



## Lake County Administration Office

November 10, 2023

The Honorable Board of Commissioners  
County of Lake  
800 10<sup>th</sup> Street Suite 100  
Baldwin, MI 49304

RE: Fy 2024 Lake County Budget (January 1, 2024 – December 31, 2024)

As a local government, it is our responsibility to ensure that citizens' dollars are appropriated to provide effective and efficient services and resources to the public. The annual budget provides a planning tool outlining how public resources are received and used as well as a mechanism to show accountability to our constituent units. In addition, the budget works as a policy and informational tool which communicates the funding priorities of the County to our many stakeholders and other interested parties.

The combined 2024 operating budgets total \$23,569,875 and are balanced, in that, the revenue and fund balances in funds are anticipated to meet or exceed expenditures. The final budget is the culmination of an extensive process over the past several months involving discussions, meetings, and the compilation of information. I appreciate the time and effort put forth by Commissioners, our elected officials, department heads, and my staff to ensure that the County is able to provide valuable services and resources to the residents of our County in an efficient and effective manner.

### **Summary of Considerations in Developing the Budget**

The Administration Office and Board of Commissioners, in developing and balancing the 2024 fiscal year budget, considered many aspects of the County's financial resources and the ever-increasing demand for public services.

- Economic conditions played a significant role in the creation of the 2024 budget. The State's economy continues to recover from the COVID-19 pandemic at a modest pace. At the federal level inflation and interest rates continue to soar. It's anticipated the County will continue to see reduced funding at the state and federal levels for ongoing operational cost sharing programs and increased funding for targeted area grants. The actual magnitude of the impact of these items will depend on the economy within the State of Michigan and continued budgetary changes at the federal level. The reduced funding levels are expected to continue to be seen through changes in grant awards and long-standing funding relationships.
- The slow, steady increase in property values after the bursting of the real estate market and record foreclosures have had a dramatic effect on the property tax levy and the

revenue generated by it. For the 2024 fiscal year, a conservative approach has been used when predicting property tax revenues. The property tax revenue for the General Fund is computed on the 2023 taxable value with an estimated 3% increase in taxable value, a Headlee Reduction of .0657 mills, and a final collection rate of 98% (\$86,757 factored for losses and captures for increment financing). Given that FY2024 property taxes for the General Fund will actually be based on the 2024 taxable value, any increases in non-new value over the rate of inflation will result in a Headlee Rollback. The \$86,757 reduction represents the 2% uncollected and is planned to offset any losses to the Baldwin DDA capture and uncollected personal property taxes. The various other special millages have been computed at 99% as they are levied on 2023 taxable values (Sheriff's Road Patrol, Emergency 911, Ambulance, Seniors, Veterans, Transportation, and Library).

- As a result of the shift in the levy of property taxes from winter to summer for the General Fund, the County is forced to predict taxable values, including new construction, reductions due to diminished property values, and any Headlee Rollback, for the following year. This uncertainty, leads to a more conservative approach with the estimation of property tax revenues for the General Fund. The amount budgeted for the FY2024 General Fund property taxes reflects an estimated Headlee Rollback from 2023.
- The rising and fluctuating costs of health insurance for both actives and retirees has generated budgeting, financial, and management challenges. The County has been, and will continue to be, proactive in establishing measures to monitor and control these expenses, including adhering to the PA 152 state imposed hard-caps.
- OPEBs (Other Post-Employment Benefits) are a significant liability in regards to Retiree Health Insurance. The County was required to measure its liability at the end of the 2009 fiscal year and the FY2024 budget marks the seventh year in efforts towards attributing cost figures to benefit groups to generate funds to help meet the annual required contribution (ARC). FY2024 does not call for a contribution to the OPEB Trust (County's Retiree Health Funding Vehicle), as the actuarial conducted for the end of fiscal year 2022 showed the Trust (at that time) over 100% funded. Based on this actuarial, the County decided in the summer of 2022 to slightly enhance the retiree health benefits for future retirees. Although not slated for a contribution in 2024, the County may wish to make one with fund balance left over from the 2023 fiscal year, as the enhancements and recent downturns in the markets will have an impact on our funding percentage.
- The closing of our pension system to new hires, fluctuations in the stock market, and their effect on the market value of our defined benefit accounts through the Municipal Employees Retirement System (MERS), coupled with changes in MERS actuarial assumptions, have meant sizable fluctuations in the amount the County pays to MERS for the County Defined Benefit (DB) Plan. That issue is further compounded by the fact that the cost is spread over fewer employees, as new hires are placed into the County Defined Contribution (DC) Plan. Since the DB (pension) system is closed to new hires, the DB payment required by the County is a fixed amount. For 2024 the cost is \$679,896, up from \$655,920 in 2023, but down from \$832,464 in 2022, and \$770,532 in 2021.

Payments to MERS for the both the DB and DC are made by funds collected from departments based on a blended percentage of wages. The percentage that's charged to departments for wages of all full-time employees to fund both the DB and DC Plans is set at 20% for 2024. In 2023 the percentage was 20%, in 2022, 21%, and 20% in 2021.

Overall, many factors have contributed to the fluctuations in retirement costs, including more individuals drawing from the plan when they first become eligible for retirement, higher than expected final average compensations, increased life expectancies, changes in the investment rate of return assumptions, and a closing of the system, with new hires being placed into the DC Plan since January 1, 2018. It's important to note that the DB Plan payment is a set annual amount—not based on any particular employee group wage, and as employees leave or retire and their replacements are hired, the County's overall costs increase because the new hires are placed in the DC Plan which has a new retirement cost (in addition to the fixed DB payment) of approximately 7% of wages. These challenges and short-term costs were not unexpected and are were predicted when the County decided to close the pension system (DB Plan). On the bright side, the County's DB Plan funding percentage continues to grow and eventually the County's DB payment will drop dramatically as much of those costs are unfunded liabilities from the past and the County will ultimately reach fully funded status. The projections from the 2022 actuarial is that the county will be fully funded by 2039.

New hires since January 1, 2018, are placed into the DC Plan. Under the DC Plan, the County contributes 4% of wages and the employee, at hire, is given a one-time option to contribute 3% of their own funds, in which case the County will match that 3%. Overwhelmingly those employees have chosen to contribute and receive the match and the County contributes 7% for almost all of those employees. \$181,495 is budgeted in 2024 for the DC Retirement Plan. This amount covers 49 employees hired since 2018 or current budgeted, vacant positions. This amount will continue to increase as turnover occurs.

