

A Public Guide to County Finances



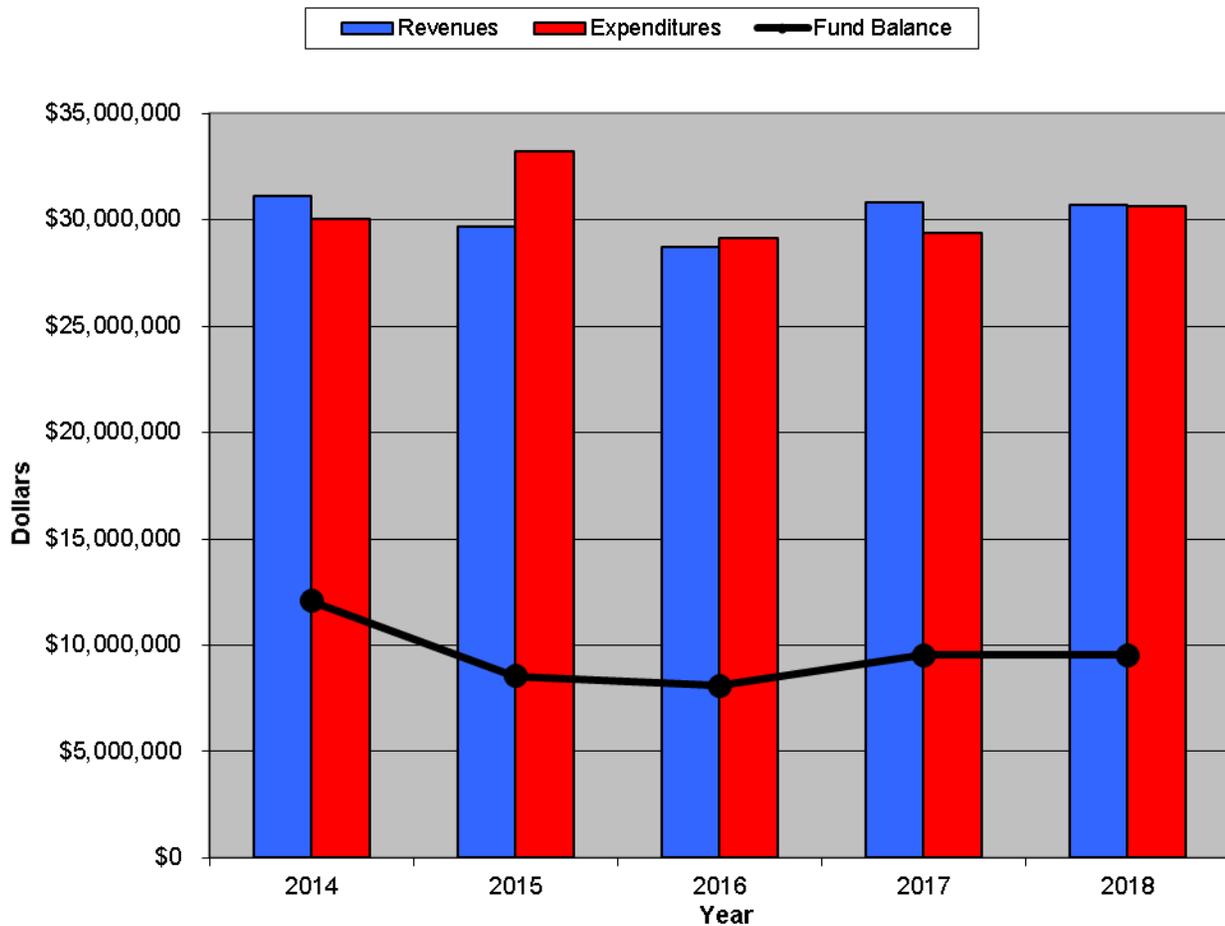
**Allegan County
Michigan
2018**

FINANCIAL OVERVIEW

General Fund* Revenues, Expenditures and End of Year Fund Balances

The county is required by law to develop and adopt a balanced budget where proposed expenditures do not exceed estimated revenues in any given year. Budgets are prepared on an annual basis and run from January 1st through December 31st. Budget preparation is a complex process involving the prioritization of personnel, operating, debt, and capital needs expenditures while estimating future revenues based on various assumptions. Budget preparation is guided by the County's Budget Policy and culminates in a presentation of the draft budget to the County Board of Commissioners. Once the draft budget is accepted, a public hearing is held and the budget can be approved by the Board. Public Act 2 of 1968 calls for the following year's budget to be adopted by the County's Annual Meeting in October.

