

**Warren County  
Board of Commissioners**



**Budget Goals Setting Work  
Session  
Warren County Memorial Library  
January 26, 2010**

**10:00 a.m. – 3:00 p.m.**

**Warren County Board of Commissioners  
Budget Goals Setting Work Session  
Warren County Memorial Library – Meeting Room  
January 26, 2010  
Warrenton, NC  
10:00 a.m. – 3:00 p.m.**

- 10:00 a.m.      Convene Work Session**
- 10:05 a.m.      Presentation of FY 09 Warren County Audit Report – Jim Winston, Auditor**
- 10:30 a.m.      Current Economic Conditions and Outlook for FY 11 –  
Linda Worth, County Manager & Barry Mayo, Finance Director**
- 11:20 a.m.      Revaluation Recap and Update on Tax Collections –  
Eddie Mitchum, Tax Administrator**
- 11:45 a.m.      Discussion of County’s General Fund & Enterprise Funds Debt**
- 12:00 p.m.      Break for Lunch**
- 12:30 p.m.      Update on Warren County Capital Projects**
- 1:00 p.m.      Update on Warren County Schools Capital Projects –  
Dr. Ray Spain, Superintendent of Schools**
- 1:30 p.m.      Department Head Presentations**
- 2:30 p.m.      Work Session Wrap-Up and Closing Statements by Board of Commissioners**
- 3:00 p.m.      Adjourn Work Session**

**Presentation of FY 09 Warren County Audit Report**

**Jim Winston, Auditor**

## **Current Economic Conditions and Outlook for FY 11**

**Linda T. Worth, County Manager  
&  
Barry Mayo, Finance Director**

**County of Warren  
Finance Office  
P.O. Box 185  
Warrenton, NC 27589  
Telephone: (252) 257-1778 Fax: (252) 257-6523**

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**Memo**

**To: County Commissioners  
County Manager  
Clerk to the Board**

**From: Barry J. Mayo, Finance Director**

**Date: January 26, 2010**

**Re: Warren County Economic Outlook FY2010-11**

In preparation for fiscal year 2011 it is necessary to review fiscal year 2009 and use it as our starting point. This memorandum will address the economic condition of Warren County and review major revenues and expenditures as we move into the 3<sup>rd</sup> quarter of fiscal year 2010.

In FY 09 a combination of efforts were used to contain cost and increase fund balance. The follow are examples of the measures used:

- Freeze positions
- Departmental expenditures cuts
- Proactive revenue forecasting

These proactive measures helped avoid the usage of fund balance to balance the budget.

At the present time the financial outlook for Warren County remains stable, although unemployment is at an all time high of 13%, tax collections have exceeded expectations. This along with conservative management by department heads and conservative revenue forecasting, Warren County finds itself beginning the 3<sup>rd</sup> quarter of FY 10 in good standing.

- Revenues are exceeding Expenditures by 10%
- Revenue projections were reduced in light of the economic condition
- Expenditures were cut in anticipation of weak revenues

Although tax receipts are strong, investment income is extremely weak. This trend is anticipated to continue. Other investment tools may need to be utilized to ensure the

county receives the best rate of return on invested monies. This may include investing for longer periods.

<b>Short Term Rates</b>	<b>12/31/2008</b>	<b>12/31/2009</b>	<b>1/15/2010</b>
3 Month T-Bills	0.08	0.05	0.05
1 Yr CD	1.99	0.70	0.50
5 Yr T-Note	1.55	2.68	2.42

From the chart above we see the decrease in rates of return on invested monies.

Warren County has maintained the required fund balance; these resources must be capitalized upon as we prepare our budget for FY11. The county may need to consider investing a portion of fund balance into a more long term investment vehicle to capitalize on higher interest rates. Presentations by financial institutions can be arranged at the board's request. All revenue sources will be monitored closely and the board will be made aware of any anticipated shortfalls.

**Analysis of Expenditures  
Expenditures to Date vs. Budgeted Expenditures  
For Period Ending December 31, 2009**

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This analysis is a comparison of expenditures at period ending December 31, 2009. This comparison will define the percentage of expenditures for the period and will concentrate on major expenses.

**General Fund**

The current percentage of usage of expenditure budget is 46.9% this equates to \$13,053,265 of the County's appropriated \$27,778,265 budget. This compares to a 49.9% rate of usage in FY09 at the end of the same period.

