

County Fiscal Indicators

District Coordinator Training Conference
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Fiscal Distress Indicators

- ▶ Population growth, last 3 years
- ▶ Taxable Value change (inflation adjusted), last 2 years
- ▶ Large decrease in taxable value (inflation adjusted), last 2 years
- ▶ General fund expenditures as percent of taxable value
- ▶ General fund operating deficit, latest year
- ▶ General fund operating deficit, two previous years
- ▶ General fund balance as % of general fund revenues (16.7% recommended by GFOA)
- ▶ Other fund deficits in current or previous year
- ▶ General long term debt as a % of taxable value

- ▶ State used system from 2007 to 2010, Center working on update and revisions

Fiscal Distress Scale

Fiscal Score	Category	State Action
0-4 points	Fiscally healthy	No action
5 points	Fiscal watch	Local govt. notified of score
6-7 points	Fiscal warning	Notified and placed on published list for 2 years
8-10 points	Fiscal emergency	Notified, placed on list and automatic consideration of review team

County Fiscal Distress Scores, 2009

Score	Number
0	9
1	23
2	21
3	14
4	8
5	6
6	1 (Shiawassee)
7	1 (Hillsdale)
Average score	2.19

Average score for cities was 3.22.

Fiscal Scores and Taxable Value Per Capita

- ▶ Taxable value per capita is a statistically significant determinant of a counties fiscal score, but explains only about 10% (R square) of the difference in scores. The average TV for counties with a score of 4 or higher is \$32,789, and the average for all counties with a score of 1 or better is \$46,393. The average for all counties is \$40,586.

Economic and Demographic Indicators

County Population

- ▶ Michigan population declined 0.2% from 2000 to 2016. There were declines in 50 counties
- ▶ Fastest growing counties were Clinton (19.8%), Livingston (19.1%), Grand Traverse (18.1%), and Ottawa (17.8%)
- ▶ Largest declines were in Ontonagon (-24.5%), Wayne (-15.0%), and Iron (-14.6%)
- ▶ Population declined in every UP county except for Marquette and Houghton.
- ▶ Population declined in 33 counties from 2000 to 2008 and in 52 counties from 2008 to 2016
- ▶ There appears to be a high correlation between population decline and fiscal stress

County Employment

- ▶ Michigan employment fell 6.6% from 2001 to 2015 (288,000 jobs), declined 15.3% from 2001 to 2010, and increased 10.2% from 2010 to 2105
- ▶ Only 16 counties added jobs from 2001 to 2015. The largest gains were in Eaton (34.7%), Missaukee (25.2%), Mecosta (22.4%), Clinton (20.6%), and Livingston (15.9%)
- ▶ The largest declines were in Ontonagon (-40.3%), Keweenaw (27%), Montcalm (-24.9%), Alger (-22.7%), Osceola (-22.2%), and Presque Isle (-21.3%)
- ▶ The only UP county to gain jobs was Marquette (0.4%).
- ▶ From 2001 to 2010, only six counties added jobs, Clinton, Ionia, Isabella, Marquette, Mecosta, and Missaukee
- ▶ From 2010 to 2015, 19 counties lost jobs, the majority of these being in the UP
- ▶ Employment is not used as fiscal distress indicator as it highly correlated with changes in population and taxable value

County Unemployment

- ▶ The Michigan unemployment rate declined from a peak of 14.9% in 2009 to 5.7% in 2016
- ▶ In 2009, there were three counties with an unemployment rate above 20%; Baraga (24.2%), Oscoda (21.3%), and Montmorency (20.7%)
- ▶ Only five counties had unemployment rates below 10%; Isabella (8.9%), Washtenaw (8.9%), Clinton (9.1%), Leelanau (9.3%), and Midland (9.7%)
- ▶ From 2009 to 2016, there were 16 counties with double digit percentage point declines in their unemployment rate; the largest declines were, Baraga (16.3%), Oscoda (14.1%), and Wexford (12%)
- ▶ The counties with the highest unemployment rates in 2016 were; Montmorency (9.7%), Mackinac (9.4%), Presque Isle (9.2%), Schoolcraft (9.1%), and Cheboygan (9%)
- ▶ The counties with the lowest unemployment rates in 2016 were; Ottawa (3.2%), Kent (3.4%), Washtenaw (3.4%), Clinton (3.6%), and Allegan (3.7%)

