

March 17, 2014

The Board of Commissioners of Franklin County, North Carolina, met for its Regular Meeting at 7:00 P.M. in the Commissioner's Conference Room located in the County Administration Building with the following Commissioners present: Chairman Sidney E. Dunston, Vice-Chairman John M. May, Commissioners E. Shane Mitchell, Cedric K. Jones and David T. Bunn.

Commissioner Lancaster arrived after the start of the meeting at 7:03 P.M. Commissioner Harry L. Foy, Jr. arrived at 7:04 P.M.

Chairman Dunston called the meeting to order and asked the Board to consider approval of the consent agenda.

Commissioner Bunn made a motion to approve the consent agenda, seconded by Commissioner Mitchell. The motion duly carried with all present voting "AYE."

The following items were approved.

1. CONSENT AGENDA

- A. February 17, 2014 Minutes
- B. Releases, Adjustments, Refunds, and Tax Collection Report

2. COMMENTS FROM THE PUBLIC

This was the time set aside by the Board of Commissioners to allow individuals five minutes to address the Board on issues concerning the County.

Patricia Chastain, 102 South Main Street, Louisburg, NC

- Ms. Chastain serves as the Franklin County Clerk of Court. She commented on a previous conversation with County Manager Angela L. Harris about the possibility of installing an ATM (automated teller machine) at the Franklin County Courthouse. She stated 47 of 100 courthouses in North Carolina provide the service.

3. MAY'S CROSSROADS WATER LINE RELOCATION

Due to the replacement of NCDOT (North Carolina Department of Transportation) Bridge #23 on May's Crossroads Road, a Franklin County waterline must be relocated to avoid conflict with construction. On February 18, 2014, sealed bids were opened from four respective bidders. TA Loving Company was the apparent low bidder at a cost of \$196,825. Franklin County Public Utilities has entered into a reimbursement agreement with NCDOT in which the County will receive funds in the amount of \$169,575 upon completion of the project. Franklin County will pay the difference of \$44,250 to upgrade the pipe size of the current waterline while it is being relocated.

Bryce Mendenhall, Public Utilities Director, asked the Board to consider awarding the project to TA Loving Company for waterline relocation at a cost of \$196,825.

Commissioner Mitchell made a motion to award the project to TA Loving Company for waterline relocation at a cost of \$196,825, seconded by Commissioner Lancaster. The motion duly carried approval with all present voting "AYE."

4. AUDIT REPORT FOR FISCAL YEAR ENDING 2012-2013

Jim Winston of the Auditing Firm Winston, Williams, Creech, Evans and Company, LLP; Certified Public Accountants, presented the Annual Audit Report for the Fiscal Year Ending 2013. In addition, Interim Finance Director Chuck Murray provided a brief financial overview of FYE 2013.

Mr. Winston provided the following PowerPoint presentation.

