

Clermont County Board of Commissioners Basic Financial Principles – Budget Strategies – Budget Policies



September 26, 2008

Financial Mission Statement

Provide the services statutorily required of the Board of County Commissioners and the funds necessary for the other elected officials of the County to provide their statutory duties while ensuring the long term protection of the financial stability of the county.

Board of County Commissioners

Basic Financial Principles

- County funds do not belong to the Board of County Commissioners or other elected officials but instead to the taxpayers
- Board actions should not only be open, transparent and inclusive of other elected officials but actively communicated to the public
- Strive to provide the best service to taxpayers in the most economical fashion (biggest bang for the buck!)
- Manage the budget to assure long term economic health and prosperity of the citizens and their government
- Maintain General Fund Balance of 25% of operating expenses
- Cooperate with elected office holders however “the buck stops here”

Basic Strategies Impacting the Budget Process

- **Government Services** will be provided in the most cost-efficient and effective means possible. The Commissioners have the responsibility to adequately fund each elected office holder so they may fulfill their statutory responsibilities.
- **Expenditure of Public Funds** In determining the expenditure of public funds, County Commissioners must take a broad view of the actions necessary to make the county a better place to live and work, listen to the needs of the citizens and other elected officials, compromise and develop a consensus on priority issues to improve the county.

Basic Strategies (Continued)

- **Budget Priorities** The County will adopt a General Fund budget in which current operating expenditures are limited to prior year operating revenues. The County will allow for additional operating expenditures in excess of prior year revenues only in the cases where those expenditures are covered by new current year operating revenues.
- **Equitable treatment of employees** It is the County Commissioners' intent to provide appropriations that will allow for equitable treatment to all employees of the county in the area of both wages and fringe benefits.

Basic Strategies (Continued)

- **Health Insurance Costs** -To contain rising health insurance costs, which threatened employee morale and severely impacted the personnel budget, the County Commissioners adopted a strategy to partner with employees to contain cost. This was done through communication and developing an explicit plan to share in the cost of future increases.
- **Economic Development** - The County Commissioners recognize that economic development is crucial to the short and long term vitality of Clermont County and county investment is important to restart local government revenue growth.

Basic Strategies (Continued)

- **Transportation** – Transportation improvements have been identified by the community and the Commissioners as critical to the long-term vitality of the county, its residents, its businesses, its local governments and to the tax base that provides for local government services.
 - Transportation Improvement Districts – created for the express purpose of pooling the resources of all county political subdivisions and county offices to the fullest extent possible to create a transportation system that is integrated with and supports economic development strategies developed by the county and other political subdivisions of the county.
 - Financial strategy to relieve pressure to the general fund through use of other funding methods.

County Government Form

- Statutory Form of Government
- 21 Elected County Officials
- No single chief executive
- Board of County Commissioners is the taxing, budgeting, appropriating, and purchasing authority

County Government Form (Continued)

- Each office holder is responsible for providing services mandated by the ORC and determining service levels within the constraints of available funding.
- The County Commissioners have a responsibility to:
 - Ensure that each elected official is adequately funded to perform their statutorily mandated duties
 - Protect the long term financial stability of the county
- The budget process should be both open and transparent and involve and respect all elected officials and their funding requirements. This process should seek to arrive at a consensus among all concerned parties as to how to proceed.
- In the event there is no consensus, it is the County Commissioners' ultimate responsibility to make the appropriation decisions.

Budget Policies

- The Board of County Commissioners will not create an ongoing situation where the operating expenses of the General Fund will exceed the operating revenues.
 - The annual appropriation will be limited to prior year actual operating receipts.
 - Occasionally new operating revenues may be generated and appropriated in the same year.
- The General Fund Balance shall be maintained consisting of 25% of the previous year's operating expenses. The Budget Stabilization Fund will be included when measuring to the target number.

Budget Policies (Continued)