- The closing of the RRP facility and the slow recovery of property tax values, hindered by the Headlee Amendment and Proposal A, placed a huge burden on the General Fund in the past several years. Thankfully, the 2024 budget marks the beginning of moving past financial obligations and bond payments associated with the facility's closing.
- The 2010 recession in Michigan's housing market triggered a decline in permit revenues for the Building Safety & Permits and Soil Erosion Department, as well as a significant drop in recording fees at the Register of Deeds Office. In the past decade, and more significantly in recent years, those revenues have slowly and consistently increased. However, given inflation and the recent increases in interest rates, the 2024 Fiscal Year Budget anticipates a slight decrease in revenue growth from the Building Safety & Permits Department and Register of Deeds Office, when compared to 2022 and 2023, as the market enters a period of more instability.
- Voters approved Proposal 1 (Public Act 80 of 2014) on 08-05-2014 which will phase out many aspects of personal property taxes for small businesses and manufacturers. The

Proposal will reimburse local governments for emergency services and other millages by dedicating a portion of the state use tax for that purpose. For most millages the reimbursement is received twice a year and the amounts have been inconsistent and varied significantly. Since approval, legislation and the process for determining reimbursements involving it, have been changed no less than a half-dozen times.

- Under Public Act 161 of 2013, Disabled Veterans Exemption, real property used and owned as a homestead by a disabled veteran, or their eligible widow, who was discharged from the armed forces of the United States under honorable conditions is exempt from the collection of taxes. The Disabled Veterans Exemption Act has resulted in a decrease in the County's General Fund revenue and all other special millage funds.

### **General Highlights of the 2024 Budget**

The 2024 budget reflects the on-going efforts employed to attain the most accurate portrait of revenues and expenditures in the development phases of the budget. Based on this, there have been cost fluctuations throughout many facets of the budget. Some areas have been trimmed and re-evaluated, while others have been added to, all with the objective of providing the most efficient and economical delivery of services.

### **Revenues:**

- The proposed Fy2024 annual budget for Lake County includes \$23,569,875 in revenues and expenditures, spread over 49 funds.
- Wages and benefit costs of the Fy2024 budget are \$9,144,873.
- The General Fund budget reflects property taxes of \$4,251,080. This reflects a projected 3% growth in taxable value for 2024; a full levy with a 0.0657 Headlee Rollback; a 2% loss on collections due to capture districts and uncollected personal property taxes (\$86,757).
- The General Fund budget reflects an approximate 20% decrease from the tri-county convention facilities tax since 2015. These funds are used 60% for the General Fund and 40% for substance abuse services. The entire amount could be kept for General Fund use, but the millage for property taxes would have to be rolled back and reduced so that the General Fund benefit is zero-sum—no additional revenues for the General Fund or substance abuse. Although the county allotment had been steadily decreasing in recent years, legislation that took effect in early 2023 increased the dedicated allotment for counties and allowed a switch from the traditional 50/50 split (General Fund/Substance Abuse) to a 60/40.

- In Fy2015, the General Fund received \$92,799 of which \$46,400 was distributed for substance abuse.
  - For Fy2016, the General Fund received \$44,773 and substance abuse received \$22,387.
  - For Fy2017 the General Fund received \$47,526 and substance abuse received \$23,763.
  - For Fy2018 the General Fund received \$48,638 and substance abuse received \$24,319.
  - For Fy2019 the General Fund received \$50,240 and substance abuse received \$25,120.
  - For Fy2020 the General Fund received \$50,100 and substance abuse received \$25,050.
  - For Fy2021 the General Fund received \$51,989 and substance abuse received \$25,994.
  - For Fy2022 the General Fund received \$50,163 and substance abuse received \$24,984.
  - For Fy2023 the General Fund received \$72,433 and substance abuse received \$29,849.
  - For Fy2024 the General Fund is budgeted to receive \$74,205 and substance abuse is scheduled to receive \$29,682.
- Although Treasury has not published final amounts, Revenue Sharing is estimated to be \$295,652 for the 2024 fiscal year in the General Fund.
    - Revenue Sharing is broken down with the following estimates:
      - \$238,013 County Revenue Sharing (CRS)
      - \$49,350 County Incentive Program (CIP)
      - \$2,763 CRS Coronavirus Local Fiscal Recovery Fund (CLFRF)
      - \$5,526 CRS Public Safety (PS)
      - \$295,652 Estimate for Fy2024
    - The CIP, PS, and CLFRF portions of Revenue Sharing require the County to submit a great deal of Accountability and Transparency reporting in order to qualify for the funding.
- As has been a standard practice, the Board charges the following millages 5% for administration expense (Road Patrol – \$104,720, Council on Aging – \$22,709, Emergency 911 -- \$61,082, Ambulance -- \$26,368, Soldiers Relief Fund - \$3,498, and Transportation -- \$13,360). The Library Fund is not charged an Administrative Fee. These revenues go into the General Fund and help offset indirect costs associated with operating the funds and departments aligned with the millages.
- The Fy2024 budget does not reflect any revenues from the state for the county to do Title IV-E Abuse and Neglect cases within the Prosecutor’s Office. However, there is \$5,500 budgeted in revenue for the court efforts under Title IV-E.

- The revenues in the General Fund from dog licenses continue to be stagnant. These revenues are typically used to help fund Animal Control services. Line item 101.000.00.491.000 is budgeted in Fy2024 at \$6,032 in Fy2009 \$9,503 was collected.
- The General Fund includes \$125,500 in revenue from State PILT (Payment in Lieu of Taxes). This amount is a small increase over 2023, but pales when compared to the increase of \$26,500 in Fy2016. Given recent issues with the approval of the state budget, these dollars are less than certain.
- The General Fund includes \$225,000 from Federal Payment in Lieu of Taxes payments (PILT). This amount is nearly \$17,500 more than what was received in Fy2022 and \$2,500 more than what was received this year, but just like state PILT, federal PILT dollars have been sporadic throughout the years.
- The General Fund includes \$39,200 in revenue for the Survey and Remonumentation Grant, a marked decrease of nearly \$8,000. This decrease continues a pattern of reductions (Fy2018, Fy2019, Fy2020, Fy2021, and Fy2022). In Fy2023, \$47,040 was awarded.
- The General Fund includes net asset distributions from the Worker's Compensation Pool (\$91,000) and MMRMA (\$40,000) in the total amount of \$131,000. For Fy2022 nearly \$190,000 was received between the Worker's Comp and MMRMA dividend. The Fy2024 budget figure is derived from actual 2023 receipts or commitments. The County will receive over \$25,000 for Fy2023 from the MMRMA, but has elected to have the MMRMA retain the funds in the County's Self Insured Retention Fund. The dramatic decrease in the MMRMA dividend from nearly \$98,000 in Fy2022 to just over \$25,000 in Fy2023, and an estimated \$40,000 for Fy2024 is based on the County's recent claims history that involves the settlement of a lawsuit involving the Sheriff's Office.
- As detailed above, the General Fund reflects State Revenue Sharing payments of \$295,652. The amount is a nice increase over Fy2023, but comes with a great deal more reporting requirements.
- The IT Fund (636) reflects transfers in from various funds and covers the costs associated with staffing, IT contracts for services, and the computer and operating software replacement program. The fund is operated with transfers in from the General Fund (\$95,000), Road Patrol Fund (\$35,000), and 911 Fund (\$55,000).
- The General Fund includes \$244,450 from fees for the Register of Deeds, a continued decrease from 2022 and a cautious sign of the economy, inflation, and interest rates, and their effect on the real estate market. \$266,504 was received in 2022 and \$250,000 is planned for Fy2023.
- The Concealed Pistol Fund is budgeted to transfer \$10,000 into the General Fund to help cover the costs associated with the administering and issuing permits within the Clerk's Office.