**Major Expenditure Category and percent of usage:**

Phones – Land Line	39.6%
Cellular Phones	45.6%
Travel	38.8%
Office Supplies	52.5%
Postage	47.4%
Printing	49.8%
Gasoline	35.9%
Utilities	30.5%

- **Conclusion**
  - Major expenditure lines have not greatly exceeded their anticipated rate of expenditure.
  - Major expenditure lines should end the year under budget based on current rate of expenditure.
  - If rates of expenditure continue at current rate, we anticipate ending the year under budget.

## **Analysis of Revenue Collections Revenue to Date vs. Budgeted Revenues For Period Ending December 31, 2009**

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This analysis is a comparison of revenue collections at period ending December 31<sup>st</sup> 2009. This comparison will define the percentage of collection for the period and will concentrate on the major revenue sources within revenue departments.

- 100100 – Ad Valorem Taxes  
The current rate of collections for property taxes is 78.7% which equates to \$11,692,915 of a \$14,862,050 budget. The majority of collections for this tax are in the months of November through January.
  - Current Taxes are collected at 79.2%, which is higher than the previous year at 77%.
  - Delinquent Taxes are collected at 71.9%, which is higher than the previous year at 64.4%.
  - This revenue source should meet or exceed expectations.
  
- 100150 – Sales Taxes  
The current rate of collections for Sales Taxes is 48.2% which equates to \$1,070,526 of a \$2,220,000 budget. The majority of collections for this tax will occur between September and May with typically 25% of collection occurring in June.
  - 1% Sales Tax Article 39 is collected at 57% of the budgeted amount for 2010. Compared with 2009 for the same period collections are up by 10%.
  - ½% Unrestricted Article 40 is collected at 46.7% of budget for FY10, 4% higher than FY09 for the same period.
  - ½% Restricted Article 40 is collected at 46.7% of budget for FY10, this rate is 1% lower than collections in the prior year for the same period.
  - Additional ½% Unrestricted Article 42 is collected at 40.5% for FY10, this rate is 2% lower than the collections in the prior year for the same period. Effective October 1, 2009, Article 42 is revised from Per Capita to Point of Delivery.
  - Additional ½% Restricted Article 42 is collected at 40.5% for FY10, this rate is 2% lower than the collections in the prior year for the same period. Effective October 1, 2009, Article 42 is revised from Per Capita to Point of Delivery.
  - Article 44 ½% taxes is no longer collected after October 2010. This revenue produced \$51,843 of unbudgeted revenue.
  - At current Sales Taxes are slightly below expectations, at present sales tax are reported for July through November. If current trends continue, Sales Taxes may not meet budget expectations. Additional analysis of this revenue source is necessary before final conclusion can be drawn.

- 100180 – Excise Tax Stamps
  - Currently the collection rate is 48.8% while in the same period for FY09; the collection rate was 39.2%. The FY10 budget for this revenue source was reduced to reflect the sluggishness in the building industry based on actual for FY09.
  - Additional analysis of this revenue source is necessary before a conclusion can be drawn.
  
- 100200 – Unrestricted Intergovernmental
  - Collections are at 16.8% for FY10 as compared to 19.2% for FY09 for the same period. Revenue in this department is collected in various intervals, with Beer & Wine Taxes collected in May.
  - Typically this revenue source has exceeded budget estimates.
  
- 100210 – Restricted Intergovernmental – Health (Grants – State)
  - The current collection rate for this revenue source is 53%, as compared to 61.7% for the same period in FY09.
  - Typically this revenue source has exceeded budget estimates; it is estimated to meet expectations for FY10.
  
- 100211- Restricted Intergovernmental – DSS (Grants – State and Federal)
  - The current collection rate for this revenue source is 45.9% which equates to \$772,039 of a \$1,683,191 budget, as compared with 39.6% for FY09 for the same period.
  - Medicaid Title XIX has a current collection rate of 43.1%, 10% lower than collections for the prior year for the same period. Revenues in this account are collected at an even rate throughout the year with a slight increase in June.
  - Foster Care Reimbursements are collected at 23%, only 2% lower than collections for the prior year.
  - Typically this revenue source meets expectations.
  
- 100212 – Restricted Intergovernmental – DSS 1571 (Grants – State and Federal)
  - The current collection rate for this revenue source is 32.1% which equates to \$594,948 of a \$1,851,011 budget. This is compared to a collection rate of 30.8% for the prior fiscal year.
  - Typically this revenue source has exceeded budget estimates; it is estimated to meet expectations for FY10.
  
