

B U D G E T M E S S A G E

TO: Ricky Bullard, Chairman
Columbus County Board of Commissioners

FROM: Edwin H. Madden, Jr.
Columbus County Manager

DATE: May 12, 2022

RE: **Columbus County Fiscal Year 2022-2023 Budget Message**

Overview

In accordance with the North Carolina Budget and Fiscal Control Act, North Carolina General Statute 153A-82, I submit the Fiscal Year 2022-2023 (FY 2023) recommended annual budget for Columbus County for your review and consideration. North Carolina law states that a balanced budget must be publicly presented by staff on or before June 1 and a balanced budget adopted by June 30, however, the proposed FY 2023 budget is being presented early this year due to requirements imposed by the Local Government Commission that result from unsatisfactory audits under a previous county administration.

We are pleased to present a balanced budget without a property tax increase that is fiscally sound and conservative. Even though there is an increase in the total budget, you will recognize that the increase is limited to select functions of county government, most of which are mandated by state and federal requirements.

In planning for the upcoming fiscal year, the departmental leadership, finance team, and administration staff assessed the resources needed, based on the future goals set by the Columbus County Commissioners that were established at the annual budget retreat. This information was utilized to develop the recommended budget for FY 2023. The major themes the board established were to increase pay for all employees in order to retain and recruit top quality people, support law enforcement and public safety, increase support for our public schools and the community college, enhance the county's water, sewer, and broadband capabilities, and develop new opportunities for economic development. In my opinion, the recommended budget is the step in the right direction in addressing each of the priorities set by the board.

The budget team involved departmental leadership in the budget process and relied on their expertise in developing the recommended budget for FY 2023.

The recommended FY 2023 budget provides funding to maintain Columbus County's high quality services, meets the needs of the community and is fiscally responsible with taxpayer dollars.

RECOMMENDED BUDGET

The FY 2023 recommended budget totals \$99,709,964 for all County operations. Following is the breakdown between the General Fund, Water Fund and all other Funds:

	<u>Adopted Budget FYE 6/30/2021</u>	<u>Adopted Budget FYE 6/30/2022</u>	<u>Proposed Budget FYE 6/30/2023</u>
General Fund	\$74,644,928	\$67,744,861	\$70,226,747
Water Fund	\$ 3,960,849	\$ 3,691,009	\$ 4,470,696
Other Funds	<u>\$20,299,697</u>	<u>\$21,152,339</u>	<u>\$25,012,521</u>
Total All Funds	<u>\$98,905,474</u>	<u>\$92,588,209</u>	<u>\$99,709,964</u>

Total proposed budget of \$99.7 million for fiscal year ending 6/30/2023 is an increase of \$7.1 million (7.9%) over the adopted budget for fiscal year ending 6/30/2022.

GENERAL FUND

The General Fund is the main operating fund for the majority of the County operations. We have balanced the budget for FY 2023 without utilizing any funds from the Fund Balance. The FY 2023 budget increased \$2,481,886 (3.7%) over FY 2022 budget. Education expense accounted for \$1,683,499 of this increase. The additional education expense was the pass through of additional funds received from Article 42 and Article 44 sales tax that is required to be distributed to the school systems. Following is more detailed information related to the revenue and expense budget for this fund.

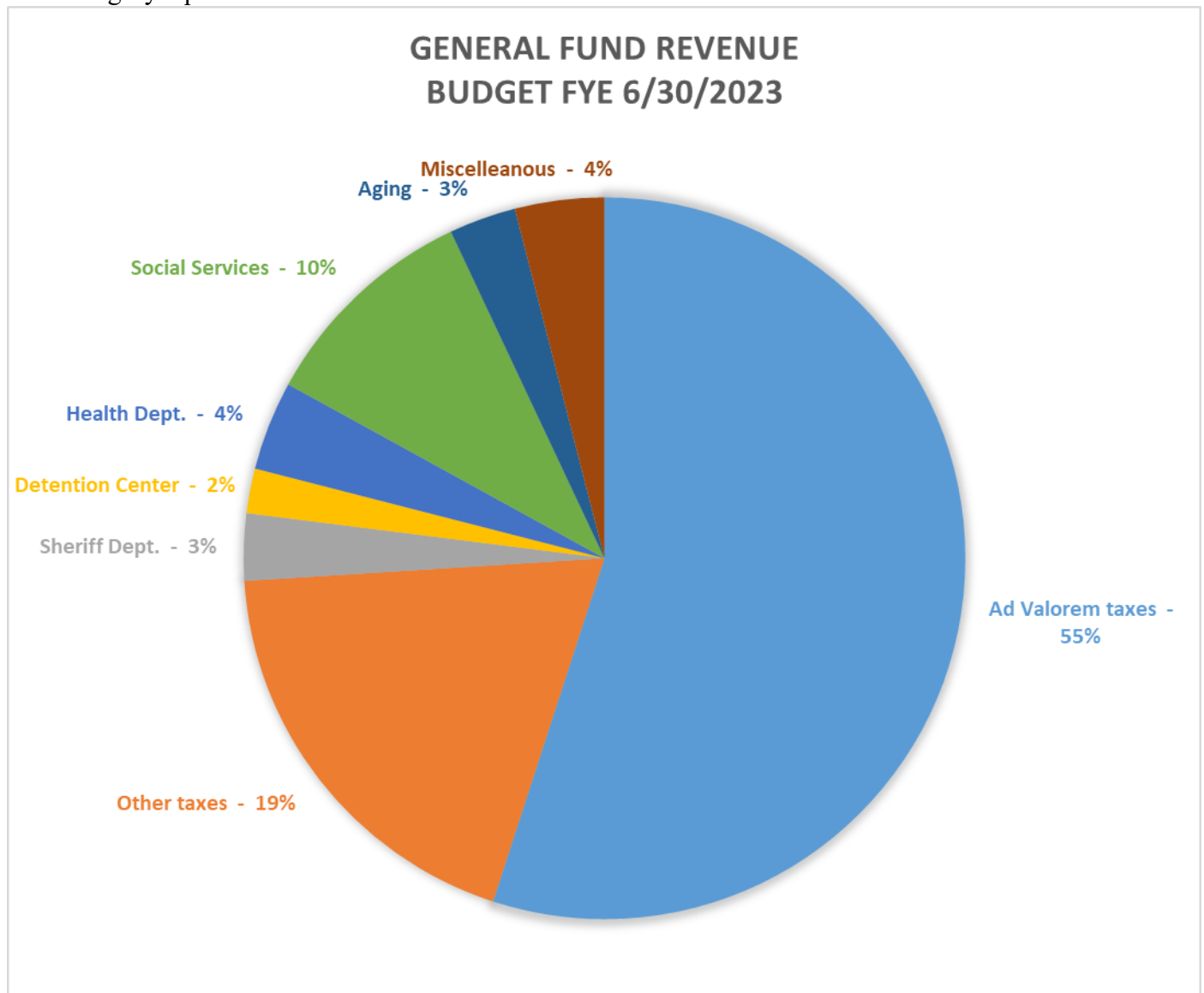
A consultant provided to us from the North Carolina Association of County Commissioners is currently reviewing the Emergency Management System provided to the citizens. Because the study has not been completed and the final cost has not been calculated, we have not included any expense in the FY 2023 budget to address this study. When the study is complete and presented to the Board of Commissioners, a decision will be made at that time on the funding amount and source. We anticipate a formal presentation to the Board of Commissioners with recommendations to be considered after the new fiscal year goes into effect.

