

MACOMB COUNTY, MICHIGAN

Citizens Guide and Performance Dashboard

2018

This Citizens Guide and Performance Dashboard is intended to provide the general public with a brief but meaningful presentation on the finances of the County, with emphasis placed on the General Fund, long-term debt and legacy costs associated with pensions and retiree health care. The information presented herein represents amended budget amounts for 2018, recommended budget amounts for 2019 as well as forecasted amounts for 2020 and 2021. The adopted 2018 budget is available on the County's web site at www.macombgov.org. Questions and comments regarding the Citizens Guide and Performance Dashboard may be directed to the Finance Department at 586-469-5250.

Overview of the County

Macomb County was incorporated in 1818 and includes an area of 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.

Budget Adjustments

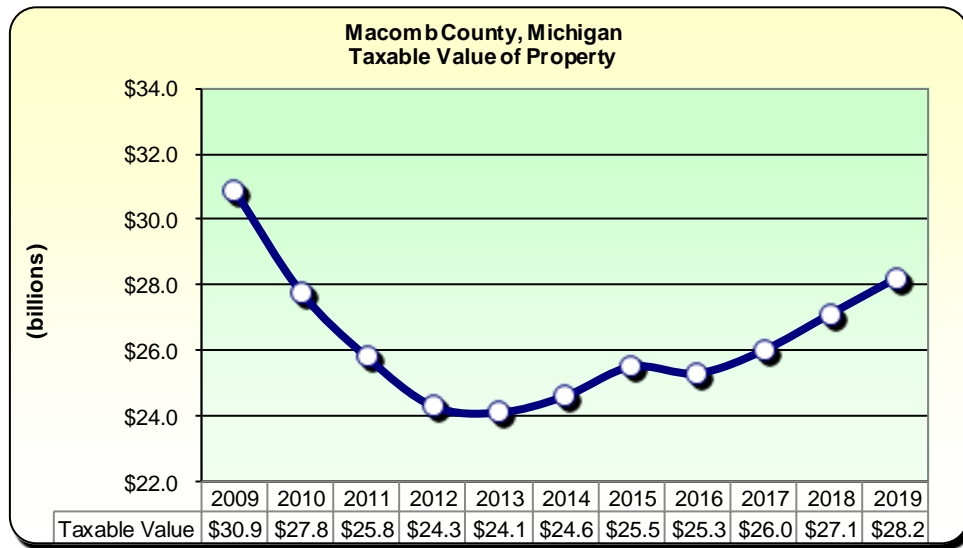
Transfers between budget centers must be approved by the Board of Commissioners regardless of amount. Transfers between line items within any budget center within any fund that exceed the lesser of \$35,000 or 5% of the total appropriations approved for the budget center in question must be approved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

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

Budget and Forecast Assumptions

Property taxes account for approximately 16.6% of revenues across all funds and are the primary source of revenue for the General Fund (51.2% for 2018). The County enjoyed healthy increases in taxable values of 6% per year, on average, from the mid 1990s through the mid 2000s. Taxable values began to stagnate in 2008 and declined 24.5% from that time through the end of 2013. **Since the decline ended in 2013, taxable values have increased 12.5%. Taxable values are estimated to increase 3.5% in 2019.** Each 1% change in property values equates to approximately \$1.0 million in property tax revenue to the General Fund. Health care costs for 2019 are expected to increase 4%. The taxable value of property for the past ten years along with next year's projection is presented below.



Operations at a Glance

The County provides many valued services to its residents. These activities are accounted for in many different funds. The General Fund is the main operating fund of the County and is used to account for functions that are financed primarily by property taxes and other general revenue such as State Revenue Sharing, liquor tax and interest. Special Revenue and Enterprise funds are used to account for activities that are funded primarily by State and Federal grants and charges for services. Amended budget information for 2018 and recommended budget information for 2019 for all budgeted funds is presented on the following two pages.

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Macomb County, Michigan
Budgeted Revenues and Expenditures - All Funds (As Amended)
Fiscal 2018

	Major Funds				Total
	General Fund	Department of Roads	Community Mental Health	Nonmajor Funds	
Revenues					
Property Taxes	\$ 119,965,426	\$ -	\$ -	\$ 1,871,913	\$ 121,837,339
Intergovernmental	36,056,134	107,431,390	9,360,194	65,807,666	218,655,384
Charges for Services/Reimb	43,533,813	2,344,000	170,637,616	74,171,344	290,686,773
Indirect Cost Allocation	15,546,153	-	66,150	-	15,612,303
Other Sources	2,454,594	1,360,267	68,200	1,269,749	5,152,810
Transfers In	8,084,680	-	3,994,632	37,345,942	49,425,254
Total Revenues	225,640,800	111,135,657	184,126,792	180,466,614	701,369,863
Expenditures					
Salaries & Wages	86,922,114	17,247,214	15,671,646	43,561,825	163,402,799
Fringe Benefits	50,197,362	17,386,194	9,944,584	22,845,616	100,373,756
Supplies & Commodities	30,366,547	6,113,285	11,767,014	44,649,664	92,896,510
Road Construction & Maintenance		77,552,285	-	-	77,552,285
Contract Services	8,241,026	4,668,950	144,896,507	30,939,954	188,746,437
Internal Services	5,610,235		1,768,781	8,789,347	16,168,363
Capital Outlay	1,208,115	5,993,821	78,260	2,171,698	9,451,894
Debt Service		-	-	28,861,938	28,861,938
Transfers Out	40,947,183	511,217	-	1,708,846	43,167,246
Total Expenditures	223,492,582	129,472,966	184,126,792	183,528,888	720,621,228
Net Increase (Decrease) in Fund Balanc	2,148,218	(18,337,309)	-	(3,062,274)	(19,251,365)
Fund Balance, Beginning of Year	53,591,653	66,842,131	5,425,943	26,485,795	152,345,522
Fund Balance, End of Year	\$ 55,739,871	\$ 48,504,822	\$ 5,425,943	\$ 23,423,521	\$ 133,094,157

