

BOARD OF COMMISSIONERS

RONNIE SMITH, CHAIRMAN
DEMPSEY BOND, JR., VICE CHAIRMAN
JOE R. AYERS
EMILY BIGGS
DAVID "SKIP" GURGANUS



U. JAMES BENNETT
COUNTY MANAGER

JULIA REASE
DEPUTY CLERK

June 8, 2022

**TO: Chairman Ronnie Smith
Vice-Chair Dempsey Bond
Commissioner Joe Ayers
Commissioner Emily Biggs
Commissioner David "Skip" Gurganus**

From: U. James Bennett, County Manager

Commissioners:

As we bring to an end Fiscal Year 2021-2022, Martin County has weathered the storm. This year has been an amazing year. While still in the midst of COVID, we were able to boast the following grants: Airport grants totaling \$5,048,731.00, Soil and Conservation @ \$267,000, Administration @ \$3,837,000.00, Sheriff Department @ \$122,000.00, Emergency Management @ \$39,000.00, ARP @ \$4,300,000, Transit @ \$788,430.00. and Aging @ \$302,041.00. As you can see, we have been very successful in accumulating a total of \$14,704,202.00 in Grants this fiscal year. The Proposed Budget FY-2022-2023 is being presented for your perusal and acceptance. This document represents request by the departments and collaboration by the Board. Martin County Board Retreat was held on March 28th and 29th. The guest speakers were from across the State and covered the topics of (Being and Effective Commissioner, Building Relationships, Leadership and Preparing for a Positive Revaluation). All departments presented their objectives for FY – 2022-2023 while listing the past year accomplishments.

While each staff member played an integral part in the overall development of this FY-2022-2023 Budget, I would like pay a special thanks to the Department Heads in closely monitoring their budgets this fiscal year.

TRENDS

- **At our current tax rate of \$0.81 per \$100 valuation at 1 cent, equals \$177,660.00 compared to FY- 2021-2022, @ \$172,000.00. FY- 2020 – 2021, @ \$169,000.00., 2019-2020 equal \$167,000.**
- **Last Tax Increase was in FY – 2018-2019 @.79 to .81, FY-2019 – 2020 @ 0, FY-2020-2021 @ 0, FY 2021-2022 @ 0, FY- 2022-2023 @ 0**

- COLA increase 2022- 2023 @ 3%, 2021-2022 @ 2%, 2020-2021 @ 0%, 2019 – 2020 @ 2%, 2018 – 2019 @ 0%, and 2017 -2018 @ 0%
- Appropriation from Fund Balance was \$483,369 in 2019, added \$338.890 to Fund Balance, 2021 \$2,986,692 added and we are expecting not to use any in 2022
- Pre-65 Retirees for FY – 2018-2019 @ an average of \$269,118.00, 2019 – 2020 @ an average of \$244,745.28 and 2020 – 2021 @ an average of \$228,589.92. average for 2022-2023 \$99,837.09
- Albemarle Tideland Health Insurance FY – 2021-2022 @ 24,732.00
- Awarded employees (2) \$1,000.00 Incentive Pay
- Added an additional day for Christmas
- Added Juneteenth as Holiday
- \$20,000 as a match for personnel at the (5) Rescue Squads

EXPENDITURES

- 3% COLA increase
- Health Insurance increase of 5.19%
- Property Liability increase from \$175,346.00 to \$193,685.00
- Workers Compensation decrease from \$140,435.00
- Retirement Rate Increase from 11.43% to 12.17%

REVENUES

- Tax Collection @ \$14,390,460.00
- Sales Tax Collection @ 5,194,339.00
- Motor Vehicle Collection @ \$1,844,370.00
- DSS Reimbursement @ \$3,379,695.00
- Solid Waste @ \$2,100,000.00

INCREASES

- MORTAC Building rental for In County \$400.00 to \$500.00 plus deposit of \$100.00 and additional day @ \$400.00. Out of County @ 600.00 plus \$100.00 deposit an additional day @\$400.00
- Barnes Building Rental In County @ \$175.00/ Out of County @\$200.00 plus deposit of \$50.00

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NEW PERSONNEL

- **Human Resource Manager**

NEW EQUIPMENT

- * **40' x 40' Storage Building**
- * **(2) HVAC Units**
- * **IT Software and wiring**
- * **(3) 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 8, 2022 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.

