



Ottawa County

Where You Belong[®]

Tax Dollar Usage and Distribution Report

**Tracking the Dollar: How are your tax
dollars used to support County
Government?**

Prepared By:
**Ottawa County
Administrator's Office**

Updated:
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EXECUTIVE SUMMARY

Questions commonly arise as to whether citizens benefited proportionally from the services they pay for via taxes to the County. This is not easily answered as there are many different interpretations of “benefit.” However, this report seeks to provide a brief overview of local government taxation and address the following questions:

1. What services are provided by the County?
2. Are the services accessible to all taxpayers?
3. What is the cost of these services?

The property tax is the basic funding source for most local government services, including those provided by the County. Taxpayers entrust money to government institutions to be used for public purposes that would likely not otherwise be provided. Ottawa County values high-quality stewardship of public money and desires to maintain open communication with all citizens, and therefore, under the direction of the Board of Commissioners, has chosen to issue this report.

After offering some educational information about the complex property tax system and the County’s funding structure, this report enters into a discussion that includes responses to the aforementioned questions. Additionally, each of the services provided by the County are examined by governmental function (e.g. legislative, judicial, general government, public safety, etc.) and discussed.

The following findings can be concluded from this analysis:

1. An individual’s property tax bill is determined based on their parcel’s location within a number of different overlapping taxing jurisdictions. Only about 14% of the total property taxes collected fund County operations.
2. While the property tax is a significant revenue source, it only composes approximately 38% of the County’s total revenue, whereas 48% comes from intergovernmental sources.
3. The amount and proportion of property taxes that support County services varies by governmental function. In absolute and proportional terms, public safety, health and welfare, and judicial activities receive the greatest amount of general operating property tax revenue.
4. In aggregate, townships, cities, and villages have tax liabilities roughly proportional to their populations. The differences between individual units can be explained by a variety of factors including demographics, property class composition, and use of tax exemptions.
5. Nearly all County services are available and accessible to all County residents. However, the usage of services varies greatly depending on the nature of the specific service.
6. Many local units enter into policing, prosecutorial, assessing, IT, and/or fiscal services contracts with the County and choose to pay for additional services. The County welcomes any interested local unit to engage in discussions about potential contracting options.

I. INTRODUCTION

The Board of Commissioners annually reviews and revises the County's Strategic and Business Plan. This document provides guidance and describes the goals, objectives, and desired outcomes of the County, which directs staff toward implementing the County's vision and mission.

The Strategic and Business Plan contains four specific goals that are used to orient the County towards its commitment to excellence and the delivery of cost-effective public services. The goals are as follows:

1. To maintain and improve the strong financial position of the County.
2. To contribute to the long-term social, economic, and environmental health of the County.
3. To maintain and enhance communication with citizens, employees, and other stakeholders.
4. To continually improve the County's organization and services.

The Commissioners and the County are committed to maximizing communication with citizens and recognize the importance of effective stewardship of public money in the accomplishment of our mission. We hold it as a basic value to perform our stewardship in a responsible and cost-effective manner while always remembering and respecting the sources of County funding.

In this spirit, this report explains the funding of County services, mainly those supported by the County Operating Property Tax of 3.6000 mills. This tax is the primary source of funding for the provision of General Fund operating services. Other sources of funding do exist and are utilized when possible, especially in areas where the County serves as an agent of the State to deliver mandated services.¹

Over the years, some local units have questioned the benefit of County services received by their residents in relation to taxes and services provided by the local units themselves. This report will:

- Review basic information about property taxes.
- Compare Ottawa County's property tax levy with other Michigan counties.
- Describe the various funding sources of the County.
- Detail the revenues and expenditures of the County's General Fund (the fund that accounts the general operations of the County).
- Calculate the net cost to taxpayers for various County functions.
- Describe the benefits associated with each function, as well as assess the level of availability to County residents.

¹ The Ottawa County Administrator's Office is committed to maintaining a listing of the County's mandated and discretionary functions. Questions regarding specific services and funding sources can be directed to the Ottawa County Administrator's Office.

II. PROPERTY TAX BASICS

The property tax is one of the most important revenue sources for local governments across Michigan. In 2017, an estimated \$391.8 million was levied in property taxes within Ottawa County and used to support the County; cities, townships, and villages; intermediate school districts; local school districts; the State Education Tax; and other entities with taxing authority.²

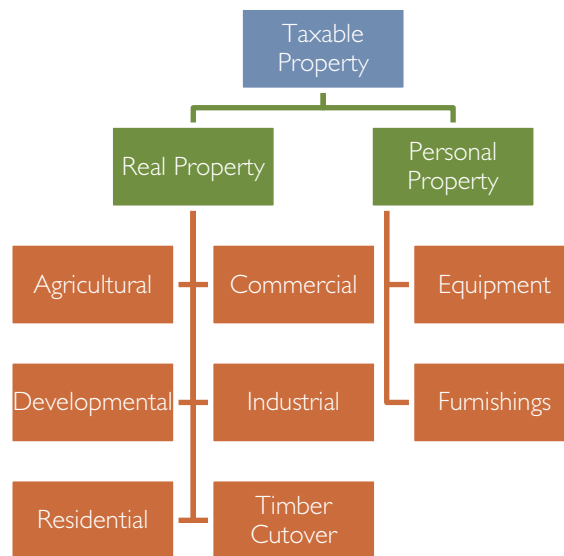
The property tax is an *ad valorem* tax and therefore an owner's tax liability is determined based on value of the property. The total tax liability for a parcel is determined by two factors: the taxable **value** of the parcel and the combined tax **rate** of the various taxing entities. The following equation provides a simplification of how an individual's property taxes are calculated:

$$\text{Tax Liability} = \frac{\text{Millage Rate}}{1,000} \times \text{Taxable Value (\$)}$$

Value

Taxable property is divided into two categories: real property and personal property (Figure I). *Real property* includes land and any improvements that have been made, such as buildings. There are six classes of real property: agricultural, commercial, developmental, industrial, residential, and timber cutover.³ Alternatively, *personal property* includes tangible items such as equipment and furnishings which applies almost exclusively to businesses.⁴

Figure I. Types of Taxable Property



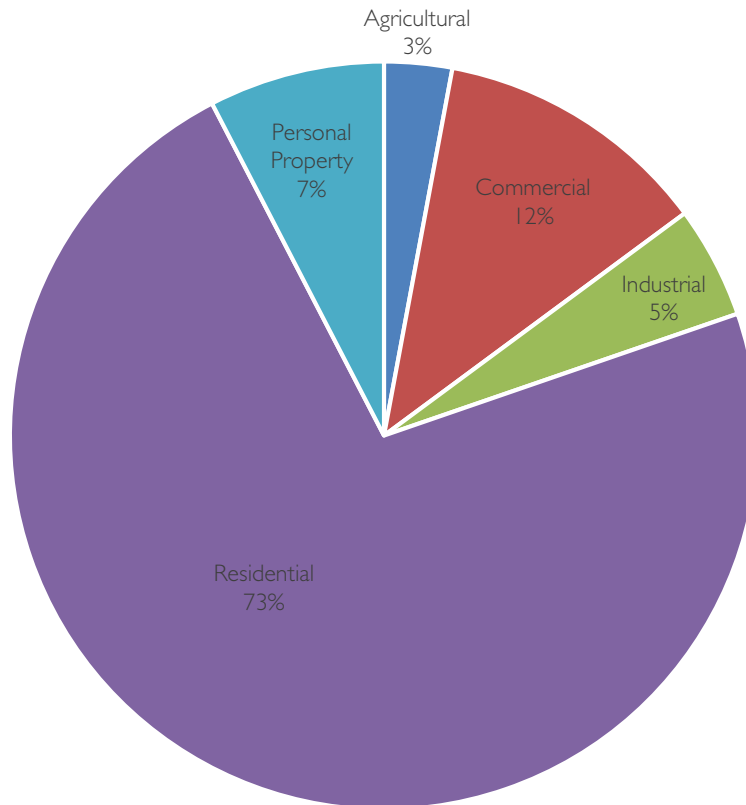
² Examples of other taxing entities include Library Districts and Downtown Development Authorities.

³ As of 2013, the Michigan State Tax Commission defined the timber cutover real property class as including “parcels that are stocked with forest products of merchantable type and size; cutover forestland with little or no merchantable products; and marsh lands or other barren land.”

⁴ Starting in 2014, the State of Michigan began phasing out the personal property tax in an attempt to attract manufacturers who rely on expensive capital investments in tools and other equipment.

Figure 2 shows the distribution of property within the County by category as of 2018. It is necessary to note that the residential class represents 73% of the County's total tax base.⁵

Figure 2. Distribution of Total Taxable Value by Property (2018)⁶



**2018
Total Taxable Value
= \$11.27 billion**

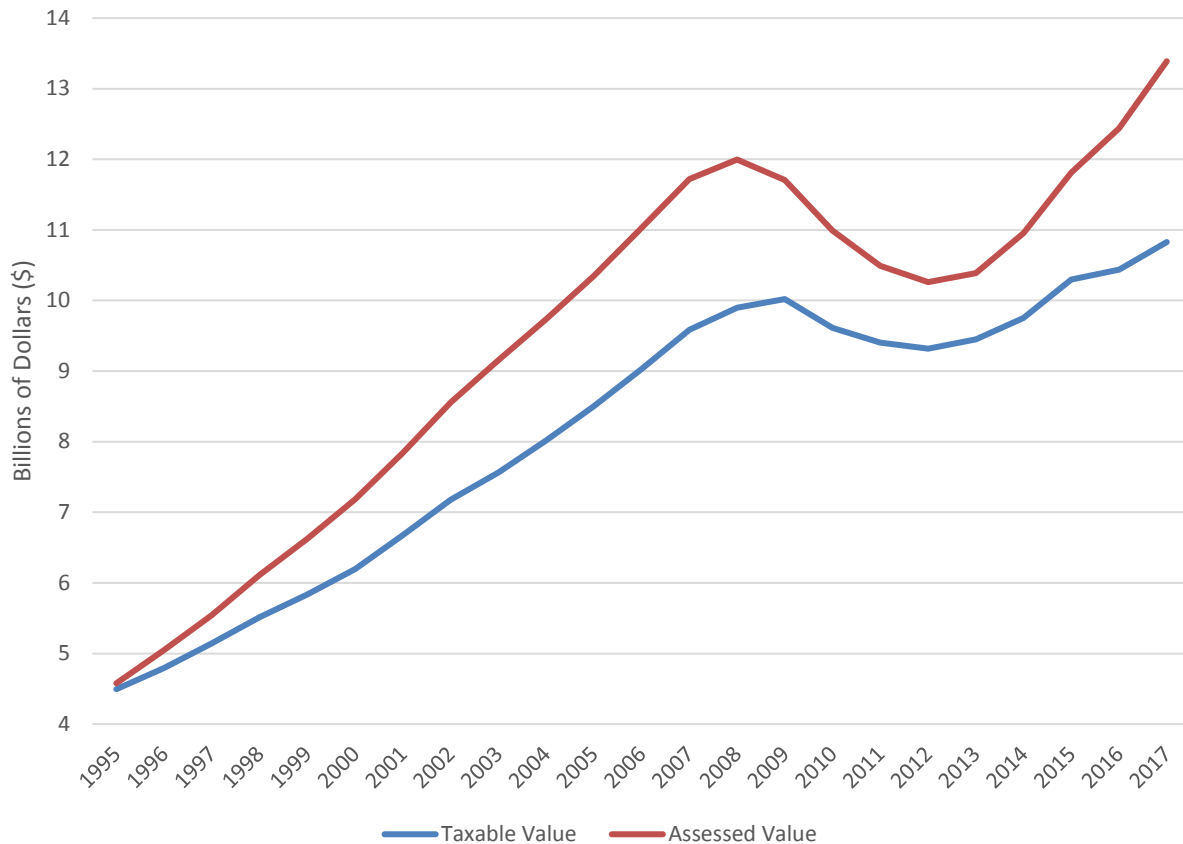
In 1994, Michigan voters enacted Proposal A which significantly changed the way property taxes were calculated. As a result of the referendum, each parcel now possesses two values: assessed value and taxable value. The concept of taxable value was created in response to rapidly increasing assessed values, which were previously used to calculate an owner's property tax liability.

