



# Comprehensive Annual Financial Report

Year Ended December 31, 2019

Macomb County Finance Department  
Stephen Smigel, Director

# **MACOMB COUNTY, MICHIGAN**

Comprehensive Annual Financial Report

Year ended December 31, 2019

Prepared by:

The Macomb County Finance Department

Stephen L. Smigiel, CPA, Director

Stephen R. Adair, II, CGFM, Deputy Director

Macomb County, Michigan

Comprehensive Annual Financial Report  
Year Ended December 31, 2019

TABLE OF CONTENTS

INTRODUCTORY SECTION

Letter of Transmittal.....	1
Certificate of Achievement for Excellence in Financial Reporting.....	15
Organizational Chart.....	16
List of Principal Officials.....	17

FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT.....	A-1
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A).....	A-4
BASIC FINANCIAL STATEMENTS	
Government-wide Financial Statements	
Statement of Net Position.....	B-1
Statement of Activities.....	B-2
Fund Financial Statements	
Governmental Funds	
Balance Sheet.....	B-3
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position.....	B-4
Statement of Revenues, Expenditures, and Changes in Fund Balances.....	B-5
Reconciliation of the Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	B-6
Proprietary Funds	
Statement of Net Position.....	B-7
Statement of Revenues, Expenses, and Changes in Fund Net Position.....	B-8
Statement of Cash Flows.....	B-10
Fiduciary Funds	
Statement of Fiduciary Net Position.....	B-12
Statement of Changes in Fiduciary Net Position.....	B-13
Component Units	
Combining Statement of Net Position.....	B-14
Combining Statement of Activities.....	B-15
Notes to Basic Financial Statements.....	B-16
Required Supplementary Information (other than MD&A)	
Budgetary Comparison Schedules (GAAP Basis)	
General Fund.....	C-1
Department of Roads Fund.....	C-4
Employees' Retirement System	
Schedule of Changes in Net Pension Liability and Related Ratios.....	C-5
Schedule of Employer Contributions and Schedule of Money Weighted Investment Rate of Return.....	C-11

Macomb County, Michigan

Comprehensive Annual Financial Report  
Year Ended December 31, 2019

TABLE OF CONTENTS

FINANCIAL SECTION (CONTINUED)

Required Supplementary Information (other than MD&A) (concluded)

Retiree Health Care Trust Fund

Schedule of Changes in Net OPEB Liability and Related Ratios..... C-13

Schedule of Employer Contributions and Schedule of Money Weighted Investment Rate of Return..... C-16

Department of Roads Retiree Health Care Trust Plan

Schedule of Changes in Net OPEB Liability and Related Ratios..... C-18

Schedule of Employer Contributions and Schedule of Money Weighted Investment Rate of Return..... C-19

Notes to the Required Supplementary Information..... C-20

Other Supplementary Information – Combining and Individual Fund Statements and Schedules

Nonmajor Governmental Funds

Combining Balance Sheet..... D-1

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances..... D-2

Nonmajor Special Revenue Funds

Fund Descriptions – Nonmajor Special Revenue Funds..... D-3

Combining Balance Sheet – Nonmajor Special Revenue Funds..... D-5

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances –  
Nonmajor Special Revenue Funds..... D-12

Budgetary Comparison Schedules (GAAP Basis)

Circuit Court Programs..... D-19

Child Care Fund..... D-20

Community Corrections (Year Ended December 31, 2019)..... D-21

Community Corrections (Year Ended September 30, 2019)..... D-22

Community Action Agency (Year Ended December 31, 2019)..... D-23

Community Action Agency (Year Ended September 30, 2019)..... D-24

Concealed Pistol License..... D-25

Emergency Management Grants..... D-26

Friend of the Court..... D-27

Health Grants (Year Ended December 31, 2019)..... D-28

Health Grants (Year Ended September 30, 2019)..... D-29

Macomb / St. Clair Employment and Training..... D-30

MSU Extension (Year Ended December 31, 2019)..... D-31

MSU Extension (Year Ended September 30, 2019)..... D-32

Prosecuting Attorney Grants (Year Ended December 31, 2019)..... D-33

Prosecuting Attorney Grants (Year Ended September 30, 2019)..... D-34

Public Defender's Office Fund..... D-35

Register of Deeds Remonumentation Fund..... D-36

Register of Deeds Technology Fund..... D-37

Sheriff Grants (Year Ended December 31, 2019)..... D-38

Sheriff Grants (Year Ended September 30, 2019)..... D-39

Urban County Block Grant..... D-40

Macomb County, Michigan

Comprehensive Annual Financial Report  
Year Ended December 31, 2019

TABLE OF CONTENTS

FINANCIAL SECTION (CONCLUDED)

Other Supplementary Information - Combining and Individual Fund Statements and Schedules (continued)

Nonmajor Special Revenue Funds (concluded)

Budgetary Comparison Schedules (GAAP Basis) (concluded)

Veterans' Affairs Fund (Year Ended December 31, 2019)..... D-41

Veterans' Grants Fund (Year Ended September 30, 2019)..... D-42

Nonmajor Debt Service Fund

Fund Description – Nonmajor Debt Service Fund..... D-43

Budgetary Comparison Schedule (GAAP Basis)

Debt Service Fund..... D-44

Nonmajor Capital Project Funds

Fund Descriptions – Nonmajor Capital Project Funds..... D-45

Combining Balance Sheet – Nonmajor Capital Projects Funds..... D-46

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances –

Nonmajor Capital Projects Funds..... D-49

Internal Service Funds

Fund Descriptions – Internal Service Funds..... D-52

Combining Statement of Net Position..... D-53

Combining Statement of Revenues, Expenses, and Changes in Net Position..... D-55

Combining Statement of Cash Flows..... D-57

Fiduciary and Custodial Funds

Fund Descriptions – Fiduciary and Custodial Funds..... D-59

Combining Statement of Fiduciary Net Position – Pension and

Other Postemployment Benefit Funds..... D-60

Combining Statement of Changes in Fiduciary Net Position – Pension and Other Postemployment

Benefit Funds..... D-61

Combining Statement of Fiduciary Net Position – Custodial Funds..... D-62

Combining Statement of Changes in Fiduciary Net Position – Custodial Funds..... D-63

Drainage Districts Component Unit

Fund Description – Governmental Funds – Drainage Districts Component Unit..... D-64

Combining Balance Sheet – Governmental Funds – Drainage Districts Component Unit..... D-65

Reconciliation of the Governmental Funds Balance Sheet to the

Statement of Net Position – Drainage Districts Component Unit..... D-66

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances –

Governmental Funds – Drainage Districts Component Unit..... D-67

Reconciliation of the Changes in Fund Balances of Governmental Funds to the

Government-wide Statement of Activities – Drainage Districts Component Unit..... D-68

STATISTICAL SECTION

Table of Contents..... E-1

Net Position by Component..... E-3

Changes in Net Position..... E-4

Macomb County, Michigan

Comprehensive Annual Financial Report  
Year Ended December 31, 2019

TABLE OF CONTENTS

STATISTICAL SECTION (CONCLUDED)

Fund Balance of Governmental Funds.....	E-6
Changes in Fund Balances of Governmental Funds.....	E-7
Changes in Fund Balances of the General Fund.....	E-8
Assessed Taxable Values (History of Property Values).....	E-9
Property Tax Rates – Direct and Overlapping Governments.....	E-10
Principal Property Taxpayers (Major Taxpayers).....	E-11
Property Tax Levies and Collections.....	E-12
Ratios of Outstanding Debt by Type.....	E-13
Ratios of Net General Bonded Debt Outstanding.....	E-14
Direct and Overlapping Governmental Activities Debt.....	E-15
Current and Historical Legal Debt Margins.....	E-16
Demographic and Economic Statistics.....	E-17
Concentration of Workforce.....	E-18
Full-time Equivalent County Government Employees by Function / Program.....	E-19
Operating Indicators by Function / Program.....	E-20
Capital Asset Statistics by Function.....	E-21
Schedule of Insurance.....	E-22
Tax Abatements – Industrial Facilities Tax (IFT).....	E-24
State Shared Revenues and County Residential Building Permits Issued.....	E-25
Schedule of Labor Force Agreements.....	E-26



MARK A. HACKEL  
COUNTY EXECUTIVE

MACOMB COUNTY  
OFFICE OF COUNTY EXECUTIVE

MARK F. DELDIN  
CHIEF DEPUTY COUNTY EXECUTIVE

June 26, 2020

To the citizens of Macomb County,

The Comprehensive Annual Financial Report (CAFR) of Macomb County, Michigan for the fiscal year ended December 31, 2019 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.

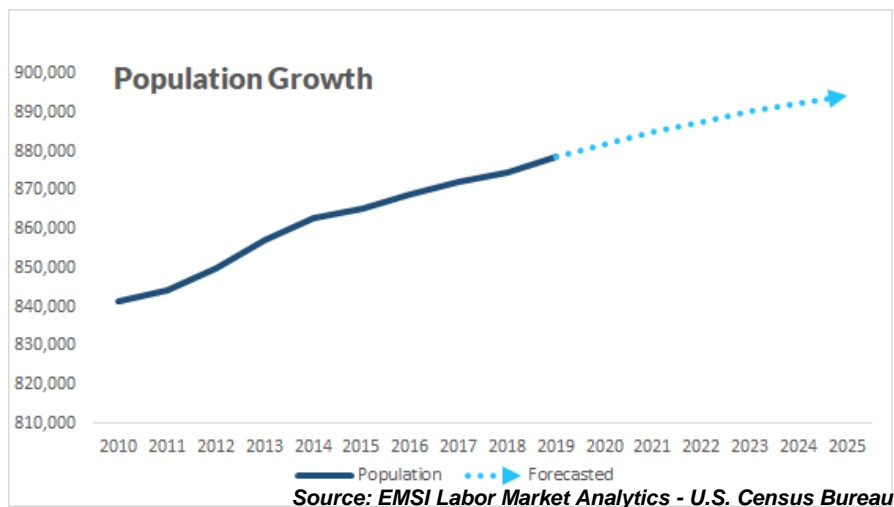
Macomb County's financial statements for the fiscal year ended December 31, 2019 have been audited by Plante Moran, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the County are free of material misstatement. 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, 2019 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 2019 CAFR is issued pursuant to the requirements of Governmental Accounting Standards Board (GASB) Statement No. 34 – Basic Financial Statements and Management’s Discussion and Analysis for State and Local Governments. Readers of our 2019 CAFR will notice two statements entitled Government-Wide Statement of Net Position and Government-Wide Statement of Activities. These statements will provide readers with the financial position of Macomb County viewed as a single entity. The GASB statements also require that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management’s Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. Macomb County’s MD&A can be found immediately following the report of the independent auditors.

## PROFILE OF MACOMB COUNTY

Located in the greater Detroit area, Macomb County is Michigan’s third most populous county, but the ninth smallest in area. Its 479-square-miles of land include 27 cities, villages and townships with a combined 2019 population of 873,972 residents.<sup>1</sup> 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 13,841 residents over the next five years.<sup>2</sup> 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 ten 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.

<sup>1</sup> ESRI: Business Analyst Online

<sup>2</sup> 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 2019, the county had 371,965 housing units with an average home value of \$205,905. In the past year, the average home value increased by \$21,369 (11.6 percent).<sup>3</sup> Additionally, 67.1 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 11.4 percent vacancy rate.



## INCOME & SAFETY

The average household income for Macomb County in 2019 was \$80,727 and that figure is projected to increase to \$92,790 (14.95 percent) in the next five years. This income growth rate outpaces the national average. The majority of household income growth will be in the top income brackets: from 2014 to present day, the \$100,000 - \$149,999 bracket grew 11 percent; \$150,000-\$199,999 grew by 54 percent; and \$200,000 and up grew 100 percent. Together, these figures demonstrate the major career advancements and wage growth occurring in Macomb County.

Income Brackets	2014	2019	2024	2014-2024 Growth
Less than \$15,000	35,792	29,523	23,906	-33%
\$15,000 - \$24,999	35,792	28,634	24,187	-32%
\$25,000 - \$34,999	35,123	30,812	27,498	-22%
\$35,000 - \$49,999	48,169	50,127	47,746	-1%
\$50,000 - \$74,999	63,222	67,352	67,262	6%
\$75,000 - \$99,999	45,493	48,409	50,867	12%
\$100,000 - \$149,999	47,500	52,665	62,880	32%
\$150,000 - \$199,999	15,387	23,755	32,800	113%
Greater than \$200,000	8,028	16,054	19,967	149%

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

In addition to income, safety is another notable statistic in Macomb County. In 2019, the county experienced 2.89 violent crimes per 1,000 people and 14.97 property crimes per 1,000 people. This puts the area well below the national average of 3.87 violent crimes per 1,000 people and 22.98 property crimes per 1,000 people. It also means Macomb County is a very safe place for residents and visitors alike.

<sup>3</sup> 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 2019 demonstrating the strength of the county's economy. For instance, its gross regional product (GRP) was \$42.9 billion, with \$60.4 billion of imported products and \$66.7 billion of exported goods.<sup>4</sup> Additionally, in 2019, the total assessed value of its taxable property was \$34.1 billion – a number that is the result of significant increases in property value.<sup>5</sup> Finally, residents of Macomb County had consumer spending power of \$16.73 billion.<sup>6</sup> 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 26,053 businesses in Macomb County<sup>7</sup> with collective earnings of \$27 billion. In 2019, these companies had total sales of \$107 billion. Notably, \$40 billion of those sales occurred in-county; the majority of which were within the construction, real estate, health care and retail trade sectors.<sup>8</sup>

Healthy profits have allowed businesses to create new jobs and since the 2009 recession, 60,814 have been added in Macomb County.<sup>9</sup> 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 455,562 individuals strong. In 2019, the county's unemployment rate stood at 3.67 percent, workers earned an annual average of \$66,335 and total retirement plan value for these individuals was \$32.2 billion. Together, these figures mean that an average resident has a median net worth of \$147,788, significantly higher than the \$109,495 national median net worth.<sup>10</sup>

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 2019, 59 percent of jobs in the county were white collar, 25 percent were blue collar and 16 percent were in services.<sup>11</sup> This transition was made possible through an increase in educational attainment. Today, 59 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.<sup>12</sup> Many individuals receiving these degrees are doing so later in life, showcasing a commitment to lifelong education and career advancement.

<sup>4</sup> EMSI: Labor Market Analytics

<sup>5</sup> Macomb County Equalization

<sup>6</sup> ESRI Business Analyst: Retail Market Expenditures Report

<sup>7</sup> ESRI Business Analyst: Business Summary Report

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

<sup>9</sup> EMSI: Labor Market Analytics Industry Trends

<sup>10</sup> ESRI Business Analyst Online, Net Worth Profile Macomb County & USA.

<sup>11</sup> EMSI: Labor Market Analytics Occupation Trends. See Appendix A for details on white collar occupations.

<sup>12</sup> EMSI: Labor Market Analytics Educational Attainment Snapshot

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.

#### ECONOMIC INVESTMENTS AND OPPORTUNITIES

MCPED's business retention program is a nationally-recognized initiative that assists both existing businesses that are ready to grow their workforce or facilities, or companies wanting to make new investments in Macomb County. Since 2010, the program has facilitated \$7.7 billion in economic investments and created 21,839 jobs in the county. In 2019 alone, there were \$1.76 billion in business investments with 6,633 jobs created and/or retained through the program. Several 2019/2020 program success stories include SAPA Transmission, Paslin and Arlington Industries.

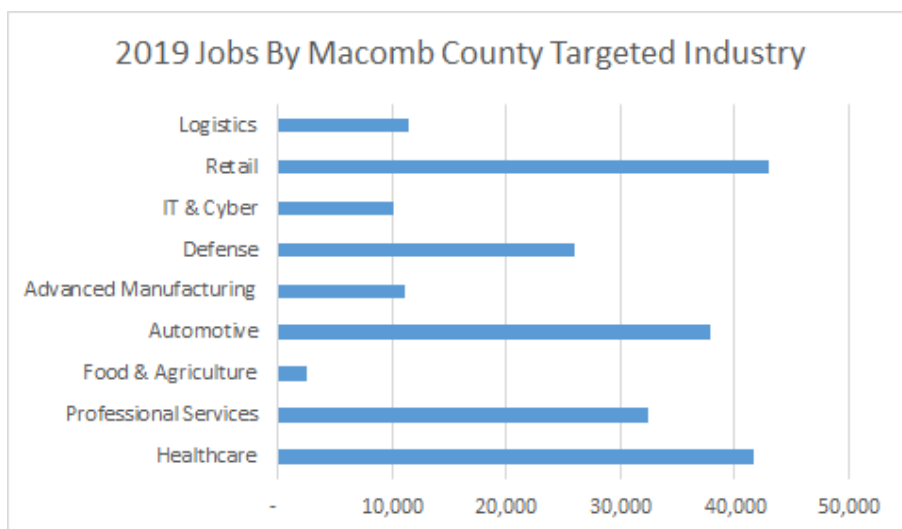
- Sapa Transmission entered the U.S. defense market utilizing space at Macomb County's International Landing Zone, a program that offers six months of free rent plus business services for defense organizations. SAPA then embarked on building a new North American headquarters in Shelby Township, Mich., and announced in February 2020 that initial construction was complete. SAPA's investment totaled over \$40 million for its 110,000-square-foot plant and offices. The plant is expected to add 223 jobs to the region, including engineering positions.
- Paslin is a design and build organization headquartered in Warren, Mich. that provides customized integrated robotic assembly lines for Tier 1 suppliers and OEM automotive companies. It recently received a contract with Rivian, an American electric vehicle manufacturer, to supply vehicle assembly systems and battery frame assembly systems for the automaker's highly anticipated new electric vehicle. As a result of the contract, Paslin plans to make significant investments into electric vehicle-specific machinery and equipment. The project will generate Metro Detroit purchases of \$45 million and create 200 jobs.
- Arlington Industries, a U.K.-based Tier 1 automotive parts supplier, announced the expansion of its manufacturing operations in the Village of Romeo, Mich. in September 2019. The Romeo facility is the company's first footprint for operations within the U.S. All told, the expansion will involve the creation of 70 new jobs and a total capital investment of nearly \$4.6 million.

Major investment opportunities are also available within Macomb County's 17 Opportunity Zones. Created as part of the federal Tax Cuts and Jobs Act of 2017, an Opportunity Zone is a place where long-term investment provides progressive tax benefits for individuals who convert unrealized capital gains into certified Opportunity Funds. As required by Congress, Opportunity Zones were identified by states based on census tract information and then certified by the Secretary of the U.S. Treasury. Macomb County's 17 zones are in six communities: Clinton Township, Eastpointe, Mount Clemens, Roseville, Sterling Heights and Warren. MCPED's professional team of business consultants work to provide free and confidential services to managers of Opportunity Funds. Those services include assistance around new market credits, low-income tax credits, or commercial and industrial tax exemption certificates - all of which can help with financing.

## 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.



Source: EMSI Labor Market Analytics

### 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 2019 alone, the sector exported more than \$37 billion worth of products and imported more than \$16 billion in goods. This impressive activity is driven by 1,600 companies that employ more than 70,000 people, and that number continues to grow.<sup>13</sup> In February 2019, the White House Council of Economic Advisors released a report that showed Macomb County as the top location in the country for the creation of new manufacturing jobs. More specifically, between the fourth quarter of 2016 and the second quarter of 2018, there were 9,118 new manufacturing jobs created in the county.<sup>14</sup> This is a testament to the opportunity still associated with production-based operations within our state-of-the-art engineering centers and our industrious machining facilities. All told, Macomb County is 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 \$11.6 billion and created over 33,600 jobs. In 2019 alone, there was over \$1.67 billion in

Industry	Jobs	Businesses	Earnings
Healthcare	41,675	2,037	\$ 58,969
Professional Services	32,367	1,537	\$ 109,481
Food & Agriculture	2,495	110*	\$ 41,671
Automotive	37,842	458	\$ 88,702
Advanced Manufacturing	11,204	395	\$ 87,772
Defense	25,969	600	\$ 114,271
IT & Cyber	10,061	608	\$ 100,209
Retail	42,949	2,485	\$ 38,535
Logistics	11,473	637	\$ 69,761

\* Does not include over 400 working farms.

<sup>13</sup> EMSI: Labor Market Analytics

<sup>14</sup> White House Council of Economic Advisors

investments with 1,654 jobs created and 7,346 jobs retained.<sup>15</sup> That same year, the sector created a \$12 billion demand for products, \$7.3 billion of which was met in-region and \$3.9 billion was imported.<sup>16</sup>

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, Fiat Chrysler Automobiles (FCA) and Ford. General Motors has its GM Tech Center in Warren with over 17,000 employees<sup>17</sup>. Fiat Chrysler has a stamping and assembly plant in both Sterling Heights and Warren, both of which employ more than 14,000 people.<sup>18</sup> And Ford has two facilities in Sterling Heights and two in Romeo with a combined workforce of 4,000 individuals.<sup>19</sup> Each of these companies recently announced major investments into electric, hybrid and autonomous vehicles - including \$11 billion from Ford through 2022<sup>20</sup>, \$20 billion from GM through 2025<sup>21</sup> and \$10.5 billion from FCA through 2022<sup>22</sup>.

With the support of these investments and assets, Macomb County will continue to be at the forefront of automotive technology well into the future. Notably, helping to lead this charge is a skilled and talented workforce. And just this year, these individuals were awarded significant profit sharing dollars following positive profit announcements from the Big Three; including \$7,280 at FCA, \$8,000 at GM and \$6,600 at Ford<sup>23</sup>. These payments will benefit the employees and their communities as a whole.

#### 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 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

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<sup>15</sup> Macomb County Planning and Economic Development

<sup>16</sup> EMSI: Labor Market Analytics Industry Analysis

<sup>17</sup> Crain's Detroit Business

<sup>18</sup> Ibid.

<sup>19</sup> Ibid.

<sup>20</sup> Reuters

<sup>21</sup> CNBC

<sup>22</sup> Engadget

<sup>23</sup> WXYZ

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, Fiat Chrysler's 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.<sup>24</sup> 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 600 establishments employing more than 10,000 individuals in the information technology and cybersecurity industry. And since 2010, the area has seen a 94 percent increase in cyber operations, while the national average is just above 27 percent.<sup>25</sup> 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 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.

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<sup>24</sup> EMSI: Labor Market Analytics, *Economic Impact of Mound Road*, 2018.

<sup>25</sup> EMSI: Labor Market Analytics Industry Snapshot. 'Industry clusters' created using NAICS codes.

## AEROSPACE AND DEFENSE

In fiscal year 2018, defense companies located in Macomb County were awarded 5,000 contracts, totaling \$3.4 billion.<sup>26</sup> In that same year, the county's industry saw more than \$1.5 billion in purchases, with over \$620 million 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. Recently, officials in the federal government began exploring options to deploy the F-35 aircraft at Selfridge - an assignment that would ensure the long-term viability of the base<sup>27</sup>.

## **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.

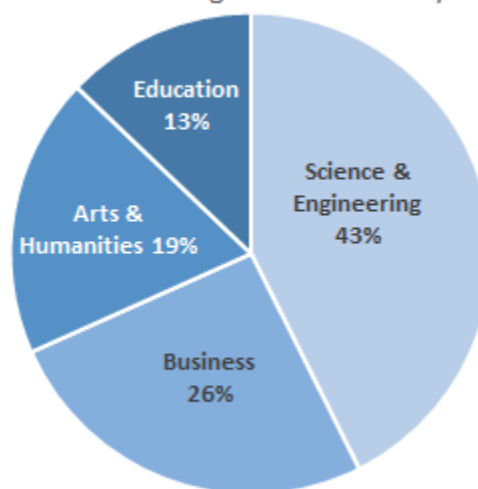
#### **Head Start**

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. Using local and federal dollars, the county last year invested more than \$10.8 million in the program. This allowed both Early Head Start and Head Start 0-5 to serve 1,022 children and provide 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 which is regularly awarded grants. For instance, in 2019, its 0-5 offering received more than \$650,000 to increase classrooms and resources.<sup>28</sup>

#### **K-12**

Macomb County has more than 200,000 students enrolled in 337 K-12 school facilities within 21 school districts. The Macomb Intermediate School District (MISD) is the largest of those and the largest ISD in the state of Michigan that provides direct services to students. The MISD serves more than 150,000 K-12 students enrolled in 21 public school districts, charter schools and private/parochial schools by providing curricular and programmatic support to staff, students and parents. Approximately 19,000 of those students receive special education services.

Bachelors Degree Field of Study



**Source: American Community Survey**

<sup>26</sup> USAspending.gov, Department of Defense contract data.

<sup>27</sup> Selfridge Air National Guard Base

<sup>28</sup> Macomb Community Action

### ***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 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 2019, the county's average amount owed on student loans \$6,203 per student. This figure is dramatically lower than the national average of \$33,654 per student and Macomb County's total student debt accounts for merely 0.26% of total national student debt.<sup>29</sup> The result: More than 233,000 Macomb County residents have an associate degree or higher.<sup>30</sup> Specifically for Bachelor's Degrees, 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.

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. Baker College, which is located in Clinton Township, is accredited by the International Assembly of Collegiate Business Education. 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.<sup>31</sup> 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

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<sup>29</sup> ESRI: Business Analyst Online Financial Expenditures Report

<sup>30</sup> ESRI: Business Analyst Online Community Profile

<sup>31</sup> Macomb County Planning and Economic Development Business Retention Report, Economic Impact



announced a \$200 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 2020 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 the latest 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.<sup>32</sup>

#### 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. Last year, 2,097 people moved to Macomb County from somewhere abroad, accounting for 6 percent of new residents.<sup>33</sup> 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.

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<sup>32</sup> Jobs of Tomorrow - Mapping Opportunity in the New Economy; World Economic Forum

<sup>33</sup> US Census Bureau- 2018 American Community Survey

## 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 region<sup>34</sup>.

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 2019 alone, federal grants and the support of volunteers enabled more than 1,000 tree plantings throughout the county. This work was recently recognized with a National Association of Counties Achievement Award in County Resiliency.

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 the General Fund and at the fund level for all other funds legally required to be budgeted. The County also maintains an encumbrance accounting system as one technique of accomplishing budgetary control. Appropriations for encumbrances outstanding at year-end are carried over into the following fiscal year.

**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.

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<sup>34</sup> 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 CAFR includes a complete schedule of insurance coverage maintained by the County.

## **AWARDS AND ACKNOWLEDGEMENTS**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Macomb County for its CAFR for the fiscal year ended December 31, 2018. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

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

A Certificate of Achievement is valid for a period of one year only. Macomb County has received a Certificate of Achievement for the last 34 consecutive years. We believe that our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to the GFOA for consideration.

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

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

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

Sincerely,



Mark A. Hackel  
County Executive



Stephen L. Smigiel  
Finance Director



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**Macomb County**  
**Michigan**

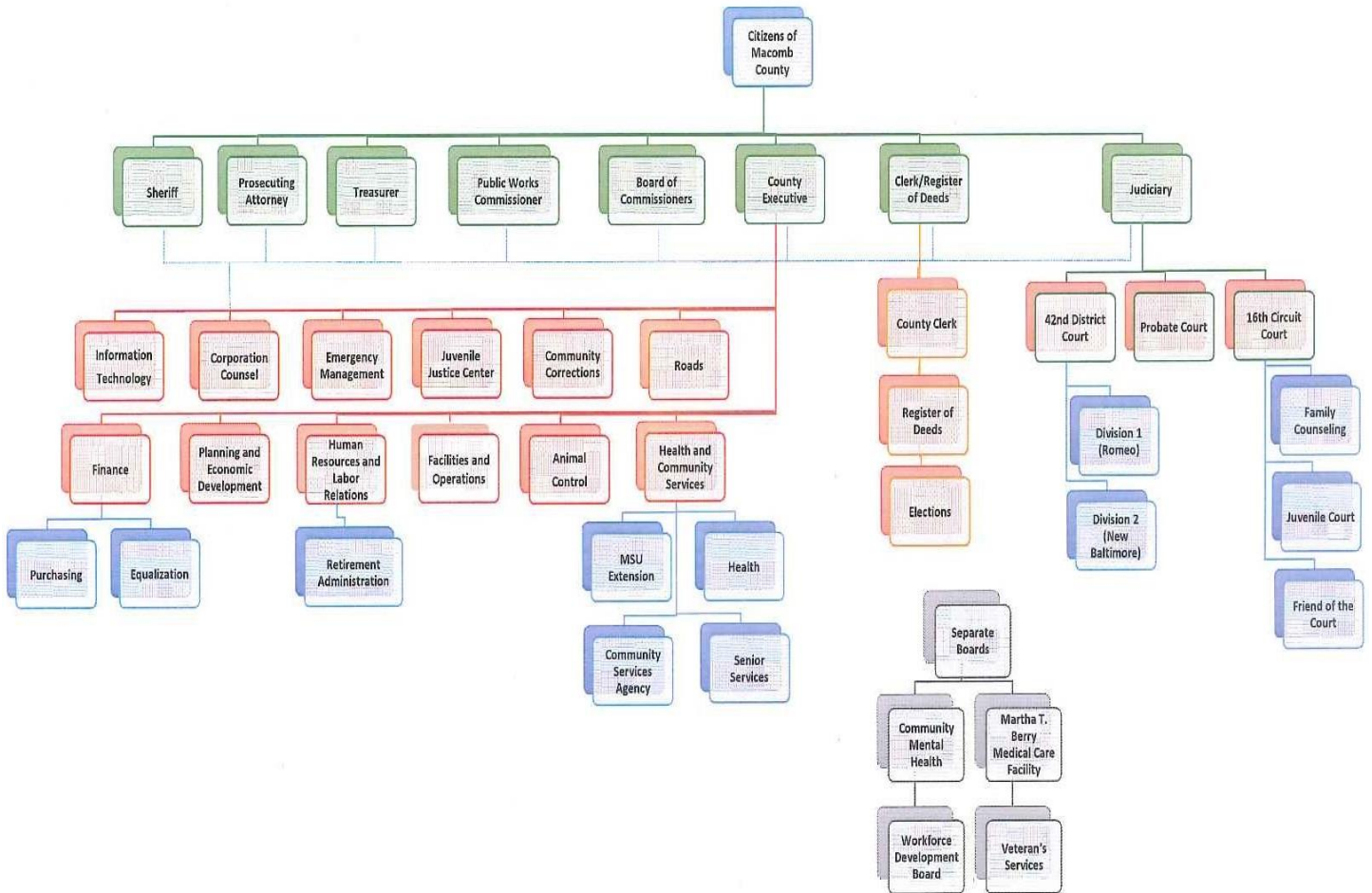
For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**December 31, 2018**

*Christopher P. Morvill*

Executive Director/CEO

Macomb County, Michigan  
 ORGANIZATIONAL CHART  
 Year Ended December 31, 2019



Macomb County, Michigan

LIST OF ELECTED AND APPOINTED OFFICIALS

Year Ended December 31, 2019

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 <sup>nd</sup> District	
Court Chief Judge	Honorable James Biernat, Jr.
County Clerk/Register of Deeds	Fred Miller
Prosecuting Attorney	Eric Smith
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, 2019 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, 2019 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.

### *Emphasis of Matter*

For the year ended December 31, 2019, the County adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*. This new accounting standard results in the application of a new framework for evaluating and reporting fiduciary activities within the County's basic financial statements. As discussed in Note 21, adoption of this standard resulted in the initial recognition and reclassification of certain fiduciary activities in the County's basic financial statements. Our opinion is not modified with respect to this matter.



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, as identified in the table of contents, is 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, 2020 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.



June 22, 2020

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MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2019

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, 2019. 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 \$1.2 billion at year- end.

The net position of the county increased by \$113.9 million in fiscal 2019.

The General Fund reported an increase of \$3.3 million for the year. Nonspendable fund balance was \$4.4 million, while Unassigned fund balances were \$57.1 million, or 24.4% of 2019 General Fund expenditures. Total fund balance was \$61.5 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 retired a combined \$17.6 million in long term debt during fiscal year 2019. At year end, the county is \$2.6 billion below its authorized debt limit.

The county's bond rating is AA+ with Standard & Poor's and Aa1 with Moody's Investor Services.

In 2019, the county implemented Governmental Accounting Standards Board Statement No. 84, *Fiduciary Activities*. As a result, certain activities formerly classified as agency funds are now categorized as either custodial funds or as governmental activities. Additionally, a new fund, the Roads Retiree Health Care Investment Trust Fund, was added to the county's fiduciary trust funds as required by this Statement. This fund accounts for contributions from the Roads Department and its employees, tracks investment activity held in trust by the county, and tracks health care benefit payments made on behalf of eligible beneficiaries. As a result of this implementation, beginning net position for fiduciary trust funds were restated, increasing beginning net position by \$62.9 million, and beginning net position for custodial funds were restated, increasing beginning net position by \$0.7 million. See note 21 for disclosures related to these restatements.

**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

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2019

are related to items that will only result in cash flows in future years. Examples of such items are uncollected property taxes and earned but unused sick and vacation leave.

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

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

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

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

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

## MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2019

**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.

**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 \$1.2 billion at December 31, 2019 and increased by approximately \$113.9 million for the year then ended. (See page A-7)

**Macomb County Primary Government Net Position**

	Governmental Activities		Business-type Activities		Totals	
	2018	2019	2018	2019	2018	2019
Current and other assets	\$ 500,079,316	\$ 539,424,959	\$ 220,779,116	\$ 239,105,984	\$ 720,858,432	\$ 778,530,943
Capital assets	1,037,758,803	1,066,471,530	1,677,318	1,545,015	1,039,436,121	1,068,016,545
Net pension asset	-	27,492,687	-	2,657,071	-	30,149,758
<b>Total assets</b>	<b>1,537,838,119</b>	<b>1,633,389,176</b>	<b>222,456,434</b>	<b>243,308,070</b>	<b>1,760,294,553</b>	<b>1,876,697,246</b>
Deferred outflows of resources	108,298,238	25,793,069	15,064,884	1,834,571	123,363,122	27,627,640
Current liabilities	46,521,036	49,457,726	33,040,847	31,817,587	79,561,883	81,275,313
Long-term liabilities						
Due within one year	20,443,140	19,737,004	1,912,301	1,948,521	22,355,441	21,685,525
Due in more than one year	247,454,415	231,364,052	37,511,626	35,481,931	284,966,041	266,845,983
Asset retirement obligations	-	1,000,000	-	-	-	1,000,000
Net pension liability	90,325,682	-	11,998,229	-	102,323,911	-
Net OPEB liability	256,717,706	189,263,178	46,959,665	35,227,324	303,677,371	224,490,502
<b>Total liabilities</b>	<b>661,461,979</b>	<b>490,821,960</b>	<b>131,422,668</b>	<b>104,475,363</b>	<b>792,884,647</b>	<b>595,297,323</b>
Deferred inflows of resources	38,730,865	132,595,266	5,912,042	16,415,442	44,642,907	149,010,708
Net position						
Net investment in capital assets	977,518,267	1,013,164,927	1,677,318	1,545,015	979,195,585	1,014,709,942
Restricted	115,987,302	133,214,164	17,096,290	26,701,997	133,083,592	159,916,161
Unrestricted	(147,562,056)	(110,614,072)	81,413,000	96,004,824	(66,149,056)	(14,609,248)
<b>Total Net Position</b>	<b>\$ 945,943,513</b>	<b>\$1,035,765,019</b>	<b>\$ 100,186,608</b>	<b>\$ 124,251,836</b>	<b>\$ 1,046,130,121</b>	<b>\$ 1,160,016,855</b>

Macomb County, Michigan

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2019

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 \$159.9 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 exceeds total net position, resulting in a negative unrestricted net position at December 31, 2018 (as restated) and in December 31, 2019. The main cause of the negative unrestricted net position was the restatement related to the county's implementation of Government Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions* in 2018. See Notes 14 and 15 for more information regarding the county's Other Postemployment Benefit plans.

As indicated in the following schedule, the net position of the county increased by \$113.9 million for the year ended December 31, 2019. The components of this change was an increase of \$89.8 million in governmental activities and an increase of \$24.1 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	
	2018	2019	2018	2019	2018	2019
<b>Revenues</b>						
Program revenue						
Charges for services	\$ 72,842,259	\$ 82,813,009	\$ 210,463,914	\$ 222,899,782	\$ 283,306,173	\$ 305,712,791
Operating grants and contributions	59,098,533	60,167,872	16,685,697	18,827,124	75,784,230	78,994,996
Capital grants and contributions	92,599,892	101,493,870	-	-	92,599,892	101,493,870
General revenue						
Property taxes	123,095,312	128,421,178	-	-	123,095,312	128,421,178
Intergovernmental revenues	27,253,517	30,920,746	-	-	27,253,517	30,920,746
Investment earnings	-	54,595,921	-	12,860,411	-	67,456,332
	<u>374,889,513</u>	<u>458,412,596</u>	<u>227,149,611</u>	<u>254,587,317</u>	<u>602,039,124</u>	<u>712,999,913</u>
<b>Expenses</b>						
Legislative	1,612,412	1,714,406	-	-	1,612,412	1,714,406
Judicial	54,423,710	51,102,176	-	-	54,423,710	51,102,176
General government	40,549,774	41,434,879	-	-	40,549,774	41,434,879
Public safety	97,943,373	89,161,248	-	-	97,943,373	89,161,248
Public works	98,981,689	85,254,737	-	-	98,981,689	85,254,737
Health and welfare	96,084,359	86,963,308	-	-	96,084,359	86,963,308
Community and economic development	4,157,212	3,757,751	-	-	4,157,212	3,757,751
Recreation and culture	146,947	150,928	-	-	146,947	150,928
Interest and fees on long-term debt	8,716,839	8,627,617	1,382,748	1,406,263	10,099,587	10,033,880
Delinquent tax collections	-	-	3,009,109	2,828,876	3,009,109	2,828,876
Community Mental Health	-	-	236,737,512	225,054,456	236,737,512	225,054,456
Freedom Hill Park	-	-	443,260	453,186	443,260	453,186
	<u>402,616,315</u>	<u>368,167,050</u>	<u>241,572,629</u>	<u>229,742,781</u>	<u>644,188,944</u>	<u>597,909,831</u>
Increase (decrease) in net position before transfers	(27,726,802)	90,245,546	(14,423,018)	24,844,536	(42,149,820)	115,090,082
Net transfers	809,964	(424,040)	(719,376)	(779,308)	90,588	(1,203,348)
Increase (decrease) in net position	(26,916,838)	89,821,506	(15,142,394)	24,065,228	(42,059,232)	113,886,734
Net position, beginning of year as restated	972,860,351	945,943,513	115,329,002	100,186,608	1,088,189,353	1,046,130,121
Net position, end of year	<u>\$ 945,943,513</u>	<u>\$1,035,765,019</u>	<u>\$ 100,186,608</u>	<u>\$ 124,251,836</u>	<u>\$1,046,130,121</u>	<u>\$1,160,016,855</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2019

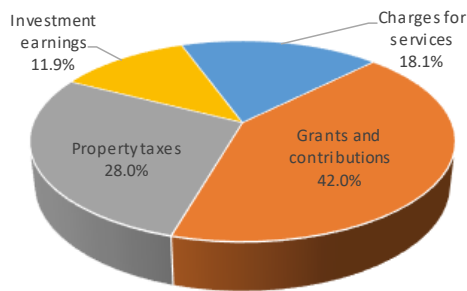
As mentioned in Note 1 of the financial statements, the majority of the funds of the county are accounted for on a fiscal year that ends on December 31. However, there are several funds that operate on a fiscal year that ends on either June 30 or September 30, which causes timing differences between 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 \$89.8 million increase in net position of governmental activities was contrasted by the decrease in net position of \$26.9 million in the prior year. The change of \$116.7 million between the prior year's decrease and the current year's increase is the result of strong stock market performance in 2019, which had followed a poorly-performing market in 2018. The county's investments earned \$54.6 million in 2019, but lost \$12.8 million in 2018, which was a change of \$67.4 million prior year. Specifically, investments related to the county's Intermediate Retiree Medical Benefits Trust, which are contained within the county's Other Postemployment Benefits (OPEB) Internal Service Fund, increased by a total of \$57.1 million, of which \$47.4 million were allocated to governmental activities. Public Act 20 governmental fund investments gained \$7.2 million. Other than OPEB-related investments, property tax revenues increased by \$5.3 million, or 4.3%, mainly due to continuing strong new home builds and an increasing rate of inflation, which guides how much property taxes in the State of Michigan can increase on an annual basis. Additionally, capital grants and contributions increased by \$8.9 million, or 9.6%, mainly as a result of increased state and federal road funding.

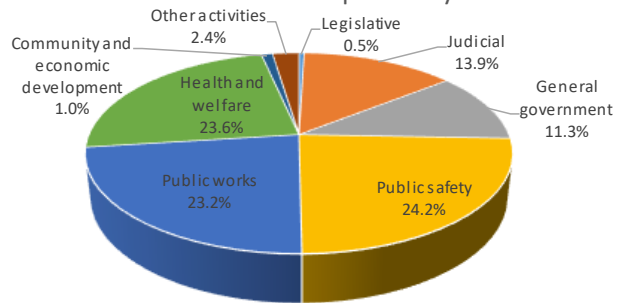
Total expenses decreased \$37.9 million, the largest portion of which was attributable to a decrease of \$11.9 million in pension-related expenses and a decrease of \$18.3 in OPEB-related expenses. Also, non-capitalized capital outlay expenses decreased by \$2.3 million when compared to prior year and depreciation expense decreased from \$59.9 million in 2018 to \$57.3 million in 2019, a decrease of \$2.6 million.

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

Governmental Activities Revenues By Source



Governmental Activities Expenses By Function



**Business-type activities.** The net position of the county's business-type activities increased approximately \$24.1 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 \$12.0 million for the year. The agency's gain was due to a decrease of \$7.6 million in expenses, which was achieved by a combination of service reductions and program reorganization. Additionally, the agency increased revenues by \$16.1 million, mainly as a result of changes in the Medicaid capitation rates paid by the Michigan Department of Health and Human Services along with the number of Medicaid eligible residents in Macomb County.

