

COUNTY OF WARREN BUDGET PRESENTATION FY 2011-2012

Linda T. Worth, County Manager

ANNUAL BUDGET SUBMISSION

In accordance with the Local Government Budget and Fiscal Control Act, I submit to the Board of County Commissioners the recommended Fiscal Year 2011-12 Budget for Warren County.

This proposed budget is respectfully submitted as a working document.

Budget Components

- GENERAL FUND
- REVALUATION FUND
- E-911 FUND
- FIRE TAX DISTRICT FUND
- ENTERPRISE FUNDS
 - Regional Water Fund
 - Districts I, II, & III Water Funds
 - Solid Waste Fund

FACTORS AFFECTING THE FY 12 BUDGET

- The County's revenue sources continue to be severely impacted by the economic recession
- Negative effects of depressed housing industry and double-digit unemployment on the local economy
- Anticipated use of \$992,000 of fund balance reserves to balance the current year's budget
- Continued reductions in state/federal funding
- Uncertainty of effects of proposed FY 12 State and Federal budgets on local governments
- Operating costs continuing to rise, i.e., utilities, gas, oil, and petroleum products

Budgetary Factors cont'd

Projected Changes in Selected Revenues

<u>Revenue Source</u>	<u>FY 11</u>	<u>FY 12</u>	<u>Difference</u>	<u>% Change</u>
Investment Earnings	10,000	11,000	1,000	+10.0%
Sales Taxes	1,843,792	1,725,000	-118,792	-6.9%
Res/UnRes Grants	5,074,173	4,939,036	-135,137	-2.7%
Permits & Fees	227,040	215,330	-11,710	-5.4%
Sales & Services	1,825,519	1,798,773	-26,746	-1.5%
Miscellaneous Revenues	862,849	597,500	-265,349	-44.4%
Transfers from Other Funds	<u>163,487</u>	<u>206,087</u>	<u>42,600</u>	<u>+20.7%</u>
Totals	10,006,860	9,492,726	-514,134	-5.1%

Budgetary Factors cont'd

Employee Fringe Benefits

- Proposed health, vision and dental insurance rates are based upon renewal proposals from BlueCross Blue Shield, the group benefits carrier for Warren County employees as of 7/1/10
- In FY 12, the proposed increase in health and vision insurance rates is estimated to be 4.77% or \$81,275 above the FY 11 cost
- In FY 12, the proposed increase in dental insurance rates is estimated to be 1.36% or \$1,127 above the FY 11 cost – The monthly employee premium for dental insurance was reduced from \$21.80 to \$21.49 in FY 12

Budgetary Factors cont'd

Employee Fringe Benefits cont'd

- County's retirement contribution rate will increase from 6.47% to 6.99% in FY 12 for general class employees and from 6.41% to 7.04% for Law Enforcement Officers due to losses sustained by the Local Government Employees' Retirement System (LGERS)
- The additional retirement contribution is estimated to be \$42,331, a 6.78% increase. Additional rate increases are anticipated in the future as the LGERS losses have been spread over a number of years.



**RECOMMENDED
COST-CUTTING MEASURES
INCLUDED IN THE
MANAGER'S FY 12 BUDGET
PROPOSAL**

COUNTY EMPLOYEE COMPENSATION

There have been insufficient funds available to give COLA's or salary increases to county employees since FY 08. Due to the severity of revenue losses and the critical need to reduce operating expenditures to prevent reductions in force (RIF's), I am recommending a 4-day furlough for non-emergency employees in FY 12. The proposed furlough would equate to a 1.54% reduction in salaries and is estimated to reduce expenditures in FY 12 by **\$120,635**.

I am proposing the four days be taken off one day per quarter in conjunction with holidays where possible. The 30 hour reduction in pay could be spread over the entire fiscal year by deducting 1.25 hours from affected employees' paychecks over 24 pay periods.