Under Proposal A, a property's taxable value can only increase annually by the rate of inflation or 5%, whichever is less. Figure 3 demonstrates Proposal A's savings to taxpayers (~20%), as evidenced by the gap between the assessed and taxable values. Currently, both assessed and taxable values are at their highest points in County history.

⁵ The developmental and timber cutover classes were excluded due to representing less than 1% of the County's total tax base.

⁶ Data from 2018 Ottawa County Equalization Report

Figure 3. The Effect of Proposal A (1995-2017)⁷



Rate

Government entities (schools, county, cities, townships, villages, and others) have the authority to raise revenue by levying a property tax. Property tax rates are traditionally referred to as a *millage* (expressed in *mills*). One mill is equal to \$1 for every \$1,000 of taxable value. The total millage rate for a parcel depends on its exact location within these overlapping jurisdictions.

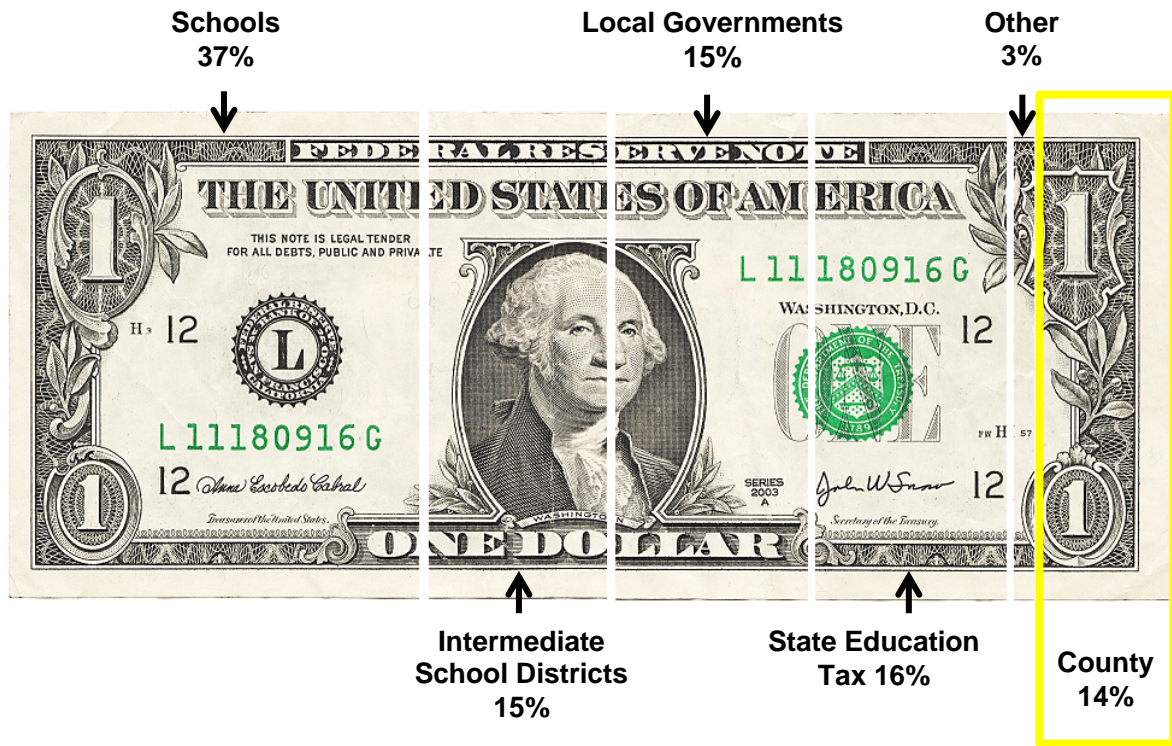
As mentioned above, a total of \$391.8 million was levied in property taxes throughout Ottawa County in 2017. However, only an estimated \$54.7 million (14%) was collected by the County in property taxes.⁸

Figure 4 shows the average distribution of property taxes collected from property owners. In practice, this distribution will differ slightly due to the variation in millage rates among individual taxing jurisdictions. However, approximately two-thirds (68%) of the amount collected in property taxes is used to support the state and local education systems. Cities, townships, and villages receive roughly 15%, while the County collects only about 14% of the total property taxes collected.

⁷ Data from 2017 Ottawa County Comprehensive Annual Financial Report

⁸ Includes the County’s general operating and special revenue millages

Figure 4. Average Property Tax Distribution⁹



To help make the distribution more tangible, imagine a residential property with a taxable value of \$100,000.¹⁰ Assume this hypothetical parcel was located in the West Ottawa school district in Holland Township and qualifies for the Principal Residence Exemption.¹¹ Table I shows the distribution of this property owner’s taxes, in both proportional and absolute terms.

Table I. Property Tax Levy Example

PRE Residential Parcel with Taxable Value of \$100,000 in Holland Township (West Ottawa Schools)				
Taxing Unit	Jurisdiction	Millage Rate	Example Amount	% of Total Tax Liability
County	Ottawa	3.6000	\$ 360.00	13%
Township	Holland	4.8600	\$ 486.00	17%
School District	West Ottawa	8.0500	\$ 805.00	29%
Intermediate School District	Ottawa	5.4577	\$ 545.77	20%
State Education	Michigan	6.0000	\$ 600.00	21%
Total		27.9677	\$ 2,796.77	100%

⁹ Data from 2017 Ottawa County Apportionment Report

¹⁰ The taxable valuation of a property amounts to approximately half that of the market value. City and township assessors are responsible for determining these values via the property assessment process.

¹¹ The Principal Residence Exemption (PRE) exempts a principal residence from the tax levied by a local school district for school operating purposes up to 18 mills. In order to qualify for the PRE, a parcel’s owner must be a Michigan resident who owns and occupies the property as his or her principal residence.

III. COUNTY MILLAGE RATES

The County's total millage rate in 2017 was 5.1565 mills, which raised approximately \$54.7 million in property tax revenue for the County. It is important to note that this rate is actually a combination of five sub-rates, all levied for different specific purposes. Table 2 shows a breakdown of the County's total millage rate by individual sub-rates.

Table 2. County Tax Levy by Purpose

Purpose	Millage Rate	2017 County Total Levy	% of County Tax Levy	Description
Operating	3.6000	\$ 38,457,657	70%	For the general operations of the County
E-911	0.4400	\$ 4,557,680	8.5%	For the operations of the Ottawa County Central Dispatch Authority ¹²
Parks	0.3165	\$ 3,428,114	6.5%	For the purchase and operations of the park system
Roads	0.5000	\$ 5,172,082	9.5%	For the operations of the Ottawa County Road Commission ¹³
Community Mental Health	0.3000	\$ 3,080,698	5.5%	For the administering of community mental health services
Total	5.1565	\$ 54.7 million	100%	

Over the past 20 years, the County has also levied less (3.6000) than its authorized maximum (4.2650) for general operations. Taxpayers benefit from an approximate **16% savings** between what the County could levy and what it actually levies for general operations.

How Ottawa County Compares

The County periodically monitors how its operating levy compares to other counties in Michigan. Table 3 shows that in 2017 Ottawa County had the lowest operating millage in comparison to both neighboring counties and counties of similar size. Even if it were to levy the authorized maximum of 4.2650, the County would still be the lowest. In addition, the County also has the fifth lowest operating levy among all Michigan counties.

Table 3. County Operating Levy Comparisons (2017)

NEIGHBORING COUNTIES		COUNTIES OF SIMILAR SIZE	
Ottawa	3.6000	Ottawa	3.6000
Kent	4.2803	Washtenaw	4.4880
Allegan	4.6185	Kalamazoo	4.6871
Muskegon	5.6984	Genesee	5.5072
		Ingham	6.3512

¹² The Central Dispatch is a component unit of Ottawa County.

¹³ The Road Commission is a component unit of Ottawa County.

Distribution among Cities and Townships

In the past, some local units have questioned whether the distribution of property taxes between the cities, villages, and townships in the County is proportional. To answer this, the absolute and relative values for each unit's levy and population are shown in Table 4.

The biggest driver that determines the distribution of the County's total property tax levy, found in the fifth column (entitled "% of Total County Levy") of Table 4, is the total taxable values of all properties within their respective jurisdictions. Georgetown and Holland Townships have the highest total taxable values in the County. They are also the County's most populous local units.

To summarize the findings, townships contain 76.97% of the County's total population. Property owners in the townships pay 77.78% of the total property tax revenue. The difference between these two values is 0.80%. This implies that, in the aggregate, properties in townships raise a slightly larger share of the property tax revenue received by the County relative to the proportion of citizens who reside in townships.

Over 1 in 5 County residents (23.03%) live in cities (including the Village of Spring Lake). Property owners in these jurisdictions pay 22.22% of the total property taxes collected. The difference between these two values is -0.80%. This signifies that, in the aggregate, properties in cities raise a smaller share of the property tax revenue received by the County relative to the proportion of citizens who reside in cities.

While this may seem inequitable, a majority of units (62.5%) have differences between -1% and 1%. Reasonable explanations can be offered for the variation, including how a unit's demography, property class composition, or use of tax exemption can influence the data. For example, Georgetown and Park Townships have a disproportionate amount of residential properties, while Port Sheldon Township has a higher proportion of industrial properties, particularly the J.H. Campbell Generating Complex power plant.

In summary, it is reasonable to conclude that there is little difference in aggregate between townships and cities when it comes to the distribution of property tax revenue raised.

