

May 26, 2010

The Board of Commissioners of Franklin County, North Carolina, met for a Recessed Meeting at 6:00 P.M. in the Commissioner’s Conference Room located in the County Administration Building with the following Commissioners present: Chair Penny McGhee, Vice-Chairman Sidney E. Dunston, Robert L. Swanson, E. Shane Mitchell, David T. Bunn and Harry L. Foy, Jr. Commissioner Donald C. Lancaster was absent.

Chair McGhee called the meeting to order for the purpose of a presentation on the proposed 2010-2011 budget.

Angela L. Harris, County Manager, stated the economy has presented challenges and stated that department heads and staff have responded well to those challenges. She then acknowledged department heads and staff for the service they provide to the County.

She and County Finance Director Chuck Murray highlighted the budget schedule and provided the budget proposal in the following PowerPoint presentation.

Franklin County

Information to the Board of Commissioners
for discussions on the FY 2010-2011
proposed budget.

Budget Schedule

- **May 26, 2010** – Budget Presentation – work session
- **June 7, 2010** - Hold public hearing on budget, receive comments from public, address issues if necessary.
- **June 15, 2010** - conduct second budget work session starting at 6:00pm, meal at 5:30pm.
- **June 17, 2010** – conduct third budget work session if necessary.
- **June 21, 2010** – Adopt Budget

**GROWTH RATES
POPULATION– WHERE HAVE
WE BEEN?**

| | 2000 | 2009 | % |
|----------|-----------|-----------|------|
| FRANKLIN | 47,260 | 58,793 | 24.4 |
| WAKE | 627,850 | 882,674 | 40.6 |
| NC | 8,046,822 | 9,231,191 | 14.7 |

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**GROWTH RATES POPULATION –
WHAT’S PROJECTED?**

| | 2010 | 2020 | % |
|----------|-----------|------------|------|
| FRANKLIN | 60,300 | 71,249 | 18.2 |
| WAKE | 920,307 | 1,197,247 | 30.1 |
| NC | 9,519,300 | 10,879,960 | 14.3 |

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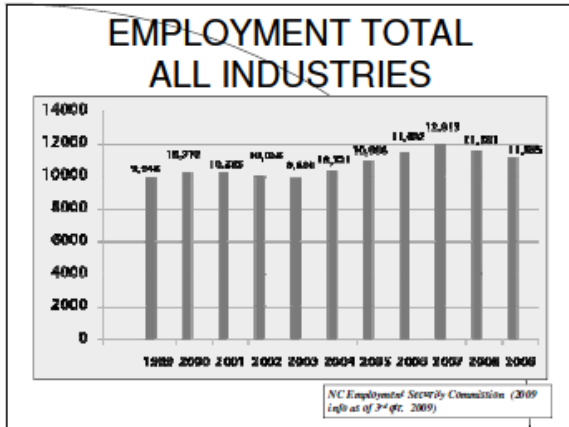
**FRANKLIN COUNTY
ECONOMIC INDICATORS**

| Month | Work Force | Working | Unemployed |
|------------|------------|---------|------------|
| July 2008 | 28,495 | 26,576 | 1,919 |
| July 2009 | 27,772 | 24,806 | 2,966 |
| March 2010 | 27,799 | 24,819 | 2,980 |

NC Employment Security Commission

**UNEMPLOYMENT RATE
TEN YEARS**

NC Employment Security Commission



Franklin County Current Proposed Budget Fiscal Year 2010-2011

| | |
|------------------------------------|----------------------|
| FY 2010-2011 Budgeted Expenditures | \$68,705,770 |
| FY 2010-2011 Budgeted Revenues | \$65,919,694 |
| Fund Balance Appropriation | (\$2,786,076) |

- ### Good News for Employees
- No furlough this year for employees.
 - The Career Advancement Program for employees is restored.
 - There is no increase in Health Insurance Premiums for employees.

- ### County Positions in the budget, positions still frozen, and requested positions not in budget.
- Budget contains 29 additional positions than last year at a total cost of \$1,178,694. Five positions are grant funded.
 - 17 positions are still frozen from last fiscal year for a savings of \$846,519.
 - 14 Positions were requested that are not recommended for funding for a savings of \$719,440.
 - No COLA budgeted for employees.

