

County of Ottawa



Citizen Budget Meeting
2011

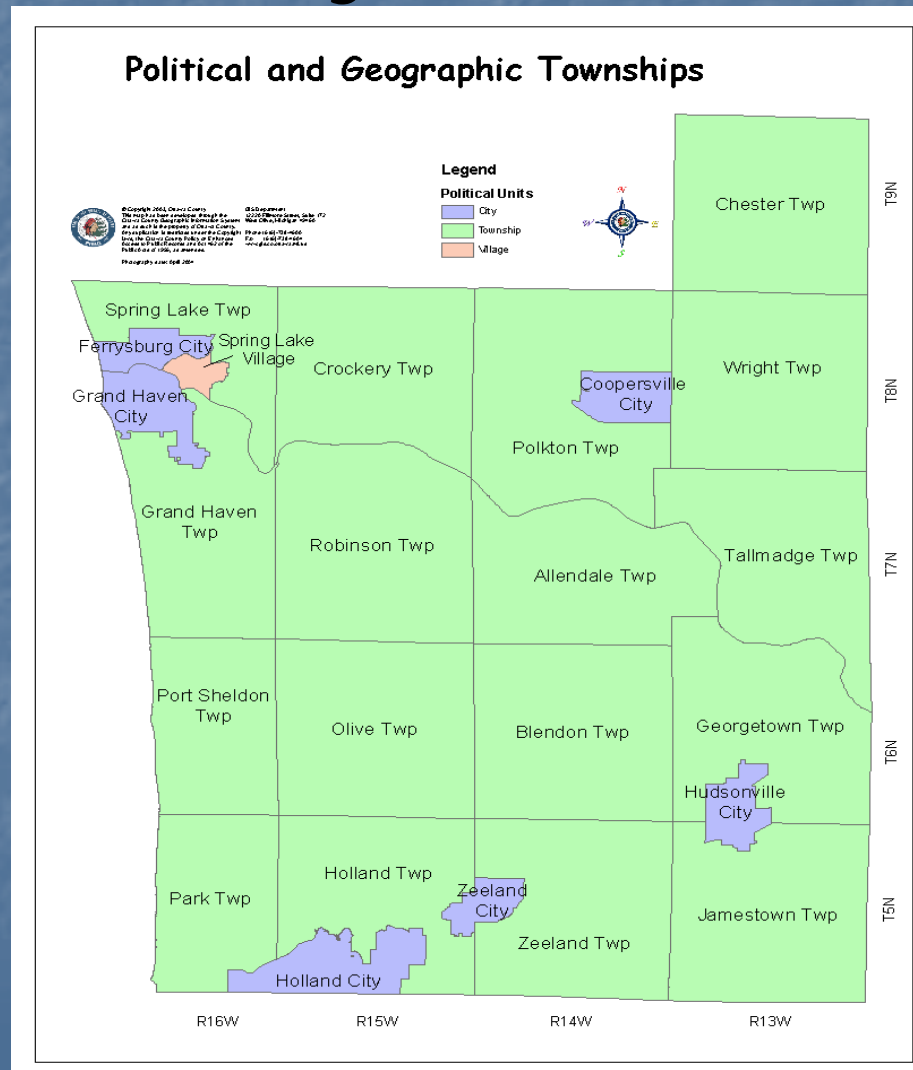
Citizen Budget Meetings

- Anticipated Outcomes from the Meetings
 - Provide a snapshot of County services and financial issues
 - Obtain feedback on service priorities

Meeting Agenda

- County Overview
- Hot Topics
- County's Fiscal Condition
- 2011 and 2012 Budgets
- Question and Answers/Attendee Input

County Overview



County Overview

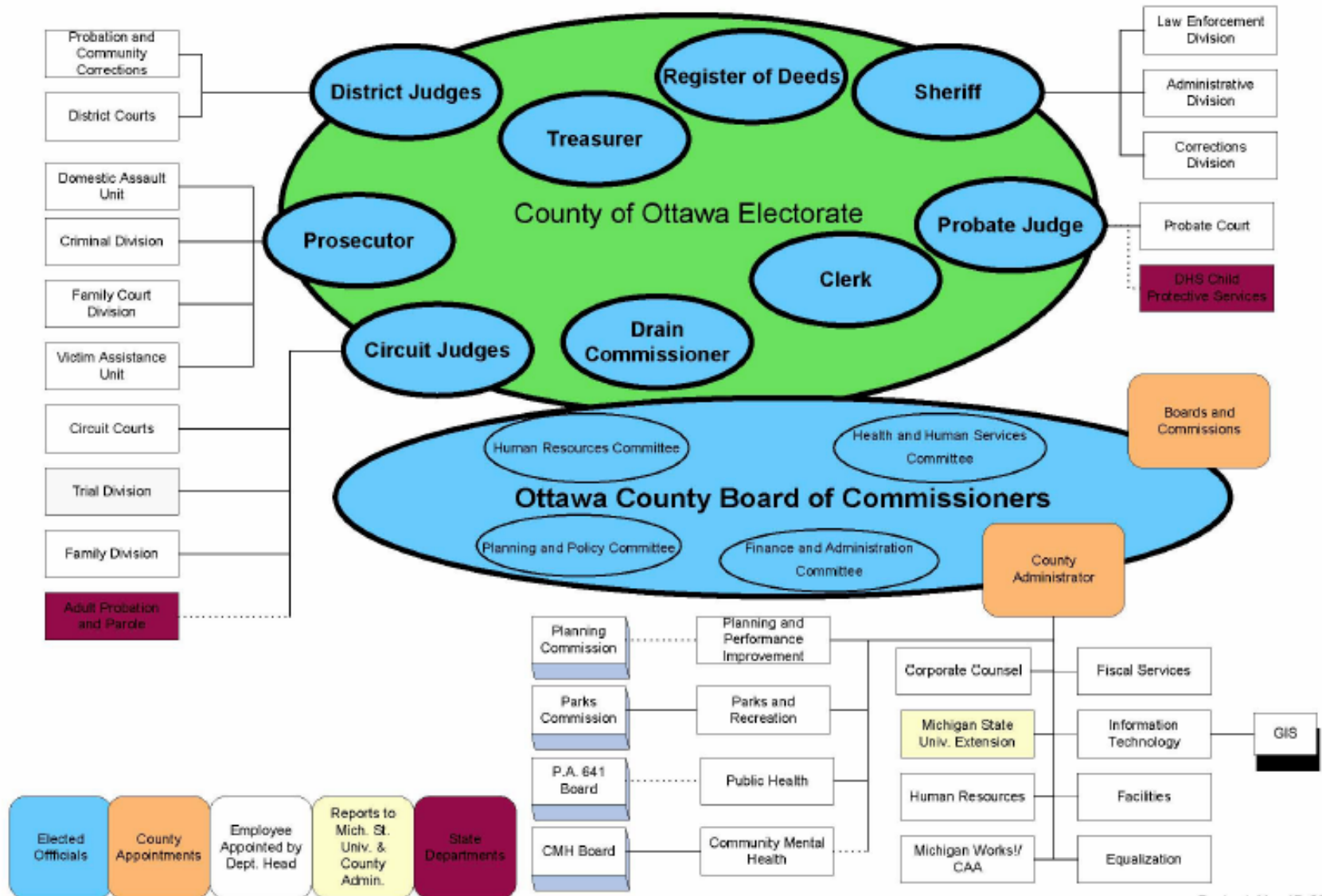
- Population
 - 8th Largest County
 - 3rd Fastest Growing County
- Healthiest County in Michigan

County Overview

- Total 2011 County Budget (not including component units): \$147 M
- Property Tax Revenue: \$41 M
- Intergovernmental Revenue: \$70 M
- Full Time Equivalents: 900

County Overview

Ottawa County Organizational Chart



County Services



County Services

- Health & Welfare
 - Community Mental Health
 - Public Health
 - Juvenile Detention and Counseling programs
 - Michigan Works! & Community Action Agencies
- Public Safety
 - Road Patrol
 - Corrections
 - Investigations

County Services

- Judicial
 - Courts
 - Friend of the Court
 - Prosecutor
- General Government
 - Clerk/Register of Deeds
 - Treasurer
 - Drain Commissioner
 - Administrative Offices

County Services

- Culture & Recreation - Parks
- Other
 - Community & Economic Development
 - Public Works
 - Legislative (Board)

