

Introduction to the Budget Overview

This section provides an overview of the Kent County Budget. It is intended to inform County citizens of the fiscal plans of the County Board of Commissioners and Administration for the coming year. The Budget Message from the Administrator/Controller, pages B-3 through B-10, outlines the key priorities, parameters, and issues involved in developing the Budget, and serves as an introduction and overview to the budget. Additional significant issues affecting the budget are outlined on pages B-11 through B-13.

Pages B-14 to B-18 present the combined total of all County funds and component units. Funds are classified by seven fund types: General Fund, Capital Improvement Funds, Debt Service Funds, Internal Service Fund, Component Unit Funds, Proprietary Funds, and Special Revenue Funds. This information is summarized in three ways:

- The Budget Summary by Fund on page B-14 summarizes sources and uses for the budget by fund type (i.e., General Fund, Capital Improvement Funds, Debt Service Funds, Internal Service Fund, Component Unit Funds, Proprietary Funds, and Special Revenue Funds). The Fund Balance History on page B-15 provides a three-year history of beginning and end-of-year balances for each of these funds.
- The Budget History by Functional Area on page B-16 summarizes sources by category and uses by functional area (i.e., Cultural & Recreational, Enterprise, General Government, Health & Welfare, Judicial, Public Safety, Other, and Capital,) for the years 2003 (actual), 2004 (adopted), and 2005 (adopted). County departments and programs are categorized by these same functional areas in the Department Summaries section.
- The Budget History by Category on page B-17 summarizes uses by category (i.e., Personnel, Commodities, Contractual Services, Operating Capital, Other, Capital Budget) for the same three-year period.

Page B-18 provides a five-year history of budgeted personnel by County department, organized by functional area.

Budget Overview Table of Contents

Introduction	B-1
Budget Message from the County Administrator/Controller.....	B-3
Significant Budget Issues	B-11
All Funds Summary	B-14
2005 All Funds Budget Summary by Fund Type and Component Unit	B-14
All Funds History of Fund Balances	B-15
All Funds Budget History by Functional Area.....	B-16
All Funds Budget History by Category	B-17
All Funds Personnel History by Functional Area	B-18

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Budget Message

August 13, 2004



To the Honorable Board of Commissioners:

As the Chief Administrative and Financial Officer of the County, it is my responsibility and pleasure to develop and submit the proposed 2005 Annual Budget for review and approval, which represents the seventh budget that I have presented to the Kent County Board of Commissioners. Not surprisingly, this has been one of the more difficult budgets to develop. But Kent County is not alone, public bodies across the state and nation are having difficulties. According to the National Association of Counties, more than 70 percent of counties in the nation are experiencing budget shortfalls. However, relative to other local units in the West Michigan area, the state, and the nation, we continue to fare well, which is a testament to the ability of the Board and all County departments to manage our finances in an appropriate manner.

The budget document is one of many tools used by the Board in its decision-making process. While it is by nature a fluid document – one that can change as emergent needs and circumstances dictate – it is also the single most important comprehensive policy statement that the Board makes on an annual basis.

The annual budget is used for a variety of reasons. First, it provides for *accountability*; it legitimizes public expenditures and accounts for use of public resources. Second, the budget document is a *planning tool*, used to outline how public resources are received and used. Third, and probably most important, the budget is an *information tool*, designed to communicate the funding priorities of the organization. Thus, the budget should be considered as a means to an end, but not the end itself.

The 2005 proposed budget for both operating and capital needs has a gross expenditure requirement of \$329,931,731, which is a 1.1% percent increase over the adopted 2004 budget. The proposed budget includes operating expenditures of \$323,922,779, and capital expenditures of \$6,008,952. Projected revenues and existing reserves will be adequate to cover the proposed expenditures.

Budget Summary

Category	2004 Adopted	2005 Recommended
Personnel	\$ 124,372,602	\$ 124,749,653
Commodities	7,255,958	6,786,532
Contractuals	153,881,007	155,084,926
Operating Capital	4,737,221	4,085,706
Other	31,904,666	33,215,962
Total Operating	322,151,454	323,922,779
Capital	4,188,250	6,008,952
Total Budget	\$ 326,339,704	\$ 329,931,731

Budget In Brief

2005 Recommended Budget	\$ 329,931,731
2004 Adopted Budget	\$ 326,339,704
2005 Projected Revenues	\$ 318,304,954
2004 Adopted Revenues	\$ 314,387,327
2005 Use of Fund Balances	\$ 11,626,777
2004 Use of Fund Balances	\$ 11,952,377
2005 General Fund Recommended Budget	\$ 147,913,566
2004 General Fund Adopted Budget	\$ 149,942,074
2005 General Fund Projected Sources	\$ 141,835,439
2004 General Fund Adopted Sources	\$ 142,841,396
2005 Use of General Fund Balance	\$ 6,078,127
2004 Use of General Fund Balance	\$ 7,100,678

Like its predecessors, this proposed budget attempts to embrace those principles that have historically made Kent County financially strong and organizationally competitive. The proposed budget:

- Plans for expenditures that can be supported by current revenues and existing reserves;
- Provides sufficient funding to ensure that County facilities and equipment are properly maintained;
- Maintains services and programs to support the quality of life enjoyed by County residents; and
- Maintains a comprehensive compensation and benefits package for our work force.

And like the 2004 Budget, the proposed budget offers very little margin in terms of revenue projections and planned expenditures. For the second time in as many years, department directors were requested to revisit and reduce their budget requests. Most departments were very thoughtful in their reviews and in the reductions that they proposed. Budget targets were provided and, if they couldn't be adhered to, justification was made as to the consequences of meeting the targets. I appreciate the responses to our current fiscal challenge that the department directors and their respective budget staffs made.

Key Dates

A public hearing on the proposed 2005 Budget and millage rates is necessary. It is recommended that the hearing be held in conjunction with the Board meeting on *Thursday, September 9, 2004, at 7:00 p.m.* The Board should formally establish the public hearing date at its meeting on August 26.

