



## COUNTY OF DUPLIN

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### MEMO

To: The Duplin County Board of Commissioners  
From: Mike Aldridge  
Date: June 17, 2013  
Re: Budget Message FY 2013-14

On behalf of the Budget Committee, this Budget Message accompanies the FY 2013-14 Budget and is hereby submitted for the board's consideration public review. As required by NCGS 159-12, notice was given and the required public hearing was held on June 3, 2013 at 6:30 pm in the Ed Emory Auditorium of the Lois G. Britt Agricultural Center.

The major provisions of the budget are summarized below:

#### Revenues

The proposed General Fund Budget is \$51,801,851 which is approximately \$2.8 million more than FY 12-13.

In order to meet the County's current needs and to address the declining fund balance, the budget is balanced with a tax increase of 0.01 cent bringing the tax rate to \$0.72. The revenue generated by one penny of the tax rate is \$374,729.

Real and Personal Property valuation increased from \$3,361,325,099 as budgeted in FY 12-13 to \$3,440,279,478 for FY 13-14 a difference of \$78,954,379 or 1.8%. The growth in Real and Personal Property values accounts for \$548,575 in revenue at 96.5% collection.

Ad Valorem Tax is budgeted at \$25,118,155 which is an increase of \$911,093 compared to FY 12-13. Revenues of \$1,970,089 are budgeted from fund balance, which reduces the contribution from reserves by \$1,118,409 compared to FY 12-13.

Sales tax revenues are projected at \$ 5.5 million which is an increase of \$279,256 over FY 12-13.

Motor Vehicle Taxes are projected to increase due to the new state implemented collections system. Beginning September 1, 2013 the state DMV will collect county property tax at the time the vehicle registration is renewed. This new process is projected to increase the collection rate to 90% - up from the county's historic collection rate for motor vehicles of approximately 80%. Based on guidance from the State Treasurer's Office, the collection rate for FY 13-14 is budgeted at the current collection rate of 78%. The temporary overlap of the two billing systems will create a one-time collection of 16 months of revenue in FY 13-14. (6 months under the old system and 10 months under the new state system). The net increase in revenue due to the 4 month overlap of the two billing systems is expected to be about \$700,000.

State Revenues also increased to \$9,522,283 which is an increase of \$1,162,235 compared to FY 12-13. Most of that is due to State Social Services revenues which increased by \$981,286.

## **Expenses**

The total payroll for the General Fund and Enterprise Funds is approximately \$27 million for FY 13-14.

The budget includes a 2% COLA (cost of living adjustment) and a 2% (1/2 step) salary increase for employees. This is the first cost of living increase since 2006.

The budget includes the reclassification of Social Services Income Maintenance Case Worker I's to II's and the II's to III's as required to implement NC Fast. Two 20 hour part-time Housekeeping positions increased to 28 hours.

Approximately 45 position reclassifications are included in the budget. This completes the implementation of the 2008 Springsted Compensation and Classification Study and addresses compensation inequities compared to competing job markets.

Several new positions are included: Two full-time housekeeping positions in the Health Department (justified by the dollars of overtime currently being spent) and one 28 hour part-time Animal Control position (justified by the amount of overtime currently being spent along with the anticipated loss of inmate labor).

Overtime of \$50,000 is included in DSS in anticipation of NC Fast implementation, and \$19,000 is included for overtime for Elections staff.

Health insurance premiums for individual employee coverage increased from \$557.92 to \$600. We were able to reduce the Employee family plan from \$1,175.23 per month to \$1,095 per month to make the coverage more affordable for the employees with family coverage. The health insurance plan design did not change for FY 13-14.

Workers Compensation Insurance premium increased approximately \$100,000 primarily due to claims experience.

Contributions from the General Fund to the Board of Education include:

Current Expense	\$9,000,000
Capital Recreation	\$ 250,000

In addition, the Board of Education receives the following allocations from the Capital Reserve School Fund. These revenues come from sales taxes and county general fund contributions.

Debt Service Transfer	\$1,231,200
Improvements to Sites	\$ 237,000
Equipment & Furniture	\$ 537,000
Vehicles	\$ 199,000

Total	11,454,200
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The School Resource Officer positions remain budgeted as an expense reimbursed by the Board of Education.

Contributions to James Sprunt Community College increased for the first time in 4 years. Contribution for Current Expense is \$1,543,870 – approximately \$181,000 more than last year, but approximately \$180,000 less than requested. The contribution for Capital Outlay increased to \$255,150 – an increase of \$12,150 from last year, but well short of the \$1 million requested. Other county contributions to JSCC that are not reflected in these figures include the use of the Business Tech Center, and the expense of utilities, maintenance and insurance for the building which amounts to \$29,847. As use of the facility increases, utility expense increase also.

Contributions to East Pointe Mental Health remain at \$224,474 the same as FY 12-13.

The number of Emergency Medical Service stations and the shift structure is unchanged. A 10% increase in rent to fire departments housing EMS units is included.

Due to a change in state law, the county's cost of unemployment insurance will increase. Currently \$185,000 is budgeted in non-departmental pending further direction from the state.

### **Capital Items**

Several capital items are included:

4 cars & equipment for the Sheriff - \$141,035

2 remounted ambulances for EMS - \$175,000

Security cameras and modification to swipe card system for DSS -\$11,500

Replacing the membrane roof and 2 HVAC units at DSS - \$100,000

Renovate the Law Library to create an additional small courtroom and adding courthouse security system (and 3 additional bailiff positions) -\$220,000

### **Financial Position**

The county's cash balance has decreased every year since FY 06. Available fund balance as a percentage of expenses has decreased every year since FY 06. Undesignated fund balance has declined every year since FY 06. Reducing the fund balance contribution and increasing tax revenues modestly will certainly help moderate this trend of decline.

### **Acknowledgements**

The contributions of Finance Officer, Teresa Lanier, the Finance Staff and department heads are gratefully acknowledged. The collaborative participation of the County Commissioners in developing and refining the budget is especially appreciated.