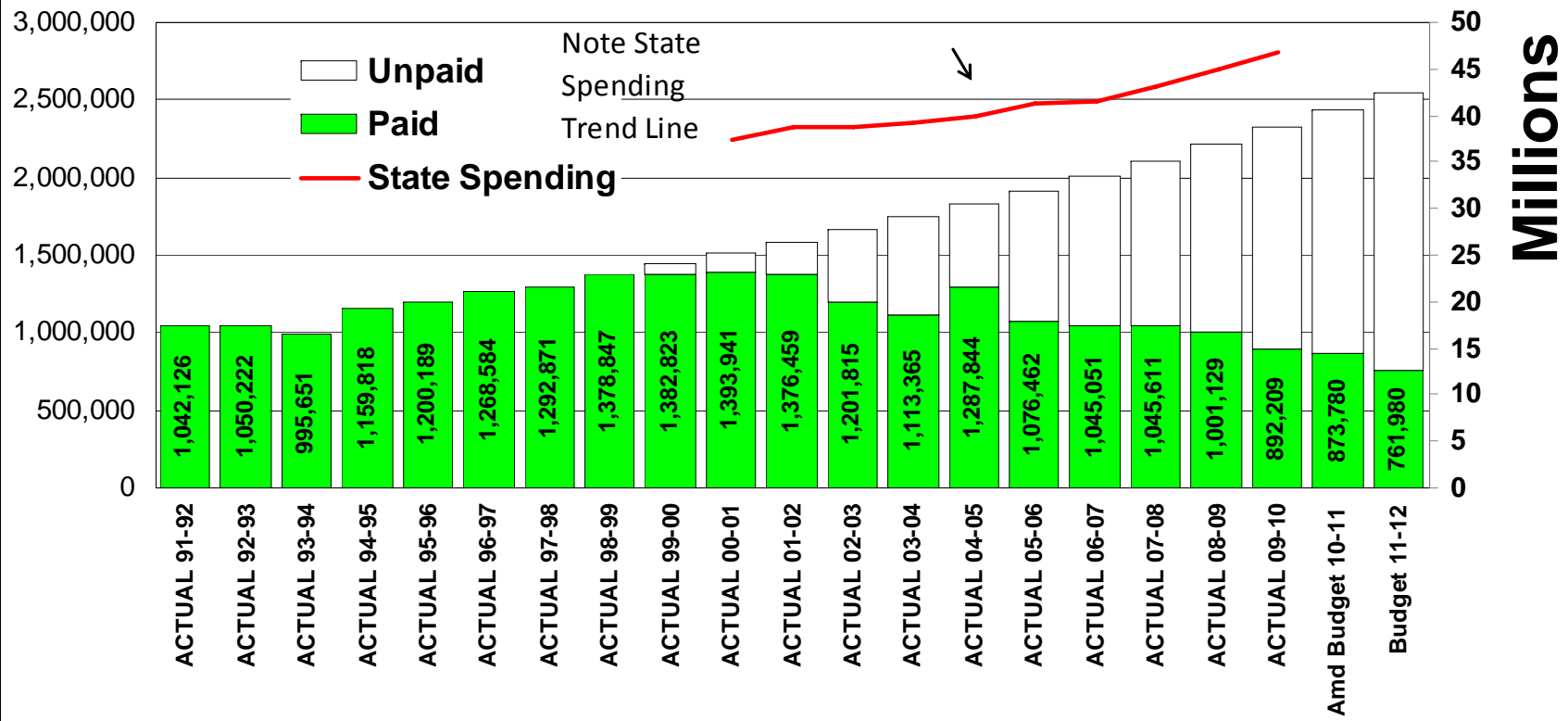
Hot Topics

- Federal & State Budget Crisis and What It Means to You
- Unfunded Mandates
- Unemployment
- Employee Compensation

Federal & State Budget Crisis

- Revenue Sharing payments - (\$1.9 M)
- Public Health State Funding - (\$50,000)
- Public Health Federal Funding— (\$360,000)

State Shared Revenue History



Governor Snyder's Approach

- Data-based Decision Making
 - Dashboard
 - Overall Transparency
- Lack of Rewards to Counties with Best Practices in Place

Unfunded Mandates

- Unfunded Mandates defined
- Estimated Cost of Unfunded Mandates
- Impact on County Services

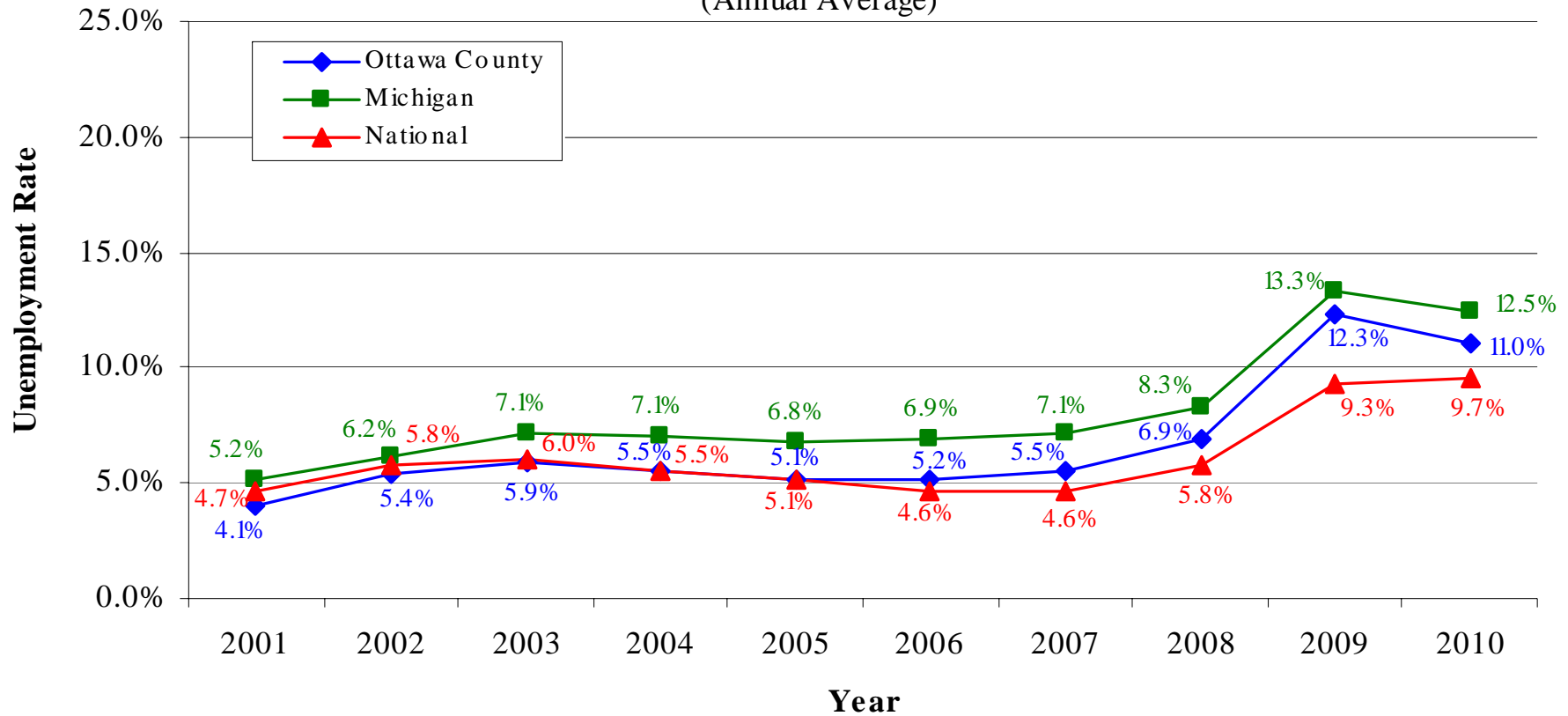
MACAO Study



State pays .55 cents on each dollar for services
Counties are mandated to perform

Unemployment

Unemployment Rates in Ottawa County, Michigan and Nation (2001-2010)
(Annual Average)



Employee Compensation Wage Information

Industry Group	United States	Michigan	Grand Rapids CSA
All Industries	\$45,564	\$44,244	\$39,052
Higher Education (BA/BS+)	\$60,138	\$55,136	\$47,020
Lower Education	\$33,888	\$36,223	\$34,633

Employee Compensation

Education Level	National ¹	Ottawa County
High School/GED	91.2%	100%
Certification/License	N/A	37.0% ²
Bachelor's Degree & Higher	34.8%	70.0% ²
Doctorate/Medical Doctor	N/A	3.7%
Other Statistics		
Average Age of Workforce	41.6 Years	45.4 Years
Average Years of Service	3.6 Years	10.5 Years

1 National civilian non-institutional employed population for 2008 (data source: BLS, CPS)

2 Percentage of Ottawa County job classifications requiring certification/licensure or bachelor's degree or higher)

Employee Compensation – Fringe Benefits

- Historically, public employees have had lower wages, but higher fringe benefit packages
- The County has taken action to bring fringe benefits in line with the private sector
 - Health Insurance
 - Retirement

