

*WARREN COUNTY
BOARD OF COMMISSIONERS*

*Budget Goals Setting
Work Session*

January 16, 2013

*WARREN COUNTY ARMORY CIVIC CENTER
COMMISSIONERS' MEETING ROOM
WARRENTON, NORTH CAROLINA*



**Warren County Board of Commissioners
Budget Goals Setting Work Session
Armory Civic Center – Commissioners Meeting Room
January 16, 2013
Warrenton, NC**

10:00 a.m. – 3:00 p.m.

- 10:00 a.m. Convene Work Session**
- 10:05 a.m. Presentation of FY 12 “Draft” Warren County Audit Report – Jennifer Reese, Auditor**
- 10:30 a.m. Warren County FY 13 Fiscal Condition & Economic Outlook**
- 12:00 p.m. Break for Lunch**
- 12:45 p.m. Warren County Major Building Repair Projects**
- 1:00 p.m. Warren County Schools Capital Needs Projects – Dr. Ray Spain, Superintendent**
- 1:30 p.m. Department Head Presentations**
- 2:00 p.m. Work Session Wrap-Up and Closing Statements by Board of Commissioners**
- 3:00 p.m. Adjourn Work Session**

10:05 – 10:30 a.m.

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**Presentation of FY 12 Warren County Audit
Report**

**Jennifer Reese, Auditor
Winston, Williams, Creech, Evans & Co., LLP
Certified Public Accountants**



Warren County June 30, 2012 Audit Presentation

**Winston, Williams, Creech, Evans &
Co., LLP
Certified Public Accountants**

Overview

- ◆ Warren County has received an unqualified opinion on their June 30, 2012 financial statements.
- ◆ Audit is currently still under review by the LGC

Statement of Net Assets Governmental Activities

	<u>2011</u>	<u>2012</u>
Total Assets	\$ 31,161,458	\$ 31,776,010
Total Liabilities	<u>10,543,934</u>	<u>8,738,601</u>
Net Assets	\$ 20,617,524	\$ 23,037,409

Statement of Net Assets Business-Type Activities

	<u>2011</u>	<u>2012</u>
Total Assets	\$ 37,527,594	\$ 38,378,781
Total Liabilities	<u>13,017,309</u>	<u>14,609,994</u>
Net Assets	\$ 24,510,285	\$ 23,768,787

Statement of Net Assets Primary Government

	<u>2011</u>	<u>2012</u>
Total Assets	\$ 68,689,052	\$ 70,154,791
Total Liabilities	<u>23,561,243</u>	<u>23,348,595</u>
Net Assets	\$ 45,127,809	\$ 46,806,196

Statement of Activities Governmental Activities

	<u>2011</u>	<u>2012</u>
Revenues	\$ 26,993,614	\$ 27,854,897
Expenditures	<u>26,132,317</u>	<u>25,435,012</u>
Change in Net Assets	861,297	2,419,885
Beginning Net Assets	<u>19,756,227</u>	<u>20,617,524</u>
Ending Net Assets	\$ 20,617,524	\$ 23,037,409

Statement of Activities Business-Type Activities

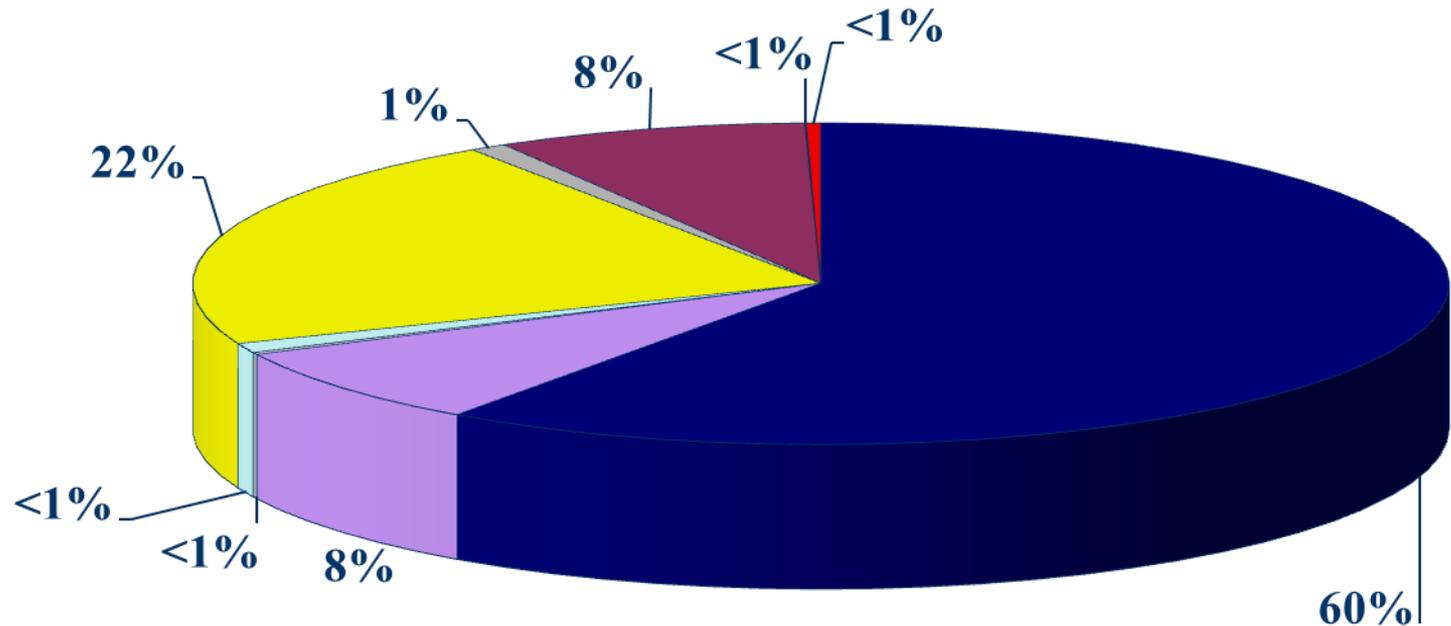
	<u>2011</u>	<u>2012</u>
Revenues	\$ 4,137,367	\$ 3,847,046
Expenditures	<u>4,279,801</u>	<u>4,588,546</u>
Change in Net Assets	(142,434)	(741,500)
Beginning Net Assets	<u>24,652,721</u>	<u>24,510,287</u>
Ending Net Assets	\$ 24,510,287	\$ 23,768,787

Statement of Activities

Total-Primary Government

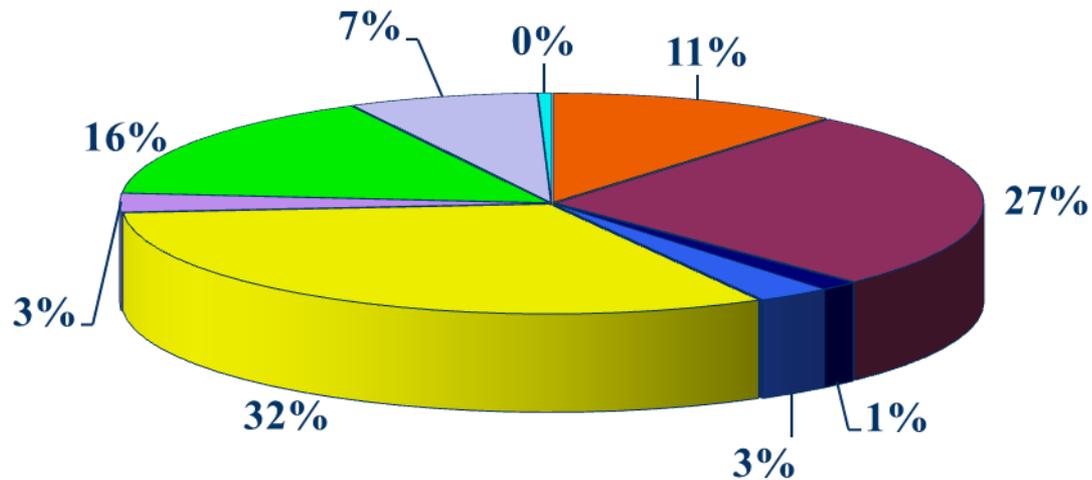
	<u>2011</u>	<u>2012</u>
Revenues	\$ 31,130,981	\$ 31,701,943
Expenditures	<u>30,412,118</u>	<u>30,023,558</u>
Change in Net Assets	718,863	1,678,385
Beginning Net Assets	<u>44,408,948</u>	<u>45,127,811</u>
Ending Net Assets	\$ 45,127,811	\$ 46,806,196

Governmental Fund Revenues



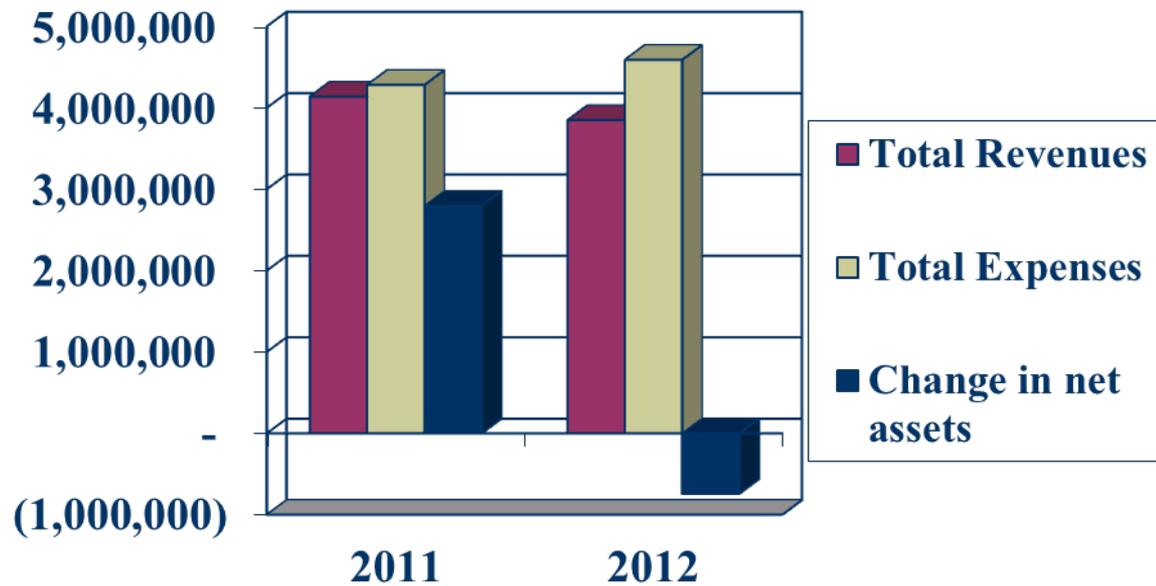
- | | |
|---------------------------|----------------------------------|
| ■ Ad Valorem Taxes | ■ Sales Tax |
| ■ Other Taxes & licenses | ■ Unrestricted intergovernmental |
| ■ Restricted Governmental | ■ Permits and fees |
| ■ Sales and services | ■ Investment earnings |
| ■ Miscellaneous | |

