

**IREDELL COUNTY BOARD OF COMMISSIONERS
BRIEFING MINUTES
FEBRUARY 19, 2002**

The Iredell County Board of Commissioners met in Briefing Session on Tuesday, February 19, 2002, at 5:00 p.m., in the Iredell County Government Center (South Wing Conference Room), 200 South Center Street, Statesville, NC.

Present: Chairman Sara Haire Tice
Vice Chairman Karen B. Ray (Mrs. Ray arrived at approximately 5:30 p.m.)
Tommy E. Bowles
Steve D. Johnson
R. Godfrey Williams

Staff Present: County Manager Joel Mashburn, Finance Director Susan Blumenstein, Emergency Management Director Larry Dickerson, Tax Collector Joe Ketchie, County Assessor Brent Weisner, Recreation Director Robert Woody, Library Director Steve Messick, Register of Deeds Brenda Bell, and Clerk to the Board Jean Moore.

CALL TO ORDER by Chairman Tice.

UPDATE ON BUDGET DEFICITS: County Manager Joel Mashburn and Finance Director Susan Blumenstein shared two plans that were developed to address county revenue shortages. Mashburn said changes needed to be made to the FY 2001-02 budget because: (1) information had been received from the League of Municipalities advising that sales tax distributions for the rest of the fiscal year would be below budget (2) some county departments were in need of the funds frozen in the FY 2001-02 budget and (3) Governor Easley announced on February 5, 2002 that he planned to retain inventory tax reimbursements and withhold other tax reimbursements to balance the state's budget. Mashburn said that when the current year's budget was adopted last June, the county had planned to unfreeze the \$2,781,800 when a final funding plan was submitted by the state. Mashburn said that now, however, since Governor Easley again planned to withhold the funds, decisions needed to be made about the budget.

Blumenstein then shared information about the decrease in sales tax revenues. She said the county would be under budget by \$1,127,626. Mrs. Blumenstein said the entire state was experiencing a sales tax revenue decrease due to the economy. Blumenstein then discussed two plans (A & B) that had been developed to address the shortages. The two plans are as follows:

	Summary of Changes in Budgeted Revenues & Expenditures	
	PLAN A	PLAN B
	<u>Reduce Transfer To Capital Reserve</u>	<u>Reduce Transfer to Capital Reserve & Reduce School Capital for Restricted Sales Taxes</u>
Budgeted General Fund Revenues (Includes \$2,463,206 Appropriated Fund Balance)	106,549,480	106,549,480
Sales Taxes estimated under budget	1,127,626	1,127,626
Reimbursements: Inventory taxes	786,238	786,238
Beer & Wine	330,000	330,000
Elderly Homestead	103,995	103,995
Ad Valorem Taxes	470,030	470,030
Interest on Investments	540,000	540,000
Public School Capital Fund	327,825	327,825
Other Net Decreases	<u>337,664</u>	<u>337,664</u>
	4,023,378	4,023,378
Net Estimated Revenues for year	<u>102,526,102</u>	<u>102,526,102</u>
General Fund Expenditure Appropriations	106,549,480	106,549,480
Less School Capital Outlay (restricted sales taxes)		(465,517)
Less 3% unspent (net of operating transfers)	(3,113,030)	(3,113,030)
	103,436,450	102,970,933

Reduce Transfer to Capital Reserve Fund	(910,348)	(444,831)
Net Estimated Expenditures for year	<u>102,526,102</u>	<u>102,526,102</u>
Fund Balance		
Adjusted Fund Balance, July 1, 2001	12,759,131	12,759,131
Less: expenditures > revenues	(2,463,206)	(2,463,206)
Adjusted Fund Balance June 30, 2002	<u>10,295,925</u>	<u>10,295,925</u>
RESULTS:		
<u>General Fund</u>		
Lifting freeze on General Fund Capital Outlay Items	281,800	281,800
Amending Operating Transfer to Capital Reserve Fund to:	1,589,652	2,055,169
<u>Capital Reserve Fund</u>		
Available for library Project	4,474,652	4,940,169

Mr. Mashburn said portions of the 1983 and 1986 sales taxes had always been appropriated to the schools. He said that if the board members did not reduce the sales tax proceeds to the schools, the county would now be supplementing them.

Blumenstein said that in the past, when there was an increase in the sales tax proceeds, the schools were always given more.

Chairman Tice said she felt that everyone should share in the deficit.

Commissioner Bowles and Commissioner Williams agreed.

Mashburn reminded the board members that the third one-half cent sales and use tax would expire in 2003. He said that if the county desired the tax (½ cent) a public hearing would need to be held and a resolution adopted.

Mr. Mashburn emphasized that some county departments needed the freeze lifted.

Commissioner Johnson said he understood the sheriff's department was in need of the \$48,000 for the cell door replacements. Mr. Johnson also said that he was hearing that the state's budget situation would be even worse next year. He said it was being estimated that the state would be short \$2 billion.

The staff was then instructed to:

1. Implement Plan B in an effort to remedy the county's budgetary deficits.
2. Return at the next board meeting with a listing, in priority order, of the items that needed to be removed from the frozen capital outlay list. The staff was instructed to especially consider the needs of the public safety departments.

A listing showing the frozen FY 2001-2002 expenditures is as follows:

Transfer to Capital Reserve Fund	\$2,500,000
Replacement Sedan (Tax Adm.)	18,000
Generator (Mtg. St. Service Ctr.)	35,000
In-car Cameras (law enforcement)	47,500
Replacement commodes (jail)	10,800
Cell Door Replacement (jail)	48,000
File System (DSS)	14,000
Building Improvements (EMS)	21,000
Field Dress Machine (Recreation)	10,000
Transfer to Park Fund (Recreation)	25,000
Replacement Vehicle (Health)	17,500
Capital Outlay (General Government)	10,000
Power Point Projector (Health)	5,000
Replacement van (Inspections)	20,000
Total:	<u>2,781,800</u>

The county manager said the staff would notify the school officials about the board's actions.

Note: Information follows about the current sales taxes.

1971 - Article 39	1 cent tax (May be used for any authorized public purpose)
1983 - Article 40	½ cent tax (Authorized that 30% of proceeds would be earmarked for school capital outlay for a period of 15 years – Iredell County has continued to restrict the 30% for school use even though the stipulation period has ended.)
1986 - Article 42	½ cent tax (Authorized that 30% of proceeds would be earmarked for school capital outlay for a period of 16 years.)
2001 - Article 44	½ cent tax (The tax expires on July 1, 2003. Counties have the option of levying this tax after a public hearing has been held and a resolution has been adopted.)
	4% designated for state on non-food items.

UPDATE ON STUMPY CREEK PARK: Recreation Director Robert Woody said progress was being made on the Stumpy Creek Park project. He said the waste water bids would be opened on February 21, 2002. Woody said the fencing bids would be next.

ADJOURNMENT: Chairman Tice adjourned the briefing session at 6:15 p.m.

Approved: _____

Clerk to the Board