



## **BUDGET MESSAGE COUNTY OF BLADEN**

May 20, 2015

### **Bladen County Board of Commissioners:**

I am pleased to present for your consideration, the FY 2015-2016 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 \$50,569,676, including a General Fund Budget of \$40,742,889 and Non-General Fund operating plans totaling \$6,486,926.

The proposed General Fund Budget of \$40,742,889 represents an increase of 5.2% over the FY 2015 Adopted Budget. Increased spending is largely concentrated in two areas: Social Services programs, as well as debt service and projected operating expenses related to the planned construction of a new detention and law enforcement center. Social Services programs experiencing significant growth include Foster Care, Day Care and necessary staffing related to NCFAST. Fortunately, there is a relatively small increase in county funding for DSS programs due to increased federal funding for these important human service programs.

The Board of County Commissioners began this year's budget process in February by reaching out to citizens through a survey inviting their input regarding priority issues and services. Additionally, a Pre-Budget Hearing was held on March 16, 2015 to provide an opportunity for citizens to personally address the Board with suggestions and priorities to be considered in developing the FY 2016 budget.

There are four key factors directly impacting the budget and tax rate for the upcoming year. First, is the impact of the countywide property revaluation effective January 1, 2015 and the associated revenue-neutral tax rate. Second, is the need for additional property tax revenue to fund a new detention and law enforcement center currently being designed with construction scheduled to begin in late summer. A third factor is the growing service level demand for Emergency Medical Services and the need for additional property tax revenue to assist in funding this public safety service. The fourth factor is Education. The tax rate includes an additional one penny to provide additional funding for Bladen County Schools and Bladen Community College.

Bladen County has been fortunate since the last property revaluation in 2007, that in light of the effects of the economic downturn and with very limited annual growth in property values, including years of declining property values, the Board of County

Commissioners was able to achieve its priority goal of maintaining the property tax rate while avoiding severe budget reductions which would have adversely impacted critical services. This balance was successfully achieved with an equally strong focus aimed at preserving the County’s positive financial position. However, due to the key factors stated in the paragraph above, a property tax rate increase will be necessary for the upcoming year in order to establish a sustainable financial plan that funds important programs, services and capital projects, while maintaining a healthy financial position for Bladen County. Therefore, the proposed property tax rate for the upcoming year is 82 cents per \$100 valuation. This represents an increase of 7.11 cents above the calculated “revenue-neutral” tax rate of 74.89 cents.

## Revenue Overview

A revaluation of all real property was effective January 1, 2015. Property values at White Lake and Bay Tree Lakes are lower, reflecting a different market than existed leading up to the last revaluation eight years ago. Overall, however, property values remained relatively stable with a slight decrease in total value. The proposed budget includes a projected tax base of \$2,638,339,564. Based on the calculation template used to determine the revenue-neutral tax rate, the revenue-neutral rate is 74.89 cents per \$100 valuation. The proposed tax rate is \$.82 per \$100 valuation, necessary to generate additional revenue to fund the jail project, EMS operations and Education. An anticipated collection rate of 93.50% for real and business-personal property, 96.00% for motor vehicles, and 100% for public utilities will generate a combined collection rate of 94.10%.

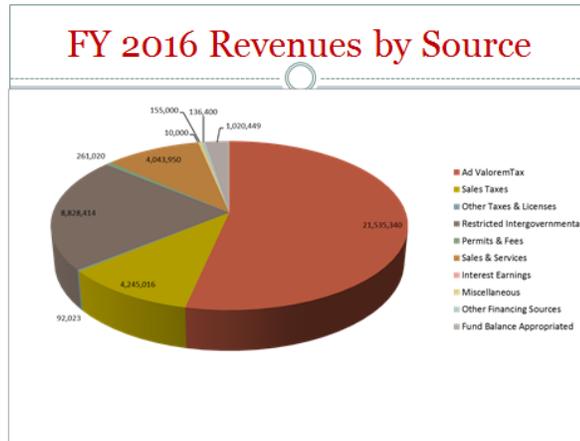
The following table reflects budgeted values and collection rates for the various types of property:

<b>Ad Valorem Taxes</b>					
	Value	Rate		Collection Rate	Total
<b>Real Property</b>	\$1,880,471,236	0.0082	\$ 15,419,864	0.9350	\$ 14,417,573
<b>Personal Property</b>	\$ 355,970,676	0.0082	\$ 2,918,960	0.9350	\$ 2,729,227
<b>Motor Vehicles</b>	\$ 255,715,351	0.0082	\$ 2,096,866	0.9600	\$ 2,012,991
<b>Public Utilities</b>	\$ 146,182,301	0.0082	\$ 1,198,695	1.0000	\$ 1,198,695
					\$20,358,486

Sales tax is estimated to generate \$4,245,016, or approximately 10.4 percent of the County’s General Fund budget. This is an increase of \$195,016 over the current year budgeted amount, with projections based largely on last year’s actual collections and on eight months of collections received in the current year.

