

February 18, 2013

The Washington County Board of Commissioners met in a recessed session on Monday, February 18, 2013 at 6:00 PM in the Commissioners Room, 116 Adams Street, Plymouth, NC. Commissioners Johnson, Manning, McCray, Phelps and Sexton were present. Also present were County Manager Jerry W. Rhodes, Clerk to the Board Julie J. Bennett, Assistant County Manager/County Attorney Cheryl Young and Finance Officer Frank Milazi.

Chair Manning called the February 18, 2013 meeting to order. Chair Manning added Budget Amendments to the agenda as item 2A. **Commissioner Johnson approved the addition to the agenda as mentioned above. Commissioner Sexton seconded, motion carried unanimously.**

PUBLIC HEARING—PLANNING BOARD—APPLICATION FOR A SPECIAL EXCEPTION: **Commissioner Sexton made a motion to open the public hearing; Commissioner Phelps seconded, motion carried unanimously.** Ms. Ann Keyes, EM/Planning/Safety Director spoke to the Board on behalf of the Planning Board. An application for Special Exemption has been received from Mr. David Lee Evans of Quality Mats, LLC. Ms. Keyes noted that twelve (12) new jobs will be created with the addition of the new sawmill equipment that Quality Mats, LLC would like to add. Ms. Keyes said that with tonight's meeting, the public hearing requirements have been met. **Commissioner Johnson made a motion to close the public hearing; Commissioner Phelps seconded, motion carried unanimously**

Commissioner Sexton made a motion to approve the Special Exception for Quality Mats, LLC. Commissioner Phelps seconded, motion carried unanimously.

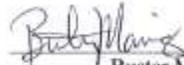
2013 – 2014 COUNTY BUDGET GUIDELINES AND BUDGET CALENDAR: Mr. Jerry W. Rhodes, County Manager, spoke to the Board regarding the budget guidelines and calendar for 2013 – 2014. Mr. Rhodes mentioned that the County's purchase of the Strader building will fall under Capital Projects and should be the only exception. Chair Manning wanted it noted that he opposes any tax increases. Commissioner Johnson verified with Mr. Milazi and Mr. Rhodes that Commissioners can attend any of the departmental budget meetings if they so desire. Mr. Milazi said he should have some numbers from the revaluation in March per Mr. Chip Main, Tax Administrator.

WASHINGTON COUNTY

2013 - 2014 BUDGET PREPARATION GUIDELINES

- Attempt to maintain current service levels with no expansion or new services unless a revenue stream can be established to fund the expanded or new service
- All mandated statutory funding requirements will be met
- Reserve fund balance will be maintained at least at the approved minimum requirements as approved by resolution of the Washington County Commissioners
- If there are any increases in spousal or family health and dental insurance coverages those increases will be passed on to employees
- Attempt to not layoff or furlough employees
- There will be no new positions created unless funded by grant, special appropriation or revenue generated funds
- Only capital projects will be considered that relate to replacement or repair of facilities or equipment as needed for safety or operability of a facility or piece of equipment
- Continue the collection of the 1 cent (\$.01) county-wide drainage tax

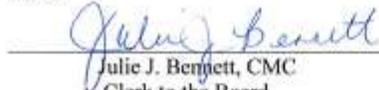
Adopted by:



Buster Manning, Chair
Washington County Board of Commissioners

2/18/13
Date

Attest:



