

## FINANCE COMMITTEE REPORT

October 5, 2010

A Finance Committee meeting was held Monday, October 5, 2010, at 5:30 p.m. in the County Administration Building, Quorum Court Meeting Room, 215 East Central, Bentonville, Arkansas.

Committee Members Present: Moore, Allen, Douglas, Stephenson

Others Present: Comptroller Richard McComas, Grants Administrator Richard Redfearn, Accounting Manager Michele Anderson, JP Sandlin, JP Harrison, and GIS Coordinator Elizabeth Bowen

Tom Sissom - Benton County Daily Record

JP Moore called the meeting to order.

### **PUBLIC COMMENTS:**

None

### **1. Administrator Report**

Grants Administrator Richard Redfearn reported that the Department of Justice Adult Drug Court Grant request had been denied, and that the county could apply again next year. He added that the grant money was designated to pay for two adult drug court staff positions for a period of two years. Richard Redfearn stated that the Arkansas Economic Development Commission (AEDC) grant for the Septic System Installation Project has been funded, that bid openings had been held, and that the county was close to signing contracts.

### **2. Future Revenue**

Comptroller Richard McComas reported that the Benton County Actual Revenue and Projected Revenue data sheets and graphs show the county revenue projected trends from 2012 through 2016 based on two possible scenarios. He said that the graphs show the numbers with a 5% or 10% percent decrease in property taxes. He added that the sales tax revenues are projected to grow by 2% per year beginning 2012. He stated that the State projects a 1.97% increase in sales tax next year, and a 2% the following two years. He stated that Benton County is scheduled to do a countywide reappraisal, which will affect the property tax revenue received in 2012. He added that once Benton County completes its reappraisal it will be locked into a five year reappraisal cycle, because the county did not have a 15% growth over the last three years. He said that the revenue rate will be essentially unchanged for that amount of time.

Discussion was held on the effects that the three- and five-year appraisal cycles would have on the county's property tax revenue received.

Richard McComas stated that in 2011 the county is going to take a \$2.8 million hit from the loss of sales tax and then in 2012 a hit on property taxes. He added that in the next four years that the county will see the revenue less than the last five years and that the county is going to see a drop of revenue from \$43 million in revenue down to \$37 million to \$38 million in revenue.

JP Moore stated that the county has seen up to a half million dollars of new revenue every year and that the county has never seen the revenues flat.

JP Douglas stated that when the committee starts looking at next year's budget, that we need to keep in mind the decreases in the sales and property taxes and how the county is going to fund programs and departments; that we cannot figure on our Capital Reserves for funding. He added that we have to cut expenses somewhere and limit increases. He stated that there are state mandates that are going to require more revenue, and that the public employment retirement system increases will affect the budget.

Discussion was held on the Arkansas Public Employment Retirement System and the increase of workmen's compensation costs.

JP Moore noted that the projected sales tax revenue increase is dropping to the level that it was in 1998-1999.

Richard McComas stated that the county took two major "hits" in its sales tax revenue in recent years—the 2006 incorporation of Bella Vista, which reduced the county's sales tax revenue, and the reduction of the population of the county's unincorporated areas when the 2010 official Census results come in. He stated that he estimates that the county's sales tax revenue will be reduced about \$2.8 million. Richard McComas stated that revenues collected in 2011 will offset any expenditures approved in the budget, but in 2011 there will be new expenditures for the county; extra personnel for the new jail barracks, additional expenses from the maintenance fees for the Health Department at the Center For Nonprofits, and minor remodeling costs to change the county property that we do have, so that the county can get rid of some of the rental properties that the county now leases.

Richard McComas stated that this is not just a one-time dip, the revenue we have been receiving is going to drop and is going to stay that way for some time, and that needs to be considered when talking about spending the money that the county does have.

### **3. Sales Tax Numbers**

Comptroller Richard McComas stated for the month, the county received \$728,624 which is a 16.87% increase, and that was because of the big increase in sales tax that Bentonville had. He added that receipts are up about \$181,093 ahead of this same time last year. He added that with the current receipts, we are right on our projection of \$8.2 million for the year.

Lengthy discussion was had on the revenue collected from sales and property taxes.

### **4. Jail Collections**

Richard McComas stated Jail collections are ahead \$240,631 for the year.

Discussion was held on the jail fees collected from the state and costs involved with housing inmates for the state.

## **5. Fuel Summary**

Accounting Manager Michele Anderson stated that the Sheriff/ Jail Department has spent \$280,104 of their \$500,000 budget and are averaging \$35, 000 per month, which is way under budget. She added the Road Department has spent \$578,355 of their \$834,000 budget for the year, with an average of \$72,000 per month. She stated that there has been a 10% increase in unleaded fuel costs and 15% increase in diesel over this time last year.

## **6. Monthly Expenditure Report**

Michele Anderson stated that at this time of year, budgets should be at 75%, and that the General Fund at 68.8%, with the Road Department at 59%.

Discussion held on overall expenses that were budgeted for the different departments.

## **7. 2011 Budget Calendar**

Richard McComas stated we are on schedule and that Finance budget meetings are set to begin on October 26, and go thru November 16 for reviewing the budget. He added there will be Personnel meetings in the month of October and that recommendations from the Personnel meetings will be sent to the Finance Committee.

## **8. Other Business**

JP Moore announced that the next Finance Committee Budget Meeting will be held Tuesday, October 26, 2010 at 5:30 p.m.

JP Allen announced that a Personnel Committee meeting will be held Friday, October 29, 2010 at 9:00 a.m.

JP Douglas stated that the legislative session is coming up and that the Committee needs to get together to address some issues involved with the county and present them to the upcoming legislative session.

Upon motion and second the meeting adjourned at 6:38 p.m.