Interest rates remain at historically low levels. The anticipated amount of revenue to be generated by interest income in the upcoming budget is \$10,000, an amount that is approximately \$675,000 less than the interest income received in FY 2007.

As highlighted in the chart below, property taxes exceed one-half of the general fund revenue, followed by restricted intergovernmental revenues, sales tax and sales and services.



## EXPENDITURE OVERVIEW

The proposed budget provides funding to substantially maintain most services at existing levels. There are, however, significant increases in operating budgets included for certain functions related to Public Safety and Human Services.

Funding for a limited number of capital projects is included in the General Fund for Public Safety, Human Services, and Education related initiatives.

### Personnel

The proposed budget includes the third year of COPS grant funding (with a 25% local match) for two School Resource Officers in the Sheriff’s Office.

The Home Health budget has been reduced by approximately \$241,923 to reflect staffing and other costs reduction measures associated with the agency’s strategic planning effort geared toward financial sustainability. These staffing adjustments increase efficiency by better aligning staffing levels with service needs.

The Department of Social Services budget provides funding for two additional positions and the reclassification of three positions related to the NCFAST initiative. Funding for these positions is provided by an increased Federal reimbursement rate from 50% to 75%. The North Carolina Department of Health and Human Services (DHHS) has strongly encouraged counties to evaluate their staffing situation and to utilize the

revenue associated with the increased reimbursement rate to hire additional staff. Specifically, NCDHHS Division of Social Services Director Wayne Black requested DSS Directors, who do not intend to add employees, to submit a letter to NCDHHS outlining why additional staff are not needed to manage the increased workload and caseload growth associated with NCFAS.

Personnel	
New Personnel	Requested
Register of Deeds	53% Person to Full-time
Motor Pool	Part-time Secretary to Full-time
Jail	IT position
Emergency Services	Paramedic/Firefighter from 50% to 100%; 4 Paramedic/Firefighters from 50/50 to 90/10;
	2 New Paramedic/Firefighters
Division on Aging	Reduction of In Home Aide Position; Social Worker II - 50% to 100%
DSS	New Fraud Investigator & IMCII-F&C, plus Reclassification of several employees
EMS	New EMT-Basic, Reclassification and 4 Paramedic/Firefighter 90%

## Employee Benefits

Balden County has dedicated employees who work diligently to provide quality services in an efficient manner. As an on-going aspect of the compensation plan, the proposed budget includes approximately \$133,766 in additional funding to provide automatic step increases for eligible employees. Unfortunately, there does not appear to be available funding for a cost of living adjustment (COLA) in the upcoming budget.

While many organizations have experienced significant cost increases in recent years related to health insurance, the State Health Plan has experienced only moderate increases in premiums. The budget includes \$31,500 for a projected increase in premiums effective January 1, 2016. Although the State currently requires employees to contribute \$13.56 per month for the 80/20 plan, the proposed budget includes funding for the full premium, provided employees complete the necessary steps to obtain all available incentive credits.

The employer contribution to the North Carolina Local Government Employees Retirement System will be \$884,074 in the upcoming year. The rate, as a percentage of employees' salaries, will decrease to 6.67% for general employees and 7.15% for law enforcement officers.

## 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 \$8,712,703, an increase of \$859,406. However, of this amount, county funding will total \$2,506,445, an increase of \$36,763 or 1.5%. This is largely due to NCFASST and the increase from 50% to 75% in federal reimbursement to counties for Medicaid staff.

The Bladen County Health Department provides quality healthcare services to the citizens of Bladen County. Fortunately, many programs generate revenues from third party sources such as Medicare, Medicaid, and private insurance. However, with decreased reimbursements and reduced patient visits in certain programs, staffing has been reduced in an effort to provide efficient operations. Including a sizeable appropriation of the Health Department’s Fund Balance, the County appropriation is projected to be approximately 29% of the Health Department budget. The chart below reflects the various sources of revenue for Human Services agencies.

