



Lake County Administration Office

November 7, 2025

The Honorable Board of Commissioners
County of Lake
800 10th Street Suite 100
Baldwin, MI 49304

RE: Fy 2026 Lake County Budget (January 1, 2026 – December 31, 2026)

As a local government, it is our responsibility to ensure that citizens' dollars are appropriated to provide effective and efficient services and resources to the public. The annual budget provides a planning tool outlining how public resources are received and used as well as a mechanism to show accountability to our constituent units. In addition, the budget works as a policy and informational tool which communicates the funding priorities of the County to our many stakeholders and other interested parties.

The combined 2026 operating budgets total \$21,851,984 and are balanced, in that, the revenue and fund balances in funds are anticipated to meet or exceed expenditures. The final budget is the culmination of an extensive process over the past several months involving discussions, meetings, and the compilation of information. I appreciate the time and effort put forth by Commissioners, our elected officials, department heads, and my staff to ensure that the County is able to provide valuable services and resources to the residents of our County in an efficient and effective manner.

Summary of Considerations in Developing the Budget

The Administration Office and Board of Commissioners, in developing and balancing the 2026 fiscal year budget, considered many aspects of the County's financial resources and the ever-increasing demand for public services.

- Economic conditions played a significant role in the creation of the 2026 budget. The State's economy continues to recover from the COVID-19 pandemic at a modest pace. At the federal level inflation and interest rates continue to be an issue. It's anticipated the County will continue to see reduced funding at the state and federal levels for ongoing operational cost sharing programs and increased funding for targeted area grants. The actual magnitude of the impact of these items will depend on the economy within the State of Michigan and continued budgetary changes at the federal level. The reduced funding levels are expected to continue to be seen through changes in grant awards and long-standing funding relationships.
- The increase in property values after the bursting of the real estate market and record foreclosures have had a dramatic effect on the property tax levy and the revenue

generated by it. For the 2026 fiscal year, a conventional approach has been used when predicting property tax revenues. The property tax revenue for the General Fund is computed on the 2025 taxable value with an estimated 5% increase in taxable value, a Headlee Reduction of .0642 mills, and a final collection rate of 99% (\$49,524 factored for losses and captures for increment financing). Given that FY2026 property taxes for the General Fund will actually be based on the 2026 taxable value, any increases in non-new value over the rate of inflation will result in a Headlee Rollback. The \$49,524 reduction represents the 1% uncollected and is planned to offset any losses to the Baldwin DDA capture and uncollected personal property taxes. The various other special millages have been computed at 99% as they are levied on 2025 taxable values (Sheriff's Road Patrol, Emergency 911, Ambulance, Seniors, Veterans, Transportation, and Library).

- Another item impacting county revenues in the FY2026 annual budget is the contesting by GEO of their 2024 and 2025 taxable values to the Michigan State Tax Tribunal. In total they are contesting values that would equate to a loss in county revenues in 2026 of \$88,536. This amount impacts revenues in the following funds: General Fund, \$40,877; Road Patrol, \$20,741; Central Dispatch 911, \$12,097; Ambulance, \$5,222; Seniors, \$4,534; Transportation, \$2,645; Libraries, \$1,728; and Veterans, \$692. Based on the contested values, none of these property tax revenue amounts have been factored into the projected revenues for these funds in 2026.
- As a result of the shift in the levy of property taxes from winter to summer for the General Fund, the County is forced to predict taxable values, including new construction, reductions due to changes or diminished property values, and any Headlee Rollback, for the following year. This uncertainty, leads to a more conservative approach with the estimation of property tax revenues for the General Fund. The amount budgeted for the FY2026 General Fund property taxes reflects an estimated Headlee Rollback from 2025.
- The rising and fluctuating costs of health insurance for both actives and retirees has generated budgeting, financial, and management challenges. The County has been, and will continue to be, proactive in establishing measures to monitor and control these expenses, including adhering to the requirements of P.A. 152.
- OPEBs (Other Post-Employment Benefits) are a significant liability in regards to Retiree Health Insurance. The County was required to measure its liability at the end of the 2009 fiscal year and the FY2026 budget marks the ninth year in efforts towards attributing cost figures to benefit groups to generate funds to help meet any annual required contribution (ARC). FY2026 does not call for a contribution to the OPEB Trust (County's Retiree Health Funding Vehicle), as the actuarial conducted for the end of fiscal year 2024 showed the Trust (at that time) over 187% funded. Based on the success of the fund, the County decided in the summer of 2025 to slightly enhance the retiree health benefits for future retirees.
- The closing of our pension system to new hires, fluctuations in the stock market, and their effect on the market value of our defined benefit accounts through the Municipal Employees Retirement System (MERS), coupled with changes in MERS actuarial

assumptions, have meant sizable fluctuations in the amount the County pays to MERS for the County Defined Benefit (DB) Plan. That issue is further compounded by the fact that the cost is spread over fewer employees, as new hires are placed into the County Defined Contribution (DC) Plan. Since the DB (pension) system is closed to new hires, the DB payment required by the County is a fixed amount. For 2026 the cost is \$685,860 down from \$753,360 in 2025; \$679,896 in 2024; \$655,920 in 2023; \$832,464 in 2022; and \$770,532 in 2021. Payments to MERS for the both the DB and DC are made by funds collected from departments based on a blended percentage of wages. The percentage that's charged to departments for wages of all full-time employees to fund both the DB and DC Plans is set at 20% for 2026. This percentage has been the same since 2021 with the exception of 2022 that was 21%.

Overall, many factors have contributed to the fluctuations in retirement costs, including more individuals drawing from the plan when they first become eligible for retirement, higher than expected final average compensations, increased life expectancies, changes in the investment rate of return assumptions, and a closing of the system, with new hires being placed into the DC Plan since January 1, 2018. It's important to note that the DB Plan payment is a set annual amount—not based on any particular employee group wage, and as employees leave or retire and their replacements are hired, the County's overall costs increase because the new hires are placed in the DC Plan which has a new retirement cost (in addition to the fixed DB payment) of approximately 7% of wages. These challenges and short-term costs were not unexpected and were predicted when the County decided to close the pension system (DB Plan). On a positive note, the County's DB Plan funding percentage continues to grow and eventually the County's DB payment will drop dramatically as much of those costs are unfunded liabilities from the past and the County will ultimately reach fully funded status. The projections from the 2024 actuarial is that the county should be fully funded by 2035.

New hires since January 1, 2018, have been placed into the DC Plan. Under the DC Plan, the County contributes 4% of wages and the employee, at hire, is given a one-time option to contribute 3% of their own funds, in which case the County will match that 3%. Overwhelmingly those employees have chosen to contribute and receive the match and the County contributes 7% for almost all of those employees. \$263,896 is budgeted in 2026 for the DC Retirement Plan. This amount covers 65 employees hired since 2018 or current budgeted, vacant positions. This amount will continue to increase as turnover occurs.

- The closing of the RRP facility and the slow recovery of property tax values, hindered by the Headlee Amendment and Proposal A, placed a huge burden on the General Fund in the past several years. Thankfully, the 2025 budget year marked the beginning of moving past financial obligations and bond payments associated with the facility's closing. The FY2026 annual budget does not incorporate the use of the 301 General Debt Service Fund, as all bonds for the RRP and Courthouse & Jail have been paid off.
- The 2010 recession in Michigan's housing market triggered a decline in permit revenues for the Building Safety & Permits and Soil Erosion Department, as well as a significant

drop in recording fees at the Register of Deeds Office. In the decade and a half since, and more significantly in recent years, those revenues have slowly and consistently increased. However, given inflation, the past increases in interest rates, and changes to the duration of building permits, the 2026 Fiscal Year Budget anticipates a slight decrease in revenue growth from the Building Safety & Permits Department, when compared to 2024 and 2025, as the market enters a period of more instability.

