

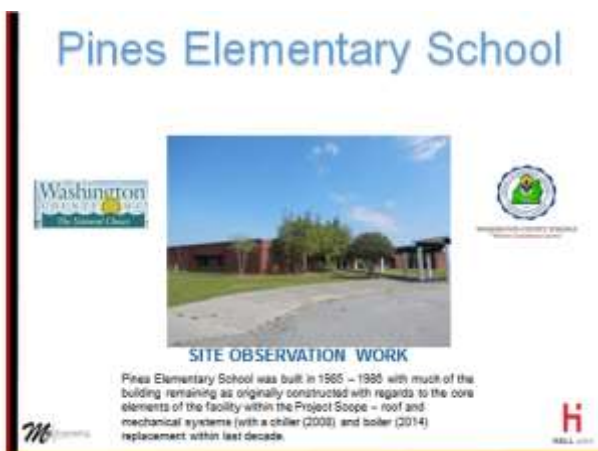
May 17, 2017

The Washington County Board of Commissioners met in a recessed session on Wednesday, May 17, 2017 at 6:00 PM at the Commissioners' Room, 116 Adams Street, Plymouth, NC. Commissioners Johnson, Phelps, Riddick, Sexton and Walker were present. Also present were Interim County Manager/County Attorney Curtis Potter, Clerk to the Board Julie J. Bennett and Finance Officer Missy Dixon. The Commissioners and staff had just returned from the Ribbon Cutting at the A. Lloyd Owens, Sr. Memorial Park (aka Trillium Park) that was held at 5:00 PM.

Chair Walker welcomed everyone to the meeting.

ADDITIONS/DELETIONS: Ms. Bennett stated that Ms. Dixon would like to add a budget amendment and two budget transfers as Item 3A.

PRESENTATION FROM HALL ARCHITECTS REGARDING THE PINES ELEMENTARY SCHOOL ROOF: Mr. Jarrett Davis, Hall Architects and Mr. Bobby Gudger, MCI Engineering were here to present their findings to the Commissioners regarding the roof on the Pines Elementary School. Mr. Davis gave the following presentation.



Assessment Items



Assessment Tools



Observed Conditions



Observed Conditions



Liquid Water Dripping

Observed Conditions



Pneumatic Controls Inop

Observed Conditions



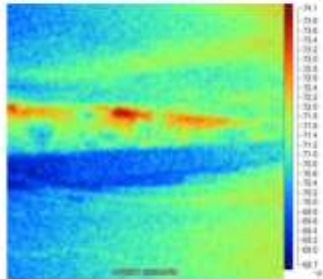
Fresh Air Intake Covered

Observed Conditions



Evidence of Carbonization

Observed Conditions



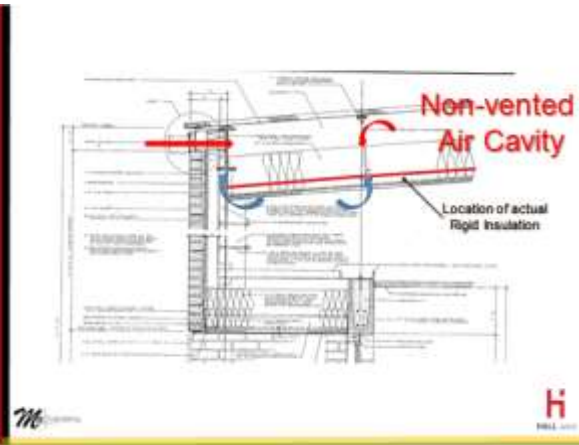
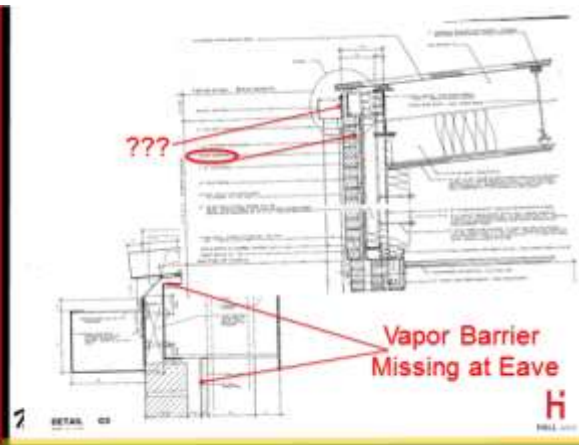
Air Leakage at Eaves

