



Lake County Administration Office

November 19, 2020

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

RE: FY 2021 Lake County Budget (January 1, 2021 – December 31, 2021)

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 2021 operating budgets total \$18,468,249 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 2021 fiscal year budget, considered many aspects of the County's financial resources and the ever-increasing demand for public services.

- The current economic conditions played a significant role in the creation of the 2021 budget. The State's economy continues to recover from the COVID-19 pandemic at a modest pace. It is anticipated the County will continue to see reduced funding at state and federal levels. The actual magnitude of the impact will depend on the economy within the State of Michigan and continued budgetary cuts at the federal level. Reduced funding levels are expected to continue to be seen through changes in grant awards and long standing funding relationships.
- The decline in property values and the rise in foreclosures over the past decade have had a dramatic effect on the property tax levy and the revenue generated by it. For the 2021 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 2020 taxable value and an estimated 2% increase in taxable value, with a final collection rate of 98%. Since FY2021 property taxes for General Fund will actually be based on the 2021 taxable value, it is expected that any increases in value over the 2% will offset any losses to the

Baldwin DDA capture and uncollected personal property taxes. The various other special millages have been computed at 97% (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 FY2021 General Fund property taxes does not reflect a Headlee Rollback from 2020.
- 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.
- 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 FY2021 budget marks the fourth year in efforts towards attributing cost figures to benefit groups to generate funds to help meet the annual required contribution (ARC).
- Fluctuations in the stock market, the effect on the market value of our defined benefit accounts through MERS (Municipal Employees Retirement System), and the closing of the RRP facility, coupled with changes in MERS actuarial assessments, have meant the county pays approximately the same about to MERS for the county DB Plans, but that cost is spread over fewer employees. Payments to MERS are now a flat dollar amount, rather than a percent of wages, although the funds are collected from departments based on a percentage of wages. Other factors contributing to the rise in pension costs as a percentage of wages include, more individuals drawing from the plan when they become eligible for retirement, a reduced actuarial period, increased life expectancies, and a closing of the system, with new hires being placed into a Defined Contribution plan January 1, 2018.
- The closing of the RRP facility and the slow recovery of property tax values have placed a huge burden on the General Fund.
- The 2010 recession in Michigan's housing market triggered a corresponding 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. The 2021 Fiscal Year Budget anticipates continued incremental revenue growth within the Building Safety & Permits Department and Register of Deeds Office as the market continues to slowly rebound and grow.
- 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.

- Under Public Act 161 of 2013, Disabled Veterans Exemption, real property used and owned as a homestead by a disabled veteran 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 will result in a decrease in the County's General Fund revenue and all other special millage funds in 2020. The General Fund portion budgeted for reimbursement is \$37,629.

General Highlights of the 2021 Budget

The 2021 budget reflects the on-going efforts employed to attain the most accurate portrait of revenues and expenditures in the development phases of the budget. There have been cost reductions throughout many facets of the budget. Many areas have been trimmed and re-evaluated to provide the most efficient and economical delivery of services.

REVENUES:

- The proposed FY 2021 annual budget for Lake County includes approximately \$18.5 million in expenditures, spread over 44 funds.
- Wages and benefit costs of the FY 2021 budget are approximately \$8.3 million.
- The General Fund budget reflects property taxes of \$3,712,897. This reflects a projected 2% growth in taxable value for 2021; a full levy (5.9968) with no Headlee Rollback; and a 2% loss on collections due to capture districts and uncollected personal property taxes.
- The General Fund budget reflects an approximate 50% decrease from the tri-county convention facilities tax since 2015.
 - 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 is scheduled to receive \$24,319.
 - For FY2019 the General Fund is budgeted to receive \$50,240 and substance abuse is scheduled to receive \$25,120.
 - For FY2020 the General Fund is budgeted to receive \$52,211 and substance abuse is scheduled to receive \$26,106.
 - For FY2021 the General Fund is budgeted to receive \$51,607 and substance abuse is scheduled to receive \$25,804.

