

2011 Budget Expenditures & Recommended Target



Budget Theme



Keep the Course

- County is in a strong financial position because of the Board's fiscal prudence
- We're making progress on our strategic plan
 - Your fiscal prudence has generated the capacity to do things to address strategic issues
- We can't rest – we must continue to push ourselves to do things better, cheaper, and faster

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

FY 2010 Budget Amendments

Revenue	
Approved Budget	\$41,304,187
District Court	(\$649,110)
Adjusted Tax Revenue	\$1,158,600
Revenue Sharing	\$1,101,000
Fund Balance	(\$1,000,000)
Budget Stabilization	(\$244,656)
Net Other Adjustments	\$1,447
Total	\$41,671,468

Expenditure	
Approved Budget	\$41,304,187
District Court	\$222,000
Labor Contract Settlements	\$125,281
Net Other Adjustments	\$20,000
Total	\$41,671,468

2011 Base Budget



The Starting Point

- Base -\$41,671,468



- With adjustments, 2010 will essentially be a balanced budget without the use of reserves or budget stabilization fund
- Caveat – Our largest revenue source (property taxes) continues to drop.

For a Rainy Day

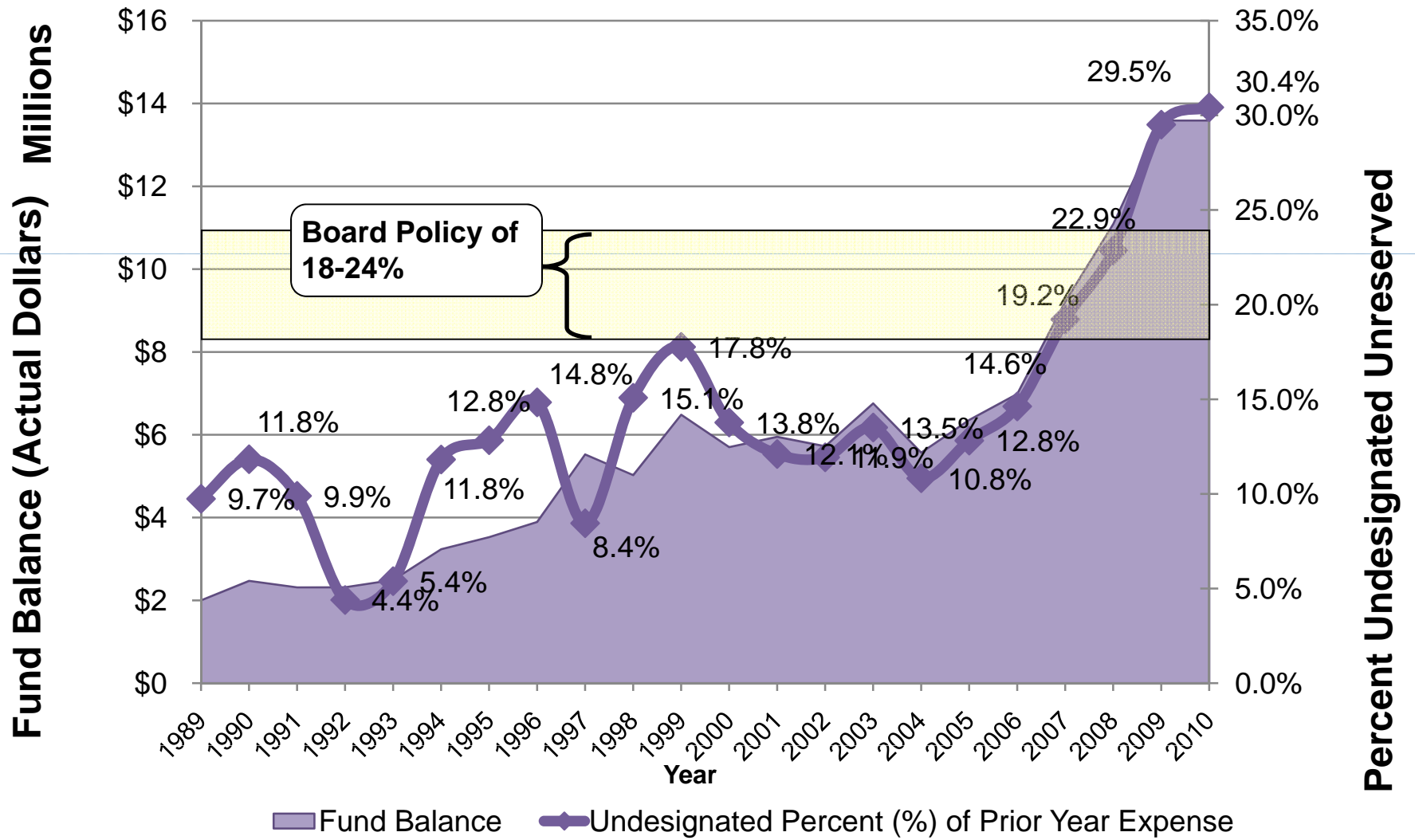


Undesignated unreserved Fund Balance above Board Goal of 24%	\$2.5 Million
Budget Stabilization Fund	\$1.5 Million
Total	\$4.0 Million





