



BUDGET MESSAGE
COUNTY OF BLADEN
May 22, 2017

Bladen County Board of Commissioners:

I am pleased to present for your consideration, the FY 2017-2018 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 \$56,965,102 including a General Fund Budget of \$42,933,173 and Non-General Fund operating plans totaling \$14,031,929.

The proposed General Fund Budget of \$42,933,173 represents an increase of 1.67% over the FY 2017 Adopted Budget. Increased spending is largely related to three important purposes. The first is an investment in County employees, with funding included for the implementation of approximately seventy-five percent of a recently completed employee compensation study. The second purpose for increased spending is to fund necessary capital projects, including sizeable roof replacement projects for Bladen Community College and the Department of Social Services. Additionally, with the opening of the soon to be completed detention and law enforcement center, actual spending related to the operation of this facility is expected to increase substantially for operating expenses and the previously approved twelve full-time positions and one part-time position directly associated with the operation of this new facility.

For the third consecutive year, 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 March 20, 2017 to provide an opportunity for citizens to personally address the Board with suggestions and priorities to be considered in developing the FY 2018 budget.

Revenue Overview

The proposed budget includes a projected tax base of \$2,717,904,135. The proposed tax rate remains \$.82 per \$100 valuation. An anticipated collection rate of 95.00% for real and business-personal property, 97.00% for motor vehicles, and 100% for public utilities will generate a combined collection rate of 95.48%. This collection rate reflects a slight increase due to the effective efforts of the Tax Office staff.

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

Ad Valorem Taxes

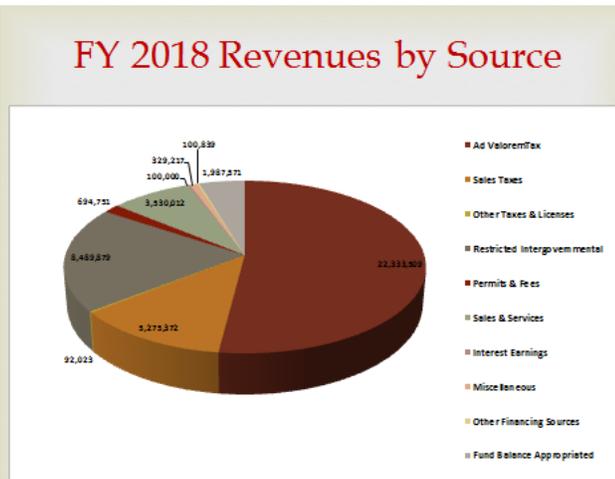
	Value	Rate		Collection Rate	Total
Real Property	\$1,934,452,884	0.0082	\$ 15,862,513	0.9500	\$ 15,069,388
Personal Property	\$ 361,656,739	0.0082	\$ 2,965,585	0.9500	\$ 2,817,306
Motor Vehicles	\$ 271,954,756	0.0082	\$ 2,230,029	0.9700	\$ 2,163,129
Public Utilities	\$ 149,839,756	0.0082	\$ 1,228,686	1.0000	\$ 1,228,686
					\$21,278,509

Sales tax estimates have been increased to more closely reflect the actual amount anticipated to be collected. Revenue from sales tax is estimated to generate \$5,275,372, or approximately 12.34 percent of the County’s General Fund budget. This is an increase of \$480,212 for Articles 39, 40 and 42. Fortunately, the relatively new Article 44 expanded sales tax on services is providing important revenue earmarked for education in Bladen County.

Interest rates remain at low levels, although there has been a slight increase in the past year. The anticipated amount of revenue to be generated by interest income in the upcoming budget is \$100,000. This is a positive improvement over recent years, although it is still far from the \$680,000 received eleven years earlier 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.

FY 2018 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 1.67 percent higher than expenditures in the FY 2017 adopted budget.

Personnel

While requests for full-time positions were received from a number of departments, funding for new full-time positions is limited to only those previously approved positions associated with the new detention and law enforcement center. Additionally, funding is included for a part-time attendant in the Animal Shelter and a part-time BARTS driver to serve the East Arcadia Nutrition Center.

For the past three years, Bladen County has participated in a COPs Grant program which provided funding for two Sheriff's deputies to serve as school resource officers. With grant funds having been depleted in March of this year, the proposed budget includes funding for the positions using revenue associated with the Article 44 sales tax expansion.

The chart below illustrates proposed positions.



Department	Proposed New/Reclassified Positions
Sheriff	2 - Deputy Sheriff I
Jail	3 - Detention Officer I
Animal Control	1 - PT Shelter Attendant
Emergency Services	1 - Reclassification Deputy Fire Marshal to Fire Marshal
Division on Aging	1 - Reclassification Full-Time Nutrition Coordinator- Part-Time 1 - PT Driver for East Arcadia Nutrition Site

Employee Benefits

Bladen County is very fortunate to have dedicated employees who work diligently to provide quality services in an efficient manner. However, competitively compensating County employees has become increasingly challenging. More than a year ago, the Board of County Commissioners recognized the need to better reward employees and to improve the County's competitiveness in attracting and retaining a knowledgeable workforce. Therefore, an agreement was approved with Piedmont Triad Council of Governments to complete a compensation study. Due to the high cost of fully implementing the compensation study, the proposed budget provides funding for the implementation of seventy-five percent of this recently completed employee compensation study, the first such study since 2005.

