

CUMBERLAND COUNTY FINANCE COMMITTEE
NEW COURTHOUSE, 117 DICK STREET, 5TH FLOOR, ROOM 564
NOVEMBER 3, 2011 - 9:30 AM
MINUTES

MEMBERS PRESENT: Commissioner Marshall Faircloth, Committee Chair
Commissioner Billy King (arrived 10:10 AM)

MEMBER ABSENT: Commissioner Jeannette Council

OTHER COMMISSIONERS

ATTENDING: Chairman Kenneth S. Edge
Commissioner Jimmy Keefe
Commissioner Ed Melvin

OTHERS: James Martin, County Manager
Amy Cannon, Deputy County Manager
James Lawson, Assistant County Manager
Howard Abner, Assistant Finance Director
Dena Dail, Financial Manager
Sally Shutt, Communications Manager
Kenny Currie, Emergency Services Director/Fire Marshall
Candice H. White, Clerk to the Board
Press

Committee member attendance was insufficient to constitute a quorum at 9:50 AM when the meeting was convened.

Commissioner Faircloth called on James Martin, County Manager, and requested his input regarding the request received from Dr. Frank Till, Superintendent of the Cumberland County Schools.

1. CONSIDERATION OF REQUEST FROM DR. FRANK TILL, SUPERINTENDENT OF CUMBERLAND COUNTY SCHOOLS, TO BEGIN DISCUSSIONS REGARDING A NEW SCHOOL BUDGET AGREEMENT

Mr. Martin referenced the Board's funding commitment for the detention center expansion and stated full provisions are not yet in place to provide total construction funding for the project or to cover the additional operating costs once the expansion is completed. Mr. Martin stated the county plans to set aside \$500,000 next year and then increase that amount by \$500,000 for the next two years to offset those costs. Mr. Martin further stated for the upcoming budget year, the county will likely need any additional increase in the tax base to cover the additional capital and operational commitments for the detention center. Mr. Martin also stated once the facility is completed, opened, and construction costs are paid, the six-tenths of one cent tax, which will generate about \$1.2 million in revenue using today's valuations, will continue to be allocated towards operational costs. Mr. Martin stated even though operational costs have not yet been

determined, estimates put the costs at approximately \$3 million or more. Mr. Martin also stated the \$1.5 million the county will set aside and the \$1.2 million in tax revenue will come close to \$3 million, and any growth in the tax base could reach \$3 million.

Mr. Martin proposed that the Board not commit to an increase in school funding for the next fiscal year but rather work towards trying to maintain current funding. Mr. Martin stated he was not certain whether all of the provisions would be in place for jail operations for the fiscal year after that.

Commissioner Faircloth stated he would like to see the following four things:

1. What percentage of local property tax collections are the other ninety-nine counties putting towards their county schools; how does Cumberland County stack up to the rest of the state?
2. What is going on with lottery funds in terms of school construction; what is the prognosis for those funds?
3. What is going on with Cumberland County's Average Daily Membership (ADM); how is the school population doing compared to how it has been in the past; are the schools projecting further increases; is Cumberland County at the zenith of the BRAC movement?

Commissioner Kenneth Edge advised that in 2001 the ADM was 50,453 and in 2011 the ADM was 53,260, which means the numbers have grown by about 2,800. Commissioner Edge further advised that the county's part of the school budget in 2000 was \$50,963,000 and in 2011 was in the neighborhood of \$79 million. Commissioner Edge stated his point is that the county has been as good and fair to the school system as it could possibly be, and during the budget crunch last year, Cumberland County did not have to cut the school budget or ask the school board to give back money as happened in many counties. Commissioner Edge provided the following figures for the general fund balance appropriations used in the school system's budget: 2006/2007 \$25 million used; 2007/2008 \$23 million used; 2008/2009 \$27 million used; and 2009/2010 \$39 million used. Howard Abner, Assistant Finance Director, stated the county's current year unappropriated fund balance was a little over \$28 million. Commissioner Faircloth stated he would also like to know:

4. The amount of the school system's unappropriated, unassigned fund balance.
2. **CONSIDERATION OF PROPOSAL TO UTILIZE EMERGENCY SERVICES FUND BALANCE**

Amy Cannon, Deputy County Manager, stated the General Assembly recently made some legislative changes to the way the emergency 911 funds are passed down to local governments, the most significant change being a new funding model for distributing the 911 funds and

expanding the allowable use of those funds. Ms. Cannon explained most local governments had accumulated significant fund balances and as part of House Bill 1691, the General Assembly released fifty percent of the fund balance funds that had accumulated as of June 30, 2009. Ms. Cannon stated Cumberland County's 911 fund balance was \$3.1 million, which means that \$1,580,000 was released for one-time public safety expenses.

Ms. Cannon stated both she and Kenny Currie, Emergency Services Director/Fire Marshall, had conversations with the director of the 911 Board about how to utilize the funds and his thoughts were for public safety response, with an emphasis on a one-time use. Ms. Cannon further stated the county either obligated or spent \$268,657 in the prior fiscal year for vehicles, software, computer serves, and an emergency notification system for the Emergency Services Department. Ms. Cannon also stated Mr. Currie sought input from other public safety response agencies about their needs and developed a proposed spending plan for the remaining \$1.3 million. Ms. Cannon called attention to the proposed list of public safety equipment to be purchased from the remaining emergency services fund balance as shown below. Ms. Cannon stated the funds have to be spent, not just obligated, by June 30, 2011, and the bulk of the proposed list is to enhance communications throughout the county. Ms. Cannon responded to questions.

Emergency Telephone 50/50 Expenditures

amount to be spent by end of FY12 \$1,580,883

| Obligated/Expended | | | - | |
|---------------------------|---|----------|-----------------|--|
| Agency | Product Description | Amount | Account Balance | |
| Emergency Services | CritiCall Software | 5,515 | | |
| | 346 Device Licenses | 5,517 | | |
| | 4- Vehicles | 98,356 | | |
| | BDA- Bi-Directional Antenna System | 26,780 | | |
| | Code Red - Emergency Notification System | 49,875 | | |
| | Dark Fiber -(linking City and County EMS systems) | 22,999 | | |
| Information Services | GIS server upgrades and software | 50,752 | | |
| | Total obligated/expended | | \$259,794 | |
| Proposed Expenditures | | Balance | \$1,321,089 | |
| (in priority order) | | | | |
| Emergency Services | 15-Laptops for damage assessment | \$45,000 | | |
| | Paging for Fire Depts (hardware & software) | 261,318 | | |
| | Antenna & software (mobile repeaters) | 82,940 | | |
| | Misc equipment: lids and slide out trays for trucks | 95,956 | | |
| | light bars, and other emergency equipment | | | |
| | Ham radios base station at Methodist College | 15,000 | | |
| Cumberland County Sheriff | AVL for 115 vehicles | 128,695 | | |

| | | | |
|-------------------------------|---|---------|-------------|
| | LEC & Annex building camera security upgrade | 72,448 | |
| EMS - Ambulance | 46- Antenna plus combos(cell/pcs/wifi/gps) and | 79,421 | |
| | 7-Airlink gps bundles | | |
| Fire Association | CAD system in fire trucks (equip & software) | 173,209 | |
| | Firehouse Web Upgrade | 175,000 | |
| Spring Lake Police Department | Police equipment (radios/computers/mobile data trans) | 25,527 | |
| Hope Mills Police Department | Police equipment (Radios/communications) | 97,704 | |
| County Buildings | BDA- Bi-Directional Antenna System | 68,872 | |
| | Total proposed expenditures | | \$1,321,089 |

Commissioner King arrived at 10:10 AM and a quorum was reached.

Commissioner Faircloth called the meeting to order.

