

Fiscal Year 2011 Budget Perspective

Overall revenue projections for the County are less than the previous fiscal year driven largely by a significant reduction in State funding to make up for a \$4 billion shortfall in the State Revenues. Revenue estimates for the 2011 fiscal year (July 2010 to July 2011) compared to the current fiscal year are that State funding will drop by \$2,906,077, Federal funding will increase by \$410,114 (all but a small amount of which flows to Federal programs not under County control) and local County funding is estimated to increase by about \$650,000, for an overall County funding drop of \$1,845,963. At one point it was thought the drop in school funding would be about \$1.2 million. Because of actions taken by the Legislature's budget conference committee, the cut for schools was actually larger, \$2.33 million, putting increased pressure on local funding to lessen the loss.

Due to past conservative budgeting and foregoing any new major capital projects requiring payment from the general fund, the County has achieved a fiscal condition where we no longer have to borrow money during parts of the year to pay for operating costs. The County has been able to build a reserve fund of \$3 million, set aside for emergencies or to help absorb further potential cuts during a given fiscal year. The \$3 million represents a 6% reserve which is not yet consistent with the 10% reserve Counties are recommended to maintain to be fiscally sound.

The Board of Supervisor's is maintaining a conservative approach toward the budget and is not assuming large unidentified increases in future revenue as a way to justify a higher budget, a practice some neighboring jurisdictions have used only to find the growth did not occur leading to major budget deficits during the fiscal year.

In developing the budget, priority has been given to maintaining adequate core services and programs. This means some desirable programs not run by the County were cut in order to direct adequate funding to core activities. This saved approximately \$68,000 that was directed to help ease budget shortfalls elsewhere and help mitigate state directed cuts to Constitutional Offices. Virtually all County run programs over which the County has fiscal control (i.e. funding not mandated by Regional contract, State or Federal law and regulation) were either level funded or reduced, except for added funding to cover increases in employee health insurance and to provide for two additional Emergency Medical Technicians needed for weekend emergency response staffing. A major non-discretionary cost increase of \$116,585 had to be absorbed for the Regional Jail due to State cuts for these types of operations. The following local cost saving measures were also implemented:

- No employee pay raises for the second straight year.
- No new hiring or filling of vacancies without specific Board approval.

- No travel or conferences unless required to maintain certifications required for the position.

The School Board submitted a budget for FY 2011 of \$30,345,862 which is down from last year's budget of \$31,584,354. Due to State budget cuts, the Schools requested \$1,090,905 in additional local funding beyond last year's \$10,764,837, a 10% increase, to make up the difference. Based on the balance of funding demands, the recognition this is a worse funding year than last year, and the importance of having a sound fiscal posture, the Board in its initial budget setting has allocated \$411,360 of local funding to the schools, which represents 64% of the County's estimated new local revenue. This will provide the schools with an overall school budget reduction of 6% vice a 7.4% reduction if local funding were unchanged. At this level 59.7% of the total County Budget will be dedicated to Schools vice 61.1% last year.

Due to the continuing regional economic depression, higher than normal unemployment, clearly rising demand on volunteer and social services, and the re-assessment of real estate values last year, the Board supports maintaining the current tax rates, including the 69 cent per \$100 assessed value for the real estate tax. This equates to no increased taxes to Greene citizens for the 2011 fiscal year.