Observed Conditions

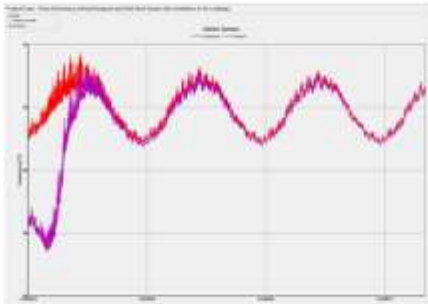


As-Built differs from Design

Source of Site Conditions



Predictable Conditions



installed system IS performing



4TH GRADE CEILING TILE SHOWS IT BEST



CONCLUSION

- Lack of Ventilation in the air space above the insulation – doesn't act as a "compact roof assembly"
- Lack of fresh air intake "recycles" the air on the interior and becomes elevated Relative Humidity (RH) when facility becomes occupied with additional heat and humidity gain
- Large air leaks allow warm moist air from exterior to collide with cool dry air from interior conditioned space



SOLVING THE ISSUE



M

H

SOLVING THE ISSUE



M

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SOLVING THE ISSUE



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SOLVING THE ISSUE



M
Engineering

H
HALL

ORDER OF MAGNITUDE

A large table with multiple columns and rows, likely a cost breakdown or schedule. The table is mostly illegible due to blurring. At the bottom of the table, there are some totals:

TOTAL PROJECT COST	4	1,000,000
TOTAL PROJECT COST (EXCLUDING TAX)	4	800,000
TOTAL PROJECT COST (INCLUDING TAX)	4	1,200,000
TOTAL PROJECT COST (INCLUDING TAX AND INTEREST)	4	1,400,000

M
Engineering

H
HALL

QUESTIONS



M
Engineering

Bobby Gudger

HALL a/e/c PA
Charlotte - Dallas - Orlando
Jarrett B. Davis H

HALL

Mr. Davis had a comment in one of his slides that stated “As built differs from design”. Commissioner Sexton asked if this slide indicates that the building was NOT built to design. Mr. Davis said that Commissioner Sexton was correct. The building was not built to design, and he does not know why. That was 30 years ago. Commissioner Sexton asked if the damage that is being caused is mostly from condensation or is it

leaking from rain. Mr. Davis said he wasn't there on a rainy day so he couldn't say that as fact. What they saw during their visit was condensation.

The original design for the roof called for a vapor barrier, but it was missing at the eave when the building was actually built. There was also a non-vented air cavity in the roof.

Commissioner Sexton asked if Mr. Davis recommends removing the existing roof. Mr. Davis said yes, because that is what is causing the problems. A new compact roof would be installed. Commissioner Sexton asked if Hall Architects has any numbers on how efficient the new roof would be compared to the existing roof. Mr. Davis said he did not have that information because that was not in their scope of work.

Commissioner Phelps asked about the note on page 3 of their report. Mr. Davis said it means the County can't take Hall Architects' document to someone else to bid it out. It is their scope for this assessment. Commissioner Phelps asked Ms. Dixon how much the County paid them to do this. Ms. Dixon said approximately \$24,000. Commissioner Phelps asked if Hall Architects looked at the previous assessment that was \$2M higher. Mr. Davis said he did not look at the previous report until after they completed theirs—they wanted to “let the science talk” and not be tainted by the previous report. The company who did the previous design approached the problem differently than Hall Architects. Mr. Davis said his report doesn't have any lighting changes, wiring changes—they will not be tearing out things from the inside; however, some electrical wires may need to be redone.

Commissioner Riddick asked Mr. Davis if they found any mold during their visit. Mr. Davis said they didn't see any, didn't test any and their scope of work didn't call for it. Commissioner Phelps said the report talks about fungus. Commissioner Phelps said he has received calls from parents that students have been made sick in this school. Mr. Davis stated that he is not a mold expert; however, humidity of more than 80% can cause mold, but can't say he saw any.

Board of Education member Ruffin Gill asked how long will the work take to redo the roof. Mr. Davis said the demolition will take about 62 days and the construction will take about 240 days, and it can be done in phases.

Commissioner Sexton asked if the air handlers would have to come out. Mr. Gudger said yes, the air handlers would need to come out. They will need to investigate to see if the boiler can be reused. If not, replacing it would be phased in. Commissioner Sexton said he knows the air handlers are not working right and the ‘penthouse’ has been closed up. Commissioner Sexton asked if that is what has caused the problems since there has been no air movement. Mr. Gudger said there has been some air movement but it's not ‘conditioned’ air. Commissioner Sexton asked how much of a warranty this new roof would have. Mr. Davis said the components would have warranties—about 1-5 years.

