

PERSON COUNTY BOARD OF COMMISSIONERS
MEMBERS PRESENT

MARCH 31, 2010
OTHERS PRESENT

Johnny Myrl Lunsford

Heidi York, County Manager

Jimmy B. Clayton

Kyle W. Puryear

Brenda B. Reaves, Clerk to the Board

B. Ray Jeffers

Samuel R. Kennington

Amy Wehrenberg, Finance Director

The Board of Commissioners for the County of Person, North Carolina, met for a Board Retreat session on Wednesday, March 31, 2010 at 9:00 a.m. at the Mayo Park Environmental Educational and Community Center located at 1013 Neals Store Road, Roxboro for the purpose of discussing Fiscal Year 2010-2011 Budget.

Chairman Lunsford called the meeting to order and welcomed the group.

County Manager, Heidi York outlined the Retreat Goals:

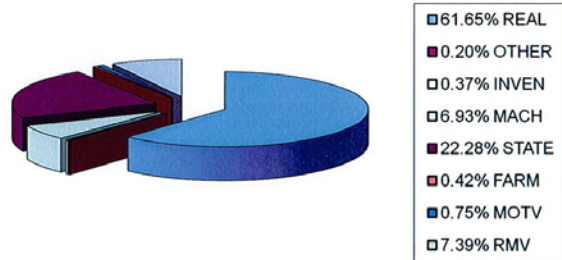
- 1) gain better understanding of Person County's financial situation and future, and
- 2) create priorities and strategies for Fiscal Year 2010-2011 Budget

Tax Administrator, Russell Jones and Finance Director, Amy Wehrenberg gave the Board and update on the financial state of Person County.

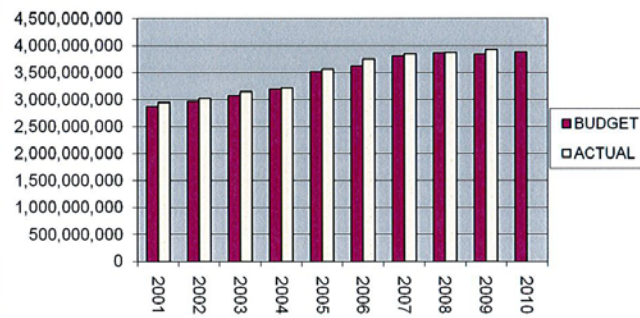
Mr. Jones provided the following presentation:

March 31, 2010

Where does our levy come from?

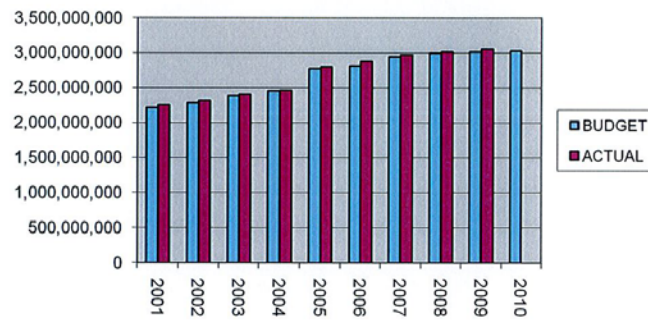


TOTAL LEVY- BUDGET VS ACTUAL

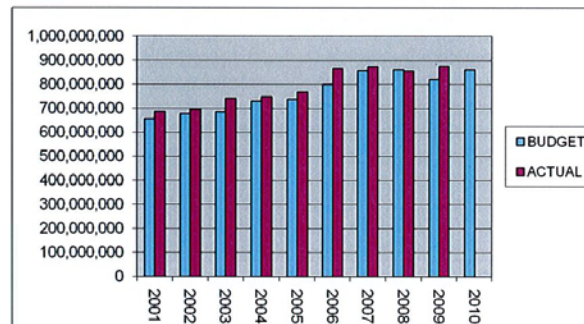


March 31, 2010

PROPERTY VALUE-NOT INCLUDING STATE APPRAISED- BUDGET VS ACTUAL



STATE APPRAISED- BUDGET VS ACTUAL

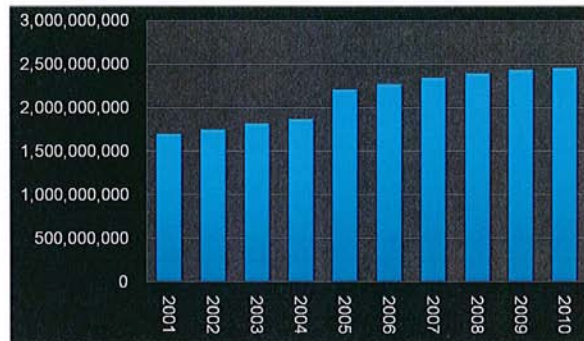


March 31, 2010

At a \$3.880 Billion Base, what will one penny generate?

