

User's Reference Guide

Overview

The User's Reference Guide provides assistance in using the County of Ottawa 2011 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:

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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 2011 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 2010 ending fund balance, 2011 budgeted revenues/other financing sources, 2011 budgeted expenses/other financing uses, and the projected 2011 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 2011 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 2007, 2008, and 2009. Projected revenues and expenditures are included for 2010. Finally, the 2011 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 2011 budget

Section II: Summary of the 2011 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 2009, 2010, and budgeted 2011

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 five 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. 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, and the Stabilization 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							
Legislative:	166							
Judicial:	173							
Circuit Court	174							
District Court	177							
Probate Court	180							
Juvenile Services	183							
Friend of the Court/ Child Support Enforcement			276					
Community Corrections			335					
General Government:	189							
Fiscal Services	193							
Corporate Counsel	196							
Clerk/Elections	190/198							
Administrator	201							
Equalization	203							
Human Resources	205							
Prosecutor:								
Prosecution	208							
Crime Victim's Rights			317					

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							
Stabilization		316						
Information Technology							146	
Self-Insurance							146	
Telecommunications							146	
Equipment Pool							146	
Register of Deeds	210		315					
Treasurer	214							
Delinquent Tax Revolving							146	
Revenue Sharing Reserve			337					
Co-Operative Extension	216							
GIS	219							
Facilities and Maintenance	222							
Drain Commission	224							147
Public Safety:	229							
Sheriff:								
Road Patrol	230		321					
Investigations	230							
Administration	230							
Records	230							
Drug Enforcement	234							
Community Policing	235		320					
Jail/Corrections	240							
Marine Safety	238							
Emergency Services	242							
Animal Control	245							
Dispatch/911	237							147
Public Works:	248							
Solid Waste Planning			306/307					
Water, Sewer, & Drainage	249							147
Roads								147
Health & Welfare:	250							
Health Services		279						
Mental Health		298						
Job Training			323					
Juvenile Detention/Foster Care			341					

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							
Health & Welfare:								
Jail Health Services	251							
Substance Abuse	252							
Department of Human Services			340					
Culture & Recreation								
Parks		272						
Community & Economic Development	255							
Planning	257							
Debt Service								
Building Authority Bonds				347				
Water and Sewer Bonds								147/352
Capital Construction								
Public Improvement			312/313					
Capital Projects					353			
Other:								
Cemetery Trust						362		

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. The Administrator submits a balanced budget to the Finance Committee of the County

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 or the first Board meeting in October, 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 2011 Budget Calendar

March 1, 2010	Equipment and Personnel Request Forms sent to department heads.
March 31, 2010	Department requests for 2011 equipment requests should all be submitted through the equipment requisition process Personnel requests for 2011 should be submitted to Fiscal Services
April 1, 2010	Performance Measures sent to department heads for updating.
April 30, 2010	Performance Measures returned to Fiscal Services Department.
May 10, 2010	2011 Budget information session to be held in conjunction with the management meeting. (Packets to be distributed May 17)
May 11, 2010	Finance Committee approves the Resolutions of Intent to Increase Millage Rate. <i>The County operating levy under consideration is for the 2010 levy and 2010 budget year. The 911 and Parks levies under consideration are for the 2010 levy and the 2011 budget year.</i> Board reviews Truth-in-Taxation Calculation, the Resolutions of Intent to Increase Millage Rate and sets the date for public hearing.
May 17, 2010	Budget packets distributed to departments.
May 17, 2010- June 11, 2010	Fiscal Services Department available to provide any needed assistance in completing budget documents.
May 18, 2010	Finance Committee approves the Resolutions to Approve the Millage Rate and forwards them to the Board

May 19, 2010	Deadline for the publication of the public hearing notice on the 2010 tax levy.
May 25, 2010	Board holds public hearing and approves the 2010 millage rates
June 11, 2010	Departments submit completed budget requests and narratives to the Fiscal Services Department.
June 11, 2010 - July 31, 2010	Fiscal Services Department summarizes budgets and prepares documents for Administrative review.
July 19, 2010 - August 13, 2010	Administration meets with Department Heads in preparation of a proposed budget.
August 10, 2010	Preliminary General Fund budget presented at Board Work Session and discussion of balancing methods
September 21, 2010	Finance Committee final review of the total 2011 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.
	Deadline for publication of the public hearing notice on the 2011 Community Mental Health budget.
September 27, 2010	Community Mental Health board holds the public hearing for the Mental Health budget and adopts the budget.
September 28, 2010	Board 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. Board sets the date for the public hearing on the County Budget for October 12, 2010
	Board receives final overview of 2011 budget.
October 6, 2010	Deadline for the publication of the public hearing notice on the 2011 budget.
October 12, 2010	Board holds the public hearing on the budget and receives the formal Budget Presentation.
October 19, 2010 Budget,	Finance Committee reviews Resolution to Approve 2011 County 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 \$6.4 *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 .4400 mills; this represents decreased revenue of approximately \$577,000. The Parks levy was also reduced slightly by Headlee from .33 mills to .3165 mills - a decrease of just over \$130,000.

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 May 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>
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	.4407	.3165	4.3572
2009	2010		.4400	.3165	4.3565
2010	2010	3.6000	.4400	.3165	4.3565
2010	2011		.4400	.3165	4.3565
2011	2011	3.6000	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>

(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.

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	.0007565	\$28.37	\$163.37
\$100,000	50,000	.0036000	\$180.00	.0007565	\$37.83	\$217.83
\$150,000	75,000	.0036000	\$270.00	.0007565	\$56.74	\$326.74
\$200,000	100,000	.0036000	\$360.00	.0007565	\$75.65	\$435.65

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

Comparison of Tax Levies of Other Michigan Counties

2010 Operating Millage Levies of Neighboring Counties:

Allegan	4.6337
Muskegon	5.6984
Kent	4.2803
Ottawa	3.6000

Counties of Similar Size:

<u>County</u>	<u>2010 Taxable Valuation</u>	<u>Operating Millage Levy</u>
Kalamazoo	\$8,109,538,321	4.6871
Ingham	7,585,806,239	6.3512
Ottawa	9,612,697,661	3.6000
Genesee	10,135,718,671	5.5072
Washtenaw	14,496,599,262	4.5493

Highest 2009 Allocated and Voted Levy:

Baraga	14.64
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Lowest 2009 Allocated and Voted Levy:

Livingston	3.68
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New Positions Approved with the 2011 Budget

Although the positions funded by the General Fund are decreasing overall, certain departments received new positions based on service demands and grant dollars. The table that follows lists all of the approved changes.

County of Ottawa 2011 Approved Position Requests

<u>Department</u>	<u>Description</u>	<u>Personnel Costs</u>	<u>Equipment Costs</u>
MiWorks!	Workforce Intelligence Analyst	\$57,959	\$1,000
MiWorks!	.4 Contract Coordinator	\$23,184	\$1,000
MiWorks!	Business Services Representative	\$61,216	\$1,000
MiWorks!	Business Services Representative	\$61,216	\$1,000
Parks & Recreation	Park Supervisor - Natural Resources Management	\$62,517	\$27,000
District Court	Attorney Magistrate	\$19,488	\$0
Fiscal Services	Increase of .25 FTE for 2 Accountant II positions	\$41,269	
		<u>\$326,849</u>	<u>\$31,000</u>

County of Ottawa 2011 Approved Personnel Requests

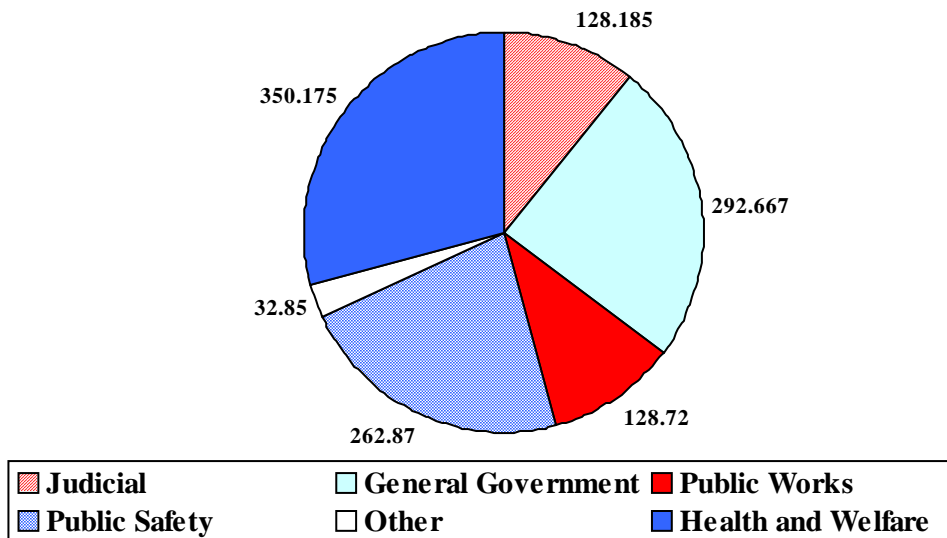
Department	Description	Personnel Costs	Equipment Costs
Temporary Position Requests			
Parks & Recreation	Gatekeepers (2 positions - Connor Bayou)	\$6,453	\$0
Parks & Recreation	Seasonal Park Attendant	\$6,038	\$0
Parks & Recreation	Naturalist Guides	\$12,987	\$0
Health	Dental Hygienist	\$13,978	\$0
Treasurer	Intern	\$2,001	\$0
Register of Deeds	Temporary Staff	\$31,200	\$0
		\$72,657	\$0

Grant Total - Recommended Personnel Requests	\$399,506	\$31,000
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\$430,506

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.

