

**AGENDA**  
**FINANCE COMMITTEE WORK SESSION**  
 Monday, May 17, 2010  
 2:00 p.m.  
 Conference Room, Building 2  
 Beaufort Industrial Village  
 102 Industrial Village Road, Beaufort

Committee Members:

Stu Rodman, Chairman  
 William McBride, Vice Chairman  
 Steven Baer  
 Brian Flewelling  
 Paul Sommerville  
 Jerry Stewart  
 Laura Von Harten

Staff Support

Bryan Hill, Deputy County Administrator  
 David Starkey, Chief Financial Officer

- 2:00 p.m.** 1. CALL TO ORDER
2. MILLAGE VALUES DISCUSSION
- 3:00 p.m. 3. OPEN COUNTY BUDGET ISSUES
4. ADJOURNMENT

OPEN FINANCE ITEMS

- Hurricane Revenue Anticipation Notes
- Radio Frequency Identification (RFID) System Purchase for Library Department
- Text Amendments to Business License Ordinance
- Beaufort Regional and Black Chambers' request for hospitality tax

County TV Rebroadcast	
Monday	9:00 a.m.
Wednesday	4:00 a.m.
Friday	6:00 p.m.

<i>Finance</i>		
<i>Date</i>	<i>Time</i>	<i>Location</i>
May 24	2:00 p.m.	ECR
June 14	2:00 p.m.	HHI Library
June 21	2:00 p.m.	BIV #2
July 19	2:00 p.m.	BIV #2
August 16	2:00 p.m.	BIV #2
September 20	2:00 p.m.	BIV #2
October 18	2:00 p.m.	BIV #2
November 15	2:00 p.m.	BIV #2
December 13	2:00 p.m.	ECR

A quorum of Council may be in attendance at all Committee meetings.  
 Please silence your cell phone during the meeting

**Beaufort County  
BCSD Mill Rate Questions  
May 10, 2010**

**1. What was the County's actual 2009 mill value?**

If BCSD is referring to tax year 2009 it is estimated at \$1,796,171 (presented to Council in August 2009). In this, tax year 2009 is not over yet, so the final actual value is still not yet determined.

If BCSD is referring to fiscal year 2009 (tax year 2008) it was \$1,609,061. Remember that tax years span 2 fiscal years, in which real and personal property tax years go from November (when tax bills are mailed) through October (the tax sale) and automobile tax years are from January through December (tax year 2008 just ended for autos in December 2009). Also, remember that tax year 2009 was a reassessment year, so tax year 2008 will have a lower mill value.

**2. What mill value did the County use for 2010 (Gross and Net)?**

If BCSD is referring to fiscal year 2010 it is estimated at \$1,796,171 (presented to Council in August 2009) for gross and net. In this, tax year 2009 is not over yet, so the final actual value is still not yet determined. Vacancy factors made up the difference on the expenditure side.

If BCSD is referring to tax year 2010 it is estimated at \$1,798,145 (as of May 3, 2010) for gross and estimated at \$1,742,286 (as of today) for net. In this, tax year 2009 is not over yet, so the final actual value is still not yet determined.

**3. What is the difference between the County's mil value and the School District's mill value?**

If BCSD is referring to fiscal year 2010, the County millages are estimated at \$1,796,171 (see above), BCSD Ops is estimated at \$1,265,010 (a \$531,161 difference), and BCSD Debt is estimated at \$1,827,521 (a \$31,350 difference).

If BCSD is referring to fiscal year 2011, the County millages are estimated at \$1,798,145 (see above), BCSD Ops is estimated at \$1,319,688 (a \$478,457 difference), and BCSD Debt is estimated at \$1,830,464 (a \$32,319 difference).