Following the public hearing, at the September 9 meeting, the Board will be asked to adopt the millage rates for 2005. Formal action on the 2005 Budget should take place at the September 23, Board meeting.

Summary of Issues

The following is a summary of the primary issues that have shaped the proposed 2005 Budget.

Budget Parameters

In February 2004, the Finance & Physical Resources Committee adopted guidelines for the preparation of the 2005 budget. These approved guidelines included expenditure categories for personnel costs, commodities (or supplies), contract services, and aggregate capital expenditures (both operational capital outlay and the CIP). The parameter for the CIP expenditures was modified in June.

Category	Parameter
Salaries & Wages	4.08% increase over 2004 wages
New Hires	No new hires
Commodities	Not to exceed 2004 level, unless appropriately justified
Contractual Services	Not to exceed 2004 level, unless appropriately justified
General Fund Capital	Not to exceed aggregate level of \$2.0 million

These parameters were emphasized to all department directors, elected officers, and the judiciary as part of the *Budget Call Letter*, which was issued in early spring.

The budget review teams conducted their work with these parameters in mind. The Finance & Physical Resources Committee reviewed and approved a variety of recommendations related to the Capital Improvement Program in June.

Millage Rates

The proposed operating millage for 2005 is **4.2803 mills**, which is the same as the rate levied in 2004. In addition, the proposed millage for the debt service and operations for the correctional facility is **0.7893 mills** and **0.2444 mills** for senior services. Thus, the total proposed millage rate for 2005 is **5.3140 mills**, unchanged from the current millage rate.

Revenues

The County's State Taxable Value (STV) continues to grow, which means the community continues to grow. And with increased growth, there are increased demands. The STV grew from \$17.175 billion in 2003 to \$18.015 billion in 2004. This represents an increase of 4.9 percent. The STV will generate approximately \$70.6 million in general fund property tax revenue, which is a 4.0 percent increase over the 2004 budgeted general fund property tax revenue of \$67.9 million. Taxes represent about 31.5 percent of the County's total revenue stream. The projection for all tax revenue totals \$100.3 million, and includes the designated millages for the Correctional Facility and Senior Services, as well as Industrial Facilities Exemption Certificate taxes, and the Hotel/Motel Tax.

Charges for services, especially those levied by enterprise departments such as the Airport or Public Works, provide approximately 28.4 percent of the County's revenue. Funding for the CIP budget for 2005 is identical to past years in that the two enterprise departments fund or borrow for their own capital projects, while other projects require a combination of the 0.2 mill designation from general fund revenues, grants, internal funds, and short- or long-term financing.

During the past several years, two sources of revenue have seen significant reductions: intergovernmental (primarily loss of revenue sharing) and interest on investments. Ongoing dialogue at the state level has yet to provide clarification regarding revenue sharing (see below) and while interest rates have started to slowly increase, we are still being cautious in any budget projections. Since revenues in both areas peaked in 2001, we have seen a steady decline which amounts to approximately \$8 million in lost general fund revenue annually from these two sources alone.

County Personnel

For the second consecutive year, the Finance & Physical Resources Committee concurred with Administration's recommendation to implement a moratorium on adding new positions that require a General Fund appropriation in the 2005 Budget, unless it could be demonstrated that the County would save money. This recommendation was based upon a variety of factors, including the County's financial situation as well as recognition that there has been significant growth in the employee population base since 1996.

Capital Budget

Continuing as an integral part of the budget is the Capital Improvement Program (CIP) budget for 2005 - 2009. The CIP consists mainly of one-time or non-recurring expenditures. The process calls for the Board to adopt the budget for 2005, using 2006 - 2009 as a barometer for future years' capital needs. Approximately \$17.8 million in CIP projects was requested from County departments and agencies. As was the case in previous years, not every request was recommended for funding. For 2005, it is recommended that \$6.0 million be appropriated for CIP projects (as identified/ itemized in the budget document), compared to \$4.2 million that was budgeted in 2004.

The table to the right highlights the sources of funding for the recommended projects for the 2005 CIP budget:

Sources	Funding	
	2004 Adopted	2005 Recommended
Taxes (<i>2000 mills</i>)	\$ 3,368,529	\$ 3,458,952
General Fund	819,721	-
Grants	-	2,600,000
Total	\$ 4,188,250	\$ 6,058,952

Financial Issues

While Kent County remains fiscally sound, and we continue to hold the coveted triple-A ratings from both Standard & Poor's and Moody's Investor Services' bond rating for long-term debt, the past two fiscal years have resulted in significant reductions in personnel and expenditures due to cuts in program-specific state revenues, reductions in general revenue sharing, and reductions in interest earned on investments.

The most significant challenge, however, has been the inability to predict what the State of Michigan will be doing relative to revenue sharing. The proposal currently being advocated, and appears to be the likely scenario, is to phase-in a July collection of property tax levies for counties, which will, over three years, provide a one-time infusion of funds that must be set aside and "drawn out" in a manner similar to how revenue sharing funds are received. The state will then "zero out" statutory revenue sharing for counties for the next two-to-three years, and incrementally include revenue sharing in its budget as counties deplete the special fund. I have termed this the "best of the worst" alternatives currently available because at least this proposal will enable Kent County to realize a stable funding stream of \$10.4 million annually over the next seven-to-eight years. However, because we are uncertain as to whether this proposal will materialize, we have budgeted \$8.6 million for revenue sharing as traditionally distributed. Also, since there is no guarantee that in eight years revenue sharing will be reinstated (if the plan becomes reality), staff is beginning to look for reductions in expenditures that would take place over the next eight years. The strategy that should be embraced is that if we all contribute a little to the budget cuts, no one will have to contribute a lot.

Thus, it continues to be important for the County to continue to exercise fiscally sound budgeting practices, which has been our historical practice. Again, most department directors have risen to the challenge and have thoughtfully reviewed and reduced their respective budget requests.

