

**PERSON COUNTY BOARD OF COMMISSIONERS**

**JANUARY 20, 2015**

**MEMBERS PRESENT**

**OTHERS PRESENT**

Kyle W. Puryear

Heidi York, County Manager

David Newell, Sr.

B. Ray Jeffers

Brenda B. Reaves, Clerk to the Board

Jimmy B. Clayton

Tracey L. Kendrick

The Board of Commissioners for the County of Person, North Carolina, met in regular session on Monday, January 20, 2015 at 9:00 am in the Kirby Theatre located at 213 N. Main Street, Roxboro for the purpose to hold a Board Retreat focusing on the Fiscal Year 2015-2016 Budget.

Chairman Puryear called the meeting to order and welcomed the group to the annual Board retreat noting the retreat provides an opportunity to give direction to the County Manager for the upcoming recommended budget.

**DISCUSSION/ADJUSTMENT/APPROVAL OF AGENDA:**

Chairman Puryear stated the Sheriff has requested the Board to consider an item for a Governor Crime Commission Grant for 2015-2016 to be added to the end of the Retreat Agenda. Chairman Puryear noted his desire to recess the Board retreat at approximately 11:15 am to allow him and any Board members interested in attending the Chamber of Commerce's ribbon cutting at 11:30 am.

A **motion** was made by Commissioner Kendrick and **carried 5-0** to approve the agenda with the adjustments recommended by Chairman Puryear.

County Manager, Heidi York told the Board the retreat is a time for staff to share relevant information related to fiscal projections locally, state-wide and nationally. Ms. York asked the Board to participate and feel free to ask questions in an informal manner throughout the day.


**STATE LEGISLATIVE UPDATE:**

County Manager, Heidi York introduced the first speaker on the retreat agenda. Ms. York stated Ms. Rebecca Troutman is in her 24th year with the North Carolina Association of County Commissioners, a nonprofit advocacy organization of all 100 counties. Ms. Troutman serves as Intergovernmental Relations Director and is a registered lobbyist with the North Carolina General Assembly. She represents county interests on issues related to human services, personnel and retirement, state/county budgets, and tax and finance and is responsible for analyzing tax, finance, and expenditure impacts of proposed legislation and administrative changes on county governments. Key legislative accomplishments include the County Medicaid Relief Swap of 2007, that ended county participation in Medicaid services costs, and the 2012 Health and Human Services Consolidation, authorizing all counties to consider restructuring health and human services delivery.

Ms. Troutman, Intergovernmental Relations Director for the NC Association of County Commissioners gave the Board a member benefits brochure for Person County, introduced Mr. Hugh Johnson, Government Relations Coordinator and presented the following State Legislative Update:


**January 20, 2015**

Jan-15






# Person County


## Statewide Issues & Impacts to County Budgets



REBECCA TROUTMAN  
NCACC IGR DIRECTOR


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# NCACC—Who We Are

- 100 counties strong
- Focus on advocacy, county services, education, & research
- Sponsor debt set off (\$224 M to counties & cities) & EMS Medicaid Enhancement (\$258 M for counties)
- Offer county-centric risk management services
- Expanding research



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North Carolina Association of County Commissioners  
Founded in 1906, the North Carolina Association of County Commissioners is one of the most successful and active charitable local government associations in the nation. The NCACC was established for the betterment of county government in North Carolina.

Find out more about the NCACC  
See what the NCACC does for North Carolina Government

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
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January 20, 2015



## Discussion Today




- State revenue collections?
  - *State of the State, US, Counties*
- Tax reform 2.0?
  - *Issues to watch*
- State budget priorities?
  - *Issues to watch*
- Medicaid expansion/reform?
- Good news for local government pension funding

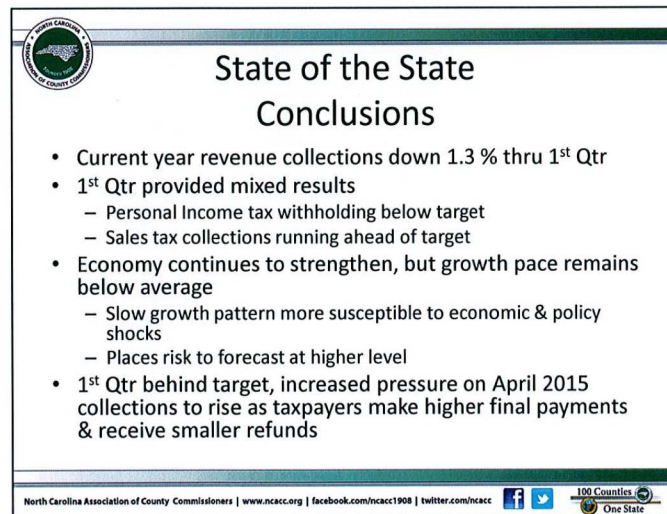
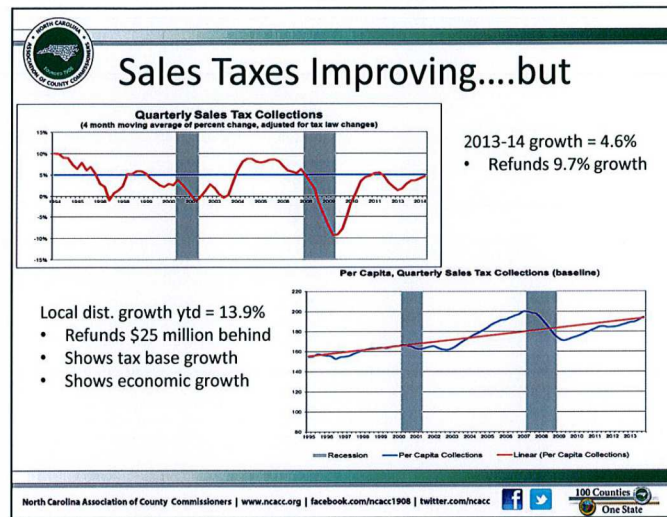
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## State of the State (Barry Boardman)

- 2013-14 = \$450 million shortfall
  - Personal Income tax collections the key reason
- 2014-15 ytd Dec. = General Fund revenue \$199 million under target
  - 2% under target & 4.7% down year to year
  - Sales Tax collections were \$78 million above target
    - 6.4% baseline growth v. 14.1% total year to year
  - Personal Income collections were down \$247 million
  - Total Tax revenue down \$175 million

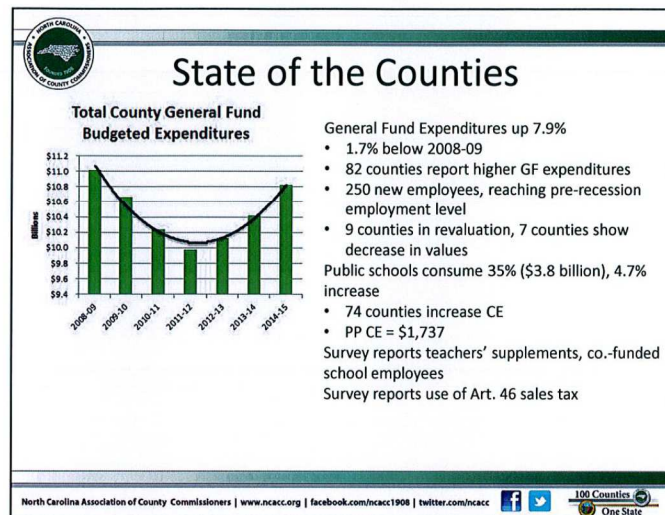
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Vice Chairman Newell asked the per capita income for Person County. Annual reporting indicates per capital income for Person County is \$25,284.

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## Biennial Budget Begins!

- Governor's 2-year budget expected late Feb.
  - Requires consensus revenue forecast with NCGA
  - Focus on infrastructure?
  - Offer up Medicaid expansion?
- State tax revenues?
  - Below projections
  - Unknown until April 15
- House takes budget lead this biennium


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100 Counties One State

 **Legislative Session 1/28**  
(Organization Session 1/14)

- New House leadership
  - Committee chairs unknown

		
Rep. Tim Moore (Cleveland) Speaker of the House	Rep. David Lewis (Harnett) Rules Chair	Rep. Mike Hager (Rutherford) Majority Leader

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 **Legislative Session 1/28**  
(Organization Session 1/14)

- Senate leadership unchanged
  - Committee chairs unknown

		
Sen. Phil Berger (Rockingham) President Pro Tem	Sen. Tom Apodaca (Henderson) Rules Chair (presumed)	Sen. Harry Brown (Onslow) Majority Leader




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## Key Legislative & Budget Issues?

- Tax Reform 2.0?
  - Shift in local sales tax allocation?
  - Expansion of sales tax to services?
  - Replacement for municipal privilege license taxes?
- Medicaid Reform & Expansion?
  - House/Senate differences remain
- Education Reform?
  - Teachers' salaries
  - School funding?




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## Local Sales Tax—Proposed Changes


### *What's Being Discussed?*

- Senate Finance chairs consider reallocation based on per capita only
  - Effort to help smaller, rural counties
  - Follow up to end of session sales tax proposal
- No other state uses per capita
  - Constitutionality?
  - 24 counties losing \$218 million
- NCACC policy opposes redistribution of existing revenues
  - *What other options available to help all counties?*

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Vice Chairman Newell asked if the Board had the authority to eliminate the 2% sales tax levied to which Ms. Troutman replied affirmatively.




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## End of Session Surprise Fails— Sets Stage for 2015?

H1224—Senate PCS, Local Sales Tax For Educ./Econ. Dev.




- Original pcs eliminated ¼ cent general purpose & replaced with ½ cent educ. and/or transit in ¼ cent increments
- Senate adopted version kept general purpose & increased to ½ cent, offered new ed. option at ½ cent & increased transit to ½ cent—either or in ¼ cent increments
  - Cap combined sales taxes at 2.5%
  - Grandfathers Durham & Orange at 2.75%
  - Companion H189 permits Mecklenburg & Wake until 2016 to keep 2.75%

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## State Budget Pressures

- Little flexibility after years of cuts
- State \$ for 1-time fed. \$ to be restored
- Teachers' salary increases, particularly long-serving teachers
- New initiatives from new members?
- Medicaid overruns

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Ms. Troutman reiterated that the federal non-recurring funding used for state appropriations for the current fiscal year would need to be replaced with state funding in the next budget. Ms. Troutman stated the General Assembly would likely view the April 15<sup>th</sup> proceeds before initiating a state sales tax restructure.


**January 20, 2015**



## Medicaid Expansion

- What expansion means?
  - Medicaid coverage for poor, single, non-custodial
    - Statewide estimate of 500,000
    - Feds. fully fund initially & steps down to 90% in 2020
- What expansion means for counties?
  - Additional workload in DSS depts. (75% fed. reimbursement)
  - Coverage of some jail medical expenses & public health services?
- Pressure mounts for Medicaid expansion
  - Gov. McCrory explores federal waiver?
    - Mirrors Indiana, Arkansas to design state program?
  - NC foundations sponsor econ & jobs costs of delaying expansion
    - Reports 43,000 fewer jobs & \$21 billion loss in fed. Funds
  - BC/BS Exec. calls for expansion
    - ACA discontinued DSH payments




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## Good News! LGERS Fund Stabilizing

- New financial reporting shows net assets
- Employer contribution to fall
- Investment gains support small COLA
- Retirement division/actuary recommend setting 5-year ARC (annual retirement contribution)

*Look for pension spiking notice*

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Commissioner Jeffers stated the following are the NC Association of County Commissioners' 2015-2016 legislative goals as adopted at the Association's Legislative Goals Conference January 15-16, 2015:

1. Support continued state funding of Medicaid and support efforts by the state to provide healthcare access for all citizens.
2. Seek legislation to restore the statutory requirement that 40% of the net lottery proceeds be allocated to counties for school capital needs and increase the annual appropriation of lottery funds until the 40% allocation is restored.
3. Seek legislation to repeal the statutory authority under N.C. G.S. 115C-431(c) that allows local school boards to file suit against a county board of commissioners over county appropriations for education.
4. Oppose any shift of state transportation responsibilities to counties.
5. Oppose unfunded mandates and shifts of state responsibilities to counties.

#### **FEDERAL AND STATE ECONOMIC OUTLOOK:**

County Manager, Heidi York introduced Mr. Michael Wolf, an economist with Wells Fargo Securities, covering both U.S. and regional economies. Based in Charlotte, N.C., Mr. Wolf writes indicator reports, special commentary, and contributes to the company's *Weekly Economic & Financial Commentary*. Prior to joining Wells Fargo, Mr. Wolf worked as a regional and international economist at Moody's Analytics. Additionally, he measured trends in compensation as an economist for the Bureau of Labor Statistics. Mr. Wolf has a master's degree in international economic policy and statistics from Columbia University and Baruch College, respectively. He also holds a bachelor's degree in economics from the University of Maryland and is a member of the National Association of Business Economics and Charlotte Economics Club.

Mr. Wolf provided the Board with the following Economic Outlook presentation:

**January 20, 2015**



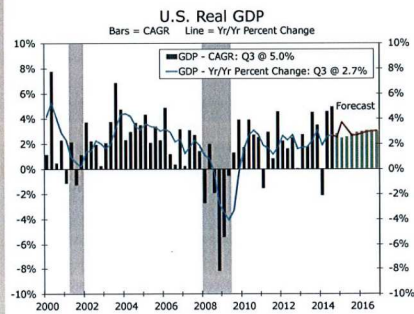
## Economic Outlook

Michael Wolf, Economist  
January 20, 2015



### Gross Domestic Product

Real GDP experienced some volatility in the first half of the year, but growth looks to be firming in the second half



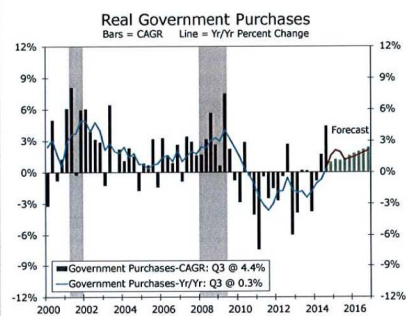
Source: U.S. Department of Commerce and Wells Fargo Securities, LLC

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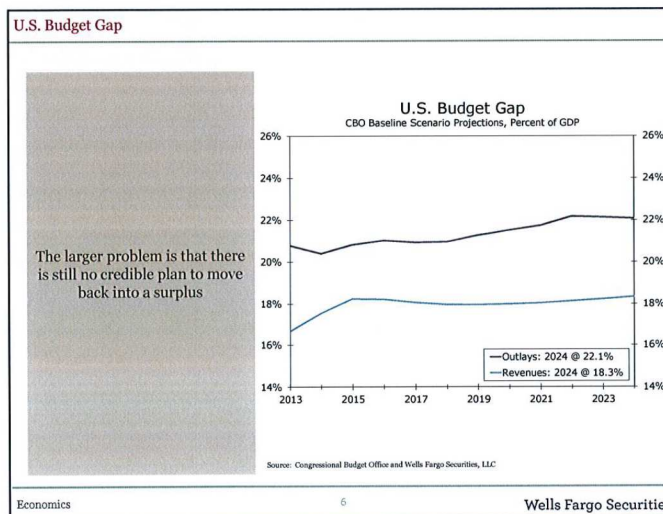
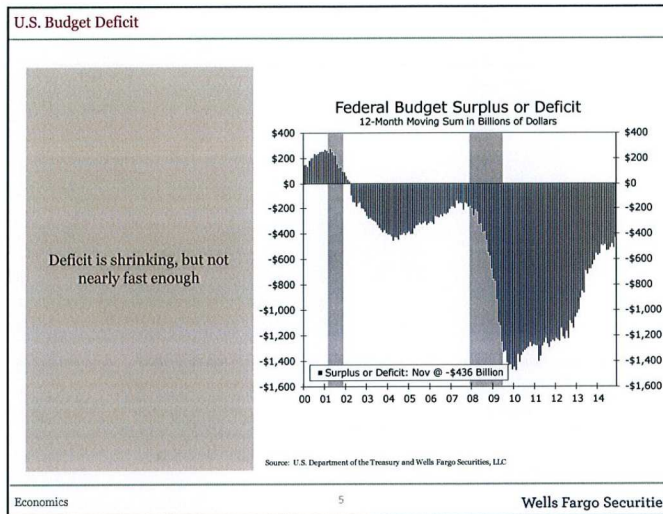
## Government

