



FY 2022-2023 Budget Message

May 16, 2022

To: The Camden County Board of Commissioners
Ross Munro, Chairman
Tiffney White, Vice Chair
Randy Krainiak, Commissioner
Tom White, Commissioner
Clayton Riggs, Commissioner

Pursuant to my responsibility as County Manager and Budget Officer, I respectfully submit for your consideration the Camden County Fiscal Year 2022-23 Annual Budget scheduled to begin on July 1, 2022 and end on June 30, 2023. This budget represents the combined efforts of County Staff to set a financial course of action to serve our supporting public while implementing the directions and desires of the Governing Body. The goal is to meet the County's basic needs in core operations and address as many capital improvements as financially feasible. One of the critical purposes of this document is to encourage open dialogue, ask questions, and public deliberation as it relates to how citizen tax dollars can best be used to serve the community. This budget has been prepared in accordance with the provisions of General Statute 159-11, the Local Government Budget and Fiscal Control Act.

As required, all funds within the budget are balanced along with all anticipated revenue and expenditure estimates being identified for Fiscal Year 2022-23. Notice of this submission will be given to the news media and the public, and a public hearing will be scheduled at the County's called meeting on June 6, 2022 at 7:00 p.m.

Undoubtedly, the budget process is the single most important accomplishment of the governing board and the staff annually. The absence of significant findings from the auditors over the last 4 years has affirmed the quality of work done during this yearly task demonstrating the high level of financial management adhered to by the County. As the County has weathered the challenges of the pandemic well over the past twenty-four months, it is now clear there are other new challenges which must be prepared for as the local, regional and national economies move forward.

While Camden County continues to perform well with stable revenue growth, the next twenty-four to thirty-six months will determine how the County will be positioned for the long term.

As I mentioned last year, the County has been experiencing growth before and during the COVID-19 Pandemic. Camden was experiencing significant residential growth and there are other projects that continued to move forward in the Commerce Park. The pandemic impacted these projects to some degree but did not stop them from moving forward. While the last budget cycle was one of reducing expenditures and expected revenue declines, this new fiscal year budget is one of conservative projections brought about by population growth and new construction throughout the County. During the budget process, it was clear everyone was committed to working together to accomplish this difficult process knowing departments wouldn't get all funding requested.

The population of Camden County is continuing to grow as reflected by the current census. This is a result of many positive factors our County possesses such as the availability of land, quality schools, and low crime rate. All of these and many more are key factors for attracting many young families with children to both new residential construction and resale of existing homes. This is reflected by home values within the region seeing significant increases based on the availability of new and existing homes. This year the County is undergoing a revaluation which will provide everyone with a better idea of how the market will adjust to the current trends. At this time, the real estate market is better than it has been for many years with houses selling quickly at or above asking prices. The Federal government is also starting to raise interest rates in an attempt to slow the inflation. Unfortunately, it is still a challenge to address all of the needs of a growing community. It is anticipated the growth will sustain at or near current levels or perhaps slightly decline depending on how well the national economy does.

I would like to point out a couple of significant items of interest. Throughout the entire year, although there were reduced opportunities to visit in person, there were no reductions in service. All departments continued to adapt their operations to the changing environment while continuing to perform their daily functions and provide quality service to all Camden citizens. Second, the leadership never considered reducing staff. Every staff member of Camden County is extremely valuable and a great asset to the county. They adjusted quickly to the "new normal" without hesitation while continuing to meet the needs of the community.

As I pointed out last year, the full financial impacts of the pandemic have yet to be felt, since revenue is always a few months behind. There may be some lost revenues but it is difficult to project how much at this time. In the meantime, all budgeted capital expenditures have been frozen as of May 20th save for those funded through grants.

A copy of the proposed budget will be placed on file with the Clerk to the Board and will be available for public inspection during normal business hours within 10 days prior to the June 6th public hearing. A copy of this document is also available on Camden County's website.

While developing the budget the following key activities were taken into consideration:

- Continue to minimize the financial impact of county operations on its citizens through mindful budgeting and careful expenditures.
- Fund Capital goals as indicated in the Capital Improvement Plan.
- Maintain a reserve fund balance in accordance with the financial policies outlined and

adopted in Resolution 2007-05-04.

- Continue to provide outstanding government services at all levels.

Revenues

The above goals for FY2022-23 were balanced with expected revenues with the intent of minimizing the use of the General Fund Balance to support operating expenses. Revenues are generally related to expected economic growth within the County and the State. There are positive economic indicators including low unemployment and strong consumer confidence. Property Tax values appear to be above 1% expected growth minimizing the impact of reduced sales tax collections on total revenues for the FY2022-23 budget.