In addition, there continues to be many substantive issues facing Kent County that will significantly affect finances during 2005 and beyond. These issues not only require a significant capital investment but also have long-term operational costs. In 2005, funds have been allocated in the operating and capital improvement budgets to continue addressing the following items:

- Continued implementation of the Prevention initiative which includes family support services, early intervention for families where child abuse/neglect has been reported, and substance abuse prevention;
- Continued property acquisition, staffing and operating costs associated with the operation, maintenance and security for Millennium Park; and
- Proper maintenance of County facilities and equipment.

Compounding the above are the increased and often conflicting demands for limited resources. The recommendations contained within this budget do not include full funding of everything that was requested by departments. Thus, the budget can best be described as one of balancing departmental ambitions with available resources and Board-identified parameters and priorities. As requests continue to exceed resources, the Board must continue to determine the level of services it is required by law to provide and what additional services it wants and is able to provide. The *Mandated Services Study*, and continuous reference to it through Standing Committee Action Request forms, serves as one tool to assist the Board in this endeavor.

Summary of Major Operating Budget Changes

The requested 2005 General Fund budgets were reduced 2.7%, or \$4,167,627. Included in this reduction is the elimination of a net 44.5 full time equivalent positions. The following highlights

General Fund departments that have experienced some of the more significant changes in proposed expenditures from the requested 2005 budget to the recommended 2005 budget:

Sheriff: The Sheriff's budget request was reduced 1.2%, or \$614,449. The components of this reduction include:

Administration & Road Patrol: Reduced 3.5%, or \$525,903 by holding five County Patrol Officers vacant; reducing 84 hour bi-weekly work schedules to 80 hours; eliminating a Retiree Rehire position; and eliminating a Clerk II position. Also reduced fleet additions by two detective cars and one cruiser.

Dispatch Services: Reduced 4.0%, or \$72,196 by reducing 84 hour bi-weekly work schedules to 80 hours.

Correctional Facility: Reduced less than 0.05%, or \$14,750 by eliminating two Registered Nurse II positions and a Retiree Rehire; reducing 84 hour bi-weekly work schedules to 80 hours; and eliminating the Women's Safe and Sober program. Increased inmate healthcare \$148,000 and added 5 new Corrections Officers effective July 2005, pursuant to requirements of the State Department of Corrections.

Circuit Court: The Circuit Court budget request was reduced 1.4%, or \$228,009 by eliminating a Retiree Rehire position; a Manager position; and temporary labor. Also, four new Law Clerk positions have been added effective July 2005.

Facilities Management: The Facilities Management budget request was reduced 1.9%, or \$262,687. Included in the recommendation is \$967,834 for debt service on bond issues for the acquisition of the land the Courthouse sits on, 82 Ionia, and 511-525 Monroe properties. The components of the reduction include:

Administration: Reduced 3.0%, or \$15,000 by reducing the consultants line.

82 Ionia: Reduced 10.2%, or \$146,212 by reducing protection & security and maintenance.

Courthouse: Reduced 1.3%, or \$109,506 by reducing utilities and maintenance.

Information Technology: The Information Technology budget request was reduced 10.4%, or \$687,709. The components of this reduction include:

Operations & Maintenance: Reduced 8.9%, or \$401,906 by permanently eliminating two Computer Operating Support Specialist positions that were held vacant in 2004; holding vacant two Co-op Student positions that were held vacant in 2004; and reductions in the computer equipment and software lines.

Geographic Information System: Reduced 26.8%, or \$220,803 by permanently eliminating three Intern positions that were held vacant in 2004; reducing consultants; and reducing REGIS core services.

Finance & Human Resources System: Reduced 9.3%, or \$65,000 by reducing the consultants line.

Fiscal Services: The Fiscal Services budget request was reduced 3.5%, or \$121,821. The components of this reduction include:

Finance: Reduced 2.7%, or \$42,808 by holding vacant an Account Clerk I position.

Central Services: Reduced 8.7%, or \$79,013 by eliminating two Records Reproduction Clerk positions.

Cooperative Extension: The Cooperative Extension budget request was reduced 10.5%, or \$71,577 by eliminating a Clerk II position and reducing the consultants line.

Transfer Out - Health Department: The Health Department's budget request was reduced 11.1%, or \$1,188,493. Included in this reduction is the elimination of 18.5 full time equivalent positions (including 9 FTE held vacant in 2004). Budget items of note include a decrease in the laboratory funding as a result of the elimination of the HIV/AIDS laboratory testing program; Prevention Programming has been reduced; General Sanitation services including well and septic permits have been reduced resulting in an increase in the time interval between the receipt of a permit application and when the services are provided; the Maternal and Infant Support Services (MSS/ISS) have been reduced causing a change in the composition of the MSS/ISS client mix by reducing the number of visits made to non-Medicaid eligible clients; and the Vaccine for Children Program has been reduced resulting in a 15 percent decrease in the number of immunization clients immunized by the Health Department.

Transfer Out - FIA Child Care: The FIA Childcare budget request was reduced 10.2%, or \$419,414. This was achieved by reducing private agency family foster care and institutional foster care.

Performance Measurements

County departments, offices, agencies, and the judiciary continue to make significant progress in developing and utilizing performance measurements. This is the direct result of continued review, by the Legislative & Human Resources Committee, of performance measurements. The volume of services and activities being measured as part of the performance measurement program continues to increase. These measurements will aid in establishing a baseline of information from which to make funding, management, and service delivery decisions and provide a solid foundation for discussing and explaining the relative benefits of County services.

The compilation of performance measures continues to be a "work in progress" as departments, offices, agencies, and judiciary continue to identify and refine the various measurements to truly reflect the efficiency, effectiveness, quality, and cost of services being delivered for tax dollars expended.

The Performance Measurement Review Team (PMRT) was formed in 1998 to assist departments in developing and maintaining meaningful performance measures, to act as a sounding board for ideas, and to be available to answer questions about performance measurement and the role it plays in Kent County's daily business. The PMRT is also charged with moving the performance measurement effort to the level of performance-based budgeting.

Training

The County launched its first official, in-house training program in 1997 and it has flourished since that time. The ongoing challenge is to continually evaluate the training the County offers to ensure that it meets the needs of our employees.