Total County Personnel by Function



County of Ottawa 2011 Approved Capital Equipment Requests

Dept	Description	Estimated Purchase Price
Fiscal Services	Financial System Software	\$800,000
County Clerk	Canon DR5010c	\$10,670
Prosecuting Attorney	Canon DR7580 Onbase Scanner	\$12,732
Bldg & Gmds-Admin Annex	Board Room Audio Visual Equip upgrade	\$58,000
Sheriff	Patrol Vehicle	\$107,500
Sheriff	Patrol Tahoe	\$54,000
Sheriff	Canon Scanner DR7580	\$6,660
Sheriff - City of Hudsonville	Patrol Vehicle	\$21,500
Sheriff - Jail	Jail Transport Van	\$25,000
Parks & Recreation	20" comml grade mech floor scrubber	\$6,000
Parks & Recreation	Front wheel drive van	\$24,000
CMH - Allocated Costs	Chevy Silverado Ext. Cab FWD	\$28,150
CMH - Allocated Costs	Chevy Mailbu	\$18,775
CMH - Allocated Costs	Ford Lift Van	\$55,950
CMH - Allocated Costs	Chevy Impala	\$63,315
Sheriff - COPS Holl/Park Twp	Patrol Tahoe	\$27,000
Sheriff - Georgetown Twp	Patrol Tahoe	\$27,000
Community Corrections	Ford Fusion	\$16,257
Information Technology	Web Filtering	\$20,000
Information Technology	PowerEdge 510 2 rack server,	\$8,000
Information Technology	Dell SAN Enclosure with Storage/drives	\$11,014
Duplicating	Copy Machine - Fillmore Copy Room	\$10,000
		<u><u>\$1,411,523</u></u>

The preceding 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 (Primary Government) is planning for the following capital construction projects:

Capital Construction Projects

Project Description	2011 Expenditures	Future Year Expenditures
Grand River Ravines Access Improvement	\$100,000	\$0
Olive Shores Improvements	\$730,000	\$0
Holland Country Club Restoration	\$746,800	\$0
	<u><u>\$1,576,800</u></u>	<u><u>\$0</u></u>

Financial Outlook

General Fund Five Year Budget Projections

Overview

The County of Ottawa Strategic Plan of 1993 promoted multi-year projections 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 to give the general direction of County finances based on trends. However, it is important to realize that the figures projected are based on trends and pertinent information known at the time and are not guaranteed funding levels as several factors (e.g. legislation, economy, population, etc.) affect funding. The historical trend of expenditures is a good starting point as most of the County's costs, especially in the General Fund, are ongoing; projections were formulated based on the following assumptions and have been adjusted based the following concerns:

Revenues

Property Tax

Concerns:

Proposal A limits increases in the taxable value of property to the lower of the Consumer Price Index or 5%. *Proposal A* has changed the value on which the County calculates its tax revenue by approximately \$1.4 billion which equates to nearly \$5 million in County operating taxes. Even though home prices are declining, the State Equalized Value (SEV) for all homes has not reached the Taxable Value (TV), so the County is seeing small increases in the taxable value of such property even though the assessed value may be decreasing. The table below reflects the decreasing gap between TV and SEV.

	2005	2006	2007	2008	2009	2010	2011
% of Parcels SEV>TV	84%	80%	75%	66%	45%	40%	35%
% of Parcels SEV=TV	16%	20%	25%	34%	55%	60%	65%

Analyzing the gap is important because as home prices continue to fall, the gap between the taxable value and the assessed value closes. At that point, the taxable value goes in the same direction as home prices, so if home prices continue to fall, the tax base will fall at the same rate.

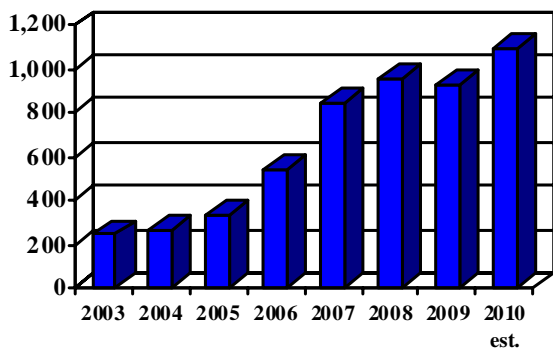
While most people believe home prices will eventually recover, at least partially, the recovery of the tax base will be much slower due to the Proposal A legislation that limits increases on a parcel of property to the lesser of CPI or 5 percent. The table that follows illustrates the time it might take for the tax base to recover on a single home.

Year	% Change in Home Value	SEV	CPI	TV	Change in SEV	Change in TV	Difference SEV -TV
2005		\$90,000		\$75,000			\$15,000
2006	1.0%	\$90,900	1.500%	\$76,125	\$900	\$1,125	\$14,775
2007	1.0%	\$91,809	1.500%	\$77,267	\$909	\$1,142	\$14,542
2008	-5.0%	\$87,219	1.500%	\$78,426	-\$4,590	\$1,159	\$8,793
2009	-5.0%	\$82,858	1.500%	\$79,602	-\$4,361	\$1,176	\$3,256
2010	-5.0%	\$78,715	1.500%	\$78,715	-\$4,143	-\$887	\$0
2011	-10.0%	\$70,844	1.500%	\$70,844	-\$7,871	-\$7,871	\$0
2012	10.0%	\$77,928	1.500%	\$71,907	\$7,084	\$1,063	\$6,021
2013	7.0%	\$83,383	1.500%	\$72,986	\$5,455	\$1,079	\$10,397
2014	5.0%	\$87,552	1.500%	\$74,081	\$4,169	\$1,095	\$13,471
2015	4.0%	\$91,054	1.500%	\$75,192	\$3,502	\$1,111	\$15,862
2016	2.0%	\$92,875	1.500%	\$76,320	\$1,821	\$1,128	\$16,555
2017	2.0%	\$94,733	1.500%	\$77,465	\$1,858	\$1,145	\$17,268
2018	2.0%	\$96,628	1.500%	\$78,627	\$1,895	\$1,162	\$18,001
2019	2.0%	\$98,561	1.500%	\$79,806	\$1,933	\$1,179	\$18,755
2020	2.0%	\$100,532	1.500%	\$81,003	\$1,971	\$1,197	\$19,529

The scenario above reflects a sharp turnaround in home prices in 2012, resulting in the SEV approximating 2009 SEV by 2013. However, the legislation limiting increases in taxable value result in the delay of the TV recovery to 2019 – six years after the SEV has recovered. Bear in mind, these calculations do not reflect the time value of money; in other words, the tax revenue the County would receive in 2019 will not cover as many expenditures as it did in 2009.

There remains considerable uncertainty in projecting property values, particularly for 2012 and beyond. Certain federal initiatives aimed at keeping people in their homes have begun to expire, and it is unknown what the effect on mortgage foreclosures will be. The first time home buyer tax credit expired during 2010, and it is difficult to project impact of the expiration on the tax base.

Ottawa County Mortgage Foreclosures



The graph to the left reflects the number of foreclosures in Ottawa County since 2002. It is unclear what the time delay between foreclosure activity and the actual foreclosure is, so it may be some time before the impact of the expiration of federal initiatives can be determined. The concern is that if banks gain a number of properties through foreclosure and flood the market with homes, there may well be additional downward pressure on home prices, and by extension, the tax base.

The extension of unemployment benefits may also be temporarily suppressing foreclosure activity. Currently, unemployment benefits last 99 weeks in Michigan.

Although unemployment had been increasing steadily for all of 2008, in January of 2009, the Holland/Grand Haven Metropolitan Statistical Area increased sharply to 11.0% (the December 2008 rate was 8.9%). The unemployment rate did increase to 14.0% in January and March of 2010, but the preliminary figure for July 2010 is 12.6%. However, according to the Unemployment Insurance Agency, unemployment benefits for 9,432 people will be exhausted without further extensions in the last half of this year; an additional 2,185 people are scheduled to exhaust their benefits in January – April of 2011. If there are insufficient job opportunities, the loss of unemployment benefits may equate to additional mortgage foreclosures. Again, this increased supply of homes on the market is likely to exert additional reductions on home prices.

Assumptions:

Given the above concerns, three projections were made based on an optimistic projection of taxable value, a moderate projection of taxable value and a pessimistic projection in taxable value. The specific percentage changes for the three scenarios are listed below:

Taxable Value Assumption	2012	2013	2014	2015	2016
Optimistic	-1.0%	0.0%	1.0%	1.5%	2.0%
Moderate	-3.0%	-1.0%	0.0%	0.5%	1.5%
Pessimistic	-5.0%	-3.0%	-1.0%	0.0%	1.0%

Intergovernmental Revenue

Concerns:

The County has continued concerns about the reinstatement of State Revenue Sharing. In October of 2004, the State of Michigan suspended State Revenue Sharing payments to counties. To assist counties in preventing the loss of key services, the county property tax levy was gradually moved up from December to July over three years. Beginning with the December 2004 tax collection, one-third of the levy was placed into the Revenue Sharing Reserve Fund (RSRF) that the County manages and withdraws an amount equal to what we would have received in 2004, plus an annual increase equal to the CPI (Consumer Price Index). In 2007, the County completed the move of its levy to July. When the counties have depleted the Revenue Sharing Reserve fund, the State is statutorily required to reinstate the revenue sharing payments.

The County’s Revenue Sharing Reserve fund will be depleted in early 2011. The budget proposed by Governor Granholm includes a payment of \$4.1 million to Ottawa County, but the State continues to have significant fiscal challenges. Counties who have been eligible for reinstatement have thus far received it, and the additional counties eligible for reinstatement in 2011 are included in the Governor’s 2011 budget.

However, because both the 2010 and the 2011 budgets will be using federal stimulus and other one time dollars to balance the State budget, it is unclear to what extent the State can sustain these payments after 2011. The most recent projection for the 2012 State budget is a shortfall of \$1.6 billion. The financial status of the State leads the

County to be concerned over the long term reinstatement of Revenue Sharing at a reduced level.

Assumptions:

As a result of these concerns, the five year projections also include a range of revenue sharing reinstatement options. The County has budgeted a reduction of 6.5 percent for 2011. The options used for the projections are listed on the chart that follows:

Revenue Sharing Assumption	2012	2013	2014	2015	2016
Optimistic	-5.0%	1.0%	1.5%	2.0%	3.0%
Moderate	-25.0%	0.0%	1.0%	1.5%	2.0%
Pessimistic	-100.0%	N/A	N/A	N/A	N/A

For other sources of intergovernmental revenue, the County has seen many State funding sources stay flat over recent years. Consequently, the County is using a 0% increase for most intergovernmental sources. One exception to this is the contributions from local units. Most of this revenue is reimbursements from municipalities that contract with the County for policing services. By contract, these municipalities are required to reimburse the County based on expenditures. Therefore, this particular intergovernmental revenue is projected to increase by the same percentage as the applicable expenditures.

Charges for Services

Concerns:

Charges for Services are also a significant revenue source. There are two areas where economic issues cause concern over this revenue. Clients of the Health department, certain jail alternative programs, and Community Mental Health are charged fees on a sliding scale based on income. Prolonged high rates of unemployment and lower income will negatively impact this revenue. In addition, the deterioration in the housing market has made revenue projection in the Register of Deeds office difficult. 2011 revenue is nearly half the amount collected in 2003 (the record high year).

