

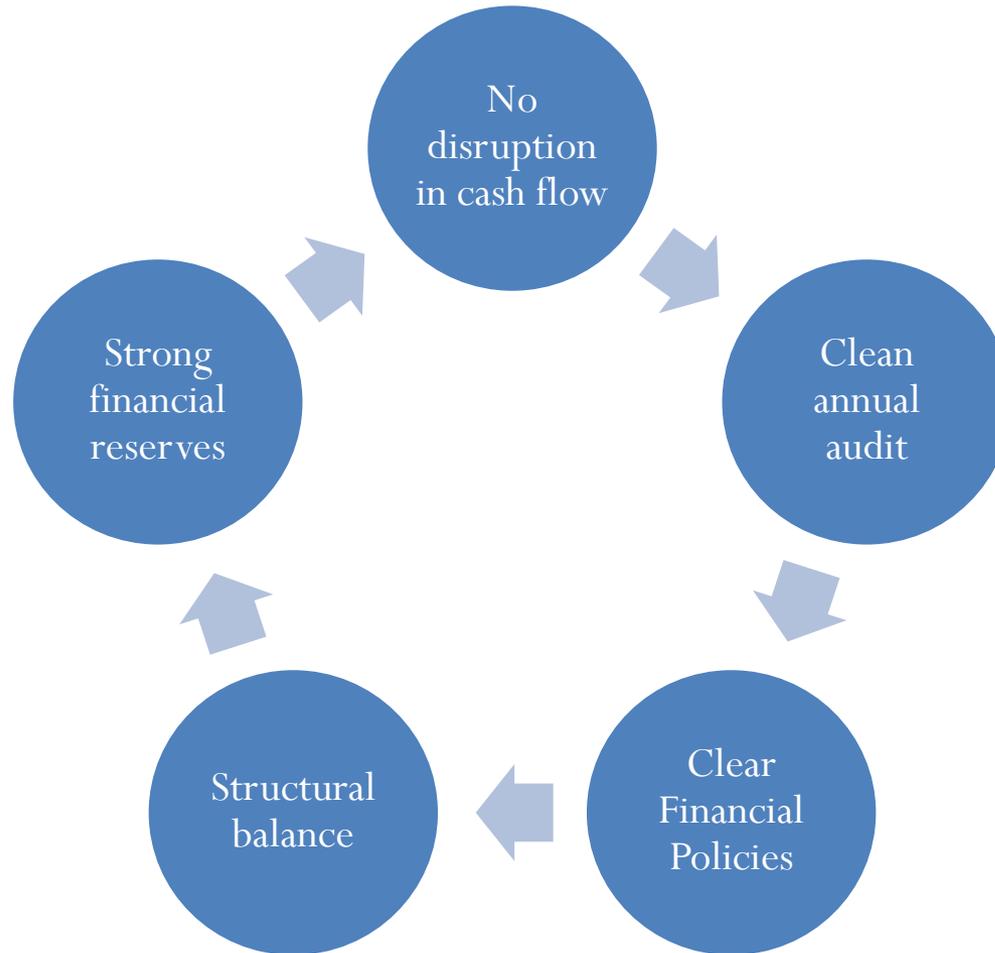
Proposed FY 2017 Budget

Presented to the Delta County Board of Commissioners

August 16, 2016

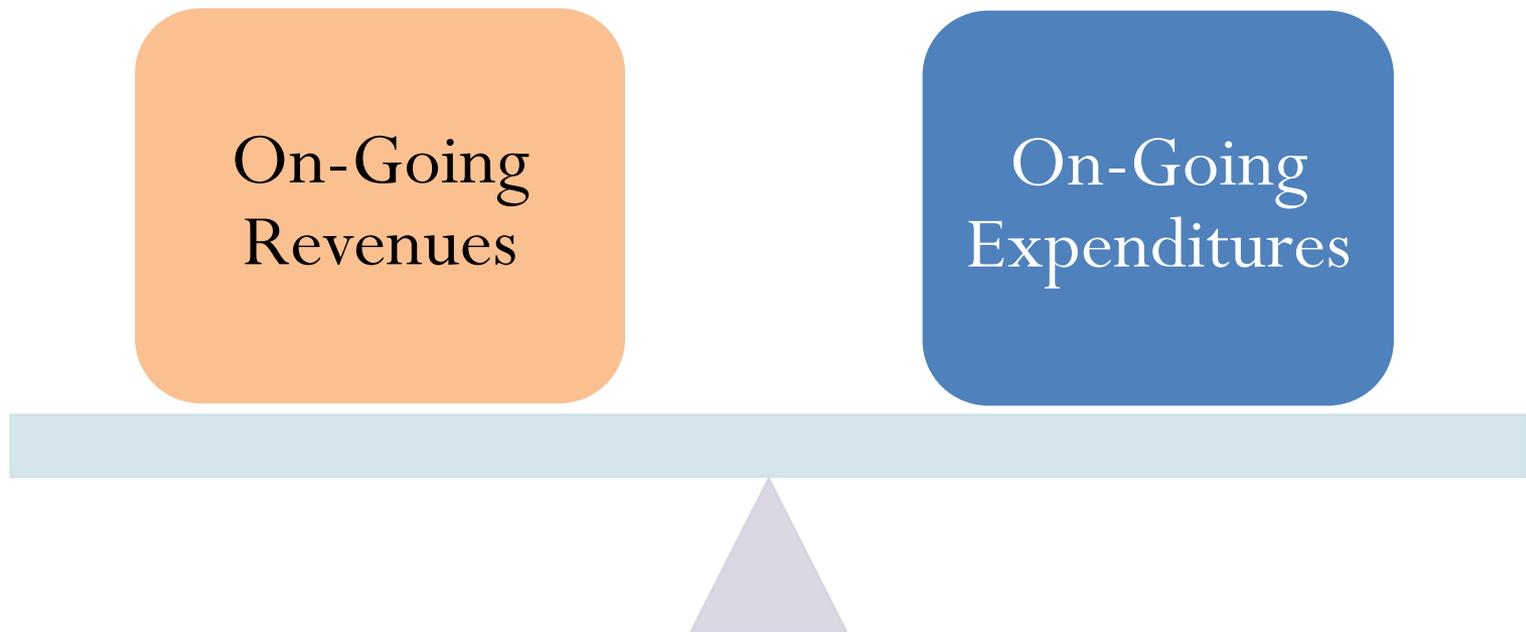
Goals for Financial Stability

Building a Strong Financial Organization

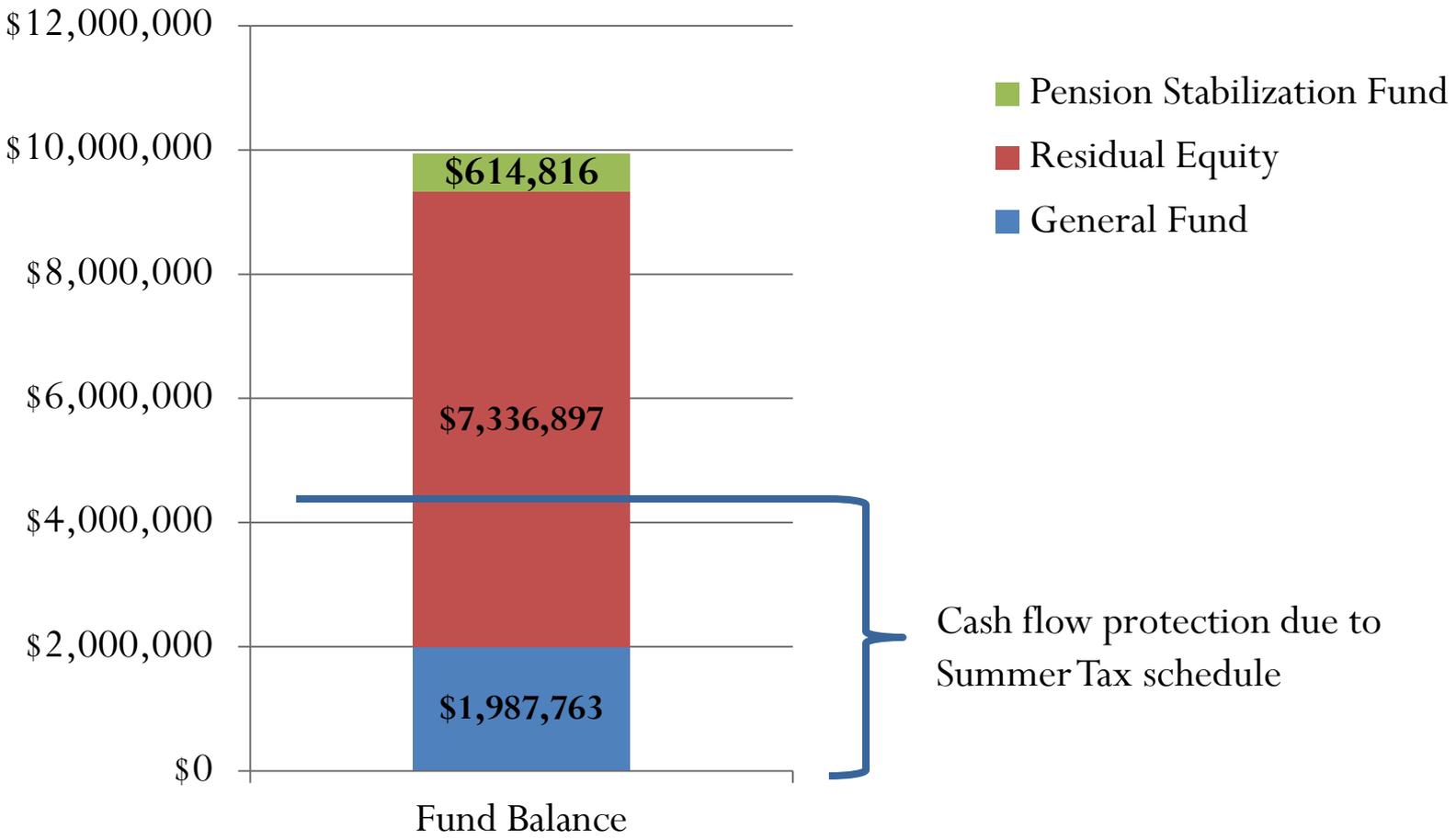


Financial Goal: Structural Balance

