

May 7, 2012

The Washington County Board of Commissioners met in a regular session on Monday, May 7, 2012 at 6:00 PM in the Strader Building Conference Room, 128 East Water Street, Plymouth, NC. Commissioners Alexander, Johnson, McCray, Manning and Sexton were present. Also present were County Manager David L. Peoples, Clerk to the Board Julie J. Bennett, Assistant County Manager/County Attorney Cheryl Young and Finance Officer Frank Milazi.

Chair Manning called the meeting to order. Commissioner Sexton gave the invocation; Commissioner Alexander led the pledge of allegiance.

ADDITIONS/DELETIONS: Chair Manning requested an addition to the Consent Agenda: Resolution regarding Washington County entering into a Grant Agreement with the Department of Transportation for the Plymouth Municipal Airport Taxiway Turnaround.

CONSENT AGENDA: **Commissioner Sexton made a motion to approve the Consent Agenda with the addition of the abovementioned resolution:**

Consent Agenda

- a) Approval of Minutes
- b) Tax Refunds & Releases and Insolvent Accounts
- c) Resolution for McNair Oil Company Extension from Enforcement Action(s)
- d) Resolution for Release of Help America Vote Act (HAVA) Title II Funds in NC
- e) Resolution Supporting the General Assembly Changing the General Statutes to Allow Over-Width Farm Equipment to be Safely Driven on Controlled Access Highways

**Commissioner Alexander seconded, motion carried unanimously.**

PUBLIC FORUM: Jimmy Jones, 51 Cardinal Lane, Plymouth, spoke to the Board regarding Cardinal Lane saying that it hasn't been paved yet. Sterling Baker, DOT was in attendance and reiterated to Mr. Jones that Cardinal Lane is not in the DOT system. No sufficient proof that the road existed before September 30, 1975. If Mr. Jones comes up with proper documentation he needs to contact Darrick Lee, DOT. Mr. Peoples asked Mr. Baker or Mr. Lee what types of documents are needed. Mr. Baker stated that a deed of trust or an old soil conservation map will be sufficient. Mr. Baker continued by saying that there is nothing aerial-wise to show any indication that Cardinal Lane existed in 1975. Commissioner Sexton asked Mr. Baker if he has seen the documentation that Mr. Jones said he gave to DOT. Mr. Lee stated yes he has seen and reviewed the documentation and it is dated 1976.

BOARD OF EQUALIZATION AND REVIEW: Chair Manning asked for a motion to reconvene the Board of Equalization and Review.

**Commissioner Sexton made a motion to reconvene the Board of Equalization & Review. Commissioner Johnson seconded, motion carried unanimously.**

Chair Manning reconvened the Board of Equalization and Review. Mr. Chip Main, Tax Administrator spoke to the Board and stated that there were no appeals at this point.

**Commissioner Sexton made a motion to adjourn the Board of Equalization & Review. Commissioner McCray seconded, motion carried unanimously.**

MINIMUM TAX BILL RESOLUTION: Mr. Chip Main, Tax Administrator spoke to the Board. Mr. Main stated that Washington County currently sends out tax bills on any amount of value. Washington County has approximately 950 motor vehicle and personal property bills that are mailed annually that are less than \$2.00 each. The reason for this is the issue of minimum tax bills and minimum residual values have not been addressed. The current residual values were set in 1984 and have never been adjusted.

Our current residual values are:

	<b>Current</b>	<b>Recommended</b>
Cars	\$ 300.00	\$ 300.00
Light Trucks	\$ 500.00	\$ 500.00
Heavy Trucks	\$1,500.00	\$1,500.00
Trailers	\$ 100.00	\$ 300.00
Motorcycles	\$ 100.00	\$ 300.00

Mr. Main also suggested making the Minimum Business Personal Property Value \$300.00

As with any personal property the owner still has the right to appeal its value within 30 days of the date of the billing and if shown to the Tax Administrator that its value is not at least \$300.00 then that bill would be released.

By making these adjustments to the minimum values and adopting the Minimum Tax Bill Resolution this will eliminate any tax bills being mailed out for less than \$2.00.

**Commissioner Sexton made a motion to approve the Minimum Tax Bill Resolution. Commissioner Alexander seconded, motion passed unanimously.**

DEPARTMENT OF TRANSPORTATION – SECONDARY ROADS PROGRAM: Mr. Sterling Baker, Division Engineer spoke to the Board regarding the 2012-2013 DOT Secondary Roads Program. Darrick Lee, DOT District Engineer was also in attendance. Mr. Baker explained that some reorganization has taken place within DOT and the local area engineer's office has merged with the Williamston office and the surveyors have been moved to the building beside Colony Tire. Commissioner Alexander asked about the status of paving Spruill Town Road. Mr. Baker stated that the landowners are still the holdup. If the landowners can get together, Mr. Baker said he will have Mr. Lee and a right-of-way agent go see them and ask them to sign the proper forms. Chair Manning asked about B Canal Road because he didn't see it listed on the report. Mr. Baker stated that B Canal Road is not in the state road system. Commissioner Johnson asked how many miles of unpaved roads were in Washington County. Mr. Baker said there are 15.58 miles of unpaved roads in Washington County and that this is the total of the unpaved roads in the state system, not all dirt roads in the County. Commissioner Johnson also asked about Biggs Rd. Mr. Lee said it will probably be done next year.





C. Unpaved Road Spot Improvements

<u>Map Number</u>	<u>SR No.</u>	<u>Length (Miles)</u>	<u>Road Name and Description</u>	<u>Est. Cost</u>
			Spot Stabilization & Maintenance	\$ 60,000

Subtotal \$ \$ 60,000

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IV. **Funds reserved for surveying, right of way acquisition, road additions, contingencies, departmental overhead, overdrafts, and paving entrances to certified fire departments, rescue squads, etc.**

Subtotal \$ 53,846.98

GRAND TOTAL \$ 338,846.98

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**Status of Previously Funding Projects**

<u>WBS Number</u>	<u>SR No.</u>	<u>Length (Miles)</u>	<u>Road Name and Description</u>	<u>Est. Cost</u>	<u>Status</u>
1C.094038	SR 1370	0.2	Wilkins Farm Rd- Grade,drain,base&pave	\$ 60,000	Pending
1C.094039	SR 1127	3.0	Railroad Bed Rd -Pavement Rehabilitation	\$ 760,000	Pending

# Unpaved Secondary Roads Summary Report

Wednesday, May 02, 20  
8:49:45 AM

WASHINGTON		ROAD LENGTHS												BUS											
S/R	PR	FZ	SU	HL	NAME	PAV	UNP	TOTAL	PRG	HOM	P/H	SCH	CH	BS	IN	RF	#B	RT	TRAF	T/F	TOT	PTS			
1183	1	X	R	N	SHORE DRIVE	0	3	3		21	3	0	0	0	0	0	0	0	0	0	0	135	N	180.0	
						TOTAL ROAD LENGTHS						TOTAL						TOTAL							
Total Roads:						0	3	3		21	3	0	0	0	0	0	0	0	0	0	0	0	135		

