

ALLEGHANY COUNTY
County Manager's Fiscal Year 2015-2016
Budget Message

June 1, 2015

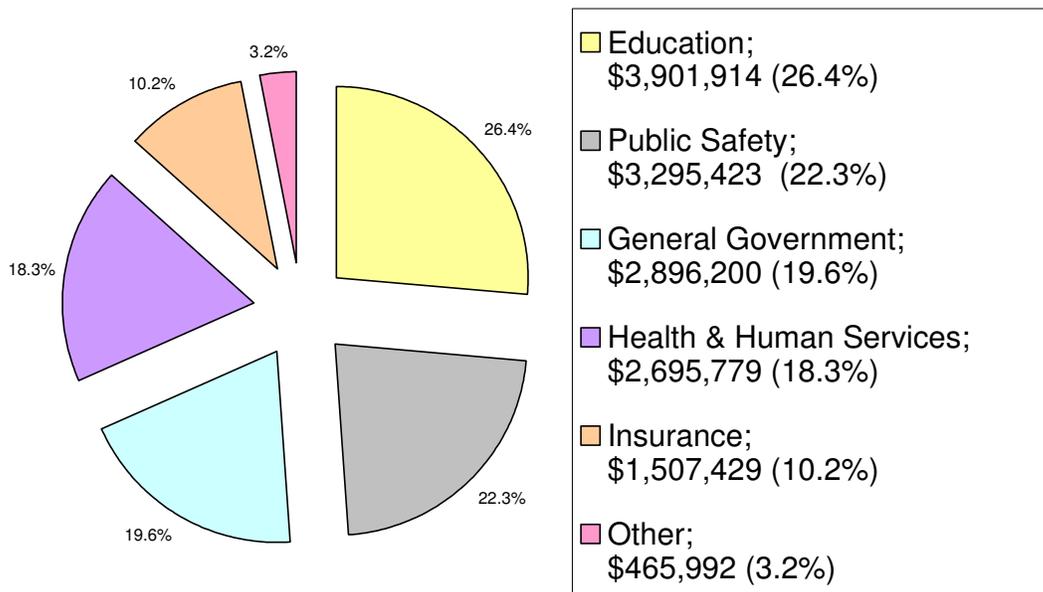
Alleghany County Commissioners,

The proposed Fiscal Year (FY) 2015-16 Annual Budget for Alleghany County is in the amount of \$14,762,737. This proposal constitutes an approximate increase of 0.24% (\$35,312) over the FY 14-15 amended budget. The budget is balanced and prepared in accordance with the Local Government Budget and Fiscal Control Act, presenting appropriations by categories of expense and revenues by source.

EXPENDITURES HIGHLIGHTS

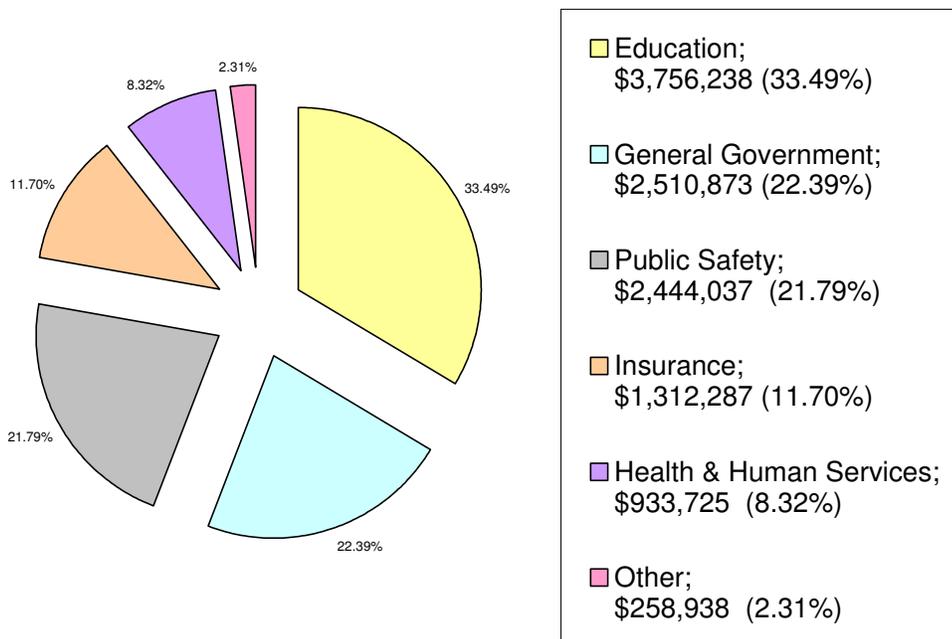
The following pie charts illustrate Alleghany County's proposed "Total Expenditures By Function" and "Property Tax, Sales Tax and Undesignated Revenues Expended By Function".

Total Expenditures By Function- \$14,762,737



Property Tax, Sales Tax, Undesignated Revenues Expended By Function -
\$11,216,098

The “Property Tax, Sales Tax, Undesignated Revenues Expended By Function” chart is derived from the “Total Expenditures By Function” chart by removing the grants, reimbursements and other revenues from the corresponding expenditures. This portrays an accurate example of where the County’s property tax, sales tax and undesignated revenue dollars are actually being expended.



