



Lake County Administration Office

November 11, 2024

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

RE: Fy 2025 Lake County Budget (January 1, 2025 – December 31, 2025)

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 2025 operating budgets total \$21,765,002 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 2025 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 2025 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 2025 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 2024 taxable value with an estimated 4% increase in taxable value, a Headlee Reduction of .0292 mills, and a final collection rate of 98% (\$94,444 factored for losses and captures for increment financing). Given that FY2025 property taxes for the General Fund will actually be based on the 2025 taxable value, any increases in non-new value over the rate of inflation will result in a Headlee Rollback. The \$94,444 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 2024 taxable values (Sheriff's Road Patrol, Emergency 911, Ambulance, Seniors, Veterans, Transportation, and Library).

- Another item impacting county revenues in the FY2025 annual budget is the contesting by GEO of their 2024 taxable values to the Michigan State Tax Tribunal. In total they are contesting values that would equate to a loss in county revenues in 2025 of \$154,713. This amount impacts revenues in the following funds: General Fund, \$71,695; Road Patrol, \$36,155; Central Dispatch 911, \$21,088; Ambulance, \$9,103; Seniors, \$7,804; Transportation, \$4,612; Libraries, \$3,012; and Veterans, \$1,207. Based on the contested values, none of these property tax revenue amounts have been factored into the projected revenues for these funds in 2025, with the exception of the Road Patrol Fund.
- 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 FY2025 General Fund property taxes reflects an estimated Headlee Rollback from 2024.
- 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 requirements of P.A. 152.
- 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 FY2025 budget marks the eighth year in efforts towards attributing cost figures to benefit groups to generate funds to help meet the annual required contribution (ARC). FY2025 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 2023 showed the Trust (at that time) over 171% funded. Based on the success of the fund, the County decided in the summer of 2022 to slightly enhance the retiree health benefits for future retirees.
- 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 2025 the cost is \$753,360, up from \$679,896 in 2024, \$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 2025. In 2023 and 2024 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 were predicted when the County decided to close the pension system (DB Plan). On a positive note, 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 2023 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. \$195,861 is budgeted in 2025 for the DC Retirement Plan. This amount covers 56 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 2025 budget marks the beginning of moving past financial obligations and bond payments associated with the facility's closing. The FY2025 annual budget does not incorporate the use of the 301 General Debt Service Fund, as all bonds for the Courthouse and Jail are anticipated to be paid off at the end of 2024.

- 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 decade plus since, and more significantly in recent years, those revenues have slowly and consistently increased. However, given inflation, the past increases in interest rates, and changes to the duration of building permits, the 2025 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, 2023, and 2024 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 reimburses 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 2025 Budget

The 2025 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 Fy2025 annual budget for Lake County includes \$21,765,002 in revenues and expenditures, spread over 45 funds.
- Wages and benefit costs of the Fy2025 budget are \$9,542,837 and increase of 4.35% over 2024.
- The General Fund budget reflects property taxes of \$4,556,062. This reflects a projected 4% growth in taxable value for 2025; a full levy, with a 0.0292 Headlee Rollback; a 2% loss on collections due to capture districts and uncollected personal property taxes (\$94,444).

- The General Fund budget reflects an approximate 16% 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.
 - For Fy2025 the General Fund is budgeted to receive \$77,845 and substance abuse is scheduled to receive \$31,138