# Unpaved Secondary Roads Summary Report

Wednesday, May 02, 20  
8:49:10 AM

WASHINGTON										ROAD LENGTHS											
S/R	PR	FZ	SU	HL	NAME	PAV	UNP	TOTAL	PRG	HOM	P/H	SCH	CH	BS	IN	RF	#B	RT	TRAF	T/F	TOTPTS
1115	X	R	Y		WHITE OAK RD.	0	0.4	0.4		1	0	0	0	1	0	0	0	0	18	N	34.0
1170	X	R	Y		PHELPS RD	0	0.5	0.5		2	0	0	0	0	0	0	0	0	12	N	24.0
1332	X	R	Y		DAVIS RD.	0	0.4	0.4		2	0	0	0	0	0	0	0	0	12	N	24.0
1112	X	R	Y		ISLAND RD.	0	0.7	0.7		2	0	0	0	1	0	0	0	0	12	N	34.0
1140	X	R	Y		BEASLEY ROAD EXT.	0	0.52	0.52		2	0	0	0	0	0	0	0	0	12	N	24.0
1145	X	R	Y		SPRUILL LOOP ROAD	0	0.3	0.3		3	0	0	0	0	0	0	0	0	18	N	36.0
1328	R	Y			REEDS ROAD	0	0.25	0.25		3	0	0	1	0	0	0	0	0	50	N	78.0
1321	R	Y			MACKEY'S CREEK RD.	0	0.15	0.15		0	0	0	0	1	0	0	0	0	56	N	66.0
1318	R	Y			SPRUILL LOOP RD.	0	1	1		7	0	0	0	0	0	0	0	0	42	N	94.0
1333	R	Y			SAINTS DELIGHT CH.RD	0	1	1		0	0	0	1	0	0	0	0	0	12	N	22.0
1137	R	Y			LOOP RD.	0	1.2	1.2		10	0	0	0	0	0	0	0	0	75	N	135.0
1102	R	Y			ALLEN RD.	0	0.6	0.6		5	0	0	0	0	0	0	0	0	40	N	80.0
1134	R	Y			PARRISH ROAD	0	0.48	0.48		6	0	0	0	0	0	0	0	0	36	N	72.0
1164	R	Y			WESTON ROAD	0	0.7	0.7		0	0	0	0	0	0	0	0	0	20	N	20.0
1162	R	Y			SPRUILL TOWN ROAD	0	0.88	0.88		5	0	0	0	1	0	0	0	0	30	N	70.0
1320	R	Y			LAMB RD.	0	0.3	0.3		4	0	0	0	0	0	0	0	0	70	N	104.0
1193	R	Y			OLD HOLLY NECK RD.	0	0.3	0.3		2	0	0	0	0	0	0	0	0	12	N	24.0
1166	R	Y			LAKE SHORE ROAD	0	1.1	1.1		0	0	0	0	0	0	0	0	0	40	N	40.0
1119	R	Y			RESEARCH STATION RD.	0	4	4		1	0	0	0	1	0	0	0	0	40	N	44.0

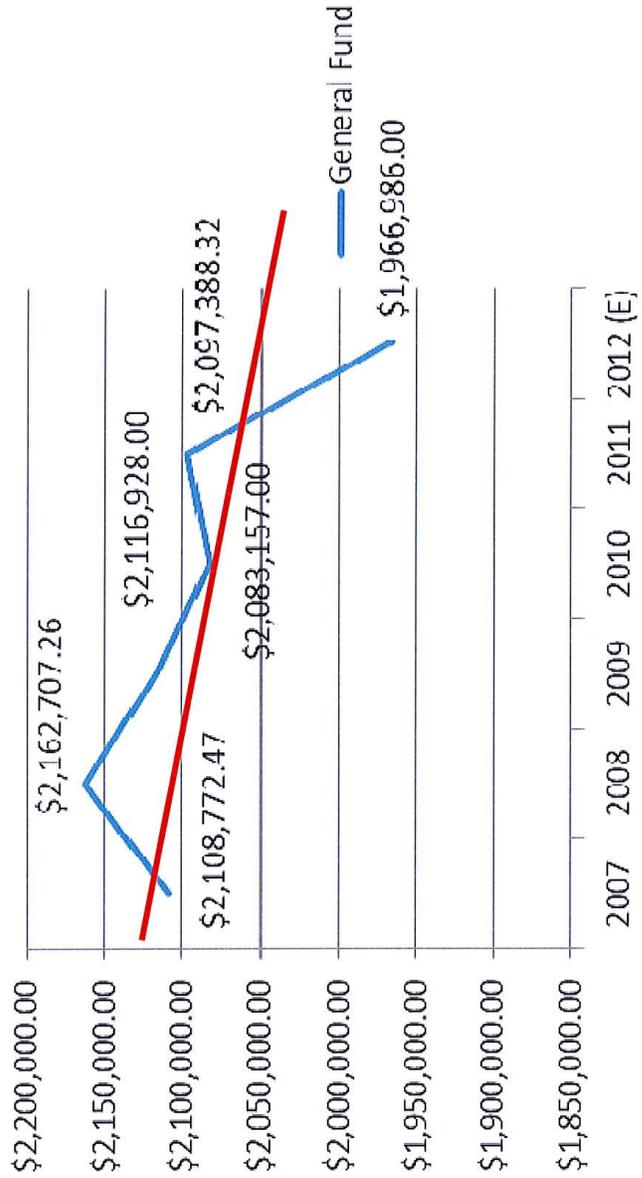
WASHINGTON																																																																							
ROAD LENGTHS																																																																							
S/R	PR	FZ	SU	HL	NAME	PAV	UNP	TOTAL	PRG	HOM	P/H	SCH	CH	BS	IN	RF	#B	RT	TRAF	T/F	TOT	PYS																																																	
1309			R	Y	DEEP CREEK LANDING	0	0.5	0.5		0	0	0	0	0	0	1	0	N	10	N		15.0																																																	
1151			R	Y	CRADDOCK RD CRESWELL	0	0.3	0.3		2	0	0	0	1	0	0	0	Y	18	N		50.0																																																	
<b>TOTAL ROAD LENGTHS</b>						<b>TOTAL</b>						<b>TOTAL</b>																																																											
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57						0						0						2						6						0						1						0						635																							
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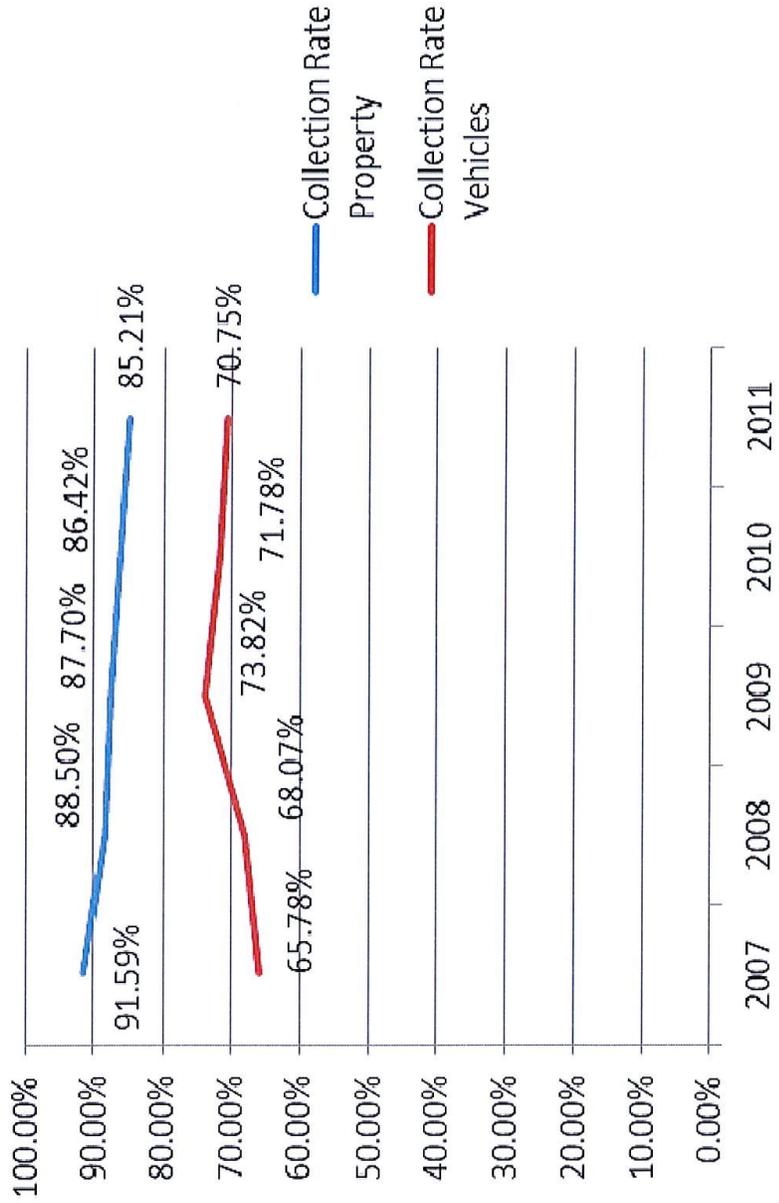
Commissioner Sexton made a motion to approve the Resolution adopting the NC DOT Secondary Roads Construction Program. Commissioner Alexander seconded, motion passed unanimously.

