**MINUTES**
**EDGECOMBE COUNTY BOARD OF COMMISSIONERS**
**RECESSED MEETING**
**MONDAY, MAY 16, 2016**
**10:00 A.M.**
**EDGECOMBE COUNTY ADMINISTRATIVE BUILDING**
**CONFERENCE ROOM #260**

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1. **MEETING CALLED TO ORDER BY CHAIRMAN LEONARD WIGGINS AT 10:00 A.M.**

   **MEMBERS PRESENT: Mr. Leonard Wiggins, Chairman, Mr. Jonathan Felton, Vice-Chairman, Mr. William Wooten, Mr. Donald Boswell, Mrs. Evelyn Powell and Mrs. Voila Harris.**

   **MEMBERS ABSENT: None.**

   **OTHERS PRESENT: Mr. Eric Evans, County Manager, Mrs. JoAnne Crabtree, Finance Director, Mr. William Johnson, Assistant Finance Director, Mr. Ted Cole, Financial Advisor with Davenport and Company, LLC, and Ms. Frangie Mungo, Clerk to the Board.**

2. **PRAYER.**
   **Prayer was provided by Rev. Hines.**

3. **CONSIDERATION OF FINANCIAL POLICY GUIDELINES.**
   **Mr. Evans went over the Financial Policy Guidelines, that were reviewed by the Budget Committee at their last meeting, for the Board's consideration. The following policy topic were reviewed and discussed:**
   - **Objectives**
   - **Capital Improvement Budget Policies**
   - **Debt Policies**
   - **Reserve Policies**
   - **Budget Development Policies**
   - **Cash Management/Investment Policies**

   **Mr. Ted Cole, Financial Advisor with Davenport and Company, LLC was present and answered questions from the Board.**

4. **DISCUSSION AND REVIEW OF FY 2016-2017 BUDGET.**
   **Mr. Evans presented his fiscal year 2016-2017 recommended budget message as follows:**

***Submitted herein is the Edgecombe County recommended Budget for Fiscal Year (FY) 2016-2017. The Budget is balanced in its entirety, as required by the North Carolina Local Government Budget and Fiscal Control Act. In crafting this budget, I worked with all of our department heads and my finance team with the following goals in mind: hold expenditures flat and make cuts where possible; budget for delayed capital improvements that can no longer be deferred; provide a cost of living increase for employees if possible; and avoid the need for a tax increase at all costs.***

***The County's proposed General Fund budget for FY 16-17 totals $59,634,211 which is a 1.3% increase from current year's original operating budget of $58,840,360. The proposed ad valorem tax rate for the FY 16-17 is 95 cents per $100 value, which is no change from the current year. One cent generates approximately $298,000. The proposed budget includes a fund balance appropriation of $5,095,645, of that amount $300,000 is from restricted fund balance for revaluation services, leaving a $4,795,645 appropriation from general fund. The current year's fund balance appropriation is $5,339,390.***

***Highlights of Key Budget Drivers:***

*Revenues*
*We expect ad valorem tax revenue to remain relatively flat with less than a 2% projected increase. This increase is mainly attributed to a slightly improved collection rate as well as improved collection of personal property taxes with the NC Tax and Tag system. We also anticipate sales tax revenues to increase marginally, primarily due to the State's new sales tax distribution plan. The additional $700,000 we anticipate in sales tax revenue is restricted to use for schools, community colleges, and economic development.*

*Personnel*
*In an effort to minimize the erosion of the competitiveness of our salaries, a 1% cost of living increase for all county employees is included. Though this is less than the average inflation rate, our hope is that at least small, annual increases will prevent larger, one-time pay adjustments. The cost of this COLA is approximately $200,000 including benefits.*

*The overall cost of employee health insurance increased by 6.1%. The increased cost for employees is covered in this proposed budget. The increase for dependents will be passed along for spouse & family coverage. We were facing a 15% increase if we had made no changes to the health plan. To cut that increase, we will raise the out-of-pocket costs to employees by increasing co-pays and deductibles, which brought a savings of over $400,000.*

