

CUMBERLAND COUNTY BOARD OF COMMISSIONERS
SPECIAL BUDGET PRESENTATION MEETING
117 DICK STREET, 1ST FLOOR, ROOM 118
MAY 31, 2011, 7:00 PM
MINUTES

PRESENT: Commissioner Kenneth Edge, Chairman
Commissioner Marshall Faircloth, Vice-Chairman
Commissioner Jeannette Council
Commissioner Charles Evans
Commissioner Jimmy Keefe
Commissioner Billy King
Commissioner Ed Melvin
James Martin, County Manager
Amy Cannon, Deputy County Manager
James Lawson, Assistant County Manager
Rick Moorefield, County Attorney
Howard Abner, Assistant Finance Director
Kelly Autry, Accountant
Bob Tucker, Accountant
Todd Hathaway, Finance Department
Howard Lloyd, Sheriff's Office/Budget
Sally Shutt, Communication and Strategic Initiatives Manager
Candice H. White, Deputy Clerk to the Board
Press

Chairman Edge called the meeting to order and recognized the North Carolina Association of County Commissioners' (NCACC) Deputy Director Patrice Roesler. Chairman Edge provided the invocation and led the Pledge of Allegiance to the American flag. Chairman Edge stated the purpose of the meeting was to receive the recommended budget from the County Manager.

James Martin, County Manager, advised that the recommended budget had been posted on the county's website at www.co.cumberland.nc.us/finance as of 5:30 pm. Mr. Martin stated the recommended countywide budget is \$527,052,180, an increase of 3.29% over the current year's countywide budget, and includes multi-year capital projects of \$121,625,155.

Mr. Martin stated the budget includes a recommended countywide property tax rate of 74.0 cents per \$100 valuation, the same as the current year. Mr. Martin further stated each one cent on the tax rate is projected to generate \$2,072,901 in real, personal and motor vehicle taxes.

Mr. Martin advised that the proposed budget sustains current service levels and does not require any reductions in force or employee furloughs, with the exception of some programs that have been fully funded by grant funds that may end by the end of the fiscal year.

For revenue highlights, Mr. Martin stated current year ad valorem taxes are budgeted at \$152.1 million, which is an increase of \$3,174,167 (2.13%) over the current year's budget; sales taxes are budgeted at \$34.8 million, which is an increase of \$250,632 over the current year's budget. Mr. Martin stated as in prior years, the county limited the appropriation of fund balance to an amount that is sustainable and an amount that complies with the county's fund balance policy. Mr. Martin further stated \$8.7 million has been appropriated from the fund balance.

For expenditure highlights, Mr. Martin stated the current expense funding for the county schools is recommended at the FY 2011 amount of \$76,220,676 and the current school funding formula is set to expire June 30, 2011. Mr. Martin stated the current expense funding for Fayetteville Technical Community College (FTCC) has been increased by \$321,737 for operations of a new building for a total of \$9.1 million. Mr. Martin stated in addition, \$3,500,000 in relatively short term debt has been budgeted for renovations to Lafayette Hall HVAC system and various roof replacements on the campus. Mr. Martin stated there is also another \$555,795 that has been budgeted for general capital needs.

Mr. Martin stated the budget for the Detention Center expansion expands upon the current detention center expansion plan by continuing to set aside .6-cent of the property rate in a capital project fund, by adding \$2.3 million from the FY 2010 fund balance that exceeded the county's 10% reserve policy, and by reallocating \$3.8 million from the previously identified former Health Department Renovation reserves. Mr. Martin stated in addition, \$500,000 has been budgeted to fund construction costs for the current year. Mr. Martin advised from a strategic standpoint, staff intend to recommend that \$1 million be budgeted in FY 2013, \$1.5 million be budgeted in FY 2014 for the construction project, and \$1.5 million be budgeted thereafter to partially offset some portion of the additional Detention Center operational costs.

Mr. Martin stated funding for community organizations was held at current levels or less, the replacement of fifteen (15) full-sized Sheriff's patrol vehicles and three (3) additional vans for Social Services has been recommended at a cost of \$526,739, and one (1) vehicle is recommended in the Solid Waste Fund at a cost of \$27,500. Mr. Martin stated ten (10) new positions were requested and seven (7) were recommended in the General Fund at a cost of \$214,191 including benefits.

Mr. Martin began a PowerPoint presentation of the recommended budget for FY 2012 and stated staff believes the recommended budget advances the Board's following strategic goals as developed earlier in the year:

- Ensure a safe and healthy community by providing needed services to our citizens in a timely manner.
- Provide adequate infrastructure consistent with orderly growth of a dynamic county.
- Promote economic development by creating and retaining jobs, and providing career opportunities, quality education, culture and recreational services.
- Educate, inform and engage employees, citizens, elected and appointed officials through effective and efficient communications.

- Employ motivated, professional and well-trained personnel who offer excellent customer service with PRIDE-- Professionalism, Respect, Integrity with accountability, Diversity and Excellent customer service.

