

Resolution Establishing Reimbursement
Procedures from Chowan County Solid Waste Fund

Whereas the Chowan County Solid Waste Fund was previously established as a fund to operate and provide solid waste disposal services to the citizens of Chowan County, such services and operations to be funded from annual fees collected from the recipients of the Fund's specific services; and

Whereas since at least 2000 and through June 30, 2009, the financial statements of the Chowan County Solid Waste Fund indicate the Fund had been operated in a financial deficit; and

Whereas the Chowan County Board of Commissioners, during the years subsequent to at least 2000 and prior to June 2008, was informed by the County Manager in office at that time and who also served as the Budget Officer, that the user fees would sufficiently cover the proposed annual operational costs of the Solid Waste Fund; and

Whereas, during the years subsequent to at least 2000 and prior to June 2008, the previous County Manager did not inform the Board of Commissioners when deficits in the Fund were realized due to receipt of insufficient revenues from user fees, and instead and without authority of the Board of Commissioners, he made transfers of funds from the County's Health Care Reserve Funds I and II to cover the operational expenses of the Solid Waste Fund; and

Whereas the previous County Manager did commingle funds from the County's Health Care Reserve Funds I and II with the General Fund to supplement the funding of operations of the Solid Waste Fund; the previous County Manager also commingled funds from the Health Care Reserve Funds I and II with the General Fund for use to fund the operations of other County enterprise and special revenue funds including Water, EMS and several Capital Project Funds, as well as to fund operations within the General Fund itself; and

Whereas the former County Manager did lead the Board of Commissioners to believe the Solid Waste Fund was self-supporting when in fact, through intentional misconduct resulting in deception having been discovered since June 17, 2008, the Solid Waste Fund was not self-supporting; and

Whereas as of June 30, 2009 the total deficit showed by audited financial statements for the Solid Waste Fund was \$1,687,871, which represents amounts used by the Solid Waste Fund from the Health Care Reserve Funds I and II since at least 2000; and

Whereas the Chowan County Board of Commissioners, by approval of the County Auditor's recommendation "*to close funds from prior year and adjust for negative cash that represents unrecorded transfers*", did balance the Solid Waste Fund's deficit on June 30, 2009 and thereby negated the necessity of having to further appropriate other funds to balance the Solid Waste Fund. The Board of Commissioners also discontinued any designation of the Health Care Reserve Funds I and II by adoption of the County Auditor's recommendation; and

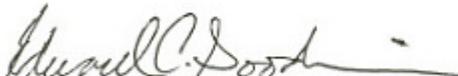
Whereas the Chowan County Board of Commissioners, in its deliberations and subsequent adoption of its Budget Ordinance for Fiscal Year 2009-2010 on June 1, 2009, did increase the user fees of the Solid Waste Fund in an amount of \$3.50 per month representing \$1.50 to sufficiently cover the annual operational costs of the Fund, and \$2.00 to allocate to a repayment fund which shall be used solely to reimburse the County's general fund for monies that were previously transferred to support actual operational costs of the solid fund with the intention of ultimately reimbursing the General Fund for monies previously transferred to support the actual operational costs of the Solid Waste Fund; and

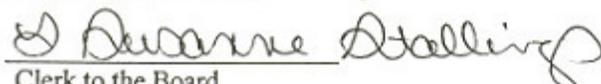
Whereas the Chowan County Board of Commissioners now desires to utilize the Solid Waste Fund's current and future reserve funds to reimburse, pursuant to an amortized schedule, the County's General Fund in an amount equal to the total of those funds removed from the Health Care Reserve Funds I and II, being \$1,687,871.00.

Notwithstanding any provision of this Resolution, no reimbursement may be had by the County except for the actual cost allowable by N.C.G.S. 153A-292. It is the intent of this Resolution to recover only such actual costs as are allowable and which were not previously charged or collected as a result of the improper reporting herein referenced. Once repayment has been made in full, the \$2.00 allocation for payment to the County shall immediately cease.

Now Therefore, the Chowan County Board of Commissioners does hereby authorize and direct the transfer from the reserve of the Solid Waste Fund to the General Fund of: (1) an amount from the current Solid Waste Fund reserve, in existence prior to or on June 30, 2010, which is attributable to the \$2.00 per solid waste account fee increase, and (2) for fiscal year 2010-11 and for a period of approximately ten (10) fiscal years thereafter, an amount equal to at least \$2.00 per solid waste account, and that the Budget Officer be directed to propose such reimbursement payments in each of the applicable annual proposed budgets of the Solid Waste Fund. For clarification purposes, the Board further formally designates the Solid Waste Fund as an Enterprise Fund.

Adopted by the Chowan County Board of Commissioners this the 1st day of May, 2010.


Edward C. Goodwin, Chairman

Attest: 
Clerk to the Board