

# User's Reference Guide

## Overview

The User's Reference Guide provides assistance in using the County of Ottawa 2007 Budget document. Its primary goal is to enhance the readability of the budget document and to increase its effectiveness as a communication device between the county and its citizens. In this section, commonly asked questions are answered under a variety of headings including:

<b><u>Guide to the Document</u></b>	<b><u>Page</u></b>
- What information is contained in each section?	33 - 34
- What types of funds are represented in the document?	35 - 36
- How do funds and functions relate? Where can I find can I find a particular program?	36 - 38
- What is involved in adopting the annual budget? What financial policies guide the budget process and county operations?	38 - 48
<b><u>Property Taxes and Mill Levies</u></b>	
- What is the county mill levy, and what effect has legislation had on it?	48
- How does the 2007 levy compare to previous years?	49
- How are property taxes calculated?	49
- How does the Ottawa County levy compare with other counties?	50
<b><u>Personnel and Capital Expenditures</u></b>	
- What new positions are included in the 2007 budget and what functions do County employees perform?	50 - 51
- What capital expenditures for equipment are included in the 2007 budget?	52 - 53
<b><u>Financial Outlook</u></b>	
- What does the future hold for Ottawa County?	53 - 57
<b><u>Strategic Planning</u></b>	
- To what extent has the county focused attention on long-term planning, both financial and programmatic?	58 - 78

# 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 2007 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 2006 ending fund balance, 2007 budgeted revenues/other financing sources, 2007 budgeted expenditures/other financing uses, and the projected 2007 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 two sections that follow are devoted to performance and goal achievement. The accomplishments section was added in this document to address goals and objectives less quantifiable or activity more long-term in nature. The performance and activity measures follow the accomplishments; 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 2007 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 2003, 2004, and 2005. Projected revenues and expenditures are included for 2006. Finally, the 2007 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

Resolutions approving the 2006 millage levies and the 2007 budget

##### Section II

Summary of the 2007 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 2005, 2006, and budgeted 2007

##### Section V

General information about Ottawa County

##### Section VI

Glossary of budget and finance terms to assist the reader through the more technical areas 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.

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

### Governmental Funds:

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

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

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

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

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

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

Proprietary Funds:

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

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

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

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

Function	General Fund (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
<b>Legislative:</b>	X							
<b>Judicial:</b>								
Circuit Court	X							
District Court	X							
Probate Court	X							
Juvenile Services	X							
Community Corrections			X					
<b>General Government:</b>								
Fiscal Services	X							
Corporate Counsel	X							
Clerk/Elections	X							
Administrator	X							
Equalization	X							
Human Resources	X							

**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
<b>Prosecutor:</b>								
Prosecution	X							
Crime Victim's Rights			X					
Administrative Services	X							
MIS							X	
Self-Insurance							X	
Telecommunications							X	
Equipment							X	
Register of Deeds	X		X					
Treasurer	X		X					
Delinquent Tax Revolving							X	
Revenue Sharing Reserve			X					
Co-Operative Extension	X							
GIS	X							
Facilities Maintenance	X							
Drain Commission	X							
<b>Public Safety:</b>								
<b>Sheriff:</b>								
Road Patrol	X		X					
Investigations	X							
Administration	X							
Records	X							
Community Policing	X		X					
Jail/Corrections	X							
Marine Safety	X							
Emergency Services	X							
Animal Control	X							
Dispatch/911								X
<b>Public Works:</b>								
Solid Waste Planning			X					
Water, Sewer, & Drainage								X

**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
Roads								X
<b>Health &amp; Welfare:</b>								
Health Services		X						
Mental Health		X						
Job Training			X					
Juvenile Detention/Foster Care			X					
Family Independence Agency			X					
<b>Culture &amp; Recreation</b>								
Parks		X						
<b>Community &amp; Economic Development</b>								
Planning	X		X					
<b>Debt Service</b>								
Building Authority Bonds				X				
Water and Sewer Bonds								X
<b>Capital Construction</b>								
Public Improvement		X						
Capital Projects					X			
<b>Other:</b>								
Cemetery Trust						X		

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, 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 2007 Budget Calendar**

April 5, 2006	Equipment and Personnel Request Forms sent to department heads.
April 28, 2006	Department requests for 2007 equipment and personnel submitted to Fiscal Services Department.
May 22, 2006	Fiscal Services Department prepares budget packets and distributes them to departments.
May 22, 2006 - June 16, 2006	Fiscal Services Department available to provide any needed assistance in completing budget documents.
June 16, 2006	Departments submit completed budget requests and narratives to the Fiscal Services Department.
June 16, 2006 - July 31, 2006	Fiscal Services Department summarizes budgets and prepares documents for Administrative review.
July 15, 2006 - Aug. 31, 2006	Administration meets with Department Heads in preparation of a proposed budget.
September 5, 2006	Finance Committee reviews General Fund budget, Truth-in-Taxation Calculation, and the Resolutions of Intent to Increase Millage Rates.
September 12, 2006	Board reviews Finance Committee recommendations for General Fund. Board reviews Truth-in-Taxation Calculation, the Resolutions of Intent to Increase Millage Rates and sets the date for public hearing.

## **County of Ottawa 2007 Budget Calendar (continued)**

- September 19, 2006 Finance Committee reviews remaining budgets and Resolutions to Approve the Millage Rates.
- September 20, 2006 Deadline for the publication of the public hearing notice on the intent to increase taxes.
- September 26, 2006 Board holds Truth-in-Taxation hearing, approves the Resolutions to Approve the Millage Rates, and sets the date for the public hearing on the County Budget for October 10, 2006.
- October 4, 2006 Deadline for the publication of the public hearing notice on the 2007 budget.
- October 10, 2006 Board holds budget hearing and reviews budgets
- October 17, 2006 Finance Committee reviews Resolution to Approve 2007 Budget.
- October 24, 2006 Board adopts the 2007 Budget.

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

## **County of Ottawa Financial Policies**

### **Cash and Investment Policy**

The County Treasurer is the custodian of all county funds. By resolution, and in accordance with Public Act No. 40 of 1932, as amended, the County Board of Commissioners designates a depository or depositories for County funds. Also by resolution of the Board of Commissioners, the County Treasurer is authorized to invest surplus County funds in the various forms of investment that are permitted by state statutes and that follow the guidelines of the investment policy.

## Investment Policy Summary

An Investment Policy covering all funds managed by the County Treasurer was adopted by the Ottawa County Board of Commissioners on April 26, 1994 (as amended April 11, 2000). The intent of the policy is to define the parameters within which the County's funds are to be managed and invested. The County recognizes its responsibilities with respect to the use and custody of public funds.

The comprehensive policy defines a wide range of issues including investment objectives, authority, authorized financial dealers and institutions, suitable investments, safekeeping, accounting, internal controls and investment performance and reporting requirements. Ottawa County's Investment Policy identifies the following investment objectives, in priority order: safety, liquidity, risk management, return on investment, and competitive bidding.

### 1. Cash Management

The County's policy regarding cash management is based upon the realization that there is a time-value to money.

Receipts: All monies due the County shall be collected as promptly as possible. Monies that are received shall be deposited in an approved financial institution no later than the next business day after receipt by County departments or as may be deposited by written policy. Amounts that remain uncollected after a reasonable length of time shall be subject to any available legal means of collection.