- Revenue Sharing is budgeted at \$264,456 for the 2021 fiscal year in the General Fund.
 - Revenue Sharing is broken down with the following estimates:
 - \$215,106 County Revenue Sharing Payment
 - \$49,350 County Incentive Program (CIP)
 - \$264,456 Estimate for FY 2020
 - The CIP portion of Revenue Sharing requires the County to submit 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 – \$89,482, Council on Aging – \$19,406, Emergency 911 -- \$52,196, Ambulance -- \$15,020, Soldiers Relief Fund - \$2,992, and Transportation -- \$11,419). The Library Fund is not charged an Administrative Fee. These revenues go into the General Fund and reflect the board voted tax cut to the ambulance special millage.
- The FY2021 budget does not reflect any revenues from the state for the county to do Title IVE Abuse and Neglect cases within the Prosecutor’s Office.
- The revenues in the General Fund from dog licenses after several years of downward spirals have plateaued. These revenues are typically used to help fund Animal Control services. Line item 101.000.00.477.000 is budgeted in FY2021 at \$5,000 in FY2009 \$9,503 was collected.
- The General Fund includes \$110,000 in revenue from State PILT. This amount is a small increase over 2020, 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 \$200,000 from Federal Payment in Lieu of Taxes payments (PILT). This amount is \$8,000 more than budgeted in FY 2020, but just like state PILT, federal PILT dollars have been sporadic throughout the years.
- The General Fund includes \$34,961 in revenue for the Survey and Remonumentation Grant, a continued decrease from FY 2018, FY2019, and FY 2020. In FY 2020 \$40,572 was budgeted.
- The General Fund includes net asset distributions from the MMRMA and the Worker’s Compensation Pool in the amount of \$142,000. (Estimated \$78,000 MMRMA and \$64,000 from Workers Comp).
- The General Fund reflects State Revenue Sharing payments of \$264,456.
- The IT Fund (636) reflects transfers in from the 404 Fund of \$30,000 for the continuation of a computer replacement and windows upgrade program as well as the purchase of a new server. Additionally \$20,000 is budgeted for 2 generators at the North and South

ambulance garages, and \$13,345 to have the courthouse roof studied (\$3,939) and the HVAC software upgraded (\$9,406).

- The General Fund includes \$253,000 from fees for the Register of Deeds, a cautious sign of continuing improvements in the real estate market.
- \$12,500 is budgeted in the General Fund as continued repayment from Canteen Services. FY 2021 is the final year of the repayment arrangement.
- 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.
- \$15,152 is budgeted in the General Fund for the Emergency Management Performance Grant.
- The General Fund is budgeted to receive \$226,500 in revenue as part of the contract to transport inmates with the feds.
- The sale of E-cigs is budgeted to bring in \$15,000 in General Fund revenues.
- The property tax revenues generated from the Road Patrol, Ambulance, Emergency 911, Council on Aging, Library, Transportation, and Indigent Veterans millages are figured at 97% of the computation (Taxable value/1,000 x millage rate). These millages are all levied in December of 2020 for their respective FY 2021 budgets. The General Fund's FY 2021 property tax revenue is based on a predicted 2% increase in taxable value because it is levied in July of 2021.
- Rent for the CMH Building in the amount of \$21,936 is budgeted to be received in the Other County Property Fund (403) and then transferred to the General Fund. This lease is not yet finalized and reflects an increase of 2.5% over FY 2020.
- Rent is being charged to the Rd Patrol Fund for the Sheriff's Office (\$50,000), Ambulance Fund for the ambulance base facilities (\$56,000 (\$36,000 rent and \$20,000 generators)), and the Central Dispatch Fund for the Central Dispatch location in the basement of the courthouse (\$30,000).
- Rent and charges to cover indirect costs are continued to be charged to the Building Inspection Fund in the amount of \$30,000 in FY 2021.
- The Council on Aging Fund (216) is budgeted to use \$8,634 in fund balance due to expanded programming and the Ambulance Fund (505), Indigent Defense Fund (259) and 911 Fund (210) are budgeted to use \$146,000, \$104,235, and \$104,444, respectively. Additionally several funds are slated to utilize fund balance to balance their budgets.