CATEGORICAL OVERVIEW

PERSONNEL

The proposed FY 15-16 budget contains personnel recommendations. The recommendations include:

1. Longevity pay plan adjustments
2. Position and grade/pay adjustments
3. New grant funded positions
4. State cost share modifications for Cooperative Extension employees
5. Comprehensive classification and pay study

Allegheny County’s current longevity plan pays employees an additional 0.4% (.004) of their base salary for every year of service. This amount of separation was implemented by the Allegheny County Commissioners effective this current Fiscal Year 2014/2015. Recognizing every year of service by 0.4% (.004) creates a separation in pay between employees with the same job based upon years of service. It is now recommended to make a final increase of the separation in pay from 0.4% (.004) to .5% (.005).

It is also recommended that the current policy on how years of service are calculated be modified. Current policy dictates that years of service be calculated from the most recent date of hire. Employees currently do not get credit for previous years of service. It is recommended that employees get credit for all direct years of service with Alleghany County. The proposed modifications to the existing longevity plan will cost the County's General Fund approximately an additional \$46,474. Approximately \$7,218 will be reimbursed to the County from Social Services (State), Transportation (State) and Roaring Gap leaving the estimated costs to the County's General Fund at approximately \$39,256.

It is recommended that the current Planning Director/Inspector – Grade 68 be moved to a Grade 69. This recommendation is part of an ongoing plan to replace retiring inspection personnel with other qualified personnel. The current Planning Director/Inspector has recently received all Level III inspection certifications in FY 2014/2015 and will assume all responsibilities for both planning and inspections in FY 15/16. The proposed grade adjustment will cost the County's General Fund approximately an additional \$1,965 (includes FICA and retirement).

The current Jail Administrative Assistant performs all of the functions of a Deputy Sheriff without the appropriate pay or retirement benefits. It is recommended that the current Jail Administrative Assistant position (Grade 61) be eliminated and replaced with an additional Deputy Sheriff position (Grade 62). This proposal will cost the County's General Fund approximately an additional \$4,108 (includes FICA, general & law enforcement retirement and holiday pay).

The Alleghany County Sheriff will receive a Governor's Crime Prevention grant to fund temporary full-time and part-time positions (previously approved by the Alleghany County Commissioners). The grant will fund two full-time Deputy Sheriffs at a Grade 62. The grant will also fund one part-time (10 hours per week) Victims Advocate at a rate of \$12.32 per hour. The grant will fund these positions for one-year.

The Alleghany County Recreation Department currently employs seasonal workers to perform several duties. Some these positions include lifeguards, field crew supervisors, field crew workers and scorekeepers. Since these positions are seasonal, Alleghany County is legally able to employ these workers at wages that are not consistent with minimum wage requirements. Although this saves money, it has made it difficult to find employees. It is recommended that Field Crew Supervisors be paid \$8.25 per hour and Field Crew / Score keepers be paid \$6.25 per hour or \$7.25 per hour depending upon their years of service. Additional funds are not being requested. The amount of service hours will be reduced to offset the additional costs.

In FY 09-10 the Alleghany County Board of Commissioners made position grade modifications within Administration, Finance, Emergency Management, Tax Office, Mapping/E911 Office, Register of Deeds Office, Inspections, Planning, Recreation, EMS, Transportation Administration, Soil & Water, Public Works, Social Services and Board of Elections (FY 10-11). These changes positively impacted approximately 63% of our full-time workforce leaving the remaining 37% unaddressed.

The positions that were not reviewed are full & part-time Deputies, full & part-time Dispatchers, full & part-time Jailers, full & part-time Transportation Drivers, the Janitorial position, Transportation Dispatcher, the Veteran's Service Officer, the County Manager, the elected Register of Deeds and the elected Sheriff.

Due to the time span that has occurred since the grade modifications mentioned above were approved, practically all departments are beginning to raise issues related to pay rates. The pay rate issues cover a variety of areas. The primary areas of concern relate to positions being underpaid, position Grade changes due to change of duties and position Grade changes due to additional needs within a department. The recommended longevity adjustments within this Budget Message will significantly address issues related to separating pay between years of service. The recommended longevity adjustments do not address issues related to pay rates. I do not recommend addressing pay rate issues on an individual department basis. Addressing pay rate issues on an individual basis causes dissention amongst the various departments and becomes a significant morale issue. It is recommended that a comprehensive professional salary study be performed to identify any salary issues for the entire County operations. A comprehensive professional salary study will cost the County's General Fund \$13,400.

