



May 31, 2021

Honorable Chair Doug Brinson and the Pamlico County Board of Commissioners:

I respectfully submit the recommended Pamlico County, North Carolina Fiscal Year 2021-2022 budget. The budget is balanced and prepared in accordance with Article 3 of Chapter 159 of the North Carolina General Statutes, the Local Government Budget and Fiscal Control Act.

The following objectives were achieved in the proposed budget: 1) current service levels are retained, 2) the tax rate remains at \$.625/\$100 in value, 3) included is a 4% COLA for general and enterprise fund employees.

The budget is balanced at \$22,794,552 with a proposed tax rate of \$.625/\$100 in value.

## **GENERAL FUND**

### **GENERAL FUND REVENUES**

In general, revenue collections for Fiscal Year 2021-2022 are expected to increase significantly over Fiscal Year 2020-2021 levels. You will note below the projected gains in sales and ad valorem taxes.

Highlights of expected revenues:

- Ad Valorem Taxes are budgeted at \$10,441,698 based on a real property value of \$1,731,266,020, a tax rate of \$.625/\$100 and a 96.5% collection rate.
- At \$3.3 million, sales tax is the 2<sup>nd</sup> largest revenue source and is budgeted about \$1 million more than the prior year. A Medicaid hold harmless payment of \$100,000 is also budgeted.
- Jail Lease bed fees are budgeted at \$1,250,000. The County receives \$60 per inmate and is estimating that about 57 federal inmates will be housed per day.
- Due to a recent trend of increased land sales and construction activity, permits and fees were budgeted at \$341,000, an \$82,000 increase over the current year.

- The County is expected to receive American Rescue Plan funding estimated at \$2.5 million; the recommended budget recognizes \$500,000 of this amount to be spent on broadband expansion grant matches.
- State funding of \$2,498,141 is budgeted to fund a portion of DSS, Health Department and Senior Center Programs. DSS funding was increased by about \$100,000 over the prior year to account for increased expenditures. Health and Senior Center revenues were budgeted about the same as prior year less certain 1-time COVID-19 funding received in the current year.
- A fund balance appropriation of about \$1.6 million is budgeted to cover the projected deficit. A tax rate increase of \$.094 would be needed to balance the budgeted without appropriating fund balance. Unallocated fund balance is expected to be about 26% at fiscal year ending June 30, 2021.

## **GENERAL FUND EXPENSES**

At the beginning of the 2021-'22 budget process, requested departmental and other agency expenditures exceeded revenue projections by approximately \$3.6 million. Capital expenses, and outside agency funding were reduced to the budgeted expenses of \$22,794,552.

Highlights of items funded and explanation of some of the major increases include the following:

- A 4% Cost of Living Adjustment is included for all employees which is estimated to cost \$328,000 including salaries and benefits. This salary request is needed to reduce turnover and improve the ability to recruit qualified candidates. It raises the starting salary for deputies to about \$33,500 which will still be at least \$2,500 under starting salaries for surrounding counties.
- The budget increases rescue squad funding from \$873,000- in original 2021-2022 budget - to \$1,060,000.
- Board of Education funding remains at 2020-2021 levels - \$4,000,000 in current expense and \$375,000 capital. The BOE funding request was cut by about \$320,000.
- Pamlico Community College (PCC) received a \$6,645 increase in current expense, but capital funding decreased \$94,000 from the current year original budget. Total PCC funding is \$716,151 which includes debt service on the Johnson Building Roof Project.

- Three new patrol cars were funded at a cost of \$133,650. Four new vehicles were requested.
- \$500,000 was budgeted to expand broad band access within the county, funded by American Rescue Plan (ARP) funding.
- Two (2) new positions are funded in the health department: a Health Educator budgeted at a \$26,000 salary and a Nutritionist budgeted at a salary of \$47,000. Total costs of the new hires with salary and benefits are about \$105,000.
- Hours for the economic developer position are budgeted to increase from 29 to 40 hours, an impact of about \$26,000.
- The '21-'22 budget funds a project to upgrade/replace the elevator in the Courthouse Annex at a cost of \$150,000. The current elevator is about 50 years old and there are no parts available to timely repair the equipment.
- Two (2) new vehicles are funded for DSS costing \$50,000. About 50% of the costs are reimbursable from State funds.
- Other capital items budgeted include \$12,000 for emergency management equipment, \$5,000 to replace tables and chairs in the Senior Center kitchen, and \$5,000 for the recreation department.