Julie J. Bennett, CMC
Clerk to the Board

2/18/13
Date

*Washington County, North Carolina
Budget Calendar
Fiscal Year 2013-2014*

<i>DATE</i>	<i>BUDGET PROCEDURES</i>	<i>ACTION BY</i>
Tuesday, February 19, 2013	Budget Kickoff Message	County Manager
Tuesday, February 19, 2013	Distribution of Budget Forms & Instructions	Finance
	MANDATORY	<i>5:00 PM</i> Finance Officer
Wednesday, February 20, 2013 thru Monday, March 11, 2013	Budget Consultations/Formulation Ask for Assistance if needed	Departments
Friday, March 15, 2013	Deadline for the submission of budget requests both expenditure & revenue to Finance	Departments Fire Districts
Monday, March 18, 2013	Update of tax valuation due from Tax Department	Tax Department
Wednesday, March 20, 2013 thru Friday, April 05, 2013	County Manager and Finance to meet with Departments, Schools, and other agencies to discuss requests and recommendations	County Manager Finance Officer Departments
Friday, April 12, 2013	Final of tax valuation from Tax Department	Tax Department
Monday, April 15, 2013	Recommended budgets sent to departments	Finance
Friday, April 19, 2013	RECOMMENDED BUDGET MUST BE BALANCED	<i>5:00 PM</i> County Manager Finance Officer
Friday, April 26, 2013	Budget message is reviewed/written	County Manager
Monday, April 29, 2013	Recommended budget is published	<i>12:00 noon</i> Finance
Monday, May 06, 2013	Presentation of the County Manager's budget message & recommended budget to BOC	County Manager County Commissioners
	Publish in newspaper notice stating that budget has been filed and is open for public inspection & setting time & place for public hearing on budget	Clerk to the Board
Thursday, May 16, 2013 thru Friday, May 17, 2013	Commissioners work sessions to review budget with departments, agencies, school board	County Commissioners County Manager Depts/Finance Officer
Monday, May 20, 2013	Official public hearing on the budget	Public
Monday, June 03, 2013	Adoption of Budget Ordinance <i>Budget Ordinance may not be adopted until (1) ten days have elapsed from date budget is filed & (2) public hearing is held.</i>	County Commissioners
Monday, June 10, 2013	Distribute final adopted budget Begin preparing budget document for printing	Finance

For further information or questions please contact Jerry W. Rhodes, County Manager at jrhodes@washconc.org or Frank Milazi, Finance Officer at fmilazi@washconc.org

Commissioner Sexton made a motion to approve the 2013 – 2014 County Budget Guidelines and Budget Calendar as presented. Commissioner McCray seconded, motion carried unanimously.

BUDGET AMENDMENTS: Mr. Milazi presented the following budget amendments:

➤ 13090—Department of Social Services	+\$20,594
	+\$46,622

Chair Manning asked Mr. Rhodes what could be paid for out of these reimbursements from the NC Division of Social Services. Mr. Rhodes explained that some of the money in the DSS amendment (Low Income Energy Assistance Program) would be used for such things as paying utility bills for a resident, however the money is not given directly to them, but to the business providing the service.

➤ 13120—Department of Social Services	+\$ 6,231
➤ 13130—Manager’s Office	-\$17,000
➤ 13140—Finance Office	-\$14,000

Mr. Milazi also mentioned that errant telephone charges have finally been straightened out. The County has been paying for cell phones that we were not using.

Chair Manning asked about the Commissioner Sponsored Activities item. Mr. Milazi explained that money is for retirement functions and the employee Christmas party.

Commissioner Sexton made a motion to approve Budget Amendments #13090, 13120, 13130 and 13140. Commissioner Johnson seconded, motion carried unanimously.

REQUESTS FOR LEGISLATION: Mr. Rhodes told the Commissioners that Representative Paul Tine sent a letter asking if the Board has any legislative requests. Mr. McCray wants to make sure that Representative Tine does not forget the folks living on dirt roads. He feels something needs to be done for them. Commissioner Phelps said that he would like Representative Tine to look into some sort of funding for NERSBA. Chair Manning and Mr. Rhodes stated that they have both spoken to Representative Tine about this issue. Chair Manning and Mr. Rhodes would like to see Representative Tine support wind energy. Mr. Rhodes stated that there will be a resolution on the March agenda regarding wind energy. Commissioner Sexton said there needs to be a resolution sent to the other counties involved in NERSBA asking them to contact their representative to help with the funding issues that are affecting NERSBA. Commissioner Johnson has spoken with Harry Brown, who led legislation for NERSBA. Commissioner Manning spoke to Bob Rucho. Both Representative Brown and Rucho suggested the County show the good side and bad side of a school like NERSBA. Commissioner Johnson noted that she spoke to Representative Tine to make sure the legislature knows that the Education Lottery formula needs to be reworked so that counties get a certain amount for education. The Commissioners want to have more info on items dealing with NERSBA to be able push their issues. **Commissioner Phelps made a motion to have the County Manager meet with NERSBA principal and Washington County Schools Superintendent together to work on both schools funding issues. Commissioner Johnson seconded, motion carried unanimously.**

