

Jackson County Retreat Wrap Up

2013 Board Retreat



Goals for Wrap Up



1

- Agree on strategic priorities in a very broad sense
- Discuss organizational values

2

- Come out with a target budget for 2014

3

- Work through options

Jackson County Strategic Plan

Priorities



County Strategic Plan



- ① The County is aligned with Jackson 2020, a community plan
- ① We have a presence on each of the Jackson 2020 Action Teams
- ① We will still have co-chairs responsible for the County action plan

Yes



Continuing Priority Areas



- Economic Development Yes
- Safe Community Yes
- Education Yes
- Cooperation Between Yes
- Healthy Community Yes
- Recreation & Cultural Opportunities Yes

Adding Priority



Community & Social Supports

Yes



Organizational Goals



Improved Work Environment Goal

Yes



Values



Previous Values

- Collaboration
- Leadership
- Accountability
- Integrity
- Responsiveness

CLAIR

New Values

- Integrity/Honesty
- Community
- Quality
- Accountability
- Teamwork
- Efficiency

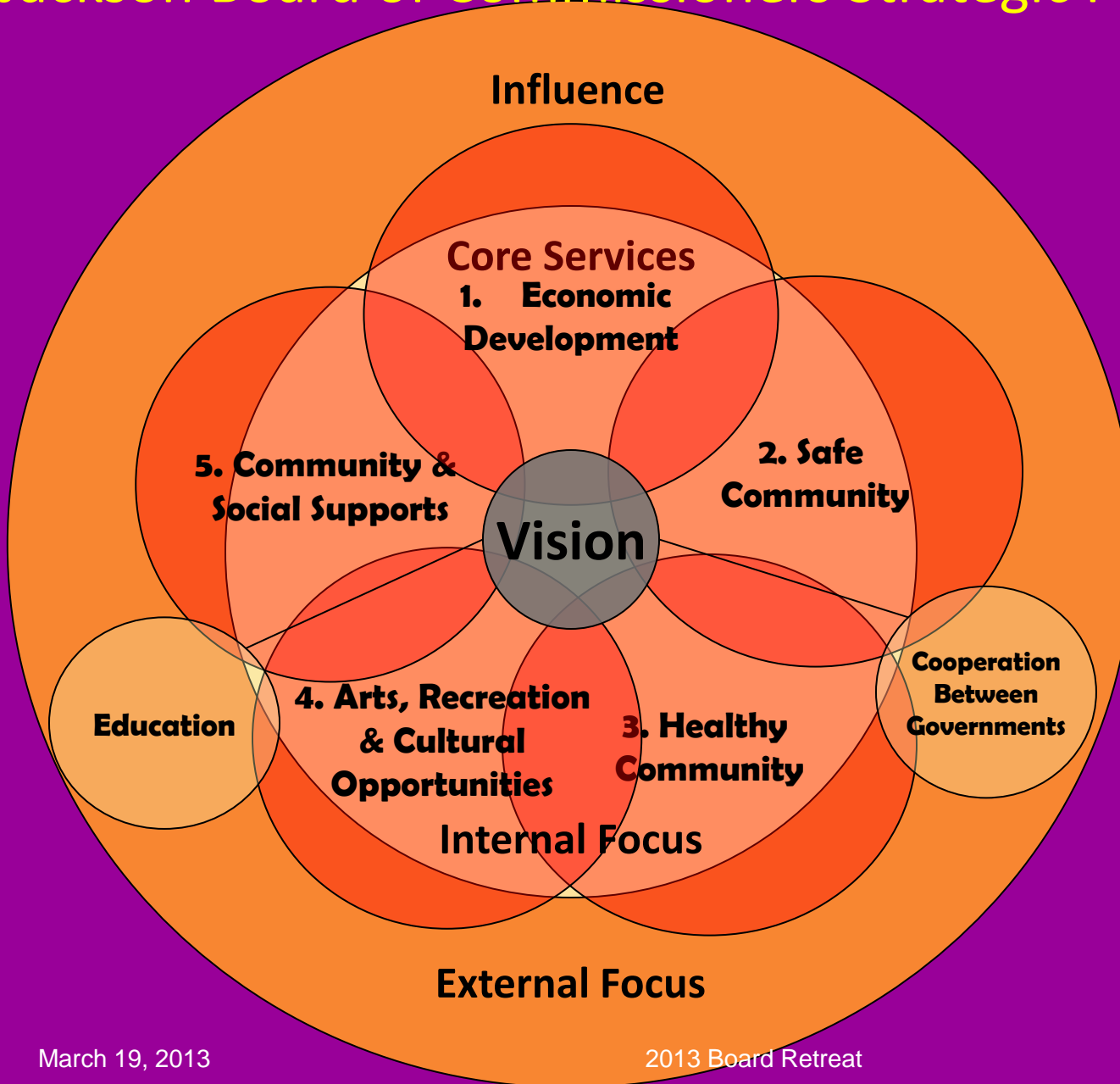
ICQATE

Board Prioritization



<u>Strategy</u>	<u>Rank</u>
■ Economic Development	1
■ Safe Community	2
■ Education	3
■ Healthy Community	4
■ Government Efficiency & Effectiveness	5
■ Arts, Recreation, & Cultural Opportunities	6
■ Community & Social Supports	7

