

COUNTY COUNCIL OF BEAUFORT COUNTY
ADMINISTRATION BUILDING
BEAUFORT COUNTY GOVERNMENT ROBERT SMALLS COMPLEX
100 RIBAUT ROAD
POST OFFICE DRAWER 1228
BEAUFORT, SOUTH CAROLINA 29901-1228

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VICE CHAIRMAN

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GARY T. KUBIC
COUNTY ADMINISTRATOR

JOSHUA A. GRUBER
DEPUTY COUNTY ADMINISTRATOR

THOMAS J. KEAVENY, II
COUNTY ATTORNEY

SUZANNE M. RAINEY
CLERK TO COUNCIL

AGENDA
FINANCE COMMITTEE

Monday, March 21, 2016

1:00 p.m.

Executive Conference Room, Administration Building
Beaufort County Government Robert Smalls Complex
100 Ribaut Road, Beaufort

Committee Members:

Jerry Stewart, Chairman
Steve Fobes, Vice Chairman
Cynthia Bensch
Rick Caporale
Brian Flewelling
William McBride
Stu Rodman

Staff Support:

Suzanne Gregory, Employee Services Director
Alicia Holland, CPA, Assistant County Administrator, Finance
Chanel Lewis, CGFO, Controller

1. CALL TO ORDER – 1:00 P.M.
2. FIRST PRESENTATION / COUNTY ADMINISTRATOR'S FY 2016/2017 BUDGET SUBMISSION
3. DISCUSSION / SELF-FUNDING OF HEALTH INSURANCE PROGRAM
4. CONSIDERATION OF CONTACT AWARD
 - A. Request to Purchase Helicopter Blades for Beaufort County Mosquito Control ([backup](#))
5. SANTA ELENA FOUNDATION / REQUEST FOR \$70,000 IN LOCAL THREE PERCENT ACCOMMODATIONS TAX FUNDS ([backup](#))
6. REQUIRED AUDIT COMMUNICATIONS ([backup](#))
7. FEBRUARY 2016 GENERAL FUND FINANCIAL UPDATE
8. CONSIDERATION OF REAPPOINTMENTS AND APPOINTMENTS
 - A. Airports Board
9. ADJOURNMENT

2016 Strategic Plan Committee Assignment

Health Insurance Cost Containment / Affordable Care Act

Retiree Healthcare Policy

Comprehensive Impact Fee Review / Reassessment

Comprehensive Financial Plan: Revenues and Expenditures

Salary and Compensation Study and Implementation Funding

Business License: Direction on Funding Source for Economic Development





COUNTY COUNCIL OF BEAUFORT COUNTY
PURCHASING DEPARTMENT

106 Industrial Village Road, Bldg. 2 -- Post Office Drawer 1228
Beaufort, South Carolina 29901-1228

TO: Councilman Jerry Stewart, Chairman, Finance Committee

FROM: Dave Thomas, CPPO, Purchasing Director *DT*

SUBJ: **Request to Purchase Helicopter Blades for Beaufort County Mosquito Control**

DATE: March 17, 2016

BACKGROUND: The Purchasing Department received a request from the Mosquito Control Director to purchase five (5) McDonnell Douglas helicopter blades through Southeast Helicopters, Inc., Saluda, SC. This FAA-approved and McDonnell Douglas-certified service center will replace all corroded blades on the McDonnell Douglas 500-D helicopter. Overall, Mosquito Control operates this aircraft throughout a high corrosion environment.

VENDOR INFORMATION:

COST

Southeast Helicopters, Inc., Saluda, SC
(\$66,250 + \$0 tax (tax exempt) + free shipping)

\$66,250

JH **FUNDING:** 10001400-5112B, Mosquito Control – Helicopter Repairs (current fund balance – \$71,467)

PRIOR YEAR COST: N/A

FOR ACTION: Finance Committee meeting occurring on March 21, 2016

RECOMMENDATION: The Purchasing Department recommends that the Finance Committee approve the purchase of 5 helicopter blades (\$13,250 each) for \$66,250 through Southeast Helicopters, Inc.

