



Lake County Administration Office

November 8, 2022

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

RE: FY 2023 Lake County Budget (January 1, 2023 – December 31, 2023)

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 2023 operating budgets total \$20,175,896 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 2023 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 2023 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 are soaring. 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 2023 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 2022 taxable value with an estimated 3.33% increase in taxable value, a Headlee Reduction of .0657 mills, and a final collection rate of 99.5% (\$19,760 factored for losses and captures for increment financing). Given that FY2023 property taxes for the General Fund will actually be based on the 2023 taxable value, any increases in non-new value over the rate of inflation will result in a Headlee Rollback. The \$19,760 reduction represents the .5% 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 2022 taxable values (Sheriff's Road Patrol, Emergency 911, Ambulance, Seniors, Veterans, Transportation, and Library).

- The property tax figures included in the 2023 budget additionally have been reduced to reflect the possibility of GEO being successful in their Tax Tribunal case. Their initial request was to reduce their 2021 taxable value assessment by \$15,830,115 (nearly 50%). While it's unlikely that any Tax Tribunal decision will merely either agree or disagree with their request, the property tax revenues amongst the eight effected millages in the 2023 budget are strategically reduced should that be the case. The amounts reduced are a total of \$197,717 with \$91,814 attributable to the General Fund.
- Should GEO be successful with their Tax tribunal Case—to any degree, the General Fund would have to repay taxes for 2021 and 2022 and the other seven funds for 2021 (The 2023 budgets for those seven are based on 2022 taxable value). This planned reduction should help mitigate any adverse ruling, although future year's tax revenues would be uncertain.
- 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 FY2023 General Fund property taxes reflects an estimated Headlee Rollback from 2022.
- The rising and fluctuating costs of health insurance for both actives and retirees has generated budgeting, financial, and management challenges. The County has been, and will continue to be, proactive in establishing measures to monitor and control these expenses, including adhering to the PA 152 state imposed hard-caps.
- OPEBs (Other Post-Employment Benefits) are a significant liability in regards to Retiree Health Insurance. The County was required to measure its liability at the end of the 2009 fiscal year and the FY2023 budget marks the sixth year in efforts towards attributing cost figures to benefit groups to generate funds to help meet the annual required contribution (ARC). FY2023 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 2021 showed the Trust (at that time) over 100% funded. Based on this actuarial, the County

decided in the summer of 2022 to slightly enhance the retiree health benefits for future retirees. Although not slated for a contribution in 2023, the County may wish to make one with fund balance left over from the 2022 fiscal year, as the enhancements and recent downturns in the markets will have an impact on our funding percentage.

- The closing of our pension system to new hires, fluctuations in the stock market, and their effect on the market value of our defined benefit accounts through the Municipal Employees Retirement System (MERS), coupled with changes in MERS actuarial assumptions, have meant sizable fluctuations in the amount the County pays to MERS for the County Defined Benefit (DB) Plan. That issue is further compounded by the fact that the cost is spread over fewer employees, as new hires are placed into the County Defined Contribution (DC) Plan. Since the DB (pension) system is closed to new hires, the DB payment required by the County is a fixed amount. For 2023 it's \$655,920, 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 reduction in the DC payment for 2023 has allowed the blended percentage -- the percentage that's charged to departments for wages of all full-time employees to fund both the DB and DC Plans, to be reduced to 20% for 2023, down from 21% in 2022. In 2021 the percentage was 20%.

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, 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 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. These challenges and short-term costs are not a shock and are where predicted when the County decided to close the pension system (DB Plan). On the bright side, the County's DB Plan funding percentage continues to grow and eventually the County's DB payment will drop dramatically as much of those costs are unfunded liabilities from the past and the County will ultimately reach fully funded status.

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. \$157,707 is budgeted in 2023 for the DC Retirement Plan. This amount covers 47 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, continue to have a huge burden on the General Fund.
- The 2010 recession in Michigan’s housing market triggered a decline in permit revenues for the Building Safety & Permits and Soil Erosion Department, as well as a significant drop in recording fees at the Register of Deeds Office. In the past decade, and more significantly in recent years, those revenues have slowly and consistently increased. However, given inflation and the recent increases in interest rates, the 2023 Fiscal Year Budget anticipates a slight decrease in revenue growth from the Building Safety & Permits Department and Register of Deeds Office, when compared to 2021 and 2022, as the market enters a period of more instability.
- Voters approved Proposal 1 (Public Act 80 of 2014) on 08-05-2014 which will phase out many aspects of personal property taxes for small businesses and manufacturers. The Proposal will reimburse local governments for emergency services and other millages by dedicating a portion of the state use tax for that purpose. For most millages the reimbursement is received twice a year and the amounts have been inconsistent and varied significantly. Since approval, legislation and the process for determining reimbursements involving it, have been changed no less than a half-dozen times.
- Under Public Act 161 of 2013, Disabled Veterans Exemption, real property used and owned as a homestead by a disabled veteran, or their eligible widow, who was discharged from the armed forces of the United States under honorable conditions is exempt from the collection of taxes. The Disabled Veterans Exemption Act has resulted in a decrease in the County’s General Fund revenue and all other special millage funds.

