



BUDGET MESSAGE COUNTY OF BLADEN June 1, 2020

Bladen County Board of Commissioners:

I am pleased to present for your consideration, the FY 2020-2021 Proposed Budget for Bladen County, North Carolina. The budget is balanced and identifies all revenue and expenditure estimates in accordance with the North Carolina Local Government Budget and Fiscal Control Act. The recommended budget is \$58,434,244 including \$44,457,702 in the General Fund and Non-General Fund operating plans totaling \$13,977,172.

The proposed General Fund Budget of \$44,457,072 represents an increase of 3.5% in relation to the FY 2020 Adopted Budget. This increase is due in large part to the Federal Inmate Program in the Bladen County Jail. The budget includes additional funding for the rising cost of employee benefits, including retirement and health insurance. While the budget does not include sufficient funding to meet all of the needs identified in budget requests, it maintains funding for education and it substantially maintains existing service levels.

The Board of County Commissioners began the annual budget process in February by reaching out to citizens through a survey inviting input regarding priority issues and services. Additionally, a Pre-Budget Hearing was held on February 17, 2020 to provide an opportunity for citizens to personally address the Board with suggestions and priorities to be considered in developing the FY 2021 budget. Since that time, the economic outlook and, therefore, the approach toward the proposed budget has changed significantly due to COVID-19.

COVID-19 has created tremendous uncertainty in projecting revenues for the upcoming year. The use of traditional projection methods, such as trend models, is not effective. Economists and various organizations have provided financial projections, often reflecting wide ranges of potential effects. However, the challenge for Bladen County is that, amid this uncertainty, the fiscal year budget is required to be balanced to the penny.

The proposed budget has been developed with the approach that COVID-19 will have a relatively short-term impact over the course of the upcoming fiscal year. Therefore, an effort has been made to maintain service levels, staffing, and the existing tax rate. Fortunately, more difficult budget reduction methods are not included due to a healthy financial condition, and the ability to rely on fund balance, as well as the ability to use revenue previously assigned for debt service. However, if COVID-19 has a greater, long term financial impact than projected at this time, a more systemic approach will be required in order to develop a sustainable budget going forward.

Revenue Overview

The proposed budget includes a projected tax base of \$2,911,184,223. The tax rate remains \$.82 per \$100 valuation. An anticipated collection rate of 94.50% for real and business-personal property, 100% for motor vehicles, and 100% for public utilities will generate a combined collection rate of 95.3%. This collection rate reflects a slight decrease due to an anticipated reduction in collections due to COVID-19.

The following table reflects budgeted values and collection rates for the various types of property:

Ad Valorem Taxes

	Value		Projected Tax Base	Rate		Collection Rate	Total
Real Property	\$1,982,466,374	96.5%	\$1,913,080,051	0.0082	\$ 15,687,256	0.9450	\$ 14,824,457
Personal Property	\$ 595,753,344	96.5%	\$ 574,901,977	0.0082	\$ 4,714,196	0.9450	\$ 4,454,915
Motor Vehicles	\$ 278,336,057	97%	\$ 269,985,975	0.0082	\$ 2,213,885	1.0000	\$ 2,213,885
Public Utilities	\$ 153,216,220	100%	\$ 153,216,220	0.0082	\$ 1,256,373	1.0000	\$ 1,256,373
	\$3,009,771,995		\$2,911,184,223				\$32,749,630

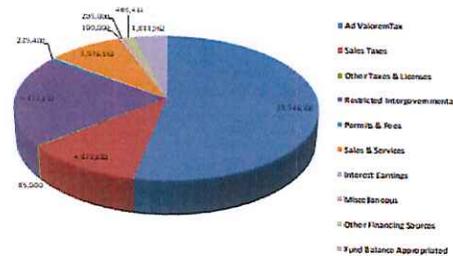
Revenue from sales tax is estimated to generate \$4,872,680, or approximately 10.96 percent of the County's General Fund budget. This projection is approximately \$1,112,701 lower due to the anticipated economic impact of COVID-19. The methodology used in determining sales tax projections is illustrated in the following table.

July – September	40% reduction
October – December	30% reduction
January – March	15% reduction
April – June	10% reduction

Interest rates have trended downward over the past year. The anticipated amount of revenue to be generated by interest income in the upcoming budget is \$100,000. This is a reduction of \$454,745 from the FY 18-19 audited amount.

As highlighted in the chart below, property taxes exceed one-half of the total revenue in the General Fund.

FY 2021 Revenues by Source



EXPENDITURE OVERVIEW

The budget includes funding for the County's core functions of Education, Public Safety and Human Services. Total General Fund expenditures in the proposed budget are approximately 3.5% higher than expenditures in the FY 2020 adopted budget. Operating budgets are generally maintained at current year levels and a minimal number of capital items are included.