Fund Balance History



Fund Balance Use



What do we do with the fund balance?

- Fund balance is a sign of fiscal stability
- Have a policy and stick to it

Why is the fund balance so large this year?

- The 2009 Budget anticipated adding \$1 million to the fund balance
- Other expenditure savings netted an additional \$1 million
- \$500,000 Revenue Sharing payment from the State of Michigan

Factors to Consider for 2011

Cost	Trend	Details	Net Impact
Health Insurance	Up	Health Care Fund strong and can absorb one year's increase	\$0
Retirement Premium	Up	Market Impacts	\$200,000
Wages – No wage increases planned	Level	Assuming contracts are negotiated	\$0
Step Increases	Up	According to contracts	\$100,000
FTE Reduction	Down	Attrition	(\$150,000)
Transfer Out Decreases	Down	Child Care and Fund Balance	(\$529,340)
Total Impact			(\$379,340)

Expenditure Impact 2011



Expenditures	2011
2010 Base	\$41,671,468
Adjustments	(\$379,340)
Total	\$41,292,128

Net Impact 2011



Revenues	
GF Revenue	\$38,542,128
Revenue Sharing	\$1,700,000
Fund Balance/Stablization	\$750,000
Total	\$40,992,128
Expenditures	
2011 Expenditures	\$41,292,128
Cuts to Make	(\$300,000)
Total	\$40,992,128

Option 1: No Revenue Sharing



Assumption

- No Revenue Sharing

Implications

- Cut General Fund by \$1,500,000
- Use \$1,250,000 in Fund Balance
- Reduce Fund Balance



Option 2: Revenue Sharing 50%



Assumption

- Revenue Sharing funded at 50% of proposed budget

Implications

- Cut General Fund by \$300,000
- Use \$750,000 in Fund Balance/Stabilization
- Reduce Fund Balance



Option 3: Full Revenue Sharing



Assumption

- Receive Full Revenue Sharing in 2011

Implications

- No expenditure cuts
- Balanced budget without use of Fund Balance
- Increase of Fund Balance by \$650,000



Recommendation



Prepare an Option 2 Budget

- Assume 50% Revenue Sharing (\$1.7 Million)
 - Use \$1,000,000 of Fund Balance
 - Staff would have to come up with \$300,000.
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- If Revenue Sharing Completely Cut
 - Amend budget to cut another \$1.7 million
 - If Revenue Sharing Fully Funded
 - Fund strategic objectives up to \$1.7 million

Long Term Objectives



- Minimize impact to citizen services
- Become more efficient
- Make progress on strategic objectives
- Reduce fund balance from 30% to 24%
- Minimize exposure to State uncertainty



