

MACOMB COUNTY, MICHIGAN

Citizens Guide and Performance Dashboard

2021

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 2021, recommended budget amounts for 2022 as well as forecasted amounts for 2023 and 2024. The adopted 2020 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

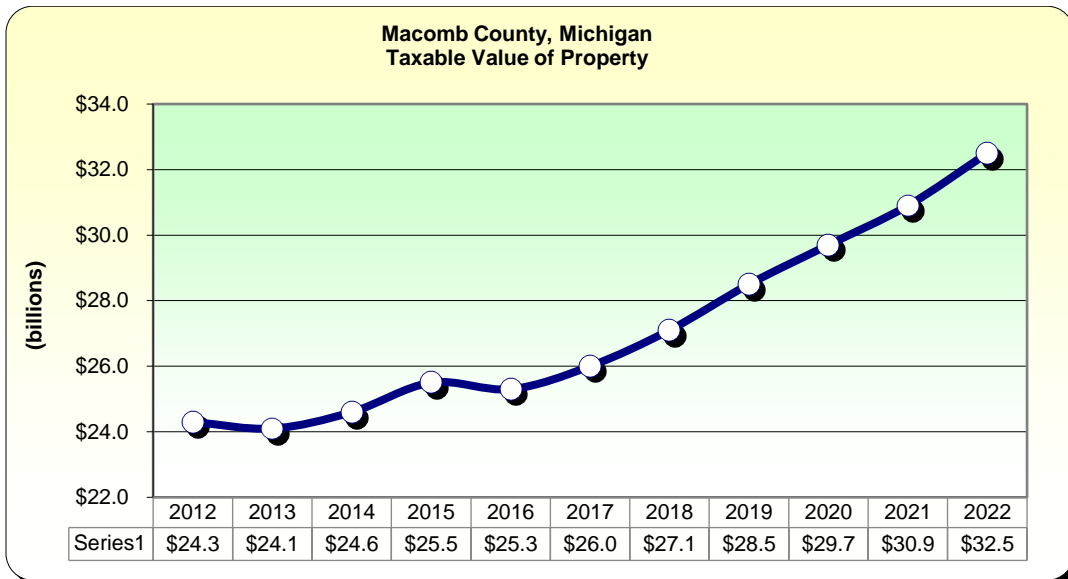
Transfers between budget centers must be approved by the Board of Commissioners regardless of amount. Transfers between line items within any budget center within any fund that exceed the lesser of \$35,000 or 5% of the total appropriations approved for the budget center in question must be approved 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 13.7% of revenues across all funds and are the primary source of revenue for the General Fund (49.8%). 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 34.85%. Taxable values are estimated to increase 5% in 2022.** Each 1% change in property values equates to approximately \$1.4 million in property tax revenue to the General Fund. Health care costs for 2022 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 2021 and recommended budget information for 2022 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 2021

	Major Funds				Total
	General Fund	Department of Roads	Community Mental Health	Nonmajor Funds	
Revenues					
Property Taxes	\$ 133,919,000	\$ -	\$ -	\$ 1,997,300	\$ 135,916,300
Intergovernmental	37,207,968	156,364,422	13,260,599	130,140,831	336,973,820
Charges for Services/Reimb	45,182,600	2,117,500	216,538,431	61,328,608	325,167,139
Indirect Cost Allocation	48,150,600	-	66,200	-	48,216,800
Other Sources	2,791,400	2,254,417	712,110	729,457	6,487,384
Transfers In	8,115,072	-	3,699,490	33,584,538	45,399,100
Total Revenues	275,366,640	160,736,339	234,276,830	227,780,734	898,160,543
Expenditures					
Personnel	148,615,269	37,212,051	31,543,922	78,196,855	295,568,097
Supplies & Commodities	33,132,212	6,627,367	13,065,376	88,038,526	140,863,481
Road Construction & Maintenance	-	93,358,267	-	-	93,358,267
Contract Services	9,441,261	10,449,033	177,789,089	51,664,066	249,343,449
Internal Services	36,743,300	-	2,053,274	10,687,916	49,484,490
Capital Outlay	9,059,560	5,710,630	296,445	3,402,017	18,468,652
Debt Service	-	-	-	16,049,600	16,049,600
Transfers Out	38,574,138	-	-	731,846	39,305,984
Total Expenditures	275,565,740	153,357,348	224,748,106	248,770,826	902,442,020
Net Change in Fund Balance	(199,100)	7,378,991	9,528,724	(20,990,092)	(4,281,477)
Fund Balance, Beginning of Year	72,430,866	103,903,791	13,315,578	56,671,707	246,321,942
Fund Balance, End of Year	<u>\$ 72,231,766</u>	<u>\$ 111,282,782</u>	<u>\$ 22,844,302</u>	<u>\$ 35,681,615</u>	<u>\$ 242,040,465</u>