- The Law Library Fund is scheduled to use \$1,500 of fund balance to offset the law updates contract, the Child Care Fund is budgeted to use \$80,000 to provide relief to the General Fund. The Road Patrol Fund is budgeted to use \$350,201 in fund balance for capital purchases and operating, the Parks Fund \$9,000, the Concealed Pistol Fund \$1,500, the IT Fund \$9,000 for operating, and the Crime Victim's Rights Fund \$3,100. Other funds using fund balance are either to provide relief to the parent fund that primarily funds them with transfers in or because that is their design and nature (i.e. capital funds or delinquent tax funds).
- The Road Patrol Fund (207) is budgeted to receive \$9,000 from the sale of vehicles.
- The Friend of the Court Fund (215) is budgeted to receive almost \$15,000 more revenue from the Title IV D Grant for Cooperative Reimbursement work. Eligible expenditures are reimbursable at 66% and the increased revenue is due, in part, to increased wages, benefits, and personnel costs.
- The grant within the Crime Victim's Rights Fund (260) is budgeted to receive just over \$50,000 in a grant. The fund will need a transfer in from the General Fund of \$17,000, as well as the use of fund balance, to balance.
- The revenues from the Concealed Pistol Fund (263) continue to steadily increase. \$9,500 is budgeted for revenue in FY 2021. Funds can only be expended for costs related to the issuance of the concealed carry permits. Other than some office supplies and equipment no expenditures have historically happened out of this fund. The fund balance at the end of FY 2018 was \$17,943. For the FY2020 budget \$10,000 is budgeted 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 FY 2021 continues the \$10,000 transfer to the General Fund to help cover expenses with operating the program.
- The Secondary Road Patrol Fund (277) is budgeted with a grant from the State of Michigan for operations. The grant is \$35,775 and where it used to cover one-half the wages and benefits for a deputy within the fund, now it only covers approximately 1/3rd. This grant is based on the amount of tickets written state-wide.
- 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 \$15.00 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 the courts have started to utilize this fund and its fund balance. At the end of FY 2019

fund balance stood at \$19,768. For next year (2021) \$3,000 in expenditures are budgeted with the use of \$2,250 in fund balance.

- The DHS Fund (569) is budgeted to receive \$80,000 from the State of Michigan for rent of the DHS building. This amount is based on the lease. In FY2018 the county received \$70,000 in rent.

EXPENDITURES:

WAGES:

- The wage scale for scored hourly and salaried, exempt employees is slated to increase based on the market and historical increases. The scale is budgeted for Grade 1 to increase 6.5%, Grades 2-5 (Hourly) - 1.25%, and Grades 6-9 (Salaried) - 2%. Covered employees are budgeted to receive step increases according to their respective wage scale.
- Union and contractual employees are budgeted to receive step increases according to their respective contract or tentative agreement.
- The Building Official, Undersheriff, Magistrate, Chief Assistant Prosecutor, and part-time Building Inspection Enforcement positions have not been scored and are slated for a 2% increase.
- The Sheriff, Prosecutor, Clerk/ROD, Treasurer, and Administrator are budgeted for a 2% increase as well.
- The Board of Commissioners are not budgeted for a wage increase.
- The Public Guardian is slated for a \$1,000 a year increase (\$8,500 to \$9,500).

PERSONNEL:

- The 2021 budget continues the position of the County Emergency Services Director and the Central Dispatch Assistant Director. The position is funded out of the Central Dispatch Fund with a General Fund transfer in for the Emergency Services portion.
- Due to the closing of the RRP, the maintenance supervisor position has been moved to the General Fund, and the maintenance position to the DHS Building Fund with a \$73,500 subsidy from the General Fund.

- Courthouse Security is budgeted with part-time employees.
- The two county maintenance positions are not budgeted with any overtime, so any hours in excess of 40 worked per week, will have to be credited as comp time.
- The jail budget has exceeded its overtime budget in recent years. This expense is sizeable and efforts need to continue to reduce this expense. \$125,000 is budgeted in FY 2020 for jail overtime.
- Jail Over Time: \$170,800 (2017); \$170,653 (2018); \$156,039 (2019); \$135,000 (2020 Estimated)
- The Medical Examiner's budget has a \$6,930 budgeted for per diems for MEIs to offset the expense related to benefits and equipment historically bore by the Rd Patrol Fund.
- The Chief Assistant Prosecutor position is budgeted to be moved to \$46,818. This amount reflects a 2% increase.
- With the cooperation of the Treasurer-Elect, one position is slated to be eliminated to help balance the General Fund budget: Clerk-Treasurer position within the Treasurer's Office.
- The additional position added to the courts in 2020 is continued. The position will be charged 50% to the General Fund (Trial Courts) and 50% to the Child Care Fund.
- In conjunction with the reduction of one position within the Treasurer's Office, the existing staff are budgeted to be increased from 37.5 hours a week to 40.
- The two lead positions within central dispatch are budgeted should the Director choose to fill them.
- \$10,514 is budgeted within the General Fund for the County Guardian position.
- The Building Inspection Department is budgeted for a part-time Chief Building Official at 32 hours a week on average.
- This year (FY 2020) marked the third year 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 FY 2017 the fund balance was \$1,144,744. Since then three employees, including their wages and their benefits, have been charged to this fund each year for cost exceeding \$210,000 annually. For the FY2021, the county did a full 911 millage levy and the three employees are once again being charged out of the 911 Fund (210). This strategic move will allow the 261 fund to build up fund balance as a

possible resource of funding for a proposed expansion and renovation of the central dispatch department into the storage area of the basement of the courthouse as millage funds should not be used for construction.

