

THE MEMBERS OF THE RUTHERFORD COUNTY BOARD OF COUNTY COMMISSIONERS

The proposed budget for Fiscal Year 2011-2012 is presented for your consideration. This budget is based on a tax of 53 cents per \$100 valuation. The following budget message is divided into the following sections:

I.	Introduction	page	2-5
II.	Property Value/Revenue	page	5-8
III.	Rutherford County Fund Balance	page	9-11
IV.	Recommended Items for Budget Reduction	page	12-14
V.	Consideration for Budget Expansion/New Positions	page	15
VI.	Significant Project Updates	page	15-21
VII.	General Fund Summary	page	21-22
VIII.	Building Fund	page	22-23
IX.	Schools Capital Reserve Fund	page	23-24
X.	Water & Sewer Capital Reserve Fund	page	24
XI.	Equipment and Vehicle Lease Purchase	page	24-25
XII.	Zero Based Budgeting	page	25
XIII.	Statistical Profile of Rutherford County Budget and Tax Rate	page	25-27
XIV.	Ten County Departmental Survey	page	27-29
XV.	FY 2011-2012 General Fund Revenue and Expense by Depart.	page	29-31
XVI.	Recommended FY 2011-2012 General Fund Revenue	page	31-33
XVII.	Recommended FY 2011-2012 General Fund Expenditures	page	33-42
XVIII.	Other Funds	page	42-48
XIX.	Summary of Recommended Budget for All Funds	page	49

Summary of Appendixes

Appendix A	Isothermal Community College
Appendix B	Exemptions, Exclusions and Deferment
Appendix C	Tax Department Procedural Changes
Appendix D	Fund Balance
Appendix E	DSS
Appendix F	EMS
Appendix G	Retiree Health Insurance Information
Appendix H	Utility Saving Initiative/Building Inspection Department Overview
Appendix I	Travel Policy
Appendix J	Building Fund
Appendix K	Water and Sewer Capital Funds
Appendix L	Equipment/Vehicle Lease
Appendix M	Zero Based Budgeting
Appendix N	Statistical Profile of Rutherford County

I. INTRODUCTION

Introduction Summary

The current economic recession has created many budgetary hardships for the FY2008-2009, FY2009-2010, FY2010-2011 and FY2011-2012 budgets. Many reductions have been made over the last 30 months based on these economic realities. Total general fund requests for FY2011-2012 are \$54,441,253. This is an increase of \$4,832,556 or 9.7% as compared to the FY2010-2011 original budget of \$49,608,697. The recommended FY2011-2012 general fund budget totals \$49,686,142. This is an increase of \$77,445 or .16% as compared to the FY2010-2011 original budget. This budget message details the options available to achieve a budget with no tax increase. There are four principle recommended ways to either increase or decrease funding in this budget.

- (1) Reduce or increase the funding for the schools and/or college. Each one percent of FY2010-2011 funding equals \$119,950 and \$18,888 respectively.
- (2) Raise or lower taxes. Each one cent of county taxes generates \$550,472.
- (3) Spend additional or less of fund balance. The budget message addresses this issue in some detail.
- (4) Make cuts in County departments through reduction of services or determine what services the County needs to increase.

This budget's priority is, as closely as possible, to maintain existing services by reducing expenditures due to unavoidable increases in some areas while maintaining our fund balance percentage and holding the tax rate steady.

- County departments received \$32,755,350 in FY2010-2011 and are requesting \$34,366,746 in FY2011-2012 representing an increase of \$1,611,396 or 4.92%.
- The County Schools and the College are the major outside agencies funded by the County. The County Schools received \$11,995,014 in FY2010-2011 and are requesting \$12,207,584 in FY2011-2012. This \$212,570 increase is approximately 1.77%. Likewise, the College received \$1,888,806 in FY2010-2011 and is requesting \$1,922,230 in FY2011-2012. This is a \$33,424 increase or 1.77%. See **Appendix A, Isothermal Community College**.
- Requests from other areas including transfers to other funds, special appropriations, court facilities, mental health, health department, capital, legal, medical examiner, coroner, and forestry increased \$2,975,166 from a total of \$2,969,527 to \$5,944,693 or 100%. The full listings of these items begin on page 13.

These total requests of \$54,441,253, if fully funded, would have necessitated a tax rate of 60.67 cents. Each one cent raises \$550,472 in property tax revenue.

The chart below entitled FY2011-2012 Rutherford County Budget represents the FY2010-2011 original budget, the FY2011-2012 request, and the recommended FY2011-2012 budget.

FY 2011-2012 RUTHERFORD COUNTY BUDGET

	Original Budget	Requested Budget	Recommended Budget	Increase <Decrease> from Original to Recommended	% Change 2010-2011 Original to 2011-2012 Recommended
County Departments	\$32,755,350	\$ 34,366,746	\$32,070,552	<\$684,798>	<2.09%>
Schools	\$11,995,014	\$12,207,584	\$11,995,014	-	-
College	\$1,888,806	\$1,922,230	\$1,888,806	-	-
Other	\$2,969,527	\$5,944,693	\$3,731,770	\$762,243	25.67%
TOTAL	\$49,608,697	\$54,441,253	\$49,686,142	\$77,445	.16%

The FY2011-2012 recommended budget is an approximate .16% increase from the FY2010-2011 original budget. The total County Department decrease is <\$684,798> or <2.09%>. The decrease falls mainly in the area related to the reduction of debt service requirements and grant repayments. The overall decrease in this area fell from \$1,783,685 in FY2010-2011 to \$1,164,086 in FY2011-2012, a reduction of 35%. Counteracting the majority of this loss is six major increases-- Social Services increased expense, Economic Development incentive increase, fuel, health and dental insurance, retirement contributions and unemployment. Due to the fact that the economy has not recovered from the recession and the overall budget has remained flat, the schools, college and health department were recommended to remain at the same level as the FY2010-2011 budget. The FY2010-2011 appropriations were a 1.25% reduction from the FY2009-2010 budget.

The chart below, Significant Increases from FY2010-2011 to FY2011-2012, provides more detail on increases.

SIGNIFICANT INCREASES FROM FY 10-11 TO FY 11-12	
Department of Social Services (1)	\$410,552
Economic Development Incentives (2)	\$103,718
NC Local Gov Retirement Contribution Increase (3)	\$61,000
Health/Dental Insurance (4)	\$173,000
Fuel (5)	\$106,000
Unemployment (6)	\$72,458
Total Significant Increases	\$926,728

- 1. Department of Social Services:** The Department of Social Services increase is projected at \$410,552. The major areas in DSS that account for this increase are below:

Administrative Expense: The cost of salaries and fringe benefits is up by \$236,562 over last fiscal year. This is mainly due to the State shifting expenses to the County along with increases in health and dental insurance, retirement and unemployment.

Program Expense:

Foster Care-For FY2011-12 a \$97,971 increase in County cost over last FY is expected to cover the cost of Foster Care. This increase is due to eleven more children than the amount budgeted for last year; most of which are therapeutic which results in additional County cost. There is also one medically fragile child that requires an additional \$2,500 per month cost which is not reimbursable by Federal or State funding.

State Adult Protective Services-The estimated County cost increased by \$26,228 for this program. The State of North Carolina will not fund this program any longer and has shifted the funding to the Federal Government. The Federal Government has cut the funding by 41% from last fiscal year.

Special Assistance-There is a \$20,914 increase in County cost over FY2010-2011 to cover the cost of Special Assistance to Adults (aged or disabled). The State of North Carolina has estimated the cost for the new fiscal year at \$1,909,518 with 50% of that cost funded by the County.

Adult Home Specialist-The estimated County cost increased by \$14,839 for FY2011-2012. This increased cost is due to the state shifting the funding from 50% federal, 40% state, 10% county to 50% federal and 50% county.

2. **Economic Development Incentives:** Economic Development Incentives increased in FY2011-2012 by \$103,718. The main reason for the increase is the potential incentive for Diamondback Tactical in the amount of \$108,500.
3. **NC Local Government Retirement System Contribution Increase:** The Board of Trustees of the Local Government Employees' Retirement System (LGERS) voted to increase the pension rate portion of the employers' contribution by .53 percentage points, effective July 1, 2011. The pension rate will increase from 6.35 percent of payroll to 6.88 percent for general employees (an 8.35% increase) and from 6.82 percent to 7.35 percent of payroll for law enforcement employees (a 7.78% increase). The total anticipated increase in cost will be approximately \$61,000.
4. **Health/Dental Insurance.** Rutherford County joined the State Health Plan effective July 1, 2005. Effective July 1, 2011 it is anticipated that individual health premiums will increase 7.1% for active employees and we also anticipate a 10.21% increase for retired employees. A 7.1% increase is also budgeted for dental but at the time this message was written, a definite dental premium was not known. The total anticipated increase in insurance would be \$173,000.
5. **Fuel.** The FY2010-2011 budget included fuel at an estimated pump price of approximately \$3.08. We have included an average pump price of \$3.75 per gallon for unleaded and \$4.03 per gallon for diesel in the FY2011-2012 budget based on the April 12, 2011 fuel outlook released by the Department of Energy. This represents an increase of \$106,000 with a 21.75% in unleaded and 30.84% in diesel.

6. Unemployment. The extension of unemployment benefits represents one factor in this cost escalation. The highest claims per general fund departments are as follows:

- a. **Detention** **\$40,300**
- b. **DSS** **\$37,065**
- c. **Sheriff** **\$24,067**
- d. **911** **\$10,738**

The County pays no unemployment insurance but we are required to pay the unemployment benefits of former employees who are found eligible to collect.

II. PROPERTY VALUE/REVENUE

COMPREHENSIVE TAX VALUE ESTIMATES 2010-2011 VERSES 2011-2012 (newest revisions)

	2010-2011		2011-2012		ESTIMATED		PERCENTAGE
	Actual from December scroll		Estimate reported April 2011		GAIN/(LOSS)		GAIN/(LOSS)
Real Property	5,105,786,460		5,101,000,000		(4,786,460)		-0.0937%
Personal Property	44,626,680		42,500,000		(2,126,680)		-4.7655%
Business Personal Property	292,365,350		283,920,600		(8,444,750)		-2.8884%
Public Utility Values	309,855,460		338,855,460		29,000,000		9.3592%
DMV Value	344,864,990		340,000,000		(4,864,990)		-1.4107%
subtotals	6,097,498,940		6,106,276,060		(8,777,120)		.1439%
Less Homestead & DV Exclusions	69,997,880		80,832,500		10,834,620		15.4785%
Less Exempt	9,028,100		8,356,200		(671,900)		-7.4423 %
Less Present Use Value (deferred)	120,497,100		119,111,500		(1,385,600)		-1.1499%
subtotals	(199,523,080)		(208,300,200)		8,777,120		4.3990%
TOTAL	5,897,975,860		5,897,975,860				%

The previous chart “Comprehensive Tax Value Estimates 2010-2011 Verses 2011-2012” illustrates that, based on the information entered on the tax scrolls at this time and current estimates, the County anticipates flat property values. The tax office will continue to gather data over the next few weeks. The economy continues to be a major factor in this year’s budget. It has contributed to the decline in machinery and equipment with plant closings, company’s not purchasing new equipment and further depreciation of assets. Motor vehicle value has declined, as well, due to vehicles not being replaced. Even real estate is subject to the economy as evident by the loss of revenue from Grey Rock which is discussed in more detail below. Exemption and deferment values have eroded the tax base as the demand to relieve the tax burden affects more people. The low income elderly and recently changed disabled veteran’s exemptions show a significant increase and will continue to increase as more county residences qualify. The unemployment rate, in addition to the bankruptcy of LR Buffalo Creek, LLC (Grey Rock), has contributed to a decline in the property tax collection rate. All of these factors have caused a decrease in the collection of taxable revenue. Also, public utility values will not be received from the Department of Revenue until September 2011. However; the tax base should receive an increase in public utilities from the Duke Energy project.

Grey Rock could potentially impact the county in two different ways. The development company, LR Buffalo Creek, LLC is currently in bankruptcy. The county is currently owed two years of delinquent taxes in the amount of \$810,561 (\$781,556 County, \$29,005 Fire) for FY2008-2009 and FY2009-2010, and will be owed one year of current taxes in the amount of \$400,886 (\$386,308 county, \$14,578 Fire) for FY2010-2011. The current bankruptcy order would direct payment of all the years of Grey Rock taxes by a current bidder of certain Grey Rock properties, but the final outcome of this process will not be known until the property has been transferred. Therefore, no taxes for FY2008-2009, FY2009-2010 or FY2010-2011 have been budgeted. In addition, 45 property owners currently owning 57 lots valued by the county at \$13,250,900 (tax amount \$70,230) are currently being appealed to the North Carolina Property Tax Commission. The Tax Department's interpretation of the General Statutes is that these circumstances do not qualify for a current reduction and these lots would need to be reassessed during the 2012 revaluation. Some parcels were purchased by Carolina Nature Conservancy and the tax for that portion was paid. The sold parcels are now exempted from taxation. Queens Gap could become another Grey Rock situation, as the current developer has not paid FY2009-2010 tax in the amount of \$146,002 (\$140,556 County, \$5,446 Fire) and the agreement by the developer for a payment plan has not been kept. Another developer Firefly Cove has appealed 40 parcels with an assessed value of \$19,252,200 (tax amount \$142,466) to the North Carolina Property Tax Commission and declined to pay outstanding tax during the appeal process. This budget does not provide for any tax value reduction based on current appeals by property owners who bought lots in Grey Rock or Firefly Cove.

The following chart represents the impact of Grey Rock and Queens Gap on the county's tax base and revenue.

	FY 2008-2009		FY 2009-2010		FY2010-2011/FY2011-2012		FY 2012-2013	
	Assessed Value	Tax Revenue	Assessed Value	Tax Revenue	Assessed Value	Tax Revenue	Assessed Value	Tax Revenue
Grey Rock								
Unsold Lots	82,407,800	\$436,761	81,635,900	\$432,670	81,635,900	\$432,670	8,163,590	\$43,267
Sold Lots	96,585,100	\$511,901	97,414,800	\$516,298	97,414,800	\$516,298	9,741,480	\$51,630
Sub Total	178,992,900	\$948,662	179,050,700	\$948,968	179,050,700	\$948,968	17,905,070	\$94,897
Queens Gap								
Unsold Lots	51,030,800	\$270,463	32,927,300	\$174,515	32,927,300	\$174,515	3,292,730	\$17,451
Sold Lots	34,124,900	\$180,862	38,753,400	\$205,393	38,753,400	\$205,393	3,875,340	\$20,539
Sub Total	85,155,700	\$451,325	71,680,700	\$379,908	71,680,700	\$379,908	7,168,070	\$37,990
Total	264,148,600	\$1,399,987	250,731,400	\$1,328,876	250,731,400	\$1,328,876	25,073,140	\$132,887

The 2012 county wide revaluation could show a decrease in the tax base for FY2012-2013. Current sales indicate a decrease of approximately 90% of tax value for LR Buffalo Creek, LLC. (Some type of adjustment will be required for Queens Gap. Revenue funding loss for both would be in excess of \$1,294,000 tax dollars. At this time, limited sales are making it difficult to project the new assessments; however, the projections do indicate that some properties such as industrial facilities will decrease significantly, while most residential properties will show some gain or little to no change, which would shift the tax burden in a revenue neutral revaluation from industries to residential properties. The estimated reduction in real property assessment in conjunction with the continued decrease in personal property value could require an upward adjustment to the tax rate in budget year FY2012-2013.

