

## Budget Resolution

9-28-06-102

### RESOLUTION BY COMMISSIONER MORGAN

WHEREAS, this resolution shall be known as the FY 2007 General Appropriation Act; and

WHEREAS, pursuant to MCLA 141.412 and 141.413, notice of a public hearing on the proposed budget was published in a newspaper of general circulation on August 28, 2006, and a public hearing on the proposed budget was held on September 14, 2006; and

WHEREAS, the Kent County Board authorized, by resolution no. 09-14-06-095, a general property tax levy on all real and personal property within the County upon the current tax roll of 1.4268 mills for County general operations; and voter authorized millages of 0.7893 mills for correctional facility operations and debt service, and 0.3244 mills for senior services; and

WHEREAS, the Kent County Finance and Physical Resources Committee has reviewed the Recommended 2007 Budget in detail; and

WHEREAS, estimated total revenues and appropriations for the various funds are recommended as follows:

<u>FUND</u>	<u>REVENUES</u>	<u>APPROPRIATIONS</u>
General Fund	\$165,461,483	\$171,832,995
Special Revenue Funds	107,489,997	118,108,615
Capital Project Funds	25,365,069	27,669,929
Internal Service Fund	22,413,033	22,418,503
Debt Service Funds	7,317,691	7,307,191
Component Unit Funds	63,825,128	63,755,129
Proprietary Funds	41,112,504	41,856,004

NOW THEREFORE BE IT RESOLVED, that the Kent County Board of Commissioners hereby adopts the FY 2007 Appropriation Act as the official budget for FY 2007; and

BE IT FURTHER RESOLVED, that County officials responsible for the appropriations authorized in the act may expend County funds up to, but not to exceed, the total appropriation authorized for each department or activity; and

BE IT FURTHER RESOLVED, that the Kent County Board adopts the FY 2007 budgets for the various governmental funds by department or activity as follows:

**2007 General Appropriations Act  
County of Kent, Michigan**

<b>GENERAL FUND</b>	<b>2007</b>
<b>Estimated Revenues</b>	
Taxes	\$87,425,000
Licenses & Permits	80,350
Intergovernmental	12,868,290
Charges for Services	20,545,745
Fines & Forfeitures	279,600
Investment Earnings	3,790,000
Reimbursements	8,794,225
Other	2,979,900
Transfers In	28,698,373
<b>Total Estimated Revenues</b>	<b>165,461,483</b>
Fund Balance Usage (Deposit)	71,512
<b>Total Estimated Revenues &amp; Other Sources</b>	<b>\$165,532,995</b>
<b>Appropriations</b>	
Circuit Court	\$17,767,482
Clerk's Office	2,003,486
District Court	2,860,087
Drain Commission	631,870
Facilities Management	8,640,378
Fiscal Services	3,656,403
Information Technology	6,271,087
Policy/Administration	5,163,085
Sheriff's Department	58,095,787
Treasurer's Office	1,310,220
Parks Department	4,981,449
Probate Court – Mental & Estate Division	1,199,495
Intergovernmental	3,767,413
Bureau of Equalization	1,876,863
Human Resources	2,177,409
Prosecutor's – Criminal/Juvenile	6,040,271
Cooperative Extension Service	657,696
Medical Examiner	1,286,120
Soldiers & Sailors Relief	197,585
John Ball Zoological Gardens	3,973,510
Transfers Out	39,275,299
<b>Total Appropriations</b>	<b>171,832,995</b>
Estimated Appropriation Lapse	(6,300,000)
<b>Estimated Expenditures</b>	<b>\$165,532,995</b>



**2007 General Appropriations Act  
County of Kent, Michigan**

<b>SPECIAL REVENUE FUNDS</b>	<b>2007</b>
<b>Estimated Revenues</b>	
Taxes	\$27,110,482
Licenses & Permits	1,276,543
Intergovernmental	39,062,214
Charges for Services	2,886,812
Fines & Forfeitures	372,637
Investment Earnings	1,803,700
Reimbursements	4,334,187
Other	476,498
Transfers In	30,166,924
<b>Total Estimated Revenues</b>	<b>107,489,997</b>
Fund Balance Usage (Deposit)	10,618,618
<b>Total Estimated Revenues &amp; Other Sources</b>	<b>\$118,108,615</b>
<b>Appropriations</b>	
Fire Commission	\$372,000
Friend of the Court	8,920,627
Health Department	27,277,835
Lodging Excise Tax	6,552,734
Correction & Detention Millage	15,319,340
Senior Millage	6,430,079
Register of Deeds-Automation Fund	698,274
Community Development	3,118,443
Drug Law Enforcement Fund	148,554
Child Care	22,573,588
DHS Child Care	9,890,832
Revenue Sharing Reserve Fund	11,198,373
Veteran's Trust	66,264
Special Project – Circuit Court-Com Corrections Admin	2,308,394
Special Project – Circuit Court-Com Corrections Grant	229,900
Special Project – Circuit Court-Family Counseling	73,000
Special Project – Circuit Court-JAIBG	60,111
Special Project – Drain Commission-Special Assessment	70,241
Special Project – Prosecutor's-Cooperative Reimbursement	1,660,943
Special Project – Remonumentation Program	170,000
Special Project – Sheriff-Drug Enforcement	93,556
Special Project – Sheriff-Gifts – DARE	200
Special Project – Sheriff-Gifts – Honor Camp	6,000
Special Project – Sheriff-Gifts – Jail	90,000
Special Project – Sheriff-Local Correction Officers Training	146,000
Special Project – Sheriff-Michigan Dispatch Training	9,000
Special Project – Sheriff-Michigan Justice Training	45,000
Special Project – Sheriff-Secondary Road Patrol	579,327
<b>Total Appropriations</b>	<b>\$118,108,615</b>

