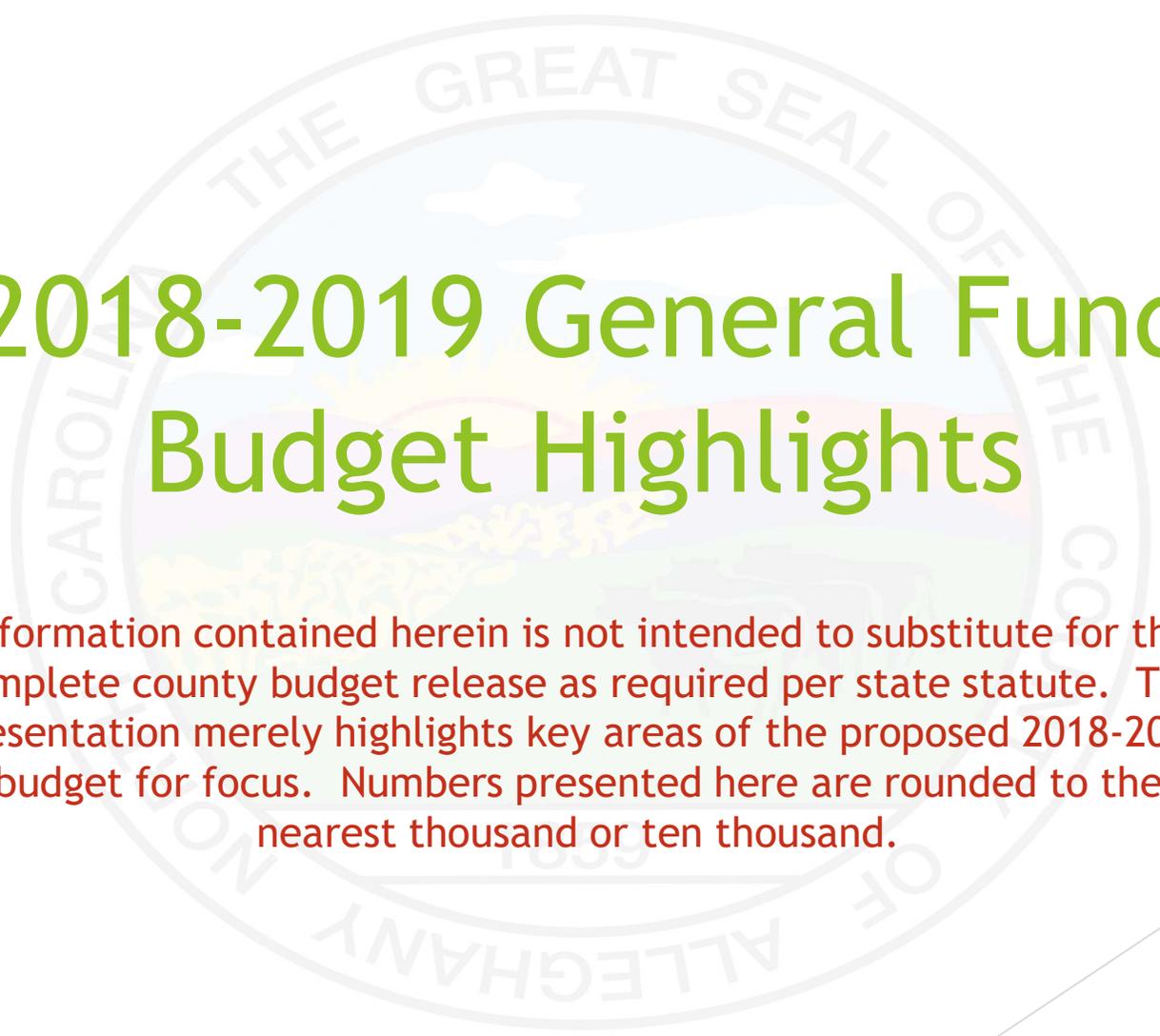


Alleghany County Proposed Budget

FY 2018-2019

Michael James, County Manager



2018-2019 General Fund Budget Highlights

Information contained herein is not intended to substitute for the complete county budget release as required per state statute. This presentation merely highlights key areas of the proposed 2018-2019 budget for focus. Numbers presented here are rounded to the nearest thousand or ten thousand.

