



BERTIE COUNTY

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BOARD OF COMMISSIONERS

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Tammy Lee

May 31, 2019

John Trent, Chairman
Greg Atkins, Vice Chairman
Ernestine Bazemore, Commissioner
Ronald Wesson, Commissioner
Tammy Lee, Commissioner

Re: Proposed FY 2019-2020 Budget Plan

To the Board of Commissioners, citizens and taxpayers of Bertie County,

The NC Local Government Budget and Fiscal Control Act requires the Budget Officer (county manager) to present a balanced budget and fiscal plan for the new fiscal year beginning July 1.

Evaluation of budget requests and priorities set by the governing body, requires an analysis of available revenues based on the estimated tax base (assessed property values), the appropriation of fund balance reserves and review of all other General Fund revenue estimates.

Budget requests submitted for FY 2019-2020, if funded would have required a tax rate increase of 35 cents with no use of appropriated fund balance reserves.

The proposed funding for the General Fund in FY 2019-2020 is \$26,195,911 which is an increase of \$1,393,670 or 5.6 percent above the original budget ordinance for the current year.

The proposed General Fund budget includes a fund balance appropriation of \$1,729,650 and a recommended increase in the *proposed ad valorem tax rate of nine (9) cents or \$.92 per \$100 assessed value for FY 2019-2020.*

In FY 2019-2020, one penny on the tax rate will yield \$128,144 as estimated by the Tax Administrator.

Nine cents on the tax rate will yield an additional \$1,153,296.

In the past five years the Board of Commissioners has placed a high priority on improving services to the citizens of Bertie County, especially in the areas of public safety, law enforcement and courthouse security.

The single largest growth area in the General Fund since FY 2013-2014 has been the investment to provide the highest level of pre-hospital emergency response capability with the implementation of the EMS Paramedic program.

Concurrent with these efforts the governing body has striven to improve the County's human resources, specifically our human capacity by investing in staff training and professional development—all driven by the goal of providing improved services for the citizens of Bertie County.

The Board of Commissioners has enacted an employee assistance program, flexible savings account for medical expenses and initiated a 401k supplemental retirement plan in recent years.

The proposed budget for FY 2019-2020 supports important initiatives recently approved by the Board of Commissioners to improve recruitment and retention of public safety employees (law enforcement, communications and emergency services). It was discussed and understood that these efforts implemented to increase compensation for existing EMT and Paramedic staff and vacant positions would have an annualized fiscal impact of \$73,361 in the new fiscal year.

Likewise, the Board's recent approval for raising the base pay of a Deputy Sheriff position to \$40,000 and the related compensation realignment to address salary compression within the Sheriff's Office, will have an annualized fiscal impact of \$372,662 for the new fiscal year.

The Board also approved increases for the base pay for Communications personnel to improve staff retention and recruitment efforts. The annualized fiscal impact for the Communications Division of the Sheriff's Office is \$57,232 in the new fiscal year.

In terms of additional personnel costs, the North Carolina Local Government Employee Retirement System has recently adjusted the formula for employer contributions, and the County's required funding is an annual increase of \$104,953 for each of the next three fiscal years. ***In the aggregate, these personnel related increases listed above reflect a total of \$608,208 of increased costs, which is the equivalent of 4.75 cents of the proposed tax rate increase for FY 2019-2020.***

It is important to note that last year's proposed budget included a five-cent tax increase recommendation, to support the new positions which were approved for FY 2018-2019 including:

Five (5.0) Deputy Sheriff positions for Courthouse security.

Two (2.0) Communications positions.

One (1.0) Records Specialist position in the Sheriff's Office

One (1.0) Shelter Attendant position at the Animal Shelter.

Three (3.0) new positions transferred from the CADA Hurricane Matthew Recovery Program to serve in various departments.

One (1.0) new position as an Assistant County Manager.

13.0 Total—positions approved in the FY 2018-2019 Budget Ordinance

The Board made budget adjustments in FY 2018-2019 based on calculations for lapsed salaries due to vacant positions and related savings in order to incorporate these new positions without increasing revenue, and without a tax increase.

Carrying these positions forward into FY 2019-2020 has a fiscal impact of \$661,339 if all of the positions are filled. ***However, the Board has agreed in discussions with the Sheriff to maintain five deputy positions frozen, with zero dollars allocated which reduces the fiscal impact in FY 2019-2020 to \$379,879 or the equivalent of three (3) cents on the tax rate.***

The proposed FY 2019-2020 budget plan incorporates a three percent (3%) cost of living adjustment for all other non-public safety personnel noted above. This across the board adjustment will be effective July 1, 2019 and the net cost to the General Fund is \$166,845.

Appropriated fund balance recommended for FY 2019-2020

Bertie County's fund balance available for appropriation as calculated by the North Carolina Local Government Commission is \$4,936,424 or 19.44 percent of the General Fund expenditures for the fiscal year ended June 30, 2018.