**2007 General Appropriations Act  
County of Kent, Michigan**

<b>CAPITAL PROJECT FUNDS</b>	<b>2007</b>
<b>Estimated Revenues</b>	
Taxes	\$4,033,161
Investment Earnings	800,000
Other	12,000,000
Transfers In	8,531,908
<b>Total Estimated Revenues</b>	<b>25,365,069</b>
Fund Balance Usage (Deposit)	2,304,860
<b>Total Estimated Revenues &amp; Other Sources</b>	<b>\$27,669,929</b>
<b>Appropriations</b>	
Capital Improvement Program	\$27,669,929
<b>Total Appropriations</b>	<b>\$27,669,929</b>
<b>INTERNAL SERVICE FUND</b>	<b>2007</b>
<b>Estimated Revenues</b>	
Charges for Services	\$1,905,000
Investment Earnings	130,530
Reimbursements	20,352,503
Other	25,000
<b>Total Estimated Revenues</b>	<b>22,413,033</b>
Fund Balance Usage (Deposit)	5,470
<b>Total Estimated Revenues &amp; Other Sources</b>	<b>\$22,418,503</b>
<b>Appropriations</b>	
Risk Management	\$22,418,503
<b>Total Appropriations</b>	<b>\$22,418,503</b>
<b>DEBT SERVICE FUNDS</b>	<b>2007</b>
<b>Estimated Revenues</b>	
Investment Earnings	\$10,500
Other	109,250
Transfers In	7,197,941
<b>Total Estimated Revenues</b>	<b>7,317,691</b>
Fund Balance Usage (Deposit)	(10,500)
<b>Total Estimated Revenues &amp; Other Sources</b>	<b>\$7,307,191</b>
<b>Appropriations</b>	
Series A & B	\$961,776
Courthouse	4,448,814
Fuller Complex Improvements	650,000
Sheriff's Administration Building	792,803
Correction and Detention Facilities	319,340
Area Agency on Aging	134,458
<b>Total Appropriations</b>	<b>\$7,307,191</b>



**2007 General Appropriations Act  
County of Kent, Michigan**

<b>COMPONENT UNIT FUNDS</b>	<b>2007</b>
<b>Estimated Revenues</b>	
Intergovernmental	\$8,019,772
Charges for Services	52,121,414
Investment Earnings	1,270,000
Reimbursements	480,570
Other	1,203,598
Transfers In	729,774
<b>Total Estimated Revenues</b>	<b>63,825,128</b>
Fund Balance Usage (Deposit)	(70,000)
<b>Total Estimated Revenues &amp; Other Sources</b>	<b>\$63,755,128</b>
<b>Appropriations</b>	
Housing Commission	\$3,512,098
Social Welfare	4,125,344
DPW Act 185 Bond Fund	1,523,174
DPW Administration & Finance	779,000
DPW Water & Sewer Division	4,330,200
DPW Solid Waste/Landfill Operations	8,365,399
DPW Waste-to-Energy Operations	41,119,914
<b>Total Appropriations</b>	<b>\$63,755,129</b>
<b>PROPRIETARY FUNDS</b>	<b>2007</b>
<b>Estimated Revenues</b>	
Taxes	\$1,870,000
Intergovernmental	4,200,000
Charges for Services	19,308,587
Fines & Forfeitures	8,000
Investment Earnings	2,611,500
Reimbursements	190,000
Other	12,924,417
<b>Total Estimated Revenues</b>	<b>41,112,504</b>
Fund Balance Usage (Deposit)	743,500
<b>Total Estimated Revenues &amp; Other Sources</b>	<b>\$41,856,004</b>
<b>Appropriations</b>	
Aeronautics	\$37,269,004
Delinquent Tax Fund	4,587,000
<b>Total Appropriations</b>	<b>\$41,856,004</b>

BE IT FURTHER RESOLVED, that appropriations made for the available balances and outstanding encumbrances at fiscal year end for grants are continued in full force and effect and shall carry over to successive fiscal years until the grants are completed or otherwise terminated.

BE IT FURTHER RESOLVED, that appropriations made for the available balances and outstanding encumbrances at fiscal year end for capital projects are continued in full force and effect and shall carry over to successive fiscal years until the projects are completed or otherwise terminated.

BE IT FURTHER RESOLVED, that appropriations made for the outstanding purchase orders and contractual encumbrances at fiscal year end in the operating funds are continued in full force and effect and shall carry over to successive fiscal years until the projects are completed or otherwise terminated.

BE IT FURTHER RESOLVED, that the County Administrator/Controller shall provide the Kent County Finance and Physical Resources Committee, at the end of each fiscal quarter, a report of year to date revenues and expenditures compared to the budgeted amounts in the various funds of the County.

BE IT FURTHER RESOLVED, that whenever it appears to the Kent County Administrator/Controller or the Kent County Board that the actual and probable revenues in any fund will be less than the estimated revenues upon which appropriations from such fund were based, or when it appears that expenditures will exceed an appropriation, the County Administrator/Controller shall present to the County Board recommendations to prevent expenditures from exceeding available revenues and reserves or appropriations for the budget year. Such recommendations may include proposals for reducing appropriations, increasing revenues or a combination thereof.

