

Draft

**BOARD OF COMMISSIONERS  
WORK SESSION** May 12, 2014

**ALEXANDER COUNTY  
STATE OF NORTH CAROLINA**

**PRESENT:** Larry Yoder, Chairman  
Ryan Mayberry, Vice-Chairman  
Andrew Ferguson  
James “Burkie” Jennings  
Judy M. Moose

**STAFF:** Rick French, County Manager  
Jennifer Herman, Finance Director  
Jamie Starnes, Clerk to the Board

The Alexander County Board of Commissioners held a work session on Monday, May 12, 2014 at the CVCC / Alexander Center in Room 103, Taylorsville, North Carolina.

**CALL TO ORDER**

Chairman Yoder called the meeting to order at 6:00 PM.

**INVOCATION & PLEDGE OF ALLEGIANCE**

Chairman Yoder gave the invocation and Commissioner Ferguson led the Pledge of Allegiance to the Flag.

**2014-2015 BUDGET DISCUSSION**

Rick French, County Manager, presented a proposed 2014-2015 budget that was 2.5% less than the current budget which currently stands at \$35,528,015, or \$34,621,230. County department requests for the 2014-2015 year would've resulted in a budget of \$38,389,041; however, revenue is only \$31,948,720 and will not change without a tax increase resulting in the need for reductions. He advised that continued use of fund balance to balance the budget would result in cash flow problems as well as restrictions by the Local Government Commission.

Bob Jessup, Attorney with Sanford Holshouser and bond council for Alexander County, discussed average fund balance for counties similar in size and population (27.71%) as well as the recent trend of counties that had used fund balance in the past replacing that amount over time. The 8% floor (one month's operating expenses) for fund balance is a guideline set by the

LGC, who can prevent counties from borrowing funds for projects once that level this is reached. Mr. Jessup also advised that the County is required to pay for certain items, such as bills for the Bethlehem/Ellendale Water Project, up front and is then reimbursed, which could create a cash flow problem in the future, especially when coupled with a dwindling fund balance.

Jennifer Herman, Finance Director, advised that Alexander County's fund balance totaled 29.49% as of June 30, 2012, 24% as of June 30, 2013, and she projected 13% at the end of June 2014. If the trend of pulling from the fund balance continues, she projected a remaining amount of 5.5% at the end of June 2015. The lowest fund balance in NC is 6.56%.

Mr. French reiterated Mr. Jessup's comments regarding reimbursement of paid bills for water projects and pointed out that the upcoming workforce training program with CVCC would also require bills to be paid up front with reimbursement to the County, further impacting cash flow. He also mentioned increased costs for utilities and conversations over the years to gradually increase property taxes over time to replace the operating expenses for the new Sheriff's Office and Detention Center; however, that action has never been taken. He felt a 4-cent minimum tax increase was needed strictly to replenish the fund balance and he also discussed the need for fund balance for unexpected costs, natural disasters, grant matches, economic development incentives, etc.

He reviewed the 2014-2015 proposed budget as follows:

- Budget does not include a garage, evidence building or replacement vehicles for the Sheriff's Department, demolition of the Dayton property, Rocky Face Park PARTF grant match, additional personnel and most capital requested by departments, or COLA for employees. Travel, training, and supplies line items in most departmental budgets were reduced.
- Budget does include the \$500,000 EDA grant match for the CVCC workforce training program, the Bethlehem/Ellendale Water Project (\$3.2 million 0% interest loan paid by user fees), renovation of the courthouse (\$1.5 million set aside from Jail Project loan), bulletproof vests for the Sheriff's Department, a mezzanine barrier for the Detention Center, and a replacement ambulance for EMS.
- Funding for the WPCOG assistance with minimum housing and the creation of overlay zoning districts has not been included nor has several maintenance issues that need addressing (concessions at Dusty Ridge Park, bathrooms and gym at Old Wittenburg Elementary, and storage at old Wittenburg Fire Department). Staff needs direction by the Board regarding these items.
- A 2-person purchasing department is proposed to centralize purchasing for all County departments and review contracts beginning in September 2014.
- The City of Hickory is proposing a 3.2% water rate increase effective July 1, 2014.

Commissioner Jennings questioned the need for the Purchasing Department, as did other commissioners, and requested cost savings justification. Mr. French replied that cost savings would not be seen at first but felt the department would save the County a significant amount eventually. He also pointed out that some departments entered into contracts on a regular basis without prior approval which he hoped to eliminate through this department.

Chairman Yoder felt a tax increase was needed and noted that property owners would see a significant increase in future years if not addressed now, especially when considering revaluation in 2015 which is expected to show decreased growth. He felt the only solutions available to this Board at the present time were to cut employees, cut services, or raise taxes, pointing out that it had taken 4 years to increase the fund balance from when it was only 2%.

Commissioner Ferguson asked if Mr. French could cut another 2.5% from the proposed budget to which Mr. French replied that he could not without cutting positions.

Vice-Chairman Mayberry reported that a 4-cent tax increase would only increase property worth \$100,000 by \$40 per year.

Commissioner Moose felt the County had continued to spend money on things with no additional revenue coming in, which had created this situation.

#### **ADDITIONAL COMMENTS**

Mr. French reported that the public hearing on the proposed 2014-2015 budget would be held on Monday, May 19<sup>th</sup> at 6:00 PM at the CVCC / Alexander Center in Room 103.

#### **ADJOURNMENT**

There being no further discussion, Chairman Yoder made a motion to adjourn at 7:56 PM. Commissioner Jennings seconded the motion. The Board voted unanimously in favor of the motion.

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Larry Yoder, Chairman

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Jamie M. Starnes, Clerk to the Board