- 100220 – Restricted Intergovernmental Other (Grants – State)
  - The current collection rate for this revenue is 32.2% which equates to \$226,822 of a \$705,127 budget. This is compared to 46.6% for FY09 for the same period.
  - Additional analysis of this revenue source is necessary before a conclusion can be drawn. Typically this revenue source has exceeded budget.

- 100300 – Permits and Fees
  - The current collection rate for this revenue source is 60.2% as compared to 48.2% for the same period in FY09.
  - Revenue expectation for this source was lowered in the budget process to allow for the sluggish economy.
  - It is anticipated this revenue source will meet expectations.
  
- 100400 – Sales & Services
  - The current collection rate for this revenue is 51% which equates to \$927,267 of a \$1,819,660 budget. This is compared to 39.2% for FY09 during the same period.
  - Major revenues in this department consist of Home Health Fees, Ambulance Fees and Health Medicaid Reimbursements, each exceeding collections for the prior year during the same period.
  - It is anticipated this revenue source will meet expectations.
  
- 100500 – Investment Earnings
  - The current collection rate is 7% which equates to \$8,388 of a \$120,000 revenue budget.
  - This revenue source is not expected to meet expectation.
  
- 100600 – Miscellaneous Revenue
  - The current collection rate is 29%, Miscellaneous Revenue is not a significant revenue source, funds are directly associated with an expenditure source.
  
- **Conclusion**
  - Total revenues (57.7%) exceeds total expenditures (46.9%) by 10.8%
  - Sales Tax revenues will need to be monitored to evaluate performance as Article 42 has been revised from Per Capita to Point of Delivery which should significantly reduce anticipated collections.
  - Investment Earnings will not meet budget projections; this equates to an anticipated \$100,000 loss.
  - The Governor has requested State Budget to project 5 to 7% cuts to departments for FY11 which could negatively impact county allocations. Further details are needed before analysis can be made.

## Scenarios for FY 11 Salaries

Linda T. Worth

&

Barry Mayo

## MEMORANDUM

**TO:** Warren County Board of Commissioners  
**FROM:** Linda T. Worth, County Manager *LW*  
**DATE:** January 22, 2010  
**RE:** Scenarios for FY 11 Salary Increases

As each of you will recall, there was no increase in salaries proposed in the County Manager's recommended FY 10 budget. However, the Board did grant some individual salary increases in the FY 10 adopted budget. At this time, we are not certain if the county will be in a position to address employee salaries in the FY 11 budget; however, we did want to present some scenarios to the Board should you wish to look at possible options relative to salaries.

Attached are two scenarios that could be used to give salary increases to our employees along with the cost associated with each. There is also one scenario that does not give any salary increases.

We will look forward to discussing these scenarios with the Board and receiving some direction on how you wish to address salaries in the FY 11 budget.

Attachments

**Warren County  
Analysis of Salary Increases**

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**Scenario 1**

1.5% Cost of Living Increase and a longevity payment based on years of service as follows:

- 1-4 years COLA only
- 5-9 years COLA + 1%
- 10-14 years COLA + 2%
- 15+ years COLA + 3%

This increase equates to a salary and benefits increase amount of \$254,227.

	Increase Amount	FICA	Retirement	401K Officers	Increase Total
Current		\$800,617	\$491,844	\$ 58,165	
1.5%+Long	\$211,544	\$824,311	\$506,510	\$ 62,488	
	\$211,544	\$ 23,694	\$ 14,666	\$ 4,323	\$254,227

**Pro Employee:**

- Morale boost for employees.
- Could help with retention of current employees.
- Could help offset the cost of increases to health insurance rates for employees with dependent health coverage.

**Pro County:**

- Reduce cost of training.
- Investment in workforce.

**Con County:**

- Increases expenditure budget by \$254,227 which equates to a little more than a penny or 1.08 cent based on current tax rate.1

1. Penny = \$235,000 based on FY10 Tax Rate

**Warren County**  
**Analysis of Salary Increases**

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**Scenario 2**

2% One Time Bonus to all Employees at a one- time cost of \$261,097.

	Increase Amount	FICA	Retirement	401K Officers	Increase Total
Current		\$ 800,617	\$ 491,844	\$ 58,165	
2% 1- Time	\$ 209,375	\$ 833,646	\$ 506,307	\$ 62,395	
	\$ 209,375	\$ 33,029	\$ 14,463	\$ 4,230	\$ 261,097

**Pro Employee:**

- Morale boost for employees.
- Could help with retention of current employees.

**Pro County:**

- One time non-recurring increase to salary budget.