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Macomb County, Michigan
Budgeted Revenues and Expenditures - All Funds (As Recommended)
Fiscal 2022

	Major Funds				Total
	General Fund	Department of Roads	Community Mental Health	Nonmajor Funds	
Revenues					
Property Taxes	\$ 141,552,700	\$ -	\$ -	\$ 3,350,700	\$ 144,903,400
Intergovernmental	42,655,300	236,032,577	17,422,479	121,619,604	417,729,960
Charges for Services/Reimb	41,525,400	2,117,500	235,064,690	69,036,130	347,743,720
Indirect Cost Allocation	51,306,700	-	-	-	51,306,700
Other Sources	2,849,300	1,655,038	500,000	884,222	5,888,560
Transfers In	8,000,000	-	3,752,000	35,819,163	47,571,163
Total Revenues	287,889,400	239,805,115	256,739,169	230,709,819	1,015,143,503
Expenditures					
Personnel	147,931,800	39,079,739	34,393,070	88,945,792	310,350,401
Supplies & Commodities	33,974,800	7,054,788	15,082,767	81,311,211	137,423,566
Road Construction & Maintenance	-	208,678,700	-	-	208,678,700
Contract Services	9,918,000	20,818,533	204,555,339	43,887,745	279,179,617
Internal Services	39,985,200	-	2,318,463	11,399,572	53,703,235
Capital Outlay	13,801,200	5,383,920	389,530	2,705,301	22,279,951
Debt Service	-	-	-	5,883,100	5,883,100
Transfers Out	38,637,300	-	-	1,028,878	39,666,178
Total Expenditures	284,248,300	281,015,680	256,739,169	235,161,599	1,057,164,748
Net Change in Fund Balance	3,641,100	(41,210,565)	-	(4,451,780)	(42,021,245)
Fund Balance, Beginning of Year	72,231,766	111,282,782	22,844,302	35,681,615	242,040,465
Fund Balance, End of Year	<u>\$ 75,872,866</u>	<u>\$ 70,072,217</u>	<u>\$ 22,844,302</u>	<u>\$ 31,229,835</u>	<u>\$ 200,019,220</u>

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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 on the following page.

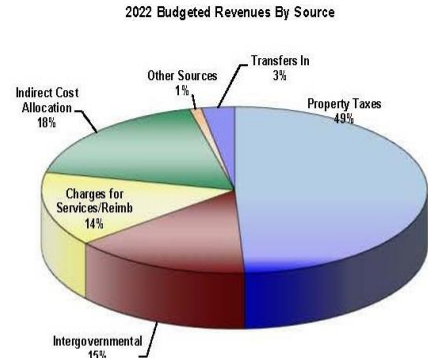
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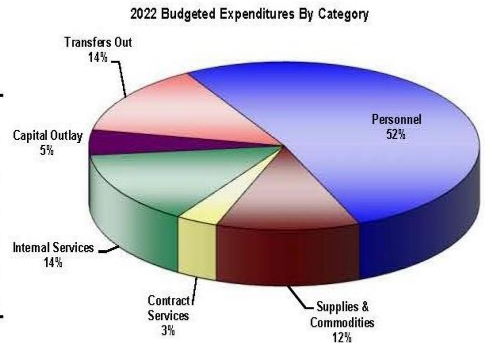
Macomb County, Michigan General Fund Revenues By Source

	2020	2021	2022	2023	2024
	Actual	Amended	Recommend	Forecast	Forecast
Property Taxes	\$ 130,170,497	\$ 133,919,000	\$ 141,552,700	\$ 145,744,800	\$ 150,114,200
Intergovernmental	68,406,320	37,207,968	42,655,300	38,831,300	39,007,300
Charges for Services/Reiml	44,726,885	45,182,600	41,525,400	41,620,700	42,151,600
Indirect Cost Allocation	47,279,922	48,150,600	51,306,700	51,334,500	51,354,900
Other Sources	2,688,760	2,791,400	2,849,300	2,849,300	2,849,300
Transfers In	8,000,000	8,115,072	8,000,000	8,000,000	8,000,000
Total	\$ 301,272,384	\$ 275,366,640	\$ 287,889,400	\$ 288,380,600	\$ 293,477,300



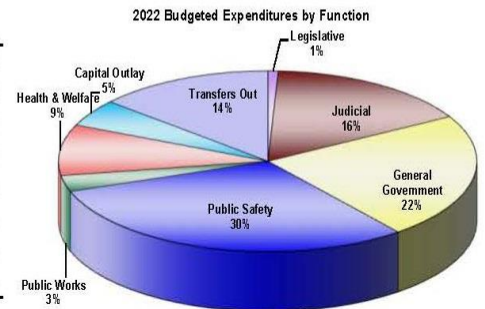
Macomb County, Michigan General Fund Expenditures By Category

