



BERTIE COUNTY

106 DUNDEE STREET
POST OFFICE BOX 530
WINDSOR, NORTH CAROLINA 27983
(252) 794-5300
FAX: (252) 794-5327
WWW.CO.BERTIE.NC.US

BOARD OF COMMISSIONERS

JOHN TRENT, Chairman
ERNESTINE (BYRD) BAZEMORE, Vice Chairman
RONALD "RON" WESSON
TAMMY A. LEE
STEWART WHITE

May 30, 2017

Chairman Trent
Vice Chairman Bazemore
Commissioner Lee
Commissioner Wesson
Commissioner White

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

The NC Local Government Budget and Fiscal Control Act requires that the Budget Officer present a balanced budget and fiscal plan, and in order to satisfy this requirement, the following budget proposal has been prepared for the governing body's consideration for FY 2017-2018.

Bertie County families, businesses and entire neighborhoods were devastated with two flood events in September and October of 2016. For county government services, our staff have responded with courage and fortitude when faced with these challenges including the loss of the public library, the cooperative extension building, and the primary ambulance base (EMS Station One) in Windsor. Many new projects, programs and initiatives planned for the County have been deferred as we re-focus our attention to the painstaking process of recovery, hazard mitigation, and resiliency community planning.

Since late September, Board of Commissioners has spent countless hours seeking disaster recovery funding from state and federal legislators as we plan to rebuild facilities and plan for future flood events. This difficult work will continue for the next two to three years, and I am grateful for the Board's commitment to join forces with the Town of Windsor and other communities to seek grants and utilize resources from across the state. Most evident to date, has been the support from East Carolina University and North Carolina State University in seeking planning solutions and technical recommendations to protect families and business in the Cashie River Basin Drainage Area. The County and the Town have committed \$15,000 each toward the first phase a feasibility study to review strategies for storm water control and diversion in Cashie River Basin. Full funding for this project has been requested from the Golden Leaf Foundation which is administering the State's disaster recovery grants. In total, Bertie County's Golden Leaf Foundation applications include: \$72,707 for the Cashie River Basin feasibility study; \$300,000 for EMS Station One to supplement FEMA's pending project request of \$284,299; \$1.9 million for the relocation and construction of a new public library; and \$1.1 million for the replacement of the Cooperative Extension Building.

The Budget focus for FY 2017-2018:

- Continuous improvement of services for citizens through support for staff, and investment in equipment and infrastructure advancements, previously neglected or deferred indefinitely.
- Performance matters in the face of adversity (two floods in 13 days).
- Protect our shareholders—the citizens of Bertie County (by cutting taxes for the second straight year).
- Strive to improve the quality of life, and protect the public safety for all citizens.

FY 2017-2018 General Fund highlights in the proposed budget:

- The proposed FY 2017-2018 tax rate of 82.5 cents is a one-half cent tax rate reduction.
- The Proposed FY 2017-2018 Budget for Bertie County for the General Fund is \$23,745,649 which is an increase of \$299,566 or 1.2 percent above the current year budget as amended. By comparison, the proposed budget for FY 2017-2018 reflects an increase from the adopted budget ordinance for FY 2016-2017 of 4.82 percent or \$1,093,234.
- The County Tax Administrator has estimated the tax base for FY 2017-2018 at \$1,321,679,636 using revised assessments to reflect flood damaged properties and new or expanded facilities such as the investment in poultry production facilities.
- One penny on the tax rate will yield \$127,185 based on the combined collection rate for real property and motor vehicles of 96.23 percent as reflected in the audited financial statements for the fiscal year ended June 30, 2016.
- Including the one-half cent property tax rate reduction, projected revenues are sufficient to support the General Fund expenditures for all County operations, programs and debt service obligations, including the appropriation of fund balance reserves in the amount of \$1,649,873 which is \$222,005 less than the current fiscal year.

FY 2017-2018 will continue the Board of Commissioners investment in “human capital” and support of County employees:

- Cost of living adjustment of 3.0 percent effective July 1, 2017.
- Increased annual 401k supplemental retirement contribution of one-half percent (.5%) to achieve 3.0% for non-law enforcement personnel. Law enforcement personnel receive five percent 401k supplemental retirement contribution as required by State law.
- \$200 annual contribution for each employee medical flexible spending account.
- Continuation of the Employee Assistance Program.
- Anticipated seven percent (7.0%) increase in employee health insurance effective January 1, 2018.
- Anticipated twenty-five percent (25%) increase in retiree health insurance effective January 1, 2018. It should be noted that the anticipated cost for retiree health insurance of \$437,500 is budgeted for FY 2017-2018.

