

User's Reference Guide

Overview

The User's Reference Guide provides assistance in using the County of Ottawa 2010 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 2010 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 2009 ending fund balance, 2010 budgeted revenues/other financing sources, 2010 budgeted expenditures/other financing uses, and the projected 2010 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 2010 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 2006, 2007, and 2008. Projected revenues and expenditures are included for 2009. Finally, the 2010 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 2010 budget

Section II: Summary of the 2010 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 2008, 2009, and budgeted 2010

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 Revenue Sharing Reserve funds, all special revenues funds, are major funds of the County.

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

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

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

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

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

Proprietary Funds:

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

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

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

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

Function	General Fund (<i>Major Fund</i>)	<i>Major</i> Special Revenue Funds	<i>Non- Major</i> Special Revenue Funds	<i>Non- Major</i> Debt Service Funds	<i>Non- Major</i> Capital Projects Funds	<i>Non- Major</i> Perm- anent Funds	Proprietary Funds	Comp- onent Units
	Page Number							
Legislative:	174							
Judicial:								
Circuit Court	182							
District Court	187							
Probate Court	191							
Juvenile Services	195							
Friend of the Court/ Child Support Enforcement			314					
Community Corrections			385					
General Government:								
Fiscal Services	207							
Corporate Counsel	211							
Clerk/Elections	204/214							
Administrator	218							
Equalization	221							
Human Resources	225							
Prosecutor:								
Prosecution	230							
Crime Victim's Rights			366					

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								
Administrative Services	233							
Information Technology							154	
Self-Insurance							154	
Telecommunications							154	
Equipment Pool							154	
Register of Deeds	234		364					
Treasurer	240		363					
Delinquent Tax Revolving							154	
Revenue Sharing Reserve		387						
Co-Operative Extension	243							
GIS	247							
Facilities and Maintenance	250							
Drain Commission	252							155
Public Safety:								
Sheriff:								
Road Patrol	259		364					
Investigations	259							
Administration	259							
Records	259							
Drug Enforcement	264							
Community Policing	265		361					
Jail/Corrections	273							
Marine Safety	271							
Emergency Services	276	320						
Animal Control	280							
Dispatch/911								155
Public Works:								
Solid Waste Planning			356/357					
Water, Sewer, & Drainage		323						155
Roads								155
Health & Welfare:								
Health Services		318						
Mental Health		348						
Job Training			374					
Juvenile Detention/Foster Care			391					

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	285							
Substance Abuse	286							
Department of Human Services			381					
Culture & Recreation								
Parks		310						
Community & Economic Development								
Planning	291		359/360					
Debt Service								
Building Authority Bonds				396				
Water and Sewer Bonds								155/401
Capital Construction								
Public Improvement		362	361					
Capital Projects					402			
Other:								
Cemetery Trust						407		

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 2010 Budget Calendar

March 2, 2009	Equipment and Personnel Request Forms sent to department heads.
March 31, 2009	Department requests for 2010 equipment requests should all be submitted through the equipment requisition process Personnel requests for 2010 should be submitted to Fiscal Services
April 1, 2009	Performance Measures sent to department heads for updating.
April 30, 2009	Performance Measures returned to Fiscal Services Department.
May 11, 2009	2010 Budget information session to be held in conjunction with the management meeting. (Packets to be distributed May 18)
May 12, 2009	Finance Committee approves the Resolutions of Intent to Increase Millage Rate. <i>The County operating levy under consideration is for the 2009 levy and 2009 budget year. The 911 and Parks levies under consideration are for the 2009 levy and the 2010 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 18, 2009	Budget packets distributed to departments.
May 19, 2009	Finance Committee approves the Resolutions to Approve the Millage Rate and forwards them to the Board
May 26, 2009	Board holds public hearing and approves the 2009 millage rates
May 18, 2009- June 12, 2009	Fiscal Services Department available to provide any needed assistance in completing budget documents.

June 12, 2009	Departments submit completed budget requests and narratives to the Fiscal Services Department.
June 12, 2009 - July 31, 2009	Fiscal Services Department summarizes budgets and prepares documents for Administrative review.
August 3, 2009 - August 31, 2009	Administration meets with Department Heads in preparation of a proposed budget.
August 25, 2009	Preliminary General Fund budget presented at Board Work Session and discussion of balancing methods
September 1, 2009	Board Work session to discuss balancing options for the 2010 General Fund budget
September 8, 2009	Board Work session on the 2010 General Fund budget and balancing options proposed by Administration
September 15, 2009	Finance Committee preliminary review of the total 2010 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.
September 22, 2009	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 receives preliminary overview of 2010 budget. Deadline for publication of the public hearing notice on the 2010 Community Mental Health budget.
September 28, 2009	Community Mental Health board holds the public hearing for the Mental Health budget and adopts the budget.
October 13, 2009	Board sets the date for the public hearing on the County Budget for October 27, 2009
October 20, 2009 Budget,	Finance Committee reviews Resolution to Approve 2010 County Insurance Authority Budget and the Apportionment Report.
October 21, 2009	Deadline for the publication of the public hearing notice on the 2010 budget.

October 27, 2009 Board holds the public hearing on the budget and receives the formal Budget Presentation. Board adopts the 2010 County Budget, the Insurance Authority Budget and the Apportionment Report.

County of Ottawa Budget Related Financial Policies

REVENUE AND EXPENDITURE POLICY

I. POLICY

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

II. STATUTORY REFERENCES

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

PROCEDURE

Revenues:

1. The more dependent the County is on any one revenue source the less able it is to weather changes in that revenue resulting from economic conditions. Consequently, the County will strive to develop a diversified revenue mix in order to avoid disruption to County services.

2. Taxes represent the most significant revenue source for the General Fund. However, there has been legislation that limits the County's ability to tax.

a. It is important that the County find ways to develop flexibility within its taxing authority. To do this, the County will strive to levy less than its legal maximum levy each year. This provides the County with a "cushion" to fall back on should conditions develop that would otherwise result in an immediate reduction of services. This "cushion" provides the County with time to find other funding sources and/or identify more cost effective ways to deliver services.

In addition, flexibility within the levy is also important to bond rating agencies. The agencies look very favorably on entities that have the flexibility to adjust tax revenues. The higher the County's bond rating is, the lower the cost to

borrow. This affects not just the County but the public overall, since assessments will be lower.

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

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

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

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

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

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

4. One time revenues are non-recurring, often unexpected resources that the County receives. Because they are non-recurring, they should not be used to cover ongoing expenditures. Instead, they should only be used for their intended purpose (if identified) or to fund non-operational expenditures (e.g., capital projects).

Expenditures:

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

2. Indirect Cost:

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

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

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

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

5. The County provides a variety of services to the public. As departments adjust programs to meet the perceived needs of their clients, a duplication of services can result, both with other County programs and with other government and

private agencies. Regular program review can help identify duplications. Where identified, the County will eliminate services duplicated internally or externally in order to use resources more efficiently.

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

REVIEW PERIOD

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

FINANCIAL GOALS POLICY

I. POLICY

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

II. STATUTORY REFERENCES

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

PROCEDURE

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

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

REVIEW PERIOD

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

GENERAL FUND BUDGET SURPLUS POLICY

I. POLICY

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

II. STATUTORY REFERENCES

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

PROCEDURE

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

f. In making decisions about the use of such funds, the Board will consider whether the program or goal can be performed better by a person or entity other than the County.

REVIEW PERIOD

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

OPERATING BUDGET POLICY

I. POLICY

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

II. STATUTORY REFERENCES

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

PROCEDURE

1. County Budget Philosophy

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

b. Prudence: As stewards of taxpayer dollars and to promote stability, the budget will be prepared using conservative, but realistic estimates. The County will also avoid budgetary procedures such as accruing future years' revenues or rolling over short-term debt to balance the current budget at the expense of future budgets.

The County will include a contingency amount in the budget for unforeseen and emergency type expenditures. The amount will represent not less than 1%

and not more than 2% of the General Fund's actual expenditures for the most recently completed audit (e.g., 2006 audit used for the 2008 budget). All appropriations from contingency must have Board approval.

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

2. Budget Formulation

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

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

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

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

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

3. Amendments to the Budget

Budgets for the current year are continually reviewed for any required revisions of original estimates. Proposed increases or reductions in appropriations in excess of \$50,000, involving multiple funds, or any amendment resulting in a net change to revenues or expenditures are presented to the Board for action. Transfers that are \$50,000 or less, within a single fund, and do not result in a net change to revenues or expenditures may be approved by the County Administrator and Fiscal Services Director. Budget adjustments will not be made after a fund's fiscal year end except where

permitted by grant agreements. All budget appropriations lapse at the end of each fiscal year unless specific Board action is taken.

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

4. Long-term Financial Planning

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

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

REVIEW PERIOD

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

PERFORMANCE MEASUREMENT POLICY

I. POLICY

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

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

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

allow the Board to make informed allocations of fiscal resources, and to provide for the continued improvement of resource allocations.

