



# **HERTFORD COUNTY ANNUAL BUDGET PRESENTATION FISCAL YEAR 2018-2019**

**Loria D. Williams, County Manager**



# BUDGET COMPOSITION

- ➡ General Fund
- ➡ Enterprise Funds – Solid Waste, Northern/Southern Water & Tunis Sewer Districts
- ➡ E~911 Fund
- ➡ Register of Deeds Enhancement Fund
- ➡ School Capital Reserve Fund

In accordance with  
G.S. 153A-82 that  
requires counties to  
have a balanced  
budget by June 30<sup>th</sup>



# VALUE AND GROWTH FACTORS

## Property Values Dictate Tax Rate

### Tax Rate ~ Formula Driven

The estimated taxable value for 2018-2019 is **\$1,624,667,688**. Therefore, with a tax rate of .84 cents and a collection rate of 96%, the projected tax revenue generated is **\$13,101,320** using the following formula:

$$\text{\$1,624,667,688} \times .96 \times .84 / 100 = \text{\$13,101,320}$$

This is in comparison to last years tax-generated revenue of **\$13,026,689**, resulting in only **\$74,631** in expansion dollars.

Fiscal Year	Assessed Value	Growth Factor
2012	1,389,428,276	13%
2013	1,468,387,63	6%
2014	1,499,688,308	2%
2015	1,534,006,546	1%
2016	1,548,461,254	1%
2017	1,584,075,678	1%
2018	1615,412,771	1%
2019	1,624,667688	1%



# UNPRECEDENTED TIMES ~ REVENUES

- ➡ Minimal growth in comparison to prior years  
(\$74,631)
- ➡ Unrestricted Sales Tax redirected to School Capital Reserve per change in G.S. (Restricted)  
(\$300,000)
- ➡ Reduction in Taxes Collected Prior Years  
(\$150,000)
- ➡ Utilization of Fund Balance Appropriated  
(\$474,000)



# **UNPRECEDENTED TIMES ~** **EXPENDITURES**

- ➔ Expenditures outpacing revenues by a margin of \$1.3 million (per FY 2017 Financial Statements)
- ➔ Due to the DHHS technological advancements, (NC Tracks/NC Fast), approximately \$1.0 million of current programming services are no longer administered locally; resulting in the need to explore restructuring in Human Services.
- ➔ Proposed construction of New Ahoskie Elementary School

# UNPRECEDENTED TIMES....

- ✓ Began the FY 2018-19 budget planning process with a deficit of approximately \$1,000,000
- ✓ This deficit is equivalent to a 0.065 cent increase on the tax rate.
- ✓ Over the last three fiscal years, we have spent appropriated Fund Balance to the tune of \$755,000.
- ✓ Fund Balance available for appropriation is currently \$3,152,126 (12%). State statute requires 8% of operating expenditures.







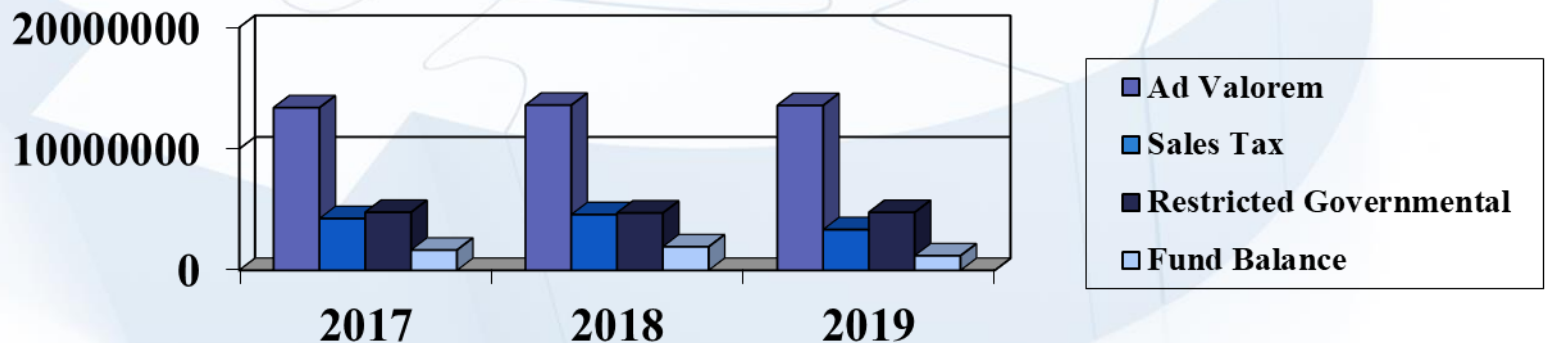
# **UNPRECEDENTED TIMES**

## **UNPRECEDENTED MEASURES**

- ➡ **Budget Reduction – 3% Across the Board**
- ➡ **Reduction in Force – 12 Vacant positions**
- ➡ **Privatization of CAP Program – 3 Positions**
- ➡ **Employee Participation in Health Insurance**
- ➡ **Suspension of Non-Profit Funding (1 yr.)**
- ➡ **Review of all Fee Schedules**