Commissioner Morgan moved the resolution be adopted.

Requires Majority Vote of Members Elect

## County Debt

### Constitutional Debt Limitation

Article VII, Section 6 of the State Constitution states "No county shall incur any indebtedness which shall increase its total debt beyond 10%, of its assessed valuation." The Notes are included within this debt limitation.

STATEMENT OF LEGAL DEBT MARGIN - JUNE 30, 2006	
2006 State Equalized Value (SEV)	\$ 23,346,848,319
Legal Debt Limit (10% of SEV)	2,334,684,832
Debt Outstanding (including the Notes)	<u>374,265,469</u>
Margin of additional debt that can be legally incurred	<u>\$ 1,960,419,363</u>
Debt Outstanding as a percentage of 2006 SEV	<u>1.6%</u>

**Debt Statement**

The following table reflects a breakdown of the County’s direct and overlapping debt as of June 30, 2006 including the Notes described herein. Direct debt which is shown as self-supporting is paid from sources other than the County’s General Fund. Bonds or Notes designated as L.T.G.O. are limited tax pledge bonds or notes.

Debt Type	Gross	Self-supporting or Portion Paid Directly By Benefited Municipalities	Net	Net Debt	
				Per Capita <sup>(1)</sup>	% of SEV
<b><u>Direct Debt</u></b>					
General Obligation Limited					
Tax Notes	\$ 44,000,000	\$ 44,000,000	\$ -		
Refuse and Solid Waste Bonds					
(L.T.G.O.)	50,765,000	50,765,000	-		
Airport Bonds					
(L.T.G.O.)	35,300,000	35,300,000	-		
(Revenue)	49,360,000	49,360,000	-		
Water and Sewer Bonds					
(L.T.G.O.)	7,695,000	7,695,000	-		
Drain Bonds (L.T.G.O.)	14,591,754	14,591,754	-		
County/City Building					
Authority Bonds (L.T.G.O.) <sup>(2)</sup>	93,048,715	-	93,048,715		
County Building Authority					
(L.T.G.O.)	69,635,000	565,000	69,070,000		
CIP Bonds (L.T.G.O.)	9,870,000	-	9,870,000		
Total Direct Debt	<u>\$ 374,265,469</u>	<u>\$ 202,276,754</u>	<u>171,988,715</u>	<u>\$ 288.25</u>	<u>0.7%</u>
<b><u>Overlapping Debt</u> <sup>(3)</sup></b>					
School Districts			1,155,119,908		
Cities			215,523,000		
Community Colleges			52,397,054		
Townships			29,361,000		
Villages			3,925,000		
Intermediate School Districts			71,321		
Total Overlapping Debt			<u>1,456,397,283</u>	<u>2,440.89</u>	<u>6.2%</u>
Total Direct and Overlapping			<u>\$ 1,628,385,998</u>	<u>\$ 2,729.14</u>	<u>7.0%</u>

(1) Based on 2005 estimated population of 596,666.

(2) Includes the appreciated value of capital appreciation bonds calculated to December 1, 2005.

(3) Overlapping debt is the portion of other public debt for which a County taxpayer is liable in addition to the Direct Debt of the County.

Source: Municipal Advisory Council



**DEBT AMORTIZATION SCHEDULE  
REQUIREMENTS AT JUNE 30, 2006**

Year	Tax Notes	Refuse Disposal Bonds	Airport Revenue LTGO Bonds	Water & Sewer LTGO Bonds	Drain Bonds	City/County		County		Total
						Building Authority Bonds	Bonds	Building Authority Bonds	Capital Improvement Bonds	
2006	\$ -	\$ 8,690,000	\$ -	\$ 1,220,000	\$ 960,001	\$ 2,750,000	\$ -	\$ 575,000	\$ 14,195,001	
2007	-	9,385,000	2,515,000	1,265,000	1,085,753	3,020,000	2,275,000	590,000	20,135,753	
2008	20,000,000	10,125,000	2,625,000	1,310,000	1,127,000	3,345,000	4,600,000	605,000	43,737,000	
2009	24,000,000	10,900,000	2,740,000	490,000	1,167,000	3,690,000	4,640,000	620,000	48,247,000	
2010	-	11,665,000	2,865,000	510,000	1,227,000	4,050,000	4,775,000	640,000	25,732,000	
2011	-	-	3,000,000	530,000	1,215,000	4,455,000	2,460,000	665,000	12,325,000	
2012	-	-	3,135,000	550,000	1,280,000	4,890,000	2,560,000	685,000	13,100,000	
2013	-	-	3,280,000	580,000	1,350,000	5,350,000	2,695,000	365,000	13,620,000	
2014	-	-	3,440,000	605,000	1,165,000	5,840,000	2,825,000	375,000	14,250,000	
2015	-	-	3,595,000	635,000	1,235,000	3,929,554	2,975,000	390,000	12,759,554	
2016	-	-	3,775,000	-	925,000	3,856,905	3,130,000	405,000	12,091,905	
2017	-	-	3,955,000	-	980,000	3,784,571	3,250,000	420,000	12,389,571	
2018	-	-	4,150,000	-	275,000	3,706,505	3,425,000	435,000	11,991,505	
2019	-	-	4,350,000	-	290,000	3,646,810	3,605,000	455,000	12,346,810	
2020	-	-	4,565,000	-	310,000	3,587,951	3,800,000	480,000	12,742,951	
2021	-	-	4,790,000	-	-	3,530,174	4,010,000	500,000	12,830,174	
2022	-	-	5,040,000	-	-	3,486,827	3,410,000	530,000	12,466,827	
2023	-	-	5,285,000	-	-	3,443,375	3,500,000	555,000	12,783,375	
2024	-	-	5,545,000	-	-	3,024,831	3,700,000	580,000	12,849,831	
2025	-	-	5,825,000	-	-	2,966,192	3,900,000	-	12,691,192	
2026	-	-	3,230,000	-	-	2,914,850	4,100,000	-	10,244,850	
2027	-	-	3,395,000	-	-	2,858,926	-	-	6,253,926	
2028	-	-	3,560,000	-	-	2,808,720	-	-	6,368,720	
2029	-	-	-	-	-	2,752,004	-	-	2,752,004	
2030	-	-	-	-	-	2,703,853	-	-	2,703,853	
2031	-	-	-	-	-	2,656,667	-	-	2,656,667	
<b>Total</b>	<b>\$ 44,000,000</b>	<b>\$ 50,765,000</b>	<b>\$ 84,660,000</b>	<b>\$ 7,695,000</b>	<b>\$ 14,591,754</b>	<b>\$ 93,048,715</b>	<b>\$ 69,635,000</b>	<b>\$ 9,870,000</b>	<b>\$ 374,265,469</b>	

