

COUNTY OF SAGINAW MICHIGAN



2002 - 2003 BUDGET

COUNTY OF SAGINAW, MICHIGAN 2002

ADOPTED BY BOARD OF COMMISSIONERS

Todd M. Hare
Chairman

Raymond F. Bartels

Kenneth B. Horn

Thomas A. Basil

Richard F. Mallette

Robert D. Blaine

Michael P. O'Hare

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Eddie F. Foxx

Robert M. Woods, Jr.

James M. Graham

Patrick A. Wurtzel

Marc A. McGill
Controller/Chief
Administrative Officer

Prepared by:
Financial Services Department

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COUNTY OF SAGINAW

111 SOUTH MICHIGAN AVENUE
SAGINAW, MICHIGAN 48602

MARC A. MCGILL
Controller/Chief Administrative Officer

October 1, 2002

Chairman Todd M. Hare
Saginaw County Board of Commissioners
111 South Michigan Ave.
Saginaw, MI 48602

Re: Transmittal of the 2002/2003 County Budget

Dear Chairman Hare,

Included with this transmittal document is the Board of Commissioners approved Budget for Saginaw County covering the period October 1, 2002 through September 30, 2003. This Fiscal 2002/2003 Budget (2003 Budget) has been prepared in accordance with the Uniform Budget and Accounting Act ("UBAA"), MCLA 1141.421, et seq., which requires the Board enact a General Appropriation Act designed to appropriate for all County expenditures.

This Budget attempts to put Saginaw County Government back on a sound financial operating basis. To do so, the Budget must adjust the amount of expenditures and revenues to live within our means.

As can be seen in Resolution A, the General Fund Budget Summary for 2003 presents expenditures of \$36,893,622. This amount is a one percent increase over the 2002 General Fund Budget of \$36,529,252. The Total County Budget for 2003 is \$125,784,757. This amount is a two percent increase over the 2002 Total County Budget of \$122,864,616.

The Budget was prepared using the assumptions listed below. These assumptions were used to provide reasonable estimates. The Financial Services Department will continue to monitor these assumptions and estimates throughout the year and report to you any significant variances.

REVENUE SUMMARY

Property Tax

Property tax revenues fund the largest portion of the General Fund revenue base. Estimates received from the Equalization Department anticipate that the tax base will increase by approximately 3.1%. This property tax revenue increase is less than the 2002 increase of 3.6% and the 2001 increase of 3.9%. The 2003 increase is the lowest increase in eight (8) years.

Interest Earnings

There are two primary areas that are negatively affecting the interest earnings forecast for the 2003 Budget. During the past year, there have been several reductions in the Federal Funds Rate. This has caused our return on investments to drop. In addition, Saginaw County has expended 100% of its Unreserved/Undesignated Fund Balance and cut significantly into the Budget Stabilization Reserves. Therefore, there are fewer dollars supporting interest earnings, which provides fewer dollars for programs and staff.

Interest Earnings are budgeted at \$777,318 for the 2003 Budget. This is a reduction of \$222,682 from the 2002 Budget of \$1,000,000. This is a two-year reduction of \$512,682 from the 2001 Budget of \$1,290,000.

State Revenue Sharings

State Revenue Sharing is a non-mandated State of Michigan legislative appropriation to Saginaw County. The amounts counties receive from the State is derived from the first 4% of the State's 6% sales tax. The amount appropriated each year by lawmakers in Lansing is completely discretionary. In fact, the State is not required to appropriate any funds to counties, as was demonstrated by the Governor's attempt to veto all statutory State Revenue Sharing funds in the State's fiscal year 2002/2003 budget. Thankfully, the State legislators overwhelmingly voted to override that veto.

The 2003 Budget includes estimated State Revenue Sharing of \$3,777,224. This is a reduction of \$102,840 from the 2002 budgeted projection. However, past experience indicates that the amounts received from State may fluctuate based on actual sales tax collections and actions taken by the Governor and the State legislators.