- Voters approved Proposal 1 (Public Act 80 of 2014) on 08-05-2014 which will phase out many aspects of personal property taxes for small businesses and manufacturers. The Proposal reimburses local governments for emergency services and other millages by dedicating a portion of the state use tax for that purpose. For most millages the reimbursement is received twice a year and the amounts have been inconsistent and varied significantly. Since approval, legislation and the process for determining reimbursements involving it, have been changed no less than a half-dozen times.
- Under Public Act 161 of 2013, Disabled Veterans Exemption, real property used and owned as a homestead by a disabled veteran, or their eligible widow, who was discharged from the armed forces of the United States under honorable conditions is exempt from the collection of taxes. The Disabled Veterans Exemption Act has resulted in a decrease in the County's General Fund revenue and all other special millage funds.

General Highlights of the 2026 Budget

The 2026 budget reflects the on-going efforts employed to attain the most accurate portrait of revenues and expenditures in the development phases of the budget. Based on this, there have been cost fluctuations throughout many facets of the budget. Some areas have been trimmed and re-evaluated, while others have been added to, all with the objective of providing the most efficient and economical delivery of services.

Revenues:

- The proposed Fy2026 annual budget for Lake County includes \$21,851,984 in revenues and expenditures, spread over 44 funds.
- Wages and benefits costs of the Fy2026 budget are \$10,029,998 an increase of 5.10% over 2025. The increase for 2025 was 4.35% and 5.75% for 2024.
- The General Fund budget reflects property taxes of \$4,861,963. This reflects a projected 5% growth in taxable value for 2026; a full levy, with a 0.0642 Headlee Rollback; a 1% loss on collections due to capture districts and uncollected personal property taxes (\$49,524).

- The General Fund budget reflects a larger than 23% decrease from the tri-county convention facilities tax since 2015. These funds are used 60% for the General Fund and 40% for substance abuse services. The entire amount could be kept for General Fund use, but the millage for property taxes would have to be rolled back and reduced so that the General Fund benefit is zero-sum—no additional revenues for the General Fund or substance abuse. Although the county allotment had been steadily decreasing in recent years, legislation that took effect in early 2023 increased the dedicated allotment for counties and allowed a switch from the traditional 50/50 split (General Fund/Substance Abuse) to a 60/40.
 - In FY2015, the General Fund received \$92,799 of which \$46,400 was distributed for substance abuse.
 - For FY2016, the General Fund received \$44,773 and substance abuse received \$22,387.
 - For FY2017 the General Fund received \$47,526 and substance abuse received \$23,763.
 - For FY2018 the General Fund received \$48,638 and substance abuse received \$24,319.
 - For FY2019 the General Fund received \$50,240 and substance abuse received \$25,120.
 - For FY2020 the General Fund received \$50,100 and substance abuse received \$25,050.
 - For FY2021 the General Fund received \$51,989 and substance abuse received \$25,994.
 - For FY2022 the General Fund received \$50,163 and substance abuse received \$24,984.
 - For FY2023 the General Fund received \$72,433 and substance abuse received \$29,849.
 - For FY2024 the General Fund is budgeted to receive \$74,205 and substance abuse is scheduled to receive \$29,682.
 - For FY2025 the General Fund is budgeted to receive \$77,845 and substance abuse is scheduled to receive \$31,138
 - For FY2026 the General Fund is budgeted to receive \$71,023 and substance abuse is scheduled to receive \$31,138

- In Treasury's latest published amounts (Oct 31, 2025), Revenue Sharing is estimated to be \$317,918.97 for the 2026 fiscal year in the General Fund.
 - Revenue Sharing is broken down with the following estimates:

\$295,649.00	County Revenue Sharing (CRS)
\$22,269.97	<u>Taxable Value Payment</u>
\$317,918.97	Estimate for FY2026
 - Prior to the state's FY2025 (Oct 1, 2024), the county was required to submit a great deal of Accountability and Transparency reporting in order to qualify for the funding.

- As has been a standard practice, the Board charges the following millages 5% for administration expense (Road Patrol – \$116,228, Council on Aging – \$25,406, Emergency 911 -- \$67,791, Ambulance -- \$29,262, Soldiers Relief Fund - \$3,880, and Transportation -- \$14,823). The Library Fund is not charged an Administrative Fee. These revenues go into the General Fund and help offset indirect costs associated with operating the funds and departments aligned with the millages.
- The FY2026 budget does not reflect any revenues from the state for the county to do Title IV-E Abuse and Neglect cases within the Prosecutor's Office. However, there is \$7,000 budgeted in revenue for the court's efforts under Title IV-E.
- The revenues in the General Fund from dog licenses continue to be stagnant. These revenues are typically used to help fund Animal Control services. Line item 101.000.00.491.000 is budgeted in FY2026 at \$6,000 in FY2009 \$9,503 was collected.
- The General Fund includes \$132,000 in revenue from State PILT (Payment in Lieu of Taxes). This amount is the same as 2025 and slightly lower than 2024. Ten years ago, in FY2016, the amount increased \$26,500, but since then has been stagnant. Given recent issues with the approval of the state budget, these dollars are becoming increasingly less certain.
- The General Fund includes \$159,278 from Federal Payment in Lieu of Taxes payments (PILT). This amount is the same as this year (FY2025) and \$77,297 less than what was received in FY2024 (\$236,575), which represents a 32.67% cut. Just like state PILT, federal PILT dollars have been sporadic throughout the years especially after the expiration and failure to renew the Secure Rural Schools program in 2023.
- The General Fund includes \$47,272 in revenue for the Survey and Remonumentation Grant. However, this is an estimate (and same amount as 2025) since the state has not created FY2026 figures, even though the fiscal year started October 1st, due to the delay in approving a state budget. The increase in 2025 was the first in several years as there has been a pattern of reductions (FY2018, FY2019, FY2020, FY2021, FY2022, FY2023). In FY2024, \$39,200 was awarded.
- The General Fund includes net asset distributions from the Worker's Compensation Pool (\$50,000) and MMRMA (\$95,000) in the total amount of \$145,000. For FY2025 \$135,533 is planned to be received between the Worker's Comp and MMRMA dividends.
- The IT Fund (636) reflects transfers in from various funds and covers the costs associated with staffing, IT contracts for services, and the office computer and operating software replacement program. The fund is operated with transfers in from the General Fund (\$120,000), Road Patrol Fund (\$50,000), and 911 Fund (\$60,000).