- In Treasury’s latest published amounts, Revenue Sharing is estimated to be \$317,885 for the 2025 fiscal year in the General Fund.
 - Revenue Sharing is broken down with the following estimates:
 - \$295,650 County Revenue Sharing (CRS)
 - \$22,235 Taxable Value Payment
 - \$317,885 Estimate for Fy2025
 - Prior to the state’s Fy2025 (Oct 1, 2024), the county was required 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 – \$110,391, Council on Aging – \$23,938, Emergency 911 -- \$64,388, Ambulance -- \$27,794, Soldiers Relief Fund - \$3,686, and Transportation -- \$14,081). 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 FY2025 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 \$6,000 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 FY2025 at \$6,200 in FY2009 \$9,503 was collected.
- The General Fund includes \$132,000 in revenue from State PILT (Payment in Lieu of Taxes). This amount is a small increase over 2024, 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 \$236,575 from Federal Payment in Lieu of Taxes payments (PILT). This amount is approximately \$29,000 more than what was received in FY2022 and the same amount that was received this year, but just like state PILT, federal PILT dollars have been sporadic throughout the years.
- The General Fund includes \$47,272 in revenue for the Survey and Remonumentation Grant, a marked increase of nearly \$8,000. This increase is the first in several years as there has been a pattern of reductions (FY2018, FY2019, FY2020, FY2021, FY2022, FY2023). In FY2024, \$39,200 was awarded.
- The General Fund includes net asset distributions from the Worker’s Compensation Pool (\$55,000) and MMRMA (\$60,000) in the total amount of \$115,000. For FY2024 \$116,117 is planned to be received between the Worker’s Comp and MMRMA dividend.
- 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 (\$110,000), Road Patrol Fund (\$40,000), and 911 Fund (\$55,000).
- The General Fund includes \$233,500 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, \$235,918 in 2023, and \$235,000 is planned for 2024.

- 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.
- \$6,917 is budgeted in the General Fund for the Emergency Management Performance Grant. This amount is just under 16% of the director's wages and benefits (\$43,679). 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 grant amount marks a nearly 50% reduction in the grant. In 2024 the grant award was \$12,244.
- The General Fund is budgeted to receive \$10,000 as revenue as part of the contract to transport inmates with the feds.
- The General Fund is budgeted to receive \$110,000 in Recreational Marijuana payments, \$22,500 in Personal Property Tax Reimbursements (PPT), \$65,000 from the local units for property and tax roll maintenance, and \$22,750 from commissions for audio/visual inmate and phone services.
- The General Fund is budgeted to receive \$4,000 from Cremation Permit fees through the Medical Examiner's Office and, although \$20,000 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. \$35,000 is budgeted for revenues as sales, and \$15,000 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 2024 for their respective Fy2025 budgets. The General Fund's Fy2025 property tax revenue is predicated on a separate formula because it will be levied in July of 2025.
- Rent for the CMH Building in the amount of \$24,214 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 2024.

- Rent is being charged to the Rd Patrol Fund for the Sheriff's Office (\$60,280), Ambulance Fund for the two ambulance base facilities (\$52,706), and the Central Dispatch Fund (\$78,750). 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, \$22,500, Ambulance Fund \$1,992, 911 Fund \$3,376, Library Fund \$665, Road Patrol Fund \$7,910, COA Fund \$1,255, Transportation Fund \$739, and the Soldiers Relief Fund \$194.
- Rent and Insurance are continuing to be charged to cover indirect costs for the Building Inspection Fund (\$47,250) and Soldiers Relief Fund (\$12,564) in Fy2025.
- The Road Patrol Fund (207) is budgeted to use \$138,381 in fund balance. There are no funds budgeted for personnel other than full-time deputies, 1 part-time deputy (12 hours average a week), 2 part-time detectives (8 hours a week average each), and a part-time evidence clerk (24 hours a week average). Other expenses include body cams, and the purchase and outfitting of 2 new patrol vehicles. With the 2025 budget, this fund has been using fund balance to balance the operating budget consistently for eight 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. That plan is adjusted slightly for Fy 2025. At the end of 2017, the fund balance was at a high of \$2,243,945. At the end of 2024, it's predicted to be approximately \$733,933. However, that amount includes earmarks, such as donations and ORV fees that likely account for \$20,000 to \$25,000 of that amount. The actual fund balance amount available for Fy2025 is \$710,000. The adjusted plan calls for the use of fund balance for 2025 of \$140,000 and \$70,000 for 2026. Thereafter no fund balance should be used for operating expense. The goal is to keep a minimum of \$500,000 available in fund balance. The plan is subject to changes as needed.
- The General Fund is slated to use \$120,000 in fund balance. However, no funds are slated for operating. \$35,000 is planned for a grant project with the Village of Luther and \$85,000 to implement the Housing Needs Plan. The Parks and Rec Fund (208), is budgeted to use \$20,000; the Law Enforcement Fund (209), \$7,250; the Hollister Senior Center Fund (220), \$30,126; the 911 Emergency Wireless Fund (261), \$21,371; the Law Library Fund (269), \$500; the Soldiers and Sailors Fund (293), \$16,922; the Capital Improvements fund (402), \$15,000; the Capital Improvements/Misc Fund (404), \$200,000; the Ambulance Fund (505), \$70,000; the Treasurer's Admin Fund (525), \$8,500; the DHHS Building Fund (569), \$10,488; and the Retiree Health Fund (667), \$42,721. The budgeted use of fund balance in these departments/funds is planned and, for the most part, part of capital projects. Additionally, the two Lake Level funds are slated to utilize fund balance due to the nature of their revenue. Several other funds utilizing fund balance are explained further below.
- The new Hollister Senior Center Fund is budgeted to receive \$12,374 in rent based on the lease agreement.

