

DRAFT

1/27/2012

MINUTES

cc: BUC
Steve
David
Russ
Christy

**STATE OF NORTH CAROLINA
COUNTY OF HENDERSON**

**BOARD OF COMMISSIONERS
WEDNESDAY, JANUARY 18, 2012**

The Henderson County Board of Commissioners met for a regularly scheduled meeting/budget retreat at 9:00 a.m. in the Commissioners' Meeting Room of the Historic Courthouse on Main Street, Hendersonville.

Those present were: Chairman Tommy Thompson, Vice-Chairman Bill O'Connor, Commissioner Larry Young, Commissioner Charlie Messer, Commissioner Michael Edney, County Manager Steve Wyatt, Interim Assistant County Manager David Whitson, Attorney Russ Burrell and Clerk to the Board Teresa Wilson.

Also present were: Public Information Officer Christy DeStefano, Finance Director J. Carey McLelland, County Engineer Marcus Jones, Planning Director Anthony Starr, Elections Director Beverly Cunningham, Library Director Bill Snyder, Animal Services Director Brad Rayfield, Auditor Darlene Burgess, HR Director Jan Prichard, Soil & Water Conservation District Director Jonathan Wallin, IT Director Becky Snyder, Registrar Nedra Moles, Captain Greg Cochran, Fire Marshal Rocky Hyder, Tax Assessor/Collector Stan Duncan, Recreation Director Tim Hopkin, Code Enforcement Director Toby Linville, Building Services Director Tom Staufer, Environmental Health Supervisor Seth Swift, Health Department Director Tom Bridges, Delinquent Tax Collector Lee King, Research/Budget Analyst Amy Brantley, Lieutenant Vanessa Gilbert, DSS Program Administrator Penny Summey, DSS Administrative Officer Joseph Maxey, Central Services Manager David Berry, Assistant County Engineer Natalie Berry, DSS Director Liston Smith, and Department of Health Administrative Assistant Cathy Nicholson.

CALL TO ORDER/WELCOME

Chairman Thompson called the meeting to order and welcomed all in attendance.

INVOCATION

County Manager Steve Wyatt gave the invocation.

PLEDGE OF ALLEGIANCE

The Pledge of Allegiance to the American Flag was led by Commissioner Bill O'Connor.

DISCUSSION/ADJUSTMENT OF AGENDA

Chairman Thompson made the motion to adopt the Agenda as presented. All voted in favor and the motion carried.

BUDGET

HENDERSON COUNTY SCHOOLS

School Board member Melissa Maurer stated that the schools are facing more cuts from the state, and most funds from the State are specifically dedicated. She asked that the Commissioners return the cut from the previous year and not designate funds. Henderson County Public Schools will not be able to provide any budget numbers until information has been received from the State. Last year it was necessary to dip into their fund balance.

Superintendent David Jones provided the following statistics for Henderson County Schools:

- 29th largest school district in North Carolina
- Second largest school district in Western North Carolina
- Continue to rank above State and National Average
- 10th highest SAT score out of the 115 school district in the State of North Carolina
- Highest migrant student population in the state

DATE APPROVED:

FY 2011-12 Budget Requirements by County Appropriations:

- Required to shift \$997,000 of existing funds in order to increase local supplement by 2% for classroom teachers, classroom teacher assistants and librarians. No additional funds were provided to implement the supplement increase.
- Required to shift \$550,000 of existing funds to capital outlay. No additional funds were provided to implement the capital outlay increase.

2011 -12 Budget Challenges:

\$1,586,108	Local
\$4,690,994	State
\$6,277,102	TOTAL
\$997,000	Local
\$550,000	Local
\$1,547,000	TOTAL
\$5,827,621	Federal

Impact of 2011-12 State and Local Budget Reductions:

- 86 Positions cut (mostly by attrition)
- Reduction in Employment hours, days and months for some
- 40% Reduction for supplies and materials
- Charge an athletic travel fee for middle school and high school

2012- 13 Challenges

- Possibility of 5 additional student days - Unfunded Mandate
- Estimated cost for additional transportation and increase in Utilities - \$100,000
- No State Budget projections at this time
- State discretionary reduction increase
- Diesel fuel cost increase
- Increase in utilities cost
- Funding source for required supplement increase
- Funding for funds shifted to Capital Outlay
- Reduction of Funds for Supplies & Materials

Commissioner Edney suggested a ballot for a ¼% tax increase designated for school and a city tax for schools, supported by the school board.

BLUE RIDGE COMMUNITY COLLEGE

Dr. Molly Parkhill provided the following information:

\$2MM Repair & Renovation Project Update

- Spearman Roof project (100% complete)
- HVAC/Energy Efficiency projects (100% complete)
 - Patton, Con Ed, Masonry, Killian, Industrial Skills, Sink and Spearman buildings
- Safety/ADA Compliance projects (100% complete)
 - Patton, Spearman and Sink buildings
- Parking Lot resurfacing (10% complete)

Spearman Building

- New Hydro-Stop roof system completed December 12, 2009
- Leak-free guarantee for 20 years.

HVAC and Energy Efficiency Projects

Industrial Skills Building

- Boiler Replacement
- New Energy Efficient Windows

Arts & Sciences Building

- Chiller Replacement

Patton Building

- New Duct Work
- Window and Door Replacement
- New Doors
- Safety and ADA Compliance Project -Restroom

Motorcycle/Pottery Building

- New Ventilation System and Windows

Killian, ISC

- HVAC Controls Upgraded

Sink Building

- New Fire Alarm System
- HVAC Controls Upgraded

Continuing Education Building

- New Doors
- Chiller Replacement

Spearman Building

- Chiller Replacement
- HVAC Controls Upgraded
- Vacuum System for Welding / Grinding Lab
- Lighting in Welding and Auto Body
- Exterior Lighting

FY 2012-13 Proposed Budget

Current Financial Update

- FY12 Operating Budget \$2,151,102
 - Spent YTD \$799,312
 - Committed YTD \$1,209,601
 - \$142,189 (7%) remaining budget
- FY12 Outstanding Capital Note \$90,734
 - Received and Spent \$45,367 YTD
- FY12 Capital Budget (carryover funds)
 - \$184,936 allocated for deferred maintenance projects
 - \$200,000 designated for emergencies