The North Carolina Cooperative Extension Service (NC State University) has made some significant modifications in regards to cost sharing personnel with Counties. More specifically three positions have been impacted within Alleghany County. The positions are full-time Secretary II, part-time Administrative Secretary and full-time Family Consumer Science. The NC Extension service has issued a policy that they will cost share with only one secretarial position per County at a 50/50 rate. Alleghany County's cost share for the full-time Secretary II position has moved from 35% County to 50% County. It is proposed to fully fund this new cost share modification. Alleghany County's cost share for the part-time Administrative Secretary position has moved from 35% County to 100% County. It is proposed to fund this new cost share modification with a reduction in hours by eight hours a week. The Family Consumer Science position has been vacant for years due to the State's inability to fund their portion of the costs. NC Extension's new policy is to encourage the sharing of this position amongst two or more Counties. It is proposed to share this position 50/50 with Surry County. The costs of this position would be split three ways: 33.3% Alleghany, 33.3% Surry and 33.3% State. All of these proposals will cost the County's General Fund an additional \$38,819.

INSURANCE / RETIREMENT

Alleghany County participates in the NC Association of County Commissioners' Liability/Property and Workers' Compensation insurance pools. Health Benefits have been contracted with Blue Cross Blue Shield. Alleghany County also carries insurance involving employee bonds, inmate hospitalization and unemployment. Alleghany County's overall FY 15-16 insurance is proposed to decrease by \$38,351 or 2.48% under the amended FY 14-15 budget.

Alleghany County contracts with Mark III Employee Benefits consulting firm to broker the County's health insurance plan at a cost of \$15,000 per year. Due to the fact that Alleghany County employees achieved 100% of the goals set forth by the Blue Cross Blue Shield wellness program, Mark III was able to reduce our current health benefits costs per person by 5.1%.

\$5,000 dollars has been budgeted in FY 2015/2016 to continue the successful comprehensive wellness program. It is recommended that the County revise its current policy on health insurance for retirees who are eligible for Medicare.

More specifically it is recommended that all **new hires** after the effective date of action no longer be eligible for retiree health insurance after becoming eligible for Medicare. It is also recommended that an alternative Medicare supplement policy be examined by legal staff and insurance consultants to see if there are other options for those who are Medicare eligible. This research would be for existing employees and existing retirees with the understanding that benefits would not be reduced once the retiree becomes eligible for Medicare.

The property/liability insurance has decreased by \$7,194 or 6.73%. The workers' compensation has increased by \$5,211 or 5.17%. The inmate liability insurance is projected to increase by \$500 or 5.88%. Employee bonds are projected to remain the same while unemployment is projected to significantly decrease. The County contributes 6.78% to general employee retirement and 7.15% to law enforcement retirement.

CAPITAL & CAPITAL IMPROVEMENTS

There are capital and capital improvement needs that should be addressed in FY 15-16. The proposed capital and capital improvements are broken down into three categories: 1. Proposed loan to purchase capital & capital improvements. 2. Proposed general fund direct expense to purchase capital & capital improvements. 3. Proposed grants & other funding sources to purchase capital & capital improvements.

PROPOSED LOAN

Department	Description	Total Loan Amount
Sheriff	2 Sedan Cruisers - \$29,000 each. Includes decals, lights & radios	\$58,000
Emergency Management	Fire Tower Burn Area - \$15,305 Fire Tower Outside Stairs - \$34,994	\$50,299
EMS	Ambulance - \$120,000 Stryker XT Power Stretcher - \$14,584	\$134,584
Soil & Water	No-Till Drill	\$21,000
Maintenance	Zero Turn Mower - \$6,200 Floor Buffer, Stripper, Scrubber - \$6,800	\$13,000
	Total Proposed Loan Amount	\$276,883
	Debt service payment based upon a 5-year loan, two payments per year at 2.5% interest. <u>Annual Impact to General Fund.</u>	<u>\$59,255</u>

PROPOSED GENERAL FUND DIRECT EXPENSE

Department	Description	Amount
Forestry Service	Ford 350 with tank, pumper, lights, radio (40% cost to County)	\$17,914
Jail	Flooring & Other Repairs	\$11,000
WCC – Alleghany	Video Security : Rollover from FY 14-15	\$3,920
Social Services	3 Computers	\$3,424
Administration	1 laptop computer with MS Office	\$1,000
Cooperative Extension	1 laptop computer	\$650
	<u>Total General Fund Direct Expense</u>	<u>\$37,908</u>

PROPOSED GRANTS & OTHER FUNDING SOURCES

Department	Description	Amount & Source
Sheriff	9 Mobile Data Terminals	\$18,999 - Grant
Emergency Management	Roof on House at Safety Facility - \$9,510 Electric Service - Propane Trainer - \$2,680 Fire Tower Repelling Anchors (4) - \$1,780	\$13,970 – Safety Fund
	<u>Total Grants & Other Sources</u> <u>(No impact to General Fund)</u>	<u>\$32,969</u>

ALLEGHANY COUNTY BOARD OF EDUCATION

Current Expense

The school’s initial request number presented to the Finance Office is \$3,475,802. At this point Alleghany County has not received any detailed information in regards to this requested amount. It is currently proposed to allocate \$2,518,117 to the schools for FY 15-16. This proposal constitutes level funding from current FY 14-15 and is \$957,685 less than the requested amount.