Disbursements: Any disbursements to suppliers of goods or services or to employees for salaries and wages shall be contingent upon an available budget appropriation and the required prior approvals as stated in the County's general policies.

Cash forecast: At least annually, a cash forecast shall be prepared using expected revenue sources and items of expenditure to project cash requirements over the fiscal year.

Pooling of Cash: Except for cash in certain restricted and special accounts, the County Treasurer shall pool cash of various funds to maximize investment earning.

### 2. Authorized and Suitable Investments

The County is empowered by State statute (Public Act No. 20 of 1943, as amended, MCL 129.91 et seq.) to invest in the following types of securities:

- A) In bonds, securities, and other obligations of the United States, or an agency or instrumentality of the United States.

## Cash and Investment Policy (continued)

- B) In certificates of deposit, savings accounts, deposit accounts, or depository receipts of a financial institution. The financial institution must be:
  - A state or nationally chartered bank or a state or federally chartered savings and loan association, savings bank, or credit union
  - whose deposits are insured by an agency of the United States government and
  - that maintains a principal office located in the State of Michigan under the laws of this State or the United States
- C) In commercial paper rated at the time of purchase within the two highest classifications by at least two rating services and that mature not more than 270 days after the date of purchase. Not more than 50% of any fund may be invested in commercial paper at any time.
- D) Repurchase agreements consisting of bonds, securities, and other obligations of the United States or an agency or instrumentality of the United States.
- E) In bankers' acceptances of United States banks.
- F) Mutual funds registered under the Federal Investment Company Act of 1940, composed of the investment vehicles described above. The policy includes securities whose net asset value per share may fluctuate on a periodic basis.
- G) Obligations described above if purchased through an inter local agreement under the Urban Cooperation Act of 1967 (for example, the MBIA program).
- (H) Investment pools organized under the Surplus Funds Investment Pool Act (Public Act 367 of 1982), e.g. bank pools.

### 3. Maturities and Diversification

Liquidity shall be assured through practices ensuring that disbursement, payroll, and bond payable dates are covered through maturing investments or marketable U.S. Treasury issues.

It is the policy of the County to diversify its investment portfolio. Assets held in the pooled funds and other investment funds shall be diversified to eliminate the risk of loss resulting from the over concentration of assets in a specific maturity, a specific issuer, or a specific class of securities.

## **Debt Policies**

One of the County's financing tools is the Public Improvement fund (Special Revenue fund 2450). The main purpose of the fund is to pay for building construction and major renovations for County facilities, and thus to avoid debt payments. The fund is used unless the scope of the project or current interest rates suggest debt issuance. Consequently, the majority of the County's debt is issued by its component units, primarily Ottawa County Public Utilities.

- 1) The county will not issue debt to finance on-going operations. Debt will only be issued to finance the construction of water and sewage disposal systems, drains and buildings, and to refund previously issued bonds. The County pledges its full faith and credit behind these issues. However, the county approves these issues only after ensuring that the issuer has established the revenue stream to make the debt payments.
- 2) As required under State of Michigan law, the county shall not increase its total debt beyond 10 percent of its assessed valuation. The 2005 assessed valuation for Ottawa County is \$10,345,422,434, capping debt at \$1,034,542,243. Ottawa County is well below this legal debt limit.

## **Auditing and Financial Reporting Policies**

- 1) An independent audit will be conducted annually.
- 2) Financial Reports will comply with Generally Accepted Accounting Principals as determined by the Governmental Accounting Standards Board.

## **Purchasing Policy**

On July 25, 1995 the Board of Commissioners adopted a new purchasing policy. The main tenants of the policy are discussed below:

- I. Source Selection
  - A) All procurement contracts in excess of \$20,000 will be awarded by competitive sealed bidding.
  - B) When the Purchasing Department determines that the use of competitive sealed bidding for procurements in excess of \$20,000 is either not practicable or not advantageous to the County, a contract may be entered into by use of the competitive sealed proposals method (Request for Proposal).
  - C) For purchases over \$500, but less than \$20,000, quotations from at least three vendors must be documented. Awards shall be made to

## Purchasing Policy (continued)

the qualified vendor offering the best value in the sole opinion of the Director of Administrative Services.

- D) For purchases under \$500, Department heads shall make the purchase using responsible criteria.
- II. Contract Clauses: County contracts for goods and services shall include provisions necessary to define the responsibilities and rights of both parties. The Director of Administrative Services may issue such clauses as deemed appropriate under a variety of subjects including price adjustments.
- III. Specifications: Specifications shall be written so as to promote overall economy for the purposes intended and to encourage competition while still providing a fair opportunity to all qualified vendors through nondiscrimination.
- IV. Procurement of Construction Services: The Director of Administrative Services shall determine the method of construction contracting management for a particular project.
  - A) Bid security in the amount of 5% of the bid shall be required for contracts over \$50,000.
- V. Suspensions: The Director of Administrative Services, upon consultation with the Civil division of the Prosecutor's office, is authorized to suspend a person from consideration for a period of not more than three years given appropriate cause.
- VI. Appeals and Remedies: A formal appeal process is provided for in the policy.
- VII. Ethics
  - A) Criminal misconduct is punishable as provided by the Michigan Penal Code.
  - B) Conflict of Interest: County employees shall abide by existing County policies including, but not limited to, policies regarding conflict of interest, gratuities or "kickbacks", and confidential information.

## **Fiscal Policies**

Adopted by the Board of Commissioners on June 13, 1995, Ottawa County fiscal policies and procedures are based on the following general financial goals:

- 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.

### **Fiscal Policies (continued)**

- 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.
- Establish priorities and funding mechanisms which allow the County to respond to local and regional economic trauma, changes in service requirements, changes in State and Federal priorities and funding as they affect the County's residents.
- Preserve, maintain, and plan for replacement of physical assets.
- Promote fiscal conservation and strive to obtain the highest credit rating in the financial community, by ensuring 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.
- Assure County taxpayers that County government is well managed by using prudent financial management practices and maintaining a sound fiscal condition.

To accomplish these goals, the following policies were also approved:

- I. Ottawa County will attempt to establish an undesignated fund balance in the general fund to pay expenditures caused by unforeseen emergencies, for cash short-falls caused by revenue declines and to eliminate any short-term borrowing. The undesignated fund balance shall be maintained at an amount which represents a minimum of 10% and up to 15% of the general fund actual expenditures for the most recently completed audit but not more than the equivalent of three months of operations of the planned budget year.

## Fiscal Policies (continued)

- II. 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.
  
- III. Ottawa County will include an amount in the general fund budget (i.e., a line item for contingencies) for unforeseen (e.g., emergency type) operating expenditures. The amount will represent not less than 1% and not more than 2% of the general funds actual expenditures for the most recently completed audit (i.e., 2002 audit used for 2004 budget). All appropriations from contingency must have County Board approval.
  
- IV. All budgets shall be adopted on a basis consistent with generally accepted accounting principles as promulgated by the Governmental Accounting Standards Board. Revenues are budgeted when they become measurable and available and expenditures are charged against the budget when they become measurable, a fund liability has been incurred and that liability will be liquidated with current resources.
  
- V. Ottawa County will maintain a budgetary control system to ensure adherence to the budget and will prepare timely, monthly financial reports comparing actual revenues, expenditures, and encumbrances with budgeted amounts.
  
- VI. Ottawa County shall support efforts which reduce 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. Once fully funded, the County Board will annually review the financing tools during the budget process with the intent to maintain full funding.
  