- \$12,244 is budgeted in the General Fund for the Emergency Management Performance Grant. This amount is just under 30% of the director's wages and benefits (\$41,343). This amount is budgeted as a transfer out from The General Fund and into the 911 fund (251) where the position is budgeted and paid out of.
- The General Fund is not budgeted to receive any revenue as part of the contract to transport inmates with the feds as Geo closed on September 30 2022. Although some transports continued into 2023, this has a big impact on the General Fund budget. Based on the loss in revenue, when compared to Fy2022, there is one less Corrections Officer budgeted; the gas expenditure line for the jail is lower; and overtime for the jail is less.
- The General Fund is budgeted to receive \$140,000 in Recreational Marijuana payments, \$21,886 in Personal Property Tax Reimbursements (PPT), \$71,500 from the local units for property and tax roll maintenance, and \$15,000 from commissions for audio/visual inmate and phone services.
- The General Fund is budgeted to receive \$4,500 from Cremation Permit fees through the Medical Examiner's Office and, although \$30,000 is budgeted in revenue for restitution, this amount is actually a wash with expenditures. GASB 84 required these revenues and expenditures to be accounted for within the General Fund.
- The sale of E-cigs is budgeted to net \$20,000 for the General Fund. \$40,000 is budgeted for revenues as sales, and \$20,000 on expenditures for supplies.
- The General Fund budget no longer reflects a revenue amount from the cooperative reimbursement grant. For Fy2023 this amount was \$58,000 which was based off a reimbursement rate of 66% of eligible expenditures. The zeroing out of this revenue is reflective of the fact that the Child Support Specialist Position within the Prosecutor's Office was eliminated, effective October 1, 2023, and the duties and work responsibilities amalgamated into the Friend of the Court.
- The property tax revenues generated from the Road Patrol, Ambulance, Emergency 911, Council on Aging, Library, Transportation, and Indigent Veterans millages are figured at 99% of the computation (Taxable value/1,000 x millage rate). These millages are all levied in December of 2023 for their respective Fy2024 budgets. The General Fund's Fy2024 property tax revenue is predicated on a separate formula because it will be levied in July of 2024.
- Rent for the CMH Building in the amount of \$23,622 is budgeted to be received in the Other County Property Fund (403) and then transferred to the General Fund. This lease reflects an increase of 2.5% over 2023.
- Rent is being charged to the Rd Patrol Fund for the Sheriff's Office (\$60,280), Ambulance Fund for the two ambulance base facilities (\$51,632), and the Central Dispatch Fund (\$75,000). These funds are transferred into the General Fund.

- The General Fund and special millage funds are budgeted to receive Personal Property Tax Reimbursements PPT) next year in the following amounts: General Fund, \$21,886, Ambulance Fund \$1,941, 911 Fund \$3,602, Library Fund \$732, Road Patrol Fund \$7,706, COA Fund \$1,339, Transportation Fund \$788, and the Soldiers Relief Fund \$207.
- Rent and Insurance are continuing to be charged to cover indirect costs for the Building Inspection Fund (\$45,000) and Soldiers Relief Fund (\$12,502) in Fy2024.
- The Road Patrol Fund (207) is budgeted to use \$170,147 in fund balance. There are no funds budgeted for personnel other than full-time deputies and a part-time evidence clerk. Other expenses include body cams, and the purchase and outfitting of 2 new patrol vehicles. With the 2024 budget, this fund has been using fund balance to balance the operating budget consistently for seven years, since 2018. With the implementation of the 2023 budget a plan was put in place to reduce the use of fund balance to balance the operational budget. At the end of 2017, the fund balance was at a high of \$2,243,945. At the end of 2023, it's predicted to be approximately \$743,000. However, that amount includes earmarks, such a donations and ORV fees that likely account for \$15,000 to \$20,000.
- The General Fund is not slated to use any fund balance. The Parks and Rec Fund (208), is budgeted to use \$6,000; the 911 Fund (251), \$158,100; the 911 Emergency Wireless Fund (261), \$154,863; the Soldiers and Sailors Fund (293), \$37,500; the Debt Service Fund (301), \$1,797,579; the Capital Improvements fund (402), \$25,000; the Other County Property Fund (403), \$14,000; the Capital Improvements/Misc Fund (404), \$125,000; the DHHS Building Fund (569), \$2,000; and the Land Bank Fund (570), \$21,794. The budgeted use of fund balance in these departments/funds is planned and, for the most part, part of capital projects. Additionally, several other funds are slated to utilize fund balance to either balance their budgets or for strategic expenditures. Those funds are referenced below.
- The new Hollister Senior Center Fund is budgeted to receive \$12,282 in rent based on the lease agreement.
- The Building Inspection Fund is budgeted to receive \$430,000 in revenue all from fees or charges for services.
- The Indigent Defense Fund (260) is primarily funded from a grant from the state. \$916,871 is budgeted to be received next year from the grant and \$78,505 is budgeted to be transferred in from the General Fund as this is the County's required commitment for Fy2024.
- The 911 Wireless Fund is budgeted to receive \$142,500 from the state. \$135,000 for operations and \$7,500 in training reimbursements. Additionally, \$154,863 is slated to be



used from fund balance to help balance the budget, pay for final build out, and to pay the final 15% of the 800 MHz project with Motorola.

- The Child Care Fund is budgeted to use \$15,000 to provide minor relief to the General Fund. The CDBG Housing Program Fund (282) is budgeted to use \$20,000 in fund balance for contracted services related to the EDA grant. The funds are program income from the CDBG program the County operated years ago. The RRP Fund is slated to use \$10,000 in fund balance, the Concealed Pistol Fund \$700, the IT Fund \$22,777 for operating/capital purchases, and the Crime Victim's Rights Fund, \$421. The use of fund balance in other funds, are either to provide relief to the parent fund that primarily funds them with transfers in, because that is their design and/or nature (i.e., capital funds), or as part of a systematic plan to utilize fund balances.
- The Law Enforcement Fund (209) is budgeted to receive \$87,500 from Baldwin Schools and \$20,500 from the Road Patrol Fund (207) for funding the School Resource Officer position (SRO). Additionally, the fund is budgeted to use \$4,345 from fund balance to balance.
- The Friend of the Court Fund (215) is budgeted to receive \$234,000 in revenue from the Title IV-D Grant for Cooperative Reimbursement work. Eligible expenditures are reimbursable at 66% and the expenses are based, mainly on wages, benefits, and personnel costs.
- The grant within the Crime Victim's Rights Fund (272) is budgeted to receive \$54,719 in 2024. The fund will need a transfer in from the General Fund of \$15,000, as well as the use of fund balance (\$421), to offset budgeted expenses.
- The revenues from the Concealed Pistol Fund (263) continue to show slight increases. \$10,000 is budgeted for revenue in Fy2024. Funds can only be expended for costs related to the issuance of the concealed carry permits. Other than some office supplies and equipment, until 2021, no expenditures were historically spent out of this fund. The fund balance at the end of Fy2020 was \$19,610. For 2021, 2022, and 2023, \$10,000 was budgeted each year to be transferred to the General Fund to help cover a portion of the expense of staff time devoted towards the issuance of permits. The Fy2024 budget continues the \$10,000 transfer to the General Fund to help cover expenses with operating the program.
- The Law Library Fund (269) is budgeted to receive \$2,500 next year in penal fines.
- In addition to three grants, the Child Care Fund is budgeted to receive \$238,064 from the state as part of our monthly settlement. Eligible expenses are reimbursed at the rate of 75% or 50% depending upon the expense, but the state also expends funds on behalf of the County so a monthly settlement is conducted. The state expenses are not reflected in our expenditures so the net reimbursement revenue in the budget is not easy to predict.

