

June 5, 2012

The Board of Commissioners of Franklin County, North Carolina, met for a Budget Work Session at 4:00 P.M. in the Commissioners Conference Room located in the County Administration Building with the following Commissioners present: Chairman E. Shane Mitchell, Vice-Chairman Robert L. Swanson, Sidney E. Dunston, Donald C. Lancaster, Harry L. Foy, Jr. and Cedric K. Jones.

Chairman Mitchell called the meeting to order.

1. 2012-2013 BUDGET DISCUSSION

The purpose of the meeting was for the Board to discuss items relative to the proposed 2012-2013 budget. A public hearing on the proposed budget is scheduled for Monday, June 18, 2012. County Manager Angela L. Harris and Finance Director Chuck Murray provided the following PowerPoint presentation.

Franklin County

Information to the Board of Commissioners
for discussions on the FY 2012-2013
proposed budget.

Budget Schedule

- **May 30, 2012** – Deliver Budget to BOC and Public
- **June 4, 2012** – Present Budget to BOC and Public
- **June 5 at 4:00pm 2012** - conduct budget work sessions starting at 4:00pm.
- **June 18, 2012** - Hold public hearing on budget, receive comments from public, address issues if necessary. Establish additional work sessions or Adopt Budget.
- **June 19 to 30**– other meetings if necessary.

Franklin County
Current Proposed GF Budget
Fiscal Year 2012-2013

FY 2012-2013 Departmental Requests	\$76,036,700
FY 2012-2013 Proposed Budget	<u>\$70,733,885</u>
Requests not included for funding	\$ 5,302,815

Franklin County
Current Proposed Budget
Fiscal Year 2012-2013

FY 2012-2013 Proposed Budget	\$70,733,885
FY 2011-2012 Original Budget	\$66,627,720
Difference	\$4,106,165

Proposed Budget does not include an increase in property tax rate for the County.

Franklin County
Current Proposed Budget
Fiscal Year 2012-2013

FY 2012-2013 Proposed Budget	\$70,733,885
(Less) E911 Debt Service Increase	(1,140,142)
FY 2011-2012 Original Budget	\$66,627,720
Difference	(\$2,966,023)

This represents an overall 4.5% increase

Franklin County
Current Proposed Budget
Fiscal Year 2012-2013

FY 2012-2013 Proposed Expenditures	\$70,733,885
FY 2012-2013 Proposed Revenues	\$67,706,068
Fund Balance Appropriation	\$ (3,027,817)

Budget is based on no tax increase and the following

- FY 2012-2013 Budgeted Tax Base \$4,127,000,000
- FY 2011-2012 Budgeted Tax Base \$4,058,500,000
- **1.7% increase in tax base**
- Tax Collection Rate for 2012-2013 is based on a 97.0% rate.
- In 2011-2012, the county used a 96.60% collection rate.
- Budgeted Current Taxes for FY 2012-2013 \$ 34,927,833
- Budgeted Current Taxes for FY 2011-2012 \$ 34,206,458
- Additional Revenue from Property Tax \$721,375

How does Tax Collection rate affect value

- Increase in Tax Base is \$68,500,000 or 1.7%
- Additional Revenue from Property Tax \$721,375
- \$68,500,000 (times) 87.25 cents per at 96.60% = \$577,342
- \$4,127,000,000 (times) 87.25 cents at 96.60% = 34,783,800
- \$4,127,000,000 (times) 87.25 cents at 97.00% = 34,927,833

*An additional **\$144,033** is attributed to the increase in the tax collection rate from 96.60% to 97.00%.*

How will this affect taxpayers?

- According to stats provided by the Tax Office staff, approximately 63% of all residential properties dropped in taxable value creating a lesser tax burden to those citizens.
- This potential decrease in property tax liability could be offset if they live in an area where the fire tax rate is increasing.

What are our County Tax Dollars used for?

