

# User's Reference Guide

## Overview

The User's Reference Guide provides assistance in using the County of Ottawa 2009 Budget document. Its primary goal is to enhance the readability of the budget document and to increase its effectiveness as a communication device between the county and its citizens. In this section, commonly asked questions are answered under a variety of headings including:

<b><u>Guide to the Document</u></b>	<b><u>Page</u></b>
- What information is contained in each section?	38 - 39
- What types of funds are represented in the document?	40 - 41
- How do funds and functions relate? Where can I find a particular program?	41 - 43
- What is involved in adopting the annual budget? What financial policies guide the budget process?	43 - 56
<b><u>Property Taxes and Mill Levies</u></b>	
- What is the County mill levy, and what effect has legislation had on it?	56
- How does the 2009 levy compare to previous years?	57
- How are property taxes calculated?	57
- How does the Ottawa County levy compare with other counties?	58
<b><u>Personnel and Capital Expenditures</u></b>	
- What new positions are included in the 2009 budget and what functions do County employees perform?	58 - 60
- What capital expenditures are included in the 2009 budget?	60 - 61
<b><u>Financial Outlook</u></b>	
- What does the future hold for Ottawa County?	62 - 68
<b><u>Strategic Planning</u></b>	
- To what extent has the county focused attention on long-term planning, both financial and programmatic?	69 - 95

# Information Contained In Budget Document

## Summary Information

The summary information section contains the following:

- Budget summary of all governmental funds by fund type.
- Summaries by fund of prior year actual, current year estimated, and the 2009 budgeted amounts for revenues and expenditures (by revenue/expenditure type) for the General Fund, Special Revenue Funds, Debt Service Funds, Capital Projects Funds and Permanent funds. (These schedules are required under Public Act 621, Public Acts of Michigan).
- Budget Summaries by fund of the projected 2008 ending fund balance, 2009 budgeted revenues/other financing sources, 2009 budgeted expenditures/other financing uses, and the projected 2009 ending fund balance for enterprise and internal service funds. Under Public Act 621, these funds are non-budgeted funds; accordingly, their budgets are presented in summary form only.
- Budget statements for discretely presented component units of the County: Ottawa County Road Commission, Ottawa County Public Utilities System, Ottawa County Drain Commission, and the Ottawa County Central Dispatch Authority.

## Revenue Sources

The revenue sources section contains descriptions of the major revenue sources of the county. Following these descriptions are graphical illustrations of trends in select county revenue sources.

## General Fund

The largest portion of the budget book is dedicated to the detail of the General Fund. The detail sections of the budget book include a variety of information. Most departments start with a function statement which describes the activities carried out by the department. Following the function statement are the department goals and objectives. The performance and activity measures follow; some of these speak to quality and efficiency, others to activity level. Both are important measures because performance measures identify areas for needed improvement and activity measures identify concerns for the allocation of future resources. Activity measures show, for example, which departments are likely to need additional personnel and equipment in the future. If a department has full-time equivalents assigned to it, a position and salary schedule is included which details the employee classifications, full-time equivalency, and the salary calculations included in the 2009 budget.

The Board of Commissioners adopts the budget by line item which is the legal level of control. The budget detail for all funds provides a history of revenue and expenditure information. Actual revenues and expenditures are included for 2005, 2006, and 2007. Projected revenues and expenditures are included for 2008. Finally, the 2009 Adopted budget is the last column provided in the detail information. For all other funds required under Public Act 621, budget information is displayed by revenue and expenditure classification totals. In prior budget documents, detail by line item, by department was reported for all funds. In an effort to reduce the size of the document and enhance readability, classification totals are reported for all funds. **The legal level of control, however, has not changed for these funds but remains at line item level.**

#### Special Revenue, Debt Service, Capital Projects, and Permanent Funds

Information included for these funds is similar to information reported for the General Fund. However, revenues and expenditures are recorded by classification totals by fund for most funds.

#### Appendix

The appendix section contains six sections:

Section I: Resolution approving the 2009 budget

Section II: Summary of the 2009 budget by individual fund for all governmental fund types

Section III: Financial projections for the Financing Tools funds

Section IV: History of positions in the County including 2007, 2008, and budgeted 2009

Section V: General information about Ottawa County

Section VI: Financial Policies of the County

Section VII: Glossary of budget and finance terms to assist the reader through the more technical areas of the document

An Index is provided at the very end of the document.

## Ottawa County Fund Structure

Ottawa County maintains its fund structure in accordance with the Uniform Chart of Accounts for Counties and Local Units of Government in Michigan. The County is required to use a modified accrual basis of accounting for governmental fund types, and accrual accounting for proprietary fund types. Under the modified accrual basis of accounting, amounts are recognized as revenues when earned, only so long as they are collectible within the current period or soon enough afterwards to be used to pay liabilities of the current period. Expenditures are recognized only when payment is due. The emphasis here is on near-term inflows and outflows. Under accrual accounting, revenues and expenditures are recognized as soon as they are earned or incurred, regardless of the timing of the related cash flows.

### **Budget Basis**

Under Public Act 621, the County is required to budget under the same basis required for financial reporting. Accordingly, the county budgets governmental fund types under a modified accrual basis and provides budget summary information for the proprietary fund types under an accrual basis. The Comprehensive Annual Financial Report includes fiduciary fund types in addition to those previously mentioned. However, fiduciary fund types have only asset and liability accounts. Since the County budgets for revenues and expenditures, no budgetary information is presented for the fiduciary funds.

### **Governmental Funds:**

The County has six major funds. The General Fund is always a major fund. In addition, funds whose revenues, expenditures, assets, or liabilities are at least 10 percent of the total for governmental funds and at least 5 percent of the total for governmental funds and enterprise funds combined are considered major funds. In addition, a municipality may also designate a fund as major even if it does not meet the size criteria. In addition to the General Fund, Parks and Recreation, Health, Mental Health, Public Improvement and the Revenue Sharing Reserve funds, all special revenues funds, are major funds of the County.

**General Fund** - The General Fund is used to account for all revenues and expenditures applicable to general operations of the county except for those required or determined to be more appropriately accounted for in another fund. Revenues are derived primarily from property tax and intergovernmental revenues.

**Special Revenue Funds** - Special Revenue Funds are used to account for revenue from specific revenue sources (other than expendable trusts or major capital projects) and related expenditures which are restricted for specific purposes by administrative action or law.

**Debt Services Funds** - Debt Service Funds are used to account for the financing of principal and interest payments on long-term debt.



Capital Projects Funds - Capital Projects Funds are used to account for financial resources used for the acquisition or construction of major capital facilities.

Permanent Funds - Permanent Funds are used to account for resources that are legally restricted to the extent that only earnings, and not principal, may be used for the purposes that support the programs.

Proprietary Funds:

Enterprise Funds – Enterprise funds are established to account for business-type activities provided to users outside of the Agency. Enterprise funds are designed to cover the costs of the services provided through the fees charged.

Internal Service Funds - Internal Service Funds account for the financing of goods or services provided by one department or agency to other departments or agencies for the governmental unit, or to other governmental units, on a cost-reimbursement basis. The County has several Internal Services Funds.

The matrix below provides a clearer understanding of how the funds and the government functions relate.

**County of Ottawa  
Cross Reference Chart by Function and Fund Type**

Function	General Fund ( <i>Major Fund</i> )	<i>Major</i> Special Revenue Funds	<i>Non- Major</i> Special Revenue Funds	<i>Non- Major</i> Debt Service Funds	<i>Non- Major</i> Capital Projects Funds	<i>Non- Major</i> Perm- anent Funds	Proprietary Funds	Comp- onent Units
Page Number								
<b>Legislative:</b>	164							
<b>Judicial:</b>								
Circuit Court	168							
District Court	173							
Probate Court	177							
Juvenile Services	182							
Friend of the Court/ Child Support Enforcement			299					
Community Corrections			376					
<b>General Government:</b>								
Fiscal Services	194							
Corporate Counsel	198							
Clerk/Elections	191/199							
Administrator	203							
Equalization	206							
Human Resources	210							

**County of Ottawa**  
**Cross Reference Chart by Function and Fund Type**

Function	General Fund (Major Fund)	Major Special Revenue Funds	Non-Major Special Revenue Funds	Non-Major Debt Service Funds	Non-Major Capital Projects Funds	Non-Major Permanent Funds	Proprietary Funds	Component Units
	Page Number							
<b>Prosecutor:</b>								
Prosecution	215							
Crime Victim's Rights			357					
Administrative Services	218							
Information Technology							142	
Self-Insurance							142	
Telecommunications							142	
Equipment Pool							142	
Register of Deeds	219		355					
Treasurer	225		354					
Delinquent Tax Revolving							142	
Revenue Sharing Reserve		378						
Co-Operative Extension	228							
GIS	233							
Facilities and Maintenance	237							
Drain Commission	239							143
<b>Public Safety:</b>								
<b>Sheriff:</b>								
Road Patrol	246		364					
Investigations	246							
Administration	246							
Records	246							
Drug Enforcement	251							
Community Policing	252		361					
Jail/Corrections	259							
Marine Safety	257							
Emergency Services	262	307						
Animal Control	266							
Dispatch/911								143
<b>Public Works:</b>								
Solid Waste Planning			347/348					
Water, Sewer, & Drainage		311						143

**County of Ottawa**  
**Cross Reference Chart by Function and Fund Type**

Function	General Fund (Major Fund)	Major Special Revenue Funds	Non-Major Special Revenue Funds	Non-Major Debt Service Funds	Non-Major Capital Projects Funds	Non-Major Permanent Funds	Proprietary Funds	Component Units
	Page Number							
Roads								143
<b>Health &amp; Welfare:</b>								
Health Services		303						
Mental Health		339						
Job Training			366					
Juvenile Detention/Foster Care			382					
Family Independence Agency			381					
<b>Culture &amp; Recreation</b>								
Parks		295						
<b>Community &amp; Economic Development</b>								
Planning	275		350/351					
<b>Debt Service</b>								
Building Authority Bonds				387				
Water and Sewer Bonds								143/392
<b>Capital Construction</b>								
Public Improvement		353	352					
Capital Projects					393			
<b>Other:</b>								
Cemetery Trust						401		

The Budget Process

The County adopts its budget in accordance with Public Act 621, the Uniform Budgeting and Accounting Act which mandates an annual budget process and an annual appropriation act to implement the budget. Under State of Michigan law, the county must have a balanced budget in that revenues and fund balance will accommodate expenditures.

The County's general fund and all non-grant funds have a fiscal year end of 12/31. In an effort to simplify grant reporting, the County also maintains grant funds with 3/31, 6/30, and 9/30 fiscal year ends. However, all funds go through the budget process together.

Budgets for the succeeding fiscal year are presented to the County Administrator for review each year in late June. During July and August, the Fiscal Services Director and Administrator meet with the various department heads and elected officials submitting budgets to discuss the content and revenue/expenditure levels contained in their budgets.

Board of Commissioners in September. Elected officials also have the opportunity to meet with the Board of Commissioners to appeal any decision. After the last Board meeting in September, a public notice is placed in the newspapers informing citizens of the upcoming budget hearing and adoption. At this point, a summary copy of the budget is available to citizens. A public hearing is held in October to provide any County resident the opportunity to discuss the budget with the Board and is required under State of Michigan law. The Finance Committee then makes a budget recommendation to the County Board of Commissioners in October. The budget, and an appropriation ordinance implementing it, is then adopted at the last meeting in October. A separate budget report is then made available to the public. The schedule below details the annual budget process by date and activity.

## County of Ottawa 2009 Budget Calendar

March 10, 2008	Equipment and Personnel Request Forms sent to department heads.
March 31, 2008	Department requests for 2009 equipment and personnel submitted to Fiscal Services Department.
April 1, 2008	Performance Measures sent to department heads for updating.
April 30, 2008	Performance Measures returned to Fiscal Services Department.
May 12, 2008	2009 Budget information session to be held in conjunction with the management meeting. (Packets distributed May 19)
May 13, 2008	Finance Committee approves the Resolutions of Intent to Increase Millage Rates, Distribution of the Convention Facility Tax and Distribution of the Cigarette Tax. <i>The County operating levy under consideration is for the 2008 levy and 2008 budget year. The 911 and Parks levies under consideration are for the 2008 levy and the 2009 budget year.</i>
	Board reviews Truth-in-Taxation Calculation, the Resolutions of Intent to Increase Millage Rates and sets the date for public hearing.
May 19, 2008	Budget packets distributed to departments.
May 20, 2008	Finance Committee approves the Resolutions to Approve the Millage Rates and forwards them to the Board
May 27, 2008	Board holds public hearing and approves the 2008 millage rates

May 19, 2008-	Fiscal Services Department available to provide any needed assistance in completing budget documents.
June 13, 2008	Departments submit completed budget requests and narratives to the Fiscal Services Department.
June 13, 2008 - July 31, 2008	Fiscal Services Department summarizes budgets and prepares documents for Administrative review.
July 14, 2008 - Aug. 15, 2008	Administration meets with Department Heads in preparation of a proposed budget.
August 26, 2008	Preliminary General Fund budget presented at the Board Work Session
September 9, 2008	Board Work Session on the 2009 General Fund Budget
September 16, 2008	Finance Committee preliminary review of the total 2009 budget and approval of the resolutions regarding the Distribution of the Convention Facility Tax and Distribution of the Cigarette Tax.; approval of the Salary and Fringe Benefits Adjustments.  Special Work Session held with the full Board of Commissioners to choose among the options for balancing the budget. A tentative plan was agreed upon and implemented.  Deadline for publication of the public hearing notice on the 2009 Community Mental Health budget.
September 22, 2008	Community Mental Health board holds the public hearing for the Mental Health budget and adopts the budget.
September 23, 2008	Board sets the date for the public hearing on the County Budget for October 14, 2008 approves the resolutions regarding the Distribution of the Convention Facility Tax and Distribution of the Cigarette Tax, and approves the Salary and Fringe Benefit Adjustments.
October 7, 2008	Finance Committee reviews the General Fund and remaining County Budgets.
October 8, 2008	Deadline for the publication of the public hearing notice on the 2009 budget.
October 14, 2008	Board holds the public hearing on the budget and receives the formal Budget Presentation.

- October 21, 2008 Finance Committee reviews Resolution to Approve 2009 County Budget, Insurance Authority Budget and the Apportionment Report.
- October 28, 2008 Board adopts the 2009 County Budget, the Insurance Authority Budget and the Apportionment Report.