Governmental Fund Expenditures

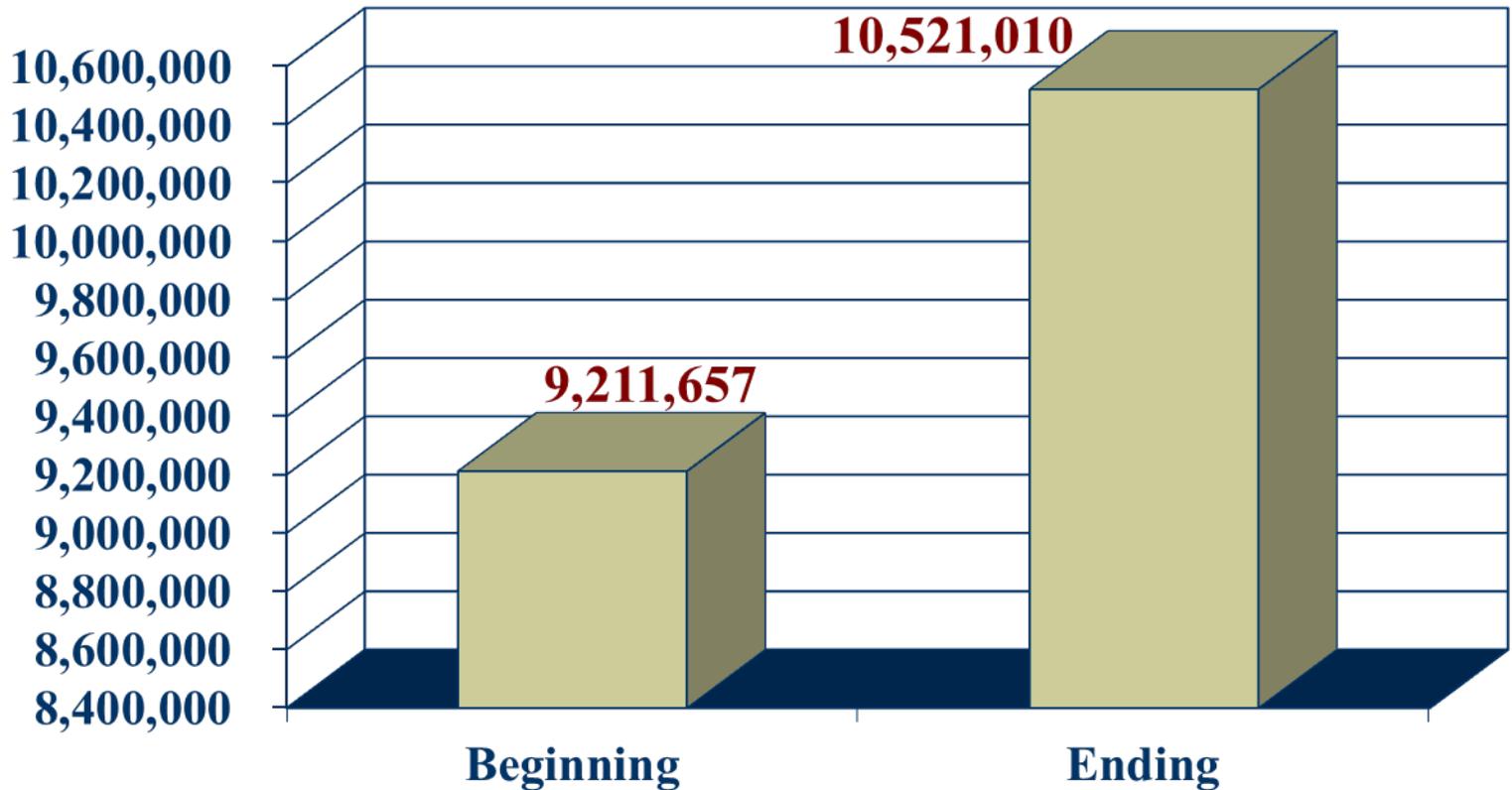


- General Government
- Environmental Protection
- Human svcs
- Education
- Capital Outlay
- Public Safety
- Economic & Physical Development
- Cultural & Recreational
- Debt Service