### Government Purchases

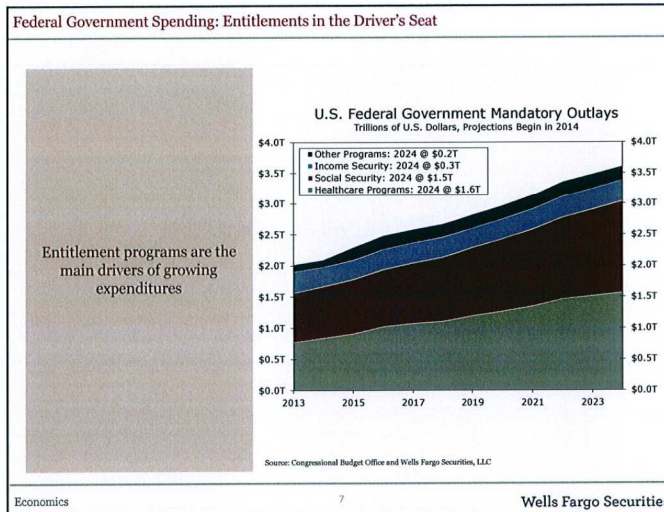
The public sector has remained a weight on the overall economy, but looks to be turning into a modest contributor to growth



Source: U.S. Department of Commerce and Wells Fargo Securities, LLC

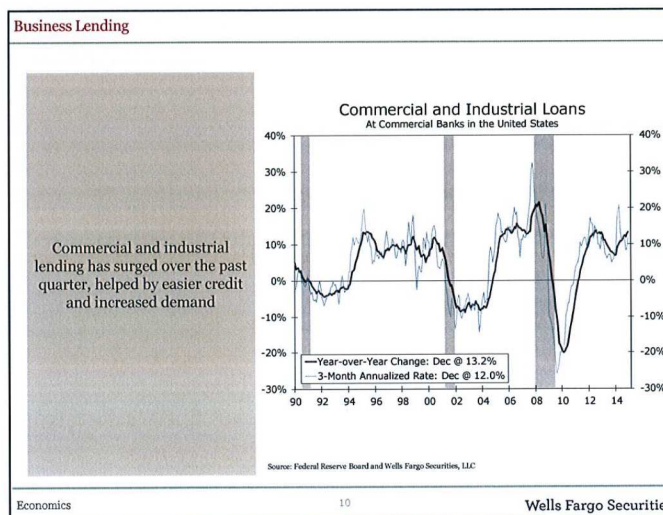
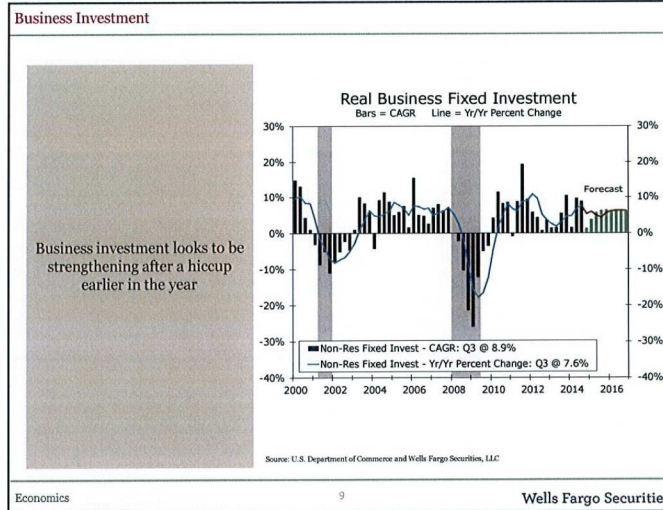


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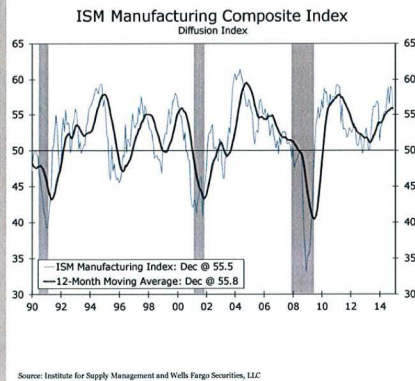
Business Investment





## Manufacturing

Large manufacturers are reporting a sizable pickup in activity



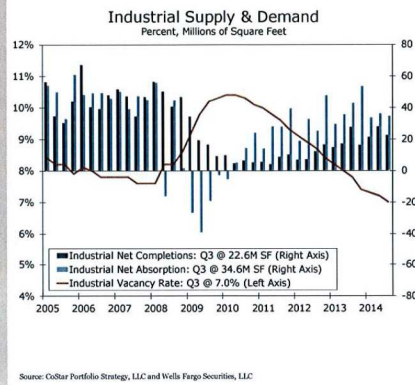
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Wells Fargo Securities

## CRE: Industrial

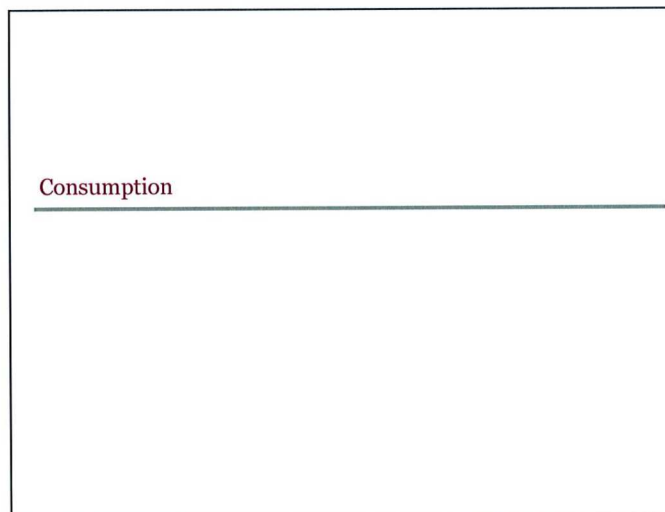
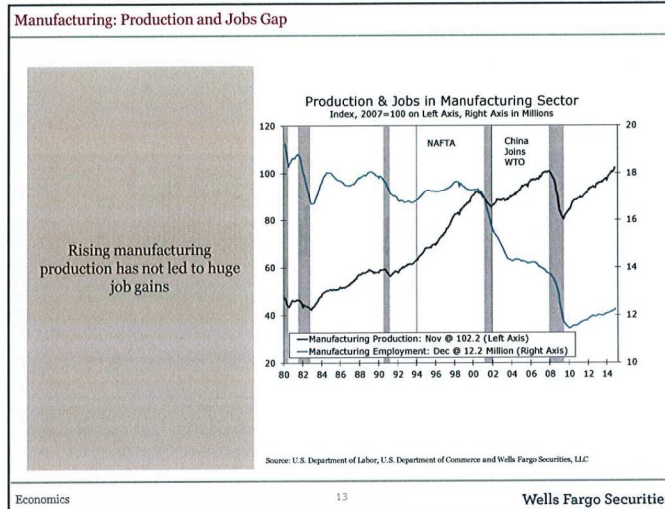
A rise in manufacturing and energy production has fueled growth in the industrial real estate market

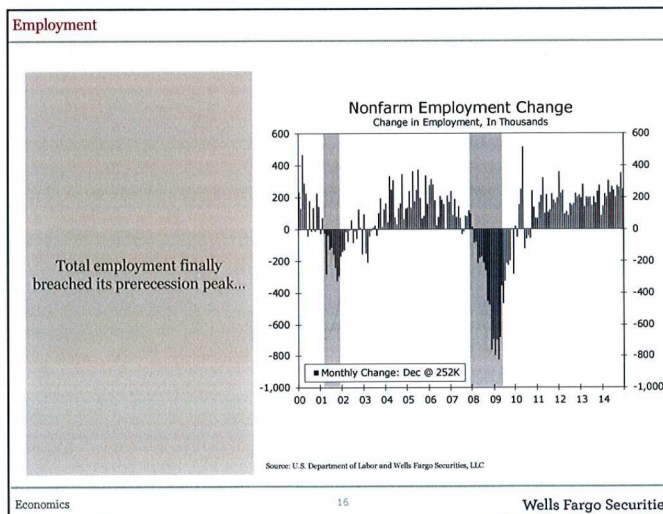
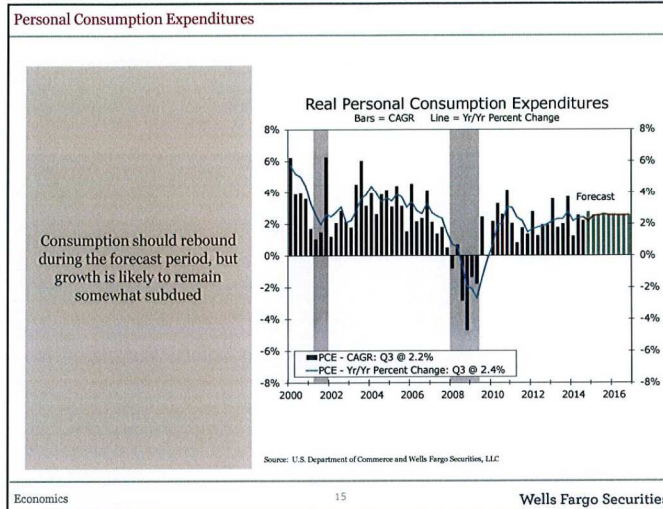


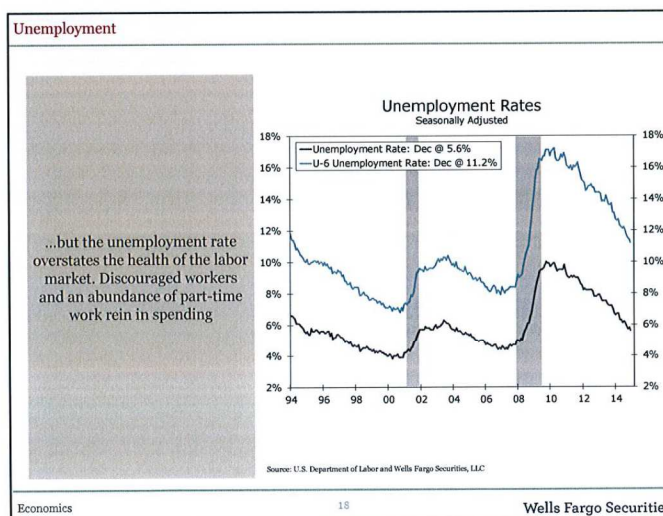
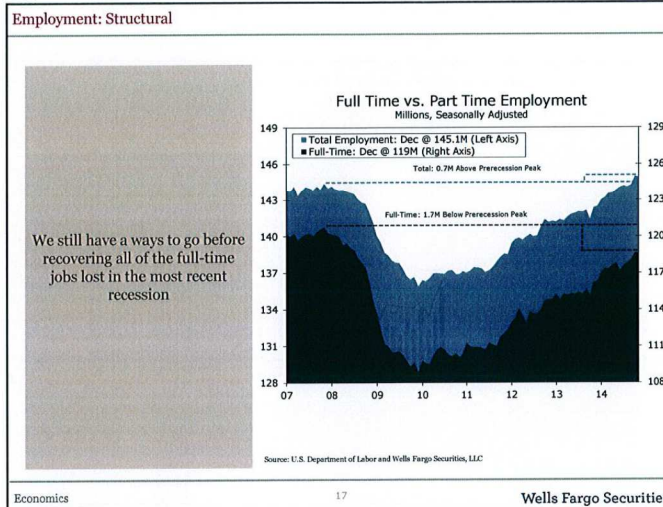
Economics

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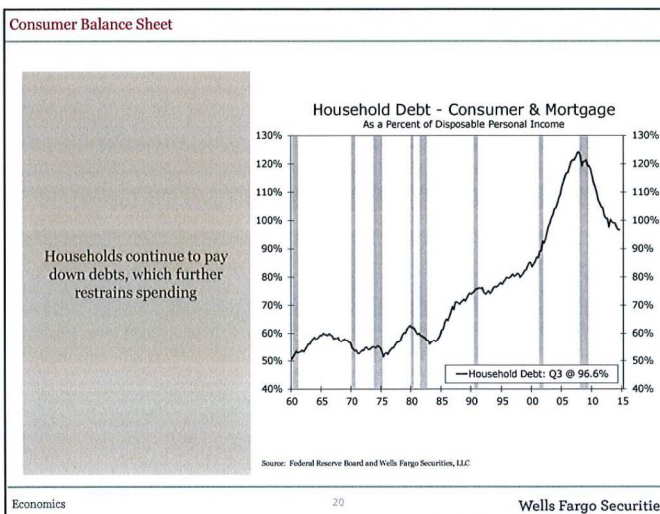
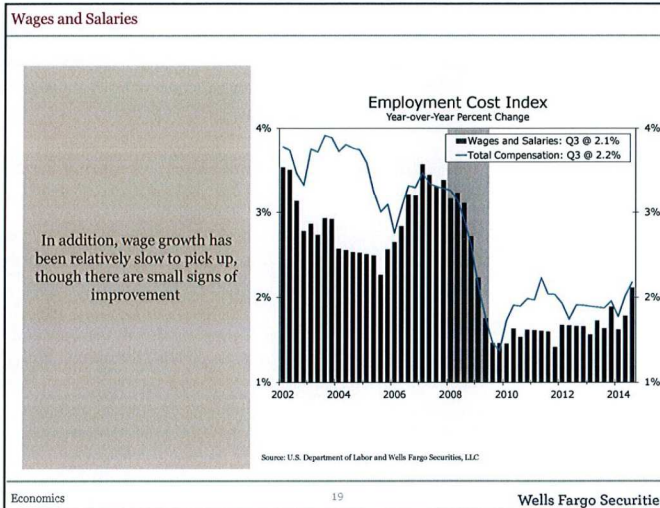
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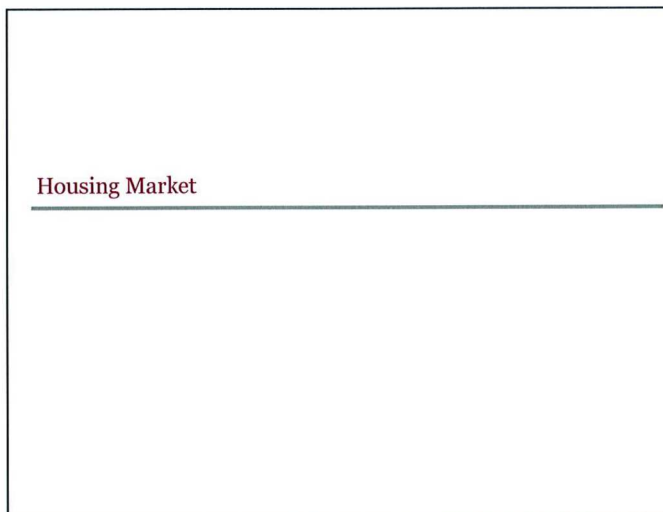
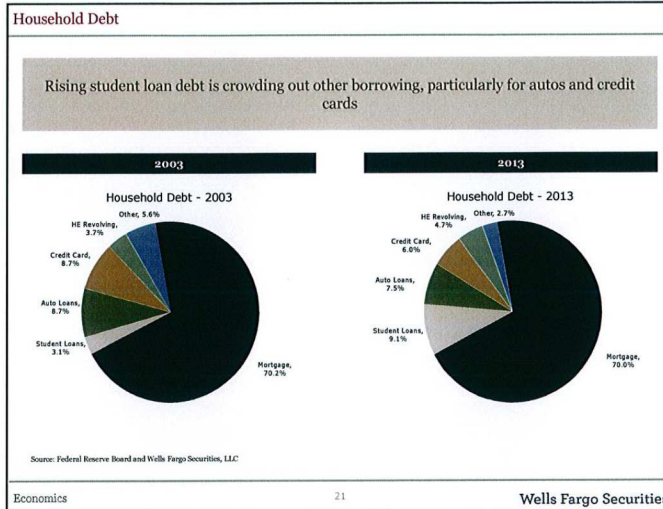


