

GASTON COUNTY
NORTH CAROLINA

COMMISSIONER'S COURT
JUNE 10, 2010

The Gaston County Board of Commissioners (BOC) met in a Special Meeting at 7:00 pm on June 10, 2010, immediately following the Work Session, in the Commissioners Room, Gaston County Courthouse.

Chairman Mickey Price presided with Commissioners Allen R. Fraley, Vice-Chair; Joe D. Carpenter, Tom Keigher, Donnie Loftis, Tracy L. Philbeck and John A. Torbett in attendance.

Others present included Jan Winters, County Manager; Charles L. Moore, County Attorney; and Martha M. Jordan, Clerk to the Board.

Upon request of Chairman Price, Commissioner Loftis led those assembled in the Invocation and Commissioner Philbeck led in the Pledge of Allegiance.

Public Hearing - FY2010-11 Gaston County Proposed Budget

Chairman Price announced the Public Hearing as advertised, explained procedures to be used and called for the motion to enter into Public Hearing.

On motion introduced by Commissioner Torbett and seconded by Commissioner Loftis, the BOC unanimously entered into Public Hearing.

Chairman Price recognized the County Manager for comments regarding the proposed budget.

The County Manager reviewed major changes since the initial document was presented on May 27, 2010:

Added \$96k for Gang positions initially funded by grants and now by County dollars

- Added \$154k to restore branch library hours to six days/per/week; offset by removing \$150k from the capital budget for the Library chiller replacement
- Added the Zoning Administrator position at \$62k with a plan to reorganize Planning/Code Enforcement functions
- Added \$17,700 to GEMS for Medicaid auditing cost as provided by NACO
- Added \$15k to Veterans Services for transportation
- Revenue loss of \$290k from Medicaid Reimbursement; received State notification that the money would no longer be available.

The County Manager stated that the budget reflected what the BOC had requested and provided the following:

- Staff absorbed a \$5.2M increase in debt service for voter approved bonds; that debt service would have been a 4-cent tax increase had it not been absorbed
- With budgeted voter approved bonds, staff had to make a 3.6% reduction in base budget in order to absorb the \$5.2M and net out at 6/10th of 1% below last year making it an almost flat budget

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- Average for twelve other urban counties was a reduction of 2/10th of one percent (1%); Gaston had the second highest reduction when absorbing the voter approved debt service
- This budget is the same as it was in FY07; other counties were 9-1/2% above where they were in FY07.
- The Schools operating budget was not reduced; their State reduction was 3% State or about \$10M
- Gaston College operating cost was increased by \$100k for utility and maintenance costs of new buildings; did remove some from the College capital
- Used many one time approaches to accomplish this budget including use of Fund Balance and delaying vehicle replacement although some are reaching the 200k mile range, etc.
- Did not structurally change the end balance with the additional debt service
- Feel that this is post phoning until next year; will have to make structural changes to bring this into balance; hope the economic climate has improved then
- No employee increases for second year in a row
- Added five additional employee vacation days in recognition and appreciation for added workloads and for holding everything flat or being reduced in this budget.

Chairman Price called for citizen comment.

Mr. Gray Hooser, NC Department of Environmental and Natural Resources, Division of Land Resources, Raleigh, NC, spoke in favor of County retention of the Soil Erosion Program.

Mr. Bill Toole, Belmont, spoke in support of the school funding; encouraged a matching grant for Smart Boards; distributed a chart indicating a local school funding gap.

On motion introduced by Commissioner Philbeck and seconded by Commissioner Carpenter, the Board unanimously accepted the document as information.

Mr. Bill Craig, Gastonia, spoke to fund balance and borrowing powers; use of sales tax or other methods to fund government; cannot reduce the budget every year; encouraged the BOC to get on a program to fund County government and keep the programs that affect peoples' lives, health and well being.

Mrs. Wilma Craig, Gastonia, thanked the BOC for restoring the library hours; encouraged ways to keep the Soil Erosion Program; expressed appreciation to the BOC, County volunteers and the staff.

Chairman Price called for comments or questions from the commissioners.

Commissioner Keigher itemized as follows: Libraries would remain open; rescue squads would receive same transport dollars; 1-1/2 positions being eliminated; Stormwater remains funded; Animal Control Adoption Program is safe; \$10M in one-time money coming from Fund Balance; want to protect; asked the Chairman to take Soil Erosion as a separate issue since it had no bearing on the proposed budget.

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The County Manager responded that Soil Erosion was not in the proposed budget since it was not revenue neutral; contractors initially opposed the program; later recanted after sharing many meetings and making changes; suggested meeting with that same group again to identify ways to work better; Storm Water Program continues; personnel is about even with last year with exception of one building inspector and one part-time Register of Deeds clerk; two new grant's positions were added.

Advising that he could deal with the proposed budget, Commissioner Loftis expressed concern about newspaper articles and the e-mail blitz regarding stopping adoption at Animal Control which was not the intent; complimented the Animal Control Administrator for an outstanding job; cited the responsibility of pet owners to take care of their pets; the challenge is to look at the future and not just govern by the tax rate; commended the County Manager and staff for putting together the budget and for responding to the BOC lead; advised that things would get tougher on down the road.

Having served seven years on the Commission and it being his last County budget prior to becoming a State representative, Commissioner Torbett related that this endeavor was not just about cutting taxes; it would be just as easy for the BOC to fund education with more money as it would be to approve all the other issues; more jobs are needed; the BOC tries to provide the climate and opportunities for businesses to grow and prosper; Gaston has an urban designation; those with rural designations receive more State incentives to attract industry; the goal is to become more regional in order to attract more jobs; Gaston will become a more active participant in industrial growth when a balance is reached between rural-urban-regional; BOC needs to work on the quality of lively hoods; encouraged working more closely as a team and providing user-friendly service.