Five - Year Plan

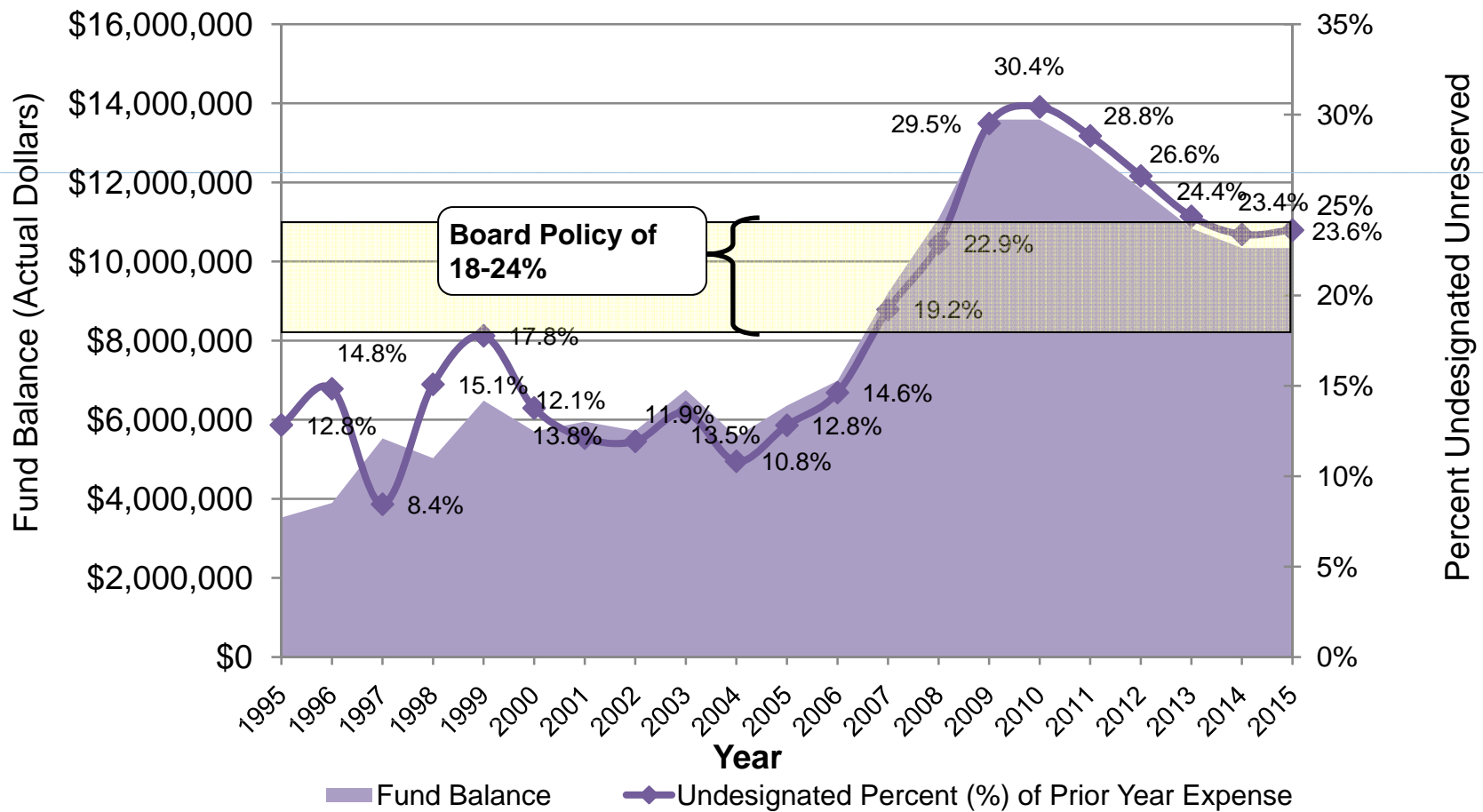


Revenues					
	2011	2012	2013	2014	2015
GF Revenue	\$38,542,128	\$37,942,128	\$37,542,128	\$37,142,128	\$37,142,128
Revenue Sharing	\$1,700,000	\$1,700,000	\$1,700,000	\$1,700,000	\$1,700,000
Fund Balance/Stablization	\$750,000	\$1,000,000	\$1,000,000	\$1,000,000	\$500,000
Total	\$40,992,128	\$40,642,128	\$40,242,128	\$39,842,128	\$39,342,128
Expenditures					
	2011	2012	2013	2014	2015
Base	\$41,292,128	\$40,992,128	\$40,642,128	\$40,242,128	\$39,842,128
Cuts	(\$300,000)	(\$350,000)	(\$400,000)	(\$400,000)	(\$500,000)
Total	\$40,992,128	\$40,642,128	\$40,242,128	\$39,842,128	\$39,342,128

- Uses fund balance at responsible rate
- Pushes staff to become more efficient
- Spreads cuts over time
- Reasonable expectations of the State

Fund Balance Impact

Projection



Opportunities



Number 1 Strategy: Safe Community

- Fund Sheriff's Deputy to Road Patrol through the five-year plan
 - \$80,000 per year
 - Approximate cost over five years: \$400,000

Opportunities



Number 2 Strategy: Economic Development

- Seed money for Riverwalk Hotel demolition
\$200,000
 - May attract matching dollars from private sources or Federal Government
- If full revenue sharing comes in 2011 – project could be fully funded at \$1,700,000

Opportunities



Number 3 Strategy: Healthy Communities

Number 4 Strategy: Recreational & Cultural Opportunities

- \$100,000 one time funds to invest in county recreation facilities

Opportunities



Internal Strategy: Improved Work Environment

- Have to consider future compensation for employees
 - No increases currently planned for two years

Discussion