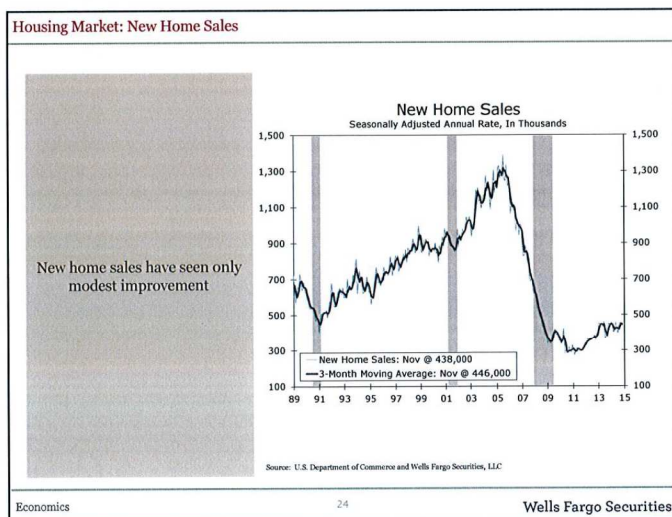
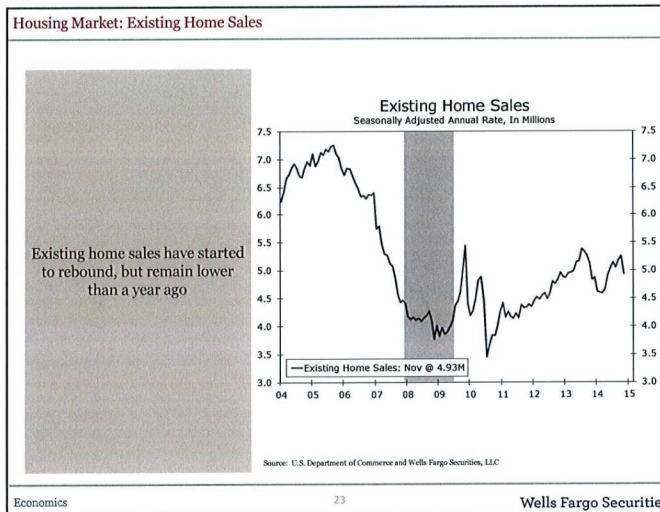


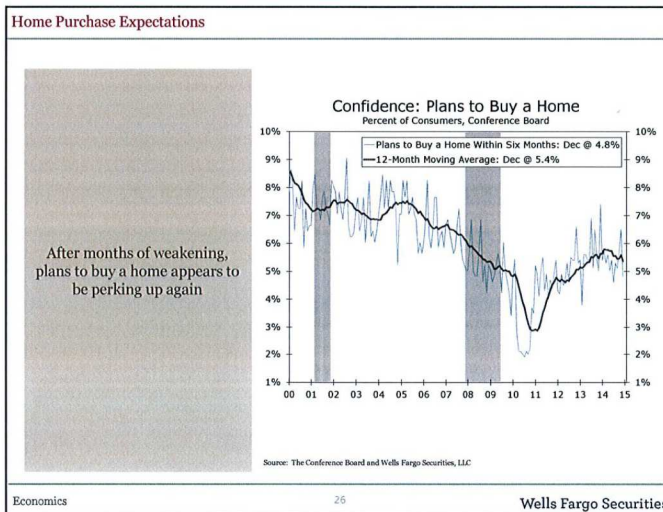
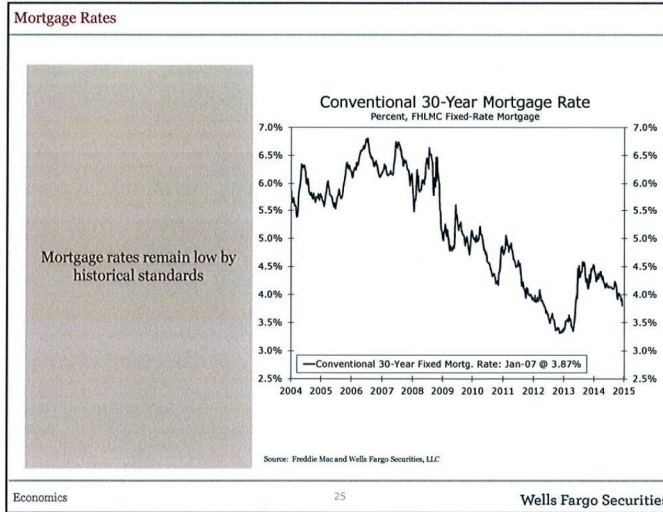


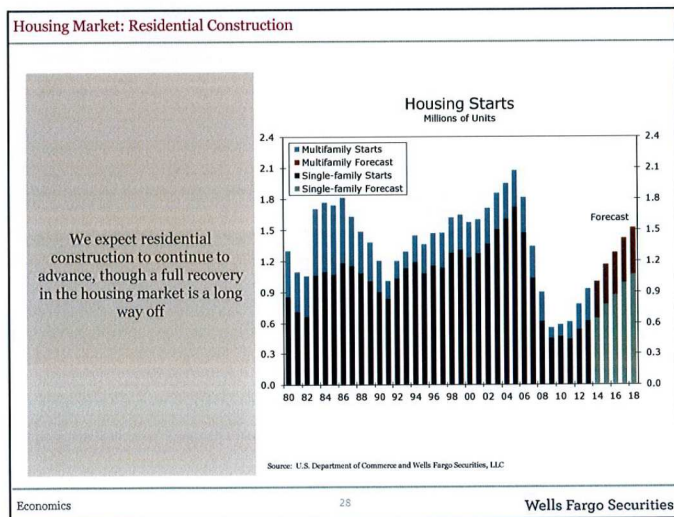
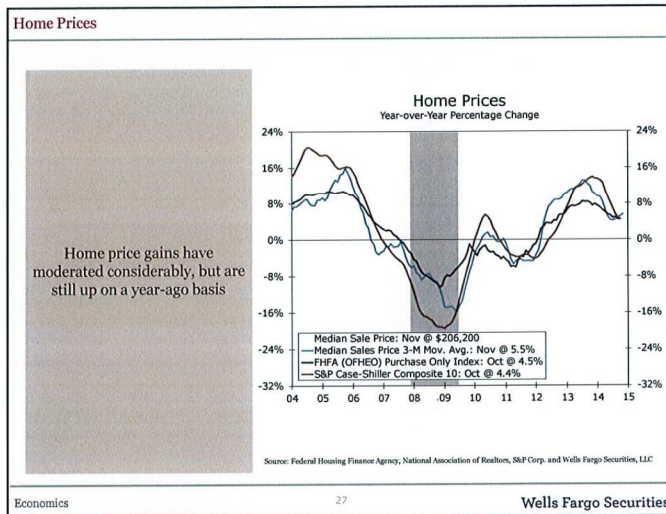








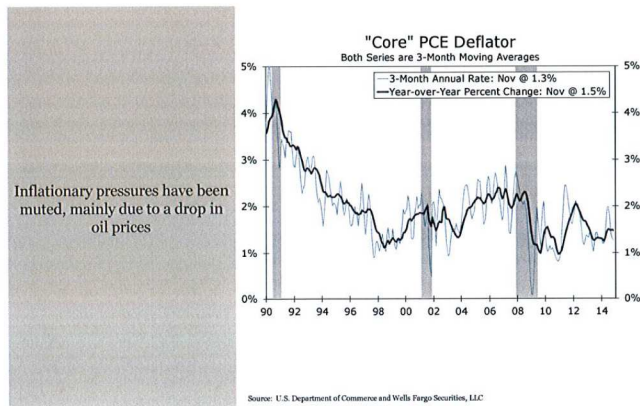






## Fed Policy

## Inflation



Economics

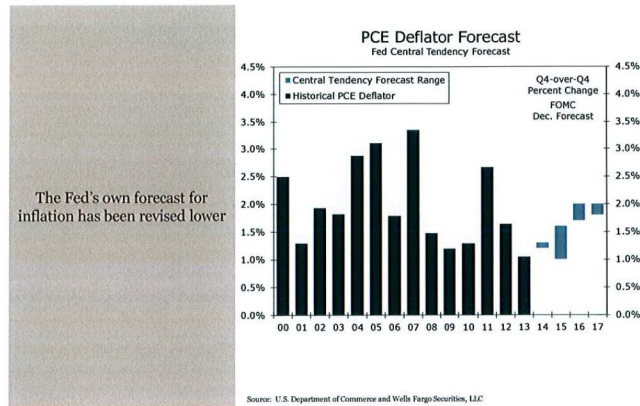
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## Interest Rates

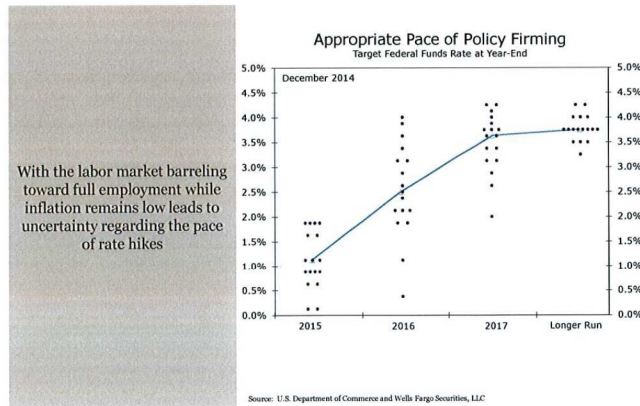


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## Interest Rates



Economics

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U.S. Forecast

Wells Fargo U.S. Economic Forecast														
	Actual				Forecast				Actual		Forecast			
	2014				2015				2012	2013	2014	2015	2016	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q						
Real Gross Domestic Product <sup>1</sup>	-2.1	4.6	5.0	2.8	2.5	2.6	2.8	2.9	2.3	2.2	2.4	3.1	3.0	
Personal Consumption	1.2	2.5	3.2	4.5	2.5	2.6	2.5	2.5	1.8	2.4	2.5	3.0	2.5	
Inflation Indicators <sup>2</sup>														
PCE Deflator	1.1	1.6	1.5	1.1	0.8	0.7	0.9	1.4	1.8	1.2	1.3	1.0	2.0	
Consumer Price Index	1.4	2.1	1.8	1.2	0.7	0.5	0.8	1.7	2.1	1.5	1.6	0.9	2.4	
Industrial Production <sup>3</sup>	3.9	5.7	4.0	6.6	6.1	4.9	3.5	3.1	3.8	2.9	4.3	5.2	3.6	
Corporate Profits Before Taxes <sup>2</sup>	-4.8	0.1	1.4	3.2	3.7	3.6	4.1	4.6	11.4	4.2	0.1	4.0	5.2	
Trade Weighted Dollar Index <sup>4</sup>	76.9	75.9	81.3	85.0	83.8	84.8	85.8	86.8	73.5	75.9	78.4	85.3	88.3	
Unemployment Rate	6.7	6.2	6.1	5.8	5.7	5.6	5.5	5.4	8.1	7.4	6.2	5.6	5.2	
Housing Starts <sup>4</sup>	0.93	0.99	1.03	1.03	1.06	1.13	1.21	1.24	0.78	0.92	1.01	1.16	1.26	
Quarter-End Interest Rates <sup>5</sup>														
Federal Funds Target Rate	0.25	0.25	0.25	0.25	0.25	0.50	0.75	1.00	0.25	0.25	0.25	0.63	2.00	
Conventional Mortgage Rate	4.34	4.16	4.16	4.00	4.16	4.20	4.30	4.40	3.66	3.98	4.20	4.27	4.95	
10 Year Note	2.73	2.53	2.52	2.17	2.40	2.51	2.59	2.66	1.80	2.35	2.54	2.54	3.20	

Forecast as of: January 2, 2015

<sup>1</sup> Compound Annual Growth Rate Quarter-over-Quarter

<sup>2</sup> Year-over-Year Percentage Change

<sup>3</sup> Federal Reserve Major Currency Index, 1973=100 - Quarter End

<sup>4</sup> Millions of Units

<sup>5</sup> Annual Numbers Represent Averages

Economics

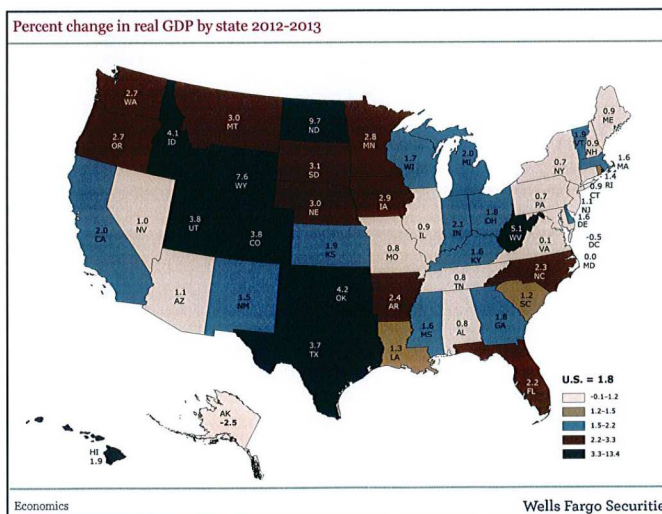
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Wells Fargo Securities

Economics

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Wells Fargo Securities



Economics

Wells Fargo Securities

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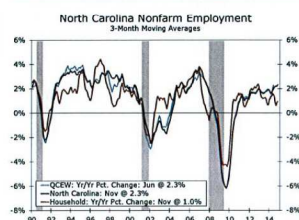
Mr. Wolf noted NC's percent in real GDP for 2012-2013 was 2.3%.

January 20, 2015

## North Carolina

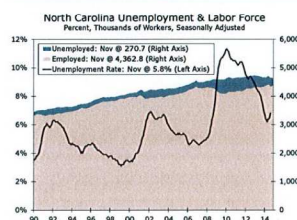
The labor market continued to firm in North Carolina during 2014 despite the recent uptick in the unemployment rate

### Employment



Source: U.S. Department of Labor and Wells Fargo Securities, LLC

### Unemployment



Economics

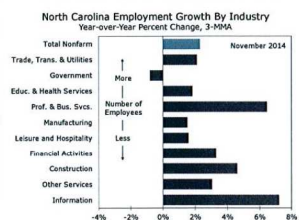
35

Wells Fargo Securities

## North Carolina

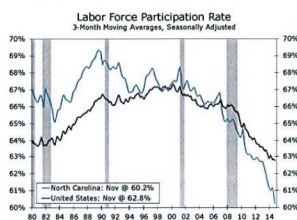
Employment gains have been broad based, but the labor force participation rate continues to move lower

### Employment by Industry



Source: U.S. Department of Labor and Wells Fargo Securities, LLC

### Labor Force Participation



Economics

36

Wells Fargo Securities

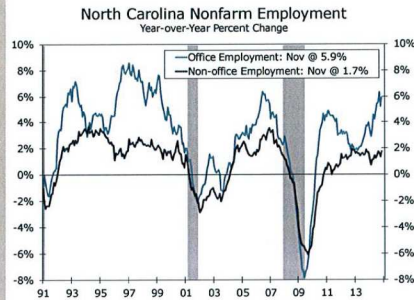
18

Mr. Wolf stated NC's labor force participation rate was 60.2% as of November 2014.

January 20, 2015

## North Carolina

Some of the strongest gains have been seen in office-using employment, which bodes well for related investment in structures and the construction industry



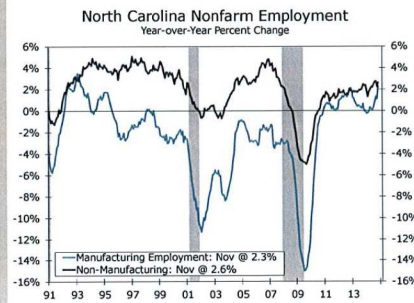
Economics

37

Wells Fargo Securities

## North Carolina

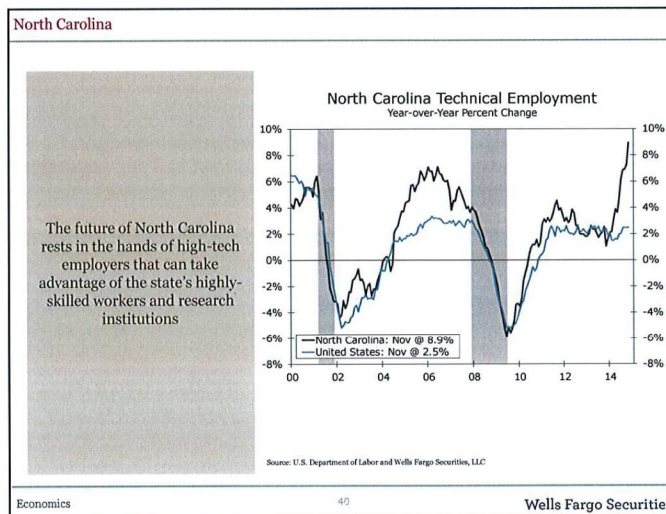
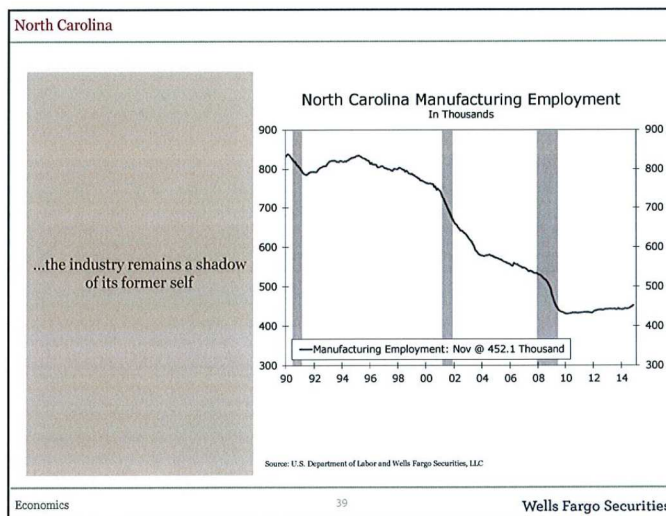
Manufacturing employment is also perking up, but...