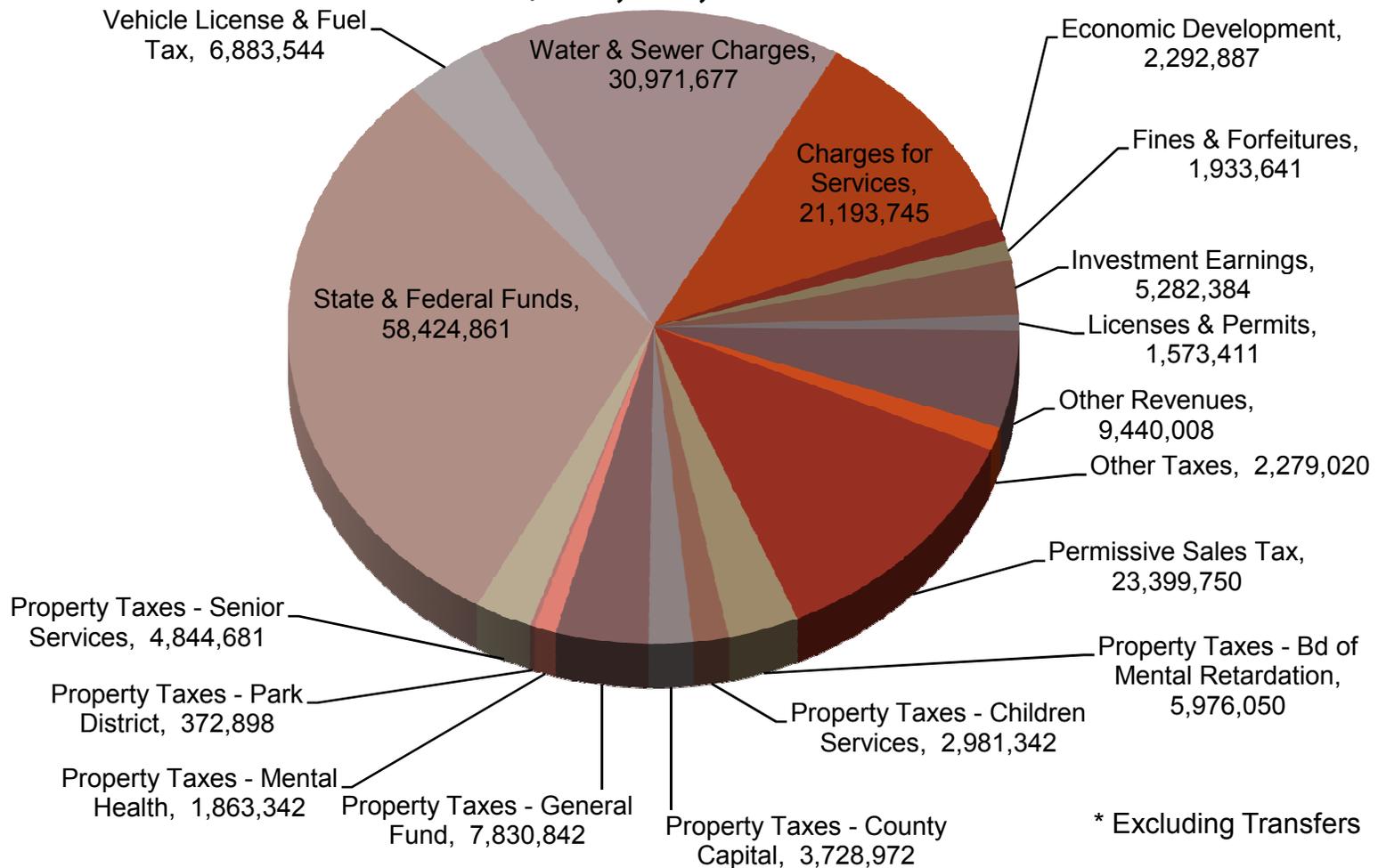
- Fund balances below the target level will be raised to target level with subsequent appropriations.
- Any year end surplus will be applied as follows:
 - Maintain fund balance reserves as established by policy
 - Fund Building Replacement & Improvement funds
 - For capital projects and/or “one-time only” General Fund expenditures
- Economic development activities will continue to be funded through the conveyance fee increase established for that purpose.

Budget Policies (Continued)

- Annual examinations of fees relative to the costs of the services provided will be performed.
- In lieu of blanket across the board appropriation reductions, services and programs will be prioritized before cuts are determined.
- Appropriations for salary and fringe benefits shall be as equitable as possible within the entire county operation.

Where does the Money Come From?

