1,900,021	139,218	1,259	2,037,980
Net capital assets being depreciated	1,495,015	(139,218)	-	1,355,797
Net business-type capital assets	<u>\$ 1,545,015</u>	<u>\$ (139,218)</u>	<u>\$ -</u>	<u>\$ 1,405,797</u>

Depreciation expense of the business-type activities by function totaled \$137,333 for recreation and culture and \$1,885 for health and welfare, for a total reported increase in accumulated depreciation in business-type activities of \$139,218.

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2020

NOTE 5 – CAPITAL ASSETS (CONCLUDED)

The following is a summary of changes in the Drainage Districts Component Unit capital assets for the year ended September 30, 2020:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Component Unit - Drainage Districts				
Capital assets not being depreciated:				
Land	\$ 1,862,000	\$ -	\$ -	\$ 1,862,000
Construction in progress	12,393,889	11,146,329	11,553,429	11,986,789
Total capital assets not being depreciated	14,255,889	11,146,329	11,553,429	13,848,789
Capital assets being depreciated:				
Machinery, equipment, and vehicles	1,685,150	146,853	-	1,832,003
Infrastructure	485,102,790	11,553,429	-	496,656,219
Total capital assets being depreciated	486,787,940	11,700,282	-	498,488,222
Less accumulated depreciation for:				
Machinery, equipment, and vehicles	352,350	157,947	-	510,297
Infrastructure	152,496,162	9,817,592	-	162,313,754
Total accumulated depreciation	152,848,512	9,975,539	-	162,824,051
Net capital assets being depreciated	333,939,428	1,724,743	-	335,664,171
Net drainage district capital assets	<u>\$ 348,195,317</u>	<u>\$ 12,871,072</u>	<u>\$ 11,553,429</u>	<u>\$ 349,512,960</u>

The following is a summary of changes in the Martha T. Berry Medical Care Facility (MCF) Component Unit capital assets for the year ended December 31, 2020:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Component Unit - Martha T. Berry MCF				
Capital assets being depreciated:				
Buildings and building improvements	5,524,693	314,387	-	5,839,080
Machinery, equipment, and vehicles	2,096,344	97,092	30,748	2,162,688
Total capital assets being depreciated	7,621,037	411,479	30,748	8,001,768
Less accumulated depreciation for:				
Buildings and building improvements	667,052	415,111	-	1,082,163
Machinery, equipment, and vehicles	610,211	273,947	1,025	883,133
Total accumulated depreciation	1,277,263	689,058	1,025	1,965,296
Net capital assets being depreciated	6,343,774	(277,579)	29,723	6,036,472
Net Martha T. Berry capital assets	<u>\$ 6,343,774</u>	<u>\$ (277,579)</u>	<u>\$ 29,723</u>	<u>\$ 6,036,472</u>

Macomb County, Michigan

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2020

NOTE 6 – LONG-TERM DEBT

The following is a summary of the long-term liability transactions for the year ended December 31, 2020:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
PRIMARY GOVERNMENT					
Governmental Activities					
<i>General obligation bonds</i>					
<i>Building Authority</i>					
Series 2005 Clemens Refunding	\$ 210,000	\$ -	\$ 210,000	\$ -	\$ -
Series 2012 Public Works / Warehouse Refunding	2,835,000	-	535,000	2,300,000	575,000
Series 2012A 800Mhz/NB Court Refunding	8,975,000	-	1,410,000	7,565,000	1,455,000
Series 2014 MTB / Youth Home Refunding	6,245,000	-	2,020,000	4,225,000	2,120,000
<i>General County</i>					
Series 2015 Capital Improvement Bonds	34,265,000	-	2,635,000	31,630,000	2,705,000
Series 2015 Retiree Health Care Bonds	176,875,316	-	98,877,097	77,998,219	8,754,102
Series 2020 Refunding Retiree Health Care Bonds	-	108,764,161	-	108,764,161	1,519,233
<i>Notes from direct borrowings and direct placements</i>					
<i>Department of Roads</i>					
2010 MDOT Infrastructure Loan	72,549	-	34,582	37,967	37,967
2010 MDOT Infrastructure Loan	106,397	-	52,979	53,418	53,418
2014 MDOT Infrastructure Loan	233,361	-	30,455	202,906	31,369
2017 MDOT Infrastructure Loan	364,296	-	36,596	327,700	37,511
Total bonded debt and loans	230,181,919	108,764,161	105,841,709	233,104,371	17,288,600
<i>Other liabilities</i>					
<i>Compensated absences</i>					
General County	12,653,288	4,718,261	3,403,625	13,967,924	2,000,000
Department of Roads	1,505,757	1,644,104	1,373,620	1,776,241	1,400,000
<i>General liability claims</i>					
General County	4,462,414	2,577,899	2,324,891	4,715,422	773,738
Department of Roads	279,082	15,996	21,811	273,267	23,267
<i>Workers' compensation claims</i>					
General County	1,859,245	1,202,639	948,792	2,113,092	528,273
Department of Roads	159,351	-	72,161	87,190	31,861
Total other liabilities	20,919,137	10,158,899	8,144,900	22,933,136	4,757,139
Total governmental activities	251,101,056	118,923,060	113,986,609	256,037,507	22,045,739
Business-Type Activities					
<i>General obligation bonds</i>					
Series 2015 Retiree Health Care Bonds	36,184,684	-	20,227,903	15,956,781	1,791,076
Series 2020 Refunding Retiree Health Care Bonds	-	22,250,839	-	22,250,839	310,767
<i>Other liabilities</i>					
Compensated absences	1,245,768	528,896	347,712	1,426,952	200,000
Total business-type activities	37,430,452	22,779,735	20,575,615	39,634,572	2,301,843
TOTAL PRIMARY GOVERNMENT	\$ 288,531,508	\$ 141,702,795	\$ 134,562,224	\$ 295,672,079	\$ 24,347,582
DISCRETELY PRESENTED COMPONENT UNITS					
Martha T. Berry Medical Care Facility					
<i>Notes from direct borrowings and direct placements</i>					
Notes payable to Macomb County	\$ 16,464,803	\$ 9,041,717	\$ 7,876,632	\$ 17,629,888	\$ 1,844,550
<i>Other liabilities</i>					
Compensated absences	696,132	1,034,830	874,869	856,093	793,595
Total Martha T. Berry Medical Care Facility	17,160,935	10,076,547	8,751,501	18,485,981	2,638,145
Drainage Districts					
<i>General obligation bonds</i>					
Special assessment debt	202,827,913	80,147,510	44,532,145	238,443,278	11,174,509
Unamortized premiums	23,946,261	10,595,120	2,869,359	31,672,022	1,540,838
Unamortized discounts	(957,080)	-	(914,783)	(42,297)	(4,699)
<i>Notes from direct borrowings and direct placements</i>					
Special assessment debt	74,710,987	37,771	6,680,838	68,067,920	6,829,524
Total Drainage Districts	300,528,081	90,780,401	53,167,559	338,140,923	19,540,172
TOTAL COMPONENT UNITS	\$ 317,689,016	\$ 100,856,948	\$ 61,919,060	\$ 356,626,904	\$ 22,178,317

Macomb County, Michigan

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2020

NOTE 6 – LONG-TERM DEBT (CONTINUED)

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

	Interest Rate	Date of Issue	Maturity Date	Original Issue Amount	Balance, End of Year
PRIMARY GOVERNMENT					
Governmental Activities					
<i>General Obligation Bonds</i>					
Building Authority					
Series 2005 Clemens Refunding	5.00	12/01/05	05/01/20	\$ 2,875,000	\$ -
Series 2012 Public Works / Warehouse Refunding	2.00 - 2.50	03/01/12	05/01/24	6,550,000	2,300,000
Series 2012A 800Mhz/NB Court Refunding	2.00 - 2.50	10/01/12	11/01/25	14,160,000	7,565,000
Series 2014 MTB / Youth Home Refunding	3.00 - 4.00	09/01/14	03/01/22	15,155,000	4,225,000
General County					
Series 2015 Capital Improvement Bonds	3.00 - 4.00	06/23/15	05/01/30	44,210,000	31,630,000
Series 2015 Retiree Health Care Bonds	2.411 - 4.416	03/10/15	11/01/35	218,794,324	77,998,219
Series 2020 Refunding Retiree Health Care Bonds	0.24 - 2.24	10/27/20	11/01/35	108,764,161	108,764,161
Subtotal, general obligation bonds				410,508,485	232,482,380
<i>Notes from direct borrowings and direct placements</i>					
Department of Roads					
2010 MDOT Infrastructure Loan	1.00	10/29/10	10/29/20	334,405	37,967
2010 MDOT Infrastructure Loan	2.00	12/22/10	12/22/20	495,000	53,418
2014 MDOT Infrastructure Loan	3.00	07/01/14	07/01/26	472,500	202,906
2017 MDOT Infrastructure Loan	2.50	11/09/17	11/09/27	400,000	327,700
Subtotal, notes from direct borrowings and direct placements				1,701,905	621,991
Total governmental activities				412,210,390	233,104,371
Business-Type Activities					
<i>General Obligation Bonds</i>					
Series 2015 Retiree Health Care Bonds	1.731 - 4.416	03/10/15	11/01/35	44,760,676	15,956,781
Series 2020 Refunding Retiree Health Care Bonds	0.24 - 2.24	10/27/20	11/01/35	22,250,839	22,250,839
Total business-type activities				67,011,515	38,207,620
TOTAL PRIMARY GOVERNMENT				479,221,905	271,311,991
DISCRETELY PRESENTED COMPONENT UNIT					
Drainage District					
Special assessment debt with governmental commitment					
<i>General Obligation Bonds</i>					
Lake St. Clair Clean Water Initiative					
Series 2010 refunding	4.00 - 5.00	08/03/10	10/01/29	12,270,000	-
Series 2013 refunding	5.00	12/19/13	10/01/29	13,725,000	8,915,000
Series 2019 refunding	1.76 - 2.59	12/27/19	10/01/29	7,355,000	7,235,000
Macomb Interceptor Drain Drainage District					
Series 2011	3.75 - 5.00	10/18/11	05/01/31	30,800,000	-
Series 2017A refunding	3.00 - 5.00	06/07/17	05/01/42	126,425,000	114,700,000
Series 2020	2.00	02/19/20	05/01/26	15,435,000	15,435,000
North Gratiot Interceptor					
Series 2006 (Phase 5)	4.00 - 4.20	11/01/06	05/01/32	3,380,000	-
Series 2010	5.00 - 6.35	05/11/10	05/01/35	16,965,000	11,680,000
Series 2015 refunding	3.50 - 5.00	08/06/15	05/01/33	16,990,000	13,655,000
Series 2018 refunding	5.00	08/09/15	11/01/31	8,890,000	7,655,000
Series 2020	5.00	02/19/20	05/01/26	1,745,000	1,745,000
Oakland-Macomb Interceptor					
Series 2010B	4.90 - 5.90	04/15/10	04/01/30	3,450,500	-
Series 2014	2.00 - 3.125	10/15/14	10/15/34	5,150,335	3,886,776
Series 2019A	1.85	12/19/19	04/01/30	2,322,650	2,181,025
Series 2019B	1.55	12/19/19	10/01/25	4,566,195	2,631,812
Series 2020	2.00	08/19/20	07/01/40	48,723,665	48,723,665
Subtotal, general obligation bonds				318,193,345	238,443,278
<i>Notes from direct borrowings and direct placements</i>					
8.5 Mile Relief					
State Revolving Fund Loan (5306-01)	2.50	Various	10/01/29	4,025,000	2,055,000
State Revolving Fund Loan (5393-01)	2.50	Various	10/01/30	1,246,579	698,579
State Revolving Fund Loan (5460-01)	2.50	Various	04/01/31	418,488	260,345
State Revolving Fund Loan (5579-01)	2.50	Various	10/01/34	445,000	308,366
Lake St. Clair Clean Water Initiative					
State Revolving Fund Series #1 (5186-01)	2.50	Various	10/01/22	20,670,000	2,565,000
State Revolving Fund Series #2 (5186-02)	2.50	Various	04/01/22	13,630,000	1,690,000
State Revolving Fund Series #3 (5186-03)	2.50	Various	04/08/22	2,640,000	325,000
State Revolving Fund Series #4 (5186-04)	2.50	Various	10/01/22	5,550,000	690,000
State Revolving Fund Series #5 (5186-05)	2.50	Various	10/01/23	975,000	180,000
Macomb Interceptor Drain Drainage District					
State Revolving Fund Loan (5487-01)	2.50	Various	04/01/34	8,565,000	6,385,780
State Revolving Fund Loan (5540-01)	2.00	Various	10/01/33	2,250,000	1,559,999
State Revolving Fund Loan (5605-01)	2.50	Various	03/30/16	3,145,000	2,635,000
State Revolving Fund Loan (5624-01)	2.50	Various	10/01/35	3,675,000	2,172,439
State Revolving Fund Loan (5639-03)	2.00	Various	07/22/20	26,000,000	-
Oakland-Macomb Interceptor					
State Revolving Fund Loan (5368-01)	2.50	Various	04/01/31	13,429,140	8,206,524
State Revolving Fund Loan (5368-02)	2.50	Various	10/01/20	12,532,062	8,828,398
State Revolving Fund Loan (5368-03)	2.00	Various	10/01/34	31,966,690	23,668,309
Oakland-Macomb Interceptor					
SAW Program Loan 2001-01	2.50	Various	04/01/36	6,638,642	5,784,405
Richmond-Columbus - Series 2010	4.70	11/23/10	06/01/21	547,778	54,776
Subtotal, notes from direct borrowings and direct placements				158,349,379	68,067,920
TOTAL DISCRETELY PRESENTED COMPONENT UNIT				476,542,724	306,511,198
TOTAL REPORTING ENTITY				\$ 955,764,629	\$ 577,823,189

Macomb County, Michigan

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2020

NOTE 6 – LONG-TERM DEBT (CONTINUED)

All long-term obligations are presented as of December 31, 2020 except for the Special Assessment Debt with Governmental Commitment and Department of Road obligations, which are presented as of September 30, 2020. 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 and 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 presented below.

Year	Governmental Activities				Business-Type Activities			
	Bonds		Notes from Direct Borrowings and Direct Placements		Bonds		Notes from Direct Borrowings and Direct Placements	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2021	\$ 17,128,335	\$ 9,931,297	\$ 160,265	\$ 15,728	\$ 2,101,813	\$ 1,749,209	\$ -	\$ -
2022	17,470,101	9,473,334	70,759	12,401	2,154,899	1,695,709	-	-
2023	15,755,828	9,021,225	72,689	10,471	2,209,173	1,641,489	-	-
2024	16,221,178	8,563,380	74,673	8,486	2,268,823	1,581,716	-	-
2025	16,075,246	8,078,986	76,711	6,448	2,334,754	1,516,630	-	-
2026 - 2030	79,808,781	25,152,297	166,894	7,671	12,811,041	4,840,861	-	-
2031 - 2035	70,022,911	4,517,744	-	-	14,327,117	924,009	-	-
2036 - 2040	-	-	-	-	-	-	-	-
2041 - 2045	-	-	-	-	-	-	-	-
	<u>\$ 232,482,380</u>	<u>\$ 74,738,263</u>	<u>\$ 621,991</u>	<u>\$ 61,205</u>	<u>\$ 38,207,620</u>	<u>\$ 13,949,623</u>	<u>\$ -</u>	<u>\$ -</u>

Year	Primary Government				Discretely Presented Component Units			
	Bonds		Notes from Direct Borrowings and Direct Placements		Bonds		Notes from Direct Borrowings and Direct Placements	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2021	\$ 19,230,148	\$ 11,680,506	\$ 160,265	\$ 15,728	\$ 11,174,509	\$ 10,306,611	\$ 8,674,074	\$ 347,283
2022	19,625,000	11,169,043	70,759	12,401	11,446,947	10,086,596	7,912,948	327,687
2023	17,965,001	10,662,714	72,689	10,471	11,895,917	9,552,954	5,359,733	307,827
2024	18,490,001	10,145,096	74,673	8,486	12,373,031	8,996,805	5,429,518	285,934
2025	18,410,000	9,595,616	76,711	6,448	12,915,517	8,415,104	5,554,848	262,093
2026 - 2030	92,619,822	29,993,158	166,894	7,671	73,308,465	32,070,672	29,539,081	892,911
2031 - 2035	84,350,028	5,441,753	-	-	64,648,967	15,042,885	22,597,361	338,516
2036 - 2040	-	-	-	-	32,919,925	5,395,820	630,245	-
2041 - 2045	-	-	-	-	7,760,000	586,750	-	-
	<u>\$ 270,690,000</u>	<u>\$ 88,687,886</u>	<u>\$ 621,991</u>	<u>\$ 61,205</u>	<u>\$ 238,443,278</u>	<u>\$ 100,454,197</u>	<u>\$ 85,697,808</u>	<u>\$ 2,762,251</u>

New Advance Refunding Debt Issued

On October 27, 2020, the county issued \$131,015,000 of Series 2020 Refunding Retiree Healthcare Bonds for the purpose of partially refunding the 2015 Retiree Healthcare Bonds. The bonds were issued pursuant to Public Act 34 of 2001 and a resolution of the Macomb County Board of Commissioners dated September 24, 2020. The net proceeds of the bonds, less issuance costs, were \$130,340,296 and were placed in an irrevocable trust with an escrow agent and used to purchase treasury securities (SLGS). The county used the proceeds of the refunding bonds to defease the 2015 retiree healthcare bonds which were due and payable November 1, 2029 through November 1, 2035, but not callable until November 1, 2025. This was accomplished by establishing an irrevocable trust with an escrow agent comprised of treasury securities (SLGS) sufficient to meet the applicable principal and interest obligations. Accordingly, the trust account assets and liabilities for the defeased bonds are not included in the county's financial statements. At December 31, 2020, bonds due and payable November 1, 2029 through November 1, 2035 in the amount of \$108,810,000 are considered defeased. The refunding was

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2020

NOTE 6 – LONG-TERM DEBT (CONTINUED)**New Advance Refunding Debt Issued (concluded)**

undertaken to reduce the debt service payment from 2021 to 2035, with a net savings of \$6,458,037 and to obtain an economic (present value) gain of \$5,665,232. The bonds bear interest between 0.249% and 2.239% and are due semiannually each May 1 and November 1, commencing on May 1, 2021 and concluding on November 1, 2035. The bonds will be payable from the county's Other Postemployment Benefits Internal Service Fund.

New Refunding Debt Issued

On December 11, 2019, the Lake St. Clair Clean Water Initiative (the "Drainage District") issued \$7,355,000 of Series 2019 refunding bonds for the purpose of refunding the 2010 Lake St. Clair Clean Water Initiative Bonds. The bonds were issued pursuant to Public Act 40 of 1956 and a resolution of the Drainage Board of the Drainage District dated September 26, 2019. The net proceeds of the bonds, less issuance costs, were \$7,239,675, and were placed in an irrevocable trust with an escrow agent and used to purchase treasury securities (SLGS). The funds were kept in escrow until the 2010 bonds were called on October 1, 2020. The refunding was undertaken to reduce the debt service payment from 2020 to 2029, with a net savings of \$483,415 and to obtain an economic (present value) gain of \$430,614. The Series 2019 bonds bear interest between 1.760% and 2.589% and are due semiannually each April 1 and October 1, commencing on April 1, 2020 and concluding on October 1, 2029. The bonds will be payable from installments of special assessments from district member communities, which includes the cities of St. Clair Shores, Roseville, and Eastpointe. Additionally, Macomb County pledged its full faith and credit as additional security for the bonds.

On February 19, 2020, the Macomb Interceptor Drain Drainage District (the "Drainage District") issued \$15,435,000 of Series 2020 refunding bonds for the purpose of refunding the 2011 Macomb Interceptor Bonds. The bonds were issued pursuant to Public Act 40 of 1956 and a resolution of the Drainage Board of the Drainage District dated October 21, 2019. The net proceeds of the bonds including the premium, less issuance costs, were \$18,871,121, and were placed in an irrevocable trust with an escrow agent and used to purchase treasury securities (SLGS). The funds were kept in escrow until the 2011 bonds were called on May 1, 2020. The refunding was undertaken to reduce the debt service payment from 2020 to 2031, with a net savings of \$4,221,499 and to obtain an economic (present value) gain of \$3,680,761. The Series 2020 bonds bear interest of 5% and are due semiannually each May 1 and November 1, commencing on November 1, 2020 and concluding on May 1, 2031. The bonds will be payable from installments of special assessments from district member communities, which includes the cities of Fraser, Sterling Heights, and Utica; the Townships of Lenox, Macomb, and Washington; and the Village of New Haven. Additionally, Macomb County pledged its full faith and credit as additional security for the bonds.

On February 19, 2020, the North Gratiot Interceptor Drainage District (the "Drainage District") issued \$1,745,000 of Series 2020 refunding bonds for the purpose of refunding the 2006A North Gratiot Interceptor Drainage District's Bonds. The bonds were issued pursuant to Public Act 40 of 1956 and an order of the Macomb County Public Works Commissioner on behalf of the Drainage District dated October 21, 2019. The net proceeds of the bonds including the premium, less issuance costs, were \$2,130,143, and were placed in an irrevocable trust with an escrow agent and used to purchase treasury securities (SLGS). The funds were kept in escrow until the 2006A bonds were called on May 1, 2020. The refunding was undertaken to reduce the debt service payment from 2020 to 2032, with a net savings of \$392,419 and to obtain an economic (present value) gain of \$347,230. The Series 2020 bonds bear interest of 5% and are due semiannually each May 1 and November 1, commencing on May 1, 2020 and concluding on May 1, 2032. The bonds will be payable from installments of special assessments from district member communities, which includes Lenox Township and the Village of New Haven. Additionally, Macomb County pledged its full faith and credit as additional security for the bonds.

On December 19, 2019, the Oakland Macomb Interceptor Drain Drainage District (the "Drainage District") issued \$4,510,000 of Series 2019A refunding bonds for the purpose of refunding the 2010B Oakland Macomb Interceptor Drainage District's Bonds. The bonds were issued pursuant to Public Act 40 of 1956 and a resolution of the Drainage Board of the Drainage District dated August 21, 2019. The county was allocated 51.5%, or \$2,322,650 of the bonds. The county's portion of the net proceeds of the bonds including the premium, less issuance costs, were \$2,298,313, and were placed in an irrevocable trust with an escrow agent and used to purchase treasury securities (SLGS). The funds were kept in escrow until the 2010B bonds were called on January 1, 2020. The refunding was undertaken to reduce the debt service payment from 2020 to 2030. The county's portion of the net savings was \$167,050, and the economic (present value) gain was \$153,246. The

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2020

NOTE 6 – LONG-TERM DEBT (CONCLUDED)

New Refunding Debt Issued (concluded)

Series 2019A bonds bear interest of 1.85% and are due semiannually each April 1 and October 1, commencing on April 1, 2020 and concluding on April 1, 2030. The bonds will be payable from installments of special assessments from district member communities, which includes the cities of Sterling Heights, Fraser, and Utica; the Townships of Chesterfield, Clinton, Harrison, Lenox, Macomb, Shelby, and Washington; and the Village of New Haven. Additionally, Macomb County pledged its full faith and credit as additional security for the bonds.

New Debt Issued

On December 19, 2019, the Oakland Macomb Interceptor Drain Drainage District (the “Drainage District”) issued \$5,205,000 of Series 2019B bonds for the purpose of structural rehabilitation and necessary ancillary construction of wastewater facilities controlled by the Oakland Macomb Interceptor Drain Drainage District. The bonds were issued pursuant to Public Act 40 of 1956 and a resolution of the Drainage Board of the Drainage District dated August 21, 2019. The county was allocated 87.7271%, or \$4,566,195 of the bonds. The county’s portion of the net proceeds of the bonds including the premium, less issuance costs, were \$3,915,036. The bonds bear interest of 1.55% and are due semiannually each April 1 and October 1, commencing on October 1, 2020 and concluding on October 1, 2025. The bonds will be payable from installments of special assessments from district member communities, which includes the cities of Sterling Heights, Fraser, and Utica; the Townships of Chesterfield, Clinton, Harrison, Lenox, Macomb, Shelby, and Washington; and the Village of New Haven. Additionally, Macomb County pledged its full faith and credit as additional security for the bonds.

On August 19, 2020, the Oakland Macomb Interceptor Drain Drainage District (the “Drainage District”) issued \$57,215,000 of Series 2020 bonds for the purpose of rehabilitation of interceptors controlled by the Oakland Macomb Interceptor Drain Drainage District. The bonds were issued pursuant to Public Act 40 of 1956 and a resolution of the Drainage Board of the Drainage District dated August 19, 2020. The county was allocated 85.1589%, or \$48,723,665 of the bonds. The county’s portion of the net proceeds of the bonds including the premium, less issuance costs, were \$54,608,672. The bonds bear interest between 2.00% and 5.00% and are due semiannually each January 1 and July 1, commencing on January 1, 2021 and concluding on July 1, 2040. The bonds will be payable from installments of special assessments from district member communities, which includes the cities of Sterling Heights, Fraser, and Utica; the Townships of Chesterfield, Clinton, Harrison, Lenox, Macomb, Shelby, and Washington; and the Village of New Haven. Additionally, Macomb County pledged its full faith and credit as additional security for the bonds.

NOTE 7 – CONDUIT DEBT

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

On August 11, 2015, Macomb County entered into a brownfield redevelopment loan agreement with the Michigan Department of Environmental Quality, Remediation and Redevelopment Division to borrow \$1,000,000 for the purpose of environmental remediation activities at the site. The loan agreement was amended on August 27, 2020, allowing a one year deferral, interest free, on the original loan repayment schedule. Loan repayments will begin on July 6, 2021, and will continue through July 6, 2031. The interest rate established on the loan is 1.50%. The county may pay off a portion or the entire amount of the loan within the first 5 years without interest or penalty.

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

Macomb County, Michigan

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2020

NOTE 7 – CONDUIT DEBT (CONCLUDED)

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

NOTE 8 – ASSET RETIREMENT OBLIGATIONS

The county reports an asset retirement obligations related to a total of 10 underground gas tanks ranging in size from 8,000 gallons to 20,000 gallons as detailed below.

<u>Location and Size</u>	<u>Year Installed</u>	<u>Useful Life</u>	<u>Remaining Useful Life</u>	<u>Asset Retirement Obligation</u>	<u>Beginning Deferred Outflow</u>	<u>Current Year Amortization</u>	<u>Ending Deferred Outflow</u>
Washington Township							
20,000 gallon tank - Diesel	2000	40 years	20 years	\$ 100,000	\$ 95,238	\$ 4,762	\$ 90,476
12,000 gallon tank - Unleaded	2000	40 years	20 years	100,000	95,238	4,762	90,476
New Haven							
20,000 gallon tank - Diesel	1997	40 years	17 years	100,000	94,444	5,556	88,888
12,000 gallon tank - Unleaded	1997	40 years	17 years	100,000	94,444	5,556	88,888
Clinton Township							
20,000 gallon tank - Diesel	1979	45 years	4 years	100,000	80,000	20,000	60,000
10,000 gallon tank - Diesel	1979	45 years	4 years	100,000	80,000	20,000	60,000
20,000 gallon tank - Unleaded	1979	45 years	4 years	100,000	80,000	20,000	60,000
8,000 gallon tank - Unleaded	1979	45 years	4 years	100,000	80,000	20,000	60,000
Shelby Township							
20,000 gallon tank - Diesel	1993	40 years	13 years	100,000	92,857	7,143	85,714
12,000 gallon tank - Unleaded	1993	40 years	13 years	100,000	92,858	7,142	85,716
				<u>\$ 1,000,000</u>	<u>\$ 885,079</u>	<u>\$ 114,921</u>	<u>\$ 770,158</u>

Michigan Underground Storage Tank Rules, enforced by the Michigan Department of Licensing and Regulatory Affairs, holds owners of underground gas tanks financially responsible for any and all pollution and remediation expenditures as result of failure of the underground tank or as a result of removal of the underground tank.

The estimate of potential liability was determined by seeking quotes from contractors qualified to remove underground tanks and perform pollution remediation work if required. The liability is offset by available fund balance in the Roads Special Revenue Fund.

Macomb County, Michigan

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2020

NOTE 9 – INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The majority of the outstanding interfund receivables and payables 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.

Permanent reallocation of resources between funds of the reporting entity is classified as interfund transfers. 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.

Interfund receivables, payables, and transfers are reported below.

	Due From					Total
	Major Governmental Fund		Nonmajor Governmental Funds	Internal Service Funds	Major Enterprise Fund	
	Coronavirus Response Fund	Roads Fund			Delinquent Tax Revolving Fund	
Due to						
General Fund	\$ -	\$ -	\$ 185,054	\$ 5,370,587	\$ -	\$ 5,555,641
Roads Fund	690,061	-	-	-	-	690,061
Internal Service	-	520,889	-	-	-	520,889
	690,061	520,889	185,054	5,370,587	-	6,766,591
Timing differences as a result of interfund transactions occurring in funds with different fiscal year ends	-	(520,889)	1,567,352	-	-	1,046,463
	<u>\$ 690,061</u>	<u>\$ -</u>	<u>\$ 1,752,406</u>	<u>\$ 5,370,587</u>	<u>\$ -</u>	<u>\$ 7,813,054</u>

Interfund transfers are reported below.

	Transfers In					Total
	Major Governmental Fund	Nonmajor Governmental Funds	Internal Service	Major Enterprise Fund		
	General Fund			Community Mental Health	Nonmajor Enterprise Funds	
Transfers Out						
Major governmental funds						
General Fund	\$ -	\$ 68,089,944	\$ -	\$ 6,910,134	\$ 120,638	\$ 75,120,716
Nonmajor governmental funds	-	63,120	-	-	-	63,120
Internal service funds	-	-	1,476,496	-	-	1,476,496
Major enterprise fund						
Delinquent Tax Revolving	8,000,000	-	-	-	-	8,000,000
Subtotal	8,000,000	68,153,064	1,476,496	6,910,134	120,638	84,660,332
Timing differences as a result of interfund transactions occurring in funds with different fiscal year ends	-	104,396	-	(3,266)	-	101,130
	<u>\$ 8,000,000</u>	<u>\$ 68,257,460</u>	<u>\$ 1,476,496</u>	<u>\$ 6,906,868</u>	<u>\$ 120,638</u>	<u>\$ 84,761,462</u>

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2020

NOTE 10 - LEASES

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

<u>Year</u>	<u>Primary Government</u>	<u>Component Units</u>	<u>Total</u>
2021	\$ 3,916,660	\$ 952,617	\$ 4,869,277
2022	2,531,458	564,954	3,096,412
2023	1,102,450	460,328	1,562,778
2024	385,246	460,328	845,574
2025	44,216	460,328	504,544
	<u>\$ 7,980,030</u>	<u>\$ 2,898,555</u>	<u>\$ 10,878,585</u>

Rental expense for the year ended December 31, 2020 in the primary government totaled \$4,163,598 and totaled \$956,593 for component units, for a grand total of \$5,120,191.

NOTE 11 – 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.

NOTE 12 – DEFINED CONTRIBUTION PENSION PLAN

The county provides pension benefits to all new full-time employees hired on or after January 1, 2016 through a defined contribution plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Eligible employees participate as of their date of employment, contributing three percent of their base wages annually, while the county contributes six percent of the employees' base wages annually plus a flat amount per eligible employee of \$2,600 annually. County contributions vest with the eligible employees at a rate of 20% per year of employment with the county until they are 100% vested at five years of employment with the county.

In accordance with plan requirements, the county contributed \$3,575,176 during the current year. Additionally, eligible employees contributed \$957,731 during the current year.

NOTE 13 – EMPLOYEES' RETIREMENT SYSTEM**Pension Plan Description***Plan Administration*

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2020

NOTE 13 – EMPLOYEES’ RETIREMENT SYSTEM (CONTINUED)**Plan Membership**

At December 31, 2019 (date of the most recent actuarial valuation), the System’s membership consisted of:

	<u>Primary Government</u>	<u>Component Unit</u>	<u>Total</u>
Retirees and beneficiaries currently receiving benefits	2,829	193	3,022
Deferred members entitled to benefits but not yet receiving them	476	90	566
Active employees accruing retirement benefits	1,488	90	1,578
Active employees accruing termination benefits	952	210	1,162
	<u>5,745</u>	<u>583</u>	<u>6,328</u>

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

Benefits Provided

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

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

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

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

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

The System also provides a termination benefit of \$1,000 to all employees hired after January 1, 2016. The benefit is fully vested following five years of service with the county.

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2020

NOTE 13 – EMPLOYEES’ RETIREMENT SYSTEM (CONTINUED)

Contributions (concluded)

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 2020 was \$14,304,020. The county contributed \$15,146,875 for the year ended December 31, 2020, which represents an excess contribution of \$842,855.

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 \$22,609,573 accumulated in DROP accounts at December 31, 2020.

Pension Plan Investments – Policy and Rate of Return

Investment Policy

The pension plan’s policy in regard to the allocation of invested assets is established and may be amended by the Pension Board by a majority vote of its members. It is the policy of the Pension Board to pursue an investment strategy that manages risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes.

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 Board’s adopted asset allocation policy as of December 31, 2020 is presented below.

