

June 23, 2011

SCOTLAND COUNTY, NORTH CAROLINA

FISCAL YEAR 2011-2012 RECOMMENDED BUDGET

Chairman Bob Davis
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General Fund

In performance of my duties as Budget Officer, as appointed by the Board of County Commissioners, I hereby present for review by the governing body and citizens of Scotland County the recommended FY 2011-2012 Budget. The presented budget totals \$37,071,076 with a tax rate of \$0.99/\$100.00. The budget does not appropriate fund balance. The limited capital funded in this budget is paid for by current revenues.

The County completed the octennial revaluation this year. The estimated value after revaluation is \$1,997,342,057. This is an increase of \$97,195,097 or 5% over last year. In the eight years since the last revaluation residential values increased an average of 11% to 13%. Industrial values declined an average of 12%. Commercial values increased an average of 5% to 6%. Utility values are appraised by the Department of Revenue and will not be available until September.

The revenue neutral tax calculation yields a tax rate of \$0.9735/\$100.00. The tax levy, with a \$0.99 tax rate, is budgeted to generate \$18,187,720. Sales taxes are budgeted to generate \$4,959,225. The County received \$5,199,828 during the 2011 fiscal year. The Final accruals have not been made at this time. This budget has a total reduction in revenues and expenditures of \$5,440,654. This is a 13.4% decrease in the General Fund budget.

This budget results in reductions in every department. DSS services are reduced to mandated services except for \$40,000 in assistance for foster children and \$8,000 to match an \$80,000 grant for adult day care services. Maternity services are to be eliminated from the Health Department. The Sheriff's department will also experience a significant reduction in staff. This budget has a total reduction of 25 positions. Departments are given authority to provide budget neutral modifications to organize the cuts to minimize the impact of the budget reductions. The budget does call for a 2.5% reduction in the base pay plan resulting in a six day furlough of County employees. This budget also reduces the County's match for 401K to 2%. This does not impact the 5% mandatory contribution to 401K for sworn law enforcement officers. This budget also eliminates longevity pay. The budget also calls for a 50% reduction of the stipend for the County Commissioners.

The General Fund budgets \$129,725 of lottery proceeds to go to the School System for capital needs. This does not include the \$300,000 lottery proceeds that are expected to be received in the month of June. The receipts of these funds will be an advance reimbursement and create deferred revenue. This means the \$300,000 will not be recognized as revenue until next fiscal year when the bond payment is made. At that time I will ask the Board to modify the budget to include the additional \$300,000 of revenues and offset that amount by an increase of the Lottery Proceeds to the School. This is a timing issue dealing with revenue recognition. This would meet the reduced request from the School System for \$429,725 of capital funding.

Public Works Fund, Landfill

In this budget, I recommend an increase in the tipping fee of MSW, C&D and Yard Waste of \$3.50 per ton. This is the second year of the proposed increases outlined in the 2011 budget discussion. The total Public Works Fund totals \$1,855,218. With the vertical expansion of the C&D landfill approved the closure and post closure costs will be recalculated for the current and future fiscal years affecting the accrual amounts.

Water District I & II

Both Water Districts have comparable budgets to last year. As discussed last year the rates for both districts are increased again. I am recommending the same fee schedule for both districts. At this time, I expect to suggest another increase in the fee structure for the 2012-2013 year. The base rate in increased to \$22.00 and \$2.75 per 1,000 gallons between 2,000 and 5,000 and \$4.00 per thousand gallons after 5,000 gallons. Water district I has a recommended budget of \$651,000 and Water District II has a recommended budget of \$553,000.