

User's Reference Guide



User's Reference Guide

Overview

The User's Reference Guide provides assistance in using the County of Ottawa 2015 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 2015 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 2015 ending fund balance, 2015 budgeted revenues/other financing sources, 2015 budgeted expenses/other financing uses, and the projected 2015 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 statement for discretely presented component unit of the County:
Water Resource Commission

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 schedule is included which details the employee classifications and full-time equivalency included in the 2015 budget.

The Board of Commissioners adopts the budget by department 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 by classification are included for 2011, 2012, and 2013. Projected revenues and expenditures are included for 2014. Finally, the 2015 Adopted budget is the last column provided in the detail information.
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 2015 budget

Section II: Summary of the 2015 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 2013, 2014, and budgeted 2015

Section V: General information about Ottawa County

Section VI: Budget Related 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

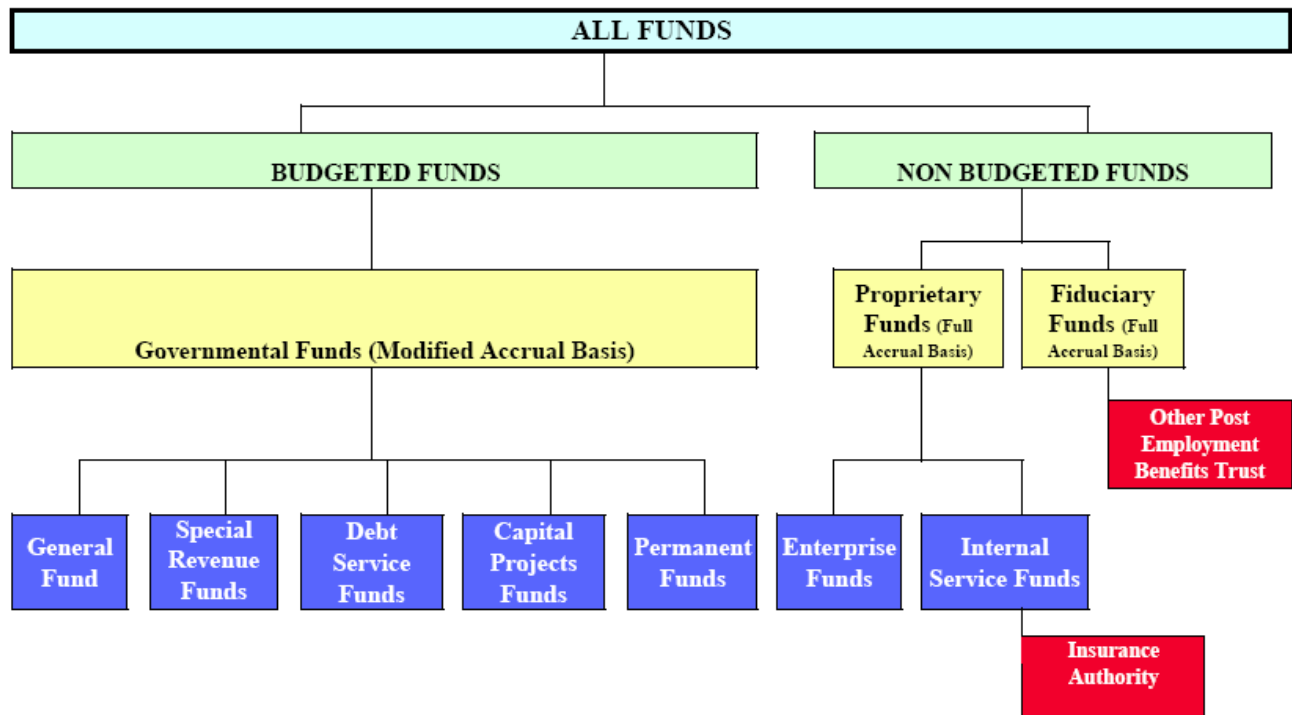
An Index is provided at the very end of the document.

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 only required to budget for the General Fund and Special Revenue funds. The County chooses to formally adopt budgets for all governmental funds. Public Act 621 also requires Michigan municipalities to budget under the same basis required for financial reporting. Accordingly, the County budgets governmental fund types under a modified accrual basis.



Although proprietary funds are not formally adopted, summary information is provided based on a full accrual basis (see summary information section). The Comprehensive Annual Financial Report includes fiduciary fund types in addition to those previously mentioned. However, most 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 four 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, and the Mental Health 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 on the following page outlines where the funds and functions can be found within this budget document.

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 | | | | | | | | |
| Legislative: | 122 | | | | | | | |
| Judicial: | 125 | | | | | | | |
| Circuit Court | 126 | | | | | | | |
| District Court | 129 | | | | | | | |
| Probate Court | 136 | | | | | | | |
| Juvenile Services | 138 | | | | | | | |
| Friend of the Court/ Child Support Enforcement | | | 248 | | | | | |
| Sobriety/Drug Courts | | | 251 | | | | | |
| Community Corrections | 132 | | | | | | | |
| Legal Self-Help Center | 134 | | | | | | | |
| General Government: | 143 | | | | | | | |
| Fiscal Services | 147 | | | | | | | |
| Corporate Counsel | 180 | | | | | | | |
| Clerk/Elections | 151/176 | | | | | | | |
| Administrator | 144 | | | | | | | |
| Equalization | 164 | | | | | | | |
| Human Resources | 187 | | | | | | | |
| Prosecuting Attorney/ Crime Victim's Rights | 181/156 | | | | | | | |
| Stabilization | | | 295 | | | | | |
| Innovation & Technology | | | | | | | 112 | |
| Self-Insurance | | | | | | | 112 | |
| Telecommunications | | | | | | | 112 | |
| Equipment Pool | | | | | | | 112 | |
| Register of Deeds | 184 | | 294 | | | | | |
| Treasurer | 160 | | 293 | | | | | |
| Delinquent Tax Revolving | | | | | | | 112 | |
| Revenue Sharing Reserve | | | 318 | | | | | |
| MSU Extension | 172 | | | | | | | |
| GIS | 169 | | | | | | | |
| Facilities & Maintenance | 177 | | | | | | | |
| Water Resource Commission | 192 | | | | | | | 113 |
| Public Safety: | 196 | | | | | | | |
| Sheriff: | | | | | | | | |
| Road Patrol | 197 | | 298-300 | | | | | |

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 | | | | | | | |
| Public Safety (continued): | | | | | | | | |
| Investigations | 197 | | | | | | | |
| Administration | 197 | | | | | | | |
| Records | 197 | | | | | | | |
| Drug Enforcement | 201 | | | | | | | |
| Community Policing | | | 299 | | | | | |
| Jail/Corrections | 209 | | | | | | | |
| Marine Safety | 206 | | | | | | | |
| Emergency Services | 212 | | | | | | | |
| Animal Control | 217 | | | | | | | |
| Dispatch/911 | 205 | | | | | | | 130 |
| Public Works: | | | | | | | | |
| Solid Waste Planning | | | 284/285 | | | | | |
| Health & Welfare: | | | | | | | | |
| Health Services | | 252 | | | | | | |
| Mental Health | | 274 | | | | | | |
| Job Training | | | 305 | | | | | |
| Juvenile Detention/Foster Care | | | 321 | | | | | |
| Substance Abuse | 223 | | | | | | | |
| Department of Human Services | | | 320 | | | | | |
| Department of Veteran's Affairs | 225 | | 251 | | | | | |
| Culture & Recreation | | | | | | | | |
| Parks | | 245 | | | | | | |
| Community & Economic Development | | | | | | | | |
| Planning | 227 | | 289-290 | | | | | |
| Debt Service | | | | | | | | |
| Building Authority Bonds | | | | 329 | | | | |
| Water and Sewer Bonds | | | | | | | | 113 |
| Capital Construction | | | | | | | | |
| Public Improvement Capital Projects | 292 | | | | 334 | | | |
| Other: | | | | | | | | |
| Cemetery Trust | | | | | | 345 | | |