One-time revenues only used for one-time expenditures



Financial Goal: Protecting Financial Reserves

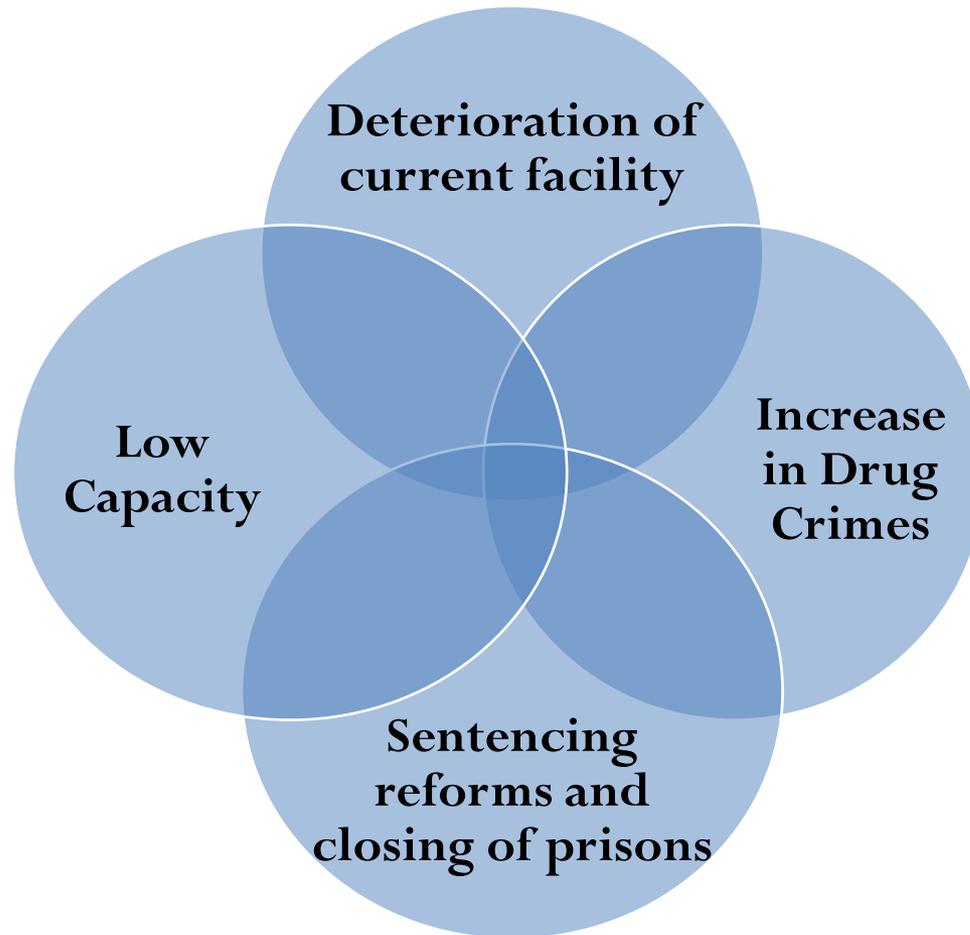


Budget Pressures

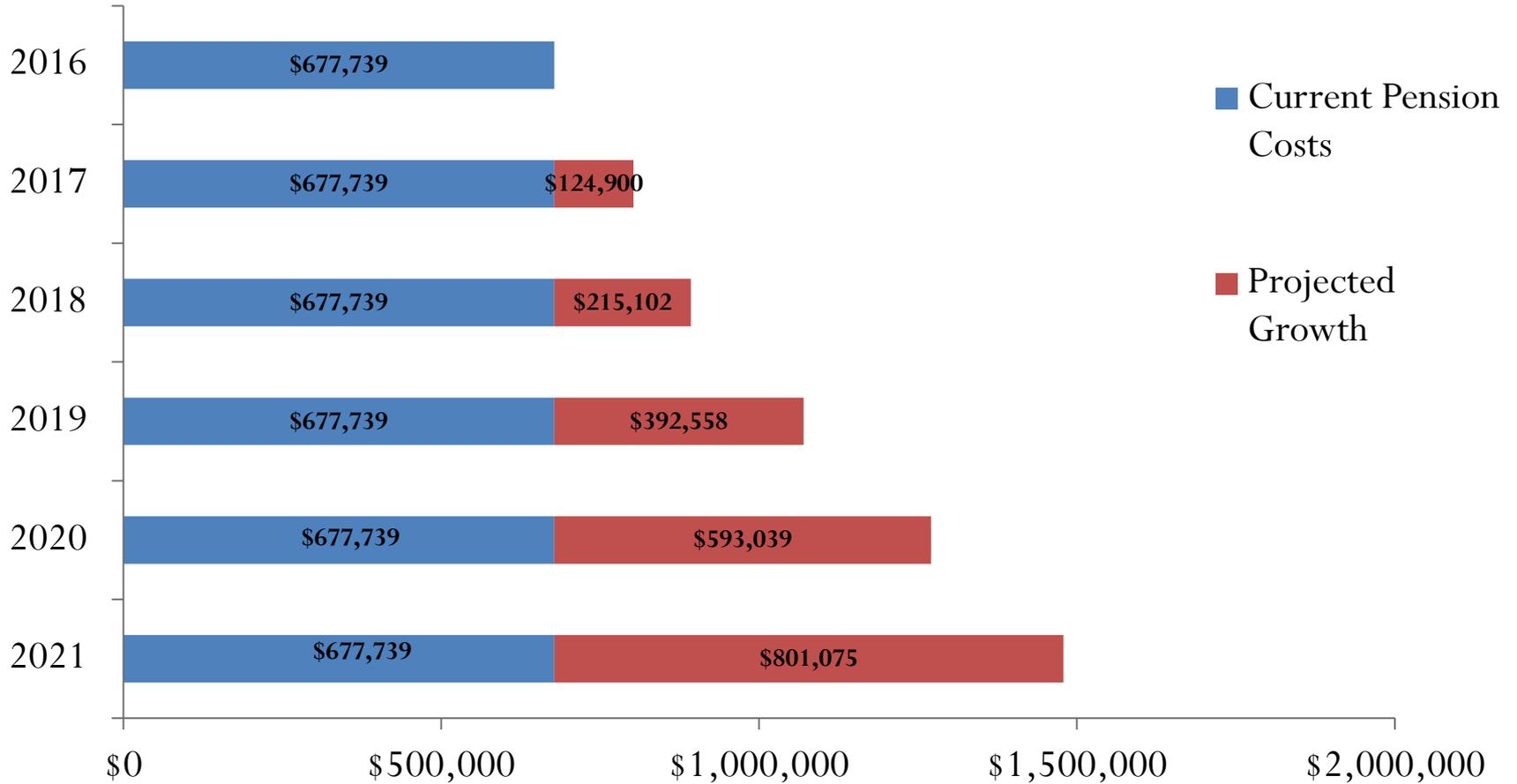
Budget Pressures

- Corrections Problems
- Pension Funding
- Property Tax Changes
- Michigan's Local Government Revenue System

Pressure 1: Delta's Corrections Problem



Pressure 2: Projected Pension Costs



Pressures 3 and 4: The State

- Pressure 3: Property Tax Changes
 - Phase out of industrial personal property taxes may cost Delta County \$50,000
 - General tax appeals and dark store appeals
 - Unfunded mandates, like the disabled veteran exemption
- Pressure 4: Headlee Rollbacks
 - Prevents existing taxable value of to grow faster than inflation
 - Doesn't account for interior improvements
 - Has no ability to make up for recession losses
- Michigan Counties 50th out of 50 states for revenue growth over the last measured decade.