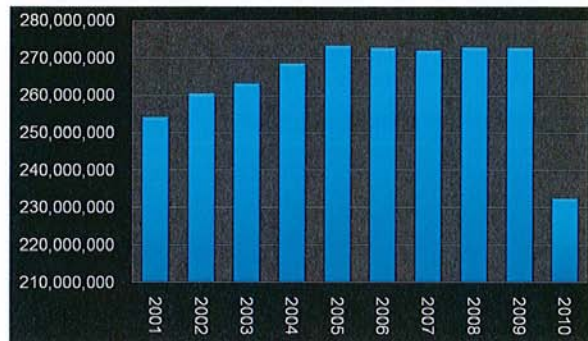
Collection Rate	Revenue
96.00%	372,480
96.25%	373,450
<u>96.50%</u>	<u>374,420</u>
96.75%	375,390
97.00%	376,360
97.25%	377,330
97.50%	378,300
97.75%	379,270
98.00%	380,240

VALUE CHANGES-REAL

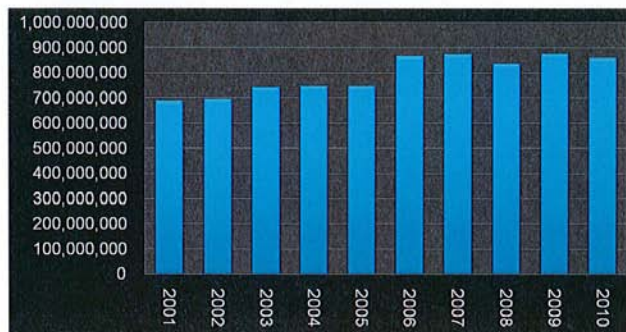


March 31, 2010

VALUE CHANGES-EQUIPMENT

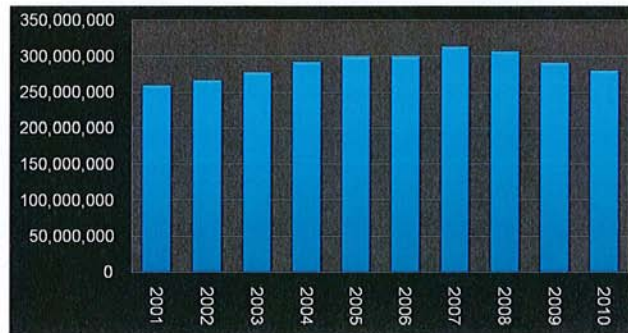


VALUE CHANGES-STATE

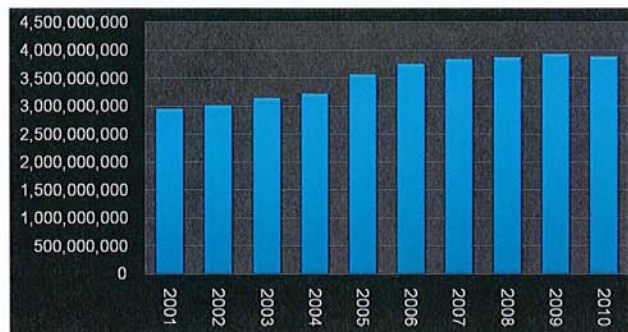


March 31, 2010

VALUE CHANGES-RMV



VALUE CHANGES-ALL



March 31, 2010

Mr. Jones presented to the Board a sample Resolution Delaying the Effective Date of a Reappraisal of Property in Person County that will be before the Board for consideration at the April 19, 2010 regular scheduled Board meeting. The Resolution would revoke and rescind the scheduled reappraisal for January 1, 2011 and set the effective date for the next scheduled reappraisal for Person County January 2, 2012 with plans to return to a four-year revaluation cycle thereafter.

