

MACOMB COUNTY, MICHIGAN

Citizens Guide and Performance Dashboard

2020

This Citizens Guide and Performance Dashboard is intended to provide the general public with a brief but meaningful presentation on the finances of the County, with emphasis placed on the General Fund, long-term debt and legacy costs associated with pensions and retiree health care. The information presented herein represents amended budget amounts for 2020, recommended budget amounts for 2021 as well as forecasted amounts for 2022 and 2023. The adopted 2019 budget is available on the County's web site at www.macombgov.org. Questions and comments regarding the Citizens Guide and Performance Dashboard may be directed to the Finance Department at 586-469-5250.

Overview of the County

Macomb County was incorporated in 1818 and includes an 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, 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.

The Budget Process

The annual budget serves as the foundation for the County's financial planning and fiscal control for the upcoming year. The Appropriations Ordinance adopted by the Board of Commissioners represents the legal authorization for County agencies to procure goods and services. The County's budgetary practices and controls are governed by both County Charter and Public Act 2 of 1968, more commonly known as the Uniform Budgeting and Accounting Act. Each require that the budget be balanced, which means that budgeted appropriations cannot exceed the total of budgeted revenues and available fund balance reserves in any individual fund.

The majority of the funds and activities of the County are accounted for on a fiscal year that ends on December 31. The County is somewhat unique in that it also has certain Special Revenue and Enterprise funds that are accounted for on a fiscal year that ends on September 30. The County Charter requires the County Executive to submit a comprehensive balanced budget to the Board of Commissioners at least 90 days before the beginning of each fiscal year. Budget worksheets are distributed to department heads and elected officials approximately 180 days before the beginning of the fiscal year and returned to the Finance Department 4-6 weeks later. The information is compiled and a recommended budget is submitted to the Board of Commissioners no later than 90 days before the beginning of the upcoming budget year. The budget is discussed further over the next 45-60 days, including formal discussions with the Finance Committee during that time. A public hearing is held approximately two weeks before the first day of the new budget year and the final budget is adopted by the Board of Commissioners prior to the beginning of the fiscal year. Appropriations approved by the Board of Commissioners are considered maximum spending authority and not a mandate to spend the entire amount appropriated. As a result, this allows for further savings to be achieved throughout the year.

Budget Adjustments

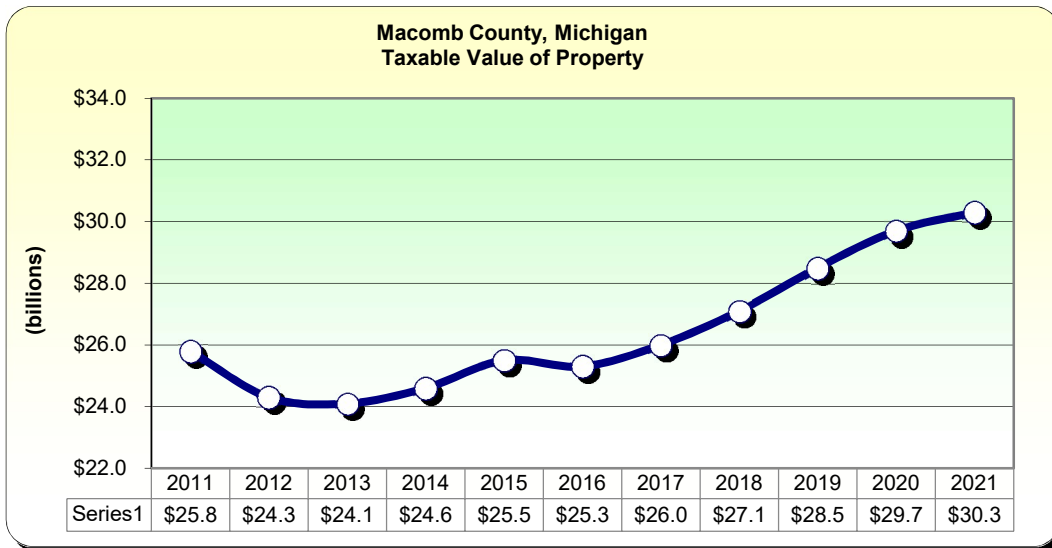
Transfers between budget centers must be approved by the Board of Commissioners regardless of amount. Transfers between line items within any budget center within any fund that exceed the lesser of \$35,000 or 5% of the total appropriations approved for the budget center in question must be approved by the Board of Commissioners. Multiple related expenditures shall be aggregated and are subject to the same parameters described above for any one budget

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year. Internal service costs may be transferred between funds and budget centers regardless of amount without prior approval of the Board of Commissioners.

Budget and Forecast Assumptions

Property taxes account for approximately 16.0% of revenues across all funds and are the primary source of revenue for the General Fund (48.8% for 2020). The County enjoyed healthy increases in taxable values of 6% per year, on average, from the mid 1990s through the mid 2000s. Taxable values began to stagnate in 2008 and declined 24.5% from that time through the end of 2013. **Since the decline ended in 2013, taxable values have increased 23.2%. Taxable values are estimated to increase 2% in 2020.** Each 1% change in property values equates to approximately \$1.4 million in property tax revenue to the General Fund. Health care costs for 2020 are expected to increase 7.5%. The taxable value of property for the past ten years along with next year's projection is presented below.



Operations at a Glance

The County provides many valued services to its residents. These activities are accounted for in many different funds. The General Fund is the main operating fund of the County and is used to account for functions that are financed primarily by property taxes and other general revenue such as State Revenue Sharing, liquor tax and interest. Special Revenue and Enterprise funds are used to account for activities that are funded primarily by State and Federal grants and charges for services. Amended budget information for 2020 and recommended budget information for 2021 for all budgeted funds is presented on the following two pages.

