



May 31, 2023

Honorable Chair Edward Riggs, Jr. and the Pamlico County Board of Commissioners:

We respectfully submit the recommended Pamlico County, North Carolina Fiscal Year 2023-2024 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 1% 401K contribution for general and enterprise fund employees and \$400,000 budgeted for the implementation of the salary study that was conducted for the County.

The budget is balanced at \$24,627,767 with a proposed tax rate of \$.625/\$100 in value.

GENERAL FUND

GENERAL FUND REVENUES

In general, revenue collections for Fiscal Year 2023-2024 are expected to increase over Fiscal Year 2022-2023 levels. You will note below the projected gains in sales and ad valorem taxes. Jail Lease revenues are projected to decrease by about \$400,000.

Highlights of expected revenues:

- Ad Valorem Taxes are budgeted at \$12,489,000, based on a property value (excluding DMV) of \$1,790,429,043, a tax rate of \$.625/\$100 and a 96.96% collection rate.
- At just over \$4.07 million, sales tax is the 2nd largest revenue source and is budgeted about \$411,000 more than the prior year. A Medicaid hold harmless payment of \$300,000 is also budgeted, about \$65,000 more than the prior year budget.
- Jail Lease bed fees are budgeted at \$1,020,000, \$380,000 less than the current year. The jail expects to house 35 federal inmates per day, a decrease of about 15 per day compared to the prior year. The County receives \$80 per federal inmate housed.

- Due to continued positive trends of new construction activity, permits and fees were budgeted at \$360,800 about a \$5,000 increase over the current year. Permitting fees were budgeted at about \$20,000 more, however, recording fees are budgeted at approximately \$15,000 less which reflects that the number of property sales transactions has declined over the past 12 months.
- State funding of \$2,379,718 is budgeted to partially fund DSS, Health Department and Senior Center Programs. The remaining expenses are funded by local, federal, or other sources.
- Due to the increase in interest rates, projected investment revenue is budgeted at \$400,000, \$396,000 more than the current year.
- A fund balance appropriation of about \$2.39 million is budgeted to cover the projected deficit. A tax rate increase of about \$.133/\$100 would be needed to balance the budget without appropriating fund balance. Unallocated fund balance is expected to be about 34% at fiscal year ending June 30, 2023.

GENERAL FUND EXPENSES

At the beginning of the 2023-'24 budget process, requested departmental and other agency expenditures exceeded revenue projections by approximately \$5.78 million. Capital expenses, and outside agency funding were reduced to the budgeted expenses of \$24,627,767

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

- In the fall of 2022, the County hired a contractor to study the salaries of other local government agencies in the area. The completed study recommended salary increases of over \$1,000,000 to make the County more competitive among other regional employers. Due to the large amount of money needed to implement the full study coupled with limited funds, it is necessary to implement the changes over a 2-3-year period. No Cost-of-Living Adjustment was included in this year's budget. Instead, \$400,000 has been budgeted to implement the first phase of salary increases recommended by the salary study. The first phase of funding will focus on departments and agencies that have many unfilled positions and that provide mandatory services which primarily includes public safety and social services departments. Employees not receiving an adjustment will receive a \$1,500 one-time supplement. All departments will be considered in future phases of implementation of the salary study. Also included for all employees is a 1% 401K contribution, at an estimated cost of \$163,250.

- No new positions are included in the budget. However, funds are available in the Health Department Budget to contract with an additional provider (Nurse Practitioner) for up to eight (8) hours of per week. Funds are not explicitly designated for this use but there may be funds available in the contracted services line that could be used for contracting with a Nurse Practitioner at the discretion of the Health Director. Any new contract must be approved by the Board.
- The budget increases rescue squad funding from \$1,200,000 in the 2022-2023 Budget to \$1,350,000, a 12.5% increase.
- Board of Education funding was increased by 4.5% for current expenses, from \$4,320,000 to \$4,514,400. Capital Expenses remained flat at \$400,000. The BOE funding request was cut by about \$159,344.
- Pamlico Community College (PCC) received a \$32,265 increase in current expense, from the current year original budget. Total PCC funding is \$802,177 which includes debt service on the Johnson Building Roof Project.
- Capital items budgeted for the Sheriff's Department totaled \$231,615 and include three (3) new vehicles, six (6) radios, a new server, and three (3) new laptops.
- Other capital items budgeted include \$16,300 for a new Dishwasher at the Jail and \$10,000 for equipment for Emergency Management.