Agreeing with Commissioner Torbett and wishing him well in Raleigh, Commissioner Fraley supported Commissioner Keigher's suggestion to leave the Soil Erosion Program discussion to another time since it did not impact the budget; agreed with Mr. Craig in that the County could not continue to deplete the fund balance; requested putting the 1/4 cent Sales Tax back on the ballot and allow the citizens to vote again; we may avoid a property tax next year if approved; will need to explain it better; supported the Budget Ordinance with the changes.

Commissioner Philbeck thanked the County Manager for a fairly good job in light of the economy as well as the revenues; encouraged the need to be prudent in light of State reductions in lottery money and Medicaid; provided history of the self-funding Soil Erosion Program; that the County was committed to the environment; that the Soil Erosion Program was not paying for itself as intended and could be eliminated via ordinance; explained that the BOC was trying not to raise the tax rate; one way to do that was to review programs that were not funding themselves as occurred with Soil Erosion. Commissioner Philbeck stated support for making per pupil spending a targeted priority, as well as personal accountability, and cited the targeted example of Smart Boards for eighth grade students that resulted in a 20% improvement in test scores; indicated that he was prepared to approve the proposed budget.

The County Manager confirmed that the Soil Erosion Program is not in the budget for next year; indicated that it had zero budgetary impact since it was revenue neutral; BOC can rescind the

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ordinance now in place via an ordinance giving the Program back to the State.

Recalling many candid discussions on the budget with fellow colleagues, Chairman Price announced that the BOC was aware that voters had approved a \$175M bond; the BOC, now and in the future, must figure out a way to pay for those bonds which will fund high schools, elementary and middle schools; education is paramount; discussed with each commissioner how and when to pay; to use or not to use fund balance; personally sat before the bond rating agency in New York; answered tough questions about whether the BOC was courageous enough about making a tough decision about raising taxes for the bonds if it came to that; told the agency that the BOC would and will do it; will probably see how much of that can be done next year; if the economy does not turn around, bond rating agencies look very strongly at how the fund balance is used, what it is used for and how it affects a governing body's tax rate; agencies rate governmental bodies daily by crunching the numbers and getting their questions answered; if history has shown that a government was not willing to do what it takes to sustain that bond rating, they will not give it to you; their answer is forwarded via letter at a later date; the Finance Director answered tough questions about the County's finances, the Economic Development Director answered tough questions about job losses, where they went, where were new jobs coming from; the County Manager answered tough questions about management; as Chairman, I provided answers as to what we would do. I want everyone to understand that we are aware this year and future years what we will have to do to finance the \$175M voter approved bond debt all of which is for education.

On motion introduced by Commissioner Torbett and seconded by Commissioner Keigher, the BOC unanimously closed the Public Hearing.

To Consider Adoption of the FY2011 Gaston County Budget

2010-172 Commissioner Price - Adoption of the FY2010-2011 Gaston County Budget Ordinance

Commissioner Loftis introduced the motion to approve the proposed budget as presented and Commissioner Carpenter provided the second.

Regarding Veteran's Service transportation, Commissioner Torbett asked if there were any items in the budget - specific in nature, promised or implied - that the BOC needed to be made aware of that had not been discussed.

The County Manager responded that Veteran's Service requested a budget increase for transportation; staff wanted to try bus scheduling to avoid the cost increase; however, the increase was reinserted due to the perception issue; one time reductions taken this year will have to be faced in the future; this budget minimizes impact on services with no tax increase; no hidden aspects in the budget.

Commissioner Carpenter stated that education was important as well as the Fund Balance; may not

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be able to avoid a tax increase next year to pay for the \$175M voter approved bonds; putting off a lot of things this year; no salary increases; the coming year will show that tough work must be done next year; economy may not rebound quickly; would support this budget knowing that it would have been easier to increase the rate 2.5 cents to pay for the school bonds; thanked all departments for working with the BOC this on this budget. Commissioner Carpenter also supported Commissioner Fraley's suggestion to bring the quarter cent sales tax to a referendum to avoid increasing property taxes.

Commissioner Loftis asked for the exact amount needed next fiscal year to pay for the school bonds.

The County Manager responded that it would be just less than four cents on the property tax rate to cover 100% of the new debt service.

Commissioner Loftis indicated that a 3.8 cent increase was coming down the road for next fiscal year and it would not be a surprise.

The County Manager reminded all that the State relied greatly on stimulus funding to make up for the decline in Sales and State income taxes especially for the public school system and medicare; that funding runs out in FY2011; the State will not have the stimulus funding next year; State's shortfall will be enormous next year and may push down to local governments. The State is awaiting some \$428M from the federal government which has not been appropriated as yet and may not be.

Commissioner Torbett challenged the BOC to look ahead and start on next year's budget immediately; encouraged designing a zero based budget.

Looking to next year, Commissioner Philbeck recalled the investment resolution recently adopted to assist small business owners, suggested creative and targeted tax cuts to generate revenue, to seek other forms of raising revenue; to talk to State legislators about fair and equitable taxation, and to encourage County investment without passing the burden onto the 70% of the County's population that pays all the property taxes. He reiterated that a day of reckoning would come regarding payment of the voter approved school bonds although he preferred to assure people that the County was operating efficiently and properly sized instead of agreeing with a property tax increase next year.

With discussion coming to a close, Chairman Price called for the vote and the BOC approved the following:

**RECOMMENDED BUDGET ORDINANCE
FISCAL YEAR 2010-2011
GASTON COUNTY, NORTH CAROLINA**

BE IT ORDAINED by the Board of Commissioners of Gaston County, North Carolina:

SECTION I. BUDGET ADOPTION 2010-2011. There is hereby adopted a budget for the County of Gaston for the fiscal year beginning July 1, 2010 and ending June 30, 2011, a summary of which (by fund and function) is included as Exhibits I and II herein on pages 5-6. The budget is hereby adopted by fund on a functional basis, except as provided for in Section VII. The County Manager and the Budget Administrator are directed to finalize the line-item detailed budget, at which time that document shall be incorporated herein as if fully set out verbatim and referred to hereinafter as the "2010-2011 Gaston County

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Budget."