	2020	2021	2022	2023	2024
	Actual	Amended	Recommend	Forecast	Forecast
Personnel	\$ 143,454,716	\$ 148,615,269	\$ 147,931,800	\$ 151,015,500	\$ 154,329,800
Supplies & Commodities	24,351,373	33,132,212	33,974,800	31,577,500	32,513,200
Contract Services	7,973,901	9,441,261	9,918,000	9,804,100	9,945,500
Internal Services	37,038,729	36,743,300	39,985,200	40,091,300	40,204,800
Capital Outlay	2,401,590	9,059,560	13,801,200	13,538,400	13,585,500
Transfers Out	75,120,716	38,574,138	38,637,300	39,149,900	39,660,300
Total	\$ 290,341,025	\$ 275,565,740	\$ 284,248,300	\$ 285,176,700	\$ 290,239,100



Macomb County, Michigan General Fund Expenditures By Function

	2020	2021	2022	2023	2024
	Actual	Amended	Recommend	Forecast	Forecast
Legislative	\$ 1,929,535	\$ 2,149,651	\$ 2,245,200	\$ 2,279,900	\$ 2,304,100
Judicial	40,363,763	42,840,737	45,454,000	46,137,000	46,842,100
General Government	55,497,373	60,313,212	64,050,200	62,395,800	64,322,700
Public Safety	88,149,679	90,306,204	86,017,100	86,932,600	88,113,000
Public Works	7,640,515	8,101,023	8,211,000	8,385,300	8,577,000
Health & Welfare	19,237,854	24,221,215	25,832,300	26,357,800	26,834,400
Capital Outlay	2,401,590	9,059,560	13,801,200	13,538,400	13,585,500
Transfers Out	75,120,716	38,574,138	38,637,300	39,149,900	39,660,300
Total	\$ 290,341,025	\$ 275,565,740	\$ 284,248,300	\$ 285,176,700	\$ 290,239,100

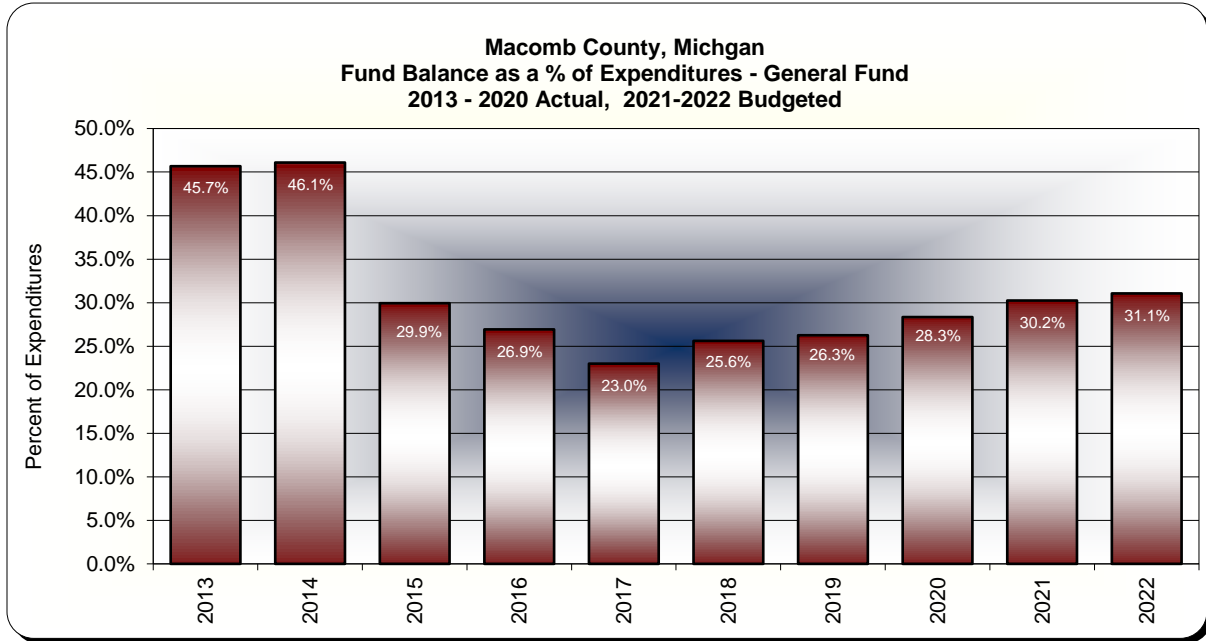


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Fund Balance – Preservation of fund balance is critical for the future. The County has prided itself on maintaining a healthy level of fund balance in its various operating funds. Industry guidelines recommend a fund balance of approximately 15% - 20% of annual expenditures in any given fund. The total audited General Fund balance of \$72.4 million as of December 31, 2020 represented 28.3% of 2020 expenditures (including transfers out). The ratio is expected to increase to approximately 30.2% by the end of fiscal 2021 and then increase to 31.1% by the end of fiscal 2022 as a result of property tax growth and conservative use of this increased funding. A graphical representation of the level of fund balance as a percentage of expenditures for 2013 through 2022 is presented below.