**A RESOLUTION DELAYING THE EFFECTIVE DATE OF A REAPPRAISAL OF
PROPERTY IN PERSON COUNTY**

Whereas GS 105-286 mandates a reappraisal of property at least every eight years, and

Whereas GS 105-286(a)(2) Authorizes a Board of County Commissioners to advance the period so that a reappraisal occurs more often than every 8 years, and

Whereas once an advanced reappraisal occurs, it has the effect of resetting the next required reappraisal for eight years after the advanced reappraisal, and

Whereas Person County has advanced its reappraisal period so that the last reappraisal occurred on January 01, 2005, and

Whereas Person County's next mandated eight year reappraisal is required for January 01, 2013, and

Whereas Person County had planned to have an advanced reappraisal effective for January 1, 2011, and

Whereas the Person County Board of Commissioners feel that a revaluation for January 1, 2011 should be delayed due to the unstable real estate market and that the 2005 tax assessments are fair and equitable, and

Whereas to implement the planned reappraisal scheduled for January 1, 2011 would add substantially to the financial stress and uncertainty of the citizens of Person County.

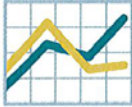
NOW THEREFORE BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF PERSON COUNTY THAT:

- 1- The scheduled reappraisal for an effective date of January 1, 2011 is hereby revoked and rescinded.
- 2- Pursuant to the authority granted in GS 105-286(a)(2), the next scheduled reappraisal for Person County is set for an effective date of January 1, 2012, and Person County will return to a four year revaluation cycle thereafter.
- 3- A copy of this resolution shall be provided to the Property Tax Division of the North Carolina Department of Revenue and to the City of Roxboro.

Commissioner Clayton inquired how the occupancy tax rate is set and by whom. Ms. Wehrenberg stated she would have to research and report back to the Board.

March 31, 2010

Ms. Wehrenberg provided the following presentation:




Person County

Current Fiscal Condition and Looking Ahead

2010 Person County Board of Commissioners Retreat
March 31, 2010

Amy Wehrenberg
Finance Director

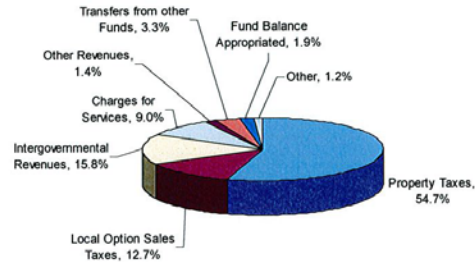


Major Topics

- FY 2010 Adopted Budget by Function for Revenues & Expenditures FY 2010
- Adopted Budget by Expenditure Type
- Year to Date comparisons for prior & current year
- Sales and Use Tax Distribution
- Unemployment
- Current Year Highlights
- Estimated Year-End Results for Revenues and Expenditures
- National and State Outlook

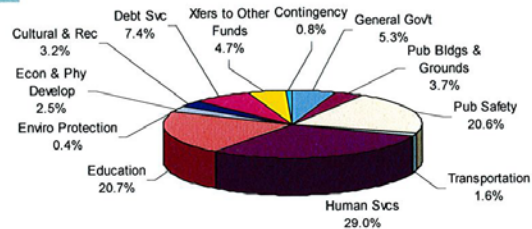
2

Current Year Adopted Revenues



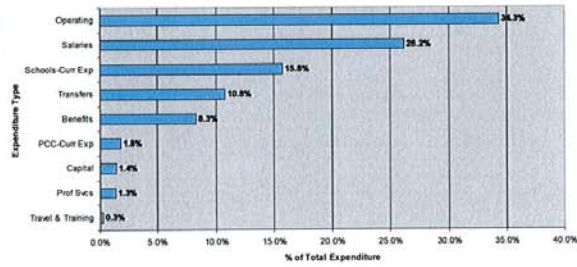
3

Current Year Adopted Expenditures



4

FY 2010 Adopted Expenditure Budget – Where does our money go?



5

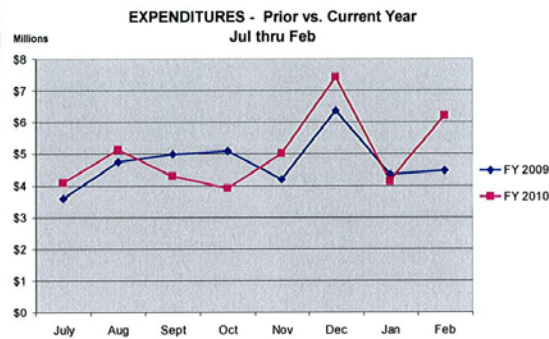
Revenues – FY 2009 & 2010 YTD Comparison (July – February)

REVENUES - Prior vs. Current Year
Jul thru Feb



6

Expenditures – FY 2009 & 2010 YTD Comparison (July – February)



7

Sales and Use Tax Distribution

- The third biggest player in our revenues
- The trend in sales tax distribution is basically a reflection of consumer confidence in the economy.
- Fiscal Year to Date comparison: Collections thru Jan 2010 are at 56% versus 61% thru Jan 2009.
- Month to Month comparison: Jan 2010 collections are down by 32% compared to Jan 2009.
- This is an anomaly due to adjustments at the Dept. of Revenue and the loss of Article 44 in October 2009.
- State projects counties to be down 6% overall at fiscal year-end.