**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.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2019

The combined ending fund balances of all governmental funds were \$185.0 million at December 31, 2019, an increase of \$15.3 million over the prior year. The increase consists of a \$3.3 million increase in the General Fund, a \$15.4 million increase in the Roads Major Special Revenue Fund, and a combined decrease of \$3.4 million in the nonmajor governmental funds.

**General Fund** – The General Fund is the primary operating fund of the county. All revenues and expenditures are recorded in the General Fund unless otherwise required by statute, contractual agreement or policy.

A year-to-year comparison of General Fund revenues by source and expenditures by function is presented below:

**General Fund Revenue By Source and Expenditures By Function**

	2018	2019	Increase (Decrease)	
			\$ Change	% Change
<b>Revenues</b>				
Property taxes	\$ 120,887,274	\$ 126,259,285	\$ 5,372,011	4.44%
Licenses and permits	1,540,465	1,534,192	(6,273)	-0.41%
Federal and state grants	36,560,471	40,570,044	4,009,573	10.97%
Charges for services	43,022,656	43,609,757	587,101	1.36%
Charges to other funds for administrative services	11,110,596	11,022,426	(88,170)	-0.79%
Fines and forfeitures	560,396	688,659	128,263	22.89%
Interest and rents	4,552,259	4,823,978	271,719	5.97%
Other revenue	212,958	878,208	665,250	312.39%
Transfers from other funds	13,404,217	8,142,923	(5,261,294)	-39.25%
<b>Total revenues</b>	<b>231,851,292</b>	<b>237,529,472</b>	<b>5,678,180</b>	<b>2.45%</b>
<b>Expenditures</b>				
Current				
Legislative	1,453,198	1,696,053	242,855	16.71%
Judicial	32,713,302	30,637,397	(2,075,905)	-6.35%
General government	41,270,045	43,741,844	2,471,799	5.99%
Public safety	71,954,581	74,984,198	3,029,617	4.21%
Public works	6,009,697	6,452,408	442,711	7.37%
Health and welfare	19,308,257	18,889,199	(419,058)	-2.17%
Community and economic development	3,236,906	3,296,313	59,407	1.84%
Other / Non-departmental	2,092,312	2,338,697	246,385	11.78%
Capital outlay	2,670,774	3,226,408	555,634	20.80%
Transfers out	46,536,959	48,964,361	2,427,402	5.22%
<b>Total expenditures</b>	<b>227,246,031</b>	<b>234,226,878</b>	<b>6,980,847</b>	<b>3.07%</b>
<b>Net change in fund balance</b>	<b>\$ 4,605,261</b>	<b>\$ 3,302,594</b>	<b>\$ (1,302,667)</b>	<b>28.29%</b>

Property tax revenue increased by \$5.4 million, or 4.44%, due to a robust housing market in 2019, which led to increased taxable values and associated property tax revenue collections for the year.

Federal and state grants increased by \$4.0 million, or 10.97%, mainly due to an increase of \$3.5 million in the county's personal property tax reimbursement amount in 2019 caused by the timing of payments from the state. The reimbursement is based on a formula set by state statute and is designed to replace a portion of certain personal property taxes formerly collected that have been abolished by state statute.



MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2019

Transfers from other funds decreased by \$5.2 million, or 39.25%. This was driven by 2018 transfers into the General Fund from the Workers Compensation and General Liability Internal Service Funds in order to reimburse the fund for excess contributions the General Fund had made to these funds in previous fiscal years. The transfer was made because the funds had a surplus net position higher than targeted by management. These transfers did not occur again in 2019.

Expenditures increased approximately \$7.0 million across all functional categories in 2019. \$5.4 million of the increase was due to increased wage and benefit expenditures due to a combination of new positions as well as the implementation of a classification and compensation study. While no departments experienced significant increases in operating costs, the circuit court's operating costs decreased.

The circuit court's (judicial) costs decreased by \$2.1 million mainly as a result of defense attorney fees now being paid from the county's new Public Defender's Office Fund. As required by the Michigan Indigent Defense Commission, such activities are now administered through the Public Defender's Office Fund, which is independent of the circuit court.

The county's capital outlay costs in the General Fund increased by \$0.6 million, mainly as a result of an increase in the cost of sheriff-related vehicle purchases and equipment installations on the new vehicles. Additionally, election equipment in the amount of \$140,161 was purchased using the general fund capital outlay budget. Election equipment purchases had been made from an internal service fund in previous years, but is now funded from the General Fund.

Finally, transfers out increased by \$2.4 million compared to prior year. The two most significant increases in transfers to other funds were the Child Care Fund (increased \$1.4 million), and the Public Defender's Office Fund (increased \$1.9 million). The Child Care Fund required additional county match dollars because of a higher volume of neglect and abuse cases during 2019. The Public Defender's Office Fund was established as a new fund for fiscal year 2019 in accordance with the county's plan filed with the Michigan Indigent Defense Commission (MIDC). The amount transferred to the fund was equal to the county's expenditures on indigent defense in past years, in accordance with MIDC standards.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2019

**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**

	2018	2019	Increase (Decrease)	
			\$ Change	% Change
<b>Revenues</b>				
Licenses and permits	\$ 941,109	\$ 1,099,485	\$ 158,376	16.83%
Federal and state grants	87,365,072	97,537,315	10,172,243	11.64%
Charges for services	9,517,730	18,400,251	8,882,521	93.33%
Interest and rents	1,218,861	2,311,362	1,092,501	89.63%
Other revenue	516,442	321,380	(195,062)	-37.77%
Face amount of long-term debt	400,000	-	(400,000)	-100.00%
Transfers in	2,312,574	-	(2,312,574)	-100.00%
<b>Total revenues</b>	<b>102,271,788</b>	<b>119,669,793</b>	<b>17,398,005</b>	<b>17.01%</b>
<b>Expenditures</b>				
Current				
Public works	82,077,252	96,065,039	13,987,787	17.04%
Capital outlay	4,659,815	7,490,554	2,830,739	60.75%
Debt service				
Principal	236,042	203,933	(32,109)	-13.60%
Interest and fees	20,088	20,076	(12)	-0.06%
Transfers out	-	469,088	469,088	100.00%
<b>Total expenditures</b>	<b>86,993,197</b>	<b>104,248,690</b>	<b>17,255,493</b>	<b>19.84%</b>
<b>Net change in fund balance</b>	<b>\$ 15,278,591</b>	<b>\$ 15,421,103</b>	<b>\$ 142,512</b>	<b>0.93%</b>

Increases in both revenues as well as expenditures are the result of a combination of increased roads projects throughout the county in 2019 as compared to 2018 as well as the county-wide wage increases given to road employees.

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

The fund balances of the county's nonmajor governmental funds were approximately \$26.0 million at year-end, a decrease of approximately \$3.4 million over the prior year. The decrease consists of an increase of \$3.7 million in the special revenue funds, a decrease of \$1.9 in the debt service fund, and a decrease of \$5.2 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 a decrease of \$5.2 million in 2019 because of the timing of ongoing capital project funding needs, while the debt service fund decreased by \$1.9 million as a result of a contribution from the drainage debt millage proceeds to the drainage districts component unit fund to pay the county's portion of a drainage district capital project.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2019

**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**

	<u>2018</u>	<u>2019</u>	<u>Increase (Decrease)</u>	
			<u>\$ Change</u>	<u>% Change</u>
<b>Revenues</b>				
Charges for services	\$ 10,857,867	\$ 10,889,015	\$ 31,148	0.29%
Investment income	<u>2,823,086</u>	<u>2,562,236</u>	<u>(260,850)</u>	<u>-9.24%</u>
Total revenues	13,680,953	13,451,251	(229,702)	-1.68%
<b>Expenses</b>				
Wages and fringe benefits	475,128	469,558	(5,570)	-1.17%
Supplies and services	2,533,981	2,359,318	(174,663)	-6.89%
Transfers out	<u>8,000,000</u>	<u>8,000,000</u>	<u>-</u>	<u>0.00%</u>
Total expenditures	<u>11,009,109</u>	<u>10,828,876</u>	<u>(180,233)</u>	<u>-1.64%</u>
Change in net position	<u>\$ 2,671,844</u>	<u>\$ 2,622,375</u>	<u>\$ (49,469)</u>	<u>-1.85%</u>

The most notable change in operating results was a \$0.3 million decrease in investment income, which was the result of decreasing interest rates in 2019 as compared to 2018.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2019

**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**

	2018	2019	Increase (Decrease)	
			\$ Change	% Change
<b>Revenues</b>				
Federal and state grants	\$ 16,685,697	\$ 18,827,124	\$ 2,141,427	12.83%
Charges for services	192,899,841	207,985,334	15,085,493	7.82%
Other	1,814,734	692,424	(1,122,310)	-61.84%
Investment income	369,612	619,037	249,425	67.48%
Transfers in	7,269,294	7,137,906	(131,388)	-1.81%
Total revenues	219,039,178	235,261,825	16,222,647	7.41%
<b>Expenses</b>				
Wages and fringe benefits	28,949,541	24,740,343	(4,209,198)	-14.54%
Contractual services	189,157,840	183,383,660	(5,774,180)	-3.05%
Utilities	390,367	353,490	(36,877)	-9.45%
Repairs and maintenance	58,306	50,274	(8,032)	-13.78%
Supplies and services	12,274,991	14,710,084	2,435,093	19.84%
Depreciation	-	4,396	4,396	100.00%
Total expenditures	230,831,045	223,242,247	(7,588,798)	-3.29%
Change in net position	\$ (11,791,867)	\$ 12,019,578	\$ 23,811,445	-201.93%

Community Mental Health is funded primarily by Medicare and Medicaid. Revenue from charges for services (primarily Medicare and Medicaid) increased by \$15.1 million due to more Medicaid funding availability. Wages and fringe benefits decreased by \$4.2 million because of an increase in open (or vacant) positions in 2019. Contractual services decreased by \$5.8 million because of efficiency initiatives implemented by Community Mental Health in 2019. Supplies and services increased by \$2.4 million primarily as the result of an increase in the Medicaid use tax, which was driven by an increase in Medicaid revenues.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2019

**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**

	2018	2019	Increase (Decrease)	
			\$ Change	% Change
<b>Revenues</b>				
Charges for services	\$ 189,435	\$ 227,879	\$ 38,444	20.29%
Other	500	-	(500)	-100.00%
Transfers in	11,330	82,786	71,456	630.68%
Total revenues	201,265	310,665	109,400	54.36%
<b>Expenses</b>				
Wages and fringe benefits	18,782	84,481	65,699	349.80%
Contractual services	4,193	530	(3,663)	-87.36%
Utilities	104,613	105,488	875	0.84%
Repairs and maintenance	70,467	72,039	1,572	2.23%
Supplies and services	103,210	48,127	(55,083)	-53.37%
Depreciation	131,533	137,333	5,800	4.41%
Total expenditures	432,798	447,998	15,200	3.51%
Change in net position	<u>\$ (231,533)</u>	<u>\$ (137,333)</u>	<u>\$ 94,200</u>	<u>-40.69%</u>

Total revenue increased by \$109,400, which was primarily driven by a \$71,456 increase in transfers in. The transfer in for \$82,786 from the General Fund was to reimburse the Parks Fund for its operating loss (less depreciation).

Expenses increased by \$15,200, which was primarily driven by the addition of a full time position dedicated to maintenance of the Freedom Hill Park as well as the elimination of services provided by outside agencies that performed the same function in previous years.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2019

**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**

	<b>Original Budget</b>	<b>Final Amended Budget</b>	<b>Actual</b>	<b>Variance, Favorable (Unfavorable)</b>	
				<b>\$ Difference</b>	<b>% Difference</b>
<b>Revenues</b>					
Property taxes	\$ 126,032,070	\$ 126,673,194	\$ 126,259,285	\$ (413,909)	-0.33%
Licenses and permits	1,509,550	1,509,550	1,534,192	24,642	1.63%
Federal and state grants	37,908,925	39,885,299	40,570,044	684,745	1.72%
Charges for services	41,326,486	42,409,060	43,609,757	1,200,697	2.83%
Charges to other funds for administrative services	11,931,620	12,975,724	11,022,426	(1,953,298)	-15.05%
Fines and forfeitures	510,000	593,500	688,659	95,159	16.03%
Interest and rents	3,692,397	4,481,752	4,823,978	342,226	7.64%
Other revenue	113,600	113,600	878,208	764,608	673.07%
Transfers in	8,605,000	8,634,070	8,142,923	(491,147)	-5.69%
<b>Total revenues</b>	<b>\$ 231,629,648</b>	<b>\$ 237,275,749</b>	<b>\$ 237,529,472</b>	<b>\$ 253,723</b>	<b>0.11%</b>

The charges for services favorable variance of \$1.2 million was mainly the result of higher than anticipated jail substance abuse charges and court fees.

The charges to other funds for administrative services unfavorable variance of \$1.9 million was the result of lower than initially estimated and budgeted indirect charges to other funds.

Macomb County, Michigan

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2019

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

**General Fund Expenditures - Budgetary Comparison Schedule**

<b>Expenditures</b>	<b>Original Budget</b>	<b>Final Amended Budget</b>	<b>Actual</b>	<b>\$ Unused</b>	<b>% Utilized</b>
<b>Current</b>					
<b>Legislative</b>					
Board of commissioners	\$ 1,768,373	\$ 1,811,648	\$ 1,696,053	\$ 115,595	93.62%
<b>Judicial</b>					
Circuit court	8,684,669	8,501,396	8,314,532	186,864	97.80%
District court - 3rd class	20,000	20,000	11,788	8,212	58.94%
District court - New Baltimore	1,373,747	1,370,138	1,363,090	7,048	99.49%
District court - Romeo	1,275,378	1,226,923	1,165,799	61,124	95.02%
Family counseling	73,916	73,916	41,387	32,529	55.99%
Family court - Juvenile division	6,040,728	5,889,017	5,771,322	117,695	98.00%
Jury commission	181,450	181,450	151,384	30,066	83.43%
Law library	40,950	40,950	30,585	10,365	74.69%
Probate court	3,288,369	3,233,940	3,204,621	29,319	99.09%
Probation - Circuit court	117,492	117,492	116,376	1,116	99.05%
Prosecuting attorney	10,797,082	10,474,294	10,466,513	7,781	99.93%
<b>Total judicial</b>	<b>31,893,781</b>	<b>31,129,516</b>	<b>30,637,397</b>	<b>492,119</b>	<b>98.42%</b>
<b>General government</b>					
Building authority	\$ 500	\$ 500	\$ 210	\$ 290	42.00%
County clerk	5,258,715	5,011,621	4,799,593	212,028	95.77%
County executive	1,680,130	1,559,579	1,533,440	26,139	98.32%
Corporation counsel	1,116,043	1,114,055	1,105,051	9,004	99.19%
Elections	19,838	47,338	17,614	29,724	37.21%
Ethics board	11,600	11,600	63	11,537	0.54%
Equalization	938,193	915,649	890,479	25,170	97.25%
Facilities and operations	15,809,667	15,697,999	15,876,879	(178,880)	101.14%
Finance	2,382,965	2,320,605	2,256,549	64,056	97.24%
Human resources	2,409,352	2,404,819	2,393,119	11,700	99.51%
Information technology	9,590,855	9,464,719	8,592,025	872,694	90.78%
MSU extension	997,080	992,043	975,948	16,095	98.38%
Purchasing	1,447,810	1,398,471	1,328,659	69,812	95.01%
Register of deeds	1,930,338	1,861,027	1,732,359	128,668	93.09%
Treasurer	2,341,941	2,304,480	2,239,856	64,624	97.20%
<b>Total general government</b>	<b>45,935,027</b>	<b>45,104,505</b>	<b>43,741,844</b>	<b>1,362,661</b>	<b>96.98%</b>
<b>Public safety</b>					
Civil service commission	60,925	60,925	39,455	21,470	64.76%
Emergency management	1,293,792	1,232,906	1,292,713	(59,807)	104.85%
Sheriff department	73,333,661	72,126,906	73,652,030	(1,525,124)	102.11%
<b>Total public safety</b>	<b>74,688,378</b>	<b>73,420,737</b>	<b>74,984,198</b>	<b>(1,563,461)</b>	<b>102.13%</b>

Macomb County, Michigan

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2019

**General Fund Expenditures - Budgetary Comparison Schedule (concluded)**

<b>Expenditures (concluded)</b>	<b>Original Budget</b>	<b>Final Amended Budget</b>	<b>Actual</b>	<b>\$ Unused</b>	<b>% Utilized</b>
Current (concluded)					
Public works	6,648,258	6,439,152	6,452,408	(13,256)	100.21%
Health and welfare					
Animal shelter	1,916,586	1,786,906	1,900,953	(114,047)	106.38%
Health & community services	400,293	387,629	327,474	60,155	84.48%
Health department	17,572,725	17,350,433	16,602,817	747,616	95.69%
Social services	59,500	59,500	57,955	1,545	97.40%
Total health and welfare	19,949,104	19,584,468	18,889,199	695,269	96.45%
Community and economic development					
Planning and economic development	3,644,645	3,518,932	3,296,313	222,619	93.67%
Other current operations					
Non-departmental appropriations	2,528,500	2,710,681	2,338,697	371,984	86.28%
Vacant position turnover factor	(3,656,891)	-	-	-	0.00%
Total other current operations	(1,128,391)	2,710,681	2,338,697	371,984	86.28%
Capital outlay	16,570,254	8,164,473	3,226,408	4,938,065	39.52%
Transfers out	40,504,226	51,119,185	48,964,361	2,154,824	95.78%
Total expenditures	<u>\$ 240,473,655</u>	<u>\$ 243,003,297</u>	<u>\$ 234,226,878</u>	<u>\$ 8,776,419</u>	<u>96.39%</u>

The total budget for the General Fund was increased by \$2.5 million during the year. While there was no single significant budget amendment in the General Fund in 2019, cumulative budget amendments totaling \$10.6 million occurred in order to increase transfers out, \$8.9 million of which was for various capital projects approved by the board throughout 2019. The remaining budgeted increase in transfers out of \$1.7 million was for increases in county matching payments to grants within the Community Action Agency Special Revenue Fund and the Child Care Special Revenue Fund. In summary, excluding capital outlay and related transfers out budget amendments, the General Fund had total budget amendments increasing the budget by \$0.3 million, or 0.17% of the original budget excluding the budgets for capital outlay and transfers out.

The favorable variance of \$4.9 million in capital outlay was the result of delays experienced in starting capital projects.

The \$0.9 million favorable variance in the Information Technology Department was mainly the result of a favorable variance of \$0.2 million for equipment maintenance agreements and a \$0.4 million favorable variance in contractual services. For both categories, some software purchases and contractual service projects were delayed, which caused the favorable budget result.

The \$1.5 million unfavorable variance in the Sheriff Department was the result of a \$1.7 million unfavorable variance in total salaries and wages, which was the result of overtime and new union contracts ratified during 2019, which implemented changes recommended within the county's classification and compensation study. Total fringes in the Sheriff's Department had a favorable variance of \$351,000, mainly because of a \$356,000 favorable variance in active employee health care costs. The main cause of this variance was the timing of the hiring of new corrections officers in the jail as well as deputies, as these positions were budgeted to be hired earlier in the year than they ultimately were. Finally, within the department's operating accounts, the Sheriff's Department experienced an unfavorable variance of \$580,000 for jail substance abuse programming and a favorable variance of \$206,000 for jail medical costs. Jail substance abuse programming was higher than budgeted because of a large increase in demand for these services. Jail medical costs were less than budgeted as a result of a lower than budgeted increase in a new contract signed in 2019 with the vendor providing these services.

The \$0.7 million favorable variance in the Health Department was the result of a total of \$0.4 million favorable variances in total salaries, wages, and fringe benefits. These savings were driven by the timing of new hires, vacant positions unfilled



MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2019

for a portion of the year, and related savings on fringe benefits from the timings of those events. Additionally, the Health Department experienced a favorable variance of \$0.1 million as a result of a reduction in contractual services provided by Southeastern Michigan Health Association during the year.

General Fund budgetary performance was strong in 2019, with both revenue and expenditure budgets within desired county benchmarks. 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.

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. In 2019, the county now funds 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 five years for revenues and in four out of the past five years for expenditures.

Excluding capital outlay and related transfers out, the General Fund experienced total expenditures that were \$3.9 million less than the final amended General Fund Budget. This represented total budget utilization of 98.28%. The General Fund experienced total revenue collections that were \$0.3 million more than the final amended General Fund Budget. This represented a total collection of budgeted revenues equal to 100.11%.

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 - 2019**

Year	Collection of Budgeted Revenues	Utilization of Budgeted Expenditures
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 \$3.3 million for the year ended December 31, 2019, and actual expenditures, when including capital outlay and related transfers out, were \$8.8 million less than final budgeted expenditures. Unassigned fund balance was \$57.1 million or 24.4% of 2019 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 \$1.5 million for business-type activities as shown on the following page.

Macomb County, Michigan

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2019

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

	Governmental Activities		Business-type Activities		Totals	
	2018	2019	2018	2019	2018	2019
Land	\$ 206,562,830	\$ 206,518,693	\$ 50,000	\$ 50,000	\$ 206,612,830	\$ 206,568,693
Land improvements	5,125,374	4,997,084	348,181	323,615	5,473,555	5,320,699
Buildings and improvements	172,432,473	201,246,058	1,229,997	1,125,398	173,662,470	202,371,456
Machinery, equipment and vehicles	18,771,024	17,465,545	49,140	46,002	18,820,164	17,511,547
Infrastructure	589,103,135	608,938,744	-	-	589,103,135	608,938,744
Construction in progress	45,763,967	27,305,406	-	-	45,763,967	27,305,406
<b>Total assets</b>	<b>\$ 1,037,758,803</b>	<b>\$ 1,066,471,530</b>	<b>\$ 1,677,318</b>	<b>\$ 1,545,015</b>	<b>\$ 1,039,436,121</b>	<b>\$ 1,068,016,545</b>

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 \$266.4 million at December 31, 2019. 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
<b>General Obligation Bonds</b>					
Governmental activities	\$ 246,018,551	\$ -	\$ 15,836,632	\$ 230,181,919	\$ 15,511,091
Business-type activities	37,896,985	-	1,712,301	36,184,684	1,748,521
<b>Total general obligation bonds</b>	<b>\$ 283,915,536</b>	<b>\$ -</b>	<b>\$ 17,548,933</b>	<b>\$ 266,366,603</b>	<b>\$ 17,259,612</b>

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, 2019 was \$28.5 billion. After adjustments as shown on page E-16, the county's debt limitation was \$2.6 billion at year-end. The county's outstanding debt of \$266.4 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 2020 budget:

Property values were projected to increase 3.5% in 2020.

Wage cost increases, as an average across the county, of approximately 2% were factored into the 2020 budget.

Health care costs are anticipated to increase 4% for employees and 8% for retirees in 2020.

Market interest rates in 2020 are expected to decrease from 2019 levels.

Inflationary trends in the region compare favorably to national indices.

**Impact of the Coronavirus Pandemic of 2020.** As of June 2020, the county experienced over 6,000 cases of the coronavirus and over 800 coronavirus deaths. In addition to the health impact of the pandemic, the county has projected impacts on its budgeted 2020 revenues as outlined in the table on the following page.

Macomb County, Michigan

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2019

	2020 Original Budget	Projected COVID-19 Impact		2020 Projected Revenues
		% Loss	\$ Loss	
State Shared Revenues	\$ 16,593,000	12.5%	\$ 2,074,125	\$ 14,518,875
Other Charges for Services	10,965,377	25.0%	2,741,344	8,224,033
Real Estate Transfer Taxes	5,304,500	30.0%	1,591,350	3,713,150
Recording Fees	2,968,500	25.0%	742,125	2,226,375
Interest Revenue	1,699,500	50.0%	849,750	849,750
Court Cost Fees	1,200,000	50.0%	600,000	600,000
Licenses - Restaurants	900,000	25.0%	225,000	675,000
Pay Phone Commissions	850,000	50.0%	425,000	425,000
Soil Erosion Fees	800,000	25.0%	200,000	600,000
Commissary Commissions	450,000	50.0%	225,000	225,000
			<u>\$ 9,673,694</u>	

The county anticipates lost revenues of \$9.7 million, or 3.5 percent of the 2020 General Fund's budgeted revenues. At the same time, the county anticipates recovering some of this loss via expense reductions on certain salaries, fringe benefits, and operating costs.

Although the county is facing significant budgetary challenges at this time, its financial condition remains stable as demonstrated by the financial statements and other schedules included in this report.

**CONTACTING THE COUNTY FINANCE DEPARTMENT**

This financial report is designed to provide 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, 2<sup>nd</sup> 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, 2019

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
<b>ASSETS</b>				
Cash and pooled investments	\$ 237,166,705	\$ 150,071,208	\$ 387,237,913	\$ 58,846,751
Restricted cash	-	-	-	8,068,312
Investments, at fair value	219,293,544	44,915,545	264,209,089	-
Receivables				
Property taxes, net	8,398,189	24,843,856	33,242,045	-
Accrued interest	1,592,494	817,648	2,410,142	-
Trade accounts, net	15,765,636	8,075,061	23,840,697	14,892,820
Special assessments	-	-	-	277,538,900
Inventories	4,182,076	-	4,182,076	-
Due from other governments	31,856,747	6,611,476	38,468,223	4,204,709
Due from component units	16,464,803	-	16,464,803	-
Internal balances	(3,768,304)	2,183,712	(1,584,592)	-
Due from fiduciary funds	4,089,135	-	4,089,135	-
Other assets	4,383,934	1,587,478	5,971,412	743,015
Assets held for sale	-	-	-	1,042,929
Capital assets, net				
Assets not being depreciated	233,824,099	50,000	233,874,099	14,255,889
Assets being depreciated	832,647,431	1,495,015	834,142,446	340,283,202
Net pension asset	27,492,687	2,657,071	30,149,758	4,976,960
<b>TOTAL ASSETS</b>	<b>1,633,389,176</b>	<b>243,308,070</b>	<b>1,876,697,246</b>	<b>724,853,487</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Related to asset retirement obligations	885,079	-	885,079	-
Related to pension	6,922,622	672,667	7,595,289	22,471
Related to other post-employment benefits	17,985,368	1,161,904	19,147,272	410,309
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>25,793,069</b>	<b>1,834,571</b>	<b>27,627,640</b>	<b>432,780</b>
<b>LIABILITIES</b>				
Accounts payable and accrued liabilities	40,446,514	27,353,245	67,799,759	16,220,118
Accrued wages payable	6,044,075	402,773	6,446,848	285,840
Accrued interest payable	1,451,196	229,009	1,680,205	3,642,943
Due to other governments	1,336,389	3,779,713	5,116,102	813,194
Unearned revenue	179,552	52,847	232,399	11,316,442
Long-term liabilities				
Due within one year	19,737,004	1,948,521	21,685,525	18,966,323
Due within more than one year				
Long-term liabilities, net of current portion	231,364,052	35,481,931	266,845,983	298,722,693
Asset retirement obligations	1,000,000	-	1,000,000	-
Net other post-employment benefits liability	189,263,178	35,227,324	224,490,502	12,719,750
<b>TOTAL LIABILITIES</b>	<b>490,821,960</b>	<b>104,475,363</b>	<b>595,297,323</b>	<b>362,687,303</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Property taxes levied in advance	1,899,145	-	1,899,145	-
Related to pension	74,261,106	7,215,904	81,477,010	241,053
Related to other post-employment benefits	56,435,015	9,199,538	65,634,553	3,351,454
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>132,595,266</b>	<b>16,415,442</b>	<b>149,010,708</b>	<b>3,592,507</b>
<b>NET POSITION</b>				
Net investment in capital assets	1,013,164,927	1,545,015	1,014,709,942	120,360,125
Restricted for:				
Capital projects	102,098,398	-	102,098,398	33,433,887
Debt service	180,278	-	180,278	204,469,266
General government	4,152,209	-	4,152,209	-
Health and welfare	8,189,352	-	8,189,352	-
Planning and economic development	376,982	-	376,982	-
Judicial	1,147,591	-	1,147,591	-
Housing rehabilitation loans	7,578,648	-	7,578,648	-
Mental health and substance abuse	-	26,701,997	26,701,997	-
Public safety	1,853,076	-	1,853,076	-
Public works	-	-	-	25,101,045
Department of Roads liability insurance	7,637,630	-	7,637,630	-
Unrestricted (deficit)	(110,614,072)	96,004,824	(14,609,248)	(24,357,866)
<b>TOTAL NET POSITION</b>	<b>\$ 1,035,765,019</b>	<b>\$ 124,251,836</b>	<b>\$ 1,160,016,855</b>	<b>\$ 359,006,457</b>

See accompanying notes to the financial statements.

Macomb County, Michigan

STATEMENT OF ACTIVITIES

Year Ended December 31, 2019

Functions / Programs	Expenses	Program Revenues			Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>Primary government</b>					
<b>Governmental activities</b>					
Legislative	\$ 1,714,406	\$ 631	\$ -	\$ -	\$ (1,713,775)
Judicial	51,102,176	6,339,455	17,278,310	-	(27,484,411)
General government	41,434,879	12,421,037	165,700	-	(28,848,142)
Public safety	89,161,248	24,963,834	3,416,141	3,956,555	(56,824,718)
Public works	85,254,737	24,200,475	-	97,537,315	36,483,053
Health and welfare	86,963,308	14,497,609	38,995,266	-	(33,470,433)
Community and economic development	3,757,751	364,658	312,455	-	(3,080,638)
Recreation and culture	150,928	25,310	-	-	(125,618)
Interest and fees on long-term debt	8,627,617	-	-	-	(8,627,617)
<b>Total governmental activities</b>	<b>368,167,050</b>	<b>82,813,009</b>	<b>60,167,872</b>	<b>101,493,870</b>	<b>(123,692,299)</b>
<b>Business-type activities</b>					
Delinquent tax collections	2,828,876	10,889,015	-	-	8,060,139
Community mental health	225,054,456	211,776,678	18,827,124	-	5,549,346
Freedom hill park	453,186	234,089	-	-	(219,097)
Interest and fees on long-term debt	1,406,263	-	-	-	(1,406,263)
<b>Total business-type activities</b>	<b>229,742,781</b>	<b>222,899,782</b>	<b>18,827,124</b>	<b>-</b>	<b>11,984,125</b>
<b>Total primary government</b>	<b>\$ 597,909,831</b>	<b>\$ 305,712,791</b>	<b>\$ 78,994,996</b>	<b>\$ 101,493,870</b>	<b>\$ (111,708,174)</b>
<b>Component units</b>					
Drainage districts	\$ 84,110,331	\$ 69,140,535	\$ -	\$ 3,917,524	\$ (11,052,272)
Martha T. Berry medical care facility	23,490,712	29,867,940	-	-	6,377,228
Workforce development board	21,509,581	109,274	21,400,309	-	2
<b>Total component units</b>	<b>\$ 129,110,624</b>	<b>\$ 99,117,749</b>	<b>\$ 21,400,309</b>	<b>\$ 3,917,524</b>	<b>\$ (4,675,042)</b>
		<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>	<b>Component Units</b>
<b>Changes in net position</b>					
Net (expense) revenue from above		\$ (123,692,299)	\$ 11,984,125	\$ (111,708,174)	\$ (4,675,042)
<b>General revenues</b>					
Property taxes		128,421,178	-	128,421,178	-
Intergovernmental revenues - unrestricted		30,920,746	-	30,920,746	-
Investment earnings		54,595,921	12,860,411	67,456,332	12,389,863
Transfers - internal activities		(424,040)	(779,308)	(1,203,348)	-
<b>Total general revenues and transfers</b>		<b>213,513,805</b>	<b>12,081,103</b>	<b>225,594,908</b>	<b>12,389,863</b>
<b>CHANGE IN NET POSITION</b>		<b>89,821,506</b>	<b>24,065,228</b>	<b>113,886,734</b>	<b>7,714,821</b>
Net position, beginning of year		945,943,513	100,186,608	1,046,130,121	351,291,636
Net position, end of year		<b>\$ 1,035,765,019</b>	<b>\$ 124,251,836</b>	<b>\$ 1,160,016,855</b>	<b>\$ 359,006,457</b>

See accompanying notes to the financial statements.

Macomb County, Michigan

BALANCE SHEET – GOVERNMENTAL FUNDS

December 31, 2019

	Major Governmental Funds			Total Governmental Funds
	General Fund	Special Revenue Fund Road Fund (1)	Nonmajor Governmental Funds	
<b>ASSETS</b>				
Cash and pooled investments	\$ 50,912,474	\$ 111,618,578	\$ 22,042,867	\$ 184,573,919
Receivables				
Property taxes, net	6,714,670	-	1,683,519	8,398,189
Accrued interest	548,488	856,115	-	1,404,603
Trade accounts, net	4,766,317	1,401,272	8,132,997	14,300,586
Inventories	-	3,976,106	-	3,976,106
Due from other governments	13,255,926	7,751,457	10,829,364	31,836,747
Due from governmental funds	664,356	-	-	664,356
Due from proprietary funds	5,760,763	-	-	5,760,763
Due from component units	2,926,400	-	-	2,926,400
Other assets	1,512,295	971,913	97,223	2,581,431
<b>TOTAL ASSETS</b>	<b>\$ 87,061,689</b>	<b>\$ 126,575,441</b>	<b>\$ 42,785,970</b>	<b>\$ 256,423,100</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts payable	\$ 5,753,155	\$ 26,749,030	\$ 4,982,227	\$ 37,484,412
Accrued liabilities	536,483	-	327,775	864,258
Accrued compensation and benefits	4,807,208	501,638	735,229	6,044,075
Due to other governments	17,660	-	1,083,136	1,100,796
Due to governmental funds	-	-	2,976,307	2,976,307
Accrued workers compensation claims	-	7,559	-	7,559
Unearned revenue	-	-	179,552	179,552
<b>TOTAL LIABILITIES</b>	<b>11,114,506</b>	<b>27,258,227</b>	<b>10,284,226</b>	<b>48,656,959</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Property taxes levied in advance	-	-	1,899,145	1,899,145
Unavailable property taxes	4,071,396	-	-	4,071,396
Unavailable grants and other charges	10,376,280	1,775,389	4,620,467	16,772,136
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>14,447,676</b>	<b>1,775,389</b>	<b>6,519,612</b>	<b>22,742,677</b>
<b>FUND BALANCES</b>				
Nonspendable	4,438,695	4,948,019	97,223	9,483,937
Restricted	-	92,593,806	22,440,041	115,033,847
Assigned	-	-	5,332,028	5,332,028
Unassigned	57,060,812	-	(1,887,160)	55,173,652
<b>TOTAL FUND BALANCES</b>	<b>61,499,507</b>	<b>97,541,825</b>	<b>25,982,132</b>	<b>185,023,464</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<b>\$ 87,061,689</b>	<b>\$ 126,575,441</b>	<b>\$ 42,785,970</b>	<b>\$ 256,423,100</b>

(1) - Balance Sheet as of September 30, 2019

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, 2019

**Total fund balances for governmental funds** \$ 185,023,464

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	12,043,467
Buildings and improvements	359,381,202
Machinery, equipment, and vehicles	95,630,969
Infrastructure	1,434,588,565
Construction in progress	27,305,406
Accumulated depreciation	<u>(1,069,928,024)</u>

Capital assets, net of accumulated depreciation 1,065,540,278

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. (123,907,576)

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. 20,843,532

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 (74,261,106)  
Deferred outflows related to pension 6,922,622

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 885,079

Net pension asset is not available for use in the current year and is not reported in the governmental funds. 27,492,687

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 (11,519,626)  
Deferred outflows related to other post-employment benefits 12,312,545

Net OPEB liability is not due and payable in the current year and is not reported in the governmental funds. (17,270,951)

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. (53,306,603)

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. (331,777)

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. (1,505,757)

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. (151,792)

**Net position of governmental activities** \$ 1,035,765,019

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, 2019

	Major Governmental Funds			Total Governmental Funds
	General Fund	Special Revenue Fund	Nonmajor Governmental Funds	
		Road Fund (1)		
<b>REVENUES</b>				
Property taxes	\$ 126,259,285	\$ -	\$ 1,975,760	\$ 128,235,045
Licenses and permits	1,534,192	1,099,485	422,888	3,056,565
Federal and state grants	40,570,044	97,537,315	60,598,153	198,705,512
Other grants	-	-	361,627	361,627
Charges for services	43,609,757	18,400,251	11,178,629	73,188,637
Charges to other funds for administrative services	11,022,426	-	-	11,022,426
Fines and forfeitures	688,659	-	654,644	1,343,303
Interest and rents	4,823,978	2,311,362	43,462	7,178,802
Other revenue	878,208	321,380	1,471,226	2,670,814
<b>TOTAL REVENUES</b>	<b>229,386,549</b>	<b>119,669,793</b>	<b>76,706,389</b>	<b>425,762,731</b>
<b>EXPENDITURES</b>				
Current				
Legislative	1,696,053	-	-	1,696,053
Judicial	30,637,397	-	18,355,927	48,993,324
General government	43,741,844	-	1,094,512	44,836,356
Public safety	74,984,198	-	8,271,220	83,255,418
Public works	6,452,408	96,065,039	2,086,675	104,604,122
Health and welfare	18,889,199	-	63,890,802	82,780,001
Community and economic development	3,296,313	-	394,606	3,690,919
Recreational and cultural	-	-	84,565	84,565
Other	2,338,697	-	-	2,338,697
Capital outlay	3,226,408	7,490,554	17,964,346	28,681,308
Debt service				
Principal	-	203,933	7,265,000	7,468,933
Interest and fees	-	20,076	1,789,311	1,809,387
<b>TOTAL EXPENDITURES</b>	<b>185,262,517</b>	<b>103,779,602</b>	<b>121,196,964</b>	<b>410,239,083</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>44,124,032</b>	<b>15,890,191</b>	<b>(44,490,575)</b>	<b>15,523,648</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	8,142,923	-	42,165,676	50,308,599
Transfers out	(48,964,361)	(469,088)	(1,086,592)	(50,520,041)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(40,821,438)</b>	<b>(469,088)</b>	<b>41,079,084</b>	<b>(211,442)</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>3,302,594</b>	<b>15,421,103</b>	<b>(3,411,491)</b>	<b>15,312,206</b>
Fund balances, beginning of year	58,196,913	82,120,722	29,393,623	169,711,258
Fund balances, end of year	<u>\$ 61,499,507</u>	<u>\$ 97,541,825</u>	<u>\$ 25,982,132</u>	<u>\$ 185,023,464</u>

(1) - Year ended September 30, 2019

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, 2019

<b>Net change in fund balances - total governmental funds</b>	<b>\$ 15,312,206</b>
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	\$ 86,258,182
Current year depreciation expense	(57,271,289)
Net book value of assets disposed	<u>(110,017)</u>
	28,876,876
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.	(3,681,991)
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.	7,468,933
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.	(10,723,257)
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.	5,649,470
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.	46,871,577
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	(89,262)
Decrease in workers' compensation claims	204,230
Decrease in accrued interest payable	<u>47,645</u>
	<u>162,613</u>
<b>Change in net position of governmental activities</b>	<b>\$ <u>89,821,506</u></b>

See accompanying notes to the financial statements.

