

COUNTY OF SAGINAW 2003

BOARD OF COMMISSIONERS

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Vice Chair

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Robert M. Woods, Jr.

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, 2003

Honorable Chairman and Members of the
Saginaw County Board of Commissioners
Saginaw County Governmental Center
111 South Michigan Ave.
Saginaw, MI 48602

RE: TRANSMITTAL OF THE FISCAL 2004 SAGINAW COUNTY BUDGET

Ladies and Gentlemen:

Included with this transmittal document are Resolutions A, B, and C, along with a number of supporting schedules and exhibits that, taken as a whole, comprise the Budget for Saginaw County covering the period October 1, 2003 through September 30, 2004. This budget, as prepared by staff and adopted by the Board of Commissioners at their September 16, 2003 session, satisfies the requirements of the Uniform Budget and Accounting Act ("UBAA"), MCLA 141.421, et seq.,

BUDGET RESOLUTIONS

Resolution A

Resolution A contains the budget for the Total County and the General Fund. The Total County Budget for Fiscal 2004 is \$128,380,377 which is a near zero percent increase over the Fiscal 2003 Budget of \$128,302,656. The General Fund Budget for Fiscal 2004 is \$40,450,875 and represents a 10.42% increase over the Fiscal 2003 Budget of \$36,630,622. The inclusion of the \$4,206,643 of State Revenue Sharing in the General Fund Budget is the primary reason for the increase. State Revenue Sharing for the past four (4) years had not been previously reported in the General Fund.

Resolution A identifies certain restrictions and authorizations for the expenditure of County funds during Fiscal 2004. Paragraph #4 implements a new fee on single line telephones in the amount of 4% of the highest base rate (\$0.80 per month / per line). These funds are estimated to be \$1,008,000 and will be accounted for separate from all other funds by the County Treasurer and only appropriated for expenditure upon further full Board of Commissioner approval. Paragraph #22 implements an authorization approval for the County to apply for and accept small grants not to exceed \$50,000. Any grants received under this section of the resolution will be reported quarterly to the Board.

Resolution A also contains the proposed County millage rates to be levied December 1, 2003 as well as the authorization of the 9-1-1 surcharge to fund operations of the 2004 Budget. The total proposed millage rate for 2003/2004 of 7.2352 is 0.033 more than the 7.2022 mill levied in the Fiscal 2003 Budget. The difference is accounted for in the 0.0091 increase in the Senior Citizens Millage approved in 2002 and the Hospital and Juvenile Debt millages.

Resolution B

Resolution B establishes the compensation levels for non-union employees as well as provides for the adoption of salary schedules that apply to certain classifications of employees for Fiscal 2004.

Resolution B also identifies salaries for elected/appointed officials and judges. The Saginaw County Officer's Compensation Commission and the State Officer's Compensation Commission, in the case of judges, have set these salary levels.

Resolution C

Resolution C sets forth the approved and prioritized Capital Improvement Plan Budget for Fiscal 2003/2004.

REVENUE SUMMARY

Property Tax

Property tax revenues comprise the largest portion of General Fund revenues. Estimates received from the Equalization Department anticipate that this revenue source will increase by approximately 2.5% over the Fiscal 2003 budgeted amount. This property tax revenue increase will be the smallest increase in Saginaw County since the State of Michigan started using Taxable Value as the basis for assessing millage rates. For the General Fund this equates to a projected revenue increase of \$566,013.

State Revenue Sharing

State Revenue Sharing is a non-mandated appropriation to local units of government that is currently provided by the State Legislature. The Governor's proposed State budget for Fiscal 2004 reduced State Revenue Sharing to Saginaw County by 3%. This is in addition to the 3 1/2% reduction in this source of revenue that was implemented in Fiscal 2003.

The Fiscal 2004 Budget projects \$4,206,643 in total State Revenue Sharing funding consisting of \$3,519,299 from sales taxes and \$687,344 from single business/inventory tax. Since Fiscal 2002, total State Revenue Sharing funding for Saginaw County has dropped by \$683,826 or approximately 14%. If State Revenue Sharing continues to drop, the Board of Commissioners will continue to face difficult decisions about the funding of various services and programs.