Proposed Operating Budget

- FY2012-13 Proposed Operating Budget
 - \$2,171,930 Total
 - 4% or \$20,828 increase in utility costs
 - All other costs projected to remain flat

Facility Condition Assessment

- 7 Year Capital Improvement Plan
 - Over \$10MM improvements identified
- FY13 Proposed Capital Budget \$600K
 - Deferred maintenance \$75,000
 - Energy Efficiency \$20,000
 - Safety \$53,204
 - Program/Service Needs \$460,843

MID-YEAR FINANCIAL REPORT

County Manager Steve Wyatt provided the following information:

County Department	BOC Adopted	Expenditure Revisions (As of 12.31.11)	Total Revised Budget	\$ Expended (As of 12.31.11)	% Expended (As of 12.31.11)
Governing Body	\$350,590	\$4,000	\$354,590	\$161,817	45.6%
Dues & Non-Profits	\$355,581	\$16,833	\$372,414	\$181,542	48.7%
County Admin.	\$721,115	\$ -	\$721,115	\$341,849	47.4%
Human Resources	\$451,234	\$ -	\$451,234	\$228,489	50.6%
Elections	\$734,085	\$1,106	\$735,191	\$219,235	29.8%
Finance	\$630,064	\$ -	\$630,064	\$310,028	49.2%
Assessor	\$1,689,174	\$ -	\$1,689,174	\$687,554	40.7%
Tax Collections	\$425,320	\$6,219	\$431,539	\$214,072	49.6%
Legal	\$638,003	\$ -	\$638,003	\$638,003	44.9%
Register of Deeds	\$739,276	\$102,720	\$841,996	\$249,905	29.7%
Engineering & Facility Services	\$2,442,577	\$12,400	\$2,454,977	\$1,148,056	46.8%
Court Facilities	\$190,000	\$ -	\$190,000	\$48,719	25.6%
Information Tech.	\$1,760,946	\$85,000	\$1,845,946	\$839,531	45.5%
Sheriff	\$11,773,419	\$455,700	\$12,229,119	\$6,141,794	50.2%
Detention Facility	\$4,132,300	\$ -	\$4,132,300	\$1,939,723	46.9%
Emergency Mgt.	\$198,355	\$76,997	\$275,352	\$111,568	40.5%
Fire Marshal	\$370,190	\$675	\$370,865	\$141,336	38.1%
Building Services	\$792,746	\$17,729	\$810,475	\$389,469	48.1%
Wellness Clinic	\$376,544	\$ -	\$376,544	\$187,443	49.8%
EMS	\$3,893,331	\$ -	\$3,893,331	\$1,870,706	48.0%
Animal Services	\$508,475	\$2,573	\$511,048	\$209,984	41.1%

CJPP	\$96,588	\$ -	\$96,588	\$51,055	52.9%
Rescue Squad	\$98,650	\$ -	\$98,650	\$75,113	76.1%
Property Addressing	\$59,751	\$ -	\$59,751	\$31,745	53.1%
Forestry Services	\$65,899	\$ -	\$65,899	\$6,812	10.3%
Soil & Water Conservation	\$260,257	\$96,000	\$356,257	\$143,871	40.4%
Utilities	\$215,212	\$ -	\$215,212	\$95,047	44.2%
Planning	\$471,417	\$ -	\$471,417	\$206,350	43.8%
Code Enforcement	\$,243,826	\$ -	\$243,826	\$106,367	43.6%
Cooperative Extension	\$321,326	\$ -	\$321,326	\$136,376	42.4%
Economic Dev.	\$505,573	\$ -	\$505,573	\$239,559	47.4%
Public Health	\$5,797,204	\$73,490	\$5,870,694	\$2,572,982	43.8%
Environmental Health	\$889,896	\$ -	\$889,896	\$427,400	48.0%
Home/Community Care Grant	\$753,676	\$ -	\$753,676	\$361,058	47.9%
Medical Services	\$46,250	\$ -	\$46,250	\$14,500	31.4%
Mental Health	\$528,612	\$ -	\$528,612	\$235,806	44.6%
ROAP (Rural Operating Assistance)	\$267,294	\$ -	\$267,294	\$59,508	22.3%
Social Services	\$11,584,245	\$13,493	\$11,597,738	\$5,394,499	46.5%
DSS – Smart Start	\$492,740	\$ -	\$492,740	\$259,612	52.7%
DSS – Federal & State	\$7,198,736	\$358,440	\$7,557,176	\$3,359,628	44.5%
DSS – General Assistance	\$57,000	\$ -	\$57,000	\$15,388	27.0%
Juvenile Justice Grant	\$209,672	\$ -	\$209,672	\$65,756	31.4%
Veteran's Services	\$25,209	\$ -	\$25,209	\$12,254	48.6%
Public Library	\$2,734,186	\$44,510	\$2,778,696	\$1,318,515	47.5%
Recreation	\$1,408,091	\$2,161	\$1,410,252	\$502,281	35.6%
County Debt Service	\$3,920,511	\$ -	\$3,920,511	\$2,084,941	53.2%
Non-Departmental	\$254,000	\$ (80,175)	\$173,825	\$ -	0.0%
Transfers to Other Funds	\$343,817	\$ -	\$343,817	\$171,908	50.0%

TOTAL	\$72,022,963	\$1,289,871	\$73,312,834	\$33,857,605	46.2%
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FY 2010-2011 Education Expenditures

	BOC Adopted	Expenditure Revisions (As of 12.31.11)	Total Revised Budget	\$ Expended (As of 12.31.11)	% Expended (As of 12.31.11)
HC Public School System					
Current Expense	\$18,561,999	\$ -	\$18,561,999	\$9,281,000	50.0%
Capital Expense	\$1,000,000	\$ -	\$1,000,000	\$63,085	6.3%
Debt Service	\$9,567,197	\$ -	\$9,567,197	\$4,896,765	51.2%
TOTAL	\$29,129,196	\$ -	\$29,129,196	\$12,240,849	48.9%
Blue Ridge Community College					
Operational Expenses	\$2,151,102	\$ -	\$2,151,102	\$1,075,551	50.0%
Capital Expense	\$90,724	\$ -	\$90,724	\$45,362	50.0%
Debt Service	\$1,653,247	\$ -	\$1,653,247	\$509,539	30.8%
TOTAL	\$3,895,073	\$ -	\$3,895,073	\$1,630,452	41.9%