SECTION II. TAX RATE LEVY 2010-2011. There is hereby levied for fiscal year 2010-2011 a tax rate of **83.50** cents per \$100.00 of assessed valuation.

SECTION III. PERIODIC FINANCIAL REPORTS. A report comparing budgeted and actual revenues and expenses by object account shall be presented in ten copies, when requested, to the County Finance Officer for each agency or department funded by the County where accounting is not done by the County. The report shall be monthly, unless special circumstances exist in which case the report may be quarterly.

The County Manager shall be notified of any changes in the budget presented to the Board of Commissioners within thirty days of the change by any agency having statutory authority to change its line items. Approved payments may be delayed pending receipt of timely financial information.

SECTION IV. SALARIES. The FY10/11 Gaston County Budget fully funds longevity. The merit step plan is not funded and there are no funds allocated for a Cost of Living Adjustment (COLA). In lieu of the merit step plan all full-time employees will receive an additional 40 hours of annual leave during FY10/11.

SECTION V. BUDGET OFFICER AND FINANCE OFFICER. In accordance with the Local Government Budget and Fiscal Control Act, the County Manager has prepared a budget which contains a General Fund, a Health Fund, a Travel & Tourism Fund, a Gaston/Lincoln Regional Library Fund, a Property Revaluation Fund (funded by transferring current year property tax revenues from the General Fund), a Debt Service Fund, a School Debt Service Fund, a Public Assistance Fund, a Capital Improvements Fund, a Fire District Fund, a Solid Waste Enterprise Fund, Emergency Telephone System Fund and a Self Insurance Fund. Further, the County Manager is designated as the Budget Officer of the County and the Director of Finance is designated as Finance Officer.

As provided by G. S. 159-25 (b), the Board is authorized to require only two signatures on each check or draft that is made on County funds. The signature of the County Manager and the Finance Officer shall be the authorized signatures of the County. The Assistant County Manager shall have signatory authority in the absence of the County Manager and the Finance Officer shall designate signatory authority to a responsible individual on his staff in his absence.

SECTION VI. BUDGET POLICY. It will be the policy of this Board that it will not absorb any reduction in State and Federal Funds. Reducing personnel or program expenditures to stay within the County appropriations is hereby authorized on the basis outlined in the following paragraphs of this section.

This policy is extended to any agency or department that is funded by the County and receives State or Federal money and shall remain in effect until otherwise changed or amended by the Board of Commissioners. The County Manager is hereby directed to indicate this policy to each agency, which may be affected.

If programs which include State, Federal, and/or any other outside revenues, as well as local funding, are subsequently reduced or cut by the outside funding organization, that portion funded by County revenues will be reduced to maintain its original ratio of local expenditures to State, Federal, or other expenditures. For example, of a \$100,000 grant, local funding is \$50,000 and Federal/State funding is \$50,000. Should the State/Federal grant be reduced by \$25,000, then local funds will be reduced by \$25,000, unless other outside revenues are secured to fully offset the grant reduction. Under no circumstances shall reductions in grants be paid by County dollars, regardless of the source of the funding.

Those recipients of County funds which have a balance at the end of the fiscal year must return those funds to Gaston County, except as otherwise approved by the Board of Commissioners.

SECTION VII. TRANSFERS OF FUNDS BETWEEN OBJECT ACCOUNTS. Line item changes are authorized only with the approval of the Board of Commissioners as required by law, except as provided below. The Budget Officer is authorized to transfer monies in the amount of up to \$25,000 from one line item appropriation to another within the same fund and department in accordance with provisions of G.S. 159-15 (except for the Public Assistance Fund and Health Fund, which will each be considered one department). In compliance with Resolution 2003-321, upon making such transfers, the Manager

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shall accumulate them to be forwarded to the Clerk to the Board on or before the agenda deadline for the next regular scheduled Board of Commissioners meeting so that said transfers may be placed in the agenda and recorded in the minutes of said meeting. Budget Change Requests included in the agenda are for information purposes and will not be discussed by the Board at the meeting unless a Budget Change Request pertains to a resolution that is on the Board's agenda for that meeting. Nothing in this resolution in any way affects the County Manger's authority to make budget transfers by the amount provided in the Budget Ordinance.

The Budget Officer is authorized to make transfers between departments for certain nondiscretionary accounts for which budget requests are calculated centrally rather than by the department director – specifically, gasoline/diesel fuel; rent equipment; vehicle maintenance; telephone; communications equipment maintenance; heat, lights, and water; janitorial and lawn maintenance services; lease-purchased vehicles and equipment; motor vehicles; and the central purchases and usage accounts for vehicle parts, tires, gasoline and diesel fuel, central supplies, and postage; and salaries and benefits. The Budget Officer shall also have the authorization to make transfers between accounts for funds appropriated in the Self Insurance Fund.

SECTION VIII. OBLIGATIONS FROM THE PRIOR YEAR. As provided by G.S. 159-13 (b), any funds of a capital or operating nature for which bids have been received or contracts executed in previous fiscal years are hereby re-appropriated. All unpaid encumbrances, ongoing projects that are assigned a project number, capital improvement projects, and any other items which have been approved by the Board of Commissioners, such as grants, are hereby re-appropriated and are to be added to this approved budget.

SECTION IX. SCHOOL BUDGET. Current Expense - The Gaston County Board of Commissioners approves an allocation of \$41,956,204 for the Gaston County Board of Education. In addition, the Board approves \$888,822 for School Resource Officers assigned to schools, as well as \$55,000 for the Commissioners' School of Excellence. All unexpended and unencumbered operating funds at the end of the fiscal year shall be reported to Gaston County and shall be used to offset funds requested from the County for the following fiscal year.

Capital/Debt Service Funds - The Gaston County Board of Commissioners appropriates \$18,087,991 for the school system's FY 2010-2011 capital and debt service needs, to be allocated as follows: \$797,550 for capital needs and \$17,290,441 for debt service.