TOWN OF PLYMOUTH TAX COLLECTION PROPOSAL: Plymouth Town Manager, Ken Creque, made a presentation to the Board regarding Washington County collecting the taxes for the Town of Plymouth.

# Budget

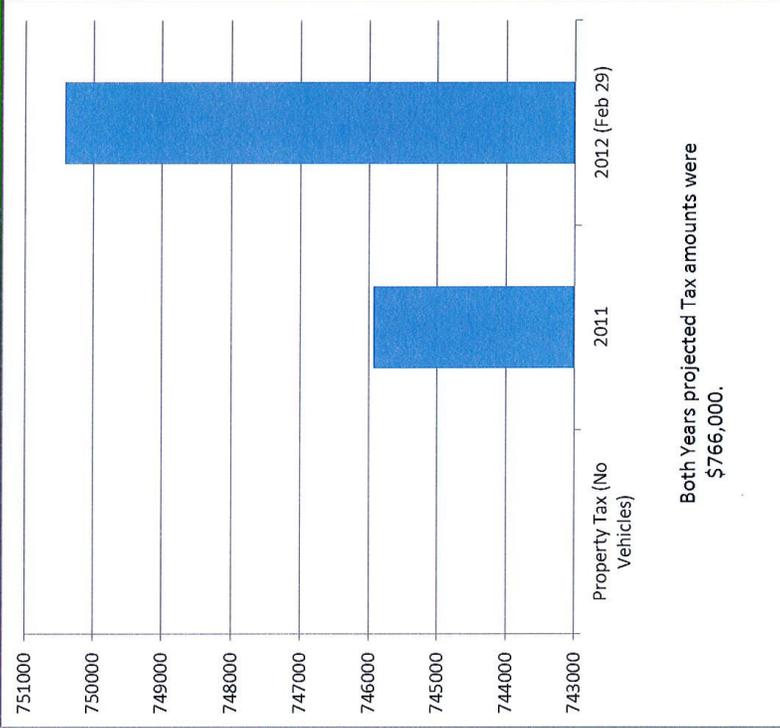
## General Fund







# Property Tax Collections



Both Years projected Tax amounts were \$766,000.

1. Improve Tax Collections. Explore the possibility of entering into an interlocal agreement with Washington County to do billing and collections for the Town of Plymouth.

Pros:

- a) WC has more professional staff to execute collections and delinquencies.
- b) WC has more available tools provided by statute to execute collections, some which will never be available to municipalities. (Register of Deeds)
- c) Unity between WC and Plymouth will eliminate any gray areas where delinquent tax payers may avoid prosecution.
- d) Unity between WC and Plymouth will make payment more convenient and simpler.
- e) Unity should lead to a greater tax collection rate for the Town of Plymouth.

## **Manager (CONT)**

f) The town does not give up any authority provided by statute.

Interlocal agreement would be for 5 years, a performance based contract, 5% of collections, certified at end of year. The Town would pay 2012/2013 to WC 40,073.25.

Mr. Creque told the Board that collections for the Town of Plymouth have been declining since 2007. Collection of general property taxes is the main concern of the Plymouth Town Council. Mr. Creque stated that new staff was been hired and they have worked really hard this year trying to get citizens to pay their taxes. Collections did increase but they are not sustainable. The Town of Plymouth would like an interlocal agreement with Washington

County. Commissioner Sexton asked if the rate is going to be same as the same rate we charged Creswell in the past. Mr. Peoples stated he didn't think we had ever collected for the Town of Creswell. Mr. Peoples stated that he received a letter from Mr. Creque and it is being put in agreement form. Mr. Peoples also informed the Board he has been in discussions with the County Tax Administrator and this is doable with our current staff.

**Commissioner Johnson made a motion to approve the Resolution authorizing Washington County to Collect Taxes for the Town of Plymouth. Commissioner Sexton seconded, motion passed unanimously.**

Mr. Chip Main, Tax Administrator, spoke to the Board regarding the County collecting the taxes for the Town of Creswell. Mayor White has contacted the County tax office to ask for the County's assistance. Mr. Main explained to the Board that since this was researched last year when the Town of Creswell was considering the County collecting for the Town of Creswell's taxes, he feels that the County's tax office can handle this. Ms. Young pointed out the one difference is that Plymouth will handle their own foreclosures, and the County will handle Creswell's.

**Commissioner Sexton made a motion to approve the Resolution authorizing Washington County to Collect Taxes for the Town of Creswell. Commissioner Alexander seconded, motion passed unanimously.**

PRESENTATION OF THE WASHINGTON COUNTY RECOMMENDED BUDGET 2012-2013: Mr. David Peoples went over the Budget Message that was prepared for the Commissioners.

It is my privilege and responsibility to present to you, the Washington County Board of Commissioners and citizens, a balanced, recommended budget for Washington County for Fiscal Year July 1, 2012 through June 30, 2013. The budget has been prepared in accordance with the North Carolina Local Government Budget and Fiscal Control Act and General Statute §153-A-82. The budget identifies revenue and expenditure estimates for the fiscal year in anticipation of maintaining Washington County's tradition of providing excellent and needed services to the County's citizens.

#### **BUDGET DEVELOPMENT PROCESS:**

The budget development process began on March 8, 2012 with the distribution of budget preparation forms and instructions. A budget "kickoff meeting" was held on March 8, 2012, with governmental department heads and other agencies that normally receive some form of government funding, to articulate adopted Commissioner approved preparation guidelines, instructions and information. Departments and other agencies submitted their budgets for consideration in late March. The County Manager and Finance Officer reviewed each budget request, requested additional information for some of the budget requests and met with some individuals to ascertain clarifying information in an attempt to make decisions regarding what items and amounts would be included in the County Manager's recommended budget. The recommended budget was balanced on April 26, 2012. Copies of the County Manager's recommended budget were sent to each department head and other agencies on April 30, 2012. The recommended budget is being presented to the Board of Commissioners on May 7, 2012. A

public hearing regarding the budget will be held on May 21, 2012. Potential final adoption of the 2012-2013 budget is scheduled for June 4, 2012.

### **BUDGET DEVELOPMENT PREPARATION GUIDELINES:**

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

- Attempt to avoid an ad valorem tax increase
- 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
- Capital projects will be considered only if those projects relate to replacement or repair of facilities or equipment as needed for safety or operability of a facility or piece of equipment

### **ADDITIONAL BUDGET DEVELOPMENT PREPARATION GUIDELINES UTILIZED:**

- Carefully review the impacts to County departments related to potential State or Federal government reductions in funding
- Conservatively project revenues and expenditures that will avoid expectations of performance that are not achievable

### **ECONOMIC CONDITIONS:**

This is the fifth consecutive year of intense fiscal stress for local governments, citizens and businesses. North Carolina continues to experience anemic growth post-recession, with a largely jobless recovery still parlaying a negative economic climate. Dr. John Connaughton, University of North Carolina Charlotte's Babson Capital Professor of Financial Economics, cautions that it will take five to seven years to regain 2007 employment levels. At this time last year, North Carolina's economic expansion had begun to improve and somewhat stabilize, but the economic results of Japan's tsunami, the accelerating prices of gasoline, continued stagnation of the housing construction industry and the United States and European debt crises wiped out almost all positive economic momentum. Extremely high sustained unemployment rates have increased to record numbers the number of our citizens who are seeking public assistance from our various departments. The current depressed economy has had significant financial impacts on North Carolina's budget, which in-turn has restrained Washington County being capable of delivering levels of services that our citizens demand and require. North Carolina's as well as the Federal Government's financial impacts (funding shortages) are being passed on to our County through continued reductions in State or Federal shared revenues and the transfer of program funding to the County. Current examples include Federal TANF Supplemental Grants of \$36 million to

counties have expired and additional cuts are expected. Revenues received from the state of North Carolina for EMS Enhanced Federal Medicaid payments are being lowered by approximately 25 percent due to expiration of federal stimulus funding. These and other actions will have momentous impacts on our operations for the coming budget year and years to come. Economic forecasters are predicting continuing recovery in 2012–2013, but growth predictions are modest at best and do not track with prior post-recessionary recoveries. Dr. Connaughton is forecasting that North Carolina’s economy will expand by approximately 1.9 percent. Generally, local government’s economic expansion lags behind the overall economy by 12 to 18 months. In addition, our local economy normally lags a percentage point or more behind when compared to the state economy. Baseline sales tax growth is projected at 3 to 5 percent by various economists. Our budget recommendation includes conservative sales tax growth projections at 2.2 percent which reflects our current actual collection activity for the various classes of sales tax revenues that we collect.

