

Jackson County 2013 Revenue & Expenditure Forecast

2012 Board Retreat



Budget Theme



Hold the line, be vigilant

- County has been in a strong financial position, but most remain proactive to address future challenges
- Accomplished much on the current strategic plan
- We must continue to push ourselves to do things better, cheaper, and faster
- Many Unknowns

Our Budget Tactics



- Long-term planning
 - Five-year fiscal planning
- No Gimmicks
 - No short-term fixes needed
- Conservative estimates of revenues
- Reducing Expenditures
- Participative
 - Department Heads and Elected Officials Working Together
- Open

2013 Revenue Forecast

2012 Board Retreat



Revenue Committee



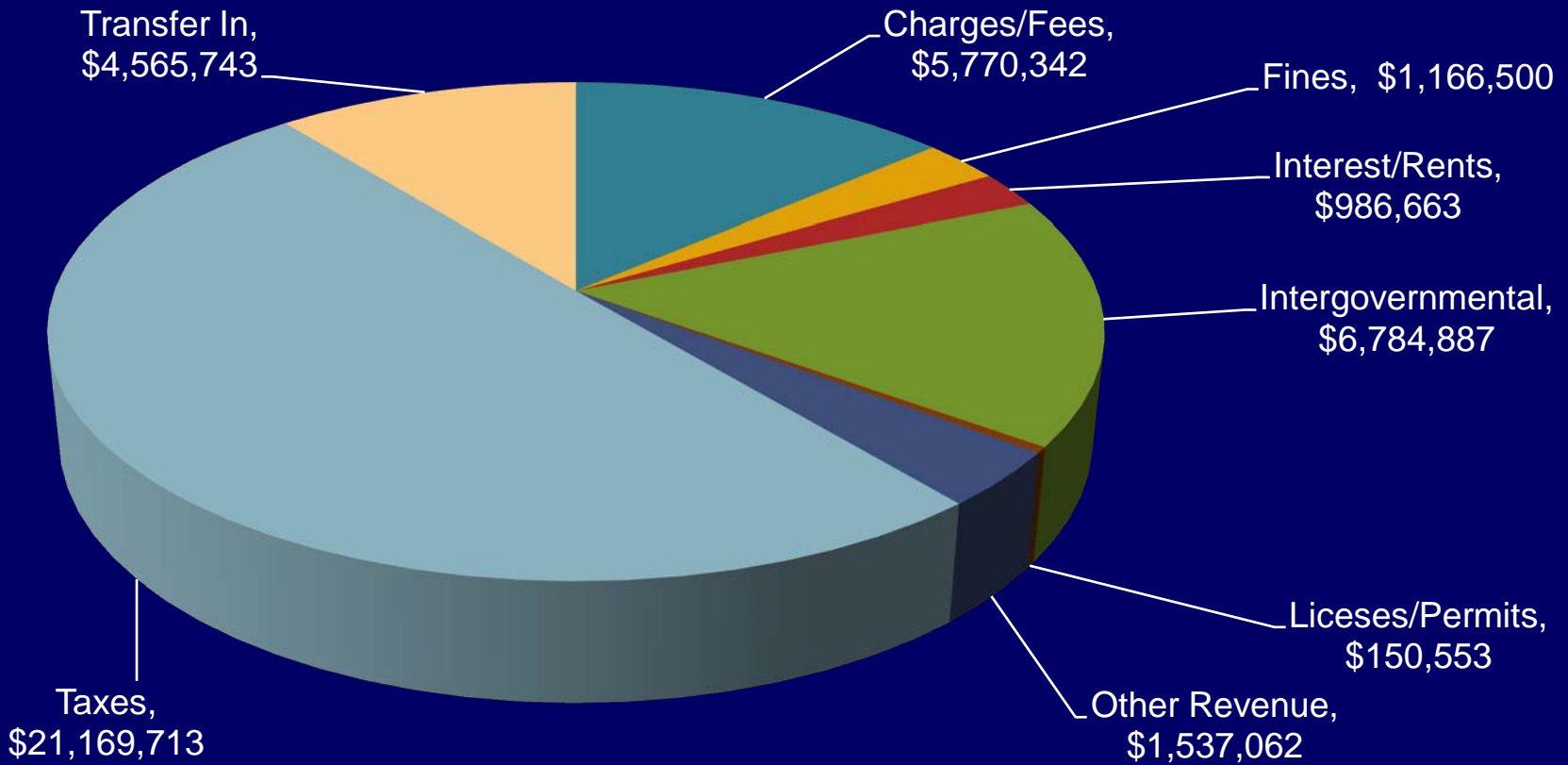
Mike Overton	Administrator/Controller
Adam Brown	Deputy Administrator
Gerard Cyrocki	Finance Officer
Karen Coffman	Treasurer
Diane Donaldson	Deputy Treasurer
Joanna Lagow	Acting Director of Equalization
Mindy Reilly	Register of Deeds
Mona Webb	Deputy Register of Deeds

Role: To use analytic data to project county tax revenue.

Revenue Committee



2012 Revenue By Type





Key Indicators

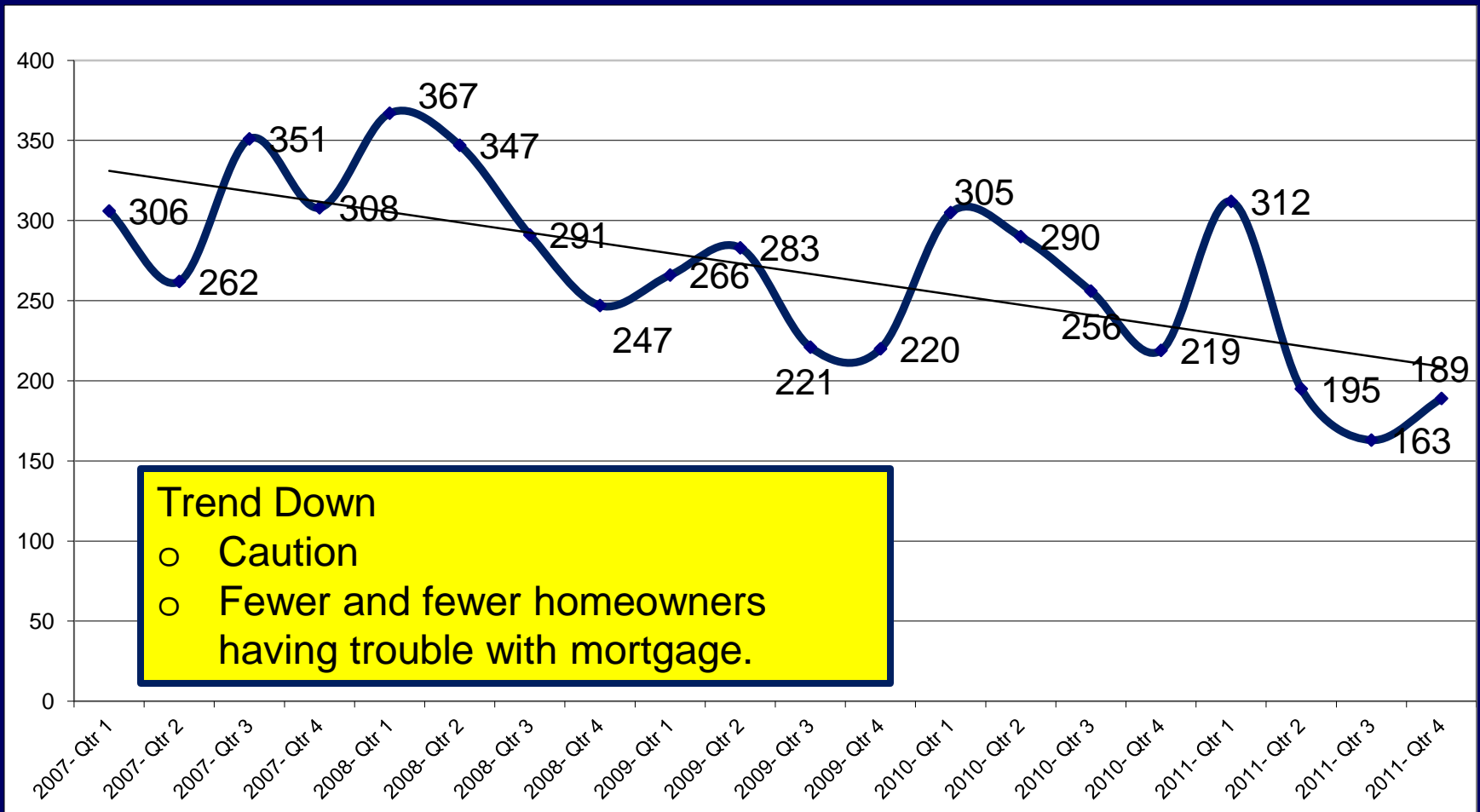
Primary

- 🏠 Foreclosures
- 🏠 Property Values
- 🏠 Housing
- 🏠 Inflation/Deflation
- 🏠 New Construction
- 🏠 Tax Captures / Giveaways
- 🏠 Population

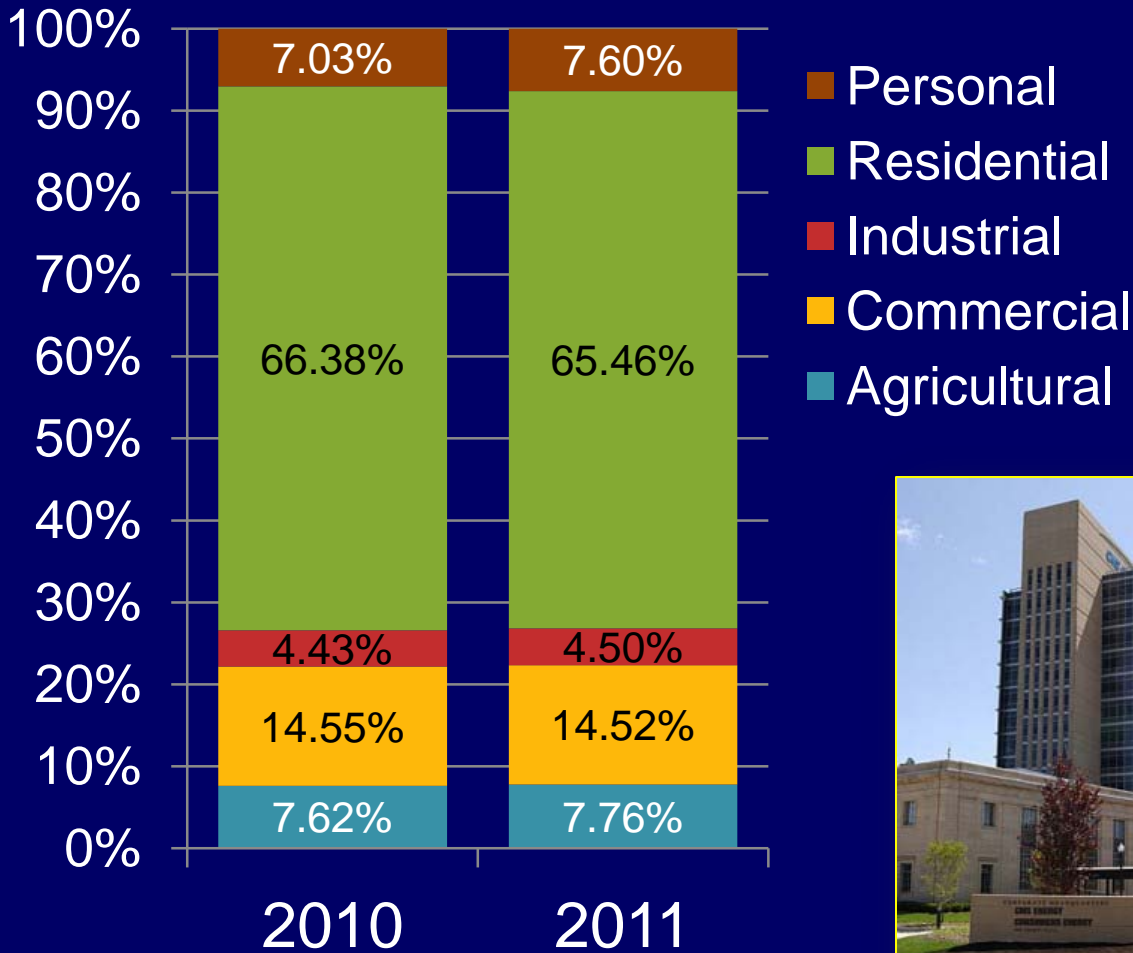
Secondary

- 🏠 School Enrollment
- 🏠 Business Start Up/Closure
- 🏠 Unemployment
- 🏠 Delinquency Rate