II. STATUTORY REFERENCES

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

PROCEDURE

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

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

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

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

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

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

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

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

REVIEW PERIOD

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

The County Millage Levy

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

All of these levies are affected by two legislative acts. In 1978, the Tax Limitation Amendment (also known as the Headlee Rollback) was passed. This legislation requires that the maximum authorized tax rate in a jurisdiction must be rolled back if the total value of existing taxable property in a local jurisdiction increases faster than the U.S. Consumer Price Index. The result of this legislation is a reduction in the County operating levy from 4.44 mills to 4.2650 mills; this represents decreased revenue of approximately \$1.75 million. The Board of Commissioners opted to reduce the levy further to 3.600 mills. This resulted in an additional \$6.7 *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 \$601,000. The Parks levy was also reduced slightly by Headlee from .33 mills to .3165 mills - a decrease of just over \$135,000.

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

History of Ottawa County Tax Levies

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

Tax Levy History

<u>Levy Year</u>	<u>Budget Year (1)</u>	<u>County Operation</u>	<u>E-911</u>	<u>Parks</u>	<u>Total</u>
2000	2001	3.6000	.4515	.3245	4.3760
2001	2002	3.5000	.4493	.3229	4.2722
2002	2003	3.4000	.4464	.3208	4.1672
2003	2004	3.4000	.4429	.3182	4.1611
2004	2005	3.5000	.4419	.3174	4.2593
2005	2006	3.5000	.4411	.3168	4.2579
2006	2007		.4407	.3165	4.2572
2007	2007	3.6000	.4407	.3165	4.3572
2007	2008		.4407	.3165	4.3572
2008	2008	3.6000	.4407	.3165	4.3572
2008	2009		.4407	.3165	4.3572
2009	2009	3.6000	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>
2009	2010		.4400	.3165	4.3565
2010	2010	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

2009 Operating Millage Levies of Neighboring Counties:

Allegan	4.6577
Muskegon	5.6984
Kent	4.2803
Ottawa	3.6000

Counties of Similar Size:

<u>County</u>	<u>2009 Taxable Valuation</u>	<u>Operating Millage Levy</u>
Kalamazoo	\$8,372,294,102	4.6871
Ingham	8,033,032,230	6.3512
Ottawa	10,018,437,711	3.6000
Genesee	11,326,298,563	5.5072
Washtenaw	15,312,121,625	4.5493

Highest 2008 Allocated and Voted Levy:

Baraga	14.64
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Lowest 2008 Allocated and Voted Levy:

Livingston	3.88
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New Positions Approved with the 2010 Budget

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

County of Ottawa 2010 Approved Personnel Requests

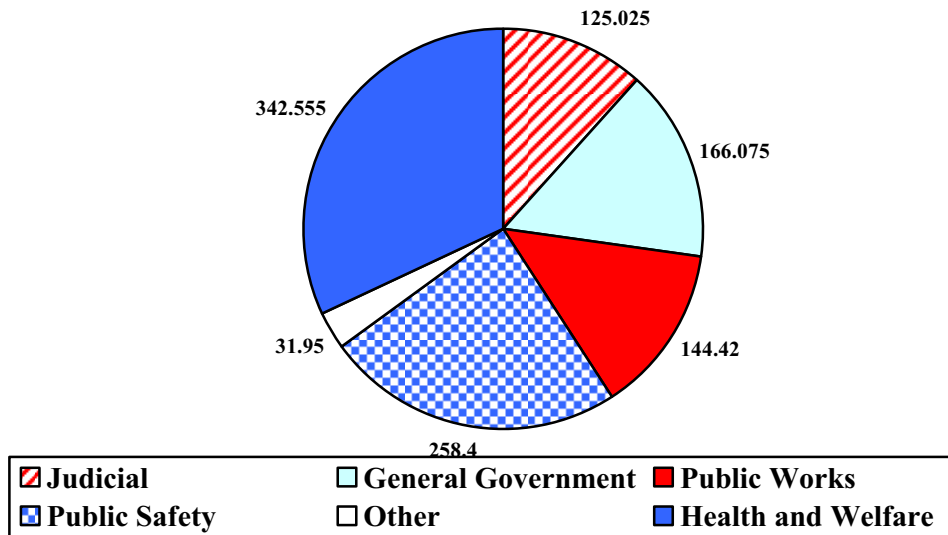
<u>Department</u>	<u>Description</u>	<u>Personnel Costs</u>	<u>Equipment Costs</u>
<u>Benefitted Positions:</u>			
Human Resources	.5 Training Coordinator	\$38,283	
Workforce Investment Act	Secretary	\$36,867	\$1,050
Weatherization	Weatherization Inspector	\$46,872	\$1,350
Weatherization	Weatherization Inspector	\$46,872	\$1,350
Weatherization	Assessment & Eligibility Specialist	\$39,871	\$1,050
Weatherization	Records Processing Clerk II	\$35,503	\$1,050
		<u>\$244,268</u>	<u>\$5,850</u>

County of Ottawa 2010 Approved Personnel Requests

Department	Description	Personnel Costs	Equipment Costs
<u>Unbenefitted Positions:</u>			
Parks & Recreation	Park Custodian	\$8,325	\$0
Parks & Recreation	Park Maintenance Worker (4 Positions)	\$46,932	\$19,600
Parks & Recreation	Maintenance Crew Supervisor	\$13,054	\$4,900
Parks & Recreation	Seasonal Grounds Attendant	\$6,038	\$15,000
		\$74,349	\$39,500
Grant Total - Approved Personnel Requests:		\$318,617	\$45,350

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 2010 Approved Capital Equipment Requests

Dept	Description	Estimated Purchase Price
District Court	3 Conversion of the main Holland Hudsonville Courtrooms to BIS	\$16,197
District Court	2 BIS Conversion of Magistrate Courtrooms	\$8,000
District Court	Canon Scanner DR 5010C	\$5,335
District Court	Cannon Scanner DR 5010C	\$5,335
District Court	Canon Scanner DR7580	\$6,590
District Court	Canon Scanner DR7580	\$6,590
Probate Court	Canon Scanner DR7580	\$6,590
Prosecuting Attorney	Canon Scanner DR7580	\$6,590
Sheriff	Canon Scanner DR7580	\$6,590
Sheriff	2 Patrol Tahoe	\$56,000
Sheriff	2 Patrol Vehicle	\$44,000
City of Coopersville	Patrol Vehicle	\$22,000
Parks & Recreation	Work Van, Front wheel drive, Chevy Uplander	\$22,000
Parks & Recreation	4WD pick up truck, 4 door, super cab	\$21,000
Parks & Recreation	2WD Pick up truck, standard cab, 6 ft bed	\$14,000
Parks & Recreation	Cross Country ski trail grooming equipment	\$5,000
Parks & Recreation	2 Commerical grade, 72" 'zero radius' turn mower	\$32,000
Parks & Recreation	HP Design Jet 5500 UV 42" plotter or equivalent	\$20,000
FOC Warrant Officer	Admin/Detective Vehicle	\$19,500
Health - Dental	Digital Radiography Unit	\$11,966
Health - Immunization Clinic	Guardian 8000 Watt Generator	\$5,214
CMH - Allocated Costs	15 Passanger Van	\$33,000
CMH - Allocated Costs	Mini Van	\$26,000
CMH - Allocated Costs	4 Mid Size Sedan	\$100,000
COPS Holland/Park Twps	Patrol Tahoe	\$28,000
Georgetown Township	Patrol Tahoe	\$28,000
Georgetown Township	2 Patrol Vehicle	\$44,000
Community Corrections	Ford Focus or Fusion or similar	\$18,000
Information Technology	Numara Deploy software & maintenance	\$32,400
Information Technology	Numara Patch Manager	\$12,000
Information Technology	APC UPS 6000VA w/step down transformer	\$5,128
Information Technology	Additional Storage for SAN	\$19,996
Information Technology	Email archiving, retention policy setting, eDiscover	\$37,130
Information Technology	Server Platform/VM Software	\$14,620
		<u>\$738,771</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 is planning for the following capital construction projects:

Capital Construction Projects

Project Description	2010 Expenditures	Future Year Expenditures
Ripps Bayou/Deer Creek Bridge Construction	\$75,000	\$0
Eastmanville Bayou Parking Area Construction	\$150,000	\$0
Upper Macatawa Non-Motorized Trail	\$872,000	\$0
Park 12 Holland Harbor Fishing Access	\$620,000	\$0
	\$1,717,000	\$0

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:

Revenues

Property Tax – The housing market has been quite volatile over the past year, and it is unknown when it will begin to stabilize. Certain federal initiatives may have kept prices artificially higher in the short term, and it is difficult to project the outcome when these initiatives expire. In the last several months, based on home sale information received by the Equalization Department, home values have continued to decline. It has also been observed that the experience on the east side of the State indicates the overall direction for the west side of the state within a couple of years. On the east side of the State, taxable value is already in the negative range. These factors as well as others discussed in the transmittal letter have been considered in developing a range of projected changes in taxable value over the next five years. As a result, projections were made based on an optimistic projection of taxable value, a moderate projection of taxable value and a pessimistic projection in taxable value. This range is from a (5%) decline to a (10%)

decline in the County's taxable value. Projections for subsequent years are the same, ranging from 0% - 2%.