CC: Gary Kubic, County Administrator *GK*
Josh Gruber, Deputy County Administrator/Special Counsel *JG*
Alicia Holland, Asst. Co. Administrator, Finance *AH*
Philip Foot, Asst. Co. Administrator, Public Safety
Gregg Hunt, Mosquito Control Director

Attachment: Pricing Information

Professionally we serve; Personally we care!

P.O. Box 636
Saluda, SC 29138
Phone: (803) 275-3180
FAX: (803) 275-4718

3/16/2016
8:39AM

Ship To: BEAUFORT COUNTY MOSQUITO CONTROL
P.O. BOX 1228

Line#	Type	Item/Description	Cr?	Aircraft	Quantity	Units	List Price	Disc	Unit Price	Extended
1	Part	500P2100-103 M/R Blade		N988DF	5.0	Each	13,250.00		13,250.00	66,250.00
							Subtotal			66,250.00
							Total Due			66,250.00
All returned parts are subject to a 25% restocking fee.										

Non-Competitive Purchases Form - New Form



Non-Competitive Purchases Form



This form shall be completed for any non-competitive purchase over \$2,500 that is not exempt.

(a) A County contract may be awarded without competition when the Purchasing Director determines in writing, after conducting a good faith review of available sources, that there is only one source for the required supply, service, or construction item. The Purchasing Director shall conduct negotiations, as appropriate, as to price, delivery, and terms. A record of sole source procurements shall be maintained as public record and shall list each contractor's name, the amount and type of each contract, a listing of the items procured under each contract, and the identification of each contract file.

(b) Sole source procurement of a used item from the open market may only be considered, provided that:

(1) The using agency recommends purchase; (2) condition of the item is verified by appropriate County official; and (3) price analysis justifies purchase when the following factors are considered: (a) new acquisition price; (b) current book value; and (c) maintenance costs.

Code 1982 SS 12-19 Sec. 2-518 Sole source procurement

The County Council may by resolution, exempt specific supplies or services from the purchasing procedures required in the Code. The following supplies and services shall be exempt from the purchasing procedures required in this division; however, the Purchasing Director for just cause may limit or withdraw any exemption provided for in this section. (1) Works of art for museum and public display (2) Published books, library books, maps, periodicals, technical pamphlets (3) Copyrighted educational films, filmstrips, slides and transparencies (4) Postage stamps and postal fees (5) Professional dues, membership fees and seminar registration fees (6) Medicine and drugs (7) Utilities including gas, electric, water and sewer (8) Advertisements in professional publications or newspapers (9) Fresh fruit, vegetables, meats, fish, milk, bread and eggs (10) Oil company credit cards (11) Articles for commercial sale by all governmental bodies
Code 1982 SS 12-14 Ord. No. 2000-1 S 1, 1-1-0-2000 Sec. 2-514 Exemption from procedures

Notwithstanding any other section of this division, the Purchasing Director may make or authorize others to make emergency procurements of supplies, services, or construction items when there exists a threat to the functioning of county government; for the preservation or protection of property; or for the health, welfare or safety of any person, provided that such emergency procurements shall be made with such competition as is practicable under the circumstances. A written determination of the basis for the emergency and for the selection of the particular contractor shall be included in the contract file. As soon as practicable, a record of each emergency procurement shall be made and shall set forth the contractor's name, the amount and type of the contract, a listing of the items procured under the contract, and the identification number of the contract file.

Code 1982 SS 12-20 Sec. 2-519 Emergency procurements

Requesting Department: Mosquito Control Requested Account Code: 10001400

Description of Requested Services:

Replacement of five (5) M/R Blades to replace blades which were found with corrosion during annual inspection on MD 500D Helicopter

Please provide a listing of the items purchased, if additional pages are necessary please attach to this form:

Five M/R Blades for the Mosquito Control McDonnell Douglas MD 500D helicopter

Cost of Requested Services: 66,250

Requested Vendor Name: Southeast Helicopters, Inc.

Requested Vendor Address: P.O. Box 636, Saluda SC 29138

Requested Vendor Phone Number: (843) 275-3180 Requested Vendor Email Address: _____

Type of Service Requested (Please check one) Construction ☐ Service ☐ Supply/Good ☒

Please attach any documentation provided by the vendor that provides back up for the claims in this document.



Non-Competitive Purchases Form



Non-Competitive Purchases Form - New Form

Please select a reason below as to why this is a non-competitive purchase and provide a brief explanation.