This past year the County purchased several buildings to consolidate services and reduce rental expense to outside vendors. This was done to improve the efficiency of the County operations and provide a more centralized area for County residents to conduct business with the County. There were one-time expenses incurred in Facility Services related to the moving of County offices that will not be reflected in the FY 2023 budget.

The County also entered into a lease arrangement with Enterprise to receive new vehicles for the Sheriff's office and other departments. This resulted in additional lease expense in the FY 2023 budget but will reduce capital outlay and maintenance and repair expense for the vehicles.

Revenue

The chart below shows the various categories of revenue in the FY 2023 budget along with what percentage each category equals.



The largest category, *Ad Valorem taxes*, generates 55% of the total revenue budget. We have budgeted \$38.7 million for the Ad Valorem taxes revenue which is an increase of 14.7% over the projected FY 2021-2022 totals. No change has been budgeted for the current tax rate of \$0.805 per \$100 of assessed value with a collection rate of 97.78% for next year.

Other taxes, which comprises 19% of the total budgeted revenue, is the sales tax revenue budgeted at \$13.6 million for FY 2023, an increase of \$999,336 (7.9%) over the projected current year. We have seen a trend of growth in this tax as the population is spending more as the pandemic restraints are being reduced.

Sheriff's revenue is comprised of various fees and reimbursements. Total revenue for the Sheriff's department of \$2,198,855 is projected to increase 5.9% over last year's budget. The largest amount is \$1,366,337 for resource officers provided to schools.

Detention Center revenue budgeted \$1,090,000 which includes the agreement to house prisoners through the federal inmate program that will generate \$1,000,000 in revenue for the next fiscal year. The agreement provides \$64 per day per inmate plus additional reimbursement for transportation to court appointments. We have budgeted for 42 inmates per day although we can house up to 80 per day.

Health Department revenues budgeted at \$2,614,410 is an increase of 2.3% from projected FY 2022 totals. The Health Department contracts with both the State and Federal governments to provide services to the public. The management of the Health Department was conservative in their projections basing them only on the contracts that they have approved from the government at this time. One of the single largest contracts is \$568,000 for school nurses.

Social Services programs for low income persons are funded by various State contracts. The budget for these various programs for FY 2023 is \$7,065,913, a 7.6% increase from the FY 2022 projected totals. The management, being conservative in their revenue budget, was basing the projections on the contracts that have been approved to date.

Aging department has budgeted \$1,803,080 revenue for FY 2023. The department's revenue is derived from Federal Grants and State programs to provide services to the aging community. The revenue budget for FY 2023 is 6.2% higher than the projections for the current year. Their projections are based on information provided by the Federal and State government.

Miscellaneous revenue consists of all of the remaining sources in the General Fund not detailed above. The table below details the larger amounts in the miscellaneous revenue:

Description	Actual FY 2021	Projected FY 2022	Budget FY2023
Investment Earnings	\$ 92,312	\$ (1,833)	\$ 15,000
Airport (fuel sales and rent)	370,228	388,100	515,000
Register of Deeds fees	692,600	519,119	394,300
Inspection fees	431,510	370,000	390,000
Economic Development	62,280	250,300	113,000
Education	143,760	131,507	145,000
Library fees	149,314	131,305	131,000
Rent	115,354	113,276	115,719
Other	535,205	576,383	661,768

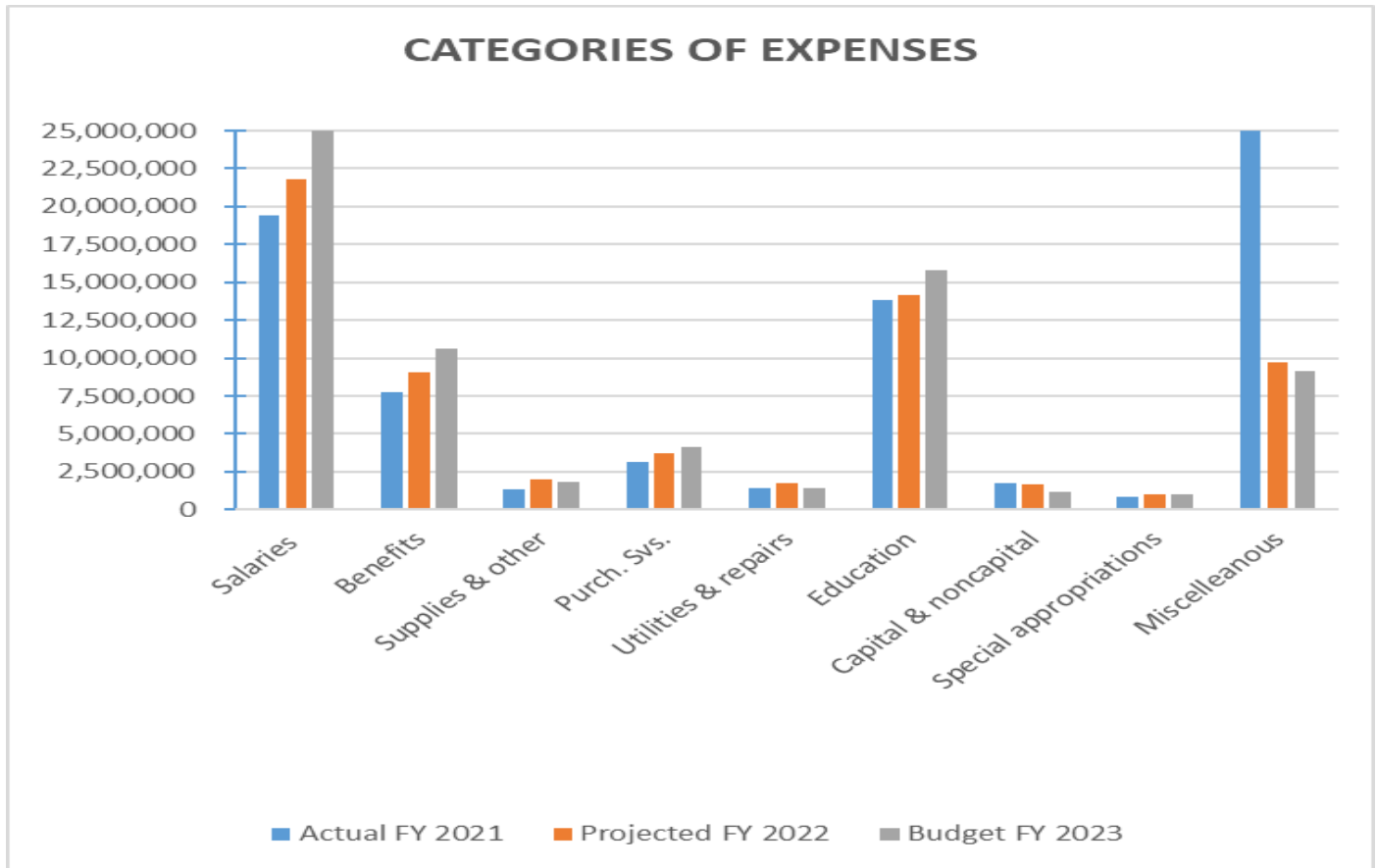
The total budgeted miscellaneous revenue for FY 2023 is \$3,068,656, which is a 15.8% increase over FY 2022 projections.