It is recommended that the Alleghany County Board of Commissioners and the Board of Education hold a joint meeting in the Fall of 2015. The primary topics of the proposed joint meeting should be centered around any constraints imposed upon the school system as a result of the State budgeting process and long-term strategies on how to deal with these constraints. Although Alleghany County has been realizing some minimal revenue growth in sales taxes, this minimal growth comes nowhere near meeting requests such as the one above. It is recommended that the two Boards meet to have an open dialogue regarding the budgetary constraints and any possible solutions to the issues.

Capital – School Capital Reserve Fund

State law requires that 30% of the Article 40 (½ cent) sales tax and 60% of the Article 42 (½ cent) sales tax go to schools for capital. It is also now law that Counties are to hold school systems harmless in regards to the Medicaid swap deal with the State. The mandated 30% of Article 40 and 60% of Article 42 portions to schools are not required to be applied to food sales. The NC Department of Revenue has changed its reporting format to the Counties to reflect food sales separately from other sales. The NCACC has developed a methodology for calculating the mandated portion to schools. It is estimated that the mandated portion that will go to the school's reserve fund is \$515,919 in FY 15-16. (Note: This number does not include any rollover funds from the previous year.)

SPECIAL APPROPRIATIONS

There are many agencies that have requested funds under the special appropriations category. I have divided these groups into five categories: 1. Grants & Mandates 2. Volunteer Safety 3. Primary Core Functions 4. Secondary Functions 5. New Items & Continuing Items.

Grants & Mandates

This category includes the Juvenile Crime Prevention Council (JCPC), CSC fines & forts, deed stamps, transfer to register of deeds enhancement fund, transfer to re-evaluation fund, occupancy tax and ACTV support (formerly Channel 50/21). The JCPC program is mainly funded through grant sources. CSC fines & forts, deed stamps and transfer to register of deeds enhancement fund are mandated by law. \$40,000 is proposed to remain in the budget to save for re-evaluation. The occupancy tax is a pass through to the Tourism Development Authority Fund and ACTV support (formerly Channel 50/21) is a pass through of PEG channel revenues to our local public television station.

Volunteer Safety

This category includes Sparta-Alleghany Volunteer Fire Department, Piney Creek Volunteer Fire Department, Glade Creek Volunteer Fire Department, Laurel Springs Volunteer Fire Department, Cherry Lane Volunteer Fire Department, Alleghany County Volunteer Rescue Squad and the volunteer Fire Commission. Funding for the Fire Departments and Rescue Squad is proposed to be increased by 2%. It is proposed that the Fire Commission receive \$124,100 in FY 15-16. The \$124,100 is comprised of \$90,000 to match equipment grants for the Departments (\$15,000 each), \$20,500 to be used to reimburse each Department for contributions made on behalf of each member for retirement, \$10,600 to be used to purchase supplemental accidental / workers compensation for the Department members and \$3,000 to be used mainly to buy supplies for the Fire Parade and fire safety school kits for all PK – 2 students.

Primary Core Functions

This category includes the Alleghany County Public Library, Appalachian District Health Department, Smoky Mountain Center, Alleghany Council on Aging, Wilkes Community College (Alleghany County Campus), NC Forestry Service and the Alleghany County Group Homes. I have classified these entities as primary core functions for several reasons. Health Department and Mental Health services are State mandated County functions and provide vital services to our citizens. The Public Library is our County's largest literary resource. Council on Aging's primary functions are to provide meals and in-home-aid services to the elderly. They are the largest provider of these services in the County. Wilkes Community College is the only provider of secondary education in Alleghany County. Their joint efforts with the Alleghany County School System have dramatically increased educational opportunities within our County. WCC also plays a major role in continuing education programs for our new and existing employers. The NC Forestry Service provides forestry management planning to our community for a fee and is a valuable resource with our Fire Departments when fighting forest fires. Alleghany County Groups Homes is the only significant provider of life skill services and employment opportunities to our mentally challenged population group.

It is recommended that the Alleghany County Public Library, Appalachian District Health Department and Wilkes Community College (Alleghany Campus) receive a 2% increase in funding. It proposed that Smoky Mountain Center, Alleghany Council on Aging and Alleghany County Group Homes remain at current FY 14-15 funding levels as requested by each of these agencies. It is recommended that the NC Forestry Service receive \$74,575 which represents an \$18,092 (32%) increase over current FY 14-15. \$17,914 of this proposed increase represents the 40% match for the service truck previously mentioned and \$178 is a small incremental increase to budget the remaining 40% match of their operating budget.

Secondary Functions

Funded entities in this category include the Blue Ridge Opportunity Commission (BROC), Alleghany Arts Council, Alleghany Arts Guild, Alleghany Planning Committee, Alleghany County Health Advisory Council, Alleghany Connections, Alleghany Wellness Center, American Red Cross, Appalachian Senior Programs, Blue Ridge Business Development Center, Alleghany Memorial Hospital, Sparta Revitalization and Fireworks.

