

Wayne County
Analysis of selected Revenue Sources
And related processes



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Introduction

Wayne County reached out to ACCG with a request to analyze the revenue sources of the county. This request was viewed as a positive move as it asked for an outside analysis of existing funding sources from a team that has experience in other counties.

The ACCG team chose to do face-to-face interviews with some of the key elected officials and department heads within the county government. These interviews were initially conducted over a two-day period. A follow up set of interviews was also conducted to clarify some of the information the team initially received.

Copious amounts of data were gathered by Wayne County's administrative team and forwarded to ACCG. Individuals including County Clerk, Amanda Hanna, and County Manager, Ed Jeffords, were the primary contacts for this task. That information was forthcoming and provided in a timely manner.

Distillation and analysis of the information provided both electronically and in the interviews was combed through carefully to identify trends of both a positive nature and for those that might present challenges and opportunities for improvement. Often policies and practices can be amended to thwart negative trends – and, positive trends can sometimes be improved on with minor adjustments.

This report is presented primarily in narrative form. There are exhibits made a part hereto that are illustrative of the points being made in the body of the report.

The Wayne County Board of Commissioners is the governing body of the county. Nothing presented herein is intended to unconstructively criticize decisions made or to be made. Rather, this is an effort to cite better and best practices.

In instances, a brief history of how a practice or situation developed is included to clarify the precursors leading to today's practice. Again, no indictment or assignment of culpability is intended. The points are made in efforts leading to a better understanding.

Finance and Administration

Issues Under Consideration:

- 5-Year History of Revenue, Budget v. Actual
- Specificity of line items in Chart of Accounts
- Assignment of certain revenues to the department through which they are generated
- Communication between Tax Commissioner's office and Board of Commissioners/Management
- Communication between Board of Assessors and Board of Commissioners/Management
- Manufacturing Energy Excise Tax
- TAVT (Title Ad Valorem Tax)
- Employee Medical Cost / Insurance
- Landfill
- Finance Director

Mr. Edward Jeffords serves as the County Manager. His background and education lend themselves to an analytical view of county operations and finance. As is evidenced by the report published to the county's web site titled, "2019 State of the County Report," authored by Mr. Jeffords, the manager has researched historical statistics and is able to articulate a realistic view of the current state of Wayne County.

That report may be accessed at:

https://www.waynecountyga.us/egov/documents/1549572316_66125.pdf

Ms. Amanda Hanna serves as the County Clerk. She provided a great deal of information for analysis ahead of our visits on this project and was immediately responsive to all follow-up questions. She is active on the County Clerks' list serve and provides responses to questions posed in a timely manner.

In our interviews with various departments, each respondent was complimentary of the relationship they had with current management. In our recommendations you will find a suggestion to further enhance communication of concurrent financial matters to these various departments.

Conclusions and Recommendations:

- Exhibit "A" is a comparative 5-year history of the county's General Fund *Revenue*. To the extent that any of the information is not clear, we recommend you ask for details from management.
- In analyzing these figures, we were puzzled regarding the significant deterioration in "Real Property Tax." That deterioration turned out to be in "Personal Property Tax," not real

property. As there is no way to discern that from your financial reports, we recommend new, more specific, line items be added to your chart of accounts.

