

**MINUTES OF A SPECIAL WORK SESSION
OF THE TOWN COUNCIL OF THE
TOWN OF LAUREL PARK, N.C.
May 11, 2010
9:30 A. M.**

The Laurel Park Town Council held a special work session, on budget issues and other items as needed, in the Laurel Park Town Hall on May 11, 2010 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 May 11, 2010 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, FY 2010-2011 BUDGET OVERVIEW

Mr. Ball stated the draft General Fund budget being presented at the work session had been adjusted in accordance with the guidance provided by the Town Council from the April 22, 2010 budget work session.

The draft General Fund budget for FY 2010-2011 was 3.8% or \$70,090 less than the FY 2009-2010 initially adopted budget. The draft budget would need an additional \$62,310 fund balance appropriation to balance revenues to expenditures.

Mr. Ball stated he would provide Council with an overview of the draft General Fund budget followed with 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 2010-11.

- Tax Rate – current rate (.27/100) - 1 penny generates approximately \$40,000 in revenue
- Tax Base – reduced by \$3,000
- Motor Vehicle – slight increase of \$5,000
- Sales Tax – 9.7% decrease or \$40,000
- Interest Income – 68% decrease or \$13,000
- ABC funds – 55% decrease or \$22,000
- Other revenues – stable (Powell Bill, Utilities Franchise Taxes, Video Programming)

Mr. Ball provided the following information concerning General Fund expenditure projections for FY 2010-2011.

- Governing Body – reduce stipend by 50% and expenses by \$1,000 - decrease \$7,800
- Audit – modest increase
- Valley Hill Fire & Rescue – no change
- Solid Waste Management – 2.0% decrease or \$3,000
- Transfer to Sewer Fund – reduce by \$20,000
- Local Government Retirement System
 - Rate increase due to investment losses within the retirement fund or an approximate \$10,000 increase for the Town
 - Reduced liability as of December 31, 2010 or approximately \$9,000
- Town Insurance Programs
 - Health – final rates set on April 29 reflected a 17% increase or \$37,000 – changing the coverage level to Med-500 saves \$17,000
 - Workers Compensation – no rate increase (rate is based on payroll and assigned experience ratio – 1.14) – the Town will have an approximate \$2,000 reimbursement claim for increased payroll due to overtime paid during the FY 2009-2010 budget year

- IRFFNC Property Liability – no rate increase (rate based on five year loss ratio, equipment value, number of employees, population).
- Pay scale – no COLA adjustment
- Salaries – no pay raises
- Payroll – adjustment of \$15,000 in the form of a one-time bonus to employees due to change in the medical program
- Personnel – hiring freeze on one position in Public Works
- Capital Outlay – one police vehicle \$17,000

Mr. Ball, assisted by the Town Department Heads, reviewed each line item within the General Fund budget for their respective department.

Mr. Ball provided a draft Water Fund budget for FY 2010-2011 followed with a line-by-line review of all categories contained within the water budget.

- Draft Water Fund Budget FY 2010-2011
 - 4.1% decrease from previous year or \$12,100
 - Water rates could increase by 2.75%; final figures currently unknown

a) Revenues

- Water Sales – stable
- Interest Income – 80% decrease or \$2,000
- Meter Installation – 50% decrease or \$3,000
- Fund Balance appropriation \$15,500

b) Administration Section

- Water Fund Budget Overview
- Water Fund – Software Upgrade

c) Public Works Department

- Water Fund Budget Overview
- Water Fund – Capital Outlay (none programmed)

Mr. Ball provided a draft Sewer Fund budget for FY 2010-2011 followed with a line-by-line review of all categories contained within the sewer budget.

- Draft Sewer Fund Budget FY 2010-2011
 - 23.9% decrease from previous year or \$26,000
 - Sewer rates could increase by 2.75%; final figures currently unknown

a) Revenues

- Sewer Sales – pass through revenue to the City of Hendersonville
- Interest Income – 85% decrease or \$6,000
- Transfer from General Fund – reduce by \$20,000

b) Expenditures

- Sewer Purchases – pass through expense to the City of Hendersonville

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

Mr. Ball stated that, if the budget were executed as presented, the Town's available fund balance, as June 30, 2011, would be 35.81% or \$641,560. The Town's ability to handle unforeseen emergencies, such as a natural disaster, would be limited. Also, the Town's fund balance is an important factor during the execution of any budget year with respect to cash flow as the Town's biggest source of revenue is from property taxes, which are paid mainly in the November through January timeframe.

DISCUSSION, OPEN DISCUSSION ON THE BUDGET

The Council and staff openly discussed all aspects of the FY 2010-2011 draft budget. The following were Council decisions and guidance provided to staff.

- Reduce the medical program from Careplus to Med-500. A portion of the cost reductions or approximately \$15,000 would be paid in the form of a one-time bonus to employees to help offset increased medical costs to them.
- The fall brush collection service would be cancelled and the overall brush collection program needed a complete review early in the next budget year both on a reoccurring basis and an emergency basis.
- No COLA or salaries increases
- Add a \$15,00 expense to the budget for an industrial mower deleted from the current year's budget
- Council directed for the draft budget reflect a 4 cent tax increase to offset decreased revenues – mainly in sales tax and interest income, to offset increases in expenditures – mainly the Town's medical insurance, and to rebuild the Town's fund balance.

DISCUSSION, FY 2009-2010 BUDGET CLOSEOUT

Mr. Ball reviewed, with Council, the current execution status for the FY 2009-2010 budget through the month of April, which reflected the budget amendment adopted on April 22, 2009. He stated that he would review update the figures with Council at each work session until the budget year was complete. Mr. Ball also informed Council that the Town's computer server had failed. TSA Choice stated the computer server was not economically repairable; a new computer server was ordered and should be installed within 7-10 working days. TSA Choice built a temporary computer for use until the new server is installed. The overall cost should be approximately \$5,000.

There being no further business, Commissioner Mennella moved to adjourn the Regular Meeting. Mayor Johnson asked for discussion; there was none. The vote was unanimous in favor of the motion.

Attest:

Henry T. Johnson, Mayor

Kimberly B. Hensley, Town Clerk

Date