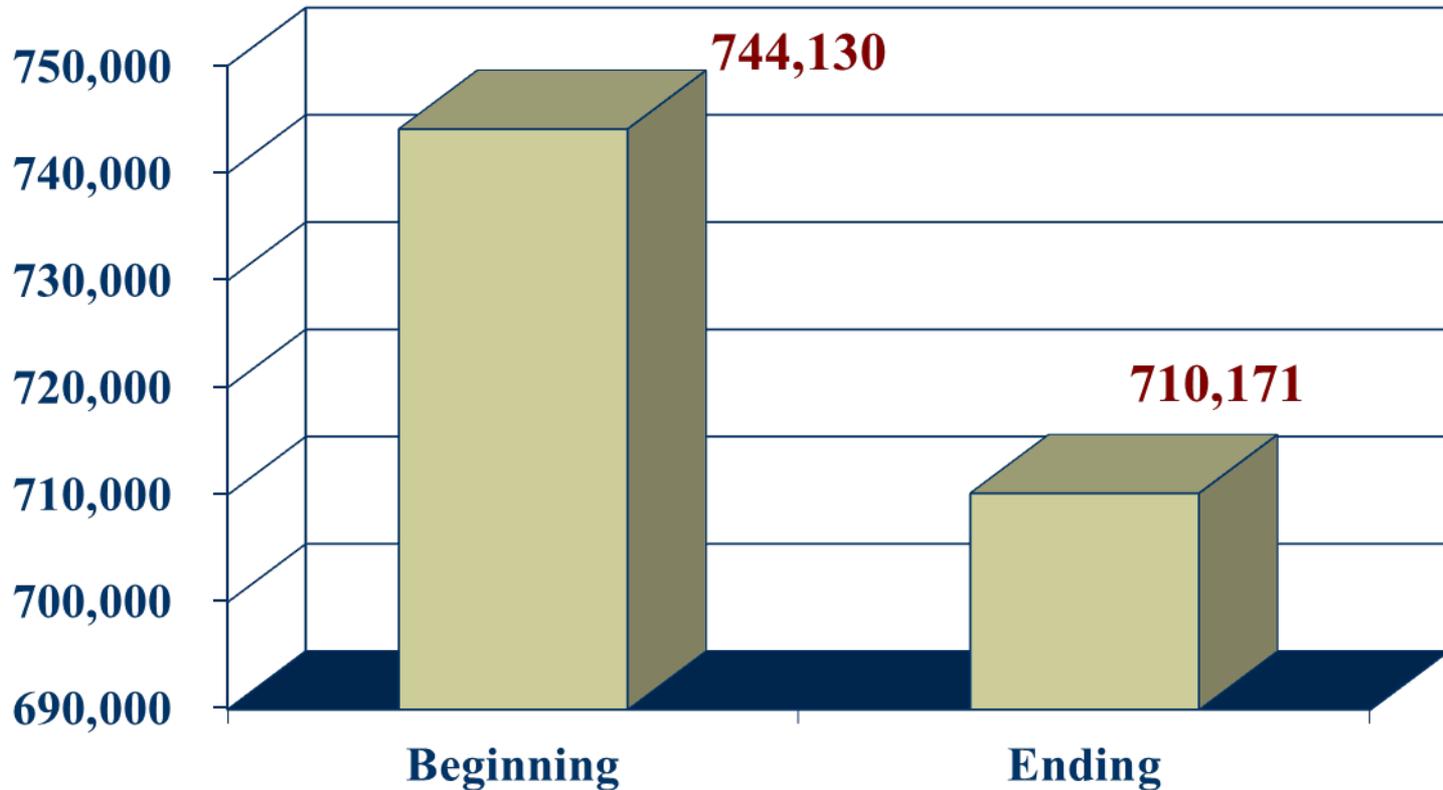
Proprietary Funds



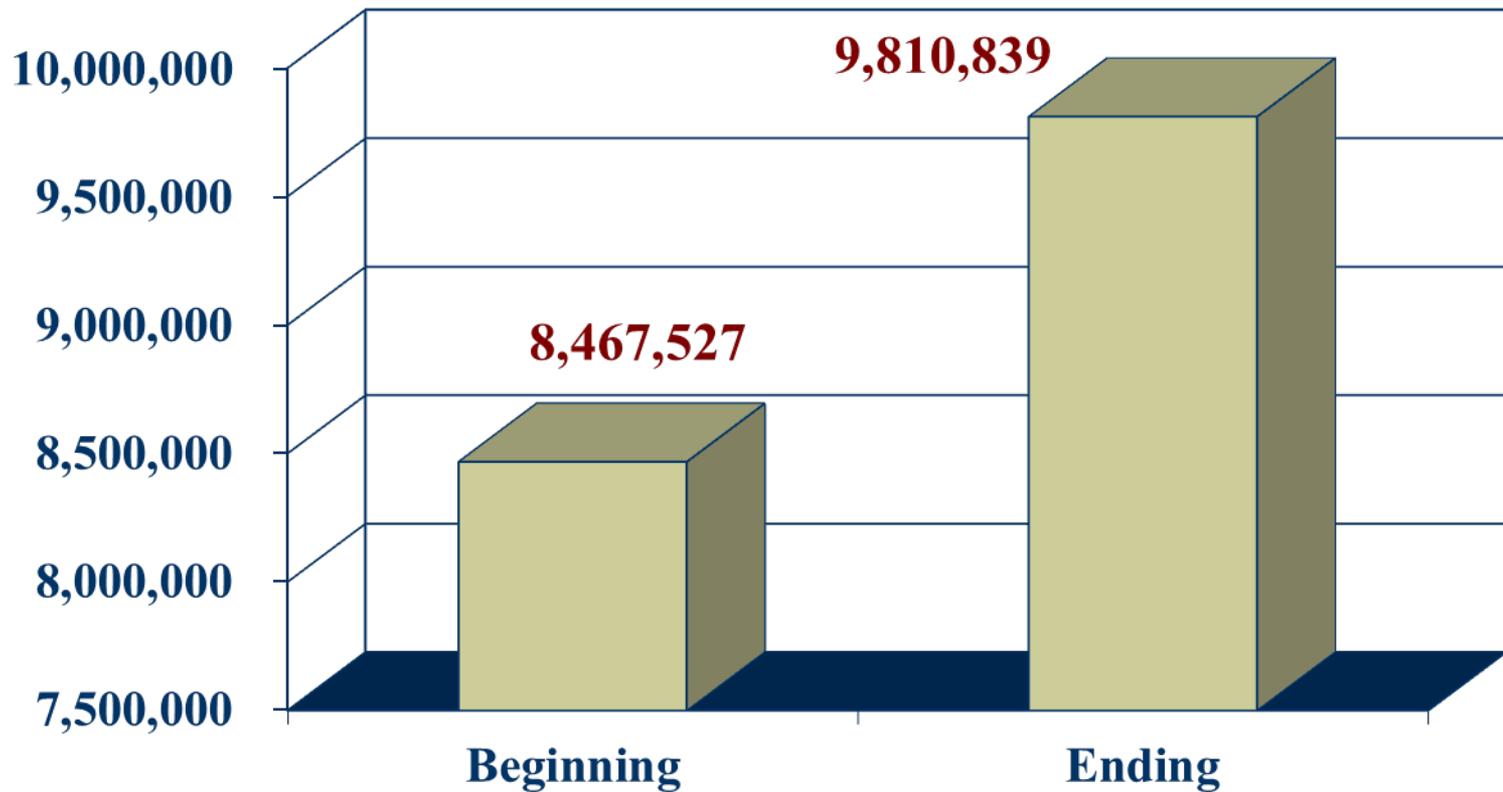
Fund Balance- All Governmental Funds



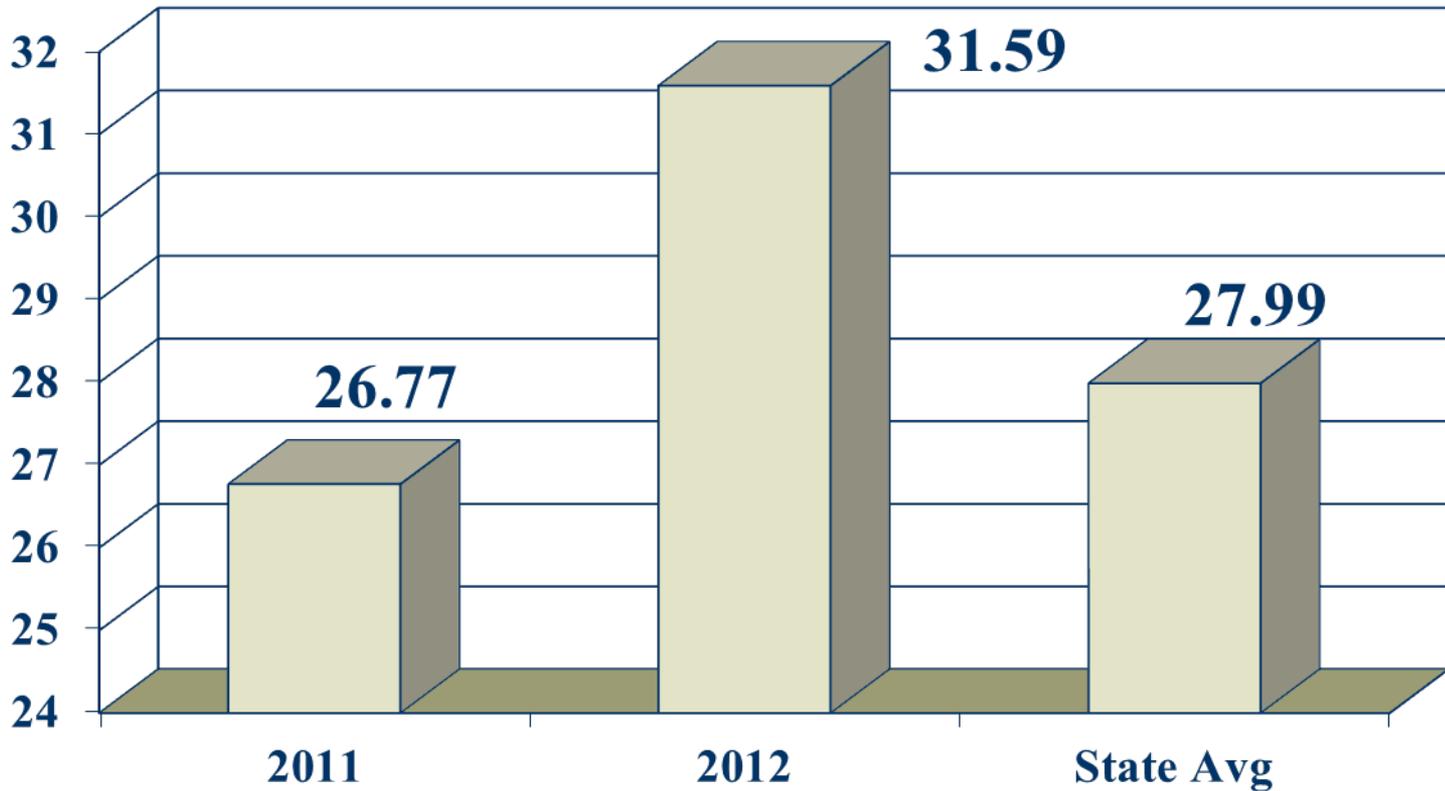
Fund Balance- Other Governmental Funds



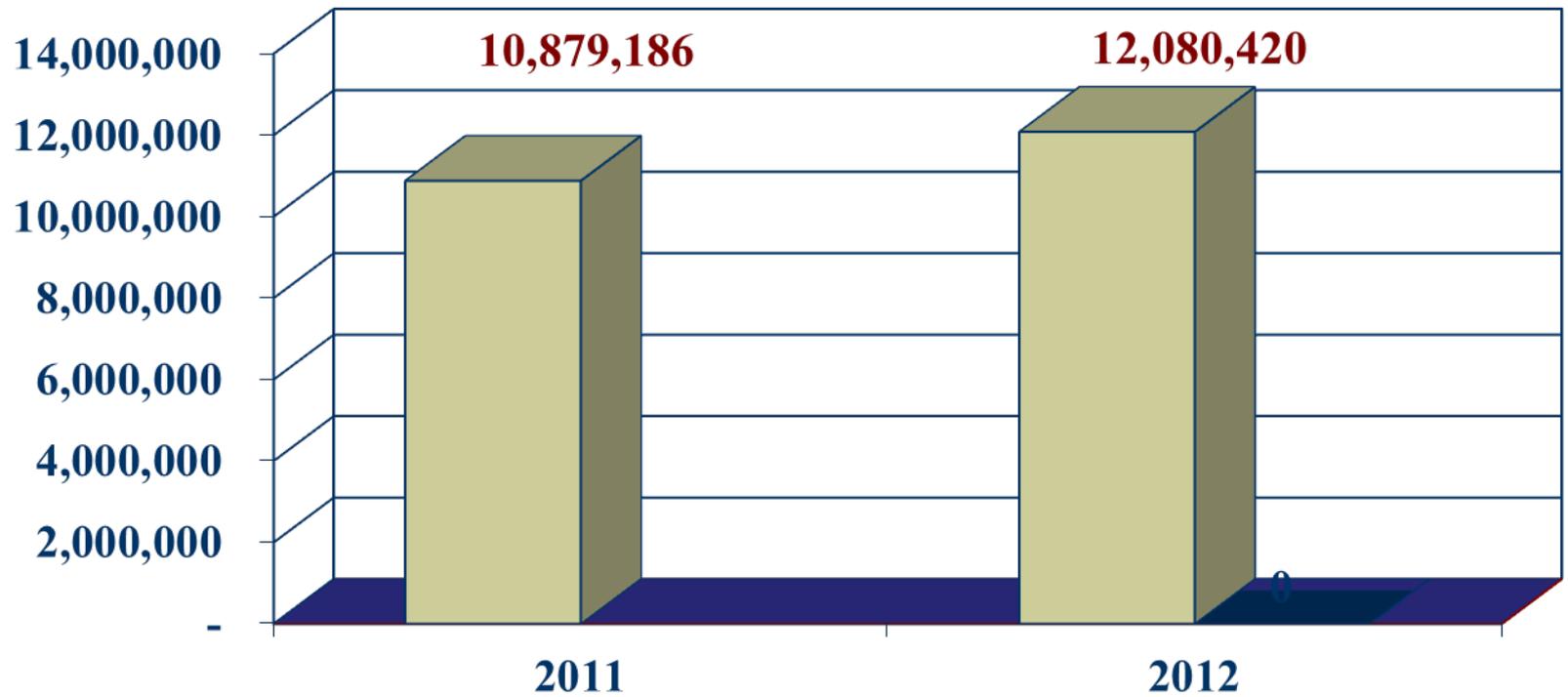
Fund Balance- General Fund



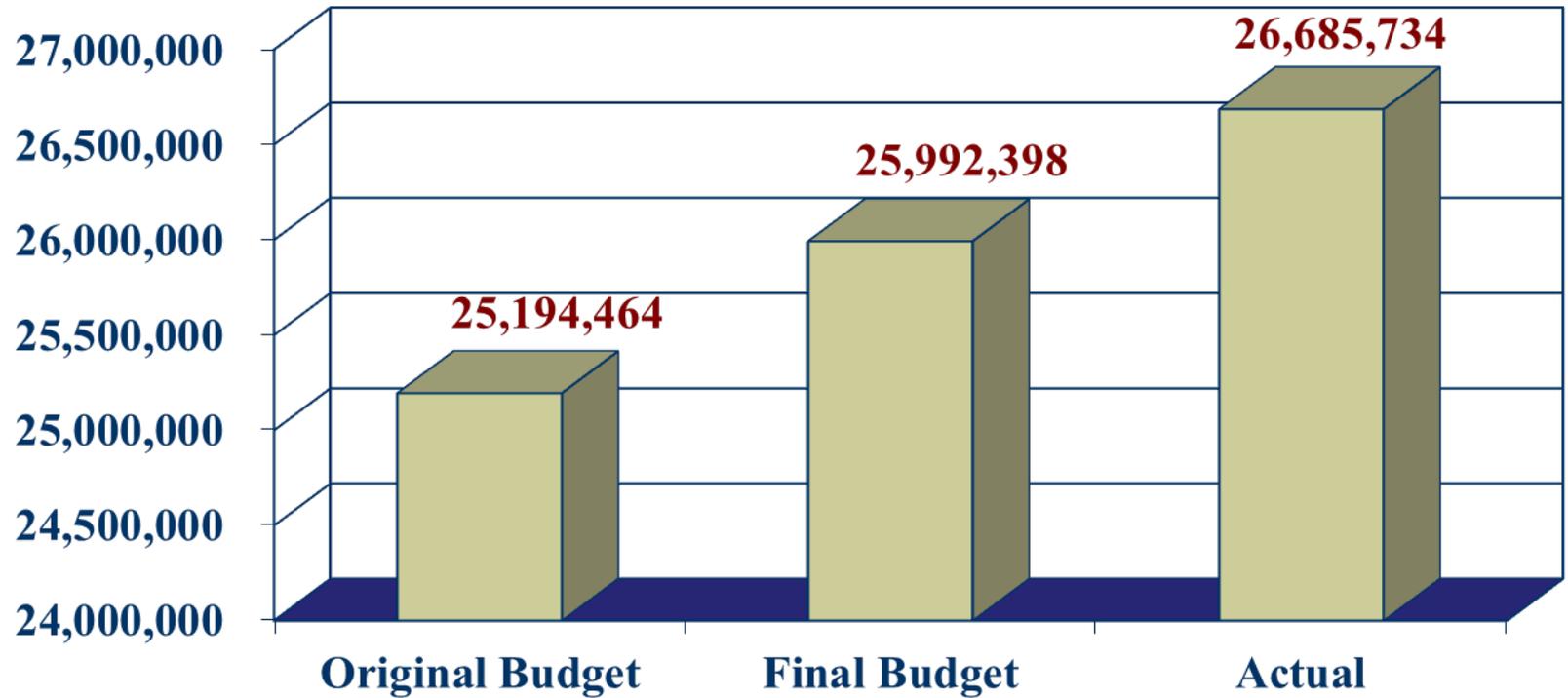
General Fund Fund Balance Available for Appropriation as a % of Expenditures