- The General Fund includes \$263,000 from fees for the Register of Deeds, an increase from 2025 and possibly a cautious, optimistic sign of the economy, inflation, and interest rates, and their effect on the real estate market. \$266,504 was received in 2022, but 2023 (\$235,918), 2024 (\$231,179), and 2025 (\$233,500 budgeted) all reflected a slump in the market.
- The Concealed Pistol Fund is budgeted to transfer \$10,000 into the General Fund to help cover the costs associated with the administering and issuing permits within the Clerk's Office.
- \$8,000 is budgeted in the General Fund for the Emergency Management Performance Grant. But, again, this is just an estimate due delays with the state. This amount is approximately 17% of Emergency Services portion of the director's wages and benefits (\$46,099). This amount is budgeted as a transfer out from the General Fund and into the 911 fund (251) where the position is budgeted and paid out of. This grant in recent years has been cut dramatically.
- The General Fund has \$45,000 budgeted as revenue for the transport of inmates. However, this amount is not certain.
- The General Fund is budgeted to receive \$156,000 in Recreational Marijuana payments. However, this is only an estimate based on 3 locations at \$52,000 per location, The 2025 payment based on 2 was in the amount of \$116,457.32 (2 locations at \$58,228.66 each).
- The General Fund has budgeted \$3,617 from the state for Medical Marijuana Law Enforcement. This amount is budgeted for expenditure under the Sheriff's Admin (101.305).
- Not reflected in the Fy2026 annual General Fund budget is \$11,497 from state revenue sharing for public safety as the state just passed their budget with this new item included and there are not enough specifics to make decisions on.
- \$20,500 in Personal Property Tax Reimbursements (PPT), \$65,000 from the local units for property and tax roll maintenance, and \$28,000 from commissions for audio/visual inmate and phone services are all estimated and budgeted within the General Fund.
- The General Fund is budgeted to receive \$5,500 from Cremation Permit fees through the Medical Examiner's Office and, although \$17,000 is budgeted in revenue for restitution, this amount is actually a wash with expenditures. GASB 84 required these revenues and expenditures to be accounted for within the General Fund.
- The sale of E-cigs is budgeted to net \$30,000 for the General Fund in 2026. \$45,000 is budgeted for revenues as sales, and \$15,000 on expenditures for supplies.
- The General Fund budget no longer reflects a revenue amount from the cooperative reimbursement grant. For Fy2023 this amount was \$58,000 which was based off a

reimbursement rate of 66% of eligible expenditures. The zeroing out of this revenue is reflective of the fact that the Child Support Specialist Position within the Prosecutor's Office was eliminated, effective October 1, 2023, and the duties and work responsibilities amalgamated into the Friend of the Court.

- The property tax revenues generated from the Road Patrol, Ambulance, Emergency 911, Council on Aging, Library, Transportation, and Veterans millages are figured at 99% of the computation (Taxable value/1,000 x millage rate). These millages are all levied in December of 2025 for their respective Fy2026 budgets. The General Fund's Fy2026 property tax revenue is predicated on a separate formula because it will be levied in July of 2026.
- Rent for the CMH Building in the amount of \$24,818 is budgeted to be received in the Other County Property Fund (403) and then transferred to the General Fund. This lease reflects an increase of 2.5% over 2025.
- Rent is being charged to the Rd Patrol Fund for the Sheriff's Office (\$63,294), Ambulance Fund for the two ambulance base facilities (\$65,000), and the Central Dispatch Fund (\$82,688). These funds are transferred into the General Fund.
- The General Fund and special millage funds are budgeted to receive Personal Property Tax Reimbursements (PPT) next year in the following amounts: General Fund, \$20,500, Ambulance Fund \$1,744, 911 Fund \$2,777, Library Fund \$566, Road Patrol Fund \$6,928, COA Fund \$1,032, Transportation Fund \$607, and the Soldiers Relief Fund \$158.
- Rent and Insurance are continuing to be charged to cover indirect costs for the Building Inspection Fund (\$49,613) and Soldiers Relief Fund (\$13,193) in Fy2026.
- The Road Patrol Fund (207) is budgeted to use \$155,675 in fund balance. Other than full-time deputies, funds are also budgeted for part-time deputies (total 24 hours average a week), 2 part-time detectives (8 hours a week average each), and a full-time evidence clerk. Other expenses include body cams, and the purchase and outfitting of 2 new patrol vehicles. With the 2026 budget, this fund has been using fund balance to balance the operating budget consistently for nine years, since 2018. With the implementation of the 2023 budget a plan was put in place to reduce the use of fund balance to balance the operational budget. That plan was adjusted slightly for Fy2025. At the end of 2017, the fund balance was at a high of \$2,243,945. At the end of 2025, it's predicted to be approximately \$810,000. However, that amount includes earmarks, such as donations and ORV fees that likely account for \$20,000 to \$25,000 of that amount. The actual fund balance amount available for Fy2026 is closer to \$785,000. The adjusted plan calls for the use of fund balance for 2026 of \$155,675 and \$129,325 for 2027. Thereafter, no fund balance should be used for operating expense. The goal is to keep a minimum of \$500,000 available in fund balance, not including donations, earmarks, and ORV fees. The plan is subject to change as needed.

- The General Fund is slated to use \$50,000 in fund balance. However, no funds are slated for operating. \$50,000 is planned to complete the implementation of the Housing Needs Plan. The Parks and Rec Fund (208), is budgeted to use \$10,000; the RRP Fund (211) \$8,000; the Friend of the Court Fund (215), \$5,000; the Materials Management Plan Fund (233) \$10,000; the Building Inspection Fund (249), \$14,000; the Law Library Fund (269), \$800; the Criminal Justice Training Act Fund (285), \$17,000; the Child Care Fund (292), \$8,964; the Capital Improvements fund (402), \$10,000; the Building Authority Fund (469), \$250; the Treasurer's Admin Fund (525), \$5,523; the Retiree Health Fund (667), \$80,000; and the Revolving Lake Level Funds for Wolf Lake (841), \$8,000; and Big Star Lake (842) \$2,000. The budgeted use of fund balance in these departments and funds is planned for either operating expenses or capital projects. The two Lake Level funds are slated to utilize fund balance due to the nature of their revenue. Additional funds using fund balance are discussed below.
- The Indigent Defense Fund (260) is primarily funded from a grant from the state. \$367,693 is budgeted to be used from fund balance next year and \$78,276 is budgeted to be transferred in from the General Fund as this is the County's required commitment for Fy2026. The use of fund balance is due to the fact that the state funds on hand will exceed the amount of the grant and so therefore will be a draw-down of funds on hand.
- The 911 Wireless Fund is budgeted to receive \$141,500 from the state. \$128,000 for operations and \$13,500 in training reimbursements. Additionally, \$31,897 is slated to be used from fund balance to help balance the budget.
- The Law Enforcement Fund (209) is budgeted to receive \$117,500 from Baldwin Schools and \$15,000 from the Road Patrol Fund (207) for funding the School Resource Officer position (SRO). Additionally, the fund is budgeted to use \$3,734 from fund balance to balance. The contract with the Baldwin Schools renewed July 1st 2025.
- The Friend of the Court Fund (215) is budgeted to receive \$241,7116 in revenue from the Title IV-D Grant for Cooperative Reimbursement work. Eligible expenditures are reimbursable at 66% and the expenses are based, mainly on wages, benefits, and personnel costs.
- The grant within the Crime Victim's Rights Fund (272) is budgeted to receive \$50,622 in 2026. The fund will need a transfer in from the General Fund of \$25,000, as well as the use of fund balance (\$2,779), to offset budgeted expenses.
- The revenues from the Concealed Pistol Fund (263) continue to remain stagnant. \$14,000 is budgeted for revenue in Fy2026. Funds can only be expended for costs related to the issuance of the concealed carry permits. Other than some office supplies and equipment, until 2021, no expenditures were historically spent out of this fund. The fund balance at the end of Fy2020 was \$19,610. For 2021, 2022, 2023, 2024, and 2025 \$10,000 was budgeted each year to be transferred to the General Fund to help cover a portion of the expense of staff time devoted towards the issuance of permits. The Fy2026

budget continues the \$10,000 transfer to the General Fund to help cover expenses with operating the program.