- VII. Ottawa County will recover indirect costs from all grants, contracts and reimbursements where allowable and appropriate.

## **Operating Budget Policies**

The Operating Budget Policies were approved by the Board of Commissioners on June 13, 1995.

Ottawa County shall prepare a comprehensive budget covering all governmental fund types each year.

## **Operating Budget Policies (continued)**

Because revenues, especially those of the General Fund, are sensitive to local and regional economic activity, revenue estimates adopted by the Board of Commissioners should be realistic, but conservative.

All operating expenditures will be paid out of current revenues or undesignated balances in excess of reserve requirements.

Direct expenditure and/or transfers of any unencumbered balance or any portion thereof in any appropriation reserve for transfer account to any other appropriations or reserve account may not be made without amendment of the general appropriation measure.

Ongoing operating budget should be supported by ongoing, stable revenue sources. This protects the County from fluctuating service levels and avoids crisis when onetime revenues are reduced or removed. Some corollaries to this policy include:

- a. Cash balances should be used only for one time expenditures, such as capital equipment and improvements, or contingency accounts.
- b. Ongoing maintenance costs should be financed through recurring operating revenues, rather than through bonds.

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

All Budgetary procedures will conform with State law including Public Act 621 of 1978 known as the "Uniform Budget and Accounting Act," MSA 5.3228 (21a) et seq.; MCLA 141.421a et seq.

The major responsibilities of individuals in a local unit of government are:

- I. The Administrator will assume final responsibility for the preparation, presentation, and control of the budget (budget preparation can be delegated by the Administrator to the Fiscal Services Director).
- II. Department heads and other administrative officers of budgetary centers will provide necessary information to the Administrator for budget preparation.
- III. The Administrator will present the recommended budget to the Finance Committee.
- IV. The Finance Committee will review the recommended budget and may request necessary information for consideration of the budget prior to presentation to the Board of Commissioners.

## **Operating Budget Policies (continued)**

- V. The Board of Commissioners will hold a public hearing prior to final approval of the budget.
- VI. The Board of Commissioners will pass a general appropriations resolution, consistent with the uniform chart of accounts prescribed by the Department of Treasury, establishing the legal levels of control.
- VII. The Administrator and Fiscal Services Director will recommend, and the Board of Commissioners will approve, any amendments to the general appropriations act required to comply with P.A. 621.

## **Self-Insurance**

The County has several Internal Service Funds as well as the Insurance Authority which account for various uninsured risks. The county is self-insured up to certain limits which vary by type of risk, and purchases reinsurance to cover claims in excess of those limits.

## **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.

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 4.2689 mills; this represents decreased revenue of approximately \$1.45 million. The Board of Commissioners opted to reduce the levy further to 3.500 mills. This resulted in an additional \$6.5 *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 .4411 mills; this represents decreased revenue of approximately \$500,000. The Parks levy was also reduced slightly by Headlee from .33 mills to .3168 mills - a decrease of just over \$112,000.

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>
1997	1998	3.9229	.4460	.3296	4.6985
1998	1999	3.7055	.4460	.3289	4.4804
1999	2000	3.6000	.4545	.3267	4.3812
2000	2001	3.6000	.4515	.3245	4.3760
2001	2002	3.5000	.4493	.3229	4.2722
2002	2003	3.4000	.4464	.3208	4.1672
2003	2004	3.4000	.4429	.3182	4.1611
2004	2005	3.5000	.4419	.3174	4.2593
2005	2006	3.5000	.4411	.3168	4.2579
2006	2007		.4407	.3165	4.2572
2007	2007	3.6000	<i>tbd</i>	<i>tbd</i>	<i>tbd</i>

*tbd – to be determined*

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

Calculation of Property Taxes

Below 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	.0035000	\$131.25	.0007572	\$28.40	\$159.65
\$100,000	50,000	.0035000	\$175.00	.0007572	\$37.86	\$212.86
\$150,000	75,000	.0035000	\$262.50	.0007572	\$56.79	\$319.29
\$200,000	100,000	.0035000	\$350.00	.0007572	\$75.72	\$425.72

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

Cmparison of Tax Levies of Other Michigan Counties

**2006 Operating Millage Levies of Neighboring Counties:**

Allegan	4.6587
Muskegon	5.6984
Kent	4.2803
<b>Ottawa</b>	<b>3.5000</b>

**Counties of Similar Size:**

<u>County</u>	<u>2006 Taxable Valuation</u>	<u>Operating Millage Levy</u>
Kalamazoo	\$7,546,721,917	4.6871
Ingham	7,522,177,686	6.3512
<b>Ottawa</b>	<b>9,027,094,310</b>	<b>3.5000</b>
Genesee	11,320,948,189	5.5072
Washtenaw	14,629,742,407	4.5493

**Highest 2005 Allocated and Voted Levy:**

Baraga	14.6622
--------	---------

**Lowest 2005 Allocated and Voted Levy:**

Livingston	3.9020
------------	--------

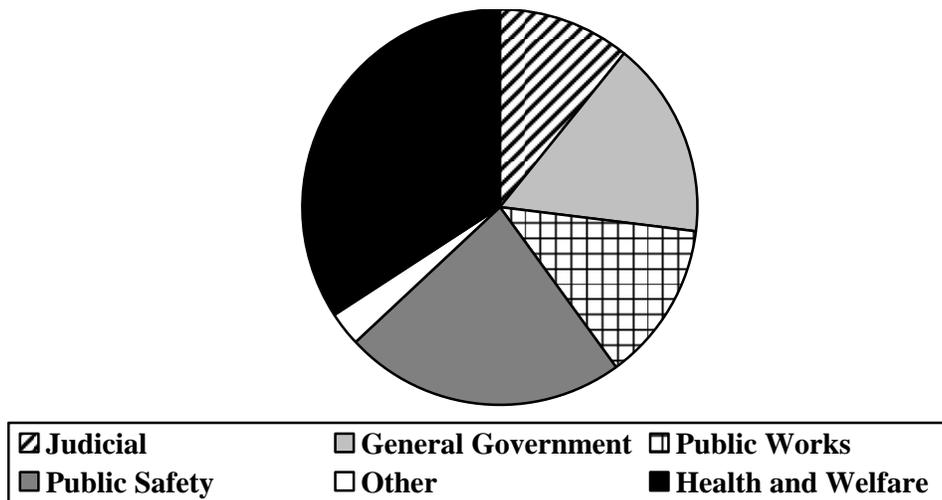
**New Positions Approved with the 2007 Budget**

As indicated in the transmittal letter, no new positions were approved for 2007 that affected the bottom line of the General Fund. However, because they did not affect the General Fund, certain positions were approved. The table that follows lists all of the approved changes.