Assumptions:

The County is projecting this revenue source to increase by 2% per year with one exception. Economic conditions, the housing market and the credit market have prompted a more conservative increase factor - 1% - in Register of Deeds revenue.

Investment Income

Concerns:

Since Investment Income depends in part on the investment environment, it is difficult to make projections. The County anticipates return rates to remain quite low.

The County's cash balance has also declined due to contributions to capital construction projects, higher delinquent tax payouts, and fund balance use for operations.

Assumptions:

These changes have been factored into the projections. Returns reflected in the projections range from .6 percent to 99%. In addition moderate use of fund balance, reducing cash balances has also been factored in.

Operating Transfers In

Assumptions:

In general, Operating Transfers In reflect the County (local) portion of programs funded by the State and Federal government. Projections for subsequent years do not include one-time transfers to assist in balancing the General Fund.

Other Revenues

Assumptions:

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

Expenditures

Salaries

Assumptions:

County employees generally receive a cost of living adjustment which may be based on the consumer price index and available funds. 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 1.5% - 2.5% per year.

During 2010, several departments agreed to keep certain positions vacant to assist in budget balancing. These positions have not been included in the 2011 budget nor the five year projections, and no new positions have been added to the projections.

Fringe Benefits

Concerns:

Employee Insurance: Industry trends suggest annual increases in health care costs of 10 to 12 percent. The County continues work on several initiatives designed to lower health care costs. The study completed in the summer of 2010 also identified the need for wellness promotion. Research shows this to be an effective tool in lowering medical costs long-term because the earlier a chronic illness can be identified and treated, the lower the health claims attributed to that illness in the future.

Wellness programs are defined as programs designed to maintain or improve employee health before problems arise. Employee wellness programs have long been advocated as a way to decrease healthcare costs, reduce absenteeism, and increase productivity. From a management perspective, wellness programs also have the potential to improve recruitment and retention.

For maximum impact on employee health, a comprehensive wellness program should focus on: 1) increasing awareness of wellness issues (information) 2) supporting health management (personal change) and 3) promoting healthy work climates (organizational support). Priority Health meets the County's goals as an organization by focusing on the wellness of employees. All employees enrolled in a Priority Health plan would be enrolled in a prevention management plan. Additionally, many of the benefits incorporated in Priority Health's plans are focused on wellness, and come at no cost to the employees.

Legacy Costs: The County currently provides a defined benefit retirement system for employees through the Municipal Employees' Retirement System of Michigan (MERS). In February of 2009, the County received correspondence from (MERS) regarding the results of their most recent actuary study of the system as a whole. The actuary study found that lower employee turnover rates, higher rates of employee retirement, higher final average compensation and the sharp decline in investment market values required significant increases in the County's contributions (and all participants in MERS). The change in actuary assumptions and the adjustments necessary due to asset value loss have resulted in the following projected increases:

Actuarial/Other Issue	Year Affected	Estimated % Increase	Accumulated % Increase	Accumulated Estimated Cost
New Employee Turnover Rates	2010	10%	10%	\$485,355
Market Value Loss Adjustment *	2010	6%	16%	\$776,569
New Retirement Rates	2011	6%	22%	\$1,067,782
Increases in Final Average Compensation	2012	2%	24%	\$1,164,853
<i>* Additional increases may be necessary if market returns do not improve as assumed.</i>				

As mentioned earlier, the County completed an analysis of changing from a defined benefit program to a defined contribution program for new employees. The analysis indicated that annual costs for the defined benefit plan could go from just under \$5.9 million in 2011 to over \$13 million in the next 30 years.

In considering a change from the defined benefit pension to a defined contribution system, the analysis indicated that plans experience a short-term escalation in costs of varying magnitude before dropping and then leveling off at a lower level than that of the projected path of the current plan. Based on the scenarios presented, this equated to an additional \$4 million (5 percent) to \$8 million (7 percent) initially in order to see projected savings of \$8 million (7 percent) to \$52 million (5 percent) by the end of 30 years. The reason costs will initially rise is that there are no new employee contributions going into a division to continuously fund the current retirees. Therefore, a division must have enough assets on hand to payout any current and future liabilities, and the only way to ensure that payout is to build the assets to an actuarially determined level.

As a result, the Board determined that it would like to go in the direction of a defined contribution plan. However, because the County does not currently have resources to fund the \$4 - \$8 million short-term cost, implementation of the defined contribution plan for new employees has been delayed until fiscally feasible. In May of 2010, the Board approved a resolution formalizing that intent.

Assumptions:

Certain fringe benefits, the largest being social security tax and retirement contributions, are based on salaries. Based on salary projections, these fringe benefits are also projected to increase by 1.5% to 2.5% per year. In addition, recent changes to actuarial assumptions of our defined benefit pension agent, Municipal Employees Retirement system (MERS) require additional increases above the cost of living adjustments (please see the transmittal letter for detailed information).

Other fringe benefits for health, dental and optical insurance are not based on salaries. According to the most recent actuary study, the projections include increases of 10% - 15% per year for health insurance, 6% for dental insurance, and 3% for optical insurance. Savings as a result of changes to the health plan are conservatively projected in the 2011 budget. The County projects additional savings in 2012, and these are also reflected in the projections. The effect, if any, of the national health care program is not reflected in the projections as the information available is not sufficient to estimate it.

Supplies and Other Services and Charges

Assumptions:

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 3% - 5% per year. Adjustments have also been made to reflect election costs in election years and other situations needing special handling.

Operating Transfers Out

Assumptions:

The County's largest operating transfers go to Public Health, Child Care, and the Friend of the Court Funds, 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 based on projected expenditures for the specific fund.

Results

There are nine separate projection schedules that include three ranges of taxable value projections and three ranges of State revenue sharing reinstatement:

Optimistic Change In Taxable Value

The three scenarios under the optimistic change in taxable value include:

<u>Optimistic Taxable Value Projection</u>		
	2016	2016
Revenue Sharing	Resulting Annual	Resulting Fund
Status	Budget Shortfall	Balance at
		Year End
Optimistic	(\$7,659,150)	(\$10,417,739)
Moderate	(\$8,692,877)	(\$15,130,684)
Pessimistic	(\$12,085,854)	(\$31,617,080)

The table above shows an increasing gap between revenue and expenditures that widens to as much as \$12 million if revenue and expenditure assumptions prove true and no additional changes are made to operations.

Moderate Change In Taxable Value

The three scenarios under the moderate change in taxable value include:

<u>Moderate Taxable Value Projection</u>		
	2016	2016
Revenue Sharing	Resulting Annual	Resulting Fund
Status	Budget Shortfall	Balance at
		Year End
Optimistic	(\$9,572,405)	(\$17,118,369)
Moderate	(\$10,606,132)	(\$21,831,314)
Pessimistic	(\$13,999,109)	(\$38,317,710)

The table above shows an increasing gap between revenue and expenditures that widens to nearly \$14 million if revenue and expenditure assumptions prove true and no additional changes are made to operations.

Pessimistic Change In Taxable Value

The three scenarios under the pessimistic change in taxable value include:

Pessimistic Taxable Value Projection		
	2016	2016
Revenue Sharing Status	Resulting Annual Budget Shortfall	Resulting Fund Balance at Year End
Fully Reinstated	(\$11,573,221)	(\$24,612,008)
Partially Reinstated	(\$12,606,948)	(\$29,324,953)
Not Reinstated	(\$15,999,925)	(\$45,811,349)

The table above shows an increasing gap between revenue and expenditures that widens to nearly \$16 million if revenue and expenditure assumptions prove true and no additional changes are made to operations.

Several other options and combinations of options exist and will be explored for consideration by the Board of Commissioners. At this point, it is clear the County will have difficult choices to make in the future.

Response

Revised Five Year Deficit Reduction Plan

Currently, Administration is developing a new five year deficit reduction plan to address the current projections. Specific strategies include:

- Continue a General Fund hiring freeze for new, full-time positions that result in a net increase in cost for the General Fund. Consideration will be given for positions that have an impact on service delivery. A review and analysis of need will be completed prior to filling vacant positions.
- Maintain five year projections with variables such as revenue sharing, commodity cost, 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 change in the MERS defined benefit retirement system and implement replacement with a defined contribution benefit for new hires.
- Annual review of health insurance plan for appropriate changes
- Review and analysis of other fringe benefit costs
- Departmental efficiency studies to reduce cost

- 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

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

Optimistic Taxable Value Outlook
Optimistic Revenue Sharing Outlook

	2011 Budgeted	2012 Projected	2013 Projected	2014 Projected	2015 Projected	2016 Projected
Projected change in State Revenue Sharing:		-5.0%	1.0%	1.5%	2.0%	3.0%
Projected change in taxable value:		-1.0%	0.0%	1.0%	1.5%	2.0%
Revenues:						
Taxes	\$37,870,625	\$37,189,029	\$37,149,224	\$37,490,291	\$38,046,992	\$38,786,855
Intergovernmental	\$8,359,486	\$8,600,051	\$8,674,795	\$8,772,441	\$8,904,258	\$9,083,661
Charges for services	\$10,340,766	\$10,533,016	\$10,728,966	\$10,928,688	\$10,980,715	\$11,185,173
Fines & Forfeits	\$1,062,000	\$1,083,070	\$1,104,561	\$1,126,483	\$1,148,842	\$1,171,649
Interest on investments	\$469,160	\$284,450	\$234,360	\$165,551	\$550,524	\$480,793
Rental income	\$3,053,368	\$3,226,506	\$3,322,104	\$3,422,653	\$3,075,368	\$2,796,809
Licenses & permits	\$401,500	\$194,410	\$196,358	\$407,345	\$200,372	\$202,440
Other	\$556,329	\$368,614	\$371,661	\$374,762	\$377,919	\$381,132
Operating transfer in	\$442,351	\$0	\$0	\$0	\$0	\$0
Fund balance reserve use	-\$55,406	-\$45,000	-\$45,000	-\$45,000	-\$45,000	-\$45,000
Total Revenue	\$62,500,179	\$61,434,146	\$61,737,030	\$62,643,215	\$63,239,991	\$64,043,512
% change over prior year	-1.70%	-1.70%	0.50%	1.50%	1.00%	1.30%
Expenditures:						
Salaries	\$21,454,530	\$21,775,584	\$22,101,454	\$22,432,211	\$22,991,743	\$23,565,263
Fringe benefits	\$9,603,536	\$9,515,951	\$9,997,499	\$10,519,694	\$11,137,306	\$11,806,219
Supplies	\$2,169,198	\$2,330,854	\$2,256,971	\$2,419,971	\$2,347,870	\$2,512,687
Other services & chg	\$19,072,568	\$19,345,041	\$19,654,822	\$20,015,372	\$20,256,373	\$20,521,133
Contingency	\$660,483	\$637,011	\$635,501	\$650,462	\$665,624	\$684,320
Capital outlay	\$60,000	\$0	\$0	\$0	\$0	\$0
Operating Transfers	\$10,479,864	\$10,682,687	\$11,103,582	\$11,520,553	\$12,051,015	\$12,613,039
Total Expenditures	\$63,500,179	\$64,287,128	\$65,749,829	\$67,558,263	\$69,449,931	\$71,702,662
% change over prior year	-0.30%	1.20%	2.30%	2.80%	2.80%	3.20%
Revenue over (under) expenditures	-\$1,000,000	-\$2,852,982	-\$4,012,799	-\$4,915,048	-\$6,209,940	-\$7,659,150
Undesignated Fund Balance	\$8,568,325	\$5,715,343	\$1,702,545	-\$3,212,503	-\$9,422,443	-\$17,081,593
Total Fund Balance	\$15,007,179	\$12,199,197	\$8,231,399	\$3,361,351	-\$2,803,589	-\$10,417,739