- The Soldiers Relief Fund (293) is budgeted to receive a state grant in the amount of \$60,232.
- The Secondary Road Patrol Fund (277) is budgeted with a grant from the State of Michigan for operations. The grant for Fy2024 is \$59,095. Originally it was designed to cover one-half the wages and benefits for a deputy, however in recent years it hasn't covered 20% of those costs, because the grant was based on the number of tickets written state-wide. In the fall of 2022 legislation was signed that made changes to the revenue funding source for the grant. The grant next year is budgeted to cover almost 45% of costs of the deputy and will need a transfer in from the (207) Road Patrol Fund of \$7,000.
- The Circuit Court Marriage Counseling Fund (296) was established under PA 4 of 1980 (mcl 551.103) for expenditures by the circuit court for family counseling services, including domestic violence and child abuse and is funded with \$15 dollars of the marriage license fee charged by the County Clerk. Yearly, the fund has received approximately \$1,000 in revenue, and until 2018 had no expenditures. Throughout the decades the fund balance has grown and at the end of 2017 was \$28,863. In recent years, upon the urging of County Administration, the courts have started to utilize this fund and its fund balance. At the end of Fy2020, fund balance stood at \$19,768. For next year (2024) \$1,000 in expenditures are budgeted with no use of fund balance.
- The Wolf Lake Level Revolving Fund (841) is budgeted to use \$8,000 of fund balance for regular and routine maintenance of the lake level structure and related areas. The fund balance is derived from left over bond proceeds sold to fund the lake level project.
- The Wolf Lake Bond Debt Fund (891) is budgeted to use \$11,875 from fund balance. This amount comes from the sale of the bonds and was planned as capitalized interest as the first-year special assessment doesn't cover a full year of interest. This amount, combined with the special assessment levy of \$40,264, will cover the principal and interest payment due in 2024.
- The DHS Fund (569) is budgeted to receive \$140,452 for 2024 from the State of Michigan for the DHS building. This amount is based on the lease renewal and reflects several improvements the County is obligated to make to the property.

**Expenditures:**

**Wages:**

- The wage scale for scored hourly and salaried, exempt employees is slated for a cost of living (cola) increase, based on the market and inflation, of 5% for 2024.

- As of mid-November, four of the five unions have agreed to terms for their respective collective bargaining agreements. These agreements cover wage increases for 2024 and beyond. The deputies command union has not settled with the County on an agreement.
- The Building Official, Undersheriff, Magistrate, Chief Assistant Prosecutor, and part-time Building Inspection Enforcement positions have not been scored, but are also slated for 5% increases.
- The elected offices of Sheriff, Prosecutor, Clerk/ROD, and Treasurer, as well as the Administrator, are budgeted for the 5% increase, as well.
- The Board of Commissioners are also budgeted for the 5% wage increase.

### **Personnel:**

- The 2024 budget continues the position of the County Emergency Services Director and the Central Dispatch Assistant Director. The position is budgeted out of the Central Dispatch Fund with a General Fund transfer in for the Emergency Services portion (\$41,343).
- Although split in the past between the General Fund and the Road Patrol Fund, for FY2024 the Undersheriff's wages and benefits are budgeted entirely within the General Fund. This transfer will help alleviate the Road Patrol's reliance on its fund balance for operating.
- Due to the closing of the RRP, the maintenance supervisor position has been charged to the General Fund, and the maintenance and custodial positions to the DHS Building Fund with a \$47,500 subsidy from the General Fund for 2024.
- Within the Maintenance Department of the General Fund, an additional full-time position is budgeted. The position will help address several of the maintenance and custodial projects underway, as well as help alleviate the additional responsibilities associated with operating and maintaining the ORV Park. The position is budgeted to begin April 1, 2024 and has a 2024 cost of \$49,700.
- Courthouse Security is budgeted with part-time employees with wages budgeted at \$51,480.
- The three County maintenance and one custodial position are not budgeted with any overtime, so hours will have to be flexed within the 40-hour work week.
- The jail budget has consistently exceeded its overtime budget in recent years. This expense is sizeable and efforts need to continue to be made to reduce this expense. \$105,000 is budgeted in FY2024 for jail overtime. In recent years, its likely part of this

budgeted overage has been attributable to the ICE inmate transport contract the County began in March of 2020. With that contract ending in September of 2022, this should no longer be the case.

- The Medical Examiner's budget has \$9,500 budgeted for per diems for MEIs and to help offset the expense related to benefits and equipment historically bore by the Rd Patrol Fund for deputies that also serve as MEIs.
- The Chief Assistant Prosecutor position is budgeted to be increased to \$52,650. This amount reflects a 5% increase.
- With the 2021 budget, one position was eliminated within the Treasurer's Office to help balance the General Fund budget. In conjunction with that reduction, the existing staff were increased from 37.5 hours a week to 40. The increased hours continue for Fy2024. Additionally, a part-time position has been added to the Treasurer's Office for Fy2024. The position will help with the Blight Grant and is funded solely by the Land Bank with a transfer into the General Fund.
- The Fy2024 budget does not include the part time position added in 2021 to the Clerk's Office, but does include the one added for the Equalization Department (Wages \$21,675). In addition to the Director, the Equalization Dept has two full-time positions and two part-time positions.
- The Fy2024 budget includes funding to fill a part-time Administration Office position
- In late 2023 the Child Support Specialist position within the Prosecutor's Office was eliminated and the duties moved to the Friend of the Court. As part of that change, the two positions within the FOC were rescored. The Fy2024 budget includes funding for increased wages for the two employees, based on the rescore.
- The additional position added to the courts in 2020 is continued. The position will be charged 50% to the General Fund (Trial Courts 101.281) and 50% to the Child Care Fund (292). The 50% charged to the Child Care Fund is eligible for a 50% reimbursement. The Board of Commissioners approved this request based on this reimbursement rate. Therefore, it's important to make sure that half of the work load is correctly allocated to the Child Care Fund or the county won't receive the planned 25% reimbursement (50% of 50%) and the budget will be short.
- The one lead position is budgeted within the Central Dispatch Department.
- \$12,077 is budgeted for wages and benefits within the General Fund for the County Guardian position.
- The Building Inspection Department is budgeted for two part-time Building Enforcement Officers at a cost of \$34,325 (wages).
- Next year (Fy2024) will mark the sixth year, in seven, that the County attributed operating costs, other than training, to the Emergency 911 Wireless Fund (261). This

