



Judicial Council Meeting  
Wednesday, June 11, 2014

# COUNTY FINANCIAL PRESENTATION

# 2013-14 BOARD OF COMMISSIONERS



Front (L-R): Vice Chair Steve Frisbie (R)-District 4; Chair Art Kale (R)-District 7;  
Blaine Van Sickle (R)-District 6;  
Back (L-R): Terris Todd (D) - District 2; Kathy-Sue Dunn(R)-District 1;  
Derek King (R) - District 5; Jim Haadsma (D)-District 3

# 2013 AUDIT RESULTS

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# 2013 YEAR-END: GENERAL FUND

*(Preliminary Unaudited)*

## REVENUES

- ✘ Total revenues were \$2.2 Million less than budget.
- ✘ \$1.7M of the shortfall was in Charges for Services (\$1.3M Sheriff; \$0.3M District Court; \$0.1M other).
- ✘ Property Taxes were \$0.2M below budget.
- ✘ Other smaller shortfalls including Court Equity Program totaled \$0.2M.

# 2013 YEAR-END: GENERAL FUND

*(Preliminary Unaudited)*

## EXPENDITURES

- ✘ Total expenditures and transfers out were \$1.2M less than budget.
- ✘ For the third year in a row, most areas showed significant “savings,” including \$0.6M in Public Safety; \$0.3M in Judicial; \$0.1M in Board of Commissioners and General Government; and \$0.2M in Transfers Out.

# 2013 – JUDICIAL UNSPENT BUDGET



- ✘ Circuit Court: \$48K (2012=\$65K)
- ✘ Circuit Court Family: \$163K (2012=\$140K)
- ✘ Circuit Court Probation: \$3K (2012=\$3K)
- ✘ Probate Court: \$9K (2012=\$26K)
- ✘ District Court: \$53K (2012 was over by \$27K)
- ✘ Court Services: \$13K (2012=\$16K)
  
- ✘ Indigent Public Defense was over budget by \$7K (2012 showed \$16K unspent)

# 2013 YEAR-END: GENERAL FUND

## TRANSFERS IN

- ✘ Because of the revenue shortfall, \$0.9M in additional transfers from other funds were required:
  - + Building & Grounds, Capital Improvement, Admin. Services

# 2013 YEAR-END: GENERAL FUND

## SUMMARY : *(Unaudited)*

× Revenues/Transfers = \$39.0M (\$39.4M in 2012; \$39.9M in 2011)

 \$1.3M less than amended Budget

× Expenditures/Trfs = \$39.0M (\$39.4M in 2012; \$39.7M 2011)

 \$1.2M less than amended Budget

× Personnel costs accounted for almost half the savings

× Net = +\$28,000

× Ending Fund Balance = \$4.3 Million (11% of annual budget)