Mr. Martin stated staffs' approach to the budget was twofold:

- Base budget -
Departmental operating expenditures maintained at FY 2011 levels
- Supplemental requests -
Provides departments an opportunity to request dollars for needs that are not addressed in base budget for one-time items, costs that are recurring, or for new positions.

Mr. Martin stated the county's budget policy is:

- For a sustainable fund balance appropriation -
Limit fund balance appropriation to an amount that can be sustained on a recurring basis
- To align expenditures with recurring revenue and/or a sustainable fund balance appropriation-
To increase expenditures, which should identify a sustainable revenue source(s)
- To maintain minimum undesignated fund balance of 10.0%
Transfer any excess amount to reserve fund or designate fund balance for specific one-time specific project/expenditures

Mr. Martin stated the following funds make up the countywide budget of \$527 million:

· General Fund	\$291,406,154	55.30%
· Mental Health	25,436,928	4.84%
· Special Revenue	48,384,291	9.19%
· Capital Projects	121,625,155	23.02%
· Enterprise	20,401,330	3.88%
· Internal Service	19,338,286	3.68%
· Permanent & Pension	<u>460,036</u>	<u>0.09%</u>
Total	\$527,052,180	100.00%

Mr. Martin reviewed the following budget highlights:

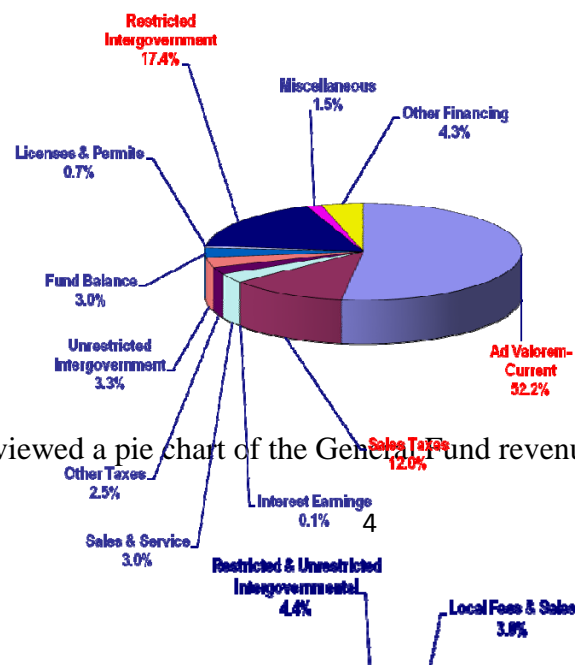
- County-wide tax rate remains at 74-cents
73.4 cents for General Fund
.6 cent dedicated to Detention Facility Capital Project
- All fire districts tax remains at 10 cents
- Special Fire District tax 1¼ cents
Additional tax to fund 5 low wealth districts
Funds to be used for staffing
30% to Fire Chiefs' Association
- Recreation tax remains at 5 cents
- County school current expense \$76,220,676
Same as current year

- FTCC current expense \$9,163,305
\$321,737 (3.64%) increase for new building operations
\$3,500,000 for Lafayette Hall HVAC system and various roof replacements
\$555,795 for other capital needs
- Fuel reserve \$354,026
- Roof plan \$400,000
- Health insurance increase from \$5,750 to \$6,376 per employee
Cost \$1,279,186
- Retirement increase from 6.45% of salary to 6.97%
Cost \$414,007

Mr. Martin reviewed the General Fund revenue as follows:

· Ad valorem taxes	\$157,365,538
Real & per property	141,167,972
Motor vehicle	10,982,971
Prior years	5,214,595
· Other taxes	\$36,849,268
Sales	34,833,928
Other	2,015,340
· Unrestricted intergovernmental	\$9,635,758
· Transfers	\$9,004,232
· Proceeds debt financing (FTCC)	\$3,500,000
· Fund balance appropriated	\$8,780,527
Health Department	434,074
Communications	1,231,825
Water & Sewer	500,000
Maintenance & repair	200,000
General	6,414,628
General Fund Total	<u>\$291,406,154</u>

Mr. Martin reviewed a pie chart of the General Fund revenue by category:



Mr. Martin then reviewed a pie chart of the General Fund revenue by source:

Mr. Martin reviewed the General Fund expenditures as follows:

· Personnel	\$110,330,608
· Basic operating	18,203,629
· Other charges & services	2,105,818
· Capital outlay	<u>526,739</u>
Department total (45.01%)	\$131,166,794
· Social Service programs	26,558,764
· Debt service	26,875,876
· Community funding	1,587,237
· Transfers	5,039,129
· Education	
County schools	76,861,526
FTCC	13,354,106
· Miscellaneous	<u>10,962,722</u>
General Fund total	\$291,406,154

Mr. Martin explained that the difference between the county schools' current year expenditures of \$76.2 million and the proposed FY 2012 expenditures of \$76.8 million is made up of some additions from other sources of revenues, such as sales tax, and some reductions from other sources of revenue, such as the schools' share of the percentage of the Goodyear incentive.

