
MACOMB COUNTY, MICHIGAN

Citizens Guide and Performance Dashboard

2015

This Citizens Guide and Performance Dashboard is intended to provide the general public with a brief but meaningful presentation on the finances of the County, with emphasis placed on the General Fund, long-term debt and legacy costs associated with pensions and retiree health care. The information presented herein represents adopted and amended budget amounts for 2015, adopted budget amounts for 2016 as well as forecasted amounts for 2017 and 2018. The adopted 2015 and 2016 budgets are both available on the County's web site at www.macombgov.org. Questions and comments regarding the Citizens Guide and Performance Dashboard may be directed to the Finance Department at 586-469-5250.

Overview of the County

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

The Budget Process

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

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

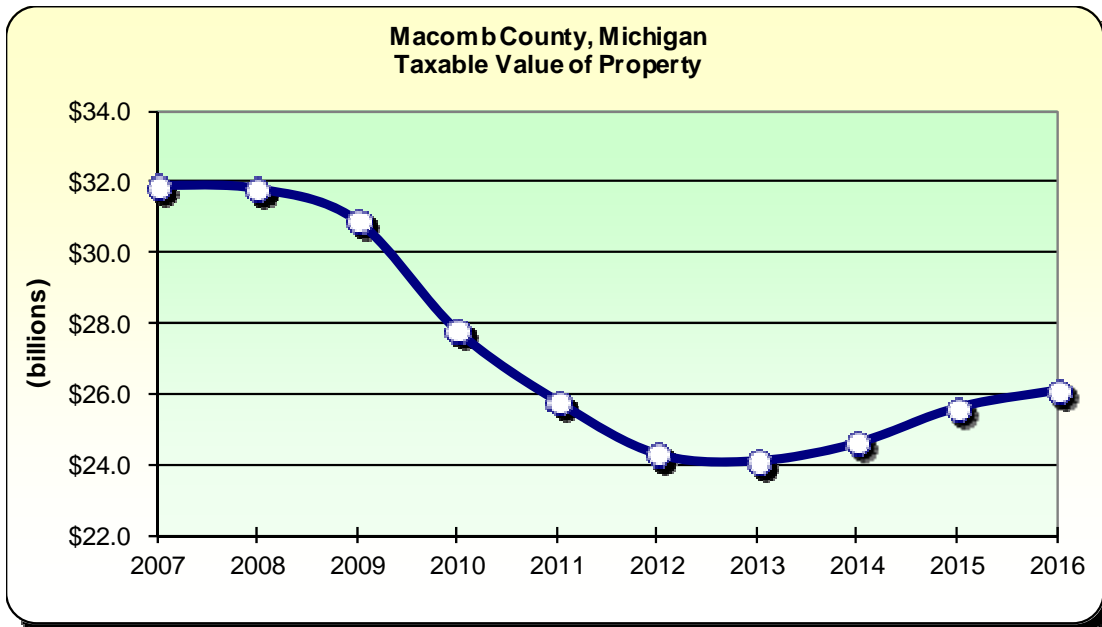
MACOMB COUNTY, MICHIGAN
Citizens Guide and Performance Dashboard
2015

Budget Adjustments

Transfers between budget centers must be approved by the Board of Commissioners regardless of amount. Transfers between line items within any budget center within any fund that exceed the lesser of \$100,000 or 10% of the total appropriations approved for the budget center in question must be approved by the Board of Commissioners. Multiple related expenditures shall be aggregated and are subject to the same parameters described above for any one budget year. Internal service costs may be transferred between funds and budget centers regardless of amount without prior approval of the Board of Commissioners.

Budget and Forecast Assumptions

Property taxes account for approximately 18.1% of revenues across all funds and are the primary source of revenue for the General Fund (55.7% for 2016). The County enjoyed healthy increases in taxable values of 6% per year, on average, from the mid 1990s through the mid 2000s. Taxable values began to stagnate in 2008 and declined 26.7% from that time through the end of 2013. **Taxable values declined 2.9% in 2009, 10.2% in 2010, 7.0% in 2011, 6.0% in 2012 and 0.6% in 2013 and increased 1.6% in 2014 and 3.72% in 2015. Taxable values are estimated to increase 2.0% in 2016.** Each 1% change in property values equates to approximately \$1.0 million in property tax revenue to the General Fund. Health care costs for 2016 are expected to increase 4%. The taxable value of property for the past ten years is presented below.



MACOMB COUNTY, MICHIGAN
Citizens Guide and Performance Dashboard
2015

Operations at a Glance

The County provides many valued services to its residents. These activities are accounted for in many different funds. The General Fund is the main operating fund of the County and is used to account for functions that are financed primarily by property taxes and other general revenue such as State Revenue Sharing, liquor tax and interest. Special Revenue and Enterprise funds are used to account for activities that are funded primarily by State and Federal grants and charges for services. Adopted budget information for 2015 and 2016 for all budgeted funds is presented on the following two pages.