County Fiscal Condition and Projections

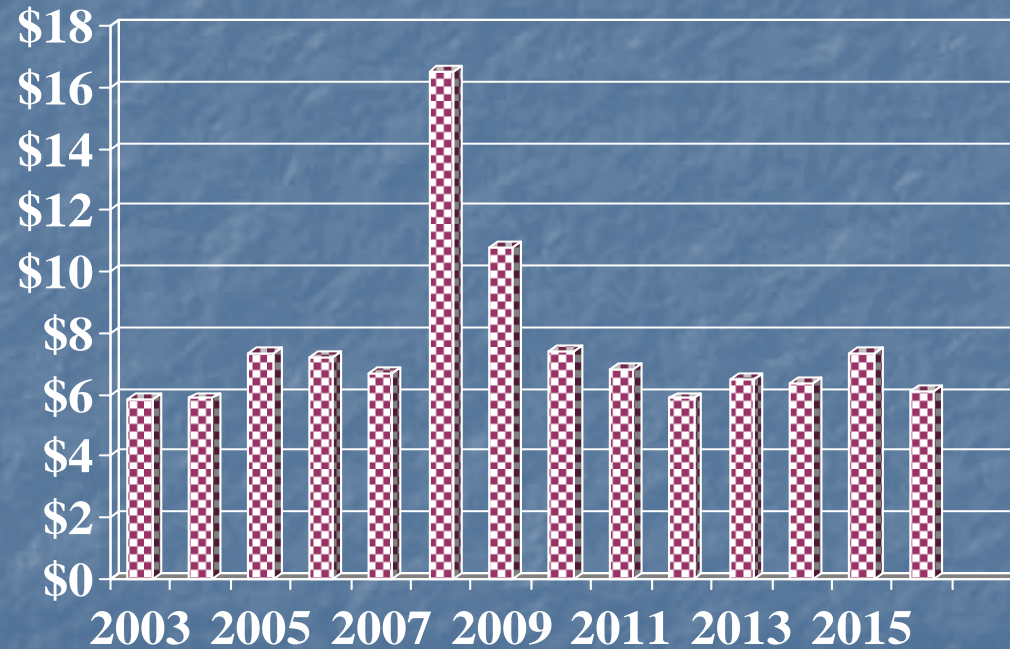
- County Financial Strengths
- Financial Challenges
- 5 Year Projections

Financial Strengths

- Strategic Planning
- Strong Credit Ratings
- Program Evaluation Process
 - Performance Measurements
 - Program Evaluations
 - Discretionary/Mandated Services Ranking
- Financing Tools
- Ability to Increase the Millage

Financing Tool Contributions

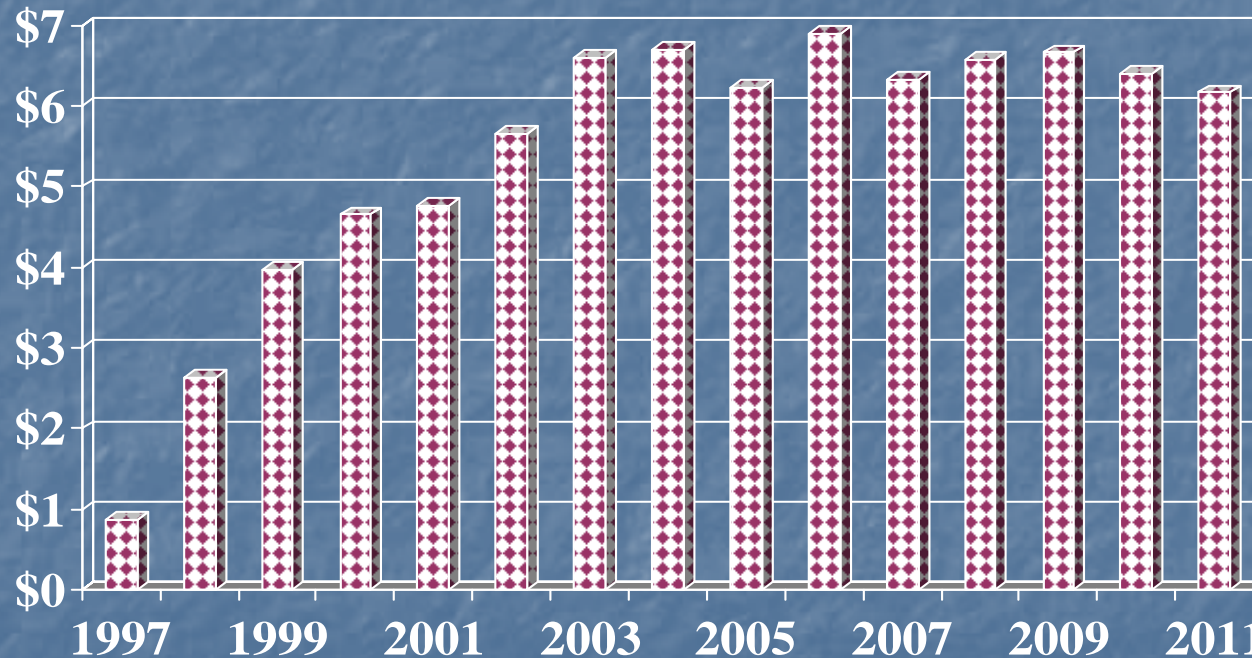
Millions



Between 2007 and 2011, the Financing Tools have contributed an estimated \$48,214,999.

County Wide Maximum Levy – Actual Levy: The “Cushion”

Millions

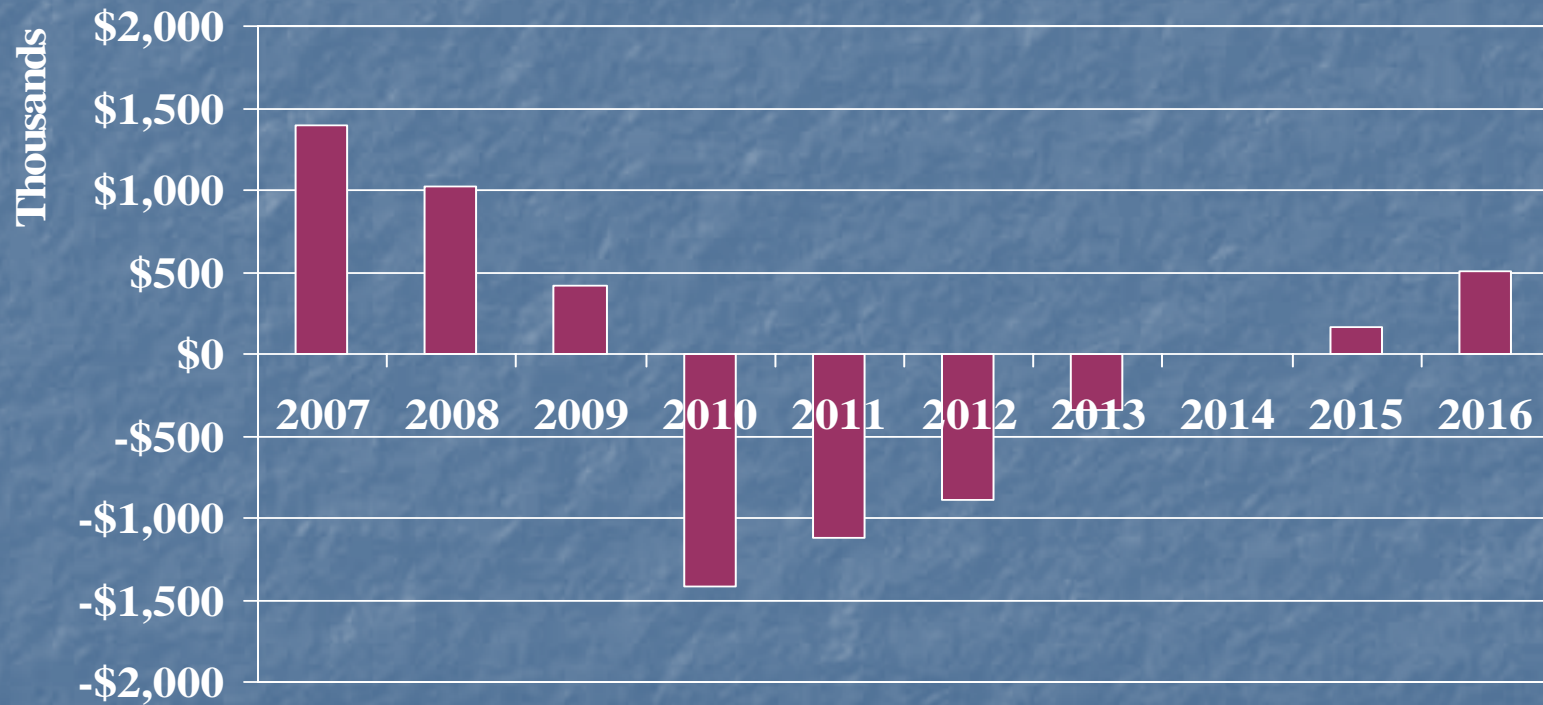


The difference between what we could levy and what we do levy (4.265 mills vs. 3.6 mills) is estimated at \$6.4 million for 2010 (based on 2010 taxable value).