In addition, the Gaston County Schools are hereby directed to present monthly financial reports to the Board, as outlined in Section III above. Failure to do so could result in funds being withheld until the requested information is provided.

SECTION X. GASTON COLLEGE BUDGET. In accordance with North Carolina General Statute 115D, Gaston County shall provide, based upon the appropriations herein, funds to Gaston College as needed to meet Current Fund and Capital Fund expenditures. The FY 2010-2011 appropriation for Gaston College totals \$6,685,862 to be allocated as follows: \$4,149,923 for current operating expenses; \$453,219 for capital expenses; and \$2,082,720 for debt service expenditures.

All unexpended and unencumbered operating funds at the end of the fiscal year shall be reported to Gaston County and shall be used to offset funds requested from the County for the following fiscal year. Reserves for future capital projects shall remain with Gaston County to the credit of Gaston College until requested for payment of duly appropriated obligations. Payment of all capital expenditures shall be made upon presentation of the appropriate invoices to Gaston County.

In addition, Gaston College is hereby directed to present monthly financial reports to the Board, as outlined in Section III above. Failure to do so could result in funds being withheld until the requested information is provided.

SECTION XI. APPROVAL OF DEPARTMENTAL BUDGETS. The Board of County Commissioners does hereby approve the amended budget of each department by the County Manager or as amended by this Board on pages 5-6 herein and as more fully detailed in the document to be finalized per Section I above.

SECTION XII. CAPITAL IMPROVEMENT FUND. Capital Improvement project information will be provided at a later date through an amendment to this budget ordinance. Accordingly, upon Board approval of the amendment, the Finance Director is authorized to make the proper entries to the County's accounting records as of June 30, 2009 to cause the net balance of the appropriate projects to revert to the Capital Improvement Fund's fund balance.

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SECTION XIII. FIRE DISTRICTS. The Board of Commissioners by separate resolutions adopted tax rates for fire districts in the County. The amount to be distributed to each fire district in FY 2010-11 is limited to the tax levy based on the approved tax rate.

For all fire districts, any tax receipts collected in excess of the budgeted tax levy shall be retained by the County in an account earmarked for each fire district and will be used as carry forward funds in subsequent years to reduce the districts' budget requests. Interest shall accrue on funds retained for each fire district in an amount proportional to all other funds of the County. Additional appropriations to any fire district must be approved by separate resolution of the Board.

SECTION XIV. SELF INSURANCE INTRAGOVERNMENTAL SERVICE FUND.

As provided by the Section 159-13.1 of the Local Government Budget and Fiscal Control Act, funds allocated to an intragovernmental (internal) service fund need not be included in a jurisdictions budget ordinance but must be approved by the governing board in a balanced financial plan, contained herein as Exhibit III on Page 7.

Adopted this the 10th day of June, 2010, to become effective on July 1, 2010.

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Exhibit I

GASTON COUNTY, NORTH CAROLINA
BOC ADOPTED BUDGET ORDINANCE
REVENUES
FOR THE FISCAL YEAR ENDING JUNE 30, 2011

| SOURCES of FUNDS | GENERAL FUND | HEALTH FUND | PUBLIC ASSIST. FUND | REGIONAL LIBRARY FUND | TRAVEL & TOURISM FUND | PROPERTY REVAL. FUND | EMERGENCY TELEPHONE FUND | FIRE DISTRICT FUND | DEBT SERVICE FUND | SCHOOL DEBT SERVICE FUND | CAPITAL IMPVMTS. FUND | SOLID WASTE FUND | TOTAL |
|--------------------------------------|----------------|---------------|---------------------|-----------------------|-----------------------|----------------------|--------------------------|--------------------|-------------------|--------------------------|-----------------------|------------------|----------------|
| AD VALOREM TAXES | \$ 122,473,516 | | | | | | | \$ 3,574,345 | | | | | \$ 126,047,861 |
| OTHER TAXES/LICENSES | \$ 23,464,660 | | | | \$ 409,108 | | | | | | | \$ 290,000 | \$ 24,163,768 |
| RESTRICTED: STATE GRANTS | \$ - | | | | | | | | | | \$ - | | \$ - |
| UNRESTRICTED INTERGOVERNMENTAL | \$ (188,000) | | | | | | | | | | | | \$ (188,000) |
| RESTRICTED INTERGOVERNMENTAL REVENUE | \$ 3,348,835 | \$ 2,340,770 | \$ 25,380,870 | \$ 430,277 | | | | | | \$ 4,000,000 | | | \$ 36,500,752 |
| FEES, LICENSES, PERMITS | \$ 2,314,530 | | | | | | | | | | | \$ 4,706,214 | \$ 7,020,744 |
| SALES & SERVICES | \$ 12,689,291 | \$ 5,949,473 | \$ 11,000 | | | | | | | | | \$ 649,769 | \$ 19,299,533 |
| E-911 SURCHARGE | | | | | | | \$ 790,576 | | | | | | \$ 790,576 |
| INTEREST ON INVESTMENTS | \$ 140,000 | | | | | | | | \$ - | | \$ - | | \$ 140,000 |
| MISCELLANEOUS REVENUE | \$ 327,916 | \$ 502,052 | \$ 239,719 | | | | | | | | | \$ 582,500 | \$ 1,652,187 |
| FUND BALANCE APPROPRIATION | \$ 9,943,145 | \$ 112,280 | \$ 4,000,000 | | \$ 90,264 | | | | | | | | \$ 14,145,689 |
| GENERAL FUND TRANSFERS | | \$ 6,924,798 | \$ 10,151,732 | | | \$ - | | | \$ 7,947,105 | \$ 13,290,441 | \$ 2,650,169 | | \$ 40,964,245 |
| CAPITAL IMPVMTS. FUND TRANSFERS | \$ - | | | | | | | | | | | | \$ - |
| | \$ 174,513,893 | \$ 15,829,373 | \$ 39,783,321 | \$ 430,277 | \$ 499,372 | \$ - | \$ 790,576 | \$ 3,574,345 | \$ 7,947,105 | \$ 17,290,441 | \$ 2,650,169 | \$ 6,228,483 | \$ 209,537,355 |