Sheriff's Deeds/Foreclosure



Your Tax Base



Some Shifting

- Residential ↓
- Personal ↑
- Agriculture ↑



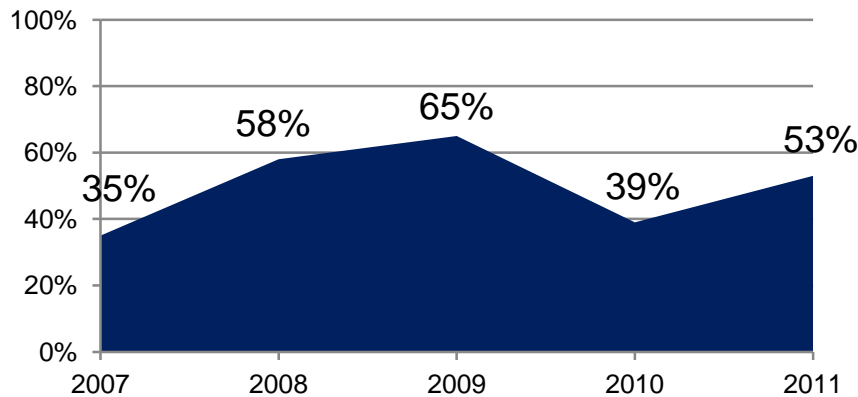
Trends by Category



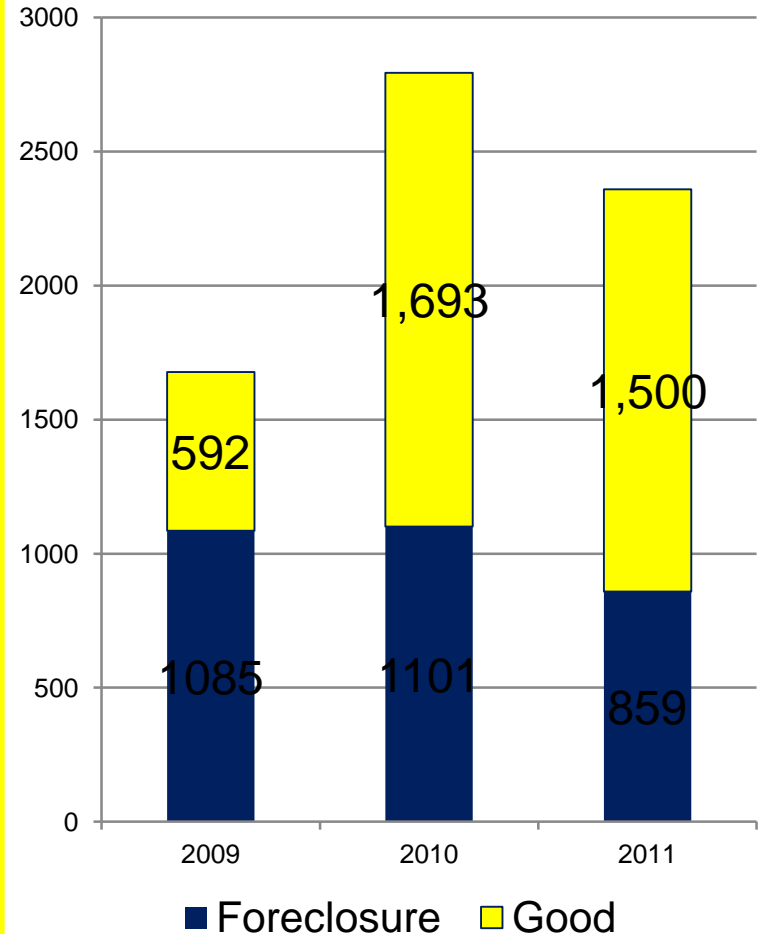
Housing



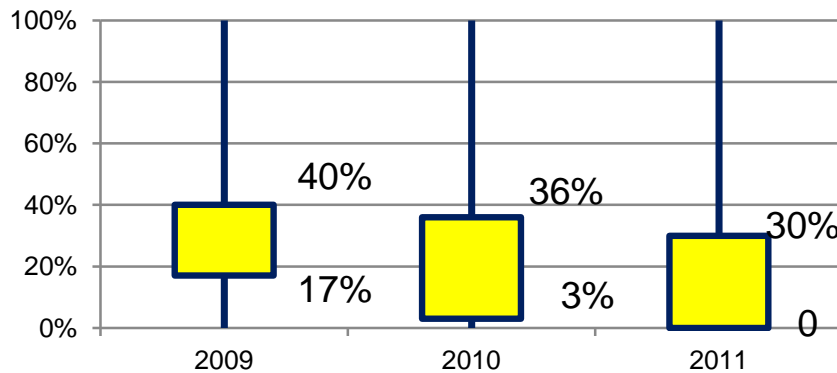
Percent of Sales from Foreclosed Properties



Home Sales



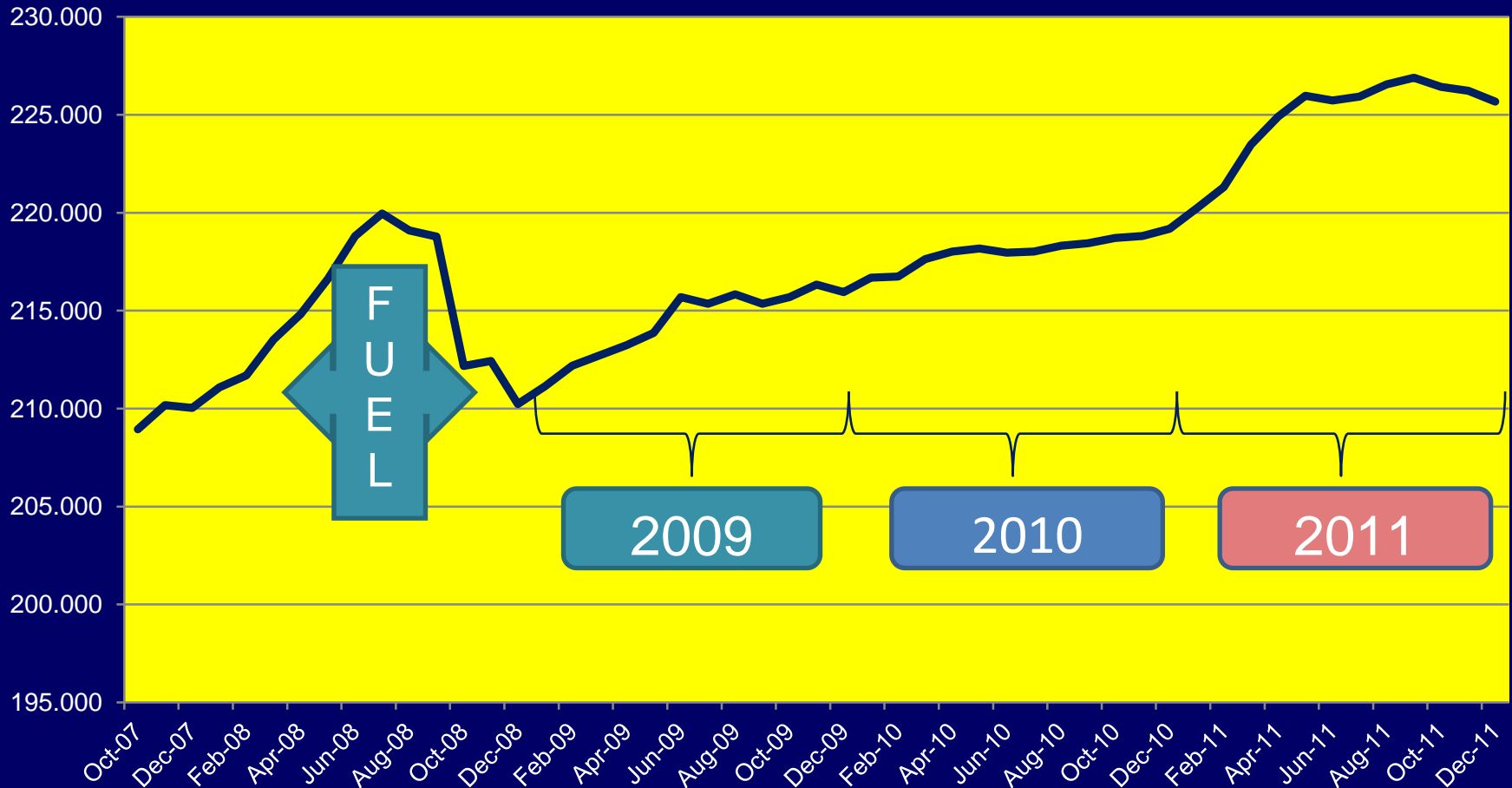
Rental Vacancy Rate



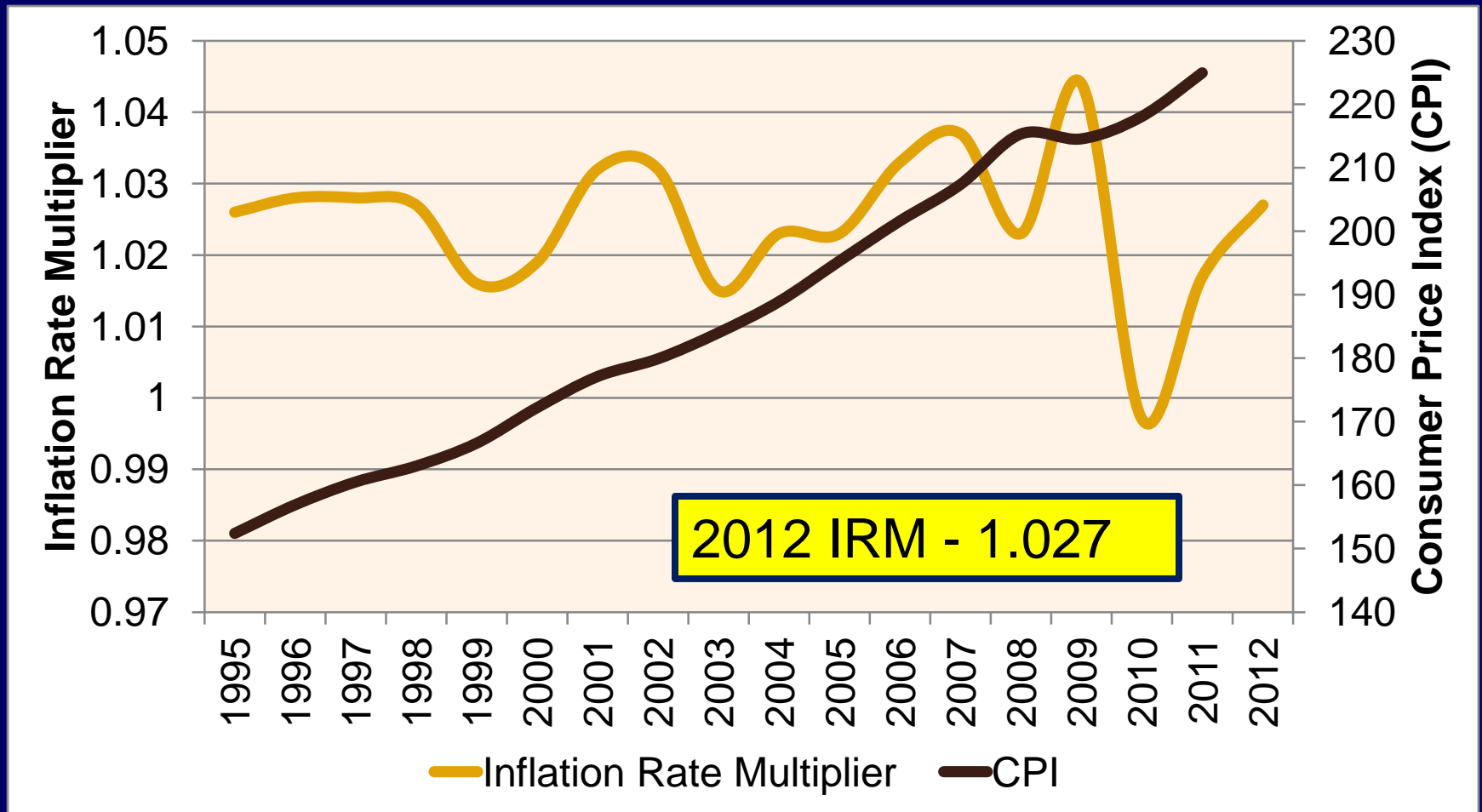
Inflation / Deflation



Consumer Price Index



Impact of CPI on IRM



IRM Example



	<u>TV Under SEV</u>	<u>TV = SEV</u>
SEV	\$120,000	\$100,000
TV	\$100,000	\$100,000
Decrease in Value	-4%	-4%
Applied	\$96,000	\$96,000
IRM	2.7%	2.7%
Applied – New TV	\$98,592	\$96,000
New SEV	\$115,200	\$96,000

