



County of Ottawa

Board of Commissioners

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February 19, 2010

To All Ottawa County Commissioners:

The Ottawa County Board of Commissioners will meet on Tuesday, February 23, 2010 immediately following the Board of Commissioners meeting for a Board Work Session, at the Ottawa County Fillmore Street Complex in West Olive, Michigan

The Agenda is as follows:

1. Call to Order by the Chairperson
2. Pledge of Allegiance to the Flag
3. Roll Call
4. Public Comments and Communications from Staff
5. Work Session Items:
 - A. DB/DC Resolution of Intent
 - B. 2011 Budget Principles
 - C. 2011 Fiscal Policies
 - D. Smoking on County Property
6. Public Comments
7. Adjournment

Joyce E. Kortman Dennis W. Swartout Jane M. Ruiters Matthew M. Hehl Roger G. Rycenga
Gordon D. Schrottenboer Robert W. Karsten James H. Holtvluwer Donald G. Disselkoen

COUNTY OF OTTAWA

STATE OF MICHIGAN

RESOLUTION

At a regular meeting of the Board of Commissioners of the County of Ottawa, Michigan, held at the Fillmore Street Complex in the Township of Olive, Michigan on the ___ day of _____, 2010 at _____ o'clock p.m. local time.

PRESENT: Commissioners: _____

ABSENT: Commissioners: _____

It was moved by Commissioner _____ and supported by Commissioner _____ that the following Resolution be adopted:

WHEREAS, the Ottawa County Board of Commissioners has, from time-to-time, considered the possibility of moving from a Defined Benefit Pension Plan to a Defined Contribution Pension Plan for all “newly-hired employees” of Ottawa County, a change which could involve significant cost savings for the County and which could also permit employees to obtain the benefits of investing in the free market with their pension funds; and,

WHEREAS, a move to a Defined Contribution Pension Plan, under the appropriate economic conditions, would be consistent with Goal I, Objective 3 of the Ottawa County Strategic Plan, which is to identify and develop a means of funding legacy costs; and

WHEREAS, the ultimate decision to move to a Defined Contribution Pension Plan for all newly-hired employees of Ottawa County must be based upon a determination that national, state, and local economic conditions justify such a move from a fiscal standpoint; and,

WHEREAS, the occurrence of several economic indicators within the national, state, and local economies would suggest that the timing is appropriate for the Board of Commissioners to adopt a Defined Contribution Pension Plan for all newly-hired employees of Ottawa County, at such date as may be determined by the Board;

NOW THEREFORE BE IT RESOLVED that it is the present intention of the Ottawa County Board of Commissioners to establish a Defined Contribution Pension Plan for all newly-hired employees of Ottawa County, upon a determination being made by the Board that the following national, state and local economic indicators show sufficient improvement to recommend the fiscal appropriateness of such a change:

1. A sufficient improvement in the funding levels and market values of the current Defined Benefit Pension Plan to allow for the transition to a Defined Contribution Pension Plan.
2. The restoration by the State of Michigan of revenue sharing with Ottawa County, as provided for in MCL 141.911.
3. Sufficient improvements in the property tax base of Ottawa County so as to allow the Board of Commissioners to both adequately fund the up-front costs of the transition to a Defined Contribution Pension Plan and to continue to meet the then-current, ongoing needs of Ottawa County government.
4. A trend of consecutive fiscal years with an operating surplus in Ottawa County's general fund;

and,

BE IT FURTHER RESOLVED, that the Ottawa County Administrator shall continue to monitor these key indicators, and such other factors as may be important to the decision of the Board of Commissioners to make a transition to a Defined Contribution Pension Plan for all newly-hired employees of Ottawa County, and shall, not less than annually, provide a report and recommendation to the Board; and,

BE IT FURTHER RESOLVED, that all resolutions and parts of resolutions insofar as they conflict with this Resolution are hereby repealed.