Department	Fund - Center	FTE / Description	Total Position Cost
<b>Permanent Positions</b>			
Parks and Recreation	2081-7510	Admin. Secretary	\$56,114
<b>Temporary Positions</b>			
Parks and Recreation	2081-7510	2 - Gatekeepers, Upper Macatawa Conservation	\$7,243
Parks and Recreation	2081-7510	2 - Gatekeepers, Community Haven	\$5,350
Parks and Recreation	2081-7510	Seasonal Grounds Attendant	\$6,416
Parks and Recreation	2081-7510	SWAP - increase hours	\$1,120
Parks and Recreation	2081-7510	Park Attendant - increase hours	\$5,684
Register of Deeds Automation fund	2560-2360	Data Entry/General Clerical	\$31,200
<b>Total Approved Positions</b>			<b>\$113,127</b>

### Total County Personnel by Function

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



## Capital Equipment Approved with the 2007 Budget

		2007
		Estimated
Department Name	Item Description	Purchase Price
District Court	2007 Ford Crown Victoria	\$19,000
Bldg. / Grds. - Holland Campus	2007 GMC 3/4 T, 4 WD Pickup Truck	\$24,000
Sheriff	CVPI Patrol Vehicles Car 12 24 33 37 45 54 3K9 4K9	\$215,480
Sheriff	Admin & DB Vehicles	\$97,000
Sheriff	Chevy Tahoe Police Package Car 716	\$36,182
Sheriff	CVPI Patrol Vehicle Car TS4	\$26,180
COPS Georgetown	CVPI Patrol Vehicles Car 46 & 501	\$52,960
COPS Holland/West Ottawa	CVPI Patrol Vehicle Car 36	\$26,180
Holland Twp Zoning	CVPI Patrol Vehicle Car 703	\$26,980
Marine Safety	Ford Expedition Vehicle Car 714	\$26,000
Marine Safety	Patrol Vessel 26' Scout	\$83,544
Jail	Ford Van	\$25,280
Parks & Recreation	Tractor	\$35,000
Parks & Recreation	Brush hog mower attachment	\$5,000
Parks & Recreation	Pickup truck S-15	\$14,000
Parks & Recreation	Pickup truck - 3/4 ton 4WD	\$23,000
Parks & Recreation	Trailer	\$5,000
COPS Universal Zeeland TWP	CVPI Patrol Vehicle Car 171	\$26,480
Pt. Sheldon/West Ottawa	CVPI Patrol Vehicle Car 706	\$24,880
Allendale Twp / School	CVPI Patrol Vehicle Car 102	\$24,880
COPS Holland Twp.	Ford CVPI Vehicles (police package) 2007, Car 707	\$26,480
COPS Allendale	CVPI Patrol Vehicle Car 101	\$26,480
EMT - Holland / Park	Chevy Tahoe Police Package Car 709	\$36,182
EMT - Holland / Park II	CVPI Patrol Vehicle Car 708	\$24,880
EMT - Georgetown Twp.	Chevy Tahoe Police Package Car 47	\$35,682
EMT - Georgetown Twp.	Life-Pak heart monitor upgrades	\$21,041
Community Corrections	2007 Ford Crown Victoria	\$19,000
Family Court - Detention	Secureplex touch-screen system	\$46,700
Family Court - Detention	Replace 30 cameras, adding 7 new cameras, 3 digital recorders	\$60,500
IT	SAN Module w/ drives for centralized Storage	\$17,400
IT	Additional Storage for Contingency Server	\$8,997
IT	CISCOWORKS Version 2.5.1	\$5,995
IT	Domino Server	\$53,000
IT	Upgrade Windows 2003 Server Operating System to Version 2	\$5,200
IT	Software Development tool (X-Analysis or Hawkeye)	\$8,000
Totals		<u><u>\$1,212,563</u></u>

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

In addition, the County is planning for the following capital construction projects:

Capital Construction Projects

Project Description	2007 Expenditures	Future Year Expenditures
Grand Haven/West Olive Project	\$9,360,000	\$14,040,000
SouthWest Ottawa Landfill	\$1,598,155	\$0
North Beach Phase II	\$50,000	\$0
Park 12 - Phase II Improvements	\$140,000	\$0
Upper Macatawa Phase II Restoration	\$85,000	\$0
Riley Trails Improvements	\$150,000	\$125,000
Mount Pisgah Dune	\$528,000	\$0
Riverside Park Improvements	\$300,000	\$0
	\$12,211,155	\$14,165,000

## **Financial Outlook**

### **Overview**

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

Previously, the County projected out three years, but during 2004, this was extended to five years. Unexpected increases in certain costs as well as the tenuous nature of certain State funding sources required an expanded and more detailed look at the future. The history of expenditures was a good starting point as most of the County's costs, especially in the General Fund, are ongoing. History also provided us with trend information such as personnel additions and health care cost trends. From here, projections were formulated based on the following assumptions:

## **Revenues**

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

**Property Tax** – Increasing 5% per year. Property Tax is the largest revenue source of the General Fund, so accurate trend information is especially important. Ottawa County continues to have strong growth, and the average annual percentage increase in taxable value between 2000 and 2004 was 6.56%. To be conservative, the lesser amount of 5% is being projected.

**Intergovernmental Revenue** – In recent years, the County has seen many State funding sources stay flat. Consequently, the County used a 0% increase for most intergovernmental sources. One exception to this, however, is the contributions from local units. Most of this revenue is reimbursements from municipalities that contract with us for policing services. By contract, these municipalities are required to reimburse us based on expenditures. As a result, that particular intergovernmental revenue is projected to increase 3% per year.

**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. This too, may be conservative. Revenue in the Register of Deeds office has actually increased by an average of 15% per year for 2000 – 2004. In 2004, revenue is decreasing, and higher interest rates will likely lower the rate of growth for this revenue.

**Investment Income** – Since Investment Income depends in part on the investment environment, it is difficult to make projections. The County anticipates earnings to bottom out in 2006/2007 (based on current holdings), but improve significantly after that. However, since Investment Income constitutes a small part of total revenue, the effect of the improvement on future operations is also small.

**Operating Transfers In** – In general, operating transfers in are one time dollars. Because the County does not want to financially strain other funds, no one time operating transfers are included in the 2007 budget. The only Operating Transfer In revenue in the budgets for 2008 and beyond are those from the Revenue Sharing Reserve fund.

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

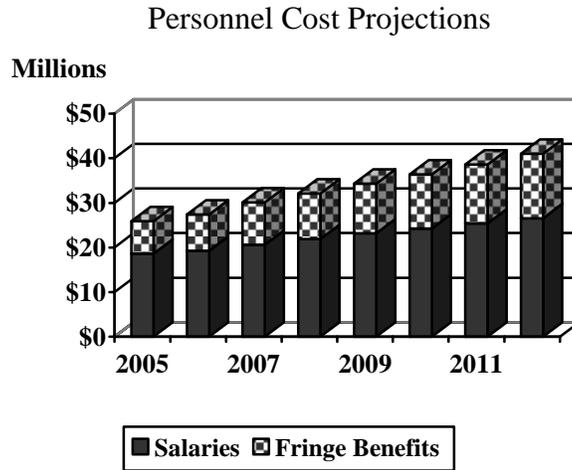
## **Expenditures**

**Salaries** – County employees generally receive a cost of living adjustment based on the consumer price index. In addition, newer employees also receive step increases for five years. After the five years, the employees receive only the cost of living adjustment. To cover both the cost of living adjustment and the step increases, the projections increase salaries by 4.75% per year.