fund receives funding from the state and a small portion is dedicated to training. Historically (prior to 2018) the remaining amount was not spent and left to build up in fund balance. In 2017 the fund received \$142,931 and spent \$293 on training. The remainder of \$142,638 went into fund balance. At the end of Fy2017 the fund balance was \$1,144,744. Since then, with the exception of 2021, three employees, including their wages and their benefits, have been charged to this fund each year often with costs exceeding \$210,000 annually. In the summer of 2022, the County Board voted to use a great deal of the fund balance from this fund for the 800 MHz Motorola Radio Project. Based on this, for the Fy2024, only two employees are being charged to the 911 Wireless Fund (261). The total budgeted for wages and benefits (not counting overtime) is \$155,806.

- The Crime Victim's Rights Advocate is budgeted to be paid 100% out of the Crime Victim's Rights Fund (272), with a \$15,000 subsidy from the General Fund and the use of \$421 in fund balance for normal office operations.
- The Friend of the Court Fund (215) has the three full-time employees budgeted at 40 hours for Fy2024 and 34% of the Magistrate's wages and benefits. Eligible expenses are reimbursable at the rate of 66%. Similar to the concerns with the additional position in the Courts and Child Care Fund, it's critical that these positions allocate their work load to the CRP in the correct amounts as planned (100% x 3 and 34%), otherwise the budget may be short and the county without adequate funding. These employee's status as budgeted and funded positions are predicated on the correct allocation of labor and the 66% reimbursement rate.
- The Fy2024 Building Inspection Fund (249) budget has two part-timers budgeted to learn the Inspector's and Chief Official's duties and to gain the necessary certification. These positions will be a resourceful backup and possibly, one of them, a future successor to the Chief Building Officials position. Each of these positions are budgeted for 16 hours a week at a Grade 3.
- Part-time wages are budgeted for 1 position within the Road Patrol (\$23,568). The funds within the Road Patrol part-time wage line are to pay the wages for a part-time civilian to work in the Sheriff's Department evidence room, only. This amount does not include associated benefits (FICA, WC, Unemployment), which are estimated to bring the total cost to approximately \$27,093. There are no funds budgeted and no authorization for any other part-time employees within the Road Patrol Fund, during 2024.

### **Benefits:**

- **Health Insurance:**
  - The 2024 budget reflects a \$500 change in the annual premium for health insurance to the departments (Fy2020 - \$12,500, Fy2021 - \$13,500, Fy2022 -

\$13,500, Fy2023 - \$13,500, Fy2024 - \$14,000). The County is in compliance with the cap under P.A.152, as costs above the cap are the responsibility of the employee. The departmental charge (\$14,000 annually) reflects a smoothed amount charged to each department for each employee eligible to take the County's insurance or the insurance waiver. These funds are budgeted to be collected in the 666 Employee Benefit Fund for payment of obligations and premiums.

- **Retiree Health Insurance and OPEB Funding:**

- Fy2024 continues the Retiree Health/OPEB charge for eligible employees, albeit at a 32% reduced rate from 2022. The charge is weighted based on the benefit and will make the premium payments for retiree health insurance and pay new hires and opt-out employees per pay period payment into their Retiree Health Care Savings Account. Historically, this charge was also used to set aside funds to meet the County's OPEB liability. However, the Fy2024 budget does not call for a contribution to the OPEB Trust (County's Retiree Health Funding Vehicle), as the actuarial conducted for the end of fiscal year 2022 showed the Trust (at that time) over 100% funded. Based on this actuarial, in 2022 the County slightly enhanced the retiree health benefits for eligible employees and future retirees. The \$25 per pay period payment was increased to \$40 for 2023, and effective for Fy2023, the County contribution for retiree health insurance for eligible, future retirees was increased: Pre-65 \$500 month to \$625, and post-65 \$125 to \$165. Although not slated for a contribution to the Trust in 2024, the County may wish to evaluate this and make one with fund balance left over from the 2023 fiscal year, as the enhancements have not yet been measured by a full actuarial, and recent downturn in the markets will have an impact on the funding percentage.
- The internal departmental charge for 2024 was reduced for the 2023 fiscal year (see below) and is budgeted to generate \$154,050 for next year, compared to \$156,780 in 2023, \$228,000 in 2022 and \$451,440 in 2021.
- The monthly charge to departments for eligible employees is \$130 a month, and \$195 for deputies and command staff, which is a 32% reduction from the amounts charged for Fy2022 (\$190 and \$285). This charge represents a sizeable, continued decrease from prior years. The budgeted rate will remain unchanged for Fy2024, but the reduction for Fy2023 was the fourth year (out of five). The charge will continue to help offset the ongoing costs associated with retiree health care— premiums, contributions to the Retiree Health Funding Vehicle, and Retiree Health Care Savings payments.
- These charges distribute the cost of retiree health care and OPEB obligations more equally and charge the operating funds accordingly. To illustrate how unequal this cost was distributed in the past, below is how those costs and obligations were historically spread:

- General Fund                 \$100,000 (2017)
  - RRP                             \$150,000 (2017)
  - Rd Patrol                    \$50,000 (2017)
  - 911                             \$50,000 (2017)
- Retiree Health Insurance/OPEB charge has historically been comprised of four difference elements: Insurance Pre-65, Insurance Post-65, an OPEB obligation payment to the County’s MERS Retiree Health Funding Vehicle, and payments to new hires and opt-out employees not eligible for retiree health insurance.

- **Retirement Funding:**

- The actuarial value of assets used traditionally by MERS to determine our funded status and required employer contribution for our Defined Benefit (DB) Plan (pension) have historically remained relatively steady: 2011, 81%; 2012, 80%; 2013, 79%; 2014, 80%. However, new funding assumptions that began with the 2015 actuarial and other items have driven the overall funding percentage down to 74% for the December 31, 2018 actuarial and 72% for the actuarial dated December 31, 2019. In reaction to these changes, the County in 2016 began taking strategic steps to help offset this downward spiral. The latest actuarial, dated December 31, 2022, marks the third yearly increase in the funding percentage (2022 82%, 2021, 81%, 2020, 75%, and 2019 72%) and is a direct result of those efforts.

