

2012 Budget Retreat Wrap Up

March 9, 2012



Board Retreat Process



Strategic Plan Review

Revenue Expenditure
Forecast

Budget Target
Recommendation

Retreat Outcomes



Priorities

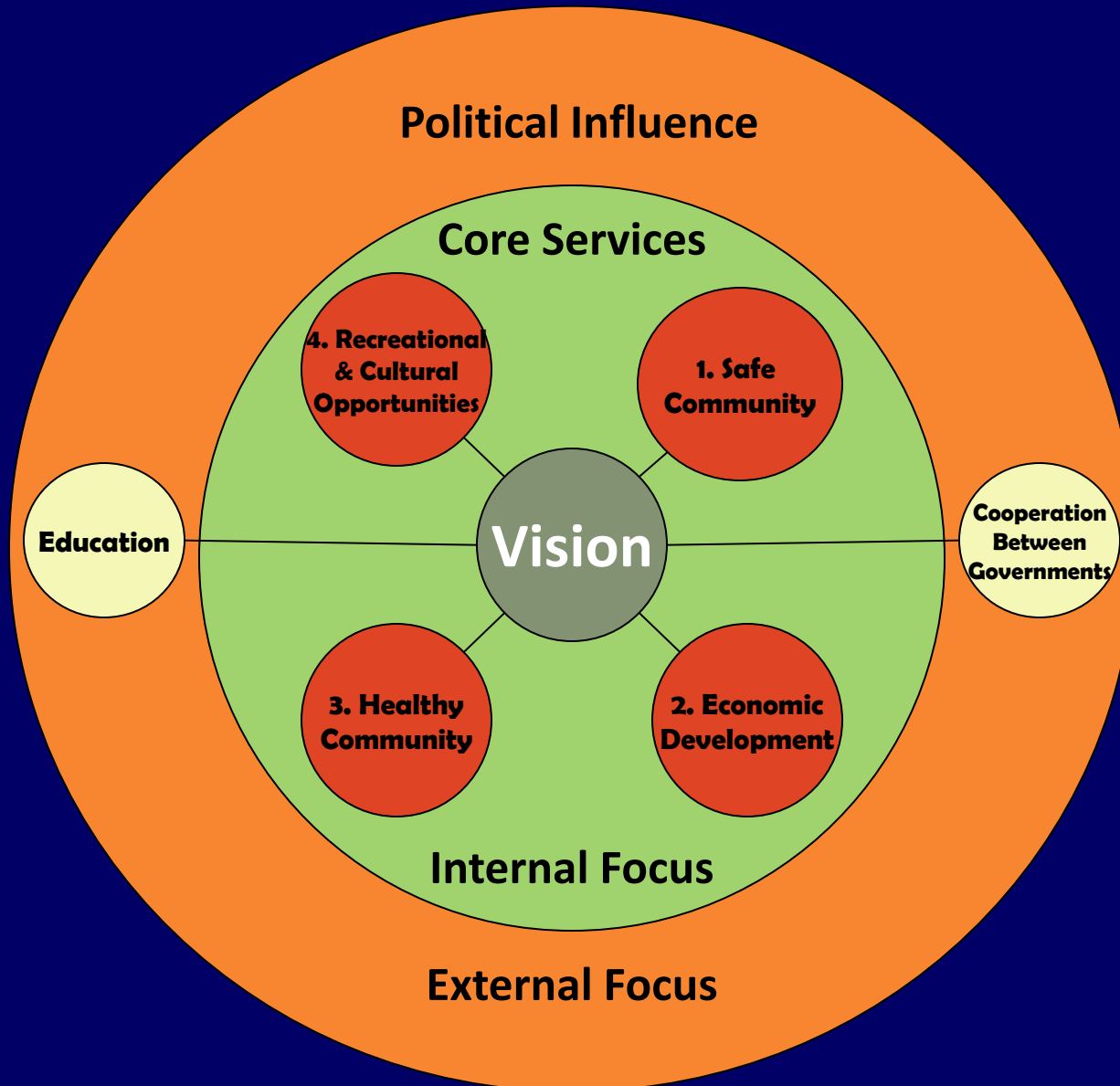


Revenue &
Expenditure Target



Strategy

Jackson Board of Commissioners Strategic Priorities



Organizational Goals

Improved Work Environment

Core Values

Integrity

Leadership

Collaboration

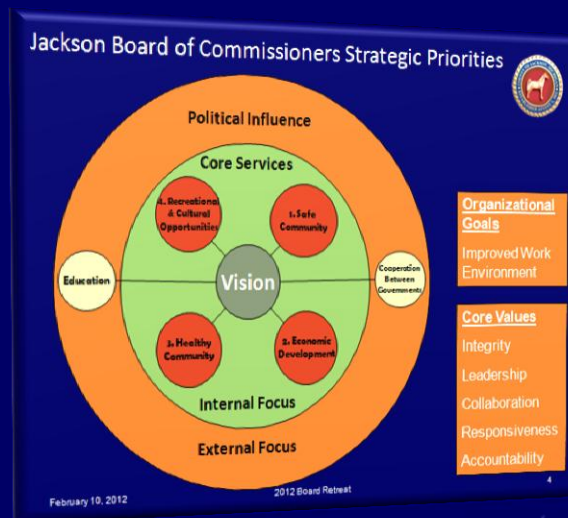
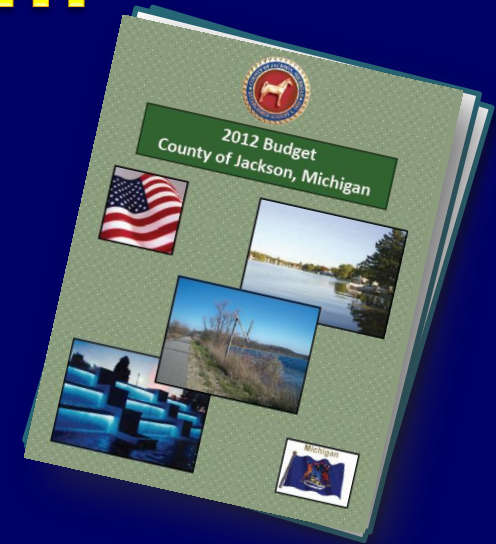
Responsiveness

Accountability