Table 4. Estimated Levies and Population by Local Units (2017) ¹⁴

Local Unit	2017 Taxable Value	Estimated County Levy for General Operations*	Estimated Total County Levy	% of Total County Levy**	Population**	% of Total Population	Difference % County Levy - % Population
TOWNSHIPS							
Allendale	\$508,226,146	\$1,829,614	\$2,620,668	4.71%	25,323	8.69%	-3.98%
Blendon	\$248,502,344	\$894,608	\$1,281,402	2.30%	6,366	2.18%	0.12%
Chester	\$84,752,669	\$305,110	\$437,027	0.78%	2,046	0.70%	0.08%
Crockery	\$154,314,901	\$555,534	\$795,725	1.43%	4,268	1.46%	-0.04%
Georgetown	\$1,606,955,521	\$5,785,040	\$8,286,266	14.88%	50,520	17.34%	-2.46%
Grand Haven	\$748,215,973	\$2,693,578	\$3,858,176	6.93%	16,251	5.58%	1.35%
Holland	\$1,154,111,454	\$4,154,801	\$5,951,176	10.69%	37,658	12.92%	-2.24%
Jamestown	\$335,462,929	\$1,207,667	\$1,729,815	3.11%	8,016	2.75%	0.36%
Olive	\$160,968,986	\$579,488	\$830,037	1.49%	4,950	1.70%	-0.21%
Park	\$1,016,361,065	\$3,658,900	\$5,240,866	9.41%	18,440	6.33%	3.08%
Polkton	\$115,571,297	\$416,057	\$595,943	1.07%	2,552	0.88%	0.19%
Port Sheldon	\$623,571,137	\$2,244,856	\$3,215,445	5.77%	4,499	1.54%	4.23%
Robinson	\$232,974,043	\$838,707	\$1,201,331	2.16%	6,404	2.20%	-0.04%
Spring Lake	\$605,871,243	\$2,181,136	\$3,124,175	5.61%	14,900	5.11%	0.50%
Tallmadge	\$311,318,021	\$1,120,745	\$1,605,311	2.88%	8,109	2.78%	0.10%
Wright	\$119,174,388	\$429,028	\$614,523	1.10%	3,257	1.12%	-0.01%
Zeeland	\$374,246,642	\$1,347,288	\$1,929,803	3.46%	10,769	3.70%	-0.23%
Subtotal	8,400,598,759	\$ 30,242,156	\$ 43,317,688	77.78%	224,328	76.97%	0.80%
CITIES							
Coopersville	\$104,953,992	\$377,834	\$541,195	0.97%	4,321	1.48%	-0.51%
Ferrysburg	\$172,187,326	\$619,874	\$887,884	1.59%	3,001	1.03%	0.56%
Grand Haven	\$546,984,677	\$1,969,145	\$2,820,526	5.06%	10,911	3.74%	1.32%
Holland	\$721,121,935	\$2,596,039	\$3,718,465	6.68%	33,543	11.51%	-4.83%
Hudsonville	\$217,552,211	\$783,188	\$1,121,808	2.01%	7,285	2.50%	-0.49%
Spring Lake (Village)	\$127,033,399	\$457,320	\$655,048	1.18%	2,462	0.84%	0.33%
Zeeland	\$510,506,158	\$1,837,822	\$2,632,425	4.73%	5,581	1.92%	2.81%
Subtotal	2,400,339,698	\$ 8,641,223	\$ 12,377,352	22.22%	67,104	23.03%	-0.80%
TOTAL	10,800,938,457	\$ 38,883,378	\$ 55,695,039	100.00%	291,432	100.00%	-

*Industrial Facilities Tax Exemptions not included

**Population estimates from the 2016 American Community Survey (most recent data to include township figures)

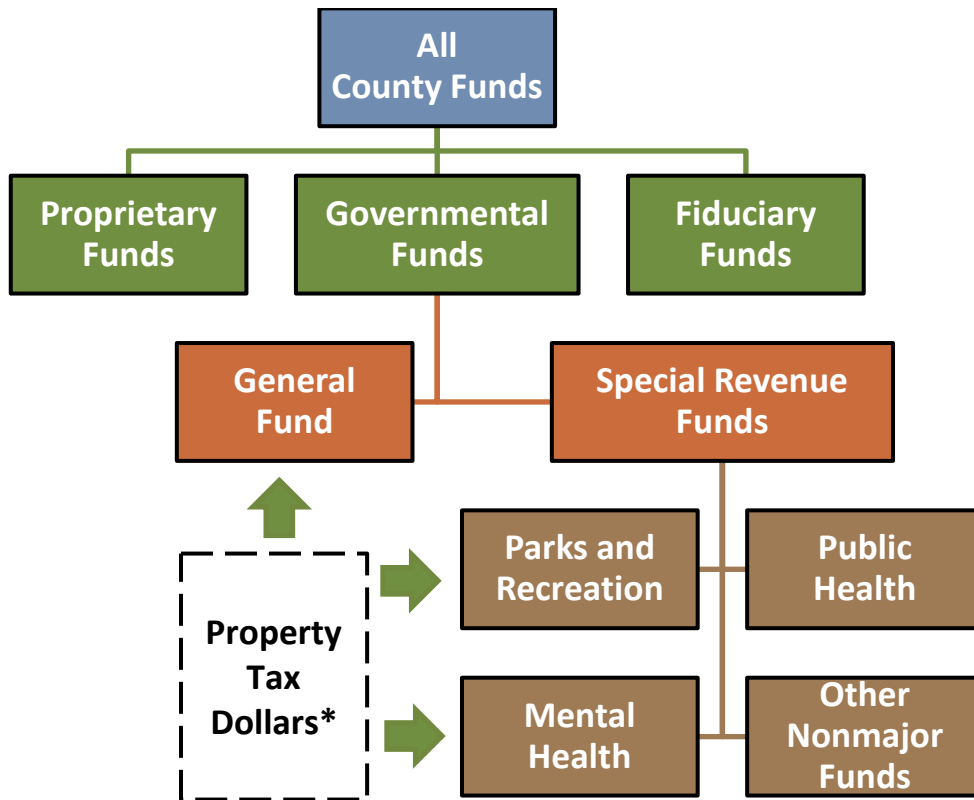
¹⁴ Data from 2017 Ottawa County Apportionment Report

IV. The County's BASIC FUND STRUCTURE

Before further exploring how County property taxes are used, it is important to have a basic understanding how the County's basic fund structure. As will be demonstrated in the following pages, property taxes only provide funding for a portion of the activities of the County.

In accordance with the State Chart of Accounts, the County maintains 38 different funds to help finance its various functions and services.¹⁵ Figure 5 summarizes how the County's funds are broadly categorized.

Figure 5. County Funds by Type



**Note: All property tax dollars are received into either the General Fund, Mental Health Fund, or Parks and Recreation Fund; however, transfers can be and are made to and from the General Fund to other funds.*

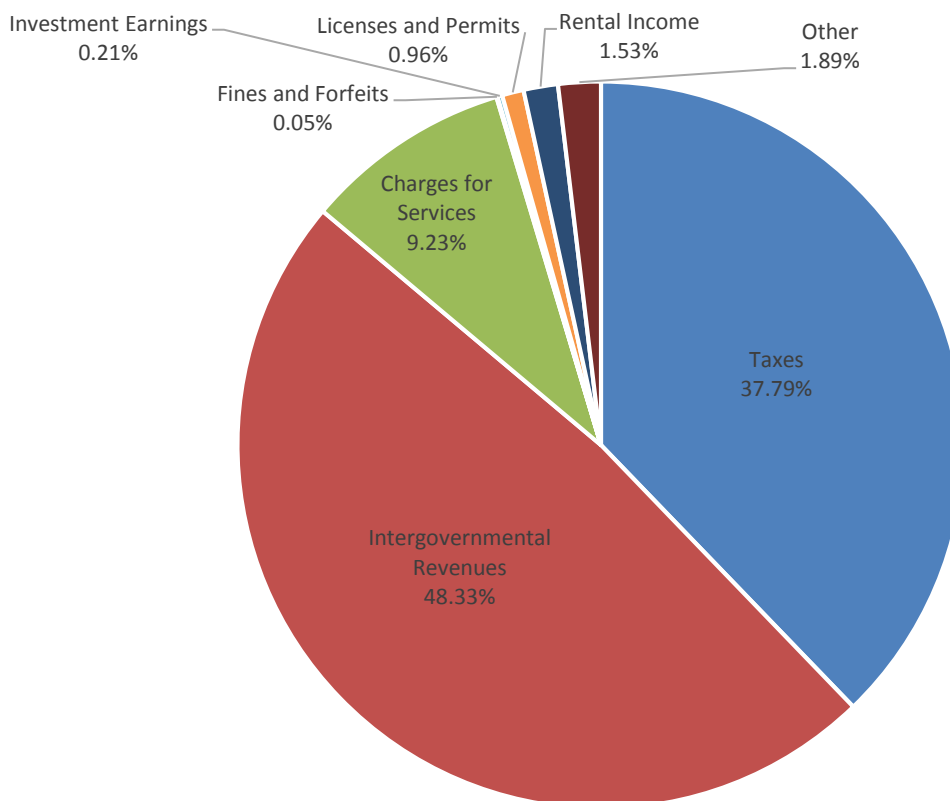
¹⁵ Please note that this value fluctuates depending on what funds were counted. In this case only major and non-major funds were considered, whereas component unit and general fund sub-funds were not.

The bulleted points below offer a more detailed description of the governmental funds highlighted in Figure 5:

- **General Fund** – used to account for all revenues and expenditures applicable to the general operations of the County.
- **Special Revenue Funds** – used to account for revenue from specific revenue sources (other than major capital projects) and related expenditures which are restricted for specific purposes by administrative action or law.
 - **Major Special Revenue Funds** – includes Parks and Recreation Fund, Public Health Fund, and Community Mental Health Fund.
 - **Non-Major Special Revenue Funds** – includes over 30 funds, largely representing grant revenue and other non-property tax revenues that are in some way restricted in their use.

In 2017, the County collected \$144.7 million in total revenue for governmental funds. As Figure 6 shows, 37.79% came from property taxes; however, intergovernmental revenue from federal, state, and local units of governments is the largest source for the County’s governmental funds.

Figure 6. Revenue Sources for Governmental Funds (2017)¹⁶



¹⁶ Data from 2017 Ottawa County Comprehensive Annual Financial Report

V. GENERAL FUND REVENUES

The General Fund, which is a specific governmental fund, is the chief operating fund of the County and provides baseline support for the provision of county-wide services. It accounts for all financial resources of the general government, except those required to be specifically accounted for in other funds. In 2017, General Fund revenue composed 49.4% (\$71.6 million) of all governmental fund revenue.