Commissioner Phelps asked would the \$4.5M be a conservative estimate. Mr. Davis said this is what they expect the cost to be--the true cost of construction. Commissioner Phelps asked if that budget can fluctuate. Mr. Davis said yes it can absolutely fluctuate. He's not the contractor.

Mr. Potter told the Commissioners if they go out to bid on the project they can ask for similar projects to be shown to see what other projects those companies have done and if they have come in over or under bid.

Commissioner Phelps asked where this project goes from here. It's been talked about for two years. Mr. Potter said it goes back to meetings between the School Board and the Commissioners. There are two options and it needs to be decided what are the financial resources available for the most appropriate option. Commissioner Phelps asked the Chair to ask Mr. Potter to coordinate a meeting with the WCS Superintendent. Chair Walker said he agreed with Commissioner Phelps and asked Mr. Potter to set up a meeting with WCS Superintendent Jackson.

Chair Walker asked Dr. Jackson what the capacity is of Pines Elementary School. Dr. Jackson said approximately 700, and there are about 500 kids attending now.

Chair Walker thanked Mr. Davis and Mr. Gudger for attending tonight's meeting.

WASHINGTON COUNTY 2017 -2018 RECOMMENDED BUDGET: Mr. Curtis Potter, Interim County Manager/Budget Officer presented the following budget message to the Commissioners.

COUNTY OF WASHINGTON

BOARD OF COMMISSIONERS

COMMISSIONERS:

JULIUS WALKER, JR., CHAIR
TRACEY A. JOHNSON, VICE-CHAIR
D. COLE PHELPS
JENNIFER C. RIDDICK
WILLIAM "BILL" R. SEXTON, JR.



ADMINISTRATION STAFF:

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INTERIM COUNTY MANAGER/
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cpotter@washconc.org

JULIE J. BENNETT, CMC, NCCCC
CLERK TO THE BOARD
jbennett@washconc.org

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PLYMOUTH, NORTH CAROLINA 27962
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TO: Julius Walker, Jr., Chairman
Tracey Johnson, Vice-Chair
Bill Sexton, Commissioner
Cole Phelps, Commissioner
Jennifer Riddick, Commissioner

FROM: Curtis S. Potter, Interim County Manager

RE: Washington County Recommended Budget for FY17-18

DATE: May 17, 2017

In accordance with North Carolina General Statutes, I respectfully submit for your review and consideration the recommended FY17-18 budget for Washington County. This recommended 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, 2017. The FY17-18 general fund budget totals \$14,540,208 for all county operations, capital improvements and debt service requirements. This amount represents an increase of \$916,172 (6.7%) from the FY16-17 budget of \$13,624,036.

Major highlights of the budget include the following:

- An increase of \$.07 cents per \$100 of assessed value for a recommended ad valorem tax rate of \$.88 per \$100 of assessed value is proposed in order to adequately fund the operational requirements of the county without further depleting its dwindling fund balance.
- An additional Special Tax of \$.01 cent per \$100 of assessed value is recommended to be levied in addition to the general ad valorem tax rate for Watershed Improvement, to be used exclusively for adequately funding and proactively managing drainage systems and projects throughout the county. This tax was authorized by voter referendum held on May 6, 1972 and to the best of my knowledge last levied in FY08-09.
- \$.04 cents per \$100 of assessed value is allocated to Fire Departments per Board direction.
- \$.035 cents per \$100 of assessed value is allocated to support the continuation of paramedic level EMS operations.
- \$.01 cent per \$100 of assessed value is allocated to pay for non-reimbursable capital outlay costs associated with installing the state mandated backup PSAP in Roper, North Carolina.
- Just over \$.01 cent per \$100 of assessed value is allocated for contingency which is particularly important this budget year given the relatively low available fund balance and lack of excess funding available within other areas of this budget to cover unexpected emergencies.
- A solid waste user fee increase is proposed from \$215 to \$260 per household to adequately fund the solid waste enterprise fund and cover cost increases associated with curbside pickup.
- Funding for the Washington County Schools operations budget is allocated at the same level as FY16-17 which is \$1,603,000. A significant increase in capital outlay funding is proposed to properly account for prior year sales tax restricted to school capital outlay purposes as more particularly described in this document below.
- \$279,097 representing approximately \$0.32 cent per \$100 of assessed value is allocated to the Washington County Hospital Pension Plan which has not been adequately funded in recent years and is approximately 2 years away from depleting pension plan assets. This amount represents the first of 20 annual projected installments according to the actuarially determined plan liability needed to adequately fund this plan.
- Other major county capital outlay expenses include the purchase of two replacement vehicles for the Sheriff's Department, finishing the upgrade of control consoles in the detention center, and entering into an installment purchase agreement loan for the purchase of new cardiac monitors for EMS.
- No new county-funded positions have been added to the recommended budget.