Current Proposed 2010-2011 General Fund Budget

| | |
|---|---------------------|
| • FY 2010-2011 Budgeted Expenditures | \$68,705,770 |
| • <u>FY 2009-2010 Budgeted Expenditures</u> | <u>\$63,645,329</u> |
| • Increase in Expenditures | \$5,060,441 |
| • FY 2010-2011 Budgeted Revenues | \$65,919,694 |
| • <u>FY 2009-2010 Budgeted Revenues</u> | <u>\$63,295,275</u> |
| • Increase in Revenue | \$2,624,419 |

- ### Budget is based on the following
- FY 2010-2011 Budgeted Tax Base \$4,025,000,000
 - FY 2009-2010 Budgeted Tax Base \$3,900,000,000
 - Tax Collection Rate for 2010-2011 is based on a 95.90% rate.
 - In 2009-2010, the county used a 95.50% collection rate.
 - Budgeted Current Taxes for FY 2010-2011 \$32,496,263
 - Budgeted Current Taxes for FY 2009-2010 \$30,634,013
 - Additional Revenue from Property Tax \$1,862,250

Budgeted General Fund Expenditures

| | | | |
|-------------------------------------|----------------------|----|---------------|
| • General Government | \$ 4,663,082 | or | 6.79% |
| • Public Safety | 18,218,735 | or | 26.52% |
| • Economic and Physical Development | 5,160,330 | or | 7.51% |
| • Human Services | 17,654,353 | or | 25.70% |
| • Water and Service | 235,283 | or | 0.34% |
| • Cultural and Leisure | 1,230,217 | or | 1.79% |
| • Education | <u>21,543,770</u> | or | <u>31.36%</u> |
| • Total | \$ 68,705,770 | | |

Major Revenues Budgeted for Proposed FY 2010-2011 Budget

| | |
|-------------------------|----------------------|
| • Sales Tax | \$ 4,900,000 |
| • Property Taxes | 33,678,282 |
| • Jail Fees | 1,200,000 |
| • Lottery Funds | 1,490,000 |
| • ADM Funds | 0 |
| • Capital Reserve Fund | <u>2,424,000</u> |
| • Total | \$ 43,692,282 |
| • Fund Balance Reserves | 2,786,067 |

Where are the increases (Total Dollars)? General Fund

| | |
|---------------------------------------|-------------|
| • Public Safety - | \$2,101,367 |
| • Education - | 1,802,054 |
| • Human Services - | 1,168,547 |
| • Economic and Physical Development - | 390,179 |
| • General Government - | 269,762 |

What is the increase in County Dollars?

| | |
|------------------------------------|----------------------|
| • Total County Proposed in FY 2011 | \$44,235,390 |
| • Total County in FY 2009-2010 | <u>\$40,776,172</u> |
| • Difference | + \$3,459,218 |

Where are the increases in County Dollars?

- Debt Service - 1,845,039
- Jail Operations - 817,957
- Sheriff's Office - 571,376
- Education - 368,085
- Rescue and Ambulance Services - 326,374
- Social Services Operations - 273,312
- **Total \$4,202,143**

Undesignated Fund Balance Comparison

- **Est. FYE 2009-2010 \$ 12,370,460**
- 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

**Estimated Fund Balance position
FYE 2009-2010**

- Total Fund Balance 6/30/2009: \$19,153,171
- (less) estimated Expenditures for FYE 2010 (62,988,326)
- (add) Estimated Revenues for FYE 2010 64,071,155
- Difference in revenues and expenses 1,082,829
- Total Fund Balance FYE 2009-2010 \$20,236,000

**Fund Balance position based on
estimate for FY 2009-2010**

- Total Fund Balance 6/30/2010 \$20,236,000
- (less) Est. Required Reserves by Statute: \$3,102,338
- (less) Earmarked Reserves 1,977,126
- (less) FYE 2010 Fund Bal. Appropriation 2,786,076
- Projected Undesignated Fund Balance \$12,370,460
- Using Total GF Budget of \$68,705,770
- **Est. % of Undesignated Fund Balance 18.00%**

Capital Projects to Discuss

- E 911 Funding for Debt Service is currently not in budget. Estimated Annual Debt Service is \$1,045,000 or about 2.6 cents on the tax rate. It is undetermined if the county will have to fund debt service in 2010-2011 budget for this project.
- Jail Renovations – The Sheriff requested roughly \$900,000 in renovations to the Franklin County Detention Facility. The project is currently not funded in the proposed budget. This need should be funded in the next borrowing and it is not recommended to fund this project from Fund Balance.
- New EMS substation at Lake Royale is not funded in the proposed budget. (\$400,000)

Capital Projects to Discuss

- New County Complex – No funding in proposed budget. Early cost estimates are \$6 to \$7 million. Annual debt service cost would be approximately \$780,000 based on a 15 year payback. Funding would require about 2 cents on the tax rate.
- Early College – No funding is recommended in the current proposed budget. This may warrant some discussion during the budget work sessions. It is anticipated no funds will be needed in FY 2010-2011 as space is not an issue for the 2010-11 fiscal year. Annual debt service for the construction of a new facility is estimated around \$780,000 or about 2 cents on the tax rate. Cost for a Modular unit is estimated at \$400,000.
- Community College – \$135,000 is recommended for Vance Granville Community College for a planning grant.

Current School Bond Projects

- School Construction Projects – A Required Debt Service payment is budgeted at \$750,000. This is for an interest payment that will be due in January 2011. The County plans to issue (+/-) \$27 million in GO Bonds in August 2010.
- County will incur a full principal and interest payment in Fiscal Year 2011-2012 of about \$2,700,000.



