

2017 BUDGET MESSAGE

The 2017 budget is the 13th budget I have been involved with. Over the years I have noticed that each budget has specific challenges. The challenges for the 2015, 2016 and 2017 budgets have been similar. The county has experienced revenue loss in each of the past 3 years due to declines in oil and gas valuations. Barton County provides a variety of services to the taxpayers. Services are provided by the employees of the County. The overriding challenge for the 2015, 2016 and 2017 budgets has been how to provide quality services to the taxpayers of the county at an affordable price. The Commissioners have addressed this challenge somewhat differently in each of these budgets. To explain the 2017 budget it is necessary to review briefly the 2015 and 2016 budgets.

In 2015 the county experienced a total revenue loss of \$410,000.00. There were requests by the Sheriff to increase pay for sheriff's deputies and detention officers to make law enforcement pay competitive with other local cities and counties. The Commissioners provided a special raise for law enforcement, and provided a pay raise approximating 75 cents for other employees. The pay raises occurred because department heads all noted they had problems hiring and retaining qualified employees because Barton County pay often was not competitive with other local employers. The challenge was how to provide pay raises and continue to provide required and expected services. The commissioners met that challenge by raising the mill levy 1.732 mills.

The 2016 budget presented similar but more substantial issues. The County revenue loss for the 2016 budget was \$1,005,303.00. Simply to fund the 2016 budget at 2015 levels, with some very minor expenditure increases, the Commissioners had to raise the mill levy 6 mills. That mill increase kept most expenditures at 2015 levels, thereby enabling the County to continue to provide services local taxpayers have come to expect. There was no pay increase despite the fact department heads continued to express concerns county pay was not competitive.

The 2017 budget presents similar challenges. Once again there is a revenue loss, although the 2017 revenue loss projections are not as dramatic as in 2015 and 2016. The estimated revenue loss totals approximately \$12,000.00.

The challenges in the 2017 budget remain similar to the 2015 and 2016 budgets. There is a revenue loss, but the expenditure demands remain similar to previous years. How does the County continue to provide quality services at an affordable price? Part of the solution in the past two years was to offset revenue losses by raising the mill levy. The Commissioners made it clear early in the budget process this year that a mill levy increase was not an option. Expenditure pressures similar to past years remain an issue. Additionally, the County Attorney and the Sheriff have requested new employees, and the County Attorney has requested raises for the attorneys to make their pay more competitive with salaries paid to County Attorney and Assistant County Attorneys in other counties. There have been other requests to increase expenditures. A pay raise for employees remains an issue. The challenge for the 2017 budget has been for the Commissioners to decide what expenditure increases will occur without increasing the mill levy.

THE GENERAL FUND

The General Fund has a variety of revenue sources in the 2017 budget. The chart below shows some of the major sources of revenue. These sources of revenue remain fairly constant from year to year. Note there are transfers in from Capital Improvement and Equipment Replacement. I will explain the significance of those transfers later.

MAJOR REVENUE SOURCES - General Fund		
Ad Valorem Tax	\$ 3,795,315	55%
Delinquent Tax	\$ 25,000	0%
Motor Vehicle Taxes	\$ 441,362	6%
Recreational Vehicle Tax	\$ 6,890	0%
16/20M Vehicle Tax	\$ 7,896	0%
Commercial Vehicle Tax	\$ 41,472	1%
Watercraft Tax	\$ 2,870	0%
Neighborhood Revitalization	\$ (38,863)	-1%
Sales Tax	\$ 1,735,000	25%
Compensation Use Tax	\$ 90,000	1%
Other Tax	\$ 58,529	1%
Emergency Risk Management	\$ 24,000	0%
Sheriff, Prisoner Keep, and Others	\$ 137,611	2%
Environmental Management, Fees, and Grants	\$ 8,000	0%
Register of Deeds	\$ 130,000	2%
County Attorney, Diversion, and Other Fees	\$ 12,000	0%
District Court	\$ 75,000	1%
Motor Vehicle Operating Account	\$ 40,000	1%
Other Income	\$ 103,000	2%
Interest on Idle Funds	\$ 25,000	0%
Transfer In - Capital Improvement	\$ 52,000	1%
Transfer In - Equipment Replacement	\$ 78,000	1%
Total	\$ 6,850,082	100%

For virtually all departments the difference in expenditures between 2016 and 2017 can be attributable to the pay raise. There are some exceptions to this rule, and I will explain those now.