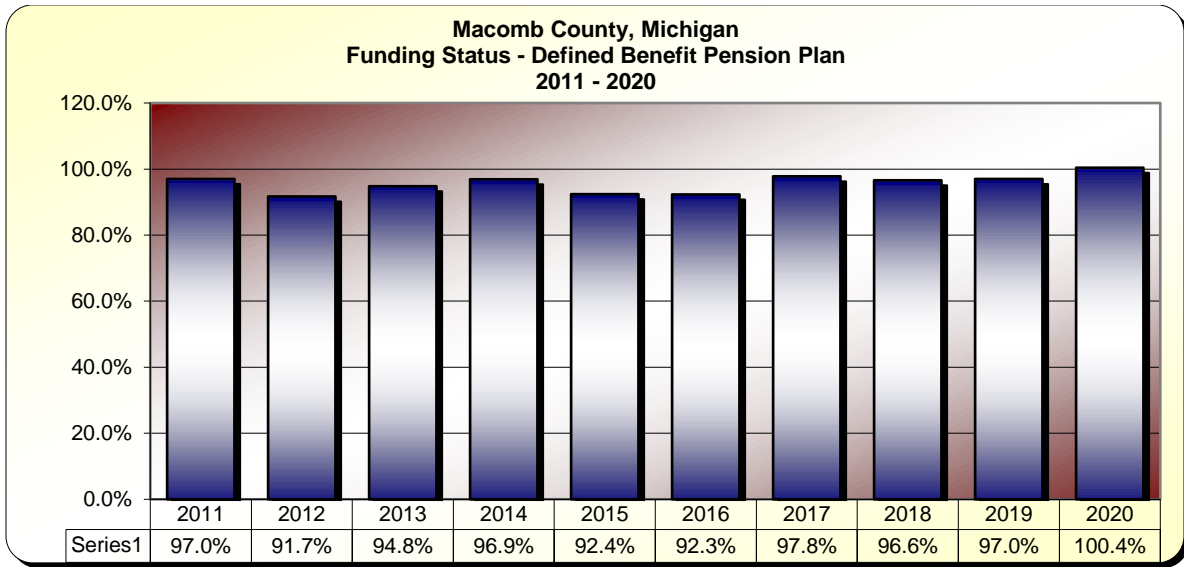


Defined Benefit Pension Plan – The County sponsors and administers the Macomb County Employees’ Retirement System (the “System”), a single employer defined benefit plan covering substantially all County employees. The System was established in accordance with state statutes to provide retirement benefits for the employees of the County and its several offices, boards and departments, including the County Road Commission. As of December 31, 2020, the date of the most recent actuarial valuation, the plan was 100.4% funded. The actuarial accrued liability was \$1,064,429,280 and the actuarial value of plan assets was \$1,068,574,127, resulting in an unfunded liability of \$(4,144,847). The funding status for the last 10 years is presented on the following page.