**Human Services – Sources of Revenue**

	Intergov't	Fees/Others	County	FBA	Total Expenditures
Social Services	6,206,238		2,506,445		8,712,703
Public Health	1,268,215	1,259,535	640,297	393,397	3,561,444
Mental Health		4,000	48,725		52,725
Div on Aging-BARTS	431,487	5,500	27,420		464,407
Div on Aging-In Home	104,395		78,645		183,040
Div on Aging-Nutrition	150,121	5,300	99,195		254,616
Senior Center	73,590		22,234		95,824
DOA-Home Improvement	23,476		1,335		25,011
<b>TOTAL</b>	<b>8,257,542</b>	<b>1,274,335</b>	<b>2,424,466</b>	<b>393,397</b>	<b>12,049,770</b>

## Public Safety

In recent years, the annual Medicaid cost settlement revenue for Emergency Medical Services has continually declined from a high of \$702,521 in FY 2010 to \$104,163 in FY 2014. This, combined with other Medicaid/Medicare reimbursement changes as well as increased operating costs, will require an annual appropriation of \$614,539 from the General Fund. This is the second consecutive year requiring an appropriation, following approximately ten years without such an appropriation. A 1.48 cent tax rate increase is proposed in order to provide revenue to sustain this important public safety service. The proposed budget does include capital funding for the replacement of three quick response vehicles (QRVs) and for the purchase of a used ambulance from Elizabethtown Rescue Squad.

The proposed budget for the existing Jail provides \$75,000 in additional funding for inmate medical expenses. Additionally, the budget provides a large increase in funding related to the proposed new jail facility. \$903,819 is budgeted for debt service, based on an estimated project cost of \$19.3 million to be financed by USDA Rural Development at 3.5% for a term of 40 years. The following funding is also included for projected operating expenses.

Six new jailer positions	\$150,770
Benefits for new jailer positions	63,529
Inmate Medical (228,482+172,843-300,000)	101,325
Inmate Food (1.76112*3*175*365=337,474.62-155,000)	182,475
Uniforms, Supplies, Telephone, Postage, Schools	7,300
Utilities – Electric, Water, Fuel and Propane	72,430
Reduction of housing inmates in other counties	-215,000
DSS – debt service retirement in 2017	-119,066
<b>Total</b>	<b>\$243,763</b>

The Sheriff's Office will begin the third year of a three year COPS grant project, which provides funding for two School Resource Officers. This grant requires a 25% local match for three years and 100% local funding beginning in the fourth year. The budget also includes \$156,000 for the purchase of six patrol cars at a cost of \$26,000 each.

The following chart illustrates requested and proposed capital items. The budget includes pay as you go funding for all capital items, other than the jail project, in anticipation that financing associated with the jail will exceed the \$10 million annual cap for tax exempt status regarding interest rates.

<b>Capital Items</b>			
Department	Capital Item	Request	Proposed
GIS	GIS Server & NAS System GIS Storage	12,800	
Central Services	Courthouse Windows and Storefront	295,395	
	Add Drop ceilings to Administrative Hallway Courthouse	6,000	
	Gymnasium Roof – Apply Uniflex coating	14,500	14,500
	Carpet replacement-Inspections, Planning/Env Health	4,000	
	Repair paint ceilings, walls, trim, and bleachers – Gym	3,000	
	Braxton Building – Paint Exterior	4,500	
	Snapper Mower – Zero Turn	10,000	
	Elevator 1/3 General Fund; 2/3 Facilities Fees	60,000	60,000
Motor Pool	Drive on lift	15,000	
Sheriff	10 Patrol Vehicles	384,000	156,000
Emergency Ser.	Prison Upgrade	30,000	30,000
Division on Aging	Vans	100,000	100,000
Extension	Truck	25,000	
Recreation	Zero Turn Mower	9,000	
DSS	Lobby Area Renovation	94,000	94,000
	Tile Floors and Baseboards	32,000	32,000
EMS	Walk Behind Floor Scrubber	8,000	
	Pyxis Systems	20,000	20,000
	Three QRVs	88,500	88,500
	Remount/Refurbish Ambulance	92,500	
	Used Ambulance Elizabethtown Rescue	16,500	16,500

<b>Capital Items - continued</b>			
Department	Capital Item	Requested	Proposed
Bladen Community College	Workforce Development Building	6,000,000	
	Repair/replace remaining sidewalks – ADA	25,000	25,000
	Administration building roof replacement	10,000	10,000
	Repair/replace gutters & downspouts	40,000	
	Replace siding on East Arcadia Center	10,000	
	Campus light improvements	100,000	
	Replace HVAC units Lynn Grey King Sr. Bldg	30,000	
	Renovate restrooms campus wide – ADA	100,000	
	Replace failing ramps for mobile units – ADA	15,000	
	Renovations cosmetology lab	65,000	
	Installation of door for direct access to bldg 1	10,000	
	Maintenance storage shed renovations	75,000	
	ADA compliant doors for each building	20,000	
	Rework & resurface parking lots & campus owned streets	25,000	
	Campus bridge safety rail replacements	20,000	
	Bridge replacement with 48 inch culverts similar to recent project	20,000	
	Structural engineer analysis of bridges integrity	60,000	
Maintenance funds for maintaining infrastructure	25,000		
Bladen County Schools	1:1 laptop initiative at both high schools	167,000	167,000

## **Education**

The proposed current expense appropriation to Bladen County Schools is \$6,606,057. This amount is an increase of 3.2% or \$205,812 over the current year appropriation. With the continued loss of State funding primarily related to a declining student population, school officials have identified a number of potential budget reduction, including a reduction in teacher supplements, in order to develop a balanced budget. This additional county funding will provide assistance toward preserving teacher and administrative supplements.