As a step toward this goal, the *Learning Ensures Achievement Program (LEAP)* was started in 1998. Under *LEAP*, two sets of core curriculums were established - one for general employees and one for supervisors and managers. The curriculums are designed to foster the development of administrative and communication skills. A Certificate of Achievement is earned when an employee finishes the core curriculum.

County employees have been encouraged to use their expertise to develop seminar topics to share with fellow employees. Utilizing these existing resources helps maintain a reasonable training budget.

In addition, the *Leadership Development Institute*, *Advanced Leadership Series*, and the *Manager's Speakers Series* continue to receive positive feedback from program participants. The Leadership Development Institute and Manager's Speakers Series are recipients of the National Association of Counties Achievement Award.

And the *Tuition Reimbursement Program* for undergraduate and graduate courses, first instituted in 1997, continues to be popular and well-received by employees. Tuition reimbursement, combined with the other major training programs noted above, represents the Board's ongoing commitment to offer professional development opportunities to employees.

Work Groups and Teams

During the last nine years, more than 50 employee work groups and teams have been established to provide recommendations on the many issues facing the County. Some of the work groups have been specific in nature with a limited function and timetable. Others have become "institutionalized" into the operations of the County. The employees who participate in work groups devote a significant amount of time and effort and provide invaluable assistance to help advance the mission of Kent County and will be recognized in early December for their efforts.

Board Goals

Since 1995, the Board of Commissioners and key administrative staff have met in four major priority and goal-setting sessions. A review of the major public policy and fiscal administration priorities identified during the 1995, 1997, 1998 and 1999 sessions can be summarized in four general statements. Kent County strives to:

- Be an effective steward of public funds using professional budgeting and fiscal management techniques and practices;
- Recruit, train, and develop (through education and training) a diverse and qualified work force;
- Communicate with the public and local units of government about the issues faced, services provided, and contributions to the quality of life made by the County; and
- Develop a communication and information infrastructure based upon sound technological innovation and investment.

These four principles are specifically designed to provide both mandated and discretionary services to the public in an efficient and effective manner. The proposed 2005 budget also incorporates fiscal priorities previously identified by the Board. These goals include taking measures to:

- Preserve a strong financial position by
 - Maintaining the County's favorable bond ratings;
 - Maintaining adequate reserves;

Performance Measurements Review Team

Kelly Berendsen, Administrator's Office
Wayman Britt, Administrator's Office
Steve Duarte, Fiscal Services
Gail Glocheski, Human Resources
Craig Paull, Information Technology
Mary Swanson, Administrator's Office

CIP Review Committee

Jon Denhof, Purchasing
Robert Mihos, Facilities Management
Craig Paull, Information Technology
Lloyd Pitsch, Sheriff's Department
Marvin Van Nortwick, Fiscal Services
Robert White, Fiscal Services

Operating Budget Review Committee

Wayman Britt, Administrator's Office
Jim Day, Board of Commissioner's Office
Daryl Delabbio, Administrator's Office
Gail Glocheski, Human Resources
Mary Swanson, Administrator's Office
Marvin Van Nortwick, Fiscal Services
Robert White, Fiscal Services

- Maximizing revenues internally; and
- Securing the County's fair share of state and federal funds.
- Operate the Capital Improvement Program (CIP) effectively by
 - Evaluating it annually; and
 - Improving long-range planning.

The budget continues to reflect the policy of the Board as identified in the County's *Fiscal Policies*, which is to maintain ten percent of the subsequent year's operating budget in reserve. This level of fund balance is necessary to maintain and protect the County's outstanding bond ratings, which continues to be a high priority of the Board of Commissioners.

Conclusion

The budget is a policy statement by the Board of Commissioners to the citizens of Kent County. The budget provides information to the public on the funding priorities and programs that have been established. In this sense, the budget is also a plan. It provides a roadmap for departments, offices, and agencies to use in implementing the programs funded by the Board. And, like most plans, the budget can—and should—be a flexible document that is subject to change as needs emerge, more information becomes available, and priorities change.

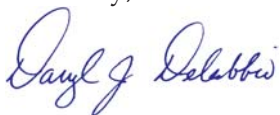
The proposed budget, like its predecessors, embraces those principles that have made Kent County financially strong. The budget:

- Provides that current revenues are sufficient to support current operating expenditures;
- Provides sufficient maintenance and replacement dollars to ensure that County facilities are properly maintained; and
- Requires no increase in the property tax rate.

As we continue to adhere to a strong set of *Fiscal Policies*, continue our commitment to performance-based budgeting, and continue to emphasize to departments the importance of budgeting accurately, this process will continue to improve. This commitment will also allow the budget document to more accurately reflect and clearly communicate the priorities of the County as well as tie measurable outcomes to dollars expended.

Once again, I would like to thank all the departments, elected officers, and the judiciary for their cooperation and assistance in developing the proposed *2005 Annual Budget*. Many people contributed to this effort and all should be proud of the results. In addition, I would like to express my appreciation to the CIP Review Committee, the Operating Budget Review Committee, the Performance Measurements Review Team, and the Finance & Physical Resources Committee, for their extensive work in the development of this document. Finally, I would also like to commend the Fiscal Services staff for the tremendous amount of time and effort that was devoted to the preparation of this budget. The collective professionalism, diligent work, commitment to cooperation, and the good will and spirit of all participants made this document possible and the budget process an efficient and effective one.

Sincerely,



Daryl J. Delabbio
County Administrator/Controller

Significant Budget Issues

In keeping with its commitment to maintaining a financially strong and effective organization, Kent County continually assesses and monitors the potential financial impact of external circumstances, as well as that of internal policies and programs. The following are substantive issues, initiatives, and fiscal issues affecting County finances during 2005 and beyond.

State and Local Economic Forecasts

The national economic slow down since 2001 continues to affect the residents of Kent County, as well as Kent County revenues. Due to Michigan's manufacturing base, job losses in Michigan account for 24% of all job losses nationwide over the last three years. The economic situation directly affects Kent County resources through lost property tax revenues, decreased investment earnings, and reductions in State shared revenues. As a result, Kent County revenues are below expectations, and some State-funded programs have been eliminated or reduced. These reductions in revenues have contributed to the 2005 budget parameters, including continuation of a moratorium on adding new positions that require additional General Fund appropriation and requests to department directors to prepare budgets decreasing or maintaining overall expenditure limits while absorbing increases in personnel costs for health care and negotiated salary increases.

