

**MINUTES OF A SPECIAL BUDGET WORK SESSION
OF THE TOWN COUNCIL OF THE
TOWN OF LAUREL PARK, N.C.
April 7, 2011
9:30 A. M.**

The Laurel Park Town Council held a special work session on budget issues and other items as needed at the Hendersonville Country Club on April 7, 2011 at 9:30 a. m. The following members were present: Mayor Henry T. Johnson, Commissioner Richard P. Cooke, Commissioner Dona M. Mennella, Commissioner J. Carey O'Cain, and Commissioner Robert O. Vickery. Town Manager Jim Ball, Town Clerk Kim Hensley, Police Chief Don Fisher, and Public Works Superintendent Richard Hughey were also present.

Mayor Johnson called to order the April 7, 2011 special work session.

APPROVAL OF AGENDA

Commissioner Mennella moved to approve the Agenda. Mayor Johnson asked for discussion; there was none. The vote was unanimous in favor of the motion.

DISCUSSION, BUDGET FY 2010-2011

Mr. Ball reviewed with Council the FY 2010-2011 budget through April 1, 2011.

Revenues:

- Property Taxes – budgeted at 98% - positive \$32,011
- ABC Funds - \$10,000 shortfall due to reduced distributions
- Revenue Offsets – certain revenue lines show either a minor increase over forecasted levels or minor decrease over forecasted levels
- Bottom Line – budgeted revenues sources indicate an approximate \$25,000 increase over forecasted levels

Expenditures:

- Snow Removal - \$8,800 shortfall due to additional sand/salt purchase because of the harsh winter
- Unemployment - \$2,308 claim as the Town is self-insured
- Bottom Line – all department expenditures were running very tight to budgeted projections and would need to be monitored closely

Mr. Ball stated that, at each work session over the next several months, he would review the execution status of the FY 2010-2011 budget with the Council until the budget year was complete.

DISCUSSION, FY 2011-2012 BUDGET RE-EVALUATION

Mr. Ball reviewed with Council the comparison of the changes to the real property tax base resulting from re-evaluation. The Town's real property value had decreased by 14.4% or \$56,550,000 as a result of the re-evaluation.

DISCUSSION, FY 2011-2012 REVENUE NEUTRAL

Mr. Ball stated that the 2003 General Assembly enacted state legislation 2003-264. The legislation required that each taxing unit publish a revenue neutral tax rate as part of its budget for the year following re-evaluation. The revenue neutral rate is calculated by determining a rate that would produce revenues equal to those produced for the current year then increase the rate by a growth factor equal to the average annual percentage increase in the tax base. Mr. Ball, using the formula mandated by state law, stated that the revenue neutral tax rate for Laurel Park for FY 2011-2012 would be 36.7 cents.

DISCUSSION, FY 2011-2012 BUDGET

Mr. Ball stated he would provide Council with an overview of the draft general fund budget followed by a line by line review of all categories contained within the budget.

Mr. Ball provided the following information concerning General Fund revenue projections for FY 2011-12:

- Tax Rate – current rate (.31/100) with 1 penny generates approximately \$36,125
- Tax Base (estimated)
 - Real Property – 14.4% decrease in value or (56,550,000)
 - Personal Property – 1.5% decrease in value or (74,000)
 - Utilities – 0.8% decrease in value or (227,782)
 - Motor Vehicle – 6.6% increase in value or 1,185,000
 - Bottom-line – a revenue decrease of approximately \$175,000
- Sales Tax – stable
- Interest Income – 50% decrease or \$3,000
- ABC Funds – 44% decrease or \$8,000
- Utilities Franchise Taxes – 8.5% increase or \$6000
- Other revenues – stable (Powell Bill, Video Programming, Beer & Wine Tax)

Mr. Ball provided the following information concerning General Fund expenditure projections for FY 2011-2012:

- Valley Hill Fire & Rescue – no change
- Solid Waste Management – increase of \$2,000
- Transfer to Sewer Fund - \$10,000
- Local Government Retirement System
 - Minor rate increase due to investment losses within the fund or approximately \$2,900 increase
 - Reduced liability as of December 31, 2010 or an approximate \$14,000 reduction
- Town Insurance Programs
 - Health – final rates to be set on April 19 – potential 5% increase or \$10,000
 - Workers Compensation – minor rate adjustment on some classes of employees (rate is based on payroll and assigned risk ratios for classes of employees)
 - IRFFNC Property Liability – no rate increase (rate based on five year loss ratio, equipment value, number of employees, population).
- Audit – no change
- Pay scale – COLA adjustment
 - salaries

Mr. Ball, assisted by the Town Department Heads, reviewed each line item within the general fund for their respective department.

The Administration Section discussions centered on software upgrades to the utility billing and cash collections and the possibility of upgrading the phone system at Town Hall.

The Public Works Department discussions centered on replacing the 1986 hydro-mower and re-filling the public works position that was frozen during FY 2010-2011 budget process.

The Police Department discussions centered on replacing a police vehicle. Also, Chief Fisher pointed out that Laurel Park's starting salary for a police officer is approximately \$2,000 below the local average; this contributes to the turnover rate with the department. He also pointed that a secondary contributor to the turnover rate was the limited opportunities for advancement and/or specialization.

Mr. Ball provided a draft water fund budget for FY 2011-2012 followed by a line by line review of all categories contained within the water budget:

- Draft Water Fund Budget FY 2011-2012
 - 2.2% increase from previous year or \$6,300
 - Water rate changes are currently undetermined

Revenues

- Water Sales Stable
- Fund Balance appropriation \$22,600

Administration Section

- Water Fund Budget Overview
- Water Fund – Software Upgrade
- Water Fund – Mailing format change

Public Works Department

- Water Fund Budget Overview
- Water Fund – Capital Outlay

Mr. Ball provided a draft Sewer Fund budget for FY 2011-2012 followed by a line by line review of all categories contained within the water budget:

- Draft Sewer Fund Budget FY 2011-2012
 - 0.05% decrease from previous year or \$400
 - Sewer rate changes are currently undetermined

Revenues

- Sewer Sales – pass through
- Transfer from General Fund \$10,000

Expenditures

- Sewer Purchases – pass through

DISCUSSION, BUDGET OVERVIEW – COMPARING FY 2010-2011 TO FY 2011-2012

Mr. Ball compared the FY 2010-2011 budget year to the FY 2011-2012 budget year. He highlighted the approximate \$175,000 revenue shortfall as a result of the re-evaluation.

DISCUSSION, BUDGET AND FUND BALANCE ESTIMATE AS OF JUNE 30, 2011

Mr. Ball reviewed with Council the Town's estimated fund balance position as June 30, 2011. Upon close-out of the FY 2010-2011, the General Fund Balance will be estimated at \$800,520 or 42.81%.

DISCUSSION, OPEN DISCUSSION ON THE BUDGET

The Council and staff openly discussed all aspects of the FY 2011-2012 draft budget. The following are Council decisions and guidance provided to staff in preparing and updating the draft budget for the next scheduled work session.

- Council directed using a tax rate of .36 for the next budget review.
- Reduce Sewer Fund transfers.
- Council directed that the next review include filling the frozen Public Works position
- Council provided guidance on COLA and salaries for a review of a 2% COLA and 1% merit.

OTHER DISCUSSIONS ITEMS

Mr. Ball discussed with Council setting the next special budget work session to continue reviewing the draft budget for FY 2011-2012. The dates of April 26 and April 28 were discussed. It was agreed that the final date would be set at the April 14, 2011 Council Agenda Work Session.

There being no further business, Commissioner Cooke moved to adjourn the meeting. The vote was unanimous in favor of the motion.

Henry T. Johnson, Mayor

Attest:

Kimberly B. Hensley, Town Clerk

Date