**Macomb County, Michigan
Adopted Budgeted Revenues By Source - All Funds
Fiscal 2015**

	Major Funds				Total
	General Fund	Department of Roads	Community Mental Health	Nonmajor Funds	
Revenues					
Property Taxes	\$ 112,820,357	\$ -	\$ -	\$ 1,091,577	\$ 113,911,934
Intergovernmental	29,961,838	82,355,843	22,977,690	50,468,418	185,763,789
Charges for Services/Reimb	39,190,522	2,244,000	179,589,256	62,911,340	283,935,118
Indirect Cost Allocation	8,570,813	-	50,824	-	8,621,637
Other Sources	2,561,040	938,116	45,010	1,450,894	4,995,060
Transfers In	-	-	4,094,482	29,262,616	33,357,098
Total Revenues	193,104,570	85,537,959	206,757,262	145,184,845	630,584,636
Expenditures					
Salaries & Wages	\$ 76,624,510	\$ 15,074,742	\$ 16,937,301	\$ 34,883,457	\$ 143,520,010
Fringe Benefits	44,722,737	14,310,000	11,342,443	21,825,189	\$ 92,200,369
Supplies & Commodities	29,846,800	5,716,787	13,207,017	41,686,450	90,457,054
Road Construction & Maintenance	-	57,088,176	-	-	57,088,176
Contract Services	8,154,819	3,675,200	164,982,569	23,257,061	200,069,649
Capital Outlay	1,574,590	3,966,993	287,932	690,191	6,519,706
Debt Service	-	-	-	24,841,666	24,841,666
Transfers Out	32,179,921	146,166	-	657,782	32,983,869
Total Expenditures	193,103,377	99,978,064	206,757,262	147,841,796	647,680,499
Incr (Decr) in Fund Balance	1,193	(14,440,105)	-	(2,656,951)	(17,095,863)
Fund Balances, Beginning of Year	81,783,109	47,130,605	2,573,425	17,435,431	148,922,570
Fund Balances, End of Year	\$ 81,784,302	\$ 32,690,500	\$ 2,573,425	\$ 14,778,480	\$ 131,826,707

MACOMB COUNTY, MICHIGAN
Citizens Guide and Performance Dashboard
2015

Macomb County, Michigan
Adopted Budgeted Revenues By Source - All Funds
Fiscal 2016

	Major Funds				Total
	General Fund	Department of Roads	Community Mental Health	Nonmajor Funds	
Revenues					
Property Taxes	\$ 119,492,908	\$ -	\$ -	\$ 1,137,120	\$ 120,630,028
Intergovernmental	31,312,075	75,243,190	16,972,315	56,419,867	179,947,447
Charges for Services/Reimb	40,041,944	2,510,000	204,578,941	42,592,324	289,723,209
Indirect Cost Allocation	13,590,378	-	52,350	-	13,642,728
Other Sources	2,216,590	1,091,072	126,588	2,233,278	5,667,528
Transfers In	8,000,000	-	3,933,635	34,577,996	46,511,631
Total Revenues	214,653,895	78,844,262	225,663,829	136,960,585	656,122,571
Expenditures					
Salaries & Wages	\$ 78,886,287	\$ 15,523,953	\$ 17,312,298	\$ 27,839,531	\$ 139,562,069
Fringe Benefits	45,220,766	14,176,272	11,388,173	17,097,054	\$ 87,882,265
Supplies & Commodities	33,187,261	5,710,938	26,753,375	40,321,174	105,972,748
Road Construction & Maintenance	-	50,345,343	-	-	50,345,343
Contract Services	7,944,494	3,625,308	170,067,881	24,377,309	206,014,992
Capital Outlay	1,037,156	5,109,708	142,102	635,113	6,924,079
Debt Service	-	-	-	27,130,485	27,130,485
Transfers Out	59,987,358	143,622	-	1,167,384	61,298,364
Total Expenditures	226,263,322	94,635,144	225,663,829	138,568,050	685,130,345
Incr (Decr) in Fund Balance	(11,609,427)	(15,790,882)	-	(1,607,465)	(29,007,774)
Fund Balances, Beginning of Year	62,183,401	48,968,443	3,897,237	22,971,795	138,020,876
Fund Balances, End of Year	\$ 50,573,974	\$ 33,177,561	\$ 3,897,237	\$ 21,364,330	\$ 109,013,102

MACOMB COUNTY, MICHIGAN

Citizens Guide and Performance Dashboard

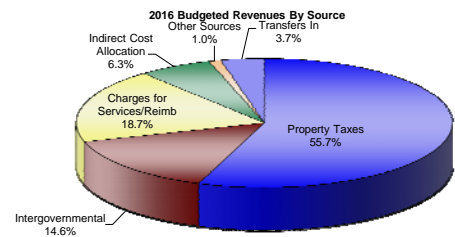
2015

The General Fund

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

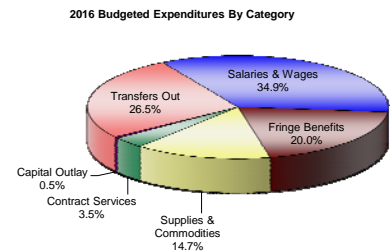
Macomb County, Michigan
General Fund Revenues By Source

	2014	2015	2016	2017	2018
	Actual	Amended	Adopted Budget	Forecast	Forecast
Property Taxes	\$ 112,609,816	\$ 116,855,791	\$ 119,492,908	\$ 121,876,765	\$ 124,308,299
Intergovernmental	30,161,729	32,104,093	31,312,075	31,402,211	31,402,211
Charges for Services/Reimb	36,855,522	40,285,717	40,041,944	40,101,674	40,141,242
Indirect Cost Allocation	8,070,460	8,570,813	13,590,378	13,592,378	13,594,378
Other Sources	2,676,227	2,559,640	2,216,590	2,266,590	2,291,590
Transfers In	-	30,063,243	8,000,000	8,000,000	8,000,000
Total	\$ 190,373,754	\$ 230,439,297	\$ 214,653,895	\$ 217,239,618	\$ 219,737,720