COUNTY EMPLOYEE COMPENSATION cont'd

Special Leave Days

I am not recommending special leave days be given to employees in FY 12 due to our determination in the current year that there is an actual cost to be budgeted for the special leave days. When emergency employees in EMS, Sheriff's Department, Detention Center, and Central Communications take their days off, we must pay part-time personnel to fill-in. The amount that would have to be budgeted in FY 12 to grant emergency services personnel two special leave days is estimated to be **\$64,735** to pay part-time employees' salaries and fringes.

FREEZING VACANT POSITIONS

I am recommending freezing the following vacant non-emergency positions in FY 12 to further reduce expenditures:

<u>Position</u>	<u>Department</u>	<u>Estimated Savings</u>
Real Property Appraiser	Tax Assessor	41,096
Assistant Register of Deeds	Register of Deeds	33,614
Social Worker II	Health	46,501
Assistant Fire Marshal/ Code Enforcement Officer	Emergency Services/ Code Enforcement	47,423
Office Assistant	Cooperative Extension	13,708
Administrative Assistant*	Veterans Services	<u>39,805</u>
Total Estimated Savings		\$222,147

*Admin Assistant retiring at 6/30/11

PROPOSAL FOR VETERANS SERVICES OFFICE

Effective 7/1/11, I am recommending the hours of the Veterans Services Office be reduced from 37.5 hrs. (5 days/wk) to 22.5 hrs. (3 days/wk) and the Veterans Administrator become a 60% employee. I am also recommending the Administrative Assistant position in the department be frozen as the individual currently holding this position will be retiring on 6/30/11 after 34 years of service. I sincerely thank Ms. Jean Lynch for her dedicated and exemplary service to Warren County during her tenure in this position.

The Veterans Administrator is of the opinion she will be able to properly administer Warren County's veterans' caseload with this proposed reduction in office hours and staffing.

Savings to be realized in FY 12 by implementing this proposal are **\$61,404**.

PRIVATIZATION OF FLEET MAINTENANCE & REPAIR

Effective 7/1/11, I am recommending the Board terminate the long-term contract for fleet maintenance and repair with Warren County Schools' and privatize these services. After analyzing the costs associated with the current contract and the cost of securing the same services in the marketplace (local and surrounding locales) we anticipate savings in excess of **\$42,000** in FY 12.

Under the direction of the County Manager, the Fleet Manager and Fleet Committee will oversee the Fleet Management Program utilizing the newly developed Vehicle Fleet Management Procedures Manual to provide comprehensive instructions to aid department managers in properly servicing, maintaining and repairing fleet vehicles.

FUND BALANCE APPROPRIATION

An appropriation of \$1,300,000 from undesignated fund balance is recommended to balance the proposed FY 12 budget. The recommended appropriation is 44% less than the current year's appropriation of \$2,315,167. This reduction is necessary due to the anticipated use of \$992,000 of undesignated fund balance reserves to balance the current year's budget.

We cannot continue to raid undesignated fund balance reserves as the funds could soon be reduced to dangerously low levels due to the ongoing recession. We must utilize a mix of ad valorem taxes, reductions in spending, increased operational efficiencies, and minimal undesignated fund balance appropriations to balance the FY 12 and future years' budgets.

FUND BALANCE APPROPRIATION cont'd

TOTAL FUND BALANCE APPROPRIATION COMPARISON

	<u>FY 11</u> (Revised)	<u>FY 12</u> (Proposed)	<u>DIFF</u>	<u>% Change</u>
Undesignated FB	2,315,167	1,300,000	-1,015,167	-43.8%
Health Dept. FB	150,000	200,000	50,000	+33.3%
FB – Trail Grant	<u>14,500</u>	<u>14,500</u>	<u>0</u>	0.00%
TOTALS	2,479,667	1,514,500	-965,167	-38.9%



**COUNTY MANAGER'S
RECOMMENDED
FY 12 BUDGET**

RECOMMENDED FY 12 BUDGET

- A General Fund Budget of \$26,946,025 with a proposed tax rate of \$.63/\$100 valuation. This is a proposed \$.03 cents increase in the current tax rate of \$.60/\$100 valuation. This recommended budget is -4.6% or \$1,297,488 less than the current year's revised budget of \$28,243,513; and -11.3% less than the FY 10 revised budget of \$30,378,944.
- The tax rate is based upon an estimated assessed valuation of taxable property of \$2,520,765,433 and an estimated collection rate of 95.0%. The assessed valuation of taxable property increased by \$22,765,433 or +.9% from last year's valuation of \$2,498,000,000.
- A penny on the tax rate equals \$239,473 as compared to \$238,559 in FY 11.
- The amount of total fund balance appropriated to balance the General Fund budget is \$1,514,500 which is a decrease of -38.9% from the current year's appropriation of \$2,479,667.