The Proposed FY 2017 Budget

FY 2017 Budget Highlights

- ✓ No layoffs or reductions to employee hours
- ✓ No tax increases
- ✓ Structurally balanced budget
- ✓ Maintains General Fund reserves
- ✓ 2% wage increase in all settled labor contracts
- ✓ Meets Pension increase obligations

FY 2017 Proposed Budget Summary

Fund Description	Approved FY 2016 Budget	Proposed FY 2017 Budget	Budget Change
General Fund	\$9,523,672	\$9,548,749	\$25,077
Airport Fund	\$1,008,550	\$932,634	(\$75,916)
Building & Zoning Fund	\$178,245	\$203,700	\$25,455
Road Patrol Fund	\$1,273,990	\$1,269,914	(\$4,076)

Notable General Fund Revenue Changes

Revenue Name	Change	Why It's Changing
Property Taxes	(\$301,479)	Reduction almost entirely due to state's phase out of industrial personal property tax. A portion will be reimbursed under PPT reimbursement below.
Industrial Facility Taxes	(\$22,275)	Reduction also due to the industrial personal property tax phase out.
F.O.C Reimbursement	\$23,000	Increase due to higher federal reimbursement for costs and additional incentive payments.
Swamp Tax Revenue	\$32,468	\$1 increase (to \$4) in the per acre payment for select land owned by the state.
Federal PILT	\$35,000	Increased allocation in the national Payment In Lieu of Taxes (PILT) program which pays for federal lands.
State PPT Exemption Reimbursement	\$250,000	Covers a portion of lost revenue for policy changes in personal property tax exemptions.

Notable General Fund Cost Increases

Cost Name	Change	Why It's Changing
Retirement Costs	\$120,429	Cost increase due to pension system unfunded liability
Salary Costs	\$71,306	2% wage increases in contracts, re-grades, attrition
Added Corrections Officer	\$45,000	Previously approved Corrections Officer added during FY 2016, after reducing Airport appropriation.
Circuit Court Attorney Fees	\$15,000	Circuit Court Judge request: Felony caseload has steadily increased without any recent contractual increases. Adds \$3,000 per Attorney annually.
Corrections Medical	\$7,500	Funding toward additional nursing hours in the Jail.
Prosecutor's Internship	\$6,100	Provides 11 weeks of a working Attorney to assist Prosecutor with caseload, and to allow the Prosecutor to continue assisting Board on legal matters.
Convert Corrections Officer to Sergeant	\$2,900	Some Corrections shifts have been working without a Lieutenant or Sergeant.

Notable General Fund Cost Decreases

Cost Name	Change	Why It's Changing
Contingency Funds	(\$94,867)	Budget funds were set aside in the FY 2016 Budget to plan for retirement cost increases in FY 2017.
Airport Appropriation	(\$50,000)	Appropriation was reduced during FY 2016 due to fund balance and to hire a Corrections Officer.
Attorney & Professional Costs	(\$30,000)	Budget reduced due to recent and anticipated use. Administrator handles all contract negotiations and Prosecutor assists with legal opinions.
Building and Grounds/Utilities Costs	(\$17,500)	Budget reduced due to recent and anticipated use. Expenses have been lower than budget for years.
Law Library Appropriation	(\$11,000)	Circuit Court uses more online based legal materials, reducing the annual costs.
Building and Zoning Appropriation	(\$5,000)	Building and Zoning has recently needed less of a subsidy due to additional revenues.

