



May 19, 2021

TO: Chairman Ronnie Smith
Vice-Chair Dempsey Bond
Commissioner Joe R. Ayers
Commissioner Emily Biggs
Commissioner David “Skip” Gurganus

From: U. James Bennett, County Manager

Commissioners:

This budget is a culmination of an unusual year, wherein as an organization we had to be creative while being conservative in our spending. The pandemic which was caused by COVID cause uncertainty in our forecast for FY 2020-2021 in Sales and Property Tax. The Proposed Budget FY 2021-2022 is being presented for your perusal and acceptance is a fluid document. In preparation for this years Proposed Budget, we changed the format by having guest speakers at our Budget Retreat held on February 25, 2021. The guest speakers were motivational speakers, and State Governmental Department Heads along with Martin County Department Heads. Each Department Head shared the accomplishment this past year and goals for the coming fiscal year. In addition resources needed to help reach their goals were requested. Commissioners then asked questions of each Department for a better understanding.

While each staff member played an integral part in the overall development of this FY 2021-2022 Budget, I would be remised if I did not acknowledge the efforts of the Finance Office.



TRENDS

- At our current tax rate of \$0.81 per \$100 valuation at 1 cent, equals \$172,000 compared to FY 2020-2021, at \$169,000 FY 2019-2020 equal \$167,000.
- We had tax increases FY 2018-2019 at .79 to .81 and FY 2016-2017 at .73 to .79.
- We didn't give a COLA in FY 2020-2021 at 0%, FY 2019 -2020 at 2%, FY 2018- 2019 at 0%, and FY 2017-2018 at 0%.
- Appropriation from Total Fund Balance FY 2019 at \$2,835,883, FY 2020 at \$2,837,444 FY 2021 at \$3,930.974 and FY 2022 at \$1,375,610.
- Pre-65 Retirees for FY 2018-2019 at an average of \$269,118, FY 2019-2020 at an average of \$244,745 and FY 2020-2021 at an average of \$228,590.

EXPENDITURES

- 2% COLA increase
- Health Insurance increase of 3%
- Property Liability increase from \$175,346 to \$193,685
- Workers Compensation decrease from \$151,344 to \$140,435
- Life Insurance increase from \$10,000 to \$15,000



REVENUES

- Tax Collection at \$13,922,120
- Sales Tax Collection at 5,092,490
- Motor Vehicle Collection at \$1,700,000
- DSS Reimbursement at \$4,000,000
- Solid Waste at \$2,104,885

INCREASES

- Tap Fees on 3/4 from \$550 to \$600
- MORTAC Building rental for \$300 to \$400 plus deposit of \$100
- Barnes Building Rental of \$125 plus deposit of \$50
- Garbage Availability Fee from \$172 to \$182
- 401-K increase from 3% to 4%

NEW PERSONNEL

- Information Technology
- Apprentice in Code/Inspection



EMPLOYEE POSITION COUNT

Department	Budgeted Positions	Currently Employed	Vacancies
Commissioners	5	5	
County Manager	2	2	
Finance	5	4	1
Tax Assessor	4	4	
Tax Collector	4	4	
Board of Elections	1	1	
Register of Deeds	3	3	
Communications	10	10	
DMV	2	2	
Data Processing	2	1	1
Governmental Center	4	4	
Sheriff	45	44	1
DSS	62	50	12
Emergency Management	1	1	
Building Inspections	3	2	1
Landfill	3	3	
Economic Development	1	1	
Soil Conservation	2	2	
Veteran	1	1	
Adult & Aging	6	6	
Transit	10	10	
Water	6	6	



NEW EQUIPMENT

- New Software for Finance
- New Dump Truck for Public and Water Department
- Service Maintenance agreement for IT
- (6) Patrol Cars for Sheriff Department

Statutory Requirements

North Carolina General Statute § 159-11(b) requires the County Manager to submit a proposed budget and budget message to the governing body by June 1st of each year. On the same day that the budget is presented to the governing body, the budget officer shall file a copy of it in the office of the clerk for public inspection and schedule a public hearing. This public hearing has been scheduled for the regularly-scheduled Board of Commissioners Meeting on June 9, 2021 at 7:00 p.m.