In summary, the FY2011-2012 estimated values include a small increase from the Duke Energy Cliffside Project. They do not include any decrease based on current appeals that have been requested by individuals who own lots at Grey Rock. The property tax collection rate for FY2011-2012 considers that the County will not receive any 2011 taxes from the LR Buffalo Creek, LLC (Grey Rock) bankruptcy

settlement or Queens Gap taxes. The estimated FY2011-2012 property tax revenues of \$29,230,000 are based on a value of \$5,897,975,860 at a tax rate of 53 cents at a collection rate of 93.5%. The net value of one cent of property tax under this scenario is \$550,472. To put the collection rate in perspective, the property tax collection rate in FY2007-2008 was 96.41%. The annual property taxes owed by LR Buffalo Creek, LLC and Queens Gap account for 1.8% of this decline in the collection rate.

We have included a chart in **Appendix B, entitled “Exemptions, Exclusions and Deferment”**. This chart will allow the county to track legislation as it impacts the county’s ad valorem revenue. The ultimate effect of these exemptions, exclusions and deferments as it lowers the tax implication on one segment of taxpayers is an increase on the remaining taxpayers.

The Board of Commissioners has considered other tax changes. A report originally provided in the April 4, 2011 Commissioner's agenda is in **Appendix C, Tax Department Procedural Changes**. The only change currently in place with either increased expenditures or reduced revenue concerns garnishment and collection of motor vehicles. Potential revenue losses and/or lapse time in revenue collections due to this change has been estimated at \$270,121. If other parts of this report are enacted, those potential costs and/or revenue losses will need to be incorporated into the budget. The issue of personal property listing was also addressed in the March 7 Commissioner's agenda. That information is also included in the appendix. One important note, the loss of revenue associated with the change in listing of personal property was estimated to be \$221,430 in the April agenda. There is still much uncertainty of the total impact this might have on collections since approximately \$3,331,000 in taxes is collected as a result of personal property listings.

After property taxes, sales tax is the second largest revenue stream for the county. The economy coupled with the Medicaid swap has had a major impact on the County’s sales tax revenues. A chart comparing sales tax revenues over a five year period is shown below:

Rutherford County Sales Tax					
FY 2007-08 Actual through FY 2011-12 Budget					
	FY 07-08	FY 08-09	FY 09-10	FY 10-11	FY 11-12
	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Estimate</u>	<u>Recommended</u>
Article 39 one cent	\$ 4,376,096	\$ 4,277,748	\$ 4,348,889	\$ 4,264,152	\$ 4,306,793
Article 44 hold harmless	\$ -	\$ (187,275)	\$ (432,619)	\$ (475,000)	\$ (480,000)
Total Article 39	\$ 4,376,096	\$ 4,090,473	\$ 3,916,270	\$ 3,789,152	\$ 3,826,793
Article 40 one-half cent	\$ 3,076,644	\$ 2,685,363	\$ 2,565,063	\$ 2,609,722	\$ 2,701,062
Article 42 one-half cent	\$ 3,057,718	\$ 2,662,724	\$ 2,167,270	\$ 2,085,915	\$ 2,132,848
Article 42 hold harmless	\$ -	\$ -	\$ (26,954)	\$ (50,000)	\$ (51,250)
Total Article 42	\$ 3,057,718	\$ 2,662,724	\$ 2,140,316	\$ 2,035,915	\$ 2,081,598
Article 44 one-half cent	\$ 2,279,979	\$ 1,158,938	\$ 184,798	\$ (20,000)	\$ -
Total Sales Tax	\$ 12,790,437	\$ 10,597,498	\$ 8,806,447	\$ 8,414,789	\$ 8,609,453

Total sales taxes are projected to come in at \$8,414,789 in FY2010-2011 which is \$4,375,648 less than the FY2007-2008 actual total of \$12,790,437. This decrease can be attributed to two things-the Medicaid

swap and a declining economy. We have seen stabilization in our sales tax revenue this year. In addition, the State is projecting an increase in sales tax revenue of 5.3% for FY2011-2012. The NCACC is recommending a more modest increase of 3-4% but adds that local economic conditions may dictate a lower or higher sales tax growth rate. This recommended budget reflects a 1% growth in Article 39, a 3.5% growth in Article 40 and a 2.25% growth in Article 42. We are anticipating total sales tax revenues to be \$8,609,453 in FY2011-2012 representing an estimated increase of \$194,664. If this projection is correct, this will be the first time we have experienced growth in overall sales tax revenue since FY2007-2008. However, the total loss since FY2007-2008 is still estimated to be \$4,180,984 due to both the economic situation and the Medicaid swap.

The Article 39 one cent sales tax is projected to come in at approximately \$3,827,000 in FY2011-2012 when netted with the projected amount required to hold the cities harmless from Article 44 losses due to the Medicaid swap. This Article is used to fund General Fund operations and the water and sewer capital and debt service.

The Article 40 and 42 sales taxes (two one-half cent sales taxes) are used to fund the schools capital and debt service, county building capital and debt service and ICC capital. These articles are projected to increase from approximately \$4,645,000 in FY2010-2011 to \$4,783,000 in FY2011-2012. Article 42 has undergone changes in the past couple of years due to the Medicaid swap which converted the Article from a per capita basis to a point of sale basis beginning in October 2009. In addition, the County is required to hold the cities harmless from the loss to them due to this conversion of Article 42. These two articles (40 and 42) of tax *historically have a growth rate of 4-5%*. The 12.8% decline (approximately \$800,000) from FY2007-2008 to FY2008-2009 due solely to the economy followed by a 6.9% decline due solely to the economy in the following year (FY2009-2010) is unprecedented.

The economic downturn has had a severe negative impact on the revenues in two departments—Building Inspections and Register of Deeds. The chart below illustrates three selected revenue sources provided by these two departments. Based on the slowdown in development and housing, these three selected revenues dropped from \$1,431,000 in FY2008-2009 to \$688,200 in FY2011-2012, a projected revenue reduction of \$742,800.

Building Inspections/Register of Deeds

FY2008-2009, FY2009-2010, and FY2011-2012 Original Budgets verses (selected fees)

FY2011-2012 Proposed Budget

	FY08-09	FY09-10	FY10-11	FY11-12
Register of Deeds, Excise Stamps (net)	\$ 468,000	\$208,000	\$187,200	\$148,200
Register of Deeds, Other Revenues	\$ 455,000	\$325,000	\$300,000	\$290,000
Building Inspections, Permits	\$ 508,000	\$300,000	\$250,000	\$250,000
	\$1,431,000	\$833,000	\$737,200	\$688,200

Decreasing interest rates and the reduction of fund balance has had a major impact on interest revenue during this same period of time. Our recommended estimate for FY2011-2012 is \$100,000. To put the decline in interest earnings in perspective, FY2006-2007 general fund interest earnings were \$969,102.

III. RUTHERFORD COUNTY FUND BALANCE Prelude to FY2011-2012 Budget

When accounting for governmental funds at the fund level, fund balance equals assets minus liabilities. The fund balance that is available for expenditures in any given budget year is calculated in a different manner and includes only those assets that are readily available as opposed to those that are kept in a required reserve for specific use. The calculation is based on figures as of June 30 for the preceding budget year and is the maximum amount that is available to fund expenditures for the budget year in question.

For the fiscal year ending June 30, 2010, Rutherford County had fund balance available of approximately \$11.9 million or approximately 21.5% of general fund expenditures. This \$11.9 million represents approximately two and one-half months of operating expenses. On average, other North Carolina counties in our population group were at approximately 24.5% of FY 2009-2010 general fund expenditures. The North Carolina Local Government Commission (LGC), a State agency that monitors the fiscal health of local government entities in the state, has published a memo stating that for all units in the state, regardless of size, "The staff (of the LGC) sends letters to units (in our case County) if the amount of fund balance available for appropriation as a percentage of prior year expenditures in the General Fund falls below 8%." This 8% is a minimum threshold and one should not interpret the amount above this 8% as a surplus. In addition, "The staff also compares the percentage of fund balance available for appropriation to the prior year expenditures for similar units. If that percentage is materially below the average of similar units, the staff will send a letter to the unit of this fact." A recent memo from the LGC regarding fund balance is in **Appendix D**.

Fund balance available for appropriation is critical to the sound financial management of county government for several reasons. First, having adequate fund balance is extremely important for local governments due to the fact that the large majority of revenues - ad valorem property taxes - are collected for the most part once a year (December/January). Having adequate reserves is necessary to support cash flow during the year. Second, having an adequate reserve is a critical component that rating agencies such as Moody's and Standard and Poor's and lending institutions look for when the County goes into the market to issue debt. Our having an adequate reserve has resulted in the County incurring lower interest expense on debt issuances. Third, the interest earned on these reserves provides revenue to fund County operations. While interest earnings are currently low, in Fiscal Year 2007 the County earned \$969,102 in interest on General Fund reserves which was the equivalent of two cents in property tax. If the fund balance were reduced the interest income would be less and the possibility of a tax rate increase would present itself. When interest rates begin to rise, having fund balance will allow the County to earn more interest on these funds to support services relying less on property taxes. Finally, having adequate reserves is essential when faced with emergencies, unforeseen events and unexpected opportunities. For example, while recessions do occur cyclically, the "Great Recession" that our country has experienced over the past couple of years is unprecedented with the exception of the "Great Depression". Having adequate reserves has enabled the County to weather this unforeseen lingering recession more efficiently. Another example is that, after the Lake Lure/Chimney Rock flood a few years ago, the County spent approximately \$1 million on recovery efforts and waited nearly 18 months to be reimbursed fully by FEMA. In addition, several grants that the County receives require us to "upfront" the cost and then get reimbursed.

In summary, having adequate reserves is essential to sound financial management at the local government level. It enables the government to operate more efficiently, earn interest in investment to offset property tax, reduces interest expense on debt, and helps avoid property tax increases and/or service reductions in years of unforeseen events.

During the fiscal year ending June 30, 2009 the County made two rounds of cuts to departmental budgets. The County was notified in the first quarter of FY 2008-09 that our second largest taxpayer, LR Buffalo Creek

LLC (Greyrock), was filing for bankruptcy. In addition, Building Permit and Excise Stamp revenues declined. In October 2008 in response to these items, all County departments reduced their budgets by 2%, a form of a hiring freeze was implemented, a scheduled pay and reclassification study was postponed and merit salary bonuses were eliminated. In March 2009, due to declining sales tax revenues in our January and February sales tax distribution and the volatility of revenues in general, an additional round of cuts was made. The two reductions reduced that year's budget by over \$1,000,000. Outside agencies such as the schools and the college were not asked to revert any budgeted county funds that year. In addition, the County felt that staffing additions made in recent years to implement Emergency Medical Dispatch, add additional road patrol deputies, and have satellite EMS stations throughout the County were important to keep in place if at all possible so public safety was not negatively affected by the hiring freeze.

Fortunately, the County has worked very hard to build a strong fund balance over the last several years. Specifically, the County increased its fund balance by \$1,806,981 in FY 2007-08. Based on the quickly evolving budget crisis, during FY 2008-09 the County set a budgetary goal centered around spending an equivalent amount of fund balance that was added in FY 2007-08 (\$1,806,981) over the two year period of FY 2008-09 and FY 2009-10 to lessen the overall impact of those revenue shortfalls and to continue to provide services at a level our citizens expect. Due to the reduction of appropriations during the year described in the first paragraph above, the County was able to add \$51,509 to fund balance in FY 2008-09.

In November 2009 when the economy had continued to worsen, County staff reported to the Board that it was anticipated that the County may exceed the approximate \$1.8 million dollar target for fund balance usage by \$350,000 unless additional action was taken. The two principle reasons for this \$350,000 overage were continuing declines in sales tax revenues and State implemented reductions in revenues or increased expenditures as a result of the adoption of the State budget. Department heads reviewed their budgets, which had already been reduced during the budget process, and found additional reductions in the amount of \$240,000. The County also implemented three furlough days for all employees saving approximately \$110,000.

The County actually used \$1,198,964 of fund balance in FY 2009-10 – a lesser amount than that \$1.8 million budgetary goal. Even with this expenditure of fund balance, from 2002-2010 the fund balance **available for appropriation** has grown from \$5,482,499 to \$11,939,667 which is 13.61% to 21.46% of the expenditures respectively.

In order to continue to preserve fund balance, provide needed services to citizens and avoid tax increases, during FY 2010-11 all County employees will participate in 3 furlough days; the 401k contribution for non-law enforcement County employees was reduced from 5% to 3.75%; some unfilled County positions will remain vacant; the public schools, community college and district health appropriations were reduced by 1.25%; and the property tax set aside for County building facilities was reduced from 2.1 cents of property tax to 1.6 cents of property tax. Other costs saving measures have also been implemented such as going to the State Contract with ITS to save on telephone costs and partnering with our local school system and GoEnergies to receive State contract prices on fuel.

Estimated Fund Balance Available for Appropriation 6-30-11		
General Fund Balance Available for Appropriation 6/30/10		\$ 11,939,667
Estimated Revenues over Expenditures FY2010-2011		\$323,660
Estimated Fund Balance Available for Appropriation 6/30/11		\$12,263,327
Average percent fund balance for county units between		
50,000 and 99,000		24.55%
Statewide average fund balance		20.90%

Rutherford County's percent of fund balance		23.37%
General Fund	\$43,640,866	
DSS other revenue	\$8,841,819	
Total	\$52,482,685	
25% operating expense (Optimum reserve fund balance as recommended by the Local Government Commission)		\$13,120,672
8.33% operating expense (Minimum reserve fund balance as mandated by the Local Government Commission. If less than this unit is considered to have cash flow problems)		\$4,371,808

We have stated in previous budget messages, based on historical data and financial projections of the County, a certain amount of the general fund balance would be unspent at the end of any fiscal year. We currently estimate the percentage not to be spent to be 1% of the recommended budget, or approximately \$500,000, in FY2011-2012.

The chart below, "Analysis of County Budget from FY08-09 to Recommended FY 11-12", shows that the overall county budget has shrunk from a high in FY2008-09 of \$62,192,577 to a recommended \$49,686,142 in FY 2010-11 resulting in a decrease of \$12,506,435. The loss of the Medicaid expense and offsetting sales tax revenue accounts for approximately \$3 million of this decrease. In addition, beginning in FY2010-2011, Governmental Accounting Standards Board Statement #54 no longer permits Capital Reserve Funds to be shown as Special Revenue Funds for financial statement reporting purposes. This change accounts for approximately \$4.5 million of the decrease; however, the remaining \$5 million or 40% is an overall decrease in County expense. It should be noted that while we are still above a 20% fund balance as a percent of expenditures, it is mainly due to reducing budget totals. Because of reducing budgets, the County can safely utilize approximately \$1,766,790 of fund balance and still maintain a healthy 20% fund balance.