Commissioner Johnson told the Board that the NERSBA school board meeting is this Thursday at 4:30 pm at Vernon James Center. She encouraged all Commissioners to attend meeting.

PITTARD PERRY & CRONE—AUDITOR’S REPORT OF THE WASHINGTON COUNTY COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR) FOR THE YEAR ENDED JUNE 30, 2012: Mr. Frank Milazi introduced Chris Burton, Auditor of Pittard Perry & Crone. Mr. Milazi and Mr. Burton went over various parts of the CAFR.



Comprehensive Annual Financial
Statements
For Fiscal Year ended June 30, 2012

Presented By:

Frank S. Milazi, Finance Officer
Chris Burton, Partner, Pittard Perry & Crone, Inc.

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CAFR Format

- **Introductory Section**

Transmittal letter includes

- Formal transmittal of CAFR
- Profile of the government
- Information useful in assessing economic condition
- Awards and acknowledgements
- Expresses "more subjective information"

- **Financial Section**

- Independent auditor's report
- Management's Discussion & Analysis
 - Narrative introduction, overview, and analysis of the statements
- Basic Financial Statements including Notes
- Combining & individual fund statements, schedules, & supplementary information

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CAFR Format continued

- **Statistical Section**

Chief source of information regarding economic condition

20 Schedules which provide information on:
Financial trends, Revenue Capacity,
Debt Capacity, Operating Information
Demographic & economic information

- **Compliance Section**

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Transmittal Letter

Profile of the County
Economic Conditions and Outlook
Business/Industrial Development
Major Initiatives

- *20 Year Economic Development Enhancement Plan
- *Completed several Airport enhancement projects
- *Completion of the Bus/Industrial Commerce Center
- *Proposed government services complex in the eastern part of the County composed of – clinic, library and EMS

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Transmittal Letter

Economic Condition and outlook

- *Federal TANF Supplemental Grants to Counties have expired – Less revenues
- *EMS Enhanced Federal Medicaid payments to be reduced by 25 percent

Awards & Acknowledgements

GFOA – Certificate of Achievement

No. 17

Thanks to everyone for your contribution!

2/27/2013

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Financial Section

Independent Auditor Report

UNQUALIFIED REPORT
CLEAN OPINION

To Be Reviewed in Full by Auditors

2/27/2013

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Management Discussion & Analysis (MD&A)

- Highlights

*Total assets increased by \$112,463

*Combined ending fund balances of \$3,537,008

*\$1,306,687 is unassigned fund balance

*Unassigned fund balance has decreased due to change of fund balance allocation, state statutes as well as the 2013 tax revaluation

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Management's Discussion & Analysis (MD&A)

- *Narrative overview of the financial statements
- *Intended to be objective straightforward, and understandable introduction
- *Summary analysis of local government's financial health
- *Highlights important financial issues