**Con County:**

- Increase in FY11 expenditure budget by \$261,097 which equates to 1.11 cent increase in tax rate based on current tax rate.<sup>1</sup>

**Con Employee:**

- One Time Bonus payments are taxed at a higher rate and recipients would not receive a large benefit.
- No increase to base salary/fringes for future years.

1. Penny = \$235,000 based on FY10 Tax Rate

**Warren County**  
**Analysis of Salary Increases**

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**Scenario 3**

No proposed increase in salary/fringes for FY10/11.

Due to the instability of the current economy; i.e.: longest and deepest recession since World War II, do not increase salary/fringes budget. Although the Congressional Budget Office forecast an increase in the economy of 1.5% for 2010, this projected increase is not proven.

**Pro County:**

- No additional salary/fringes cost to the county.

**Con Employee:**

- Would have a negative effect on morale.
- Possible reductions in take home pay if cost of health insurance increases for employees with dependent health coverage.
- Second year in a row employees would not have received a salary adjustment.

## **Revaluation Recap and Update on Tax Collections**

**Eddie Mitchum, Tax Administrator**

**Discussion of County's General Fund  
&  
Enterprise Funds  
Debt**

**Linda T. Worth  
&  
Barry Mayo**

## GENERAL FUND

### General Obligation and Installment Purchase Debt

as of 1/22/2010

Year	Installment Purchase Financing																Total General Fund
	3/4/1991 Pub Impv 500,000 Medical Facility	3/1/2002 2002 Refunding 6,235,000 Middle Sch Elem Sch Courthouse Jail	10/29/1997 3,000,000 John Graham  Refinanced 10/29/2008	3/14/2003 2,325,000 Law Enforcement Center  Refinanced 9/4/2008	10/1/2006 322,000 Recreaton Complex Phase I  Refinanced 10/28/2008	10/1/2006 628,000 Animal Control Shelter  Refinanced 10/28/2008	9/15/2006 2,214,249 Recreation Complex Phase II	1/16/2008 2,428,520 Warren County Library	I-85 Wise Interchq Halifax EMC	340,000 Amb. Storage Facility	200,000 National Guard Armory	70,000 Mental Health Building Renov.	59,000 Old Library Renov.	610,000 New High School	Veh & Equip.		
10/11	37,070	858,175	260,231	200,888	30,439	59,379	216,701	244,051	1,993	37,395	21,997	7,699	6,489	67,093	176,463	2,226,063	
11/12	37,280	737,375	260,231	194,967	29,604	57,750	210,560	237,060		36,362	21,389	7,486	6,310	65,305	126,333	2,028,011	
12/13	37,400	698,475	130,115	189,046	28,769	56,121	204,419	230,068		35,328	20,781	7,273	6,131	63,384	33,248	1,740,559	
13/14	37,430			183,125	27,934	54,492	198,279	223,076		34,295	20,173	7,061	5,951	61,530		853,346	
14/15	37,370			177,204	27,099	52,864	192,138	216,085		33,261	19,565	6,848	5,772	59,676		827,882	
15/16	37,220			171,283	26,265	51,235	185,997	209,094		32,227	18,957	6,635	5,592	57,867		802,372	
16/17	36,480			165,362	25,430	49,606	179,856	202,102		31,194	18,349	6,422	5,413	55,967		776,181	
17/18	34,680			159,441	24,595	47,977	173,715	195,111		30,160	17,741	6,209	5,234	54,112		748,976	
18/19	32,880				23,760	46,349	167,574	188,119		29,127	17,133	5,997	5,054	52,258		568,251	
19/20	19,080				22,925	44,720	161,434	181,128		28,093	16,525	5,784	4,875	50,429		534,993	
20/21					22,090	43,091	155,293	174,136		27,059	15,917	5,571	4,696	48,549		496,403	
21/22							75,344	167,145		26,026	15,309	5,358	4,516	46,695		340,393	
22/23										24,992	14,701	5,145	4,337	44,840		94,016	
23/24										23,959	14,093	4,933	4,158	42,991		90,133	
24/25										11,592	6,819	2,387	2,011	20,798		43,607	
																0	
																0	
																0	
																0	
	346,890	2,294,025	650,577	1,441,314	288,910	563,584	2,121,310	2,467,175	1,993	441,071	259,453	90,809	76,539	791,494	336,044	12,171,186	
																12,171,186	

As of	General Fd	Debt % to
1/22/2010		
Assessed	Debt	Assessed
Value		Value
2,247,059,906	12,171,186	0.5416%