- No salary increases are proposed with the exception of a handful of minor adjustments to approximately nine (9) lower level staff members totaling less than \$3,500 which are proposed to correct pay plan compliance issues discovered during the budget process.

Budget Development Process:

The budget development process began on February 6, 2017 with the presentation of a proposed budget calendar followed by a Budget Planning Retreat held by the Board of Commissioners on February 17th, 2017. A budget kickoff message and budget preparation forms and instructions were distributed to all county departments, groups and agencies that receive funding from Washington County on March 1st, 2017, and departments and other agencies were required to submit their proposed budgets for consideration by March 17, 2017 although this deadline was extended for a number of parties. The County Manager and Finance Officer met with county department heads beginning in early April and reviewed departmental budget requests. The budget calendar was amended on May 1st, 2017 and the recommended budget was balanced on May 15th, 2017. A public hearing regarding the budget is scheduled for June 5th, 2017. Final adoption of the FY17-18 budget is anticipated to occur between June 5th, 2017 and June 15th, 2017.

Budget Development Preparation Guidelines:

The following preparation guidelines, approved by the Washington County Commissioners on March 6th, 2017 were utilized in developing the budget:

1. Mandatory statutory funding requirements should be met each year, or for those that are typically spread over multiple years, the pro-rated portion thereof should be funded each year rather than deferring expenses to later fiscal years.
2. Attempt to prevent the expansion of existing services or the establishment of new services unless a new revenue stream can be established to fund the expanded or new services.
3. Any premium increases in spousal or family health/dental/vision coverages should be passed through to employees.
4. Attempt not to layoff or furlough any current employees, and no new positions should be created unless funded by a grant or specific new revenue stream.
5. Continue to offer the same tax discount program initiated last fiscal year, but advertise the discounts in advance and more publicly before they are due to prevent confusion and enable citizens to take advantage of the discount even if tax bills are sent out behind schedule.
6. Attempt to restore the full .04 cents of collected tax revenue for funding fire services, and itemize this separately on the tax bill for the upcoming year.
7. Attempt to fund the full recommended annual contribution for the WCH Pension Plan.
8. Attempt to identify and propose corrections for any major irregularities or inequities in the Washington County Pay Plan during the budget process.
9. Present a balanced budget to the Board of Commissioners, which may include if absolutely necessary the presentation of a budget calling for a proposed tax increase. To lower such proposed tax increase required to balance the budget, consider reducing or eliminating discretionary services for which the estimated costs of providing such services outweigh the estimated value. If possible attempt to provide multiple balanced budget columns as follows:

- a. A budget column reflecting a tax increase if required to fund all recommended requests.
- b. A budget column reflecting no tax increase, and if required to balance, service reductions.
- c. A recommended budget column based on trying to balance the competing priorities of the two foregoing budget columns.

Recommended Budget Overview:

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

According to the Washington County Tax Department, the county's tax base for FY17-18 is projected to be \$911,974,431 including motor vehicles. The ad valorem tax collection rate has been determined to be \$87,230 per each one-cent of tax collected. The tax rate is based on collecting 95.5% of real and personal property and public utility values, as well as 97% of motor vehicle values.

The recommended general fund budget totals \$14,540,208 with an ad valorem tax rate of \$.88 per \$100 of assessed value. The effective tax collection rate excluding motor vehicles for FY15-16 was 95.5% representing an increase over last year's effective rate of 93.34%.

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 FY17 general fund budget are projected to be \$14,540,208.

The FY17-18 ad valorem tax levy is estimated to be \$6,897,788 which is a \$722,099 (11.7%) increase from the current year estimate of \$6,175,689. The increase is due to the identification of additional taxable properties, a higher tax collection rate, and the proposed increase in the overall tax rate which accounts for \$611,240 of this amount alone. Total prior years' tax collections are estimated to be \$403,000 and prior year tax interest is estimated to be \$90,000. Interest earned on investments is projected to be \$13,000. Total unrestricted sales tax revenues from all sources of sales tax are projected to be \$1,399,000, and additional sales tax revenues of \$471,000 restricted to school capital outlay, and of \$235,000 restricted to economic development or education are also anticipated.