Invariably, through the course of the year, there is some variance between budgeted and actual revenues and expenditures. The bar graph shows that Allegan County does a very good job of budgeting and has maintained an adequate fund balance for the past five years. In 2014, the board approved the use of unrestricted fund balance in the amount of \$3,514,286 to reduce the County's defined benefit pension liability. Actual revenues and expenditures are shown for the years 2014 to 2017 while 2018 numbers reflect what is currently budgeted.



Balance Sheet in Dollars	2014	2015	2016	2017	2018
Revenues	29,688,867	28,714,064	30,801,030	30,679,723	31,850,343
Expenditures	33,245,234	29,147,610	29,523,571	30,850,116	31,850,343
Fund Balance (End of Year)	8,530,790	8,097,244	9,374,703	9,204,310	9,204,310

*General Fund as defined by GASB and reported in Annual Financial Audits.

REVENUE OVERVIEW

General Fund Revenues by Source

Revenue determines the total funds available for county government in delivering services to the public, performing mandated functions and supporting general operations within any given year. Revenue can be divided into the following major categories:

Taxes - County portion of revenue collected through property taxes.

Charges for Services - Costs and fees paid for specific services performed by the county such as court costs, document recording fees and services performed for local units of government.

State & Federal Grants - State and federal reimbursements for various mandated court and judicial operations as well as grants for public safety and other programs.

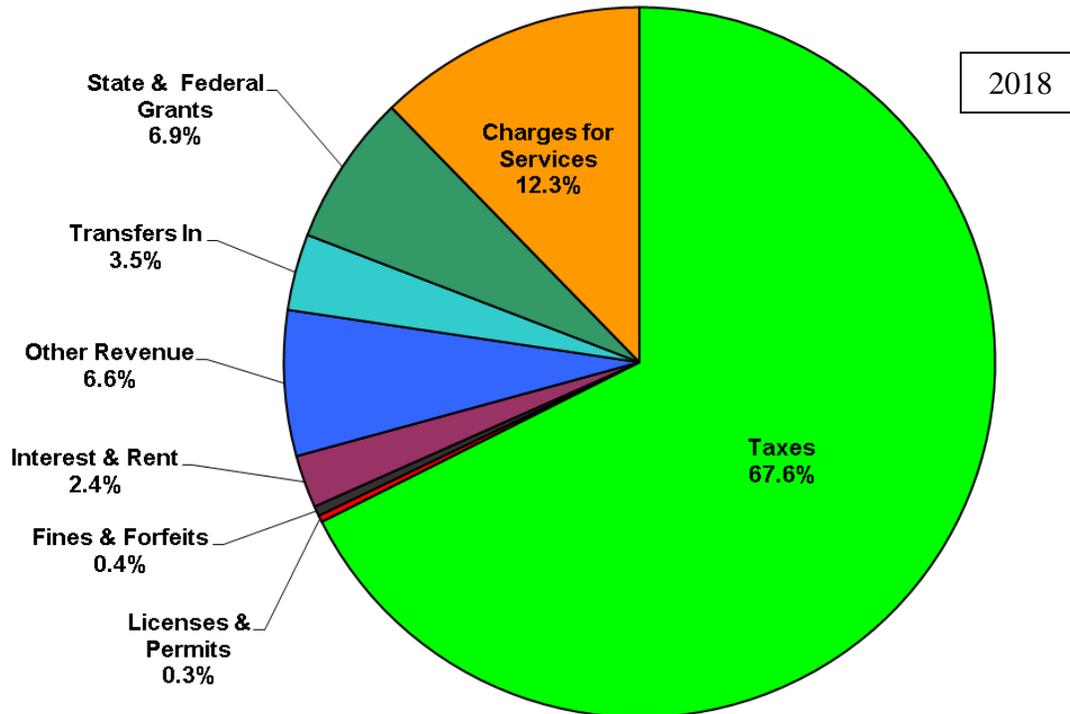
Transfers In - Transfers into the general fund from State revenue sharing reserve fund, budget stabilization fund and excess funds from tax reversion.

Other Revenue - Indirect costs assessed to other agencies for use of central administration, human resources, financial, technology and facilities services.

Interest & Rent - Interest revenue from investments and rent collected by leasing space in County owned facilities to other agencies such as Michigan works and the Department of Human Services.

Fines & Forfeits - Revenue from bond forfeitures and ordinance fines.

Licenses & Permits - Fees charged for processing and recording documents such as marriage licenses, gun permits and dog licenses.