Franklin County
June 30, 2013

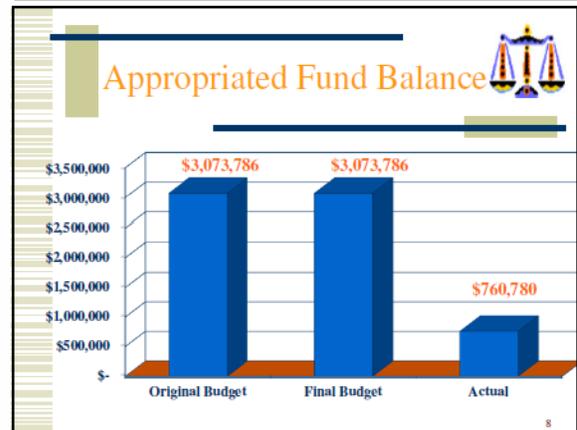
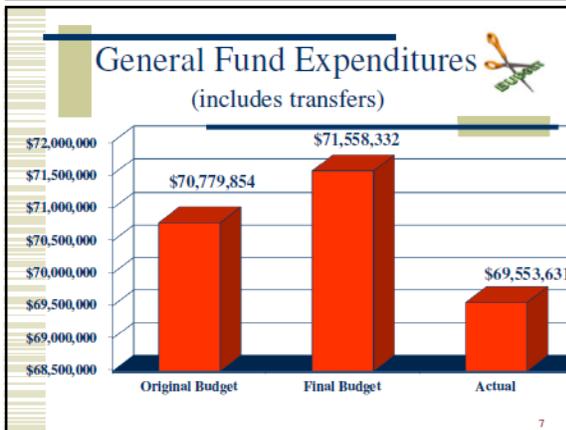
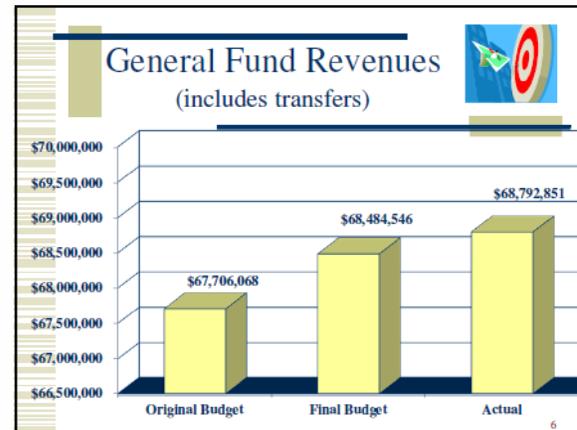
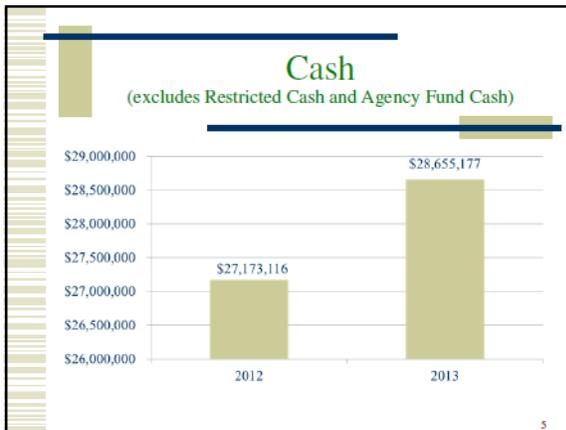
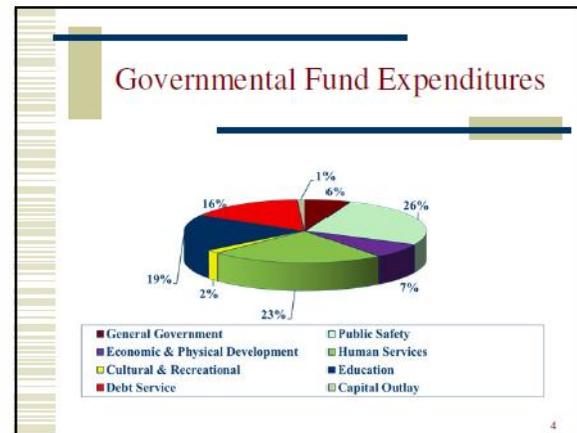
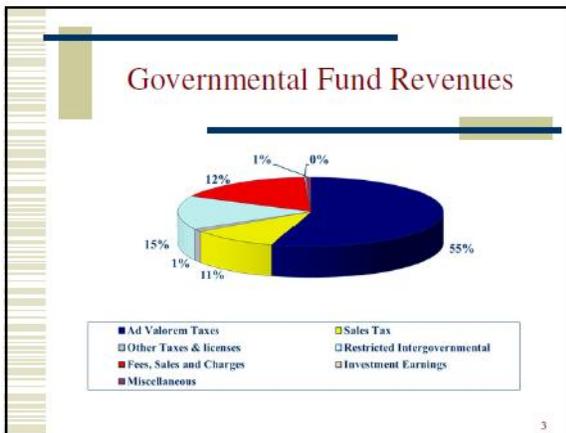
Audit Presentation
Winston, Williams, Creech, Evans & Co.
LLP