Included in the \$3,068,656 revenue budgeted for FY 2023 is \$680,527 that represents the repayment from the Water Fund for advances made by the General Fund to cover the expenses of the new AMR system.

Expenditures

Total General Fund expenses of \$70,226,747 budgeted for FY 2023 increased over FY 2022 budgeted expenses by \$2,481,886 (3.7%).

The graph below summarizes the expenses by Categories for the County. Each category is compared for the last three years, actual 2021, projected 2022 and budgeted 2023. The largest category is salaries followed by Education. The salaries have increased along with the benefits over the past three years. The majority of other categories have remained fairly constant over the past three years.



NOTE: The large increase in miscellaneous expenses for actual FY 2021 included \$10,975.855 that was transferred to Capital Projects including the Water Districts.

Salaries – As we address recruitment and retention, it has been necessary to make strides towards improving salaries for all employees. Columbus County continues to lag behind in virtually every department compared to surrounding counties and from across the state in counties of similar size and demographics. The Cape Fear Council of Government has provided us with data from surrounding counties and towns related to proposed COLA adjustments for FY 2023. The report reveals that most towns, cities and counties in the region are proposing at least a 7% COLA. Some are providing one time bonuses, merit raises, and 401 (K) matches in addition to their proposed COLA adjustments.

In order to keep pace and reduce the potential of losing qualified employees, we are proposing a 7% COLA for all employees for FY 2023. The proposed increase only matches or attempts to match what others are doing, it certainly does not close the gap on already lagging salaries and benefits.

Each 1% of COLA increase equals \$260,000 including benefits. Twelve departments have had approved positions vacant during the year which saved in excess of \$1,875,000 in current salaries. Those positions were budgeted to be completely filled in the FY 2023 budget with the exception of the departments with many vacancies, Social Services, Health, Sheriff and Detention. Budgeting to have all of those positions filled accounted for the additional 8% increase in salaries in FY 2023.

Benefits – The total benefits budgeted equal 42.2% of total salaries. The budget for FY 2023 includes a 10% increase in healthcare benefit costs for the last six months of the fiscal year. The retirement contribution has increased 10.5% from last year increasing from 11.44% to 12.64% of payroll for all employees except law enforcement. The retirement contribution for law enforcement increased from 12.04% of salaries to 13.39%, a 11.2% increase. The life and disability insurance expense increases as this is based on total payroll. The higher the total payroll the higher the total expense for this insurance. There were no other changes in benefits.

Supplies and other – Total supplies and other expenses budgeted for FY 2023 of \$1,805,558 decreased \$226,310 (-11.1%) from FY 2022 projected totals. The largest decreases occurred in the various Health Department programs that projected future needs based on historical uses and approved contracts with the state and federal government.

Purchased Services – Total purchased services budgeted in FY 2023 of \$4,105,125 increased \$393,780 (10.6%) over projected FY 2022 totals. The additional increase for purchased services in FY 2023 were for the following:

Facility Services – various inspections, additional lawn service and maintenance contracts	\$ 75,000
Detention Center – cost of food and medical care for inmates	\$199,000
Cooperative Extension – increase in contract with State for salaries	\$ 48,000
Health Dept. – School Nurse Program	\$168,000

The balance of the budgeted expenses relate to various maintenance agreements, software licenses, and professional contracts to provide services to all departments.

Utilities & Repairs – Total utilities and repair expenses decreased \$368,297 (-21 %) from projected FY 2022. Although the utility expenses increased 3% to 6%, the repairs decreased \$680,000 in FY 2023 compared to FY 2022. Included in the FY 2022 repair expense was \$525,000 of one-time expense to renovate several County buildings to centralize services.

Education – Total education expense of \$15,825,188 increased \$1,683,499 (11.9%) over FY 2022. The education budget represents current operating expenses and capital improvement requests that will be

