

May 26, 2015

The Washington County Board of Commissioners met in a recessed session on Monday, May 26, 2015 at 6:00 PM in the Washington County Commissioners Room, 116 Adams Street, Plymouth, NC. Commissioners Johnson, Manning, Phelps, Sexton and Walker were present. Also present were County Manager Jerry W. Rhodes, Clerk to the Board Julie J. Bennett, Finance Officer Frank Milazi and County Attorney Curtis Potter.

Chair Sexton called the May 26, 2015 meeting to order. Chair Sexton said that an addition to the agenda was needed for the County to approve the contract with Carr, Riggs & Ingram, LLC for auditing services for the County. Mr. Potter said he has reviewed the contract. By statute, the Board has to approve the contract. It is a one year contract, renewable every year.

Commissioner Walker made a motion to approve the contract with Carr, Riggs & Ingram, LLC for auditing services for the County for one year. Commissioner Johnson seconded, motion carried unanimously.

PRESENTATION OF THE WASHINGTON COUNTY RECOMMENDED BUDGET 2015 - 2016: Mr. Jerry Rhodes went over the Budget Message that was prepared for the Commissioners. (Some paragraphs were read verbatim and others were paraphrased. Below is the complete budget message that was submitted to the Commissioners.)

TO: Bill Sexton, Chairman
Cole Phelps, Vice-Chairman
Tracey Johnson, Commissioner
Buster Manning, Commissioner
Julius Walker, Jr., Commissioner

FROM: Jerry W. Rhodes, County Manager

RE: Washington County Recommended Budget for FY 2015-2016

DATE: May 26, 2015

In accordance with North Carolina General Statutes, I respectfully submit for your review and consideration the proposed FY 2015-2016 budget for Washington County. This budget was prepared in accordance with the North Carolina Local Government and Budget Fiscal Control Act. The budget identifies revenue and expenditure estimates for the fiscal year that begins on July 1, 2015. The FY 2015-2016 general fund budget totals \$13,842,324 for all county operations, capital improvements and debt service requirements. This amount represents an increase of \$328,471 (2.4%) from the FY 2014-2015 budget of \$13,513,853.

Major highlights of the budget include the following:

- The recommended ad valorem tax rate is \$.83 per \$100 of assessed value.
- The budget contains a proposed increase in water rates for the fiscal year.
- No new county-funded positions have been added to the recommended budget.

- Funding for the Washington County Schools is budgeted at same level as FY 2014-2015 which is \$1,603,000 for operations and \$300,000 for capital projects for a total of \$1,903,000.
- Martin-Tyrrell-Washington District Health Department funding has been increased by \$124,924 or 92%.
- Funding for the Washington County Cooperative Extension Office has been increased by \$31,900.
- There is no appropriation for the hospital pension fund.
- Major capital outlay expenses include the purchase of two replacement vehicles for the Sheriff's Department and a tractor at the landfill.
- There is a proposed 2% cost-of-living adjustment for county employees.

Budget Development Process:

The budget development process began on February 17, 2015 with the budget kickoff message and budget preparation forms and instructions distributed to all county departments, groups and agencies that receive funding from Washington County. County departments and other agencies were required to submit their proposed budgets for consideration by March 20, 2015. The County Manager and Finance Officer met with county department heads beginning on March 27, 2015 and reviewed departmental budget requests which were followed by several budget sessions with the Board of Commissioners. The recommended budget was balanced on May 20, 2015. The recommended budget is being presented to the Board of Commissioners on May 26, 2015. A public hearing regarding the budget is scheduled for June 8, 2015. Final adoption of the FY 2015-2016 budget is also scheduled for June 8, 2015.

Budget Development Preparation Guidelines:

The following preparation guidelines, approved by the Washington County Commissioners on February 2, 2015, were utilized in developing the budget:

- 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 requirement as approved by resolution of the Washington County Commissioners,
- If there are any increases in spousal or family health and dental insurance coverage, 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, and
- Continue the collection of one cent (\$.01) countywide drainage tax.