YEAS: Commissioners: _____

NAYS: Commissioners: _____

ABSTENTIONS: Commissioners: _____

RESOLUTION ADOPTED:

Chairperson, Ottawa County
Board of Commissioners

Ottawa County Clerk

County of Ottawa 2009 Budget Principles

The Board of Commissioners has adopted and occasionally reviews and amends specific fiscal policies that guide the sustainability of County finances. The rate of County revenue increase continues to diminish due to economic factors including the subprime lending impact on the housing market, dramatically increased fuel and other consumer good prices, increased unemployment and state economic malaise. The following statements summarize principles that will be utilized in order to prepare the 2009 budget.

Fund Balance Use

- Budget the use of fund balance for expenditures that have fund balance reserved or designated for a specific purpose.
- Budget the use of fund balance if a fund has a fund balance and the historical trends indicate that each year the fund balance has grown due to under expending and that the underlying cause for under expending will continue. The intent would be that fund balance would not be used and the increase in fund balance would be minimized each year.
- Fund Balances should not be utilized to fund on-going operations.
- Fund Balances should be utilized to fund one- time expenditures.
- Fund Balance may be used to bridge a short term funding issue created by an economic condition that is determined to be short term vs. the elimination of programs.
- Strive to maintain an undesignated fund balance of 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.

Programs and Service to the Citizens

- It will be the County's intent to continue to provide the highest quality of services to the citizens. Budget reductions will be considered that would eliminate entire programs before reducing the level of funding for all programs evenly across the board.
- During the last three budget years, the County has implemented a policy of no new hires that would negatively impact the General Fund's net cost. Staffing requests that are critical to ensure quality and timely service to the citizens will be considered.
- Program evaluations may be used as a tool to determine the benefit and related costs of specific programs and result in recommendations to continue or eliminate a program.
- Performance Measurements will be used in the evaluation of programs and services.
- The County will strive for coordination of human service programs and elimination of programs duplicated or provided by other agencies.

Mandated and Discretionary Services

- Discretionary services will be ranked by the Board of Commissioners. Programs with the lowest rankings will be reviewed for possible elimination or revamping.
- The level of service provided for mandated services will be reviewed for possible reductions.

Trend Analysis and Forecasting

- Economic conditions that affect the revenues and/or expenditures will be analyzed to determine the short and/or long term ramifications of the conditions.
- Trending of original budgets to actual revenues and expenditures will be used to indicate the accuracy of our budget process and to identify budgets that have not been at an acceptable level of accuracy.
- Five and ten year forecasts will be used to develop future budget plans.
- Longer range forecasts will be completed annually for all funds identified as Financing Tools.

Fiscal Policies

Code	Title
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01	Accounting Auditing Financial Reporting Policy
02	Accounts Payable Audit Policy
03	Automatic Clearing House & Electronic Transactions Policy
04	Capital Asset Policy
05	County Equipment - Personal Use
06	Credit Card Usage Policy
07	Debt Policy
08	Financial Goals Policy
09	General Fund Budget Policy
10	Grants Policy
11	Infrastructure Program Policy
12	Investment Policy
13	Livestock Reimburse Policy
14	Millage Request Policy
15	Operating Budget Policy
16	Participating Conferences Policy
17	Payment of Accounts Payable Prior to Brd Authorization Policy
18	Per Diem Expense Mileage Policy
19	Performance Measurement Policy
20	Revenue Expenditure Policy
21	Risk Management Policy
22	Purchasing Policy.

Policies that have an impact on the budget are attached. All policies are accessible on the Front Page under Fiscal Services.

OTTAWA COUNTY BOARD OF COMMISSIONERS

ACCOUNTING, AUDITING AND FINANCIAL REPORTING POLICY

I. POLICY

As stewards of funds, the County must provide accountability for their use. The accounting, auditing and financial reporting functions address accountability and provide critical information to the County Board, administrative staff, and department managers that helps them assess their programs and aid in decision-making.

The intent of this policy is to establish guidelines and standards for the County's accounting, auditing and financial reporting process.