Revenue Sharing

As a result of its ongoing budget issues, the State of Michigan this year "zeroed-out" County-revenue sharing. To provide replacement revenue, the State legislature enacted legislation (Michigan Public Act 357 of 2004) which changed the collection schedule for the County's general operating property tax from December to July. As a result, beginning with the 2005 summer tax levy, one-third of the County operating property tax levy will be collected as a summer tax. In 2006, two-thirds of the operating tax levy will be collected in the summer. In 2007 (and thereafter), the entire operating tax levy will be collected in the summer. Winter tax bills will be reduced each year by the same amount. The funds that Kent County will collect over the next three years will be placed in a special fund and drawn out in a manner similar to how the County would have received revenue sharing payments from the State. It is anticipated that the fund will provide Kent County with a steady, predictable revenue stream for the next 7.2 years, at which time the fund will be depleted. At that time, it is uncertain whether revenue sharing will be reinstated, and conventional wisdom is that it will not, resulting in approximately \$10 million in lost revenues annually once the fund is depleted.

Strategic and Budget Planning

Economic forecasts and the State's activities relating to revenue sharing have required Kent County to more closely examine its operations, with an eye towards identifying efficiencies and establishing priorities. The economic situation, in addition to significant changeover in several senior staff, makes this an opportune time for the County to revisit its priorities and develop entity-wide goals. Planning efforts in 2005 will focus on two key areas:

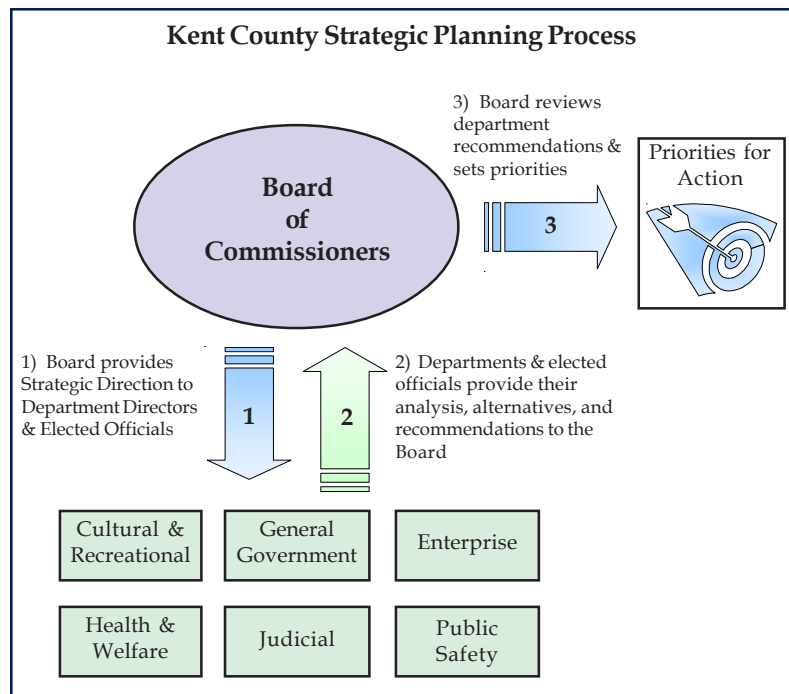
■ *Board of Commissioners Strategic Planning*

Strategic Planning for County departments and activities was forced to the back-burner in 2004, as the Administrator's Office addressed turn-over in several key staff positions. In light of the budget forecast however, it has become imperative that a system of identifying priority programs and services to be used during the development of the budget be conducted. A process by which to do this has been developed: Policy guidelines are given to Department Directors (grouped by functional area) who set functional area priorities within these guidelines. Functional area priorities are then brought back to the Board, which develops Countywide priorities and

sends them back to the departments to be developed into objectives and monitored through performance measures. It is expected that the Board portion will begin in early 2005.

■ *Budget and Finance Action Team*

As discussed earlier, the accelerated property tax collection process gives the County a temporary “cushion” of seven years to deal with what is probably a permanent fiscal crisis. In anticipation of the loss of the revenue sharing funding stream, the Administrator/Controller has appointed a department-level staff work group to review issues related to the County’s fiscal



condition and what will be necessary for the County to gain some funding stability over the long-term. The team has been directed to determine those issues which are cyclical as well as systemic or permanent, and develop strategies to address both. The end result will be some short- and long-term recommendations for the Board of Commissioners to consider.

Other Major Board Initiatives and Issues

■ *Correctional Facility Capacity and Funding*

The County Administrator has created a staff work group to review the immediate, mid-term, and long-term issues and needs of the Correctional Facility and the Correctional Facility millage (0.7893 mills; scheduled to expire in December 2009). The work group will be looking at the issue on both a macro (correction and detention facilities, alternatives to incarceration, etc.) and a micro (estimated capital and operational costs for an addition to the jail) level and making a recommendation by the end of 2005. The work group has already met on several occasions and has divided into sub-groups to research a number of issues.

■ *Decentralization of Facilities and Services*

In 2004, Kent County Facilities Management completed an update of its 1999 Building and Space Needs Plan. The report identifies key County service and delivery issues that may have an impact on facilities and the County’s ability to support them. The plan provides a framework for the County to align and deliver services in the most effective and efficient way possible. Implementation of the Plan has been passed on to a task force consisting of Commissioners and staff. Work will continue in 2005, with the task force investigating the possibility of combining County functions in three specific areas of the County: north, south, and east. This would include the potential for combining Health Department clinics, human services offices, Sheriff substations/precincts, and possibly the 63rd District Court. County staff is also working with members of the community to realign health and human services to better support student achievement. Using GIS data, this project will look at the primary human services program providers within the County, the geographic location of their clients—including their school district—and their service delivery systems, and make recommendations aimed at better coordinated and more efficient services. This process will result in a wealth of data that should be useful in a variety of ways for all the participating organizations.

