

Emergency Meeting
Thursday July 2, 2009
10:30 am
Chowan County Office Building
Chowan County Finance Office
113 East King Street

MINUTES

The Chowan County Board of Commissioners held an emergency meeting on Thursday, July 2, 2009, at 10:30 am in the Chowan County Office Building's Finance Office, 113 East King Street, Edenton, NC.

Present, Vice Chairman Emmett Winborne, Commissioner Louis Belfield, Commissioner Kenny Goodwin, Commissioner Ralph Cole and Commissioner Keith Nixon. Present via phone/conference call Chairman Eddy Goodwin and Commissioner Jimmy Alligood. Staff Present: County Manager Peter Rascoe, Finance Officer Lisa Jones and Clerk to the Board Susanne Stallings. Media Present Becky Bunch of the Chowan Herald and Connie Sage of the Virginian Pilot.

County Manager, Peter Rascoe stated the purpose of the meeting was because the Budget Ordinance states that amounts of money spent from reserves have to be approved by the full Board. He stated that at the last meeting he noted that at the end of the budget year (FY 2008-09) the County was out of useable cash. He said that payroll expenses, retirement and benefits were budgeted but there was no useable cash to meet these expenses. He stated that this was not a budget issue but a cash flow issue for amounts to be expended under the FY 2009-10 budget. He gave the members present a cash summary through the end of May 2009 that shows a balance of \$1,338,405 in reserves. He stated he was requesting permission from the Board to pull monies from the reserve to meet the expenses and once cash is available, the money would be transferred back to reserves. He stated there was a keying error which was the reasoning behind the necessity for the emergency meeting.

Ms. Jones stated that Federal and State taxes and Agricultural Extension payroll and a retirement contribution total \$125,000.

Mr. Rascoe stated that he had no idea at the June 30th meeting that within one day there would be a cash flow issue.

Commissioner Nixon asked if the LGC would write the County up for drawing down on cash reserves. He asked if there would be a penalty for drawing from the Money Market (FINISTAR) account.

Mr. Rascoe said he was informed that the LGC did not like the way the reserve accounts were set up. He said that Auditor may recommend that the reserve accounts be set up differently at the July 30th meeting.

Commissioner Cole asked if the LGC was aware of the cash flow issue.

Mr. Rascoe said the Auditor will recommend restructuring the reserves. He said he proposes from pulling from the Money Market (Finstar) accounts and the monies would be replaced. He said that the public will begin receiving the tax bills the same day as this meeting and hope for cash to come in for July and August expenses.

Ms. Jones said that Sales tax monies will come in mid July.

Mr. Rascoe said he feels good about meeting the budgeted July expenses because the sales tax monies are scheduled to come in.

Chairman Eddy Goodwin said he felt the Board should move the money to cover the expenses.

Commissioner Goodwin asked if 100% of the expenses that require the transfer, were covered in the FY 09-10 budget.

Ms. Jones said yes, this was a cash flow problem and not a budgeting error. She said it was not a mistake in budgeting but a keying error. She said the revenues were budgeted but have not been realized, such as sales tax revenues for FY 08-09.

Commissioner Kenny Goodwin asked for clarification that monies are expected to come in and could any further expenses affects the FY 09-10 budget.

Ms. Jones said no, this will be credited to the FY 08-09 budget.

Mr. Rascoe asked will the FY 08-09 budget end balanced.

Ms. Jones said yes.

Commissioner Kenny Goodwin said he would like to set a time limit in a motion to use the monies from reserves, so there will be no delay in paying the monies back. He suggested 90 days.

Mr. Rascoe asked if the Board would like to state in the motion that the monies would be paid back in anticipation of receipt of sales tax revenues. He added that he hoped the sales tax revenue and tax revenue will begin coming in soon.

Commissioner Kenny Goodwin made the following motion: "The Board will authorize the Finance Office to draw down from the Finstar, General Fund Reserve account the amount of \$125,000 with the contingency that the amount be restored as soon as possible to cover short term unexpected expenses in FY 09-10."

The Board discussed the time frame for paying back the reserves.

Mr. Rascoe suggested that by the August Board meeting, the Board could review a cash statement and once the cash flow is in good standing, after that point the Board could authorize the monies to be paid back.

Commissioner Nixon asked the Finance Officer if she felt there was anything else unforeseen.

Ms. Jones said she does not know the monies for sales tax that will be coming in. She said that the auditor predicts 20-25% reduction in the collections as compared to a year ago at the same time. She said she will know by July 12, 2009 the sales tax revenues.

In the physical absence of the Chairman, Vice Chairman Winborne presided over the vote.

Being no further discussion on the motion, Vice Chairman Winborne asked for all in favor, the motion carried unanimously (7-0).

Chairman Eddy Goodwin moved that the Finance Officer to submit a written report explaining the circumstances that led up to the cash flow shortage for the record.

Vice Chairman Winborne asked for all in favor, the motion carried unanimously (7-0).

Being no further business, the meeting was adjourned.

Eddy Goodwin
Chairman

L. Susanne Stallings
Clerk to the Board