**Break for Lunch**

**12:00 to 12:30 p.m.**

## **Update on Warren County Capital Projects**

**Linda T. Worth**

**WARREN COUNTY  
FY 10 NEW CAPITAL PROJECTS  
IMPACT ON FY 11 GENERAL FUND BUDGET**

**NOTE: Projects to be funded with Installment Purchase Financing Loan Proceeds**

<u>Project Description</u>	<u>Project Cost</u>	<u>Revenue Acct &amp; Line #</u>	<u>Expense Acct &amp; Line #</u>	<u>FY 11 Debt Service</u>	
Warren County Schools - New Tech High	\$610,000	100600-492001 610,000	1059900-563115 610,000	Principle	40,667
				Interest	26,426
Mental Health Bldg. Renovations (Accessibility Improvements)	70,000	100600-492001 70,000	104260-558045 70,000	Principle	4,683
				Interest	3,043
EMS Satellite Facilities (2 Satellites @ \$170,000/ea)	340,000	Capital Budget 340,000	Capital Budget 340,000	Principle	22,657
				Interest	14,723
National Guard Armory Renovation Project (Architect & Some Renovation Costs) Total Project Budget for Phase I: \$1,032,000	200,000	Capital Budget 200,000	Capital Budget 200,000	Principle	13,335
				Interest	8,665
Old Library Renovation Project to house Tax Administration	59,000	100600-492001 59,000	104260-558046 59,000	Principle	3,925
				Interest	2,550
<b>TOTALS</b>	<b>\$1,279,000</b>				<b>\$140,674</b>

**TIMELINE FOR WARREN COUNTY CAPITAL PROJECTS  
TO BE COMPLETED IN-HOUSE**

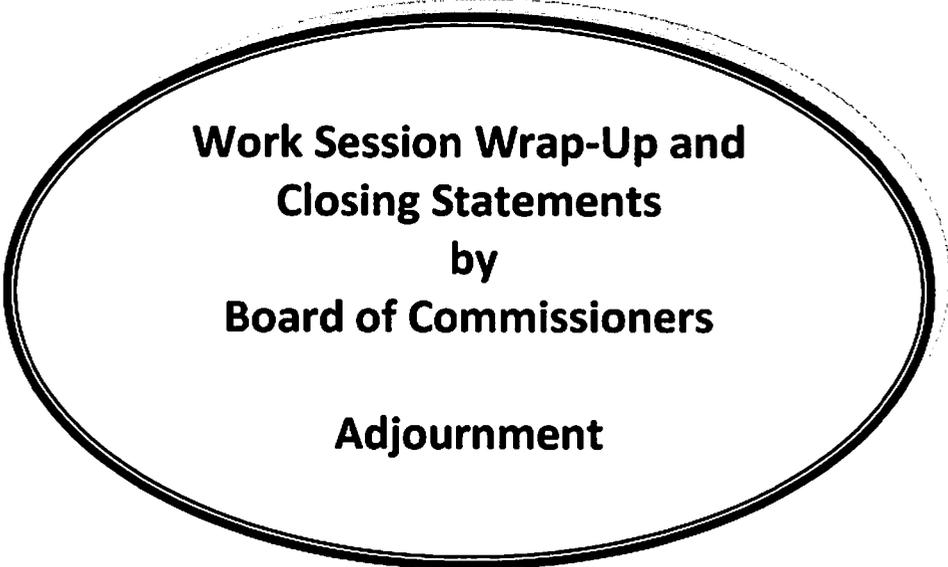
<b><u>PROJECT</u></b>	<b><u>ESTIMATED START</u></b>	<b><u>ESTIMATED COMPLETION</u></b>
Old Library Renovation to House Tax Administration	Nov-09	Apr-10
EMS Satellite Facility (Afton)	Nov-09	May-10
EMS Satellite Facility (Bugg-Davis)	Mar-10	Nov-10
Mental Health Building Renovations	Jun-10	Dec-10

## **Update on Warren County Schools Capital Projects**

**Dr. Ray Spain, Superintendent  
Warren County Public Schools**

**Department Head Presentations  
on  
FY 10 Capital and/or Expansion Needs**

- 1:30 p.m. - Elma Greene, Animal Control Director**
- 1:45 p.m. – Eddie Mitchum, Tax Administrator**
- 2:00 p.m. - Dr. Sue Loper, Library Director**



**Work Session Wrap-Up and  
Closing Statements  
by  
Board of Commissioners**

**Adjournment**