- **911 Central Dispatch**

In 2004, the Board of Commissioners received a report developed by several committees that have been studying the issue of central 911 dispatch for more than two years. The report recommended that the County pursue a system that will reduce the number of primary service answering points (PSAPs) from six to two with funding to come from a property tax millage levy of 0.55 mills. County staff was asked to evaluate the report and make recommendations. Due to the nature of the recommendations, coupled with the real possibility that any millage question will not be viewed favorably, County staff made a recommendation that consideration be given to the creation of an authority with the four municipalities (Wyoming, Walker, Grandville, and Kent County) jointly funding the hiring of a project manager to devote the time necessary to developing a detailed plan for implementation, including funding recommendations that consider not only a millage question, but the potential for a telephone surcharge, developing cost-sharing recommendations with the City of Grand Rapids, and reviewing the State's 911 system. It is anticipated that this "Interim Project Plan" would take place during the first nine months of 2005.

- **Prevention Initiative**

In 2002, the Board of Commissioners appropriated funding for an innovative initiative to fund and evaluate services to reduce the prevalence of costly and destructive social and health problems. The County originally appropriated \$2 million to expand services in three priority areas: primary prevention family support services for parents of children ages birth to five; early intervention for children at risk of abuse or neglect; and substance abuse services focusing on the entire family, as well as an evaluation component to measure the long-term (15 - 20 years) effectiveness of the funded programming. While funding has been, along with other services, reduced slightly as a result of budget constraints, the County continues to provide funds to private, non-profit service providers to deliver and measure the effectiveness of its programs.

- **Millennium Park**

In its first full season, the Millennium Park has continued to earn rave reviews from the community, with attendance averaging 10,800 visitors on weekends, and even 6,900 on weekdays. The number of visitors consistently exceeded expectations. In 2004, the Park was honored with two national awards, a statewide award, and a Grand Valley Metropolitan Council Blueprint II Award. To date, the County has purchased 62 parcels totaling 1153 acres. Acquisition efforts have slowed as the County targeted properties in a strategic fashion to emphasize the synergies and efficient development of the project. In addition, to protect our investment and meet due care obligations to protect the health and safety of Park users, the County is proactively addressing environmental concerns to ensure appropriate cleanup actions are taken. By seeking to identify potentially responsible parties to contribute to the cleanup and by seeking state or federal funding to supplement the remedial process, the County is leveraging all available resources in this process.

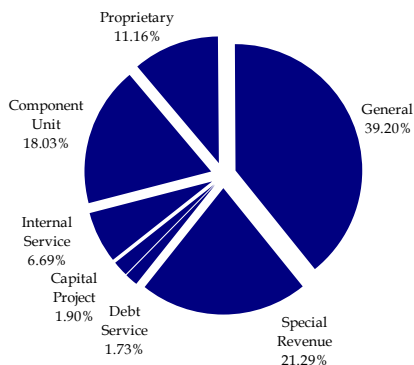
- **DeVos Place**

The County is a major partner in the Convention/Arena Authority and the major contributor of funds for the DeVos Place Convention Center, the initial major phase of which was completed in November 2003. The project will be fully completed in February 2005. Kent County has contributed \$92 million in Hotel/Motel tax funds toward the \$220 million project. In addition, the County, along with the City of Grand Rapids, the State of Michigan, and representatives of the private sector, has representation on the seven-member Convention/Arena Authority which owns and oversees the operation of the DeVos Place Convention Center and Van Andel Arena.

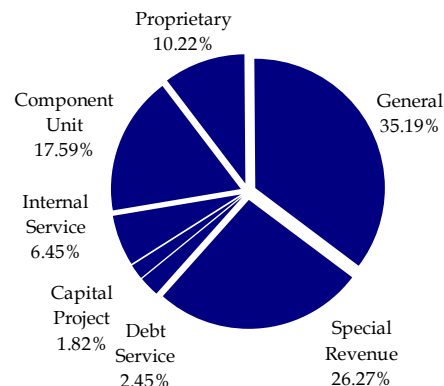
2005 All Funds Budget Summary by Fund Type

	Governmental Fund Type							Total
	General	Special Revenue	Debt Service	Capital Project	Internal Service	Component Unit	Proprietary	
Revenues By Category								
Taxes	\$72,118,005	\$22,368,592	\$ -	\$ 3,458,952	\$ -	\$ -	\$ 2,370,000	\$100,315,549
Licenses and permits	92,650	1,384,566	-	-	-	-	-	1,477,216
Intergovernmental	19,730,184	33,224,789	-	2,600,000	-	6,138,592	4,125,000	65,818,565
Charges for services	18,007,768	5,097,175	-	-	1,978,172	48,866,076	16,309,268	90,258,459
Fines and forfeitures	433,500	783,621	-	-	-	-	16,000	1,233,121
Investment earnings	2,550,000	414,750	1,900	-	79,190	760,000	1,050,000	4,855,840
Reimbursements	8,481,001	4,081,532	-	-	19,197,801	510,570	189,158	32,460,062
Other	3,372,331	416,697	5,497,295	-	25,000	1,100,791	11,474,028	21,886,142
Total revenues	124,785,439	67,771,722	5,499,195	6,058,952	21,280,163	57,376,029	35,533,454	318,304,954
Expenditures By Function								
General government	34,380,162	3,333,355	8,086,788	-	21,292,617	4,682,900	1,670,000	73,445,822
Public safety	52,662,073	1,311,343	-	-	-	-	-	53,973,416
Judicial	24,841,044	13,308,927	-	-	-	-	-	38,149,971
Cultural and recreation	4,289,470	11,239,798	-	-	-	-	-	15,529,268
Health and welfare	3,065,217	57,484,962	-	-	-	4,165,570	-	64,715,749
Enterprise activities	-	-	-	-	-	49,197,558	32,061,454	81,259,012
Other	1,422,641	-	-	-	-	-	-	1,422,641
Appropriation Lapse	(4,573,100)	-	-	-	-	-	-	(4,573,100)
Capital	-	-	-	6,008,952	-	-	-	6,008,952
Total Expenditures	116,087,507	86,678,385	8,086,788	6,008,952	21,292,617	58,046,028	33,731,454	329,931,731
Other Financing Sources (Uses)								
Transfers in	17,050,000	31,032,004	2,612,510	-	-	770,000	-	51,464,514
Transfers out	(31,826,059)	(16,088,455)	-	(550,000)	-	-	(3,000,000)	(51,464,514)
Total Other Fin Sources (Uses)	(14,776,059)	14,943,549	2,612,510	(550,000)	-	770,000	(3,000,000)	-
Net Inc (Dec) in Fund Balances	\$ (6,078,127)	\$ (3,963,114)	\$ 24,917	\$ (500,000)	\$ (12,454)	\$ 100,001	\$ (1,198,000)	\$ (11,626,777)

