



FY 22 Recommended Budget

How do we budget?

- Budget team approach, each department meets with the team
- Look at trends for revenue and look at resources that help suggest what to expect with those trends
 - Projecting revenue and economic trends up to 18 months in advance
 - FY 21 did not see COVID revenue impact initially anticipated, but did see higher demands for service, long term demand on county services yet to be seen
- Gather information from various sources on price changes and projections including gas, utility rates, goods and services, economic predictions, etc
- Make, but document, assumptions and layer review so that staff feels comfortable those projections are reasonable
- Seek to understand Board of Commissioner's priorities, community needs, and funding partner needs
- Estimate service demands by examining existing demands- what is growing, decreasing?
 - Challenge to know COVID-19 operational changes that will remain- could impact buildings and infrastructure needed
- Understand mandated services and non-mandated services (~86% or more)
- Review fees charged
- Consider local economy and economic outlook
- Factor in long term fiscal health and long term planning in addition to annual

Budgets are math and statistics problems, but also establish policy and reflect priorities

Highlights for FY 22

Strategic Plan, Goal 6D: Enhance fiscal planning for public dollars while leveraging available revenues to the fullest

- ❑ 2021 is a re-evaluation year. State law requires publication of a Revenue Neutral Rate. Typical county services are funded in the recommended budget under the revenue neutral rate of \$.5592/\$100 valuation.
- ❑ The past two years Fire and Rescue contracts have been supplemented from General Fund Balance. Recommendation this year is to fund within the tax rate requiring \$.024 cents for a total tax rate of \$.5840/\$100 valuation. This assumes a \$.05 cent district rate in all districts.
- ❑ The recommended budget assumes the Solid Waste Enterprise Fund changing to self sustaining.
- ❑ Total budget of \$67,891,202 including fire department transfer (Total requested, excluding fire department balance amount: \$70.7 million)

Service Type	Requested Change from FY 20 Revised	FY 21 Rec. Change from FY 20 Revised	FY 22 Rec. Change from FY 20 Revised
General Government	-9%	-13%	-6.26%
Public Safety	-9%	-17%	-0.46%
Economic Dev/Physical Dev	1%	-1%	49.10%
Human Services	7%	2%	1.77%
Culture/Recreation	-11%	-17%	-5.43%
Education	11%	0%	1.47%

Highlights for FY 22

- ❑ Budget prioritizes maintaining staff levels/existing benefits. FY 21 Budget reductions were prioritized for restoration of severe cuts in FY 20 budgeting in response to COVID.
- ❑ Vehicles are recommended replacements: Ambulance, 9 Sheriff's vehicles, Env Health, DSS, Animal Control
 - ❑ Capital Freeze was lifted with some mid-year release of capital funds in FY 21. Vehicles funding was not restored
- ❑ Personnel soft freeze for non-essential positions recommended to authorize advertising for replacement July 1 impacting 4-H in cooperative extension and history librarian in library. No new positions (2 requested), reclassifications as approved already for DSS and DSS paralegal to full time, School Nurse addition for 1 year with CARES Funding
 - ❑ Policy for FY 22: all out of state travel on county expense be approved by BOC before registration
- ❑ Centralize cell services; Cell phone audit underway, policy change to require administration approval for new lines of service and device replacement
- ❑ Partner agencies in FY 21 were held harmless with flat or slight increases. FY 22 reflects small increases
 - ❑ Nonprofit Contracts- slight increase
 - ❑ Community Centers- keeps funding for capital improvement grants and free wifi at 9 centers
 - ❑ Rescue Squad- flat funding
 - ❑ Transylvania County Schools Operational increase for personnel driven by state decisions (withhold funds to fund balance pending final approval by state. County staff estimating 2% ultimate salary increases for teachers by state)
 - ❑ Transylvania County School Capital slight increase (can also leverage lottery funds)
 - ❑ Blue Ridge Community College funded as requested (net flat)
 - ❑ Maintains existing staff infrastructure to be able to respond to pandemic demands