We are optimistic that our economy will improve but our entire budget is prepared and tempered toward conservatism since many economic indicators point to (1) as much as another five years before jobs will recover to pre-recession levels, (2) national policy must still be defined in terms of the national debt which now includes a \$1.2 trillion annual deficit, (3) high energy costs, (4) a stagnate housing industry, and (5) a limited manufacturing industry, all of which will impact our county.

**RECOMMENDED BUDGET:**

The recommended general fund budget totals \$13,179,648 with the ad valorem tax rate remaining at the 2011-2012 fiscal year level of \$.79 per \$100 of assessed value. The recommendation **does** include reinstating the \$.01 drainage assessment reserved exclusively for proactive maintenance and improvements to the county’s drainage system. The recommended budget represents a \$141,409 or 1.1 percent increase when compared to the 2011-2012 approved budget. The recommended budget seeks to meet the needs of our citizens in a manageable and cost effective manner. The proposed budget holds increases in expenditures within departments to a minimal level, with most of the increases being related to uncontrollable costs such as utilities, fuel and worker’s compensation insurance. If this recommended budget is approved, it will not impede the county’s ability to borrow funds if the need arises.

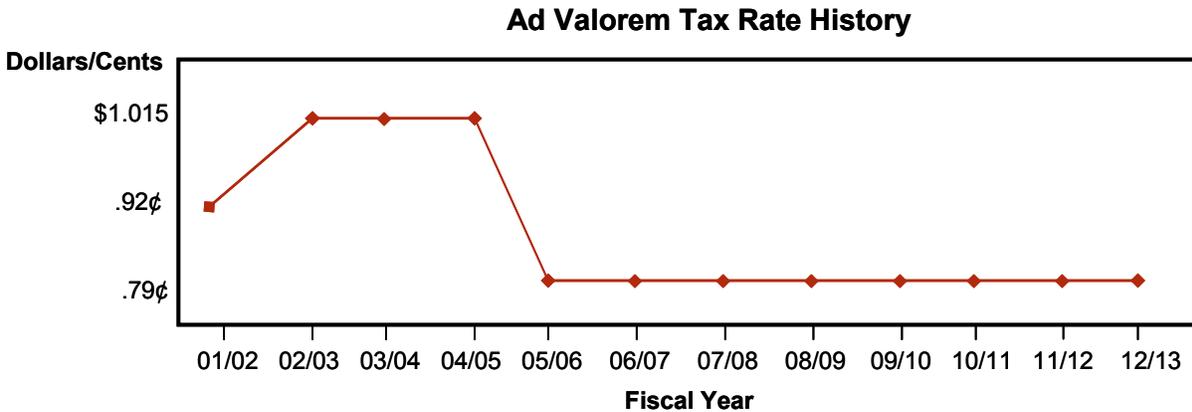
**TAX BASE:**

**TAX BASE CHANGES**

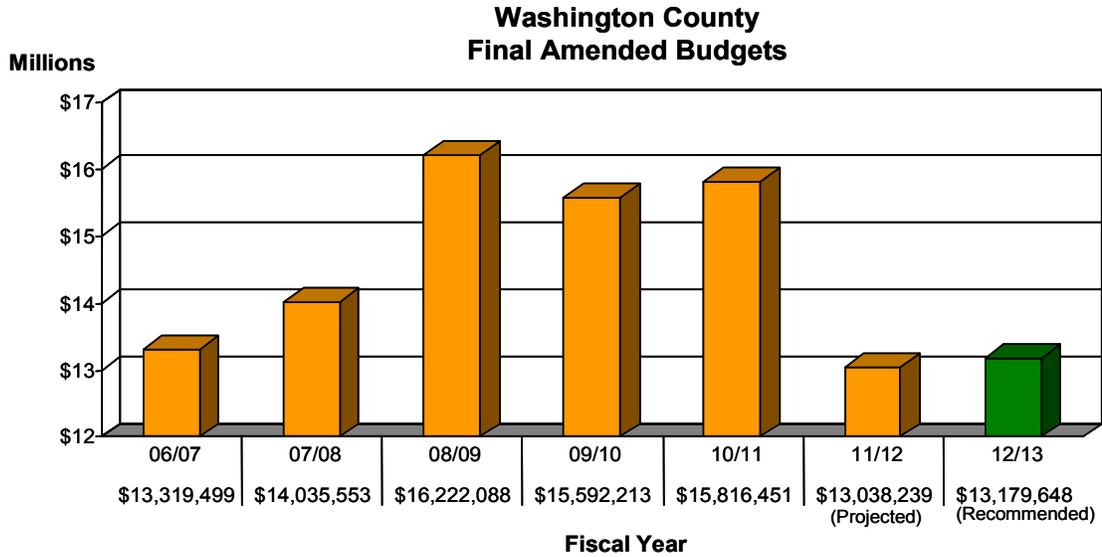
	<b><u>ACTUAL</u></b> <b><u>FY 11-12</u></b>	<b><u>PROJECTED</u></b> <b><u>FY 12-13</u></b>	<b><u>ESTIMATED</u></b> <b><u>FY 13-14</u></b>	<b><u>CHANGE</u></b> <b><u>FY 12-13 VS</u></b> <b><u>FY 11-12</u></b>
Real Property	\$643,589,499	\$645,260,070	\$693,654,575	\$1,670,571
Personal Property	54,339,123	59,978,887	62,977,831	5,639,764
Public Service	29,437,643	30,909,525	31,527,716	1,471,882
Vehicles	81,286,363	77,222,045	78,766,486	(4,064,318)
Less Exclusions	<u>11,277,640</u>	<u>11,303,520</u>	<u>11,868,696</u>	<u>25,880</u>
<b>TOTAL</b>	<b>\$797,374,988</b>	<b>\$802,067,007</b>	<b>\$855,057,912</b>	<b>\$4,692,019</b>

Washington County's tax base for 2012-2013 is projected to be \$802,067,007. The ad valorem tax collections will be \$73,790 per each cent of tax collected. This represents an increase of **\$1,116** for each cent collected. The increase of \$4,692,019 in Washington County's tax base is primarily due to: (1) utility adjustments for the seventh year after a revaluation, (2) limited new commercial and residential construction, and (3) the discovery of both new real property and equipment additions identified during field inspections.

**AD VALOREM TAX RATE:**



The recommended general fund budget includes an ad valorem tax rate of \$.79 per \$100 of assessed value. This rate if approved **will not increase** from the current rate now in use. The above graph displays Washington County's ad valorem tax rate history beginning with fiscal year 2001-2002. As displayed the tax rate was \$.92 per \$100 of assessed value and was increased to \$1.015 in fiscal year 2002-2003. The County completed a revaluation and implemented a new tax rate effective July 1, 2005 which was \$.79 per \$100 of assessed value. The new rate in effect was a **revenue neutral rate**. The County in essence **will not have raised ad valorem taxes in 11 years** assuming that the recommended rate contained in this budget is approved. During the six year period 2006 through 2012, the \$.79 tax rate has supported approved amended budgets that ranged from a high of \$16,222,088 to a low of \$13,038,239. The recommended budget that I am presenting to you tonight is the **second lowest** budget during this seven year period. In fact, if this budget is approved Washington County's government will be operating with fewer dollars than it did in 2006. This is truly a remarkable feat when you consider the changes in revenues that I will be discussing shortly and the increased costs associated with providing services.

