

PERSON COUNTY BOARD OF COMMISSIONERS
MEMBERS PRESENT

JUNE 9, 2010
OTHERS PRESENT

Johnny Myrl Lunsford
Jimmy B. Clayton
Kyle W. Puryear
B. Ray Jeffers
Samuel R. Kennington

Heidi York, County Manager

Brenda B. Reaves, Clerk to the Board

The Board of Commissioners for the County of Person, North Carolina, met in recessed session on Wednesday, June 9, 2010 at 9:00 a.m. in the Commissioners' meeting room in the Person County Office Building for the purpose of a budget work session.

Chairman Lunsford called the recessed meeting to order and reminded the Board members of the public comments at the public hearing for Board consideration as the budget is finalized.

County Manager, Heidi York gave the Board a copy of an excerpt from the Budget Financing Section of a publication titled *County Government in North Carolina* authored by staff at the Institute of Government regarding Recommended Amount of Available Fund Balance. Ms. York highlighted the excerpt by stating the author noted the appropriate fund balance is based on population size of the county. Larger counties typically have smaller fund balances because they have more diverse revenue and higher property tax values. Smaller or medium size counties (less than 100,000 populations) have a normal size fund balance between 20-30%. Ms. York noted Person County's fund balance level is at the recommended level based these recommendations. Ms. York further noted that during bad economic times with unpredictable revenue streams, a higher fund balance is encouraged. Ms. York also gave the Board a study of Fund Balance levels of surrounding counties with similar populations as Person County.

Ms. York outlined a working document on the screen to illustrate Board priorities for additions/deletions to track. Ms. York reminded the Board of recent, new revenue realized from the reduced interest rate from capital project financing of \$161,503. Ms. York noted a placeholder for the Senior Center Block Grant county match of \$50,000 as well as \$15,000 for a Medical Director contract. Ms. York provided a list of the options the Board had previously discussed, either adding or cutting from the budget. Ms. York highlighted a chart representing soft numbers of the County Fund Balance as well as the list of appropriations recommended thus far to General Fund \$205,800, Health Department \$700,000, Department of Social Services \$301,285 as well as economic development projects \$300,000.

Board members each discussed and pointed out priorities.

A **motion** was made by Commissioner Kennington, **seconded** by Commissioner Puryear, to restore the 3 furlough days at \$191,523, recreation cuts of \$37,855, allocate \$50,000 for the Senior Center Block Grant county match, \$15,000 for the Medical Director contract, \$100,000 donation to the Cardiac Rehab Center, \$186,433 one-time gift to Person County Schools, \$20,239 one-time gift to Piedmont Community College, \$20,000 one-time gift to the Museum of History and \$3,000 to roots and wings, and appropriate \$462,547 from the County Fund Balance.

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Finance Director, Amy Wehrenberg pointed out the County Fund Balance level is affected by many variables. Ms. York reminded the Board of a county policy stating anything above 18% in fund balance is spent on capital.

Commissioner Jeffers asked Commissioner Kennington what the allocations for Person County Schools and Piedmont Community College would be used for. Commissioner Kennington stated the allocations would be used for current expenses meeting the funding levels of 2008-2009.

Chairman Lunsford stated restoring 5% cut for two agencies and not all departments is not fair. Commissioner Puryear stated Person County Schools has priority over some departments. Chairman Lunsford stated he has known the times of emergencies when the county had to supply funds and he is not comfortable with the proposed allocations.

Commissioner Clayton inquired if any cuts were to be suggested. Commissioner Kennington used a suggestion of delaying hiring the Economic Development Director/Assistant County Manager for a period of 3 months. Ms. York stated she had recently extended an offer.

Ms. Wehrenberg gave the Board an idea of using undesignated Fund 21 Capital Reserve Fund for one-time expense capital projects for the \$100,000 Cardiac Rehab Center. If approved, the allocation would be expended by reimbursement of receipts. Ms. Wehrenberg stated \$1.1 million is left in the Capital Reserve Fund. Ms. York stated, if approved, the Cardiac Rehab Center donation would be ahead of other county capital projects.

Ms. York pointed out the allocation for roots and wings is at the original allocation and not reduced by 5% like the non profits funded in the budget as well as the allocation for the Museum reflected more than 5% cut from the previous funding level.

The **motion died for lack of majority 2/3**. Commissioners Kennington and Puryear voted in support of the motion. Chairman Lunsford and Commissioners Clayton and Jeffers voted in opposition.

A **motion** was made by Commissioner Kennington, **seconded** by Commissioner Puryear, to allocate \$100,000 to the Cardiac Rehab Center from the County Fund Balance.

Commissioner Clayton stated his support to make payroll with the county prior to considering other agencies' request.

A **substitute motion** was made by Commissioner Jeffers to fund the Cardiac Rehab Center \$50,000 from the undesignated Capital Reserve Fund. The **substitute motion died for lack of second**.

Ms. Wehrenberg suggested the Board polling each funding priority for consensus.

The **original motion died for lack of majority 2/3**. Commissioners Kennington and Puryear voted in support of the motion. Chairman Lunsford and Commissioners Clayton and Jeffers voted in opposition.

A **motion** was made by Commissioner Kennington, **seconded** by Commissioner Puryear, to appropriate \$186,433 to Person County Schools and \$20,239 to Piedmont Community College.

The **motion died for lack of majority 2/3**. Commissioners Kennington and Puryear voted in support of the motion. Chairman Lunsford and Commissioners Clayton and Jeffers voted in opposition.

Commissioner Clayton asked the group if the City of Roxboro was planning to fund Roxboro Development Group. No one could confirm the City of Roxboro's allocation at this point. It was the consensus that if the City of Roxboro did not fund Roxboro Development Group that Person County would review its allocation. Commissioner Kennington stated Roxboro Development Group is a good organization tied to the revitalization of downtown Roxboro.