These changes and the fact that there are fewer employees working for the County and, of those, fewer that are eligible for the pension program, means dramatically increased retirement percentage costs within the departments. The figures from the 2022 actuarial are used as the basis for Fy2024 budget. The County pays MERS a flat dollar monthly amount for the DB (pension) liability, but derives the costs from departments based on a percentage of employee wages. For Fy2024 we are budgeted to pay MERS \$861,391 in total retirement costs (Both DB and DC) - down from \$888,627 in 2023 and \$955,875 in 2022. That amount is \$181,495 in Defined Contribution (DC) employee costs and \$679,896 in DB Costs. The DB pension budgeted amount of \$679,896 is the fixed, required payment. Of this amount, \$204,912 (2023-\$211,344) is the normal employer cost (Cost attributed to the employees working another year and earning credit towards their pension), and \$474,984 (2023-\$444,576) is the payment on the County’s Unfunded Accrued Liability. The Unfunded Accrued Liability is the estimated earned amount of benefits that employees and retirees have earned, but is still unfunded (100% full funding – 82% funded = 18% Unfunded Accrued Liability).

Payments to MERS for the both the DB and DC are made by monies collected from departments based on a blended percentage of wages. Although the DC portion that the County will pay to MERS on the employee’s behalf has increased

(2023 - \$157,707 vs. 2024 - \$181,495), the County has been able to keep the blended percentage -- the percentage that's charged to departments for the wages of all full-time employees to fund both the DB and DC Plans, at 20% for 2024. This percentage rate is down from a high of 21% in 2022.

It's important to note that the DB Plan payment is a set annual amount—not based on any particular employee group wage, and as employees leave or retire and new employees are hired, the County's overall costs increase because the new hires are placed in the DC Plan which has a new retirement cost (in addition to the fixed DB payment) of approximately 7% of wages.

- **Liability Insurance:**

In FY2021 the county made changes to how it spreads the cost of liability and property insurance amongst its funds. More funds were included to reflect a more accurate coverage of the costs. Additionally, based on past years' performance, in 2020 the county increased its self-insured retention (SIR) limit from \$75,000 to \$100,000. The SIR is the amount of the county's exposure for most individual liability claims. The county pays the SIR on some claims before secondary insurance kicks in. This change and the dropping of liability related to operations at the RRP saved the county nearly \$20,000 in 2020. Next year's renewal (2024) increased 2.5%, it's estimated that the premium will be \$145,350 and the SIR \$50,000. 2019: Premium, \$149,770 and SIR contribution, \$35,000, total \$184,777. 2020: Premium, \$129,918 and SIR contribution, \$35,000, total \$164,918. 2021: Premium, \$129,393 and SIR contribution, \$35,000, total \$164,393. 2022: Premium, \$134,956 and SRI contribution, \$35,000, total \$169,956. 2023: Premium, \$139,969 and SRI contribution, \$35,000, total \$174,969.

The costs for liability insurance and the self-insured retention contribution for the county's carrier, MMRMA, is budgeted at \$191,855 (\$141,855 Insurance and \$50,000 SIR) for FY2024. The insurance amount is a decrease from pre-2020 rates which included liability for operating the RRP. For instance, the costs for FY2019 were \$184,770 (\$149,770 Insurance and \$35,000 SIR). As part of the county's renewal for 2024 we would have received a dividend check of nearly \$26,000 at the end of 2023, but have instead requested that the MMRMA place the funds in the County's Self-Insured Retention Fund.

The budgeted spread for 2024 is as follows: \$16,000 - \$9,500 (SIR) 101.265 GF Maint.; \$16,000 - \$9,500 (SIR) 101.305 GF Sheriff Admin; \$56,467 - \$10,000 (SIR) 207 Road Patrol; \$35,000 - \$10,000 (SIR) 251 911; \$5,000 - \$3,000 (SIR) 249 Building Inspect; \$5,000 - \$3,000 (SIR) 293 Soldiers Relief; \$17,000 - \$5,000 (SIR) 505 Ambulance.



### **General Expenditures:**

- The General Fund expenditures are budgeted at \$6,861,528 of which approximately 62.3% or \$4,273,277 are for wages and benefits. The percentage for 2023 was 62.8%.
- Other than \$1,744, no other funds are budgeted within the General Fund specifically for capital outlay items.
- The FY2024 General Fund budget for meals within the jail marks a slight decrease from the past years: \$55,000 FY2019, \$104,468 FY2020, \$112,763 FY2021, \$103,937 FY2022, \$100,000 FY2023 (estimate), and \$109,309 FY2024. Although this amount reflects a change in the per meal costs with Canteen from \$1.58 (2019) to \$3.42 (2020) to \$3.42 (2021) to \$3.52 (2022), to \$3.63 (2024 estimate) per meal, the \$109,309 budgeted for 2024 is based on an average daily population count of 27.5 inmates and a 3% increase over the meal cost for FY2023
- Up until FY2019 the appropriation to the District 10 Health Department from the General Fund hadn't changed in nearly a decade. FY2019 marked an increase of \$1,307 or 1.8%. The FY2021 allocation was the same as FY2020 and FY2019: \$74,083. However, for FY2022 and then for FY2023, based on census population increases and the reallocation of costs amongst the ten counties, Lake County saw an increase of \$3,575, for a total amount of \$77,658. This amount is not budgeted to change for 2024 and is in addition to in-kind space and \$11,100 budgeted for utilities and maintenance.
- The appropriation to Mental Health from the General Fund reflects an increase of \$2,725 (4.9%) based on census numbers and a relocation of the percentage amongst the three counties (Lake, Mason, and Oceana) from the 2022 amount. The amount budgeted for 2024 is the same as 2023 (\$57,975).
- The General Fund budget continues the \$2,000 annual contribution to both the Soil Conservation District of Osceola-Lake and the Soil Conservation District of Mason-Lake. These amounts in recent years were increased from \$1,000.
- The General Fund has \$4,500 budgeted for the DHHS Board for per diems, travel, due & subscriptions, and conferences. The 2024 budget also has \$2,100 under contracted services for a new Foster Care Mentoring program.
- Within the Copy Machine section (101.248) of the General Fund there is \$6,000 budgeted for copier paper for offices in the courthouse. Although this amount is up from previous years due to increased costs and scarcity of the product, it is the same amount as 2023.
- The General Fund has budgeted within the (101.266) \$1,500 to continue funding 211 services after the initial request in September 2021 and presentation in November of 2023.

