



Hardin County Government

Judge/Executive Harry L. Berry

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*The Commonwealth's
Premier County
To Live, Work, and
Raise a Family*

Judge/Executive Harry L. Berry's 2021/2022 Budget Address to Hardin Fiscal Court 27 April, 2021

Just prior to this meeting you were provided copies of my Fiscal Year 2022 budget proposal. As you are aware, KRS 68.240 requires the Judge/Executive to present Fiscal Court by the 1st of May each year a proposed budget of appropriations balanced against estimated receipts for the upcoming fiscal year.

This proposal was prepared in consultation with our county elected officials and all department leaders throughout county government. I would like to take this opportunity to thank these leaders for their excellent work each and every day in providing outstanding services to Hardin County's citizens in a very efficient and cost conscious manner.

And I especially thank Treasurer Lisa Pearman and her staff for the countless hours of tedious work required in processing documents, tracking transactions, and accounting for our resources all year along - to near perfection.

Preparing our annual budget each year is always a challenge. Meeting our needs with the limited resources we receive is always difficult. Our elected and appointed leaders throughout Hardin County Government continue to be innovative stewards of these resources.

Their thrifty approach in the delivery of the services they provide allows us to present to you a structurally balanced Fiscal Year 2022 budget based on current sustainable reoccurring annual income equating to anticipated reoccurring annual costs.

However, the increasing demands imposed upon us, coupled with rising costs and stagnate state revenue sources, continues to make each subsequent budget year more difficult to balance. And while the large increases to pension fund payments were temporarily suspended for this current fiscal year due the COVID-19 pandemic; Fiscal Year 2022 brings the resumption of the annual 12% increase compounded year after year to our state mandated pension payments. Fiscal Year 2022 will see a cumulative 36% increase in pension fund payments when compared to Fiscal Year 2019.

Like any budget, the amounts in this proposal are carefully calculated estimates for both income and expenditures. They are well thought-out, fine-tuned projections based on analysis of historical trends and years of experience.

Let me stress that these estimates also include revenue projections. Many only view budgets from the spending side of the equation and give little thought to the income side. But as we all know, you can't spend what you don't have. Unless of course you're the Federal Government. Therefore, as a word of caution, if income falls short of expectations - then expenditure limits will also need to be reduced.

So, let's review some of the points of interest in this proposal.

While funding for the Jail continues to be a challenge to the county's budget due to decades of inadequate reimbursements from our state government; Jailer Josh Lindblom is doing an outstanding job in controlling expenses for our county detention facility. His budgeted expenditures forecasted in this proposed budget is \$75K less, or almost 1% less, than the current year's budget, which was just a modest increase over the previous year. That will make this 3 years in a row of operating on approximately the same amount of funding.

Considering the impacts of inflation, increasing personnel costs, and rising hazardous duty retirement rates; the jailer's staff is doing an excellent job of holding costs down. I commend Jailer Josh Lindblom for the outstanding job they do with the limited resources available to them. Their innovation and "can do" approach are indeed stretching resources and maximizing results.

This budget proposal projects Hardin County Jail expenses at just under \$9M; again \$75K less than this current year's proposal. To balance the Jail's budget, a \$2.6M transfer from the county's General Fund to the Jail Fund is still required.

The result is Hardin County taxpayers subsidizing 28% of the Jail's costs. This \$2.6M county subsidy is about 1/3 of the \$7.6M in real property taxes the Fiscal Court will receive. As a reminder, no one is jailed for violating county or city ordinances. These prisoners violated state law.

On a different note, for the third year in a row, the county's Solid Waste Fund no longer needs to be subsidized by the General Fund.

Paying off most of the landfill's long-term debt, combined with contracting out landfill management and operations almost 2 years ago, relieved county government from hundreds of thousands of dollars in future construction projects, erased the county's annual subsidy for landfill operations, and provided a reliable positive annual cash flow to the county government. The proposed Solid Waste Fund budget reflects a positive balance of over \$1M for the fiscal year.