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Macomb County, Michigan
Budgeted Revenues and Expenditures - All Funds (As Amended)
Fiscal 2020

	Major Funds					Total
	General Fund	Department of Roads	Coronavirus Relief Fund	Community Mental Health	Nonmajor Funds	
Revenues						
Property Taxes	\$ 131,094,600	\$ -	\$ -	\$ -	\$ 4,503,000	\$ 135,597,600
Intergovernmental	55,499,477	143,351,647	160,597,830	8,391,970	79,959,778	447,800,702
Charges for Services/Reimb	49,122,000	2,117,500	-	190,321,212	60,547,793	302,108,505
Indirect Cost Allocation	48,389,000	-	-	66,200	-	48,455,200
Other Sources	3,915,900	2,214,833	-	45,155	1,287,221	7,463,109
Transfers In	8,174,200	-	-	3,748,733	53,889,154	65,812,087
Total Revenues	296,195,177	147,683,980	160,597,830	202,573,270	200,186,946	1,007,237,203
Expenditures						
Personnel	145,327,744	36,914,541	10,551,000	25,738,335	70,362,410	288,894,030
Supplies & Commodities	31,526,660	6,338,091	18,680,887	13,917,261	58,866,507	129,329,406
Road Construction & Maintenance	-	95,327,934	-	-	-	95,327,934
Contract Services	9,934,550	11,943,420	15,030,800	160,306,773	38,100,307	235,315,850
Internal Services	35,247,334	-	-	1,936,500	10,843,293	48,027,127
Appropriations to Businesses, Individuals, and Other Governments	-	-	97,355,455	-	-	97,355,455
Capital Outlay	7,935,520	7,625,822	17,979,688	242,401	2,931,329	36,714,760
Unallocated Reduction	(6,375,500)	-	-	-	-	(6,375,500)
Debt Service	-	-	-	-	8,388,400	8,388,400
Transfers Out	67,673,783	-	1,000,000	-	747,474	69,421,257
Total Expenditures	291,270,091	158,149,808	160,597,830	202,141,270	190,239,720	1,002,398,719
Net Change in Fund Balance	4,925,086	(10,465,828)	-	432,000	9,947,226	4,838,484
Fund Balance, Beginning of Year	61,499,507	97,541,826	-	7,567,188	35,923,566	202,532,087
Fund Balance, End of Year	\$ 66,424,593	\$ 87,075,998	\$ -	\$ 7,999,188	\$ 45,870,792	\$ 207,370,571

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Macomb County, Michigan
Budgeted Revenues and Expenditures - All Funds (As Recommended)
Fiscal 2021

	Major Funds				Total
	General Fund	Department of Roads	Community Mental Health	Nonmajor Funds	
Revenues					
Property Taxes	\$ 133,919,000	\$ -	\$ -	\$ 3,297,300	\$ 137,216,300
Intergovernmental	37,113,100	156,364,422	13,260,599	78,101,902	284,840,023
Charges for Services/Reimb	45,242,600	2,117,500	216,709,474	59,847,227	323,916,801
Indirect Cost Allocation	48,150,600	-	66,200	-	48,216,800
Other Sources	2,791,400	2,254,417	541,067	976,000	6,562,884
Transfers In	8,000,000	-	3,699,500	33,206,527	44,906,027
Total Revenues	275,216,700	160,736,339	234,276,840	175,428,956	845,658,835
Expenditures					
Personnel	148,478,000	38,212,051	31,543,922	72,287,021	290,520,994
Supplies & Commodities	32,857,500	6,621,367	13,065,376	52,593,708	105,137,951
Road Construction & Maintenance	-	105,058,267	-	-	105,058,267
Contract Services	9,457,500	11,449,033	177,789,089	37,009,687	235,705,309
Internal Services	36,742,700	-	2,053,274	8,523,088	47,319,062
Capital Outlay	10,860,200	5,581,630	296,445	3,140,562	19,878,837
Debt Service	-	-	-	16,049,600	16,049,600
Transfers Out	36,177,100	-	-	728,927	36,906,027
Total Expenditures	274,573,000	166,922,348	224,748,106	190,332,593	856,576,047
Net Change in Fund Balance	643,700	(6,186,009)	9,528,734	(14,903,637)	(10,917,212)
Fund Balance, Beginning of Year	66,424,593	87,075,998	7,999,188	45,870,792	207,370,571
Fund Balance, End of Year	<u>\$ 67,068,293</u>	<u>\$ 80,889,989</u>	<u>\$ 17,527,922</u>	<u>\$ 30,967,155</u>	<u>\$ 196,453,359</u>

The General Fund

The General Fund is the primary operating fund of the County. It is responsible for funding virtually all law enforcement and justice functions, including the courts, juvenile justice, Sheriff, Prosecuting Attorney and support services such as Finance and Human Resources. The General Fund is also responsible for funding the majority of the operations of the County's other elected officials, including the County Executive, Clerk/Register of Deeds, Treasurer, Board of Commissioners and the Public Works Commissioner. A summary of revenues by source and expenditures by category and function are presented below.