*Being that we are self-insured, our premium costs are directly tied to the cost of claims. In order to manage the ever-increasing cost of our health insurance moving forward, we are planning to roll out new components to our employee wellness initiative. We will continue to provide health screenings for all individuals covered by our health insurance. Individuals who choose not to participate in the assessment will pay $50 per month towards the cost of their insurance, an increase from $30. In the FY 17-18 plan year, we propose adding a health coaching component, which will be required for all participants in the high and moderate risk categories, but available to all employees. We are proposing to continue to deposit $150 for each employee in a healthcare Flexible Spending Account (FSA) for all employees for this upcoming year. The following year, we plan to use that as an incentive to make improvements in key health benchmarks. In addition, this year we are offering the option of a Health Savings Account (HSA). This plan will give participants $750 contributed by the County into an account that may roll over and accumulate in exchange for higher deductibles and no co-pays.*

*Capital Outlay*
*This budget includes capital outlay expenditures in the amount of $1,137,850. The majority of the capital outlay request is for previously deferred facility maintenance and renovation needs and critical fleet replacement. No projects were proposed by outside agencies that would require capital investments from the County.*

*Solid Waste*
*In an effort to maintain Solid Waste as a self-sufficient, enterprise service, we are proposing to increase the tipping fee to cover rising costs associated with operating the landfill, including the increased cost for fees and transportation of municipal solid waste to the regional landfill. The proposed tipping fee is $49.50 for Municipal Solid Waste and $42.00 for Construction & Demolition, which is a $1 increase from the current year.*

*Water & Sewer*
*An independent study done by the NC Rural Water Association indicated that our water and sewer rates may be too low considering the costs of operation and debt service. However, we do understand the financial strain a rate increase would pose on many of our customers. Therefore, we have worked hard to maintain lean, and efficient operations in our Water and Sewer department,*

*and only pursued system renovation or expansion projects that can be heavily supplemented with grant funds.*

*We do expect an increase in water and sewer rates from our two suppliers, Tarboro and Rocky Mount, of at least 10%. However, we believe that our current rates can withstand this increase, and we can absorb the cost of operation & maintenance of the system. Therefore, no rate changes are proposed in this budget. In the event that rate increases from our two suppliers are more than expected, there is a likelihood we will need to reconsider our rates before the adoption of this budget or after the fiscal year begins.*

*Outside Agencies*
*We did receive a number of requests from outside agencies for funding from the County. Most of these were from organizations we have funded in the past, and some of those based on ongoing agreements. My recommendation is to not fund any new outside agencies, and those we do fund to be at the same level as the current fiscal year, unless otherwise dictated by a standing agreement. There are some exceptions.*

*The recommended budget does include an additional appropriation of $547,088 to Edgecombe County Public Schools to raise their teacher supplements by two percentage points; from 5% to 7%. Also, I recommend increasing the appropriation to Edgecombe Community College by $56,000 to cover additional costs to operate the Biotech Training Facility. Finally, I have included the appropriation of $3,000 for the County to join the NC Highway 17 Association. I believe us joining the eight other counties and 15 other municipality members working towards the improvement of US 17 and US 64 from Raleigh to Norfolk will be conducive to economic development for our County.*

*Two of the County's fire districts have requested an increase in their fire tax, which is recommended in this budget. South Edgecombe Fire Department has requested a 3 cents increase, from 5.5 to 8.5, and Pintain Fire Department has requested a 1.5 cent, from 7 to 8.5. Both fire departments are requesting these changes to improve fire protection for their districts, which will in turn improve the fire rating for those within their districts.*

*Conclusion*
*In preparing this budget, I feel that we have met our goals by holding expenditures flat and making cuts where possible; budgeting for necessary capital improvements; providing a cost of living increase for employees; and avoiding a tax increase. Though we are appropriating a significant amount from fund balance, that appropriation is necessary to achieve the above mentioned goals. We will continue to monitor the budget closely throughout the year, save where we can and spend only when necessary. I believe this budget, along with the recommended financial policies, will lead us to a more secure fund balance level, and improved financial standing for our organization. I believe it also prepares us for the likelihood that property values will drop pending the completion of our revaluation process.*

**After discussion and feedback from the Board Rev. Hines moved to call for a public hearing on the proposed fiscal year 2016-2017 Budget for June 6, 2016 at 7:00 p.m. Mr. Wooten seconded the motion, which carried by unanimous vote.**

**5. <u>ADJOURNMENT</u>.**
**Rev. Hines moved to adjourn the meeting. Mrs. Powell seconded the motion, which carried by unanimous vote.**

**Frangie Mungo, Clerk to the Board**