Economics

38

Wells Fargo Securities



20

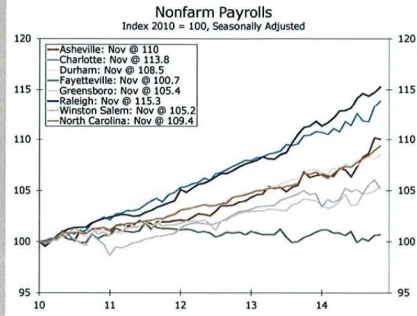
Mr. Wolf stated there have been huge gains in professional technology services.

January 20, 2015



## North Carolina

Gains in the state have been dominated by Raleigh and Charlotte, though Durham and Asheville have also maintained a respectable pace



Source: U.S. Department of Labor and Wells Fargo Securities, LLC

Economics

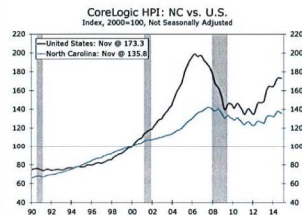
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Wells Fargo Securities

## North Carolina

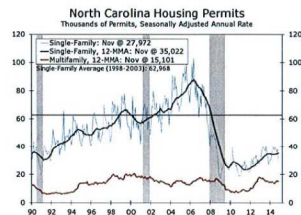
Gains in the housing market have moderated in North Carolina just as they have nationwide. Home prices have nearly fully recovered, but residential construction has slowed.

### Employment by Industry



Source: CoreLogic, U.S. Department of Commerce and Wells Fargo Securities, LLC

### Residential Construction



Economics

42

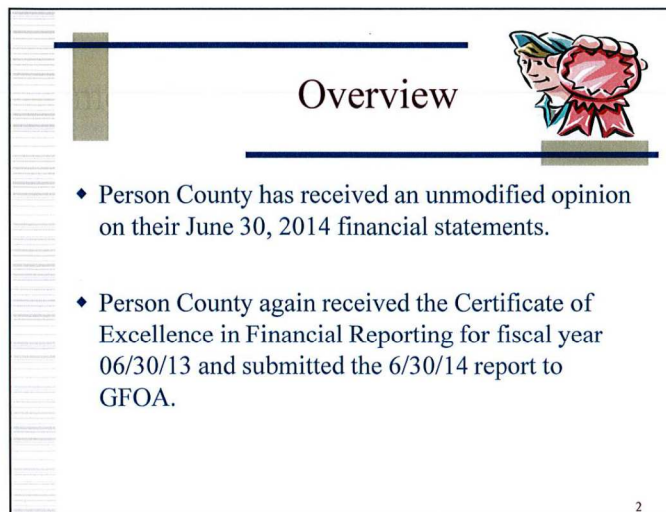
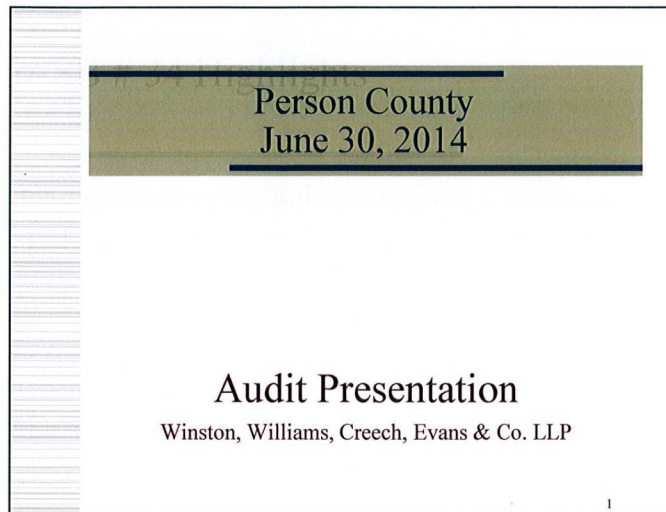
Wells Fargo Securities

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Client/Prospect Name	43	Wells Fargo Securities

Chairman Puryear called for a brief break at 10:41am. Chairman Puryear reconvened the meeting at 10:49 am.

**AUDIT REPORT & FUND BALANCE:**

Mr. James P. Winston, II, an audit partner of Winston, Williams, Creech and Evans & Co., LLP presented the Board the following June 30, 2014 Audit Presentation:



## GASB # 34 Highlights

- ◆ Management's Discussion and Analysis
- ◆ Statement of Net Position

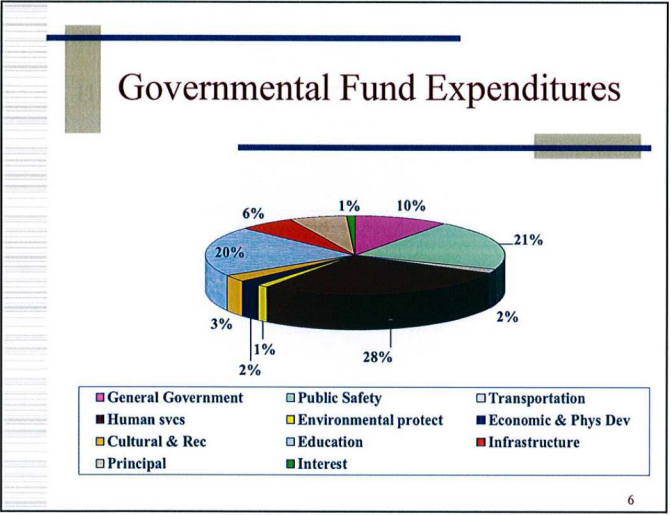
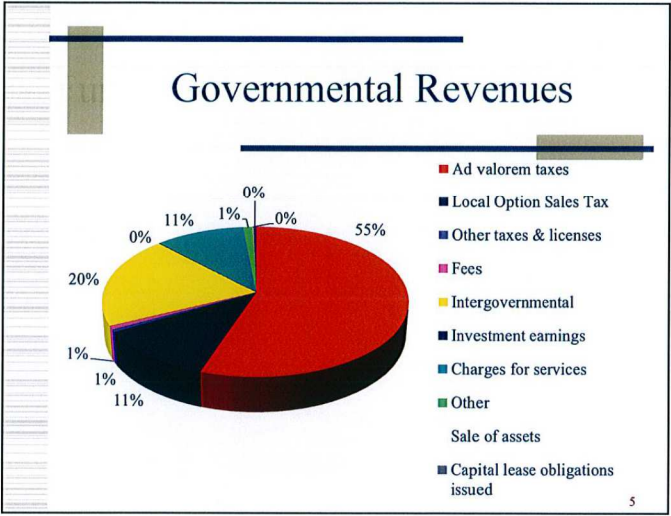
	<u>2013</u>	<u>2014</u>
Total Assets	\$ 54,272,537	\$ 52,185,130
DO of Resources	52,420	-
Total Liabilities	20,371,478	16,705,208
DI of Resources	<u>61,940</u>	<u>79,710</u>
Net Position	<u>\$ 33,891,539</u>	<u>\$ 35,400,212</u>

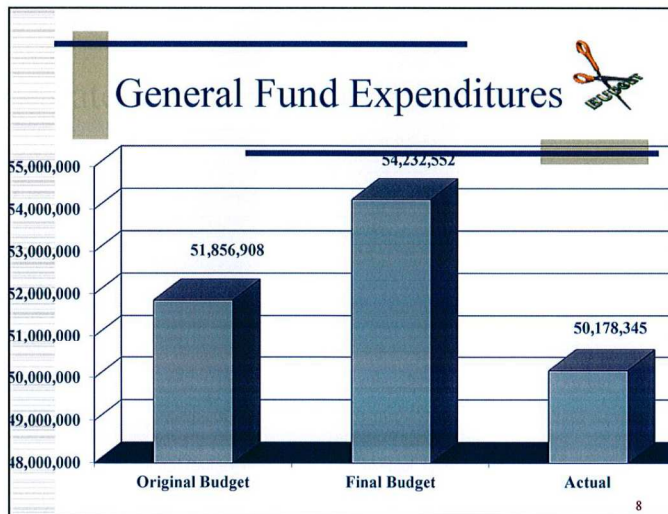
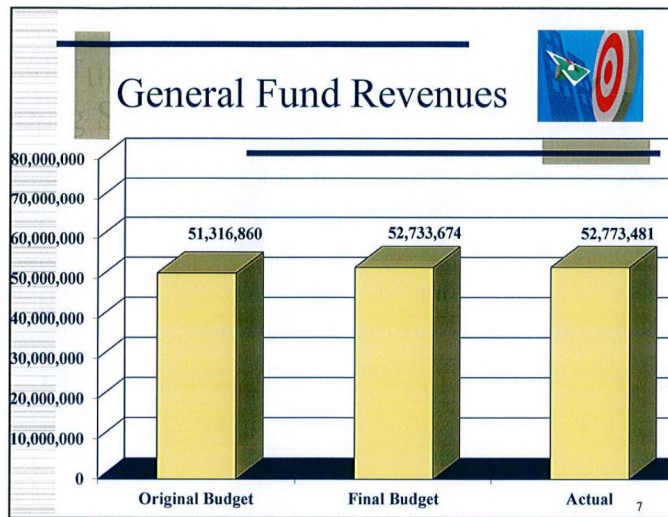
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## Statement of Activities

	<u>2013</u>	<u>2014</u>
Revenues	\$ 54,178,416	\$ 55,924,670
Expenditures	<u>54,260,081</u>	<u>54,415,997</u>
Change in Net Position	\$ (81,665)	\$ 1,508,673
Beginning Net Position	<u>33,973,204</u>	<u>33,891,539</u>
Ending Net Position	<u>\$ 33,891,539</u>	<u>\$ 35,400,212</u>

4



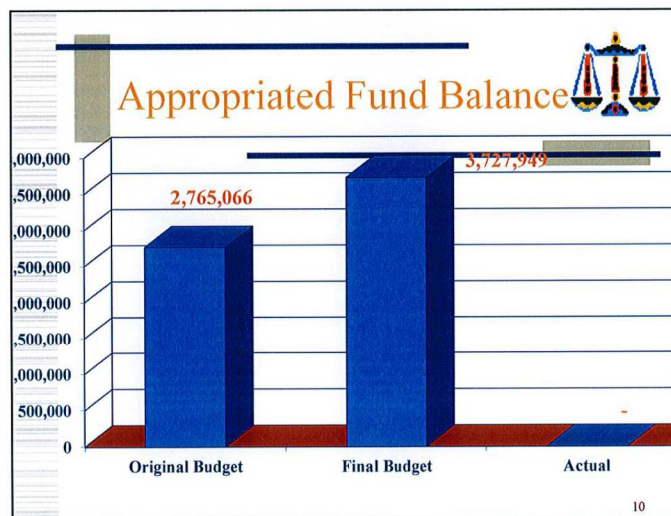
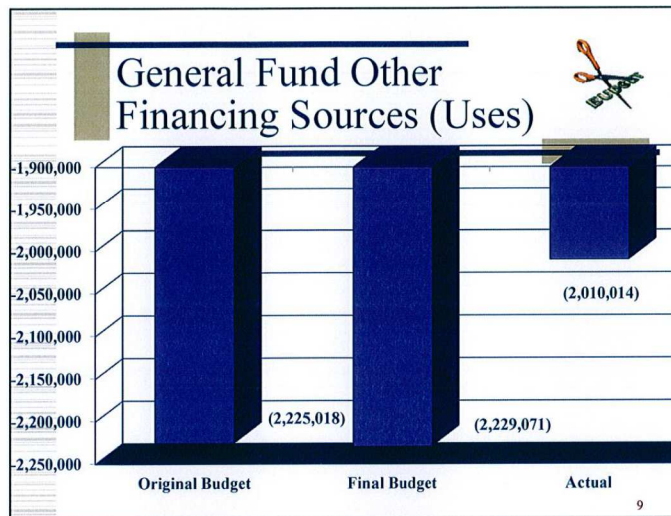


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Mr. Winston clarified the Final Budget General Fund Expenditures was \$54,232,552 as the number did not fit on the slide appropriately.

January 20, 2015

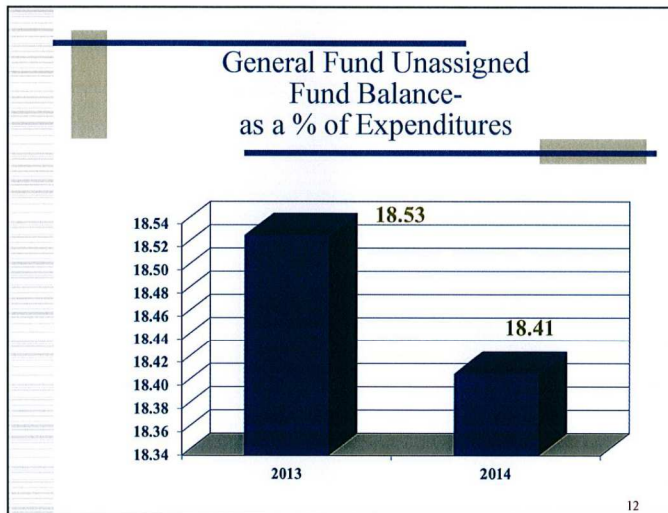
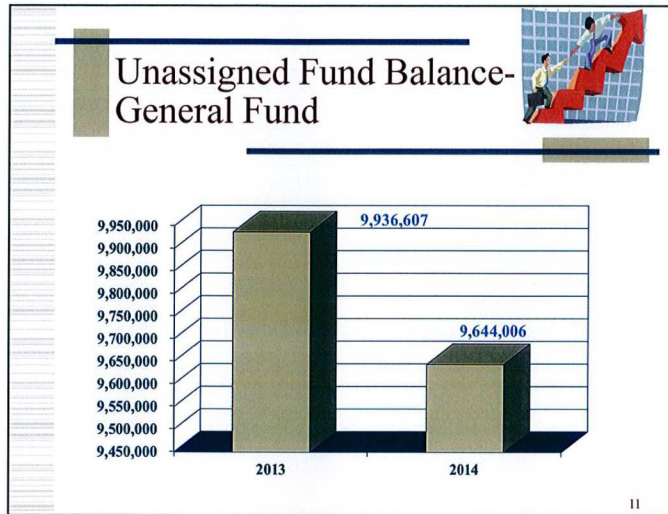




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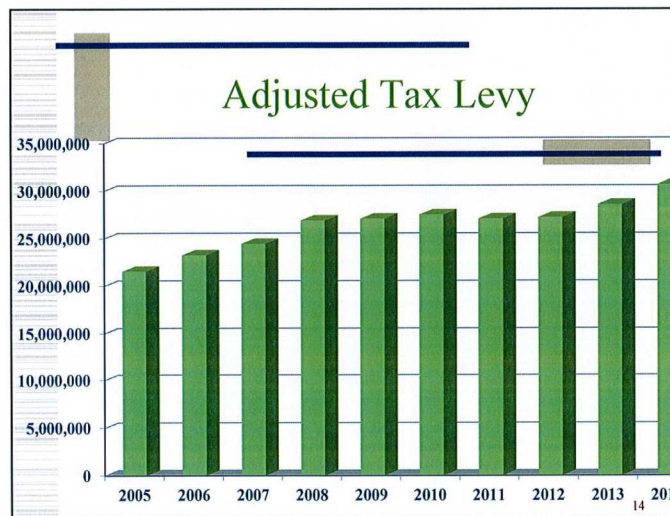
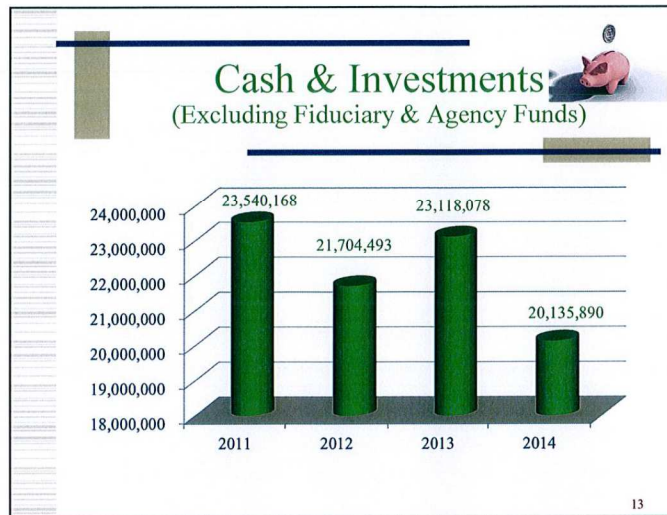
Mr. Winston clarified the Final Budget Appropriated Fund Balance was \$3,727,949 and there was no actual funding.