County Personal Income

- ▶ Average per capita income for all counties in 2015 was \$42,812, compared to the U.S. average of \$48,131
- ▶ Per capita income for all counties increased 40.9% from 2000 to 2015. U.S. per capita income increased 57.4%
- ▶ The counties with the highest per capita income are Oakland (\$63,454), Leelanau (\$59,396), Washtenaw (\$51,400), and Livingston ((\$49,608)
- ▶ The counties with the lowest per capita income are Luce (\$28,089), Alger (\$29,150), Lake (\$29,607), and Mecosta (\$29,673)
- ▶ The counties with the fastest income growth from 2000 to 2015 are Leelanau (104.5%), Oscoda (97.4%), Iron (79%), and Montmorency (77.7%)
- ▶ The counties with the slowest income growth are Macomb (26%), Oakland (30.4%), Lapeer (34.9%), and Ingham (35.6%). The increase for Wayne county was 37.9%
- ▶ Eighteen counties have per capita incomes below the state average

Financial Indicators

County Taxable Value Per Capita

- ▶ The taxable value (TV) for all counties declined 12.7% from 2008 to 2012, and increased 3.7% from 2012 to 2016. The decline from 2008 to 2016 was 9.4%.
- ▶ The average per capita taxable value (TV) for all counties is \$32,977 (2016).
- ▶ The counties with the highest per capita TV are Leelanau (\$118,062), Mackinac (\$92,355), and Emmet (\$82,444). The counties with the lowest are Genesee (\$21,486), Wayne (\$22,386), and Houghton (\$23,815).
- ▶ The 11 counties with the highest TV per capita all border on one of the Great Lakes.
- ▶ TV is the main determinant of the level of spending. A statistical analysis determined that any city with TV per capita much below \$20,000 will struggle financially. There are about 90 cities with TV below \$20,000, but no counties. This is one reason countywide government makes more sense than the current system.
- ▶ TV per capita explains about 56% of the variation in county per capita expenditures. Adding the millage rate increases this number to about 70%. Population density is not significant for all counties, but is for UP counties. For each additional person per square mile, per capita expenditures decline by about \$4 per person.

County General Fund Expenditures

- ▶ GF expenditures for all counties declined 1.5% from 2008 to 2015.
- ▶ GF expenditures declined in 22 counties; the largest declines were in Genesee (-23.1%), Monroe (-15.0%), Kent (-14.4%), Shiawassee (-13.8%), Livingston (-13.6%), and Montmorency (-13.4%)
- ▶ Several counties had large increases in spending which in some cases may have been due to special circumstances; St. Joseph (48.7%), Marquette (43.9%), Mason (36.2%), Huron (35.2%), and Iron (33.8%)
- ▶ A key indicator of fiscal stress is GF expenditures as a % of taxable value, which measures the ability of the county to raise revenue to support the level of spending. The higher the %, the more likely the county is to experience fiscal stress
- ▶ Wayne county has the highest number (1.6%), and Benzie (0.5%), Leelanau (0.5%), and Livingston (0.5%), the lowest. The average for all counties is 0.9%.
- ▶ Of the 15 counties with the highest percentage, 8 are in the UP. Most UP counties have higher spending per capita because of low population density, and high snow removal costs. Eleven of the counties have above average per capita spending.

County GF Deficits/Surplus

- ▶ There were 19 counties that ran a GF budget deficit in 2015
- ▶ The counties with the largest deficits as a % of revenue are Clinton (-11.1%), Missaukee (-10%), and Mecosta (-7.2%)
- ▶ The counties with the largest surpluses are Wayne (22.6%), Gratiot (10.2%), and Menominee (10.1%)
- ▶ A deficit in one year can be due to one-time spending, as was the case with Clinton county, and not necessarily an indicator of fiscal distress

County GF Fund Balances

- ▶ The average fund balance (unassigned and unrestricted) for all counties is 16.2% (2015). The Government Finance Officers Association recommends a fund balance equal to two months expenditures (16.7%)
- ▶ There are 35 counties with a fund balance of less than the recommended level
- ▶ The counties with the highest fund balances as a % of GF expenditures are Menominee (80.2%), Mecosta (80.9%), and Antrim (75.8%)
- ▶ The counties with the lowest fund balances are Montcalm (-1.9%), Oakland (0.4%), (but 62.7% if assigned fund balance is included), and Ogemaw (0.5%)
- ▶ When analyzing county fund balances you should check their audit report to ascertain the nature of their assigned fund balances. In some cases, as in Oakland county, it may be available to supplement GF expenditures

County Long Term Debt, 2015

- ▶ The total long term debt for Michigan counties is about \$6 billion- 1.8% of taxable value.
- ▶ Fifty-six counties have debt of less than 1% of TV.
- ▶ The counties with the largest debt as a share of TV are Wayne (7.9%), Schoolcraft (7.1%), Muskegon (4.2%), and Iron (3.3%)