## *County of Ottawa Budget Related Financial Policies*

### **REVENUE AND EXPENDITURE POLICY**

#### **I. POLICY**

All entities face economic constraints. As a result, the County must pay attention both to inflows and outflows to provide consistent services to the public and promote stability. The intent of this policy is to define the County philosophy on revenue collection and expenditure recognition, allocation, and review.

#### **II. STATUTORY REFERENCES**

Constitutional Amendment of 1978 – Headlee Amendment  
Constitutional Amendment of 1994 – Proposal A  
Public Act 123 of 1999

#### **PROCEDURE**

##### **Revenues:**

1. The more dependent the County is on any one revenue source the less able it is to weather changes in that revenue resulting from economic conditions. Consequently, the County will strive to develop a diversified revenue mix in order to avoid disruption to County services.
2. Taxes represent the most significant revenue source for the General Fund. However, there has been legislation that limits the County's ability to tax.
  - a. It is important that the County find ways to develop flexibility within its taxing authority. To do this, the County will strive to levy less than its legal maximum levy each year. This provides the County with a "cushion" to fall back on should conditions develop that would otherwise result in an immediate reduction of services. This "cushion" provides the County with time to find other funding sources and/or identify more cost effective ways to deliver services.

In addition, flexibility within the levy is also important to bond rating agencies. The agencies look very favorably on entities that have the flexibility to adjust tax revenues. The higher the County's bond rating is, the lower the cost to borrow. This affects not just the County but the public overall, since assessments will be lower.

b. Levying less than the maximum legal amount provides the County with flexibility, it also lessens the burden on citizens and businesses within the County. The County Board will strive to balance the need for taxes to fund public services with the impact the taxes have on citizens and businesses.

c. The County may purchase the real delinquencies of other municipalities and school districts within the County. At that point, the money is no longer owed to the municipality but is now owed to the County. The County will adhere to the requirements provided under Public Act 123 of 1999, which require due notice to the property owner prior to foreclosure.

3. User fees are important in the development of a diversified revenue mix. However, the other benefit of user fees is equity. Instituting user fees allow the beneficiary of the service to be the one paying for it (or a portion of it). User fees, when allowable under the law, will be charged at the discretion of the Board of Commissioners.

a. The County Board will determine the extent that user fees cover the cost of the services. Cost includes both the direct costs as well as indirect costs (e.g., administrative overhead). It is not always feasible or desirable to cover the full cost of a service. Exceptions to full cost recovery include:

- The fee is a barrier to a segment of the County in receiving the services.
- The cost of collecting the fees exceeds the revenue collected.
- Some services provide benefits not only to the direct user, but also to other public. Consequently, it is important to set the fee at a rate that will encourage the use of the service.
- The fee is set by statute.

b. It is also important for the fees established to stay relevant. The Board of Commissioners will have a study performed every three years or as needed to determine the appropriateness of fees and to keep them relevant to the cost associated with the service. Such fee changes will be formally adopted at a Board meeting open to the public.

4. One time revenues are non-recurring, often unexpected resources that the County receives. Because they are non-recurring, they should not be used to cover ongoing expenditures. Instead, they should only be used for their intended

purpose (if identified) or to fund non-operational expenditures (e.g., capital projects).

**Expenditures:**

1. The County will fund expenditures at a level sufficient to ensure the ongoing health, safety, and welfare of the public. If not statutorily specified, the level of services provided will be determined the Board of Commissioners through strategic planning and program ranking and evaluation.

2. Indirect Cost:

The expenditures of departments in governmental funds that provide services to other County departments will be allocated to all departments through an annual indirect cost allocation study performed by an outside consultant. The allocation of these costs has different bases depending on the function. These bases include (but are not limited to) transaction counts, number of employees and square footage of space occupied.

All departments receiving these services are included in the study, but not all departments are charged. Specifically, the County will charge a department if doing so will provide additional revenue through grants or will help identify the full costs of certain services.

3. The full cost of an employee's compensation is not limited to the cash outlays for salaries and fringe benefits. Most employees are also earning benefits that will not be actually paid for several years. Specifically, in addition to the wages and benefits paid and received during the year, most employees are also earning future compensation in the form of pension and retiree health care. Because these future cash outlays are actually being *earned* now, the County should contribute to them now. This allows us to identify the full cost of the services being provided and avoid passing on costs incurred now to future generations. The County will strive to fully fund its long-term liabilities. Each year, the County receives actuary studies that calculate the annual required contribution (ARC) for the County's pension and other post employment benefits (primarily retiree health care). The County will make every effort to budget and pay the ARC each year. The County will also analyze ways to reduce these (and other) costs to benefit the taxpayer yet still provide adequate compensation for employees.

4. To provide proper stewardship of taxpayer dollars, the County has an obligation to review the services it provides for effectiveness and efficiency. In some instances, economies of scale and specialized knowledge allow private agencies to do tasks more efficiently and effectively. Consequently, the County will encourage the use of outside agencies and contractors when analysis shows they are able to provide equivalent or better services more cost effectively than County employees.



5. The County provides a variety of services to the public. As departments adjust programs to meet the perceived needs of their clients, a duplication of services can result, both with other County programs and with other government and private agencies. Regular program review can help identify duplications. Where identified, the County will eliminate services duplicated internally or externally in order to use resources more efficiently.

6. Technology can often provide efficiencies for County departments. Such efficiencies may result in improved service to customers, streamlined processes both within the department and with related agencies, and lower personnel demands. It is important for County departments to continually explore technology alternatives and the costs and benefits they may bring. Depending on funding availability and a project's compatibility with long-term planning, new technology initiatives will be considered when the estimated benefits exceed the estimated costs.

## **REVIEW PERIOD**

The County Administrator will review this Policy at least once every two years, and will make recommendations for changes to the Planning & Policy Committee.

## **FINANCIAL GOALS POLICY**

### **I. POLICY**

The Ottawa County Board of Commissioners is the governing body and the primary policy and budgetary approval center for county government. It is the policy of the Board of Commissioners to plan for the future financial needs of the County by establishing prudent financial goals and procedures, so that the ongoing and emerging needs of the public are met, future needs are adequately planned for, and the fiscal integrity and reputation of Ottawa County government are preserved.

### **II. STATUTORY REFERENCES**

The Board of Commissioners may establish such rules and regulations regarding the business concerns of the County as the Board considers necessary and proper. See: MCL 46.11(m); Act 156 of 1851, as amended.

### **PROCEDURE**

1. Maintain an adequate financial base to sustain a prescribed level of services as determined by the State of Michigan and the County Board of Commissioners.
2. Adhere to the highest accounting and management practices as set by the Financial Accounting Standards Board, the Governmental Accounting Standards Board, the Government Finance Officers' Association standards

for financial reporting and budgeting, and other applicable professional standards.

3. Assure the public that the County government is well managed by using prudent financial management practices and maintaining a sound fiscal condition.
4. Establish priorities and funding mechanisms which allow the County to respond to local and regional economic conditions, changes in service requirements, changes in State and Federal priorities and funding, as they affect the County's residents.
5. Preserve, maintain and plan for replacement of physical assets.
6. Promote fiscal conservation and strive to obtain the highest credit rating in the financial community, by ensuring that the County:
  - a. pays current bills in a timely fashion;
  - b. balances the budget;
  - c. provides for future costs, services and facilities;
  - d. maintains needed and desired services.

## **REVIEW PERIOD**

The County Administrator will review this Policy at least once every two years, and will make recommendations for changes to the Planning & Policy Committee.

## **GENERAL FUND BUDGET SURPLUS POLICY**

### **I. POLICY**

The Ottawa County Board of Commissioners does not assume that the County will finish each fiscal year with a budget surplus in the General Fund. If such a surplus does exist, the Board will use such surplus funds to meet the identified long-term fiscal goals of Ottawa County. Generally, such funds should not be used toward payment of ongoing operational costs. Ottawa County defines a surplus as the amount of undesignated fund balance that exceeds the lesser of (a) three months of the most recently adopted budget, or (b) 15% of the General Fund's expenditures from the most recently completed audit.

### **II. STATUTORY REFERENCES**

The Board of Commissioners may establish such rules and regulations regarding the business concerns of the County as the Board considers necessary and proper. See: MCL 46.11(m); Act 156 of 1851, as amended.

## **PROCEDURE**

1. Board will use surplus funds left over at the close of the fiscal year in the following order of priority:
  - a. Such funds may be added to the Designated Fund Balance of the General Fund for a specified purpose;
  - b. The Board may use the funds to fund the county financing tools;
  - c. Such funds may be used to address emergency needs, concerns, or one time projects as designated by the Board;
  - d. After funding the county financing tools, any remaining fund balance may be used toward a millage reduction factor to be applied to the next levied millage;
2. The Board will designate surplus funds projected during the budgetary process for use in the following order of priority:
  - a. The Board may use such funds to grant additional equipment requests which were not originally approved in the proposed budget;
  - b. The Board may use such funds to add to the Designated Fund Balance of the General Fund for a specified purpose;
  - c. The Board may use such funds to fund the county financing tools;
  - d. The Board may use the funds in the form of a millage reduction factor;
3. In making its decisions about the use and allocation of such funds on new, unbudgeted projects, the Board will use the following criteria:
  - a. Any request for funding must be designed to meet a significant public need. The request must be supportable and defensible;
  - b. Any proposal for funding must be cost effective, affordable, and contain a realistic proposal for available, ongoing funding, if necessary to successfully complete the project or provide the service;
  - c. Any proposal for funding must be consistent with the Board's Strategic Plan;

- d. Any proposal for funding must be specific, attainable, have measurable results, be realistic, and timely;
- e. Any proposal for funding must identify long-term benefits for the general public which would benefit in an identifiable way the “majority” of citizens’
  
- f. In making decisions about the use of such funds, the Board will consider whether the program or goal can be performed better by a person or entity other than the County.

## **REVIEW PERIOD**

The County Administrator will review this Policy at least once every two years, and will make recommendations for changes to the Planning & Policy Committee.

## **OPERATING BUDGET POLICY**

### **I. POLICY**

The Ottawa County Board of Commissioners supports principles of budgeting, management, and accounting which promote the fiscal integrity of the County, clearly enhance the County’s reputation for good stewardship, and which explain the status of County operations to the citizens and tax payers of Ottawa County. Systems and procedures will be implemented by Ottawa County to implement this policy, in accordance with the Ottawa County Strategic Plan.

### **II. STATUTORY REFERENCES**

The Board of Commissioners may establish such rules and regulations regarding the business concerns of the County as the Board considers necessary and proper. See: MCL 46.11(m); 46.71, Act 156 of 1851, as amended. See also the specific statutory requirements of the Uniform Budgeting and Accounting Act, MCL 141.421a et seq.

## **PROCEDURE**

### 1. County Budget Philosophy

a. Alignment with Strategic Plan: The County Board regularly reviews and updates the County’s strategic plan which serves as a guide for County operations. Since the budget is the main tool for implementation of the Strategic Plan, the budget, to the extent possible, will be consistent with the goals and objectives of the strategic plan.

b. Prudence: As stewards of taxpayer dollars and to promote stability, the budget will be prepared using conservative, but realistic

estimates. The County will also avoid budgetary procedures such as accruing future years' revenues or rolling over short-term debt to balance the current budget at the expense of future budgets.

The County will include a contingency amount in the budget for unforeseen and emergency type expenditures. The amount will represent not less than 1% and not more than 2% of the General Fund's actual expenditures for the most recently completed audit (e.g., 2006 audit used for the 2008 budget). All appropriations from contingency must have Board approval.

c. **Balancing the Budget:** In accordance with Public Act 621, no fund will be budgeted with a deficit (expenditures exceeding revenues and fund balance). Prudence requires that the ongoing operating budget be matched with ongoing, stable revenue sources in order to avoid disruption of services. The County will make every effort to avoid the use of one-time dollars and fund balance to balance the budget. Instead, cash balances and one-time revenues should only be used for one-time expenditures such as capital improvements.

## 2. Budget Formulation

a. **Responsibility:** The Administrator will assume final responsibility for the preparation, presentation and control of the budget, and shall prepare an annual budget calendar and budget resolution packet for each fiscal year.

b. **Budget Basis:** The budget will be prepared on the same basis as the County's financial statements. The governmental funds will be based on modified accrual and the proprietary funds (budgeted in total only) will be based on full accrual. The County's legal level of control is by line item.

c. **Schedule:** The annual budget process will be conducted in accordance with the annual budget calendar.

d. **Required Budget Data:** Department heads and other administrative officers of budgetary centers will provide necessary information to the Administrator for budget preparation. Specifically, departments will be asked to provide equipment and personnel requests with explanatory data, goals, objectives and performance data, substantiating information for each account, and performance measures, both historical and projected.

e. **Budget Document:** The County will prepare the final budget document in accordance with the guidelines established the Government Finance Officers Association Distinguished Budget Award Program and on a basis consistent with principles established by the Governmental Accounting Standards Board.

## 3. Amendments to the Budget

Budgets for the current year are continually reviewed for any required revisions of original estimates. Proposed increases or reductions in

appropriations in excess of \$50,000, involving multiple funds, or any amendment resulting in a net change to revenues or expenditures are presented to the Board for action. Transfers that are \$50,000 or less, within a single fund, and do not result in a net change to revenues or expenditures may be approved by the County Administrator and Fiscal Services Director. Budget adjustments will not be made after a fund's fiscal year end except where permitted by grant agreements. All budget appropriations lapse at the end of each fiscal year unless specific Board action is taken.

All unencumbered appropriations lapse at year-end. However, the appropriation authority for major capital projects, capital assets and previously authorized projects (i.e., the encumbered portions) carries forward automatically to the subsequent year. All other encumbered appropriations lapse at year-end.

#### 4. Long-term Financial Planning

As part of the annual budget process, five year revenue and expenditure estimates will be provided for the General Fund. The estimates will assess the long-term impacts of budget policies, tax levies, program changes, capital improvements and other initiatives. This information may then be used to develop strategies to maintain the County's financial standing. If a structural deficit (operating revenues do not cover operating expenditures) is identified, or projected, the Administrator will develop and bring before the Board a deficit elimination plan to address the problem.

In addition, the County will support efforts that control future operating costs. The County will strive to fully fund the County's financing tools to benefit all current and future residents of Ottawa County. Details of the financing tools funds can be found in the strategic planning section of the User Guide.