- The Building Inspection Fund is budgeted to receive \$428,840 in revenue all from fees or charges for services.
- The Indigent Defense Fund (260) is primarily funded from a grant from the state. \$499,384 is budgeted to be used from fund balance next year and \$78,505 is budgeted to be transferred in from the General Fund as this is the County's required commitment for Fy2025. The use of fund balance is due to the fact that the state funds on hand will exceed the amount of the grant and so therefore will be a draw-down of funds on hand.
- The 911 Wireless Fund is budgeted to receive \$142,500 from the state. \$135,000 for operations and \$7,500 in training reimbursements. Additionally, \$21,371 is slated to be used from fund balance to help balance the budget.
- The CDBG Housing Program Fund (282) is budgeted to use \$25,192 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 IT Fund \$12,117 for operating/capital purchases, and the Crime Victim's Rights Fund, \$9,600. 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 \$96,250 from Baldwin Schools and \$18,804 from the Road Patrol Fund (207) for funding the School Resource Officer position (SRO). Additionally, the fund is budgeted to use \$7,250 from fund balance to balance. The contract with the Baldwin Schools is up at the end of June 2025, and the budgeted revenue plans on an increase of the contract to \$105,000 per year.
- The Friend of the Court Fund (215) is budgeted to receive \$232,016 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 \$50,611 in 2025. The fund will need a transfer in from the General Fund of \$15,000, as well as the use of fund balance (\$9,600), to offset budgeted expenses.
- The revenues from the Concealed Pistol Fund (263) continue to show slight increases. \$11,000 is budgeted for revenue in Fy2025. 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, 2023 and 2024, \$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 Fy2025

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 \$459,723 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 \$61,595. However, due to the timing of the payments, some of that grant revenue will be use of fund balance.
- The Secondary Road Patrol Fund (277) is budgeted with a grant from the State of Michigan for operations. The grant for Fy2025 is \$83,767. 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 50% of costs of the deputy.
- 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 (2025) \$800 in expenditures are budgeted with no use of fund balance.
- The Wolf Lake Level Revolving Fund (841) is budgeted to use \$1,000 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 Big Star Lake Level Revolving Fund (842) is budgeted to use \$2,500 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 DHS Fund (569) is budgeted to receive \$140,452 for 2025 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 2025.
- For 2025 the five unions will be in the second year of their three-year agreements. Wages are budgeted subject to terms for their respective collective bargaining agreements.
- 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 2025 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 (\$43,679).
- Although split in the past between the General Fund and the Road Patrol Fund, for Fy2025 the Undersheriff's wages and benefits are budgeted entirely within the General Fund. This changed started in 2024 and 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 \$52,500 subsidy from the General Fund for 2025.
- Within the Maintenance Department of the General Fund, the 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.

