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**COUNTY OF DUPLIN**

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MEMO

To: The Duplin County Board of Commissioners  
From: Mike Aldridge  
Date: June 15, 2009  
Re: Executive Budget Message FY 2009-10

On behalf of the Budget Committee, the budget for fiscal year 2009-10 is hereby submitted for the board's consideration and adoption. The budget as presented is the product of many hours of collaborative work by county administrative staff, department heads and elected officials. The required public hearing was held on June 1, 2009 with unprecedented public participation. The major provisions of the budget are summarized below:

The well documented economic recession has resulted in decreases in projected revenues for FY 09-10. Notably, state distributed sales tax revenues along with motor vehicle tax revenues are projected to decline significantly. A nation-wide real estate slump has contributed to reduced local real estate values; especially in the residential market. This loss of value will negatively affect ad valorem tax revenues well into the future.

In accordance with GS 105-286, the county conducted the required octennial reappraisal of real property and adopted new property values that became effective January 1, 2009. In 2003, GS 159-11 was amended to require counties to publish a revenue-neutral tax rate as part of their budget for the fiscal year following each revaluation cycle. Duplin County is publishing a revenue-neutral tax rate for the first time since this legislation became effective.

A revenue-neutral tax rate is defined as the rate for the fiscal year after revaluation that, taking into account expected rates of growth in the tax base and excluding increases in market value as a result of a reappraisal, would produce revenue equal to the current year's tax levy. The expected rate of growth in the revaluation year is based upon the average increase or decrease in the assessed values since the last revaluation.

The variables needed to calculate the revenue-neutral tax rate are the reassessed value of real property, the tax levy from the current fiscal year, and the average growth factor of the tax base.

As a result of the 2009 revaluation, Duplin County's total assessed valuation increased from approximately \$3.16 billion for 08-09 to \$3.70 billion for 09-10. As of the previous revaluation in 2001, the total assessed valuation was approximately \$2.58 billion. The average annual increase in total assessed values since the 2001 revaluation is 2.97%.

For FY 09-10, ad valorem tax revenues, including prior year collections, are budgeted at \$22,690,001 which is approximately \$1.3 million additional revenue than FY 08-09.

Duplin County's revenue-neutral tax rate for FY 09-10 is calculated at \$0.6943 per \$100 valuation. In an effort to minimize the tax burden on the citizens, the county commissioners set the FY 09-10 tax rate at \$0.69 per \$100.

The General Fund budget is approximately \$47.1 million which is a reduction of \$461,885 from FY 08-09.

Motor vehicle values declined from approximately \$373 million in the FY 08-09 budget to approximately \$359 million as budgeted for FY 09-10.

Collections of prior year taxes is budgeted at \$900,000 which is a reduction of \$100,000 compared to FY 08-09.

Due to state changes in sales tax distributions, compounded by the economic downturn, sales tax revenues in the General Fund are budgeted at \$4.1 million which is a reduction of approximately \$1.8 million compared to FY 08-09.

Court Facilities Fees are budgeted at \$160,000 for FY 09-10. A decline from \$196,443 received in FY 07-08.

\$3,483,078 from fund balance is included to balance the General Fund budget.

Health insurance costs increased 14% (approximately \$387,627) for FY 09-10. The premium will be approximately \$3.4 million.

\$96,712 contributed from the general fund is included to balance the Transportation budget.

The Events Center is budgeted to operate at a net loss of \$313,925 for FY 09-10.

Travel and capital outlay was cut in practically every department. The capital outlay budget totals \$192,161 for general fund departments.

Several departments are in need of replacement vehicles. The Sheriff's department has 7 vehicles with over 150,000 miles. The FY 09-10 budget includes funds to purchase replacements for 6 Sheriff Patrol Cars.

The proposed budget includes a \$39,453 increase in contributions to James Sprunt Community College Current Expense which is substantially less than requested. Capital Outlay was reduced by \$47,265. The budget provides security services for JSCC campus.

For the first time, contributions to public schools will be allocated by the following purpose codes for FY 09-10.

5100 - Regular Instructional Services	\$ 350,000
5500 - Co- Curricular Services	\$ 500,000
6400 - Technology Support Services	\$ 362,040
6500 - Operational Support Services	\$5,577,960
6600 - Financial and Human Resource Services	\$ 210,000
Subtotal Current Expense	\$7,000,000

9000 - Capital Reserve	\$ 727,529
9000 - Capital Outlay	
High School Recreation	\$ 200,000
Elementary Recreation	\$ 50,000
Improvements to Sites	\$ 340,000
Capital Equipment & Furniture	\$ 463,000
Capital Vehicles	\$ 170,000
Transfer to Debt Service is	\$1,239,422
Subtotal Capital Outlay	\$ 3,189,951
Total Allocation	\$10,189,951

The county contribution to East Pointe Mental Health Agency is budgeted at \$224,424; an increase of \$68,750 as compared to FY 08-09.

Contributions to Carolina East Home Care and Hospice (for adult day care), the Forestry Service, Vocational Rehab, Rural Transportation Planning Organization, and B-Map are included in the budget.

No contributions to Sarah's Refuge, Duplin Partners for Health, The Carousel Center, Dispute Settlement Center, East Carolina Human Resources or other agencies are included.

EMS will operate 8 paramedic sites (contingent on available staffing) with 8 transporting units during the daytime hours and 7 transport units and 1 single paramedic response vehicle during nighttime hours. Currently 11 full time positions are vacant, 4 of those positions were eliminated to reclassify paramedics 2 pay grades.

Other than paramedics, only one position reclassification is included in the budget.

The budget includes 2% educational salary adjustments for 5 employees that obtained advanced degrees during the current year.

With the exception of establishing a budgeted position for one existing temporary employee in the jail, no new positions are included. Three much needed income maintenance positions requested by Social Services were not included in the budget.

FY 08-09 was the last year North Carolina Counties were responsible for paying Medicaid claims. The FY 09-10 budget includes \$25,000 for any Medicaid claims that carry over from FY 08-09.

The budget includes a reduction in Cooperative Extension salaries and benefits of \$17,000 due to the retirement of personnel.

The courthouse renovation loan will be retired in FY 09-10 for a savings of \$84,737 as compared to FY 08-09.

The Solid Waste Rural Availability/Disposal fee remains at \$90 for FY 09-10. The elderly exemption for solid waste fees is eliminated. The solid waste tipping fee remains at \$42.

Looking ahead, the wide-spread economic recession that has made budget forecasts for FY 09-10 so difficult, is expected to continue into FY 10-11 and beyond making future revenue projections unpredictable as well.

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

Mike Aldridge  
County Manager

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