

TERM OF COMMISSION: December Session of the October Adjourned Term

PLACE OF MEETING: Roger B. Wilson Boone County Government Center
Commission Chambers

PRESENT WERE: Presiding Commissioner Keith Schnarre
District I Commissioner Karen M. Miller
District II Commissioner Skip Elkin
Deputy County Clerk Shawna Victor

The meeting was called to order at 2:32 p.m.

Subject: Second Reading and Acceptance of the Consultant's Report (Salary Study)

Commissioner Miller moved to accept the FY2005 Salary Plan Update for Boone County dated December 2004 as prepared by Public Sector Personnel Consultants and implement said plan as outlined in the table.

Commissioner Elkin seconded the motion.

There was no discussion and no public comment.

The motion passed 3-0. **Order 516-2004**

Subject: Presentation of Proposed FY2005 Budget

June Pitchford, Boone County Auditor, was present on behalf of this item.

June Pitchford stated the County Commission adopts budget for 44 different funds; one General Fund, 26 Special Revenue Funds, seven Debt Service Funds, four Capital Project Funds and two Trust Funds. The budget contains over 1000 individual department and/or cost-centered budgets of which many of these contain personnel appropriations. All funds will be solvent at the end of FY2005. The target minimum fund balances have been maintained in major funds.

The County's tax levies are extremely low compared to the levies of other taxing districts in the County such as cities, schools, and fire districts. There is no proposed change in the County's tax levies in FY2005. The County's tax levies are in the General Fund (\$0.13 per \$100 of assessed value) and the Road and Bridge Fund (\$0.05 per \$100 of assessed value).

The legislature establishes most of the fees the County collects. There are no known changes at this time.

Of the fees established by the Commission (Animal Control, On-site Wastewater permits, and building permits) there are no proposed increases for FY2005.

Mrs. Pitchford stated the FY2005 budget represents a modest-growth budget rather than an expansion budget. There is no reduction in service levels in the budget and no budgetary cuts have been made.

The following are proposed additions to personnel to the General Fund:

- One FTE (Planner) at a cost of \$57,800
- Increase in part-time seasonal hours in the Collector's Office (874 hours - \$7,900)
- Increase in part-time program assistant hours at JJC (260 hours - \$2,500)
- One FTE (Receptionist – Child Support). This position is fully reimbursed from the State.

There are four additional FTE positions for the Road and Bridge Fund at a cost of \$177,500.

The Commission just adopted the salary and wage plan. This plan includes the following for a 3.24% increase to payroll for FY2005:

- Salary Plan Update (market study). The County-wide cost of this is \$190,000 (\$125,000 to the General Fund). This represents a 1.4% increase to payroll
- Merit increases (including courts). The County-wide cost of this is \$280,000 (\$158,000 to the General Fund). This represents a 1.9% increase to payroll.

The following are other operating cost increases for FY2005:

- County paid health insurance premiums. (9.8% increase or approximately \$150,000)
- Utilities, housekeeping, and facilities maintenance (20% increase or approximately \$200,000)

Mrs. Pitchford stated the proposed budget also includes the following routine replacement equipment appropriations and technology improvements:

- For all government funds combined - \$1.95 million (66% of total fixed asset appropriations)
- General Fund - \$310,169 (43% of total fixed asset appropriations)
- Road and Bridge Fund - \$1.223 million (82% of fixed asset appropriations)
- Law Enforcement Sales Tax Fund - \$310,000 (53% of total fixed asset appropriations)
- Storage Area Network (joint funding General Fund and Assessment Fund) -

\$81,000

- Replace existing imaging system with an AS/400 platform imaging system (joint funding General Fund and Assessment Fund) - \$110,000 investment with expected annual operating savings of \$20,000

The budget includes equipment appropriations equal to the estimated revenue of \$237,000 for Help America Vote Act (HAVA).

\$100,000 is in Contingency for FY2005 for a Financial Management System upgrade. This will be held in Contingency until such time that a more detailed plan is presented to the Commission for approval.