# 2014 BUDGET STATUS

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# 2014 BUDGET - REVENUES

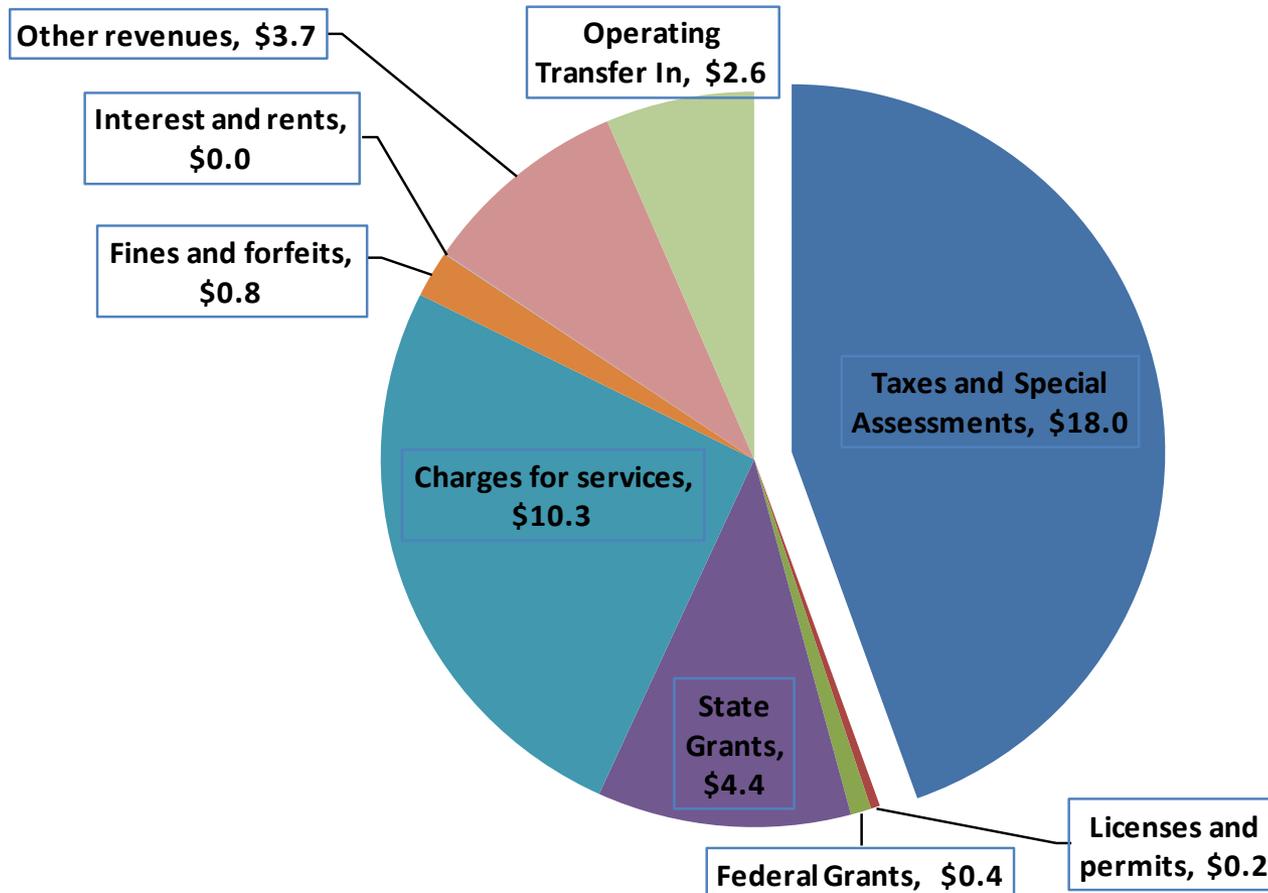
- ✘ Property Taxes (45% of total revenues)
  - ↓ -\$100K; -0.1% Taxable Value; Elimination of PPT
- ✘ State Revenue Sharing (6% of total revenues)
  - ↔ Basically flat at \$2.4M; still \$600K less than base
- ✘ Charges for Services; Other Revenues
  - ↑ +\$400K; new Springfield Contract, partially offset by decrease in jail-related revenues
- ✘ Operating Transfers In
  - ↑ +\$200K

TOTAL = \$40.3 Million; up \$800K from 2012 Budget mainly due to addition of Springfield Contract

# REVENUES BY SOURCE

(\$40.3 MIL. TOTAL)

## 2014 General Fund Revenue Budget by Source, in Millions



# 2014 BUDGET - EXPENDITURES

## × Salaries & Benefits (59% of total expenses)

 3% increase = +\$700K

- × Union negotiations for 2 groups were ongoing
- × 1% pay scale increases for County and Court Non-union, Elected Officials; 0% increase for Board of Commissioners
- × 5% net increase in employee health insurance—would have been 2% without new fees and taxes from Affordable Care Act
- × Fringe benefit load is 39%
- × 38 fewer funded FTEs than we had in 2010

## × All Others (41% of total expenses)

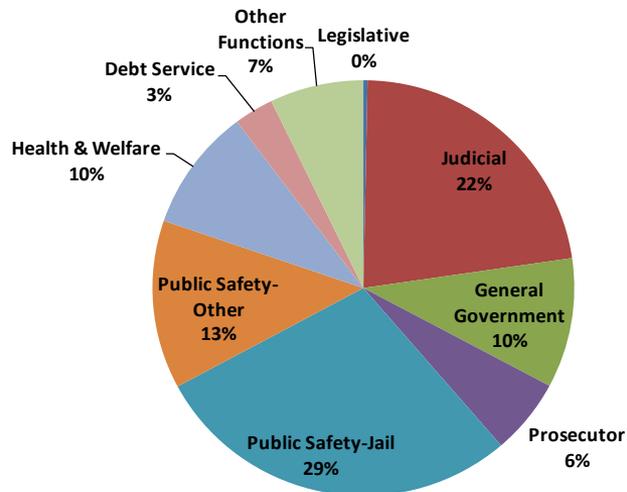
+\$28K slight decrease; maintains \$500K transfer to CIP