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Macomb County, Michigan
Budgeted Revenues and Expenditures - All Funds (As Recommended)
Fiscal 2019

	Major Funds				Total
	General Fund	Department of Roads	Community Mental Health	Nonmajor Funds	
Revenues					
Property Taxes	\$ 126,032,070	\$ -	\$ -	\$ 1,971,874	\$ 128,003,944
Intergovernmental	37,908,925	137,481,914	10,192,079	66,378,261	251,961,179
Charges for Services/Reimb	45,729,883	2,117,500	180,096,094	55,648,987	283,592,464
Indirect Cost Allocation	16,567,823	-	66,150	-	16,633,973
Other Sources	2,722,150	1,548,663	56,199	1,094,626	5,421,638
Transfers In	8,605,000	-	3,853,481	37,680,815	50,139,296
Total Revenues	237,565,851	141,148,077	194,264,003	162,774,563	735,752,494
Expenditures					
Salaries & Wages	91,121,926	17,441,718	16,007,405	41,715,327	166,286,376
Fringe Benefits	52,831,794	17,849,080	10,702,726	23,746,745	105,130,345
Supplies & Commodities	28,359,422	6,289,775	10,571,989	46,967,666	92,188,852
Road Construction & Maintenance	-	100,237,960	-	-	100,237,960
Contract Services	9,124,608	4,939,950	154,912,807	33,062,911	202,040,276
Internal Services	7,322,628	-	1,938,956	9,435,278	18,696,862
Capital Outlay	3,560,954	14,764,138	130,120	1,259,884	19,715,096
Debt Service	-	-	-	9,054,786	9,054,786
Transfers Out	54,088,526	703,613	-	1,033,339	55,825,478
Total Expenditures	246,409,858	162,226,234	194,264,003	166,275,936	769,176,031
Net Decrease in Fund Balance	(8,844,007)	(21,078,157)	-	(3,501,373)	(33,423,537)
Fund Balance, Beginning of Year	55,739,871	48,504,822	5,425,943	20,046,560	129,717,196
Fund Balance, End of Year	<u>\$ 46,895,864</u>	<u>\$ 27,426,665</u>	<u>\$ 5,425,943</u>	<u>\$ 16,545,187</u>	<u>\$ 96,293,659</u>

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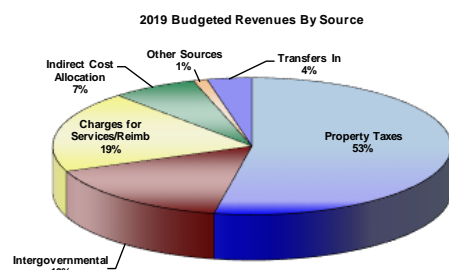
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The General Fund

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

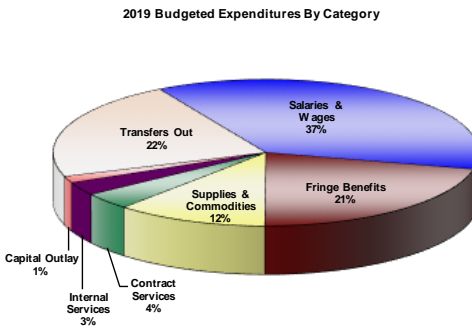
Macomb County, Michigan
General Fund Revenues By Source

	2017 Actual	2018 Amended	2019 Recommend	2020 Forecast	2021 Forecast
Property Taxes	\$ 118,423,150	\$ 119,965,426	\$ 126,032,070	\$ 129,802,534	\$ 132,988,847
Intergovernmental	38,951,865	36,056,134	37,908,925	38,138,501	38,370,372
Charges for Services/Rein	44,951,158	43,533,813	45,729,883	44,813,830	45,217,451
Indirect Cost Allocation	14,482,179	15,546,153	16,567,823	16,567,283	16,567,283
Other Sources	3,125,201	2,454,594	2,722,150	2,722,150	2,722,150
Transfers In	8,150,732	8,084,680	8,605,000	8,040,000	8,040,000
Total	\$ 228,084,285	\$ 225,640,800	\$ 237,565,851	\$ 240,084,298	\$ 243,906,103



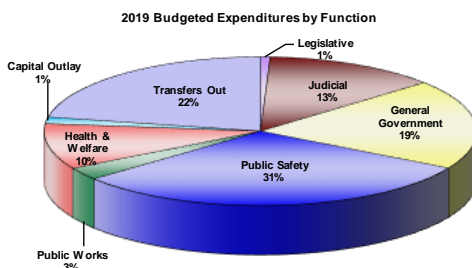
Macomb County, Michigan
General Fund Expenditures By Category