RECONCILIATION OF GROSS TO NET BUDGET:

| | |
|--------------------------|----------------|
| GROSS BUDGET | \$ 269,537,355 |
| LESS INTERFUND TRANSFERS | \$ 40,964,245 |
| NET BUDGET | \$ 228,573,110 |

245

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Exhibit III

**GASTON COUNTY, NORTH CAROLINA
BOC ADOPTED BUDGET ORDINANCE
APPROPRIATIONS
FOR THE FISCAL YEAR ENDING JUNE 30, 2010**

APPROPRIATIONS:

| Function | General Fund | Health Fund | Public Assistance Fund | Regional Library Fund | Travel & Tourism Fund | Property Reval. Fund | Emerg. Telephone Fund | Fire District Fund | Debt Service Fund | School Debt Service | Capital Impvmts. Fund | Solid Waste Fund | TOTAL |
|--------------------------|----------------|---------------|------------------------|-----------------------|-----------------------|----------------------|-----------------------|--------------------|-------------------|---------------------|-----------------------|------------------|----------------|
| General Government | \$11,778,255 | | | | | \$0 | | | | | | | \$ 11,778,255 |
| Community Services | \$8,224,863 | | | \$430,277 | \$ 499,372 | | | | | \$ 509,400 | \$ 6,228,483 | | \$ 15,892,395 |
| Human Services | \$5,002,240 | \$ 15,829,373 | \$39,783,321 | | | | | | | | | | \$ 60,614,934 |
| Education | \$47,049,949 | | | | | | | | | \$ 1,250,769 | | | \$ 48,300,718 |
| Public Safety | \$49,734,086 | | | | | | \$790,576 | \$ 3,574,345 | | | | | \$ 54,099,007 |
| Support Services | \$11,760,255 | | | | | | | | | \$ 890,000 | | | \$ 12,650,255 |
| Debt Service | \$ - | | | | | | | | \$7,947,105 | \$17,290,441 | | | \$ 25,237,546 |
| Transfers to Other Funds | \$40,964,245 | | | | | | | | | | \$ - | | \$ 40,964,245 |
| | \$ 174,513,893 | \$ 15,829,373 | \$ 39,783,321 | \$ 430,277 | \$ 499,372 | \$ - | \$ 790,576 | \$ 3,574,345 | \$7,947,105 | \$ 17,290,441 | \$ 2,650,169 | \$ 6,228,483 | \$ 269,537,355 |

RECONCILIATION OF GROSS TO NET BUDGET:

| | |
|--------------------------|-----------------------|
| Gross Budget | \$ 269,537,355 |
| Less Interfund Transfers | \$ (40,964,245) |
| NET BUDGET | \$ 228,573,110 |

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Exhibit III

GASTON COUNTY, NORTH CAROLINA
 BOC ADOPTED BALANCED FINANCIAL PLAN
 SELF INSURANCE INTRAGOVERNMENTAL SERVICE FUND
 FOR THE FISCAL YEAR ENDING JUNE 30, 2011

| SOURCES of FUNDS: | SELF INSURANCE FUND | TOTAL |
|-------------------------|---------------------------|---------------|
| FEES, LICENSES, PERMITS | \$ 13,897,517 | \$ 13,897,517 |
| APPROPRIATIONS: | | |
| SELF INSURANCE FUND | \$ 13,897,517 | \$ 13,897,517 |
| | \$ - | \$ - |
| | ===== | ===== |

2010-173 Commissioner Fraley - Authorization for Tax Collection

On motion introduced by Commissioner Loftis and seconded by Commissioner Keigher, the BOC unanimously approved the following:

WHEREAS, under N.C.G.S. 105-321 (b), the North Carolina Machinery Act, it is required that the Board of County Commissioners authorize the Tax Collector to collect the taxes charged in the tax records and receipts.

NOW, THEREFORE, BE IT RESOLVED that the following order be entered into the minutes of the Board of County Commissioners and a copy be delivered to Charles Luther Sisk, Jr., Tax Collector of Gaston County.

You are hereby authorized, empowered, and commanded to collect the taxes set forth in the tax records filed with the Office of the Tax Collector and in the tax receipts herewith delivered to you, in the amounts and from the taxpayers likewise therein set forth. Such taxes are hereby declared to be a first lien upon all real property of the respective taxpayers in the County of Gaston, and this order shall be a full and sufficient authority to direct, require, and enable you to levy on and sell any real or personal property of such taxpayers, for an on account thereof, in accordance with law.

Witness my hand and official seal, this 10th day of June, 2010.

2010-174 Commissioner Torbett - Order to Levy and Collect Ad Valorem Tax for Agricultural Center Fire Service District

Mr. Shane Ballard, representing Agricultural Center VFD, explained that the justification for the proposed increase from 05.9 to 06.0 cents was necessitated by a \$3500/year revenue loss to the Town of Dallas due to annexation.

On motion introduced by Commissioner Philbeck and seconded by Commissioner Carpenter, the BOC approved the following:

WHEREAS, the Gaston County Board of Commissioners created eighteen fire service districts pursuant to citizen requests, under Part 1, Article 16 of Chapter 153A of the North Carolina General Statutes; and,

WHEREAS, the Board of Commissioners is authorized by the same law to levy and collect a tax in said districts; and,

WHEREAS, based on the total valuation per district and the total budget submitted by this volunteer fire department contracting to provide the fire protection district should be levied at the rate listed below per \$100.00 valuation of taxable property.

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NOW, THEREFORE, BE IT RESOLVED by the Gaston County Board of Commissioners that the tax for the Agriculture Center Fire Service District for FY 2010-2011 is levied at the following rate per \$100.00 of assessed and taxable property:

| <u>District</u> | <u>Levy</u> | <u>Tax Rate</u> |
|--------------------|-------------|-----------------|
| Agriculture Center | \$ 288,842 | \$ 0.060 |

BE IT FURTHER RESOLVED that funds distributed to this District shall not exceed the actual tax receipts collected during the fiscal year.