	<u>Target Allocation</u>
Cash and cash equivalents	2%
Domestic equity	37%
Hedge funds	5%
High yield fixed income	4%
Infrastructure	5%
International equity	15%
International fixed income	4%
Investment grade US fixed income	8%
Private equity	10%
Real estate	10%
	<u>100%</u>

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2020

NOTE 13 – EMPLOYEES’ RETIREMENT SYSTEM (CONTINUED)**Pension Plan Investments – Policy and Rate of Return (continued)**Rate of Return

The annual money-weighted rate of return on pension plan investments for the year ended December 31, 2020 was 11.97%. The money-weighted rate of return expressed investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Pension Plan Reserves

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

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

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

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

The balances of the reserve accounts at December 31, 2020 are as follows:

Primary Government Reserves

	<u>Required</u>	<u>Actual</u>	<u>Over (Under) Funded</u>
Retiree reserve	\$ 708,521,344	\$ 708,521,344	\$ -
Employee reserve	46,561,610	46,561,610	-
Employer reserve	N/A	364,253,779	N/A

Component Unit Reserves

	<u>Required</u>	<u>Actual</u>	<u>Over (Under) Funded</u>
Retiree reserve	\$ 26,667,431	\$ 26,667,431	\$ -
Employee reserve	1,826,517	1,826,517	-
Employer reserve	N/A	5,800,244	N/A

Total Reserves, Employees' Retirement System

	<u>Required</u>	<u>Actual</u>	<u>Over (Under) Funded</u>
Retiree reserve	\$ 735,188,775	\$ 735,188,775	\$ -
Employee reserve	48,388,127	48,388,127	-
Employer reserve	N/A	370,054,023	N/A

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2020

NOTE 13 – EMPLOYEES’ RETIREMENT SYSTEM (CONTINUED)**Pension Plan Investments – Policy and Rate of Return (concluded)****Net Pension Asset of the County**

The December 31, 2020 total pension asset was determined by an actuarial valuation dated December 31, 2019 and rolled forward to the measurement date. Changes in the net pension asset during the year are presented on the following page:

	Primary Government	Component Unit	Total
Total Pension Liability			
Service cost	\$ 13,389,327	\$ 152,511	\$ 13,541,838
Interest	70,655,515	1,094,693	71,750,208
Difference between expected and actual experience of the total pension liability	4,086,379	46,546	4,132,925
Benefit payments, including refunds of member contributions	<u>(69,380,267)</u>	<u>(2,747,524)</u>	<u>(72,127,791)</u>
Net change in total pension liability	18,750,954	(1,453,774)	17,297,180
Total pension liability - beginning of year	<u>1,030,123,229</u>	<u>16,791,852</u>	<u>1,046,915,081</u>
Total pension liability - end of year (a)	<u>\$ 1,048,874,183</u>	<u>\$ 15,338,078</u>	<u>\$ 1,064,212,261</u>
Plan Fiduciary Net Position			
Contributions - employer	\$ 15,146,875	\$ -	\$ 15,146,875
Contributions - employee	3,034,911	107,376	3,142,287
Net investment income	124,674,313	1,420,104	126,094,417
Benefit payments, including refunds of member contributions	(69,380,267)	(2,747,524)	(72,127,791)
Administrative expense	<u>(659,154)</u>	<u>(7,508)</u>	<u>(666,662)</u>
Net change in plan fiduciary net position	72,816,678	(1,227,552)	71,589,126
Plan fiduciary net position - beginning of year	<u>1,060,272,987</u>	<u>21,768,812</u>	<u>1,082,041,799</u>
Plan fiduciary net position - end of year (b)	<u>\$ 1,133,089,665</u>	<u>\$ 20,541,260</u>	<u>\$ 1,153,630,925</u>
County's net pension (asset) - end of year (a) - (b)	<u>\$ (84,215,482)</u>	<u>\$ (5,203,182)</u>	<u>\$ (89,418,664)</u>
Plan fiduciary net position as a percent of total pension liability	108.03%	133.92%	108.40%
Covered payroll	\$ 97,980,010	\$ 5,022,962	\$ 103,002,972
County's net pension liability (asset) as a percent of covered payroll	-85.95%	-103.59%	-86.81%

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2020

NOTE 13 – EMPLOYEES’ RETIREMENT SYSTEM (CONTINUED)**Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

For the year ended December 31, 2020, the county recognized a reduction in pension expense of \$26,633,693 and reported deferred outflows and inflows of resources related to pensions from the following sources:

Primary Government	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual liability experience	\$ 3,300,536	\$ 6,760,989
Differences between projected and actual earnings on pension plan investments	-	<u>82,175,787</u>
Totals, Primary Government	<u>\$ 3,300,536</u>	<u>\$ 88,936,776</u>
Component Unit	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual liability experience	\$ 37,595	\$ 77,030
Differences between projected and actual earnings on pension plan investments	-	<u>936,005</u>
Totals, Component Unit	<u>\$ 37,595</u>	<u>\$ 1,013,035</u>
Totals, Employees' Retirement System	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual liability experience	\$ 3,338,131	\$ 6,838,019
Differences between projected and actual earnings on pension plan investments	-	<u>83,111,792</u>
Totals	<u>\$ 3,338,131</u>	<u>\$ 89,949,811</u>

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2020

NOTE 13 – EMPLOYEES’ RETIREMENT SYSTEM (CONTINUED)**Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (concluded)**

Amounts reported as deferred outflows and inflows of resources related to pensions will be recognized as a reduction (or increase) of pension expense as follows:

<u>Year Ending December 31,</u>	<u>Primary Government</u>	<u>Component Unit</u>	<u>Total Reduction (Increase) in Pension Expense</u>
2021	\$ 27,610,181	\$ 314,488	\$ 27,924,669
2022	10,901,617	124,172	11,025,789
2023	37,317,167	425,053	37,742,220
2024	9,964,459	113,498	10,077,957
2025	(157,184)	(1,771)	(158,955)
Totals	<u>\$ 85,636,240</u>	<u>\$ 975,440</u>	<u>\$ 86,611,680</u>

Actuarial Assumptions

The December 31, 2020 total pension liability was determined by an actuarial valuation as of December 31, 2019, which was then rolled forward to December 31, 2020. The actuarial valuation used the following assumptions, applied to all periods included in the measurement: (a) inflation of 3.0%, (b) salary increases of 3.0% to 18.0% including inflation and (c) investment rate of return of 7.00%, net of pension plan investment expense and adjusted for inflation. Mortality rates were based on the RP-2014 (Base 2006) for all divisions. All divisions used the MP-2018 mortality improvement scale. The actuarial assumptions in the roll forward of the December 31, 2019 valuation were based on the results of an actuarial experience study for the period from December 31, 2012 to December 31, 2017.

Discount Rate

A single discount rate of 7.00% was used to measure the total pension liability. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and employer contributions will be made at rates equal to the difference between the actuarially determined contribution rates and the employee rates.

Projected Cash Flows

Based on those assumptions, the System’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Had there been a point where assets were projected to be depleted, a municipal bond rate of 1.93% would have been used in the development of the blended GASB discount rate after that point. The 1.93% is based on the S&P Municipal Bond 20 Year High Grade Rate Index.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of real rates of return as of December 31, 2020 for each major asset class included in the System’s target asset allocation, are summarized in the table on the following page and are presented as geometric means.

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2020

NOTE 13 – EMPLOYEES’ RETIREMENT SYSTEM (CONTINUED)

Projected Cash Flows (concluded)

	<u>Long-Term Expected Real Rate of Return</u>
Cash and cash equivalents	0.00%
US large cap	7.50%
International equities	8.50%
Aggregate bonds	2.50%
Global debt excluding US	3.50%
Real estate investment trusts	4.50%

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate

The following presents the net pension liability (asset) of the county, calculated using the discount rate of 7.00% percent, as well as what that same liability or asset would be if it were calculated using a discount rate that is one percentage-point lower (6.00%) or one percentage-point higher (8.00%) than the current rate:

	<u>1% Decrease (6.00%)</u>	<u>Current Rate (7.00%)</u>	<u>1% Increase (8.00%)</u>
Primary Government Net Pension Liability (Asset)	\$ 25,784,504	\$ (84,215,482)	\$ (176,714,825)
Component Unit Net Pension Liability (Asset)	<u>1,587,581</u>	<u>(5,203,182)</u>	<u>(10,880,531)</u>
Total Net Pension Liability (Asset)	<u>\$ 27,372,085</u>	<u>\$ (89,418,664)</u>	<u>\$ (187,595,356)</u>

Accounting Principles and Financial Reporting

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2020

NOTE 13 – EMPLOYEES’ RETIREMENT SYSTEM (CONCLUDED)**Accounting Principles and Financial Reporting (concluded)**

The System does not issue separate independently audited financial statements; therefore, financial statements as of and for the year ended December 31, 2020 are presented below.

<u>Statement of Fiduciary Net Position</u>		<u>Statement of Changes in Fiduciary Net Position</u>	
ASSETS		ADDITIONS	
Cash and pooled investments	\$ 60,766,620	Investment income (loss):	
Investments, at fair value		Interest and dividends	\$ 8,441,313
Common stock	433,088,971	Net change in fair value of investments	125,176,117
Preferred stock	1,697,961	Less investment expenses	<u>(7,523,013)</u>
Foreign stock	85,233,317	Net investment income (loss)	126,094,417
Limited partnership	277,654,404	Contributions	
Fixed income common collective trusts	110,096,370	Employer	15,146,875
Equity common collective trusts	<u>191,934,184</u>	Employee	<u>3,142,287</u>
Total investments	1,099,705,207	Total contributions	<u>18,289,162</u>
Receivables		TOTAL ADDITIONS	144,383,579
Accrued interest	401,920	DEDUCTIONS	
Other	111,841	Benefit payments	71,802,977
Due from primary government	<u>16,934</u>	Withdrawals and refunds of contributions	324,814
TOTAL ASSETS	1,161,002,522	Administrative expenses	<u>666,662</u>
LIABILITIES		TOTAL DEDUCTIONS	<u>72,794,453</u>
Accounts payable	2,176,633	CHANGE IN NET POSITION	71,589,126
Accrued compensation and benefits	<u>5,194,964</u>	Net position - beginning of year	<u>1,082,041,799</u>
TOTAL LIABILITIES	<u>7,371,597</u>	Net position - end of year	<u>\$ 1,153,630,925</u>
NET POSITION RESTRICTED FOR PENSION BENEFITS	<u>\$ 1,153,630,925</u>		

NOTE 14 – 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 “Plan”) that provides certain health care benefits for general county (including the Martha T. Berry Medical Care Facility) and sheriff department retirees and their spouses so long as the retiree is currently receiving a pension from the Macomb County Employees Retirement System.

The Plan does not cover employees and retirees of the Department of Roads as the department participates in a separate plan disclosed in Note 15.

Plan assets are held in the Retiree Health Care Trust Fund. Benefit provisions are established by the County Board of Commissioners and may be amended in accordance with county policy. Hospitalization insurance is provided through insurance companies, whose premiums are based on the benefits paid during the year.

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2020

NOTE 14 – POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS – GENERAL AND SHERIFF EMPLOYEES (CONTINUED)

Plan Description (concluded)

The county finances these expenditures for general county and sheriff department retirees through the Retiree Health Care Trust Fund of the primary government. At December 31, 2018 (date of the most recent actuarial valuation), membership consisted of:

	Primary Government	Component Unit	Total
Retirees and beneficiaries currently receiving benefits	2,289	185	2,474
Deferred members entitled to benefits but not yet receiving them	229	13	242
Active employees covered by the plan	1,390	35	1,425
	<u>3,908</u>	<u>233</u>	<u>4,141</u>

Funding Policy

Plan members are required to contribute 25% of the cost of vision and dental coverage as well as co-pays for prescription drugs.

On March 10, 2015, Macomb County issued retiree health care bonds for the purpose of defraying the unfunded portion of the county's retiree health care obligations. The net proceeds of \$262,636,883 (after payment of \$589,161 of issuance costs, underwriters' discount of \$328,956) were placed in the Retiree Health Care Intermediate Trust (the "Intermediate Trust"), which was established in conjunction with the Macomb County Retiree Health Care Trust Fund to fund other postemployment benefits (OPEB). In addition, the county used General Fund balance of \$29,000,000 and \$30,000,000 contributed to the General Fund by the Delinquent Tax Revolving Fund in 2015 to contribute a total of \$59,000,000 to the Intermediate Trust. It is the policy of the county to fund the annual required contribution (ARC) to the Macomb County Retiree Health Care Trust Fund each year via a transfer from the Intermediate Trust. In 2017, as a result of the county's implementation of Governmental Accounting Standards Board Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, the county moved the Intermediate Trust into the Other Postemployment Benefits Internal Service Fund.

County departments fully fund each debt service payment annually in lieu of contributing the OPEB ARC. Allocation of the debt service payment responsibility is determined based on the unfunded actuarial accrued liability as of December 31, 2015 by county department. As mandated in the county's intermediate trust agreement, the county contributes to the Macomb County Retiree Healthcare Trust an amount equal to at least the annual actuarially determined contribution each year. The county makes the annual contribution from its Other Postemployment Benefits Internal Service Fund.

The county contributed \$24,061,562 to the Macomb County Retiree Health Care Trust Fund for the year ended December 31, 2020. Employee contributions for the year totaled \$1,018,213, for total contributions to the Macomb County Retiree Health Care Trust Fund in the amount of \$25,079,775. The total cost of retiree health care benefits, administrative expenses of the plan and investment management fees for the year ended December 31, 2020 was \$20,185,873.

Net OPEB Liability

The December 31, 2020 fiscal year end reported net OPEB liability was determined using a measure of the total OPEB liability and the OPEB net position as of the December 31, 2020 measurement date. The December 31, 2020 measurement date total OPEB liability was determined by an actuarial valuation performed as of December 31, 2018.

Changes in the net OPEB liability during the measurement year were as presented on the following page:

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2020

NOTE 14 – POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS – GENERAL AND SHERIFF EMPLOYEES (CONTINUED)**Net OPEB Liability (concluded)**

	Primary Government	Component Unit	Total
Total OPEB Liability			
Service cost	\$ 6,364,945	\$ 370,447	\$ 6,735,392
Interest	37,898,477	2,205,731	40,104,208
Difference between expected and actual experience of the total OPEB liability	(100,570,025)	(5,853,282)	(106,423,307)
Changes of assumptions	17,274,440	1,005,391	18,279,831
Benefit payments	(17,116,441)	(996,195)	(18,112,636)
Net change in total OPEB liability	(56,148,604)	(3,267,908)	(59,416,512)
Total OPEB liability - beginning of year	526,948,894	31,901,211	558,850,105
Total OPEB liability - end of year (a)	<u>\$ 470,800,290</u>	<u>\$ 28,633,303</u>	<u>\$ 499,433,593</u>
Plan Fiduciary Net Position			
Contributions - employer	\$ 22,738,176	\$ 1,323,386	\$ 24,061,562
Contributions - member	962,211	56,002	1,018,213
Net investment income	44,447,947	3,412,842	47,860,789
Employer paid benefits	(17,442,802)	(1,015,190)	(18,457,992)
Member paid benefits	(962,211)	(56,002)	(1,018,213)
Administrative expense	(45,360)	(2,640)	(48,000)
Net change in plan fiduciary net position	49,697,961	3,718,398	53,416,359
Plan fiduciary net position - beginning of year	319,729,343	19,181,461	338,910,804
Plan fiduciary net position - end of year (b)	<u>\$ 369,427,304</u>	<u>\$ 22,899,859</u>	<u>\$ 392,327,163</u>
County's net OPEB liability - end of year (a) - (b)	<u>\$ 101,372,986</u>	<u>\$ 5,733,444</u>	<u>\$ 107,106,430</u>
Plan fiduciary net position as a percent of total OPEB liability	78.47%	79.98%	78.55%
Covered employee payroll	\$ 88,372,880	\$ 5,022,962	93,395,842
County's net OPEB liability as a percent of covered employee payroll	114.71%	114.14%	114.68%

The following changes in assumptions impacted the calculation of the net OPEB liability as of December 31, 2020: For 2020, a change in assumption regarding the Plan liabilities was made. The range of salary increases was increased by 1.0 percent, from 3.5 percent to 4.5 percent.

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended December 31, 2020, the county recognized a reduction in OPEB expense of \$19,407,404 and reported deferred outflows and inflows of resources related to OPEB from the sources on the following page:

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2020

NOTE 14 – POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS – GENERAL AND SHERIFF EMPLOYEES (CONTINUED)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (continued)

Primary Government	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual liability experience	\$ -	\$ 98,886,219
Differences between projected and actual earnings on OPEB plan investments	-	31,839,406
Changes in assumptions	<u>17,382,405</u>	<u>-</u>
Totals, Primary Government	<u>\$ 17,382,405</u>	<u>\$ 130,725,625</u>
Component Unit	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual liability experience	\$ -	5,733,280
Differences between projected and actual earnings on OPEB plan investments	-	1,849,522
Changes in assumptions	<u>995,417</u>	<u>-</u>
Totals, Component Unit	<u>\$ 995,417</u>	<u>\$ 7,582,802</u>
Plan Totals	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual liability experience	\$ -	\$ 104,619,499
Differences between projected and actual earnings on OPEB plan investments	-	33,688,928
Changes in assumptions	<u>18,377,822</u>	<u>-</u>
Totals	<u>\$ 18,377,822</u>	<u>\$ 138,308,427</u>

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2020

NOTE 14 – POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS – GENERAL AND SHERIFF EMPLOYEES (CONTINUED)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (concluded)

Amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized as a reduction in OPEB expense as follows:

Year Ending December 31,	Primary Government	Component Unit	Total Reduction in OPEB Expense
2021	\$ 39,242,991	\$ 2,279,590	\$ 41,522,581
2022	37,431,777	2,174,378	39,606,155
2023	32,307,485	1,876,712	34,184,197
2024	4,360,967	256,705	4,617,672
Total	<u>\$ 113,343,220</u>	<u>\$ 6,587,385</u>	<u>\$ 119,930,605</u>

Actuarial Assumptions for Determining the Total OPEB Liability

The total OPEB liability was calculated as of December 31, 2020 using the County Retiree Health Care Plan valuation as of December 31, 2018 rolled forward to December 31, 2020. Key actuarial assumptions are as follows:

Expected Point in Time at Which Benefit Payments will Begin to be Made	All groups: Age-based table of rates specific to the type of eligibility condition. Sheriff: Experienced-based table of rates specific to the type of eligibility condition.
Marital Status and Dependency Status	Marital status of members at the calculation date was assumed to continue throughout retirement. Aging factors were based on the 2013 SOA study "Health Care Costs – From Birth to Death"
Mortality	RP-2014 Healthy Annuitant Mortality Tables projected to 2025 using a static projection based on the 2-dimensional MP-2014 improvement scales.
Turnover	Experienced-based table of rates. Assumed turnover rates are based on years of service for members with less than 5 years' service and are based on age for members with more than 5 years' service.
Healthcare Cost Trend Rate	Medical and Prescription Drug – 8.25% trend, gradually decreasing in increments to 3.50% in year 10. Dental and Vision – 3.50% trend for all years.
Coverage Options	Determined by union membership and original date of hire at the date of retirement. 85% of males and 70% of females were assumed to elect two-person health care coverage at retirement.
Inflation Rate	3.50%
Payroll Growth Rate	General County (including Martha T. Berry) – 4.50% to 6.50% Sheriff – 4.50% to 10.50% All percentages include inflation
Investment Rate of Return	7.25%, net of OPEB plan expenses

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2020

NOTE 14 – POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS – GENERAL AND SHERIFF EMPLOYEES (CONTINUED)

Actuarial Assumptions for Determining the Total OPEB Liability (concluded)

Inactive plan members do not share in the cost of OPEB. The actuarial assumptions in the December 31, 2018 valuation were based on historical trends as well as the results of an actuarial experience study for the period from December 31, 2001 to December 31, 2004.

Discount Rate

A single discount rate of 7.25% was used to measure the total OPEB 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 actuarially determined contribution rates.

Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Investment Rate of Return and Investment Policy

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates or return (expected returns, net of 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.

The Retiree Health Care Plan's investment policy in regard to the allocation of invested assets is established and may be amended by the Retiree Health Care Plan's board by a majority vote of its members. For the year ended December 31, 2020, there were no changes to the Retiree Health Care Plan's investment policy.

Best estimates of arithmetic real rates of return for each major asset class as well as the board's adopted asset allocation policy as of December 31, 2020 are summarized in the following table.

	<u>Long-Term Expected Real Rate of Return</u>	<u>Targeted Asset Allocation Policy</u>
Fixed income	2.50%	Equities 55%
Domestic equity	7.50%	Fixed income 25%
International equities	8.50%	Hedge funds 5%
Real estate investment trusts	4.50%	Private Equity 5%
		Real estate investment trusts 10%
		100%

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The table on the following page presents the net OPEB liability of the county, calculated using the discount rate of 7.25% percent, as well as what that same liability would be if it were calculated using a discount rate that is one percentage-point lower (6.25%) or one percentage-point higher (8.25%) than the current rate.

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2020

NOTE 14 – POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS – GENERAL AND SHERIFF EMPLOYEES (CONTINUED)**Sensitivity of the Net OPEB Liability to Changes in the Discount Rate (concluded)**

	1% Decrease (6.25%)	Current Rate (7.25%)	1% Increase (8.25%)
Primary Government Net OPEB Liability	\$ 162,459,802	\$ 101,372,986	\$ 50,746,926
Component Unit Net OPEB Liability	9,188,386	5,733,444	2,870,140
Total Net OPEB Liability	<u>\$ 171,648,188</u>	<u>\$ 107,106,430</u>	<u>\$ 53,617,066</u>

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend

The following table presents the net OPEB liability of the county, calculated using the healthcare cost trend rate of 8.25% percent, as well as what that same liability would be if it were calculated using a healthcare trend rate that is one percentage-point lower (7.25%) or one percentage-point higher (9.25%) than the current rate.

	1% Decrease (7.25%)	Current Rate (8.25%)	1% Increase (9.25%)
Primary Government Net OPEB Liability	\$ 39,773,813	\$ 101,372,986	\$ 176,890,734
Component Unit Net OPEB Liability	2,249,524	5,733,444	10,004,570
Total Net OPEB Liability	<u>\$ 42,023,337</u>	<u>\$ 107,106,430</u>	<u>\$ 186,895,304</u>

Rate of Return

The annual money-weighted rate of return on Plan investments for the year ended December 31, 2020 was 11.97%. The money-weighted rate of return expressed investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Basis of Accounting and Financial Reporting

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 Plan. Therefore, financial statements as of and for the year ended December 31, 2020 are presented below and on the following page.

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2020

NOTE 14 – POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS – GENERAL AND SHERIFF EMPLOYEES (CONCLUDED)

Basis of Accounting and Financial Reporting (concluded)

<u>Statement of Fiduciary Net Position</u>		<u>Statement of Changes in Fiduciary Net Position</u>	
	<u>Retiree Health Care Trust Fund</u>		<u>Retiree Health Care Trust Fund</u>
ASSETS		ADDITIONS	
Cash and pooled investments	\$ 33,275,276	Investment income (loss):	
Investments, at fair value		Interest and dividends	\$ 18,896,403
Common stock	96,269,429	Net change in fair value of investments	29,626,054
Foreign stock	26,757,725	Less investment expenses	(661,668)
Limited partnership	3,866		
Real estate investment trusts	35,289,726	Net investment income (loss)	47,860,789
Fixed income common collective trusts	39,556,715		
Equity common collective trusts	167,175,203	Contributions	
		Contribution from Retiree Health Care Intermediate Trust Fund	24,061,562
Total investments, at fair value	365,052,664		
Receivables		TOTAL ADDITIONS	71,922,351
Accrued interest	1,174,938		
Other	81,397	DEDUCTIONS	
Other assets	30,008	Benefit payments	18,457,992
		Administrative expenses	48,000
TOTAL ASSETS	399,614,283	TOTAL DEDUCTIONS	18,505,992
LIABILITIES			
Accounts payable	2,886,169	CHANGE IN NET POSITION	53,416,359
Due to primary government	4,400,951	Net position - beginning of year	338,910,804
TOTAL LIABILITIES	7,287,120	Net position - end of year	\$ 392,327,163
NET POSITION RESTRICTED FOR OTHER POSTEMPLOYMENT BENEFITS	\$ 392,327,163		

NOTE 15 – POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS – DEPARTMENT OF ROADS

Plan Description

The county's Department of Roads sponsors a defined benefit postretirement healthcare plan (the "Plan") that provides certain health care benefits for department of roads retirees and their spouses so long as the retiree is currently receiving a pension from the Macomb County Employees' Retirement System. The Plan is a single employer defined benefit plan administered by the Municipal Employees' Retirement System (MERS). Assets of the Plan are held by MERS.

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.

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2020

NOTE 15 – POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS – DEPARTMENT OF ROADS (CONTINUED)**Plan Description (concluded)**

The county Department of Roads finances these expenditures through the Department of Roads Special Revenue Fund. At December 31, 2018 (date of the most recent actuarial valuation), membership consisted of:

Retirees and beneficiaries currently receiving benefits	319
Deferred members entitled to benefits but not yet receiving them	21
Active employees covered by the plan	<u>163</u>
	<u><u>503</u></u>

Funding Policy

It is the policy of the Department of Roads to fund the annual required contribution (ARC) to the Plan each year. There are no employee contributions to the Plan. The Department of Roads contributed \$7,732,209 to the Plan for the year ended September 30, 2020. Of this amount, \$2,732,209 was for payment of current healthcare invoices, while \$5,000,000 was a contribution to MERS. The total cost of retiree health care benefits, administrative expenses of the plan and investment management fees for the year ended September 30, 2020 was \$2,869,138.

Net OPEB Liability

The September 30, 2020 fiscal year end reported net OPEB liability was determined using a measure of the total OPEB liability and the OPEB net position as of the September 30, 2020 measurement date. The September 30, 2020 measurement date total OPEB liability was determined by an actuarial valuation performed as of December 31, 2018.

Changes in the net OPEB liability during the measurement year were as presented below:

Changes in Net OPEB Liability	Increase (Decrease)		
	Total OPEB Liability	Plan Net Position	Net OPEB Liability
Balance, beginning of year	\$ 87,412,503	\$ 70,141,552	\$ 17,270,951
Changes for the year:			
Service cost	1,018,742	-	1,018,742
Interest	5,842,514	-	5,842,514
Difference between expected and actual experience of the total OPEB liability	(1,872,708)	-	(1,872,708)
Contributions - employer	-	7,732,209	(7,732,209)
Net investment income	-	5,353,489	(5,353,489)
Employer paid benefits	-	(2,732,209)	2,732,209
Administrative expense	-	(136,929)	136,929
Benefit payments	<u>(2,732,209)</u>	<u>-</u>	<u>(2,732,209)</u>
Net changes	<u>2,256,339</u>	<u>10,216,560</u>	<u>(7,960,221)</u>
Balance, end of year	<u><u>\$ 89,668,842</u></u>	<u><u>\$ 80,358,112</u></u>	<u><u>\$ 9,310,730</u></u>

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended December 31, 2020, the Department of Roads recognized OPEB expense of \$972,614 and reported deferred outflows and inflows of resources related to OPEB from the sources on the following page:

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2020

NOTE 15 – POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS – DEPARTMENT OF ROADS (CONTINUED)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (concluded)

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual liability experience	\$ -	\$ 6,440,319
Differences between projected and actual earnings on OPEB plan investments	1,673,344	-
Changes in assumptions	<u>4,359,266</u>	<u>-</u>
Totals	<u>\$ 6,032,610</u>	<u>\$ 6,440,319</u>

Amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ending September 30,</u>	<u>Total OPEB Expense (Reduction in Expense)</u>
2021	\$ (1,103,322)
2022	362,493
2023	424,082
2024	<u>(90,962)</u>
Total	<u>\$ (407,709)</u>

Actuarial Assumptions for Determining the Total OPEB Liability

The total OPEB liability was calculated as of September 30, 2020 using the Department of Roads Retiree Health Care Plan valuation as of December 31, 2018. Key actuarial assumptions are as follows:

Expected Point in Time at Which Benefit Payments will Begin to be Made	Age-based table of rates specific to the type of eligibility condition.
Marital Status and Dependency Status	100% of males and 100% of females are assumed to be married for purposes of death-in-service benefits. Male spouses are assumed to be three years older than female spouses for active member valuation purposes.
Mortality	RP-2014 Healthy Annuitant Mortality Table, adjusted for mortality improvements with MP-2018.
Turnover	Experienced-based table of rates. Assumed turnover rates are based on years of service for members with less than 5 years' service and are based on age for members with more than 5 years' service.
Healthcare Cost Trend Rate	Medical and Prescription Drug – 8.25% trend, gradually decreasing to 3.5% in year 10 and later.
Coverage Options	Determined by union membership and original date of hire at the date of retirement. 80% of retirees were assumed to elect two-person health care coverage at retirement.
Inflation Rate	3.00%

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2020

NOTE 15 – POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS – DEPARTMENT OF ROADS (CONTINUED)

Actuarial Assumptions for Determining the Total OPEB Liability (concluded)

Payroll Growth Rate	3% - 15%
	Percentages include inflation
Investment Rate of Return	6.75%, net of OPEB plan expenses

Inactive plan members do not share in the cost of OPEB. The actuarial assumptions in the December 31, 2018 valuation were based on recent historical trends as well as the results of an actuarial experience study for the period from December 31, 2001 to December 31, 2004.

Discount Rate

A single discount rate of 6.75% was used to measure the total OPEB 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 actuarially determined contribution rates.

Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Investment Rate of Return and Investment Policy

The long-term expected rate of return on OPEB 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 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.

The Plan's investment policy in regard to the allocation of invested assets is established and may be amended by amending the agreement with MERS, which requires approval by the County Executive and a majority vote of the Board of Commissioners. For the year ended September 30, 2020, there were no changes to the Plan's investment policy.

Best estimates of arithmetic real rates of return for each major asset class as well as the board's adopted asset allocation policy as of September 30, 2020 are summarized in the following table.

	<u>Long-Term Expected Real Rate of Return</u>	<u>Targeted Asset Allocation Policy</u>
International fixed income	3.15%	20.00%
International equities	0.25%	60.00%
Real assets	1.45%	20.00%

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability of the county related to the Department of Roads OPEB plan, calculated using the discount rate of 6.75% percent, as well as what that same liability would be if it were calculated using a discount rate that is one percentage-point lower (5.75%) or one percentage-point higher (7.75%) than the current rate:

	<u>1% Decrease (5.75%)</u>	<u>Current Rate (6.75%)</u>	<u>1% Increase (7.75%)</u>
Net OPEB liability (asset) \$	20,683,040	9,310,730	(69,101)

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2020

NOTE 15 – POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS – DEPARTMENT OF ROADS (CONCLUDED)

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend

The table on the following page presents the net OPEB liability of the county related to the Department of Roads OPEB plan, calculated using the healthcare cost trend rate of 9% percent, as well as what that same liability would be if it were calculated using a healthcare trend rate that is one percentage-point lower (8%) or one percentage-point higher (10%) than the current rate.

	1% Decrease (8.00%)	Current Rate (9.00%)	1% Increase (10.00%)
Net OPEB liability (asset) \$	(1,573,249)	9,310,730	22,607,703

Rate of Return

The annual money-weighted rate of return on Plan investments for the year ended September 30, 2020 was 6.94%. The money-weighted rate of return expressed investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Basis of Accounting and Financial Reporting

The financial statements of the Roads 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 Plan. Therefore, financial statements as of and for the year ended September 30, 2020 are presented below.

<u>Statement of Fiduciary Net Position</u>		<u>Statement of Changes in Fiduciary Net Position</u>	
	Roads Retiree Health Care Investment Trust Fund		Roads Retiree Health Care Investment Trust Fund
ASSETS		ADDITIONS	
Investments, at fair value		Investment income (loss):	
Interest in pooled investment	\$ 80,358,112	Net change in fair value of investments	\$ 5,353,489
		Less investment expenses	(83,348)
		Net investment income (loss)	5,270,141
		Contributions	
		Employer	7,732,209
		TOTAL ADDITIONS	13,002,350
		DEDUCTIONS	
		Benefit payments	2,732,209
		Administrative expenses	53,581
		TOTAL DEDUCTIONS	2,785,790
		CHANGE IN NET POSITION	10,216,560
		Net position - beginning of year	70,141,552
NET POSITION RESTRICTED FOR OTHER POSTEMPLOYMENT BENEFITS	\$ 80,358,112	Net position - end of year	\$ 80,358,112

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2020

NOTE 16 – AGGREGATE PRIMARY GOVERNMENT POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS INFORMATION

The county reported primary government totals related to its OPEB plans as detailed below:

	Footnote 14 General and Sheriff OPEB Plan	Footnote 15 Department of Roads OPEB Plan	Primary Government Totals
Net OPEB Liability	\$ 101,372,986	\$ 9,310,730	\$ 110,683,716
Deferred inflows	130,725,625	6,440,319	137,165,944
Deferred outflows	17,382,405	6,032,610	23,415,015
OPEB expense	(18,341,938)	972,614	(17,369,324)

NOTE 17 – CONTINGENCIES AND COMMITMENTS**Grants**

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

Construction Commitments

The Department of Roads had several significant active projects in progress at September 30, 2020, with estimated total project costs of \$23,703,573. Of the total, \$14,824,787 represents amount previously expended and \$8,878,786 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 \$4,747,220.

NOTE 18 – 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 2020 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, 2020, the county has accrued an aggregate of \$2,113,092 for unresolved workers' compensation claims, exclusive of the Department of Roads.

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2020

NOTE 18 – RISK MANAGEMENT (CONTINUED)**Workers' Compensation (concluded)**

At September 30, 2020, the Department of Roads has accrued an aggregate of \$87,190 for unresolved workers' compensation claims. Changes in the estimated liabilities for workers' compensation claims for the past two fiscal years were as follows:

	General County		Department of Roads	
	Year Ended December 31,		Year Ended September 30,	
	2019	2020	2019	2020
Estimated liability - beginning of year	\$ 1,928,388	\$ 1,859,245	\$ 677,433	\$ 159,351
Estimated claims incurred, including changes in estimates	779,372	1,202,639	(382,553)	(22,760)
Claims payments	(848,515)	(948,792)	(135,529)	(49,401)
Estimated liability - end of year	<u>\$ 1,859,245</u>	<u>\$ 2,113,092</u>	<u>\$ 159,351</u>	<u>\$ 87,190</u>

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, 2020, the Department of Roads had an accrual of \$273,267 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, 2020, the general county reported a balance of \$4,715,422 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,	
	2019	2020	2019	2020
Estimated liability - beginning of year	\$ 4,333,780	\$ 4,462,414	\$ 282,500	\$ 279,082
Estimated claims incurred, including changes in estimates	2,330,283	2,577,899	24,942	15,996
Claims payments	(2,201,649)	(2,324,891)	(28,360)	(21,811)
Estimated liability - end of year	<u>\$ 4,462,414</u>	<u>\$ 4,715,422</u>	<u>\$ 279,082</u>	<u>\$ 273,267</u>

Health Insurance

The county is self-insured for all three of its health care plans offered to employees and retirees. Two of the plans are administered by Blue Cross/Blue Shield of Michigan and one is administered by Health Alliance Plan. For all three plans, the county deposits a weekly amount based on estimated claims and settles these deposits against actual claims incurred on a quarterly basis.

In 2019 and 2020, amounts paid exceeded actual claims incurred. Changes in the estimated liabilities for self-insured health care claims for the past two years as indicated on the following page:

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2020

NOTE 18 – RISK MANAGEMENT (CONCLUDED)**Health Insurance (concluded)**

	General County	
	Year Ended December 31,	
	2019	2020
Estimated liability (asset) - beginning of year	\$ (1,766,618)	\$ (840,980)
Estimated claims incurred, including changes in estimates	34,111,035	35,894,545
Claims payments	<u>(33,185,397)</u>	<u>(32,701,490)</u>
Estimated liability (asset) - end of year	<u>\$ (840,980)</u>	<u>\$ 2,352,075</u>

NOTE 19 – NET INVESTMENT IN CAPITAL ASSETS

The composition of net investment in capital assets as of December 31, 2020 is presented below:

	Governmental Activities	Business-Type Activities	Component Units
CAPITAL ASSETS			
Capital assets not being depreciated	\$ 224,090,805	\$ 50,000	\$ 13,848,789
Capital assets being depreciated	<u>860,521,636</u>	<u>1,355,797</u>	<u>341,700,643</u>
	1,084,612,441	1,405,797	355,549,432
RELATED DEBT			
Total bonds payable related to capital assets	46,341,991	-	306,511,198
Net bond discounts and premiums	-	-	31,629,725
Less:			
Unspent bond proceeds	-	-	(4,747,220)
Bond proceeds not capitalized	-	-	<u>(105,042,062)</u>
	<u>46,341,991</u>	<u>-</u>	<u>228,351,641</u>
NET INVESTMENT IN CAPITAL ASSETS	<u>\$ 1,038,270,450</u>	<u>\$ 1,405,797</u>	<u>\$ 127,197,791</u>

NOTE 20 – TAX ABATEMENTS

The county receives reduced property tax revenues as a result of Industrial Facilities Tax exemptions and Brownfield Redevelopment Agreements granted by cities, villages, and townships within the county. Industrial facility exemptions are intended to promote construction of new industrial facilities, or to rehabilitate historical facilities; Brownfield redevelopment agreements are intended to reimburse taxpayers that remediate environmental contamination on their properties.

For the fiscal year ended December 31, 2020, the county's property tax revenues were reduced by \$1,032,269 under these programs.

There were no significant abatements made by the county.

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2020

NOTE 21 – UPCOMING ACCOUNTING PRONOUNCEMENTS

In June 2017, the GASB issued Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The county is currently evaluating the impact this standard will have on the financial statements when adopted, during the county's 2022 fiscal year.

In May 2019, the GASB issued Statement No. 91, *Conduit Debt Obligations*. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with commitments extended by issuers, arrangements associated with conduit debt obligations, and related note disclosures. The Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The county is currently evaluating the impact this standard will have on the financial statements when adopted, during the county's 2022 fiscal year.