- The Indigent Defense Fund is budgeted with a contribution from the General Fund of \$78,505 which is required by statute and the same amount as 2023.
- The General Fund includes \$7,378 in the Board of Commissioner's Dues and Subscriptions for MAC annual dues, \$450 for NACO, \$505 for MTA, and \$150 for the Northern Michigan Counties Association.
- Within the General Fund (101.704) \$3,266 is included for the West Michigan Shoreline Regional Development Commission (WMSRDC) and \$700 for the Area Agency on Aging of West Michigan.
- The General Fund includes \$36,000 budgeted for auditing services. This amount is broken down: \$33,100 for the Annual Audit, including the Federal Single Audit and F65 Filing, and \$2,900 for GASB implementation.
- \$41,343 is budgeted in the General Fund under (101.965.00.995.016) to be transferred to the 911 Fund for part of the Emergency Manager's wages/benefits.
- Line 101.728.00.700.000 within the General Fund, has \$25,000 for Economic Development to be transferred to the 245 Economic Development Fund. 2023 marked the end of the second three-year commitment (2021-2023) to operate and contribute financially to the Lake County Economic Development Alliance (LCEDA). The initial commitment was 2017/2018, 2019, and 2020. For 2024, \$20,000 of program income has been set aside in the CDBG Housing Program Fund (282) for transfer into the 245 fund. These transfers total \$45,000 and are to be used for the EDA grant match. The goal for 2025 is to have \$25,000 from each source for a total of \$50,000.
- The Equalization Department within the General Fund (101.257) has \$3,000 to continue to pay for the designated assessor contract.
- \$2,000 is budgeted under Sheriff's Administration (101.305) and \$10,000 under Legal (101.266) within the General Fund for legal expenses.
- \$33,000 is budgeted in the Postage section of the General Fund (101.272) for mailings for courthouse departments. In addition, \$8,000 is budgeted for the purchase of a new postage machine and \$3,300 for the maintenance agreements.
- The FY2024 budget reflects a transfer out from the General Fund (Trail Courts) into the Friend of the Courts of \$100,000. This amount is a 25% increase (\$20,000) from 2023, but the savings from the elimination of the Child Support Specialist position within the PA's Office offsets this.
- The Medical Examiners Office within the General Fund is budgeted at a cost of \$54,320 with \$15,000 budgeted for autopsies, \$9,500 for MEI per diems, and \$29,820 for the ME and Admin Contract. The contract reflects a 2% increase over 2023.

- \$3,000 is budgeted within the General Fund (101.272) for bonds for the local treasurers to collect the summer and winter tax payments. This amount is down from previous year's due to a using a different insurance carrier. In 2022, \$4,500 was budgeted.
- For 2024, no funds are budgeted under Travel for mileage reimbursement to attend committee meetings for the Planning Commission (101.701), the Parks Board (208.751.860), or for DHS Board Members (101.670.00.860.000). This change reflects IRS guidance.
- Funds are budgeted for the Planning Commission (101.701) for per diems (\$2,500), training expenses for new members (\$750) and publishing (\$250).
- The General Fund transfer out to the Child Care Fund is budgeted to be \$175,000. This amount is based on the number of children predicted to enter the system and staffing and normal operating expenses. The fund is also budgeted to use \$15,000 of fund balance. Although the same amount as 2023, the transfer in is a sharp increase from recent years, as the County was able to keep the transfer in lower, while drawing down a sizeable fund balance within the fund.
- The General Fund includes a transfer out to the Crime Victims Rights Fund of \$15,000 for operations. This amount is \$5,000 more than Fy2023 and continues a steady increase in recent history as costs increase, but the state grant amount doesn't.
- Approximately \$127,438 is budgeted within the General Fund for the Jail for medical services for inmates. This amount is spread over several line items.
- The Elections Department within the General Fund (101.262) reflects a budgeted increase of expenditures of \$43,548 for a total of \$61,265 (\$57,137-2022 to \$17,717-2023) due to 2024 being an even numbered year. This amount is based on 2024 being a presidential election year. Expenditures will drop in the odd numbered year (2025), only to increase again in 2026, due to the state gubernatorial election.
- Within the General Fund is \$30,000 budgeted for a tractor or piece of equipment to help maintenance with their duties and to maintain the ORV park trails.
- The General Fund includes \$10,000 budgeted for contracted legal services in the 101.266. In 2020 \$16,189 was spent, \$20,773 in 2021, \$11,772 in 2022, and an estimate of \$5,000 in 2023. These expenditures were after spending under \$1,000 in 2019. The increase and eventual decrease were due to the litigation between Yates Township and Yates Dial-A-Ride that the County was swept up in.
- The General Fund includes a \$2,000 appropriation for Household Hazardous Waste Collection under the General Fund Section (101.266). This amount is double the previous annual amounts of \$1,000.

- \$5,000 is budgeted in the General Fund for a transfer out to the Parks Fund for normal operations. The Parks Fund is budgeted to use \$6,000 of fund balance for costs associated with the operation and maintenance of the ORV Park.
- The General Fund is slated to transfer out \$1,500 to the Law Library Fund, \$95,000 to the IT Fund, \$47,500 to the DHS Building Fund to cover the cost of a maintenance and custodial workers, \$41,343 to 911 Fund for Emergency Services, \$15,000 to the RRP fund for utilities, \$15,000 to the Crime Victim's Rights Fund, and \$1,323 to match to the snowmobile grant.
- The Road Patrol Fund (207) has a snowmobile grant budgeted in the amount of \$7,500 with a \$1,323 match. These funds are budgeted for wages, benefits, gas, and supplies.
- The Road Patrol Fund (207) has an ORV grant budgeted in the amount of \$45,000. These funds are budgeted wages, benefits, gas, and supplies.
- The Accreditation Grant Fund is budgeted for \$111,713. These revenues and expenditures are a continuation of the Sheriff's Office Accreditation Grant that extends into 2024.
- The new Hollister Senior Center Fund (220) has \$9,000 budgeted to be set aside for future roof replacement. Funds were spent in 2021 on a new furnace for the rear of the facility and in 2023 on sealing striping the parking lot. The estimated fund balance at the end of 2023 is \$26,130. These funds, along with the 2024 set aside (\$9,000), should combine for over \$35,000 to help cover the costs associated with a roof replacement.
- The 911 Fund (251) has \$250,000 (Estimated \$200,000 CAD, Maintenance, and Support, and Estimated \$50,000 Connection) budgeted for their portion of the purchase of a new CAD system.
- The Capital Improvements Misc Fund (403) has \$125,000 budgeted from fund balance for the 207 Road Patrol Fund's portion of the new CAD system and the jail's portion of the included jail management software.
- The 911 Wireless Fund has \$131,637 budgeted to pay the remaining 15% of the project cost to Motorola for the 800 MHz project. \$219,395 (25%) was paid in 2022 and \$526,548 (60%) in 2023. The total cost of the contract is \$878,580.
- Within the 402 Capital Improvements Fund, \$25,000 is budgeted for several projects, including the drainage repairs at the Animal Shelter (\$10,000), County Web Site upgrade (\$5,000), and adding card swipes to several doors on the third floor of the courthouse (\$10,000).
- The Other County Property Fund (403) has \$14,000 budgeted to seal and stripe the parking lot at the courthouse and Sheriff's Office.

