

FINANCIAL CUTS MADE TO VILLAGE OF ATTICA'S BUDGETS FOR YEARS 2010, 2011, 2012. (article for Hub / website publ.)

Upon compilation of debt for the Village of Attica in May 2010, came a concern to secure the debt repayment for all funds with outstanding loans for years 2010 and thereafter. An important basis of accounting is to provide yearly, monies to repay debts of principal and interest, along with having enough money to meet operating expenses. This article will detail the major adjustments and cuts (some have approximate amounts) made to the 2010, 2011 and 2012 budgets.

During 2010, adjustments were made to funds due to further breakout of line-item expenses; USDA requirements for debt service and reserves (Water); Police with the hiring of a Chief (return of Briggs plus a full-time officer on staff); and to cover general operating expenses, due to declining revenue.

Year 2011 Budgets were further reduced due to declining revenue, (no wage increases were given to employees), increasing operating expenses, fuel prices rising, audit expenses, Police and Parks & Rec. Funds not receiving transfers from General Fund, and the beginning of State Local Government funding (LGF) cuts for Attica. All funds are to operate on the revenue anticipated/received for the year, and only as an emergency, using any carry-over funds from Dec. 31, 2010 to meet budget expense. The Police budget is expected to use all of the 2010 carry-over, but will save the \$ from the bullet proof vest reimbursement and court fines for the 2012 budget.

Year 2012 State Budget cuts of LGF, Personal Property Taxes (now CAT), Excess Kilowatt and Public Utility Taxes to General Fund, Police and Parks & Rec. ; declining revenue and increased expenses for health care, utilities and inflation. No wage increases will be given to employees.

1000 GENERAL FUND:

2010: Cuts to general expenses, new fiscal officer (no health fringes - \$4,670.).

2011: Cuts to general expenses, no Village clean-up day (-\$3,250.), Billing clerk wage/fringe to come from Water/Sewer only (-\$10,045.), V. Admn. Wage/fringe to W/S only (- \$ 6,100.) audit fees shared with W/S (- \$4,000.), no new office copier (-\$10,000.), no Transfers to Police Fund ( - \$25,000.), no Transfer to Parks & Rec Fund (-\$ 5,000.). Even with these cuts made, General Fund may need to use approx. \$12,000. Of the 2010 carry-over funds to pay increased street light expenses.

2012: Loss of LGF, CAT, E. Kilow, P.U. taxes (-\$22,000 loss of revenue for General Fund in 2012. Expenses: G.F. is at bare minimum employees. \$ set aside for tree/stump removal may be cut. The largest expenses for G.F. is street lighting at \$21,375. per year.

2011 STREET CONSTRUCTION MAINTENANCE FUND:

2010: Paving of High Street was done with local \$ 15,771. and OPWC grant \$ 23,657.

2011: US 224/4 Street Signal project (estm \$13,000.) will not be done until 2012 and come from State Highway, Permissive Motor Vehicle and Street fund (if needed).

#### 2041 PARKS & RECREATION FUND:

2010: Seeking donations for ball field fence repairs ( 1,750.) project will be done in 2011.

2011: Expenses are expected to be over budget by \$1,000. Seasonal/ daily/rental pool rates have increased . We are using a cell phone for pool contact, dropping the land line (- \$ 300.), no reimbursement for lifeguard training (-\$ 660.).

2012: Loss of revenue for CAT, E. Kilo, P.U. taxes (-\$1,000.) will try to hold expenses in line with revenue.

#### 2901 POLICE FUND:

2010: Cuts in Chief Wage/fringes (-\$13,300.), Court Fine revenue is down from previous years (-8,000.).

2011: Operation of Chief and part-time officers wages/fringes, (budget cannot support another full time officer wage/fringes), loss of G.F. transfer (-25,000.) No clothing allowance, trying to maintain current operational expenses , rising fuel costs, excess vehicle repairs. Four bullet-proof vests were purchased, with Federal reimbursement (\$2,209.) and Police budget cost of \$ 571.