In January 2020, the GASB issued Statement No. 92, *Omnibus 2020*. The primary objectives of this statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation of certain GASB statements. The guidance that will be most significant to the county will be related to GASB 83 (Certain Asset Retirement Obligations) and GASB 84 (Fiduciary Activities). The county is currently evaluating the impact this standard will have on the financial statements when adopted, during the county's 2022 fiscal year.

In March 2020, the GASB issued Statement No. 93, *Replacement of Interbank Offered Rates*. The objective of this statement is to provide guidance regarding the replacement of the London Interbank Offered Rate (LIBOR), which will cease to exist on December 31, 2021. The county is currently evaluating the impact this standard will have on the financial statements when adopted, during the county's 2022 fiscal year.

In March 2020, the GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). The Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). The Statement will improve financial reporting by establishing the definitions of PPPs and APAs, along with uniform accounting rules for both. The county is currently evaluating the impact this standard will have on the financial statements when adopted, during the county's 2023 fiscal year.

In May 2020, the GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement (1) defines a subscription-based information technology arrangement (SBITA), (2) establishes that a SBITA results in a right-to-use subscription asset – an intangible asset – and a corresponding subscription liability, (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA, and (4) requires notes disclosures regarding a SBITA. The county is currently evaluating the impact this standard will have on the financial statements when adopted, during the county's 2023 fiscal year.

In June 2020, the GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*. The objectives of this statement are (1) to increase consistency and comparability related to the reporting of fiduciary component units, (2) mitigate costs associated with reporting of certain defined contribution pension plans and other retirement plans as fiduciary component units in fiduciary fund financial statements, and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code Section 457 deferred compensation plans that meet the definition of a pension plan and for benefits provided through those plans. Paragraphs 4 and 5 of this statement were effective for the county's 2020 fiscal year, while the remainder of the statement is effective for the county's 2022 fiscal year. The county is currently evaluating the impact this standard will have on the financial statements when adopted.

Macomb County, Michigan

General Fund

REQUIRED SUPPLEMENTARY INFORMATION –
BUDGETARY COMPARISON SCHEDULE (GAAP BASIS)

Year Ended December 31, 2020

	Original Budget	Final Amended Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Property taxes	\$ 131,094,600	\$ 131,524,600	\$ 130,170,497	\$ (1,354,103)
Licenses and permits	1,522,800	1,522,800	1,455,253	(67,547)
Federal grants	1,465,000	33,724,400	33,317,526	(406,874)
State grants				
Revenue sharing	16,593,000	13,160,500	13,160,474	(26)
Court financing	4,759,100	4,759,100	4,213,846	(545,254)
Liquor tax	6,426,600	6,426,600	6,245,147	(181,453)
Health department	2,504,100	2,504,100	2,852,898	348,798
Personal property tax stabilization	5,000,000	8,008,600	8,008,670	70
Other	482,600	751,677	607,760	(143,917)
Total state grants	35,765,400	35,610,577	35,088,795	(521,782)
Charges for services				
Attorney fees	225,000	225,000	276,845	51,845
Certified copies	988,100	988,100	966,033	(22,067)
Commissions	1,304,500	1,304,500	817,724	(486,776)
Court costs and fees	2,053,200	2,053,200	1,658,489	(394,711)
Foster care	335,000	335,000	252,909	(82,091)
Health department	811,000	811,000	632,602	(178,398)
Housing inmates	1,630,000	1,630,000	1,036,211	(593,789)
Land transfer tax	5,304,500	4,041,800	4,293,709	251,909
Medicare / Medicaid	601,500	601,500	315,822	(285,678)
Other sheriff services	6,118,700	6,118,700	5,598,341	(520,359)
Probation oversight fees	388,000	388,000	199,741	(188,259)
Public works - pumping station	3,767,100	3,767,100	3,498,571	(268,529)
Recording fees	3,148,500	3,499,300	3,626,651	127,351
Sheriff road patrol	13,823,200	13,823,200	14,050,342	227,142
Soil erosion fees	890,000	890,000	874,462	(15,538)
Miscellaneous	3,410,200	3,391,800	3,293,199	(98,601)
Total charges for services	44,798,500	43,868,200	41,391,651	(2,476,549)
Charges to other funds for				
administrative services	15,605,900	14,390,600	13,289,629	(1,100,971)
Fines and forfeitures	609,500	609,500	433,942	(175,558)
Interest and rents	5,041,900	4,253,900	3,258,385	(995,515)
Other revenue	78,600	83,600	59,112	(24,488)
TOTAL REVENUES	235,982,200	265,588,177	258,464,790	(7,123,387)

-CONTINUED-

Macomb County, Michigan

General Fund

REQUIRED SUPPLEMENTARY INFORMATION –
BUDGETARY COMPARISON SCHEDULE (GAAP BASIS) (CONTINUED)

Year Ended December 31, 2020

	Original Budget	Final Amended Budget	Actual	Variance with Final Budget Positive (Negative)
EXPENDITURES				
Current				
Legislative - Board of commissioners	\$ 1,787,400	\$ 1,701,464	\$ 1,515,571	\$ 185,893
Judicial				
Circuit court	8,871,800	8,422,400	7,615,729	806,671
District court - 3rd class	20,000	19,800	-	19,800
District court - New Baltimore	1,394,900	1,370,028	1,372,377	(2,349)
District court - Romeo	1,261,900	1,204,301	1,162,982	41,319
Family counseling	75,600	48,347	41,723	6,624
Family court - Juvenile division	6,189,800	5,906,659	5,685,969	220,690
Jury commission	187,900	189,600	117,461	72,139
Law library	9,800	9,400	9,179	221
Probate court	3,430,600	3,205,670	3,106,667	99,003
Probation - Circuit court	119,300	113,800	113,770	30
Prosecuting attorney	10,985,700	10,311,783	10,257,371	54,412
Total judicial	32,547,300	30,801,788	29,483,228	1,318,560
General government				
Building authority	500	500	70	430
County clerk	5,073,900	4,818,866	4,800,469	18,397
County executive	1,719,100	1,610,020	1,477,818	132,202
Corporation counsel	1,141,000	1,106,737	1,107,951	(1,214)
Elections	989,700	1,027,174	987,890	39,284
Ethics board	5,000	5,000	469	4,531
Equalization	960,200	939,719	919,821	19,898
Facilities and operations	17,582,800	16,416,792	14,742,027	1,674,765
Finance	2,387,200	2,305,110	2,275,808	29,302
Human resources	2,543,300	2,540,646	2,461,959	78,687
Information technology	9,962,100	9,720,415	9,285,387	435,028
MSU extension	1,014,900	972,923	954,970	17,953
Purchasing	1,490,400	1,317,604	1,221,398	96,206
Register of deeds	1,968,700	1,870,860	1,800,088	70,772
Treasurer	2,399,300	2,223,310	2,150,824	72,486
Total general government	49,238,100	46,875,676	44,186,949	2,688,727
Public safety				
Civil service commission	60,800	60,200	27,721	32,479
Emergency management	1,351,700	1,244,107	1,309,161	(65,054)
Sheriff department	79,825,200	75,953,078	75,820,037	133,041
Total public safety	81,237,700	77,257,385	77,156,919	100,466

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Macomb County, Michigan

General Fund

REQUIRED SUPPLEMENTARY INFORMATION –
BUDGETARY COMPARISON SCHEDULE (GAAP BASIS) (CONCLUDED)

Year Ended December 31, 2020

	Original Budget	Final Amended Budget	Actual	Variance with Final Budget Positive (Negative)
EXPENDITURES (CONCLUDED)				
Current				
Public works	\$ 6,927,600	\$ 6,496,358	\$ 6,532,423	\$ (36,065)
Health and welfare				
Animal shelter	2,038,200	1,803,012	1,701,947	101,065
Health & community services	344,800	189,887	126,180	63,707
Health department	18,521,900	15,628,648	13,136,003	2,492,645
Social services	59,500	58,900	54,481	4,419
Total health and welfare	20,964,400	17,680,447	15,018,611	2,661,836
Community and economic development				
Planning and economic development	3,723,300	3,348,295	2,972,372	375,923
Other current operations				
Non-departmental appropriations	1,453,500	1,465,584	1,144,930	320,654
Vacant position turnover factor	(3,532,400)	-	-	-
Total other current operations	(2,078,900)	1,465,584	1,144,930	320,654
Capital outlay	7,939,300	2,635,440	2,401,588	233,852
TOTAL EXPENDITURES	202,286,200	188,262,437	180,412,591	7,849,846
EXCESS OF REVENUES OVER EXPENDITURES	33,696,000	77,325,740	78,052,199	726,459
OTHER FINANCING SOURCES (USES)				
Transfers in	8,174,200	8,174,200	8,000,000	(174,200)
Transfers out	(41,870,200)	(75,452,653)	(75,120,716)	331,937
TOTAL OTHER FINANCING SOURCES (USES)	(33,696,000)	(67,278,453)	(67,120,716)	157,737
NET CHANGE IN FUND BALANCES	-	10,047,287	10,931,483	884,196
Fund balances, beginning of year	61,499,507	61,499,507	61,499,507	-
Fund balances, end of year	<u>\$ 61,499,507</u>	<u>\$ 71,546,794</u>	<u>\$ 72,430,990</u>	<u>\$ 884,196</u>

Macomb County, Michigan

Department of Roads Special Revenue Fund

REQUIRED SUPPLEMENTARY INFORMATION –
BUDGETARY COMPARISON SCHEDULE (GAAP BASIS)

Year Ended September 30, 2020

	Original Budget	Final Amended Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Licenses and permits	\$ 823,700	\$ 823,700	\$ 869,570	\$ 45,870
Federal & state grants	121,771,375	121,771,375	96,323,294	(25,448,081)
Charges for services	23,697,725	23,697,725	12,484,357	(11,213,368)
Interest and rents	1,118,300	1,118,300	1,675,989	557,689
Other revenue	272,850	272,900	694,196	421,296
TOTAL REVENUES	147,683,950	147,684,000	112,047,406	(35,636,594)
EXPENDITURES				
Current				
Public works	150,524,000	150,524,000	95,566,939	54,957,061
Capital outlay	7,625,800	7,625,800	9,944,928	(2,319,128)
Debt service				
Principal	-	-	154,612	(154,612)
Interest and fees	-	-	18,962	(18,962)
TOTAL EXPENDITURES	158,149,800	158,149,800	105,685,441	52,464,359
EXCESS OF REVENUES OVER EXPENDITURES	(10,465,850)	(10,465,800)	6,361,965	16,827,765
Fund balances, beginning of year	97,541,825	97,541,825	97,541,825	-
Fund balances, end of year	<u>\$ 87,075,975</u>	<u>\$ 87,076,025</u>	<u>\$ 103,903,790</u>	<u>\$ 16,827,765</u>

Macomb County, Michigan

Coronavirus Response Special Revenue Fund

REQUIRED SUPPLEMENTARY INFORMATION –
BUDGETARY COMPARISON SCHEDULE (GAAP BASIS)

Year Ended December 31, 2020

	Original Budget	Final Amended Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Federal & state grants	\$ -	\$ 160,597,830	\$ 111,858,464	\$ (48,739,366)
Charges for services	-	-	464,500	464,500
Interest and rents	-	-	177,665	177,665
TOTAL REVENUES	-	160,597,830	112,500,629	(48,097,201)
EXPENDITURES				
Current				
Health and welfare	-	68,962,137	52,217,012	16,745,125
Community and economic development	-	79,355,455	45,506,382	33,849,073
Capital outlay	-	12,280,238	9,139,672	3,140,566
TOTAL EXPENDITURES	-	160,597,830	106,863,066	53,734,764
EXCESS OF REVENUES OVER EXPENDITURES	-	-	5,637,563	5,637,563
Fund balances, beginning of year	-	-	-	-
Fund balances, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,637,563</u>	<u>\$ 5,637,563</u>

Macomb County, Michigan

Employees' Retirement System

REQUIRED SUPPLEMENTARY INFORMATION –
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

December 31, 2020

PRIMARY GOVERNMENT

	2020	2019	2018	2017	2016
Total Pension Liability					
Service cost	\$ 13,389,327	\$ 14,200,758	\$ 16,747,246	\$ 18,253,702	\$ 16,707,110
Interest	70,655,515	70,993,434	73,394,794	69,818,491	60,533,328
Benefit changes	-	-	4,350,654	-	-
Difference between expected and actual experience of the total pension liability	4,086,379	(11,079,005)	(33,332,894)	18,650,468	29,559,285
Changes of assumptions	-	-	647,150	-	31,223,761
Benefit payments, including refunds of member contributions	(69,380,267)	(65,434,879)	(63,964,080)	(63,450,584)	(60,781,867)
Net change in total pension liability	18,750,954	8,680,308	(2,157,130)	43,272,077	77,241,617
Total pension liability - beginning of year	1,030,123,229	1,021,442,921	1,023,600,051	980,327,974	903,086,357
Total pension liability - end of year (a)	\$ 1,048,874,183	\$ 1,030,123,229	\$ 1,021,442,921	\$ 1,023,600,051	\$ 980,327,974
Plan Fiduciary Net Position					
Contributions - employer	\$ 15,146,875	\$ 16,949,388	\$ 23,143,088	\$ 21,228,348	\$ 20,465,070
Contributions - employee	3,034,911	3,101,502	3,134,653	3,305,129	3,482,800
Net investment income	124,674,313	187,250,752	(59,091,267)	146,248,922	80,861,322
Benefit payments, including refunds of member contributions	(69,380,267)	(65,434,879)	(63,964,080)	(63,450,584)	(60,781,867)
Administrative expense	(659,154)	(712,786)	(702,478)	(655,261)	(735,605)
Net change in plan fiduciary net position	72,816,678	141,153,977	(97,480,084)	106,676,554	43,291,720
Plan fiduciary net position - beginning of year	1,060,272,987	919,119,010	1,016,599,094	909,922,540	866,630,820
Plan fiduciary net position - end of year (b)	\$ 1,133,089,665	\$ 1,060,272,987	\$ 919,119,010	\$ 1,016,599,094	\$ 909,922,540
County's net pension liability - end of year (a) - (b)	\$ (84,215,482)	\$ (30,149,758)	\$ 102,323,911	\$ 7,000,957	\$ 70,405,434
Plan fiduciary net position as a percent of total pension liability	108.03%	102.93%	89.98%	99.32%	92.82%
Covered payroll	\$ 97,980,010	\$ 102,783,404	\$ 110,599,464	\$ 99,396,859	\$ 104,678,022
County's net pension liability (asset) as a percent of covered employee payroll	-85.95%	-29.33%	92.52%	7.04%	67.26%

See accompanying notes to the required supplementary information.

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Macomb County, Michigan

Employees' Retirement System

REQUIRED SUPPLEMENTARY INFORMATION –
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS (CONTINUED)

December 31, 2020

PRIMARY GOVERNMENT

	<u>2015</u>	<u>2014</u>
Total Pension Liability		
Service cost	\$ 17,035,507	\$ 18,289,395
Interest	62,303,941	63,471,122
Benefit changes	-	1,716,085
Difference between expected and actual experience of the total pension liability	(6,274,414)	-
Changes of assumptions	-	-
Benefit payments, including refunds of member contributions	<u>(61,931,585)</u>	<u>(55,421,776)</u>
Net change in total pension liability	11,133,449	28,054,826
Total pension liability - beginning of year	<u>891,952,908</u>	<u>863,898,082</u>
Total pension liability - end of year (a)	<u>\$ 903,086,357</u>	<u>\$ 891,952,908</u>
Plan Fiduciary Net Position		
Contributions - employer	\$ 20,829,238	\$ 21,354,411
Contributions - employee	3,589,742	3,427,754
Net investment income	(15,609,781)	63,060,743
Benefit payments, including refunds of member contributions	(61,931,585)	(55,421,663)
Administrative expense	<u>(516,333)</u>	<u>(512,644)</u>
Net change in plan fiduciary net position	(53,638,719)	31,908,601
Plan fiduciary net position - beginning of year	<u>920,269,539</u>	<u>888,360,938</u>
Plan fiduciary net position - end of year (b)	<u>\$ 866,630,820</u>	<u>\$ 920,269,539</u>
County's net pension liability - end of year (a) - (b)	<u>\$ 36,455,537</u>	<u>\$ (28,316,631)</u>
Plan fiduciary net position as a percent of total pension liability	95.96%	103.17%
Covered payroll	\$ 99,786,490	\$ 100,593,159
County's net pension liability (asset) as a percent of covered employee payroll	36.53%	-28.15%

NOTE: Governmental Accounting Standards Board Statement No. 67 was implemented beginning with fiscal year 2014. Therefore, ten year trend information is not yet available.

Macomb County, Michigan

Employees' Retirement System

REQUIRED SUPPLEMENTARY INFORMATION –
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS (CONTINUED)

December 31, 2020

COMPONENT UNIT	2020	2019	2018	2017	2016
Total Pension Liability					
Service cost	\$ 152,511	\$ 42,013	\$ 204,843	\$ 511,202	\$ 487,906
Interest	1,094,693	497,512	1,187,857	1,774,841	1,723,528
Benefit changes	-	-	53,215	-	-
Difference between expected and actual experience of the total pension liability	46,546	(32,778)	(407,710)	522,314	863,235
Changes of assumptions	-	-	7,916	-	826,993
Benefit payments, including refunds of member contributions	(2,747,524)	(2,935,388)	(2,795,463)	(2,771,686)	(2,581,930)
Net change in total pension liability	(1,453,774)	(2,428,641)	(1,749,342)	36,671	1,319,732
Total pension liability - beginning of year	16,791,852	19,220,493	20,969,835	20,933,164	19,613,432
Total pension liability - end of year (a)	\$ 15,338,078	\$ 16,791,852	\$ 19,220,493	\$ 20,969,835	\$ 20,933,164
Plan Fiduciary Net Position					
Contributions - employer	\$ -	\$ 194,998	\$ 603,959	\$ 444,465	\$ 444,465
Contributions - employee	107,376	100,255	118,020	146,508	145,968
Net investment income	1,420,104	6,442,134	(722,773)	4,095,757	2,068,374
Benefit payments, including refunds of member contributions	(2,747,524)	(2,935,388)	(2,795,463)	(2,771,686)	(2,581,930)
Administrative expense	(7,508)	(2,109)	(8,592)	(18,351)	(21,482)
Net change in plan fiduciary net position	(1,227,552)	3,799,890	(2,804,849)	1,896,693	55,395
Plan fiduciary net position - beginning of year	21,768,812	17,968,922	20,773,771	18,877,078	18,821,683
Plan fiduciary net position - end of year (b)	\$ 20,541,260	\$ 21,768,812	\$ 17,968,922	\$ 20,773,771	\$ 18,877,078
County's net pension liability - end of year (a) - (b)	\$ (5,203,182)	\$ (4,976,960)	\$ 1,251,571	\$ 196,064	\$ 2,056,086
Plan fiduciary net position as a percent of total pension liability	133.92%	129.64%	93.49%	99.07%	90.18%
Covered payroll	\$ 5,022,962	\$ 4,709,328	\$ 5,974,925	\$ 5,857,665	\$ 5,481,022
County's net pension liability (asset) as a percent of covered payroll	-103.59%	-105.68%	20.95%	3.35%	37.51%

See accompanying notes to the required supplementary information.

-CONTINUED-

Macomb County, Michigan

Employees' Retirement System

REQUIRED SUPPLEMENTARY INFORMATION –
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS (CONTINUED)

December 31, 2020

COMPONENT UNIT	2015	2014
Total Pension Liability		
Service cost	\$ 369,981	\$ 392,316
Interest	1,353,130	1,361,485
Benefit changes	-	36,811
Difference between expected and actual experience of the total pension liability	(136,269)	-
Changes of assumptions	-	-
Benefit payments, including refunds of member contributions	(1,345,044)	(2,651,364)
Net change in total pension liability	241,798	(860,752)
Total pension liability - beginning of year	19,371,634	20,232,386
Total pension liability - end of year (a)	\$ 19,613,432	\$ 19,371,634
Plan Fiduciary Net Position		
Contributions - employer	\$ 452,374	\$ 798,409
Contributions - employee	77,963	169,309
Net investment income	(339,017)	1,352,682
Benefit payments, including refunds of member contributions	(1,345,044)	(2,651,364)
Administrative expense	(11,214)	(10,996)
Net change in plan fiduciary net position	(1,164,938)	(341,960)
Plan fiduciary net position - beginning of year	19,986,621	20,328,581
Plan fiduciary net position - end of year (b)	\$ 18,821,683	\$ 19,986,621
County's net pension liability - end of year (a) - (b)	\$ 791,749	\$ (614,987)
Plan fiduciary net position as a percent of total pension liability	95.96%	103.17%
Covered payroll	\$ 2,466,385	\$ 6,772,360
County's net pension liability (asset) as a percent of covered payroll	32.10%	-9.08%

NOTE: Governmental Accounting Standards Board Statement No. 67 was implemented beginning with fiscal year 2014. Therefore, ten year trend information is not yet available.

Macomb County, Michigan

Employees' Retirement System

REQUIRED SUPPLEMENTARY INFORMATION –
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS (CONTINUED)

December 31, 2020

TOTAL, EMPLOYEES' RETIREMENT SYSTEM

	2020	2019	2018	2017	2016
Total Pension Liability					
Service cost	\$ 13,541,838	\$ 14,242,771	\$ 16,952,089	\$ 18,764,904	\$ 17,195,016
Interest	71,750,208	71,490,946	74,582,651	71,593,332	62,256,856
Benefit changes	-	-	4,403,869	-	-
Difference between expected and actual experience of the total pension liability	4,132,925	(11,111,783)	(33,740,604)	19,172,782	30,422,520
Changes of assumptions	-	-	655,066	-	32,050,754
Benefit payments, including refunds of member contributions	(72,127,791)	(68,370,267)	(66,759,543)	(66,222,270)	(63,363,797)
Net change in total pension liability	17,297,180	6,251,667	(3,906,472)	43,308,748	78,561,349
Total pension liability - beginning of year	1,046,915,081	1,040,663,414	1,044,569,886	1,001,261,138	922,699,789
Total pension liability - end of year (a)	<u>\$ 1,064,212,261</u>	<u>\$ 1,046,915,081</u>	<u>\$ 1,040,663,414</u>	<u>\$ 1,044,569,886</u>	<u>\$ 1,001,261,138</u>
Plan Fiduciary Net Position					
Contributions - employer	\$ 15,146,875	\$ 17,144,386	\$ 23,747,047	\$ 21,672,813	\$ 20,909,535
Contributions - employee	3,142,287	3,201,757	3,252,673	3,451,637	3,628,768
Net investment income	126,094,417	193,692,886	(59,814,040)	150,344,679	82,929,696
Benefit payments, including refunds of member contributions	(72,127,791)	(68,370,267)	(66,759,543)	(66,222,270)	(63,363,797)
Administrative expense	(666,662)	(714,895)	(711,070)	(673,612)	(757,087)
Net change in plan fiduciary net position	71,589,126	144,953,867	(100,284,933)	108,573,247	43,347,115
Plan fiduciary net position - beginning of year	1,082,041,799	937,087,932	1,037,372,865	928,799,618	885,452,503
Plan fiduciary net position - end of year (b)	<u>\$ 1,153,630,925</u>	<u>\$ 1,082,041,799</u>	<u>\$ 937,087,932</u>	<u>\$ 1,037,372,865</u>	<u>\$ 928,799,618</u>
County's net pension liability - end of year (a) - (b)	<u>\$ (89,418,664)</u>	<u>\$ (35,126,718)</u>	<u>\$ 103,575,482</u>	<u>\$ 7,197,021</u>	<u>\$ 72,461,520</u>
Plan fiduciary net position as a percent of total pension liability	108.40%	103.36%	90.05%	99.31%	92.76%
Covered payroll	\$ 103,002,972	\$ 107,492,732	\$ 116,574,389	\$ 105,254,524	\$ 110,159,044
County's net pension liability (asset) as a percent of covered payroll	-86.81%	-32.68%	88.85%	6.17%	68.84%

See accompanying notes to the required supplementary information.

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Macomb County, Michigan

Employees' Retirement System

REQUIRED SUPPLEMENTARY INFORMATION –
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS (CONCLUDED)

December 31, 2020

TOTAL, EMPLOYEES' RETIREMENT SYSTEM

	2015	2014
Total Pension Liability		
Service cost	\$ 17,405,488	\$ 18,681,711
Interest	63,657,071	64,832,607
Benefit changes	-	1,752,896
Difference between expected and actual experience of the total pension liability	(6,410,683)	-
Changes of assumptions	-	-
Benefit payments, including refunds of member contributions	<u>(63,276,629)</u>	<u>(58,073,140)</u>
Net change in total pension liability	11,375,247	27,194,074
Total pension liability - beginning of year	<u>911,324,542</u>	<u>884,130,468</u>
Total pension liability - end of year (a)	<u>\$ 922,699,789</u>	<u>\$ 911,324,542</u>
Plan Fiduciary Net Position		
Contributions - employer	\$ 21,281,612	\$ 22,152,820
Contributions - employee	3,667,705	3,597,063
Net investment income	(15,948,798)	64,413,425
Benefit payments, including refunds of member contributions	(63,276,629)	(58,073,027)
Administrative expense	<u>(527,547)</u>	<u>(523,640)</u>
Net change in plan fiduciary net position	(54,803,657)	31,566,641
Plan fiduciary net position - beginning of year	<u>940,256,160</u>	<u>908,689,519</u>
Plan fiduciary net position - end of year (b)	<u>\$ 885,452,503</u>	<u>\$ 940,256,160</u>
County's net pension liability - end of year (a) - (b)	<u>\$ 37,247,286</u>	<u>\$ (28,931,618)</u>
Plan fiduciary net position as a percent of total pension liability	95.96%	103.17%
Covered payroll	\$ 102,252,875	\$ 107,365,519
County's net pension liability (asset) as a percent of covered payroll	33.81%	-26.95%

NOTE: Governmental Accounting Standards Board Statement No. 67 was implemented beginning with fiscal year 2014. Therefore, ten year trend information is not yet available.

See accompanying notes to the required supplementary information.

Macomb County, Michigan

Employees' Retirement System

REQUIRED SUPPLEMENTARY INFORMATION –
SCHEDULE OF EMPLOYER CONTRIBUTIONS
AND SCHEDULE OF MONEY WEIGHTED INVESTMENT RATE OF RETURN

December 31, 2020

Schedule of Employer Contributions, Primary Government

Year Ended December 31,	Actuarially Determined Contribution	Actual Contributions	Covered Payroll	Contribution as % of Covered Payroll
2011	\$ 15,451,109	\$ 15,451,109	\$ 102,443,344	15.08%
2012	15,912,883	15,912,883	98,550,099	16.15%
2013	19,163,081	19,163,081	95,696,324	20.02%
2014	21,354,411	21,354,411	101,248,699	21.09%
2015	20,610,979	20,610,989	96,521,906	21.35%
2016	20,465,070	20,465,070	104,678,022	19.55%
2017	19,355,242	21,228,348	99,396,859	21.36%
2018	21,565,818	23,143,088	110,599,464	20.93%
2019	15,942,330	16,949,388	102,783,404	16.49%
2020	14,304,020	15,146,875	97,980,010	15.46%

Schedule of Employer Contributions, Component Unit

Year Ended December 31,	Actuarially Determined Contribution	Actual Contributions	Covered Payroll	Contribution as % of Covered Payroll
2011	\$ 599,380	\$ 599,380	\$ 6,456,836	9.28%
2012	691,958	691,958	6,841,775	10.11%
2013	769,661	769,661	6,556,551	11.74%
2014	798,409	798,409	6,116,820	13.05%
2015	670,623	670,623	5,730,969	11.70%
2016	444,465	444,465	5,481,022	8.11%
2017	565,241	444,465	5,857,665	7.59%
2018	603,959	603,959	5,974,925	10.11%
2019	194,998	194,998	4,709,328	4.14%
2020	-	-	5,022,962	0.00%

See accompanying notes to the required supplementary information.

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Macomb County, Michigan

Employees' Retirement System

REQUIRED SUPPLEMENTARY INFORMATION –
SCHEDULE OF EMPLOYER CONTRIBUTIONS
AND SCHEDULE OF MONEY WEIGHTED INVESTMENT RATE OF RETURN (CONCLUDED)

December 31, 2020

Schedule of Employer Contributions, Total, Employees' Retirement System					Schedule of Money Weighted Investment Rate of Return
Year Ended December 31,	Actuarially Determined Contribution	Actual Contributions	Covered Payroll	Contribution as % of Covered Payroll	Investment Rate of Return
2011	\$ 16,050,489	\$ 16,050,489	\$ 108,900,180	14.74%	-1.05%
2012	16,604,841	16,604,841	105,391,874	15.76%	11.48%
2013	19,932,742	19,932,742	102,252,875	19.49%	21.42%
2014	22,152,820	22,152,820	107,365,519	20.63%	7.42%
2015	21,281,602	21,281,612	102,252,875	20.81%	-0.59%
2016	20,909,535	20,909,535	110,159,044	18.98%	10.19%
2017	19,920,483	21,672,813	105,254,524	20.59%	17.44%
2018	22,169,777	23,747,047	116,574,389	20.37%	-5.01%
2019	16,137,328	17,144,386	107,492,732	15.95%	20.79%
2020	14,304,020	15,146,875	103,002,972	14.71%	11.97%

Significant Methods and Assumptions Used in Calculations of Actuarially Determined Contributions

The 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. The December 31, 2020 contribution was determined by the December 31, 2018 valuation. The following actuarial methods and assumptions were used to determine contribution rates reported in the schedules:

Actuarial cost method	Entry age normal
Amortization method	Level percent of payroll
Amortization period	15 years, closed
Asset valuation method	Five year smoothed market
Actuarial assumptions:	
Investment rate of return	7.00%
Projected salary increases	3.0% - 18.0%, including inflation of 3.0%
Retirement age	Experienced-based table of rates that are specific to the type of eligibility condition
Mortality	RP-2014 Blue Collar for Road and Sheriff personnel, RP-2014 Standard for all other personnel with the MP-2016 mortality improvement scale.

See accompanying notes to the required supplementary information.

Macomb County, Michigan

Retiree Health Care Trust Fund

REQUIRED SUPPLEMENTARY INFORMATION –
SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS

December 31, 2020

PRIMARY GOVERNMENT

	2020	2019	2018	2017
Total OPEB Liability				
Service cost	\$ 6,364,945	\$ 7,155,215	\$ 7,682,105	\$ 8,164,058
Interest	37,898,477	37,573,430	38,441,385	36,672,615
Benefit changes	-	(1,052,315)	-	-
Difference between expected and actual experience of the total OPEB liability	(100,570,025)	(28,860,788)	(24,823,350)	(3,200,142)
Changes of assumptions	17,274,440	6,742,370	2,948,992	-
Benefit payments	(17,116,441)	(18,021,077)	(18,545,452)	(20,828,811)
Net change in total OPEB liability	(56,148,604)	3,536,835	5,703,680	20,807,720
Total OPEB liability - beginning of year	526,948,894	523,412,059	517,708,379	496,900,659
Total OPEB liability - end of year (a)	<u>\$ 470,800,290</u>	<u>\$ 526,948,894</u>	<u>\$ 523,412,059</u>	<u>\$ 517,708,379</u>
Plan Fiduciary Net Position				
Contributions - employer	\$ 22,738,176	\$ 28,849,963	\$ 36,121,454	\$ 34,335,823
Contributions - member	962,211	979,778	1,000,191	745,968
Net investment income	44,447,947	62,061,925	(10,260,977)	31,220,986
Employer paid benefits	(17,442,802)	(18,339,626)	(19,039,328)	(20,828,811)
Member paid benefits	(962,211)	(979,778)	(1,000,191)	(745,968)
Administrative expense	(45,360)	(21,654)	(58,634)	(20,406)
Net change in plan fiduciary net position	49,697,961	72,550,608	6,762,515	44,707,592
Plan fiduciary net position - beginning of year	319,729,343	247,178,735	240,416,220	195,708,628
Plan fiduciary net position - end of year (b)	<u>\$ 369,427,304</u>	<u>\$ 319,729,343</u>	<u>\$ 247,178,735</u>	<u>\$ 240,416,220</u>
County's net OPEB liability - end of year (a) - (b)	<u>\$ 101,372,986</u>	<u>\$ 207,219,551</u>	<u>\$ 276,233,324</u>	<u>\$ 277,292,159</u>
Plan fiduciary net position as a percent of total OPEB liability	78.47%	60.68%	47.22%	46.44%
Covered employee payroll	\$ 88,372,880	\$ 92,630,400	\$ 98,813,225	\$ 92,630,400
County's net OPEB liability as a percent of covered employee payroll	114.71%	223.71%	279.55%	299.35%

NOTE: Governmental Accounting Standards Board Statement No. 74 was implemented beginning with fiscal year 2017. Therefore, ten year trend information is not yet available.

See accompanying notes to the required supplementary information.

-CONTINUED-

Macomb County, Michigan

Retiree Health Care Trust Fund

REQUIRED SUPPLEMENTARY INFORMATION –
SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS (CONTINUED)

December 31, 2020

COMPONENT UNIT

	2020	2019	2018	2017
Total OPEB Liability				
Service cost	\$ 370,447	\$ 444,589	\$ 477,327	\$ 511,880
Interest	2,205,731	2,334,621	2,388,551	2,299,346
Benefit changes	-	(65,386)	-	-
Difference between expected and actual experience of the total OPEB liability	(5,853,282)	(2,926,139)	(1,542,396)	(200,646)
Changes of assumptions	1,005,391	418,936	183,235	-
Benefit payments	(996,195)	(1,119,738)	(1,152,320)	(1,305,951)
Net change in total OPEB liability	(3,267,908)	(913,117)	354,397	1,304,629
Total OPEB liability - beginning of year	31,901,211	32,814,328	32,459,931	31,155,302
Total OPEB liability - end of year (a)	<u>\$ 28,633,303</u>	<u>\$ 31,901,211</u>	<u>\$ 32,814,328</u>	<u>\$ 32,459,931</u>
Plan Fiduciary Net Position				
Contributions - employer	\$ 1,323,386	\$ 1,428,041	\$ 2,244,403	\$ 2,152,831
Contributions - member	56,002	60,878	62,147	46,772
Net investment income	3,412,842	3,243,696	(637,565)	1,957,532
Employer paid benefits	(1,015,190)	(1,139,531)	(1,026,512)	(1,305,951)
Member paid benefits	(56,002)	(60,878)	(62,147)	(46,772)
Administrative expense	(2,640)	(1,346)	(3,643)	(1,279)
Net change in plan fiduciary net position	3,718,398	3,530,860	576,683	2,803,133
Plan fiduciary net position - beginning of year	19,181,461	15,650,601	15,073,918	12,270,785
Plan fiduciary net position - end of year (b)	<u>\$ 22,899,859</u>	<u>\$ 19,181,461</u>	<u>\$ 15,650,601</u>	<u>\$ 15,073,918</u>
County's net OPEB liability - end of year (a) - (b)	<u>\$ 5,733,444</u>	<u>\$ 12,719,750</u>	<u>\$ 17,163,727</u>	<u>\$ 17,386,013</u>
Plan fiduciary net position as a percent of total OPEB liability	79.98%	60.13%	47.69%	46.44%
Covered employee payroll	\$ 5,022,962	\$ 4,709,328	\$ 5,974,925	\$ 4,709,328
County's net OPEB liability as a percent of covered employee payroll	114.14%	270.10%	287.26%	369.18%

NOTE: Governmental Accounting Standards Board Statement No. 74 was implemented beginning with fiscal year 2017. Therefore, ten year trend information is not yet available.