Other significant budget revenue estimates include:

- Payment in Lieu of Taxes is projected at \$15,000 (\$2,500 more than CY).
- Prior year tax interest is estimated at \$90,000 (\$10,000 less than CY).
- Wine and Beer Tax is projected at \$35,000 (\$5,000 more than CY).
- Elections Reimbursement estimated at \$15,000 (\$15,000 more than CY).
- Hazardous Mitigation Grant estimated at \$124,814 (same as CY).
- Hazard Emergency Preparedness Grant estimated at \$20,000 (same as CY).
- Emergency Management Program Fund is projected at \$38,583 (\$1,875.5 less than CY).
- Recreation Fees and Donations are estimated at \$6,300 (\$1,200 less than CY).

- Department of Social Services revenues are estimated at \$3,075,514 (\$305,762 less than CY).
- Court cost, fees and charges are estimated to be \$23,000 (\$5,500 more than the CY).
- Sheriff fees and service fees are estimated to be \$21,600 (\$13,300 less than the CY).
- Building Permit Fees are projected at \$47,000 (\$2,000 more than CY).
- Register of Deeds Fees are estimated at \$97,500 (\$9,032 more than CY).
- Jail Fees and Jail Housing Fees are estimated at \$155,500 (\$500 more than CY).
- Sheriff Grants estimated at \$48,486 (same as CY).
- Planning Dept. Contracted Services estimate at \$7,560 (new source of revenue)
- Sale of Fixed Assets (Surplus) estimated at \$5000 (\$5000 more than CY).
- JCPC Funds estimated at \$75,063 (same as CY).
- School SRO Reimbursement estimated at \$211,670 (\$4,044 more than CY).
- Soil & Water District Contribution estimated at \$21,136 (\$8,136 more than CY).
- Cost Allocation-Waterworks is estimated is to be \$155,000 (\$105,000 more than CY). 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 \$50,000 (same as CY). This account also has various indirect costs similar to the waterworks department.
- Fund Balance Appropriation estimated at \$183,068 representing the reallocation of funds not spent from FY17 budget as follows: \$128,125 in unspent sales tax redistribution proceeds, and \$54,943 in unspent funds for completion of the Jail Consoles upgrade project currently under contract.

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 FY17-18 budget are projected to be \$14,540,208.

General fund expenditures are broken down in more detail and shown by department/category within the “Fiscal Year 2017-2018 Budgetary Comparison” spreadsheet attached to this document and incorporated herein by reference for your comparison of the FY17-18 budgeted totals against the FY16-17 and FY15-16 original budgets. A brief note about potential reasons for major differences is included in the right hand column of this document.

Enterprise Fund Revenues:

- Waterworks Enterprise Fund revenues are projected to be \$1,375,650 which is an increase of \$33,656 from the current estimate of \$1,341,994. This revenue project is based on a total of approximately 2,800 customers with an average usage of 3,600 gallons per month. Total charges for water consumption are estimated to be \$1,404,520.
- Solid Waste Fund revenues are projected to be \$1,303,539 which is an increase of \$65,999 from the current estimate of \$1,239,540. Revenue is derived from household

solid waste user 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.

- Emergency Medical Services (EMS) and Medical Transport Services for Washington County are projected to generate \$2,114,503 in revenues from Medicare, Medicaid, private insurance and self-pay as well as \$231,545 in projected loan proceeds to purchase new cardiac monitors.

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 \$1,375,650 which is an increase of \$33,656 from the current appropriation of \$301,579. Treatment plant proposed expenditures total \$1,082,162 which is \$41,747 more than the current appropriation of \$1,040,415.
- Solid Waste Fund: These expenditures total \$1,303,539 which is an increase of \$65,999 from the current appropriation of \$1,239,540. During FY17 the projected revenues for solid waste user fees were over budgeted which will most likely result in loss of fund balance at the end of that year. The projected increase in solid waste user fees from \$215 per household to \$260 per household are required in order to pay for increased contract rates for curbside trash and recycling services, and does not resolve the ongoing fund balance concerns related to this proprietary fund. Those concerns are amplified by the post closure landfill costs that must be booked at the end of each fiscal year. Additional revenue sources need to be identified and developed in order to restore a healthier fund balance to this proprietary fund.
- Emergency Medical Services (EMS): Expenditures for Washington County EMS and Washington County Medical Transport are projected to be \$1,815,523 and \$298,980 respectively which are substantial increases over prior years due to the fact that in FY17-18 what had been four separate departments will be merged into two (emergent and non-emergent). Overall the total amount budgeted across all departments for all EMS services in FY17-18 is \$187,949 less than FY16-17.