Be Thinking About The Impact of Your Plan on...



✓ The 2013 Budget



✓ Where we are going with the Strategic Plan

Re-Establishing Priorities



Newly Seated Boards – Odd Years

Detailed Prioritization

Mid-Election – Even Years

Re-Affirm General Rankings

How do we use it?

- All Programs are Good
- Communicate to Staff About What's Most Important
- Make Difficult Decisions

Survey Says...



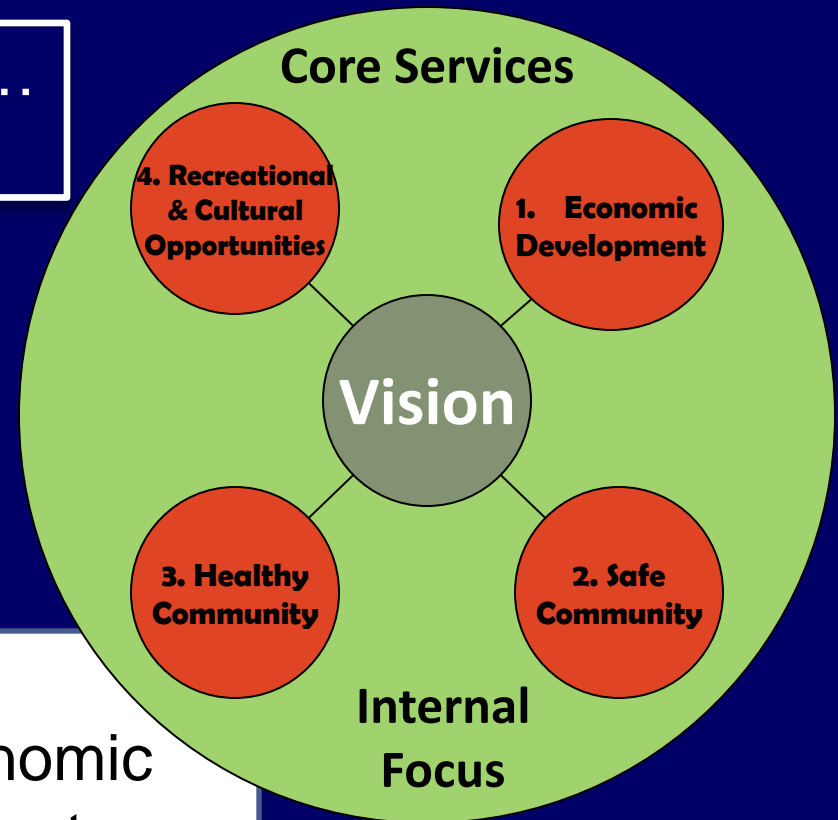
Recommendation



For Budgeting Conversation...
Internal Focus

We recommend moving
Economic Development to the
number 1 priority?