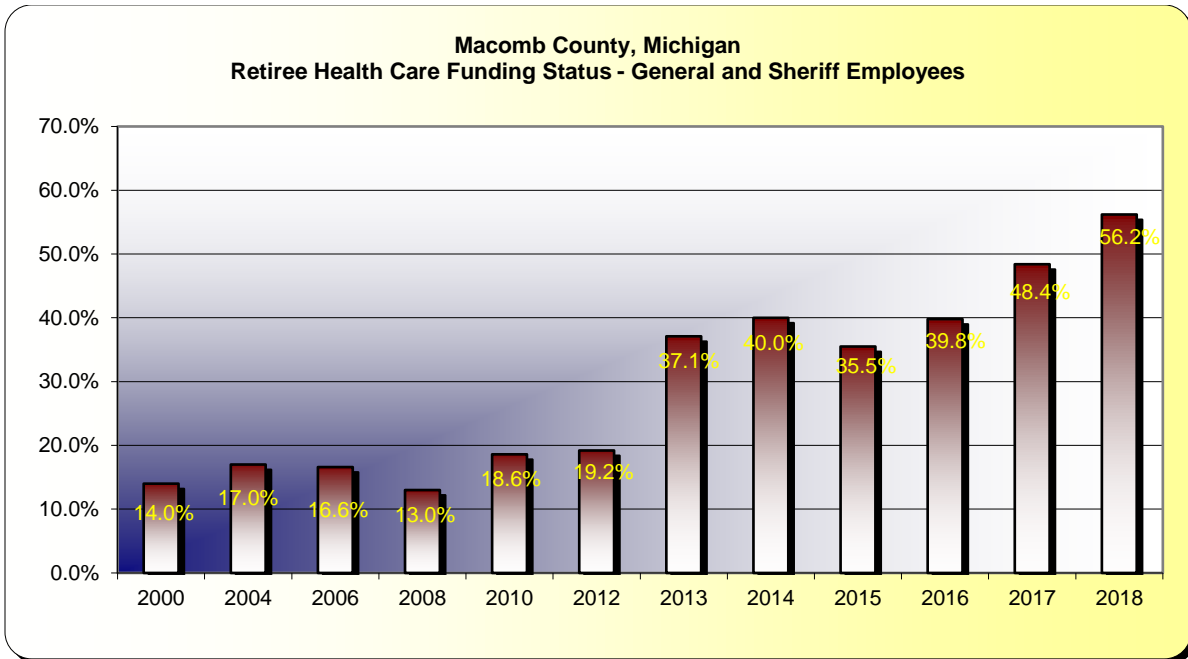
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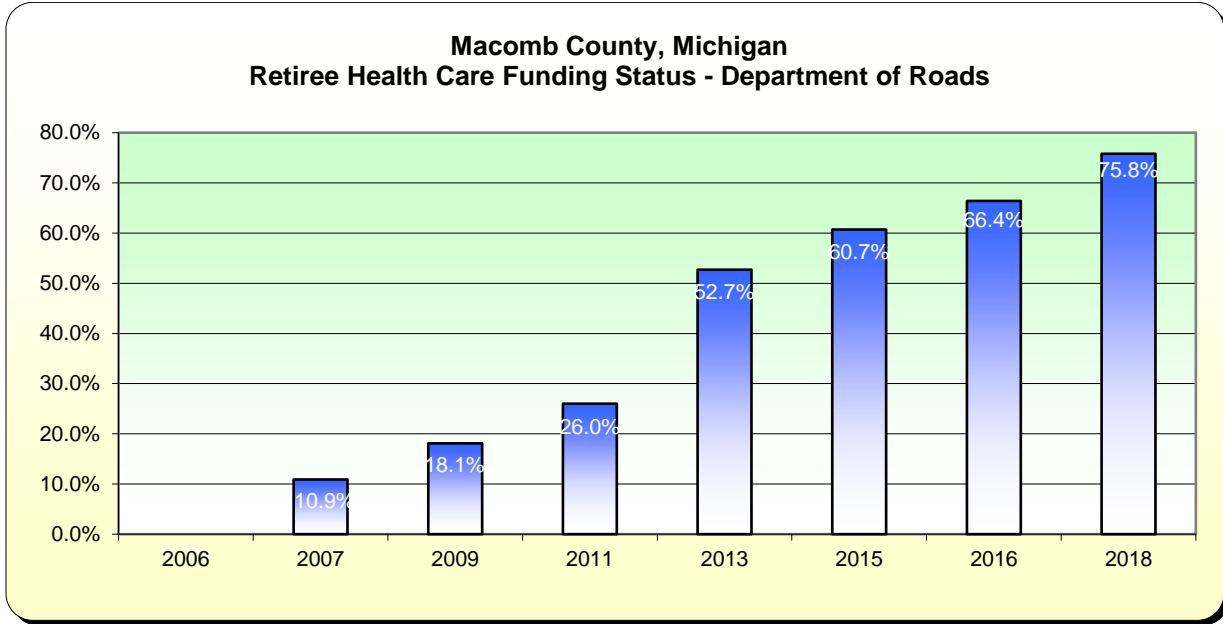
Retiree Health Care - The County sponsors a single employer postretirement healthcare plan for retirees and their spouses. Hospitalization insurance is provided through insurance companies, whose premiums are based on the benefits paid during the year. As of December 31, 2018, the date of the most recent actuarial valuation, the plan was 56.2% funded. The actuarial accrued liability for benefits was \$467,784,391 and the actuarial value of assets in the plan was \$262,829,336, resulting in an unfunded actuarial accrued liability of \$204,955,055. 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.



