

June 7, 2021

To: The Honorable Chair, Board of Commissioners, and taxpayers of Perquimans County

I respectfully submit the proposed budget for Perquimans County for the Fiscal Year 2021-2022. The budget has been prepared in accordance with the North Carolina Local Government Budget and Fiscal Control Act. The budget identifies the estimated revenues and expenditures for the Fiscal Year 2021-2022.

**Proposed Tax Rate**

As in years past, the County's budget process calls for department heads and other agencies to submit budget requests to the County Manager. In total, the requests amounted to approximately \$22.8 million. That's over \$6 million dollars more than anticipated revenues for the upcoming fiscal year. The tax rate would have to be 45 cents higher to fully fund all requests of Perquimans County for the next year.

In FY 20/21, Perquimans County implemented austerity measures that ensured the fiscal health of the County due to COVID-19. These measures included a freeze on all major capital purchases (capped at \$10,000 total per department), no initial salary adjustments (we gave a 3% increase at mid-year), no step increases, and no merit increases for employees. Fortunately, Perquimans County weathered the storm and will be able to enhance the services it provides its citizens and will be able to offer additional incentives to County employees to make our government a competitive place to work.

Total taxable value increased from \$1,351,508,515 to \$1,370,420,692, or 1.38%. This is the second highest percentage growth in ad valorem taxable value in 12 years. Sales tax revenues are expected to increase by \$425,000 from last year's budgeted amount. Another positive note is that I project

that we're not going to use any of the \$1,030,000 budgeted fund balance appropriation from fiscal year 20/21's budget. This gives us the flexibility to rely on fund balance again to offset the substantial capital investments we must make this year. The proposed budget allocates \$1,092,889 out of fund balance.

Despite the fact that our revenue picture continues to improve, Perquimans County must make substantial investments in capital projects for EMS and Law Enforcement, school spending and personnel. The tax rate for fiscal year 21-22 will increase to 61 cents per hundred dollars of value.

When compared to other Counties in the region, Perquimans' tax rate will remain among the lowest in eastern North Carolina:

- Perquimans- 61 cents per hundred
- Gates- 79 cents per hundred
- Camden- 74 cents per hundred (and they will be increasing at least 10 cents)
- Chowan- 75.5 cents per hundred
- Pasquotank- 77 cents per hundred

### **General Fund Budget Summary**

The General Fund budget is \$17,629,474 for 2021-2022, a increase of \$1,039,831 from the current year's amended budget of \$16,589,643.

### **General Fund Revenues**

Property taxes account for the vast majority of general fund revenues, and I've already mentioned the conditions as it relates to real property taxation.

Sales tax revenues are the second largest source of County general fund revenues. Based on increased local shopping, sales tax revenues are projected to increase by a total of \$425,000 compared to last year's budgeted amount, for a total of \$1,950,000.

\$440,000 is forecast to be added to Perquimans’ sales tax allocation to reflect the additional services taxed by the General Assembly in 2016. This is an increase of \$90,000 from last fiscal year. Medicaid hold harmless payments from the State, which are tied directly to sales tax calculations, are projected at \$350,000 this year, an increase of \$75,000. Expected Land Transfer Tax revenues in FY 2021-22 are \$550,000, and increase of \$170,000.

**General Fund Expenses**

Most of the departmental operating budgets remain similar to the current budget year. By way of comparison, the largest General Fund expenses by department or agency are as follows:

<u>Department/Agency</u>	<u>Proposed FY 21-22</u>	<u>% of Total GF Budget</u>
Perquimans County Schools	\$4,311,603	24.4%
Social Services	\$2,571,437	14.6%
Sheriff Department	\$2,084,782	11.8%
Emergency Medical Services	\$1,969,498	11.2%

**School Funding**

As presented by the Board of Education and school staff earlier this spring, the Perquimans County School System has requested \$3,103,236 for school current expense, an increase of \$203,236 over last year’s County appropriation of \$2,900,000. This represents a 7% requested increase from the previous fiscal year’s budget allocation. The local current expense requested increase centers mostly around additional benefit costs and higher transportation costs due to the closure of the S-Bridge.

The proposed FY 2021-22 County budget increases the local current expense budget to \$3,000,000. This continues a significant commitment by the County Board of Commissioners to fund instructional services, support services, athletics, maintenance and utilities. The school capital outlay budget remains \$475,000.

## **Building and Facility Initiatives/Capital Outlay**

Perquimans will invest in building and capital initiatives this year since such activities were frozen last fiscal year due to COVID-19. Such expenditures include:

- Sheriff: Two SUV's for the Sheriff and Chief Deputy, body cameras for deputies, office computers, ballistic vest, taser and evidence scanner.
- Emergency Services: New Ambulance (\$267,000), replacement power stretcher, commercial gate opener, oxygen cylinder lift, 3 garage doors for the back building, enclosure of the equipment shelter, re-purposed book mobile from Pasquotank for a mobile command center, turnout gear for the fire marshal, 911 Center tower modifications.
- Senior Center: Modification of the former Janice Cole offices into a large activity room.
- Recreation: Shades for the left side of the gymnasium, a triple soft bagger, metal storage shed and a tractor. If the PARTF grant for the new tennis courts is awarded, we may do a later budget amendment to provide the match for that project.