Back of the Envelope Calculations

- ▶ Library Sale** (\$250,000)
- ▶ Sale of Lot to Bottomley's \$32,500
- ▶ Year 3 of Salary Study (\$380,000) to General Fund
- ▶ Net Position to start (\$597,500)
 - ▶ About 3.6 cents in property tax revenue

Position before any new budget increase requests are received

**Library sale was anticipated to close in early July but actually closed 6/28/2017 so it affected the prior year's budget

Biggest Budget Challenges -- Previous

- ▶ Needed upgrades in equipment
- ▶ Renovations to Sparta School
- ▶ Increasing costs for insurance
- ▶ Year 2 of employee salary plan

Needed Upgrades in Equipment

- ▶ Have to balance stretching assets and public money as far as possible with keeping equipment up to date



Needed Upgrades in Equipment - 2017/18

- ▶ Upgrading emergency communications simulcast system ✓
 - ▶ Better coverage for citizens and first responders
- ▶ New voting machines ✓
 - ▶ Current machines past end of life
- ▶ New software and systems for Tax and Finance Offices ✓
 - ▶ Current systems 10-12 years old
- ▶ 1 new county vehicle ✓ (actually bought 2)
- ▶ 2 Sheriff's vehicles ✓
- ▶ New HVAC units for jail ✓



Insurance Gets More Expensive

- ▶ Employee and retiree health insurance increased \$140,000 last year (about 7/8 cent)
- ▶ Moved to new NCHIP insurance pool
- ▶ Health insurance basically flat this year
- ▶ Property & Worker Comp decreased about \$35,000
 - ▶ Placed policy renewal out for bid
 - ▶ Low claims history



Employee Compensation

- ▶ Alleghany County has lagged behind surrounding counties in compensation
- ▶ Year 3 of 4 year plan to bring employee compensation to market
- ▶ This year's impact is about \$380,000 to General Fund
 - ▶ Includes salary, retirement and FICA
 - ▶ About 2 ¼ cents in property tax



Desire to Keep Tax Rate Level

Current Tax Rate

51.25 cents

State median 67.9 cents

Most counties have fire tax of 5 to 10 cents in addition

14th lowest in state

86th highest in state

No longer sustainable



Biggest Budget Challenges - 2018/2019

- ▶ Emphasis on safety and security
- ▶ Year 3 of employee salary plan
- ▶ Transition to in-house revaluation (multi-year process)
- ▶ Continued upgrades in equipment and vehicles
- ▶ DSS Scanning/Renovations
- ▶ We have been selling surplus property to supplement our revenue -- but we don't have much left
 - ▶ Old post office - Courtroom?
 - ▶ Vacant lot at 18/Moxley

Safety and Security

- ▶ Adding second School Resource Officer for Elementary schools
 - ▶ Grant will hopefully cover \$28,000 of costs
 - ▶ Sheriff's office bearing remainder of costs for second position
- ▶ Increasing lobby security at Sheriff's office
- ▶ Increasing building exterior security at Sheriff's office
- ▶ Increase Sheriff's part-timers budget for more frequent patrols at Wilkes Community College
- ▶ New fire alarm system at Health Department building
- ▶ Total cost of \$80,000
- ▶ **½ cent in property tax**

School Resource Officers

- ▶ Sheriff Maines submitted budget request with 4 SRO positions
- ▶ Grant funding available to assist with 1 additional SRO
- ▶ Other 2 SRO's cost approximately \$62,000 each (\$124k total) for first year and \$56,000 each going forward
- ▶ About $\frac{3}{4}$ cent in additional property tax to place SRO in every school

Needed Upgrades in Equipment - 2018/19

▶ 2 new county vehicles	\$60,000
▶ 2 Sheriff's vehicles	\$65,000
▶ New ambulance	\$155,000
▶ New HVAC units for BDC/WCC	\$10,000
▶ Replace exterior door at COA	\$10,000
▶ Social Services Scanning/Renovations	\$43,000
▶ (Net portion after state reimbursement)	
▶ Paving Veterans Park parking lot	\$55,000
▶ Phase 2 of Tax Software	\$99,000
▶ Total	\$497,000
▶ About 3 cents in property tax	
▶ Plus items listed under Safety/Security	

General Fund Revenues



Projecting Our Revenues

Property Tax

Real and personal property taxes are our largest revenue source

Each penny of property tax generates about \$165,000 of revenue

About 53% of Revenue

General Fund Revenue Projections

▶ Property Taxes	\$9.3 Million
▶ Sales Taxes	\$2.7 Million
▶ Grants and Reimbursements	\$2.9 Million
▶ Fees for Services	\$1.0 Million
▶ Other (includes reserve)	\$1.6 Million
▶ Total	\$17.5 Million