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Statement of Net Assets

	Governmental Activities	Business Type Activities	Total Primary Government
Assets:			
Current and other assets	\$ 5,420,936	\$ 1,347,520	\$ 6,346,627
Capital Assets	10,257,617	8,208,043	18,723,868
Total assets	15,678,553	9,555,563	25,070,495
Liabilities:			
Long-term liabilities	1,221,023	5,046,447	6,257,470
Other Liabilities	160,361	200,171	360,532
Total liabilities	1,381,384	5,246,618	6,618,002
Net assets:			
Invested in capital assets net of related debt	9,973,378	2,949,023	12,922,401
Restricted	2,140,280	-	2,140,280
Unrestricted	2,055,831	1,323,981	3,379,812
Total net assets	\$ 14,169,489	\$ 4,273,004	\$ 18,442,493

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M D & A continued

Changes in Net Assets

- * Fund Balance discussion–Reviewed later
- * Budgetary Highlights include commitment of \$39,221 for tax revaluation
- * General Fund revenues shortfall against expenditures

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Capital Assets

(net of depreciation)

	Governmental Activities 2012	Business-type Activities 2012	Total 2012
Land	\$ 2,371,800	\$ 330,158	\$ 2,701,958
Buildings and improvements	5,939,056	7,430,336	13,369,392
Machinery and equipment	820,455	201,573	1,022,028
Vehicles and motorized equipment	729,413	4,211	733,624
Construction in Progress	896,866	-	896,866
Total	\$ 10,757,590	\$ 7,966,278	\$ 18,723,868

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Outstanding Debt

	Governmental Activities		Business-type Activities	
	2011	2012	2011	2012
General obligation debt \$	-	\$ -	\$ -	\$ -
Revenue bonds			5,113,328	5,017,255
Other debt	961,610	784,212		
Total debt	\$ 961,610	\$ 784,212	\$ 5,113,328	\$ 5,017,255

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Statement of Activities

Human services	6,386,495	4,281,813	(2,104,682)	-	(2,104,682)
Cultural and recreational	287,368	15,577	(271,791)	-	(271,791)
Education	1,933,526	197,287	(1,736,239)	-	(1,736,239)
Interest on long-term debt	34,657	-	(34,657)	-	(34,657)
Total governmental activities	14,777,376	6,058,781	(8,718,595)	-	(8,718,595)
Business-type activities	2,408,772	2,610,329	-	201,557	201,557
Total primary government	\$ 17,186,148	\$ 8,669,110	(8,718,595)	201,557	(8,517,038)
General revenues:					
Property taxes			6,421,241	-	6,421,241
Sales tax			1,708,979		1,708,979
Other revenue			323,984		323,984
Investment Earnings			20,458	174	20,632
Miscellaneous			154,665		154,665
Transfers			223,241	(2,223,241)	-
Total revenues and transfers:			8,852,568	(2,223,067)	8,629,501
Change in net assets			133,973	(21,510)	112,463
Net assets - beginning			14,035,516	4,294,514	18,330,030
Net assets - ending			\$ 14,169,489	\$ 4,273,004	\$ 18,442,493

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Budget & Actual-General Fund

Revenues:	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
	\$14,532,821	\$13,877,675	\$ 655,146
Expenditures:	15,067,884	<u>14,610,706</u>	457,178
Revenues under Expenditures	<u>(535,063)</u>	<u>(733,031)</u>	<u>(197,968)</u>
Total other Financing Sources	<u>248,362</u>	<u>279,841</u>	<u>31,474</u>
Revenues & other financing sources over expenditures and other financing uses	<u>(453,190)</u>	<u>(453,190)</u>	<u>(453,190)</u>
Appropriated fund Balance	<u>\$286,696</u>	<u>-</u>	<u>(286,696)</u>
Deduction from fund balance			<u>\$(453,190)</u>

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Fund Balance Uses

Tax revaluation (committed)	39,221
Revenue shortfall General Fund	<u>733,031</u>
	\$772,252