	2017 Actual	2018 Amended	2019 Recommend	2020 Forecast	2021 Forecast
Salaries & Wages	\$ 86,877,821	\$ 86,922,114	\$ 91,121,926	\$ 92,242,462	\$ 93,288,622
Fringe Benefits	49,730,873	50,197,362	52,831,794	56,240,496	57,184,209
Supplies & Commodities	27,799,777	30,366,547	28,359,422	28,286,328	28,335,548
Contract Services	7,647,157	8,241,026	9,124,608	9,126,508	9,143,766
Internal Services	5,606,822	5,610,235	7,322,628	7,421,360	7,512,303
Capital Outlay	2,054,061	1,208,115	3,560,954	2,796,272	2,810,272
Transfers Out	56,410,594	40,947,183	54,088,526	49,976,306	48,768,871
Total	\$ 236,127,105	\$ 223,492,582	\$ 246,409,858	\$ 246,089,732	\$ 247,043,591



Macomb County, Michigan
General Fund Expenditures By Function

	2017 Actual	2018 Amended	2019 Recommend	2020 Forecast	2021 Forecast
Legislative	\$ 1,481,976	\$ 1,732,622	\$ 1,768,373	\$ 1,803,436	\$ 1,820,860
Judicial	33,262,955	34,358,148	31,893,781	32,838,209	33,249,030
General Government	45,554,783	43,700,353	48,280,031	49,891,580	50,441,274
Public Safety	69,884,226	71,418,567	75,584,628	76,795,000	77,557,480
Public Works	5,744,644	6,541,745	6,784,011	7,013,774	7,129,240
Health & Welfare	21,733,866	23,585,849	24,449,554	24,975,155	25,266,564
Capital Outlay	2,054,061	1,208,115	3,560,954	2,796,272	2,810,272
Transfers Out	56,410,594	40,947,183	54,088,526	49,976,306	48,768,871
Total	\$ 236,127,105	\$ 223,492,582	\$ 246,409,858	\$ 246,089,732	\$ 247,043,591