### **REVIEW PERIOD**

The County Administrator will review this Policy at least once every two years, and will make recommendations for changes to the Planning & Policy Committee.

## **PERFORMANCE MEASUREMENT POLICY**

### **I. POLICY**

As stewards of public funds, the Ottawa County Board of Commissioners must be accountable for their use. Providing a thorough accounting for the dollars provided and used is important but true accountability also requires the Board to evaluate whether these dollars were used effectively. Performance measures that include output, efficiency, and outcome measures are critical tools in evaluating the effectiveness of County programs.

The intent of this Policy is to provide for the use of performance measures in County operations.

To facilitate the County budget process, all programs and activities funded by County dollars and/or accounted for through the County budget must submit performance measurements as part of the budget process. Performance measures will be used so that the Administrator can make budget recommendations to the Board of Commissioners, to allow the Board to make informed allocations of fiscal resources, and to provide for the continued improvement of resource allocations.

## **II. STATUTORY REFERENCES**

The Board of Commissioners may establish such rules and regulations regarding the business concerns of the County as the Board considers necessary and proper. See: MCL 46.11(m); 46.71, Act 156 of 1851, as amended.

## **PROCEDURE**

1. The Board of Commissioners will support the use of performance measures.

- The Board will require annual reports from all departments under the control of the Administrator, and request annual reports from the courts and from offices and departments managed by elected officials. These annual reports will include performance measures that reflect the functions performed by each reporting entity.
- As part of the annual budget reporting process, the Administration will incorporate performance measures that support the Ottawa County Strategic Plan as well as tie departmental goals and objectives to the annual budget.

2. The Board will emphasize the development of *outcome* measures.

In measuring performance, there are three types of indicators most often used. Output measures (e.g., number of tickets written) address the workload of departments, but do not indicate if the department is performing well. Efficiency measures (e.g., percent of payroll checks issued without error) address whether workloads/caseloads are being processed timely and efficiently. Outcome measures (e.g., recidivism) reflect effectiveness and indicate whether we have achieved the goals we set out to accomplish.

- As part of their strategic planning process, the Board will include outcome performance measures that link County goals and objectives to results.

3. The Board will utilize performance measures in the decision-making process.

Once appropriate performance measures are developed, their true potential may be realized. The measures may be used to enhance service delivery, evaluate program performance and results, support new initiatives, communicate program goals and, ultimately, improve program effectiveness.

- The Board will utilize performance measures in analyzing personnel requests, technology initiatives, program funding, and other budget decisions.

## **REVIEW PERIOD**

The County Administrator will review this Policy at least once every two years, and will make recommendations for changes to the Planning & Policy Committee.

## **The County Millage Levy**

The citizens of Ottawa County enjoy one of the lowest county millage levies in the State of Michigan. The allocated millage for county operations is 4.44 mills. In 1989, the citizens voted to approve a .5 mill levy for the operation of the E-911 Central Dispatch operation; and in 1996, a .33 mill levy was approved for Park Development, Expansion, and Maintenance, and was renewed for an additional 10 years in August of 2006.

All of these levies are affected by two legislative acts. In 1978, the Tax Limitation Amendment (also known as the Headlee Rollback) was passed. This legislation requires that the maximum authorized tax rate in a jurisdiction must be rolled back if the total value of existing taxable property in a local jurisdiction increases faster than the U.S. Consumer Price Index. The result of this legislation is a reduction in the County operating levy from 4.44 mills to 4.2650 mills; this represents decreased revenue of approximately \$1.68 million. The Board of Commissioners opted to reduce the levy further to 3.600 mills. This resulted in an additional \$6.37 *million* decrease in revenue for operating purposes. In addition, the Headlee Rollback legislation also resulted in a reduction in the levy for E-911 Central Dispatch from .5 mills to .4407 mills; this represents decreased revenue of approximately \$568,000. The Parks levy was also reduced slightly by Headlee from .33 mills to .3165 mills - a decrease of just over \$129,000.

Truth in Taxation (Act 5 of 1982) holds that any increase in the total value of existing taxable property in a taxing unit must be offset by a corresponding decrease in the tax rate actually levied so that the tax yield does not increase from one year to the next. This rollback can be reversed if the taxing unit holds a public hearing (notice of which must be made public 6 days in advance of the hearing), and the governing body votes to reverse this rollback. The Ottawa County Board of Commissioners holds a public hearing in September of each year to meet the requirements of this legislation if the reversal of a rollback is required.



History of Ottawa County Tax Levies

The table that follows is a ten year history of Ottawa County tax levies. The chart clearly illustrates the effect of the Headlee rollback on county levies.

Tax Levy History

<u>Levy Year</u>	<u>Budget Year (1)</u>	<u>County Operation</u>	<u>E-911</u>	<u>Parks</u>	<u>Total</u>
1999	2000	3.6000	.4545	.3267	4.3812
2000	2001	3.6000	.4515	.3245	4.3760
2001	2002	3.5000	.4493	.3229	4.2722
2002	2003	3.4000	.4464	.3208	4.1672
2003	2004	3.4000	.4429	.3182	4.1611
2004	2005	3.5000	.4419	.3174	4.2593
2005	2006	3.5000	.4411	.3168	4.2579
2006	2007		.4407	.3165	4.2572
2007	2007	3.6000	.4407	.3165	4.3572
2007	2008		.4407	.3165	4.3572
2008	2008	3.6000	.4407	.3165	4.3572
2008	2009		.4407	.3165	4.3572
2009	2009	3.6000	n/a	n/a	n/a

(1) Over a three year period, the County operations levy was moved from December to July as a result of State mandates. Consequently, for County operations, the levy will be during the year for which the tax revenue is covering expenditures. For the other two levies, E-911 and Parks, the levy is made in December of the year preceding the budget year. Please also see the transmittal letter for additional information.

Calculation of Property Taxes

The table that follows is an illustration of how the County tax is calculated for a residential property owner:

<u>Market Value of Property</u>	<u>Taxable Value*</u>	<u>Operations Tax Levy Rate</u>	<u>Estimated County Tax</u>	<u>E-911 and Parks Tax Levy Rate</u>	<u>Estimated E-911 and Parks Tax</u>	<u>Total County Tax</u>
\$ 75,000	37,500	.0036000	\$135.00	.0007572	\$28.40	\$163.40
\$100,000	50,000	.0036000	\$180.00	.0007572	\$37.86	\$217.86
\$150,000	75,000	.0036000	\$270.00	.0007572	\$56.79	\$326.79
\$200,000	100,000	.0036000	\$360.00	.0007572	\$75.72	\$435.72

\* In Michigan, Taxable Value is generally equal to 50% of the market value on primary residences.

Comparison of Tax Levies of Other Michigan Counties

**2008 Operating Millage Levies of Neighboring Counties:**

Allegan	4.6577
Muskegon	5.6984
Kent	4.2803
<b>Ottawa</b>	<b>3.6000</b>

**Counties of Similar Size:**

<u>County</u>	<u>2008 Taxable Valuation</u>	<u>Operating Millage Levy</u>
Kalamazoo	\$8,265,432,248	4.6871
Ingham	7,988,684,377	6.3512
<b>Ottawa</b>	<b>9,898,685,191</b>	<b>3.6000</b>
Genesee	11,829,074,332	5.5072
Washtenaw	15,650,088,801	4.5493

**Highest 2007 Allocated and Voted Levy:**

Baraga	14.77
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**Lowest 2007 Allocated and Voted Levy:**

Livingston	3.88
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**New Positions Approved with the 2009 Budget**

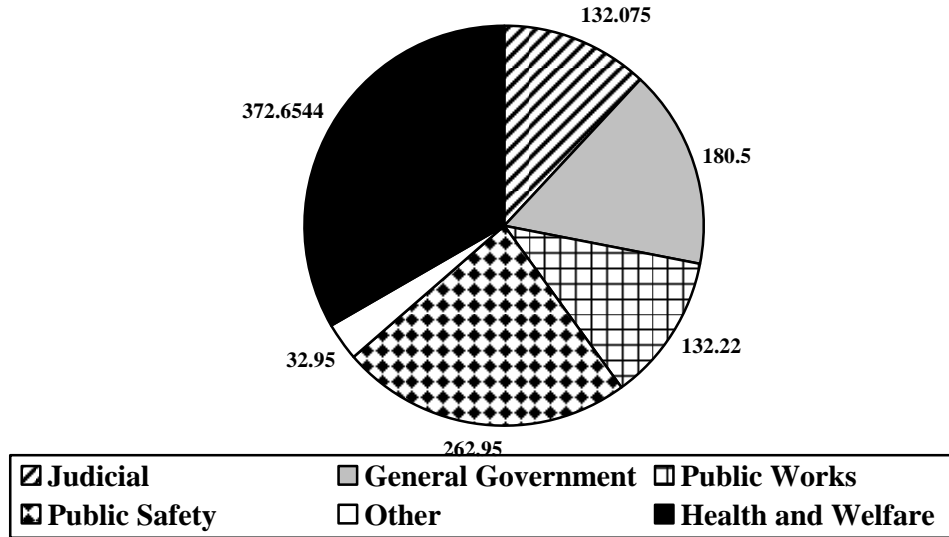
Although the County is showing a net decrease in positions overall, certain departments received new positions based on service demands. The table that follows lists all of the approved changes.

## 2009 Approved Personnel Requests

Department	Description	Personnel Costs	Equipment Costs
<b>Benefitted Position Requests</b>			
District Court	0.05 Probation Secretary	\$3,504	
District Court	0.50 Deputy Clerk I - Holland	\$23,471	
District Court	0.25 Deputy Clerk I - Holland	\$8,288	
District Court	2.00 Deputy Court Clerk	\$90,358	\$3,000
Treasurer	.5 Records Processing Clerk IV	\$26,031	
Sheriff	Detective	\$83,685	\$24,710
Sheriff	Sergeant	\$88,295	\$27,390
Sheriff	RPC II	\$49,393	\$1,410
Parks & Recreation	Coordinator of Interpretive & Information Services	\$71,660	\$21,860
Parks & Recreation	Parks Maintenance Worker	\$48,001	\$27,000
Total Approved Benefitted Positions		<u>\$492,686</u>	<u>\$105,370</u>
<b>Unbenefitted Position Requests</b>			
Probate Court	Microfilmer/Clerical/Imaging	\$10,974	
Parks & Recreation	Naturalist Guides	\$24,500	\$2,985
Parks & Recreation	Gatekeeper/Grand River Park	N/A	
Parks & Recreation	.0875 Gatekeeper/Hager Park	\$1,519	
Parks & Recreation	Seasonal Park Attendant/Pigeon Creek/ Winter Operations	\$3,297	
Total Approved Unbenefitted Positions		<u>\$40,290</u>	<u>\$2,985</u>
<b>Grand Total - All Approved Personnel Requests</b>		<u><b>\$532,976</b></u>	<u><b>\$108,355</b></u>

## Total County Personnel by Function

Health and Welfare functions employ the greatest number of employees. Several of these employees are paid by grant funds. The graph that follows includes employees of the County's component units.



## Capital Equipment Approved with the 2009 Budget

Department	Type of Equipment	2009 Requested Purchase Price
District Court	Small Scanner	\$8,500
District Court	Scanner DR7580 w/Imprint	\$9,912
Fiscal Services	Folder/Inserter for Mailings	\$9,500
Clerk	Canon DR5010C Scanner	\$6,654
Clerk	Canon DR7580	\$9,087
Prosecuting Attorney	Cannon DR7580 Scanner w/Imprinter	\$9,912
Sheriff	8 CVPI Patrol Vehicles Car	\$219,120
Sheriff	Detective Bureau Vehicle – 731	\$23,000
Sheriff	Vehicle Equipment & Set-up cost for DB	\$300
Sheriff	Van for Sr. Volunteer Group	\$22,500
Sheriff	2 Chevy Police Package Tahoe	\$67,980
Sheriff	Live Scan TP-3100	\$17,476
Sheriff	2 CVPI Patrol Vehicles Car	\$54,780
Sheriff	Patrol vehicle for new sergeant	\$27,390
Sheriff	vehicle for new detective position	\$23,300
Jail	2 Ford Van Unit 851 & 854	\$53,580
Jail	Live Scan TP-3800	\$41,379
Parks & Recreation	Utility Vehicle (Mule, Gator, etc)	\$7,500

Capital Equipment Approved with the 2009 Budget

Department	Type of Equipment	2009
		Requested Purchase Price
Parks & Recreation	Equipment Trailer - Two Axle	\$5,500
Parks & Recreation	Chevy Colorado 2WD Pickup	\$15,000
Parks & Recreation	Ford F250 4WD Reg. Cab Pickup	\$27,000
Parks & Recreation	Ford F250 4WD Reg. Cab Pickup	\$27,000
FOC	2 DR50 10C Scanners w/imprinters @ 8649. ea	\$17,298
Health	Scantron Clarity 2801.139 Survey Scanner	\$6,800
Health-IMMS	Commercial Grade Freezer/Store Vaccines	\$12,058
COPS Universal GH Twp	CVPI Patrol Car - 602	\$27,390
COPS / Jamestown	CVPI Patrol Vehicle Unit 28	\$27,390
COPS / Georgetown	Chevy Tahoe Police Package Car	\$33,990
Juvenile - Treatment	2008 Chevy Upland Mini-van	\$21,500
IT	Asset Mgr. Software	\$22,900
IT	Additional VM Server/Software	\$14,625
IT	SAN w/Storage	\$50,000
Duplicating	Copier	\$13,000
		<b>\$933,321</b>

This schedule includes capital equipment items only which are defined by the County as items with a per unit price of greater than \$5,000. For a complete list of approved equipment including items under \$5,000, please see the schedule included in the appendix. In addition, the County is planning for the following capital construction projects:

Capital Construction Projects

Project Description	2009	Future Year
	Expenditures	Expenditures
Grand Haven/West Olive Project	\$6,000,000	\$0
SouthWest Ottawa Landfill	\$100,000	\$0
Bur Oak Landing Trail Improvements	\$65,000	\$0
Connor Bayou General Park Improvements	\$250,000	\$0
Bend Area Trailhead Parking	\$20,000	\$0
Grand River Park Renovate Walkways	\$20,000	\$0
Park 12 Retaining Wall	\$20,000	\$0
Pine Bend Outdoor Seating Landscaping	\$35,000	\$0
Tunnel Park Replace Irrigation	\$20,000	\$0
Tunnel Park Replace West Dune Stairs	\$21,000	\$0
		<b>\$6,551,000</b>

# **Financial Outlook**

## **Overview**

The County of Ottawa Strategic Plan of 1993 promoted multi-year budgeting as a tool to prioritize immediate and long-range needs to develop a stable financial base. Subsequent strategic plans and updates have confirmed the necessity of this process. Budget projections are useful for planning purposes as they give the general direction of County finances based on trends. However, it is important to realize that the figures projected are by no means guaranteed funding levels as several factors (e.g. legislation, economy, population, etc.) affect funding.