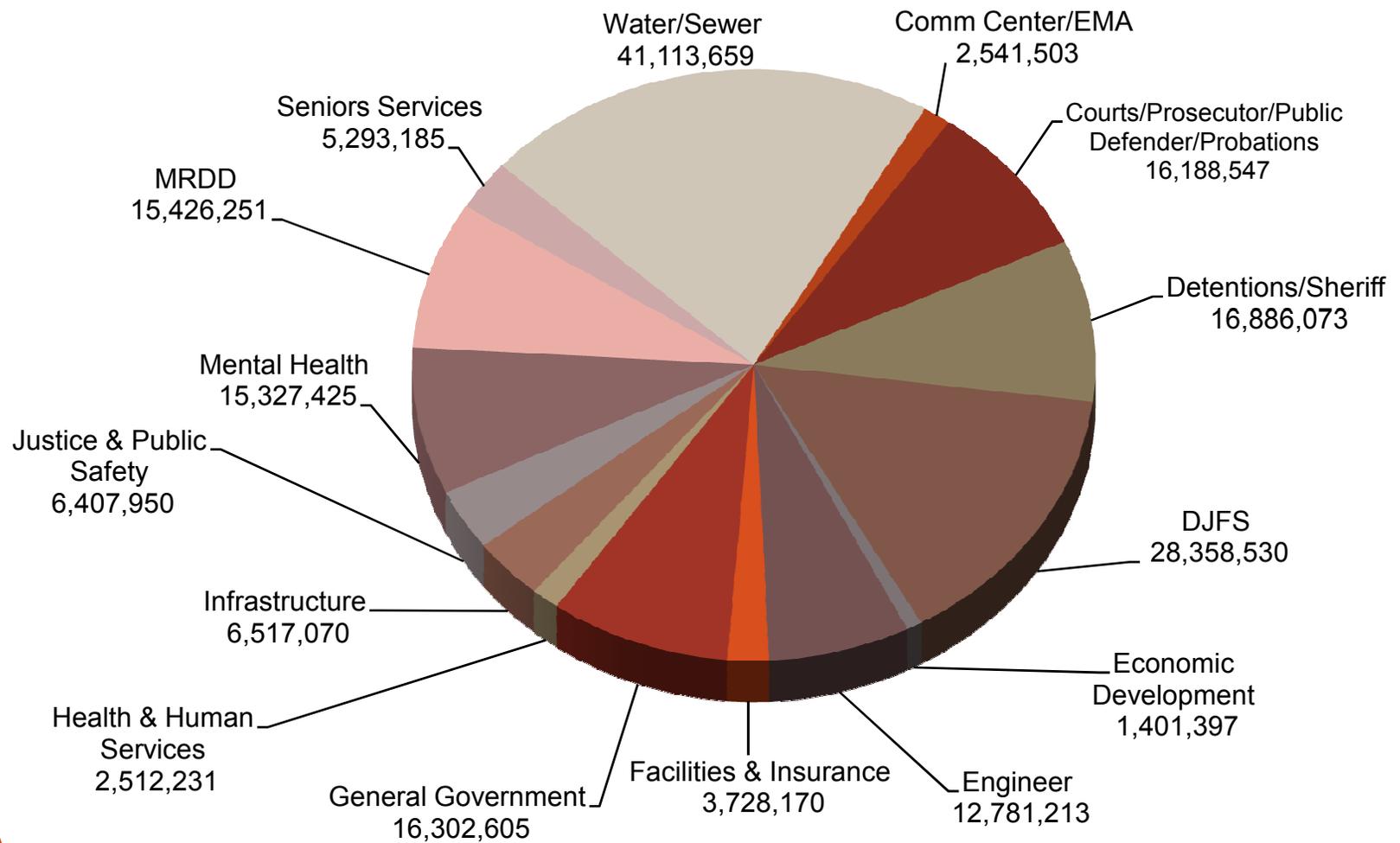
2007 Revenues - All Budgeted Funds \$191,273,058*



* Excluding Transfers

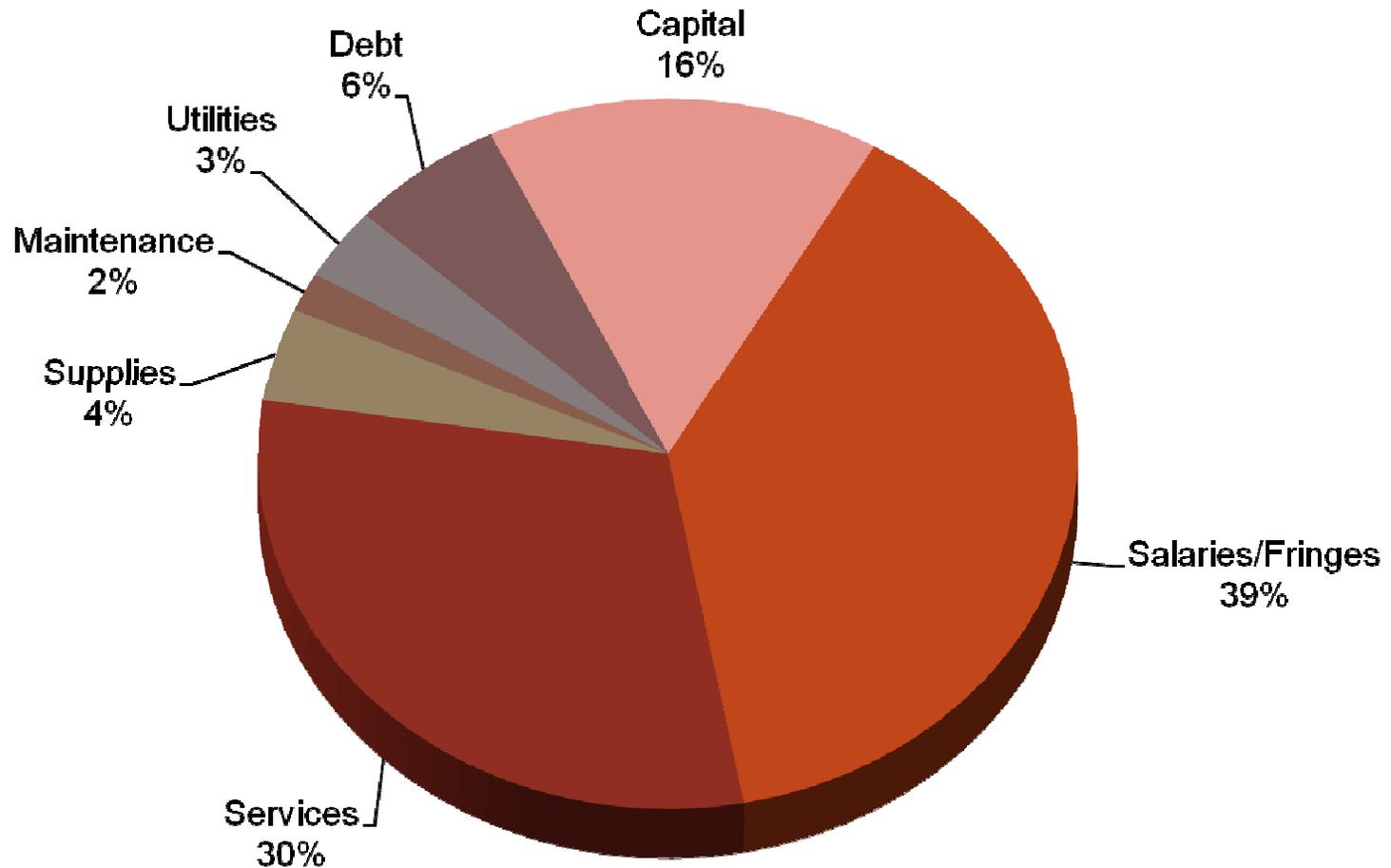
Where Does the Money Go?