- Exhibit “B” is an example of more specific accounts. With the permission of another county, we include these as an example and not as a specific recommendation. Each county has specific reasons to use certain account descriptions. However, this example has proven workable, especially for analyzing trends.
 - If the recommendation made to the Tax Assessor’s office (Board of Assessors) regarding a concentration on updating personal property valuation is implemented, you would want to be able to track those values. Your current chart of accounts does not allow you to do so.
 - If the recommendation made to the Tax Commissioner’s office regarding the use of a transmittal form to be used when transferring funds from that office to the Board of Commissioners is implemented, the modification of your chart of accounts will be necessary in order to receive revenues into those specific line items.
- Your chart of accounts currently receives tax revenue into a section regarded as “General Government.” In your system that is department “0000.” Our recommendation, in keeping with what has been noted above, would be to receive revenues into the department through which the funds were received. For instance, in the case of tax revenues, those would be shown as a revenue line in department “1545.” While there are some revenues that should be taken in through department “0000,” those are few. Again, refer to Exhibit “B.”
- Implementation of a transmittal form from departments remitting to the Board of Commissioners and more specificity in your chart of accounts will go a long way toward clarifying sources and uses of funds. However, there is no substitute for periodic two-way communication between offices. While that is a critical factor at budget time, it need not be ignored throughout the year.
 - If your financial software allows, our recommendation would be to allow each department “read only” access to their departmental numbers. Purchase orders entered into the system should encumber funds. When a department inquires as to the status of their budget figures, they would get timely information instead of waiting for a monthly report. This helps the department stay on target and it serves as a checks-and-balance mechanism so that if a department sees a trend emerging, they can either make necessary corrections and/or bring the matter to the attention of management. Rather than having to wait for end of the year budget analysis, all parties benefit from more timely information.
 - Consider implementing a work session meeting each month wherein departments give a short presentation to the Board of Commissioners about matters important to their respective operations. This would foster dialog on emerging matters and may lead to a better understanding of the functions and challenges being experienced throughout the government operation.
- It is recommended that the Board of Commissioners and the Board of Assessors meet periodically to discuss matters at hand. The corrective measures discussed in the section of this report titled “Board of Assessors / Tax Assessor” section should be discussed at such a meeting. This would serve at least two purposes: 1) To keep the BOC informed about progress on the

corrective measures, and 2) to give the BOC advance notice of any major valuation changes that would materially affect the digest.

- Manufacturing Energy Excise Tax is a revenue source that is sunseting for Wayne County. This tax, for many years, was received as a portion of the county's Sales and Use Tax Revenue paid to the county through the State of Georgia. In 2013, after the Georgia General Assembly voted to sunset the collection of the tax at the state level, Wayne County voted to begin collecting the tax as a local excise tax. In a reversal of that decision, beginning in early 2018, the county voted to discontinue the tax and began a phase out. 2019 is the first year of that process. After March 1, 2021, there will be no revenue from this source. For perspective, that amount has been about \$65,000 per year. You will note, when looking at Sales Tax revenue, historically, that was a component of that Sales tax until recent years – so, the sales tax figure reflected the sunset of that tax at the state level. See Exhibit "C" for the Ordinance that imposed the tax. Recall that the imposition of the tax locally was not a new tax, it was the continuation of an existing tax. While the decision to discontinue the tax was a recent one, consideration may be given to the re-imposition of the tax before it goes to zero. Some would argue that imposing it after it sunsets would amount to a new tax.
- TAVT (Title Ad Valorem Tax) is also an item explored in the section of this report titled "Tax Commissioner." Change in the way the amount due local governments is calculated are coming. The effect of those changes will be dependent on several factors, not the least of which is the volume of vehicle trades experienced in your county. There will be further segregation in the distribution dependent on the address at which the title is held - Incorporated v. Unincorporated. Budgeting for this item may be difficult until a history is formed under the new distribution formulas. It will be important for budget purposes to 1) recognize the expectation of dwindling revenue under the old category of annual tax on older vehicles, and 2) foster communication on current trends in the newer TAVT categories with the Tax Commissioner's office.
- The county handles employee health insurance through a self-insured plan. It is our understanding that re-insurance is in place as a partial loss mitigation tool. Actual expenses in this category show wide deviation from budget in several instances. With the size of the county's employee pool, there could be some savings through a conversion to a fully insured plan. If that becomes the desire of the Board of Commissioners, look first at cookie cutter plans. Often groups ask for pricing on plans that exactly match what they have. Customized plans, much as customized anything, generally cost more. Often there are only minor differences between custom and non-custom benefits. Our recommendation is to periodically reevaluate the county's position on remaining self-insured.
- Wayne County disposes of its household waste in a privately-owned landfill – Broadhurst Environmental, which is a subsidiary operation of Republic Services of Georgia, LP (a corporation organized under the laws of Delaware), which maintains a principal office address in Arizona. The county is not assessed a tipping fee for the tonnage disposed of. The host fee received by the county from this landfill is a significant source of income. In years past there has been controversy over Broadhurst receiving coal ash. In a letter dated February 2019, Broadhurst represented to the Board of Commissioners that it had not received coal ash since 2016, and would not receive the commodity during calendar year 2018. Our recommendation is for the County Attorney to review the documented arrangement between Wayne County and the

Broadhurst Environmental Landfill to insure the county maintains its ability to dispose of waste free of any tipping charges.