Recommended Budget:

The recommended general fund budget totals \$13,842,324 with an ad valorem tax rate of \$.83 per \$100 of assessed value. The recommended budget includes a one-cent (\$.01) drainage assessment reserved exclusively for proactive maintenance and improvements to the county's

drainage system. The recommended budget also assesses four cents (\$.04) for fire protection in accordance with the Washington County Fire Ordinance. Additionally, the recommended budget proposes an Emergency Medical Services (EMS) assessment of four cents (\$.04) to the ad valorem tax rate to fund the county's EMS program. The tax collection rate for FY 2013-2014 was 92% and the amounts budgeted for drainage, fire protection and EMS are based on this collection rate.

The budget seeks to meet the needs of county citizens in a manageable and cost effective manner. The recommended budget holds increases in expenditures within departments to a manageable level.

According to the Washington County Tax Department, the county's tax base for FY 2015-2016 is projected to be \$883,974,161. The ad valorem tax collection rate has been determined to be \$82,376 per each one-cent of tax collected. This represents an increase of \$1,352 (1.6%) for each one-cent collected from the current fiscal year rate of \$81,024. The tax rate is based on collecting 92% of the total assessed value of \$823,760,288 and collecting 100% of public utility assessed taxes.

Washington-Tyrrell Emergency Medical Services (EMS)

Washington County EMS continues to successfully fulfill its emergency medical services mission to the county's citizens. Washington County operates emergent and non-emergent (transport) services to the county's residents. Washington County EMS also operates emergent and non-emergent services through a contractual agreement with Tyrrell County for its citizens.

The primary sources of revenues for emergent and non-emergent services are Medicare, Medicaid, private insurance and private pay patients. Tyrrell County reimburses Washington County for its EMS operating expenses and Washington County receives additional funds from Tyrrell County for operating its EMS program. These revenue sources do not provide enough revenue to fully cover all county EMS operational expenses. For that reason, the county has been compelled during previous fiscal years, as well as the current fiscal year, to use county general funds to compensate for expenses not reimbursed by the sources cited above. The county is unable to sustain reliance on the county general fund as a revenue source for the EMS program in future years.

Considerable review and evaluation of current EMS operations have been performed over the past several months in an effort to lower expenditures and lessen reliance on county general funds. As a result EMS staff scheduling and overtime pay have been revised which have lowered projected expenditures. However, these changes have not been enough to lower expenditures to the point that revenues will encompass them.

FY 2015-2016 county EMS expenditures are projected to total \$1,494,153 for emergent and non-emergent services. Revenues are estimated to be \$1,040,655 or \$453,498 less than expenditures. An additional revenue source is needed in order to fund the program and eliminate reliance on county general funds. Therefore, this budget proposes an EMS assessment to the ad valorem tax rate of four cents (\$.04) in order to fully fund the EMS program.

Waterworks

Washington County residents currently pay \$21 per month for the first 2,000 gallons consumed and \$10 for each 1,000 gallons thereafter. Generally, revenues from water sales have not kept pace with expenditures. Washington County received a letter from the NC Department of State Treasurer, Local Government Commission (LGC), on February 17, 2015 concerning its analysis of the county's audited financial statements for the year ended June 30, 2014. The LGC stated in its letter that,

“We noted signs of financial weakness in the Water Fund indicating that the water and sewer system may not be financial sustainable in its current form if circumstances do not change. The Fund reported a net loss on both the full accrual and budgetary basis of reporting (pages 23 and 80 in your audited financial statements, respectively). These losses indicate that the amounts being charged to customers are not sufficient to cover the costs of providing water services. In addition, current liabilities exceeded liquid assets (cash, investments, and receivables), an indication that the Fund may have difficulty in paying its current bills. The potential exists for cash flow problems to develop in meeting the County's obligations to creditors, employees, and citizens.”

The NC League of Municipalities and the UNC Environmental Financial Center reported that the last water rate change for Washington County occurred five years ago on July 1, 2010.

This recommended budget includes rate increases for water usage. Several proposed rate structures were reviewed and it was determined that in order to ensure the sustainability of the waterworks program, proposed rates would need to increase \$3.00 for the base rate and \$3.00 for each 1,000 gallons of water consumed thereafter. Effective July 1, 2015 the base rate would increase to \$24 per month and the consumption rate would increase to \$13 per 1,000 gallons of use.