Revenue Dollars by Source	2014	2015	2016	2017	2018
Taxes	19,940,673	20,464,721	22,301,786	21,077,822	21,523,956
Licenses & Permits	98,361	64,986	53,351	57,873	97,590
Fines & Forfeits	153,900	163,969	177,223	153,064	143,150
Interest & Rent	724,770	712,737	598,854	815,251	765,844
Other Revenue	1,598,582	1,569,168	1,839,321	2,532,161	2,109,396
Transfers In	463,175	380,851	369,237	271,339	1,107,830
State & Federal Grants	3,270,016	1,465,889	1,352,631	1,441,893	2,195,260
Charges for Services	3,439,390	3,891,743	4,108,627	4,330,320	3,907,317
Total Revenues	29,688,867,	28,714,064	30,801,030	30,679,723	31,850,343

EXPENDITURE OVERVIEW

General Fund Expenditures by Function

Expenditures show how revenues are allocated to pay for employee salaries & wages, government operations and capital infrastructure projects to support the delivery of mandated, necessary and discretionary services to residents, land owners, local governments and businesses in the county as well as visitors to the county. Expenditures can be divided among the following major types of government services.

Legislative - Board of Commissioners and high-level county administrative expenditures

Judicial - Circuit, district, probate and family court and probation unit operation and administration.

General Government - Funding for centralized services provided through Administration, Human Resources, Treasury, Information Services, Facilities Management and the Finance Department.

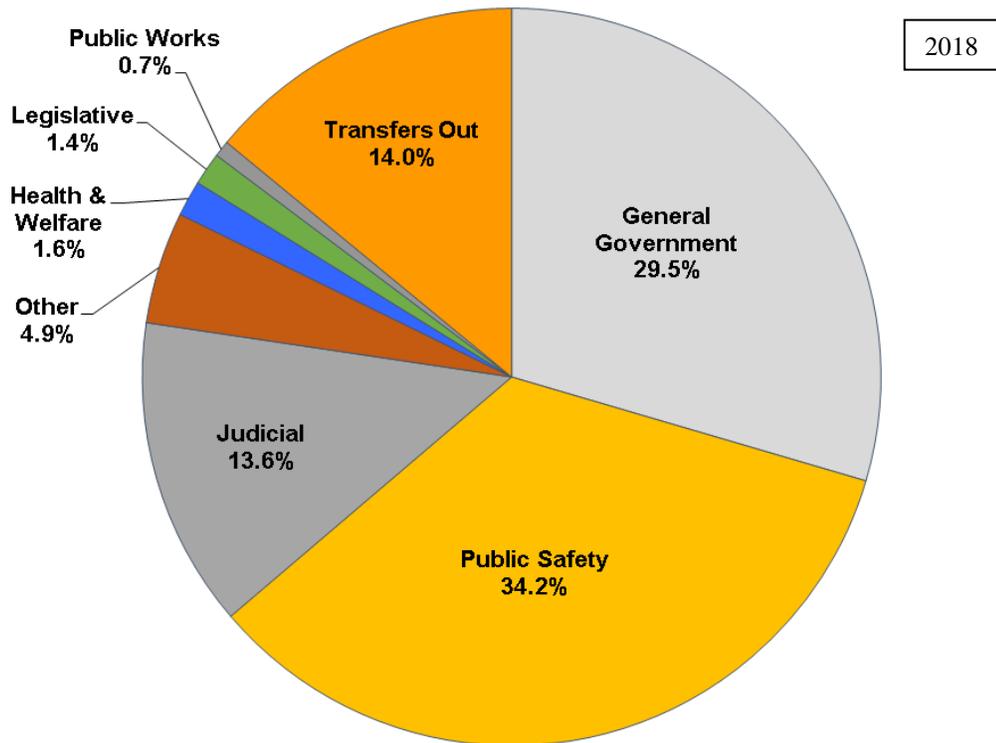
Public Safety - Sheriff's administration, road patrol and County correctional service costs.

Public Works - County water, sewer and drain system development and maintenance expenses.

Health & Welfare - Expenditures on public health services such as immunization, solid waste planning, child care, a medical examiner, and housing assistance programs.

Other - Unemployment insurance benefits, liability and property insurance, and general operational contingencies.

Transfers Out - Pays for the County's portion of child care fund and also funds health department, medical care facility, community mental health and parks operations.