Volunteer Fire Departments

Four fire departments, Arapahoe, Grantsboro, Triangle and Vandemere, requested a fire tax increase for the upcoming year (2023-'24). It is important to note that Triangle and Vandemere Departments have merged and part their request is to make the rates equal within the combined department. Other department rates will remain flat from the current year (2022-'23) as summarized in the table on the following page.

**Pamlico County Volunteer Fire Departments
Funding Requests for Fiscal Year 2023-'24**

Tax Values, Rates, and Appropriations

Department	Tax Values	Current Tax Rate	Requested Tax Rate	Expected Tax	Current Appropriation	Recommended Appropriation
Arapahoe	390,316,202	0.0400	0.0500	195,158	6,966	6,966
Florence/Whortonsville	202,996,602	0.0613	0.0613	124,437	6,966	6,966
Goose Creek Island	44,612,748	0.0600	0.0600	26,768	12,966	12,966
Grantsboro	110,160,440	0.0650	0.0800	88,128	6,966	6,966
Olympia	36,251,242	0.0760	0.0760	27,551	12,966	12,966
Reelsboro	125,448,059	0.0821	0.0821	102,993	6,966	6,966
Southeast Pamlico	663,265,306	0.0300	0.0300	198,980	6,966	6,966
Triangle	114,795,618	0.0402	0.0500	57,398	13,304	13,304
Vandemere	102,040,816	0.0300	0.0500	51,020	6,966	6,966

ENTERPRISE FUND

Summary

The Water Fund is balanced at \$3,254,897. Revenues are budgeted at \$3,002,064 which includes rate increases as summarized below. Expenses, including debt service, are budgeted at \$3,254,897. Expenses exceed revenues by \$224,489 and this deficit is budgeted to be funded by a fund balance appropriation. Further breaking down the costs, operational costs are budgeted at \$2,802,064 with capital outlay at \$200,000 and debt service budgeted at \$252,833.

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 remain the same. Reference the fee schedule.
- A \$224,489 net fund balance appropriation is recommended.

- Employees in the Water Department will receive salary increases recommended by the salary study. Total increases will be capped at 4.5% over the current year salary expenses.
- A 1% 401K match, costing approximately \$5,821 is included in the budget.
- The budget funds 1 new Field Tech position at a cost of about \$54,000 including salaries and benefits. In addition, a current part-time temporary clerk position (29 hours or less per week) in the Field Operations section is made permanent at a cost of \$ 30,000 including salaries and benefits.
- Capital expenditures are budgeted at \$200,000 and includes the following projects: \$50,000 to replace one (1) utility trucks; and \$150,000 in debt service for the Rehabilitation project at the Vandemere Plant. The full cost of the Vandemere Plant Project is estimated at \$ 450,000. The proposed scope of work on the plant includes the following: prep and paint vessels, replace certain pipes and valves, and clean or replace media. It is proposed to borrow funds for the project from ARPA Revenue Replacement (RP) funds and to pay back over a 3-year period. One of the Board approved uses of RP funds is to fund Water Infrastructure Projects.
- The Kershaw Water Treatment Plant Improvement Project is expected to begin in Fiscal Year 2023-2024. The County received an approximate \$4 million loan from the State Revolving Fund with \$750,000 principal forgiveness. Debt service to repay the loan will begin in Fiscal Year 2024-2025.

Fiscal Year 2023-2024 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"	4.95	5.25	17.00	20.00
2"	4.95	5.25	42.00	49.00
3"	7.04	7.34	120.00	141.00
4"	7.04	7.34	190.50	225.00
6"	7.04	7.34	360.50	423.00
8"	7.04	7.34	560.50	660.00

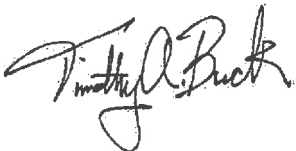
Closing Statements

For Fiscal Year 2023-2024, inflationary pressures in the labor, services, and supplies markets continue to be a challenge that each department faces while maintaining their current level of services. 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 2023. 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. The Board of Commissioners has again this year continued its commitment to our greatest asset, our employees, and with the steps taken to begin the implementation of the recently conducted Salary Study, this budget aims to retain and recruit top employees, thus resulting 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.

Thank you again for the opportunity to serve.

Sincerely,



Timothy A. Buck
County Manager



Justin Oakes
Assistant County Manager