Table 5. Governmental Funds and General Fund Revenue by Source (2017) ¹⁷

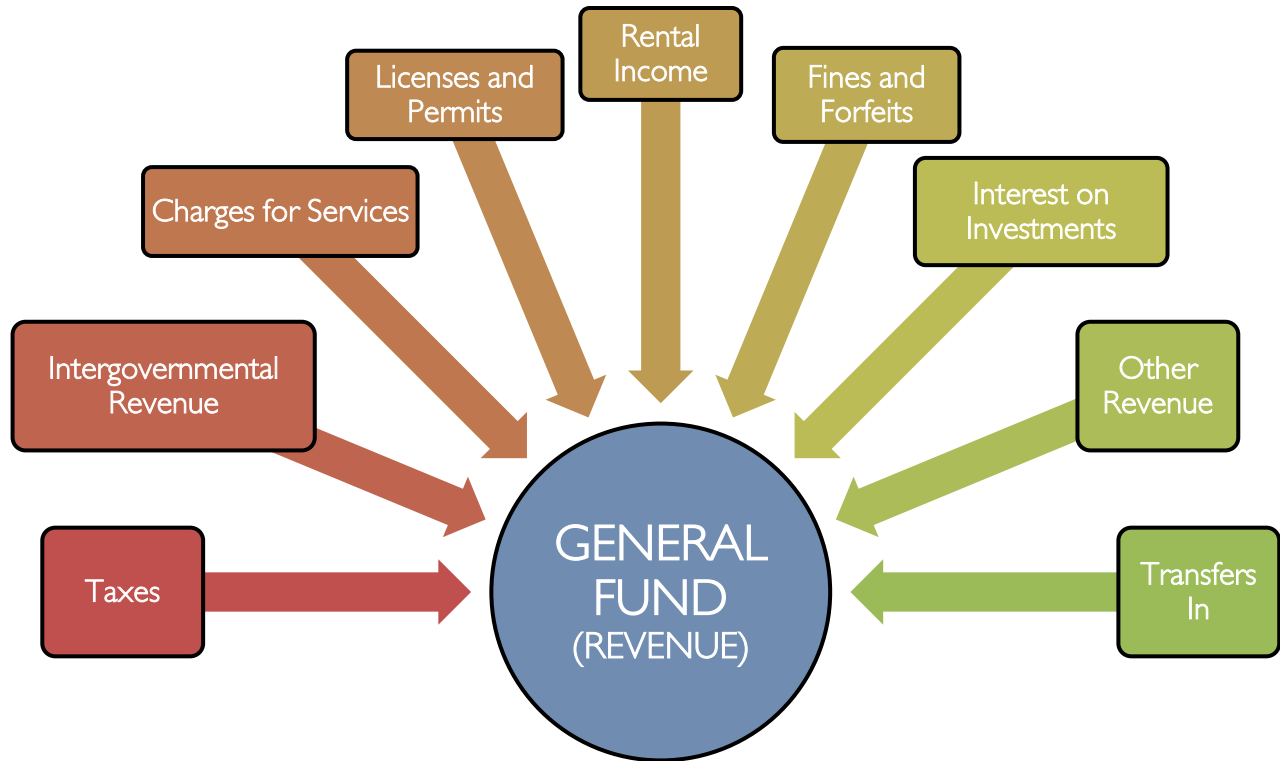
REVENUE SOURCE	ALL GOVERNMENTAL FUNDS		GENERAL FUND	
	AMOUNT	% OF TOTAL	AMOUNT	% OF TOTAL
Taxes	\$ 54,703,632	37.79%	\$ 48,181,160	67.31%
Intergovernmental Revenues	\$ 69,962,344	48.33%	\$ 9,570,257	13.37%
Charges for Services	\$ 13,356,448	9.23%	\$ 10,161,660	14.20%
Fines and Forfeits	\$ 72,511	0.05%	\$ 72,511	0.10%
Investment Earnings	\$ 306,731	0.21%	\$ 310,142	0.43%
Licenses and Permits	\$ 1,393,940	0.96%	\$ 386,060	0.54%
Rental Income	\$ 2,213,529	1.53%	\$ 2,098,049	2.93%
Other	\$ 2,738,759	1.89%	\$ 801,070	1.12%
Total	\$ 144,747,894	100.0%	\$ 71,580,909	100.0%

Table 5 shows that 67.31% of General Fund revenue came from taxes in 2017. Among all governmental funds, this proportion drops to 37.79% due to an increased reliance on intergovernmental revenue in funds other than the General Fund.

Figure 7 shows the different possible revenue sources for all governmental funds, including the General Fund. The General Fund has the same revenue sources as other governmental funds; however, the distribution among these sources is slightly different.

¹⁷ Data from 2017 Ottawa County Comprehensive Annual Financial Report

Figure 7. Revenue Sources for General Fund



The County’s total millage rate in 2017 was 5.1565 mills, resulting in total revenues from taxes equaling of \$54.7 million (\$48.2 million went directly to the General Fund). The remaining \$6.5 million went to other governmental funds because of specific requirements associated with special tax revenues such as the Parks and Recreation and Community Mental Health (CMH) millages approved by voters.

Out of the \$48.2 million in County tax revenue to the General Fund, \$38.5 million was collected for general operating purposes. The remaining \$9.7 million was collected to specifically support the E-911 Central Dispatch Authority and Road Commission. Table 6 shows how tax revenue is dispersed within the Governmental Funds according to the County’s five millages.

Table 6. Governmental Funds and General Fund Revenue by Source (2017)

Millage	Rate	2017 County Total Levy	Fund Type
Operating	3.6000	\$ 38,457,657	General Fund
E-911	0.4400	\$ 4,557,680	General Fund – Transferred Out
Parks	0.3165	\$ 3,428,114	Non-major Governmental Fund
Roads	0.5000	\$ 5,172,082	General Fund – Transferred Out
Community Mental Health	0.3000	\$ 3,080,698	Non-major Governmental Fund
Total	5.1565	\$ 54.7 million	

VI. GENERAL FUND EXPENDITURES

The General Fund supports, in part or in whole, a wide variety of County services. Figure 8 demonstrates the different functions that the General Fund supports.

Figure 8. Expenditure Categories for General Fund

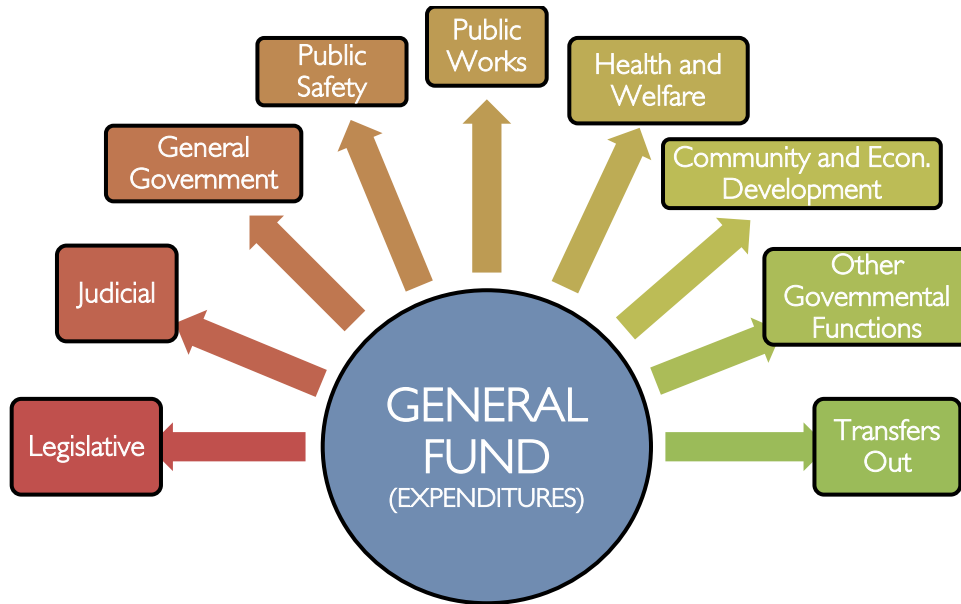
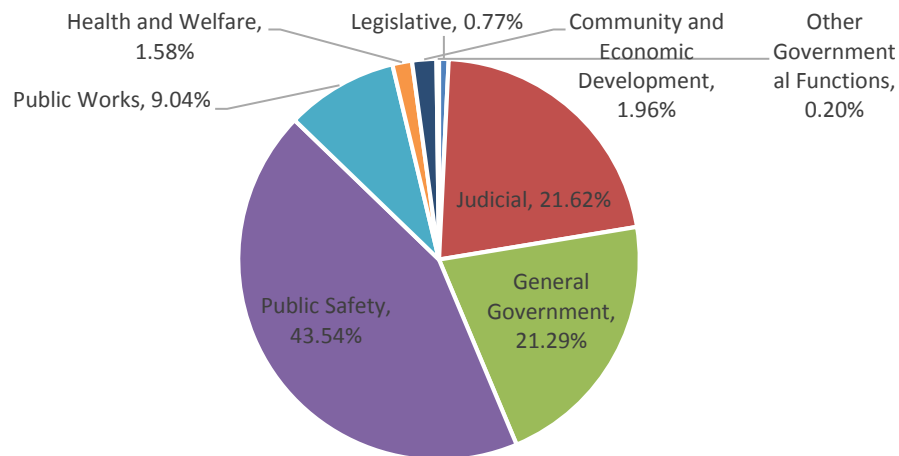


Figure 9 shows the distribution of expenditures from the general among the County's different governmental functions. Out of the \$61.9 million expended in 2017, 43.54% was attributable to public safety, 21.29% to general government, and 21.62% to judicial services.

Figure 9. General Fund Expenditures (2017)¹⁸



¹⁸ Data from 2017 Ottawa County Comprehensive Annual Financial Report

VII. WHAT ARE “BENEFITS”?

Having looked at General Fund revenues and expenditures, it is time to begin the discussion of the overarching question that gave rise to this report: to what extent do citizens benefit from the services they pay for in taxes? To answer that question, it is necessary to further define what it means to “benefit.”

In private sector transactions, we often use the phrases “we get what we pay for” or “we want to get our money’s worth.” We exchange our money for goods and services that we directly and personally enjoy. Public sector (i.e. governmental) services are different. We sometimes pay for services that we will seldom or never utilize, but they are available if we need them.

Many County services are mandated by law; others are discretionary, provided for the enjoyment and well-being of residents at the pleasure of the Board of Commissioners. Most services supported in part or in whole by property taxes are equally available and accessible to all residents.

It is important to make a few distinctions among the services that the County provides to citizens. The first distinction that needs to be made is between services that provide **observed benefits** to citizens and those that provide **unobserved benefits**. Most of the time, citizens go about their daily lives unconcerned with how well government is functioning. While they may not be observing any benefits, they are experiencing benefits. Only in times when there is a noticeable absence, notable controversy, or poor management will most citizens pay close attention to and ask questions of their respective governing units.

The Sheriff’s Office is an excellent example for this distinction. While most people do not interact with the Office on a regular basis, they still expect public safety officers to ensure their safety and that of their communities. Often these services are taken for granted. Criminal incidents, tragedies or disasters quickly remind citizens of the presence and importance of public safety services.

Another distinction can be made between services that provide **actual benefits** and **potential benefits**. Unlike some local units, the County does not directly provide services such as public utilities (e.g. electricity, water, etc.). These utilities deliver actual benefits, because citizens use electricity and water daily. Many of the services the County provides do not benefit citizens until they need them.

As an example, services provided by the County Clerk, such as vital records, business registration, and concealed weapons permits, are not experienced by citizens as benefits on a regular basis. It is only when individuals find these necessary that they actually benefit from the services provided. Another salient example is the Ottawa County Central Dispatch Authority. Hopefully, citizens do not have to use the 911 system on a regular basis; however, citizens can rest assured that the service is always there should it be needed in an emergency. A whole host of services provided by the County have potential benefits but are not actualized until an actual service is rendered.

The third and final distinction is between **direct benefits** and **indirect benefits**. Direct benefits are those services from which citizens benefit directly. These could be any services that a citizen has direct access to (e.g. services provided by County Clerk, recreational locations maintained by Parks and Recreation, etc.). However, other entities such as the courts and the County jail provide indirect benefits to all citizens. Many individuals will never set foot in a courtroom or a jail cell, but they indirectly benefit from the safety and security that these entities provide.