EXPENDITURE SUMMARY

Personnel Services

The personnel services category includes a 3.0% base increase for non-union employees effective October 1, 2002. For union employees, salary increases are based on the salary adjustment date as specified in the various union contracts, as are merit step pay increases where applicable. All other temporary wages, overtime/holiday pay, and per diem budgets are held to the minimum amounts necessary to cover estimated expenses based on actual costs from the past several years and/or best estimates for the upcoming year.

Fringe Benefits

Certain fringe benefits are fixed in terms of actual dollar amounts per employee, while others vary as a percentage of the employees' compensation. The fixed fringe benefits include employee health, dental, life, and vision. Fiscal 2003 changes in variable fringe benefits (which increase as a percentage of wages) include social security tax, workers' compensation, retirement, retiree health reserve, and disability insurance.

Employee health rates are budgeted at a 15% increase over Fiscal 2002. It should be noted that health rates rose 22% in the 2002 Budget and 18% in the 2001 Budget. The compounded effect of these 3 years of increases is a 64% increase in health costs over three years.

All budgets have been prepared accounting for a doubling of the PPO1 plan employee share of the premium from 10 to 20 %. Additionally, all PPO2 employee share of the premiums have been budgeted for a doubling from 5 to 10 %.

Virtually all other fixed fringe benefits such as dental, life and vision have remained nearly constant due to renegotiations and bid-outs of those benefits. Therefore, with the exception of the increase in health costs, there are not any other anticipated increases in fixed benefits at this time.

Contingency

For the second year in a row there is no General Fund Contingency budgeted the 2003 Budget.

RESERVE BALANCES

Unreserved/Undesignated Balance

The County has expended 100% of its General Fund Unreserved/Undesignated Fund Balance. At the end of Fiscal 2000, the balance was \$1,230,114. The County expended these funds over the past two fiscal years in order to continue funding programs it would otherwise have been forced to eliminate.

Reserve for Budget Stabilization

The balance in the County's Reserve for Budget Stabilization was \$3,751,030 at the beginning of Fiscal 2001. At the end of Fiscal 2001, this balance was reduced to \$3,409,450. In Fiscal 2002, \$180,000 was approved to be used on the chiller system replacement project and \$235,589 was budgeted for reductions in State Revenue Sharing. Additionally, this 2003 Budget estimates the use of \$370,610 of Budget Stabilization Reserves to fund the 29 staff reductions through January 1, 2003 and \$432,400 to fund severance costs associated with those reductions. If projections hold true, the Reserve for Budget Stabilization balance will be reduced to \$2,190,851 at the end of Fiscal 2003. This amount is well below the minimum set by Board Policy, which is 10% of the most recently approved General Fund Budget.

“20-AND-OUT” RETIREMENT WINDOW

Included in Resolution A, the Board of Commissioners authorized an early-out retirement option to eligible County employees with at least 20 years of service. Eligible employees are able to accept this option between October 1, 2002 and November 30, 2002, with effective dates of October 1, November 1, or December 1. Approximately 70 employees qualify for this window. It is unknown how many of the qualifying employees will take advantage of this window. For every employee who does take advantage of this window, there is the potential that an employee who was slated for layoff could fill that position.