See accompanying notes to the required supplementary information.

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Macomb County, Michigan

Retiree Health Care Trust Fund

REQUIRED SUPPLEMENTARY INFORMATION –
SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS (CONCLUDED)

December 31, 2020

TOTAL, RETIREE HEALTH CARE TRUST

	2020	2019	2018	2017
Total OPEB Liability				
Service cost	\$ 6,735,392	\$ 7,599,804	\$ 8,159,432	\$ 8,675,938
Interest	40,104,208	39,908,051	40,829,936	38,971,961
Benefit changes	-	(1,117,701)	-	-
Difference between expected and actual experience of the total OPEB liability	(106,423,307)	(31,786,927)	(26,365,746)	(3,400,788)
Changes of assumptions	18,279,831	7,161,306	3,132,227	-
Benefit payments	(18,112,636)	(19,140,815)	(19,697,772)	(22,134,762)
Net change in total OPEB liability	(59,416,512)	2,623,718	6,058,077	22,112,349
Total OPEB liability - beginning of year	558,850,105	556,226,387	550,168,310	528,055,961
Total OPEB liability - end of year (a)	<u>\$ 499,433,593</u>	<u>\$ 558,850,105</u>	<u>\$ 556,226,387</u>	<u>\$ 550,168,310</u>
Plan Fiduciary Net Position				
Contributions - employer	\$ 24,061,562	\$ 30,278,004	\$ 38,365,857	\$ 36,488,654
Contributions - member	1,018,213	1,040,656	1,062,338	792,740
Net investment income	47,860,789	65,305,621	(10,898,542)	33,178,518
Employer paid benefits	(18,457,992)	(19,479,157)	(20,065,840)	(22,134,762)
Member paid benefits	(1,018,213)	(1,040,656)	(1,062,338)	(792,740)
Administrative expense	(48,000)	(23,000)	(62,277)	(21,685)
Net change in plan fiduciary net position	53,416,359	76,081,468	7,339,198	47,510,725
Plan fiduciary net position - beginning of year	338,910,804	262,829,336	255,490,138	207,979,413
Plan fiduciary net position - end of year (b)	<u>\$ 392,327,163</u>	<u>\$ 338,910,804</u>	<u>\$ 262,829,336</u>	<u>\$ 255,490,138</u>
County's net OPEB liability - end of year (a) - (b)	<u>\$ 107,106,430</u>	<u>\$ 219,939,301</u>	<u>\$ 293,397,051</u>	<u>\$ 294,678,172</u>
Plan fiduciary net position as a percent of total OPEB liability	78.55%	60.64%	47.25%	46.44%
Covered employee payroll	\$ 93,395,842	\$ 97,339,728	\$ 104,788,150	\$ 93,336,709
County's net OPEB liability as a percent of covered employee payroll	114.68%	225.95%	279.99%	315.72%

NOTE: Governmental Accounting Standards Board Statement No. 74 was implemented beginning with fiscal year 2017. Therefore, ten year trend information is not yet available.

See accompanying notes to the required supplementary information.

Macomb County, Michigan

Retiree Health Care Trust Fund

REQUIRED SUPPLEMENTARY INFORMATION –
SCHEDULE OF EMPLOYER CONTRIBUTIONS
AND SCHEDULE OF MONEY WEIGHTED INVESTMENT RATE OF RETURN

December 31, 2020

Schedule of Employer Contributions, Primary Government

Year Ended December 31,	Actuarially Determined Contribution	Actual Contributions	Contribution Deficiency (Excess)	Covered Employee Payroll	Contribution as % of Covered Employee Payroll
2011	\$ 36,905,369	\$ 13,057,446	\$ 23,847,923	\$ 95,645,001	13.65%
2012	46,421,010	12,890,354	33,530,656	90,808,718	14.20%
2013	41,517,446	14,175,282	27,342,164	89,729,665	15.80%
2014	43,055,147	15,834,200	27,220,947	86,851,093	18.23%
2015	20,901,825	20,901,825	-	84,836,709	24.64%
2016	28,500,810	28,500,810	-	92,249,490	30.90%
2017	34,335,823	34,335,823	-	87,479,044	39.25%
2018	31,910,228	36,121,454	(4,211,226)	98,813,225	36.56%
2019	28,849,963	28,849,963	-	92,630,400	31.15%
2020	22,738,176	22,738,176	-	88,372,880	25.73%

Schedule of Employer Contributions, Component Unit

Year Ended December 31,	Actuarially Determined Contribution	Actual Contributions	Contribution Deficiency (Excess)	Covered Employee Payroll	Contribution as % of Covered Employee Payroll
2011	\$ 2,481,364	\$ 877,929	\$ 1,603,435	\$ 6,456,836	13.60%
2012	3,121,157	866,694	2,254,463	6,841,775	12.67%
2013	2,650,050	904,805	1,745,245	6,556,551	13.80%
2014	2,748,201	1,010,694	1,737,507	6,116,820	16.52%
2015	1,381,570	1,381,570	-	5,730,969	24.11%
2016	1,890,329	1,890,329	-	5,481,022	34.49%
2017	2,152,831	2,152,831	-	5,857,665	36.75%
2018	1,982,739	2,244,403	(261,664)	5,974,925	37.56%
2019	1,428,041	1,428,041	-	4,709,328	30.32%
2020	1,323,386	1,323,386	-	5,022,962	26.35%

See accompanying notes to the required supplementary information.

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Macomb County, Michigan

Retiree Health Care Trust Fund

REQUIRED SUPPLEMENTARY INFORMATION –
SCHEDULE OF EMPLOYER CONTRIBUTIONS
AND SCHEDULE OF MONEY WEIGHTED INVESTMENT RATE OF RETURN (CONCLUDED)

December 31, 2020

Schedule of Employer Contributions, Total, Retiree Health Care Trust						Schedule of Money Weighted Investment Rate of Return
Year Ended December 31,	Actuarially Determined Contribution	Actual Contributions	Contribution Deficiency (Excess)	Covered Employee Payroll	Contribution as % of Covered Employee Payroll	
2011	\$ 39,386,733	\$ 13,935,375	\$ 25,451,358	\$ 102,101,837	13.65%	1.92%
2012	49,542,167	13,757,048	35,785,119	97,650,493	14.09%	13.96%
2013	44,167,496	15,080,087	29,087,409	96,286,216	15.66%	8.32%
2014	45,803,348	16,844,894	28,958,454	92,967,913	18.12%	11.25%
2015	22,283,395	22,283,395	-	90,567,678	24.60%	0.17%
2016	30,391,139	30,391,139	-	97,730,512	31.10%	15.72%
2017	36,488,654	36,488,654	-	93,336,709	39.09%	19.09%
2018	33,892,967	38,365,857	(4,472,890)	104,788,150	36.61%	-1.24%
2019	30,278,004	30,278,004	-	97,339,728	31.11%	20.79%
2020	24,061,562	24,061,562	-	93,395,842	25.76%	11.97%

Significant Methods and Assumptions Used in Calculations of Actuarially Determined Contributions

The December 31, 2020 actuarially determined contributions to the fund were based on the December 31, 2018 valuation. The following actuarial methods and assumptions were used to determine contribution rates reported in the schedules:

Actuarial cost method	Entry age normal
Amortization method	Level percent of payroll
Amortization period	24 years, closed
Asset valuation method	Fair value of assets
Actuarial assumptions:	
Investment rate of return	7.25%
Projected salary increases	4.50% - 14%, including inflation of 3.50%
Health care cost inflation	8.25% in year one, reduced by 0.75% in year one and 0.5% each year thereafter until an ultimate rate of 3.50% is reached in year 10 and beyond
Retirement age	Experienced-based table of rates that are specific to the type of eligibility condition
Mortality	RP-2014 Healthy Annuitant Mortality Table projected to 2025 using a static projection based on the 2-dimensional MP-2014 improvement scales.

See accompanying notes to the required supplementary information.

Macomb County, Michigan

Department of Roads Retiree Health Care Trust Plan

REQUIRED SUPPLEMENTARY INFORMATION –
SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS

September 30, 2020

	2020	2019	2018	2017
Total OPEB Liability				
Service cost	\$ 1,018,742	\$ 1,234,992	\$ 1,214,302	\$ 1,219,920
Interest	5,842,514	6,044,124	5,960,794	5,749,886
Difference between expected and actual experience of the total OPEB liability	(1,872,708)	(16,664,471)	(1,390,288)	(929,177)
Changes of assumptions	-	9,312,252	7,268,838	-
Benefit payments	<u>(2,732,209)</u>	<u>(2,878,957)</u>	<u>(3,118,373)</u>	<u>(3,333,061)</u>
Net change in total OPEB liability	2,256,339	(2,952,060)	9,935,273	2,707,568
Total OPEB liability - beginning of year	<u>87,412,503</u>	<u>90,364,563</u>	<u>80,429,290</u>	<u>77,721,722</u>
Total OPEB liability - end of year (a)	<u><u>\$ 89,668,842</u></u>	<u><u>\$ 87,412,503</u></u>	<u><u>\$ 90,364,563</u></u>	<u><u>\$ 80,429,290</u></u>
Plan Fiduciary Net Position				
Contributions - employer	\$ 7,732,209	\$ 8,378,957	\$ 6,118,373	\$ 6,333,061
Net investment income	5,353,489	1,853,092	3,145,994	6,040,085
Employer paid benefits	(2,732,209)	(2,878,957)	(3,118,373)	(3,333,061)
Administrative expense	<u>(136,929)</u>	<u>(132,056)</u>	<u>(148,333)</u>	<u>(128,747)</u>
Net change in plan fiduciary net position	10,216,560	7,221,036	5,997,661	8,911,338
Plan fiduciary net position - beginning of year	<u>70,141,552</u>	<u>62,920,516</u>	<u>56,922,855</u>	<u>48,011,517</u>
Plan fiduciary net position - end of year (b)	<u><u>\$ 80,358,112</u></u>	<u><u>\$ 70,141,552</u></u>	<u><u>\$ 62,920,516</u></u>	<u><u>\$ 56,922,855</u></u>
County Roads' net OPEB liability - end of year (a) - (b)	<u><u>\$ 9,310,730</u></u>	<u><u>\$ 17,270,951</u></u>	<u><u>\$ 27,444,047</u></u>	<u><u>\$ 23,506,435</u></u>
Plan fiduciary net position as a percent of total OPEB liability	89.62%	80.24%	69.63%	70.77%
Covered employee payroll	\$ 9,607,130	\$ 10,153,004	\$ 11,786,239	\$ 11,917,815
County Roads' net OPEB liability as a percent of covered employee payroll	96.91%	170.11%	232.85%	197.24%

NOTE: Governmental Accounting Standards Board Statement No. 74 was implemented beginning with fiscal year 2017. Therefore, ten year trend information is not yet available.

See accompanying notes to the required supplementary information.

Macomb County, Michigan

Department of Roads Retiree Health Care Trust Plan

REQUIRED SUPPLEMENTARY INFORMATION –
SCHEDULE OF EMPLOYER CONTRIBUTIONS
AND SCHEDULE OF MONEY WEIGHTED INVESTMENT RATE OF RETURN

September 30, 2020

Schedule of Employer Contributions							Schedule of Money Weighted Investment Rate of Return
Year Ended September 30,	Actuarially Determined Contribution	Actual Contributions	Contribution Deficiency (Excess)	Covered Employee Payroll	Contribution as % of Covered Employee Payroll		
2011	\$ 5,765,799	\$ 7,033,418	(1,267,619)	\$ 14,421,101	48.77%	N/A	
2012	6,054,090	7,566,212	(1,512,122)	13,144,747	57.56%	N/A	
2013	5,805,250	6,087,979	(282,729)	12,613,964	48.26%	N/A	
2014	6,095,512	5,884,329	211,183	12,423,961	47.36%	N/A	
2015	3,376,175	6,024,655	(2,648,480)	11,685,197	51.56%	N/A	
2016	3,511,223	6,365,929	(2,854,706)	12,428,532	51.22%	N/A	
2017	4,006,707	6,333,061	(2,326,354)	11,917,815	53.14%	N/A	
2018	3,869,893	6,118,373	(2,248,480)	11,786,239	51.91%	1.27%	
2019	3,846,713	8,378,957	(4,532,244)	10,153,004	82.53%	2.52%	
2020	3,157,657	7,732,209	(4,574,552)	9,607,130	80.48%	6.94%	

N/A – Not available

Significant Methods and Assumptions Used in Calculations of Actuarially Determined Contributions

The September 30, 2020 actuarially determined contributions to the fund were based on the December 31, 2018 valuation. The following actuarial methods and assumptions were used to determine contribution rates reported in the schedules:

Actuarial cost method	Entry age normal
Amortization method	Level dollar closed
Amortization period	19 years, closed
Asset valuation method	Fair value of assets
Actuarial assumptions:	
Investment rate of return	6.75%
Projected salary increases	3.0% - 15.0%, including inflation of 3.0%
Health care cost inflation	8.25% in year one, reduced by 0.75% in year two, and 0.5% each year thereafter until an ultimate rate of 3.5% is reached in the tenth year and beyond
Retirement age	Experienced-based table of rates that are specific to the type of eligibility condition
Mortality	RP-2014 Healthy Life Mortality Table, adjusted backwards to 2006 with the MP-2014 scale, resulting in a base year of 2006 with future mortality improvements assumed each year using scale MP-2018

See accompanying notes to the required supplementary information.

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

December 31, 2020

NOTE 1 – BUDGETARY ACCOUNTING

By no later than 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 Community Mental Health and Parks business-type activities and the Martha T. Berry Medical Care Facility discretely-presented component unit. A public hearing is conducted to obtain taxpayer comments and the budget is legally enacted through passage of a resolution by the board of commissioners no later than December 31.

Formal budgetary integration is employed as a management control device during the year for all funds. Expenditures may not legally exceed budgeted appropriations at the department level in the General Fund and the fund level in all other funds. The county executive is authorized to transfer funds between budgeted line items within a department within a fund as long as the amount being transferred does not exceed the lesser of \$35,000 or 5% 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 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.

	Final Amended Budget	Actual	Variance with Final Budget Positive (Negative)
GENERAL FUND			
Judicial			
District court - New Baltimore	\$ 1,370,028	\$ 1,372,377	\$ (2,349)
General government			
Corporation counsel	1,106,737	1,107,951	(1,214)
Public safety			
Emergency management	1,244,107	1,309,161	(65,054)
Public works	6,496,358	6,532,423	(36,065)

Additionally, while the Child Care Fund, Emergency Management Grants Fund, Prosecuting Attorney Grants Fund, Register of Deeds Remonumentation Fund, Sheriff Grants Fiscal Fund, and the Veterans' Grants Fund remained under budget and not in a deficit position, net of deferred inflows for grants, these funds were budgeted to either maintain or increase their deficit fund balance in the 2020 budget, which is a violation of Michigan Public Act 2 of 1968.

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

December 31, 2020

NOTE 2 – FACTORS THAT SIGNIFICANTLY AFFECT TRENDS IN PENSION AND OPEB PLANS

Employees' Retirement System

The determination of the total pension liability as of December 31, 2018 was based on the December 31, 2017 actuarial valuation with the following exceptions. The valuation of the deferred retirement option plan (DROP) was based on the method prescribed in governmental accounting standards board statement No. 67. 75% of eligible participants were assumed to enter DROP when eligible and remain in DROP for 4 years. The discount rate was assumed to be 7.00%. Finally, all divisions were changed to the RP-2014 (Base 2006) Mortality Tables and MP-2018 mortality improvement scales.

The total pension liability as of December 31, 2018 was impacted as a result of benefit changes. The medical benefit waiver election upon retirement was reflected in the Net Pension Liability of the system as of December 31, 2018.

The determination of the total pension liability as of December 31, 2016 was based on the December 31, 2015 actuarial valuation with the following exceptions: The discount rate was lowered from 7.5% to 7.25%. The mortality tables were changed to RP2014 Blue Collar for Road Commission and Sheriff divisions and RP2014 for all other divisions, both with the MP2016 mortality improvement scale. Previous valuations had used the RP-2000 tables with improvements to 2015. Base pay projections and inflation were reduced from 5% to 3%. Administrative expense load was changed from 0.10% of payroll to the previous year's administrative expense increased by the inflation assumption.

Throughout all years shown in the Changes in Net Pension Liability and Related Ratios, the System experienced changes in its total pension liability as a result of differences between actual and expected experience. The most significant changes represented in these differences in experience were related to mortality rates, census populations, and turnover rates.

Retiree Health Care Trust Fund

The following events impacted the actual experience of the total OPEB liability as of December 31, 2020: Lower than projected health care costs as a result of the coronavirus pandemic, lower prescription drug costs, and changes in plan structures resulting in lowered costs associated with certain coverages being changed from fully-insured to self-insured.

The following changes in assumptions impacted the calculation of the net OPEB liability as of December 31, 2020: For 2020, a change in assumption regarding the Plan liabilities was made. The range of salary increases was increased by 1.0 percent, from 3.5 percent to 4.5 percent.

The following changes in assumptions impacted the calculation of the net OPEB liability as of December 31, 2019: For 2019, a change in assumption regarding the Plan liabilities was made. The beginning health inflation assumption was lowered by 0.75 percent, from 9 percent to 8.25 percent. Additionally, the excise tax under the Affordable Care Act (ACA) was removed from the Plan's liabilities.

The determination of the total OPEB liabilities as of December 31, 2019 was based on the December 31, 2017 actuarial valuation, however, the system experienced lower than expected rises in health care rates, which lowered the actuarial accrued liability for benefits.

The following changes in assumptions impacted the calculation of the net OPEB liability as of December 31, 2018: For 2018, a change in assumption regarding the Plan liabilities was made. Plan liabilities were loaded by 0.2% to reflect the expected future liability for the excise tax under the Affordable Care Act (ACA).

Reductions in the census population of the Plan as well as actual healthcare costs as experienced were greater than calculated expectation, which resulted a net reduction in the total OPEB liability due to a difference between expected an actual experience in the total OPEB liability as of December 31, 2018.

Benefit provisions did not change for the periods shown in the required supplementary information schedules.

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

December 31, 2020

NOTE 2 – FACTORS THAT SIGNIFICANTLY AFFECT TRENDS IN PENSION AND OPEB PLANS (CONCLUDED)

Department of Roads Retiree Health Care Trust Plan

The following changes in assumptions impacted the calculation of the net OPEB liability as of September 30, 2019: changes to certain demographical assumptions, such as rates of mortality, retirement, disability, and withdrawal rates.

The determination of the total OPEB liabilities as of September 30, 2019 was based on the December 31, 2018 actuarial valuation, however, the system experienced lower than expected rises in health care rates, which lowered the actuarial accrued liability for benefits.

The determination of the total OPEB liabilities as of September 30, 2018 was based on the December 31, 2016 actuarial valuation with the exception of the discount rate, which was modified from 7.50% per the December 31, 2016 valuation to 6.75% per the September 30, 2018 report.

Benefit provisions did not change for the periods shown in the required supplementary information schedules.

Macomb County, Michigan

COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS

December 31, 2020

	Special Revenue	Debt Service	Capital Projects	Total Nonmajor Governmental Funds
ASSETS				
Cash and pooled investments	\$ 18,315,718	\$ 14,615,247	\$ 27,251,732	\$ 60,182,697
Receivables				
Property taxes, net	4,564,218	-	-	4,564,218
Trade accounts, net	8,060,788	750	73,110	8,134,648
Due from other governments	12,313,943	-	1,153,198	13,467,141
Other assets	97,991	-	3,054	101,045
TOTAL ASSETS	<u>\$ 43,352,658</u>	<u>\$ 14,615,997</u>	<u>\$ 28,481,094</u>	<u>\$ 86,449,749</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 6,014,953	\$ 1,250	\$ 1,321,675	\$ 7,337,878
Accrued liabilities	14,533	-	386,250	400,783
Accrued compensation and benefits	861,235	-	-	861,235
Due to other governments	3,835,690	-	684,590	4,520,280
Due to governmental funds	1,752,406	-	-	1,752,406
Unearned revenue	2,217,154	-	-	2,217,154
TOTAL LIABILITIES	14,695,971	1,250	2,392,515	17,089,736
DEFERRED INFLOWS OF RESOURCES				
Property taxes levied in advance	1,969,185	-	-	1,969,185
Unavailable grants and other charges	7,475,457	-	842,976	8,318,433
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>9,444,642</u>	<u>-</u>	<u>842,976</u>	<u>10,287,618</u>
FUND BALANCES				
Nonspendable	97,991	-	3,054	101,045
Restricted	21,958,840	155,747	3,138,622	25,253,209
Assigned	1,298,282	14,459,000	22,103,927	37,861,209
Unassigned	(4,143,068)	-	-	(4,143,068)
TOTAL FUND BALANCES	<u>19,212,045</u>	<u>14,614,747</u>	<u>25,245,603</u>	<u>59,072,395</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 43,352,658</u>	<u>\$ 14,615,997</u>	<u>\$ 28,481,094</u>	<u>\$ 86,449,749</u>

Macomb County, Michigan

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES – NONMAJOR GOVERNMENTAL FUNDS

Year Ended December 31, 2020

	Special Revenue	Debt Service	Capital Projects	Total Nonmajor Governmental Funds
REVENUES				
Property taxes	\$ 3,967,567	\$ -	\$ -	\$ 3,967,567
Licenses and permits	694,986	-	-	694,986
Federal and state grants	55,576,117	7,004	714,816	56,297,937
Other grants	519,577	-	-	519,577
Charges for services	10,926,446	-	344,103	11,270,549
Fines and forfeitures	476,442	-	-	476,442
Interest and rents	16,524	-	1,849	18,373
Other revenue	1,758,295	-	-	1,758,295
TOTAL REVENUES	73,935,954	7,004	1,060,768	75,003,726
EXPENDITURES				
Current				
Judicial	18,440,547	-	-	18,440,547
General government	1,227,271	-	-	1,227,271
Public safety	7,829,496	-	435,674	8,265,170
Public works	-	86,022	-	86,022
Health and welfare	63,918,522	-	-	63,918,522
Community and economic development	1,208,127	-	-	1,208,127
Recreational and cultural	-	-	52,465	52,465
Capital outlay	1,312,936	-	7,208,669	8,521,605
Debt service				
Principal	-	6,810,000	-	6,810,000
Interest and fees	-	1,578,074	-	1,578,074
TOTAL EXPENDITURES	93,936,899	8,474,096	7,696,808	110,107,803
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(20,000,945)	(8,467,092)	(6,636,040)	(35,104,077)
OTHER FINANCING SOURCES (USES)				
Transfers in	20,170,582	22,901,561	25,185,317	68,257,460
Transfers out	(58,120)	-	(5,000)	(63,120)
TOTAL OTHER FINANCING SOURCES (USES)	20,112,462	22,901,561	25,180,317	68,194,340
NET CHANGE IN FUND BALANCES	111,517	14,434,469	18,544,277	33,090,263
Fund balances, beginning of year	19,100,528	180,278	6,701,326	25,982,132
Fund balances, end of year	<u>\$ 19,212,045</u>	<u>\$ 14,614,747</u>	<u>\$ 25,245,603</u>	<u>\$ 59,072,395</u>

FUND DESCRIPTIONS – NONMAJOR SPECIAL REVENUE FUNDS

December 31, 2020

SPECIAL REVENUE FUNDS are used to account for the proceeds of specific revenue sources that are legally restricted, committed, or assigned for specific purposes other than debt service or capital projects.

Circuit Court Programs Fund – This fund accounts for the activities of the Adult Drug Court, Mental Health Court, and Veterans Treatment Court, which provide intensive probation and treatment to low-risk offenders in an effort to reduce jail and prison bed days. This fund receives restricted revenues from the state as well as contributions from the General Fund.

Child Care Fund – This fund is used to account for expenditures and related restricted revenues from the state related to the detention and treatment of individuals under the age of 18 convicted of criminal offenses.

Community Corrections Funds – The Community Corrections department administers these funds, which accounts for programs that provide alternatives to incarceration. Both the September 30 and the December 31 fund accounts for related grants. The December 31 fund receives approximately 50% of its support from Federal and State grants and 50% of its support from the General Fund, while the September 30 fund receives approximately 75% of its support from Federal and State grants and approximately 25% of its support from the General Fund.

Community Action Agency Funds – The September 30 year-end fund provides a wide array of services to residents of the county, including, but not limited to, Meals on Wheels, senior citizens nutrition, income tax preparation for the elderly, transportation services, home injury control, household weatherization improvements and Head Start. Approximately 93% of the funding for Community Services comes from State and Federal grants. The December 31 year-end fund accounts for the federally-funded Community Development Block Grant, which is funded almost entirely by Federal funds and receives no financial support from the General Fund. Macomb Community Action Agency is responsible for administering the programs accounted for within these funds.

Concealed Pistol License Fund – This fund was established in compliance with Michigan Public Act 3 of 2015, which requires the county to account for the deposit of concealed pistol licensing fees collected by the county clerk as well as the allowable expenditures related to the cost of administering this public act. This fund receives no general fund support and is funded solely from deposits received under this public act.

Emergency Management Grants Fund – This fund is supported entirely by Federal and local grants for the purpose of purchasing emergency response equipment and creating emergency response plans for the county and local municipalities.

Friend of the Court Fund – This fund is used to account for the costs of operation of the Macomb County Friend of the Court, whose mission is to fairly and efficiently enforce court orders relating to child support, health care, spousal support, parenting time and custody. A majority of funding for this fund is provided through a grant from the Federal government, although approximately 20% of the fund's support is from the General Fund.

Health Grants Funds – The Health Grants Fund that operates on a September 30 year-end represents approximately 20% of the total budget of the Health Department and provides a variety of health-related services to the community. Funding for these programs is provided primarily through State and Federal grants, and approximately 15% of funding is provided by the General Fund. The December 31 year-end fund is supported entirely by State grants primarily for the purpose of administering a variety of water quality monitoring programs. Both funds are administered by the County Health Department.

Macomb / St. Clair Employment and Training Fund – This fund is supported entirely by State and Federal funds utilized for the purpose of integrating those facing barriers to employment into the labor force through training and employment support services. The fund receives no General Fund support.

MSU Extension Fund – Both the September 30 and December 31 funds are used to account for costs associated with the operation of educational programs run by Michigan State University, such as programs for foreclosure mitigation, financial literacy, and master gardener certifications. These funds are supported entirely by reimbursements from local communities and residents that utilize services and receive no General Fund support.

FUND DESCRIPTIONS – NONMAJOR SPECIAL REVENUE FUNDS

December 31, 2020

Prosecuting Attorney Grants Funds – The September 30 year-end fund is used to account for the costs associated with prosecuting cases involving child support enforcement, domestic violence, auto theft and drug-related offenses. The fund is supported by Federal and State grants as well as General Fund support equal to approximately 36% of total funding. The December 31 year-end fund is supported entirely by Federal Equitable Sharing and state forfeiture funds used primarily for employee training. Both funds are administered by the Prosecuting Attorney's Office.

Public Defender's Office Fund – The September 30 year-end fund is used to account for the costs of providing public defenders to low income individuals in accordance with the Michigan Indigent Defense Commission (MIDC). Based on the department's approved spending plan for 2019, the state provided roughly half of the funding for program, while charges for services accounted for roughly a quarter of total funding for the program. The General Fund is required to maintain funding levels that were in place before the MIDC standards were created, which represents the remaining quarter of the total funding for the program.

Register of Deeds Remonumentation Fund – This fund was established pursuant to Section 2567a of the Revised Judicature Act, and the State Resurvey and Remonumentation Act, MCL 54.261 et seq. This legislation authorizes the Register of Deeds in each county to collect additional recording fees which are turned over to the State and used to provide grants to counties to fund the Remonumentation Grant Program. The purpose of this grant program is to survey and verify the location of corner markers, or "monuments", of all township sections within the county with satellite technology to assure accurate property boundaries, road alignments, subdivision layouts and plat descriptions. The fund is administered by the Register of Deeds department and receives no General Fund support.

Register of Deeds Technology Fund – The Register of Deeds Technology Fund was created in 2003 pursuant to Public Act 698 of 2002, which authorizes the Clerk/Register of Deeds to collect additional recording fees solely for use and expenditure by the Clerk/Register of Deeds Office for the purpose of technology improvements in those offices. The revenue generated from the increased fees is administered by the Clerk/Register of Deeds. The fund receives no General Fund support.

Sheriff Grants Funds – The September 30 year-end fund is used to account for the costs associated with Federal and State funded purchases of specialized units involved in traffic safety enforcement, auto theft and drug-related crimes. As these grants typically require a General Fund match, approximately 20% of total funding is from the General Fund. The December 31 year-end fund, which receives no General Fund support, is used to account for forfeitures, charges for services and various other grants. Both funds are administered by the County Sheriff's Department.

Social Welfare Fund – This fund was established in accordance with MCL 400.58b to account for the collection and disbursements of the Martha T. Berry Medical Care Facility special tax levied in 2020. The fund is administered by the County Treasurer and receives no General Fund support.

Urban County Block Grant Fund – This fund is administered by the Planning and Economic Development Department and receives grants from Federal agencies for coastal water and marshland restoration, brownfield development and small business development. In addition to Federal funding, this fund is used to account for the proceeds from the sale of aerial maps. The fund receives no General Fund support.

Veterans' Affairs Fund – This fund is used to account for the activities of the Department of Veterans' Services, which provides service to all veterans and their families by providing aid for the process of completing the necessary federal paperwork to receive the maximum level of veteran's benefits possible. The fund receives its funding from an extra-voted property tax millage of .04 mills, levied county-wide. The fund receives no General Fund support.

Veterans' Grants Fund – This fund is used to account for the activities of the County Veterans' Service Fund Grant. The grant program goal is to inform veterans in the county of their VA benefits and to provide educational and outreach programs. The fund receives no General Fund support.

Macomb County, Michigan

COMBINING BALANCE SHEET – NONMAJOR SPECIAL REVENUE FUNDS

December 31, 2020

	Circuit Court Programs (1)	Child Care (1)	Community Corrections	Community Corrections (1)
ASSETS				
Cash and pooled investments	\$ 18,760	\$ -	\$ 13,629	\$ -
Receivables				
Property taxes, net	-	-	-	-
Trade accounts, net	-	29,478	-	-
Due from other governments	118,206	1,208,921	-	178,411
Other assets	-	1,499	-	-
TOTAL ASSETS	\$ 136,966	\$ 1,239,898	\$ 13,629	\$ 178,411
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 28,077	\$ 155,093	\$ 1,034	\$ 47,369
Accrued liabilities	-	-	-	-
Accrued compensation and benefits	-	155,211	8,279	18,340
Due to other governments	-	-	-	-
Due to governmental funds	81,731	895,302	-	110,965
Unearned revenue	-	-	-	-
TOTAL LIABILITIES	109,808	1,205,606	9,313	176,674
DEFERRED INFLOWS OF RESOURCES				
Property taxes levied in advance	-	-	-	-
Unavailable grants and other charges	27,070	505,369	-	-
TOTAL DEFERRED INFLOWS OF RESOURCES	27,070	505,369	-	-
FUND BALANCES				
Nonspendable	-	1,499	-	-
Restricted	-	-	4,316	1,737
Assigned	88	-	-	-
Unassigned	-	(472,576)	-	-
TOTAL FUND BALANCES	88	(471,077)	4,316	1,737
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 136,966	\$ 1,239,898	\$ 13,629	\$ 178,411

(1) - Balance Sheet as of September 30, 2020

Macomb County, Michigan

COMBINING BALANCE SHEET – NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)

December 31, 2020

	Community Action Agency	Community Action Agency (1)	Concealed Pistol License	Emergency Management Grants
ASSETS				
Cash and pooled investments	\$ 822,289	\$ 505,857	\$ 1,871,781	\$ 224,106
Receivables				
Property taxes, net	-	-	-	-
Trade accounts, net	7,650,900	66,550	-	-
Due from other governments	1,268,645	3,446,166	26,892	2,531,271
Other assets	-	77,101	-	-
TOTAL ASSETS	\$ 9,741,834	\$ 4,095,674	\$ 1,898,673	\$ 2,755,377
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 856,007	\$ 918,841	\$ 250	\$ 2,557,587
Accrued liabilities	-	-	-	-
Accrued compensation and benefits	23,626	141,900	9,220	28,348
Due to other governments	-	354,915	123,752	-
Due to governmental funds	-	-	-	-
Unearned revenue	147,731	42,009	-	-
TOTAL LIABILITIES	1,027,364	1,457,665	133,222	2,585,935
DEFERRED INFLOWS OF RESOURCES				
Property taxes levied in advance	-	-	-	-
Unavailable grants and other charges	36,426	877,954	-	1,745,008
TOTAL DEFERRED INFLOWS OF RESOURCES	36,426	877,954	-	1,745,008
FUND BALANCES				
Nonspendable	-	77,101	-	-
Restricted	8,678,044	1,682,954	1,765,451	-
Assigned	-	-	-	-
Unassigned	-	-	-	(1,575,566)
TOTAL FUND BALANCES	8,678,044	1,760,055	1,765,451	(1,575,566)
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 9,741,834	\$ 4,095,674	\$ 1,898,673	\$ 2,755,377

(1) - Balance Sheet as of September 30, 2020

Macomb County, Michigan

COMBINING BALANCE SHEET – NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)

December 31, 2020

	Friend of the Court (1)	Health Grants	Health Grants (1)	Macomb / St. Clair Employment and Training (2)
ASSETS				
Cash and pooled investments	\$ 2,062	\$ 1,568,873	\$ 2,792,879	\$ 220,198
Receivables				
Property taxes, net	-	-	-	-
Trade accounts, net	-	-	3,762	-
Due from other governments	1,174,084	31,304	876,737	-
Other assets	14,321	-	-	-
TOTAL ASSETS	\$ 1,190,467	\$ 1,600,177	\$ 3,673,378	\$ 220,198
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 3,285	\$ 17,514	\$ 602,925	\$ 2,638
Accrued liabilities	-	-	-	-
Accrued compensation and benefits	175,742	-	71,874	102,368
Due to other governments	-	-	143,187	-
Due to governmental funds	8,213	-	-	-
Unearned revenue	-	-	-	-
TOTAL LIABILITIES	187,240	17,514	817,986	105,006
DEFERRED INFLOWS OF RESOURCES				
Property taxes levied in advance	-	-	-	-
Unavailable grants and other charges	1,174,084	31,304	685,424	-
TOTAL DEFERRED INFLOWS OF RESOURCES	1,174,084	31,304	685,424	-
FUND BALANCES				
Nonspendable	14,321	-	-	-
Restricted	-	1,550,459	2,169,968	115,192
Assigned	-	900	-	-
Unassigned	(185,178)	-	-	-
TOTAL FUND BALANCES	(170,857)	1,551,359	2,169,968	115,192
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 1,190,467	\$ 1,600,177	\$ 3,673,378	\$ 220,198

(1) - Balance Sheet as of September 30, 2020

(2) - Balance Sheet as of June 30, 2020

Macomb County, Michigan

COMBINING BALANCE SHEET – NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)

