



May 31, 2022

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

We respectfully submit the recommended Pamlico County, North Carolina Fiscal Year 2022-2023 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 6% COLA and 1% 401K contribution for general and enterprise fund employees.

The budget is balanced at \$23,882,107 with a proposed tax rate of \$.625/\$100 in value.

GENERAL FUND

GENERAL FUND REVENUES

In general, revenue collections for Fiscal Year 2022-2023 are expected to increase over Fiscal Year 2021-2022 levels. You will note below the projected gains in sales and ad valorem taxes. Jail Lease revenues are projected to increase due to renegotiated bed fees, but this figure will require monitoring through the budget year as additional factors may impact this figure.

Revenues

Tax rate remains at \$.625/\$100

Ad valorem tax budgeted at \$12,359,000 (\$372,302 more than 2021-'22)

Sales Tax budgeted at \$3,662,000; ~\$350K more than 2021-'22

Jail lease bed fees budgeted at \$1.4M (\$150,000 > FY 2021-'22)

Inspection Fee Increases are Recommended

Hold Harmless of \$235K budgeted (\$135K more than FY 2021-'22)

Highlights of expected revenues:

- Ad Valorem Taxes are budgeted at \$12,359,000 based on a property value (excluding DMV) of \$1,772,970,929, a tax rate of \$.625/\$100 and a 97% collection rate.
- At just over \$3.66 million, sales tax is the 2nd largest revenue source and is budgeted about \$350,000 more than the prior year. A Medicaid hold harmless payment of \$235,000 is also budgeted, more than double the prior year budget.
- Jail Lease bed fees are being renegotiated and are budgeted at \$1,400,000. Under the renegotiated contract, the County would receive \$80 per inmate and is estimating that about 52 federal inmates will be housed per day.
- Due to continued positive trends of land sales and construction activity, as well as modest increases in permit fees, permits and fees were budgeted at \$353,800.
- The County will be receiving \$2.4 million in American Rescue Plan funding, with the entirety of this funding to be allocated as revenue replacement. The objectives of this funding remain to fund broadband and sewer capacity projects, though with the revenue replacement option, this provides the County some additional spending flexibility, within the requirements of the funding guidelines.
- State funding of \$2,599,897 is budgeted to partially fund DSS, Health Department and Senior Center Programs. The remaining expenses are funded by local, federal, or other sources.
- A fund balance appropriation of about \$2.1 million is budgeted to cover the projected deficit. A tax rate increase of about \$.12 would be needed to balance the budget without appropriating fund balance. Unallocated fund balance is expected to be about 35% at fiscal year ending June 30, 2022.

GENERAL FUND EXPENSES

At the beginning of the 2022-'23 budget process, requested departmental and other agency expenditures exceeded revenue projections by approximately \$3.8 million. Capital expenses, and outside agency funding were reduced to the budgeted expenses of \$23,882,107.

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

- A 6% Cost of Living Adjustment is included for all employees which is estimated to cost \$418,000 including salaries and benefits. This salary request is needed to reduce

turnover and improve the ability to recruit qualified candidates. Also included for all employees is a 1% 401K contribution, at an estimated cost of \$126,791. Additionally, to help fill several vacant positions, the minimum starting salary for jail staff has been increased to \$35,000.

- In an effort to retain and recruit high performing staff, several essential positions saw salary increases to remain competitive with neighboring employers. The recruitment and retention of these employees was vital to allow the County to continue to provide essential services at an acceptable level, such as the Health Department, which received accreditation for the first time, and is now in the reaccreditation process.
- The budget increases rescue squad funding from \$1,060,000 in the 2021-2022 Budget - to \$1,200,000, a 13.2% increase.
- Board of Education funding was increased in both current and capital expenses. Current expense saw an 8% increase from \$4,000,000 to \$4,320,000 and capital saw a 6.7% increase from \$375,000 to \$400,000. The BOE funding request was cut by about \$221,000.
- Pamlico Community College (PCC) received a \$53,761 increase in current expense, from the current year original budget. Total PCC funding is \$769,912 which includes debt service on the Johnson Building Roof Project.
- One new patrol car was funded at a cost of \$50,000; four new vehicles were requested.
- Other capital items budgeted include \$120,000 for HVAC repairs to the Courthouse Annex and 12,000 for Emergency Management equipment.