Jackson Board of Commissioners Strategic Priorities



Organizational Goals

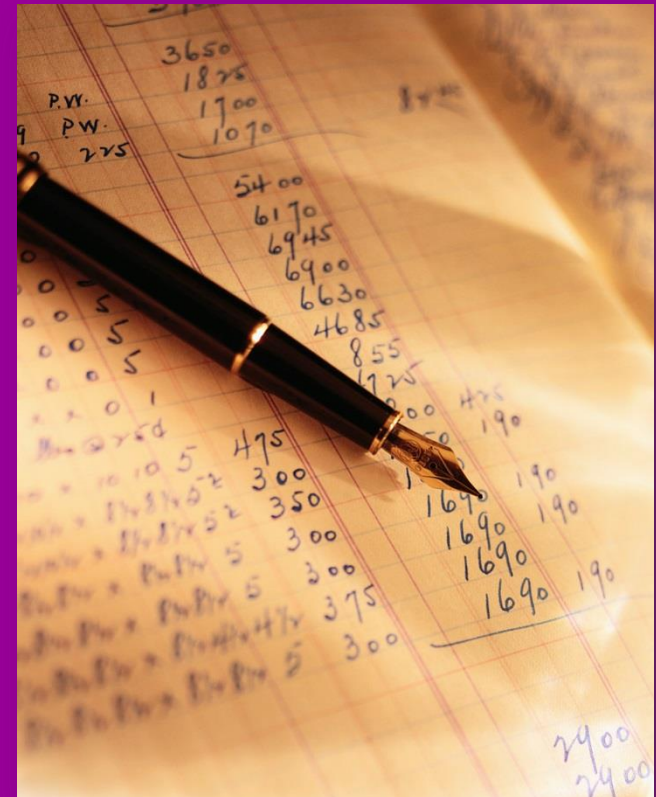
Improved Work Environment

Core Values

Integrity
Community
Quality
Accountability
Teamwork
Efficiency

2014 Budget

Target Setting



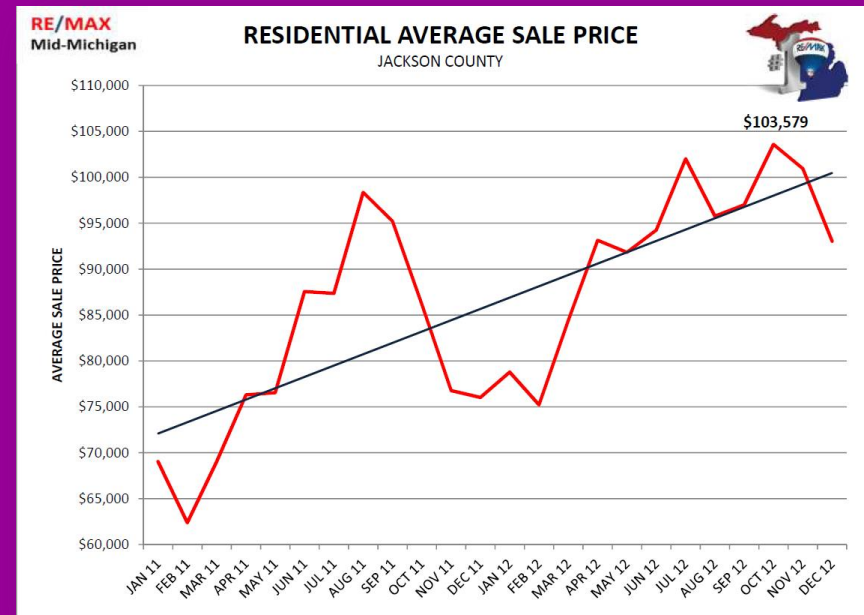
Property Values Rising



Better than expected
increase in revenue
from property values

2013	\$350,000
2014	\$300,000
2015	\$200,000

Approximation of General Fund Millage Increases



OPEB



- Using \$1,000,000 annually from the OPEB Trust Account
- Trust account will be exhausted in 2013
- 2013 Budget includes using one-time reserves and pre-funding 2014 by over \$700,000