New Construction

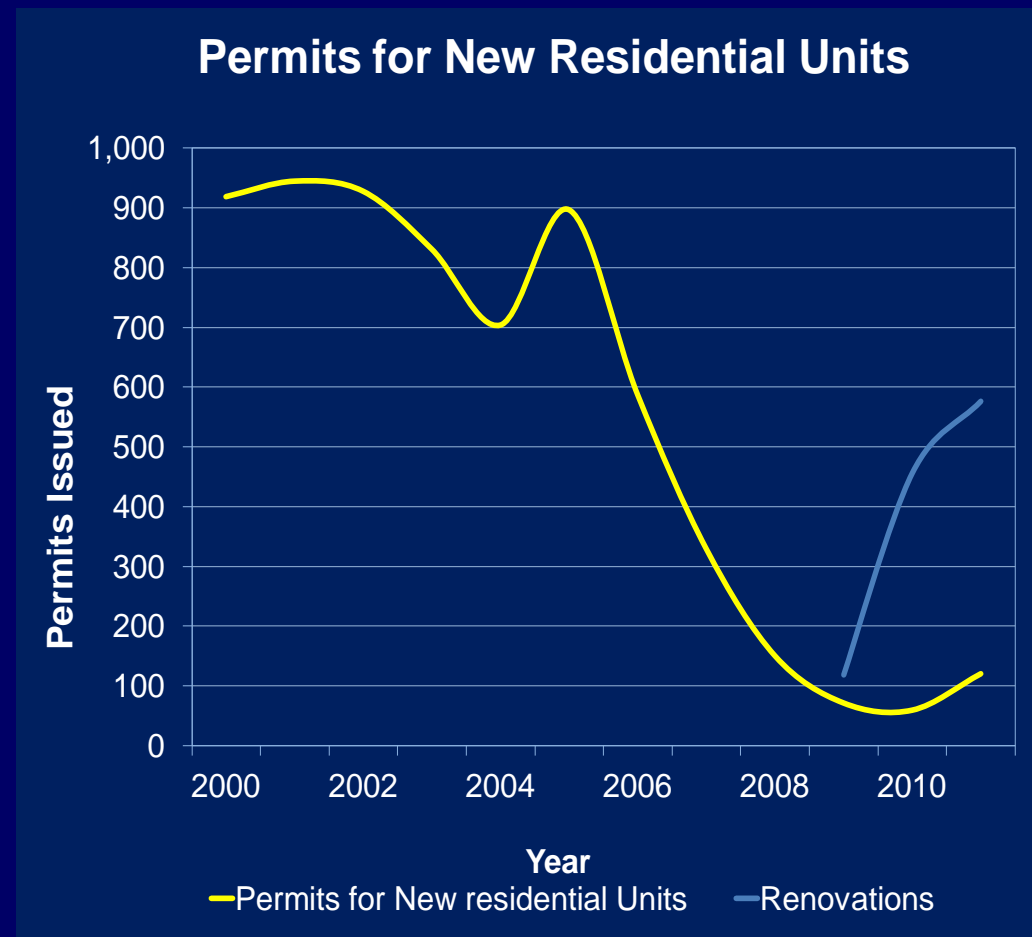


Trends

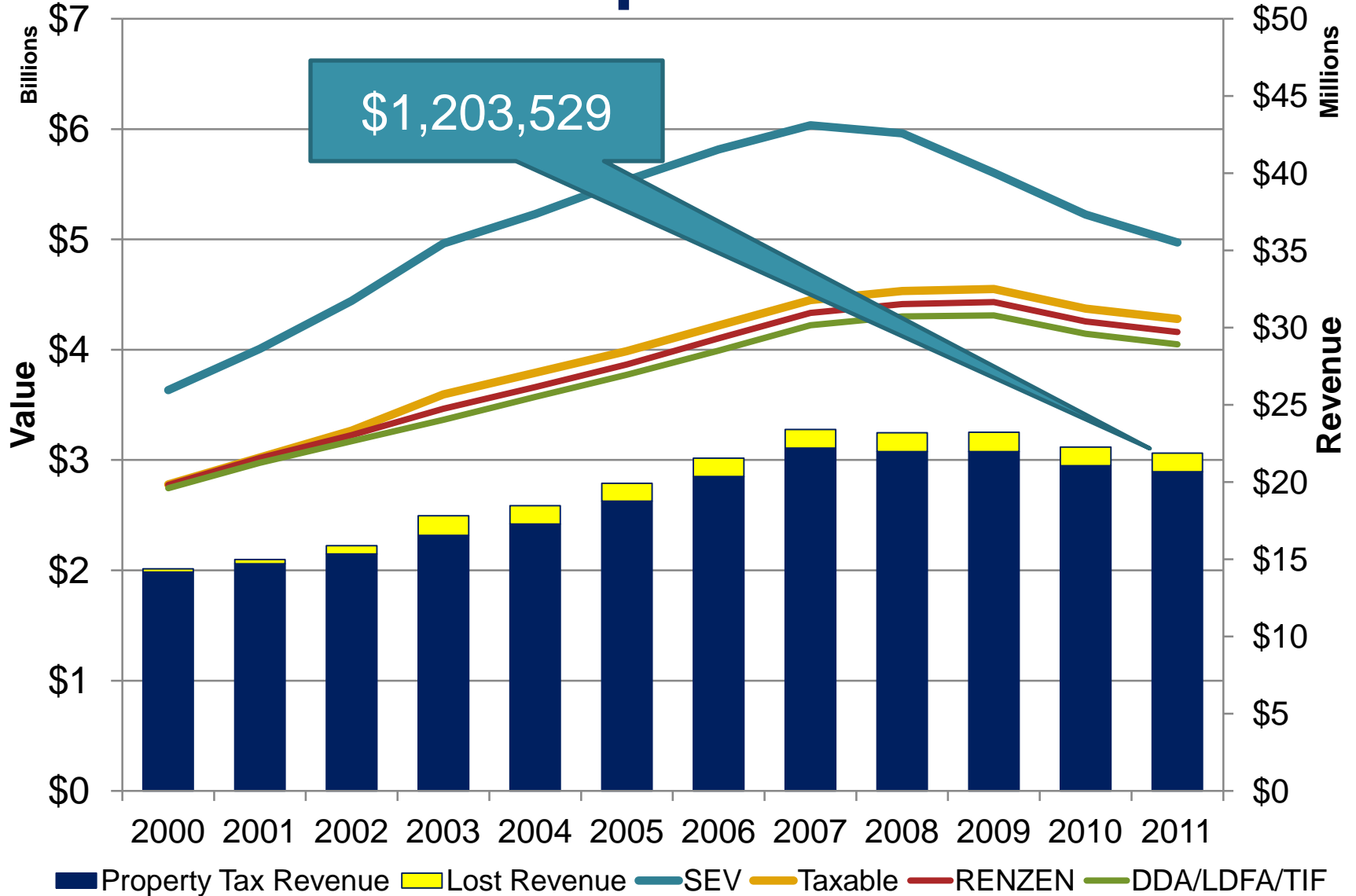
- New Construction Up
- Renovations Up

Implications

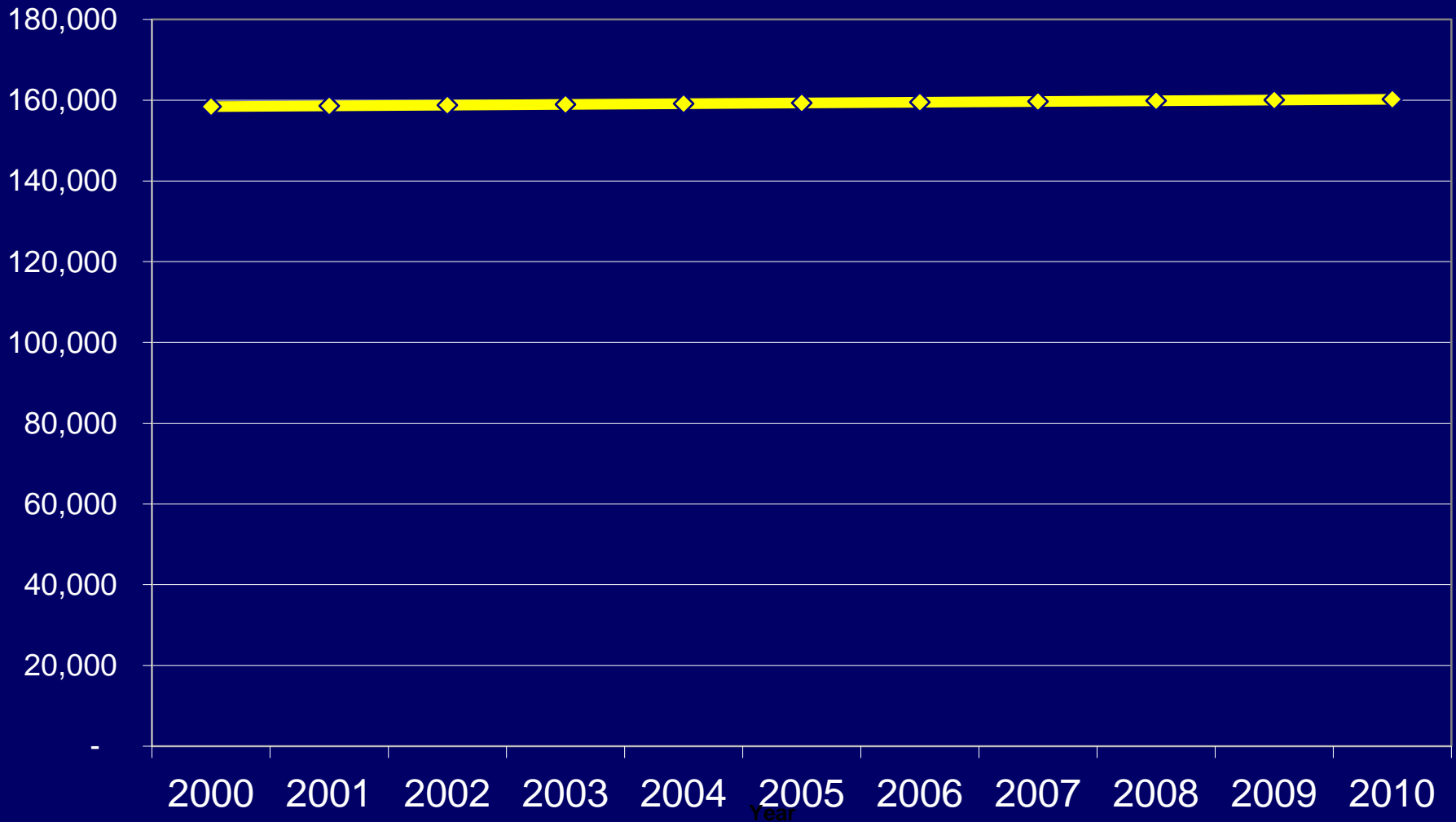
- Consumer Confidence rising
- Stabilization