Basically flat from last year

Revenue Assumptions

- ▶ 2.5% increase in local sales tax revenue (Article 39)
- ▶ 3.0% increase in state sales tax revenue (Article 40 & 42)
- ▶ \$0.035 increase in property tax rate
- ▶ \$560,000 increase in property tax revenue
- ▶ Average of 13 state inmates housed
- ▶ No revenue from sale of county property
(We have basically sold all excess property)

Potential Tax Implications

- ▶ Current tax rate is \$0.5125 (14th lowest in State)
- ▶ Average real estate tax bill is \$596.00
- ▶ 3.5 cents increase in tax rate = \$34.00 increase to average tax bill
- ▶ New average real estate tax bill would be \$630.00
- ▶ Many counties also collect a fire tax of 5 to 10 cents - we do not
- ▶ 1998/99 tax rate was \$0.58

General Fund Expenditures

Where does the money go?



Public Purpose

- ▶ Section 2(1) of Article V of the NC Constitution states that “the power of taxation shall be exercised in a just and equitable manner, for public purposes only, and shall never be surrendered, suspended or contracted away.”
- ▶ This has been interpreted by the Courts as a limitation on local government spending
- ▶ Spending should serve a public purpose
 - ▶ Must be reasonably connected to governmental unit
 - ▶ Must benefit the public generally
 - ▶ Must not solely benefit special interests or individual parties

Budget Requests

- ▶ \$18.9 million of total budget requests
 - ▶ Would have required additional 8 ½ cents
- ▶ Philosophy - Don't be afraid to ask; don't ask, don't get
- ▶ Budget trimmed to \$17.5 million - basically flat from last year
- ▶ About \$1.5 million (about 8%) removed

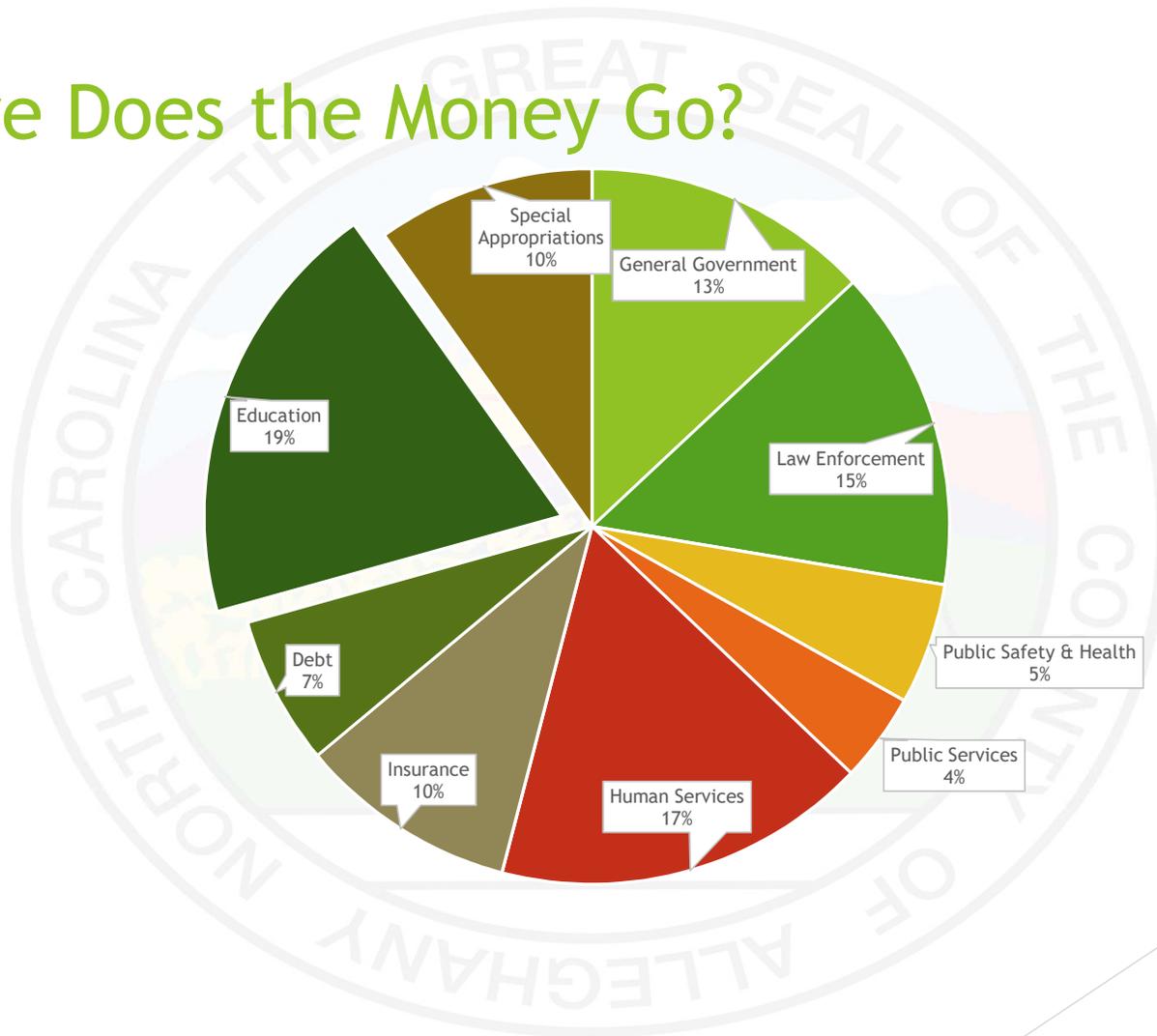
Key Items Removed/Reduced from Original Requests