- The Crime Victim's Rights Advocate is budgeted to be paid 100% out of the Crime Victim's Rights Fund (260), with a \$17,000 subsidy from the General Fund for normal office assistance.
- The Friend of the Court Fund (215) has the three full-time employees budgeted at 40 hours for FY2021 and 40% of the Magistrate's wages and benefits. Eligible expenses are reimbursable at the rate of 66%.
- The FY 2021 Building Inspection Fund (249) budget has a part timer budgeted to continue learning the Inspector's and Chief Official's duties and to gain the necessary certification. This person is a resourceful backup and possibly a future successor to the Chief Building Officials position. The position is budgeted for 8 hours a week at a Grade 3 for a cost of wages of \$7,112.
- Part time dollars are budgeted for positions within the Road Patrol (\$48,000). The funds within the Road Patrol part-time wages line item are to cover costs associated with a part-time civilian to work in the Sheriff's Department evidence room and to part-time deputy hours to make up for anticipated shortages in the full-time ranks.

BENEFITS:

- **Health Insurance:**
 - The 2021 budget reflects an increase in the annual premium for health insurance to the departments (FY 2020 - \$12,500, FY 2021 - \$13,500). 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 reflects a smoothed amount charged to each department for each employee eligible to take the county's insurance or the insurance waiver of \$13,500 a year. These funds are budgeted to be collected in the 727 Employee Benefit Fund for payment of obligations and premiums.
- **Retiree Health Insurance and OPEB Funding:**
 - FY2021 continues the new Retiree Health/OPEB charge for eligible employees. The charge is weighted based on the benefit and will make the premium payments

for retiree health insurance; set aside funds to meet the county's OPEB liability; and pay new hires and opt-out employees \$25 per pay period into their Retiree Health Care Savings Account. The charge will generate \$451,440 a year.

- The monthly charge for eligible employees is \$380 a month and \$570 for deputies and command staff, which is the same amount as FY 2020, but represents a sizeable decrease from 2019 and prior years. The reduction that occurred in FY 2020 was the second straight year for a reduction and will continue to help offset increased costs for retiree health care and OPEB obligations.
- The charge will distribute the cost of retiree health care and OPEB obligations more equally and will cost operating funds accordingly. Below is how those costs 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 is 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 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. 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 2019 actuarial are used as the basis for FY 2021 budget. The county pays MERS a flat dollar monthly amount for the defined benefit (pension) liability, but derives the costs from departments based on a percentage of employee wages. For FY 2021 we are budgeted to pay MERS \$850,532 in retirement costs. That amount is \$80,000 in Defined Contribution employee costs and \$770,532 in Defined Benefit Costs. Of the fixed Defined Benefit pension costs (\$770,532), \$281,028 is the normal employer cost (Cost attributed to the employees working another year and earning credit towards their pension), and \$489,504 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 – 72% funded = 28% Unfunded Accrued Liability).

Expenditures

- The General Fund expenditures are budgeted at \$6,255,706 of which generally approximately 70% are for wages and benefits.
- No funds are budgeted within the General Fund for capital outlay items or purchases.
- The FY 2021 General Fund budget for meals within the jail marks an increase of over \$55,000 from the amount spent in FY 2019. This amount reflects a change in the per meal costs with Canteen from \$1.58 (2019) to \$3.42 (2020) to \$3.52 (2021) per meal. The \$96,432 budgeted for 2021 is based on an average daily population county of 25 inmates and is a 3% increase over the meal cost for FY 2020.
- Up until FY 2019 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 FY 2021 allocation is the same as FY 2020 and FY 2019: \$74,083. This amount is in addition to an in-kind space and \$8,900 budgeted for utilities and maintenance.
- The appropriation to Mental Health from the General Fund reflects no increase and remains at \$55,250.
- The General Fund budget proposes a \$1,000 increase in the contribution for Conservation Mason-Lake (\$1,000 to \$2,000), and retains a \$1,000 contribution for Conservation Osceola-Lake.
- The General Fund has \$6,050 budgeted for the DHHS Board for travel, due & subscriptions, conferences, and contracted services (Children's Christmas Program), and \$2,000 budgeted for the second contribution of three earmarked for the Children's Trust Fund grant.
- The Indigent Defense Fund is budgeted with a contribution from the General Fund of \$77,818.17 which is a 2.1% increase over FY 2019, as required by statute.
- The General Fund includes \$7,378 in the Board of Commissioner's Dues and Subscriptions for MAC annual dues.
- The General Fund includes \$2,600 in funding for the West Michigan Shoreline Regional Development Commission (WMSRD) and \$750 for the Area Agency on Aging of West Michigan.

