

PHELPS COUNTY  
2019 BUDGET MESSAGE

Now on this 31<sup>st</sup> day of January, 2019, comes Pamela K. Grow, Clerk of the County Commission, as budget officer, and presents for the records of the County Commission information and estimates for the year 2019 as required by the County Budget Law (Sections 50.525 to 50.745, RSMo.)

It should be a great blessing to be governed locally. This is where the greatest transparency and accountability of the government to the governed can be found; the governed, after all, must give their consent. Local government is more accessible to the people, who may easily contact their local government officials and even speak with them personally without the use of social media when the need arises.

The people's county government has a responsibility to craft its budget with economy and efficiency, as stated in the Budget Law. While it is curious that the budget is not approved in third-class counties like Phelps until as late as February 1 in some years, and this is one month into the fiscal year (which follows the calendar year), this is also laid out in Budget Law; provision is found there for making salary and payroll-related expenditures pending the approval of the budget. No other expenditures, however, may legally be made until budget approval. The vendors of Phelps County government are kept on tenterhooks.

Considering the General Fund, which encompasses many of the elected officials' offices and operations, there is a definite history of budget requests exceeding anticipated revenues. These requests, however, consistently exceed the actual expenditures at the end of a given year. Thus, the end-of-year balance in the fund has gradually but continuously increased, from some \$1.703 million to \$1.830 million across 2018. For 2019, anticipated revenues are \$5.418 million, with expenditures of \$5.697 million. This gap of almost \$300,000 includes the statutory 3% (of revenues) emergency fund of \$162,513, which is rarely drawn upon. It was utilized in 2018, as detailed below.

Payroll expenditures have increased for 2019 primarily because of the increase of nearly 40% in the total healthcare premium in the County's employee partially self-funded medical insurance plan. A payment of \$30,000 straight from the emergency fund was made in late April, 2018 to cover claims in excess of premiums paid to date; the budget impact of this expenditure was solely within County Revenue, and the other salary-containing funds of Special Road and Bridge, Health Department, Law Enforcement Sales Tax, Senior Companions, and Assessment were shielded. Later in the year the reinsurance company essentially provided an advance of nearly \$100,000 to the third party administrator to cover claims; there is every indication that this will have to be repaid by the County early in 2019. The "Aggregate Accommodation Repayment" will be apportioned among the salary-paying funds and departments, based on premiums paid. Because of these increased costs, the County eliminated the 25% payment of dependent

premiums, as well as the low-deductible buy-up plan which had higher costs. The County continues payment of more than \$10,000 per employee per year, or 90%, of medical premiums. This might be translated as nearly \$5 per hour for a full-time employee working 2080 hours per year.

The Commission and the County Clerk will continue to closely watch the monthly reports from the third party administrator. Alternatives can be sought if the coverage no longer becomes affordable.

Capacity at the New Jail being greatly stressed by high numbers of federal inmates, the County undertook renovation of the 1972 Jail during 2018 and this project is in its final stages. Under the guidance of Sheriff Rick Lisenbe, the Asset Forfeiture Fund paid the entire cost of approximately \$2.2 million for the project. Housing some 60 inmates there will relieve crowding at the New Jail; staffing requirements will have to be accommodated but prisoner board revenues are anticipated to meet this need.

I extend my thanks to the Elected Officials and Department Heads for their diligence in supplying the detailed estimates for the 2019 budget and to the industrious and faithful employees in my office. Most of all, I would like to thank the good people of Phelps County, who I consider it my privilege to serve.

Respectfully submitted,



Pamela K. Grow  
Phelps County Clerk