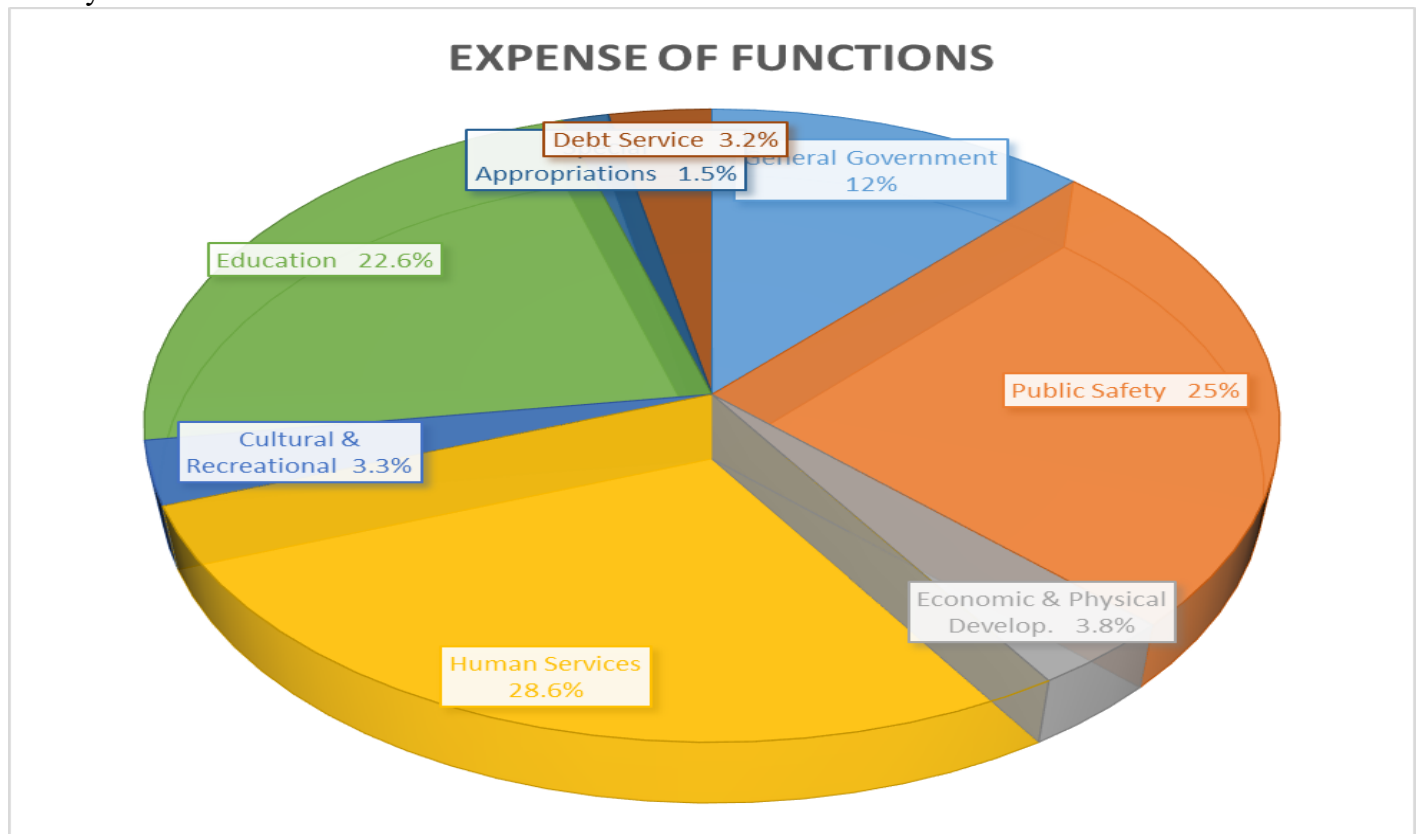
funded to Columbus County schools, Whiteville City schools and Southeastern Community College. The total includes debt service payments for Whiteville schools and Columbus County schools related to debt incurred for their capital projects. FY 2023 will be the first year of the full debt payment of \$684,315 to USDA for the Whiteville School project.

Capital – The capital and non-capital expenses budgeted at \$1,145,897 for FY 2023 was a decrease of \$499,585 (-30.4%) from FY 2022 projection. The largest budgeted expenditures for FY 2023 were for the following:

Tax dept.	\$147,500	Balance of payment for new tax software
Facility Services	\$137,000	\$100,000 for DSS parking lot; \$37,000 roof replacement
Sheriff	\$350,000	Accessories and other equipment for leased vehicles
Detention	\$125,000	\$75,000 remodel booking room; \$50,000 remodel nurse station
Animal Control	\$162,000	Remodel Euthanasia room
Emergency	\$ 22,500	3- self-contained breathing apparatus

Miscellaneous – This expense includes insurance, several fees passed through to the State and other expenses that did not fit the description of any other categories. Budgeted \$9,154,259 for FY 2023 was a decrease of \$551,280 (-6.7%) compared to FY 2022 projections.

The pie chart below provides the FY 2023 percentage of expense by functions. Following will be a detailed explanation of what departments are included in each function and their expenses budgeted for the next fiscal year.



<u>Function</u>	<u>Budget FY 2021</u>	<u>Budget FY 2022</u>	<u>Budget FY 2023</u>
General Government	\$ 7,471,355	\$ 7,917,813	\$ 8,473,284
Public Safety	\$14,044,608	\$16,785,938	\$17,487,377
Economic & Physical Development	\$ 2,656,653	\$ 2,887,952	\$ 2,672,049
Human Services	\$19,739,214	\$19,904,198	\$20,064,845
Cultural & Recreational	\$ 2,057,162	\$ 2,227,113	\$ 2,325,302
Education	\$14,289,703	\$14,141,689	\$15,825,188
Special Appropriations	\$ 1,051,732	\$ 1,196,618	\$ 1,024,128
Transfer to Other Funds	\$11,692,440	\$ 408,079	\$ 94,036
Debt Service	\$ 1,642,061	\$ 2,275,461	\$ 2,260,538
TOTAL	<u>\$74,644,928</u>	<u>\$67,744,861</u>	<u>\$70,226,747</u>

General Government

Governing Body – for FY 2023, expenses increased \$31,148 (11.0%) from FY 2022 projected totals. The increase was in salaries and benefits plus \$8,700 budgeted for software to prepare board packets.

Administration – expenses increased for FY 2023 \$144,717 (16.1%). The majority of the increase of FY 2023 was a 17% (\$80,341) increase in property and liability insurance. The Assistant County Manager position was budgeted for 12 months in FY 2023 compared to 9 months actual in FY 2022.

Personnel – besides the ongoing expenses in the department, \$13,000 has been included in the FY 2023 budget for additional leadership and employee training courses. Staff development expense was increased \$7,700 for employee luncheon, health and wellness fair and years of service recognition.

Finance – budgeted expense for FY 2023 increased \$256,647 (44.0%) over projected FY 2022. The increase is due to the transfer of four full-time customer service positions from the Tax department as we centralized collections, increase of \$30,000 in audit expense and \$37,000 for copy expense and shredding for all departments.

Tax Administration – budgeted expense for FY 2023 decreased \$23,505 (-1.4%) with the transfer of four customer service positions to the Finance department. Although the FY 2022 budget included \$295,000 in capital outlay to purchase new tax software, only \$147,500 was spent in FY 2022 with the balance of \$147,500 budgeted for FY 2023.

Legal – budgeted expense for FY 2023 decreased \$26,839 (-11.0%) in salaries and benefits with the retirement of a long term professional replaced with a lower salaried individual.

Teen Court – is a state program and the budget is developed by the state.

Elections – budgeted expense for FY 2023 decreased \$18,439 (-3.4%) from FY 2022 projections. FY 2022 included a one-time grant expenditure of \$101,917 for new equipment.

Register of Deeds – no new positions or significant additional expenses from the current fiscal year projected for this department.