Other examples of indirect benefits include those internal services provided by departments such as Information Technology and Facilities and Maintenance to various departments that offer services directly to patrons. All citizens benefit indirectly, because without these departments the County could not provide high quality services.



Ottawa County Parks



VIII. METHODOLOGY AND DISCUSSION

This report began by providing a brief overview of the structure of the property tax system and County funds. In order to trace property taxes from the point of collection through their expensing, it is necessary to use a methodology that will allow us to provide a means of accurately estimating what citizens' property taxes support.

Using County financial documents (i.e. audits and budgets), it was possible to develop a means of estimating how much and in what proportion a government function receives property tax funding. The County has a reputation for excellent financial transparency and accurate reporting as demonstrated by being consistently awarded the Distinguished Budget Presentation Award and Certificate of Achievement for Excellence in Financial Reporting by the GFOA.

This report utilizes data from the 2017 Comprehensive Annual Financial Report, 2018 Budget, 2018 Equalization Report, and 2017 Apportionment Report. The 2017 Comprehensive Annual Financial Report is the most recent year for which actual revenue and expenditure amounts have been audited. Data from the 2017 Comprehensive Annual Financial Report (CAFR) for the revenues and expenditures in the General Fund were matched to comparable data provided in the 2018 Budget. More detailed information is available in budgets than in audits. However, due to this and to ensure the integrity of the data, multiple financial documents were utilized.

Table 7 provides a review of the categories used in reporting on the revenue and expenditure sides of financial documents. Revenue is accounted for as taxes, intergovernmental revenue, charges for services, rental income, fines and forfeits, licenses and permits, interest on investments, and other revenue.

Expenses (when categorized by function) are accounted for as legislative, judicial, general government, public safety, public works, health and welfare, community and economic development, or culture and recreation expenses.

Table 7. Financial Reporting Categories of Revenues and Expenditures

Revenues (Sources)	Expenditures (Government Functions)
<ul style="list-style-type: none"> • Taxes • Intergovernmental revenue • Charges for services • Rental income • Fines and forfeits • Licenses and permits • Interest on investments • Other 	<ul style="list-style-type: none"> • Legislative • Judicial • General Government • Public Safety • Public Works • Health and Welfare • Community and Economic Development • Culture and Recreation

Unlike the audit (CAFR), the budget takes apart each of these functional categories and separates them by department and, in some cases, divisions. Revenues and expenditures are included for each of these departments and divisions. These entities can then be combined and categorized according to their governmental function (e.g. legislative, judicial, etc.).

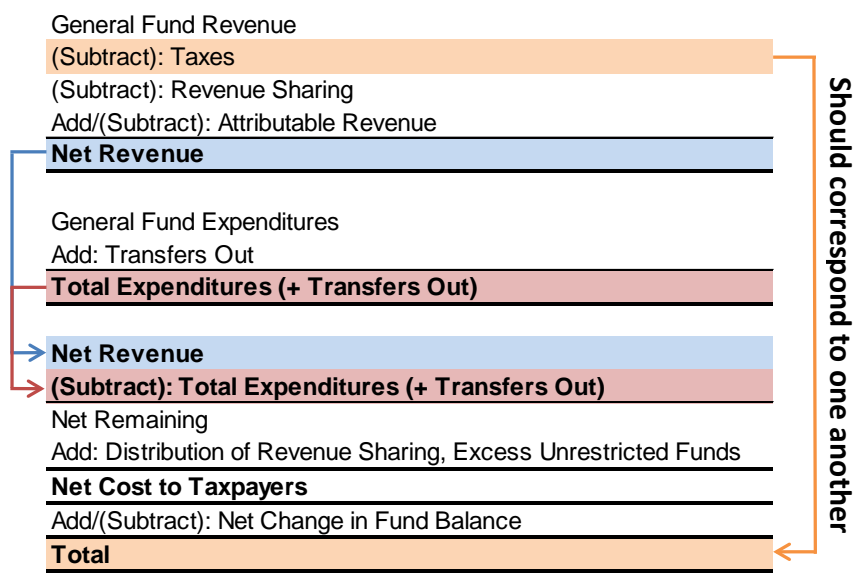
Except for the Treasurer's Office, Central Dispatch Authority, and Road Commission in the General Fund and Parks and Recreation and Community Mental Health in the Special Revenue Funds, taxes are not included in revenue sources for other entities. Additionally, in the past, the Treasurer's Office, County Clerk's Office, and Fiscal Services served as recipients of revenues that are either attributable to other departments (e.g. reimbursements for judge's salaries) or can be allocated corporately (i.e. state revenue sharing, formally known as the Economic Vitality Incentive Program [EVIP]). However, over the past several years, Fiscal Services has strategically matched revenues and expenditures to reduce attributable and non-attributable revenues to the point of making this designation nearly irrelevant. The only remaining attributable/ non-attributable revenues are judge standardization and court equity reimbursements paid by the state to the Treasurer's Office rather than directly to the courts.

In order to estimate the amount and proportion of tax dollars used by each governmental function (e.g. legislative, judicial, general government, etc.), the methodology aggregates General Fund expenditures and transfers out by category and subtracts that number from each category's respective net revenue amount to determine the net remaining cost.

The County receives a substantial amount of revenue sharing (EVIP) from the State annually. In addition, some departments or funds collect non-tax revenue that is greater than their expenses. If this surplus is not restricted in any way, it can be used to support activities for other departments or funds.

The net cost to taxpayers is then determined by adding the sum of the revenue sharing and other unrestricted monies and distributing them proportionately among the various governmental functions. Once this aggregated net cost has been calculated, we can add the net change in the General Fund balance. Because of the way in which the methodology is structured, this total should be equal to the amount of taxes subtracted from total General Fund revenue. Figure 10 provides a chart showing the flow of the methodology detailed above. For more detailed data, please see the appendix.

Figure 10. Description of Methodology



In addition to including a “net cost to taxpayer” figure, each governmental function section also contains a percentage of expenses paid for using property taxes. This amount is calculated using the following equation:

$$\% \text{ of Total Function's Expenses Paid for Using Property Taxes} = \frac{\text{Function's Net Cost to Taxpayers}}{(\text{General Fund Functional Expenses} + \text{Relevant Special Revenue Fund Expenses})} \times 100$$

In the following sections, the function’s net cost to taxpayers and percentage of the function’s expenses paid by property taxes will be **bolded and underlined**.

Figure 11. Legislative Entities

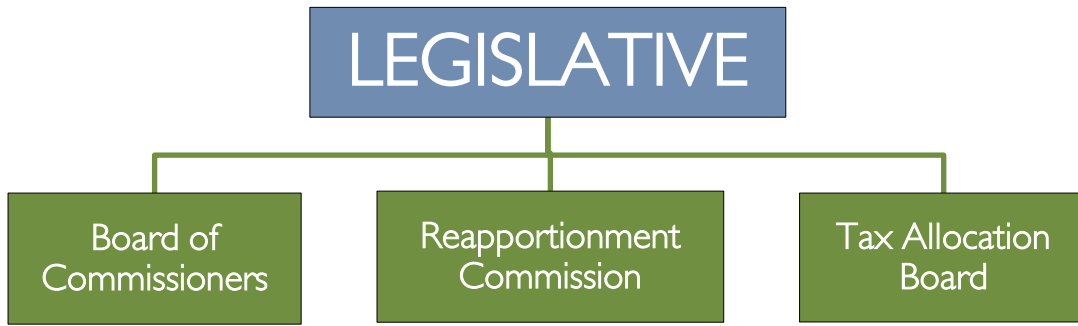


Table 8. Major Legislative Services Provided by Entity

MAJOR SERVICES PROVIDED	
Board of Commissioners	Represents all citizens Provides leadership and policy direction for the County
Reapportionment Commission	Ensures equal representation for all citizens
Tax Allocation Board	Examines budgets of local units and determines millage rate distribution

Cost to Taxpayers

Expenditures for 2018 amount to \$537,711. After adjustments, the net cost to taxpayers is **\$458,089**. This means that approximately **85%** of legislative expenditures are supported by general operating property taxes.

Summary of Findings

In a representative democracy, citizens elect and entrust representatives to communicate their interests. At the county level, the Board of Commissioners is elected to fulfill these duties. All citizens are equally represented by their respective commissioners because the Reapportionment Commission ensures that all districts are equally populated. The Tax Allocation Board exists to ensure that property taxes are levied equitably and proportionately.

Figure 12. Judicial Entities

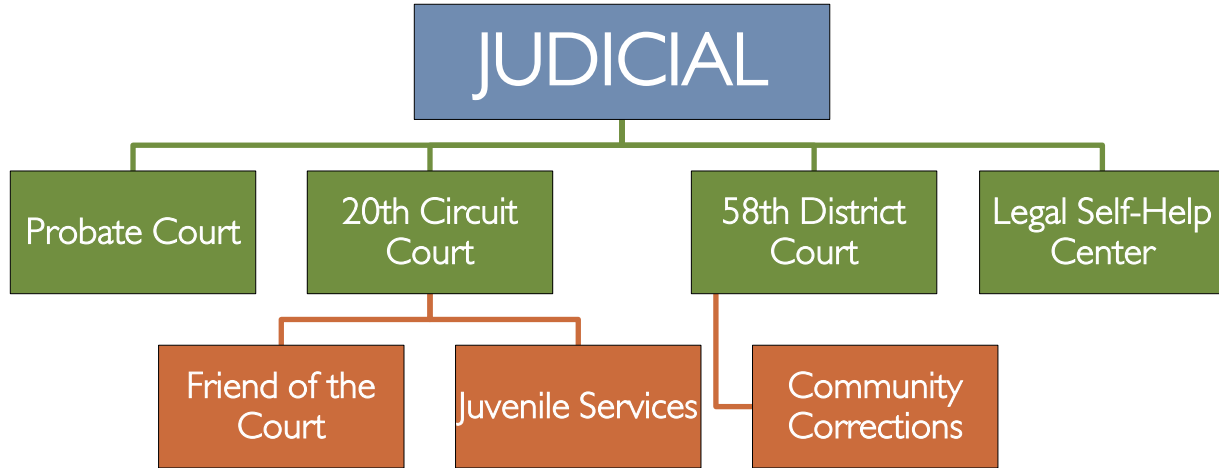


Table 9. Major Judicial Services Provided by Entity

MAJOR SERVICES PROVIDED	
<p>20th Circuit Court</p> <p>Trial Division</p> <p>Family Division</p> <p><i>Friend of the Court</i></p> <p><i>Juvenile Services</i></p>	<p>Handles felony criminal, civil, and appellate cases</p> <p>Handles domestic relations and delinquency cases</p> <p>Protects the rights and interests of the children in domestic relations matters</p> <p>Enforces court orders issued through the Family Division</p> <p>Provides services for delinquent youth, including detention, intensive supervision, community probation, and treatment program.</p>
<p>Probate Court</p>	<p>Handles cases involving estates and trusts, guardianships, and conservatorships and mental commitment proceedings</p>
<p>58th District Court</p> <p>Traffic Division</p> <p>Criminal Division</p> <p>Civil Division</p> <p>Probation Division</p> <p><i>Community Corrections</i></p>	<p>Handles traffic-related cases, including drunk driving cases</p> <p>Handles misdemeanor criminal cases</p> <p>Handles civil cases, including small claims and summary proceedings</p> <p>Provides or refer offenders to rehabilitative services</p> <p>Promotes accountability and reduce recidivism</p> <p>Develops alternative sentencing programs to reduce jail commitments</p>
<p>Legal Self-Help Center</p>	<p>Provides legal assistance in non-criminal cases without the assistance of an attorney</p>

Cost to Taxpayers

In 2018, judicial-related expenditures amount to approximately \$19.9 million, \$14 million of which came directly from the General Fund (before transfers). After adjustments, the net cost to taxpayers is approximately **\$7.7 million**. This means that nearly **39%** of judicial expenses are supported by general operating property taxes.