The history of expenditures is a good starting point as most of the County's costs, especially in the General Fund, are ongoing. History also provided us with trend information such as personnel additions and health care cost trends. From here, projections were formulated based on the following assumptions:

## **Revenues**

For more detailed trend information, please see the revenue sources section of the budget document.

**Property Tax** – Significant analysis has been done during 2008 to more accurately project changes in taxable value. The analysis was done on a parcel by parcel basis to help pinpoint when the taxable value of an individual parcel would reach its assessed value (which is falling). The process is discussed in greater detail in the revenue sources section and the transmittal letter. The results of the analysis projected increases in taxable value ranging from 2.38% to 2.77% over the next five years. The increases are smaller than those of prior projections which ranged from 4% to 5%.

**Intergovernmental Revenue** – In recent years, the County has seen many State funding sources stay flat. Consequently, the County used a 0% increase for most intergovernmental sources. One exception to this, however, is the contributions from local units. Most of this revenue is reimbursements from municipalities that contract with us for policing services. By contract, these municipalities are required to reimburse us based on expenditures. As a result, that particular intergovernmental revenue is projected to increase by the same percentage as the applicable expenditures.

**Charges for Services** – Charges for Services are also a significant revenue source. The County is projecting this revenue source to increase by 2% per year with one exception. Economic conditions, the housing market as well as the credit market have prompted a more conservative increase factor - 1% - in Register of Deeds revenue.

**Investment Income** – Since Investment Income depends in part on the investment environment, it is difficult to make projections. The County anticipates earnings to bottom out in 2006/2007 (based on current holdings), but improve significantly after that. However, the County's contribution for the Grand Haven Courthouse/Fillmore Street expansion is using \$20 million of cash, and this has been factored into the projections.

**Operating Transfers In** – In general, operating transfers in are one time dollars. The 2009 budget does include \$500,000 from the Compensated Absences fund meant to help ease the County into other program reductions. However, projections for subsequent years do not include other one-time transfers. The only other Operating Transfer In revenue in the budgets for 2010 and 2011 is from the Revenue Sharing Reserve fund.

**Other Revenues** – The remaining revenue sources were increased 2 – 3% per year.

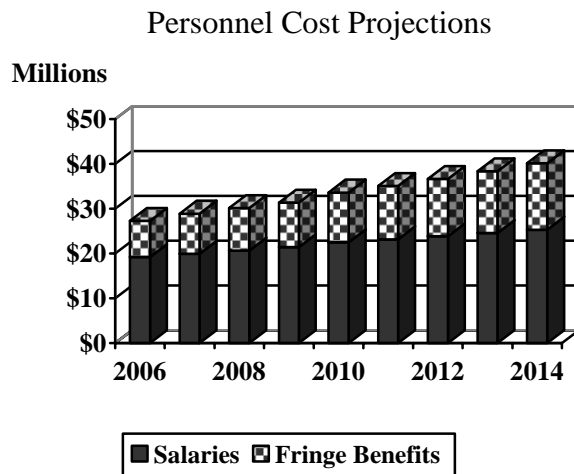
**Expenditures**

**Salaries** – County employees generally receive a cost of living adjustment which may be based on the consumer price index and available funds. In addition, newer employees also receive step increases for five years. After the five years, the employees receive only the cost of living adjustment. To cover both the cost of living adjustment and the step increases, the projections increase salaries by 3% per year.

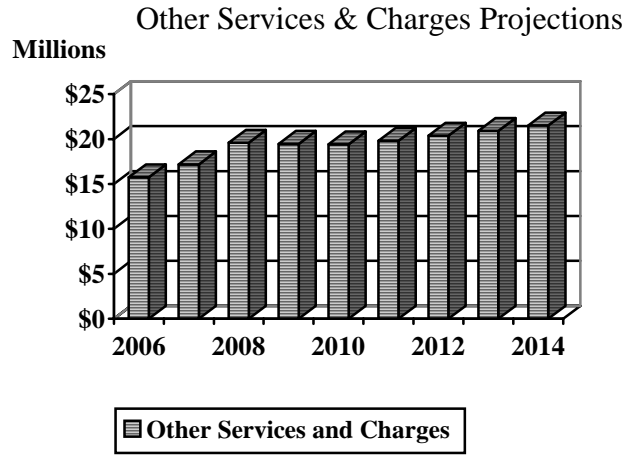
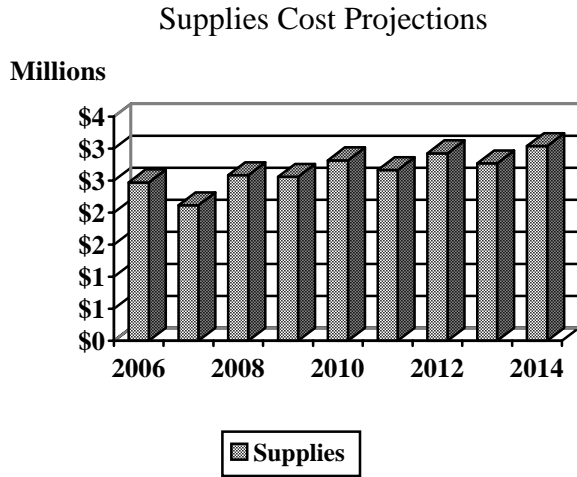
In addition, a growing County like Ottawa needs to be able to respond to the growing service demands with additional employees. Based on historical personnel additions, approximately \$500,000 per year is added to salaries and fringe benefits per year to reflect additional employees.

**Fringe Benefits** – Certain fringe benefits, the largest being social security tax and retirement contributions, are based on salaries. Consequently, these fringe benefits are also projected to increase by 3% per year. Other fringe benefits, mainly health, dental and optical insurance are not based on salaries. Based on the most recent actuary study, the projections include increases of 11% per year for health insurance, 6% for dental insurance, and 3% for optical insurance. These increases reflect a larger employee contribution in 2010.

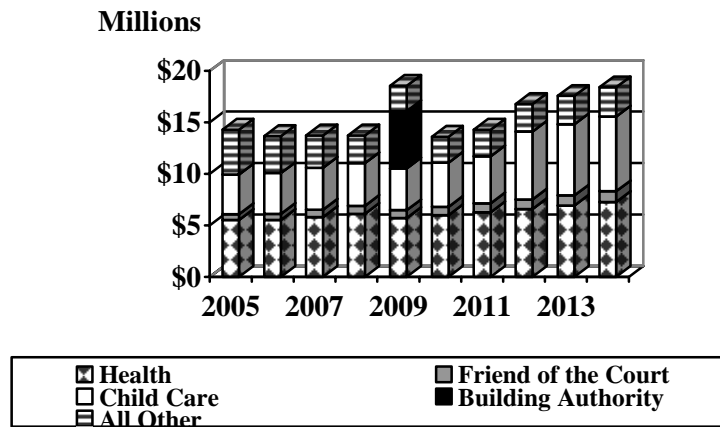
The graph below shows the history and projections for personnel costs and reflects the disproportionate increase in fringe benefits as compared to salaries.



**Supplies and Other Services and Charges** – In most cases, these expenditures are projected to increase by 2% per year. However, certain adjustments have been made. Liability and vehicle insurance are projected to increase 10% per year. In addition, adjustments have been made to reflect election costs in election years and the projections for facilities costs in connection with the Grand Haven/West Olive project.



**Operating Transfers Out** - The County's largest operating transfers go to Health, Child Care, and the Friend of the Court, with much of the money covering personnel costs. Since personnel costs are rising much faster than the consumer price index, the operating transfers also need to increase faster. Consequently, projections for operating transfers are increasing 2% - 6%, depending on the fund. The graph below shows the increasing amounts projected for operating transfers.



## Results

As discussed in the transmittal letter, a deficit reduction plan was implemented to address the structural deficit in 2005. The plan made a significant improvement in the financial outlook of the County. However, subsequent developments have changed the outlook and necessitate additional response. Most significantly, the deterioration in the housing market has had the largest negative impact. In addition, when the original estimates were



made, the County was not anticipating a significant other post employment benefits liability. However, the annual required contribution in 2009 is nearly \$1 million.

A new deficit reduction plan is already underway and discussed in the transmittal letter. During 2007 and 2008, the Board of Commissioners completed a ranking of discretionary programs as a basis for possible reductions and eliminations. In January of 2009, the Board will complete an additional ranking of discretionary services in conjunction with a ranking of mandated services. The County believes this and other avenues will eliminate the operating deficit and will maintain the financial standing of the County.

The schedules that follow show General Fund Projections under three different scenarios:

**Scenario 1: Revenue sharing is reinstated and the Tax Levy increases from 3.6 mills to 3.7 mills for 2010 – 2014.**

In 2004, the State of Michigan suspended revenue sharing payments to counties in order to deal with a State budget crisis. The plan was to move the operating levy from December to July over a three year period which would mean counties would go from levying taxes the December before the fiscal year to the July of the fiscal year. This resulted in a pool of money counties would be able to use to make up for the lost revenue sharing. Upon the depletion of this money, the State would resume payments. However, the State's fiscal state is still poor, and it appears unlikely they will be able to resume payments.

Ottawa County is in a unique position in that they do not levy the maximum allowable tax levy. This is money that can be accessed by a vote of the Board of Commissioners. This scenario reflects that even if Revenue Sharing were reinstated, expenditures would continue to outpace revenues.

**Scenario 2: Revenue Sharing is Not Reinstated; Tax Levy increases from 3.6 mills to 3.7 mills for 2010-2014.**

This scenario essentially reflects the financial projection if the County makes no changes to its expenditures and raises the levy by only one tenth of a mill.

**Scenario 3: State revenue sharing payments are not reinstated and the County levies the maximum tax levy.**

This scenario reflects the County levying the maximum tax levy to help cover the lost revenue sharing.

**County of Ottawa  
Five Year Budget Projections  
General Fund**

Scenario 1: Assumes Revenue Sharing Reinstated  
(Reflects revised taxable value increases)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
	Actual	Actual	Actual	Actual	Current Year Estimated	Budgeted	Projected	Projected	Projected	Projected	Projected
<b>Revenues:</b>											
Taxes	\$29,744,577	\$32,858,275	\$37,095,829	\$38,840,291	\$40,193,843	\$41,465,748	\$43,432,521	\$44,534,048	\$45,623,749	\$46,714,391	\$47,984,842
Intergovernmental	\$6,237,538	\$5,962,079	\$4,637,820	\$4,793,385	\$4,419,764	\$4,534,572	\$4,594,512	\$9,242,774	\$9,801,987	\$10,034,059	\$10,276,021
Charges for services	\$9,027,566	\$9,124,440	\$9,240,623	\$9,956,184	\$10,029,530	\$9,738,398	\$9,824,877	\$10,001,376	\$10,181,206	\$10,364,430	\$10,551,115
Fines & Forfeits	\$1,026,797	\$1,069,949	\$1,047,692	\$1,012,626	\$953,100	\$961,100	\$980,322	\$999,928	\$1,019,927	\$1,040,326	\$1,061,132
Interest on investments	\$830,652	\$866,449	\$1,717,019	\$1,987,812	\$1,475,000	\$950,000	\$1,130,795	\$998,332	\$1,077,285	\$1,054,021	\$833,203
Rental income	\$2,225,581	\$2,397,103	\$2,511,754	\$2,610,933	\$2,851,159	\$2,873,024	\$2,981,390	\$3,082,058	\$3,188,612	\$3,301,478	\$3,421,114
Licenses & permits	\$311,494	\$299,828	\$289,351	\$261,763	\$269,025	\$251,675	\$256,709	\$261,843	\$267,080	\$272,421	\$277,870
Other	\$356,567	\$346,904	\$362,827	\$339,433	\$344,807	\$276,414	\$279,281	\$282,206	\$285,189	\$288,232	\$291,335
Operating transfer in	\$6,638,481	\$6,323,127	\$4,239,536	\$4,425,399	\$4,510,800	\$5,132,000	\$4,770,960	\$336,513	\$0	\$0	\$0
Fund balance reserve use	\$0	\$0	\$0	\$0	\$1,264,078	\$5,488,512	\$0	\$0	\$0	\$0	\$0
<b>Total Revenue</b>	<b>\$56,399,253</b>	<b>\$59,248,154</b>	<b>\$61,142,451</b>	<b>\$64,227,826</b>	<b>\$66,311,106</b>	<b>\$71,671,443</b>	<b>\$68,251,366</b>	<b>\$69,739,078</b>	<b>\$71,445,035</b>	<b>\$73,069,357</b>	<b>\$74,696,633</b>
% change over prior year *		5.10%	3.20%	5.00%	3.20%	8.10%	-4.80%	2.20%	2.40%	2.30%	2.20%
<b>Expenditures:</b>											
Salaries	\$17,776,227	\$18,614,044	\$19,216,398	\$19,924,051	\$20,631,760	\$21,400,671	\$22,505,420	\$23,178,969	\$23,872,724	\$24,587,292	\$25,323,296
Fringe benefits	\$6,680,860	\$7,280,421	\$8,060,040	\$8,964,787	\$9,531,672	\$9,949,323	\$11,098,357	\$11,906,169	\$12,789,998	\$13,757,794	\$14,818,365
Supplies	\$2,294,523	\$2,956,830	\$2,472,811	\$2,115,249	\$2,585,573	\$2,559,061	\$2,818,367	\$2,664,519	\$2,927,845	\$2,771,982	\$3,041,657
Other services & chg	\$14,536,981	\$15,102,808	\$15,736,645	\$17,188,585	\$19,598,523	\$19,469,208	\$19,419,066	\$19,805,484	\$20,375,597	\$20,899,643	\$21,505,680
Contingency	\$0	\$0	\$0	\$0	\$0	\$738,211	\$551,412	\$562,440	\$573,689	\$585,163	\$596,866
Capital outlay	\$83,217	\$422,926	\$11,238	\$14,805	\$100,868	\$12,934	\$0	\$0	\$0	\$0	\$0
Operating Transfers	\$12,287,447	\$14,287,835	\$13,667,299	\$13,737,530	\$13,744,442	\$18,542,035	\$13,603,879	\$14,286,322	\$15,006,349	\$15,766,054	\$16,567,650
<b>Total Expenditures</b>	<b>\$53,659,255</b>	<b>\$58,664,864</b>	<b>\$59,164,431</b>	<b>\$61,945,007</b>	<b>\$66,192,838</b>	<b>\$72,671,443</b>	<b>\$69,996,501</b>	<b>\$72,403,903</b>	<b>\$75,546,201</b>	<b>\$78,367,928</b>	<b>\$81,853,515</b>
% change over prior year *		9.30%	0.90%	4.70%	6.90%	9.80%	-3.70%	3.40%	4.30%	3.70%	4.40%
Revenue over (under) expenditures	\$2,739,998	\$583,290	\$1,978,020	\$2,282,819	\$118,268	-\$1,000,000	-\$1,745,135	-\$2,664,825	-\$4,101,167	-\$5,298,571	-\$7,156,882

\* The % change over prior year for 2009 is significantly higher due to the budgeted transfer of \$5.585 million for the building project. These amounts are reflected in the fund balance reserve use line in revenues and the operating transfers line in expenditures. If this reserve use is factored out, revenues in 2009 are actually decreasing by 2%, and expenditures are increasing by only 2.9%.