Management Information Systems - similar expenses budgeted for FY 2023 as budgeted for FY 2022. Additional expenses in FY 2023 of \$20,000 for website revision and \$19,000 for spam filter and 10-year archive software were added.

Central Garage – similar expenses budget for FY 2023 as budgeted for FY 2022.

Facility Services – this category consists of the following buildings: Court facilities, Administrative building, Department of Social Services building, Senior Centers, Miller (Health department) building, Soil and Conservation building, Public Treatment Water facility, BB&T north complex and BB&T original Administrative offices and four school buildings.

Total budget for FY 2023 is \$2,175,439, an increase of \$53,727 (2.5%) over projected FY 2022. However, included in the FY 2022 projection is one-time expense of approximately \$525,000 for renovations to the BB&T Administrative offices.

The BB&T Administrative offices were added in FY 2022 and have been renovated to centralize many County services. The budgets include additional housekeeping and maintenance staff, utilities, maintenance and repairs.

POTW (Public Owned Treatment Water) – budgeted \$51,042 for FY 2023. This expense represents the administrative costs involved to maintain permits and meet state regulations if the County ever wanted to reopen the treatment plant. Administration will consider future use in FY 2023 and possibly consolidate this operation into the Water District Fund where it is located.

Public Safety

Sheriff – the Sheriff's budget for FY 2023 is \$824,727 or 10.0% higher than FY 2022 projections. The largest expense in this budget is for salaries and benefits. Included in the FY 2023 capital outlay for the Sheriff's department is \$350,000 for accessories (radios, lights, signage) for the additional vehicles leased in FY 2023. The use of the Enterprise lease program has allowed the Sheriff's department to replace vehicles more rapidly than an outright purchase. The lease total has increased \$153,401 in FY 2023. Projected savings from the Enterprise program will result in the next few years with lower maintenance costs and higher resale value of used vehicles. Special Services expense is budgeted to increase from \$100,000 in FY 2022 projection to \$150,000 in FY 2023. This is the money that is used to purchase illegal drugs in undercover operations.

Sheriff's Department Grants – projected total expense for FY 2022 of \$33,534 with no budgeted expense in FY 2023.

Detention Center – FY 2023 budgeted expenses of \$5,224,025 increased \$957,815 (22.5%) over FY 2022 projection. The medical expense for inmates, food and departmental supplies increased \$298,858 (38.6%) due to inflation resulting in an increase from the outside contractor for these services.

EMS Medical Director – FY 2023 budget increased \$11,250 based on a new contract negotiated with the provider.

Emergency Services – FY 2023 budget of \$1,920,455 is an increase of \$366,970 (23.6%) over FY 2022 projection. The salaries and benefits expense accounted for \$334,198 of the increase over FY 2022 projections. Salaries will need to be adjusted for the 911 telecommunicators to be competitive with surrounding Counties.

Animal Control – the FY 2023 budget of \$898,699 is an increase of \$217,849 (32.0%) over FY 2022 projection. The largest increase is in capital outlay of \$162,000 to develop and upgrade a Euthanasia room to meet state standards

Building Inspections - similar expenses budget for FY 2023 as projected for FY 2022 with the majority of the increase in salaries and benefits.

Economic and Physical Development

Airport – Total budgeted expenses for FY 2023 is \$565,624 compared to FY 2022 projection of \$481,167. The largest expense item in the airport budget is aviation fuel purchased for resale. \$375,000 was budgeted for aviation fuel in FY 2023 compared to \$290,000 projected expense for FY 2022. All other expense items in the budget for FY 2023 are comparable in amounts to the FY 2022 budget.

Economic Development/Planning - FY 2023 budget decreased \$127,857 (-9.7%) from FY 2022 projections. The largest decrease of \$140,500 occurred in the Building Reuse Grant expense that will not be available.

Cooperative Extension – FY 2023 budget of \$610,219 is \$72,229 (13.4%) increase over the FY 2022 projections. The largest line item is contracts which is budgeted for \$523,113. The contracts are the amount the County reimburses North Carolina State University for the staff who provide the services in the County. This contract amount increased 9.8% over FY 2022 projections.

Soil Conservation – FY 2023 budget of \$304,718 increased \$76,136 (33.3%) over projected FY 2022 totals. The increase is a result of converting a part-time position to full-time for FY 2023 along with the benefit expense. All other line item expenses are budgeted similar to the previous year.

Human Services

Health Department – Provides various services under many programs which are funded by Federal, State and local monies. Following is the list of the different programs with a description of the services provided to Columbus County residents. The budgeted amounts for the various programs is based on expected reimbursements from Federal and State programs along with County appropriations. Several of the following programs have budgeted a decrease in expenses for FY 2023 compared to FY 2022 budget. The reason for these decreases is the Health department received cost report settlements from the Federal and State agencies related to prior year's operations. The Health department is required to add these reimbursements to the associated departments. This occurred in the current fiscal year but there is no budget for cost report settlements in FY 2023.

Health Promotion is budgeted for \$302,335 for FY 2023 which is a reduction of \$28,108 from the FY 2022 budget. A Health Educator is employed to work with the citizens to promote health improvement. Adult immunizations (including annual flu) are provided from this program. Funding for these services is received from Medicaid, Medicare, personal insurance and local match.

Cooperative Health provides the School Nurse program for which we will receive \$568,000 from the State. The administrative services to operate the Health Department are covered in this cost center. County money is utilized to cover the balance of the expenses. The total budget for this cost center for FY 2023 is \$1,893,244 which is an increase of \$273,510 (16.8%) over the FY 2022 budget.

Infant Mortality Reduction Grant is 100% funded by a State grant. The services provided by a family nurse to high risk pregnancies and education to prevent infant mortality. The budgeted FY 2023 of \$64,820 is \$538 higher than FY 2022 budget.

Bioterrorism Health is a State mandated program funded by 90% State appropriations and 10% local match. The FY 2023 budget is \$42,513, a \$28 decrease over FY 2022 budget. This program covers supplies and education for any potential hazard event.

Communicable Disease Aids-TB is a State mandated program with some local funding. The FY 2023 budget of \$227,215 is \$10,378 decrease from the FY 2022 budget.

COLPO Clinic is a program for women's health. Colposcopies are performed in the office for women who have no health insurance. The equipment has been purchased by grant money and the program services are funded by Medicaid and local match. The FY 2023 budget of \$31,439, an increase of \$1,662 (5.6%) over the FY 2022 budget.

Family Planning is a State mandated program that is funded by Medicaid, personal insurance and County funds. This program provides birth control supplies and information to low income women of child bearing age. This program is one of the larger programs provided by the Health Department with a FY 2023 budget of \$508,873. This is a decrease of \$67,188 (-11.7%) from the FY 2022 budget.