What does that mean?
We focus resources on the Economic
Development Plan i.e. Recruitment,
Retention, Community Amenities, etc...



Can you support moving Economic Development to the Number 1 Priority?

Discussion

Other Strategic Thoughts

- What other feedback do you have for the Strategic Priorities and/or the Strategic Teams?

Board Retreat – March 9, 2012

Financial Target



Net Impact 2012



Revenues	Impacts
Base Revenues	\$42,131,463
Other Revenue Impacts	(\$1,150,867)
Property Tax Change	(\$101,797)
Fund Balance/Stablization	\$750,000
Total	\$41,628,799
Expenditures	
2012 Expenditures	\$42,131,463
Other Expenditure Changes	\$641,179
Cuts to Make	(\$502,664)
Total	\$41,628,799

For a Rainy Day



Undesignated unreserved Fund Balance above Board Goal of 24%	\$2,290,711
Budget Stabilization Fund	\$1,447,924
Total	\$3,738,635

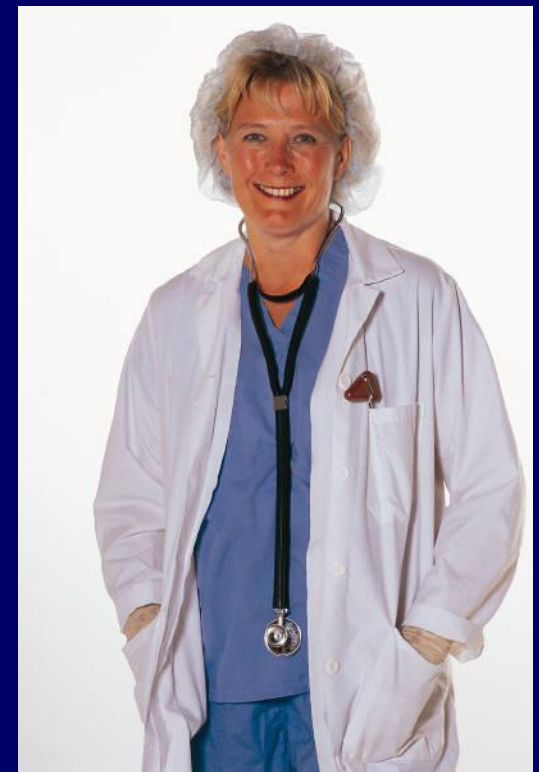
Use these funds judiciously to transition through economic conditions. The best thing you can have during economic turbulence is a savings account.

Other Post Employment Benefits (OPEB)



Faced with the Challenge of funding serious Legacy Costs

- We've been successful at switching new employees to the defined contribution health benefit to date.
- We still have a significant obligation remaining, that will likely ebb and flow over the next 30 years.



Understanding the Shortage



▪ Currently Built in to Budget	\$2,300,000
▪ <u>Additional</u> Cost in 2014	\$1,000,000
<hr/>	
▪ Total Yearly OPEB costs	\$3,300,000

Understanding the Shortage



Can't we just use our fund balance of \$3.7 million?
The impact is cumulative, not just one time.

	2013	2014	2015	2016	2017
Shortage	\$571,179	\$571,179	\$571,179	\$571,179	\$571,179
		\$428,821	\$428,821	\$428,821	\$428,821
			\$100,000	\$100,000	\$100,000
				\$110,000	\$110,000
					\$121,000
Yearly Total	\$571,179	\$1,000,000	\$1,100,000	\$1,210,000	\$1,331,000
Cumulative		\$1,571,179	\$2,671,179	\$3,881,179	\$5,212,179