FY 2010-2011 Total Expenditures

	BOC Adopted	Expenditure Revisions (As of 12.31.11)	Total Revised Budget	\$ Expended (As of 12.31.11)	% Expended (As of 12.31.11)
GENERAL FUND TOTAL	\$105,047,232	\$1,289,871	\$106,337,102	\$49,728,906	46.8%

FY 2011-2012 Revenues

Revenue Source	BOC Adopted	Revisions (As of 12.31.11)	Total Revised Budget	\$ Received (As of 12.31.11)	% Received (As of 12.31.11)
Ad Valorem Taxes Current Yr	\$ 58,743,127	\$ -	\$ 58,743,127	\$ 47,166,094	80.3%
Ad Valorem Taxes – Prior Yrs	\$ 1,745,000	\$ -	\$ 1,745,000	\$ 1,381,428	79.2%
Local Option Sales Taxes	\$ 16,066,421	\$ -	\$ 16,066,421	\$ 4,300,940	26.8%

Other Taxes and Licenses	\$ 709,880	\$ -	\$709,880	\$ 233,525	32.9%
Unrestricted Intergovernmental	\$ 82,000	\$ -	\$ 82,000	\$ 57,632	70.3%
Restricted Intergovernmental	\$ 17,517,405	\$ 999,666	\$ 18,517,071	\$ 8,306,778	44.9%
Permits and Fees	\$ 1,039,470	\$ -	\$ 1,039,470	\$ 533,224	51.3%
Sales and Services	\$ 4,788,556	\$ 25,055	\$ 4,813,611	\$ 1,853,700	38.5%
Investment Earnings	\$275,000	\$ -	\$ 275,000	\$ 100,001	36.4%
Other Revenues	\$ 520,820	\$ 56,597	\$577,417	\$391,685	67.8%
Transfers from Other Funds	\$ 365,362	\$ -	\$ 365,362	\$61,107	16.7%
Total General Fund Revenues	\$101,853,041	\$ 1,081,318	\$ 102,934,359	\$ 64,386,115	62.6%
Fund Balance Appropriated	\$ 3,194,191	\$ 208,553	\$3,402,744	\$ -	0.0%

FY 2010-2011 Sales Tax Revenues

- ☐ Local Option Sales Tax = \$ 16,066,421
- ☐ Year to Date Variance = \$118/,748
- ☐ *Municipality hold harmless payments resulting from Medicaid Relief paid out of Article 39 Sales Tax Receipts

Capital Financing Debt Schedule

Capital Reserve Fund

Capital Reserve Fund established in FY 2007		Deposit/ Appropriation	Running Balance
FY 2007	Deposit – Sale of Land Dev. Bldg.	\$ 1,337,195	\$ 1,337,195
FY 2008	Deposit – Transfer from General Fund	\$ 1,400,000	\$ 2,737,195
FY 2009	Appropriation – Detention Center Generator	\$ (300,000)	\$ 2,437,195
FY 2010	Deposit – Transfer from General Fund	\$ 772,677	\$ 3,209,872
	Appropriation – Compressed Natural Gas Project	\$ (35,000)	\$ 3,174,872
FY 2011	Appropriation – Parks and Recreation Projects	\$ (750,000)	\$ 2,424,872
	Appropriation – Tuxedo Mill Demolition	\$ (146,724)	\$ 2,278,148
	Appropriation - Law Enforcement Center	\$(1,058,347)	\$ 1,219,801
	Deposit – Progress Energy	\$ 8,500	\$ 1,228,301
	Boyd Property	\$ (750,000)	\$ 478,301
	Boyd Property Phase II Assessment	\$ (13,820)	\$ 464,481
FY 2012	Deposit – Sale of Nuckolls Building	\$ 700,000	\$ 1,164,481

Capital Financing Debt Schedules
Outstanding Debt Principal - Education

HC Public Schools	6.30.2012	6.30.2013	6.30.2014	6.30.2015	6.30.2016	6.30.2017
2010 Refinancing Bonds	\$12,727,941	\$10,807,453	\$8,891,149	\$6,974,845	\$5,058,541	\$3,368,176
2010 Apple Valley Middle/ North High	\$5,328,175	\$4,662,153	\$3,996,131	\$3,330,109	\$2,664,087	\$1,998,066
2010 School QZABs - Repairs	\$1,446,000	\$1,265,250	\$,084,500	\$903,750	\$723,000	\$542,250
2009 School QSCBs - Repairs	\$3,416,320	\$2,989,280	\$ 2,562,240	\$ 2,135,200	\$ 1,708,160	\$1,281,120
2008 Hillandale & Mills River Elem.	\$24,685,714	\$ 22,857,143	\$ 21,028,571	\$19,200,000	\$17,371,429	\$15,542,857
2006 Sugarloaf Elem.	\$ 11,303,500	\$ 10,495,050	\$ 9,686,600	\$ 8,878,150	\$8,069,700	\$7,261,250
2005 Dana Elem.	\$8,923,200	\$8,236,800	\$7,550,400	\$6,864,000	\$6,177,600	\$5,491,200
2002 School QZABs	\$1,035,152	\$867,856	\$ 0	\$ 0	\$ 0	\$0
TOTAL HCPS	\$68,866,002	\$62,136,739	\$54,799,591	\$48,286,054	\$41,772,517	\$35,484,919
BRCC	6.30.2012	6.30.2013	6.30.2014	6.30.2015	6.30.2016	6.30.2017
2010 Repairs & Renovations	\$ 1,551,825	\$ 1,357,847	\$ 1,163,869	\$ 969,891	\$ 775,913	\$581,934
2006 Technology Education Bldg	\$ 11,609,000	\$ 10,778,700	\$ 9,948,400	\$ 9,118,100	\$ 8,287,800	\$7,457,500
TOTAL BRCC	\$ 13,160,825	\$ 12,136,547	\$ 11,112,269	\$10,087,991	\$ 9,063,713	\$8,039,434

HC Public Schools	6.30.2018	6.30.2019	6.30.2020	6.30.2021	6.30.2022	6.30.2023
2010 Refinancing Bonds	\$ 2,435,129	\$ 1,510,449	\$ 0	\$ 0	\$ 0	\$ 0
2010 Apple Valley Middle/North	\$ 1,332,044	\$ 666,022	\$ 0	\$ 0	\$ 0	\$ 0