ANALYSIS OF COUNTY BUDGET FROM FY 08-09 to RECOMMENDED FY 11-12								
	FY08-09	FY09-10		FY10-11		FY11-12		% Change
	Approved	Approved	% Change	Approved	% Change	Recommended	% Change	8-09/11-12
County Depts. less Schools/ College	35,706,838	33,172,145	-7.10%	32,755,350	-1.26%	32,070,552	-2.09%	-10.18%
Schools	12,146,850	12,146,850	0.00%	11,995,014	-1.25%	11,995,014	0.00%	-1.25%
College	1,920,115	1,912,715	-0.39%	1,888,806	-1.25%	1,888,806	0.00%	-1.63%
Other	12,418,774	9,664,655	--22.18%	2,969,527	-69.27%	3,731,770	25.67%	-69.95%
Total	62,192,577	56,896,365	-8.52%	49,608,697	-12.81%	49,686,142	.16%	-20.11%

IV. RECOMMENDED ITEMS FOR BUDGET REDUCTION

The following pages outline the final steps that were taken to balance the FY2011-2012 budget.

Fund Balance The unrealized \$1.8 million potential fund balance reduction over the last three fiscal years (FY 2008-2009, FY 2009-2010, FY 2010-2011) has been well documented in Section III, Rutherford County Fund Balance. Since the 2002 Revaluation, the County has budgeted fund balance each year prudently and conservatively. From 2002-2011 (estimated), the fund balance available for appropriation (for an explanation of the calculation of fund balance available for appropriate see page 9) has grown from \$5,582,499 to a projected \$12,263,327 which is 13.61% to 23.3% of the budget, respectively. This increase in fund balance provides the County much greater financial stability. In addition, it has eased cash flow issues. Furthermore, it has a positive effect as the County borrows funds from the standpoint of rating agencies. Because of this prudent approach to fund balance, the County has maintained a healthy fund balance. An unofficial goal of the County is to keep a fund balance which is equivalent to 20% of the general fund expenditures. With that goal, the County will have \$1,766,790 available for appropriation as of June 30, 2011 based on the FY 2010-2011 estimated expenditures. However, because of the potential for the loss of revenue due to state budget decisions or the requirement that the County assume current state budgeted expenses, it is recommended that \$1,000,000 of fund balance be placed in reserve to meet this potential need. In addition, as was explained in the Appendix III, Rutherford County Fund Balance, based on historical data and financial projections of the County, a certain amount of the general fund expenditures would be unspent at the end of any fiscal year. We currently estimate the percentage not to be spent to be 1% or approximately \$500,000 in the FY2011-2012 budget.

Assuming the Board accepts the fund balance recommendation, in order to balance the budget as recommended, approximately \$612,500 in expenditures would need to be cut. The majority of these cuts are recommended as follows:

Furlough Days

In FY2009-2010 and FY2010-2011, Rutherford County had three unpaid furlough days. With the exception of Public Safety, Solid Waste and Transit, these furlough days were on the Wednesday before Thanksgiving, a day at Christmas, and Easter Monday. These three departments took their furlough days at the departments' discretion. This is recommended to be repeated for all departments with the exception of Cooperative Extension who may not participate in furlough due to a recently passed State Law. Each furlough day saves \$42,800 for a total savings of \$128,400.

401K Reduction

A 1.25% reduction from 5% to 3.75% with the exception of the certified law enforcement personnel was implemented in FY2010-2011. Certified law enforcement is mandated at 5% by the General Statutes. It is recommended that this 1.25% reduction be continued saving \$107,000.

Health/Dental Insurance

Rutherford County joined the State Health Plan effective July 1, 2005. The legislature has recommended a \$20 per month employee contribution for health insurance. The governor vetoed this bill. It is recommended that the County mirror the final legislation. This \$20 per month employee contribution would save approximately \$75,000 in expenditures. In the event the State Health Plan does not implement a health insurance charge, we recommend that the employee dental coverage be changed to be voluntary with the employee paying the employee cost.

Tax Policy/Procedures

On March 7, 2011 Commissioners changed the collections procedures for motor vehicles. It is recommended that the Board consider reversing that decision. That would add \$270,121 of additional revenue to the FY 2011-2012 budget. The full report from the March agenda is in **Appendix C**.

The following summarizes the recommended reductions in addition to increasing Fund Balance spending:

- Continue 3 Furlough Days
- Continue reduction of 1.25% in 401K for non-certified law enforcement
- Charge \$20 per month for Health Insurance or have employee pay dental
- Repeal Tax Policy/Procedure Change

The above changes will bring the budget to within \$31,979 of being balanced depending if the health insurance/dental options are selected. As more budget information becomes available and Commissioners deliberate the budget, this final gap will be closed.

Special Appropriations

Special appropriations for the most part represent private non-profit organizations and other agencies that the County determines are important for County operations and as such, make a contribution to their operations. Beginning in FY2009-2010, a new format was sent to these non-profits with the request that they be submitted for budget consideration. The forms submitted by each agency are in the Departmental Information Book.

Due to the recent budgetary constraints, County staff recommends that the agencies who received appropriations in FY2010-2011 continue to receive appropriations in FY2011-2012 at the lesser of their FY2011-2012 request or the FY2010-2011 funded amount.

The chart listed on the following page, “Selected Special Appropriation Analysis FY2008-2009 through FY2011-2012” provides the last three years of appropriations, the request for FY2011-2012 and the recommendation for FY2011-2012.

	Final Budget	Final Budget	Final Budget	Request	Recommended
	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12	FY 2011-12
<u>Heritage/Cultural/Recreation/Agricultural</u>					
FOOTHILLS CONNECT*	100,000			50,000	
FARM MUSEUM	4,000	4,000	4,000	4,000	4,000
NC WILDLIFE BEAVER MNGT PROGRAM	-	4,000	4,000	4,000	4,000
GENEALOGICAL SOCIETY OF OLD TRYON	4,800	4,800	4,800	4,800	4,800
BECHTLER MINING DOCUMENTARY**	5,000	5,000	5,000	5,000	5,000
CONTRIBUTION TO COUNTY HISTORIAN	6,000	6,000	6,000	6,000	6,000
<u>Public Safety</u>					
RUTHERFORD CO TRAFFIC CONTROL	7,303	7,303	7,090	18,751	7,090
RUTHERFORD COUNTY SEARCH & RESCUE	1,181	1,200	1,147	2,000	1,147

RUTHERFORD RESCUE OPERATIONS	42,000	41,000	41,777	41,777	41,777
RUTHERFORD CO RESCUE CAPITAL	27,200	19,979	8,000	8,800	8,000
HICKORY NUT RESCUE OPERATIONS	98,392	98,392	95,526	169,161	95,526
HICKORY NUT RESCUE CAPITAL OUTLAY	20,000	20,000	20,000	30,000	20,000
VOLUNTEER LIFESAVING OPERATIONS	33,700	33,700	33,700	73,000	33,700
VOLUNTEER LIFESAVING CAPITAL	24,530	13,982	13,982	13,400	13,400
RUTHERFORD CO AIR RESCUE SQUAD	5,805	6,000	6,000	6,000	6,000
<u>Administrative/Supporting Agencies</u>					
ISOTHERMAL PLANNING COMM DUES***	12,689	12,655	12,809	13,663	13,663
<u>Health/Community</u>					
COMMUNITY CLINIC OF RUTHERFORD	5,408	10,000	5,250	10,000	5,250
WNC COMMUNITIES	2,500	2,500	2,500	2,500	2,500
VOLUNTEER RUTHERFORD	800	800	800	720	720
CONT TO CLIFFSIDE SANITARY DISTRICT****	55,000	61,296	53,796	53,796	53,796
CONTRIBUTION TO RURAL DEV COUNCIL	3,000	2,700	2,400	2,400	2,400
TOTALS	459,308	55,307	328,577	519,768	328,769

*The County was required by the e-NC grant to contribute \$100,000 per year to Foothills Connect in FY2007-08 and FY2008-09.

**In the FY2008-09 budget process, the Board voted to commit \$5,000 per year for five years to the Bechtler Mining Documentary.

*** These are annual dues to the Isothermal Planning and Development Commission and cover the County's membership in the regional Council of Government.

****We have not received a request from Cliffside Sanitary Department at this time. The request is listed at the FY2010-11 figure.

V. CONSIDERATION FOR BUDGET EXPANSION/NEW POSITIONS

This section outlines the new positions recommended in the budget. All new positions are either public safety (one) or human services (three). Information on additional public safety positions (six paramedics) is also provided.

1. **Detention Center:** The Sheriff has requested to reallocate existing salary lines in the Detention Center to hire a full time nurse to replace part time nurses. The cost of a new full time position with benefits would be \$61,401. The reduction in part time salaries and overtime would be \$65,521. Creating this full time position is estimated to save \$4,120. This recommendation is included in the current budget proposal.
2. **DSS:** The Social Services Department requested four positions. Three positions are recommended and included in the budget: Income Maintenance Caseworker (Work first), Income Maintenance Caseworker (Food Nutrition Service), and custodian. You can find justifications for these positions in **Appendix E, DSS**.
3. **EMS Medical Director:** The EMS system is required to have a medical director in order to function at the Paramedic level of service. A new Medical Director, Dr. Green assumed the position effective May 1. The request to fund the Medical Director is \$6,000. (Only \$1,200 is recommended. In order to meet the requested \$500 per month, the balance would need to come from part time salaries.) This is a new expenditure.
4. **EMS Paramedics:** Commissioners requested a report on the staffing needs of the EMS system. That full report is in **Appendix F, EMS**. The Option 1 request from this proposal is to add six paramedics. The cost to add these paramedics is \$264,271 and is not included in the current budget proposal.

VI. SIGNIFICANT PROJECT UPDATES

Health Insurance-State Health Plan-Rutherford County joined the State Health Plan effective July 1, 2005 as part of a pilot project offered by the state. The Rutherford County Health Plan consists of Rutherford County employees, Rutherford-Polk-McDowell District Health employees, and Rutherford-Polk Mental Health retirees. The chart below estimates the projected savings since joining the State Health Plan from July 1, 2005 to July 1, 2012.

Estimated Annual Savings of Rutherford Health Plan as a Participating Member of the State Health Plan Fiscal Year

Fiscal Year	Annual Savings	Cumulative Savings
FY2005-2006	\$444,795	\$ 444,795
FY2006-2007	\$627,968	\$1,072,763
FY2007-2008	\$761,376	\$1,834,139
FY2008-2009	\$659,525	\$2,493,664
FY2009-2010	\$735,446	\$3,229,111
FY2010-2011	\$852,278	\$4,081,389
FY2011-2012	\$980,130	\$5,061,519

The State Health Plan has experienced financial problems in recent years. The FY2011-2012 budget includes a recommended 7.1% increase for regular employee premiums and an increase from 4.9% of payroll to 5.4% of payroll for retirees insurance. The total increased cost in health and dental insurance is \$173,000.

As stated earlier, on July 1, 2005 the County joined the North Carolina State Employees' Health Plan (SHP) as a participating member. The County chose to cover both its current and retired employees that met the

County's internal requirements for receiving this benefit at that time. The County's requirements for retired employees required County employees to have twenty years of service to receive retiree health insurance benefits while State employees under the SHP only needed five years of service to receive retiree health insurance benefits. It was the understanding of the County that upon joining the SHP the County had the option to keep its internal requirements for retired employees and that the County would pay a set monthly premium for each participating retired employee as opposed to paying a percentage of active payroll as other state agencies did at the time. The County began receiving and paid monthly invoices from the State Health Plan effective July 1, 2005 for the premiums on these retired employees. The Notice of Employer contribution Rates which the County received from the North Carolina Department of State Treasurer Retirement Services' Division for FY2005-2006 and FY2006-2007 did not include any percentage of payroll requirements for retiree health insurance coverage. During FY2007-2008, the County became aware that G.S. 135-40, the statute that allowed certain local governments to participate in the SHP, was interpreted to mean that all member units were to pay a percentage of payroll to the LGERS for retiree health coverage. The County paid the premiums for its retiree coverage directly to SHP, based upon a per participant rate, beginning July 1, 2005 until June 30, 2008, in lieu of paying the stated percentage of payroll to LGERS. The net difference of the amount paid to SHP, and the accumulated amount due under the percentage of payroll calculation is \$836,562. It is not known at this time if the County will be required to pay any of this amount to LGERS or when any repayment may occur. Beginning July 1, 2008, the County began paying the required percentage of payroll to LGERS and ceased paying premiums directly to SHP for its retiree coverage. There are retiree eligibility issues outstanding that have been discussed between county staff, state staff, state elected officials and Commissioners.

One of the potential FY 2011-2012 budget scenarios from the State proposes to have State employees contribute approximately \$20 per month to go towards the employee's health insurance premium on the State Health Plan. This proposal was vetoed by the Governor. If the final State budget includes employees contributing to their health insurance coverage, it is recommended that the County follow the same procedure with County employees as we are members of the State Health Plan. An employee contribution of \$20 per month would save the County approximately \$75,000 in expense.

Retiree Health Insurance Eligibility

Rutherford County adopted retiree health insurance effective January 1, 1988. On July 5, 2005, Rutherford County amended this retiree health insurance plan. The 1988 plan and the 2005 amendment are attached in **Appendix G, Retiree Health Insurance Information**. Effective July 1, 2005 Rutherford County became a member of the State Health Plan. Effective July 1, 2008 Rutherford County began paying the percentage of payroll to cover the cost of retiree health insurance. Since July 1, 2008, Rutherford County retiree health insurance has attempted to apply the retiree health insurance eligibility with some difficulties. Prior reports to the Board have explained issues between the County and the State. In FY2009-2010, Rutherford County's Budget Message stated "there are retiree eligibility issues outstanding that have been discussed between county staff, state staff, state elected officials and Commissioners." The interpretation of how to determine retiree eligibility is still being discussed between the County and the State. It may require legislation that defines how the State Health Plan defines retiree eligibility in all those governmental units on that State Health Plan. With the approval of last year's budget, it was recognized that the attached page under the heading Retiree Health Insurance Coverage in **Appendix G**—be recognized as the current policy for retiree health insurance which is the actual practice of the County from the effective July 1, 2008 date as described above. The actual legislation that will need to be passed will determine how this policy is put into practice. However, the County has attempted to interpret this as the County policy.

Mental Health Funds—Western Highlands, Local Management Entity (LME) formed as a result of the merger of three Area Programs—Blue Ridge, Rutherford-Polk, and Trend- and began operations January 1, 2004. The chart below represents the Behavioral Grants awarded in FY2007-2008, FY2008-2009 FY2009- 2010, and FY2010-2011.