December 31, 2020

	MSU Extension	MSU Extension (1)	Prosecuting Attorney Grants	Prosecuting Attorney Grants (1)
ASSETS				
Cash and pooled investments	\$ 135,904	\$ 183,395	\$ 198,715	\$ -
Receivables				
Property taxes, net	-	-	-	-
Trade accounts, net	-	-	-	-
Due from other governments	-	-	14,935	386,614
Other assets	-	-	-	-
	<u>135,904</u>	<u>183,395</u>	<u>213,650</u>	<u>386,614</u>
TOTAL ASSETS	\$ 135,904	\$ 183,395	\$ 213,650	\$ 386,614
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 94	\$ 272	\$ 2,955	\$ 2,436
Accrued liabilities	-	-	-	-
Accrued compensation and benefits	-	-	-	49,179
Due to other governments	-	-	-	-
Due to governmental funds	-	-	-	305,491
Unearned revenue	-	-	-	-
	<u>94</u>	<u>272</u>	<u>2,955</u>	<u>357,106</u>
TOTAL LIABILITIES	94	272	2,955	357,106
DEFERRED INFLOWS OF RESOURCES				
Property taxes levied in advance	-	-	-	-
Unavailable grants and other charges	-	-	-	386,614
	<u>-</u>	<u>-</u>	<u>-</u>	<u>386,614</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	-	-	-	386,614
FUND BALANCES				
Nonspendable	-	-	-	-
Restricted	135,810	-	210,695	-
Assigned	-	183,123	-	-
Unassigned	-	-	-	(357,106)
	<u>135,810</u>	<u>183,123</u>	<u>210,695</u>	<u>(357,106)</u>
TOTAL FUND BALANCES	135,810	183,123	210,695	(357,106)
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 135,904	\$ 183,395	\$ 213,650	\$ 386,614

(1) - Balance Sheet as of September 30, 2020

Macomb County, Michigan

COMBINING BALANCE SHEET – NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)

December 31, 2020

	Public Defender's Office Fund (1)	Register of Deeds Remonumentation Fund	Register of Deeds Technology Fund	Sheriff Grants
ASSETS				
Cash and pooled investments	\$ 2,268,668	\$ 26,379	\$ 1,743,806	\$ 1,816,841
Receivables	-	-	-	-
Property taxes, net	-	-	-	-
Trade accounts, net	22,067	-	51,250	9,973
Due from other governments	-	129,812	-	-
Other assets	-	-	1,225	1,050
TOTAL ASSETS	\$ 2,290,735	\$ 156,191	\$ 1,796,281	\$ 1,827,864
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 248,788	\$ 141,487	\$ 84,217	\$ 65,931
Accrued liabilities	14,533	-	-	-
Accrued compensation and benefits	-	-	630	-
Due to other governments	-	14,704	-	-
Due to governmental funds	-	-	-	-
Unearned revenue	2,027,414	-	-	-
TOTAL LIABILITIES	2,290,735	156,191	84,847	65,931
DEFERRED INFLOWS OF RESOURCES				
Property taxes levied in advance	-	-	-	-
Unavailable grants and other charges	-	129,812	-	11,072
TOTAL DEFERRED INFLOWS OF RESOURCES	-	129,812	-	11,072
FUND BALANCES				
Nonspendable	-	-	1,225	1,050
Restricted	-	-	1,710,209	1,732,393
Assigned	-	-	-	17,418
Unassigned	-	(129,812)	-	-
TOTAL FUND BALANCES	-	(129,812)	1,711,434	1,750,861
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 2,290,735	\$ 156,191	\$ 1,796,281	\$ 1,827,864

(1) - Balance Sheet as of September 30, 2020

Macomb County, Michigan

COMBINING BALANCE SHEET – NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)

December 31, 2020

	Sheriff Grants (1)	Social Welfare Fund	Urban County Block Grant
ASSETS			
Cash and pooled investments	\$ 99	\$ 195,301	\$ 1,449,252
Receivables			
Property taxes, net	-	2,727,445	-
Trade accounts, net	-	-	225,000
Due from other governments	675,210	-	19,094
Other assets	-	-	2,795
	<u>675,309</u>	<u>2,922,746</u>	<u>1,696,141</u>
TOTAL ASSETS	\$ 675,309	\$ 2,922,746	\$ 1,696,141
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 15,239	\$ -	\$ 235,515
Accrued liabilities	-	-	-
Accrued compensation and benefits	15,811	-	-
Due to other governments	276,386	2,922,746	-
Due to governmental funds	145,488	-	-
Unearned revenue	-	-	-
	<u>452,924</u>	<u>2,922,746</u>	<u>235,515</u>
TOTAL LIABILITIES	452,924	2,922,746	235,515
DEFERRED INFLOWS OF RESOURCES			
Property taxes levied in advance	-	-	-
Unavailable grants and other charges	552,064	875,615	210,000
	<u>552,064</u>	<u>875,615</u>	<u>210,000</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	552,064	875,615	210,000
FUND BALANCES			
Nonspendable	-	-	2,795
Restricted	-	-	151,078
Assigned	-	-	1,096,753
Unassigned	(329,679)	(875,615)	-
	<u>(329,679)</u>	<u>(875,615)</u>	<u>1,250,626</u>
TOTAL FUND BALANCES	(329,679)	(875,615)	1,250,626
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 675,309	\$ 2,922,746	\$ 1,696,141

(1) - Balance Sheet as of September 30, 2020

Macomb County, Michigan

COMBINING BALANCE SHEET – NONMAJOR SPECIAL REVENUE FUNDS (CONCLUDED)

December 31, 2020

	Veterans' Affairs	Veterans' Grants (1)	Total Nonmajor Special Revenue Funds
ASSETS			
Cash and pooled investments	\$ 2,256,924	\$ -	\$ 18,315,718
Receivables			
Property taxes, net	1,836,773	-	4,564,218
Trade accounts, net	1,808	-	8,060,788
Due from other governments	-	227,641	12,313,943
Other assets	-	-	97,991
TOTAL ASSETS	\$ 4,095,505	\$ 227,641	\$ 43,352,658
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 15,079	\$ 12,320	\$ 6,014,953
Accrued liabilities	-	-	14,533
Accrued compensation and benefits	60,707	-	861,235
Due to other governments	-	-	3,835,690
Due to governmental funds	-	205,216	1,752,406
Unearned revenue	-	-	2,217,154
TOTAL LIABILITIES	75,786	217,536	14,695,971
DEFERRED INFLOWS OF RESOURCES			
Property taxes levied in advance	1,969,185	-	1,969,185
Unavailable grants and other charges	-	227,641	7,475,457
TOTAL DEFERRED INFLOWS OF RESOURCES	1,969,185	227,641	9,444,642
FUND BALANCES			
Nonspendable	-	-	97,991
Restricted	2,050,534	-	21,958,840
Assigned	-	-	1,298,282
Unassigned	-	(217,536)	(4,143,068)
TOTAL FUND BALANCES	2,050,534	(217,536)	19,212,045
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 4,095,505	\$ 227,641	\$ 43,352,658

(1) - Balance Sheet as of September 30, 2020

Macomb County, Michigan

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES – NONMAJOR SPECIAL REVENUE FUNDS

Year Ended December 31, 2020

	Circuit Court Programs (1)	Child Care (1)	Community Corrections	Community Corrections (1)
REVENUES				
Property taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Federal and state grants	331,779	5,957,190	11,920	1,209,352
Other grants	-	-	-	-
Charges for services	6,416	573,234	8,779	-
Fines and forfeitures	-	-	-	-
Interest and rents	-	-	-	-
Other revenue	-	548,888	-	-
TOTAL REVENUES	338,195	7,079,312	20,699	1,209,352
EXPENDITURES				
Current				
Judicial	416,221	-	-	-
General government	-	-	-	-
Public safety	-	-	198,275	1,457,928
Health and welfare	-	16,394,322	-	-
Community and economic development	-	-	-	-
Capital outlay	-	94	-	324
TOTAL EXPENDITURES	416,221	16,394,416	198,275	1,458,252
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(78,026)	(9,315,104)	(177,576)	(248,900)
OTHER FINANCING SOURCES (USES)				
Transfers in	77,226	9,436,360	177,576	248,900
Transfers out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	77,226	9,436,360	177,576	248,900
NET CHANGE IN FUND BALANCE	(800)	121,256	-	-
Fund balances, beginning of year	888	(592,333)	4,316	1,737
Fund balances, end of year	\$ 88	\$ (471,077)	\$ 4,316	\$ 1,737

(1) - Year ended September 30, 2020

-CONTINUED-

Macomb County, Michigan

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES – NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)

Year Ended December 31, 2020

	Community Action Agency	Community Action Agency (1)	Concealed Pistol License	Emergency Management Grants
REVENUES				
Property taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	694,986	-
Federal and state grants	2,844,530	22,765,558	-	3,072,110
Other grants	-	-	-	-
Charges for services	419,267	2,028,708	-	-
Fines and forfeitures	-	-	-	-
Interest and rents	-	-	-	-
Other revenue	-	403,826	-	13,203
TOTAL REVENUES	3,263,797	25,198,092	694,986	3,085,313
EXPENDITURES				
Current				
Judicial	-	-	-	-
General government	-	-	201,907	-
Public safety	-	-	-	3,522,938
Health and welfare	2,835,776	27,744,389	-	-
Community and economic development	-	-	-	-
Capital outlay	30,821	733,389	2,387	239,076
TOTAL EXPENDITURES	2,866,597	28,477,778	204,294	3,762,014
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	397,200	(3,279,686)	490,692	(676,701)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	3,710,401	-	-
Transfers out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	3,710,401	-	-
NET CHANGE IN FUND BALANCE	397,200	430,715	490,692	(676,701)
Fund balances, beginning of year	8,280,844	1,329,340	1,274,759	(898,865)
Fund balances, end of year	<u>\$ 8,678,044</u>	<u>\$ 1,760,055</u>	<u>\$ 1,765,451</u>	<u>\$ (1,575,566)</u>

(1) - Year ended September 30, 2020

Macomb County, Michigan

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES – NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)

Year Ended December 31, 2020

	Friend of the Court (1)	Health Grants	Health Grants (1)	Macomb / St. Clair Employment and Training (2)
REVENUES				
Property taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Federal and state grants	7,541,016	552,584	5,292,554	-
Other grants	-	-	-	100,000
Charges for services	878,993	25,002	233,772	4,262,871
Fines and forfeitures	-	-	-	-
Interest and rents	-	-	-	-
Other revenue	-	-	2,698	-
TOTAL REVENUES	8,420,009	577,586	5,529,024	4,362,871
EXPENDITURES				
Current				
Judicial	11,458,302	-	-	-
General government	-	-	-	-
Public safety	-	-	-	-
Health and welfare	-	57,980	7,665,155	4,247,379
Community and economic development	-	-	-	-
Capital outlay	22,359	-	40,800	300
TOTAL EXPENDITURES	11,480,661	57,980	7,705,955	4,247,679
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(3,060,652)	519,606	(2,176,931)	115,192
OTHER FINANCING SOURCES (USES)				
Transfers in	2,670,371	-	1,699,353	-
Transfers out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	2,670,371	-	1,699,353	-
NET CHANGE IN FUND BALANCE	(390,281)	519,606	(477,578)	115,192
Fund balances, beginning of year	219,424	1,031,753	2,647,546	-
Fund balances, end of year	<u>\$ (170,857)</u>	<u>\$ 1,551,359</u>	<u>\$ 2,169,968</u>	<u>\$ 115,192</u>

(1) - Year ended September 30, 2020

(2) - Year ended June 30, 2020

-CONTINUED-

Macomb County, Michigan

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES – NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)

Year Ended December 31, 2020

	MSU Extension	MSU Extension (1)	Prosecuting Attorney Grants	Prosecuting Attorney Grants (1)
REVENUES				
Property taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Federal and state grants	-	-	-	1,713,872
Other grants	-	-	-	-
Charges for services	24	-	-	-
Fines and forfeitures	-	-	58,510	-
Interest and rents	-	-	1,935	-
Other revenue	-	-	-	34,724
TOTAL REVENUES	24	-	60,445	1,748,596
EXPENDITURES				
Current				
Judicial	-	-	58,756	2,673,495
General government	-	-	-	-
Public safety	-	-	-	-
Health and welfare	3,618	16,855	-	-
Community and economic development	-	-	-	-
Capital outlay	-	-	-	57,931
TOTAL EXPENDITURES	3,618	16,855	58,756	2,731,426
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(3,594)	(16,855)	1,689	(982,830)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	712,330
Transfers out	-	-	(58,120)	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	(58,120)	712,330
NET CHANGE IN FUND BALANCE	(3,594)	(16,855)	(56,431)	(270,500)
Fund balances, beginning of year	139,404	199,978	267,126	(86,606)
Fund balances, end of year	<u>\$ 135,810</u>	<u>\$ 183,123</u>	<u>\$ 210,695</u>	<u>\$ (357,106)</u>

(1) - Year ended September 30, 2020

Macomb County, Michigan

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES – NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)

Year Ended December 31, 2020

	Public Defender's Office Fund (1)	Register of Deeds Remonumentation Fund	Register of Deeds Technology Fund	Sheriff Grants
REVENUES				
Property taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Federal and state grants	1,171,799	241,463	-	49,550
Other grants	-	-	-	-
Charges for services	1,260,801	-	1,160,872	37,707
Fines and forfeitures	-	-	-	414,142
Interest and rents	-	-	8,794	-
Other revenue	-	-	-	9,868
TOTAL REVENUES	2,432,600	241,463	1,169,666	511,267
EXPENDITURES				
Current				
Judicial	3,833,773	-	-	-
General government	-	223,038	802,326	-
Public safety	-	-	-	238,191
Health and welfare	-	-	-	-
Community and economic development	-	-	-	-
Capital outlay	76,269	-	21,061	73,717
TOTAL EXPENDITURES	3,910,042	223,038	823,387	311,908
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(1,477,442)	18,425	346,279	199,359
OTHER FINANCING SOURCES (USES)				
Transfers in	1,056,165	-	-	-
Transfers out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	1,056,165	-	-	-
NET CHANGE IN FUND BALANCE	(421,277)	18,425	346,279	199,359
Fund balances, beginning of year	421,277	(148,237)	1,365,155	1,551,502
Fund balances, end of year	\$ -	\$ (129,812)	\$ 1,711,434	\$ 1,750,861

(1) - Year ended September 30, 2020

Macomb County, Michigan

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES – NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)

Year Ended December 31, 2020

	Sheriff Grants (1)	Social Welfare Fund	Urban County Block Grant
REVENUES			
Property taxes	\$ -	\$ 2,047,131	\$ -
Licenses and permits	-	-	-
Federal and state grants	1,315,127	-	1,219,712
Other grants	419,577	-	-
Charges for services	-	-	30,000
Fines and forfeitures	3,790	-	-
Interest and rents	-	-	5,795
Other revenue	-	-	713,049
TOTAL REVENUES	1,738,494	2,047,131	1,968,556
EXPENDITURES			
Current			
Judicial	-	-	-
General government	-	-	-
Public safety	2,412,164	-	-
Health and welfare	-	2,922,746	221,526
Community and economic development	-	-	1,208,127
Capital outlay	8,764	-	-
TOTAL EXPENDITURES	2,420,928	2,922,746	1,429,653
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(682,434)	(875,615)	538,903
OTHER FINANCING SOURCES (USES)			
Transfers in	381,900	-	-
Transfers out	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	381,900	-	-
NET CHANGE IN FUND BALANCES	(300,534)	(875,615)	538,903
Fund balances, beginning of year	(29,145)	-	711,723
Fund balances, end of year	<u>\$ (329,679)</u>	<u>\$ (875,615)</u>	<u>\$ 1,250,626</u>

(1) - Year ended September 30, 2020

Macomb County, Michigan

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES – NONMAJOR SPECIAL REVENUE FUNDS (CONCLUDED)

Year Ended December 31, 2020

	Veterans' Affairs	Veteran's Grants (1)	Total Nonmajor Special Revenue Funds
REVENUES			
Property taxes	\$ 1,920,436	\$ -	\$ 3,967,567
Licenses and permits	-	-	694,986
Federal and state grants	102,494	183,507	55,576,117
Other grants	-	-	519,577
Charges for services	-	-	10,926,446
Fines and forfeitures	-	-	476,442
Interest and rents	-	-	16,524
Other revenue	32,039	-	1,758,295
TOTAL REVENUES	2,054,969	183,507	73,935,954
EXPENDITURES			
Current			
Judicial	-	-	18,440,547
General government	-	-	1,227,271
Public safety	-	-	7,829,496
Health and welfare	1,527,754	281,022	63,918,522
Community and economic development	-	-	1,208,127
Capital outlay	5,644	-	1,312,936
TOTAL EXPENDITURES	1,533,398	281,022	93,936,899
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	521,571	(97,515)	(20,000,945)
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	20,170,582
Transfers out	-	-	(58,120)
TOTAL OTHER FINANCING SOURCES (USES)	-	-	20,112,462
NET CHANGE IN FUND BALANCES	521,571	(97,515)	111,517
Fund balances, beginning of year	1,528,963	(120,021)	19,100,528
Fund balances, end of year	<u>\$ 2,050,534</u>	<u>\$ (217,536)</u>	<u>\$ 19,212,045</u>

Macomb County, Michigan

BUDGETARY COMPARISON SCHEDULE (GAAP BASIS) –
NONMAJOR SPECIAL REVENUE FUNDS

Circuit Court Programs
Year Ended September 30, 2020

	Final Amended Budget (Unaudited)	Actual	Variance with Final Budget Positive (Negative)
REVENUES			
Federal and state grants	\$ 486,584	\$ 331,779	\$ (154,805)
Charges for services	5,000	6,416	1,416
TOTAL REVENUES	491,584	338,195	(153,389)
EXPENDITURES			
Current			
Judicial	599,984	416,221	183,763
EXCESS OF REVENUES OVER EXPENDITURES	(108,400)	(78,026)	30,374
OTHER FINANCING SOURCES			
Transfers in	108,400	77,226	(31,174)
NET CHANGE IN FUND BALANCES	-	(800)	(800)
Fund balances, beginning of year	888	888	-
Fund balances, end of year	<u>\$ 888</u>	<u>\$ 88</u>	<u>\$ (800)</u>

Macomb County, Michigan

BUDGETARY COMPARISON SCHEDULE (GAAP BASIS) –
NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)

Child Care Fund
Year Ended September 30, 2020

	Final Amended Budget (Unaudited)	Actual	Variance with Final Budget Positive (Negative)
REVENUES			
Federal and state grants	\$ 6,949,800	\$ 5,957,190	\$ (992,610)
Charges for services	481,000	573,234	92,234
Other revenue	420,000	548,888	128,888
TOTAL REVENUES	7,850,800	7,079,312	(771,488)
EXPENDITURES			
Current			
Health and welfare	19,611,591	16,394,322	3,217,269
Capital outlay	-	94	(94)
TOTAL EXPENDITURES	19,611,591	16,394,416	3,217,175
EXCESS OF REVENUES OVER EXPENDITURES	(11,760,791)	(9,315,104)	2,445,687
OTHER FINANCING SOURCES			
Transfers in	11,745,900	9,436,360	(2,309,540)
NET CHANGE IN FUND BALANCES	(14,891)	121,256	136,147
Fund balances, beginning of year	(592,333)	(592,333)	-
Fund balances, end of year	<u>\$ (607,224)</u>	<u>\$ (471,077)</u>	<u>\$ 136,147</u>

Macomb County, Michigan

BUDGETARY COMPARISON SCHEDULE (GAAP BASIS) –
NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)

Community Corrections
Year Ended December 31, 2020

	Final Amended Budget (Unaudited)	Actual	Variance with Final Budget Positive (Negative)
REVENUES			
Federal and state grants	\$ 11,920	\$ 11,920	\$ -
Charges for services	18,000	8,779	(9,221)
TOTAL REVENUES	29,920	20,699	(9,221)
EXPENDITURES			
Current			
Public safety	229,320	198,275	31,045
EXCESS OF REVENUES OVER EXPENDITURES	(199,400)	(177,576)	21,824
OTHER FINANCING SOURCES			
Transfers in	199,400	177,576	(21,824)
NET CHANGE IN FUND BALANCES	-	-	-
Fund balances, beginning of year	4,316	4,316	-
Fund balances, end of year	\$ 4,316	\$ 4,316	\$ -

Macomb County, Michigan

BUDGETARY COMPARISON SCHEDULE (GAAP BASIS) –
NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)

Community Corrections
Year Ended September 30, 2020

	Final Amended Budget (Unaudited)	Actual	Variance with Final Budget Positive (Negative)
REVENUES			
Federal and state grants	\$ 1,420,200	\$ 1,209,352	\$ (210,848)
EXPENDITURES			
Current			
Public safety	1,768,700	1,457,928	310,772
Capital outlay	1,400	324	1,076
TOTAL EXPENDITURES	<u>1,770,100</u>	<u>1,458,252</u>	<u>311,848</u>
EXCESS OF REVENUES OVER EXPENDITURES	(349,900)	(248,900)	101,000
OTHER FINANCING SOURCES			
Transfers in	<u>349,900</u>	<u>248,900</u>	<u>(101,000)</u>
NET CHANGE IN FUND BALANCES	-	-	-
Fund balances, beginning of year	<u>1,737</u>	<u>1,737</u>	<u>-</u>
Fund balances, end of year	<u>\$ 1,737</u>	<u>\$ 1,737</u>	<u>\$ -</u>

Macomb County, Michigan

BUDGETARY COMPARISON SCHEDULE (GAAP BASIS) –
NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)

Community Action Agency
Year Ended December 31, 2020

	Final Amended Budget (Unaudited)	Actual	Variance with Final Budget Positive (Negative)
REVENUES			
Federal and state grants	\$ 8,665,500	\$ 2,844,530	\$ (5,820,970)
Charges for services	795,688	419,267	(376,421)
Other revenue	214,000	-	(214,000)
TOTAL REVENUES	9,675,188	3,263,797	(6,411,391)
EXPENDITURES			
Current			
Health and welfare	9,890,833	2,835,776	7,055,057
Capital outlay	31,955	30,821	1,134
TOTAL EXPENDITURES	9,922,788	2,866,597	7,056,191
EXCESS OF REVENUES OVER EXPENDITURES	(247,600)	397,200	644,800
Fund balances, beginning of year	8,280,844	8,280,844	-
Fund balances, end of year	<u>\$ 8,033,244</u>	<u>\$ 8,678,044</u>	<u>\$ 644,800</u>

Macomb County, Michigan

BUDGETARY COMPARISON SCHEDULE (GAAP BASIS) –
NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)

Community Action Agency
Year Ended September 30, 2020

	Final Amended Budget (Unaudited)	Actual	Variance with Final Budget Positive (Negative)
REVENUES			
Federal and state grants	\$ 30,769,257	\$ 22,765,558	\$ (8,003,699)
Charges for services	2,993,939	2,028,708	(965,231)
Other revenue	674,220	403,826	(270,394)
TOTAL REVENUES	34,437,416	25,198,092	(9,239,324)
EXPENDITURES			
Current			
Health and welfare	37,784,496	27,744,389	10,040,107
Capital outlay	1,066,808	733,389	333,419
TOTAL EXPENDITURES	38,851,304	28,477,778	10,373,526
EXCESS OF REVENUES OVER EXPENDITURES	(4,413,888)	(3,279,686)	1,134,202
OTHER FINANCING SOURCES			
Transfers in	4,054,200	3,710,401	(343,799)
NET CHANGE IN FUND BALANCES	(359,688)	430,715	790,403
Fund balances, beginning of year	1,329,340	1,329,340	-
Fund balances, end of year	\$ 969,652	\$ 1,760,055	\$ 790,403

Macomb County, Michigan

BUDGETARY COMPARISON SCHEDULE (GAAP BASIS) –
NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)

Concealed Pistol License
Year Ended December 31, 2020

	Final Amended Budget (Unaudited)	Actual	Variance with Final Budget Positive (Negative)
REVENUES			
Licenses and permits	\$ 295,500	\$ 694,986	\$ 399,486
EXPENDITURES			
Current			
General government	267,513	201,907	65,606
Capital outlay	2,387	2,387	-
TOTAL EXPENDITURES	<u>269,900</u>	<u>204,294</u>	<u>65,606</u>
EXCESS OF REVENUES OVER EXPENDITURES	25,600	490,692	465,092
Fund balances, beginning of year	<u>1,274,759</u>	<u>1,274,759</u>	<u>-</u>
Fund balances, end of year	<u>\$ 1,300,359</u>	<u>\$ 1,765,451</u>	<u>\$ 465,092</u>

Macomb County, Michigan

BUDGETARY COMPARISON SCHEDULE (GAAP BASIS) –
NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)

Emergency Management Grants
Year Ended December 31, 2020

	Final Amended Budget (Unaudited)	Actual	Variance with Final Budget Positive (Negative)
REVENUES			
Federal and state grants	\$ 10,605,798	\$ 3,072,110	\$ (7,533,688)
Other revenue	26,405	13,203	(13,202)
TOTAL REVENUES	10,632,203	3,085,313	(7,546,890)
EXPENDITURES			
Current			
Public safety	10,206,423	3,522,938	6,683,485
Capital outlay	553,696	239,076	314,620
TOTAL EXPENDITURES	10,760,119	3,762,014	6,998,105
EXCESS OF REVENUES OVER EXPENDITURES	(127,916)	(676,701)	(548,785)
Fund balances, beginning of year	(898,865)	(898,865)	-
Fund balances, end of year	<u>\$ (1,026,781)</u>	<u>\$ (1,575,566)</u>	<u>\$ (548,785)</u>

Macomb County, Michigan

BUDGETARY COMPARISON SCHEDULE (GAAP BASIS) –
NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)

Friend of the Court
Year Ended September 30, 2020

	Final Amended Budget (Unaudited)	Actual	Variance with Final Budget Positive (Negative)
REVENUES			
Federal and state grants	\$ 8,247,500	\$ 7,541,016	\$ (706,484)
Charges for services	740,000	878,993	138,993
TOTAL REVENUES	8,987,500	8,420,009	(567,491)
EXPENDITURES			
Current			
Judicial	12,584,900	11,458,302	1,126,598
Capital outlay	65,000	22,359	42,641
TOTAL EXPENDITURES	12,649,900	11,480,661	1,169,239
EXCESS OF REVENUES OVER EXPENDITURES	(3,662,400)	(3,060,652)	601,748
OTHER FINANCING SOURCES			
Transfers in	3,662,400	2,670,371	(992,029)
NET CHANGE IN FUND BALANCES	-	(390,281)	(390,281)
Fund balances, beginning of year	219,424	219,424	-
Fund balances, end of year	\$ 219,424	\$ (170,857)	\$ (390,281)

Macomb County, Michigan

BUDGETARY COMPARISON SCHEDULE (GAAP BASIS) –
NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)

	<u>Health Grants</u>		
	<u>Year Ended December 31, 2020</u>		
	Final Amended Budget (Unaudited)	Actual	Variance with Final Budget Positive (Negative)
REVENUES			
Federal and state grants	\$ 29,824	\$ 552,584	\$ 522,760
Charges for services	25,000	25,002	2
TOTAL REVENUES	54,824	577,586	522,762
EXPENDITURES			
Current			
Health and welfare	79,017	57,980	21,037
Capital outlay	20,755	-	20,755
TOTAL EXPENDITURES	99,772	57,980	41,792
EXCESS OF REVENUES OVER EXPENDITURES	(44,948)	519,606	564,554
Fund balances, beginning of year	1,031,753	1,031,753	-
Fund balances, end of year	<u>\$ 986,805</u>	<u>\$ 1,551,359</u>	<u>\$ 564,554</u>

Macomb County, Michigan

BUDGETARY COMPARISON SCHEDULE (GAAP BASIS) –
NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)

Health Grants
Year Ended September 30, 2020

	Final Amended Budget (Unaudited)	Actual	Variance with Final Budget Positive (Negative)
REVENUES			
Federal and state grants	\$ 6,371,998	\$ 5,292,554	\$ (1,079,444)
Charges for services	609,500	233,772	(375,728)
Other revenues	3,700	2,698	(1,002)
TOTAL REVENUES	6,985,198	5,529,024	(1,456,174)
EXPENDITURES			
Current			
Health and welfare	9,841,665	7,665,155	2,176,510
Capital outlay	81,833	40,800	41,033
TOTAL EXPENDITURES	9,923,498	7,705,955	2,217,543
EXCESS OF REVENUES OVER EXPENDITURES	(2,938,300)	(2,176,931)	761,369
OTHER FINANCING SOURCES			
Transfers in	2,708,200	1,699,353	(1,008,847)
NET CHANGE IN FUND BALANCES	(230,100)	(477,578)	(247,478)
Fund balances, beginning of year	2,647,546	2,647,546	-
Fund balances, end of year	\$ 2,417,446	\$ 2,169,968	\$ (247,478)

Macomb County, Michigan

BUDGETARY COMPARISON SCHEDULE (GAAP BASIS) –
NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)

Macomb / St. Clair Employment and Training
Year Ended June 30, 2020

	Final Amended Budget (Unaudited)	Actual	Variance with Final Budget Positive (Negative)
REVENUES			
Other grants	\$ -	\$ 100,000	\$ 100,000
Charges for services	4,735,900	4,262,871	(473,029)
TOTAL REVENUES	4,735,900	4,362,871	(373,029)
EXPENDITURES			
Current			
Health and welfare	4,630,519	4,247,379	383,140
Capital outlay	105,381	300	105,081
TOTAL EXPENDITURES	4,735,900	4,247,679	488,221
EXCESS OF REVENUES OVER EXPENDITURES	-	115,192	115,192
Fund balances, beginning of year	-	-	-
Fund balances, end of year	\$ -	\$ 115,192	\$ 115,192

-CONTINUED-

Macomb County, Michigan

BUDGETARY COMPARISON SCHEDULE (GAAP BASIS) –
NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)

MSU Extension
Year Ended December 31, 2020

	Final Amended Budget (Unaudited)	Actual	Variance with Final Budget Positive (Negative)
REVENUES			
Charges for services	\$ 5,000	\$ 24	\$ (4,976)
EXPENDITURES			
Current			
Health and welfare	33,200	3,618	29,582
Capital outlay	600	-	600
TOTAL EXPENDITURES	<u>33,800</u>	<u>3,618</u>	<u>30,182</u>
EXCESS OF REVENUES OVER EXPENDITURES	(28,800)	(3,594)	25,206
Fund balances, beginning of year	<u>139,404</u>	<u>139,404</u>	<u>-</u>
Fund balances, end of year	<u>\$ 110,604</u>	<u>\$ 135,810</u>	<u>\$ 25,206</u>

-CONTINUED-

Macomb County, Michigan

BUDGETARY COMPARISON SCHEDULE (GAAP BASIS) –
NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)

	<u>MSU Extension</u>		
	<u>Year Ended September 30, 2020</u>		
	<u>Final Amended Budget (Unaudited)</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
EXPENDITURES			
Current			
Health and welfare	\$ 21,400	\$ 16,855	\$ 4,545
EXCESS OF REVENUES OVER EXPENDITURES	(21,400)	(16,855)	4,545
Fund balances, beginning of year	199,978	199,978	-
Fund balances, end of year	<u>\$ 178,578</u>	<u>\$ 183,123</u>	<u>\$ 4,545</u>

Macomb County, Michigan

BUDGETARY COMPARISON SCHEDULE (GAAP BASIS) –
NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)

Prosecuting Attorney Grants
Year Ended December 31, 2020

	Final Amended Budget (Unaudited)	Actual	Variance with Final Budget Positive (Negative)
REVENUES			
Fines and forfeitures	\$ 110,000	\$ 58,510	\$ (51,490)
Interest and rents	-	1,935	1,935
TOTAL REVENUES	110,000	60,445	(49,555)
EXPENDITURES			
Current			
Judicial	164,380	58,756	105,624
EXCESS OF REVENUES OVER EXPENDITURES	(54,380)	1,689	56,069
OTHER FINANCING SOURCES			
Transfers out	(58,120)	(58,120)	-
NET CHANGE IN FUND BALANCES	(112,500)	(56,431)	56,069
Fund balances, beginning of year	267,126	267,126	-
Fund balances, end of year	<u>\$ 154,626</u>	<u>\$ 210,695</u>	<u>\$ 56,069</u>

Macomb County, Michigan

BUDGETARY COMPARISON SCHEDULE (GAAP BASIS) –
NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)

Prosecuting Attorney Grants
Year Ended September 30, 2020

	Final Amended Budget (Unaudited)	Actual	Variance with Final Budget Positive (Negative)
REVENUES			
Federal and state grants	\$ 2,364,783	\$ 1,713,872	\$ (650,911)
Other revenue	48,096	34,724	(13,372)
TOTAL REVENUES	2,412,879	1,748,596	(664,283)
EXPENDITURES			
Current			
Judicial	3,157,405	2,673,495	483,910
Capital outlay	85,174	57,931	27,243
TOTAL EXPENDITURES	3,242,579	2,731,426	511,153
EXCESS OF REVENUES OVER EXPENDITURES	(829,700)	(982,830)	(153,130)
OTHER FINANCING SOURCES			
Transfers in	829,700	712,330	(117,370)
TOTAL OTHER FINANCING SOURCES (USES)	829,700	712,330	(117,370)
NET CHANGE IN FUND BALANCES	-	(270,500)	(270,500)
Fund balances, beginning of year	(86,606)	(86,606)	-
Fund balances, end of year	\$ (86,606)	\$ (357,106)	\$ (270,500)

Macomb County, Michigan

BUDGETARY COMPARISON SCHEDULE (GAAP BASIS) –
NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)

Public Defender's Office Fund
Year Ended September 30, 2020

	Final Amended Budget (Unaudited)	Actual	Variance with Final Budget Positive (Negative)
REVENUES			
Federal and state grants	\$ 3,670,500	\$ 1,171,799	\$ (2,498,701)
Charges for services	868,000	1,260,801	392,801
TOTAL REVENUES	4,538,500	2,432,600	(2,105,900)
EXPENDITURES			
Current			
Judicial	6,944,450	3,833,773	3,110,677
Capital outlay	176,950	76,269	100,681
TOTAL EXPENDITURES	7,121,400	3,910,042	3,211,358
EXCESS OF REVENUES OVER EXPENDITURES	(2,582,900)	(1,477,442)	1,105,458
OTHER FINANCING SOURCES			
Transfers in	2,582,900	1,056,165	(1,526,735)
NET CHANGE IN FUND BALANCES	-	(421,277)	(421,277)
Fund balances, beginning of year	421,277	421,277	-
Fund balances, end of year	\$ 421,277	\$ -	\$ (421,277)

-CONTINUED-

Macomb County, Michigan

BUDGETARY COMPARISON SCHEDULE (GAAP BASIS) –
NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)

Register of Deeds Remonumentation Fund
Year Ended December 31, 2020

	Final Amended Budget (Unaudited)	Actual	Variance with Final Budget Positive (Negative)
REVENUES			
Federal and state grants	\$ 98,825	\$ 241,463	\$ 142,638
EXPENDITURES			
Current			
General government	247,062	223,038	24,024
EXCESS OF REVENUES OVER EXPENDITURES	(148,237)	18,425	166,662
Fund balances, beginning of year	(148,237)	(148,237)	-
Fund balances, end of year	<u>\$ (296,474)</u>	<u>\$ (129,812)</u>	<u>\$ 166,662</u>

Macomb County, Michigan

BUDGETARY COMPARISON SCHEDULE (GAAP BASIS) –
NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)

Register of Deeds Technology Fund
Year Ended December 31, 2020

	Final Amended Budget (Unaudited)	Actual	Variance with Final Budget Positive (Negative)
REVENUES			
Charges for services	\$ 995,000	\$ 1,160,872	\$ 165,872
Interest and rents	-	8,794	8,794
TOTAL REVENUES	995,000	1,169,666	174,666
EXPENDITURES			
Current			
General government	973,000	802,326	170,674
Capital outlay	22,000	21,061	939
TOTAL EXPENDITURES	995,000	823,387	171,613
EXCESS OF REVENUES OVER EXPENDITURES	-	346,279	346,279
Fund balances, beginning of year	1,365,155	1,365,155	-
Fund balances, end of year	<u>\$ 1,365,155</u>	<u>\$ 1,711,434</u>	<u>\$ 346,279</u>