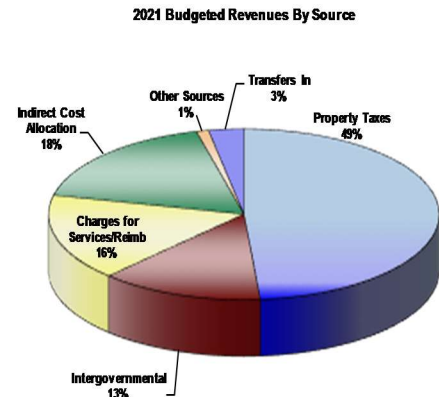
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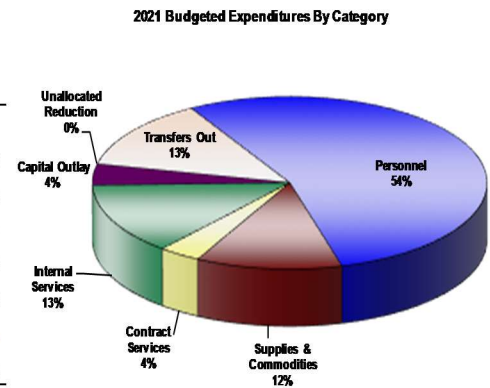
Macomb County, Michigan General Fund Revenues By Source

	2019 Actual	2020 Amended	2021 Recommend	2022 Forecast	2023 Forecast
Property Taxes	\$ 126,259,284	\$ 131,094,600	\$ 133,919,000	\$ 135,263,800	\$ 136,572,100
Intergovernmental	40,570,046	55,499,477	37,113,100	37,113,100	37,113,100
Charges for Services/Rein	47,787,745	49,122,000	45,242,600	45,862,300	46,264,600
Indirect Cost Allocation	43,433,933	48,389,000	48,150,600	51,101,000	51,101,000
Other Sources	4,854,364	3,915,900	2,791,400	2,791,400	2,791,400
Transfers In	8,043,451	8,174,200	8,000,000	8,000,000	8,000,000
Total	\$ 270,948,823	\$ 296,195,177	\$ 275,216,700	\$ 280,131,600	\$ 281,842,200



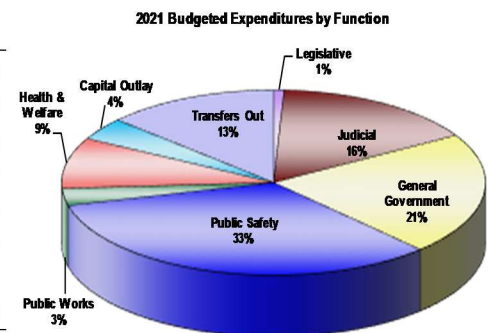
Macomb County, Michigan General Fund Expenditures By Category

	2019 Actual	2020 Amended	2021 Recommend	2022 Forecast	2023 Forecast
Personnel	\$ 144,154,733	\$ 145,327,744	\$ 148,478,000	\$ 154,294,400	\$ 157,318,200
Supplies & Commodities	26,887,925	31,526,660	32,857,500	31,239,400	29,718,500
Contract Services	8,891,773	9,934,550	9,457,500	9,508,400	9,519,600
Internal Services	35,382,456	35,247,334	36,742,700	36,791,800	36,835,300
Capital Outlay	2,076,178	7,935,520	10,860,200	10,922,400	10,770,600
Unallocated Reduction	-	(6,375,500)	-	-	-
Transfers Out	48,965,809	67,673,783	36,177,100	37,018,500	37,584,700
Total	\$ 266,358,874	\$ 291,270,091	\$ 274,573,000	\$ 279,774,900	\$ 281,746,900



Macomb County, Michigan General Fund Expenditures By Function

	2019 Actual	2020 Amended	2021 Recommend	2022 Forecast	2023 Forecast
Legislative	\$ 2,072,306	\$ 2,142,100	\$ 2,170,400	\$ 2,237,100	\$ 2,258,200
Judicial	40,499,293	42,527,425	43,045,000	43,914,200	44,521,000
General Government	55,323,088	46,336,433	58,742,400	59,776,200	58,914,000
Public Safety	86,967,169	92,107,075	91,001,800	92,225,500	93,442,400
Public Works	7,481,516	7,878,627	8,180,000	8,312,400	8,441,500
Health & Welfare	22,973,515	24,669,128	24,396,100	25,368,600	25,814,500
Capital Outlay	2,076,178	7,935,520	10,860,200	10,922,400	10,770,600
Transfers Out	48,965,809	67,673,783	36,177,100	37,018,500	37,584,700
Total	\$ 266,358,874	\$ 291,270,091	\$ 274,573,000	\$ 279,774,900	\$ 281,746,900