Tax Expenditures

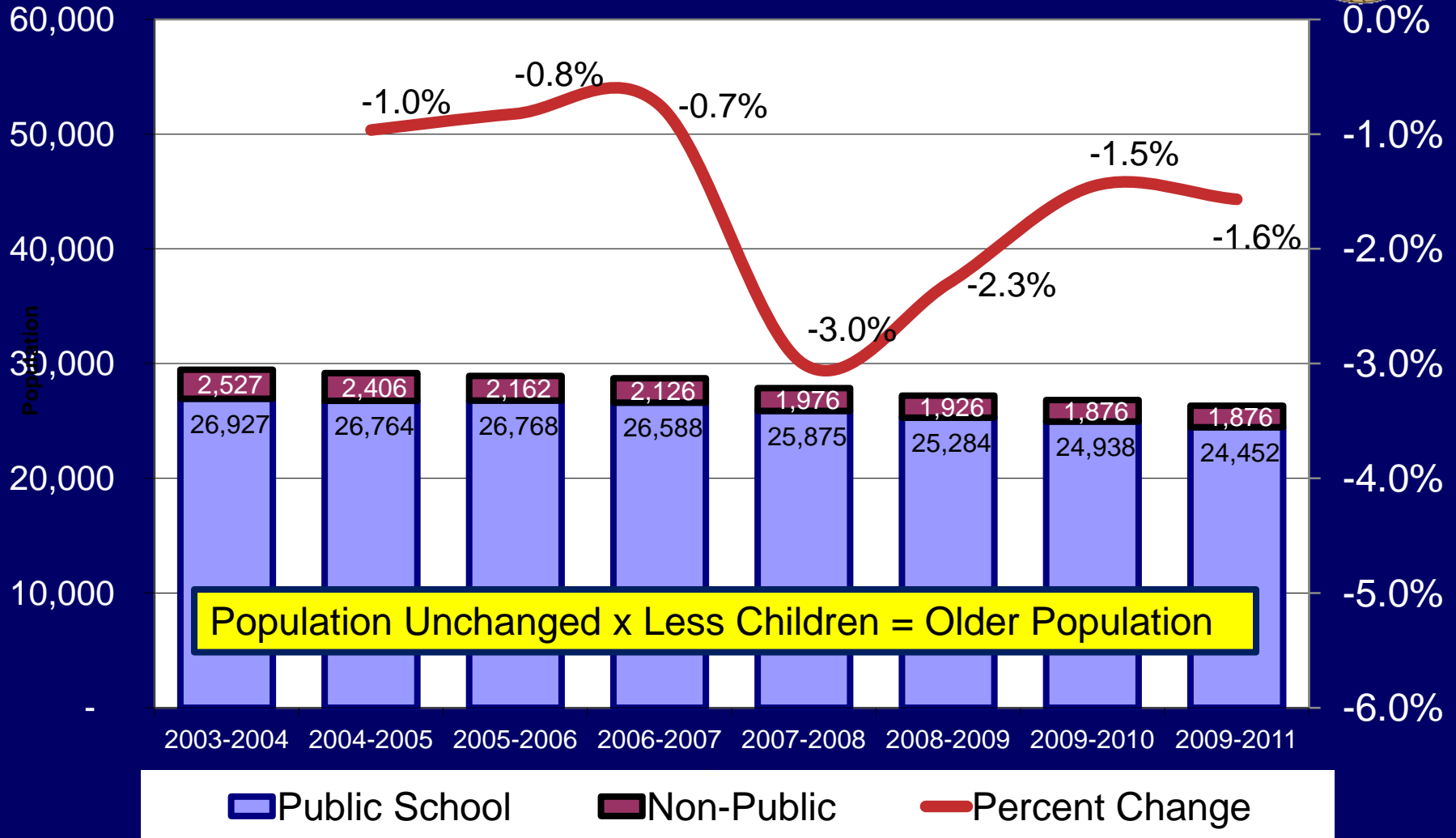


Population





School Enrollment



Business Start Ups / Closures

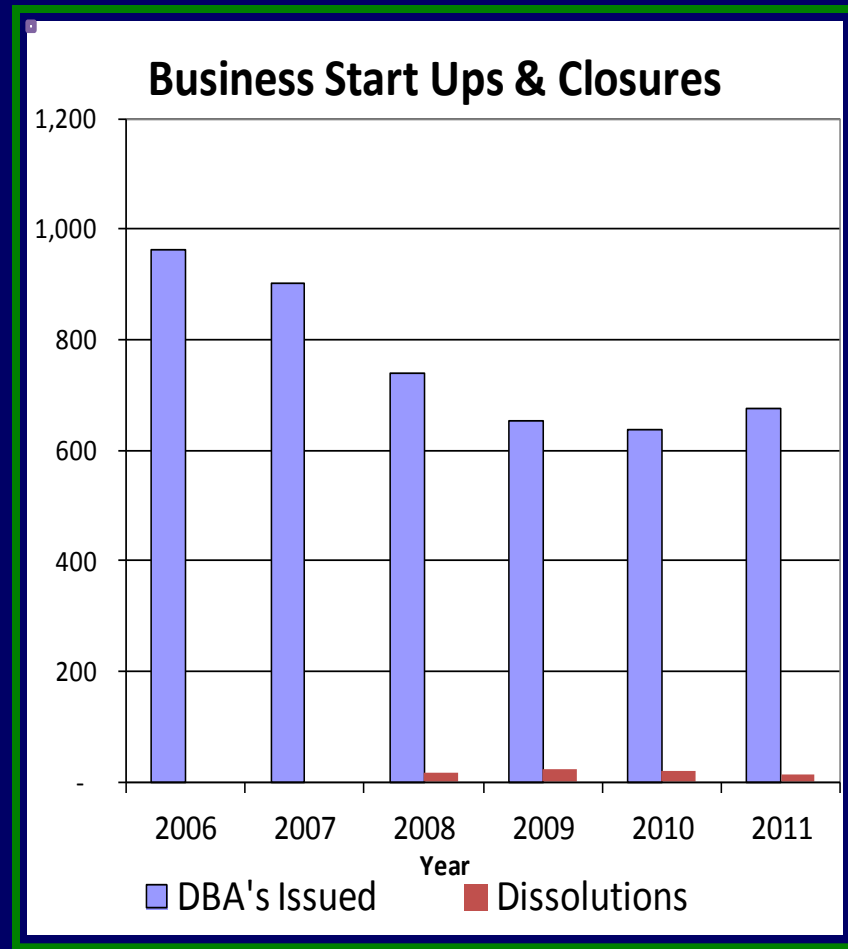


Trends

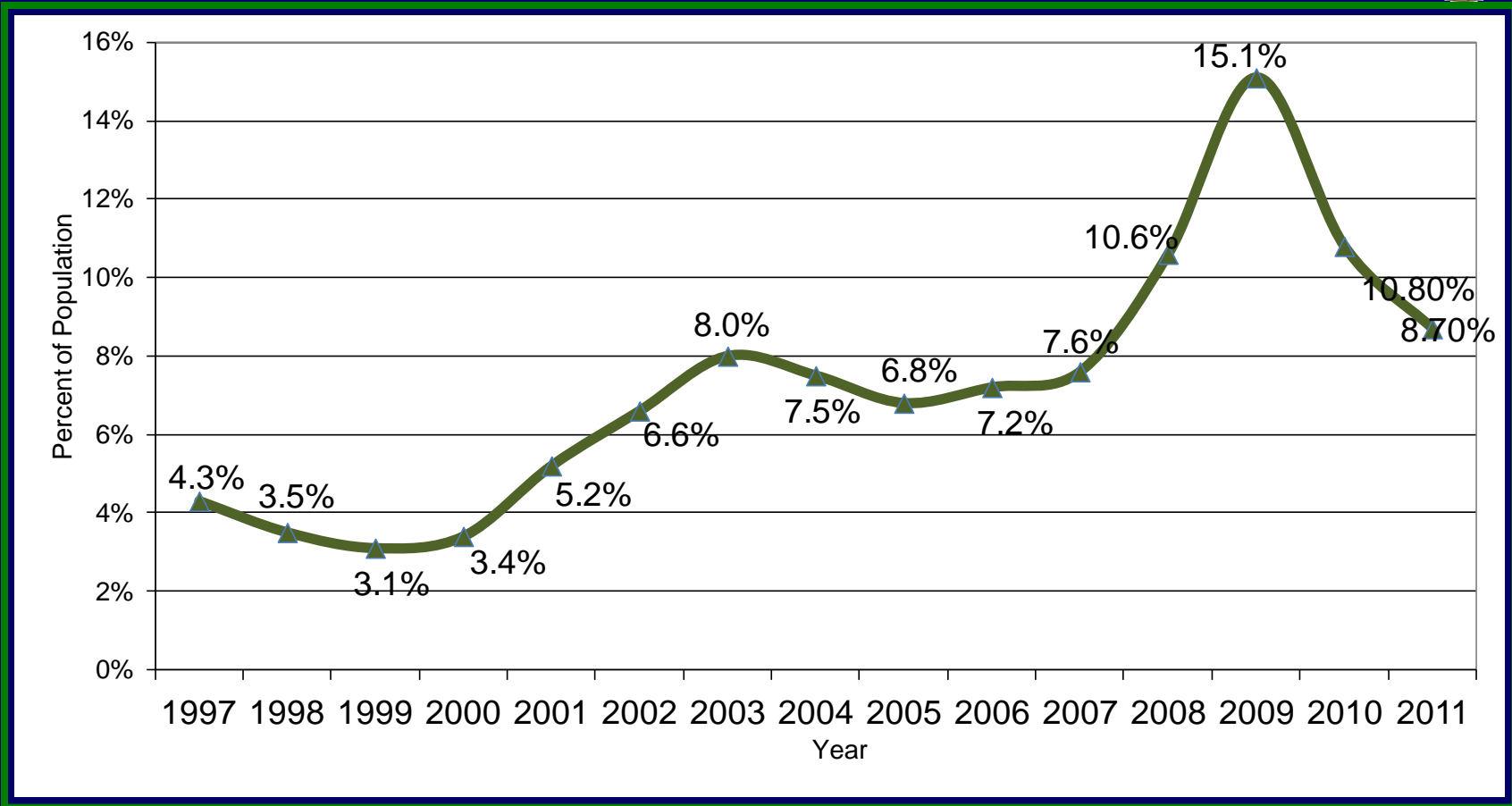
- Down 18% in 2008
- Down 11% in 2009
- Down 3% in 2010
- Up 6% in 2011

Implications

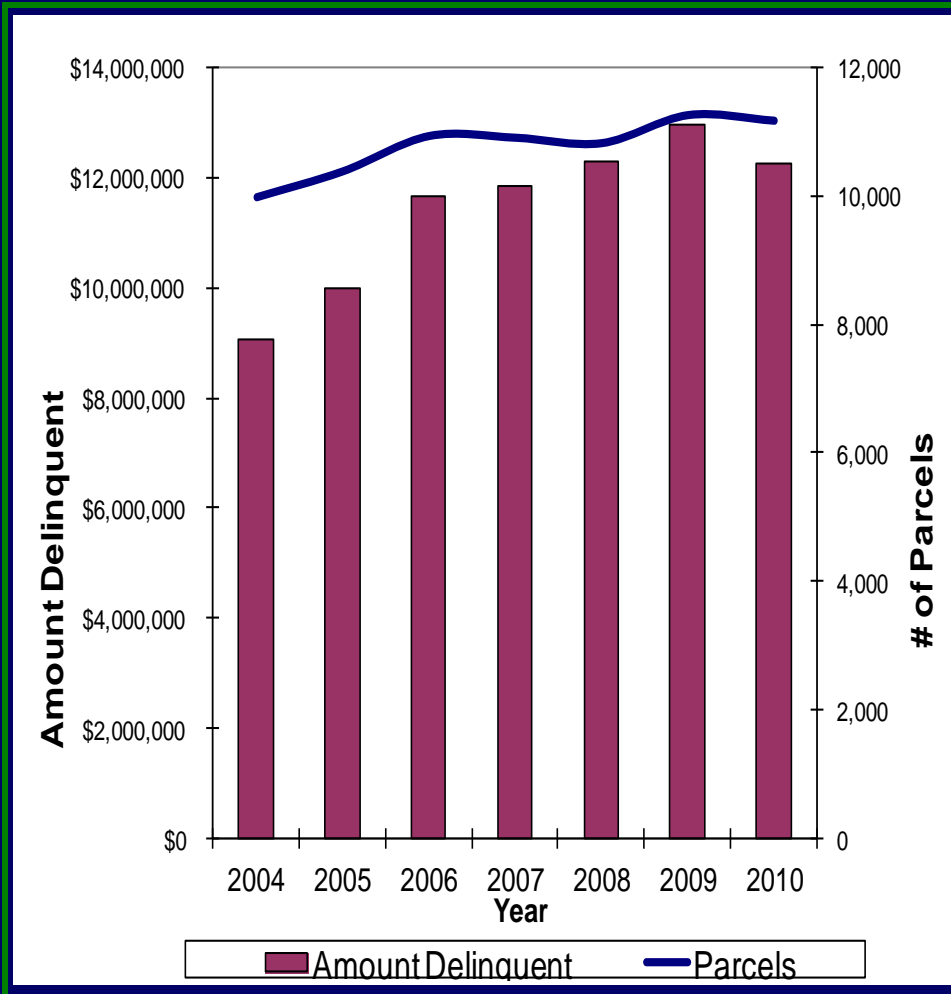
- Turned the corner



Unemployment



Delinquency Rate – Real



- Trends
 - Positive Relationship
 - Down in 2010
- Implications
 - More parcels forfeited
 - Less interest income