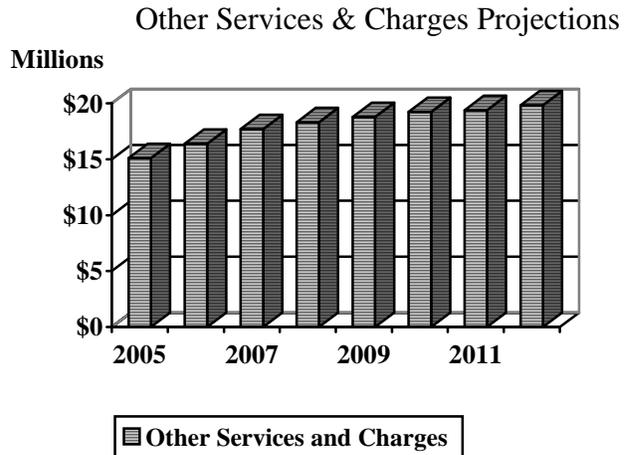
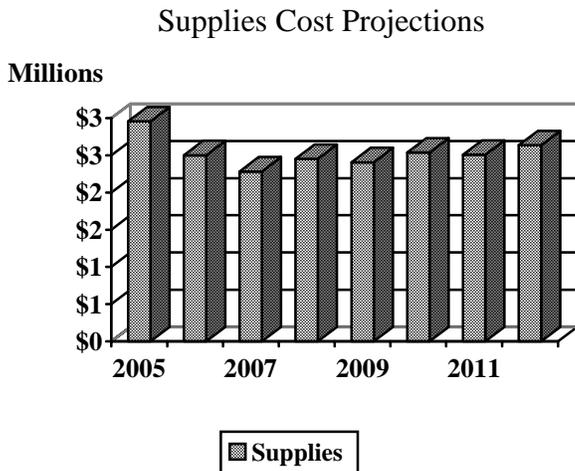
In addition, a growing County like Ottawa needs to be able to respond to the growing service demands with additional employees. Based on historical personnel additions, approximately \$500,000 per year is added to salaries and fringe benefits per year to reflect additional employees.

**Fringe Benefits** – Certain fringe benefits, the largest being social security tax and retirement contributions, are based on salaries. Consequently, these fringe benefits are also projected to increase by 4% per year. Other fringe benefits, mainly health, dental and optical insurance are not based on salaries. Based on the most recent actuary study, the projections include increases of 12.38% per year for health insurance, 8% for dental insurance, and 5% for optical insurance.

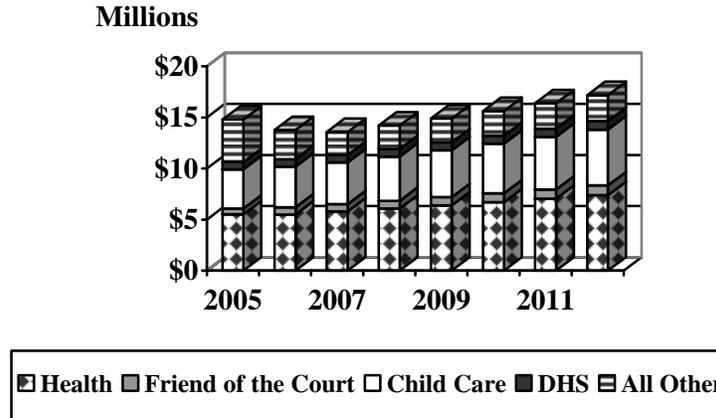
The graph below shows the history and projections for personnel costs and reflects the disproportionate increase in fringe benefits as compared to salaries.



**Supplies and Other Services and Charges** – In most cases, these expenditures are projected to increase by 2% per year. However, certain adjustments have been made. Liability and vehicle insurance are projected to increase 6-8% per year. In addition, adjustments have been made to reflect election costs in election years and the projections for facilities costs in connection with the Grand Haven/West Olive project.



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



## Results

The results of the projections (which follow) were disconcerting. As indicated in the transmittal letter, the projections uncovered an ongoing operational deficit in excess of \$4 million per year. It was clear that a plan was needed to correct the ongoing deficit.

Specifically, the County has revised the projections with the following adjustments:

- Raise the operating millage levy .1 mill in 2007 and 2008. Even with these increases, an estimated \$5 million in tax revenue would still be available to the County since it levies less the maximum authorized levy.
- General Fund hiring freeze for new full-time positions in 2006 and 2007
- Increase employee health insurance co-pay from 3% to 10% over a period of 3-5 years
- Review and rank discretionary services for possible reductions

Implementing the first three adjustments results in a major improvement in the forecast based on the original assumptions. Although the operating deficit is not completely eliminated, it is down to a much more manageable level. During 2007, the Board of Commissioners will rank discretionary programs as a basis for possible reductions and eliminations. The County believes this and other avenues will eliminate the operating deficit and will maintain the financial standing of the County. A table listing revenue and expenditure projections by category follows.

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

**Original Assumptions**

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
	Actual	Actual	Actual	Actual	Current Year Estimated	Projected	Projected	Projected	Projected	Projected	Projected
<b>Revenues:</b>											
Taxes	\$26,910,795	\$28,134,948	\$29,744,577	\$32,858,275	\$37,046,236	\$38,478,211	\$41,468,955	\$43,529,258	\$45,688,809	\$47,956,019	\$50,336,265
Intergovernmental	\$9,618,555	\$8,359,170	\$6,237,538	\$5,962,079	\$4,591,167	\$4,947,755	\$5,022,339	\$5,119,222	\$5,222,702	\$9,119,436	\$10,449,970
Charges for services	\$8,696,040	\$9,682,777	\$9,027,566	\$9,124,440	\$9,166,995	\$9,382,034	\$9,381,806	\$9,635,443	\$9,896,923	\$10,166,522	\$10,444,523
Fines & Forfeits	\$1,062,304	\$993,792	\$1,026,797	\$1,069,949	\$1,097,100	\$1,098,100	\$1,120,062	\$1,142,463	\$1,165,313	\$1,188,619	\$1,212,391
Interest on investments	\$2,342,604	\$941,249	\$830,652	\$866,449	\$1,600,000	\$1,600,000	\$2,100,000	\$2,500,000	\$2,750,000	\$2,750,000	\$2,750,000
Rental income	\$2,205,856	\$2,156,724	\$2,225,581	\$2,397,103	\$2,679,100	\$2,802,863	\$2,871,480	\$2,981,570	\$3,064,368	\$3,152,506	\$3,246,494
Licenses & permits	\$304,517	\$292,537	\$311,494	\$299,828	\$300,025	\$298,825	\$304,802	\$310,898	\$317,115	\$323,458	\$329,927
Other	\$247,345	\$305,311	\$356,567	\$346,904	\$347,564	\$292,293	\$295,469	\$298,709	\$302,014	\$305,385	\$308,823
Operating transfer in	\$776,281	\$1,178,500	\$6,638,481	\$6,323,127	\$4,235,432	\$4,362,495	\$4,457,820	\$4,582,644	\$5,949,706	\$3,587,966	\$1,562,098
Fund balance reserve use	\$0	\$0	\$0	\$0	\$355,683	\$0	\$0	\$0	\$0	\$0	\$0
<b>Total Revenue</b>	<b>\$52,164,297</b>	<b>\$52,045,008</b>	<b>\$56,399,253</b>	<b>\$59,248,154</b>	<b>\$61,419,302</b>	<b>\$63,262,576</b>	<b>\$67,022,733</b>	<b>\$70,100,208</b>	<b>\$74,356,950</b>	<b>\$78,549,911</b>	<b>\$80,640,491</b>
% change over prior year		-0.20%	8.40%	5.10%	3.70%	3.00%	5.90%	4.60%	6.10%	5.60%	2.70%
<b>Expenditures:</b>											
Salaries	\$16,659,627	\$16,828,359	\$17,776,227	\$18,614,044	\$19,236,037	\$20,612,069	\$21,912,382	\$23,160,350	\$24,267,977	\$25,392,451	\$26,569,551
Fringe benefits	\$5,589,834	\$5,915,437	\$6,680,860	\$7,280,421	\$8,174,426	\$9,474,298	\$10,181,047	\$11,131,818	\$12,133,906	\$13,224,198	\$14,438,051
Supplies	\$2,525,057	\$2,193,748	\$2,294,523	\$2,956,830	\$2,502,009	\$2,283,104	\$2,452,236	\$2,407,475	\$2,538,368	\$2,507,336	\$2,637,282
Other services & chg	\$11,844,769	\$14,683,837	\$14,536,981	\$15,102,808	\$16,388,198	\$17,704,299	\$18,315,578	\$18,788,655	\$19,239,283	\$19,388,462	\$19,829,292
Contingency	\$0	\$0	\$0	\$0	\$25,000	\$553,236	\$564,301	\$575,587	\$587,098	\$598,840	\$610,817
Capital outlay	\$502,444	\$101,098	\$83,217	\$422,926	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Operating Transfers	\$17,890,420	\$10,078,187	\$12,287,447	\$14,287,835	\$13,767,032	\$13,560,616	\$14,210,099	\$14,894,830	\$15,616,758	\$16,377,938	\$17,180,545
<b>Total Expenditures</b>	<b>\$55,012,151</b>	<b>\$49,800,666</b>	<b>\$53,659,255</b>	<b>\$58,664,864</b>	<b>\$60,092,702</b>	<b>\$64,187,622</b>	<b>\$67,635,643</b>	<b>\$70,958,714</b>	<b>\$74,383,390</b>	<b>\$77,489,226</b>	<b>\$81,265,539</b>
% change over prior year		-9.50%	7.70%	9.30%	2.40%	6.80%	5.40%	4.90%	4.80%	4.20%	4.90%
Revenue over (under) expenditures		\$2,244,342	\$2,739,998	\$583,290	\$1,326,600	-\$925,046	-\$612,910	-\$858,506	-\$26,441	\$1,060,685	-\$625,047

