

CUMBERLAND COUNTY FINANCE COMMITTEE
JANUARY 6, 2011, 10:00AM, ROOM 564
MINUTES

MEMBERS PRESENT: Commissioner Marshall Faircloth
 Commissioner Billy King
 Commissioner Jeannette Council

OTHER COMMISSIONERS ATTENDING: Commissioner Jimmy Keefe
 Commissioner Ed Melvin

OTHERS: James Martin, County Manager
 Amy Cannon, Assistant County Manager
 Rick Moorefield, County Attorney
 Sally Shutt, Communications Manager
 Howard Abner, Assistant Finance Director
 Karen Long, Civic Center CEO
 Lisa Foster, Civic Center Finance Director
 Liz Varnedoe, Civic Center Board Member
 Floyd Shorter, Civic Center Board Member
 Marie Colgan, Clerk to the Board

(This meeting started at 10AM instead of the regularly scheduled time of 9:30AM due to the length of the Facilities Committee meeting held prior to this meeting.)

Commissioner Faircloth called the meeting to order.

1. Election of Chair

MOTION: Commissioner King moved to nominate Commissioner Faircloth as Chair and called for the nominations to be closed.

SECOND: Commissioner Council

VOTE: UNANIMOUS

2. Approve Minutes: November 4, 2010

MOTION: Commissioner Council moved to approve the minutes.

SECOND: Commissioner King

VOTE: UNANIMOUS

Chairman Faircloth requested that the Committee hear the agenda item regarding the Civic Center since several individuals had been waiting for some time and they were not required to stay for the Monthly Financial Report. Committee members agreed to the change.

3. Discussion from the November 4, 2010 Finance Committee Meeting Regarding the Civic Center Business Plan

County Manager Martin asked Mrs. Cannon to lead the discussion on this item. Mrs. Cannon advised she was not at the November 4th committee meeting, but was aware there was some discussion regarding a business plan for the Civic Center and needed clarification of what committee members wanted. Mrs. Cannon informed members the Finance Department has had ongoing discussions with the Ms. Long and Ms. Foster at the Civic Center over the last couple of years regarding reducing the county's subsidy when the Civic Center debt decreases. In 2012, there is a significant decrease in the annual debt service payment.

Commissioner Faircloth asked if there had ever been a business plan in place and Mrs. Cannon replied that as part of the building of the facility, there was a business plan but no other plan has been put in place since then. Commissioner Faircloth stated he looks at a business plan as having set goals for revenues and expenses and to have a plan to meet those goals. Commissioner Keefe added he would like to see goals pertaining to booking so many acts per year and establishing different thresholds for the year, but was not aware of the decrease expected in 2012. Mrs. Cannon advised the total debt service declines by \$3M in the upcoming fiscal year. Currently, in 2011, the County is not participating in debt service payments for the Civic Center. Discussion ensued regarding the food and beverage tax and how it is used.

In answer to a question posed by Commissioner Council, Mrs. Cannon stated she feels comfortable with the direction the Civic Center is going financially as she feels they are very budget conscious as there have been on-going staff level discussions about eliminating the county subsidy, use of the food and beverage funds to subsidize operations and also to fund their capital needs. Mrs. Cannon stated these discussions had not resulted in any proposals for consideration by the Civic Center Commission at this time.

Commissioner Faircloth stated he would like to see a business plan where revenues are projected out to a point with a plan as to how operations can be maintained with food and beverage taxes as the only revenue. Mrs. Cannon advised that the monthly reports that the Civic Center provides to their Board is in great detail and she will be including more information on her monthly report to this committee regarding the Civic Center. In answer to a question posed by Commissioner King, Ms. Foster provided the following figures for the past three years regarding the amount of revenue over expenses (does not include the fund balance used):

2008	\$162,000
2009	\$412,000
2010	\$395,000

Mr. Martin advised member's that the staff's goal for a long time has been to reduce and ultimately eliminate as soon as possible the general fund contribution to the Civic

Center. Commissioner Faircloth thanked the Civic Center attendees for being present and stated the committee will wait until Ms. Long has a meeting with her Board and then determine if further discussions are needed regarding a business plan.

4. Monthly Financial Report

County Manager Martin called on Mr. Abner to present the monthly financial report. Mr. Abner distributed a more up-to-date report than was submitted with the Committee's agenda packets. Mr. Abner called members' attentions to the highlighted subtotal row on the expenditure sheet reflecting that the current obligation is at 35.88% as compared to last year's total of 36.47%. Mr. Abner reminded members that at this point, there is only five months of information available for comparison to last year.

Mr. Abner highlighted the following sections on the revenue sheet:

- Ad Valorem Taxes (73.4 cents)
Real/Personal/Public - Received \$75.1M (5 five month total) as compared to \$75.6M last year (76.6 cents)
Motor Vehicles – about \$300,000 below the anticipated amount
- Other Taxes
Sales Tax – October receipts compared to last year shows \$443,000 below; but November shows \$136,000 above the same period as last year. Looking at December numbers which are not shown on the report shows \$751,000 above the same period last year, but the sales tax is still unpredictable. Mrs. Cannon advised the members that when raw figures are received, Mr. Abner makes required adjustments; such as, changes due to annexations and the loss on the Medicaid swap.
- Subtotal of category 10-70 shows 42.58% has been collected this year as compared to 43.36% for the same time last year.

Mr. Abner informed members with regard to expenditures to keep in mind personnel, debt service and education equals 76.9% of the total budget. Adding human services brings the total to 88.5% of the total budget. A significant reduction in vacancies has occurred recently which creates less of fund balance. County Manager Martin confirmed that an informal freeze is still in place, but critical positions are still filled and he will be taking a look at how vacant positions will be handled going forward after getting a better understanding of the current year's operations trend.

In response to a compliment from Commissioner Keefe regarding the increase in revenues for Animal Control, County Manager Martin highly praised the job Dr. Lauby has done since he became the Director and also praised the staff.

With regard to the Crown Center Financial Summary report, Mr. Abner advised he has modified the figures to give a fair look at the Crown's operations and highlighted the following points:

- Total operating revenues through November is \$560,088 and total operating expenses is \$2,041,309, making a \$1.4M deficit. The budget figure is a \$3.6M deficit.
- Under the Non Operating Revenues and Appropriated Fund Balance section, the transfer from the General Fund is \$683,000 and the transfer from the Food & Beverage fund is \$2.8M.
- An appropriated fund balance has been shown in order to fairly offset the arena/theater expenses shown under Non-operating Expenses. The end result shows the total revenue over total expenditures to be a deficit of \$100,413.

5. Other Matters of Concern –

Commissioner Faircloth requested that an update be given to the committee on the unfunded pension benefits for county employees that are in the state system. Mrs. Cannon stated she would like to have Cherry, Bekaert & Holland come back to the committee and give a presentation on significant changes in the fund balance categories which will affect in a small way the budget process for the upcoming year.

County Manager Martin stated he wanted to ensure that members of this committee were aware that at the earlier Facilities Committee meeting a decision was made to decline the offer, at this time. from the City to pursue funding a study regarding consolidating PSAPs.

MOTION: Commissioner Council moved to adjourn.

SECOND: Commissioner King

VOTE: UNANIMOUS

MEETING ADJOURNED AT 10:50 AM