Highlights for FY 22

- ❑ American Rescue Plan Funds are able to fund infrastructure (water, sewer) projects, more information from treasury on qualifying expenses coming in May
- ❑ Explore operational efficiency and best practices throughout county services
- ❑ Apply to TDA for funding to support Community Appearance Initiative for Planning to operate
- ❑ Continue work on workforce housing, economic development with infrastructure funding opportunity from ARP
- ❑ Continue facilitating the work of Get Set Transylvania in partnership with Sesame Street in Communities including providing topic-based resource toolkits to children along with resources including services provided by county departments and participation in the Family Connects implementation.
- ❑ Complete the construction of a water and sewer line that will provide expansion support to Gaia Herbs and extend service by the Town of Rosman along the US 64 Corridor.
- ❑ Support commissioners in long range capital plans including meeting courthouse needs
- ❑ Includes Rosman pool support (\$50k); Agreement for Rosman maintenance of Rosman Park (\$16k)
- ❑ Includes funds to pave the Silvermont Walking trail, restroom upgrade and manage stormwater at the site (\$200k)
- ❑ Continues leachate agreement with the Town of Rosman
- ❑ Reflects issuing bonds this summer for the \$68 million school bond
- ❑ Includes funds to expand to limited Saturday transportation service
- ❑ Capital for continued R-22 replacement, security cameras and access controls (\$200k), paving, communications and jail security upgrades, and set-aside for elections equipment pending outcome of lawsuits, Sheriff Office UTV

Fiscal Policy Goals

- Continue long term capital planning- combination of debt service and pay as you go strategies
 - Now includes regular replacement schedules and capital needs identified in master plans
 - Courthouse
 - EMS Base
- Identify revenue to fund capital needs
 - Economic Development and Infrastructure Support- Ecusta Road Project Lease Payments
 - Education Facilities Bond
 - Fee schedule market changes- child development, EMS and Environmental Health septic
- Work towards multi-year budget planning in General Fund
 - Vehicle prioritization, computer replacement schedule, long range maintenance evaluation
- Implement Performance Based Budgeting with outcome measures
 - Annual Work Plan according to Strategic Plan in second year of implementation
- Consensus on this year's county needs from commissioners for recommended budget