**4. Why is the County rollback 3% higher than the School District's rollback, if we have the same or almost the same tax base for debt service?**

The tax base is different for the County and BCSD Debt based on the fact that the County participates in the HHI TIF at 100% and BCSD participates currently at 70% and participates in the Bluffton-County TIF at 100% and BCSD does not participate in that TIF. The difference because of the different participation levels in fiscal year 2010 assessed value is \$33,595,298. This difference caused BCSD Debt to roll back to 87% of the prior millage rate, whereas the County rolled back approximately 89% (a 2% difference). The \$33,595,298 is 2% of the \$1,645,452,516 in total fiscal year real 2010 property value.

5. Does it seem logical that a correct rollback would reduce school total revenue by \$1,297,319 from the previous year? (This assumes no real growth)

First, the rollback was calculated from a State-mandated calculation that was detailed in the County Council millage setting meeting in August 2009. I would imagine that the state of the current economy was not taken into account when this calculation was mandated by the State of SC. Also, based on the fact that assessed values have dropped in many areas within the reassessment process (Bluffton and HHI especially), it is possible and happening. This is detailed by the fact that estimated millage values for tax year 2010 have dropped from tax year 2009 in Bluffton and in parts of HHI (Broad Creek PSD). The reassessment notices were not due in until after millage was set in August 2009 as well. Also, see below for gross collections from July 2009 - March 2010 compared to July 2008 - March 2009:

Taxes	BCSD Ops FY 2010	BCSD Ops FY 2009	Difference	Percent of Total
Current Taxes	98,699,601.12	100,663,360.61	(1,963,759.49)	27%
State Tax Relief	34,766,540.73	41,209,747.58	(6,443,206.85)	88%
Delinquent Taxes	5,669,904.23	3,727,593.90	1,942,310.33	-26%
Auto Taxes	5,504,618.70	6,459,858.44	(955,239.74)	13%
Penalties	775,727.31	697,408.39	78,318.92	-1%
	<u>145,416,392.09</u>	<u>152,757,968.92</u>	<u>(7,341,576.83)</u>	<u>100%</u>

Taxes	BCSD Debt FY 2010	BCSD Debt FY 2009	Difference	Percent of Total
Current Taxes	39,728,068.81	40,500,596.71	(772,527.90)	-5741%
Delinquent Taxes	2,005,310.46	1,253,344.38	751,966.08	5589%
Auto Taxes	1,497,312.03	1,509,642.63	(12,330.60)	-92%
Penalties	263,453.51	217,105.61	46,347.90	344%
	<u>43,494,144.81</u>	<u>43,480,689.33</u>	<u>13,455.48</u>	<u>100%</u>

6. What real growth occurred in the mill value between 2009 and 2010? If it occurred, this makes the question above a greater unexplained negative variance.

Assuming that the tax year is being talked about here, see 5 above for explanation and see below for values (note tax year 2010 estimates are as of May 3, 2010):

Tax Entity	Tax Year 2010 (Est.)	Tax Year 2009 (Est.)	Difference	Percent Difference
County	1,798,145	1,796,171	1,974	0.11%
BCSD Ops	1,319,688	1,265,010	54,678	4.32%
BCSD Debt	1,830,464	1,827,521	2,943	0.16%
	<u>4,948,297</u>	<u>4,888,702</u>	<u>59,595</u>	<u>1.22%</u>

7. Did the County have 2010 estimated collectables that are below the 2009 actual collectables?

Assuming that the fiscal year is being talked about here, tax year 2010 billed to actual collections for real and personal property for County Ops is 92.4% as of March 31, 2010 compared to 92.0% at March 31, 2009. Thus, the County estimated the same rate of collections as the prior fiscal year. Overall current collections are down slightly, but delinquent tax collections are ahead of where they were last year. As such, the County is monitoring its expenditures closely to counter-act the slow rates of payment (should be close to 100% now).

## Debt Mill Rate Analysis Questions

- What was the county's actual 2009 mill value?
- What mill value did the county use for 2010? (Gross and Net)
- What is the difference between the county's mill value and the school district's mill value?
- Why is the county rollback 3% higher than the school district's rollback, if we have the same or almost the same tax base for debt service?
- Does it seem logical that a correct rollback would reduce school total revenue by \$1,297,319 from the previous year? (This assumes no real growth.)
- What real growth occurred in mill value between 2009 and 2010? If it occurred, this makes the question above a greater unexplained negative variance.
- Did the county have 2010 estimated collectables that are below the 2009 actual collectables?

