

May 9, 2011

The Washington County Board of Commissioners met in a recessed session on Monday, May 9, 2011 at 6:00 PM in the Commissioners Room, 116 Adams Street, Plymouth, NC. Commissioners Alexander, Collins, Johnson, Manning and McCray were present. Also present were County Manager David Peoples, Clerk to the Board Julie J. Bennett and Finance Officer Gayle Critcher.

Chair Johnson called the May 9, 2011 meeting to order.

WASHINGTON COUNTY BUDGET PRESENTATION: Mr. David Peoples went over the Budget Message that was prepared for the Commissioners.

Mr. Peoples stated that it was his privilege and responsibility to present to you, the Washington County Board of Commissioners and citizens, a balanced, recommended budget for Washington County for Fiscal Year 2011 -2012. The budget has been prepared in accordance with the North Carolina Local Government Budget and Fiscal Control Act and General Statute §153-A-82. The budget identifies revenues and expenditure estimates for the fiscal year in anticipation of maintaining Washington County's tradition of providing excellent and needed services to the County's citizens.

**BUDGET DEVELOPMENT PROCESS:**

The budget development process began on March 1, 2011 with the distribution of budget preparation forms and instructions. A budget "kickoff meeting" was held on March 8, 2011, with governmental department heads and other agencies that normally receive some form of government funding to articulate adopted Commissioner approved preparation guidelines, instructions and information. Departments and other agencies submitted their budgets for consideration in late March. The County Manager and Finance Officer reviewed each budget request, requested additional information for some of the budget requests and met with some individuals to ascertain clarifying information in an attempt to make decisions regarding what items and amounts would be included in the County Manager's recommended budget. Copies of the County Manager's recommended budget were sent to each department head and other agencies by April 21, 2011. The recommended budget was balanced by April 27, 2011. The recommended budget is being presented to the Board of Commissioners on May 9, 2011. A public hearing regarding the budget will be held on May 19, 2011. Potential final adoption of the 2011- 2012 budget is scheduled for June 6, 2011.

**BUDGET DEVELOPMENT PREPARATION GUIDELINES:**

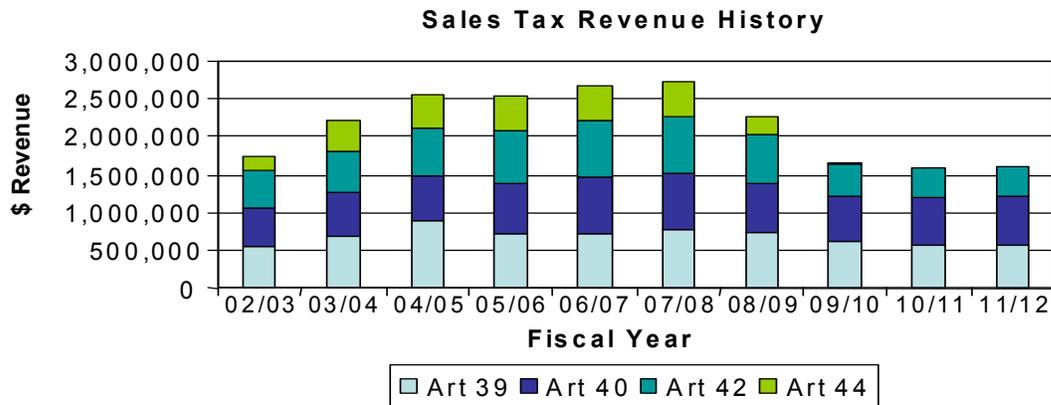
The following preparation guidelines approved by the Washington County Commissioners were utilized in developing the budget:

- Attempt to maintain current service levels but no expansion or new services unless a revenue stream can be established to fund the expanded or new service
- Attempt to avoid an ad valorem tax increase
- Increases in spousal or family health and dental insurance coverage is to be passed on to employees
- There potentially will not be a recommendation to increase employee compensation

- Attempt to not layoff or furlough employees
- No new positions unless funded by grant, appropriation or revenue generated funds
- There will be no new capital projects unless repair is needed to ensure safety or operability of a facility
- All mandated statutory funding requirements will be met
- Reserve fund balance will be maintained at least at the approved minimum requirement as approved by resolution of the Washington County Commissioners

**ECONOMIC CONDITIONS:**

Since the “Great Recession” officially ended in late summer of 2009 after almost 20 months of the steepest economic decline since the “Great Depression,” North Carolina’s and Washington County’s economic growth has only recently begun to move forward in a positive manner. Modest revenue growth for North Carolina of 4.6 percent (historical growth averages nearly 6 percent) is forecasted by many economists. Baseline sales tax growth is projected at 5.3 percent, which is about the average historical growth rate and is a welcomed relief after almost two years of double digit declines. Our budget recommendation includes conservative sales tax growth projections in the range of 2.5 to 3 percent for the various classes of sales tax revenues that we collect. We are taking this conservative approach given the current tragedies in Japan, the unrest in the Middle East and the rising costs of gasoline, diesel fuel and heating fuels. In addition, our local economy normally lags a percentage point or more behind when compared to the state economy.