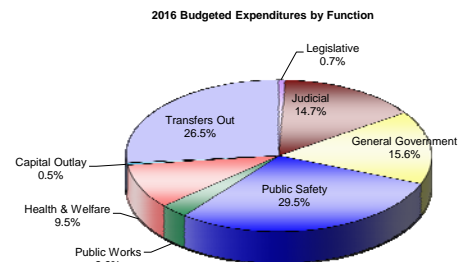
Macomb County, Michigan
General Fund Expenditures By Category

	2014	2015	2016	2017	2018
	Actual	Amended	Adopted Budget	Forecast	Forecast
Salaries & Wages	\$ 77,808,471	\$ 77,291,332	\$ 78,886,287	\$ 80,978,216	\$ 82,458,122
Fringe Benefits	42,882,887	104,178,525	45,220,766	49,583,473	50,665,771
Supplies & Commodities	28,695,078	29,911,361	33,187,261	33,344,596	33,570,411
Contract Services	5,932,746	8,362,519	7,944,494	7,995,594	8,112,794
Capital Outlay	2,228,635	1,425,596	1,037,156	823,016	747,016
Transfers Out	29,267,266	32,332,956	59,987,358	54,591,364	43,919,610
Total	\$ 186,815,083	\$ 253,502,289	\$ 226,263,322	\$ 227,316,259	\$ 219,473,724



Macomb County, Michigan
General Fund Expenditures By Function

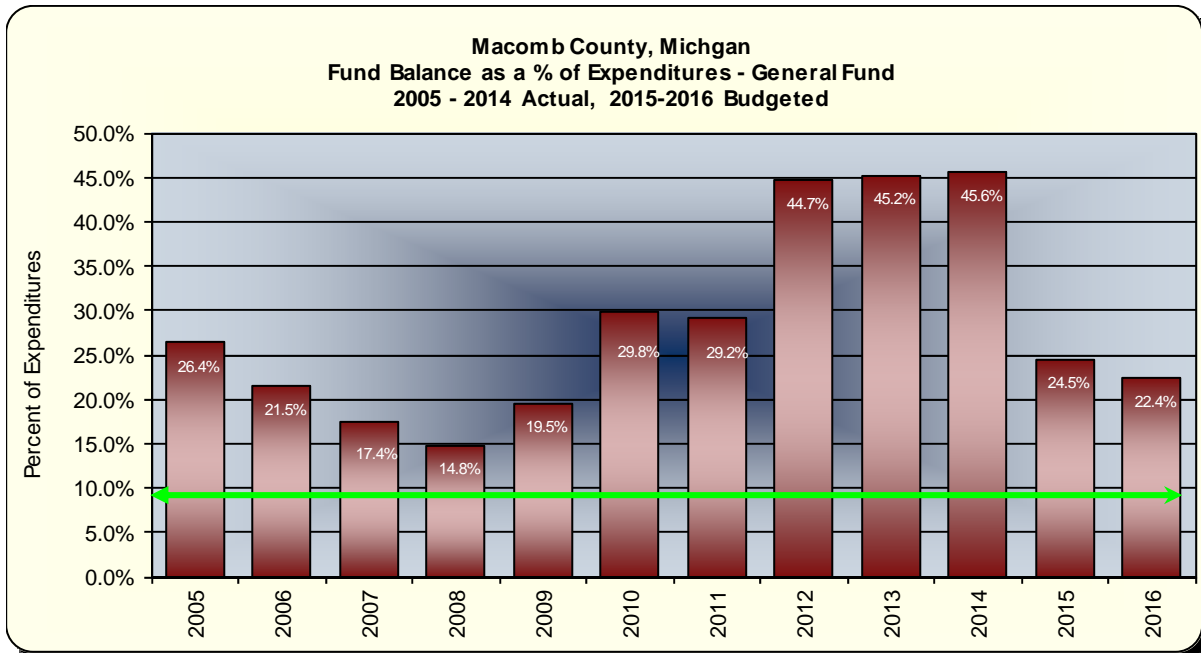
	2014	2015	2016	2017	2018
	Actual	Amended	Adopted Budget	Forecast	Forecast
Legislative	\$ 1,190,807	\$ 1,570,709	\$ 1,582,457	\$ 1,602,470	\$ 1,620,034
Judicial	29,417,531	32,661,405	33,355,822	34,266,423	34,874,068
General Government	41,264,849	93,246,296	35,306,024	39,108,910	39,752,480
Public Safety	59,561,963	64,673,337	66,750,810	68,051,819	69,251,722
Public Works	5,166,734	6,366,079	6,642,903	6,794,565	6,900,025
Health & Welfare	18,717,298	21,225,911	21,600,792	22,077,692	22,408,769
Capital Outlay	2,228,635	1,425,596	1,037,156	823,016	747,016
Transfers Out	29,267,266	32,332,956	59,987,358	54,591,364	43,919,610
Total	\$ 186,815,083	\$ 253,502,289	\$ 226,263,322	\$ 227,316,259	\$ 219,473,724