II. STATUTORY REFERENCES

Public Act 2 of 1968, Uniform Budgeting and Accounting Act
Public Act 71 of 1919, Uniform System of Accounting MCL 141.921(1)
Public Act 34 of 2001, the Revised Municipal Finance Act
SEC Rule 15c2-12

III. COUNTY LEGISLATIVE OR HISTORICAL REFERENCES

Board of Commissioners Policy Adoption Date and Resolution Number: May 27, 2008; 08-123

Board of Commissioners Review Date and Resolution Number: May 13, 2008; 08-110

Name and Date of Last Committee Review: Planning and Policy Committee, May 8, 2008

Related Policies: _____

ACCOUNTING, AUDITING AND FINANCIAL REPORTING POLICY

PROCEDURE

1. The County will comply with generally accepted accounting principles as contained in the following publications:

- *Codification of Governmental Accounting and Financial Reporting Standards* issued by the Governmental Accounting Standards Board (GASB)
- *Pronouncements of the Financial Accounting Standards Board* (FASB)
- *Governmental Accounting, Auditing and Financial Reporting* (GAAFR) issued by the Government Finance Officers Association (GFOA) of the United States and Canada
- *Audits of State and Local Government Units*, an industry guide published by the American Institute of Certified Public Accountants (AICPA)
- *Government Auditing Standards* issued by the Controller General of the United States
- *Uniform Budgeting and Accounting Act*, State of Michigan Public Act 2 of 1968
- *Uniform System of Accounting Act*, State of Michigan Public Act 71 of 1919
- *Municipal Finance Act*

2. The County will issue all required financial reports by their established deadlines:

- A comprehensive financial audit including an audit of federal grants according to the United States Office of Management and Budget Circular A-133 will be performed annually by an independent public accounting firm. The firm will express an opinion on the County's financial statements.
- The Comprehensive Annual Financial Report will be issued within six months of the County's fiscal year end.
- The Comprehensive Annual Financial Report will be in compliance with the standards and guidelines established by the Government Finance Officers Association Certificate of Achievement for Excellence in Financial Reporting program.
- The Schedule of Federal Financial Assistance (Single Audit) will be issued within nine months of the County's fiscal year end.
- The County will submit a qualifying statement to the State of Michigan in compliance with Public Act 34 of 2001, the Revised Municipal Finance Act.
- The County will meet all continuing disclosure filings required by the Securities and Exchange Commission (SEC) including the guidelines established by SEC Rule 15c2-12.

3. The County will provide accurate and timely financial reports to departments and the Board of Commissioners to aid them in assessing the financial condition of the County and individual departments:

- A system of internal accounting controls will be maintained to adequately safeguard assets and provide reasonable assurances of proper recording of the County's financial transactions.
- The internal control practices of individual departments will be reviewed annually in connection with the annual audit.
- Monthly financial reports including a budget to actual comparison, transaction listing and budget exception report will be provided to departments or departments will have access to such information.
- Fiscal Services Department will provide the Finance and Administration Committee of the Board with budget to actual comparisons for the General Fund, Mental Health Fund and Health Fund on a quarterly basis or as requested.

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.

OTTAWA COUNTY BOARD OF COMMISSIONERS

DEBT MANAGEMENT POLICY

I. POLICY

Debt financing is an important tool for municipalities in meeting their service obligations to the public. However, used inappropriately, debt financing can cause serious, long-term problems that significantly affect on-going operations. It is important for municipalities to have appropriate guidelines in place to avoid the potential pitfalls of debt financing.

The intent of this policy is to establish parameters and guidance for the issuance, management, monitoring, assessment and evaluation of all debt obligations of the County.