Below is a listing of the major General Fund projected revenues.

Ad Valorem Tax	\$7,743,740
Local Option Sales Tax (Art. 39)	\$650,000
Vehicle Tax	\$825,896
Franchise Tax	\$650,000
Medicaid Hold Harmless	\$500,000
Article 40 Tax	\$350,000
Article 42 Tax	\$200,000
Special Revenue Fund (CRF for Debt Payment)	\$187,262
From School Reserve Fund (Debt Payments, Capital Outlay)	\$982,806
Solid Waste Fee	\$310,000

Expenditures

With a few exceptions, county departments continued to hold the line on expenditures. However, non-departmental expenditures are increasing. Non-departmental contributions such as School Funding, Emergency Medical Services (EMS), Emergency Management and Health Services are major appropriations. Other increased appropriations include Forestry, Social Services, and Solid Waste / Recycling. These increases in annual expenditures continue to be higher than increases in annual revenues for FY 2022-23. Continuing to fund operational expenditures with fund balance will quickly have a detrimental effect on general fund balance.

The County's fund balance should be carefully invested within our county to foster economic growth and quality of life without burdening the taxpayers as available. While it is imperative to keep our responsible fiscal policies intact by supporting operational expenditures with operational revenues, we are in a position to use a portion of fund balances restricted for capital investment to address failing County buildings and critical infrastructure as well as community projects that are important to our citizens such as Community Parks and recreational projects. Funding Capital Improvement Plan projects is vital to the success of these goals.

Compared to the FY 2021-22 General Fund budget of \$14,041,485, the proposed FY2022-23 proposes \$15,324,997.49 which represents an increase of \$1,283,512.49.

The FY2022-23 proposed general fund budget is balanced with \$990,232.27 in fund balance to finance County operational expenses. The FY2021-22 proposed general fund budget was

balanced with \$440,796 in fund balance to finance County operational expenses.

Departmental Appropriations

Below is a list of some of the major Departmental expenditures proposed for FY2022-23.

Governing Body	\$107,060
County Administration	\$277,822
Elections	\$158,809
Finance Department	\$260,691
Personnel	\$115,744
Tax Department	\$512,922
Legal	\$40,000
Register of Deeds	\$273,043
Planning Department/Inspections	\$645,366
Public Works/Building & Grounds	\$588,454
Sheriff & SRO	\$2,445,693
Extension	\$184,439
Recreation	\$325,613
Senior Center	\$211,806
Solid Waste	\$790,015
Non-Departmental	\$236,525
Economic Development	\$145,911
Capital Outlay/Debt Service	\$1,079,556
Library	\$179,387
JCPC	\$79,168
Soil & Water Conservation	\$85,000

Special Appropriations

In the FY2022-2023 proposed budget, Special Appropriations expenditures total \$6,362,229.49 or 42% of total General Fund expenses. The county is required by contract to commit the funds budgeted for Emergency Medical Services, Emergency Management and Forestry. The list below highlights some of the major Special Appropriations proposed for FY2022-23.

School Current Expense	\$2,800,000
School Capital Outlay	\$455,878
Pasquotank/Camden EMS	\$630,750
Central Communications/Emergency Mgmt.	\$361,313
College of the Albemarle	\$45,000
Albemarle District Jail	\$337,000
Department of Social Services	\$427,924
CH & S Fire Commission	\$278,505
South Mills Fire Commission	\$176,202

General Fund

The Fiscal Year 2022-2023 proposed budget has the General Fund's tax rate of \$0.88/\$100 of valuation.

As mentioned earlier, projections on revenues this year have been especially difficult due to the

pandemic. We have taken a practical approach of reducing these revenues from the proposed budget out of caution. We have also not taken any steps to reduce revenues to the point requiring furloughs or reduction in services with accompanying reductions in force.

Major Concerns

The County leadership needs to remain focused on the area of economic development as a key to increasing revenues, expanding and diversifying the tax base, and making the wastewater system financially self-supporting. Significant progress has been made on the HWY 158 corridor and the planned expansion of the water and wastewater system.

Continue to monitor revenue generated from the land transfer tax which is the major funding mechanism for the County Capital Reserve Fund. Without a steady flow of sustainable revenue, the County will not be able to take on new Capital Improvement Projects (CIP) or adequately fund the debt service obligations for already-completed projects.