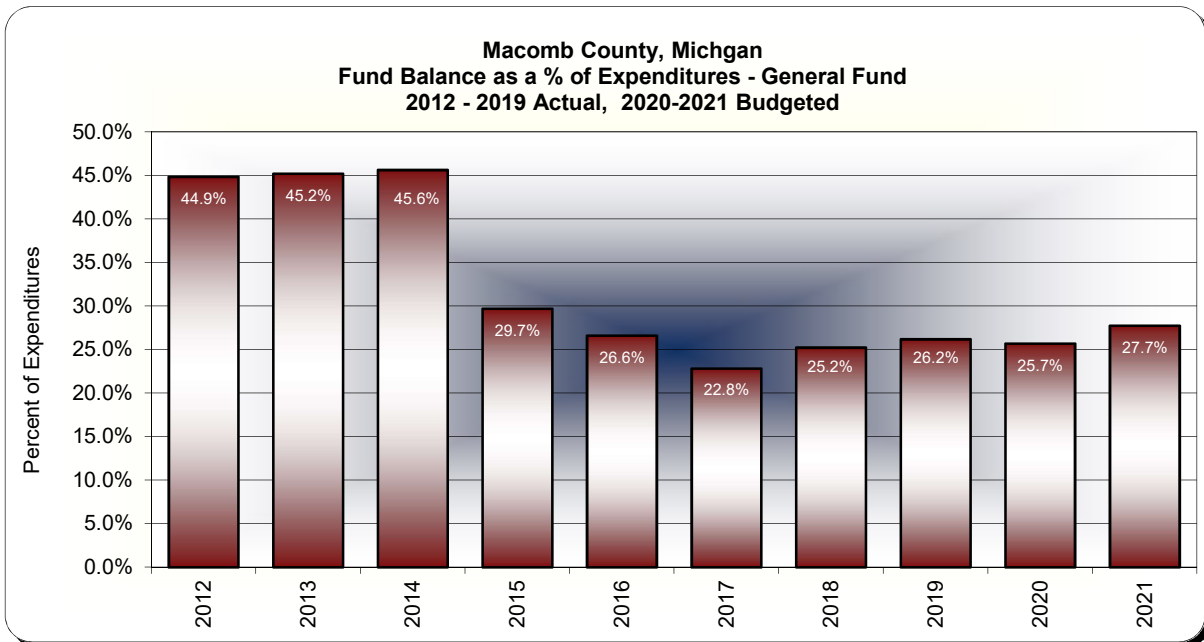


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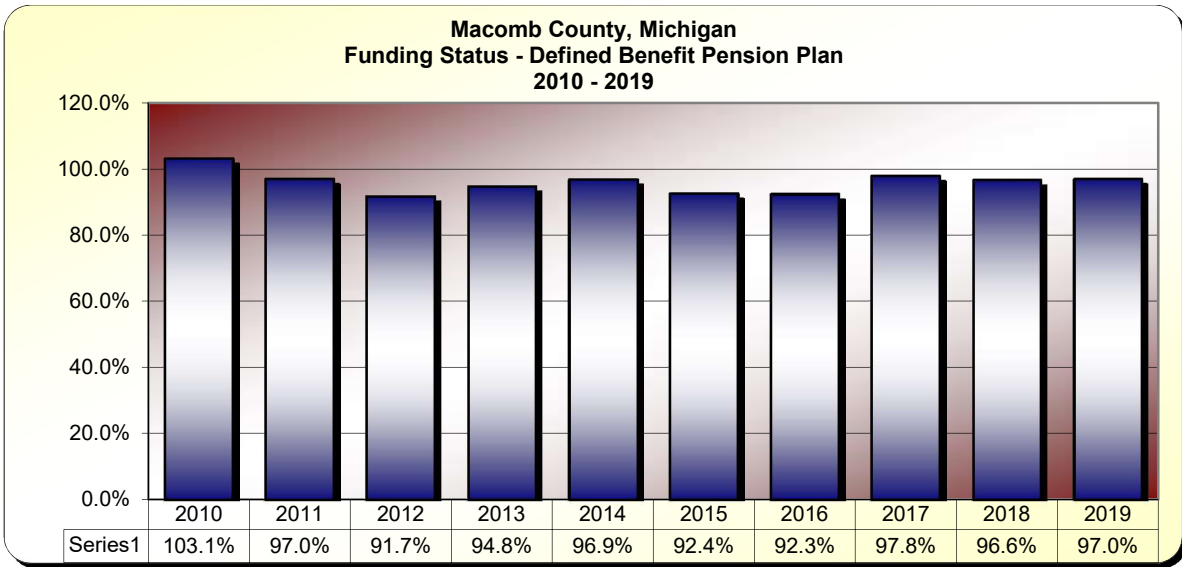
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Fund Balance – Preservation of fund balance is critical for the future. The County has prided itself on maintaining a healthy level of fund balance in its various operating funds. Industry guidelines recommend a fund balance of approximately 15% - 20% of annual expenditures in any given fund. The total audited General Fund balance of \$61.5 million as of December 31, 2019 represented 26.2% of 2019 expenditures (including transfers out). The ratio is expected to decrease to approximately 25.7% by the end of fiscal 2020 and then increase to 27.7% by the end of fiscal 2021 as a result of savings in personnel costs as a result of the planned reduction in the workforce achieved via attrition (no layoffs). A graphical representation of the level of fund balance as a percentage of expenditures for 2012 through 2021 is presented below.