County of Ottawa
Five Year Budget Projections
General Fund

Optimistic Taxable Value Outlook
Moderate Revenue Sharing Outlook

	2011 Budgeted	2012 Projected	2013 Projected	2014 Projected	2015 Projected	2016 Projected
Projected change in State Revenue Sharing:		-25.0%	0.0%	1.0%	1.5%	2.0%
Projected change in taxable value:		-1.0%	0.0%	1.0%	1.5%	2.0%
Revenues:						
Taxes	\$37,870,625	\$37,189,029	\$37,149,224	\$37,490,291	\$38,046,992	\$38,786,855
Intergovernmental	\$8,359,486	\$7,734,760	\$7,768,403	\$7,836,229	\$7,932,935	\$8,049,934
Charges for services	\$10,340,766	\$10,533,016	\$10,728,966	\$10,928,688	\$10,980,715	\$11,185,173
Fines & Forfeits	\$1,062,000	\$1,083,070	\$1,104,561	\$1,126,483	\$1,148,842	\$1,171,649
Interest on investments	\$469,160	\$284,450	\$234,360	\$165,551	\$550,524	\$480,793
Rental income	\$3,053,368	\$3,226,506	\$3,322,104	\$3,422,653	\$3,075,368	\$2,796,809
Licenses & permits	\$401,500	\$194,410	\$196,358	\$407,345	\$200,372	\$202,440
Other	\$556,329	\$368,614	\$371,661	\$374,762	\$377,919	\$381,132
Operating transfer in	\$442,351	\$0	\$0	\$0	\$0	\$0
Fund balance reserve use	-\$55,406	-\$45,000	-\$45,000	-\$45,000	-\$45,000	-\$45,000
Total Revenue	\$62,500,179	\$60,568,855	\$60,830,638	\$61,707,003	\$62,268,668	\$63,009,785
% change over prior year	-1.70%	-3.10%	0.40%	1.40%	0.90%	1.20%
Expenditures:						
Salaries	\$21,454,530	\$21,775,584	\$22,101,454	\$22,432,211	\$22,991,743	\$23,565,263
Fringe benefits	\$9,603,536	\$9,515,951	\$9,997,499	\$10,519,694	\$11,137,306	\$11,806,219
Supplies	\$2,169,198	\$2,330,854	\$2,256,971	\$2,419,971	\$2,347,870	\$2,512,687
Other services & chg	\$19,072,568	\$19,345,041	\$19,654,822	\$20,015,372	\$20,256,373	\$20,521,133
Contingency	\$660,483	\$637,011	\$635,501	\$650,462	\$665,624	\$684,320
Capital outlay	\$60,000	\$0	\$0	\$0	\$0	\$0
Operating Transfers	\$10,479,864	\$10,682,687	\$11,103,582	\$11,520,553	\$12,051,015	\$12,613,039
Total Expenditures	\$63,500,179	\$64,287,128	\$65,749,829	\$67,558,263	\$69,449,931	\$71,702,662
% change over prior year	-0.30%	1.20%	2.30%	2.80%	2.80%	3.20%
Revenue over (under) expenditures	-\$1,000,000	-\$3,718,273	-\$4,919,191	-\$5,851,260	-\$7,181,263	-\$8,692,877
Undesignated Fund Balance	\$8,568,325	\$4,850,052	-\$69,138	-\$5,920,398	-\$13,101,661	-\$21,794,538
Total Fund Balance	\$15,007,179	\$11,333,906	\$6,459,716	\$653,456	-\$6,482,807	-\$15,130,684

County of Ottawa
Five Year Budget Projections
General Fund

Optimistic Taxable Value Outlook
Pessimistic Revenue Sharing Outlook

	2011 Budgeted	2012 Projected	2013 Projected	2014 Projected	2015 Projected	2016 Projected
Projected change in State Revenue Sharing:		-100.0%	N/A	N/A	N/A	N/A
Projected change in taxable value:		-1.0%	0.0%	1.0%	1.5%	2.0%
Revenues:						
Taxes	\$37,870,625	\$37,189,029	\$37,149,224	\$37,490,291	\$38,046,992	\$38,786,855
Intergovernmental	\$8,359,486	\$4,489,919	\$4,523,562	\$4,558,940	\$4,606,487	\$4,656,957
Charges for services	\$10,340,766	\$10,533,016	\$10,728,966	\$10,928,688	\$10,980,715	\$11,185,173
Fines & Forfeits	\$1,062,000	\$1,083,070	\$1,104,561	\$1,126,483	\$1,148,842	\$1,171,649
Interest on investments	\$469,160	\$284,450	\$234,360	\$165,551	\$550,524	\$480,793
Rental income	\$3,053,368	\$3,226,506	\$3,322,104	\$3,422,653	\$3,075,368	\$2,796,809
Licenses & permits	\$401,500	\$194,410	\$196,358	\$407,345	\$200,372	\$202,440
Other	\$556,329	\$368,614	\$371,661	\$374,762	\$377,919	\$381,132
Operating transfer in	\$442,351	\$0	\$0	\$0	\$0	\$0
Fund balance reserve use	-\$55,406	-\$45,000	-\$45,000	-\$45,000	-\$45,000	-\$45,000
Total Revenue	\$62,500,179	\$57,324,014	\$57,585,797	\$58,429,714	\$58,942,220	\$59,616,808
% change over prior year	-1.70%	-8.30%	0.50%	1.50%	0.90%	1.10%
Expenditures:						
Salaries	\$21,454,530	\$21,775,584	\$22,101,454	\$22,432,211	\$22,991,743	\$23,565,263
Fringe benefits	\$9,603,536	\$9,515,951	\$9,997,499	\$10,519,694	\$11,137,306	\$11,806,219
Supplies	\$2,169,198	\$2,330,854	\$2,256,971	\$2,419,971	\$2,347,870	\$2,512,687
Other services & chg	\$19,072,568	\$19,345,041	\$19,654,822	\$20,015,372	\$20,256,373	\$20,521,133
Contingency	\$660,483	\$637,011	\$635,501	\$650,462	\$665,624	\$684,320
Capital outlay	\$60,000	\$0	\$0	\$0	\$0	\$0
Operating Transfers	\$10,479,864	\$10,682,687	\$11,103,582	\$11,520,553	\$12,051,015	\$12,613,039
Total Expenditures	\$63,500,179	\$64,287,128	\$65,749,829	\$67,558,263	\$69,449,931	\$71,702,662
% change over prior year	-0.30%	1.20%	2.30%	2.80%	2.80%	3.20%
Revenue over (under) expenditures	-\$1,000,000	-\$6,963,114	-\$8,164,032	-\$9,128,549	-\$10,507,711	-\$12,085,854
Undesignated Fund Balance	\$8,568,325	\$1,605,211	-\$6,558,820	-\$15,687,369	-\$26,195,080	-\$38,280,934
Total Fund Balance	\$15,007,179	\$8,089,065	-\$29,966	-\$9,113,515	-\$19,576,226	-\$31,617,080

County of Ottawa
Five Year Budget Projections
General Fund

Moderate Taxable Value Outlook
Optimistic Revenue Sharing Outlook

	2011	2012	2013	2014	2015	2016
	Budgeted	Projected	Projected	Projected	Projected	Projected
Projected change in State Revenue Sharing:		-5.0%	1.0%	1.5%	2.0%	3.0%
Projected change in taxable value:		-3.0%	-1.0%	0.0%	0.5%	1.5%
Revenues:						
Taxes	\$37,870,625	\$36,499,943	\$36,126,781	\$36,127,600	\$36,333,837	\$36,873,600
Intergovernmental	\$8,359,486	\$8,600,051	\$8,674,795	\$8,772,441	\$8,904,258	\$9,083,661
Charges for services	\$10,340,766	\$10,533,016	\$10,728,966	\$10,928,688	\$10,980,715	\$11,185,173
Fines & Forfeits	\$1,062,000	\$1,083,070	\$1,104,561	\$1,126,483	\$1,148,842	\$1,171,649
Interest on investments	\$469,160	\$284,450	\$234,360	\$165,551	\$550,524	\$480,793
Rental income	\$3,053,368	\$3,226,506	\$3,322,104	\$3,422,653	\$3,075,368	\$2,796,809
Licenses & permits	\$401,500	\$194,410	\$196,358	\$407,345	\$200,372	\$202,440
Other	\$556,329	\$368,614	\$371,661	\$374,762	\$377,919	\$381,132
Operating transfer in	\$442,351	\$0	\$0	\$0	\$0	\$0
Fund balance reserve use	-\$55,406	-\$45,000	-\$45,000	-\$45,000	-\$45,000	-\$45,000
Total Revenue	\$62,500,179	\$60,745,060	\$60,714,587	\$61,280,524	\$61,526,836	\$62,130,257
% change over prior year	-1.70%	-2.80%	-0.10%	0.90%	0.40%	1.00%
Expenditures:						
Salaries	\$21,454,530	\$21,775,584	\$22,101,454	\$22,432,211	\$22,991,743	\$23,565,263
Fringe benefits	\$9,603,536	\$9,515,951	\$9,997,499	\$10,519,694	\$11,137,306	\$11,806,219
Supplies	\$2,169,198	\$2,330,854	\$2,256,971	\$2,419,971	\$2,347,870	\$2,512,687
Other services & chg	\$19,072,568	\$19,345,041	\$19,654,822	\$20,015,372	\$20,256,373	\$20,521,133
Contingency	\$660,483	\$637,011	\$635,501	\$650,462	\$665,624	\$684,320
Capital outlay	\$60,000	\$0	\$0	\$0	\$0	\$0
Operating Transfers	\$10,479,864	\$10,682,687	\$11,103,582	\$11,520,553	\$12,051,015	\$12,613,039
Total Expenditures	\$63,500,179	\$64,287,128	\$65,749,829	\$67,558,263	\$69,449,931	\$71,702,662
% change over prior year	-0.30%	1.20%	2.30%	2.80%	2.80%	3.20%
Revenue over (under) expenditures	-\$1,000,000	-\$3,542,068	-\$5,035,242	-\$6,277,739	-\$7,923,095	-\$9,572,405
Undesignated Fund Balance	\$8,568,325	\$5,026,257	-\$8,984	-\$6,286,723	-\$14,209,818	-\$23,782,223
Total Fund Balance	\$15,007,179	\$11,510,111	\$6,519,870	\$287,131	-\$7,590,964	-\$17,118,369