Rutherford County Mental Health Funds	
Dissolution Funds Remaining from District Authority	\$ 237,152
Rutherford County MOE remaining from FY 2006-2007	\$ 68,112
Rutherford County Maintenance of Effort (MOE) for FY 2007-2008	\$ 102,168
Total Funds Available for FY 2007-2008	\$ 407,432
FY 2007-2008 Awards	
Parkway Behavioral Emergency Services Function continuation	\$ 35,000 Plus continue to receive office space at no cost through 6-30-08
Family Preservation	\$ - Plus continue to receive office space at no cost through 6-30-08
Both Parkway and Family Preservation - Recruitment costs	\$ 60,000
General Recruitment Costs	\$ 6,823
Rutherford Life Services - Service/transport no subsidy clients	\$ 25,000
Total FY 2007-2008 Awards	\$ 126,823
Total Funds to Carry forward for FY 2008-2009	
	\$ 280,609
FY 2008-2009 MOE	\$ 102,168
Total Funds Available for FY 2008-2009	\$ 382,777
FY 2008-2009 Awards	
CIT Training Scholarships	\$ 3,000
Tipton Therapeutic Day Treatment Services	\$ 104,670
Rutherford Life Services - Partial support 2 clients	\$ 18,750
Family Preservation	Plus continue to receive office space at no cost through 6-30-09
Magnolia House Van	\$ 15,000
Peer Counselor	\$ - Carried over to FY2009-10
Parkway Behavioral	\$ - Continue to receive office space at no cost through 6-30-09
Total FY 2008-2009 Awards	\$ 141,420
Total Funds to Carry forward for FY 2009-2010	
	\$ 241,357
FY 2009-2010 MOE	\$ 102,168
Total Funds Available for FY 2009-2010	\$ 343,525
FY 2009-2010 Awards	
Family Preservation*	\$ 12,855 12.5% rent. They are paying County \$12,855 (12.5%) to get to 25%. Received benefit of no rent expense on 75%.
Magnolia House Peer Counselor	\$ 6,240 Carried over from FY2008-09

	Rent free space
Home Care Management Corp	\$ 5,000
Judicial District 29A Drug Court	\$ 5,000
	\$ 1,000
	\$ 500
Parkway Behavioral*	\$ - Rent free space 75%
	\$ 27,000
RHA	\$ 5,000
Rutherford Life Services	\$ 12,043
United Way	\$ 27,530
Total FY 2009-2010 Awards	\$ 102,168
Total Funds to Carry forward for FY 2010-2011	\$ 241,357
FY 2010-2011 MOE	\$ 102,168
Total Funds Available for FY 2010-2011	\$ 343,525
FY 2010-2011 Mental Health Awards	
Family Preservation *50% rent free space	\$16,560 25% from grant { \$16,560 25% from FPS}
Judicial District 29A drug court	\$3000/6 mos housing for 3-4 DTC participants \$3600/Randomly drug test 3 DTC participants each week
Parkway Behavioral * rent free space	\$10,000 reimbursement for candidates for graduate school and training. Outcomes higher training and proof that has aided in retention 50% rent free value of 17,108.55
Magnolia House Rent free space	\$6500 continuation of part time Peer Support Specialist
Foothills Harvest Transitional-- help with recovery based services	\$10,000
Community Clinic-provide mental health and substance abuse services	\$10,342
Rutherford Life Services—summer activity program for youth	\$10,664
United Way-Grant writing support	\$10,000
Sutotal	\$80,666
Potential Additional Dollars to be released by Western Highlands	\$12,352
Total FY 2010-2011 Awards	\$93,018
* These agencies were requested to develop a plan to contribute 50% of their rent in FY 2010-11 as relates to space used in the Rutherford Center building.	
NOTE: Please be reminded that only \$102,168 is available on an ongoing basis.	

On June 30, 2011, Rutherford County will have approximately \$237,152 remaining in dissolution funds. In addition, there is a new allocation of \$102,168 in MOE funds budgeted. It is estimated there will be

\$352,675 available in FY2011-2012 for Mental Health projects. The local committee is currently studying those requests and will bring a set of recommended projects to Commissioners during the budget process.

Personnel: The County has made an planned intentional effort to save money on unfilled positions since October 2008. The total known savings due to unfilled positions since the beginning of the hiring freeze is projected to be \$1,000,000 by June 30, 2011. Additional savings in FY2011-2012 due to planned vacancies are estimated to be in excess of \$486,472. Any additional savings due to turn over and the hiring freeze would be over and above this amount.

In October 2008, the following procedures were implemented for the hiring freeze.

A hiring freeze for all public safety positions not posted as of 8:30 am on October 21, 2008 is in place. These positions shall remain vacant for a minimum of 30 days from the time a position becomes vacant. **NOTE:** The Board removed this requirement on March 7, 2011.

A hiring freeze for all other general fund positions not currently posted as of 8:30 am on October 21, 2008 is in place. These positions shall remain vacant for a minimum of 60 calendar days from the time a position becomes vacant. At that time the department head would have to state the rationale for filling the position, and it would be considered on a case by case basis by the County Manager.

As of April 30, 2011, an approximate total savings of \$967,330 has occurred since the implementation of the hiring freeze. The county evaluates each position in order to make the best decisions regarding the current work load in departments. The following represent examples of the steps that have been taken.

Register of Deeds

During the FY2008-2009 budget reduction process, one Deputy Register of Deeds in the Register of Deeds Department was assigned to image old documents. The portion of salary spent on imaging is paid out of special funds. These funds are set aside in the Register of Deeds Automation Enhancement Fund. The state requires that these funds only be used for technological improvements. Shifting the duties in FY2008-2009 saved approximately \$6,000. The work load in this department has decreased because of the downturn in the housing/real estate market. The imaging portion was increased to 50% of the deputy's work time, saving \$17,591 in FY2009-2010. Moving forward, the employee occupying this position was transferred to the Department of Social Services filling one of their open positions. Because of the continuing slow economy, this position was not filled. This vacancy will reduce General Fund expense in FY2011-2012 by \$37,122. In addition, 25% of another employee's time will be spent on imaging to save an additional \$9,281 for a total savings of \$46,403.

Board of Elections/Building Inspections: The office assistant position for the Board of Elections was vacant from October 21, 2008 until March 23, 2009. During FY2009-2010 the County conducted both municipal elections and state and national primaries. Replacing this position in anticipation of those needs with an adequate training period was deemed important. Building Inspection permits are down. One of the two office assistants in that department was transferred to the Board of Elections Office in March 2009. This transfer was approved by the Board of Elections. This allowed an adequate training period in the Elections Department. Building Inspections will function with one less office assistant saving \$37,122. At this time, the Building Inspections position will remain unfilled.

Also, the department head for the Building Inspections Department retired in March 2010. The Assistant Chief Inspector was promoted to the Department Head Position and his position was not replaced. This is an annual savings of \$57,384. In addition, the Fire Inspector job will be vacant for the entire FY2011-2012.

Duties of the fire inspector are being assumed by current staff with appropriate certifications. The savings as a result of this change are \$48,057. Total savings will be \$142,563.

Building Inspections/Energy Officer: The State Energy Office, a section of the North Carolina Department of Administration, contacted the County and offered assistance in providing free energy audits for two county owned buildings. They also offered the training on how to conduct those audits, as well as, implementing viable energy reduction programs. Due to the slowdown in building permits, the County assigned a building inspector to be trained and to develop a comprehensive energy program in FY2009-2010. We continued this program for FY2010-2011 utilizing the same building inspection position. Based on the initial work between the State Energy Office and the county staff, we were advised to expect an 8-10% savings in our utility bills beginning in FY2009-2010. The impact of these changes should continue in the future. In addition, the county will continue to pursue grants to assist in this energy reduction program. However, because of building projects such as Facebook and not rehiring a Fire Inspector, the Energy Officer is required to spend much of his time on building inspections. Other inspectors are absorbing the fire inspections as their schedule permits. Any additional increase in County building activity may require this department's staffing level to be revisited. **Appendix H, Utility Saving Initiative/Building Inspection Department Overview** provides additional information.

Economic Development/Transit: The EDC Department was reduced from four to three positions. (Technically, one person is under contract and not an employee). In October of 2010 the Marketing Director position was eliminated. This change resulted in an annual savings of \$68,761. The staff member holding this position moved to the Transit Department as the Interim Transit Director due to the upcoming retirement of the Transit Director. We have been led to believe that the State will pay 85% of this interim position. The Transit Department is supported by user fees and grants. No general fund dollars are involved. Total savings of \$68,761.

Maintenance/Planning: The Maintenance Director retired in December 2009. The Maintenance Supervisor filled in as the Maintenance Director for two months. During this time, Administration discussed the changing needs in this department. The Planning and Public Works (formerly Maintenance) were then combined with a reduction of one employee in the Maintenance/Planning Department. This results in a savings of \$67,968 for FY2011-2012. One custodial position has been vacant since December 2009. The savings for this position for 2011-2012 will be \$25,807. Total departmental savings \$93,775.

Emergency Medical Services: One of the two EMS Billing Technicians left her job in September 2010. The County chose not to fill this position as it was implementing an outside billing service. Not filling this position will save \$40,412 in FY2011-2012. Total savings \$40,412.

Tax: The position of Tax Administrator was made inactive in March 2011. The current Real Estate Division Manager is serving as Interim Tax Assessor and the current Tax Collections Manager is serving as the Interim Tax Collector. This results in a savings of \$79,091 for FY2011-2012. In addition, the Senior Tax Technician position has been vacant since March 2009 and will remain vacant for FY2011-2012. This results in a savings of \$37,915. One additional full time appraiser is retiring in FY2011-2012. Funds will be budgeted to substitute this full time position with a part time position saving \$32,970. Total savings for the Tax Department for FY2011-2012 will b \$149,976.

FY2011-2012 Personnel Savings

	Salaries	Benefits	Total
Register of Deeds	25,175	11,947	37,122
Deputy Register			
Imaging 25% salary	6,294	2,987	9,281
Building Inspections			

Clerical	25,175	11,947	37,122
Asst. Chief Inspector	41,378	16,006	57,384
Fire Inspector	33,919	14,138	48,057
EDC	50,476	18,285	68,761
Marketing Director			
Maintenance/Planning	49,853	18,115	67,968
Custodian	20,637	5,170	25,807
EMS	27,806	12,606	40,412
Billing Technician			
Tax Administrator (net of increase for interim assessor and interim collector)	58,753	20,338	79,091
Senior Tax Technician	25,809	12,106	37,915
Full time appraiser net of part time salary	19,972	12,998	32,970
Total	\$385,247	\$156,643	\$541,890

Travel Policy:

Finance Director Julie Scherer researched other governmental organization's travel policies. Rutherford County's travel policy had not been updated in a number of years. It is recommended that this travel policy be included in this FY2011-2012 budget presentation with a recommendation for its approval. The new and old travel policies are in **Appendix I, Travel Policy**.

VII. GENERAL FUND SUMMARY

The worldwide recession that began in the fall of 2007 has taken a significant toll on the Rutherford County economy. Beginning in the fall of 2008, Rutherford County has taken significant steps to reduce expenditures. The budget message details many of those steps. From FY 2008-2009 budget to the Recommended FY 2011-2012 budget, the total General Fund has decreased \$12,506,435 from \$62,192,577 to \$49,686,142 or 20%. The loss of Medicaid expense and the offsetting sales tax revenue loss account for approximately \$3 million, or 24%, of that amount. In addition, beginning in Fiscal Year 2010-2011, Governmental Accounting Standards Board Statement #54 no longer permits Capital Reserve Funds to be shown as Special Revenue Funds for financial statement reporting purposes. This change shifted some of the sales tax revenues that had been going through the General Fund to the Capital Reserve Funds to go directly into either the Debt Service Fund or the Capital Projects Funds and accounts for approximately \$4.5 million of the decrease. However, the remaining approximate \$5 million, or 40%, is still a significant budget reduction. In addition, the County has absorbed increased cost of health insurance, retirement contributions, fuel, unemployment cost, economic development incentives and State cost shifting by reducing County expenditures. The budget increase recommended from FY 2010-2012 to FY 2011-2012 is basically flat at \$77,445 or .16%. This budget is achieved by the following steps and assumptions.

(1) County services are continued at basically the same level retaining the same .53 tax rate. The schools, college and health department are budgeted at the same level as last year which is 1.25% less than FY 2009-2010.

(2) Approximately \$1.25 million in fund balance is recommended to be budgeted. This includes \$500,000 of fund balance that we estimate will not be spent and approximately \$750,000 in fund balance that we estimate will be spent. Furthermore, we have approximately \$1,000,000 of fund balance that is available in anticipation of State budget cuts. This approach to fund balance will still allow the County to have 20% of fund balance available for appropriation.

(3) County employees will continue three furlough days, a 1.25% reduction in 401k with the exception of law enforcement that is mandated at 5% by State statute, the implementation of a monthly health insurance contribution by employees if this is adopted by the State Health Plan or the loss of County paid employee dental insurance, and continuing to reduce personnel expense through the hiring freeze and unfilled positions.

We recognize that we need to continue to monitor the State's budget decisions in May and June. Once the State budget is finalized, utility property tax values are received from the Department of Revenue in September or October, and we have a better idea of the incentives that will be paid to Diamondback Tactical, we will evaluate the potential of an additional furlough day for employees and/or additional use of fund balance not used for State shifting and/or a further reduction of expenditures.

VIII. BUILDING FUNDS

County building fund requests for FY2011-2012 were \$295,268. A full list of the annual requests and recommendations are listed in **Appendix J, Building Fund**. The recommended budget includes \$157,068 in projects plus a recommended \$194,600 in contingency set aside for building projects that may arise during the year. The total appropriation would be \$351,668.

Currently 1.6 cents of property tax and 40% of the Article 42 Sales Tax are set aside for County building needs.

A five year projection of the building fund is in the chart below.

RUTHERFORD COUNTY BUILDING CASH PROJECTION			
FISCAL YEARS 2010 TO 2016			
(Does not include \$500,000 PARTF Grant for Daniel Road Project)			
Building Cash Available 6/30/10	\$ 1,372,043	Building Cash Available 6/30/13	\$ 1,339,856
FY 10-11 Sales Tax	\$ 814,366	FY 13-14 Sales Tax	\$ 870,610
FY 10-11 Property Tax	\$ 883,740	FY 13-14 Property Tax	\$ 919,481
FY 10-11 Annual Projects/Prf Serv	\$ (625,362)	FY 13-14 Annual Projects	\$ (355,402)
Airport Grant Match	\$ (33,336)	Airport Grant Match	\$ (16,668)
Interest Earned	\$ 9,980	Interest Earned	\$ 10,126
Close out \$3.25 Construction Esc	\$ 153,258	FY 13-14 Existing Debt Service	\$ (1,297,258)
FY 10-11 Existing Debt Service	\$ (1,357,789)		
Building Cash Available	\$ 1,216,900	Building Cash Available	\$ 1,470,745

6/30/11		6/30/14	
FY 11-12 Sales Tax	\$ 832,639	FY 14-15 Sales Tax	\$ 890,199
FY 11-12 Property Tax	\$ 883,776	FY 14-15 Property Tax	\$ 937,870
FY 11-12 Annual Projects	\$ (335,000)	FY 14-15 Expense	\$ (366,064)
Airport Grant Match	\$ (16,668)	Airport Grant Match	\$ (16,668)
Interest Earned	\$ 8,855	Interest Earned	\$ 11,031
FY 11-12 Existing Debt Service	\$ (1,336,307)	FY 14-15 Existing Debt Service	\$ (1,277,021)
Building Cash Available 6/30/12	\$ 1,254,195	Building Cash Available 6/30/15	\$ 1,650,092
FY 12-13 Sales Tax	\$ 851,452	FY 15-16 Sales Tax	\$ 916,904
FY 12-13 Property Tax	\$ 901,452	FY 15-16 Property Tax	\$ 956,628
FY 12-13 Annual Projects	\$ (345,050)	FY 15-16 Expense	\$ (377,046)
Airport Grant Match	\$ (16,668)	Airport Grant Match	\$ (16,668)
Interest Earned	\$ 9,320	Interest Earned	\$ 12,376
FY 12-13 Existing Debt Service	\$ (1,314,845)	FY 15-16 Existing Debt Service	\$ (1,257,184)
Building Cash Available 6/30/13	\$ 1,339,856	Building Cash Available 6/30/16	\$ 1,885,102

In the fall of 2007 a Long Range Building Study was presented to County Commissioners. Based on the reduction of the 2.1 cents property tax to 1.6 cents of property tax to the building fund in FY2010-2011, the ability of the fund is diminished. As discussed in the "Schools Capital Funds" section below the schools capital funds are currently expected to begin to go in the negative at the beginning of FY2011-2012 and ultimately reach a negative balance of approximately \$1.5 million before the end of FY2013-2014. The County and Schools agreed to split the amount needed to shore up the funds, if necessary, by making a loan to the funds which would be paid off in future years. It is recommended that the funds to first be committed by the County come from the County building capital funds. The County building capital funds are projected to have a balance of approximately \$1.5 million as of June 30, 2014.