2005 Revenues by Fund Type



2005 Expenditures by Fund Type



All Funds History of Fund Balances

By Fund Type

Government Fund Type	FY 2003	FY 2004	FY 2005 Adopted		
	Fund Bal	Est Fund Bal	Sources	Uses	Fund Bal
General Fund	\$ 85,515,776	\$ 79,095,649	\$141,835,439	\$147,913,566	\$ 73,017,522
Fire Prevention	513,446	353,146	214,100	366,282	200,964
Parks	641,004	634,604	5,228,288	5,223,888	639,004
Friend of the Court	627,147	627,647	8,607,831	8,607,830	627,648
Health	8,113	8,113	24,434,090	24,434,090	8,113
Mental Health	6,599,890	6,599,890	-	-	6,599,890
Lodging Excise Tax	6,806,466	6,136,666	4,381,000	6,015,910	4,501,756
Correction and Detention	7,284,216	4,942,951	14,010,753	16,088,455	2,865,249
Senior Millage	1,799,764	945,364	4,357,839	4,945,049	358,154
Register of Deeds Automation	-	48,900	825,250	695,761	178,389
Community Development	-	-	2,000,000	2,000,000	-
Child Care	18,130	18,130	28,052,929	28,052,929	18,130
Veteran's Trust	2,412	2,912	49,394	49,394	2,912
Special Project	2,991,885	2,651,013	6,642,252	6,287,252	3,006,013
Special Revenue Funds	27,292,473	22,969,336	98,803,726	102,766,840	19,006,222
Debt Service Fund	89,842	50,287	8,111,705	8,086,788	75,204
Capital Improvement Program	18,838,474	11,356,774	6,058,952	6,558,952	10,856,774
Building Auth Construction	1,693,643	1,695,643	-	-	1,695,643
Capital Project Funds	20,532,117	13,052,417	6,058,952	6,558,952	12,552,417
Internal Service Fund	4,308,228	5,237,728	21,280,163	21,292,617	5,225,274
Drains	2,848,372	2,705,772	3,365,000	3,365,000	2,705,772
Public Works	35,290,425	38,553,425	49,197,559	49,197,558	38,553,426
Social Welfare	1	39	4,265,570	4,165,570	100,039
Housing Commission	70,127	70,127	1,317,900	1,317,900	70,127
Component Unit Funds	38,208,925	41,329,363	58,146,029	58,046,028	41,429,364
Aeronautics	156,305,059	157,005,059	32,061,454	32,061,454	157,005,059
Delinquent Tax Revolving	10,374,410	10,235,410	3,472,000	4,670,000	9,037,410
Proprietary Funds	166,679,468	167,240,468	35,533,454	36,731,454	166,042,468
Total	\$342,626,827	\$ 328,975,246	\$369,769,468	\$381,396,245	\$317,348,469

All Funds Budget History

by Functional Area

	FY 2003		FY 2004		FY 2005		
	Audited	Percent	Adopted	Percent	Requested	Adopted	Percent
Revenues By Category							
Taxes	\$ 94,478,554	32.3%	\$ 97,191,467	30.5%	\$100,315,549	\$100,315,549	31.5%
Licenses and permits	1,380,550	0.5%	1,361,764	0.4%	1,478,716	1,477,216	0.5%
Intergovernmental	69,348,890	23.7%	67,862,478	21.3%	66,356,717	65,818,565	20.7%
Charges for services	82,475,071	28.2%	86,853,221	27.3%	90,219,459	90,258,459	28.4%
Fines and forfeitures	661,193	0.2%	1,007,809	0.3%	1,258,121	1,233,121	0.4%
Investment earnings	4,354,179	1.5%	7,094,410	2.2%	4,855,840	4,855,840	1.5%
Reimbursements	17,993,711	6.2%	30,917,142	9.7%	32,425,415	32,460,062	10.2%
Other	21,815,512	7.5%	22,099,036	6.9%	21,605,432	21,886,142	6.9%
Total revenues	292,507,661	100.0%	314,387,327	100.0%	318,515,249	318,304,954	100.0%
Expenditures By Function							
General government	63,634,975	20.9%	76,472,881	23.4%	74,607,165	73,445,822	22.3%
Public safety	48,286,288	15.8%	51,678,532	15.8%	54,602,893	53,973,416	16.4%
Judicial	29,747,042	9.7%	38,684,765	11.9%	38,898,114	38,149,971	11.6%
Cultural and recreation	14,474,025	4.7%	15,067,686	4.6%	15,795,127	15,529,268	4.7%
Health and welfare	59,424,838	19.5%	64,732,149	19.8%	66,682,784	64,715,749	19.6%
Enterprise activities	69,144,665	22.7%	76,986,422	23.6%	81,259,012	81,259,012	24.6%
Other	1,472,832	0.5%	1,588,348	0.5%	1,501,654	1,422,641	0.4%
Appropriation lapse	-	0.0%	(3,059,329)	-0.9%	(4,703,543)	(4,573,100)	-1.4%
Operating Expenditures	286,184,664	93.8%	322,151,454	98.7%	328,643,206	323,922,779	98.2%
Capital	18,984,906	6.2%	4,188,250	1.3%	6,058,952	6,008,952	1.8%
Total Expenditures	305,169,570	100.0%	326,339,704	100.0%	334,702,158	329,931,731	100.0%
Other Fin Sources (Uses)							
Transfers in	56,773,592		53,159,734		52,943,194	51,464,514	
Transfers out	(57,770,277)		(53,159,734)		(52,943,194)	(51,464,514)	
Total Other Fin Sources (Uses)	(996,685)		-		-	-	
Net Inc (Dec) in Fund Balances	\$ (13,658,594)		\$ (11,952,377)		\$ (16,186,909)	\$ (11,626,777)	