High						
2010 School QZABs - Repairs	\$ 361,500	\$ 180,750	\$ 0	\$ 0	\$ 0	\$ 0
2009 School QSCBs - Repairs	\$ 854,080	\$ 427,040	\$ 0	\$ 0	\$ 0	\$ 0
2008 Hillandale & Mills River Elem.	\$ 13,714,286	\$ 11,885,714	\$ 10,057,143	\$ 8,228,571	\$6,400,000	\$4,571,429
2006 Sugarloaf Elem.	\$ 6,452,800	\$ 5,646,200	\$ 4,839,600	\$ 4,033,000	\$3,226,400	\$2,419,800
2005 Dana Elem.	\$ 4,804,800	\$ 4,118,400	\$ 3,432,000	\$ 2,745,600	\$2,059,200	\$1,372,800
2002 School QZABs	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
TOTAL HCPS	\$ 29,954,639	\$ 24,434,575	\$ 18,328,743	\$15,007,171	\$11,685,000	\$8,364,029
BRCC	6.30.2018	6.30.2019	6.30.2020	6.30.2021	6.30.2022	6.30.2023
2010 Repairs & Renovations	\$ 387,956	\$ 193,978	\$ 0	\$ 0	\$ 0	\$ 0
2006 Technology	\$ 6,627,200	\$ 5,798,800	\$ 4,970,400	\$ 4,142,000	\$3,313,600	\$2,485,200
TOTAL BRCC	\$ 7,015,156	\$ 5,992,778	\$ 4,970,400	\$ 4,142,000	\$3,313,600	\$2,485,200

Outstanding Debt Principal - County

	6.30.2012	6.30.2013	6.30.2014	6.30.2015	6.30.2016	6.30.2017
2010 Refinancing Bonds	\$ 997,381	\$ 846,888	\$ 696,724	\$ 546,559	\$ 396,395	\$263,935
2010 LEC/ Former Health Dept. Bldg	\$ 7,000,000	\$ 6,500,000	\$ 6,000,000	\$5,500,000	\$ 5,000,000	\$4,500,000
Detention Center	\$ 3,208,000	\$2,730,000	\$ 2,257,000	\$1,789,000	\$ 1,329,000	\$877,000
Historic Courthouse	\$ 7,637,500	\$ 7,091,250	\$ 6,545,000	\$5,998,750	\$ 5,452,500	\$4,906,250
Human Services Bldg	\$ 9,666,800	\$ 8,923,200	\$ 8,179,600	\$7,436,000	\$ 6,006,000	\$5,948,800

6th Ave. Clubhouse	\$ 111,961	\$ 82,822	\$ 52,254	\$ 20,187	\$ 0	\$0
E911 Center Project	\$ 233,274	\$ 118,869	\$ 0	\$ 0	\$ 0	\$0
New Vehicles	\$184,962	\$124,398	\$62,751	\$0	\$0	\$0
TOTAL COUNTY	\$ 29,039,705	\$26,417,427	\$ 23,793,329	\$21,290,496	\$18,183,895	\$16,495,985
GRAND TOTAL	\$111,066,705	\$100,690,713	\$89,705,189	\$79,664,541	\$69,020,125	\$60,020,338
FY Debt Principal (Reduction)		(\$10,375,992)	(\$10,985,524)	(\$10,040,648)	(\$10,644,416)	(\$8,999,787)

Outstanding Debt Principal – County

	6.30.2018	6.30.2019	6.30.2020	6.30.2021	6.30.2022	6.30.2023
2010 Refinancing Bonds	\$ 190,820	\$ 118,361	\$ 47,541	\$ 0	\$0	\$0
2010 LEC Former Health Dept. Bldg	\$ 4,000,000	\$ 3,500,000	\$ 3,000,000	\$ 2,500,000	\$2,000,000	\$1,500,000
Detention Center	\$ 434,000	\$0	\$ 0	\$ 0	\$ 0	\$0
Historic Courthouse	\$ 4,360,000	\$ 3,815,000	\$ 3,270,000	\$ 2,725,000	\$2,180,000	\$1,635,000
Human Services Bldg	\$ 5,205,200	\$ 4,461,600	\$ 3,718,000	\$ 2,974,400	\$2,230,800	\$1,487,200
6th Ave. Clubhouse	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$0
E911 Center Project	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$0
New Vehicles	\$0	\$0	\$0	\$0	\$0	\$0
TOTAL COUNTY	\$14,190,020	\$11,894,961	\$10,035,541	\$ 8,199,400	\$6,410,800	\$4,622,200
GRAND TOTAL	\$51,159,815	\$42,322,314	\$33,334,684	\$27,348,571	\$21,410,000	\$15,471,429
FY Debt Principal (Reduction)	\$ (8,860,523)	\$ (8,837,501)	\$ (8,987,630)	\$ (5,986,113)	\$ (5,938,571)	\$ (5,938,571)

Retiring Current Debt Service – Education

HC Public Schools	6.30.2012	6.30.2013	6.30.2014	6.30.2015	6.30.2016	6.30.2017
2010 Refinancing Bonds	\$ 2,442,304	\$ 2,367,702	\$ 2,299,418	\$ 2,225,800	\$2,149,148	\$1,851,074
2010 Apple Valley Middle/North High	\$ 839,916	\$ 827,532	\$ 815,710	\$ 799,892	\$780,911	\$759,431
2010 School QZABs - Repairs	\$ 269,571	\$ 259,702	\$ 249,833	\$ 239,964	\$230,095	\$220,226
2009 School QSCBs - Repairs	\$ 498,911	\$ 490,925	\$ 482,940	\$ 474,954	\$466,968	\$458,983
2008 Hillandale & Mills River Elem.	\$ 2,797,897	\$ 2,729,874	\$ 2,661,851	\$ 2,593,829	\$2,525,806	\$2,457,783
2006 Sugarloaf Elem.	\$ 1,384,053	\$ 1,351,715	\$ 1,315,141	\$ 1,274,718	\$1,235,296	\$1,194,873
2005 Dana Elem.	\$ 1,168,818	\$ 1,134,498	\$ 1,100,178	\$1,069,290	\$1,034,970	\$998,934
2002 School QZABs	\$ 164,363	\$ 164,363	\$ 823,610	\$ 0	\$ 0	\$ 0
TOTAL HCPS	\$ 9,565,833	\$ 9,326,311	\$ 9,792,927	\$ 8,678,447	\$8,423,194	\$7,941,304
BRCC	6.30.2012	6.30.2013	6.30.2014	6.30.2015	6.30.2016	6.30.2017
2010 Repairs & Renovations	\$ 244,625	\$ 241,018	\$ 237,575	\$ 232,968	\$227,439	\$221,184
2006 Technology Education Bldg	\$ 1,408,622	\$ 1,375,410	\$ 1,337,847	\$ 1,296,332	\$1,254,817	\$1,213,302
TOTAL BRCC	\$ 1,653,247	\$ 1,616,428	\$ 1,575,422	\$ 1,529,300	\$1,482,256	\$1,434,486