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 a 9/30 fiscal year end. 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 August. Elected officials also have the opportunity to meet with the Board of Commissioners to appeal any decision. After the last Board meeting in August or the first Board meeting in September, a public notice is placed in the newspapers informing citizens of the upcoming budget hearing and adoption. At this point, a summary copy of the budget is available to citizens. A public hearing is held in September 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 September. The budget, and an appropriation ordinance implementing it, is then adopted at the last meeting in September. A separate budget report is then made available to the public. The schedule below details the annual budget process by date and activity.

Amending 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.

County of Ottawa 2015 Budget Calendar

| | |
|--------------------|--|
| January 23, 2014 | Board Strategic Planning Session |
| February 18, 2014 | Budget Calendar presented to the Finance Committee |
| February 25, 2014 | Budget Calendar presented to the Board of Commissioners for approval |
| March 31, 2014 | Departments/Agencies submit Capital Improvement Project requests Deadline to submit 2015 equipment requests |
| May 15, 2014 | Operating Budget Kick-off |
| May 23, 2014 | Personnel Requests due |
| June 6, 2014 | Departments/Agencies finalize 2015 Operating Budget Requests |
| June 27, 2014 | Fiscal Services reviews budget requests and prepares summary for Administration review |
| June 30, 2014 | Departments/Agencies submit Performance Measures to Planning and Performance Improvement |
| July 18, 2014 | Administration budget review complete |
| August 19, 2014 | Deadline for publication of the 2015 Community Mental Health Budget Public Hearing notice |
| August 25, 2014 | Community Mental Health Board holds the Public Hearing and adopts the 2015 Community Mental Health Budget |
| August 19, 2014 | Finance Committee reviews the 2015 County Budget; approve resolution for the distribution of Convention Facility Tax and Cigarette Tax |
| August 26, 2014 | Board of Commissioners approve the resolution regarding the distribution of the Convention Facility Tax and Cigarette Tax; Board formally sets the date of the Public Hearing for the 2015 County Budget |
| September 3, 2014 | Deadline for publication of the 2015 County Budget Public Hearing notice |
| September 9, 2014 | Public Hearing for the 2015 County Budget |
| September 16, 2014 | Finance Committee reviews the Resolution to approve the 2015 Insurance Authority Budget |
| September 23, 2014 | Board of Commissioners adopts the 2015 County Budget and the 2015 Insurance Authority Budget |

County of Ottawa Budget Related Financial Policies

All of the County's budget related financial policies are included in the appendix of this document. Policies that impact the annual budget process are reflected in the table that follows:

| Policy | Principle | Effect on Budget | |
|--------------------------------|--|---|--|
| Revenue and Expenditure | Levy less tax than the legal maximum | 3.6 mills is budgeted out of 4.265 mills - \$6.49 million | |
| | Indirect Cost | The 2015 budget includes indirect cost charges to appropriate departments. | |
| | Funding of long-term liabilities | 2015 budget includes the full annual required contribution for other post employment benefits and pension benefits | |
| | Use of technology to lower costs | 2015 budget includes funds for the implementation of the IT plan; major technology infrastructure purchases reflected in the 2015 budget | |
| Operating Budget Policy | Contingency | The 2015 budget includes \$337,493 for contingencies which is .5% of 2013 audited General Fund expenditures plus \$250,000 for wage study related increases | |
| | Balancing the budget | No fund shows a deficit in 2015 | |
| | Budget Basis | 2015 governmental funds are budgeted on a modified accrual basis, and proprietary funds are budgeted on a full accrual basis | |
| | Budget Calendar | The 2015 budget process adhered to the budget calendar | |
| | Required Budget Data | Elected Officials and Department heads submitted all required budget data per the policy | |
| | Budget Document | The 2015 budget document is in accordance with the guidelines established by the Government Finance Officers Association Distinguished Budget Award Program and on a basis consistent with the Governmental Accounting Standards Board. | |
| | Long-term Financial Planning | | The 2015 budget document and presentation included a discussion on the General Fund 5-year budget projections and includes a deficit elimination plan. |
| | | | The County's financing tools are contributing an estimated \$7.3 million to the 2015 budget. |
| Alignment with Strategic Plan | | The 2015 budget addresses the goals and objectives of the County Strategic Plan (see also, User Guide) | |
| Performance Measurement Policy | Performance measures will be incorporated into the annual budget process | Major departments include performance measures with their presentation | |
| | | The 2015 budget includes funding for Planning and Performance Improvement staff to work with departments on their goals, objectives, and performance measures. | |
| | | As part of the 2015 budget process, departments submitted updated performance measurement data on or before May 1, 2014. | |

| Policy | Principle | Effect on Budget |
|--|--|---|
| Accounting, Auditing and Financial Reporting | Financial reports will be furnished to the Board of Commissioners to aid them in assessing the financial condition of the County | The 2015 budget presentation (and document) include 5 year projections for the General fund |
| Infrastructure Program Fund | The purpose of this Infrastructure Program Fund component is to provide low-interest loans to local units of government within Ottawa County for municipal water or sanitary sewer system construction projects, or for authorized Act 246 projects. | Though no new projects have been requested by Ottawa County Municipalities, the 2015 budget includes interest revenue on existing loans in the Infrastructure fund (2444). |
| Grants and Third Party Contract Revenue | A minimum of locally generated revenue will be used to replace funding for activities, including grant-funded activities, which are or have been previously funded by the State and Federal governments, or by third-party contract revenue. | The 2015 budget does not include additional County –funded costs for programs previously grant funded. The Board had decided previously to assume a portion of the costs for community policing programs in schools and secondary road patrol, and these are included in the 2015 budget. |
| Grants and Third Party Contract Revenue | State and Federal grant-funded programs, and third-party contract revenue should not be replaced by county or other locally generated revenues at the close of the grant-funding period, upon the expiration of a grant, or upon the expiration of a non-renewed third-party contract. | The 2015 mental health and substance user disorder budgets reflect a reduction of 15.9 full time equivalents due to the expiration of grant funding. |
| Capital Asset Policy | Capital Assets are budgeted out of the Equipment Pool and included in the budget approved by the Board of Commissioners. Requests for new and replacement equipment (including equipment costing less than \$5,000) are reviewed with the budgets and are included in the budget proposal approved by the Board of Commissioners. Equipment purchases costing less than \$5,000 are expensed wholly in the department budgets. | The 2015 budget includes equipment requests of \$185,000 out of the Equipment Pool. An additional \$609,000 is included in department budgets for equipment costing less than \$5,000. |
| Debt Management Policy | Debt will not be issued to finance current, on-going operations | The 2015 revenue sources budget includes no debt for operations |
| Fund Balance Policy | Minimum Fund Balance | The projected fund balance of the General Fund at 12/31/15 will be at least 10% of the most recently audited General Fund expenditures and transfers. |
| Financial Goals Policy | 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. | The 2015 budget reflects new personal property tax legislation which partially takes effect in 2015, and 5 year General Fund projections reflect the full impact. |
| | | The 2015 budget complies with all the requirements of the State's County Incentive Program; the County anticipates receiving the maximum amount. |
| Financial Goals Policy | Preserve, maintain and plan for replacement of physical assets | The 2015 budget includes approximately \$567,000 for the replacement of technology infrastructure with additional needs identified for future years. In addition, nearly \$757,000 is included in the 2015 budget for vehicle replacements. |