We are thankful and optimistic that our economy will continue to improve but our entire budget is prepared and tempered toward conservatism since many economic indicators point to another four to five years before jobs will recover to pre recession levels, national policy must still be defined in terms of the national debt, energy, governmental growth and not having a clear picture as to how the North Carolina Legislature’s final approved budget will impact the counties.

**RECOMMENDED BUDGET:**

The recommended general fund budget totals \$13,038,239 with the ad valorem tax rate remaining at the 2010-2011 fiscal year level of \$.79 per \$100 of assessed value. The recommendation **does not** include reinstating the \$.01 drainage assessment reserved exclusively for proactive maintenance and improvements to the county’s drainage system. The drainage fund as of January 31, 2011 has a balance of \$127,666. The recommended budget seeks to meet the needs of our citizens in a manageable and cost effective manner. The proposed budget holds increases in expenditures within departments to a minimal level, with most of the increases being related to uncontrollable costs such as utilities, fuel and worker’s compensation insurance. If this recommended budget is approved, it will not impede the county’s ability to borrow funds if the need arises.

**TAX BASE:**

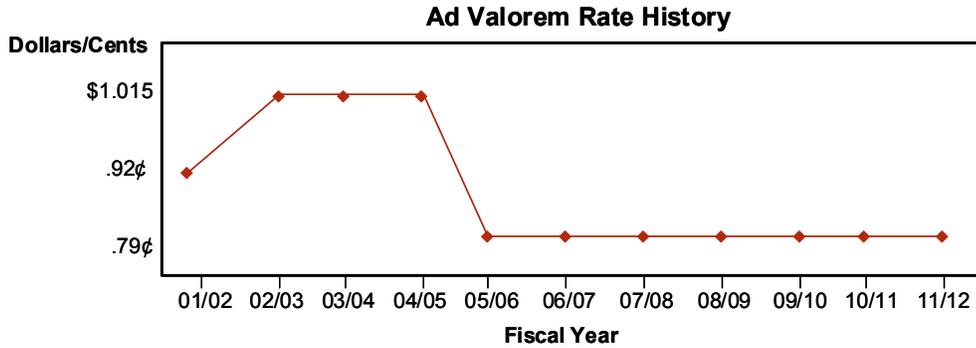
**TAX BASE CHANGES CHANGE**

	<u>ACTUAL FY 10-11</u>	<u>ESTIMATED FY 11-12</u>	<u>ESTIMATED FY 12-13</u>	<u>FY 11-12 VS FY 10-11</u>
Real Property	\$639,792,750	\$643,557,840	\$647,345,087	\$3,765,090
Personal Property	51,370,926	54,144,435	57,067,685	2,773,509
Public Service	28,022,333	26,060,770	24,236,516	(1,961,563)
Vehicles	79,874,093	75,081,647	70,576,749	(4,792,446)
Less Exclusions	<u>10,564,125</u>	<u>11,007,175</u>	<u>11,557,534</u>	<u>443,050</u>
<b>TOTAL</b>	<b>\$788,495,977</b>	<b>\$787,837,517</b>	<b>\$787,668,503</b>	<b>(\$658,460)</b>

Washington County’s tax base for 2011–2012 is projected to be \$787,837,517. The ad valorem tax collections will be \$72,674 for each cent of tax collected. This represents **a decrease of \$509** for each cent collected. The decrease of \$658,460 in Washington County’s tax base is primarily due to: (1) utilities not adding new plant and equipment, depreciation of existing plant and equipment and the Department of Revenue applying the income approach as the appraisal method to determine this value, (2) significant reductions in the purchase of new vehicles by our citizens, vehicles aging by one year and removal of a number of older vehicles from the tax base and (3) a larger population of veterans, elderly and disabled individuals qualifying for tax base exclusion. In addition, we are estimating a decrease of an additional \$169,014 in the FY 12-13 tax base when