New Franklinton High School



New Franklinton High School



School Construction Projects
Louisburg High School



Louisburg High School



Bunn High School



Bunn High School



Fire Departments

- **Fire Tax rate increases** are recommended for the following departments:
- Bunn Fire Department - from 4.25 cents to 4.75 cents.
- White Level Fire Department - from 6.00 cents to 6.50 cents.
- Centerville Fire department - from 5.75 cents to 6.00 cents.
- Gold Sand Fire department - from 6.50 cents to 7.00 cents.
- **Fire Tax rate decreases** are recommended for the following departments:
- Central Fire District – (Louisburg) from 6.50 cents to 6.25 cents.
- Mitchiners Fire Department – from 5.25 cents to 5.00 cents.
- All other departments remained the same.

Fire Protection

| Department | Requested | Recommended |
|---------------------------|------------------|------------------|
| Central Fire District | 184,000 | 184,000 |
| Epsom Fire District | 85,000 | 85,000 |
| Gold Sand Fire District | 61,115 | 55,000 |
| Justice Fire District | 88,500 | 88,500 |
| Kittrell Fire District | 1,000 | 1,000 |
| Pilot Fire District | 172,278 | 166,103 |
| White Level Fire District | 70,000 | 70,000 |
| Brassfield Fire District | 6,000 | 6,000 |
| Mitchiners Fire District | 123,000 | 123,000 |
| Hopkins Fire District | 10,100 | 10,100 |
| Franklinton Fire District | 212,704 | 212,704 |
| Youngsville Fire District | 929,008 | 929,008 |
| Bunn Fire District | 357,055 | 325,000 |
| Castalia Fire District | 1,200 | 1,200 |
| Centerville Fire District | 59,000 | 59,000 |
| TOTAL | 2,359,960 | 2,315,615 |

| <u>Water and Sewer FY 2010-2011 Proposed Budget</u> | |
|--|-------------------------|
| <input type="checkbox"/> Proposed Operational Expenditures: | \$ 5,010,275 |
| <input type="checkbox"/> Proposed Debt Service | <u>2,149,988</u> |
| <input type="checkbox"/> Total Proposed Expenditures | 7,160,263 |
| | |
| <input type="checkbox"/> Current Proposed Revenues | <u>\$ 6,924,980</u> |
| | |
| <input type="checkbox"/> General Fund Appropriation: | <u>\$235,283</u> |
| | |
| <input type="checkbox"/> Last year transfer needed from General Fund to balance Enterprise Fund was \$786,208. | |

| <u>Water and Sewer FY 2010-2011</u> |
|--|
| <input type="checkbox"/> The County is proposing a 10 percent increase in its rate structure for all customers. |
| <input type="checkbox"/> The Town of Franklinton in their proposed budget plans to increase their water rate from \$4.75 per 1000 gallons to \$6.65 per 1000 gallons or an 40 percent increase. The increase could cost the County an estimated \$240,000. The additional cost for the increase is not currently budgeted. |
| <input type="checkbox"/> Staff has talked with Town staff regarding the rate increase and the position of a rate reduction is unfavorable. Staff is currently evaluating alternative options that will best meet the needs of the County's customers. |
| |
| <input type="checkbox"/> Further discussion needed. |

| <u>Items that will need to be considered in FY 2011 ~ 2012 Budget</u> |
|--|
| <input type="checkbox"/> Required debt service funding for E911 Project \$1,000,000 |
| <input type="checkbox"/> Required full debt service for the (+/-) \$27 August 2010 school bond issue. \$1,815,000 |
| <input type="checkbox"/> One time revenue source of \$838,132. Additional revenue for FY 2010-2011 budget. Revenue resulted from the refinancing of the 1994 debt. No longer requires a debt service reserve fund. |
| <input type="checkbox"/> Opening of New Franklinton High School – cost unknown at present time? |
| <input type="checkbox"/> Potential Debt Service for County Complex, Jail Renovations, Early College - \$1,500,000 (undecided at this time) |
| <input type="checkbox"/> Total of items mentioned above: \$5,153,132 |

Following the presentation, Chair McGhee offered her appreciation for the effort and work done in preparing the budget proposal. She stated the document was informative, precise and easy to understand.

Commissioners Swanson and Foy asked to confirm the budget included no tax increase. Mrs. Harris stated he was correct. No tax increase is recommended.

The Board is expected to hold a public hearing on the proposed budget on June 7, 2010 with possible adoption at its June 21, 2010 regular Board meeting.

Commissioner Swanson made the motion to adjourn at 7:35 P.M. The motion was seconded by Commissioner Dunston. The motion duly carried with all present voting "AYE."

Penny McGhee, Chair

Kristen G. King, Clerk to the Board

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