General Highlights of the 2023 Budget

The 2023 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 FY2023 annual budget for Lake County includes \$20,175,896 in revenues and expenditures, spread over 46 funds.
- Wages and benefit costs of the FY2023 budget are \$8,644,905.
- The General Fund budget reflects property taxes of \$3,932,317. This reflects a projected 3.33% growth in taxable value for 2023; a full levy with a 0.0657 Headlee Rollback; a

.5% loss on collections due to capture districts and uncollected personal property taxes (\$19,760); and a reduction of over \$15.8 million in taxable value due to a yet-to-be decided GEO Tax Tribunal case, resulting in a \$91,814 reduction.

- The General Fund is budgeted to receive \$296,204 in grant funds through the Local Assistance and Tribal Consistency Fund (LATCF) for 2023. Although Administration needs to work through the particulars of the grant, these funds are not earmarked and are budgeted within the Board of Commissioners Department (101.101). The same amount is available for FY2024.
- The General Fund budget reflects an approximate 50% decrease from the tri-county convention facilities tax since 2015.
 - In FY 2015, the General Fund received \$92,799 of which \$46,400 was distributed for substance abuse.
 - For FY 2016, the General Fund received \$44,773 and substance abuse received \$22,387.
 - For FY 2017 the General Fund received \$47,526 and substance abuse received \$23,763.
 - For FY 2018 the General Fund received \$48,638 and substance abuse received \$24,319.
 - For FY 2019 the General Fund received \$50,240 and substance abuse received \$25,120.
 - For FY 2020 the General Fund received \$50,100 and substance abuse received \$25,050.
 - For FY 2021 the General Fund is budgeted to receive \$51,607 and substance abuse is scheduled to receive \$25,804.
 - For FY 2022 the General Fund is budgeted to receive \$52,666 and substance abuse is scheduled to receive \$26,333.
 - For FY 2023 the General Fund is budgeted to receive \$50,480 and substance abuse is scheduled to receive \$25,240.

These funds are used 50% for the General Fund and 50% 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 Treasury has not published final amounts, Revenue Sharing is estimated to be \$278,939 for the 2023 fiscal year in the General Fund.
 - Revenue Sharing is broken down with the following estimates:
 - \$229,589 County Revenue Sharing Payment
 - \$49,350 County Incentive Program (CIP)
 - \$278,939 Estimate for FY 2023
 - 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 – \$95,130, Council on Aging – \$20,629, Emergency

911 -- \$55,488, Ambulance -- \$23,953, Soldiers Relief Fund - \$3,177, and Transportation -- \$12,137). 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 FY2023 budget does not reflect any revenues from the state for the county to do Title IV-E Abuse and Neglect cases within the Prosecutor's Office. However, there is \$5,500 budgeted in revenue for the court efforts under Title IV-E.
- The revenues in the General Fund from dog licenses continue to be stagnant. These revenues are typically used to help fund Animal Control services. Line item 101.000.00.491.000 is budgeted in FY2023 at \$4,000 in FY2009 \$9,503 was collected.
- The General Fund includes \$119,410 in revenue from State PILT. This amount is a small increase over 2022, but pales when compared to the increase of \$26,500 in FY 2016. Given recent issues with the approval of the state budget, these dollars are less than certain.
- The General Fund includes \$207,648 from Federal Payment in Lieu of Taxes payments (PILT). This amount is over \$5,000 more than budgeted in FY2022 and equivalent to what was received this year, but just like state PILT, federal PILT dollars have been sporadic throughout the years.
- The General Fund includes \$47,040 in revenue for the Survey and Remonumentation Grant, a marked increase of \$4,623, after several years of decreases (FY2018, FY2019, FY2020, and FY2021). In FY2022, \$42,417 was budgeted.
- The General Fund includes net asset distributions from the MMRMA and the Worker's Compensation Pool in the amount of \$190,000. (Estimated \$99,000 MMRMA and \$91,000 from Workers Comp). These figures are based on actual 2022 receipts or commitments.
- As detailed above, the General Fund reflects State Revenue Sharing payments of \$278,939.
- The IT Fund (636) reflects transfers in from the 404 Fund of \$10,000 for the computer and operating software replacement program. The fund is operated with transfers in from the General Fund (\$85,000), Road Patrol Fund (\$30,000), and 911 Fund (\$50,000).
- The General Fund includes \$255,000 from fees for the Register of Deeds, a decrease from 2022 and a cautious sign of the economy, inflation, and interest rates, and their effect on the real estate market. \$279,112 was budgeted in 2022.
- 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.