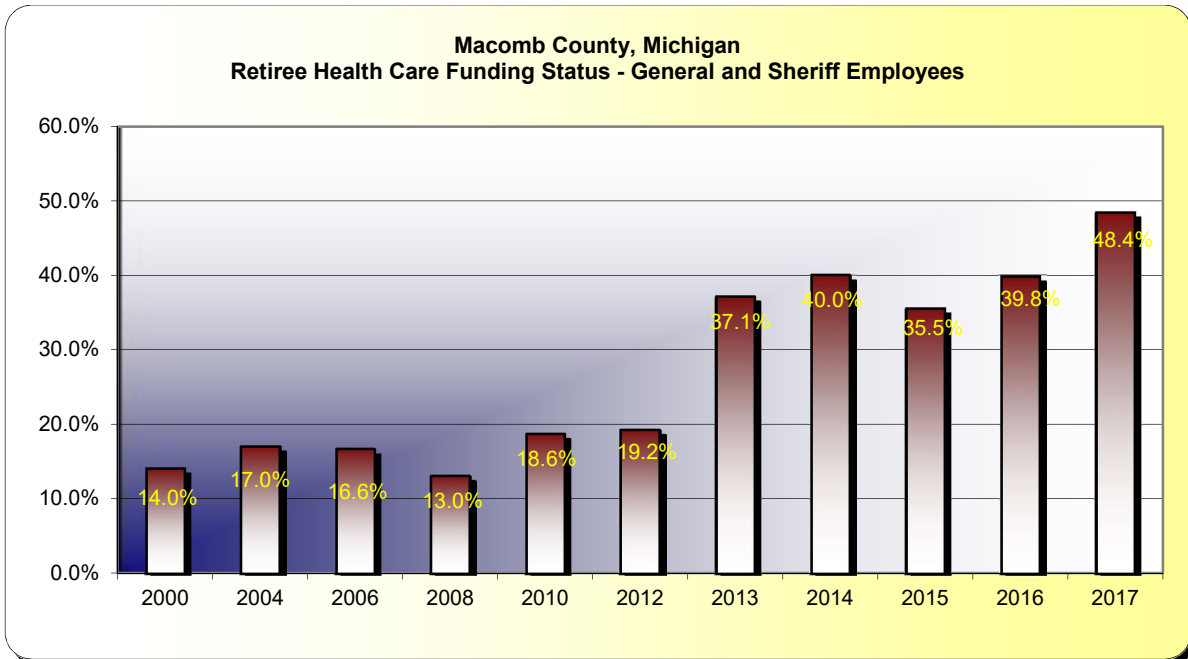


Defined Benefit Pension Plan – The County sponsors and administers the Macomb County Employees’ Retirement System (the “System”), a single employer defined benefit plan covering substantially all County employees. The System was established in accordance with state statutes to provide retirement benefits for the employees of the County and its several offices, boards and departments, including the County Road Commission. As of December 31, 2019, the date of the most recent actuarial valuation, the plan was 97% funded. The actuarial accrued liability was \$1,054,636,606 and the actuarial value of plan assets was \$1,022,559,084, resulting in an unfunded liability of \$32,077,522. The funding status for the last 10 years is presented on the following page.

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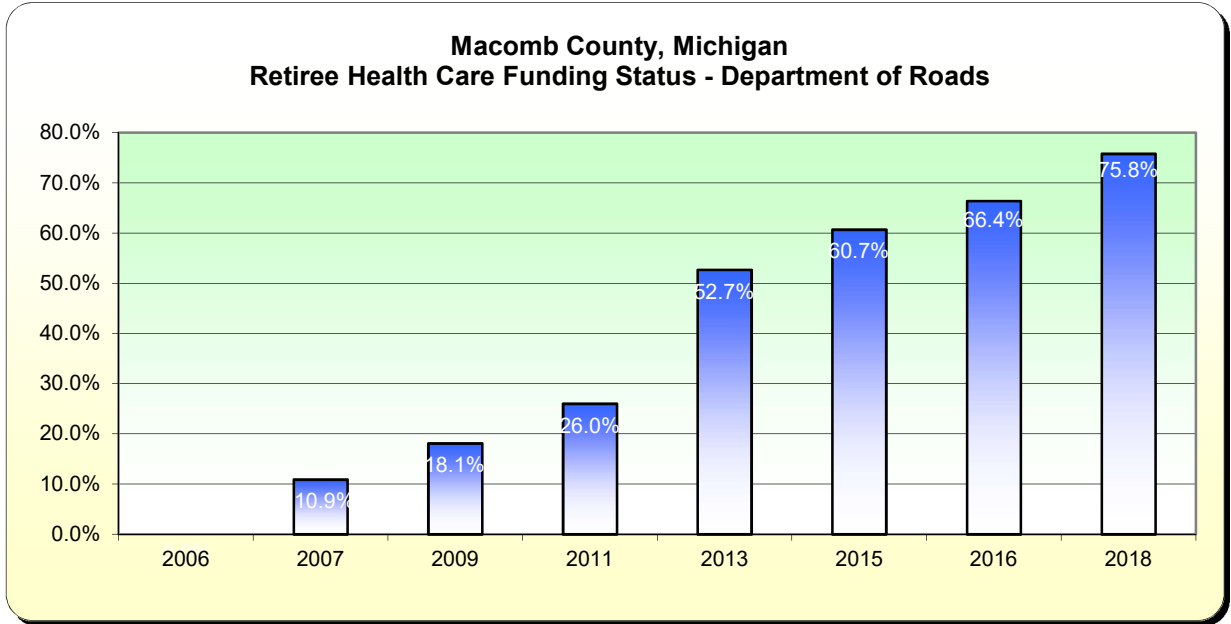
Retiree Health Care - The County sponsors a single employer postretirement healthcare plan for retirees and their spouses. Hospitalization insurance is provided through insurance companies, whose premiums are based on the benefits paid during the year. As of December 31, 2017, the date of the most recent actuarial valuation, the plan was 48.4% funded. The actuarial accrued liability for benefits was \$527,413,300 and the actuarial value of assets in the plan was \$255,490,139, resulting in an unfunded actuarial accrued liability of \$271,923,161. A graphical representation of the funding status of the plan since 2000 is shown below.



The County also sponsors a multiple employer plan administered by the Michigan Employers' Retirement System (MERS) for those who retired from the Department of Roads. Hospitalization insurance is provided through insurance companies, whose premiums are based on the benefits paid during the year. As of December 31, 2018, the date of the most recent actuarial valuation, the plan was 75.8% funded.

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Retiree Health Care (concluded) – The actuarial accrued liability for benefits was \$85,511,503 and the actuarial value of assets in the plan was \$64,789,959, resulting in an unfunded actuarial accrued liability of \$20,721,544.