Intergovernmental Revenue –The major consideration for intergovernmental revenue is the reinstatement of State Revenue Sharing payments. The County's State Revenue Sharing payments are scheduled to resume in 2011. Counties who have been eligible for reinstatement have thus far received it, and the additional counties eligible for reinstatement in 2010 are included in the Governor's 2010 budget. However, that budget has not yet been approved. The financial status of the State leads the County to be concerned over the long term reinstatement of Revenue Sharing at a reduced level.

As a result of this concern, the five year projections also include a range of revenue sharing reinstatement options. The range includes full reinstatement with applicable CPI applied, a partial reinstatement which reflects the 12 percent decrease discussed in the 2010 State budget, and no reinstatement of revenue sharing.

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

Investment Income – Since Investment Income depends in part on the investment environment, it is difficult to make projections. The County anticipates return rates to remain quite low for the next few years, but gradually improve after that. 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. These changes have been factored into the projections.

Operating Transfers In – In general, Operating Transfers In are one time dollars and are used for one time expenditures or in a specific long term plan. The 2010 budget does include \$1,000,000 from the Stabilization Fund meant to facilitate long term decisions for future program reductions. However, projections for subsequent years do not include other one-time transfers. The only other Operating Transfers In revenue in the budgets for 2011 is from the Revenue Sharing Reserve fund and \$50,000 per year through 2014 from the Telecommunications fund.

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

Expenditures

Salaries – County employees generally receive a cost of living adjustment which may be based on the consumer price index and available funds. 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 five year projections, and no new positions have been added to the projections.

Fringe Benefits – 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 10.2% per year for health insurance, 6% for dental insurance, and 3% for optical insurance. These increases reflect a 10 percent employee contribution in 2010 of the actuarially determined premium. Savings as a result of changes to health benefits for unrepresented employees are conservatively projected in the 2010 budget. The estimated savings for represented employees have been factored in as those contract expire.

Supplies and Other Services and Charges – In most cases, these expenditures are projected to increase by 2% per year. However, certain adjustments have been made. Liability and vehicle insurance are projected to increase 10% per year. Adjustments have also been made to reflect election costs in election years and other situations needing special handling.

Operating Transfers Out - 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 2% - 6%, depending on the fund.

Results

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

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 for 2011 : -5%

The changes in taxable value for 2012-2015 are identical for all projections as the housing market needs to stabilize before more outcomes can be identified beyond two years. The three scenarios under the optimistic change in taxable value include:

<u>Optimistic Taxable Value Projection</u>		
		2015
Revenue Sharing Status	2015 Resulting Annual Budget Shortfall	Resulting Fund Balance at Year End
Fully Reinstated	(\$11,248,412)	(\$26,289,993)
Partially Reinstated	(\$12,199,910)	(\$30,212,564)
Not Reinstated	(\$16,323,604)	(\$50,382,902)

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

Moderate Change In Taxable Value for 2011 : -7.5%

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

<u>Moderate Taxable Value Projection</u>		
		2015
Revenue Sharing Status	2015 Resulting Annual Budget Shortfall	Resulting Fund Balance at Year End
Fully Reinstated	(\$12,179,130)	(\$30,834,491)
Partially Reinstated	(\$13,130,628)	(\$34,757,062)
Not Reinstated	(\$17,254,322)	(\$54,927,400)

The table above shows an increasing gap between revenue and expenditures that widens to as much as \$17 million if revenue and expenditure assumptions prove true and no additional changes are made to operations.

Pessimistic Change In Taxable Value for 2011 : -10.0%

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

<u>Pessimistic Taxable Value Projection</u>		
	2015	2015
Revenue Sharing	Resulting Annual	Resulting Fund
Status	Budget Shortfall	Balance at
		Year End
Fully Reinstated	(\$13,109,848)	(\$35,378,995)
Partially Reinstated	(\$14,061,346)	(\$39,301,566)
Not Reinstated	(\$18,185,040)	(\$59,471,904)

The table above shows an increasing gap between revenue and expenditures that widens to as much as \$18 million if revenue and expenditure assumptions prove true and no additional changes are made to operations. The schedules that follow provide the detail of revenues by source and expenditures by activity for the above projections.

County of Ottawa
Five Year Budget Projections
General Fund

Optimistic Taxable Value Outlook
Revenue Sharing Fully Reinstated

	2010	2011	2012	2013	2014	2015
	Budgeted	Projected	Projected	Projected	Projected	Projected
Projected mills levied:		3.600	3.600	3.600	3.600	3.600
Projected change in taxable value:		-5.0%	0.0%	0.5%	1.0%	2.0%
Revenues:						
Taxes	\$39,292,953	\$37,333,012	\$37,127,064	\$37,221,461	\$37,606,331	\$38,341,012
Intergovernmental	\$4,467,497	\$8,829,467	\$9,404,653	\$9,536,227	\$9,672,628	\$9,839,080
Charges for services	\$9,104,481	\$9,269,919	\$9,438,529	\$9,610,374	\$9,785,516	\$9,964,019
Fines & Forfeits	\$979,800	\$999,396	\$1,019,384	\$1,039,772	\$1,060,567	\$1,081,778
Interest on investments	\$526,400	\$211,959	\$212,545	\$261,534	\$344,322	\$482,400
Rental income	\$3,152,369	\$3,265,169	\$3,359,370	\$3,459,000	\$3,564,449	\$3,367,155
Licenses & permits	\$253,525	\$258,596	\$263,767	\$269,043	\$274,424	\$279,912
Other	\$359,812	\$362,359	\$364,958	\$367,608	\$370,312	\$373,069
Operating transfer in	\$5,761,213	\$498,132	\$50,000	\$50,000	\$50,000	\$0
Fund balance reserve use	-\$53,016	\$0	\$0	\$0	\$0	\$0
Total Revenue	\$63,845,034	\$61,028,008	\$61,240,271	\$61,815,018	\$62,728,547	\$63,728,426
% change over prior year	-9.30%	-4.40%	0.30%	0.90%	1.50%	1.60%
Expenditures:						
Salaries	\$21,232,521	\$21,675,245	\$21,999,610	\$22,328,840	\$22,885,788	\$23,456,660
Fringe benefits	\$10,348,599	\$11,119,174	\$11,658,286	\$12,361,209	\$13,182,362	\$14,075,888
Supplies	\$2,415,847	\$2,338,736	\$2,507,921	\$2,433,039	\$2,606,110	\$2,531,152
Other services & chg	\$18,919,294	\$19,115,217	\$19,343,256	\$19,640,062	\$20,154,218	\$20,433,811
Contingency	\$766,592	\$706,289	\$643,450	\$670,743	\$697,838	\$722,205
Capital outlay	\$0	\$0	\$0	\$0	\$0	\$0
Operating Transfers	\$10,662,181	\$11,421,455	\$11,965,885	\$12,500,873	\$13,128,840	\$13,757,120
Total Expenditures	\$64,345,034	\$66,376,116	\$68,118,408	\$69,934,766	\$72,655,157	\$74,976,837
% change over prior year	-8.90%	3.20%	2.60%	2.70%	3.90%	3.20%
Revenue over (under) expenditures	-\$500,000	-\$5,348,108	-\$6,878,137	-\$8,119,748	-\$9,926,609	-\$11,248,412
Undesignated Fund Balance	\$8,497,136	\$3,149,028	-\$3,729,109	-\$11,848,857	-\$21,775,466	-\$33,023,878
Total Fund Balance	\$15,231,021	\$9,882,913	\$3,004,776	-\$5,114,972	-\$15,041,581	-\$26,289,993