**Debt History**

There is no record of default on any obligation of the County.

**Short-Term Financing**

The County does not issue short-term obligations for cash flow purposes. The County has in the years 1974 through 2006 issued short-term notes in order to establish the Delinquent Tax Revolving Fund. Notes issued in each of these years have been in a face amount which has been less than the actual real property tax delinquency. The primary security for these notes is the collection of the delinquent taxes pledged to the payment of principal of and interest on the notes issued. The County has pledged its full faith and credit and limited taxing power to the payment of the principal and interest on notes issued. The County may or may not issue notes to fund the Fund in future years. The amount of Notes issued in 2003 through 2006 and their outstanding balances as of June 30, 2006 are as follows:

OUTSTANDING NOTES			
Tax Year	Year Issued	Notes Issued	Amount Outstanding
2002	2003	\$ 19,400,000	\$ -
2003	2004	18,300,000	-
2004	2005	20,000,000	20,000,000
2005	2006	24,000,000	24,000,000

Source: County of Kent

**Lease Obligations**

As of December 31, 2005 the County had lease obligations outstanding in the amount of \$1,659,286 which are payable as follows:

December 31	Balance
2006	568,949
2007	481,572
2008	401,329
2009	120,620
2010	86,816
<b>Total</b>	<b>\$ 1,659,286</b>

Source: County of Kent

**Vacation and Sick Leave Liabilities**

As of December 31, 2005, the County had an unfunded vacation liability of \$3,861,636 and no unfunded sick leave liabilities.

# Retirement System

## Plan Description

The Kent County Employees' Retirement Plan (Plan) is a single-employer, defined benefit pension plan, which covers all employees of Kent County, except employees of the Road Commission and Parks Fund. The Plan was established and may be amended by the Kent County Board of Commissioners and is administered by the Kent County Employees' Retirement Plan Board. The Plan provides retirement, disability and death benefits to plan members and their beneficiaries. At December 31, 2005, the date of the most recent actuarial valuation, membership consisted of 1,107 retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them and 1,831 current active employees.

The Plan issues a publicly available financial report that includes financial statements and required supplementary information for the Plan. The financial report may be obtained by contacting the Fiscal Services Department.

## Summary of Significant Accounting Policies

### I. Basis of Accounting

The Plan's financial statements are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan.

### II. Method Used to Value Investments

Plan investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded, on a national or international exchange, are valued at the last reported sales price at current exchange rates. Investments that do not have an established market are reported at estimated fair values.

### III. Funding Policy

The contribution requirements of Plan members are established and may be amended through union agreements. After meeting eligibility requirements, active plan members are required to contribute to the Plan based on their bargaining unit or management group contribution rate. Member rates (2006) are either fixed at 6.5% of total salary or variable based on union contracts in place. The variable rate is 6.5% for 2006. The County is required to contribute at actuarially determined rates expressed as a percentage of covered payroll. The employer normal cost for 2006 is 11.67% of covered payroll; however, due to over-funding the computed employer contribution rate is 8.36% of covered payroll.

### IV. Concentrations

At December 31, 2005, the Plan had no investments whose fair value exceeded 5.0% of the net assets of the Plan.

### V. Annual Pension Cost and Net Pension Obligation

The annual required contribution (ARC) for the current year was determined as part of the December 31, 2005 actuarial valuation using the entry age normal cost method. The actuarial assumptions included (a) a rate of return on investments of 7.0% per year, and (b) projected salary increases of 5% - 9% per year, including inflation of 5%, attributable to seniority or merit. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a four-year period. The unfunded actuarial accrued liability was amortized as a level percentage of projected payroll on an open basis, with a remaining amortization period of 12 years.

THREE-YEAR TREND INFORMATION		
Year ended December 31,	Annual Pension Cost (APC)	Percentage of APC contributed
2003	\$ 2,404,628	100%
2004	4,101,992	100%
2005	6,681,671	100%

The plan has had no net pension obligation.