- The Ambulance fund (505) is budgeted for a 2.5% increase for the contract with Life Ambulance for ambulance services. The amount is going from \$382,091 in 2023 to \$391,644 in 2024.
- The 569 DHS Building Fund has \$2,000 budgeted for a HVAC software upgrade and \$26,350 to set aside for carpet replacement planned for 2027. The plan is to set aside \$26,350 in each of the next 4 years (2024, 2025, 2026, and 2027) for a \$105,400 to cover the cost.
- The Commissary Fund (595) is budgeted to transfer \$10,000 into the General Fund. The funds are to be used for inmates and the operations of the facilities.
- \$35,000 in fund balance from the 667 Retiree Health Insurance Fund is slated to be used to address costs associated with providing retiree health care and contributing to eligible Employee's Retiree Health Care Savings Accounts. Fund balance at the end of 2023 is estimated to be \$171,034.
- The Big Star Lake Level Fund (842) is budgeted for routine maintenance on the drain. Expenses are budgeted at \$5,000.
- The retirement costs for all eligible employees for the MERS retirement/pension DB and DC plans will go into the Employee Benefits Fund (666) and be used to cover costs related to the DB plan and DC plans.
- The IT Fund continues the computer replacement and windows upgrade program and is budgeted to replace 9 desktop computers and software. Additionally, more money is budgeted for IT Right (\$67,338), \$4,695 for a new web site and hosting costs, and \$18,013 for the one-year renewal of Microsoft 360 Exchange Mail and Barracuda Essentials.

**Other Items of Note:**

- This is a ZERO-SUM budget. Additional expenditures will be at the expense of other areas. There are minimal reserves other than fund balance and no excess delinquent tax funds.
- The Building Inspection Fund reflects no subsidy from the General Fund and actually incorporates a charge for space, heat, electricity, indirect costs, admin, etc., of \$45,000. Fund balance is expected to be added to at the end of Fy2023 with a final total estimate of over \$503,000.
- Overall funding in the Fy2024 budget for Michigan State University Extension is \$61,132 and is a slight increase when compared to 2023. The overall budget has a 3% increase from \$59,350 to \$61,132. Within this amount for 2024 is the “base assessment”

at \$43,448 which covers the 4H Coordinator position at .5 FTEs, and the “buy-in” at \$17,684 which increases the number of hours for 4H Coordinator by 10 hours a week for a total of .75 FTE.

In recent years funding for MSU Ext had been somewhat of a roller-coaster. The county made cuts to the program with savings for Fy2017 of \$57,229 (Overall budget for Fy2017 was \$94,515 before program cuts). The budget for Fy2019 was \$54,849 with the assessment being \$38,984 and \$15,865 budgeted to take 4H from ½ time to ¾ time, and \$2,800 budgeted over two lines for phone and internet access. The Fy2020 budget had \$40,151 budgeted for the assessment only and no money for additional 4H or phone or internet. The Fy2021 budget had \$40,151 for the assessment and an additional \$16,341 that reinstated the additional 25% for the 4-H Youth Agent. The Fy2022 budget had \$40,954 for the assessment and an additional \$16,668 for an additional 25% for the 4-H Youth Agent, and \$1,800 for phone and internet, although the additional 25% was change mid-year to allow for office staffing and ultimately 4-H support. For Fy2023 and Fy2024 the County has only funded the base assessment and a buy-in of additional hours. Office, rent, phone, utilities, and personnel are the responsibility of MSU Ext.

Included in the Fy2024 budget:

- Memorandum of Agreement: \$43,448 (assessment)  
(includes 1<sup>st</sup> half of 4-H Youth Agent and basic services)
  - 4-H support: \$17,684
- The Indigent Defense Fund reflects a transfer in from the General Fund of \$78,505 and a grant from the state in the amount of \$916,871, reflected under State Grants. This fund covers the financial obligations to adhere to several Michigan Supreme Court mandates and keep the county in compliance with state statute and the grant contract. Similar to the Veteran’s Grant, since the State’s fiscal year (Oct-Sept) differs from the County’s (Jan-Dec), and depending upon the timing in receipting some of the grant funds, budget amendments could be needed to show the grant dollars as fund balance forward for 2024.
  - The School Resource Officer portion of the Law Enforcement Fund is budgeted at \$112,345 and reflects a transfer in from the Road Patrol Fund of \$20,500 and the use of fund balance of \$4,345 or approximately 25% of the duties when the officer is not working in the schools (off season). The remaining \$87,500 is budgeted to come from Baldwin Schools and reflects the SRO working 5 days a week at the school. No General Fund contribution is slated for 2024.
  - The Road Patrol Fund is budgeted to use fund balance (\$170,147) to help balance the budget. Notable budgeted expenditures include: \$103,135 purchasing 2 new vehicles, \$48,841 outfitting 2 vehicles, \$35,000 for IT, \$21,400 for the body cam program, \$13,680 for continuation of the Taser program, \$20,500 for the SRO position, approximately \$27,000 for a part-time evidence clerk.

- The Soldiers Relief Fund is budgeted with \$60,232 in revenue from the State Veterans Basic Grant and \$69,945 in millage monies.
- Revenue and Expenditures within the Child Care Fund will look different than previous years due to changes in how the state bills for care and the change in the reimbursement rate from 50/50 for some items to 75/25.
- The RRP is budgeted to receive \$15,000 from the General Fund in a transfer in and use \$10,000 in fund balance to cover costs associated with utilities and maintenance related to a vacant facility.
- In 2020 the Board of Commissioners created the General Debt Service Fund 301 to cover the principal and interest costs associated with the bond payments for the RRP Facility and the Jail/Courthouse. The General Fund was typically budgeted to transfer several hundreds of thousands of dollars into the 301 to be used to cover the bond payments for the RRP Facility and Jail/Courthouse. Sufficient funds are now available within the 301, fund balance to pay off the courthouse/jail bonds in December 2024, the earliest date that this is possible. The principal payoff amount for the courthouse and jail is \$1,740,000, with interest payments being \$57,579 for a total of \$1,797,579. This amount is budgeted in the 301 with all of it coming from fund balance.

Adequate funds exist and the Board of Commissioners authorized, in late 2023, to pay off the RRP Bonds. Therefore, they are not included in the Fy2024 budgeted. After the December 2024 payoff of the Courthouse/Jail bonds the County will be debt free, other than the issuance of \$439,240 (covered by special assessments) for the Wolf Lake Level Project

- The Building Authority is planned to be inactive for the foreseeable future. Legal counsel has advised that rather than disband the authority, until both bonds are paid off (courthouse and RRP), the county should keep the authority in a dormant state. Therefore, minimal dollars have been left as assets with the authority and only \$500 is budgeted from fund balance for next year, should a meeting be needed.

## **Conclusion**

The budget is the primary policy statement on County programs and priorities from the Board of Commissioners to the citizens of our County. The budget provides information to the public on the funding priorities and programs that have been established. It provides direction for departments, offices, and agencies through the course of the fiscal year. The budget is also a flexible document that is subject to change as the need arises, information becomes available, and priorities change.

I would like to thank the Board of Commissioners, all departments, elected officials, the judiciary, and the administrative staff for their cooperation in developing the 2024 annual budget. Many have contributed to this plan and they should be commended for the effort put forth to provide the most effective and efficient services and resources to the citizens we serve.

Respectfully Submitted,

A handwritten signature in blue ink that reads "Tobi G Lake". The signature is written in a cursive style and is placed on a light yellow rectangular background.

Tobi G Lake  
County Administrator