County of Ottawa
Five Year Budget Projections
General Fund

Moderate Taxable Value Outlook
Moderate Revenue Sharing Outlook

	2011 Budgeted	2012 Projected	2013 Projected	2014 Projected	2015 Projected	2016 Projected
Projected change in State Revenue Sharing:		-25.0%	0.0%	1.0%	1.5%	2.0%
Projected change in taxable value:		-3.0%	-1.0%	0.0%	0.5%	1.5%
Revenues:						
Taxes	\$37,870,625	\$36,499,943	\$36,126,781	\$36,127,600	\$36,333,837	\$36,873,600
Intergovernmental	\$8,359,486	\$7,734,760	\$7,768,403	\$7,836,229	\$7,932,935	\$8,049,934
Charges for services	\$10,340,766	\$10,533,016	\$10,728,966	\$10,928,688	\$10,980,715	\$11,185,173
Fines & Forfeits	\$1,062,000	\$1,083,070	\$1,104,561	\$1,126,483	\$1,148,842	\$1,171,649
Interest on investments	\$469,160	\$284,450	\$234,360	\$165,551	\$550,524	\$480,793
Rental income	\$3,053,368	\$3,226,506	\$3,322,104	\$3,422,653	\$3,075,368	\$2,796,809
Licenses & permits	\$401,500	\$194,410	\$196,358	\$407,345	\$200,372	\$202,440
Other	\$556,329	\$368,614	\$371,661	\$374,762	\$377,919	\$381,132
Operating transfer in	\$442,351	\$0	\$0	\$0	\$0	\$0
Fund balance reserve use	-\$55,406	-\$45,000	-\$45,000	-\$45,000	-\$45,000	-\$45,000
Total Revenue	\$62,500,179	\$59,879,769	\$59,808,195	\$60,344,312	\$60,555,513	\$61,096,530
% change over prior year	-1.70%	-4.20%	-0.10%	0.90%	0.30%	0.90%
Expenditures:						
Salaries	\$21,454,530	\$21,775,584	\$22,101,454	\$22,432,211	\$22,991,743	\$23,565,263
Fringe benefits	\$9,603,536	\$9,515,951	\$9,997,499	\$10,519,694	\$11,137,306	\$11,806,219
Supplies	\$2,169,198	\$2,330,854	\$2,256,971	\$2,419,971	\$2,347,870	\$2,512,687
Other services & chg	\$19,072,568	\$19,345,041	\$19,654,822	\$20,015,372	\$20,256,373	\$20,521,133
Contingency	\$660,483	\$637,011	\$635,501	\$650,462	\$665,624	\$684,320
Capital outlay	\$60,000	\$0	\$0	\$0	\$0	\$0
Operating Transfers	\$10,479,864	\$10,682,687	\$11,103,582	\$11,520,553	\$12,051,015	\$12,613,039
Total Expenditures	\$63,500,179	\$64,287,128	\$65,749,829	\$67,558,263	\$69,449,931	\$71,702,662
% change over prior year	-0.30%	1.20%	2.30%	2.80%	2.80%	3.20%
Revenue over (under) expenditures	-\$1,000,000	-\$4,407,359	-\$5,941,634	-\$7,213,951	-\$8,894,418	-\$10,606,132
Undesignated Fund Balance	\$8,568,325	\$4,160,966	-\$1,780,667	-\$8,994,618	-\$17,889,036	-\$28,495,168
Total Fund Balance	\$15,007,179	\$10,644,820	\$4,748,187	-\$2,420,764	-\$11,270,182	-\$21,831,314

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

Moderate Taxable Value Outlook
Pessimistic Revenue Sharing Outlook

	2011 Budgeted	2012 Projected	2013 Projected	2014 Projected	2015 Projected	2016 Projected
Projected change in State Revenue Sharing:		-100.0%	N/A	N/A	N/A	N/A
Projected change in taxable value:		-3.0%	-1.0%	0.0%	0.5%	1.5%
Revenues:						
Taxes	\$37,870,625	\$36,499,943	\$36,126,781	\$36,127,600	\$36,333,837	\$36,873,600
Intergovernmental	\$8,359,486	\$4,489,919	\$4,523,562	\$4,558,940	\$4,606,487	\$4,656,957
Charges for services	\$10,340,766	\$10,533,016	\$10,728,966	\$10,928,688	\$10,980,715	\$11,185,173
Fines & Forfeits	\$1,062,000	\$1,083,070	\$1,104,561	\$1,126,483	\$1,148,842	\$1,171,649
Interest on investments	\$469,160	\$284,450	\$234,360	\$165,551	\$550,524	\$480,793
Rental income	\$3,053,368	\$3,226,506	\$3,322,104	\$3,422,653	\$3,075,368	\$2,796,809
Licenses & permits	\$401,500	\$194,410	\$196,358	\$407,345	\$200,372	\$202,440
Other	\$556,329	\$368,614	\$371,661	\$374,762	\$377,919	\$381,132
Operating transfer in	\$442,351	\$0	\$0	\$0	\$0	\$0
Fund balance reserve use	-\$55,406	-\$45,000	-\$45,000	-\$45,000	-\$45,000	-\$45,000
Total Revenue	\$62,500,179	\$56,634,928	\$56,563,354	\$57,067,023	\$57,229,065	\$57,703,553
% change over prior year	-1.70%	-9.40%	-0.10%	0.90%	0.30%	0.80%
Expenditures:						
Salaries	\$21,454,530	\$21,775,584	\$22,101,454	\$22,432,211	\$22,991,743	\$23,565,263
Fringe benefits	\$9,603,536	\$9,515,951	\$9,997,499	\$10,519,694	\$11,137,306	\$11,806,219
Supplies	\$2,169,198	\$2,330,854	\$2,256,971	\$2,419,971	\$2,347,870	\$2,512,687
Other services & chg	\$19,072,568	\$19,345,041	\$19,654,822	\$20,015,372	\$20,256,373	\$20,521,133
Contingency	\$660,483	\$637,011	\$635,501	\$650,462	\$665,624	\$684,320
Capital outlay	\$60,000	\$0	\$0	\$0	\$0	\$0
Operating Transfers	\$10,479,864	\$10,682,687	\$11,103,582	\$11,520,553	\$12,051,015	\$12,613,039
Total Expenditures	\$63,500,179	\$64,287,128	\$65,749,829	\$67,558,263	\$69,449,931	\$71,702,662
% change over prior year	-0.30%	1.20%	2.30%	2.80%	2.80%	3.20%
Revenue over (under) expenditures	-\$1,000,000	-\$7,652,200	-\$9,186,475	-\$10,491,240	-\$12,220,866	-\$13,999,109
Undesignated Fund Balance	\$8,568,325	\$916,125	-\$8,270,349	-\$18,761,589	-\$30,982,455	-\$44,981,564
Total Fund Balance	\$15,007,179	\$7,399,979	-\$1,741,495	-\$12,187,735	-\$24,363,601	-\$38,317,710

County of Ottawa
Five Year Budget Projections
General Fund

Pessimistic Taxable Value Outlook
Optimistic Revenue Sharing Outlook

	2011	2012	2013	2014	2015	2016
	Budgeted	Projected	Projected	Projected	Projected	Projected
Projected change in State Revenue Sharing:		-5.0%	1.0%	1.5%	2.0%	3.0%
Projected change in taxable value:		-5.0%	-3.0%	-1.0%	0.0%	1.0%
Revenues:						
Taxes	\$37,870,625	\$35,810,857	\$34,791,654	\$34,475,801	\$34,517,026	\$34,872,784
Intergovernmental	\$8,359,486	\$8,600,051	\$8,674,795	\$8,772,441	\$8,904,258	\$9,083,661
Charges for services	\$10,340,766	\$10,533,016	\$10,728,966	\$10,928,688	\$10,980,715	\$11,185,173
Fines & Forfeits	\$1,062,000	\$1,083,070	\$1,104,561	\$1,126,483	\$1,148,842	\$1,171,649
Interest on investments	\$469,160	\$284,450	\$234,360	\$165,551	\$550,524	\$480,793
Rental income	\$3,053,368	\$3,226,506	\$3,322,104	\$3,422,653	\$3,075,368	\$2,796,809
Licenses & permits	\$401,500	\$194,410	\$196,358	\$407,345	\$200,372	\$202,440
Other	\$556,329	\$368,614	\$371,661	\$374,762	\$377,919	\$381,132
Operating transfer in	\$442,351	\$0	\$0	\$0	\$0	\$0
Fund balance reserve use	-\$55,406	-\$45,000	-\$45,000	-\$45,000	-\$45,000	-\$45,000
Total Revenue	\$62,500,179	\$60,055,974	\$59,379,460	\$59,628,725	\$59,710,025	\$60,129,441
% change over prior year	-1.70%	-3.90%	-1.10%	0.40%	0.10%	0.70%
Expenditures:						
Salaries	\$21,454,530	\$21,775,584	\$22,101,454	\$22,432,211	\$22,991,743	\$23,565,263
Fringe benefits	\$9,603,536	\$9,515,951	\$9,997,499	\$10,519,694	\$11,137,306	\$11,806,219
Supplies	\$2,169,198	\$2,330,854	\$2,256,971	\$2,419,971	\$2,347,870	\$2,512,687
Other services & chg	\$19,072,568	\$19,345,041	\$19,654,822	\$20,015,372	\$20,256,373	\$20,521,133
Contingency	\$660,483	\$637,011	\$635,501	\$650,462	\$665,624	\$684,320
Capital outlay	\$60,000	\$0	\$0	\$0	\$0	\$0
Operating Transfers	\$10,479,864	\$10,682,687	\$11,103,582	\$11,520,553	\$12,051,015	\$12,613,039
Total Expenditures	\$63,500,179	\$64,287,128	\$65,749,829	\$67,558,263	\$69,449,931	\$71,702,662
% change over prior year	-0.30%	1.20%	2.30%	2.80%	2.80%	3.20%
Revenue over (under) expenditures	-\$1,000,000	-\$4,231,154	-\$6,370,369	-\$7,929,538	-\$9,739,906	-\$11,573,221
Undesignated Fund Balance	\$8,568,325	\$4,337,171	-\$2,033,197	-\$9,962,735	-\$19,702,641	-\$31,275,862
Total Fund Balance	\$15,007,179	\$10,821,025	\$4,495,657	-\$3,388,881	-\$13,083,787	-\$24,612,008