Washington County Schools

Washington County Schools submitted its working budget to the county on April 17, 2015. The school system requested \$1,909,443 in county funding for school operations for FY 2015-2016 which is an increase of \$306,443 in funding over the FY 2014-2015 amount of \$1,603,000.

Washington County Schools proposes to use the additional funding for:

- Increasing teacher supplements to \$2,000 per teacher
- Providing each teacher with \$500 of instructional supply funds
- Providing \$21,000 to fund the driver's education program.

Additionally, Washington County Schools requested \$300,000 in capital outlay funds for FY 2015-2016 which is the same amount of funding that was provided for FY 2014-2015.

This recommended budget includes no additional funding for the Washington County Schools. This budget includes \$1,603,000 in funding for operations and \$300,000 in funding for capital outlay needs for a total of \$1,903,000.

General Fund Revenues:

General fund revenues are generated from ad valorem tax collections, sales tax receipts, motor vehicle tax receipts, various fees, fines, grants and limited shared revenue with the State of North Carolina generated by the sale of wine and beer. Total general fund revenues for the FY 2015-2016 general fund budget are projected to be \$13,842,324.

The FY 2015-2016 ad valorem tax levy is estimated to be \$6,425,330 which is a \$36,247 (0.05%) increase from the current year estimate of \$6,389,083. The increase is due to the identification of additional taxable properties. Total prior years' tax collections are estimated to be \$510,000 and prior year tax interest is estimated to be \$95,000. Interest earned on investments is projected to be \$1,000. Total sales tax revenues from all sources of sales tax are projected to be \$1,884,693.

Other significant budget revenue estimates include:

- Payment in Lieu of Taxes is projected to be \$15,000 which is same amount as budgeted for the current fiscal year.
- Prior year tax interest is estimated to be \$95,000 which is an increase of \$19,000 above the current year estimate of \$76,000.
- The Wine and Beer Tax is projected to increase by \$3,000 to \$18,000.
- The Emergency Management Program Fund is projected to be \$20,000 which is the same amount as the current fiscal year.
- Recreation Fees and Donations are estimated to be \$10,000 which is \$4,000 less than the amount budgeted for FY 2014-2015.
- Department of Social Services revenues are estimated to be \$3,118,642 which is a decrease of \$108,146 from the current estimate of \$3,226,788.
- Court cost, fees and charges are estimated to be \$23,000 which is an increase of \$3,000 from the current estimate of \$20,000.
- Sheriff fees and service fees are estimated to be \$26,000 which is \$2,000 less than the amount estimated for the current fiscal year.
- Building Permit Fees are projected to be \$90,000 which is \$20,000 higher than the current fiscal year.
- Register of Deeds Fees are estimated to be \$75,000 which is same amount as budgeted for the current fiscal year.

- Jail Fees and Jail Housing Fees are estimated to be \$135,000 which is a decrease of \$5,000 from the current year's estimate of \$140,000.
- Rent/Maintenance Reimbursement is projected to be \$19,000 which is a decrease of \$1,000 from the current year's estimate of \$20,000. As of this writing, the USDA has not initiated a new lease contract with the county for office space for the Farm Services Agency.
- 911 IT/GIS contributions are estimated to be \$72,114 which is the same amount as estimated for the current fiscal year.
- The Cost Allocation-Waterworks is estimated is to be \$200,000 which is the same amount as budgeted for the current fiscal year. This account represents ongoing allocations of indirect costs from various other departments (County Manager, Finance, and IT for example) that provide administrative support for the operations of the Waterworks Department.
- Cost Allocation-Sanitation is projected to be \$60,000 which is the same amount as budgeted for the current fiscal year. This account also has various indirect costs similar to the waterworks department.