Macomb County, Michigan

BUDGETARY COMPARISON SCHEDULE (GAAP BASIS) –
NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)

Sheriff Grants

Year Ended December 31, 2020

	Final Amended Budget (Unaudited)	Actual	Variance with Final Budget Positive (Negative)
REVENUES			
Federal and state grants	\$ 117,311	\$ 49,550	\$ (67,761)
Charges for services	50,000	37,707	(12,293)
Fines and forfeitures	277,500	414,142	136,642
Other revenue	-	9,868	9,868
TOTAL REVENUES	444,811	511,267	66,456
EXPENDITURES			
Current			
Public safety	1,653,474	238,191	1,415,283
Capital outlay	341,905	73,717	268,188
TOTAL EXPENDITURES	1,995,379	311,908	1,683,471
EXCESS OF REVENUES OVER EXPENDITURES	(1,550,568)	199,359	1,749,927
Fund balances, beginning of year	1,551,502	1,551,502	-
Fund balances, end of year	<u>\$ 934</u>	<u>\$ 1,750,861</u>	<u>\$ 1,749,927</u>

-CONTINUED-

Macomb County, Michigan

BUDGETARY COMPARISON SCHEDULE (GAAP BASIS) –
NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)

Sheriff Grants
Year Ended September 30, 2020

	Final Amended Budget (Unaudited)	Actual	Variance with Final Budget Positive (Negative)
REVENUES			
Federal and state grants	\$ 1,682,200	\$ 1,315,127	\$ (367,073)
Other grants	533,000	419,577	(113,423)
Fines and forfeitures	10,000	3,790	(6,210)
TOTAL REVENUES	2,225,200	1,738,494	(486,706)
EXPENDITURES			
Current			
Public safety	2,646,800	2,412,164	234,636
Capital outlay	14,100	8,764	5,336
TOTAL EXPENDITURES	2,660,900	2,420,928	239,972
EXCESS OF REVENUES OVER EXPENDITURES	(435,700)	(682,434)	(246,734)
OTHER FINANCING SOURCES			
Transfers in	410,700	381,900	(28,800)
NET CHANGE IN FUND BALANCES	(25,000)	(300,534)	(275,534)
Fund balances, beginning of year	(29,145)	(29,145)	-
Fund balances, end of year	\$ (54,145)	\$ (329,679)	\$ (275,534)

-CONTINUED-

Macomb County, Michigan

BUDGETARY COMPARISON SCHEDULE (GAAP BASIS) –
NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)

Social Welfare Fund
Year Ended December 31, 2020

	Final Amended Budget (Unaudited)	Actual	Variance with Final Budget Positive (Negative)
REVENUES			
Property taxes	\$ 2,922,746	\$ 2,047,131	\$ (875,615)
EXPENDITURES			
Current			
Health and welfare	2,922,746	2,922,746	-
EXCESS OF REVENUES OVER EXPENDITURES	-	(875,615)	(875,615)
Fund balances, beginning of year	-	-	-
Fund balances, end of year	\$ -	\$ (875,615)	\$ (875,615)

Macomb County, Michigan

BUDGETARY COMPARISON SCHEDULE (GAAP BASIS) –
NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)

Urban County Block Grant
Year Ended December 31, 2020

	Final Amended Budget (Unaudited)	Actual	Variance with Final Budget Positive (Negative)
REVENUES			
Federal and state grants	\$ 2,239,706	\$ 1,219,712	\$ (1,019,994)
Charges for services	-	30,000	30,000
Interest and rents	-	5,795	5,795
Other revenue	421,221	713,049	291,828
TOTAL REVENUES	2,660,927	1,968,556	(692,371)
EXPENDITURES			
Current			
Health and welfare	295,584	221,526	74,058
Community and economic development	2,457,005	1,208,127	1,248,878
TOTAL EXPENDITURES	2,752,589	1,429,653	1,322,936
EXCESS OF REVENUES OVER EXPENDITURES	(91,662)	538,903	630,565
Fund balances, beginning of year	711,723	711,723	-
Fund balances, end of year	\$ 620,061	\$ 1,250,626	\$ 630,565

-CONTINUED-

Macomb County, Michigan

BUDGETARY COMPARISON SCHEDULE (GAAP BASIS) –
NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)

Veterans' Affairs Fund
Year Ended December 31, 2020

	Final Amended Budget (Unaudited)	Actual	Variance with Final Budget Positive (Negative)
REVENUES			
Property taxes	\$ 1,903,000	\$ 1,920,436	\$ 17,436
Federal and state grants	32,300	102,494	70,194
Other revenue	-	32,039	32,039
TOTAL REVENUES	1,935,300	2,054,969	119,669
EXPENDITURES			
Current			
Health and welfare	1,762,000	1,527,754	234,246
Capital outlay	16,000	5,644	10,356
TOTAL EXPENDITURES	1,778,000	1,533,398	244,602
EXCESS OF REVENUES OVER EXPENDITURES	157,300	521,571	364,271
Fund balances, beginning of year	1,528,963	1,528,963	-
Fund balances, end of year	\$ 1,686,263	\$ 2,050,534	\$ 364,271

Macomb County, Michigan

BUDGETARY COMPARISON SCHEDULE (GAAP BASIS) –
NONMAJOR SPECIAL REVENUE FUNDS (CONCLUDED)

Veterans' Grants Fund
Year Ended September 30, 2020

	Final Amended Budget (Unaudited)	Actual	Variance with Final Budget Positive (Negative)
REVENUES			
Federal and state grants	\$ 310,848	\$ 183,507	\$ (127,341)
EXPENDITURES			
Current			
Health and welfare	290,848	281,022	9,826
Capital outlay	20,000	-	20,000
	<u>310,848</u>	<u>281,022</u>	<u>29,826</u>
TOTAL EXPENDITURES			
	<u>310,848</u>	<u>281,022</u>	<u>29,826</u>
EXCESS OF REVENUES OVER EXPENDITURES	-	(97,515)	(97,515)
Fund balances, beginning of year	<u>(120,021)</u>	<u>(120,021)</u>	<u>-</u>
Fund balances, end of year	<u>\$ (120,021)</u>	<u>\$ (217,536)</u>	<u>\$ (97,515)</u>

FUND DESCRIPTION – NONMAJOR DEBT SERVICE FUND

December 31, 2020

Debt Service Fund – This fund accounts for the accumulation of resources that are used to pay long-term debt principal and interest payments. Bonds serviced from this fund include those categorized as issued for the Building Authority and general county (with the exception of the 2015 and 2020 refunding other postemployment benefits bonds), as well as bonds which were issued by the Michigan Transportation Fund. Details regarding these issues can be found in the Long-Term Debt footnote (Note 6) within the Notes to the Basic Financial Statements.

Macomb County, Michigan

BUDGETARY COMPARISON SCHEDULE (GAAP BASIS) –
NONMAJOR DEBT SERVICE FUND

Debt Service Fund
Year Ended December 31, 2020

	Final Amended Budget (Unaudited)	Actual	Variance with Final Budget Positive (Negative)
REVENUES			
Federal and state grants	\$ -	\$ 7,004	\$ 7,004
EXPENDITURES			
Current			
Public works	333,700	86,022	247,678
Debt service			
Principal	6,810,000	6,810,000	-
Interest and fees	1,578,400	1,578,074	326
TOTAL EXPENDITURES	<u>8,722,100</u>	<u>8,474,096</u>	<u>248,004</u>
EXCESS OF REVENUES OVER EXPENDITURES	(8,722,100)	(8,467,092)	255,008
OTHER FINANCING SOURCES			
Transfers in	<u>8,693,500</u>	<u>22,901,561</u>	<u>14,208,061</u>
NET CHANGE IN FUND BALANCES	(28,600)	14,434,469	14,463,069
Fund balances, beginning of year	<u>180,278</u>	<u>180,278</u>	<u>-</u>
Fund balances, end of year	<u>\$ 151,678</u>	<u>\$ 14,614,747</u>	<u>\$ 14,463,069</u>

COMBINING BALANCE SHEET – NONMAJOR CAPITAL PROJECT FUNDS

December 31, 2020

CAPITAL PROJECT FUNDS are used to account for financial resources that are to be used for the acquisition or construction of major capital facilities. Most expenditures in these types of funds are capitalized and included in the governmental activities capital assets schedule in the notes to the basic financial statements. Capital project funds are funded by a combination of federal and state grants as well as by general fund contributions. Significant capital projects have dedicated funds to more efficiently track activity. Descriptions of these funds are as follows:

Bridge Program – This fund accounts for the accumulation of resources that are used to maintain certain bridges throughout Macomb County. Funding for the program is achieved by charging local communities annually in exchange for the county's road department to maintain the bridges.

Capital Improvement Fund – This fund is used by the county to track incoming transfers from the General Fund and corresponding transfers out to specific capital project funds. Funding for this fund is achieved by budgeted appropriations from the county's General Fund to cover the estimated costs of the county's capital improvement plan on an annual basis.

General County Capital Projects – This fund is used by the county to account for the accumulation of resources and expenditures of resources for capital projects not otherwise being administered in separate capital project funds. Such capital projects are authorized via the county's annual capital improvement plan and funded via county executive recommended and board authorized budget appropriations to the capital improvement fund on an annual basis. The General County Capital Projects Fund then draws transfers from the Capital Improvement Fund. Although nearly all funding is from transfers from the Capital Improvement Fund, some capital projects are funded with federal and/or state grants, which are deposited into this fund.

Central Campus Renovation Fund – This fund is used to account for the activities related to a \$70 million project to renovate various buildings at the county's downtown Mount Clemens campus, including the Old County Building, the Circuit Court Building, County Administration Building and Talmer Building, as well as the demolition and replacement of a parking garage. The project, which began in the spring of 2015 and was completed in 2019, is being funded primarily through a \$45 million bond issue, with the remaining \$25 million being funded by the General Fund.

District Court Improvement – This fund accounts for the accumulation and use of resources related to building and equipment improvements at the District Courts operated by the county, which is the 42nd District Court, with locations in Romeo and New Baltimore. Funding for district court improvements comes from earmarked court fees. The program does not receive any funding from the General Fund.

E-911 Capital Project Funds – These funds account for the accumulation and use of resources related to the construction and maintenance of the county-wide E-911 system. The program is funded by a combination of federal and state grants along with charges for services to local communities where the system is operated. The program does not receive any funding from the General Fund. The following funds account for various parts of this program:

- E-911 Radio System
- E-911 Cellular Fee
- E-911 Radio Maintenance

Orchard Trail Fund – This fund accounts for the accumulation and use of resources related to construction and maintenance of the Macomb County Orchard Trail, which is a 24 mile paved bike trail. The program is funded by charges paid by each local community that the trail passes through, which are then used to maintain the trail. The program does not receive any funding from the General Fund.

Youth Home Renovation Fund – This fund accounts for the accumulation and use of resources related to the renovation of the Macomb County Youth Home. There has not been any recent activity in the fund as the project the fund was created for has been completed. The remaining fund balance has been earmarked for future related building projects.

Macomb County, Michigan

COMBINING BALANCE SHEET – NONMAJOR CAPITAL PROJECT FUNDS

December 31, 2020

	Bridge Program	Capital Improvement Fund	General County Capital Projects	Central Campus Renovation
ASSETS				
Cash and pooled investments	\$ 143,302	\$ 14,800,000	\$ 7,898,981	\$ -
Receivables				
Trade accounts, net	-	-	-	-
Due from other governments	504,906	-	-	-
Other assets	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
TOTAL ASSETS	<u>\$ 648,208</u>	<u>\$ 14,800,000</u>	<u>\$ 7,898,981</u>	<u>\$ -</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ 1,293,231	\$ -
Accrued liabilities	-	-	386,250	-
Due to other governments	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
TOTAL LIABILITIES	-	-	1,679,481	-
DEFERRED INFLOWS OF RESOURCES				
Unavailable grants and other charges	504,906	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
FUND BALANCES				
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Assigned	143,302	14,800,000	6,219,500	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
TOTAL FUND BALANCES	<u>143,302</u>	<u>14,800,000</u>	<u>6,219,500</u>	<u>-</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
	<u>\$ 648,208</u>	<u>\$ 14,800,000</u>	<u>\$ 7,898,981</u>	<u>\$ -</u>

Macomb County, Michigan

COMBINING BALANCE SHEET – NONMAJOR CAPITAL PROJECT FUNDS (CONTINUED)

December 31, 2020

	District Court Improvement	E-911 Radio System	E-911 Cellular Fee
ASSETS			
Cash and pooled investments	\$ 510,290	\$ -	\$ 3,214,517
Receivables			
Trade accounts, net	-	-	-
Due from other governments	-	-	383,331
Other assets	-	-	3,054
	<u>510,290</u>	<u>-</u>	<u>3,600,902</u>
TOTAL ASSETS	<u>\$ 510,290</u>	<u>\$ -</u>	<u>\$ 3,600,902</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ -	\$ -	\$ 11,257
Accrued liabilities	-	-	-
Due to other governments	-	-	684,590
	<u>-</u>	<u>-</u>	<u>695,847</u>
TOTAL LIABILITIES	-	-	695,847
DEFERRED INFLOWS OF RESOURCES			
Unavailable grants and other charges	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES			
Nonspendable	-	-	3,054
Restricted	-	-	2,902,001
Assigned	510,290	-	-
	<u>510,290</u>	<u>-</u>	<u>-</u>
TOTAL FUND BALANCES	<u>510,290</u>	<u>-</u>	<u>2,905,055</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 510,290</u>	<u>\$ -</u>	<u>\$ 3,600,902</u>

(1) - Balance Sheet as of September 30, 2020

Macomb County, Michigan

COMBINING BALANCE SHEET – NONMAJOR CAPITAL PROJECT FUNDS (CONCLUDED)

December 31, 2020

	E-911 Radio Maintenance	Orchard Trail	Youth Home Renovation	Total Nonmajor Capital Project Funds
ASSETS				
Cash and pooled investments	\$ 248,307	\$ 333,105	\$ 103,230	\$ 27,251,732
Receivables				
Trade accounts, net	73,110	-	-	73,110
Due from other governments	264,961	-	-	1,153,198
Other assets	-	-	-	3,054
TOTAL ASSETS	<u>\$ 586,378</u>	<u>\$ 333,105</u>	<u>\$ 103,230</u>	<u>\$ 28,481,094</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 11,687	\$ 5,500	\$ -	\$ 1,321,675
Accrued liabilities	-	-	-	386,250
Due to other governments	-	-	-	684,590
TOTAL LIABILITIES	11,687	5,500	-	2,392,515
DEFERRED INFLOWS OF RESOURCES				
Unavailable grants and other charges	338,070	-	-	842,976
FUND BALANCES				
Nonspendable	-	-	-	3,054
Restricted	236,621	-	-	3,138,622
Assigned	-	327,605	103,230	22,103,927
TOTAL FUND BALANCES	<u>236,621</u>	<u>327,605</u>	<u>103,230</u>	<u>25,245,603</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 586,378</u>	<u>\$ 333,105</u>	<u>\$ 103,230</u>	<u>\$ 28,481,094</u>

Macomb County, Michigan

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES – NONMAJOR CAPITAL PROJECT FUNDS

December 31, 2020

	Bridge Program	Capital Improvement Fund	General County Capital Projects	Central Campus Renovation
REVENUES				
Federal and state grants	\$ -	\$ -	\$ 60,014	\$ -
Charges for services	24,045	-	-	-
Interest and rents	-	-	-	-
TOTAL REVENUES	24,045	-	60,014	-
EXPENDITURES				
Current				
Public safety	-	-	20,762	-
Recreational and cultural	-	-	-	-
Capital outlay	-	-	7,011,448	64,299
TOTAL EXPENDITURES	-	-	7,032,210	64,299
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	24,045	-	(6,972,196)	(64,299)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	14,800,000	10,316,018	64,299
Transfers out	-	-	(5,000)	-
TOTAL OTHER FINANCING SOURCES (USES)	-	14,800,000	10,311,018	64,299
NET CHANGE IN FUND BALANCE	24,045	14,800,000	3,338,822	-
Fund balances, beginning of year	119,257	-	2,880,678	-
Fund balances, end of year	<u>\$ 143,302</u>	<u>\$ 14,800,000</u>	<u>\$ 6,219,500</u>	<u>\$ -</u>

Macomb County, Michigan

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES – NONMAJOR CAPITAL PROJECT FUNDS (CONTINUED)

December 31, 2020

	District Court Improvement	E-911 Radio System	E-911 Cellular Fee
REVENUES			
Federal and state grants	\$ -	\$ -	\$ 654,802
Charges for services	43,924	-	-
Interest and rents	-	-	-
TOTAL REVENUES	43,924	-	654,802
EXPENDITURES			
Current			
Public safety	-	5,000	167,630
Recreational and cultural	-	-	-
Capital outlay	-	-	56,969
TOTAL EXPENDITURES	-	5,000	224,599
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	43,924	(5,000)	430,203
OTHER FINANCING SOURCES (USES)			
Transfers in	-	5,000	-
Transfers out	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	5,000	-
NET CHANGE IN FUND BALANCES	43,924	-	430,203
Fund balances, beginning of year	466,366	-	2,474,852
Fund balances, end of year	<u>\$ 510,290</u>	<u>\$ -</u>	<u>\$ 2,905,055</u>

(1) - Year ended September 30, 2020

Macomb County, Michigan

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES – NONMAJOR CAPITAL PROJECT FUNDS (CONCLUDED)

December 31, 2020

	E-911 Radio Maintenance	Orchard Trail	Youth Home Renovation	Total Nonmajor Capital Project Funds
REVENUES				
Federal and state grants	\$ -	\$ -	\$ -	\$ 714,816
Charges for services	248,524	27,610	-	344,103
Interest and rents	-	1,849	-	1,849
TOTAL REVENUES	248,524	29,459	-	1,060,768
EXPENDITURES				
Current				
Public safety	242,282	-	-	435,674
Recreational and cultural	-	52,465	-	52,465
Capital outlay	75,953	-	-	7,208,669
TOTAL EXPENDITURES	318,235	52,465	-	7,696,808
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(69,711)	(23,006)	-	(6,636,040)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	25,185,317
Transfers out	-	-	-	(5,000)
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	25,180,317
NET CHANGE IN FUND BALANCE	(69,711)	(23,006)	-	18,544,277
Fund balances, beginning of year	306,332	350,611	103,230	6,701,326
Fund balances, end of year	<u>\$ 236,621</u>	<u>\$ 327,605</u>	<u>\$ 103,230</u>	<u>\$ 25,245,603</u>

FUND DESCRIPTIONS – INTERNAL SERVICE FUNDS

December 31, 2020

INTERNAL SERVICE FUNDS are used to account for the financing of goods or services provided by one county department or agency to other departments or agencies on a cost-reimbursement basis.

Compensated Absences Fund – accumulates the costs of compensated absences, such as accumulated paid time off banks and sick banks for county employees. This service is funded by charge backs to departments based on the number of full time equivalent employees.

Equipment Revolving Fund – accumulates the costs, maintenance, and depreciation of vehicles and other equipment used by various departments throughout the county. This service is funded by charge backs to departments based on both historical and future projected needs of vehicles and equipment.

Fringe Benefits Fund – accumulates the costs of the county employees' fringe benefits. This service is funded by charge backs to departments based on full time equivalent employees receiving benefits.

County General Liability Fund – accumulates funds for the purpose of being used to settle claims against the county when no insurance coverage exists and to make general liability insurance premium payments. The service is funded by charge backs to departments.

Other Postemployment Benefits Fund – accumulates funds for the purpose of administering the county's other postemployment benefits program. This includes accumulation of investment assets held in trust for the purposes of both paying on the county's general obligation other postemployment benefit debt service requirements, as well as to fund the county's annual required contribution to its retiree healthcare trust fund. The debt service portion of this fund is funded by charge backs to departments based on a historical eligible employee census by county department. The contribution to the county's retiree health care fund is funded by investment proceeds, which were originally received as bond proceeds when the county issued other postemployment benefit bonds in 2015.

Roads General Liability Fund – accumulates funds for the purpose of being used to settle claims against the roads department when no insurance coverage exists and to make general liability insurance premium payments. The service is funded by charge backs to the Department of Roads special revenue fund. Additionally, net position in this fund is considered restricted for roads-related general liability claims as funding is received exclusively from the Department of Roads special revenue fund, from which all revenue sources are restricted to roads-related purposes.

Workers' Compensation Fund – accumulates and disburses funds related to workers' compensation claims. The service is funded by charge backs to departments based on rate schedules for each job title classification within each department.

Macomb County, Michigan

COMBINING STATEMENT OF NET POSITION – INTERNAL SERVICE FUNDS

December 31, 2020

	Compensated Absences	Equipment Revolving	Fringe Benefits	County General Liability
ASSETS				
Current Assets				
Cash and pooled investments	\$ 16,254,434	\$ 6,208,714	\$ 9,729,145	\$ 4,572,753
Investments, at fair value				
Common stock	-	-	-	-
Foreign stock	-	-	-	-
Real estate investment trust	-	-	-	-
Fixed income common collective trusts	-	-	-	-
Equity common collective trusts	-	-	-	-
Receivables				
Accrued interest	-	-	-	-
Trade accounts, net	-	22,870	-	-
Inventories	-	193,373	-	-
Due from other governments	-	-	1,949,981	-
Due from component unit	-	-	-	-
Due from governmental funds	-	-	520,889	-
Due from fiduciary funds	-	-	4,400,951	-
Other assets	-	14,841	2,512,285	635,869
Total current assets	16,254,434	6,439,798	19,113,251	5,208,622
Noncurrent assets				
Capital assets, net				
Assets being depreciated	-	936,434	-	-
TOTAL ASSETS	16,254,434	7,376,232	19,113,251	5,208,622
DEFERRED OUTFLOWS OF RESOURCES				
Related to other post-employment benefits	-	-	-	-
Related to refunded debt	-	-	-	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	-	-	-	-
LIABILITIES				
Current liabilities				
Accounts payable and accrued liabilities	109,558	229,872	4,338,267	61,773
Accrued interest payable	-	-	-	-
Due to other governments	-	-	7,432,142	-
Due to governmental funds	-	301,807	-	-
Claims and judgments	-	-	-	773,738
Long-term liabilities due within one year	2,200,000	-	-	-
Total current liabilities	2,309,558	531,679	11,770,409	835,511
Noncurrent liabilities				
Claims and judgments	-	-	-	3,941,684
Long-term liabilities due in more than one year	13,194,876	-	-	-
Net other post-employment benefits liability	-	-	-	-
Total noncurrent liabilities	13,194,876	-	-	3,941,684
TOTAL LIABILITIES	15,504,434	531,679	11,770,409	4,777,195
DEFERRED INFLOWS OF RESOURCES				
Related to other post-employment benefits	-	-	-	-
NET POSITION				
Net investment in capital assets	-	936,434	-	-
Restricted for:				
Roads general liability insurance	-	-	-	-
Unrestricted (deficit)	750,000	5,908,119	7,342,842	431,427
TOTAL NET POSITION	\$ 750,000	\$ 6,844,553	\$ 7,342,842	\$ 431,427

-CONTINUED-

Macomb County, Michigan

COMBINING STATEMENT OF NET POSITION – INTERNAL SERVICE FUNDS (CONCLUDED)

December 31, 2020

	Other Postemployment Benefits	Roads General Liability (1)	Workers' Compensation	Total Internal Service Funds
ASSETS				
Current Assets				
Cash and pooled investments	\$ 6,225,971	\$ 7,789,159	\$ 2,060,282	\$ 52,840,458
Investments, at fair value				
Common stock	146,909,909	-	-	146,909,909
Foreign stock	32,250,240	-	-	32,250,240
Real estate investment trust	49,800,683	-	-	49,800,683
Fixed income common collective trusts	36,890,182	-	-	36,890,182
Equity common collective trusts	21,640,522	-	-	21,640,522
Receivables				
Accrued interest	121,844	-	-	121,844
Trade accounts, net	512,682	-	-	535,552
Inventories	-	-	-	193,373
Due from other governments	-	-	-	1,949,981
Due from component unit	14,886,388	-	-	14,886,388
Due from governmental funds	-	-	-	520,889
Due from fiduciary funds	-	-	-	4,400,951
Other assets	4,047	-	277,782	3,444,824
	<u>309,242,468</u>	<u>7,789,159</u>	<u>2,338,064</u>	<u>366,385,796</u>
Total current assets				
Noncurrent assets				
Capital assets, net				
Assets being depreciated	-	-	-	936,434
	<u>-</u>	<u>-</u>	<u>-</u>	<u>936,434</u>
TOTAL ASSETS				
	<u>309,242,468</u>	<u>7,789,159</u>	<u>2,338,064</u>	<u>367,322,230</u>
DEFERRED OUTFLOWS OF RESOURCES				
Related to other post-employment benefits	17,382,404	-	-	17,382,404
Related to refunded debt	23,888,948	-	-	23,888,948
	<u>41,271,352</u>	<u>-</u>	<u>-</u>	<u>41,271,352</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES				
	<u>41,271,352</u>	<u>-</u>	<u>-</u>	<u>41,271,352</u>
LIABILITIES				
Current liabilities				
Accounts payable and accrued liabilities	525,403	-	81,551	5,346,424
Accrued interest payable	934,950	-	-	934,950
Due to other governments	-	-	-	7,432,142
Due to governmental funds	5,068,780	-	-	5,370,587
Claims and judgments	-	23,267	528,273	1,325,278
Long-term liabilities due within one year	12,375,178	-	-	14,575,178
	<u>18,904,311</u>	<u>23,267</u>	<u>609,824</u>	<u>34,984,559</u>
Total current liabilities				
Noncurrent liabilities				
Claims and judgments	-	250,000	1,584,819	5,776,503
Long-term liabilities due in more than one year	212,594,822	-	-	225,789,698
Net other post-employment benefits liability	101,372,986	-	-	101,372,986
	<u>313,967,808</u>	<u>250,000</u>	<u>1,584,819</u>	<u>332,939,187</u>
Total noncurrent liabilities				
	<u>313,967,808</u>	<u>250,000</u>	<u>1,584,819</u>	<u>332,939,187</u>
TOTAL LIABILITIES				
	<u>332,872,119</u>	<u>273,267</u>	<u>2,194,643</u>	<u>367,923,746</u>
DEFERRED INFLOWS OF RESOURCES				
Related to other post-employment benefits	130,725,625	-	-	130,725,625
	<u>130,725,625</u>	<u>-</u>	<u>-</u>	<u>130,725,625</u>
NET POSITION				
Net investment in capital assets	-	-	-	936,434
Restricted for:				
Roads general liability insurance	-	7,515,892	-	7,515,892
Unrestricted (deficit)	(113,083,924)	-	143,421	(98,508,115)
	<u>(113,083,924)</u>	<u>-</u>	<u>143,421</u>	<u>(98,508,115)</u>
TOTAL NET POSITION				
	<u>\$ (113,083,924)</u>	<u>\$ 7,515,892</u>	<u>\$ 143,421</u>	<u>\$ (90,055,789)</u>

(1) - Year ended September 30, 2020

Macomb County, Michigan

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN FUND NET POSITION – INTERNAL SERVICE FUNDS

Year Ended December 31, 2020

	Compensated Absences	Equipment Revolving	Fringe Benefits	County General Liability
OPERATING REVENUES				
Charges for services	\$ 3,444,668	\$ 3,440,219	\$ 57,986,837	\$ 3,332,289
OPERATING EXPENSES				
Benefits and claims expenses	5,324,499	-	56,492,878	2,618,838
Supplies and services	-	2,885,564	-	-
Depreciation	-	361,251	-	-
TOTAL OPERATING EXPENSES	5,324,499	3,246,815	56,492,878	2,618,838
OPERATING INCOME (LOSS)	(1,879,831)	193,404	1,493,959	713,451
NONOPERATING REVENUES (EXPENSES)				
Investment income	-	-	-	-
Interest expense	-	-	-	-
TOTAL NONOPERATING REVENUES (EXPENSES)	-	-	-	-
NET INCOME (LOSS) BEFORE TRANSFERS	(1,879,831)	193,404	1,493,959	713,451
TRANSFERS				
Transfers in	726,496	-	650,000	-
Transfers out	-	-	(826,496)	(650,000)
NET TRANSFERS	726,496	-	(176,496)	(650,000)
CHANGE IN NET POSITION	(1,153,335)	193,404	1,317,463	63,451
Net position, beginning of year	1,903,335	6,651,149	6,025,379	367,976
Net position, end of year	<u>\$ 750,000</u>	<u>\$ 6,844,553</u>	<u>\$ 7,342,842</u>	<u>\$ 431,427</u>

Macomb County, Michigan

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN FUND NET POSITION – INTERNAL SERVICE FUNDS (CONCLUDED)

Year Ended December 31, 2020

	Other Postemployment Benefits	Roads General Liability (1)	Workers' Compensation	Total Internal Service Funds
OPERATING REVENUES				
Charges for services	\$ 19,125,808	\$ -	\$ 1,156,462	\$ 88,486,283
OPERATING EXPENSES				
Benefits and claims expenses	-	228,389	1,237,796	65,902,400
Supplies and services	1,738,127	-	-	4,623,691
Depreciation	-	-	-	361,251
TOTAL OPERATING EXPENSES	1,738,127	228,389	1,237,796	70,887,342
OPERATING INCOME (LOSS)	17,387,681	(228,389)	(81,334)	17,598,941
NONOPERATING REVENUES (EXPENSES)				
Investment income	53,083,428	106,651	-	53,190,079
Interest expense	(5,318,440)	-	-	(5,318,440)
TOTAL NONOPERATING REVENUES (EXPENSES)	47,764,988	106,651	-	47,871,639
NET INCOME (LOSS) BEFORE TRANSFERS	65,152,669	(121,738)	(81,334)	65,470,580
TRANSFERS				
Transfers in	-	-	100,000	1,476,496
Transfers out	-	-	-	(1,476,496)
NET TRANSFERS	-	-	100,000	-
CHANGE IN NET POSITION	65,152,669	(121,738)	18,666	65,470,580
Net position, beginning of year	(178,236,593)	7,637,630	124,755	(155,526,369)
Net position, end of year	<u>\$ (113,083,924)</u>	<u>\$ 7,515,892</u>	<u>\$ 143,421</u>	<u>\$ (90,055,789)</u>

(1) - Year ended September 30, 2020

Macomb County, Michigan

COMBINING STATEMENT OF CASH FLOWS – INTERNAL SERVICE FUNDS

Year Ended December 31, 2020

	Compensated Absences	Equipment Revolving	Fringe Benefits	County General Liability
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from interfund services	\$ 3,444,668	\$ 3,440,560	\$ 57,655,171	\$ 3,332,289
Cash payments to employees and employee trusts	(3,751,338)	-	-	-
Cash payments to suppliers	-	(2,825,395)	(49,702,428)	(2,408,717)
TOTAL CASH FLOWS FROM OPERATING ACTIVITIES	(306,670)	615,165	7,952,743	923,572
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Principal and interest paid on long term debt	-	-	-	-
Transfers in	726,496	-	650,000	-
Transfers out	-	-	(826,496)	(650,000)
NET CASH PROVIDED BY (USED IN) NONCAPITAL FINANCING ACTIVITIES	726,496	-	(176,496)	(650,000)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition of capital assets	-	(366,433)	-	-
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received on investments	-	-	-	-
Proceeds from sale and maturities of investment securities	-	-	-	-
Change in fair value of cash equivalents	-	-	-	-
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	-	-	-	-
NET INCREASE (DECREASE) IN CASH AND POOLED INVESTMENTS	419,826	248,732	7,776,247	273,572
Cash and pooled investments, beginning of year	15,834,608	5,959,982	1,952,898	4,299,181
Cash and pooled investments, end of year	<u>\$ 16,254,434</u>	<u>\$ 6,208,714</u>	<u>\$ 9,729,145</u>	<u>\$ 4,572,753</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities				
Operating income (loss)	\$ (1,879,831)	\$ 193,404	\$ 1,493,959	\$ 713,451
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	-	361,251	-	-
Changes in deferrals related to OPEB	-	-	-	-
Changes in assets and liabilities:				
Accounts receivable	-	341	-	-
Inventory	-	12,597	-	-
Due from other governments	-	-	(1,929,981)	-
Due from component unit	-	-	-	-
Due from governmental funds	-	-	215,743	-
Due from fiduciary funds	-	-	(311,816)	-
Other assets	-	9,981	(1,498,316)	(83,826)
Accounts payable and accrued liabilities	77,342	67,349	2,786,605	40,939
Due to other funds	-	(29,758)	(235,593)	-
Due to other governments	-	-	7,432,142	-
Claims and judgments	-	-	-	253,008
Long-term liabilities	1,495,819	-	-	-
Net OPEB liability	-	-	-	-
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	\$ (306,670)	\$ 615,165	\$ 7,952,743	\$ 923,572

Macomb County, Michigan

COMBINING STATEMENT OF CASH FLOWS – INTERNAL SERVICE FUNDS (CONCLUDED)

Year Ended December 31, 2020

	Other Postemployment Benefits	Roads General Liability (1)	Workers' Compensation	Total Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from interfund services	\$ 17,417,405	\$ -	\$ 1,156,462	\$ 86,446,555
Cash payments to employees and employee trusts	(39,787,591)	-	-	(43,538,929)
Cash payments to suppliers	1,952,701	(234,204)	(1,014,905)	(54,232,948)
TOTAL CASH FLOWS FROM OPERATING ACTIVITIES	(20,417,485)	(234,204)	141,557	(11,325,322)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Principal and interest paid on long term debt	(14,254,825)	-	-	(14,254,825)
Transfers in	-	-	100,000	1,476,496
Transfers out	-	-	-	(1,476,496)
NET CASH PROVIDED BY (USED IN) NONCAPITAL FINANCING ACTIVITIES	(14,254,825)	-	100,000	(14,254,825)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition of capital assets	-	-	-	(366,433)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received on investments	-	106,651	-	106,651
Proceeds from sale and maturities of investment securities	24,061,562	-	-	24,061,562
Change in fair value of cash equivalents	104,531	-	-	104,531
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	24,166,093	106,651	-	24,272,744
NET INCREASE (DECREASE) IN CASH AND POOLED INVESTMENTS	(10,506,217)	(127,553)	241,557	(1,673,836)
Cash and pooled investments, beginning of year	16,732,188	7,916,712	1,818,725	54,514,294
Cash and pooled investments, end of year	<u>\$ 6,225,971</u>	<u>\$ 7,789,159</u>	<u>\$ 2,060,282</u>	<u>\$ 52,840,458</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities				
Operating income (loss)	\$ 17,387,681	\$ (228,389)	\$ (81,334)	\$ 17,598,941
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	-	-	-	361,251
Changes in deferrals related to OPEB	66,063,021	-	-	66,063,021
Changes in assets and liabilities:				
Accounts receivable	1,224,475	-	-	1,224,816
Inventory	-	-	-	12,597
Due from other governments	-	-	-	(1,929,981)
Due from component unit	(1,347,985)	-	-	(1,347,985)
Due from governmental funds	-	-	-	215,743
Due from fiduciary funds	-	-	-	(311,816)
Other assets	(4,047)	-	(66,113)	(1,642,321)
Accounts payable and accrued liabilities	2,466,353	-	35,157	5,473,745
Due to other funds	(360,418)	-	-	(625,769)
Due to other governments	-	-	-	7,432,142
Claims and judgments	-	(5,815)	253,847	501,040
Long-term liabilities	-	-	-	1,495,819
Net OPEB liability	(105,846,565)	-	-	(105,846,565)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	\$ (20,417,485)	\$ (234,204)	\$ 141,557	\$ (11,325,322)

(1) - Year ended September 30, 2020

FUND DESCRIPTIONS – FIDUCIARY AND CUSTODIAL FUNDS

December 31, 2020

PENSION AND OTHER POSTEMPLOYMENT BENEFIT FUNDS account for assets held by the county in a trustee capacity for retirement plan systems. Fiduciary funds cannot be used to support county programs.