- The Law Library Fund (269) is budgeted to receive \$2,500 next year in penal fines.
- In addition to two smaller grants, the Child Care Fund is budgeted to receive \$310,000 from the state as part of our monthly settlement. Eligible expenses are reimbursed at the rate of 75% or 50% depending upon the expense, but the state also expends funds on behalf of the County so a monthly settlement is conducted. The state expenses are not reflected in our expenditures so the net reimbursement revenue in the budget is not easy to predict.
- The Soldiers Relief Fund (293) is budgeted to receive a state grant in the amount of \$52,399. However, due to the timing of the payments, some of that grant revenue may end up being the use of fund balance.
- The Secondary Road Patrol Fund (277) is budgeted with a grant from the State of Michigan for operations. The grant for Fy2026 is \$62,701. Originally it was designed to cover one-half the wages and benefits for a deputy, however in recent years it hasn't covered 20% of those costs, because the grant was based on the number of tickets written state-wide. In the fall of 2022 legislation was signed that made changes to the revenue funding source for the grant. The grant next year is budgeted to just over 43% of costs of the deputy. A \$10,000 transfer in from the Road Patrol Fund is needed.
- The Circuit Court Marriage Counseling Fund (296) was established under PA 4 of 1980 (mcl 551.103) for expenditures by the circuit court for family counseling services, including domestic violence and child abuse and is funded with \$15 dollars of the marriage license fee charged by the County Clerk. Yearly, the fund has received between \$500 and \$1,000 in revenue, and until 2018 had no expenditures. Throughout the decades the fund balance has grown and at the end of 2017 was \$28,863. In recent years, upon the urging of County Administration, the courts have started to utilize this fund and its fund balance. At the end of Fy2020, fund balance stood at \$19,768. For next year (2026) \$800 in expenditures are budgeted with no use of fund balance.
- The Wolf Lake Level Revolving Fund (841) is budgeted to use \$8,000 of fund balance for regular and routine maintenance of the lake level structure and related areas. The fund balance is derived from left over bond proceeds sold to fund the lake level project.
- The Big Star Lake Level Revolving Fund (842) is budgeted to use \$2,000 of fund balance for regular and routine maintenance of the lake level structure and related areas. The fund balance is derived from left over bond proceeds sold to fund the lake level project.
- The DHS Fund (569) is budgeted to receive \$140,452 for 2026 from the State of Michigan for the DHS building. This amount is based on the lease renewal and reflects several improvements the County has made to the property.

Expenditures:

Wages:

- The wage scale for scored hourly and salaried, exempt employees is slated for a cost of living allowance (cola) increase, based on the market and inflation, of 5% for 2026.
- For 2026 the five unions will be in the third and final year of their three-year agreements. Wages are budgeted subject to terms for their respective collective bargaining agreements.
- The Building Official, Undersheriff, Magistrate, and part-time Building Inspection Enforcement positions have not been scored, but are also slated for 5% increases.
- The elected offices of Sheriff, Prosecutor, Clerk/ROD, and Treasurer, as well as the Administrator, are budgeted for the 5% increase, as well.
- The Board of Commissioners are budgeted for a 3% wage increase.

Personnel:

- The 2026 budget continues the position of the County Emergency Services Director and the Central Dispatch Assistant Director. The position is budgeted out of the Central Dispatch Fund with a General Fund transfer in for the Emergency Services portion (\$46,0999).
- Although split in the past between the General Fund and the Road Patrol Fund, for FY2026 the Undersheriff's wages and benefits are budgeted entirely within the General Fund. This changed started in 2025 and helps alleviate the Road Patrol's reliance on its fund balance for operating.
- Due to the closing of the RRP, the maintenance supervisor position has been charged to the General Fund, and the maintenance and custodial positions to the DHS Building Fund with a \$57,500 subsidy from the General Fund for 2026.
- Within the Maintenance Department of the General Fund, an additional full-time position was budgeted to begin mid-year 2025. The position helps address several of the maintenance and custodial projects underway, as well as help alleviate the additional responsibilities associated with operating and maintaining the ORV Park.
- Courthouse Security is budgeted with a full-time employee with wages budgeted at \$56,535. The total cost with wages and benefits is \$93,392. The position is budgeted for 9 hour days, but does not reflect over time.

- The three County maintenance and one custodial position are not budgeted with any overtime, so hours will have to be flexed within the 40-hour work week.
- The part-time Sheriff's Administration Secretary funded by the General Fund, and created mid-year 2024 is included in the Fy2026 budget for an average of 30 hours a week and a total cost (wages and benefits) of \$35,880.
- The jail budget has consistently exceeded its overtime budget in recent years. This expense is sizeable and efforts need to continue to be made to reduce this expense. \$130,000 is budgeted in Fy2026 for jail overtime. In recent years, its likely part of this budgeted overage was attributable to the ICE inmate transport contract the County began in March of 2020. The bulk of the work related to that contract ended in September of 2022, and although work continuing sporadically, this line needs to be watched in relation to transport revenue.
- The Medical Examiner's budget has \$12,000 budgeted for per diems for MEIs and reflects changes to their holiday pay and an increase in crime scene investigations that began in 2025.
- With the 2021 budget, one position was eliminated within the Treasurer's Office to help balance the General Fund budget. In conjunction with that reduction, the existing staff were increased from 37.5 hours a week to 40. The increased hours continue for Fy2026. Additionally, a part-time position that was added in 2024 is continued for the Treasurer's Office for Fy2026. That position will help with the Blight Grant and is funded solely by the Land Bank with a transfer into the General Fund.
- The Fy2026 budget does not include the two full-time positions of Equalization Director and Appraiser, as those positions are covered under a contractual agreement. In addition to the full-time Office Manager, the Equalization Dept has two part-time positions.
- The Fy2025 budget includes funding to fill a part-time Administration Office position.
- In late 2023 the Child Support Specialist position within the Prosecutor's Office was eliminated and the duties moved to the Friend of the Court. As part of that change, the two positions within the FOC were rescored. The Fy2026 budget includes funding for those two positions at increased wages, based on the rescore for additional duties.
- The additional position added to the courts in 2020 is continued. The position will be charged 50% to the General Fund (Trial Courts 101.281) and 50% to the Child Care Fund (292). The 50% charged to the Child Care Fund is eligible for a 50% reimbursement. The Board of Commissioners approved this request based on this reimbursement rate. Therefore, it's important to make sure that half of the work load is correctly allocated to the Child Care Fund or the county won't receive the planned 25% reimbursement (50% of 50%) and the budget will be short.
- The one lead position is budgeted within the Central Dispatch Department.

- No funds are budgeted for wages and benefits within the General Fund for the County Guardian position. However, \$11,438 is budgeted for a contract to provide those services.
- The Building Inspection Department is budgeted for a part-time Building Enforcement Officer at a cost of \$23,993 (wages).
- Next year (Fy2026) will mark the eighth year, that the County attributed operating costs, other than training, to the Emergency 911 Wireless Fund (261). This fund receives funding from the state and a small portion is dedicated to training. Historically (prior to 2018) the remaining amount was not spent and left to build up in fund balance. In 2017 the fund received \$142,931 and spent \$293 on training. The remainder of \$142,638 went into fund balance. At the end of Fy2017 the fund balance was \$1,144,744. Since then, with the exception of 2021, three employees, including their wages and their benefits, have been charged to this fund each year often with costs exceeding \$210,000 annually. In the summer of 2022, the County Board voted to use a great deal of the fund balance from this fund for the 800 MHz Motorola Radio Project. Based on this, for the third year in a row, Fy2026 has only two employees being charged to the 911 Wireless Fund (261). The total budgeted for wages and benefits (not counting overtime) is \$173,397. Given the reliance on fund balance to balance this fund, for future years (Fy2027) the County may want to reduce the labor charged to the fund down to one full time employee and then add the part-timers.
- The Crime Victim's Rights Advocate is budgeted to be paid 100% out of the Crime Victim's Rights Fund (272), with a \$25,000 subsidy from the General Fund and the use of \$2,779 in fund balance for normal office operations. The grant funds are allocated at .66 of one full-time employee.
- The Friend of the Court Fund (215) has the three full-time employees budgeted at 40 hours for Fy2026 and 34% of the Magistrate's wages and benefits. Eligible expenses are reimbursable at the rate of 66%. Similar to the concerns with the additional position in the Courts and Child Care Fund, it's critical that these positions allocate their work load to the CRP in the correct amounts as planned (100% x 3 and 34%), otherwise the budget may be short and the county without adequate funding. These employee's status as budgeted and funded positions are predicated on the correct allocation of labor and the 66% reimbursement rate.
- The Fy2026 Building Inspection Fund (249) budget has one part-timer budgeted to continue to learn the Inspector's and Chief Official's duties and to gain the necessary certification. This position will be a resourceful backup and possibly, a future successor to the Chief Building Official's position. This position is budgeted for 16 hours a week at a Grade 3.
- Part-time wages are budgeted for 4 positions within the Road Patrol. The funds within the Road Patrol part-time wage line are to pay the wages for two part-time deputies budgeted at a total of 24 average hours a week at a cost of wages and benefits of \$39,619. Elsewhere in the Road Patrol Budget, two part-time detectives are budgeted for 8 hours a