Category	Percentage
Education	41.39%
Public Safety	30.82%
Economic and Physical Development	11.45%
Human Services	2.29%
Cultural and Leisure	2.29%
General Government	9.33%

County Dollars compared to previous FY

- FY 2012-2013 Budgeted County Dollars \$ 45,616,496
- FY 2011-2012 Approved County Dollars \$ 43,942,013
- **County dollar increase \$ 1,674,483**
- **Debt Service for E911 Communication Project is \$1,140,142**

Current Proposed 2012-2013 General Fund Budget

- FY 2012-2013 Budgeted Expenditures \$70,733,885
- FY 2011-2012 Budgeted Expenditures \$66,627,720
- **Increase in Expenditures \$4,106,165**
- FY 2012-2013 Budgeted Revenues \$67,706,068
- FY 2011-2012 Budgeted Revenues \$63,904,050
- **Increase in Revenue \$3,802,018**

Let's look at revenues:

- Tax Base estimated to increase by \$68,500,000 and our collection rate increased from 96.6 to 97.0 percent.
- **Net Gain of \$721,375**
- Sales Tax – General Fund and Capital Reserve Fund.
- **Net Gain of \$535,580**
- Lottery Funds – Utilizing all available.
- **Net Gain of \$200,000**

Let's look at revenues:

- Transfer of approx. 50% of remaining dollars that are unobligated in the School Construction Fund to reimburse County for interest paid on debt for school bonds during construction of the projects.
- **Net Gain of \$850,000**
- State Hold Harmless – Medicaid Swap – Article 44
- **Net Gain of \$279,620**
- Solid Waste Tipping Fees and Availability Fees–
- **Net Gain of \$240,000**

Let's look at revenues

- The budget again contains a transfer from the Water and Sewer Fund for a partial repayment of previous General Fund Loans beginning in FYE 2002. With the County purchasing water at a cheaper rate than in the past, the proposed budget includes a transfer of \$400,000 to the County's General Fund.
- At June 30th, 2012, the Water and Sewer Fund owes the General Fund \$5,994,590.

FY 2012-2013 Revenues compared to FY 2011-2012 Revenues

- Total Revenues Budgeted in FY 2012-2013
 - \$ 67,706,068
- Total Revenues Proposed in FY 2011-2012
 - \$ 63,904,050
- Total Increase - \$3,802,018 or 5.9%

Growth?

□ Where has the growth been in the past 6 years?

Where has the growth been?

Category	FYE 2012	FYE 2011	FYE 2010	FYE 2009	FYE 2008	FYE 2007
General Govt.	4,773,939 (-264,005) (-5.2%)	4,642,472	4,389,582	4,770,823	4,700,296	5,037,944
Public Safety	16,294,413 3,341,639 25.80%	18,136,996	16,138,368	16,998,678	16,195,790	12,952,774
Human Services	16,475,494 (2,471,438) (-13.0%)	17,551,445	16,485,807	18,642,587	19,610,329	18,946,932
Education	22,787,351 7,297,553 47.10%	21,543,770	19,610,428	19,571,331	18,114,748	15,489,798
Cultural + Leisure	1,174,385 (-105,196) (-8.2%)	1,229,755	1,371,839	1,174,944	1,556,936	1,279,581

Proposed FY 2012-2013 compared to Budget FY 2011-2012

Budget Category	Proposed FY 2012-2013	FY 2011-2012 Original Budget	Amount of Change	% of Change
General Govt.	5,161,908	4,773,939	387,969	8.10%
Public Safety	17,980,730	16,294,413	1,686,317	10.30%
Human Svcs.	17,412,831	16,475,494	937,337	5.70%
Education	23,137,827	22,787,351	350,476	1.50%
Cultural/Leisure	1,241,343	1,174,385	66,958	5.70%
EDC- Dev.	5,799,246	5,122,137	677,109	13.20%

Capital Projects

□ Budget includes the following:

- Human Resources Software - \$ 22,384
- Register of Deeds – Resolution 3 software - \$ 38,000
- Economic Development Incentives - \$ 501,838
- Building Improvements – \$ 110,000
- Sheriff Vehicles, Software, Computers Equip. \$ 383,060
- EMS Equipment, Ambulance, Defibs - \$ 286,300
- Jail Renovation – Architect, Engineering, \$ 100,000
- IT Services – Software, server, ect.. \$ 30,300
- VGCC Building Plans - \$ 135,000
- Solid Waste – Equipment, Construction, Ect.. 136,000
- School Capital Outlay – Various projects \$ 1,100,000
- Total \$2,842,882