MACOMB COUNTY, MICHIGAN
Citizens Guide and Performance Dashboard
2015

The General Fund (concluded)

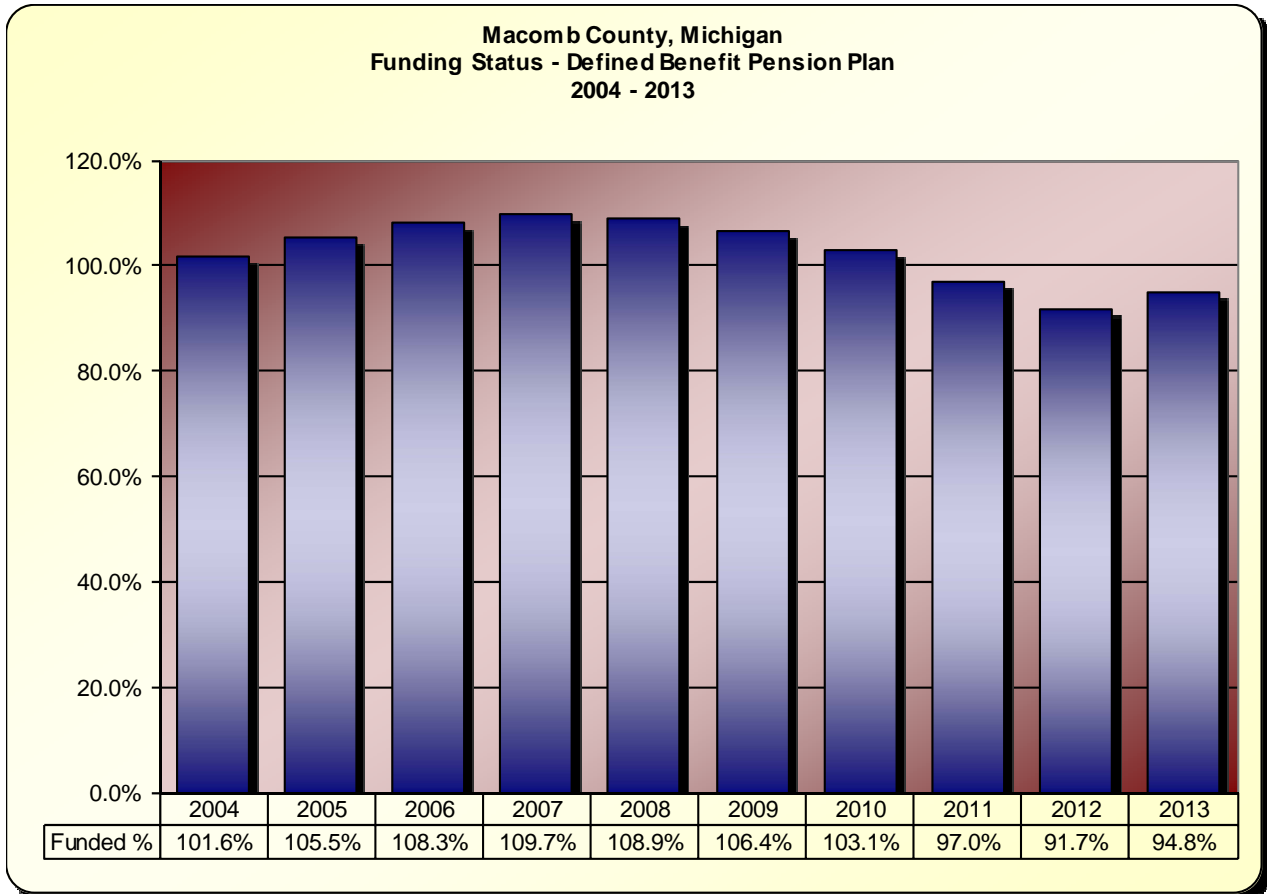
Fund Balance - Preservation of fund balance is critical for the future. The County has prided itself on maintaining a healthy level of fund balance in its various operating funds. Industry guidelines recommend a fund balance of approximately 10% - 15% of annual expenditures in any given fund. The audited General Fund balance of \$85.2 million as of December 31, 2014 represented 45.6% of 2014 expenditures. The ratio is expected to decrease to approximately 24.5% by the end of fiscal 2015 and 22.4% by the end of fiscal 2016 as a result of a one-time \$59.0 million contribution to the County's Retiree Health Care Intermediate Trust Fund to pre-fund future normal costs of retiree health care. The County also issued \$263.5 million in general obligation bonds in 2015 to fully fund its unfunded retiree health care liability. A graphical representation of the level of fund balance as a percentage of expenditures for the last 10 years is presented below.