2013 Impact \$578,000

2014 Impact \$300,000

We need to be thinking about a long term strategy for increasing the pre-funding of OPEB

Retiree Benefits



Pension ARC Increased

1. Closed Plan (2008-2010)
2. Change in Assumptions
3. Performance

Normal Cost

\$1,438,014

Annual Required Contribution

\$5,350,000

Previous ARC **\$3,000,000**

Net Change (-\$2.35 M)



Pension Cost Trends



Difference in
retirement costs per
employee

DC Cost

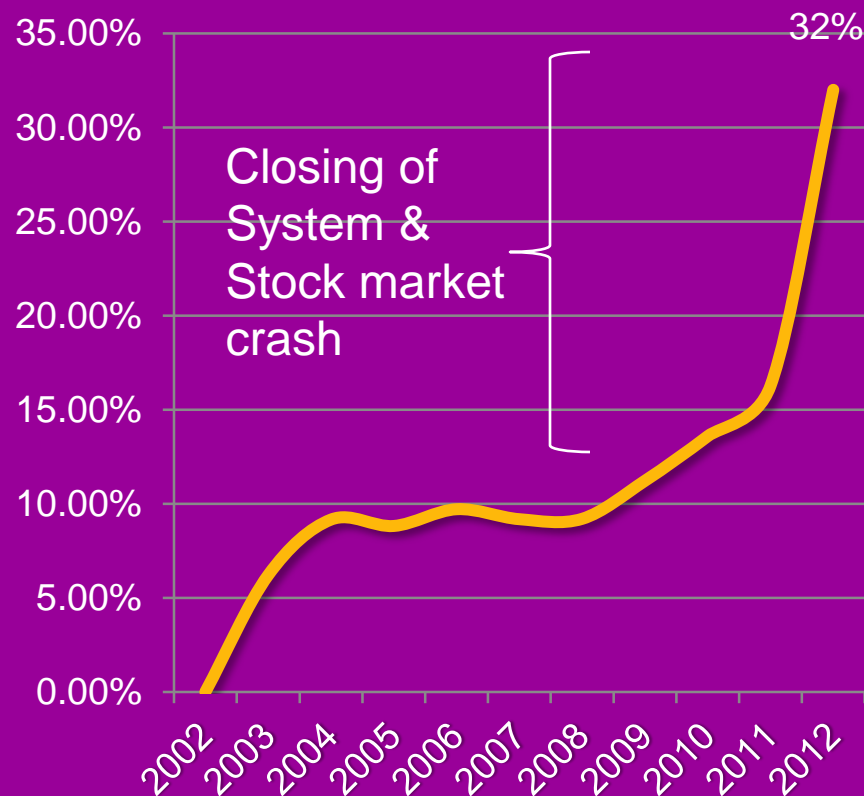
5%

DB Cost

32%

Increased cost of DB is
offset, somewhat, by
savings in DC costs
through turnover