It is recommended that BROC, Alleghany Planning Committee, Alleghany Health Advisory Council, Alleghany Wellness Center, American Red Cross, Appalachian Senior Programs, Sparta Revitalization and Alleghany Memorial Hospital remain at current FY 14-15 funding levels.

It is recommended that Alleghany Connections be funded at their reduced request of \$1,010. Alleghany County's portion (50%) of the costs for the July 4th fireworks show has increased by \$500 to a total amount of \$3,000 (Note: the Town of Sparta also contributes \$3,000 towards this show). It is requested that the Blue Ridge Business Development Center receive an additional \$8,000. The main purpose for these additional funds are to financially partner with Wilkes Community College (Alleghany Campus) to staff the front receptionist's area of the facility.

The Alleghany Arts Council has received grant funds from the NC Arts Council for many years. The NC Arts Council will now start granting these funds to the Arts Guild instead of the Arts Council. Alleghany County funds have always been used to match the NC Arts Council grant funds. It is proposed to move the \$5,625 normally budgeted for the Alleghany Arts Council to the Alleghany Arts Guild.

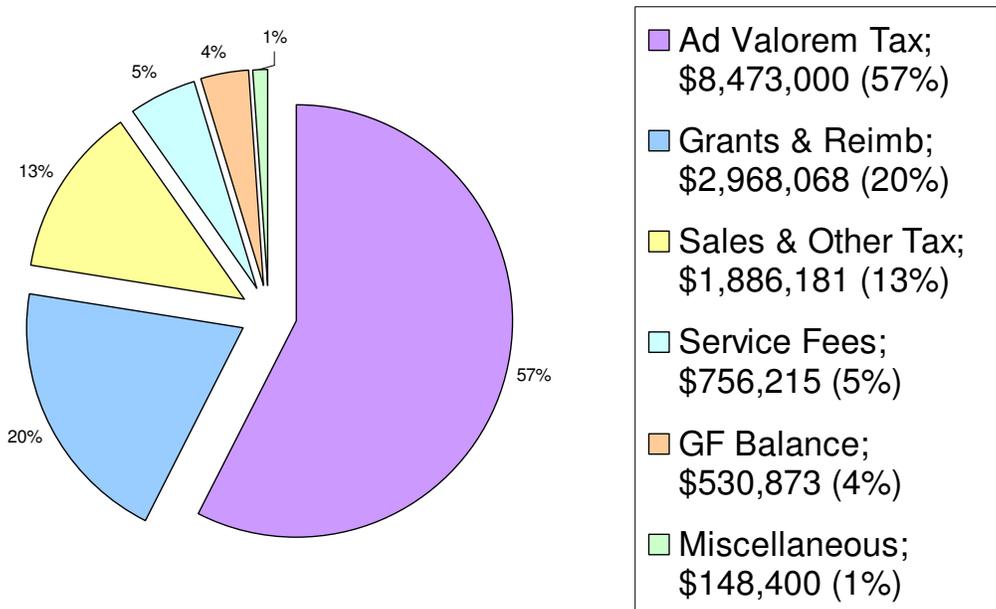
Continuing & New Items

Proposed continuing items include budgeting \$15,000 for legal costs associated with the New River Behavioral Health closing, budgeting to save the 2nd \$35,000 reserve amount to go towards the purchase of new voting machines and \$11,520 to complete and pay for ongoing costs associated with security elements at six facilities.

Proposed new items include budgeting \$1,500 for bank service fees, budgeting \$15,000 to transfer to the Transportation Operational Fund to offset losses due to the “ED” program, budgeting \$5,400 for additional drug, alcohol and background checks and budgeting \$26,800 for emergency services communications.

REVENUE HIGHLIGHTS

Counties rely on many revenue sources to fund their initiatives. Allegheny County's main revenue categories are ad valorem taxes, grants & reimbursements, sales & other taxes, service fees, miscellaneous and general fund balance appropriation. The County Commissioners have direct control over ad valorem taxes and some service fees while economic conditions and local/state initiatives determine the other revenues. The following pie chart illustrates Allegheny County's proposed Revenues By Source.