Primary Indicators

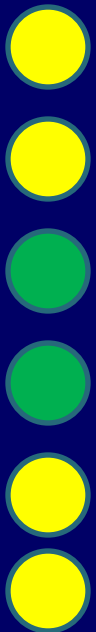


Primary

- Foreclosures
- Home Sales
- Inflation/Deflation
- New Construction
- Tax Captures
- Population

Additional 2012 Impacts

- Improved
- Continue Good Sales
- Good Inflation
- Bottomed out
- Level, some Expiring
- Level, but Graying



Secondary Indicators



Primary

- School Enrollment
- Business Start Up/Closure
- Unemployment
- Delinquency Rate

Trend

Down slightly

Positive Growth

Much Improved

Improved



Summary



Market Conditions

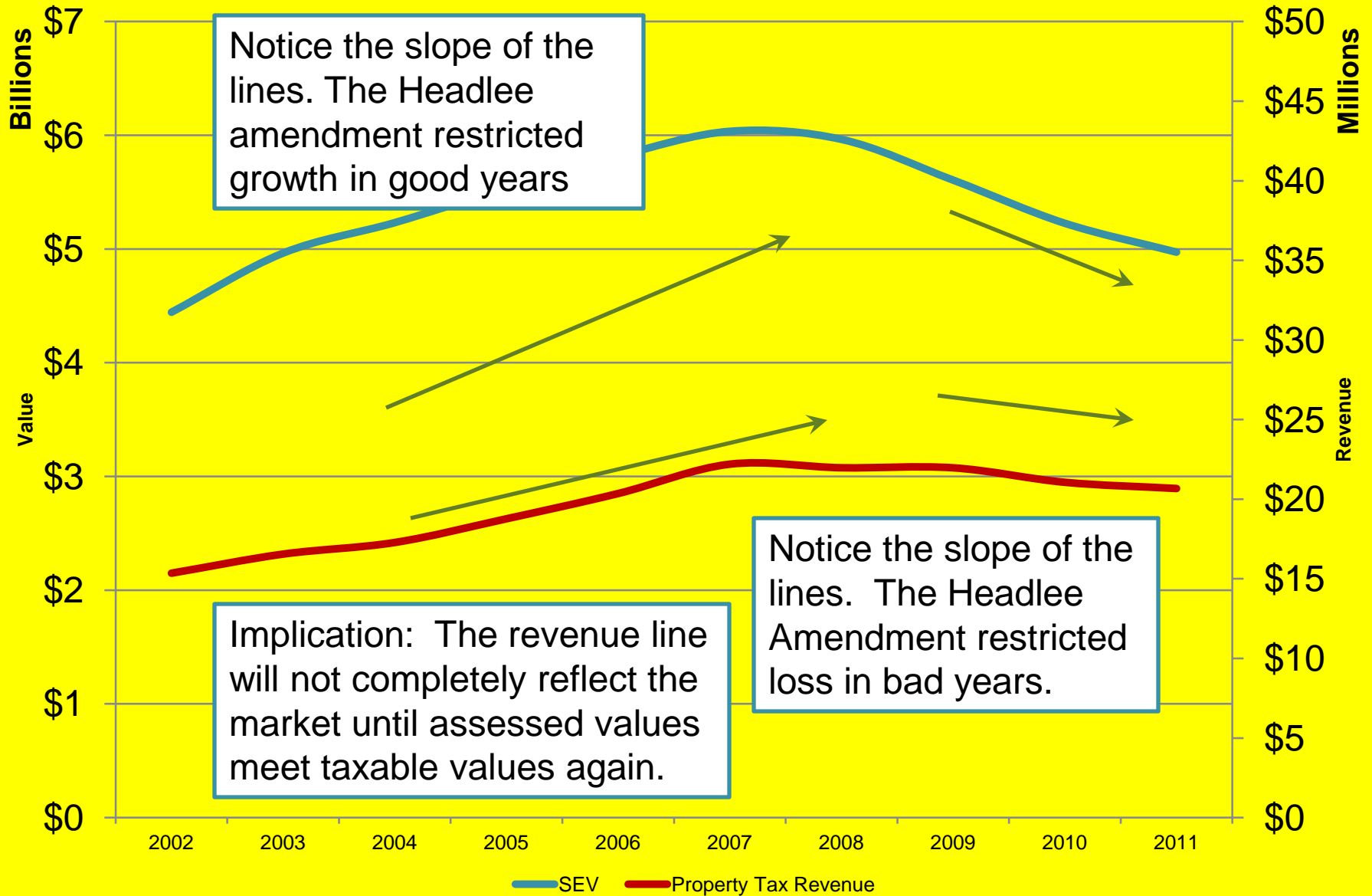
Unprecedented period of loss troughed and making the turn

Continued property tax loss through 2013

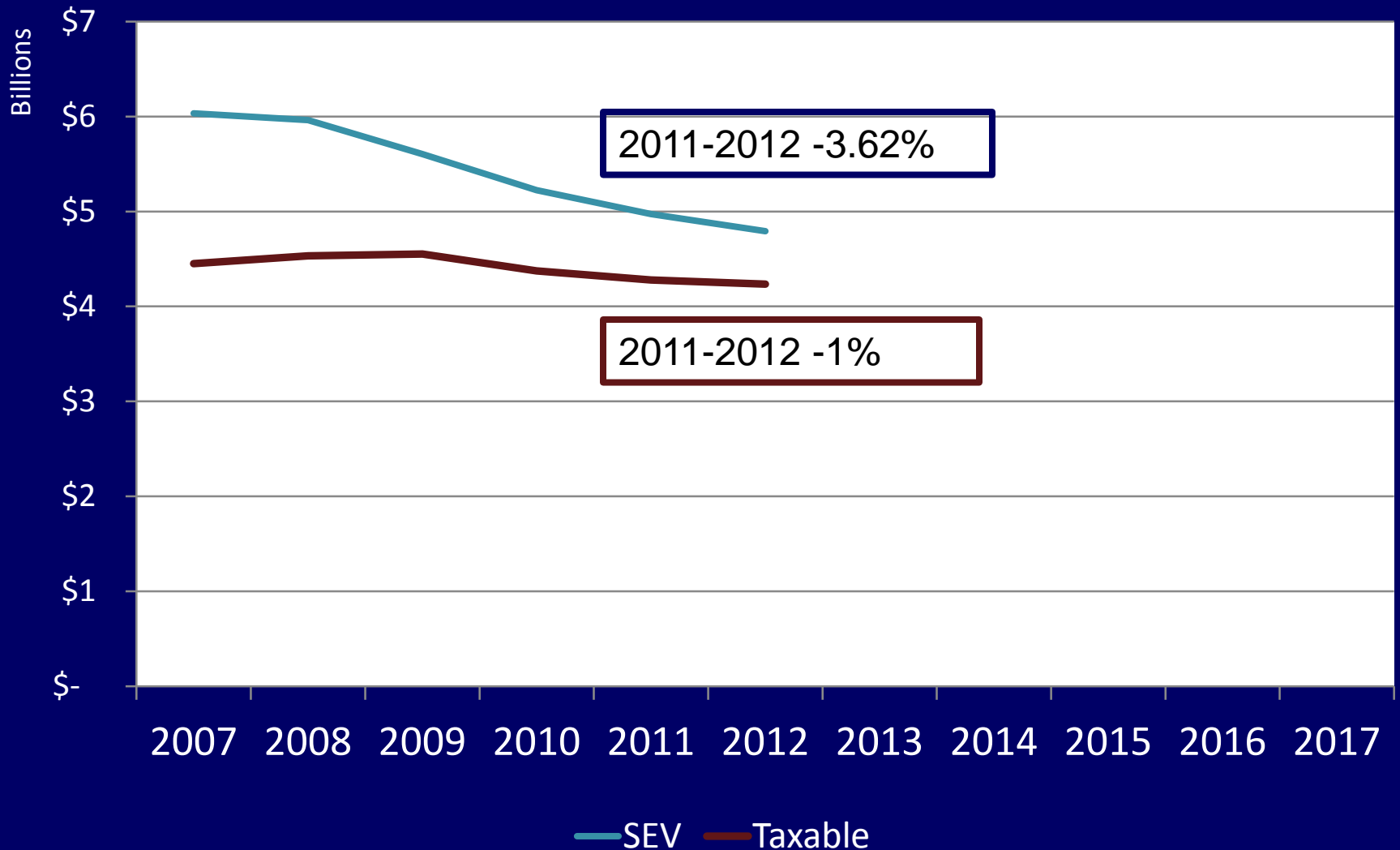
Positive indicators show signs of recovery