All Funds Budget History

by Category

	FY 2003		FY 2004		FY 2005		
	Audited	Percent	Adopted	Percent	Requested	Adopted	Percent
Revenues By Category							
Taxes	\$ 94,478,554	32.3%	\$ 97,191,467	30.9%	\$100,315,549	\$100,315,549	31.5%
Licenses & permits	1,380,550	0.5%	1,361,764	0.4%	1,478,716	1,477,216	0.5%
Intergovernmental	69,348,890	23.7%	67,862,478	21.6%	66,356,717	65,818,565	20.7%
Charges for services	82,475,071	28.2%	86,853,221	27.6%	90,219,459	90,258,459	28.4%
Fines & forfeitures	661,193	0.2%	1,007,809	0.3%	1,258,121	1,233,121	0.4%
Investment earnings	4,354,179	1.5%	7,094,410	2.3%	4,855,840	4,855,840	1.5%
Reimbursements	17,993,711	6.2%	30,917,142	9.8%	32,425,415	32,460,062	10.2%
Other	21,815,512	7.5%	22,099,036	7.0%	21,605,432	21,886,142	6.9%
Total revenues	292,507,661	100.0%	314,387,327	100.0%	318,515,249	318,304,954	100.0%
Expenditures By Category							
Personnel	110,884,986	36.3%	124,372,602	38.1%	126,834,876	124,749,653	37.8%
Commodities	6,384,371	2.1%	7,255,958	2.2%	6,887,700	6,786,532	2.1%
Contractual services	133,449,295	43.7%	153,881,007	47.2%	156,994,115	155,084,926	47.0%
Capital outlay	6,800,297	2.2%	4,737,221	1.5%	4,885,320	4,085,706	1.2%
Other	28,665,716	9.4%	34,963,995	10.7%	37,744,738	37,789,062	11.5%
Appropriation Lapse	-	0.0%	(3,059,329)	-0.9%	(4,703,543)	(4,573,100)	-1.4%
Operating Expenditures	286,184,664	93.8%	322,151,454	98.7%	328,643,206	323,922,779	98.2%
Capital projects	18,984,906	6.2%	4,188,250	1.3%	6,058,952	6,008,952	1.8%
Total Expenditures	305,169,570	100.0%	326,339,704	100.0%	334,702,158	329,931,731	100.0%
Other Fin Sources (Uses)							
Transfers in	56,773,592		53,159,734		52,943,194	51,464,514	
Transfers out	(57,770,277)		(53,159,734)		(52,943,194)	(51,464,514)	
Total Other Fin Sources (Uses)	(996,685)		-		-	-	
Net Inc (Dec) in Fund Balances	\$ (13,658,594)		\$ (11,952,377)		\$ (16,186,909)	\$ (11,626,777)	

All Funds Personnel History

by Functional Area

Department	2001	2002	2003	2004	2005
Administrator's Office	9.5	9.5	10.5	10.5	10.5
Board of Commissioners	11.5	11.5	11.5	11.5	11.5
Bureau of Equalization	20.5	20.0	21.0	21.0	21.0
Community Development	6.0	6.0	6.0	6.0	6.0
County Clerk	29.5	30.5	31.0	31.0	31.0
Drain Commissioner	6.0	6.5	7.0	7.0	7.0
Facilities Management	44.0	48.0	47.5	43.5	43.5
Fiscal Services	23.0	26.0	27.0	27.0	26.0
Housing Commission	4.0	4.0	4.0	4.0	4.0
Human Resources	24.5	26.5	22.0	22.0	21.5
Information Technology	46.0	46.0	47.0	43.0	43.0
Risk Management	2.0	2.0	2.0	2.0	2.0
Treasurer's Office	16.0	16.0	16.0	16.0	16.0
General government	242.5	252.5	252.5	244.5	243.0
Sheriff	583.0	588.5	609.0	599.0	597.5
Public safety	583.0	588.5	609.0	599.0	597.5
17th Circuit Court	261.5	263.0	267.0	267.0	264.5
63rd District Court	32.0	33.0	33.5	35.0	35.0
Community Corrections	3.5	2.5	2.5	2.5	2.5
Probate Court	14.0	15.0	15.0	14.0	14.0
Prosecutor's Office	80.0	81.5	84.5	84.0	84.0
Judicial	391.0	395.0	402.5	402.5	400.0
Kent/MSU Cooperative Extension	7.5	7.5	7.5	7.5	6.5
John Ball Zoological Gardens	47.5	48.0	48.0	48.0	48.0
Parks	37.5	37.5	37.5	37.5	37.5
Lodging Excise Tax	2.0	2.0	2.0	2.0	2.0
Cultural and recreation	94.5	95.0	95.0	95.0	94.0
Child Care	117.5	118.5	128.5	129.0	129.0
Community Mental Health	111.0	111.5	-	-	-
Health Department	324.5	324.0	306.5	297.5	288.0
Soldiers' & Sailors' Relief	0.5	1.0	1.0	1.0	1.0
Health and welfare	553.5	555.0	436.0	427.5	418.0
Aeronautics	112.5	114.5	123.0	124.0	124.0
Public Works	72.0	73.0	76.5	75.5	75.5
Enterprise activities	184.5	187.5	199.5	199.5	199.5
Central Services	12.0	12.0	12.0	12.0	10.0
Fleet Services	4.0	4.0	4.0	4.0	4.0
Other	16.0	16.0	16.0	16.0	14.0
Total FTE	2,065.0	2,089.5	2,010.5	1,984.0	1,966.0