Macomb County, Michigan

STATEMENT OF NET POSITION – PROPRIETARY FUNDS

December 31, 2019

	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		
<b>ASSETS</b>					
<b>Current Assets</b>					
Cash and pooled investments	\$ 98,068,893	\$ 49,690,304	\$ 390,503	\$ 148,149,700	\$ 54,514,294
Investments, at fair value	-	-	-	-	264,209,089
<b>Receivables</b>					
Property taxes, net	24,843,856	-	-	24,843,856	-
Accrued interest	687,525	91,639	-	779,164	226,375
Trade accounts, net	4,619,847	3,113,073	46,824	7,779,744	1,760,368
Inventories	-	-	-	-	205,970
Due from other governments	-	6,611,476	-	6,611,476	20,000
Due from component unit	-	-	-	-	13,538,403
Due from governmental funds	-	-	-	-	736,632
Due from fiduciary funds	-	-	-	-	4,089,135
Other assets	-	1,587,478	-	1,587,478	1,802,503
<b>Total current assets</b>	<b>128,220,121</b>	<b>61,093,970</b>	<b>437,327</b>	<b>189,751,418</b>	<b>341,102,769</b>
<b>Noncurrent assets</b>					
<b>Capital assets, net</b>					
Assets not being depreciated	-	-	50,000	50,000	-
Assets being depreciated	-	5,031	1,489,984	1,495,015	931,252
Net pension asset	-	2,657,071	-	2,657,071	-
<b>Total noncurrent assets</b>	<b>-</b>	<b>2,662,102</b>	<b>1,539,984</b>	<b>4,202,086</b>	<b>931,252</b>
<b>TOTAL ASSETS</b>	<b>128,220,121</b>	<b>63,756,072</b>	<b>1,977,311</b>	<b>193,953,504</b>	<b>342,034,021</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Related to pension	-	672,667	-	672,667	-
Related to other post-employment benefits	-	-	-	-	6,834,727
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>-</b>	<b>672,667</b>	<b>-</b>	<b>672,667</b>	<b>6,834,727</b>
<b>LIABILITIES</b>					
<b>Current liabilities</b>					
Accounts payable and accrued liabilities	969,406	26,281,813	43,813	27,295,032	2,156,057
Accrued wages payable	17,548	382,161	3,064	402,773	-
Accrued interest payable	-	-	-	-	1,348,428
Due to other governments	-	3,779,713	-	3,779,713	235,593
Due to governmental funds	-	9,273	-	9,273	5,760,763
Unearned revenue	-	52,847	-	52,847	-
Long-term liabilities due within one year	-	-	-	-	13,313,354
<b>Total current liabilities</b>	<b>986,954</b>	<b>30,505,807</b>	<b>46,877</b>	<b>31,539,638</b>	<b>22,814,195</b>
<b>Noncurrent liabilities</b>					
Long-term liabilities due in more than one year	-	-	-	-	220,246,444
Net other post-employment benefits liability	-	-	-	-	207,219,551
<b>Total noncurrent liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>427,465,995</b>
<b>TOTAL LIABILITIES</b>	<b>986,954</b>	<b>30,505,807</b>	<b>46,877</b>	<b>31,539,638</b>	<b>450,280,190</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Related to pension	-	7,215,904	-	7,215,904	-
Related to other post-employment benefits	-	-	-	-	54,114,927
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>-</b>	<b>7,215,904</b>	<b>-</b>	<b>7,215,904</b>	<b>54,114,927</b>
<b>NET POSITION</b>					
Net investment in capital assets	-	5,031	1,539,984	1,545,015	931,252
<b>Restricted for:</b>					
Mental health and substance abuse	-	26,701,997	-	26,701,997	-
Department of Roads liability insurance	-	-	-	-	7,637,630
Unrestricted (deficit)	127,233,167	-	390,450	127,623,617	(164,095,251)
<b>TOTAL NET POSITION</b>	<b>\$ 127,233,167</b>	<b>\$ 26,707,028</b>	<b>\$ 1,930,434</b>	<b>\$ 155,870,629</b>	<b>\$ (155,526,369)</b>

RECONCILIATION OF THE STATEMENT OF NET POSITION FOR PROPRIETARY FUNDS

Total net position of enterprise funds / internal service funds	\$ 155,870,629	\$ (155,526,369)
Add (subtract): Business-type equity in the net position of internal service funds	(31,618,793)	31,618,793
Net position reported in the government-wide statement of net position	\$ 124,251,836	\$ (123,907,576)

(1) - Year ended September 30, 2019

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, 2019

	Major Business-Type Activities - Enterprise Funds	
	Delinquent Tax Revolving	Community Mental Health (1)
OPERATING REVENUES		
Federal and state grants	\$ -	\$ 18,827,124
Charges for services	10,889,015	207,985,334
Other	-	692,424
<b>TOTAL OPERATING REVENUES</b>	<b>10,889,015</b>	<b>227,504,882</b>
OPERATING EXPENSES		
Wages and fringe benefits	469,558	24,740,343
Contractual services	-	183,383,660
Utilities	-	353,490
Repairs and maintenance	-	50,274
Benefits and claims expenses	-	-
Supplies and services	2,359,318	14,710,084
Depreciation	-	4,396
<b>TOTAL OPERATING EXPENSES</b>	<b>2,828,876</b>	<b>223,242,247</b>
<b>OPERATING INCOME (LOSS)</b>	<b>8,060,139</b>	<b>4,262,635</b>
NONOPERATING REVENUES (EXPENSES)		
Investment income (expense)	2,562,236	619,037
Interest expense	-	-
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	<b>2,562,236</b>	<b>619,037</b>
<b>NET INCOME (LOSS) BEFORE TRANSFERS</b>	<b>10,622,375</b>	<b>4,881,672</b>
TRANSFERS		
Transfers in	-	7,137,906
Transfers out	(8,000,000)	-
<b>NET TRANSFERS</b>	<b>(8,000,000)</b>	<b>7,137,906</b>
<b>CHANGE IN NET POSITION</b>	<b>2,622,375</b>	<b>12,019,578</b>
Net position, beginning of year	124,610,792	14,687,450
Net position, end of year	<u>\$ 127,233,167</u>	<u>\$ 26,707,028</u>

(1) - Year ended September 30, 2019

Macomb County, Michigan

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

Year Ended December 31, 2019

	Nonmajor Enterprise Fund		Internal Service Funds
	Freedom Hill Park	Enterprise Fund Totals	
<b>OPERATING REVENUES</b>			
Federal and state grants	\$ -	\$ 18,827,124	\$ -
Charges for services	227,879	219,102,228	88,862,395
Other	-	692,424	-
<b>TOTAL OPERATING REVENUES</b>	<b>227,879</b>	<b>238,621,776</b>	<b>88,862,395</b>
<b>OPERATING EXPENSES</b>			
Wages and fringe benefits	84,481	25,294,382	-
Contractual services	530	183,384,190	-
Utilities	105,488	458,978	-
Repairs and maintenance	72,039	122,313	-
Benefits and claims expenses	-	-	77,189,944
Supplies and services	48,127	17,117,529	3,449,732
Depreciation	137,333	141,729	402,055
<b>TOTAL OPERATING EXPENSES</b>	<b>447,998</b>	<b>226,519,121</b>	<b>81,041,731</b>
<b>OPERATING INCOME (LOSS)</b>	<b>(220,119)</b>	<b>12,102,655</b>	<b>7,820,664</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Investment income (expense)	-	3,181,273	57,096,257
Interest expense	-	-	(8,272,138)
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	<b>-</b>	<b>3,181,273</b>	<b>48,824,119</b>
<b>NET INCOME (LOSS) BEFORE TRANSFERS</b>	<b>(220,119)</b>	<b>15,283,928</b>	<b>56,644,783</b>
<b>TRANSFERS</b>			
Transfers in	82,786	7,220,692	2,480,571
Transfers out	-	(8,000,000)	(2,693,169)
<b>NET TRANSFERS</b>	<b>82,786</b>	<b>(779,308)</b>	<b>(212,598)</b>
<b>CHANGE IN NET POSITION</b>	<b>(137,333)</b>	<b>14,504,620</b>	<b>56,432,185</b>
Net position, beginning of year	2,067,767	141,366,009	(211,958,554)
Net position, end of year	<u>\$ 1,930,434</u>	<u>\$ 155,870,629</u>	<u>\$ (155,526,369)</u>
<b>RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION TO THE STATEMENT OF ACTIVITIES OF BUSINESS-TYPE ACTIVITIES</b>			
Change in net position		\$ 14,504,620	\$ 56,432,185
Add (subtract): Increase (decrease) in business-type activities' equity of internal service funds		9,560,608	(9,560,608)
Net income (loss) in the government-wide statement of activities		<u>\$ 24,065,228</u>	<u>\$ 46,871,577</u>

See accompanying notes to the financial statements.

Macomb County, Michigan

STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS

Year Ended December 31, 2019

	Major Business-Type Activities - Enterprise Funds	
	Delinquent Tax Revolving	Community Mental Health (1)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from customers	\$ 52,509,754	\$ 224,897,673
Cash received from interfund services	-	-
Cash payments for delinquent taxes	(42,812,984)	-
Cash payments to employees and employee trusts	(463,386)	(24,660,176)
Cash payments to suppliers	(1,942,229)	(199,889,486)
<b>TOTAL CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>7,291,155</b>	<b>348,011</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Principal and interest paid on long-term debt	-	-
Transfers in	-	7,137,906
Transfers out	(8,000,000)	-
<b>NET CASH PROVIDED BY (USED IN) NONCAPITAL FINANCING ACTIVITIES</b>	<b>(8,000,000)</b>	<b>7,137,906</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Acquisition of capital assets	-	(9,426)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest received on investments	2,989,285	644,673
Proceeds from sale and maturities of investment securities	-	-
Change in fair value of cash equivalents	-	-
<b>NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES</b>	<b>2,989,285</b>	<b>644,673</b>
<b>NET INCREASE (DECREASE) IN CASH AND POOLED INVESTMENTS</b>	<b>2,280,440</b>	<b>8,121,164</b>
Cash and pooled investments, beginning of year	95,788,453	41,569,140
Cash and pooled investments, end of year	<u>\$ 98,068,893</u>	<u>\$ 49,690,304</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities		
Operating income (loss)	\$ 8,060,139	\$ 4,262,635
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:		
Depreciation	-	4,396
Changes in deferrals related to pension or OPEB	-	14,673,032
Changes in assets and liabilities:		
Taxes receivable	(810,836)	-
Accounts receivable	(369,862)	(382,726)
Inventory	-	-
Due from other governments	-	(2,232,380)
Due from component unit	-	-
Due from other funds	-	-
Due from fiduciary funds	-	-
Other assets	-	231,878
Accounts payable	417,089	(3,077,608)
Accrued employee benefits	6,172	62,435
Due to other governments	(11,547)	1,444,479
Due to other funds	-	9,273
Unearned revenue	-	7,897
Long term liabilities	-	-
Net pension or net OPEB liability	-	(14,655,300)
<b>NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>	<b>\$ 7,291,155</b>	<b>\$ 348,011</b>

(1) - Year ended September 30, 2019

See accompanying notes to the financial statements.

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Macomb County, Michigan

STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS (CONCLUDED)

Year Ended December 31, 2019

	Nonmajor Enterprise Fund	Enterprise Fund	Internal Service
	Freedom Hill Park	Totals	Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash received from customers	\$ 217,541	\$ 277,624,968	\$ -
Cash received from interfund services	-	-	93,290,901
Cash payments for delinquent taxes	-	(42,812,984)	-
Cash payments to employees and employee trusts	(84,018)	(25,207,580)	(32,695,348)
Cash payments to suppliers	(258,199)	(202,089,914)	(62,890,274)
<b>TOTAL CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>(124,676)</b>	<b>7,514,490</b>	<b>(2,294,721)</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Principal and interest paid on long-term debt	-	-	(18,267,998)
Transfers in	82,786	7,220,692	2,480,571
Transfers out	-	(8,000,000)	(2,693,169)
<b>NET CASH PROVIDED BY (USED IN) NONCAPITAL FINANCING ACTIVITIES</b>	<b>82,786</b>	<b>(779,308)</b>	<b>(18,480,596)</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Acquisition of capital assets	-	(9,426)	(237,906)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest received on investments	-	3,633,958	160,153
Proceeds from sale and maturities of investment securities	-	-	30,278,004
Change in fair value of cash equivalents	-	-	215,337
<b>NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES</b>	<b>-</b>	<b>3,633,958</b>	<b>30,653,494</b>
<b>NET INCREASE (DECREASE) IN CASH AND POOLED INVESTMENTS</b>	<b>(41,890)</b>	<b>10,359,714</b>	<b>9,640,271</b>
Cash and pooled investments, beginning of year	432,393	137,789,986	44,874,023
Cash and pooled investments, end of year	<u>\$ 390,503</u>	<u>\$ 148,149,700</u>	<u>\$ 54,514,294</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities			
Operating income (loss)	\$ (220,119)	\$ 12,102,655	\$ 7,820,664
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation	137,333	141,729	402,055
Changes in deferrals related to pension or OPEB	-	14,673,032	53,298,121
Changes in assets and liabilities:			
Taxes receivable	-	(810,836)	-
Accounts receivable	(10,338)	(762,926)	(1,514,308)
Inventory	-	-	(18,614)
Due from other governments	-	(2,232,380)	262,923
Due from component unit	-	-	341,597
Due from other funds	-	-	(727,132)
Due from fiduciary funds	-	-	6,238,269
Other assets	-	231,878	806,535
Accounts payable	(32,015)	(2,692,534)	1,778,391
Accrued employee benefits	463	69,070	-
Due to other governments	-	1,432,932	235,593
Due to other funds	-	9,273	(1,392,822)
Unearned revenue	-	7,897	-
Long term liabilities	-	-	(812,220)
Net pension or net OPEB liability	-	(14,655,300)	(69,013,773)
<b>NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>	<b>\$ (124,676)</b>	<b>\$ 7,514,490</b>	<b>\$ (2,294,721)</b>

See accompanying notes to the financial statements.

Macomb County, Michigan

STATEMENT OF FIDUCIARY NET POSITION

December 31, 2019

	Pension and Other Employee Benefit Trust Funds	Custodial Funds
<b>ASSETS</b>		
Cash and pooled investments	\$ 100,738,457	\$ 6,639,138
Investments, at fair value		
Corporate bonds	13,393,359	-
Common stock	489,213,029	-
Foreign stock	120,642,340	-
Limited partnership	231,294,624	-
Real estate investment trusts	36,197,536	-
Fixed income common collective trusts	95,542,126	-
Equity common collective trusts	358,017,974	-
Interest in pooled investment	70,141,552	-
	<hr/>	<hr/>
Total investments, at fair value	1,415,830,326	-
Receivables		
Accrued interest	9,115,407	-
Other	581,108	603,422
Due from other governments	-	75,145
Other assets	28,403	-
	<hr/>	<hr/>
TOTAL ASSETS	1,526,293,701	7,317,705
<b>LIABILITIES</b>		
Accounts payable	26,082,088	2,499,712
Accrued compensation and benefits	5,028,323	-
Cash bonds and deposits	-	-
Due to other governments	-	3,930,224
Due to primary government	4,089,135	-
	<hr/>	<hr/>
TOTAL LIABILITIES	35,199,546	6,429,936
<b>NET POSITION</b>		
Restricted for:		
Pension and other postemployment benefits	1,491,094,155	-
Individuals, organizations, and other governments	-	887,769
	<hr/>	<hr/>
	\$ 1,491,094,155	\$ 887,769
	<hr/> <hr/>	<hr/> <hr/>

See accompanying notes to the financial statements.

Macomb County, Michigan

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

Year Ended December 31, 2019

	Pension and Other Employee Benefit Trust Funds	Custodial Funds
<b>ADDITIONS</b>		
Investment income (loss):		
Interest and dividends	\$ 47,509,879	\$ 8,108
Net change in fair value of investments	220,819,840	-
Less investment expenses	<u>(7,572,497)</u>	<u>-</u>
Net investment income (loss)	260,757,222	8,108
Contributions		
Employer	25,523,343	-
Employee	3,201,757	-
Contribution from Retiree Healthcare Intermediate Trust Fund	<u>30,278,004</u>	<u>-</u>
Total contributions	59,003,104	-
Tax collections for other governments	-	203,259,865
Tax adjustments collected from other governments	-	2,444,116
State funds collected for other governments	-	58,118
Forfeitures collected for other governments	-	287,771
Fee and fine collections for other governments	-	1,186,968
Real estate transfer taxes collected for other governments	-	33,599,221
Payments collected on behalf on others	-	7,446,008
Other collections	<u>-</u>	<u>850,092</u>
<b>TOTAL ADDITIONS</b>	<b>319,760,326</b>	<b>249,140,267</b>
<b>DEDUCTIONS</b>		
Benefit payments	90,275,566	-
Withdrawals and refunds of contributions	452,815	-
Tax collections disbursed to other governments	-	203,259,865
Tax adjustments disbursed to individuals	-	2,444,116
Forfeiture grants disbursed to other governments	-	55,118
Forfeiture proceeds disbursed to other governments	-	196,410
Fees and fines disbursed to other governments	-	1,186,968
Real estate transfer taxes disbursed to other governments	-	33,599,221
Payments disbursed to others	-	7,446,008
Administrative expenses	775,574	3,000
Other disbursements	<u>-</u>	<u>765,251</u>
<b>TOTAL DEDUCTIONS</b>	<b>91,503,955</b>	<b>248,955,957</b>
<b>CHANGE IN NET POSITION</b>	<b>228,256,371</b>	<b>184,310</b>
Net Position - beginning of year as restated (Note 21)	<u>1,262,837,784</u>	<u>703,459</u>
Net Position - end of year	<u><b>\$ 1,491,094,155</b></u>	<u><b>\$ 887,769</b></u>

See accompanying notes to the financial statements.



Macomb County, Michigan

COMBINING STATEMENT OF NET POSITION – COMPONENT UNITS

December 31, 2019

	Drainage Districts (1)	Martha T. Berry Medical Care Facility	Workforce Development Board (2)	Total
<b>ASSETS</b>				
Cash and pooled investments	\$ 56,498,422	\$ 2,297,168	\$ 51,161	\$ 58,846,751
Restricted cash	8,047,959	20,353	-	8,068,312
Receivables				
Trade accounts, net	11,384,539	3,433,535	74,746	14,892,820
Special assessments	277,538,900	-	-	277,538,900
Due from other governments	-	-	4,204,709	4,204,709
Other assets	187,399	501,912	53,704	743,015
Assets held for sale	1,042,929	-	-	1,042,929
Capital assets, net				
Assets not being depreciated	14,255,889	-	-	14,255,889
Assets being depreciated	333,939,428	6,343,774	-	340,283,202
Net pension asset	-	4,976,960	-	4,976,960
<b>TOTAL ASSETS</b>	<b>702,895,465</b>	<b>17,573,702</b>	<b>4,384,320</b>	<b>724,853,487</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Related to pension	-	22,471	-	22,471
Related to other post-employment benefits	-	410,309	-	410,309
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>-</b>	<b>432,780</b>	<b>-</b>	<b>432,780</b>
<b>LIABILITIES</b>				
Accounts payable and accrued liabilities	10,471,333	1,575,359	4,173,426	16,220,118
Accrued wages payable	-	164,601	121,239	285,840
Accrued interest payable	3,559,060	83,883	-	3,642,943
Due to other governments	-	782,900	30,294	813,194
Unearned revenue	11,316,442	-	-	11,316,442
Long-term liabilities				
Due within one year	17,226,386	1,739,937	-	18,966,323
Due within more than one year	283,301,695	15,420,998	-	298,722,693
Net other post-employment benefits liability	-	12,719,750	-	12,719,750
<b>TOTAL LIABILITIES</b>	<b>325,874,916</b>	<b>32,487,428</b>	<b>4,324,959</b>	<b>362,687,303</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Related to pension	-	241,053	-	241,053
Related to other post-employment benefits	-	3,351,454	-	3,351,454
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>-</b>	<b>3,592,507</b>	<b>-</b>	<b>3,592,507</b>
<b>NET POSITION</b>				
Net investment in capital assets	114,016,351	6,343,774	-	120,360,125
Restricted for:				
Capital projects	33,433,887	-	-	33,433,887
Debt service	204,469,266	-	-	204,469,266
Public works	25,101,045	-	-	25,101,045
Unrestricted (deficit)	-	(24,417,227)	59,361	(24,357,866)
<b>TOTAL NET POSITION</b>	<b>\$ 377,020,549</b>	<b>\$ (18,073,453)</b>	<b>\$ 59,361</b>	<b>\$ 359,006,457</b>

(1) - Balance Sheet as of September 30, 2019

(2) - Balance Sheet as of June 30, 2019

See accompanying notes to the financial statements.

Macomb County, Michigan

COMBINING STATEMENT OF ACTIVITIES – COMPONENT UNITS

Year Ended December 31, 2019

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	\$ 73,527,285	\$ 69,140,535	\$ -	\$ 3,917,524	\$ (469,226)
Interest and fees on long-term debt	10,583,046	-	-	-	(10,583,046)
Total Drainage Districts	84,110,331	69,140,535	-	3,917,524	(11,052,272)
Martha T. Berry Medical Care Facility					
Governmental activities					
Health and welfare	22,976,157	29,867,940	-	-	6,891,783
Interest and fees on long-term debt	514,555	-	-	-	(514,555)
Total Martha T. Berry Medical Care Facility	23,490,712	29,867,940	-	-	6,377,228
Workforce Development Board (2)					
Governmental activities					
Health and welfare	21,509,581	109,274	21,400,309	-	2
Total component units	<u>\$ 129,110,624</u>	<u>\$ 99,117,749</u>	<u>\$ 21,400,309</u>	<u>\$ 3,917,524</u>	<u>\$ (4,675,042)</u>
		Drainage Districts (1)	Martha T. Berry Medical Care Facility	Workforce Development Board (2)	Total
Changes in net position					
Net (expense) revenue from above		\$ (11,052,272)	\$ 6,377,228	\$ 2	\$ (4,675,042)
General revenues					
Investment earnings		12,258,631	131,232	-	12,389,863
CHANGE IN NET POSITION		1,206,359	6,508,460	2	7,714,821
Net position, beginning of year		375,814,190	(24,581,913)	59,359	351,291,636
Net position, end of year		<u>\$ 377,020,549</u>	<u>\$ (18,073,453)</u>	<u>\$ 59,361</u>	<u>\$ 359,006,457</u>

(1) - Year ended September 30, 2019

(2) - Year ended June 30, 2019

See accompanying notes to the financial statements.

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2019

**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, 2019, 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, 2019. 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, 2019.

**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, 2019

**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, 2019

**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, 2019

**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 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.

*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.

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2019

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

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 and pension trust funds are accounted for using the economic resources measurement focus and the full accrual basis of accounting. Their revenues are recognized when they are earned and their expenses are recognized when they are incurred without regard to the receipt or payment of cash or its equivalent.

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

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2019

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Bank Deposits and Investments**

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

**E. Receivables and Payables**

In general, outstanding balances between funds are reported as “due to/from other funds.” Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as “advances to/from other funds”. Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as “internal balances”. All trade and property tax receivables are shown as net of allowance for uncollectible amounts. Trade receivables of the primary government totaled \$23,840,697 at year-end, net of an allowance of \$2,440,863 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.

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.



NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2019

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**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 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

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2019

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

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, 2019 levy (calendar 2019 revenue) was \$28,457,675,985.

The county operating tax rate for the 2019 levy was 4.4592 mills, the Veteran's rate was .0676 mills, and the Drain Debt was .0050 mills. The county records an allowance of 0.33% for assessment appeals and personal property tax delinquencies. The amount recorded in 2019 was \$422,299.

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

**O. Unearned Revenue**

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

**P. Use of Estimates**

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

**Q. Fund Equity**

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

- Nonspendable - Amounts that are not expected to be converted into cash, such as inventories and prepaid items, and amounts that are legally required to be maintained intact, such as the corpus of a permanent fund.
- Restricted – Amounts whose use are restricted by constraints imposed by outside parties such as creditors, grantors, laws and regulations of other governments, constitutional provisions or enabling legislation.

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2019

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Q. Fund Equity (continued)**

- Committed – Amounts that have been designated for specific purposes established by formal action of the government's highest level of decision-making authority. Fund balance commitments require a formal resolution of the Board of Commissioners. Once committed, these amounts cannot be used for any other purpose unless the restrictions are removed or changed through the same type of action used to make the original commitment.
- Assigned – Amounts that are intended to be used for specific purposes, but are not restricted or committed. Specific fund balance assignments, 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, 2019

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Q. Fund Equity (continued)**

	Major Governmental Funds		Nonmajor Governmental Funds	Total
	General Fund	Road Fund		
Nonspendable for:				
Inventories	\$ -	\$ 3,976,106	\$ -	\$ 3,976,106
Long-term receivables	2,926,400	-	-	2,926,400
Prepaid items	1,512,295	971,913	97,223	2,581,431
<b>TOTAL NONSPENDABLE</b>	<b>4,438,695</b>	<b>4,948,019</b>	<b>97,223</b>	<b>9,483,937</b>
Restricted for:				
Capital projects	-	92,593,806	2,778,167	95,371,973
Community Action Agency	-	-	1,773,769	1,773,769
Community Corrections	-	-	6,053	6,053
Concealed Pistol License	-	-	1,274,759	1,274,759
Debt service	-	-	180,278	180,278
Friend of the Court	-	-	205,207	205,207
Health Department	-	-	3,678,399	3,678,399
Housing rehabilitation loans	-	-	7,578,648	7,578,648
MSU Extension	-	-	139,404	139,404
Prosecuting Attorney	-	-	267,126	267,126
Sheriff Department	-	-	1,529,406	1,529,406
Technology	-	-	1,362,880	1,362,880
Urban County Block Grant	-	-	136,982	136,982
Veterans Affairs	-	-	1,528,963	1,528,963
<b>TOTAL RESTRICTED</b>	<b>-</b>	<b>92,593,806</b>	<b>22,440,041</b>	<b>115,033,847</b>
Assigned for:				
Capital projects	-	-	3,920,142	3,920,142
Circuit Court	-	-	888	888
Community Action Agency	-	-	194,364	194,364
MSU Extension	-	-	199,978	199,978
Health Department	-	-	900	900
Public Defender's Office	-	-	421,277	421,277
Sheriff Department	-	-	19,738	19,738
Urban Block Grant	-	-	574,741	574,741
<b>TOTAL ASSIGNED</b>	<b>-</b>	<b>-</b>	<b>5,332,028</b>	<b>5,332,028</b>
Unassigned	57,060,812	-	(1,887,160)	55,173,652
<b>TOTAL FUND BALANCES</b>	<b>\$ 61,499,507</b>	<b>\$ 97,541,825</b>	<b>\$ 25,982,132</b>	<b>\$ 185,023,464</b>

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, 2019

**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, 2019

**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, 2019 and September 30, 2019 respectively, are presented on the following page.

## NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2019

**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	\$ 22,453	\$ 11,071,919	1.52%
Bank and money market accounts	91,978,927	23,996,904	15.91%
Certificates of deposit	<u>238,107,445</u>	<u>19,639,933</u>	<u>35.35%</u>
Subtotal - deposits	330,108,825	54,708,756	52.78%
Commercial paper	66,887,710	12,206,307	10.85%
US Government securities	3,788,553	-	0.52%
Corporate and municipal bonds	3,795,621	-	0.52%
Common stock	139,690,750	-	19.16%
Foreign stock	33,264,694	-	4.56%
Real estate investment trusts	36,713,341	-	5.04%
Fixed income common collective trusts	4,326,443	-	0.59%
Equity common collective trusts	<u>43,636,647</u>	<u>-</u>	<u>5.98%</u>
Subtotal - investments	<u>332,103,759</u>	<u>12,206,307</u>	<u>47.22%</u>
Total deposits and investments	662,212,584	66,915,063	100.00%
Timing effect of different year ends	<u>(4,126,444)</u>	<u>-</u>	
Amount reported at December 31, 2019	<u>\$ 658,086,140</u>	<u>\$ 66,915,063</u>	
Amount reported in primary government	\$ 651,447,002		
Amount reported in custodial funds	<u>6,639,138</u>		
	<u>\$ 658,086,140</u>		

The following summarizes the restricted cash and cash equivalents as of December 31, 2019:

	<u>Component Units (Total)</u>
Restricted cash and cash equivalents	
Unspent bond proceeds	\$ 8,047,959
Residents' Trust	<u>20,353</u>
	<u>\$ 8,068,312</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 \$371,734,478, with corresponding bank balances of \$388,906,765. Qualifying deposits are insured by the FDIC up to \$250,000. Of the bank balances, \$3,004,306 was insured and the remaining \$385,902,459 was uninsured and uncollateralized.

## NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2019

**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	\$ 1,673,115	\$ 2,115,438	\$ 126,014	\$ 3,914,567	32.87%	1.55%
AA+	-	-	-	-	0.00%	0.00%
AA	-	-	-	-	0.00%	0.00%
AA-	-	-	1,222,888	1,222,888	10.27%	15.06%
A+	-	-	244,581	244,581	2.05%	3.01%
A	-	-	330,841	330,841	2.78%	4.07%
A-	-	-	404,431	404,431	3.40%	4.98%
BBB+	-	-	605,604	605,604	5.08%	7.46%
BBB	-	-	336,162	336,162	2.82%	4.14%
BBB-	-	-	110,649	110,649	0.93%	1.36%
BB	-	-	-	-	0.00%	0.00%
D	-	-	-	-	0.00%	0.00%
Not Rated	-	-	4,740,894	4,740,894	39.80%	58.37%
	<u>\$ 1,673,115</u>	<u>\$ 2,115,438</u>	<u>\$ 8,122,064</u>	<u>\$ 11,910,617</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 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, 2019.

**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



## NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2019

**NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)****Primary Government and Component Unit Deposits and Investments (concluded)**

index mutual fund that consists of a mix of corporate, US Treasury and US Agency securities and is therefore not subject to interest rate risk. The maturities of this fund have an average weighted life of 7.1 years.

**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, 2019. 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, 2019 are presented below:

	Amount	Percent of Total
Cash and pooled investments	\$ 35,669,807	9.96%
Common stock	74,366,384	20.77%
Foreign stock	36,085,860	10.08%
Limited partnerships	6,605	0.00%
Real estate investment trusts	36,197,536	10.11%
Fixed income common collective trusts	42,406,341	11.84%
Equity common collective trusts	133,387,425	37.24%
	<u>\$ 358,119,958</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, 2019, the Fund's investments in debt securities were rated by Standard & Poor's as follows:

Quality Rating	US Treasury	US Agency	Corporate Bonds	Total	Percent of Total	Breakdown of
						Corporate Portfolio
AAA	\$ 16,241,629	\$ 932,940	\$ 17,806,206	\$ 34,980,775	82.49%	70.58%
AA	-	-	1,010,281	1,010,281	2.38%	4.00%
A	-	-	2,929,815	2,929,815	6.91%	11.61%
BAA	-	-	3,485,470	3,485,470	8.22%	13.81%
	<u>\$ 16,241,629</u>	<u>\$ 932,940</u>	<u>\$ 25,231,772</u>	<u>\$ 42,406,341</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, 2019

**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, 2019.

**Interest Rate Risk** is the risk that the fair value of investments in debt securities will be adversely affected by changes in market interest rates and is measured primarily by average days to maturity. The entire portfolio of debt securities of the Retiree Health Care Trust Fund is held in one bond index mutual fund that consists of a mix of corporate, US Treasury and US Agency securities and is therefore not subject to interest rate risk. The maturities of this fund have an average weighted life of 7.8 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 \$65,068,649 with corresponding bank balances of \$65,095,430. 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 \$64,845,430 was uninsured and uncollateralized.

**Investments** – A summary of the investments of the System at December 31, 2019 is presented below:

	<u>Amount</u>	<u>Percent of Total</u>
Cash and pooled investments	\$ 65,068,650	5.98%
Corporate bonds	13,393,359	1.23%
Common stock	414,846,645	38.12%
Preferred stock	1,387,786	0.13%
Foreign stock	84,556,480	7.77%
Limited partnerships	231,288,019	21.25%
Fixed income common collective trusts	53,135,785	4.88%
Equity common collective trusts	224,630,549	20.64%
	<u>\$ 1,088,307,273</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, 2019

**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, 2019, 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	\$ 20,616,685	\$ 1,540,938	\$ 831,560	\$ 22,989,183	34.56%	1.87%
AA	-	-	3,139,564	3,139,564	4.72%	7.08%
A+	-	-	9,890,475	9,890,475	14.87%	22.29%
A-	-	-	332,624	332,624	0.50%	0.75%
BBB+	-	-	4,341,084	4,341,084	6.53%	9.78%
BBB	-	-	3,129,382	3,129,382	4.70%	7.05%
BBB-	-	-	1,934,650	1,934,650	2.91%	4.36%
BB-	-	-	2,664,387	2,664,387	4.00%	6.00%
B	-	-	1,313,526	1,313,526	1.97%	2.96%
CCC	-	-	570,213	570,213	0.86%	1.29%
CCC-	-	-	668,642	668,642	1.01%	1.51%
CC	-	-	10,080	10,080	0.02%	0.02%
D	-	-	24,288	24,288	0.04%	0.05%
Not Rated	-	-	15,521,046	15,521,046	23.31%	34.99%
	<u>\$ 20,616,685</u>	<u>\$ 1,540,938</u>	<u>\$ 44,371,521</u>	<u>\$ 66,529,144</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 1.5 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 22.6 percent of the Employees' Retirement System assets and 16.14 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.

**Primary Government**

The primary government of the county had recurring fair value measurements as of December 31, 2019 as presented on the following page:

## NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2019

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

Assets Measured at Fair Value on a Recurring Basis - Primary Government				
	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)
Debt securities				
U.S. government securities	\$ 3,788,553	\$ -	\$ 3,788,553	\$ -
Corporate and municipal bonds	3,795,621	-	3,795,621	-
Total debt securities	7,584,174	-	7,584,174	-
Equity securities				
Common stock	139,690,750	139,690,750	-	-
Foreign stock	33,264,694	33,264,694	-	-
Total equity securities	172,955,444	172,955,444	-	-
Commercial paper	66,887,710	-	66,887,710	-
Fixed income common collective trusts	4,326,443	-	4,326,443	-
Equity common collective trusts	43,636,647	-	43,636,647	-
Real estate investment trust funds	9,458,754	-	9,458,754	-
Total investments by fair value level	304,849,172	\$ 172,955,444	\$ 131,893,728	\$ -
Investments measured at net asset value (NAV)				
Hedge funds	11,250,054			
Private equity	3,485,875			
Real estate funds	12,518,658			
Total investments measured at NAV	27,254,587			
Total investments measured at fair value	\$ 332,103,759			

Equity securities classified in level 1 are valued using prices quoted in active markets for those securities. Commercial paper classified in level 2 are valued using quoted prices for identical securities in markets that are not active. 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, 2019, 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, 2019

**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	\$ 11,250,054	\$ -	None	N/A
Private equity funds	3,485,875	2,162,091	None	N/A
Real estate funds	<u>12,518,658</u>	<u>5,894,588</u>	None	N/A
Total investments measured at NAV	<u>\$ 27,254,587</u>	<u>\$ 8,056,679</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 the Blackstone Strategic Partners Offshore Fund. The fund's portfolio includes 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 1 to 7 years.

The real estate funds class is comprised of the Alidade Capital Fund, Bloomfield Capital Income Fund, Valstone Fund, and Townsend Real Estate Fund. The funds' portfolios includes 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 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 7 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, 2019 as presented on the following page.

## NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2019

**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)
Debt securities				
Corporate bonds	\$ 13,393,359	\$ -	\$ 13,369,071	\$ 24,288
Equity securities				
Common stock	489,213,029	489,213,029	-	-
Foreign stock	120,642,340	120,642,340	-	-
Preferred stock	1,387,786	1,387,786	-	-
Total equity securities	611,243,155	611,243,155	-	-
Limited Partnership investments	6,605	6,605	-	-
Fixed income common collective trusts	95,542,126	-	95,542,126	-
Equity common collective trusts	358,017,974	40,225,040	317,792,934	-
Real estate investment trust funds	36,197,536	36,197,536	-	-
Interest in pooled investment	-	-	-	-
Total investments by fair value level	1,114,400,755	<u>\$ 687,672,336</u>	<u>\$ 426,704,131</u>	<u>\$ 24,288</u>
Investments measured at net asset value (NAV)				
Fixed income funds	19,440,104			
Hedge funds	78,585,790			
Infrastructure funds	17,811,193			
Private equity funds	42,776,573			
Real estate funds	69,121,836			
International real estate funds	3,552,523			
Interest in pooled investment	70,141,552			
Total investments measured at NAV	301,429,571			
Total investments measured at fair value	<u>\$ 1,415,830,326</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, 2019

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

At the year ended December 31, 2019, 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>
Fixed income funds	\$ 19,440,104	\$ -	Daily	3 days
Hedge funds	78,585,790	7,089,944	None	N/A
Infrastructure funds	17,811,193	13,205,715	None	N/A
Private equity funds	42,776,573	83,485,936	None	N/A
Real estate funds	69,121,836	19,628,690	None	N/A
International real estate funds	3,552,523	14,894,175	None	N/A
Interest in pooled investment	70,141,552	-	Daily	None
Total investments measured at NAV	<u>\$ 301,429,571</u>	<u>\$ 138,304,460</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 fixed income funds class is comprised of the Franklin Templeton Global Multisector Plus Composite Fund. The fund utilizes a high alpha-seeking, multi-sector global fixed income strategy that may invest across the entire global fixed income opportunity set, including government, securitized and corporate sectors. Below investment grade exposure is limited to no more than 50% of portfolio net assets at the time of investment. The fair value of the investments in this class have been estimated using the net asset value per share of the investments.

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 3 years.

The infrastructure funds class is comprised of the McMorgan 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.

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 11 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, 2019

**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.

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.

Approximately 24 percent 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 fund will be liquidated over the next month to 6 years.

**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. Of the original amount, \$13,538,403 was outstanding at December 31, 2019, and was recorded in the governmental activities of the county as a due from component unit (a long-term receivable). The amount will be paid back to the county with installment payments due each May 1 and November 1 of each year through 2035.

In addition, the county made an additional contribution of \$59,000,000 to its Retiree Health Care Intermediate Trust Fund to pre-fund a portion of the county's other postemployment benefits liability. The Martha T. Berry Medical Care Facility (a discretely-presented component unit of the county) participates in the system and as such, \$3,658,000 of the \$59,000,000 contribution was deemed to be attributable to their portion of the amount of the pre-funding contribution. At December 31, 2019, the amount of \$2,926,400 was recorded on the General Fund balance sheet as a due from component unit (a long-term receivable), which will be paid back to the county with installment payments due each May 1 and November 1 of each year through 2035.

At December 31, 2019, the county has recorded a total due from component unit on the governmental activities statement of net position in the amount of \$16,464,803, which will be paid back to the county with installment payments due each May 1 and November 1 of each year through 2035.



Macomb County, Michigan

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2019

**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, 2019:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases and Transfers</u>	<u>Ending Balance</u>
<b>Governmental Activities</b>				
Capital assets not being depreciated:				
Land	\$ 206,562,830	\$ -	\$ 44,137	\$ 206,518,693
Construction in progress	45,763,967	16,424,252	34,882,813	27,305,406
Total capital assets not being depreciated	252,326,797	16,424,252	34,926,950	233,824,099
Capital assets being depreciated:				
Land improvements	11,921,009	363,403	240,945	12,043,467
Buildings and building improvements	321,562,986	38,414,862	596,646	359,381,202
Machinery, equipment, and vehicles	100,058,835	5,947,103	3,503,328	102,502,610
Infrastructure	1,374,315,147	60,273,418	-	1,434,588,565
Total capital assets being depreciated	1,807,857,977	104,998,786	4,340,919	1,908,515,844
Less accumulated depreciation for:				
Land Improvements	6,795,635	489,204	238,456	7,046,383
Buildings and building improvements	149,130,513	9,535,083	530,452	158,135,144
Machinery, equipment, and vehicles	81,287,811	7,211,248	3,461,994	85,037,065
Infrastructure	785,212,012	40,437,809	-	825,649,821
Total accumulated depreciation	1,022,425,971	57,673,344	4,230,902	1,075,868,413
Net capital assets being depreciated	785,432,006	47,325,442	110,017	832,647,431
Net governmental capital assets	<u>\$ 1,037,758,803</u>	<u>\$ 63,749,694</u>	<u>\$ 35,036,967</u>	<u>\$ 1,066,471,530</u>

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

	<u>Governmental Assets</u>	<u>Internal Service Assets</u>	<u>Total</u>
Legislative	\$ 6,404	\$ -	\$ 6,404
Judicial	1,225,581	-	1,225,581
General government	4,378,668	402,055	4,780,723
Health and welfare	2,690,845	-	2,690,845
Recreation and culture	65,211	-	65,211
Public safety	4,405,063	-	4,405,063
Public works	44,499,517	-	44,499,517
	<u>\$ 57,271,289</u>	<u>\$ 402,055</u>	<u>\$ 57,673,344</u>

A summary of capital asset activity of the business-type activities of the county for the year ended December 31, 2019 is presented on the following page.

## NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2019

**NOTE 5 – CAPITAL ASSETS (CONTINUED)**

	<u>Beginning Balance</u>	<u>Increases and Transfers</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Business-type Activities</b>				
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	469,154	9,426	24,027	454,553
Total capital assets being depreciated	3,409,637	9,426	24,027	3,395,036
Less accumulated depreciation for:				
Land Improvements	143,129	24,566	-	167,695
Buildings and building improvements	1,219,176	104,599	-	1,323,775
Machinery, equipment, and vehicles	420,014	12,564	24,027	408,551
Total accumulated depreciation	1,782,319	141,729	24,027	1,900,021
Net capital assets being depreciated	1,627,318	(132,303)	-	1,495,015
Net business-type capital assets	<u>\$ 1,677,318</u>	<u>\$ (132,303)</u>	<u>\$ -</u>	<u>\$ 1,545,015</u>

Depreciation expense of the business-type activities by function totaled \$137,333 for recreation and culture and \$4,396 for health and welfare, for a total reported increase in accumulated depreciation in business-type activities of \$141,729.

## NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2019

**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, 2019:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Component Unit - Drainage Districts</b>				
Capital assets not being depreciated:				
Land	\$ 1,862,000	\$ -	\$ -	\$ 1,862,000
Construction in progress	59,231,465	3,622,745	50,460,321	12,393,889
Total capital assets not being depreciated	61,093,465	3,622,745	50,460,321	14,255,889
Capital assets being depreciated:				
Machinery, equipment, and vehicles	1,526,302	185,964	27,116	1,685,150
Infrastructure	434,702,800	50,460,321	60,331	485,102,790
Total capital assets being depreciated	436,229,102	50,646,285	87,447	486,787,940
Less accumulated depreciation for:				
Machinery, equipment, and vehicles	229,854	138,766	16,270	352,350
Infrastructure	143,300,520	9,198,659	3,017	152,496,162
Total accumulated depreciation	143,530,374	9,337,425	19,287	152,848,512
Net capital assets being depreciated	292,698,728	41,308,860	68,160	333,939,428
Net drainage district capital assets	<u>\$ 353,792,193</u>	<u>\$ 44,931,605</u>	<u>\$ 50,528,481</u>	<u>\$ 348,195,317</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, 2019:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Component Unit - Martha T. Berry MCF</b>				
Capital assets not being depreciated:				
Construction in progress	\$ 1,915,021	\$ -	\$ 1,915,021	\$ -
Capital assets being depreciated:				
Buildings and building improvements	1,678,681	3,943,052	97,040	5,524,693
Machinery, equipment, and vehicles	1,313,897	989,704	207,257	2,096,344
Total capital assets being depreciated	2,992,578	4,932,756	304,297	7,621,037
Less accumulated depreciation for:				
Buildings and building improvements	424,835	301,005	58,788	667,052
Machinery, equipment, and vehicles	594,977	220,782	205,548	610,211
Total accumulated depreciation	1,019,812	521,787	264,336	1,277,263
Net capital assets being depreciated	1,972,766	4,410,969	39,961	6,343,774
Net Martha T. Berry capital assets	<u>\$ 3,887,787</u>	<u>\$ 4,410,969</u>	<u>\$ 1,954,982</u>	<u>\$ 6,343,774</u>

Macomb County, Michigan

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2019

**NOTE 6 – LONG-TERM DEBT**

The following is a summary of the long-term liability transactions for the year ended December 31, 2019:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>PRIMARY GOVERNMENT</b>					
<b>Governmental Activities</b>					
<i>General obligation bonds</i>					
Building Authority					
Series 2005 Clemens Refunding	\$ 510,000	\$ -	\$ 300,000	\$ 210,000	\$ 210,000
Series 2012 Public Works / Warehouse Refunding	3,395,000	-	560,000	2,835,000	535,000
Series 2012A 800Mhz/NB Court Refunding	10,370,000	-	1,395,000	8,975,000	1,410,000
Series 2014 MTB / Youth Home Refunding	8,155,000	-	1,910,000	6,245,000	2,020,000
General County					
Series 2015 Capital Improvement Bonds	36,830,000	-	2,565,000	34,265,000	2,635,000
Series 2015 Retiree Health Care Bonds	185,243,015	-	8,367,699	176,875,316	8,546,479
<i>Notes from direct borrowings and direct placements</i>					
Michigan Transportation Fund					
Series 2012 - Bridge Refunding Bonds	535,000	-	535,000	-	-
Department of Roads					
2007 MDOT Infrastructure Loan	49,904	-	49,904	-	-
2010 MDOT Infrastructure Loan	106,788	-	34,239	72,549	34,582
2010 MDOT Infrastructure Loan	158,337	-	51,940	106,397	52,979
2014 MDOT Infrastructure Loan	265,507	-	32,146	233,361	30,455
2017 MDOT Infrastructure Loan	400,000	-	35,704	364,296	36,596
Total bonded debt and loans	246,018,551	-	15,836,632	230,181,919	15,511,091
<i>Other liabilities</i>					
Compensated absences					
General County	13,240,408	1,504,334	2,091,454	12,653,288	1,500,000
Department of Roads	1,416,495	1,585,303	1,496,041	1,505,757	1,400,000
General liability claims					
General County	4,333,780	2,330,283	2,201,649	4,462,414	824,461
Department of Roads	282,500	24,942	28,360	279,082	29,082
Workers' compensation claims					
General County	1,928,388	779,372	848,515	1,859,245	464,811
Department of Roads	677,433	-	518,082	159,351	7,559
Total other liabilities	21,879,004	6,224,234	7,184,101	20,919,137	4,225,913
Total governmental activities	267,897,555	6,224,234	23,020,733	251,101,056	19,737,004
<b>Business-Type Activities</b>					
<i>General obligation bonds</i>					
Series 2015 Retiree Health Care Bonds	37,896,985	-	1,712,301	36,184,684	1,748,521
<i>Other liabilities</i>					
Compensated absences	1,526,942	49,821	330,995	1,245,768	200,000
Total business-type activities	39,423,927	49,821	2,043,296	37,430,452	1,948,521
<b>TOTAL PRIMARY GOVERNMENT</b>	<b>\$ 307,321,482</b>	<b>\$ 6,274,055</b>	<b>\$ 25,064,029</b>	<b>\$ 288,531,508</b>	<b>\$ 21,685,525</b>
<b>DISCRETELY PRESENTED COMPONENT UNITS</b>					
<b>Martha T. Berry Medical Care Facility</b>					
<i>Notes from direct borrowings and direct placements</i>					
Notes payable to Macomb County	\$ 16,989,300	\$ -	\$ 524,497	\$ 16,464,803	\$ 1,106,303
<i>Other liabilities</i>					
Compensated absences	516,083	993,538	813,489	696,132	633,634
Total Martha T. Berry Medical Care Facility	17,505,383	993,538	1,337,986	17,160,935	1,739,937
<b>Drainage Districts</b>					
<i>General obligation bonds</i>					
Special assessment debt	211,976,956	-	9,149,043	202,827,913	9,568,887
Unamortized premiums	25,178,631	-	1,232,370	23,946,261	1,232,370
Unamortized discounts	(1,052,787)	-	(95,707)	(957,080)	(95,707)
<i>Notes from direct borrowings and direct placements</i>					
Special assessment debt	81,189,146	47,346	6,525,505	74,710,987	6,520,836
Total Drainage Districts	317,291,946	47,346	16,811,211	300,528,081	17,226,386
<b>TOTAL COMPONENT UNITS</b>	<b>\$ 334,797,329</b>	<b>\$ 1,040,884</b>	<b>\$ 18,149,197</b>	<b>\$ 317,689,016</b>	<b>\$ 18,966,323</b>

Macomb County, Michigan

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2019

**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
<b>PRIMARY GOVERNMENT</b>					
<b>Governmental Activities</b>					
<i>General Obligation Bonds</i>					
<i>Building Authority</i>					
Series 2005 Clemens Refunding	5.00	12/01/05	05/01/20	\$ 2,875,000	\$ 210,000
Series 2012 Public Works / Warehouse Refunding	2.00 - 2.50	03/01/12	05/01/24	6,550,000	2,835,000
Series 2012A 800Mhz/NB Court Refunding	2.00 - 2.50	10/01/12	11/01/25	14,160,000	8,975,000
Series 2014 MTB / Youth Home Refunding	4.00	09/01/14	03/01/22	15,155,000	6,245,000
<i>General County</i>					
Series 2015 Capital Improvement Bonds	3.00 - 4.00	06/23/15	05/01/30	44,210,000	34,265,000
Series 2015 Retiree Health Care Bonds	2.411 - 4.416	03/10/15	11/01/35	<u>218,794,324</u>	<u>176,875,316</u>
Subtotal, general obligation bonds				301,744,324	229,405,316
<i>Notes from direct borrowings and direct placements</i>					
<i>Michigan Transportation Fund</i>					
Series 2012 - Bridge Refunding Bonds	2.00	11/01/12	12/01/19	2,265,000	-
<i>Department of Roads</i>					
2007 MDOT Infrastructure Loan	1.00	11/14/08	11/14/18	477,720	-
2010 MDOT Infrastructure Loan	1.00	10/29/10	10/29/20	334,405	72,549
2010 MDOT Infrastructure Loan	2.00	12/22/10	12/22/20	495,000	106,397
2014 MDOT Infrastructure Loan	3.00	07/01/14	07/01/26	472,500	233,361
2017 MDOT Infrastructure Loan	2.50	11/09/17	11/09/27	<u>400,000</u>	<u>364,296</u>
Subtotal, notes from direct borrowings and direct placements				<u>4,444,625</u>	<u>776,603</u>
Total governmental activities				306,188,949	230,181,919
<b>Business-Type Activities</b>					
<i>General Obligation Bonds</i>					
Series 2015 Retiree Health Care Bonds	1.731 - 4.416	03/10/15	11/01/35	<u>44,760,676</u>	<u>36,184,684</u>
TOTAL PRIMARY GOVERNMENT				350,949,625	266,366,603
<b>DISCRETELY PRESENTED COMPONENT UNIT</b>					
<b>Drainage District</b>					
Special assessment debt with governmental commitment					
<i>General Obligation Bonds</i>					
<i>Lake St. Clair Clean Water Initiative</i>					
Series 2010 refunding	4.00 - 5.00	08/03/10	10/01/29	12,270,000	7,660,000
Series 2013 refunding	5.00	12/19/13	10/01/29	13,725,000	9,675,000
<i>Macomb Interceptor Drain Drainage District</i>					
Series 2011	3.75 - 5.00	10/18/11	05/01/31	30,800,000	22,950,000
Series 2017A refunding	3.00 - 5.00	06/07/17	05/01/42	126,425,000	118,700,000
<i>North Gratiot Interceptor</i>					
Series 2006 (Phase 5)	4.00 - 4.20	11/01/06	05/01/32	3,380,000	2,325,000
Series 2010	5.00 - 6.35	05/11/10	05/01/35	16,965,000	12,280,000
Series 2015 refunding	3.50 - 5.00	08/06/15	05/01/33	16,990,000	14,625,000
Series 2018 refunding	5.00	08/09/15	11/01/31	8,890,000	8,205,000
<i>Oakland-Macomb Interceptor</i>					
Series 2010B	4.90 - 5.90	04/15/10	04/01/30	3,450,500	2,296,900
Series 2014	2.00 - 3.125	10/15/14	10/01/34	<u>5,150,335</u>	<u>4,111,013</u>
Subtotal, general obligation bonds				238,045,835	202,827,913
<i>Notes from direct borrowings and direct placements</i>					
<i>8.5 Mile Relief</i>					
State Revolving Fund Loan (5306-01)	2.50	Various	10/01/29	4,025,000	2,255,000
State Revolving Fund Loan (5393-01)	2.50	Various	10/01/30	1,246,579	758,579
State Revolving Fund Loan (5460-01)	2.50	Various	04/01/31	418,488	279,994
State Revolving Fund Loan (5579-01)	2.50	Various	10/01/34	445,000	328,366
<i>Lake St. Clair Clean Water Initiative</i>					
State Revolving Fund Series #1 (5186-01)	2.50	Various	10/01/22	20,670,000	3,800,000
State Revolving Fund Series #2 (5186-02)	2.50	Various	04/01/22	13,630,000	2,505,000
State Revolving Fund Series #3 (5186-03)	2.50	Various	04/08/22	2,640,000	485,000
State Revolving Fund Series #4 (5186-04)	2.50	Various	10/01/22	5,550,000	1,020,000
State Revolving Fund Series #5 (5186-05)	2.50	Various	10/01/23	975,000	235,000
<i>Macomb Interceptor Drain Drainage District</i>					
State Revolving Fund Loan (5487-01)	2.50	Various	04/01/34	8,565,000	6,765,780
State Revolving Fund Loan (5540-01)	2.00	Various	10/01/33	2,250,000	1,664,999
State Revolving Fund Loan (5605-01)	2.50	Various	03/30/16	3,145,000	2,765,000
State Revolving Fund Loan (5624-01)	2.50	Various	10/01/35	3,675,000	2,295,019
<i>Oakland-Macomb Interceptor</i>					
State Revolving Fund Loan (5368-01)	2.50	Various	04/01/31	13,429,140	8,847,700
State Revolving Fund Loan (5368-02)	2.50	Various	10/01/20	12,532,062	9,397,815
State Revolving Fund Loan (5368-03)	2.00	Various	10/01/34	31,966,690	25,120,895
<i>Oakland-Macomb Interceptor</i>					
SAW Program Loan 2001-01	2.50	Various	04/01/36	6,638,642	6,077,286
Richmond-Columbus - Series 2010	4.70	11/23/10	06/01/21	<u>547,778</u>	<u>109,554</u>
Subtotal, notes from direct borrowings and direct placements				<u>132,349,379</u>	<u>74,710,987</u>
TOTAL DISCRETELY PRESENTED COMPONENT UNIT				<u>370,395,214</u>	<u>277,538,900</u>
TOTAL REPORTING ENTITY				<u>\$ 721,344,839</u>	<u>\$ 543,905,503</u>

Macomb County, Michigan

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2019

**NOTE 6 – LONG-TERM DEBT (CONTINUED)**

All long-term obligations are presented as of December 31, 2019 except for the Special Assessment Debt with Governmental Commitment and Department of Road obligations, which are presented as of September 30, 2019. 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
2020	\$ 15,356,479	\$ 8,292,388	\$ 154,612	\$ 18,961	\$ 1,748,521	\$ 1,374,056	\$ -	\$ -
2021	15,608,921	7,890,967	160,265	15,728	1,791,079	1,331,902	-	-
2022	15,925,929	7,459,208	70,759	12,401	1,839,071	1,283,762	-	-
2023	14,207,505	7,012,488	72,689	10,471	1,892,495	1,230,644	-	-
2024	14,664,553	6,562,214	74,673	8,486	1,950,447	1,172,420	-	-
2025 - 2029	70,990,573	25,605,733	243,605	14,119	10,804,427	4,811,176	-	-
2030 - 2034	68,032,217	12,026,990	-	-	13,167,783	2,447,326	-	-
2035 - 2039	14,619,139	645,586	-	-	2,990,861	132,074	-	-
2040 - 2044	-	-	-	-	-	-	-	-
	<u>\$ 229,405,316</u>	<u>\$ 75,495,574</u>	<u>\$ 776,603</u>	<u>\$ 80,166</u>	<u>\$ 36,184,684</u>	<u>\$ 13,783,360</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
2020	\$ 17,105,000	\$ 9,666,444	\$ 154,612	\$ 18,961	\$ 9,408,887	\$ 11,439,363	\$ 7,787,138	\$ 2,165,512
2021	17,400,000	9,222,869	160,265	15,728	9,815,171	10,818,828	7,672,424	1,993,260
2022	17,765,000	8,742,970	70,759	12,401	10,270,015	10,164,661	7,802,948	1,815,109
2023	16,100,000	8,243,132	72,689	10,471	10,697,434	9,486,092	5,250,733	1,633,767
2024	16,615,000	7,734,634	74,673	8,486	11,146,293	8,857,499	5,313,518	1,515,120
2025 - 2029	81,795,000	30,416,909	243,605	14,119	64,118,416	33,947,991	28,526,602	5,672,733
2030 - 2034	81,200,000	14,474,316	-	-	53,881,697	16,249,149	26,301,231	2,234,580
2035 - 2039	17,610,000	777,660	-	-	22,125,000	5,334,172	2,521,196	84,465
2040 - 2044	-	-	-	-	11,365,000	1,155,000	-	-
	<u>\$ 265,590,000</u>	<u>\$ 89,278,934</u>	<u>\$ 776,603</u>	<u>\$ 80,166</u>	<u>\$ 202,827,913</u>	<u>\$ 107,452,755</u>	<u>\$ 91,175,790</u>	<u>\$ 17,114,546</u>

## NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2019

**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 repayments begin 5 years after execution of the contract, which will be August 11, 2020, and will continue through August 11, 2030. The interest rate established on the loan is 1.50%. The county may pay off a portion or the entire amount of the loan within the first 5 years without interest or penalty.

As collateral for this loan 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.

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>Current Year Amortization</u>	<u>Ending Deferred Outflow</u>
Washington Township						
20,000 gallon tank - Diesel	2000	40 years	21 years	\$ 100,000	\$ 4,762	\$ 95,238
12,000 gallon tank - Unleaded	2000	40 years	21 years	100,000	4,762	95,238
New Haven						
20,000 gallon tank - Diesel	1997	40 years	18 years	100,000	5,556	94,444
12,000 gallon tank - Unleaded	1997	40 years	18 years	100,000	5,556	94,444
Clinton Township						
20,000 gallon tank - Diesel	1979	45 years	5 years	100,000	20,000	80,000
10,000 gallon tank - Diesel	1979	45 years	5 years	100,000	20,000	80,000
20,000 gallon tank - Unleaded	1979	45 years	5 years	100,000	20,000	80,000
8,000 gallon tank - Unleaded	1979	45 years	5 years	100,000	20,000	80,000
Shelby Township						
20,000 gallon tank - Diesel	1993	40 years	14 years	100,000	7,143	92,857
12,000 gallon tank - Unleaded	1993	40 years	14 years	100,000	7,142	92,858
				<u>\$ 1,000,000</u>	<u>\$ 114,921</u>	<u>\$ 885,079</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. Because the amounts of the asset retirement obligations were not material to the financial statements, they were not retrospectively applied to prior periods as part of the implementation of Governmental Accounting Standards Board Statement No. 83, *Certain Asset Retirement Obligations*.

Macomb County, Michigan

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2019

**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				
	Major Governmental Fund		Major Enterprise Fund		Total
	Roads Fund	Nonmajor Governmental Funds	Internal Service Funds	Delinquent Tax Revolving Fund	
Due to					
General Fund	\$ -	\$ 664,356	\$ 5,760,763	\$ -	\$ 6,425,119
Internal Service	736,632	-	-	-	736,632
	736,632	664,356	5,760,763	-	7,161,751
Timing differences as a result of interfund transactions occurring in funds with different fiscal year ends	(736,632)	2,311,951	-	9,273	1,584,592
	<u>\$ -</u>	<u>\$ 2,976,307</u>	<u>\$ 5,760,763</u>	<u>\$ 9,273</u>	<u>\$ 8,746,343</u>

Interfund transfers are reported below.

	Transfers In				
	Major Governmental Fund	Nonmajor Governmental Funds	Internal Service	Major Enterprise Fund	Total
	General Fund			Community Mental Health	
Transfers Out					
Major governmental funds					
General Fund	\$ -	\$ 41,769,811	\$ -	\$ 7,111,764	\$ 82,786
Roads	-	469,088	-	-	-
Nonmajor governmental funds	171,905	914,687	-	-	1,086,592
Internal service funds	-	212,598	2,480,571	-	2,693,169
Major enterprise fund					
Delinquent Tax Revolving	8,000,000	-	-	-	8,000,000
Subtotal	8,171,905	43,366,184	2,480,571	7,111,764	82,786
Timing differences as a result of interfund transactions occurring in funds with different fiscal year ends	(28,982)	(1,200,508)	-	26,142	(1,203,348)
	<u>\$ 8,142,923</u>	<u>\$ 42,165,676</u>	<u>\$ 2,480,571</u>	<u>\$ 7,137,906</u>	<u>\$ 82,786</u>
					<u>\$ 60,009,862</u>



NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2019

**NOTE 10 - LEASES**

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

Year	Primary Government	Component Units	Total
2020	\$ 3,955,974	\$ 904,308	\$ 4,860,282
2021	3,738,310	440,004	4,178,314
2022	2,404,431	104,628	2,509,059
2023	987,097	-	987,097
2024	289,331	-	289,331
	<u>\$ 11,375,143</u>	<u>\$ 1,448,940</u>	<u>\$ 12,824,083</u>

Rental expense for the year ended December 31, 2019 in the primary government totaled \$4,495,448 and totaled \$948,045 for component units, for a grand total of \$5,443,493.

**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 once they reach five years of employment with the county.

In accordance with plan requirements, the county contributed \$2,998,825 during the current year. Additionally, eligible employees contributed \$787,339 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, 2019

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

At December 31, 2018 (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	2,778	195	2,973
Deferred members entitled to benefits but not yet receiving them	554	116	670
Active employees accruing retirement benefits	1,640	111	1,751
Active employees accruing termination benefits	864	274	1,138
	<u>5,836</u>	<u>696</u>	<u>6,532</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, 2019

**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 2019 was \$16,137,328. The county contributed \$17,144,386 for the year ended December 31, 2019, which represents an excess contribution of \$1,007,058.

**Deferred Retirement Option Program (DROP)**

The county offers employees the ability to continue employment and be paid a salary after they are fully vested and also receive credits for the retirement benefit payments that would have been paid to them had they left county employment. Employees may receive up to 60 months of DROP credits. The accumulated credits are paid out; including interest at 3.5%, after the employee has fully retired (discontinued providing employee services to the county). The Plan had \$23,270,333 accumulated in DROP accounts at December 31, 2019.

**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, 2019 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, 2019

**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, 2019 was 20.79%. 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, 2019 are as follows:

## Primary Government Reserves

	Required	Actual	Over (Under) Funded
Retiree reserve	\$ 701,758,056	\$ 701,758,056	\$ -
Employee reserve	46,195,639	46,195,639	-
Employer reserve	N/A	312,319,292	N/A

## Component Unit Reserves

	Required	Actual	Over (Under) Funded
Retiree reserve	\$ 14,955,081	\$ 14,955,081	\$ -
Employee reserve	1,873,126	1,873,126	-
Employer reserve	N/A	4,940,605	N/A

## Total Reserves, Employees' Retirement System

	Required	Actual	Over (Under) Funded
Retiree reserve	\$ 716,713,137	\$ 716,713,137	\$ -
Employee reserve	48,068,765	48,068,765	-
Employer reserve	N/A	317,259,897	N/A

## NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2019

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

The December 31, 2019 total pension liability was determined by an actuarial valuation dated December 31, 2018 and rolled forward to the measurement date. Changes in the net pension liability during the year are presented on the following page:

	<u>Primary Government</u>	<u>Component Unit</u>	<u>Total</u>
Total Pension Liability			
Service cost	\$ 14,200,758	\$ 42,013	\$ 14,242,771
Interest	70,993,434	497,512	71,490,946
Change in benefit terms	-	-	-
Difference between expected and actual experience of the total pension liability	(11,079,005)	(32,778)	(11,111,783)
Changes of assumptions	-	-	-
Benefit payments, including refunds of member contributions	<u>(65,434,879)</u>	<u>(2,935,388)</u>	<u>(68,370,267)</u>
Net change in total pension liability	8,680,308	(2,428,641)	6,251,667
Total pension liability - beginning of year	<u>1,021,442,921</u>	<u>19,220,493</u>	<u>1,040,663,414</u>
Total pension liability - end of year (a)	<u>\$ 1,030,123,229</u>	<u>\$ 16,791,852</u>	<u>\$ 1,046,915,081</u>
Plan Fiduciary Net Position			
Contributions - employer	\$ 16,949,388	\$ 194,998	\$ 17,144,386
Contributions - employee	3,101,502	100,255	3,201,757
Net investment income	187,250,752	6,442,134	193,692,886
Benefit payments, including refunds of member contributions	(65,434,879)	(2,935,388)	(68,370,267)
Administrative expense	<u>(712,786)</u>	<u>(2,109)</u>	<u>(714,895)</u>
Net change in plan fiduciary net position	141,153,977	3,799,890	144,953,867
Plan fiduciary net position - beginning of year	<u>919,119,010</u>	<u>17,968,922</u>	<u>937,087,932</u>
Plan fiduciary net position - end of year (b)	<u>\$ 1,060,272,987</u>	<u>\$ 21,768,812</u>	<u>\$ 1,082,041,799</u>
County's net pension (asset) - end of year (a) - (b)	<u>\$ (30,149,758)</u>	<u>\$ (4,976,960)</u>	<u>\$ (35,126,718)</u>
Plan fiduciary net position as a percent of total pension liability	102.93%	129.64%	103.36%
Covered payroll	\$ 102,783,404	\$ 4,709,328	\$ 107,492,732
County's net pension liability as a percent of covered payroll	-29.33%	-105.68%	-32.68%

## NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2019

**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, 2019, the county recognized pension expense of \$22,723,469 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	\$ 5,855,856	\$ 20,162,130
Differences between projected and actual earnings on pension plan investments	-	61,314,880
Changes in assumptions	<u>1,739,433</u>	<u>-</u>
Totals, Primary Government	<u>\$ 7,595,289</u>	<u>\$ 81,477,010</u>
Component Unit	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual liability experience	\$ 17,324	\$ 59,639
Differences between projected and actual earnings on pension plan investments	-	181,414
Changes in assumptions	<u>5,147</u>	<u>-</u>
Totals, Component Unit	<u>\$ 22,471</u>	<u>\$ 241,053</u>
Totals, Employees' Retirement System	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual liability experience	\$ 5,873,180	\$ 20,221,769
Differences between projected and actual earnings on pension plan investments	-	61,496,294
Changes in assumptions	<u>1,744,580</u>	<u>-</u>
Totals	<u>\$ 7,617,760</u>	<u>\$ 81,718,063</u>

## NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2019

**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 of pension expense as follows:

<u>Year Ending December 31,</u>	<u>Primary Government</u>	<u>Component Unit</u>	<u>Total Reduction in Pension Expense</u>
2020	\$ 25,855,520	\$ 76,499	\$ 25,932,019
2021	18,220,171	53,909	18,274,080
2022	1,371,143	4,057	1,375,200
2023	28,008,761	82,870	28,091,631
2024	426,112	1,261	427,373
Totals	<u>\$ 73,881,707</u>	<u>\$ 218,596</u>	<u>\$ 74,100,303</u>

**Actuarial Assumptions**

The December 31, 2019 total pension liability was determined by an actuarial valuation as of December 31, 2018, which was then rolled forward to December 31, 2019. 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, 2018 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 3.26% would have been used in the development of the blended GASB discount rate after that point. The 3.26% 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, 2019 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, 2019

**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)	\$ 69,007,477	\$ (30,149,758)	\$ (113,436,086)
Component Unit Net Pension Liability (Asset)	<u>11,420,818</u>	<u>(4,976,960)</u>	<u>(18,773,804)</u>
Total Net Pension Liability (Asset)	\$ 80,428,295	\$ (35,126,718)	\$ (132,209,890)

**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, 2019

**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, 2019 are presented below.

<u>Statement of Fiduciary Net Position</u>		<u>Statement of Changes in Fiduciary Net Position</u>	
<b>ASSETS</b>		<b>ADDITIONS</b>	
Cash and pooled investments	\$ 65,068,650	Investment income (loss):	
Investments, at fair value		Interest and dividends	\$ 8,854,062
Corporate bonds	13,393,359	Net change in fair value of investments	192,134,982
Common stock	414,846,645	Less investment expenses	<u>(7,296,158)</u>
Preferred stock	1,387,786	Net investment income (loss)	193,692,886
Foreign stock	84,556,480	Contributions	
Limited partnership	231,288,019	Employer	17,144,386
Fixed income common collective trusts	53,135,785	Employee	<u>3,201,757</u>
Equity common collective trusts	<u>224,630,549</u>	Total contributions	<u>20,346,143</u>
Total investments	1,023,238,623	TOTAL ADDITIONS	214,039,029
Receivables		<b>DEDUCTIONS</b>	
Accrued interest	465,027	Benefit payments	67,917,452
Other	493,339	Withdrawals and refunds of contributions	452,815
Due from primary government	-	Administrative expenses	<u>714,895</u>
Other assets	<u>3,403</u>	TOTAL DEDUCTIONS	<u>69,085,162</u>
TOTAL ASSETS	1,089,269,042	CHANGE IN NET POSITION	144,953,867
<b>LIABILITIES</b>		Net position - beginning of year	<u>937,087,932</u>
Accounts payable	2,198,920	Net position - end of year	<u>\$ 1,082,041,799</u>
Accrued compensation and benefits	<u>5,028,323</u>		
TOTAL LIABILITIES	<u>7,227,243</u>		
NET POSITION RESTRICTED FOR PENSION BENEFITS	<u>\$ 1,082,041,799</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 14.

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, 2019

**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, 2017 (date of the most recent actuarial valuation), membership consisted of:

	Primary Government	Component Unit	Total
Retirees and beneficiaries currently receiving benefits	2,258	181	2,439
Deferred members entitled to benefits but not yet receiving them	248	14	262
Active employees covered by the plan	1,526	37	1,563
	<u>4,032</u>	<u>232</u>	<u>4,264</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 \$30,278,004 to the Macomb County Retiree Health Care Trust Fund for the year ended December 31, 2019. Employee contributions for the year totaled \$1,040,656, for total contributions to the Macomb County Retiree Health Care Trust Fund in the amount of \$31,318,660. The total cost of retiree health care benefits, administrative expenses of the plan and investment management fees for the year ended December 31, 2019 was \$20,724,775.

**Net OPEB Liability**

The December 31, 2019 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, 2019 measurement date. The December 31, 2019 measurement date total OPEB liability was determined by an actuarial valuation performed as of December 31, 2017.

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, 2019

**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	\$ 7,155,215	\$ 444,589	\$ 7,599,804
Interest	37,573,430	2,334,621	39,908,051
Benefit changes	(1,052,315)	(65,386)	(1,117,701)
Difference between expected and actual experience of the total OPEB liability	(28,860,788)	(2,926,139)	(31,786,927)
Changes of assumptions	6,742,370	418,936	7,161,306
Benefit payments	(18,021,077)	(1,119,738)	(19,140,815)
	<u>3,536,835</u>	<u>(913,117)</u>	<u>2,623,718</u>
Net change in total OPEB liability			
Total OPEB liability - beginning of year	523,412,059	32,814,328	556,226,387
	<u>\$ 526,948,894</u>	<u>\$ 31,901,211</u>	<u>\$ 558,850,105</u>
Total OPEB liability - end of year (a)			
Plan Fiduciary Net Position			
Contributions - employer	\$ 28,849,963	\$ 1,428,041	\$ 30,278,004
Contributions - member	979,778	60,878	1,040,656
Net investment income	62,061,925	3,243,696	65,305,621
Employer paid benefits	(18,339,626)	(1,139,531)	(19,479,157)
Member paid benefits	(979,778)	(60,878)	(1,040,656)
Administrative expense	(21,654)	(1,346)	(23,000)
	<u>72,550,608</u>	<u>3,530,860</u>	<u>76,081,468</u>
Net change in plan fiduciary net position			
Plan fiduciary net position - beginning of year	247,178,735	15,650,601	262,829,336
	<u>\$ 319,729,343</u>	<u>\$ 19,181,461</u>	<u>\$ 338,910,804</u>
Plan fiduciary net position - end of year (b)			
County's net OPEB liability - end of year (a) - (b)	<u>\$ 207,219,551</u>	<u>\$ 12,719,750</u>	<u>\$ 219,939,301</u>
Plan fiduciary net position as a percent of total OPEB liability	60.68%	60.13%	60.64%
Covered employee payroll	\$ 92,630,400	\$ 4,709,328	97,339,728
County's net OPEB liability as a percent of covered employee payroll	223.71%	270.10%	225.95%

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

For the year ended December 31, 2019, the county recognized OPEB expense of \$13,433,442 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, 2019

**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	\$ -	\$ 36,940,682
Differences between projected and actual earnings on OPEB plan investments	-	17,174,245
Changes in assumptions	<u>6,834,728</u>	<u>-</u>
Totals, Primary Government	<u>\$ 6,834,728</u>	<u>\$ 54,114,927</u>
Component Unit	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual liability experience	\$ -	\$ 2,284,334
Differences between projected and actual earnings on OPEB plan investments	-	1,067,120
Changes in assumptions	<u>410,309</u>	<u>-</u>
Totals, Component Unit	<u>\$ 410,309</u>	<u>\$ 3,351,454</u>
Plan Totals	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual liability experience	\$ -	\$ 39,225,016
Differences between projected and actual earnings on OPEB plan investments	-	18,241,365
Changes in assumptions	<u>7,245,037</u>	<u>-</u>
Totals	<u>\$ 7,245,037</u>	<u>\$ 57,466,381</u>

## NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2019

**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
2020	\$ 13,060,773	\$ 811,530	\$ 13,872,303
2021	13,060,773	811,530	13,872,303
2022	11,256,460	699,419	11,955,879
2023	9,902,193	618,666	10,520,859
Total	<u>\$ 47,280,199</u>	<u>\$ 2,941,145</u>	<u>\$ 50,221,344</u>

**Actuarial Assumptions for Determining the Total OPEB Liability**

The total OPEB liability was calculated as of December 31, 2019 using the County Retiree Health Care Plan valuation as of December 31, 2017 rolled forward to December 31, 2019. 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) – 3.50% to 6.50% Sheriff – 3.50% 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, 2019

**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, 2017 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, 2019, 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, 2019 are summarized in the following table.

	<u>Long-Term Expected Real Rate of Return</u>	<u>Targeted Asset Allocation Policy</u>
Fixed income	3.00%	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, 2019

**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	\$ 273,367,370	\$ 207,219,551	\$ 152,245,259
Component Unit Net OPEB Liability	16,780,099	12,719,750	9,345,265
Total Net OPEB Liability	<u>\$ 290,147,469</u>	<u>\$ 219,939,301</u>	<u>\$ 161,590,524</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	\$ 140,146,034	\$ 207,219,551	\$ 289,153,031
Component Unit Net OPEB Liability	8,602,579	12,719,750	17,749,070
Total Net OPEB Liability	<u>\$ 148,748,613</u>	<u>\$ 219,939,301</u>	<u>\$ 306,902,101</u>

**Rate of Return**

The annual money-weighted rate of return on Plan investments for the year ended December 31, 2019 was 20.79%. 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, 2019 are presented below and on the following page.

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2019

**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>
<b>ASSETS</b>		<b>ADDITIONS</b>	
Cash and pooled investments	\$ 35,669,807	Investment income (loss):	
Investments, at fair value		Interest and dividends	\$ 38,655,817
Common stock	74,366,384	Net change in fair value of investments	26,831,766
Foreign stock	36,085,860	Less investment expenses	<u>(181,962)</u>
Limited partnership	6,605		
Real estate investment trusts	36,197,536	Net investment income (loss)	65,305,621
Fixed income common collective trusts	42,406,341		
Equity common collective trusts	<u>133,387,425</u>	Contributions	
		Contribution from Retiree Health Care Intermediate Trust Fund	<u>30,278,004</u>
Total investments, at fair value	322,450,151		
		TOTAL ADDITIONS	95,583,625
Receivables		<b>DEDUCTIONS</b>	
Accrued interest	8,650,380	Benefit payments	19,479,157
Other	87,769	Administrative expenses	<u>23,000</u>
Due from primary government	-		
Other assets	<u>25,000</u>	TOTAL DEDUCTIONS	<u>19,502,157</u>
TOTAL ASSETS	366,883,107	CHANGE IN NET POSITION	76,081,468
		Net position - beginning of year	<u>262,829,336</u>
<b>LIABILITIES</b>		Net position - end of year	<u>\$ 338,910,804</u>
Accounts payable	23,883,168		
Due to primary government	<u>4,089,135</u>		
TOTAL LIABILITIES	<u>27,972,303</u>		
<b>NET POSITION RESTRICTED FOR OTHER POSTEMPLOYMENT BENEFITS</b>	<u>\$ 338,910,804</u>		

**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, 2019

**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 \$8,378,957 to the Plan for the year ended September 30, 2019. Of this amount, \$2,878,957 was for payment of current healthcare invoices, while \$5,500,000 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, 2019 was \$2,929,941.

**Net OPEB Liability**

The September 30, 2019 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, 2019 measurement date. The September 30, 2019 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	\$ 90,364,563	\$ 62,920,516	\$ 27,444,047
Changes for the year:			
Service cost	1,234,992	-	1,234,992
Interest	6,044,124	-	6,044,124
Difference between expected and actual experience of the total OPEB liability	(16,664,471)	-	(16,664,471)
Contributions - employer	-	8,378,957	(8,378,957)
Net investment income	-	1,853,092	(1,853,092)
Employer paid benefits	-	(2,878,957)	2,878,957
Administrative expense	-	(132,056)	132,056
Changes of assumptions	9,312,252	-	9,312,252
Benefit payments	<u>(2,878,957)</u>	<u>-</u>	<u>(2,878,957)</u>
Net changes	<u>(2,952,060)</u>	<u>7,221,036</u>	<u>(10,173,096)</u>
Balance, end of year	<u><u>\$ 87,412,503</u></u>	<u><u>\$ 70,141,552</u></u>	<u><u>\$ 17,270,951</u></u>

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

For the year ended December 31, 2019, the Department of Roads recognized OPEB expense of \$2,729,487 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, 2019

**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	\$ -	\$ 11,519,626
Differences between projected and actual earnings on OPEB plan investments	2,798,264	-
Changes in assumptions	<u>9,514,280</u>	<u>-</u>
Totals	<u>\$ 12,312,544</u>	<u>\$ 11,519,626</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>
2020	\$ (253,382)
2021	(229,816)
2022	761,072
2023	<u>515,044</u>
Total	<u>\$ 792,918</u>

**Actuarial Assumptions for Determining the Total OPEB Liability**

The total OPEB liability was calculated as of September 30, 2019 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, 2019

**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 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 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, 2019, 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, 2019 are summarized in the following table.

	<u>Long-Term Expected Real Rate of Return</u>	<u>Targeted Asset Allocation Policy</u>
International fixed income	0.25%	25.00%
International equities	3.69%	51.90%
Real assets	1.31%	23.10%

**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	\$ 28,525,945	\$ 17,270,951	\$ 7,996,431

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2019

**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.

	<u>1% Decrease (8.00%)</u>	<u>Current Rate (9.00%)</u>	<u>1% Increase (10.00%)</u>
Net OPEB liability	\$ 7,205,998	\$ 17,270,951	\$ 29,549,836

**Rate of Return**

The annual money-weighted rate of return on Plan investments for the year ended September 30, 2019 was 2.52%. 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, 2019 are presented below.

<u>Statement of Fiduciary Net Position</u>		<u>Statement of Changes in Fiduciary Net Position</u>	
	<u>Roads Retiree Health Care Investment Trust Fund</u>		<u>Roads Retiree Health Care Investment Trust Fund</u>
<b>ASSETS</b>		<b>ADDITIONS</b>	
Investments, at fair value		Investment income (loss):	
Interest in pooled investment	<u>\$ 70,141,552</u>	Net change in fair value of investments	\$ 1,853,092
		Less investment expenses	<u>(94,377)</u>
		Net investment income (loss)	1,758,715
		Contributions	
		Employer	<u>8,378,957</u>
		TOTAL ADDITIONS	10,137,672
		<b>DEDUCTIONS</b>	
		Benefit payments	2,878,957
		Administrative expenses	<u>37,679</u>
		TOTAL DEDUCTIONS	<u>2,916,636</u>
		CHANGE IN NET POSITION	7,221,036
		Net position - beginning of year	<u>62,920,516</u>
<b>NET POSITION RESTRICTED FOR OTHER POSTEMPLOYMENT BENEFITS</b>	<u><u>\$ 70,141,552</u></u>	Net position - end of year	<u><u>\$ 70,141,552</u></u>

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2019

**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	\$ 207,219,551	\$ 17,270,951	\$ 224,490,502
Deferred inflows	54,114,927	11,519,626	65,634,553
Deferred outflows	6,834,728	12,312,544	19,147,272
OPEB expense	12,304,532	2,729,487	15,034,019

**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, 2019, with estimated total project costs of \$36,169,214. Of the total, \$18,699,710 represents amount previously expended and \$17,469,504 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 \$8,047,959.

**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 2018 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, 2019, the county has accrued an aggregate of \$1,859,245 for unresolved workers' compensation claims, exclusive of the Department of Roads.

## NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2019

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

At September 30, 2019, the Department of Roads has accrued an aggregate of \$159,351 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,	
	2018	2019	2018	2019
Estimated liability - beginning of year	\$ 2,412,836	\$ 1,928,388	\$ 569,507	\$ 677,433
Estimated claims incurred, including changes in estimates	912,949	779,372	425,804	(382,553)
Claims payments	(1,397,397)	(848,515)	(317,878)	(135,529)
Estimated liability - end of year	<u>\$ 1,928,388</u>	<u>\$ 1,859,245</u>	<u>\$ 677,433</u>	<u>\$ 159,351</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, 2019, the Department of Roads had an accrual of \$279,082 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, 2019, the general county reported a balance of \$4,462,414 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,	
	2018	2019	2018	2019
Estimated liability - beginning of year	\$ 8,175,007	\$ 4,333,780	\$ 269,252	\$ 282,500
Estimated claims incurred, including changes in estimates	821,520	2,330,283	48,482	24,942
Claims payments	(4,662,747)	(2,201,649)	(35,234)	(28,360)
Estimated liability - end of year	<u>\$ 4,333,780</u>	<u>\$ 4,462,414</u>	<u>\$ 282,500</u>	<u>\$ 279,082</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 2018 and 2019, 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, 2019

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

	General County	
	Year Ended December 31,	
	2018	2019
Estimated liability (asset) - beginning of year	\$ (1,563,859)	\$ (1,766,618)
Estimated claims incurred, including changes in estimates	34,456,740	34,111,035
Claims payments	<u>(34,659,499)</u>	<u>(33,185,397)</u>
Estimated liability (asset) - end of year	<u>\$ (1,766,618)</u>	<u>\$ (840,980)</u>

**NOTE 19 – NET INVESTMENT IN CAPITAL ASSETS**

The composition of net investment in capital assets as of December 31, 2019 is presented below:

	Governmental Activities	Business-Type Activities	Component Units
<b>CAPITAL ASSETS</b>			
Capital assets not being depreciated	\$ 233,824,099	\$ 50,000	\$ 14,255,889
Capital assets being depreciated	<u>832,647,431</u>	<u>1,495,015</u>	<u>340,283,202</u>
	1,066,471,530	1,545,015	354,539,091
<b>RELATED DEBT</b>			
Total bonds payable related to capital assets	53,306,603	-	277,538,900
Net bond discounts and premiums	-	-	22,989,181
Less:			
Unspent bond proceeds	-	-	(8,047,959)
Bond proceeds not capitalized	-	-	<u>(58,301,156)</u>
	<u>53,306,603</u>	<u>-</u>	<u>234,178,966</u>
<b>NET INVESTMENT IN CAPITAL ASSETS</b>	<u>\$ 1,013,164,927</u>	<u>\$ 1,545,015</u>	<u>\$ 120,360,125</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, 2019, the county's property tax revenues were reduced by \$851,173 under these programs.

There were no significant abatements made by the county.

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2019

**NOTE 21 – ACCOUNTING PRONOUNCEMENTS IMPLEMENTED**

Effective January 1, 2019, the county implemented the provisions of the following Governmental Accounting Standards Board Statements:

Statement No. 83, *Certain Asset Retirement Obligations*. This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). As a result, the county now recognizes an ARO for underground gas tanks owned by the county's Department of Roads. The ARO is recognized on the Statement of Net Position, and is disclosed in Note 8 on page B-43.

Statement No. 84, *Fiduciary Activities*. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. As a result, the county has added a new activity previously unreported, the Roads Retiree Health Care Investment Trust Fund, and has moved various activities formerly classified as trust and agency activities into the county's governmental funds.

This was also the first year Statement No. 74, Financial Reporting for Postemployment Benefit Plants Other Than Pension Plans, was applicable to the Roads Retiree Health Care Investment Trust. This was a result of the Roads Retiree Health Care Investment Trust Fund now being reported as a fiduciary fund under Statement No. 84. As a result, some of the disclosures within Note 15, Post Employment Benefits Other Than Pensions – Department of Roads have changed, along with the related schedules in the required supplemental information.

While no restatement of net position was required in the county's primary government statements, restatements were made to report the opening balances of the Roads Retiree Health Care Investment Trust Fund as well as certain custodial fund activities. The following table presents the various restatements related to the implementation of Statement No. 84:

	FIDUCIARY FUNDS	
	Pension and Other Employee Benefit Trust Funds	Custodial Funds
Beginning net position as previously reported	\$ 1,199,917,268	\$ -
Restatement of beginning net position restricted for other post-employment benefits due to creating a new fund, the Roads Retiree Health Care Investment Trust Fund, as required to be added as a result of the county's implementation of <i>GASB 84, Fiduciary Activities</i>	62,920,516	-
Restatement of custodial funds' beginning net position restricted for individuals, organizations, and other governments as a result of establishing new funds as required as a result of the county's implementation of <i>GASB 84, Fiduciary Activities</i> :		
COMET Fund	-	381,603
Miscellaneous Custodial Funds	-	321,856
Beginning net position as restated	<u>\$ 1,262,837,784</u>	<u>\$ 703,459</u>

Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*. The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. As a result, the county has made changes as required to the presentation of the long term debt footnote, which begins on page B-40.



NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2019

**NOTE 21 – ACCOUNTING PRONOUNCEMENTS IMPLEMENTED (CONCLUDED)**

In May 2020, the Governmental Accounting Standards Board issued Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, in order to provide temporary relief to government agencies in the midst of the Coronavirus pandemic by allowing agencies to postpone, among other Statements, the implementation of Statements No. 83, 84, 88, and 90. As noted above, the county has opted to implement Statements No. 83, 84, and 88 as originally scheduled, but has delayed implementation of Statement No. 90, *Majority Equity Interests*.

**NOTE 22 – SUBSEQUENT EVENTS**

Following the fiscal year end of December 31, 2019, Macomb County experienced reportable subsequent events as a result of the worldwide Coronavirus Pandemic of 2020. As of June 2020, the county experienced over 6,000 cases of the coronavirus and over 800 coronavirus deaths.

In response to the Coronavirus Pandemic of 2020, the United States Congress passed the CARES Act, which included \$150 billion for state and local governments through the Coronavirus Relief Fund. Under the CARES Act, all communities with populations of greater than 500,000 were awarded funding directly from the federal government, allocated based on population. Based on this formula, Macomb County was awarded \$152.5 million, which it must spend on eligible expenditures by December 30, 2020. To date, the county has developed a spending plan, focusing on business grants, personal protection equipment (PPE), coronavirus testing for both the public and the county's employees, local government and school district grants for eligible coronavirus expenditures, and enhancements to county facilities and technology platforms to better protect the public and the county workforce from coronavirus.

The funding awarded from the Federal Government under the CARES Act is not allowed to be used to reimburse the county for lost revenues. As a result, even with the CARES Act funding, the county will still suffer losses as a direct result of the Coronavirus, most notably within the General Fund as a result of lost revenues from real estate transfer taxes, recording fees, state shared revenues, interest revenue, and other charges for services. The expected revenue loss to the General Fund for the 2020 fiscal year is approximately \$9.7 million, or 3.5 percent of the 2020 General Fund's budgeted revenues.

Additionally, the events of the pandemic also caused increased market volatility, which can impact investments within the county's fiduciary trust funds. However, the impact of these events were not deemed to materially impact the county's fiduciary trust fund investments.

**NOTE 23 – 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 June 2018, the GASB issued Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*. The objectives of this Statement are to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and to simplify accounting for interest cost incurred before the end of a construction period. The statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. The county is currently evaluating the impact this standard will have on the financial statements when adopted, during the county's 2021 fiscal year.

In August 2018, the GASB issued Statement No. 90, *Majority Equity Interests – An Amendment of GASB Statements No. 14 and No. 61*. The objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2019

**NOTE 23 – UPCOMING ACCOUNTING PRONOUNCEMENTS (CONCLUDED)**

information for certain component units. The county is currently evaluating the impact this standard will have on the financial statements when adopted, during the county's 2020 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.

Macomb County, Michigan

General Fund

REQUIRED SUPPLEMENTARY INFORMATION –  
BUDGETARY COMPARISON SCHEDULE (GAAP BASIS)

Year Ended December 31, 2019

	Original Budget	Final Amended Budget	Actual	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>				
Property taxes	\$ 126,032,070	\$ 126,673,194	\$ 126,259,285	\$ (413,909)
Licenses and permits	1,509,550	1,509,550	1,534,192	24,642
Federal grants	1,465,000	1,465,000	1,537,055	72,055
State grants				
Revenue sharing	16,594,556	16,594,556	16,988,673	394,117
Court financing	4,759,154	4,759,154	4,845,423	86,269
Liquor tax	6,363,000	6,363,000	6,248,538	(114,462)
Health department	2,254,127	2,504,051	2,566,529	62,478
Personal property tax stabilization	6,000,000	7,683,535	7,683,535	-
Other	473,088	516,003	700,291	184,288
Total state grants	36,443,925	38,420,299	39,032,989	612,690
Charges for services				
Attorney fees	225,000	225,000	220,132	(4,868)
Certified copies	968,620	968,620	1,090,045	121,425
Commissions	1,304,500	1,304,500	1,359,525	55,025
Court costs and fees	1,933,200	1,933,200	2,108,445	175,245
Foster care	335,000	335,000	270,544	(64,456)
Health department	783,000	783,000	861,881	78,881
Housing inmates	1,650,000	1,650,000	1,635,909	(14,091)
Land transfer tax	4,250,000	4,784,381	4,781,360	(3,021)
Medicare / Medicaid	646,500	646,500	400,570	(245,930)
Other sheriff services	5,164,015	5,311,737	5,416,711	104,974
Probation oversight fees	351,500	351,500	336,258	(15,242)
Public works - pumping station	3,541,846	3,544,431	3,335,024	(209,407)
Recording fees	3,387,400	3,387,400	3,325,592	(61,808)
Sheriff road patrol	13,299,455	13,299,455	13,744,939	445,484
Soil erosion fees	1,010,000	1,010,000	908,479	(101,521)
Miscellaneous	2,476,450	2,874,336	3,814,343	940,007
Total charges for services	41,326,486	42,409,060	43,609,757	1,200,697
Charges to other funds for				
administrative services	11,931,620	12,975,724	11,022,426	(1,953,298)
Fines and forfeitures	510,000	593,500	688,659	95,159
Interest and rents	3,692,397	4,481,752	4,823,978	342,226
Other revenue	113,600	113,600	878,208	764,608
<b>TOTAL REVENUES</b>	<b>223,024,648</b>	<b>228,641,679</b>	<b>229,386,549</b>	<b>744,870</b>

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Macomb County, Michigan

General Fund

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

Year Ended December 31, 2019

	Original Budget	Final Amended Budget	Actual	Variance with Final Budget Positive (Negative)
<b>EXPENDITURES</b>				
<b>Current</b>				
Legislative - Board of commissioners	\$ 1,768,373	\$ 1,811,648	\$ 1,696,053	\$ 115,595
<b>Judicial</b>				
Circuit court	8,684,669	8,501,396	8,314,532	186,864
District court - 3rd class	20,000	20,000	11,788	8,212
District court - New Baltimore	1,373,747	1,370,138	1,363,090	7,048
District court - Romeo	1,275,378	1,226,923	1,165,799	61,124
Family counseling	73,916	73,916	41,387	32,529
Family court - Juvenile division	6,040,728	5,889,017	5,771,322	117,695
Jury commission	181,450	181,450	151,384	30,066
Law library	40,950	40,950	30,585	10,365
Probate court	3,288,369	3,233,940	3,204,621	29,319
Probation - Circuit court	117,492	117,492	116,376	1,116
Prosecuting attorney	10,797,082	10,474,294	10,466,513	7,781
<b>Total judicial</b>	<b>31,893,781</b>	<b>31,129,516</b>	<b>30,637,397</b>	<b>492,119</b>
<b>General government</b>				
Building authority	500	500	210	290
County clerk	5,258,715	5,011,621	4,799,593	212,028
County executive	1,680,130	1,559,579	1,533,440	26,139
Corporation counsel	1,116,043	1,114,055	1,105,051	9,004
Elections	19,838	47,338	17,614	29,724
Ethics board	11,600	11,600	63	11,537
Equalization	938,193	915,649	890,479	25,170
Facilities and operations	15,809,667	15,697,999	15,876,879	(178,880)
Finance	2,382,965	2,320,605	2,256,549	64,056
Human resources	2,409,352	2,404,819	2,393,119	11,700
Information technology	9,590,855	9,464,719	8,592,025	872,694
MSU extension	997,080	992,043	975,948	16,095
Purchasing	1,447,810	1,398,471	1,328,659	69,812
Register of deeds	1,930,338	1,861,027	1,732,359	128,668
Treasurer	2,341,941	2,304,480	2,239,856	64,624
<b>Total general government</b>	<b>45,935,027</b>	<b>45,104,505</b>	<b>43,741,844</b>	<b>1,362,661</b>
<b>Public safety</b>				
Civil service commission	60,925	60,925	39,455	21,470
Emergency management	1,293,792	1,232,906	1,292,713	(59,807)
Sheriff department	73,333,661	72,126,906	73,652,030	(1,525,124)
<b>Total public safety</b>	<b>74,688,378</b>	<b>73,420,737</b>	<b>74,984,198</b>	<b>(1,563,461)</b>

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Macomb County, Michigan

General Fund

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

Year Ended December 31, 2019

	Original Budget	Final Amended Budget	Actual	Variance with Final Budget Positive (Negative)
<b>EXPENDITURES (CONCLUDED)</b>				
Current				
Public works	\$ 6,648,258	\$ 6,439,152	\$ 6,452,408	\$ (13,256)
Health and welfare				
Animal shelter	1,916,586	1,786,906	1,900,953	(114,047)
Health & community services	400,293	387,629	327,474	60,155
Health department	17,572,725	17,350,433	16,602,817	747,616
Social services	59,500	59,500	57,955	1,545
Total health and welfare	19,949,104	19,584,468	18,889,199	695,269
Community and economic development				
Planning and economic development	3,644,645	3,518,932	3,296,313	222,619
Other current operations				
Non-departmental appropriations	2,528,500	2,710,681	2,338,697	371,984
Vacant position turnover factor	(3,656,891)	-	-	-
Total other current operations	(1,128,391)	2,710,681	2,338,697	371,984
Capital outlay	16,570,254	8,164,473	3,226,408	4,938,065
<b>TOTAL EXPENDITURES</b>	<b>199,969,429</b>	<b>191,884,112</b>	<b>185,262,517</b>	<b>6,621,595</b>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<b>23,055,219</b>	<b>36,757,567</b>	<b>44,124,032</b>	<b>7,366,465</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	8,605,000	8,634,070	8,142,923	(491,147)
Transfers out	(40,504,226)	(51,119,185)	(48,964,361)	2,154,824
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(31,899,226)</b>	<b>(42,485,115)</b>	<b>(40,821,438)</b>	<b>1,663,677</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(8,844,007)</b>	<b>(5,727,548)</b>	<b>3,302,594</b>	<b>9,030,142</b>
Fund balances, beginning of year	58,196,913	58,196,913	58,196,913	-
Fund balances, end of year	<u>\$ 49,352,906</u>	<u>\$ 52,469,365</u>	<u>\$ 61,499,507</u>	<u>\$ 9,030,142</u>

Macomb County, Michigan

Department of Roads Special Revenue Fund

REQUIRED SUPPLEMENTARY INFORMATION –  
BUDGETARY COMPARISON SCHEDULE (GAAP BASIS)

Year Ended September 30, 2019

	Original Budget	Final Amended Budget	Actual	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>				
Licenses and permits	\$ 822,200	\$ 822,200	\$ 1,099,485	\$ 277,285
Federal & state grants	115,145,840	115,145,840	97,537,315	(17,608,525)
Charges for services	24,453,574	24,453,574	18,400,251	(6,053,323)
Interest and rents	453,613	453,613	2,311,362	1,857,749
Other revenue	272,850	272,850	321,380	48,530
<b>TOTAL REVENUES</b>	<b>141,148,077</b>	<b>141,148,077</b>	<b>119,669,793</b>	<b>(21,478,284)</b>
<b>EXPENDITURES</b>				
Current				
Public works	146,758,483	146,758,483	96,065,039	50,693,444
Capital outlay	14,764,138	16,734,191	7,490,554	9,243,637
Debt service				
Principal	-	-	203,933	(203,933)
Interest and fees	-	-	20,076	(20,076)
<b>TOTAL EXPENDITURES</b>	<b>161,522,621</b>	<b>163,492,674</b>	<b>103,779,602</b>	<b>59,713,072</b>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<b>(20,374,544)</b>	<b>(22,344,597)</b>	<b>15,890,191</b>	<b>38,234,788</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(703,613)	(703,613)	(469,088)	234,525
<b>NET CHANGE IN FUND BALANCES</b>	<b>(21,078,157)</b>	<b>(23,048,210)</b>	<b>15,421,103</b>	<b>38,469,313</b>
Fund balances, beginning of year	82,120,722	82,120,722	82,120,722	-
Fund balances, end of year	<u>\$ 61,042,565</u>	<u>\$ 59,072,512</u>	<u>\$ 97,541,825</u>	<u>\$ 38,469,313</u>

Macomb County, Michigan

Employees' Retirement System

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

December 31, 2019

PRIMARY GOVERNMENT

	2019	2018	2017	2016	2015
<b>Total Pension Liability</b>					
Service cost	\$ 14,200,758	\$ 16,747,246	\$ 18,253,702	\$ 16,707,110	\$ 17,035,507
Interest	70,993,434	73,394,794	69,818,491	60,533,328	62,303,941
Benefit changes	-	4,350,654	-	-	-
Difference between expected and actual experience of the total pension liability	(11,079,005)	(33,332,894)	18,650,468	29,559,285	(6,274,414)
Changes of assumptions	-	647,150	-	31,223,761	-
Benefit payments, including refunds of member contributions	(65,434,879)	(63,964,080)	(63,450,584)	(60,781,867)	(61,931,585)
Net change in total pension liability	8,680,308	(2,157,130)	43,272,077	77,241,617	11,133,449
Total pension liability - beginning of year	1,021,442,921	1,023,600,051	980,327,974	903,086,357	891,952,908
<b>Total pension liability - end of year (a)</b>	<b>\$ 1,030,123,229</b>	<b>\$ 1,021,442,921</b>	<b>\$ 1,023,600,051</b>	<b>\$ 980,327,974</b>	<b>\$ 903,086,357</b>
<b>Plan Fiduciary Net Position</b>					
Contributions - employer	\$ 16,949,388	\$ 23,143,088	\$ 21,228,348	\$ 20,465,070	\$ 20,829,238
Contributions - employee	3,101,502	3,134,653	3,305,129	3,482,800	3,589,742
Net investment income	187,250,752	(59,091,267)	146,248,922	80,861,322	(15,609,781)
Benefit payments, including refunds of member contributions	(65,434,879)	(63,964,080)	(63,450,584)	(60,781,867)	(61,931,585)
Administrative expense	(712,786)	(702,478)	(655,261)	(735,605)	(516,333)
Net change in plan fiduciary net position	141,153,977	(97,480,084)	106,676,554	43,291,720	(53,638,719)
Plan fiduciary net position - beginning of year	919,119,010	1,016,599,094	909,922,540	866,630,820	920,269,539
<b>Plan fiduciary net position - end of year (b)</b>	<b>\$ 1,060,272,987</b>	<b>\$ 919,119,010</b>	<b>\$ 1,016,599,094</b>	<b>\$ 909,922,540</b>	<b>\$ 866,630,820</b>
<b>County's net pension liability - end of year (a) - (b)</b>	<b>\$ (30,149,758)</b>	<b>\$ 102,323,911</b>	<b>\$ 7,000,957</b>	<b>\$ 70,405,434</b>	<b>\$ 36,455,537</b>
Plan fiduciary net position as a percent of total pension liability	102.93%	89.98%	99.32%	92.82%	95.96%
Covered payroll	\$ 102,783,404	\$ 110,599,464	\$ 99,396,859	\$ 104,678,022	\$ 99,786,490
County's net pension liability (asset) as a percent of covered employee payroll	-29.33%	92.52%	7.04%	67.26%	36.53%

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, 2019

PRIMARY GOVERNMENT

	<u>2014</u>
Total Pension Liability	
Service cost	\$ 18,289,395
Interest	63,471,122
Benefit changes	1,716,085
Difference between expected and actual experience of the total pension liability	-
Changes of assumptions	-
Benefit payments, including refunds of member contributions	<u>(55,421,776)</u>
Net change in total pension liability	28,054,826
Total pension liability - beginning of year	<u>863,898,082</u>
Total pension liability - end of year (a)	<u>\$ 891,952,908</u>
Plan Fiduciary Net Position	
Contributions - employer	\$ 21,354,411
Contributions - employee	3,427,754
Net investment income	63,060,743
Benefit payments, including refunds of member contributions	(55,421,663)
Administrative expense	<u>(512,644)</u>
Net change in plan fiduciary net position	31,908,601
Plan fiduciary net position - beginning of year	<u>888,360,938</u>
Plan fiduciary net position - end of year (b)	<u>\$ 920,269,539</u>
County's net pension liability - end of year (a) - (b)	<u>\$ (28,316,631)</u>
Plan fiduciary net position as a percent of total pension liability	103.17%
Covered payroll	\$ 100,593,159
County's net pension liability (asset) as a percent of covered employee payroll	-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, 2019

COMPONENT UNIT	2019	2018	2017	2016	2015
<b>Total Pension Liability</b>					
Service cost	\$ 42,013	\$ 204,843	\$ 511,202	\$ 487,906	\$ 369,981
Interest	497,512	1,187,857	1,774,841	1,723,528	1,353,130
Benefit changes	-	53,215	-	-	-
Difference between expected and actual experience of the total pension liability	(32,778)	(407,710)	522,314	863,235	(136,269)
Changes of assumptions	-	7,916	-	826,993	-
Benefit payments, including refunds of member contributions	(2,935,388)	(2,795,463)	(2,771,686)	(2,581,930)	(1,345,044)
Net change in total pension liability	(2,428,641)	(1,749,342)	36,671	1,319,732	241,798
Total pension liability - beginning of year	19,220,493	20,969,835	20,933,164	19,613,432	19,371,634
<b>Total pension liability - end of year (a)</b>	<b>\$ 16,791,852</b>	<b>\$ 19,220,493</b>	<b>\$ 20,969,835</b>	<b>\$ 20,933,164</b>	<b>\$ 19,613,432</b>
<b>Plan Fiduciary Net Position</b>					
Contributions - employer	\$ 194,998	\$ 603,959	\$ 444,465	\$ 444,465	\$ 452,374
Contributions - employee	100,255	118,020	146,508	145,968	77,963
Net investment income	6,442,134	(722,773)	4,095,757	2,068,374	(339,017)
Benefit payments, including refunds of member contributions	(2,935,388)	(2,795,463)	(2,771,686)	(2,581,930)	(1,345,044)
Administrative expense	(2,109)	(8,592)	(18,351)	(21,482)	(11,214)
Net change in plan fiduciary net position	3,799,890	(2,804,849)	1,896,693	55,395	(1,164,938)
Plan fiduciary net position - beginning of year	17,968,922	20,773,771	18,877,078	18,821,683	19,986,621
<b>Plan fiduciary net position - end of year (b)</b>	<b>\$ 21,768,812</b>	<b>\$ 17,968,922</b>	<b>\$ 20,773,771</b>	<b>\$ 18,877,078</b>	<b>\$ 18,821,683</b>
<b>County's net pension liability - end of year (a) - (b)</b>	<b>\$ (4,976,960)</b>	<b>\$ 1,251,571</b>	<b>\$ 196,064</b>	<b>\$ 2,056,086</b>	<b>\$ 791,749</b>
Plan fiduciary net position as a percent of total pension liability	129.64%	93.49%	99.07%	90.18%	95.96%
Covered payroll	\$ 4,709,328	\$ 5,974,925	\$ 5,857,665	\$ 5,481,022	\$ 2,466,385
County's net pension liability (asset) as a percent of covered payroll	-105.68%	20.95%	3.35%	37.51%	32.10%

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, 2019

COMPONENT UNIT	<u>2014</u>
Total Pension Liability	
Service cost	\$ 392,316
Interest	1,361,485
Benefit changes	36,811
Difference between expected and actual experience of the total pension liability	-
Changes of assumptions	-
Benefit payments, including refunds of member contributions	<u>(2,651,364)</u>
Net change in total pension liability	(860,752)
Total pension liability - beginning of year	<u>20,232,386</u>
Total pension liability - end of year (a)	<u>\$ 19,371,634</u>
Plan Fiduciary Net Position	
Contributions - employer	\$ 798,409
Contributions - employee	169,309
Net investment income	1,352,682
Benefit payments, including refunds of member contributions	(2,651,364)
Administrative expense	<u>(10,996)</u>
Net change in plan fiduciary net position	(341,960)
Plan fiduciary net position - beginning of year	<u>20,328,581</u>
Plan fiduciary net position - end of year (b)	<u>\$ 19,986,621</u>
County's net pension liability - end of year (a) - (b)	<u>\$ (614,987)</u>
Plan fiduciary net position as a percent of total pension liability	103.17%
Covered payroll	\$ 6,772,360
County's net pension liability (asset) as a percent of covered payroll	-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, 2019

TOTAL, EMPLOYEES' RETIREMENT SYSTEM

	2019	2018	2017	2016	2015
<b>Total Pension Liability</b>					
Service cost	\$ 14,242,771	\$ 16,952,089	\$ 18,764,904	\$ 17,195,016	\$ 17,405,488
Interest	71,490,946	74,582,651	71,593,332	62,256,856	63,657,071
Benefit changes	-	4,403,869	-	-	-
Difference between expected and actual experience of the total pension liability	(11,111,783)	(33,740,604)	19,172,782	30,422,520	(6,410,683)
Changes of assumptions	-	655,066	-	32,050,754	-
Benefit payments, including refunds of member contributions	(68,370,267)	(66,759,543)	(66,222,270)	(63,363,797)	(63,276,629)
Net change in total pension liability	6,251,667	(3,906,472)	43,308,748	78,561,349	11,375,247
Total pension liability - beginning of year	1,040,663,414	1,044,569,886	1,001,261,138	922,699,789	911,324,542
<b>Total pension liability - end of year (a)</b>	<b>\$ 1,046,915,081</b>	<b>\$ 1,040,663,414</b>	<b>\$ 1,044,569,886</b>	<b>\$ 1,001,261,138</b>	<b>\$ 922,699,789</b>
<b>Plan Fiduciary Net Position</b>					
Contributions - employer	\$ 17,144,386	\$ 23,747,047	\$ 21,672,813	\$ 20,909,535	\$ 21,281,612
Contributions - employee	3,201,757	3,252,673	3,451,637	3,628,768	3,667,705
Net investment income	193,692,886	(59,814,040)	150,344,679	82,929,696	(15,948,798)
Benefit payments, including refunds of member contributions	(68,370,267)	(66,759,543)	(66,222,270)	(63,363,797)	(63,276,629)
Administrative expense	(714,895)	(711,070)	(673,612)	(757,087)	(527,547)
Net change in plan fiduciary net position	144,953,867	(100,284,933)	108,573,247	43,347,115	(54,803,657)
Plan fiduciary net position - beginning of year	937,087,932	1,037,372,865	928,799,618	885,452,503	940,256,160
<b>Plan fiduciary net position - end of year (b)</b>	<b>\$ 1,082,041,799</b>	<b>\$ 937,087,932</b>	<b>\$ 1,037,372,865</b>	<b>\$ 928,799,618</b>	<b>\$ 885,452,503</b>
<b>County's net pension liability - end of year (a) - (b)</b>	<b>\$ (35,126,718)</b>	<b>\$ 103,575,482</b>	<b>\$ 7,197,021</b>	<b>\$ 72,461,520</b>	<b>\$ 37,247,286</b>
Plan fiduciary net position as a percent of total pension liability	103.36%	90.05%	99.31%	92.76%	95.96%
Covered payroll	\$ 107,492,732	\$ 116,574,389	\$ 105,254,524	\$ 110,159,044	\$ 102,252,875
County's net pension liability (asset) as a percent of covered payroll	-32.68%	88.85%	6.17%	68.84%	33.81%

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, 2019

TOTAL, EMPLOYEES' RETIREMENT SYSTEM	
	<u>2014</u>
Total Pension Liability	
Service cost	\$ 18,681,711
Interest	64,832,607
Benefit changes	1,752,896
Difference between expected and actual experience of the total pension liability	-
Changes of assumptions	-
Benefit payments, including refunds of member contributions	<u>(58,073,140)</u>
Net change in total pension liability	27,194,074
Total pension liability - beginning of year	<u>884,130,468</u>
Total pension liability - end of year (a)	<u>\$ 911,324,542</u>
Plan Fiduciary Net Position	
Contributions - employer	\$ 22,152,820
Contributions - employee	3,597,063
Net investment income	64,413,425
Benefit payments, including refunds of member contributions	(58,073,027)
Administrative expense	<u>(523,640)</u>
Net change in plan fiduciary net position	31,566,641
Plan fiduciary net position - beginning of year	<u>908,689,519</u>
Plan fiduciary net position - end of year (b)	<u>\$ 940,256,160</u>
County's net pension liability - end of year (a) - (b)	<u>\$ (28,931,618)</u>
Plan fiduciary net position as a percent of total pension liability	103.17%
Covered payroll	\$ 107,365,519
County's net pension liability (asset) as a percent of covered payroll	-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, 2019

Schedule of Employer Contributions, Primary Government

Year Ended December 31,	Actuarially Determined Contribution	Actual Contributions	Covered Payroll	Contribution as % of Covered Payroll
2010	\$ 14,329,905	\$ 14,329,905	\$ 103,550,479	13.84%
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%

Schedule of Employer Contributions, Component Unit

Year Ended December 31,	Actuarially Determined Contribution	Actual Contributions	Covered Payroll	Contribution as % of Covered Payroll
2010	\$ 840,872	\$ 840,872	\$ 7,244,761	11.61%
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%

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, 2019

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
2010	\$ 15,170,777	\$ 15,170,777	\$ 110,795,240	13.69%	13.55%
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%

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, 2019 contribution was determined by the December 31, 2017 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	16 years, closed
Asset valuation method	Five year smoothed market
Actuarial assumptions:	
Investment rate of return	7.25%
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, 2019

PRIMARY GOVERNMENT

	2019	2018	2017
Total OPEB Liability			
Service cost	\$ 7,155,215	\$ 7,682,105	\$ 8,164,058
Interest	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	(28,860,788)	(24,823,350)	(3,200,142)
Changes of assumptions	6,742,370	2,948,992	-
Benefit payments	(18,021,077)	(18,545,452)	(20,828,811)
Net change in total OPEB liability	3,536,835	5,703,680	20,807,720
Total OPEB liability - beginning of year	523,412,059	517,708,379	496,900,659
Total OPEB liability - end of year (a)	<u>\$ 526,948,894</u>	<u>\$ 523,412,059</u>	<u>\$ 517,708,379</u>
Plan Fiduciary Net Position			
Contributions - employer	\$ 28,849,963	\$ 36,121,454	\$ 34,335,823
Contributions - member	979,778	1,000,191	745,968
Net investment income	62,061,925	(10,260,977)	31,220,986
Employer paid benefits	(18,339,626)	(19,039,328)	(20,828,811)
Member paid benefits	(979,778)	(1,000,191)	(745,968)
Administrative expense	(21,654)	(58,634)	(20,406)
Net change in plan fiduciary net position	72,550,608	6,762,515	44,707,592
Plan fiduciary net position - beginning of year	247,178,735	240,416,220	195,708,628
Plan fiduciary net position - end of year (b)	<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>\$ 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	60.68%	47.22%	46.44%
Covered employee payroll	\$ 92,630,400	\$ 98,813,225	\$ 98,813,225
County's net OPEB liability as a percent of covered employee payroll	223.71%	279.55%	280.62%

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

Macomb County, Michigan

Retiree Health Care Trust Fund

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

December 31, 2019

COMPONENT UNIT

	2019	2018	2017
Total OPEB Liability			
Service cost	\$ 444,589	\$ 477,327	\$ 511,880
Interest	2,334,621	2,388,551	2,299,346
Benefit changes	(65,386)	-	-
Difference between expected and actual experience of the total OPEB liability	(2,926,139)	(1,542,396)	(200,646)
Changes of assumptions	418,936	183,235	-
Benefit payments	(1,119,738)	(1,152,320)	(1,305,951)
Net change in total OPEB liability	(913,117)	354,397	1,304,629
Total OPEB liability - beginning of year	32,814,328	32,459,931	31,155,302
Total OPEB liability - end of year (a)	<u>\$ 31,901,211</u>	<u>\$ 32,814,328</u>	<u>\$ 32,459,931</u>
Plan Fiduciary Net Position			
Contributions - employer	\$ 1,428,041	\$ 2,244,403	\$ 2,152,831
Contributions - member	60,878	62,147	46,772
Net investment income	3,243,696	(637,565)	1,957,532
Employer paid benefits	(1,139,531)	(1,026,512)	(1,305,951)
Member paid benefits	(60,878)	(62,147)	(46,772)
Administrative expense	(1,346)	(3,643)	(1,279)
Net change in plan fiduciary net position	3,530,860	576,683	2,803,133
Plan fiduciary net position - beginning of year	15,650,601	15,073,918	12,270,785
Plan fiduciary net position - end of year (b)	<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>\$ 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	60.13%	47.69%	46.44%
Covered employee payroll	\$ 4,709,328	\$ 5,974,925	\$ 5,974,925
County's net OPEB liability as a percent of covered employee payroll	270.10%	287.26%	290.98%

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, 2019

TOTAL, RETIREE HEALTH CARE TRUST

	2019	2018	2017
Total OPEB Liability			
Service cost	\$ 7,599,804	\$ 8,159,432	\$ 8,675,938
Interest	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	(31,786,927)	(26,365,746)	(3,400,788)
Changes of assumptions	7,161,306	3,132,227	-
Benefit payments	(19,140,815)	(19,697,772)	(22,134,762)
Net change in total OPEB liability	2,623,718	6,058,077	22,112,349
Total OPEB liability - beginning of year	556,226,387	550,168,310	528,055,961
Total OPEB liability - end of year (a)	<u>\$ 558,850,105</u>	<u>\$ 556,226,387</u>	<u>\$ 550,168,310</u>
Plan Fiduciary Net Position			
Contributions - employer	\$ 30,278,004	\$ 38,365,857	\$ 36,488,654
Contributions - member	1,040,656	1,062,338	792,740
Net investment income	65,305,621	(10,898,542)	33,178,518
Employer paid benefits	(19,479,157)	(20,065,840)	(22,134,762)
Member paid benefits	(1,040,656)	(1,062,338)	(792,740)
Administrative expense	(23,000)	(62,277)	(21,685)
Net change in plan fiduciary net position	76,081,468	7,339,198	47,510,725
Plan fiduciary net position - beginning of year	262,829,336	255,490,138	207,979,413
Plan fiduciary net position - end of year (b)	<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>\$ 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	60.64%	47.25%	46.44%
Covered employee payroll	\$ 97,339,728	\$ 104,788,150	\$ 93,336,709
County's net OPEB liability as a percent of covered employee payroll	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, 2019

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
2010	\$ 39,756,991	\$ 11,877,148	\$ 27,879,843	\$ 100,128,614	11.86%
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%

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
2010	\$ 2,830,298	\$ 845,533	\$ 1,984,765	\$ 7,244,761	11.67%
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%

See accompanying notes to the required supplementary information.

-CONTINUED-

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, 2019

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	
2010	\$ 42,587,289	\$ 12,722,681	\$ 29,864,608	\$ 107,373,375	11.85%	14.87%
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%

Significant Methods and Assumptions Used in Calculations of Actuarially Determined Contributions

The December 31, 2019 actuarially determined contributions to the fund were based on the December 31, 2017 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	25 years, closed
Asset valuation method	Market value of assets
Actuarial assumptions:	
Investment rate of return	7.25%
Projected salary increases	3.50% - 10.50%, 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, 2019

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

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		
2010	\$ 6,617,951	\$ 6,846,908	(228,957)	\$ 14,449,299	47.39%		N/A
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%

N/A – Not available

Significant Methods and Assumptions Used in Calculations of Actuarially Determined Contributions

The September 30, 2019 actuarially determined contributions to the fund were based on the December 31, 2016 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	21 years, closed
Asset valuation method	Market value of assets
Actuarial assumptions:	
Investment rate of return	7.50%
Projected salary increases	6.0% - 10.0%, including inflation of 4.0%
Health care cost inflation	9.0% in year one, reduced by 0.75% in years two and three, and 0.5% each year thereafter until an ultimate rate of 4.0% 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-2000 Healthy Life Mortality Table, adjusted for mortality improvements to 2015

See accompanying notes to the required supplementary information.

## NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

December 31, 2019

**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)
<b>GENERAL FUND</b>			
General government			
Facilities and operations	\$ 15,697,999	\$ 15,876,879	\$ (178,880)
Public safety			
Emergency management	1,232,906	1,292,713	(59,807)
Sheriff department	72,126,906	73,652,030	(1,525,124)
Public works	6,439,152	6,452,408	(13,256)
Health and welfare			
Animal shelter	1,786,906	1,900,953	(114,047)

Additionally, while the Child Care Fund and Emergency Management Grants Fund remained under budget and not in a deficit position, net of deferred inflows for grants, these funds were budgeted to increase their deficit fund balance in the 2019 budget, which is a violation of Michigan Public Act 2 of 1968.

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

December 31, 2019

**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 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 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.

**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.

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

December 31, 2019

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

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, 2019

	Special Revenue	Debt Service	Capital Projects	Total Nonmajor Governmental Funds
<b>ASSETS</b>				
Cash and pooled investments	\$ 14,129,637	\$ 175,689	\$ 7,737,541	\$ 22,042,867
Receivables				
Property taxes, net	1,683,519	-	-	1,683,519
Trade accounts, net	8,078,919	-	54,078	8,132,997
Due from other governments	9,644,974	4,589	1,179,801	10,829,364
Other assets	94,206	-	3,017	97,223
<b>TOTAL ASSETS</b>	<b>\$ 33,631,255</b>	<b>\$ 180,278</b>	<b>\$ 8,974,437</b>	<b>\$ 42,785,970</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts payable	\$ 4,354,928	\$ -	\$ 627,299	\$ 4,982,227
Accrued liabilities	3,359	-	324,416	327,775
Accrued compensation and benefits	735,229	-	-	735,229
Due to other governments	392,666	-	690,470	1,083,136
Due to governmental funds	2,971,307	-	5,000	2,976,307
Unearned revenue	179,552	-	-	179,552
<b>TOTAL LIABILITIES</b>	<b>8,637,041</b>	<b>-</b>	<b>1,647,185</b>	<b>10,284,226</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Property taxes levied in advance	1,899,145	-	-	1,899,145
Unavailable grants and other charges	3,994,541	-	625,926	4,620,467
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>5,893,686</b>	<b>-</b>	<b>625,926</b>	<b>6,519,612</b>
<b>FUND BALANCES</b>				
Nonspendable	94,206	-	3,017	97,223
Restricted	19,481,596	180,278	2,778,167	22,440,041
Assigned	1,411,886	-	3,920,142	5,332,028
Unassigned	(1,887,160)	-	-	(1,887,160)
<b>TOTAL FUND BALANCES</b>	<b>19,100,528</b>	<b>180,278</b>	<b>6,701,326</b>	<b>25,982,132</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<b>\$ 33,631,255</b>	<b>\$ 180,278</b>	<b>\$ 8,974,437</b>	<b>\$ 42,785,970</b>

Macomb County, Michigan

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

Year Ended December 31, 2019

	Special Revenue	Debt Service	Capital Projects	Total Nonmajor Governmental Funds
<b>REVENUES</b>				
Property taxes	\$ 1,842,229	\$ 133,531	\$ -	\$ 1,975,760
Licenses and permits	422,888	-	-	422,888
Federal and state grants	59,862,724	11,234	724,195	60,598,153
Other grants	361,627	-	-	361,627
Charges for services	10,673,351	-	505,278	11,178,629
Fines and forfeitures	654,644	-	-	654,644
Interest and rents	36,523	-	6,939	43,462
Other revenue	1,122,433	-	348,793	1,471,226
<b>TOTAL REVENUES</b>	<b>74,976,419</b>	<b>144,765</b>	<b>1,585,205</b>	<b>76,706,389</b>
<b>EXPENDITURES</b>				
Current				
Judicial	18,355,927	-	-	18,355,927
General government	1,094,512	-	-	1,094,512
Public safety	7,689,553	-	581,667	8,271,220
Public works	-	2,083,005	3,670	2,086,675
Health and welfare	63,890,802	-	-	63,890,802
Community and economic development	394,606	-	-	394,606
Recreational and cultural	-	-	84,565	84,565
Capital outlay	1,658,003	-	16,306,343	17,964,346
Debt service				
Principal	-	7,265,000	-	7,265,000
Interest and fees	-	1,789,311	-	1,789,311
<b>TOTAL EXPENDITURES</b>	<b>93,083,403</b>	<b>11,137,316</b>	<b>16,976,245</b>	<b>121,196,964</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(18,106,984)</b>	<b>(10,992,551)</b>	<b>(15,391,040)</b>	<b>(44,490,575)</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	21,832,082	9,109,418	11,224,176	42,165,676
Transfers out	(39,814)	-	(1,046,778)	(1,086,592)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>21,792,268</b>	<b>9,109,418</b>	<b>10,177,398</b>	<b>41,079,084</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>3,685,284</b>	<b>(1,883,133)</b>	<b>(5,213,642)</b>	<b>(3,411,491)</b>
Fund balances, beginning of year	15,415,244	2,063,411	11,914,968	29,393,623
Fund balances, end of year	<u>\$ 19,100,528</u>	<u>\$ 180,278</u>	<u>\$ 6,701,326</u>	<u>\$ 25,982,132</u>

FUND DESCRIPTIONS – NONMAJOR SPECIAL REVENUE FUNDS

December 31, 2019

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. The Community Services Department 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, 2019

**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.

**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, 2019

	Circuit Court Programs (1)	Child Care (1)	Community Corrections	Community Corrections (1)
<b>ASSETS</b>				
Cash and pooled investments	\$ -	\$ -	\$ -	\$ -
Receivables				
Property taxes, net	-	-	-	-
Trade accounts, net	-	95,012	-	-
Due from other governments	107,641	2,106,895	12,651	249,968
Other assets	-	1,500	-	-
<b>TOTAL ASSETS</b>	<b>\$ 107,641</b>	<b>\$ 2,203,407</b>	<b>\$ 12,651</b>	<b>\$ 249,968</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts payable	\$ 77,200	\$ 194,397	\$ 456	\$ 71,209
Accrued liabilities	-	-	-	-
Accrued compensation and benefits	-	136,698	2,890	14,543
Due to other governments	-	-	-	-
Due to governmental funds	29,553	1,832,807	4,989	162,479
Unearned revenue	-	-	-	-
<b>TOTAL LIABILITIES</b>	<b>106,753</b>	<b>2,163,902</b>	<b>8,335</b>	<b>248,231</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Property taxes levied in advance	-	-	-	-
Unavailable grants and other charges	-	631,838	-	-
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>-</b>	<b>631,838</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCES</b>				
Nonspendable	-	1,500	-	-
Restricted	-	-	4,316	1,737
Assigned	888	-	-	-
Unassigned	-	(593,833)	-	-
<b>TOTAL FUND BALANCES</b>	<b>888</b>	<b>(592,333)</b>	<b>4,316</b>	<b>1,737</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<b>\$ 107,641</b>	<b>\$ 2,203,407</b>	<b>\$ 12,651</b>	<b>\$ 249,968</b>

(1) - Balance Sheet as of September 30, 2019

Macomb County, Michigan

COMBINING BALANCE SHEET – NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)

December 31, 2019

	Community Action Agency	Community Action Agency (1)	Concealed Pistol License	Emergency Management Grants
<b>ASSETS</b>				
Cash and pooled investments	\$ 1,202,084	\$ 224,834	\$ 1,309,784	\$ 10,922
Receivables				
Property taxes, net	-	-	-	-
Trade accounts, net	7,578,648	59,180	-	4,764
Due from other governments	381,718	2,154,317	12,024	1,679,083
Other assets	-	63,403	-	10,453
<b>TOTAL ASSETS</b>	<b>\$ 9,162,450</b>	<b>\$ 2,501,734</b>	<b>\$ 1,321,808</b>	<b>\$ 1,705,222</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts payable	\$ 387,493	\$ 590,588	\$ -	\$ 1,540,981
Accrued liabilities	-	-	-	-
Accrued compensation and benefits	20,967	146,681	3,955	16,109
Due to other governments	-	-	43,094	-
Due to governmental funds	-	-	-	133,690
Unearned revenue	91,428	88,124	-	-
<b>TOTAL LIABILITIES</b>	<b>499,888</b>	<b>825,393</b>	<b>47,049</b>	<b>1,690,780</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Property taxes levied in advance	-	-	-	-
Unavailable grants and other charges	381,718	347,001	-	913,307
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>381,718</b>	<b>347,001</b>	<b>-</b>	<b>913,307</b>
<b>FUND BALANCES</b>				
Nonspendable	-	63,403	-	10,453
Restricted	8,280,844	1,071,573	1,274,759	-
Assigned	-	194,364	-	-
Unassigned	-	-	-	(909,318)
<b>TOTAL FUND BALANCES</b>	<b>8,280,844</b>	<b>1,329,340</b>	<b>1,274,759</b>	<b>(898,865)</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<b>\$ 9,162,450</b>	<b>\$ 2,501,734</b>	<b>\$ 1,321,808</b>	<b>\$ 1,705,222</b>

(1) - Balance Sheet as of September 30, 2019

Macomb County, Michigan

COMBINING BALANCE SHEET – NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)