Financial Challenges

- Property Tax Revenue
- Federal and State Funding Changes
- Salary and Fringe Benefit Costs/Legacy Costs

Changes in Taxes Revenue



The graph above shows a continued declining trend going forward in this major revenue source

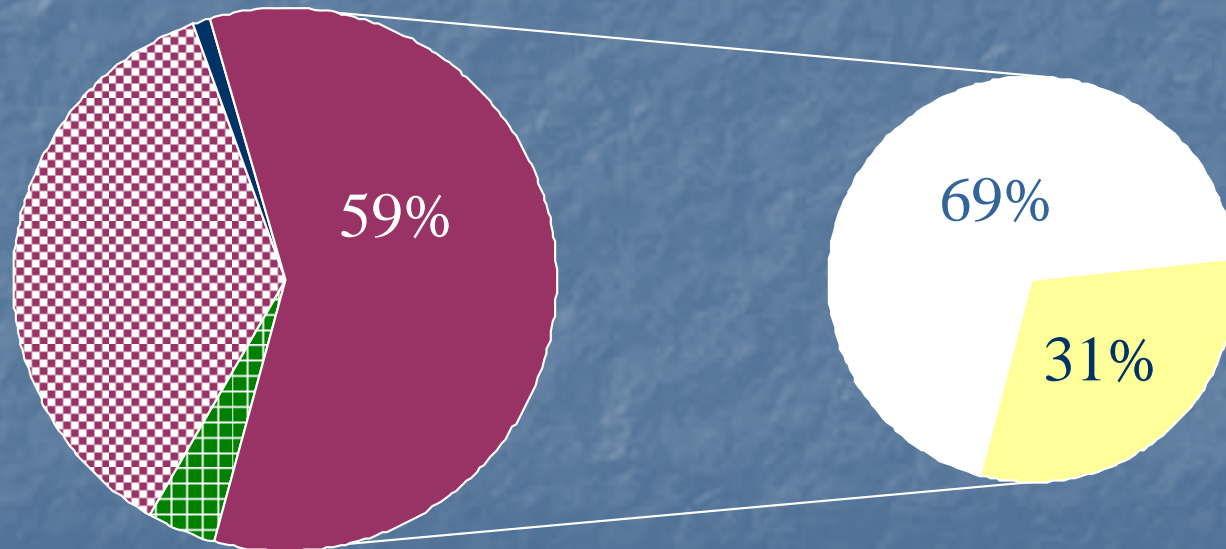
Federal and State Revenues

- 2012 Budget: Revenue Sharing
- End of Stimulus Dollars
- Accumulation of reductions in previous years

Personnel Costs

Personnel Costs remain the General Fund's largest expenditure.

2011 General Fund Budget Less Operating Transfers



■ Supplies

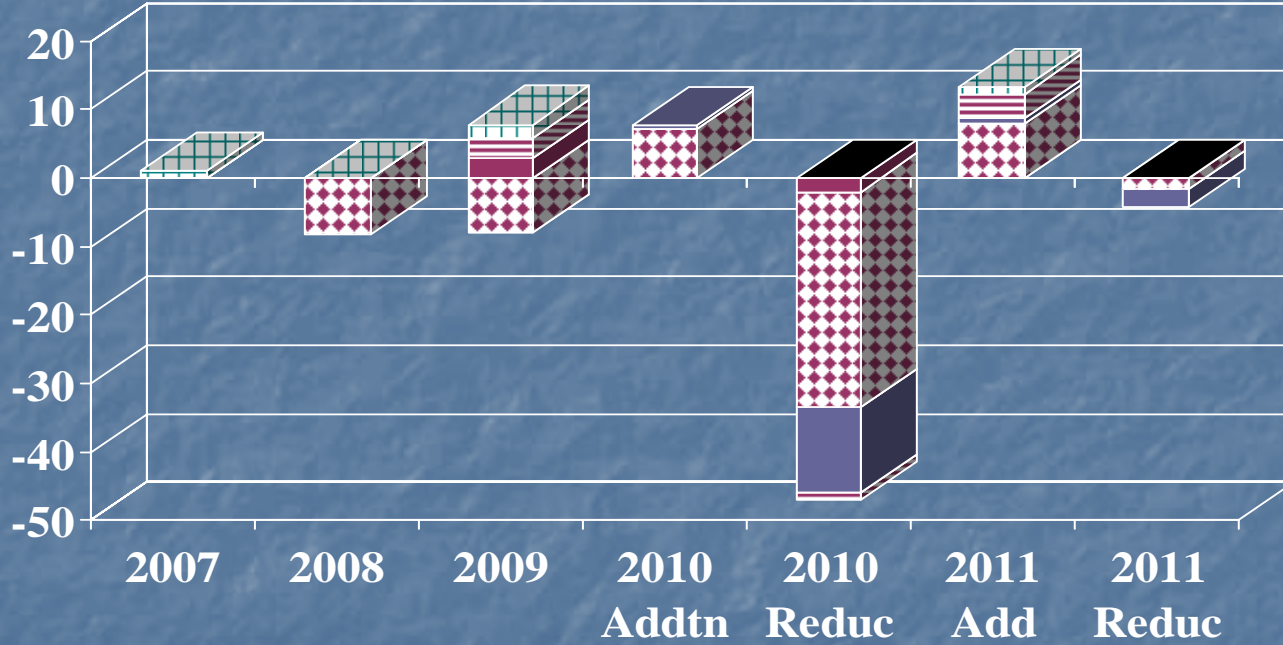
■ Other Services & Charges

■ Contingency

■ Salaries

■ Fringe Benefits

Permanent Positions Added County-Wide by Function 2007 - 2011



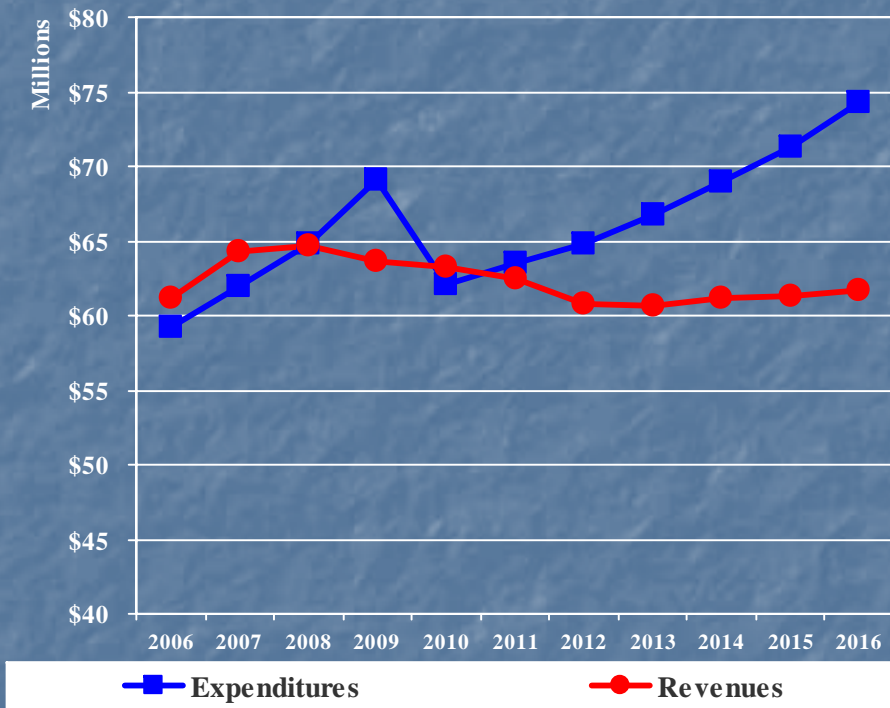
Public Safety
 Health Welfare
 General Gov't
 Judicial
 Other

Five Year Financial Projections

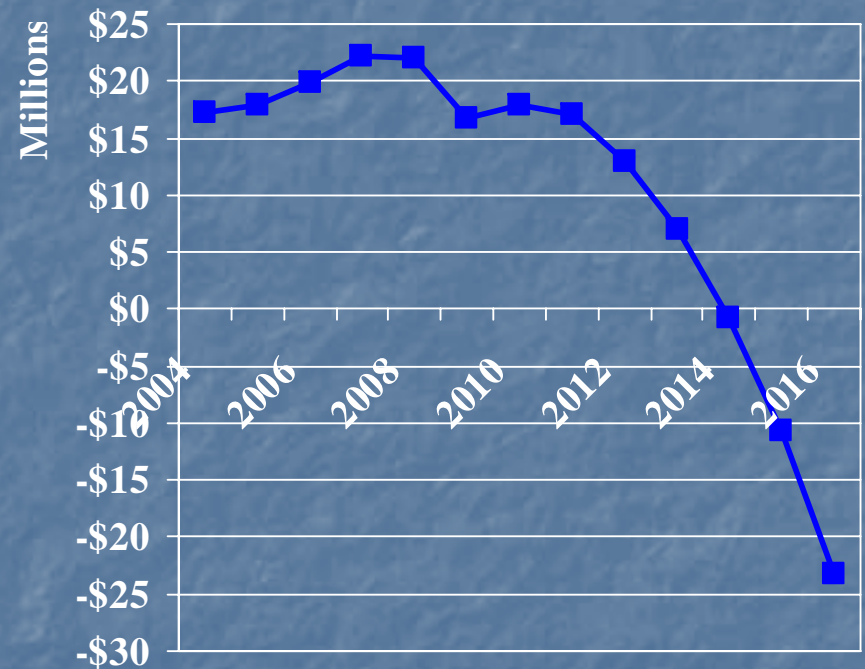
- Two Significant Unknowns for the Future
 - Taxable Value Changes
 - Revenue Projections
 - Revenue Sharing
 - Possible loss or reduction of revenue