Enterprise Fund Revenues:

- Waterworks Enterprise Fund revenues are projected to be \$1,498,789 which is an increase of \$207,261 from the current estimate of \$1,291,528. This revenue projection is based on a total of 2,606 customers with an average usage of 3,600 gallons per month. Total charges for water consumption are estimated to be \$1,404,520. It is also projected that \$94,269 will be collected due to late fees, penalties and interest and installations. As noted earlier, the base rate for 2,000 gallons of water will increase by \$3.00 to \$24 per month. In addition, the consumption rate per 1,000 gallons will increase by \$3.00 to \$13 per month per 1,000 gallons of water consumed above the base amount.
- Solid Waste Fund revenues are projected to be \$1,202,421 which is a decrease of \$169,080 from the current estimate of \$1,371,501. Revenue is derived from household solid waste fees, town solid waste user fees, regional commercial landfill disposal fees, construction contractors' disposal fees, penalties and interest, white goods and scrap tire disposal fees. Revenue projections have been lowered from the FY 2014-2015 projections in county solid waste fees and town solid waste fees.
- Emergency Medical Services (EMS) and Medical Transport Services for Washington County are projected to generate \$1,040,655 in revenues from Medicare, Medicaid, private insurance and self-pay. An additional \$303,498 in EMS assessment revenue will result in a total of \$1,344,153 in revenues.

Plymouth Municipal Airport revenues are projected to be \$90,000 which is a decrease of \$11,920 from the current estimate of \$101,920. Revenues are generated from airplane fuel sales and airplane hangar rentals.

General Fund Expenditures:

General fund expenditures encompass several major areas of Washington County Government including education, public health, human services, law enforcement, debt and general government. Total general fund expenditures for the recommended FY 2015-2016 budget are projected to be \$13,842,324.

General fund expenditures include the following areas:

- Governing Board: These expenditures total \$95,859 which is an increase of \$4,815 from the current level of \$91,044. The travel and training and dues and contributions accounts were increased. The departmental supplies, communications and printing and advertising accounts were reduced.
- County Manager's Office: The budget includes total expenditures of \$328,009 which is an increase of \$1,387 from the current appropriation of \$326,622. The salaries and wages account was increased.
- Finance Office: Total expenditures are proposed to be \$578,003 which is an increase of \$28,114 from the current appropriation of \$549,889. Bank fee charges were increased due to the closing of the local PNC Bank which serves as the county's central depository and the need to establish an operating account at another local bank. Also, increases were budgeted for capital outlay and professional services.
- Tax Department: Proposed expenditures are \$267,785 which is a \$585 decrease from the current appropriation of \$268,370.
- Professional Services: These expenditures are proposed to be \$30,000 which is a decrease of \$65,000 from the current appropriation of \$95,000. No funding has been budgeted for the consulting services account and the hospital pension account.
- Board of Elections: Expenditures are proposed at \$148,358. This amount represents an increase of \$52,319 from the current budgeted amount of \$93,039. During FY 2015-2016 there will be possibly four elections. During November, 2015 the Towns of Plymouth, Roper and Creswell will each have municipal elections, during March, 2016 there will be a Presidential primary, and in May, 2016 there will be primary elections for local and state offices. State law requires that county's budget for these elections.
- Register of Deeds: These proposed expenditures are budgeted at \$145,043 which is an increase of \$9,653 from the current appropriation of \$135,390. The increase is attributed to additional funding for part-time staffing and contracted services.
- Information Technology: Expenditures are proposed to be \$148,184 which is a decrease of \$724 from the current appropriation of \$148,908.
- Buildings: Expenditures are budgeted at \$86,000 which is a decrease of \$19,000 from the current appropriation of \$105,000. This account includes an appropriation of \$10,000

for building improvements for the Roper Annex building to house the proposed satellite community college site.