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 \$1.71 million. The Board of Commissioners opted to reduce the levy further to 3.600 mills. This resulted in an additional \$6.49 *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 \$585,000. The Parks levy was also reduced slightly by Headlee from .33 mills to .3165 mills - a decrease of just under \$132,000.

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.

| <u>Levy Year</u> | <u>Budget Year (1)</u> | <u>County Operation</u> | <u>E-911</u> | <u>Parks</u> | <u>Total</u> |
|------------------|------------------------|-------------------------|--------------|--------------|--------------|
| 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 | .4400 | .3165 | 4.3565 |
| 2011 | 2012 | | .4400 | .3165 | 4.3565 |
| 2012 | 2012 | 3.6000 | .4400 | .3165 | 4.3565 |
| 2012 | 2013 | | .4400 | .3165 | 4.3565 |
| 2013 | 2013 | 3.6000 | .4400 | .3165 | 4.3565 |
| 2013 | 2014 | | .4400 | .3165 | 4.3565 |
| 2014 | 2014 | 3.6000 | .4400 | .3165 | 4.3565 |
| 2014 | 2015 | | .4400 | .3165 | 4.3565 |
| 2015 | 2015 | 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 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.

Comparison of Tax Levies of Other Michigan Counties

2014 Operating Millage Levies of Neighboring Counties:

| | |
|---------------|---------------|
| Allegan | 4.6377 |
| Muskegon | 5.6984 |
| Kent | 4.2803 |
| Ottawa | 3.6000 |

Counties of Similar Size:

| <u>County</u> | 2014 <u>Taxable Valuation</u> | Operating Millage <u>Levy</u> |
|---------------|----------------------------------|-------------------------------------|
| Kalamazoo | \$7,959,552,381 | 4.6871 |
| Ingham | 7,038,082,601 | 6.3512 |
| Ottawa | 9,752,001,895 | 3.6000 |
| Genesee | 8,559,521,911 | 5.5072 |
| Washtenaw | 13,847,346,129 | 4.5493 |

Highest 2013 Allocated and Voted Levy:

| | |
|-----------|-------|
| Ontonagon | 14.55 |
|-----------|-------|

Lowest 2013 Allocated and Voted Levy:

| | |
|------------|------|
| Livingston | 3.95 |
|------------|------|

Services Provided

New Positions Approved with the 2015 Budget

Positions funded by the General Fund are increasing overall, but many of the increases relate to accounting restructuring of some Special Revenue Funds being incorporated into the General Fund. 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 2015 Approved Position Requests

| Department | Description | Personnel Costs |
|-------------------------|---|-----------------|
| Administrator | 0.50 FTE Secretary | \$ 25,917 |
| Administrator | 0.50 FTE Communications Specialist | \$ 47,787 |
| Human Resources | 1.00 FTE Human Resources Specialist | \$ 60,141 |
| Innovation & Technology | 1.00 FTE Applications Specialist II | \$ 78,837 |
| Parks & Recreation | 0.50 FTE Communications Specialist | \$ 37,759 |
| Sheriff Contracts | 1.00 FTE Road Patrol Deputy (Juvenile Issues) | \$ 94,435 |
| | | \$ 344,876 |

County of Ottawa 2015 Approved Position Requests

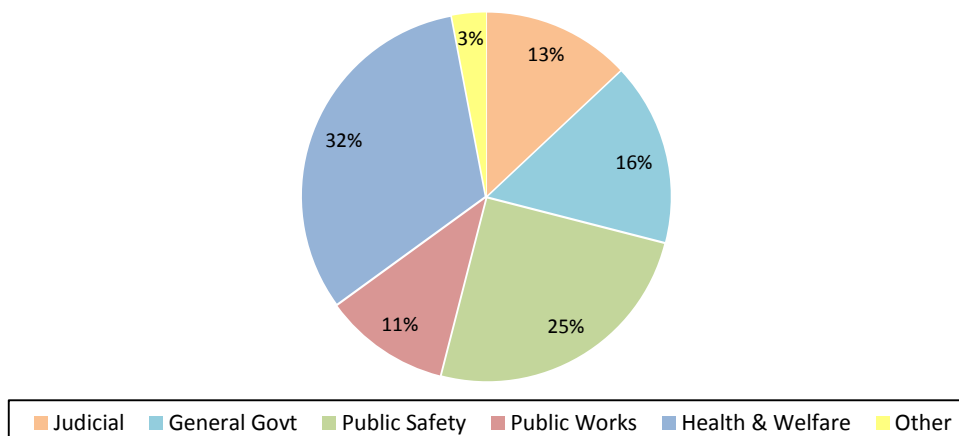
Temporary (Unbenefitted) Position Request

| Department | Description | Personnel Costs |
|------------------------|--|-----------------|
| County Clerk | RPC II Holland (<i>Wage incr. - No incr. in hours</i>) | \$ 811 |
| County Clerk | RPC II Summer Help (<i>Wage incr. - No incr. in hours</i>) | \$ 384 |
| GIS | GIS Technicians/Interns (<i>Incr. hours</i>) | \$ 1,850 |
| Parks & Recreation | Naturalist Guide (<i>New location</i>) | \$ 2,420 |
| Parks & Recreation | Reservation Specialists (3) (<i>New locations</i>) | \$ 5,000 |
| Parks & Recreation | Park Attendants (<i>New locations</i>) | \$ 13,200 |
| Parks & Recreation | Gatekeeper (<i>New location</i>) | \$ 1,485 |
| Parks & Recreation | Lakeshore Seasonal Supervisor (<i>Incr. hours</i>) | \$ 2,814 |
| Parks & Recreation | Minimum Wage & Hourly Rate Increase | \$ 20,021 |
| Planning & Performance | Economic Specialist | \$ 15,091 |
| | | \$ 63,076 |

Personnel by Function

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

Total County Personnel by Function



Services Provided by County Tax Dollar

The preceding graph shows the functions performed by all County staff. However, many of these positions are funded by grant dollars. The graph that follows shows the service areas that are funded by the County tax dollar:

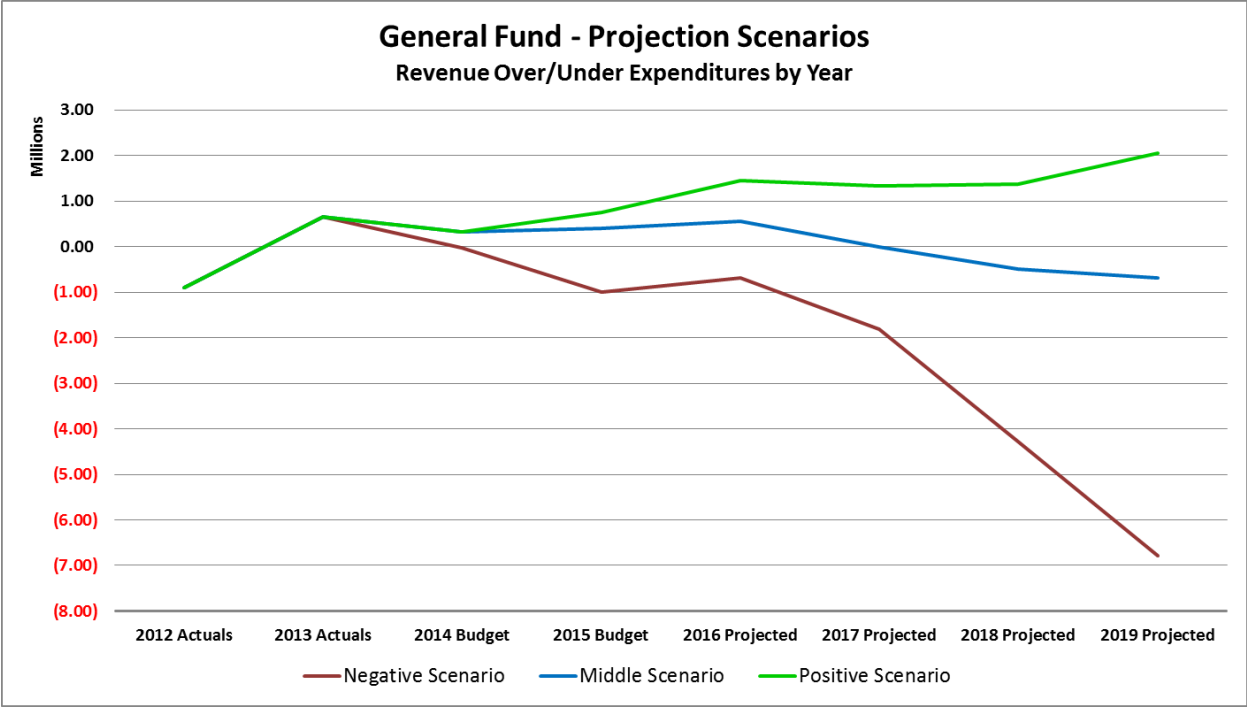


General Fund Forecast

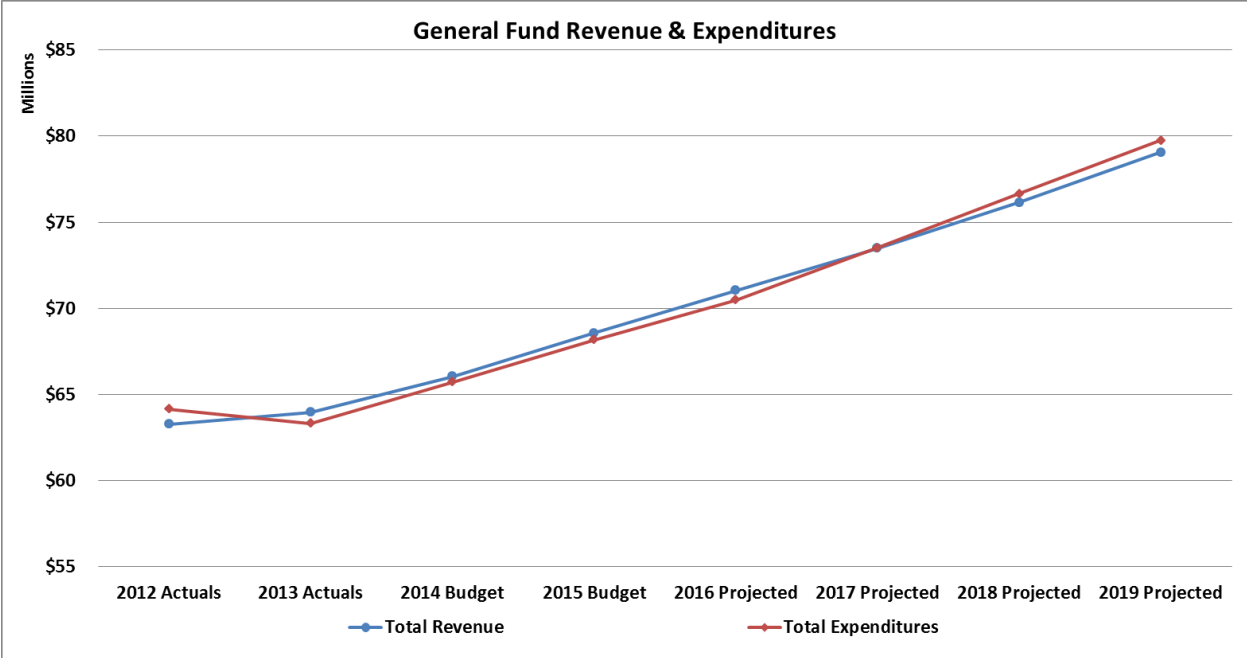
For many years, the County of Ottawa has promoted the use of multi-year projections as a tool to prioritize immediate and long-range needs to maintain a stable financial outlook. Beginning with the 2015 budget year, the County has developed a new forecasting model that incorporates various scenarios to review the range of impact changing economic factors have on County operations.

The purpose of developing the new forecasting model is threefold. The first advantage is that it creates a baseline for measuring the impact current budget decisions have during the projection period. For example, operating cost related to a capital improvement project can be added to the projection to estimate the impact on the County operations in various economic situations. The second advantage is that it allows for different scenarios to be tested in order to evaluate potential revenue and expenditure changes. Measuring the financial impact of a range of scenarios is useful in gauging the impact of sudden economic shifts. The third advantage is it creates a baseline of revenues, expenditures and fund balance to assess the County's fiscal health.

