

## FINANCE/BUDGET COMMITTEE REPORT

November 9, 2010

A Finance Committee meeting was held Tuesday, November 9, 2010 at 4:30 p.m. in the County Administration Building, Quorum Court meeting Room, 215 East Central, Bentonville, Arkansas.

Committee Members Present: Moore, Wozniak, Brown, Allen, Douglas, Winscott, Stephenson

Others Present: JPs Sandlin, Millager, and Harrison, County Judge David Bisbee, Comptroller Richard McComas, Accounting Manager Michele Anderson

Tom Sissom – Benton County Daily Record

### **PUBLIC COMMENTS:**

None

### **2011 Budget**

Comptroller Richard McComas resumed discussion of the 2011 Budget with a review of line item expenditures in departments funded by funds other than County General.

He noted an increase in the **Road Department's** salaries line item due to the increase in the county's contribution to APERS, and said that it looks like they will come in under budget for fuel in 2010.

The committee discussed the Road Department's request for three dump trucks and three pickup trucks. JP Stephenson suggested that they should look for good used ones instead of new ones. He also registered his complaint that nearly half of the Road Department budget is taken up by salaries, unemployment taxes, and retirement benefits. Richard McComas noted that it is actually around 40%.

JP Stephenson raised the possibility of doing away with the Road Department and contracting all of the roadwork. The committee held some discussion on the issue. JP Moore stated that they should look at some other counties, or the State of Arkansas to see if that has worked for them.

JP Douglas asked if they have had a report from the Road Department on their 2011 plans for which roads and bridges will be worked on. JP Brown stated that they are supposed to already be getting that report, but they do not seem to ever get an accurate report.

Further discussion was held on plans for the Road Department in the future.

Richard McComas noted that the **Treasurer's Office** budget is relatively the same as 2010. He explained that the Treasurer's Automation Fund is collected from a percentage of revenues received, and any funds exceeding operating costs are returned to the taxing entities.

Richard McComas stated that the **Equalization Board** budget has been adjusted for the anticipated increase in the number of hearings due to the re-appraisal year, and explained that this budget is funded by the Assessor's Office.

In response to a question regarding malpractice, Richard McComas explained that it is an amount paid per employee to the Arkansas Association of Counties, as a type of bonding on all county employees, and is in addition to the liability insurance on the buildings, the fleet liability, and workers' comp.

JP Douglas asked how much the county pays in membership fees to the Arkansas Association of Counties. Richard McComas stated that it is under \$100,000 and comes out of Department 23/Non-Departmental under Dues and Subscriptions. He added that employees in offices in which money is collected are also bonded out of the turn back money through the State of Arkansas.

Richard McComas stated that the **Collector** may come to the committee at a later date to ask for an increase in her printing and postage line items, but she is out of town at this time.

JP Stephenson asked if there is still a county-owned vehicle in the Collector's office, and why. Richard McComas stated that it is used to travel to the satellite offices, and the Collector's Office has had a vehicle for several years.

JP Douglas asked for an explanation of automation funds. Richard McComas stated that there are four offices with automation funds – Treasurer, Collector, Circuit Clerk, and County Clerk. JP Sandlin explained that the legislature allowed the funds to be created to set aside money for record keeping automation. JP Sandlin stated that when the funds were started, there were a lot of counties across the state that could not get any funding from their Quorum Courts to purchase computers or software.

Richard McComas noted that by 2013 the auditors are going to require a change in the accounting software, because they want a more uniform system across the entire state, and added that we changed our software in 2003 and 2004 at a substantial cost.

Richard McComas noted that the total **Assessor's** budget for 2011 is \$4.5 million. JP Douglas asked what the estimated population of Benton County is, then stated that it seems ridiculous to him that it costs nearly \$20 per every man, woman, and child in the county to assess their property and tell them how much money they owe.

Richard McComas stated that the **9-1-1 Administration** budget is funded by fees collected from telephone landlines, and is overseen by a Board of Directors appointed by the County Judge. He noted that the revenue has been steadily decreasing due to fewer landlines, although they do still have a healthy reserve at this point. JP Allen asked where their revenue is reflected. Richard McComas pointed out Fund 130, 9-1-1 Administration in the *Schedule 1 – Revenues by Fund* section of the budget. He said they will begin the year with about \$500,000, take in approximately \$720,000, and end 2011 with about \$1.2 million. He said there is an additional investment account which will have approximately \$600,000 by the end of the year, so there is more than enough revenue to cover the budget they have requested.

Richard McComas stated that the **VAS** budget is strictly pass through, and they cannot budget any more than what they receive in revenue from dues.

Richard McComas stated that for the fifth straight year, they will not need additional money for the **Employee Health Insurance Fund**, which is budgeted at the greater of \$2 million or one-half of our maximum exposure. He said the reserve will increase to \$2.3 million next year, because our maximum exposure is going to increase. JP Douglas asked if we will see an increase in insurance premiums due to the new federal health care regulations. Richard McComas stated that the premiums that we pay per employee are actually going to decrease, because of our experience rating over the last few years. He said that the switch to Blue Advantage has resulted in more discounts also.