Commissioner Clayton stated years ago, it was said the Personality Festival would become self-supporting. Commissioner Jeffers pointed out the County offers Roxboro Chamber of Commerce building space, outlets for electrical access during Personality, replaced carpet recently, and pays dues based on the total number of employees of the county.

Chairman Lunsford requested the Board to be polled for consensus for funding priorities. After the polls were completed, the following list was developed by majority of consensus:

Funding Priority:		Revenue Source:
Senior Center Block Grant County Match	\$50,000	Fund Balance
Medical Director Contract	\$15,000	Fund Balance
Restore 3 days Furlough	\$191,523	Fund Balance
Restore to Recreation budget	\$20,000	Fund Balance
Museum of History	\$15,000	Fund Balance
roots and wings	\$3,000	Fund Balance
Economic Development Fund	\$200,000	Fund Balance
Cardiac Rehab Center	\$50,000	Capital Reserve Fund

Chairman Lunsford announced a break at 10:27 a.m. The meeting resumed at 10:37 a.m.

The group discussed the economic development fund appropriation of \$200,000 from fund balance. It was the consensus of the Board, by poll, to take the appropriation out as an expense item, and to earmark funds for economic development by budget amendment in the future.

Commissioner Puryear reiterated his point about designating an economic development fund to illustrate the importance to reduce the unemployment rate by bringing better jobs to the county, by supporting new the Economic Development Director, and adopting the Strategic Plan without delays. Commissioner Jeffers countered that a 23% Fund Balance makes a bigger statement than a half-million dollars sitting in an account. Commissioner Kennington disagreed with Commissioner Jeffers' statement.

Commissioner Clayton stated a compromise had been reach with a consensus to revisit appropriating to the economic development fund after the budget was finalized.

Commissioner Kennington stated opposition to restoring 3 furlough days but could support restoring 1 furlough day and not using any additional fund balance.

Ms. York summarized the Fund Balance slide indicating \$1.6 million being appropriated from the County Fund Balance leaving 23% (\$338,820 to the General Fund). Ms. York reminded the Board that next year will bring the same situation by funding salaries and/or recurring expenses with fund balance.

Commissioner Clayton stated the employees are getting a salary cut and administratively it is a nightmare. Ms. York reminded the group that the furlough days are days when the county is closed to the public.

Ms. York confirmed for Commissioner Kennington that phase 3 of the MAPS Study is scheduled for the next fiscal year with \$100,000 allocated just as was done in previous fiscal years. Ms. York stated one-third of the workforce remains to be studied and the Board agreed prior to her coming to Person County to designate \$100,000 for 3 years for 3 phases to study if salaries are competitive within the market, noting some employees receive a pay adjustment.

Commissioner Kennington proposed consideration of restoring 1 furlough day and taking \$5,338 from the Governing Body Travel and Meeting budget line without incurring any additional fund balance over the \$205,800 recommended General Fund appropriation.

A **motion** was made by Commissioner Clayton, **seconded** by Commissioner Jeffers, to direct the County Manager to prepare a Budget Ordinance outlining the funding priorities below, appropriating an additional \$133,020 from Fund Balance.

Senior Center Block Grant County Match	\$50,000
Medical Director Contract	\$15,000
Restore 3 days Furlough	\$191,523
Restore to Recreation budget	\$20,000
Museum of History	\$15,000
roots and wings	\$3,000
	\$294,523
Savings from Capital Project Financing	-\$161,503
Additional Fund Balance Appropriation	\$133,020

Commissioner Clayton reiterated the plans to revisit earmarking funding for economic development. Commissioner Jeffers commented \$300,000 is being appropriated for future economic development projects.

Commissioner Puryear clarified that \$133,020 is an additional appropriation from the County Fund Balance to the General Fund. Commission Puryear stated opposition to the motion.

A **substitute motion** was made by Commissioner Kennington, **seconded** by Commissioner Puryear, to appropriate \$452,000 from the County Fund Balance and include \$186,433 to Person County Schools, \$20,239 to Piedmont Community College and an additional \$50,000 for the Cardiac Rehab Center in addition to the items outlined in the original motion. The **substitute motion died for lack of majority 2/3** Commissioners Kennington and Puryear voted in support of the substitute motion. Chairman Lunsford and Commissioners Clayton and Jeffers voted in opposition.

The **original motion carried by majority vote 3/2**. Commissioners Clayton, Jeffers and Chairman Lunsford voted in support. Commissioners Puryear and Kennington voted in opposition.

Incorporated into the minutes by reference are the following final charts used to illustrate the motion.

FY 10-11 Budget: Add/Delete List

Item	Cost/(Savings)
Capital Project Financing	\$161,503
Senior Center Block Grant N	(\$50,000)
Medical Director Contract	(\$15,000)
Furloughs	(\$191,523)
recreation	(\$20,000)
cardiac rehab donation	
PCS	
PCC	
museum	(\$15,000)
roots & wings	(\$3,000)
economic development fund	
TOTAL	(\$133,020)

FUND BALANCE USE FY 10-11

Projected Amount at June	\$13,023,160	26%
General Fund Operations	\$205,800	
Health Dept	\$700,000	
DSS	\$301,285	
Additional FB Appropriati	\$300,000	
budget additions	\$133,020	
incentives		
TOTAL SPENDING	\$1,640,105	
Remaining Fund Balance	\$11,383,055	23%

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ADJOURNMENT:

A **motion** was made by Commissioner Puryear, **seconded** by Commissioner Jeffers, and **carried 5-0** to adjourn the meeting at 11:24 a.m.

Brenda B. Reaves
Clerk to the Board

Johnny Myrl Lunsford
Chairman