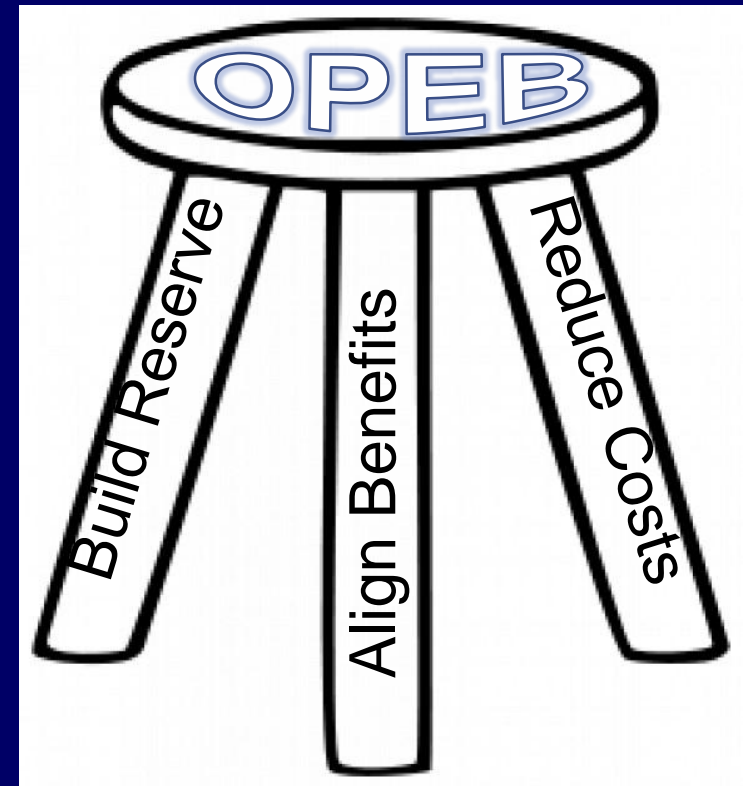
One-time funding will help, but will only delay what has to eventually be done, create capacity.

Tactics



Balanced Approach

- Build reserve quickly using one time funds
- Align retiree benefits with current employees, thereby reducing costs
- Reduce general fund expenses to create capacity



Build Reserve Quickly



- One Time funds
 - \$500,000 one time revenues from child care fund
 - \$500,000 one time revenues from Health Fund (based on the Maximus study for Health Department Retiree Costs from pre-2010)
 - A portion of end of the year savings

Align Retiree Benefits



- Incentivize Behavior
- Match Retiree Benefits with Current Employee Benefits

Impact

- Reduce cost
- Increase responsibility



Create Capacity



- Previous goal of \$500,000 per year will have to be increased and extended beyond 2015.
 - Some FTE reductions will likely be necessary, but can be accomplished through attrition

Other Alternatives Discussed



- Financing OPEB through Bonds/Notes
 - Allows for predictable funding of OPEB
 - Finance the Cascades Project and use year-end savings to build up retiree health fund
- Offer Buy-Out of Retiree Health Benefit
 - Done in Saginaw
- Headlee Rollback
 - Unpopular, but would not require a full roll-back

Five Year Plan – Out of Balance



Revenues	2013	2014	2015	2016	2017
Taxes Real (base)	20,398,204	20,256,919	20,166,732	20,177,378	20,288,964
Taxes Personal Loss	(40,000)	(90,188)	(90,188)	(90,188)	(90,188)
Taxes Adjusted	(101,285)	0	100,834	201,774	405,779
Total	\$ 20,256,919	\$ 20,166,732	\$ 20,177,378	\$ 20,288,964	\$ 20,604,556
Health Preimums	\$ 400,000	\$ 800,000	\$ 880,000	\$ 968,000	\$ 1,064,800
Intergovernmental	4,608,708	4,608,708	4,608,708	4,608,708	4,608,708
Revenue Sharing	2,400,000	2,352,000	2,304,960	2,304,960	2,304,960
Transfer In	4,565,743	4,565,743	4,565,743	4,565,743	4,565,743
Other Revenue	8,647,429	9,333,553	9,333,553	9,333,553	9,333,553
Fund Balance	995,324	980,000	799,918	675,623	287,770
Total Revenue	\$ 41,874,123	\$ 42,806,736	\$ 42,670,260	\$ 42,745,551	\$ 42,770,090
Expenses	2013	2014	2015	2016	2017
Base Budget	42,131,463	42,269,978	42,943,242	42,804,746	42,878,007
Additional OPEB		600,000	110,000	121,000	133,100
Other Expense	91,179				
Compensation (Market)	400,000	600,000	200,000	400,000	200,000
Compensation (Steps)	150,000	150,750	151,504	152,261	153,023
Cuts to Make	(502,664)	(677,486)	(600,000)	(600,000)	(463,624)
Total Expenses	\$ 42,269,978	\$ 42,943,242	\$ 42,804,746	\$ 42,878,007	\$ 42,900,506