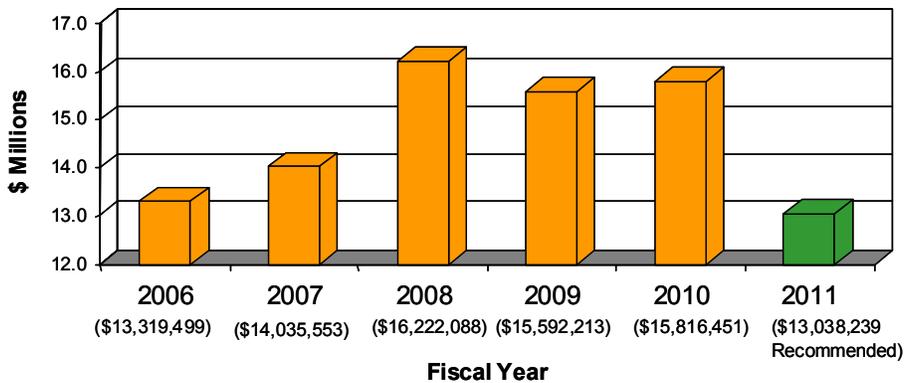
compared to FY 11–12’s estimate for many of the same reasons unless Washington County experiences new additions to the tax base.

**AD VALOREM TAX RATE:**



The recommended general fund budget includes an ad valorem tax rate of \$.79 per \$100 of assessed value. This rate if approved **will not increase** from the current rate now in use. The above graph displays Washington County’s ad valorem tax rate history beginning with fiscal year 2001-2002. As displayed the tax rate was \$.92 per \$100 of assessed value and was increased to \$1.015 in fiscal year 2002-2003. The County completed a reevaluation and implemented effective July 1, 2005 a new tax rate which was \$.79 per \$100 of assessed value. The new rate in effect was a **revenue neutral rate**. The County in essence **will not have raised ad valorem taxes in 10 years** assuming that the recommended rate contained in this budget is approved. During the five year period 2006 through 2010, the tax rate has supported approved amended budgets that ranged from a high of \$16,222,088 to a low of \$13,038,239, which is the recommended budget that I am presenting to you tonight.

**Washington County  
Final Amended Budgets in \$ Millions**

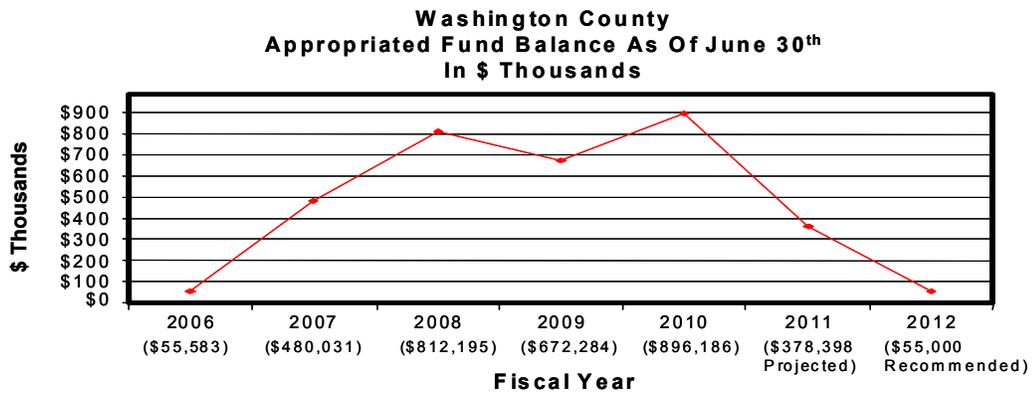


During the past three fiscal years (2008 through 2010) Washington County has **overall reduced** its general fund budget to ensure that a tax rate increase was not implemented. Since our **tax base** is decreasing, the **reserve fund** has been utilized