- ▶ 2 additional SRO positions
- ▶ 1 additional Soil & Water position
- ▶ School budget request reduced
- ▶ Travel and Continuing Ed budgets requests reduced
- ▶ Several special appropriations requests reduced or removed

Staffing Changes

- ▶ 1 new position - Second SRO for elementary schools
- ▶ Slightly different job descriptions for a few positions
 - ▶ Planning Assistant combined with Permits Specialist
 - ▶ Recreation Support moving to Recreation Coordinator
 - ▶ HR Officer/Finance Officer is now almost exclusively HR
 - ▶ 1 appraiser may complete training to move to higher certification level
- ▶ Projecting 4 new retirees

Where Does the Money Go?



Investment in Education

▶ Allegheny County Schools



▶ Wilkes Community College



Investment in Education Wilkes Community College

- ▶ Student enrollment increased from 206 for Fall and Spring (vs 210 last year for entire year)
- ▶ CCP/Dual Enrollment increased from 119 to 136 this year (+ 14%)
- ▶ CCP/Dual Enrollment should exceed 140 this year
- ▶ Number of classes provided at Alleghany Center increased from 540 to 621 (+ 15%)
- ▶ Number of classes has almost doubled in 2 years
- ▶ 16 continuing education classes vs 11 last year (+ 45%)
- ▶ Number of employees here increased by 2.5



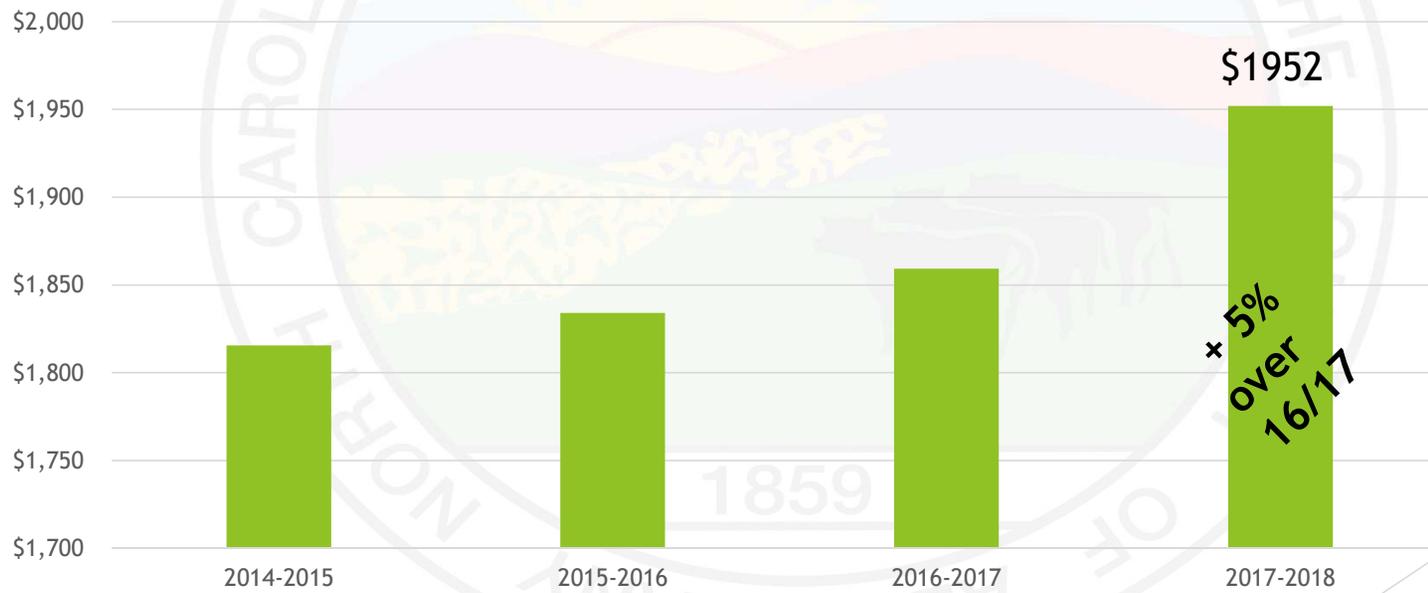
Investment in Education Wilkes Community College