With the increasing need to expand the chart of accounts and to define and monitor financial trends, the county may want to consider establishing the position of Finance Director. This is a matter you should lean heavily on the advice of your management team for. As is the case with most levels of management, the expanded knowledge and professional background of an experienced Finance Director can often pay great dividends in county government. This position can also underpin the operation when and if there is a vacancy or transition in the position of county manager. It is not uncommon for the Finance Director to directly apprise the Board of Commissioners of important financial considerations in the absence of a manager.

Tax Assessors' Office

Issues Under Consideration:

- Exemptions possibly given in error.
- Less than desirable indicators of both Uniformity and Inequity in appraised values.
- Code Enforcement as a tool to improve valuation information.
- Communication with the office of Tax Commissioner and the Board of Commissioners.

The Chief Assessor, Byron Johns, has confidence, going forward, that the quality of the work in this office can continue to improve. Issues in the past, under different leadership in this office, are being addressed as they are identified.

Consistency in adherence to the laws regarding exemptions was discussed. The office is currently reviewing exceptions. While the matter has the potential to offend entities and individuals that might have been erroneously granted exemptions in the past – Certainly, clearing errors and bringing the office more closely into compliance with Georgia and local law is a desirable track.

Code Enforcement works under the direction of the Chief Assessor. This is a desirable arrangement in that inspections and infractions can lead to a more accurate statement of valuation – provided there are proper and efficient methods in place to review valuation and report differences.

Graphic Information Systems (GIS) services are provided through the Regional Commission. A periodic comparison of shape files between most recent GIS data and the county's files is a best practice. This should be done at least every 3-5 years.

Annually, the Georgia Department of Audits publishes a report showing the sales ratio for each Georgia County. Additionally, a more in-depth report is sent to the counties with copies generally distributed to the Tax Assessor's Office, the School Board and the Board of Commissioners (BOC).

That report is titled "Revenue Statistics Report." The Board of Assessors (BOA) is trained to know how to interpret those findings. Results of calculations of two important indicators are also contained in the report: Coefficient of Dispersion (COD), and Price-Related Differential (PRN).

When this report is received each year, it would be a good practice to have the Chairman or a member of the Board of Assessors to present the findings to the BOC in a public meeting. While the Chief Appraiser would be more familiar with the day-to-day workings and the actual calculation that resulted in the findings; it is good housekeeping to know that the board overseeing the appraisers' office (e.g., the Wayne County Board of Tax Appraisers) knows how to explain the report. That practice would help insure the BOA is doing its duty in knowing what to expect from the employees it is charged with overseeing.

Below is a recap of five years of those calculations for Wayne County.

	<u>COD</u>	<u>PRN</u>	<u>Number of Samples</u>
<u>2014</u>	0.2552	1.5363	394
<u>2015</u>	0.237	1.0906	352
<u>2016</u>	0.2305	1.0713	416
<u>2017</u>	0.2549	1.0083	469
<u>2018</u>	0.2794	1.0562	269

As shown above, the PRN was considerably higher than the norm (1.00 is the target) in 2014. However, that statistic improved greatly by 2015, and has not been that far out of range since. The BOA should strive to bring that number as close to 1.00 as possible. Any figure above 1.00 might indicate that lower-valued properties are being appraised at higher percentages than higher-valued properties (regressivity).

The target for COD is 0.20 – generally speaking. It does vary for residential versus commercial properties in that a higher allowance for deviation is given for commercial. However, the Wayne County trend in the COD number is not a desirable one. The measurement is an indicator of uniformity (or lack thereof) in appraised values.