GENERAL FUND				
DEPARTMENT TOTALS	2016 Budget	2017 Budget	Difference	Percentage
County Commissioners	\$ 105,505	\$ 110,705	\$ 5,200	4.93%
County Clerk	\$ 277,405	\$ 308,060	\$ 30,655	11.05%
County Clerk - Election	\$ 152,450	\$ 104,850	\$ (47,600)	-31.22%
County Treasurer	\$ 181,560	\$ 195,159	\$ 13,599	7.49%
County Attorney	\$ 496,095	\$ 635,375	\$ 139,280	28.08%
Register of Deeds	\$ 120,910	\$ 124,450	\$ 3,540	2.93%
Sheriff	\$ 1,138,045	\$ 1,203,810	\$ 65,765	5.78%
Juvenile Detention	\$ 78,770	\$ 79,380	\$ 610	0.77%
Detention Facilities	\$ 1,292,991	\$ 1,324,496	\$ 31,505	2.44%
Appraiser	\$ 413,560	\$ 450,475	\$ 36,915	8.93%
District Clerk / District Expenses	\$ 416,000	\$ 416,000	\$ -	0.00%
Courthouse General	\$ 592,505	\$ 619,505	\$ 27,000	4.56%
Administrator	\$ 475,905	\$ 424,625	\$ (51,280)	-10.78%
Information Technology	\$ 182,250	\$ 136,300	\$ (45,950)	-25.21%
Finance General	\$ 589,340	\$ 684,785	\$ 95,445	16.20%
Emergency / Risk Management	\$ 63,890	\$ 64,930	\$ 1,040	1.63%
Engineering	\$ 202,295	\$ 205,575	\$ 3,280	1.62%
Environmental Management	\$ 88,925	\$ 91,015	\$ 2,090	2.35%
Communications	\$ 559,735	\$ 583,590	\$ 23,855	4.26%
Total	\$ 7,428,136	\$ 7,763,085	\$ 334,949	4.51%

The biggest change in general fund expenditures in 2017 is in the County Attorney's office. That office has an increase in expenditures of \$139,200.00. The breakdown is as follows;

Hire a new assistant county attorney	-	\$55,016.00
Hire a new support staff person	-	\$31,200.00
Increase pay for the county attorneys	-	\$34,753.00
One-time costs for new staff	-	\$10,850.00

The sheriff adds a new detective. That costs is \$36,815.00. Other sheriff expenditure increases are due to the pay raise.

There are a variety of other personnel changes, as follows:

Administration loses the finance/HR officer.

The Clerk gains a finance officer.

The Treasurer loses the financial analyst, but gains a bookkeeper

The 2d floor floater moves from the Clerk to the Appraiser

IT loses an employee.

2 employees receive raises because of new FLSA overtime rules.

There is an increase in sick leave buy back costs.

Health insurance increases, KPERS decreases.

The net effect of these changes is a decrease in overall expenditures of \$48,145.00.

There are also changes to finance general

AGENCY \ ACTION SUPPORTED	2015 Budget	2016 Budget	2017 Proposed Budget
Barton County Fair Association	\$ 25,000	\$ 25,000	\$ 26,000
Barton County Historical Society	\$ 46,500	\$ 46,500	\$ 46,500
Barton County Soil Conservation	\$ 24,650	\$ 24,650	\$ 24,650
Golden Belt Humane Society	\$ 30,000	\$ 30,000	\$ 31,500
Great Plains Development	\$ 6,890	\$ 6,890	\$ 6,890
Barton County Extension	\$ 215,000	\$ 215,000	\$ 215,000
Volunteers in Action / RSVP Medical Transport Program	\$ 8,000	\$ 14,000	\$ 14,000
Sunflower Diversified - Early Intervention	\$ 10,000	\$ 10,000	\$ 15,000
SW Kansas Agency on Aging	\$ 1,500	\$ 1,500	\$ 1,500
Teen Court	\$ 3,000	\$ 3,000	\$ 3,000
Miscellaneous Contractual	\$ 75,000	\$ 75,000	\$ 162,945
Economic Development	\$ 77,800	\$ 77,800	\$ 77,800
Community Development - Scenic Byway	\$ 10,000	\$ 10,000	\$ 10,000
Ambulance - Special Distribution	\$ 50,000	\$ 50,000	\$ 50,000
TOTAL APPROPRIATIONS	\$ 583,340	\$ 589,340	\$ 684,785