Roads Retiree Health Care Investment Trust Fund – this fund accounts for contributions from the Roads Department and employees, tracks investment activity held in trust by the county, and tracks health care benefit payments made on behalf of eligible beneficiaries. Further information regarding the system can be found in the notes to the basic financial statements, Note 15.

Employees' Retirement Fund – this fund accounts for the activity of the Macomb County Employees' Retirement System, or MCERS. MCERS administers the county's defined benefit pension plan, which is an Internal Revenue Service qualified plan. MCERS collects contributions from the county and employees, invests funds held in trust by the county, and makes pension payments to eligible beneficiaries. Further information regarding the system can be found in the notes to the basic financial statements, Note 13.

Retiree Health Care Trust Fund – this fund accounts for contributions from the county and employees, tracks investment activity held in trust by the county, and tracks health care benefit payments made on behalf of eligible beneficiaries. Further information regarding the system can be found in the notes to the basic financial statements, Note 14.

CUSTODIAL FUNDS account for fiduciary activities that are not held in a trust or equivalent arrangement. Custodial funds are generally clearance devices for monies collected for others, held briefly, and then disbursed to authorized recipients.

Current Tax Collection Fund – this fund accounts for all tax related funds transmitted to the county and held on behalf of other entities, mainly local governmental units and the state of Michigan.

COMET Fund – this fund accounts for activities related to the County of Macomb Enforcement Team, which is a joint law enforcement agency comprised of personnel from multiple local law enforcement agencies along with the Michigan State Police. COMET contracts with Macomb County to keep the agency's accounting records.

Miscellaneous Custodial Funds – this fund accounts for a variety of items collected on behalf of and disbursed to other jurisdictions. For example, the Miscellaneous Custodial Fund accounts for state-mandated court fees collected and passed through to the State of Michigan.

Macomb County, Michigan

COMBINING STATEMENT OF FIDUCIARY NET POSITION –
PENSION AND OTHER POSTEMPLOYMENT BENEFIT FUNDS

December 31, 2020

	Roads Retiree Health Care Investment Trust Fund (1)	Employees' Retirement Fund	County Retiree Health Care Trust Fund	Total Pension and Other Employee Benefit Trust Funds
ASSETS				
Cash and pooled investments	\$ -	\$ 60,766,620	\$ 33,275,276	\$ 94,041,896
Investments, at fair value				
Common stock	-	433,088,971	96,269,429	529,358,400
Preferred stock	-	1,697,961	-	1,697,961
Foreign stock	-	85,233,317	26,757,725	111,991,042
Limited partnership	-	277,654,404	3,866	277,658,270
Real estate investment trusts	-	-	35,289,726	35,289,726
Fixed income common collective trusts	-	110,096,370	39,556,715	149,653,085
Equity common collective trusts	-	191,934,184	167,175,203	359,109,387
Interest in pooled investment	80,358,112	-	-	80,358,112
Total investments, at fair value	80,358,112	1,099,705,207	365,052,664	1,545,115,983
Receivables				
Accrued interest	-	401,920	1,174,938	1,576,858
Other	-	111,841	81,397	193,238
Other assets	-	16,934	30,008	46,942
TOTAL ASSETS	80,358,112	1,161,002,522	399,614,283	1,640,974,917
LIABILITIES				
Accounts payable	-	2,176,633	2,886,169	5,062,802
Accrued compensation and benefits	-	5,194,964	-	5,194,964
Due to primary government	-	-	4,400,951	4,400,951
TOTAL LIABILITIES	-	7,371,597	7,287,120	14,658,717
NET POSITION				
Restricted for:				
Pension benefits	-	1,153,630,925	-	1,153,630,925
Other postemployment benefits	80,358,112	-	392,327,163	472,685,275
TOTAL NET POSITION	\$ 80,358,112	\$ 1,153,630,925	\$ 392,327,163	\$ 1,626,316,200

(1) - Year ended September 30, 2020

Macomb County, Michigan

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION –
PENSION AND OTHER POSTEMPLOYMENT BENEFIT FUNDS

Year Ended December 31, 2020

	Roads Retiree Health Care Investment Trust Fund (1)	Employees' Retirement Fund	County Retiree Health Care Trust Fund	Total Pension and Other Employee Benefit Trust Funds
ADDITIONS				
Investment income (loss):				
Interest and dividends	\$ -	\$ 8,441,313	\$ 18,896,403	\$ 27,337,716
Net change in fair value of investments	5,353,489	125,176,117	29,626,054	160,155,660
Less investment expenses	(83,348)	(7,523,013)	(661,668)	(8,268,029)
Net investment income (loss)	5,270,141	126,094,417	47,860,789	179,225,347
Contributions				
Employer	7,732,209	15,146,875	-	22,879,084
Employee	-	3,142,287	-	3,142,287
Contribution from Retiree Health Care Intermediate Trust Fund	-	-	24,061,562	24,061,562
Total contributions	7,732,209	18,289,162	24,061,562	50,082,933
TOTAL ADDITIONS	13,002,350	144,383,579	71,922,351	229,308,280
DEDUCTIONS				
Benefit payments	2,732,209	71,802,977	18,457,992	92,993,178
Refund of contributions	-	324,814	-	324,814
Administrative expenses	53,581	666,662	48,000	768,243
TOTAL DEDUCTIONS	2,785,790	72,794,453	18,505,992	94,086,235
CHANGE IN NET POSITION	10,216,560	71,589,126	53,416,359	135,222,045
Net position - beginning of year	70,141,552	1,082,041,799	338,910,804	1,491,094,155
Net position - end of year	\$ 80,358,112	\$ 1,153,630,925	\$ 392,327,163	\$ 1,626,316,200

(1) - Year ended September 30, 2020

Macomb County, Michigan

COMBINING STATEMENT OF FIDUCIARY NET POSITION –
CUSTODIAL FUNDS

December 31, 2020

	Current Tax Collection Fund	COMET Fund	Miscellaneous Custodial Funds	Total Custodial Funds
ASSETS				
Cash and pooled investments	\$ 2,876,312	\$ 610,285	\$ 6,431,772	\$ 9,918,369
Receivables				
Other	-	2,527	152,788	155,315
Due from other governments	174,690	36,641	-	211,331
TOTAL ASSETS	3,051,002	649,453	6,584,560	10,285,015
LIABILITIES				
Accounts payable	-	86,008	2,059,349	2,145,357
Due to other governments	3,051,002	-	4,116,133	7,167,135
TOTAL LIABILITIES	3,051,002	86,008	6,175,482	9,312,492
NET POSITION RESTRICTED FOR INDIVIDUALS, ORGANIZATIONS, AND OTHER GOVERNMENTS	\$ -	\$ 563,445	\$ 409,078	\$ 972,523

Macomb County, Michigan

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION –
CUSTODIAL FUNDS

Year Ended December 31, 2020

	Current Tax Collection Fund	COMET Fund	Miscellaneous Custodial Funds	Total Custodial Funds
ADDITIONS				
Investment income (loss):				
Interest and dividends	\$ -	\$ 2,918	\$ -	\$ 2,918
Tax collections for other governments	219,489,143	-	-	219,489,143
Tax adjustments collected from other governments	2,151,175	-	-	2,151,175
State funds collected for other governments	-	65,708	-	65,708
Forfeitures collected for other governments	-	163,482	16,416	179,898
Fee and fine collections for other governments	-	-	767,973	767,973
Real estate transfer taxes collected for other governments	-	-	31,676,231	31,676,231
Payments collected on behalf on others	-	-	5,003,519	5,003,519
Other collections	-	125,220	563,197	688,417
	<u>221,640,318</u>	<u>354,410</u>	<u>38,027,336</u>	<u>260,022,064</u>
Total contributions				
	<u>221,640,318</u>	<u>357,328</u>	<u>38,027,336</u>	<u>260,024,982</u>
DEDUCTIONS				
Tax collections disbursed to other governments	219,489,143	-	-	219,489,143
Tax adjustments disbursed to individuals	2,151,175	-	-	2,151,175
Forfeiture grants disbursed to other governments	-	68,540	-	68,540
Forfeiture proceeds disbursed to other governments	-	230,707	600	231,307
Fees and fines disbursed to other governments	-	-	767,973	767,973
Real estate transfer taxes disbursed to other governments	-	-	31,676,231	31,676,231
Payments disbursed to others	-	-	5,003,519	5,003,519
Administrative expenses	-	3,000	-	3,000
Other disbursements	-	-	549,340	549,340
	<u>221,640,318</u>	<u>302,247</u>	<u>37,997,663</u>	<u>259,940,228</u>
TOTAL DEDUCTIONS				
CHANGE IN NET POSITION	-	55,081	29,673	84,754
Net position - beginning of year	-	508,364	379,405	887,769
Net position - end of year	<u>\$ -</u>	<u>\$ 563,445</u>	<u>\$ 409,078</u>	<u>\$ 972,523</u>

FUND DESCRIPTION – GOVERNMENTAL FUNDS
DRAINAGE DISTRICTS COMPONENT UNIT

Drainage Districts – This component unit consists of many individual districts created pursuant to Michigan Public Act 40 of 1956, Chapters 20 and 21 for the purpose of alleviating drainage problems. Separate fund types have been established to account for the resources and costs associated with the construction, maintenance, and financing of the individual drainage districts.

Macomb County, Michigan

COMBINING BALANCE SHEET – GOVERNMENTAL FUNDS
DRAINAGE DISTRICTS COMPONENT UNIT

September 30, 2020

	Special Revenue	Capital Projects	Debt Service	Total Drainage Districts Component Unit
ASSETS				
Cash and pooled investments	\$ 23,542,936	\$ 30,978,772	\$ 4,512,191	\$ 59,033,899
Restricted cash - unspent bond proceeds	-	4,747,220	-	4,747,220
Receivables				
Special assessments	-	-	306,511,198	306,511,198
Trade accounts, net	20,018,012	340,343	111,428	20,469,783
Due from state	1,308,809	1,834	-	1,310,643
Other assets	898,679	151,849	-	1,050,528
TOTAL ASSETS	\$ 45,768,436	\$ 36,220,018	\$ 311,134,817	\$ 393,123,271
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 7,658,866	\$ 3,179,500	\$ 125	\$ 10,838,491
Unearned revenue	-	3,899,523	4,747,220	8,646,743
TOTAL LIABILITIES	7,658,866	7,079,023	4,747,345	19,485,234
DEFERRED INFLOWS OF RESOURCES				
Unavailable assessments and other charges	1,381,383	182,986	301,763,976	303,328,345
FUND BALANCES				
Nonspendable	898,679	151,849	-	1,050,528
Restricted				
Capital projects	-	28,806,160	-	28,806,160
Debt service	-	-	4,623,496	4,623,496
Public works	35,829,508	-	-	35,829,508
TOTAL FUND BALANCES	36,728,187	28,958,009	4,623,496	70,309,692
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 45,768,436	\$ 36,220,018	\$ 311,134,817	\$ 393,123,271

Macomb County, Michigan

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION –
DRAINAGE DISTRICTS COMPONENT UNIT

September 30, 2020

Total fund balances for governmental funds \$ 70,309,692

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	\$	1,862,000
Construction in progress		11,986,789
Infrastructure		496,656,219
Machinery, equipment, and vehicles		1,832,003
Accumulated depreciation		<u>(162,824,051)</u>

Capital assets, net of accumulated depreciation 349,512,960

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. This is the net effect of these balances on the statement. (338,140,923)

Special assessments receivable are not available to pay for current expenditures and therefore are recorded as deferred inflows of resources in the governmental funds. 303,328,345

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. (3,402,259)

Net position of governmental activities \$ 381,607,815

Macomb County, Michigan

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS
DRAINAGE DISTRICTS COMPONENT UNIT

Year Ended September 30, 2020

	Special Revenue	Capital Projects	Debt Service	Total Governmental Funds
REVENUES				
Federal and state grants	\$ 574,236	\$ 3,074,279	\$ -	\$ 3,648,515
Charges for services	66,192,661	362,772	-	66,555,433
Interest income	256,465	454,933	10,295,137	11,006,535
Special assessments	-	4,448,933	17,636,508	22,085,441
Other revenue	459,519	6,075,276	6,345	6,541,140
TOTAL REVENUES	67,482,881	14,416,193	27,937,990	109,837,064
EXPENDITURES				
Current				
Public works	65,035,991	63,953,279	-	128,989,270
Capital outlay	-	11,293,182	-	11,293,182
Debt service				
Principal	-	-	18,126,083	18,126,083
Interest and fees	-	-	10,773,794	10,773,794
Bond issue costs	-	-	361,691	361,691
TOTAL EXPENDITURES	65,035,991	75,246,461	29,261,568	169,544,020
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	2,446,890	(60,830,268)	(1,323,578)	(59,706,956)
OTHER FINANCING SOURCES (USES)				
Extraordinary item -				
2016 MIDD Sinkhole Settlement	12,500,000	-	-	12,500,000
Face amount of long-term debt	-	55,650,282	24,535,000	80,185,282
Transfers in	112,078	2,988,272	4,402,924	7,503,274
Transfers out	(2,963,725)	(4,183,429)	(356,120)	(7,503,274)
Bond (discounts) premiums	-	6,534,007	4,061,113	10,595,120
Payment to refunding debt escrow agent	-	(2,296,900)	(31,455,645)	(33,752,545)
TOTAL OTHER FINANCING SOURCES (USES)	9,648,353	58,692,232	1,187,272	69,527,857
NET CHANGE IN FUND BALANCES	12,095,243	(2,138,036)	(136,306)	9,820,901
Fund balances, beginning of year	24,632,944	31,096,045	4,759,802	60,488,791
Fund balances, end of year	<u>\$ 36,728,187</u>	<u>\$ 28,958,009</u>	<u>\$ 4,623,496</u>	<u>\$ 70,309,692</u>

Macomb County, Michigan

RECONCILIATION OF THE CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES –
DRAINAGE DISTRICTS COMPONENT UNIT

Year Ended September 30, 2020

Net change in fund balances - total governmental funds	\$ 9,820,901
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	\$ 11,293,182
Current year depreciation expense	<u>(9,975,539)</u>
	1,317,643
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.	18,126,083
Payments to refunding agents for the purpose of defeasement of long term debt are recorded as other financing uses in the governmental funds, but is recorded as a reduction of long-term liabilities in the statement of net position.	33,086,900
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.	(80,185,282)
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 the statement of activities.	
Premiums and discounts on bonds issued during the year	(10,595,120)
Current year amortization	<u>1,954,576</u>
	(8,640,544)
Revenues in the statement of activities that do not provide current financial resources are not recorded in the funds. In the current period these amounts consist of:	
Increase in unavailable resources	30,904,763
Some items reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. These activities consist of:	
Decrease in accrued interest payable	<u>156,802</u>
Change in net position of governmental activities	<u>\$ 4,587,266</u>

TABLE OF CONTENTS - STATISTICAL SECTION

STATISTICAL SECTION information contained herein relates to the physical, economic, social, and political characteristics of the county. It is designed to provide a broader and more complete understanding of the county and its financial affairs than is possible from the financial statements, notes, and supporting schedules presented in the financial section of the annual comprehensive financial report.

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Continuing Disclosure

Continuing disclosure information contained herein complies with Rule 15c2-12, a federal regulation promulgated by the Securities and Exchange Commission, designed to improve disclosure practices in the municipal bond market. Municipal bonds issued after July 3, 1995 are subject to this mandatory requirement.

Continuing disclosure requires certain annual financial information and operating data, including audited financial statements for the preceding fiscal year. This information is generally consistent with the information contained or cross-referenced in the official statement relating to the bonds.

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Macomb County, Michigan

NET POSITION BY COMPONENT
LAST TEN YEARS, IN THOUSANDS

(Unaudited)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Governmental activities										
Net investment in capital assets (2)	\$ 833,903	\$ 843,554	\$ 882,572	\$ 897,288	\$ 915,034	\$ 934,211	\$ 962,906	\$ 977,518	\$1,013,165	\$1,038,270
Restricted (1) (4)	87,208	89,747	90,301	93,368	141,828	188,667	219,968	115,987	133,214	148,170
Unrestricted (1) (2) (3) (4) (5)	(8,488)	(18,456)	(40,158)	(30,484)	(61,211)	125,057	89,796	(147,562)	(110,614)	31,500
Total governmental activities net position	912,623	914,845	932,715	960,172	995,651	1,247,935	1,272,670	945,943	1,035,765	1,217,940
Business-type activities										
Net investment in capital assets (2)	1,196	1,252	672	782	1,685	1,807	1,774	1,677	1,545	1,406
Restricted (4)	16,053	18,662	19,713	24,331	28,339	50,179	36,703	17,097	26,702	43,979
Unrestricted (1) (2) (3) (4) (5)	86,389	84,262	101,855	113,487	85,485	118,876	131,852	81,413	96,005	109,264
Total business-type units net position	103,638	104,176	122,240	138,600	115,509	170,862	170,329	100,187	124,252	154,649
Primary government										
Net investment in capital assets (2)	835,099	844,806	883,244	898,070	916,719	936,018	964,680	979,195	1,014,710	1,039,676
Restricted (1) (4)	103,261	108,409	110,014	117,699	170,167	238,846	256,671	133,084	159,916	192,149
Unrestricted (1) (2) (3) (4) (5)	77,901	65,806	61,697	83,003	24,274	243,933	221,648	(66,149)	(14,609)	140,764
Total primary government net position	<u>\$1,016,261</u>	<u>\$1,019,021</u>	<u>\$1,054,955</u>	<u>\$1,098,772</u>	<u>\$1,111,160</u>	<u>\$1,418,797</u>	<u>\$1,442,999</u>	<u>\$1,046,130</u>	<u>\$1,160,017</u>	<u>\$1,372,589</u>

- (1) - 2011 restated. See Note 13 of the 2012 financial statements.
(2) - 2013 restated. See Note 14 of the 2014 financial statements.
(3) - 2014 restated. See Note 15 of the 2015 financial statements.
(4) - 2016 restated. See Note 19 of the 2017 financial statements.
(5) - 2017 restated. See Note 19 of the 2018 financial statements.

Source: Macomb County Finance Department

Macomb County, Michigan

CHANGES IN NET POSITION
LAST TEN YEARS, IN THOUSANDS

(Unaudited)

	2011 (1)	2012	2013 (4)	2014	2015	2016	2017 (5)	2018	2019	2020
Expenses										
Governmental activities										
Legislative	\$ 1,182	\$ 1,139	\$ 1,202	\$ 1,191	\$ 1,487	\$ 1,265	\$ 1,645	\$ 1,612	\$ 1,714	\$ 1,334
Judicial	41,329	40,636	41,359	42,194	48,334	46,188	52,197	54,424	51,102	44,387
General government (2) (3)	64,687	68,095	68,830	57,780	50,182	39,525	38,460	40,550	41,435	35,157
Public safety (2)	67,994	64,860	79,398	75,849	81,402	82,462	91,771	97,943	89,161	81,885
Public works	72,568	69,975	68,159	71,027	71,867	81,973	85,650	98,982	85,255	74,621
Health and welfare	81,082	73,867	70,200	65,040	64,219	76,642	88,843	96,084	86,963	121,250
Community and economic development	-	-	-	-	-	-	3,715	4,157	3,758	44,922
Recreation and culture	825	62	234	147	139	144	175	147	151	111
Interest on long-term debt	2,476	2,244	1,543	1,357	7,542	9,483	9,278	8,717	8,628	5,998
Total governmental activities expenses	332,143	320,878	330,925	314,585	325,172	337,682	371,734	402,616	368,167	409,665
Business-type activities										
Delinquent tax collections	6,313	8,336	5,495	4,349	4,238	3,382	2,931	3,009	2,829	1,905
Community Mental Health (2)	208,177	211,733	220,322	229,654	245,394	235,220	235,200	236,738	225,055	213,128
Martha T Berry Medical Care Facility (2) (3)	23,848	24,989	-	-	-	-	-	-	-	-
Freedom Hill Park (2)	377	209	381	467	594	451	351	443	453	467
Interest on long-term debt	-	-	-	-	-	-	1,462	1,383	1,406	867
Total business-type activities expenses	238,715	245,267	226,198	234,470	250,226	239,053	239,944	241,573	229,743	216,367
Total primary government expenses	\$ 570,858	\$ 566,145	\$ 557,123	\$ 549,055	\$ 575,398	\$ 576,735	\$ 611,678	\$ 644,189	\$ 597,910	\$ 626,032
Program revenues										
Governmental activities										
Charges for services										
Legislative	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3	\$ 1	\$ 1
Judicial	6,022	6,114	5,517	5,273	6,306	6,329	6,349	6,843	6,339	5,700
General government	15,182	17,473	17,088	13,903	15,203	12,530	12,458	11,180	12,421	14,412
Public safety	13,262	14,601	16,542	15,955	20,257	21,329	21,644	23,928	24,964	23,843
Public works	19,651	27,080	19,693	20,831	20,407	16,182	14,219	14,645	24,200	17,182
Health and welfare	11,195	9,053	7,114	7,770	12,362	14,958	15,955	15,992	14,498	15,102
Community and economic development	-	-	-	-	-	-	209	222	365	743
Recreation and culture	-	-	6	-	59	47	47	29	25	28
Operating grants and contributions	57,693	51,379	50,079	46,665	49,586	48,009	55,244	59,099	60,168	198,481
Capital grants and contributions	56,655	60,427	72,746	76,970	73,402	79,190	78,704	92,600	101,494	109,190
Total governmental activities program revenues	179,660	186,127	188,785	187,367	197,582	198,574	204,829	224,541	244,475	384,682
Business-type activities										
Charges for services										
Delinquent tax collections	21,718	21,999	17,640	14,093	13,723	11,579	10,830	10,858	10,889	10,184
Community Mental Health	168,556	169,395	175,001	196,278	208,844	216,593	202,458	199,406	211,777	210,457
Martha T Berry Medical Care Facility (3)	23,197	23,326	-	-	-	-	-	-	-	-
Freedom Hill Park	173	501	232	400	671	274	298	199	234	217
Operating grants and contributions	34,298	34,995	35,802	29,256	17,957	14,444	15,927	16,686	18,827	16,354
Total business-type activities program revenues	247,942	250,216	228,675	240,027	241,195	242,890	229,513	227,149	241,727	237,212
Total primary government program revenues	\$ 427,602	\$ 436,343	\$ 417,460	\$ 427,394	\$ 438,777	\$ 441,464	\$ 434,342	\$ 451,690	\$ 486,202	\$ 621,894
Net (expense) revenue										
Governmental activities	\$ (152,483)	\$ (134,751)	\$ (142,140)	\$ (127,218)	\$ (127,590)	\$ (139,108)	\$ (166,905)	\$ (178,075)	\$ (123,692)	\$ (24,983)
Business-type activities	9,227	4,949	2,477	5,557	(9,031)	3,837	(10,431)	(14,424)	11,984	20,845
Total primary government net expenses	\$ (143,256)	\$ (129,802)	\$ (139,663)	\$ (121,661)	\$ (136,621)	\$ (135,271)	\$ (177,336)	\$ (192,499)	\$ (111,708)	\$ (4,138)

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

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

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

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

(5) - Beginning in 2017, the county began to report the Department of Planning and Economic Development and the Urban County Block Grant under the Community and Economic Development expenditure title. The Planning and Economic Development Department was formerly included under General Government in the General Fund, while the Urban County Block Grant was split between the General Government and Health and Welfare expenditure types.

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Macomb County, Michigan

CHANGES IN NET POSITION
LAST TEN YEARS, IN THOUSANDS (CONCLUDED)

(Unaudited)

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
General revenues										
Governmental activities										
Property taxes	\$ 119,762	\$ 114,894	\$ 109,501	\$ 113,049	\$ 117,745	\$ 115,859	\$ 118,649	\$ 123,095	\$ 128,421	\$ 131,892
Intergovernmental revenues - unrestricted	2,307	19,489	23,252	23,280	22,682	30,357	29,904	27,254	30,921	27,414
Investment earnings	777	663	424	1,793	480	729	44,376	-	54,596	46,778
Transfers	4,175	1,926	(6,065)	(8,571)	21,766	1,309	(1,289)	810	(424)	1,074
Total governmental activities general revenues	127,021	136,972	127,112	129,551	162,673	148,254	191,640	151,159	213,514	207,158
Business-type activities										
Investment earnings	215	310	309	294	317	894	10,698	-	12,860	10,524
Transfers	(3,421)	(4,719)	6,851	7,316	(13,981)	(1,167)	(800)	(719)	(779)	(972)
Total business-type activities general revenues	(3,206)	(4,409)	7,160	7,610	(13,664)	(273)	9,898	(719)	12,081	9,552
Total primary government general revenues	<u>\$ 123,815</u>	<u>\$ 132,563</u>	<u>\$ 134,272</u>	<u>\$ 137,161</u>	<u>\$ 149,009</u>	<u>\$ 147,981</u>	<u>\$ 201,538</u>	<u>\$ 150,440</u>	<u>\$ 225,595</u>	<u>\$ 216,710</u>
Change in net position										
Governmental activities	\$ (7,730)	\$ (5,168)	\$ (106)	\$ 1,961	\$ 23,565	\$ (18,651)	\$ 13,565	\$ 27,467	\$ 89,822	\$ 182,175
Business-type activities (1)	1,743	(1,932)	12,717	(1,421)	(9,827)	(10,704)	(4,526)	11,265	24,065	30,397
Total primary government change in net position	<u>\$ (5,987)</u>	<u>\$ (7,100)</u>	<u>\$ 12,611</u>	<u>\$ 540</u>	<u>\$ 13,738</u>	<u>\$ (29,355)</u>	<u>\$ 9,039</u>	<u>\$ 38,732</u>	<u>\$ 113,887</u>	<u>\$ 212,572</u>

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

Source: Macomb County Finance Department

Macomb County, Michigan

FUND BALANCE OF GOVERNMENTAL FUNDS
LAST TEN YEARS, IN THOUSANDS

(Unaudited)

	<u>2011 (2)</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
General fund										
Nonspendable	\$ 295	\$ 295	\$ 659	\$ 596	\$ 6,075	\$ 4,933	\$ 4,244	\$ 3,577	\$ 4,439	\$ 4,199
Committed	-	-	-	-	6,527	-	-	-	-	-
Assigned	-	-	-	-	11,609	13,672	-	8,844	-	-
Unassigned	57,639	79,776	81,029	84,650	48,002	43,029	49,348	45,776	57,061	68,232
Total general fund	<u>\$ 57,934</u>	<u>\$ 80,071</u>	<u>\$ 81,688</u>	<u>\$ 85,246</u>	<u>\$ 72,213</u>	<u>\$ 61,634</u>	<u>\$ 53,592</u>	<u>\$ 58,197</u>	<u>\$ 61,500</u>	<u>\$ 72,431</u>
All other governmental funds										
Nonspendable (1)	\$ 4,555	\$ 5,020	\$ 5,088	\$ 3,886	\$ 7,198	\$ 5,746	\$ 6,174	\$ 4,898	\$ 5,045	\$ 11,012
Restricted (1) (2)	81,171	75,334	76,122	81,258	106,454	78,367	82,774	99,147	115,034	123,884
Assigned (1)	34,238	27,291	19,089	10,687	6,397	20,898	15,035	10,107	5,332	37,861
Unassigned	-	-	(2,970)	(2,508)	(4,400)	(3,730)	(4,582)	(2,638)	(1,887)	(4,143)
Total all other governmental funds	<u>\$ 119,964</u>	<u>\$ 107,645</u>	<u>\$ 97,329</u>	<u>\$ 93,323</u>	<u>\$ 115,649</u>	<u>\$ 101,281</u>	<u>\$ 99,401</u>	<u>\$ 111,514</u>	<u>\$ 123,524</u>	<u>\$ 168,614</u>

(1) - 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.

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

Source: Macomb County Finance Department

Macomb County, Michigan

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN YEARS, IN THOUSANDS

(Unaudited)

	2011 (1)	2012	2013	2014	2015	2016	2017 (3)	2018	2019	2020
Revenues										
Property taxes	\$ 119,762	\$ 110,000	\$ 110,952	\$ 113,690	\$ 116,742	\$ 115,175	\$ 119,563	\$ 122,784	\$ 128,235	\$ 134,138
Licenses and permits	1,733	1,924	1,985	2,305	2,634	2,831	2,682	2,912	3,057	3,020
Federal and state grants (2)	116,297	130,903	135,606	142,994	144,565	159,199	165,392	177,278	198,705	332,886
Other grants	392	391	460	871	605	282	398	498	362	520
Charges for services (2)	52,437	57,766	60,094	61,924	77,827	75,079	63,297	63,292	73,189	65,611
Charges to other funds for administrative services	6,072	5,011	5,195	6,201	5,720	11,704	11,405	11,111	11,022	13,290
Fines and forfeitures	1,791	2,469	932	802	1,024	1,148	1,100	1,611	1,343	910
Interest and rents (2)	742	635	413	373	2,404	4,926	4,327	5,803	7,179	5,130
Other revenue	2,649	2,421	894	1,127	2,059	2,372	2,008	3,534	2,671	2,512
Total revenues	301,875	311,520	316,531	330,287	353,580	372,716	370,172	388,823	425,763	558,017
Expenditures										
Current										
Legislative	1,182	1,139	1,202	1,191	1,289	1,235	1,482	1,453	1,696	1,516
Judicial	40,202	39,553	40,393	41,252	42,334	43,388	46,041	45,953	48,993	47,924
General government	42,330	43,498	46,462	46,957	41,817	44,547	42,457	42,515	44,836	45,414
Public safety (2)	62,770	60,039	76,599	73,041	67,419	75,544	78,717	80,626	83,255	85,422
Public works	69,028	69,518	63,038	71,867	84,051	90,053	84,063	88,245	104,605	102,185
Health and welfare	78,031	70,870	67,304	62,238	75,458	70,792	77,239	80,006	82,780	131,154
Community and economic development	-	-	-	-	-	-	3,346	3,582	3,691	49,687
Recreation and cultural	763	-	172	84	78	76	99	71	85	52
OPEB contributions	-	-	-	-	263,352	-	-	-	-	-
Other	963	1,157	781	1,212	957	1,838	1,855	2,092	2,339	1,145
Capital outlay	4,781	6,743	17,813	25,561	38,167	47,724	33,647	24,702	28,681	30,008
Debt service										
Principal	5,666	5,990	4,740	4,007	13,194	14,669	7,008	7,231	7,469	6,965
Interest and fees	2,511	2,251	1,604	1,317	5,842	9,527	2,174	2,002	1,809	1,597
Bond issuance costs	-	235	-	108	807	-	-	-	-	-
Total expenditures	308,227	300,993	320,108	328,835	634,765	399,393	378,128	378,478	410,239	503,069
Excess of revenues over (under) expenditures	(6,352)	10,527	(3,577)	1,452	(281,185)	(26,677)	(7,956)	10,345	15,524	54,948
Other financing sources (uses)										
Face amount of long-term debt	829	22,975	-	15,628	263,004	-	-	400	-	-
Transfers in	65,813	51,504	30,414	53,899	77,268	80,488	81,394	68,745	50,308	76,257
Transfers out	(68,476)	(50,578)	(35,536)	(56,381)	(50,310)	(78,758)	(83,361)	(62,771)	(50,520)	(75,184)
Bond discounts	-	150	-	1,404	516	-	-	-	-	-
Payment to refunding debt escrow agent	-	(24,760)	-	(16,450)	-	-	-	-	-	-
Total Other financing sources (uses)	(1,834)	(709)	(5,122)	(1,900)	290,478	1,730	(1,967)	6,374	(212)	1,073
Net change in fund balances	\$ (8,186)	\$ 9,818	\$ (8,699)	\$ (448)	\$ 9,293	\$ (24,947)	\$ (9,923)	\$ 16,719	\$ 15,312	\$ 56,021
Debt service as % of noncapital expenditures	3.00%	3.30%	2.35%	1.97%	3.43%	7.86%	3.07%	2.95%	2.86%	2.03%

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

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

(3) - Beginning in 2017, the county began to report the Department of Planning and Economic Development and the Urban County Block Grant under the Community and Economic Development expenditure title. The Planning and Economic Development Department was formerly included under General Government in the General Fund, while the Urban County Block Grant was split between the General Government and Health and Welfare expenditure types.

Source: Macomb County Finance Department

Macomb County, Michigan

CHANGES IN FUND BALANCES OF THE GENERAL FUND
LAST TEN YEARS, IN THOUSANDS

(Unaudited)

	2011 (1)	2012	2013	2014	2015	2016	2017 (2)	2018	2019	2020
Revenues										
Property taxes	\$ 118,516	\$ 108,831	\$ 109,895	\$ 112,610	\$ 115,629	\$ 114,025	\$ 118,423	\$ 120,887	\$ 126,259	\$ 130,171
Licenses and permits	1,408	1,510	1,640	1,706	1,714	1,541	1,577	1,541	1,534	1,455
Federal and state grants	12,290	28,455	25,728	30,162	31,406	39,059	38,952	36,560	40,570	68,406
Charges for services	29,453	35,526	36,827	36,856	35,637	38,648	41,918	43,023	43,610	41,392
Charges to other funds for administrative services	6,072	5,011	5,195	6,201	5,720	11,703	11,405	11,111	11,022	13,290
Fines and forfeitures	729	693	676	590	534	557	587	560	689	434
Interest and rents	339	346	278	226	2,124	4,551	3,810	4,552	4,824	3,258
Other revenue	162	477	210	155	148	148	177	213	878	59
Total revenues	168,969	180,849	180,449	188,506	192,912	210,232	216,849	218,447	229,386	258,465
Expenditures										
Current										
Legislative	1,182	1,139	1,202	1,191	1,289	1,235	1,482	1,453	1,696	1,516
Judicial	28,052	27,745	29,219	29,418	30,189	31,182	33,263	32,713	30,637	29,483
General government	40,998	42,464	44,855	45,220	39,897	42,678	41,019	41,270	43,742	44,187
Public safety	57,420	55,140	58,338	59,562	62,543	64,994	69,453	71,955	74,984	77,157
Public works	-	-	-	-	5,263	5,339	5,745	6,010	6,452	6,532
Health and welfare	18,403	16,602	17,249	16,848	17,664	17,647	18,657	19,308	18,890	15,019
Community and economic development	-	-	-	-	-	-	3,134	3,237	3,296	2,972
Recreation and cultural	749	-	-	-	-	-	-	-	-	-
OPEB contributions	-	-	-	-	45,320	-	-	-	-	-
Other	963	1,157	781	1,212	957	1,838	1,855	2,092	2,339	1,145
Capital outlay	244	563	1,117	2,229	1,198	871	2,054	2,671	3,226	2,402
Total expenditures	148,011	144,810	152,761	155,680	204,320	165,784	176,662	180,709	185,262	180,413
Excess of revenues over (under) expenditures	20,958	36,039	27,688	32,826	(11,408)	44,448	40,187	37,738	44,124	78,052
Other financing sources (uses)										
Transfers in	24,998	18,254	21	-	35,255	8,063	8,158	13,404	8,143	8,000
Transfers out	(40,758)	(32,156)	(26,093)	(29,267)	(36,880)	(63,090)	(56,388)	(46,537)	(48,964)	(75,121)
Total other financing sources (uses)	(15,760)	(13,902)	(26,072)	(29,267)	(1,625)	(55,027)	(48,230)	(33,133)	(40,821)	(67,121)
Net change in fund balances	\$ 5,198	\$ 22,137	\$ 1,616	\$ 3,559	\$ (13,033)	\$ (10,579)	\$ (8,043)	\$ 4,605	\$ 3,303	\$ 10,931

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

(2) - Beginning in 2017, the county began to report the Department of Planning and Economic Development under the Community and Economic Development expenditure title. It was formerly included under General Government.