County of Ottawa
Five Year Budget Projections
General Fund

Optimistic Taxable Value Outlook
Revenue Sharing Partially Reinstated

	2010	2011	2012	2013	2014	2015
	Budgeted	Projected	Projected	Projected	Projected	Projected
Projected mills levied:		3.600	3.600	3.600	3.600	3.600
Projected change in taxable value:		-5.0%	0.0%	0.5%	1.0%	2.0%
Revenues:						
Taxes	\$39,292,953	\$37,333,012	\$37,127,064	\$37,221,461	\$37,606,331	\$38,341,012
Intergovernmental	\$4,467,497	\$8,194,836	\$8,698,647	\$8,757,775	\$8,820,644	\$8,887,582
Charges for services	\$9,104,481	\$9,269,919	\$9,438,529	\$9,610,374	\$9,785,516	\$9,964,019
Fines & Forfeits	\$979,800	\$999,396	\$1,019,384	\$1,039,772	\$1,060,567	\$1,081,778
Interest on investments	\$526,400	\$211,959	\$212,545	\$261,534	\$344,322	\$482,400
Rental income	\$3,152,369	\$3,265,169	\$3,359,370	\$3,459,000	\$3,564,449	\$3,367,155
Licenses & permits	\$253,525	\$258,596	\$263,767	\$269,043	\$274,424	\$279,912
Other	\$359,812	\$362,359	\$364,958	\$367,608	\$370,312	\$373,069
Operating transfer in	\$5,761,213	\$498,132	\$50,000	\$50,000	\$50,000	\$0
Fund balance reserve use	-\$53,016	\$0	\$0	\$0	\$0	\$0
Total Revenue	\$63,845,034	\$60,393,377	\$60,534,265	\$61,036,566	\$61,876,563	\$62,776,928
% change over prior year	-9.30%	-5.40%	0.20%	0.80%	1.40%	1.50%
Expenditures:						
Salaries	\$21,232,521	\$21,675,245	\$21,999,610	\$22,328,840	\$22,885,788	\$23,456,660
Fringe benefits	\$10,348,599	\$11,119,174	\$11,658,286	\$12,361,209	\$13,182,362	\$14,075,888
Supplies	\$2,415,847	\$2,338,736	\$2,507,921	\$2,433,039	\$2,606,110	\$2,531,152
Other services & chg	\$18,919,294	\$19,115,217	\$19,343,256	\$19,640,062	\$20,154,218	\$20,433,811
Contingency	\$766,592	\$706,289	\$643,450	\$670,743	\$697,838	\$722,205
Capital outlay	\$0	\$0	\$0	\$0	\$0	\$0
Operating Transfers	\$10,662,181	\$11,421,455	\$11,965,885	\$12,500,873	\$13,128,840	\$13,757,120
Total Expenditures	\$64,345,034	\$66,376,116	\$68,118,408	\$69,934,766	\$72,655,157	\$74,976,837
% change over prior year	-8.90%	3.20%	2.60%	2.70%	3.90%	3.20%
Revenue over (under) expenditures	-\$500,000	-\$5,982,739	-\$7,584,143	-\$8,898,200	-\$10,778,593	-\$12,199,910
Undesignated Fund Balance	\$8,497,136	\$2,514,397	-\$5,069,746	-\$13,967,946	-\$24,746,539	-\$36,946,449
Total Fund Balance	\$15,231,021	\$9,248,282	\$1,664,139	-\$7,234,061	-\$18,012,654	-\$30,212,564

County of Ottawa
Five Year Budget Projections
General Fund

Optimistic Taxable Value Outlook
Revenue Sharing Not Reinstated

	2010	2011	2012	2013	2014	2015
	Budgeted	Projected	Projected	Projected	Projected	Projected
Projected mills levied:		3.600	3.600	3.600	3.600	3.600
Projected change in taxable value:		-5.0%	0.0%	0.5%	1.0%	2.0%
Revenues:						
Taxes	\$39,292,953	\$37,333,012	\$37,127,064	\$37,221,461	\$37,606,331	\$38,341,012
Intergovernmental	\$4,467,497	\$4,519,274	\$4,574,953	\$4,634,081	\$4,696,950	\$4,763,888
Charges for services	\$9,104,481	\$9,269,919	\$9,438,529	\$9,610,374	\$9,785,516	\$9,964,019
Fines & Forfeits	\$979,800	\$999,396	\$1,019,384	\$1,039,772	\$1,060,567	\$1,081,778
Interest on investments	\$526,400	\$211,959	\$212,545	\$261,534	\$344,322	\$482,400
Rental income	\$3,152,369	\$3,265,169	\$3,359,370	\$3,459,000	\$3,564,449	\$3,367,155
Licenses & permits	\$253,525	\$258,596	\$263,767	\$269,043	\$274,424	\$279,912
Other	\$359,812	\$362,359	\$364,958	\$367,608	\$370,312	\$373,069
Operating transfer in	\$5,761,213	\$498,132	\$50,000	\$50,000	\$50,000	\$0
Fund balance reserve use	-\$53,016	\$0	\$0	\$0	\$0	\$0
Total Revenue	\$63,845,034	\$56,717,815	\$56,410,571	\$56,912,872	\$57,752,869	\$58,653,234
% change over prior year	-9.30%	-11.20%	-0.50%	0.90%	1.50%	1.60%
Expenditures:						
Salaries	\$21,232,521	\$21,675,245	\$21,999,610	\$22,328,840	\$22,885,788	\$23,456,660
Fringe benefits	\$10,348,599	\$11,119,174	\$11,658,286	\$12,361,209	\$13,182,362	\$14,075,888
Supplies	\$2,415,847	\$2,338,736	\$2,507,921	\$2,433,039	\$2,606,110	\$2,531,152
Other services & chg	\$18,919,294	\$19,115,217	\$19,343,256	\$19,640,062	\$20,154,218	\$20,433,811
Contingency	\$766,592	\$706,289	\$643,450	\$670,743	\$697,838	\$722,205
Capital outlay	\$0	\$0	\$0	\$0	\$0	\$0
Operating Transfers	\$10,662,181	\$11,421,455	\$11,965,885	\$12,500,873	\$13,128,840	\$13,757,120
Total Expenditures	\$64,345,034	\$66,376,116	\$68,118,408	\$69,934,766	\$72,655,157	\$74,976,837
% change over prior year	-8.90%	3.20%	2.60%	2.70%	3.90%	3.20%
Revenue over (under) expenditures	-\$500,000	-\$9,658,301	-\$11,707,837	-\$13,021,894	-\$14,902,287	-\$16,323,604
Undesignated Fund Balance	\$8,497,136	-\$1,161,165	-\$12,869,002	-\$25,890,896	-\$40,793,183	-\$57,116,787
Total Fund Balance	\$15,231,021	\$5,572,720	-\$6,135,117	-\$19,157,011	-\$34,059,298	-\$50,382,902

County of Ottawa
Five Year Budget Projections
General Fund

Moderate Taxable Value Outlook
Revenue Sharing Fully Reinstated

	2010	2011	2012	2013	2014	2015
	Budgeted	Projected	Projected	Projected	Projected	Projected
Projected mills levied:		3.600	3.600	3.600	3.600	3.600
Projected change in taxable value:		-7.5%	0.0%	0.5%	1.0%	2.0%
Revenues:						
Taxes	\$39,292,953	\$36,434,073	\$36,228,125	\$36,318,027	\$36,693,863	\$37,410,294
Intergovernmental	\$4,467,497	\$8,829,467	\$9,404,653	\$9,536,227	\$9,672,628	\$9,839,080
Charges for services	\$9,104,481	\$9,269,919	\$9,438,529	\$9,610,374	\$9,785,516	\$9,964,019
Fines & Forfeits	\$979,800	\$999,396	\$1,019,384	\$1,039,772	\$1,060,567	\$1,081,778
Interest on investments	\$526,400	\$211,959	\$212,545	\$261,534	\$344,322	\$482,400
Rental income	\$3,152,369	\$3,265,169	\$3,359,370	\$3,459,000	\$3,564,449	\$3,367,155
Licenses & permits	\$253,525	\$258,596	\$263,767	\$269,043	\$274,424	\$279,912
Other	\$359,812	\$362,359	\$364,958	\$367,608	\$370,312	\$373,069
Operating transfer in	\$5,761,213	\$498,132	\$50,000	\$50,000	\$50,000	\$0
Fund balance reserve use	-\$53,016	\$0	\$0	\$0	\$0	\$0
Total Revenue	\$63,845,034	\$60,129,069	\$60,341,332	\$60,911,584	\$61,816,079	\$62,797,708
% change over prior year	-9.30%	-5.80%	0.40%	0.90%	1.50%	1.60%
Expenditures:						
Salaries	\$21,232,521	\$21,675,245	\$21,999,610	\$22,328,840	\$22,885,788	\$23,456,660
Fringe benefits	\$10,348,599	\$11,119,174	\$11,658,286	\$12,361,209	\$13,182,362	\$14,075,888
Supplies	\$2,415,847	\$2,338,736	\$2,507,921	\$2,433,039	\$2,606,110	\$2,531,152
Other services & chg	\$18,919,294	\$19,115,217	\$19,343,256	\$19,640,062	\$20,154,218	\$20,433,811
Contingency	\$766,592	\$706,289	\$643,450	\$670,743	\$697,838	\$722,205
Capital outlay	\$0	\$0	\$0	\$0	\$0	\$0
Operating Transfers	\$10,662,181	\$11,421,455	\$11,965,885	\$12,500,873	\$13,128,840	\$13,757,120
Total Expenditures	\$64,345,034	\$66,376,116	\$68,118,408	\$69,934,766	\$72,655,157	\$74,976,837
% change over prior year	-8.90%	3.20%	2.60%	2.70%	3.90%	3.20%
Revenue over (under) expenditures	-\$500,000	-\$6,247,047	-\$7,777,076	-\$9,023,182	-\$10,839,077	-\$12,179,130
Undesignated Fund Balance	\$8,497,136	\$2,250,089	-\$5,526,987	-\$14,550,169	-\$25,389,246	-\$37,568,376
Total Fund Balance	\$15,231,021	\$8,983,974	\$1,206,898	-\$7,816,284	-\$18,655,361	-\$30,834,491