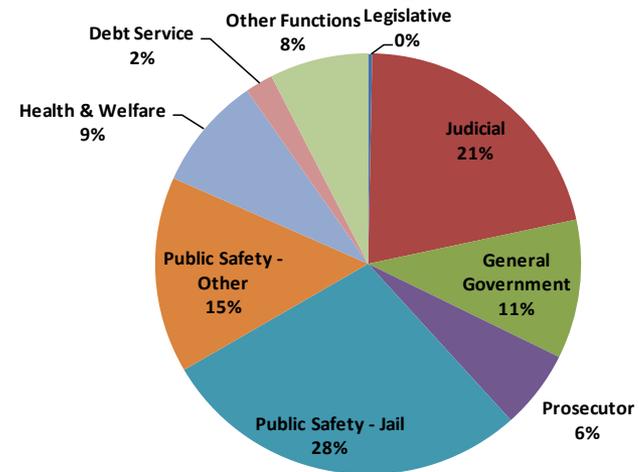
TOTAL = \$40.3 Million; up \$700K from 2012 Budget  
mainly due to addition of Springfield Contract

# 2014 BUDGET – PIE COMPARISON

**2013 General Fund  
Budgeted Expenditures by Function**



**2014 General Fund Budgeted Expenditures by  
Function**



*Budgeted Public Safety proportion increased slightly from 2013 to 2014 due to new Springfield Law Enforcement contract. General Government proportionate increases were mainly in Elections, Water Resources and new Community Development. Debt service, Health & Welfare, Judicial each decreased proportionately by 1%.*

# 2014 BUDGET – BOTTOM LINE

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- ✘ Balanced at \$40 Million
- ✘ *Excluding Springfield contract*, \$2.3 Million less in expenditures than 2010
- ✘ 4<sup>th</sup> year of budget cuts; Early Retirement Incentive for 26 retirees will yield long-term savings
- ✘ Budgeted \$45,000 surplus
- ✘ Budgeted Ending Fund Balance = \$4.5M; 11.3%
- ✘ 540 funded FTE positions
- ✘ Maintains \$200K contingency, \$500K CIP investment
- ✘ ‘AA-’ Bond Credit Rating, Stable Outlook reaffirmed this year – moderate debt, adequate reserves and sound financial management