Contribution Rate as a Percentage of Pay



PA 152 Impact



Health Insurance Savings

- From 2012 to 2014 employees transitioned from a 10% to 20% cost share
- Employees will be paying 20% in 2014
- \$500,000 savings in employer costs

Compensation

- Employees will be compensated to cover increased share of health expenses of approximately \$500,000
- Negotiated in collective bargaining agreements



Net Impact 2014 & 2015



Revenue	Net Impact 2014	Net Impact 2015
Property Tax Revenue	\$ 650,000	\$ 200,000
Revenue Sharing	\$ 100,000	
Court Fees	\$ 50,000	
Clerk/Register of Deeds	\$ 195,000	
Interest Income	\$ (200,000)	
Total	\$ 795,000	\$ 200,000
Expense	Net Impact 2014	Net Impact 2015
Other Post-Employment Benefits	\$ 300,000	\$ 700,000
Retirement Contribution	\$ 2,350,000	
Health Cost (Premium Change)	\$ (500,000)	
Compensation Increases	\$ 500,000	
Lifeways	\$ 500,000	
Total	\$ 3,150,000	\$ 700,000
Shortfall	\$ 2,355,000	\$ 500,000

One Time Savings



■ 2012 Carryover	\$550,000
■ Expenses under Revenues for 2012	
■ Risk Pool Rebate	\$400,000
■ Return on risk management self-insurance	
<hr/>	
Total	\$950,000

Major Expense Impacts 2014



Structural Shortfall	Net Impact 2014	Net Impact 2015
Current Year	\$ 2,355,000	\$ 500,000
Previous Year		\$ 950,000
One-Time Savings		
Self Insurance Rebate	\$ 400,000	
2012 Carryover	\$ 550,000	
Amount Deferred to Next Year	\$ 950,000	
Target Budget Savings	\$ 1,405,000	\$ 1,450,000