There are small increase in funding for the Humane Society, the Fair Association, and Early Childhood Education. There is an increase in Miscellaneous Contractual of \$87,945.00 to allow funding for other personnel changes should those changes occur in 2017. If there are no changes during 2017 that money can be used for cash carry forward into 2018.

NON GENERAL FUND BUDGETS

As the chart below demonstrates, most non-general fund budgets are comparable to 2016 with the exception of pay raises. There is an increase in employee benefit costs but those increases are offset by the loss of the Finance/HR person and by the loss of the IT employee.

NON-GENERAL FUND BUDGETS				
DEPARTMENT TOTALS	2016 Budget	2017 Budget	Difference	Percentage
Road and Bridge	\$ 4,770,750	\$ 4,798,630	\$ 27,880	0.58%
Noxious Weed	\$ 806,150	\$ 810,665	\$ 4,515	0.56%
Special Bridge	\$ 360,000	\$ 360,000	\$ -	0.00%
Employee Benefits	\$ 2,776,200	\$ 2,876,612	\$ 100,412	3.62%
Ambulance	\$ 465,850	\$ 465,850	\$ -	0.00%
Mental Health	\$ 125,000	\$ 125,000	\$ -	0.00%
Developmental Disability	\$ 70,000	\$ 70,000	\$ -	0.00%
Health	\$ 1,417,454	\$ 1,419,785	\$ 2,331	0.16%
Special Liability	\$ 93,000	\$ 93,340	\$ 340	0.37%
Cemetery \ Memorial Parks	\$ 40,000	\$ 40,000	\$ -	0.00%
Solid Waste	\$ 1,174,310	\$ 1,184,240	\$ 9,930	0.85%

SUMMARY

One might ask how the budget balances when the mill levy stays stable, there are no other revenues to replace the other revenues that were lost, and expenditures increase. The Commissioners have balanced this budget by using reserves. I mentioned earlier that there were transfers to the general fund from Capital Improvement and Equipment Replacement totaling \$130,000.00. Those two transfers balance the budget. It is also unlikely there will be any year- end transfers into the general fund at the end of 2016 or 2017.

The Commissioners made a significant policy decision to balance the budget with reserve moneys. This is the equivalent of a household using saving to balance a budget. As everyone knows, one can use savings for a time but consistent use of savings over time will deplete a savings account and is not sustainable. The County presently has very healthy cash reserves in the Capital Improvement and Equipment Replacement Accounts and will continue to have healthy cash reserves when the transfers occur in 2017. A one -time transfer of reserves will not adversely impact the County's reserve position.

Is this action sustainable? It is certainly unclear what the 2018 budget will look like, but the 2018 budget has been very much in the minds of the Commissioners as they prepared the 2017 budget. There will be a tax lid in place for the 2018 budget. However, staff has learned that increases in oil and gas valuations will not be impacted by the tax lid as that law is presently written. If oil and gas valuations increase in 2018 the County will get the benefit of those increases. If those valuations do not increase, the Commissioners will have other options they many consider to balance the 2018 budget. In order to satisfy the requests of the County Attorney, the Sheriff, and other requests I have mentioned, the Commissioners have made what hopefully will be a one-time decision to use some reserve moneys to fund the 2017 budget.

I want to thank the elected officials, department heads, and supported agency heads for their assistance in preparing the 2017 budget. I also want to recognize the hard work the Commissioners put into the budget. The Commissioners have worked on budget issues since June and have made some difficult decisions. It is always clear while those budget discussions occur that although the Commissioners do not always agree on details that the Commissioners have the best interests of the County at heart.