- \$20,873 is budgeted in the General Fund for the Emergency Management Performance Grant. This amount is just over 40% of the director's wages and benefits.
- The General Fund is not budgeted to receive any revenue as part of the contract to transport inmates with the feds as Geo closed on September 30th. This has a big impact on the General Fund budget. Based on the loss in revenue, there is one less Corrections Officer budgeted; the gas expenditure line for the jail has been reduced; and overtime for the jail should be more manageable.
- The General Fund is budgeted to receive \$169,360 in Recreational Marijuana payments, \$8,500 in Personal Property Tax Reimbursements (PPT), \$71,500 from the local units for property and tax roll maintenance, and \$25,000 from commissions for audio/visual inmate and phone services.
- The General Fund is budgeted to receive \$4,500 from Cremation Permit fees through the Medical Examiner's Office and, although \$40,000 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 \$30,000 for the General Fund. \$55,000 is budgeted for revenues as sales, and \$25,000 on expenditures for supplies.
- The General Fund budget reflects a cooperative reimbursement amount of \$58,000 which is a 66% reimbursement of eligible expenditures. This amount is reflective of the fact that in 2021 the Child Support Specialist Position within the Prosecutor's Office was made full time.
- 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 2022 for their respective FY 2023 budgets. The General Fund's FY2023 property tax revenue is predicated on a separate formula because it will be levied in July of 2023.
- Rent for the CMH Building in the amount of \$23,047 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 2022.
- Rent is being charged to the Rd Patrol Fund for the Sheriff's Office (\$56,831), Ambulance Fund for the two ambulance base facilities (\$50,600), and the Central Dispatch Fund (\$55,000). These funds are transferred into the General Fund.
- Millage funds are budgeted to receive Personal Property Tax Reimbursements (PPT) next year in the following amounts: General Fund, \$8,500, Ambulance Fund \$1,000, 911

Fund \$6,200, Library Fund \$1,500, Road Patrol Fund \$5,700, COA Fund \$2,300, Transportation Fund \$1,400, and the Soldiers Relief Fund \$350.

- Rent and Insurance are continuing to be charged to cover indirect costs for the Building Inspection Fund (\$40,000) and Soldiers Relief Fund (\$11,823) in FY2023.
- The Road Patrol Fund (207) is budgeted to use \$295,132 in fund balance. One-time costs include an additional deputy and part time detective. Other expenses include a part-time evidence clerk, body cams, and the purchase and outfitting of 2 new patrol vehicles. With the 2023 budget, this fund has been using fund balance to balance the operating budget consistently for six years, since 2018. With the implementation of the 2023 budget a plan is put in place to reduce the use of fund balance to balance the operational budget. At the end of 2017, the fund balance was at a high of \$2,243,945. At the end of 2022, it's predicted to be just shy of \$970,000. However, that amount includes earmarks, such a donations and ORV fees that likely account for \$15,000 to \$20,000.
- The General Fund is slated to use \$200,000 of fund balance (\$75,000 for the central dispatch construction project, \$35,000 for the Parks ORV Park Project, \$80,000 for the Road Patrols share of a new Central Square CAD system, and \$10,000 to balance). The Parks and Rec Fund (208), is budgeted to use \$232,000, the 911 Emergency Wireless Fund (261), \$677,568, the Debt Service Fund (301), \$384,259, and the Capital Improvements Fund (404), \$185,000. The budgeted use of fund balance in these departments/funds is planned and, for the most part, part of capital projects. Additionally, several other funds are slated to utilize fund balance to either balance their budgets or for strategic expenditures.
- The new Hollister Senior Center Fund is budgeted to receive \$12,282 in rent according to a new lease agreement.
- The Building Inspection Fund is budgeted to receive \$425,127 in revenue all from fees or charges for services.
- The Indigent Defense Fund (260) is primarily funded from a grant from the state. \$254,970 is budgeted to be received next year from the grant and \$78,505 is budgeted to be transferred in from the General Fund as this is the County's required commitment for FY2023.
- The 911 Wireless Fund is budgeted to receive \$142,000 from the state. \$130,000 for operations and \$12,000 in training reimbursements. Additionally, \$677,568 is slated to be used from fund balance to pay for the remaining 75% of the 800 mhz project with Motorola.