Ottawa County's Long-Term Financial Projections

General Fund Revenue & Expenditure Projections

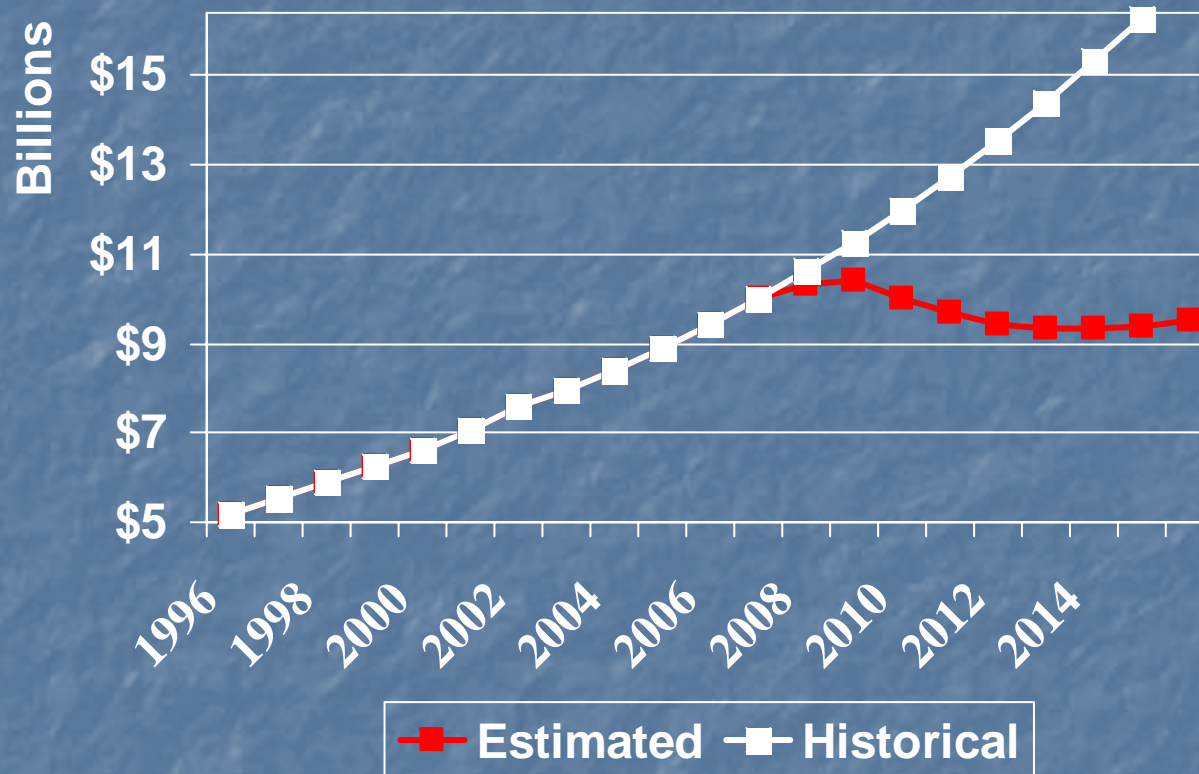


General Fund Total Fund Balance Projections



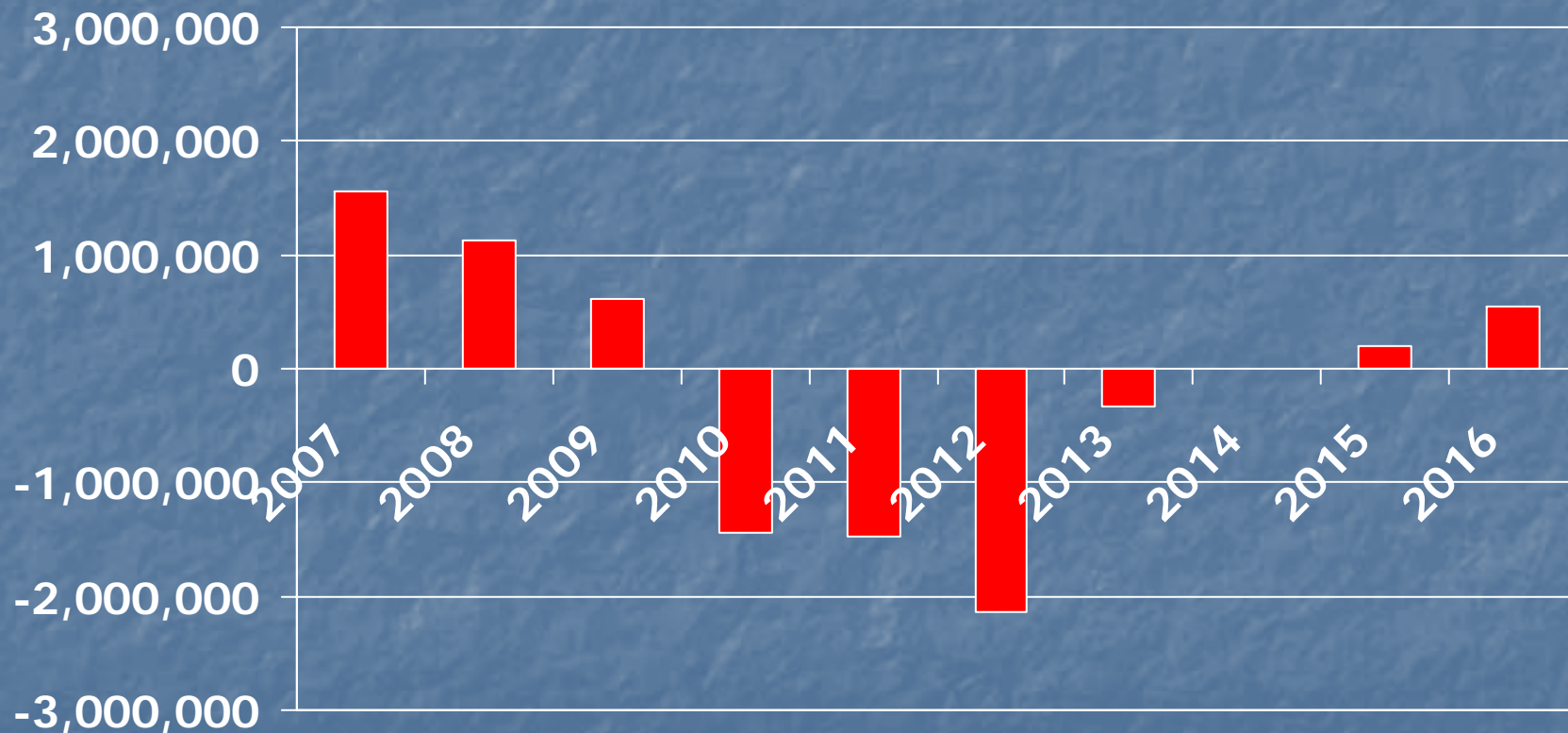
The shortfall between annual revenues and expenditures widens to over \$12.6 million by 2016; total fund balance is in **deficit** by \$23 million

Ottawa County Taxable Value



For 2011, taxable value is anticipated to be at 2006-2007 levels.

