

Budget Committee Minutes
April 18, 2012 – 3:00 p.m.

Present: Chairman Grattidge; Supervisors Raymond, Jenkins, Wright, Wormuth, Veitch, Wood, Sausville, Kinowski, and Hargrave; Spencer Hellwig, Administrator; Sam Pitcherelle, D'Arcy Plummer, George Martin, Treasurer; Brian O'Connor, Auditor; Ryan Moore, Mgmt. Analyst; Press.

Chairman Grattidge called the meeting to order and welcomed all in attendance.

Mr. Hellwig said section one contains all the 2011 Year End Expense and Revenue Totals for all seven of the counties operating funds. The table at the beginning of the section provides the actual dollar amounts for each fund followed by a summary of the fund that follows the table.

Mr. Hellwig said at this time last year the county went from having a \$22 million fund balance down to \$16.8 million after having to cover a \$5.2 million deficit in Maplewood Manors 2010 operating budget. The state aid at that time was also projected to drop by \$1.7 million and sales tax was trending at an amount that would fall short of the budget amount by \$5.5 million. This brought the projected fund balance down by another \$7.2 million, leaving only \$9.6 million of the original \$22 million. In addition, there was also \$3.4 million that was already committed to balance the 2011 budget. There was additional evidence that as much as \$3 million of the remaining \$6.2 million would be needed by the end of the year to cover expense overages and shortfalls in revenues. As a result of the rapid decline in fund equity a number of measures were taken to stop the bleeding, including a hiring freeze and a reduction of discretionary spending by departments. The fund balances in three separate capital funds were also identified and swept, helping to rebuild the depleted general fund by \$2.4 million. In late August, notice was received that the nursing home Medicaid revenue was being rebased at a higher rate. Although this rebasing was insufficient to make a significant dent in the multi-million operating losses at Maplewood Manor that they have been experiencing for the past eight years, it did allow us to take advantage of the intergovernmental transfer program that ultimately allowed us to reduce our transfer subsidy last year from \$5.8 million to \$3.6 million. In the fund one summary, the year finished with a fund balance of \$14.1 million from which \$7.3 million was appropriated in the 2012 adopted budget.

Mr. Hellwig said fund nine closed the year with a \$2.1 million fund balance, which is about \$1 million more than what was projected last year. With this additional \$1 million we will be able to reduce the general fund subsidy this year by \$1 million.

Mr. Hellwig said section two contains an update on the impact of the recently adopted state budget relative to the amounts of state aid that were placed in the 2012 adopted budget. Unlike 2011, when we were facing approximately \$1.7 million in losses there are no material changes being reported by the departments at this time that would have an impact on the amount of county dollars needed above and beyond what is currently budgeted.

Mr. Hellwig said it was expected that there would be a transfer to Maplewood Manor of \$5.79 million, and the IGT reduced the amount that had to be transferred to \$3.6 million.

Mr. Grattidge said there was a slight rise in sales tax revenue this year.

Mr. Hellwig said the \$7.6 million of fund balance that was appropriated to balance the 2012 budget is now projected to drop by \$1.7 million to \$5.9 million. There are dozens of positive and negative expense revenue variances projected. The net of these all combined is driving the \$1.7 million. There are a number of notable variances including \$4 million projected in the sales tax, \$544,000 in pilot revenue and an additional \$1.1 million above what was budgeted in the fund balance from Maplewood Manor. In all, the positive variance on the revenue side is \$3.8 million. On the expense side, we are looking at a \$2.1 million negative expense variance, which brings us to the net number of \$1.7 million drop in the fund balance and that amount will be needed to close out 2012.

Mr. Hellwig said while he is pleased that there is a report that shows the budget is stable in comparison to where we were at this time last year, the report is only based on three months' worth of data and it still doesn't provide a total solution as to how to build the general fund balance up to an acceptable level.

Mr. Hellwig said an observation that he has come across during his review of departmental projections was a variance in the planning departments budget which will result in an additional unbudgeted expense ranging from \$165,950 to \$478,193. These expenses are tied to four land preservation projects that were approved by the Board, but no longer have county funding attached because of delays in the transactions that ultimately lead to the voiding of invoices for the payment of the county share. He said depending on how we end up this year, we may have to come back and say that we have to re-appropriate a portion of the fund balance that was freed up when the invoices were voided.

Mrs. Wormuth asked if there was something in place so that this doesn't recur. Mr. Hellwig said the process will now require the department to send a formal letter requesting a re-appropriation each year.

Mr. Sausville asked how the Global Foundries assessment has affected the budget. Mr. Hellwig said this year's budget was \$970,000 for the pilot. Based on the agreement to amend the pilot it was confirmed by all the people that were involved that our payment based on the change of assessed value in the contract that was going to be formed would result in an additional \$544,000 above and beyond what we already had.

Mr. Wood applauded Mr. Hellwig, the Treasurers Department, and all Department Heads for putting a great deal of effort into this process, gathering information and putting it into a form that is generally easy to understand. We are on the right track and as we progress through the year we will have a much better handle on what our financial situation is, and there won't be

any big surprises as September approaches and the budget is put together for 2013. He applauded Mr. Grattidge for his leadership as well.

On a motion made by Mrs. Wormuth, seconded by Mr. Wright the meeting was adjourned.

Respectfully submitted,
Chris Sansom