Conclusions and Recommendations:

- There is an indication that, in years past, exemptions were given in cases where they were not applicable. The effect was a lowering of tax revenues to the county. Mr. Johns and his office are in the process of identifying as many of those errors as possible and will undertake corrective action. Our recommendation is that a report on these activities be given by the Board of Assessors to the Board of Commissioners on a quarterly basis until the issue subsides.
- Measurements and the indications of both COD and PRN were discussed with Mr. Johns. He understands their importance and has stated his desire to improve both indicators for Wayne County. Of note – these measurements are of statistics that existed prior to Mr. Johns being employed at Wayne County's Chief Appraiser. Our recommendation in this matter is – If over the course of the next two years these indicators do not improve, Wayne County should consider commissioning an outside professional group to perform a county-wide reevaluation of property. This section pertains to Real Property valuation.
- Personal Property is a term that refers to almost all property other than real estate– so it included Equipment. An effort to maintain current valuation in the digest for personal property should be made. This can be difficult; however, just as the major write-down had to be made on outdated valuation of equipment for one entity in the amount of \$100,000,000, the jeopardy the county may incur for not maintaining current valuation is great. Outside personal property appraisal services exist if the staffing in the assessor's office is not sufficient for this task.

- As Code Enforcement is performed through this department, there is opportunity for direct feedback on improvements to property that may have occurred that may not have been reported for valuation purposes as well as the reporting of deterioration of property. While those reports should not and would not replace the activities of the appraisers in the department, they should be a resource for information.
- Interviews indicated that, in the past, communication of significant valuation changes were not adequately communicated to either the Tax Commissioner's office concurrently, or to the Board of Commissioners and management during the budget process. Communication is a key factor insure proper budget numbers are considered as well as for the identification of trends. Toward that and other communications ends our recommendation is for The Board of Commissioners to consider holding a joint meeting, periodically, with the Board of Assessors to inquire as to the status of corrective measures. At such a meeting, it would be helpful to ask the Board of Assessors to quantify the value of 1) needed corrections yet to be made, and 2) the amount of any significant appraised valuation changes. Note, of course, that the Board of Commissioners does not have input in specific valuation. Appraisal and valuation are both functions of the Board of Assessors. Communication is the primary goal here.

Tax Commissioner's Office

Issues:

- Previous lack of interaction between this office, Tax Assessors and BOC management on revenue projections.
- Use of Uniform Chart of Accounts numbering when transmitting revenue to include a more detailed separation of sources.
- Office lacks the ability to see real time expenditure data.

Ms. Denise Griffis serves as Tax Commissioner. She brings with her to the office a unique perspective on Wayne County. Formerly she was engaged as the external auditor for several years prior to taking office.

The operation of the office of Tax Commissioner was discussed as well as that office's relationship with other departments as well as with the Board of Commissioners.

Ms. Griffis' shared a wealth of information regarding the history of millage rate setting and the opinions and advice of management in the past. She discussed her working relationships with former county managers over time.

We had additional questions for Ms. Griffis after analyzing our first visit, so we requested and were granted a second interview with her. The subjects of the second interview focused on communication issues (prior to her being in her current position) between the Tax Assessors' office (prior to Mr. Johns being there) and the Tax Commissioner's office. Apparently, not a lot of meaningful communication existed. There was little knowledge being passed along about pending changes to the digest figures. Therefore, the Tax Commissioner couldn't have had an informed opinion on several matters should the Board of Commissioners have inquired.

It is our understanding that a better line of communication now exists between the three parties. However, in the vein of continuing to improve in this area, Ms. Griffis suggested that county management continue to work to improve communications. Generally knowing where the county stands helps each office and department better understand directives and goals.

In April, the Tax Commissioner's office, like every other Tax Commissioner in Georgia, adopted and instituted the DRIVES system. That adoption has required additional training as well as newer hardware for the office.

As Tax Commissioner and former auditor, Ms. Griffis was aware of the existence of errors in the granting of exemptions by previous employees in the Tax Assessors' office. She expressed optimism regarding the current assessor's ability to orchestrate the necessary corrective measures, provided the Board of Assessors is supportive.

One pending matter being researched by the Tax Commissioner is that of previous Title Ad valorem Value Tax (TAVT) revenue. Ms. Griffis is verifying the amounts listed as county revenue are net of the appropriate payouts to other entities.