January 20, 2015

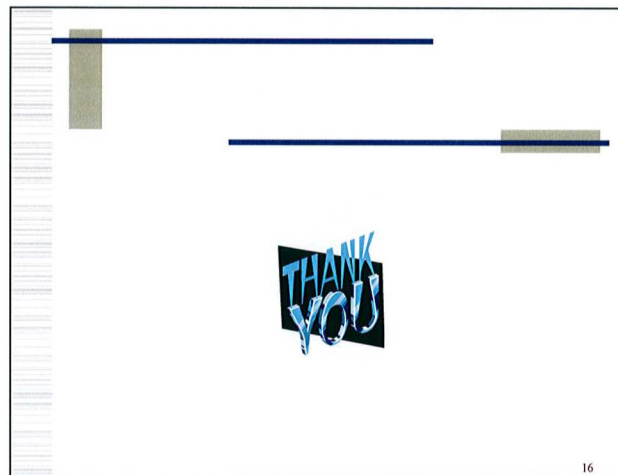
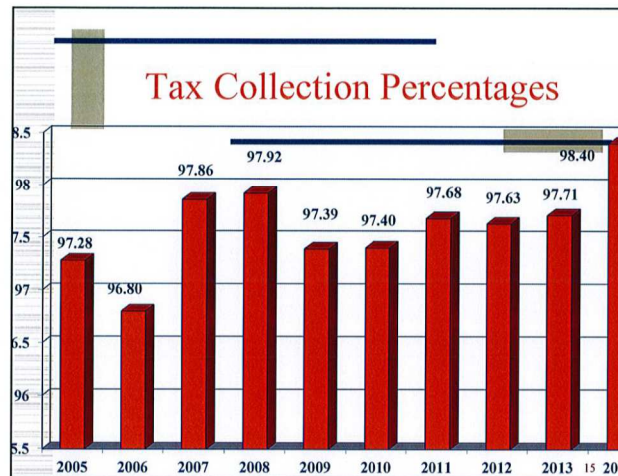


January 20, 2015

Mr. Winston noted the end result of 18.41% General Fund Unassigned Fund Balance complies with the County's policy of 18%. Mr. Winston further noted the minimum General Fund Unassigned Fund Balance is 8% per the Local Government Commission.



Mr. Winston stated the tax collection rate of 98.40% is above the state average. Mr. Winston noted the vehicle tax collection rate was at 97.75% which included the one-time additional four months of revenues.

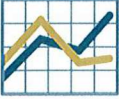



Board members were given a draft copy of the Comprehensive Annual Financial Report for the year ended June 30, 2014 that includes an independent auditor's report and financial reports.

**January 20, 2015**

Finance Director, Amy Wehrenberg gave the following Fund Balance presentation:

Jan-15



## Person County Fund Balance

Person County Board of  
Commissioners Annual Retreat  
January 20, 2015

Amy Wehrenberg  
Finance Director



## Discussion Summary

- Unassigned Fund Balance
- Fund Balance Appropriation
- Current Fund Balance Goals
- Why is a Fund Balance Policy important?
- Determining Appropriate Level
- Other County/City Fund Balance Goals
- Proposed Fund Balance Policy

2


1

January 20, 2015

Ms. Wehrenberg directed the Board's attention to page 29 of the Comprehensive Annual Financial Report and outlined the many fund balances listings.


Jan-15

### Unassigned Fund Balance ("UFB")

- 
- Portion of fund balance that has not been restricted, committed, or assigned to specific purposes or other funds.
  - The amount remaining at year-end that the Board has control over and can appropriate for any purpose.
  - UFB went from 18.53% to 18.41% at end of FY 2014.
  - A slight increase is anticipated for FY 2015 due to revenue growth, increased DSS revenues and deferral of capital.
  - The large drop-off of debt could possibly generate a large increase in UFB for FY 2016 unless there is a significant reduction in revenues (ie. tax decrease) or large pay-as-you-go capital investment.

3

### Fund Balance Appropriation (FBA)

- 
- The amount of savings that the County pledges in the budget to cover expenditures that are not already covered by other revenues.
  - 10 year trend shows a greater reliance on savings (or FBA) to fund the County's expenditures.
  - Pledging large amounts of FBA can further decrease the amount of undesignated fund balance at year-end.
  - Ways to address the over-reliance on FBA include reductions in expenditures, deferral of capital projects, or recognition of new or additional revenue sources.
  - The Board adopted an FBA of **\$3,064,697** for FY 2015, a **tax equivalent total of 7.43 cents**.

4

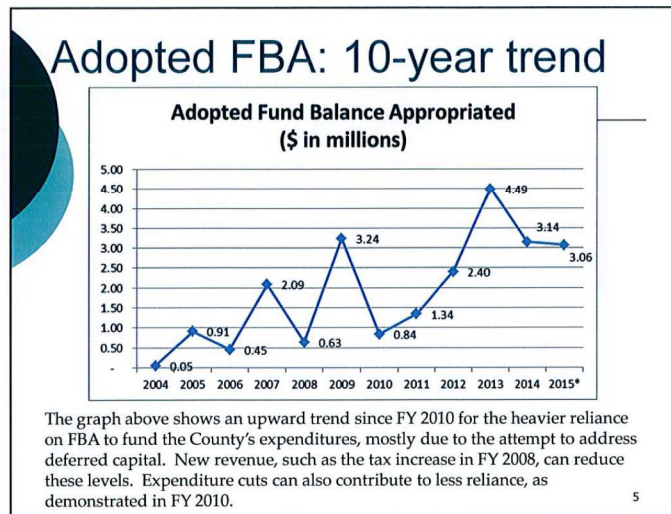
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January 20, 2015



Ms. Wehrenberg noted an anticipated drop in next year's fund balance appropriation due to the debt (schools) coming off the books.

Jan-15



### Fund Balance Goals


- **Fund Balance Policy????**
  - Person County has no separate Fund Balance Policy
  - Reference to Board's fund balance targets in section of 2004 County's Capital Reserve Fund (CCRF) Resolution
    - To maintain an available fund balance as a % of expenditures in the General Fund at a minimum of 18%
    - Any fund balance in excess of 18% should be primary source of funding the County's capital needs
    - To fund annually from fund balance in the General Fund the amount that exceeds 21%
  - Creation of CIP Fund has replaced use of CCRF, making this Resolution no longer effective
- **LGC's Recommendation:** Maintain minimum of 8%

6

3

January 20, 2015


### Why is a Fund Balance Policy important?



- Sufficient cash flow
- Maintains investment grade bond ratings
- Offsets significant gains & losses
- Provides for Unforeseen expenditure emergencies;
- Adheres to LGC's minimum 8% fund balance recommendation
- Provide for a stable property tax rate

7

### Determining Appropriate Level



- Consider government's own specific circumstances
- GFOA recommendation: **no less than two months** of regular general fund operating expenditures
- Higher levels needed if:
  - significant revenue sources are subject to unpredictable fluctuations
  - operating expenditures are highly volatile
  - evident exposure to significant one-time outlays (ie. Disasters, immediate capital needs, state budget cuts)
  - need for higher liquidity: the ability to provide funding for large required payments in the future (ie. significant bond payment, disaster-related events, etc.)
- Lower levels needed if:
  - surplus of resources in general fund
  - surplus of resources in other funds that reduces need from general fund

8

### Other County\*/City Fund Balance Goals


Mecklenburg County*	28%
Orange County*	17%
Union County*	20%
New Hanover County*	21%
Wake County*	15%
<b>Person County*</b>	<b>20% (recommended; represents 2.5 months expenditures)</b>
Town of Knightdale	25%
Village of Whispering Pines	45%
Pinehurst Village	15%
Town of Tarboro	30%
Town of Benson	20%
City of Washington	2 months expenditures + \$2M
Town of Kitty Hawk	\$3.5M
City of Burlington	4 months expenditures
Town of Zebulon	50% of projected expenditures
City of Monroe	25% of projected expenditures or \$7.5M, whichever greater
Village of Marvin	31% of projected expenditures
City of Clinton	35% to 40% (range)

9

### Proposed Fund Balance Policy

- 20% target for Unassigned Fund Balance (approx. 2.5 months of operating expenditures)
- Flexibility for Board to adjust minimum target as needed
- Maintain LGC's minimum 8% FBA

- Transfer surplus to CIP Fund for future capital improvements
- Provide County Manager with 2 year period to provide plan to address fund balance deficits
- Policy to be effective for FY 2014-15 results



10

Ms. Wehrenberg noted the proposal to set a policy setting the Unassigned Fund Balance to 20% was just a proposal for the Board to consider noting the County would need approximately \$750,000 to meet that target from the current status of 18.41%. Ms. Wehrenberg stated 20% would equate to over \$10M. County Manager, Heidi York added that the Board has relied on Fund Balance for recurring expenses the last few years and a policy would set guidelines for best practices to ensure steady growth.

Following discussion from all Board members related to the Unassigned Fund Balance proposed policy and whether to keep at its current 18% or increase to 20%, Chairman Puryear suggested holding the discussion to setting policy for the Unassigned Fund Balance until after the Capital Improvement Plan (CIP) discussion later in the day.

Chairman Puryear requested the Board to recess for the lunch break noting an opportunity for an informal tour of the newly renovated Kirby Rebirth upstairs was available for Board members if they had not seen the space.

A **motion** was made by Commissioner Jeffers and **carried 5-0** to recess the meeting at 11:54 am until 1:30 pm.

Chairman Puryear called the recessed meeting to order at 1:30 pm. County Manager, Heidi York requested the Board to participate in the first of several straw polls for the day. The first straw poll related to the information covered in the Finance Director's presentation about Fund Balance.

ITEMS SURVEYED THROUGHOUT THE RETREAT

Fund Balance Survey

1. Please respond to the following questions about fund balance:

	Yes	No
Do you want to create a fund balance policy with a target UFB of 20%?	<input type="radio"/>	<input type="radio"/>
Do you want to limit spending for capital projects to only the amount above the 20% UFB target?	<input type="radio"/>	<input type="radio"/>
Do you want to reduce the amount of Fund Balance allocated in the operating budget?	<input type="radio"/>	<input type="radio"/>

It was the consensus of the Board to continue the retreat with the presentation from the Tax Administrator, Russell Jones.

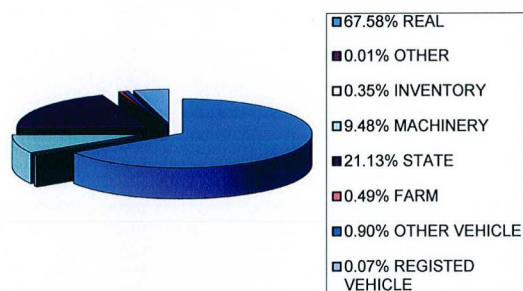
January 20, 2015

## AD VALOREM AND VEHICLE TAX REVENUES:

Tax Administrator, Russell Jones told the group that during Fiscal Year 2014-2015, the current tax year, the biggest players are, of course, real property (land and buildings) at 67.58%, then state appraised property (Duke Energy) at 21.13%% percent, then machinery (business equipment) at 9.48%. Mr. Jones confirmed the DMV has transitioned to the new NCVTS system, and it is now collected by NCDMV local tag offices.

Jan-15

### Where did the 2014 levy come from?



### What causes the LEVY to change?

- **Real Property**-Growth (new construction), splits of parcels, demolitions, changes in exempt status, changes in acreage in deferred (farm use)
- **State Appraised**-Changes each year, unpredictable by the County
- **Equipment**-Additions/Deletions, depreciation
- **Registered Vehicles**-Transitioned to NCVTS (now collected by NCDMV)

1

January 20, 2015



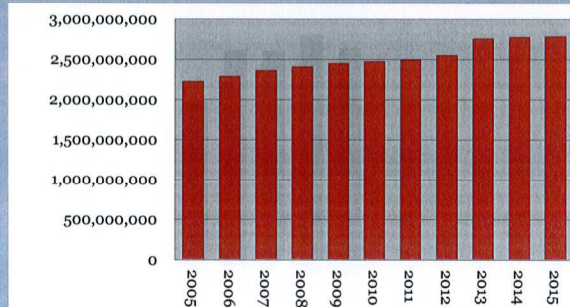
Mr. Jones stated the data on the real property is actual noting the State appraised figure comes in September, the equipment number is available late April, and motor vehicles has 15 months of history.

Jan-15

### Changes in FY2016 Real Property Values

- Added new construction= +33 Million
- TOTAL value for 2014-2015=\$2.75 Billion
- Estimate value for 2015-2016=\$2.783 Billion

### Real Property Value Changes, 2005-2015



2

Mr. Jones noted real property value continued to see \$9 million in growth (from 2.774b to 2.783b.)

January 20, 2015



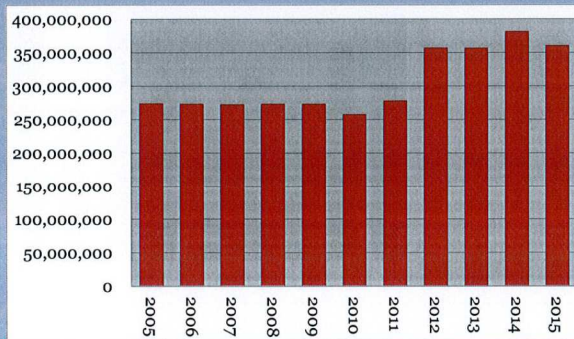
Mr. Jones noted there may be some additional equipment at Eaton, GKN, and Spuntech that was not in place January 1, 2014 but this is unknown at this time.

Jan-15

### Changes in FY2016 Equipment Values

- Reduced for additional depreciation= - \$20 M
- No numbers available for additional equipment
- Value for 2015-2016=\$360 M

### Equipment Value Changes, 2005-2015



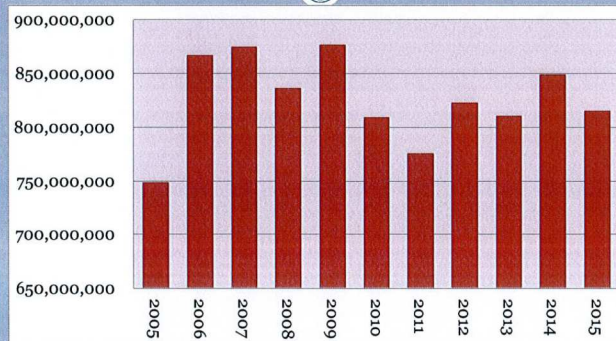
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January 20, 2015

## State Appraised Property Value Changes

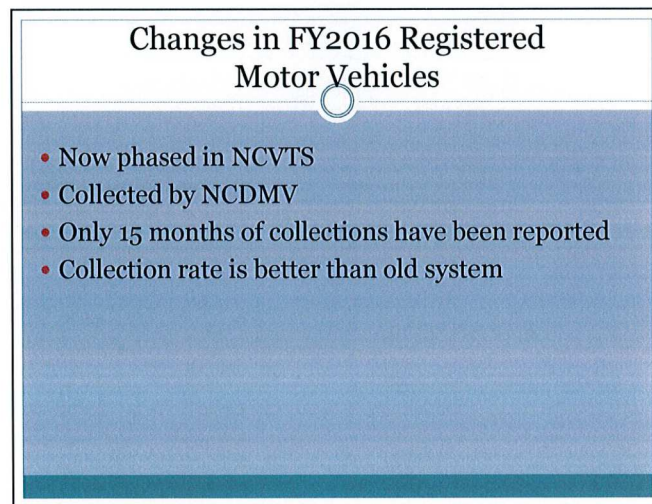
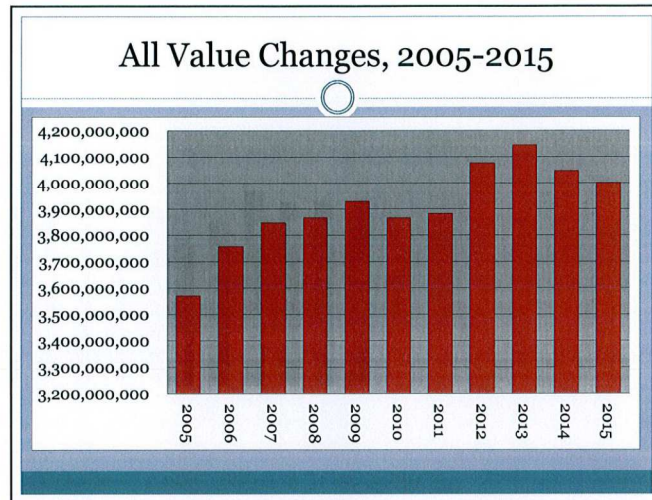
- Appraised annually by the State
- Person County will not receive valuation until September 2015
- Value for 2014-2015 was \$849 M, an increase from prior year
- Declined in 2010-2011 and 2011-2012, but increased in 2012-2013 by \$47 M to \$822 M
- Highest value was in 2009 at \$876 M
- Recommended value for 2015-2016=\$815 M

## State Appraised Property Value Changes 2005-2015



Mr. Jones stated the numbers are comparing predictions for the estimated ending levy for 2014, and not the budgeted levy of \$3.960 billion for 2014 (for 2014-2015 ending levy as opposed to budgeted is 1% higher). Mr. Jones noted the proposal levy value for 2015-2016 is \$4 billion, which is an increase of \$40 million from budgeted levy in 2014-2015 of \$3.96 billion.