- Facility Services: Expenditures for this department are proposed to be \$752,229 which is an increase of \$112,281 from the current appropriation of \$639,948. The increase in funding is due to increases in the utility, building and equipment and insurance and bonds accounts.
- Sheriff's Department: These expenditures are projected to be \$1,342,177 which is an increase of \$33,353 from the current appropriation of \$1,308,824. The salaries and wages regular and part-time, FICA, retirement, separation allowance reserve and group insurance accounts were increased. Funding has been included to replace two deputy vehicles that have high mileage. Also, funding in the uniforms, automobile supplies, office and departmental supplies, maintenance and repair of equipment, automobile maintenance, undercover investigations, and insurance and bonds accounts were lowered.
- School Resource Officers (SRO): Total funding for SROs for Washington County Union School, Creswell High School, Plymouth High School and Pines Elementary School are budgeted at \$216,006. Funding for these positions is fully reimbursed by Washington County Schools.
- Detention Center: The expenditures for this department are proposed at \$820,522 which is an increase of \$17,612 from the current appropriation of \$802,910. The increase in expenditures is primarily due to an increase in the salaries account.
- Planning and Safety Department: The proposed expenditure is \$214,915 which is an increase of \$10,058 from the current budgeted expenditure of \$204,857. The increase in funding is attributed mostly to the maintenance and repair of equipment and group insurance accounts.
- Fire Protection: The Washington County Fire Ordinance that was adopted by the Board of Commissioners on February 4, 2008 and subsequently amended (Amendment II) on April 6, 2009 states in Article IV, Section I that, "The Washington County Board of Commissioners shall assess \$.04 (four cents) of Washington County's Ad Valorem taxes or an amount as the Board may from time to time determine appropriate to be used for fire protection measures in Washington County." The Washington County Tax Office determined that as of May 6, 2015, one-cent of the ad valorem tax rate is valued at \$82,376. The ad valorem tax collection rate for the FY 2013-2014 was 92.44% and serves as the basis for determining overall funding for fire protection services. A total of \$304,593 has been budgeted for FY 2015-2016.
- Forestry Service: These proposed expenditures are \$82,689 which results in a decrease of \$2,311 from the current appropriation of \$85,000.
- Geographic Information Systems: Expenditures are budgeted at \$70,783 which is an increase of \$7,569 from the current appropriation of \$63,214. The increase in funding is attributed to maintenance expenses for GIS software and hardware.

- Economic Development: A total of \$12,000 is budgeted which is an increase of \$2,750 over the current appropriation of \$9,250. This account includes funding in the amount of \$5,000 for the Washington County Chamber of Commerce.
- Martin-Tyrrell-Washington (MTW) District Health Department: The MTW District Health Department requested an increase in funding for FY 2015-2016. The proposed budget increases funding to \$260,367 which results in an increase of \$124,924 or 92% from the current appropriation of \$135,443. The health department cites reductions and losses in state, federal and fee revenues as the reason for increased funding. The health department has also requested funding increases from Martin and Tyrrell Counties.
- Senior Center: Proposed expenditures are \$210,304 which results in an increase of \$1,111 from a current appropriation of \$209,193.
- Veteran Services: Expenditures are budgeted at \$12,920 which is a reduction of \$297 from the current appropriation of \$13,217.
- Social Services Administration: Expenditures are budgeted at \$2,673,409 which is an increase of \$48,670 from the current appropriation of \$2,624,739. The increase includes the reclassification of two existing Income Maintenance Caseworker Supervisor positions. Also, the office supplies, food stamp direct charge, communications, and maintenance and repair of equipment accounts were increased.
- Social Services Economic Support: These expenditures are projected to be \$1,236,342 which is a decrease of \$20,820 from the current appropriation of \$1,257,162. The decrease is the result of reduced spending in the crisis intervention, Title IV-E foster care, Title IV-E adoption assistance, and LIEAP payments accounts.
- Social Services Transportation: Expenditures are projected to be \$314,119 which is a decrease of \$65,798 from the current appropriation of \$379,917. No transit vehicles are scheduled to be replaced which resulted in the reduction of expenditures.
- Juvenile Services: Expenditures are proposed to be \$82,739 which is the same amount of current funding. Juvenile programs provide assistance to children and youth that have experienced problems with the judicial system, have demonstrated behavioral problems or have some interpersonal skill deficiencies.
- Washington County Schools Current Expense: Funding is budgeted at \$1,603,000 and represents the same amount of funding as budgeted for FY 2014-2015.
- Martin Community College: No funding is recommended for FY 2015-2016. It is anticipated that the county will be assigned to Beaufort County Community College for all education and training-related services and the Roper Annex (former Windows on the World) building will house a community college site.
- Communications: These proposed expenditures are budgeted at \$365,945 which is an increase of \$51,686 from the current appropriation of \$314,259. The increase is the result of additional funding for the salaries, office supplies, cell phone and rents accounts.