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

**Pessimistic Taxable Value Outlook
Moderate Revenue Sharing Outlook**

	2011	2012	2013	2014	2015	2016
	Budgeted	Projected	Projected	Projected	Projected	Projected
Projected change in State Revenue Sharing:		-25.0%	0.0%	1.0%	1.5%	2.0%
Projected change in taxable value:		-5.0%	-3.0%	-1.0%	0.0%	1.0%
Revenues:						
Taxes	\$37,870,625	\$35,810,857	\$34,791,654	\$34,475,801	\$34,517,026	\$34,872,784
Intergovernmental	\$8,359,486	\$7,734,760	\$7,768,403	\$7,836,229	\$7,932,935	\$8,049,934
Charges for services	\$10,340,766	\$10,533,016	\$10,728,966	\$10,928,688	\$10,980,715	\$11,185,173
Fines & Forfeits	\$1,062,000	\$1,083,070	\$1,104,561	\$1,126,483	\$1,148,842	\$1,171,649
Interest on investments	\$469,160	\$284,450	\$234,360	\$165,551	\$550,524	\$480,793
Rental income	\$3,053,368	\$3,226,506	\$3,322,104	\$3,422,653	\$3,075,368	\$2,796,809
Licenses & permits	\$401,500	\$194,410	\$196,358	\$407,345	\$200,372	\$202,440
Other	\$556,329	\$368,614	\$371,661	\$374,762	\$377,919	\$381,132
Operating transfer in	\$442,351	\$0	\$0	\$0	\$0	\$0
Fund balance reserve use	-\$55,406	-\$45,000	-\$45,000	-\$45,000	-\$45,000	-\$45,000
Total Revenue	\$62,500,179	\$59,190,683	\$58,473,068	\$58,692,513	\$58,738,702	\$59,095,714
% change over prior year	-1.70%	-5.30%	-1.20%	0.40%	0.10%	0.60%
Expenditures:						
Salaries	\$21,454,530	\$21,775,584	\$22,101,454	\$22,432,211	\$22,991,743	\$23,565,263
Fringe benefits	\$9,603,536	\$9,515,951	\$9,997,499	\$10,519,694	\$11,137,306	\$11,806,219
Supplies	\$2,169,198	\$2,330,854	\$2,256,971	\$2,419,971	\$2,347,870	\$2,512,687
Other services & chg	\$19,072,568	\$19,345,041	\$19,654,822	\$20,015,372	\$20,256,373	\$20,521,133
Contingency	\$660,483	\$637,011	\$635,501	\$650,462	\$665,624	\$684,320
Capital outlay	\$60,000	\$0	\$0	\$0	\$0	\$0
Operating Transfers	\$10,479,864	\$10,682,687	\$11,103,582	\$11,520,553	\$12,051,015	\$12,613,039
Total Expenditures	\$63,500,179	\$64,287,128	\$65,749,829	\$67,558,263	\$69,449,931	\$71,702,662
% change over prior year	-0.30%	1.20%	2.30%	2.80%	2.80%	3.20%
Revenue over (under) expenditures	-\$1,000,000	-\$5,096,445	-\$7,276,761	-\$8,865,750	-\$10,711,229	-\$12,606,948
Undesignated Fund Balance	\$8,568,325	\$3,471,880	-\$3,804,880	-\$12,670,630	-\$23,381,859	-\$35,988,807
Total Fund Balance	\$15,007,179	\$9,955,734	\$2,723,974	-\$6,096,776	-\$16,763,005	-\$29,324,953

County of Ottawa
Five Year Budget Projections
General Fund

Pessimistic Taxable Value Outlook
Pessimistic Revenue Sharing Outlook

	2011	2012	2013	2014	2015	2016
	Budgeted	Projected	Projected	Projected	Projected	Projected
Projected change in State Revenue Sharing:		-100.0%	N/A	N/A	N/A	N/A
Projected change in taxable value:		-5.0%	-3.0%	-1.0%	0.0%	1.0%
Revenues:						
Taxes	\$37,870,625	\$35,810,857	\$34,791,654	\$34,475,801	\$34,517,026	\$34,872,784
Intergovernmental	\$8,359,486	\$4,489,919	\$4,523,562	\$4,558,940	\$4,606,487	\$4,656,957
Charges for services	\$10,340,766	\$10,533,016	\$10,728,966	\$10,928,688	\$10,980,715	\$11,185,173
Fines & Forfeits	\$1,062,000	\$1,083,070	\$1,104,561	\$1,126,483	\$1,148,842	\$1,171,649
Interest on investments	\$469,160	\$284,450	\$234,360	\$165,551	\$550,524	\$480,793
Rental income	\$3,053,368	\$3,226,506	\$3,322,104	\$3,422,653	\$3,075,368	\$2,796,809
Licenses & permits	\$401,500	\$194,410	\$196,358	\$407,345	\$200,372	\$202,440
Other	\$556,329	\$368,614	\$371,661	\$374,762	\$377,919	\$381,132
Operating transfer in	\$442,351	\$0	\$0	\$0	\$0	\$0
Fund balance reserve use	-\$55,406	-\$45,000	-\$45,000	-\$45,000	-\$45,000	-\$45,000
Total Revenue	\$62,500,179	\$55,945,842	\$55,228,227	\$55,415,224	\$55,412,254	\$55,702,737
% change over prior year	-1.70%	-10.50%	-1.30%	0.30%	0.00%	0.50%
Expenditures:						
Salaries	\$21,454,530	\$21,775,584	\$22,101,454	\$22,432,211	\$22,991,743	\$23,565,263
Fringe benefits	\$9,603,536	\$9,515,951	\$9,997,499	\$10,519,694	\$11,137,306	\$11,806,219
Supplies	\$2,169,198	\$2,330,854	\$2,256,971	\$2,419,971	\$2,347,870	\$2,512,687
Other services & chg	\$19,072,568	\$19,345,041	\$19,654,822	\$20,015,372	\$20,256,373	\$20,521,133
Contingency	\$660,483	\$637,011	\$635,501	\$650,462	\$665,624	\$684,320
Capital outlay	\$60,000	\$0	\$0	\$0	\$0	\$0
Operating Transfers	\$10,479,864	\$10,682,687	\$11,103,582	\$11,520,553	\$12,051,015	\$12,613,039
Total Expenditures	\$63,500,179	\$64,287,128	\$65,749,829	\$67,558,263	\$69,449,931	\$71,702,662
% change over prior year	-0.30%	1.20%	2.30%	2.80%	2.80%	3.20%
Revenue over (under) expenditures	-\$1,000,000	-\$8,341,286	-\$10,521,602	-\$12,143,039	-\$14,037,677	-\$15,999,925
Undesignated Fund Balance	\$8,568,325	\$227,039	-\$10,294,562	-\$22,437,601	-\$36,475,278	-\$52,475,203
Total Fund Balance	\$15,007,179	\$6,710,893	-\$3,765,708	-\$15,863,747	-\$29,856,424	-\$45,811,349

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 beautiful community of over 250,000 people located along the Lake Michigan shoreline. The government that serves the community is comprised of approximately 1,100 employees and elected officials with occupations as diverse as nursing, parks, corrections, 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. This included the employee and resident surveys, a study of mandated services, employee input on the mission statement, evaluations of several departments, a wage and classification study, 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 now meets annually to review the strategic plan and develop an accompanying business plan comprised of objectives that serve as action steps toward achieving the strategic plan.