- The General Fund includes \$40,000 budgeted for auditing services in anticipation of having to do A Federal Single Audit for FY 2020.
- \$15,000 is budgeted in the General Fund under (101.965.00.999.016) for the School Resource Officer to work four days a week in the schools.
- The 402 Fund includes \$25,000 for Economic Development, derived from fund balance. The funds are the first payment after the completion of the initial three year commitment (\$75,000 total over three years) to match outside dollars raised to operate the Lake County Economic Development Alliance. That commitment was 2017/2018, 2019, and 2020.
- \$10,000 is budgeted in the 402 Fund for one half of the county's share for the Hazardous Mitigation Grant.
- The FY 2021 budget reflects a transfer out from the General Fund (Trail Courts) into the Friend of the Courts of \$85,000.
- The General Fund transfer out to the Child Care Fund is budgeted to be \$95,000. This amount is based on the number of children predicted to enter into the system and the use of \$80,000 in fund balance within the fund. The transfer out was \$487,753 in FY2015.
- The General Fund includes a transfer out to the Crime Victims Rights Fund of \$17,000 for operations. This amount is the same as FY 2020 and a large increase over FY 2019 (\$12,000).
- Approximately \$97,500 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 (101.191) reflects a budgeted decrease of expenditures of approximately \$55,000 (\$63,307 to \$6,827) due to 2021 being an odd numbered year. This amount is based on 2020 being a Presidential election year. In 2022, expenditures will increase again, due to the State Gubernatorial election.
- The General Fund includes a 1.5% increase in the contracts for the Medical Examiner to administer the ME's Office, as well as the restructuring of some of the costs.
- The General Fund includes \$25,000 budgeted for contracted legal services. In 2019 under \$1,000 was spent, however the budgeted amount reflects costs involved with the litigation between Yates Township and Yates Dial-A-Ride.
- The General Fund includes a \$1,000 appropriation for Household Hazardous Waste Collection under the General Fund Legal Section (210).

- \$5,000 is budgeted in the General Fund for a transfer out to the Parks Fund. Additionally, the Parks Fund is budgeted to use fund balance to help with preliminary costs related to a potential grant project.
- The General Fund is slated to transfer out \$7,500 to the Law Library Fund, \$55,000 to the IT Fund, \$5,000 to the Parks Fund, \$73,500 to the DHS Building Fund to cover the cost of a maintenance worker, \$32,000 to 911 Fund for Emergency Services, \$80,000 to the RRP fund for utilities, and \$15,000 to the 403 Fund to set aside money for a jail transport vehicle.
- 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 \$354,810 in 2020 to \$363,680 in 2021.
- The Commissary Fund (595) is budgeted to transfer \$3,000 into the General Fund. The funds are to be used for inmates and the operations of the facilities.
- The Big Star Lake Bond Debt Fund (891) is budgeted to collect from special assessments and pay just over \$67,000 for principle and interest on the five year bond for the lake level improvements.
- The retirement costs for all eligible employees for the MERS retirement/pension DB and DC plans will go into the Employee Benefits Fund (727) and be used to cover costs related to the DB plan and DC plans.