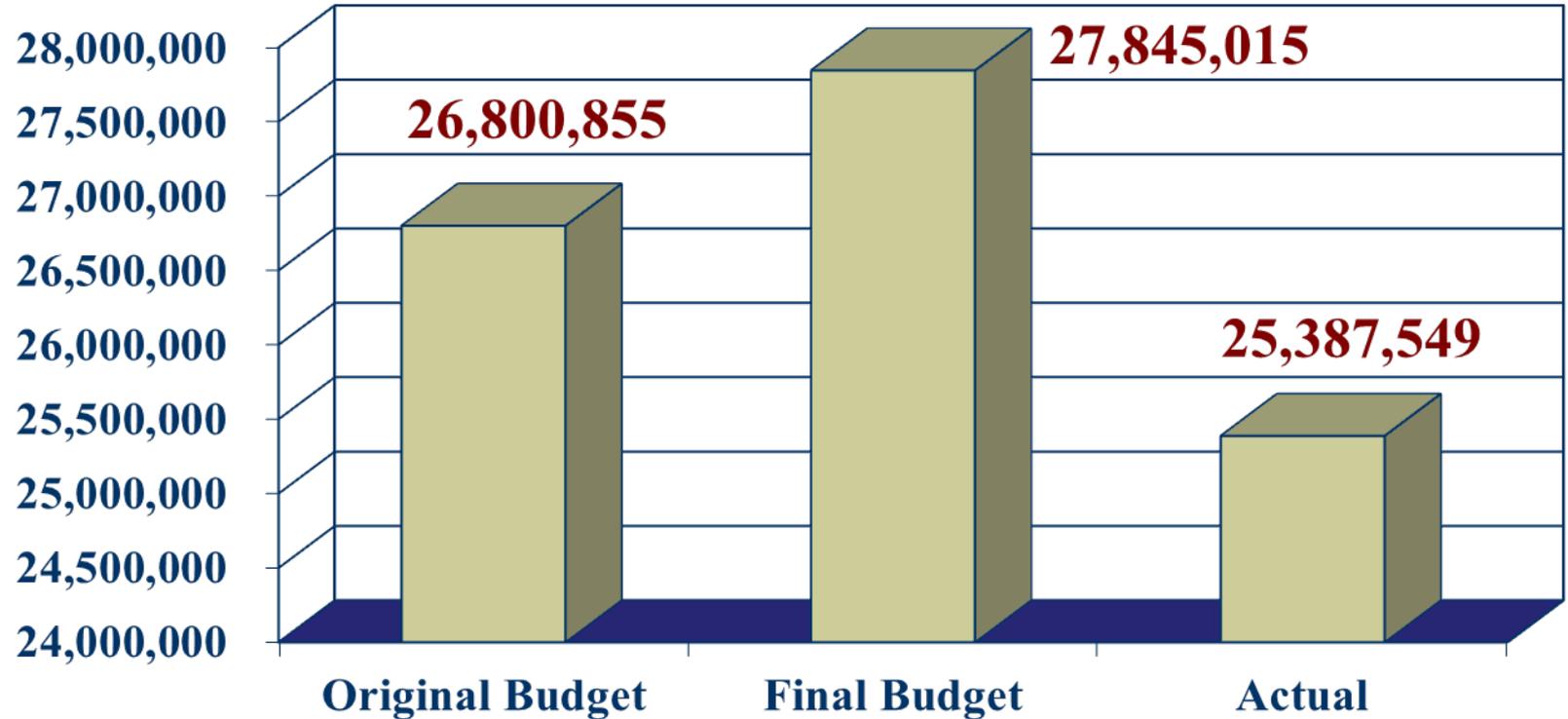
Cash



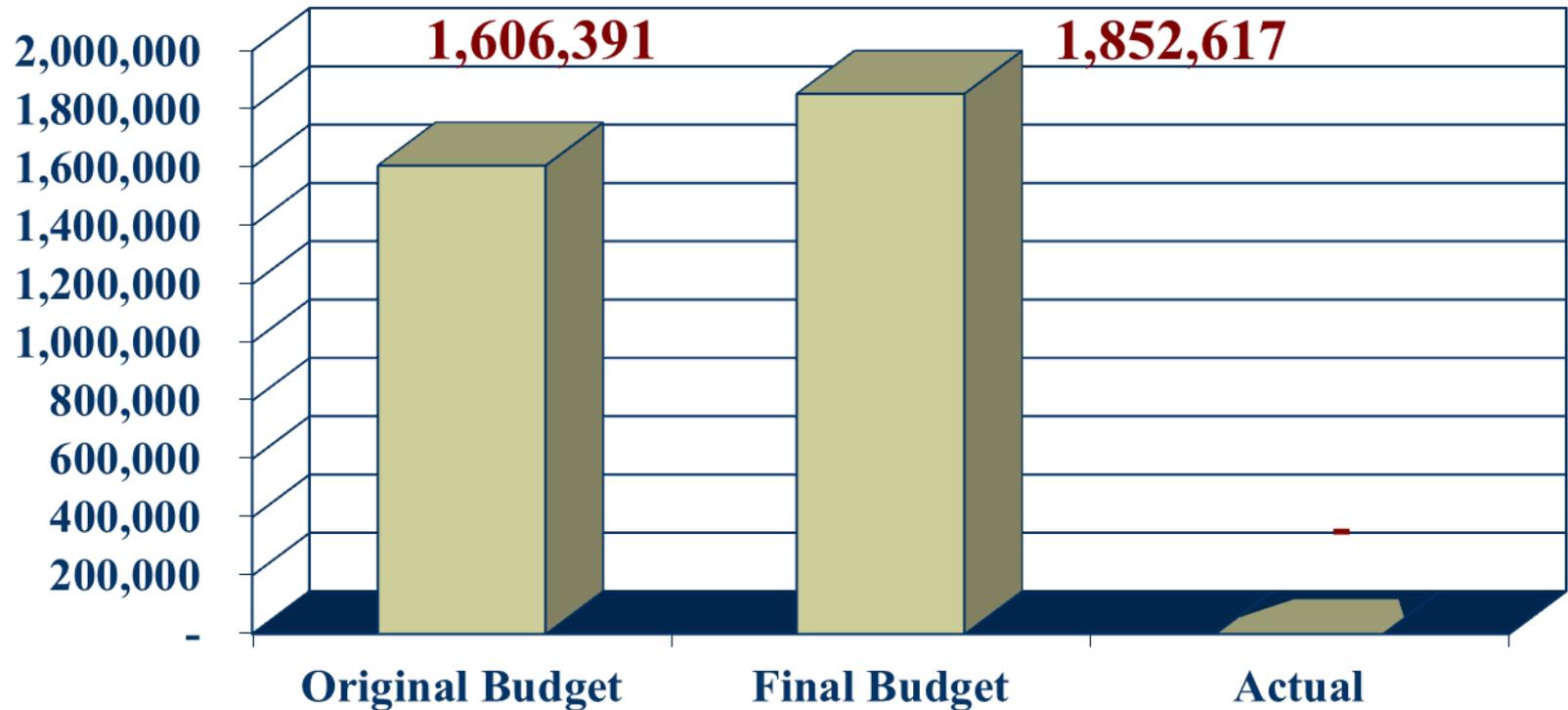
General Fund Revenues



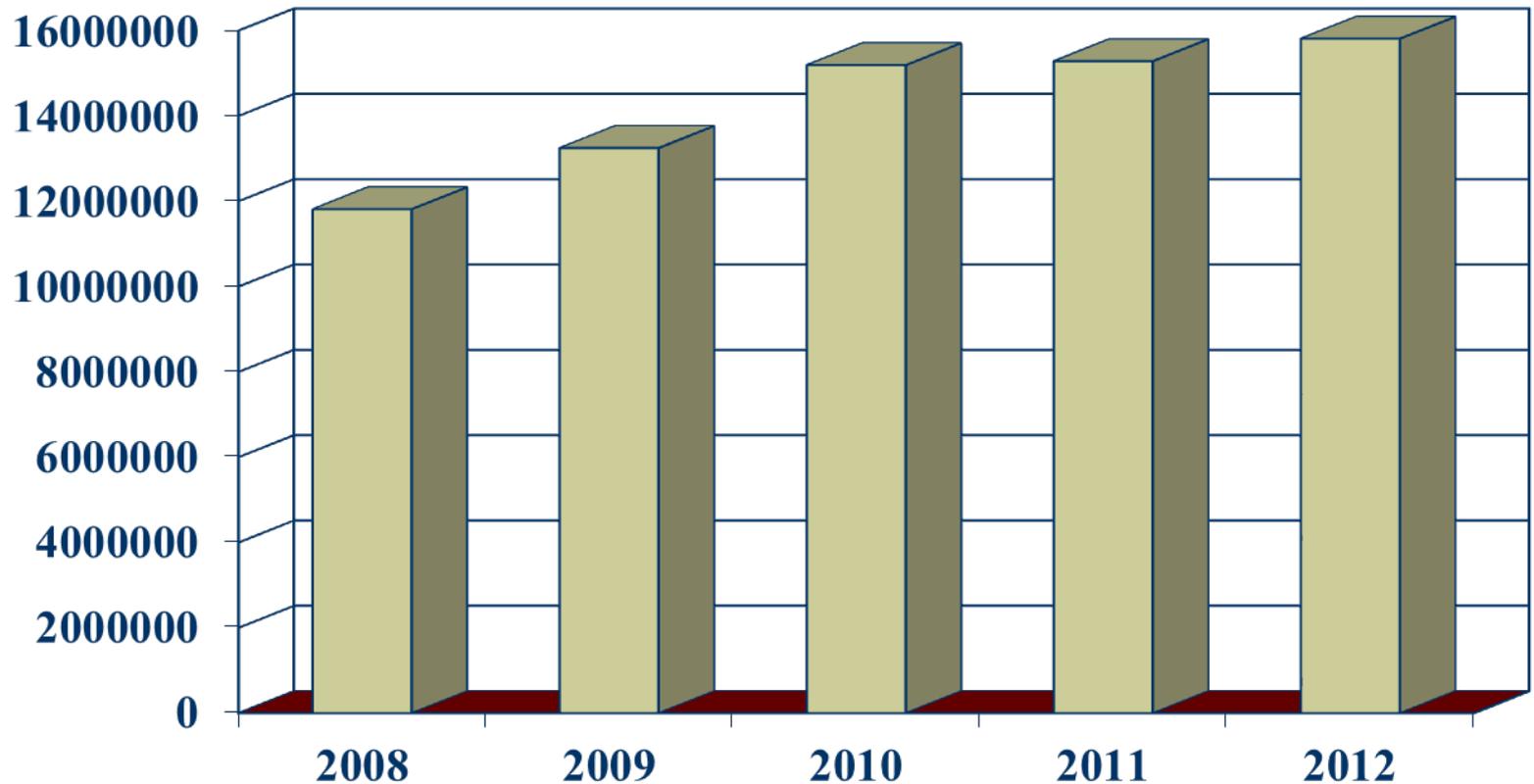
General Fund Expenditures



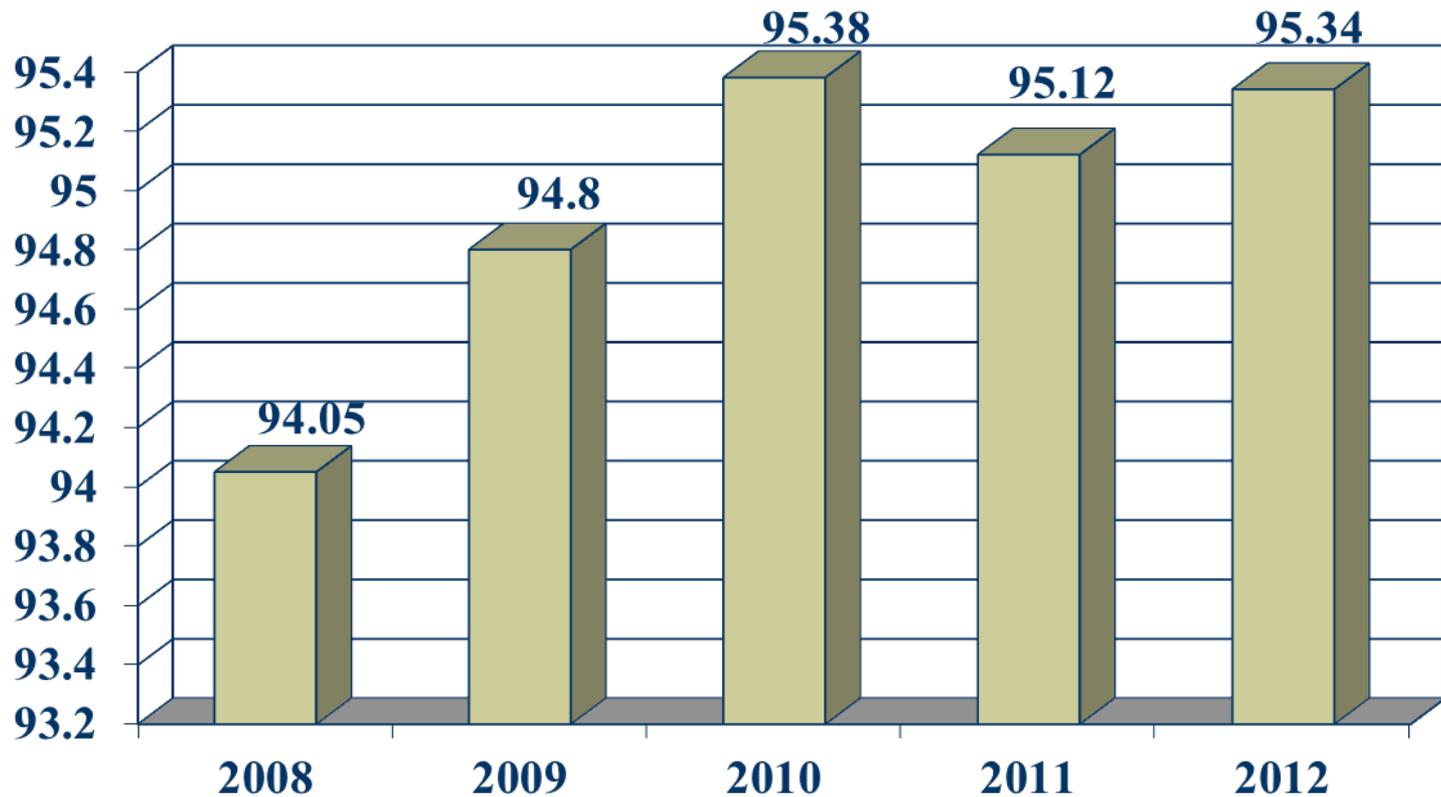
Appropriated Fund Balance



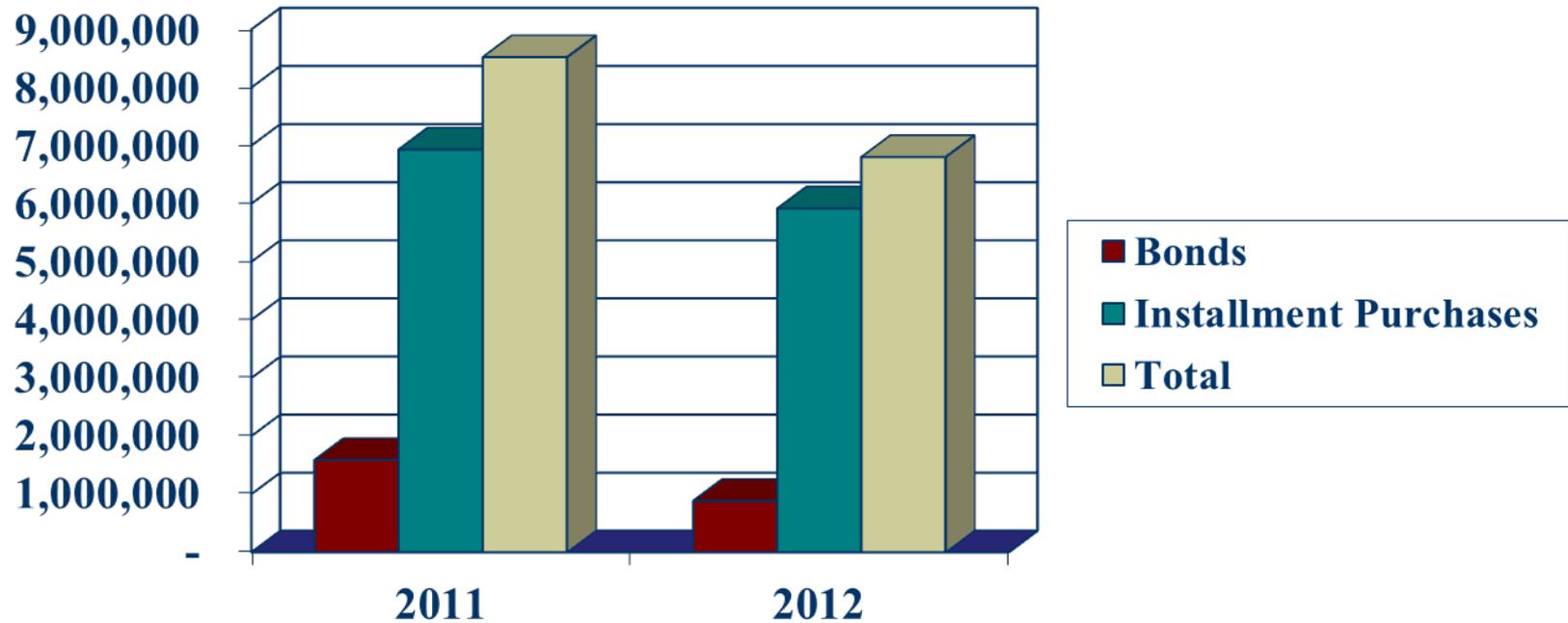
Adjusted Tax Levy



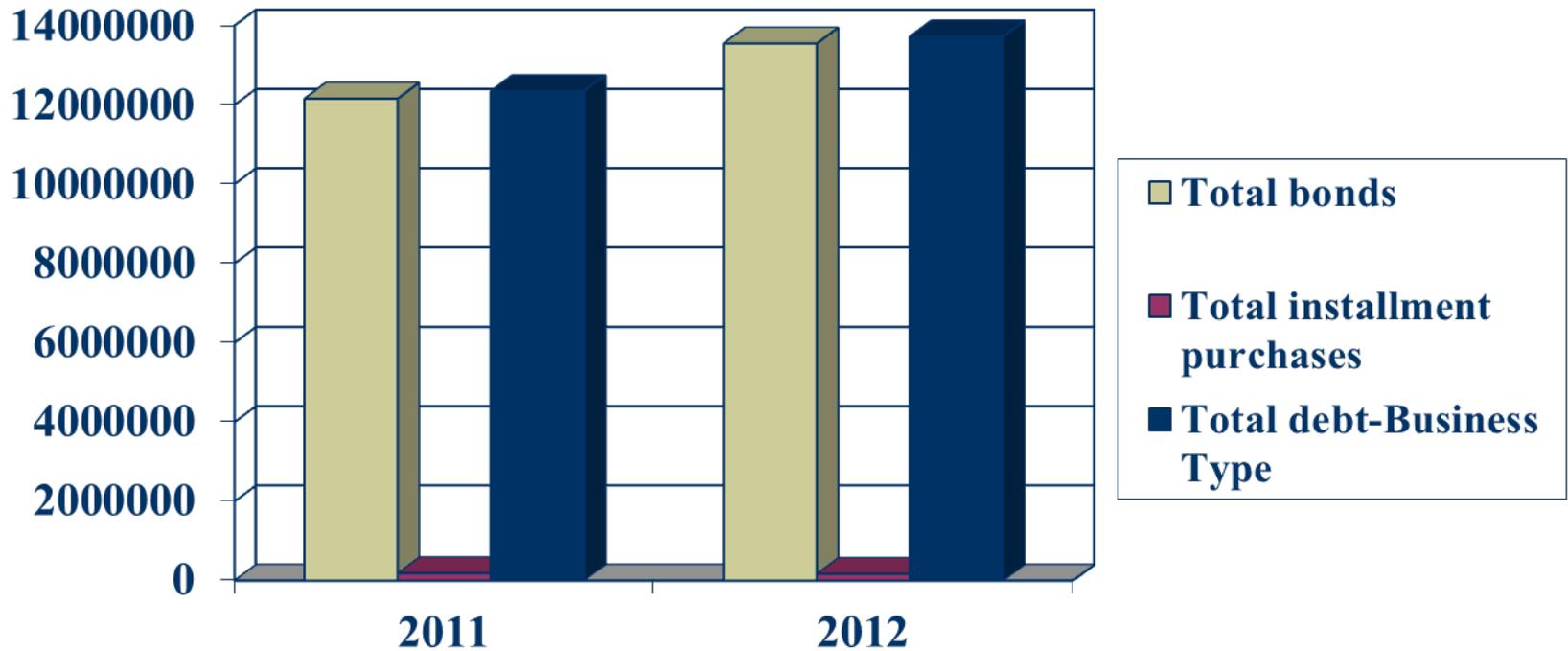
Tax Collection Percentages



Governmental Fund Debt



Proprietary Debt



Proprietary Funds

	Regional Water Sys	District I	District II	District III	Solid Waste	Total
Operating Revenues	859,127	436,190	472,113	578,488	1,402,970	3,748,888
Operating Expenses	611,037	258,794	192,730	119,164	1,387,224	2,568,949
Other	244,607	60,186	101,181	32,453	93,925	532,352
Depreciation	256,795	146,608	304,280	175,817	10,984	894,484
Total	1,112,439	465,588	598,191	327,434	1,492,133	3,995,785
Operating Income	(253,312)	(29,398)	(126,078)	251,054	(89,163)	(246,897)

Proprietary Funds (cont.)

	Regional	District I	District II	District III	Solid Waste	Total
Operating Income	(253,312)	(29,398)	(126,078)	251,054	(89,163)	(246,897)
Non-operating Revenues(Expenses)	261	(65,254)	(115,642)	(410,182)	(146)	(590,963)
Total Income	(253,051)	(94,652)	(241,720)	(159,128)	(89,309)	(837,860)
Capital Contributions	-	-	10,356	-	77,253	87,609
Transfers	439	(110)	(329)	-	8,751	8,751
Change in Net Assets	(252,612)	(94,762)	(231,693)	(159,128)	(3,305)	(741,500)

10:30 a.m. – 12:00 p.m.

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**Warren County FY 13 Fiscal Condition
&
Economic Outlook**

**Linda T. Worth, County Manager
Barry Mayo, Finance Director**

WARREN COUNTY ECONOMIC OUTLOOK

ECONOMIC OUTLOOK FY 13

3rd Quarter Economic Condition



In the development of the FY 13 budget, a combination of efforts were used to contain costs and balance the budget. The following are examples of some of those measures:

- Reduced funding for the SEMAA Program.
- Freeze on vacant non-emergency positions.
- Restructure of the Buildings and Grounds Department resulting in a reduction in

force.

- Some purchases were made in bulk to contain cost

These proactive measures were used to balance the budget which includes the budgeted use of \$1,126,044 from fund balance.

At present, Warren County finds itself beginning the 3rd quarter of FY13 with 58% or \$16,105,504 of revenue collected and 43% or \$12,014,006 of expenditures used.

The projected increase in fund balance for FY13 is \$48,734. This amount is based on strong Sales Tax receipts as the economy begins a slow recover.

The projected fund balance at the end of FY13 is \$9,859,573 with an undesignated amount of \$7,334,185. The percentage of fund balance to expenditures is 27%.



Expenditures FY13—Budget to Actual

This analysis reviews expenditures at period ending January 1, 2013.

General Fund

This review defines the percentage of expenditures for the period and will concentrate on major expenses. The current percentage of usage of expenditures is 43.4% which equates to \$12,014,006 of the County's revised appropriated \$27,700,029 expenditure budget. This compares to a 45.7% rate

of usage in FY12 at the end of the same period.

Major Expenditure Categories and percent of usage:

Phones—Land Line	34.6%
Travel	26.5%
Office Supplies	46.9%
Gasoline	42.5%
Utilities	35.0%

Appropriations