The governing body must adopt the annual budget ordinance by July 1st [North Carolina General Statute 159-13(a)]. However, North Carolina General Statute § 159-16 directs that if the budget ordinance is not adopted by July 1st, the governing body must adopt “interim appropriations for the purpose of paying salaries, debt service payments, and the usual ordinary expenses” of the county until the ordinance is adopted. North Carolina General Statute § 159-13 specifies that no earlier than 10 days after the budget is presented to the governing body and not later than July 1st, the governing body shall adopt a budget ordinance. Otherwise, the Board of Commissioners may adopt an interim budget ordinance to be effective from July 1st to August 1st.

Proposed Timeline for FY 2021-2022 Budget Adoption

- May 19th, 2021 County Manager’s Budget Presentation
- May 27th, 2021 Advertisement of FY 2021-2022 Budget Public Hearing
- June 9th, 2021 Budget Public Hearing
- June 9th, 2021 Budget Adoption



Budget Includes the General Fund, Enterprise Funds and Other Funds

The County budget is composed of revenues and expenditures for several funds, including the General Fund, the Water District (Enterprise) Funds and Other Funds. The General Fund accounts for resources traditionally associated with government that are not required legally or by sound financial management to be accounted for in other funds. Enterprise funds consist of a grouping of activities whose expenditures are wholly or partially offset by revenues collected from consumers in form of fees and charges. Enterprise funds are traditionally run more “like a business”.

Revaluation

North Carolina General Statute § 105-274 states all real and personal property located within its jurisdiction shall be subject to taxation unless it is otherwise exempted or excluded from taxation by law. North Carolina General Statute § 105-286 requires each county to conduct a General Reappraisal of all real property at least once every eight years. Martin County’s most recent revaluation was concluded as of Jan. 1, 2017. The next revaluation should be completed by January 1, 2025. The primary purpose of any revaluation program is to provide equalization among all property owners, as well as among all classes of property.

Since property taxes are based on value, it is important to have all property valued periodically on a uniform basis, using a modern system of valuation. Property values change with time. Some values go up, some go down, and others remain static. Appraisals must be updated, or inequities in tax distribution will result.

Reappraisals cover all residential and commercial land and structures, which includes homes, apartments, condominiums, office buildings, stores and warehouses. Reappraisals do not include what is classified as individual personal property, such as vehicles, boats, airplanes, and business equipment. These property types are valued annually.

North Carolina General Statute § 105-283 requires appraisals to be made of each property’s “true value in money” or “fair market value”, which is the most probable price a property would bring in a competitive and open market. Property values for a reappraisal are determined by comparing what similar properties are selling for, what it would cost to replace one’s property, the potential income or highest and best use of one’s property, as well as many other factors that may affect value.



During the revaluation, professional appraisers analyze data by reviewing of properties and establish the estimated fair market value (i.e., the price a willing seller would receive from a willing buyer). Martin County next Revaluation is scheduled for January 1st of 2025.

Use of Savings

The county's savings consists of the Fund Balance from the General Fund, as well as the Hospital Fund. The state requires a minimum of 8% in the Fund Balance for cash flow purposes. The 8% Fund Balance requirement is the minimum amount needed for cash flow.

Martin County's main source of revenue is the property tax, which is mostly collected between November, and January. The county needs its cash reserves to pay for bills in July, August, September, and October. Additionally, the county needs to maintain a certain amount of reserves for unforeseen events such as hurricanes.