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 the first year of a three year appropriation of \$167,000 from sales tax revenue for the replacement of lap top computers for high school students. Also, \$900,000 in sales tax revenue is reserved for the bond payment (15 of 20) for the two high schools, as well as \$105,639 for the Qualified School Construction Bond payment (5 of 15) associated with capital projects at Tar Heel and Bladenboro Middle Schools. The remaining sales tax revenue of \$241,831 is budgeted for capital outlay purposes. However, the Board of County Commissioners may consider requesting the school system to identify specific purposes for the use of these funds prior to these funds being transferred.

The proposed current expense appropriation to Bladen Community College is \$803,265. This amount provides a 5.6% increase over the current year appropriation to assist with identified needs such as campus security, custodial assistance and utilities. Also, \$35,000 is included in the capital budget for an ADA related sidewalk replacement and roof repairs to the Administrative Building.

## **Service Agencies**

The Bladen County Forest Service appropriation is \$177,933, a 3.1% increase over the current year appropriation. The purpose of this increase is to provide a 40% local share of personnel costs, with the intent of securing Forest Service positions in Bladen County.

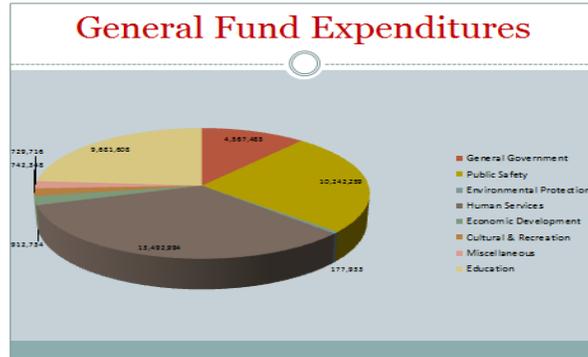
The requested and proposed appropriation for operating expenses at the Elizabethtown Airport remains \$40,000.

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 \$30,000.00 for appropriations to the four volunteer rescue squads.

The requested and proposed appropriation to Cape Fear RC&D is \$9,000. This organization is making a concerted effort to identify projects in Bladen County, such as the Butters/Richardson drainage project, for which technical assistance is needed.

The following graph depicts General Fund expenditures by function:



## Bladen County Water District

Water sales at the current rate structure provide stable funding for operating expenses and debt service. The annual debt service appropriation of \$1,104,409 represents 54% of the budget. Capital funding of \$60,000 is included for an additional mobile generator to provide emergency power at well sites during electrical outages.

Consulting engineers are exploring the feasibility of a proposed Phase IV system expansion and meter replacement project. This project would likely require an adjustment to the existing rate structure.

## Solid Waste Fund

The \$70.00 disposal fee and \$60.00 collection fee remain unchanged for the fourteenth consecutive year. Funding is included in the budget to maintain operations at the seventeen collection centers throughout the county. Additionally, capital funding is included for the purchase of five roll off containers, six dumpsters and site improvements at several collection centers experiencing persistent drainages problems.

## Fire Districts

Fire District budgets have not yet been received from all departments. At this time, Bay Tree Fire District is the only district requesting a tax rate increase due to the lower property value associated with revaluation.

Fire Districts			
	Rate		Rate
Ammon	.070	Atkinson	.070
Bay Tree	*.090	Bladenboro Rural	.050
Carvers Creek	.050	Clarkton	.060
Dublin	.065	East Arcadia	.070
Elizabethtown Rural	.070	Hickory Grove	.080
Kelly	.070	Lisbon	.070
Tar Heel	.065	Tobermory	.025
White Lake	.060	White Oak	.060
General	.025	Rowan (New)	.070
*requested tax increase		Budget not received	

## Summary

The Bladen County FY 2015-2016 Proposed Budget is hereby presented to the Board of County Commissioners. The proposed tax rate is \$.82 per \$100 valuation. While this is the first proposed tax rate increase in many years, there are several key factors influencing the need for additional revenue. Specifically, a higher tax rate is necessary to address the mandate to build a new jail facility, as well as the need for additional funding for EMS, Bladen Community College and Bladen County Schools.

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 Director 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