Factors that increased the expenditure budget include increased employee fringe benefit costs, capi-

tal projects, new and replacement vehicles, new EMS positions and a cost of living increase for employees.

Conclusion

Major expenditure categories are within an acceptable range for mid-year when compared to FY12.

If rates of expenditure continue at current percentage, it is anticipated ending the year meeting budgeted target or under budget.

FINANCE OFFICE STAFF
PHONE— 252-257-1778

Bary J. Mayo, Finance Director

Gloria Edmonds, Account Mgr

Cecile Renn, Payroll Specialist

Evelyn Cooper, Acting Tech

Debbie Brauer, Acting Tech

Louise Andrews, Acting Tech



General Obligation and Installment Purchase Debt FY 13



WARREN COUNTY COURTHOUSE

Currently the County has debt totaling \$6,446,785 in the General Fund. This debt is comprised of 10 capital projects with term remaining between 5 and 12 years. The interest rates on these loans range from 3.82% to 4.16%. The debt service obligation for FY14 is \$898,248

In FY09 the County refi-

nanced 3 loans totaling \$6.2 million dollars, the saving associated with this refinancing was \$86,427 over the life of the loans. In FY10 the County retired the debt on a \$3.6 million dollar bond issue for the Courthouse renovation, Jail and Middle and High School. In FY11 the County financed the new Ambulance Storage Facilities and New Tech High School, and renovated the National Guard Armory, former Mental Health Building and former Library. The principle and interest for these projects total \$140,810 annually.

In the FY12 budget the County agreed to finance \$376,625 for Warren County Public Schools. This loan was to purchase 2 modular units for the Warren New Tech High School and the Warren Early College High School. The estimated principle and interest

on this loan was \$21,517. It was later decided by the Board of Commissioner to use Fund Balance to purchase the modular units resulting in no additional debt..

In FY 13 the final payments for the John Graham Building, and the Elementary and Middle Schools were completed. The payoff of these loans will lower the County's general obligation and installment purchase debt by \$828,590 in FY14.

Currently interest rates are declining and refinancing options are becoming more attractive. These options will be explored and presented to the Board.

NC Local Government Budget and Fiscal Control Act

N.C. General Statute 159-24 requires that each unit and authority have a finance officer, a person who is legally responsible for:

- Establishing and maintaining the unit's or authority's accounting records.
- Disbursement of funds.
- Preparing financial reports.
- Managing the receipt and deposit of moneys.
- Manage the unit's or authority's debt service obligations
- Supervision of investments

Revenues FY13—Budget to Actual

This analysis is a comparison of budget to revenue collections at period ending January 1, 2013. This comparison will define the percentage of collection for the period and will concentrate on the major revenue sources within revenue departments.

Ad Valorem Taxes: The current rate of collections for property taxes is 73.4% which equates to \$12,275,294

of a \$16,734,818 budget. The majority of collections for this tax are in the months of November through January.