Factoring this out for 2010, the percentage increase for revenues and expenditures are 4.8% and 4.4%, respectively.

Note: Assumes the following levies: 2009 = 3.6 mills, 2010 = 3.7 mills, 2011 = 3.7 mills, 2012 = 3.7 mills, 2013 = 3.7 mills, and 2014 = 3.7 mills with increases in taxable value ranging from 2.38% to 2.77% each year.

Assumes a health co-pay of 9% for 2010 and 10% for every year thereafter.

Assumes no transfers to the Stabilization fund (\$275,000 - \$325,000) and no transfers from the Delinquent Tax fund (\$625,000+) for 2010-2014.

Assumes annual COLA and step increases of 3%, and department budgets assuming the full cost of the OPEB liability in 2010.

Assumes new positions costing approximately \$500,000 per year, beginning in 2010

Assumes State Revenue Sharing payments are restored in 2011.

**County of Ottawa  
Five Year Budget Projections  
General Fund**

Scenario 2: Assumes Revenue Sharing is Not Reinstated  
(Reflects revised taxable value increases)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
	Actual	Actual	Actual	Actual	Current Year Estimated	Budgeted	Projected	Projected	Projected	Projected	Projected
<b>Revenues:</b>											
Taxes	\$29,744,577	\$32,858,275	\$37,095,829	\$38,840,291	\$40,193,843	\$41,465,748	\$43,432,521	\$44,534,048	\$45,623,749	\$46,714,391	\$47,984,842
Intergovernmental	\$6,237,538	\$5,962,079	\$4,637,820	\$4,793,385	\$4,419,764	\$4,534,572	\$4,594,512	\$4,665,198	\$4,740,475	\$4,820,702	\$4,906,263
Charges for services	\$9,027,566	\$9,124,440	\$9,240,623	\$9,956,184	\$10,029,530	\$9,738,398	\$9,824,877	\$10,001,376	\$10,181,206	\$10,364,430	\$10,551,115
Fines & Forfeits	\$1,026,797	\$1,069,949	\$1,047,692	\$1,012,626	\$953,100	\$961,100	\$980,322	\$999,928	\$1,019,927	\$1,040,326	\$1,061,132
Interest on investments	\$830,652	\$866,449	\$1,717,019	\$1,987,812	\$1,475,000	\$950,000	\$1,130,795	\$998,332	\$1,077,285	\$1,054,021	\$833,203
Rental income	\$2,225,581	\$2,397,103	\$2,511,754	\$2,610,933	\$2,851,159	\$2,873,024	\$2,981,390	\$3,082,058	\$3,188,612	\$3,301,478	\$3,421,114
Licenses & permits	\$311,494	\$299,828	\$289,351	\$261,763	\$269,025	\$251,675	\$256,709	\$261,843	\$267,080	\$272,421	\$277,870
Other	\$356,567	\$346,904	\$362,827	\$339,433	\$344,807	\$276,414	\$279,281	\$282,206	\$285,189	\$288,232	\$291,335
Operating transfer in	\$6,638,481	\$6,323,127	\$4,239,536	\$4,425,399	\$4,510,800	\$5,132,000	\$4,770,960	\$336,513	\$0	\$0	\$0
Fund balance reserve use	\$0	\$0	\$0	\$0	\$1,264,078	\$5,488,512	\$0	\$0	\$0	\$0	\$0
<b>Total Revenue</b>	<b>\$56,399,253</b>	<b>\$59,248,154</b>	<b>\$61,142,451</b>	<b>\$64,227,826</b>	<b>\$66,311,106</b>	<b>\$71,671,443</b>	<b>\$68,251,366</b>	<b>\$65,161,502</b>	<b>\$66,383,523</b>	<b>\$67,856,000</b>	<b>\$69,326,875</b>
% change over prior year *		5.10%	3.20%	5.00%	3.20%	8.10%	-4.80%	-4.50%	1.90%	2.20%	2.20%
<b>Expenditures:</b>											
Salaries	\$17,776,227	\$18,614,044	\$19,216,398	\$19,924,051	\$20,631,760	\$21,400,671	\$22,505,420	\$23,178,969	\$23,872,724	\$24,587,292	\$25,323,296
Fringe benefits	\$6,680,860	\$7,280,421	\$8,060,040	\$8,964,787	\$9,531,672	\$9,949,323	\$11,098,357	\$11,906,169	\$12,789,998	\$13,757,794	\$14,818,365
Supplies	\$2,294,523	\$2,956,830	\$2,472,811	\$2,115,249	\$2,585,573	\$2,559,061	\$2,818,367	\$2,664,519	\$2,927,845	\$2,771,982	\$3,041,657
Other services & chg	\$14,536,981	\$15,102,808	\$15,736,645	\$17,188,585	\$19,598,523	\$19,469,208	\$19,419,066	\$19,805,484	\$20,375,597	\$20,899,643	\$21,505,680
Contingency	\$0	\$0	\$0	\$0	\$0	\$738,211	\$551,412	\$562,440	\$573,689	\$585,163	\$596,866
Capital outlay	\$83,217	\$422,926	\$11,238	\$14,805	\$100,868	\$12,934	\$0	\$0	\$0	\$0	\$0
Operating Transfers	\$12,287,447	\$14,287,835	\$13,667,299	\$13,737,530	\$13,744,442	\$18,542,035	\$13,603,879	\$14,286,322	\$15,006,349	\$15,766,054	\$16,567,650
<b>Total Expenditures</b>	<b>\$53,659,255</b>	<b>\$58,664,864</b>	<b>\$59,164,431</b>	<b>\$61,945,007</b>	<b>\$66,192,838</b>	<b>\$72,671,443</b>	<b>\$69,996,501</b>	<b>\$72,403,903</b>	<b>\$75,546,201</b>	<b>\$78,367,928</b>	<b>\$81,853,515</b>
% change over prior year *		9.30%	0.90%	4.70%	6.90%	9.80%	-3.70%	3.40%	4.30%	3.70%	4.40%
Revenue over (under) expenditures	\$2,739,998	\$583,290	\$1,978,020	\$2,282,819	\$118,268	-\$1,000,000	-\$1,745,135	-\$7,242,401	-\$9,162,679	-\$10,511,928	-\$12,526,640

\* The % change over prior year for 2009 is significantly higher due to the budgeted transfer of \$5.585 million for the building project. These amounts are reflected in the fund balance reserve use line in revenues and the operating transfers line in expenditures. If this reserve use is factored out, revenues in 2009 are actually decreasing by 2%, and expenditures are increasing by only 2.9%.

Factoring this out for 2010, the percentage increase for revenues and expenditures are 4.8% and 4.4%, respectively.

Note: Assumes the following levies: 2009 = 3.6 mills, 2010 = 3.7 mills, 2011 = 3.7 mills, 2012 = 3.7 mills, 2013 = 3.7 mills, and 2014 = 3.7 mills with increases in taxable value ranging from 2.38% to 2.77% each year.

Assumes a health co-pay of 9% for 2010 and 10% for every year thereafter.

Assumes no transfers to the Stabilization fund (\$275,000 - \$325,000) and no transfers from the Delinquent Tax fund (\$625,000+) for 2010-2014.

Assumes annual COLA and step increases of 3%, and department budgets assuming the full cost of the OPEB liability in 2010.

Assumes new positions costing approximately \$500,000 per year, beginning in 2010

Assumes State Revenue Sharing payments are not reinstated

**County of Ottawa  
Five Year Budget Projections  
General Fund**

Scenario 3: Assumes Revenue Sharing is Not Reinstated  
Assumes 2011 millage rate at 2008 max of 4.2650 mills  
(Reflects revised taxable value increases)

	2008										
	2004 Actual	2005 Actual	2006 Actual	2007 Actual	Current Year Estimated	2009 Budgeted	2010 Projected	2011 Projected	2012 Projected	2013 Projected	2014 Projected
<b>Revenues:</b>											
Taxes	\$29,744,577	\$32,858,275	\$37,095,829	\$38,840,291	\$40,193,843	\$41,465,748	\$43,431,722	\$50,583,334	\$51,821,054	\$53,059,668	\$54,500,238
Intergovernmental	\$6,237,538	\$5,962,079	\$4,637,820	\$4,793,385	\$4,419,764	\$4,534,572	\$4,594,512	\$4,665,198	\$4,740,475	\$4,820,702	\$4,906,263
Charges for services	\$9,027,566	\$9,124,440	\$9,240,623	\$9,956,184	\$10,029,530	\$9,738,398	\$9,824,877	\$10,001,376	\$10,181,206	\$10,364,430	\$10,551,115
Fines & Forfeits	\$1,026,797	\$1,069,949	\$1,047,692	\$1,012,626	\$953,100	\$961,100	\$980,322	\$999,928	\$1,019,927	\$1,040,326	\$1,061,132
Interest on investments	\$830,652	\$866,449	\$1,717,019	\$1,987,812	\$1,475,000	\$950,000	\$1,130,795	\$998,332	\$1,077,285	\$1,054,021	\$833,203
Rental income	\$2,225,581	\$2,397,103	\$2,511,754	\$2,610,933	\$2,851,159	\$2,873,024	\$2,981,390	\$3,082,058	\$3,188,612	\$3,301,478	\$3,421,114
Licenses & permits	\$311,494	\$299,828	\$289,351	\$261,763	\$269,025	\$251,675	\$256,709	\$261,843	\$267,080	\$272,421	\$277,870
Other	\$356,567	\$346,904	\$362,827	\$339,433	\$344,807	\$276,414	\$279,281	\$282,206	\$285,189	\$288,232	\$291,335
Operating transfer in	\$6,638,481	\$6,323,127	\$4,239,536	\$4,425,399	\$4,510,800	\$5,132,000	\$4,770,960	\$336,513	\$0	\$0	\$0
Fund balance reserve use	\$0	\$0	\$0	\$0	\$1,264,078	\$5,488,512	\$0	\$0	\$0	\$0	\$0
<b>Total Revenue</b>	<b>\$56,399,253</b>	<b>\$59,248,154</b>	<b>\$61,142,451</b>	<b>\$64,227,826</b>	<b>\$66,311,106</b>	<b>\$71,671,443</b>	<b>\$68,250,567</b>	<b>\$71,210,788</b>	<b>\$72,580,828</b>	<b>\$74,201,277</b>	<b>\$75,842,271</b>
% change over prior year *		5.10%	3.20%	5.00%	3.20%	8.10%	-4.80%	4.30%	1.90%	2.20%	2.20%
<b>Expenditures:</b>											
Salaries	\$17,776,227	\$18,614,044	\$19,216,398	\$19,924,051	\$20,631,760	\$21,400,671	\$22,505,420	\$23,178,969	\$23,872,724	\$24,587,292	\$25,323,296
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Capital outlay	\$83,217	\$422,926	\$11,238	\$14,805	\$100,868	\$12,934	\$0	\$0	\$0	\$0	\$0
Operating Transfers	\$12,287,447	\$14,287,835	\$13,667,299	\$13,737,530	\$13,744,442	\$18,542,035	\$13,603,879	\$14,286,322	\$15,006,349	\$15,766,054	\$16,567,650
<b>Total Expenditures</b>	<b>\$53,659,255</b>	<b>\$58,664,864</b>	<b>\$59,164,431</b>	<b>\$61,945,007</b>	<b>\$66,192,838</b>	<b>\$72,671,443</b>	<b>\$69,996,501</b>	<b>\$72,403,903</b>	<b>\$75,546,201</b>	<b>\$78,367,928</b>	<b>\$81,853,515</b>
% change over prior year *		9.30%	0.90%	4.70%	6.90%	9.80%	-3.70%	3.40%	4.30%	3.70%	4.40%
Revenue over (under) expenditures		\$583,290	\$1,978,020	\$2,282,819	\$118,268	-\$1,000,000	-\$1,745,934	-\$1,193,115	-\$2,965,374	-\$4,166,651	-\$6,011,244

\* The % change over prior year for 2009 is significantly higher due to the budgeted transfer of \$5.585 million for the building project. These amounts are reflected in the fund balance reserve use line in revenues and the operating transfers line in expenditures. If this reserve use is factored out, revenues in 2009 are actually decreasing by 2%, and expenditures are increasing by only 2.9%.

Factoring this out for 2010, the percentage increase for revenues and expenditures are 4.8% and 4.4%, respectively.

Note: Assumes the following levies: 2009 = 3.6 mills, 2010 = 3.7 mills, 2011 = 4.265 mills, 2012 = 4.265 mills, 2013 = 4.265 mills, and 2014 = 4.265 mills with increases in taxable value ranging from 2.31% to 2.59% each year

Assumes a health co-pay of 9% for 2010 and 10% for every year thereafter.

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Assumes annual COLA and step increases of 3%, and department budgets assuming the full cost of the OPEB liability in 2010.

Assumes new positions costing approximately \$500,000 per year, beginning in 2010

Assumes State Revenue Sharing payments are not reinstated

# The Strategic Planning Process

## Strategic Planning Definition

Local government's strategic planning is the process by which a local government envisions its future and develops the necessary organization, staff, procedures, operations, and controls to successfully achieve that future.