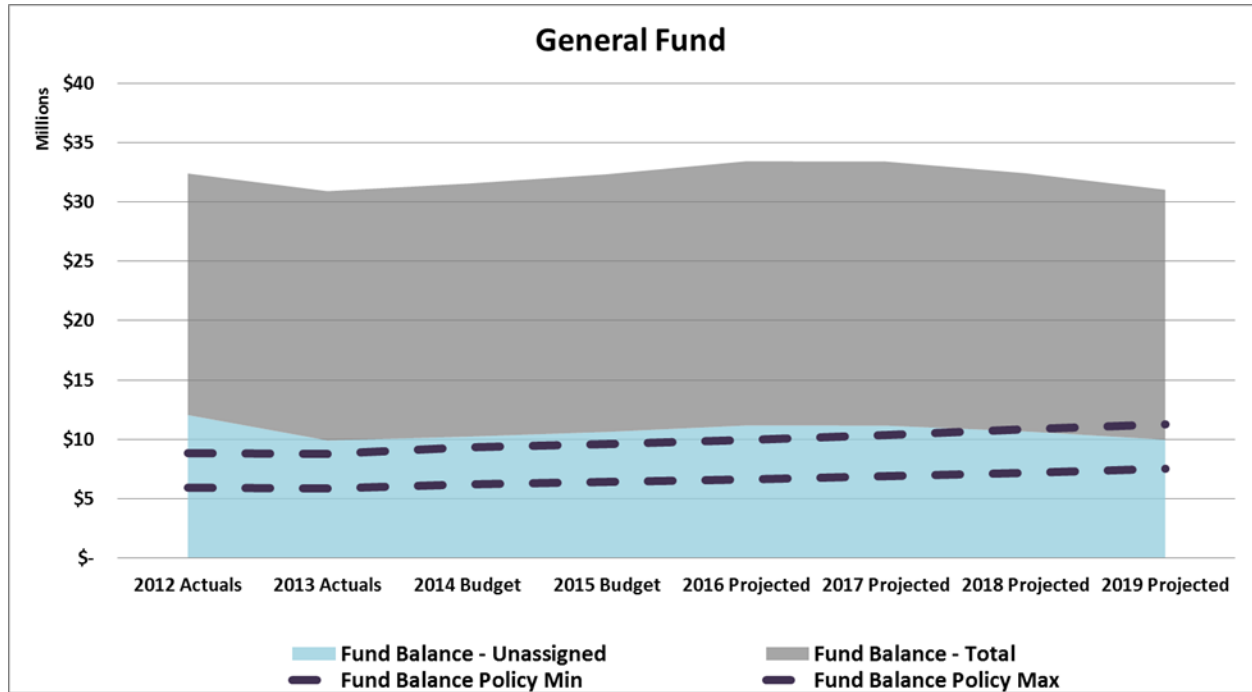
As a starting point this year, the County contracted with a local Economist to provide an in-depth analysis of the property value trends within Ottawa County which resulted in a taxable value forecast that provided a basis for various economic scenarios. The graph below depicts three scenarios (positive, middle, and negative) for the General Fund and the revenue over or under expenditures that resulted.



The following graphs depict the estimated revenues and expenditures and the estimated fund balance of the General Fund for the middle scenario. Over the forecasted period, the unassigned fund balance remains within Ottawa County Fund Balance Policy limits.



The total fund balance for the General Fund (grey area) includes non-spendable items such as inventory; restricted items such as grants and donations; Board committed items such as aerial surveys, building improvements, and new initiative program. The forecast does not contemplate and increases or decreases to these designations.



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 263,801 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/Register of Deeds, Water Resources Commissioner, Prosecutor, 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 23, 2014, to review the current strategic plan and create the business plan for 2014. This involved a review of the strengths, weaknesses, opportunities, and threats (SWOT) facing the County, a confirmation of major goals, and the development and ranking of objectives. 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

- Financially sound
- People
- Health care systems in community
- Environmentally sound
- Employees
- Public safety organizations
- Work ethic
- Environment
- Lake - water resource
- Recreational opportunities
- Health care systems in the community
- Parks
- Facilities
- Relationship with municipalities
- Economically diverse
- Strong school systems
- Agriculture
- Good reputation
- Business community
- Influential with legislators (State/Federal)
- Human Services - take care of needs in County
- Insurance Authority

OPPORTUNITIES

- Legislation at end of terms/lame duck
 - ⇒ More proactive
 - ⇒ Unfunded mandates
- SWAP crews...keep more affordable?
 - ⇒ Amount of subsidy?
 - ⇒ Provide Board latest SWAP evaluation
- Ottawa County campground
- Employee: compensation package stays competitive to retain and attract top-quality employees
- More cooperation/collaboration of services
- Road millage
- Continued/expanded partnerships in economic development
- Maintain agriculture base and economy we have
- Planning education: planning/zoning/enforcement training and best management practices for locals
- Coming up with policies to encourage re-investments/re-purposing in vacant buildings

WEAKNESSES

- Standard and Poor's Bond Rating
- Roads
- Minority interaction/involvement
- Embracing diversity
- Separation of police/fire at local levels (duplication)
- Number of school districts
- Revenue sharing loss/threats
- Negative comments on employee survey
- Three MPO's in County

THREATS

- Aging population
- Pressure to reduce taxes when times are good
- Renewal of Parks millage
- School Bond loan fund; Coopersville, Allendale
 - ⇒ State shortened amortization schedule period which is driving up costs and millages
- Unfunded mandates
- Uncertain/volatile economy
- Complacency
- "Unemployables" in citizenry
- Cost of health care
- Water - water resource study outcomes
- Changing retail - retail space/tax base impacts
- Managing growth - maintain open space/agriculture land

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.

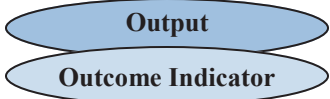
A **MISSION** statement assists an organization in easily communicating to a variety of constituencies what it does, who it serves, and why it does so. The Board of Commissioners has established the following mission statement:

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 the long-term economic, social and environmental health of the County.**
- 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: Maintain and improve current processes and implement new strategies to retain a **balanced budget**.

- *Adopt a budget calendar and provide information to the Board necessary to make key decisions.*
- *Implement the new budget software module and improved budget processes and adopt the budget by the end of September.*
- *Identify financial threats and approve strategies to mitigate those threats.*
- *Maintain the health of the County financing tools.*
- *Develop an improved financial forecasting model.*
- *Investigate options to fund pension liabilities.*
- *Continue strategies to contain health benefit costs, including; health plan design, bidding out our health plan to the market, and implementation of the health management plan.*
- *Work with federal and state agencies to complete the remediation at the Southwest Ottawa Landfill.*

Adopt a budget calendar and adhere to established timelines.
 Provide information to the Board in a timely fashion.
 Board is updated on the financing tools and Insurance Authority.
 Board reviews information and strategies regarding pension liabilities and health costs.
 Maintain progress to complete the remediation work and associated costs at the Southwest Ottawa landfill.

Budgets are adopted on time without deficits.
 The County financing tools are fully funded.
 The County can financially meet the needs of current residents without compromising the ability of future generations to meet their needs.
 Employee benefit costs rise at a rate lower than established benchmarks.

Objective 2: Maintain and improve the financial position of the County through **legislative advocacy**.

- *Develop a clear legislative action plan with regular tracking and reporting to the Board.*
- *Advocate on the issue of unfunded mandates, eliminating the addition of new unfunded mandates and receive full funding for existing unfunded mandates.*
- *Advocate to achieve the full reinstatement of revenue sharing and mitigate any negative impacts of the shift of this funding to the County Incentive Program (CIP).*
- *Continue to monitor and work with the Personal Property Tax legislation and vote to retain replacement funding.*
- *Identify other legislation that impacts our financial position, develop clear position statements on those issues and communicate those position statements to legislators.*

Produce legislative position statements that clearly outline our issues.
 Conduct a survey of our legislative delegation on various issues.
 Staff and lobbyist provides regular updates to the Board.

Legislation is implemented that more fully funds mandates.
 Revenue sharing is not further cut and eventually fully restored.
 The funding from the Personal Property Tax is fully replaced.
 Positive legislation adopted and negative legislation defeated.