Immunization is a State mandated program providing children with immunizations for flu and other vaccinations. The program is funded by Medicaid. The FY 2023 budget of \$46,853 is an increase of \$1,466 (3.2%) from the FY 2022 budget.

Child Services Coordination is a program reimbursed by Medicaid to provide health services to small and infant children. The FY 2023 budget of \$165,596 is an increase of \$13,301 (8.7%) over FY 2022 budget.

Child Healthcare is a State mandated program to provide well care visits to children from low income families. Reimbursement for this program is received from Medicaid, private insurance and county funds. The FY 2023 budget of \$269,438 is \$16,257 (-6.7%) lower than the FY 2022 budget.

Maternal Health is a State mandated program that provides healthcare for pregnant women who have no payer source or low income. Reimbursement is received from Medicaid, State programs and County appropriations. The FY 2023 budget of \$390,706 is a decrease of \$25,156 (-6.0%) from the FY 2022 budget.

WIC program provides vouchers for food for low income women and infant children. This program is 100% funded by Federal funds. The FY 2023 budget of \$339,541 is a decrease of \$3,220 (-1.0%) from the FY 2022 budget.

Dental program goes to local schools and provides services to children who have no dental coverage. It is funded by Medicaid and County appropriations. The FY 2023 budget of \$365,717 is a decrease of \$60,961 (-14.3%) from the FY 2022 budget.

Maternal Case Work is fully funded by Medicaid to provide services to child bearing women in Columbus County. The FY 2023 budget of \$226,604 is an increase of \$19,302 (9.3%) from the FY 2022 budget.

Environmental Health is a State mandated program that places septic and wells on site according to the laws of NC for residential and commercial customers in the County. The staff also inspects local restaurants, nursing homes, hotels, bed and breakfasts according to the State law. It utilizes permit and inspection fees to cover the cost of service along with additional funds from the County. The FY 2023 budget of \$436,995 is an increase of \$44,248 (11.3%) over the FY 2022 budget.

Comp Breast Screening is 100% funded by the State to perform breast screenings for low income individuals. The FY 2023 budget of \$15,559 is similar to the FY 2022 budget of \$15,562.

Communicable Disease STD Drug is a State funded program to purchase drugs. The FY 2023 budget of \$3,000 is the same amount as last fiscal year's budget.

Other Health Services provides all other women's health services including pregnancy testing that does not fall in any of the above programs. Reimbursement is from the Medicaid program and County appropriations. The FY 2023 budget of \$47,225 compares to the FY 2022 budget of \$42,706.

Teen Pregnancy Prevention is a grant-funded program that teaches teens the required NC comprehensive sex education course. The program is funded by the grant and a county in-kind match. The FY 2023 budget of \$103,077 is similar to the FY 2022 budget.

The Health Department total budgeted expenses for FY 2023 are \$5,480,750 which is a decrease of \$7,671 from the FY 2022 budget.

Social Services – provides the following services to the citizens of Columbus County:

- Food Stamp benefits that are federally reimbursed.
- Work First Block Grant program assists individuals in locating and obtaining employment, transportation to the work site, assists clients that are considered within poverty level with eligible expenses to keep them employed and their families in place. This program is federally funded.
- Child Support Program
- Energy assistance to low income individuals funded by State and Federal monies.
- A portion of reimbursement from federal sources for day care workers.
- Managing Foster care of placing the children and reimbursing for their living expenses
- Transportation for Medicaid recipients to medical appointments and possible lodging if necessary.

Many of the programs receive both federal and state funds for providing the services. The FY 2023 total budget for Social Services is \$11,521,359. This represents an increase of \$195,706 (1.7%) over FY 2022 budget.

Veteran Services assists Columbus County veterans in filing their claims to the Veterans Administration for compensation, healthcare benefits, education and any other benefits available to veterans. The FY 2023 budget of \$166,143 was an increase of \$6,654 (4.2%) over FY 2022 budget. Per the geographic distribution provided by the Veterans Association, approximately 3800 veterans in Columbus County received compensation and other benefits from the VA in 2019 fiscal year totaling \$43,953,000, an average of \$11,566 per veteran.

Aging- provides various services to the elderly residents of Columbus County. The following list of services are funded by State grants and local appropriations in resident's homes and at various public sites.

Information/Case Assistance is funded with monies from the State Home Community Care Block Grant and a 10% County match. Staff provide information and assistance to elderly for home ramps, rails and other features to assist mobility at the home. Ensure, a liquid nutrition, is sold to the elderly at cost along with medication assistance provided by the staff to the residents. The FY 2023 budget for this service is \$211,940 an increase of \$64,214 (43.5%) from FY 2022 budget.

Personal Care Services is funded by State grants and the Medicaid program. In home services is provided by CNA's to low income senior citizens. The FY 2023 budget for this service is \$270,938, a decrease of \$21,419 (-7.4%) from the FY 2022 budget.

Community Alternative Program provides staff to manage the care of a senior family member by other family members or neighbors. State grant and primarily Medicaid provide funding for this service. The FY 2023 budget of \$744,940 is a decrease of \$51,187 (-6.4%) from the FY 2022 budget.

Chore Title III B Title XX is largely Medicare funded program. This service is provided by CNA's at different hours and different levels of care in the homes of the elderly. The FY 2023 budget of \$406,643 is an increase of \$73,772 (22.2%) over FY 2022 budget.

Congregate Nutrition is the expense funded by State monies to provide food to the senior citizens at the area senior centers. The FY 2023 budget of \$304,503 is an increase of \$30,857 (11.3%) over FY 2022.

Home delivered meals is a program funded by State grants. The FY 2023 budget of \$178,702 is an increase of \$19,598 (12.3%) from the FY 2022 budget.

The total FY 2023 Aging budget for all the services listed above is \$2,117,666, an increase of \$115,835 (5.8%) from the FY 2022 budget. The total budget is based on the grants and reimbursements projected to be received from the State and Federal government in the coming year.

The Aging department also oversees seven senior centers in Columbus County. These senior centers provide meals, exercise classes and activities to the senior citizens of that community. Listed below are the seven centers with the FY 2023 budget compared to FY 2022 budget:

<u>Location</u>	<u>FY 2022 Budget</u>	<u>FY 2023 Budget</u>
Bolton Senior Center	\$ 82,322	\$ 88,296
Bug Hill Senior Center	\$ 78,473	\$ 85,211
Chadbourn Senior Center	\$ 77,677	\$ 79,343
Tabor City Senior Center	\$ 80,669	\$ 89,652
Whiteville Senior Center	\$170,002	\$174,758
Fair Bluff Senior Center	\$ 71,240	\$ 74,108
East Columbus Senior Center	\$ 76,919	\$ 82,059
TOTAL	<u>\$637,302</u>	<u>\$673,427</u>

Total FY 2023 budget for all senior centers of \$673,427 increased \$36,125 (5.7%) over FY 2022 budget. The senior centers are funded with Federal grants and County appropriations.