Sales Taxes: The current rate of collections for Sales Taxes is 43.1% which equates to \$779,324 of a \$1,809,498 budget. The majority of collections for this tax will occur between September and May with

typically 25% of collection occurring in June.

Excise Tax Stamps: Currently the collection rate is 58.8% while in the same period for FY12; the collection rate was 65.8%.

Continued...



Revenues FY13—Budget to Actual - continued

Unrestricted Intergovernmental: Collections are at 14.2% for FY13 as compared to 16.7% for FY12 for the same period. Revenue in this department is collected in various intervals, with Beer & Wine Taxes collected in May.

Restricted Intergovernmental – Health (Grants – State): The current collection rate for this revenue source is 45.2%, as compared to 57.1% for the same period in FY12.

Restricted Intergovernmental – DSS (Grants – State and Federal): The current collection rate for this revenue source is 44.7% which equates to \$755,017 of a \$1,690,727 budget, as compared with 43.5% for FY12 for the same period.

Restricted Intergovernmental – DSS 1571 (Grants – State and Federal): The current collection rate for this revenue source is 37.4% which equates to \$795,431 of a \$2,128,434 budget. This is compared to a collection rate of 32.1% for the prior fiscal year.

Restricted Intergovernmental Other (Grants – State): The current collection rate for this revenue is 21.0% which equates to \$182,529 of a \$870,648 budget. This is compared to 40% for FY12 for the same period.

Permits and Fees: The current collection rate for this revenue source is 59.5% as compared to 55.6% for the same period in FY12.

Sales & Services: The current collection rate for this revenue is 47.7% which equates to \$805,288 of a \$1,687,840 budget. This is compared to 42.9% for FY12 during the same period.

Investment Earnings: The current collection rate is 31.3% which equates to \$2,501 of an \$8,000 revenue budget.

Miscellaneous Revenue: The current collection rate is 7.7%, Miscellaneous Revenue is not a significant revenue source, funds are directly associated with an expenditure source.

Conclusion: Most revenue sources will meet or exceed expectation. Investment Earnings at present are not expected to meet projections.

“The goal of the Warren County Finance Office is to comply with State and Federal laws and provide excellent service to all customers.”

Investments and Funds on Deposit—FY13

Currently the County has funds on deposit with the North Carolina Capital Management Trust Company. These funds are comprised of the General Fund, Capital Project Funds, Enterprise Funds, and Enterprise Project Funds. The primary goal of the Trust is to ensure safety and liquidity of assets. On average all investments reach maturity within 38 days, this allows

for the greatest flexibility in investing. All investments with the Trust are approved by North Carolina General Statute and adhere to strict oversight by the Local Government Commission (LGC) and the Securities and Exchange Commission (SEC). Deposits with the North Carolina Capital Management Trust Company are collateralized; this means the Trust Company

has deposit insurance, surety bonds, letters of credit or investment securities in a sufficient amount to protect the local government from failure due to default or insolvency of the depository.