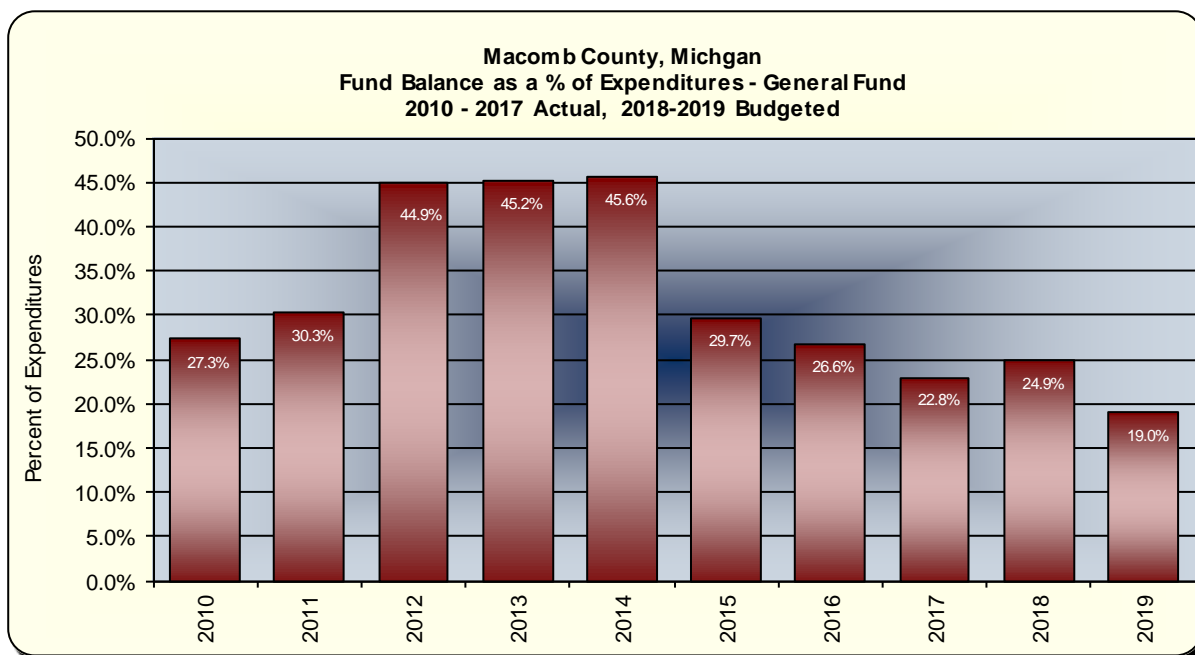


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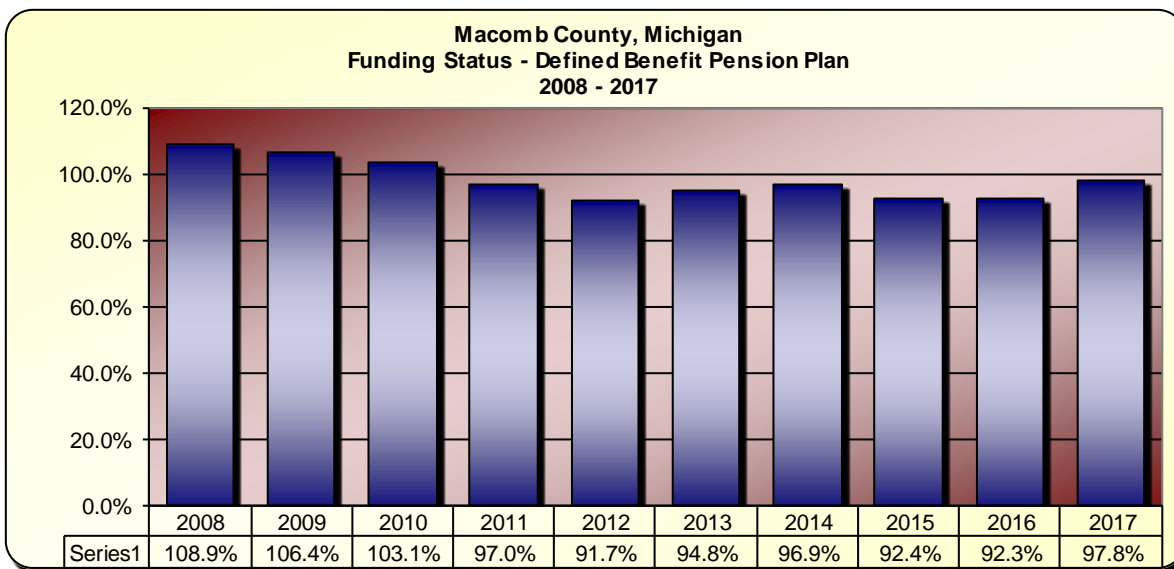
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Fund Balance – Preservation of fund balance is critical for the future. The County has prided itself on maintaining a healthy level of fund balance in its various operating funds. Industry guidelines recommend a fund balance of approximately 15% - 20% of annual expenditures in any given fund. The audited General Fund balance of \$53.6 million as of December 31, 2017 represented 22.8% of 2017 expenditures (including transfers out). The ratio is expected to increase to approximately 24.9% by the end of fiscal 2018 and then decrease to 19.0% by the end of fiscal 2019 as a result of short term budgetary savings in 2018 followed by significantly higher than originally forecasted contributions over the subsequent three years to the County’s capital improvement fund. A graphical representation of the level of fund balance as a percentage of expenditures for 2010 through 2019 is present below.

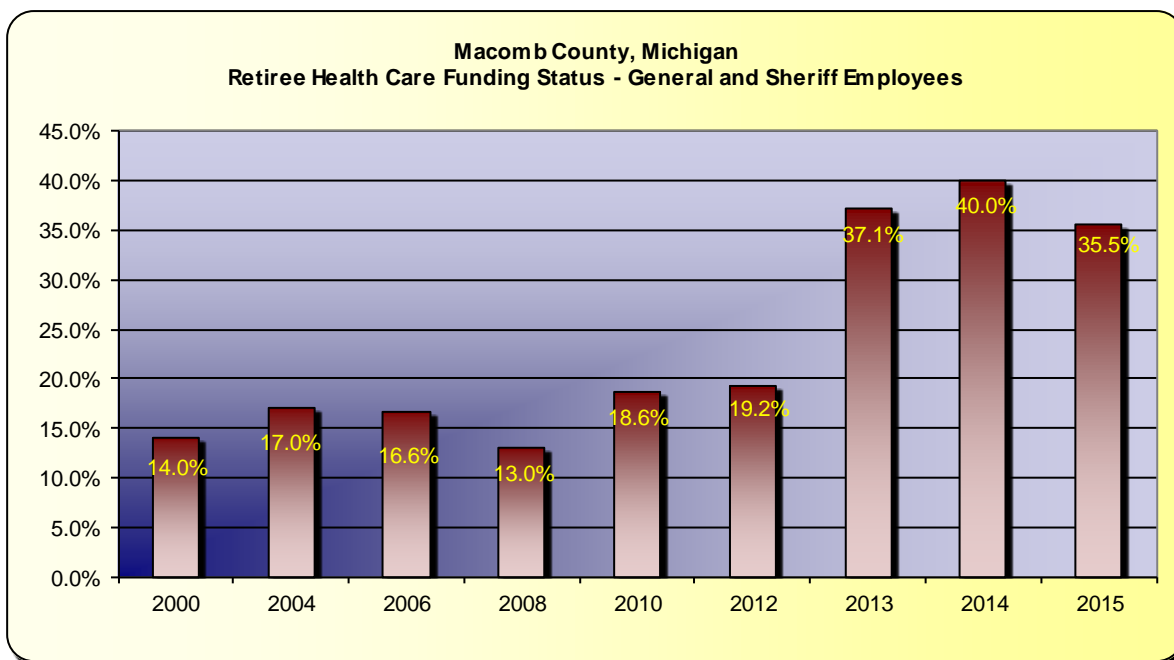


Defined Benefit Pension Plan – The County sponsors and administers the Macomb County Employees’ Retirement System (the “System”), a single employer defined benefit plan covering substantially all County employees. The System was established in accordance with state statutes to provide retirement benefits for the employees of the County and its several offices, boards and departments, including the County Road Commission. As of December 31, 2017, the date of the most recent actuarial valuation, the plan was 97.8% funded. The actuarial accrued liability was \$1,013,110,113 and the actuarial value of plan assets was \$990,802,562, resulting in an unfunded liability of \$22,307,551. The funding status for the last 10 years is presented on the following page.