Historical salary increases for staff in recent the most decade:

- July 1, 2006 **3%**
- July 1, 2007 N/A
- January 1, 2008 **3%**
- July 1, 2008 **2%**
- July 1, 2009 N/A
- July 1, 2010 N/A
- July 1, 2011 **4%**
- July, 1 2012 N/A
- July 1, 2013 N/A
- July 1, 2014 **4%**
- July 1, 2015 **3%**
- July 1, 2016 N/A
- July 1, 2017 **3%** *Proposed (each percentage increase requires \$72,000)*

Public Education

- \$3,003,000 is proposed for School Current Expense.
- \$375,000 is proposed for Capital Outlay.
- The Board of Education’s budget request includes estimated student enrollment of 2,191 pupils based on the FY 2017-2018 planning allotment from the NC Department of Public Instruction.
- The Bertie County Board of Education’s request and budget summary documents included a one page excerpt from the NC Department of Public Instruction’s Statistical Profile for School Year 2015-2016, which is Table 25, *Per Pupil Expenditure (PPE) Ranking* (for combined annual state, federal and local expenditures). Several state and regional comparisons of “per pupil expenditures” include the following counties:

\$11,400	Bertie County Schools
\$11,355	Chapel Hill/Carrboro City Schools
\$ 9,884	Edenton-Chowan County Schools
\$10,046	Hertford County Schools
\$10,172	Martin County Schools
\$11,758	Northampton County Schools
\$ 8,244	Wake County Schools

The sample selected above is in alphabetical order, as taken from the NCDPI report. In this 2015-2016 School Year report, *Bertie County is ranked 8th in total PPE expenditures out of 116 school districts when federal state and local funding is aggregated*. Local expenditures place Bertie 65th out of 116 school districts. Bertie PPE ranking for State funding is 6th out of 116 school districts.

- **Low Wealth Supplemental Funding Eligibility**—Using the most conservative calculation provided in March 2017, by the NC Department of Public Instruction, Bertie County’s minimum funding requirement for the current expense local appropriation is \$2,488,784. The proposed FY 2017-2018 school current expense local funding of \$3,003,000 is \$514,216 above, or 20.6 percent (20.6%) greater than the State’s minimum required appropriation for Bertie County Schools.

Courthouse Security Initiative Request-- Chief District Court Judge Brenda Branch and Resident Superior Court Judge Cy Grant

- Five (5.0) additional Deputy Sheriff positions (funded for hiring effective date of April 1, 2018).
- \$96,000 Public Buildings—entrance renovations and inmate separation corridor improvements.
- \$48,000 Court Facilities—Audio/visual connectivity with Bertie Martin Regional Jail and Bertie Correctional Institution for in-facility containment and remote security of inmates and prisoners for first appearances.
- \$104,000 Court Facilities--Surveillance cameras for entrances, courtrooms and department work stations involving monetary transactions.

Budget review and deliberations for the Board of Commissioners:

In addition to the proposed tax rate reduction, the cost of living adjustment for employees, funding for public education and the courthouse security initiative which are the major areas for consideration, there are many other items of interest which are included in the proposed FY 2017-2018 budget plan. Copies of the budget summary and line item detail report are available for inspection at the Clerk to the Board's Office and all financial information will be posted and updated on the County's website in order to provide 24-hour accessibility.

The FY 2017-2018 proposed budget for Bertie County will be presented publicly by the County Manager at the Board's regular meeting on June 5th at 4:00 p.m., and the Board's first work session is scheduled for June 8th at 9:00 a.m.

The Public Hearing on the proposed FY 2017-2018 budget will be held at 7:00 p.m. on June 12th in the Commissioners meeting room in Windsor.

As the governing body reviews each revenue item and examines all department operations and programs, citizens should be assured that the Board of Commissioners is actively engaged in the fiscal oversight of the County throughout the year. And as the budget process started for FY 2017-2018 this spring, the Board of Commissioners spent many hours reviewing the budget requests for special appropriations from various local and regional agencies which serve Bertie County.

Demonstrated financial results based on governing body's leadership and fiscal policy:

- ***Cautious sales tax estimates yield increased cashflow.*** For the past several years the Bertie County Board of Commissioners has required very conservative revenue forecast projections for local sales tax receipts. As an example, for the FY 2015-2016 the audited financial statements reflect \$1,928,533 in local sales tax receipts, exceeding the budgeted amount by more than \$400,000. The current year sales tax receipts for FY 2016-2017 are on pace to perform in a similar manner.
- ***Tax reduction two years in a row.*** Last year this Board of Commissioners cut the property tax rate from 84 cents to 83 cents, and the proposed FY 2017-2018 budget cuts another half cent for taxpayers, lowering the tax rate to 82.5 cents.
- ***Financial support for volunteer fire departments increased by fifty percent (50%) July 1, 2016*** and is sustainable for the future. Last year this Board of Commissioners increased the annual appropriation for all twelve fire departments from \$20,000 to \$30,000 and this funding (a total of \$360,000) is included in the proposed budget for FY 2017-2018.