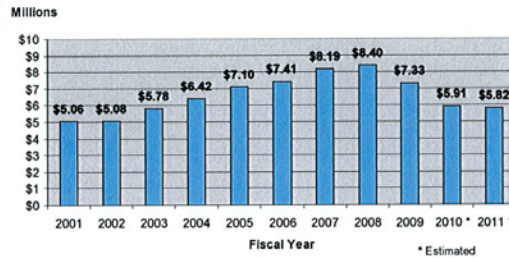


8

Sales and Use Tax Revenues - Prior and Projected



Local Option Sales Tax



Sales tax is severely lagging behind the State's initial estimates. The year to date March collections for January, was 2.7% below budget. As mentioned in the earlier slide, this reduction likely includes the loss of Sales Tax Article 44 to the State due to the medical swap and some miscellaneous adjustments at the Department of Revenue for sales tax refunds. Currently, we estimate that Person County will receive \$5.8M for FY 2011, almost \$527K short from current year adopted budget.

Sales and Use Tax Revenues -YTD

March 2010 Sales Tax Distribution

7 months distribution is equivalent to 58.33%

Total Budget	\$	6,341,599	
Actual Received	\$	3,527,872	
58.33% of Total Budget		(3,699,266)	
Over/(Under) Budget	\$	(171,394)	

- Shows where we should be if sales taxes were evenly distributed over each of the 12 months, which of course, they are not.
- Third largest revenue source in General Fund, but subject to volatility of economy.
- There is a 2-3 month lag in State distributions, so most recent distribution in March was for January collections.

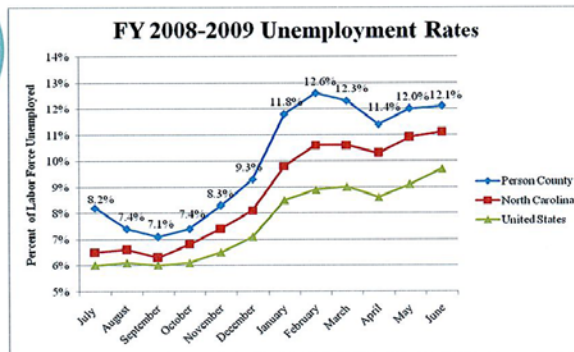
Unemployment

- Local results – Signs of growth?
- Expansions in local industries
- Unemployment trends in FY 2009 and 2010
- How high will it go? - Latest spike to 12.7% for January



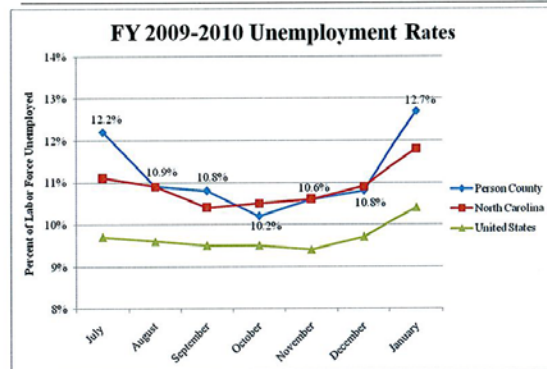
11

FY 2008-2009 Unemployment Rates



12

FY 2009-2010 Unemployment Rates



13

Current Year Highlights

- Lagging recession
- Significant unemployment: 12.7% in January 2010
- Extreme drop in sales tax and interest earnings
- \$3.2 million contribution of fund balance for capital projects
- Consistent distribution of expenditures with exception to the Debt Service Fund (85% spent at end of February 2010)
- Increase in volume of emergency call rates and DSS caseloads
- Property tax revenue collection rate is on target at 95%.
- Mid-year cost cutting programs: (telephone system switchover to VOIP and Cost per Copy Program.
- Fund Balance at the end of February was around 31% of expenditures. This is slightly higher by 1% compared to last year.