- Washington County Schools Capital Outlay: Funding is budgeted at \$300,000 which will be the same amount as the current budget of \$300,000.
- Rehabilitation: The amount budgeted is \$30,000 which is the same amount budgeted for the current fiscal year. This funding represents the county's contribution to East Carolina Behavioral Health for mental health service delivery.
- Medical Examiner: A total of \$5,000 is budgeted for medical examiner fees. This amount represents the same amount that is budgeted for the current fiscal year.
- Cooperative Extension: Expenditures are budgeted at \$115,213 which is an increase of \$31,900 over the current appropriation of \$83,313. Cooperative Extension, statewide, is requesting counties to pay 50% of the agent's salary. For most counties statewide, the county-funded portion has been higher than the state-funded portion. Washington County has paid significantly less than other counties. Cooperative Extension has a new staffing model and the local extension agency is not losing any positions. In order to meet the matching funds requirement, the state's Cooperative Extension office is providing a two-year period of time to increase local funding. The amount budgeted represents year-one funding for the positions.
- Soil and Water: Funding is budgeted at \$55,354 which is an increase of \$3,323 from the current appropriation of \$52,031. Additional funding is included for a computer purchase, travel for training and communications.
- Washington County Library: Proposed expenditures are budgeted at \$174,684 which is a decrease of \$3,209 from the current appropriation of \$177,893.
- Recreation: Expenditures are proposed to be \$146,917 which is a decrease of \$17,109 from the current appropriation of \$164,026. The part-time salaries, auto supplies, maintenance and repairs of recreation projects, county recreation-miscellaneous, vehicle insurance, and capital outlay accounts were reduced.
- Community Alternatives: A total of \$154,633 is budgeted which is a decrease of \$81 from the current appropriation of \$154,714.
- Project/Transfers: Total expenditures are proposed to be \$461,223 which is an increase of \$26,048 from a current appropriation of \$435,175. Installment payments have been increased to \$70,145, airport contribution has been increased to \$90,263, and airport grants matching funds have been budgeted at \$16,667.

One-cent of the ad valorem tax rate is designated for countywide drainage needs. The Washington County Tax Office determined that as of May 6, 2015, one-cent of the ad valorem tax rate is valued at \$82,376. The ad valorem tax collection rate for the FY 2013-2014 was 92% and serves as the basis for determining drainage funding. A total of \$76,148 has been budgeted for FY 2015-2016.

- Contingency: The proposed budget includes no funding for this account.

Enterprise Fund Expenditures:

Enterprise fund expenditures encompass several areas of Washington County Government including water, sanitation and emergency medical services. Enterprise fund expenditures include the following areas:

- Water Operations and Treatment Plant: Water operations proposed expenditures total \$1,173,610 which is an increase of \$243,365 from the current appropriation of \$930,245. A total of \$222,039 has been budgeted as reserve funding for ongoing and future needs for the waterworks program. Treatment plant proposed expenditures total \$325,179 which is a decrease in expenditures of \$26,354 from the current appropriation of \$351,533.
- Sanitation Fund: These expenditures total \$1,202,421 which is an increase of \$202,350 from the current appropriation of \$1,000,071. During FY 2014-2015 the amount for regional landfill contract services was under-budgeted. The increase amends the amount required for these contracted services. Also, the amount budgeted for contracted garbage collections was increased.
- Emergency Medical Services (EMS): Expenditures for Washington County EMS and Washington County Medical Transport are projected to be \$1,494,153 which is a decrease of \$91,999 from the current appropriation of \$1,586,152. The majority of the increase in expenditures is related to salaries and wages (staffing) overtime.

Tyrrell County EMS and Tyrrell County Medical Transport services are fully reimbursed by Tyrrell County.

Airport:

These proposed expenditures are projected to be \$180,263 which is a decrease of \$10,242 from the current appropriation of \$190,505. New funding was included for the salaries and wages account for part-time and temporary staffing at the airport during those periods of time when the airport manager is away from the airport. The aviation gas and jet fuel account was decreased as well as the capital outlay-equipment, insurance and sales tax accounts. An increase was budgeted in the contracted services account.

