

User's Reference Guide

Overview

The User's Reference Guide provides assistance in using the County of Ottawa 2008 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:

<u>Guide to the Document</u>	<u>Page</u>
- 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
<u>Property Taxes and Mill Levies</u>	
- What is the county mill levy, and what effect has legislation had on it?	48
- How does the 2008 levy compare to previous years?	49
- How are property taxes calculated?	49
- How does the Ottawa County levy compare with other counties?	50
<u>Personnel and Capital Expenditures</u>	
- What new positions are included in the 2008 budget and what functions do County employees perform?	50 - 51
- What capital expenditures for equipment are included in the 2008 budget?	52 - 53
<u>Financial Outlook</u>	
- What does the future hold for Ottawa County?	53 - 57
<u>Strategic Planning</u>	
- 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 2008 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 2007 ending fund balance, 2008 budgeted revenues/other financing sources, 2008 budgeted expenditures/other financing uses, and the projected 2008 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 2008 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 2004, 2005, and 2006. Projected revenues and expenditures are included for 2007. Finally, the 2008 Adopted budget is the last column provided in the detail information. For all other funds required under Public Act 621, budget information is displayed by revenue and expenditure classification totals. In prior budget documents, detail by line item, by department was reported for all funds. In an effort to reduce the size of the document and enhance readability, classification totals are reported for all funds. **The legal level of control, however, has not changed for these funds but remains at line item level.**

Special Revenue, Debt Service, Capital Projects, and Permanent Funds

Information included for these funds is similar to information reported for the General Fund. However, revenues and expenditures are recorded by classification totals by fund for most funds.

Appendix

The appendix section contains six sections:

Section I

Resolution approving the 2008 budget

Section II

Summary of the 2008 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 2006, 2007, and budgeted 2008

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
Legislative:	X							
Judicial:								
Circuit Court	X							
District Court	X							
Probate Court	X							
Juvenile Services	X							
Community Corrections			X					
General Government:								
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
Prosecutor:								
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							
Public Safety:								
Sheriff:								
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
Public Works:								
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
Health & Welfare:								
Health Services		X						
Mental Health		X						
Job Training			X					
Juvenile Detention/Foster Care			X					
Family Independence Agency			X					
Culture & Recreation								
Parks		X						
Community & Economic Development								
Planning	X		X					
Debt Service								
Building Authority Bonds				X				
Water and Sewer Bonds								X
Capital Construction								
Public Improvement		X						
Capital Projects					X			
Other:								
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 2008 Budget Calendar

March 12, 2007	Equipment and Personnel Request Forms sent to department heads.
March 30, 2007	Department requests for 2008 equipment and personnel submitted to Fiscal Services Department.
April 2, 2007	Performance Measures sent to department heads for updating.
April 30, 2007	Performance Measures returned to Fiscal Services Department. Complete strategic planning and ranking of services by Board of Commissioners.
May 8, 2007	Finance Committee approves the Resolutions of Intent to Increase Millage Rates, Distribution of the Convention Facility Tax and Distribution of the Cigarette Tax. <i>The County operating levy under consideration is for the 2007 levy and 2007 budget year. The 911 and Parks levies under consideration are for the 2007 levy and the 2008 budget year.</i>
	Board reviews Truth-in-Taxation Calculation, the Resolutions of Intent to Increase Millage Rates and sets the date for public hearing.
May 15, 2007	Finance Committee approves the Resolutions to Approve the Millage Rates and forwards them to the Board
May 21, 2007	Budget packets distributed to departments.
May 22, 2007	Board holds public hearing and approves the 2007 millage rates
May 21, 2007- June 15, 2007	Fiscal Services Department available to provide any needed assistance in completing budget documents.