TAX BASE, RATES & AD VALOREM TAXES

FY 09- FY 12

<u>Year</u>	<u>Tax Base</u>	<u>Coll Rate</u>	<u>Tax Rate</u>	<u>Ad Valorem Taxes</u>	<u>% Change</u>
2011-12	\$2,520,765,433	95.0%	\$.63*	15,086,799	+5.1%
2010-11	\$2,498,000,000	95.5%	\$.60	\$14,313,540	+1.5%
2009-10	\$2,500,000,000	94%	\$.60	\$14,100,000	+12.4%
2008-09	\$1,428,417,105	94%	\$.92	\$12,352,932	

*Proposed FY 12 Tax Rate

Projected Changes in Selected Expenditures

<u>Expenditure</u>	<u>FY 11 (Rev)</u>	<u>FY 12 (Req)</u>	<u>Difference</u>	<u>% Change</u>
Hlth/Mental Hlth	3,179,654	3,038,215	-141,439	-4.4%
Sheriff/Cen Com	2,914,220	2,812,936	-101,284	-3.5%
EMS	1,732,743	1,795,640	+62,897	+3.6%
Schools	4,135,000	3,982,437	-152,563	-3.7%
Veterans Ser	86,679	28,654	-58,025	-66.9%
Debt Service	2,076,804	1,938,540	-138,264	-6.7%
Insurance	365,000	435,000	70,000	+19.2%
Transfers	88,000	50,000	-38,000	-43.2%
Senior Center	409,288	366,801	-42,487	-10.4%
Library	481,855	465,123	-16,732	-3.5%
Armory	60,000	24,715	-35,285	-58.8%
Totals	15,529,243	14,938,061	-591,182	-4.0%

PROPOSED NEW EXPENDITURES

- **PROPOSED CAPITAL EQUIPMENT & PROJECTS (=>\$5,000)**
- EMS Capital Equipment - \$19,000: Generator for EMS Substation #1 (\$13,000); Patient Care Ventilator (\$6,000)
- Animal Control - \$15,000 – Kennel Floor Replacement
- Buildings & Grounds - \$75,000 – Courthouse Roof (\$50,000) & Miscellaneous County Building Repairs (\$25,000)
- Central Communications – \$72,000: E-911 Equipment to be paid with E-911 Funds
- Detention Center - \$10,000 – HVAC Unit Replacement

PROPOSED NEW DEBT

Warren County High School Roof Replacement -\$577,000
Debt Service: Principle & Interest - \$26,685



ENTERPRISE FUNDS

SOLID WASTE FUND

Despite anticipated increases in Solid Waste Hauling/Disposal/Convenience Center Operating Expenses, gas/utilities, and employee health insurance, the budget for the Solid Waste Fund reflects a -1.04% decrease from the current year. The decreases can be attributed to a significant reduction in depreciation expense and efforts to reduce operating expenses where possible.

Solid Waste Fund cont'd

\$19,339 is appropriated from Solid Waste Fund Balance to balance the proposed budget. This amount represents a decrease of -73.12% from last year's appropriation of \$71,959 due largely to fee increases that were approved and implemented for the Solid Waste Fund in FY 11.

There is no reserve anticipated in the Solid Waste Fund for FY 12.

No vehicles or major capital equipment purchases are proposed for the Solid Waste Fund in FY 12.

WATER AND SEWER DISTRICT FUNDS

The cost of water purchased by Warren County Public Utilities from the Kerr Lake Regional Water System will increase by a proposed +4% in FY 12, followed by increases of +6% in FY 11, +6% in FY 10, +5% in FY 09, and +14% in FY 08.