Summary of Findings

The judicial system of Ottawa County aims to administer justice with fairness, equality, and integrity. Its functions are carried out largely by the 20th Circuit Court, the 58th District Court, and the Probate Court. Unlike some counties, the jurisdiction of these courts is the same as the area within the County's borders. This means that the County possesses only one Circuit Court, one District Court, and one Probate Court, which is unlike other more populated counties in the State.

Each court derives revenue from different sources. Because it is part of the State Court system, the 20th Circuit Court receives funding from the State General Fund. This source supports judges' salaries and benefits and covers a portion of the operating costs for the Court's Trial Division. The County General Fund provides the majority of funding for the Court. It supports employee salaries and benefits, as well as general operating needs such as facilities and technological infrastructure. The third source is the state Department of Human Services, which provides partial reimbursement for activities such as those provided by Juvenile Services and Friend of the Court.

The 58th District Court is funded mostly through court fees and fines and the County's General Fund. Activities of the Probate Court are supported largely by the General Fund. The County does receive reimbursement for the District and Probate Judges' salaries and FICA taxes (i.e. Social Security and Medicare).

The Legal Self-Help Center is fully funded through intergovernmental revenue, charges for services, and other revenue. A majority of funding for the operations of the Friend of the Court comes from intergovernmental revenue, while another large portion comes from a General Fund transfer. Community Corrections is supported almost equally through a transfer from the General Fund and intergovernmental revenue and charges for services.

Most citizens will rarely, if ever, use the court system; however, it exists to ensure the proper functioning of and provide security for all residents. A well-functioning judicial system is vital to maintaining a safe environment. This is something from which all citizens benefit.

Figure 13. General Government Entities

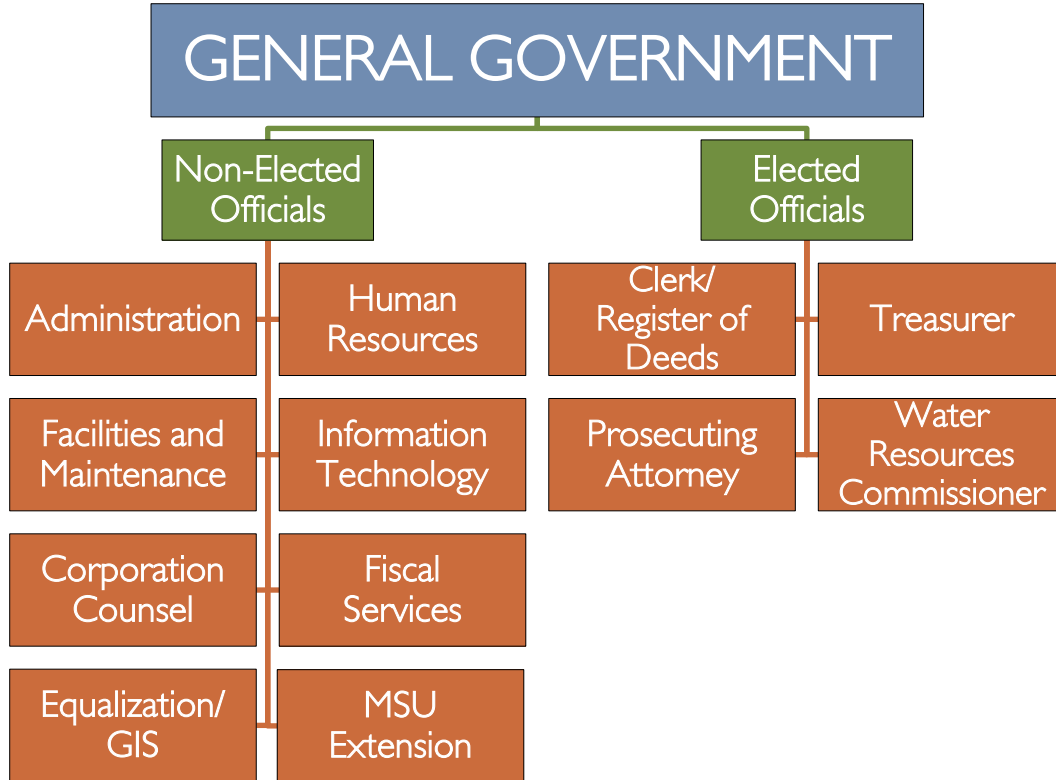


Table 10. Major General Government Services Provided by Entity

MAJOR SERVICES PROVIDED	
County Clerk/Register of Deeds	
County Clerk	Maintains vital records and Circuit/Family Court records Handles applications for business registration, passports, concealed weapons permits
Register of Deeds	Keeps record of all documents related to land and property in the County
Fiscal Services	Provides centralized financial services for all accounting and financial matters, budget, purchasing and risk management
Corporation Counsel	Represents the County in all legal matters Prepares legal opinions, drafts and reviews contracts, policies, and resolutions
Administration	Oversees general operations Provides leadership and management of Board initiatives
Equalization	Examines assessment rolls and determines whether property has been equally and uniformly assessed at true cash value
Geographic Information Systems	Manages mapping system which provides geographic data

Information Technology	Oversees and provides support for technological infrastructure
Human Resources	Responsible for recruiting, hiring, retaining, and releasing of employees
Prosecuting Attorney	Represents the people of Ottawa County in legal matters Assists victims, including victims of domestic violence
Treasurer	Manages County funds, record revenue, collect delinquent taxes, conduct tax foreclosures, manages dog licenses
MSU Extension	Provides education and tools to help citizens live and work better
Facilities and Maintenance	Maintains all County assets, including facilities and equipment
Water Resources Commissioner	Responsible for the construction, operation, and maintenance of storm water management systems

Cost to Taxpayers

General Government expenditures amount to approximately \$19.9 million in 2018. After adjustments, the net cost to taxpayers was approximately **\$6 million**. This means that only about **30%** of general government expenses are supported by general operating property taxes.

Summary of Findings

General Government activities are undertaken by various departments to deliver services that are State-mandated or help support the broad operations of the County.

Some departments are headed by elected officials: the Clerk/Register of Deeds, the Treasurer, the Prosecuting Attorney, and the Water Resources Commissioner. Each of these offices provides different services to citizens and other stakeholders. A general overview of these services can be found in Table 10 above.

Other General Government departments provide internal services for County activities—that is, they provide support services for the County as an organization. Human Resources, Corporation Counsel, and Facilities and Maintenance are a few examples of departments that perform essential, “behind-the-scenes” services.

While citizens do not interact directly with these “hidden” units, these departments play an indispensable role in maintaining a well-run organization. They enable those that do interact with the public to provide excellent services to citizens. Of those departments that provide services to the public, all are equally accessible to citizens.

Figure 14. Public Safety Entities

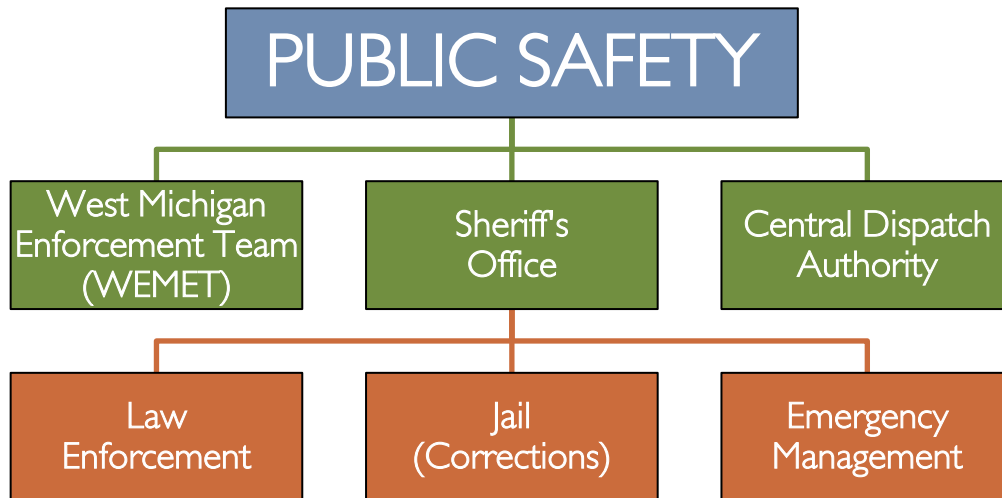


Table 10. Major Public Safety Service Provided by Entity

MAJOR SERVICES PROVIDED	
Sheriff's Office	
Law Enforcement Division	Enforces laws and ensure safety throughout the County Operates general road patrol, traffic services, K-9 units, investigative units, marine units, dive team, animal control units
Jail-Corrections Division	Provides court building security Houses inmates safely and with integrity
Emergency Management Division	Ensures preparedness in emergency situations
West Michigan Enforcement Team	Investigates drug cases and enforce drug laws
Ottawa County Central Dispatch Authority	Operates 911 system for all emergency situations

Cost to Taxpayers

Expenditures for public safety activities amount to approximately \$36.6 million in 2018, which \$27.9 million of originates from the General Fund (before transfers). After adjustments and excluding the revenue and expenditures associated with OCCDA, the net cost to taxpayers (from the general operating levy) was approximately **\$19 million**. This means that **52%** of public safety expenses are supported through general operating property taxes.

The revenues and expenditures for the OCCDA are excluded from this report, because the Authority is a component unit and does its own financial reporting. It should be noted, however, that the County accounts for the revenues and expenditures associated with tax revenue raised through the voter-approved special millage. In 2017, the E-911 millage (0.4400 mills) raised over \$4.5 million.

Summary of Findings

The County takes very seriously its responsibility to ensure the safety of its citizens and their communities. It does this through enforcing traffic laws, by housing inmates in the County's correctional facility, and by responding to and preparing for emergencies.

Law Enforcement

As was highlighted above, the General Fund supports a basic level of public safety services for the entire County. Additional services are provided by local police departments (City Holland, Grand Haven, or Zeeland) or local unit contracts with the Sheriff's Office. It can be concluded that this base level benefits all who live in, work in, or pass through Ottawa County.