The vote carried as follows:

AYES: Commissioners Carpenter, Loftis, Philbeck, Torbett
NAYS: Commissioners Fraley, Keigher, Price

TABLED Alexis Volunteer Fire Department

Chairman Price recognized Alexis VFD Chief Brad Presswood.

Chief Presswood advised that the justification for the proposed one cent increase resulted from efforts to get the tax rate equal with Lincoln County and that one cent would generate \$25,233; Lincoln wants equal rates for equal service; Alexis provides fire protection for both Gaston and Lincoln counties; the Alexis tax rate changed in 2006-07 due to installing a substation in the Lincoln district; Lincoln was going to provide the funding at that time for the substation; new Lincoln officials have requested a revenue equal tax rate.

Commissioner Torbett explained that this was the second year of the dilemma; Alexis did not get signed documentation from Lincoln on the verbally arranged agreement; Lincoln asked Alexis VFD to serve their citizens that were short on service from their VFDs; homeowners were experiencing high insurance rates due to ISO ratings; Alexis agreed to build a substation within the Lincoln area to serve residents proportionately in order for homeowners to obtain reduced insurance rates; debt acquired to operate the substation was also applied to the main station; the main station is close to Lincoln County and can serve some portions faster than the substation; precise information was presented to Lincoln officials; they agreed; the tax rate was set several years ago and the rate was paid; Lincoln has a new County Manager; they have gone back on their word and refuse to honor the obligation previously established by the Lincoln BOC; Lincoln now wants to equalize the tax rate across county lines; Lincoln districts have unequal rates; the goal had been to gradually increase rates; Alexis would not have enough income to pay the debt on the Gaston building if Lincoln continues to go back on their word. He advised that the Gaston and Lincoln Board Chairs were trying to arrange a meeting to discuss the issue.

Commissioner Keigher requested that each of the issues be voted separately.

Responding to Commissioners questions, Chief Presswood advised:

- Lincoln covers more area than Gaston and has higher property values; (Lincoln) would still be paying \$367 more to the general budget than Gaston if the substation costs+staffing+operating costs were subtracted from the budget
- Current level of service could not be maintained without the one cent increase; reduction in

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- staffing or medical response service would become necessary to cover the \$25,233k loss
- Lincoln agreed to remain at last year's rate of 11.42 cents but reduced the rate to 11 cents
- Lincoln indicates that it would remain at that rate if Gaston gets to 9.5 cents; this is not in writing.

Mr. Eric Hendrix, Fire Marshal, advised:

- Initially Alexis was approached by the Lincoln BOC
- Gaston Fire Commission had no part in those discussions originally
- Lincoln was presented with the cost to locate a substation, truck and staffing which was agreed to on tape and subsequently changed
- Recalled that in 2006-07 the consensus was to look at a slow increase over the next three to four years, Lincoln would look at a slow decrease and Gaston would look at a slow increase until the rates equalized; there was a one cent approval at the time
- The Fire Commission recommended a one cent increase last year; the plan was to look at the issue over the course of a year with the hope that Lincoln would fulfill their end of the agreement; that did not happen
- Two months after the agreed upon process and after Lincoln had raised the rate to 14 cents, Alexis was told that Lincoln would not honor the agreement and wanted Gaston to increase rates while they decreased rates.

With commissioners expressing support for the volunteer fire departments, Commissioner Carpenter cited the need for several commissioners to get with several Lincoln commissioners and work the situation out.

On motion introduced by Commissioner Carpenter and seconded by Commissioner Philbeck, the BOC unanimously tabled the Alexis request to be heard at the June 24, 2010 meeting.

2010-175 Commissioner Torbett - Order to Levy and Collect Ad Valorem Tax for Community Fire Service District

Assistant Chief Bryon Hooker, Community VFD, explained that the justification for the proposed increase from 8.8 cents to 9.3 cents (0.5 cents) or around \$16k or \$2/person was necessary for a vehicle payoff, some debts and increases in operating costs; also currently preparing for an ISO inspection in September; the goal is to reduce fire rates to attract businesses to the area; average per call is \$300 with an estimated call volume of 900 calls this year.

On motion introduced by Commissioner Torbett and seconded by Commissioner Philbeck, the BOC approved the following:

WHEREAS, the Gaston County Board of Commissioners created eighteen fire service districts pursuant to citizen requests, under Part 1, Article 16 of Chapter 153A of the North Carolina General Statutes; and,

WHEREAS, the Board of Commissioners is authorized by the same law to levy and collect a tax in said districts; and,

WHEREAS, based on the total valuation per district and the total budget submitted by this volunteer fire department contracting to provide the fire protection district should be levied at the rate listed below per \$100.00 valuation of taxable property.

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NOW, THEREFORE, BE IT RESOLVED by the Gaston County Board of Commissioners that the tax for the Community Fire Service District for FY 2010-2011 is levied at the following rate per \$100.00 of assessed and taxable property:

| | | |
|-----------------|-------------|-----------------|
| <u>District</u> | <u>Levy</u> | <u>Tax Rate</u> |
| Community | \$ 298,895 | \$ 0.093 |

BE IT FURTHER RESOLVED that funds distributed to this District shall not exceed the actual tax receipts collected during the fiscal year.

The vote carried as follows:
AYES: Commissioners Carpenter, Loftis, Philbeck, Torbett
NAYS: Commissioners Fraley, Keigher, Price

2010-176 Commissioner Torbett - Order to Levy and Collect Ad Valorem Tax for East Gaston Fire Service District

Mr. Jeremy McKinny, representing East Gaston VFD, explained that the justification for the proposed increase from 06.8 to 07.4 cents (0.6 cents) was necessitated by payments for new apparatus purchased in 2009 to be used to assist in lowering ISO ratings; tax was raised last year to pay for purchases over a two-year period; lowering the ISO rating will result in homeowners saving \$235/year.