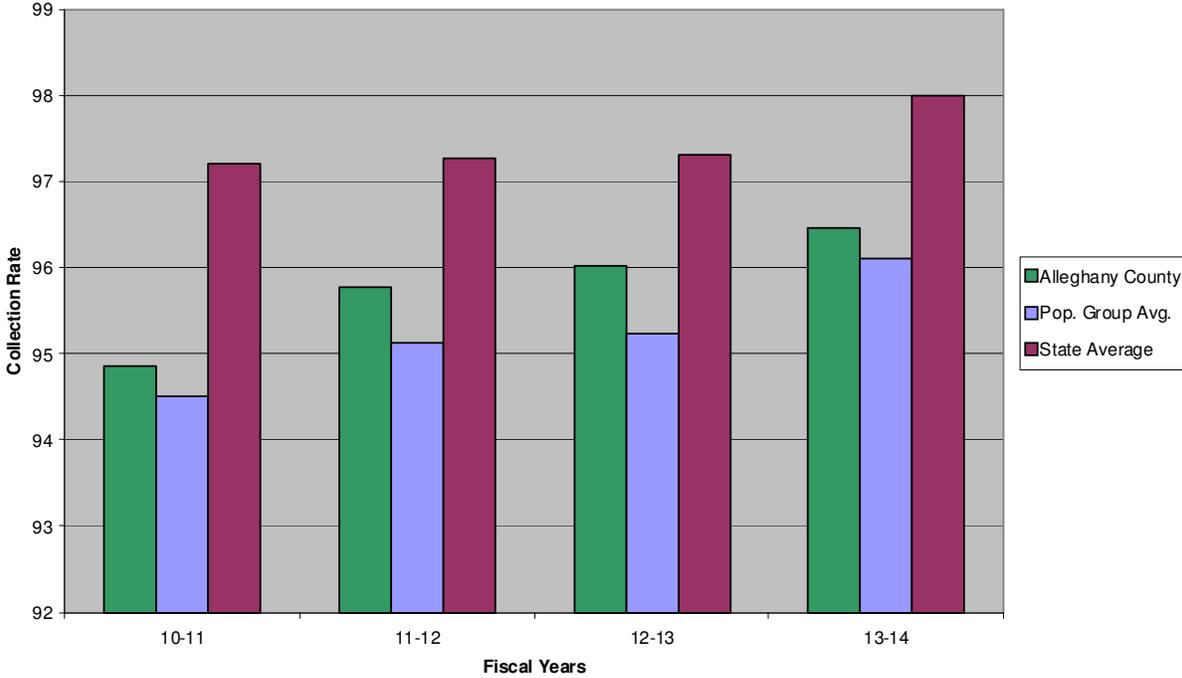
TOTAL BUDGET - \$14,762,737

AD VALOREM TAXES

Approximately 57% (\$8,473,000) of the County's budget is proposed to be funded by the property tax. The proposed \$8,473,000 is comprised of \$8,030,000 from FY 15-16 property taxes, \$350,000 from prior year taxes and \$93,000 from penalties/ interests/ garnishments for late payments.

State law dictates that a County can utilize at a maximum the last audited collection rate when estimating future tax collections. Allegheny County's Fiscal Year 13-14 audited collection rate was 96.46%. The graph below shows Allegheny County's collection rates in comparison to the average collection rates throughout the State.

ANALYSIS OF PROPERTY TAX COLLECTION RATES



GRANTS AND REIMBURSEMENTS

Grants and reimbursements account for approximately 20% (\$2,968,068) of the County’s proposed revenues. Major reimbursement/grant highlights include \$1,463,471 in DSS administration reimbursements, \$298,583 in Child Development Administration, \$170,232 in Medicaid hold harmless payments, \$131,132 (85% of costs) for the administration of the Transportation System, \$107,522 for Roaring Gap Deputies, \$45,677 reimbursement from the Board of Education and Federal Government to offset additional Glade Creek School Debt, \$56,055 Juvenile Crime Prevention Council grant, \$36,615 Emergency Management grant and a \$23,662 Soil & Water Grant.

The Sheriff has been awarded two grants from the Governor’s Crime Commission in the amounts of \$14,999 and \$98,741. These funds are proposed to be used to hire two temporary full-time deputies, 1 part-time victims advocate and to purchase nine mobile data terminals.

This category also includes revenue items such as other reimbursements/grants for Social Services, Transportation, Veteran’s Administration, Council on Aging, NW Library, dispatch salary, pin equipment, gas reimbursements, utility reimbursements and all transfers from other funds.

SALES & OTHER TAXES

Sales and other taxes account for approximately 13% (\$1,886,181) of the County's proposed revenues. Alleghany County receives tax revenues from the State wine/beer tax, the ABC liquor tax, cable franchise tax, PEG channel tax, occupancy tax, tax on ABC bottles for drug enforcement and sales taxes Article 39 (1 cent), Article 40 (1/2 cent) and Article 42 (1/2 cent).

The State wine/beer tax should remain constant. The ABC liquor tax is projected to decrease while the ABC bottle tax for drug enforcement will remain constant. The cable franchise tax will remain constant. The PEG channel tax is projected to decrease due to the increase in PEG channels statewide (constant statewide revenue split amongst all PEG channels evenly). The occupancy tax is projected to remain constant.

Article 39 is a 1 cent sales tax revenue that is determined by the amount of sales generated directly in Alleghany County (point of delivery). There is a clause in the Medicaid / Sales Tax swap made with the State that requires towns to be held harmless. The hold harmless funds are removed from this revenue and distributed to the Town of Sparta. It is projected that Alleghany County will receive a 6.15% increase in these revenues from FY 13-14 to current FY 14-15. It is recommended that \$662,299 be budgeted in FY 15-16 for Article 39 revenues. This recommendation constitutes a projected 4% growth in these revenues.

Article 40 is a 1/2 cent sales tax revenue that is based on Statewide sales and distributed to the Counties based on population. It is projected that Alleghany County will receive a 7.96% increase in these revenues from FY 13-14 to current FY 14-15. It is recommended that \$658,771 be budgeted in FY 15-16 for Article 40 revenues. This recommendation constitutes a projected 4% growth in these revenues.