WEMET

The West Michigan Enforcement Team is a multi-jurisdictional drug enforcement team responsible for investigating drug-related crimes in Muskegon, Ottawa, and Allegan counties. Michigan State Police, Ottawa County Sheriff's Department, Allegan County Sheriff's Department, Muskegon County Sheriff's Department, Holland Police Department, Muskegon Police Department, Muskegon Heights Police Department, Norton Shores Police Department, and Grand Haven Department of Public Safety all provide resources for WEMET operations. The Holland and Grand Haven police departments have chosen voluntarily to be involved in this task force.

Corrections

The County's Correctional Facility (Jail) is the second largest public safety expense. It houses offenders securely, keeping the general public safe and secure. The protection provided through this facility benefits all citizens.

Emergency Response and Preparedness

The Emergency Management division of the Sheriff's Office and OCCDA are combined under this subheading. Emergencies are usually unexpected and require appropriate responses. In the case of the OCCDA, dispatchers contact the proper emergency responders.

Responses to some emergencies can be planned ahead for, in the event that they do occur—for example, the recent widespread flooding that occurred throughout the County. The Emergency Management division undertakes this enormous task. While they cannot prepare for every possible emergency, they have developed established procedures that provide guidance in the event that a public safety response is needed. Citizens benefit from both of these emergency services.

Community Policing Contracts

A basic level of law enforcement service is available Countywide, including but not limited to services such as patrol, K-9, marine, and detective services. The General Fund has historically provided funding for 28 deputies, including 4 K-9 deputies, spread throughout four quadrants. These officers provide 24-hour patrolling.

If local units desire additional services, they can contract with the County. Currently, all 17 townships, three cities (Hudsonville, Ferrysburg, and Coopersville), and the Village of Spring Lake contract with the County for additional services. Under these arrangements, the County and local units work together to determine an appropriate level of service. In 2018, 69 deputies in the Sheriff's Office were involved with these contracts and paid for by local units. While the detailed provisions within contracts vary, the general idea is that local units and the County share responsibility for covering the costs of delivering law enforcement services.

In order to provide appropriate supervisory and administrative personnel and to control costs for which the County is responsible, a formula is used to determine the amount of supervisory, clerical, and investigative staff that is needed for a given number of law enforcement officers. As has been said before, the County is responsible for the basic level of supervisory and administrative staff needed to support the contracts.

The major benefit to local units comes in a reduction of costs. They are only responsible for paying for the cost of delivering the additional “frontline” law enforcement services and, in some cases, voluntarily supporting some or all of the cost of additional supervisory positions beyond those included in the contracts. These arrangements allow units to forgo hiring their own administrative and supervisory structure traditionally needed to maintain their own public safety departments. In addition, local units' costs can also be reduced by taking advantage of the County's purchasing power. The County can benefit from receiving discounts on large-scale items that are typically not available to smaller units.

The County respects local units' decisions to retain their own police departments; however, it is willing to enter into discussions with interested units about potential contracts with the Sheriff's Office. The benefit of trust and teamwork within law enforcement cannot be understated.

Figure 15. Health and Welfare Entities

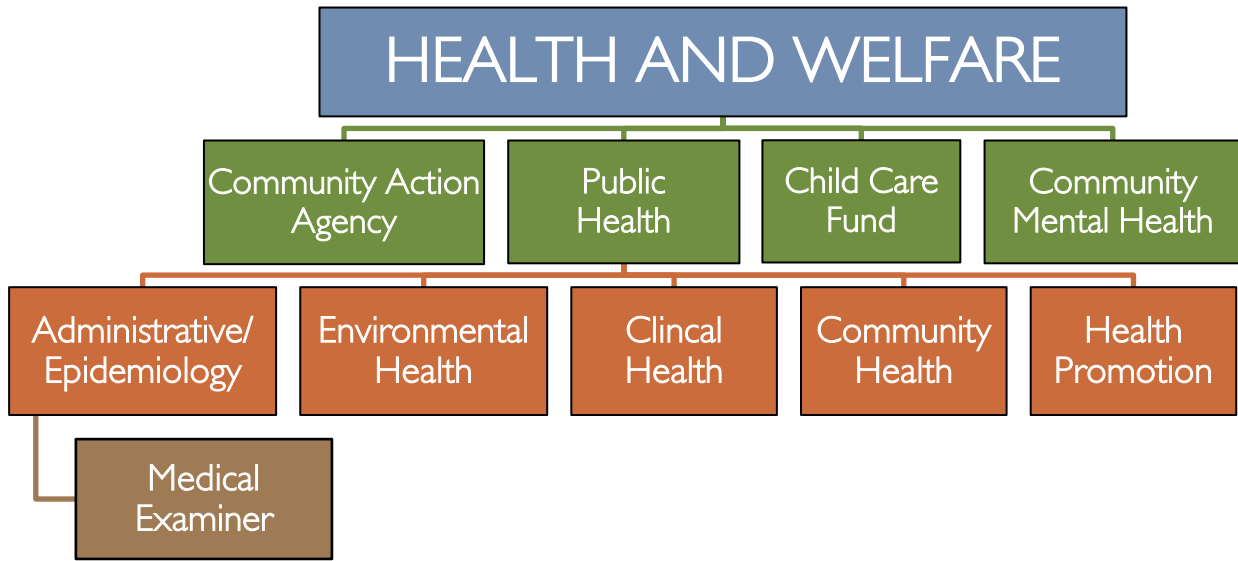


Table 11. Major Health and Welfare Services Provided by Entity

MAJOR SERVICES PROVIDED	
Community Mental Health	Provides services to people with developmental disabilities and/or serious mental illness
Public Health	
Epidemiology Division	Analyzes disease in order to control their course and protect the community
Clinical Division	Prepares for public health emergencies Provides family planning, communicable disease, and immunizations
Community Health Division	Provides support, education, and prevention programs to families, children, and pregnant women
Health Promotion Division	Educates and encourages citizens to make healthy choices
Environmental Health Division	Identifies, responds and eliminates, and prevents risks to human health and safety Inspects various establishments for potential risks
Community Action Agency	Assists individuals and families who struggle with financial self-sufficiency
Circuit Court-Child Care Fund	Provides programming for minors in delinquent and/or neglect/abuse cases

Cost to Taxpayers

In 2018, health and welfare expenditures are expected to amount to \$66.2 million, which only approximately \$10.3 million of which originates in the General Fund (including transfers). After adjustments, the net cost to taxpayers is approximately **\$7.8 million**. This means that only about **12%** of the cost of health and welfare-related activities is supported through property taxes.

Summary of Findings

Health and welfare is the County's largest functional expense. These activities are heavily dependent upon intergovernmental revenue for their continued operations. For example, intergovernmental revenue (particularly Medicaid) and charges for services provide a majority of the funding for these services.

The General Fund directly supports the activities of the Substance Abuse program, the Medical Examiner, and Veterans' Affairs. Additionally, transfers from the General Fund are made to other funds that support health and welfare-related activities.

Ottawa County is also the only county in Michigan with a designated Community Mental Health Millage. In 2017, this 0.3000 mill tax raised over \$3 million which reduced the amount of supported required from the General Fund. This tax is collected in a separate special revenue fund.

The Department provides immunization services, food service inspections, hearing and vision screenings for students, well and septic services, and various programs aimed at improving and ensuring each County resident's health and well-being which are accessible to all County residents. It also provides a number of services that are only available to specific population groups. Most funding for these services is provided through intergovernmental revenue in the form of state assistance programs and Medicaid.

Figure 16. Community and Economic Development Entities



Table 12. Major Community and Economic Development Services Provided by Entity

MAJOR SERVICES PROVIDED	
Planning and Performance Improvement	Responsible for analyzing and improving organizational performance and maximizing the use of financial resources Obtains and processes federal and state grant awards and allocations Attracts new economic development into the County Responsible for land-use planning

Cost to Taxpayers

Community and Economic Development expenditures amount to approximately \$1.6 million in 2018. The net cost to taxpayers is **\$893,943**, which means that approximately **58%** of the department’s expenses are supported through general operating property taxes.

Summary of Findings

While citizens do not directly receive benefits from Planning and Performance, the department plays an essential role in supporting and improving the operations of the County. The many and varied services the department provides internally to other County departments help to improve the operations and delivery of services to citizens. Planning and Performance plays an essential role in wisely planning for the future. This in itself makes the department’s existence valuable to all County residents.

Figure 17. Culture and Recreation Entities



Table 13. Major Culture and Recreation Services Provided by Entity

MAJOR SERVICES PROVIDED	
Parks and Recreation	Acquires, develops, operates, and maintains the County Parks and Open Space system Provides natural resource-based recreation and education opportunities

Cost to Taxpayers

Culture and Recreation activities are accounted for in the Parks and Recreation special revenue fund rather than the General Fund. A large majority of Parks funding comes from property taxes, with the remaining amount coming from intergovernmental revenue, charges for services (e.g. reservation and park entrance fees), private donations, and other revenue.

This fund receives revenue from the voter-approved special levy for parks operations (0.3165 mills). Voters first approved a ten-year special millage in 1996 for Parks and Recreation activities. Strong support in 2006 and 2016 resulted in the levy being renewed for another ten years.

Prior to the Commissioners’ decision in 2008 to discontinue support from the General Fund, the County made an annual transfer of \$530,000 to the Parks and Recreation fund. Since 2010, the goal has been to have this fund rely entirely on sources other than the General Fund.

During times of buying and developing land, expenditures in the Parks and Recreation fund generally exceed the revenues received by the department. The expectation is to fund this deficit through means other than General Fund transfers. It should be emphasized that Parks will not always engage in purchasing land. During these non-purchasing times, the only expense will be park development and maintenance costs and a matching of revenues to expenses within the Parks and Recreation Fund.

Parks and Recreation expenditures amount to approximately \$8.4 million in 2018. The special levy raised over \$3.4 million in revenue for operations and activities in 2018 and \$0 is expected to originate from the General Fund. It is important to note that this does not mean that taxpayers are not paying for the Parks, but rather it is not originating from the general operating millage.

Summary of Findings

One of the County's greatest assets is its natural resources. The County is known statewide for its beautiful parks and abundant opportunities for recreation.

The Parks and Recreation department is in charge of overseeing the Park and Open Space system. Their goal, as taken from their mission statement, is to "enhance [the] quality of life for residents and visitors, by preserving parks and open spaces and providing natural resource-based recreation and education opportunities." It is also concerned with maintaining and improving the County's water quality, as exemplified in the Upper Macatawa Wetland Restoration Project.

Regardless of whether citizens use them or not, County parks and open spaces benefit all citizens. In addition to residents who visit and enjoy the beauty of the parks, thousands of non-residents visit these parks each year, contributing to the local economy and supporting the activities of the Parks and Recreation department through fees collected.

It can be concluded that the facilities, services, and activities that the Parks and Recreation department provides are equally available to all residents if they choose to utilize them.

Other Governmental Functions

Public Works

One of the major governmental functions that has not yet been described is public works. Expenditures for public works activities amount to approximately \$5.6 million in 2018, \$5.2 million of which originate from the General Fund. After adjustments and excluding the revenue and expenditures associated with the Roads Commission, the net cost to taxpayers (from the general operating levy) was only **\$176,433**. This means that only **3%** of public works expenses were supported through general operating property taxes.