MACOMB COUNTY, MICHIGAN
Citizens Guide and Performance Dashboard
2015

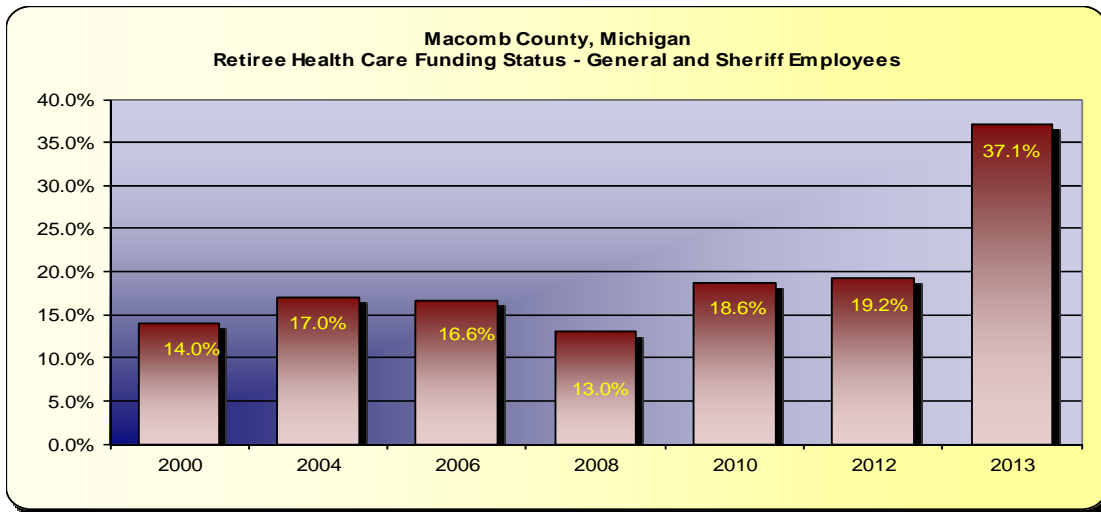
Unfunded Liabilities

Defined Benefit Pension Plan - The County sponsors and administers the Macomb County Employees' Retirement System (the "System"), a single employer defined benefit plan covering substantially all County employees. The System was established in accordance with state statutes to provide retirement benefits for the employees of the County and its several offices, boards and departments, including the County Road Commission. As of December 31, 2013, the date of the most recent actuarial valuation, the plan was 94.8% funded. The actuarial accrued liability was \$884,041,581 and the actuarial value of plan assets was \$837,652,540, resulting in an unfunded liability of \$46,389,041. The funding status for the last 10 years is presented below.

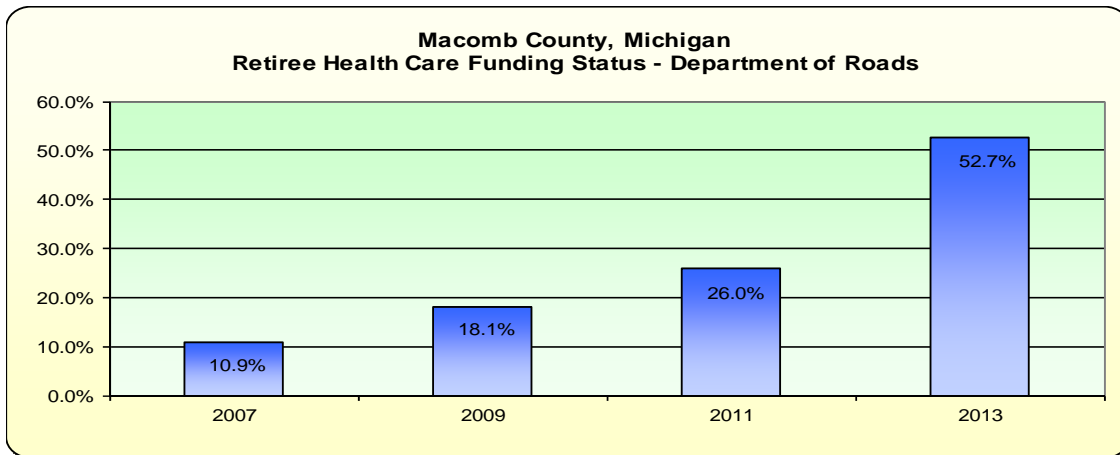


MACOMB COUNTY, MICHIGAN
Citizens Guide and Performance Dashboard
2015

Retiree Health Care - The County sponsors a single employer postretirement healthcare plan for retirees and their spouses. Hospitalization insurance is provided through insurance companies, whose premiums are based on the benefits paid during the year. As of December 31, 2013, the date of the most recent actuarial valuation, the plan was 37.1% funded. The actuarial accrued liability for benefits was \$417,782,617 and the actuarial value of assets in the plan was \$155,145,734, resulting in an unfunded actuarial accrued liability of \$262,636,883.