Year End Savings Priority



Choices

- Have to fund OPEB to some extent
- Our impression is that your next priority is Cascade Falls

Recommendation

- First \$500,000 goes toward OPEB
- Remaining under \$1 million to Cascades
- Above \$1 to OPEB



Michigan 2012

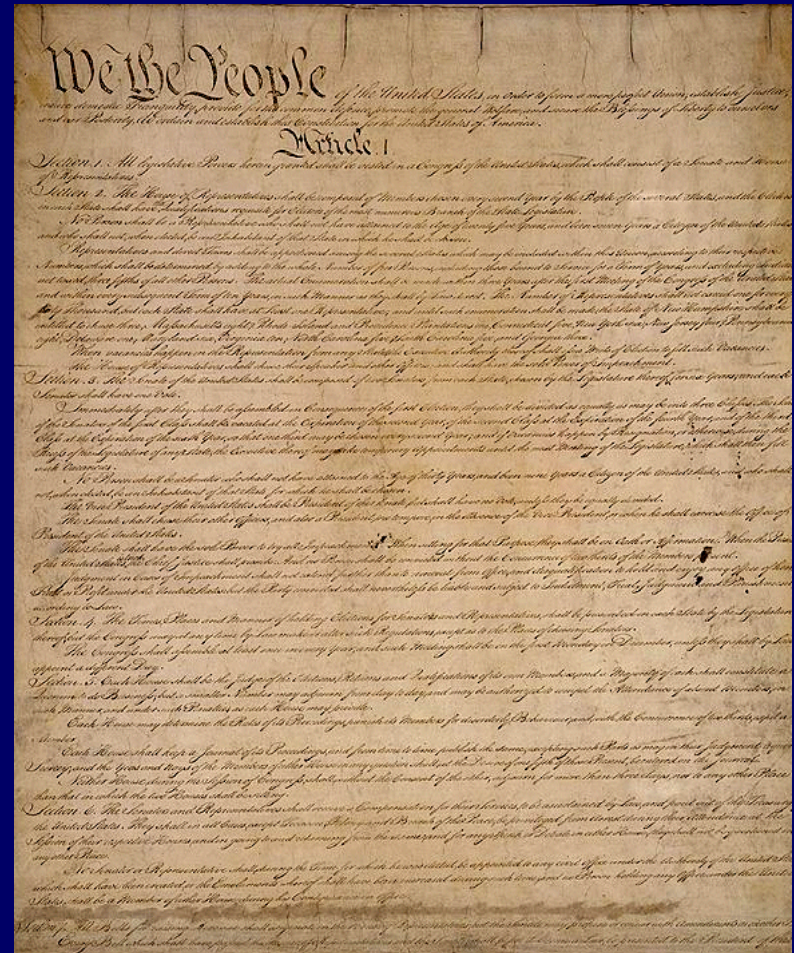


Legislative Agenda

Legislative Agenda



- Talk about legislative issues
- Have you consider several issues
- Vote on direction for each issue
- Create a resolution that Board members can advocate

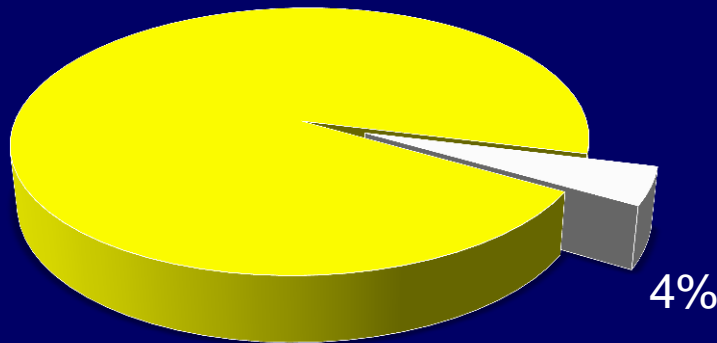


Legislative Issue 1



Personal Property Tax

- Opposition to the elimination of Personal Property tax without dollar for dollar replacement.