- Courthouse Security is budgeted with full-time employee with wages budgeted at \$42,848. The total cost with wages and benefits is \$77,114. The cost for a full-timer as opposed to continuing with part-timers is \$18,537.
- 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 part-time Sheriff's Administration Secretary funded by the General Fund, and created mid-year 2024 is included in the Fy2025 budget for an average of 30 hours a week and a total cost (wages and benefits) of \$31,992.
- 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. \$130,000 is budgeted in Fy2025 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 \$8,000 budgeted for per diems for MEIs and reflects changes to their holiday pay for 2025.
- The Chief Assistant Prosecutor position is budgeted for wages to be increased to \$55,282. 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 Fy2025. Additionally, a part-time position that was added in 2024 is continued for the Treasurer's Office for Fy2025. The position will help with the Blight Grant and is funded solely by the Land Bank with a transfer into the General Fund.
- The Fy2025 budget does not include the two full-time positions of Equalization Director and Appraiser, as those positions are covered under a contractual agreement. In addition to the full-time Office Manager, the Equalization Dept has 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 Fy2025 budget includes funding for those two positions at increased wages, based on the rescore for additional duties.
- 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.
- \$12,629 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 \$72,528 (wages).
- Next year (Fy2025) will mark the seventh 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 second year in a row, Fy2025 has only two employees being charged to the 911 Wireless Fund (261). The total budgeted for wages and benefits (not counting overtime) is \$156,371.
- 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 \$9,600 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 Fy2025 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 Fy2025 Building Inspection Fund (249) budget has one part-timer budgeted to learn the Inspector's and Chief Official's duties and to gain the necessary certification. This position will be a resourceful backup and possibly, a future successor to the Chief Building Officials position. This position is budgeted for 16 hours a week at a Grade 3.
- Part-time wages are budgeted for 4 positions within the Road Patrol. 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 (24 hours a week) at a cost of wages and benefits of \$30,048, and a part-time deputy budgeted at 12 hours a week at a cost of

wages and benefits of \$19,233. Elsewhere in the Road Patrol Budget, two part-time detectives are budgeted for 8 hours a week, each for a total cost of wages and benefits of \$25,433. There are no funds budgeted and no authorization for any other part-time employees within the Road Patrol Fund, during 2025.

Benefits:

• **Health Insurance:**

- The 2025 budget reflects a \$2,000 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, Fy - \$16,000). The County is in compliance with the P.A.152 and has exercised its option to opt out of the hard-caps and 80/20 splits. The departmental charge (\$16,000 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.
- The 2025 budget reflects the annual health insurance premium for active employees of \$1,424,013 with employees contributing \$62,112 of that amount. The insurance waiver costs are \$39,255.

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

- Fy2025 continues the Retiree Health/OPEB charge for eligible employees, albeit at a continued 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 Fy2025 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 2023 showed the Trust (at that time) over 171% funded. Based on the health of the fund, 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.
- The internal departmental charge for 2025 (see below) is budgeted to generate \$152,881 for next year, compared to \$154,050 in 2024, \$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 Fy2025, 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, 2023, marks the fourth yearly increase in the funding percentage (2023 84%, 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 2023 actuarial are used as the basis for Fy2025 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 Fy2025 we are budgeted to pay MERS \$949,22 in total retirement costs (Both DB and

DC) - up from \$861,391 in 2024. In 2023 the County paid \$888,627 and \$955,875 in 2022. That amount is \$195,861 in Defined Contribution (DC) employee costs and \$753,360 in DB Costs. The DB pension budgeted amount of \$753,360 is the fixed, required payment. Of this amount, \$196,260 (2024-\$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 \$557,100 (2024-\$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 – 84% funded = 16% 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 vs. 2025 - \$195,260), 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 2025. 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 (2025) is estimated and budgeted to increase 5%, it's estimated that the premium will be \$152,199 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. 2024: Premium, \$144,951 and SRI contribution, \$50,000.

The costs for liability insurance and the self-insured retention contribution for the county's carrier, MMRMA, is budgeted at \$202,199 (\$152,199 Insurance and \$50,000

SIR) for FY2025. 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 2025 we will receive a dividend check of \$52,292 at the end of 2024.