IX. SCHOOLS CAPITAL FUNDS

Sales tax, corporate income tax (ADM funds), and lottery funds are the three main sources of revenue for the Schools capital funds. County staff has consistently updated projections for these funds over the past two years to reflect the drastic decline in sales tax that we began to see with our January 2009 sales tax distribution due to the economic downturn as well as the State's redirection of the ADM funds and the State's redistribution of lottery funds in an effort to manage their own budget crisis. As stated earlier in the discussion on sales tax, the Article 40 and 42 sales taxes, which are based on the statewide economy and fund Schools capital, declined 12.8% (approximately \$800,000) from FY2007-2008 to FY2008-2009 due solely to the economy followed by a 6.9% decline due solely to the economy in the following year (FY2009-2010). While we have seen stabilization in these articles this year and expect an overall growth in these articles of 2.25% next year, this fund has historically experienced a 4% average annual increase in sales tax.

Not only have the Schools capital funds had a declining sales tax revenue stream over the past two years, but also the State's 2009-2011 biennial budget redirects county ADM funds to the State reducing the County's revenues for this fund by an additional \$828,022. It is expected that these funds will be redirected by the State permanently in the FY2011-2012 budget process.

On May 4, 2009, the County Commissioners and the School Board discussed the financial status of the Schools capital funds. It was reported, at that time, that the fund could potentially reach a deficit of \$2 million dollars. At that meeting it was discussed that the schools would decrease their annual maintenance capital expense. In addition, due to the decline of sales tax and the loss of ADM funds from the State for at least two years, the Schools scaled back their request for Phase 3 of their technology plan from \$1 million to \$500,000 which was used to purchase Promethean Interactive Whiteboard systems for classrooms.

The Schools capital funds are currently expected to begin to go in the negative at the beginning of FY2011-2012 and ultimately reach a negative balance of approximately \$1.5 million before the end of FY2013-2014. The County and Schools agreed to split the amount needed to shore up the funds, if necessary, by making a loan to the funds which would be paid off in future years. It is recommended that the funds to first be committed by the County come from the County building capital funds. The County building capital funds are projected to have a balance of approximately \$1.5 million as of June 30, 2014. If the State reduces the County's share of lottery revenues again from 40% to 10% as proposed in some FY 2011-2012 budget discussions, the negative balance in the school capital funds will reach approximately \$3.4 million. If that were to occur, any additional County funds needed to cover the debt service that are not available in County building capital funds would need to come from another fund such as the General Fund.

X. WATER AND SEWER CAPITAL FUNDS

Seven percent of the Article 39 one-cent sales tax and tap fees are the two main sources of revenue of the water and sewer capital funds. Since the program's inception, the County has received approximately \$245,000 in tap fees. These funds have been used to issue two-thirds General Obligation bonds in the past few years to finance projects approved by the Board of Commissioners. The Water and Sewer Fund Balance is projected to be at a low of approximately \$300,000 in FY2020-2021 based on current revenue projections and debt service. See **Appendix K, Water and Sewer Capital Funds**.

XI. EQUIPMENT AND VEHICLE LEASE PURCHASE

In our discussion of capital it should be noted that, in the 2010 session of the General Assembly, a bill was passed allowing Public Safety Access Points (PSAPs) (which the County is) to expend 50% of their June 30, 2010 certified 911 fund balances for any public safety need, not just those that are 911 eligible. These "50%" funds may only be spent through June 30, 2012. Any unspent funds at that time must be used on statutorily authorized 911 uses. This authorization has allowed the County to shift some typical General Fund capital expenditures to the 911 fund for FY 2011-2012. Rutherford County's certified 911 fund balance as of June 30, 2010 was \$508,815. Fifty percent of this figure is \$254,408. Of the \$254,408, \$25,341 was approved by the Board to be spent during FY 2010-2011 on a security camera system for the 911 center. The remaining balance of \$229,067 is included in the FY 2011-2012 **911** budget for one-time capital expenditures for the Sheriff's divisions and/or public safety. As part of the FY 2011-12 budget planning process, the Sheriff's department prioritized one-time capital needs. County staff worked with the 911 Board to have these needs preliminarily approved for the use of these "50%" funds and \$229,067 is appropriated in the 911 fund as

opposed to the General Fund. Details of these items are discussed in this Budget Message under the 911 Fund.

The list of equipment and vehicles requested in the General Fund are in **Appendix L, Equipment and Vehicle Lease Purchase**. Requests total \$3,135,587 and \$1,108,563 is recommended. A more detailed explanation for many equipment items appears in the Department Information Book. For the recommended list of equipment and vehicles, there is 5 months of debt service budgeted in FY2011-2012 which totals \$166,123. The debt service is budgeted at 5% on \$1,108,563 for 36 payments starting in February 2012. The largest items in this year's lease purchase recommendation are hardware and/or software for Information Technology (\$488,359), vehicles and vehicle equipment for the sheriff's department (\$173,004), and EMS ambulances, vehicles, and medical equipment (\$447,200.) Hardware and/or software for Information Technology includes upgrades to the Storage Area Network (SANs) equipment for the Information Technology Department (\$228,849), new SANs equipment for 911/GIS (\$16,865 General Fund portion with remaining amount budgeted in the 911 Fund), a Remittance Processing System (RPS) replacement for the Tax Collections Department (\$75,000), 6 additional Mobile Data Terminals for the Sheriff's Department (\$43,570), Tax Software enhancements by Good Pickin (\$30,000), a plotter replacement for GIS (\$9,000), and Granicus Software for webcasting (\$3,875).

The Sheriff's Department and EMS also provided mileage justification that is included in **Appendix L, Equipment and Lease Purchase**. This year's recommendation is once again a reduction compared to years previous to the recession. For example, the FY2008-2009 amended county budget included \$1,519,638 for equipment/vehicles. This reduction is a reflection of the economic conditions.

XII. ZERO BASED BUDGETING

During budget formulation for FY2011-2012, county departments were asked to prepare itemized and prioritized lists for travel and training, professional services, and part time salaries. Those can be found in individual department's budgets. **Appendix M, Zero Based Budgeting** lists those summary sheets for the above items.

Finally, every incremental expansion of county government each year is handled on a zero based budget basis.

XIII. STATISTICAL PROFILE OF RUTHERFORD COUNTY BUDGET AND TAX RATE

A full detailed report from the North Carolina Association of County Commissioners entitled Budget Tax Survey 2010-2011 is attached in **Appendix N, Statistical Profile of Rutherford County Budget and Tax Rate**.

These 2010-2011 selected examples from that survey offer a statistical glimpse of Rutherford County based on a statewide comparison with other counties. A brief analysis of these charts shows Rutherford County ranks 61 in population with 63,835 people. The county's number of employees ranked 49 with 412 employees and budgeted expenditures rank 48 with \$49,608,697. The county's population rank (64) is 12 and 13 places higher than employees and expenditures respectively.

The county's tax rate of .53 is lower than the statewide average of .60. The county's valuation per capita \$92,066 is lower than the state average \$109,024 and tax levy per capita \$488 to \$582.

Rutherford County's current expense/ADM ranks 46 of 100 counties and is \$130 dollars below the state average. When the Total School Resources ADM is reviewed, Rutherford County ranks 49 and is within \$257 of the state average. This is a reflection of the aggressive building program undertaken jointly by the county and the school system.

<u>Population</u>		
Name of County	Number	Rank out of 100
Tyrell	4,247	1
Rutherford	63,835	61
Mecklenburg	894,445	100
Average	93,784	

<u>Employees</u>		
Tyrell	60	1
Rutherford	412	49
Mecklenburg	4,397	100
Average	642	

<u>Budgeted Expenditure 2010-2011</u>		
Tyrell	7,567,733	1
Rutherford	49,608,697	48
Mecklenburg	1,349,491,014	100
Average	101,015,460	

<u>Tax Rate</u>		
Carteret	.23	1
Rutherford	.53	30
Scotland	1.02	100
Average	.611	

<u>Valuation per capita</u>		
Robeson	41,952	1
Rutherford	92,066	54
Dare	514,262	100
Average	109,024	

<u>Tax Levy per Capita</u>		
Swain	317	1
Rutherford	488	35
Dare	1,440	100
Average	582	

<u>Local School System County Current Expense</u>		
Tyrell	537,321	1
Rutherford	11,995,014	57
Wake	312,059,879	100
Average	24,131,739	
<u>Current Expense/ADM</u>		
Swain	390	1
Rutherford	1356	47
Dare	4061	100

Average	1457	
Total School Resources of ADM		
Roberson	740	1
Rutherford	1961	53
Dare	6471	100
Average	2095	

XIV. TEN COUNTY DEPARTMENTAL SURVEY

The following chart represents the ten counties--five above and five below Rutherford County in population and their respective number of employees in total and per thousand population. Rutherford County has 412 full time employees or 6.5 per 1,000 people. In total number or employees per 1000 population, Rutherford County's 6.5 is well below the mean (8.29) and median (7.41) of the ten counties surveyed. For the purpose of our survey we did not include employees of the Health Department, who would have been included if it was a single county department. Also some counties have departments such as utilities which did not correspond to ours which can skew results. The total number of full time employees for the ten counties surveyed is as follows:

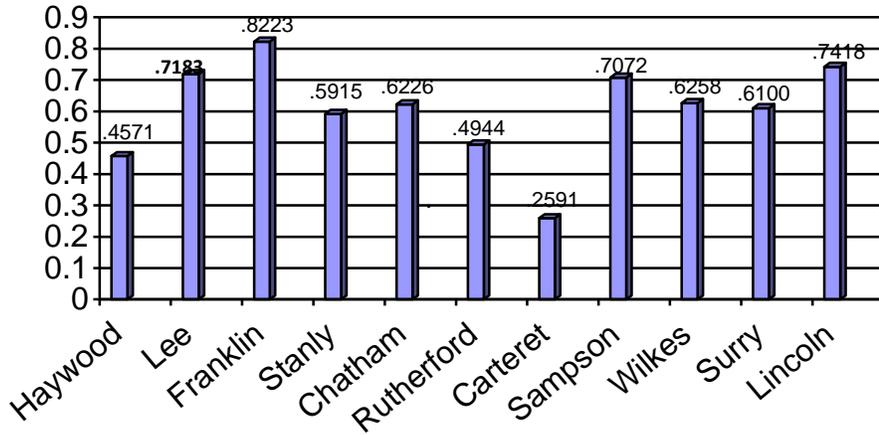
COUNTY EMPLOYEES

	Population	# of Employees	Employees /1,000 in population	Effective Tax Rate	Property Tax Revenue	Tax Per Capita
Haywood	58,043	535	9.2	.4571	35,309,397	635
Lee	58,574	350	6	.7183	34,214,250	596
Franklin	59,199	505	8.5	.8223	33,678,282	593
Stanly	60,093	440	7.3	.5915	27,250,000	472
Chatham	62,492	456	7.3	.6226	53,152,163	862
Rutherford	63,835	412	6.5	.4944	29,248,209	488
Carteret	64,724	405	6.3	.2591	43,285,000	708
Sampson	65,417	646	9.9	.7072	27,261,390	439
Wilkes	67,533	550	8.1	.6258	33,420,299	527
Surry	73,899	597	8.1	.6100	29,288,102	412
Lincoln	75,718	757	10	.7418	47,502,118	650

Three (3) other key factors on budget and tax are presented for your review-- effective tax rate, property tax revenue and tax levy per capita. These numbers were taken from the North Carolina Association of County Commissioners Final 2010-2011 Budget and Tax Survey Information. The report is also compiled from the information in **Appendix N, Statistical Profile of Rutherford County Budget and Tax Rate.**

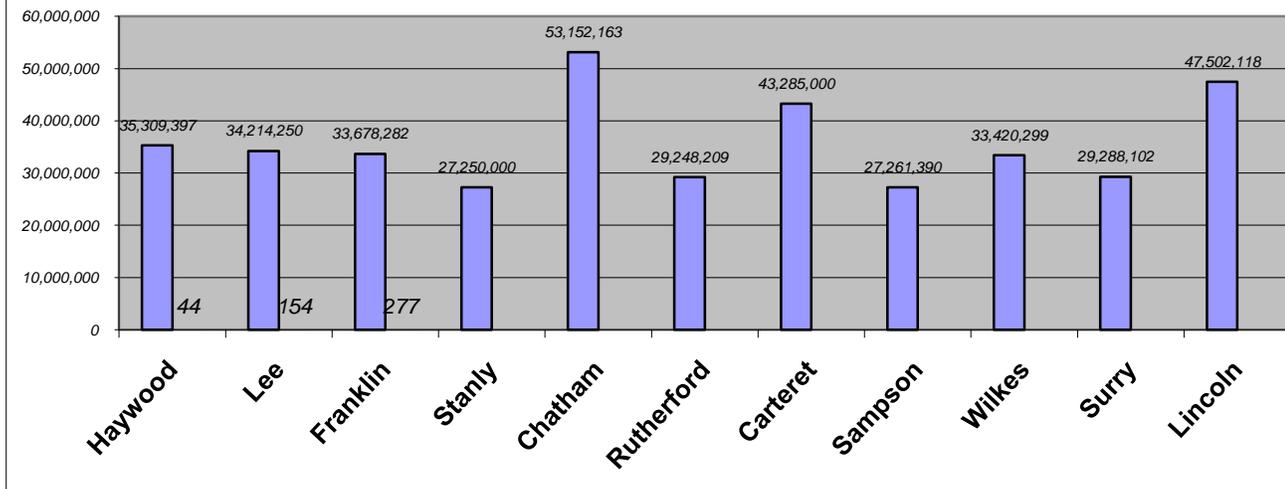
We compare the effective tax rate per \$100 of the eleven counties by multiplying the actual tax rate times the corresponding sales assessment ratio. Actual tax rates and sales assessment ratios are found in **Appendix N, Statistical Profile of Rutherford County Budget and Tax Rate.** Using this formula we compared Rutherford County to the ten counties in our survey and find that Rutherford County has the third lowest effective tax rate of the eleven counties in our survey. The mean average tax rate for the eleven counties is .6046 and the median is .6226. See chart below.