14

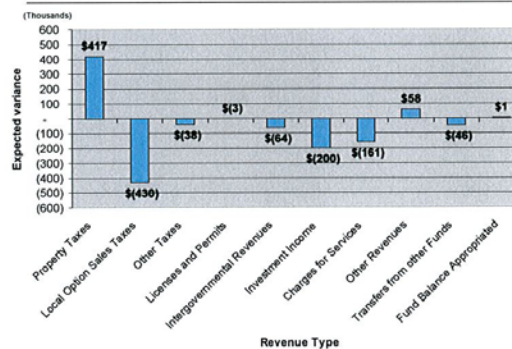
Revenues: Estimated Year-End Results – Where are we going to be?



- **Property Taxes** – Achieving the goal!
- **Sales Tax** – Large negative impacts. State estimates are much lower than anticipated
- **Intergovernmental Revenues** – Taking a hit in DSS from cuts in state funding for child and foster care programs. Anticipating up to a 16% loss of revenue in DSS this year.
- **Investment Income** – The large loss in interest earnings is a reflection of the slow recovery and the non-competitive movement of rates at the banks.
- **Charges for Services** – Expecting around a 3% loss in revenue generated by certain fees.
- **Fund Balance** – Expecting to see a modest decrease in fund balance by fiscal year-end, still leaving us in a strong position for debt engagement and the weathering of further state cuts.

15

Revenues – Adopted Budget vs. Estimated Fiscal Year End 2010



16

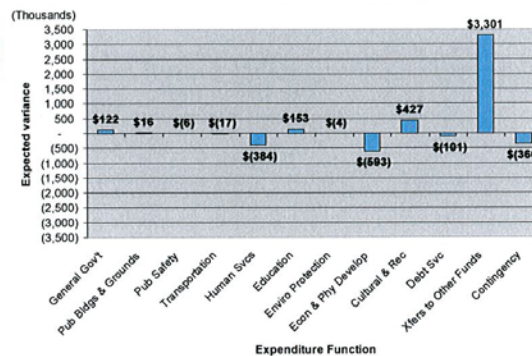
Expenditures: Estimated Year-End Results – Where are we going to be?



- **General Government** – Most increases from adopted budget are caused by the carryforward purchase orders for obligations entered into for the prior year. Other changes include amendments for grants and other revenues that occur during the year.
- **Human Services** – State has narrowed the flexibility to use funds for child welfare and other programs, therefore having to absorb this loss by underspending what was allocated by the county.
- **Education** – Increase due to some carryforward purchase orders for some capital obligations.
- **Econ & Physical Development** – Reductions due to expiration of industrial recruitment grants during the year.
- **Cultural & Recreation** – Increases due to P.O. carryforward obligations and other expenditures tied to received donations.
- **Debt Service** – Moved the debt for the Material Recycling Center to the Special Revenue fund since there are specific revenues tied to those expenditures and the function of that facility.
- **Transfers to Other Funds** – Largest increase in expenditures due to the investment in capital of over \$3M to the Capital Reserve Funds.
- **Contingency** – The amount showing under adopted budget represents the amount of contingency that is anticipated to be appropriated for undesignated and specific expenditure needs.

17

Expenditures – Adopted Budget vs. Estimated Fiscal Year End 2010



18

National & State Outlook



- National and state economists declared the end of the "Great Recession" in late summer 2009.
- Growth predictions are modest at best, with an "L" shape recovery versus a "V" shape.
- Forecasts are that there will be 4 to 5 more years of continued high unemployment, translating into anemic retail sales. NC is the 8th highest state for unemployment at 11.1%.
- Revenue predictions: State is currently short by \$35 million, projecting to be in the hole by \$500 to \$700 million at fiscal year end.
- The State is now projecting sales tax to come in 5 to 6% short of FY 2009 receipts versus the 4% that was originally predicted.
- Construction sales tax has not rebounded like state predicted.
- Governor reduced 5% out of FY 2010 budget with proposed cut scenarios of 3 to 7% for next year. State looking at a possible \$1 billion shortfall come July 1.
- Shift of responsibility from State to Local in programs for DSS and Health.
- Beer & Wine tax revenues: 2/3 not likely to be restored to counties, projected to slightly increase by the NCACC, but warned that this was a vulnerable item and could be taken by the State at any time.
- What happens when the stimulus money runs out?