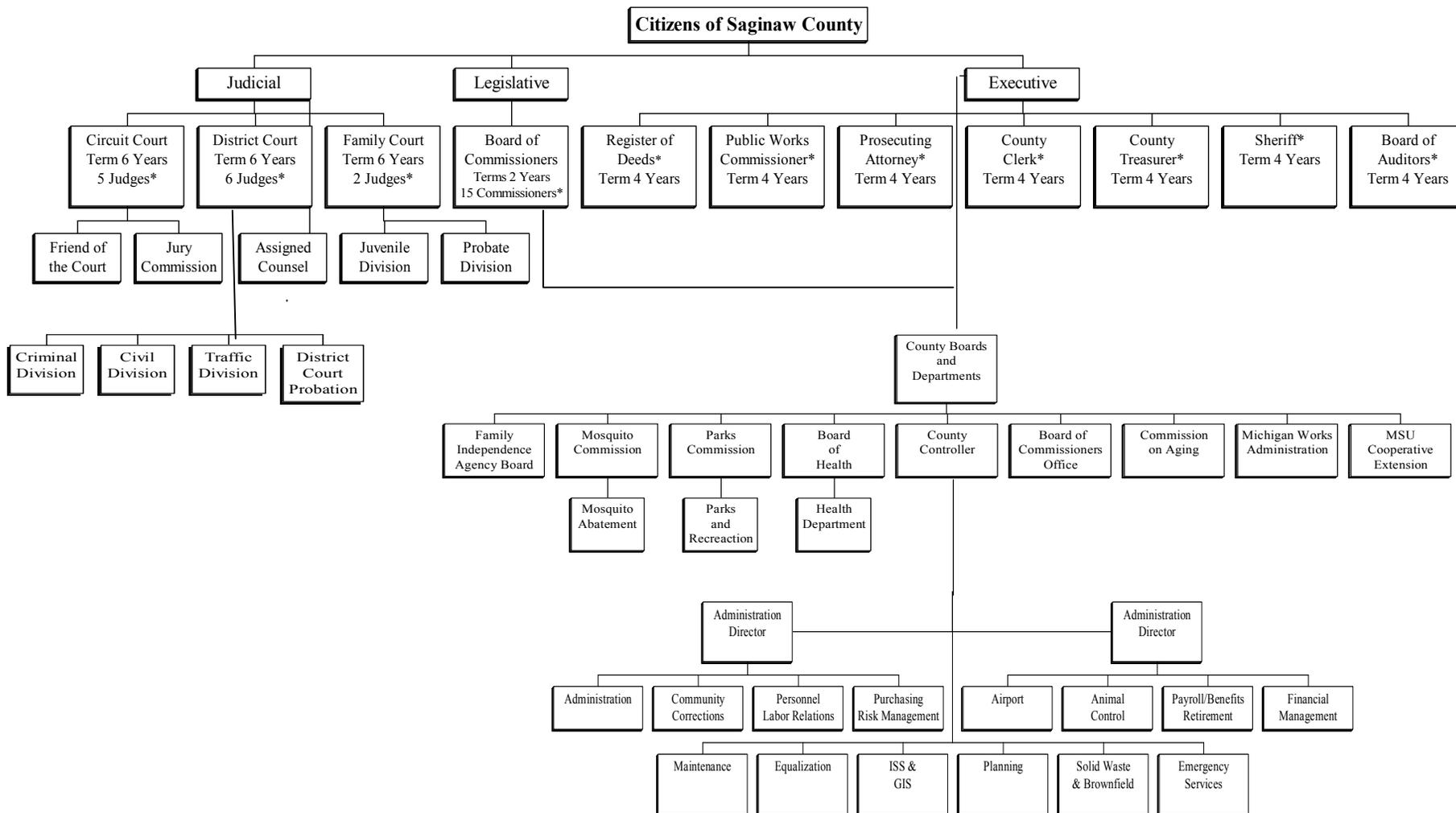
EXECUTIVE SUMMARY

When the 2002 Fiscal Year Budget was approved, the County clearly understood that it could not support costs with revenues and reserves were used to fill the gap. The gap has widened. The Unreserved/Undesignated and Budget Stabilization fund balances have been substantially depleted. The intent of the 2003 Budget is to match levels of expenditures with expected levels of revenues.

Respectfully,

Marc A. McGill
Controller/CAO

County of Saginaw Organizational Chart 2002/2003



*Elected Officials

County of Saginaw
Board of Commissioners
2002

<u>District</u>	<u>Commissioner</u>
District 1	Michael P. O'Hare
District 2	Robert D. Blaine
District 3	Cheryl M. Hadsall
District 4	Kenneth B. Horn
District 5	Patrick A. Wurtzel
District 6	Eddie F. Foxx
District 7	Robert M. Woods, Jr.
District 8	Carl E. Ruth
District 9	Todd M. Hare
District 10	Connie D. Smith
District 11	James M. Graham
District 12	Thomas A. Basil
District 13	Jeanine A. Collison
District 14	Raymond F. Bartels
District 15	Richard F. Mallette