OTHER ITEMS OF NOTE

- This is a ZERO SUM budget. Additional expenditures will be at the expense of other areas. There are no reserves other than fund balance and excess delinquent tax funds.
- Funding for Michigan State University Extension includes a no increase on the assessment and the elimination of additional funding for some services that were added last year. The county made cuts to the program with savings for FY 2017 of \$57,229 (Overall budget for FY2017 was \$94,515 before program cuts). The budget for FY 2019 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 FY 2020 budget had \$40,151 budgeted for the assessment only. The proposed FY 2021 budget has the assessment included (with no annual increase) and an additional \$16,341 to reinstate the 4-H Youth Agent back to 75% for a total amount of \$56,492.
 - Included:
 - Memorandum of Agreement: \$40,151 (assessment)
(includes 1st half of 4-H Youth Agent and 1 full-time educator)
 - Buy-up of additional 25% of 4-H: \$16,341 (Makes 4-H Youth Agent as 75%)

- The Building Inspections Fund reflects no subsidy from the General Fund and actually incorporates a charge for space, heat, electricity, admin, etc. of \$30,000 annually. FY 2021 isn't budgeted to use any of fund balance. Fund balance is expected to be added to at the end of FY2020.
- The costs for liability insurance and the self-insured retention contribution for the county's carrier, MMRMA, is budgeted at \$164,393 for FY2021. The renewal had a slight decrease. The rate for FY2020 was \$164,918. These amounts are a decrease from pre-2020 rates which included liability for operating the RRP. The costs for FY 2019 was \$184,770. As part of the county's renewal we received a dividend of \$77,792 at the end of this year.
- The Indigent Defense Fund reflects a transfer in from the General Fund of \$77,818.17 and a grant from the state in the amount of \$208,469.42, reflected under State Grants and fund balance, due to the timing in receipting some of the grant funds. This fund covers the financial obligations to adhere to the five mandates and bring the county into compliance the state statute and grant contract.
- The Law Enforcement Fund is budgeted at \$105,000 and reflects a transfer in from the Road Patrol Fund of \$45,000 for 25% of the duties when the officer is not working in the schools (off season) and 15% of the duties as the position is just 4 days a week in the schools. The remaining \$60,000 is budgeted to come from Baldwin Schools \$45,000 and the General Fund \$15,000 (101.965.00.999.016).
- The Road Patrol Fund is budgeted to use fund balance (\$350,201) to help balance the budget and for equipment purchases and related charges. Notable budgeted expenditures include: \$76,000 purchasing 2 vehicles, \$32,000 outfitting 2 vehicles, \$25,000 for IT, \$7,500 for 3 radios, \$13,680 for continuation of the Taser program, \$45,000 for the SRO position, \$15,000 for Secondary Roads, and \$20,000 for upgrades to equipment.
- The Soldiers Relief Fund is budgeted with \$51,567 in revenue from the State Veterans Basic Grant and \$59,841 in millage monies.
- The Disaster Contingency Fund is budgeted to receive a \$250,000 grant from the State of Michigan for disaster relief expenses for the Rd Commission which did not occur in FY 2020.
- Revenue and Expenditures within the Child Care Fund may look a little different than previous years due to changes in how the state bills for care.

- The RRP is budgeted to receive \$80,000 from the General Fund in a transfer in to cover costs associated with utilities and trash related to a vacant facility.
- In 2020 the Board of Commissioners created the General Debt Service Fund 301 to cover the principle and interest costs associated with the bond payments for the RRP Facility and the Jail/Courthouse. The Treasurer's Unrestricted Fund 516 (excess delinquent tax funds) is budgeted to transfer \$155,166 (\$205,166 - \$50,000 extra) into the 301 to cover the ½ the bond payment for the RRP with the other half coming from the General Fund. Additionally \$163,935 is being transfer in one-time set aside monies from the 404 to establish an amount sufficient within the 301 to pay for all future principle and interest payments on the courthouse/jail bonds until they can be paid off early (December 2024) or defeased.
- 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, the county should keep the authority in a dormant state. Therefore minimal dollars have been left as assets with the authority and \$400 is budgeted in case there should be a need for meetings next year.
- For FY2021 the county has continued to make changes to how it spreads the cost of liability and property insurance amongst its funds. More funds have been 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 this year. Next year's renewal is slightly less than this year's. 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.
- The Capital Improvements Fund 404 is budget to use \$227,280 of fund balance to pay for the costs associated with the purchase and install of generators at the south and north ambulance garages (\$20,000), the purchase of computers and a server in the IT Fund (\$30,000), new HVAC software and a courthouse roof study (\$13,345), and \$163,935 in one-time set aside dollars to ensure funds are available within the 301 General Debt Service Fund to cover all future payments on the courthouse/jail bonds until either early payoff (December 2024) or until the bonds can be defeased.

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 2021 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 positioned above a light yellow rectangular background.

Tobi G Lake
County Administrator