



BUDGET MESSAGE
COUNTY OF BLADEN
May 21, 2018

Bladen County Board of Commissioners:

I am pleased to present for your consideration, the FY 2018-2019 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 \$56,923,870 including a General Fund Budget of \$43,019,154 and Non-General Fund operating plans totaling \$13,904,716.

The proposed General Fund Budget of \$43,019,154 represents a decrease of 0.54% in relation to the FY 2018 Adopted Budget. While the budget includes increased expenditures for various purposes, a shift in payment responsibility from counties to the State of North Carolina for Medicaid Transportation, Day Care and Smart Start, will result in a reduction of \$1,454,609 for these expenses included in previous budgets.

For the fourth 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 February 19, 2018 to provide an opportunity for citizens to personally address the Board with suggestions and priorities to be considered in developing the FY 2019 budget.

External Threats

At the present time, there are several ongoing issues of real concern to Bladen County. While these issues are not directly related to county government, they certainly have the potential for financial implications. First, is the environmental concern related to the discharge of GenX by Chemours. Legislation has been introduced in the General Assembly that includes serious repercussions if this matter is not promptly resolved. Second, is the nuisance hog farm litigation against Smithfield Corporation, and the uncertain impact on Bladen County's largest industry. Third, is the White Lake water discoloration issue and concern related to the long term impact on tourism and property values. It's important that County officials remain mindful of these external threats.

Revenue Overview

The proposed budget includes a projected tax base of \$2,777,444,189. The proposed tax rate remains \$.82 per \$100 valuation. An anticipated collection rate of

95.50% for real and business-personal property, 98.00% for motor vehicles, and 100% for public utilities will generate a combined collection rate of 96%. 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

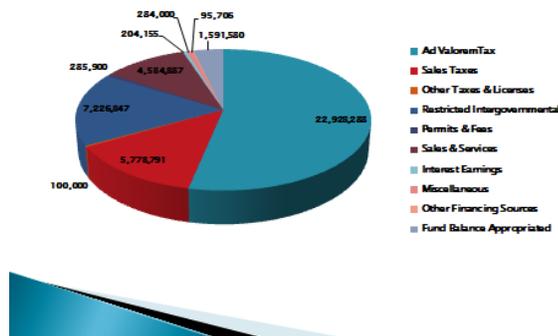
	Value	Rate		Collection Rate	Total
Real Property	\$1,944,650,135	0.0082	\$ 15,946,311	0.9550	\$ 15,228,555
Personal Property	\$ 403,409,375	0.0082	\$ 3,307,956	0.9550	\$ 3,159,098
Motor Vehicles	\$ 270,240,045	0.0082	\$ 2,215,968	0.9800	\$ 2,171,649
Public Utilities	\$ 159,144,634	0.0082	\$ 1,304,986	1.0000	\$ 1,304,986
					\$21,864,288

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 \$5,773,791, or approximately 13.42 percent of the County’s General Fund budget. This is an increase of \$496,738 for Articles 39, 40, 42 and 44. 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 \$204,155. 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 2019 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 0.54% lower than expenditures in the FY 2018 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 four detention officer positions needed in the new detention center and funded by revenue anticipated from the Statewide Misdemeanant Program.

Employee Benefits

Bladen County is very fortunate to have dedicated employees who work diligently to provide quality services in an efficient manner. This past year, the Board of County Commissioners fully implemented a compensation plan to better reward employees and to improve the County's competitiveness in attracting and retaining a knowledgeable workforce.

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.

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. While we are not certain of rates for the upcoming year, the budget includes a 3% increase in health insurance premiums effective January 2019. 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.

The State Health Plan encourages healthy behavior 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.

The employer contribution for the North Carolina Local Government Employees Retirement System will increase to 7.82% of general employees' salaries (.25% increase) and 8.50% 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 \$7,324,598, a decrease of \$1,269,926, largely related to the shift in payment responsibility for Medicaid Transportation, Day Care and Smart Start. Of this appropriation, county funding will total \$2,491,034, a decrease of \$184,393 or 6.9%. While the County appropriation to DSS increased for operating expenses, the overall reduction is a result of a larger decrease in capital funding relative to the FY 2017-2018 budget.

The Bladen County Health Department provides quality healthcare services to the citizens of Bladen County. Fortunately, revenues sources such as Medicaid, private insurance, intergovernmental revenue and service fees limit the County's allocation to \$1,095,866 or approximately 37.5% of Health Department Budget. This is a \$77,468 decrease from the FY 2018 County appropriation primarily due to a decrease in capital projects.

The Bladen County Division on Aging provides important services for the growing senior population. A new initiative recently undertaken is Dementia Friendly Bladen County. This program will bring community awareness to the growing population of citizens dealing with dementia. Due to a decrease in the county population estimate, Home and Community Care Block Grant funds will be slightly less than the amount received in FY 2018.

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	4,833,564		2,491,034		7,324,598
Public Health	989,099	704,865	1,095,866	130,785	2,920,615
Mental Health		4,000	48,725		52,725
Div on Aging-BARTS	378,338		88,905		467,243
Div on Aging-In Home	77,287		125,157		202,444
Div on Aging-Nutrition	145,022		139,560		284,582
Senior Center	79,639		60,473		140,112
DOA-Home Improvement	12,000		0		12,000
TOTAL	6,514,949	708,865	4,049,720	130,785	11,404,319

Public Safety

The EMS budget totals \$3,116,176. While insurance and fees generate approximately 68% of the revenue to fund this service, required county funding continues to increase in order to maintain existing EMS service levels. The General Fund

appropriation for FY 2018-2019 is \$1,008,176. Capital items include one new Type III ambulance, one ambulance remount, two stretchers, as well as the purchase and minor improvement of the EMS building in Kelly.