2007 Expenses - All Budgeted Funds \$190,785,808*



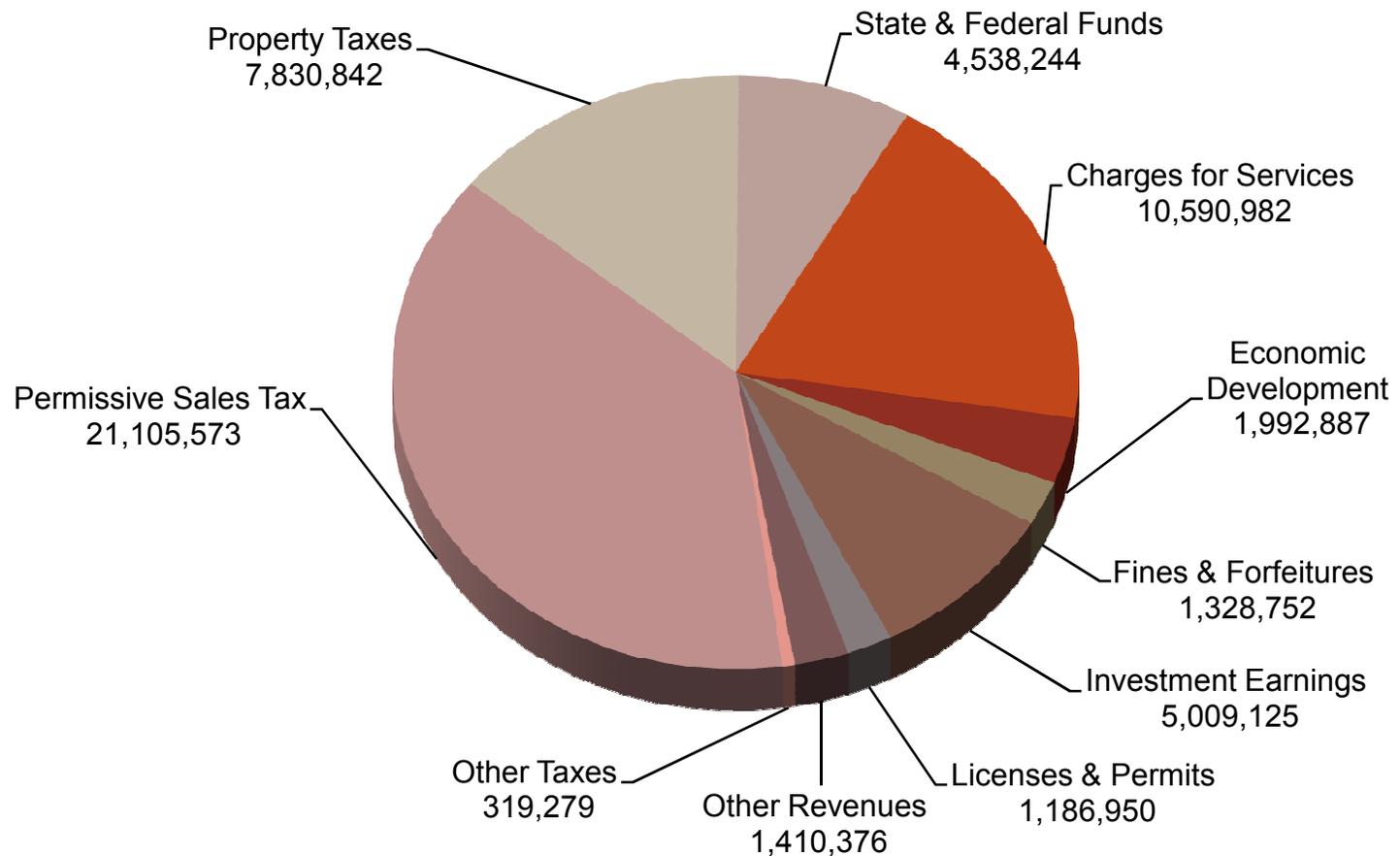
* Excluding Transfers

How Was the Money Spent?