Source: Macomb County Finance Department

Macomb County, Michigan

ASSESSED TAXABLE VALUES (HISTORY OF PROPERTY TAXES)
LAST TEN YEARS, IN THOUSANDS

(Unaudited)

Expressed in dollars (thousands)

Year	Assessed Values							Total Direct Tax Rate
	Agricultural Property	Commercial Property	Industrial Property	Residential Property	Developmental Property	Personal Property	Total Assessed Value	
2011	\$ 177,967	\$ 4,218,452	\$ 1,760,665	\$ 18,201,017	\$ 5,165	\$ 2,386,396	\$ 26,749,662	4.6135
2012	170,970	3,797,845	1,593,307	17,048,349	25,276	2,385,441	25,021,188	4.6135
2013	170,372	3,557,160	1,512,235	17,377,703	24,071	2,446,743	25,088,284	4.6135
2014	172,965	3,714,340	1,505,560	18,336,828	21,675	2,481,818	26,233,186	4.6135
2015	173,823	4,030,628	1,715,544	20,475,069	23,225	2,611,704	29,029,993	4.6135
2016	208,372	4,241,064	1,828,309	22,478,480	-	1,849,861	30,606,086	4.6014
2017	214,515	4,448,337	1,939,951	23,909,211	-	1,790,227	32,302,241	4.5974
2018	203,820	4,677,141	2,111,823	24,748,408	-	1,736,248	33,477,440	4.5651
2019	212,674	4,946,355	2,280,365	26,649,319	-	1,801,236	35,889,949	4.5316
2020	211,847	5,297,789	2,456,508	28,663,233	-	1,848,506	38,477,883	4.5807

Source: Macomb County Equalization Department

Expressed in percentage of total assessed taxable value

Year	Assessed Values							Total Assessed Value
	Agricultural Property	Commercial Property	Industrial Property	Residential Property	Developmental Property	Personal Property	Total Assessed Value	
2011	0.67%	15.77%	6.58%	68.04%	0.02%	8.92%	100.00%	
2012	0.68%	15.18%	6.37%	68.14%	0.10%	9.53%	100.00%	
2013	0.68%	14.18%	6.03%	69.26%	0.10%	9.75%	100.00%	
2014	0.66%	14.16%	5.74%	69.90%	0.08%	9.46%	100.00%	
2015	0.60%	13.88%	5.91%	70.53%	0.08%	9.00%	100.00%	
2016	0.68%	13.86%	5.97%	73.45%	0.00%	6.04%	100.00%	
2017	0.66%	13.77%	6.01%	74.02%	0.00%	5.54%	100.00%	
2018	0.61%	13.97%	6.31%	73.92%	0.00%	5.19%	100.00%	
2019	0.59%	13.78%	6.35%	74.26%	0.00%	5.02%	100.00%	
2020	0.55%	13.77%	6.38%	74.50%	0.00%	4.80%	100.00%	

Source: Macomb County Equalization Department

Macomb County, Michigan

PROPERTY TAX RATES – DIRECT AND OVERLAPPING GOVERNMENTS
LAST TEN YEARS, RATE PER \$1,000 OF TAXABLE VALUE

(Unaudited)

		2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
County direct rate											
Operation		4.5685	4.5685	4.5685	4.5685	4.5685	4.5566	4.5242	4.4925	4.4592	4.4150
County drain debt		0.0050	0.0050	0.0050	0.0050	0.0050	0.0050	0.0050	0.0050	0.0050	-
County Veteran		0.0400	0.0400	0.0400	0.0400	0.0400	0.0398	0.0682	0.0676	0.0674	0.0667
Martha T. Berry Medical Care Facility		-	-	-	-	-	-	-	-	-	0.0990
Total direct rate		4.6135	4.6135	4.6135	4.6135	4.6135	4.6014	4.5974	4.5651	4.5316	4.5807
Overlapping rates											
Cities:											
Center Line		31.7022	38.3328	37.5025	39.1266	38.6503	38.9765	38.5829	38.5829	37.1731	34.6003
Eastpointe		25.2113	26.6102	26.9612	27.1583	40.9612	40.0793	40.2567	44.0857	41.8388	27.0641
Fraser		18.7659	18.8159	20.8359	20.8664	23.2580	25.2780	27.3581	33.3798	31.7518	22.2621
Grosse Pointe Shores		17.1400	18.3800	17.8794	17.8794	17.8794	18.8794	18.8794	17.7031	17.7031	17.7031
Memphis		14.2953	14.2953	14.2953	14.2953	16.2953	16.2953	16.2007	16.0807	15.8571	15.8571
Mt. Clemens		18.3511	18.6639	18.6639	18.6639	24.8062	24.8045	24.6999	24.6880	24.6073	21.6528
New Baltimore		14.9405	15.2135	14.9165	14.9198	14.9003	14.8592	14.8155	14.1854	13.9779	13.5851
Richmond		16.6526	16.6526	16.6526	16.6526	16.6526	16.5593	16.4417	16.3117	16.2187	16.0873
Roseville		21.3800	24.8494	24.8494	24.8494	24.8494	25.1083	25.1081	25.0920	24.9171	23.7986
St. Clair Shores		19.3562	19.4518	20.5388	20.9950	21.2602	21.2309	24.4089	25.2168	24.9009	24.7145
Sterling Heights		12.6858	12.6858	12.6858	15.1858	15.1858	15.1858	16.1499	17.1804	16.2069	16.2069
Utica		21.6998	22.5358	22.6170	22.6753	22.5017	20.9864	21.3524	21.2867	21.0182	20.6313
Warren		17.7924	27.8656	27.8656	27.8656	27.7637	27.7742	27.7556	27.7556	27.5658	27.1471
Townships (rates range)	Low	3.2812	3.2812	3.2812	3.2812	3.5529	3.5296	3.4980	3.4905	3.4753	1.0634
	High	15.3816	15.4316	17.7116	17.6816	17.6916	17.6916	17.6274	17.1375	17.1052	9.2999
Villages (rates range)	Low	16.5354	15.5354	16.5354	16.5194	17.4276	17.4276	17.3836	17.3529	17.0495	13.7948
	High	18.8436	18.8436	18.8436	18.8436	19.2550	19.0326	18.9693	22.5077	21.9453	16.6287
School districts (rates range)	Low	9.8500	9.8500	9.8500	9.8500	9.8500	9.8500	9.8500	9.7600	9.5000	9.5000
	High	35.4143	35.4143	35.4143	35.7643	35.7643	37.0000	37.0000	37.0000	37.0000	37.0000
Intermediate school district		2.9430	2.9430	2.9430	2.9430	2.9430	2.9354	2.9147	2.8945	2.8744	4.7296
Community college		1.5712	1.5712	1.5312	1.5262	1.5302	1.4174	1.4072	1.4640	1.4531	1.4387
SMART Regional Transportation		0.5900	0.5900	0.5900	1.0000	1.0000	0.9974	0.9903	1.0000	0.9926	0.9827
HCM Park Authority		0.2146	0.2146	0.2146	0.2146	0.2146	0.2146	0.2140	0.2129	0.2117	0.2104
Zoo Authority		0.1000	0.1000	0.1000	0.1000	0.1000	0.0997	0.0989	0.0985	0.0977	0.9670
ART Authority		-	0.2000	0.2000	0.2000	0.2000	0.1994	0.1979	0.1965	0.1950	0.1930

Source: Macomb County Equalization Department

Macomb County, Michigan

PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO

(Unaudited)

Taxpayer	2020			2011		
	Taxable Value	Rank	Percentage of Total County Taxable Value	Taxable Value	Rank	Percentage of Total County Taxable Value
DETROIT EDISON	\$ 369,207,507	1	1.24%	\$ 240,480,219	3	0.90%
GENERAL MOTORS	328,031,495	2	1.10%	281,835,409	1	1.05%
CONSUMERS ENERGY	319,003,442	3	1.07%	96,264,531	5	0.36%
CHRYSLER	134,458,634	4	0.45%	264,860,738	2	0.99%
INTERNATIONAL TRANS.	99,932,853	5	0.34%	62,204,979	6	0.23%
ENBRIDGE ENERGY	72,727,130	6	0.24%			0.00%
MEIJER	68,259,486	7	0.23%	53,968,997	7	0.20%
FORD	65,164,066	8	0.22%	200,411,870	4	0.75%
COMCAST	61,826,952	9	0.21%	48,773,034	8	0.18%
KROGER	53,465,691	10	0.18%			0.00%
MALL AT PARTRIDGE CREEK				33,290,600	9	0.12%
WALMART				32,869,001	10	0.12%
	<u>\$ 1,572,077,256</u>		<u>5.28%</u>	<u>\$ 1,314,959,378</u>		<u>4.90%</u>

Source: Macomb County Equalization Department

Macomb County, Michigan

PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN YEARS

(Unaudited)

Year	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Subsequent Years Collections	Total Collections to Date	
		Amount	% of Levy		Amount	% of Levy
2011	\$ 120,899,127	\$ 110,808,310	91.65%	\$ 4,337,877	\$ 115,146,187	95.24%
2012	113,410,640	104,151,427	91.84%	6,463,833	110,615,260	97.54%
2013	112,568,178	104,387,624	92.73%	4,737,833	109,125,457	96.94%
2014	114,319,512	106,683,701	93.32%	4,365,607	111,049,308	97.14%
2015	117,387,793	110,149,786	93.83%	4,188,670	114,338,456	97.40%
2016	116,193,735	108,335,118	93.24%	5,575,174	113,910,292	98.03%
2017	118,342,388	111,188,235	93.95%	5,476,091	116,664,326	98.58%
2018	122,927,577	115,182,352	93.70%	5,100,627	120,282,979	97.85%
2019	127,954,241	119,047,152	93.04%	6,803,688	125,850,840	98.36%
2020	134,451,924	124,559,591	92.64%	4,991,943	129,551,534	96.36%

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

Macomb County, Michigan

RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN YEARS

(Unaudited)

Year	Population	Assessed Value of Property (in thousands)	Governmental Activities		Business Type Activities	Total Primary Government Debt	Debt to Assessed Value	Debt Per Capita	Percentage of Personal Income Per Capita
			General Obligation Bonds	Infrastructure Loans	General Obligation Bonds				
2011	839,706	\$ 26,749,662	\$ 57,445,000	\$ 1,215,344	\$ -	\$ 58,660,344	0.22%	69.86	0.19%
2012	840,928	25,021,188	49,670,000	1,091,594	-	50,761,594	0.20%	60.36	0.16%
2013	844,742	25,088,284	44,930,000	966,164	-	45,896,164	0.18%	54.33	0.14%
2014	850,699	26,233,186	39,755,000	1,311,509	-	41,066,509	0.16%	48.27	0.12%
2015	858,058	29,029,993	289,727,371	1,149,313	44,732,825	335,609,509	1.16%	391.13	0.92%
2016	866,971	30,606,086	275,223,098	984,356	42,868,018	319,075,472	1.04%	368.03	0.85%
2017	873,678	32,302,241	260,255,596	816,578	41,217,116	302,289,290	0.94%	346.00	0.78%
2018	876,982	33,477,440	245,038,015	980,536	37,896,985	283,915,536	0.85%	323.74	0.70%
2019	876,977	35,889,949	229,405,316	776,603	36,184,684	266,366,603	0.74%	303.73	0.64%
2020	877,280	38,477,883	232,482,380	621,991	38,207,620	271,311,991	0.71%	309.26	N/A

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

N/A - Personal income per capita was not available at the time of publishing

Macomb County, Michigan

RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING
LAST TEN YEARS

(Unaudited)

Year	Population	Assessed Value of Property (in thousands)	General Obligation Bonds	Less: Amounts Restricted to Repaying Principal	Net General Bonded Debt	Net Debt to Assessed Value	Net Debt Per Capita	Net Percentage of Personal Income Per Capita
2011	839,706	26,749,662	57,445,000	5,131,406	52,313,594	0.20%	62.30	0.17%
2012	840,928	25,021,188	49,670,000	4,068,741	45,601,259	0.18%	54.23	0.14%
2013	844,742	25,088,284	44,930,000	3,049,441	41,880,559	0.17%	49.58	0.13%
2014	850,699	26,233,186	39,755,000	2,599,454	37,155,546	0.14%	43.68	0.11%
2015	858,058	29,029,993	334,460,196	2,617,902	331,842,294	1.14%	386.74	0.91%
2016	866,971	30,606,086	318,091,116	1,994,530	316,096,586	1.03%	364.60	0.84%
2017	873,678	32,302,241	301,472,712	2,038,746	299,433,966	0.93%	342.73	0.77%
2018	876,982	33,477,440	282,935,000	2,063,411	280,871,589	0.84%	320.27	0.70%
2019	876,977	35,889,949	265,590,000	175,688	265,414,312	0.74%	302.65	0.64%
2020	877,280	38,477,883	270,690,000	14,614,747	256,075,253	0.67%	291.90	N/A

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

N/A - Personal income per capita was not available at time of publishing

Macomb County, Michigan

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

December 31, 2020

(Unaudited)

	<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>Percent Overlapping</u>
Direct debt					
Macomb County Building Authority	\$ 14,090,000	\$ -	\$ 14,090,000	\$ 14,090,000	
General County Bonds	256,268,265	-	256,268,265	256,268,265	
Department of Roads infrastructure loans	<u>621,991</u>	<u>568,573</u>	<u>53,418</u>	<u>53,418</u>	
Net direct debt	<u>\$ 270,980,256</u>	<u>\$ 568,573</u>	<u>\$ 270,411,683</u>	<u>\$ 270,411,683</u>	
Overlapping debt					
School districts			\$ 2,311,604,395	\$ 2,083,784,115	90.1%
Cities			434,329,076	430,442,828	99.1%
Township			286,427,177	286,427,177	100.0%
Villages			11,673,407	11,673,407	100.0%
Intermediate school districts			46,025,000	1,728,763	3.8%
Library			<u>30,045,000</u>	<u>30,045,000</u>	100.0%
Net overlapping debt			<u>3,120,104,055</u>	<u>2,844,101,290</u>	91.2%
Net direct and overlapping debt			<u>\$ 3,390,515,738</u>	<u>\$ 3,114,512,973</u>	91.9%

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, Michigan

CURRENT AND HISTORICAL LEGAL DEBT MARGINS
LAST TEN YEARS

(Unaudited)

Current Year Legal Debt Margin

2020 Taxable Value		\$ 29,827,888,730
Debt Limit (10% of Assessed Taxable Value) (1)		2,982,788,873
Outstanding Long-term Debt	\$ 577,823,189	
Less:		
Amount available in debt service funds	14,614,747	
Special assessment bonds	<u>306,511,198</u>	
Total amount of debt applicable to debt limit		<u>256,697,244</u>

LEGAL DEBT MARGIN \$ 2,726,091,629

(1) As mandated by Michigan Public Act 293 of 1966, as amended.

Source: Macomb County Finance Department

Historical Legal Debt Margins

<u>Years</u>	<u>Debt Limit</u>	<u>Total Net Debt Applicable to Limit</u>	<u>Legal Debt Margin</u>	<u>Total Net Debt Applicable to Limit as a Percentage of Debt Limit</u>
2011	\$ 2,584,044,590	\$ 58,660,344	\$ 2,296,532,019	2.27%
2012	2,425,570,273	50,761,594	2,120,859,643	2.09%
2013	2,411,394,190	45,896,164	2,111,971,149	1.90%
2014	2,456,385,823	41,066,509	2,456,385,823	1.67%
2015	2,547,537,670	332,991,607	2,214,546,062	13.07%
2016	2,526,456,570	314,474,418	2,211,982,152	12.45%
2017	2,599,737,225	276,797,214	2,328,632,457	10.65%
2018	2,713,566,717	257,726,281	2,455,840,436	9.50%
2019	2,848,876,322	266,186,325	2,582,689,997	9.34%
2020	2,982,788,873	256,697,244	2,726,091,629	8.61%

Source: Macomb County Finance Department

Macomb County, Michigan

DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN YEARS

(Unaudited)

Demographic and Economic Statistics

<u>Years</u>	<u>Population</u>	<u>Personal Income (Thousands of Dollars)</u>	<u>Per Capita Personal Income</u>	<u>Unemployment Rate</u>
2011	839,706	\$ 30,672,781	\$ 36,528	10.8%
2012	840,928	31,869,489	37,898	9.8%
2013	844,742	32,334,190	38,277	9.4%
2014	850,699	34,092,613	40,076	7.9%
2015	858,058	23,248,238	42,513	5.7%
2016	866,971	37,458,349	43,206	5.2%
2017	873,678	38,825,377	44,439	4.3%
2018	876,982	40,410,454	46,079	4.1%
2019	876,977	41,645,007	47,487	4.3%
2020	877,280	N/A	N/A	12.0%

Sources:

Population - ESRI
Per Capita Personal Income - Federal Reserve Economic Data, table PCPI126099
Unemployment Rate - Federal Reserve Economic Data, table
LAUCN260990000000003A

N/A - Not available at time of publishing

Historical census data

<u>Years</u>	<u>Population</u>
1980	694,600
1990	717,400
2000	788,149
2010	840,978
2020	N/A

Note: 2020 census population data for Macomb County was not yet available as of publication. Estimates from SEMCOG were used for 2020 population figures.

Macomb County, Michigan

CONCENTRATION OF WORKFORCE
CURRENT YEAR AND NINE YEARS AGO

(Unaudited)

Employer	Industry	2020			2011		
		Employees	Rank	Percent of Total County Employment	Employees	Rank	Percent of Total County Employment
General Motors	Automotive	18,080	1	4.12%	11,932	1	2.75%
FCA US LLC (formerly Chrysler)	Automotive	14,352	2	3.27%	7,692	2	1.78%
U.S. Government	Government	6,685	3	1.52%	7,027	3	1.62%
Ford Motor Company	Automotive	4,870	4	1.11%	4,246	4	0.98%
Ascension Michigan (formerly St. John)	Health Care	3,271	5	0.75%	3,857	6	0.89%
McLaren Health Care Corp-FKA Mt Clemens	Health Care	2,825	6	0.64%	1,487	10	0.34%
Henry Ford Health System	Health Care	2,808	7	0.64%	4,107	5	0.95%
Utica Community Schools	Education	2,700	8	0.62%	3,195	7	0.74%
Macomb County	Government	2,368	9	0.54%	2,316	9	0.53%
General Dynamics Land Systems	Defense	1,869	10	0.43%	2,920	8	0.67%
Chippewa Valley Schools	Education	1,850	11	0.42%	1,375	11	0.32%
Warren Consolidated Schools	Education	1,377	12	0.31%	1,300	13	0.30%
State of Michigan	Government	1,356	13	0.31%	1,345	12	0.31%
Adient LLC	Automotive	1,350	14	0.31%			
L'Anse Creuse Public Schools	Education	1,156	15	0.26%	1,195	15	0.28%
Bridgewater Interiors LLC	Automotive	1,142	16	0.26%			0.00%
Macomb Intermediate School District	Education	1,098	17	0.25%	872	18	0.20%
U.S. Postal Service	Government				1,282	14	0.30%
Faurecia	Automotive				1,000	16	0.23%
Art Van Furniture	Retail				900	17	0.21%
Asset Acceptance Capital	Automotive				815	19	0.19%
Campbell-Ewald	Advertising				810	20	0.19%
US Manufacturing Corporation	Manufacturer						0.00%
Utica Enterprises	Engineering						0.00%
Continental Plastics	Automotive						0.00%
Fisher & Co	Automotive						0.00%
MNP Corporation	Automotive						0.00%
		<u>69,157</u>		<u>15.76%</u>	<u>59,673</u>		<u>13.78%</u>

Source: Macomb County Finance Department
Crain's Detroit Business

Macomb County, Michigan

FULL-TIME EQUIVALENT COUNTY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN YEARS

(Unaudited)

Function/Program	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Legislative										
Board of Commissioners	19	19	19	19	19	19	20	20	20	20
Judicial										
Circuit Court	63	65	64	67	80	79	84	84	77	76
Family Counseling Services	1	1	1	1	1	1	1	1	1	1
District Court Div. 1	13	13	13	13	13	14	12	12	15	15
District Court Div. 2	18	17	17	17	17	15	15	15	17	17
Friend of the Court	121	121	118	107	107	107	108	108	107	106
Family Court - Juvenile	51	50	50	46	46	46	46	46	55	55
Probate Court	29	27	31	28	28	28	29	29	29	30
Probate Court - Mental Division	8	7	-	-	-	-	-	-	-	-
Probation - District Court	12	6	5	5	5	5	5	5	-	-
Public Defender's Office	-	-	-	-	-	-	-	-	5	10
Prosecuting Attorney	122	104	104	106	106	109	112	112	115	120
General Government										
County Executive	6	9	9	9	9	10	10	10	10	11
Corporation Counsel	8	8	8	8	8	8	9	9	9	9
Finance	20	20	21	21	22	22	22	22	23	22
Purchasing	18	17	16	16	16	16	16	16	17	17
Information Technology	36	36	36	36	36	38	39	39	40	40
Equalization	11	10	10	10	10	10	10	10	10	10
Human Resources	22	22	22	24	22	24	24	24	24	25
Clerk / Register of Deeds	79	78	80	81	85	83	87	87	89	92
Treasurer	31	26	26	26	28	28	28	28	28	28
Public Works	55	59	60	60	63	64	64	62	65	66
M.S.U. County Extension	50	8	8	8	7	7	7	8	7	7
Planning & Economic Development	33	31	26	26	27	26	27	27	28	28
Risk Management	4	-	-	-	-	-	-	-	-	-
Facilities & Operations	99	99	95	95	95	95	96	95	95	96
Department of Roads	-	233	232	232	250	255	265	265	268	272
Public Safety										
Sheriff	477	487	486	492	499	516	522	532	553	559
Technical Services	8	8	8	11	12	13	13	13	13	13
Emergency Services	6	3	3	7	7	7	7	7	7	10
Community Corrections	11	11	11	11	10	11	13	13	14	14
Health										
Public Health	239	232	228	220	226	231	234	235	245	247
Community Mental Health	334	335	335	341	345	345	346	346	345	346
Substance Abuse	10	10	10	10	13	13	13	13	12	13
Health & Community Services	-	2	2	2	2	2	2	2	2	2
Social Services										
Child Care - Youth Home	137	129	123	121	121	121	122	121	123	122
Medical Care Facility	231	231	238	245	238	273	331	330	305	286
Veterans Services/Affairs	10	10	10	11	11	11	11	11	13	14
Senior Citizen Services	30	16	15	3	3	-	-	-	-	-
Community Services Agency	193	184	182	171	172	213	220	231	217	223
Macomb/St. Clair Employment	68	68	68	68	68	43	46	47	45	46
Culture & Recreation										
Parks	-	-	-	-	-	-	-	-	1	1
Total	2,705	2,824	2,801	2,785	2,827	2,908	3,016	3,035	3,049	3,062

Source: Macomb County Budget

Macomb County, Michigan

OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST TEN YEARS

(Unaudited)

Function/Program	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Judicial:										
Circuit Court										
Caseload	20,782	20,018	19,372	19,242	19,329	19,149	19,237	18,678	18,379	13,314
District Court - Romeo										
Caseload	9,760	9,396	7,917	8,306	8,772	8,549	8,835	11,225	11,045	7,719
District Court - New Baltimore										
Caseload	14,405	12,751	12,300	9,833	12,937	15,625	15,717	15,020	17,251	12,195
General Government:										
County Clerk										
Birth records	5,768	5,604	5,453	6,492	6,111	5,825	5,582	6,179	6,246	2,277
Death records	5,065	5,107	5,158	5,001	5,713	5,943	5,836	6,278	5,883	8,140
Marriage licenses	5,169	5,291	4,877	4,996	5,180	5,142	4,997	4,959	4,630	3,245
Public Works										
Inspections	6,037	5,955	6,718	5,777	5,043	16,107	16,017	15,139	12,089	10,104
Public Safety:										
Sheriff										
Complaints handled	94,821	94,451	93,701	101,029	87,090	105,993	194,625	196,048	213,805	110,592
Inmate bookings	18,464	19,709	18,732	17,881	17,291	17,170	17,042	16,770	16,406	9,709
Arrests made	6,602	6,617	6,206	5,601	3,316	4,822	4,770	4,468	4,454	3,627
Crashes investigated	4,048	3,924	3,880	4,120	1,563	1,421	1,224	3,492	1,746	4,014
Health and Welfare:										
Health Department										
Vaccines administered	70,711	58,253	59,726	45,048	44,711	39,492	40,867	43,314	40,564	15,335
Animals received at animal shelter	7,520	5,782	3,219	2,009	4,276	4,678	4,671	4,061	4,153	2,362
Food service inspections	4,374	5,452	4,645	4,578	4,634	4,652	4,630	4,847	5,226	3,100
Forensic examinations	625	571	648	649	643	686	716	691	538	684

Source: Macomb County Finance Department

Macomb County, Michigan

CAPITAL ASSET STATISTICS BY FUNCTION
LAST TEN YEARS

(Unaudited)

Function	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Judicial										
Number of court buildings	5	5	5	5	5	5	5	5	5	4
Vehicles	6	6	4	4	4	4	3	3	3	2
General Government										
Number of buildings	7	6	7	7	7	7	7	7	7	7
Vehicles	54	54	55	54	63	60	50	51	57	51
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	-	
Marine patrol substations	2	2	2	2	2	2	1	1	1	1
Vehicles	141	141	157	147	168	173	177	189	206	190
Public Works										
Lane miles of roads	2,335	2,335	2,335	2,393	2,397	2,823	2,823	2,825	2,833	2,827
Number of buildings	9	9	9	9	9	9	9	9	9	9
Vehicles	36	34	36	38	74	262	268	427	291	277
Health and Welfare										
Number of buildings	7	8	8	8	8	8	8	8	8	8
Vehicles	88	87	89	88	92	95	90	88	97	91
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
Vehicles	-	-	-	-	-	-	-	1	1	1

Source: Macomb County Finance Department

Macomb County, Michigan
SCHEDULE OF INSURANCE

As of December 31, 2020

(Unaudited)

Type of Coverage / Name of Company	Policy Period	Premium	Description
Public Entity Liability Pennsylvania Manufacturers	7-1-20 to 7-1-21	\$724,850	Includes auto liability, general liability, law enforcement liability and public officials liability/errors and omissions. \$11,000,000 each occurrence or wrongful act subject to a \$750,000 self-insured retention. \$1,000,000 self-insured retention for Law Enforcement only.
Excess Workers' Compensation Insurance Safety National Casualty Corp	5-1-19 to 5-1-21	\$185,586 (excess premium) annually	Statutory liability \$1,000,000. Self-insured retention \$600,000 each occurrence.
Property Affiliated FM Insurance Co	7-1-20 to 7-1-21	\$444,890	Covers buildings & contents. Limit - up to \$300,000,000 - deductible \$100,000
Boiler & Machinery Affiliated FM Insurance Co	7-1-20 to 7-1-21	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 - \$100,000 deductible - \$300,000,000 limit
Electronic Data Processing Affiliated FM Insurance Co	7-1-20 to 7-1-21	Included in property	Replacement cost for damaged equipment and media; extra expense to resume operations; all risk less certain excluded perils.
Public Entity Fiduciary Liability Federal Insurance Co.	8-1-20 to 8-1-21	\$41,011	County Employees Retirement System, Deferred Compensation Plan, Retirees' Healthcare Trust Fund, Defined Contribution Retirement Plan (401a) - \$5,000,000 aggregate, \$50,000 deductible
Crime National Union Fire Ins	8-1-19 to 8-1-20	\$8,373	Employee theft - disappearance and destruction in/out premises. LIMITS: \$1,500,000 Crime; \$200,000 Forgery; \$200,000 Inside the Premises- Theft of Money and Securities; \$200,000 Outside the Premises; \$1,000,000 Computer Fraud; \$1,000,000 Funds Transfer Fraud; \$200,000 Money Orders & counterfeit currency - \$25,000 deductible
Cyber Travelers	7-1-20 to 7-1-21	\$84,518	Includes computer fraud, funds transfer fraud, computer program and electronic data restoration expenses, security breach remediation and notification expenses, regulatory defense expenses, crisis management event expenses, communications and media liability, and network and information security liability-\$5,000,000 Limit-\$100,000 Retention
Life Insurance The Standard	1-1-20 to 12-31-20	\$44,117 County Active \$92,114 County Retirees \$4,911 Roads Active \$48,466 Roads Retirees	Active EE Basic Life 50,000

-CONTINUED-

Macomb County, Michigan

SCHEDULE OF INSURANCE (CONCLUDED)

As of December 31, 2020

(Unaudited)

Type of Coverage / Name of Company	Policy Period	Premium	Description
Dental Insurance Delta Dental	1-1-20 to 12-31-20	\$ 1,299,392 County Active \$1,083,893 County Retirees \$158,812 Roads Active \$145,732 Roads Retirees	\$1,000 annual maximum per individual/ calendar year
Dental Insurance Golden Dental	1-1-20 to 12-31-20	\$ 98,739 County Active \$12,324 Roads Active \$916 Roads Retirees	Unlimited annual benefit
Long Term Disability Insurance The Standard	1-1-20 to 12-31-20	\$250,896 County Active \$28,607 Roads Active	60% of salary to age 65; up to \$4,500 per month subject to coordination of benefits
Health/Hospital Insurance Blue Care Network	1-1-20 to 12-31-20	\$12,423,991 County Active \$ 2,080,629 County Retirees \$ 2,362,587 Roads Active \$285,560 Roads Retirees	HMO offers primary care physicians, network hospitals, affiliated pharmacies and labs and other providers within the particular HMO network
Health/Hospital Insurance 2018 HAP Self Insured Admin Fees	1-1-20 to 12-31-20	\$ 8,955,207 County Active \$1,086,454 County Retirees \$655,472 Roads Active \$128,795 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	1-1-20 to 12-31-20	\$ 3,900,289 County Active \$3,502,989 County Retirees \$ 212,252 Roads Active 664,050 Roads Retirees	Self insured medical plan - \$1,000,000 lifetime maximum; includes vision
Health/Hospital Insurance BCBS Medicare Advantage	1-1-20 to 12-31-20	\$ 10,557,545 County Retirees \$ 1,367,842 Roads Retirees	Partially self insured medical plan
Vision Care SVS Vision	1-1-20 to 12-31-20	\$ 83,007 County Active \$100,606 County Retirees \$13,407 Roads Active \$17,532 Roads Retirees	Vision care pays for certain tests & supplies when obtained by participating provider
Hearing Care Audio Net Hearing	1-1-20 to 12-31-20	\$57,620 County Retirees \$7,600 Roads Retirees	Retiree hearing care

Source: Macomb County Risk Management & Safety Department

Macomb County, Michigan

TAX ABATEMENTS – INDUSTRIAL FACILITIES TAX (IFT)

LAST TWO YEARS

(Unaudited)

The Michigan Plant Rehabilitation and Industrial Development District Act (Michigan Public Act 198 of 1974, as amended) (“Act 198”), provides significant tax incentives to industry to renovate and expand aging plants and to build new plants in Michigan. Under the provisions of Act 198, qualifying cities, villages and townships may establish districts in which industrial firms are offered certain property tax incentives to encourage restoration or replacement of obsolete industrial facilities and to attract new plants to the area.

The issuance of any exemption certificate must be approved by the State Treasurer. Firms situated in such districts pay an Industrial Facilities Tax in lieu of property taxes on plant and equipment for a period of up to twelve years. For rehabilitated plants and equipment, the assessed value is frozen at previous levels. New plants and equipment are taxed at one-half of the recalculated IFT rate using 1993 school operating mills and current year mills for all other taxing jurisdictions.

Ad valorem property taxes and land and inventory are specifically excluded under Act 198.

Abatements granted and the taxable values of the abated properties are listed below for the years ending December 31:

<u>Year Ended December 31,</u>	<u>Taxable Values of Abated Property</u>	<u>County Tax Revenues Reduced by Abatements</u>
2016	\$ 405,584,285	\$ 930,339
2017	360,292,667	803,259
2018	354,007,313	800,087
2019	393,908,850	851,173
2020	400,332,217	901,519

Macomb County, Michigan

STATE SHARED REVENUES AND COUNTY RESIDENTIAL BUILDING PERMITS ISSUED
LAST TEN YEARS

(Unaudited)

State shared revenues

Fiscal Year Ended	Amount Drawn from Revenue Sharing Reserve Fund	State Revenue Sharing Payments
2011	16,321,138	-
2012	4,956,671	15,264,877
2013	-	12,529,729
2014	-	13,152,353
2015	-	16,403,775
2016	-	16,504,824
2017	-	16,667,584
2018	-	16,797,848
2019	-	16,988,673
2020		13,160,474

Source: Macomb County Finance Department

County residential building permits issued

Year	Building Permits
2011	1,145
2012	1,342
2013	1,860
2014	1,824
2015	1,867
2016	1,868
2017	2,307
2018	2,035
2019	1,962
2020	1,667

Source: SEMCOG Community Profile Report for Macomb County

Macomb County, Michigan

SCHEDULE OF LABOR FORCE AGREEMENTS

Year Ended December 31, 2020

(Unaudited)

<u>Union Group</u>	<u>Employee Classifications Covered</u>	<u>Number of Employees Covered</u>	<u>Contract Expiration Date</u>
ADTECH	Dept. of Roads and Technical Emp.	96	12/31/2022
AFSCME Local 411 General & District Crt	Clerical	561	12/31/2022
AFSCME 411- Teachers	Teachers	38	12/31/2022
Building Trades Association	Carpenters, electricians, etc.	19	12/31/2022
Command Officers Association of Michigan	Sheriff - Lieutenants and Sergeants	58	12/31/2021
IUOE Local 547	Boiler Operators	7	12/31/2022
Macomb County Environmental Health Assoc.	Environmentalists	29	12/31/2022
MCPDSA	Correction officers	152	12/31/2022
Michigan Nurses Assoc.	Nurses	40	12/31/2022
FOPLC	Deputies and Dispatchers	279	12/31/2021
POAM-Asst Prosecutors Assoc	APA's	54	12/31/2022
POAM-Juvenile Justice Center	Juvenile Justice Center	43	12/31/2022
POAM- Medical Examiner	Med Exam Invest/Forensic Invst	8	12/31/2022
POLC-Captains	Captains and Jail Administrator	5	12/31/2021
Road Technicians Association	Dept. of Road technicians	120	12/31/2022
Teamsters Local 214	Circuit Court / Friend of the Court	67	12/31/2022
Teamsters Local 214	Court Reporters	2	12/31/2022
TPOAM	Circuit Court Officers & Professional	56	12/31/2019
TPOAM	Juvenile Court and Justice Center	14	12/31/2022
TPOAM	I.T.	27	12/31/2022
TPOAM	Specialized Employees	30	12/31/2022
UAW Local 412 - Unit 75	Supervisors	85	12/31/2022
UAW Local 412 - Unit 95	Corporation Counsel	4	12/31/2022
UAW Local 889	MCCSA Professionals	19	12/31/2022
UAW Local 889	Specialized Offices	66	12/31/2022
UAW Local 889	Animal Shelter	12	12/31/2022
UAW Local 889	Macomb Community Action	189	12/31/2022
UAW Local 889	Probate Court / Corporation Counsel	13	12/31/2022
Non-Affiliated	County and Roads	739	N/A
Total Employee Count		<u>2,832</u>	

Source: Macomb County Human Resources and Labor Relations