

BUDGET MESSAGE

Revised

To: Edgecombe County Chairman and Board of Commissioners

From: Lorenzo Carmon, County Manager

Date: June 4, 2012

Subject: Budget recommendation for fiscal year 2012-2013

Submitted herein is the Edgecombe County recommended Budget for Fiscal Year (FY) 2012-2013. 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 12-13 totals \$58,520,618 which is a 1.7% decrease from last year's original operating budget of \$59,550,999. The proposed ad valorem tax rate for the FY 12-13 is 86 cents per \$100 value which is the same tax rate as the prior year. One cent generates approximately \$280,488. The proposed budget includes a fund balance appropriation of \$5,713,261 of that amount \$425,725 is from restricted fund balance for school debt service leaving a \$5,287,536 appropriation from general fund.

Revenues are expected to remain flat along with a decrease in taxable values caused by depreciation, increased exemptions to county tax payers and reductions in motor vehicle registrations from last year.

This Budget was prepared in spite of all of the uncertainty surrounding the State Budget Proposals. We anticipate reductions in Health, Social Services and Education funding, all of which must be taken into consideration.

General Fund Operational Highlights

- Departmental budgets have remained the same with only mandated increases.
- The only increase was \$149,769 to the Edgecombe County Rescue Squad for taking over the West Edgecombe Rescue Squad franchise area. 2% cuts in funding were given to the Braswell Memorial

Library, Carolina Gateway Partnership, Rocky Mount Wilson Airport, Recreation, Edgecombe Community College and a \$50,000 cut in capital outlay for the Community College as well.

- Employee Health Insurance plan design has been modified and the rate has increased in both employer and employee rates. Specialist visits, emergency room visits and brand name drugs will become subject to deductibles rather than copays. These modifications helped to reduce the increases from 28% to 5%.
- General Fund Debt Service increase of \$448,889 due to the property purchase for economic development.
- Health Department Revenues have declined.

Personnel

This budget recommends no salary increase for county employees. Employees have not received a COLA since January of 2009. 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 28% 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 and incurred rate increases in employer and employee dependent rates. 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 servers and minor facility renovations. Funding for Sheriff cars will be revisited in January.

Solid Waste

The proposed tipping fee for Solid Waste is \$47.50 for Municipal Solid Waste & \$40.00 for C&D which is an increase of \$1 per ton. This increase is to cover the increase in transportation and tipping fees.

The landfill gas project continues to offer the possibility of generating additional revenue for the County by selling carbon credits &/or electric generation & sale. This project should be operational sometime in the fiscal year.

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 \$42.80 to \$45.00 and the average sewer bill for the same will increase from \$43.00 to \$45.00. This will be the first rate increase since 2008 while we have absorbed the rate increases from our water providers. We have approximately 4,200 water customers and 46 sewer customers.

Conclusion

In addition to this budget falling short of addressing the many significant and critical requests from both internal and external providers, it appropriates our fund balance down to approximately 8%. 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.