Richard McComas stated that the **Public Defender's Office** budget shows a slight decrease from last year, and that \$455,000 of the \$575,000 total budget is a transfer from the General Fund, in addition to the \$70,000 they receive from the Administration of Justice Fund and the \$52,000 from the State of Arkansas for reimbursement of expenses. He said the county funds ten employees in the office, four of which are Deputy Public Defenders, and the State funds an additional four Deputy Public Defender positions.

There was some discussion about the possibility of moving the Public Defender's Office to the former Health Department Building on Highway 102, and the costs involved. Richard McComas stated that there are several departments that might possibly be moved out there next year, and those costs have not been included in the 2011 Budget.

Richard McComas stated that the State Homeland Security Grant budgets are for expenditures which are pending approval from the Arkansas Department of Emergency Management, and if there are changes necessary, they will come to the Finance Committee at a later date.

The committee reviewed other funds, including the Interoperable Emergency Communications Grant, the Internet Crimes against Children Grant, the Beaver Lake Park Patrol, County Clerk's Automation, JDC Grant Aid, Supervised Visitation Exchange Grant, Juvenile Probation JAG Grant,

Richard McComas stated that funding for the **Federal Aviation Program** has ceased, because that money now goes to Jail Maintenance at the direction of the Federal Auditors. He said the program pays for operation of the Sheriff's Department helicopter, which has been about \$35,000 to \$45,000 per year. He said there is approximately \$20,000 left in the fund, so they will need an additional \$15,000 for next year if they want to continue the helicopter program.

Richard McComas stated that they will not know until July whether or not the four **District Court** Judges will receive salary increases, so they have not budgeted for an increase.

The committee discussed the distribution of court fines and costs among the various entities involved, including cities, State Police, counties, etc.

Richard McComas stated that the county has proposed subsidizing the **SAMHSA Drug Court Program, Fund 462** in the amount of \$23,200, but has not received a definite answer from SAMHSA about the remaining \$70,000.

Richard McComas stated that the **Circuit Clerk's** budget is in **Fund 605**, is from fees received, and there will be a transfer of \$500,000 to the General Fund this year. He said the **Court Automation Fund** is for automation in the courtrooms and is overseen by the Circuit Clerk.

Richard McComas explained that revenues and expenditures for **Jail Transport, Fund 930** have to be shown separately from the rest of the County Jail budget, and that the fund is used to pay the costs of transporting prisoners.

Richard McComas stated that the **Benton County Historical Preservation Fund** budget totals \$47,969, including the staff position they have requested.

The committee reviewed the revised Budget Recapitulation sheet, and Richard McComas explained the changes that have been made, including:

- a) Additional appropriation for new employees
- b) \$500,000 transfer from the Circuit Clerk
- c) \$600,000 in sales tax receipts for the first three months of 2011

Richard McComas stated that with these changes, the ending balance will be \$11.5 million, or approximately \$500,000 more than the beginning balance. He said this does not take into account the \$150,000 estimated for Unemployment Taxes.

Richard McComas stated that per the committee's request, he had figured the cost of a \$600 one-time bonus to employees, which came to \$310,000, plus an additional 20% for the benefits, for a total cost of \$350,000.

JP Millager asked if there had been any discussion on the idea of reducing workdays in lieu of salary increases or bonuses. The committee discussed whether the County Judge or individual Elected Officials had the authority to make that decision. JP Stephenson stated that it is

imperative to remember that there are a lot of people who do not have jobs, and county employees still do have jobs that are comparably paid. He said people on fixed incomes and Social Security are not getting increases, and county employees are getting an increase of 1.4% in retirement benefits.

JP Douglas stated that it is something they can look at again next year after they get clearer numbers on the sales tax decrease and possible property tax decreases.

Richard McComas stated that they also have not included any operating costs for new buildings, or the costs to move any departments into the existing Health Department Building. The committee discussed the amount of money that would be saved on leases. JP Moore pointed out that it is just about a wash with the maintenance agreement cost for the Center For Nonprofits.

Richard McComas asked if anyone on the committee, after going through all of the budgets, had any questions for any of the Elected Officials or Department Heads. There were no questions.

JP Stephenson asked about the status of the Road Department yard proposed for the west side of the county near Decatur. County Judge Dave Bisbee stated that it is being funded by an energy efficiency grant, and is eligible for the grant funds because having the maintenance vehicles closer to the location where the work is being done instead of driving them back to Bentonville every day will save fuel. He said approximately half of the cost will be funded by grant money, and the other half is in the County Road budget.

The committee discussed revisions that were made to the Election Commission budget by removing the cost for electronic poll books. JP Allen asked if the new budget figure of \$275,997 is correct. Richard McComas stated that was correct, and there is a possibility that the Election Commission may want to address the committee regarding some money left in the 2010 budget, but the commissioners have not made a final decision.

JP Douglas expressed frustration that when the new Jail Barracks was first proposed, they were told by the Sheriff that it would require 10 additional people, and now they are requesting 15. He said they are asking everyone to cut their budgets and cannot give employee pay increases, but are continuing to hire more people.

The committee discussed the possible financial position the county could be in after the 2011 reappraisal and the decrease in sales tax revenue due to the census.

JP Moore announced that the next Finance/Budget Committee meeting will be Tuesday, November 16, 2010 at 5:00 p.m.

### **Adjournment**

After motion and second the meeting adjourned at 5:56 p.m.