Economic Development Incentives

□ Budget includes the following:

- Novozymes \$ 218,982
- Southern Lithoplate 26,548
- Silverstein/Arch Alum. 25,458
- Palziv 125,000
- Custom Dynamics 29,100
- K-Flex 58,250
- Smith Packett Med-Com, LLC 18,500
- Grand Total \$ 501,838

Other Capital

□ Budget includes the following:

- **Sheriff Vehicles, Software, Computers –**
- **10 new vehicles** at \$32,596 fully equipped. This includes vehicle at 21,930; 5,000 for lights and installations, 500 for lettering, 4,500 for radios and installations, ect..
- **18 computers** for mobile data system - \$1,000 each
- **Emergency Medical Services**
- **New ambulance** - \$95,000, **3-Defibrillators** - \$35,000 each
- \$75,000 to begin work on new station in Bunn Area.

New Debt Payment

□ Budget includes the following:

- E911 Communication Enhancement Debt Payment of:
- E911 Debt Service Increase \$1,140,142
- This equates to : 2.85 cents on the tax rate
 - One penny equals - \$400,319

Human Services

□ **Social Services Program Expenditures:**

Daycare for Children-	\$2,060,226	100.00% st/fed
Daycare for Adults -	89,875	12.50% cnty
Crisis Intervention -	328,600	100.00% fed.
County's Share SAA/SAD -	528,000	100.00% cnty
Foster Care Payments -	524,622	50.00% cnty
Medical Transportation Services -	236,869	0% cnty
Adoption Asst. -	198,111	100.00% cnty
.....		
Medicaid Pmts last FY –	\$65,291,710	100.00% st/fed
Food Stamps Authorized last FY -	\$14,885,439	100.00% fed.

Human Services

□ **Health Department Program Expenditures:**

General Health Care –	\$731,133	\$593,517	Cnty
Clinical Health Care -	3,141,015	307,757	Cnty
Dental Health Care -	456,757	- 0 -	Cnty
Home Health Care -	1,051,648	- 0 -	Cnty
.....			
WIC Payments –	\$1,275,923		100% Fed.

What positions continue to be frozen?

- Board of Elections: Administrative Support Specialist
 - **Net reduction : \$38,070**
- Register of Deeds: Deputy Clerk
 - **Net reduction: \$45,886**
- Planning : Planning Supervisor, Comprehensive Planning Supervisor
 - **Net reduction: \$121,283**
- Inspections: Two Building Code officers and an Administrative Support Specialist
 - **Net reduction: \$140,625**

What positions continue to be frozen?

- Recreation - Recreation Services Manager
Net reduction : \$43,970
- Sheriff's Office: Three Deputy Sheriff Positions
□ **Net reduction: \$131,915**
- Communications: Telecommunicator
□ **Net reduction: \$38,310**
- EMS: Administrative Support Specialist, Six Paramedics filling in with Part-time.
□ **Net reduction: \$117,721**

What positions continue to be frozen?

- Emergency Management - Deputy Fire Marshall
Net reduction : \$52,835
- General Health: Four Environmental Health Specialist, Administrative Support Worker
□ **Net reduction: \$231,118**
- Home Health: Social Worker, Medical Office Asst., Community Health Asst., Processing Asst., two Public Health Nurses.
□ **Net reduction: \$259,766**
- Veterans: Administrative Office Asst:
□ **Net reduction: \$24,580**

What positions continue to be frozen?

- Social Services: Social Work Supervisor II
Net reduction: \$55,860
- Senior Center: Adult Day Activity Asst., Senior Services Director, Social Work Asst.
□ **Net reduction: \$127,680**
- Water and Sewer: Utilities Lead Inspector
□ **Net reduction: \$50,465**
- **Grand total of positions frozen: \$1,480,084**

Non-profit funding

- Central Services Budget: Maintains current level of funding.
- Boys and Girls Club - Current Level \$8,640, requested \$10,000, recommending \$8,640.
- Franklin County Arts - Current Level \$4,840, requested \$10,000, recommending \$4,800.
- Franklin County Chamber - Current Level \$8,640, requested \$10,000, recommending \$8,640.
- Volunteers in Medicine - Current Level \$8,640, requested \$???????, recommending \$8,640.
- FWW Opportunities - Current Level \$15,120, requested \$15,750, recommending \$15,120.
- Safe Space - Current Level \$8,640, requested \$25,000, recommending \$8,640.

