



## BUDGET MESSAGE COUNTY OF BLADEN May 20, 2019

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

I am pleased to present for your consideration, the FY 2019-2020 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 \$56,060,484 including a General Fund Budget of \$43,261,081 and Non-General Fund operating plans totaling \$12,799,403.

The proposed General Fund Budget of \$43,261,081 represents a decrease of 2.1% in relation to the FY 2019 Adopted Budget. This decrease is due in large part to a reduction in funding for capital and economic development related projects. 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 increases overall 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 18, 2019 to provide an opportunity for citizens to personally address the Board with suggestions and priorities to be considered in developing the FY 2020 budget.

In looking to the future, financial sustainability poses a real challenge for Bladen County. Due to an increasing demand for services and ever increasing costs for personnel benefits and operating expenses, more revenue is needed each year to sustain existing levels of services. However, with strains on the federal budget, limited growth in the local property tax base, and decreasing local sales tax and EMS related revenues, it is becoming increasingly difficult for revenues to keep pace with the level of expenditures required to provide necessary services including education, public safety and human services.

### **Revenue Overview**

The proposed budget includes a projected tax base of \$2,864,839,538. The proposed tax rate remains \$.82 per \$100 valuation. An anticipated collection rate of 95.50% for real and business-personal property, 100% 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		Projected Tax Base	Rate		Collection Rate	Total
Real Property	\$1,980,317,212	96.5%	\$1,911,006,110	0.0082	\$ 15,670,250	0.9550	\$ 14,965,089
Personal Property	\$ 549,876,925	96.5%	\$ 530,631,233	0.0082	\$ 4,351,176	0.9550	\$ 4,155,373
Motor Vehicles	\$ 275,495,893	98%	\$ 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
							\$22,590,720

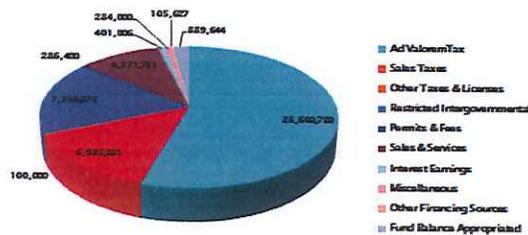
Revenue from sales tax is estimated to generate \$5,985,381, or approximately 13.84 percent of the County's General Fund budget. Unfortunately, locally generated sales tax revenue (articles 39 and 42) is approximately 9% lower in this current year than the amount received for the same time period last year. This is a real concern and an unanticipated situation, with only Bladen and approximately six other counties in the state experiencing a decrease in this source of revenue. Due to conservative current year revenue estimates, actual revenue is still in line with the budget. However, upcoming year sales tax revenue estimates are difficult to project with any sense of confidence.

Fortunately, the relatively new Article 44 expanded sales tax on services is providing important revenue earmarked for education in Bladen County. The proposed budget reflects an increase of \$46,335 which will be appropriated to Bladen Community College to assist with additional operating costs associated with two new facilities currently under construction.

Interest rates have trended upward over the past year. The anticipated amount of revenue to be generated by interest income in the upcoming budget is \$401,306. This is a positive improvement over recent years.

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

## FY 2020 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 2.1% lower than expenditures in the FY 2019 adopted budget.

### Personnel

While requests for eleven full-time positions were received from a number of departments, the proposed budget does not include funding for these positions. In an effort to increase efficiencies in the organization, the responsibilities of two positions in the Department of Social Services are being combined into one position. The elimination of one full-time position provides long-term cost savings for the County.

Department	Position	Total w/benefits
Elections	Assistant Deputy Director	41,980
Tax Administration	Personal Property Specialist	48,621
Housekeeping	(.5) Environmental Assistant	17,145
Sheriff	DSS Deputy (PT Staff)	37,723
Animal Control	2 PT Shelter Attendants or 1 FT plus benefits	20,992
Emergency Services	(.5) Environmental Assistant	17,145
	Emergency Management Planner	40,288
Division on Aging	In Home Aide	33,179
Soil Conservation	Watershed Management Coordinator	43,422
DSS	Human Services Evaluator I	56,442
EMS	Paramedic	54,062
	Advanced EMT	47,579
	<b>Total General Fund</b>	<b>455,578</b>

### 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 9.01% of general employees' salaries (1.19% increase) and 9.70% 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 2020. 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.

**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 \$7,331,280, a decrease of \$57,146. Of this appropriation, county funding will total \$2,523,131, a slight decrease of \$4,487. This decrease is largely related to a reduction in federal funding estimates for the Low Income Home Energy Assistance and Crisis Intervention programs. Additional funding allocations maybe received during the year.

The Bladen County Health Department provides quality healthcare services to the citizens of Bladen County. With the approaching Medicaid Transformation, there is uncertainty regarding the associated financial implications for rural public health. The County’s allocation is \$1,262,449 or approximately 42.1% of the Health Department Budget. This is a \$140,229 increase from the FY 2019 County appropriation primarily due to increased operating expenses and a decrease Medicaid, private insurance, intergovernmental revenue and service fees.

The Bladen County Division on Aging provides important services for the growing senior population. Due to a 2.1% decrease in Home and Community Care Block Grant funds and fewer capital items, the FY 2020 budget is \$17,743 or 1.6% less than FY 2019.

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

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**Human Services – Sources of Revenue**

	Intergov't	Fees/ Others	County	FBA	Total Expenditures
Social Services	4,808,149		2,523,131		7,331,280
Public Health	1,255,966	374,553	1,262,449	105,000	2,997,968
Mental Health		4,000	48,725		52,725
Division on Aging	704,114		419,381		1,123,495
<b>TOTAL</b>	<b>6,768,229</b>	<b>378,553</b>	<b>4,253,686</b>	<b>105,000</b>	<b>11,505,468</b>

**Public Safety**

The EMS budget totals \$3,121,554. While insurance and fees generate approximately 65% 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 2019-2020 is \$1,080,278. Capital items include one ambulance remount, six stretchers (payable over three years), four king vision video laryngoscope, five stair chairs, twenty sets of extrication gear, and a narcotic drug safe.



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 \$17,400 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

Water sales at the current rate structure provide stable funding for operating expenses and debt service. The annual debt service appropriation of \$1,100,001 represents 50.4% of the budget. Capital funding of \$71,850 is included a pick-up truck, a zero turn mower, and a mala locator.

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, currently in the design phase.

### Solid Waste Fund

The \$70.00 disposal fee and \$60.00 collection fee remain unchanged for the 20<sup>th</sup> consecutive year. However, if the volume of Solid Waste continues at current year levels, a rate increase will be necessary in the near future for transportation and disposal related expenses. Funding is included in the budget to maintain operations at the seventeen collection centers throughout the county and to continue the paving project at three additional sites.

### 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	.050	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	Rowan	.070
*Rate Increase		Budget not received	

### Summary

The Bladen County FY 2019-2020 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 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