Volunteer Fire Departments

Fire departments are recommended at the same tax rate as the current year (2021-'22) as summarized in the table below.

Department	Tax Values	Current Tax Rate	Requested Tax Rate	Expected Tax	Current Appropriation	Recommended Appropriation
Arapahoe	342,020,609	0.0400	0.0400	136,808	6,966	6,966
Florence/Whortonsville	193,962,709	0.0613	0.0613	118,899	6,966	6,966
Goose Creek Island	35,613,528	0.0600	0.0600	21,368	12,966	12,966
Grantsboro	94,113,614	0.0650	0.0650	61,173	6,966	6,966
Olympia	30,666,910	0.0760	0.0760	23,306	12,966	12,966
Reelsboro	107,413,629	0.0821	0.0821	88,186	6,966	6,966
Southeast Pamlico	597,548,148	0.0300	0.0300	179,264	6,966	6,966
Triangle	109,200,901	0.0402	0.0402	43,898	13,304	13,304
Vandemere	87,007,217	0.0300	0.0300	26,102	6,966	6,966

ENTERPRISE FUND

Summary

The Water Fund is balanced at \$3,188,497. Revenues are budgeted at \$2,837,216 which includes rate increases as summarized below. Expenses, including debt service, are budgeted at \$3,188,497. Expenses exceed revenues by \$351,281 and this deficit is budgeted to be funded by a fund balance appropriation. Further breaking down the costs, operational costs are budgeted at \$2,647,216 with capital outlay at \$190,000 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.
- Deposits and tap on fees are proposed to increase. Reference the fee schedule.
- A 6% COLA is recommended for employees, plus a 1% 401K match, costing approximately \$35,500 including salaries and benefits.
- A \$234,718 net fund balance appropriation is recommended, a decrease of approximately \$235,135 in fund balance appropriation from FY 21-22.
- Capital expenditures are budgeted at \$190,000 and includes the following projects: \$12,000 for Camera Systems at Water Treatment Plants; \$102,000 to replace three (3) utility trucks; \$18,000 to for a Booster Pump replacement at Merritt; and \$58,000 in building maintenance/repairs for old Vandemere Fire Department building, once occupied.

Fiscal Year 2022-2023 Recommended Water Rates

Meter Size	Current Water Usage Rate (per 1,000 gallons)	Propose Water Usage Rate (per 1,000 gallons)	Current Flat Rate	Proposed Flat Rate
3/4 "-1"	4.85	4.95	16.50	17.00
2"	4.85	4.95	41.50	42.00
3"	6.90	7.04	120.00	120.50
4"	6.90	7.04	190.00	190.50
6"	6.90	7.04	360.00	360.50
8"	6.90	7.04	560.00	560.50

Closing Statements

For Fiscal Year 2022-2023, inflationary pressures in the labor, services, and supplies markets contributed to the \$1.6 million increase in expenses versus a \$1.1 million increase in revenues. With recent and anticipated future actions by the Federal Reserve to combat inflation, it is expected that the local economy may start to slow in the fall of 2022. These factors dictate that we stay abreast of the trends in revenue collections and unanticipated costs increases and be prepared to adjust the budget as needed. We do recognize the Board of Commissioners commitment to our greatest asset, our employees, and believe the steps taken in this budget to retain and recruit top employees will result in improved services to the citizens that we serve.

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

It is an honor to serve the citizens of this great county.

Sincerely,



Timothy A. Buck
County Manager

Justin Oakes
Assistant County Manager