- ***Approved proactive financial strategies to address long term retiree health care expense obligations***, after careful examination of the County’s financial statements focusing on the increasing accrued unfunded liability as outlined below:

<u>Fiscal Year</u>	<u>County’s annual net Obligation for other post-employment benefits</u>
2012	\$2,386,998
2013	\$2,963,144
2014	\$3,385,713
2015	\$3,849,010
2016	\$4,246,067

During the current fiscal year, the Board of Commissioners engaged an actuarial firm to analyze the existing personnel policy provisions, as revised to exclude employees hired after July 1, 2016 from eligibility for retiree health insurance benefits, and to forecast the County’s financial liability through the year 2045, as required by governmental accounting regulations. The governing body received this report in January 2017 and examined the County’s financial liability forecast prior to the policy revision impact, which is \$84.1 million by the year 2045. By comparison, the actuarial analysis demonstrated the impact of the Board’s decisive action to exclude retiree health insurance for employees hired after July 1, 2016 decreased the County’s future financial obligation to \$29.05 million by the year 2045, a savings for taxpayers of \$55 million for the future accrued liability for retiree health insurance obligations.

To further protect the future taxpayers and mitigate this increasing accrued financial obligation, the Board of Commissioners voted unanimously to approve the FY 2016-2017 budget ordinance and to establish an irrevocable trust account for retiree health insurance. By appropriating \$242,000 annually and permanently restricting these monies for post-employment health insurance costs for eligible retirees, the actuarial analysis determined the strategy approved by the Board of Commissioners will further reduce Bertie County’s unfunded liability for retiree health insurance costs to \$16 million through the year 2045. The Board of Commissioners is to be commended for its fiscal acumen and commitment to cost containment strategies impacting future Boards for decades to come.

Summary

For completion of the budget process for FY 2017-2018, the Board of Commissioners will continue the difficult task of allocating the County's resources, and prioritizing program requests which far surpass the funding available in some cases. 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, and especially to Mr. William Roberson the County Finance Director, for his careful review and technical assistance in developing this proposed budget.

Together, I am certain that we will complete the budget and chart a course toward recovery from the two recent flood events, always striving to protect and improve the quality of life for all Bertie County citizens and taxpayers.

Respectfully submitted,

Scott Sauer
County Manager

GENERAL FUND

Ad Valorem-Prior Years	\$	463,100	
Motor Vehicle-Prior Years	\$	1,800	
Penalties and Interest	\$	120,000	
Sales Tax -1% Pt of Collection	\$	335,000	
1/2 Cent Sales Tax Article 40	\$	1,043,906	
1/2 Cent Sales Tax Article 42	\$	429,341	
Sales Tax Law Change Article 44*524	\$	606,565	
Payment in Lieu of Taxes-Federal Land	\$	50,000	
Other Taxes	\$	55,100	
Unrestricted Intergovernmental	\$	100,200	
Restricted Intergovernmental	\$	448,981	
Permits & Fees	\$	254,800	
Medical Service Fees	\$	854,000	
Non-Emergency Transport Fees	\$	1,239,000	
Landfill Fees	\$	1,759,563	
Sales & Service	\$	57,969	
Hospital Lease	\$	826,651	
Miscellaneous	\$	190,568	
Interest Earned	\$	20,000	
Indirect Cost Water Systems	\$	244,778	
Transfers from Lottery	\$	-	
Transfers from School Capital Reserve	\$	2,511,647	
FUND BALANCE APPROPRIATED	\$	1,649,873	
AD VALOREM TAXES	\$	9,192,342	
MOTOR VEHICLE TAXES	\$	1,290,465	
GENERAL FUND REVENUES			<u>\$ 23,745,649</u>
SOCIAL SERVICES FUND			
State and Federal Assistance	\$	3,313,848	
Health Choice	\$	3,090	
Transfer from General Fund	\$	1,267,283	
SOCIAL SERVICES FUND REVENUES			<u>\$ 4,584,221</u>
911 WIRE/WIRELESS FUND			
Interest Earned	\$	500	
User Charges and Fees	\$	174,541	
FUND BALANCE APPROPRIATED	\$	-	
911 WIRE/WIRELESS FUND REVENUE			<u>\$ 175,041</u>