The FY 2019-2020 recommended appropriated fund balance is \$1,729,650 which is equal to the unassigned fund balance for the General Fund as of June 30, 2018.

The remaining fund balance available for appropriation is \$3,206,774 or 12.67 percent of the General Fund expenditures as of June 30, 2018.

Bertie County has adopted a minimum fund balance policy for the General Fund which instructs management to conduct the business of the County in such a manner that the available fund balance is at least equal to or greater than ten percent (10%) of budgeted expenditures. Management has continued to meet this requirement.

Typically, the governing body budgets a conservative use of fund balance reserves, appropriated to offset the estimated revenue available and the projected expenditures for the new fiscal year. It is understood that management will strive to use only a limited amount of fund balance by the end of the fiscal year.

Maintaining adequate fund balance reserves is not only important for operational cashflow, but also for the advancement of hurricane recovery efforts while reimbursement from the state and federal government is being processed. This strategy has also afforded the County much success in recent years with completing capital projects, building renovations and repairs on a pay-as-you-go basis versus incurring additional debt to accomplish these efforts.

Key budget discussion points for the governing body to consider:

As noted in the beginning of the budget message, the County Manager's evaluation of budget requests and priorities set by the governing body, requires an analysis of available revenues based on the estimated tax base (assessed property values), the appropriation of fund balance reserves and review of all other General Fund revenue estimates.

Budget requests submitted for FY 2019-2020, if funded would have required a tax rate increase of 35 cents with no use of appropriated fund balance reserves.

Staffing--Funding is included for two new positions in the next fiscal year—one additional building inspector to increase the County's capacity to meet the enforcement requirements of the new State Fire Prevention Codes; and one additional administrative assistant position to support the Board of Elections with its expanding responsibilities with new voter ID regulations and in preparation for the upcoming 2020 election cycle.

Major capital outlay—\$149,695 in funding is provided for items not included in the \$3.8 million grant from the Golden LEAF Foundation for the new public library and cooperative extension joint use facility such as the specialized equipment in the teaching kitchen, furniture and fixtures for Cooperative Extension offices. Included in this amount is funding for the data wiring, termination endpoint connections, and installation of underground fiber. Also included is installation of security cameras, uninterrupted power supply and related network switches. It should be noted that the Albemarle Regional Library secured grant funding in the amount of \$400,000 for the furniture and fixtures in the library side of the facility. Construction is scheduled to begin in late June 2019 with anticipated completion in July of 2020.

Debt Service--\$3,118,560 is budgeted for Bertie County's long-term debt obligations, of which \$1,853,308 is the combined annual payment for the construction of Bertie Middle School and Bertie High School. State law requires that the Commissioners first binding fiscal obligation is to provide an appropriation for the full amount of debt service as determined by the Finance Officer.

Special Appropriation--\$6,141,716 is recommended for Bertie County's FY 2019-2020 contribution to support many vital programs, regional agencies and non-profit organizations. As compared with FY 2018-2019 this year's recommended funding reflects a decrease of \$111,287 which is primarily attributable to the completion of one-time projects such as the NC LOW (Land of Water) report by Dr. Stanley Riggs, the contract services with the Mid-East Commission for the local census geographic data study and the archeological work at the Site X area by the First Colony Foundation. Most of the special appropriations are annual operating support for Bertie County Schools, community colleges and the regional jail. Once these appropriations are accounted for, the balance of the recommended funding is \$1,376,264 for other local commitments and contributions.

\$6,141,716	Proposed special appropriations for FY 2019-2020
-3,027,671	School current expense
- 375,000	School capital outlay
- 70,000	Fines & forfeitures pass thru from courts to schools
- 55,000	Roanoke Chowan Community College
- 59,275	Martin Community College Windsor campus operations
- 31,500	Martin Community College capital outlay
<u>- 1,147,006</u>	Bertie Martin Regional Jail
\$ 1,376,264	recommended amount for other special appropriations

A complete listing of special appropriation requests and recommendations is included in the General Fund line item budget attached with the budget message.

Proposed Tax Rate—The recommended property ad valorem tax rate for FY 2019-2020 is 92 cents per \$100 assessed value.

Bertie County is one of the few local governments in North Carolina which operates with a single combined tax rate. As such, certain functions are incorporated in the county tax rate which are funded through multiple tax rates levied by district, or specific purpose.

For example, Bertie County's funding for local volunteer fire departments is aggregated in the General Fund. The support for the County's twelve fire districts is \$360,000 or the equivalent of 2.8 cents on the tax rate.

Likewise, Bertie County's contract payment for the operation of solid waste & recycling centers is \$451,164 or the equivalent of 3.5 cents on the tax rate.

In many surrounding counties, fire departments are funded with separate fire district tax rates. In some counties there are special assessments for household solid waste fees or landfill availability fees.