Interest Earnings

There are two primary areas that are negatively affecting the interest earnings forecast for the 2004 Budget. During this year, there were more reductions in the Federal Funds Rate. This has caused our return on investments to drop. Also, during the past year, Saginaw County has expended more of its reserves to cover operating expenses, thereby reducing available funds to invest.

Interest Earnings are budgeted at approximately \$350,000 for the 2004 Budget. This is a reduction of approximately \$320,000 from the 2003 Budget, which in itself was a reduction of approximately \$335,000 from the 2002 Budget of \$1,000,000. This is a three-year reduction of \$940,000 from the 2001 Budget of \$1,290,000.

District Court

The Fiscal 2004 budgeted revenues for the District Court are set at \$2,839,550, up from \$2,661,878 budgeted in Fiscal 2003. The Saginaw County District Court has been a major revenue producer over the years for Saginaw County. The District Court is in a position to collect fines and fees for cases and hearings it processes as well as for other parts of the County court system. The major source of increase is through the court costs area as the District Court attempts to collect a more accurate portion of court costs from those violators of local and state laws who cause the county to provide for court services.

Register of Deeds

The budgeted Fiscal 2004 revenue for the Register of Deeds total \$1,680,350 up from \$1,399,167 budgeted in Fiscal 2003. The Register of Deeds has always been a stable source for generating General Fund revenues. Due to a strong mortgage market, attributable to a 40 year low for interest rates, a record number of recordings are taking place. The Register of Deeds predicts an increase of \$281,000 over this year's budgeted revenues. Of the \$281,000 increase, \$233,000 is within the Recording Fees line item itself.

EXPENSE SUMMARY

Personnel Services

The personnel services category includes a 2% base increase for non-union employees effective October 1, 2003. This is reduction from the 3% base increase for non-union employees made effective last October 1, 2002. For union employees, salary increases are based on the salary adjustment date and amount 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 two 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 employee's compensation. The fixed fringe benefits include employee health, dental, life, vision, and retiree health reserve. The variable fringe benefits (which increase as a percentage of wages) include social security tax, workers' compensation, retirement, and disability insurance.

Employee health rates are budgeted at a 13% increase for Fiscal 2004. It should be noted that health rates increased 18% in the 2001 Budget, 22% in the 2002 Budget, and 15% in the 2003 Budget. Total health costs budgeted in the Fiscal 2004 Budget, including retiree health care, is \$8,487,000. This is up by \$879,000 from the current Fiscal 2003 Budget of \$7,608,000. When comparing the 2004 health insurance budget to those of the 2000 Budget four (4) years ago, they are up \$3,327,000.

The annual illustrative premium of the PPO1 Family Plan for Fiscal 2004 is \$12,129 with employees paying 20% or \$2,426 of that amount leaving a net County cost of \$9,703. By comparison, in Fiscal 2000, the annual illustrative premium of the PPO1 Family Plan was \$7,650 with employees paying 10% or \$765 of that amount leaving a net County cost of \$6,885.

The annual illustrative premium of the PPO2 Family Plan for Fiscal 2004 is \$10,310 with employees paying 10% or \$1,031 of that amount leaving a net County cost of \$9,279. By comparison, in Fiscal 2000, the annual illustrative premium of the PPO2 Family Plan was \$6,503 with employees paying 5% or \$325 of that amount leaving a net County cost of \$6,178.

All other fixed fringe benefits such as dental, life and vision have remained nearly constant due to favorable renegotiations and competitive bidding of those benefits. Therefore, with the exception of the increase in health costs, there are no other material anticipated increases in fixed fringe benefits at this time.

Capital Outlay

Virtually no projects or equipment will be funded from the capital improvement funds during Fiscal 2004 due to limited funding.

The General Capital Fund derives its capital outlay money through the transfer of two-thirds (2/3) of any excess revenues over expenditures from the previous year-end close out. Due to the overall results of 2001 and 2002 being negative, no funds were available to transfer into the General Capital Improvement Fund.