SCHEDULE OF FUNDING PROGRESS (IN MILLIONS)						
Actuarial Valuation Date	Actuarial value of assets (a)	Actuarial accrued liability (AAL) entry age (b)	Unfunded AAL (b) - (a)	Funded ratio (a)/(b)	Active member covered payroll (c)	Funding excess as a percentage of active member covered payroll ((b-a)/c)
December 31, 2003 <sup>(1)</sup> <sup>(2)</sup>	\$ 456.9	\$ 416.8	\$ (40.1)	109.6%	\$ 81.9	(49.0%)
December 31, 2004 <sup>(1)</sup>	\$ 471.8	\$ 442.8	\$ (29.0)	106.5%	\$ 85.0	(34.1%)
December 31, 2005	\$ 493.1	\$ 469.4	\$ (23.7)	105.0%	\$ 87.2	(27.2%)

(1) Retirement Plan amended.  
 (2) After transfer of Kent County CMH Authority active members.

Source: Kent County Comprehensive Annual Financial Report

The information presented in the required supplementary schedule was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows:

### Other Postemployment Benefits

Valuation Date:	December 31, 2005
Actuarial Cost Method:	Individual entry age
Amortization Method:	Level percent, open over 12 years
Asset Valuation Method:	Four-year smoothed market
Actuarial Assumptions:	
Investment rate of return <sup>(1)</sup>	7.0%
Projected salary increases <sup>(1)</sup>	5.0% - 9.0%

(1) Includes inflation of 5.0%

In June 2004, the Governmental Accounting Standards Board ("GASB") issued its Statement 45 - "Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions". Other postemployment benefits ("OPEB") include postemployment health care insurance as well as other forms of postemployment benefits (for example, life insurance) when provided separately from a pension plan. GASB Statement 45 ("GASB") establishes standards for the measurement, recognition and display of OPEB expense/expenditures and related liabilities (assets), note disclosures and, if applicable, required supplementary information in the financial reports of state and local governmental employers.

The County currently provides a postemployment health care insurance subsidy for the life of the retiree. The monthly subsidy ranges from a low of \$200 to a high of \$350 per month based on respective employee bargaining unit contract. In order to receive the full benefit, the employee must have attained 25 years of service. The subsidy is prorated if the retiree has less than twenty-five years of service at the time of retirement. Similar to other governmental units, the County has funded its OPEB program on a pay-as-you-go basis, but will begin funding OPEB on an actuarial basis in its Fiscal Year beginning January 1, 2007. The County is in the process of completing its first actuarial study as of December 31, 2005 the County estimates its unfunded accrued liability to be in the range of \$10 million to \$15 million.

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## Glossary

### A

**AAAWM:** Area Agency on Aging of West Michigan

**ACSET:** Area Community Services & Employment Training

**Accrual Basis:** The recording of the financial effects on a government of transactions and other events and circumstances that have cash consequences for the government in the periods in which those transactions, events and circumstances occur, rather than only in the periods in which cash is received or paid by the government.

**Aeronautics Fund:** A fund to account for the operation and maintenance of the Kent County Airport. Financing is provided primarily by user charges.

**Appropriation:** An authorization by the Board of Commissioners which permits the County to incur obligations and to make expenditures of resources.

**Audit:** A comprehensive review of the financial operations of the County for that calendar year. The purpose of an audit is to express an opinion on the presentation of the financial statements. In addition, the internal controls over the safekeeping of the assets is tested and recommendations are made for improvements. The audit is performed by certified public accountants (CPA).

**Assessed Value:** The value placed on real and other property as a basis for levying taxes.

### B

**Balanced Budget:** A budget in which estimated revenues are equal to or greater than estimated expenditures.

**BFI:** Breastfeeding Initiative

**Bond:** A written promise to pay a specified sum of money, called the face value or principal, at specified dates, called maturity dates, together with periodic interest at a specified rate. The County incurs bonded debt to pay for the costs of capital improvements.

**Bond Capital Improvement Fund:** A fund to account for construction projects funded by bonds which currently includes various building and land acquisitions within Kent County.

**Budget:** A plan of financial activity for a specified period of time (fiscal year or biennium) indicating all planned revenues and expenses for the budget period; a spending plan that balances revenues and expenditures over a fixed time period - usually a year - and that includes, at least by implication, a work plan.

**Budget Adjustment:** A procedure to revise a budget appropriation either by Board approval through the adoption of a supplemental appropriation resolution or by the Fiscal Services department's authorization to adjust appropriations within a departmental budget.

**Budget Center:** A grouping of departments' budgets that are combined to create a cost center for the reporting of revenues and expenses.

**Budget Message:** A written statement and financial overview of the County presented by the County Administrator.

**Building Authority Construction Fund:** A fund to account for construction projects of the Building Authority. Financing is provided by bonds, a dedicated millage and the general fund.

**Building Authority Debt Service Fund:** A fund to account for the retirement of debt related to projects of the Kent County Building Authority which currently includes the correctional facility, sheriff's administration building, courthouse and senior citizens building. Financing for the correctional facility is provided by a dedicated tax millage paid by County property owners. Financing for the senior citizens building is through a lease with the Area Agency on Aging.

### C

**CAFR:** Comprehensive Annual Financial Report

**Capital Expenditure:** An outlay for the construction or purchase of a facility that is expected to provide services over a considerable period of time.