Conclusions and Recommendations:

- The revenue received through this office should be reported on a transmittal form similar to the one shown as Exhibit “D” that the finance department of BOC management may receive those funds and know exactly which lines to credit the amounts to.
- As that Exhibit “A” indicates, there should be a more detailed breakdown of revenue sources so that management can more quickly isolate trends in revenue receipts.
- Rapport and communication with the Tax Assessors office on matters concerning material changes in the county’s tax digest must be fostered and on-going.
- At budget formulation time each year, and more often if necessary, BOC management should consult with the Tax Commissioner on trends and projections. Comparing related data between the two offices should yield more accurate budget projections and would possibly provide early warning should a mid-year budget amendment become necessary.
- On the point of being able to see real time expenditures – you will see a recommendation in the county management section to allow (if the financial software will permit) each department “read only” access to the expenditures related to their respective offices. If line items are encumbered properly through the use of purchase orders, departments will have a more accurate barometer of where they stand year-to-date in their budget.

Sheriff's Office

The Sheriff's Office has 73 total positions and manages the 911 system as well as animal control for the County. The total budget and number of staff positions appear to be in-line with counties of a similar population and geographic size. The starting salaries for deputies are also comparable to many rural Georgia counties.

The Sheriff's Office appears to have a good working relationship with the Board of Commissioners. Public Safety is of primary concern to both the Sheriff and to the Commissioners. A balance is struck between needs for equipment, manpower and compensation with those of the budget constraints of the County. Communication between the Board of Commissioners and other elected officials is key to maintaining that balance.

The Office also has a good working relationship with the cities and is currently not charging the city of Jesup for their inmates. Depending on the agreements as well as Local Option Sales Tax (LOST) and the Service Delivery Strategy (SDS) language currently in place, the costs may need to be examined as to the housing, transportation, medical and legal expenses currently incurred by city inmates.

The jail capacity is 172 beds. The census is currently averaging 135. This additional capacity could be used to house inmates from other counties if the demand exists. In addition to the per diem for housing, income from the "jail surcharge" added to many citations in other jurisdictions with which you have an intergovernmental agreement (IGA) for that purpose could be substantial. The surcharge funds would be segregated into a separate account for the operation and maintenance of the jail.

Economic Development

The mission of attracting desirable business and industry into Wayne County is handled largely by the Wayne County Development Authority.

While rural Georgia continues to have challenges attracting and retaining business, commerce and industry, Wayne County has assets that often give it a competitive edge.

With major 4-lane highways within easy distance, over-the-road logistics for freight and packages is not a challenge.

The presence of two Class I rail carriers (CSX and Norfolk Southern) combined with proximity to the both the Port of Savannah and the Port of Brunswick tend to position Wayne County well.

Our interview with the present executive of the development authority bolstered the fact that the community is aware of these assets and may be in a position to both “sell” and leverage them for greater development.

Quality of life issues are a primary function of the Wayne County Chamber of Commerce. While there has been a recent change in the executive position at that body, the Board of Directors appears to be comprised of individuals with the background and experience to lead, guide and direct the operation for the betterment of the community.

Summary

For the members of the team at ACCG, it was a pleasure to have been invited to look at revenue sources and several of the processes by which that revenue is handled. We appreciate the opportunity.

Included in each of the analyses by office/department in this report, you will find references to best practices and suggestions for your further consideration. Those are offered as a guide toward what we view as positive practices. There may be other solutions. There will be other challenges. Certainly, as the horizon changes and time elapses, modifications may be necessary. Such is the nature of conducting the business for the public benefit.

Some of the exhibits to the report are explanations, others are examples. They are for reference. For instance – the detail of Exhibit “B” may interest only the County Manager and/or the Clerk-Finance Director. However, as policy makers, the Board of Commission should review the exhibit for format. The specific format of this exhibit or something similar thereto would, in our opinion, well serve the budget process on which the Board of Commissioners rely. The transmittal form as shown in Exhibit “D” would serve to clarify several sources of revenue that have previously been lumped together.

Upon your review of this document, should you require dialog on any matter cited, please feel free to reach out to either member of the team. Our contact information is below.

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