Contingency

For the third year in a row there is no General Fund Contingency budgeted.

RESERVE BALANCES

Unreserved/Undesignated Balance

At Fiscal year-end 2000, the unreserved balance in the General fund was \$1,230,114. These funds were exhausted by the end of Fiscal 2002 thereby eliminating this resource.

Reserve for Budget Stabilization

The County's Reserve for Budget Stabilization was \$3,409,450 at the end of Fiscal 2001. That amount had reduced to \$2,594,674 at the end of Fiscal 2002 and is estimated to be reduced even further by the end of Fiscal 2003. The Fiscal 2004 Budget proposes the use of \$350,626 to balance revenue with expenditures.

As the County no longer has a Contingency Balance, and the County no longer has any Unreserved/Undesignated Fund Balance, the County must rely on Budget Stabilization to carry it through any difficult and unforeseen financial situations that may arise during the Fiscal 2004 year.

It should also be noted that the Budget Stabilization Reserve at the end of Fiscal 2000 was at the minimum of Board Policy, which is 10% of the most current Board approved General Fund Budget. It is not at that level now nor does the Fiscal 2004 Budget bring it back up to the policy minimum.

A complete schedule of reserve balances in the General Fund is contained in the annual General Information Report as well as the most recent Comprehensive Annual Financial Report of the County as of September 30, 2002. Both documents have been distributed to all commissioners and are available on the County's web site.

EXECUTIVE SUMMARY

Last year, when the Fiscal 2003 Budget was adopted, current revenue did not support anticipated expenses. Therefore, the Board of Commissioners appropriated \$803,010 from Budget Stabilization Reserve and eliminated 29.10 positions to bring the budget into balance. Unfortunately, this situation remains much the same, although not quite as pronounced, as the adopted Fiscal 2004 Budget appropriates \$350,626 from the Budget Stabilization Reserve and eliminates 23.52 positions in order to bring the budget into balance.

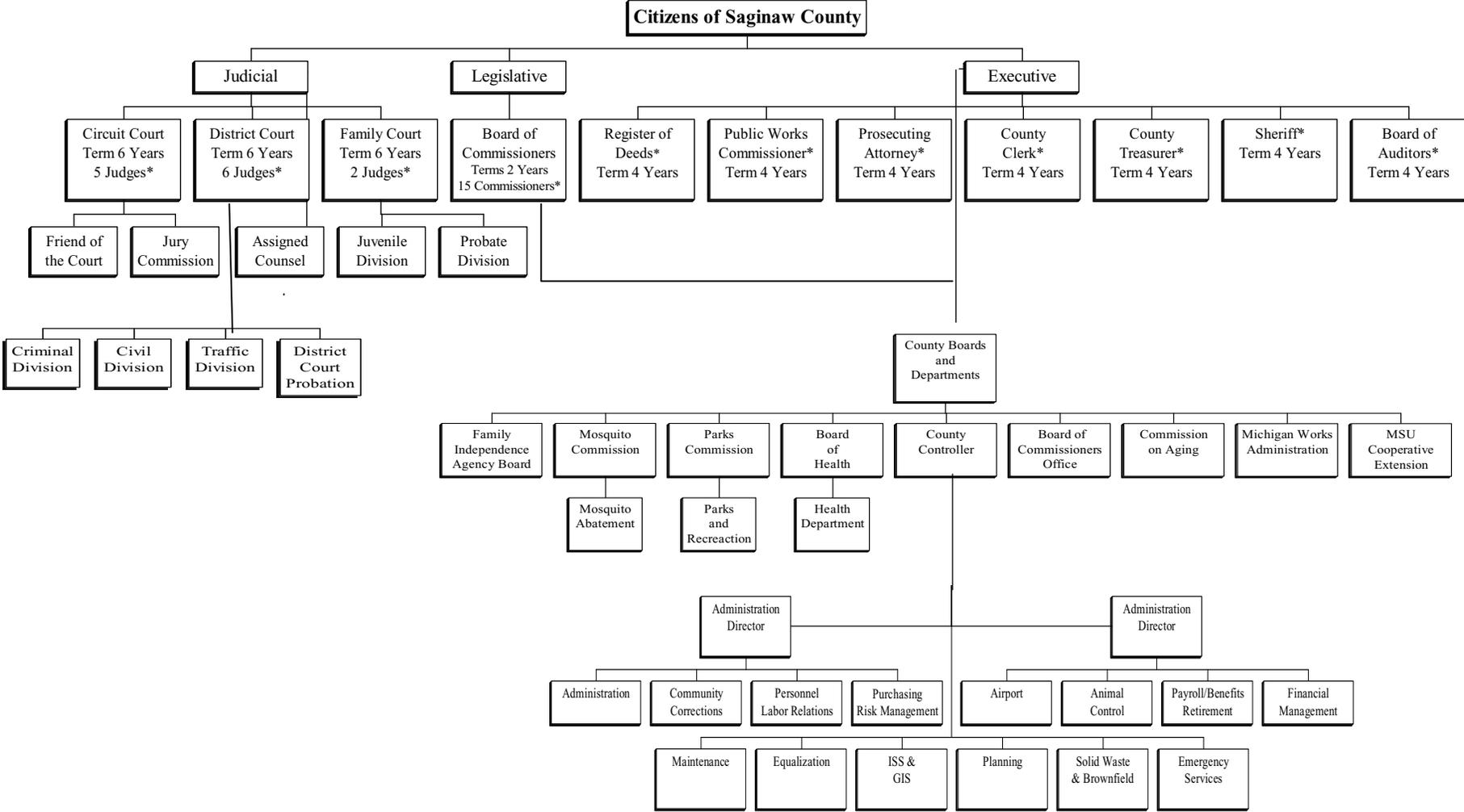
The Financial Services staff will monitor the items contained in this budget, particularly with respect to State Revenue Sharing, and make periodic interim financial reports during the year to the Board of Commissioners.