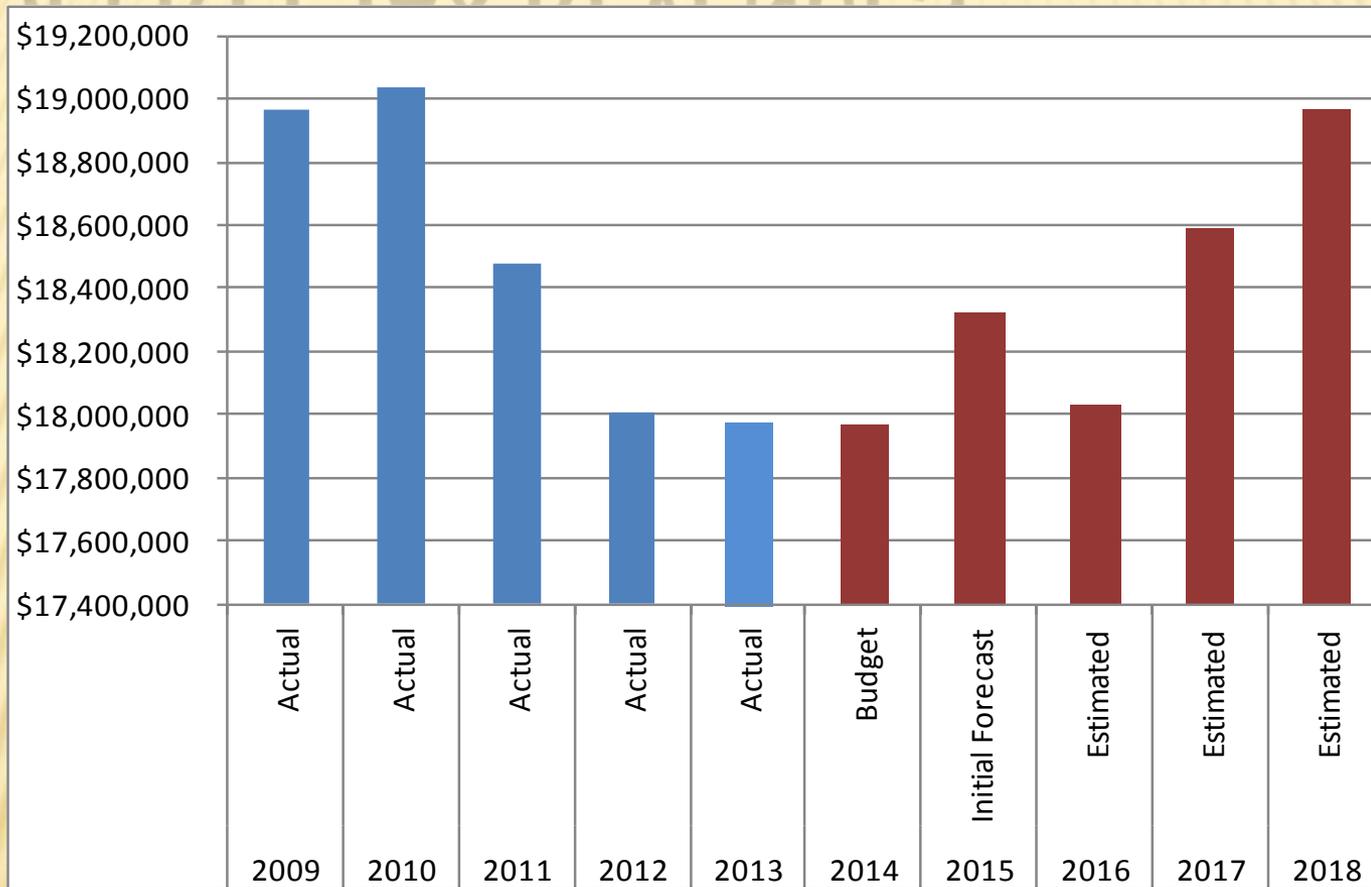
# 2015 BUDGET PLANNING

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# 2015 BUDGET – KEY ASSUMPTIONS

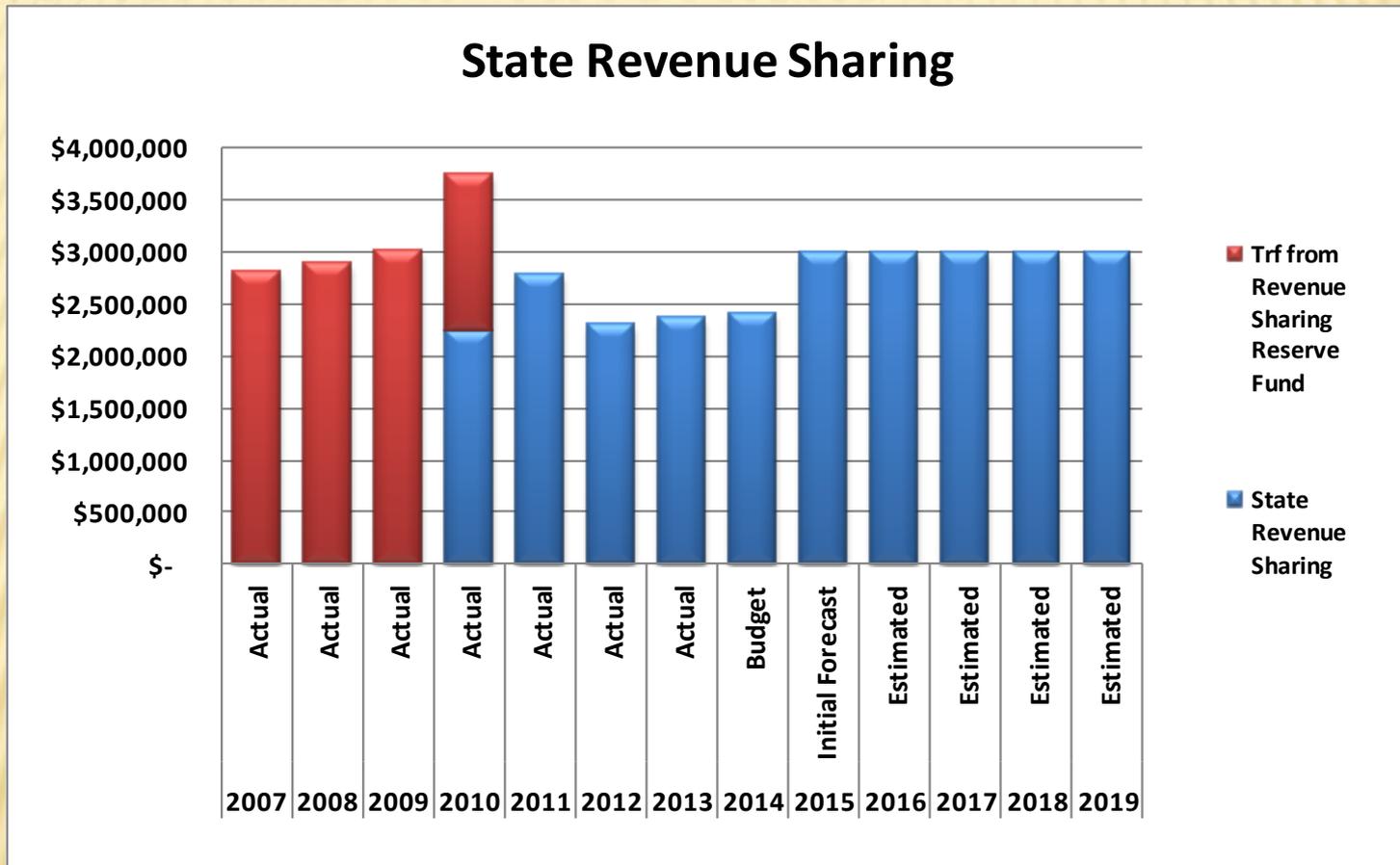
- ✘ \$600K Increase in Revenues, finally!
  - + Expected \$300K increase in Property Tax Revenues due to beginning of rebound in real estate market, and industrial growth
  - + Expected \$600K increase in State Revenue Sharing based on pending budget that would bring counties back to fully funded levels
  - + (\$300K) reduction in expected Charges for Services and other revenues based on current year actuals