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 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 currently 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 years in an effort to lower expenditures and lessen reliance on county general funds. After implementing a fluctuating workweek schedule for staff to reduce overtime costs, changing billing companies to improve collection rates, and franchising point to point non emergent medical transport, the EMS system has undergone a noticeable improvement over the last two years but still requires a regular transfer of general fund revenues. For FY17-18 a transfer of \$306,215 (\$0.35 cents) from the general fund is proposed which is a decrease from the \$429,789 budgeted in FY16-17. Additionally, no allocation of the EMS fund balance has been made which is an improvement over the \$50,000 of EMS fund balance appropriated in FY16-17.

In FY17-18, Washington County anticipates modifying its contract with Tyrrell County to discontinue the provision of non-emergency transport services, and to charge Tyrrell County a set flat fee for the provision of services to lessen the administrative burden of separately tracking and accounting for expenses within different EMS departments and to further streamline and increase the profitability of EMS operations overall.

Waterworks

Washington County residents currently pay \$24 per month for the first 2,000 gallons consumed and \$13 for each 1,000 gallons thereafter. Generally, revenues from water sales have not kept pace with expenditures. The water rates were raised in FY15-16 in response to a letter of concern received from the Local Government Commission regarding the sustainability of the fund balance in this proprietary water fund. In FY16-17 the cost allocations paid from the water system to the general fund were substantially reduced after internal restructuring of some water department staff and due to the concerns about fund balance which presently appears to have stabilized. For FY17-18 the cost allocations have been increased again based on the most recent cost allocation report available. An updated report is expected within the month, and may be ready before the final budget is approved.

Washington County Schools: Washington County Schools submitted its working budget to the county on May 10th, 2017. The school system requested a continuation of the same level of current expense funding it received in FY16-17 which was \$1,603,000 and includes approximately \$78,000 in locally funded teacher supplements. For Capital Outlay, the school system requested an increase from the \$300,000 it has received regularly over the last several fiscal years, to \$450,000 as well as a onetime payment of \$696,171 in sales tax revenues the county is holding that are restricted for use toward school capital outlay projects. The recommended budget allocates \$400,000 to the school system for capital outlay immediately this year, while designating the remaining \$767,171 balance of restricted funds for future appropriation to educational capital outlay pending the review and determination of a plan of action determined for repairs needed at Pines Elementary School.

Plymouth Municipal Airport: Revenues are projected to be \$165,892 which is almost the same as the CY, and which includes an Airport Fund Balance appropriation of \$29,132. Revenues are generated from airplane fuel sales and airplane hangar rentals. Expenditures are expected to decrease slightly from \$169,423 to \$165,892. For FY17-18, the 10% County Match

required to utilize NPE grant funding has been waived which has resulted in a windfall to Washington County of approximately \$50,000.

E911 Fund: For FY17-18 total revenues and expenditures are estimated to be \$544,000 which is a substantial increase over the \$206,722 budgeted in this current year. Most of the available fund balance has been appropriated to be available to pay for capital outlay associated with installing a backup PSAP in the Beaufort County Community College Washington County Center building in Roper. Additional grant funds are being applied for to hopefully offset the financial burden of this unfunded mandate, but the overall fund balance and annual performance of this fund will need to be monitored and managed closely in the coming years as the reimbursement rules and amounts constantly change leaving little certainty about reliable revenue streams.

TTA: The TTA's total revenues and expenses for FY17-18 are estimated to be \$119,297 which is approximately \$10,000 less than the amount budgeted in the current year. Due to a very small remaining fund balance, and the instability of occupancy driven revenues, this fund balance and annual operations should also be monitored carefully to ensure that a negative fund balance is not inadvertently created.

Other Pending Amendments to FY16-17 Adopted Funds: In the FY16-17 Budget Ordinance the previous Budget Officer with the approval of the Board of Commissioners created a number of new Funds in anticipation of merging certain line items within the general fund, or merging certain entire existing funds along with the associated histories for each of the affected line items or funds, into the new funds as established and described within the Budget Ordinance to more closely reflect the recommended chart of account codes desired to be put in place by the previous Budget Officer. The conversion of the chart of accounts has been delayed and is not expected to take place before the end of this fiscal year. Therefore, the current Budget Officer and Finance Officer will be working with the County Auditor to ensure that any budget amendments that need to be brought before the Board to clean up any lingering issues from the attempted but not yet completed creation or merger of existing funds as described in the Budget Ordinance are adequately addressed and resolved.