National economic indicators are improving

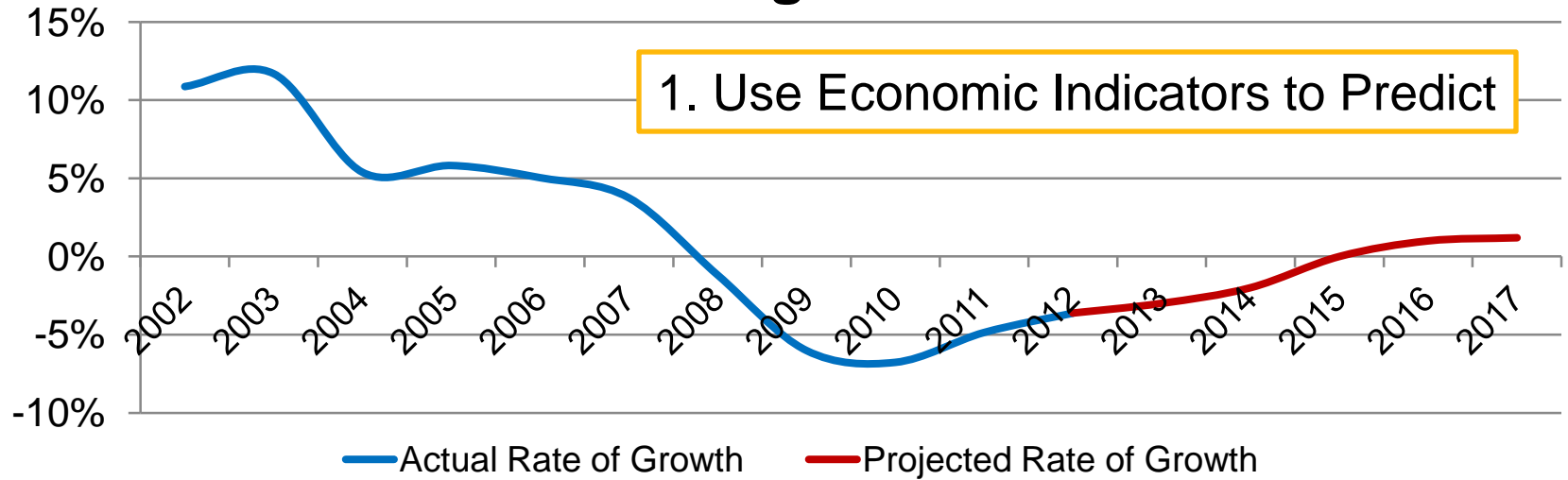
Property & Revenue Growth



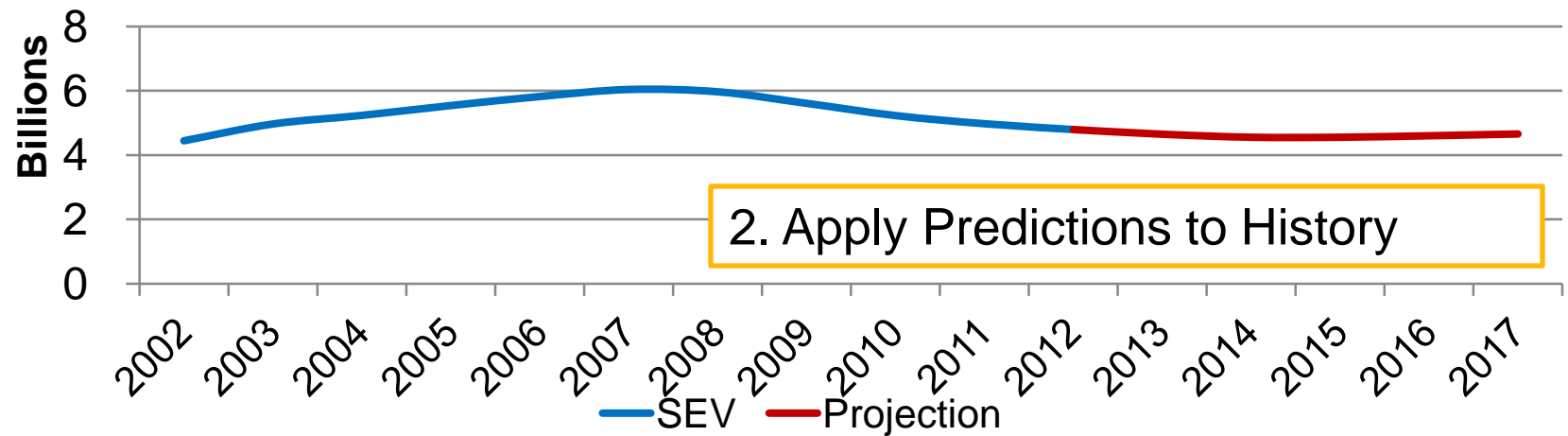
Assessed versus Taxable Value



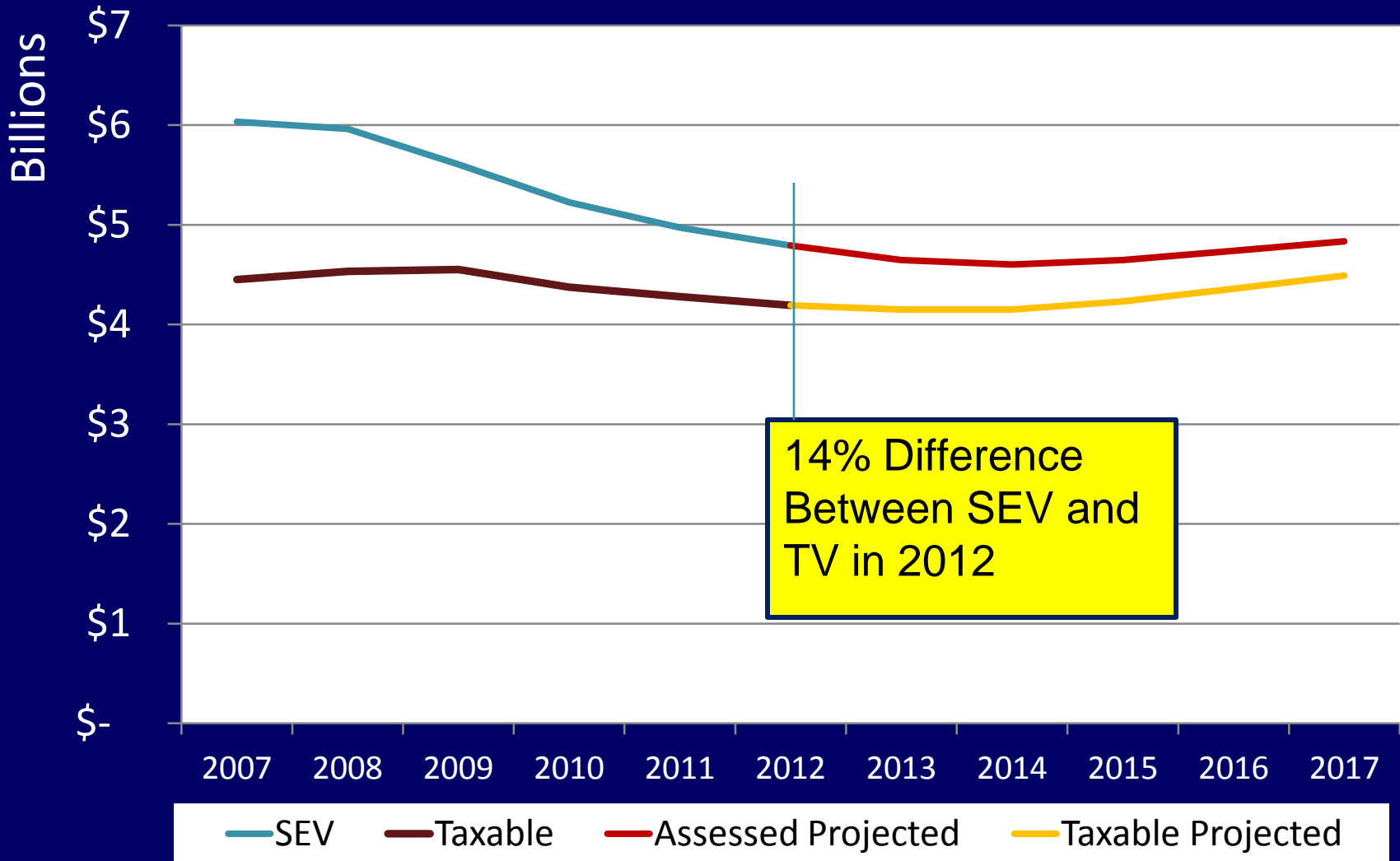
% Change in SEV



SEV



Assessed versus Taxable Value



Property Tax Forecast – 2012

Projected Reduction	-0.5%
Tax Revenue Base	\$20,358,713
Projected Tax Revenue	\$20,256,919
<hr/>	
Loss of Tax Revenue	\$101,797

Other Significant Revenues



No Change

- Court Fees
- Intergovernmental Revenue

Interest Income

Michigan Tax Tribunal

State Revenue Sharing

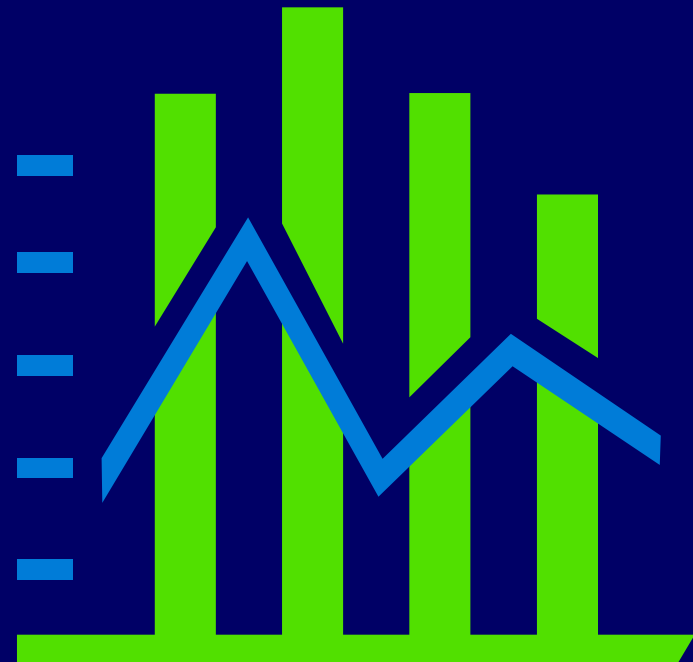
Personal Property Tax



Interest Income



- Down
 - Bad Rates
 - -\$200,000



Michigan Tax Tribunal



Significant Exposure for Outstanding Michigan Tax Tribunals



Year	Refunds
2006	\$52,400
2007	\$163,370
2008	\$43,351
2009	\$50,935
2010	\$43,383
2011	\$132,231

Exposure

2012 \$160,867

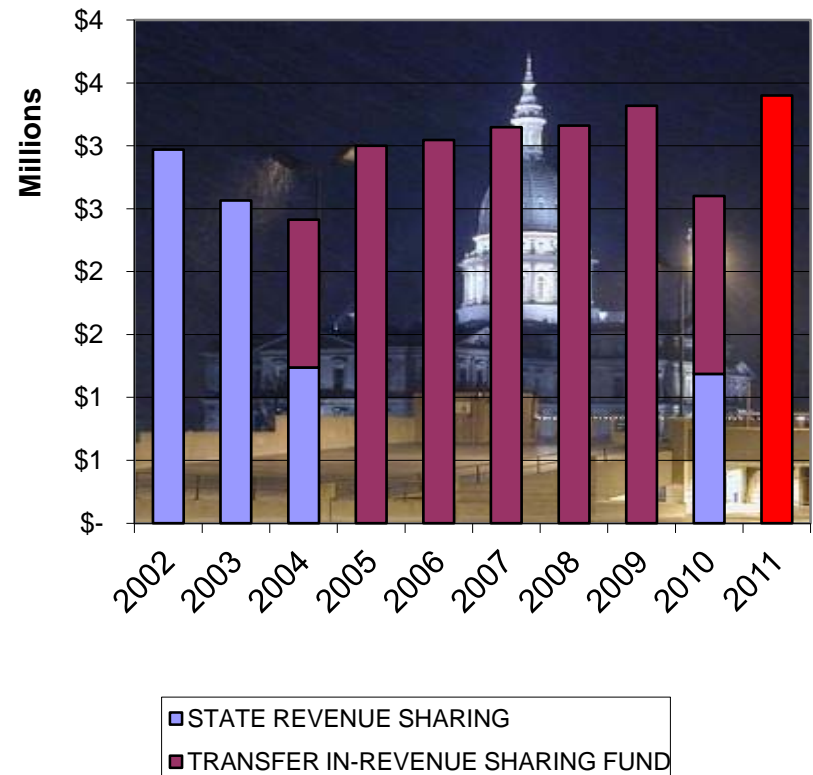
Revenue Sharing



- 2010
 - State came through
- 2011
 - State came through
- 2012
 - In Jeopardy

As of 2011 - 75% of Counties had not come totally off of their reserves.