Combined Impact of Revenue Sharing Reductions and Declining Property Values



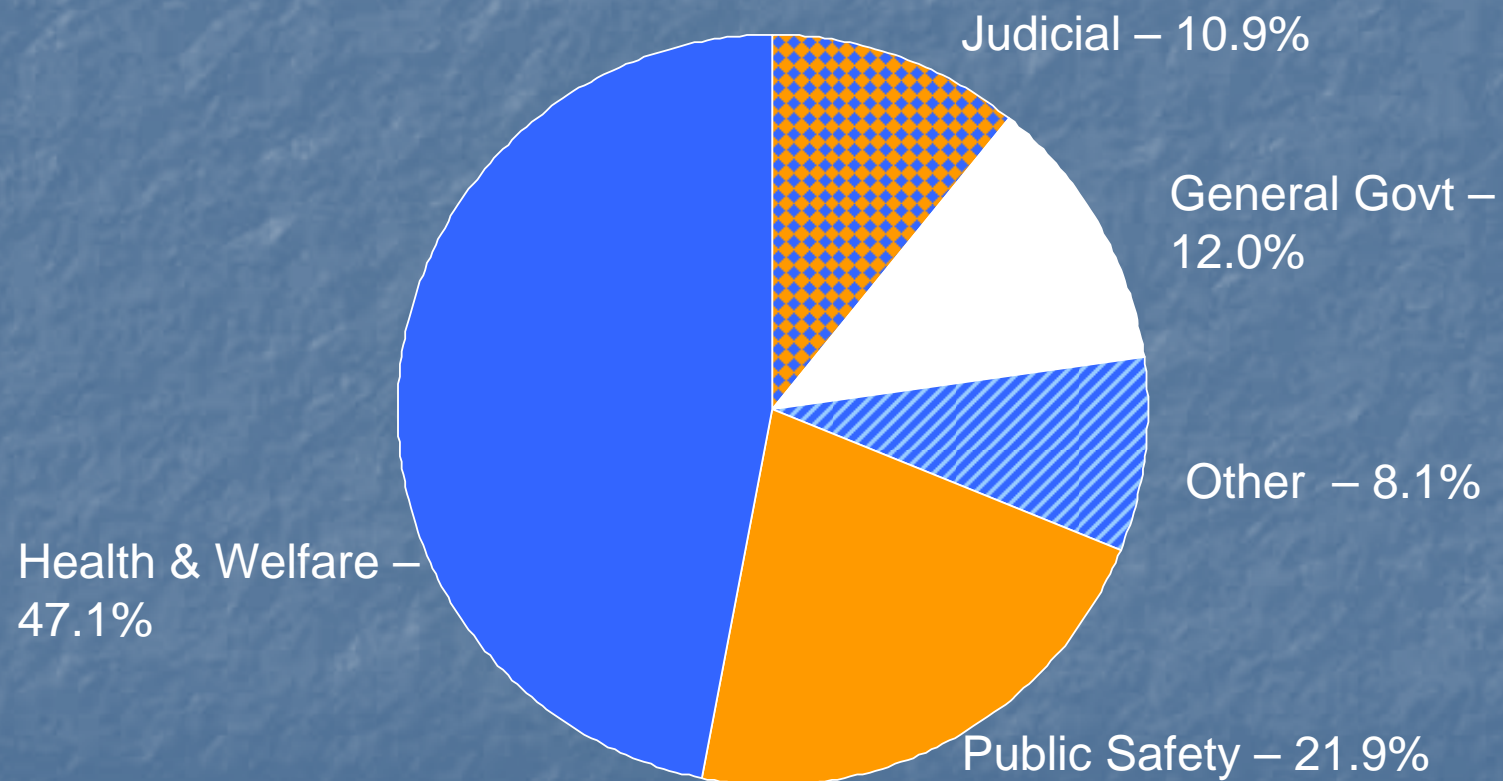
2011 & 2012 Budgets



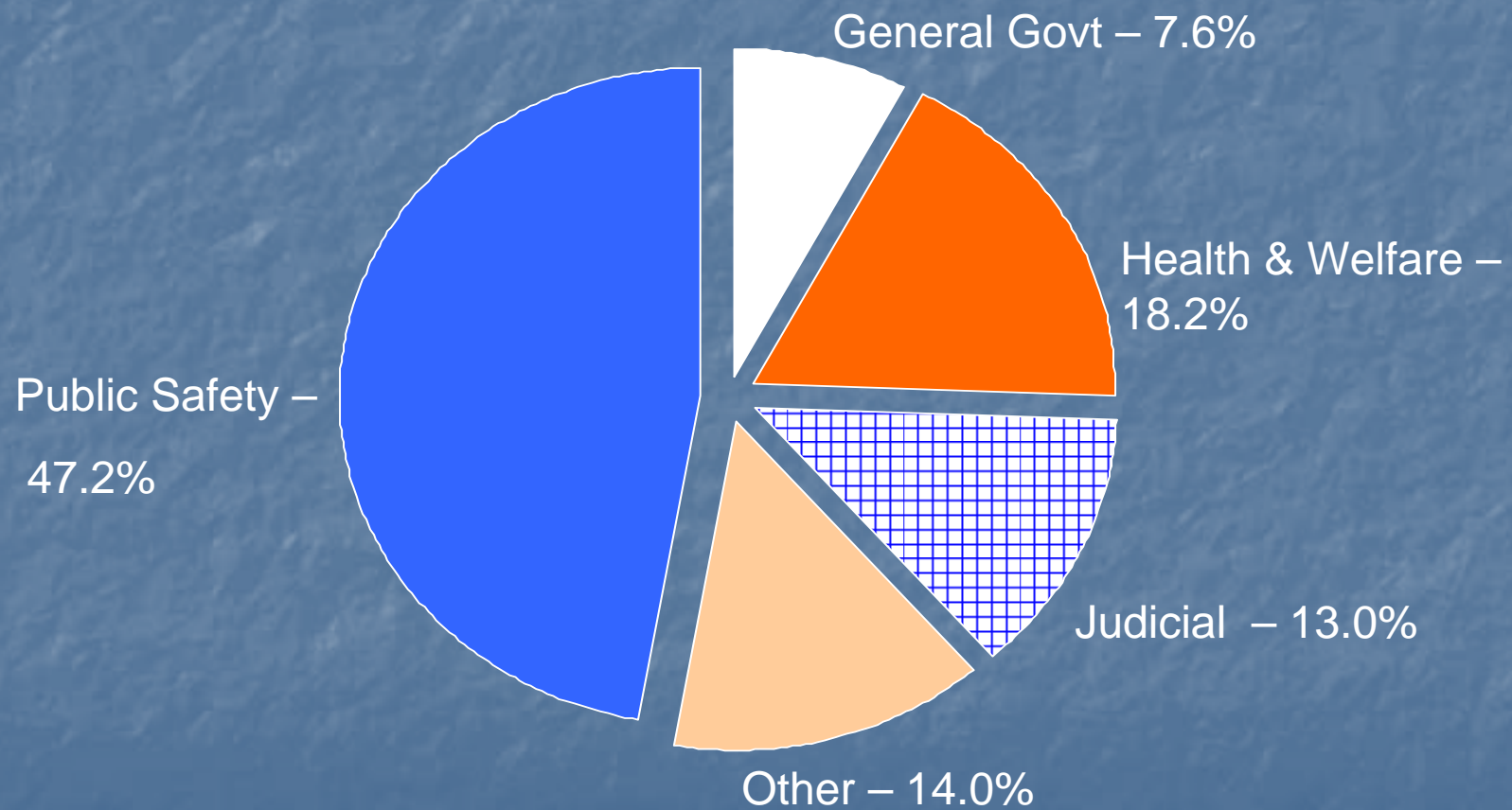
2011 Budget

- Expenditure Categories & Issues
- Resources Available & Issues
- Budget Balancing Constraints
- Recap Current Financial Status