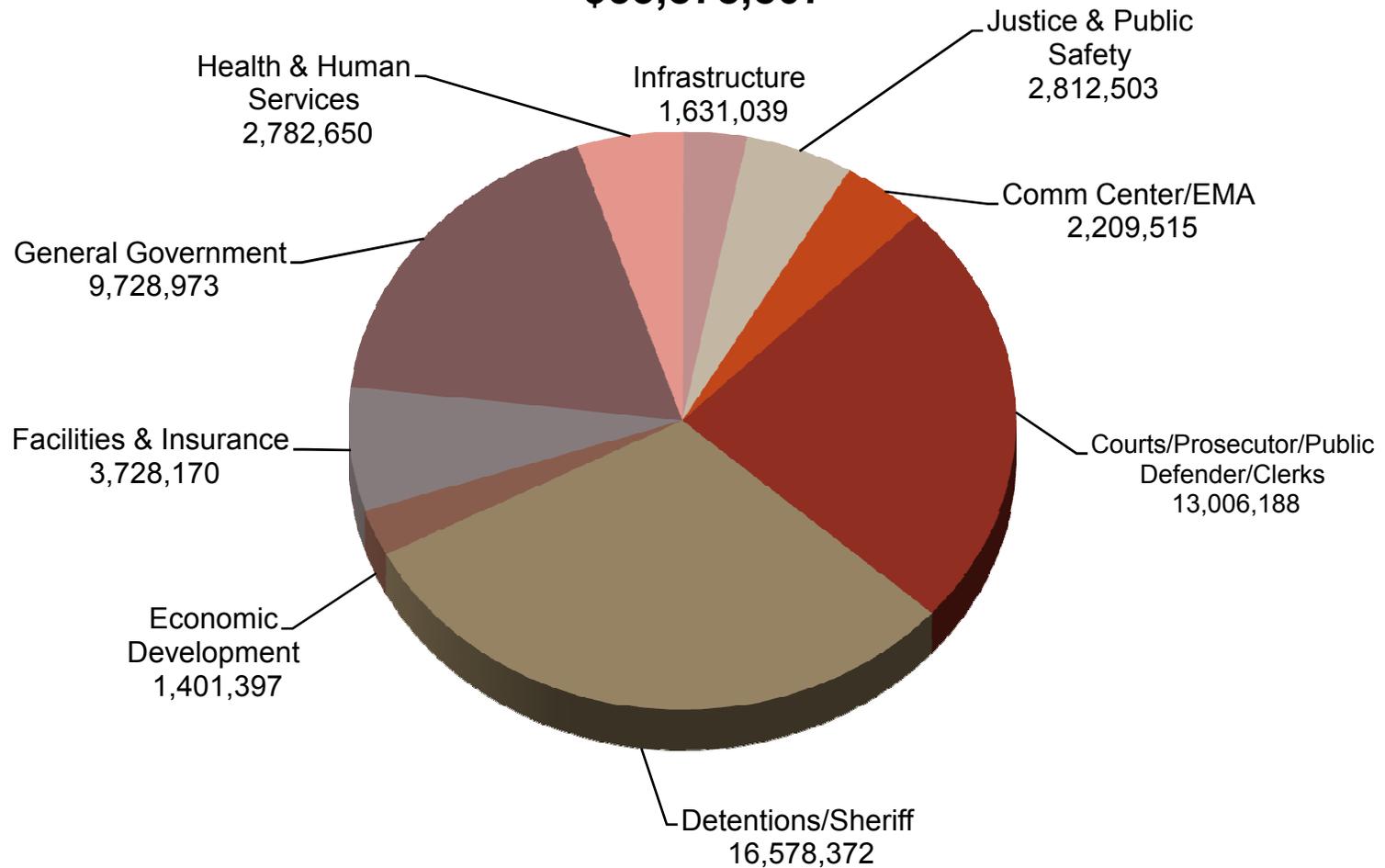
Where Does the General Fund get Money?