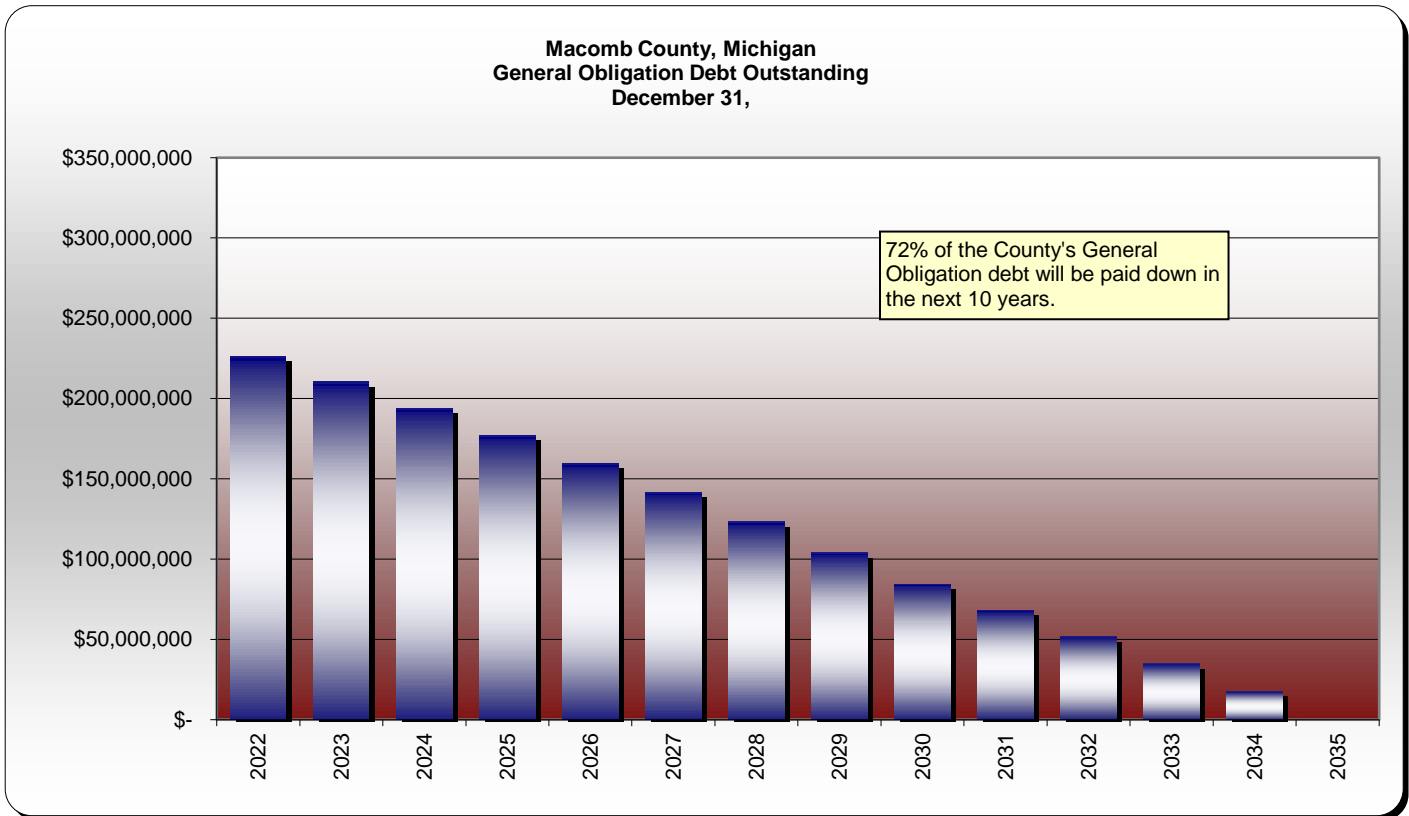
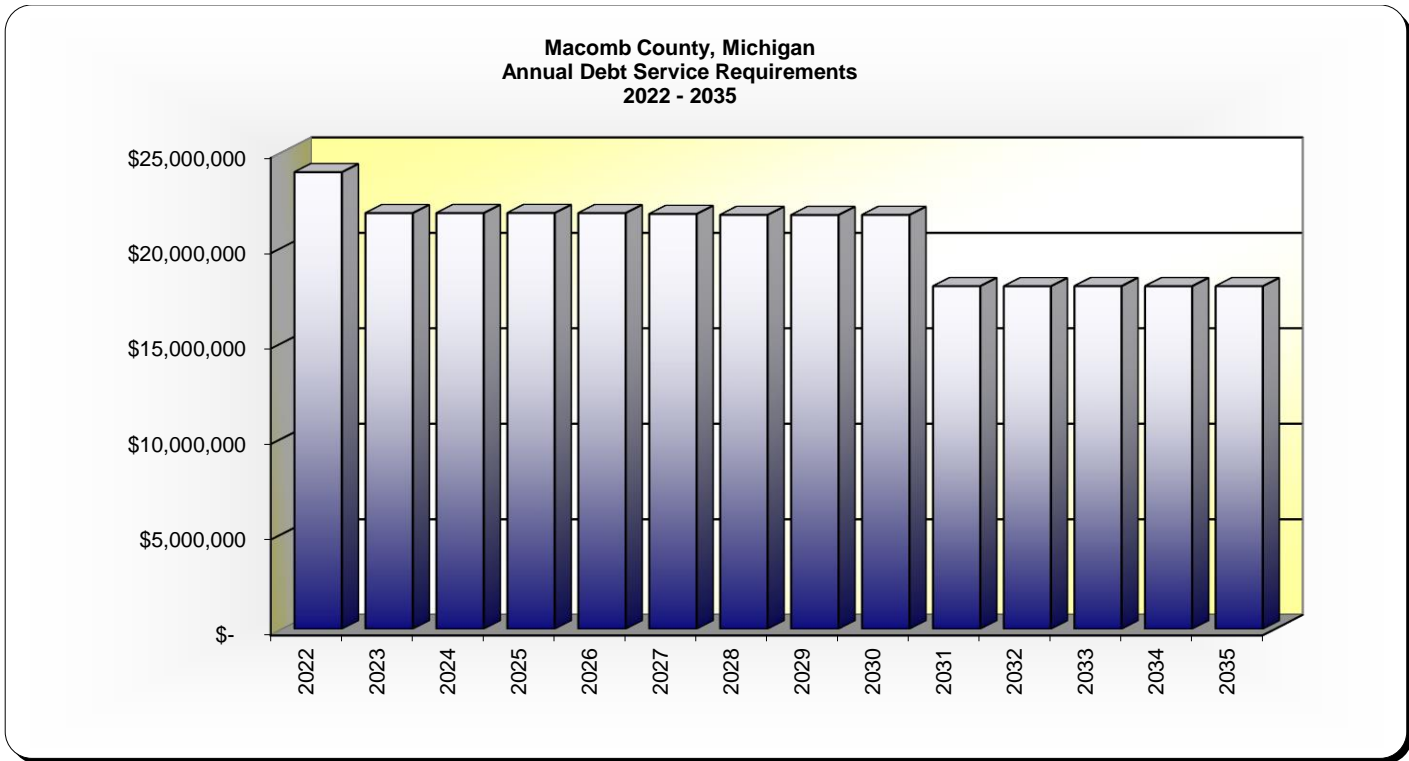
Long-Term Debt