- The Law Library Fund is scheduled to use \$500 of fund balance to offset the law updates contract, and the Child Care Fund is budgeted to use \$12,500 to provide minor relief to the General Fund. The CDBG Housing Program Fund (282) is budgeted to use \$15,000 in fund balance for contracted services related to grants and implementing a Housing Needs Study. 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 Building Inspection Fund \$3,872, the Concealed Pistol Fund \$2,200, the IT Fund \$9,000 for operating/capital purchases, and the Crime Victim's Rights Fund, \$2,441. The use of fund balance in other funds, are either to provide relief to the parent fund that primarily funds them with transfers in, because that is their design and/or nature (i.e. capital funds), or as part of a systematic plan to utilize fund balances.
- The Law Enforcement Fund (209) is budgeted to receive \$87,500 from Baldwin Schools and \$12,500 from the Road Patrol Fund (207) for funding the School Resource Officer position (SRO).
- The Friend of the Court Fund (215) is budgeted to receive \$206,659 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 just over \$53,519 in 2023. The fund will need a transfer in from the General Fund of \$10,000, as well as the use of fund balance, to offset budgeted expenses.
- The revenues from the Concealed Pistol Fund (263) appear to have plateaued. \$8,500 is budgeted for revenue in FY2023. 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 and 2022, \$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 FY2023 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 \$186,423 from the state as part of our monthly settlement. Eligible expenses are reimbursed at the rate of 50%, but the state expends funds on behalf of the County so a settlement is conducted. The state expenses are not reflected in our expenditures so the net reimbursement revenue in the budget is substantially less than 50% of expenditures.

- The Soldiers Relief Fund (293) is budgeted to receive a state grant in the amount of \$54,640.
- The Capital Improvements Misc. Fund (404) is budgeted to receive \$75,000 in a RAP grant from the MMRMA to offset 50% of the estimated cost of \$150,000 for the County camera project.
- The Secondary Road Patrol Fund (277) is budgeted with a grant from the State of Michigan for operations. The grant for FY2023 is \$59,059. 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 the 50% costs of the deputy without needing a transfer in from the (207) Road Patrol Fund.
- 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 (2023) \$1,500 in expenditures are budgeted with the use of \$600 in fund balance.
- The Wolf Lake Level Revolving Fund (841) is budgeted to receive \$380,000 in bond proceeds to fund the lake level project. Expenses have been accumulating since 2021 and these monies will both pay back the county for prior expenses and fund the project, including financing, legal, engineering, and construction. It's important to note that this bond proceeds amount is still very speculative.
- No funds are budgeted in the Wolf Lake Bond Debt Fund (891) since any special assessment to pay back the bonds sold in 2023 will not be levied until the December 1, 2023 tax bill, for the 2024 budget year.
- The DHS Fund (569) is budgeted to receive \$140,452 for 2023 and \$60,452 in back rent for 2022 from the State of Michigan for the DHS building. This amount is based on a lease renewal and is \$60,452 higher than the old lease rate (\$80,000). There are several improvements the County is obligated to make to the property with the increased rent.

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 2023.
- In addition to the step increases called for in their respective collective bargaining agreements, union employees are slated to receive an additional 2% due to the market and inflation.
- 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 2023 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 (\$40,000).
- A \$30,000 transfer from the General Fund to the Road Patrol Fund is budgeted to account for 25% of the Undersheriff's wages and benefits. Currently the charges for the position are split 25% General Fund and 75% Road Patrol Fund. This transfer will attribute the costs equally between the funds. Starting in 2024 the position will be budgeted 50/50.
- 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 \$62,750 subsidy from the General Fund for 2023.
- Courthouse Security is budgeted with part-time employees with wages budgeted at \$46,590.

- The two County maintenance and one custodial 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 consistently exceeded its overtime budget in recent years. This expense is sizeable and efforts need to continue to be made to reduce this expense. \$125,000 is budgeted in FY2023 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 \$11,000 budgeted for per diems for MEIs and to help offset the expense related to benefits and equipment historically bore by the Rd Patrol Fund for deputies that also serve as MEIs.
- The Chief Assistant Prosecutor position is budgeted to be increased to \$50,143. This amount reflects a 5% increase.
- With the 2021 budget, one position was eliminated to help balance the General Fund budget: Clerk-Treasurer position within the Treasurer's Office. In conjunction with that reduction within the Treasurer's Office, the existing staff were increased from 37.5 hours a week to 40. The increased hours continue for FY2023.
- The FY2023 budget does not include the part time position added in 2021 to the Clerk's Office, but does include the one added for the Equalization Department (Wages \$20,703).
- The FY2023 budget includes funding to fill a part-time Administration Office position authorized in 2018 (\$29,859).
- Although presently filled with a deputy, the Road Patrol budget includes funding for an additional Sergeant position authorized through 2023. The total amount for wages and benefits are nearly \$107,500. With over time and outfitting/training the officer, it's conservatively estimated that the cost for 2023 for this position is \$115,000.
- In late 2021 the Child Support Specialist position within the Prosecutor's Office was made full-time. The FY2023 budget includes additional funds to continue the full-time status of this position.
- 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.