County of Ottawa
Five Year Budget Projections
General Fund

Moderate Taxable Value Outlook
Revenue Sharing Partially Reinstated

	2010	2011	2012	2013	2014	2015
	Budgeted	Projected	Projected	Projected	Projected	Projected
Projected mills levied:		3.600	3.600	3.600	3.600	3.600
Projected change in taxable value:		-7.5%	0.0%	0.5%	1.0%	2.0%
Revenues:						
Taxes	\$39,292,953	\$36,434,073	\$36,228,125	\$36,318,027	\$36,693,863	\$37,410,294
Intergovernmental	\$4,467,497	\$8,194,836	\$8,698,647	\$8,757,775	\$8,820,644	\$8,887,582
Charges for services	\$9,104,481	\$9,269,919	\$9,438,529	\$9,610,374	\$9,785,516	\$9,964,019
Fines & Forfeits	\$979,800	\$999,396	\$1,019,384	\$1,039,772	\$1,060,567	\$1,081,778
Interest on investments	\$526,400	\$211,959	\$212,545	\$261,534	\$344,322	\$482,400
Rental income	\$3,152,369	\$3,265,169	\$3,359,370	\$3,459,000	\$3,564,449	\$3,367,155
Licenses & permits	\$253,525	\$258,596	\$263,767	\$269,043	\$274,424	\$279,912
Other	\$359,812	\$362,359	\$364,958	\$367,608	\$370,312	\$373,069
Operating transfer in	\$5,761,213	\$498,132	\$50,000	\$50,000	\$50,000	\$0
Fund balance reserve use	-\$53,016	\$0	\$0	\$0	\$0	\$0
Total Revenue	\$63,845,034	\$59,494,438	\$59,635,326	\$60,133,132	\$60,964,095	\$61,846,210
% change over prior year	-9.30%	-6.80%	0.20%	0.80%	1.40%	1.40%
Expenditures:						
Salaries	\$21,232,521	\$21,675,245	\$21,999,610	\$22,328,840	\$22,885,788	\$23,456,660
Fringe benefits	\$10,348,599	\$11,119,174	\$11,658,286	\$12,361,209	\$13,182,362	\$14,075,888
Supplies	\$2,415,847	\$2,338,736	\$2,507,921	\$2,433,039	\$2,606,110	\$2,531,152
Other services & chg	\$18,919,294	\$19,115,217	\$19,343,256	\$19,640,062	\$20,154,218	\$20,433,811
Contingency	\$766,592	\$706,289	\$643,450	\$670,743	\$697,838	\$722,205
Capital outlay	\$0	\$0	\$0	\$0	\$0	\$0
Operating Transfers	\$10,662,181	\$11,421,455	\$11,965,885	\$12,500,873	\$13,128,840	\$13,757,120
Total Expenditures	\$64,345,034	\$66,376,116	\$68,118,408	\$69,934,766	\$72,655,157	\$74,976,837
% change over prior year	-8.90%	3.20%	2.60%	2.70%	3.90%	3.20%
Revenue over (under) expenditures	-\$500,000	-\$6,881,678	-\$8,483,082	-\$9,801,634	-\$11,691,061	-\$13,130,628
Undesignated Fund Balance	\$8,497,136	\$1,615,458	-\$6,867,624	-\$16,669,258	-\$28,360,319	-\$41,490,947
Total Fund Balance	\$15,231,021	\$8,349,343	-\$133,739	-\$9,935,373	-\$21,626,434	-\$34,757,062

County of Ottawa
Five Year Budget Projections
General Fund

Moderate Taxable Value Outlook
Revenue Sharing Not Reinstated

	2010	2011	2012	2013	2014	2015
	Budgeted	Projected	Projected	Projected	Projected	Projected
Projected mills levied:		3.600	3.600	3.600	3.600	3.600
Projected change in taxable value:		-7.5%	0.0%	0.5%	1.0%	2.0%
Revenues:						
Taxes	\$39,292,953	\$36,434,073	\$36,228,125	\$36,318,027	\$36,693,863	\$37,410,294
Intergovernmental	\$4,467,497	\$4,519,274	\$4,574,953	\$4,634,081	\$4,696,950	\$4,763,888
Charges for services	\$9,104,481	\$9,269,919	\$9,438,529	\$9,610,374	\$9,785,516	\$9,964,019
Fines & Forfeits	\$979,800	\$999,396	\$1,019,384	\$1,039,772	\$1,060,567	\$1,081,778
Interest on investments	\$526,400	\$211,959	\$212,545	\$261,534	\$344,322	\$482,400
Rental income	\$3,152,369	\$3,265,169	\$3,359,370	\$3,459,000	\$3,564,449	\$3,367,155
Licenses & permits	\$253,525	\$258,596	\$263,767	\$269,043	\$274,424	\$279,912
Other	\$359,812	\$362,359	\$364,958	\$367,608	\$370,312	\$373,069
Operating transfer in	\$5,761,213	\$498,132	\$50,000	\$50,000	\$50,000	\$0
Fund balance reserve use	-\$53,016	\$0	\$0	\$0	\$0	\$0
Total Revenue	\$63,845,034	\$55,818,876	\$55,511,632	\$56,009,438	\$56,840,401	\$57,722,516
% change over prior year	-9.30%	-12.60%	-0.60%	0.90%	1.50%	1.60%
Expenditures:						
Salaries	\$21,232,521	\$21,675,245	\$21,999,610	\$22,328,840	\$22,885,788	\$23,456,660
Fringe benefits	\$10,348,599	\$11,119,174	\$11,658,286	\$12,361,209	\$13,182,362	\$14,075,888
Supplies	\$2,415,847	\$2,338,736	\$2,507,921	\$2,433,039	\$2,606,110	\$2,531,152
Other services & chg	\$18,919,294	\$19,115,217	\$19,343,256	\$19,640,062	\$20,154,218	\$20,433,811
Contingency	\$766,592	\$706,289	\$643,450	\$670,743	\$697,838	\$722,205
Capital outlay	\$0	\$0	\$0	\$0	\$0	\$0
Operating Transfers	\$10,662,181	\$11,421,455	\$11,965,885	\$12,500,873	\$13,128,840	\$13,757,120
Total Expenditures	\$64,345,034	\$66,376,116	\$68,118,408	\$69,934,766	\$72,655,157	\$74,976,837
% change over prior year	-8.90%	3.20%	2.60%	2.70%	3.90%	3.20%
Revenue over (under) expenditures	-\$500,000	-\$10,557,240	-\$12,606,776	-\$13,925,328	-\$15,814,755	-\$17,254,322
Undesignated Fund Balance	\$8,497,136	-\$2,060,104	-\$14,666,880	-\$28,592,208	-\$44,406,963	-\$61,661,285
Total Fund Balance	\$15,231,021	\$4,673,781	-\$7,932,995	-\$21,858,323	-\$37,673,078	-\$54,927,400