Medical Examiner FY 2023 budget is \$30,500 compared to the FY 2022 budget of \$72,000.

Cultural and Recreational

Library FY 2023 budget of \$1,681,180 is \$214,132 (14.6%) over the FY 2022 projected expenses of \$1,467,048. Several open positions are budgeted to be filled in FY 2023. This budget covers the operations of the main library plus 5 branches. The largest single non-salary related line item in the budget is \$85,000 for books.

Parks and Recreation staff maintain 26 properties that include 20 public parks, Columbus County Airport, Farmer’s Market, Chadbourn Railroad Depot and two additional County properties. Revenue is generated from registration fees for basketball and soccer programs and rental of various facilities to the public. The FY 2023 budget of \$644,122 increased \$78,863 (14.0%) over FY 2022 projections. Included in FY 2023 budget is \$23,500 lease expense for vehicles obtained under the Enterprise program and \$14,079 for a new mower.

Education

A portion of the sales tax received is restricted for school and economic development expenditures. Following is the breakdown of our sales and use tax we budgeted to receive in FY 2023 compared to FY 2022 projected:

<u>Sales & Use Tax revenue</u>	<u>Projected FY 2022</u>	<u>Budgeted FY 2023</u>
1 cent sales tax article 39	\$4,361,999	\$4,743,871
½ cent sales tax article 40	\$2,289,000	\$2,537,940
½ cent sales tax article 42	\$1,012,266	\$1,112,615
½ cent sales tax article 44	\$2,466,361	\$2,482,563
½ cent sales tax – county school art. 40	\$ 700,231	\$ 773,439
½ cent sales tax – city school art. 40	\$ 285,009	\$ 314,250
Second ½ cent sales tax – city art. 42	\$ 439,058	\$ 482,177
½ cent sales tax county school art. 42	<u>\$1,080,340</u>	<u>\$1,186,746</u>
Total Sales & Use Tax revenue	<u>\$12,634,264</u>	<u>\$13,633,601</u>

The state calculates the allocation of the sales tax for the different articles listed above. We based our budget for FY 2023 on the recent trends for the past year.

Article 39 is 100% for the County to use towards general operations without any restrictions. Article 40 restricts 30% to be used for County and City of Whiteville schools with the remaining 70% for general county operations. Article 42 restricts 60% to be used for County and City of Whiteville schools with the remaining 40% for general county operations. Article 44 restricts that 100% be used for County and Whiteville City schools, Southeastern Community College and Economic Development.

Every year the schools and college request amounts for operations and capital during the budget process. The last several years, the operating expenses budgeted for the schools and the college have been increased 3% over the previous year. We budget the same amount of operating expense per ADM per school. The FY 2023 budget has an increase of 11% per ADM per school over FY 2022 budget.

The schools and college have provided a list of capital projects for which they are seeking reimbursement from the County to fund. Both the city and county schools have debt which is paid by the County. For FY 2023, we are utilizing article 44 sales tax revenue to cover the debt payments of \$631,461 for County schools and \$684,315 for Whiteville City schools. The FY 2023 budget to the schools and college for capital expenditures totals \$4,209,399 compared to FY 2022 projected \$3,921,786.

The total revenue received from fines and forfeitures \$141,000 and ABC profit distribution \$145,000 for FY 2023 budget will be distributed between city and county schools based on the number of students.

Special Appropriations

Total special appropriations budgeted for FY 2023 is \$1,024,128, a decrease of \$172,490 (-14.4%) from the FY 2022 budget. Following is the list of the Special Appropriations budgeted for FY 2023 compared to the FY 2022 budget:

	<u>FY 2022</u>	<u>FY 2023</u>
Rent/Lease Agreements	\$ 80,000	\$ - 0 -
Daytime Rescue Squads	\$225,000	\$225,000
Fire/Rescue Appropriations	\$258,917	\$258,309
R.S.V.P.	\$ 20,000	\$ 20,000
Arts	\$ 3,000	\$ 3,000
Sickle Cell	\$ 1,000	\$ 1,000
Cape Fear-Res Con Dev	\$ 9,000	\$ 9,000
Mental Health	\$ 60,000	\$ 60,000
Council of Government	\$ 24,367	\$ 24,367
Southeastern Economic Development	\$ 5,229	\$ 4,556
CCAIVE	\$ 1,500	\$ 1,500
Forest Service	\$248,542	\$275,000
Literacy Council – Spelling Bee	\$ 2,000	\$ 2,000
Families First	\$ 8,000	\$ 8,000
Misc. Appropriations	\$ 1,000	\$ 1,000
Special Child Adoptions	\$ 68,928	\$ 61,434
Cape Fear River Assemb	\$ 462	\$ 462
Rope Rescue Team	\$ 51,107	\$ 22,000
Water Rescue	\$ 41,674	\$ 14,000
ABC Bottle Tax Dist. For Mental Health	\$ 15,000	\$ 21,000
Columbus County Dream Center	\$ 7,500	\$ 7,500
Columbus County Chamber of Commerce	\$ 5,000	\$ 5,000
Town of Chadbourn	<u>\$ 60,000</u>	<u>\$ - 0 -</u>
TOTAL	<u>\$1,196,618</u>	<u>\$1,024,128</u>

Debt Service

The FY 2023 budget for debt service totals \$4,436,002, an increase of \$646,657 from FY 2022 projections. Transfer from the General Fund for FY 2023 totals \$2,260,538. Items included in this total are \$674,250 for the courthouse annex project, \$955,831 for the Viper radio system, \$427,671 for BB&T complex and \$202,786 for BB&T Pickney Street office. Budgeted for FY 2023 was expense for school debt of \$631,461 for County schools and \$684,315 for Whiteville schools. \$859,688 is included in FY 2023 for debt payments from the Water System.

WATER FUND

The Water Fund is comprised of 5 water districts. Total revenue budgeted for FY 2023 for all 5 districts is \$4,470,696, an increase of \$600,254 (15.5%) from FY 2022 projections. Budgeted revenue is based on the average received for the past fiscal year plus a 2.5% rate increase. The consolidated water rate system will increase 2.5% effective July 1, 2022 which will result in an approximate increase of \$1.25 per month in the average residential customer's bill.

Total combined expenses budgeted for the 5 water districts for FY 2023 is \$4,470,696, an increase of \$784,806 from FY 2022 projections. No change in staffing and all other operating expenses are budgeted

based on FY 2022 projections. Four of the water districts have expense to “transfer to General Fund” as partial repayment of the advance received to install the AMR system.

