

Memorandum

To: Sagadahoc County Board of Commissioners

From: Pamela Hile, County Administrator

Date: March 13, 2018

RE: Proposed FY 2018-19 Budget Overview

By this memorandum there is respectfully transmitted to the Sagadahoc County Commissioners, for review and consideration, the proposed budget for the County of Sagadahoc for the fiscal year beginning July 1, 2018 and ending June 30, 2019. Submitted herewith, this budget includes the various programs, activities and functions which represent some of the major needs of the County.

There are a number of factors influencing this budget. The first is the need to preserve a reasonable fund balance that will enable us to maintain our bond ratings and be available for use in unforeseen circumstances. The current budget reflects a 15% unassigned fund balance reserve, which would provide the County with sufficient operating funds for approximately 1.8 months. While not optimal (and 15.2% less than the maximum allowed by state statute), this falls within GFOA's (and the bond banks') minimum recommendations. Other important elements are an increase of \$49,477 (3.5%) in benefits; an increase of \$44,682 in corrections due to the transfer of reserves to fund the cost of a new program officer; and increases in wages for both union and non-union employees. Perhaps the most significant factor, however, is a 95.3% rise in the available unassigned (surplus) funds, as reflected in the \$116,628 (66.4%) increase in capital reserves and as discussed below.

The combined budgets for FY 2018-19 equal \$9,810,604, which is an increase of \$275,778 (**2.89%**) when compared to the current fiscal year's combined budgets of \$9,534,826. A further breakdown indicates the following:

	<u>Operating</u>	<u>Debt Service</u>	<u>Capital Reserve</u>	<u>Corrections</u>	<u>Combined</u>
2018-19	\$5,657,010	\$ 885,013	\$292,294	\$2,976,287	\$9,810,604
2017-18	<u>\$5,512,642</u>	<u>\$ 914,913</u>	<u>\$175,666</u>	<u>\$2,931,605</u>	<u>\$9,534,826</u>
	\$ 144,368	\$ (29,900)	\$116,628	\$ 44,682	\$ 275,778

The amount to be raised through taxes has **decreased** by \$63,318 (**-0.8%**), from \$8,422,172 in FY 2017-18 to \$8,358,854 in FY 2018-19. The primary reason for this is an increase of \$262,264 (95.3%) in the amount of surplus available to offset the tax. The unassigned fund balance increased from 18.7% of the tax assessments in FY 2016-17 to 22.3% in 2017-18. Therefore, not only was the fund balance increased, there were additional funds in excess of the 20% allowed by state statute (\$165,232) that must be applied to the tax commitment or capital reserves in FY 2018-19. There is also a projected increase of \$76,832 (9.2%) in non-tax revenues, which includes a transfer of \$46,682 from the Corrections Reserve

Fund to Transport. Much of the excess surplus was applied to capital reserves for both one-time and on-going projects (an increase of \$116,628 from the previous year), with the balance used to offset increases in operating costs (both of which reduced the tax commitment for FY 2018-19). It is important to note, however, that although the County was able reduce the total tax levy this year, there is no guarantee that the levels of reserves/revenues will be available to continue to do so moving forward.