• ASSOCIATED TAX BASE →

Beaufort County  
CIP Detail  
FY 2010 as of April 30, 2010

Account	Account Description	District	Original Budget	Spent to Date	Transferred to Date	Encumbered to Date	Amount Available	Notes
11431-54455	Lady's Island Community Park	7		308,141	(137,254)	-	129,112	Project is inactive however project planning is complete. Phase I is currently estimated at \$430,000.
11431-56000	Retainage	Retainage	1,340,729	-	-	-	13,937	Potentially needed - see above.
11432-54426	Renovations - Courthouse	Admin	531,265	503,292	(38,268)	141,053	-	Project is underway and will likely need an extra \$5,000 to complete.
11432-54451	Daufuskie Property Development	4	300,000	77,514	-	311,716	-	Project is inactive however project planning is complete. Project will likely need an extra \$15,600 to complete.
11432-56000	Retainage	Retainage	900,679	-	-	-	19,424	Potentially needed - see above.
11433-54441	HHI - South Beach Neighborhood	3	75,000	-	-	-	75,000	Money borrowed for purposes of a Town of HHI project.
11433-54442	HHI - North Beach Neighborhood	3	75,000	-	-	-	75,000	Money borrowed for purposes of a Town of HHI project.
11433-54443	HHI - Driessen Neighborhood Park	2	75,000	-	-	-	75,000	Money borrowed for purposes of a Town of HHI project.
11435-54112	Tax System Software	All	250,000	1,558,439	-	1,550	-	Project underway. Any extra monies will not come out of CIP. Also see 11437-54110.
11435-54420	Southern County Office Space	4	500,000	1,272,726	(1,500,000)	-	727,274	Bidding process has started for this project. Most likely will need more than balance available.
11435-54421	Renovations - Library	11	126,900	255,157	(60,126)	129,600	-	Project is underway and on budget.
11435-54423	Renovations - Law Enforcement	Admin	177,600	-	(166,462)	-	344,062	Project planning is complete and will soon go out for bid. Appears to be on budget.
11435-54424	Renovations - EMS	Admin	121,397	25,283	(90,086)	-	186,200	Project is inactive, however the EMS building is in bad shape.
11435-54425	Renovations - Building and Grounds	Admin	96,300	7,900	-	-	88,400	Project planning is complete and will soon go out for bid. Appears to be on budget.
11435-54427	Renovations - Human Services Building	Admin	377,948	143,668	-	103,150	67,146	Project is underway and on budget.
11435-54428	Renovations - Health Center	Admin	96,400	593	-	28,000	-	Project is underway and on budget.
11435-54433	Lands End Public Access	5	150,000	253	-	-	75,246	Project is underway and on budget.
11435-54437	Renovations - Animal Shelter Office	Admin	129,950	180,263	-	27,643	-	Project is underway and on budget.
11435-54447	HHI - Marshland Reed Park	2	50,000	-	-	-	50,000	Money borrowed for purposes of a Town of HHI project.
11435-54451	Southern County PALS Projects	4/10	200,000	51,277	-	48,566	-	Project is underway and on budget.
11435-54453	Bluffton Oyster Factory	4	-	-	-	-	200,000	Money borrowed for purposes of a Bluffton Oyster Factory project.
11435-56000	Retainage	Retainage	-	-	-	-	1,053,696	\$1,053,696 is available (all of which would be covered by interest and premium) however a portion of this might be needed for the Southern County Office Space project.
43601-43770	State Grant Funds - Budgeted & Granted	N/A	-	-	-	(441,990)	-	This is a receivable for grant monies.
11436-54420	St. Helena Library (See 11437-54420)	5	5,000,000	174,522	(2,255,000)	1,060,205	3,765,273	Project is underway and will use USDA loan as well.
11436-54455	Falgers Point Boat Landing	6	300,000	143,583	-	115,218	-	Project is underway and on budget.