In Pitt County last year's tax rate was 69.6 cents per \$100 assessed value with a county wide tax rate for EMS of 4.6 cents. In Pender County, last year's tax rate was 68.5 cents with a county wide tax rate for EMS of 9.25 cents. If Bertie County were to split the difference and enact an EMS tax rate of 6.925 cents the additional revenue gain would be \$887,397. Bertie County's net tax support for EMS, both Paramedic and Non-Emergency Transport was \$984,607 for the fiscal year ended June 30, 2018 and supported by the General Fund's existing tax rate.

Revaluation for January 1, 2020—The Board of Commissioners has contracted for a mass appraisal project to reassess all real property as required by N.C.G.S. 105-286, using an octennial revaluation schedule or eight-year cycle. The real property in Bertie County was last reassessed as of January 1, 2012 and the following fiscal year the tax rate was set at 84 cents per \$100 assessed value. The prior tax rate was 78 cents, and the new rate also coincided with the additional debt service payments for the new high school.

Three years later the Board of Commissioners set a goal to cut taxes and achieved a one cent reduction and 83 cents was approved for the fiscal year FY 2016-2017. The Board has continued to maintain this rate for four years.

In recent discussions, the governing body has reviewed the option of establishing separate tax rates to support various programs and functions. This is an ongoing priority for the Board and we welcome input for our residents and taxpayers.

Ongoing projects and initiatives previously approved by the Board---Bertie

County is fortunate to have the leadership of the governing body and its energy to tackle issues, provide project guidance and set priorities to improve the quality of life for all of our citizens.

For example, the recreation project commonly referred to as the “Tall Glass of Water” is advancing as plans are underway for a public celebration on June 29th at the waterfront beach area, which extends nearly one-half mile along the Albemarle Sound and Chowan River. The Board of Commissioners has also recently taken action to acquire 10.35 acres adjoining the County’s 137-acre tract, completing the land acquisition phase of this development.

Construction of the Blue Jay Park Recreation Center is near completion featuring an 8-foot-wide walking trail around the five-acre site, and an indoor basketball facility. Restrooms, concession area, covered picnic area and air conditioned exercise room for seniors are also part of the new facility, which should be open by the fall of 2019.

Construction of a new terminal building at the Tri-County Airport is soon to begin, which is one hundred percent grant funded by NC DOT Division of Aviation.

Construction of the new regional back-up 911 center in Martin County is also near completion and will serve Martin, Bertie and Pasquotank counties in the event of a major storm or serious damage to our Communications Center.

EMS Station construction was completed in February and is now operational, replacing the facility in downtown Windsor damaged by flood events in 2016.

Funding was provided through grants from FEMA and the NC Department of Commerce to rebuild EMS Station One on County Farm Road. Exactly one year ago today, Governor Roy Cooper was in Bertie County for the ground breaking for EMS Station One, and to celebrate his support for the \$300,000 NC Commerce grant to assist in making this project successful.

As mentioned in last year's budget message, Bertie County supported the North Carolina Association of County Commissioners and the International City/County Management Association's Management Fellowship Program to sponsor an MPA graduate in the County Manager's Office. This position has now transitioned to a permanent staff assignment as the Assistant to the County Manager with responsibilities for the newly created Martin-Bertie Leadership Academy, the Bertie County Poverty Commission, and the 2020 Census County Committee. This position also provides a leadership role for the Board's citizen engagement initiatives including the Junior Commissioner program at Bertie High School.

Also mentioned in last year's budget message and approved by the governing body is the newly established Assistant County Manager position, which be filled as of June 24th, 2019. It is the Board of Commissioners intent to expand the County's management and administrative capacity for special projects and other strategic initiatives.

For several years the Board of Commissioners has provided the continuity of leadership for the Teacher Housing Initiative through a memorandum of understanding between the County, the Board of Education, the Town of Windsor and the Windsor Township Development Commission. The State Employee Credit Union is providing zero interest financing for the construction of apartments on land to be donated by the Town of Windsor. A grant of \$240,000 has been secured from the Golden LEAF Foundation for onsite utilities and there is current pending legislation at the NC General Assembly to provide the enabling statutory language to facilitate this project.

Summary

The submittal of the budget message and Proposed FY 2019-2020 Budget Plan is the completion of the administrative process. The most difficult work now begins with the review, discussion and debate as the Board of Commissioners finalizes its priorities for the new fiscal year. I have attempted to incorporate the governing body's directives and meet its prior commitments in the preparation of these documents.

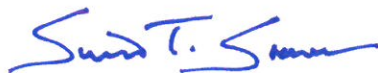
County staff and department managers are prepared to explain the funding program requests, and to assist the Board in balancing its priorities within our fiscal limits.

I am indebted to the department heads and agency directors who have been very diligent in preparation of this fiscal plan.

I remain especially grateful to Mr. William Roberson the County Finance Director, for his guidance, fiscal acumen and technical support for the development of this proposed budget.

Together as we work with the Board of Commissioners, I am certain that we will successfully complete the budget and chart a course toward our continued recovery from the two flood events in 2016, always striving to protect and improve the quality of life for all Bertie County citizens and taxpayers.

Respectfully submitted,



Scott Sauer,
County Manager