Education

- **Board of Education:**
- Requested for Operations: \$ 12,967,355
- Recommended: \$ 12,350,000
- \$ (617,355)
- FY 2011-2012 Allocation \$ 12,000,000
- Recommended: \$ 12,350,000
- **Increase \$ 350,000**
- -----
- Requested for Capital: \$ 1,853,103
- Recommended for Capital: 1,100,000
- **Decrease \$ 753,103**
- FY 2011-2012 Allocation \$ 925,000
- Recommended: \$ 1,100,000
- **Increase \$ 175,000**

Vance Granville Community College

- **VGCC:**
- Requested for Operations: \$ 326,887
- Recommended: \$ 310,000
- \$ (16,887)
- FY 2010-2011 Allocation \$ 300,000
- Recommended: \$ 310,000
- **Increase \$ 10,000**
- Requested for Capital: \$ 20,000
- Recommended for Capital: 15,500
- **Decrease \$ (4,500)**

Number of FT County Positions included in the proposed budget

Proposed FY 2012-2013	Proposed FY 2011-2012	Difference
Total County 462	Total County 464	(2)
EMS 48	EMS 54	(6)
Health Dept. 63	Health Dept. 58	5
Recreation 4	Recreation 3	1
Aging dept. 7	Aging dept. 8	(1)
Inspections 7	Inspections 8	(1)

Est. Fund Balance Position at 6/30/2012

- Estimated Expenditures are: \$ 66,509,209
- Estimated Revenues are: \$ 66,139,313
- Difference - (\$ 369,896)
- The County appropriated \$2,756,170 during FY 2011-2012.

Estimated Fund Balance Position FYE 2011-2012

- Total Fund Balance 6/30/2011: \$21,492,922
- (less) estimated Expenditures for FYE 2011 (66,509,209)
- (add) Estimated Revenues for FYE 2011 66,139,313
- Difference in revenues and expenses (369,896)
- Total Fund Balance FYE 2011-2012 \$21,123,026

Fund Balance position based on estimate for FY 2011-2012

- Total Fund Balance 6/30/2012 \$21,123,026
- (less) Est. Required Reserves by Statute: \$3,356,518
- (less) Earmarked Reserves 2,184,556
- (less) FYE 2011 Fund Bal. Appropriation 3,027,817
- Projected Undesignated Fund Balance \$12,554,135
- Using Total GF Budget of \$ 66,509,209
- **Est. % of Undesignated Fund Balance 18.9%**

Undesignated Fund Balance Comparison

- FYE 2011-2012 \$ 12,554,135 est.
- FYE 2010-2011 12,757,375
- FYE 2009-2010 13,312,790
- FYE 2008-2009 14,545,686
- FYE 2007-2008 11,455,767
- FYE 2006-2007 11,730,851
- FYE 2005-2006 12,146,678
- FYE 2004-2005 12,870,944

Fire Departments

• Several Fire Tax rate increases are Proposed.

Fire Dept.	Proposed Tax Rate	Current Tax Rate	Tax Increase
Central Fire District	8.25	7.25	1.0
Hopkins	2.40	3.00	0.60
Epsom Fire District	7.00	6.00	1.00
Franklinton	5.50	6.00	-.50
Gold Sand Fire District	8.00	7.00	1.00
Youngsville Fire District	7.50	6.50	1.00
Justice Fire District	7.00	6.00	1.00
Pilot	7.25	7.00	0.25