Locally, the County maintains a checking account with First Citizens Bank. As needed, funds are drawn from the North Carolina Capital Management Trust

Investments and Funds on Deposit FY13 - continued

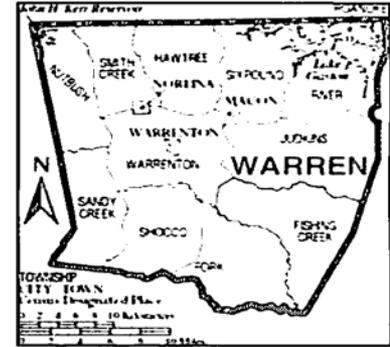
Company and deposited into the First Citizens account for disbursement. First Citizens by contract requires the County to maintain a balance of \$100,000. All funds due to the County such as Taxes, Fees, and Grants are deposited in the First Citizens checking account. On an as needed basis funds are transferred to the North Carolina Capital Management Trust to be invested. The County is FDIC insured through First Citizens, the County pays 0.16 per \$1,000 to

insure funds on deposit. This insurance is backed by pledged United States government securities.

The collateralization and deposit insurance provided by these financial institutions ensures the solvency of the County's funds and the institutions in which those funds are deposited.

The North Carolina Capital Management Trust has strong local and federal oversight to ensure solvency

and First Citizens Bank is FDIC insured and all County funds are protected through this insurance.



Summary—Fund Balance Projection

In summary, Warren County begins the 3rd quarter of FY13 with revenues collected at 58% of budget and expenditure usage below 43.4%. Based on the FY 13 budget, \$1,126,044 of Fund Balance was appropriated to fill the gap between revenues and expenditures. Using current projections, \$48,734 will be gained in Fund Balance.

Please feel free to contact me if you have any questions regarding the County's financial position.

FY 13 Revenue vs. Expenditures

Revenue Projection	\$26,343,821
Expenditure Projection	<u>\$26,295,087</u>

Gain/(Loss) in Fund Bal FY13 \$48,734

Fund Balance Estimate—6-30-13

Fund Balance 7-1-12	9,810,839
Net Gain/(Loss) FY12	48,734
Less Inventory	25,388
Less Subsequent Yr Est.	(1,000,000)
Less Reserved by Statute	<u>(1,500,000)</u>

Unassigned Fund Balance \$7,334,185

Estimated Fund Balance at 6-30-13

Reserved by State Statute	1,500,000
Inventory	25,388
Subsequent Yr Estimate	1,000,000
Unassigned Fund Balance	<u>7,334,185</u>

Projected Balance FY13 \$9,859,573

Percent of Fund Balance to Expenditures 37%

Percent of Fund Balance to Unassigned Balance 27%

Employee Job Classification & Compensation Study

MEMORANDUM

TO: Warren County Board of Commissioners

FROM: Linda T. Worth, County Manager *LW*

DATE: January 11, 2013

RE: Employee Job Classification & Compensation Study

As some Board members may be aware, Warren County contracted with a private vendor to conduct a Job Classification and Compensation Study that also included updating job descriptions for all Warren County employees in 2007. The results of the study were implemented by the Board of Commissioners in that same year.

In the years subsequent to the study, several Department Heads and employees have expressed concerns that some positions were either not re-classified or were re-classified incorrectly resulting in inequities in compensation for some classes of employees. Because it has been five years since the study was implemented and to address the ongoing concerns regarding the prior study, I am recommending the Board consider appropriating funds in the current fiscal year to conduct a Job Classification and Compensation Study for all County positions. The cost to conduct the study is estimated to be approximately \$12,000. Should the Board wish to move forward to have the study conducted, funds in the amount of \$12,000 could be appropriated from Undesignated Fund Balance to the contracted services line item in the Human Resources Budget to facilitate same.

Depending upon the cost to implement recommendations from the study, the Board would have the option to implement the study fully or partially in the FY 14 budget, or not at all. That decision would, of course, rest with the Board.

I will look forward to discussing this matter with the Board during the Budget Goals Setting Work Session on Wednesday, January 16, 2013.

Cost of Living Adjustment Analysis

COST OF LIVING ADJUSTMENT—COLA

What is a Cost of Living Adjustment?



What is a COLA?

Cost of living adjustment increases are designed to help Social Security and Supplemental Security Income benefits to keep pace with inflation.

COLA Computation

The last year in which a COLA became effective was 2011. Therefore the law requires that we use the average CPI-W for the third quarter of 2011 as the base from which we measure the increase in the average CPI-W.

How is a COLA calculated?

The Social Security Act specifies a formula for determining each COLA. According to the formula, COLA's are based on increases in the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W). CPI-W's are calculated on a monthly basis by the Bureau of Labor Statistics.

Latest COLA

The latest COLA is 1.7% for Social Security benefits and SSI payments. Social Security benefits will increase by 1.7% beginning with the December 2012 benefits, which are payable in January 2013. Federal SSI payment levels will also increase by 1.7% effective for payments made for January 2013. (Because the normal SSI payments for January are always made at the end of the previous December.)

Source: U.S. Social Security Administration

www.ssa.gov

Warren County Salary Increase (COLA) Analysis

Warren County employees received a 1.5% increase at an approximate cost of \$183,760 including benefits in FY13.

Currently there are approximately 322 FTE's with total salaries equaling \$13,538,185.

Listed below are four scenarios for Cost of Living Increases.

1% COLA	1.5% COLA	1.7% COLA	2.0% COLA
Salaries \$138,382	Salaries \$203,073	Salaries \$230,149	Salaries \$270,764
FICA \$ 10,381	FICA \$ 15,572	FICA \$ 17,648	FICA \$ 20,763
Retiremt\$ 8,409	Retiremt\$ 12,614	Retiremt\$ 14,296	Retiremt\$ 16,819
401K \$ 890	401k \$ 1,335	401k \$ 1,514	401k \$ 1,781
Total \$155,063	Total \$232,594	Total \$263,607	Total \$310,126

Warren County

General Fund & Enterprise Funds

Debt Summaries



GENERAL FUND

General Obligation and Installment Purchase Debt

as of 1/11/2013

Year													Total General Fund
	3/4/1991 Pub Impv 500,000 Medical Facility	3/14/2003 2,325,000 Law Enforcement Center Refinanced 9/4/2008	10/1/2006 322,000 Recreaton Complex Phase I Refinanced 10/28/2008	10/1/2006 628,000 Animal Control Shelter Refinanced 10/28/2008	9/15/2006 2,214,249 Recreation Complex Phase II	1/16/2008 2,428,520 Warren County Library	340,000 Amb. Storage Facility	200,000 National Guard Armory	59,000 Old Library Buildin Renov.	70,000 Mental Health Building Renov.	610,000 New High School	Veh & Equip.	
13/14	37,430	183,125	27,934	54,492	198,279	223,076	35,344	20,791	6,133	7,277	62,457	88,798	945,137
14/15	37,370	177,204	27,099	52,864	192,138	216,085	34,265	20,156	5,946	7,055	60,603	73,416	904,201
15/16	37,220	171,283	26,265	51,235	185,997	209,094	33,186	19,521	5,759	6,832	58,797	35,358	840,546
16/17	36,480	165,362	25,430	49,606	179,856	202,102	32,107	18,887	5,572	6,610	56,894		778,906
17/18	34,680	159,441	24,595	47,977	173,715	195,111	31,028	18,252	5,384	6,388	55,040		751,611
18/19	32,880		23,760	46,349	167,574	188,119	29,949	17,617	5,197	6,166	53,185		570,797
19/20	19,080		22,925	44,720	161,434	181,128	28,871	16,983	5,010	5,944	51,359		537,452
20/21			22,090	43,091	155,293	174,136	27,792	16,348	4,823	5,722	49,476		498,771
21/22					75,344	167,145	26,713	15,713	4,635	5,500	47,622		342,672
22/23							25,634	15,079	4,448	5,278	45,768		96,206
23/24							24,555	14,444	4,261	5,055	43,921		92,236
24/25							23,476	13,809	4,074	4,833	42,059		88,251
23/25													0
25/26													0
26/27													0
													0
	235,140	856,414	200,097	390,334	1,489,630	1,755,996	352,920	207,600	61,242	72,660	627,179	197,573	6,446,785

6,446,785

As of FY13	General Fd Debt	Debt % to Assessed Value
2,540,927,287	6,446,785	0.2537%

ENTERPRISE FUNDS
General Obligation and Installment Purchase Debt

Year	Gen Obligation Bonds				FY 10 1,561,000 District III Ph 3	FY 10 182,572 Meter Replacement Project (interest free)	FY12 867,500 Waste Water Treatment Plant	Instllmt Pur Solid Waste Vehicles & Equipment	Total Enterprise Fund
	6/1/1999 1,629,000 District 1 Water	4/15/2002 2,715,000 District II Water	9/28/2004 3,581,000 District III Water	8/13/2008 4,957,000 * District III Ph 2 Water					
13/14	93,033	157,243	200,490	286,715	78,538	9,129	65,154	3,459	893,761
14/15	94,608	157,105	200,195	286,912	77,788	9,129	61,769		887,505
15/16	93,040	157,373	200,810	286,968	78,038	9,129	60,735		886,092
16/17	92,473	157,520	200,290	286,880	78,250	9,129	59,701		884,242
17/18	92,858	157,051	200,680	287,650	78,425	9,129	58,667		884,459
18/19	93,148	157,486	199,935	287,230	77,563	9,129	57,633		882,123
19/20	92,343	157,279	200,100	287,668	77,700	9,129	56,599		880,817
20/21	92,490	157,453	200,130	286,915	77,800	9,129	55,564		879,481
21/22	92,543	157,484	200,025	287,020	77,863	9,129	54,530		878,594
22/23	92,500	157,373	199,785	286,935	77,888	9,129	53,496		877,106
23/24	93,363	157,119	200,410	287,660	77,875	9,129	52,462		878,018
24/25	93,083	157,223	199,855	287,148	77,825	9,129	51,428		875,690
25/26	92,708	157,160	200,165	287,445	77,738	9,129	50,394		874,739
26/27	93,238	157,431	199,295	287,505	77,613	9,129	49,360		873,571
27/28	93,625	157,013	200,290	287,328	78,450	9,129	48,326		874,160
28/29	93,870	157,428	200,060	286,913	78,213	9,129	47,292		872,904
29/30	93,973	157,129	200,650	287,260	77,938	9,129	46,258		872,336
30/31	92,933	157,140	200,015	287,323	77,625		45,224		860,259
31/32	92,798	157,438	200,200	287,100	78,275		44,190		860,001
32/33	92,520	157,498	199,160	287,593	77,850		43,155		857,776
33/34	89,100	157,320	199,940	286,753	78,388				811,501
34/35	85,680	151,905	200,450	287,628	77,850				803,513
35/36	82,260	146,490	200,690	287,123	78,275				794,838
36/37	78,840	141,075	199,660	287,285	77,625				784,485
37/38	75,420	135,660	200,405	287,068	77,938				776,491
38/39		130,245	198,835	287,470	78,175				694,725
39/40		124,830	193,040	287,445	78,338				683,653
40/41		119,415	186,200	286,993	78,425				671,033
41/42			179,360	277,113	78,438				534,911
42/43			172,520	267,233	78,375				518,128
43/44			165,680	257,353	78,238				501,271
44/45			158,840	247,473	78,025				484,338
45/46				237,593	77,738				315,331
46/47				227,713	78,375				306,088
47/48				216,833	77,900				294,733
48/49					78,350				78,350
49/50					77,688				77,688
50/51					53,950				53,950
									0
									0
									0
									0
									0
	2,272,447	4,252,886	6,258,160	9,773,235	2,941,346	155,185	1,061,936	3,459	26,718,654