December 31, 2019

	Friend of the Court (1)	Health Grants	Health Grants (1)	Macomb / St. Clair Employment and Training (2)
<b>ASSETS</b>				
Cash and pooled investments	\$ -	\$ 1,026,401	\$ 2,890,955	\$ 98,017
Receivables				
Property taxes, net	-	-	-	-
Trade accounts, net	-	-	1,773	-
Due from other governments	1,332,231	5,608	379,080	-
Other assets	14,217	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 1,346,448</b>	<b>\$ 1,032,009</b>	<b>\$ 3,271,808</b>	<b>\$ 98,017</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts payable	\$ 1,398	\$ 256	\$ 175,187	\$ 2,886
Accrued liabilities	-	-	-	-
Accrued compensation and benefits	128,061	-	89,288	95,131
Due to other governments	-	-	151,941	-
Due to governmental funds	366,032	-	-	-
Unearned revenue	-	-	-	-
<b>TOTAL LIABILITIES</b>	<b>495,491</b>	<b>256</b>	<b>416,416</b>	<b>98,017</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Property taxes levied in advance	-	-	-	-
Unavailable grants and other charges	631,533	-	207,846	-
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>631,533</b>	<b>-</b>	<b>207,846</b>	<b>-</b>
<b>FUND BALANCES</b>				
Nonspendable	14,217	-	-	-
Restricted	205,207	1,030,853	2,647,546	-
Assigned	-	900	-	-
Unassigned	-	-	-	-
<b>TOTAL FUND BALANCES</b>	<b>219,424</b>	<b>1,031,753</b>	<b>2,647,546</b>	<b>-</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<b>\$ 1,346,448</b>	<b>\$ 1,032,009</b>	<b>\$ 3,271,808</b>	<b>\$ 98,017</b>

(1) - Balance Sheet as of September 30, 2019

(2) - Balance Sheet as of June 30, 2019

Macomb County, Michigan

COMBINING BALANCE SHEET – NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)

December 31, 2019

	MSU Extension	MSU Extension (1)	Prosecuting Attorney Grants	Prosecuting Attorney Grants (1)
<b>ASSETS</b>				
Cash and pooled investments	\$ 139,658	\$ 200,929	\$ 284,869	\$ 966
Receivables				
Property taxes, net	-	-	-	-
Trade accounts, net	28	-	-	-
Due from other governments	-	-	-	362,975
Other assets	-	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 139,686</b>	<b>\$ 200,929</b>	<b>\$ 284,869</b>	<b>\$ 363,941</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts payable	\$ 282	\$ 951	\$ 17,743	\$ 14,264
Accrued liabilities	-	-	-	-
Accrued compensation and benefits	-	-	-	33,058
Due to other governments	-	-	-	-
Due to governmental funds	-	-	-	287,111
Unearned revenue	-	-	-	-
<b>TOTAL LIABILITIES</b>	<b>282</b>	<b>951</b>	<b>17,743</b>	<b>334,433</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Property taxes levied in advance	-	-	-	-
Unavailable grants and other charges	-	-	-	116,114
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>116,114</b>
<b>FUND BALANCES</b>				
Nonspendable	-	-	-	-
Restricted	139,404	-	267,126	-
Assigned	-	199,978	-	-
Unassigned	-	-	-	(86,606)
<b>TOTAL FUND BALANCES</b>	<b>139,404</b>	<b>199,978</b>	<b>267,126</b>	<b>(86,606)</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<b>\$ 139,686</b>	<b>\$ 200,929</b>	<b>\$ 284,869</b>	<b>\$ 363,941</b>

(1) - Balance Sheet as of September 30, 2019



Macomb County, Michigan

COMBINING BALANCE SHEET – NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)

December 31, 2019

	Public Defender's Office Fund (1)	Register of Deeds Remonumentation Fund	Register of Deeds Technology Fund	Sheriff Grants
<b>ASSETS</b>				
Cash and pooled investments	\$ 1,094,143	\$ 11,751	\$ 1,381,413	\$ 1,537,153
Receivables	-	-	-	-
Property taxes, net	-	-	-	-
Trade accounts, net	-	-	55,527	39,663
Due from other governments	-	148,237	-	3,600
Other assets	-	-	2,275	2,358
<b>TOTAL ASSETS</b>	<u>\$ 1,094,143</u>	<u>\$ 159,988</u>	<u>\$ 1,439,215</u>	<u>\$ 1,582,774</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts payable	\$ 669,507	\$ 153,164	\$ 74,060	\$ 27,672
Accrued liabilities	3,359	-	-	-
Accrued compensation and benefits	-	-	-	-
Due to other governments	-	6,824	-	-
Due to governmental funds	-	-	-	-
Unearned revenue	-	-	-	-
<b>TOTAL LIABILITIES</b>	672,866	159,988	74,060	27,672
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Property taxes levied in advance	-	-	-	-
Unavailable grants and other charges	-	148,237	-	3,600
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	-	148,237	-	3,600
<b>FUND BALANCES</b>				
Nonspendable	-	-	2,275	2,358
Restricted	-	-	1,362,880	1,529,406
Assigned	421,277	-	-	19,738
Unassigned	-	(148,237)	-	-
<b>TOTAL FUND BALANCES</b>	<u>421,277</u>	<u>(148,237)</u>	<u>1,365,155</u>	<u>1,551,502</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<u>\$ 1,094,143</u>	<u>\$ 159,988</u>	<u>\$ 1,439,215</u>	<u>\$ 1,582,774</u>

(1) - Balance Sheet as of September 30, 2019

Macomb County, Michigan

COMBINING BALANCE SHEET – NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)

December 31, 2019

	Sheriff Grants (1)	Urban County Block Grant
<b>ASSETS</b>		
Cash and pooled investments	\$ 626	\$ 986,630
Receivables		
Property taxes, net	-	-
Trade accounts, net	-	240,000
Due from other governments	507,916	363
Other assets	-	-
	<u>508,542</u>	<u>1,226,993</u>
<b>TOTAL ASSETS</b>		
	<u>\$ 508,542</u>	<u>\$ 1,226,993</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>		
<b>LIABILITIES</b>		
Accounts payable	\$ 24,301	\$ 275,270
Accrued liabilities	-	-
Accrued compensation and benefits	13,541	-
Due to other governments	190,807	-
Due to governmental funds	69,198	-
Unearned revenue	-	-
	<u>297,847</u>	<u>275,270</u>
<b>TOTAL LIABILITIES</b>		
	<u>297,847</u>	<u>275,270</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Property taxes levied in advance	-	-
Unavailable grants and other charges	239,840	240,000
	<u>239,840</u>	<u>240,000</u>
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>		
	<u>239,840</u>	<u>240,000</u>
<b>FUND BALANCES</b>		
Nonspendable	-	-
Restricted	-	136,982
Assigned	-	574,741
Unassigned	(29,145)	-
	<u>(29,145)</u>	<u>711,723</u>
<b>TOTAL FUND BALANCES</b>		
	<u>(29,145)</u>	<u>711,723</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>		
	<u>\$ 508,542</u>	<u>\$ 1,226,993</u>

(1) - Balance Sheet as of September 30, 2019

Macomb County, Michigan

COMBINING BALANCE SHEET – NONMAJOR SPECIAL REVENUE FUNDS (CONCLUDED)

December 31, 2019

	Veterans' Affairs	Veterans' Grants (1)	Total Nonmajor Special Revenue Funds
<b>ASSETS</b>			
Cash and pooled investments	\$ 1,728,502	\$ -	\$ 14,129,637
Receivables			
Property taxes, net	1,683,519	-	1,683,519
Trade accounts, net	4,324	-	8,078,919
Due from other governments	67,160	133,507	9,644,974
Other assets	-	-	94,206
<b>TOTAL ASSETS</b>	<b>\$ 3,483,505</b>	<b>\$ 133,507</b>	<b>\$ 33,631,255</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Accounts payable	\$ 21,224	\$ 34,439	\$ 4,354,928
Accrued liabilities	-	-	3,359
Accrued compensation and benefits	34,173	134	735,229
Due to other governments	-	-	392,666
Due to governmental funds	-	85,448	2,971,307
Unearned revenue	-	-	179,552
<b>TOTAL LIABILITIES</b>	<b>55,397</b>	<b>120,021</b>	<b>8,637,041</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Property taxes levied in advance	1,899,145	-	1,899,145
Unavailable grants and other charges	-	133,507	3,994,541
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>1,899,145</b>	<b>133,507</b>	<b>5,893,686</b>
<b>FUND BALANCES</b>			
Nonspendable	-	-	94,206
Restricted	1,528,963	-	19,481,596
Assigned	-	-	1,411,886
Unassigned	-	(120,021)	(1,887,160)
<b>TOTAL FUND BALANCES</b>	<b>1,528,963</b>	<b>(120,021)</b>	<b>19,100,528</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<b>\$ 3,483,505</b>	<b>\$ 133,507</b>	<b>\$ 33,631,255</b>

(1) - Balance Sheet as of September 30, 2019

Macomb County, Michigan

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

Year Ended December 31, 2019

	Circuit Court Programs (1)	Child Care (1)	Community Corrections	Community Corrections (1)
<b>REVENUES</b>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Federal and state grants	298,963	8,438,027	12,651	1,377,346
Other grants	-	-	-	-
Charges for services	7,676	575,972	7,142	-
Fines and forfeitures	-	-	-	-
Interest and rents	-	-	-	-
Other revenue	-	449,909	-	-
<b>TOTAL REVENUES</b>	<b>306,639</b>	<b>9,463,908</b>	<b>19,793</b>	<b>1,377,346</b>
<b>EXPENDITURES</b>				
Current				
Judicial	379,217	-	-	-
General government	-	-	-	-
Public safety	-	-	176,755	1,631,024
Health and welfare	-	19,930,560	-	-
Community and economic development	-	-	-	-
Capital outlay	-	1,519	-	1,696
<b>TOTAL EXPENDITURES</b>	<b>379,217</b>	<b>19,932,079</b>	<b>176,755</b>	<b>1,632,720</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(72,578)</b>	<b>(10,468,171)</b>	<b>(156,962)</b>	<b>(255,374)</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	77,507	10,625,056	156,879	255,374
Transfers out	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>77,507</b>	<b>10,625,056</b>	<b>156,879</b>	<b>255,374</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>4,929</b>	<b>156,885</b>	<b>(83)</b>	<b>-</b>
Fund balances, beginning of year	(4,041)	(749,218)	4,399	1,737
Fund balances, end of year	\$ 888	\$ (592,333)	\$ 4,316	\$ 1,737

(1) - Year ended September 30, 2019

Macomb County, Michigan

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

Year Ended December 31, 2019

	Community Action Agency	Community Action Agency (1)	Concealed Pistol License	Emergency Management Grants
<b>REVENUES</b>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	422,888	-
Federal and state grants	3,008,090	22,730,594	-	3,292,144
Other grants	-	-	-	3,985
Charges for services	651,050	1,429,048	-	-
Fines and forfeitures	-	-	-	-
Interest and rents	-	-	-	-
Other revenue	62,802	195,150	-	26,405
<b>TOTAL REVENUES</b>	<b>3,721,942</b>	<b>24,354,792</b>	<b>422,888</b>	<b>3,322,534</b>
<b>EXPENDITURES</b>				
Current				
Judicial	-	-	-	-
General government	-	-	115,849	-
Public safety	-	-	-	3,384,076
Health and welfare	3,149,991	27,623,278	-	-
Community and economic development	-	-	-	-
Capital outlay	10,262	510,765	-	225,368
<b>TOTAL EXPENDITURES</b>	<b>3,160,253</b>	<b>28,134,043</b>	<b>115,849</b>	<b>3,609,444</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>561,689</b>	<b>(3,779,251)</b>	<b>307,039</b>	<b>(286,910)</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	4,051,143	-	52,810
Transfers out	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>-</b>	<b>4,051,143</b>	<b>-</b>	<b>52,810</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>561,689</b>	<b>271,892</b>	<b>307,039</b>	<b>(234,100)</b>
Fund balances, beginning of year	7,719,155	1,057,448	967,720	(664,765)
Fund balances, end of year	<u>\$ 8,280,844</u>	<u>\$ 1,329,340</u>	<u>\$ 1,274,759</u>	<u>\$ (898,865)</u>

(1) - Year ended September 30, 2019

Macomb County, Michigan

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

Year Ended December 31, 2019

	Friend of the Court (1)	Health Grants	Health Grants (1)	Macomb / St. Clair Employment and Training (2)
<b>REVENUES</b>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Federal and state grants	8,360,171	578,021	4,873,709	-
Other grants	-	-	-	-
Charges for services	780,264	11,067	776,093	4,100,123
Fines and forfeitures	-	-	-	-
Interest and rents	-	-	-	-
Other revenue	66	-	3,771	-
<b>TOTAL REVENUES</b>	<b>9,140,501</b>	<b>589,088</b>	<b>5,653,573</b>	<b>4,100,123</b>
<b>EXPENDITURES</b>				
Current				
Judicial	11,222,053	-	-	-
General government	-	-	-	-
Public safety	-	-	-	-
Health and welfare	-	41,848	7,196,968	4,060,037
Community and economic development	-	-	-	-
Capital outlay	3,233	2,784	80,377	395
<b>TOTAL EXPENDITURES</b>	<b>11,225,286</b>	<b>44,632</b>	<b>7,277,345</b>	<b>4,060,432</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(2,084,785)</b>	<b>544,456</b>	<b>(1,623,772)</b>	<b>39,691</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	2,671,652	-	1,679,704	-
Transfers out	-	-	-	(39,691)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>2,671,652</b>	<b>-</b>	<b>1,679,704</b>	<b>(39,691)</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>586,867</b>	<b>544,456</b>	<b>55,932</b>	<b>-</b>
Fund balances, beginning of year	(367,443)	487,297	2,591,614	-
Fund balances, end of year	<u>\$ 219,424</u>	<u>\$ 1,031,753</u>	<u>\$ 2,647,546</u>	<u>\$ -</u>

(1) - Year ended September 30, 2019

(2) - Year ended June 30, 2019

Macomb County, Michigan

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

Year Ended December 31, 2019

	MSU Extension	MSU Extension (1)	Prosecuting Attorney Grants	Prosecuting Attorney Grants (1)
<b>REVENUES</b>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Federal and state grants	-	-	-	1,918,919
Other grants	-	-	-	-
Charges for services	902	-	-	-
Fines and forfeitures	-	-	205,862	-
Interest and rents	-	-	6,148	-
Other revenue	-	-	843	42,092
<b>TOTAL REVENUES</b>	<b>902</b>	<b>-</b>	<b>212,853</b>	<b>1,961,011</b>
<b>EXPENDITURES</b>				
Current				
Judicial	-	-	162,997	2,447,462
General government	-	-	-	-
Public safety	-	-	-	-
Health and welfare	5,395	28,563	-	-
Community and economic development	-	-	-	-
Capital outlay	-	-	22,731	10,907
<b>TOTAL EXPENDITURES</b>	<b>5,395</b>	<b>28,563</b>	<b>185,728</b>	<b>2,458,369</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(4,493)</b>	<b>(28,563)</b>	<b>27,125</b>	<b>(497,358)</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	-	661,614
Transfers out	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>661,614</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(4,493)</b>	<b>(28,563)</b>	<b>27,125</b>	<b>164,256</b>
Fund balances, beginning of year	143,897	228,541	240,001	(250,862)
Fund balances, end of year	<u>\$ 139,404</u>	<u>\$ 199,978</u>	<u>\$ 267,126</u>	<u>\$ (86,606)</u>

(1) - Year ended September 30, 2019

Macomb County, Michigan

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

Year Ended December 31, 2019

	Public Defender's Office Fund (1)	Register of Deeds Remonumentation Fund	Register of Deeds Technology Fund	Sheriff Grants
<b>REVENUES</b>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Federal and state grants	2,568,527	98,825	-	80,146
Other grants	-	-	-	-
Charges for services	1,148,797	-	1,076,971	78,246
Fines and forfeitures	-	-	-	445,650
Interest and rents	-	-	23,812	-
Other revenue	-	-	-	6,689
<b>TOTAL REVENUES</b>	<b>3,717,324</b>	<b>98,825</b>	<b>1,100,783</b>	<b>610,731</b>
<b>EXPENDITURES</b>				
Current				
Judicial	4,144,198	-	-	-
General government	-	247,062	731,601	-
Public safety	-	-	-	343,638
Health and welfare	-	-	-	-
Community and economic development	-	-	-	-
Capital outlay	440,871	-	-	231,667
<b>TOTAL EXPENDITURES</b>	<b>4,585,069</b>	<b>247,062</b>	<b>731,601</b>	<b>575,305</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(867,745)</b>	<b>(148,237)</b>	<b>369,182</b>	<b>35,426</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	1,289,022	-	-	-
Transfers out	-	-	-	(123)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>1,289,022</b>	<b>-</b>	<b>-</b>	<b>(123)</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>421,277</b>	<b>(148,237)</b>	<b>369,182</b>	<b>35,303</b>
Fund balances, beginning of year	-	-	995,973	1,516,199
Fund balances, end of year	\$ 421,277	\$ (148,237)	\$ 1,365,155	\$ 1,551,502

(1) - Year ended September 30, 2019



Macomb County, Michigan

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

Year Ended December 31, 2019

	Sheriff Grants (1)	Urban County Block Grant
<b>REVENUES</b>		
Property taxes	\$ -	\$ -
Licenses and permits	-	-
Federal and state grants	1,663,952	332,542
Other grants	357,642	-
Charges for services	-	30,000
Fines and forfeitures	3,132	-
Interest and rents	-	6,563
Other revenue	-	334,658
<b>TOTAL REVENUES</b>	<b>2,024,726</b>	<b>703,763</b>
<b>EXPENDITURES</b>		
Current		
Judicial	-	-
General government	-	-
Public safety	2,154,060	-
Health and welfare	-	192,395
Community and economic development	-	394,606
Capital outlay	74,544	-
<b>TOTAL EXPENDITURES</b>	<b>2,228,604</b>	<b>587,001</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(203,878)</b>	<b>116,762</b>
<b>OTHER FINANCING SOURCES (USES)</b>		
Transfers in	311,321	-
Transfers out	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>311,321</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>107,443</b>	<b>116,762</b>
Fund balances, beginning of year	(136,588)	594,961
Fund balances, end of year	<u>\$ (29,145)</u>	<u>\$ 711,723</u>

(1) - Year ended September 30, 2019

Macomb County, Michigan

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

Year Ended December 31, 2019

	Veterans' Affairs	Veteran's Grants (1)	Total Nonmajor Special Revenue Funds
<b>REVENUES</b>			
Property taxes	\$ 1,842,229	\$ -	\$ 1,842,229
Licenses and permits	-	-	422,888
Federal and state grants	180,097	50,000	59,862,724
Other grants	-	-	361,627
Charges for services	-	-	10,673,351
Fines and forfeitures	-	-	654,644
Interest and rents	-	-	36,523
Other revenue	48	-	1,122,433
<b>TOTAL REVENUES</b>	<b>2,022,374</b>	<b>50,000</b>	<b>74,976,419</b>
<b>EXPENDITURES</b>			
Current			
Judicial	-	-	18,355,927
General government	-	-	1,094,512
Public safety	-	-	7,689,553
Health and welfare	1,509,692	152,075	63,890,802
Community and economic development	-	-	394,606
Capital outlay	22,938	17,946	1,658,003
<b>TOTAL EXPENDITURES</b>	<b>1,532,630</b>	<b>170,021</b>	<b>93,083,403</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>489,744</b>	<b>(120,021)</b>	<b>(18,106,984)</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	-	-	21,832,082
Transfers out	-	-	(39,814)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>-</b>	<b>-</b>	<b>21,792,268</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>489,744</b>	<b>(120,021)</b>	<b>3,685,284</b>
Fund balances, beginning of year	1,039,219	-	15,415,244
Fund balances, end of year	<u>\$ 1,528,963</u>	<u>\$ (120,021)</u>	<u>\$ 19,100,528</u>

Macomb County, Michigan

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

Circuit Court Programs  
Year Ended September 30, 2019

	Final Amended Budget (Unaudited)	Actual	Variance with Final Budget Positive (Negative)
REVENUES			
Federal and state grants	\$ 311,870	\$ 298,963	\$ (12,907)
Charges for services	5,000	7,676	2,676
TOTAL REVENUES	316,870	306,639	(10,231)
EXPENDITURES			
Current			
Judicial	415,870	379,217	36,653
EXCESS OF REVENUES OVER EXPENDITURES	(99,000)	(72,578)	26,422
OTHER FINANCING SOURCES			
Transfers in	99,000	77,507	(21,493)
NET CHANGE IN FUND BALANCES	-	4,929	4,929
Fund balances, beginning of year	(4,041)	(4,041)	-
Fund balances, end of year	\$ (4,041)	\$ 888	\$ 4,929

Macomb County, Michigan

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

Child Care Fund  
Year Ended September 30, 2019

	Final Amended Budget (Unaudited)	Actual	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>			
Federal and state grants	\$ 9,121,925	\$ 8,438,027	\$ (683,898)
Charges for services	481,000	575,972	94,972
Other revenue	545,000	449,909	(95,091)
<b>TOTAL REVENUES</b>	<b>10,147,925</b>	<b>9,463,908</b>	<b>(684,017)</b>
<b>EXPENDITURES</b>			
Current			
Health and welfare	21,408,046	19,930,560	1,477,486
Capital outlay	2,500	1,519	981
<b>TOTAL EXPENDITURES</b>	<b>21,410,546</b>	<b>19,932,079</b>	<b>1,478,467</b>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<b>(11,262,621)</b>	<b>(10,468,171)</b>	<b>794,450</b>
<b>OTHER FINANCING SOURCES</b>			
Transfers in	11,244,374	10,625,056	(619,318)
<b>NET CHANGE IN FUND BALANCES</b>	<b>(18,247)</b>	<b>156,885</b>	<b>175,132</b>
Fund balances, beginning of year	(749,218)	(749,218)	-
Fund balances, end of year	<u>\$ (767,465)</u>	<u>\$ (592,333)</u>	<u>\$ 175,132</u>

Macomb County, Michigan

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

Community Corrections  
Year Ended December 31, 2019

	Final Amended Budget (Unaudited)	Actual	Variance with Final Budget Positive (Negative)
REVENUES			
Federal and state grants	\$ 24,908	\$ 12,651	\$ (12,257)
Charges for services	18,000	7,142	(10,858)
TOTAL REVENUES	42,908	19,793	(23,115)
EXPENDITURES			
Current			
Public safety	224,469	176,755	47,714
EXCESS OF REVENUES OVER EXPENDITURES	(181,561)	(156,962)	24,599
OTHER FINANCING SOURCES			
Transfers in	177,162	156,879	(20,283)
NET CHANGE IN FUND BALANCES	(4,399)	(83)	4,316
Fund balances, beginning of year	4,399	4,399	-
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, 2019

	Final Amended Budget (Unaudited)	Actual	Variance with Final Budget Positive (Negative)
REVENUES			
Federal and state grants	\$ 1,477,087	\$ 1,377,346	\$ (99,741)
EXPENDITURES			
Current			
Public safety	1,820,349	1,631,024	189,325
Capital outlay	5,000	1,696	3,304
TOTAL EXPENDITURES	<u>1,825,349</u>	<u>1,632,720</u>	<u>192,629</u>
EXCESS OF REVENUES OVER EXPENDITURES	(348,262)	(255,374)	92,888
OTHER FINANCING SOURCES			
Transfers in	<u>348,262</u>	<u>255,374</u>	<u>(92,888)</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, 2019

	Final Amended Budget (Unaudited)	Actual	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>			
Federal and state grants	\$ 8,870,740	\$ 3,008,090	\$ (5,862,650)
Charges for services	415,800	651,050	235,250
Other revenue	-	62,802	62,802
<b>TOTAL REVENUES</b>	<b>9,286,540</b>	<b>3,721,942</b>	<b>(5,564,598)</b>
<b>EXPENDITURES</b>			
Current			
Health and welfare	9,522,054	3,149,991	6,372,063
Capital outlay	26,201	10,262	15,939
<b>TOTAL EXPENDITURES</b>	<b>9,548,255</b>	<b>3,160,253</b>	<b>6,388,002</b>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<b>(261,715)</b>	<b>561,689</b>	<b>823,404</b>
<b>OTHER FINANCING (USES)</b>			
Transfers out	(67,585)	-	67,585
<b>NET CHANGE IN FUND BALANCES</b>	<b>(329,300)</b>	<b>561,689</b>	<b>890,989</b>
Fund balances, beginning of year	7,719,155	7,719,155	-
Fund balances, end of year	<u>\$ 7,389,855</u>	<u>\$ 8,280,844</u>	<u>\$ 890,989</u>

Macomb County, Michigan

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

Community Action Agency  
Year Ended September 30, 2019

	Final Amended Budget (Unaudited)	Actual	Variance with Final Budget Positive (Negative)
REVENUES			
Federal and state grants	\$ 22,706,976	\$ 22,730,594	\$ 23,618
Charges for services	2,194,069	1,429,048	(765,021)
Other revenue	219,060	195,150	(23,910)
TOTAL REVENUES	25,120,105	24,354,792	(765,313)
EXPENDITURES			
Current			
Health and welfare	29,086,156	27,623,278	1,462,878
Capital outlay	578,143	510,765	67,378
TOTAL EXPENDITURES	29,664,299	28,134,043	1,530,256
EXCESS OF REVENUES OVER EXPENDITURES	(4,544,194)	(3,779,251)	764,943
OTHER FINANCING SOURCES			
Transfers in	4,178,622	4,051,143	(127,479)
NET CHANGE IN FUND BALANCES	(365,572)	271,892	637,464
Fund balances, beginning of year	1,057,448	1,057,448	-
Fund balances, end of year	\$ 691,876	\$ 1,329,340	\$ 637,464



Macomb County, Michigan

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

Concealed Pistol License  
Year Ended December 31, 2019

	Final Amended Budget (Unaudited)	Actual	Variance with Final Budget Positive (Negative)
REVENUES			
Licenses and permits	\$ 150,856	\$ 422,888	\$ 272,032
EXPENDITURES			
Current			
General government	150,856	115,849	35,007
EXCESS OF REVENUES OVER EXPENDITURES	-	307,039	307,039
Fund balances, beginning of year	967,720	967,720	-
Fund balances, end of year	<u>\$ 967,720</u>	<u>\$ 1,274,759</u>	<u>\$ 307,039</u>

Macomb County, Michigan

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

Emergency Management Grants  
Year Ended December 31, 2019

	Final Amended Budget (Unaudited)	Actual	Variance with Final Budget Positive (Negative)
REVENUES			
Federal and state grants	\$ 10,938,841	\$ 3,292,144	\$ (7,646,697)
Other grants	-	3,985	3,985
Other revenue	52,810	26,405	(26,405)
TOTAL REVENUES	10,991,651	3,322,534	(7,669,117)
EXPENDITURES			
Current			
Public safety	10,531,346	3,384,076	7,147,270
Capital outlay	596,720	225,368	371,352
TOTAL EXPENDITURES	11,128,066	3,609,444	7,518,622
EXCESS OF REVENUES OVER EXPENDITURES	(136,415)	(286,910)	(150,495)
OTHER FINANCING SOURCES			
Transfers in	52,810	52,810	-
NET CHANGE IN FUND BALANCES	(83,605)	(234,100)	(150,495)
Fund balances, beginning of year	(664,765)	(664,765)	-
Fund balances, end of year	\$ (748,370)	\$ (898,865)	\$ (150,495)

Macomb County, Michigan

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

Friend of the Court  
Year Ended September 30, 2019

	Final Amended Budget (Unaudited)	Actual	Variance with Final Budget Positive (Negative)
REVENUES			
Federal and state grants	\$ 7,901,975	\$ 8,360,171	\$ 458,196
Charges for services	740,000	780,264	40,264
Other revenue	-	66	66
TOTAL REVENUES	8,641,975	9,140,501	498,526
EXPENDITURES			
Current			
Judicial	11,993,949	11,222,053	771,896
Capital outlay	65,000	3,233	61,767
TOTAL EXPENDITURES	12,058,949	11,225,286	833,663
EXCESS OF REVENUES OVER EXPENDITURES	(3,416,974)	(2,084,785)	1,332,189
OTHER FINANCING SOURCES			
Transfers in	3,416,974	2,671,652	(745,322)
NET CHANGE IN FUND BALANCES	-	586,867	586,867
Fund balances, beginning of year	(367,443)	(367,443)	-
Fund balances, end of year	\$ (367,443)	\$ 219,424	\$ 586,867

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

	<u>Health Grants</u>		
	<u>Year Ended December 31, 2019</u>		
	Final Amended Budget (Unaudited)	Actual	Variance with Final Budget Positive (Negative)
REVENUES			
Federal and state grants	\$ 53,515	\$ 578,021	\$ 524,506
Charges for services	12,876	11,067	(1,809)
TOTAL REVENUES	66,391	589,088	522,697
EXPENDITURES			
Current			
Health and welfare	101,955	41,848	60,107
Capital outlay	3,539	2,784	755
TOTAL EXPENDITURES	105,494	44,632	60,862
EXCESS OF REVENUES OVER EXPENDITURES	(39,103)	544,456	583,559
Fund balances, beginning of year	487,297	487,297	-
Fund balances, end of year	<u>\$ 448,194</u>	<u>\$ 1,031,753</u>	<u>\$ 583,559</u>

Macomb County, Michigan

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

	<u>Health Grants</u>		
	<u>Year Ended September 30, 2019</u>		
	Final Amended Budget (Unaudited)	Actual	Variance with Final Budget Positive (Negative)
REVENUES			
Federal and state grants	\$ 5,323,540	\$ 4,873,709	\$ (449,831)
Charges for services	573,775	776,093	202,318
Other revenues	4,000	3,771	(229)
TOTAL REVENUES	5,901,315	5,653,573	(247,742)
EXPENDITURES			
Current			
Health and welfare	8,378,646	7,196,968	1,181,678
Capital outlay	93,902	80,377	13,525
TOTAL EXPENDITURES	8,472,548	7,277,345	1,195,203
EXCESS OF REVENUES OVER EXPENDITURES	(2,571,233)	(1,623,772)	947,461
OTHER FINANCING SOURCES			
Transfers in	2,255,535	1,679,704	(575,831)
NET CHANGE IN FUND BALANCES	(315,698)	55,932	371,630
Fund balances, beginning of year	2,591,614	2,591,614	-
Fund balances, end of year	\$ 2,275,916	\$ 2,647,546	\$ 371,630

-CONTINUED-

Macomb County, Michigan

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

Macomb / St. Clair Employment and Training  
Year Ended June 30, 2019

	Final Amended Budget (Unaudited)	Actual	Variance with Final Budget Positive (Negative)
REVENUES			
Charges for services	\$ 4,539,468	\$ 4,100,123	\$ (439,345)
EXPENDITURES			
Current			
Health and welfare	4,536,468	4,060,037	476,431
Capital outlay	3,000	395	2,605
TOTAL EXPENDITURES	4,539,468	4,060,432	479,036
EXCESS OF REVENUES OVER EXPENDITURES	-	39,691	39,691
OTHER FINANCING SOURCES			
Transfers out	-	(39,691)	(39,691)
NET CHANGE IN FUND BALANCES	-	-	-
Fund balances, beginning of year	-	-	-
Fund balances, end of year	\$ -	\$ -	\$ -

Macomb County, Michigan

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

MSU Extension  
Year Ended December 31, 2019

	Final Amended Budget (Unaudited)	Actual	Variance with Final Budget Positive (Negative)
REVENUES			
Charges for services	\$ 6,000	\$ 902	\$ (5,098)
EXPENDITURES			
Current			
Health and welfare	35,175	5,395	29,780
Capital outlay	1,800	-	1,800
TOTAL EXPENDITURES	<u>36,975</u>	<u>5,395</u>	<u>31,580</u>
EXCESS OF REVENUES OVER EXPENDITURES	(30,975)	(4,493)	26,482
Fund balances, beginning of year	<u>143,897</u>	<u>143,897</u>	<u>-</u>
Fund balances, end of year	<u>\$ 112,922</u>	<u>\$ 139,404</u>	<u>\$ 26,482</u>

-CONTINUED-

Macomb County, Michigan

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

	<u>MSU Extension</u>		
	<u>Year Ended September 30, 2019</u>		
	<u>Final Amended Budget (Unaudited)</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
EXPENDITURES			
Current			
Health and welfare	\$ 30,100	\$ 28,563	\$ 1,537
EXCESS OF REVENUES OVER EXPENDITURES	(30,100)	(28,563)	1,537
Fund balances, beginning of year	228,541	228,541	-
Fund balances, end of year	<u>\$ 198,441</u>	<u>\$ 199,978</u>	<u>\$ 1,537</u>

-CONTINUED-



Macomb County, Michigan

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

Prosecuting Attorney Grants  
Year Ended December 31, 2019

	Final Amended Budget (Unaudited)	Actual	Variance with Final Budget Positive (Negative)
REVENUES			
Fines and forfeitures	\$ 222,000	\$ 205,862	\$ (16,138)
Interest and rents	-	6,148	6,148
Other revenue	-	843	843
	<hr/>	<hr/>	<hr/>
TOTAL REVENUES	222,000	212,853	(9,147)
EXPENDITURES			
Current			
Judicial	212,500	162,997	49,503
Capital outlay	24,500	22,731	1,769
	<hr/>	<hr/>	<hr/>
TOTAL EXPENDITURES	237,000	185,728	51,272
EXCESS OF REVENUES OVER EXPENDITURES	(15,000)	27,125	42,125
Fund balances, beginning of year	<hr/> 240,001	<hr/> 240,001	<hr/> -
Fund balances, end of year	<u>\$ 225,001</u>	<u>\$ 267,126</u>	<u>\$ 42,125</u>

Macomb County, Michigan

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

Prosecuting Attorney Grants  
Year Ended September 30, 2019

	Final Amended Budget (Unaudited)	Actual	Variance with Final Budget Positive (Negative)
REVENUES			
Federal and state grants	\$ 1,671,158	\$ 1,918,919	\$ 247,761
Other revenue	46,695	42,092	(4,603)
TOTAL REVENUES	1,717,853	1,961,011	243,158
EXPENDITURES			
Current			
Judicial	2,522,533	2,447,462	75,071
Capital outlay	11,000	10,907	93
TOTAL EXPENDITURES	2,533,533	2,458,369	75,164
EXCESS OF REVENUES OVER EXPENDITURES	(815,680)	(497,358)	318,322
OTHER FINANCING SOURCES			
Transfers in	815,680	661,614	(154,066)
TOTAL OTHER FINANCING SOURCES (USES)	815,680	661,614	(154,066)
NET CHANGE IN FUND BALANCES	-	164,256	164,256
Fund balances, beginning of year	(250,862)	(250,862)	-
Fund balances, end of year	\$ (250,862)	\$ (86,606)	\$ 164,256

Macomb County, Michigan

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

Public Defender's Office Fund  
Year Ended September 30, 2019

	Final Amended Budget (Unaudited)	Actual	Variance with Final Budget Positive (Negative)
REVENUES			
Federal and state grants	\$ 2,568,527	\$ 2,568,527	\$ -
Charges for services	868,000	1,148,797	280,797
TOTAL REVENUES	3,436,527	3,717,324	280,797
EXPENDITURES			
Current			
Judicial	5,726,984	4,144,198	1,582,786
Capital outlay	457,293	440,871	16,422
TOTAL EXPENDITURES	6,184,277	4,585,069	1,599,208
EXCESS OF REVENUES OVER EXPENDITURES	(2,747,750)	(867,745)	1,880,005
OTHER FINANCING SOURCES			
Transfers in	2,747,750	1,289,022	(1,458,728)
NET CHANGE IN FUND BALANCES	-	421,277	421,277
Fund balances, beginning of year	-	-	-
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, 2019

	Final Amended Budget (Unaudited)	Actual	Variance with Final Budget Positive (Negative)
REVENUES			
Federal and state grants	\$ 247,062	\$ 98,825	\$ (148,237)
EXPENDITURES			
Current			
General government	<u>247,062</u>	<u>247,062</u>	<u>-</u>
EXCESS OF REVENUES OVER EXPENDITURES	-	(148,237)	(148,237)
Fund balances, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances, end of year	<u>\$ -</u>	<u>\$ (148,237)</u>	<u>\$ (148,237)</u>

Macomb County, Michigan

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

Register of Deeds Technology Fund  
Year Ended December 31, 2019

	Final Amended Budget (Unaudited)	Actual	Variance with Final Budget Positive (Negative)
REVENUES			
Charges for services	\$ 1,080,000	\$ 1,076,971	\$ (3,029)
Interest and rents	-	23,812	23,812
	<hr/>	<hr/>	<hr/>
TOTAL REVENUES	1,080,000	1,100,783	20,783
EXPENDITURES			
Current			
General government	1,261,050	731,601	529,449
	<hr/>	<hr/>	<hr/>
EXCESS OF REVENUES OVER EXPENDITURES	(181,050)	369,182	550,232
Fund balances, beginning of year	995,973	995,973	-
	<hr/>	<hr/>	<hr/>
Fund balances, end of year	<u>\$ 814,923</u>	<u>\$ 1,365,155</u>	<u>\$ 550,232</u>

Macomb County, Michigan

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

Sheriff Grants  
Year Ended December 31, 2019

	Final Amended Budget (Unaudited)	Actual	Variance with Final Budget Positive (Negative)
REVENUES			
Federal and state grants	\$ 51,920	\$ 80,146	\$ 28,226
Charges for services	100,000	78,246	(21,754)
Fines and forfeitures	255,000	445,650	190,650
Other revenue	-	6,689	6,689
TOTAL REVENUES	406,920	610,731	203,811
EXPENDITURES			
Current			
Public safety	1,395,935	343,638	1,052,297
Capital outlay	523,676	231,667	292,009
TOTAL EXPENDITURES	1,919,611	575,305	1,344,306
EXCESS OF REVENUES OVER EXPENDITURES	(1,512,691)	35,426	1,548,117
OTHER FINANCING SOURCES			
Transfers out	(123)	(123)	-
NET CHANGE IN FUND BALANCES	(1,512,814)	35,303	1,548,117
Fund balances, beginning of year	1,516,199	1,516,199	-
Fund balances, end of year	\$ 3,385	\$ 1,551,502	\$ 1,548,117

Macomb County, Michigan

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

Sheriff Grants  
Year Ended September 30, 2019

	Final Amended Budget (Unaudited)	Actual	Variance with Final Budget Positive (Negative)
REVENUES			
Federal and state grants	\$ 1,653,836	\$ 1,663,952	\$ 10,116
Other grants	432,500	357,642	(74,858)
Fines and forfeitures	10,000	3,132	(6,868)
TOTAL REVENUES	2,096,336	2,024,726	(71,610)
EXPENDITURES			
Current			
Public safety	2,438,284	2,154,060	284,224
Capital outlay	76,214	74,544	1,670
TOTAL EXPENDITURES	2,514,498	2,228,604	285,894
EXCESS OF REVENUES OVER EXPENDITURES	(418,162)	(203,878)	214,284
OTHER FINANCING SOURCES			
Transfers in	418,162	311,321	(106,841)
NET CHANGE IN FUND BALANCES	-	107,443	107,443
Fund balances, beginning of year	(136,588)	(136,588)	-
Fund balances, end of year	\$ (136,588)	\$ (29,145)	\$ 107,443

Macomb County, Michigan

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

Urban County Block Grant  
Year Ended December 31, 2019

	Final Amended Budget (Unaudited)	Actual	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>			
Federal and state grants	\$ 803,662	\$ 332,542	\$ (471,120)
Charges for services	-	30,000	30,000
Interest and rents	-	6,563	6,563
Other revenue	125,348	334,658	209,310
<b>TOTAL REVENUES</b>	<b>929,010</b>	<b>703,763</b>	<b>(225,247)</b>
<b>EXPENDITURES</b>			
Current			
Health and welfare	50,000	192,395	(142,395)
Community and economic development	1,000,031	394,606	605,425
<b>TOTAL EXPENDITURES</b>	<b>1,050,031</b>	<b>587,001</b>	<b>463,030</b>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<b>(121,021)</b>	<b>116,762</b>	<b>237,783</b>
Fund balances, beginning of year	594,961	594,961	-
Fund balances, end of year	<u>\$ 473,940</u>	<u>\$ 711,723</u>	<u>\$ 237,783</u>

-CONTINUED-



Macomb County, Michigan

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

Veterans' Affairs Fund  
Year Ended December 31, 2019

	Final Amended Budget (Unaudited)	Actual	Variance with Final Budget Positive (Negative)
REVENUES			
Property taxes	\$ 1,843,298	\$ 1,842,229	\$ (1,069)
Federal and state grants	31,669	180,097	148,428
Other revenue	-	48	48
TOTAL REVENUES	1,874,967	2,022,374	147,407
EXPENDITURES			
Current			
Health and welfare	1,625,639	1,509,692	115,947
Capital outlay	29,000	22,938	6,062
TOTAL EXPENDITURES	1,654,639	1,532,630	122,009
EXCESS OF REVENUES OVER EXPENDITURES	220,328	489,744	269,416
Fund balances, beginning of year	1,039,219	1,039,219	-
Fund balances, end of year	\$ 1,259,547	\$ 1,528,963	\$ 269,416

-CONTINUED-

Macomb County, Michigan

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

Veterans' Grants Fund  
Year Ended September 30, 2019

	Final Amended Budget (Unaudited)	Actual	Variance with Final Budget Positive (Negative)
REVENUES			
Federal and state grants	\$ 220,843	\$ 50,000	\$ (170,843)
EXPENDITURES			
Current			
Health and welfare	200,843	152,075	48,768
Capital outlay	20,000	17,946	2,054
	<u>220,843</u>	<u>170,021</u>	<u>50,822</u>
TOTAL EXPENDITURES			
	<u>220,843</u>	<u>170,021</u>	<u>50,822</u>
EXCESS OF REVENUES OVER EXPENDITURES	-	(120,021)	(120,021)
Fund balances, beginning of year	-	-	-
Fund balances, end of year	<u>\$ -</u>	<u>\$ (120,021)</u>	<u>\$ (120,021)</u>

FUND DESCRIPTION – NONMAJOR DEBT SERVICE FUND

December 31, 2019

***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 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, which begins on page B-40 of 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, 2019

	Final Amended Budget (Unaudited)	Actual	Variance with Final Budget Positive (Negative)
REVENUES			
Property taxes	\$ 128,576	\$ 133,531	\$ 4,955
Federal and state grants	-	11,234	11,234
TOTAL REVENUES	128,576	144,765	16,189
EXPENDITURES			
Current			
Public works	2,183,683	2,083,005	100,678
Debt service			
Principal	7,265,000	7,265,000	-
Interest and fees	1,789,786	1,789,311	475
TOTAL EXPENDITURES	11,238,469	11,137,316	101,153
EXCESS OF REVENUES OVER EXPENDITURES	(11,109,893)	(10,992,551)	117,342
OTHER FINANCING SOURCES			
Transfers in	9,109,893	9,109,418	(475)
NET CHANGE IN FUND BALANCES	(2,000,000)	(1,883,133)	116,867
Fund balances, beginning of year	2,063,411	2,063,411	-
Fund balances, end of year	\$ 63,411	\$ 180,278	\$ 116,867

COMBINING BALANCE SHEET – NONMAJOR CAPITAL PROJECT FUNDS

December 31, 2019

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 is expected to be completed in 2019, is being funded primarily through a \$45 million bond issue, with the remaining \$25 million being funded by the General Fund.