OTHER FUNDS

Other Funds include those listed in the table below:

	<u>Adopted Budget FYE 6/30/2021</u>	<u>Adopted Budget FYE 6/30/2022</u>	<u>Proposed Budget FYE 6/30/2023</u>
Solid Waste	\$5,035,404	\$5,567,405	\$6,016,446
Tabor City Incubator	\$ 40,000	\$ 34,000	\$ 30,000
Public Transportation	\$1,262,759	\$ 900,560	\$1,165,574
NC 911	\$ 325,811	\$ 318,748	\$ 694,600
HUD	\$1,912,317	\$1,723,350	\$1,850,882
Entrepreneurship Center	\$ - 0 -	\$ 50,000	\$ 486,000
Rescue Units	\$ 783,873	\$ 751,618	\$ 849,681
Fire Departments	\$1,876,163	\$1,799,633	\$2,034,697
Sheriff’s Special Alcoh/drug	\$ 43,163	\$ 70,000	\$ - 0 -
Fines & Forfeitures	\$ 197,016	\$ 141,000	\$ 141,000
Municipal Tax Revenues	\$5,523,438	\$5,523,438	\$6,243,277
Revaluation Services	<u>\$ 20,000</u>	<u>\$ 20,000</u>	<u>\$ 20,000</u>
TOTAL	<u>\$17,019,944</u>	<u>\$16,899,752</u>	<u>\$19,532,157</u>

Solid Waste – the FY 2023 budgeted revenue for solid waste of \$6,016,446 is an increase of \$1,998 over FY 2022 projected revenue.

The FY 2023 budgeted expenses increased \$119,742 (2.0%) over FY 2022 projections. All other expense line items are similar to last budget year.

Tabor City Incubator - FY 2023 budget has decreased \$4,000 from FY 2022 budget due to a decrease in maintenance and repairs to the building and grounds.

Public Transportation – the FY 2023 budget of \$1,166,568 is an increase of \$447,523 (62.2%) over FY 2022 projections. The increase in the budget is due to additional funds provided by NC DOT to purchase several buses. The FY 2023 budget includes \$40,369 contribution from County funds. The remainder of the budget is financed by NC DOT.

NC 911 – is funded 100% by the state. The FY 2023 budget includes \$400,000 to replace the current CAD system.

HUD – is funded 100% by federal funds. The FY 2023 budget of \$1.8 million increased 3.6% over FY 2022 projections. The majority of expenses are similar to the past year.

Entrepreneurship Center – space has been developed in County buildings for start-up office space for new businesses. The budgeted revenue for FY 2023 includes \$36,000 from rent and \$450,000 from a Golden Leaf grant to renovate the space.

The expenses for utilities, supplies, telephones and maintenance and repairs are budgeted at \$486,000 for FY 2023.

Rescue Units – are funded by a special district tax for the City of Whiteville and a 2 cent County Rescue Tax. The FY 2023 budget includes \$221,025 for the special district tax and \$628,656 for the 2 cent tax. These two taxes total \$849,681 which is an increase of \$110,494 (14.9%) from the FY 2022 projections. The total FY 2023 budget is redistributed to rescue units with \$221,025 for the district and the balance divided equally, \$78,582 to each of the following rescue units – Cerro Gordo, Acme Delco Riegelwood, Buckhead, Chadbourn, Fair Bluff, Lake Waccamaw, Nakina and Tabor City.

Fire Departments – the special fire tax that is collected is repaid to each of the fire districts. Based on the collections for the current fiscal year, the FY 2023 budget of \$2,034,697 is an increase of \$238,623 (13.3%) from the FY 2022 projected. Below is the FY 2023 budgeted amount for each fire department compared to the FY 2022 projected:

	<u>Projected</u> <u>FY 2022</u>	<u>Budget</u> <u>FY 2023</u>
Evergreen	\$ 70,519	\$ 79,745
St. James	\$ 22,169	\$ 25,074
North Whiteville	\$173,879	\$196,748
Nakina	\$105,313	\$119,072
Old Dock	\$ 60,785	\$ 68,733
Hallsboro	\$ 64,817	\$ 73,291
Roseland	\$ 86,363	\$ 97,675
Yam City	\$135,818	\$153,466
Acme Delco	\$386,353	\$436,785
Klondyke	\$125,378	\$141,735
Coles Service	\$ 86,104	\$100,589
Cerro Gorda	\$ 87,084	\$ 98,580
Williams Township	\$106,771	\$120,729
White Marsh-Welch Creek	\$ 50,161	\$ 56,710
Brunswick	\$157,537	\$178,630
Bolton	\$ 42,679	\$ 48,243
Buckhead	\$ 21,102	\$ 23,851
Remit to District	<u>\$ 13,242</u>	<u>\$ 15,041</u>
TOTAL	<u>\$1,796,074</u>	<u>\$2,034,697</u>

Fines & Forfeitures – money collected through the court system for fines and forfeitures is submitted to the County from the Clerk of Courts. This money is then distributed to the school systems based on the ADM number. For FY 2023, we have budgeted \$141,000 which is the same as we projected to receive for FY 2022.

Municipal Tax Revenues – the County collects the vehicle and real estate taxes for several municipalities in the County. The County acts as a pass-through and forwards all collections to the municipalities. The budgeted Municipal Tax expenditures for FY 2023 is \$6,243,277.

Revaluation – FY 2022 budget allocates \$20,000 towards the total cost of revaluation in future years.

The following funds are **Custodial funds** that we maintain for our clients that are included in the total other funds with the following balances budgeted for FY 2023:

Inmate Trust Fund	\$475,000
Social Services Trust Fund	\$550,000
4-H Trust Fund	\$ 1,350
Sheriff's Cadet Program Trust Fd.	\$ 5,000

In Closing

Thank you for the opportunity to present the FY 2023 budget that is recommended for your consideration. Our goal was to prepare a recommended budget that supports and advances the board's priorities, while maintaining the tax rate at 80.5 cents and continue the level of service that meets the needs of our citizens. As your county manager, I will continue to work with the board to develop a mission, vision, and purpose to advance Columbus County and its citizens while making a sustainable recovery from the COVID-19 pandemic.

I want to acknowledge the hard work of the Finance office under the leadership of Jay Leatherman and Heather Woody in partnership with Department Directors and staff in the development of this budget document.

I am grateful to each of you for your leadership and support, and I welcome your comments and suggestions as you review the attached information in the days ahead.

Respectfully submitted,

Edwin H. Madden, Jr., ICMA-CM
County Manager