19

Ms. York and Ms. Wehrenberg gave an overview of the budget snapshot:

Budget Snapshot



Reviewing FY 09-10 & Previewing FY 10-11

Where We've Been: FY 09-10

- Departments submitted requests with a 5% cut over FY 08-09 adopted budget
- With the exception of two departments, all proposed cuts by departments came from operating expenses
- Requested amount = \$4 Million deficit
- Implemented several "one-time fixes" rather than long-term strategies

March 31, 2010

**Where We've Been:
FY 09-10**

- Reduced budget by \$5.7M
- RIF'd one position
- Reduced three FTEs to 60% part-time positions
- Eliminated 7 vacant positions
- Implemented 5 Furlough days
- Reduced 401k contribution by 2.5%
- Reduced expenditures to all funded agencies (PCS, PCC, Hospital, Vol. Fire Depts, Nonprofits)

FY 09-10 Unanticipated "Hits"

Revenues:

• Sales Tax	(\$430,160)
• DSS – State Cuts	(\$201,000)
• Interest earnings	(\$200,000)
• Beer & Wine taxes	(\$92,000)
• Inmate Housing Loss	(\$45,000)
• Register of Deeds fees	(\$50,000)

March 31, 2010

FY 09-10 Unanticipated "Hits"

Expenditures:

• City Fire Contract	\$17,678
• Probation offices rent	\$12,500
• Roots & Wings	\$3,500
• 2 months of new SRO	\$6,090
• Approp for CIP	\$3,202,000
• Approp-PCC Tech Ed Bldg & Courthouse Renov	\$981,117
• PO Carryforwards	\$375,880

FY 10-11 Preview

Reductions in Revenues:

• Sales Tax	(\$526,600)
• State cuts to DSS	(\$285,000)
• Interest Earnings	(\$195,000)
• Beer & Wine Taxes	(\$ 92,000)
• Housing of Inmates	(\$ 32,000)
• Register of Deeds Fees	(\$ 40,000)
• Fund Balance (DSS & Health)	(\$959,000)

March 31, 2010

FY 10-11 Preview

New Expenditures:

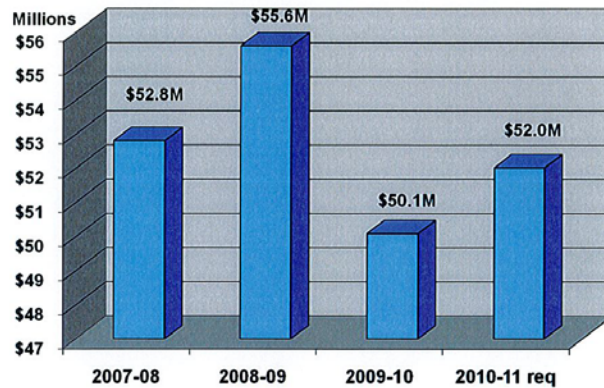
- School Resource Officer \$ 6,090
- Debt Payment on capital \$375,000
- Rent on Probation Space \$ 25,000
- Asst Mgr/ED Dir \$ 82,364
- Roofing Study \$ 15,000
- Health Insurance \$ 10,800
- Employer Retire Contrib \$242,000
- Unemployment Ins. \$ 65,000

FY 10-11 Preview

Departmental Budget Requests

- Departments instructed to hold the line on operating costs
- Overall, requests are up by \$1.9 million or 3.84% over FY 2010
- Due to the restoration of the furloughs (\$318,000) and 15 new position requests (\$619,000)
- Part-Time/Overtime requests (\$438,000)

Budget Expenditures



FY 10-11 Preview

Bottom Line:

- Requested amount reflects an 8.3 cents deficit, or \$3.1 million shortage between revenues and expenditures
- Estimated Revenues: Anticipating a \$1.17 million loss, or 2.34% reduction
- Initial amount requested for all funds is \$52 million; 3.84% increase

FY 10-11 Manager's Proposal

- No tax rate increase
- Fund Balance?
- Restore Furloughs?
- Restore 401k Contribution?
- Service Cuts?
- Additional Reductions to come from?

County Services

Mandated:

- Social Services
- Public Health
- Mental Health
- Public Schools
- Solid Waste
- Sheriff-Jail
- Register of Deeds
- Board of Elections
- Court Space
- Emergency Medical Services

Optional:

- Library
- Recreation, Arts & Parks
- Transportation- PATS, Airport
- Cooperative Extension
- Soil & Water Conservation
- Internal: IT, HR, Mgr, Finance, Public Works, Fleet
- Planning
- Inspections
- Economic Development
- Nonprofits
- Person Industries
- Animal Control
- Veterans Services
- Fire Marshal, 911, Vol. Fire dept
- Hospital

March 31, 2010

Ms. York presented an overview of Departmental Needs:

County Departmental Needs



Fiscal Year 2010-2011

Organizational Assessment

- "Critical Needs"
- Succession Planning
- Performance Evaluation
- Asked to Do More with Less
- No Raises
- Low vacancies (6)
- Reliance on part-time and overtime
- Increased costs in vehicle maintenance