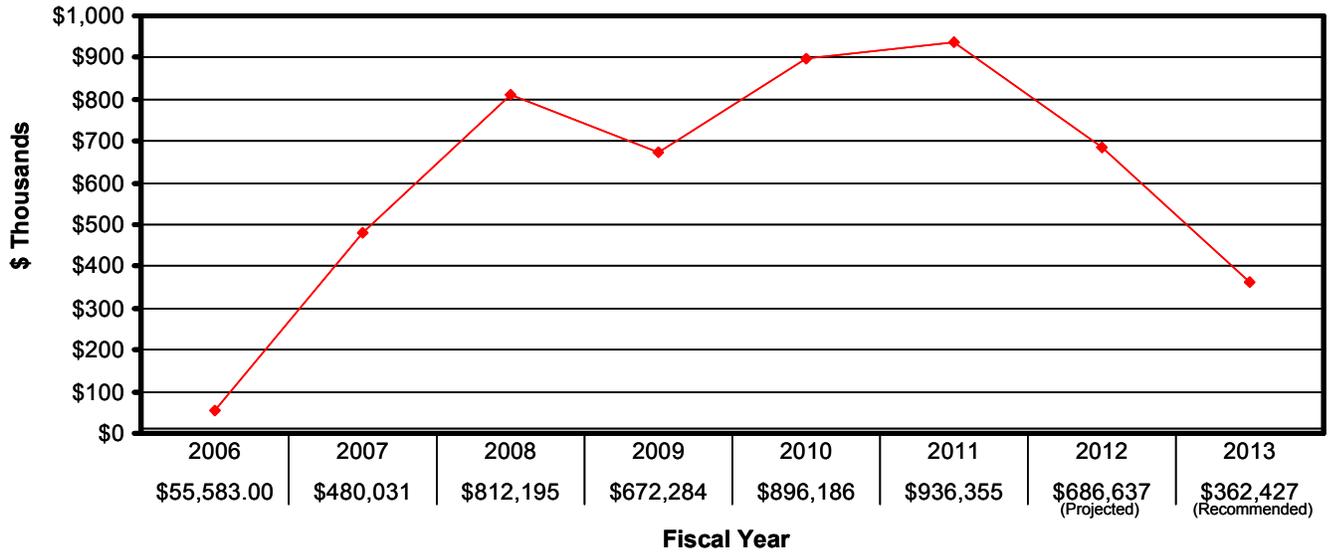


During the past four fiscal years (2008 through 2011) Washington County has **overall reduced** its general fund budget to ensure that a tax rate increase was not implemented. Since our **tax base** has remained basically stagnant, the **reserve fund** has been utilized during the past six fiscal years (2006 through 2011) to balance the budget and because certain uncontrollable costs continue to increase, the County in future years could be faced with eliminating or reducing services, employee layoffs or furloughing employees. The \$.79 tax rate cannot sustain the level of current expenditures or future expanding expenditures indefinitely. In addition, infrastructure, educational and cultural improvements to promote population and economic growth will not be achieved at the current tax rate level. The reserve fund cannot continue to be used as a mechanism to balance the budget to avoid tax increases.

**RESERVE FUND:**

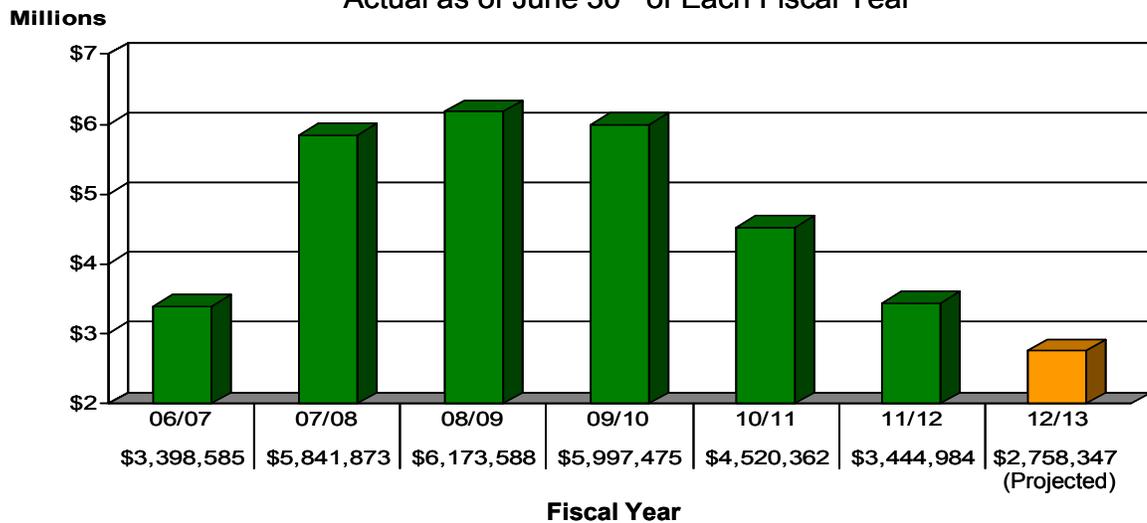
The recommended budget maintains the county’s overall financial condition but **will require** an appropriation of **\$362,427** from the general fund to balance the budget. The current year appropriation from the reserve fund is **projected** to be \$686,637.

**Washington County  
Appropriated Fund Balance As Of June 30th**



Projected changes in revenues and the continued need to subsidize EMS and Airport operations have resulted in the proposed increased reserve fund appropriation request of \$97,728. The reserve fund balance at June 30, 2011 was 24.0 percent or \$3,444,984 of general fund expenditures. The total reserve fund at June 30, 2012 is projected to be **\$2,758,347** or **21.0** percent. Of this amount, **\$2,341,314** is designated as hospital reserve funds. The following graph displays the reserve fund balances since fiscal year 2006. Clearly after realizing positive growth in the reserve fund we are on a downward and dangerous trend that must be abated in the future.

**Total Reserve Fund Balance  
Actual as of June 30<sup>th</sup> of Each Fiscal Year**



**GENERAL FUND REVENUES:**

General fund revenues are generated from ad valorem tax collections, sales 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 proposed 2012-2013 general fund budget are projected to be \$13,179,648.

Total current year ad valorem tax levy is projected to be \$5,818,455 which is a \$77,185 increase from the previous year's appropriation. The increase is due to new construction, identification through field review of additional property that qualifies for taxing, the addition of the solar farm and increases in the value of public utility property.

Total prior years' tax collections are projected to be \$455,000 which is a \$25,000 decrease from the previous year's appropriation. The decrease is due to increased difficulty in collection because of the negative effects of the depressed economy on the ability of taxpayers to pay the outstanding tax (they are increasingly becoming slower payers of the taxes) and increased enforcement actions such as garnishment which actually allows for payment over a period of time instead of immediately.

Taxes - Ad Valorem Current Year - Plymouth and Creswell will generate a total of \$42,500 in tax collection fees to Washington County. Our tax department will be collecting property taxes for both towns during the next budget year. We project that Plymouth will pay the County \$40,000 and Creswell will pay \$2,500 for this collection assistance.

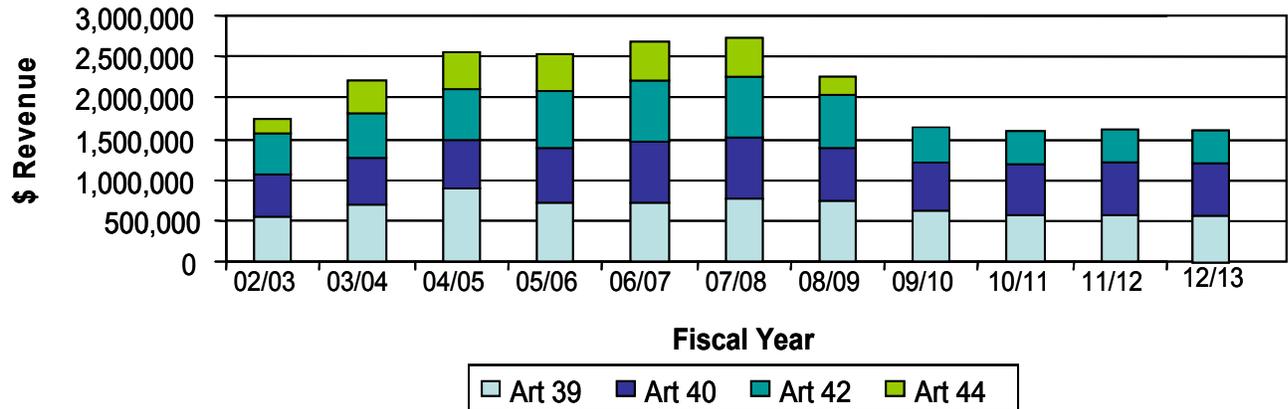
Prior Year Tax Interest is projected to be \$70,307 which is a \$19,693 decrease from the current appropriation. The decrease is due to reducing the revenue projection to reflect actual collection amounts.