The Fire Marshal stated it was decided to split the tax and pay one-half last year and the remainder this budget year to pay for the apparatus purchased last year.

On motion introduced by Commissioner Torbett and seconded by Commissioner Philbeck, the BOC unanimously approved the following:

WHEREAS, the Gaston County Board of Commissioners created eighteen fire service districts pursuant to citizen requests, under Part 1, Article 16 of Chapter 153A of the North Carolina General Statutes; and,

WHEREAS, the Board of Commissioners is authorized by the same law to levy and collect a tax in said districts; and,

WHEREAS, based on the total valuation per district and the total budget submitted by this volunteer fire department contracting to provide the fire protection district should be levied at the rate listed below per \$100.00 valuation of taxable property.

NOW, THEREFORE, BE IT RESOLVED by the Gaston County Board of Commissioners that the tax for the East Gaston Fire Service District for FY 2010-2011 is levied at the following rate per \$100.00 of assessed and taxable property:

| | | |
|-----------------|-------------|-----------------|
| <u>District</u> | <u>Levy</u> | <u>Tax Rate</u> |
| East Gaston | \$ 319,567 | \$ 0.074 |

BE IT FURTHER RESOLVED that funds distributed to this District shall not exceed the actual tax receipts collected during the fiscal year.

2010-177 Commissioner Torbett - Order to Levy and Collect Ad Valorem Tax for Spencer Mountain Road Fire Service District

Chief David Flannery, Spencer Mountain VFD, explained that the justification for the proposed increase from 06.2 for the last three years to 07.0 cents (0.8 cents) or \$25k is necessitated by future apparatus replacement that is approaching twenty years; plan to save funds prior to purchase of apparatus two years from now; offsetting operating cost and building upkeep also.

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On motion introduced by Commissioner Torbett and seconded by Commissioner Philbeck, the BOC approved the following:

WHEREAS, the Gaston County Board of Commissioners created eighteen fire service districts pursuant to citizen requests, under Part 1, Article 16 of Chapter 153A of the North Carolina General Statutes; and,

WHEREAS, the Board of Commissioners is authorized by the same law to levy and collect a tax in said districts; and,

WHEREAS, based on the total valuation per district and the total budget submitted by this volunteer fire department contracting to provide the fire protection district should be levied at the rate listed below per \$100.00 valuation of taxable property.

NOW, THEREFORE, BE IT RESOLVED by the Gaston County Board of Commissioners that the tax for the Spencer Mountain Road Fire Service District for FY 2010-2011 is levied at the following rate per \$100.00 of assessed and taxable property:

| <u>District</u> | <u>Levy</u> | <u>Tax Rate</u> |
|-----------------------|-------------|-----------------|
| Spencer Mountain Road | \$ 210,279 | \$ 0.070 |

BE IT FURTHER RESOLVED that funds distributed to this District shall not exceed the actual tax receipts collected during the fiscal year.

The vote carried as follows:

AYES: Commissioners Carpenter, Loftis, Philbeck, Torbett

NAYS: Commissioners Fraley, Keigher, Price

2010-178 Commissioner Torbett - Order to Levy and Collect Ad Valorem Tax for Gaston County Fire Service Districts

On motion introduced by Commissioner Torbett and seconded by Commissioner Philbeck, the BOC unanimously approved the following:

WHEREAS, the Gaston County Board of Commissioners created eighteen fire service districts pursuant to citizen requests, under Part 1, Article 16 of Chapter 153A of the North Carolina General Statutes; and,

WHEREAS, the Board of Commissioners is authorized by the same law to levy and collect a tax in said districts; and,

WHEREAS, based on the total valuation per district and the total budget submitted by each volunteer fire department contracting to provide fire protection districts should be levied at the rates listed below per \$100.00 valuation of taxable property.

NOW, THEREFORE, BE IT RESOLVED by the Gaston County Board of Commissioners that the tax for each fire service district for FY 2010-2011 is levied at the following rate per \$100.00 of assessed and taxable property:

| <u>District</u> | <u>Levy</u> | <u>Tax Rate</u> |
|-----------------|-------------|-----------------|
| Chapel Grove | \$ 238,358 | \$ 0.075 |
| Chestnut Ridge | \$ 64,030 | \$ 0.073 |
| Crouse | \$ 71,997 | \$ 0.074 |
| High Shoals | \$ 151,637 | \$ 0.097 |
| Hughs Pond | \$ 90,085 | \$ 0.101 |
| Lowell | \$ 4,716 | \$ 0.050 |
| Lucia-Riverbend | \$ 284,781 | \$ 0.105 |
| New Hope | \$ 302,878 | \$ 0.070 |
| Ranlo | \$ 188,644 | \$ 0.079 |
| South Point | \$ 205,447 | \$ 0.054 |
| Tryonota | \$ 182,560 | \$ 0.073 |
| Union Road | \$ 325,075 | \$ 0.067 |
| Waco | \$ 20,818 | \$ 0.073 |

BE IT FURTHER RESOLVED that funds distributed to each District shall not exceed the actual tax receipts collected during the fiscal year.