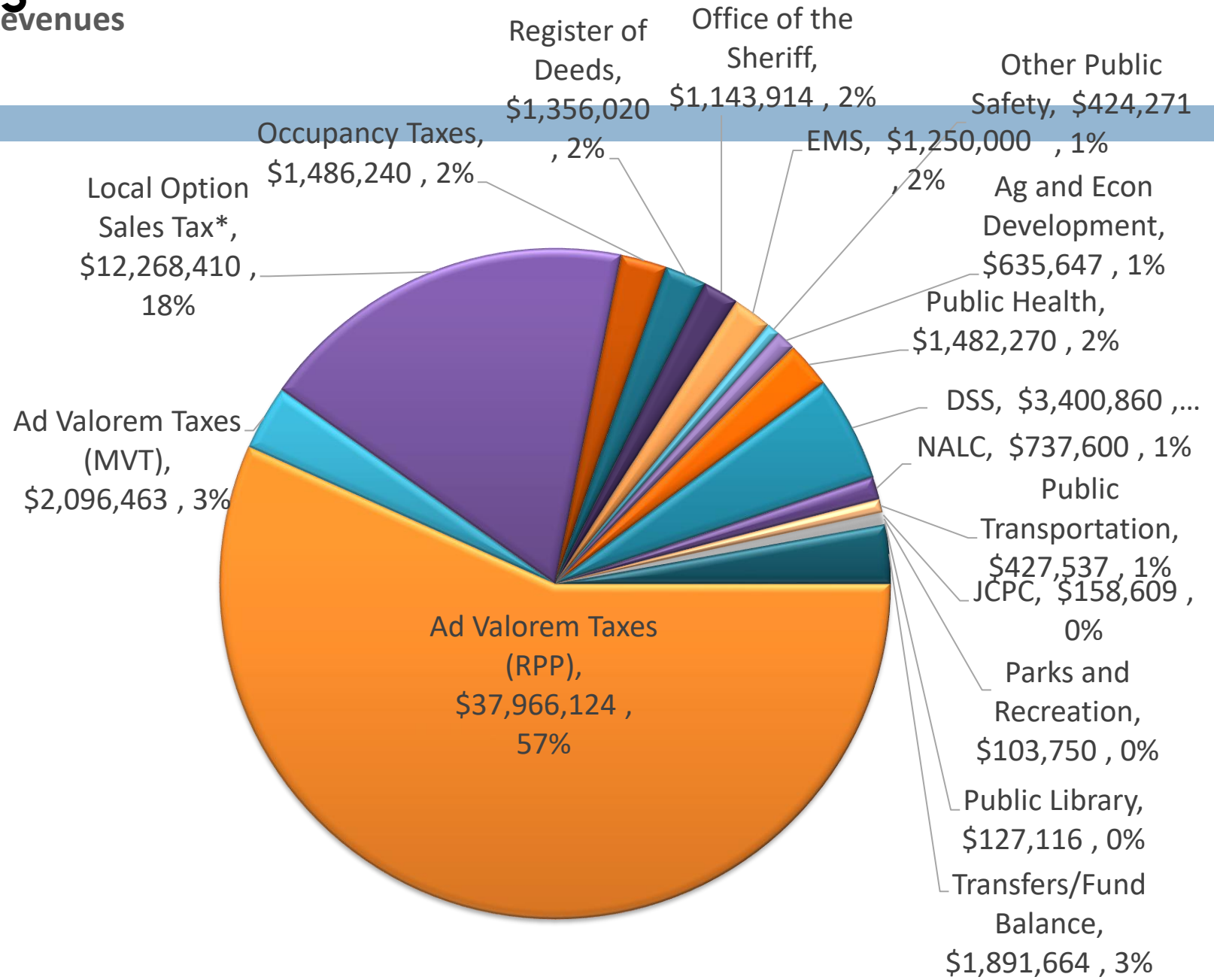
Process with Changes Implemented this Year

- Internal Departments turned in budget requests with justification including proposed work plans- Feb
 - 6 month reviews were evaluated for FY 21 work plans in March
 - Nonprofit Requests
 - Open call for applications in Feb, review by subcommittee and scored in March
- School Funding
 - Presentation from BRCC President, Dr. Leatherwood on Master Plan results and budget request
 - Superintendent meeting in March with budget request and discussion of partnering on advocacy for school needs
- Outside Agencies- Fire Departments, Rescue Squad, etc
 - Budget requests due April 1, April meetings with staff
- Priorities and Preliminary Discussion
 - Commissioner meetings in April to clarify priorities, discuss justifications
 - Commissioners included in budget package review for ROD, Sheriff's Office, BRCC and County School Request
- Manager recommended budget presented early
- Workshops for Commissioners to modify prior to Public Hearing and Adoption