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.

As the Budget Officer, I determined that recommending the substantial increase in tax rate was regrettably necessary in order to adequately fund the various operational requirements of continuing to provide the same level of county services and meet our ongoing and additional financial obligations in a fiscally responsible way. Of particular concern is the falling fund balance following the substantial appropriation of those funds in this current year. Our fund balance was determined by the LGC to be at around 25% at the end of FY14-15, 20% at the end of FY15-16, and following the appropriations made from it this year is anticipated to be somewhere between 11% and 15% at the end of this current FY16-17.

It was also regrettable that due to the overall financial state of the county, no substantive increases in salaries were able to be recommended for FY17-18 despite what I believe to be a

general overall need to adjust salaries across the board for all staff in order to stay competitive with surrounding counties, and to fairly and equitably compensate our employees which are for all intents and purposes are the most valuable asset which Washington County has.

In addition to the perceived need for an overall increase, there are also several categories of employees within specific departments which have already or are currently at significant risk of falling particularly behind surrounding counties pay rates within certain occupational fields. This has or will lead to significant problems faced by Washington County in trying to recruit and retain quality employees in these fields to provide certain services including several services which are considered essential to maintaining public safety and welfare.

It is my hope and suggestion that in the next FY18-19 with the county hopefully having passed this year's one time hurdle of appropriating a significant sum of prior year sales tax revenues restricted to school capital outlay which accounts for approximately 3.5 cents of this current FY16-17 tax rate, and approximately 4.5 cents of the increased recommended tax rate for FY17-18, that barring any major unexpected liabilities or emergencies, any excess revenues remaining could be used to address this concern regarding employee salaries, and to potential lower the overall tax rate at that time.

Thank you for your time and consideration of this recommended budget.

Respectfully Yours,

Curtis S. Potter, Interim County Manager

Chair Walker thanked Mr. Potter for the work he has done and thanked the Department Heads also. Chair Walker acknowledged that this has not been an easy task.

BUDGET AMENDMENTS/BUDGET TRANSFERS: Ms. Dixon told the Board that there was one budget amendment and two budget transfers before them. Commissioner Phelps asked Ms. Dixon to discuss the DSS amendment. Money was available in their budget to cover this. FEMA reimbursements are coming in now from Hurricane Matthew.

Washington County
BUDGET AMENDMENT

To: Board of Commissioners

BA #: 2017 - 035

From: Curtis Potter, Interim County Manager/County Attorney
Missy Dixon, Finance Officer

Date: May 17, 2017

RE: Sheriff/Hurricane Matthew/SS Admin

Please authorize the finance officer to make the following budgetary adjustments:

Account Code	Description	Old	Net	New
10-3541-010	Sheriff - Donations	(25.00)	(1,250.00)	(1,275.00)
10-4310-650	Sheriff - Donations	25.00	1,250.00	1,275.00
Sheriff				
10-3480-095	Hurricane Matthew - FEMA - Reimb Salaries/Benefits	-	(8,956.00)	(8,956.00)
10-4330-031	Hurricane Matthew - FEMA - Salaries & Wages Overtime	-	7,274.00	7,274.00
10-4331-090	Hurricane Matthew - FEMA - FICA	-	555.00	555.00
10-4331-100	Hurricane Matthew - FEMA - Retirement	-	944.00	944.00
10-4331-101	Hurricane Matthew - FEMA - 401K	-	183.00	183.00
Hurricane Matthew				
10-5310-140	SS Admin - Workers Comp	28,754.00	(2,500.00)	26,254.00
10-5310-100	SS Admin - Retirement	230,259.00	2,500.00	232,759.00
SS Admin				
Balanced:		259,013.00	-	259,013.00

Justification:

To book additional revenue received for Sheriff's donations, to book estimated revenue that is to be received from FEMA for Hurricane Matthew Reimbursement of Overtime and Benefits and to transfer funds in Social Services from Workers Comp to Retirement to cover shortfall due to state increase.

Note: As a reminder, when the third number of an account begins with 3, this indicates that it is a revenue account. When the third number begins with a 4 or greater, this indicates that it is an expenditure account.