March 31, 2010

Requested New Positions

Position (#)	Total Cost
Patrol Deputies (2)	\$102,424
911 Telecommunicators (2)	\$75,054
EMT Paramedics (8)	\$354,160
Compliance Officer (1)	\$40,052
Admin Assistant- PATS (1)	\$35,113
Recycling Maint. Worker (1)	\$32,348
Total Positions: 15	Total Cost: \$619,125

Critical Needs

DSS: Northwoods Software \$352,178 (\$234,785 is County request); Maintenance \$29,023; Installation \$130,650
25 Computers \$29,088

Sheriff: GREAT Program \$5,000; Patrol Deputies \$103,422; Main/Rep Vehicles \$42,150; Vehicles (5) \$150,000

EMS: New Ambulance and full crew of 8 Paramedics and all related equipment \$583,513

March 31, 2010

Employee Requests

- Restore Furlough Days: \$318,000;
63,610 per day
- Restore 2.5% 401k: \$344,000
- Continue Longevity: \$302,000

March 31, 2010

CONNECTING DEPARTMENTAL NEEDS WITH COMMISSIONER PRIORITIES:

Public Safety was represented by EMS Director, Michael Day and EMS Manager, Penny Payne, Sheriff Dewey Jones, Fire Marshal, Johnny Gentry, and Animal Control Director, Ron Shaw.

EMS Director, Michael Day and EMS Manager, Penny Payne told the Board EMS is requesting a fourth ambulance with a crew of eight paramedics and related equipment due to the increased call volumes. Mr. Day stated benchmarks across the state would dictate five ambulances/crews to match the level of increasing call volumes. Mr. Day explained to the Board that the Ambulance Franchise extended to Wilson Ambulance Services by Person County is for Basic Life Support (BLS) –non 911 / non emergency transports only. Mr. Day noted the Medical Director has the power to expand the services of Wilson Ambulance Services after the evaluation of the initial first year.

Sheriff Jones described call volumes that have doubled in four years due to economy and drug use requiring his staff to work 168 hours per month. Sheriff Jones is requesting additional funding for the GREAT Program, two patrol deputies, maintenance and repair for vehicles along with five vehicles. Sheriff Jones stated the Board advocacy to legislators for heavier penalties for crimes would be a help. Chairman Lunsford suggested the Board to assist by being more visible and supporting gang preventive programs i.e., GREAT and JCPC.

Fire Marshal and 911 Director, Johnny Gentry stated an increase in call volumes as well, nearing 88,000 per year. Mr. Gentry requested two 911 positions. Mr. Gentry noted three fire departments had submitted contracts for Board consideration of funding for fire protection services. The group discussed the possibility of initiating the two-year notice to terminate contracts with the City of Roxboro for fire protection services as well as 911 services.

Animal Control Director, Ron Shaw stated his case for a Compliance Officer position suggesting the funding to be shared 50/50 between the City and the County. This position would place citations upon citizens non compliant with animals and junk cars (unregistered motor vehicle screened from public view) within the City and County.

The group took a lunch break at 12:10 p.m. and reconvened at 1:45 p.m.

Broadened Human Services was represented by Health Director, Janet Clayton, Social Services Director, Beverly Warren, Person Industries' Director, Wanda Rogers, and Arts, Parks & Recreation Director, Mitch Pergerson.

Health Director, Janet Clayton informed the Board of two programs that would be affected by a reduction in force of two staff. Ms. Clayton stated she was not requesting any additional funding and the two affected staff duties would be reassigned.

Director of the Department of Social Services, Beverly Warren told the Board of caseload increases across the programs offered to the community. Ms. Warren requested additional funding to purchase a new software program (Northwoods System) that would eliminate much of the paper, cutting 30 percent from the worker's time. Ms. York stated the Northwoods System is in the Capital Improvement Plan for Fiscal Year 2012 however Ms. Warren included with the DSS requested budget for the upcoming fiscal year. Ms. Warren also stated a need to purchase 25 computers with peripherals.

Person Industries' Director, Wanda Rogers informed the Board that Person County Recycling Center received a 2009 Outstanding County Award. Ms. Rogers requested consideration for an additional recycling maintenance worker as she summarized 633 tons recyclables sold so far this fiscal year over the 529 tons sold in 2009. Ms. Rogers and Ms. York noted some improvements needed at the recycling facility that have been discussed and requested with Tommy Wagstaff, the owner of the building. These items include an exhaust fan, a radiant heater, paving the graveled portion of the driveway, and bunker walls. The rent at the facility is also increasing by \$22,000 per year. Ms. Rogers is also requesting additional funding for wages to transition staff to an assistant director position for succession planning.