## Objective

The Objective of any strategic planning process is to increase organizational performance through an examination of community service needs, establishment of organizational goals, and identification of steps necessary to achieve these goals. Strategic planning concerns itself with establishing the major directions for the organization, such as its purpose/mission, major clients to serve, major problems to pursue, and major delivery approaches.

An effective strategic planning process facilitates the examination of the following questions:

- What business is the local government in? What should it be in? To whom does it provide services? Who is paying for them? Who should pay for them?
- What are the alternate revenue sources and strategies? What should the government system look like in response to these alternatives?
- What are the economic development possibilities and trends within the jurisdictional boundaries of the government, and what will the effects be on local services and infrastructure?
- Are there major reorganizations to be considered?
- What is the impact on service delivery if governmental priorities (economic development, public safety, and so on) change?

Ottawa County, the eighth-largest county in Michigan, is a rapidly-growing community of over 250,000 people located along the Lake Michigan shoreline. The government that serves the community is comprised of approximately 1,100 union, non-union, and elected employees with occupations as diverse as nursing, corrections, parks, administration, and law enforcement.

An 11-member Board of Commissioners, each elected to a two-year term, governs the County. The Board of Commissioners establishes the general direction of government and provides oversight of administrative functions of the County. The Board appoints a County Administrator who manages the budget, provides leadership and management of Board initiatives, and oversees general County operations. The remaining operations are managed by either elected officers (Clerk, Drain Commissioner, Prosecutor, Register of Deeds, Sheriff, and Treasurer), statutory boards (Community Mental Health), or the judiciary.

While the Board of Commissioners had conducted strategic planning activities in the past, the County had not had an active strategic plan, mission, or organizational values in place for several years, so in 2004 the Board began collecting information needed to develop a plan, including the employee and resident surveys, a study of mandated services, employee input on the mission statement, evaluations of several departments, the wage and classification study completed by William Rye & Associates, the United Way Community Needs Assessment, and definitions of the County's financing tools.

After collecting and considering this information, the Board met on March 23 and 24, 2006, to begin work on its strategic plan. That initial plan was adopted and implemented over the next two years.

The Board of Commissioners met on January 7 and 8, 2008, to update its objectives for 2008 and 2009, review the strengths, weaknesses, opportunities, and threats (SWOT) facing the County, and review and rank discretionary services. Since the initial meetings reviewed draft objectives, assigned resources to each objective, and developed outcome measures which will indicate success in completing the plan's goals. The results of the process follow.

A **VISION** statement indicates how an organization views its ideal, or ultimate, goal. The Board of Commissioners has established the following vision statement:

**Ottawa County strives to be the location of choice for living, working, and recreation**

A **MISSION** statement assists an organization in easily communicating to a variety of constituencies what it does, who it serves, and why it does so. The Board of Commissioners has established the following mission statement:

**Ottawa County is committed to excellence and the delivery of cost-effective public services**

*A formal statement of organizational values was developed to clearly identify not only the principles upon which the organization is based, but the way in which it treats its employees and residents.*

We recognize the importance of the **DEMOCRATIC PROCESS** in the accomplishment of our mission, and hold it as a basic value to respect the rule of the majority and the voted choices of the people; to support the decisions of duly elected officials; and to refrain from interference with the elective process.

We recognize the importance of the **LAW** in the accomplishment of our mission and hold it as a basic value to work within, uphold, support, and impartially enforce the law.

We recognize the importance of **ETHICS** in the accomplishment of our mission and hold it as a basic value to always act truthfully, honestly, honorably and without deception; to seek no favor; and to receive no extraordinary personal gain from the performance of our official duties.

We recognize the importance of **SERVICE** in the accomplishment of our mission and hold it as a basic value to treat each resident as a customer; to do all we can, within the bounds of the County's laws, regulations, policies and budget, to meet requests for service.

We recognize the importance of **EMPLOYEES** in the accomplishment of our mission and hold it as a basic value to treat each employee with professional respect, recognizing that each person using his or her trade or vocation makes a valuable contribution; to treat each employee impartially, fairly and consistently; and to listen to the recommendations and concerns of each.

We recognize the importance of **DIVERSITY** in the accomplishment of our mission and hold it as a basic value to treat all people with respect and courtesy.

We recognize the importance of **PROFESSIONALISM** in the accomplishment of our mission and hold it as a basic value that each employee will perform to the highest professional standards and to his or her highest personal capabilities.

We recognize the importance of **STEWARDSHIP** of public money in the accomplishment of our mission and hold it as a basic value to discharge our stewardship in a responsible, cost-effective manner, always remembering and respecting the source of the County's funding.



Prior to setting goals, members of the Board of Commissioners examined the strengths, weaknesses, opportunities, and threats affecting the County as a whole. The items in each category are not ranked by importance, nor is this intended to be an all-inclusive list, however it forms a basis for the development of goals and objectives. In addition, the items identified provide a view of potential issues that may impact the environment in which the County provides services in the near- or long-term future.

# STRENGTHS

- Location
- Natural Resources (lakes, rivers, trees)
- Potential finances
- Services
- Good law enforcement
- Parks
- Agriculture
- Potential for future energy development
- Entrepreneurs
- Industry and infrastructure
- Lake Michigan
- Education
- Work Ethic
- Effective County government
- Close to cultural resources
- Religion
- Quality-of-life
- Transportation
- Health care, local hospitals and proximity to Kent County
- Workforce
- Low crime rate
- Culture of volunteering and philanthropy
- Strong recreational opportunities

- Lack of Diversity
- Runoff and Water Pollution
- Geographic division by Grand River
- Lack of affordable housing
- State recession
- State government
- Single bridge crossing on Grand River in Northwest Quadrant
- Workforce unprepared, inadequate for future jobs
- Lack of countywide mass transit, especially to County facilities, rural areas
- Inadequate road funding
- Three Metropolitan Planning Organizations (MPOs)
- Balancing quality-of-life with growth
- Managing growth to keep open spaces

# WEAKNESSES

# OPPORTUNITIES

- Economic development (energy, agriculture)
- Airport authority
- Partnering with MSU's work at former Pfizer plant
- Growth in health care industry
- Regional thinking, planning
- Educational programs to meet new needs (global, emerging industries)
- Growth of GVSU
- Tourism (lakes, parks)
- Improve transit, conduct corridor studies
- Increase road funding
- Provision of infrastructure
- Increase funding for mandated services
- Revenue sharing
- Work with GCSI, MAC
- Build relationships with legislators
- Improve recycling

- Loss of revenue sharing
- Financial situation
- Bigotry
- Loss of water quality, beach closures
- Groundwater withdrawal
- Seagulls
- Air pollution regulation changes
- Growth—accommodating population and development
- Gang activity
- WEMET funding, drug transport through county
- Aging population
- Road condition and funding
- Parochialism
- Invasive species
- Economic issues—oil, energy, foreclosures
- Globalization
- Term limits
- New sales and business taxes

# THREATS

# GOALS, OBJECTIVES, AND OUTCOMES

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*Under guidance from the mission statement, goals focus the direction of an organization's work. Goals are relatively static in nature, however the objectives that assist in accomplishing the goals are likely to change annually. Outcome measurements are the ultimate indicators of success, measuring the impact of actions conducted to achieve goals and objectives.*

**GOAL 1: TO MAINTAIN AND IMPROVE THE STRONG FINANCIAL POSITION OF THE COUNTY**

Objective 1: Continue to advocate that the State of Michigan remain committed to continuing revenue sharing payments to counties

- Inform the public of the impact of the loss of revenue sharing
- Continue to monitor appropriations bills
- Continue to act at the State level

State legislators report understanding of the County's position on the issue and all vote to retain revenue sharing

Objective 2: Identify and develop strategies to address potential financial threats

- Research and develop a plan to address existing and future financial threats which clearly identifies threats and solutions
- Fully fund Financing Tools
- Develop a plan to address the 5-year projected budget deficit
- Monitor State and Federal legislation for financial implications

Financing tools are fully funded, operational budget deficit is eliminated, Commissioners approve a strategy to address financial threats, and legislation is supported or opposed as appropriate

Objective 3: Identify and develop a plan for funding legacy costs

- Prepare a report which analyzes potential changes to retirement offerings

Commissioners approve a plan to address retirement legacy costs

Objective 4: Establish an understanding of Community Mental Health funding and structure

- Work with the Mental Health Director to present a review of CMH funding to a Board work session

100% of Commissioners report a clear understanding of Community Mental Health funding and structure

Objective 5: Work at the State and Federal levels to address unfunded and under-funded mandates

- Complete the mandated services service-level study and distribute results to legislators and community
- Identify and advocate to remove obstacles and loopholes that prevent full-funding of mandates

100% of legislators oppose new under- or unfunded mandates and support fully-funding existing mandates; 100% of legislators vote to remove obstacles and loopholes that prevent full-funding of mandates

Objective 6: Implement consistent wage and classification study process

- Develop methodology and select consultant for future wage studies
- Conduct wage study
- Develop process to continue wage and classification work internally

100% of wage study work is completed and process is in place to review classifications annually

Objective 7: Maintain or improve bond ratings

- Present thorough, high-quality information to bond rating agencies

100% of ratings from Fitch, Standard and Poor's, and Moody's are maintained or improved

WHAT WILL WE DO TO GET THERE?

## **Strategic Plan Goal 1: To Maintain and Improve the Strong Financial Position of the County of Ottawa**

**Objective 2:** Identify and develop strategies to address potential financial threats

### Effect on 2009 Budget:

The 2009 budget reflects the continued implementation of the 2004 budget balancing plan (see budget transmittal letter for more details). The amount of one-time dollars (e.g., fund balance) used to balance the budget has been decreasing from a high of \$2.9 million in 2004 to just \$1,000,000 in 2009. A new plan to address additional concerns is underway and includes the following strategies:

- Continue a General Fund hiring freeze for new, full-time positions that have a net increase for the General Fund. Consideration will be given for positions that have an impact on service delivery
- Maintain five year projections with variables such as revenue sharing, commodity costs, millage rates, and funding sources to strategically determine the most fiscally responsible plan for millage increases and expenditure reductions
- Continue program evaluations to determine the costs and benefits provided by programs as a basis for the possible elimination or restructuring of programs that are not performing effectively and efficiently
- Review the potential elimination of the MERS defined benefit retirement system for new hires and replace it with a defined contribution benefit
- Annual review of health insurance plan for appropriate changes and the implementation of a health management plan
- Review and analysis of other fringe benefit costs
- Departmental efficiency studies to reduce costs
- Secure funding for technological advances that will create efficiencies and reduce future costs
- Comprehensive analysis of services provided by the County's departments and outside agencies to eliminate redundancy of services provided
- Performance measurements and ranking of mandated and discretionary services will be used in the analysis of programs for possible budgetary reductions
- Implementation of the Budget Principals approved by the Board of Commissioners to guide budget decisions

In addition, several of the financing tools are contributing significant dollars to operations, and fully funding the financing tools is one of the Board's objectives. A discussion of these contributions as well as an update on the status of each of them follows.

### **Financing Tools Historical Summary**

The first County "Financing Tool", the Delinquent Tax Revolving Fund, was established in 1974. It was not until 1981, the beginning of an economic downturn, that the Board established the Public Improvement Fund and the Stabilization Fund. The general purpose of the Financing Tools is three-fold:

**To provide long-term financial stability for Ottawa County**

**To take financial pressure off the General Fund**

**To provide long-term financing for certain operational costs**

As Federal Revenue Sharing dwindled from \$785,771 in 1986 to \$50,404 in 1987, the importance of long-term financial planning became even more apparent to the County Board. Thus, in 1986 the Board established the Duplicating Fund and the Employee Sick Pay Bank Fund. The Telecommunications Fund followed in 1987 along with the Equipment Pool Fund in 1988. The Board continued to explore long-term financing possibilities and in 1990, the Solid Waste Clean-up Fund and the Employee Benefits Fund were approved. In 1996, the Board discontinued the Employee Benefits Fund, reallocating the money for future improvements and expansion to our County parks system.

Most of the financing tools are self-supporting in that they do not require additional funding or fee increases to maintain their current operations. The Infrastructure Fund is fairly new (established in 1999) and not considered to be self-supporting. The Public Improvement Fund, used to account for monies set aside for public improvements, has been used extensively in recent years for the remodeling or construction of new facilities. Even after the Grand Haven/West Olive project, this fund will still be able to fund smaller capital improvement projects. The Stabilization Fund has been returned to its fully funded status.

The financing tools are set up to cover certain annual operating costs, not one-time costs. These financing tools help stabilize the annual budget process by reducing the peaks and valleys created by legislation, economic fluctuation, termination of grant dollars, equipment requests, etc. In addition, these funds have a positive effect on the interest rates the County and its townships and cities receive on bond issues, benefiting County taxpayers millions of dollars over the years.

When these financing tools were first established, administration told the Board these tools would eventually reduce costs to County departments. Along with these financing tools, the County began self-funding several of its insurance programs including health, unemployment, dental, and vision which operate very similarly to the financing tools.

The County is now realizing the benefit of these self-insured programs along with our financing tools.

The Board's vision over the years has allowed Ottawa County to maintain one of the lowest operating millages in the State while at the same time provide for long-term financial strength that will benefit County residents for many years to come. The County can react to the unexpected while at the same time continue to provide a stable source of services to the public. Ottawa County is an envy to most counties across the State.

The following pages demonstrate clearly how the financing tools have and will continue to save millions of dollars for the County over the years. Certain assumptions were used in making the calculations. Historical annual savings are based on a five year history. Projected annual savings are based on a five year projection.

The nine financing tools funds are:

2271	Solid Waste Clean-up Fund
2444	Infrastructure Fund
2450	Public Improvement Fund
2570	Stabilization Fund
2980	Employee Sick Pay Bank
5160	Delinquent Tax Revolving Fund
6450	Duplicating Fund
6550	Telecommunications Fund
6641	Equipment Pool Fund

### **Solid Waste Clean-up Fund (2271)**

**Year Established: 1990**

#### **Fund Purpose:**

This fund was established from monies received by Ottawa County from the settlement of litigation over the Southwest Ottawa Landfill. These monies are to be used exclusively for the clean-up of the landfill. (BC 90-277) The fund's goal is to use the interest generated from the principal to cover ongoing annual costs of the landfill clean-up. Beginning in 1998, these expenditures are paid for from this Fund thus saving the General Fund approximately \$150,000 - \$175,000 per year.

