

BUDGET MESSAGE

To: Edgecombe County Chairman and Board of Commissioners

From: Lorenzo Carmon, County Manager

Date: May 13, 2013

Subject: Budget recommendation for fiscal year 2013-2014

Submitted herein is the Edgecombe County recommended Budget for Fiscal Year (FY) 2013-2014. The Budget is balanced in its entirety, as required by the North Carolina Local Government Budget and Fiscal Control Act.

The County's proposed General Fund budget for FY 13-14 totals \$58,032,913 which is a .8% decrease from last year's original operating budget of \$58,520,618. The proposed ad valorem tax rate for the FY 13-14 is 86 cents per \$100 value which is the same tax rate since the FY 10-11 revaluation. One cent generates approximately \$286,967. The proposed budget includes a fund balance appropriation of \$5,370,870 of that amount \$401,075 is from restricted fund balance for school debt service leaving a \$4,969,785 appropriation from general fund.

Most revenues are expected to remain flat along with a decrease of \$493,398 from the State for hold harmless payments.

General Fund Operational Highlights

- Departmental budgets have remained the same with only mandated increases.
- Workman Comp, Retirement and Unemployment costs have increased
- The only increased appropriation was \$136,000 to the Edgecombe County Rescue
- Employee Health Insurance plan design has been modified and the rate has increased in both employer and employee rates. Modifications have been made to reduce the increases to 5%.
- Health Department Revenues have declined due to a decrease in client census being down from previous years.
- Fire Departments annual appropriations and capital outlay were eliminated totaling \$87,615.

- Public Schools were cut \$500,000 collectively.
- Community College was reduced by \$54,000 in operating funds & eliminated the capital outlay appropriation of \$100,000
- Recreation was eliminated totaling 28,800.
- Funds for legal fees & foreclosures in the collection department have been cut \$120,000.

Personnel

This budget recommends no salary increase for county employees. Employees have not received a COLA since January of 2009. We will continue to explore all possibilities of consolidation, reallocation and /or elimination of positions throughout the year in every department. Only critical positions will be filled when they become vacant. Departmental programs will be evaluated to determine the effectiveness and whether the program is mandated or optional. As in the past we will continue to explore all possibilities of consolidation and/or elimination of positions throughout the year.

Health Insurance

The overall cost of employee health insurance increased by approximately 5%. We experienced a 30% increase in health insurance claims this plan year. This increase is a direct result of medical claims. In an effort to minimize our cost we have made several plan design changes that include rate increases in employer and employee dependent rates and increases in copay and deductibles. We are proposing to deposit \$150 in a health care reimbursement account for all employees. We will continue to participate in the Health risk assessment program for all individuals covered by our health insurance in an effort to reduce our health care costs. Individuals who choose not to participate in the assessment will pay \$30 per month towards the cost of their insurance.

Capital Outlay

This budget includes minimal capital outlay expenditures for minor facility renovations. Funding for Sheriff cars will be revisited in January.

Solid Waste

The proposed tipping fee for Solid Waste is \$48.50 for Municipal Solid Waste & \$41.00 for C&D which is an increase of \$1 per ton. This increase is to cover the increase in transportation and tipping fees.

Water & Sewer

There is a 5% water and sewer rate adjustment proposed in this budget. The average bill for customers using 4,000 gallons per month will increase from \$45.00 to \$46.00 and the average sewer bill for the same will remain the same at \$45.00. We have approximately 4,200 water customers and 46 sewer customers.

Conclusion

Last year we utilized some fund balance approximately 1.3 million with the expectation of utilizing fund balance in the current year as well. The County is operating at approximately 5 cent tax equivalent above revenues. This has brought fund balance below 15% which is the average for counties comparable to Edgecombe. In addition to the budget falling short of addressing the many critical requests from both internal and external providers, it appropriates our fund balance down to approximately 5%. We must continue to remain vigilant in our effort to reduce our overall operating expenses by eliminating and consolidating positions whenever possible while having minimal impact on customer service.