3. APPROVAL OF MINUTES – SEPTEMBER 1, 2011 REGULAR MEETING

MOTION: Commissioner King moved to approve the minutes.
 SECOND: Commissioner Faircloth
 VOTE: UNANIMOUS (2-0)

Commissioner Faircloth briefed Commissioner King about the request from Dr. Till to begin discussions regarding a new school budget agreement, to include the additional information he had requested, and also briefed Commissioner King about the proposal to utilize the emergency services fund balance.

MOTION: Commissioner King moved to recommend to the full board the proposal to utilize the emergency services fund balance to purchase public safety equipment as presented.
 SECOND: Commissioner Faircloth
 VOTE: UNANIMOUS (2-0)

4. REVIEW OF MONTHLY FINANCIAL REPORT

Ms. Cannon explained the monthly report had not been provided to the Finance Committee earlier because with the fiscal year just beginning, the report would have consisted of only expenditures and no revenues. Ms. Cannon further explained staff was also working to close out the old year and finish the audit, and this is the appropriate time to begin the financial reports for the fiscal year 2012 budget.

Howard Abner, Assistant Finance Director, provided highlights of the monthly financial report and stated that even three months of financial information was still not enough to

determine any trends. Mr. Abner reported that 23.52% of the general fund had been obligated, which compares favorably with the first quarter of the prior fiscal year. Mr. Abner explained several of the functional areas were above the 23.52% due to purchase orders that are input at the beginning of each fiscal year to cover expenses for the entire year.

In response to a question posed by Commissioner Keefe, Ms. Cannon explained the debt service is low because it takes time to get the budget rolled over into July and debt service payments are structured so they do not become due before October when the tax funds come in.

Mr. Abner stated the single biggest source of revenue is ad valorem taxes, which have not come in yet, and revenue through September 2011 is what is shown on the current report. Mr. Abner explained mortgage companies begin paying taxes in October, which should show up in next month's report, with November and December being the largest months for collections. Mr. Abner stated sales tax revenues are at zero because sales that occur in July will not be reflected until the October report. Mr. Abner stated there are variables in the sales tax between the county and the various municipalities and with the gross collections that he monitors, eleven out of the twelve months last year were positive compared to the prior months. Mr. Abner explained Category 30, unrestricted governmental, will remain at zero until January because the municipalities reimburse on a quarterly basis. Questions and discussion followed regarding fiscal year 2011 tax collections.

Mr. Abner reported 12.15% of the collections had been recognized thus far compared to 11.27% at this same time last year. Mr. Abner stated interest is no longer a major source of revenue for the county. Mr. Martin stated the county is expending a greater percentage of the amount budgeted, revenues are not exceeding budget projections to as great an extent as in the past, and the net result is that the county is not accumulating additional cash as it had over the past eight or nine years. Mr. Martin also stated the ability to accumulate cash for one-time projects is being diminished by the economy and possibly a number of other things.

Mr. Martin reported total values on permits issued through October 2011 were slightly over \$76 million compared to almost \$96 million through October 2010, which was 21% less in terms of the projected values of new construction. Mr. Martin further reported in terms of permit fees, \$756,000 has been collected this year whereas last year \$810,000 was collected. Mr. Martin stated this is a 7% reduction over last year, and last year was down from the prior year. Commissioner Edge noted fee amounts had been increased during that time as well. Mr. Martin stated these may be signals that things are not coming about at the level they had in previous years, which will put more financial stress on what the county can afford to do.

Commissioner Edge asked whether data was available on home foreclosures. Ms. Cannon stated she should be able to get the information.

5. OTHER MATTERS OF BUSINESS

Commissioner Keefe asked that fund names be included on the financial reports along with the fund numbers. In response to a question posed by Commissioner Keefe, Ms. Cannon

explained the only transfer for Coliseum operations is from the food and beverage fund which is \$3.7 million. Ms. Cannon further explained the occupancy tax is receipted and accounted for in fund 623, and then there is a separate debt service fund.

There were no other matters of business.

There being no further business, the meeting adjourned at 10:35 AM.