Objective 3: Maintain or improve **bond credit ratings**.

- *Maintain a balanced budget with pro-active strategies.*
- *Present high-quality information to bond rating agencies.*
- *Continue to strive for "triple-triple" bond ratings.*

Board adopts a balanced budget.
 Communicate with bond rating agencies as scheduled.

Achieve and maintain the top ratings from all rating agencies.

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: Maintain and improve current processes and implement new strategies to retain a balanced budget.
- Objective: Maintain and improve the financial position of the county through legislative advocacy
- Objective: Maintain or improve bond credit ratings

Budget Ramifications: Over the last couple of years, the County has implemented strategies to reduce the cost of health care. Maintaining a fully funded health care system remains the most cost effective way to provide coverage for employees. During 2013, the health management plan has been fully implemented. In addition to the biometric screening, employees who do not meet the certain wellness goals (and are not working toward them) are charged a penalty for their health insurance. Costs to run the health management program, approximately \$175,000 for 2015, are more than covered by these penalties. The penalties and the health management program are reflected in the rates charged to departments in 2015. Also during 2013 forward, new hires in all bargaining units will be in the defined contribution pension plan.

One of the key components of the County’s legislative action plan is the lobbyist; the 2015 budget includes \$36,000 for Government Consultant Services, Inc (GCSI) to represent the County on legislative matters. During 2014, GCSI facilitated the efforts for passage of Proposal 1 which will phase out the personal property tax for manufacturing businesses while maintaining local government revenues from Use Tax revenues. The County and GCSI are working diligently for the passage of House bill 4532 that would allow for electronic storage of documents. In addition, the County anticipates significant involvement in the issue of unfunded mandates and maintaining the tax exempt status of municipal bonds.

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 may or may not be considered self-supporting depending on the requests received for funding from County municipalities. The Capital Improvement Fund (formerly 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. After an operating transfer to the Stabilization fund in 2012, this financing tool is fully funded (based on State law) as of 12/31/12. The Stabilization Fund maintains a significant fund balance and is contributing to the County budget in 2015 (interest earnings).

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, vision, workers' compensation and portions of vehicle, liability and property which operate very similarly to the financing tools. In 2011 the County discontinued self-funding of the health, dental and vision programs due to more favorable private coverage rates.

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 |
| 2570 | Stabilization Fund |
| 2970 | DB/DC Conversion |
| 2980 | Compensated Absences |
| 4020 | Capital Improvement Fund |
| 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 \$304,000 - \$443,000 per year.

A plan to alleviate site contamination was approved by the Department of Natural Resources during 2005. The fund has expended over \$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

Capital Improvement Fund (4020) (formerly 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 \$190,000 per year for the anticipated principal and interest payments associated with the bond issue. The 2015 budget includes a reassignment of \$300,000 of rent revenue from this fund to the General Fund to assist with operations. This change may continue for the next five 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.

DB/DC Conversion (2970)

Year Established: 2011

Fund Purpose: The purpose of the DB/DC Conversion fund is to accumulate funds for the short-term, temporary costs in changing from a defined benefit pension to a defined contribution pension for new County employees. In the long-term, the change will result in approximately \$30 million in savings over 30 years. This financing tool allows us to minimize the impact of the change to the short-term operating budget.

Financial Benefits:

- 1) Reduces future liabilities for pensions
- 2) Helps stabilize short-term budget balancing
- 3) May improve State funding prospects in the future

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 were discontinued in 2006.

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. After careful analysis, it was determined that funds could again be transferred from the fund beginning in 2012, and the 2015 budget reflects continued transfers to the General Fund (\$625,000).

Financial Benefits:

- 1) Operating Transfers to the General Fund.
- 2) Principal and Interest Payments on one bond issue totaling \$150,000 in 2015.
- 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 2015 budget includes \$150,000 for the anticipated principal and interest payments associated with the West Olive and Grand Haven bond issue. .

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 in addition to paying part of the annual principal and interest payments. .

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. 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 Capital Improvement Fund (due to funding of construction costs) and funded by the Delinquent Tax Revolving Fund, Infrastructure Fund, Capital 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 Capital 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 DB/DC Conversion fund is a major tool to reduce costs in the future and enhance sustainability.

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.

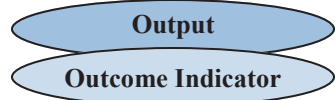
Additional Benefits:

- 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 twenty five 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

| | 2007 – 2013 | 2014 – 2020 |
|---|------------------------|------------------------|
| | Historical Savings | Projected Savings |
| | <u>To General Fund</u> | <u>To General Fund</u> |
| Solid Waste Clean-up Fund (2271) | \$6,741,279 | \$2,145,481 |
| Average Annual Savings | \$963,040 | \$306,497 |
| Average Annual Millage Savings | 0.0985 | 0.0277 |
| Capital Improvement Fund (4020) | \$21,675,649 | \$12,692,733 |
| Average Annual Savings | \$3,096,521 | \$1,813,248 |
| Average Annual Millage Savings | 0.3202 | 0.1660 |
| Stabilization Fund (2570) | \$1,342,155 | \$826,404 |
| Average Annual Savings | \$191,736 | \$118,058 |
| Average Annual Millage Savings | 0.0196 | 0.0104 |
| Delinquent Tax Revolving Fund (5160) | \$17,536,133 | \$14,390,741 |
| Average Annual Savings | \$2,505,162 | \$2,055,820 |
| Average Annual Millage Savings | 0.2604 | 0.1896 |
| Duplicating, Telecommunications, and Equipment Pool (6450, 6550, 6641) | \$13,204,068 | \$12,554,868 |
| Average Annual Savings | \$1,886,295 | \$1,793,552 |
| Average Annual Millage Savings | 0.1952 | 0.1635 |
| Grand Total | \$60,499,284 | \$42,610,227 |
| Total Average Annual Savings | \$8,642,754 | \$6,087,175 |
| Total Average Annual Millage Savings | 0.8939 | 0.5572 |

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



WHAT WILL WE DO TO GET THERE?

Objective 1: Maintain a comprehensive **communication plan** that guides the work of the County in this goal area.

- *Develop the work and responsibilities of the communications manager.*
- *Consider and evaluate new opportunities and methods to communicate with various stakeholders.*

Board stays updated on the Communications Plan.

Indicators in the citizen and employee surveys and website and social media metrics reflect increased knowledge of County activities and satisfaction with communication.

Objective 2: Review existing and implement new strategies to maximize communication with **citizens**.

- *Provide talking points for Commissioners on various topics for use when interacting with the public and other stakeholders.*
- *Evaluate existing and new technology and initiatives to improve engagement with citizens; including social media, speakers bureau, citizen budget meetings and evening commission meetings.*
- *Continue an increased focus on improving local media coverage, communicating key messages like the value proposition of taxes to services levels the County provides.*
- *Continue to improve www.miOttawa.org, increasing and improving the information and services that citizens can access.*
- *Provide timely and thorough information updates on key issues, like the M-231 project.*

Regularly provide talking points to Commissioners. Board work session to consider ways to engage with citizens. Promote and review initiatives like the speakers bureau. Continue focus on improving local media coverage. Regularly review work on the website and social media initiatives, tracking metrics to measure progress.