County of Ottawa
Five Year Budget Projections
General Fund

Pessimistic Taxable Value Outlook
Revenue Sharing Fully Reinstated

	2010	2011	2012	2013	2014	2015
	Budgeted	Projected	Projected	Projected	Projected	Projected
Projected mills levied:		3.600	3.600	3.600	3.600	3.600
Projected change in taxable value:		-10.0%	0.0%	0.5%	1.0%	2.0%
Revenues:						
Taxes	\$39,292,953	\$35,535,132	\$35,329,184	\$35,414,592	\$35,781,394	\$36,479,576
Intergovernmental	\$4,467,497	\$8,829,467	\$9,404,653	\$9,536,227	\$9,672,628	\$9,839,080
Charges for services	\$9,104,481	\$9,269,919	\$9,438,529	\$9,610,374	\$9,785,516	\$9,964,019
Fines & Forfeits	\$979,800	\$999,396	\$1,019,384	\$1,039,772	\$1,060,567	\$1,081,778
Interest on investments	\$526,400	\$211,959	\$212,545	\$261,534	\$344,322	\$482,400
Rental income	\$3,152,369	\$3,265,169	\$3,359,370	\$3,459,000	\$3,564,449	\$3,367,155
Licenses & permits	\$253,525	\$258,596	\$263,767	\$269,043	\$274,424	\$279,912
Other	\$359,812	\$362,359	\$364,958	\$367,608	\$370,312	\$373,069
Operating transfer in	\$5,761,213	\$498,132	\$50,000	\$50,000	\$50,000	\$0
Fund balance reserve use	-\$53,016	\$0	\$0	\$0	\$0	\$0
Total Revenue	\$63,845,034	\$59,230,128	\$59,442,391	\$60,008,149	\$60,903,610	\$61,866,990
% change over prior year *	-9.30%	-7.20%	0.40%	1.00%	1.50%	1.60%
Expenditures:						
Salaries	\$21,232,521	\$21,675,245	\$21,999,610	\$22,328,840	\$22,885,788	\$23,456,660
Fringe benefits	\$10,348,599	\$11,119,174	\$11,658,286	\$12,361,209	\$13,182,362	\$14,075,888
Supplies	\$2,415,847	\$2,338,736	\$2,507,921	\$2,433,039	\$2,606,110	\$2,531,152
Other services & chg	\$18,919,294	\$19,115,217	\$19,343,256	\$19,640,062	\$20,154,218	\$20,433,811
Contingency	\$766,592	\$706,289	\$643,450	\$670,743	\$697,838	\$722,205
Capital outlay	\$0	\$0	\$0	\$0	\$0	\$0
Operating Transfers	\$10,662,181	\$11,421,455	\$11,965,885	\$12,500,873	\$13,128,840	\$13,757,120
Total Expenditures	\$64,345,034	\$66,376,116	\$68,118,408	\$69,934,766	\$72,655,157	\$74,976,837
% change over prior year *	-8.90%	3.20%	2.60%	2.70%	3.90%	3.20%
Revenue over (under) expenditures	-\$500,000	-\$7,145,988	-\$8,676,017	-\$9,926,617	-\$11,751,546	-\$13,109,848
Undesignated Fund Balance	\$8,497,136	\$1,351,148	-\$7,324,869	-\$17,251,486	-\$29,003,032	-\$42,112,880
Total Fund Balance	\$15,231,021	\$8,085,033	-\$590,984	-\$10,517,601	-\$22,269,147	-\$35,378,995

County of Ottawa
Five Year Budget Projections
General Fund

Pessimistic Taxable Value Outlook
Revenue Sharing Partially Reinstated

	2010	2011	2012	2013	2014	2015
	Budgeted	Projected	Projected	Projected	Projected	Projected
Projected mills levied:		3.600	3.600	3.600	3.600	3.600
Projected change in taxable value:		-10.0%	0.0%	0.5%	1.0%	2.0%
Revenues:						
Taxes	\$39,292,953	\$35,535,132	\$35,329,184	\$35,414,592	\$35,781,394	\$36,479,576
Intergovernmental	\$4,467,497	\$8,194,836	\$8,698,647	\$8,757,775	\$8,820,644	\$8,887,582
Charges for services	\$9,104,481	\$9,269,919	\$9,438,529	\$9,610,374	\$9,785,516	\$9,964,019
Fines & Forfeits	\$979,800	\$999,396	\$1,019,384	\$1,039,772	\$1,060,567	\$1,081,778
Interest on investments	\$526,400	\$211,959	\$212,545	\$261,534	\$344,322	\$482,400
Rental income	\$3,152,369	\$3,265,169	\$3,359,370	\$3,459,000	\$3,564,449	\$3,367,155
Licenses & permits	\$253,525	\$258,596	\$263,767	\$269,043	\$274,424	\$279,912
Other	\$359,812	\$362,359	\$364,958	\$367,608	\$370,312	\$373,069
Operating transfer in	\$5,761,213	\$498,132	\$50,000	\$50,000	\$50,000	\$0
Fund balance reserve use	-\$53,016	\$0	\$0	\$0	\$0	\$0
Total Revenue	\$63,845,034	\$58,595,497	\$58,736,385	\$59,229,697	\$60,051,626	\$60,915,492
% change over prior year	-9.30%	-8.20%	0.20%	0.80%	1.40%	1.40%
Expenditures:						
Salaries	\$21,232,521	\$21,675,245	\$21,999,610	\$22,328,840	\$22,885,788	\$23,456,660
Fringe benefits	\$10,348,599	\$11,119,174	\$11,658,286	\$12,361,209	\$13,182,362	\$14,075,888
Supplies	\$2,415,847	\$2,338,736	\$2,507,921	\$2,433,039	\$2,606,110	\$2,531,152
Other services & chg	\$18,919,294	\$19,115,217	\$19,343,256	\$19,640,062	\$20,154,218	\$20,433,811
Contingency	\$766,592	\$706,289	\$643,450	\$670,743	\$697,838	\$722,205
Capital outlay	\$0	\$0	\$0	\$0	\$0	\$0
Operating Transfers	\$10,662,181	\$11,421,455	\$11,965,885	\$12,500,873	\$13,128,840	\$13,757,120
Total Expenditures	\$64,345,034	\$66,376,116	\$68,118,408	\$69,934,766	\$72,655,157	\$74,976,837
% change over prior year	-8.90%	3.20%	2.60%	2.70%	3.90%	3.20%
Revenue over (under) expenditures	-\$500,000	-\$7,780,619	-\$9,382,023	-\$10,705,069	-\$12,603,530	-\$14,061,346
Undesignated Fund Balance	\$8,497,136	\$716,517	-\$8,665,506	-\$19,370,575	-\$31,974,105	-\$46,035,451
Total Fund Balance	\$15,231,021	\$7,450,402	-\$1,931,621	-\$12,636,690	-\$25,240,220	-\$39,301,566

County of Ottawa
Five Year Budget Projections
General Fund

Pessimistic Taxable Value Outlook
Revenue Sharing Not Reinstated

	2010	2011	2012	2013	2014	2015
	Budgeted	Projected	Projected	Projected	Projected	Projected
Projected mills levied:		3.600	3.600	3.600	3.600	3.600
Projected change in taxable value:		-10.0%	0.0%	0.5%	1.0%	2.0%
Revenues:						
Taxes	\$39,292,953	\$35,535,132	\$35,329,184	\$35,414,592	\$35,781,394	\$36,479,576
Intergovernmental	\$4,467,497	\$4,519,274	\$4,574,953	\$4,634,081	\$4,696,950	\$4,763,888
Charges for services	\$9,104,481	\$9,269,919	\$9,438,529	\$9,610,374	\$9,785,516	\$9,964,019
Fines & Forfeits	\$979,800	\$999,396	\$1,019,384	\$1,039,772	\$1,060,567	\$1,081,778
Interest on investments	\$526,400	\$211,959	\$212,545	\$261,534	\$344,322	\$482,400
Rental income	\$3,152,369	\$3,265,169	\$3,359,370	\$3,459,000	\$3,564,449	\$3,367,155
Licenses & permits	\$253,525	\$258,596	\$263,767	\$269,043	\$274,424	\$279,912
Other	\$359,812	\$362,359	\$364,958	\$367,608	\$370,312	\$373,069
Operating transfer in	\$5,761,213	\$498,132	\$50,000	\$50,000	\$50,000	\$0
Fund balance reserve use	-\$53,016	\$0	\$0	\$0	\$0	\$0
Total Revenue	\$63,845,034	\$54,919,935	\$54,612,691	\$55,106,003	\$55,927,932	\$56,791,798
% change over prior year	-9.30%	-14.00%	-0.60%	0.90%	1.50%	1.50%
Expenditures:						
Salaries	\$21,232,521	\$21,675,245	\$21,999,610	\$22,328,840	\$22,885,788	\$23,456,660
Fringe benefits	\$10,348,599	\$11,119,174	\$11,658,286	\$12,361,209	\$13,182,362	\$14,075,888
Supplies	\$2,415,847	\$2,338,736	\$2,507,921	\$2,433,039	\$2,606,110	\$2,531,152
Other services & chg	\$18,919,294	\$19,115,217	\$19,343,256	\$19,640,062	\$20,154,218	\$20,433,811
Contingency	\$766,592	\$706,289	\$643,450	\$670,743	\$697,838	\$722,205
Capital outlay	\$0	\$0	\$0	\$0	\$0	\$0
Operating Transfers	\$10,662,181	\$11,421,455	\$11,965,885	\$12,500,873	\$13,128,840	\$13,757,120
Total Expenditures	\$64,345,034	\$66,376,116	\$68,118,408	\$69,934,766	\$72,655,157	\$74,976,837
% change over prior year	-8.90%	3.20%	2.60%	2.70%	3.90%	3.20%
Revenue over (under) expenditures	-\$500,000	-\$11,456,181	-\$13,505,717	-\$14,828,763	-\$16,727,224	-\$18,185,040
Undesignated Fund Balance	\$8,497,136	-\$2,959,045	-\$16,464,762	-\$31,293,525	-\$48,020,749	-\$66,205,789
Total Fund Balance	\$15,231,021	\$3,774,840	-\$9,730,877	-\$24,559,640	-\$41,286,864	-\$59,471,904

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 5, 2009, to create the business plan for 2009. This involved an update of objectives for 2009 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 and infrastructure
- 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

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WEAKNESSES

- Lack of a coordinated communication/education plan for effective communication on county services
- Lack of Diversity
- Poor transportation/infrastructure system with inadequate funding
- Need for increased regional cooperation
- 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
- State recession
- State government
- Workforce unprepared, inadequate for future jobs
- Lack of countywide mass transit, especially to County facilities, rural areas
- Three Metropolitan Planning Organizations (MPOs)
- No sustainability plan, look at paperless agendas
- Balancing quality-of-life with growth
- Managing growth to keep open spaces

OPPORTUNITIES

- Legislative activity - lobbyist to develop proactive strategies
- Local government communication, relations and assistance
- Examine use of a legislative standing committee
- Economic development (Pfizer plant, energy, agriculture)
- Enhance communication plan - website, newspaper, radio, schools
- Sustainable thinking - "going green", recycling, cost savings
- Growth in health care industry
- Regional thinking, planning and connections
- 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
- Bring balance to regulation in economic climate
- Provision of infrastructure
- Increase funding for mandated services
- Revenue sharing and finances

THREATS

- Financial state of the economy - unemployment
- Loss of revenue sharing
- Crisis in the housing industry, foreclosures
- Rising pension and health care costs
- Financial sustainability of parks
- 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
- New sales and business taxes

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.