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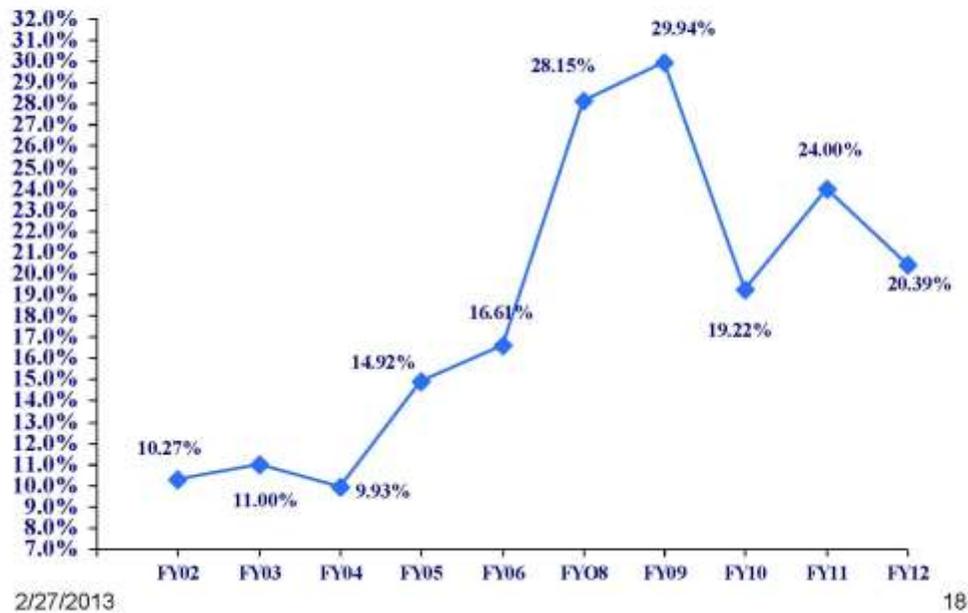
Fund Balance – General Fund

	June 30, 2011	June 30, 2012	
	General Fund	<u>General Fund</u>	<u>Difference</u>
Restricted for			
State Statute	1,869,229	2,074,130	
Committed/assigned	125,096	39,221	
Assigned		50,820	
Unassigned	1,450,659	814,303	-636,356
Total fund balance	<u>\$ 3,444,984</u>	<u>2,978,474</u>	
Available fund			
balance as a % of	<u>24.00%</u>	<u>20.00%</u>	
budgeted			
expenditures	14,654,512	14,610,706	

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	June 30, 2012	<u>Commitment</u>	<u>Unassigned</u>
	<u>General Fund</u>		
Restricted for			
State Statute	2,074,130	2,074,130	
Committed/Assignr	39,221	39,221	
Assigned	50,820	50,820	
Unassigned	814,303		814,303
Total fund balance	<u>\$ 2,978,474</u>	<u>2,164,171</u>	<u>814,303</u>
Available fund			
balance as % of	<u>20.39%</u>		<u>5.57%</u>
budget			
expenditures	14,610,706		14,610,706

Combined General Fund Fund Balance as percentage



Enterprise Funds

Revenues, Expenses, and Changes in Net Assets

Exhibit 7

Proprietary Funds	<u>Sanitation</u>	<u>Waterworks</u>
Operating Revenues	\$1,353,316	\$1,204,667
Operating Expenditures	<u>1,238,513</u>	<u>917,927</u>
Operating Income	114,803	339,086
Non-operating Revenue/Expenses	<u>5</u>	<u>(252,332)</u>
Transfers/capital contributions	<u>(50,103)</u>	<u>(173,138)</u>
Changes in Net Assets	<u>(64,705)</u>	<u>(86,215)</u>

Other Schedules-Tax Collections

June 30, 2012	<u>TOTAL</u>	<u>Excluding Vehicles</u>	<u>Motor Vehicles</u>
Current levy		(real estate)	
Collection %	91.19%	92.59%	79.07%
June 30, 2011	91.84%	93.22%	79.61%
Difference	-0.65%	-0.63%	-0.54%
<hr/>			
NC County Average	94.94%	95.85%	84.12%
Difference	(3.75%)	(3.26%)	(5.05%)