week each, for a total cost of wages and benefits of \$26,446. There are no funds budgeted and no authorization for any other part-time employees within the Road Patrol Fund, during 2026 with the exception of recreational division part-time, seasonal, employees covered under grants or dedicated funding.

Benefits:

- **Health Insurance:**

- The 2026 budget reflects no change in the annual premium for health insurance to the departments (Fy2020 - \$12,500, Fy2021 - \$13,500, Fy2022 - \$13,500, Fy2023 - \$13,500, Fy2024 - \$14,000, Fy2025 and Fy2026 - \$16,000). The County is in compliance with the P.A.152 and has exercised its option to opt out of the hard-caps and 80/20 splits. The departmental charge (\$16,000 annually) reflects a smoothed amount charged to each department for each employee eligible to take the County's insurance or the insurance waiver. These funds are budgeted to be collected in the 666 Employee Benefit Fund for payment of obligations and premiums.
- The 2025 budget reflects the annual health insurance premium for active employees of \$1,288,347 with employees contributing \$107,436 of that amount. The insurance waiver costs are \$53,383.

- **Retiree Health Insurance and OPEB Funding:**

- Fy2026 continues the Retiree Health/OPEB charge for eligible employees, albeit at a continued 32% reduced rate from 2022. The charge is weighted based on the benefit and will make the premium payments for retiree health insurance and pay new hires and opt-out employees per pay period payment into their Retiree Health Care Savings Account. Historically, this charge was also used to set aside funds to meet the County's OPEB liability. However, the Fy2026 budget does not call for a contribution to the OPEB Trust (County's Retiree Health Funding Vehicle), as the actuarial conducted for the end of fiscal year 2024 showed the Trust (at that time) over 187% funded. Based on the health of the fund, in 2025 the County slightly enhanced the retiree health benefits for eligible employees and future retirees. The \$40 per pay period payment was increased to \$50 for 2026, and the County contribution for retiree health insurance for eligible, future retirees was increased: Pre-65 \$625 month to \$750, and post-65 \$165 to \$225.
- The internal departmental charge for 2026 (see below) is budgeted to generate \$154,440 for next year, compared to \$152,881 in 2025, \$154,050 in 2024, \$156,780 in 2023, \$228,000 in 2022 and \$451,440 in 2021.

- The monthly charge to departments for eligible employees is \$130 a month, and \$195 for deputies and command staff, which is a 32% reduction from the amounts charged for FY2022 (\$190 and \$285). This charge represents a sizeable, continued decrease from prior years. The budgeted rate will remain unchanged for FY2026, but the reduction for FY2023 was the fourth year (out of five). The charge will continue to help offset the ongoing costs associated with retiree health care—premiums, any needed contributions to the Retiree Health Funding Vehicle, and Retiree Health Care Savings payments.
- These charges distribute the cost of retiree health care and OPEB obligations more equally and charge the operating funds accordingly. To illustrate how unequal this cost was distributed in the past, below is how those costs and obligations were historically spread:

▪ General Fund	\$100,000 (2017)
▪ RRP	\$150,000 (2017)
▪ Rd Patrol	\$50,000 (2017)
▪ 911	\$50,000 (2017)
- Retiree Health Insurance/OPEB charge has historically been comprised of four difference elements: Insurance Pre-65, Insurance Post-65, an OPEB obligation payment to the County’s MERS Retiree Health Funding Vehicle, and payments to new hires and opt-out employees not eligible for retiree health insurance (Health Care Savings).
- For FY2026 or FY2027 the County may want to begin charging some of the payments that are paid into employees Health Care Savings Accounts and getting reimbursed for pre and post 65 retiree health insurance premiums out of the MERS Retiree Health Funding Vehicle. This will allow the utilization of the set aside funds and also free-up funds within the existing County and departmental budgets that can then be used to help fund the County’s unfunded accrued liabilities related to the pension system (MERS DB).

- **Retirement Funding:**

- The actuarial value of assets used traditionally by MERS to determine our funded status and required employer contribution for our Defined Benefit (DB) Plan (pension) have historically remained relatively steady: 2011, 81%; 2012, 80%; 2013, 79%; 2014, 80%. However, new funding assumptions that began with the 2015 actuarial and other items have driven the overall funding percentage down to 74% for the December 31, 2018 actuarial and 72% for the actuarial dated December 31, 2019. In reaction to these changes, the County in 2016 began taking strategic steps to help offset this downward spiral. The latest actuarial, dated December 31, 2024, marks the fifth yearly increase or sustaining in the funding percentage (2024 84%, 2023 84%, 2022 82%, 2021, 81%, 2020, 75%, and 2019 72%) and is a direct result of those efforts.

These changes and the fact that there are fewer employees working for the County and, of those, fewer that are eligible for the pension program, means dramatically increased retirement percentage costs within the departments. The figures from the 2024 actuarial are used as the basis for Fy2026 budget. The County pays MERS a flat dollar monthly amount for the DB (pension) liability, but derives the costs from departments based on a percentage of employee wages. For Fy2026 we are budgeted to pay MERS \$949,756 in total retirement costs (Both DB and DC) – similar to the \$949,221 in 2025 and up from \$861,391 in 2024. In 2023 the County paid \$888,627 and \$955,875 in 2022. That amount is \$263,896 in Defined Contribution (DC) employee costs and \$685,860 in DB Costs. The DB pension budgeted amount of \$685,860 is the fixed, required payment. Of this amount, \$175,980 (2025-\$196,260, 2024-\$204,912, 2023-\$211,344) is the normal employer cost (Cost attributed to the employees working another year and earning credit towards their pension), and \$509,880 (2025-\$557,100, 2024-\$474,984, 2023-\$444,576) is the payment on the County's Unfunded Accrued Liability. The Unfunded Accrued Liability is the estimated earned amount of benefits that employees and retirees have earned, but is still unfunded (100% full funding – 84% funded = 16% Unfunded Accrued Liability).

Payments to MERS for the both the DB and DC are made by monies collected from departments based on a blended percentage of wages. Although the DC portion that the County will pay to MERS on the employee's behalf has increased (2023 - \$157,707 vs. 2024 - \$181,495 vs. 2025 - \$195,260 vs. 2026 \$263,896), the County has been able to keep the blended percentage -- the percentage that's charged to departments for the wages of all full-time employees to fund both the DB and DC Plans, at 20% for 2026. This percentage rate is down from a high of 21% in 2022.