- \$11,631 is budgeted for wages and benefits within the General Fund for the County Guardian position.
- The Building Inspection Department is budgeted for a part-time Building Enforcement Officer at a cost of \$20,726 (wages).
- Next year (FY2023) will mark the fifth year, in six, 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 FY2023, only two employees are being charged to the 911 Wireless Fund (261). The total budgeted for wages and benefits is \$148,383.
- The Crime Victim's Rights Advocate is budgeted to be paid 100% out of the Crime Victim's Rights Fund (272), with a \$10,000 subsidy from the General Fund and the use of \$2,441 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 FY2023 and 40% of the Magistrate's wages and benefits. Eligible expenses are reimbursable at the rate of 66%. Similar to the concerns with 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 40%), otherwise the budget may be short. These employee's status as budgeted and funded positions are predicated on the correct allocation of labor and the 66% reimbursement rate.
- The FY2023 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 12 hours a week at a Grade 3 at a cost of \$11,713 (wages).
- Part-time wages are budgeted for positions within the Road Patrol (\$48,217). The funds within the Road Patrol part-time wages line are to pay the wages for a part-time civilian to work in the Sheriff's Department evidence room, and hours for a part-time detective. This amount does not include associated benefits (FICA, WC, Unemployment), which

are estimated to bring the total cost to approximately \$55,000. Of that amount, the part time detective wages and benefits are \$31,944 and when the position becomes vacant in October, it won't be refilled.

BENEFITS:

• **Health Insurance:**

- The 2023 budget reflects no change in the annual premium for health insurance to the departments (FY2020 - \$12,500, FY2021 - \$13,500, FY2022 - \$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 (\$13,500 annually) reflects a smoothed amount charged to each department for each employee eligible to take the County's insurance or the insurance waiver. These funds are budgeted to be collected in the 666 Employee Benefit Fund for payment of obligations and premiums.

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

- FY2023 continues the Retiree Health/OPEB charge for eligible employees, albeit at a 32% reduced rate. 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, FY2023 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 2021 showed the Trust (at that time) over 100% funded. Based on this actuarial, in 2022 the County slightly enhanced the retiree health benefits for eligible employees and future retirees. The \$25 per pay period payment was increased to \$40 for 2023, and effective for FY2023, the County contribution for retiree health insurance for eligible, future retirees was increased: Pre-65 \$500 month to \$625, and Post-65 \$125 to \$165. Although not slated for a contribution to the Trust in 2023, the County may wish to evaluate this and make one with fund balance left over from the 2022 fiscal year, as the enhancements and recent downturns in the markets will have an impact on the funding percentage.
- The internal departmental charge for 2023 has been reduced (see below) and is budgeted to generate \$156,780 for next year, compared to \$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 reduction for FY2023 is the fourth year (out of five) and will continue to help offset the ongoing costs associated with retiree health care—both premiums and retiree Health Care Savings Act payment, as well as OPEB obligations.
- 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 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, 2021, marks the second yearly increase in the funding percentage (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 2021 actuarial are used as the basis for FY2023 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 2023 we are budgeted to pay MERS \$888,627 in total retirement costs - down from \$955,875 in 2022. That amount is \$157,707 in Defined Contribution employee costs and \$730,920 in Defined Benefit Costs. Of the Defined Benefit

pension budgeted amount (\$730,920), \$655,920 is the fixed, required payment, \$75,000 is extra budgeted, \$211,344 is the normal employer cost (Cost attributed to the employees working another year and earning credit towards their pension), and \$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 – 81% funded = 19% Unfunded Accrued Liability).

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 reduction in the DC payment for 2023 has allowed the blended percentage -- the percentage that's charged to departments for wages of all full-time employees to fund both the DB and DC Plans, to be reduced to 20% for 2023, down from 21% in 2022. In 2021 the percentage was 20%.

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 FY 2021 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 (2023) has a 5% cap on it, so, it's estimated that the premium will be \$141,705 and the SIR \$35,000. 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.

The costs for liability insurance and the self-insured retention contribution for the county's carrier, MMRMA, is budgeted at \$176,705 (\$141,705 Insurance and \$35,000 SIR) for FY 2023. The renewal is expected at the 5% cap negotiated by the County with the 2022 renewal. These amounts are a decrease from pre-2020 rates which included liability for operating the RRP. For instance, the costs for FY2019 was \$184,770. As part of the county's renewal for 2023 we will receive a dividend of \$98,336 at the end of 2022.

The budgeted spread for 2023 is as follows: \$15,000 - \$7,500 (SIR) 101.265 GF Maint.; \$15,000 – \$7,500 (SIR) 101.305 GF Sheriff Admin; \$56,705 - \$8,000 (SIR) 207 Road Patrol; \$32,000 – \$8,000 (SIR) 251 911; \$4,000 - \$1,000 (SIR) 249 Building Inspect; \$4,000 - \$1,000 (SIR) 293 Soldiers Relief; \$15,000 - \$2,000 (SIR) 505 Ambulance.

There's a \$75,000 transfer budgeted from the Treasurer's Restricted Fund (516) to the General Fund (101) to help off- set costs that have been and are continuing to be incurred by the County's MMRMA Self Insured Retention fund defending 6 lawsuits involving the Delinquent Tax Funds. Four of the lawsuits are still active.