Revenue Projections

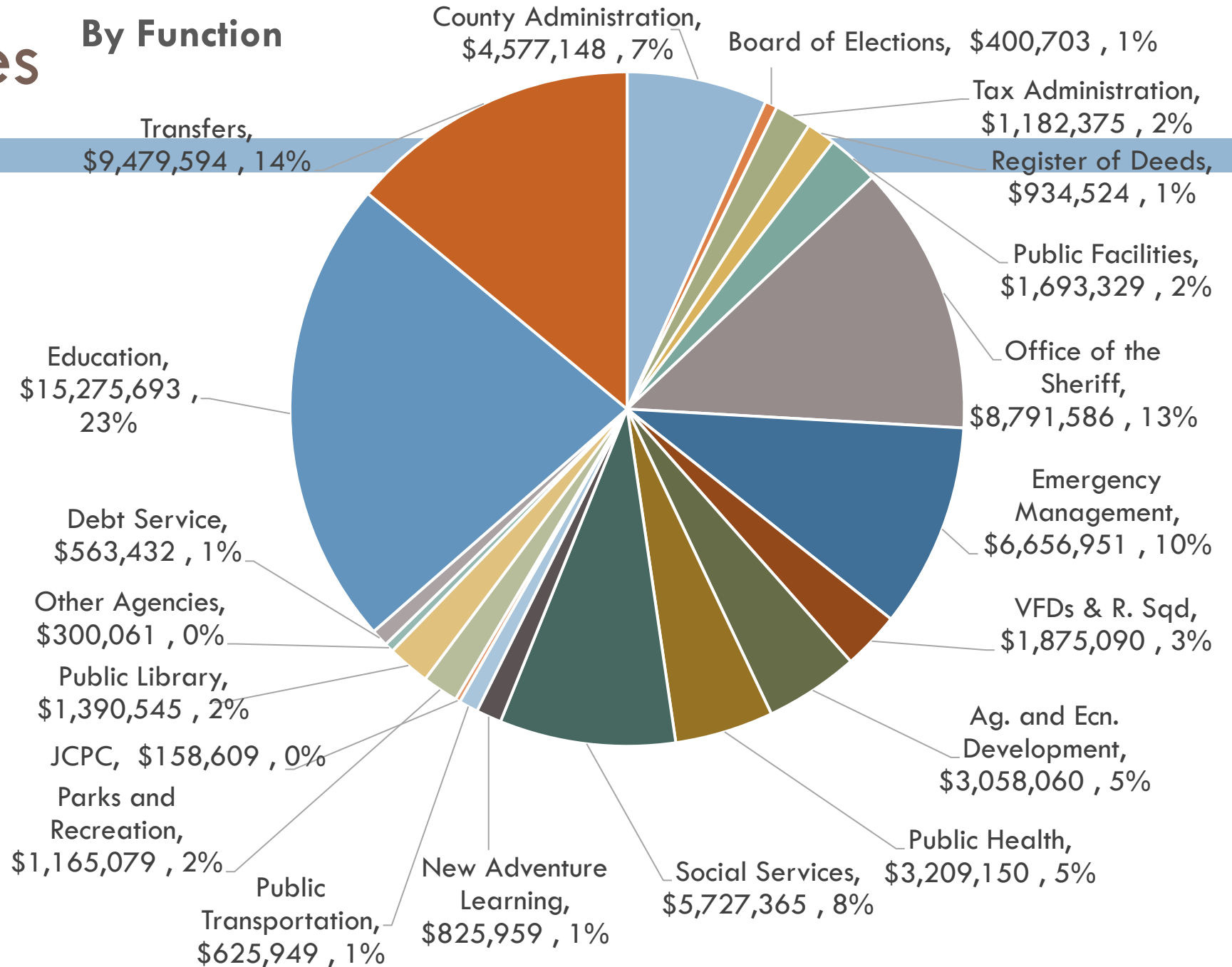
Revenues

- Primary revenue is property tax
- Sales tax has grown, but several articles have to be earmarked on the expense side for counties
- Revenue loss of Medicaid from state, offset by broadening sales tax
- Inmate revenue projected down with uncertain return to housing



