

The Alleghany County Board of Commissioners held a special session on Friday, April 29, 2011, at 9:00am in the Board Meeting Room of the County Administration Building, 348 South Main Street, Sparta, North Carolina. The purpose of this session was to hold a budget retreat.

Present: Chairman Ken Richardson, Vice-Chair Tom Smith, Commissioner Larry Cox, Commissioner John Goudreau, and County Manager Don Adams. Commissioner Roten, County Attorney Donna Shumate and Clerk to the Board Karen Evans were absent.

Chair Richardson opened the meeting at 9:00am.

County Manager Don Adams talked to Board about Alleghany in Motion's funding sources including EDTAP and RGP and how the advisory board has to adopt rules/procedure to ensure that the grant sources can provide services the entire year. He explained that they recently enacted a procedure where the people using EDTAP funds will now have to pay the RGP rate on weekends, which means that those individuals will have to pay an additional \$2 per week. He further explained that they added an additional surcharge on trips over 110 miles and provided examples of the additional surcharge amounts for Charlotte and Durham/Raleigh trips. He stated that the only other option is for Alleghany in Motion to ask for the additional money from the Commissioners, which isn't a viable option. He reiterated that the rates will decrease to the normal rates in July when the new grant monies are available. He explained how money is allocated for EDTAP and RGP trips.

The County Manager provided information packets to the Board. He reviewed the comparison of Alleghany County's tax rate compared to all of the counties in North Carolina, where Alleghany County has the 17th lowest tax rate.

Chair Richardson and County Manager Don Adams talked about fire tax rates are not included in the actual tax rate of counties.

The County Manager reviewed there are four counties lower than Alleghany who have the land-transfer tax. He provided examples of talked about items that impact the counties with a lower tax rate that Alleghany does not have. He said that he is providing these rates for the Board as a comparison tool.

The Board of Commissioners and the County Manager discussed the surrounding counties and items that impact their rates.

County Manager Don Adams provided information that shows the breakdown of taxes including the amount of acreage/value/taxes paid by Alleghany County residents. He showed the Board a map of the county completed in 2007 that shows the amount of land that is in present-use value. He explained present-use values.

Chair Richardson and the County Manager discussed how legislative actions in regards to present-use taxes affect Alleghany County. They further discussed other types of property tax exemptions.

The County Manager showed the Board charts and graphs showing revenues/expenditures for the adopted budget as of July 1, 2010. He described the charts and graphs.

Commissioner Cox and the County Manager talked about the mandated amounts that are required to go to education are the portions of the mandated sales tax for their capital needs. The County Manager explained that there are case laws that prohibit their budget being stripped and provided examples.

The County Manager further explained that the County Commissioners allocates one lump sum for the operating expenses meaning that the School Board has the ability to transfer the money around to their various operating lines. He let the Board know that the Board of Education cannot go out and buy real property without the Commissioners' approval and the Commissioners can directly impact how money can be spent on capital needs. He said his recommendation is to stay away from line iteming them. He explained he does review their line items the same way he does the County's departments and looks at the uncontrollable costs. He talked about mandated, primarily mandated and obligated expenses shown on the spreadsheets.

Chair Richardson and County Manager Don Adams talked about the primarily mandated portion of Social Services.

The County Manager talked about how the budget books change up until the time the books are provided to the Commissioners. He provided an example of how the books change; EMS asking for additional personnel expenses for the thrombolytic training, which will be different than the three-page summary he provided earlier to the Board.

Commissioner Cox and County Manager Don Adams talked about the revaluation allocation. The County Manager explained the current amount in the revaluation fund, when the next revaluation process will start, the costs of the last revaluation and what is involved during the process. They talked about for the last couple of years the monies haven't been set aside for revaluation.

County Manager Don Adams talked about the process for meeting with people regarding the budget.

The Board took a brief recess.

The County Manager talked about fund balances numbers, how the Local Government Commission (LGC) views fund balance numbers and how the LGC will step in to take over the finances if the fund balance gets too low if the Board is not doing anything to increase the fund balances numbers. He said that his recommendation for the fund balance is to be between 20-30% which is the unreserved fund balance. He talked about the reserved portion of the fund balance. He explained if the fund balance gets low it also becomes a cash-flow issue plus it affects the bond rating which in turn affects the ability to borrow money. He further explained the bond rating.

Chair Richardson, Commissioner Cox and County Manager Don Adams talked about the action before the General Assembly regarding housing misdemeanors locally with the big unknown in the costs being medical expenses. The County Manager talked about this action could impact our ability to house Federal inmates.