Retiring Current Debt Service – County

County	6.30.2012	6.30.2013	6.30.2014	6.30.2015	6.30.2016	6.30.2017
2010 Refinancing Bonds	\$ 191,383	\$ 185,537	\$ 180,186	\$ 174,417	\$168,410	\$145,043
2010 LEC / Former Health Dept. Bldg	\$ 860,000	\$ 836,000	\$ 812,000	\$ 788,000	\$764,000	\$740,000
Detention Center	\$ 622,535	\$ 594,771	\$ 572,372	\$ 550,155	\$525,120	\$500,376
Historic Courthouse	\$ 926,725	\$ 904,875	\$ 880,163	\$ 852,850	\$825,538	\$798,225
Human Services Bldg	\$ 1,266,220	\$ 1,229,040	\$ 1,191,860	\$ 1,158,398	\$1,121,218	\$1,082,179
6th Ave. Clubhouse	\$ 34,011	\$ 34,011	\$ 34,011	\$ 34,011	\$ 0	\$ 0
E911 Center Project	\$ 16,637	\$ 16,637	\$ 16,637	\$ 0	\$ 0	\$ 0
New Vehicles	\$63,874	\$63,874	\$63,874	\$63,875	\$0	\$0
TOTAL COUNTY	\$3,981,385	\$3,864,745	\$3,751,103	\$3,621,706	\$3,404,286	\$3,265,823
GRAND TOTAL	\$15,200,465	\$14,807,484	\$ 15,075,206	\$ 13,829,453	\$13,309,736	\$12,641,613
Debt Service (Reduction)		(\$ 392,981)	\$267,722	(\$1,245,753)	(\$519,717)	(\$668,123)

	6.30.2012	6.30.2013	6.30.2014	6.30.2015	6.30.2016	6.30.2017
Total HC Public Schools	\$9,565,833	\$9,326,311	\$9,748,681	\$8,678,447	\$8,423,194	\$7,941,304
Total BRCC	\$1,653,247	\$1,616,428	\$1,575,422	\$1,529,300	\$1,482,256	\$1,434,486
Total County	\$3,981,385	\$3,864,745	\$3,751,103	\$3,621,706	\$3,404,286	\$3,265,823

Grand Total	\$15,200,465	\$14,807,484	\$15,075,206	\$13,829,453	\$13,309,736	\$12,641,613
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Annual Debt Service Reduction- Year to Year	(\$392,981)	\$267,722	(\$1,245,753)	(\$519,717)	(\$668,123)
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Current Cumulative Debt Reduction Savings	(\$392,981)	(\$125,259)	(\$1,371,012)	(\$1,890,729)	(\$2,558,852)
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Projected Debt Service on Hendersonville High School Expansion Property	\$246,582	\$246,582	\$246,582	\$246,582
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Projected Cumulative Debt Reduction Changes	\$121,323	(\$1,124,430)	(\$1,644,147)	(\$2,312,270)
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Debt Schedule Highlights

- Consistent pay down of debt principal
- Subsequent decrease in debt service
- FY 2014 Debt Service increase due to final principal payoff of 2002 School QZABs

Financial Forecast

HISTORICAL BUDGET INFORMATION - FY 2008 - FY 2012 - REVISED BUDGET EXPENDITURES

	FY 2007-2008	FY 2008-2009	FY 2009-2010	FY 2010-2011	FY 2011-2012 (As of 12.31.11)
COUNTY					
Operational	\$ 77,540,895	\$ 78,333,730	\$ 74,091,045	\$ 74,649,242	\$ 69,392,323
Capital Debt Service	\$ 3,782,146	\$ 3,975,331	\$ 3,830,356	\$ 3,319,481	\$ 3,920,511
TOTAL COUNTY	\$ 81,323,041	\$ 82,309,061	\$ 77,471,401	\$ 77,948,703	\$ 73,312,834
HENDERSON COUNTY PUBLIC SCHOOLS					
Current	\$18,802,573	\$20,205,922	\$20,392,939	\$20,698,218	\$18,561,999
Capital (Including FF&E)	\$2,153,675	\$2,255,339	\$449,889*	\$449,889	\$1,000,000
Debt (Including QZAB)	\$9,016,477	\$9,760,528	\$9,437,123	\$9,810,746	\$9,567,197
TOTAL HCPS	\$29,972,725	\$32,221,789	\$30,279,951	\$30,958,853	\$29,129,196
BLUE RIDGE COMMUNITY COLLEGE					
Operational	\$2,058,821	\$2,314,409	\$2,314,409	\$2,325,516	\$2,151,102
Capital	\$-	\$90,724	\$90,724	\$90,724	\$90,724
Capital Debt Service	\$1,689,689	\$1,668,510	\$1,559,889	\$1,706,837	\$1,653,247
TOTAL BRCC	\$3,757,510	\$4,073,643	\$3,965,022	\$4,123,077	\$3,985,073
TOTAL	\$115,053,276	\$118,604,493	\$111,716,374	\$113,030,653	\$106,337,103

*FY 09-10, the County funded the Maintenance and Repair Initiative. HCPS received \$4,000,000 and BRCC received \$2,000,000.

Fund Balance History

	AVAILABLE	TOTAL
6.30.2005	\$0	\$16,263,570
6.30.2006	\$1,738,3074	\$21,279,657
6.30.2007	\$2,875,673	\$26,683,056
6.30.2008	\$8,828,622	\$33,970,011
6.30.2009	\$13,221,670	\$35,211,964
6.30.2010	\$10,690,76	\$37,042,137
6.30.2011	\$13,922,195	\$37,168,139

Financial Forecast

- Second year of a four year plan
- No increase in the property tax rate
- Flat valuation projections
- Flat sales tax projections
- Fund balance appropriated?