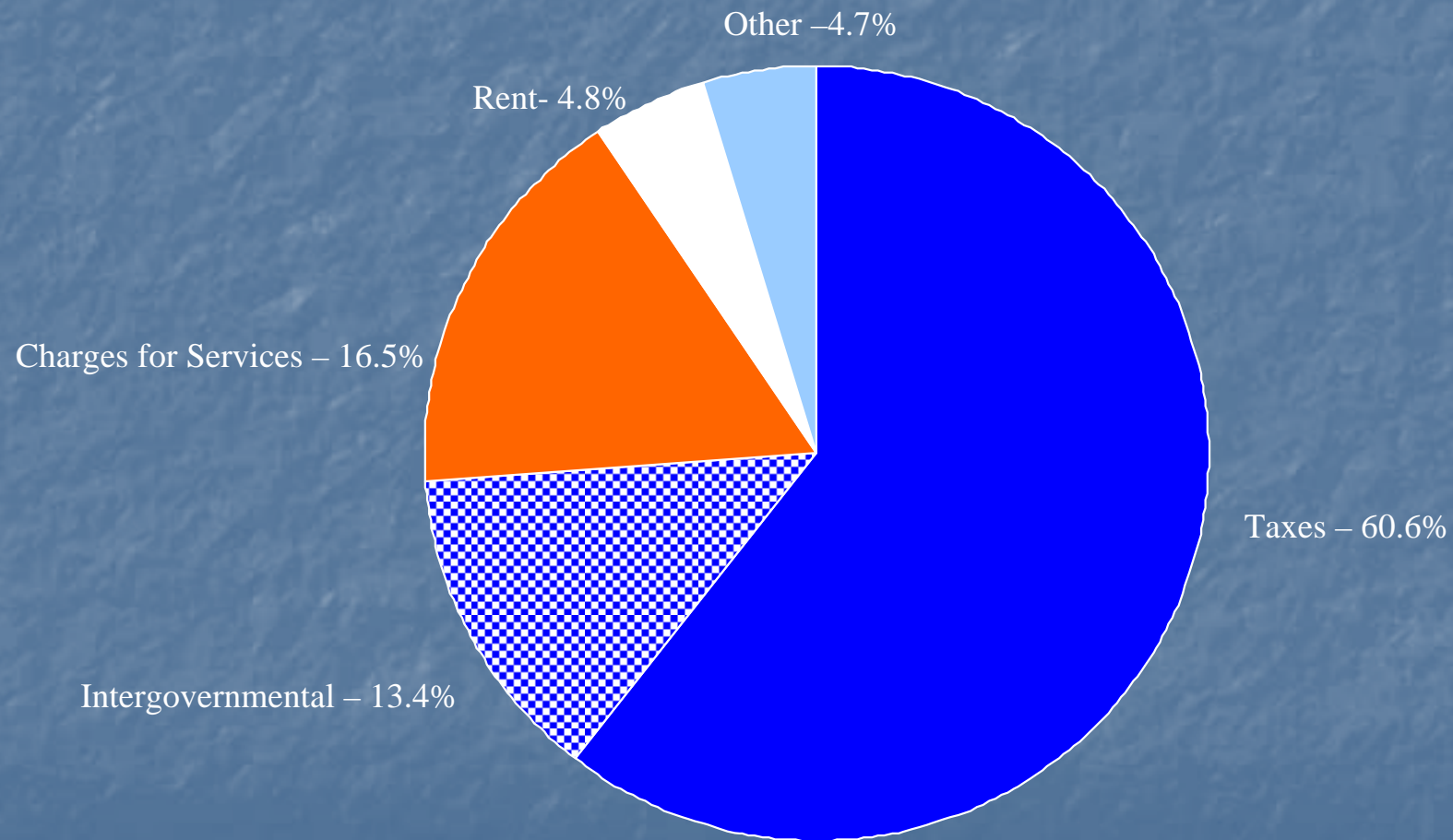
2011 Expenditures by Function



2011 Expenditures by Function – Funded with Property Tax

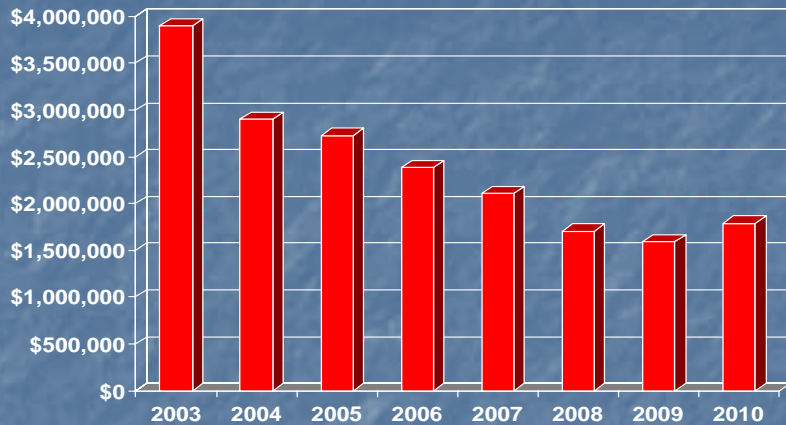


Ottawa County General Fund Revenue

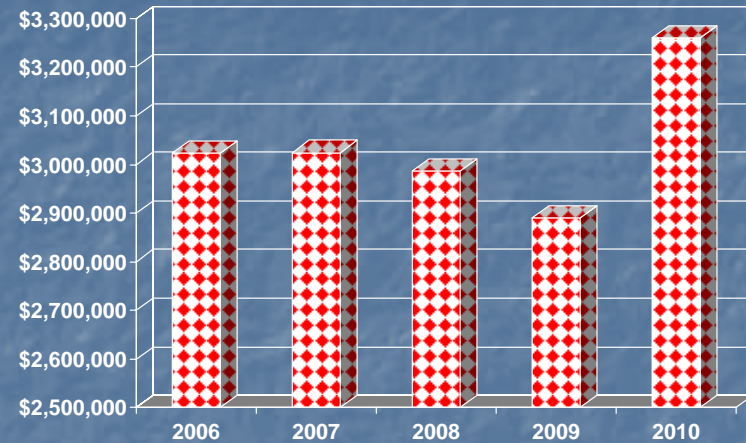


Select Revenue Trends

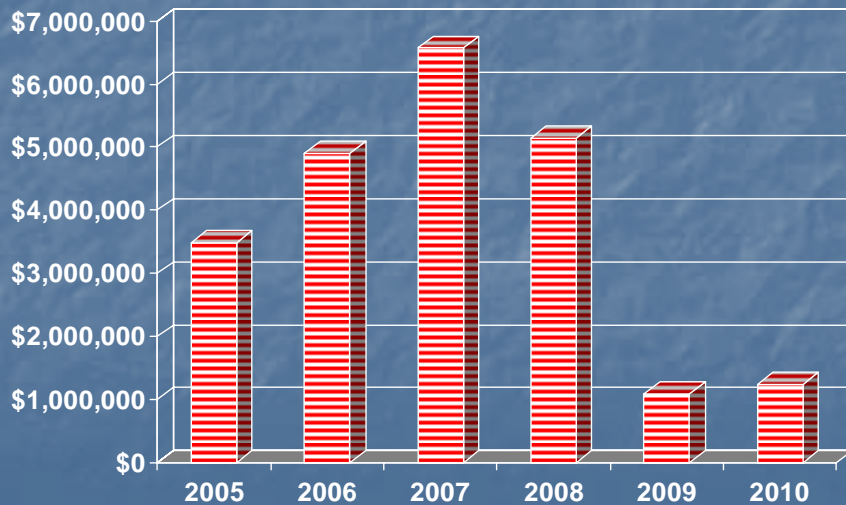
Register of Deeds Revenue



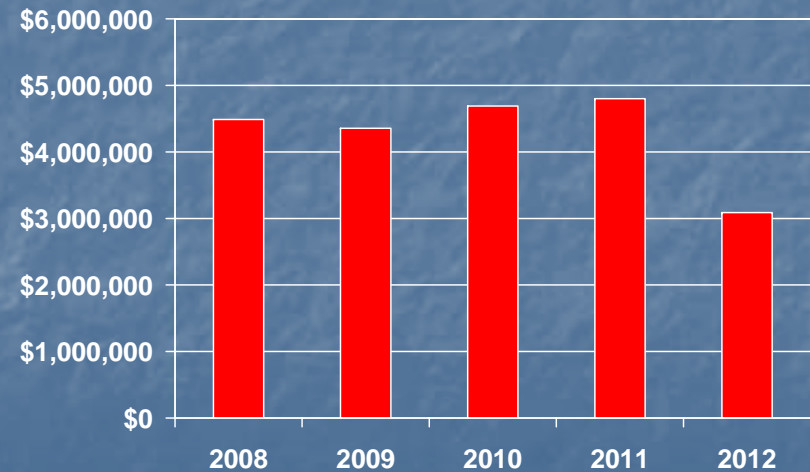
District Court Revenues



Interest Income



State Revenue Sharing/Revenue Sharing Reserve



Revenue Issues

- Limitations on Tax Base Recovery
- Failure of Intergovernmental Revenue to keep pace
- Charges for Services – fee increases

Net Assets (Fund Equity)

- At 12/31/10, the total net assets (fund equity) for the County were approximately \$213 million
- It is important to distinguish between net assets and cash
- A significant portion of net assets is not available for appropriation

Net Assets (Fund Equity)

Net Assets at 12/31/10	\$212,528,625
Amounts Unavailable or Legally Restricted	(133,577,955)
Amounts in Self-Insurance Programs	(19,709,880)
Amounts Used to Fund Long Range Cost Savings	(39,166,729)
Net Assets for Operations	<u><u>\$20,074,061</u></u>

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Net Assets at 12/31/10

\$212,528,625

Amounts Unavailable or Legally
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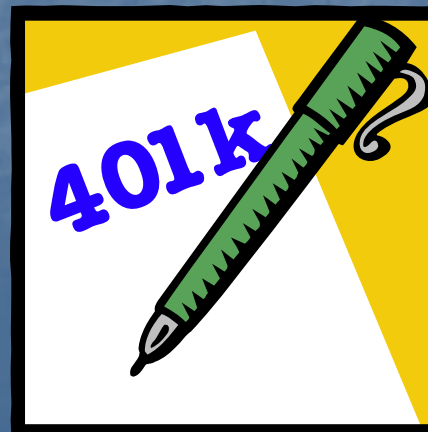
Amounts in Self-Insurance
Programs

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Net Assets (Fund Equity)