EXPENDITURES:

- The General Fund expenditures are budgeted at \$7,154,646 of which approximately 62.8% or \$4,491,668 are for wages and benefits.
- Other than \$1,742, no other funds are budgeted within the General Fund specifically for capital outlay items.
- The FY 2023 General Fund budget for meals within the jail marks a slight decrease from the past years: \$55,000 FY2019, \$104,468 FY2020, \$112,763 FY2021, and \$115,632 FY2022 (estimate), and \$110,000 FY2023. 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 estimate) per meal, the \$110,000 budgeted for 2023 is based on an average daily population count of 27.5 inmates and a 3% increase over the meal cost for FY2022.
- 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, 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 2023 and is in addition to in-kind space and \$9,850 budgeted for utilities and maintenance.
- The appropriation to Mental Health from the General Fund reflects an increase of \$2,725 based on census numbers and a relocation of the percentage amongst the 3 counties (Lake, Mason, and Oceana). The amount budgeted for 2023 is \$57,975, up 4.9% from \$55,250.
- The General Fund budget continues the \$2,000 annual contribution to both the Soil Conservation District of Osceola-Lake and the Soil Conservation District of Mason-Lake. These amounts in recent years were increased from \$1,000.

- The General Fund has \$3,850 budgeted for the DHHS Board for per diems, travel, due & subscriptions, and conferences. The 2023 marks a decrease of \$1,900 in contracted services, since funds haven't been spent in this category in recent years.
- Within the Copy Machine section (101.248) of the General Fund there is \$6,000 budgeted for copier paper for offices in the courthouse. This amount is up from previous years due to increased costs and scarcity of the product.
- The General Fund has budgeted within the (101.266) \$1,500 to continue funding 211 services after the presentation and request in September 2021.
- The Indigent Defense Fund is budgeted with a contribution from the General Fund of \$78,505 which is a \$1,372 increase over FY2022, as required by statute.
- The General Fund includes \$7,378 in the Board of Commissioner's Dues and Subscriptions for MAC annual dues, \$500 for NACO, \$550 for MTA, and \$150 for the Northern Michigan Counties Association.
- Within the General Fund (101.704) \$2,600 is included for the West Michigan Shoreline Regional Development Commission (WMSRDC) and \$700 for the Area Agency on Aging of West Michigan.
- The General Fund includes \$36,000 budgeted for auditing services. This amount is broken down: \$27,500 Annual Audit, Federal Single Audit \$4,500, F65 Filing \$1,700, and \$2,300 for GASB implementation.
- \$40,000 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.
- \$30,000 is budgeted in the General Fund under (101.965.00.995.016) to be transferred to the 207 Road Patrol Fund for 25% of the Undersheriff's wages/benefits.
- Line 101.728.00.700.000 within the General Fund, has \$25,000 for Economic Development. The funds are for the third payment of a three-year commitment (2021-2023) after the completion of the initial three-year commitment (\$75,000 total over three years) to operate the Lake County Economic Development Alliance (LCEDA). That initial commitment was 2017/2018, 2019, and 2020. Additionally, for 2023, \$15,000 of program income has been set aside in the CDBG Housing Program Fund (282) for the LCEDA to aid in grants and implementation of the Housing Needs Study.
- 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.

- \$33,000 is budgeted in the Postage section of the General Fund (101.272) for mailings for courthouse departments.
- The FY2023 budget reflects a transfer out from the General Fund (Trail Courts) into the Friend of the Courts of \$80,000.
- The Medical Examiners Office within the General Fund is budgeted at a cost of \$55,235 with \$15,000 budgeted for autopsies, \$11,000 for MEI per diems, and \$29,235 for the ME and Admin Contract. The contract reflects a 4% increase over 2022.
- \$3,000 is budgeted within the General Fund (101.271) for bonds for the local treasurers to collect the summer and winter tax payments. This amount is down from previous year's due to a using a different insurance carrier. In 2022, \$4,500 was budgeted.
- For 2023, 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.
- Additional funds are budgeted for the Planning Commission (101.701) for training expenses for new members (Citizen Planner Training \$750) and publishing cost related to an update of the County's Master Plan (\$500).
- The General Fund transfer out to the Child Care Fund is budgeted to be \$175,000. This amount is based on the number of children predicted to enter the system and staffing and normal operating expenses. The fund is also budgeted to use \$12,500 of fund balance. The transfer in is a continued sharp increase from recent years, as the County was able to keep the transfer in lower, while drawing down a sizeable fund balance within the fund. The transfer out was \$487,753 in FY2015.
- The General Fund includes a transfer out to the Crime Victims Rights Fund of \$10,000 for operations. This amount is \$7,000 less than FY2022 but overall higher than in recent history.
- Approximately \$114,824 is budgeted within the General Fund for the Jail for medical services for inmates. This amount is spread over several line items.
- The Elections Department within the General Fund (101.262) reflects a budgeted decrease of expenditures of \$49,435 (\$57,137-2022 to \$7,702-2023) due to 2023 being an odd numbered year. This amount is based on 2023 being neither a gubernatorial or presidential election year. Expenditures will drop in the odd numbered year (2023), only to increase again in 2024, due to the federal presidential election.
- The Building Inspection Fund is budgeted with \$30,000 to purchase a new inspection vehicle in 2023. The estimated fund balance at the end of 2022 is \$450,000.