County Manager Don Adams provided his updated debt spreadsheets. He explained the spreadsheets showing all of the debt. He provided a quick update on each of the loans. He discussed the last two pages of the spreadsheets which summarizes the total principal in the amount of \$11,369,355 and the total interest in the amount of \$2,581,000 for a grand total of \$13,950,000. He explained the net debt percentage, which is 0.64%. He further explained the LGC allows up to 15% of the annual budget to go towards debt payments without any special permission and currently Allegheny County's is 10.54%. He described different scenarios regarding debt and loans and how it could impact Allegheny County.

Chair Richardson and the County Manager talked about the County is in good financial shape in regards to debt limits.

Chair Richardson and the County Manager talked about how the actions in Raleigh will impact the lottery funds and how that affects Allegheny County; loss of \$120,000.

County Manager Don Adams explained that the mid-month May meeting is when a decision needs to be made regarding which health insurance plan to go with. He said he looking for direction from the Board. He explained that the amount in the proposed budget is leaving the plan as it is. He reviewed the insurance summary sheet showing how much additional money is needed for insurance.

Chair Richardson talked about looking at all of the types of insurance and where some have an increase or a decrease but the total amount of change is \$88,000.

Commissioner Cox and County Manager Don Adams talked about looking at different options on the health insurance plan and different ways to address paying deductibles.

The County Manager explained the different options available to changing the plan; office co-pay, drug card co-pays, deductibles and co-insurance. He provided information to the Board showing what percentages each of the changes would make to the 12.7% increase. He reviewed survey information that he received from the departments showing preference of how to reduce the increase if the Board decides to; office co-pay, drug card co-pays, deductibles and co-insurance.

Chair Richardson and County Manager Don Adams talked about all four would have to be implemented to not have a 13% increase.

The Commissioners and the County Manager discussed the current benefits and the proposed benefits and how the changes impact the overall increase. They further discussed other ways to address health insurance. The County Manager informed the Board that employees can no longer pay for insurance for a single child and explained how that could impact employees. They discussed the length of the contract is one year. They continued discussing how the changes impact the overall rate increase.

Chair Richardson and County Manager Don Adams talked about there hasn't been a cost of living raise for employees for a couple of years. County Manager Don Adams talked about 65% of the employees received a salary adjustment. Chair Richardson talked about the holiday furlough where four days were added back. The County Manager talked about as of right now he doesn't have any furloughs in his budget.

The County Manager explained that he needs to know how the Board wants to address the increase in medical insurance. He further explained the work that he has done so far on the budget. He talked about normally the fund balance appropriation only uses about half of what is budgeted.

Chair Richardson talked about we can maintain where we are now without adding any big ticket items and using some of the fund balance.

The Board and the County Manager talked about the requested budgets in comparison to this year's budget. The Commissioners talked about ways to save money and still provide the needed services.

County Manager Don Adams asked the Board what they want to see in the budget.

Chair Richardson said that he will support a tax increase if he sees the need. He talked about each one of the Commissioners can provide information to the County Manager about what each Commissioner wants to see in the budget.

Commissioner Smith said he is not personally prepared to state no tax increase, maybe a modest tax increase of a penny or two.

Commissioner Goudreau said that the people who talk to him doesn't want a tax increase therefore he cannot support a tax increase based on his conversations with the public. He said he will support the majority of the Board but he cannot support a tax increase.

Commissioner Cox explained that this is the first time going through the budget process for the newly elected Commissioners. He said he looks to the ones who has went through thus for direction and guidance during the process. He talked about standing still is not an option. He said that he is reluctant to dive into the insurance at this point. He further said that if it takes a cent or two to get a budget that is good for everyone, he will support that.

Commissioner Goudreau stated that he respects everyone's decision.

Commissioner Cox stated that he thinks we are in a good position and would rather see a small increase to keep up with the times is what he will support.

Chair Richardson talked about the last tax increase was a 10¢ increase because of what is occurring now by putting things off until later.

The Board and County Manager talked about property values. They further talked about the State budget and potential items coming to counties.

The County Manager explained his reasoning for asking the Board what each Commissioner wants to see in the budget. He further explained that he will try to breakdown the budget in a way that will allow for discussions among the Commissioners. He talked about how much the budget will change from the time he is putting it together over Memorial Day until the end of June because of significant changes from the State.

Commissioner Goudreau said that his statement is made with nothing coming down from the State.

County Manager Don Adams explained this year will be different because of the timing of things potentially coming from the State.

The Board and County Manager talked about additional dates to meet in June. They discussed some employees have stayed because of the insurance, potential changes to the insurance and turnover rates have stabilized.

Being no further business, Commissioner Smith made a motion to adjourn the meeting at 12:54pm. Commissioner Cox seconded the motion. Vote 5:0.

Respectfully submitted,

Karen Evans
Clerk to the Board

Attest:

Ken Richardson
Chairman