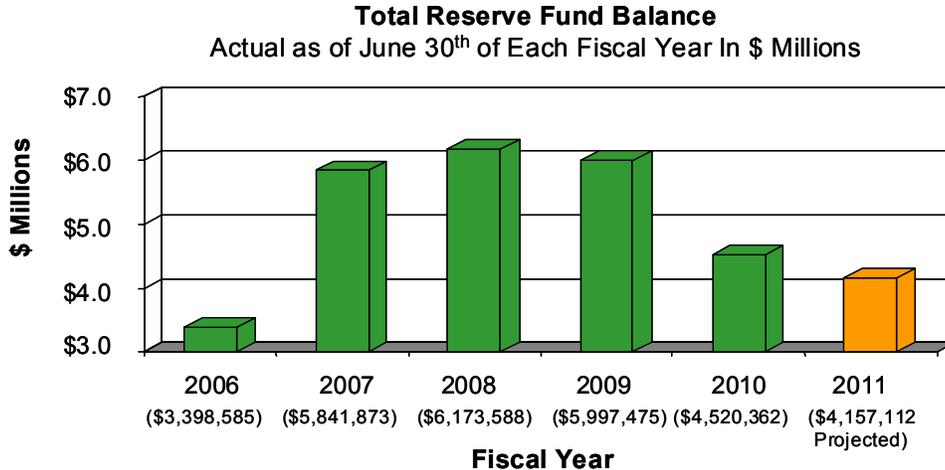
during actually the past five fiscal years (2006 through 2010) to balance the budget and because certain uncontrollable costs continue to increase, the County in future years could be faced with eliminating or reducing services, employee layoffs or furloughing employees. The \$.79 tax rate cannot sustain the level of current expenditures or future expanding expenditures indefinitely. In addition, infrastructure, educational and cultural improvements to promote population and economic growth will not be achieved at the current tax rate level. The reserve fund cannot continue to be used as a mechanism to balance the budget to avoid tax increases.

**RESERVE FUND:**

The recommended budget maintains the county’s overall financial condition but **will require** an appropriation of **\$55,000** from the reserve fund to balance the budget. The current year budgeted appropriation (2010-2011) from the reserve fund is **estimated** to be \$378,398.



Projected changes in revenues, reductions in expenditures and the elimination of one time cost items have resulted in the proposed decreased reserve fund appropriation request of \$55,000. The undesignated reserve fund balance at June 30, 2010 was 19.0 percent or \$2,980,935 of general fund expenditures which does not take into consideration proceeds from the sale of the Washington County Hospital. The reserve fund balance for the proceeds of the hospital at June 30, 2010 was \$2,341,314. The total reserve fund at June 30, 2011 is **projected** to be \$4,157,112. The following graph displays the reserve fund balances since fiscal year 2006. Clearly after realizing positive growth in the reserve fund we are on a downward and dangerous trend that must be abated in the future.



### GENERAL FUND REVENUES:

General fund revenues are generated from ad valorem tax collections, sales tax receipts, various fees, fines, grants, and limited shared revenue with the State of North Carolina generated by the sale of wine and beer. Total general fund revenues for the proposed 2011-2012 general fund budget are projected to be \$13,038,239.

Total current year ad valorem tax levy is projected to be \$5,741,270 which is a \$38,130 decrease from the previous year's appropriation. The decrease is due to the utilization of a lower collection rate which better reflects factual collections. The collection rate that we are using in this budget is 91.98 percent. This rate is the actual current year collection rate and is down from the previous collection rate of 93.5 percent.

Prior years' tax collections with penalties and interest are projected to be \$505,000 which is a \$15,000 decrease from current actual collections. We are experiencing fewer collections due to prior year's taxes being paid which lowers the amount of outstanding taxes owed and justifies or necessitates the use of a lower collection rate percentage.

Interest earned on investments is projected to be \$20,000 which is a decrease of \$20,000 from the previous year. The decrease is the result of interest and other earnings being significantly less because of the national economic recession and estimated future earnings potential.

Rents and Concessions are projected to be \$83,500 which is an increase of \$54,000. The increase is occurring because we **will now be leasing** the Washington County Health Clinic-Roper Annex and Tideland Mental Health Building for the entire year. Concessions collections from Detention Center operations and etc are projected to decrease by \$5,000 due to lower usage by inmates and others.

EMS Medicaid Reimbursement is projected to be \$100,000 which is an increase of \$50,000 due to collection rates no longer being established upon statewide average cost per trip but on unit costs per trip and an increase in the total number of trips.

Recreation Fees and Donations are projected to be \$12,000 which is the same as the previous year. Participation fees for the various activities **will remain the same**.

Total sales tax revenues are projected to be \$1,631,000 which is a \$46,000 increase from the previous year based on actual current collection history and revenue estimating input from the North Carolina County Commissioners Association. The Association's input suggested a three to four percent increase in tax revenue collections. This budget recommends **a more conservative increase amount** of two and one half to three percent increases for these various taxes.

Emergency Management Grant Reimbursement is projected to increase by \$10,000 to \$34,000. The grant reimburses 50 percent of the coordinator and secretary salaries and associated emergency management travel / training, vehicle repairs and other expenses.

Clerk of Court and Sheriff Fees are projected to decrease from \$61,300 to \$54,600, a decrease of \$6,700. The majority of the decrease is the result of individuals not paying the fees after they have been adjudicated by the courts and reductions in the civil process.