- The General Fund includes \$7,000 budgeted for contracted legal services. In 2020 \$16,189 was spent, and \$24,000 is estimated for 2021. These expenditures were after spending under \$1,000 in 2019. The reduced amount is reflective of the optimism on being dismissed from the ongoing 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 (101.266).
- \$40,000 is budgeted in the General Fund for a transfer out to the Parks Fund. \$5,000 for normal operations and \$35,000 for costs associated with the ORV Park Grant Project.
- The General Fund is slated to transfer out \$7,500 to the Law Library Fund, \$85,000 to the IT Fund, \$62,750 to the DHS Building Fund to cover the cost of a maintenance and custodial workers, \$40,000 to 911 Fund for Emergency Services, \$15,000 to the RRP fund for utilities, \$310,000 to the General Debt Service Fund (301), \$10,000 to the Crime Victim's Rights Fund, and \$30,000 to the Road Patrol Fund for a portion of the Undersheriff's wages and benefits and \$1,125 to match to the snowmobile grant.
- \$75,000 is budgeted in the General Fund, to be used from fund balance, for the renovations associated with the expansion of the central dispatch department within the basement of the courthouse.
- The Road Patrol Fund (207) has a snowmobile grant budgeted in the amount of \$7,500 with a \$1,125 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 \$51,035. These funds are budgeted for the purchase of a new Polaris Ranger (\$16,035) as well as wages, benefits, gas, and supplies.
- The Disaster Contingency Fund is budgeted for \$34,665. These revenues and expenditures are a continuation of the Courts and PA's Office's CEFA grants that have been extended into 2023.
- The new Hollister Senior Center Fund (220) has \$11,682 budgeted to be set aside for future roof replacement and parking lot sealing. Funds were spent in 2021 on a new furnace for the rear of the facility. The estimated fund balance at the end of 2022 is \$19,600. These funds, along with the 2023 set aside (\$11,682), should combine for over \$30,000 to help cover the costs associated with repairs.
- The 911 Fund (251) has \$100,141 (\$90,803 purchase and \$9,338 support) budgeted for their portion of the purchase of a new CAD system.
- The General Fund has \$80,000 budgeted from fund balance for the 207 Road Patrol Fund's portion of the new CAD system.

- The 911 Wireless Fund has \$659,185 budgeted to pay the remaining 75% of the project cost to Motorola for the 800 mhz project. \$219,395 (25%) was already paid in 2022. The total cost \$878,580.
- Within the 402 Capital Improvements Fund, \$85,000 is budgeted for several projects, including the courthouse elevator upgrade (\$60,000), fan and drainage repairs at the Animal Shelter (\$5,000), County Web Site upgrade (\$10,000)(in conjunction with \$2,348 from the Veteran's Grant), and \$10,000 for beginning to replace some areas of flooring and carpeting within the Courthouse.
- The Other County Property Fund (403) has BS&A training budgeted for county departments in the amount of \$3,500.
- \$50,000 is budgeted in the 404 Fund for the purchase of a new maintenance truck and plow, and \$150,000 for the County camera program. The camera project is predicated on receiving a \$75,000 RAP grant from the MMRMA. Additionally, \$10,000 is budgeted to be transferred to the IT Fund to cover the costs associated with the computer replacement program.
- 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 \$372,772 in 2022 to \$382,091 in 2023.
- The 569 DHS Building Fund has \$108,433 budgeted over two expense lines to do repairs and upgrades related to the new lease at the facility, specifically flooring, lighting, bathroom and breakroom remodeling, door knob replacement, and sealing the parking lot.
- The Commissary Fund (595) is budgeted to transfer \$15,000 into the General Fund. The funds are to be used for inmates and the operations of the facilities.
- \$53,448 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 2022 is estimated to be in excess of \$450,000 and it's use has allowed a reduction in the monthly department's OPEB charge for 2023.
- The Wolf Lake Level Fund (841) has an amount estimated for the lake level project of \$395,000 in bonds proceeds and fund balance to be used for the project (\$325,000) and \$70,000 to repay loans. It's important to be clear that these amounts are very speculative.
- The Big Star Lake Level Fund (842) is budgeted for routine maintenance on the drain and for a project to place Riprap at the entrance of the drain. Expenses are budgeted at \$14,756.

- 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 10 desktop computers and software. Additionally, more money is budgeted for IT Right (\$56,587) and \$16,800 for the one year renewal of Microsoft 365 Exchange Mail and Barracuda Essentials.