No Interest During
Construction

26,718,654

RatingsDirect®

Summary:

Warren County, North Carolina; General Obligation

Primary Credit Analyst:

Lindsay Wilhelm, New York (1) 212-438-1000; lindsay_wilhelm@standardandpoors.com

Secondary Contact:

Andrew R Teras, Boston (1) 617-530-8315; andrew_teras@standardandpoors.com

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Outlook

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Summary:

Warren County, North Carolina; General Obligation

Credit Profile

Warren CntyGO

Unenhanced Rating

A+(SPUR)/Stable

Upgraded

Many issues are enhanced by bond insurance.

Rationale

Standard & Poor's Ratings Services raised its underlying rating on Warren County, N.C.'s general obligation (GO) bonds one notch to 'A+' from 'A' with a stable outlook, based on the county's maintenance of very strong reserves, despite certain planned drawdowns, during the national recession.

The rating further reflects our opinion of the county's:

- Sizable tax base with extremely strong market value per capita;
- Historically sound financial operations, coupled with solid general fund reserve levels; and
- Favorable debt position.

Offsetting these strengths, in our opinion, are the county's:

- Limited and rural local economy in North Carolina's Northern Piedmont region;
- Below-average wealth and income levels; and
- A historically high unemployment rate.

The bonds are a general obligation of the county.

Warren County (population, 19,398) is a rural community in the northeastern Piedmont section of North Carolina, between the cities of Raleigh, N.C. and Richmond, Va. Income levels are what we consider adequate with median household effective buying income at 74% and 67%, respectively, of state and national averages. The county's unemployment rate has historically been high, averaging 13.9% in 2011. Two of the county's largest employers are in the government sector: Warren County Schools and the Warren Correctional Institute. The agriculture sector, centered on tobacco, crops, and livestock, is also a major segment of the county's economy. Property values are extremely strong, boosted by the presence of second homes along Lake Gaston and have historically demonstrated growth, with market value per capita at \$131,296. However, the last property revaluation was in 2009, near the height of the real estate market, which could result in some declines with the 2017 revaluation. The tax base is very diverse with the 10 leading taxpayers representing just 5% of assessed value.

In our view, the county's financial position remains strong, with historically positive operations. Warren County did draw down on general fund reserves slightly in 2011, by approximately \$450,000, but maintained very strong reserve

levels: Available fund balance was \$6.8 million, including the stabilization reserve, representing 26% of operating expenditures. Unaudited results for fiscal 2012 show a \$1.2 million surplus, attributable to positive sales tax and health department revenue variances and a draw from lottery funds to finance a capital project. For fiscal 2013, the county's budget is balanced at \$27.5 million and includes the use of approximately \$940,000 for operating purposes. Management indicates that the county does not have a reserve policy in place aside from state requirements.

Warren County's management practices are considered "standard" under Standard & Poor's Financial Management Assessment (FMA). An FMA of standard indicates that the finance department maintains adequate policies in most but not all key areas.

We consider the county's overall net debt burden low at \$439 per capita and 0.3% of market value. Debt service carrying charges are manageable at 7.5% of expenditures; however, amortization is below average with 50% of debt retiring in 10 years and 70% in 20 years.

Warren County contributes to the state's local government employee retirement system. Fiscal 2011 contributions totaled \$450,000 and represented 1.6% of expenditures. The county also provides supplemental benefits and separation allowances for law enforcement -- we deem the liabilities and funding requirements to be minimal at this point in time. In addition, the county provides other postemployment benefits (OPEB) on a pay-as-you-go basis. The OPEB cost in fiscal 2011 was \$24,000, or 0.1% of expenditures, toward which the county contributed \$2,000. The unfunded OPEB liability was \$281,000 million as of Dec. 31, 2010.

Outlook

The stable outlook reflects our opinion of Warren County's strong financial performance through difficult economic conditions, as well as its stable, though limited, economy with strong property values. Future rating stability will depend on the county's ability to maintain very strong reserve levels. However, given the county's current reserve position, we do not expect the rating to change within the two-year outlook parameter.

Related Criteria And Research

USPF Criteria: GO Debt, Oct. 12, 2006

Complete ratings information is available to subscribers of RatingsDirect on the Global Credit Portal at www.globalcreditportal.com. All ratings affected by this rating action can be found on Standard & Poor's public Web site at www.standardandpoors.com. Use the Ratings search box located in the left column.

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McGRAW-HILL

12:00 – 12:45 p.m.

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Break for Lunch

**Box lunches will be provided for
Board of Commissioners & Administrative Staff**

12:45 - 1:00 p.m.

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**Warren County
Major Building Repair Projects Update**

**Linda T. Worth, County Manager
Charles Williams, Buildings & Grounds Manager**

FY 13 BUDGETED MAJOR BUILDING REPAIR PROJECTS

<u>PROJECT</u>	<u>COST ESTIMATE</u>	<u>ACTUAL COST</u>	<u>STATUS</u>	<u>TIMELINE</u>
DSS Cooling Tower Replacement		28,991	Completed	
DSS Interior/Exterior Repairs	20,000		Incomplete	Jun-13
Accessibility Renovations to Free Clinic		4,000	Completed	
Courthouse Interior Repairs	15,000		Incomplete	Jun-13
Accessibility Modifications to Elevators	7,500		Incomplete	Jun-13
Carpet/Tile in John Graham Annex		5,838	Completed	
TOTALS	42,500	38,829		

PROPOSED FY 14 MAJOR BUILDING REPAIR PROJECTS

<u>PROJECT</u>	<u>COST ESTIMATE</u>	<u>NEED</u>	<u>TIMELINE</u>
Detention Center Plumbing Upgrades	25,000	Critical	FY 14
VGCC Satellite Roof Replacements:		Critical	FY 14
Bldg 1	36,000		
Bldg 2	56,000		
Bldg 3	34,500		
TOTAL ESTIMATED COST	\$151,500		

1:00 – 1:30 p.m.

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Warren County Schools Capital Needs

**Dr. Ray Spain
Superintendent of Public Schools**

1:30 p.m.

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Department Head Presentations

1:30 p.m. – Marshall Brothers, Public Works Director

1:45 p.m. – Doug Young & Dennis Paschall, EMS



TO: Warren County Board of Commissioners and County Manager
From: Marshall Brothers, Public Works Director
Date: January 16, 2013
Subject: Recommended Fee Increases for FY 2013-14

Recommendations:

The Tax Office has 10,546 accounts with LFUF and they released 132 last fiscal year, which left 10,414 accounts with LFUF.

- (1) Increase Household Fee from \$115.00 to \$120.00.
- (2) Increase the Landfill Tipping Fee from \$65.00 per ton to \$67.00 per ton, as this would offset the Two Dollar (\$2.00) per ton disposal tax levied on the County by the State.
- (3) Increase land clearing debris tipping fee from \$18.00 per ton to \$20.00 per ton.

Rate Increase Factors:

- (1) There has only been one increase in Public Works fees in the past nine to ten years (FY10-11).
- (2) There was a Two Dollars (\$2.00) per ton disposal tax levied on the County which was mandated by the State.
- (3) An average of four percent (4%) CPI increase each year from Waste Industries for collection and disposal.

Revenue Adjustments:

Household User Fee: This figure includes a Five Dollar (\$5.00) increase from the current \$115.00 per household to a requested \$120.00 per household. With a 94% collection rate: 10,414 households times \$120.00 equals \$1,174,699.00 times 95% collection rate will equal \$1,187,196.00.

Disposal Tipping Fee: We averaged approximately 250 tons per month (3,000 tons annually) at Sixty-Five Dollars (\$65.00) per ton. A Two Dollar (\$2.00) per ton increase would produce approximately \$6,000.00 additional revenue.

Land Clearing Debris Tipping Fee: Approximately 350 - 450 tons of debris is disposed of in the LCID area annually. An increase of Two Dollars (\$2.00) per ton from Eighteen Dollars (\$18.00) to Twenty Dollars (\$20.00) would produce approximately \$700.00 - \$800.00 additional revenue.

Public Works is contract driven; and for the past several years the actual dollar amount paid out has increased each year as indicated below:

	519600: Haul/Disposal	519601: Convenience Center Operations	Total	Percentage Increase Per FY
FY 2012-13 Projections	\$464,013.00	\$609,343.00	\$1,073,356.00	3.46%
FY 2011-12 Actual	\$451,530.02	\$585,907.08	\$1,037,437.10	4.91%
FY 2010-11 Actual	\$419,908.08	\$568,881.96	\$988,790.04	-0.10%
FY 2009-10 Actual	\$447,983.57	\$541,810.83	\$989,794.40	6.26%
FY 2008-09 Actual	\$408,917.52	\$522,559.43	\$931,476.95	2.72%
FY 2007-08 Actual	\$415,648.44	\$491,136.64	\$906,785.08	3.96%
FY 2006-07 Actual	\$410,164.51	\$462,095.72	\$872,260.23	2.12%
FY 2005-06 Actual	\$405,770.00	\$448,385.00	\$854,155.00	

Thank you for your consideration.

/mac

2:00 p.m.

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**Work Session Wrap-Up
and
Closing Statements
by
Board of County Commissioners**



Adjourn

January 16, 2013

***Budget Goals Setting
Work Session***