- ▶ 25% match for new career counselor position to serve Alleghany High School
- ▶ Stormwater and erosion control upgrades to trail between high school and WCC
- ▶ WCC leases space from county at no charge
- ▶ Total appropriation of about \$167,000 (About 1 cent)
- ▶ Increase of about \$21,000
- ▶ Ashe County funds WCC about \$850,000



Investment in Education Public School Funding

County Funding Per Student - Does not include debt service



Ashe County spends \$1590 per student

Investment in Education Public School Funding

Outstanding School Debt Owed by County as of 5/31/2017

Purpose	Remaining Principle Balance	Annual Payment
Sparta School Renovation (previous)	\$485,000	\$125,000
QZAB (multiple schools)	\$571,000	\$143,000
Glade Creek QSCB #1	\$1,681,000	\$252,000
Glade Creek QSCB #2	\$209,000	\$41,000
Glade Creek Water/Sewer	\$639,000	\$70,000
New Sparta School QZAB	\$1,375,000	\$92,000
Totals	\$5,833,000	\$723,000

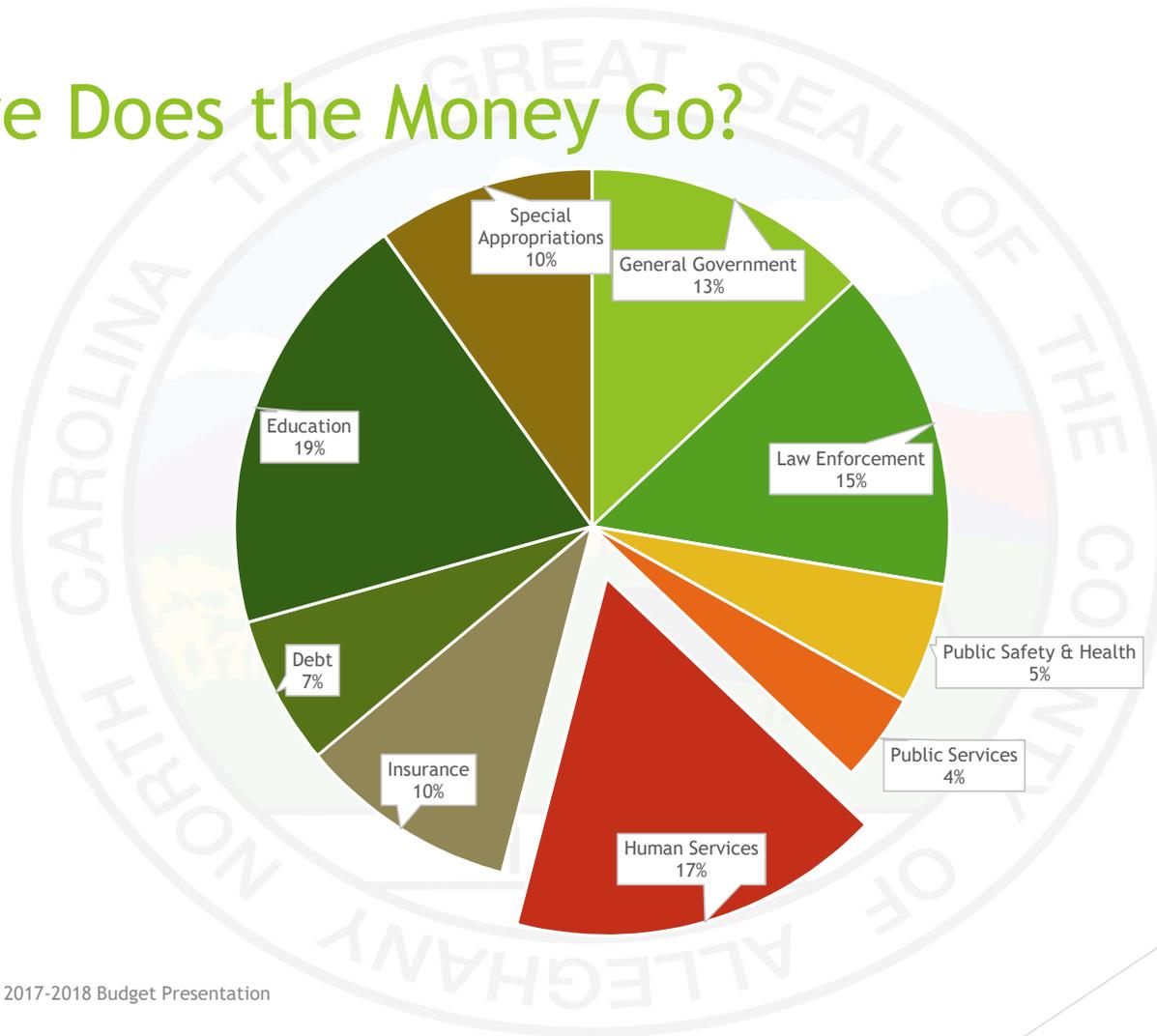


29 About 4 ½ cents)

Projected School Enrollment Next Year

- ▶ Alleghany High School 439 (+ 8)
- ▶ Sparta Elementary 533 (+ 18)
- ▶ Glade Creek Elementary 190 (- 20)
- ▶ Piney Creek Elementary 157 (+ 18)
- ▶ Total 1,319 (+ 24)
- ▶ School funding for this year set at last year's per student rate allowing for the additional 24 students
- ▶ \$3.23 million (About 20 cents + 4 ½ cents for school debt)
- ▶ Schools will not be charged for second SRO
- ▶ Schools will not be charged for WCC Career Counselor

Where Does the Money Go?

