



FY 2019-2020 Budget Message

May 23, 2019

To: The Camden County Board of Commissioners
Tom White, Chairman
Clayton Riggs, Vice Chairman
Randy Krainiak, Commissioner
Garry Meiggs, Commissioner
Ross Munro, Commissioner

As Budget Officer, I submit to you this proposed annual operating budget for Camden County for Fiscal Year 2019-2020. This budget has been prepared in accordance with the provisions of General Statute 159-11, the Local Government Budget and Fiscal Control Act. Notice of this submission will be given to the news media and the public, and a public hearing will be scheduled at the Board of Commissioners monthly meeting on June 3rd at 7:00 P.M. A copy of the proposed budget will be placed on file with the Clerk to the Board and will be available for public inspection during normal business hours within 10 days prior to the June 3rd public hearing. A copy of this document is also available on Camden County's website. One of the critical purposes of this document is to encourage open dialogue, questions, and public deliberation as it relates to how citizen tax dollars can best be used to serve the community.

In addition, while developing the budget the following key activities were taken into consideration:

- Continue to minimize the financial impact of county operations on its citizens through mindful budgeting and frugal expenditures.
- Fund Capital goals as indicated in the Capital Improvement Plan.
- Maintain a reserve fund balance in accordance with the financial policies outlined and adopted in Resolution 2007-05-04.
- Continue to provide outstanding government services at all levels.

Revenues

The above goals for FY2019-20 were balanced with expected revenues with the intent of minimizing the use of the General Fund Balance to support operating expenses. Revenues are generally related to expected economic growth within the County and the State. There are positive economic indicators including low unemployment and strong consumer confidence. Property Tax values appear to be above 1% expected growth minimizing the impact of reduced sales tax collections on total revenues for the FY2019-20 budget.

Below is a listing of the major General Fund projected revenues.

Ad Valorem Tax	\$7,315,277
Local Option Sales Tax (Art. 39)	\$565,000
Vehicle Tax	\$679,293
Franchise Tax	\$729,000
Medicaid Hold Harmless	\$450,000
Article 40 Tax	\$295,000
Article 42 Tax	\$182,000
Special Revenue Fund (CRF for Debt Payment)	\$187,262
From School Reserve Fund (Debt Payments, Capital Outlay)	\$982,806
Solid Waste Fee	\$307,500

Expenditures

With a few exceptions, county departments continued to hold the line on expenditures. However, non-departmental expenditures are increasing. Non-departmental contributions such as School Funding, Emergency Medical Services (EMS), Emergency Management and Health Services are major appropriations. Other increased appropriations include Forestry, Social Services, and Solid Waste / Recycling. These increases in annual expenditures continue to be higher than increases in annual revenues for FY 2019-20. Continuing to fund operational expenditures with fund balance will quickly have a detrimental effect on general fund balance.

The County’s fund balance should be carefully invested within our county to foster economic growth and quality of life without burdening the taxpayers as available. While it is imperative to keep our responsible fiscal policies intact by supporting operational expenditures with operational revenues, we are in a position to use a portion of fund balances restricted for capital investment to address failing County buildings and critical infrastructure as well as community projects that are important to our citizens such as Community Parks and recreational projects. Funding Capital Improvement Plan projects is vital to the success of these goals.

Compared to the proposed FY 2018-19 General Fund budget of \$12,566,599, the proposed FY2019-20 proposes \$13,280,091 which represents an increase of \$713,492.

The FY2019-20 proposed general fund budget is balanced with \$353,696 in fund balance to finance County operational expenses. The FY2018-19 proposed general fund budget was balanced with \$553,724 in fund balance to finance County operational expenses.

Departmental Appropriations

Below is a list of some of the major Departmental expenditures proposed for FY2019-20.

Governing Body	\$111,647
County Administration	\$215,361
Elections	\$144,888
Finance Department	\$195,790
Personnel	\$75,980
Tax Department	\$487,926
Legal	\$40,000
Register of Deeds	\$246,992
Planning Department/Inspections	\$523,476
Public Works/Building & Grounds	\$549,487
Sheriff & SRO	\$1,943,222
Extension	\$174,540
Recreation	\$277,010
Senior Center	\$107,287
Solid Waste	\$743,712
Non-Departmental	\$229,700
Economic Development	\$123,047
Capital Outlay/Debt Service	\$1,089,189
Library	\$196,347
JCPC	\$66,510
Soil & Water Conservation	\$74,213

Special Appropriations

In the FY2019-2020 proposed budget, Special Appropriations expenditures total \$5,447,502 or 41 % of total General Fund expenses. The county is required by contract to commit the funds budgeted for EMS, Emergency Management and Forestry (The School System is anticipating an increase ADM from 1853 students to 1916 students for FY2019-20).

The list below highlights some of the major Special Appropriation proposed for FY2019-20 .