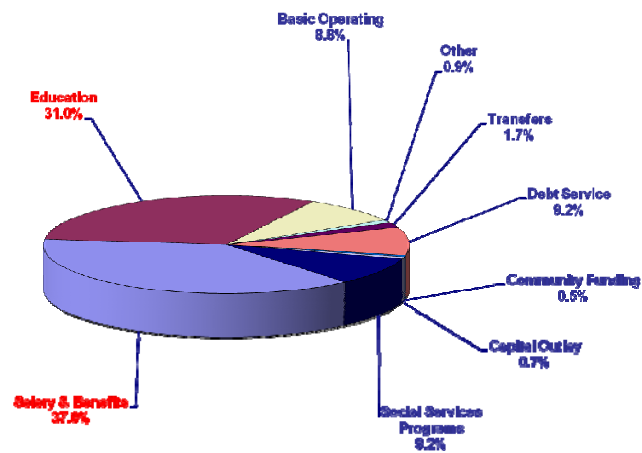
Mr. Martin stated each year, staff project what the General Fund-Fund Balance will be when the fiscal year ends on June 30th and the end of year accounting process usually stays open until the following September or October. Mr. Martin reviewed the General Fund-Fund Balance as follows:

Total funds – July 1010 (per audit)	87,641,490
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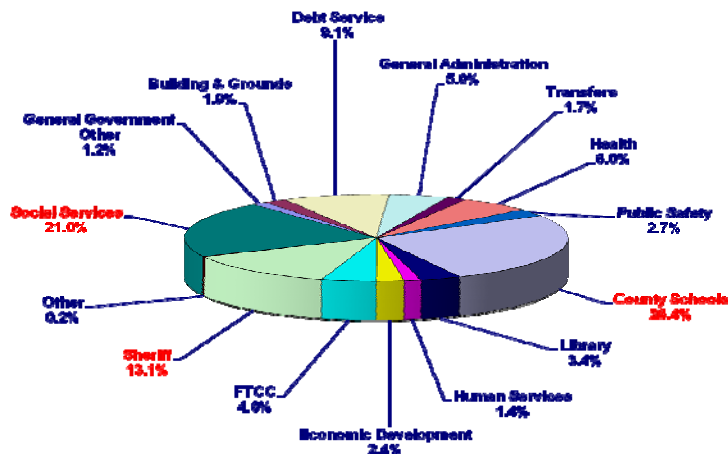
Projected results of FY 2011 operations	(851,418)
FY 2011 net gain (deficit)	(9,991,604)
Projected total funds available	77,649,883
Projected undesignated fund balance-FY 2011	37,923,726
Projected FY 2011 net undesignated fund balance	29,143,199
 FY 2012 total budget	 291,406,154
FY 2012 total estimated revenue budget	291,406,154

Mr. Martin stated the net unassigned fund balance of \$29.1 million or slightly more than 10% complies with the county's budget policy.

Mr. Martin reviewed a pie chart of the General Fund expenditures by category:



Mr. Martin reviewed a pie chart of the General Fund expenditures by function:



Mr. Martin reviewed graphs that depicted the county schools expenses from FY 2003 – FY 2011, which increased at a rate of 3.71% per year; the county schools enrollment from FY 2002 – FY 2011, which increased at a rate of 0.32% per year; and FTCC’s expenses from FY 2003 – FY 2011, which increased at a rate of 6.52% per year.

Mr. Martin reviewed funding plans for two (2) capital projects as follows:

Landfill Capital Project

Landfill-new cells 9-10

FY2012	655,771
FY2012 additional	344,229
FY2013	4,000,000
FY2014	1,500,000

Detention Center Expansion Capital Project

FY 2011

Ad valorem tax	1,217,749
Transfer G/F	1,800,000

FY 2012

Ad valorem tax	1,246,484
FY2010 unassigned F/B	2,391,868
G/F set aside	500,000

FY 2013

Ad valorem tax	1,266,993
Former Health dept reserve	3,882,892
G/F set aside	1,000,000

FY 2014

Ad valorem tax	1,292,333
G/F set aside	1,500,000

Mr. Martin concluded his presentation with a review of the upcoming budget schedule as follows:

June 2, 5:30 p.m., Room 564, Department Appeals/Work Session
June 13, 5:30 p.m., Room 564, Work Session
June 14, 7 p.m., Room 118, Public Hearing
June 16, 5:30 p.m., Room 564, Adopt Budget

Mr. Martin provided closing remarks. Chairman Edge opened the floor for questions.

Commissioner Keefe asked whether funding was in place, as it is now, for completion of the jail construction in 2014. Mr. Martin responded that is the intent as recommended right now.

Commissioner Faircloth asked whether the County Manager would be sharing his plans for contingencies pending completion of the state budget. Mr. Martin responded he requested departments to identify both 5% and 10% reductions and not to release them to him until the appropriate time. Mr. Martin explained he purposely did not request the information unless it was needed because he did not want to create any undo speculation.

Chairman Edge expressed his appreciation to staff for their work on the budget.

MOTION: Commissioner Council moved to adjourn.

SECOND: Commission Faircloth

VOTE: UNANIMOUS

There being no further business, the meeting adjourned at 7:40 p.m.

Approved with/without revision:

Respectfully submitted,

Candice H. White
Deputy Clerk to the Board