Interest earned on investments is projected to be \$10,000 which is a decrease of \$10,000 from the previous year. The decrease is the result of interest and other earnings being significantly less because of the national economic recession and estimated future earnings potential.

Concession Revenue and Jail Concessions are projected to be \$8,000 which is a decrease of \$5,000 from the current appropriation. The decrease is due to lower usage by inmates.

Total sales tax revenues for all four classes of sales tax are projected to be \$1,597,000 which is a \$34,000 decrease from the previous appropriation based on actual current collection history and revenue estimating input from the North Carolina County Commissioners Association. The Association's input suggested a three to five percent increase in tax revenue collections. This budget recommends **a more conservative increase amount** of 2.2 percent increase of actual taxes collected for these various items. The following chart displays our sales tax revenue history for the past 10 years. Please note that our projected 2012-2013 revenue income is approximately \$1 million less than the revenue collected in 2007-2008 and has not grown in the preceding three years. This diminished revenue growth is a major reason why our County cannot significantly address infrastructure, education and cultural improvements to assist with population growth and business expansion and potentially afford to reduce property taxes.

## Sales Tax Revenue History



Homeland Security Grants (three grants) in the total amount of \$53,145 were awarded during the 2011– 2012 budget year. A total of \$38,711 in available funds remains for use during the 2012– 2013 budget year.

Total Department of Social Services revenues **excluding** the Senior Center operations are projected to be \$3,414,929 which is a \$96,210 decrease from the current appropriations. The majority of the decrease is a result of reductions or elimination in either federal or state funding for Temporary Assistance to Needy Families (TANF) Work First Block Grant, Social Services Block Grant, Domestic Violence Program, Day Care-Smart Start Program, State In-Home Chore Services Program and Crisis Intervention LIEAP Program.

Court Cost, Fees and Charges are estimated to be \$25,000 which is a \$3,000 decrease from the current appropriation. The decrease is a result of reductions in fees collected and the civil process.

Drug / Donations / Grants LEO is estimated to be \$5,000 which is a \$3,250 increase from the current budget. As drug arrests are made and convictions are obtained, the county has the potential to receive a portion of the proceeds from the sale of assets of a convicted individual who commits narcotics crimes.

Register of Deeds Fees are recommended to be \$60,000 which is a \$2,500 reduction from the current budget. The recommended funding amount is based on current collection history.

Jail Housing Reimbursements are projected to decrease from \$290,000 to \$110,000, a decrease of \$180,000. In previous years we have projected housing up to 11 Federal prisoners a day and 7 inmates from other counties. We are revising the housing estimates for number of inmates housed because the United States Marshall’s Office has indicated that they will no longer regularly be housing inmates in our jail due to decisions being made to reduce federal housing costs. In the future the Marshall’s Office will house inmates in as close of a proximity to the ultimate prison location where the inmate will serve its actual sentence. We are continuing to budget to house inmates from surrounding counties as we have done in the past. We will charge \$52 for Federal prisoners (if we receive an occasional inmate) and \$55 for inmates from other counties.

Cost Allocation-Waterworks is projected to increase from \$173,138 to \$190,000, an increase of \$16,182. The increase is the result of projected increased overhead costs based on a larger Water Department budget due to a large capital project that was included in last year's budget. The previous year's budget activity establishes the following year's budget. This account represents the ongoing cost allocation study which accounts for the overhead costs of various other departments (County Manager, Finance, etc) that support the operations of the Waterworks Department.

Total reductions in general fund revenues are **\$247,379** which is a change from what is in the budget message letter you received previously.

#### **ENTERPRISE FUND REVENUES:**

The Washington County Waterworks Enterprise Fund revenues are projected to be \$1,322,893 which is a \$588 decrease from the current appropriation of \$1,323,481. The majority of the decrease is related to a reduction in the capital reserve due to completion of a capital project. The base rate for 2,000 gallons of water **will remain the same** at \$21 per month. In addition, the consumption rate per 1,000 gallons **will remain the same** at \$10 per month.

The Washington County Operational Sanitation Fund revenues are projected to be \$1,323,908. This level of funding represents a \$13,203 decrease in revenue from the current appropriation of \$1,337,111. The decrease is a result of one-time revenue collections for the disposal of Hurricane Irene materials.

Emergency Medical Services (EMS) and Transport Services are projected to generate \$1,150,000 in revenues from the medical services it provides including a **\$362,427** appropriation from the general fund. The projected 2011-2012 appropriation is **\$686,637** from the general fund. The recommended budget **will decrease appropriations** from the general fund by **\$324,210**. The decrease will be achieved by (1) a greater number of inter-facility transports occurring, (2) work process improvements, and (3) actual collection history.

The Plymouth Municipal Airport revenues are projected to be \$169,749 which is a \$28,927 increase from the current appropriation of \$140,825. Revenues will be generated from aviation and jet fuel sales and lease payments from hangar rentals. A contribution of **\$67,447** from the general fund **will be required** to supplement airport operations.

#### **GENERAL FUND EXPENDITURES:**

General fund expenditures are divided across several major areas of the Washington County Government including Education, Public Health, Human Services, Law Enforcement, Emergency Medical Services, Debt and General Government. Total general fund expenditures for the proposed 2012-2013 budget are projected to be \$13,179,648.

The budget for the Governing Board includes expenditures of \$86,710 which is a \$942 decrease from the current level of \$87,652. The decrease is a result of postponing a certification training conference for the Clerk to the Board.

The budget includes total expenditures of \$352,336 in the County Manager's Office which is a \$9,545 increase from the current appropriation of \$342,791. The majority of the increase is due to salary and benefit changes associated with the reemployment of the County Manager.

The Elections Department expenditures are recommended to be \$83,385. This is a \$7,617 decrease from the current budgeted amount of \$91,002. Items reduced from the requested budget include:

- Reducing part time salary costs by \$4,814 by not budgeting for a second primary.
- Reduce monthly board meetings from 12 to 8 which is a \$480 reduction and eliminating \$1,240 in salaries associated with a potential second primary. Total reduction for this line is \$1,720.
- Travel and training is reduced by a total of \$590. This is being accomplished by reducing board meetings to 8 and eliminating travel costs for a potential second primary.
- Printing and Advertising cost are being reduced by \$3,898 by eliminating a second primary.

**Please note I am proposing not funding any costs associated with a potential second primary. If the second primary is needed the total costs for that primary are estimated to be \$11,691 and a special appropriation from the reserve fund would be needed to fund that primary.**

The Finance Department expenditures are projected to be \$272,899, an increase of \$21,287 from the current appropriation of \$251,612. The majority of the increase is due to (1) paying longevity pay to a qualified employee (2) budgeting \$10,000 in salary for part time employees to assist with budget preparation, end of year financial closing, CAFR preparation and fill in assistance if a full time employee is out of work for an extended period of time (these cost were distributed to other departments in the past) and (3) a 2.5 percent contractual increase for the governmental audit.

Information Technology expenditures will increase by \$7,383 from a current budget of \$104,501 to \$111,884. The majority of the increase is a result of additional contractor programmer assistance to convert the tax system to incorporate HB 1779 which will facilitate collection of motor vehicle and property taxes electronically.

The Tax Department expenditures are projected to be \$250,154 which is a \$2,784 increase from the current appropriation of \$247,370. The majority of the increase is due to budgeting over time salary to facilitate training of employees for the new collection system associated with HB 1779. The training will be administered on weekends to allow sufficient training time which cannot be accomplished during normal work hours.