Expenses continue to exceed expectation for the operation of the New Detention and Law Enforcement Center. Four additional detention officer positions are included in the proposed budget, bringing the total number of positions associated with this new facility to 16.5. Fortunately, these four additional positions will be funded by revenue generated from Bladen County’s participation in the Statewide Misdemeanant Confinement Program. Additional funding of \$167,979 is included for higher utility costs and required facility related service agreements.

The Sheriff’s Office budget includes \$285,000 for the purchase of ten patrol vehicles at a cost of \$28,500 each, plus \$23,400 for a patrol car to be reimbursed by the Town of Clarkton. This number of replacement vehicles is intended to maintain the current fleet and minimize maintenance related expenses. Capital funding is also included for the purchase of a new dog to replace a retiring K9.

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. However, Four County Electric Membership Cooperation has a Rural Economic Development Loan and Grant (REDLG) program with zero percent financing up to ten years. This option may be considered for public safety related capital projects.

Capital Items

Department	Capital Item	Proposed
Elections	Video/Recording Camera	1,500
GIS	Plotter	15,000
Central Services	Powell Melvin Roof, Soffits, Paint, HVAC	68,000
	Library Parking Lot	128,500
	Health HVAC, Roof, Gutters, Lights	43,800
	DSS Exterior Lights	2,000
	Recreation Gym Restroom Renovations	80,000
Motor Pool	Tire Balancer, Drive On Lift, Brake Lathe	16,500
Sheriff	Patrol Cars (11)	308,400
	New K9	8,000
Emergency Services	Facilities Renovations	46,000
	Trucks (2)	70,000
	Fire Radios Infrastructure	100,000
Library	Carpet and Interior Paint	41,415
Division on Aging	Roof, Soffit, Facial Boards, awnings & windows	30,000
	BARTS Van (10% County - 6,050)	60,500

Capital Items

Department	Capital Item	Proposed
EMS	Kelly Building, HVAC, Bathroom & Septic	20,500
	Stretchers	30,230
	Remount Ambulance	91,500
	New Type III Ambulance	108,200
BCC	Bathroom - Renovations	67,000
Parks & Recreation	Two sets of Bleachers	8,750
	Total Capital - One Time Items	1,345,795
General Government	Time and Attendance Setup	5,625
	Total	1,351,420

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

2018 report (2015-2016 Fiscal Year), Bladen County ranks 65 out of 100 counties in actual effort. However, while Bladen County ranks 76 out of 100 counties in ability to pay, it actually ranks 20th 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 \$6,938,397. This amount is \$1,405.39 per student based on a total of 4,937 students, including those in charter schools (Department of Public Instruction's Division of School Business Services Low Wealth Supplemental Funding Calculation dated April 9, 2018). The current expense appropriation includes an increase of \$134,211 (approximately two percent) and the restoration of \$251,503 reserved in FY 2018 for an undetermined capital project.

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 second year of a three year \$168,000 allocation to acquire laptops for middle school students. Also, \$900,000 in sales tax revenue is reserved for the annual bond payment (18 of 20) for the two high schools and \$104,968 is reserved for the annual Qualified School Construction Bond payment (8 of 15) associated with capital projects at Tar Heel and Bladenboro Middle Schools. The remaining estimated sales tax revenue of \$335,497 is budgeted for unspecified capital purposes. However, the Board of County Commissioners has requested that the school system identify the intended use of these capital funds prior to transfer.

The proposed current expense appropriation to Bladen Community College fully funds the request of \$984,963, a 2.7% increase over the current year budget. The College has requested \$199,000 to renovate restrooms for ADA (Americans with Disabilities Act) compliance. The second year appropriation of \$67,000 is included in an effort to address this need over a three year period.

Service Agencies

The Bladen County Forest Service appropriation is \$196,502, a 1.9% increase over the current year appropriation.

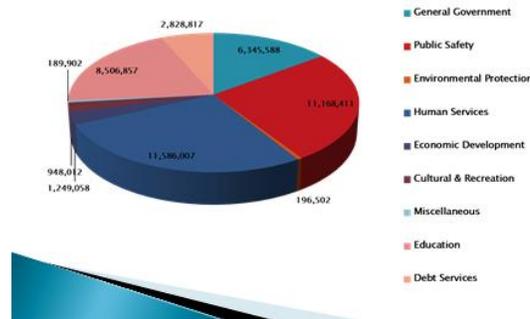
The proposed appropriation for operating expenses at the Elizabethtown Airport remains \$40,000.

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 requested appropriation for the upcoming year was \$5,000.

The proposed budget includes \$25,000 in appropriations to the Bladenboro, Elizabethtown and Tar Heel volunteer rescue squads and \$15,600 to Bladen County Water Rescue.

The following graph depicts General Fund expenditures by function:

General Fund Expenditures



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 \$1,102,609 represents 49% of the budget. Capital funding of \$177,000 is included for two pick-up trucks, a trench box and a storage building.

Funding approval in the amount of \$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 will be required for this project. It is currently in the design phase and with plans to bid in the fall of 2018.

Solid Waste Fund

The \$70.00 disposal fee and \$60.00 collection fee remain unchanged for the 19th consecutive year. Funding is included in the budget to maintain operations at the seventeen collection centers throughout the county. Capital items include a compactor, a truck and trailer for yard maintenance at collection centers, containers, and paving at five sites.

Fire Districts

Requested Fire District tax rates are reflected below. Tobermory Fire District has requested an increase from \$0.025 cents to \$0.05 cents per \$100 valuation.

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	.050
White Lake	.060	White Oak	.060
General	.025	Rowan	.070
*Rate Increase		Budget not received	

Summary

The Bladen County FY 2018-2019 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