Website metrics and the 2014 citizen survey reflect an increase in citizen awareness and use of the website. The 2014 citizen survey reflects an increase in citizen awareness of County activities.

Objective 3: Continue to develop and implement methods of communicating with **employees**.

- *Continue using all-staff e-mails and develop a new employee portal to communicate important information to employees.*
- *Continue the Labor-Management Cooperation Committee.*
- *Continue and improve the employee-edited newsletter.*
- *Continue brown-bag lunches and other information sessions.*

Administration maintains consistency with brown bag luncheons, newsletters, Labor-Management meetings and other means to communicate with employees.

The 2015 employee satisfaction survey reflects an increase in overall employee satisfaction.

Objective 4: Evaluate communication with **other key stakeholders**.

- *Evaluate use of paperless packets and other communication technology and tools with Commissioners.*
- *Meet with community leaders on a regular basis.*
- *Evaluate communications with local units of government, including the use of quadrant meetings.*

Hold a work session on Commissioner technology. Conduct a survey of the Board rating communication. Meetings with local units are held on a regular basis.

Commissioners report satisfaction with communication from Administration. Ottawa County is viewed as a leader for best management practices and collaborative efforts.

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

Objective: Maintain a comprehensive communication plan that guides the work of the County in this goal area

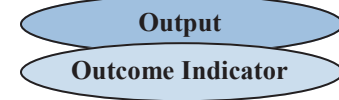
Objective: Review existing and implement new strategies to maximize communication with citizens

Objective: Continue to develop and implement methods of communicating with employees

Objective: Evaluate communication with other key stakeholders

Budget Ramifications: A pilot communications position was implemented during 2012 and was expanded in 2013 to improve communications for the Parks and Recreation department. The current half time communications positions in the Administrator and Parks/Recreation departments are each expanding to full time in the 2015 Budget. During 2013, the County's website was revamped with significant new functionality. The 2015 Budget includes \$264,000 for miottawa.org maintenance and development of new services. The 2014 budget includes \$200,000 for conversion of the email system with project completion anticipated in 2015. In 2014, the County spent \$22,500 for a citizen survey. The surveys are on a two year cycle to determine what impact County initiatives have made. The remaining objectives are ongoing and/or do not impact the budget.

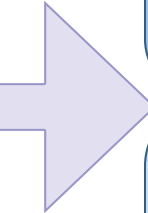
GOAL 3: TO CONTRIBUTE TO THE LONG-TERM ECONOMIC, SOCIAL AND ENVIRONMENTAL HEALTH OF THE COUNTY.



WHAT WILL WE DO TO GET THERE?

Objective 1: Consider initiatives that contribute to the **economic** health and sustainability of the County and its' residents.

- *Work with existing partners to further focus on and collaborate on regional economic development efforts.*
- *Discuss and act upon road policy issues, while maintaining regular communication with the road commission. Issues include the project status of M-231 and the proper funding for infrastructure.*
- *Continue work to develop an agriculture incubator and provide other forms of support that recognize the role of agriculture in our economy.*
- *Examine strategies to deal with obsolete building structures.*
- *Support and partner with other agencies to promote tourism.*

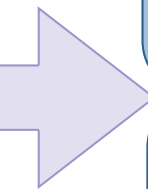


Board is updated by economic development groups about their economic activities.
Continue regular meetings with the Road Commission and MDOT.
Evaluate progress of the agriculture incubator work.

Businesses succeed and thrive in the County, contributing to low unemployment rates.
The US-231 project is successfully completed.
The 2014 citizen survey reflects a lower concern regarding economic development.

Objective 2: Consider initiatives that contribute to the **social** health and sustainability of the County and its' residents.

- *Evaluate Affordable Healthcare Act impacts.*
- *Continue to provide for public safety in the County through the work of the Sheriff, Prosecutor and Courts.*
- *Continue to provide for the health of residents in the County through the work of the Health and Community Mental Health Departments.*
- *Continue dialogue with community leaders and develop cultural intelligence training for employees so that the County is part of the solution to develop a globally diverse workforce in our community.*

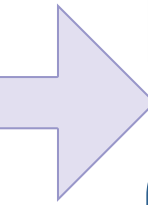


Board stays updated on the work and initiatives of departments in areas of public safety, public health and mental health.
Cultural intelligence training provided for all employees.

County retains low crime rates and high health rankings.
The 2014 citizen survey reflects continued high satisfaction regarding public safety and health.
Diverse peoples are welcomed and stay in the County.

Objective 3: Consider initiatives that contribute to the **environmental** health and sustainability of the County and its' residents.

- *Complete the next phase of the groundwater resources study, including more stakeholders in the process.*
- *Continue to support the work of the Parks and Recreation Commission, including their upcoming millage renewal efforts and the Grand River Greenway.*
- *Continue efforts related to water quality and beach sand quality.*
- *Continue work with the Agricultural Preservation Board, encouraging creative funding methods for their work.*
- *Complete Urban Smart Growth demonstration project.*
- *Provide community education events, like done with "fracking".*



Groundwater study is supported, funded and begins.
Continue with board liaisons on Parks Board.
Water Quality Forum held.
Complete Urban Smart Growth project.
Continue support of the Agricultural Preservation Board.
Continue "fracking" education and other community education events.

Ottawa County is recognized for improving water quality, and can provide for the water needs of residents and agriculture.
The 2014 citizen survey reflects continued satisfaction with living in Ottawa County.

Strategic Plan Goal 3: To Contribute to the Long-Term Economic, Social and Environmental Health of the County

- Objective: Consider initiatives that contribute to the economic health and sustainability of the County and its' residents
- Objective: Consider initiatives that contribute to the social health and sustainability of the County and its' residents
- Objective: Consider initiatives that contribute to the environmental health and sustainability of the County and its' residents

Budget Ramifications: The 2015 budget includes the continuation of the economic development coordinator position in the Planning and Performance Improvement (PPI) department (General Fund, 1010-7211). Tasks assigned to the position include administering the County's Brownfield Redevelopment Authority, administering the newly created agriculture/technology business incubator, and developing a coordinated economic development plan for Ottawa County. An additional economic specialist in the PPI department is included at just under a half time equivalency. The 2015 PPI budget also includes over \$55,000 for the County's economic development consultant, \$25,000 for economic attraction opportunities, and \$34,000 for an urban smart growth project.

The 2015 budget also reflects the addition of a road patrol deputy dedicated to juvenile issues with the position being shared by the General Fund, the Child Care Fund and the Ottawa Area Intermediate School District.

Agriculture is a leading industry in Ottawa County. Before the great recession, there were concerns that too much farm land was being developed. The County Board approved the Purchase of Development Rights ordinance and created the Agricultural Preservation Board. An additional land use planning specialist will help in this regard.

In addition, because of the rapid growth in the County, concern over green space and waterway access has become increasingly important. The 2015 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 2015 Parks and Recreation budget includes a total of \$575,000 for land acquisition and capital improvements to existing properties.