Register of Deeds Fees are projected to be \$62,500 which is a \$10,000 reduction due to a significant decrease in the number of land transfers and other business / real estate related filings.

Jail Fees and State Reimbursements will decrease by \$25,000 to \$5,000. We are assuming that a majority of these fees **will be eliminated** due to the probability that counties **will have to house all future misdemeanants**.

Jail Housing Reimbursements are projected to decrease from \$360,000 to \$290,000, a decrease of \$70,000. In previous years we have projected housing up to 11 Federal prisoners a day and 7 inmates from other counties. New projections based on historical data are forcing us to revise housing estimates to 4 Federal prisoners and 11 inmates from other counties per day. We will charge \$52 for Federal prisoners and \$55 for inmates from other counties. The per day rates **will remain the same** from last year's budget. In addition, the transportation reimbursement of \$6,200 will remain the same.

Cost Allocation-Waterworks is projected to increase from \$152,942 to \$173,138, an increase of \$20,196. The increase is the result of projected increased overhead costs based on a larger Water Department budget due to a large capital project that was included in last year's budget. The previous year's budget activity establishes the following year's budget. This account represents the ongoing cost

allocation study which accounts for the overhead costs of various other departments (County Manager, Finance, etc) that support the operations of the Waterworks Department.

#### **ENTERPRISE FUND REVENUES:**

The Washington County Waterworks Enterprise Fund revenues are projected to be \$1,323,481 which is a \$13,919 decrease from the current appropriation of \$1,337,400. The majority of the decrease is related to a reduction in the capital reserve due to completion of a capital project. The base rate for 2,000 gallons of water **will remain the same** at \$21 per month. In addition, the consumption rate per 1,000 gallons **will remain the same** at \$10 per month.

The Washington County Operational Sanitation Fund revenues are projected to be \$1,230,611. This level of funding represents a \$1,464 decrease in revenue from the current appropriation. The revenue projection includes an annual solid waste user fee of \$215 **which represents a \$5 increase** due to increasing actual cost from the current fiscal year and **an increase** from \$2.91 to \$2.96 in landfill availability fees for the Town of Plymouth residents which has resulted from contractually mandated CPI increases.

Emergency Medical Services (EMS) is projected to generate \$1,532,637 in revenues from the medical services it provides **including a \$276,137 appropriation** from the general fund. Total current year revenue (2010-2011) projections total \$1,605,523 with an appropriation of **\$509,212** from the general fund. The recommended budget **will decrease appropriations** from the general fund by **\$233,075**. The decrease will be achieved by (1) a greater number of interfacility transports occurring, (2) process improvements, (3) a new employee compensation system being put in-place during the current year to better manage overtime costs, (4) improvements in bill collections by selecting a new billing company during the current year, (5) operating costs reductions and (6) increased fiscal oversight. Medical Transport Services revenues are projected to provide \$350,000 to assist with lowering a portion of the EMS costs.

The Plymouth Municipal Airport revenues are projected to be \$140,825 which is a \$5,993 increase from the current appropriation of \$134,832. Revenues will be generated from aviation and jet fuel sales and lease payments from hangar rentals. A contribution of **\$43,045** from the general fund **will be required** to supplement airport operations. The contribution from the general fund will represent a **\$12,587** decrease from the current appropriation because of the ability to more accurately forecast fuel sales.

#### **GENERAL FUND EXPENDITURES:**

General fund expenditures are divided across several major areas of the Washington County Government including Education, Public Health, Human Services, Law Enforcement, Emergency Medical Services, Debt and General

Government. Total general fund expenditures for the proposed 2011-2012 budget are projected to be \$13,038,239.

The budget for the Governing Board includes expenditures of \$87,652 which is a \$4,458 decrease from the current level of \$92,210. The decrease is a result of reducing travel, advertising, dues and contributions to various agencies. Expenditures for the following organizations have been reduced or eliminated:

- Albemarle Food Bank
- Plymouth Food Pantry
- Washington County Chamber of Commerce Banquet

The budget includes total expenditures of \$342,791 in the County Manager's Office which is a \$14,634 decrease from the current appropriation of \$357,425. The majority of the decrease is due to salary and benefit reductions associated with the change in County Managers and reductions in travel expenditures.

The Elections Department expenditures are projected to be \$91,002. Washington County will receive projected reimbursements of \$17,858 from the towns to pay for the 2011 municipal elections. The reimbursements will result in a \$12,161 decrease from the current appropriation of \$85,305. Also, the decrease is a result of **not funding** a potential second primary election.