The revenues and expenditures for the Roads Commission are excluded from this report, because it is a component unit and does its own financial reporting. It should be noted, however, that the County accounts for the revenues and expenditures associated with tax revenue raised through the voter-approved special millage. In 2018, the Roads millage (0.5000 mills) raised over \$5.2 million.

Other

Other expenditures of the County include the cost of General Liability Insurance. In 2018, the cost was estimated to be \$128,387. This reflects those insurance costs not directly applied to departments.

A Contingency was also established to allow flexibility in the County's budget by providing a source of funds for unanticipated expenditures and/or revenue shortfalls. In order to draw funds from the Contingency, approval must be granted from both the Finance and Administration Committee and the Board of Commissioners. In 2018, \$400,000 was budgeted as Contingency.

The total expenditures associated with these "other" items total \$528,387, **\$450,146** or **85%** of which is support by general operating property taxes.

Fund Balance

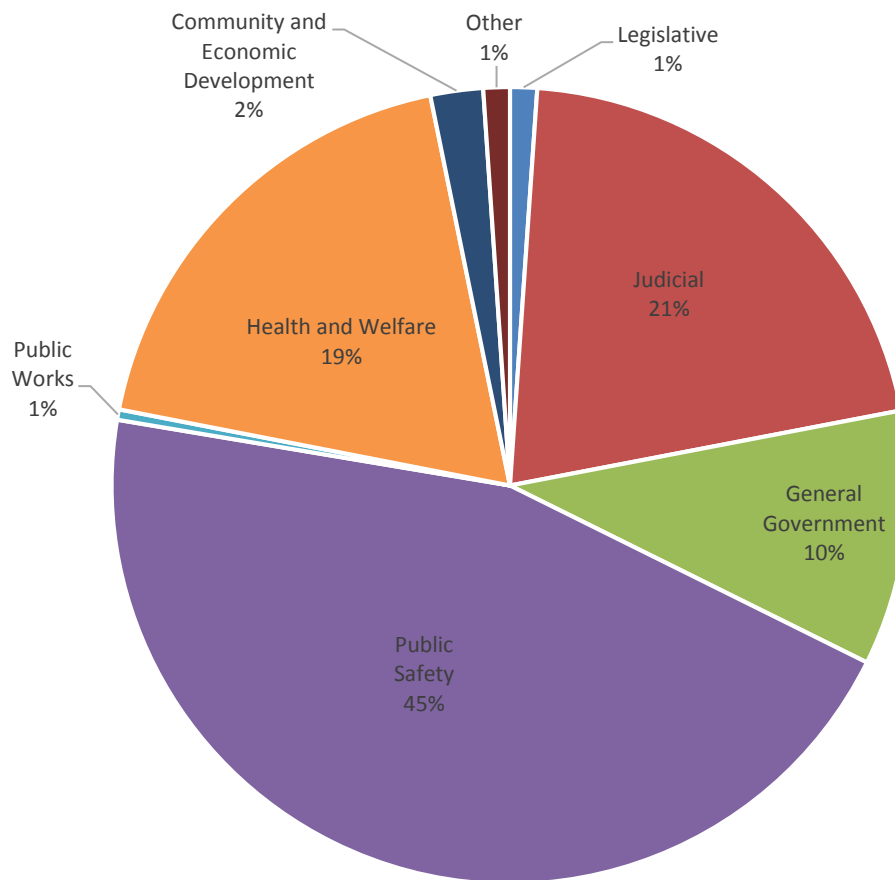
The remaining amount (**\$1.25 million**) is attributable to the net change in the General Fund balance. The County recognizes that readers may perceive this as being an excessive amount of citizen's tax dollars and should not allow this substantial amount to be used from the General Fund's reserves. However, it should be emphasized that the fund balance is used to help finance County activities when other sources of funding are reduced, as was experienced during the Great Recession of 2008-2009, or to finance one-time expenditures such as capital construction or improvement projects (i.e. non-operational costs).

A healthy fund balance helps preserve County operations in the midst of economic challenges and subsequent decreased revenue by not having to reduce the quality or quantity of services delivered to citizens. The General Fund surplus that the County experiences is the result of conservative budgeting, in which those responsible for budgeting pay close attention to the costs their departments are incurring. Fiscal conservatism is a significant feature of the Ottawa County culture, and the County as an organization is committed to maintaining and improving its strong financial position through prudent budgeting and fiscal practices (2013 Ottawa County Business Plan, Goal 1).

Summary

Figure 18 demonstrates the distribution and usage of the “net cost to taxpayer” amounts reported in the previous pages. From this data, we can conclude that over four fifths (85%) of the amount of taxes collected for general operations (\$41.2 million) in 2018 was associated with the public safety, health and welfare, and judicial activities of County government. This is expected, as these are the major responsibilities of County governments statewide.

Figure 18. Distribution of General Operating Tax Revenue by Governmental Function (2018)



IX. CONCLUSION

The Board of Commissioners is committed to maintaining and increasing communication with citizens. Whereas property taxes provide a substantial amount of funding to the County and because the Board places high importance on good stewardship of public money, this report has been created and issued to provide local unit officials and citizens an analysis of how their tax dollars support County government.

Sections 2 and 3 of this report provide basic information about the property tax system and how the County compares with other counties and how cities and townships compare with one another. Property taxes are one of the most important revenue sources for local governments. In Ottawa County alone in 2017, an estimated \$391.8 million was levied to support the County, local units (cities, villages, and townships), schools, and other taxing authorities.

The County receives only about 14% of what a taxpayer pays in property taxes on average. Furthermore, this amount includes a special levies for the Central Dispatch Authority, Roads Commission, Community Mental Health, and Parks and Recreation. The remaining amount supports the general operations of the County. This report focuses exclusively on this figure, which amounts to \$41.2 million in 2018.

It is worth highlighting that Ottawa County has the lowest operating levy in comparison to neighboring counties and counties of similar size throughout the state. Additionally, the County also has the fourth lowest total millage in the State. For the past 20 years, the County has levied less than its allowed maximum. This has resulted in a savings to taxpayers each year.

Sections 4 through 6 offer basic information about the County's funding structure. Property taxes provide funding for slightly over one-third of all governmental fund revenue, with intergovernmental revenue providing a majority of the funding. In 2017, total revenue for governmental funds amounted to \$144.7 million. Most expenditures were associated with health and welfare, public safety, general government, and judicial activities.

The General Fund, which is the County's chief operating fund and a governmental fund, is supported largely (67.31%) through property taxes. Public safety, general government, and judicial activities are its largest expenditures. In 2018, the General Fund is expected to receive \$80 million in revenue and expend \$81.3 million, decreasing the fund balance by \$1.3 million (budgeted deficit).

The impetus behind this report has been to look at the value or benefit in services citizens receive relative to the taxes raised. Of course, the term "benefit" can have many meanings. Section 7 looked at different types of benefits (observed vs. unobserved, actual vs. potential, and direct vs. indirect).

Section 8 begins by briefly explaining the methodology used in this report and then moves into a discussion about the net cost and benefits to taxpayers according to government functions. Many of the services provided by the County are accessible to all citizens. Some departments and agencies provide direct services to citizens, while others provide support for the County's organizational infrastructure, thus allowing those entities that do interact with citizens to provide their services well. Some agencies only offer services to eligible populations, yet receive some funding from the County. Overall, this has historically been limited and County funds only provide a small portion of these agencies' total revenue.

With respect to public safety, discussions about the perceived duplicity of services in some communities have been common for years now. Some local units have voluntarily entered into partnerships with the County in the form of community policing contracts. These units pay for "frontline" law enforcement services, as well as any additional supervisory staff they request beyond what is provided for by the County. The only expenses associated with these contracts, for which the County is responsible, are the personnel costs for supervisory and administrative staff.

These community policing contracts provide positive benefits for and create strong, cooperative partnerships between the County and local units. Ottawa County is willing to enter into a discussion with local units that might be interested in receiving these types of contracted services.

A key figure mentioned in various locations throughout this report is the amount raised in property taxes for the general operations of the County (**\$41.2 million in 2018**). At the end of Section 8, Figure 18 demonstrates the distribution of taxpayer dollars from the general operating millage according to governmental function. As expected, public safety, health and welfare, and judicial activities composed over four-fifths (85%) of this net cost amount.

In conclusion, most services provided by the County are universally accessible. Citizens may not always observe, utilize, or directly benefit from the services that the County provides, but they are there in the event that they are needed.

This report has sought to provide an accurate analysis of how the County uses property tax revenue. The County hopes that this has been an informative guide to its general operations. It will continue in its commitment to be good stewards of and transparent with the financial resources with which citizens have entrusted it. Please feel free to contact the Administrator's Office with any additional questions regarding County finances.

X. APPENDIX

	Legislative	Judicial	General Government	Public Safety	Public Works	Health and Welfare	Community and Economic Development	Other	Subtotal
General Fund (1010) Expenditures	(537,711)	(13,953,161)	(19,480,796)	(27,916,118)	(5,414,155)	(1,091,928)	(1,505,517)	(528,387)	(70,427,773)
Transfers Out (from General Fund)	-	(1,067,495)	(52,890)	(480,321)	-	(9,248,087)	-	-	(10,848,793)
Total Expenditures	(537,711)	(15,020,656)	(19,533,686)	(28,396,439)	(5,414,155)	(10,340,015)	(1,505,517)	(528,387)	(81,276,566)
Add: Contributions to Component Units				4,554,547	5,207,055				9,761,602
General Fund (1010) Revenue	-	4,754,190	59,690,737	6,121,475	5,207,055	1,134,584	456,195	-	77,372,236
Less: Taxes	-	-	(41,242,534)	4,554,547	(5,207,055)	-	-	-	51,004,136
Less: Revenue Sharing	-	-	(4,733,927)	-	-	-	-	-	(4,733,927)
Add (Less): Attributable (Non-Attributable) Revenue		1,211,795	(1,211,795)						
Adjustments	-	1,211,795	(47,188,256)	(4,554,547)	(5,207,055)	-	-	-	(55,738,063)
General Fund (1010) Revenue (without Taxes)	-	5,965,985	12,502,481	1,566,928	-	1,134,584	456,195	-	21,634,173
Net Remaining	(537,711)	(9,054,671)	(7,031,205)	(22,274,964)	(207,100)	(9,205,431)	(1,049,322)	(528,387)	49,880,791
Percent (%) of Net Remaining	1.1%	18.2%	14.1%	44.7%	0.4%	18.5%	2.1%	1.1%	
State Revenue Sharing	4,733,927								
Transfers into General Fund	2,652,217								
Total Available for Distribution	7,386,144								
Add: Distribution of Revenue Sharing and Excess Funds	79,622	1,340,779	1,041,152	3,298,386	30,667	1,363,103	155,379	78,241	7,386,144
Total Remaining	(458,089)	(7,713,892)	(5,990,053)	(18,976,578)	(176,433)	(7,842,328)	(893,943)	(450,146)	42,494,647
NET COST TO TAXPAYER	\$ 458,089	\$ 7,713,892	\$ 5,990,053	\$ 18,976,578	\$ 176,433	\$ 7,842,328	\$ 893,943	\$ 450,146	\$ 42,494,647
								Less: Fund Balance Change	\$ (1,252,113)
								Total	\$ 41,242,534