It's important to note that the DB Plan payment is a set annual amount—not based on any particular employee group wage, and as employees leave or retire and new employees are hired, the County's overall costs increase because the new hires are placed in the DC Plan which has a new retirement cost (in addition to the fixed DB payment) of approximately 7% of wages.

As mentioned above under Retiree Health Insurance and OPEB Funding, in the future discussions should take place to reduce/eliminate the OPEB charge and increase the current 20% retirement charge levied against all departments on full-time employee wages to help augment the County's funding.

Additionally, the County should continue to save and devote excess revenues towards making extra payments on the County pension system (DB Retirement). In 2020 the County contributed \$500,000 extra, in 2023 \$1 million, in 2024 \$750,000, and is slated to contribute an additional \$1 million at the end of 2025. At this time no additional funds are slated for payment in 2026.

- **Liability Insurance:**

In FY2021 the county made changes to how it spreads the cost of liability and property insurance amongst its funds. More funds were included to reflect a more accurate coverage of the costs. Additionally, based on past years' performance, in 2020 the county increased its self-insured retention (SIR) limit from \$75,000 to \$100,000. The SIR is the amount of the county's exposure for most individual liability claims. The county pays the SIR on some claims before secondary insurance kicks in. This change and the dropping of liability related to operations at the RRP saved the county nearly \$20,000 in 2020.

Based on the favorable renewal rates, for 2026 the County will be lowering its SIR limit back down to \$75,000. The cost of this over a simple renewal is an extra \$5,624. But that cost will limit the County's annual exposure by \$25,000 per occurrence. The 2026 premium will be \$168,424 and the SIR \$50,000. Although this amount is an 11% increase, the bulk of this increase is in stop loss insurance and the reduction on the SIR. The following are the historic annual insurance costs: 2019: Premium, \$149,770 and SIR contribution, \$35,000, total \$184,777. 2020: Premium, \$129,918 and SIR contribution, \$35,000, total \$164,918. 2021: Premium, \$129,393 and SIR contribution, \$35,000, total \$164,393. 2022: Premium, \$134,956 and SIR contribution, \$35,000, total \$169,956. 2023: Premium, \$139,969 and SIR contribution, \$35,000, total \$174,969. 2024: Premium, \$144,951 and SIR contribution, \$50,000, total \$194,951. 2025: Premium \$151,358 and SIR contribution, \$50,000, total \$201,358.

As part of the county's renewal for 2026 we will receive a dividend check of \$40,873 at the end of 2025.

The Self Insured Retention Payment amount budgeted for 2026 is spread as follows: \$18,000 - \$7,500 (SIR) 101.265 GF Maint.; \$18,000 - \$7,500 (SIR) 101.305 GF Sheriff Admin; \$60,424 - \$10,000 (SIR) 207 Road Patrol; \$39,000 - \$10,000 (SIR) 251 911; \$7,000 - \$4,000 (SIR) 249 Building Inspection; \$6,000 - \$3,000 (SIR) 293 Soldiers Relief; \$20,000 - \$8,000 (SIR) 505 Ambulance.

General Expenditures:

- The General Fund expenditures are budgeted at \$7,706,825 of which approximately 70.66% or \$5,445,790 are for wages and benefits. For 2025 it was 70.65% and for 2024 was 62.3%.
- Other than \$11,000 budgeted for office furniture for several offices, no other funds are budgeted within the General Fund for capital outlays.
- The FY2026 General Fund budget for meals within the jail marks an increase from the past years: \$55,000 FY2019, \$104,468 FY2020, \$112,763 FY2021, \$103,937 FY2022, \$99,094 FY2023, \$109,309 FY2024, \$111,392 FY2025. Although this amount reflects a

change in the per meal costs with Canteen from \$1.58 (2019) to \$3.42 (2020) to \$3.42 (2021) to \$3.52 (2022), to \$3.63 (2023 and 2024), to \$3.77 (2025), to \$3.90 (2026) per meal, the \$128,115 budgeted for 2026 is based on an average daily population count of 30 inmates and a 3.5% increase over the meal cost for FY2025.

- Up until FY2019 the appropriation to the District 10 Health Department from the General Fund hadn't changed in nearly a decade. FY2019 marked an increase of \$1,307 or 1.8%. The FY2021 allocation was the same as FY2020 and FY2019: \$74,083. However, for FY2022 and then for FY2023, based on census population increases and the reallocation of costs amongst the ten counties, Lake County saw an increase of \$3,575, for a total amount of \$77,658. This amount is not budgeted to change for 2026 and is in addition to in-kind space and \$10,250 budgeted for utilities and maintenance in 101.265.
- The appropriation to Mental Health from the General Fund last increased in 2023 based on census numbers and a relocation of the percentage amongst the three counties (Lake, Mason, and Oceana). The amount budgeted for 2026 is the same as 2023, 2024, and 2025 (\$57,975).
- The General Fund budget continues the \$2,000 annual contribution to both the Soil Conservation District of Osceola-Lake and the Soil Conservation District of Mason-Lake. These amounts were increased from \$1,000 a couple of years ago.
- The General Fund has \$4,650 budgeted for the DHHS Board for per diems, travel, due & subscriptions, and conferences. The 2026 budget also has \$2,000 under contracted services for a new Foster Care Mentoring program.
- Within the Copy Machine section (101.248) of the General Fund there is \$6,000 budgeted for copier paper for offices in the courthouse. Although this amount is up from previous years due to increased costs and scarcity of the product, it is the same amount as the past three years.
- The General Fund has budgeted within the (101.266) \$1,500 to continue funding 211 services after the initial request in September 2021 and annual reports and presentations.
- The General Fund has budgeted within the Equalization Department three contracts, one for Equalization Director services estimated at \$52,453 with a 3.5% increase in the second half of the year; another to do the Sales and Appraisal Studies in 2026 with a net estimated amount of \$40,000; and another for the final year of the Designated Assessor contract in the amount of \$3,000.
- Within the General Fund (101.901) there is \$11,000 budgeted over two lines for capital purchases. The 101.980.002 has \$2,500 budgeted for office furniture for the Sheriff's office. The 101.901.003 has \$8,500 budgeted: new furniture in the Judge's chamber (\$5,000), new furniture for the Magistrate (\$2,000), four new chairs in the Clerks/ROD's Office (\$1,000), and \$500 for a new chair for the Prosecutor.

- The Indigent Defense Fund is budgeted with a contribution from the General Fund of \$78,276 which is required by statute and slightly less than the amount for 2025.
- There is \$10,000 budgeted within the General Fund, Jail (101.351) for new shower heads.
- The General Fund includes \$9,000 in the Board of Commissioner's Dues and Subscriptions: \$7,747 for MAC annual dues, \$450 for NACO, \$505 for MTA, \$75 for the Northern Michigan Counties Association, and \$223 extra.
- There is also \$2,500 budgeted within the Board of Commissioners line 101.955.005 to host the WCMCA dinner/meeting late in 2026.
- Within the General Fund (101.704) \$3,266 is included for the West Michigan Shoreline Regional Development Commission (WMSRDC) and \$725 for the Area Agency on Aging of West Michigan.
- The General Fund includes \$37,900 budgeted for auditing services. This amount is broken down: \$31,000 for the Annual Audit, \$2,700 for the Federal Single Audit, \$1,700 for the F-65 Report, and \$2,500 in case there is a second major program that needs testing for the Single Audit.
- \$46,099 is budgeted in the General Fund under (101.965.00.995.016) to be transferred to the 911 Fund for part of the Emergency Manager's wages/benefits.
- Line 101.728.00.700.000 within the General Fund, has \$50,000 for Economic Development to be transferred to the 245 Economic Development Fund. 2023 marked the end of the second three-year commitment (2021-2023) to operate and contribute financially to the Lake County Economic Development Alliance (LCEDA). The initial commitment was 2017/2018, 2019, and 2020. In 2025, \$25,192 of program income in the CDBG Housing Program Fund (282) is slated for transfer into the 245 fund. These transfers total over \$50,000 and are to be used for the EDA grant match. The program income funds in the CDBG Housing Program Fund were the repayment of housing loans and, after approval, are required to be transferred out of the fund. The allocation for Fy2026 is double the amount dedicated in the past and is an effort to increase the General Fund contribution in anticipation of the end of the EDA grant and the need to fund the LCEDA without outside grants. This amount will likely continue to increase in future years to cover costs associated with the LCEDA having a full-time director under contract with the Right Place.
- \$4,000 is budgeted under Sheriff's Administration (101.305) and \$5,000 under Legal (101.266) within the General Fund for legal expenses.
- \$40,000 is budgeted in the Postage section of the General Fund (101.272) for mailings for courthouse departments. In addition, \$1,000 is budgeted for the maintenance agreements on the postage machine.