The system continues to grow and expand throughout the County, adding new customers as we move forward to make public water accessible and affordable for all our citizens; therefore, we are not proposing to increase water or sewer rates in FY 12.

No major capital equipment or vehicle purchases are proposed for the Public Utilities Districts in FY 12.



CLOSING

CLOSING

This proposed budget maintains staff's concerted efforts to reduce operating costs and increase operational efficiencies as we continue Warren County's forward momentum during the economic recession. As in the past, we have budgeted revenue projections conservatively which has served us well in the current and past fiscal years.

Closing cont'd

In summary, while significantly reducing the undesignated fund balance appropriation, this recommended budget, proposes a \$.03 increase in the tax rate, minimal cuts in services, no employee layoffs, freezes several vacant positions, recommends no salary increases and a 4-day furlough for non-emergency employees, and privatizes fleet maintenance service and repair.

Closing cont'd

It is recommended that we continue the building projects currently underway and halt any new projects until the economic recession subsides. In FY 11, the following capital projects will be completed:

- Finance Building Renovations
- Accessibility renovations to lower level of Finance Building
- Additional renovations to Armory Civic Center
- EMS Satellite Facility #1 - Afton
- Former Library to House Tax Assessor

Closing cont'd

Capital Projects Remaining to be Completed in FY 12

- Former Doctor's Office to house County Administration
- Replacement Roof for the Courthouse
- EMS Satellite #2 – Bugg-Davis Road

This facility will be completed in FY 12 with a proposed opening of 7/1/12. When this facility opens 3 new EMT-Intermediate positions will be required for operation. Based on today's costs, it is estimated the additional salaries/fringes, Quick Response Vehicle, EMS Equipment, Uniforms, Gas/Vehicle Expense, operating expenses, etc. will be in excess of \$325,000 for this EMS satellite station that will significantly impact the FY 13 budget.

Closing cont'd.

Public Safety

Staff will make application for USDA loan funding, in addition to continuing to seek grant funds, to pay for the repairs and upgrades to the Fire Radio System to improve emergency communications which is critical to public safety. A Capital Project Ordinance has been established for this project and debt service on the anticipated cost is included in the FY 12 General Fund Budget.

Closing cont'd

Effective & Efficient County Government

- It is recommended that employee travel continue to be restricted to essential travel for maintenance of certifications, licenses, and mandatory training with county vehicles being used whenever possible.
- Proposed privatization of the county's fleet maintenance and repair services is anticipated to save in excess of \$42,000 in the first year with more savings to be realized when fuel prices return to more normal levels.

Closing cont'd

Effective & Efficient County Government cont'd

- Grant funded energy efficiency upgrades in county facilities/buildings are currently underway to include replacement of older inefficient HVAC units to utilize natural gas where available, installation of energy efficient lighting systems, and insulation upgrades with the goal of ensuring maximum fuel and energy efficiency.
- Savings in energy usage will be tracked in FY 12 to assist us in accurately budgeting those savings in FY 13.

Closing cont'd

Unknowns Impacting FY 12 Recommended Budget

- This recommended budget has been prepared with limited information of the impact State and Federal budget deliberations will have on local governments.
- This budget has also been prepared utilizing estimated cost savings from implementation of various proposals made by the County Manager upon which the Board of Commissioners has yet to act upon.

Closing cont'd

In closing, I wish to express sincere appreciation to the following individuals and groups who were instrumental during the preparation of this recommended budget:

County Finance Director, Mr. Barry Mayo; Accounting Manager, Mrs. Gloria Edmonds, and the entire Finance Office Staff; Ms. Paula Pulley, Executive Assistant to the Manager; Ms. Elgin Lane, HR Manager; Fleet Management Committee; Facilities & Capital Equipment Committee; IT Committee; and all County Department Heads and Staff.

My staff and I look forward to working with the Board of County Commissioners to finalize the FY 12 Budget.

Respectfully submitted,
Linda T. Worth, County Manager