The Finance Department expenditures are projected to be \$251,612, an increase of \$35,282 from the current appropriation of \$216,330. The increase is due to (1) paying salary to two Finance Officers for two months as the new Finance Officer transitions in (2) paying out accrued vacation pay for the current Finance Officer (3) a 2.5 percent contractual increase for the governmental audit and (4) transferring all of the part time Accounting Technician's salary and benefits from the Facility Services Department into the Finance Department to accurately reflect these costs for accounting purposes. The Facility Services budget **will be reduced** by this amount.

The Tax Department expenditures are projected to be \$247,370 which is a \$31,646 decrease from the current appropriation of \$279,016. The majority of the decrease is due to **not filling** the Tax Appraiser / Reevaluation Coordinator position. The duties of this position will be assumed by other staff in the Tax Department and one half of this salary and benefits savings is reflected in this budget. The remaining other half of the salary and benefits savings is reflected in the Reevaluation budget.

Professional Services expenditures are projected to be \$68,625 which is a \$32,025 increase from the current appropriation of \$36,600. The majority of the increase is a result of **making a contribution of \$54,800** to assist with funding the Washington County Hospital Pension Plan and not renewing the Ferguson Group's professional services contract, a decrease of \$18,000.

The Planning and Safety Department budget is increasing by \$20,317 to a requested expenditure of \$214,567. The current appropriation totals \$194,250. The increase is due to providing \$18,500 to purchase a replacement vehicle for the Emergency Management Director. The vehicle that the Director is currently using has over 100,000 miles on it, the transmission has been replaced but still causes problems and there is a leak in the body that causes items to get wet when it rains. Due to the emergency nature of this position a reliable vehicle is needed. Other items eliminated from this budget include a request to purchase a vehicle for the Building Inspector position (a total of \$55,470 requested for both vehicles), **food** for two fire chief's meetings and **eliminating a part time position** for replacing road signs which was performed by an outside contractor. Total reductions associated with these request total \$34,720.

Facility Services Department expenditures are projected to be \$568,472 which is a \$50,193 decrease from the current appropriation of \$618,665. The decrease has resulted from (1) **freezing one vacant housekeeping position**, (2) the previously referenced transfer of the part time Accounting Technician position funding to the Finance Department, (3) the **elimination of another part time salary** in the Finance Department that was budgeted in this Department, (4) the **addition of** one half of the salary of a Water Department employee salary in exchange for eliminating all grass mowing costs by outside contractors performing this work, (5) **eliminating the utilities costs** for the Washington County Roper Annex since this facility will be leased (a savings of \$6,000), (6) transferring the utilities costs for the Senior Center to the Human Services budget (a savings of \$15,800) and (7) reductions in maintenance, department supplies, outside contracts and insurance (total savings of \$23,269).

The Sheriff's Department expenditures are projected to be \$1,248,439 which is a \$115,144 decrease from the current appropriation of \$1,363,583. The majority of the decrease is due to not purchasing replacement vehicles (\$34,237 reduction), freezing a vacant position (\$45,311), and lower insurance costs (\$10,521). Increases in the budget include increased fuel and maintenance costs related to higher price of fuel (\$13,000), replacement uniforms (\$3,500) and supplies including bullet proof vests (\$9,476). In addition, \$19,019 of radio purchases and \$33,772 in vehicle purchases were paid with 911 Emergency Funds and not charged as budgeted to the Sheriff's Department.

The expenditures for the Detention Center are projected to be \$870,748 which is a decrease of \$2,846 from the current appropriation of \$873,594. The decrease is a result of reduced food costs of \$21,188 based on housing an average of 42 inmates per day. Increased costs include contract services for juveniles of \$4,000, and the purchase of new security cameras for \$16,116.

Fire Protection expenditures are recommended to be funded at \$304,605 which is an increase of \$18,007 from the current appropriation of \$286,598. Washington County amended its fire ordinance during the 2008-2009 budget year. That ordinance stipulated that fire departments serving the County would receive funding at a level that would equal \$.04 cent of the ad valorem tax rate. The

ordinance provided the ability for the County Commissioners to change the rate if circumstances warranted a change. The **requested funding meets the \$.04 funding provision with the exception of the Town of Plymouth**. Plymouth **requested a specified contracted amount** of \$84,203.

The North Carolina Forestry Service has requested \$70,208 in funding. This request results in a \$12,401 decrease from the current appropriation of \$82,609. The Forestry Service's state budget is being reduced by North Carolina Legislative action. Since local government funding for fire service is based on a percentage of state funding this decrease has resulted. In addition, a fire fighting vehicle was purchased in the current year and does not reoccur in this budget.

