

# Budget Message

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Mr. Chairman and Members of the Board of Commissioners,

I am pleased to present to you a balanced budget for the 2010 Fiscal Year which begins on January 1, 2010. We have presented this budget far ahead of our typical schedule, because we understand the economic challenges before us and because we care about Jackson County employees who selflessly serve this community.

In their foresight, the Board of Commissioners saw this time of economic decline coming and appropriately made plans to respond. I don't think any of us understood the magnitude of this economic down turn at the time, but even so, the Board's plans and adaptability have provided an effective response to a quickly changing economy. This budget focuses on long-term sustainability of county services and therefore includes no gimmicks. The 2010 budget includes structural changes that can be maintained from year to year rather than one-time expenditure savings. In short, we are following the plan.

This year's budget is almost \$3 million less than the 2009 Fiscal Year budget, which represents a reduction of 7% from the current budget to the 2010 budget. From 2008, the total budget has been reduced 10%. Historically speaking, the 2010 budget is closer, in actual dollars, to the 2004 budget. Reducing what was a more than \$46 million budget to \$41.3 million has been accomplished in two years. The sharp decline in revenue is primarily due to the loss of state revenue sharing funds and the precipitous drop of property values within the county.

This year's budget has more than 32 fewer full-time equivalent employees than the current fiscal year. From 2004 the number of full-time equivalent employees has been reduced by almost 80 positions, which represents a 14% reduction in staff. All but 5 of these positions have been addressed through attrition. We are confident that between now and the end of the current year, many of these employees will find other opportunities within the county government or on their own.

While I believe that we have made these reductions in force and associated budget cuts in an extremely mitigated fashion, I hope you appreciate the additional burden on remaining staff. Although population has shrunk within the county, the cuts to staff have far outpaced the reduction of residents within the county. All of the elected officials and department heads can attest that demands on service have remained constant despite a shrinking county work force. Some

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employees are doing the same work now that was done by several only a few short years ago. In some instances work demand has increased while labor force has gone down. The county is truly doing more with less as was fiscally prudent.

As was anticipated several years ago, this budget takes advantages of, in a responsible manner, the reserves that have been built up over the past 6 years. This budget proposes to use \$1,000,000 from the undesignated fund balance and \$244,656 from the budget stabilization fund.

Jackson County is expected to have a fund balance of around 26% at the end of fiscal year 2009. This Board consciously appropriated money to the fund balance in past years with the intent to use it in the future. Even with using \$1 million from the undesignated fund balance, the county remains within the Board's fiscal guidance of maintaining a fund balance of 18 to 24% of prior year's expenditures. According to projections, the county will have a 23.5% fund balance at the end of the 2010 Fiscal Year. Because of the \$3 million reduction to the 2010 budget, the fund balance at the end of 2011 will grow as a percentage without using additional fund balance.

The budget stabilization fund was specifically created to prevent additional layoffs for the purpose of maintaining the continuity of needed services. The balance of this fund grew to \$1.5 million over the past few years. Using \$244,656 of this fund will still leave an ample amount of \$1,255,344 for future years' use.


As you will recall 2010 is the final year of exhausting our revenue sharing reserve fund. Although the topic is under debate in the state legislature, this budget does not anticipate any additional revenue sharing allocations from the state for 2010. In the event that the legislature approves revenue sharing for Jackson County, we recommend that the Board use it to fund our future Other Post Employment Benefits (OPEB) liability or add it to the budget stabilization fund to address future year's needs.

I am also pleased to report that, for the first time, this county's budget respects the Board's strategic plan which was adopted in 2008. You committed valuable time this past year to review your strategic priorities and craft them such that they provided us the budgetary guidance we needed to prepare a budget reflecting those desires. We will continue using the strategic plan to guide our budget formulation in years to come. We hope to bring before the Board in the next year, measurable outcome targets that will help us gauge progress towards accomplishing our strategic goals.

Lastly, I would be remiss if I did not acknowledge the extraordinary cooperation we received from department heads and elected officials in putting together this year's budget as well as the

specific work of Adam Brown and Gerard Cyrocki. This year's budget truly was a process where staff and elected leaders worked together to, as our mission says, strive through a planned process to deliver quality services that address public needs.

Sincerely,



Randall W. Treacher  
County Administrator/Controller



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