Professional Services expenditures are projected to be \$17,200 which is a \$51,425 decrease from the current appropriation of \$68,625. The majority of the decrease is a result of not **making a contribution of \$54,800** to assist with funding the Washington County Hospital Pension Plan. We are budgeting a total of \$3,000 to fund potential costs should we need out of house legal services and associated travel cost for those services.

The Register of Deeds expenditures will increase from \$129,284 to \$132,308 which is a \$3,024 increase. The increase is a result of replacing a computer server which is antiquated, it is

experiencing considerable down time and the server has reached its manufacturer's recommended useful life.

The Planning and Safety Department budget is decreasing from its current appropriation by \$10,368 to a recommended expenditure of \$260,240. The current year appropriation totals \$270,608. The majority of the decrease is due to not having to budget again for a purchase of a replacement vehicle for the Emergency Management Director. Other items eliminated from this budget include a request to contract for additional enhanced weather service capability and an ice machine.

The Washington County Chamber of Commerce budget has been eliminated which results in a \$37,028 reduction in expenditures. This account has been utilized as a pass through account to facilitate payroll for the Chamber employee(s). The Chamber is making operational and structural changes that will prevent the County from having the ability to accommodate processing their future payrolls. An operational subsidy in the amount of \$5,000 is included in the Economic Development budget item to continue to assist Chamber operations.

Facility Services Department expenditures are projected to be \$559,071 which is a \$9,401 decrease from the current appropriation of \$568,472. The total decrease and other revisions to this budget request have resulted from (1) freezing one vacant housekeeping position and a worker's compensation claim for that employee has been settled, (2) a \$3,786 increase in unemployment insurance cost due to having to reimburse the carrier for a percentage of costs actually paid out during the fiscal year for several employees that were in various departments, (3) a \$9,000 decrease in utilities costs with estimate based on actual current usage and not having to budget for the Roper Annex and Tideland Building which are now leased to other entities and (4) a \$1,500 request from the Clerk of Court to achieve some improvements to the operations of the Courtroom.

The Sheriff's Department expenditures are projected to be \$1,269,265 which is a \$15,346 increase from the current appropriation of \$1,253,919. The majority of the increase is due to leasing of four replacement vehicles. The four vehicles being replaced are 2005 and 2006 car model years, they have high mileage ranging from 110,127 miles to 171,102 and they are experiencing high repair and maintenance costs with significant down time.

Criminal Justice Partnership Program expenditures are expected to increase from \$59,149 to \$64,500, an increase of \$5,351. The increase is due to providing additional compensation for janitorial assistance and increased travel costs which were implemented during the current budget year.

The expenditures for the Detention Center are projected to be \$810,949 which is a decrease of \$59,799 from the current appropriation of \$870,748. The decrease is a result of securing a new vendor to service all jail locking systems and reduced food costs since federal prisoners will not be housed in large numbers in the future. In addition a capital project was included in the current budget in the amount of \$16,116 to purchase security cameras and there is no longer a need for that funding since the project will be completed during the current budget year.

Fire Protection expenditures are recommended to be funded at \$305,858 which is an increase of \$1,253 from the current appropriation of \$304,605. Washington County amended its fire ordinance during the 2008-2009 budget year. That ordinance stipulated that fire departments

serving the County would receive funding at a level that would equal \$.04 cent of the ad valorem tax rate. The ordinance provided the ability for the County Commissioners to change the rate if circumstances warranted a change. **The requested funding meets the \$.04 funding provision with the exception of the Town of Plymouth. Plymouth requested a specified approved contracted amount of \$84,203.**

The North Carolina Forestry Service has requested \$80,740 in funding. This request results in a \$10,532 increase from the current appropriation of \$70,208. The requested increase is due to a potential \$4,914 increase in salaries if approved by the North Carolina Legislature and increases in internet, security equipment, fuel, educational supplies and radio purchases. I am recommending an appropriation of **\$75,826** which would be an increase of \$5,618 to fund a number of the increased costs for this vital fire service protection but not the salary increase item.

The Martin, Tyrrell and Washington County Health Department is requesting a total of \$136,268 in funding. This request represents a \$4,649 increase from the current appropriation of \$131,619. The Health Department is experiencing federal, state and grant funding cuts in the areas of food and lodging sanitary inspection, communicable disease and emergency preparedness which are all mandated services. Washington County is also experiencing reduced funding from the state and federal governments. The Health Department has done a remarkable job in growing their reserve fund balance over the past several years and that balance is certainly large enough to fund these increased costs for one year without putting the Health Department in financial jeopardy. I have discussed the requested increase with the Martin and Tyrrell County Managers and they have indicated to me that they are not recommending approval of the increases to their Commissions. I am recommending that the appropriation remain at the \$131,619 funding level.

The Communications Function expenditures are projected to be \$307,456 which is a decrease of \$3,961 from the current appropriation of \$311,417. The majority of the decrease is a result of an employee retiring and the replacement employee's total benefits are not as costly as the former employee. In addition, copier costs are less than budgeted in the previous year.

The Department of Social Services Administration expenditures are projected to be \$2,643,580 which is a decrease of \$11,081 from the current appropriation of \$2,654,661. The majority of the decrease is due to reductions related to completion of scanning documents for the FNS Nutrition Program. There are several increases and decreases in a number of other line items but those adjustments reflect updated costs and basically have a neutral effect on the bottom line total of this budget request.

The Department of Social Services Economic Support expenditures are projected to be \$1,259,427 which is a decrease of \$154,504 from the current appropriation of \$1,413,931. The decrease is a result of (1) \$8,532 in TANF Domestic Violence Program funding has been eliminated, (2) TANF Emergency Assistance funds have been reduced by \$3,000, (3) a reduction of \$21,455 in the Day Care – Smart Start funding, (4) a \$8,427 reduction in funding for the State In-Home Chore Services Program, (5) HCCBG In-Home Services Program funding has been reduced by \$8,427, (6) a reduction of \$98,648 in the Crisis Intervention LIEAP Program, and (7) an \$8,000 reduction in the Adoption Assistance Vendor Payments Program. The reductions in funding are a result of federal and state legislative actions. In addition, the reduction in the Adoption Assistance Vendor Payment Program is a result of changes in eligibility requirements for this program which is resulting in fewer numbers of individuals qualifying for assistance.

The Department of Social Services Transportation Expenditures are projected to be \$434,135 which is an increase of \$43,637 from the current appropriation of \$390,498. The increase is a result of additional Transit Advertising which NCDOT requires that 2 percent of CTP Administrative costs be utilized for marketing and 25 percent of the marketing budget be utilized to purchase promotional items. Eighty five percent of these expenditures will be reimbursed by a NCDOT grant. Work First – DOT funds are projected to increase because of additional participation in the program. These funds are 100 percent reimbursable. Medical Transportation costs are increasing due to additional participation in the program. The program provides vendor non-emergency transportation to Medicaid individuals. A 15 passenger van is being replaced with a 22 passenger van per NCDOT replacement schedule. NCDOT grant funds are being utilized for this replacement.

The Senior Center budget is projected to increase by \$5,059 from a current appropriation of \$173,434 to \$178,493. The increase is a result of adjustments to various employee benefit line items.

The Washington County Recreation budget includes an expenditure request of \$133,941 which is a decrease of \$3,185 from the current appropriation of \$137,126. The majority of the decrease is a result of reducing sports supplies and equipment purchases.

The Washington County Library requested \$171,188 in funding. If that amount is approved it would result in a \$17,183 increase from the current appropriation of \$154,005. I am recommending \$165,706 in funding. If this recommendation is approved it will result in an increase of \$11,701 in funding. The Library is experiencing significant increases in utilization of books, periodicals, internet and other activities. The increase of \$11,701 is a result of resurfacing several damaged areas in the rear parking lot to eliminate a safety hazard and procurement of additional library materials.

The Washington County School System has requested funding in the amount of \$1,525,000. This is the same level of funding that was approved for the 2011-2012 budget and the System is to be commended for discovering new means of meeting their operational requirements as they face potential additional funding reductions of \$1.1 million from the North Carolina Legislature.