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, 2021 will be \$243,625,000 or \$275.77 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 2022 – 2035 are presented on the following page.

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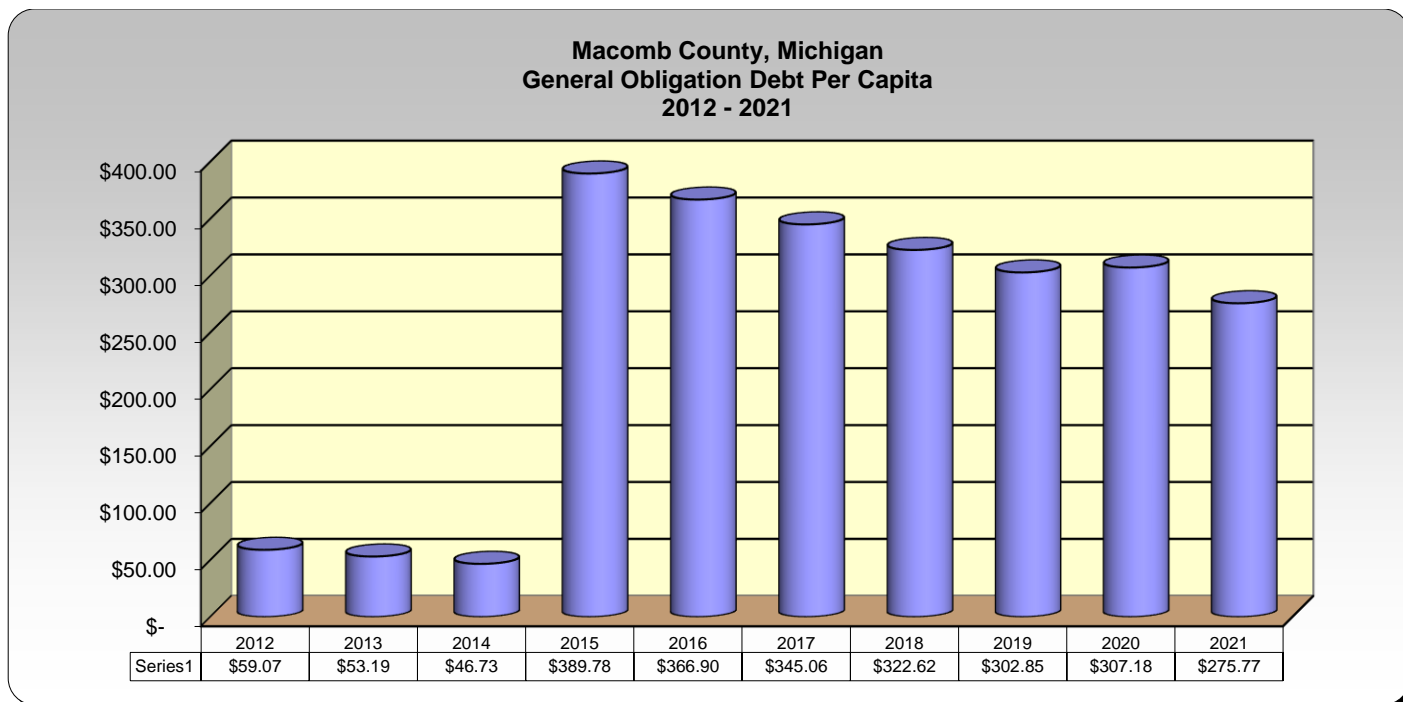