# REVENUE FACTORS

- Ad Valorem Taxes – (\$13,571,867)– This year's estimated values is a represents less than a 1% increase providing for a mere \$75,000 in expansion dollars. Ad valorem taxes makeup 52% of the county's revenue stream.
- Restricted Intergovernmental Funds -- (\$3,354,145) – Offsetting federal and state revenues account for 13% of the revenue stream – a considerable decrease from last fiscal year to due the **\$1.0 million** in programming now being administered by DHHS. These funds are restricted to the Human Services areas of the budget.
- Sales Tax -- (\$4,775,640) Is comprised of tax dollars that are remitted to the county via the Department of Revenues for certain local sales of goods and services in accordance with State law. This amount is a 2% increase in funding for this year and represents 18% of the revenue stream. Please note: There are statutory set asides for school capital outlay, construction and debt within the revenue.
- Fund Balance Appropriated -- (\$1,204,884 compared to last years' \$1,944,283) – Is the difference between estimated revenues and expenditures and is appropriated to balance the budget. The increase of F/B appropriated every year is a negative trend that indicates expenditures are outpacing revenues. Therefore the decrease is to make certain we meet the statutory requirement that a jurisdiction's percentage be at least 8% of its operational budget. Note: It is recommended that counties of our size stay between 15 – 20%.





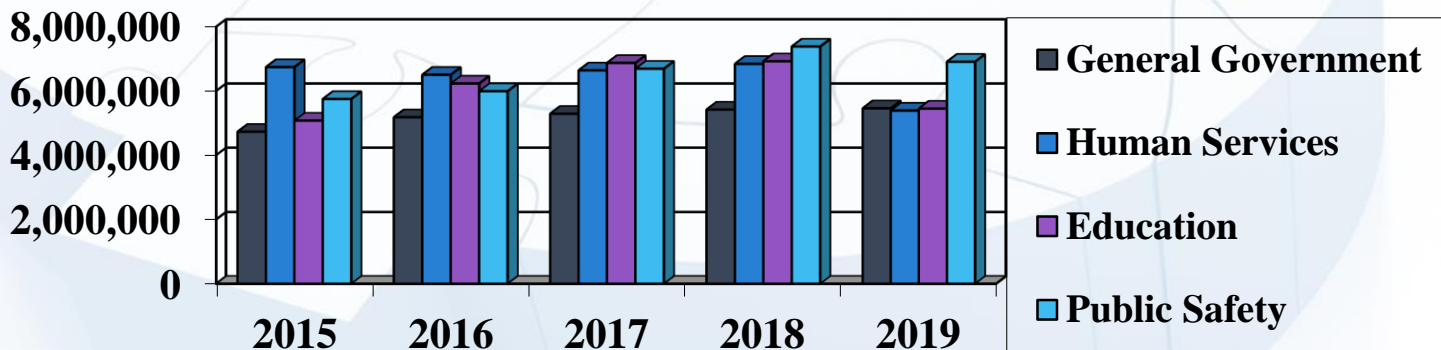
# EXPENDITURE FACTORS

**General Government (\$5,455,636)** –A slight increase over prior year due to the budgeted replacement of Tax Assessment/Collection System (purchased over a three year period.) that is over 30 years old and past end of life. This system is the life's blood of county government. Government represents 22% of the operational budget. Please note that \$1.3 million is sales tax that is transferred to School Capital Reserve per State statute.

**Human Services (\$5,384,380)**– Decrease due to \$1.0 million in programming now being administered by the State, proposed restructuring and Reduction–In-Force. This category represents 22% of the operational budget.

**Education (\$5,445,292)**– Decrease due to capital projects being paid directly from Special Reserve Fund. Only current expense and capital for the community college represented here. Education represents 22% of the operational budget.

**Public Safety (\$6,905,817)**– A considerable decrease due to the completion of major capital improvements at the Detention Facility. Public Safety represents 28% of the operational budget. Please note that this category is funded rough 95% through tax dollars.