Fire Protection

Department	Requested	Recommended
Central Fire District	225,000	225,000
Epsom Fire District	85,000	85,000
Gold Sand Fire District	57,500	57,500
Justice Fire District	88,500	88,500
Kittrell Fire District	1,000	1,000
Pilot Fire District	165,068	165,068
White Level Fire District	73,500	73,500
Brassfield Fire District	7,979	7,979
Mitchiners Fire District	148,500	148,500
Hopkins Fire District	11,800	11,800
Franklinton Fire District	214,367	214,367
Youngsville Fire District	1,023,073	1,023,073
Bunn Fire District	519,000	519,000
Castalia Fire District	1,200	1,200
Centerville Fire District	59,000	59,000
TOTAL	2,680,487	2,680,487

Water and Sewer FY 2012-2013 Proposed Budget

- Proposed Operational Expenditures: \$ 5,019,887
- Proposed Debt Service 1,880,856
- Total Proposed Expenditures 6,900,743
- Current Proposed Revenues \$ 6,900,743
- Transfer to General Fund for partial repayment of prior year loans: \$400,000
-

Last year transfer \$440,615 to General Fund to repay loan.

Loans from the General Fund to the Water and Sewer Fund

- 2002 - \$1,000,000
- 2003 - 999,807
- 2004 - 1,372,873
- 2005 - 1,341,117
- 2006 - 749,917
- 2007 - 300,000
- 2008 - (350,000)
- 2009 - 0
- 2010 - 786,208
- 2011 - 235,283
- 2012 - (440,615)
- 2013 - (400,000) or Still Outstanding \$5,994,590

DEBT POSITION- General Fund

- OUTSTANDING PRINCIPAL DEBT @ 4/30/2012 \$108,705,913.
- DEBT EVIDENCED BY
- G.O. BONDS \$64,573,167
- COPS - other 29,459,450
- Total \$ 94,032,617
- Water and Sewer: \$ 14,673,296
- Total Debt: \$ 108,705,913
- Debt per Capita: \$ 1,796.79
- Based on 60,500 citizens

Board of Elections Appeal – Item 1

- Current staff recommended in the budget:
- Two full time Positions and Two Part-time positions
- Board of Elections staff would like to request:
- Three full time positions and an additional \$6,000 in Part-time staff – 480 hrs per year.
- Cost Difference required to fund Board of Elections
- Additional Needed to fund request - \$17,775

Board of Elections Appeal – Item 2

- Maintenance Costs for the county's voting equipment was not initially recommended during the budget process. For the past six years, the State has paid for this cost.
- On May 18th, the State issued a letter to the Board of Elections stating they would no longer cover this cost.
- This will be an additional cost to the County in the amount of \$25,412.
- It is recommended by the Manager that we add back the maintenance cost.

Commissioner Foy questioned if the increase in tax base was from the revaluation. Mr. Murray stated the increase resulted from growth in the County as well as the tax revaluation. Mrs. Harris reminded Commissioners that 63% of all residential properties dropped in tax value. Regarding fund balance, Mr. Murray emphasized the Tax Department collected \$1.1 million more than anticipated.

Larry Tetterton, Board of Elections Chairman, asked the Board to reconsider freezing a full-time Administrative Support Specialist position. In light of the volume of work and upcoming Presidential Election in November, he felt it necessary to fill the position to assist in day to day operations of the office. He stated the State Board of Elections would no longer be paying for equipment maintenance on the voting equipment. He stated the cost of the maintenance agreement is approximately \$25,000 and needs to be added into the proposed budget. He said the County saves money each year by

performing their own equipment testing instead of contracting it out to an independent company.

Relative to a request by the Sheriff's Office for 10 new vehicles and funding for new radios, Chairman Mitchell asked if the radios from the cars being replaced could be utilized. Sheriff Jerry Jones stated some vehicles have radios, but some vehicles do not.

Commissioner Lancaster stated EDC (Economic Development Commission) incentive payments should be a separate line item in the budget. Chairman Mitchell stated incentives should be considered in a separate budget. Mrs. Harris confirmed that currently incentive payments are a separate line item.

Commissioner Lancaster made a motion to add in the proposed changes requested by the Board of Elections, seconded by Commissioner Dunston. The motion duly carried with all present voting "AYE".

2. OTHER BUSINESS

No additional business items were discussed by the Board.

Chairman Mitchell adjourned the meeting at 5:05 P.M.

E. Shane Mitchell, Chair

Kristen G. King, Clerk to the Board