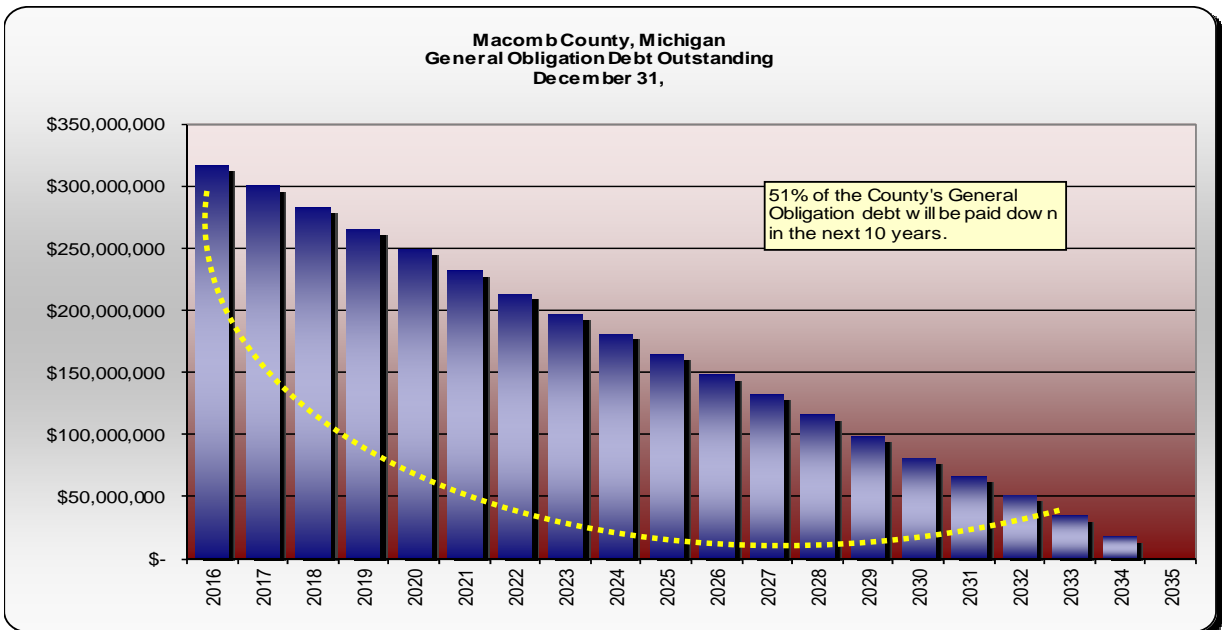
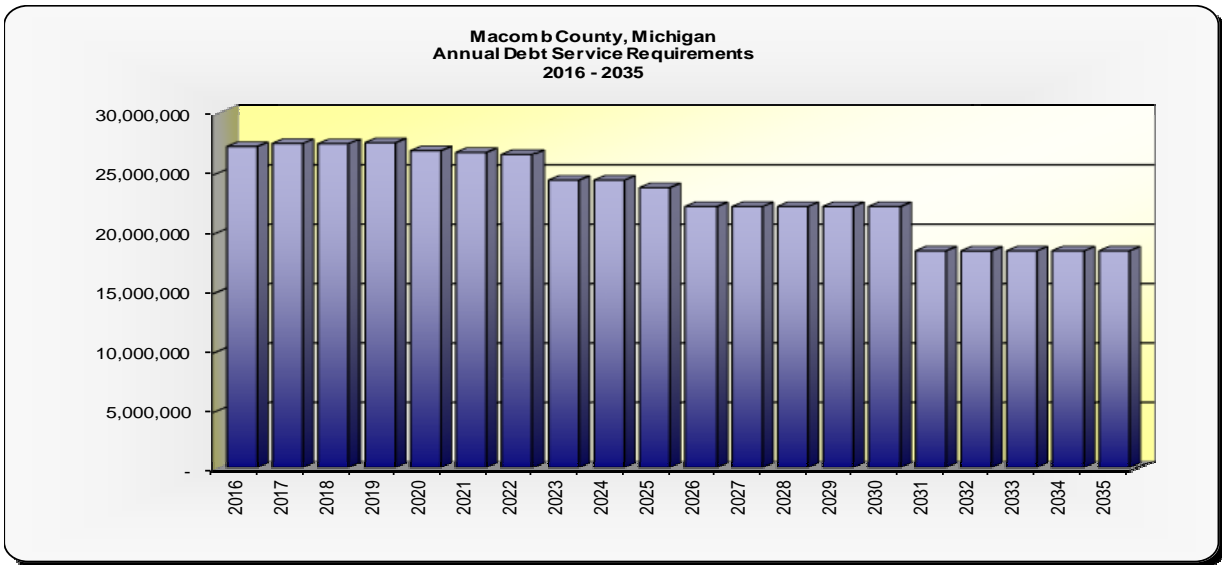
Retiree Health Care (concluded) - The County also sponsors a multiple employer plan administered by the Michigan Employers' Retirement System (MERS) for those who retired from the Department of Roads. Hospitalization insurance is provided through insurance companies, whose premiums are based on the benefits paid during the year. As of December 31, 2013, the date of the most recent actuarial valuation, the plan was 52.7% funded. The actuarial accrued liability for benefits was \$69,322,970 and the actuarial value of assets in the plan was \$35,511,623, resulting in an unfunded actuarial accrued liability of \$32,811,347.