FY 2012 – 2013 Financial Forecast

Next Year Projected Budget	\$105,047,232
Minus Intergovernmental Revenues	\$ 17,395,202
Minus Mandated Maintenance of Effort	\$ 528,612
Minus Debt Service	\$ 14,807,484
NET	\$ 72,315,934

FY 2012 – 2013 Financial Forecast – 2nd Year

To meet current obligations for FY 2012-13	\$105,047,232
Projected Revenues for FY 2012-13	<u>\$101,687,483</u>
Projected Revenue Shortfall	\$ 3,359,749

Total available fund balance over 12% as of July 1, 2011	\$ 13,922,195
Projected Shortfall	<u>\$ 3,359,749</u>
Difference	\$ 10,562,446

FY 2013 – 2014 Financial Forecast – 3rd Year

To meet current obligations for FY 2013-14	\$105,785,646
Projected Revenues for FY 2013-14	<u>\$101,659,945</u>
Projected Revenue Shortfall	\$ 4,125,701

If the Board of Commissioners utilizes \$3,359,749 in fund balance to balance FY2012-13....

Total projected available fund balance over 12% as of July 1, 2013 \$10,562,446

FY 2013-14 Financial Forecast

Total available fund balance over 12%	\$ 10,562,446
Projected Revenue Shortfall	<u>\$ 4,125,701</u>
Difference	\$ 6,436,745

FY 2014 – 2015 Financial Forecast – 4th Year

To meet current obligations for FY 2014-15	\$104,979,857
Projected Revenues for FY 2014-15	<u>\$101,630,085</u>
Projected Revenue Shortfall	\$ 3,349,772

Available Fund Balance	\$ 6,436,745
Projected Revenue Shortfall	<u>\$ 3,349,772</u>
	\$ 3,086,973

Potential Budget Scenarios

To strategically utilize fund balance for the remainder of the 4 year plan...

Total available fund balance over 12% as of July 1, 2011 = \$13,922,195

PROJECTED	FY 2013	FY 2014	FY 2015
Expenditures	\$105,047,232	\$105,785,646	\$104,979,857
Revenues	\$101,687,483	\$101,659,945	\$101,630,085
Fund Balance Used	\$3,359,749	\$4,125,701	\$3,349,772
Fund Balance Remaining	\$10,562,446	\$6,436,745	\$3,086,973

DIRECTION TO STAFF

Commissioners provided the following items and requested additional information in regards to cost and timeframe.

- Small Area Plan for Green River/Tuxedo/Zirconia
- Possible use of Tuxedo Mill property for a park

- Centralized Purchasing implementation
- All financial accounts in house/under Finance
- Bid out banking services
- COLA adjustment /Merit increases
- Balanced budget without use of fund balance
- Identify county functions that could be privatized
- Library in Fletcher in planning phase
- Work with School Board on ¼ cent sales tax dedicated to schools
- Research Special School District Tax
- Salary study county-wide
- Rescue Squad funding
- Parks and Recreation projects
- Court Facilities FF&E
- Convenience center on south end of the County
- Work with T&T to increase occupancy tax for benefit of Flat Rock Playhouse

CANE CREEK WATER & SEWER DISTRICT

Chairman Thompson made the motion that the Board recess as the Henderson County Board of Commissioners and convene as the Cane Creek Water & Sewer District. All voted in favor and the motion carried.

Please see separate Cane Creek minutes for action.

Chairman Thompson made the motion that the Board adjourn as Cane Creek Water & Sewer District and reconvene as the Henderson County Board of Commissioners. All voted in favor and the motion carried.

CONSENT AGENDA

Commissioner Messer made the motion to adopt the Consent Agenda as presented. All voted in favor and the motion carried.

CONSENT AGENDA consisted of the following:

Minutes

Draft minutes were presented for board review and approval of the following meeting(s):

December 23, 2011

January 3, 2012

WCCA Block Grant

Barbara Greene, Community Services Program Director is requesting approval of the Western Carolina Community Action Community Services Block Grant Program application. This is a new requirement this year from their funder. Since this is the final year of the cycle, they do not expect much feedback.

The proposed grant is unsigned and will be presented to the WCCA Board of Directors prior to the meeting of the Board of Commissioners for their approval. No Henderson County funding is required.

Motion:

I move that the Board approves the request for application by the Western Carolina Community Action of the 2012-2013 CDBG Grant, authorize the clerk to insert the date of January 4, 2012 on page 3, and further authorize the clerk to execute page 30.

APPOINTMENT OF COMMISSIONER REPRESENTATIVES TO COMMITTEES

1. Agriculture Advisory Board – 1 vac.

Currently serving: #7 Tommy Thompson

Commissioner Young nominated Tommy Thompson for position #7. *Chairman Thompson made the motion to accept the appointment of Tommy Thompson to position #7 by acclamation. All voted in favor and the motion carried.*

2. Cane Creek Water and Sewer District Advisory Committee – 1 vac.

Currently serving: #1 Charlie Messer

Commissioner Young nominated Charlie Messer for position #1. *Chairman Thompson made the motion to accept the appointment of Charlie Messer to position #1 by acclamation. All voted in favor and the motion carried.*

3. CJPP Task Force (Criminal Justice Partnership Program) – 1 vac.

Currently serving: #1 Tommy Thompson

Commissioner Messer nominated Tommy Thompson for position #1. *Chairman Thompson made the motion to accept the appointment of Tommy Thompson to position #1 by acclamation. All voted in favor and the motion carried.*

4. Governmental Financing Corporation – 2 vac.

Currently serving: #1 Michael Edney

Currently serving: #3 Tommy Thompson

Commissioner Young nominated Tommy Thompson for position #3 and Mike Edney for position #1. *Chairman Thompson made the motion to accept the appointments of Tommy Thompson to position #3 and Mike Edney to position #1 by acclamation. All voted in favor and the motion carried.*

5. Henderson County Board of Health – 1 vac.

Currently serving: #7 Larry Young

Commissioner O'Connor nominated Larry Young for position #7. *Chairman Thompson made the motion to accept the appointment of Larry Young to position #7 by acclamation. All voted in favor and the motion carried.*