Recreation, Arts & Parks Director, Mitch Pergerson gave an overview of the 10 full time and over 125 part time (seasonal) staffed programs stating increasing fees while reducing expenditures noting the change in the minimum wage raised his part-time salaries by 41%. Mr. Pergerson requested Board consideration to restore lights at the walking tracks. The Board questioned Mr. Pergerson about the county's fees being comparable to private league fees as well as the out of county registration fees.

Ms. Wehrenberg led the Capital Improvement Plan discussion noting a correction to the document that listed the PCC new roof for Building G was duplicated. Ms. Wehrenberg recommended for Board consideration to add the PCC Building F and a portion of the Earl Bradsher roof to the list of critical roofing needs to be included in the financing along with the Courthouse renovation. Ms. Wehrenberg stated a revised Project Ordinance and Capital Improvement Plan would be forthcoming should the Board agree to make the revisions as recommended by the Finance Director. Ms. Wehrenberg and Ms. York requested Board consideration to have a Roofing Study included in the Public Works Department budget for technical assistance to project the priority of needed roofing at all county buildings including those of Person County Schools and Piedmont Community College.

County Engineer, Paul Bailey led a discussion with the Board regarding the County Fleet Program. It was the consensus of the Board to explore options regarding vehicle rotation.

The group discussed budget priorities and possible impacts of the information presented to the Board.

Ms. York provided the Board with the following Summary of the Annual Budget Retreat:

Priorities for the FY10-11 Budget:

- Economic Development- jobs, tax revenue
- No use of Fund Balance for recurring expenditures
- Continue performance evaluation and merit pay processes
- Public Safety
- Restore Furloughs
- Maintain same level of services

Cost Savings Ideas for FY 10-11:

- Quarter cent sales tax referendum?
- Cut non-mandated services realizing that staff may be cut
- Delay capital projects
- Implement an across the board cut to all non-mandated services
- Continue 401k cut; cut it out entirely and offer a dollar-for-dollar match
- Increase recreational fees for non-county Mayo Lake users
- Department Heads to provide cost cutting guidance
- Continue furlough days
- Increase recreational fees to be in-line with private, for-profit recreation programs

Items of Agreement:

- EMS new crew & ambulance- wait and allow for an analysis of the Wilson Ambulance Service
- Fund the GREAT Program (\$5,000)
- 911 Telecommunicators Positions- hold off
- Implement Roof Study

Items for Follow-up:

- Talk with the City of Roxboro regarding the Compliance Officer Position
- Pursue the possibility of a joint grant writer position with other partners
- Research information related to Tier Rankings
- Talk with Representatives regarding an increase to Occupancy Tax Rate (for potential Welcome Center)

March 31, 2010

➤ Schedule Budget Work sessions for the following:

- EMS- to include a breakdown of calls and the possibility of contracted service, laws governing responding
 - Economic Development- capital fund
 - Recreation, Arts, and Parks- to include restoring the walking lights, out of county rates
 - Employee Compensation- to include furloughs, 401k, longevity, performance evaluation system
 - Vehicle Rotation Program
 - DSS- to include new computers and the Northwoods Software
 - Sheriff's Office- to include information on the number of deputies, new positions, and other duties of SROs.
 - Person Industries
-
- Adopt Resolution to Delay Revaluation at April 19th BOCC Meeting
 - Adopt a Resolution Opposing the Loss of the Beer and Wine Tax Revenues
 - Adopt a Resolution Opposing the Privatization of the ABC System

Ms. York proposed a Board work session prior to the County Manager presenting the proposed budget for Fiscal Year 2010-2011.

Commissioner Puryear asked for public comment from Mr. George Naylor of Timberlake.

Ms. York requested Board members to complete the evaluation form provided to rate how the retreat met the needs of the Board as well as the goals outlined for the day.

Chairman Lunsford thanked the County Manager and County Staff for organizing, facilitating and presenting to the Board Person County's financial situation as they prepare to set priorities and strategies for the Fiscal Year 2010-2011 Budget.

The Annual Board Retreat focusing on Fiscal Year 2010-2011 Budget was adjourned at 4:08 p.m.

Brenda B. Reaves
Clerk to the Board

Johnny Myrl Lunsford
Chairman

March 31, 2010