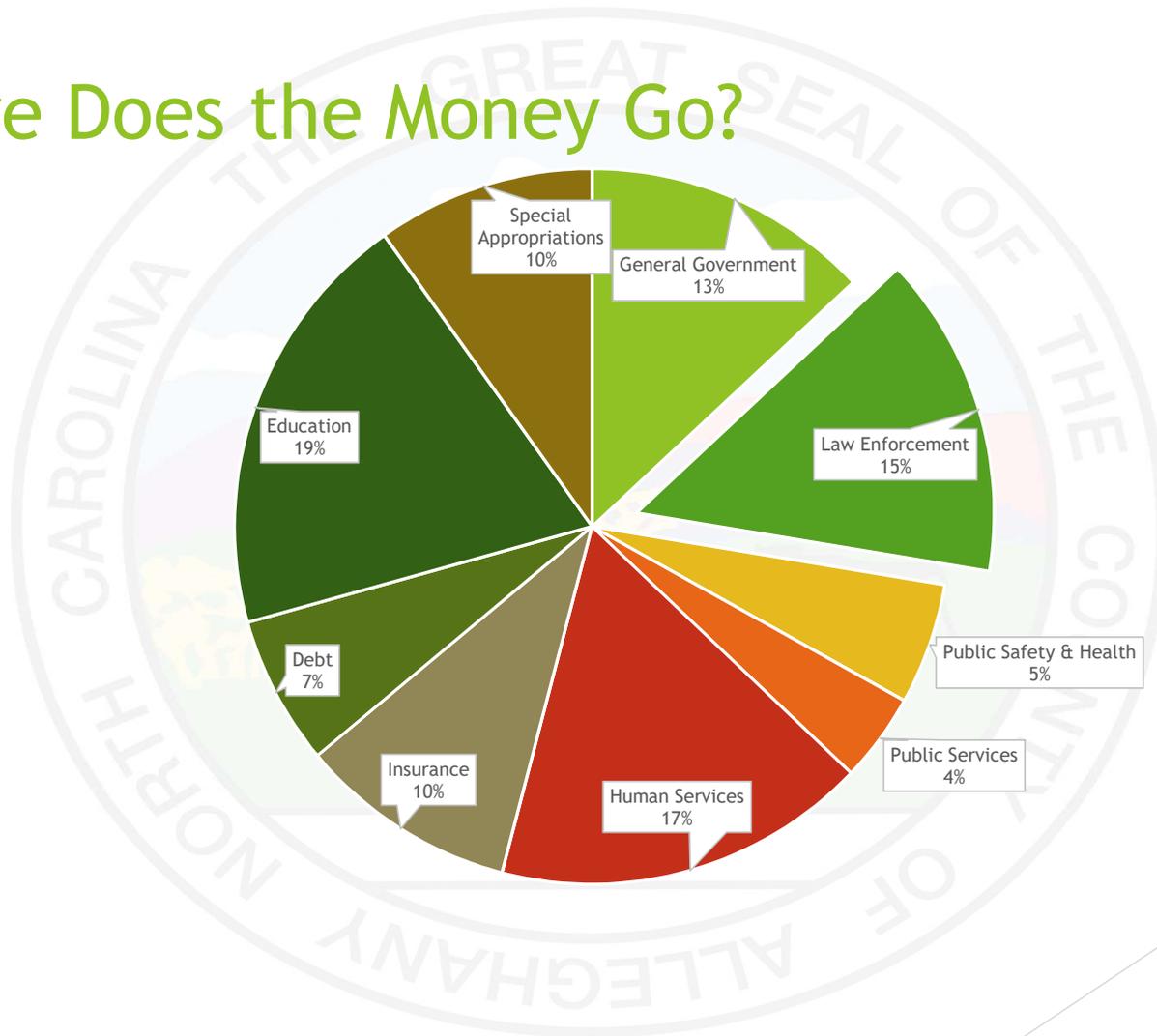


Human Services

Dedicated staff of 25 full-time employees assist citizens with human services needs

- ▶ Protective services (adult and child)
- ▶ Child care assistance (enables single parents to work)
- ▶ Foster care assistance (number of children continues to increase)
- ▶ Adoption assistance (currently assisting 30+ families)