A graphical representation of the County's general obligation debt per capita for the last 10 years is presented on the following page.

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

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
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
	\$ 28,925,000	\$ 4,692,060	\$ 83,410,000	\$ 12,298,573	\$ 129,185,000	\$ 26,522,818

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	Series 2014 MDOT Loan		Series 2014 MTB/YTH Refunding		Series 2017 MDOT Loan	
Name:	General Obligation		General Obligation, Limited Tax		General Obligation	
Type:	7/1/2014		9/1/2014		11/9/2017	
Issue Date:	\$472,500		\$15,155,000		\$400,000	
Original Issue Amount:	General Fund Unrestricted Revenues		General Fund Unrestricted Revenues		General Fund Unrestricted Revenues	
Funding Source:	Principal	Interest	Principal	Interest	Principal	Interest
2022	\$ 40,947	\$ 6,522	\$ 2,105,000	\$ 42,100	\$ 39,410	\$ 6,294
2023	42,175	5,293	-	-	40,395	5,308
2024	43,440	4,028	-	-	41,405	4,298
2025	44,743	2,725	-	-	42,440	3,263
2026	46,086	1,383	-	-	43,501	2,202
2027	-	-	-	-	44,589	1,115
	<u>\$ 217,391</u>	<u>\$ 19,951</u>	<u>\$ 2,105,000</u>	<u>\$ 42,100</u>	<u>\$ 251,740</u>	<u>\$ 22,480</u>

Note: Funding sources for the 2015 and 2020 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.

Total county debt service for 2022 through 2035 is as follows:

Year	Total Debt Service			Principal Outstanding December 31,
	Principal	Interest	Total	
2022	\$ 17,645,357	\$ 6,287,066	\$ 23,932,423	\$ 226,448,774
2023	15,962,570	5,824,541	21,787,111	210,486,204
2024	16,434,845	5,353,126	21,787,971	194,051,359
2025	16,947,183	4,845,552	21,792,735	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	3,156,576	21,691,576	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	393,284	17,958,284	-
	<u>\$ 244,094,131</u>	<u>\$ 43,597,982</u>	<u>\$ 287,692,113</u>	

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Performance Dashboard

Fiscal Stability	2019	2020	Progress
General Fund Expenditures Per Capita	\$ 268.70	\$ 290.00	↓
Fund Balance as % of Expenditures (General Fund)	26.2%	28.3%	↑
General Obligation Debt Per Capita	\$ 303.89	\$ 307.18	↓
Funding Level - Pension Plan	97.0%	100.4%	↑
Funding Level - Retiree Health Care Plan	48.4%	56.2%	↑
Bond Rating	AA+/Aa1	AA+/Aa1	↔
% Change in Assessed Value of Property	7.2%	7.2%	↔

Public Safety	2019	2020	Progress
Crimes against persons per thousand residents	3.8	2.5	↑
Crimes against property per thousand residents	10.7	10.4	↑
Other crimes per thousand residents	33.2	29.7	↑
Traffic crashes non-injury	18,990	13,940	↑
Traffic crashes injuries or fatalities	4,939	3,856	↑

Economic Strength	2019	2020	Progress
Unemployment Rate	4.3%	12.0%	↓
Residential Building Permits	1,962	1,667	↓
Per Capita Personal Income	\$ 47,730	\$ 52,195	↑
Assessed Values of Property (in Thousands)	35,890	38,478	↑