6. Henderson County Historic Courthouse Corporation dba/ Heritage Museum – 1 vac.

Currently serving: #11 Bill O'Connor

Commissioner Young nominated Bill O'Connor for position #11. *Chairman Thompson made the motion to accept the appointment of Bill O'Connor to position #11 by acclamation. All voted in favor and the motion carried.*

7. Henderson County Planning Board -1 vac.

Currently serving: #10 Bill O'Connor

Commissioner Messer nominated Bill O'Connor for position #10. *Chairman Thompson made the motion to accept the appointment of Bill O'Connor to position #10 by acclamation. All voted in favor and the motion carried.*

8. Henderson County Transportation Advisory Committee – 1 vac.

Currently serving: #10 Bill O'Connor

Additional position #11 Mike Edney

Commissioner Edney nominated Bill O'Connor for position #10. Chairman Thompson nominated Mike Edney for position #11. *Chairman Thompson made the motion to accept the appointments of Bill O'Connor to position #10 and Mike Edney to position #11 by acclamation. All voted in favor and the motion carried.*

Commissioners O'Connor and Edney would also serve as the two representatives for the French Broad River

MPO – Transportation Advisory Committee.

9. Hospital Corporation Board of Directors – 1 vac.

Currently serving: #12 Charlie Messer

Commissioner Young nominated Charlie Messer for position #12. *Chairman Thompson made the motion to accept the appointment of Charlie Messer to position #12 by acclamation. All voted in favor and the motion carried.*

Commissioner Edney requested that the Board begin the process of adding an additional voting seat to the Hospital Corporation Board of Directors. This would be added to the February 6, 2012 agenda for discussion.

10. Joint College Facility Committee – 2 vac.

Currently serving: #1 Michael Edney

Currently serving: #3 Tommy Thompson

Commissioner Young nominated Tommy Thompson for position #3 and Mike Edney for position #1. *Chairman Thompson made the motion to accept the appointments of Tommy Thompson to position #3 and Mike Edney to position #1 by acclamation. All voted in favor and the motion carried.*

11. Joint School Facilities – 2 vac.

Currently serving: #1 Tommy Thompson

Currently serving: #2 Larry Young

Commissioner O'Connor nominated Tommy Thompson for position #1 and Larry Young for position #2. *Chairman Thompson made the motion to accept the appointments of Tommy Thompson to position #1 and Larry Young to position #2 by acclamation. All voted in favor and the motion carried.*

12. Juvenile Crime Prevention Council – 1 vac.

Currently serving: #11 Tommy Thompson

Commissioner Messer nominated Tommy Thompson for position #11. *Chairman Thompson made the motion to accept the appointment of Tommy Thompson to position #11 by acclamation. All voted in favor and the motion carried.*

13. Land-of-Sky Regional Council – 2 vac.

Currently serving: #1 Bill O'Connor

Currently serving: #2 Tommy Thompson

Commissioner O'Connor nominated Bill O'Connor for position #1 and Mike Edney for position #2. *Chairman Thompson made the motion to accept the appointments of Bill O'Connor to position #1 and Mike Edney to position #2 by acclamation. All voted in favor and the motion carried.*

14. Library Board of Trustees – 1 vac.

Currently serving: #1 Larry Young

Chairman Thompson nominated Larry Young for position #1. *Chairman Thompson made the motion to accept the appointment of Larry Young to position #1 by acclamation. All voted in favor and the motion carried.*

15. Local Government Committee of Cooperative Action (LGCCA) – 2 vac.

Currently serving: #1 Michael Edney

Currently serving: #2 Charlie Messer

Commissioner Young nominated Tommy Thompson for position #1 and Bill O'Connor for position #2. *Chairman Thompson made the motion to accept the appointments of Tommy Thompson to position #1 and Bill O'Connor to position #2 by acclamation. All voted in favor and the motion carried.*

16. Recreation Advisory Board – 1 vac.

Currently serving: #10 Charlie Messer

Commissioner Young nominated Charlie Messer for position #10. *Chairman Thompson made the motion to accept the appointment of Charlie Messer to position #10 by acclamation. All voted in favor and the motion carried.*

17. Solid Waste Advisory Committee (To be merged with EAC) – 1 vac.

Currently serving: #10 Larry Young

Chairman Thompson nominated Larry Young for position #10. *Chairman Thompson made the motion to accept the appointment of Larry Young to position #10 by acclamation. All voted in favor and the motion carried.*

18. Travel & Tourism Committee – 1 vac.

Currently serving and Chair: #4 Larry Young

Chairman Thompson nominated Larry Young for position #4. *Chairman Thompson made the motion to accept the appointment of Larry Young to position #4 by acclamation. All voted in favor and the motion carried.*

AUDITOR'S REPORT – SHERIFF'S DEPARTMENT FINANCIAL REVIEW

At the Board's December 23, 2011 meeting, the Board voted to employ the auditing firm of Martin Starnes and Associates to conduct a financial review of the Sheriff's Department. That review has been conducted, and a representative from Martin Starnes will present a report on the financial review to the Board.

Ms. Erica Brown of Martin Starnes and Associates stated they have performed the procedures listed below which were agreed to by the County Manager and Board of Commissioners, solely to assist management of Henderson County with detail expenditure testing of Henderson County Sheriff's Department controlled bank accounts from June 2010 through November 2011. Henderson County's management is responsible for the entity's account records. This engagement to apply agreed-upon procedures was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of the specified users of the report. Consequently, they make no representation regarding the sufficiency of the procedures described below either for the purposes for which have been requested or for any other purpose.

Their procedures and finds were as follows:

For each of the six accounts that the Henderson County Sheriff's Department controlled, they will perform the following procedures:

Procedure: Select all checks written directly to the Sheriff Rick Davis, if any, and trace to supporting documentation to ensure these were proper public safety expenditures.

Finding: Pre review of detail check registers and bank statement they noted no checks written directly to Sheriff Rick Davis.

Procedure: Scan the bank statements and detail check register from June 2010 – November 2011 for any unusual items and trace to supporting documentation, if deemed necessary. Also scan the check register for any unusual gaps in check number sequence.

Finding: Scanned bank statements and detailed check registers and noted no unusual items. Per review of detail they noted no unusual gaps in check number sequence.