The Martin, Tyrrell and Washington County Health Department is requesting a total of \$131,619 in funding. This request represents a \$14,280 decrease from the current appropriation of \$145,899. The Health Department has reduced its FTE's (full time employees) by four, reduced travel, training and supply cost, the budget includes no salary increase, and there is no capital costs included in this request.

The Communications Function expenditures are projected to be \$311,417 which is a decrease of \$7,737 from the current appropriation of \$319,154. The majority of the decrease is a result of an employee retiring and the replacement employee is being compensated at a reduced level.

Mental Health and Rehabilitation expenditures are projected to increase from \$16,000 to \$29,562. The increase of \$13,562 is a result of meeting the minimum statutory requirement for funding for local management entities that provide mental health services to local governments.

The North Carolina Cooperative Extension Service expenditures are projected to decrease to \$83,100 from the current appropriation of \$91,672. The decrease of \$8,572 has been achieved **by not budgeting** the county's share of vacant positions.

The Department of Social Services Administration function expenditures are projected to be \$2,642,661 which is a decrease of \$43,792 from the current appropriation of \$2,686,453. The majority of the decrease is due to reductions in travel /training, contracted services associated with the Department of Defense's food stamp program being eliminated and capital outlay for air conditioning equipment purchases that were completed in the current budget year.

The Department of Social Services Economic Support function expenditures are projected to be \$1,236,036 which is a decrease of \$133,605 from the current appropriation of \$1,369,641. The decrease is a result of (1) funding allocation changes by the state, (2) eliminating the contract for professional services associated with the Work Central Contract, (3) a reduction in the number of children that will be receiving Title IV Foster Care Assistance, (4) reducing the projected number of adults based on historical data participating in the Special Assistance Adult Program, (5) reduction in Smart Start program funding based on

NC Legislative funding reductions for this program, (6) a reduction based on historical data in number of participants in the State Foster Home Care program and (7) reduction in funding resulting from current federal funding estimates.

The Department of Social Services Transportation Expenditures are projected to be \$390,498 which is an increase of \$37,076 from the current appropriation of \$353,422. The majority of the increase is a result of budgeting fuel costs at a higher rate, **providing transportation services to Tyrrell County clients** and the replacement of a 14 passenger van that has high mileage and meets state replacement criteria. The county will receive a reimbursement of 90 percent of the replacement cost of this van.

The Washington County Recreation budget includes an expenditure request of \$133,126 which is a decrease of \$7,884 from the current appropriation of \$141,010. The majority of the decrease is a result of completion of several repair projects, reducing sports supplies / equipment that were completed or purchased in the current fiscal year and the elimination of the grass mowing contract.

The Debt Service for the Washington County School System was paid in full during the current fiscal year which results in a \$150,220 reduction in general fund expenditures.

The Washington County School System requested \$1,609,332 in total current expense funding. The School System's request if approved would result **in an \$84,332 increase in funding**. The increase that has been requested **will fund** two first year teaching positions. The School System indicated that if they did not see an increase in local current expense appropriation from the County **it will result in additional staff reductions and they will struggle to maintain an acceptable fund balance**. The School System has many needs but the County must be able to provide adequate funding for all areas of County Government and funding is simply not available to meet this request unless we are going to cut other services or increase taxes. I am recommending a total appropriation of \$1,525,000 which **will provide the same level of funding** as the System received in the current fiscal year.

Martin County Community College is requesting \$23,899 in funding. This level of funding will result in an \$8,215 increase from the current appropriation of \$15,684. The increased funding is needed to replace the roof on the facility in Roper in which they provide classroom instruction.

The Washington County School System Capital Outlay is projected to be \$300,000 **which remains unchanged** from the current year level.

Buildings Debt Service Expenditures are projected to be \$141,850 which will result in a \$72,050 increase if approved from the current appropriation of \$69,800. The increase reflects the debt service payment related to the construction of the industrial building that has been built at the airport.

In the Project Transfers Expenditures line item we are recommending an appropriation of \$472,348 which will, if approved, result in a decrease of \$295,396 from the current appropriation of \$767,536. The decrease is the result of completion of work and or expenditures related to past hurricane restoration work, the completion of the hazardous mitigation plan, reduction to the contributions to EMS and Airport operations and delaying by one year a repayment to the fund balance of \$25,000. In addition, we are recommending that the reevaluation fund accrual be increased from \$7,522 to \$36,500, an increase of \$28,978 to ensure that sufficient funds will be available to complete the 2013 reevaluation without placing increased financial hardship during the fiscal year 2013 budget.