2007 Revenues - General Fund \$55,313,010

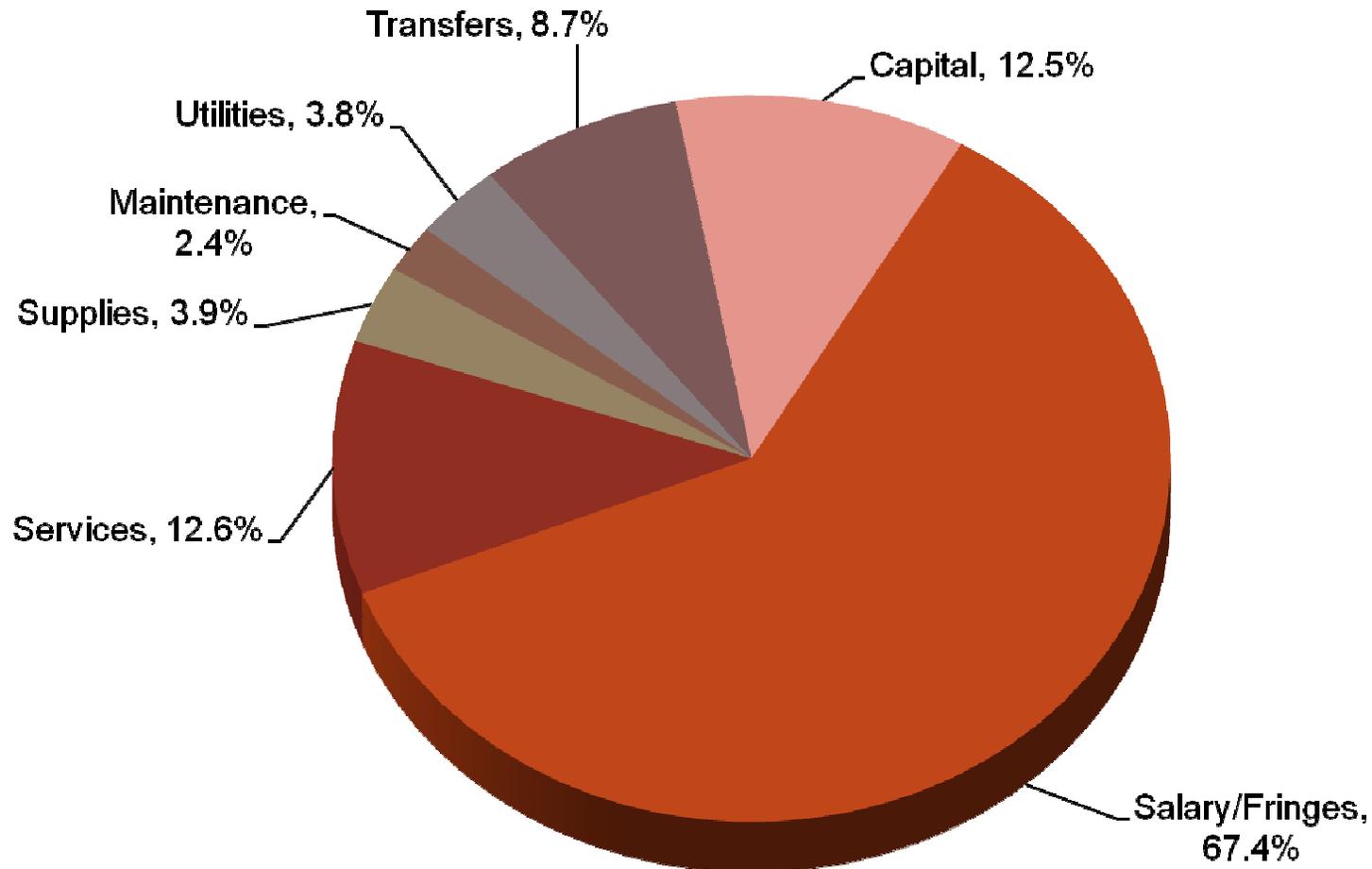


Where Does the General Fund Money Go?

2007 Expenses - General Fund \$53,878,807



How was the General Fund Money Spent?



Age of Permanent Fiscal Crisis!

- Health Care Costs – “Health Care Costs Here Skyrocketing”
(Cincinnati Enquirer 9/24/08)
- Property Valuation
- Sales Tax “leakage”
- Level of state and federal funding
- Energy and fuel costs
- Cost of children in county custody
- Future capital needs – bonding vs. pay-as-you-go

Economic Development Investment

- Obligation to the future requires aggressive pursuit of economic development in Clermont County
- Benefits
 - Residents - access to good paying jobs, employment opportunities for our children
 - Taxpayer – lower tax rates, better schools, higher quality of life, wealth accumulation
 - Local government-sales tax will increase, property taxes will increase, fees will increase without raising rates.

Economic Development - Ivy Pointe

- Purchase
 - Total original purchase by county \$8,408,879 (includes CAUV)
 - Reimbursed to county to date- \$3,109,200.
- Taxes
 - Union Township TIF/JEDD districts
 - CAUV Recoupment brought \$275,000 to taxing jurisdictions
 - Annual additional taxes of \$111,777 to all taxing jurisdictions
- Interest

YEAR	Interest rate %	Paid
2006	4.86	\$34,518
2007	5.32	\$351,867
2008	4.88	\$317.651

Economic Development - Ivy Pointe (Continued)

- Public Infrastructure Improvements
 - Completion of Ivy Pointe Blvd. (fka Ferguson Drive) including light at Clough Pike by CUC
 - Completion of utility infrastructure for entire Ivy Pointe Commerce Park by CUC
 - Partial cost of reconstruction of old Ferguson Drive
- Site Development
 - Completion of grading of site by CUC
- Office Construction
 - 100,000 sq. ft. TQL Headquarters – 700 employees
 - 100,000 sq. ft. Sencorp Headquarters under construction – 200 employees

General Fund Balance and Forecast

What can happen to the fund balance.....