EFFECTIVE TAX RATE

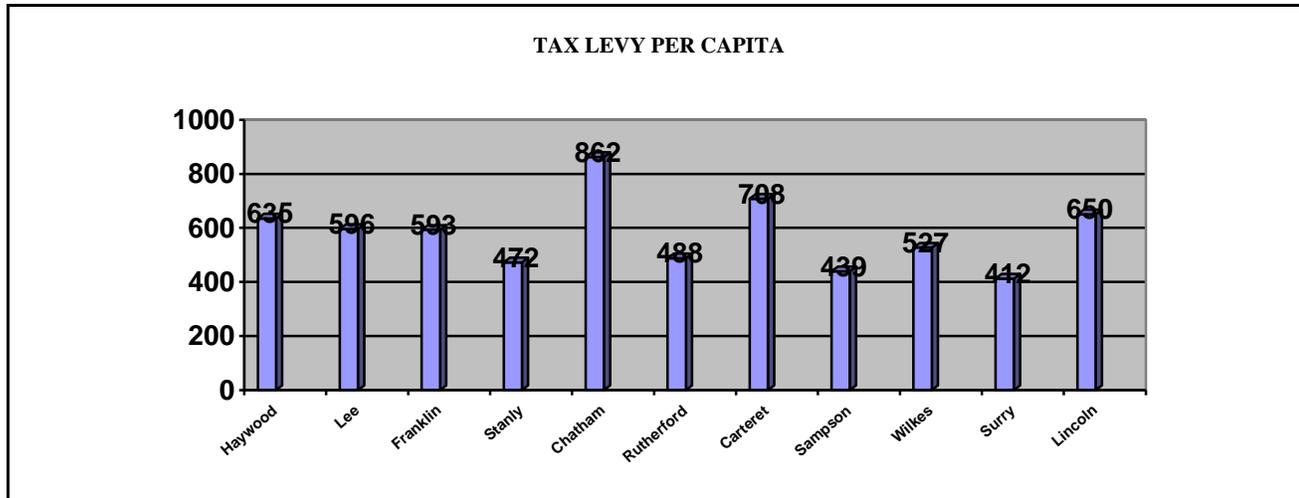


The next analysis in this section is the property tax revenue and tax per capita. Rutherford County's property tax revenue is the third lowest of the eleven counties at \$29,248,209 and below the mean value (\$35,782,655) and the median value (\$33,678,282).

TAX REVENUE



Rutherford County's property tax levy per capita (\$488) is below the median of 593 of the eleven counties. Rutherford County is also below the mean of 580.



XV. FY2011-2012 GENERAL FUND REVENUE AND EXPENSE BY DEPARTMENT

GENERAL FUND REVENUE AND EXPENSE BY DEPARTMENT			
FISCAL YEAR 2011-2012			
DEPARTMENT	EXPENSE	OTHER REVENUE	COUNTY REVENUE
GOVERNING BODY	298,037		298,037
SPECIAL APPROPRIATIONS			
RETIRED EMPLOYEES INS	4,000		4,000
COMMUNITY CLINIC	5,250		5,250
JCPC PSYCH SVS	12,578	11,308	1,270
JCPC OTHER	153,107	153,107	0
CJPP	99,197	99,197	0
TRAFFIC CONTROL	7,090		7,090
FARM MUSEUM	4,000		4,000
WESTERN NC COMMUNITIES	2,500		2,500
RUTHERFORD SEARCH & RESCUE	1,147		1,147
IPDC DUES	13,663		13,663
VOLUNTEER RUTHERFORD	720		720
BEAVER MANAGEMENT	4,000		4,000
GENEALOGICAL SOCIETY	4,800		4,800
RUTHERFORD RESCUE OPERATIONS	41,777		41,777
HICKORY NUT OPERATIONS	95,526		95,526
HICKORY NUT RESCUE CAP	20,000		20,000
VOL LIFE SAVING OPERATIONS	33,700		33,700
VOL LIFE SAVING CAP	13,400		13,400
RUTHERFORD RESCUE CAPITAL	8,000		8,000
RUTHERFORD CO AIR RESCUE	6,000		6,000
BECHTLER DOCUMENTARY	5,000		5,000
CLIFFSIDE SANITARY	53,796		53,796
RURAL DEVELOPMENT	2,400		2,400

GRASSROOTS ARTS STATE GRANT	18,314	18,314	0
COUNTY HISTORIANS	6,000		6,000
INSURANCE POOL	200,000		200,000
JCPC ADMIN	5,875	5,875	0
INDIRECT COSTS OTHER FUNDS	-99,362		-99,362
COUNTY MANAGER	151,708		151,708
HUMAN RESOURCES	123,464		123,464
FINANCE	388,767		388,767
TAX SUPERVISOR	577,641	4,500	573,141
TAX REAPPRAISAL	347,851		347,851
TAX GIS/MAPPING	249,700	500	249,200
TAX COLLECTOR	359,823	115,000	244,823
LEGAL	75,000		75,000
COURT FACILITY	123,694	116,500	7,194
BOARD OF ELECTIONS	247,844	17,000	230,844
REGISTER OF DEEDS	254,610	405,180	-150,570
INFORMATION TECHNOLOGY	1,258,465	87,134	1,171,331
GARAGE	111,572		111,572
MAINTENANCE ADMIN	764,931		764,931
BUILDINGS	996,601	445,016	551,585
SHERIFF	4,960,306	247,044	4,713,262
ICC SECURITY OFFICERS	121,483	121,483	0
DETENTION CENTER	2,302,617	320,000	1,982,617
COMMUNICATIONS	1,091,640	70,000	1,021,640
BUILDING INSPECTOR	382,152	256,250	125,902
CORONER	48,000		48,000
EMERGENCY SERVICES	3,065,567	1,836,665	1,228,902
ANIMAL CONTROL	202,411	32,250	170,161
AIRPORT	87,715	18,000	69,715
WATERSHED	16,115		16,115
FORESTRY	79,575		79,575
ECONOMIC DEVELOPMENT	939,440	5,166	934,274
COOPERATIVE EXTENSION	204,464		204,464
FARMERS MARKET	3,454		3,454
SOIL & WATER	105,876	25,600	80,276
		OTHER	COUNTY
DEPARTMENT	EXPENSE	REVENUE	REVENUE
HEALTH DEPT	273,686		273,686
MENTAL HEALTH	111,168	12,000	99,168
SENIOR CENTER	225,518	124,161	101,357
HOME DELIVERED MEALS	140,321	103,044	37,277
CONGREGATE MEALS	295,289	208,154	87,135
HEALTH SCREENING	21,593	7,120	14,473
UNITED WAY MEALS	10,000	10,000	0
VETERANS	71,967		71,967
PUBLIC SCHOOLS	11,995,014		11,995,014
SCHOOLS BLDG FUND	110,250	110,250	0
COMMUNITY COLLEGE	1,888,806		1,888,806
LIBRARY	543,718	138,869	404,849
ARTS PARKS AND RECREATION	65,677		65,677
DEBT SVS CAP LEASES	729,210		729,210
TRANS TO COUNTY BLDG RES PROP TX	530,747	530,747	0
TRANS TO ROD AUTOMATION FUND	45,020	45,020	0
TRANS TO DSS FUND	3,936,244		3,936,244

TRANS TO GRANT FUND	16,668	16,668	0
CONTINGENCY ADDITIONAL DAY FURLOUGH	-42,800		-42,800
CONTINGENCY HEALTH/DENTAL INSURANCE	-75,000		-75,000
AD VALOREM TAX		29,680,085	-29,680,085
INTEREST ON INVESTMENTS		100,000	-100,000
CABLE TV FRANCHISE FEES		44,000	-44,000
SALES TAX		3,558,917	-3,558,917
VEHICLE RENTAL TAX		12,500	-12,500
RENTS		3,000	-3,000
SALE OF COUNTY PROPERTY		72,800	-72,800
MISC REVENUE		5,000	-5,000
CAPITAL LEASES		1,108,563	-1,108,563
FUND BALANCE APPROPRIATED		1,254,110	-1,254,110
TOTALS	41,556,097	41,556,097	0
DSS FEDERAL/STATE REVENUE EXPENSE	8,130,045	8,130,045	
GRAND TOTALS	49,686,142	49,686,142	

XVI. RECOMMENDED FY2011-2012 GENERAL FUND REVENUE

RECOMMENDED FY 2011-12 GENERAL FUND REVENUE		
	FY 2010-11	FY 2011-12
	ESTIMATED	RECOMMENDED
REVENUE SOURCE	REVENUE	BUDGET
PENALTIES & INTEREST	295,500	287,500
PRIOR YEAR TAX	1,124,925	1,100,000
CURRENT YEAR TAX	29,174,558	29,175,000
POTENTIAL PROPERTY TAX LOSS MV GARNISHMENT CHANGE		
ART 39 1% SALES TAX	4,258,291	4,306,793
ART 44 HOLD HARMLESS	-475,000	-480,000
ART 39 WATER/SEWER PORTION	-265,241	-267,876
ART 40 1/2% SALES TAX	2,609,722	2,701,062
ART 40 ICC PORTION	-156,583	-162,064
ART 40 SCHOOLS PORTION	-2,453,139	-2,538,998
ART 42 1/2% SALES TAX	2,085,915	2,132,848
ART 42 HOLD HARMLESS	-50,000	-51,250
ART 42 SCHOOLS PORTION	-1,116,549	-1,138,709
ART 42 COUNTY BLDG PORTION	-814,366	-832,639
ART 44 ADDITIONAL 1/2% SALES TAX	-20,000	0
RENTAL VEHICLE GROSS RECEIPTS	12,500	12,500
REG OF DEEDS EXCISE STAMPS	148,200	148,200
ABC BOTTLE TAX	12,000	12,000
COURT JAIL FEES	63,000	60,000
DUI SAFE ROADS ACT	5,000	5,000
COURT OFFICER FEES	25,000	25,000
COURT FACILITY FEES	110,000	105,000
COURTS PROC FEES CV	19,000	19,000
NC DEPT OF CORRECTIONS	110,000	100,000
US MARSHAL DETENTION FEES PER DIEM	108	
JAIL TELEPHONE	28,000	20,000
DETENTION FEES-OTHER COUNTIES	375,000	190,000
DETENTION FEES-INMATE MEDICAL	5,726	

MARRIAGE LICENSE	12,000	12,000
INSPECTION FEES	249,100	248,500
INSPECTION OTHER REVENUES	6,000	0
FIRE INSPECTION FEES	3,000	5,000
WATERSHED FEE	175	250
PLAN REVIEW FEES	2,750	2,500
MAP SALES	4,500	4,500
SALE OF COUNTY PROPERTY	3,175,000	72,800
ELECTIONS	4,151	17,000
REG OF DEEDS OTHER REV	290,000	290,000
DATA PROCESSING SERVICES	50,350	50,350
DSS IT CONTRACT	51,323	52,178
RUTHERFORD CENTER REVENUES	100,138	121,516
SHERIFF DEPT RECEIPTS	303,424	269,527
EMG MANAGEMENT	32,973	20,625
EMS BILLINGS	1,810,500	1,816,040
ANIMAL CONTROL	34,525	32,250
SOIL & WATER	25,960	25,600
DUKE ENERGY ANDALE/FACEBOOK	100,000	0
RC MOTORSPORTS GRANT RECOVERY	5,166	5,166
RURAL CENTER GRANT ANDALE/FACEBK	420,000	0
DUKE ENERGY EDC DONATION	5,000	0
FARM CITY DONATIONS	1,150	0
SENIOR CENTER TITLE III	101,871	101,871
SENIOR CENTER STATE GRANT	12,744	0
	FY 2010-11	FY 2011-12
	ESTIMATED	RECOMMENDED
	REVENUE	BUDGET
GENERAL TRANS TITLE III	22,000	22,200
SENIOR CENTER DONATIONS	8,150	90
UNITED WAY HOME DEL MEALS	10,000	10,000
MEDICARE EDUCATION GRANT	3,298	0
HOME DELIVERED MEALS	103,044	103,044
CONGREGATE MEALS	206,582	208,154
SEN CTR HEALTH SCREENING	8,397	7,120
VETERANS OFFICE	2,000	0
CRIMINAL JUSTICE PARTNERSHIP	93,136	99,197
JCPC	184,774	170,290
LIBRARY	153,201	138,869
INTEREST ON INVESTMENTS	75,000	100,000
911 MONITORING FEE	70,000	70,000
CABLE TV FRANCHISE FEES	44,000	44,000
RENTS OTHER	3,000	3,000
RENTS AIRPORT	15,000	15,000
AVIATION FUEL COMMISSION	3,000	3,000
AMERICAN BATTLEFIELD GRANT	40,000	0
GRASSROOTS STATE GRANT	18,999	18,314
GARNISHMENT/CHECK FEES	60,000	65,000
MISC REVENUE	48,189	5,500
CAPITAL LEASES	362,677	1,108,563
TRANSFER FROM 911	33,462	34,606

TRANFER FROM GRANT FUND	26,000	0
TRANSFER FROM REAPPRAISAL	243,850	0
CONTRIBUTION ICC CAP RES	213,400	0
FUND BALANCE	0	1,254,110
TOTAL GENERAL FUND	43,964,526	41,556,097
DSS FEDERAL/STATE REVENUE	8,841,819	8,130,045
GRAND TOTAL BOTH FUNDS	52,806,345	49,686,142

XVII. RECOMMENDED FY2011-2012 GENERAL FUND EXPENDITURES

RECOMMENDED FY 2011-2012 GENERAL FUND EXPENDITURES	FY 2010-11	FY 2010-11	FY 2011-12	FY 2011-12
	Original Budget	Amended Budget	Requested Budget	Recommended Budget
GOVERNING BODY				
SALARY/BENEFITS	214,879	214,879	221,048	218,587
OPERATING	82,950	83,750	82,950	79,450
	FY 2010-11	FY 2010-11	FY 2011-12	FY 2011-12
CAPITAL	Original Budget	Amended Budget	Requested Budget	Recommended Budget
TOTAL				
SPECIAL APPROPRIATIONS				
RETIRED EMPLOYEES INSURANCE	4,000	4,000	4,000	4,000
COMMUNITY CLINIC OF RUTHERFORD CO	5,250	5,250	10,000	5,250
JCPC PSYCHOLOGICAL SVS TO COURT	7,690	8,098	12,578	12,578
JCPC (ALL RECIPIENT AGENCIES)	153,107	153,107	153,107	153,107
CRIMINAL JUSTICE PARTNERSHIP PROG	93,136	93,136	99,197	99,197
JCPC BYRNE/JAG GANG PREV UNITED WAY	-	19,064	-	
RUTHERFORD COUNTY TRAFFIC CONTROL	7,090	7,090	18,751	7,090
FARM MUSEUM ALLOCATION	4,000	4,000	4,000	4,000
FOOTHILLS CONNECT	-	-	50,000	-
WESTERN NC COMMUNITIES	2,500	2,500	2,500	2,500
RUTHERFORD SEARCH & RESCUE	1,147	1,147	2,000	1,147
IPDC DUES	12,809	12,809	13,663	13,663
VOLUNTEER RUTHERFORD	800	800	720	720