The budgeted spread for 2025 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; \$36,732 - \$10,000 (SIR) 251 911; \$5,000 - \$3,000 (SIR) 249 Building Inspection; \$5,000 - \$3,000 (SIR) 293 Soldiers Relief; \$17,000 - \$5,000 (SIR) 505 Ambulance.

General Expenditures:

- The General Fund expenditures are budgeted at \$7,287,980 of which approximately 70.65% or \$5,148,825 are for wages and benefits. The percentage for 2024 was 62.3%.
- Other than \$775, no other funds are budgeted within the General Fund specifically for capital outlay items.
- The FY2025 General Fund budget for meals within the jail marks an increase from the past years: \$55,000 FY2019, \$104,468 FY2020, \$112,763 FY2021, \$103,937 FY2022, \$99,094 FY2023, 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 (2023 and 2024), to \$3.74 (2025 estimate) per meal, the \$111,392 budgeted for 2025 is based on an average daily population count of 27.2 inmates and a 3% increase over the meal cost for FY2024
- 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 2025 and is in addition to in-kind space and \$10,750 budgeted for utilities and maintenance.
- The appropriation to Mental Health from the General Fund last increased in 2023 based on census numbers and a relocation of the percentage amongst the three counties (Lake, Mason, and Oceana). The amount budgeted for 2025 is the same as 2023 and 2024 (\$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 were increased from \$1,000 a couple of years ago.

- The General Fund has \$4,650 budgeted for the DHHS Board for per diems, travel, due & subscriptions, and conferences. The 2025 budget also has \$2,000 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 and 2024.
- The General Fund has budgeted within the (101.266) \$1,500 to continue funding 211 services after the initial request in September 2021 and annual reports and presentations.
- The General Fund has budgeted within the Equalization Department two contracts, one for Equalization Director services (\$50,775) and another to do the Sales and Appraisal Studies in 2025 (\$35,000).
- Within the General Fund (101.901) there is \$6,000 budgeted for capital purchases. \$5,000 for new furniture in the Judge's chamber and \$1,000 for three chairs in the court intake office.
- 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 2024.
- There is \$10,000 budgeted within the General Fund, Jail (101.351) for new shower heads.
- The General Fund includes \$8,750 in the Board of Commissioner's Dues and Subscriptions: \$7,378 for MAC annual dues, \$450 for NACO, \$505 for MTA, \$75 for the Northern Michigan Counties Association, and \$342 extra.
- Within the General Fund (101.704) \$3,266 is included for the West Michigan Shoreline Regional Development Commission (WMSRDC) and \$725 for the Area Agency on Aging of West Michigan.
- The General Fund includes \$36,000 budgeted for auditing services. This amount is broken down: \$33,400 for the Annual Audit, including the Federal Single Audit and F65 Filing, and \$2,600 for GASB changes and implementation.
- \$43,679 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 2025, \$25,192 of program income in the CDBG Housing Program Fund (282) is slated for transfer into the 245 fund. These

transfers total over \$50,000 and are to be used for the EDA grant match. The program incomes funds in the CDBG Housing Program Fund are the repayment of housing loans and after approval are required to be transferred out of the fund.

- 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 \$5,000 under Legal (101.266) within the General Fund for legal expenses.
- \$37,000 is budgeted in the Postage section of the General Fund (101.272) for mailings for courthouse departments. In addition, \$800 is budgeted for the maintenance agreements.
- The Fy2025 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 the 2023 budget, 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 \$50,417 with \$12,000 budgeted for autopsies, \$8,000 for MEI per diems, and \$30,417 for the ME and Admin Contract. The contract reflects a 2% increase over 2024.
- \$3,300 is budgeted within the General Fund (101.272) for bonds for the local treasurers to collect the summer and winter tax payments. Although this is a slight increase from 2024, overall, the amount is down from previous year's due to using the MMRMA affiliated insurance carrier. In 2022, \$4,500 was budgeted.
- For 2025, 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), publishing (\$250), and for a new County Master Plan and a Parks and Rec Plan (\$9,000).
- The General Fund transfer out to the Child Care Fund is budgeted to be \$120,000. This amount is based on the number of children predicted to enter the system and staffing and normal operating expenses.
- The General Fund includes a transfer out to the Crime Victims Rights Fund of \$15,000 for operations. This amount is the same as Fy2024, but \$5,000 more than Fy2023. This continues a steady increase in recent history as costs increase, but the state grant amount is reduced.