- <C:\Documents and Settings\sscheetz\2008 Reports.xls>

What if the Jail had added beds in 2004....and revenues stopped growing....

- <..\2009 Budget Info\General Fund What If..Jail opened.xlsx>

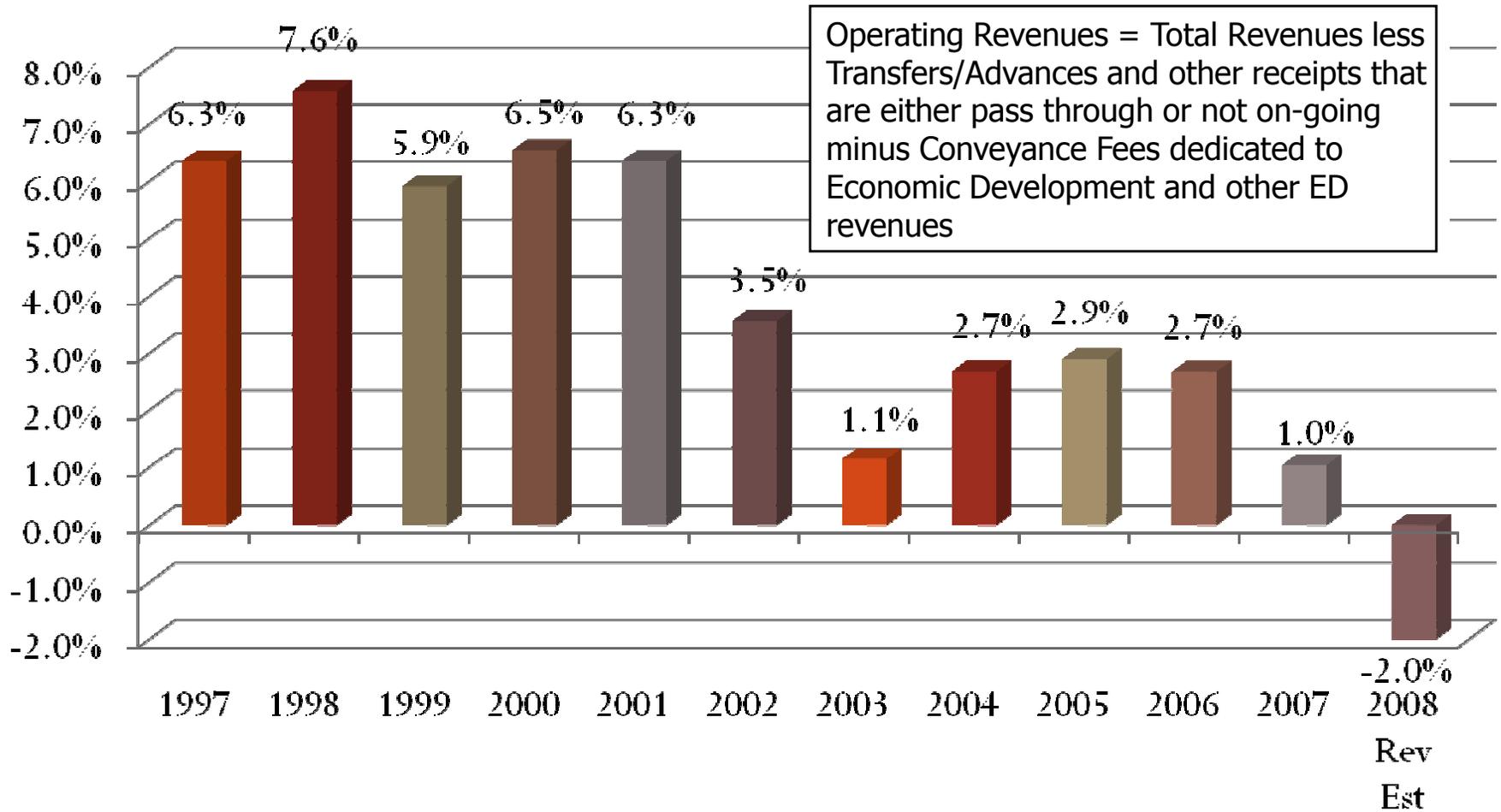


Clermont County

General Fund Summary of 2008 Revised Revenue Estimate &
Impact for 2009 Appropriations