- ☐ It is not possible to obtain competition. There is only one source available for the supply, service, or construction item.
- ☐ The procurement is for a used item from the open market. The item may only be considered if, (1) the using agency recommends purchase, (2) condition of the item is verified by appropriate County official, (3) Price analysis justifies purchase when the following factors are considered: (a) new acquisition price; (b) current book value; and (c) maintenance costs.
- ☒ The item is a single source purchase. Other sources may be available but purchases are directed to one source because of factors unique to Beaufort County. Please select an option below:
- ☒ Standardization
- ☐ Warranty
- ☒ Other, if selected please specify below.

See Attached Letter from John Corley, owner of Southeast Helicopters.

- ☐ An emergency exists that threatens the functioning of County government.
- ☐ An emergency exists that threatens the preservation or protection of County property.

What steps have been taken to verify that these features are not available elsewhere?

- ☐ Other brands/manufacturers were examined (please list names and contact information, and explain why they are not suitable for use by the County-attach additional pages as necessary):

- ☐ Other vendors were contracted (please list names and contact information and explain why those contacted did not meet the needs of the County-attach additional pages as necessary):

Requester Name: Gregg Hunt

Requester Signature: Gregg Hunt

Date: 3/16/2...

Department Head Name: Gregg J. Hunt

Department Head Signature: Gregg J. Hunt

Date: 03-16-16



Non-Competitive Purchases Form

For Purchasing Completion only:



Date Received in Purchasing Department: 03/17/16

☒ Reviewed by Purchasing Department for completeness

Date: 03/17/16

Non-Competitive Purchases Form - New Form

Reviewed by: DML

Verified that this is the only source: Yes ☒ No ☐

Comments: _____

Purchasing Director or His Designee Approval Signature: DML

Associated Purchase Orders Number: _____

Associated Contract Number: _____

Southeast Helicopters, Inc.
317 South Main Street, Saluda SC, 29138
(803) 275-3180

To whom it may concern;

Southeast Helicopters, Inc. is FAA approved and factory trained in procuring and installing the McDonnell Douglas Parts on the McDonnell Douglas Helicopters. We are approved to buy direct from the manufacturer for the helicopter parts. We are not allowed by the FAA to install non traceable parts from unknown sources. Your helicopter is designed to use only MD parts.

John Corley

03/17/2016 14:27
aholland

BEAUFORT COUNTY
BEAUFORT COUNTY - STATEMENT OF
REVENUES, EXPENDITURES AND FUND BALANCE

P 1
glytdbud

FOR 2016 08

ACCOUNTS FOR: 1000 GENERAL FUND	ORIGINAL APPROP	TRANFRS/ ADJSTMTS	REVISED BUDGET	YTD EXPENDED	ENC/REQ	AVAILABLE BUDGET	PCT USED
<hr/>							
10001400 MOSQUITO CONTROL							
<hr/>							
50 PERSONNEL SERVICES	648,041	0	648,041	399,387.07	.00	248,653.93	61.6%
51 PURCHASED SERVICES	148,905	24,019	172,924	137,927.74	3,371.15	31,625.11	81.7%
52 SUPPLIES	668,246	-54,204	614,042	257,264.68	302,515.05	54,262.27	91.2%
54 CAPITAL OUTLAY	53,174	30,185	83,359	30,145.27	53,324.00	-110.27	100.1%
TOTAL MOSQUITO CONTROL	1,518,366	0	1,518,366	824,724.76	359,210.20	334,431.04	78.0%
TOTAL GENERAL FUND	1,518,366	0	1,518,366	824,724.76	359,210.20	334,431.04	78.0%

03/17/2016 14:27
 aholland

BEAUFORT COUNTY
 BEAUFORT COUNTY - STATEMENT OF
 REVENUES, EXPENDITURES AND FUND BALANCE

P 2
 glytdbud

FOR 2016 08

	ORIGINAL APPROP	TRANFRS/ ADJSTMTS	REVISED BUDGET	YTD EXPENDED	ENC/REQ	AVAILABLE BUDGET	PCT USED
GRAND TOTAL	1,518,366	0	1,518,366	824,724.76	359,210.20	334,431.04	78.0%