Jan-15

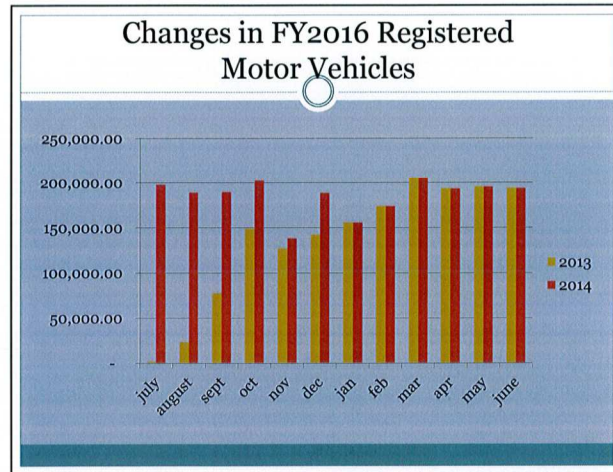


5

January 20, 2015

The new NCVTS system started with September 2013 renewals. While some citizens renewed early (July \$1,600 and August \$23,000 in revenues), most renewed by October 15 (grace period) with some renewed after the grace period. With only 15 months of data, Mr. Jones felt that this revenue source will increase from the budget FY15 of \$1,920,000, to a budget of \$2,100,000 (\$175,000 per month versus \$160,000 in current budget) for FY16.

Jan-15



**For FY 16,  
what will one penny generate?**

Collection Rate	Revenue
96.00%	\$412,800
96.25%	\$413,875
96.50%	\$414,950
96.75%	\$416,025
97.00%	\$417,100
<b>97.25%</b>	<b>\$418,175</b>
97.50%	\$419,250
97.75%	\$420,325
98.00%	\$421,400

6

Mr. Jones stated for FY15, one penny generated \$410,051 at 97.25%. One penny generates more for FY16, due to increase in tax levy and DMV (+\$8,214 per penny) noting any changes in the tax rate will only affect vehicles from October-June, due to renewal notices already mailed for preceding months.

January 20, 2015



## Fire Tax Options

1. No Change, Continue to fund Fire Departments out of General Fund
2. Add a Fire Service District, based on property values, distributed based on Fire Commission
3. Add a Registered Motor Vehicle Fire Tax (flat rate), distributed based on Fire Commission
4. Add a Fire Protection District by Petition and Vote, distributed based on property value

## Fire Tax-A savings to the taxpayer?

Year	Rating	Fire Tax	Insurance	Total	Savings
Current	9s	\$ 0	\$ 376	\$ 376	\$ 0
Year 1	9s	\$ 40	\$ 376	\$ 416	- \$ 40
Year 2	8	\$ 40	\$ 353	\$ 393	- \$ 17
Year 3	7	\$ 40	\$ 318	\$ 358	+ \$ 18
Year 4	7	\$ 40	\$ 318	\$ 358	+ \$ 18
Year 5	6	\$ 40	\$ 259	\$ 299	+ \$ 77

Based on Estimates of Insurance Costs for a \$100,000 home and a fire tax of \$.04 cents

Option 1: General Fund shows the way the fire departments were funded for the current year, FY15 and the potential funding for FY16.

Jan-15

Option 1: General Fund		
VFD and Roxboro Fire funding		
	FY15	FY16
Total	\$890,120	~\$922,296

Option 2: Fire Tax (property values)
Levy a Fire Service District Tax
<ul style="list-style-type: none"><li>•A tax, based on value, charged on all taxable property, excluding personal property owned by State Appraised Companies, and property inside the City of Roxboro.</li><li>•Will only affect 9 months of DMV renewals for FY16</li><li>•One penny will generate \$262,089 for FY16</li><li>•To get the funding needed for FY16, a rate of .035 would be needed. (3 1/2 cents)</li></ul>

8

Mr. Jones noted power producing plants are excluded from a fire tax by NC General Statute. DMV renewals for July-August will not be affected by a new fire tax until next year due to the timing of registration renewal notices already mailed. Mr. Jones noted Person County could be one fire district with one tax rate (3.519 cents) due to fire districts not following parcel lines. The fire tax is not distributed based on value, but by the authority of the commissioners.

January 20, 2015



Mr. Jones clarified that with Option 2, a Fire Commission cannot be established; by statute the authority is with the Board of Commissioners.

Jan-15

### Option 2: Fire Tax (property values)

- Must establish a Fire Commission to determine distribution of revenues
- Need to update taxing districts on tax records
- Will need guidance before March 15<sup>th</sup> to update situs (change tax records to identify all properties that are in the fire tax district so that new tax is charged correctly)

### Option 3: Fire Tax (vehicles)

- Add a motorized vehicle fire tax fee
- Requires special action from NC General Assembly
- Will provide less revenue in first year due to tag renewal timing
- 35,000 vehicles will be affected
- To replace current funding, a fee of \$26.35 per vehicle would be needed for first year, along with \$230,609 from the General Fund
- No funding needed from General Fund for following year, due to full year of vehicles included

9

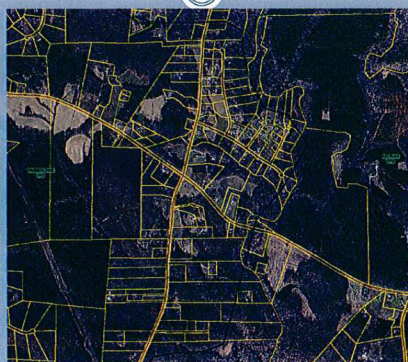
Mr. Jones noted 9/12 months billed for first year, or 26,250 vehicles as July-September bills already mailed before July 1; another option for first year could be \$35.15 to require no general fund.

January 20, 2015

### Option 4: Fire Protection District

- Starts with a Petition signed by 35% of resident freeholders
- Once petition is verified to meet this 35% threshold, commissioners must call for vote
- All voting citizens in the fire protection district may vote, and not limited to resident freeholders
- Next Primary is May 2016, and General election November 2016
- Fire district lines may need to be redone even before petition is started.

### Option 4: Fire Protection District



Mr. Jones stated Option 4 allows a Fire Commission to be established or the fire tax can be governed by the Board of Commissioners or jointly by two neighboring county governing bodies. A resulting vote could include up to a \$.15 cent maximum fire tax.

January 20, 2015

Mr. Jones noted 35% of freeholders (real properly owner that lives on the property) is difficult to establish and any such petition would be verified by tax office which may involve heir property with unknown heirs. Mr. Jones further noted that even if only one fire district is interested in a petition and the fire protection district, up to 4 districts may see lines affected (and maybe surrounding counties). House Bill 589 may prevent a special election. Mr. Jones stated the Election department does not have a database that matches fire districts. Fire district lines do not follow parcel lines or roads but are calculated on a 6-mile driving radius of the fire station.

Commissioner Jeffers stated the need to hold community meetings to educate the public related to the fire tax or continue the same method of funding of increasing funding by 2% every other year. Commissioner Jeffers noted funding for fire services is a public safety issue to which the Board should hear from the public before making a decision. Commissioner Jeffers advocated for dedicated funding so the volunteer fire departments can make larger equipment purchases without the worry if funding will be appropriated.

Chairman Puryear stated his opposition to a fire tax noting he would consider a funding formula, establishing a fire fund or changing the revolving loan to be interest free.

Vice Chairman Newell noted it made more sense to continue funding as is to receive more money for the penny as well as advocated for pursuing state matching grants (up to \$30,000 per year per station) for local funding of fire services thereby setting up a fire fund.

County Manager, Heidi York told the group that following the joint meeting with the volunteer fire departments, she sent the Board a memo explaining the County does not have a purchasing agent and should the Board desire to fund the purchase of equipment and fire trucks, it would have to be incorporated in the Capital Improvement Plan. Ms. York stated the County's revolving loan fund guidelines could be amended to include the volunteer fire departments noting currently there is an interest assessed to the loans which is why staff advised the volunteer fire departments to take advantage of the interest free loans through the USDA electric coops.

Ms. York explained when the City of Roxboro's Fire Services agreement was put into place two years ago, a 2% CPI adjustment was included for every other year. Ms. York noted on the alternate two year period, a 2% CPI was recommended for the volunteer fire departments to adjust funding in the same manner as for the City's fire services yet to be distributed based on actual call volume noting each volunteer district's demands are different. Ms. York stated the County only followed the outlined formula for the volunteer fire departments once. Ms. York's recommendation was to implement the formula to address and meet the same goals to adjust similarly as done for the City of Roxboro.

Commissioner Jeffers noted if the majority of the Board is not in favor of a fire tax, he would be in favor of establishing a fire fund and reviewing policy changes for the County's revolving loan. Chairman Puryear stated support for the revolving loan to be redefined for use by the volunteer fire departments in a fair distribution to each station. Commissioner Jeffers stated support to start the conversation between staff and the designees of the Fire Chief's for each station.

Ms. York stated the non-recurring amount in the County's Revolving Loan Fund is currently \$181,000.

**January 20, 2015**

Chairman Puryear offered for staff to start dialogue with the Fire Chiefs as the County's Revolving Loan process would be faster than the USDA process. Ms. York disagreed noting the Electric Coop staff are awaiting applications with money to loan immediately noting the County's process will take time to set-up the program.

A **motion** was made by Commissioner Jeffers and **carried 5-0** to direct staff to begin dialogue on establishing a fire fund or redefining the policy of the County's Revolving Loan as a line of credit for the volunteer fire departments to apply.

Board members reiterated the Revolving Loan should remain a source for small businesses. Commissioner Jeffers suggested staff to contact the Fire Chief's Association President, Wayne Wrenn to create a committee of designees to dialogue with County staff.

Chairman Puryear requested Board members to complete the second straw poll relating to Revenue:

Revenue Survey

1. What changes do you want to make to the tax rate?

- ☐ Decrease the tax rate by 1 cent. (-\$418,175 revenues)
- ☐ Increase the tax rate by 1 cent. (+\$418,175 revenues)
- ☐ No changes, maintain the tax rate.

2. Do you want to move forward with creating a fire tax or a fire protection district?

- ☐ No change; continue to fund fire costs through the General Fund - OPTION #1
- ☐ Levy a Fire tax based on property values - OPTION #2
- ☐ Levy a Fire tax per vehicle - OPTION #3
- ☐ Allow districts to petition for a Fire Protection District - OPTION #4

3. How much revenue should the fire tax generate?

- ☐ \$922,297, equal to estimated allocation for FY16 (.035 cents)
- ☐ \$1,048,356 (.04 cents)
- ☐ \$1,310,445 (.05 cents)

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## COUNTY TRENDS FOR DECISION-MAKING:

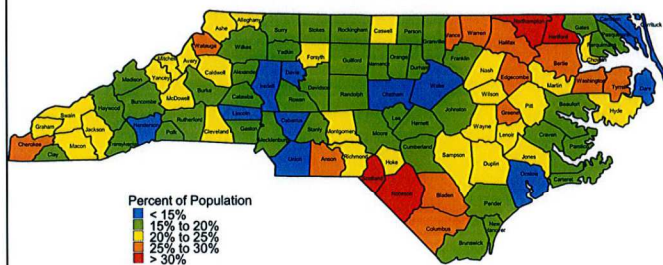
Assistant County, Manager. Sybil Tate gave the Board the following presentation related to trends in Person County across the state:

Jan-15

# Trends for Decision-Making

Sybil Tate  
Assistant County Manager  
Jan. 20, 2015

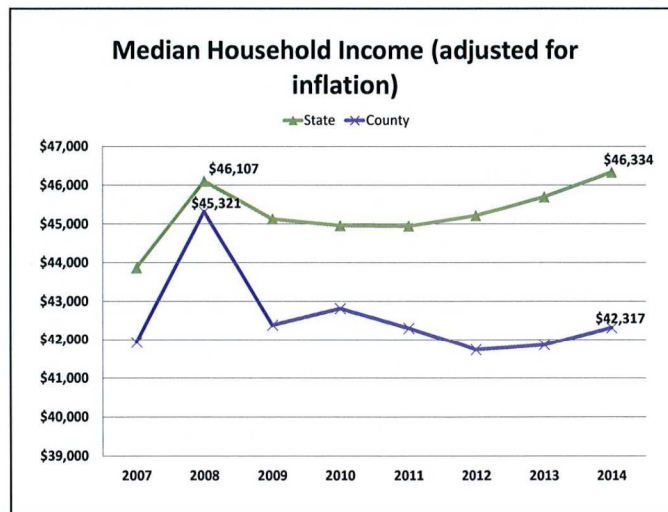
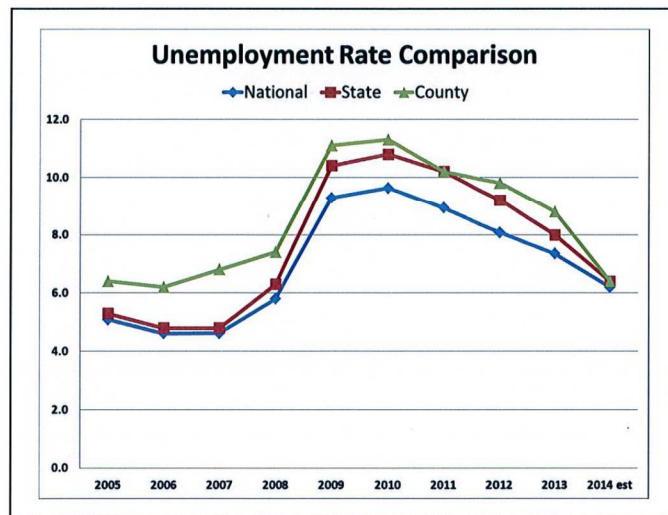
## Percent in Poverty (2012)



1

January 20, 2015

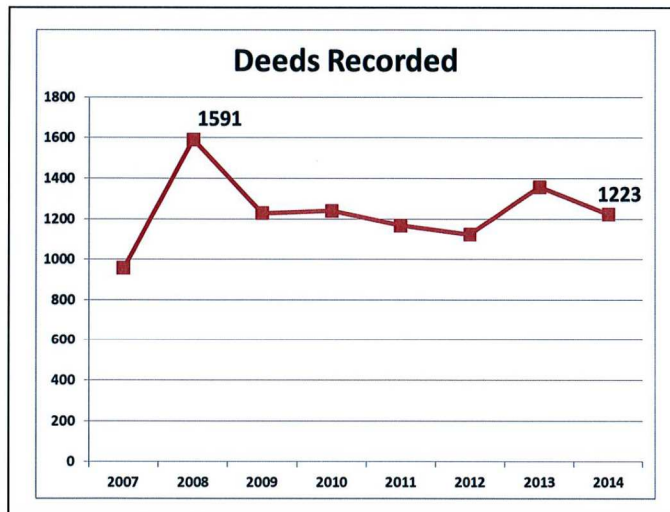
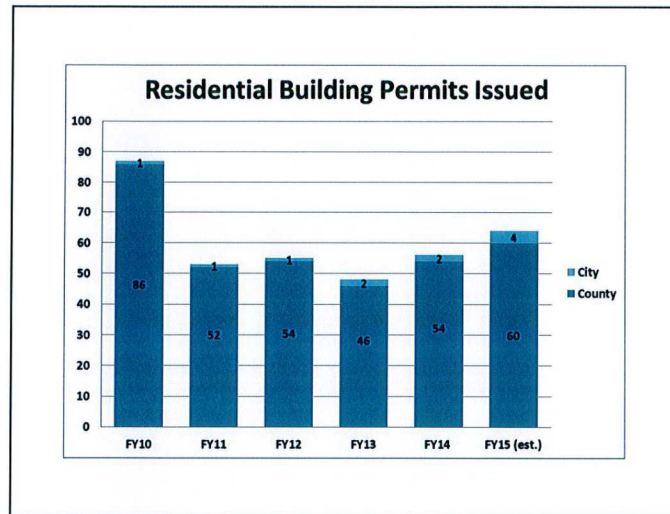