### Volunteer Fire Departments

Fire departments are recommended at the same tax rate as the current year (2020-'21) as summarized in the table below.

Fire Department	Current Values	Revaluation Values	Recommended Tax Rate
Arapahoe	340,703,706	342,020,609	0.0400
Florence	193,541,371	193,962,709	0.0613
Goose Creek	35,578,574	35,613,528	0.0600
Grantsboro	93,947,062	94,113,614	0.0650
Olympia	30,422,765	30,666,910	0.0760
Reelsboro	107,473,988	107,413,629	0.0821
Southeast Pamlico	597,027,681	597,548,148	0.0300
Triangle	109,165,807	109,200,901	0.0402
Vandemere	86,503,925	87,007,217	0.0300

## **ENTERPRISE FUND**

### **Summary**

The Water Fund is balanced at \$2,990,581. Revenues are budgeted at \$2,990,581 which includes rate increases as summarized below. Expenses, including debt service, are budgeted at \$2,909,735. Expenses exceed revenues by \$270,435 and this deficit, including debt payments, is budgeted to be funded from the Capital Reserve account. Further breaking down the costs, operational costs are budgeted at \$2,433,300 with capital outlay at \$206,000 and debt service budgeted at \$351,281.

The water budget was set keeping the following goals and objectives in mind: 1) Implement engineer recommendations for improving water quality, 2) continue to fund operational costs necessary for operating the current water infrastructure, and 3) fund increases in salaries and benefits to keep salaries competitive.

Highlights of the Water Fund Budget include the following:

- Water rate increases are recommended as summarized in the table on the following page.
- A 4% COLA is recommended for employees costing approximately \$25,000 including salaries and benefits.
- A \$270,435 fund balance appropriation is recommended.
- Capital expenditures are budgeted at \$206,000 and includes the following projects: \$64,000 to replace 2 water trucks; \$32,000 to replace aging distribution line and improve water quality; \$30,000 to repair plant interiors at the Millpond and Vandemere Water Treatment Plants, and \$80,000 to replace an 8 inch main feeding water from the treatment plants to towers at Vandemere and Millpond Water Treatment Plants.

### Fiscal Year 2021-2022 Recommended Water Rates

<u>Meter Size</u>	<u>Current Water Usage Rate (per 1,000 gallons)</u>	<u>Propose Water Usage Rate (per 1,000 gallons)</u>	<u>Current Flat Rate</u>	<u>Proposed Flat Rate</u>
3/4 "-1"	4.75	4.85	16.00	16.50
2"	4.75	4.85	41.00	41.50
3"	6.76	6.90	119.50	120.00
4"	6.76	6.90	189.50	190.00
6"	6.76	6.90	359.50	360.00
8"	6.76	6.90	559.50	560.00

### Closing Statements

For Fiscal Year 2020-2021, based on the tremendous growth in sales tax, growth in DMV levy, and improved delinquent tax collections, County revenue collections did not experience an overall negative effect from the pandemic. The recommended budget that I present anticipates a continued growth in the real estate and housing market, increases in local sales tax collections and sustained jail bed lease fees and ad valorem tax collections. However, it is imperative that we constantly monitor the national, state, and local economies. Stagnation in consumer purchasing, sustained inflation, and numerous possible internal and external events, would dictate that we be prepared to adjust the budget as any negative trends/effects are detected.

I want to thank the Pamlico County Commissioners and County Department Heads for the hard work in preparing the budget proposal.

Thank you again for the opportunity to serve.

Sincerely,



Timothy A. Buck

County Manager