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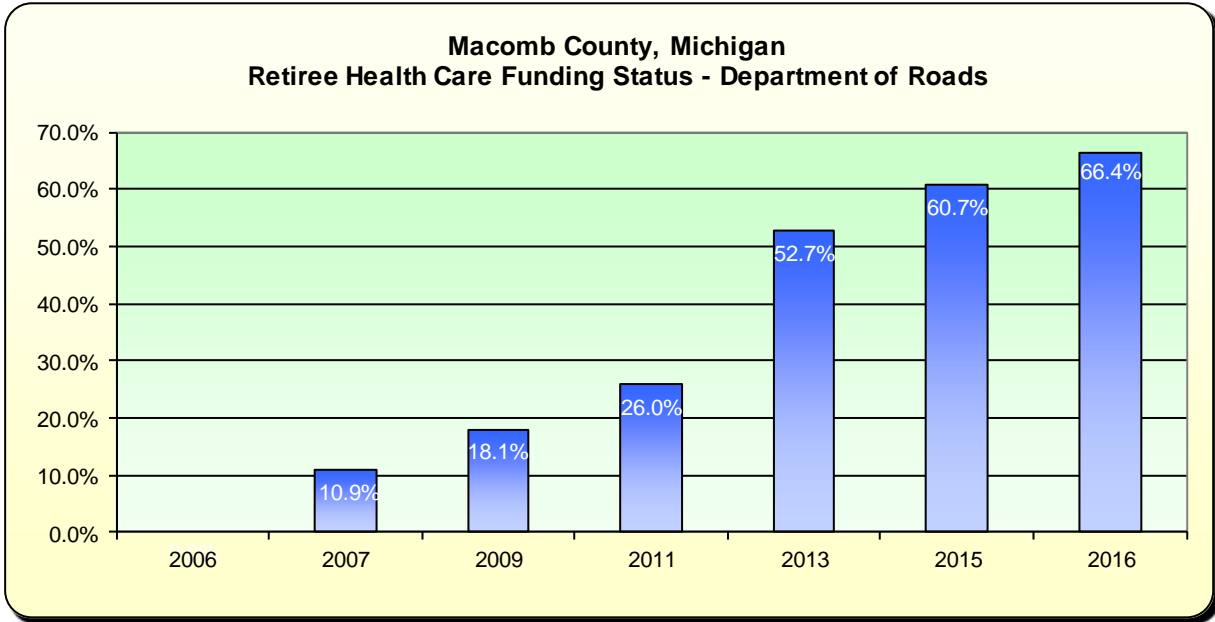
Retiree Health Care - The County sponsors a single employer postretirement healthcare plan for retirees and their spouses. Hospitalization insurance is provided through insurance companies, whose premiums are based on the benefits paid during the year. As of December 31, 2015, the date of the most recent actuarial valuation, the plan was 35.5% funded. The actuarial accrued liability for benefits was \$507,326,224 and the actuarial value of assets in the plan was \$179,970,735, resulting in an unfunded actuarial accrued liability of \$327,355,489. A graphical representation of the funding status of the plan since 2000 is shown below.



The County also sponsors a multiple employer plan administered by the Michigan Employers' Retirement System (MERS) for those who retired from the Department of Roads. Hospitalization insurance is provided through insurance companies, whose premiums are based on the benefits paid during the year. As of December 31, 2016, the date of the most recent actuarial valuation, the plan was 66.4% funded.

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Retiree Health Care (concluded) – The actuarial accrued liability for benefits was \$78,342,538 and the actuarial value of assets in the plan was \$52,048,363, resulting in an unfunded actuarial accrued liability of \$26,294,175.