County of Saginaw

Elected Officials 2002/2003

Circuit Court Judge	Hon. Leopold P. Borrello, Chief Judge
Circuit Court Judge	Hon. William A. Crane
Circuit Court Judge	Hon. Lynda L. Heathscott
Circuit Court Judge	Hon. Robert L. Kaczmarek
Circuit Court Judge	Hon. Frederick L. Borchard
District Court Judge	Hon. Terry L. Clark, Chief Judge
District Court Judge	Hon. Christopher S. Boyd
District Court Judge	Hon. M. Randall Jurens
District Court Judge	Hon. Kyle Higgs-Tarrant
District Court Judge	Hon. Darnell Jackson
District Court Judge	Hon. M.T. Thompson
Probate Judge Assigned to Family Division	Hon. Faye M. Harrison, Chief Judge
Probate Court Judge – Estate	Hon. Patrick J. McGraw
County Treasurer	Marvin D. Hare
Prosecuting Attorney	Michael D. Thomas
County Clerk	Susan Kaltenbach
Sheriff	Charles L. Brown
Public Works Commissioner	James A. Koski
Register of Deeds	Mildred M. Dodak
Board of Auditors	Barbara Kemp-Lauria
Board of Auditors	Wanda McBratnie
Board of Auditors	Florence Connolly

County of Saginaw Principal Non-Elected Officials 2002/2003

<u>DEPARTMENT OFFICE PROGRAM</u>	<u>NAME AND TITLE</u>	<u>PHONE NUMBER</u>
Administration	Cathy J. Snyder, Director	790-5214
Administration	Michael E. Thompson, Director	790-5209
Animal Control	Mark A. Wachner, Director	797-4500
Assigned Counsel	Stephen L. Borrello, Attorney	790-2500
Board of Commissioners	Todd M. Hare, Chairman	790-5267
Board of Commissioners	Kaye V. Schultz, Board Coordinator	790-5267
Circuit Court	David A. Cable, Administrator	790-5470
Commission on Aging	Karen Courneya, Director	797-6880
9-1-1 Com. Center Authority	Thomas E. McIntyre, Director	790-5504
Community Corrections	Cathy J. Snyder, Director	790-5214
Controller	Marc A. McGill, Controller/CAO	790-5210
Controller/Event Center	Angela L. Garner, Management Assistant	790-5212
County Clerk	Deann L. Lewis, Chief Deputy County Clerk	790-5251
District Court	Cheryl B. Jarzabkowski, Administrator	790-5363
Emergency Services	Timothy Genovese, Director	797-6850
Equalization	Richard N. Gruber, Director	790-5260
Facilities Management	Annette M. Taylor, Director	790-5235
Financial Services	Nathan C. Baldermann, Director	790-5219
Friend of the Court	Susan Prine, Friend of the Court	790-5300
Geographic Information System	Johnathan Miller, Director	790-5506
Harry Browne Airport	Michael E. Thompson, Director	758-2459
Health Department	John Niederhauser, Health Officer	758-3818
Information Systems & Services	Johnathan Miller, Director	790-5575
Juvenile Detention Home	Timothy J. Metro, Director	799-2821
Maintenance	Annette M. Taylor, Director	790-5235
Mental Health Authority	Sandra Lindsay, Director	797-3400
MSU Extension	Marie Ruenenapp, Director	758-2510
Michigan Works! Administration	Dennis J. Brieske, Director	754-1144
Mosquito Abatement Commission	William J. Lechel, Director	755-5751
Parks & Recreation Commission	John P. Schmude, Director	790-5280
Personnel	Larry H. Polk, Manager	790-5507
Planning	William W. Wright, Director	797-6800
Probate Court	Terry Beagle, Register of Probate	790-5320
Prosecuting Attorney	Howard Gave, Assistant Prosecutor	790-5330
Pros. Attorney Welfare Enf.	Terry R. Manwell, Asst. Prosecuting Attn.	790-5315
Public Works Commissioner	Sharon A. Honaman, Chief Deputy	790-5258
Register of Deeds	Penny Klein, Chief Deputy	790-5270
Retirement	Amy J. Deford, Retirement Coordinator	790-5211
Sheriff	Arnold Burns, Undersheriff	790-5456
Treasurer	Ann Messing, Chief Deputy	790-5232