2012: Loss of revenue for CAT, E. Kilow, P.U. taxes (-\$ 5,000), decline in court fines (-\$6,000), no contracted service (-\$2,000). Bullet-proof vest reimbursement from 2011 will be used in 2012 to meet expenses. Vehicle replacement for the future is a priority.

The past Police Fund operations budgets: Year 2008 \$ 111,857      Year 2009: \$ 132,245.

Year 2010: \$ 109,860. (These funding levels were elevated due to General Fund Transfers each year. G.F. has in past years received occasional Inheritance Taxes, parking lot rent, and sufficient LGF to meet those transfers. It no longer has the revenue to fund the transfers.

#### 5101 WATER OPERATIONS FUND:

2010: Adjustments for debt service (P & I loan payments to Fund 5721, \$13,960 each month) and loan debt reserve (\$1,396 each month for ten years) as per USDA regulations. (The ten-year set-aside for Years 2008, 2009 and partial 2010 total \$24,925. This amount was not taken out , due to ending carry-over balance for water operations. The ten-year set-aside began July 2010. Line item adjustments were made to further breakout expenses, and/or proper line item budgeting of expenses. Engineer will no longer attend regular meetings, only when asked, (-4,000.), contracted services (-\$ 5,000),

operational supplies/materials (-33,000), medical/hosp (- \$5,000), testing + 2,400., chemicals + 29,000., billing clerk w/f + 4,560., motor vehicles (- 1,500).

2011: W/S employee was reduced from Full-time to Part-time as of 1-1-11 due to reduction in hours needed at plant and operational shortfalls anticipated. March 31,2011 employee was laid off, and after unemployment, (- 5,240), billing clerk hours reduced each day by one-half hour (-\$2,100.), and other employees re-aligned wages/funds (4-29-11), no water license class fees paid for employees, engineer to only attend meetings when requested, no water meters (-\$5,000), the Eden Street water line replacement project (-\$15,000) will not be done. No lead line replacements (-\$5,000), audit fees (+ \$2,000), special audit of year 2006/07 (+ \$4,500), and general contracted services and supplies and materials to be held at a minimum. Employees incorporated changes to the wtp/facilities to save \$.

2012: Water usage based 3% increase for revenue. Expenses: will keep general expenses in line, expecting utilities to increase 15%, health insurance 25%, others 3-5%, No water meters (-\$5,000), no lead line replacement project (-\$5,000).

#### 5201 SEWER OPERATIONS FUND:

2010: General overall expenses were held in line with income.

2011: W/S employee (reduce from FT to PT, then laid off) (-\$ 15,720.), billing clerk hours reduced by one-half hour (-\$2,100.), no sewer meter expense (-\$5,000), dropped 2nd phone line (- \$1,485 w/s), no sewer license classes paid for employees, no engineer at meetings unless requested. Projects will not be funded: aerators, lagoons, valves, rebuild paddles, unless emergency (-\$ 11,400). Audit fees (+\$2,000).

2012: Revenue increase of 3% based on water usage. Expenses to be kept in line, no meters (-\$5,000). Utilities, c. services, supplies/materials, chemicals, testing increase due to inflation.

All other Village Funds have not been effected by cuts or shortfalls anticipated in revenue.

As you can see by the levels of cuts made to certain funds, that future years will remain critical. Revenue cuts made by the State will cause significant cutbacks to the General, Police, Parks & Recreations Funds. As projections show from the Five year financial plan, Streets, Parks & Rec., and Police funds will be out of money, having used any carry-over balance and all income received yearly by year 2013. General Funds will be in the same situation by year 2014.

I hope that this series of articles written about Attica's finances helps you as residents understand how governmental accounting operates, the levels of cuts made by Council to certain funds, our long-range financial outlook and the outstanding debt of principal and interest of which the Village owes.

Patricia A. Krebs, Fiscal Officer, Village of Attica

8/9/2011