# PROPERTY TAX REVENUES



*Calhoun County has levied the same operating millage rate (5.3779) for the past several years. This forecast assumes property values are starting to rebound after five straight years of decline. It also factors in the phased elimination of Personal Property Tax Revenues starting with a small taxpayer exemption in 2014.*

# STATE REVENUE SHARING



Revenue Sharing for counties is slated to be fully funded for FY 15 for the first time in a decade. 20% of the funding may require county compliance with only one County Incentive Program category: Accountability and Transparency.

# 2015 BUDGET: KEY ASSUMPTIONS

- ✘ Increase of \$3.5 Million in Expenditures :
  - + Replenishing budget for 29 Authorized but Vacant Positions adds \$2 Million in baseline costs
  - + Salary increases averaging 1%
  - + 10% increase in Employee Health Insurance costs assumed for now...
  - + Transfer of \$0.5M to CIP Fund included
  - + 2.5% inflationary factor for most other expenses, forecast built based on historical trends

# 2015 BUDGET: KEY ASSUMPTIONS

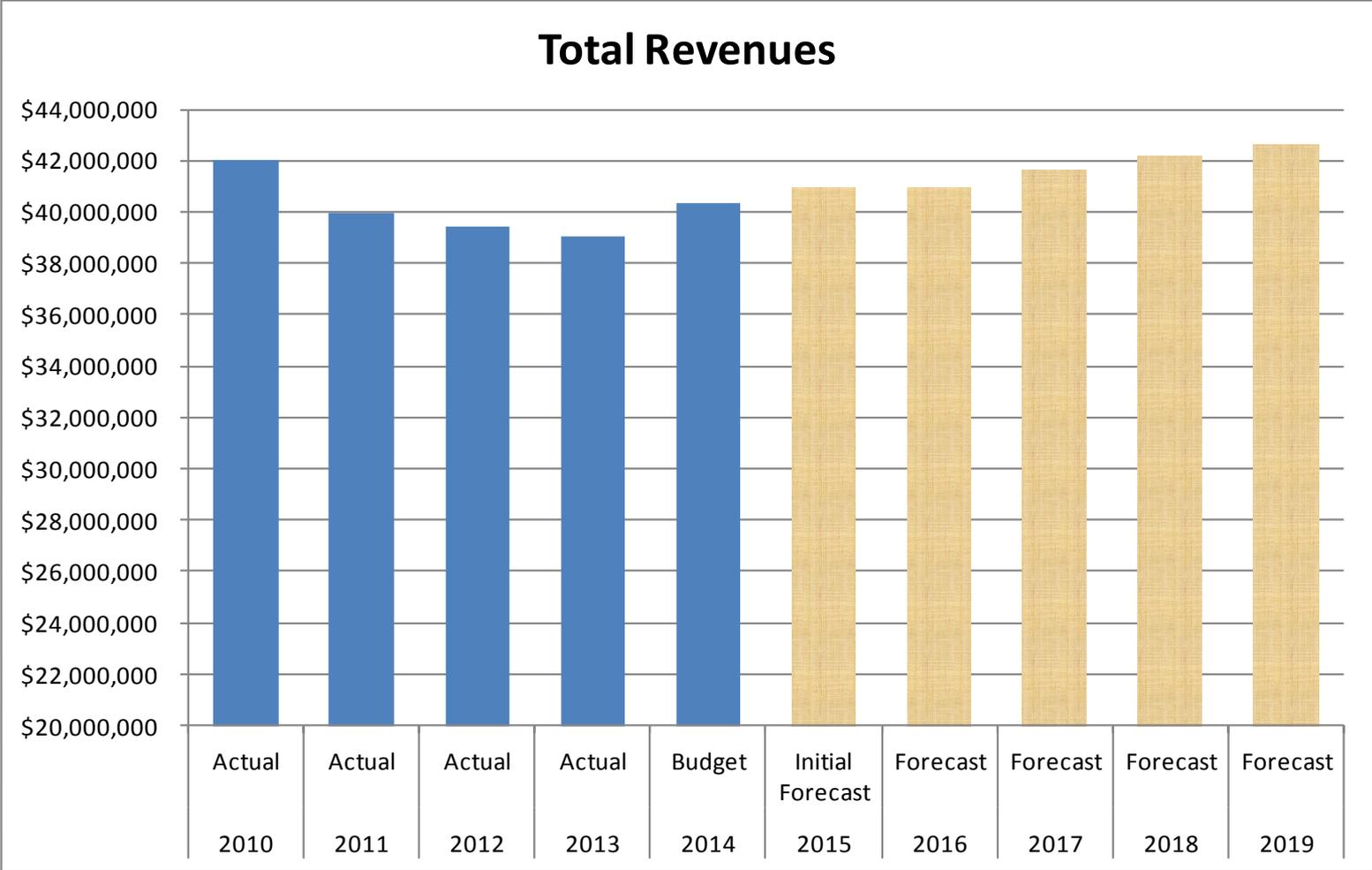
- ✘ \$2.9 Million Deficit (compared to \$3.1 Million in 2014 and \$4.5 Million in 2013)
- ✘ \$0.9 Million Deficit WITHOUT unfunded vacant positions
- ✘ Represents 2.2% cut from 2014 Budget
- ✘ Significant Variables:
  - + Labor Negotiations: GELC, IUOE, Pension reopeners
  - + Jail Bed Revenue somewhat stabilized
  - + Inmate Medical Contract renewal
  - + PPT Elimination: August 2014 Proposal 1
  - + Health Insurance – trends continue to be positive!

# GENERAL FUND – SUMMARY

Category	2012 Actual	2013 Actual	2014 Budget	2015 Initial Forecast
REVENUE	\$ 39,414,388	\$ 39,037,642	\$ 40,340,086	\$ 40,962,242
EXPENDITURES	\$ 39,403,034	\$ 39,009,664	\$ 40,294,650	\$ 43,816,435
Rev Over/ (Under) Exp	\$ 11,354	\$ 27,979	\$ 45,435	\$ (2,854,193)
FUND BALANCE	\$ 4,268,479	\$ 4,296,458	\$ 4,341,893	\$ 1,442,265
% of PY Exp	10.8%	10.9%	11.1%	3.7%