Martin County Community College is requesting \$16,359 in funding. This level of funding will result in a \$7,540 decrease from the current appropriation of \$23,899. The decrease is the result of requesting no capital outlay funding since the roof was replaced at the Roper Learning Center during the 2011-2012 budget year.

The Washington County School System Capital Outlay is projected to be \$400,000 which will result in a \$100,000 increase in funding from the current budget of \$300,000. The North Carolina High School Athletic Association (NCHSAA) has adopted new lighting standards for all school systems that participate in NCHSAA sports events. The lights at Plymouth High School were installed in 1977, Creswell High School in 1979 and Washington Union Middle School in 1981. The current lighting systems at the schools do not meet the new mandated standards and these standards must be met for our students to be able to participate in athletic activities. The \$100,000 increase will be utilized to fund updates to the systems.

Buildings Debt Service Expenditures are projected to be \$86,861 which will result in a \$54,989 decrease if approved from the current appropriation of \$141,850. The decrease reflects the pay out of the B&L Aviation property that was previously purchased.

In the Project Transfers Expenditures line item we are recommending an appropriation of \$529,874 which will, if approved, result in an increase of \$7,350 from the current appropriation of \$522,524. The increase is the result of increases associated with contributions to support operations to EMS and the Airport.

The Juvenile Justice and Delinquency Prevention expenditures are projected to increase from a current appropriation of \$74,541 to \$82,823, an increase of \$8,282. The programs sponsored by Juvenile Justice provide assistance to children that have experienced problems with the judicial system, have demonstrated behavioral problems or have some interpersonal skills deficiencies. The increases are associated with the creation of new programs and increased operating costs for Teen Court. Grant funds totaling \$75,339 will offset a large portion of the program costs.

We are recommending that the Contingency line item not be funded which will reduce this line item by \$15,000.

#### **ENTERPRISE FUND EXPENDITURES:**

Sanitation Fund expenditures total \$1,204,908, a decrease of \$37,703 from the current appropriation of \$1,242,611. The decrease is due to various minor adjustments in several accounts to reflect current projections. The landfill expansion project in the amount of \$119,000 is also included in this item and will be funded from capital reserves.

The expenditures for Emergency Medical Services including the Medical Transport Services are projected to be \$1,512,427 which is a \$24,210 decrease from the current appropriation of \$1,536,637. The majority of the decrease is a result of reducing diesel fuel costs to reflect actual usage projections, reductions in office supplies and contracted services.

Airport expenditures are projected to be \$169,749 which is a \$28,924 increase from the current appropriation of \$140,825. The majority of the increase is due to increasing purchases of fuel to support projected fuel sales increases and \$20,000 to be utilized for an airport terminal renovation project. Timber sales will be used to fund the \$20,000 renovation request.

#### **Supplemental Information**

The proposed budget **does not include** a cost of living adjustment (COLA) or salary step increase for the employees of Washington County's government. The County is realizing an increase in spouse and family health insurance cost. These increased costs will be paid by the employees. There are **no** recommended increases for rates or fees associated with waterworks, sanitation or recreation. A Housekeeping position in Facility Services became vacant due to an employee going on long-term Worker's Compensation status. The Worker's Compensation Claim has since been settled with a resignation by the employee. The position will be frozen during the forthcoming budget year. A Work First Employment Services Social Worker has retired and that position has been frozen during the forthcoming budget year.

Should the General Assembly pass other costs down to the County those costs would be funded through special appropriations from Washington County's reserve fund.

#### **IN SUMMARY:**

In summary, I recommend approval at the appropriate time of \$13,179,648 in funding for Washington County's 2012-2013 budget. The recommended budget will maximize available revenues, satisfy all mandated funding requirements and will not require an ad valorem tax increase. The budget as recommended is balanced and is a financially appropriate plan to provide services to the citizens of Washington County in a quality, timely and cost effective manner.

I am extremely proud and appreciative of having had the opportunity to represent Washington County's Government, to serve its Board of Commissioners, its employees and citizens. The drafting of the 2012- 2013 budget has required thousands of hours of work and dedication from many employees. I sincerely thank Frank Milazi, our Finance Officer, for his outstanding assistance in the preparation of this budget. In addition, I also am grateful to the department heads, staff and other agencies who have understood the major challenges we faced in the preparation of this budget and helped balance the budget. Going forward, I am optimistic that the economy will continue to improve and the worst from a financial perspective is behind us. This will be another difficult year for us and all of the agencies we assist with funding. I am, however, excited about the future and believe Washington County is in a good position to take advantage of opportunities that will present themselves in the future. My only regret in this recommended budget is that it does not allow for any type of compensation increase for the County's employees. They are suffering the same ill effects of our awful economy that our citizens are experiencing. A large number of our employees are being asked to take on more responsibilities, exert more effort, improve work processes and increase the outstanding service levels that they already provide. I sincerely thank each and every one of our employees for their exceptional loyalty, dedication and service.

There will be a public hearing on the Washington County recommended annual budget for FY 2012-2013 at 6:00 pm on Monday, May 21, 2012 in the Commissioners room.

Mr. Peoples stated that in the previously distributed budget calendar, May 16 & 17 are scheduled as budget workshops. The budget is scheduled to be adopted at the June 4, 2012 Board of Commissioners meeting. Mr. Peoples will check with the Commissioners to see if they would like these additional meetings.

BOARD & COMMITTEE APPOINTMENTS: Ms. Bennett presented the following Board/Committee appointments/re-appointments:

**a) Albemarle Commission: Area Agency on Aging**

Ms. Susan Scurria, Director of the Albemarle Commission's Area Agency on Aging has requested the reappointment Robert Rowson as a member of the Area Agency on Aging Advisory Council.

Mr. Rowson has agreed to serve if reappointed.

**b) Planning Board**

Ms. Ann Keyes, Chair of the Planning Board has requested the appointment of David Clifton on the Planning Board (replacing Fred Suter).

Mr. Clifton has agreed to serve if appointed.

**Commissioner Johnson made a motion to approve the membership of the abovementioned committees/boards as presented. Commissioner Sexton seconded, motion carried unanimously.**

FINANCE OFFICER'S REPORT: Mr. Milazi discussed the following amendments:

- Budget Amendment #12140, Emergency Management Grants      +\$14,434.13
- Budget Amendment #12150, Senior Center Grant                      +\$ 3,400.00

**Commissioner Johnson made a motion to approve budget amendment 12140 and 12150 as presented. Commissioner Sexton seconded, motion carried unanimously.**

OTHER ITEMS BY CHAIRPERSON, COMMISSIONERS, COUNTY MANAGER, CLERK, OR ATTORNEY:

- Ms. Bennett reminded the Commissioners that County Assembly Day (hosted by the NCACC) will be on Wednesday, May 30 in Raleigh. A special early registration rate of \$95 will be available through May 25. The Commissioners were asked to let Ms. Bennett if they would like to be registered.
- The NCACC announced that there is a now a County Commissioner License plate available. If you are interested in one, please log onto the NCACC web page or see Ms. Bennett for additional information.
- Ms. Bennett also informed the Commissioners that the Distance Learning Center is having their first graduation ceremony tonight with 32 graduates receiving a HealthCare Basic Certificate.
- Mr. Peoples told the Board that 45 applications had been received for the new agriscience/biotechnology high school. They can accommodate 60 students. Things continue to move forward with the school.
- Commissioner Johnson said she is waiting to see what the General Assembly will do with the mental health field. It will be new for everyone. Commissioner Johnson also stated that three of the Commissioners (herself, Chair Manning and Commissioner Sexton) attended the NCACC district meeting in Williamston along with Ms. Young. Thirteen counties were represented and updates on the legislative activities were given.

- Mr. Peoples noted that low band frequency radios needed to work with the repeater (EMS communications). The State hasn't determined what type of equipment they will be utilizing so the County doesn't need to purchase the equipment yet. A test will be conducted on July 1, and equipment must be in place by December 31. Mr. Peoples stated that he has made provisions in the County's funding for this.

**Commissioner Johnson made a motion to recess the meeting until May 21, 2012. Commissioner Sexton seconded, motion carried unanimously.**

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Buster Manning  
Chair

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Julie J. Bennett  
Clerk to the Board