The Board of Commissioners met on January 19, 2010, to create the business plan for 2010. This involved an update of objectives for 2010 and a review of the strengths, weaknesses, opportunities, and threats (SWOT) facing the County. After the Board established draft objectives, Administration 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 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

- Community image - good place to raise a family, quality of life
- Location - good place to live
- Natural Resources (lakes, rivers, trees)
- Financial health
- Quality management by County Board and staff
- Effective services provided by dedicated employees
- Public safety - low crime
- Parks system
- Agriculture
- Potential for future energy development
- Industry
- Educational systems; public and private, higher education
- Entrepreneurs
- Regional cooperation
- Training programs and communication with employee groups
- Area traits; conservative, work ethic and religion
- Close to cultural resources
- Transportation
- Health care, local hospitals and proximity to Kent County
- Culture of volunteering and philanthropy, community services provided by non-profit and religious groups
- Strong recreational opportunities
- Infrastructure

OPPORTUNITIES

- Legislative activity - lobbyist to develop proactive strategies
- Local government communication, relations and assistance
- State constitutional convention
- Economic development (Pfizer plant, energy, agriculture)
- Use of new communication tools, social networking
- Sustainable thinking - "going green", recycling, cost savings
- Growth in health care industry
- Economic climate allows for new thinking; regional focus, collaboration and consolidation
- Programs to meet new needs (emerging industries, substance abuse)
- Maintain open spaces
- Increase and recognize diversity
- Tourism (lakes, parks)
- Improve transit, conduct corridor studies
- Bring the road commission closer to the county, various strategies
- Bring balance to regulation in economic climate
- Provision of infrastructure
- Increase funding for mandated services

WEAKNESSES

- Effective communication with citizens and other stakeholders
- Lack of diversity, need to be a more welcoming place for diversity
- Declining transportation system with inadequate funding
- Redundancy, need for increased regional collaboration/consolidation
- Need to bring issues along slower to match a comfort-level with local units of government
- Runoff and Water Pollution
- Geographic division by Grand River
- Overall economic conditions
- State government
- Workforce unprepared, inadequate for future jobs
- Lack of countywide mass transit, especially to County facilities, rural areas
- Three Metropolitan Planning Organizations (MPOs)
- Accessibility and affordability for housing in disabled and elderly populations
- Over-reliance on manufacturing
- Managing growth to keep open spaces

THREATS

- Financial state of the economy - unemployment, state budget
- Loss of revenue sharing, dropping property tax revenue
- Crisis in the housing industry; foreclosures, loss of value, etc
- Rising pension and health care costs
- Lack of a regional economic development entity
- Bigotry and challenges of diversity
- Decreasing water quality, beach closures
- Excessive State/Federal regulation and mandates
- Air pollution regulation changes
- Gang and drug activity, WEMET funding
- Conflicts between being environmental and promoting business
- Aging population
- Road conditions and funding
- Domestic violence and hunger
- Substance abuse
- Globalization
- Term limits and potential of a Constitutional Convention
- Green industry overkill, need to keep goal of a diverse economy

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.

GOALS focus the direction of an organization's work, under the guidance from the vision and mission statement. Goals are relatively static in nature and will not often change. The four goals of the Board of Commissioners are:

- 1. To maintain and improve the strong financial position of the County.**
- 2. To maintain and enhance communication with citizens, employees and other stakeholders.**
- 3. To contribute to a healthy physical, economic and community environment.**
- 4. To continually improve the County's organization and services.**

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

WHAT WILL WE DO TO GET THERE?

Objective 1: Advocate on legislative issues to maintain and improve the financial position of the County.

- *Advocate to achieve full funding of mandates.*
- *Advocate to achieve the full reinstatement of revenue sharing.*
- *Work with our legislative delegation to make our positions statements on legislative issues clear.*
- *Identify other legislation that impacts our financial position and develop clear position statements on those issues.*
- *Evaluate the value of the lobbyist contract.*
- *Develop improved communication methods to make our position statements known to key stakeholders, including citizens.*

100% of the Ottawa legislative delegation reports understanding of our legislative positions. Legislation is introduced or adopted that maintains or improves our financial position. The lobbyist contract is positively reviewed and demonstrates a return on investment. Key stakeholders demonstrate an understanding of the legislative positions taken by the County.

Objective 2: Implement processes and strategies to deal with operational budget deficits.

- *Adopt a budget calendar and provide information to the Board of Commissioners necessary to make key decisions.*
- *Identify financial threats and approve strategies to mitigate those threats.*
- *Fully fund the County financing tools.*
- *Eliminate operational budget deficits, adopting the budget by the end of October.*

Commissioners report that all necessary information is provided in a timely fashion. Financial threats are identified and strategies adopted to mitigate those threats. The financing tools are fully funded, with the exception of the stabilization fund, or rationale provided to justify less than fully funded status. Budgets are adopted by the end of October that eliminate operational budget deficits.

Objective 3: Reduce the negative impact of rising employee benefit costs on the budget.

- *Approve a strategy to eventually move to a defined contribution (DC) plan for new hires.*
- *Consider a report and adopt strategies to reduce health benefit costs.*
- *Implement a health management plan.*

Commissioners adopt a plan to eventually move to a defined contribution system for new hires. Commissioners adopt strategies to reduce the costs of the County health plan. Commissioners adopt a health management plan.

Objective 4: Maintain or improve bond ratings.

- *Continue to address budget deficits with pro-active, balanced approaches.*
- *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.

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

Goal: 1) *To Maintain and Improve the Strong Financial Position of the County*

Objective: Advocate on legislative issues to maintain and improve the financial position of the County

Objective: Implement processes and strategies to deal with operational budget deficits

Objective: Reduce the negative impact of rising employee benefit costs on the budget

Objective: Maintain or improve bond ratings

Budget Ramifications: One of the key components of the County's legislative action plan is the lobbyist; the 2011 budget includes \$38,400 for a lobbyist to represent the County on legislative matters. One of the strategies to deal with operational budgets is to complete an analysis of need prior to filling vacant positions. As indicated earlier, several positions will still be held vacant in 2011.

The 2011 budget reflects significant changes to the health care plan for all employees. The 2010 budget included changes in office and prescription co-pays for non represented employees. These changes are anticipated to be included the bargaining unit contracts that expire in December of 2010. In addition, as discussed in the transmittal letter, the County intends to discontinue the self-funded insurance program and purchase insurance for significant savings. Across all funds, the savings applied totaled \$4.3 million, and the County believes the savings may be greater once all the programs are put in place. In May of 2010, the Board approved a change in the pension of new employees once funding for the change has been identified.

The County maintained their AAA rating with Moody's and Fitch and maintained their AA rating with Standard & Poors. The other objectives have already been met or are ongoing.

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. Though no longer fully funded, the Stabilization Fund maintains a significant fund balance and is contributing to the County budget in 2011.

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 envied by 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 \$283,000 - \$307,000 per year.

A plan to alleviate site contamination was approved by the Department of Natural Resources during 2005. The fund has expended \$2 million to add and replace purge wells and provide overall enhancements to the groundwater purge and treatment system. In addition, the Ottawa County, Michigan Insurance Authority (blended component unit) has contributed an additional \$1.8 million to the project. The improvement project is essentially complete, but ongoing maintenance expenditures for purge well operations will continue indefinitely. 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. 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. The 2011 budget includes a diversion of rent revenue from this fund to the General Fund to assist with operations. This change may continue for the next three years with little impact on the fund since no major building projects are currently planned.

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 Compensated Absences 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 2011.
- 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 2011 budget includes a diversion of the commission earned on jail inmate phone calls from this fund to the General Fund to assist in operations. This transfer may continue for up to three years with little impact on the fund.

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 twenty seven (27) County departments and indirectly (through operating transfers) significantly affects eleven (11) 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 the 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 provide on-going funding for a variety of costs.

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 (due to funding of construction costs) and funded by the Delinquent Tax Revolving Fund, Infrastructure Fund, Public Improvement Fund, Telecommunications Fund and the Ottawa County, Michigan Insurance Authority alleviate pressure on the General Fund, freeing up dollars for other County programs.

- 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 significantly less. The savings are obviously significant. Clearly, the Financing Tools help the County provide a high level of services in a cost effective manner.

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. 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 both Moody's and Fitch on General Obligation 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

	2003 – 2009 Historical Savings <u>To General Fund</u>	2010 – 2016 Projected Savings <u>To General Fund</u>
Solid Waste Clean-up Fund (2271)	\$6,275,964	\$2,240,952
Average Annual Savings	\$896,566	\$320,136
Average Annual Millage Savings	0.0951	0.0341
Public Improvement Fund (2450)	\$20,605,253	\$15,030,260
Average Annual Savings	\$2,943,608	\$2,147,180
Average Annual Millage Savings	0.3250	0.2296
Stabilization Fund (2570)	\$2,259,421	\$776,522
Average Annual Savings	\$322,774	\$110,932
Average Annual Millage Savings	0.0379	0.0118
Delinquent Tax Revolving Fund (5160)	\$17,884,242	\$17,756,784
Average Annual Savings	\$2,554,892	\$2,536,683
Average Annual Millage Savings	0.2964	0.2710
Duplicating, Telecommunications, and Equipment Pool (6450, 6550, 6641)	\$13,221,047	\$10,640,305
Average Annual Savings	\$1,888,721	\$1,520,044
Average Annual Millage Savings	0.2095	0.1623
Grand Total	\$60,245,927	\$46,444,823
Total Average Annual Savings	\$8,606,561	\$6,634,975
Total Average Annual Millage Savings	0.9639	0.7088

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

Objective 1: Continue to improve the County website, miOttawa.

- Increase and improve the services that citizens can access and receive through the website.
- Examine the expanded use of social networking options that are linked to the website.
- Evaluate the value of the contract with our website contractor.
- Continue to use the Technology Committee to regularly review the status of the website.

The 2010 citizen survey reflects a 5% increase in citizens that report using miOttawa.org to communicate with or learn about Ottawa County government. The website contract is positively reviewed and supported by recommendation from the Technology Committee.

Objective 2: Review and update a comprehensive communication plan to maximize communication with citizens.

- Increase focus on receiving coverage on local radio and community television stations.
- Develop a report on the benefit of County property tax dollars.
- Evaluate the use of citizen budget meetings.
- Partner with local media to offer content for quality coverage.

The 2010 citizen survey reflects a 5% increase in citizens that report knowledge of revenue sharing and potential impacts of its loss. The 2010 citizen survey reflects that 40% of citizens report good awareness of County activities.

Objective 3: Continue to develop 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 the Labor-Management Cooperation Committee.
- Continue and improve employee-edited newsletter.
- Continue brown-bag lunches and other information sessions.

Percentage of employees reporting satisfaction with County Administration continues to increase on the 2011 Employee Satisfaction Survey.

Objective 4: Continue to improve communication with Commissioners.

- Continue departmental annual report process.
- Evaluate use of paperless packets and other communication tools with Commissioners.

100% of Commissioners report satisfaction with communication from Administration.

Objective 5: Evaluate communication with other key stakeholders.

- Develop and implement a legislative action plan.
- Reexamine the role of Commissioners and staff in national, state and regional professional organizations and define the specific purpose of what we are to accomplish in those roles.
- Identify Commissioners to represent the County on NACO and MAC boards and committees.

100% of the Ottawa legislative delegation reports understanding of our legislative positions. Ottawa County, the Board of 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: Continue to improve the County website, miOttawa.org

Objective: Review and update a comprehensive communication plan to maximize communication with citizens

Objective: Continue to develop and implement methods of communicating with employee groups

Objective: Continue to improve communication with Commissioners

Objective: Evaluate communication with other key stakeholders

Budget Ramifications: The County’s website, miottawa.org also assists in communicating with the public. The 2011 Budget includes \$234,000 for miottawa.org maintenance and development of new services discussed previously under “Technology.” During 2010, the County began placing not only board and committee meeting agendas on the website, but also the packet information that pertains to the items. Citizens and other interested parties can see the details of proposed board activity and discussion prior to meetings. A communication plan update is anticipated to be presented to the Board of Commissioners, but no budget impact is reflected in the 2011 budget. The 2011 budget also includes \$25,000 for an employee survey in the Protected Self-Funded Unemployment Fund.