Also, as an on-going aspect of the compensation plan, the proposed budget includes funding to provide automatic steps to employees successfully completing the required one year probationary status.

Many organizations have experienced significant cost increases in recent years related to health insurance. As a member of the State Health Plan, Bladen County has experienced only moderate increases in premiums. The budget provides funding for 100% of the cost of the

Standard 70/30 plan for employee medical coverage, including a 3.15% increase in health insurance premium effective January 2018. In the 2016 session of the NC General Assembly, legislation was amended to require local governments participating in the State Health Plan to charge employees the same rate charged to state employees. Therefore, effective January 2017, participants in the Enhanced 80/20 plan realized a monthly pre-tax payroll deduction of \$15.04 for health insurance coverage. This rate is subject to increase effective January 2018.

The State Health Plan encourages and provides incentives for employees to maintain healthy lifestyles. This is reflected in the premium pricing model whereby employees are charged a higher monthly premium if they do not complete certain activities such as a non-tobacco use attestation and a health assessment.

The employer contribution for the North Carolina Local Government Employees Retirement System will increase to 7.57% of general employees' salaries (.23% increase) and 8.25% of law enforcement officers' salaries (.25% increase).

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 \$8,533,484, an increase of \$367,977. Of this amount, county funding will total \$2,631,210, an increase of \$210,571 or 8.7%. This budget increase is directly related capital appropriation of \$304,460 to replace the roof on the DSS building.

The Bladen County Health Department provides quality healthcare services to the citizens of Bladen County. Unfortunately, revenues generated from third party sources such as Medicare, Medicaid, and private insurance have declined in recent years placing a greater strain on local tax dollars to maintain service levels. Fortunately, one service that is no longer a financial strain on Bladen County is the Home Health Agency, which was recently sold to Advanced Home Care.

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	5,902,274		2,631,210		8,533,484
Public Health	1,399,015	368,717	1,111,005	127,162	3,005,899
Mental Health		4,000	48,725		52,725
Div on Aging-BARTS	361,745		76,534		438,279
Div on Aging-In Home	115,212		77,786		192,998
Div on Aging-Nutrition	145,022		108,413		253,435
Senior Center	63,559		41,199		104,758
DOA-Home Improvement	28,080		1,519		29,599
TOTAL	8,014,897	372,717	4,086,391	127,162	12,611,177

Public Safety

In recent years, the annual Medicaid cost settlement revenue for Emergency Medical Services has declined from a high of \$702,521 in FY 2010 to \$245,359 in FY 2017. This combined with other Medicaid/Medicare reimbursement changes, as well as increased capital and operating costs, places a financial strain on the county budget. An appropriation of \$854,307 is budgeted from the General Fund to EMS. This includes funding for five positions added during the current fiscal year as well as capital funding for one new crossover ambulance, one ambulance remount, and ten hand-held radios.

Construction will soon be completed on a new Detention and Law Enforcement Center. Significant funding is included in the budget for additional staffing and operating costs related to this project. \$903,819 is budgeted for debt service, based on an estimated project cost of \$19.9 million to be financed by USDA Rural Development at 3.625% for a term of 40 years. However, according to USDA's debt service schedule, the first annual payment to USDA will be due one year following closing (late 2017/early 2018) of the construction loan with BB&T. Therefore, the amount budgeted for debt service will not be needed for this purpose in the upcoming fiscal year.

The Sheriff's Office budget includes \$285,000 for the purchase of ten patrol vehicles at a cost of \$28,500 each. This number of replacement vehicles is intended to maintain the current fleet and minimize maintenance related expenses.

The following chart illustrates proposed capital items. The budget includes pay as you go funding for all capital items due to the fact that financing associated with the jail will exceed the \$10 million annual cap for tax exempt status regarding interest rates.

Capital Items		
Department	Capital Item	Proposed
Central Services	Renovations to County Facilities	130,000
Motor Pool	Portable Brake Rotor Machine	10,000
Sheriff	Patrol Vehicles	285,000
Animal Control	Dog Box Vehicle	6,000 25,000
Division on Aging	Van (10% County)	54,250
Parks & Recreation	Master Plan Update	12,500
Facilities Fees	HVAC unit #2	13,500
DSS	Roof Replacement	304,460
EMS	Type III Remount Ambulance Type II Crossover Ambulance	87,500 84,500
Bladen Community College	Auditorium Roof Replacement Renovate Restroom Campus Wide (1 of 3)	340,500 66,500
Bladen County Schools	High School Laptop Project (3 of 3) Middle School Laptop Project (1 of 3)	167,000 168,000

Education

The Public School Forum of North Carolina publishes an annual report that isolates local spending from state and federal spending to examine the capacity and actual effort of counties to support public schools. Of particular interest, this report focuses not only on the amount that counties spend on schools, but also on each county's investment in the context of that county's taxable resources. Based on the findings in the March

2017 report (2014-2015 Fiscal Year), Bladen County ranks 56 out of 100 counties in actual effort. However, while Bladen County ranks 71 out of 100 counties in ability to pay, it actually ranks 16th in relative effort. This information provides a strong reflection of the good faith effort made by Bladen County in funding public education.