*Note: Assumes the following levies: 2007 = 3.6 mills, 2008 = 3.7 mills, 2009 = 3.7 mills, 2010 = 3.7 mills, 2011 = 3.7 mills, and 2012 = 3.7 mills with a 5 increase in taxable value each year.*

*Assumes a health co-pay ranging from 3% to 10%.*

*Assumes no transfers to the Stabilization fund for 2007-2012 (\$275,000 - \$325,000)*

*Assumes no transfers from the Delinquent Tax fund for 2007 - 2012 (\$625,000+).*

**Assumes State Revenue Sharing payments are restored in 2011.**

**Does not reflect OPEB liability estimate ranging from \$2 - 2.4 million per year.**

*Assumes transfers in from the Insurance Authority of \$1.2 million in 2010, \$2.5 million in 2011, and \$1.6 million in 2012.*

*Maintains contingency budget at 1% rather than 2% of prior year audited expenditures.*

# 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?

It is the Mission Statement that guides the answers to these questions. The mission statement assists an organization in easily communicating to a variety of constituents what it does, who it serves, and why it does so.

### **Mission Statement**

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

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

### **Vision Statement**

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

### **Organizational Values**

- 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 citizen 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 basic value to discharge our stewardship in a responsible, cost-effective manner, always remembering and respecting the source of the County's funding.

Goals, Objectives, and Outcomes
---------------------------------

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

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

- Objective:** Continue to advocate that the State of Michigan remain committed to continued revenue sharing payments to counties
- Inform the public of the impact of the loss of revenue sharing
  - Complete the revenue sharing strategy
  - Continue to act at the State level

**Measure:** State Legislators report understanding of the County's position on the issue and all vote to retain revenue sharing

- Objective:** Identify and develop strategies to address potential financial threats
- Fully fund financial tools
  - Research and develop a plan to address existing and future financial threats which clearly identifies threats and solutions
  - Continue implementation of 2004 budget balancing plan

**Measure:** Financing tools are fully funded, operational budget deficit is eliminated, and Commissioners approve a strategy to address financial threats

**ACTION PLAN:** The 2007 budget reflects the continued implementation of the 2004 budget balancing plan (see budget transmittal letter for more details). The amount of one-time dollars (e.g., fund balance) used to balance the budget has been decreasing from a high of \$2.9 million in 2004 to just \$925,000 in 2007. Based on the original assumptions when the plan was formulated in 2004, the County would anticipate a small surplus in 2012.

However, since that time, Governmental Accounting Standards Board issued Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits (OPEB) Other Than Pensions. During 2006, the County received a preliminary actuary statement for the County's OPEB liability which put the County's annual net cost at approximately \$2 million. During 2007, the County will continue to refine actuarial assumptions and develop a strategy to address this financial threat.

Last, several of the financing tools are contributing significant dollars to operations. 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. With the Grand Haven/West Olive project underway, this fund will be depleted and require the County to bond for a portion of the construction. The Stabilization Fund has been returned to its fully funded status.

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

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

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

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

The nine financing tools funds are:

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

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

**Year Established: 1990**

**Fund Purpose:**

This fund was established from monies received by Ottawa County from the settlement of litigation over the Southwest Ottawa Landfill. These monies are to be used exclusively for the clean-up of the landfill. (BC 90-277) The fund's goal is to use the interest generated from the principal to cover ongoing annual costs of the landfill clean-

up. Beginning in 1998, these expenditures are paid for from this Fund thus saving the General Fund approximately \$175,000 per year.

A plan to alleviate site contamination was approved by the Department of Natural Resources during 2005. As a result, approximately \$1.6 million is expected to be spent in 2007 to add and replace purge wells and provide overall enhancements the groundwater purge and treatment system. 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.

**Financial Benefits:**

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

**Infrastructure Fund (2444)**

**Year Established:** 1999

**Fund Purpose:**

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

To date, the fund has made loans to municipalities totaling \$2,155,000, with an additional \$371,000 anticipated for Jamestown Township before the end of 2006. Also during 2006, the County granted the Ottawa County Road Commission \$600,000 towards the reconstruction of the River Avenue bridge.

As part of the financing plan for the new West Olive and Grand Haven facilities, this fund will be contributing approximately \$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 will be contributing approximately \$175,000 per year for the anticipated principal and interest payments associated with the bond issue.

**Financial Benefits:**

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

**Stabilization Fund (2570)**

**Year Established:** 1981

**Fund Purpose:**

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

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

**Financial Benefits:**

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

**Compensated Absences (2980)**

**Year Established:** 1986

**Fund Purpose:**

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

**Financial Benefits:**

- 1) The future liability for sick pay has been eliminated.
- 2) County employees received short and long-term disability coverage.
- 3) Reduced County funded sick days.
- 4) Contributes positively to the bond rating.

**Delinquent Tax Revolving Fund (5160)**

**Year Established:** 1974

**Fund Purpose:**

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

**Financial Benefits:**

- 1) Operating Transfers to the General Fund.
- 2) Principal and Interest Payments on four bond issues totaling \$2.4 million in 2007.

- 3) Ability to avoid bond issue costs to pay off annual delinquency.
- 4) Contributes to a positive Bond rating.
- 5) Cash flow management.