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

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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 \$8,144.159 million (or about 26.76%). According to the CAFR definition of "Unassigned" Fund Balance, Martin County has approximately \$14, million (or about 30.84). The following is the historical trend for the county's total General Fund-

BOARD OF EDUCATION

Martin County Board of Education is recommended \$6,150,000 for FY-2022-2023. In Current Expense. This is an increase of \$150,000.00 over FY-2021-2022 budget. The Board of Education is recommended for \$500,000. In Capital Outlay which is the same as last year's funding.

MARTIN COMMUNITY COLLEGE

Is recommended for \$1,056,002 in Current Expenses and \$60,000 in Capital Outlay (total \$1,116,002.). Last year, Martin County funded \$1,026,250 for Current Expenses and \$60,000 for Capital Outlay (total of \$1,086,250) for MCC.

Bertie-Martin Regional Jail (\$1,346,486) will be maintained in FY 2022-2023.

YOUTH DETENTION (\$20,000.00)

DRUG RECOVERY COURT

Is recommended for \$10,000 which is included in the FY-2022-2023 budget for the Drug Recovery Court Initiative.

HEALTH DEPARTMENT

Martin-Tyrrell-Washington District Health is recommended funding of \$416,606.00.

MENTAL HEALTH is recommended at \$48,462 for Trillium.

LIBRARY

The Beaufort-Hyde-Martin (BHM) Regional Library requested maintenance of the current funding of \$108,024.00. This represents a \$2,120.00 increase from the previous budget.

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

| Year | Total |
|------|--------------|
| 2021 | \$14,836,484 |
| 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 |

Fund Balance Appropriation, FY 2019-2020 @\$1,271,000.00, FY 2020-2021 @ 0 and FY 2022-2023 @ 0. Our Fund Balance grew from 26% to 30% this last Fiscal Year.

Hospital Fund

The Hospital Fund consists of lease payments in advance for a 30- year ease, 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\$11.8 million. The earned revenue in the Hospital Fund as of June 2020 was about \$7.716 million. This also represents the third fiscal year, we didn't appropriate and fund balance from the Hospital Fund

Historical Trend for the Hospital Fund and Earned Available Balance

| Year | Total | Earned Available |
|------|-----------------|------------------|
| 2021 | \$11,824,522.00 | \$7,716,194 |
| 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 | \$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 |

Hospital Funds Appropriation for FY2019-2020 @ \$1,566,667.00, FY2020-2021 @ \$1,566,677.00 actually using \$1,000,000.00, FY2021-2022 @ 0 and in FY 2022-2023 @) 0

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Again it gives a great deal of pleasure in presenting this Balance Budget of \$33,397,664. This represents a significant decline of \$910,561 from the previous year. This budget represents an ability to provide core services for Martin County Citizens without a tax increase while increasing the Fund Balance of over \$2,986,755.00. In addition, we have been able to plan for areas which will allow for continued growth and help improve the quality of life for our citizens without instituting tax increases. During this past fiscal year, we have been able to garner over \$14,704,202.00 in grants.

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. This is not to say we will not have challenges and opportunities, but we are better position financially to succeed. Many of these events are made possible as a result of the leadership of Martin County Board of Commissioners and Staff for their restlessness in being willing to go over and beyond in providing services.

I would like to offer a special thanks to Ms. Cindy Ange for her assistance in this presentation of FY-2022-2023 Budget.

Kindest Regards,

**U. James Bennett
County Manager**