**Capital Improvements Program (CIP) Budget:** A detailed list of capital spending appropriations to be made or incurred in accordance with the Capital Improvement Program from funds subject to the control of the Board of Commissioners; a plan for capital outlays to be incurred over the next six years to meet the capital needs of the County. The lists includes each contemplated project or outlay and specifies the resources or funding estimated to be available to finance them.

**Capital Improvement Fund:** A fund created to account for all resources to be used for the construction or acquisition of designated fixed assets by a governmental unit except those financed by special assessment, proprietary, or fiduciary funds.

**Capital Project Funds:** These funds were established to account for construction projects and general public improvements. Financing is provided by bond proceeds, interest income, and transfers from other funds.

**CCAB:** Community Corrections Advisory Board

**CDBG:** Community Development Block Grant

**Child Care Funds:** Funds to account for the care of neglected, abused and delinquent juveniles. Revenues are provided through state reimbursements and General Fund appropriations.

**CIP:** Capital Improvement Program; see Capital Improvements Program Budget.

**CIPRC:** Capital Improvement Program Review Committee

**CMH:** Community Mental Health

**CMHSA:** Community Mental Health and Substance Abuse

**Community Development Fund:** A fund to account for the improvement, rehabilitation and preservation of public facilities in target areas as well as the issuance and repayment of rehabilitation loans. Financing is provided by Community Development Block Grants and program income.

**Component Unit Fund:** A legally separate governmental unit for whom Kent County remains financially accountable or the nature of the relationship is such that exclusion from the budget would render the document misleading or incomplete.

**COMPAS:** Correctional Offender Management Profiling for Alternative Sanctions

**Contingency:** A budgetary reserve set aside for emergencies or unforeseen expenditures not otherwise budgeted.

**Correction & Detention Facilities Fund:** A fund to account for the proceeds of a dedicated millage levied to pay for operations and debt service related to the expansion of the correction and detention facilities.

## D

**Debt Service Fund:** A fund used to finance and account for the payment of interest and principal on all general long-term debt.

**Deficit:** The excess of the liabilities of a fund over its assets; the excess of expenditures over revenues during an accounting period or, in the case of proprietary funds, the excess of expenses over revenues during an accounting period.

**Delinquent Tax Revolving Fund:** A fund to account for money advanced by the County to other local taxing units and various county funds to pay for their delinquent taxes. Revenues are generated by the collection of the delinquent taxes.

**Depreciation:** Expiration in the service life of fixed assets, other than wasting assets, attributable to wear and tear, deterioration, action of the physical elements, inadequacy and obsolescence; the portion of the cost of a fixed asset, other than a wasting asset, charged as an expense during a particular period.

**DHS:** Department of Human Services, formerly known as Family Independence Agency (FIA)

**DPW:** Department of Public Works

**Drug Law Enforcement Fund:** A fund to account for the receipt and expenditures of monies generated through application of various drug forfeiture laws.

**DTAN:** Delinquent Tax Anticipation Note

## E

**ECF:** Economic Condition Factor

**Encumbrance:** Any commitment of funds against an appropriation. It may be in the form of a purchase order or contract. Encumbrance accounting is



formally integrated into the accounting system for expenditure control purposes. Until the goods or services are received and become a liability, the commitment is referred to as an encumbrance.

**Enterprise Fund:** A fund established to account for operations financed and operated in a manner similar to private business enterprises (e.g., water, gas and electric utilities; airports; parking garages, or transit systems). In this case the governing body intends that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; a fund established because the governing body has decided that periodic determination of revenues earned, expenses incurred and/or net income is appropriated for capital maintenance, public policy, management control, accountability, or other purposes.

**Expenditure:** A decrease in net financial resources; the payment of cash on the transfer of property or services for the purpose of acquiring an asset, service, or settling a loss. The expenditure categories include Personnel, Commodities, Contractual Services, Capital Outlay, Other, CIP and Transfers Out.

**ERS:** Electronic Reporting System

## F

**FEMA:** Federal Emergency Management Agency

**Fiduciary Fund:** The trust and agency funds used to account for assets held by a government unit in a trustee capacity or as an agent for individuals, private organizations, other government units and/or other funds.

**FIA:** Family Independence Agency - currently Department of Human Services (DHS)

**Fire Prevention Fund:** A fund to account for the acquisition of fire trucks for participating local units of government. Financing is provided by participating units and General Fund appropriations.

**Fiscal Year:** A twelve month period to which the Operating Budget applies and at the end of which the County determines its financial position and results of operation. Kent County's fiscal year is the calendar year.

**Fixed Asset:** Long-lived tangible asset obtained or controlled as a result of past transactions, events, or circumstances. Fixed assets include buildings,

equipment, improvements other than buildings and land.

**FOC:** Friend of the Court

**Friend of the Court Fund:** A fund to account for revenues and expenditures of the Friend of the Court office required in the 1982 Public Acts 294, 295, 296, 297, and 298.

**Fund:** A fiscal entity with revenues and expenses which are segregated for the purpose of carrying out a specific purpose or activity.

**Fund Balance:** The excess of the assets of a fund over its liabilities, reserves and carryover.

**FTE:** Full-time Equivalent position. A full or part-time position converted to a decimal equivalent of a full-time position based on 2,080 hours per year (40 hours per week).

## G

**GAAP:** Generally Accepted Accounting Principals. Uniform minimum standards for financial accounting and recording, encompassing the conventions, rules, and procedures that define accepted accounting principals.