- The FY2026 budget reflects a transfer out from the General Fund (Trail Courts) into the Friend of the Courts of \$100,000. This amount is a 20% increase (\$20,000) from the 2023 budget, but the savings from the elimination of the Child Support Specialist position within the PA's Office offsets this.
- The Medical Examiners Office within the General Fund is budgeted at a cost of \$58,025 with \$15,000 budgeted for autopsies, \$12,000 for MEI per diems, and \$31,025 for the ME and Admin Contract. The contract reflects a 2% increase over 2025. The per diems and autopsies are subject to change and fluctuations based on the number of County deaths.
- \$3,300 is budgeted within the General Fund (101.272) for bonds for the local treasurers to collect the summer and winter tax payments. This is an estimate and there is no planned increase from 2025. Overall, the amount is down from previous year's due to using the MMRMA affiliated insurance carrier. In 2022, \$4,500 was budgeted.
- For 2026, no funds are budgeted under Travel for mileage reimbursement to attend committee meetings for the Planning Commission (101.701), the Parks Board (208.751.860), or for DHS Board Members (101.670.00.860.000). This change reflects IRS guidance.
- Funds are budgeted for the Planning Commission (101.701) for per diems (\$3,600), training expenses for new members (\$250), publishing (\$500), and for a new County Master Plan through the WMSRDC (\$18,500).
- The General Funds transfer out to the Child Care Fund is budgeted to be \$120,000. This amount is based on the number of children predicted to enter the system and staffing and normal operating expenses.
- The General Fund includes a transfer out to the Crime Victims Rights Fund of \$25,000 for operations. This amount is an increase from FY2025. This continues a steady increase in recent history as costs increase, but the state grant amount is either stagnated or reduced.
- Approximately \$130,428 is budgeted within the General Fund for the Jail for medical services for inmates. This amount is spread over three-line items.
- The Elections Department within the General Fund (101.262) reflects a budgeted increase and expenditures of a total of \$57,550 (\$57,137-2022, \$17,717-2023, \$63,009-2024, \$40,509-2025) due to 2026 being an even numbered year. This amount is based on 2026 being a gubernatorial election year. Expenditures will drop in the odd numbered year (2027), only to increase again in 2028, due to a presidential election.
- The General Fund includes \$5,000 budgeted for contracted legal services in the 101.266. In 2020 \$16,189 was spent, \$20,773 in 2021, \$11,772 in 2022, \$4,850 in 2023, \$2,664 in 2024, and an estimate of \$5,000 in 2025. These expenditures were after spending under

\$1,000 in 2019. The increase and eventual decrease were due to the litigation between Yates Township and Yates Dial-A-Ride that the County was swept up in.

- The General Fund includes a \$2,000 appropriation for Household Hazardous Waste Collection under the General Fund Section (101.266). This amount doubled in the past couple of years.
- \$15,000 is budgeted in the General Fund for a transfer out to the Parks Fund for normal operations; to open and close the ORV Park; and to help with the cost of the Parks and Rec Plan. The Parks Fund is budgeted to use \$10,000 of fund balance for costs associated with Five Year Parks and Rec Plan through the WMSRDC.
- The General Fund is slated to transfer out \$120,000 to the IT Fund, \$57,500 to the DHS Building Fund to cover the cost of a maintenance and custodial workers, \$46,099 to 911 Fund for Emergency Services, \$10,000 to the RRP fund for utilities, \$25,000 to the Crime Victim's Rights Fund, and \$1,324 for the required 15% match for the snowmobile grant.
- The Road Patrol Fund (207) has a snowmobile grant budgeted in the amount of \$7,500 with a \$1,324 match from the General Fund. These funds are intended for wages, benefits, gas, and supplies.
- The Road Patrol Fund (207) has an ORV grant budgeted in the amount of \$45,000. These funds are budgeted for wages, benefits, gas, and supplies. The grant began October 1, 2025 and this amount is under the assumption that no funds are used for these items prior to Jan 2026. The actual grant is larger but includes the purchase of a new ORV slated to occur late 2025.
- The Hollister Senior Center Fund (220) has \$5,000 budgeted to be transferred out to help cover the costs of maintenance on the building. Funds were spent in 2021 on a new furnace for the rear of the facility; in 2023 on sealing striping the parking lot; and in 2025 on a new roof. The estimated fund balance at the end of 2025 is \$15,585. These funds, along with the rent for 2026 (\$12,573), should be enough for the continued building maintenance (\$2,500).
- The Capital Improvements Misc Fund (404) has no funds budgeted from it. At the end of 2025 it is estimated to have a fund balance of \$89,805. This amount could be used in future years to continue capital repairs on the courthouse such as roof repairs and replacement of the air exchangers.
- Within the 402 Capital Improvements Fund, \$10,000 is budgeted for drainage repairs at the Animal Shelter.
- The Ambulance fund (505) is budgeted for a 5% increase for the contract with Life Ambulance for ambulance services. The contract amount for 2026 is \$450,293. Additionally, \$5,414 is budgeted for maintenance on the two facilities.

- The 569 DHS Building Fund has \$1,000 budgeted for sprinkler repairs and \$20,669 to set aside for carpet replacement planned for 2027. The plan is to set aside funds in each of the next 4 years (2024, 2025, 2026, and 2027) to cover the carpet replacement cost. It is estimated that there will be \$115,982 available going into Fy2027 to pair with funds from 2027.
- The Commissary Fund (595) is budgeted to transfer \$4,500 into the General Fund. The funds are to be used for inmates and the operations of the facilities.
- \$80,000 in fund balance from the 667 Retiree Health Insurance Fund is slated to be used to address costs associated with providing retiree health care and contributing to eligible Employee's Retiree Health Care Savings Accounts. Fund balance at the end of 2025 is estimated to be \$97,823.
- The Big Star Lake Level Fund (842) is budgeted for routine maintenance on the drain. Expenses are budgeted at \$2,000. Fund balance at the end of 2025 is estimated at \$5,584.
- The retirement costs for all eligible employees for the MERS retirement/pension DB and DC plans will go into the Employee Benefits Fund (666) and be used to cover costs related to the DB plan and DC plans.
- The IT Fund continues the computer replacement and windows upgrade program and is budgeted to replace 10 office desktop computers and software. Additionally, more money is budgeted for VC3 (IT Right) (\$71,439), \$800 for web site and hosting costs, and \$17,464 for the one-year renewal of Microsoft 360 Exchange Mail and Barracuda Essentials.
- The Opioid Settlement Fund (284) has \$65,000 budgeted for expenditures on yet to be established contracts to address the priorities of the Opioid Needs Assessment. The funds will be derived from fund balance (unearned revenue) and their expenditure is in accordance with the legal settlements.
- The Materials Management Fund (233) reflects the anticipated receipt of the second of the three-year grant from the state for the development of the plan (\$6,048). The budget calls for the second-year payment to the WMSRDC for developing the plan (\$6,048) and the repayment of \$10,000 that the General Fund loaned the fund in 2024.