11436-54456	Brickyard Point Boat Landing	7	300,000	8,950	-	-	291,050	Project is stalled. If project goes forward another \$400,000 will be needed.
11436-54460	DSN Administration Building	Admin	4,000,000	1,581,317	(1,718,555)	5,516,260	533,576	Project is underway and on budget.
11436-56000	Retainage	Retainage	675,000	-	-	-	1,475,904	\$400,000 of this is potentially needed, while \$1,075,904 is available (with \$897,260 in interest and \$27,857 in bond premium, making \$925,117 available for debt service).
11437-54110	DP Software - CAMA System	All	800,000	527,995	-	150,149	124,581	Project underway. Any extra monies will not come out of CIP. Also see 11435-54112.
11437-54200	Upgrade/Replace Radio Equipment	All	8,000,000	7,532,381	-	429,847	37,771	Project underway. Any extra monies will not come out of CIP.
11437-54201	Special Capital Equipment - ITS Camera	All	410,000	337,713	-	58,306	7,583	Project underway. Any extra monies will not come out of CIP.
11437-54203	Communications Infrastructure	All	-	7,710,365	-	404,640	-	Project underway. Any extra monies will not come out of CIP.
11437-54430	CC Haigh Boat Landing Improvements	4	750,000	94,524	-	209,952	55,524	Project is underway and on budget.
11437-54450	Buchwalter Park Rec Center	4	1,800,000	4,274,308	-	37,629	10,740	Project is underway and on budget.
11437-54451	Burton Wells - Phase II	8	1,600,000	37,669	-	109,959	1,702,371	Project is underway and on budget.
11437-54464	Law Enforcement/Detention Center	Admin	10,000,000	805,034	-	51,988	1,395,982	Project planning is complete and will soon go out for bid. Appears to be on budget.
11437-56000	Retainage	Retainage	58,000	-	-	-	1,269,492	\$1,269,492 is available (with \$15,714 in interest and \$248,894 in bond premium, making \$264,608 available for debt service).
11439-54114	DP Equipment - Detention Center	All	13,975	-	-	-	13,975	Project underway. Any extra monies will not come out of CIP.
11439-54201	Special Capital Equipment - Cameras	All	125,000	65,287	-	8,843	50,870	Project underway. Any extra monies will not come out of CIP.
11439-54203	Special Capital Equipment - VOIP	All	2,700,000	2,784,216	-	1,862	8,500	Project underway. Any extra monies will not come out of CIP.
11439-54204	Special Capital Equipment - EMD	All	30,000	25,481	-	-	4,520	Project underway. Any extra monies will not come out of CIP.
11439-54420	Renovations - Staff Services	Admin	15,000	-	-	-	23,411	Project is set to begin soon and will be on budget.
11439-54421	Renovations - Detention Center	Admin	40,000	17,432	(39,223)	3,350	61,791	Project is underway and on budget.
11439-54422	Renovations - Admin Building	Admin	270,000	-	-	-	20,000	Project is set to begin soon and will be on budget.
11439-54423	Renovations - ADA Modification	Admin	72,000	3,675	-	-	68,325	Project is set to begin soon and will be on budget.
11439-54425	Renovations - Arthur Horne Building	Admin	340,000	-	-	-	100,000	Project is inactive, but HVAC is very old and likely to go out soon.
11439-56000	Retainage	Retainage	25,000	-	-	-	658,681	\$658,681 is available (with \$3,413 in interest and \$91,921 in bond premium, making \$95,334 available for debt service).
			42,898,143	30,508,963	(6,004,974)	8,512,496	14,859,457	
							23,371,953	Total Encumbered & Amounts Available
							23,371,957	Total Reconciled Bank Balance as of 4/30/2010
							(4)	Difference (Rounding)
							1,285,059	Available Retainage for Potential Debt Service Transfer (Excludes 2005 Bond Retainage)