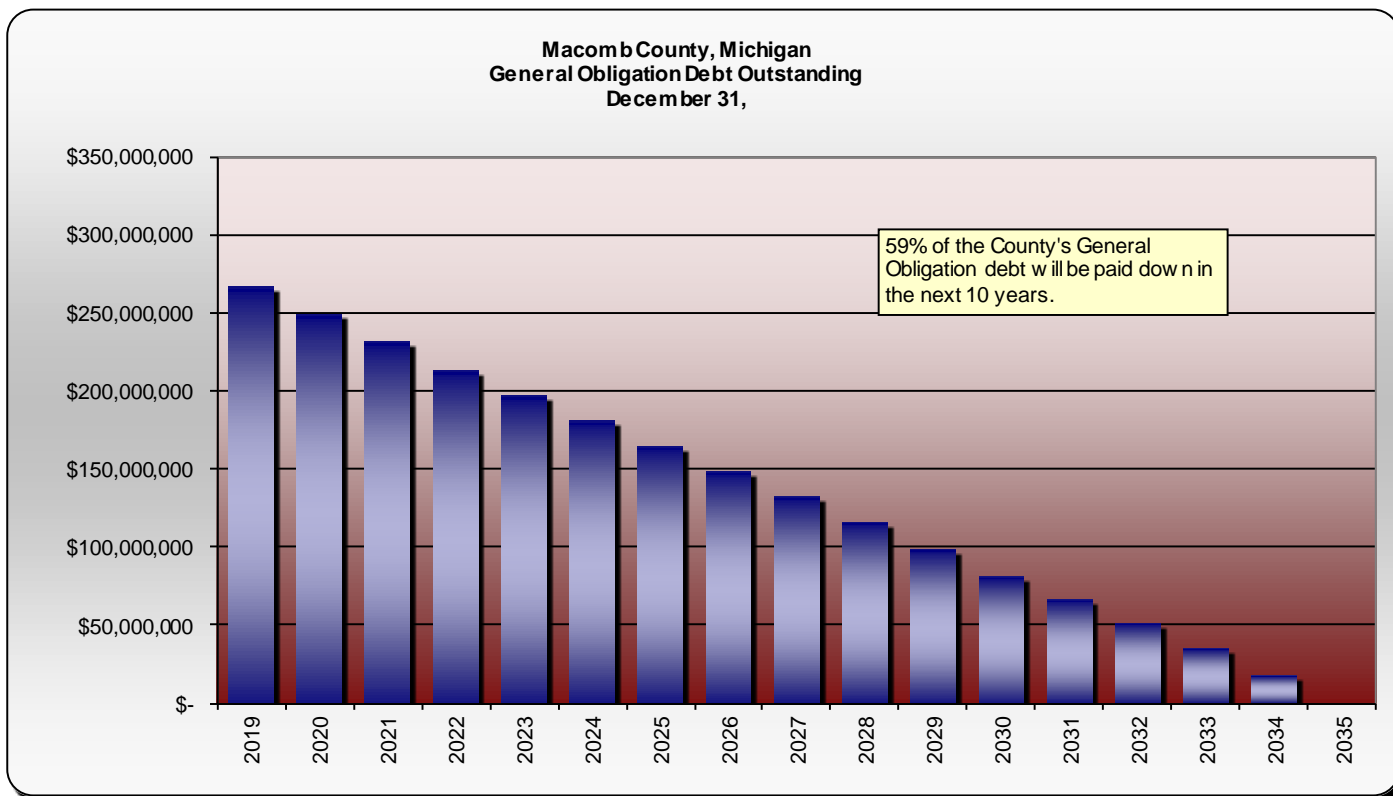
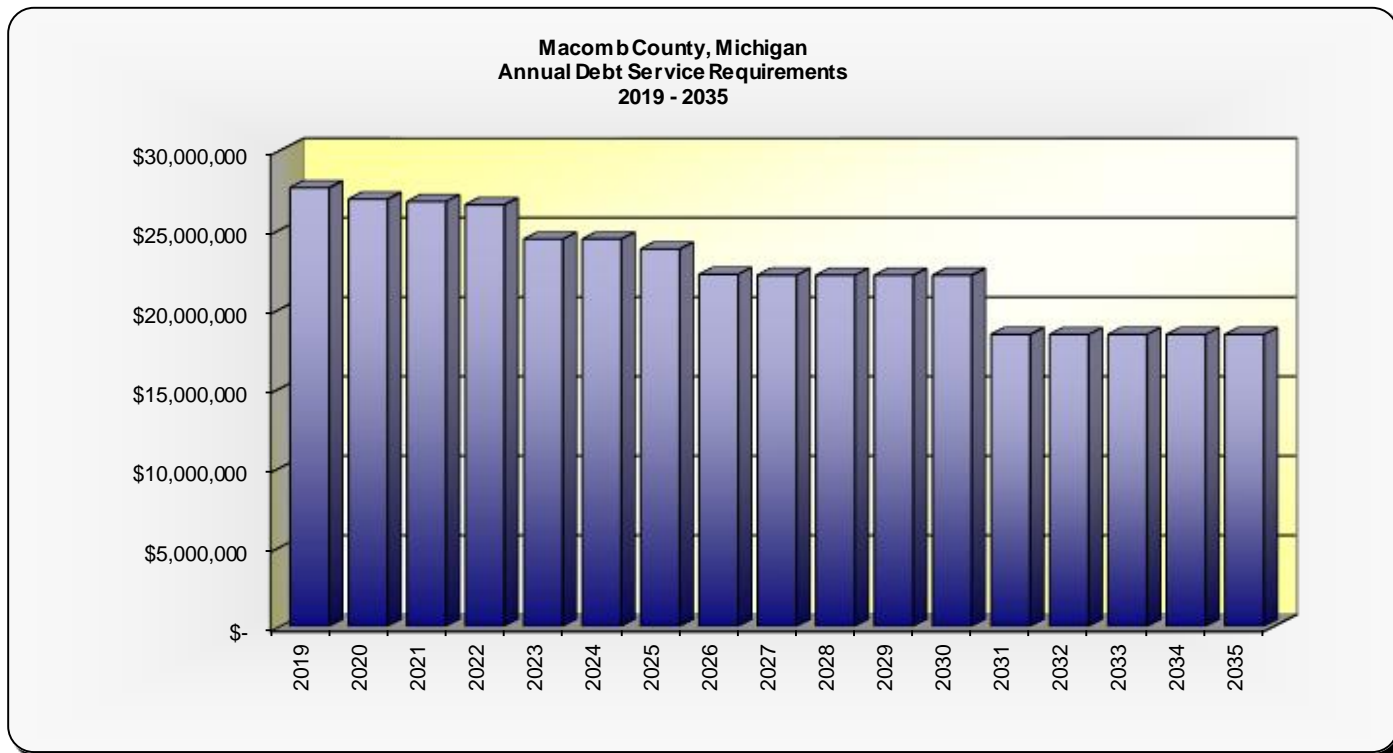
Long-Term Debt

The County's general obligation bonds are rated **AA+** by Standard & Poor's and **Aa1** by Moody's Investor Service. The County's outstanding general obligation debt supported by the primary government as of December 31, 2018 will be \$282,935,000 or \$345.97 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 2019 – 2035 are presented on the following page.