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Statistical Section

Net Assets by Component

Changes in Net assets

Fund Balances of Government Funds

Changes in Fund Balance of Governmental funds

Governmental Activities Tax Revenues by Source

Assessed & Estimated Actual Value of Taxable Property

Principal Property Taxpayers

Property Tax Levies and Collections

Ratio of Debt to Assessed Value and per Capita

Other Debt Schedules

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Statistical Section

Demographic and Economic Statistics
Principal Employers
County Government Employees
Water System Major Users
Water System Statistics
Capital Asset Statistics
Operating Indicators

Finance Office Staff



Audit Results

Generally Accepted Auditing Standards Basic Financial Statements:

- Unqualified – “clean opinion”
- Represents *highest* level of assurance

Governmental Auditing Standards

OMB A-133 – State and Federal Financial Assistance:

- Unqualified – “clean opinion”
- Management Letter

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Commissioner Sexton asked what the revaluation has to do with the unassigned fund balance. Mr. Milazi stated some costs for conducting the revaluation have to be paid and if there aren't enough funds in the general fund, the costs are paid from the unassigned fund balance.

Mr. Burton stated that all the financial information was supplied by Mr. Milazi. Mr. Burton noted that on Page 4-6 problems with credit card usage is discussed. Internal controls were weak, but that has now been fixed. Mr. Burton noted that there were some communication problems with doing budget amendments, but that has improved. There was improper filing of a W-2 for the year ending 12/30/11, but it was a software problem. Mr. Burton stated that the County needs to keep an eye on the fund balance. Mr. Burton asked Mr. Rhodes if DSS lost any additional revenue. Mr. Rhodes stated that DSS did lose an \$80,000 grant but compromised with the non-replacement of a position so there was no additional cost to the County. Commissioner Manning asked how we can do better with EMS. Mr. Burton stated every County that runs EMS has the same problem with loss of revenue. Unfortunately, Medicaid isn't good about making payments which contributes greatly to the EMS money problems.

OTHER ITEMS BY CHAIR, COMMISSIONERS, COUNTY MANAGER, CLERK OR COUNTY ATTORNEY: Commissioner Johnson mentioned that there is a Risk Management meeting in Martin County tomorrow. She also mentioned that on March 1, 2013 there is a State of the Region meeting in Martin County at the Bob Martin Center in Williamston. Ms. Bennett needs to know who if any of you would like to attend. She

will need to register you. The cost is \$35/person and includes lunch. Commissioner Johnson noted that the NaCo Legislative Conference is in March in DC.

Commissioner Sexton made a motion to go into Closed Session pursuant to NCGS §143-318.11 (a)(4) Economic Development and NCGS §143-318.11 (a)(6) Personnel. Commissioner McCray seconded, motion carried unanimously.

Commissioner Sexton made a motion to come out of Closed Session and back into Open Session. Commissioner Johnson seconded, motion carried unanimously.

Commissioner Johnson mentioned that Dr. Davis, Superintendent of Washington County Schools (WCS) met with NERSBA Principal Davis and that NERSBA didn't pay up on the MOA (\$20,000) with WCS for food and transportation for NERSBA. NERSBA didn't sign the agreement and offered WCS \$18K. Commissioner Johnson said that NERSBA is not trying to work with WCS. She feels the Commissioners need to find a way to help both schools coexist. She reiterated the need for Mr. Rhodes to sit down with both parties and try to mediate.

Commissioner McCray made a motion to approve a resolution delegating leasing authority to the County Manager for property located adjacent to the Plymouth Municipal Airport. Commissioner Phelps seconded, motion carried with 4 ayes and 1 nay (Commissioner Johnson).

With there being no further business to discuss, Commissioner Sexton made a motion to adjourn the meeting. Commissioner McCray seconded, motion carried unanimously.

Buster Manning
Chair

Julie J. Bennett, CMC
Clerk to the Board