## **Personnel**

The proposed FY 2021-22 budget contains a 4% adjustment to the salary schedule based on information gleaned from the salary study performed by the MAPS group last year. In that study, they found that our schedules were 10-15 percent under market. With the mid-year adjustment of 3% earlier this fiscal year, this shows a good faith effort by the County in paying our employees a fair market rate. Steps and merits are re-instituted for this budget as well.

Included is a 1% 401k match for employees which was instituted several years ago.

Perquimans County participates in the State Health plan, and health insurance rates are projected to cost \$607 per employee per month. The rate of \$607 monthly includes a projected 5% increase in rates and \$25 per month per employee that the State charges employees for the base 70-30 plan. The health benefit alone adds a value of over \$7200 to each employee's compensation package, so it remains a significant benefit to County workers.

The North Carolina Local Government Employees Retirement System employers' contribution will increase to 11.42% from 10.23% for FY 21-22.

This budget includes several new positions. The Sheriff's office budget includes two new deputies for County service, and with the anticipated consolidation of the Hertford Police Department, includes 4 deputy positions, an Investigator and an Administrative Assistant. The Sheriff will also receive additional salary for added administrative duties, going to Grade 76 Step 16 \$83,422. In return for these dedicated law enforcement services, the Town agrees to pay \$350,000 annually under a three-year contract, and agrees to transfer its personal property used for law enforcement, including vehicles, to the County. This will help to defray some of the capital costs to the County for its new deputies.

Also included is the conversion of the part-time animal control officer to full-time. EMS will receive two full-time paramedic positions as the County tries to become less dependent upon part-time employees who work full-time for other agencies. Perquimans County will begin to contract out GIS services to Atlas Geodata in Wilmington, NC. A full-time Planning Office Assistant position will be created to assist our Planner with office duties so she may concentrate on planning work.

### **Other Noteworthy Items**

- Funding for the County Fire Departments increases to \$77,500 each, up \$2500 from last year.
- Funding for the Perquimans County Library increases to \$191, 212. This is an increase of \$3712.
- \$30,000 for code enforcement/house removal. This is an increase of \$10,000 from last year.
- Albemarle District Jail remains a considerable expenditure, at \$660,793.

### **Water Fund**

Perquimans continues to make significant investment in its overall ability to provide water to its customers. Perquimans will continue to purchase 150,000 gallons of reverse osmosis water from

Pasquotank County that services customers on the Winfall plant side. The bulk water rate that Pasquotank County charges is expected to remain \$6.00 per thousand gallons.

Water rates will increase to a \$17.50 minimum bill and \$9 per thousand after the first thousand. There is a total decrease in the budget projected of \$73,660. My estimate is that we will use \$266,361 of fund balance in the FY 20/21 budget to balance costs; thus, the increase in rates. I've included \$90,000 for additional radio read meters and a \$93,000 allocation for water tank maintenance. I've also included \$120,000 for the Woodville Road betterment costs. This will not be a recurring expense. Other capital expenditures include the rehab of the Hurdle well in Winfall (\$100k), replace softener media at the Winfall plant (\$60k), a new ½ ton truck (\$32k) and permits, designs and plans for the discharge relocation for the Winfall plant (\$10k). We are adding a full-time Water Clerk and also an Equipment Operator to prepare for the retirement of two current staff members.

The total water fund budget for the Fiscal Year 2021-22 is \$2,504,716.

### **Solid Waste Fund**

The proposed solid waste fee for FY 21-22 is \$150, a \$10 increase from last fiscal year. This fee covers the cost of operating the five Convenience Site locations, the County's portion of the Perquimans-Chowan-Gates Transfer Station operating cost, and the tipping fee for the County's solid waste at the private landfill in Bertie County. All of these operational costs have increased over the past couple of years. We've made significant capital improvements to our sites, including additional compactors. The total solid waste fund budget is projected at \$1,031,900.

### **Conclusion**

I'd like to thank the Department Heads for their stewardship in this budget process. I would also like to thank the Board of Commissioners for your involvement in the budget discussions and for making difficult, but important decisions on behalf of the citizens of Perquimans County. Finally, I'd like to thank County staff: Tracy Mathews- Finance Officer, Mary Hunnicutt- Clerk to the Board, and Bill Jennings and Kim Bray of the Tax Office, for their assistance and guidance in this process.

I thank each of you for your consideration of this proposal and welcome any changes the Board deems appropriate.

At the request of the Chairman and Board of Commissioners, a public hearing has been scheduled for Monday, June 21, 2021, at 7:00 p.m. in the Perquimans County Library for public comment and to consider adoption of the budget.

Submitted by:

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W. Frank Heath, III  
County Manager/Budget Officer