Please do not hesitate to contact me should you have questions or require additional information.

Respectfully,

Marc A. McGill
Controller/CAO

County of Saginaw Organizational Chart 2003/2004



*Elected Officials

County of Saginaw Board of Commissioners 2003

<u>District</u>	<u>Commissioner</u>
District 1	Michael P. O'Hare
District 2	Bob D. Blaine
District 3	Cheryl M. Hadsall
District 4	Kenneth B. Horn
District 5	Patrick A. Wurtzel
District 6	Terry W. Sangster
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	Roger N. Kahn
District 14	Raymond F. Bartels
District 15	Timothy M. Novak

County of Saginaw

Elected Officials 2003/2004

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 2003/2004

<u>DEPARTMENT</u> <u>OFFICE</u> <u>PROGRAM</u>	<u>NAME AND</u> <u>TITLE</u>	<u>PHONE</u> <u>NUMBER</u>
Administration	Michael E. Thompson, Director	790-5209
Animal Control	Mark A. Wachner, Director	797-4500
Assigned Counsel	Andre Borrello, Attorney	790-5214
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	Michael E. Thompson, Director	790-5209
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	James T. Totten, Director	790-5260
Facilities Management	Annette M. Taylor, Director	790-5235
Financial Services	Koren A. Reaman, Assistant Director	790-5218
Friend of the Court	Susan K. Prine, Friend of the Court	790-5300
Geographic Information System	Johnathan J. Miller, Director	790-5506
Harry Browne Airport	Michael E. Thompson, Director	758-2459
Health Department	John D. Niederhauser, Health Officer	758-3818
Information Systems & Services	Johnathan J. Miller, Director	790-5506
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 Ruemenapp, 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	Jennifer J. Broadfoot, Assistant	790-5507
Planning	Jay E. Reithel, Director	797-6800
Probate Court	Terry K. 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 L. Klein, Chief Deputy	790-5270
Retirement	Amy J. Deford, Retirement Coordinator	790-5211
Sheriff	Arnold J. Burns, Undersheriff	790-5456
Treasurer	Lynn J. Favara, Chief Deputy	790-5232