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

**Year Established:**

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

**Fund Purposes:**

The Duplicating Fund (6450) is used for ongoing replacement of copy machines in County departments. Revenues are received from user departments to cover the expenses incurred in providing printing and copying services. The Telecommunications Fund (6550) was established in 1987 for the purpose of funding the County's transition from a leased telecommunications system to a County owned and operated system. This fund pays for the operation of and enhancements to the telephone system and a network. Revenues are received from user departments to cover expenses incurred in providing the telephone service as well as future capital improvements.

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

In addition, as part of the financing plan for the new West Olive and Grand Haven facilities, these funds will be contributing \$3.5 million for the construction of the facilities and approximately \$150,000 per year for the anticipated principal and interest payments associated with the bond issue.

**Financial Benefits:**

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

## Overall Benefits of the Financing Tools

### 1) Take financial pressure off the General Fund.

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

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

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

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

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

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

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

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

The Duplicating, Telecommunications, and Equipment Pool Funds provide capital for equipment acquisition and replacement. If the County did not have the dollars

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

to pay for the equipment, they would have to lease from an outside vendor or do without. Not purchasing equipment would result in an inefficient use of personnel and reduced service levels, particularly given our population growth levels. Another alternative to equipment purchases would be to just add more staff which are ongoing operational costs as opposed to one-time equipment costs.

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

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

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

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

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

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

The Duplicating, Telecommunications, and Equipment Pool Funds promote stability as well. Without these funds, the County would have wide swings in expenditures for equipment purchases from year to year. This peak and valley effect impacts the funding of on-going programs and/or the purchases themselves.

Not purchasing the equipment would result in decreased efficiency, increased personnel needs, and decreased services to the taxpayer.

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

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 Unlimited and Limited Tax Bonds. The County itself receives only a small part of the benefit of our high rating. Most of our debt is for water and sewer projects which are paid by municipalities and individuals through assessments. It is the local municipalities and the individual taxpayers that receive the greatest benefit of our high rating.

4) Reduced Interest Rates on Bond Issues.

According to 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.

## Overall Benefits of the Financing Tools (continued)

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

	1999 – 2005 Historical Savings to <u>General Fund</u>	2006 – 2012 Projected Savings to <u>General Fund</u>
Solid Waste Clean-up Fund (2271)	\$1,474,177	\$3,235,990
Average Annual Savings	\$210,597	\$462,284
Average Annual Millage Savings	0.0309	0.0482
Public Improvement Fund (2450)	\$9,097,343	\$14,481,208
Average Annual Savings	\$2,112,639	\$2,158,920
Average Annual Millage Savings	0.2954	0.2104
Stabilization Fund (2570)	\$2,209,078	\$2,661,246
Average Annual Savings	\$315,583	\$380,178
Average Annual Millage Savings	0.0471	0.0366
Delinquent Tax Revolving Fund (5160)	\$17,148,493	\$17,693,862
Average Annual Savings	\$2,449,785	\$2,527,695
Average Annual Millage Savings	0.3679	0.2433
Duplicating, Telecommunications, and Equipment Pool (6450, 6550, 6641)	\$8,345,175	\$11,856,064
Average Annual Savings	\$1,192,168	\$1,693,723
Average Annual Millage Savings	0.1793	0.1617
<b>Grand Total</b>	<b>\$38,574,266</b>	<b>\$49,928,370</b>
<b>Total Average Annual Savings</b>	<b>\$6,280,772</b>	<b>\$7,222,800</b>
<b>Total Average Annual Millage Savings</b>	<b>0.9206</b>	<b>0.4898</b>

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

- Identify legacy costs and benefits
- Acquire an actuarial estimate of Other Post-Employment Benefits (OPEB) liabilities
- Develop a plan to address OPEB and other legacy costs and liabilities

**Measure:** Commissioners approve a plan to address OPEB liabilities

**ACTION PLAN:** During 2006, the County received a preliminary actuary statement for the County's OPEB liability which put the County's annual net cost at approximately \$2 million. During 2007, the County will continue to refine actuarial assumptions and develop a strategy to address this financial threat.

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

- Complete Fiscal Services and Planning Department reports on Mental Health funding
- Research other counties' communication with mental health agencies, both authorities and county agencies
- Consider a resolution of support for or update of BDO Seidman study

**Measure:** 100% of Commissioners report having a clear understanding of Community Mental Health funding and structure

**ACTION PLAN:** During 2006, the Commissioners received a presentation on Community Mental Health funding. In addition, in the fall of 2006, the County Board voted to move the supervision of the Mental Health Finance division to the Fiscal Services Director.

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

- Work with MAC to seek legal action where appropriate
- Communicate analysis and results of mandated services study to all State and Federal legislators

**Measure:** 100% of legislators oppose new under- or unfunded mandates and recognize the importance of fully funding existing mandates

**ACTION PLAN:** The budget continues to include funds for a lobbyist to strengthen the County's voice in the legislature. The 2007 budget for the lobbyist is \$42,000.

**Objective:** Maintain or improve bond ratings

- Present thorough, high-quality information to bond rating agencies as the Grand Haven/Fillmore project bonds are prepared for sale

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

**ACTION PLAN:** Funds are included in the 2007 budget for key staff to go to the rating agencies and give a presentation on County finances. This will be in conjunction with the anticipated bond issue in 2007. In addition, the 2007 budget maintains the target General Fund fund balance range of 10-15% of prior year's audited expenditures

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

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

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

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

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

- Consider monthly newspaper column or advertisement based on citizen survey results
- Review MacMedia contract
- Consider a monthly or quarterly newsletter to citizens
- Work with school government classes to inform students about county government
- Consider reestablishing a speakers' bureau
- Consider holding Board meetings at different locations throughout the county
- Continue to implement new interactive features on miOttawa.org

**Measure:** 25% of citizens report using miOttawa.org to communicate with and/or learn about Ottawa County government; 40% of citizens report good awareness of County government issues and activities

**ACTION PLAN:** Effective with the 2007 budget, the contract with MacMedia has been discontinued. In addition, \$200,000 has been included in the Information Technology budget to

maintain and expand the website (see also the transmittal letter).

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

**Measure:** 100% of Commissioners report satisfaction with annual report process

- Objective:** Identify and implement methods of communicating with employee groups
- Conduct focus groups with Group T employees
  - Continue using the Front Page and all-staff e-mails to communicate important information to employees
  - Establish Labor-Management Cooperation Committee
  - Continue and improve employee-edited newsletter

**Measure:** Percentage of employees reporting satisfaction with communication from Administration increases by 20% on next employee survey

**ACTION PLAN:** During 2006, focus groups were conducted with employees and a Labor-Management Cooperation Committee was established. Funds are included in the 2007 budget to cover expenditures the committee might incur. The Front Page is used frequently to communicate information to the employees. A committee was formed for the new employee newsletter and it is now being sent via email to all employees. The next employee survey is scheduled and budgeted for 2007.

- Objective:** Strengthen role in state and national professional organizations
- Identify all professional memberships and participants
  - Encourage County representatives to seek leadership positions

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

**ACTION PLAN:** Commissioner Cornie Vander Kam currently serves as the past-president of the Michigan Association of Counties. In addition, Prosecutor Ron Frantz will serve as the president of the Prosecuting Attorney's Association of Michigan in 2007.