During 2010, the County completed a \$20,000 citizen survey to better understand community priorities and assist in decision making. The last citizen survey was completed in 2008. Listed below are two questions asked on the 2008 and 2010 survey and the survey results:

Taxes and Services:

2010 Response	2008 Response	Question
38%	37%	In light of the current budget situation in Ottawa County, it is important to maintain existing county services and programs, even if it means having to pay higher taxes.
58%	53%	In light of the current budget situation in Ottawa County, it is important to keep taxes and fees as low as possible, even if it means reducing county services and programs.
4%	10%	Undecided/Don’t know/Refused

Of the following list of problems and issues residents of Ottawa County which one problem or issue you are personally concerned about the most?

2010 Response	2008 Response	Question
45%	37%	Providing economic development and jobs
6%	14%	Protecting the public from crime and drugs
5%	5%	Controlling unplanned development and sprawl
12%	9%	Keeping local taxes and fees low
8%	7%	Maintaining and improving area roads
13%	6%	Improving the quality of area schools
3%	4%	Preserving prime farmland and open space
3%	3%	Providing quality basic city, township or county services
3%	6%	Protecting the environment in the area
1%	3%	Controlling traffic congestion
1%	3%	Undecided/Don't know/Refused

The results of this survey are reflected in the 2011 budget in that no increase in the millage has been included in the budget (even though the County could authorize one with a vote of the Board of Commissioners). Instead, services and costs have been reduced in the last two years to help balance the budget. During 2010, the County hired an economic development coordinator which will be discussed in the next section.

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

WHAT WILL WE DO TO GET THERE?

Objective 1: Discuss and act upon road policy issues as appropriate.

- *Contact legislators and road officials, on relevant road-related legislation including the US-231 bridge and bypass.*
- *Communicate and coordinate with the road commission on relevant issues and to improve public understanding on roles.*

100% of legislators report understanding of County position on applicable issues. 100% of Commissioners report progress in public understanding of respective roles of the road commission and County.

Objective 2: Consider opportunities to improve economic development in the region.

- *Work with existing partners on regional economic development efforts, guided by the 2008 Economic Development Report.*
- *Continue work on developing an agriculture incubator.*
- *Work to maintain a presence of MSU Extension services in the County.*

100% of Commissioners report satisfaction that options to improve economic development in the region are being considered.

Objective 3: Continue initiatives to preserve the physical environment.

- *Continue efforts related to water quality.*
- *Continue to work with local units of government to seek funding opportunities for completing a groundwater resources inventory.*
- *Improve knowledge on drain issues.*
- *Develop a comprehensive sustainability plan.*
- *Continue to support completion of the Parks and Recreation Commission Parks and Recreation Plan.*

A plan of action with measurable results is developed from water quality research. 95% of attendees surveyed report the Water Quality Forum presented useful, relevant information. A county groundwater resources inventory is completed.

Objective 4: Continue initiatives to positively impact the community.

- *Continue involvement with the Purchase of Development Rights committee.*
- *Complete Urban Smart Growth demonstration project.*
- *Conduct build-out analysis for local government units.*
- *The Board of Commissioners will review the strategic plans of County departments and agencies, as requested by those entities, that provide direct services to the residents of the County.*

Complete Urban Smart Growth project. Complete build-out analysis for two local government units. Department strategic plans are reviewed by the Planning and Policy Committee.

Objective 5: Provide quality County facilities throughout the County.

- *Analyze the potential use of County land for additional communication tower leasing.*
- *Effectively maintain the existing facilities in the County.*

Commissioners consider report on use of additional land for communication tower leasing.

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

Objective: Discuss and act upon road policy issues as appropriate

Objective: Consider opportunities to improve economic development in the region

Objective: Continue initiatives to preserve the physical environment

Objective: Continue initiatives to positively impact the community

Objective: Provide quality County facilities throughout the County

Budget Ramifications: The 2011 budget includes \$8,000 for the planning commission for consultant work with local units for transportation plans. In addition, the Energy Efficiency and Conservation Block grant recorded in the Grant Programs –Pass Thru fund (2750) includes up to \$518,000 for a signal optimization/synchronization study for western Ottawa County. These funds will be spent in 2010 and 2011.

In May of this year, the Board voted to fund an economic development coordinator in the Planning and Performance Improvement department (General Fund, 1010-7211) for the County to provide the oversight for all economic development initiatives undertaken by the County. The top priorities for this position are to administer the County's Brownfield Redevelopment Authority, implement a business incubator, and develop a coordinated economic development plan for Ottawa County. The 2011 budget for the Planning Commission includes \$25,000 to take advantage of economic attraction opportunities. The Planning and Performance Improvement budget also includes over \$51,000 for the County's economic development consultant.

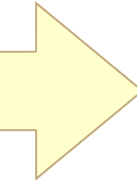
In addition, because of the rapid growth in the County, concern over green space and waterway access has become increasingly important. The 2011 Parks and Recreation budget includes a .3165 mill levy for park development, expansion and maintenance. This levy was renewed by the citizens in August of 2008 and authorizes the levy for ten years. The 2011 Parks and Recreation budget includes a total of \$2.2 million for land acquisition and capital improvements to existing properties.

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

WHAT WILL WE DO TO GET THERE?

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

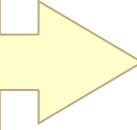
- Continue work on providing the most effective administration and funding for co-occurring mental health/substance abuse services.
- Conduct organizational efficiency and structure reviews, including;
 - Clerk/Register
 - Fiscal Services
 - Public Utilities
 - Veterans Services
- Complete evaluations of various programs and services, including;
 - Drug Courts
 - Jail Mental Health Task Force



100% of Commissioners report satisfaction that options to improve the administration of co-occurring mental health/substance abuse services has been examined. Commissioners receive a review and consider reports on the Clerk/Register of Deeds, Public Utilities, Fiscal Services and Veterans Services. Commissioners receive a thorough evaluation of the drug court pilot project. Commissioners receive a report from the Jail Mental Health Task Force.

Objective 2: Prioritize mandated and discretionary services.

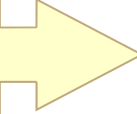
- Communicate results of discretionary services ranking to funding recipients.
- Continue work towards a report on mandated services and service-levels and prioritize those results.



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 3: Continue implementation of outcome-based performance measurement systems.

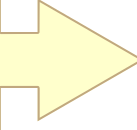
- Analyze performance measurements submitted by each department to ensure the quality of outcomes.



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

Objective 4: Examine opportunities for service-delivery with local units of government.

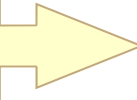
- Examine possibilities for collaboration on service delivery with other local units of government.
- Make cost-effective services available to local units of government.



County services that are cost-effective to offer are made available to local units of government.

Objective 5: Ensure the continuity of government in the event of a disaster.

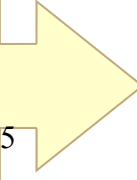
- Prepare a Continuity of Government Plan.
- Develop a records backup/disaster recovery plan for all records.



Commissioners adopt a “Continuity of Government” Plan which includes a disaster-recovery component for records.

Objective 6: Continue the effective and efficient management of human resources.

- Successfully recruit and hire a new Fiscal Services Director.
- Complete labor negotiations with applicable employee groups.
- Complete the review and update of the wage study process for applicable departments.



A new Fiscal Services Director has been hired. Labor contracts are completed prior to the expiration of the contract period. The wage study process has been completed for applicable departments.

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

- Objective: Review and evaluate the organization, contracts, programs, and services for potential efficiencies
- Objective: Prioritize mandated and discretionary services
- Objective: Continue implementation of outcome-based performance measurement systems
- Objective: Examine opportunities for service-delivery with local units of government
- Objective: Ensure the continuity of government in the event of a disaster
- Objective: Continue the effective and efficient management of human resources

Budget Ramifications: The 2011 budget reflects the accumulated cost benefits of efficiency and organizational studies performed on the following departments: Equalization and Property Description and Mapping, Fiscal Services and Administrative Services, Parenting Plus, and Veteran's Affairs. In addition, the 2011 budget continues to reflect the reallocation of two full time equivalents from the Register of Deeds office to the District Court which first began in 2010. The economic downturn has decreased workload in the Register of Deeds office and increased civil workload in the District Court.

In January of 2010, the mandatory services study was presented to the Board and these programs were ranked. The County Board completed an additional ranking of discretionary services in April of 2010, and these were used as an additional decision-making tool in the 2011 budget process. Specifically, \$15,000 was eliminated from the MSU Extension budget for the County contribution to the fair boards. Land-use planning resources have been redirected to economic development. Remonumentation has been reduced such that revenue equals expenditures. County-wide memberships and dues are down 4.8 percent in the 2011 budget. In addition, the 2011 budget includes the continuation of outcome based performance measures and program evaluations. During 2009 and 2010, the Planning and Performance Improvement department have been working with departments to further refine goals, objectives, and performance measures.

The Information Technology budget (Internal Service fund 6360) reflects partnering agreements with Park Township to provide imaging services Spring Lake Township and Muskegon County for various hosting services. The County will receive a portion of the convenience fees collected for the services. The County is also in discussion with municipalities within the County to provide website capabilities for their unit within miottawa.org, the County's website. The 2011 budget also includes \$6.0 million in public safety contracts with Ottawa municipalities. The County provides policing services to townships and certain cities and school districts.

Significant progress has been made on the County's disaster recovery plan, and its completion is anticipated before December 31, 2010. Each County facility will have a site emergency plan which includes basic information such as contact lists, evacuation and media guidelines and a vital records list. Information Technology has implemented the offsite replication of critical applications occurring between physically displaced locations as well as

offline and offsite backup to secondary media. Funds are included in the 2011 Information Technology budget to maintain the replication activity.

The site plans also provide direction for incident specific emergencies including:

- Violent Incidents
- Civil Disturbances
- Fire or Explosions
- Severe Winter Weather
- Tornados
- Utility Emergencies (e.g., gas line, power failure or water main)
- Bomb Threats
- Hazardous Material Incidents
- Medical Emergencies
- Floods