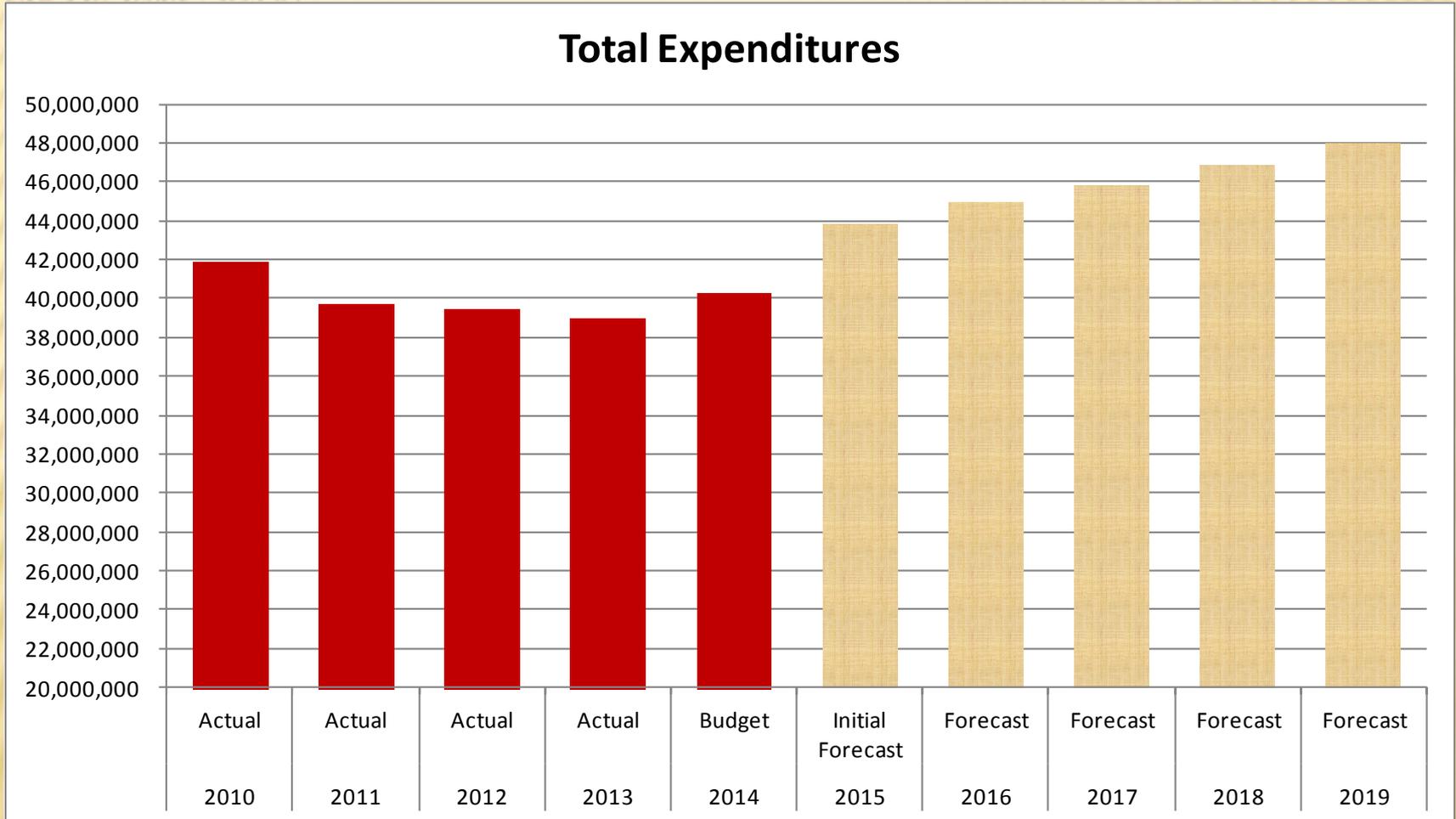
# LONG-TERM OPERATING FORECAST

(AS OF JUNE 2014)