- ▶ Child support enforcement
- ▶ Medicaid and Income maintenance
- ▶ Scanning costs of \$86,000 (approx. ½ will be reimbursed)
- ▶ Over half of DSS costs are reimbursed by Feds or State
- ▶ About \$1,250,000 of net County tax dollars **(about 7 ½ cents)**
- ▶ Much of this money is spent locally

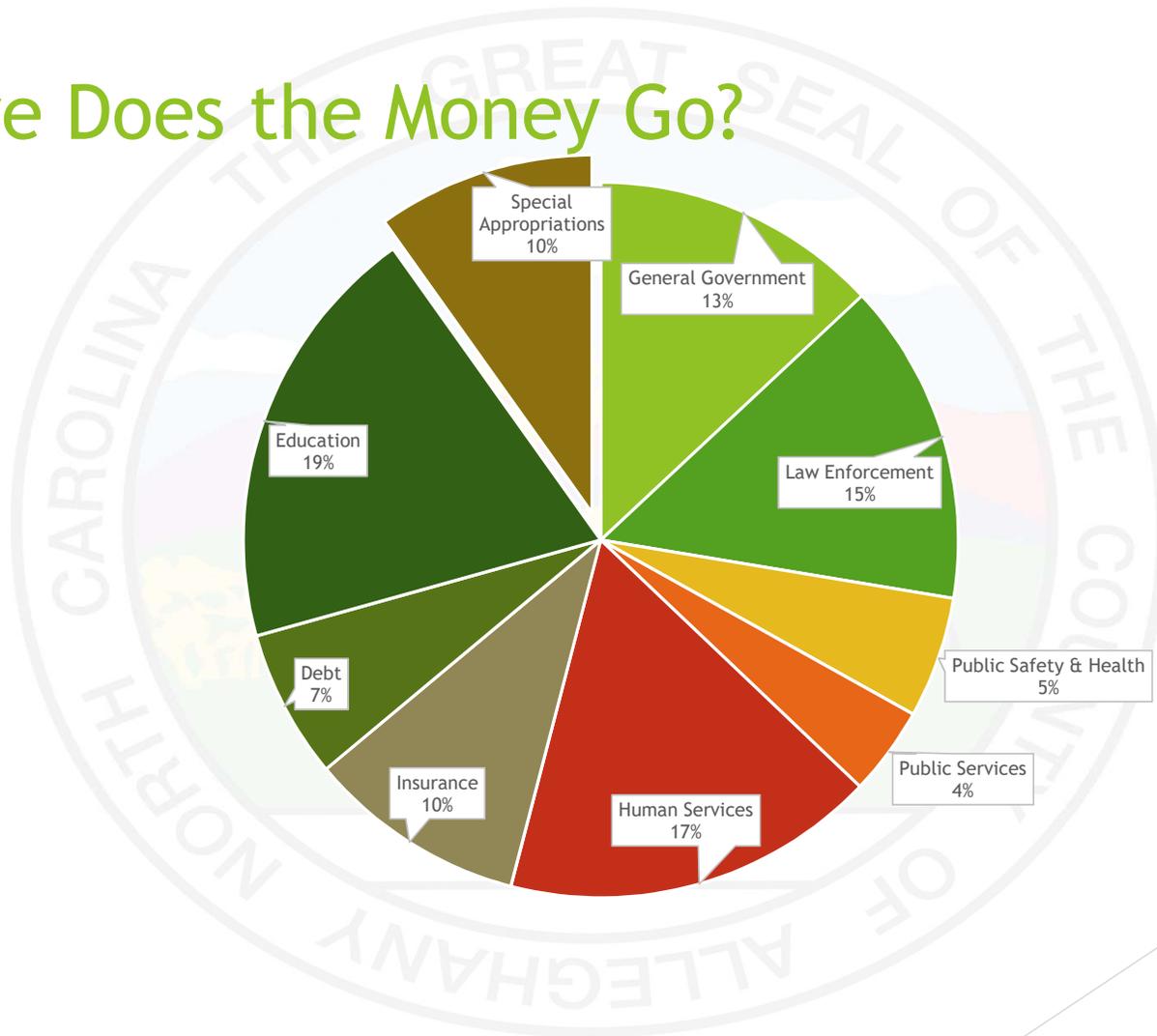
Where Does the Money Go?



