



PERQUIMANS COUNTY

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W. FRANK HEATH, III
COUNTY MANAGER

June 3, 2024

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 2024-2025. 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 2024-2025.

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 \$25.2 million. That's almost \$1.74 million dollars more than anticipated revenues for the upcoming fiscal year. The tax rate would have to be 9 cents higher to fully fund all requests of Perquimans County for the next year.

Due to the 2024 general revaluation of real property, total taxable value increased from \$1,439,705,262 to \$2,011,226,681 or 39.69%. Budgeted sales tax revenues are expected to increase by over \$400,000 from last year's budgeted amount. I project that we're going to use around \$1 million out of fund balance appropriation for the fiscal year 23/24 budget. The proposed FY 24/25 budget allocates \$1,350,000 out of fund balance.

The County remains in excellent financial condition (as evidenced by our most recent audit) but is feeling the effects of inflation and increased personnel and capital costs. Perquimans County will continue to make substantial investments in school spending, public safety, capital projects and

Perquimans County's Vision:

To be a community of opportunity in which to live, learn, work, prosper and play.

personnel. Despite these investments and due to the increase in total value from the revaluation, the proposed tax rate for fiscal year 24-25 will decrease to 52 cents per hundred dollars of value. When compared to other Counties in the region, Perquimans' tax rate will remain among the lowest in northeastern North Carolina.

General Fund Budget Summary

The General Fund budget is \$23,472,079 for 2024-2025, an decrease of \$324,461 from the current year's amended budget of \$23,796,540.

General Fund Revenues

Property taxes account for most of the 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. Budgeted sales tax revenues are projected to increase by a total of \$400,000 compared to last year's budgeted amount, for a total of \$2,800,000.

\$630,000 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 \$105,000 from last fiscal year's proposed budget. Medicaid hold harmless payments from the State, which are tied directly to sales tax calculations, are projected at \$260,000 this year, a decrease of \$190,000. Expected Land Transfer Tax revenues in FY 2024-25 are \$950,000.

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 24-25</u>	<u>% of Total GF</u>
Perquimans County Schools	\$5,051,603	22%
Emergency Medical Services	\$3,233,579	14%
Social Services	\$3,207,015	14%
Sheriff	\$2,723,703	12%

School Funding

As presented by the Board of Education and school staff earlier this spring, the Perquimans County School System has requested \$3,781,157 for school current expense, an increase of \$391,611 over last year's County appropriation of \$3,389,546. This represents a 12% requested increase from the previous fiscal year's budget allocation. The local current expense requested increase centers mostly around additional personnel and benefit costs.

The proposed FY 2024-25 County budget increases the local current expense budget by \$210,454 to \$3,600,000. The increase focuses on two High School Math teaching positions and one High School Language Arts position; as well as increases in general benefits and salaries. 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 is the same as the requested amount; \$615,000.

Building and Facility Initiatives/Capital Outlay

Perquimans will invest in various building and capital initiatives this year. Such expenditures include:

- Sheriff: Two SUVs and radios.
- Emergency Services: For EMS, a new ambulance and new Quick Response Vehicle. For Emergency Management, an outdoor equipment shelter, upgrades to Bay 10-12, Knox boxes and mobile radio upgrades.
- Social Services: A new van for transporting children, families and employees.
- Center for Active Living: New camera system and folding chairs.
- Recreation: New 60 inch mower and batting cage nets.

Personnel

The proposed FY 2024-25 budget contains a 3% cost of living adjustment to the salary schedule based on inflationary pressures in the economy. Steps and merits are active for this budget as well. Included is a 2% 401k match for employees.

Perquimans County participates in the State Health plan, and health insurance rates are projected to cost \$9212 per employee per year. This amount 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 remains a significant benefit to County workers.

The North Carolina Local Government Employees Retirement System employers' contribution will increase to 13.65 % from 12.9% for FY 24-25.

Succession planning will be a consideration in this budget, as tonight I am announcing a timeline for my retirement as County Manager. The County will hire an Assistant County Manager effective January 1, 2025, who will work with me to learn the position until the end of 2025. I will retire effective December 31, 2025, and the Assistant Manager will step into the County Manager role January 1, 2026. I hope to continue to serve the County in a part-time capacity as Special Projects Manager, with a focus on Economic Development, after February 1, 2026.

This budget includes several new positions and proactive employment measures to attract and retain personnel. This budget continues longevity payments for long-serving employees and sign-on bonuses for those hired in the public safety and emergency services fields.

The Sheriff's office and EMS budgets include another facet of their proposed career development plan, whereby salary Grades for their departments have been increased to reflect the complexity of their positions. Deputies, Sergeants, Investigators, and all scopes of EMT's, Advanced EMT's and Paramedics have been tiered to reward those who choose to advance in their fields. EMS will receive one additional full-time paramedic position and two full-time Advanced EMT positions as the

County tries to become less dependent upon part-time employees who work full-time for other agencies.

Other Noteworthy Items

- Funding for the County Fire Departments increases to \$105,000 each, up from \$100,000 per department last year.
- Funding for the Perquimans County Library will be \$215,000.
- Funding for the Tri-County Animal Shelter will increase to \$130,166 to facilitate staff and building improvements.
- Due to staffing shortages and therefore, a reduction in Federal Inmate revenue, the Albemarle District Jail budget has increased by over \$230,000 for Perquimans County. The total budget is projected to be over \$900,000.

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 \$7.77 per thousand gallons.

Water rates will remain at \$17.50 for a minimum bill and \$9 per thousand after the first thousand. There is a total increase in the budget projected of \$55,000. Salt and chemical supplies have increased significantly from year to year. Other capital expenditures include permits, design and plans for a new discharge location at the Winfall plant and \$50,000 as seed money for a future debt service that will replace all meters and adapt a radio read system throughout the County.

The total water fund budget for the Fiscal Year 2024-25 is \$2,659,900.

Solid Waste Fund

The proposed solid waste fee for FY 24-25 is \$190, a \$30 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 significantly over the past couple of years. The total solid waste fund budget is projected at \$1,305,320.

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: Mary Hunnicutt- Clerk to the Board, Casey White- Human Resources and Bill Jennings and Kim Bray of the Tax Office, for their assistance and guidance in this process. I'd especially like to thank Finance Officer Tracy Mathews. Without her help and expertise, this budget process could not be completed.

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 17, 2024, at 7:00 p.m. in the Perquimans County Library for public comment and to consider adoption of the budget.

Submitted by:



W. Frank Heath, III

County Manager/Budget Officer