2011 Expenditure Budget <i>(net of operating transfers)</i>	\$135,937,377
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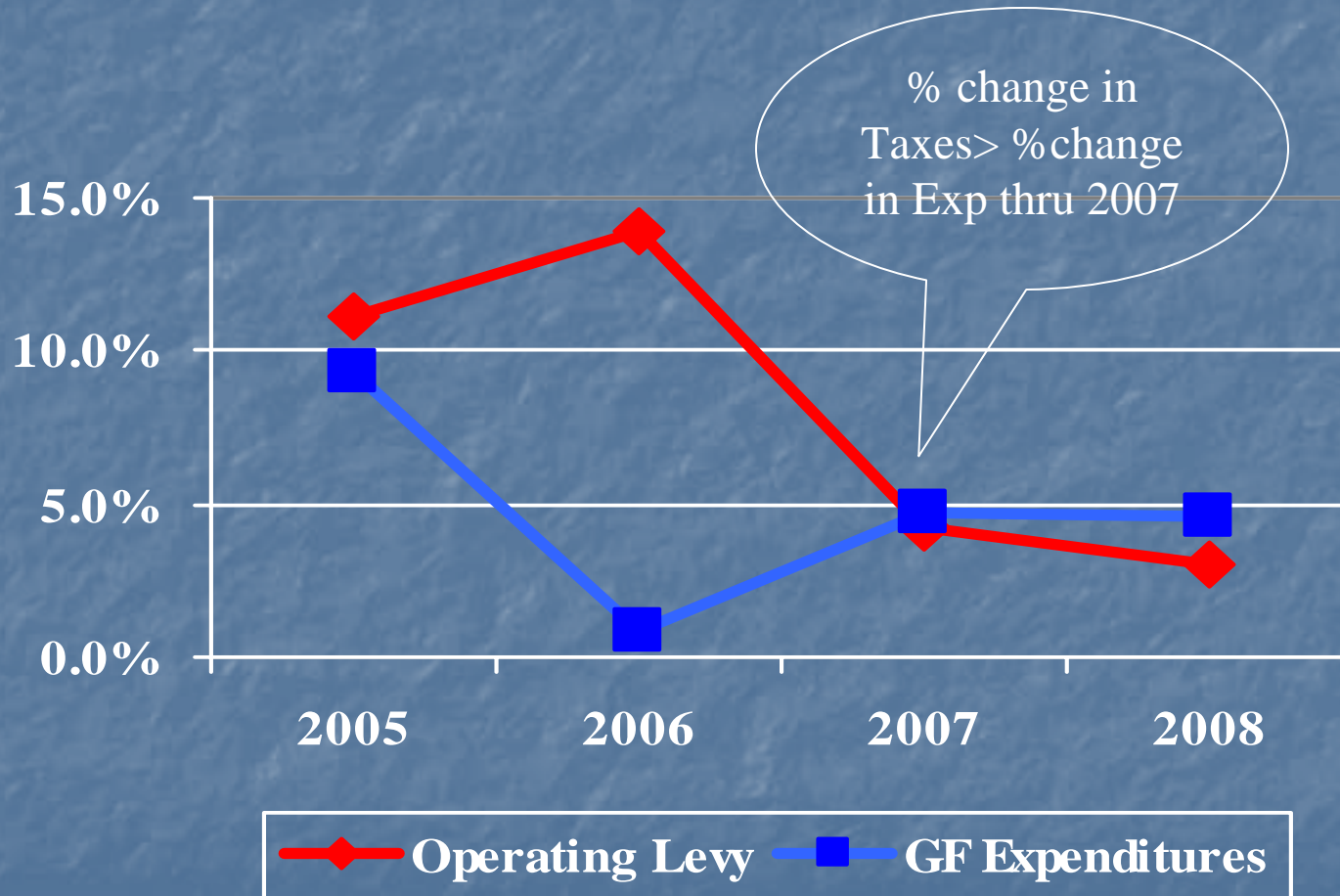
Less Expenditures Covered with Subtractions from Equity	(8,238,992)
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Estimated Operating Expenditures	<hr/> <hr/> <u>\$127,698,385</u>
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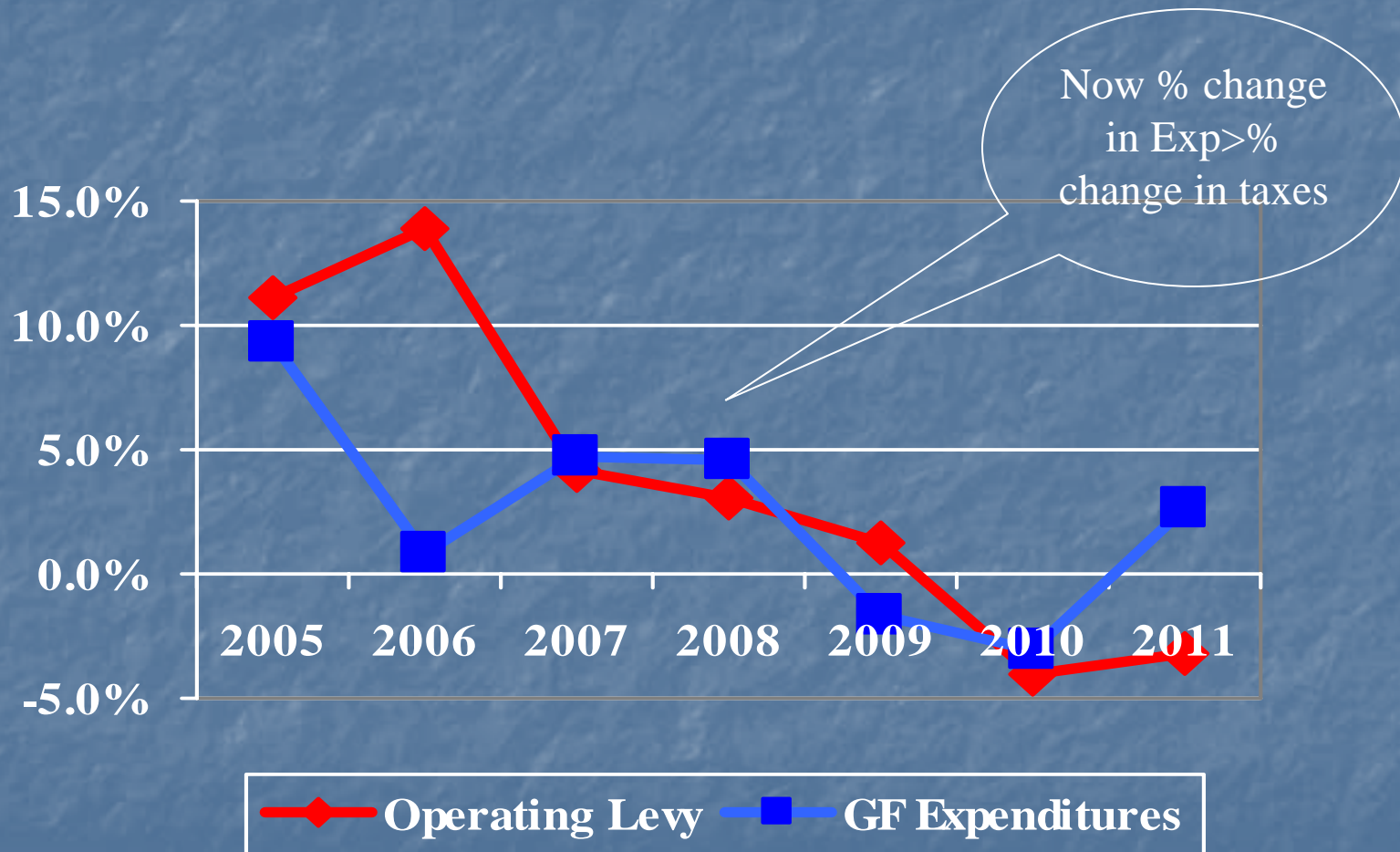
Net Assets (Fund Equity)

Estimated Operating Expenditures	\$127,698,385
Net Assets for Operations	20,074,061
Remaining Net Assets as a % of Operating Expenditures	15.7%
Equated to Number of Months	1.9

Historical Trends



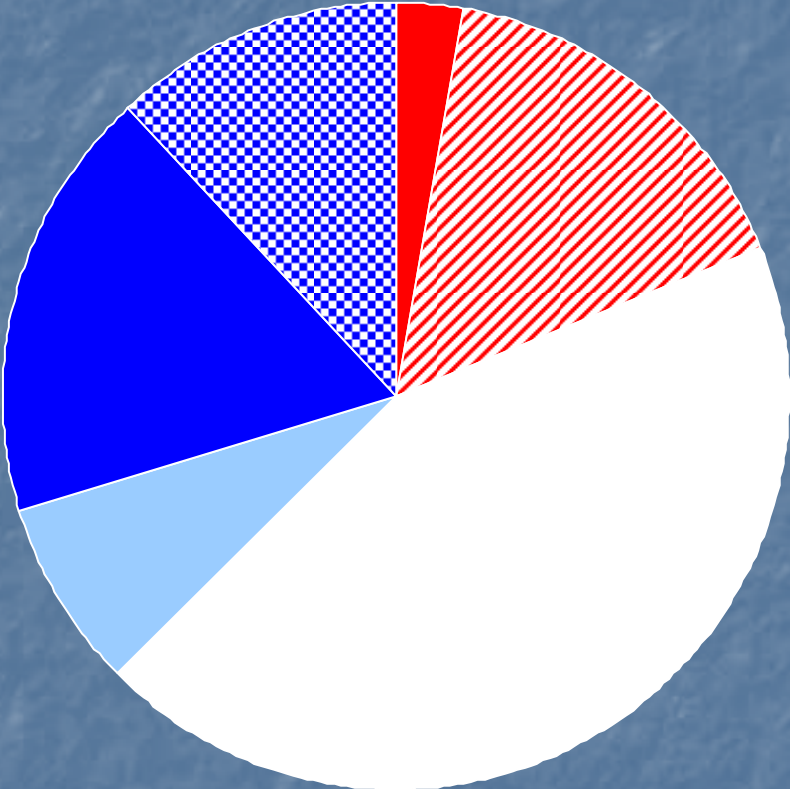
Current Status: Structural Deficit Has Emerged



Future Projections: Structural Deficit Continues



2011 Budget Balancing Strategies



- Line Item Adjustments
- Cost Reductions
- Undesignated Fund Balance use
- Revenue Adjustments
- Non-Budgeted Positions
- User Fee Study

Budget Balancing Constraints

- Mandated Services
- Mandated/Obligatory Costs
- Grant Funded Programs
- Union Contracts

Current Status: 2011 and 2012 Budget

- 2011 Budget
 - Anticipating a 2.0 –2.5% reduction in taxable value
 - Additional needed adjustments
- 2012 Budget and Future Challenges
 - Anticipating a 1% reduction in taxable value
 - Bargaining unit contracts
 - Health Insurance Costs
 - Retirement Pension Costs
 - Continued increases in service demands

Summary of Budget Issues