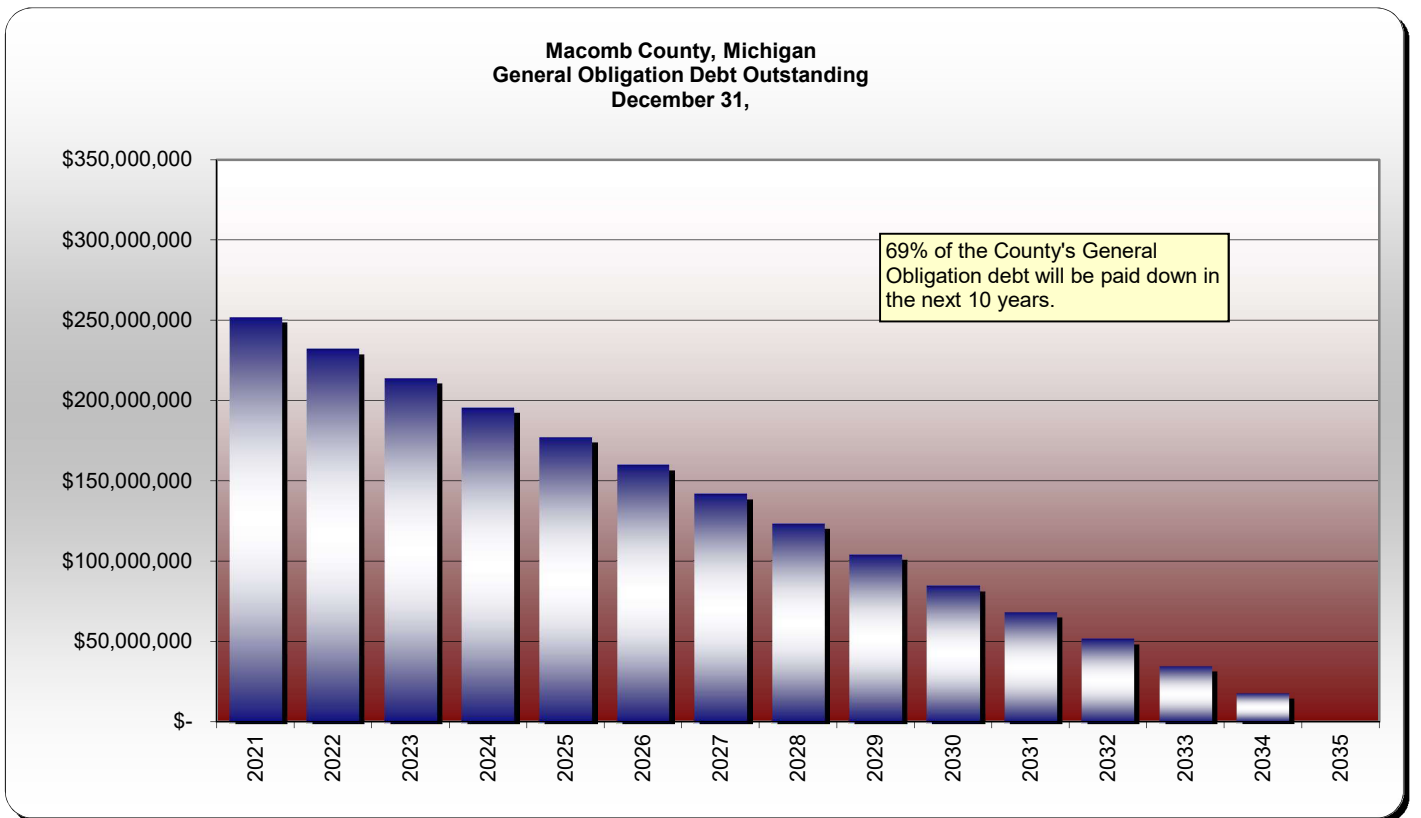
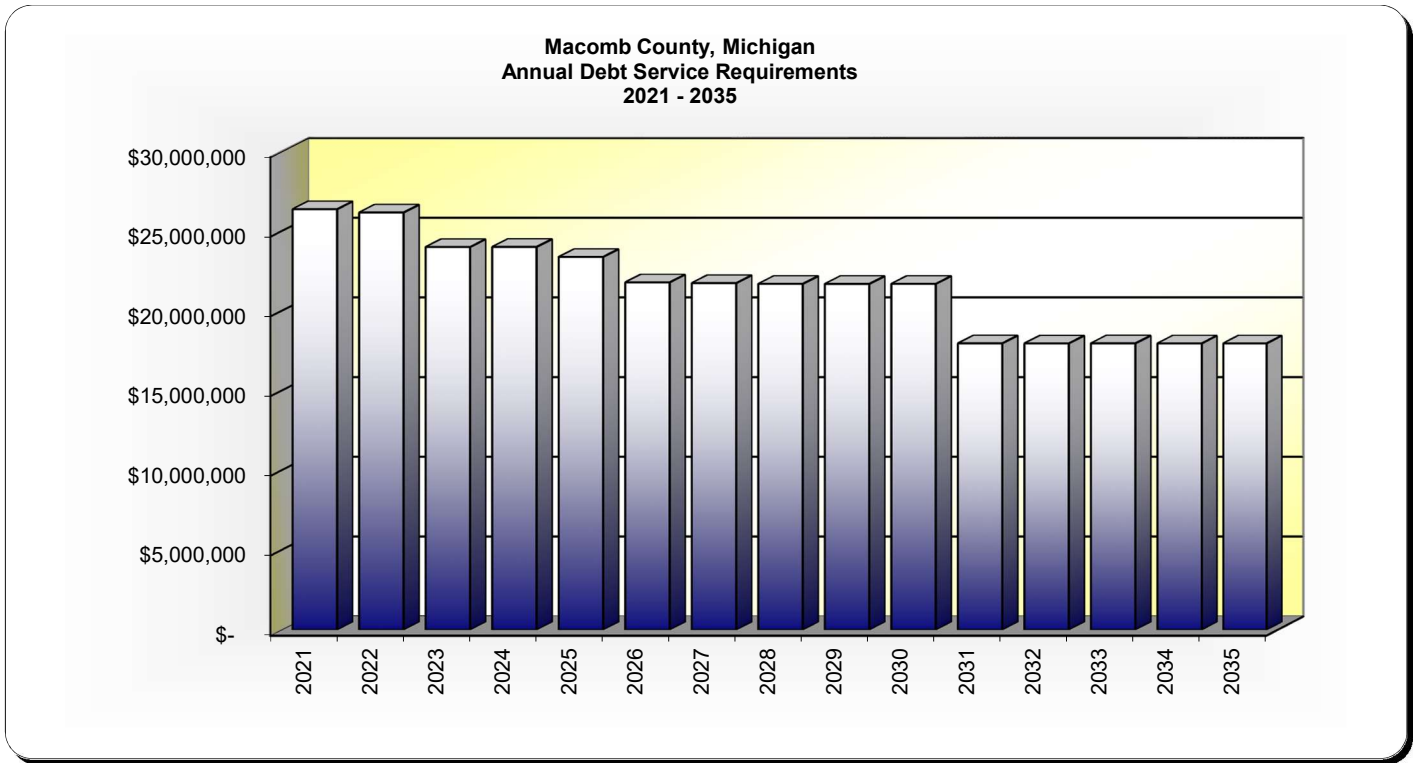
Long-Term Debt

The County's general obligation bonds are rated **AA+** by Standard & Poor's and **Aa1** by Moody's Investor Service. The County's outstanding general obligation debt supported by the primary government as of December 31, 2020 will be \$270,690,000 or \$309.72 per capita. All of the County's General Obligation Debt will be retired as of December 31, 2035. Annual debt service requirements and outstanding balances for the years 2021 – 2035 are presented on the following page.