II. STATUTORY REFERENCES

State of Michigan Constitution of 1963, Article VII, Section 11
Public Act 34 of 2001, the Revised Municipal Finance Act
Public Act 470 of 2002, the Agency Reporting Act

III. COUNTY LEGISLATIVE OR HISTORICAL REFERENCES

Board of Commissioners Policy Adoption Date and Resolution Number: May 27, 2008; 08-123

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Name and Date of Last Committee Review: Planning and Policy Committee, May 8, 2008

Related Policies: _____

DEBT MANAGEMENT POLICY

PROCEDURE

1. Conditions for Debt Issuance

In order to maintain a high credit rating and provide accountability to the taxpayers, debt issuance is subject to current conditions. Specifically, debt issuance is limited to the following conditions:

- a. Debt financing may be used to finance the construction or acquisition of infrastructure and other capital assets for the purpose of meeting its service obligations to the public.
- b. Debt (short-term or long-term) will not be issued to finance current, on-going operations of the County except in the case of an extreme financial emergency which is beyond its control or reasonable ability to forecast.
- c. The County may issue debt to refund outstanding debt when indicated by market conditions or to remove a restrictive covenant imposed by the bonds to be refinanced.
- d. The County may guarantee debt issued by the County's component units for the construction or acquisition of infrastructure and other capital assets for the purpose of meeting its service obligations to the public.
- e. Every proposed bond issue to be financed by County funds will be accompanied by an analysis to ensure that the new issue combined with current debt does not negatively impact the County's debt capacity and conformance with County debt policies.
- f. An internal feasibility analysis will be prepared for each debt proposal to be financed by County funds which analyzes the impact on current and future budgets to ensure that the County's operating budget can absorb the additional costs.

2. Limitations on Debt Issuance

The County faces both legal restrictions on debt issuance as well as self-imposed limitations.

- a. The County will comply with the State of Michigan Constitution of 1963, Article VII, Section 11, which states "No County shall incur indebtedness which shall increase its total debt beyond 10% of its assessed valuation."
- b. The County will comply with the provisions of the State of Michigan Public Act 34 of 2001, the Revised Municipal Finance Act.

- c. The County will manage debt in a manner than ensures the long-term financial integrity of the County.
- d. The maximum maturity of the issue will not exceed the expected useful life of the project.
- e. Exclusive of the debt service payments for the Ottawa County Central Dispatch Authority (which has a separate funding source), direct debt will not be issued if it will cause the total annual debt service payments to exceed 10% of the revenue sources that cover them. These revenue sources include the general operating levy, the interest, penalties, and collection fees earned by the Delinquent Tax Revolving Fund, and other identified sources.
- f. Additional debt will not be issued or guaranteed if doing so may jeopardize the County's current bond rating.

3. Debt Issuance Process and Maintenance

The County will issue debt in the manner providing the best financial benefit and maintain its obligation to the purchasers in an efficient and responsible manner.

- a. The County may sell bonds with a competitive bid process or as a negotiated sale. Certain issue specific conditions or market conditions may exist that necessitate a negotiated sale.
- b. Credit enhancements (e.g., insurance) may be considered if the projected benefits equal or exceed the additional cost.
- c. The County will comply with all disclosure requirements of the Securities Exchange Commission.
- d. The County will comply with State of Michigan Public Act 470 of 2002, the Agency Reporting Act.
- e. The County will make every effort to maintain or improve its bond rating.
- f. Debt Service payments will be made for all issues on or before the due date.
- g. Debt Service payments will be made via electronic funds transfer in order to enhance the security and timeliness of payments and to maximize the investment return on County funds.

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.

OTTAWA COUNTY BOARD OF COMMISSIONERS

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.

III. COUNTY LEGISLATIVE OR HISTORICAL REFERENCES

Board of Commissioners Policy Adoption Date and Resolution Number: May 27, 2008; 08-123

Board of Commissioners Review Date and Resolution Number: May 13, 2008; 08-110

Name and Date of Last Committee Review: Planning and Policy Committee, May 8, 2008

Related Policies: _____

OTTAWA COUNTY
FINANCIAL GOALS POLICY

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.

OTTAWA COUNTY BOARD OF COMMISSIONERS

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.

III. COUNTY LEGISLATIVE OR HISTORICAL REFERENCES

Board of Commissioners Policy Adoption Date and Resolution Number: May 27, 2008; 08-123

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Name and Date of Last Committee Review: Planning and Policy Committee, May 8, 2008

Related Policies: _____

GENERAL FUND BUDGET SURPLUS POLICY

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.

OTTAWA COUNTY BOARD OF COMMISSIONERS

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.