1

Overview

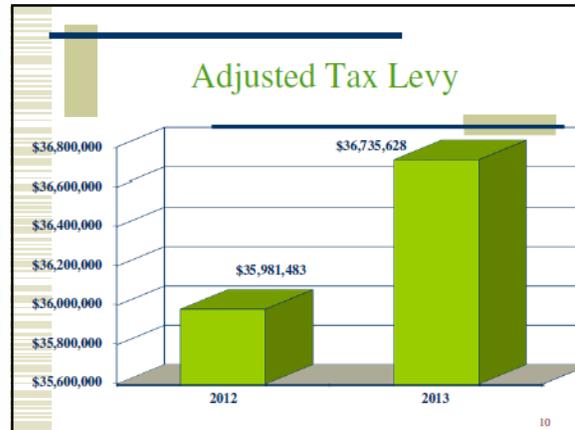
- Franklin County has received an unmodified opinion on their June 30, 2013 financial statements; this is also called a "clean" opinion.
- Franklin County again received the Certificate of Excellence in Financial Reporting for fiscal year 06/30/12 and has submitted the 6/30/13 report to GFOA.

2



General Fund - Fund Balance Available for Appropriation Statistics

	2012	2013
Fund Balance Available for Appropriation	\$ 17,707,967	\$ 17,599,161
Expenditures (includes transfers)	67,440,356	69,553,631
FBA as a % of Expenditures	26.26%	25.30%
Statewide Avg (per LGC statistics)	26.64%	



Average Tax Rate and Debt per Capita

	Franklin County	Statewide	
Average Tax Rate	.8725/\$100	.6148/\$100	
	2012	2013	Change
Total Debt per Capita	\$ 1,737	\$ 1,588	(\$ 149)

Proprietary Funds

	Water and Sewer Fund	
	2013	2012
Operating Revenues	\$ 8,863,609	\$ 7,340,277
Operating Expenses	5,878,677	5,539,856
Operating Income (Loss)	2,984,932	1,800,421
Nonoperating Revenues/Expenses	(515,822)	(596,249)
Capital contributions	298,969	87,562
Transfer to General Fund	(400,000)	(440,615)
Change in net position	\$ 2,368,079	\$ 851,119

To Chuck and the rest of finance and administration for all of their help during our audit.

Mr. Murray provided the following PowerPoint presentation.

**Franklin County North Carolina
Fiscal Year 2012-2013
Comprehensive Annual Financial
Report**

- #### Performance of the County
- (Page 13-14) **Auditor's Opinion** – The County's financial statements present fairly, in all respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information. **The county received an "unmodified" opinion which is the best possible opinion.**
 - (Page 136) **Internal Control Over Financial Reporting** – Auditors found **no material weaknesses** in Internal Control over Financial Reporting.
 - (Page 140-141) **Compliance and Other Matters** – Auditors performed tests on the County's compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. **One material weakness** and on Significant Deficiency was noted at Social Services with Medicaid case files.
 - Statistical Section: pg 110-134** – Contains 10 consecutive years of financial and statistical information and in my opinion is the most interesting section for our readers.

Franklin County Financial Summary – All Governmental Funds (page 30)

Expenditures:

Gen. Govt.	Pub. Safety	Economic & Prov. Dev.	Human Services	Cultural & Recrea.	Education	Capital	Debt	Total
\$4,428,858	19,065,915	5,448,774	17,001,115	1,219,008	13,775,500	893,883	11,404,955	\$73,097,000

Revenues:

Prop. Taxes	Sales Tax	Other Taxes & F-911 Fees	Intergov.	Sales & Serv.	Invest. Earn.	Misc. Rev.	Total
\$38,841,282	7,844,488	942,948	10,987,782	11,984,301	142,629	479,558	\$71,022,984