School Current Expense	\$2,600,000
School Capital Outlay	\$405.878
Pasquotank/Camden EMS	\$545.872
Central Communications/Emergency Mgmt.	\$353.000
College of the Albemarle	\$40,000
Albemarle District Jail	\$337,015
Department of Social Services	\$336,487

CH & S Fire Commission
South Mills Fire Commission

\$261,568
\$161,882

Major Concerns

The County needs to remain focused on the area of economic development as a key to increasing revenues, expanding and diversifying the tax base, and making the wastewater system financially self-supporting. Significant progress has been made on the HWY 158 corridor and the planned expansion of the water and wastewater system.

Attention must remain focused on revenue generation from the land transfer tax which is the major funding mechanism for the County Capital Reserve Fund. Without a steady flow of sustainable revenue the County will not be able to take on new Capital Improvement Projects (CIP) or adequately fund the debt service obligations for already completed projects.

In addition, during FY 2018-19, the County contributed approximately \$295,000 to the School District for capital improvements and \$2,600,000 for operating expenses utilizing tax revenue and a significant contribution from fund balance. The proposed FY 2019-20 budget continues to provide \$2,600,000 for current operating expenses and \$405,878 to the Board of Education for capital needs.

Other Major Program Goals

Community Park Trust Fund

The Community Park Trust Fund (CPTF) FY2019-20 budget includes funding for Park Maintenance Capital needs. The county will pursue grant funding for design/construction of future community parks once the land purchase of the identified location has been completed.

Capital Reserve Fund

The money for this fund comes from the \$0.01 land transfer tax which is levied on all land sales. Due to outdated and failing County buildings, funds are included to continue planning for a County Office Building / Campus complex that would replace the current structures. These new buildings would combine the Administration, Tax, Planning, and Water/Sewer staff. In addition the Library and Community Center will be co-located on the campus.

School Capital Reserve Fund

The School Capital Reserve Fund is currently funded by restricted sales tax. During 2018-2019 the County committed to supporting the school system's need for a new High School by submitting a joint application for \$15 million in grant funds. The grant request was only partially funded for \$2.7 million requiring a \$782,000 match. County Management is currently working with school officials to proceed toward being shovel ready in the hopes of obtaining additional

grant funds in the FY2019-20 fiscal year. The cost of constructing a new school will require debt financing and a bond referendum. Consideration should be given to the best possible route to bringing this project to fruition without undue burden on our taxpayers.

RECOMMENDATION

The total of recommended General Fund expenditures is \$13,280,091.

The projected revenues total \$12,926,395 for the General Fund at the present tax rate of \$.75.

In order to balance the budget we can:

- Increase the tax rate 3.5 cents to make up the \$353,696
- Reduce general fund expenditures by \$353,696.
- Use \$353,696 from the County reserve fund balance.

After receiving departmental requests, budget & finance worked to cut general fund requests requiring \$909,021 in fund balance to \$353,696. The only way to reduce expenditures further without reducing services is by removing / reducing staff personnel, 2% Cost of Living increase, the limited Capital Improvements (i.e., updated desktop computers, park mower, Deputy vehicle) and the Equipment requests (i.e. Sr. Center exercise equipment). The reality is that it is not practical to keep putting off capital expenditures and expect services to remain at current levels of efficiency.

Using funds from our unallocated General Fund Reserve to balance the budget is a practice that the county has tried to avoid in the past but has had to rely on in recent years. Paying for current operating expenses from a savings account meant for emergencies and strategic capital expenditures is not a good financial practice, and I would highly recommend against it.

FY 2019-20 Budget Summary

The Management Team brought me a conservative set of budget requests that allowed for the continuation of excellent services that have been provided in the past. This budget also provides for limited capital improvements and equipment that are necessary to continue services in a manner that is effective and safe. In addition the proposal of a Solid Waste fee is needed to help offset the rising cost of trash disposal and recycling. Finally, this budget provides for a plan this year while keeping in mind the challenges we face in future years. Challenges such as the construction of a new administration campus, a new school, broadband, and waste water sewer lines extensions are planned for in the next year and while funds for their construction are not specifically allocated we are still mindful of them while putting together this year's budget.

The strain on revenues and our desire to maintain our service level has made for very conservative budgets during the last several years, and our Management Team has once again done a great job keeping expenses down to all but the necessary in order to provide for a responsible and balanced budget. Again, I want to emphasize to you that Camden County is in good financial condition overall. Our fund balance in the General Fund continues to be healthy.

I look forward to working with you to implement this budget and continue to serve the citizens of Camden County. As public officers, we have been given the task of protecting the rights, needs and desires of the constituents. The staff believes that this task has been achieved and respectfully submits to you the FY2019-20 Fiscal Year Budget.

Respectfully submitted,

KENNETH L. BOWMAN
Budget Officer/County Manager