BEAVER MANAGEMENT PROGRAM	4,000	4,000	4,000	4,000
GENEALOGICAL SOCIETY OF OLD TRYON	4,800	4,800	4,800	4,800
RUTHERFORD RESCUE OPERATIONS	41,777	41,777	41,777	41,777
RUTHERFORD RESCUE CAPITAL	8,000	8,000	8,800	8,000
HNG OPERATIONS	95,526	95,526	169,161	95,526
HNG CAPITAL	20,000	20,000	30,000	20,000
VOLUNTEER LIFESAVING OPERATIONS	33,700	33,700	73,000	33,700
VOLUNTEER LIFESAVING CAPITAL	13,982	13,982	13,400	13,400
RUTHERFORD CO AIR RESCUE	6,000	6,000	6,000	6,000
BECHTLER MINING DOCUMENTARY	5,000	5,000	5,000	5,000
CONT TO CLIFFSIDE SANITARY	53,796	53,796	53,796	53,796
RURAL DEVELOPMENT	2,400	2,400	2,400	2,400
CLIFFSIDE CLOCK	3,500	3,500		
COUNTY HISTORIANS	6,000	6,000	6,000	6,000
INSURANCE POOL	200,000	196,953	200,000	200,000
JCPC ADMINISTRATION	5,582	5,875	5,875	5,875
GRASSROOTS ST GRANT (PASS THROUGH)	19,488	18,999	18,314	18,314
INDIRECT COSTS FROM OTHER FUNDS	(99,362)	(99,362)	(99,362)	(99,362)
TOTAL	715,718	731,947	913,477	722,478
COUNTY MANAGER				
SALARY/BENEFITS	143,345	143,345	147,610	144,922
OPERATING	6,786	6,786	6,786	6,786
CAPITAL	-	-	-	-
TOTAL	150,131	150,131	154,396	151,708
HUMAN RESOURCES				
SALARY/BENEFITS	112,842	112,842	116,094	114,049
OPERATING	10,040	10,040	9,415	9,415
CAPITAL	-	-	-	-
TOTAL	122,882	122,882	125,509	123,464
FINANCE				
SALARY/BENEFITS				313,103

	308,996	308,996	318,859	
OPERATING	74,184	74,184	86,280	75,664
CAPITAL	-	-	-	-
TOTAL	383,180	383,180	405,139	388,767
	FY 2010-11	FY 2010-11	FY 2011-12	FY 2011-12
	Original Budget	Amended Budget	Requested Budget	Recommended Budget
TAX SUPERVISOR				
SALARY/BENEFITS	542,037	542,037	615,894	445,863
OPERATING	132,098	132,098	132,104	131,778
CAPITAL	-	-	-	-
TOTAL	674,135	674,135	747,998	577,641
TAX REAPPRAISAL				
SALARY/BENEFITS	254,321	254,321	261,058	263,801
OPERATING	84,450	84,450	84,268	84,050
CAPITAL	-	-	-	-
TOTAL	338,771	338,771	345,326	347,851
TAX GIS/MAPPING				
SALARY/BENEFITS	182,312	182,312	188,633	185,050
OPERATING	65,707	65,707	66,015	64,650
CAPITAL	-	-	-	-
TOTAL	248,019	248,019	254,648	249,700
TAX COLLECTOR				
SALARY/BENEFITS	311,204	311,204	329,610	323,103
OPERATING	35,720	35,720	37,420	36,720
CAPITAL	-	-	-	-
TOTAL	346,924	346,924	367,030	359,823
LEGAL	75,000	75,000	75,000	75,000
COURT FACILITY	110,034	111,205	178,694	123,694
BOARD OF ELECTIONS				
SALARY/BENEFITS	190,147	190,147	197,809	195,172
OPERATING	37,812	37,812	54,812	52,672
CAPITAL	-	-	-	-

TOTAL	227,959	227,959	252,621	247,844
REGISTER OF DEEDS				
SALARY/BENEFITS	197,750	197,750	253,243	198,745
OPERATING	50,265	50,265	57,065	55,865
CAPITAL	-	-	-	-
TOTAL	248,015	248,015	310,308	254,610
INFORMATION TECHNOLOGY				
SALARY/BENEFITS	325,692	325,692	402,002	330,119
OPERATING	422,611	422,611	933,813	439,987
CAPITAL	113,569	260,061	2,019,855	488,359
TOTAL	861,872	1,008,364	3,355,670	1,258,465
GARAGE				
SALARY/BENEFITS	102,653	102,653	102,410	100,708
OPERATING	9,889	9,889	10,864	10,864
CAPITAL	-	-	-	-
TOTAL	112,542	112,542	113,274	111,572
MAINTENANCE ADMINISTRATION				
SALARY/BENEFITS	667,141	667,141	791,953	683,271
OPERATING	81,960	83,315	82,055	81,660
CAPITAL	61,742	36,341	53,494	
TOTAL	810,843	786,797	927,502	764,931
BUILDINGS				
OPERATING	638,797	647,068	666,417	673,101
CAPITAL	132,534	241,772	212,100	323,500
TOTAL	771,331	888,840	878,517	996,601
SHERIFF				
SALARY/BENEFITS	4,092,081	4,094,612	4,222,855	4,178,895
OPERATING	561,782	666,816	614,205	608,407
CAPITAL	168,510	169,757	173,004	173,004
TOTAL	4,822,373	4,931,185	5,010,064	4,960,306
ICC SECURITY OFFICER				
SALARY/BENEFITS				107,347

	105,793	105,793	107,347	
OPERATING	11,150	11,150	13,736	14,136
CAPITAL	-	-	-	-
TOTAL	116,943	116,943	121,083	121,483
DETENTION CENTER				
SALARY/BENEFITS	1,798,465	1,798,981	1,868,743	1,838,344
OPERATING	444,173	457,752	468,839	464,273
CAPITAL	-	-	5,800	-
TOTAL	2,242,638	2,256,733	2,343,382	2,302,617
COMMUNICATIONS				
SALARY/BENEFITS	924,945	924,945	979,752	942,150
OPERATING	162,045	162,045	149,490	149,490
CAPITAL	19,776	25,276	4,234	-
TOTAL	1,106,766	1,112,266	1,133,476	1,091,640
	FY 2010-11	FY 2010-11	FY 2011-12	FY 2011-12
	Original Budget	Amended Budget	Requested Budget	Recommended Budget
BUILDING INSPECTOR				
SALARY/BENEFITS	381,382	381,382	499,725	350,584
OPERATING	31,643	31,643	33,678	31,568
CAPITAL	-	-	-	-
TOTAL	413,025	413,025	533,403	382,152
MEDICAL EXAMINER/CORONER				
	49,000	49,000	48,000	48,000
EMERGENCY SERVICES				
SALARY/BENEFITS	2,248,519	2,288,486	2,625,847	2,282,425
OPERATING	304,012	288,012	387,322	335,942
CAPITAL	-	67,060	876,200	447,200
TOTAL	2,552,531	2,643,558	3,889,369	3,065,567
ANIMAL CONTROL				
SALARY/BENEFITS	132,104	132,104	145,893	135,737
OPERATING	56,259	56,259	64,884	64,884

CAPITAL	34,047	34,047	1,790	1,790
TOTAL	222,410	222,410	212,567	202,411
AIRPORT				
SALARY/BENEFITS	-	-	-	-
OPERATING	92,705	111,962	87,715	87,715
CAPITAL	1,500	1,500	-	-
TOTAL	94,205	113,462	87,715	87,715
WATERSHED				
OPERATING	16,115	16,115	16,115	16,115
FORESTRY				
	83,375	83,375	79,575	79,575
ECONOMIC DEVELOPMENT				
SALARY/BENEFITS	108,559	108,559	86,659	85,166
OPERATING	269,850	272,350	254,580	248,680
FACEBOOK TRANSACTIONS		1,615,000		
INCENTIVES	67,000	67,000	170,718	170,718
GRANT PAYMENTS	339,116	339,116	196,871	196,871
DEBT SERVICE	386,870	1,518,275	238,005	238,005
TOTAL	1,171,395	3,920,300	946,833	939,440
COOPERATIVE EXTENSION				
SALARY/BENEFITS	195,944	195,944	191,088	189,392
OPERATING	14,422	16,357	15,320	15,072
CAPITAL	-	-	-	-
TOTAL	210,366	212,301	206,408	204,464
FARMERS MARKET				
SALARY/BENEFITS	3,128	3,128	3,128	3,128
OPERATING	326	326	326	326
CAPITAL	-	-	-	-
TOTAL	3,454	3,454	3,454	3,454
SOIL & WATER				
SALARY/BENEFITS	87,787	87,787	90,670	89,107
OPERATING	17,144	17,144	16,769	16,769
CAPITAL	-	-	-	-

TOTAL	104,931	104,931	107,439	105,876
HEALTH DEPT	273,686	273,686	273,686	273,686
MENTAL HEALTH	111,168	111,168	111,168	111,168
CONT TO DRUG COURT	-	23,787	-	-
SENIOR CENTER				
SALARY/BENEFITS	158,403	155,197	163,966	160,200
OPERATING	70,944	87,067	67,818	65,318
CAPITAL	-	-	3,000	-
TOTAL	229,347	242,264	234,784	225,518
HOME DELIVERED MEALS				
SALARY/BENEFITS	58,204	58,204	64,159	59,073
OPERATING	81,247	81,247	81,248	81,248
CAPITAL	-	-	-	-
TOTAL	139,451	139,451	145,407	140,321
	FY 2010-11	FY 2010-11	FY 2011-12	FY 2011-12
	Original Budget	Amended Budget	Requested Budget	Recommended Budget
CONGREGATE MEALS				
SALARY/BENEFITS	139,274	139,274	145,745	140,587
OPERATING	140,096	144,734	154,702	154,702
CAPITAL	-	-	-	-
TOTAL	279,370	284,008	300,447	295,289
HEALTH SCREENING				
SALARY/BENEFITS	16,892	16,892	17,644	16,968
OPERATING	5,261	5,261	4,625	4,625
CAPITAL	-	-	-	-
TOTAL	22,153	22,153	22,269	21,593
UNITED WAY MEALS				
SALARY/BENEFITS	4,969	4,969	4,969	4,969
OPERATING	23,031	23,031	5,031	5,031
CAPITAL	-	-	-	-

TOTAL	28,000	28,000	10,000	10,000
VETERANS				
SALARY/BENEFITS	66,369	66,369	68,116	67,112
OPERATING	5,005	5,005	5,068	4,855
CAPITAL	-	-	-	-
TOTAL	71,374	71,374	73,184	71,967
PUBLIC SCHOOLS	11,995,014	11,995,014	12,207,584	11,995,014
SCHOOL CAPITAL OUTLAY	105,000	105,000	110,250	110,250
ISOTHERMAL COMMUNITY COLLEGE				
CURRENT EXPENSE	1,888,806	1,888,806	1,922,230	1,888,806
CAPITAL	-	213,400	-	-
TOTAL	1,888,806	2,102,206	1,922,230	1,888,806
LIBRARY				
SALARY/BENEFITS	412,851	412,851	418,833	409,169
OPERATING	78,514	78,514	77,783	77,733
CAPITAL	58,370	60,635	56,816	56,816
TOTAL	549,735	552,000	553,432	543,718
ARTS PARKS AND RECREATION				
SALARY/BENEFITS	56,426	56,426	58,422	57,377
OPERATING	12,450	49,950	12,550	8,300
CAPITAL	-	-	-	-
TOTAL	68,876	106,376	70,972	65,677
DEBT SVS CAP LEASES-COUNTY	1,057,699	1,057,699	563,087	563,087
11-12 DEBT SVS			469,882	166,123
PROP TAX TRANS TO DEBT SVC COUNTY	689,635	635,093	582,447	530,747
TRANS TO REG OF DEEDS FUND	49,920	49,920	45,020	45,020
CONTRIBUTION TO DSS	3,525,692	3,525,785	4,052,516	3,936,244
CONTRIBUTION TO GRANT FD	16,668	16,668	16,668	16,668
CONTINGENCY ADDITIONAL FURLOUGH DAY				(42,800)
CONTINGENCY HEALTH INSURANCE	-		-	(75,000)
TOTAL GENERAL FUND	40,806,306	44,294,050	46,213,023	41,556,097

DSS REVENUES	8,802,391	9,587,204	8,228,230	8,130,045
TOTAL INCLUDING DSS	49,608,697	53,881,254	54,441,253	49,686,142
	FY 2010-11	FY 2010-11	FY 2011-12	FY 2011-12
	Original Budget	Amended Budget	Requested Budget	Recommended Budget
TOTAL SALARY/FRINGE	14,439,621	14,479,429	15,602,437	14,526,876
TOTAL OPERATING	4,120,293	4,315,285	4,828,332	4,243,715
DSS TOTAL	12,328,083	13,112,989	12,280,746	12,066,289
DEBT SVS CAP LEASES-COUNTY	1,444,569	2,575,974	1,270,974	967,215
EDC FACEBOOK TRANSACTIONS	-	1,615,000	-	-
EDC INCENTIVES	67,000	67,000	170,718	170,718
EDC GRANT PAYMENTS	339,116	339,116	196,871	196,871
CONTINGENCY ADDITIONAL FURLOUGH DAY				(42,800)
CONTRIBUTION TO GRANT FD	16,668	16,668	16,668	16,668
CONTINGENCY HEALTH INSURANCE	-	-	-	(75,000)
TOTAL COUNTY DEPARTMENTS	32,755,350	36,521,461	34,366,746	32,070,552
PUBLIC SCHOOLS CURRENT EXPENSE	11,995,014	11,995,014	12,207,584	11,995,014
COMMUNITY COLLEGE CURRENT EXP	1,888,806	1,888,806	1,922,230	1,888,806
ICC CAPITAL		213,400		
ICC SECURITY	116,943	116,943	121,083	121,483
SPECIAL APPROPRIATIONS	715,718	731,947	913,477	722,478
COUNTY CAPITAL	590,048	896,449	3,406,293	1,490,669
PUBLIC SCHOOLS CAPITAL OUTLAY	105,000	105,000	110,250	110,250
TRANS TO COUNTY BLDG RESERVE	689,635	635,093	582,447	530,747
HEALTH DEPT	273,686	273,686	273,686	273,686
COURT FACILITIES	110,034	111,205	178,694	123,694
MENTAL HEALTH	111,168	134,955	111,168	111,168

FORESTRY	83,375	83,375	79,575	79,575
TRANS TO REG OF DEEDS FUND	49,920	49,920	45,020	45,020
LEGAL	75,000	75,000	75,000	75,000
MEDICAL EXAMINER/CORONER	49,000	49,000	48,000	48,000
TOTAL OTHER APPROPRIATIONS	2,969,527	3,475,973	5,944,693	3,731,770
GRAND TOTAL	49,608,697	53,881,254	54,441,253	49,686,142

XVIII. OTHER FUNDS

Water and Sewer Capital Projects

If the Board approves, the Water and Sewer Capital Projects unexpended FY2010-2011 balances will be re-budgeted.