LOTTERY		
Lottery Proceeds	\$	-
LOTTERY FUND REVENUE		<u>\$ -</u>
CAPITAL SCHOOL RESERVE FUND		
Capital School Reserve	\$	2,511,647
CAPITAL SCHOOL RESERVE FUND		<u>\$ 2,511,647</u>
REVALUATION FUND		
Transfer from General Fund	\$	65,000
REVALUATION FUND REVENUES		<u>\$ 65,000</u>
DEBT SERVICE		
Transfer From General Fund-QZAB-School	\$	212,181
Transfer From General Fund-QZAB-Brt High	\$	109,461
Transfer From General Fund-Middle School	\$	443,950
Transfer From General Fund-Health Building	\$	69,545
Transfer From General Fund-DSS-Building	\$	246,290
Transfer From General Fund-Hospital	\$	826,651
Transfer From General Fund-BHS-2012A	\$	841,461
Transfer From General Fund-BHS-2012B	\$	342,075
Transfer From General Fund-USDA Amb.	\$	64,821
DEBT SERVICE FUND REVENUES		<u>\$ 3,156,435</u>
COUNTY WATER DISTRICTS FUND		
Sale of Water & Fees	\$	2,823,800
COUNTY WATER DISTRICTS REVENUES		<u>\$ 2,823,800</u>
BERTIE TELEPHONE SYSTEM		
User and Miscellaneous Charges	\$	72,000
Transfer from General Fund-Phone Reserve	\$	-
BERTIE TELEPHONE SYSTEM REVENUES		<u>\$ 72,000</u>
REVENUES:	\$	<u>37,133,793</u>

GENERAL FUND

Governing Body	\$	233,921
Administration	\$	251,312
HR & Risk Management	\$	82,863
Finance	\$	266,301
Tax	\$	604,903
Legal	\$	135,000
Court Facilities	\$	241,872
Elections	\$	197,095
Register of Deeds	\$	318,036
Public Buildings & Grounds	\$	796,292
Data Center	\$	248,304
Sheriff	\$	2,798,726
Communications	\$	459,012
Emergency Management	\$	542,513
Emergency Medical Service	\$	2,516,307
Non-Emergency Transport	\$	1,000,344
Planning/Building Inspections	\$	317,628
Medical Examiner	\$	25,000
Animal Control	\$	190,071
Solid Waste	\$	474,308
Economic Development	\$	171,490
Cooperative Extension	\$	272,442
Soil Conservation	\$	80,284
Health	\$	98,000
Veterans Service Office	\$	54,114
Council on Aging/Nutrition	\$	486,576
Parks & Recreation	\$	313,558
Transfers-Social Services	\$	1,267,283
Transfers-Revaluation	\$	65,000
Transfers-Debt-QZAB	\$	212,181
Transfers-Debt-Middle School	\$	443,950
Transfers-Debt-DSS	\$	246,290
Transfers-Debt-QZAB-Bertie High	\$	109,461
Transfers-Debt-Health	\$	69,545
Transfers-Debt-Hospital	\$	826,651
Transfers-Debt-Bertie High School (2012 A/B)	\$	1,183,536
Transfers-Capital School Reserve	\$	75,000
Transfers-USDA Amb.	\$	64,821
Appropriations-Other Agencies	\$	5,941,659
Contingency	\$	64,000
GENERAL FUND APPROPRIATIONS		\$ 23,745,649
SOCIAL SERVICES FUND		
Social Services	\$	4,584,221
SOCIAL SERVICES FUND APPROPRIATIONS		\$ 4,584,221

911 WIRE/WIRELESS FUND		
911 Wire/Wireless Fees	\$	175,041
911 WIRE/WIRELESS APPROPRIATIONS		<u>\$ 175,041</u>
LOTTERY		
Lottery Proceeds	\$	-
LOTTERY FUND		<u>\$ -</u>
CAPITAL SCHOOL RESERVE FUND		
Capital School Reserve	\$	2,511,647
CAPITAL SCHOOL RESERVE FUND APPROPRIATIONS		<u>\$ 2,511,647</u>
REVALUATION FUND		
Revaluation	\$	65,000
REVALUATION FUND APPROPRIATIONS		<u>\$ 65,000</u>
DEBT SERVICE FUND		
Debt Service Payments	\$	3,156,435
DEBT SERVICE FUND APPROPRIATIONS		<u>\$ 3,156,435</u>
COUNTY WATER DISTRICTS FUND		
System Operations	\$	2,823,800
COUNTY WATER DISTRICTS APPROPRIATIONS		<u>\$ 2,823,800</u>
BERTIE TELEPHONE SYSTEM		
User and Miscellaneous Charges	\$	72,000
BERTIE TELEPHONE SYSTEM APPROPRIATIONS		<u>\$ 72,000</u>
EXPENSES:		<u>\$ 37,133,793</u>