Other Financing Sources:

Issuance of Debt	-0-
Transfers in and (out) - (net)	400,000
Total of Other Financing Sources	400,000

Net Change to Fund Balance (all funds): \$(1,874,022)

Franklin County Fund Balance Summary

	General Fund	Other Govt. Funds	Total Fund Bal.
• At 7/1/12	\$ 21,965,763	\$ 6,030,197	\$27,995,960
• FY Changes	(752,560)	(913,860)	(1,666,420)
• Fund Bal 6/30/13	\$21,213,203	\$ 5,116,337	\$26,329,540
• Percent to Budget	28.7%		
• Unassigned FB	\$12,714,798		
• Percent to 2014 Budget	17.2%		

Summary of Unassigned General Fund Fund Balance

Fiscal Year	Amount of Fund Balance
Fiscal Year 2012-2013	12,714,798
Fiscal Year 2011-2012	13,201,066
Fiscal Year 2010-2011	12,757,375
Fiscal Year 2009-2010	13,312,790
Fiscal Year 2008-2009	14,545,686
Fiscal Year 2007-2008	11,455,767
Fiscal Year 2006-2007	11,730,851
Fiscal Year 2005-2006	12,146,678
Fiscal Year 2004-2005	12,870,944

Key Department Analysis- General Fund:

Source	Budget	Actual	Difference
• Total Budgeted Exp.	\$71,475,966	\$69,471,265	\$2,004,701
• Total Budgeted Rev.	68,402,180	68,710,485	308,305
• Budget Impact		(+)	\$2,313,006
	<u>Budgeted</u>	<u>Actual</u>	
• Fund Balance Budgeted	\$3,073,786	760,780	

Water and Sewer Fund Summary For F.Y.E. June 30th 2013

	F.Y.E. 2012	F.Y.E. 2013
• Total Sales for water were:	\$5,353,346	\$ 5,744,353
• Total Sales for sewer were:	1,480,924	2,485,661
• Fees, Charges, and Other were:	\$506,007	633,890
• Transfer from General Fund:	-0-	-0-
• Total Revenues and Transfers:	<u>\$7,340,277</u>	<u>\$8,863,904</u>
• Water Purchases were:	\$2,691,772	\$2,981,852
• Debt Service payments were:	1,936,154	1,864,841
• Operating and Capital expenses:	1,954,434	2,039,014
• Transfer to General Fund	440,615	400,000
• Total Expenditures were:	7,022,975	<u>7,285,707</u>
• Revenues over Expenditures:	<u>\$ 317,302</u>	<u>\$ 1,578,197</u>
• Depreciation on system:	870,543	973,344
• Profit/(Loss)	(553,241)	604,853

County's Debt Service at 6/30/2013

• Total Bonded Debt	\$ 60,985,000
• Lease financings agreements	\$ 23,968,110
• Water and Sewer	\$ 12,939,415
• Total Debt at 6/30/2013	<u>\$ 97,892,525</u>

Statistical Section

• **Statistical Section**

Last ten year comparisons of budget and other good information. (Pages 110-134)

Effective Tax Rates:

- When looking at effective tax rates for each county, Franklin County actually ranks 9th.
- 1. Scotland - \$1.11, 2. Vance - \$1.09, 3. Northampton - \$.9775, 4. Hertford - \$.8980, 5. Granville - \$.8979, 6. Orange - \$.8908, 7. Edgecombe - \$.8835, 8. Lenoir - \$.8666, 9. Franklin - \$.8494
- Warren - .7108, Nash - .6742, Wake - .5837, Johnston - 79.12

Some History - Tax Rates of the Past

• **Question:**

- What is the highest property tax rate the county has had in the last 35 years?
- What is the lowest tax rate the county has had in the last 35 years?

Tax Rates of the Past

• **Question:**

- What is the highest property tax rate the county has had in the last 35 years?
- In 1980 and in 1981, The Property Tax Rate for Franklin County was \$1.08 cents per \$100 of value.
- In 1982 and 1990, The property tax rate dropped to the lowest rate in 35 years - 69 cents per \$100 of value.