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

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

- Consider recommendations of the Purchase of Development Rights Subcommittee
- Continue implementation of the Urban Smart Growth Demonstration Project

**Measure:** Commissioners consider the recommendations of the Purchase of Development Rights Subcommittee; One opportunity for the County to impact the consequences of development is identified and successfully completed

**ACTION PLAN:** Listed as a 2007 goal for the Commissioners is to consider the recommendations of the PDR sub-committee. Planning and Grants (General Fund 1010, department 7211) includes the completion of an Urban Smart Growth project among its goals for 2007.

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

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

**Measure:** Commissioners report satisfaction that options for a countywide land use and economic development planning organization have been fully evaluated

**ACTION PLAN:** Among the goals for the Planning and Grants department (General Fund 1010, department 7211) is to provide six training seminars on land use issues for County and local officials.

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

- Work with researchers to identify areas of concern and volunteer as research sites as appropriate
- Investigate National Pollutant Discharge Elimination System (NPDES) policy
- Evaluate the need for countywide phosphorus fertilizer regulations
- Host a water quality forum to present research results to the community
- Convene a group to foster better communication on water quality issues

**Measure:** A plan of action with measurable results is developed from Dr. Rose's research; Commissioners consider phosphorus regulations; A well-attended, informative water quality forum is hosted; A group is formed to foster better communication on water quality issues and a communication plan is completed

**ACTION PLAN:** During 2006, the County hosted a water quality forum that was well attended and well received. Included in the objectives of Cooperative Extension (General Fund 1010, Department 2570) is to provide assistance to homeowners regarding the proper application of fertilizer to turf and landscaping. The department also plans to monitor phosphorus levels as well.

- Objective:** Assist in completion of a groundwater resources inventory
- Continue to work with local units of government to investigate funding opportunities for completing a groundwater resources inventory

**Measure:** A county groundwater resources inventory is completed

- Objective:** Discuss and act upon road policy issues as appropriate
- Conduct a work session to review pending legislation and Road Commission structure options
  - Continue advocacy on US-31 and other major projects at the state level

**Measure:** 100% of Commissioners report greater understanding of pending legislation and road policy issues; 100% of legislators report understanding of County position on applicable issues

- Objective:** Provide quality County facilities throughout the county
- Commissioners approve a financing plan for the Grand Haven/Fillmore project and turn project over to Building Authority
  - Complete Holland District Court construction

**Measure:** 100% of Holland District Court construction is completed; A financing plan is approved and the project is submitted to the Building Authority

**ACTION PLAN:** During 2006, a financing plan and concept plan were approved by the Board. The 2007 budget reflects the receipt of bond proceeds and the start of construction in the Capital Projects fund. In addition, the funds that will be paying the debt service costs also have those payments included in their 2007 budgets.

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

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

- Conduct organizational efficiency and structure reviews, including Clerk/Register, Board of Public Works, Equalization/GIS/PDM, GIS/IT

- Review service contracts to determine if it is more cost-effective to complete work in-house
- Evaluate drug courts
- Evaluate employee insurance plan
- Evaluate animal control contract
- Maximize relationships with organizations such as MSU Extension to ensure services are not duplicated
- Continue the work of the Jail Mental Health Task Force
- Complete implementation of the Plante & Moran IT Study

**Measure:** Commissioners consider the combination of the offices of Clerk and Register of Deeds; Commissioners receive a thorough evaluation of the drug court pilot projects; Commissioners consider the creation of a Board of Public Works; Commissioners receive a thorough evaluation of the provision of animal control services; services covered by contract are provided in the most cost-effective manner; Commissioners consider the location of GIS services in the County organization; IT study implementation is complete and operating effectively

**ACTION PLANS:** The 2007 budget includes \$60,000 in the Human Resources budget for management studies of selected departments to highlight opportunities to improve efficiency and structure. The 2007 Information Technology budget reflects the implementation of the Plante Moran study.

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

- Evaluate options for offering services to local units of government

**Measure:** 100% of County services that are cost-effective to offer are made available to local units of government

**ACTION PLAN:** During 2006, the County entered into a contract with the City of Hudsonville to provide policing services. The move was cost effective for the City of Hudsonville. In addition, the Planning and Grants department (General Fund 1010, department 7211) includes among its goals to provide planning assistance to local officials and to provide training seminars on land-use planning for local officials.

**Objective:** Prioritize discretionary services

- Provide Commissioners with the opportunity to rank discretionary services
- Inform providers of discretionary services of the ranking, process used, and potential impact of the loss of revenue sharing dollars

**Measure:** All providers of discretionary services are aware of the ranking of services, process used, and the potential impact of the loss of revenue sharing

**ACTION PLAN:** The Commissioners list the ranking of discretionary services among their goals for 2007 (General Fund 1010, Department 1010).

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

- Offer training to departments on how to develop outcome-based performance measurements
- Require submission of outcome-based performance measurements with budget

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

**ACTION PLAN:** During 2006, the County used a consultant to provide training to department heads on goals, objectives, and performance measures. Though still a work in progress, the County has seen a major improvement in tying goals and objectives to performance measures and in developing sound outcome measures.

**Objective:** Establish better employee-management communications

- Establish Labor-Management Cooperation Committee
- Implement Employee Survey Work Team recommendations
- Conduct Group T focus groups

**Measure:** 100% of Labor-Management Cooperation Committee members report improved sense of communication between labor and management; 100% of Labor-Management Cooperation Committee members report greater understanding of issues facing the County; 20% increase in employee satisfaction with “climate of trust”; Commissioners and Administrator consider implementation of Employee Survey Work Team recommendations

**ACTION PLAN:** During 2006, focus groups were conducted with employees and a Labor-Management Cooperation Committee was established. Funds are included in the 2007 budget to cover expenditures the committee might incur. The Front Page is used frequently to communicate information to the employees. A committee was formed for the new employee newsletter and it is now being sent via email to all employees. The next employee survey is scheduled and budgeted for 2007.

- Objective:** Ensure the security and recoverability of paper and electronic records
- Develop a records backup/disaster recovery plan for all records
  - Develop a policy and procedures for record storage controls
  - Investigate a potential archive/record center
  - Evaluate compliance with record retention and storage mandates

**Measure:** All electronic records in full compliance with mandates and are covered under a disaster recovery plan which minimizes potential impacts of a disaster on County operations.

**ACTION PLAN:** The Commissioners list the development of disaster records recovery plan among their goals for 2007 (General Fund 1010, department 1010).

- Objective:** Evaluate substance abuse funding, service structure, and community needs
- Examine role in and structure of Lakeshore Coordinating Council
  - Examine the relationship of substance abuse funding to community needs
  - Evaluate P.A. 2 funding

**Measure:** A majority Commissioners are satisfied that substance abuse services and funding are appropriately evaluated

**ACTION PLAN:** The funding requirements of P.A. 2 were reviewed during the 2007 budget process. Previously, all of the funds were used for substance abuse; however, the public act only requires 50% of the funds to be used for substance abuse. Effective with the 2007 budget, 50% of the funds will be used for Public Health programs.

- Objective:** Complete labor negotiations with employee groups
- Engage appropriate employee groups in labor negotiations

**Measure:** 100% of labor contracts are renewed prior to the expiration of the former contract

**ACTION PLAN:** As of December, 2006, seven of the eight County bargaining units have contracts in place through December 31, 2008. The remaining bargaining unit is reviewing its representation, and additional bargaining has been suspended until a decision on the representation is reached.