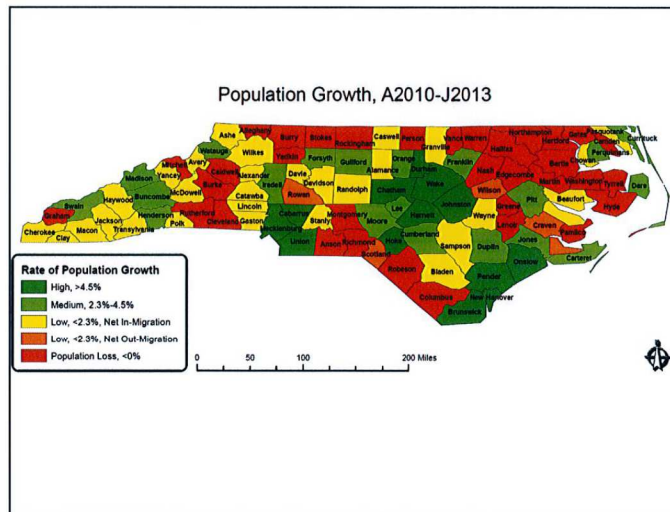
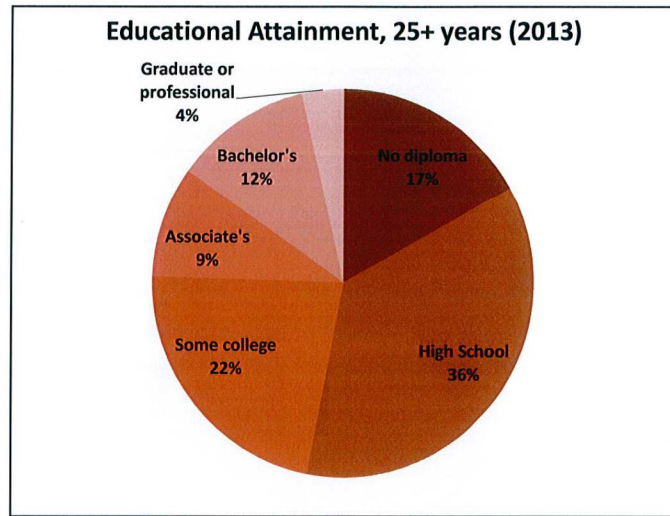
The mean household income for Person County is \$52,000.

January 20, 2015



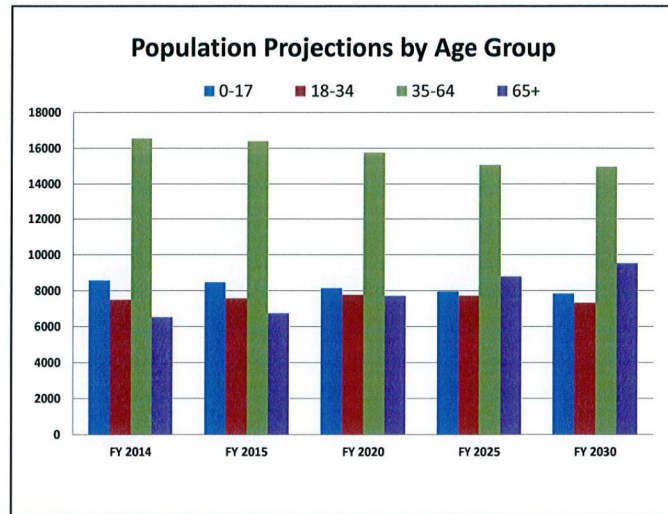


January 20, 2015

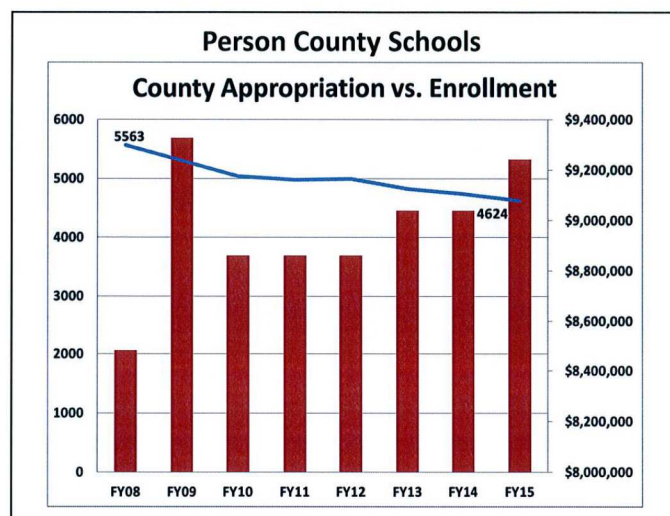
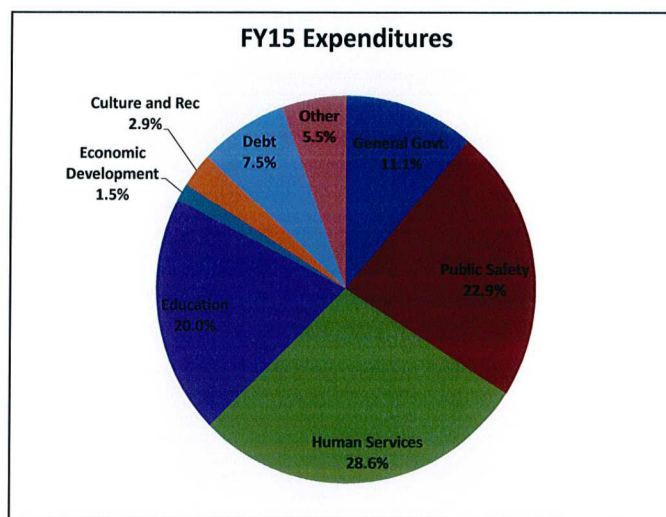


Ms. Tate noted Person County's population has decreased by 184 people or .5%.

January 20, 2015



## Budget Data

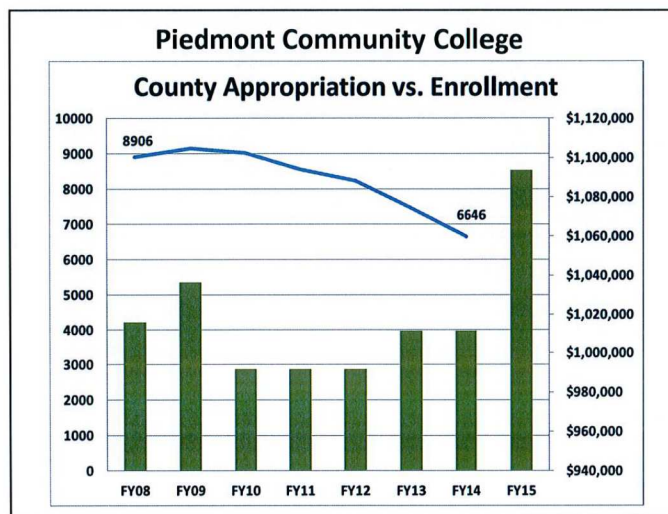
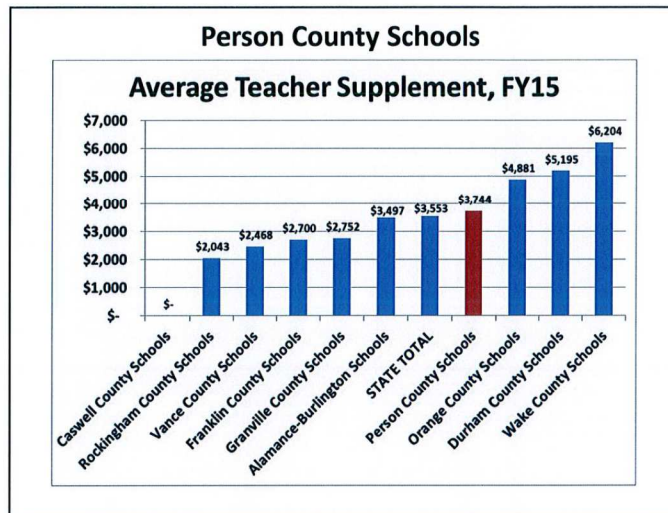


Ms. Tate stated Person County Schools' enrollment has decreased by 939 students since FY08.

January 20, 2015

Ms. Tate stated Person County School's teacher supplement is ranked in the state's top 12.

Jan-15



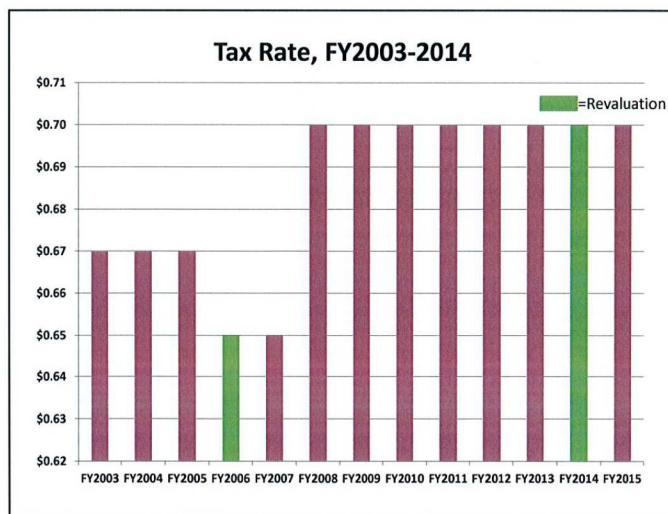
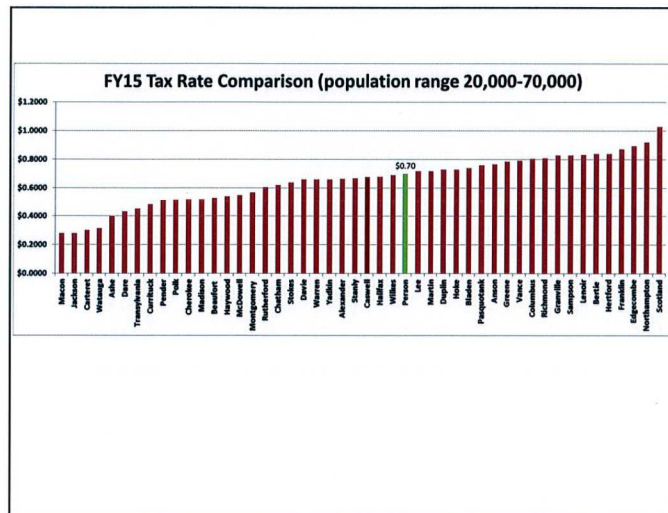
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Ms. Tate stated PCC's enrollment has decreased by 2,260 since FY08 (chart does not include data for FY15.)

January 20, 2015

The FY15 Tax Rate Comparison chart illustrates tax rate only.

Jan-15



January 20, 2015

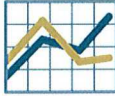


Chairman Puryear announced a brief break at 2:49 pm. The meeting was reconvened at 3:02 pm.

**FUND PROJECTIONS & CAPITAL PROJECTS:**

Finance Director, Amy Wehrenberg provided the Board with the following Fiscal Review and Projections:


Jan-15



## Person County Fiscal Review & Projections

Person County Board of  
Commissioners Annual Retreat  
January 20, 2015

Amy Wehrenberg  
Finance Director



## Discussion Summary

- Mid-Year Comparisons: Revenues and Expenditures
- Sales and Use Tax Distribution
- UFB Projection for FY 2015
- Potential CIP Projects
- Debt Service Impacts
- The next six months: What's it look like?

2

1

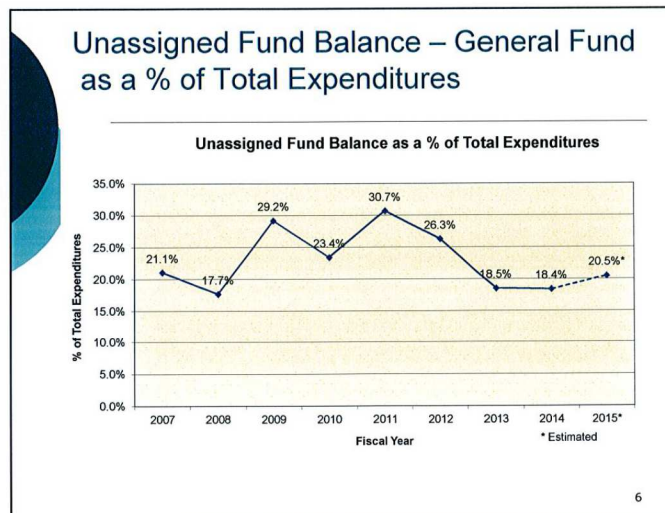
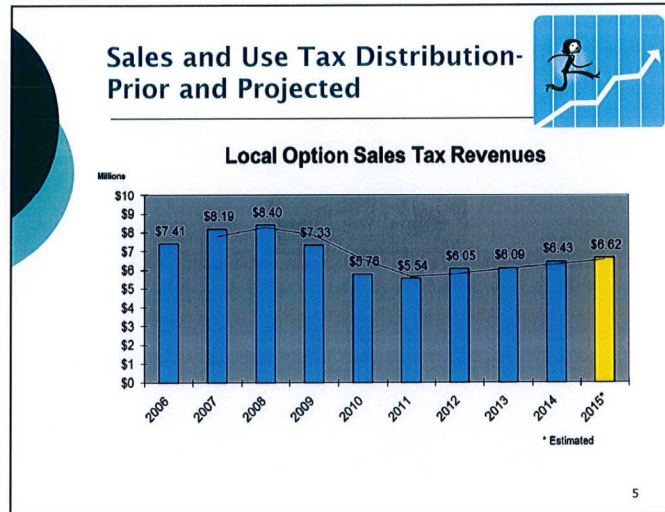
January 20, 2015

Jan-15

Revenues: Mid-Year Comparison					
REVENUES	Dec'13	Dec'14	Difference	% Change	Comments
Ad Valorem Taxes	26,628,703	27,270,813	642,110	2.4%	Increase in current year collections for Ad Valorem and DMV revenues.
Sales & Other Taxes	2,261,101	2,354,374	93,273	4.1%	Sales Tax collections (4 mos.) are \$77K higher; Occ Tax collections are 16% higher, surplus of \$13K over prior year.
Fees & Licenses	2,106,884	2,357,157	250,273	11.9%	Billings in Health Dept. caught up since last year, increase of \$390K; EMS fees up by \$100K; Inspection fees higher due to significant permitting fees received by Spuntech for \$84K.
State & Federal Funding	3,658,241	3,734,661	76,420	2.1%	Increase reflects lottery drawdown for school painting project \$225K; more state & federal revs received in Health and DSS Departments.
Other Revenues	143,977	338,560	194,583	135.1%	PCC Contribution of \$200K through December for the Kirby Rebirth Project.
<b>TOTAL</b>	<b>34,798,906</b>	<b>36,055,565</b>	<b>1,256,659</b>	<b>3.6%</b>	<b>Increase in Revenues YTD</b>

Expenditures: Mid-Year Comparison					
EXPENDITURES	Dec'13	Dec'14	Difference	% Change	Comments
Personnel	10,396,815	11,057,763	660,949	6.4%	Inc in Group Health Ins (\$100K); Overtime (\$113K); On-call pay (\$11K); other increases due to merit pay, longevity, certification, and probationary changes.
Operating	11,549,633	11,484,399	(65,234)	-0.6%	Large reduction in Health Dept expenditures due to completion of major grant (-\$232K), offsetting increases in most other departments.
Capital	349,466	663,793	314,327	89.9%	Purchase of ambulance (\$174K); Kirby Rebirth Project (\$268K).
Debt Service	2,073,705	2,112,759	39,053	1.9%	Increase in scheduled Courthouse Renovation debt over prior year, offsetting decreases in other debt payments.
Transfers to Other Funds	1,172,211	680,120	(492,091)	-42.0%	Decrease due to deferral of capital projects, requiring less to be transferred to CIP Fund.
<b>TOTAL</b>	<b>25,541,830</b>	<b>25,998,833</b>	<b>457,004</b>	<b>1.8%</b>	<b>Increase in Expenditures</b>
<b>NET (Revs over Exp)</b>	<b>9,257,077</b>	<b>10,056,732</b>	<b>799,655</b>	<b>8.6%</b>	<b>Larger Increase in revenues than expenditures</b>

January 20, 2015




FY16 Potential CIP Projects	
Project Title:	Total Cost:
<b>Potential Financing Projects:</b>	
Recreation & Senior Center*	6,000,000
Cell Tower & Broadband Project *	3,600,000
<b>Equipment Lease Project:</b>	
Telephone System (2nd of 5 pyts)	70,000
<b>Miscellaneous Projects:</b>	
Roxboro Little League	320,000
Library Satellite at Helena	335,000
Voting equipment	231,010
Replace carpet and tile - PCOB	57,000
	943,010
<b>Roofing Projects:</b>	
Board of Elections/IT	102,489
Emergency Medical Services	150,368
Huck Sansbury	283,000
South Elementary School	268,991
PCC Bldg D & Walkway Structure	226,156
Oak Lane Elementary School	207,532
	1,238,536



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## Recreation & Senior Center Project



- Project Fund was established when Bond Referendum was passed in 2008 for \$6M
- General Obligation (G.O.) Bonds are the least costly financing option available to the County for projects.
- *The maximum of \$6M project's debt would currently generate almost 1 cent on the tax rate. Operating cost impacts should also be considered since this would be an expansion project.*
- The County will have 7 years (until November 2015 and can be extended to 10 years until November 2018) to issue/sell the bonds at a 20 year term.
- There is **\$310,948.82** remaining in this Project Fund.

