



COUNTY OF DUPLIN

P.O. BOX 910 • 224 SEMINARY STREET  
KENANSVILLE, NC 28349-0910 • TEL. 910-296-2100 • FAX 910-296-2107

MEMO

To: The Duplin County Board of Commissioners  
From: Mike Aldridge  
Date: June 11, 2010  
Re: Budget Message FY 2010-11

On behalf of the Budget Committee, the budget message to accompany the FY 2010-11 is hereby submitted for the board's consideration.

The budget as presented is the product of many hours of collaborative work by county administrative staff, department heads and elected officials. As required by NCGS 159-12, the public hearing has been advertised for June 7, 2010 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:**

In January 2010, the county commissioners voted to balance the FY 2010-11 budget with the ad valorem tax rate of \$0.69 per \$100. The general fund budget presented herewith complies with those instructions.

The nation wide economic recession continues to make revenue forecasts unpredictable. The NC Fiscal Research Division's May 2010 forecast predicts state revenues will be 3% below budget estimates for FY 2010-11. We have taken the current economic climate into consideration and have projected revenues accordingly.

Locally, economic conditions continue to suppress new construction and subsequent growth in the tax base. Estimated net Ad Valorem and Motor Vehicle tax revenues are budgeted at \$25.1 million which is an approximate \$1000 increase over FY 2009-10. GASB 54 is a new accounting standard that changes how contributions to certain commitments are reported. Specifically, contributions to Tax Mapping (\$20,000) and Revaluation (\$100,000) will be reported as a direct contribution rather than as a transfer from the General Fund.

Economic uncertainty has contributed to sluggish new car sales. For FY 2010-11 motor vehicle tax revenues are projected to decline 8.7% to \$2.2 million as compared to FY 2009-10. In comparison, motor vehicle taxes were budgeted at \$2.3 million in FY 2005-06.

Declines in state sales tax revenues, due to changes in the distribution formulas have been further compounded by the economic recession. Combined, sales tax revenues constitute roughly 8% of the county's total general fund revenues. Sales tax revenues for FY 2010-11 are budgeted at \$4.1 which is the same as FY 2009-10.

Collection of prior year taxes is budgeted at \$1,044,616.

\$3,321,814 from fund balance is included to balance the General Fund budget. Audited fund balance as a percent of expenditures at June 30, 2009 was 22.55%. Assuming budgeted revenues and expenses are realized, the fund balance at June 30, 2010 is expected to be approximately 17%.

**Expenses:**

The General Fund budget is approximately \$47.8 million which is an increase of \$680,197 compared to FY 2009-10.

County paid employee health insurance represents a volatile, ever increasing cost. Medical claims cost compared to FY 2009-10 are trending upward by 16%. To help control increasing costs, the FY 2010-11 health insurance plan increases the employee's co-pay, deductible and pharmacy in order to maintain the current premiums. The premium paid by the county is approximately \$3.4 million.

The Events Center will be operated as a county operated building. The budget includes one contracted director and two full-time positions with benefits. The operations budget is \$380,956 with estimated revenues of \$138,000 for a net operating loss of \$242,956.

Several departments are in need of replacement vehicles. The Sheriff's department has 6 vehicles with over 150,000 miles. The FY 2010-11 budget includes funds to purchase replacements for 6 Sheriff patrol cars.

The Capital Outlay budget totals \$220,820 for General Fund departments (replacement vehicles). As recommended in the Evergreen audit, beginning FY 2010-11 the value of items recorded as "expendable capital" (budget code 265) increases from \$200 to \$1,000 and the value of items that are recorded as "capital" (budget code 510) increases from \$2,500 to \$5,000.

Contributions to public education and James Sprunt Community College are budgeted at no increase as compared to FY 2009-10.

Contributions to James Sprunt Community College Current Expense is budgeted at \$1,362,585, which is substantially less than requested. Capital Outlay is budgeted at \$243,000. The budget includes security services for the JSCC campus; however this expense is budgeted as a public safety function. The county's contribution also includes a no-cost lease of the West Park Business Technology Center to the college for use as workforce training and entrepreneurial development. The west park expense of \$23,880 is budgeted as a physical development function.