■ Other Revenues ■ Personal Property Tax

- Level of service will be impacted
- It would no longer be possible to protect our Safe Community Strategy
- Counties throughout Michigan rely on Personal Property Tax

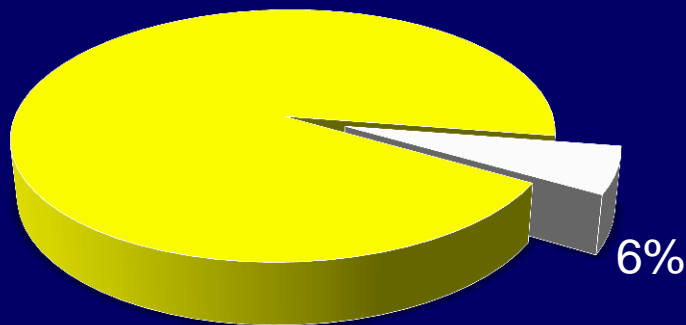
Legislative Issue 2



Revenue Sharing

- No additional hits to Revenue Sharing. Supportive of incentivizing Revenue Sharing, but without burdensome administration.

- County has already absorbed over \$860,000 in cuts



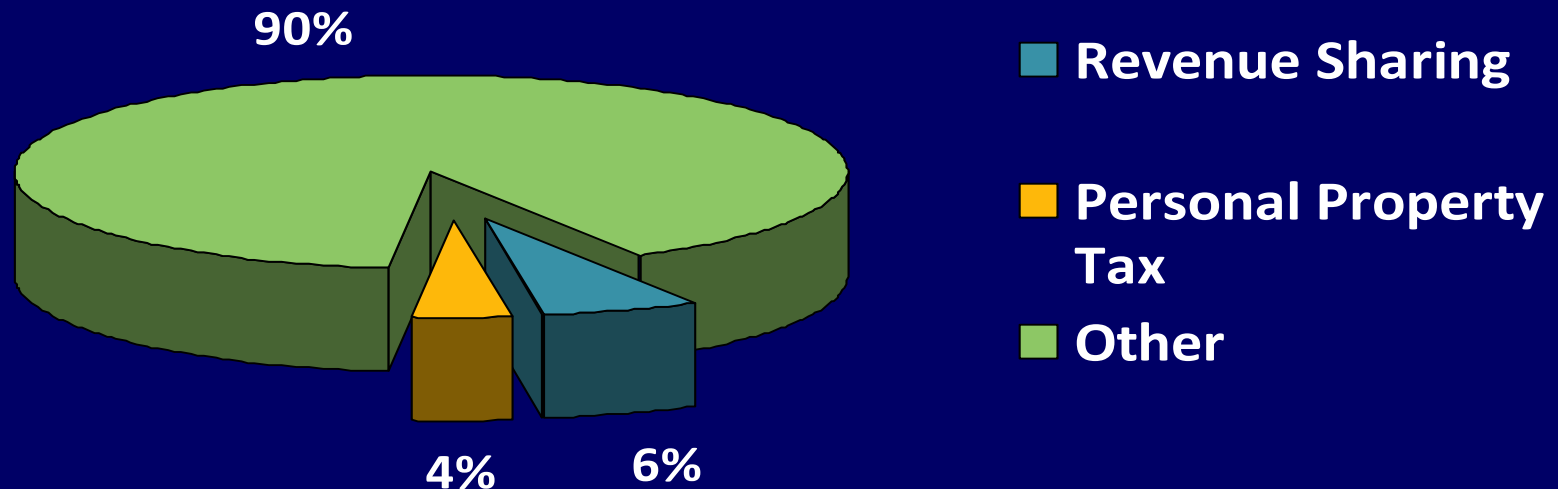
■ Other Revenues ■ Revenue Sharing

Legislative Issue 3



Combination

- Oppose any combination of cuts to Revenue Sharing and Personal Property Tax in excess of 5%.



Other Legislative Items?

Other Questions



Priorities

Financial

Legislative

Next Steps



Collaboration of Elected Officials & Department Heads based on target and priorities

Enter Budgets

Balance

Presentation

Ideas, Questions, Comments, Discussion