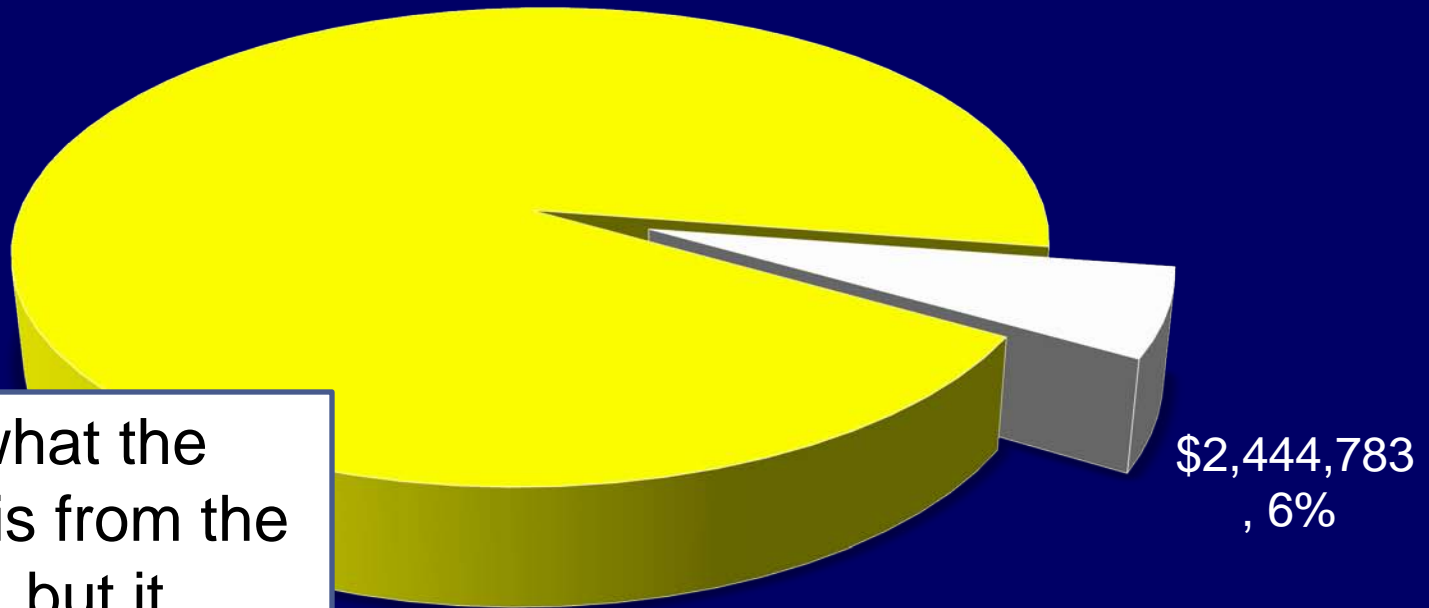
State Revenue Sharing Income



Revenue Sharing



Total General Fund Revenues: \$41,442,542



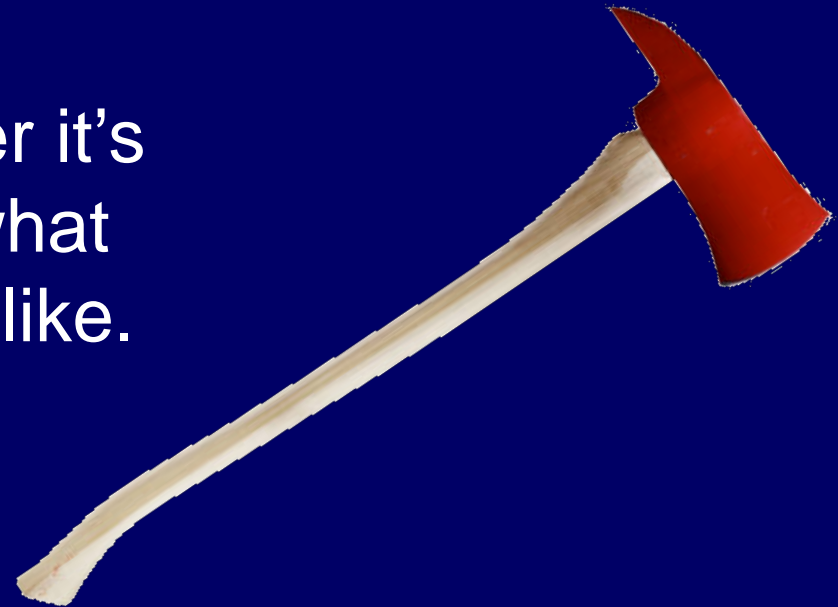
Unclear what the proposal is from the Governor, but it indicates cuts.

■ Other Revenues ■ Revenue Sharing

Personal Property Tax



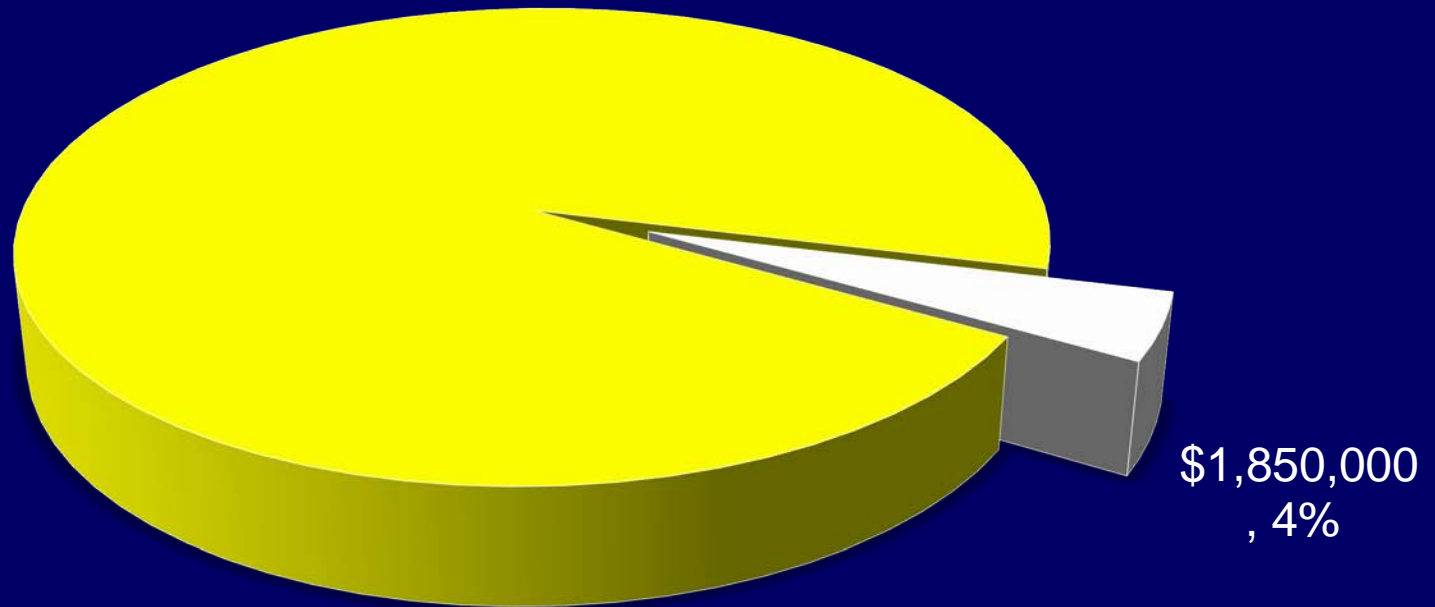
- Mixed messages between the Governor and the Legislature
- Question is not whether it's going to happen, but what the replacement looks like.



Personal Property Tax

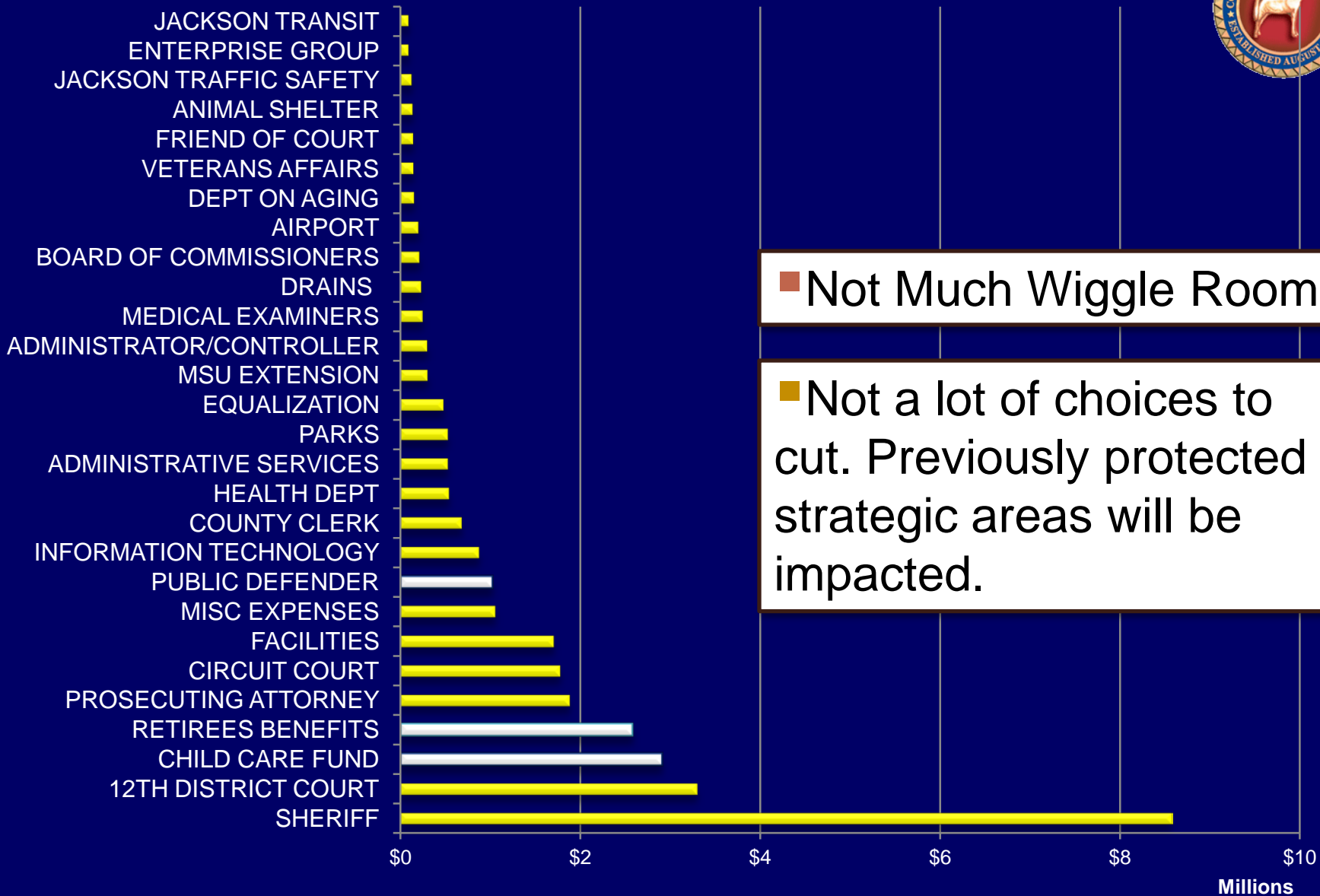


Total General Fund Revenues: \$41,442,542



■ Other Revenues ■ Personal Property Tax

Net General Fund Impact Greater Than \$100,000



Total Revenue Impact



Source	Minimum	Maximum
Interest Income	\$ (200,000)	\$ (200,000)
Michigan Tax Tribunal	\$ (80,000)	\$ (160,867)
Revenue Sharing	\$ -	\$ (610,000)
Personal Property Tax	\$ -	\$ (180,000)
Total	\$ (280,000)	\$ (1,150,867)

Revenue Discussion



Jackson County 2013 Expenditure Forecast

2012 Board Retreat



2012 Base Budget



The Starting Point

- Base -\$42,131,462



Wage Adjustments:

Need to make adjustments to wages from contract changes and compensation changes

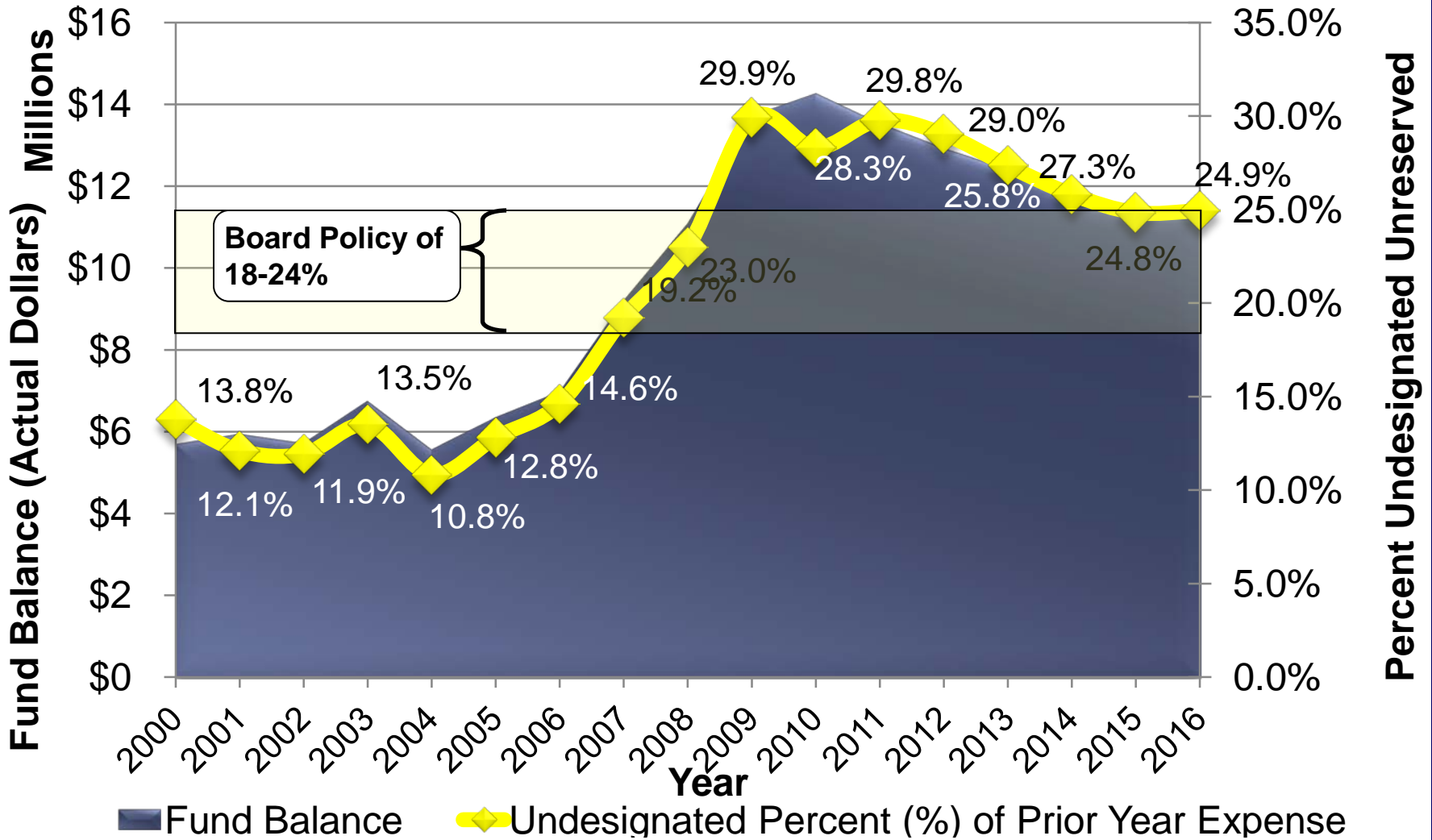
For a Rainy Day



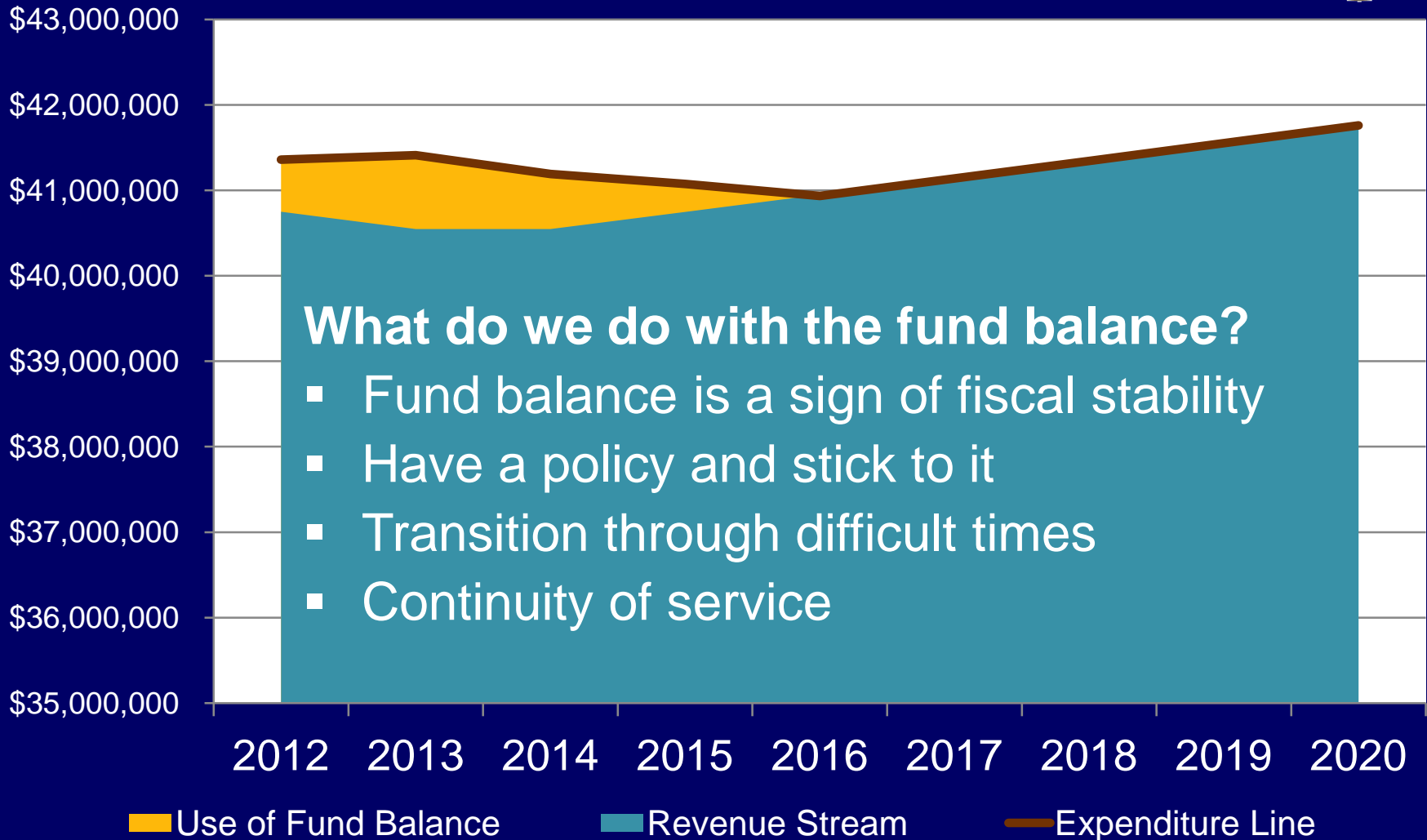
Undesignated unreserved Fund Balance above Board Goal of 24%	\$2,290,711
Budget Stabilization Fund	\$1,447,924
Total	\$3,738,635

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

Fund Balance Projection



Fund Balance Use



2012 Expenditure Factors

- OPEB
- Pension Costs
- Compensation
- Health Care



Other Post Employment Benefits (OPEB)



Fund will expire in 2013	(\$830,000)
EERP Funds	(\$258,821)
<hr/>	
Net	(\$571,179)

Long Term Solution

- Actuary projection of costs.
- Build in a pay as you go or finance.

Pension Costs



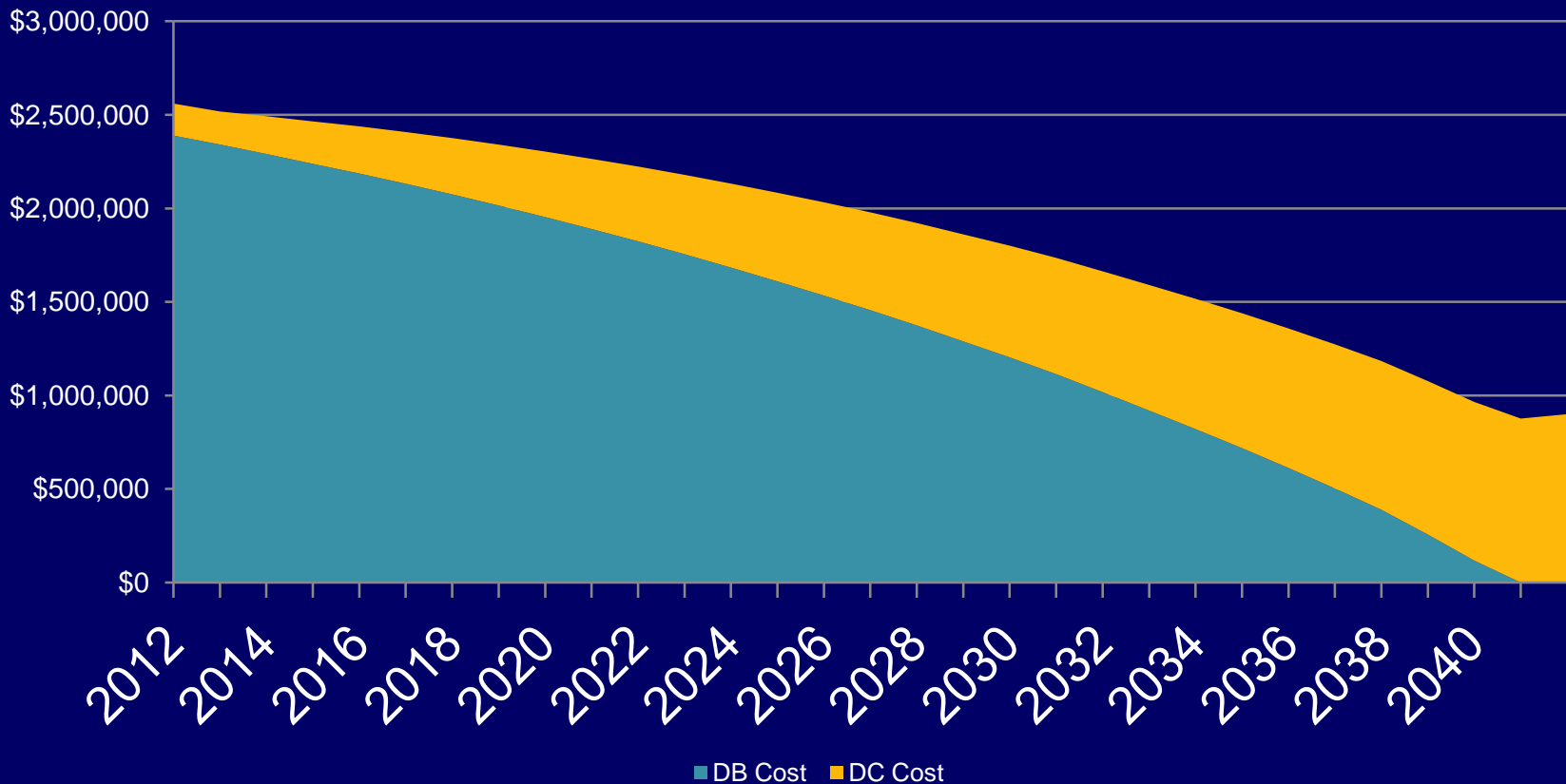
- Pension entirely closed
- Defined Benefit (DB) may see short term increase
- DB increase will be offset by Defined Contribution (DC)
- Staff has performed some forecasting to predict long term impact.



Pension Cost Forecast



Retirement Forecast - Accelerated Rate of Contribution Increases



Compensation



Compensation Plan for next three years is linked directly to state mandate for health care contributions.

1% in 2012 and 2014 plus offset of health care premium share.

Past Market Adjustments

Year	Adjustment
2007*	2%
2008	1%
2009	1%
2010	0%
2011	0%
2012	1-2%

*New Salary Schedule

Health Care



Healthy Blue Incentives

\$50,000

Expect Some Savings,
but not absolute

Accountability in
Health Care

Increase in Premium
Share – Savings

\$350,000



Factors to Consider for 2012



Cost	Trend	Details	Net Impact
OPEB (Other Post Employment Benefits)	Up	Increased Retiree Health Costs offset by ERRP Funds	\$571,179
Retirement Premium	Down	Market Impacts	?
Wages	Up	Have not received any market adjustments in two years	\$400,000
Premium Share		Move from 10% to 15%	(\$350,000)
Health Plan Savings	Down	Healthy Blue Incentives	(\$50,000)
Step Increases	Up	According to contracts	\$150,000
FTE Reduction	Down	Attrition	(\$80,000)
Total Impact			\$641,179

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

Legislative Agenda



Staff Recommendation: The Board should take a position and be vocal on:

- Opposition to the elimination of Personal Property tax without dollar for dollar replacement.
- No additional hits to Revenue Sharing. County has already absorbed over \$860,000 in cuts
- Dramatic impacts on either personal property tax or State Revenue Sharing will impact funding for public safety.

Net General Fund Impact Greater Than \$100,000



Final Retreat Session



March 9, 2012

Affirm Priorities

Review Five-Year Plan

Approve Recommended Target

Ideas, Questions, Comments, Discussion