- Approximately \$130,000 is budgeted within the General Fund for the Jail for medical services for inmates. This amount is spread over three-line items.
- The Elections Department within the General Fund (101.262) reflects a budgeted decrease of expenditures of \$40,509 for a total of \$22,500 (\$57,137-2022, \$17,717-2023, \$63,009-2024) due to 2025 being an odd numbered year. This amount is based on 2025 being neither a presidential or gubernatorial election year. Expenditures will drop in the odd numbered year (2025), only to increase again in 2026, due to the state gubernatorial election.
- The General Fund includes \$5,000 budgeted for contracted legal services in the 101.266. In 2020 \$16,189 was spent, \$20,773 in 2021, \$11,772 in 2022, \$4,850 in 2023, and an estimate of \$3,500 in 2024. 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 doubled in the past couple of years.
- \$10,000 is budgeted in the General Fund for a transfer out to the Parks Fund for normal operations and to open and close the ORV Park. The Parks Fund is budgeted to use \$20,000 of fund balance for costs associated with installing a sign and electric at the ORV Park.
- The General Fund is slated to transfer out \$110,000 to the IT Fund, \$52,500 to the DHS Building Fund to cover the cost of a maintenance and custodial workers, \$43,679 to 911 Fund for Emergency Services, \$10,000 to the RRP fund for utilities, \$15,000 to the Crime Victim's Rights Fund, and \$1,324 for the required 15% match for the snowmobile grant.
- The Road Patrol Fund (207) has a snowmobile grant budgeted in the amount of \$7,500 with a \$1,324 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 Hollister Senior Center Fund (220) has \$40,000 budgeted for a 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 2024 is \$37,029. These funds, along with the rent for 2025 (\$12,374), should be enough for the roof replacement and \$2,500 for building maintenance. If estimates exceed the \$40,000 budgeted amount there should be approximately \$7,000 extra still in fund balance.

- The 911 Fund (251) has \$6,987 budgeted for the remainder of their portion of the purchase of a new CAD system and \$50,000 for Oceana-Mason 911 to connect to their system.
- The Capital Improvements Misc Fund (404) has \$100,000 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 fund also has \$100,000 budgeted to replace carpeting in the old sections of the courthouse.
- Within the 402 Capital Improvements Fund, \$15,000 is budgeted for several projects, including the drainage repairs at the Animal Shelter (\$10,000) and a transfer out to the Road Patrol Fund for the purchase of bullet proof vests (\$5,000).
- The Ambulance fund (505) is budgeted for a 5% increase for the contract with Life Ambulance for ambulance services. This amount is an estimate as the contract ends at the end of 2024. The contract amount for 2025 is \$411,226. Additionally, \$105,948 is budgeted for the purchase of three new LifePak 35 Monitors, with trade-in.
- The 569 DHS Building Fund has \$2,000 budgeted for a HVAC software costs 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 \$4,500 into the General Fund. The funds are to be used for inmates and the operations of the facilities.
- \$42,721 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 2024 is estimated to be \$139,883.
- The Big Star Lake Level Fund (842) is budgeted for routine maintenance on the drain. Expenses are budgeted at \$2,500. Fund balance at the end of 2024 is estimated at \$6,000.
- 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 (\$69,359), \$600 for web site and hosting costs, and \$17,028 for the one-year renewal of Microsoft 360 Exchange Mail and Barracuda Essentials.
- The Opioid Settlement Fund (284) has \$50,000 budgeted for expenditure should the County Board decide to spend some of the fund balance (unearned revenue) in accordance with the legal settlements.