Article 42 is a 1/2 cent sales tax revenue that is determined by the amount of sales generated directly in Alleghany County (point of delivery). There is also an adjustment factor applied on how this tax is applied to food statewide. It is projected that Alleghany County will receive a 6.42%% increase in these revenues from FY 13-14 to current FY 14-15. It is recommended that \$377,211 be budgeted in FY 15-16. This recommendation constitutes a projected 4% growth.

SERVICE FEES

Service fees account for approximately 5% (\$756,215) of the County's proposed revenues. Revenues included in this category are line items such as Register of Deeds fees, building inspection fees, recreational fees, fire inspection fees, County beer & wine fees, court fees, jail telephone fees, all Sheriff Department fees, sod seeder rental fees and Town of Sparta tax collection fees. All of these fees will remain relatively constant and are budgeted to reflect actual FY 14-15 receipts. It is anticipated that EMS receipts will be \$360,000 in FY 15-16.

The boarding of State, Federal and other County inmates is a volatile revenue source and is difficult to predict. It is anticipated to receive approximately \$91,500 in current FY 14-15 for these services. It is recommended to budget a conservative \$80,000 in FY 15-16 for these services. The proposed jail budget does not reflect the cost of housing a significant amount of State, Federal and other County inmates. If the jail begins housing a significant number of these inmates, then Allegheny County will need to adjust the jail operating budget to accommodate the additional expenses.

MISCELLANEOUS

Miscellaneous revenues account for approximately 1% (\$148,400) of the County's proposed revenues. These revenues include interest earned on investments and/or banking costs, lottery proceeds, CSC fines and forts, drink/snack machine revenues, utility capital credits and copy charges. The final lottery amount received will be dictated by the State budget process. The CSC fines / forfeitures reflect current year receipts and are mandated to be transferred to the schools. All other revenues will remain fairly constant.

GENERAL FUND BALANCE

General Fund balance appropriation accounts for approximately 4% (\$530,873) of the proposed revenues. Historical data has proven that normally \$300,000 to \$400,000 of the General Fund balance appropriation is not actually utilized. If history continues to repeat itself, then there is a good chance that only \$130,000 to \$230,000 will be utilized. If revenues continue to improve such as this year (i.e. improved tax collections, improved sales tax increases, additional inmate revenues), then a smaller amount of the fund balance will be used.

It is projected that the General Fund Balance will be approximately \$3,030,000 the end of current FY 14-15. This equates to an approximate 21.5% fund balance. Allegheny County should always keep at a minimum 16.67% (two months operating expenses) fund balance. I have always recommended that a 20-30% fund balance is the optimal fund balance goal.

PROPOSED REVENUE-NEUTRAL TAX RATE

North Carolina General Statute 159-11 (e) dictates that the budget officer shall include in the budget a statement of the revenue-neutral property tax rate for the budget. This law defines a revenue-neutral property tax rate as "the rate that is estimated to produce revenue for the next fiscal year equal to the revenue that would have been produced for the next fiscal year by the current tax rate if no reappraisal had occurred". The law further states "to calculate the revenue-neutral tax rate, the budget officer shall first determine a rate that would produce revenues equal to those produced for the current fiscal year and then increase the rate by a growth factor equal to the average annual percentage increase in the tax base due to improvements since the last general reappraisal".

Determination of Tax Rate to Produce Equal Revenues Plus Growth

The total tax levy for current FY 14-15 is estimated to be \$8,391,689. The new total tax base for FY 15-16 is estimated to be \$1,637,127,352. \$8,391,689 divided by \$1,637,127,352 equals 0.005126 or \$0.5126 per \$100 value.

Growth Factor Analysis

Fiscal Year	Audited Tax Base	Amount of Increase/Decrease	% of Increase/Decrease
2007-2008	1,769,222,575		
2008-2009	1,778,465,116	9,242,541	0.522%
2009-2010	1,774,370,000	(4,095,116)	-0.230%
2010-2011	1,811,409,302	37,039,302	2.087%
2011-2012	1,730,354,468	(81,054,834)	-4.475%
2012-2013	1,804,828,936	74,474,468	4.304%
2013-2014	1,790,408,936	(14,420,000)	-0.799%
2014-2015	1,785,465,745	(4,943,191)	-0.276%
	Estimated	Estimated	Estimated
	Average % Increase		0.162%

According to the past seven audits, tax base average growth is minimal (0.162%). Multiplying \$0.5126 per \$100 value times 1.00162 equals \$0.5134 per \$100 value. It is estimated that a tax rate of \$0.5134 per \$100 value would produce a levy that matches the FY 14-15 levy plus estimated growth.