**GASB:** Governmental Accounting Standards Board. The authoritative accounting and financial reporting entity that also interprets the financial transactions of governments.

**General Fixed Assets Group:** A self-balancing group of accounts established to account for fixed assets of a government not accounted for through specific proprietary funds or trust funds.

**General Fund:** The fund used to account for all financial resources, except those required to be accounted for in another fund.

**GFIA:** Gerald R. Ford International Airport

**GFOA:** Government Finance Officers Association

**GIS:** Geographic Information System

**Grants:** A contribution by a government or other organization to support a particular function. Grants may be classified as either operational or capital, depending on the grantee.

**GVMC:** Grand Valley Metropolitan Council is an alliance of governmental units in the Grand Rapids,

Michigan metropolitan area that are appointed to plan for the growth and development, improve the quality of the communities life, and coordinate governmental services.

## H

**Headlee Amendment:** A 1978 Amendment to the Michigan State Constitution limiting property tax rate increases without voter approval. Headlee requires that tax rates be “rolled back” if the increase in a taxing unit’s equalized valuation (excluding changes from new construction, improvements and losses) is greater than the rate of inflation. Headlee also requires the State to appropriate necessary funds to local units for any new state-required services and prohibits the State from reducing the State share of existing required services.

**Health Fund:** A fund to account for special revenue set aside for the purpose of providing health protection for the citizens of Kent County. Revenues are provided through state and federal grants and General Fund appropriations.

**HIPAA:** Health Insurance Portability and Accountability Act

**HMO:** Health Maintenance Organization

**HOPWA:** Housing Opportunities for People With Aids

**Housing Commission Fund:** A fund to account for the development of viable urban and rural communities by providing decent housing, a suitable living environment, and expanding economic opportunities principally for persons of low and moderate income. Funding is provided by the federal government, the state, and the Community Development Block Grant (CDBG).

**HUD:** Housing and Urban Development

## I

**Indirect Cost:** A cost necessary for the functioning of the organization as a whole, but which cannot be directly assigned to one service.

**Interfund Transfers:** The movement of monies between funds of the same governmental entity.

**Intergovernmental Revenue:** Funds received from federal, state, and other local government sources in

the form of grants, shared revenues, and payments in lieu of taxes.

**Internal Service Fund:** A fund used to account for the financing of goods and services provided by one department or agency to other departments or agencies for a government, or to other governments, on a cost-reimbursement basis.

**ISS:** Infant Support Services

**IT:** Information Technology

## J

**JAIBG:** Juvenile Accountability Incentive Block Grant

**JBZG:** John Ball Zoological Garden

**JNET:** Justice Network

## K

**KCIT:** Kent County Information Technology

## L

**LAN:** Local area network

**LDI:** Leadership Development Institute

**LEAP:** Learning Ensures Achievement Program

**LHRC:** Legislative and Human Resources Committee

**Lodging Excise Tax Fund:** A fund to account for expenditures incurred in promoting Kent County and maintaining, acquiring or constructing its public convention and entertainment facilities. Revenues are provided by the excise tax on transient room rentals.

**Long-term Debt:** Debt with a maturity of more than one year after the date of issue.

**LTGO:** Long-Term General Obligation

## M

**MCIR:** Michigan Childhood Immunization Registry

**MCL:** Michigan Compiled Law

**MCLA:** Michigan Compiled Law Annotated

**MDCH:** Michigan Department of Community Health

**MIHAS:** Michigan & Infant Health Advocacy Services

**Mill:** The property tax rate which is based on the valuation of property. A tax rate of one mill produces one dollar of taxes on each \$1,000 of assessed property value.

**Mental Health Fund:** A fund to account for special revenue set aside for the purpose of providing mental health services to the citizens of Kent County. Revenues are provided through state and federal grants, charges for services and General Fund appropriations. A separate authority was created in April of 2003 and all assets were transferred to this independent agency.

**Modified Accrual Basis:** The accrual basis of accounting adapted to the governmental fund-type measurement focus. Under it, revenues and other financial resource increments (e.g., bond issue proceeds) are recognized when they become susceptible to accrual, that is when they become both “measurable” and “available to finance expenditures of the current period.” “Available” means collectible in the current period or soon enough thereafter to be used to pay liabilities of the current period. Generally, expenditures are recognized when the fund liability is incurred. All governmental funds, expendable trust funds and agency funds are accounted for using the modified accrual basis of accounting.

**MSS:** Maternal Support Services

**MSU:** Michigan State University

## N

**NPDES:** National Pollutant Discharge Elimination System

**NT:** Networking Technology

## O

**Obligations:** Amounts which a government may be legally required to meet out of its resources. They include not only actual liabilities, but also

encumbrances not yet paid.

**OBRC:** Operating Budget Review Committee

**Operating Revenue:** Funds that the government receives as income to pay for ongoing operations. It includes such items as taxes, fees from specific services, interest earnings, and grant revenues. Operating revenues are used to pay for day-to-day services.

**Operating Expenses:** The cost for personnel, materials and equipment required for a department to function.

**OUIL:** Operating Under the Influence of Liquor.

## P

**PA:** Public Act

**Parks Fund:** A fund to account for the operation, maintenance, and capital acquisition/improvement at the County parks and golf-course system. In 2006 and beyond, the Parks operation and maintenance will be accounted for in the General Fund.

**PBX:** Private Branch Exchange

**Performance Measure:** Data collected to determine how effective or efficient a program is in achieving its objectives.