**Circuit Court E-filing** – This fund accounts for the accumulation and use of resources related to paperless solutions in the circuit court. Capital outlays related to this project are mainly for technology, such as computer hardware and software platforms. The program is funded by court filing fees earmarked for the project. The program does not receive any funding from 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 42<sup>nd</sup> 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, 2019

	Bridge Program	Capital Improvement Fund	General County Capital Projects	Central Campus Renovation
<b>ASSETS</b>				
Cash and pooled investments	\$ 119,257	\$ -	\$ 3,731,527	\$ 48,060
Receivables				
Trade accounts, net	-	-	-	-
Due from other governments	528,951	-	-	-
Other assets	-	-	-	-
	<u>648,208</u>	<u>-</u>	<u>3,731,527</u>	<u>48,060</u>
<b>TOTAL ASSETS</b>	<b>\$ 648,208</b>	<b>\$ -</b>	<b>\$ 3,731,527</b>	<b>\$ 48,060</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts payable	\$ -	\$ -	\$ 526,433	\$ 48,060
Accrued liabilities	-	-	324,416	-
Due to other governments	-	-	-	-
Due to governmental funds	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>-</b>	<b>850,849</b>	<b>48,060</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable grants and other charges	528,951	-	-	-
	<u>528,951</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>				
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Assigned	119,257	-	2,880,678	-
	<u>119,257</u>	<u>-</u>	<u>2,880,678</u>	<u>-</u>
<b>TOTAL FUND BALANCES</b>	<b>119,257</b>	<b>-</b>	<b>2,880,678</b>	<b>-</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<b>\$ 648,208</b>	<b>\$ -</b>	<b>\$ 3,731,527</b>	<b>\$ 48,060</b>

Macomb County, Michigan

COMBINING BALANCE SHEET – NONMAJOR CAPITAL PROJECT FUNDS (CONTINUED)

December 31, 2019

	Circuit Court E- Filing	District Court Improvement	E-911 Radio System	E-911 Cellular Fee
<b>ASSETS</b>				
Cash and pooled investments	\$ -	\$ 466,366	\$ -	\$ 2,779,038
Receivables				
Trade accounts, net	-	-	-	-
Due from other governments	-	-	5,000	390,883
Other assets	-	-	-	3,017
<b>TOTAL ASSETS</b>	<b>\$ -</b>	<b>\$ 466,366</b>	<b>\$ 5,000</b>	<b>\$ 3,172,938</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts payable	\$ -	\$ -	\$ -	\$ 7,616
Accrued liabilities	-	-	-	-
Due to other governments	-	-	-	690,470
Due to governmental funds	-	-	5,000	-
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>-</b>	<b>5,000</b>	<b>698,086</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable grants and other charges	-	-	-	-
<b>FUND BALANCES</b>				
Nonspendable	-	-	-	3,017
Restricted	-	-	-	2,471,835
Assigned	-	466,366	-	-
<b>TOTAL FUND BALANCES</b>	<b>-</b>	<b>466,366</b>	<b>-</b>	<b>2,474,852</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<b>\$ -</b>	<b>\$ 466,366</b>	<b>\$ 5,000</b>	<b>\$ 3,172,938</b>

(1) - Balance Sheet as of September 30, 2019

Macomb County, Michigan

COMBINING BALANCE SHEET – NONMAJOR CAPITAL PROJECT FUNDS (CONCLUDED)

December 31, 2019

	E-911 Radio Maintenance	Orchard Trail	Youth Home Renovation	Total Nonmajor Capital Project Funds
<b>ASSETS</b>				
Cash and pooled investments	\$ 127,977	\$ 362,086	\$ 103,230	\$ 7,737,541
Receivables				
Trade accounts, net	54,078	-	-	54,078
Due from other governments	254,967	-	-	1,179,801
Other assets	-	-	-	3,017
	<u>437,022</u>	<u>362,086</u>	<u>103,230</u>	<u>8,974,437</u>
<b>TOTAL ASSETS</b>	<b>\$ 437,022</b>	<b>\$ 362,086</b>	<b>\$ 103,230</b>	<b>\$ 8,974,437</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts payable	\$ 33,715	\$ 11,475	\$ -	\$ 627,299
Accrued liabilities	-	-	-	324,416
Due to other governments	-	-	-	690,470
Due to governmental funds	-	-	-	5,000
	<u>33,715</u>	<u>11,475</u>	<u>-</u>	<u>1,647,185</u>
<b>TOTAL LIABILITIES</b>	<b>33,715</b>	<b>11,475</b>	<b>-</b>	<b>1,647,185</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable grants and other charges	96,975	-	-	625,926
	<u>96,975</u>	<u>-</u>	<u>-</u>	<u>625,926</u>
<b>FUND BALANCES</b>				
Nonspendable	-	-	-	3,017
Restricted	306,332	-	-	2,778,167
Assigned	-	350,611	103,230	3,920,142
	<u>306,332</u>	<u>350,611</u>	<u>103,230</u>	<u>6,701,326</u>
<b>TOTAL FUND BALANCES</b>	<b>306,332</b>	<b>350,611</b>	<b>103,230</b>	<b>6,701,326</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<b>\$ 437,022</b>	<b>\$ 362,086</b>	<b>\$ 103,230</b>	<b>\$ 8,974,437</b>



Macomb County, Michigan

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

Year Ended December 31, 2019

	Bridge Program	Capital Improvement Fund	General County Capital Projects	Central Campus Renovation
<b>REVENUES</b>				
Federal and state grants	\$ -	\$ -	\$ 63,769	\$ -
Charges for services	24,045	-	-	-
Interest and rents	-	-	-	-
Other revenue	-	-	340,634	-
<b>TOTAL REVENUES</b>	<b>24,045</b>	<b>-</b>	<b>404,403</b>	<b>-</b>
<b>EXPENDITURES</b>				
Current				
Public safety	-	-	69,487	-
Public works	-	-	3,670	-
Recreational and cultural	-	-	-	-
Capital outlay	-	-	14,226,862	1,470,438
<b>TOTAL EXPENDITURES</b>	<b>-</b>	<b>-</b>	<b>14,300,019</b>	<b>1,470,438</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>24,045</b>	<b>-</b>	<b>(13,895,616)</b>	<b>(1,470,438)</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	10,640,057	30,884
Transfers out	-	(260,198)	(3,760)	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>-</b>	<b>(260,198)</b>	<b>10,636,297</b>	<b>30,884</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>24,045</b>	<b>(260,198)</b>	<b>(3,259,319)</b>	<b>(1,439,554)</b>
Fund balances, beginning of year	95,212	260,198	6,139,997	1,439,554
Fund balances, end of year	<u>\$ 119,257</u>	<u>\$ -</u>	<u>\$ 2,880,678</u>	<u>\$ -</u>

Macomb County, Michigan

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

Year Ended December 31, 2019

	Circuit Court E- Filing	District Court Improvement	E-911 Radio System	E-911 Cellular Fee
<b>REVENUES</b>				
Federal and state grants	\$ -	\$ -	\$ -	\$ 660,426
Charges for services	78	66,528	-	-
Interest and rents	-	-	-	-
Other revenue	-	-	8,159	-
<b>TOTAL REVENUES</b>	<b>78</b>	<b>66,528</b>	<b>8,159</b>	<b>660,426</b>
<b>EXPENDITURES</b>				
<b>Current</b>				
Public safety	-	-	5,000	196,829
Public works	-	-	-	-
Recreational and cultural	-	-	-	-
Capital outlay	-	-	556,394	19,129
<b>TOTAL EXPENDITURES</b>	<b>-</b>	<b>-</b>	<b>561,394</b>	<b>215,958</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>78</b>	<b>66,528</b>	<b>(553,235)</b>	<b>444,468</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	553,235	-
Transfers out	(128,331)	(180,000)	-	(181,452)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(128,331)</b>	<b>(180,000)</b>	<b>553,235</b>	<b>(181,452)</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(128,253)</b>	<b>(113,472)</b>	<b>-</b>	<b>263,016</b>
Fund balances, beginning of year	128,253	579,838	-	2,211,836
Fund balances, end of year	<u>\$ -</u>	<u>\$ 466,366</u>	<u>\$ -</u>	<u>\$ 2,474,852</u>

(1) - Year ended September 30, 2019

Macomb County, Michigan

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

Year Ended December 31, 2019

	E-911 Radio Maintenance	Orchard Trail	Youth Home Renovation	Total Nonmajor Capital Project Funds
<b>REVENUES</b>				
Federal and state grants	\$ -	\$ -	\$ -	\$ 724,195
Charges for services	389,317	25,310	-	505,278
Interest and rents	-	6,939	-	6,939
Other revenue	-	-	-	348,793
<b>TOTAL REVENUES</b>	<b>389,317</b>	<b>32,249</b>	<b>-</b>	<b>1,585,205</b>
<b>EXPENDITURES</b>				
Current				
Public safety	310,351	-	-	581,667
Public works	-	-	-	3,670
Recreational and cultural	-	84,565	-	84,565
Capital outlay	33,520	-	-	16,306,343
<b>TOTAL EXPENDITURES</b>	<b>343,871</b>	<b>84,565</b>	<b>-</b>	<b>16,976,245</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>45,446</b>	<b>(52,316)</b>	<b>-</b>	<b>(15,391,040)</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	-	11,224,176
Transfers out	(293,037)	-	-	(1,046,778)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(293,037)</b>	<b>-</b>	<b>-</b>	<b>10,177,398</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(247,591)</b>	<b>(52,316)</b>	<b>-</b>	<b>(5,213,642)</b>
Fund balances, beginning of year	553,923	402,927	103,230	11,914,968
Fund balances, end of year	<u>\$ 306,332</u>	<u>\$ 350,611</u>	<u>\$ 103,230</u>	<u>\$ 6,701,326</u>

FUND DESCRIPTIONS – INTERNAL SERVICE FUNDS

December 31, 2019

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, 2019

	Compensated Absences	Equipment Revolving	Fringe Benefits	County General Liability
<b>ASSETS</b>				
Current Assets				
Cash and pooled investments	\$ 15,834,608	\$ 5,959,982	\$ 1,952,898	\$ 4,299,181
Investments, at fair value				
US Government securities	-	-	-	-
Corporate bonds	-	-	-	-
Common stock	-	-	-	-
Foreign stock	-	-	-	-
Real estate investment trust	-	-	-	-
Fixed income common collective trusts	-	-	-	-
Equity common collective trusts	-	-	-	-
Receivables				
Accrued interest	-	-	-	-
Trade accounts, net	-	23,211	-	-
Inventories	-	205,970	-	-
Due from other governments	-	-	20,000	-
Due from component unit	-	-	-	-
Due from governmental funds	-	-	736,632	-
Due from fiduciary funds	-	-	4,089,135	-
Other assets	-	24,822	1,013,969	552,043
<b>Total current assets</b>	<b>15,834,608</b>	<b>6,213,985</b>	<b>7,812,634</b>	<b>4,851,224</b>
Noncurrent assets				
Capital assets, net				
Assets being depreciated	-	931,252	-	-
<b>TOTAL ASSETS</b>	<b>15,834,608</b>	<b>7,145,237</b>	<b>7,812,634</b>	<b>4,851,224</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Related to other post-employment benefits	-	-	-	-
<b>LIABILITIES</b>				
Current liabilities				
Accounts payable and accrued liabilities	32,216	162,523	1,551,662	20,834
Accrued interest payable	-	-	-	-
Due to other governments	-	-	235,593	-
Due to governmental funds	-	331,565	-	-
Claims and judgments	-	-	-	824,461
Long-term liabilities due within one year	1,700,000	-	-	-
<b>Total current liabilities</b>	<b>1,732,216</b>	<b>494,088</b>	<b>1,787,255</b>	<b>845,295</b>
Noncurrent liabilities				
Claims and judgments	-	-	-	3,637,953
Long-term liabilities due in more than one year	12,199,057	-	-	-
Net other post-employment benefits liability	-	-	-	-
<b>Total noncurrent liabilities</b>	<b>12,199,057</b>	<b>-</b>	<b>-</b>	<b>3,637,953</b>
<b>TOTAL LIABILITIES</b>	<b>13,931,273</b>	<b>494,088</b>	<b>1,787,255</b>	<b>4,483,248</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Related to other post-employment benefits	-	-	-	-
<b>NET POSITION</b>				
Net investment in capital assets	-	931,252	-	-
Restricted for:				
Roads general liability insurance	-	-	-	-
Unrestricted (deficit)	1,903,335	5,719,897	6,025,379	367,976
<b>TOTAL NET POSITION</b>	<b>\$ 1,903,335</b>	<b>\$ 6,651,149</b>	<b>\$ 6,025,379</b>	<b>\$ 367,976</b>

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Macomb County, Michigan

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

December 31, 2019

	Other Postemployment Benefits	Roads General Liability (1)	Workers' Compensation	Total Internal Service Funds
<b>ASSETS</b>				
Current Assets				
Cash and pooled investments	\$ 16,732,188	\$ 7,916,712	\$ 1,818,725	\$ 54,514,294
Investments, at fair value				
US Government securities	3,788,553	-	-	3,788,553
Corporate bonds	2,788,661	-	-	2,788,661
Common stock	139,690,750	-	-	139,690,750
Foreign stock	33,264,694	-	-	33,264,694
Real estate investment trust	36,713,341	-	-	36,713,341
Fixed income common collective trusts	4,326,443	-	-	4,326,443
Equity common collective trusts	43,636,647	-	-	43,636,647
Receivables				
Accrued interest	226,375	-	-	226,375
Trade accounts, net	1,737,157	-	-	1,760,368
Inventories	-	-	-	205,970
Due from other governments	-	-	-	20,000
Due from component unit	13,538,403	-	-	13,538,403
Due from governmental funds	-	-	-	736,632
Due from fiduciary funds	-	-	-	4,089,135
Other assets	-	-	211,669	1,802,503
<b>Total current assets</b>	<b>296,443,212</b>	<b>7,916,712</b>	<b>2,030,394</b>	<b>341,102,769</b>
Noncurrent assets				
Capital assets, net				
Assets being depreciated	-	-	-	931,252
<b>TOTAL ASSETS</b>	<b>296,443,212</b>	<b>7,916,712</b>	<b>2,030,394</b>	<b>342,034,021</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Related to other post-employment benefits	6,834,727	-	-	6,834,727
<b>LIABILITIES</b>				
Current liabilities				
Accounts payable and accrued liabilities	342,428	-	46,394	2,156,057
Accrued interest payable	1,348,428	-	-	1,348,428
Due to other governments	-	-	-	235,593
Due to governmental funds	5,429,198	-	-	5,760,763
Claims and judgments	-	29,082	464,811	1,318,354
Long-term liabilities due within one year	10,295,000	-	-	11,995,000
<b>Total current liabilities</b>	<b>17,415,054</b>	<b>29,082</b>	<b>511,205</b>	<b>22,814,195</b>
Noncurrent liabilities				
Claims and judgments	-	250,000	1,394,434	5,282,387
Long-term liabilities due in more than one year	202,765,000	-	-	214,964,057
Net other post-employment benefits liability	207,219,551	-	-	207,219,551
<b>Total noncurrent liabilities</b>	<b>409,984,551</b>	<b>250,000</b>	<b>1,394,434</b>	<b>427,465,995</b>
<b>TOTAL LIABILITIES</b>	<b>427,399,605</b>	<b>279,082</b>	<b>1,905,639</b>	<b>450,280,190</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Related to other post-employment benefits	54,114,927	-	-	54,114,927
<b>NET POSITION</b>				
Net investment in capital assets	-	-	-	931,252
Restricted for:				
Roads general liability insurance	-	7,637,630	-	7,637,630
Unrestricted (deficit)	(178,236,593)	-	124,755	(164,095,251)
<b>TOTAL NET POSITION</b>	<b>\$ (178,236,593)</b>	<b>\$ 7,637,630</b>	<b>\$ 124,755</b>	<b>\$ (155,526,369)</b>

(1) - Year ended September 30, 2019

Macomb County, Michigan

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

Year Ended December 31, 2019

	Compensated Absences	Equipment Revolving	Fringe Benefits	County General Liability
<b>OPERATING REVENUES</b>				
Charges for services	\$ 3,207,491	\$ 3,369,731	\$ 57,978,082	\$ 3,437,899
<b>OPERATING EXPENSES</b>				
Benefits and claims expenses	1,554,156	-	57,882,686	2,207,856
Supplies and services	-	2,752,453	-	-
Depreciation	-	402,055	-	-
<b>TOTAL OPERATING EXPENSES</b>	<b>1,554,156</b>	<b>3,154,508</b>	<b>57,882,686</b>	<b>2,207,856</b>
<b>OPERATING INCOME (LOSS)</b>	<b>1,653,335</b>	<b>215,223</b>	<b>95,396</b>	<b>1,230,043</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Investment income	-	-	-	-
Interest expense	-	-	-	-
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET INCOME (LOSS) BEFORE TRANSFERS</b>	<b>1,653,335</b>	<b>215,223</b>	<b>95,396</b>	<b>1,230,043</b>
<b>TRANSFERS</b>				
Transfers in	-	-	2,480,571	-
Transfers out	-	(212,598)	-	(1,272,364)
<b>NET TRANSFERS</b>	<b>-</b>	<b>(212,598)</b>	<b>2,480,571</b>	<b>(1,272,364)</b>
<b>CHANGE IN NET POSITION</b>	<b>1,653,335</b>	<b>2,625</b>	<b>2,575,967</b>	<b>(42,321)</b>
Net position, beginning of year	250,000	6,648,524	3,449,412	410,297
Net position, end of year	<u>\$ 1,903,335</u>	<u>\$ 6,651,149</u>	<u>\$ 6,025,379</u>	<u>\$ 367,976</u>

Macomb County, Michigan

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

Year Ended December 31, 2019

	Other Postemployment Benefits	Roads General Liability (1)	Workers' Compensation	Total Internal Service Funds
<b>OPERATING REVENUES</b>				
Charges for services	\$ 19,535,174	\$ -	\$ 1,334,018	\$ 88,862,395
<b>OPERATING EXPENSES</b>				
Benefits and claims expenses	14,562,352	234,360	748,534	77,189,944
Supplies and services	697,279	-	-	3,449,732
Depreciation	-	-	-	402,055
<b>TOTAL OPERATING EXPENSES</b>	<b>15,259,631</b>	<b>234,360</b>	<b>748,534</b>	<b>81,041,731</b>
<b>OPERATING INCOME (LOSS)</b>	<b>4,275,543</b>	<b>(234,360)</b>	<b>585,484</b>	<b>7,820,664</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Investment income	56,936,104	160,153	-	57,096,257
Interest expense	(8,272,138)	-	-	(8,272,138)
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	<b>48,663,966</b>	<b>160,153</b>	<b>-</b>	<b>48,824,119</b>
<b>NET INCOME (LOSS) BEFORE TRANSFERS</b>	<b>52,939,509</b>	<b>(74,207)</b>	<b>585,484</b>	<b>56,644,783</b>
<b>TRANSFERS</b>				
Transfers in	-	-	-	2,480,571
Transfers out	-	-	(1,208,207)	(2,693,169)
<b>NET TRANSFERS</b>	<b>-</b>	<b>-</b>	<b>(1,208,207)</b>	<b>(212,598)</b>
<b>CHANGE IN NET POSITION</b>	<b>52,939,509</b>	<b>(74,207)</b>	<b>(622,723)</b>	<b>56,432,185</b>
Net position, beginning of the year	(231,176,102)	7,711,837	747,478	(211,958,554)
Net position, end of year	<u>\$ (178,236,593)</u>	<u>\$ 7,637,630</u>	<u>\$ 124,755</u>	<u>\$ (155,526,369)</u>

(1) - Year ended September 30, 2019



Macomb County, Michigan

COMBINING STATEMENT OF CASH FLOWS – INTERNAL SERVICE FUNDS

Year Ended December 31, 2019

	Compensated Absences	Equipment Revolving	Fringe Benefits	County General Liability
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Cash received from interfund services	\$ 3,207,491	\$ 3,359,700	\$ 56,636,324	\$ 3,437,899
Cash payments to employees and employee trusts	(2,417,344)	-	-	-
Cash payments to suppliers	-	(2,751,861)	(57,163,997)	(2,245,053)
<b>TOTAL CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>790,147</b>	<b>607,839</b>	<b>(527,673)</b>	<b>1,192,846</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Principal and interest paid on long term debt	-	-	-	-
Transfers in	-	-	2,480,571	-
Transfers out	-	(212,598)	-	(1,272,364)
<b>NET CASH PROVIDED BY (USED IN) NONCAPITAL FINANCING ACTIVITIES</b>	<b>-</b>	<b>(212,598)</b>	<b>2,480,571</b>	<b>(1,272,364)</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Acquisition of capital assets	-	(237,906)	-	-
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest received on investments	-	-	-	-
Proceeds from sale and maturities of investment securities	-	-	-	-
Change in fair value of cash equivalents	-	-	-	-
<b>NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET INCREASE (DECREASE) IN CASH AND POOLED INVESTMENTS</b>	<b>790,147</b>	<b>157,335</b>	<b>1,952,898</b>	<b>(79,518)</b>
Cash and pooled investments, beginning of year	15,044,461	5,802,647	-	4,378,699
Cash and pooled investments, end of year	<u>\$ 15,834,608</u>	<u>\$ 5,959,982</u>	<u>\$ 1,952,898</u>	<u>\$ 4,299,181</u>
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities</b>				
Operating income (loss)	\$ 1,653,335	\$ 215,223	\$ 95,396	\$ 1,230,043
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	-	402,055	-	-
Changes in deferrals related to OPEB	-	-	-	-
Changes in assets and liabilities:				
Accounts receivable	-	(10,031)	-	-
Inventory	-	(18,614)	-	-
Due from other governments	-	-	262,923	-
Due from component unit	-	-	-	-
Due from governmental funds	-	-	(736,632)	-
Due from fiduciary funds	-	-	6,238,269	-
Other assets	-	4,096	817,520	(43,404)
Accounts payable and accrued liabilities	5,105	(6,265)	(597,347)	(122,427)
Due to other funds	-	21,375	(6,843,395)	-
Due to other governments	-	-	235,593	-
Claims and judgments	-	-	-	128,634
Long-term liabilities	(868,293)	-	-	-
Net OPEB liability	-	-	-	-
<b>NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>	<b>\$ 790,147</b>	<b>\$ 607,839</b>	<b>\$ (527,673)</b>	<b>\$ 1,192,846</b>

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Macomb County, Michigan

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

Year Ended December 31, 2019

	Other Postemployment Benefits	Roads General Liability (1)	Workers' Compensation	Total Internal Service Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Cash received from interfund services	\$ 25,315,469	\$ -	\$ 1,334,018	\$ 93,290,901
Cash payments to employees and employee trusts	(30,278,004)	-	-	(32,695,348)
Cash payments to suppliers	328,607	(237,778)	(820,192)	(62,890,274)
<b>TOTAL CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>(4,633,928)</b>	<b>(237,778)</b>	<b>513,826</b>	<b>(2,294,721)</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Principal and interest paid on long term debt	(18,267,998)	-	-	(18,267,998)
Transfers in	-	-	-	2,480,571
Transfers out	-	-	(1,208,207)	(2,693,169)
<b>NET CASH PROVIDED BY (USED IN) NONCAPITAL FINANCING ACTIVITIES</b>	<b>(18,267,998)</b>	<b>-</b>	<b>(1,208,207)</b>	<b>(18,480,596)</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Acquisition of capital assets	-	-	-	(237,906)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest received on investments	-	160,153	-	160,153
Proceeds from sale and maturities of investment securities	30,278,004	-	-	30,278,004
Change in fair value of cash equivalents	215,337	-	-	215,337
<b>NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES</b>	<b>30,493,341</b>	<b>160,153</b>	<b>-</b>	<b>30,653,494</b>
<b>NET INCREASE (DECREASE) IN CASH AND POOLED INVESTMENTS</b>	<b>7,591,415</b>	<b>(77,625)</b>	<b>(694,381)</b>	<b>9,640,271</b>
Cash and pooled investments, beginning of year	9,140,773	7,994,337	2,513,106	44,874,023
Cash and pooled investments, end of year	<u>\$ 16,732,188</u>	<u>\$ 7,916,712</u>	<u>\$ 1,818,725</u>	<u>\$ 54,514,294</u>
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities</b>				
Operating income (loss)	\$ 4,275,543	\$ (234,360)	\$ 585,484	\$ 7,820,664
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	-	-	-	402,055
Changes in deferrals related to OPEB	53,298,121	-	-	53,298,121
Changes in assets and liabilities:				
Accounts receivable	(1,504,277)	-	-	(1,514,308)
Inventory	-	-	-	(18,614)
Due from other governments	-	-	-	262,923
Due from component unit	341,597	-	-	341,597
Due from governmental funds	9,500	-	-	(727,132)
Due from fiduciary funds	-	-	-	6,238,269
Other assets	-	-	28,323	806,535
Accounts payable and accrued liabilities	2,530,163	-	(30,838)	1,778,391
Due to other funds	5,429,198	-	-	(1,392,822)
Due to other governments	-	-	-	235,593
Claims and judgments	-	(3,418)	(69,143)	56,073
Long-term liabilities	-	-	-	(868,293)
Net OPEB liability	(69,013,773)	-	-	(69,013,773)
<b>NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>	<b>\$ (4,633,928)</b>	<b>\$ (237,778)</b>	<b>\$ 513,826</b>	<b>\$ (2,294,721)</b>

(1) - Year ended September 30, 2019

FUND DESCRIPTIONS – FIDUCIARY AND CUSTODIAL FUNDS

December 31, 2019

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, 2019

	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
<b>ASSETS</b>				
Cash and pooled investments	\$ -	\$ 65,068,650	\$ 35,669,807	\$ 100,738,457
Investments, at fair value				
Corporate bonds	-	13,393,359	-	13,393,359
Common stock	-	414,846,645	74,366,384	489,213,029
Preferred stock	-	1,387,786	-	1,387,786
Foreign stock	-	84,556,480	36,085,860	120,642,340
Limited partnership	-	231,288,019	6,605	231,294,624
Real estate investment trusts	-	-	36,197,536	36,197,536
Fixed income common collective trusts	-	53,135,785	42,406,341	95,542,126
Equity common collective trusts	-	224,630,549	133,387,425	358,017,974
Interest in pooled investment	70,141,552	-	-	70,141,552
Total investments, at fair value	70,141,552	1,023,238,623	322,450,151	1,415,830,326
Receivables				
Accrued interest	-	465,027	8,650,380	9,115,407
Other	-	493,339	87,769	581,108
Other assets	-	3,403	25,000	28,403
<b>TOTAL ASSETS</b>	70,141,552	1,089,269,042	366,883,107	1,526,293,701
<b>LIABILITIES</b>				
Accounts payable	-	2,198,920	23,883,168	26,082,088
Accrued compensation and benefits	-	5,028,323	-	5,028,323
Due to primary government	-	-	4,089,135	4,089,135
<b>TOTAL LIABILITIES</b>	-	7,227,243	27,972,303	35,199,546
<b>NET POSITION RESTRICTED FOR PENSION AND OTHER POSTEMPLOYMENT BENEFITS</b>	<u>\$ 70,141,552</u>	<u>\$ 1,082,041,799</u>	<u>\$ 338,910,804</u>	<u>\$ 1,491,094,155</u>

(1) - Year ended September 30, 2019

Macomb County, Michigan

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

Year Ended December 31, 2019

	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
<b>ADDITIONS</b>				
Investment income (loss):				
Interest and dividends	\$ -	\$ 8,854,062	\$ 38,655,817	\$ 47,509,879
Net change in fair value of investments	1,853,092	192,134,982	26,831,766	220,819,840
Less investment expenses	(94,377)	(7,296,158)	(181,962)	(7,572,497)
Net investment income (loss)	1,758,715	193,692,886	65,305,621	260,757,222
Contributions				
Employer	8,378,957	17,144,386	-	25,523,343
Employee	-	3,201,757	-	3,201,757
Contribution from Retiree Health Care Intermediate Trust Fund	-	-	30,278,004	30,278,004
Total contributions	8,378,957	20,346,143	30,278,004	59,003,104
<b>TOTAL ADDITIONS</b>	<b>10,137,672</b>	<b>214,039,029</b>	<b>95,583,625</b>	<b>319,760,326</b>
<b>DEDUCTIONS</b>				
Benefit payments	2,878,957	67,917,452	19,479,157	90,275,566
Refund of contributions	-	452,815	-	452,815
Administrative expenses	37,679	714,895	23,000	775,574
<b>TOTAL DEDUCTIONS</b>	<b>2,916,636</b>	<b>69,085,162</b>	<b>19,502,157</b>	<b>91,503,955</b>
<b>CHANGE IN NET POSITION</b>	<b>7,221,036</b>	<b>144,953,867</b>	<b>76,081,468</b>	<b>228,256,371</b>
Net position - beginning of year, as restated (Note 21)	62,920,516	937,087,932	262,829,336	1,262,837,784
Net position - end of year	\$ 70,141,552	\$ 1,082,041,799	\$ 338,910,804	\$ 1,491,094,155

(1) - Year ended September 30, 2019

Macomb County, Michigan

COMBINING STATEMENT OF FIDUCIARY NET POSITION –  
CUSTODIAL FUNDS

December 31, 2019

	Current Tax Collection Fund	COMET Fund	Miscellaneous Custodial Funds	Total Custodial Funds
<b>ASSETS</b>				
Cash and pooled investments	\$ 1,066,897	\$ 497,004	\$ 5,075,237	\$ 6,639,138
Receivables				
Other	-	-	603,422	603,422
Due from other governments	59,431	15,714	-	75,145
<b>TOTAL ASSETS</b>	<b>1,126,328</b>	<b>512,718</b>	<b>5,678,659</b>	<b>7,317,705</b>
<b>LIABILITIES</b>				
Accounts payable	-	4,354	2,495,358	2,499,712
Due to other governments	1,126,328	-	2,803,896	3,930,224
<b>TOTAL LIABILITIES</b>	<b>1,126,328</b>	<b>4,354</b>	<b>5,299,254</b>	<b>6,429,936</b>
<b>NET POSITION RESTRICTED FOR INDIVIDUALS, ORGANIZATIONS, AND OTHER GOVERNMENTS</b>	<b>\$ -</b>	<b>\$ 508,364</b>	<b>\$ 379,405</b>	<b>\$ 887,769</b>

Macomb County, Michigan

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION –  
CUSTODIAL FUNDS

Year Ended December 31, 2019

	Current Tax Collection Fund	COMET Fund	Miscellaneous Custodial Funds	Total Custodial Funds
<b>ADDITIONS</b>				
Investment income (loss):				
Interest and dividends	\$ -	\$ 8,108	\$ -	\$ 8,108
Tax collections for other governments	203,259,865	-	-	203,259,865
Tax adjustments collected from other governments	2,444,116	-	-	2,444,116
State funds collected for other governments	-	58,118	-	58,118
Forfeitures collected for other governments	-	280,364	7,407	287,771
Fee and fine collections for other governments	-	-	1,186,968	1,186,968
Real estate transfer taxes collected for other governments	-	-	33,599,221	33,599,221
Payments collected on behalf on others	-	-	7,446,008	7,446,008
Other collections	-	22,693	827,399	850,092
	<u>205,703,981</u>	<u>361,175</u>	<u>43,067,003</u>	<u>249,132,159</u>
Total contributions				
	205,703,981	369,283	43,067,003	249,140,267
<b>DEDUCTIONS</b>				
Tax collections disbursed to other governments	203,259,865	-	-	203,259,865
Tax adjustments disbursed to individuals	2,444,116	-	-	2,444,116
Forfeiture grants disbursed to other governments	-	55,118	-	55,118
Forfeiture proceeds disbursed to other governments	-	184,404	12,006	196,410
Fees and fines disbursed to other governments	-	-	1,186,968	1,186,968
Real estate transfer taxes disbursed to other governments	-	-	33,599,221	33,599,221
Payments disbursed to others	-	-	7,446,008	7,446,008
Administrative expenses	-	3,000	-	3,000
Other disbursements	-	-	765,251	765,251
	<u>205,703,981</u>	<u>242,522</u>	<u>43,009,454</u>	<u>248,955,957</u>
TOTAL DEDUCTIONS				
CHANGE IN NET POSITION	-	126,761	57,549	184,310
Net position - beginning of year, as restated (Note 21)	-	381,603	321,856	703,459
Net position - end of year	<u>\$ -</u>	<u>\$ 508,364</u>	<u>\$ 379,405</u>	<u>\$ 887,769</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, 2019

	Special Revenue	Capital Projects	Debt Service	Total Drainage Districts Component Unit
<b>ASSETS</b>				
Cash and pooled investments	\$ 25,145,192	\$ 26,593,178	\$ 4,760,052	\$ 56,498,422
Restricted cash - unspent bond proceeds	-	8,047,959	-	8,047,959
Receivables				
Special assessments	-	-	277,538,900	277,538,900
Trade accounts, net	6,461,051	4,923,488	-	11,384,539
Assets held for sale	-	1,042,929	-	1,042,929
Other assets	132,829	54,570	-	187,399
<b>TOTAL ASSETS</b>	<b>\$ 31,739,072</b>	<b>\$ 40,662,124</b>	<b>\$ 282,298,952</b>	<b>\$ 354,700,148</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts payable	\$ 6,638,027	\$ 3,833,056	\$ 250	\$ 10,471,333
Unearned revenue	-	3,395,181	7,921,261	11,316,442
<b>TOTAL LIABILITIES</b>	<b>6,638,027</b>	<b>7,228,237</b>	<b>7,921,511</b>	<b>21,787,775</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable assessments and other charges	468,101	2,337,842	269,617,639	272,423,582
<b>FUND BALANCES</b>				
Nonspendable	132,829	1,097,499	-	1,230,328
Restricted				
Capital projects	-	29,998,546	-	29,998,546
Debt service	-	-	4,759,802	4,759,802
Public works	24,500,115	-	-	24,500,115
<b>TOTAL FUND BALANCES</b>	<b>24,632,944</b>	<b>31,096,045</b>	<b>4,759,802</b>	<b>60,488,791</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<b>\$ 31,739,072</b>	<b>\$ 40,662,124</b>	<b>\$ 282,298,952</b>	<b>\$ 354,700,148</b>

Macomb County, Michigan

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

September 30, 2019

**Total fund balances for governmental funds** \$ 60,488,791

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	12,393,889
Infrastructure	485,102,790
Machinery, equipment, and vehicles	1,685,150
Accumulated depreciation	<u>(152,848,512)</u>

Capital assets, net of accumulated depreciation 348,195,317

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. (300,528,081)

Special assessments receivable are not available to pay for current expenditures and therefore are recorded as deferred inflows of resources in the governmental funds. 272,423,582

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. (3,559,060)

**Net position of governmental activities** \$ 377,020,549

Macomb County, Michigan

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

Year Ended September 30, 2019

	Special Revenue	Capital Projects	Debt Service	Total Governmental Funds
<b>REVENUES</b>				
Licenses and permits	\$ -	\$ 44,980	\$ -	\$ 44,980
Federal and state grants	166,613	3,750,911	-	3,917,524
Charges for services	64,083,876	358,659	-	64,442,535
Interest income	242,633	476,624	11,539,374	12,258,631
Special assessments	-	-	15,200,435	15,200,435
Other revenue	438,898	2,645,239	-	3,084,137
<b>TOTAL REVENUES</b>	<b>64,932,020</b>	<b>7,276,413</b>	<b>26,739,809</b>	<b>98,948,242</b>
<b>EXPENDITURES</b>				
Current				
Public works	60,447,716	-	-	60,447,716
Capital outlay	-	7,482,531	162	7,482,693
Debt service				
Principal	-	-	15,674,548	15,674,548
Interest and fees	195	489	11,795,060	11,795,744
<b>TOTAL EXPENDITURES</b>	<b>60,447,911</b>	<b>7,483,020</b>	<b>27,469,770</b>	<b>95,400,701</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>4,484,109</b>	<b>(206,607)</b>	<b>(729,961)</b>	<b>3,547,541</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Face amount of long-term debt	47,346	-	-	47,346
Transfers in	1,788,917	6,227,063	4,005,143	12,021,123
Transfers out	(5,772,196)	(2,835,367)	(3,413,560)	(12,021,123)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(3,935,933)</b>	<b>3,391,696</b>	<b>591,583</b>	<b>47,346</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>548,176</b>	<b>3,185,089</b>	<b>(138,378)</b>	<b>3,594,887</b>
Fund balances, beginning of year	24,084,768	27,910,956	4,898,180	56,893,904
Fund balances, end of year	<u>\$ 24,632,944</u>	<u>\$ 31,096,045</u>	<u>\$ 4,759,802</u>	<u>\$ 60,488,791</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, 2019

<b>Net change in fund balances - total governmental funds</b>	<b>\$ 3,594,887</b>
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	\$ 3,808,709
Current year depreciation expense	(9,337,425)
Net book value of assets disposed	<u>(68,160)</u>
	(5,596,876)
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.	15,674,548
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.	(47,346)
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.	
Current year amortization	1,136,663
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:	
(Decrease) in unavailable resources	(13,631,552)
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>76,035</u>
<b>Change in net position of governmental activities</b>	<b><u>\$ 1,206,359</u></b>

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 comprehensive annual financial report.

**Financial Trends**

These schedules contain trend information to help the reader understand how the county’s financial performance and well-being have changed over time.

Net position by component.....	3
Changes in net position.....	4-5
Fund balance of governmental funds.....	6
*Changes in fund balances of governmental funds.....	7
Changes in fund balances of the general fund.....	8

**Revenue Capacity**

These schedules contain information to help the reader assess the county’s most significant local revenue source, property taxes.

*Assessed taxable values (History of property values).....	9
*Property tax rates – Direct and overlapping governments.....	10
*Principal property taxpayers (Major taxpayers).....	11
*Property tax levies and collections.....	12

**Debt Capacity**

These schedules present information to help the reader assess the affordability of the county’s current levels of outstanding debt and the county’s ability to issue additional debt in the future.

Ratios of outstanding debt by type.....	13
Ratios of net general bonded debt outstanding.....	14
*Direct and overlapping governmental activities debt.....	15
*Current and historical legal debt margins.....	16

**Demographic and Economic Information**

These schedules offer demographic and economic indicators to help the reader understand the environment within which the county’s financial activities take place.

*Demographic and economic statistics.....	17
*Concentration of workforce.....	18

**Operating Information**

These schedules contain service and infrastructure data to help the reader understand how the information in the county’s financial report relates to the services the county provides and the activities it performs.

Full-time equivalent county government employees by function/program.....	19
Operating indicators by function/program.....	20
Capital asset statistics by function.....	21
Schedule of insurance.....	22-23

\* Indicates schedules included in the statistical section which fulfill continuing disclosure requirements.