# RECOMMENDED BUDGET

- Reflects a General Fund Budget of \$25,222,340, a decrease of 13% in comparison to FY 2017-18 adopted budget while maintaining the tax rate of \$0.84/100 valuation. This rate is based upon an estimated valuation of real and personal property of \$1,624,667,688 and a collection rate of 96 percent. Please note that the sizeable decrease is due to the assumption of human services programming services and an across-the-board reduction.
- Reflects an appropriated fund balance of \$1,204,884 (compared to last year's \$1,944,283) which is five percent (5%) of the operational budget. The one cent is equivalent to \$155,968 in comparison to last planning year's one cent equivalent of \$155,080, which reflects the loss in taxable value.
- This budget does not provide a COLA for employees; however, it maintains the longevity bonuses and requires employee participation in health benefits. Additionally, the budget assumes obligation for Retiree Health for HCPHA.

**NOTE: IF ALL FUNDING REQUESTS WERE HONORED THE TAX RATE WOULD BE .95 CENTS.**



# GENERAL FUND CONCLUSION

This recommended budget reflects a six percent increase (13%), compared to this year's recommended budget.

This budget is recommended at a level that meets the mandates and demonstrated needs of the county while not creating an undue tax burden for the population in which we serve.

I would like to thank county staff and Senior Management for their work throughout this process.



Work sessions

The diagram shows a three-step process for budget adoption. It consists of three blue, 3D-style chevrons pointing to the right, arranged in a descending staircase pattern. The first chevron is labeled 'Work sessions', the second 'Public Hearing', and the third 'Adoption'. Below the first chevron is a callout box with additional information.

Public Hearing

Adoption

To have funded all agencies and departments at the level requested would have required a tax rate of \$0.95



# ENTERPRISE FUNDS

## Self-Sustaining via User Fees

Hertford County uses enterprise funds to account for its water/sewer and solid waste activities and services. User fees are assessed annually and are the sole revenue source for each of these funds. Current user fees are as follows:

- Solid Waste -- \$150/Household
- Northern Water -- \$25/2,000
- Southern Water -- \$25/2,000
- Tunis Sewer -- \$56/2,000

We are recommending an increase in the **Tipping Fees only** in the Solid Waste Enterprise Fund with Water/Sewer Funds remaining unchanged.

Southern Water  
District

Northern Water  
District

Solid Waste

Tunis Sewer  
District



# NORTHERN WATER

	2017-18	2018-19
<b>Revenues</b>		
Sales & Services	498,250	521,034
Fund Balance Appropriated	78,557	78,557
<b>TOTAL REVENUES</b>	<b>\$576,807</b>	<b>\$599,591</b>
<b>Expenditures</b>		
Salaries	164,375	173,352
Operating Expenses	412,432	426,239
<b>TOTAL EXPENDITURES</b>	<b>\$576,807</b>	<b>\$599,591</b>



# SOUTHERN WATER

	2017~18	2018~19
<b>Revenues</b>		
Sales & Services	1,012,720	975,557
Interest Earned		13,311
<b>TOTAL REVENUES</b>	<b>\$1,012,720</b>	<b>\$988,868</b>
<b>Expenditures</b>		
Salaries	166,791	202,688
Operating Expenses	845,929	786,180
<b>TOTAL EXPENDITURES</b>	<b>\$1,012,720</b>	<b>\$988,868</b>





# TUNIS SEWER DISTRICT

	2017-18	2018-19
<b>Revenues</b>		
Sales & Services	27,000	27,000
	~0~	~0~
	~0~	~0~
<b>TOTAL REVENUES</b>	<b>\$27,000</b>	<b>\$27,000</b>
<b>Expenditures</b>		
Operating Expenses	27,000	27,000
<b>TOTAL EXPENDITURES</b>	<b>\$27,000</b>	<b>\$27,000</b>



# SOLID WASTE

	2017~18	2018~19
<b>Revenues</b>		
Taxes & Licenses	1,051,495	1,059,889
Miscellaneous	~0~	~0~
Investment income	1,074	1,256
Fund Balance Appropriated	46,570	~0~
<b>TOTAL REVENUES</b>	<b>\$1,099,139</b>	<b>\$1,061,145</b>
<b>Expenditures</b>		
Salaries	371,200	306,400
Operating Expenses	727,939	754,745
Fund Reserve	~0~	~0~
<b>TOTAL EXPENDITURES</b>	<b>\$1,099,139</b>	<b>\$1,061,145</b>