A fund balance Policy was established on April 10, 2013 and is intended to address the needs of Martin County in the event of an unanticipated and unavoidable occurrences which could adversely affect the financial condition of the county. This policy ensures that county maintains adequate fund balance and reserves in the county general fund balance to provide sufficient cash flow for daily needs, provide funds for unforeseen expenditures, and offset significant economic downturns or revenue shortfalls. The Board of Commissioners adopted a policy/ goal of maintaining a fund balance of 20%. As of June 30th, 2020 the Martin County Available Fund Balance (according to the LGC definition, not the CAFR) was approximately \$8.1 million (or about 26.76%). According to the CAFR definition of "Unassigned" Fund Balance, Martin County has approximately 8 million (or about 26.5%). The following is the historical trend for the county's total General Fund-Fund Balance:



Historical Trend for the County’s Total General Fund-Fund Balance

Year	Total
2020	\$11,849,729
2019	\$11,510,902
2018	\$11,994,271
2017	\$11,972,890
2016	\$12,033,819
2015	\$10,599,984
2014	\$8,648,701
2013	\$6,694,544
2012	\$7,441,804
2011	\$8,892,145
2010	\$9,353,041
2009	\$10,087,996

Hospital Fund

The Hospital Fund consists of lease payments in advance for a 30- year lease, which was entered into in 1998. 1/30th of these funds are considered “earned” for each year of actual use of the hospital building. Accounting principles dictate that the county should not spend lease payments until they have been “earned”. In the Hospital Fund as of June 30th, 2020, the county had about \$12.8 million. The earned revenue in the Hospital Fund as of June 30, 2020 was about \$8.14 million.



Historical Trend for the Hospital Fund and Earned Available Balance

Year	Total	Earned Available
2020	\$12,819,154	\$8,144,159
2019	\$12,729,912	\$7,488,250
2018	\$13,546,770	\$6,036,802
2017	\$12,411,798	\$6,036,802
2016	\$12,380,235	\$5,438,572
2015	\$13,115,690	\$5,607,359
2014	\$14,806,697	\$6,731,700
2013	\$15,779,000	\$7,137,336
2012	\$15,851,383	\$6,643,052
2011	\$16,016,113	\$6,241,115
2010	\$16,048,998	\$5,707,333
2009	\$16,134,334	\$5,226,002

The Martin County Board of Education

The Martin County Board of Education requested \$6,500,000 in Current Expenses, which is an increase of \$500,000 over the amount the county budgeted in FY 2020-2021; \$6,000,000 is included in this budget. The Board of Education requested \$800,000 in Capital Outlay FY 2021-2022. Funding Capital Outlay at \$500,000 is included in the FY 2021-2022 budget.

The Martin County Board of Education during the COVID pandemic had applied for ERISA funding that could total over \$15,000,000, which may be used in some of its request in this proposed budget for FY 2021-2022.

Martin Community College has requested \$1,026,250 in Current Expenses and \$60,000 in Capital Outlay (total \$1,086,250). Last year, Martin County funded \$1,029,054 for Current Expenses and \$60,000 for Capital Outlay (total of \$1,089,054) for MCC. The FY 2021-2022 budget maintains the FY 2020-2021 level of funding for MCC – a total of \$1,086,250.



Bertie-Martin Regional Jail (\$1,376,486) will be maintained in FY 2021-2022.

Youth Detention Budgeted at \$30,000

Drug Recovery Court \$10,000 is included in the FY 2021-2022 budget for the Drug Recovery Court Initiative this was the same as last year.

Health Department-Martin-Tyrrell-Washington District Health requested a 10% increase which is not reflected in the current funding of \$378,733.

Mental Health- budget includes maintenance of the current funding of \$48,462 for Trillium.

Library- The Beaufort-Hyde-Martin (BHM) Regional Library budget includes requested funding of \$104,904. This represents a \$1,710 increase from the previous budget.

Again this budget represents an ability to provide core services to the citizens of Martin County without a tax increase and a decrease in the Fund Balance of over \$2,500,000. In addition, we have been able to plan for areas that will help improve the quality of life for renovation of county owned properties, social/economic development and help foster a deeper pride in residing in this community.

As you can tell, there are many new and exciting things happening in Martin County that will help cause revitalization of our county spirit while encouraging future economic development. Many of these events are made possible as a result of the leadership of Martin County Board of Commissioners and Staff for their relentlessness in being willing to go over and beyond in providing services.

I would like to offer a special thanks to Finance Officer, Cindy Ange, Clerk to the Board/Executive Assistant Julia Rease, and Deputy Clerk Marion Thompson for assistance in the preparation of this presentation of the FY 2021-2022 Budget.

Kindest Regards,

U. James Bennett, County Manager