The proposed current expense appropriation to Bladen County Schools is \$6,552,683 or \$1,443.64 per student based on the Department of Public Instruction's allotted ADM (Average Daily Membership). Included in this amount is \$103,941 in new funding for two school resource officers initially funded by a COPS Grant. For the last decade, the school system has used current expense funds to service debt related to a guaranteed energy savings project. Fortunately, the last payment of \$251,503 was due in FY 2017. Rather than including this amount in the current expense appropriation for the school system, this amount is included in a separate line item in the county budget earmarked for education purposes to be determined.

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 funding for the final year of a three year \$167,000 annual appropriation from sales tax revenue for the replacement of lap top computers for high school students, as well as funding for the first of a three year appropriation of \$168,000 to acquire laptops for middle school students. Also, \$900,000 in sales tax revenue is reserved for the bond payment (17 of 20) for the two high schools and \$105,290 is reserved for the Qualified School Construction Bond payment (7 of 15) associated with capital projects at Tar Heel and Bladenboro Middle Schools. The remaining estimated sales tax revenue of \$115,039 is budgeted for capital outlay purposes. However, the Board of County Commissioners has requested that the school system identify the intended use of these capital funds prior to approval and transfer.

Bladen County Schools has requested \$500,000 for the addition of ten classrooms at Bladen Lakes Primary School. It is recommended that the Board of Commissioners and the Board of Education request available lottery proceeds to fund this project.

The proposed current expense appropriation to Bladen Community College is \$959,495 a 5.5% increase over the current year budget. The budget also includes funding in the amount of \$340,500 for the replacement of the auditorium roof. Additionally, the College has requested \$199,000 to renovate restrooms for ADA (Americans with Disabilities Act) compliance. Funding in the amount of \$66,500 is included in an effort to address this need over a three year period.

Service Agencies

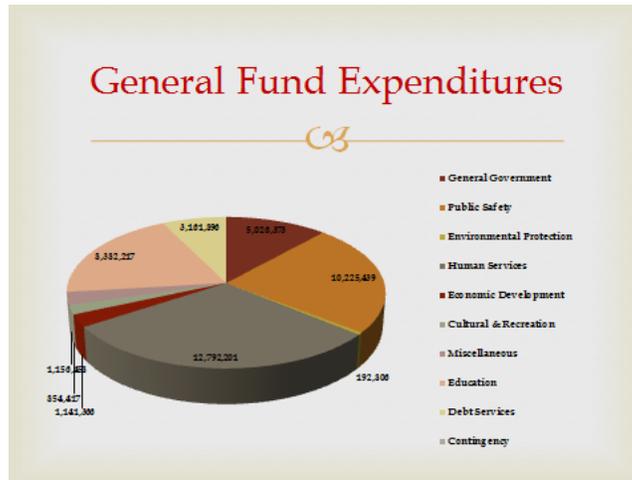
The Bladen County Forest Service appropriation is \$192,806, a 1.0% increase over the current year appropriation.

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 \$25,000 in appropriations to the Bladenboro, Elizabethtown and Tar Heel volunteer rescue squads and \$19,000 to Bladen County Water Rescue.

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 \$1,105,721 represents 53% of the budget. Capital funding of \$44,000 is included for two Ford F-150 pick-ups.

Preliminary funding approval for \$5,965,000 has been received from USDA for the Phase IV proposed water system improvements. This includes \$1,000,000 in grant funding, \$4,965,000 in loan and \$517,000 in local funds. A rate increase related to this project will be required.

Solid Waste Fund

The \$70.00 disposal fee and \$60.00 collection fee remain unchanged for the 18th consecutive year. Funding is included in the budget to maintain operations at the seventeen collection centers throughout the county. Capital items included for Solid Waste include a bulldozer and front loader truck.

Fire Districts

Fire District tax rates remain unchanged.



The table is titled "Fire Districts" in a red serif font. Below the title is a decorative flourish. The table has two columns of district names and two columns of rates. The rates are listed in the second and fourth columns. The table is styled with a light beige background and a dark brown header row. The data rows have alternating light yellow and light beige backgrounds. The last row is highlighted in light yellow and contains the text "Budget not received".

	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	.070
		Budget not received	

Summary

The Bladen County FY 2017-2018 Proposed Budget is hereby presented to the Board of County Commissioners. The proposed tax rate remains \$.82 per \$100 valuation. The budget invests heavily in funding for Education, Public Safety, and Human Services.

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