Tax Rates for Franklin County
2014 tax Rate is 87.25

Year	Tax Rate	Change
2013	87.25	No tax increase
2012	87.25	No tax increase
2011	87.25	No tax increase
2010	87.25	5 cent tax increase
2009	82.25	No tax increase
2008	82.25	3.25 cent increase
2007	79.00	No tax increase
2006	79.00	No tax increase
2005	79.00	20.95 cent decrease
2004	99.95	No tax increase
2003	99.95	No tax increase
2002	99.95	No tax increase
2001	99.95	5.45 cent increase
2000	94.50	11.5 cent increase
1999	83.00	1 cent tax increase
1998	82.00	11.5 cent decrease
1997	93.50	

Tax Rates for Franklin County
2014 tax Rate is 87.25

Year	Tax Rate	Change
1996	90.00	No tax increase
1995	90.00	8 cent increase
1994	82.00	No tax increase
1993	82.00	4.01 cent increase
1992	77.99	5.99 increase
1991	72.00	3 cent increase
1990	69.00	22 cent decrease
1989	91.00	6 cent decrease
1988	97.00	5 cent increase
1987	92.00	8 cent increase
1986	84.00	No tax increase
1985	84.00	5 cent increase
1984	79.00	5 cent increase
1983	74.00	5 cent increase
1982	69.00	39 cent decrease
1981	108.00	No tax increase
1980	108.00	

Changes In Tax Rate

- Other Stats:
- From 2005 to 2014 – tax rate only increased 8.25 cents
- From 1995 to 2004 – tax rate increased 17.95 cents
- From 1985 to 1994 - tax rate increased 28.00 cents
- From 1975 to 1984 – tax rate increased 39.00 cents

The county managed to only raise taxes 8.25 cents in the last 10 years

- Especially when the county has:
- 1. Spent \$80,000,000 on School Construction
- 2. Spent \$10,600,000 on upgrading the E911 system
- 3. Spent \$11,700,000 on water and sewer lines and upgrades
- 4. Our annual General Fund Debt Payment increased from \$4.7 million (2005) to \$11.5 million (2014), an increase of \$6.8 million. One penny on the tax rate in 2005 was (\$310,000); One penny on the tax rate for 2014 is (\$425,705)
- 5. Debt alone should have increased the tax rate by 18.50 cents

Statistical Section

- **Statistical Information**

Any Questions?

Mr. Murray noted the County had a “good year” and an excellent audit report. He said 2013 was the first year Public Utilities had seen a profit (after depreciation) since the County took over the service in 1996.

Commissioner Mitchell made a motion to accept the audit report as presented. The motion was seconded by Commissioner Foy and duly carried approval with all present voting “AYE.”

Commissioner Foy said he was aware there had been problems with various County departments that receive cash payments for certain services. He asked if the audit examines those types of issues/concerns. Mr. Winston said a materiality calculation is used to examine transactions within a certain threshold. Outside of the threshold, concerns are examined by request. He reminded the Board of a management questionnaire distributed each year that provides an opportunity for concerns to be shared and subsequently examined.

5. OTHER BUSINESS

A. DCA Monthly Performance Status Report (11-D-2447)

The status report was for information only. Board action was not required.

B. Update on Broadband Initiative – Richie Duncan, Existing Industry Coordinator

Richie Duncan, Existing Industry Coordinator, provided an update on the Broadband Initiative. While attending the NACo (National Association of Counties) conference in Washington, DC recently, Chairman Dunston, Vice Chairman May and County Manager Harris became aware of an opportunity for possible funding for broadband deployment in rural counties. While funding is geared toward telecommunication companies, a team worked together to determine how Franklin County could express interest on behalf of both the County and the region. She said a key criterion for eligibility was possession of census tracts as determined by the FCC (Federal Communications Commission) proving there are unserved or underserved areas in the county. In Franklin there are five tracts. Mrs. Duncan said the team coordinated with the County's Information Technology Director Coy Floyd and GIS department and with NACo's contact to overlay the census tracts onto a map of Franklin County that revealed a large portion is eligible. Staff also reached out to the Kerr Tar Regional Council of Governments (COG) to see if there were regional efforts Franklin could team with. She said the decision was made to pursue funding in both avenues.