Procedure: Select at least 10% of all transactions, up to a maximum of 50 items that were disbursed

from each of the accounts and trace to supporting documentation to ensure disbursements were for public safety purposes. Compare expenses per the check register to expense accounts per the bank statements to ensure the completeness of the check register.

Finding: Selected a total of 118 transactions from the 6 accounts that were controlled by the Sheriff's office and traced to supporting documentation. Noted no unusual items or expenditures that did not appear to be for public safety purposes. Compared these checks/expenses to bank statements to ensure completeness of the check register used for testing.

Procedure: Select four (4) Sheriff's Department employees and inquire of the following:

1. Have you noticed any unusual or suspicious activities associated with the handling of County funds?
2. Have you been asked to do anything that could be considered fraudulent or misleading?
3. Do you know of any specific internal controls that have been intentionally disregarded concerning the safeguarding of County assets?
4. Is there any other area of concern that you feel that management of Henderson County should be aware of concerning the safeguarding of County assets?

Finding: Interviewed four (4) Sheriff Department employees and inquired about the above mentioned questions. No unusual or negative responses were noted.

Martin & Starnes was not engaged to, and did not conduct an audit, the objective of which would be the expression of an opinion on the financial statement elements discussed herein. Accordingly they do not express such an opinion. Had they performed additional procedures, other matters might have come to their attention that would have been reported to the County.

Henderson County Internal Auditor Darlene Burgess had done an internal audit of credit card expenditures by Sheriff Davis for the period of July 1, 2010 through November 30, 2011. A spreadsheet was provided with detail of all expenditures. Some of the expenditures are categorized as questionable but in no way imply fraudulent activity, they did not include a receipt or the receipt was not itemized. The spreadsheet did not include any determination to purchases categorized as justified or wasteful.

County Manager Steve Wyatt was concerned that use of the credit card had expanded beyond the scope of intentions since implemented. Several substantial items were included on the spreadsheet that he would prefer to go through a purchasing system, the Henderson County Finance Office. Purchasing cards are for convenience and generally for conference travel, small incidentals, or business type meetings and functions. As far as buying furnishings and equipment, he felt that at some amount we have an obligation to shop and do price checking.

Mr. Wyatt recommended that control of the cards be subject to review by the internal auditor on a regular schedule. Due to rumors of the Sheriff's Department, he recommended that Darlene Burgess review these credit cards monthly for substantiation. There must be a clear description of the purpose of these credit cards and the scope must be narrowed.

Commissioner Young made the motion that the Board directs the County Finance Department to begin control of all credit cards accounts maintained by the Sheriff's Department. All voted in favor and the motion carried.

Commissioner O'Connor made the motion that the Board instructs the internal auditor to develop a system to implement accountability measures as discussed. All voted in favor and the motion carried.

Commissioner Edney made the motion that the Board directs staff to undertake a physical asset check of the Sheriff's Department. All voted in favor and the motion carried.

PARDEE HOSPITAL MOU WITH MISSION HOSPITAL

Jay Kirby, from Margaret R. Pardee Memorial Hospital, made a presentation to the Board of Commissioners with respect to the Memorandum of Understanding with Mission Hospital.

Pardee Hospital recently received the ISO 9001:2008 Accreditation. They are the only hospital in the State of North Carolina, and one of forty in the United States to receive this accreditation.

Mr. Kirby stated last September he came before the Board and discussed the county line project. At the end of the meeting the Commissioners voted 4-1 to move forward with negotiations with Mission to finalize the legal documents of the county line project. The Board was clear and emphasized three key points; Pardee and Mission would equally own the land, Pardee and Mission will have the opportunity to own equal shares in the real estate corporation, and Pardee and Mission will have an equal voice in the governance of the venture. This is the review of that process. Adjustments have been clearly documented in the most recent Memorandum of Understanding (MOU) negotiated by Pardee and Mission Councils. The agreement has also been reviewed and validated by UNC Hospital's General Council and by the Henderson County Attorney Russ Burrell. The legal councils of all parties have approved the stated conditions and the three previously mentioned areas are represented in the final legal documents.

Pardee has offered each Commissioner the opportunity to review and validate that the conditions were in fact included. Mr. Kirby's understands from Pardee's Council Sharon Alexander, that she met individually with a majority of the Commission to review and discuss the entire agreement. A majority of the Commission communicated with Mr. Kirby that they are pleased with the changes and supportive of Pardee moving forward with the project. The Pardee Board of Trustees has reviewed, studied, and approved this project with a previous capital expenditure approval in December 2010 of \$4.2 million. UNC Healthcare is in complete support of this joint venture. This project will benefit Pardee Hospital and the citizens of Henderson County. The Medical Executive Committee of Pardee Hospital has also reviewed the business plan and market demographics associated with this project. There is a clear consensus that this project is in the best interest of Pardee Hospital and its medical staff. Since the Medical Executive Committee has taken this position he has not received in verbal or written opposition to this project from its medical staff or leadership.

The Town of Fletcher attended the ground-breaking where the Mayor pledged to support the joint venture. Mr. Kirby quoted the mayor, "I don't represent any hospital in this area but my role is...this will be built in the Town of Fletcher and I represent seventy-five hundred people in the Town of Fletcher. This is a much needed thing. As I said earlier, we are excited to see this project as a business venture for Fletcher. We support these people and hope we move forward."

The project received appropriate design approvals from the Fletcher Planning Board and its Planning Department, and they have issued the necessary zoning permits. Mr. Kirby is not aware of any zoning permits being denied by Fletcher.

Gary Lance, a member of the Henderson County Building Department has informed Pardee/Mission that the plans have been reviewed, approved, and the permit is ready to be picked up once the fee is paid.

Based on the support received to date by previous vote of the Commission, the Hospital Board's previous

actions, UNC Hospital's unilateral support, support of the Pardee medical leadership and the Town of Fletcher, Mr. Kirby feels it appropriate that he recommend to the Board of Trustees in the meeting next week, that Pardee Hospital sign the MOU between Pardee and Mission as presented to and reviewed by the Henderson County Board of Commissioners, moving forward with the project.

County Attorney Russ Burrell read the letter of understanding and stated it includes broad outlines with no details.

ADJOURN

Commissioner Messer made the motion to adjourn at 4:15 p.m. All voted in favor and the motion carried.

Attest:

Teresa L. Wilson, Clerk to the Board

Thomas H. Thompson, Chairman