We are recommending that the Contingency appropriation be funded at \$12,988 which is a \$4,588 increase from the current appropriation.

### **ENTERPRISE FUND EXPENDITURES:**

Sanitation Fund expenditures total \$1,230,611, an increase of \$1,464 from the current appropriation of \$1,229,147. The increase is due to various minor adjustments in several accounts to reflect current projections. A landfill expansion project in the amount of \$94,500 is included and will be funded from capital reserves.

Expenditures in the Waterworks Fund are projected to be \$1,323,481, a decrease of \$13,919 from the current appropriation of \$1,337,400. The majority of the decrease is a result of a reduction in equipment replacements.

The expenditures for Emergency Medical Services (EMS) including the Medical Transport Services (MTS) are projected to be \$1,532,637 which is a \$72,886 decrease from the current appropriation of \$1,605,523. The majority of the decrease is a result of reducing overtime costs with the implementation of a new compensation policy addressing overtime pay and not purchasing new vehicles.

Airport expenditures are projected to be \$140,825 which is a \$5,993 increase from the current appropriation of \$134,832. The majority of the increase is primarily due to the higher cost of both Av-Gas and diesel fuel. The recommended appropriation from the general fund to subsidize the Airport operations **will be reduced** from \$55,632 to \$43,045, a reduction of \$12,587.

### **Supplemental Information**

The proposed budget **does not include** a cost of living adjustment (COLA) or salary step increase for the employees of Washington County's government. Washington County is experiencing a mandatory one half percent increase in employee retirement contribution costs. The County is realizing a 5.3 percent increase in individual health insurance cost. We are able to offset this increased costs via reductions in vision, dental and life insurance costs. We have selected a new vendor that can provide these insurance products at a lower price and

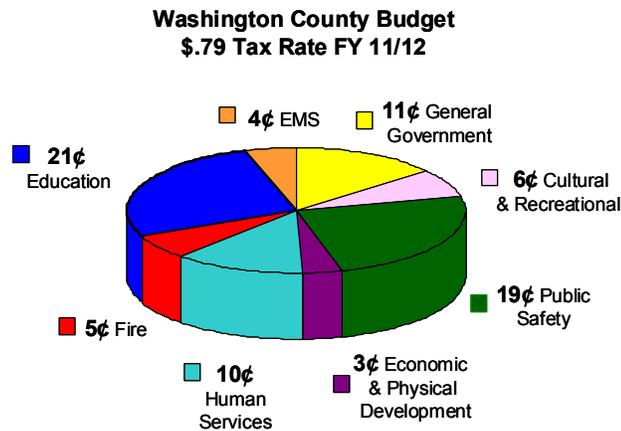
enhanced coverage. Should the General Assembly pass other costs down to the County those costs would be funded through special appropriations from Washington County's reserve fund.

**IN SUMMARY:**

In summary, I recommend approval at the appropriate time of \$13,038,239 in funding for Washington County's 2011-2012 budget. The recommended budget will maximize available revenues, satisfy all mandated funding requirements and will not require an ad valorem tax increase. The budget as recommended is balanced and is a financially appropriate plan to provide services to the citizens of Washington County in a quality, timely and cost effective manner.

I am extremely proud and appreciative of having had the opportunity to represent Washington County's Government, to serve its Board of Commissioners, its employees and citizens. Our management team and employees have been engaged and challenged in preparing what has turned out to be perhaps the most challenging County budget to date. I am also proud to state that this recommended budget will allow Washington County to meet what I believe is its greatest priorities; "education, public safety and maintaining financial stability". The greatest percentage of reductions in this proposed budget has fallen greatly upon the administrative departments, outside agencies and employees. My only regret in this recommended budget is that it does not allow for any type of compensation increase for the County's employees. They are suffering the same ill effects of our awful economy that our citizens are experiencing. A large number of our employees are being asked to take on more responsibilities, exert more effort, improve work processes and increase the outstanding service levels that they already provide. I sincerely thank each and every one of our employees for their exceptional loyalty, dedication and service.

If the proposed budget is approved Washington County's tax rate will be expended as displayed on the following chart:



There will be a public hearing on the Washington County recommended annual budget for FY 2011-2012 at 4:00 pm on Thursday, May 19, 2011 in the Commissioners room.

With there being no further business to discuss, Commissioner Collins made a motion to recess the meeting. Commissioner McCray seconded, motion carried unanimously.

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Tracey A. Johnson  
Chair

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Julie J. Bennett  
Clerk to the Board