Environmental initiatives include the \$281,000 in the Solid Waste Clean-up fund 2015 budget for treatment requirements of the Southwest Ottawa Landfill pursuant to the agreement between the County and the State of Michigan. The Landfill Tipping Fees fund includes \$116,000 for the recycling program, household hazardous waste disposal, and the Clean Sweep pesticide collection program. Planning is underway for the 9th annual Ottawa County Water Quality Forum. The forum brings several environmental scientists, representatives from the Michigan Department of Environmental Quality, and representatives from local municipalities and regional environmental and planning organizations to discuss current and future water quality issues. Some monitoring of area beaches will be performed by the Environmental Health Division despite the loss of a specific grant for this purpose.. The Michigan State University

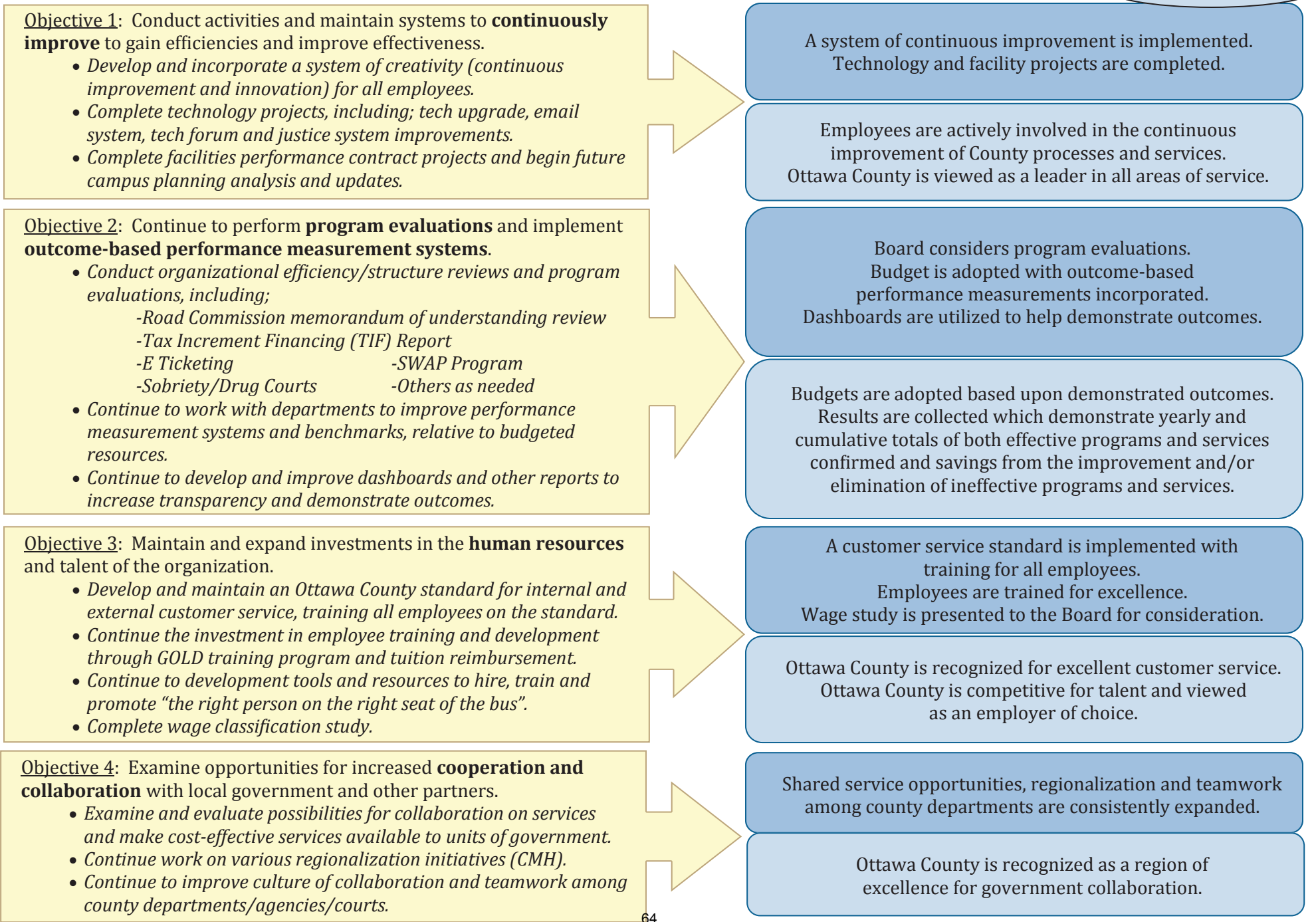
(MSU) Extension program includes \$115,000 for basic extension services, \$52,000 for a nutrient management educator, \$47,000 for a small fruit/horticulture educator, and \$10,000 for the coordinator of the “Ag in the Classroom” program.

The 2015 PPI budget also reflects the \$300,000 grant with the Michigan Department of Agriculture for phase two of the water resource study. Phase I was completed in June of 2013 and indicated that groundwater levels in some areas of the County are declining while chloride concentrations in some areas are increasing. The purpose of the second phase is to determine what actions can be taken in the future to ensure County residents who use well water will have adequate supplies in the future. The total \$462,000 multi-year project includes donations of \$54,500.

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



WHAT WILL WE DO TO GET THERE?



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

- Objective: Conduct activities and maintain systems to continuously improve to gain efficiencies and improve effectiveness.
- Objective: Continue to perform program evaluations and implement outcome-based performance measurement systems.
- Objective: Maintain and expand investments in the human resources and talent of the organization.
- Objective: Examine opportunities for increased cooperation and collaboration with local government and other partners.

Budget Ramifications: The 2015 budget reflects the accumulated cost benefits of efficiency and organizational studies performed on several County departments. These studies have been performed on several programs including: Sentence Work Abatement Program, Inmate Case Management and Treatment, and Communities Helping Ottawa Obtain a Safe Environment. The cumulative savings from programs modified, privatized, or discontinued as a result of the studies is \$5.5 million for 2015.

In 2012, the Administrator’s office rolled out its “Four Cs” program (Continuous Improvement, Cultural Diversity, Communication and Customer Service). The 2015 budget includes \$66,000 for consultants, employee training and other costs associated with the initiative as well as the continuation of a 1.2 full time equivalents. The 2015 budget includes an additional project oriented human resources specialist who will focus on health care reform, onboarding with new 4C’s initiatives, health management and compliance. A wage classification study will be completed in 2015.

In addition, the 2015 budget includes the continuation of outcome based performance measures and program evaluations. Beginning in 2009, the Planning and Performance Improvement department (PPI) have been working with departments to further refine goals, objectives, and performance measures. Most departments continue to meet with PPI and the budget document reflects the goals, objectives and performance measures for departments with an emphasis on efficiency and outcome measures. It is a work in process, and further refinement is expected. The project is reflected in the 2015 budget for Planning and Performance Improvement as it uses existing staff.

In July of 2013, the County signed a three year contract with the City of Grand Haven to provide assessing services for the City. The \$124,000 contract is included in the 2015 budget. A new two year contract with Crockery Township to provide assessing services is included in the 2015 budget for \$38,000. The County also provides policing services to various municipalities in the County and has a budget of \$7.7 million for these contracts including a new contract with the City of Ferrysburg/Spring Lake Village for eight employees. The County has a \$132,000 contract to provide accounting services with the Village of Spring Lake.