September 26, 2008

General Fund Operating Revenue Annual Changes



2008 General Fund Revenues

Revised Estimate for Appropriation

	2007 Actual	2008 Tax Budget Estimate	2008 Appropriation Estimate	Change from Prior YTD	% Change
Property Taxes	8,150,121	8,060,803	8,072,048	(78,073)	-1.0%
Sales Tax	21,105,573	20,886,000	20,354,000	(751,573)	-3.6%
Licenses & Permit	1,186,950	1,185,887	1,194,330	7,380	0.6%
Intergovernmental	4,538,244	5,024,841	5,047,953	509,709	11.2%
Charges for Services	10,590,982	10,346,041	9,997,893	(593,090)	-5.6%
Investment Income	5,009,125	4,936,396	4,881,261	(127,864)	-2.6%
Fines & Forfeitures	1,328,752	1,325,830	1,364,201	35,449	2.7%
Other Revenues	1,318,148	1,266,171	1,254,498	(63,650)	-4.8%
Total Operating Revenues	53,227,895	53,031,969	52,166,183	(1,061,712)	-2.0%
Non-Operating	2,491,969	3,149,087	2,949,252	457,283	18.4%
Total	55,719,864	56,181,056	55,115,435	(604,430)	-1.1%

What do we have available for General Fund Appropriations in 2009?

- The 2009 General Fund Tax Budget was adopted based on a June 2008 operating revenue estimate of \$53,031,969
 - Required a reduction of \$538K from the 2008 appropriated levels
- Revised Operating Revenues using August actual and September Sales tax receipts drop the estimate to \$52,166,183...
 - A decrease of \$1,061,712 from 2007 actual (2%)
 - A decrease of \$1,301,472 from the original 2008 appropriations
- This revised revenue estimate will require some major adjustments to the adopted Tax budget to create a balanced appropriation
 - \$866,246 of cuts needed on operating revenues to become available to balance

Tax Budget Cuts from General Fund 2008 Appropriations - \$1.2M

- **Board of County Commissioners - \$0.6M**
 - Facilities vacant position and staff reductions
 - Additional Building inspection vacant position
 - Operating Capital cuts
 - Vacant Planning position
 - Emergency Management Agency contribution
 - Communications Center expense cuts
 - ISD expense reductions
 - Contingencies reduced and eliminated
 - DJFS Mandated share reduced
- **Sheriff - \$0.3M**
 - Staffing to actual pay rates and contract rates
- **Board of Elections - \$0.2M**
 - Reduction for non-Presidential year
- **Treasurer – \$0.04M**
 - Adjusted employee sharing to other funds
- **Common Pleas Court - \$0.03M**
 - Support to Mental Health probation officer
- **Juvenile Court - \$0.04M**
 - Reduced retirement appropriation
 - Adjustment to revised staffing after retirement

Tax Budget Additions to General Fund 2008 Appropriations - \$0.7M

- **Sheriff - \$0.3M**
 - Bargaining contract rate increases (3.5% for deputies/Corp/Serg)
 - New Clerk - offsets one deputy
- **Veterans - \$0.2M**
 - Increase for assistance
 - Administration expense increases
- **Board of County Commissioners – \$0.1M**
 - Environmental Reserve
 - OSU extension to full staff
- **All Elected Officials - \$0.03M**
 - Statutory pay rate increases

Issues Regarding General Fund 2009 Tax Budget

- Operating Revenue
- No Non-Bargaining Salary Actions
 - \$228K for each 1%
- No Salary Actions for Bargaining units with expired contracts
 - \$46K for each 1%
- Fuel prices impact on cost of services - \$100K est
- Increasing cost for inmate food and health care - \$100K est
- Operating Capital reductions - \$57K
- New Positions and replacement of unfunded vacant positions
 - Have added four more to the list of unfunded vacant positions - \$188K
- Postage increases - \$15K
- Assigned Counsel & Interpreter costs continue to grow

2009 Appropriation Plan

- Use the adopted Tax Budget as a starting point
- Get Non-General funds to submit updates to their tax budget request, including updated revenue estimates (Sept.)
- Meet with departments in October to individually discuss the impact to their operations if the appropriations remain at tax budget levels or less in General Fund Departments, and to discuss changes in non-general funds levels of activities
- BCC to establish strategy and priorities for allocation of new funds or cuts to existing funding within General Fund departments (Oct.)
- Preview appropriation recommendation at the November Elected Official Meeting – Offering feedback to the BCC prior to appropriation adoption
- Present appropriation to the Board for consideration (Nov.)
- Board to adopt appropriation for 2009 (Dec.)

2009 Appropriation Schedule

September 18, 2008

**Appropriation Packages
Distributed to Departments**

October 3, 2008

**Department comments
due back to OMB –
Meetings to be scheduled**

November 7-14, 2008

**Presentation to the Elected
Officials**

November 18-25, 2008

Presentation at Session

December 3, 2008

Appropriation Adoption

2008 Budget Roundtable Update

- Many different suggestions for expense cuts
 - Customer Service Area
 - Legislative Changes
 - Organizational Changes
 - Operational Changes
- No Major hitters that would eliminate the current issues
 - All suggestions accepted
 - Some can and should be implemented easily
 - Others require more involved analysis of impacts or potential savings