2014 Budget

Options



Two-Year Fix

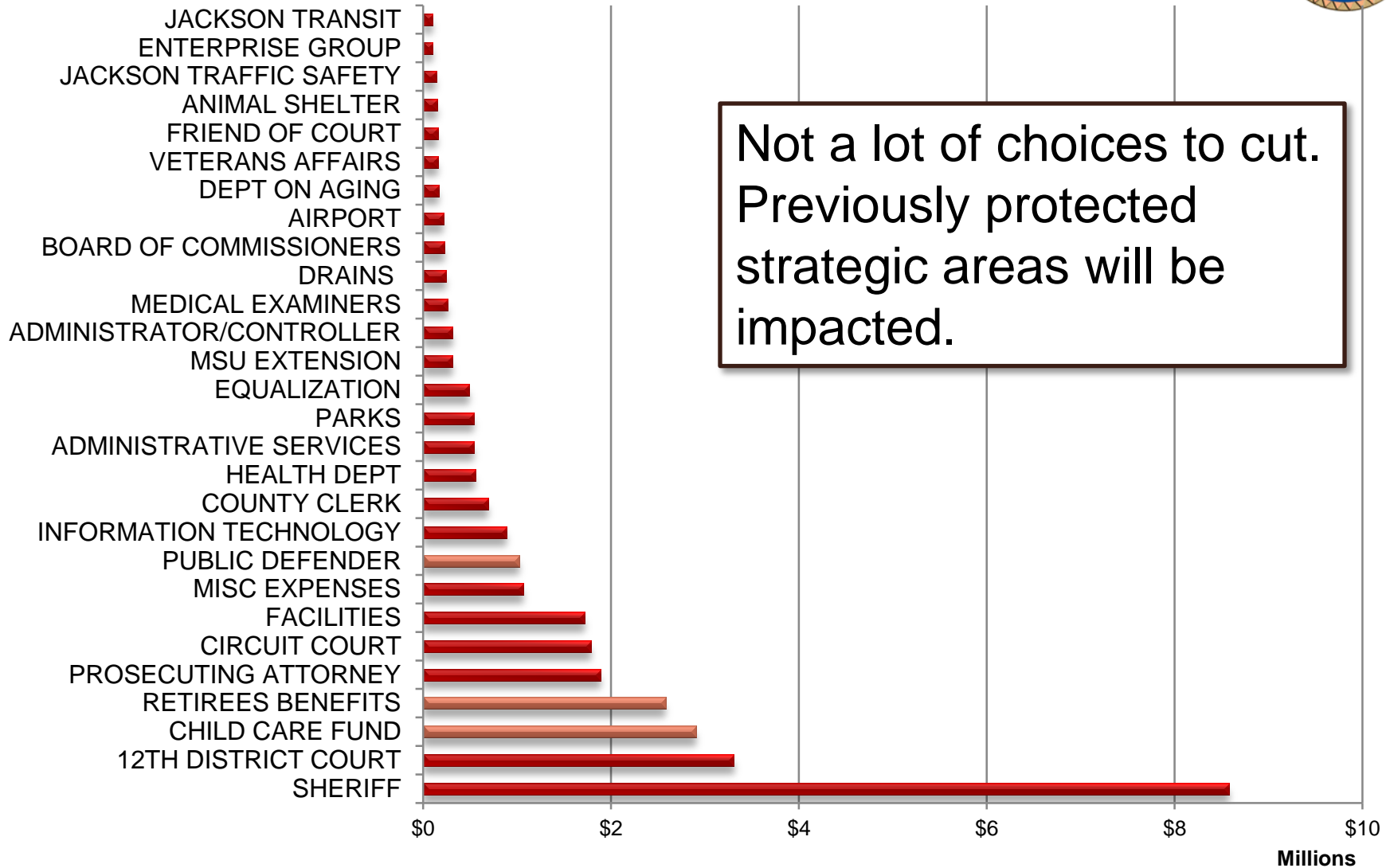


Through savings and prudent financial management of department heads and elected officials we can address the structural shortfall over two years.



The next four options are for addressing next year's shortfall. We still have \$1.4 million to cut in 2015.

Net General Fund Impact Greater Than \$100,000



Not a lot of choices to cut. Previously protected strategic areas will be impacted.

Option 1- Make Cuts & Don't Pay entire ARC



Make budget reductions of \$800,000 and reduce ARC contribution by \$600,000

Driving Forces

- Reduce amount of services to be cut
- Pre-funding of pension is accelerated at a rate greater than necessary
- Favorable investment performance may change ARC

Restraining Forces

- Does not meet our annual required contribution
- Audit mark for three years
- May impact credit rating

Option 2- Make Deeper Cuts and Pay ARC



Make budget reductions of \$1,405,000 and pay entire ARC contribution

Driving Forces

- Fixes structural problems sooner without passing them on to the subsequent year

Restraining Forces

- Public will feel cuts to services immediately

Option 3- Make Cuts & Use Fund Balances to Pay ARC



Make budget reductions of \$800,000 and use \$600,000 from other fund balances

Driving Forces

- Don't Pay Annual Required Contribution
- Buys time for revenue's to catch up
- Favorable investment performance may change ARC

Restraining Forces

- Pushes cuts to 2015
- Reduces safety net of other funds

Option 4- Make Cuts & Request Headlee Override



Make budget reductions of \$400,000 and increase revenue by \$1,000,000 from Headlee Override

Driving Forces

- An additional million in revenues
- Sustains valuable services

Restraining Forces

- Needs to be voted
- Must be planned in the future

Next Steps



- Prepare a draft of all options, including what cuts to services may look like
- Report back to Board at May study session to confirm choices

Discussion