Also, within this budget proposal, the Hardin County Road Department receives almost \$4.2M in funding; approximately \$500K more than our current fiscal year and \$1.4M more than our last fiscal year. This is due primarily to the \$1M in funds we are able to transfer from Solid Waste revenues plus \$220,000 in Road Department reserves we will utilize to help pay for a bridge replacement on Miller Road.

With that said, the Road Fund's annual reoccurring revenues continues to be \$600K less than they were six years ago when the General Assembly dramatically reduced the state's gasoline tax; the road department's primary funding source. This has caused a 40% reduction in reoccurring annual asphalt work for the 7th straight year.

Let me remind you, not a penny of your property taxes go toward the maintenance of county roads - or state roads for that matter. Proceeds from the motor fuels tax, commonly referred to as the gasoline tax, is essentially the sole source of reoccurring road funding.

Sadly, the General Assembly once again failed to take actions this year to curtail the rapid decline in the condition of state and county roads.

Also included in this budget proposal is almost \$2.6M to operate the county-wide 911 system. Our decision 3 years ago to shift 911 fees from the landline phone bills to the property tax statements allowed our 911 center to become self-sufficient; meaning it no longer needs to be subsidized by the General Fund.

Changing our collection method not only allows 911 operations to be self-sustaining, but it also made possible a significant upgrade to our emergency communications. These improvements greatly enhance our connectivity with first responders and assists with preparations for the Next Generation of 911; thereby keeping Hardin County on the leading edge of 911 services.

Another area of interest in this budget proposal include over \$1M being allocated from the General Fund to support the Hardin County Library System. As we have discussed numerous times, Hardin County is one of a handful of counties supporting library services directly from its General Fund. The vast majority of Kentucky county libraries are supported by a local library taxing district.

Hardin County Animal Care and Control is funded at nearly \$880K for next year; almost exactly the same as this current year. The income to support Animal Care and Control is derived from \$280K in fees and some very generous community donations. This leaves a gap in funding of \$600K required to be supplemented from the county's General Fund tax revenue.

Also noteworthy in this budget is just under \$6M in funding to operate the county's Emergency Medical Services (EMS). Included in their budget is the cost of remounting one ambulance, adding a Quality Assurance Officer, and replacing the shift leader's vehicle.

And of course, there is funding in the proposal to sustain the operations of other essential services provided by our Engineering, IT, Building Code, Emergency Management, and Finance departments and offices.

To summarize, my proposed overall budget is \$45.3M, including \$44.6M for operations plus \$715K of remaining state funded BRAC infrastructure improvements. It is a structurally balanced budget; meaning current expenses are truly balanced with current income. No programs or service are being reduced.

However, on the down side, even with the proposed 2% Cost of Living increase included in this budget, Hardin County employees continue to be paid significantly less when compared to similar sized counties.

County roads are crumbling due to the gross underfunding from the state legislature for the last 6 years.

Our library continues to be one of the smallest and most poorly funded per capita in Kentucky. And while my proposal does include an additional \$400K expenditure to help with a roof rehabilitation project for the library; other deferred building repairs and maintenance issues continue to be looming concerns for the library.

Contributing to our budget struggles is the fact that our state continues to be one of the most centrally controlled states in the Nation, rather than empowering local governments to solve local issues.

Huge state mandated increases to local government pension fund contributions are strangling county government's finances.

And because our state's leaders refuse to address the inequity imposed on Hardin County regarding the collection of occupational taxes, an issue facing just a handful of counties, Hardin County is severely handicapped in assisting with the attraction of economic development opportunities for our county.

With all that said, you now have my proposal for our next budget year. I suggest the following schedule for your review and ultimate approval of the county's Fiscal Year 2022 budget:

- The Resources and Community Support Committee meets on May 4th to consider the proposed budget.
- Schedule the required Public Hearing for the use of Local Government Economic Assistance and County Road Aid funds, along with potential first reading of the Budget Ordinance, for the May 11th meeting of Fiscal Court.
- Schedule second reading and adoption of the Budget Ordinance for the May 25th (or June 9th) meeting of Fiscal Court.

This will leave the month of June as a buffer should more time be needed to resolve any issues that may develop during discussions.