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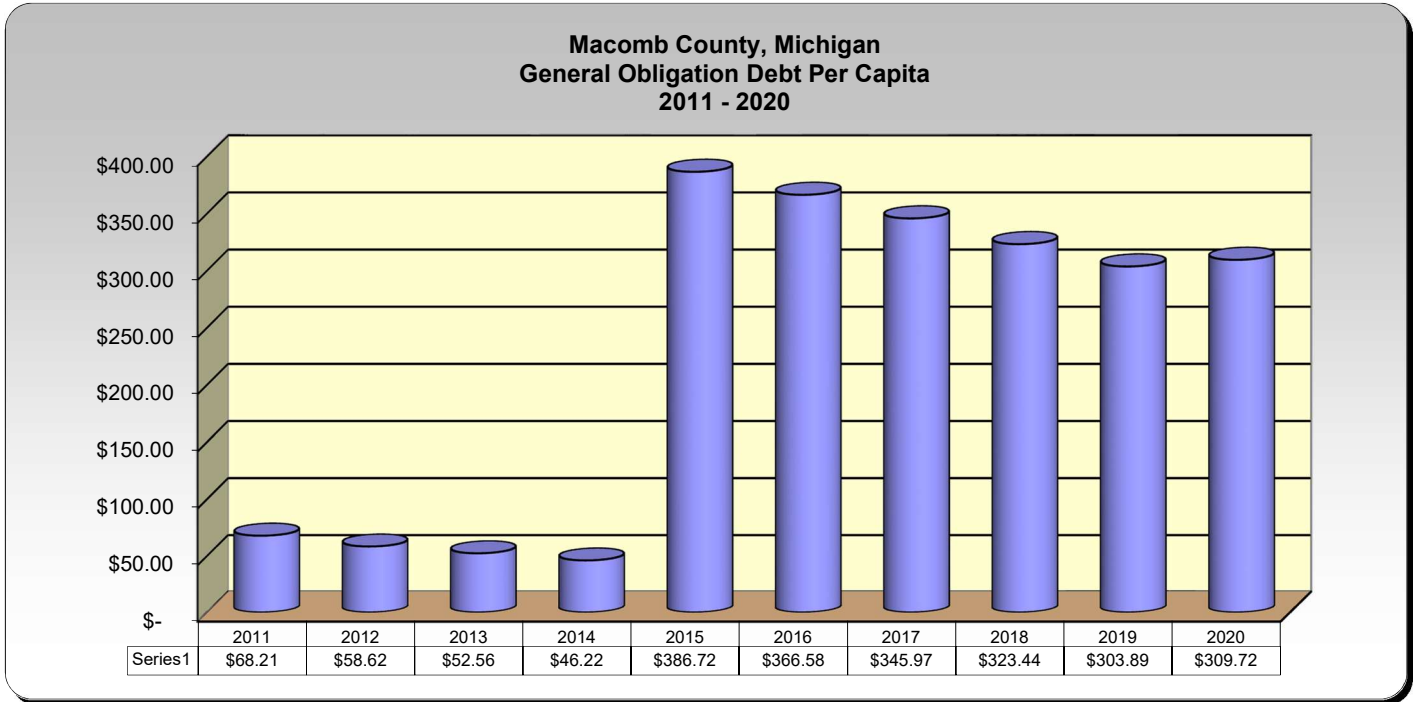
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A graphical representation of the County's general obligation debt per capita for the last 10 years is presented on the following page.

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Annual principal and interest payments by issue are presented below and following pages:

	Series 2012 PWK/WertzRefunding		Series 2012A 800 MhZ/NB Court Refunding		Series 2014 MTB/YTH Refunding	
	General Obligation, Limited Tax		General Obligation, Limited Tax		General Obligation, Limited Tax	
	3/1/2012		10/1/2012		9/1/2014	
	\$6,550,000		\$14,160,000		\$15,155,000	
	General Fund Unrestricted Revenues		General Fund Unrestricted Revenues		General Fund Unrestricted Revenues	
Year	Principal	Interest	Principal	Interest	Principal	Interest
2021	\$ 575,000	\$ 50,313	\$ 1,455,000	\$ 170,526	\$ 2,120,000	\$ 126,600
2022	565,000	36,063	1,495,000	141,425	2,105,000	42,100
2023	575,000	21,812	1,510,000	109,656	-	-
2024	585,000	7,312	1,555,000	75,681	-	-
2025	-	-	1,550,000	38,750	-	-
	\$ 2,300,000	\$ 115,500	\$ 7,565,000	\$ 536,038	\$ 4,225,000	\$ 168,700

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Name:	Series 2015 Central Campus Renovations	Series 2015 Retiree Health Care	Series 2020 Retiree Health Care Refunding
Type:	General Obligation, Limited Tax	General Obligation, Limited Tax	General Obligation, Limited Tax
Issue Date:	6/4/2015	3/11/2015	10/27/2020
Original Issue Amount:	\$44,210,000	\$263,555,000	\$131,015,000
Funding Source:	General Fund Unrestricted Revenues	See note below	See note below