OTHER ITEMS OF NOTE

- This is a ZERO SUM budget. Additional expenditures will be at the expense of other areas. There are minimal reserves other than fund balance and no excess delinquent tax funds.
- The Building Inspection Fund reflects no subsidy from the General Fund and actually incorporates a charge for space, heat, electricity, indirect costs, admin, etc., of \$40,000. FY2023 is only budgeted to use a small amount of fund balance (\$3,972) to offset the purchase of a new vehicle. Fund balance is expected to be added to at the end of FY2022.
- Overall funding in the FY 2023 budget for Michigan State University Extension is \$59,350 and is a \$73 reduction when compared to 2022. The assessment has a 3% increase from \$40,954 to \$42,182 which covers 4H at .5 FTEs, and the \$1,800 budgeted in 2022 for phone and internet have been moved under the 4-H Coordinator position for 2023 for a total \$17,168, to allow 4-H support at .25 FTEs.

In recent years funding for MSU Ext had been somewhat of a roller-coaster. The county made cuts to the program with savings for FY2017 of \$57,229 (Overall budget for FY2017 was \$94,515 before program cuts). The budget for FY2019 was \$54,849 with the assessment being \$38,984 and \$15,865 budgeted to take 4H from ½ time to ¾ time, and \$2,800 budgeted over two lines for phone and internet access. The FY2020 budget had \$40,151 budgeted for the assessment only and no money for additional 4H or phone or internet. The FY2021 budget had \$40,151 for the assessment and an additional \$16,341 that reinstated the additional 25% for the 4-H Youth Agent. The FY2022 budget had \$40,954 for the assessment and an additional \$16,668 for an additional 25% for the 4-H Youth Agent, and \$1,800 for phone and internet, although the additional 25% was change mid-year to allow for office staffing and ultimately 4-H support.

Included in the FY 2023 budget:

- Memorandum of Agreement: \$42,182 (assessment)
(includes 1st half of 4-H Youth Agent and basic services)
 - 4-H support: \$17,168
-
- 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 \$254,970, reflected under State Grants. This fund covers the financial obligations to adhere to several Michigan Supreme Court mandates and keep the county in compliance with state statute and the grant contract. Similar to the Veteran's Grant, since the State's fiscal year (Oct-Sept) differs from the County's (Jan-Dec), and depending upon the timing in receipting some of the grant funds, budget amendments could be needed to show the grant dollars as fund balance forward for 2023.
 - The School Resource Officer portion of the Law Enforcement Fund is budgeted at \$100,000 and reflects a transfer in from the Road Patrol Fund of \$12,500 for 25% of the duties when the officer is not working in the schools (off season). The remaining \$87,500 is budgeted to come from Baldwin Schools and reflects the SRO working 5 days a week at the school. No General Fund contribution is slated for 2023.
 - The Road Patrol Fund is budgeted to use fund balance (\$295,132) to help balance the budget. Notable budgeted expenditures include: \$95,604 purchasing 2 new vehicles, \$35,000 outfitting 2 vehicles, \$30,000 for IT, \$21,400 for the body cam program, \$13,680 for continuation of the Taser program, \$12,500 for the SRO position, approximately \$55,000 for a part-time evidence clerk and detective, approximately \$115,000 for wages, benefits, and outfitting the additional Sergeant. Both the part time detective and additional Sergeant positions are authorized for limited durations and won't carry through to FY2024.
 - The Soldiers Relief Fund is budgeted with \$54,640 in revenue from the State Veterans Basic Grant and \$63,540 in millage monies.
 - Revenue and Expenditures within the Child Care Fund will look different than previous years due to changes in how the state bills for care.
 - The RRP is budgeted to receive \$15,000 from the General Fund in a transfer in and use \$10,000 in fund balance to cover costs associated with utilities and maintenance related to a vacant facility.
 - In 2020 the Board of Commissioners created the General Debt Service Fund 301 to cover the principle and interest costs associated with the bond payments for the RRP Facility and the Jail/Courthouse. The General Fund is budgeted to transfer \$310,000 into the 301

to be used to cover the bond payment for the RRP. Sufficient funds are available within the 301, fund balance 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. All future payments for this bond will all be made from fund balance. The principle payment for the courthouse and jail is \$315,000, with interest payments being \$69,259. The principle payment for the RRP is \$276,500 with interest payments being \$42,500. RRP bond is through USDA Rural Development and carries an interest rate of 4.25%. As of December 1, 2022, \$1 million will remain outstanding on the RRP bond. After the 2023 payment, if the balance hasn't been paid off sooner, two similar payments will be needed in 2024 and 2025 (\$310,000), and then a payment of approximately \$170,000 would be owed in 2026.

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

Conclusion

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

I would like to thank the Board of Commissioners, all departments, elected officials, the judiciary, and the administrative staff for their cooperation in developing the 2023 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,



Tobi G Lake
County Administrator