Personnel

While requests for seven full-time positions were received from a number of departments, the proposed budget does not include funding for these positions. Included, however, is funding for an additional part-time attendant in the Animal Shelter.

2020-2021 Requested Personnel

Department	Position	Total w/benefits
Tax Administration	Collection/Audit Specialist	45,323
Animal Control	FT Shelter Attendant	36,776
	PT Shelter Attendant	10,765
Division on Aging	In Home Aide	33,974
DSS	Human Services Evaluator I	51,390
	IMC II	47,247
	IA&T CPS	63,699
	PA III (PI)	30,994
Total General Fund		326,168
Less a approximately 30% - DSS revenues		-99,665
		226,503

Employee Benefits

One of the significant challenges associated with the proposed budget is funding the rising cost of employee benefits.

As an on-going aspect of the compensation plan approved in 2017, the proposed budget includes funding for automatic steps for employees who successfully complete the required one year probationary period and for those employees who complete the required years of service for incremental steps.

The employer contribution for the North Carolina Local Government Employees Retirement System will increase to 10.21% of general employees' salaries (1.20% increase) and 10.90% of law enforcement officers' salaries (1.20% increase). Retirement system projections indicate that increasing annual contributions will be required over the next few years.

As a member of the State Health Plan, Bladen County has experienced moderate premium increases in recent years. While we are not certain of rates for the upcoming year, the budget includes a 5% increase in health insurance premiums effective January 2021. A monthly pre-tax payroll deduction of \$50.00 is required for participants in the Enhanced 80/20 plan and a monthly deduction of \$25.00 is required for participants in the 70/30 plan. However, certain employees may be charged additional amounts related to tobacco use.

Human Services

The Department of Social Services administrative staff focuses closely on maximizing revenues from state and federal sources, which helps to contain the County's cost of providing Social Services programs to our citizens. The full appropriation for DSS will total \$7,340,162, an increase of \$220,708. Of this appropriation, county funding will total \$2,480,095, an increase of only \$15,776. This amount is largely related to personnel related increases in benefits.

The Bladen County Health Department provides quality healthcare services to the citizens of Bladen County. The County's allocation is \$1,296,723 or approximately 41.8% of the Health Department Budget. This is a \$34,274 increase over the FY 2020 County appropriation, primarily related to increased employee benefits.

The Bladen County Division on Aging provides important services for the growing senior population. Due to COVID-19, an additional federal allocation of \$43,392 will be earmarked specifically for Congregate Nutrition and Home Delivered meals. Including this funding, the FY 2021 budget is \$87,978 or 7.8% higher than FY 2020.

The chart below reflects the various sources of revenue for Human Services agencies.

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Human Services – Sources of Revenue

	Intergovt	Fees/ Others	County	FBA	Total Expenditures
Social Services	4,860,067		2,480,095		7,340,162
Public Health	1,064,748	634,216	1,296,723	105,000	3,100,687
Mental Health		4,000	48,725		52,725
Division on Aging	768,331		443,142		1,211,473
TOTAL	6,693,146	638,216	4,268,685	105,000	11,705,047

Public Safety

Due to an increasing demand for service, Public Safety has become the largest category of the county budget.

The Sheriff’s Office budget (including the Detention Center) increased \$618,337 or 8.4% over FY 2020. This increase is primarily related to the housing of federal inmates which began in December 2019. Revenue associated with this program supports the cost of eight recently added detention officers and one maintenance position, as well as financial support applied to the debt service payment for the Law Enforcement and Detention Center.

The EMS budget totals \$3,290,069. Due to the COVID-19 pandemic there has been a decrease in non-emergency transports. Therefore a 25% reduction in billing revenue is anticipated for the upcoming fiscal year. This, in turn, leads to a \$205,078 increase in the General Fund appropriation to EMS for FY 2020-2021. The budget includes the first of five annual payments for twelve previously approved Zoll Monitors.

Under normal circumstances, in an effort to maintain the County’s practice of routinely replacing vehicles, the budget would include funding for ten patrol vehicles for the Sheriff’s Office and at least one ambulance for EMS. However, due to the uncertain economic situation, it is recommended that funding decisions regarding capital items be delayed until later in the year when we have a better picture of the County’s financial situation. The budget does include a contingency line item of \$341,036, which can be used at the Board’s discretion for capital items.

The following chart illustrates proposed capital items.

Department	Capital Item	Proposed
Central Services	Patch Roof at Library	20,000
Division on Aging	BARTS Van (10% County – 6,035)	60,350

Education

The Bladen County Board of Commissioners has designated 100% of Article 44 Sales Tax revenue to Bladen County Schools and Bladen Community College. A reduction of \$159,980 (approximately 18.5%) is anticipated for this revenue source in the upcoming year. However, the proposed budget maintains current expense funding levels for the school system and community college.

