



STOKES COUNTY

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Budget Message

Fiscal Year 2021/22

TO: Honorable Stokes County Board of Commissioners

FROM: Jake M. Oakley, County Manager

DATE: May 24, 2021

SUBJECT: **Fiscal Year 2021/22 Recommended Budget**

It is my privilege to present to you the recommended budget for the 2021-22 Fiscal Year. In accordance with the General Statutes of North Carolina, the budget is **balanced** and prepared under the guidelines of the North Carolina Local Government Budget and Fiscal Control Act. A copy of this document has been filed with the Clerk to the Board and will be posted on the County's website where it is available to the public for inspection. My 2021-22 recommended budget with a Tax Rate of **\$0.31** per \$100-dollar valuation for General County, **\$0.31** School Current Expense Fund, **\$0.04** cents Dedicated Education Fund and **\$0.08** cents for all Fire Districts will mark the seventh (7th) consecutive year with **No County Property Tax Increase.**

The purpose of the County's annual budget process is to develop a fiscally responsible plan that enables the organization to accomplish the priorities established by the Board of County Commissioners. The priorities in this budget are based on the guidance received through a Budget/Goals Work Session held during the month of March. After reviewing the County's revenue sources and the initial budget requests received from County Departments, we arrived at a General Fund budget deficit of **\$7,576,922** or the equivalent of a 17.15 **cent** property tax rate increase over the current budget.

2021 Revaluation

New Market Assessment Values were established. The State of North Carolina mandates each county to conduct a reappraisal of real property at least once every eight years per NCGS 105-286. Stokes County chooses to advance their reappraisal to a four-year cycle based upon having such a large Public Utility presence in the County. As you may be aware, if a county's sales ratio drops below 90% in the fourth or seventh year of a reappraisal cycle, then equalization occurs for the Public Service Companies; thus performing a four-year reappraisal eliminates this scenario from occurring. The 2021 Revaluation is projected to increase Property Values by \$373,000,000; however, Personal Property and Public Utilities are projected to be flat or have a decrease which decreases the New Revaluation values to \$313,000,000. This \$313,000,000 valuation increase will generate an additional \$1,940,600 in property tax revenue based on a County Tax Rate of \$0.62 per hundred of valuation. Stokes County has always conducted their Revaluation work in-house, which is a savings of \$900,000 every Four years. The Tax Office is continuing to work through taxpayers' appeals with a small effect to the new values.

Revenue – Neutral Tax Rate on all Taxing Districts with adjustment for growth

In the year in which a general reappraisal of real property has been conducted, the budget officer shall include in the budget, for comparison purposes, a statement of the revenue-neutral property tax rate for the budget. The revenue-neutral property tax rate is the rate that is estimated to produce revenue for the next fiscal year equal to the revenue that would have been produced for the next fiscal year by the current tax rate if no reappraisal had occurred. The following are Tax Rate at Revenue-Neutral, calculated at Revaluation values, along with 2020 new Construction growth. \$4,521,801,388. The percent of calculation is 2.753% on natural growth since last Revaluation.

Revenue-Neutral Tax Rate per Districts

- General County = \$0.2968 Tax Rate – (current rate \$0.31)
- Schools = \$0.2968 – (current rate \$0.31)
- Forsyth Tech / Education Fund = \$0.0383 – (current rate \$0.04)
- Service Fire District = \$0.0785 – (current rate \$0.08)
- King Fire District = \$0.0735 – (current rate \$0.08)
- Rural Hall Fire District = \$0.0737 – (current rate \$0.08)
- Walnut Cove Fire District = \$0.0748 – (current rate \$0.08)

I do not recommend lowering the tax rate to this revenue-neutral rate, and using the addition revenue for several projects laid out in the budget.

Conclusion

Balancing a budget requires a thorough analysis of the County’s revenue stream combined with attempting to meet the requests from each of the County’s departments. I have thought critically about each of the requests, and my conclusions were based on the overall well-being of the citizens of Stokes County. I would like to thank each of the County employees for their tireless efforts and continuous service that they provide to the citizens of Stokes County. I would also like to thank the Board of Commissioners for providing valuable direction in the development of this recommended budget. I am looking forward to working with each of you to develop a final budget for FY 2021/22 that will meet the service needs and expectations of our citizens and our communities.

Sincerely,

Jake M. Oakley
County Manager