Objective 1: Continue to work at the State and Federal levels to address unfunded and under-funded mandates.

- Advocate to remove obstacles that prevent full funding of mandates.
- Gather data with other counties to use with the mandated services study to gain full funding of mandates.

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

Objective 2: Continue to advocate that the State remain committed to continuing revenue sharing payments to counties.

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

Ottawa legislative delegation reports understanding of the County's position on the issue and all vote to retain revenue sharing.

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

- Complete the report which analyzes potential changes to the MERS Defined Benefit Plan.
- Complete a report which analyzes potential changes to the County health plan.

Commissioners consider a plan to address the future cost of the MERS Defined Benefit Retirement System. A plan is presented to Commissioners that addresses the County health plan expense.

Objective 4: Implement and continue processes to ensure appropriate staffing levels and pay.

- Complete the wage and classification study process.
- Implement process to review every position as it becomes vacant.

100% of wage study work is completed. Processes are in place to regularly review classifications and every position as it becomes vacant.

Objective 5: Maintain or improve bond ratings.

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

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

Objective 6: Identify and develop strategies to address potential financial threats.

- Research and develop a plan to address existing and future financial threats which clearly identifies threats and solutions.
- Fully fund financing tools.
- Develop a plan to address the 5-year projected budget deficit.
- Monitor State and Federal legislation for financial implications.
- Make a determination whether to change fiscal years to a July 1 to June 30 fiscal year.

Commissioners approve a strategy to address financial threats, financing tools are fully funded, and the operational budget deficit is eliminated, and legislation is supported or opposed as appropriate. Commissioners consider a study to change fiscal years.

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

Objective 1 & 2: Continue to Work at the State and Federal levels to address unfunded and under-funded mandates & Continue to advocate that the State remain committed to continuing revenue sharing payments to counties.

Effect on 2010 Budget: The Commissioner's budget continues to include funds for a lobbyist to strengthen the County's voice in the legislature. The 2010 budget for the lobbyist is \$36,000. The Board continues to maintain memberships in influential organizations including the Michigan Association of Counties, and \$59,000 is included for memberships in the 2010 budget.

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

Effect on 2010 Budget: During 2007, the County formulated different scenarios to determine the impact of benefit adjustments on the Other Post Employment Benefits (OPEB) liability. Based on the actuary results, the Board ended the health insurance implicit subsidy for retirees over age 65 and for any new hires after 1/1/08. In addition, the monthly credit for health insurance based on years of service will be eliminated for any new hires after 1/1/08. These three actions reduced the County's liability from \$31 million down to \$9 million. The 2010 budget includes just under \$1 million to cover the annual required contribution as determined by the actuary, and is recorded in Internal Service Fund 6771, Employee Benefits.

In addition, during 2008, the County spent \$18,600 to fund an actuary study of all 13 bargaining units to determine the cost, benefits and future savings of changing from a defined benefit pension to a defined contribution pension. Administration is currently studying the results and additional consultant work completed in 2009 and will develop a recommendation for the Board's consideration. The analysis of the health insurance plan has resulted in benefit changes for certain employee groups in 2010, with changes anticipated in the next contract of the remaining groups. Once the changes are fully implemented, the projected annual savings would be \$787,000.

Objective 4: Implement and continue processes to ensure appropriate staffing levels and pay.

Effect on 2010 Budget: During 2009, the County spent \$55,000 for a consultant to review all job descriptions and develop a wage study process that County staff can utilize for future wage studies. The results of the wage study will be presented to the Board of Commissioners in November, 2009. The 2010 Contingency budget includes \$150,000 to fund potential compensation changes that result from the study. The review process is in place and will be used for future compensation studies.

Objective 5: Maintain or improve bond ratings

Effect on 2010 Budget: The County's bond rating has been maintained as of the statement date. In addition, the 2010 budget maintains the target fund balance for the

General Fund of 15% of prior year's audited expenditures. The use of fund balance has been limited to maintain overall fiscal health.

Objective 6: Identify and develop strategies to address potential financial threats

Effect on 2010 Budget:

The 2010 budget maintains the tenets the 2004 budget balancing plan while a new plan is under development. The amount of one-time dollars (e.g., fund balance) used to balance the budget has decreased from a high of \$2.9 million in 2004 to \$2,000,000 in 2010. The new plan to address additional concerns includes the following strategies:

- 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. The 2010 budget includes no new positions that have a financial impact for the General Fund.
- 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 or its replacement with a defined contribution benefit for new hires. Administrative staff is currently reviewing the information presented by consultants on this initiative.
- Review the health insurance plan annually for appropriate changes and the implementation of a health management plan. Health benefits have been adjusted for certain employee groups with the 2010 budget (please see the transmittal letter for additional information).
- Review and analysis of other fringe benefit costs. Adjustments made in the unemployment fund have reduced costs and associated charge backs to departments by \$65,000 for the General Fund effective with the 2010 budget. Also effective in 2010 is a new cap on the County match for 457 plan contributions for unclassified employees. This is projected to save the County \$97,000 in 2010.
- 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

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 2010.

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 \$150,000 - \$175,000 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 on-going 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 2010 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 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 (the fund is contributing \$1 million to the County budget in 2010 due to the economic)
- 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 2009.
- 3) Ability to avoid bond issue costs to pay off annual delinquency.
- 4) Contributes to a positive Bond rating.
- 5) Cash flow management.

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

Year Established:

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

Fund Purposes:

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

(6550) was established in 1987 for the purpose of funding the County's transition from a leased telecommunications system to a County owned and operated system. This fund pays for the operation of and enhancements to the telephone system and a network. Revenues are received from user departments to cover expenses incurred in providing the telephone service as well as future capital improvements. The 2010 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 five 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 .385% of salaries. The savings are obviously significant. Clearly, the Financing Tools help the County provide a high level of services in a cost effective manner.

- 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 Fitch on General Obligation Limited Tax Bonds. Moody's Bond Rating is Aa1 for General Obligation. 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

	2002 – 2008	2009 – 2015
	Historical Savings	Projected Savings
	<u>To General Fund</u>	<u>To General Fund</u>
Solid Waste Clean-up Fund (2271)	\$5,983,899	\$1,683,000
Average Annual Savings	\$854,843	\$240,429
Average Annual Millage Savings	0.0922	0.0260
Public Improvement Fund (2450)	\$15,009,585	\$19,607,658
Average Annual Savings	\$2,144,226	\$2,801,094
Average Annual Millage Savings	0.2515	0.3021
Stabilization Fund (2570)	\$2,451,066	\$1,610,613
Average Annual Savings	\$350,152	\$230,088
Average Annual Millage Savings	0.0429	0.0074
Delinquent Tax Revolving Fund (5160)	\$17,691,837	\$16,401,743
Average Annual Savings	\$2,527,405	\$2,343,106
Average Annual Millage Savings	0.3116	0.2569
Duplicating, Telecommunications, and Equipment Pool (6450, 6550, 6641)	\$13,479,866	\$9,886,802
Average Annual Savings	\$1,925,694	\$1,412,400
Average Annual Millage Savings	0.2225	0.1569
Grand Total	\$42,631,548	\$58,655,279
Total Average Annual Savings	\$7,802,320	\$7,098,546
Total Average Annual Millage Savings	0.9207	0.7736

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

Objective 1: Develop and implement a comprehensive legislative action plan to communicate with legislators.

- *Develop action plan and implement plan with lobbyist and MAC.*
- *Evaluate the use of legislative breakfast meetings.*

State legislators report understanding of the County's positions on various issues within the Legislative Plan. Commissioners positively evaluate the lobbyist contract.

Objective 2: Develop and implement a comprehensive communication plan to communicate with the public.