Year	Principal	Interest	Principal	Interest	Principal	Interest
2021	\$ 2,705,000	\$ 1,033,074	\$ 10,545,000	\$ 3,125,054	\$ 1,830,000	\$ 2,457,637
2022	2,770,000	964,474	10,830,000	2,841,604	1,860,000	2,426,072
2023	2,870,000	865,524	11,145,000	2,528,834	1,865,000	2,419,582
2024	2,990,000	748,324	11,485,000	2,186,014	1,875,000	2,410,462
2025	3,110,000	626,324	11,860,000	1,815,508	1,890,000	2,397,732
2026	3,220,000	515,824	12,250,000	1,421,044	1,905,000	2,382,062
2027	3,320,000	414,404	12,685,000	989,108	1,925,000	2,361,260
2028	3,430,000	304,689	13,155,000	516,461	1,950,000	2,335,426
2029	3,545,000	188,272	-	-	15,650,000	2,304,832
2030	3,670,000	64,225	-	-	15,915,000	2,043,632
2031	-	-	-	-	16,205,000	1,754,140
2032	-	-	-	-	16,520,000	1,435,062
2033	-	-	-	-	16,860,000	1,101,524
2034	-	-	-	-	17,200,000	757,748
2035	-	-	-	-	17,565,000	393,284
	\$ 31,630,000	\$ 5,725,134	\$ 93,955,000	\$ 15,423,627	\$ 131,015,000	\$ 28,980,455

Name:	Series 2010 MDOT Loan	Series 2010 MDOT Loan	Series 2014 MDOT Loan
Type:	General Obligation	General Obligation	General Obligation
Issue Date:	10/1/2010	10/29/2010	7/1/2014
Original Issue Amount:	\$495,000	\$334,405	\$472,500
Funding Source:	General Fund Unrestricted Revenues	General Fund Unrestricted Revenues	General Fund Unrestricted Revenues

Year	Principal	Interest	Principal	Interest	Principal	Interest
2021	\$ 54,025	\$ 1,079	\$ 34,962	\$ 351	\$ 39,754	\$ 7,714
2022	-	-	-	-	40,947	6,522
2023	-	-	-	-	42,175	5,293
2024	-	-	-	-	43,440	4,028
2025	-	-	-	-	44,743	2,725
2026	-	-	-	-	46,086	1,383
2027	-	-	-	-	-	-
	\$ 54,025	\$ 1,079	\$ 34,962	\$ 351	\$ 257,145	\$ 27,665

Name:	Series 2017 MDOT Loan
Type:	General Obligation
Issue Date:	11/9/2017
Original Issue Amount:	\$400,000
Funding Source:	General Fund Unrestricted Revenues

Year	Principal	Interest
2021	\$ 38,449	\$ 7,255
2022	39,410	6,294
2023	40,395	5,308
2024	41,405	4,298
2025	42,440	3,263
2026	43,501	2,202
2027	44,589	1,115
	\$ 290,189	\$ 29,735

Note: Funding sources for the 2015 Retiree Health Care Bonds include General Fund unrestricted revenues as well as restricted source revenues received from granting agencies used to pay for employees' fringe benefits in certain grant-funded programs.

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Total county debt service for 2021 through 2035 is as follows:

Year	Total Debt Service			Principal Outstanding
	Principal	Interest	Total	December 31,
2021	\$ 19,397,190	\$ 6,979,603	\$ 26,376,793	\$ 251,929,131
2022	19,705,357	6,464,556	26,169,913	232,223,774
2023	18,047,570	5,956,009	24,003,579	214,176,204
2024	18,574,845	5,436,117	24,010,962	195,601,359
2025	18,497,183	4,884,300	23,381,483	177,104,176
2026	17,464,587	4,322,515	21,787,102	159,639,589
2027	17,974,589	3,765,887	21,740,476	141,665,000
2028	18,535,000	3,156,581	21,691,581	123,130,000
2029	19,195,000	2,493,104	21,688,104	103,935,000
2030	19,585,000	2,107,857	21,692,857	84,350,000
2031	16,205,000	1,754,140	17,959,140	68,145,000
2032	16,520,000	1,435,062	17,955,062	51,625,000
2033	16,860,000	1,101,524	17,961,524	34,765,000
2034	17,200,000	757,748	17,957,748	17,565,000
2035	17,565,000	393,281	17,958,281	-
	<u>\$ 271,326,321</u>	<u>\$ 51,008,284</u>	<u>\$ 322,334,605</u>	

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Performance Dashboard

Fiscal Stability	2018	2019	Progress
General Fund Expenditures Per Capita	\$ 263.70	\$ 268.70	↓
Fund Balance as % of Expenditures (General Fund)	25.2%	26.2%	↑
General Obligation Debt Per Capita	\$ 323.44	\$ 303.89	↑
Funding Level - Pension Plan	96.6%	97.0%	↑
Funding Level - Retiree Health Care Plan	39.8%	48.4%	↑
Bond Rating	AA+/Aa1	AA+/Aa1	↔
% Change in Assessed Value of Property	3.7%	7.2%	↑

Public Safety	2018	2019	Progress
Crimes against persons per thousand residents	4.1	3.8	↑
Crimes against property per thousand residents	12.1	10.7	↑
Other crimes per thousand residents	37.5	33.2	↑
Traffic crashes non-injury	20,360	18,990	↑
Traffic crashes injuries or fatalities	5,424	4,939	↑

Economic Strength	2018	2019	Progress
Unemployment Rate	4.0%	3.8%	↑
Residential Building Permits	2,034	1,935	↓
Per Capita Personal Income	\$ 29,740	\$ 31,104	↑
Assessed Values of Property (in Thousands)	33,477	35,890	↑