Register of Deeds (ROD) Automation Enhancement Fund

The ROD Enhancement Fund was established by the General Assembly to provide a dedicated revenue source for ROD hardware and software expenses. The fund is to receive 10% of the ROD revenue. For FY2011-2012 this is estimated to be \$45,020. Estimated revenues and expenses for this fund are:

REVENUES

Transfer from General Fund	<u>\$45,020</u>
Total Revenues	\$45,020

EXPENSES

Salaries/Fringe	\$ 9,201
Reserved for future projects	<u>\$ 35,819</u>
Total Expenses	\$45,020

E-911

The revenue stream for the E911 budget comes from the landline and wireless monthly charges of 60 cents per phone line that the State collects from telecom companies and then distributes to eligible Public Service Access Points (PSAP) (which the County is).

The legislature enacted a statewide landline fee effective January 1, 2008 to replace all locally enacted landline fees. This was done in an effort to make the landline fee uniform across the State. Rutherford County's locally enacted fee had been 98 cents. From January 1, 2008 forward, all fees collected by the telecoms are submitted to the State 911 Board who then distributes the funds to the PSAPs. Beginning in FY 2011-2012, the 911 Board will begin allocating 911 funds to PSAPs using a different formula based on what PSAPs have actually spent in the past 5 years. Due to this funding reallocation, Rutherford County's allocation will decrease by \$105,013 to \$441,030 in FY 2011-2012 which is reflected in this budget.

In addition to the changes in the fees, the State 911 Board has continued to revise as recently as February 2011 the list of eligible expenditures that 911 charges may be used for. This list has become much more restrictive over the past few years but was expanded some effective July 1, 2010 as a result of one of the NCACC's legislative goals. According to State Statute, 911 funds may be used only to pay for the following: "The lease, purchase, or maintenance of emergency telephone equipment, including necessary computer hardware, software, and database provisioning; addressing; telecommunicator furniture; dispatching equipment located exclusively within a building where the PSAP is located, excluding the costs of base station transmitters, towers, microwave links, and antennae used to dispatch emergency call information from the PSAP, the nonrecurring costs of establishing a 911 system, and training related to these items."

Also, as mentioned previously under the "Equipment and Vehicle Lease Purchase" section, in the 2010 session of the General Assembly, a bill was passed allowing Public Safety Access Points (PSAPs) (which the County is) to expend 50% of their June 30, 2010 certified 911 fund balances for any public safety need, not just those that are 911 eligible. These "50%" funds may only be spent through June 30, 2012. Any unspent funds at that time must be used on statutorily authorized 911 uses. This authorization has allowed the County to shift some typical General Fund capital expenditures to the 911 fund for FY 2011-2012. Rutherford County's certified 911 fund balance as of June 30, 2010 was \$508,815. Fifty percent of this figure is \$254,408. Of the \$254,408, \$25,341 was approved by the Board to be spent during FY 2010-2011 on a security camera system for the 911 center. The remaining balance of \$229,067 is included in the FY 2011-2012 911 budget for one-time capital expenditures for the Sheriff's divisions and/or public safety. As part of the FY 2011-12 budget planning process, the Sheriff's department prioritized one-time capital needs, County staff worked with the 911 Board to have these needs preliminarily approved for the use of these "50%" funds and \$229,067 is appropriated in the 911 fund as opposed to the General Fund. It is recommended that these funds be used for the following purposes:

Narrowband Reprogramming for Communications	\$ 35,000
Detention Center Cameras	131,000
Sheriff's Department Vehicle	20,299
Equipment for Vehicle	4,750
Detention Center AFIS Software	20,000
New Repeater for Detention Center	7,000
(4) Motorola Handheld Radios for Sheriff's Reserve	1,700
(2) EMS Motorola Mobile Radios	4,257
(6) Detention Center Motorola Handheld Radios	<u>2,629</u>
Other	<u>2,432</u>
	\$229,067

All PSAPs must provide annually a very detailed accounting of how 911 funds are expended. Due to the complicated technical aspects of what is considered eligible, the County Finance, GIS, IT and Communications staff continue to analyze what we believe are eligible expenditures and have been working closely with state 911 Board representatives to maximize the use of 911 funds available to us.

Revenues and expenditures of the E911 fund are:

REVENUES

911 Charges from State 911 Board	\$441,030
50% Fund Balance Appropriated	229,067
Statutory Purpose Fund Balance Appropriated	<u>144,436</u>
Total Revenues	\$814,533

EXPENSES

Salaries/Fringe	\$59,717
Telephone Expense	90,000
Software/Hardware Maintenance	127,700
Operations	9,100
Capital Outlay -50% Fund Balance	229,067
Capital Outlay Statutory	257,466
Debt Service	7,908
Contribution to General Fd-IT Services	34,606
Contingency Furlough	<511>
Contingency 401(k) Reduction	<u><520></u>
Total Expenses	\$814,533

The majority of the statutory capital items include a 911/GIS server replacement (\$151,780 for the 911 share) and an updated moducom system (\$92,500).

Grant Fund

The recommended FY2011-2012 grant fund is comprised of the following continuing grants:

- Airport Improvements
- High School Resource Officer
- CDBG Housing Rehabilitation
- Urgent Repair Program Grant
- Rural Center Building Reuse Grant
- One NC Fund Grant
- Bulletproof Vests Grants
- Single Family Rehabilitation Grant
- Family Based Substance Abuse Treatment Grant
- Rural Center Cliffside Sanitary Grant
- UNC-TV Bechtler Project

REVENUES

Rutherford County School Board	\$163,860
Airport Grants	150,000
County Airport Match	<u>16,668</u>
Total Revenues	\$ 330,528

EXPENSES

High School Resource Officers	165,239
Contingency Furlough	< 1,379>
Airport Projects	<u>166,668</u>
Total Expenses	\$ 330,528

If the Board approves, carry over balances from FY2010-2011 grants will be re-budgeted with June 30, 2011 unexpended balances.

Transit Fund

The Transit Advisory Board has submitted the following budget:

REVENUES

Elderly & Handicap Funds	\$ 89,886
RGP Receipts from riders	21,000
State Grant RGP	99,553
State Administration Grant	178,312
State Grant Vehicle Purchase	38,700
State Grant Equipment	45,587
Sale of Property	4,000
Van and Advertising Revenue	2,000
Contribution from Outside Agencies	594,800
Fund Balance Appropriated	<u>12,383</u>
Total Revenues	\$ 1,086,221

EXPENSES

Salaries/Fringe	\$ 696,032
Operations (other than below)	73,355
Capital Outlay	93,652
Fuel	185,000
Insurance	28,509
Five Year Plan	7,500
General Fund Indirect Costs	8,000
Contingency Furlough	<2,896>
Contingency 401(k) Reduction	<u><2,931></u>
Total Expenses	\$1,086,221

There are no county funds budgeted for Transit. The fund generates revenues from its users and from grants made by the state and federal governments. Demand for services has increased and is expected to continue as the demand for Medicaid transportation increases. The recommended budget does not include a rate increase. However, Transit is currently studying rates of surrounding counties. Based upon this study, a rate increase may be requested during the budget workshops. In addition, it is possible that the Supplemental Rural Operating Assistance Program Funds will be reduced in FY2011-2012. The Transit Administration has been receiving approximately \$78,000 annually. If these funds are reduced, rates may need to be increased and/or services reduced. Transit currently has 26 vans in their fleet which includes three light transit vehicles (18 passenger capacity). The budget includes replacing one vehicle. Transit drives approximately 700,000 miles each year.

Solid Waste

The proposed Solid Waste budget is based on a county operated Construction and Demolition (C&D) landfill with Municipal Solid Waste (MSW) and Industrial Solid Waste being disposed of in an out of county landfill through a hauling contract with Republic/GDS through June 30, 2015. The hauling contract which became effective January 1, 2011 includes a \$35 per ton hauling fee and incorporates a CPI adjustment effective on July 1 of each year during the Term (commencing on July 1, 2012), to adjust the fee to reflect the change in the Consumer Price Index. The CPI adjustment will be ninety percent (90%) of the CPI for All Urban Consumers, US City Average, all items, as issued by the Bureau of Labor Statistics. The change in the CPI will be measured by comparing the CPI of April of the current year to the CPI of April of the previous year not

to exceed four percent (4%) each year. It also includes a fuel adjustment with a base diesel fuel cost of \$2.88 per gallon. Each \$0.08 increase or decrease above or below this rate will result in a fuel surcharge or credit per ton equal to 1% of the Disposal Fee. Charges or credits will be determined based on the Department of Energy published price for the Lower Atlantic Region. The contract currently states that the MSW will be hauled to Foothills Environmental Landfill in Lenoir, North Carolina. The FY 2011-2012 Solid Waste budget anticipates a per ton hauling cost of \$40 based on the base tipping fee in the contract with GDS (\$35 per ton) and anticipated fuel surcharges included in the contract (a fuel surcharge of \$5 per ton with an estimated diesel price of \$4 per gallon). It is estimated that 53,000 tons of waste will be processed during FY2011-2012 and that 79% of this waste stream will be hauled out of the county. Therefore, \$1,700,000 is budgeted for contracted waste disposal. This expense makes up 43% of the solid waste fund \$3,970,038 budget.

In tandem with the newly executed hauling contract effective January 1, 2011, the County revised solid waste fees as follows:

<u>Material</u>	<u>Previous County Fee Per Ton</u>	<u>Current County Fee Per Ton</u>	<u>Additional State Fee Per Ton</u>
C&D	\$25	\$35	\$2
MSW	\$37	\$45	\$2
Metal	\$37	\$45	N/A
Yard	\$25	\$35	N/A
Pallets	\$25	\$35	N/A

Annual Household User Fee	Previous \$100/year	Current \$120/year
Annual Household with Homestead Exemption	Previous \$25/year	Current \$30/year

This was the first rate increase, with the exception of the \$2 state tipping fee mentioned below, since 1996. In addition, effective January 1, 2011 the County began charging for all items brought into the landfill.

In FY2008-2009 the State established a \$2 per ton fee on municipal solid waste and construction and demolition debris as a result of the North Carolina General Assembly passing the Solid Waste Act of 2007. This statewide solid waste disposal tax is collected at the Landfill and submitted to the State. After the State's costs of administration have been taken, the funds will be used for inactive hazardous sites cleanup and to fund grants to State agencies and units of local government to initiate or enhance local recycling programs to provide for the management of difficult to manage solid waste, including abandoned mobile homes and household hazardous waste. The County expects to receive \$38,000 from the State in FY2011-2012 from this fund.

It is recommended that a portion of the Solid Waste Disposal Tax Revenues be used to continue to fund the costs of a SWEEP part-time position (\$13,000) to assist with recycling efforts in the schools. A goal of the Recycling Specialist is to reduce the waste going to the landfill through recycling and education efforts. SWEEP has requested that this position become a full time County employee at a cost of \$37,081. The Board may wish to consider this request during the budget process. The debt service for the convenience centers will be satisfied in October 2011. The budget contains funding to operate nine convenience centers and one manned green box site.

Operating hours for the convenience centers are:

6 AM – 7 PM Monday-Friday

8 AM – 7 PM Saturday

CLOSED Sunday

Operating hours for the manned green box site (Hollis) are:

7 AM – 6 PM Monday, Wednesday, and Friday

8 AM – 6 PM Saturday

A recap of Revenues and Expenses for the Solid Waste Fund are as follows:

REVENUES

Household User Fees	\$1,967,000
Tipping Fees	1,660,000
Recycling Revenues	115,000
NC DENR (\$2 ton) Fees	73,000
Tire Disposal	76,000
White Goods	22,000
Interest Earnings	8,755
License Fees	900
Solid Waste Disposal Tax	38,000
Miscellaneous Fees	<u>3,600</u>
Total Revenues	\$3,964,255

EXPENSES

Collections

Salaries/Fringe	\$ 706,711
Fuel	61,000
Operations	88,290
General Fund Indirect Costs	29,667
Debt Service	104,084
Contingency Furlough	<2,616>
Contingency 401(k) Reduction	<u><2,312></u>
Total Collections	\$984,824

Disposal

Salaries/Fringe	\$ 483,446
Recycling Specialist Contribution	13,000
Waste Disposal Contract	1,700,000
NC DENR Fees (\$2 ton)	100,500
General Fund Indirect Costs	37,759
Operations	488,679
Debt Service	49,200
Capital Outlay C&D Expansion	5,000
Contingency Furlough	<3,586>
Contingency 401(k) Reduction	<u><3,819></u>
Total Disposal	2,870,179
Reserve for Future Years	<u>\$ 109,252</u>
Total Expenses	\$3,964,255

Tourism

Based on a continued 5% occupancy tax the Tourism Development Authority Board has presented the following budget:

REVENUES	
Occupancy Tax	\$522,750
Interest	750
Fund Balance Appropriated	
Operating	10,564
Fund Balance Appropriated-Capital	
Improvements	<u>200,000</u>
Total Revenues	\$734,064

EXPENSES	
Salaries/Fringe	\$159,459
Advertising/Marketing	200,450
Printing/Postage	33,063
Visitor Center Expense-Rutherfordton	3,780
Hickory Nut Gorge Contract	60,000
Capital Outlay-Lake Lure	100,000
Capital Outlay Wayfinding	100,000
General Fund Indirect Costs	24,093
Operations	42,655
Contingency Furlough	<1,278>
Contingency 401(k) Reduction	<u><1,288></u>
Total Expenses	\$734,064

The budget request reflects revenues at FY2011-2012 estimated. The TDA Board continues working to increase awareness of the area through its Stakeholder Services program. The program enables the TDA to work more with county organizations and to aid all the County's stakeholders, including area lodgings; attractions; restaurants; event organizers; elected and civil leaders; small businesses; chambers of commerce; and citizens. Also, more electronic marketing methods and publications will keep the marketing program strong during these challenging economic times.

Special Districts

It is not possible to provide special districts' requests at this time. We have asked the special districts be completed on or before May 6, 2011. We will provide you with these requests as soon as they are available.

XIX. SUMMARY OF RECOMMENDED BUDGETS FOR ALL FUNDS

General Fund	\$ 41,556,097
DSS Fund	12,066,289
ROD Automation Enhancement	45,020
E911 Addressing Fund	814,533
Grant Fund	330,528
ICC Capital Reserve Fund	162,600
Debt Service Fund	7,332,206
Transit Fund	1,086,221
Solid Waste Fund	3,964,255
Tourism Fund	<u>734,064</u>

GRAND TOTAL ALL FUNDS \$ 68,091,813

I would like to thank the county department heads for their work on their individual budgets and the survey. Also, I would like to individually recognize Julie Scherer, Paula Roach, Debra Conner, Judy Toney, Hazel Haynes, and Brooke Watson for their many hours in preparing this report.

Respectfully submitted,



**John W. Condrey
County Manager
April 29, 2011**

Copies of the recommended budget will be available in the Clerk to the Board's Office and the County Library for public review. Individuals desiring a personal copy may purchase them from the county for \$40. The approved budget will be available for purchase at a cost of \$50. Please order your copies from the Finance Office and allow five working days for delivery. These documents will also be available online @ www.rutherfordcountync.gov.