A plan to alleviate site contamination was approved by the Department of Natural Resources during 2005. To date, this fund has expended \$1.4 million to add and replace purge wells and provide overall enhancements to the groundwater purge and treatment system. The 2009 budget includes \$100,000 for the completion of this project. Had money not been set aside in this fund, the County would have to fund it from the General Fund or some other County fund.

In addition, as part of the financing plan for the new West Olive and Grand Haven facilities, the fund contributed \$2.5 million in 2008 for the construction of the facilities, allowing us to lower debt service costs.

**Financial Benefits:**

- 1) Provides long-term financing for annual clean-up costs.
- 2) Takes financial pressure off the General Fund.

**Infrastructure Fund (2444)**

**Year Established:** 1999

**Fund Purpose:**

This fund was established to provide financial assistance to local units of government for water, sewer, road, and bridge projects that are especially unique, non-routine, and out-of-the ordinary.

To date, the fund has made loans to municipalities totaling \$2,155,000, with an additional \$371,000 anticipated for Jamestown Township before the end of 2008. As part of the financing plan for the new West Olive and Grand Haven facilities, this fund is contributing \$125,000 per year for the anticipated principal and interest payments associated with the bond issue.

**Financial Benefits:**

- 1) Expedites projects by leveraging Federal, State, and other revenue sources.
- 2) Reduces debt levels.
- 3) Relieves General Fund of debt payments

**Public Improvement Fund (2450)**

**Year Established:** 1981

**Fund Purpose:**

This fund is used to account for monies set aside for public improvements. The fund's goal is to provide sufficient dollars to fund the County's major capital projects. In addition, as part of the financing plan for the new West Olive and Grand Haven facilities, this fund is contributing \$175,000 per year for the anticipated principal and interest payments associated with the bond issue.

**Financial Benefits:**

- 1) Contributes to a positive bond rating.
- 2) Savings on bond issue costs.
- 3) Relieves General Fund of debt payments.

## **Stabilization Fund (2570)**

**Year Established:** 1981

### **Fund Purpose:**

This fund was established pursuant to Act No. 30 of the Public Acts of 1978 to assure the continued solid financial condition of the County. Use of funds are restricted for but not limited to:

- a) cover a general fund deficit, when the County's annual audit reveals such a deficit.
- b) prevent a reduction in the level of public services or in the number of employees at any time in a fiscal year when the County's budgeted revenue is not being collected in an amount sufficient to cover budgeted expenditures.
- c) prevent a reduction in the level of public services or in the number of employees when in preparing the budget for the next fiscal year the County's estimated revenue does not appear sufficient to cover estimated expenses.
- d) cover expenses arising because of natural disaster, including a flood, fire, or tornado.

### **Financial Benefits:**

- 1) Generates additional revenue for the General Fund. By law, any interest earned on this fund remains in the General Fund.
- 2) Provides long-term financial stability for Ottawa County.
- 3) Contributes positively to the bond rating.

## **Compensated Absences (2980)**

**Year Established:** 1986

### **Fund Purpose:**

The purpose of the Employee Sick Pay Bank Fund is to pay for the County's accrued liability which was a result of discontinuing the accumulation and payoff of employee sick days. The amount of liability is equal to number of days accumulated times the rate of pay at the time the employee entered the bank (negotiated in the union contract). An employee's account earns interest at the average rate of return earned by County Treasurer each year. Since 1993, this fund also has accounted for the amount of vacation time that employees have earned and not taken at the end of each fund's fiscal year-end as required under Governmental Accounting Standards Board Statement No. 16.

### **Financial Benefits:**

- 1) The future liability for sick pay has been eliminated.
- 2) County employees received short and long-term disability coverage.
- 3) Reduced County funded sick days.



- 4) Contributes positively to the bond rating.

### **Delinquent Tax Revolving Fund (5160)**

**Year Established:** 1974

**Fund Purpose:**

The Delinquent Tax Revolving Fund is used to pay each local government unit, including the County, the respective amount of taxes not collected as of March 1 of each year. After many years of waiting for this fund to mature, the treasurer now avoids costly issuances of Delinquent Tax Anticipation Notes (now referred to as General Obligation Limited Tax Notes) and pays schools, local units and the County in a timely fashion. An annual evaluation is made to determine if it is beneficial for the County to issue general obligation limited tax notes versus using cash on hand. As a financing tool, money had been transferred each year to the General Fund. The 1996 transfer was \$750,000. The County discontinued a transfer to the General Fund in 1997 when the third bond issue was designated to be paid for from this fund. Beginning in 2000, the County had experienced the full impact of proposal A and had started the transfer of funds to the General Fund again. However, with the issuance of a fourth bond issue to be paid from this fund, the transfers have once again been discontinued. In addition, as part of the financing plan for the new West Olive and Grand Haven facilities, this fund is contributing \$150,000 per year for the anticipated principal and interest payments associated with the bond issue.

**Financial Benefits:**

- 1) Operating Transfers to the General Fund.
- 2) Principal and Interest Payments on four bond issues totaling \$2.6 million in 2009.
- 3) Ability to avoid bond issue costs to pay off annual delinquency.
- 4) Contributes to a positive Bond rating.
- 5) Cash flow management.

### **Duplicating, Telecommunications, and Equipment Pool Funds (6450, 6550, 6641)**

**Year Established:**

Duplicating (6450)	1986
Telecommunications (6550)	1987
Equipment Pool (6641)	1988

**Fund Purposes:**

The Duplicating Fund (6450) is used for ongoing replacement of copy machines in County departments. Revenues are received from user departments to cover the expenses incurred in providing printing and copying services. The Telecommunications Fund

(6550) was established in 1987 for the purpose of funding the County's transition from a leased telecommunications system to a County owned and operated system. This fund pays for the operation of and enhancements to the telephone system and a network. Revenues are received from user departments to cover expenses incurred in providing the telephone service as well as future capital improvements.

The purpose of the Equipment Pool Fund (6641) is to provide long-term financing capabilities to departments on an ongoing basis for capital acquisitions and replacement of office furniture and equipment. Revenues are collected from user departments for the equipment rental charges to cover depreciation costs and to provide funds for future purchases of equipment.

In addition, as part of the financing plan for the new West Olive and Grand Haven facilities, these funds have contributed \$4.1 million for the construction of the facilities and approximately \$150,000 per year for the anticipated principal and interest payments associated with the bond issue.

### **Financial Benefits:**

- 1) Provides a continuous funding source for equipment purchases.
- 2) Stabilizes the budget process by eliminating the peak and valley effect.
- 3) Savings over lease costs.
- 4) Savings on bond issue costs.
- 5) Relieve the General Fund of debt service payments

### **Overall Benefits of the Financing Tools**

- 1) Take financial pressure off the General Fund.

The best way to take financial pressure off the General Fund is to reduce reliance on property taxes for funding of County services.

The General Fund directly provides funding for approximately thirty (30) County departments and indirectly (through operating transfers) significantly affects eight (8) other County departments. Property Taxes represent the largest revenue source for the General Fund. However, property tax rates are limited by legislation, and charges for services are dependent on variables not under control of the County (e.g., the economy). Consequently, it is crucial for the County both to capitalize on other revenue sources and to avoid actions which obligate the County to long-term expenditures.

The financing tools reduce reliance on property taxes by providing funds for certain operational expenditures. Beginning in 1998, the Solid Waste Clean-up Fund pays for landfill cleanup expenditures that were paid from the General Fund.

The Public Improvement Fund provides capital for certain building projects in lieu of debt financing while the Delinquent Tax Fund funds payments on four bond issues. Consequently, the General Fund is not obligated to make these bond payments for the life of the issue.

## **Overall Benefits of the Financing Tools (continued)**

The avoidance of debt payments is very important to the General Fund. Unlike other funding decisions of the General Fund, debt payments are mandatory, regardless of the revenue picture. Effectively, then, debt payments are an immediate subtraction from property tax revenues, taking away from other County programs. Thus, the debt payments avoided by the Public Improvement Fund and funded by the Delinquent Tax Revolving Fund alleviate pressure on the General Fund, freeing up dollars for other County programs.

The Stabilization Fund by law may not earn interest income. Assuming the balance in the fund would be spent elsewhere, the General Fund benefits from the interest income earned by the Stabilization Fund (since it cannot be transferred to the Stabilization Fund).

- 2) Provide long-term financing for certain operational costs.

By providing funding for certain operational costs on a long-term basis, the County through the financing tools, is able to provide a high level of service to its residents.

The Duplicating, Telecommunications, and Equipment Pool Funds provide capital for equipment acquisition and replacement. If the County did not have the dollars to pay for the equipment, they would have to lease from an outside vendor or do without. Not purchasing equipment would result in an inefficient use of personnel and reduced service levels, particularly given our population growth levels. Another alternative to equipment purchases would be to just add more staff which are ongoing operational costs as opposed to one-time equipment costs.

Another cost that the financing tools help the County avoid are bond issue costs. Bond issue costs add nothing to the services the taxpayers are receiving. Because the Public Improvement Fund pays for certain projects outright, bond issue costs are avoided. Similar savings are realized by the Delinquent Tax Revolving Fund. Because the Board has allowed the Delinquent Tax Fund to grow, the total delinquency can be paid off without issuing notes. In addition to these direct costs, the County saves the indirect costs associated with the administration of bond/note issues and/or the administration of monthly payments to local municipalities for their delinquencies.

The Compensated Absences Fund also assists the County in controlling costs. Prior to the implementation of the Sick Pay Bank Fund, County employees received twelve (12) sick days per year, and unused days were banked. With the establishment of the Employee Sick Pay Bank Fund, the number of sick days given per year have been reduced to six (6). In return, employees have been given disability coverage which costs the County .425% of salaries. The savings are obviously significant.

Clearly, the Financing Tools help the County provide a high level of services in a cost effective manner.

## **Overall Benefits of the Financing Tools (continued)**

- 3) Provide long-term financial stability for Ottawa County.

The third and perhaps most important purpose of the Financing Tools is to provide for the long-term stability of the County. The natural result of reducing the reliance on property taxes and controlling costs is to enhance stability, but several of the funds speak more directly to this issue.

The Stabilization Fund, by its nature, enhances stability. The fund's main purpose is to provide emergency funding. This fund, combined with the General Fund's fund balance provides a cushion the County needs to accommodate unforeseen expenditures and revenue reductions.

The Duplicating, Telecommunications, and Equipment Pool Funds promote stability as well. Without these funds, the County would have wide swings in expenditures for equipment purchases from year to year. This peak and valley effect impacts the funding of on-going programs and/or the purchases themselves. Not purchasing the equipment would result in decreased efficiency, increased personnel needs, and decreased services to the taxpayer.

The Employee Sick Pay Bank Fund contributes to financial stability by eliminating liabilities. In addition to eliminating the liability, the employees received a greater benefit at a reduced cost to the County.

### **Additional Benefits:**

- 1) Sufficient Equity Level.

One of the key factors that rating agencies use in establishing a bond rating is the level of equity in an organization. Though a specific percentage varies by municipalities, experts suggest 10 - 15 percent of expenditures reflects a healthy organization. The equity level also provides the County with adequate cash flow for payment of expenditures. Accordingly, the County's financing tools contribute indirectly to the General Fund's equity level.

- 2) Indicative of Long-Term Planning.

The Financing Tools show that the County Board had long-term financial planning in mind when they were originally established. Most of these funds began more than ten years ago. In addition, they represent something more significant: a willingness to avoid taking the short-term popularity gain of a tax cut in order to plan and provide for the long-term financial health of the County.

- 3) Contributes to a Positive Bond Rating.

The County has obtained a AAA bond rating from Fitch on General Obligation Limited Tax Bonds. Moody's Bond Rating is Aa1 for General Obligation

## Overall Benefits of the Financing Tools (continued)

Unlimited and Limited Tax Bonds. The County itself receives only a small part of the benefit of our high rating.

Most of our debt is for water and sewer projects which are paid by municipalities and individuals through assessments. It is the local municipalities and the individual taxpayers that receive the greatest benefit of our high rating.

### 4) Reduced Interest Rates on Bond Issues.

According to Wachovia Securities, formerly A.G. Edwards & Sons, an investment banking firm, the effect of as little as one half step change in the rating could affect the interest rate anywhere between 3 basis points (.03%) to as much as 10 basis points (.10%). On \$100 million in outstanding debt, this would cost an additional \$315,000 to \$1,053,000 over the life of the issue. Remember, these figures represent only a half step change.

### 5) Low Millage Rate.

As discussed earlier, Ottawa County's millage levy is substantially lower than surrounding counties.

Most, if not all, Counties in the State are faced with the problem of how to fund the unexpected, how to fund new equipment, and how to fund and solve space problems. These financing tools have allowed Ottawa County to solve these problems without additional taxpayer burdens.

## Historical/Projected Summary

	2001 – 2007 Historical Savings to <u>General Fund</u>	2008 – 2014 Projected Savings to <u>General Fund</u>
Solid Waste Clean-up Fund (2271)	\$1,774,478	\$3,400,257
Average Annual Savings	\$253,497	\$485,751
Average Annual Millage Savings	0.0326	0.0476
Public Improvement Fund (2450)	\$12,019,275	\$25,077,723
Average Annual Savings	\$2,392,080	\$3,820,510
Average Annual Millage Savings	0.2949	0.1856

## Overall Benefits of the Financing Tools (continued)

	2001 – 2007 Historical Savings to <u>General Fund</u>	2008 – 2014 Projected Savings to <u>General Fund</u>
Stabilization Fund (2570)	\$2,153,538	\$1,786,358
Average Annual Savings	\$307,648	\$255,194
Average Annual Millage Savings	0.0409	0.0237
Delinquent Tax Revolving Fund (5160)	\$17,478,978	\$17,038,795
Average Annual Savings	\$2,496,997	\$2,434,114
Average Annual Millage Savings	0.3300	0.2286
Duplicating, Telecommunications, and Equipment Pool (6450, 6550, 6641)	\$9,205,279	\$11,352,146
Average Annual Savings	\$1,315,040	\$1,621,735
Average Annual Millage Savings	0.1687	0.1504
<b>Grand Total</b>	<b>\$42,631,548</b>	<b>\$58,655,279</b>
<b>Total Average Annual Savings</b>	<b>\$6,765,262</b>	<b>\$8,617,304</b>
<b>Total Average Annual Millage Savings</b>	<b>0.8671</b>	<b>0.6359</b>

### Objective 3: Identify and develop a plan for funding legacy costs

Effect on 2009 Budget: During 2007, the County formulated different scenarios to determine the impact of benefit adjustments on the liability. Based on the actuary results, the Board is ending the health insurance implicit subsidy for retirees over age 65 and for any new hires after 1/1/08. In addition, the monthly credit for health insurance based on years of service will be eliminated for any new hires after 1/1/08. These three actions reduced the County's liability from \$31 million down to \$9 million. The 2009 budget includes just under \$1 million to cover the annual required contribution as determined by the actuary, and is recorded in Internal Service Fund 6771, Employee Benefits.