** END OF REPORT - Generated by Alicia Holland **



SANTA ELENA
FOUNDATION

January 21, 2016

Mr. Gary Kubic
County Administrator
Beaufort County
PO Drawer 1228
Beaufort, South Carolina 29901-1228

Reference: Santa Elena History Center

Dear Mr. Kubic:

Thank you for attending the Santa Elena Foundation update provided at the Tuesday, January 19 meeting of the Beaufort County Finance Committee. Thank you as well for taking the time last week to visit the old Federal Courthouse to see the progress we made to transform the building into our History Center. Support provided by Beaufort County helped launch this important project, and without such assistance the project would likely still be at the planning stage.

During the presentation on Tuesday, we shared with members of the Finance Committee three new projects:

- \$30,000 for a non-intrusive, radar mapping of the Santa Elena Site, including five forts and two settlements, expected to create significant national interest and help facilitate the archeological research permit from the Department of Defense.
- \$20,000 to bring the Spanish replica vessel, *El Galeon* to Port Royal in April.
- \$50,000 to complete the next installment of exhibits to fill the facility.

We ask your recommendation to seek \$70,000 toward funding these projects from the Beaufort County Local ATAX fund.

In another matter, recall that the Santa Elena Foundation needs to reimburse Beaufort County for \$36,000 the County paid for the parking lease period October 2015 to June 2016. The lease payment for July 2016 to June 2017 is due July 1st. We expect to be able to pay both.

Since our admissions will not start until we open in April, it would be helpful if the County would consider letting us repay the \$36,000 in 6 installments of \$6,000 per quarter beginning October 15, 2016.

PO Box 1005 · Beaufort, South Carolina 29901 · www.Santa-Elena.org

Santa Elena Foundation is a registered non-profit 501(c)(3) charitable organization



SANTA ELENA
FOUNDATION

Beaufort County support will insure both the Archaeology Mapping and *El Galeon* projects are fully funded. Concurrently, we will continue our successful fund-raising and to achieve financial independence through our various paid programs, museum store sales, and exhibit admissions.

I trust Beaufort County might find acceptable to grant our proposed repayment schedule for the parking lease, letting us use available cash for the aforementioned opportunities.

Thank you for your consideration.

Sincerely,

A handwritten signature in dark ink, appearing to read "Andy Beall". The signature is fluid and cursive, with the first name "Andy" and last name "Beall" clearly distinguishable.

Andy Beall
Executive Director

Cc: Honorable Jerry W. Stewart, Vice-Chairman of the Beaufort County Council

Santa Elena Foundation
Cash Commitments (000's - \$)
1 /21/16

	As of 12/31	with Pending
	-----	-----
Beginning Cash	197	197
Foundation Receivable (rec'd)	30	30
City of Beaufort	15	15
ATAX		70
USC (Mapping)		10
Exhibit Contracts	(129)	(129)
Beaufort County Parking	(36)	
Archeological Educational Experience	(20)	(20)
Building Improvements	(16)	(16)
Marketing Promotions	(11)	(11)
Scholars Conference	(10)	(10)
Site Mapping		(40)
El Galeon		(20)
Remaining Exhibits		(50)
	-----	-----
	19	25
	=====	=====

20000011		STATE ACCOMMODATIONS TAX							
2000-10-0011-000-00000-55000		DIRECT SUBSIDIES							
012720 SANTA ELENA PROJECT 209484		645513		2016 5 INV P		10,000.00		11062015 865228 2015-2016 ACCOMODAT	
INVOICE:		FULL DESC:		2015-2016 ACCOMODATIONS TAX ALLOCATION					
				ACCOUNT TOTAL		10,000.00			
				ORG 20000011 TOTAL		10,000.00			
=====									
FUND 2000 STATE ACCOMMODATIONS TAX				TOTAL:		10,000.00			
=====									