The proposed current expense appropriation to Bladen County Schools is \$6,831,521.

A significant portion of the revenue generated by Articles 40 and 42 one-half cent sales taxes is dedicated to capital outlay and debt service for the public schools. The budget includes \$900,000 in sales tax revenue reserved for the FINAL annual bond payment (20 of 20) for the two high schools, and \$104,216 is reserved for the annual Qualified School Construction Bond payment (10 of 15) associated with capital projects at Tar Heel and Bladenboro Middle Schools. Due to the impact of COVID-19, the remaining estimated sales tax revenue of \$322,424 is \$288,604 less than the FY 2020 amount budgeted for unspecified capital purposes to be presented to the Board of County Commissioners on a periodic basis throughout the year.

The proposed current expense appropriation to Bladen Community College is \$1,064,551. While this amount does not include a requested five percent increase, it maintains the FY 2020 appropriation. Although the College has requested \$991,500 for capital projects, no capital funding is included in the proposed budget. A request to rollover unspent capital from the FY 2020 Budget is recommended.

Service Agencies

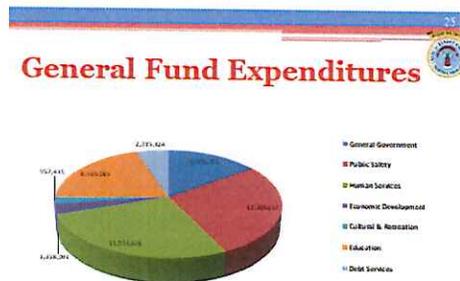
The Bladen County Forest Service appropriation is \$191,358. Requested funding in the amount of \$16,000 is not included for a pickup truck.

The proposed appropriation for the Elizabethtown Airport remains \$40,000.

The proposed budget includes an appropriation of \$3,500 to the Elizabethtown – White Lake Area Chamber of Commerce to assist in promoting the greater Bladen County community.

The proposed budget includes \$18,400 in appropriations to the Bladenboro and Elizabethtown volunteer rescue squads and \$15,600 to Bladen County Water Rescue.

The following graph depicts General Fund expenditures by function:



Bladen County Water District

The Phase IV water system expansion project will begin during the upcoming fiscal year. This project includes a new well, approximately 27 miles of water lines, and the replacement of 6,000 water meters with radio read meters. A proposed rate increase was associated with the approval of this project. The proposed budget includes the revised rate schedule.

The annual debt service appropriation of \$1,370,285 represents 55.4% of the budget. Capital funding of \$96,000 is included for a pick-up truck, mini excavator and trailer.

Solid Waste Fund

Since Hurricane Florence in September 2018, there has been an increase in the amount of solid waste collected in Bladen County, which has led to an increased expense to transport and dispose this waste. Due to increased operating expenses and relatively flat revenues, the current financial situation is unsustainable. Therefore, for the first time in twenty (20) years, the budget includes a proposed rate increase for disposal and collection fees. The \$70.00 disposal fee and \$60.00 collection fee would increase by \$10.00 each. Additionally, the proposal includes a tipping fee (gate charge) increase from \$45.00 to \$55.00 per ton.

Fire Districts

Requested Fire District tax rates are reflected below. Tar Heel Fire District has requested an increase from \$0.065 cents to \$0.100 cents per \$100 valuation for the purpose of staffing the station during day time hours.

Fire Districts			
	Rate		Rate
Ammon	.070	Atkinson	.070
Bay Tree	.090	Bladenboro Rural	.050
Carvers Creek	.030	Clarkton	.060
Dublin	.065	East Arcadia	.070
Elizabethtown Rural	.070	Hickory Grove	.080
Kelly	.070	Lisbon	.070
Tar Heel	.100	Tobermory	.050
White Lake	.060	White Oak	.060
General	.025	Rawan	.070
*Rate Increase		Budget increased	

Summary

The Bladen County FY 2020-2021 Proposed Budget is hereby presented to the Board of County Commissioners. Although COVID-19 is a strong influence on the budget, we are fortunate to be able to use alternate sources of revenue to maintain service levels and funding for education, while the tax rate remains \$.82 per \$100 valuation.

I would like to thank department managers for the leadership they provide to our many departments and agencies. There are budgetary constraints each year, and I appreciate their efforts to work within conservative budgets to achieve our County's vision of "providing customer focused county services efficiently and responsibly."

A special "thank you" goes to Finance Officer Lisa Coleman for her conscientious work ethic and attention to detail in the development of this budget and associated documents.

Thank you for your consideration of this proposal and we look forward to working with you as the budget process is completed.

Respectfully submitted,



Gregory J. Martin