Mrs. Pitchford stated in the aggregate, all government funds combined reflect the following:

- Revenues are expected to increase 5%
- Expenditures are expected to decrease 1%
- Expenditures are budgeted to exceed revenues by \$4.2 million

In comparing the FY2004 and FY2005 budgets, there were significant budget amendments to the FY2004 budget in the General Fund for grants and property purchases. Because of this, it is beneficial to compare the proposed FY2005 budget to the original FY2004 budget.

In comparing the General Fund FY2005 budget to the original FY2004 budget, revenues are forecasted to increase 6% and expenditures are budgeted to increase 4%. This is the desired growth pattern for the next few years.

Revenue and spending projections for the current year indicate that the General Fund operations may require approximately \$434,100 of reserves. Additional \$932,600 in reserves was used to purchase land and buildings during FY2004. Mrs. Pitchford stated it is acceptable and appropriate for excess General Fund Reserves to be used for capital purchases of this nature.

Mrs. Pitchford noted it is also acceptable and appropriate to use modest amounts of the General Fund Reserves on an occasional basis to close the operating gap between revenues and expenditures. This is appropriate to do in the following circumstances:

- Excess reserves exist and are available for such purposes,
- The governing body carefully considers the nature of the planned spending and determines that the use of the reserves will be short-term and is necessary to accomplish established goals, and
- The governing body is committed to controlling future growth in the budget in order to bring spending back in line with annual revenues and to ensure that

minimum reserves are restored and maintained.

The Commission's use of General Fund Reserves in 2004 and 2005 is consistent with these criteria.

Comparing the FY2005 General Fund budget with the current revised FY2004 budget can provide an accurate view of revenue growth but can be misleading with respect to expenditures. The FY2005 General Fund budget indicates a reduction in fund balance.

Mrs. Pitchford stated based on 15 years of actual spending trends, it is extremely unlikely that appropriations will be fully expended and unlikely that reserves will be depleted by this amount.

The probable spending level is approximately 93% to 95% of appropriations resulting in a probable reduction in fund balance of \$400,000 to \$700,000. It could be even less if the revenues exceed budget.

In the Road and Bridge Fund revenues are stable and expected to grow at moderate rates. Expenditures are expected to vary from year to year, depending on the resources carried forward from previous years and the size and scope of the planned projects in the upcoming year. Expenditures may very likely exceed current revenues to the extent that accumulated revenues from prior years are available and budgeted. The projected fund balance on December 31, 2005 meets the target 5% of expenditures.

FY2005 marks the completion of all Sheriff's Department new equipment purchases in the Law Enforcement Sales Tax Fund. The budget includes a contingency appropriation of \$161,000 for components of the information system; however, more research is needed before final appropriations are approved. The designated fund balance of \$250,000 for information system may need to be added to this as the project is defined and cost estimates are developed. Two additional FTEs are programmed for the Prosecuting Attorney's office but have not been approved due to space restrictions. The undesignated fund balance represents 10% of expenditures, consistent with a 5 to 10% target which is appropriate for a fund that is solely dependent on sales tax revenues.

Mrs. Pitchford stated these budgets provide sufficient appropriations for County officials to provide statutory services at current service levels. These budgets project that all county funds will be solvent at the end of FY2005. These budgets provide responsible funding levels for annual operations, routine equipment replacement, and salary and wage increases. These budgets reflect minimal growth in FTEs.

The following are items the Commission should monitor in FY2005:

- Inmate medical costs
- Employee health benefits

- Erosion of the sales tax base
- Restore State funding cuts

Commissioner Miller stated she believes the process of having worksession and other meetings about the budget help the Commission with their knowledge of the budget.

There was discussion of the Fairgrounds Maintenance fund and Homeland Security grants and how those will affect the FY2005 budget.

There was no further discussion on the proposed budget.

Public Comment

Harry Ray Nichols, 16681 N. Hwy 124, Centralia, stated he has a detailed easement as requested by the Commission for the petition he submitted for vacating the old Hallsville-Centralia Road. There was discussion about issues between the neighbors regarding the surveys for the vacation of this road.

There was no further public comment.

The meeting adjourned at 3:25 p.m.

Attest:

Keith Schnarre
Presiding Commissioner

Wendy S. Noren
Clerk of the County Commission

Karen M. Miller
District I Commissioner

Skip Elkin
District II Commissioner