03/18/2016 11:46
aholland

BEAUFORT COUNTY
INVOICE LIST BY GL ACCOUNT

P 2
apinvgl

YEAR/PERIOD: 2012/1 TO 2016/13									
ACCOUNT/VENDOR	DOCUMENT	VOUCHER PO	YEAR/PR TYP S	WARRANT	CHECK	DESCRIPTION			
20010011		LOCAL ACCOMMODATIONS TAX							
2001-10-0011-000-00000-55010		OTHER SUBSIDIES							
012720 SANTA ELENA PROJECT	170348	605751	2015 2 INV P	75,000.00	08222014	841201 2014/23 SANTA ELENA			
INVOICE:		FULL DESC:	2014/23 SANTA ELENA FOUNDATION ORDINANCE						
		ACCOUNT TOTAL		75,000.00					
2001-10-0011-000-00000-55110		TOURISM INFRASTRUCTURE PROJCT							
012720 SANTA ELENA PROJECT	195097	630970	2015 11 INV P	150,000.00	05222015	856891 ORDINANCE #2015/11-			
INVOICE:		FULL DESC:	ORDINANCE #2015/11-SANTA ELENA FOUNDATION						
		ACCOUNT TOTAL		150,000.00					
		ORG 20010011 TOTAL		225,000.00					
=====									
	FUND 2001 LOCAL ACCOMMODATIONS TAX	TOTAL:		225,000.00					
=====									

** END OF REPORT - Generated by Alicia Holland **

To the Finance Committee of Beaufort County Council
Beaufort County, South Carolina

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Beaufort County, South Carolina (the "County") for the year ended June 30, 2015. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards* and OMB Circular A-133, as well as certain information related to the planned scope and timing of our audit. Professional standards also require that we communicate to you the following information related to our audit.

SIGNIFICANT AUDIT FINDINGS

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the County are described in the notes to the financial statements. As described in the notes to the financial statements, the County adopted and implemented Governmental Accounting Standards Board ("GASB") Statement No. 68, *Accounting and Financial Reporting for Pensions* – an amendment of GASB Statement No. 27 ("Statement No. 68") and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date* – an amendment of GASB Statement No. 68 ("Statement No. 71"), during the fiscal year ended June 30, 2015. These statements require the reporting of the County's share of the total pension asset (liability) and related deferred outflows/inflows of resources associated with participation in defined benefit pension plans. The adoption of these new standards resulted in a restatement of beginning net position. We noted no transactions entered into by the County during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the County's financial statements was:

Management's estimate of the depreciation expense and accumulated depreciation is based on estimated useful lives of capital assets. We evaluated the key factors and assumptions used to develop the depreciation expense and accumulated depreciation in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of the allowance for doubtful accounts is based on an analysis of the collectability of property tax and account receivables. We evaluated the key factors and assumptions used to develop the allowance for doubtful accounts in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of other post-employment benefits is based on an analysis provided by a specialist. We evaluated the competence and capabilities and the assumptions used by the specialist in their analysis in determining that it is reasonable in relation to the financial statements as a whole.

Management's estimate of the County's proportionate share of the collective net pension liability of the South Carolina Retirement Systems, which is actuarially determined, was calculated on the basis of historical employer contributions to the plan in accordance with the parameters of GASB Statement 68.

To the Finance Committee of Beaufort County Council

Beaufort County, South Carolina

Page 2

We have evaluated the competence and capabilities of the specialist and the assumptions used by the specialist in their analysis in determining that it is reasonable to the financial statements taken as a whole.

During the year ended June 30, 2015, the County adopted a resolution to terminate health care benefits offered to retirees effective July 1, 2016. The resolution resulted in a change in accounting estimate for post-retirement health care benefits. The impact of the related change in the estimate is reflected as a special item in the financial statements.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. The schedule below summarizes uncorrected misstatements of the financial statements. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

To capitalize equipment purchased under capital leases in the prior year:

	<u>Debit</u>	<u>Credit</u>
Equipment	\$2,506,923	
Net position		\$2,506,923
Depreciation	\$ 167,128	
Accumulated Depreciation		\$ 167,128

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated January 31, 2016.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to management's discussion and analysis, the schedule of proportionate share of the net pension liability, and the schedule of pension contributions, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on supplementary information accompanying the basic financial statements, including the schedule of expenditures of federal awards, which is presented for the propose of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and accompanies the financial statements, but is not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Restriction on Use

This information is intended solely for the use of the Finance Committee of Beaufort County Council and management of the County and is not intended to be, and should not be, used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Chung Beakut LLP". The signature is written in a cursive, flowing style.

Augusta, Georgia
January 31, 2016