Tax Collection Rate as it Pertains to Revenue Estimate

Current FY 14-15 estimated levy is \$8,391,689. Current year estimated collections are \$8,030,000 which is an estimated collection rate of 95.69%. As a comparison, the projected FY 15-16 tax base of \$1,637,127,352 with a tax rate of \$0.5126 (no growth included) per \$100 value at a 95.69% collection rate will produce \$8,030,224 in revenue. The projected FY 15-16 tax base of \$1,637,127,352 with a tax rate of \$0.5134 (growth included) per \$100 value at a 95.69% collection rate will produce \$8,042,756 in revenue. Minor deviations in the collection rate can impact these estimates positively or negatively.

Recommended Revenue-Neutral Tax Rate

A revenue-neutral tax rate calculation is based upon estimates of several elements that can impact the rate (i.e. tax base, growth, collection rate). It is concluded that a \$0.51 per \$100 value rate has a higher probability that Alleghany County's revenues could decrease while \$0.515 per \$100 value has a higher probability that revenues could increase. Therefore if the Board chooses to set a revenue-neutral tax rate, it is recommended that the rate be set at **\$0.5125 per \$100 value**.

SPECIAL FUND HIGHLIGHTS

NOTE: These funds are separate operating entities from the general fund budget. There are additional personnel and capital recommendations in the following summaries.

TRANSFER FACILITY ENTERPRISE FUND

The Alleghany County Transfer Facility FY 15-16 proposed operating budget is \$851,317. This proposal constitutes an approximate increase of 0.56% (\$4,738) over the FY 14-15 amended budget. There are no major operational changes proposed for FY 15-16. There are not major capital or capital improvements requested for FY 15-16.

Unfortunately operational costs are now exceeding projected revenues. This has been occurring for the last several years. The last rate increase occurred in FY 08-09 in which the household fee was increased to \$60 per household, the per ton charge was increased to \$60 per ton, the business availability fees were increased proportionally by percentage and the dumpster rate was increased to \$7.50 per yard. The last rate decrease occurred in FY 10-11 in which dumpster fees were decreased to \$5.50 a yard. Alleghany County was able to avoid rate change discussions due to the fact that the Fund had accumulated savings. It is projected that the Fund will lose approximately \$78,766 in cash for current FY 14-15. It is projected that the Fund will show a total loss of \$119,663 when including depreciation and post employment benefits. The Fund can no longer sustain these losses.

It is recommended that rate increases be adopted by the Board for FY 15-16. More specifically it is recommended that:

1. Annual household fees be raised from \$60 per household to \$70 per household (\$10 or 16.67%)
2. Per ton weight charges be raised from \$60 per ton to \$70 per ton (\$10 or 16.67%).
3. Per yard charge for dumpster be raised from \$5.50 per yard to \$6.50 per yard (\$1 or 18.8%)

These proposed rate increases will raise revenues approximately \$116,096. These additional revenues will offset both cash and depreciation losses.

EMERGENCY 911 FUND

The FY 15-16 E911 proposed budget is \$137,076. This proposal constitutes an approximate decrease of 1.98% (\$2,771) under the FY 14-15 amended budget. There are no major operational changes proposed for FY 15-16. There are no major capital expenditures planned for FY 15-16.

TRANSPORTATION OPERATIONAL FUND

The FY 15-16 Transportation Operational Fund budget is proposed to be \$379,651. This proposal constitutes an approximate decrease of 19.76% (\$93,493) under the FY 14-15 amended budget. The Fund is operated as a revenue based Fund relying on its own revenues to pay for expenses.

An exception to operating as revenue-neutral Fund has occurred in regards to the “ED” program. The “ED” program provides local transportation to the elderly and disabled. The Board has previously voted to continue this program knowing that this operation may cost the General Fund up to \$21,000. It is estimated that the General Fund will need to supplement this Fund by \$13,000 in current FY 14-15 and will need to supplement this Fund by \$15,000 in FY 15-16.

Highlights of this fund include a \$46,000 Elderly and Disabled Transportation Program grant, \$42,000 Rural General Public grant, \$23,991 grant for the “ED” program, \$4,850 Work First Transportation grant and \$98,505 in a capital grant.

The recommended capital budget for the Operational Fund is as follows:

Description	Amount
Replacement Mini-Van	\$29,000
Logos – 1 Van	\$450
Community Transportation Service Plan	\$80,000
TOTAL	\$109,450

Ninety percent (90%) of all capital is funded through grant sources.

OTHER FUNDS

This category includes other funds such as the Economic Development Fund, the Tourism Development Authority Fund, Fairgrounds Fund, Soil & Water Fund, Drug Agency Fund, Register of Deeds Enhancement Fund, Library Fund, Re-Evaluation Fund, School Capital Reserve Fund and all active building funds. These Funds can be discussed during the budget process.

CLOSING

In closing, I would like to extend my appreciation to all County employees who work extremely hard to provide the necessary services that make Alleghany County a great place to live. I also extend my thanks to the Department Heads, Elected Officials and Special Appropriation representatives for their cooperation in fashioning their budget requests to the required specifications and timelines. And last – but by no means least – I would like to thank Finance and Administration employees for their tireless effort and attention to detail over the budget development process.

Respectfully submitted,

Don Adams
Alleghany County Manager