Approval Date: _____
Bd. Clerk's Init: _____

Initials: _____
Batch #: _____
Date: _____

Washington County
BUDGET TRANSFERS

To: Board of Commissioners

BT #: 2017 - 038

From: Curtis Potter, Interim County Manager/County Attorney
Missy Dixon, Finance Officer

Date: May 9, 2017

RE: Various Line Item Transfers

Please authorize the finance officer to make the following budgetary adjustments:

Account Code	Description	Old	+ or (-)	New
10-4265-331	Facilities - Utilities - Fuel/Gas	25,000.00	(2,500.00)	22,500.00
10-4265-332	Facilities - Utilities - Water	30,000.00	2,500.00	32,500.00
Facility Services				
10-5310-370	SS Admin - Advertising	1,350.00	(200.00)	1,150.00
10-5310-610	SS Admin - Vendor Fees	1,000.00	200.00	1,200.00
10-5310-268	SS Admin - Food Stamp Direct Charge	6,500.00	(1,000.00)	5,500.00
10-5310-315	SS Admin - Training	18,815.00	500.00	19,315.00
10-5310-330	SS Admin - Utilities	24,000.00	500.00	24,500.00
10-5310-250	SS Admin - Maintenance & Repair - Vehicle	5,500.00	(400.00)	5,100.00
10-5310-260	SS Admin - Departmental Supplies	33,261.00	400.00	33,661.00
SS Admin				
10-5400-310	SS Transportation - WF Transportation	3,500.00	(500.00)	3,000.00
10-5400-320	SS Transportation - Communications	3,069.00	500.00	3,569.00
SS Transportation				
35-7130-315	Water Operations & Maint - Training	1,800.00	(57.00)	1,743.00
35-7130-390	Water Operations & Maint - Dues & Subscriptions	810.00	57.00	867.00
Water Operation & Maint				
35-7135-250	Water Treatment - Fuel	6,500.00	(700.00)	5,800.00
35-7135-350	Water Treatment - Maintenance & Repair - Equipment	30,969.00	700.00	31,669.00
Water Treatment				
Balanced:		192,074.00	-	192,074.00

Justification:

Informing the Board of Various Line Item Transfers. Move monies from within various departments to prevent line items from going negative prior to the end of the fiscal year due to underbudgeting.

Approval Date: 5/9/17

Co. Mgr. Initials: CLP

Note: As a reminder, when the third number of an account begins with 3, this indicates that it is a revenue account. When the third number begins with a 4 or greater, this indicates that it is an expenditure account.

Initials: CLP
Batch #: 2017-038
Date: 5/9/17

Washington County
BUDGET TRANSFERS

To: Board of Commissioners

BT #: 2017 - 039

From: *Curtis Potter, Interim County Manager/County Attorney*
Missy Dixon, Finance Officer

Date: May 16, 2017

RE: Various Line Item Transfers

Please authorize the finance officer to make the following budgetary adjustments:

Account Code	Description	Old	+ or (-)	New
10-5380-030	SS Economic Support-Crisis Intervention	87,523.00	(500.00)	87,023.00
10-5380-100	SS Economic Support-Fraud Repayments	8,200.00	500.00	8,700.00
SS Economic Support				
10-6060-350	Soil & Water-Maintenance & Repair Equipment	750.00	(407.00)	343.00
10-6060-200	Soil & Water-Departmental Supplies	386.00	400.00	786.00
10-6060-390	Soil & Water-Dues & Subscriptions	973.00	7.00	980.00
Soil & Water				
Balanced:		97,832.00	-	97,832.00

Justification:

To inform the board of several line item transfers. To request funds to be moved in DSS to repay day care fraud payments and to request movement in Soil & Water to cover the cost of an ad and to cover the purchase of a needed GPS.

Approval Date: 5/16/17

Co. Mgr. Initials: CBP

Note: As a reminder, when the third number of an account begins with 3, this indicates that it is a revenue account. When the third number begins with a 4 or greater, this indicates that it is an expenditure account.

Initials: TP
Batch #: 2017-039
Date: 5/16/17

Commissioner Sexton made a motion to approve BA#2017-035 and BT#2017-038 and BT#2017-039. Commissioner Riddick seconded, motion was approved unanimously.

Commissioner Sexton made a motion to go into Closed Session pursuant to NCGS§ 143-318.11(a)(3) attorney-client privilege and/or NCGS§ 143-318.11(a)(6) personnel. Commissioner Riddick seconded, motion was approved unanimously.

Back in Open Session, Mr. Potter stated he would like to pay Hall Architects for their services from out of the line item earmarked for the Pines Elementary School air handlers. The consensus of the Board was to authorize Mr. Potter to do as he requested.

At 9:00 PM, with no further business to discuss, **Commissioner Riddick made a motion to adjourn the meeting. Commissioner Sexton seconded, motion carried unanimously.**

Julius Walker, Jr.
Chair

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