Contributions to public education are budgeted at the same overall level as FY 2009-10. The budget does not fund the pending \$4.8 million judgment due the Board of Education. Contributions to public education are allocated by the following specific purpose codes for FY 2010-11.

**Current Expense**

5100 - Regular Instructional Services	\$ 284,283
5500 - Co- Curricular Services	\$ 573,966
6400 - Technology Support Services	\$ 420,000
6500 - Operational Support Services	\$6,291,779
6600 - Financial and Human Resource Services	\$ 157,500
Subtotal Current Expense	\$7,727,528

**Capital Outlay**

9000 - High School Recreation	\$ 200,000
Elementary Recreation	\$ 50,000
Improvements to Sites	\$ 475,000
Capital Equipment & Furniture	\$ 316,000
Capital Vehicles	\$ 182,000
Transfer to Debt Service	\$1,240,452
Subtotal Capital Outlay	\$ 2,463,452
Total Allocation	\$10,190,980

Contributions to Eastpointe are budgeted at \$224,424. New revenues of \$70,000 from building lease and mental health transports are included in budget.

The requested contributions to Carolina East Home Care and Hospice (for adult day care) and the Forestry Service are included in the budget.

Contributions of \$1,363 from the municipalities are included in the budget to offset the county's net cost in participating in the Rural Planning Organization which is responsible for planning, prioritizing and promoting the county's highway, rail and public transportation needs.

Partial funding of \$7,027 of the requested \$25,455 for Vocational Rehab is included in the budget.

No contributions to Sarah's Refuge, Duplin Partners for Health, The Carousel Center, Dispute Settlement Center or other outside agencies are included in the budget.

EMS will continue to operate 8 paramedic sites with 8 transporting units during the daytime hours and 7 transport units and 1 single paramedic response vehicle during nighttime hours.

The Sheriff's Dept. Calypso sub station is not included in the budget.

An additional ¼ cent sales and use tax designated by the commissioners to support volunteer fire departments was approved by referendum on May 4, 2010 but is not included in the budget. Revenues will be budgeted upon receipt from the state and will be distributed to the fire departments quarterly.

The NC Local Government Employee's Retirement System increased the employer contribution rates for FY 2010-11 from 4.92% to 6.47% for local government employees and from 4.78% to 6.41% for law enforcement employees resulting in a cost increase of approximately \$293,000 to the county. This increase was due to the recent downturn in financial markets which has eroded the value of the state's retirement system. The employer rate has not changed since 1983.

The budget includes a 2% salary increase for full-time employees. The total cost of salaries and benefits in the general fund is \$23.5 million. The county's pay plan remains unchanged since 2006. The pay plan should be adjusted annually to keep pace with inflation and competing labor markets. Longevity pay for employees with 10 years or more of service remains in the budget.

There are several position reclassifications included in the budget: One in the Attorney's office, one in the Fire Marshal's office, one in the Tax office and one in WIC, and the dispatchers in Communications. There is one educational pay adjustment in the Register of Deeds office, one in Social Services and four in Environmental Health.

As recommended by the Evergreen Audit, a Programmer and a Systems Analyst position is included in the IT department.

FY 08-09 was the last year North Carolina Counties were responsible for paying Medicaid claims. However, the budget includes \$25,000 for potential administrative cost resulting from Medicaid claims that carry over from FY 08-09.

The Solid Waste Rural Household Availability/Disposal fee remains at \$90 for FY 2010-11. Charging farmers the Availability/Disposal fee is not included in the budget. The solid waste tipping fee remains at \$42. It is not yet known if the state will increase the solid waste disposal tax.

The Women, Infants and Children (WIC) program is a new function included in the Health Dept. budget for FY 2010-11. The program includes \$468,435 in federal funds to cover 100% of the cost of the program.

This budget could not have been compiled without the willing assistance of County Finance Officer, Ms. Teresa Lanier, Deputy Finance Officer Ms. Angela Miller and the entire county administrative staff. Their contributions are gratefully acknowledged.