Law Enforcement

- ▶ Sheriff and 14 Deputies provide 24 x 7 coverage of the unincorporated areas of Allegheny County
 - ▶ Also back up Sparta Town Police
 - ▶ Provide courthouse security
- ▶ 5 full-time dispatchers handle 911 calls for all agencies
- ▶ 10 full-time jailers manage housing and transportation of inmates
- ▶ Inmate population will continue to increase
- ▶ House state inmates to generate revenue

Where Does the Money Go?



Funding Assistance for Valued Community Partners

▶ Volunteer Fire Departments	\$439,000
▶ Rescue Squad	\$60,000
▶ Library	\$173,000
▶ Health Department	\$192,000
▶ Council on Aging	\$144,000
▶ Other Mental Health/Disabled Services	\$175,000
▶ Allegheny Memorial Hospital	\$100,000
▶ Youth Services	\$118,000

Possible Major Alterations to Budget

- ▶ Add 3rd and 4th SRO
 - ▶ Cost of \$125,000 (3/4 cent)
- ▶ Pay for Veterans Park paving from Beemer proceeds rather than General Fund
 - ▶ Savings of \$55,000 (3/8 cent)
- ▶ Possible 1/4 cent sales tax referendum
 - ▶ Would generate about \$180,000 (1 1/8 cents)

Transfer Station Fund Highlights

- ▶ Purchase new (second) set of scales
- ▶ New scale house to increase traffic flow
- ▶ Paving of access drive around back of pad
- ▶ Begin process to move to co-mingled recycling (multi-year process)
- ▶ Separate commercial and residential traffic (multi-year process)
- ▶ Total improvements of about \$177,000
- ▶ Increase household fee from \$70 to \$75
- ▶ Implement charges for certain bulk items (furniture, mattresses, animal mortalities, etc.)

So What Happens Next?



Next Steps

- ▶ May 25th - Presentation of Budget
- ▶ May 26-28 3 day weekend! Woo hoo!
- ▶ Budget Workshops
 - ▶ June 4th at 4:00 pm
 - ▶ June 5th at 9:00 am
 - ▶ June 12th at 9:00 am
 - ▶ June 13th at 9:00 am
- ▶ June 19th - Budget public hearing
- ▶ June 21st - Special called meeting to adopt budget

Looking into the Crystal Ball

Challenges for 2019/2020 and beyond

- Courthouse situation
- Continuing volatility in health insurance costs
- Phase 2 of Sparta School/Auditorium renovations
- Year 4 of employee compensation plan (\$135k)
- Possible renovations at high school
- Possible new roof at BDC/WCC/Library
- Possible additional SRO positions
- Continue replacing aging equipment and vehicles
- And who knows what else?



Acknowledgements

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County Commission

Mark Evans, Chairman

County Department Managers