III. COUNTY LEGISLATIVE OR HISTORICAL REFERENCES

Board of Commissioners Policy Adoption Date and Resolution Number: May 27, 2008; 08-123

Board of Commissioners Review Date and Resolution Number: May 13, 2008; 08-110

Name and Date of Last Committee Review: Planning and Policy Committee, May 8, 2008

Related Policies: _____

OPERATING BUDGET POLICY

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 following budget calendar:

County of Ottawa Budget Calendar

- Mid March Equipment and Personnel Request Forms sent to department heads.
- March 31 Department requests for equipment and personnel submitted to Fiscal Services Department.
- April 1 Performance Measures sent to department heads for updating.
- April 30 Performance Measures returned to Fiscal Services Department.
- First Tuesday in May
- Finance Committee approves the Resolutions of Intent to Increase Millage Rates, Distribution of the Convention Facility Tax and Distribution of the Cigarette Tax. *The County operating levy under consideration is for the current budget year. The 911 and Parks levies under consideration are for the next budget year.*
- Board reviews Truth-in-Taxation Calculation, the Resolutions of Intent to Increase Millage Rates and sets the date for public hearing.
- Third Monday in May
- Budget packets distributed to departments.
- Third Tuesday in May
- Finance Committee approves the Resolutions to Approve the Millage Rates and forwards them to the Board.
- Fourth Tuesday in May
- Board holds a public hearing and approves the millage rates.
- Third Monday in May-
- Mid June Departments develop individual budgets. The Fiscal Services Department available to provide any needed assistance in completing budget documents.
- Mid June Departments submit completed budget requests and narratives to the Fiscal Services Department.

Mid June - Fiscal Services Department summarizes budgets and prepares
July 31 documents for Administrative review.

Mid July - Administration and Fiscal Services Director meet with Department Heads
Mid August in preparation of a proposed budget.

First Tuesday in September

Finance Committee presented with preliminary review of the General
Fund budget

Third Tuesday in September

Finance Committee preliminary review of the budget; approval of the
Salary and Fringe Benefits Adjustments.

Fourth Tuesday in September

Board sets the date for the public hearing on the County Budget for second
Tuesday in October, receives preliminary overview of budget and
approves the Salary and Fringe Benefit Adjustments.

Six Days Prior to Public Hearing

Deadline for the publication of the public hearing notice on the budget.

Second Tuesday in October

Board holds the public hearing on the budget and receives the formal
Budget Presentation.

Third Tuesday in October

Finance Committee reviews Resolution to Approve the County Budget,
Insurance Authority Budget and the Apportionment Report.

Fourth Tuesday in October

Board adopts the County Budget, the Insurance Authority Budget and the
Apportionment Report.

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/t 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. The following funds have been identified as financing tools of the County:

2271 Solid Waste Clean-up Fund: 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 for the clean-up of the landfill. The fund's goal is to use the interest generated from the principal to cover ongoing annual costs of the landfill clean-up.

2444 Infrastructure Fund: 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. Money is loaned to municipalities for qualifying projects at attractive interest rates.

2450 Public Improvement Fund: 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.

2570 Stabilization Fund: This fund was established pursuant to Act No. 30 of the Public Acts of 1978 to assure the continued solid financial condition of the County. Use of funds are restricted for but not limited to:

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

2980 Employee Sick Pay Bank: The purpose of the Employee Sick Pay Bank Fund is to pay for the County's accrued liability which was a result of discontinuing the accumulation and payoff of employee sick days.

5160 Delinquent Tax Revolving Fund: 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, the fund also covers the principal and interest payments on four bond issues.

6450 Duplicating Fund

6550 Telecommunications Fund

6641 Equipment Pool Fund: These funds are used to provide ongoing funding for equipment replacement. They help stabilize the operating budget by avoiding the peaks and valleys that can occur with equipment purchases.

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.

OTTAWA COUNTY BOARD OF COMMISSIONERS

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

III. COUNTY LEGISLATIVE OR HISTORICAL REFERENCES

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REVENUE AND EXPENDITURE POLICY

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 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.