8

Ms. Wehrenberg stated the extension request to issue/sell bonds at a 20 year term would begin in August 2015 and would require a public hearing, if desired by the Board.

January 20, 2015

Commissioner Kendrick commented a need to consider amending the County's Wireless Communication Ordinance to change the fall zones.

Jan-15

### Cell Tower & Broadband Project



- The Board set aside \$100K for environmental studies to be done on 4 towers (currently \$73,750 remaining).
- The State will construct 1 tower; leaving 3 towers funded by the County.
- Latest estimate to construct 3 towers with Broadband equipment is \$3,495,000 (includes costs for environmental studies and engineering/consulting costs).
- Will consider financing options for this project
- Timeline for construction commencement is FY 2016

9

### How do we pay for this?

Roofing Costs - next four years

○ 2016	\$1,238,536
○ 2017	532,591
○ 2018	152,140
○ 2019	<u>195,400</u>
Totals	<u>\$2,118,667</u>

Reduction of debt liability in FY 2016 \$2.0M

Fund balance appropriation

Group roofing with large projects and borrow funds

Defer projects

10

5

January 20, 2015



## Debt Service Impacts – FY 2016

Description	FY 16 Impact Cost
Debt Reduction	\$ (2,448,546)
New: Recycling Center & Various Roofing	460,480
Potential:	
Cell Towers & Broadband Equipment	235,000
Recreation & Senior Center	330,000
Total Debt Reduction	\$ (1,423,066)

Reminder: A total of \$1.9M of other new projects are proposed on the current CIP for FY 2016. If the Board commits to new projects, it would be recommended to consider a financing method given the County's low debt ratio (approx. 6 to 7%) versus a pay-as-you-go option that could negatively impact UFB.

11



## The next six months: What's it look like?

- Revenues from Ad Valorem, sales and occupancy tax, Health and DSS are coming in stronger compared to previous year.
- Primary drivers for the increase in expenditures include the Kirby Rebirth Project, ambulance purchase, group health insurance, overtime and other personnel costs.
- A short-term analysis of revenues and expenditures tentatively indicates an increase of Unassigned Fund Balance at FYE. Timing in when revenues are received can greatly influence this outlook.
- Over \$1.2M in roofing projects are on the CIP for FY 2016 to be considered, as well as other larger capital projects (ie. Cell Towers & Broadband, Recreation & Senior Center, Library Satellite at Helena, etc.).
- A large debt reduction will greatly reduce expenditures for FY 2016 subject to significant decreases in revenues or increases in expenditures.

12



Ms. York requested the Board to complete the third straw poll related to fiscal and capital funding:

**Capital Survey**

1. How would you like to fund education?

	Public Schools (K-12)	PCC
Increase funding	<input type="radio"/>	<input type="radio"/>
Hold funding flat	<input type="radio"/>	<input type="radio"/>
Decrease funding	<input type="radio"/>	<input type="radio"/>

1. Which capital projects would you like to fund in the FY16 CIP?

	Yes	No
Senior Center (~\$1M)	<input type="radio"/>	<input type="radio"/>
Recreation Center (~\$6M)	<input type="radio"/>	<input type="radio"/>
Public Safety Communication/Broadband project (\$1.6M)	<input type="radio"/>	<input type="radio"/>
Satellite Library at Helena (\$335K)	<input type="radio"/>	<input type="radio"/>
Roofing projects (\$1.23M)	<input type="radio"/>	<input type="radio"/>

**January 20, 2015**

**WORKFORCE IMPACTS:**

Human Resources and Risk Management Director, Angie Warren provided the Board with the following presentation relating to Workforce Impacts:

Jan-15

## Impacting the Person County Government Workforce

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### Items for Discussion:

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- Classification and Compensation Update (Springsted Study)
- County Health Benefits
- Hiring Freeze/New Positions

1

January 20, 2015

## Job Classification & Employee Compensation Study

- Ensure that compensation is equitable and competitive in the labor market
- Ensure that job descriptions are accurate- aids in recruitment
- Address salary compression issues
- Helps reduce employee turnover
- Ensure federal regulations are met (FLSA and ADA)
- Ensure equity for pay and work
- As a general rule, these studies should be conducted about every five years

## Springsted Study- Implementation Impacts

### Full Year Implementation for All Employees

Employees Below Minimum 206    Employees Within Range 185

Option 1—Move to minimum of salary range (206)	\$411,612.30
Option 2—Move to min., or 2% increase (all)	\$585,489.12
Option 3—Move to min.+5% increase per year of service (all)	\$1,246,250.50

Ms. Warren stated Option 3 on the Springsted Study slide above would have the greatest impact to address compression.

**January 20, 2015**

**Phased in implementation by group over 3 years:**

Year 1	Public Safety	Option 1-Move to Minimum	\$227,868.01
		Option 2- min or 2% increase	\$277,988.47
		Option 3- min+ .5% increase per Years of Service	\$515,324.78
Year 2	Health & DSS	Option 1-Move to Minimum	\$96,543.01
		Option 2- min or 2% increase	\$153,610.86
		Option 3- min + .5% increase per Years of Service	\$392,210.04
Year 3	All others	Option 1-Move to Minimum	\$87,201.28
		Option 2- min or 2% increase	\$153,889.80
		Option 3- min + .5% increase per Years of Service	\$338,715.70

## County Health Insurance

Coventry options presented by Scott Benefit Services for July 2015-June 2016:

Fully insured traditional PPO

	Current Rates	Projected Renewal Rates-no Plan design changes; 16.27% increase
Employee	\$507.45	\$589.99
Employee/Child	\$687.63	\$799.48
Employee/Spouse	\$1,077.36	\$1,252.60
Employee/Family	\$1,262.03	\$1,467.31

Ms. Warren noted the Coventry options for the next fiscal year include no plan design changes.

**January 20, 2015**

Ms. Warren noted the Coventry CareLink Plans are through Duke providers for in-network services.

Jan-15

## County Health Insurance

### Coventry CareLink Plans

- Only offered as Fully insured;
- Reduces cost of chronic conditions;
- Employee must elect primary care physician; Providers in Person, Alamance, Orange, Durham, Granville, Vance, Wake counties;
- Care Coordinator assigned at Primary Care Practice;
- 10% savings compared to traditional PPO plan
- Approximate cost for Employee only: \$530.99

## County Health Insurance

### Self-Funded

- 8% savings from a fully insured plan due to NOT having to pay carrier profits, Affordable Care Act health insurance industry fee, and premium tax.

4

The Coventry Self-Funded plan is a traditional PPO requiring more administration by county staff to educate employees and manage costs. Ms. Warren stated no additional staff would be needed to take on the Self-Funded plan. County Manager, Heidi York stated the projected 8% savings is a very conservative number.

January 20, 2015

Commissioner Newell asked about the start-up fund. Ms. Warren noted the insurance broker did not answer their questions however staff anticipated between \$200,000-\$250,000.

Jan-15

## Hiring Freeze/New Positions

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**Current Vacant Full-Time Positions:**

GIS Department - GIS Manager

Health Department – Public Health Nurse II

Public Health Nurse III/Home, Health and Hospice

Total Number of Full Time Employees: 408

Average Salary: \$38,071

Average Costs of Benefits per Employee: \$1,903 for 401K  
\$6,488 Health, Dental & Life Insurance

Turnover Rate: 8%

5

**January 20, 2015**



Ms. York asked the Board members to complete the straw poll related to Workforce Impacts:

**Workforce Survey**

1. Do you want to implement the following items in the FY16 budget?

	Yes	No
Implement Springfield Study (\$227,868)	<input type="radio"/>	<input type="radio"/>
Fully-funded program (10%-16% increase)	<input type="radio"/>	<input type="radio"/>
Self-funded insurance program (8% increase)	<input type="radio"/>	<input type="radio"/>
No new positions	<input type="radio"/>	<input type="radio"/>
Hiring freeze	<input type="radio"/>	<input type="radio"/>

Chairman Puryear requested the Board to consider hearing the Sheriff's request to allow staff time to compile the survey results. It was the consensus of the Board for Sheriff Dewey Jones to present his request:

**GOVERNOR CRIME COMMISSION GRANT FOR 2015-2016:**

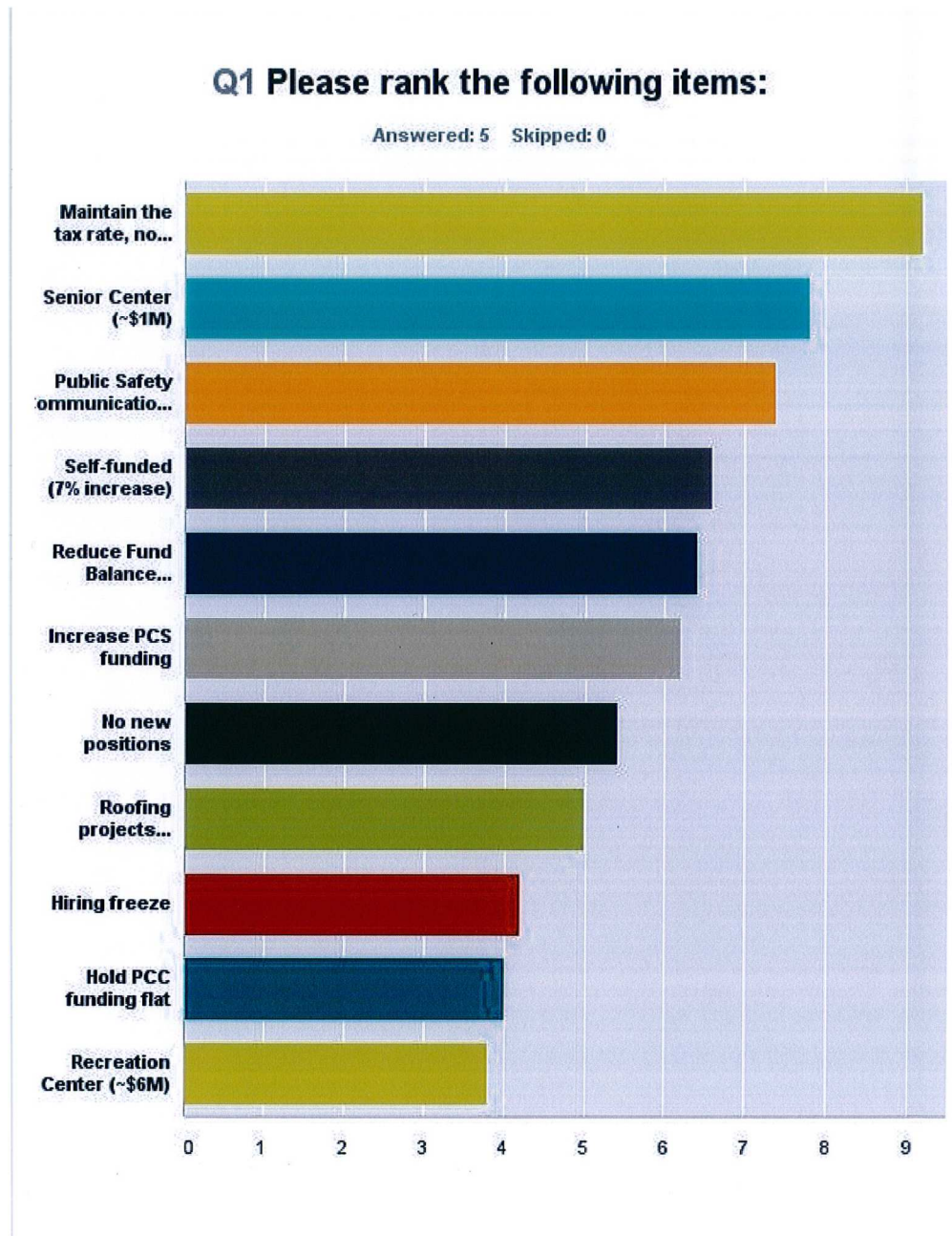
Sheriff Dewey Jones requested Board approval for the Sheriff's Office to pursue a grant in the amount of \$15,000 with a 25% match that would be funded with asset forfeiture funds. The grant funding will be used for body cameras and other equipment. Sheriff Jones noted the deadline to submit the grant is January 31, 2015 which necessitated Board action at the retreat.

A **motion** was made by Vice Chairman Newell and **carried 5-0** to approve the Sheriff's Office to proceed to write a \$15,000 Governor Crime Commission Grant in the amount of \$15,000 with a 25% match that would be funded with asset forfeiture funds.

**January 20, 2015**

### BUDGET PRIORITIES:

County Manager, Heidi York asked the Board to complete a non-binding ranking survey based on the aggregate results of the earlier straw polls. Assistant County Manager, Sybil Tate stated the items in the ranking survey were items that received at least three straw poll votes.



January 20, 2015

An illustrated example using the calculator tool with the noted priorities showed the following:

Debt	
Senior Center	\$47,143
Rec Center	\$282,857
Communication System	\$235,000
Roofing	\$90,000
Self-Funded Insurance	\$218,921
Total Debt	\$873,921

Ms. York stated the take-away from the calculator tool is that the upcoming budget process, based on the priorities outlined, is almost \$1M over from a balanced budget. Ms. York thanked the Board for participating in the straw poll and ranking survey noting the benefits of the Board setting priorities that provides staff direction in working on the recommended budget.

As a follow-up to the local and state trends presentation, Commissioner Jeffers commented on the need for Person County to update its Strategic Plan. Chairman Puryear suggested staff reviewing the last two Strategic Plans, incorporating the Future's Plan into the concept and prioritizing by cost. Chairman Puryear asked for an organizational plan with potential committee members. Assistant County Manager, Sybil Tate asked the Board if the focus should be economic development or community development or as broad as the Future's Plan. It was the consensus of the Board to have a more traditional plan focusing on economic development.

Commissioner Kendrick stated his desire to discuss the Senior Center noting he and other commissioners have visited the group home space located at 202 S. Main Street. After speaking with the group home director, David Forsythe, Commissioner Kendrick stated there was an option for the Senior Center to be temporarily housed at no cost. Commissioner Kendrick asked the Board for approval to proceed with conversations with Mr. Forsythe related to terms and conditions using the Person County Group Homes space.

Commissioner Jeffers and Ms. York stated the decision for the location of the senior center ultimately is the decision of the Kerr Tar non-profit noting the Board could make suggestions as was done in the past. Commissioner Clayton stated he has requested Diane Cox, Executive Director of Kerr Tar to visit the group home site.

A **motion** was made by Commissioner Kendrick and **carried 5-0** to recommend to the Kerr Tar Council of Government to temporarily locate the Senior Center, with David Forsythe's approval, in the group home space until a full-time location is worked out.

**January 20, 2015**

**CLOSING REMARKS & EVALUATION:**

Chairman Puryear and County Manager, Heidi York announced the Board would be meeting jointly with Roxboro City Council on February 5, 2015. It was the consensus of the Board to offer the City Council the meeting time at 5:30 pm. Chairman Puryear asked the Board to be thinking of any ideas for a permanent solution for the Senior Center working in partnership with City Council. Chairman Puryear thanked the Board members for their initiation to go out and visit sites for this purpose.

Chairman Puryear asked Board members to complete the retreat evaluation and return to the County Manager.

**ADJOURNMENT:**

A **motion** was made by Commissioner Kendrick and **carried 5-0** to adjourn the meeting at 4:38 pm.

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Brenda B. Reaves  
Clerk to the Board

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Kyle W. Puryear  
Chairman

**January 20, 2015**