Other Items of Note:

- This is a ZERO-SUM budget. Additional expenditures will be at the expense of other areas. There are minimal reserves other than fund balance and no excess delinquent tax funds.
- The Building Inspection Fund reflects no subsidy from the General Fund and actually incorporates a charge for space, heat, electricity, indirect costs, admin, etc., of nearly \$49,613. Fund balance at the end of 2025 and available for use in Fy2026 is expected to be \$533,269.
- Overall funding in the Fy2026 budget for Michigan State University Extension is \$64,855 and is a slight increase when compared to 2025. The overall budget has a 3% increase from \$62,965 in 2025. Within this amount for 2026 is the “base assessment” at \$46,094 which covers the 4H Coordinator position at .5 FTEs, and the “buy-in” at \$18,761 which increases the number of hours for 4H Coordinator/clerical staff by 10 hours a week for a total of .75 FTE.

With the exception of the past couple of years, funding for MSU Ext had been somewhat of a roller-coaster. The county made cuts to the program with savings for Fy2017 of \$57,229 (Overall budget for Fy2017 was \$94,515 before program cuts). The budget for Fy2019 was \$54,849 with the assessment being \$38,984 and \$15,865 budgeted to take 4H from ½ time to ¾ time, and \$2,800 budgeted over two lines for phone and internet access. The Fy2020 budget had \$40,151 budgeted for the assessment only and no money for additional 4H or phone or internet. The Fy2021 budget had \$40,151 for the assessment and an additional \$16,341 that reinstated the additional 25% for the 4-H Youth Agent. The Fy2022 budget had \$40,954 for the assessment and an additional \$16,668 for an additional 25% for the 4-H Youth Agent, and \$1,800 for phone and internet, although the additional 25% was change mid-year to allow for office staffing and ultimately 4-H support. For Fy2023, Fy2024, and Fy2025 the County has only funded the base assessment and a buy-in of additional hours. Office, rent, phone, utilities, and personnel are the responsibility of MSU Ext.

Included in the Fy2026 budget:

- Memorandum of Agreement: \$46,094 (assessment)
 (includes 1st half of 4-H Youth Agent and basic services)
 - 4-H support/clerical staff: \$18,761
- The Indigent Defense Fund reflects a transfer in from the General Fund of \$78,276 and a grant from the state in the amount of \$367,692.50, which although a State Grants, due to timing of receipt, will be shown as a revenue using fund balance. This fund covers the financial obligations to adhere to several Michigan Supreme Court mandates and keep the county in compliance with state statute and the grant contract. Similar to the Veteran’s Grant, since the State’s fiscal year (Oct-Sept) differs from the County’s (Jan-Dec), and

depending upon the timing in receipting some of the grant funds, budget amendments could be needed to show the grant dollars as fund balance forward for 2026.

- The School Resource Officer portion of the Law Enforcement Fund is budgeted at \$136,234 and reflects a transfer in from the Road Patrol Fund of \$15,000 and the use of fund balance of \$3,734 or approximately 20-25% of the duties when the officer is not working in the schools (off season). The remaining \$117,500 is budgeted to come from Baldwin Schools and reflects the SRO working 5 days a week at the school. No General Fund contribution is slated for 2026. It's important to note that the current agreement of \$117,500 a year began on July 1, 2025 and is a three-year contract without an annual increase.
- The Road Patrol Fund is budgeted to use fund balance (\$155,675) to help balance the budget. Notable budgeted expenditures include an estimated: \$103,136 purchasing 2 new vehicles, \$50,000 outfitting 2 vehicles, \$50,000 for IT, \$24,000 the body cam program, \$13,680 for continuation of the Taser program, \$9,000 for two new MCT computers, \$15,000 for the SRO position, \$10,000 for the Secondary Road Fund, and the new full-time evidence clerk, two part-time deputies, and two part-time detectives all mentioned earlier.
- The Soldiers Relief Fund is budgeted with \$52,399 in revenue from the State Veterans Basic Grant and \$77,593 in millage monies. Due to the timing of receipt of the grant monies, the actual revenue for the grant could be a combination of the grant and fund balance revenue lines. Also, the wages are for two part-time Veterans Service Officers through a portion of February, due to a retirement.
- Revenue and Expenditures within the Child Care Fund will look different than 2023 and prior due to changes in how the state bills for care and the change in the reimbursement rate from 50/50 for some items to 75/25.
- The RRP is budgeted to receive \$10,000 from the General Fund in a transfer in and use \$8,000 in fund balance to cover costs associated with utilities and maintenance related to a vacant facility.
- Within the Council on Aging Fund (216) there is \$64,744 budgeted for emergency requests. At the end of 2025 fund balance is estimated to be \$340,080. It is conceivable, if done correctly, that additional services could be provided with these resources.
- The Register of Deeds Automation Fund (256) is budgeted in Fy2026 to add \$10,250 to fund balance. The fund balance estimated at the end of 2025 is \$112,000. Although there are additional resources available, these funds and their usage are strictly limited by law.
- It's likely that the Land Bank Fund (570) may need some additional cash-flow help or a loan as the \$2.2 million grant is a reimbursement grant and the fund balance at the end of

2025 is estimated to only be \$386,303 and it's conceivable that a good portion of that could be an accounts receivable and not actual cash available to pay obligations.

- In 2020 the Board of Commissioners created the General Debt Service Fund 301 to cover the principal and interest costs associated with the bond payments for the RRP Facility and the Jail/Courthouse. The General Fund was typically budgeted to transfer several hundreds of thousands of dollars into the 301 to be used to cover the bond payments for the RRP Facility and Jail/Courthouse.

Adequate funds exist and the Board of Commissioners authorized, in late 2024, to pay off the Courthouse/Jail Bonds. Therefore, this fund is not needed and not budgeted for FY2026. For 2026 the County will be debt free, other than the issuance of \$439,240 (covered by special assessments) for the Wolf Lake Level Project.

- The Building Authority has been inactive for several years. Legal counsel advised that rather than disband the authority, until both bonds are paid off (Courthouse & Jail and RRP), the county should keep the authority in a dormant state. At the end of the 2024, the Courthouse & Jail bonds were paid off (the RRP bonds were paid off in 2023). Based on this, the County Board should appoint a temporary Building Authority Board sometime in 2026 to transfer the ownership of these facilities from the Building Authority to the County and then formally disband. \$250 is budgeted from fund balance for next year, to address these items.

Conclusion

The budget is the primary policy statement on County programs and priorities from the Board of Commissioners to the citizens of our County. The budget provides information to the public on the funding priorities and programs that have been established. It provides direction for departments, offices, and agencies through the course of the fiscal year. The budget is also a flexible document that is subject to change as the need arises, information becomes available, and priorities change.

I would like to thank the Board of Commissioners, all departments, elected officials, the judiciary, and the administrative staff for their cooperation in developing the 2026 annual budget. Many have contributed to this plan and they should be commended for the effort put forth to provide the most effective and efficient services and resources to the citizens we serve.

Respectfully Submitted,

A handwritten signature in blue ink that reads "Tobi G Lake". The signature is written in a cursive, flowing style.

Tobi G Lake
County Administrator