The FCC is seeking a letter that is an expression of interest to secure funds when they become available. Staff was aware that North Carolina has a General Statute prohibiting any county from owning or deploying broadband. After additional investigation, the letter was positioned so that Franklin is legally allowed to grant the funds to a telecommunications company that would in turn deploy, own and manage the broadband in the county. Conversations have been held with some local telecommunications companies who are interested in participating in the project.

At this time, Mrs. Duncan said both Franklin County and the Kerr-Tar Regional COG have sent forward expressions of interest. A formal proposal submission process is the next step expected in May, 2014.

6. BOARD, MANAGER AND CLERK'S COMMENTS

This was the time set aside for the Board of County Commissioners, the County Manager, and the Clerk to the Board to report on various activities. The Board may also discuss other items of interest.

County Clerk Kristen G. King: No comments were offered.

Commissioner Foy: Commissioner Foy inquired about the current status of the upcoming budget. County Manager Angela Harris said budgets were submitted the previous week. Staff is currently in the process of updating revenue and expenditure projections. She said meetings will soon be scheduled with department heads and there are plans to meet earlier in the budget process with Franklin County Schools' staff to discuss school needs.

Commissioner Bunn: No comments were offered.

Commissioner May: Commissioner May reported his attendance at the NACo (National Association of Counties) Legislative Conference and on meetings with Congressional and Senatorial staff. He said several issues were discussed with relevance to NACo, the North Carolina Association of County Commissioners and to Franklin County. While there, he said the County was lucky to find possible funding for broadband and for expansion of Highway 401. Discussions were also held relative to funding cuts for Cooperative Extension Services in North Carolina and cuts in other areas as well.

Commissioner Jones: Commissioner Jones attended recent meetings of the Franklinton Town Council and Five County Mental Health.

Commissioner Mitchell: No comments were offered.

Commissioner Dunston: Commissioner Dunston attended the recent NACo (National Association of Counties) Legislative Conference in Washington, DC. He commented that meetings were held with representatives of Congressman G.K. Butterfield, Senator Kay Hagan and Congressman George Holding during the conference in order to discuss issues of importance relative to Franklin County. Commissioner Dunston also attended a dedication ceremony in honor of former Franklin County resident and WWII hero Lieutenant Colonel George Lumpkin, US Marine Corp Reserve. The event was held at Triangle North Executive Airport.

Commissioner Lancaster: Commissioner Lancaster attended the recent DARE graduation of students at Youngsville Elementary School as well as a recent meeting of the Airport Commission.

County Manager Angela L. Harris: Mrs. Harris asked architect Surapon Sujjavanich to provide a brief update on courthouse and detention center renovation projects. Mr. Sujjavanich said he would come back to the Board at its next meeting to ask for permission to bid out renovations for the courthouse. Plans will be available for viewing in the office of Interim Finance Director Chuck Murray. The project is estimated at \$1 million.

Mr. Sujjavanich said repairs are ongoing at the Detention Center. The new heating and air conditioning system has been installed and roof repairs are expected to begin as soon as weather permits. Upon completion of the roof, construction of the new medical isolation cell will begin.

Mrs. Harris concluded her report by stating the State Board of Transportation recently approved plans to move forward with grant funds for a new KARTS (Kerr Area Rural Transportation System) facility in Henderson, North Carolina.

Commissioner Mitchell made the motion to adjourn, seconded by Commissioner Bunn. The motion duly carried with all present voting "AYE."

Sidney E. Dunston, Chair

Kristen G. King, Clerk to the Board

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