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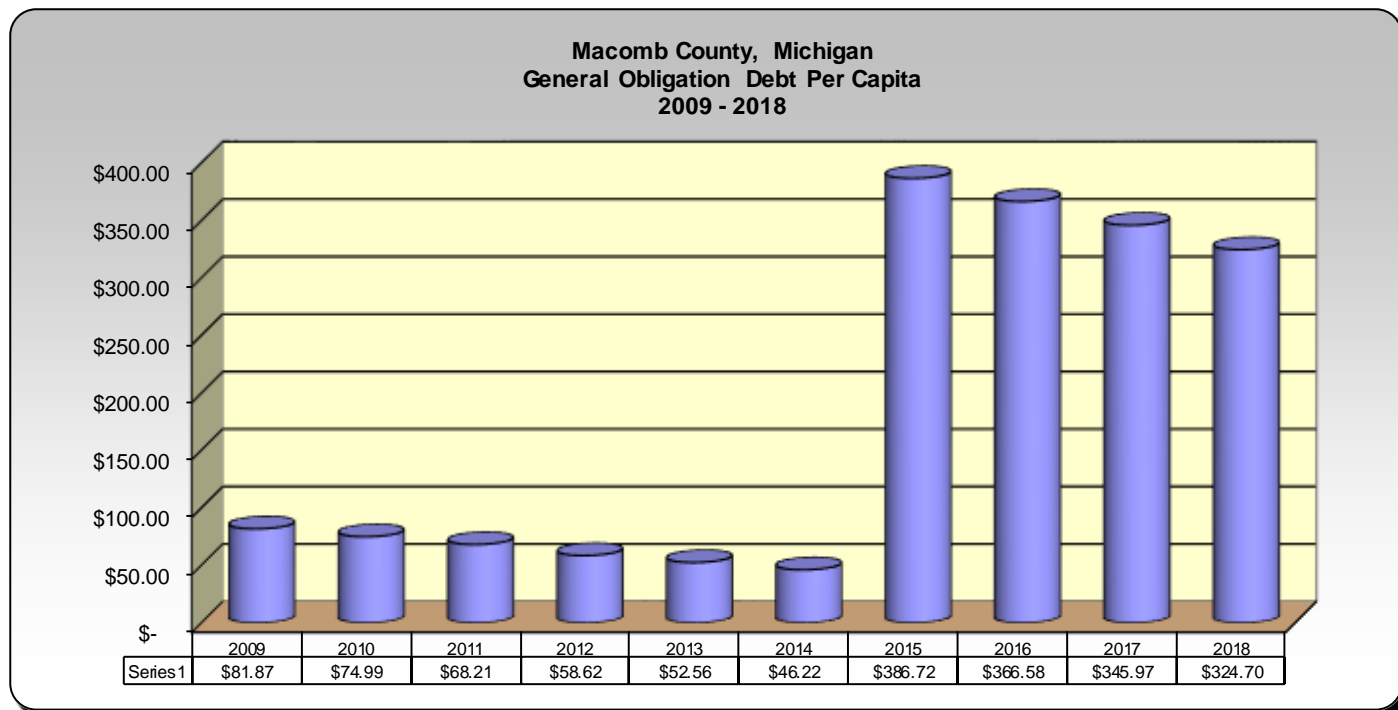
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A graphical representation of the County's general obligation debt per capita for the last 10 years is presented below.

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

Name:	Series 2005 Clemens Refunding	Series 2012 PWK/Wertz Refunding	Series 2012A 800 Mhz/NB Court Refunding
Type:	General Obligation, Limited Tax	General Obligation, Limited Tax	General Obligation, Limited Tax
Issue Date:	12/1/2005	3/1/2012	10/1/2012
Original Issue Amount:	\$2,875,000	\$6,550,000	\$14,160,000
Funding Source:	General Fund Unrestricted Revenues	General Fund Unrestricted Revenues	General Fund Unrestricted Revenues

Year	Principal	Interest	Principal	Interest	Principal	Interest
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
	<u>\$ 510,000</u>	<u>\$ 22,049</u>	<u>\$ 3,395,000</u>	<u>\$ 252,150</u>	<u>\$ 10,370,000</u>	<u>\$ 961,388</u>

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Name:	Series 2012 Bridge Refunding	Series 2014 MTB/YTH Refunding	Series 2015 Central Campus Renovations
Type:	General Obligation, Limited Tax	General Obligation, Limited Tax	General Obligation, Limited Tax
Issue Date:	11/1/2012	9/1/2014	6/4/2015
Original Issue Amount:	\$2,265,000	\$15,155,000	\$44,210,000
Funding Source:	General Fund Unrestricted Revenues	General Fund Unrestricted Revenues	General Fund Unrestricted Revenues