Expenditure in Dollars by Function	2014	2015	2016	2017	2018
General Government	12,455,223	8,934,876	9,032,319	9,294,526	9,381,622
Public Safety	9,586,199	8,990,632	9,807,482	10,214,475	10,860,800
Judicial	5,278,405	3,934,828	4,081,855	4,206,226	4,317,678
Other	357,607	432,817	426,515	360,250	1,559,126
Health & Welfare	745,551	567,700	602,668	614,346	496,635
Legislative	482,988	402,157	370,509	448,501	456,766
Public Works	200,479	335,531	185,439	245,288	225,946
Transfers Out	4,138,782	5,549,096	4,870,629	5,278,771	4,451,770
Total Expenditures	33,245,234	29,147,610	29,377,416	30,662,383	31,850,343

OVERVIEW OF LONG TERM OBLIGATIONS

Pensions and Other Post Employment Benefits

The County has a long term obligation for pensions. Although the County has stopped offering a defined benefit pension plan to all new employees, it still has a pension obligation to numerous current and retired employees. As of December 31st, 2017, the plan was 99% funded. The actuarial accrued liability for benefits was \$68,388,490 and the actuarial value of assets was \$67,576,553 resulting in an unfunded actuarial accrued liability of \$811,937. In 2014, for the purpose of defraying the cost of the unfunded accrued liability, which was valued at the time to be \$18,574,286, the county paid \$3,514,286 from unrestricted fund balance and issued a pension bond for the remaining \$15,060,000. In 2017, the board approved the use of unrestricted fund balance in the amount of \$6,318,330 to reduce the County's defined benefit pension liability. The table below compiled from the Municipal Employees Retirement System's Annual Actuarial Valuation Report for Allegan County shows changes in the County's pension liability over the past seventeen years. The County has no materially significant obligations for any other post employment benefits.

Valuation Date December 31st	Actuarial Accrued Liability	Actuarial Valuation of Assets	Percent Funded	Unfunded (Overfunded) Accrued Liabilities
2001	\$ 31,830,461	\$ 28,279,101	89%	\$ 3,551,360
2002	34,038,742	28,704,334	84%	5,334,408
2003	36,656,074	30,445,166	83%	6,210,908
2004	41,238,093	31,858,742	77%	9,379,351
2005	42,976,381	33,912,208	79%	9,064,173
2006	44,819,248	35,821,163	80%	8,998,085
2007	47,932,374	37,985,607	79%	9,946,767
2008	49,617,448	38,890,393	78%	10,727,055
2009	50,878,846	39,627,647	78%	11,251,199
2010	52,745,867	40,573,210	77%	12,172,657
2011	55,728,491	41,155,303	74%	14,573,188
2012	57,884,132	41,059,778	71%	16,824,354
2013	60,432,440	41,941,737	69%	18,490,703
2014	62,396,098	62,190,295	100%	205,803
2015	67,371,559	61,597,249	91%	5,774,310
2016	68,151,365	60,954,708	89%	7,196,657
2017	68,388,490	67,576,553	99%	811,937

Compensated Absences

The accumulated vested paid time off for employees of various County departments in 2017 was \$1,106,930 (not including the Medical Care Community). Of this amount, \$973,074 was funded as of December 31, 2017. It is the County's intention to fully fund this liability.

Debt

The County carries the following debt. Debt payment schedules are provided in the 2018 Debt Service Report.

Sheriff's Office and Corrections Center Construction: On February 15, 2012, Allegan County issued \$13,500,000 in limited tax general obligation capital improvement bonds for the purposes of constructing, remediating, renovating, furnishing and equipping a new Sheriff's Office and Corrections Center. The bonds mature serially through 2032, with interest due semi-annually at a rate of 2.00 to 4.00 percent. The repayment source for these bonds is the County's Delinquent Tax Revolving Fund.

Pension Bonds: On December 16, 2014 Allegan County issued \$15,060,000 in pension bonds to reduce its unfunded accrued liability. The bonds mature serially through 2032, with interest due semi-annually at a rate of 0.30 to 4.00 percent. The repayment source for these bonds will be the County's General Operating Fund and Special Revenue Funds that had accumulated a portion of the unfunded accrued liability.

911 Radio System Replacement: On June 30, 2016 Allegan County entered into an Installment Purchase Agreement to borrow \$5,807,685 from Motorola Solutions, Inc. to fund a new county-wide 800MHz 911 Dispatch Radio System. Installment payments are due annually through 2026 at a nominal annual interest rate of 1.75%. Installment payments are being made from collected 911 surcharge revenues.

Medical Care Facility Improvements: In 1997, the Allegan County Building Authority issued \$1,375,000 in bonds to fund Medical Care Facility improvements. The bonds mature serially through 2018, with interest due semi-annually at a rate ranging from 4.20 to 5.25 percent. The repayment source for these bonds is Medical Care Operating Revenue.