

Since 2002, we made progress in improving many of parts of our financial situation in county government:

- The county workforce is down 15% over the past four years
- Overtime in the Sheriff's Office is down XX%
- Outstanding debt decreased by \$20.8 million or 4%
- Salaries for non-union employees (including the \$60,000 per year of my own salary that I still give back to the taxpayers) were frozen in the first budget
- Contracts settled with many of our unions actually end pension enhancements for new employees and add higher co-pays for use of health care plan

Still, we have challenges on the horizon.

Over the new few years, expenditures are projected to grow above revenues annually by more than \$40 million. These increases are driven largely by wages and benefits and by new, federally mandated accounting standards.

In 2007, the pension system will require an additional \$50 million in tax levy with another \$29 million needed to cover the new accounting requirements. Wages are projected to cost \$281.4 million on 2007 and rise to \$352.3 million by 2011. Health insurance is at \$137.6 million in 2007 and will likely climb to \$256.5 million in 2011.

Politically, it might make sense to ignore these facts and just get through the 2007 budget. But that's not why the voters elected me. They want a honest assessment of the situation and a plan to tackle the challenges. We did not create the fiscal mess, but we are prepared to take it on.

Some suggest raising taxes. From 1992 to 2002, the property tax levy in our county went up XX%. The last census showed that our county was the only one in the state to lose population. Raising taxes (or creating new ones) will only drive more people and more jobs out of our area.

We are going through some of the same challenges as the US automakers. Imagine if their answer was just to raise the prices of their cars and trucks? They would quickly lose their customer base. I don't want to lose our base either.

Instead, our plans will focus on reducing our expenditures:

- Convert from a traditional pension system into a defined contribution system (like a 401(k))
- Seek to change health care plans so that everyone covered has to help pay for costs
- Make health insurance contribution similar to what others pay in the private sector
- Lobby state government to pull back on mandates that drive up county costs
- Begin dynamic changes in the operations of core county programs

- Expand existing partnerships with private organizations and establish new ones to support quality of life programs in county

We can improve the financial standing of county government. It will take the help of the County Board, state government, private sector supporters and the general public; all of us working together.

While some complain about me forecasting potential challenges in the next few years, the agencies that set our bond ratings and look into the future actually liked our candor. They maintained our current bond rating. This is a good sign for the future. They agencies know that we (the County Board and me) tackled the tough challenges in each of the last four budgets and we will do it again in each of the years to come.