- The Materials Management Fund (233) reflects the anticipated receipt of the first of the three-year grant from the state (\$76,048), the final payment to the WMSRDC for developing the plan (\$605), the repayment of \$10,000 that the General Fund loaned the fund in 2024, and the set aside of \$65,443 to be used to carry out and implement the plan.

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 nearly \$47,250. Fund balance is expected to be added to at the end of Fy2024 with a final total estimate of over \$510,000.
- Overall funding in the Fy2025 budget for Michigan State University Extension is \$62,965 and is a slight increase when compared to 2024. The overall budget has a 3% increase from \$61,132 to \$62,965. Within this amount for 2025 is the “base assessment” at \$44,751 which covers the 4H Coordinator position at .5 FTEs, and the “buy-in” at \$18,214 which increases the number of hours for 4H Coordinator by 10 hours a week for a total of .75 FTE.

With the exception of the past couple of 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, Fy2024, and Fy2025 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 Fy2025 budget:

- Memorandum of Agreement: \$44,751 (assessment)
(includes 1st half of 4-H Youth Agent and basic services)
- 4-H support: \$18,214

- 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 \$499,381.87, which although a State Grants, due to timing of receipt, will be shown as a revenue using fund balance. 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 2025.
- The School Resource Officer portion of the Law Enforcement Fund is budgeted at \$122,304 and reflects a transfer in from the Road Patrol Fund of \$18,804 and the use of fund balance of \$7,250 or approximately 20-25% of the duties when the officer is not working in the schools (off season). The remaining \$96,250 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 2025. It's important to note that the current agreement of \$87,500 a year ends at the end of June 2025 and the budget reflects a new agreement with an annual amount of \$105,000 a year.
- The Road Patrol Fund is budgeted to use fund balance (\$138,381) to help balance the budget. Notable budgeted expenditures include: \$103,136 purchasing 2 new vehicles, \$50,000 outfitting 2 vehicles, \$40,000 for IT, \$24,000 the body cam program, \$13,680 for continuation of the Taser program, \$5,000 for new bullet proof vests, \$18,804 for the SRO position, the part-time evidence clerk, deputy, and two detectives mentioned earlier.
- The Soldiers Relief Fund is budgeted with \$61,595 in revenue from the State Veterans Basic Grant and \$73,712 in millage monies. Due to the timing of receipt of the grant monies, the actual revenue for the grant could be a combination of the grant and fund balance revenue lines.
- Revenue and Expenditures within the Child Care Fund will look different than 2023 and prior 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 \$10,000 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.
- Within the Council on Aging Fund (216) there is \$21,235 budgeted for emergency requests. At the end of 2024 fund balance is estimated to be \$277,675. It is conceivable, if done correctly, that additional services could be provided with these resources.
- The Register of Deeds Automation Fund (256) is budgeted in Fy2025 to add \$12,000 to fund balance. The fund balance estimated at the end of 2024 is \$99,490. Although there are additional resources available, these funds and their usage are strictly limited by law.

- It's likely that the Land Bank Fund (570) will need either some cash-flow help or a loan as the \$2.2 million grant is a reimbursement grant and the fund balance at the end of 2024 is estimated to only be \$372,000.
- 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.

Adequate funds exist and the Board of Commissioners authorized, in late 2024, to pay off the Courthouse/Jail Bonds. Therefore, this fund is not needed and not budgeted for FY2025. For 2025 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 has been inactive for several years. Legal counsel advised that rather than disband the authority, until both bonds are paid off (Courthouse & Jail and RRP), the county should keep the authority in a dormant state. At the end of the 2024, the Courthouse & Jail bonds are slated to be paid off (the RRP bonds were paid off in 2023). Based on this, the County Board should appoint a temporary Building Authority Board at the beginning of 2025 to transfer the ownership of these facilities from the Building Authority to the County and then formally disband. \$500 is budgeted from fund balance for next year, to address these items.

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 2025 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 with a horizontal line above the first few letters.

Tobi G Lake
County Administrator