Summary:

This recommended budget attempts to manage expenses and utilize revenues in order to meet all current mandated funding requirements and ongoing needs. The NC General Assembly may pass along other costs or change revenues that may alter the budget once it's adopted. The county will need to monitor and evaluate the effects of any legislative changes on the budget during the fiscal year.

Commissioner Phelps asked Mr. Milazi about the bank fees shown in the Finance budget (\$28,000). Mr. Milazi said the fees are based on which services the County uses and are not a set amount. The fees change from month to month.

Commissioner Phelps asked about what does Professional Services cover. Mr. Milazi said it covers Edmunds and others.

Mr. Rhodes said the next step is to have the public hearing on the budget on June 8. This must be done no sooner than 10 days after the budget presentation according to North Carolina General Statutes.

Commissioner Manning asked Mr. Milazi about the level of fund balance which was listed in the criteria from budget kickoff meeting. Mr. Milazi said the Board needs to approve the fund balance policy (which was given to the Commissioners at an earlier meeting) when the Board approves the budget.

Commissioner Manning said this is the first time he has heard about a tractor being needed at the landfill. Mr. Rhodes said that the landfill staff applied for a grant that pays 75% and the County's matching funds will only be 25% (\$12,000). Commissioner Manning asked if the grant specifies that it must be a 'new' tractor. Commissioner Manning feels that since agriculture has fallen on hard times, a used tractor may be able to be found at a cheaper price. Mr. Rhodes said he will check on this and get back with the Board.

Commissioner Phelps said that the \$23,000 listed in Revenues for court fees seems low. Mr. Milazi explained that monies collected from the court go straight to the State, then they send funds to the school system and then to the County.

Commissioner Manning asked what the cost of the 2% Cost of Living Adjustment (COLA) for County employees is. Mr. Milazi said the COLA equals \$138,000.

EDMUNDS UPDATE: Commissioner Manning asked if Ms. Wilkins, Tax Administrator would give an update to the Commissioners on the Edmunds Software issues. Last Monday, Ms. Wilkins said she spoke with Jeff Stout of Edmunds and Associates. He called to tell her that the Edmunds software was installed into the "training" program and asked the tax office staff to go into the training program of the software and test it. This latest software version was the conversion information that Edmunds received from the County's current software program on March 31st. Ms. Wilkins stated she was out of the office from Tuesday through Friday last week due to a family emergency but the other tax office staff was able to look at the software. They found numerous errors, all of which the tax office staff were told had been fixed. At this time, out of the processes the staff had time to check; only one (1) process appeared to work correctly. A couple of examples of items that are not working correctly: 1 – Phyllis Ange posted a pre-payment but when she went to view the verification report there was an error message and she couldn't find the payment. 2 - There are several properties that have delinquent taxes listed under two names because a deed was filed on the property before the resolution was adopted that all delinquent taxes be paid before a deed can be filed, in this instance they had put all the taxes under one name (the current owner), not the two names as required by law. The conversion files that Edmunds received from our current software (Elite) has the listings correct. These are just 2 examples of things that were reported by Edmunds to be fixed and are not. Ms. Wilkins has corresponded with Mr. Stout today and she and the tax office staff are supposed to go over the problems/errors that were found in their software via a phone conversation tomorrow afternoon.

Mr. Rhodes also mentioned that the programmer (Jeff Stout) can come to the Commissioners' meeting on June 1 but the President will not be able to come.

Ms. Wilkins also mentioned that the first filings on foreclosures have been made at the Clerk's office and info given to the Sheriff's office. Commissioner Phelps asked how many properties could be foreclosed on and Ms. Wilkins said approximately ten (10).

Mr. Rhodes mentioned that that Washington County Hospital has been making payments on the Washington County Medical Clinic.

Commissioner Johnson mentioned that Representative Tine's father had a stroke last week and he is in Chesapeake. Since Representative Tine has not been in Raleigh this week, Commissioner Johnson does not know were the County stands with Beaufort County Community College (BCCC) being named as the sole community college serving Washington County.

At 6:50 PM, with no further business to discuss, Commissioner Johnson made a motion to adjourn the meeting. Commissioner Phelps seconded, motion carried unanimously.

William R. Sexton, Jr.
Chair

Julie J. Bennett, CMC, NCCCC
Clerk to the Board