2010-179 Commissioner Torbett - Order to Levy and Collect Ad Valorem Tax for South Gastonia Fire Protection District

On motion introduced by Commissioner Loftis and seconded by Commissioner Philbeck, the BOC unanimously approved the following:

WHEREAS, a majority of the qualified voters in the South Gastonia Fire Protection District has voted in favor of levying and collecting a tax in said district; and,

WHEREAS, the Gaston County Board of Commissioners is authorized and directed pursuant to North Carolina General Statute 69-25.4 to levy and collect a tax in said district; and,

WHEREAS, the Board of Commissioners finds, based on the total valuation of taxable property in the South Gastonia Fire Protection District, an estimated collection rate, and the total budget submitted by the South Gastonia Fire Protection District, that the tax rate for the South Gastonia Fire Protection District should be levied at \$0.075 per \$100 valuation of the assessed and taxable property for an estimated levy of \$287,331; and,

NOW, THEREFORE, BE IT RESOLVED by the Gaston County Board of Commissioners that the tax for the South Gastonia Fire Protection District for FY 2010-2011 is levied at the rate of \$0.075 per \$100 of assessed and taxable property:

BE IT FURTHER RESOLVED that funds distributed to the District shall not exceed the actual tax receipts collected during the fiscal year. Any tax revenue collected in excess of the total of the approved 2010-2011 budgeted levy cannot be spent that tax year. Instead, any excess monies shall be earmarked or placed in special escrow accounts for the District to be used the following year in reducing the District's request.

BE IT FURTHER RESOLVED that the Gaston County Tax Collector is directed to compute the district tax for each taxpayer, to state separately on the County tax receipts and district for the fiscal year, and to collect the district tax in the same manner that county taxes are collected.

BE IT FURTHER RESOLVED by the Board of Commissioners that payment of taxes collected is hereby authorized to the District with said payment to be made from an account assigned to the District.

2010-180 Commissioner Torbett - Order to Levy and Collect Ad Valorem Tax for Long Shoals Fire Protection District

On motion introduced by Commissioner Loftis and seconded by Commissioner Keigher, the BOC unanimously approved the following:

WHEREAS, a majority of the qualified voters in the Long Shoals Fire Protection District has voted in favor of levying and collecting a tax in said district; and,

WHEREAS, the Gaston County Board of Commissioners is authorized and directed to North Carolina General Statute 69-25.4 to levy and collect a tax in said district; and,

WHEREAS, the Board of Commissioners finds, based on the total valuation of taxable property in the Long Shoals Fire Protection District, an estimated collection rate, and the total budget submitted by the Long Shoals Fire Protection District, that the tax rate for the Long Shoals Protection District should be levied at \$0.097 per \$100 valuation of the assessed and taxable property for an estimated levy of \$38,405.

NOW, THEREFORE, BE IT RESOLVED by the Gaston County Board of Commissioners that the tax for the Long Shoals Fire Protection District for FY 2010-2011 is levied at the rate of \$0.097 per \$100.00 of assessed and taxable property:

BE IT FURTHER RESOLVED that funds distributed to the District shall not exceed the actual tax receipts collected during the fiscal year. Any revenue collected in excess of the total of the approved 2010-2011 budgeted levy cannot be spent that tax year. Instead, any excess monies shall be earmarked or placed in special escrow accounts for the District to be used the following year in reducing the District's request.

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BE IT FURTHER RESOLVED that the Gaston County Tax Collector is directed to compute the district tax for each taxpayer, to state separately on the County tax receipts and district for the fiscal year, and to collect the district tax in the same manner that County taxes are collected.

BE IT FURTHER RESOLVED by the Board of Commissioners that payment of taxes collected is hereby authorized to the District with said payment to be made from an account assigned to the District.

Commissioner Torbett thanked and commended the volunteer fire departments for their work.

The Fire Marshal assured Commissioner Philbeck that regulations were now in place that prohibited volunteer fire departments from entering into out-of-county service contracts without going before the Fire Advisory Board first; regulations are now being developed to get all questions answered regarding a purchase prior to a VFD becoming locked into a vendor; that minutes of the Fire Advisory Board would be provided to the BOC.

Commissioner Loftis requested that the BOC be made a part of the approving authority of any contract involving an out-of-county volunteer fire department venture, noting it makes the BOC knowledgeable and accountable. He suggested that the planning ahead concept used by Spencer Mountain VFD for large apparatus be incorporated as well.

Commissioner Keigher stated that he would not be supporting the VFD (with exception of East Gaston) increases since all other County departments including public safety had to make budget cuts this year.

Agreeing, Commissioner Fraley supported no increases with exception of East Gaston due to the commitment made last year to approve one-half last year with the remainder being approved this year.

Chairman Price thanked all of the participants.

2010-181 Commissioner Carpenter - Budget/Purchasing - To Adopt New Fee Schedule Effective July 1, 2010 Through June 30, 2011

On motion introduced by Commissioner Torbett and seconded by Commissioner Philbeck, the BOC unanimously adopted the New Fee Schedule effective July 1, 2010 through June 30, 2011.

2010-182 Commissioner Price - Finance - To Accept and Appropriate Revenue Resulting from Robert Segal, CPA, PA Audit of Sales Tax Claims for Gaston County Board of Education and Gaston County (Additional \$17,707.83 to County)

On motion introduced by Commissioner Price and seconded by Commissioner Fraley, the BOC unanimously accepted and appropriated revenue resulting from Robert Segal, CPA, PA audit of sales tax claims for Gaston County Board of Education and Gaston County per Budget Change Request:

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One Cent Sales Tax
Professional Services

10-3200-3231-120-501
10-4130-199-000

(\$7,590)
\$7,590

Other Matters

Referendum on a One-Quarter Cent Sales Tax - Chairman Price asked about a time line for scheduling subject.

The County Attorney advised that it takes 90 days to get a Department of Justice clearance.

Commissioner Fraley stated that in order to take the necessary time to prepare and to educate the citizens that he preferred the next year.

The County Manager indicated that he would check possible dates and get back to the BOC.

Commissioner Fraley asked about how much one-quarter cent would bring in, if passed.

The Budget Administrator, Mr. Bryant Morehead, estimated in the \$2M - \$2.5M range due to the economy.

Grant for Updating a Dog Park - Commissioner Keigher announced a \$500k grant being offered by Benfield Dog Food Company.

Adjournment

Chairman Price adjourned the Special Meeting of June 10, 2010 at 9:15 pm.

(All aforementioned documents are on file with the Clerk to the Board.)

Mickey Price, Chairman
Gaston County Board of Commissioners

Martha M. Jordan
Clerk to the Board

SEAL