MACOMB COUNTY, MICHIGAN
Citizens Guide and Performance Dashboard
2015

Long-Term Debt

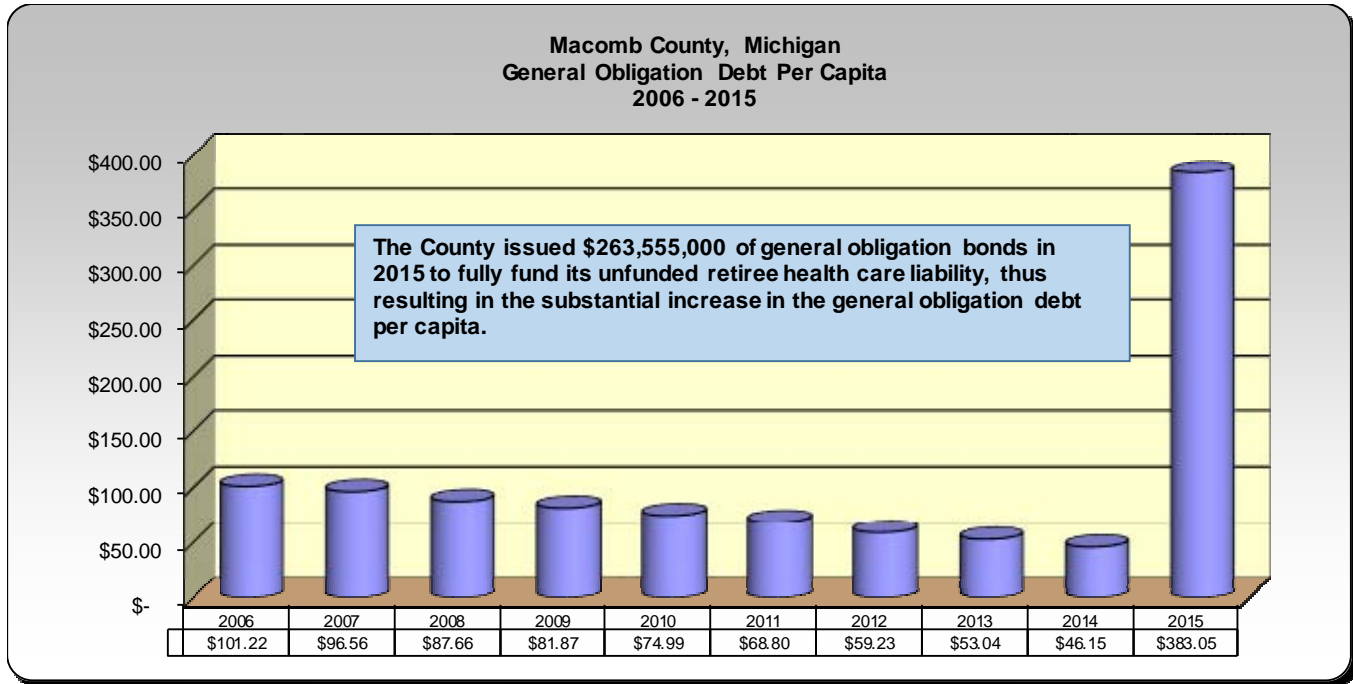
The County's general obligation bonds are rated **AA+** by Standard & Poor's and **Aa1** by Moody's Investor Service. The County's outstanding general obligation debt supported by the General Fund as of December 31, 2015 will be \$332,928,675 or \$383.05 per capita. All of the County's General Obligation Debt will be retired as of December 31, 2035. Annual debt service requirements and outstanding balances for the years 2016 – 2035 are presented below. Annual debt service payments on all issues are funded by general revenues of the General Fund.



MACOMB COUNTY, MICHIGAN
Citizens Guide and Performance Dashboard
2015

Long-Term Debt (continued)

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



MACOMB COUNTY, MICHIGAN
Citizens Guide and Performance Dashboard
2015

Long-Term Debt (continued)

Annual principal and interest payments by issue are presented below:

Name:	Series 2005 Clemens Refunding	Series 2012 PWK/WertzRefunding	Series 2012 800 MhZ/NB Court Refunding
Type:	General Obligation	General Obligation	General Obligation
Issue Date:	12/1/2005	3/1/2012	10/1/2012
Original Issue Amount:	\$2,875,000	\$6,550,000	\$14,160,000

Year	Principal	Interest	Principal	Interest	Principal	Interest
2016	\$ 260,000	\$ 51,670	\$ 530,000	\$ 105,500	\$ 1,035,000	\$ 300,925
2017	285,000	40,562	525,000	94,950	1,320,000	280,225
2018	280,000	28,909	515,000	84,550	1,360,000	253,825
2019	300,000	16,799	560,000	73,800	1,395,000	226,625
2020	210,000	5,250	535,000	62,850	1,410,000	198,725
2021	-	-	575,000	50,313	1,455,000	170,526
2022	-	-	565,000	36,063	1,495,000	141,425
2023	-	-	575,000	21,812	1,510,000	109,656
2024	-	-	585,000	7,312	1,555,000	75,681
2025	-	-	-	-	1,550,000	38,750
2026	-	-	-	-	-	-
2027	-	-	-	-	-	-
2028	-	-	-	-	-	-
2029	-	-	-	-	-	-
2030	-	-	-	-	-	-
2031	-	-	-	-	-	-
2032	-	-	-	-	-	-
2033	-	-	-	-	-	-
2034	-	-	-	-	-	-
2035	-	-	-	-	-	-
	<u>\$ 1,335,000</u>	<u>\$ 143,190</u>	<u>\$ 4,965,000</u>	<u>\$ 537,150</u>	<u>\$ 14,085,000</u>	<u>\$ 1,796,363</u>

Name:	Series 2012 Bridge Refunding	Series 2014 MTB/YTH Refunding	Series 2015 Retiree Health Care
Type:	General Obligation	General Obligation	General Obligation
Issue Date:	11/1/2012	9/1/2014	3/11/2015
Original Issue Amount:	\$2,265,000	\$15,155,000	\$263,555,000