In addition, during FY 2021-22, the County contributed approximately \$405,878 to the School District for capital improvements and \$2,600,000 for operating expenses utilizing tax revenue and a significant contribution from fund balance. The proposed FY 2022-23 budget has increased the county portion by \$200K bringing the total to \$2,800,000 for current operating expenses and increased the capital improvements by \$50K bringing the total to \$455,878.

Other Program Goals

Community Park Trust Fund

The Community Park Trust Fund (CPTF) FY2022-23 budget includes funding for Park Maintenance Capital needs. The county pursued grant funding for repairs and upgrades to One Mill Park located in the southern end of the county. Recently the county was notified they had been selected to receive \$100K to assist with the repairs and upgrades to the boat ramp and surrounding bulkhead repairs at the One Mill Park location.

Capital Reserve Fund

The revenue for this fund comes from the \$0.01 land transfer tax which is levied on all land sales. Due to outdated and failing infrastructure within County buildings, funds are included to continue planning for a County Office Building / Campus complex that would replace the current structures. These new buildings will combine the Administration, Tax, Planning, and Water/Sewer departments. At this time the County has decided to build the Campus in Two Phases starting with the construction of the new Library, which includes a Community Activities Room with seating for approximately 100 people, and a Board Room for Commissioners and other boards to meet. The location for the Administration Campus is across the street from the historic courthouse.

School Capital Reserve Fund

The School Capital Reserve Fund is currently funded by restricted sales tax. During 2018-2019 the County committed to supporting the school system's need for a new High School by submitting a joint application for \$15 million in grant funds. The total grant awarded is for \$12.3 million requiring a \$2.7 million match from the County. The citizens voted during the November 2020

election cycle to approve a bond referendum for borrowing up to \$33 million from the USDA to fund the construction of the new high school. Recently the School Board and the Board of Commissioners submitted a new application to the Department of Public Instruction (DPI) in Raleigh for an additional grant to help offset the rising cost of construction for the new high school. They were overjoyed when they received word from DPI their request was approved for an additional grant of \$ 27M bringing the overall total of grant funding to \$40M.

RECOMMENDATION

The total of recommended General Fund expenditures is \$15,324,997.49.

The projected revenues total \$14,334,765.22 for the General Fund at the present tax rate of \$.88.

After receiving departmental requests, budget & finance, the FY2022-23 proposed general fund budget is balanced with \$990,232.27 in fund balance to finance County operational expenses. The FY2021-22 proposed general fund budget was balanced with \$440,796 in fund balance to finance County operational expenses. The only way to reduce expenditures further without reducing services is by removing / reducing staff personnel, 2% Cost of Living increase, and the limited Capital Improvements. It should be noted that a number of IT upgrades and improved efficiencies were realized during the current FY thanks to the receipt of CAREs and American Relief Act (ARP) funds from the Federal Government. This influx of funds helped to offset the necessary requirement to purchase hardware using the County general funds.

Using funds from our unallocated General Fund Reserve to balance the budget is a practice that the county has tried to avoid in the past but has had to rely on in recent years. Paying for current operating expenses from a savings account meant for emergencies and strategic capital expenditures is not a good financial practice, and I would highly recommend against it.

FY 2022-23 Budget Summary

The Management Team brought me a conservative set of budget requests that allowed for the continuation of excellent services. This budget also provides for limited capital improvements and equipment necessary to continue services in a manner that is efficient and safe. Finally, this budget provides for a plan this year while keeping in mind the challenges we face in future years; challenges such as the construction of a new administration campus, a new high school, expanding broadband, a new fresh water well, increased manning in the Sheriff's Office, and waste water sewer lines extensions. Although some of these plans do not have a specific funding source we are still mindful of them while putting together this year's budget.

The strain on revenues and our desire to maintain the current service level has made for very conservative budgets during the last five years. Based on your guidance, the Management Team has once again done a terrific job keeping expenses as low as possible in order to provide for a responsible and balanced budget. Again, I want to emphasize that Camden County is in good financial condition. Our fund balance in the General Fund continues to remain healthy even during these very turbulent times.

I appreciate the opportunity to have worked with you to prepare this budget as you continue to serve the citizens of Camden County. As public officers, we have been given the task of protecting the rights, needs and desires of the constituents. The staff believes this task has been achieved and

respectfully submits to you the FY2022-23 Budget.

Respectfully submitted,



KENNETH L. BOWMAN
Budget Officer/County Manager