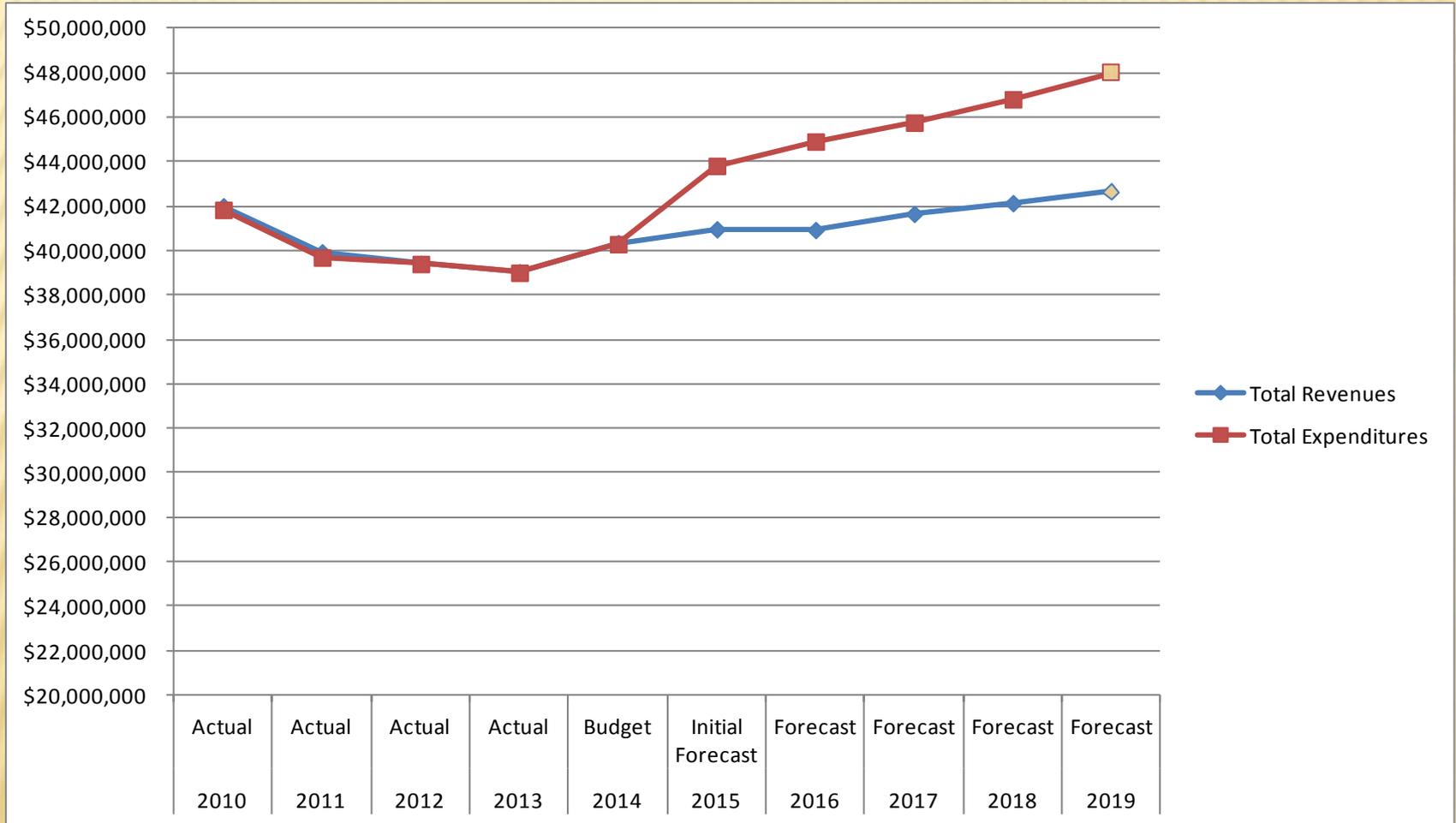
# LONG-TERM OPERATING FORECAST

(AS OF JUNE 2014)



# LONG-TERM OPERATING FORECAST

(AS OF JUNE 2014)



# 2015 BUDGET PLANNING

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- ✘ BOC Budget Committee: Kale (Chair), Haadsma, Frisbie
  
- ✘ Tentative Budget Timeline
  - + Mid-June: Dept. Review of 2014 Status
  - + Aug. - Sept.: Creation of Budget Requests
  - + Sept.-Oct.: Budget Hearings
  - + Dec.4: Target 2015 Budget Adoption

# SOME INITIATIVES TO LOOK FOR

- ✘ Marshall Regional Law Enforcement Center
- ✘ Full Implementation/ expansion of new Calhoun Public Safety Alliance
- ✘ CareHere! Health & Wellness Center expanded services
- ✘ New Community Development department/leadership
- ✘ Unfunded Pension and OPEB Liabilities Reduction Plan
- ✘ \$3.5M in 2014 Capital Improvement Bonds
  - + Document Imaging project
  - + Demolition of old jail
  - + Other facility improvements
  - + Implementation of IT Strategic Plan
- ✘ Workforce Development administration undergoing change
- ✘ FireKeepers Local Revenue Sharing Board – possible grant opportunities
- ✘ New Regional Entity to coordinate PA2 budget starting with FY2015

# QUESTIONS / SUGGESTIONS??




# “BUILDING A BETTER COUNTY THROUGH RESPONSIVE LEADERSHIP”



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<http://www.calhouncountymi.gov/government/finance/>