Year	Principal	Interest	Principal	Interest	Principal	Interest
2016	\$ 490,000	\$ 39,300	\$ 1,710,000	\$ 479,650	\$ 9,720,000	\$ 8,670,066
2017	470,000	29,500	1,780,000	427,300	9,790,000	8,601,054
2018	470,000	20,100	1,860,000	363,400	9,905,000	8,479,854
2019	535,000	10,700	1,910,000	288,000	10,080,000	8,308,400
2020	-	-	2,020,000	209,400	10,295,000	8,090,570
2021	-	-	2,120,000	126,600	10,545,000	7,842,358
2022	-	-	2,105,000	42,100	10,830,000	7,558,908
2023	-	-	-	-	11,145,000	7,246,138
2024	-	-	-	-	11,485,000	6,903,318
2025	-	-	-	-	11,860,000	6,532,812
2026	-	-	-	-	12,250,000	6,138,348
2027	-	-	-	-	12,685,000	5,706,414
2028	-	-	-	-	13,155,000	5,233,770
2029	-	-	-	-	13,670,000	4,717,304
2030	-	-	-	-	14,230,000	4,160,116
2031	-	-	-	-	14,815,000	3,572,986
2032	-	-	-	-	15,465,000	2,918,756
2033	-	-	-	-	16,155,000	2,235,820
2034	-	-	-	-	16,865,000	1,522,416
2035	-	-	-	-	17,610,000	777,657
	<u>\$ 1,965,000</u>	<u>\$ 99,600</u>	<u>\$ 13,505,000</u>	<u>\$ 1,936,450</u>	<u>\$ 252,555,000</u>	<u>\$ 115,217,065</u>

MACOMB COUNTY, MICHIGAN
Citizens Guide and Performance Dashboard
2015

Long-Term Debt (concluded)

Name:	Series 2015 Central Campus Renovations	Series 2010 MDOT Loan
Type:	General Obligation	General Obligation
Issue Date:	6/4/2015	10/1/2010
Original Issue Amount:	\$44,210,000	\$495,000

Year					Totals		
	Principal	Interest	Principal	Interest	Principal	Interest	Total
2016	\$ 2,410,000	\$ 1,326,798	\$ 48,933	\$ 6,174	\$ 16,203,933	\$ 10,980,083	27,184,016
2017	2,460,000	1,278,098	49,912	5,195	16,679,912	10,756,884	27,436,796
2018	2,510,000	1,228,398	50,910	4,197	16,950,910	10,463,233	27,414,143
2019	2,565,000	1,171,236	51,928	3,178	17,396,928	10,098,738	27,495,666
2020	2,635,000	1,099,649	52,967	2,140	17,157,967	9,668,584	26,826,551
2021	2,705,000	1,033,074	54,025	1,079	17,454,025	9,223,950	26,677,975
2022	2,770,000	964,474	-	-	17,765,000	8,742,970	26,507,970
2023	2,870,000	865,524	-	-	16,100,000	8,243,130	24,343,130
2024	2,990,000	748,324	-	-	16,615,000	7,734,635	24,349,635
2025	3,110,000	626,324	-	-	16,520,000	7,197,886	23,717,886
2026	3,220,000	515,824	-	-	15,470,000	6,654,172	22,124,172
2027	3,320,000	414,404	-	-	16,005,000	6,120,818	22,125,818
2028	3,430,000	304,689	-	-	16,585,000	5,538,459	22,123,459
2029	3,545,000	188,272	-	-	17,215,000	4,905,576	22,120,576
2030	3,670,000	64,225	-	-	17,900,000	4,224,341	22,124,341
2031	-	-	-	-	14,815,000	3,572,986	18,387,986
2032	-	-	-	-	15,465,000	2,918,756	18,383,756
2033	-	-	-	-	16,155,000	2,235,820	18,390,820
2034	-	-	-	-	16,865,000	1,522,416	18,387,416
2035	-	-	-	-	17,610,000	777,657	18,387,657
	<u>\$ 44,210,000</u>	<u>\$ 11,829,313</u>	<u>\$ 308,675</u>	<u>\$ 21,963</u>	<u>\$ 332,928,675</u>	<u>\$ 131,581,094</u>	<u>\$ 464,509,769</u>

MACOMB COUNTY, MICHIGAN
Citizens Guide and Performance Dashboard
2015

Performance Dashboard

Fiscal Stability	2013	2014	Progress
General Fund Expenditures Per Capita**	\$ 211.40	\$ 214.94	↓
Fund Balance as % of Expenditures (General Fund)	45.2%	45.6%	↑
General Obligation Debt Per Capita	\$ 53.04	\$ 46.15	↑
Funding Level - Pension Plan	94.8%	N/A	
Funding Level - Retiree Health Care Plan	19.2%	37.1%	↑
Bond Rating	AA+/Aa1	AA+/Aa1	↔
% Change in Property Values	-0.6%	1.6%	↑

Public Safety	2013	2014	Progress
Crimes against persons per thousand residents	11	11	↔
Crimes against property per thousand residents	33	31	↑
Crimes against society per thousand residents	14	13	↑
Other crimes per thousand residents	7	7	↔
Traffic crashes non-injury	18,781	19,859	↓
Traffic crashes injuries or fatalities	5,056	5,234	↓

Economic Strength	2013	2014	Progress
Unemployment Rate	9.1%	6.5%	↑
Residential Building Permits	1,865	1,806	↓
Per Capita Personal Income	39,336	42,718	↑
Population	854,769	869,158	↑