- *Develop a communication plan for approval of the Commission, examining current and new methods of communication.*
- *Continue to inform and mobilize the public around the potential impacts of the loss of state revenue sharing.*
- *Evaluate and recommend regarding: miOttawa.org, citizens academy, youth/school involvement in government, citizen interaction with the budget process and Administrator blog.*

Commissioners approve a comprehensive communications plan. 25% of citizens report knowledge of revenue sharing and potential impacts of its loss. 40% of citizens report good awareness of County activities. 25% of citizens report using miOttawa.org to communicate with or learn about Ottawa County government.

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 Labor-Management Cooperation Committee.*
- *Continue and improve employee-edited newsletter.*
- *Continue brown-bag lunches, benefit meetings, and other information sessions.*

Percentage of employees reporting satisfaction with County Administration increases by 5% on 2009 Employee Satisfaction Survey.

Objective 4: Continue to improve communication with Commissioners.

- *Continue departmental annual report process.*
- *Survey Commissioners regarding their communication needs.*
- *Complete a cost-benefit analysis of the use of paperless agendas.*

100% of Commissioners report satisfaction with communication from Administration. Commissioners consider a cost-benefit analysis of paperless agendas.

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

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

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

Objective 6: Strengthen role in state, regional and national professional organizations.

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

Ottawa County, the Board of Commissioners, and staff are recognized as leaders and hold leadership positions in professional organizations.

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

Objective 2: Develop and implement a comprehensive communication plan to communicate with the public

Effect on 2010 Budget: The 2010 budget includes \$20,000 for a new citizen survey to rate the success of efforts to address several communication objectives. During 2009, the Administrative staff held citizen budget meetings at various venues in the County. This was the first time the County held citizen budget meetings, but the practice is expected to continue. Further development of MiOttawa.org is funded in the 2010 budget. The Information Technology budget includes \$234,000 to maintain current functions and develop new functions for the County:

Ottawa County Application Pipeline	Oct '08	Nov	Dec	Jan '09	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	NOV	Dec	Jan '10	Feb	Mar	Apr	May	Jun	Jul	Aug
Park Reservation 2009 Update	S			X																			
Calendar/Agenda/Minutes Publishing		S			X																		
GIS MapStore				S		X																	
Parks-Weaver House Modification				S		X																	
Business Name Search				S			X																
Marriage & Death Record Order/Genealogy				S			X																
Deeds Search							S						H										
District Court Record Search														X									
District Court Hearing Schedule													X										
Online Payments of County Invoices							S							X									
SL Twp Online Payment Pilot								S					X										
Police Dept Incident Reporting Interface									S					X									
Website Statistics by Department										S		X											
Delinquent Tax Payments									S		X												
Payment Processing Middleware Installation										S				X									
MI Works Event Registration											S				X								
Committee/Board/Intern Service Application											S					X							
District Court LT Case Extract App													S		X								
Marriage License Application													S			X							
Probate Court Name Search														S			X						
Annual Park Permit																S							
Prosecutor's Schedule																	S						
Food Service Licensing																							
Court House Self-Help Center																							
Parks Water Conditions Reporting																							
FOIA Request																							
Health Prescription Fulfillment																							
Parks Snow Conditions Reporting																							
Food Sanitation Online Training																							

Non-Ecommerce Project
Ecommerce Project

S	Estimated Start
S	Actual Start
X	Estimated Completion
X	Actual Completion
T	Training
H	Departmental Hold

Objective 6: Strengthen role in state and national professional organizations

Effect on 2010 Budget: Participation in professional memberships is specified in the budget detail submitted by departments. The total, County-wide 2010 budget for professional memberships is just under \$147,000.

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

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

- *Contact legislators on relevant road-related legislation.*
- *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: Identify and develop strategies to address potential new initiatives.

- *Develop a comprehensive sustainability plan.*
- *Discuss with Commissioners potential diversity initiatives.*

A comprehensive sustainability plan is presented to the Commission. Commissioners review and discuss potential diversity initiatives.

Objective 3: Investigate opportunities to impact the negative consequences of development.

- *Develop Purchase of Development Rights ordinance.*
- *Complete Urban Smart Growth demonstration project.*
- *Begin implementation of the countywide corridor study, specifically multi-jurisdictional access management ordinances.*
- *Conduct build-out analysis for local government units.*

Complete Purchase of Development Rights and Urban Smart Growth projects. Complete one multi-jurisdictional access management ordinance. Complete build-out analysis for two local government units.

Objective 4: Examine environmental and water quality policies and develop a research-based water quality action plan.

- *Develop an action plan based upon water-quality research results.*
- *Continue to host the Water Quality Forum.*
- *Participate in regional efforts including West Michigan Clean Cities Coalition and "Rein in the Runoff" Stormwater Initiative.*
- *Continue to work with local units of government to seek funding opportunities for completing a groundwater resources inventory.*

A plan of action with measurable results is developed from water quality research. 100% of attendees surveyed report the Water Quality Forum presented useful, relevant information. A county groundwater resources inventory is completed.

Objective 5: Provide quality County facilities throughout the county.

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

Commissioners consider report on use of additional land for communication tower leasing. Grand Haven project is completed on-time and within budget.

Objective 6: Consider opportunities to establish a countywide land use and economic development planning organization.

- *Investigate the feasibility of establishing a countywide land use planning organization.*
- *Work with the OCEDO to study the results and recommendations of the Economic Development Report.*

100% of Commissioners report satisfaction that options for a countywide land use organization have been fully evaluated. If the OCEDO approves the report recommendations, fully implement the plan for a reorganized economic development function.

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

Objective 2: Identify and develop strategies to address potential new initiatives

Effect on 2010 Budget: The 2010 Planning Commission budget (Fund 2420) includes \$25,000 to take advantage of economic attraction opportunities. \$500,000 for a proposed revolving loan match fund for economic development has been reflected in the Infrastructure Fund (Fund 2444), and Planning and Performance Improvement is designating one of their analyst positions for economic development. The Planning and Performance Improvement budget in the General Fund (1010-7211) also includes over \$51,000 for the County's economic development consultant.

Objective 4: Examine water quality policies and develop a research-based water quality action plan

Effect on 2010 Budget: The 2010 Drain Commission budget (General Fund 1010, Department 2750) includes \$27,000 for the development of an illicit discharge and elimination plan and storm water pollution prevention initiative and the associated public education plan. In addition, the Michigan State University Extension program (General Fund 1010, Department 2570) includes just over \$42,000 as the County contribution for their Nutrient Management Educator. The position focuses on the agriculture industry and the disposition of livestock waste and fertilizer application.

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

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

- *Conduct organizational efficiency and structure reviews, including Clerk/Register, Public Utilities and Fiscal Services.*
- *Evaluate drug courts and services to veterans.*
- *Continue the work of the Jail Mental Health Task Force.*

Commissioners receive a review and consider reports on the Clerk/Register of Deeds, Public Utilities and Fiscal Services. Commissioners receive a thorough evaluation of the drug court pilot project and veterans services. Commissioners receive a report from the Jail Mental Health Task Force.

Objective 2: Evaluate substance abuse funding, service structure, and community needs.

- *Evaluate options for providing substance abuse services.*
- *Complete internal evaluation of PA 2 allocation effectiveness.*
- *Complete external review of Lakeshore Coordinating Council to determine appropriate vehicle for administering funds.*

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

Objective 3: Prioritize mandated and discretionary services.

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

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

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

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

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

Objective 5: Establish better employee-management communications.

- *Continue Labor-Management Cooperation Committee.*
- *Continue employee newsletter, brown-bag lunches, benefit presentations, employee potlucks, and other communication efforts.*
- *Complete disease management and health coach study.*

100% of regularly-attending Labor-Management Cooperation Committee members report improved sense of communication between labor and management and report greater understanding of issues facing the County. 5% increase in employee satisfaction with "climate of trust". A disease management plan is presented to the Commission.

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

Objective 6: Examine opportunities for offering services to local units of government.

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

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

Objective 7: Ensure the continuity of government in the event of a disaster.

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

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

Objective 8: Complete labor negotiations with applicable employee groups.

- *Complete labor negotiations with the remaining groups.*

Remaining labor contracts are renewed by May 1, 2009.

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

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

Effect on 2010 Budget: The 2010 budget reflects the reallocation of two full time equivalents from the Register of Deeds office to the District Court. The economic downturn has decreased workload in the Register of Deeds office and increased civil workload in the District Court.

Objective 3: Prioritize mandated and discretionary services

Effect on 2010 Budget: In July of 2009, the Board completed its fourth ranking of discretionary services. The results of the rankings were used as a basis for some of the budget reductions in the 2010 budget.

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

Effect on 2010 Budget: The development of outcome based performance measurement is an on-going process. Departments are required to provide goals, objectives, and performance measures, including outcome measures.

Objective 6: Examine opportunities for offering services to local units of government

Effect on 2010 Budget: Information Technology has a contract with Park Township to provide imaging services. \$11,000 in revenue is included in the Information Technology budget. The County's website is also hosting Spring Lake Township in its online payment center for tax payments from Spring Lake Township residents, and the County will receive a portion of the convenience fees collected for the services. The 2010 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.