**Performance Measurement Review Team:** A six-member team made up of individuals from the Administrator’s Office, the Budget Department and at least one other County department. The purpose of the team is to meet with departments to review their Performance Measurement program, brainstorm ideas and improvements, and make recommendations to the Finance and Physical Resources Committee. Widely known in Kent County as PMRT.

**Personnel Services:** Expenditures for salaries, wages, and fringe benefits of a government’s employees.

**PPO:** Preferred Provider Organization

**PRC:** Personnel Review Committee

**Program:** A group of related activities performed by one or more organizational units for the purpose of accomplishing a function for which the governmental unit is responsible.

**Proprietary Fund:** Sometimes referred to as income

determination or commercial-type funds, the classification used to account for a government's ongoing organizations and activities that are similar to those often found in the private sector (i.e., enterprise and internal service funds). All assets, liabilities, equities, revenues, expenses and transfers relating to the government's business and quasi-business activities are accounted for through proprietary funds. The GAAP used are generally those applicable to similar businesses in the private sector and the measurement focus is on determination of net income, financial position and changes in financial position. However, where the GASB has issued pronouncements applicable to those entities and activities, they should be guided by these pronouncements.

**Public Works Fund:** A fund to account for the operation and maintenance of the Kent County Public Works. Financing is provided primarily by charges for services.

## R

**REGIS:** Regional Geographic Information System

**Register of Deeds Automation Fund:** A fund to account for the levying of a fee that is specifically earmarked for upgrading technology in the Register of Deeds office. State statute requires that until December 31, 2006, the Register of Deeds shall deposit \$5 for each document recorded into the automation fund, which must be a separate fund and subject to a Board appropriation.

**Remonumentation Program:** This program is responsible for determining the location of, and reestablishing markers on, the government corners located within the County.

**Reserve:** An account used either to set aside budgeted revenues that are not required for expenditure in the current budget year or to earmark revenues for a specific future purpose.

**Reserved Fund Balance:** Those portions of fund balance that are not appropriable for expenditure or that are legally segregated for a specific future use.

**Resolution:** A special or temporary order of a legislative body; an order of a legislative body requiring less legal formality than an ordinance or statute.

**Resources:** Total amounts available for appropriation including estimated revenues, fund transfers, and

beginning balances.

**Revenue:** Sources of income financing the operations of government.

**Revenue Sharing Reserve Fund:** A fund created in accordance with Public Act 357 of 2004 to serve as a substitute for State revenue sharing payments to counties. Revenues are to be provided by a set-aside of certain local general property taxes levied in 2004 through 2006 inclusive.

**Risk Management and Benefits Fund:** A fund to account for claims related to public liability, workers' compensation, dental benefits and other County insurance programs. The County is self-insured and finances its insurance payments by billing other funds for their respective share.

**RUP:** Restricted Use Pesticides

## S

**S & P:** Standard & Poor's

**SCAO:** State Court Administrator's Office

**SEV:** State Equalized Value

**Self-insurance:** A term used to describe the retention by an entity of a risk of loss arising out of the ownership of property or from some other cause, instead of transferring that risk to an independent third party through the purchase of an insurance policy. It is sometimes accompanied by the setting aside of assets to fund any related losses. Because no insurance is involved, the term self-insurance is a misnomer.

**Senior Millage Fund:** A fund to account for the proceeds of a dedicated millage levied to plan, coordinate, and provide services to persons 60 years of age or older.

**Social Welfare Fund:** A fund to account for the administration of various human service programs. County statute requires that the County Treasurer serve as the custodian of all funds provided for the use of the Family Independence Agency (FIA). In this case, the County simply serves as a pass-through with respect to state and federal funds for FIA operations, maintaining the funds and records as required by the State. The County also appropriates, at its discretion, funding to maintain and administer various welfare services within the County, including hospitalization, community-based organization funding and client

support programs.

**Special Project Funds:** A fund to account for the expenditures and revenues of the various activities financed primarily by restricted grants, funded by the state and federal government. Project lengths vary from one year to annually renewable.

**Special Revenue Fund:** A fund used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditure for specified purposes. GAAP only requires the use of special revenue funds when legally mandated.

**SHSG:** State Homeland Security Grant

**STV:** State Taxable Value

## T

**Taxes:** Compulsory charges levied by a government for the purpose of financing the services performed for the common benefit of the people. This term does not include specific charges made against particular persons or property for current or permanent benefit, such as special assessments.

**TB:** Tuberculosis

**TCPIP:** Transaction Control Protocol and Internet Protocol

**Title IV-D Grant:** Funding provided to the Friend of the Court, by the Michigan Family Independence Agency, to operate a Cooperative Reimbursement Program designed to establish paternity as well as to secure and enforce support orders.

**Transfers:** Amounts transferred from one fund to another to assist in financing the services for the recipient fund.

## U

**UAW:** United Auto Workers

**Unreserved Fund Balance:** The portion of a fund's balance that is not restricted for a specific purpose and is available for general appropriation.

**USDA:** United States Department of Agriculture

**Use of Fund Balance:** This is the use of fund equity that is available for appropriation to balance the budget.

## V

**VA:** Veteran's Association

**Veterans' Trust Fund:** A fund to account for state grants received for the purpose of financially assisting qualified veterans.

**VINE:** Victim Information and Verification Everyday

## W

**WAN:** Wide Area Network

**WIC:** Women, Infants and Children

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