Year	Principal	Interest	Principal	Interest	Principal	Interest
2019	\$ 535,000	\$ 10,700	\$ 1,910,000	\$ 288,000	\$ 2,565,000	\$ 1,171,236
2020	-	-	2,020,000	209,400	2,635,000	1,099,649
2021	-	-	2,120,000	126,600	2,705,000	1,033,074
2022	-	-	2,105,000	42,100	2,770,000	964,474
2023	-	-	-	-	2,870,000	865,524
2024	-	-	-	-	2,990,000	748,324
2025	-	-	-	-	3,110,000	626,324
2026	-	-	-	-	3,220,000	515,824
2027	-	-	-	-	3,320,000	414,404
2028	-	-	-	-	3,430,000	304,689
2029	-	-	-	-	3,545,000	188,272
2030	-	-	-	-	3,670,000	64,225
	\$ 535,000	\$ 10,700	\$ 8,155,000	\$ 666,100	\$ 36,830,000	\$ 7,996,019

Name:	Series 2015 Retiree Health Care	Series 2007 MDOT Loan	Series 2010 MDOT Loan
Type:	General Obligation, Limited Tax	General Obligation	General Obligation
Issue Date:	3/11/2015	11/14/2008	10/1/2010
Original Issue Amount:	\$263,555,000	\$477,720	\$495,000
Funding Source:	See note below	General Fund Unrestricted Revenues	General Fund Unrestricted Revenues

Year	Principal	Interest	Principal	Interest	Principal	Interest
2019	\$ 10,080,000	\$ 8,308,400	\$ 49,491	\$ 499	\$ 51,928	\$ 3,178
2020	10,295,000	8,090,570	-	-	52,967	2,140
2021	10,545,000	7,842,358	-	-	54,025	1,079
2022	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	-	-	-	-
	\$ 223,140,000	\$ 89,466,091	\$ 49,491	\$ 499	\$ 158,920	\$ 6,397

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

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

Year	Principal	Interest	Principal	Interest
2019	\$ 34,272	\$ 1,036	\$ 37,472	\$ 9,996
2020	34,611	696	38,596	8,872
2021	34,962	351	39,754	7,714
2022	-	-	40,947	6,522
2023	-	-	42,175	5,293
2024	-	-	43,440	4,028
2025	-	-	44,743	2,725
2026	-	-	46,086	1,383
	<u>\$ 103,845</u>	<u>\$ 2,083</u>	<u>\$ 333,213</u>	<u>\$ 46,533</u>

Total county debt service for 2019 through 2035 is as follows:

Year	Total Debt Service			Principal Outstanding
	Principal	Interest	Total	December 31,
2019	\$ 17,518,163	\$ 10,110,269	\$ 27,628,432	\$ 266,062,306
2020	17,231,174	9,678,152	26,909,326	248,831,132
2021	17,528,741	9,232,015	26,760,756	231,302,391
2022	17,805,947	8,749,492	26,555,439	213,496,444
2023	16,142,175	8,248,423	24,390,598	197,354,269
2024	16,658,440	7,738,663	24,397,103	180,695,829
2025	16,564,743	7,200,611	23,765,354	164,131,086
2026	15,516,086	6,655,555	22,171,641	148,615,000
2027	16,005,000	6,120,818	22,125,818	132,610,000
2028	16,585,000	5,538,459	22,123,459	116,025,000
2029	17,215,000	4,905,576	22,120,576	98,810,000
2030	17,900,000	4,224,341	22,124,341	80,910,000
2031	14,815,000	3,572,986	18,387,986	66,095,000
2032	15,465,000	2,918,756	18,383,756	50,630,000
2033	16,155,000	2,235,820	18,390,820	34,475,000
2034	16,865,000	1,522,416	18,387,416	17,610,000
2035	<u>17,610,000</u>	<u>777,657</u>	<u>18,387,657</u>	-
	<u>\$ 283,580,469</u>	<u>\$ 99,430,009</u>	<u>\$ 383,010,478</u>	

MACOMB COUNTY, MICHIGAN
Citizens Guide and Performance Dashboard
2018

Performance Dashboard

Fiscal Stability	2016	2017	Progress
General Fund Expenditures Per Capita	\$ 266.90	\$ 269.60	↓
Fund Balance as % of Expenditures (General Fund)	26.6%	22.8%	↓
General Obligation Debt Per Capita	\$ 366.58	\$ 345.97	↑
Funding Level - Pension Plan	92.3%	97.8%	↑
Funding Level - Retiree Health Care Plan	40.0%	35.5%	↓
Bond Rating	AA+/Aa1	AA+/Aa1	↔
% Change in Assessed Value of Property	5.5%	5.6%	↑

Public Safety	2016	2017	Progress
Crimes against persons per thousand residents	5	5	↔
Crimes against property per thousand residents	14	13	↑
Other crimes per thousand residents	42	39	↑
Traffic crashes non-injury	19,942	19,890	↑
Traffic crashes injuries or fatalities	5,469	5,495	↓

Economic Strength	2016	2017	Progress
Unemployment Rate	5.3%	4.4%	↑
Residential Building Permits	1,879	2,239	↑
Per Capita Personal Income	\$ 27,525	\$ 28,588	↑
Number of Homes Sold By Private Sale	15,222	14,427	↓