In addition, during 2008, the County spent \$18,600 to fund an actuary study of all 13 bargaining units to determine the cost, benefits and future savings of changing from a defined benefit pension to a defined contribution pension. Administration is currently studying the results and will develop a recommendation for the Board's consideration.

### Objective 5: Work at the State and Federal levels to address unfunded and under-funded mandates

Effect on 2009 Budget: The Commissioner's budget continues to include funds for a lobbyist to strengthen the County's voice in the legislature. The 2009 budget for the lobbyist is \$44,000. The Board continues to maintain memberships in influential organizations including the Michigan Association of Counties, and \$58,000 is included for memberships in the 2009 budget.

In addition, during 2008, the Board completed its third ranking of discretionary services. The last ranking was done in August of 2008, and the results played a significant role in the recommended 2009 budget reductions.

**Objective 6:** Implement consistent wage and classification study process

Effect on 2009 Budget: During 2008, the County projects to spend \$55,000 for a consultant to review all job descriptions and develop a wage study process that County staff can utilize for future wage studies. The 2009 Contingency budget includes \$150,000 to fund potential compensation changes that result from the study.

**Objective 7:** Maintain or improve bond ratings

Effect on 2009 Budget: The County's bond rating has been maintained as of the statement date. In addition, the 2009 budget maintains the target fund balance for the General Fund of 15% of prior year's audited expenditures. The use of fund balance has been limited to maintain overall fiscal health.

**GOAL 2: TO MAINTAIN AND ENHANCE COMMUNICATION WITH CITIZENS, EMPLOYEES, AND OTHER STAKEHOLDERS**

**Objective 1:** *Inform and mobilize the public around the potential impacts of the loss of state revenue sharing*

- Inform the public of the impact of the loss of revenue sharing
- Complete the revenue sharing strategy
- Continue to act at the State level

25% of residents report knowledge of revenue sharing & potential impacts of its loss; 100% of legislators report being contacted by the public regarding revenue sharing; 1% of residents report contacting a legislator

**Objective 2:** *Consider and implement new methods of communicating with the public*

- Continue to implement new interactive features on miOttawa.org
- Evaluate the broadcast of Commission meetings
- Develop a communication plan
- Develop a proposal for a citizens' academy
- Develop a proposal for youth and school involvement in County government

25% of citizens report using miOttawa.org to communicate with or learn about Ottawa County government; 40% of citizens report good awareness of County activities; Commissioners consider evaluation of broadcast of Commission meetings; Commissioners consider proposal for citizens' academy; Commissioners consider opportunities for youth involvement

**Objective 3:** *Continue and improve departmental annual report process to clearly identify goals, issues, future plans, and performance measures*

- Continue departmental annual report process

100% of Commissioners report satisfaction with annual report process

**Objective 4:** *Identify and implement methods of communicating with employee groups*

- Continue using the Front Page and all-staff e-mails to communicate important information to employees
- Continue Labor-Management Cooperation Committee
- Continue and improve employee-edited newsletter
- Continue brown-bag lunches, benefit meetings, and other information sessions

Percentage of employees reporting satisfaction with communication from Administration increases by 5% on next employee survey

**Objective 5:** *Identify and appoint the best applicants to boards and commissions*

- Continue and improve board and commission interview process
- Develop database to manage appointment process

100% of applicants are interviewed prior to appointment; 100% of available board and commission seats are filled

**Objective 6:** *Strengthen role in state and national professional organizations*

- Identify all professional memberships and participants
- Encourage County representatives to seek leadership positions

Ottawa County, its Commissioners, and staff are recognized as leaders and hold leadership positions in professional organizations

WHAT WILL WE DO TO GET THERE?



**Strategic Plan Goal 2:** To Maintain and Enhance Communication with Citizens, Employees, and Other Stakeholders

**Objective 2:** Consider and implement new methods of communication

Effect on 2009 Budget: During 2008, a new citizen survey (\$20,000) was conducted to rate the success of efforts to address several communication objectives, and the results of the study have just been obtained and are under analysis. The Board reconsidered the broadcast of Board meetings due to budget concerns and the inability to broadcast to all areas of the County. Consequently, the \$6,000 included in the 2008 budget has been discontinued in 2009. However, further development of MiOttawa.org is funded in the 2009 budget. The Information Technology budget includes \$243,000 to maintain current functions and develop new functions for the County. The transmittal letter details the new initiatives. The 2009 Commissioner's budget also includes \$8,000 for an annual report to the citizens.

**Objective 6:** Strengthen role in state and national professional organizations

Effect on 2009 Budget: Participation in professional memberships is specified in the budget detail submitted by departments. The total, County-wide 2009 budget for professional memberships is just under \$155,000.

**GOAL 3: TO CONTRIBUTE TO A HEALTHY PHYSICAL, ECONOMIC, & COMMUNITY ENVIRONMENT**

WHAT WILL WE DO TO GET THERE?

Objective 1: Investigate opportunities to impact the negative consequences of development

- Develop Purchase of Development Rights ordinance and scoring system
- Complete countywide corridor study
- Complete countywide build-out analysis
- Complete Urban Smart Growth demonstration project

Commissioners adopt Purchase of Development Rights ordinance and scoring system; Successfully complete one project that mitigates the consequences of development

Objective 2: Consider opportunities to establish a countywide land use and economic development planning organization

- Investigate the feasibility of establishing a countywide land use and economic development organization

100% of Commissioners report satisfaction that options for a countywide land use and economic development planning organization have been fully evaluated

Objective 3: Examine environmental and water quality policies and develop a research-based water quality action plan

- Develop a plan of action based upon water-quality research results
- Host 3rd Water Quality Forum
- Participate in regional efforts including West Michigan Clean Cities Coalition and "Rein in the Rain" Spring Lake Stormwater Initiative

A plan of action with measurable results is developed from water quality research; 100% of attendees surveyed at 3rd Water Quality Forum report the forum presented useful, relevant information

Objective 4: Assist in completion of a groundwater resources inventory

- Continue to work with local units of government to seek funding opportunities for completing a groundwater resources inventory

A county groundwater resources inventory is completed

Objective 5: Discuss and act upon road policy issues as appropriate

- Hold a Board work session on road policy issues and potential millage question
- Contact legislators as relevant road-related legislation is introduced

100% of Commissioners report greater understanding of road policy issues; 100% of legislators report understanding of County position on applicable issues

Objective 6: Provide quality County facilities throughout the county

- Analyze the potential use of County land for communication tower leasing
- Complete Fillmore construction project on-time and within budget
- Continue Grand Haven construction project on-time and within budget

Commissioners consider report on use of land for tower leasing; Fillmore project is completed on-time and within budget; Grand Haven project continues on-time and within budget

**Strategic Plan Goal 3:** To Contribute to a Healthy Physical, Economic, & Community Environment

**Objective 1:** Investigate opportunities to impact the consequences of development

**Effect on 2009 Budget:** During 2008, the Board adopted a purchase of developments rights ordinance aimed at protecting farm land from development. The impact of this ordinance has been factored into the tax base projection. The 2009 Planning Commission budget (Fund 2420) includes \$42,500 for the completion of the urban growth study for the County. In addition, the Planning Commission budget includes \$12,500 for collaborative efforts with municipalities to conduct transportation studies. The Transportation fund (Fund 2320) reflects an anticipated \$158,000 grant to provide transportation to eligible County residents.

**Objective 3:** Examine water quality policies and develop a research-based water quality action plan

Effect on 2009 Budget: The 2009 Drain Commission budget (General Fund 1010, Department 2750) includes \$25,000 for the development of an illicit discharge and elimination plan and storm water pollution prevention initiative and the associated public education plan. In addition, the Michigan State University Extension program (General Fund 1010, Department 2570) includes just under \$40,000 as the County contribution for their Nutrient Management Educator. The position focuses on the agriculture industry and the disposition of livestock waste and fertilizer application.

**Objective 5:** Discuss and act upon road policy issues as appropriate

In August of 2008, the Board authorized the Road Commission's (component unit) millage request of .5 mills to be included on the November ballot. If the request had passed, approximately \$4.94 million would have been raised to improve roads in the County.

**Objective 6:** Provide quality County facilities throughout the County

Effect on 2009 Budget: The Ottawa County Building Authority Capital Projects fund budget for 2009 includes \$6 million for the completion of the Grand Haven facility. In addition, the Public Improvement budget (2450) has \$300,000 budgeted for the completion of a communications tower. No lease revenue has been budgeted at this point since the County does not currently have any signed contracts.

**GOAL 4: TO CONTINUALLY IMPROVE THE COUNTY’S ORGANIZATION AND SERVICES**

Objective 1: *Review and evaluate the organization, contracts, programs, and services for potential efficiencies*

- Conduct organizational efficiency and structure reviews, including Clerk/ Register, Board of Public Works, and Prosecutor’s Office
- Evaluate drug courts
- Develop a technology master plan, to include plans for extending imaging services
- Continue the work of the Jail Mental Health Task Force
- Evaluate services to veterans

Commissioners consider the combination of the offices of Clerk and Register of Deeds; Commissioners receive a thorough evaluation of the drug court pilot projects; Commissioners consider the creation of a Board of Public Works; Commissioners consider the Prosecutor’s Organizational Study; Commissioners adopt a Technology Master Plan;

Objective 2: *Examine opportunities for offering services to local units of government*

- Complete a report on the benefit of County tax dollars
- Analyze opportunities to offer services such as imaging, assessing, training, miOttawa.org, and others to local units of government

Commissioners consider report on benefit of County tax dollars; 100% of County services that are cost-effective to offer are made available to local units of government

Objective 3: *Prioritize mandated and discretionary services*

- Communicate results of discretionary services ranking to funding recipients
- Complete study of mandated services service-levels and prioritize results

All recipients of discretionary funding are aware of the ranking of services, process used, and the potential impact of the loss of revenue sharing; Service levels are identified for all mandated services and results are ranked by Commissioners

Objective 4: *Continue implementation of outcome-based performance measurement system*

- Analyze performance measurements submitted by each department to ensure the quality of outcomes

100% of County departments use outcome-based performance measurements to make management and service decisions

Objective 5: *Establish better employee-management communications*

- Continue Labor-Management Cooperation Committee
- Continue employee newsletter, brown-bag lunches, benefit presentations, employee potlucks, and other communication efforts

100% of regularly-attending Labor-Management Cooperation Committee members report improved sense of communication between labor and management; 100% of Labor-Management Cooperation Committee members report greater understanding of issues facing the County; 20% increase in employee satisfaction with “climate of trust”

WHAT WILL WE DO TO GET THERE?

**GOAL 4: TO CONTINUALLY IMPROVE THE COUNTY'S ORGANIZATION AND SERVICES**

**Objective 6: *Ensure the continuity of government in the event of a disaster***

- Prepare a Continuity of Government Plan
- Develop a records backup/disaster recovery plan for all records
- Develop a policy and procedures for record storage controls
- Evaluate compliance with record retention and storage mandates

Commissioners adopt a "Continuity of Government" Plan which includes a disaster-recovery component for all paper and electronic records

**Objective 7: *Evaluate substance abuse funding, service structure, and community needs***

- Examine role in and structure of Lakeshore Coordinating Council
- Evaluate options for providing substance abuse services

100% of Commissioners are satisfied that substance abuse services and funding are appropriately evaluated

**Objective 8: *Improve education and information on public health regulations***

- Develop a process for review and presentations on public health regulations, including definitions of regulations, program evaluations, and budget information

100% of commissioners report increased knowledge of public health regulations

**Objective 9: *Complete labor negotiations with applicable employee groups***

- Preparation for labor negotiations is completed in June
- Labor negotiations begin in the third-quarter of 2008

100% of labor contracts (8) are renewed prior to the expiration of the current contracts

WHAT WILL WE DO TO GET THERE?

**Strategic Plan Goal 4:** To Continually Improve the County's Organization and Services

**Objective 1:** Review and evaluate the organization, contracts, programs, and services for potential efficiencies

Effect on 2009 Budget: The 2009 budget includes an additional \$60,000 in the Human Resources budget for management studies of selected departments to highlight opportunities to improve efficiency and structure. Administration has finalized a plan to move two full time equivalents from the Register of Deeds office to the District Court. The economic downturn has decreased workload in the Register of Deeds office and increased civil workload in the District Court.

**Objective 2:** Examine opportunities for offering services to local units of government

Effect on 2009 Budget: Information Technology recently signed a contract with Park Township to provide imaging services. \$11,000 in revenue is included in the Information Technology budget. The 2009 budget also includes \$5.8 million in public safety contracts with Ottawa municipalities. The County provides policing services to townships and certain cities and school districts.

**Objective 3:** Prioritize mandated and discretionary services

Effect on 2009 Budget: In August of 2008, the Board completed its third ranking of discretionary services. The results of the rankings were used as a basis for the budget reductions in the 2009 budget. Specifically, budgets for conferences funded by the General Fund were reduced by 20 percent, and certain Public Health programs were reduced by \$486,000. The operating transfer to the Parks department was also reduced by \$230,000.

**Objective 4:** Continue implementation of outcome-based performance measurement system

Effect on 2009 Budget: The development of outcome based performance measurement is an on-going process. Departments are required to provide goals, objectives, and performance measures, including outcome measures.

**Objective 5:** Evaluate substance abuse funding, service structure, and community needs

Effect on 2009 Budget: The 2009 budget reflects the 50 percent of Public Act 2 dollars going to the County's current coordinating agency, the Lakeshore Coordinating Council as required by law. The remaining 50 percent is being applied to the operating transfer of the Health department.

**Objective 9:** Complete labor negotiations with employee groups

**ACTION PLAN:** Currently, the contracts of all eight County bargaining units expire December 31, 2008. Human Resources (1010-2260) addresses labor negotiations in the department's goals and objectives.