How \$9.55 million is allocated

Cost Description	Budget	%
Prosecutor and Courts	\$3,183,617	33.3%
Sheriff and Corrections	\$2,328,096	24.4%
Board and Administration	\$471,435	4.9%
Maintenance and Custodial	\$468,589	4.9%
Clerk/Elections/Deeds	\$371,450	3.9%
Mental Health/Substance	\$345,030	3.6%
Debt Payment	\$327,330	3.4%
Airport Subsidy	\$300,000	3.1%
Health Department	\$271,731	2.8%
Contractual Departments	\$227,100	2.4%

Cost Description	Budget	%
Unallocable Pension Expense	\$207,853	2.2%
Technology	\$195,850	2.1%
Equalization/GIS	\$180,398	1.9%
Treasurer	\$175,905	1.8%
General Insurance	\$135,000	1.4%
General Appropriations	\$129,710	1.4%
Audit/Professional Services	\$88,000	0.9%
Capital Outlay Appropriation	\$85,000	0.9%
MSU Extension	\$45,100	0.5%
Miscellaneous	\$11,555	0.1%

Most Important Items Not Added

- Regardless of vote on a new jail, Correctional Facility staffing and medical services must be increased over the next five years.
- **Correctional Facility Needs**
 - Weekend Nursing
 - 4th Corrections Officer on midnight shift
 - \$45,000 to \$55,000 depending on healthcare election
 - Healthcare for additional part-time Corrections Officers
 - \$6,300 to \$17,000 per employee depending on election

Non-Mandated Services

- Delta County Airport
 - Economic engine for region—appropriation already reduced
- Delta County Parks System
 - Very successful partnership
- Zoning Administration
 - Little net cost for program
- Veteran Services
 - Highly successful first six months of program-192 closed cases

Non-Mandated Appropriations

- **MSU Cooperative Extension**
 - \$45,100 and facility space for programming (including 4-H)
- **Animal Shelter**
 - Year 3 of 3 on \$25,000 appropriation agreement in FY 2017
- **Community Corrections Work Release**
 - \$30,000 for 3 days of work release for inmates
- **Delta Menominee Health Department**
 - \$40,000 above required appropriation to help with utilities
- **Delta Conservation District**
 - \$25,000 for Soil Erosion Permit responsibilities
- **Fire Fund**
 - \$10,000 townships and cities for Fire-Rescue projects.

Non-Mandated Appropriations (Cont.)

- Pathways Mental Health Appropriation: \$275,680
- Funds used for Pathways Non-Medicaid General Fund
- Delta contributes more proportionally than other counties.

County	Current Appropriation	If Appropriation Were Based on Population
Delta County	\$275,680	\$183,132
Marquette County	\$267,144	\$338,380
Alger County	\$33,220	\$47,237
Luce County	\$25,000	\$32,295
Total Appropriations	\$601,044	\$601,044

Progress on Administrative Priorities and Goals

Progress on Administrative Priorities

Fiscal Stability

- FY 2016 and FY 2017 balanced budgets
- Cleanest audit in a decade last year
- Added or revised four new financial policies

Employee Relations

- 3 year agreements on all 5 expired labor contracts
- No grievances in the last 15 months
- Added flex spending program to help employees

Citizen Transparency

- Budget structure changed to increase citizen understanding
- In the process of converting anything feasible online

Public Safety Services

- Went from 55% to 58% of General Fund budget
- Added one C.O, improved part-time C.O pay, added healthcare for two part-time C.Os.

Last Years Goals and Progress

Goal	Progress
Jail Planning and Funding	Worked with consultants and put forward proposal and public relations plan. Defeated 2,523-2,500.
Long-Term Equalization and GIS Structure	Carved out GIS from Allied Information contract and partnered with CUPPAD. Equalization expires at the end of 2016.
Maintenance Department Staffing	Updated Chief Maintenance Technician and hired internally. Very successful thus far.
Review of Building and Zoning Service	Revised permit schedule. Merged office support with Equalization. Electrical Inspector program considered.
Address Delta County's Audit Issues	No material weaknesses for first time in a decade.
Enhance Delta County's Website	Ongoing project—Brandon meeting with department heads.

Goals for FY 2017 Budget Year

- Jail Funding
- Equalization
- Improving online customer service
- Working towards an Airport Renaissance Zone
- Energy (internal project and potential solar partnership)
- Security at the Courthouse
- Inspections program

What's Next?

- Commissioners have complete authority over the Budget
- Commissioner recommendations on changes over the next month.
 - Budget Work Session?
 - Specific items to review such as appropriations?
 - Any additional information/reports requested?
- Public hearing will occur at the September 6th meeting
- Budget needs to be approved at the September 20th meeting

This presentation, and the Proposed FY 2017 Budget are available at:

www.deltacountymi.org