TABLE OF CONTENTS - STATISTICAL SECTION (CONCLUDED)

**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.

Tax abatements – Industrial Facilities Tax (IFT).....	24
State Shared Revenues and county residential building permits issued.....	25
Schedule of labor force agreements.....	26

Macomb County, Michigan

NET POSITION BY COMPONENT  
LAST TEN YEARS, IN THOUSANDS

(Unaudited)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Governmental activities</b>										
Net investment in capital assets (3)	\$ 103,709	\$ 833,903	\$ 843,554	\$ 882,572	\$ 897,288	\$ 915,034	\$ 934,211	\$ 962,906	\$ 977,518	\$1,013,165
Restricted (2) (5)	49,849	87,208	89,747	90,301	93,368	141,828	188,667	219,968	115,987	133,214
Unrestricted (1) (2) (3) (4) (5) (6)	(34,923)	(8,488)	(18,456)	(40,158)	(30,484)	(61,211)	125,057	89,796	(147,562)	(110,614)
Total governmental activities net position	118,635	912,623	914,845	932,715	960,172	995,651	1,247,935	1,272,670	945,943	1,035,765
<b>Business-type activities</b>										
Net investment in capital assets (3)	1,348	1,196	1,252	672	782	1,685	1,807	1,774	1,677	1,545
Restricted (5)	13,303	16,053	18,662	19,713	24,331	28,339	50,179	36,703	17,097	26,702
Unrestricted (2) (3) (4) (5) (6)	110,843	86,389	84,262	101,855	113,487	85,485	118,876	131,852	81,413	96,005
Total business-type units net position	125,494	103,638	104,176	122,240	138,600	115,509	170,862	170,329	100,187	124,252
<b>Primary government</b>										
Net investment in capital assets (3)	105,057	835,099	844,806	883,244	898,070	916,719	936,018	964,680	979,195	1,014,710
Restricted (2) (5)	63,152	103,261	108,409	110,014	117,699	170,167	238,846	256,671	133,084	159,916
Unrestricted (1) (2) (3) (4) (5) (6)	75,920	77,901	65,806	61,697	83,003	24,274	243,933	221,648	(66,149)	(14,609)
Total primary government net position	\$ 244,129	\$1,016,261	\$1,019,021	\$1,054,955	\$1,098,772	\$1,111,160	\$1,418,797	\$1,442,999	\$1,046,130	\$1,160,017

- (1) - 2010 restated. See Note 13 of the 2011 financial statements.  
(2) - 2011 restated. See Note 13 of the 2012 financial statements.  
(3) - 2013 restated. See Note 14 of the 2014 financial statements.  
(4) - 2014 restated. See Note 15 of the 2015 financial statements.  
(5) - 2016 restated. See Note 19 of the 2017 financial statements.  
(6) - 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 (CONCLUDED)

(Unaudited)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>General revenues</b>										
<b>Governmental activities</b>										
Property taxes	\$ 127,976	\$ 119,762	\$ 114,894	\$ 109,501	\$ 113,049	\$ 117,745	\$ 115,859	\$ 118,649	\$ 123,095	\$ 128,421
Intergovernmental revenues - unrestricted	2,215	2,307	19,489	23,252	23,280	22,682	30,357	29,904	27,254	30,921
Investment earnings	1,070	777	663	424	1,793	480	729	44,376	-	54,596
Transfers	3,950	4,175	1,926	(6,065)	(8,571)	21,766	1,309	(1,289)	810	(424)
Total governmental activities general revenues	135,211	127,021	136,972	127,112	129,551	162,673	148,254	191,640	151,159	213,514
<b>Business-type activities</b>										
Investment earnings	137	215	310	309	294	317	894	10,698	-	12,860
Transfers	(3,578)	(3,421)	(4,719)	6,851	7,316	(13,981)	(1,167)	(800)	(719)	(779)
Total business-type activities general revenues	(3,441)	(3,206)	(4,409)	7,160	7,610	(13,664)	(273)	9,898	(719)	12,081
Total primary government general revenues	\$ 131,770	\$ 123,815	\$ 132,563	\$ 134,272	\$ 137,161	\$ 149,009	\$ 147,981	\$ 201,538	\$ 150,440	\$ 225,595
<b>Change in net position</b>										
Governmental activities	\$ (30,162)	\$ (25,462)	\$ 2,221	\$ (15,028)	\$ 2,333	\$ 35,083	\$ 9,146	\$ 24,735	\$ (26,916)	\$ 89,822
Business-type activities (1)	11,284	6,021	540	9,637	13,167	(22,695)	3,564	(533)	(15,143)	24,065
Total primary government change in net position	\$ (18,878)	\$ (19,441)	\$ 2,761	\$ (5,391)	\$ 15,500	\$ 12,388	\$ 12,710	\$ 24,202	\$ (42,059)	\$ 113,887

(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)

	2010	2011 (3)	2012	2013	2014	2015	2016	2017	2018	2019
<b>General fund</b>										
Reserved	\$ 295	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved (1)	50,280	-	-	-	-	-	-	-	-	-
Nonspendable	-	295	295	659	596	6,075	4,933	4,244	3,577	4,439
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
<b>Total general fund</b>	<b>\$ 50,575</b>	<b>\$ 57,934</b>	<b>\$ 80,071</b>	<b>\$ 81,688</b>	<b>\$ 85,246</b>	<b>\$ 72,213</b>	<b>\$ 61,634</b>	<b>\$ 53,592</b>	<b>\$ 58,197</b>	<b>\$ 61,500</b>
<b>All other governmental funds</b>										
Reserved	\$ 49,849	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in										
Special revenue funds	8,536	-	-	-	-	-	-	-	-	-
Debt service funds	-	-	-	-	-	-	-	-	-	-
Capital projects funds	22,922	-	-	-	-	-	-	-	-	-
Nonspendable (2)	-	4,555	5,020	5,088	3,886	7,198	5,746	6,174	4,898	5,045
Restricted (2) (3)	-	81,171	75,334	76,122	81,258	106,454	78,367	82,774	99,147	115,034
Assigned (2)	-	34,238	27,291	19,089	10,687	6,397	20,898	15,035	10,107	5,332
Unassigned	-	-	-	(2,970)	(2,508)	(4,400)	(3,730)	(4,582)	(2,638)	(1,887)
<b>Total all other governmental funds</b>	<b>\$ 81,307</b>	<b>\$ 119,964</b>	<b>\$ 107,645</b>	<b>\$ 97,329</b>	<b>\$ 93,323</b>	<b>\$ 115,649</b>	<b>\$ 101,281</b>	<b>\$ 99,401</b>	<b>\$ 111,514</b>	<b>\$ 123,524</b>

(1) - 2010 restated. See Note 13 of the 2011 financial statements.

(2) - 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.

(3) - 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)

	2010	2011 (1)	2012	2013	2014	2015	2016	2017 (3)	2018	2019
<b>Revenues</b>										
Property taxes	\$ 127,976	\$ 119,762	\$ 110,000	\$ 110,952	\$ 113,690	\$ 116,742	\$ 115,175	\$ 119,563	\$ 122,784	\$ 128,235
Licenses and permits	1,427	1,733	1,924	1,985	2,305	2,634	2,831	2,682	2,912	3,057
Federal and state grants (2)	66,498	116,297	130,903	135,606	142,994	144,565	159,199	165,392	177,278	198,705
Other grants	861	392	391	460	871	605	282	398	498	362
Charges for services (2)	47,067	52,437	57,766	60,094	61,924	77,827	75,079	63,297	63,292	73,189
Charges to other funds for administrative services	10,258	6,072	5,011	5,195	6,201	5,720	11,704	11,405	11,111	11,022
Fines and forfeitures	1,204	1,791	2,469	932	802	1,024	1,148	1,100	1,611	1,343
Interest and rents (2)	1,070	742	635	413	373	2,404	4,926	4,327	5,803	7,179
Other revenue	286	2,649	2,421	894	1,127	2,059	2,372	2,008	3,534	2,671
<b>Total revenues</b>	<b>256,647</b>	<b>301,875</b>	<b>311,520</b>	<b>316,531</b>	<b>330,287</b>	<b>353,580</b>	<b>372,716</b>	<b>370,172</b>	<b>388,823</b>	<b>425,763</b>
<b>Expenditures</b>										
<b>Current</b>										
Legislative	1,875	1,182	1,139	1,202	1,191	1,289	1,235	1,482	1,453	1,696
Judicial	32,177	40,202	39,553	40,393	41,252	42,334	43,388	46,041	45,953	48,993
General government	50,817	42,330	43,498	46,462	46,957	41,817	44,547	42,457	42,515	44,836
Public safety (2)	65,887	62,770	60,039	76,599	73,041	67,419	75,544	78,717	80,626	83,255
Public works	887	69,028	69,518	63,038	71,867	84,051	90,053	84,063	88,245	104,605
Health and welfare	87,111	78,031	70,870	67,304	62,238	75,458	70,792	77,239	80,006	82,780
Community and economic development	-	-	-	-	-	-	-	3,346	3,582	3,691
Recreation and cultural	1,113	763	-	172	84	78	76	99	71	85
OPEB contributions	-	-	-	-	-	263,352	-	-	-	-
Other	1,246	963	1,157	781	1,212	957	1,838	1,855	2,092	2,339
Capital outlay	5,388	4,781	6,743	17,813	25,561	38,167	47,724	33,647	24,702	28,681
<b>Debt service</b>										
Principal	5,165	5,666	5,990	4,740	4,007	13,194	14,669	7,008	7,231	7,469
Interest and fees	2,706	2,511	2,251	1,604	1,317	5,842	9,527	2,174	2,002	1,809
Bond issuance costs	-	-	235	-	108	807	-	-	-	-
<b>Total expenditures</b>	<b>254,372</b>	<b>308,227</b>	<b>300,993</b>	<b>320,108</b>	<b>328,835</b>	<b>634,765</b>	<b>399,393</b>	<b>378,128</b>	<b>378,478</b>	<b>410,239</b>
Excess of revenues over (under) expenditures	2,275	(6,352)	10,527	(3,577)	1,452	(281,185)	(26,677)	(7,956)	10,345	15,524
<b>Other financing sources (uses)</b>										
Face amount of long-term debt	-	829	22,975	-	15,628	263,004	-	-	400	-
Transfers in	86,547	65,813	51,504	30,414	53,899	77,268	80,488	81,394	68,745	50,308
Transfers out	(82,935)	(68,476)	(50,578)	(35,536)	(56,381)	(50,310)	(78,758)	(83,361)	(62,771)	(50,520)
Bond discounts	-	-	150	-	1,404	516	-	-	-	-
Payment to refunding debt escrow agent	-	-	(24,760)	-	(16,450)	-	-	-	-	-
<b>Total Other financing sources (uses)</b>	<b>3,612</b>	<b>(1,834)</b>	<b>(709)</b>	<b>(5,122)</b>	<b>(1,900)</b>	<b>290,478</b>	<b>1,730</b>	<b>(1,967)</b>	<b>6,374</b>	<b>(212)</b>
<b>Net change in fund balances</b>	<b>\$ 5,887</b>	<b>\$ (8,186)</b>	<b>\$ 9,818</b>	<b>\$ (8,699)</b>	<b>\$ (448)</b>	<b>\$ 9,293</b>	<b>\$ (24,947)</b>	<b>\$ (9,923)</b>	<b>\$ 16,719</b>	<b>\$ 15,312</b>
Debt service as % of noncapital expenditures	3.14%	3.00%	3.30%	2.35%	1.97%	3.43%	7.86%	3.07%	2.95%	2.86%

(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)

	2010	2011 (1)	2012	2013	2014	2015	2016	2017 (2)	2018	2019
<b>Revenues</b>										
Property taxes	\$ 126,587	\$ 118,516	\$ 108,831	\$ 109,895	\$ 112,610	\$ 115,629	\$ 114,025	\$ 118,423	\$ 120,887	\$ 126,259
Licenses and permits	411	1,408	1,510	1,640	1,706	1,714	1,541	1,577	1,541	1,534
Federal and state grants	7,831	12,290	28,455	25,728	30,162	31,406	39,059	38,952	36,560	40,570
Charges for services	28,666	29,453	35,526	36,827	36,856	35,637	38,648	41,918	43,023	43,610
Charges to other funds for administrative services	10,258	6,072	5,011	5,195	6,201	5,720	11,703	11,405	11,111	11,022
Fines and forfeitures	751	729	693	676	590	534	557	587	560	689
Interest and rents	806	339	346	278	226	2,124	4,551	3,810	4,552	4,824
Other revenue	150	162	477	210	155	148	148	177	213	878
<b>Total revenues</b>	<b>175,460</b>	<b>168,969</b>	<b>180,849</b>	<b>180,449</b>	<b>188,506</b>	<b>192,912</b>	<b>210,232</b>	<b>216,849</b>	<b>218,447</b>	<b>229,386</b>
<b>Expenditures</b>										
Current										
Legislative	1,875	1,182	1,139	1,202	1,191	1,289	1,235	1,482	1,453	1,696
Judicial	21,896	28,052	27,745	29,219	29,418	30,189	31,182	33,263	32,713	30,637
General government	49,498	40,998	42,464	44,855	45,220	39,897	42,678	41,019	41,270	43,742
Public safety	57,340	57,420	55,140	58,338	59,562	62,543	64,994	69,453	71,955	74,984
Public works	-	-	-	-	-	5,263	5,339	5,745	6,010	6,452
Health and welfare	1	18,403	16,602	17,249	16,848	17,664	17,647	18,657	19,308	18,890
Community and economic development	-	-	-	-	-	-	-	3,134	3,237	3,296
Recreation and cultural	-	749	-	-	-	-	-	-	-	-
OPEB contributions	-	-	-	-	-	45,320	-	-	-	-
Other	1,246	963	1,157	781	1,212	957	1,838	1,855	2,092	2,339
Capital outlay	360	244	563	1,117	2,229	1,198	871	2,054	2,671	3,226
<b>Total expenditures</b>	<b>132,216</b>	<b>148,011</b>	<b>144,810</b>	<b>152,761</b>	<b>155,680</b>	<b>204,320</b>	<b>165,784</b>	<b>176,662</b>	<b>180,709</b>	<b>185,262</b>
Excess of revenues over (under) expenditures	43,244	20,958	36,039	27,688	32,826	(11,408)	44,448	40,187	37,738	44,124
<b>Other financing sources (uses)</b>										
Transfers in	24,806	24,998	18,254	21	-	35,255	8,063	8,158	13,404	8,143
Transfers out	(53,284)	(40,758)	(32,156)	(26,093)	(29,267)	(36,880)	(63,090)	(56,388)	(46,537)	(48,964)
<b>Total other financing sources (uses)</b>	<b>(28,478)</b>	<b>(15,760)</b>	<b>(13,902)</b>	<b>(26,072)</b>	<b>(29,267)</b>	<b>(1,625)</b>	<b>(55,027)</b>	<b>(48,230)</b>	<b>(33,133)</b>	<b>(40,821)</b>
<b>Net change in fund balances</b>	<b>\$ 14,766</b>	<b>\$ 5,198</b>	<b>\$ 22,137</b>	<b>\$ 1,616</b>	<b>\$ 3,559</b>	<b>\$ (13,033)</b>	<b>\$ (10,579)</b>	<b>\$ (8,043)</b>	<b>\$ 4,605</b>	<b>\$ 3,303</b>

(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	
2010	\$ 248,577	\$ 4,676,384	\$ 2,175,330	\$ 19,618,529	\$ 97,475	\$ 2,447,867	\$ 29,264,162	4.6135
2011	177,967	4,218,452	1,760,665	18,201,017	5,165	2,386,396	26,749,662	4.6135
2012	170,970	3,797,845	1,593,307	17,048,349	25,276	2,385,441	25,021,188	4.6135
2013	170,372	3,557,160	1,512,235	17,377,703	24,071	2,446,743	25,088,284	4.6135
2014	172,965	3,714,340	1,505,560	18,336,828	21,675	2,481,818	26,233,186	4.6135
2015	173,823	4,030,628	1,715,544	20,475,069	23,225	2,611,704	29,029,993	4.6135
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

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	
2010	0.85%	15.98%	7.43%	67.05%	0.33%	8.36%	100.00%	
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%	

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)

		2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>County direct rate</b>											
Operation		4.5685	4.5685	4.5685	4.5685	4.5685	4.5685	4.5566	4.5242	4.4925	4.4592
County drain debt		0.0050	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	0.0400	0.0398	0.0682	0.0676	0.0674
Total direct rate		4.6135	4.6135	4.6135	4.6135	4.6135	4.6135	4.6014	4.5974	4.5651	4.5316
<b>Overlapping rates</b>											
Cities:											
Center Line		24.9025	31.7022	38.3328	37.5025	39.1266	38.6503	38.9765	38.5829	38.5829	37.1731
Eastpointe		25.0978	25.2113	26.6102	26.9612	27.1583	40.9612	40.0793	40.2567	44.0857	41.8388
Fraser		18.1382	18.7659	18.8159	20.8359	20.8664	23.2580	25.2780	27.3581	33.3798	31.7518
Grosse Pointe Shores		15.8900	17.1400	18.3800	17.8794	17.8794	17.8794	18.8794	18.8794	17.7031	17.7031
Memphis		14.2953	14.2953	14.2953	14.2953	14.2953	16.2953	16.2953	16.2007	16.0807	15.8571
Mt. Clemens		18.2159	18.3511	18.6639	18.6639	18.6639	24.8062	24.8045	24.6999	24.6880	24.6073
New Baltimore		14.9715	14.9405	15.2135	14.9165	14.9198	14.9003	14.8592	14.8155	14.1854	13.9779
Richmond		16.6526	16.6526	16.6526	16.6526	16.6526	16.6526	16.5593	16.4417	16.3117	16.2187
Roseville		21.3800	21.3800	24.8494	24.8494	24.8494	24.8494	25.1083	25.1081	25.0920	24.9171
St. Clair Shores		18.0406	19.3562	19.4518	20.5388	20.9950	21.2602	21.2309	24.4089	25.2168	24.9009
Sterling Heights		12.6858	12.6858	12.6858	12.6858	15.1858	15.1858	15.1858	16.1499	17.1804	16.2069
Utica		21.9794	21.6998	22.5358	22.6170	22.6753	22.5017	20.9864	21.3524	21.2867	21.0182
Warren		17.7924	17.7924	27.8656	27.8656	27.8656	27.7637	27.7742	27.7556	27.7556	27.5658
Townships ( rates range )	Low	3.2312	3.2812	3.2812	3.2812	3.2812	3.5529	3.5296	3.4980	3.4905	3.4753
	High	15.3516	15.3816	15.4316	17.7116	17.6816	17.6916	17.6916	17.6274	17.1375	17.1052
Villages ( rates range )	Low	16.5004	16.5354	15.5354	16.5354	16.5194	17.4276	17.4276	17.3836	17.3529	17.0495
	High	18.8436	18.8436	18.8436	18.8436	18.8436	19.2550	19.0326	18.9693	22.5077	21.9453
School districts ( rates range )	Low	9.7500	9.8500	9.8500	9.8500	9.8500	9.8500	9.8500	9.8500	9.7600	9.5000
	High	35.4143	35.4143	35.4143	35.4143	35.7643	35.7643	37.0000	37.0000	37.0000	37.0000
Intermediate school district		2.9430	2.9430	2.9430	2.9430	2.9430	2.9430	2.9354	2.9147	2.8945	2.8744
Community college		1.4212	1.5712	1.5712	1.5312	1.5262	1.5302	1.4174	1.4072	1.4640	1.4531
SMART Regional Transportation		0.5900	0.5900	0.5900	0.5900	1.0000	1.0000	0.9974	0.9903	1.0000	0.9926
HCM Park Authority		0.2146	0.2146	0.2146	0.2146	0.2146	0.2146	0.2146	0.2140	0.2129	0.2117
ZOO Authority		0.1000	0.1000	0.1000	0.1000	0.1000	0.1000	0.0997	0.0989	0.0985	0.0977
ART Authority		-	-	0.2000	0.2000	0.2000	0.2000	0.1994	0.1979	0.1965	0.1950

Source: Macomb County Equalization Department

Macomb County, Michigan

PRINCIPAL PROPERTY TAXPAYERS  
CURRENT YEAR AND NINE YEARS AGO

(Unaudited)

Taxpayer	2019			2010		
	Taxable Value	Rank	Percentage of Total County Taxable Value	Taxable Value	Rank	Percentage of Total County Taxable Value
DETROIT EDISON	\$ 352,034,772	1	1.24%	\$ 246,218,914	2	0.88%
CONSUMERS ENERGY	260,642,907	2	0.92%	77,560,724	5	0.28%
GENERAL MOTORS	260,128,732	3	0.91%	216,720,941	3	0.78%
CHRYSLER	136,156,795	4	0.48%	303,568,400	1	1.09%
INTERNATIONAL TRANS.	95,639,447	5	0.34%	71,304,490	6	0.26%
FORD	74,871,796	6	0.26%	202,608,270	4	0.73%
ENBRIDGE ENERGY	72,296,200	7	0.25%			0.00%
MEIJER	68,803,071	8	0.24%	54,184,621	7	0.19%
COMCAST	61,383,115	9	0.22%			0.00%
KROGER	42,328,480	10	0.15%			0.00%
MICHIGAN CONSOLIDATED				36,869,580	8	0.13%
WALMART				30,616,887	9	0.11%
LAKESIDE MALL PROPERTIES				30,265,650	10	0.11%
	<u>\$ 1,424,285,315</u>		<u>5.00%</u>	<u>\$ 1,269,918,477</u>		<u>4.56%</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
2010	\$ 129,683,069	\$ 115,652,424	89.18%	\$ 5,452,483	\$ 121,104,907	93.39%
2011	120,899,127	110,808,310	91.65%	4,337,877	115,146,187	95.24%
2012	113,410,640	104,151,427	91.84%	6,463,833	110,615,260	97.54%
2013	112,568,178	104,387,624	92.73%	4,737,833	109,125,457	96.94%
2014	114,319,512	106,683,701	93.32%	4,365,607	111,049,308	97.14%
2015	117,387,793	110,149,786	93.83%	4,188,670	114,338,456	97.40%
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%

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	Total Primary Government Debt	Debt to Assessed Value	Debt Per Capita	Percentage of Personal Income Per Capita
			General Obligation Bonds	Infrastructure Loans	Activities				
					General Obligation Bonds				
2010	840,978	\$ 29,264,162	\$ 63,065,000	\$ -	\$ -	\$ 63,065,000	0.22%	74.99	0.28%
2011	842,145	26,749,662	57,445,000	1,215,344	-	58,660,344	0.22%	69.66	0.28%
2012	847,383	25,021,188	49,670,000	1,091,594	-	50,761,594	0.20%	59.90	0.22%
2013	854,769	25,088,284	44,930,000	966,164	-	45,896,164	0.18%	53.69	0.20%
2014	860,112	26,233,186	39,755,000	1,311,509	-	41,066,509	0.16%	47.75	0.18%
2015	864,840	29,029,993	289,727,371	1,149,313	44,732,825	335,609,509	1.16%	388.06	1.43%
2016	867,730	30,606,086	275,223,098	984,356	42,868,018	319,075,472	1.04%	367.71	1.34%
2017	871,375	32,302,241	260,255,596	816,578	41,217,116	302,289,290	0.94%	346.91	1.21%
2018	874,759	33,477,440	245,038,015	980,536	37,896,985	283,915,536	0.85%	324.56	1.09%
2019	873,972	35,889,949	229,405,316	776,603	36,184,684	266,366,603	0.74%	304.78	0.98%

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

Macomb County, Michigan

RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING  
LAST TEN YEARS

(Unaudited)

<b>Year</b>	<b>Population</b>	<b>Assessed Value of Property (in thousands)</b>	<b>General Obligation Bonds</b>	<b>Less: Amounts Restricted to Repaying Principal</b>	<b>Net General Bonded Debt</b>	<b>Net Debt to Assessed Value</b>	<b>Net Debt Per Capita</b>	<b>Net Percentage of Personal Income Per Capita</b>
2010	840,978	\$ 29,264,162	\$ 63,065,000	\$ 6,248,345	\$ 56,816,655	0.19%	67.56	0.25%
2011	842,145	26,749,662	57,445,000	5,131,406	52,313,594	0.20%	62.12	0.25%
2012	847,383	25,021,188	49,670,000	4,068,741	45,601,259	0.18%	53.81	0.20%
2013	854,769	25,088,284	44,930,000	3,049,441	41,880,559	0.17%	49.00	0.18%
2014	860,112	26,233,186	39,755,000	2,599,454	37,155,546	0.14%	43.20	0.16%
2015	864,840	29,029,993	334,460,196	2,617,902	331,842,294	1.14%	383.70	1.41%
2016	867,730	30,606,086	318,091,116	1,994,530	316,096,586	1.03%	364.28	1.32%
2017	871,375	32,302,241	301,472,712	2,038,746	299,433,966	0.93%	343.63	1.20%
2018	874,759	33,477,440	282,935,000	2,063,411	280,871,589	0.84%	321.08	1.08%
2019	873,972	35,889,949	265,590,000	175,688	265,414,312	0.74%	303.69	0.98%

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

Macomb County, Michigan

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

December 31, 2019

(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>
<b>Direct debt</b>					
Macomb County Building Authority	\$ 18,265,000	\$ -	\$ 18,265,000	\$ 18,265,000	
General County Bonds	211,140,316	-	211,140,316	211,140,316	
Department of Roads infrastructure loans	<u>776,603</u>	<u>670,206</u>	<u>106,397</u>	<u>106,397</u>	
Net direct debt	<u>\$ 230,181,919</u>	<u>\$ 670,206</u>	<u>\$ 229,511,713</u>	<u>\$ 229,511,713</u>	
<b>Overlapping debt</b>					
School districts			\$ 2,341,543,642	\$ 2,096,954,556	89.6%
Cities			425,823,914	421,596,984	99.0%
Township			256,786,688	256,786,688	100.0%
Villages			12,218,129	12,218,129	100.0%
Intermediate school districts			47,875,000	2,264,737	4.7%
Library			<u>31,265,000</u>	<u>31,265,000</u>	100.0%
Net overlapping debt			<u>3,115,512,373</u>	<u>2,821,086,094</u>	90.6%
Net direct and overlapping debt			<u>\$ 3,345,024,086</u>	<u>\$ 3,050,597,807</u>	91.2%

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

2019 Taxable Value		\$ 28,488,763,216
Debt Limit ( 10% of Assessed Taxable Value ) (1)		2,848,876,322
Outstanding Long-term Debt	\$ 543,905,503	
Less:		
Amount available in debt service funds	180,278	
Special assessment bonds	<u>277,538,900</u>	
Total amount of debt applicable to debt limit		<u>266,186,325</u>
<b>LEGAL DEBT MARGIN</b>		<b><u>\$ 2,582,689,997</u></b>

(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>
2010	\$ 2,777,336,090	\$ 63,065,000	\$ 2,492,410,764	2.27%
2011	2,584,044,590	58,660,344	2,296,532,019	2.27%
2012	2,425,570,273	50,761,594	2,120,859,643	2.09%
2013	2,411,394,190	45,896,164	2,111,971,149	1.90%
2014	2,456,385,823	41,066,509	2,456,385,823	1.67%
2015	2,547,537,670	332,991,607	2,214,546,062	13.07%
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%

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>
2010	840,978	\$ 22,306,100	\$ 26,524	14.4%
2011	842,145	20,587,077	24,446	11.5%
2012	847,383	22,592,078	26,661	10.0%
2013	854,769	22,752,241	26,618	9.3%
2014	860,112	23,248,238	27,029	8.2%
2015	864,840	23,476,082	27,145	6.0%
2016	867,730	23,884,268	27,525	5.3%
2017	871,375	24,910,869	28,588	4.4%
2018	874,759	26,015,333	29,740	4.0%
2019	873,972	27,184,025	31,104	3.8%

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

Historical census data

<u>Years</u>	<u>Population</u>
1980	694,600
1990	717,400
2000	788,149
2010	840,978

Macomb County, Michigan

CONCENTRATION OF WORKFORCE  
CURRENT YEAR AND NINE YEARS AGO

(Unaudited)

Employer	Industry	2019			2010		
		Employees	Rank	Percent of Total County Employment	Employees	Rank	Percent of Total County Employment
General Motors	Automotive	17,810	1	4.06%	5,349	3	1.23%
FCA US LLC (formerly Chrysler)	Automotive	14,101	2	3.21%	7,237	1	1.67%
U.S. Government	Government	6,685	3	1.52%	6,900	2	1.59%
Henry Ford Health System	Health Care	4,348	4	0.99%	2,433	7	0.56%
Ford Motor Company	Automotive	4,300	5	0.98%	2,500	6	0.58%
Ascension Michigan (formerly St. John)	Health Care	3,290	6	0.75%	3,891	4	0.90%
McLaren Health Care Corp-FKA Mt Clemens	Health Care	2,976	7	0.68%	1,244	8	0.29%
Utica Community Schools	Education	2,701	8	0.62%			0.00%
Macomb County	Government	2,368	9	0.54%			0.00%
Chippewa Valley Schools	Education	1,843	10	0.42%			0.00%
General Dynamics Land Systems	Defense	1,696	11	0.39%	2,700	5	0.62%
Adient LLC	Automotive	1,470	12	0.34%			
Warren Consolidated Schools	Education	1,405	13	0.32%			
State of Michigan	Government	1,369	14	0.31%			0.00%
Art Van Furniture	Retail	1,176	15	0.27%	725	14	0.17%
L'Anse Creuse Public Schools	Education	1,140	16	0.26%			0.00%
Bridgewater Interiors LLC	Automotive	1,110	17	0.25%	620	15	0.14%
Macomb Intermediate School District	Education	1,050	18	0.24%			0.00%
U.S. Postal Service	Government	910	19	0.21%			0.00%
Magna International of America Inc.	Automotive	855	20	0.19%			0.00%
Campbell-Ewald	Advertising				1,000	9	0.23%
Cen-Tra Inc.	Trucking				1,000	10	0.23%
Asset Acceptance Capital	Automotive				802	11	0.19%
E.I. Du Pont Nemours	Manufacturer				800	12	0.18%
AZ Automotive (formerly Aetna Industries)	Automotive				729	13	0.17%
US Manufacturing Corporation	Manufacturer				600	16	0.14%
Utica Enterprises	Engineering				475	17	0.11%
Continental Plastics	Automotive				400	18	0.09%
Fisher & Co	Automotive				400	19	0.09%
MNP Corporation	Automotive				400	20	0.09%
		<u>72,603</u>		<u>16.55%</u>	<u>40,205</u>		<u>9.27%</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	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Legislative</b>										
Board of Commissioners	26	19	19	19	19	19	19	20	20	20
<b>Judicial</b>										
Circuit Court	66	63	65	64	67	80	79	84	84	77
Family Counseling Services	1	1	1	1	1	1	1	1	1	1
District Court Div. 1	13	13	13	13	13	13	14	12	12	15
District Court Div. 2	18	18	17	17	17	17	15	15	15	17
Friend of the Court	121	121	121	118	107	107	107	108	108	107
Family Court - Juvenile	56	51	50	50	46	46	46	46	46	55
MIDC										5
Probate Court	30	29	27	31	28	28	28	29	29	29
Probate Court - Mental Division	8	8	7	-	-	-	-	-	-	-
Probation - District Court	14	12	6	5	5	5	5	5	5	-
<b>General Government</b>										
County Administration	7	6	9	9	9	9	10	10	10	10
Corporation Counsel	8	8	8	8	8	8	8	9	9	9
Finance	20	20	20	21	21	22	22	22	22	23
Purchasing	18	18	17	16	16	16	16	16	16	17
Information Technology	35	36	36	36	36	36	38	39	39	40
Equalization	11	11	10	10	10	10	10	10	10	10
Human Resources	22	22	22	22	24	22	24	24	24	24
Clerk/Register	82	79	78	80	81	85	83	87	87	89
Treasurer	31	31	26	26	26	28	28	28	28	28
Public Works	55	55	59	60	60	63	64	64	62	65
M.S.U. County Extension	50	50	8	8	8	7	7	7	8	7
Planning & Econ Dev	33	33	31	26	26	27	26	27	27	28
Risk Management	4	4	-	-	-	-	-	-	-	-
Facilities & Operations	104	99	99	95	95	95	95	96	95	95
Prosecuting Attorney	107	122	104	104	106	106	109	112	112	115
Department of Roads	-	-	233	232	232	250	255	265	265	268
<b>Public Safety</b>										
Sheriff	487	477	487	486	492	499	516	522	532	553
Technical Services	8	8	8	8	11	12	13	13	13	13
Emergency Services	6	6	3	3	7	7	7	7	7	7
Community Corrections	11	11	11	11	11	10	11	13	13	14
<b>Health</b>										
Public Health	241	239	232	228	220	226	231	234	235	245
Community Mental Health	334	334	335	335	341	345	345	346	346	345
Substance Abuse	10	10	10	10	10	13	13	13	13	12
Health & Community Services	-	-	2	2	2	2	2	2	2	2
<b>Social Services</b>										
Child Care - Youth Home	138	137	129	123	121	121	121	122	121	123
Medical Care Facility	231	231	231	238	245	238	273	331	330	305
Veterans Services	10	10	10	10	11	11	11	11	11	13
Senior Citizen Services	32	30	16	15	3	3	-	-	-	-
Community Services Agency	283	193	184	182	171	172	213	220	231	217
Macomb/St. Clair Employment	68	68	68	68	68	68	43	46	47	45
<b>Culture &amp; Recreation</b>										
Parks									-	1
<b>Total</b>	<u>2,823</u>	<u>2,705</u>	<u>2,824</u>	<u>2,801</u>	<u>2,785</u>	<u>2,827</u>	<u>2,908</u>	<u>3,016</u>	<u>3,035</u>	<u>3,049</u>

Source: Macomb County Budget

Macomb County, Michigan

OPERATING INDICATORS BY FUNCTION/PROGRAM  
LAST TEN YEARS

(Unaudited)

Function/Program	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Judicial:</b>										
Circuit Court										
Caseload	22,785	20,782	20,018	19,372	19,242	19,329	19,149	19,237	18,678	18,379
District Court - Romeo										
Caseload	9,819	9,760	9,396	7,917	8,306	8,772	8,549	8,835	11,225	11,045
District Court - New Baltimore										
Caseload	15,175	14,405	12,751	12,300	9,833	12,937	15,625	15,717	15,020	17,251
<b>General Government:</b>										
County Clerk										
Birth records	6,052	5,768	5,604	5,453	6,492	6,111	5,825	5,582	6,179	6,246
Death records	4,791	5,065	5,107	5,158	5,001	5,713	5,943	5,836	6,278	5,883
Marriage licenses	4,864	5,169	5,291	4,877	4,996	5,180	5,142	4,997	4,959	4,630
Public Works										
Inspections	6,451	6,037	5,955	6,718	5,777	5,043	16,107	16,017	15,139	12,089
<b>Public Safety:</b>										
Sheriff										
Complaints handled	98,189	94,821	94,451	93,701	101,029	87,090	105,993	194,625	196,048	213,805
Inmate bookings	19,814	18,464	19,709	18,732	17,881	17,291	17,170	17,042	16,770	16,406
Arrests made	7,249	6,602	6,617	6,206	5,601	3,316	4,822	4,770	4,468	4,454
Crashes investigated	4,042	4,048	3,924	3,880	4,120	1,563	1,421	1,224	3,492	1,746
<b>Health and Welfare:</b>										
Health Department										
Vaccines administered	100,036	70,711	58,253	59,726	45,048	44,711	39,492	40,867	43,314	40,564
Animals received at animal shelter	7,146	7,520	5,782	3,219	2,009	4,276	4,678	4,671	4,061	4,153
Food service inspections	4,368	4,374	5,452	4,645	4,578	4,634	4,652	4,630	4,847	5,226
Forensic examinations	533	625	571	648	649	643	686	716	691	538

Source: Macomb County Finance Department



Macomb County, Michigan

CAPITAL ASSET STATISTICS BY FUNCTION  
LAST TEN YEARS

(Unaudited)

<u>Function</u>	<u>2010</u>	<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>
<b>Judicial</b>										
Number of court buildings	5	5	5	5	5	5	5	5	5	5
Vehicles	6	6	6	4	4	4	4	3	3	3
<b>General Government</b>										
Number of buildings	7	7	6	7	7	7	7	7	7	7
Vehicles	54	54	54	55	54	63	60	50	51	57
<b>Public Safety</b>										
Number of jails	1	1	1	1	1	1	1	1	1	1
Stations and substations	6	6	6	6	6	6	6	6	6	-
Marine patrol substations	2	2	2	2	2	2	2	1	1	1
Vehicles	149	141	141	157	147	168	173	177	189	206
<b>Public Works</b>										
Lane miles of roads	2,335	2,335	2,335	2,335	2,393	2,397	2,823	2,823	2,825	2,833
Number of buildings	9	9	9	9	9	9	9	9	9	9
Vehicles	38	36	34	36	38	74	262	268	427	291
<b>Health and Welfare</b>										
Number of buildings	7	7	8	8	8	8	8	8	8	8
Vehicles	91	88	87	89	88	92	95	90	88	97
<b>Recreation and Culture</b>										
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

Source: Macomb County Finance Department

Macomb County, Michigan  
SCHEDULE OF INSURANCE

As of December 31, 2019

(Unaudited)

Type of Coverage / Name of Company	Policy Period	Premium	Description
<b>Public Entity Liability</b> Pennsylvania Manufacturers	7-1-19 to 7-1-20	\$687,166	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.
<b>Excess Workers' Compensation Insurance</b> Safety National Casualty Corp	5-1-19 to 5-1-21	\$185,007 (excess premium) annually	Statutory liability \$1,000,000. Self-insured retention \$600,000 each occurrence.
<b>Property</b> Affiliated FM Insurance Co	7-1-19 to 7-1-20	\$336,193	Covers buildings & contents. Limit - up to \$300,000,000 - deductible \$100,000
<b>Boiler &amp; Machinery</b> Affiliated FM Insurance Co	7-1-19 to 7-1-20	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
<b>Electronic Data Processing</b> Affiliated FM Insurance Co	7-1-19 to 7-1-20	Included in property	Replacement cost for damaged equipment and media; extra expense to resume operations; all risk less certain excluded perils.
<b>Public Entity Fiduciary Liability</b> Federal Insurance Co.	8-1-19 to 8-1-20	\$33,456	County Employees Retirement System, Deferred Compensation Plan, Retirees' Healthcare Trust Fund, Defined Contribution Retirement Plan (401a) - \$5,000,000 aggregate, \$50,000 deductible
<b>Crime</b> National Union Fire Ins	8-1-19 to 8-1-20	\$8,389	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
<b>Cyber</b> Travelers	7-1-19 to 7-1-20	\$30,845	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-\$1,000,000 Limit-\$50,000 Retention
<b>Life Insurance</b> The Standard	1-1-19 to 12-31-19	\$44,153 County Active \$92,114 County Retirees \$5,003 Roads Active \$50,197 Roads Retirees	Active EE Basic Life 50,000

-CONTINUED-

Macomb County, Michigan

SCHEDULE OF INSURANCE (CONCLUDED)

As of December 31, 2019

(Unaudited)

Type of Coverage / Name of Company	Policy Period	Premium	Description
<b>Dental Insurance</b> Delta Dental	1-1-19 to 12-31-19	\$ 1,508,136 County Active \$1,235,442 County Retirees \$178,041 Roads Active \$162,759 Roads Retirees	\$1,000 annual maximum per individual/ calendar year
<b>Dental Insurance</b> Golden Dental	1-1-19 to 12-31-19	\$119,9250 County Active \$14,243 Roads Active \$915 Roads Retirees	Unlimited annual benefit
<b>Short Term Disability Insurance</b> NGS	1-1-19 to 12-31-19	Eliminated in 2016	100% of salary for up to 6 months
<b>Long Term Disability Insurance</b> The Standard	1-1-19 to 12-31-19	\$239,126 County Active \$27,296 Roads Active	60% of salary to age 65; up to \$4,500 per month subject to coordination of benefits
<b>Health/Hospital Insurance</b> Blue Care Network	1-1-19 to 12-31-19	\$12,315,273 County Active \$3,257,785 County Retirees \$ 2,384,317 Roads Active \$267,896 Roads Retirees	HMO offers primary care physicians, network hospitals, affiliated pharmacies and labs and other providers within the particular HMO network
<b>Health/Hospital Insurance</b> 2018 HAP Self Insured Admin Fees	1-1-19 to 12-31-19	\$10,503,814 County Active \$905,513 County Retirees \$548,594 Roads Active \$137,194 Roads Retirees	HMO offers primary care physicians, network hospitals, affiliated pharmacies and labs and other providers within the particular HMO network - Includes vision
<b>Health/Hospital Insurance</b> BCBS of Michigan	1-1-19 to 12-31-19	\$ 3,343,070 County Active \$4,141,076 County Retirees \$ 191,451 Roads Active 985,688 Roads Retirees	Self insured medical plan - \$1,000,000 lifetime maximum; includes vision
<b>Health/Hospital Insurance</b> BCBS Medicare Advantage	1-1-19 to 12-31-19	\$ 10,207,413 County Retirees \$ 1,355,166 Roads Retirees	Partially self insured medical plan
<b>Vision Care</b> SVS Vision	1-1-19 to 12-31-19	\$104,007 County Active \$120,042 County Retirees \$16,848 Roads Active \$17,578 Roads Retirees	Vision care pays for certain tests & supplies when obtained by participating provider
<b>Hearing Care</b> Audio Net Hearing	1-1-19 to 12-31-19	\$64,850 County Retirees \$3,800 Roads Retirees	Retiree hearing care

Source: Macomb County Risk Management & Safety Department

Macomb County, Michigan

TAX ABATEMENTS – INDUSTRIAL FACILITIES TAX (IFT)

LAST FOUR 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

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
2010	\$ 16,048,317	\$ -
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

Source: Macomb County Finance Department

County residential building permits issued

Year	Building Permits
2010	933
2011	1,145
2012	1,342
2013	1,860
2014	1,800
2015	1,867
2016	1,867
2017	2,206
2018	2,034
2019	1,935

Source: SEMCOG Community Profile Report for Macomb County

Macomb County, Michigan

SCHEDULE OF LABOR FORCE AGREEMENTS

Year Ended December 31, 2019

(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.	98	12/31/2022
AFSCME Local 411 General & District Crt	Clerical	583	12/31/2022
AFSCME 411- Teachers	Teachers	38	12/31/2022
Building Trades Association	Carpenters, electricians, etc.	25	12/31/2022
Command Officers Association of Michigan	Sheriff - Lieutenants and Sergeants	59	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	169	12/31/2022
Michigan Nurses Assoc	Nurses	41	12/31/2022
FOPLC	Deputies and Dispatchers	280	12/31/2021
POAM-Asst Prosecutors Assoc	APA's	55	12/31/2019
POAM-Juvenile Justic Center	Juvenile Justice Center	61	12/31/2022
POAM- Medical Examiner	Med Exam Invest/Forensic Invst	8	12/31/2022
POLC-Captains	Captains and Jail Administrator	4	12/31/2021
Road Technicians Association	Dept. of Road technicians	125	12/31/2022
Teamsters Local 214	Circuit Court / Friend of the Court	72	12/31/2022
Teamsters Local 214	Court Reporters	3	12/31/2022
TPOAM	Circuit Court Officers & Professional	56	12/31/2019
TPOAM	Juvenile Court and Justice Center	15	12/31/2022
TPOAM	I.T.	30	12/31/2022
TPOAM	Specialized Employees	32	12/31/2022
UAW Local 412 - Unit 75	Supervisors	89	12/31/2022
UAW Local 412 - Unit 95	Corporation Counsel	4	12/31/2022
UAW Local 889	MCCSA Professionals	18	12/31/2022
UAW Local 889	Specialized Offices	65	12/31/2022
UAW Local 889	Animal Shelter	13	12/31/2022
UAW Local 889	Macomb Community Action	206	12/31/2022
UAW Local 889	Probate Court / Corporation Counsel	12	12/31/2022
Non-Affiliated	County and Roads	710	N/A
<b>Total Employee Count</b>		<b><u>2,907</u></b>	

Source: Macomb County Human Resources and Labor Relations