Expenditures

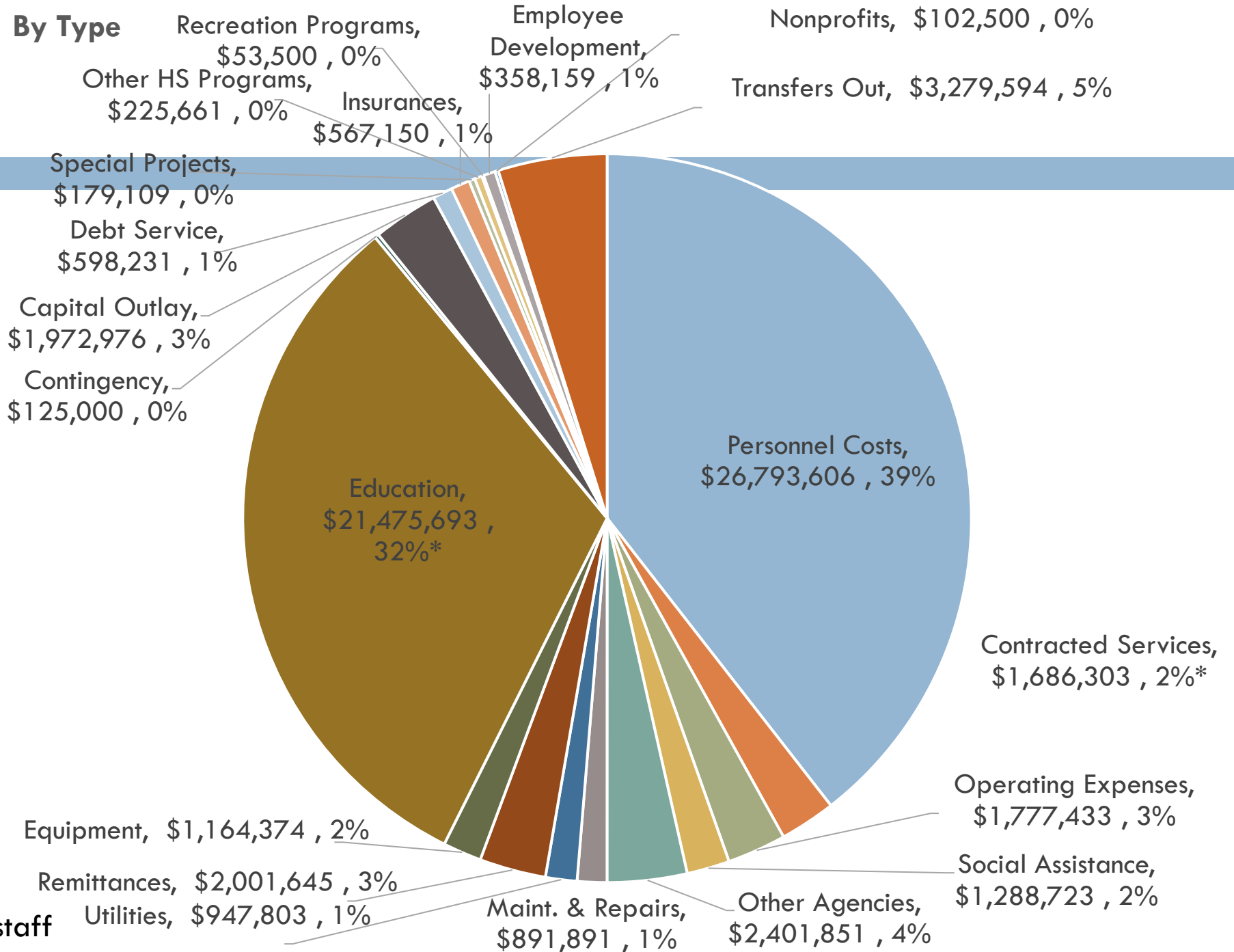
By Function



- Sheriff's Dept increase is vehicle catch up
- EM increase is City of Brevard Dispatch contract as approved last fall
- Ag & Econ Dev is remittance to TDA
- Education Increase for state decisions on personnel costs
- Transfers show bond, required fund transfers

Expenditures

By Type



- Remittances- 21.6% increase due to Occupancy Tax and ROD conveyance
- Maintenance & Repairs inc 13.1% due to restoring from last year
- Education 20.1% Increase due to Bond Payment

*Includes personnel not county staff

General Fund Summary

- Balanced budget of \$67,891,202
- Recommended budget includes \$2.4 million in capital pay as you go slated for assigned fund balance to support capital planning (includes courthouse)
- Recommended budget includes \$6.2 million (FY 20 10.5 cent increase) in FY 22 to pay school bond debt service
- Any additional increases in spending will need to be offset with expenditure cuts, fund balance appropriation or tax increase. Staff does not recommend further pressure on fund balance at this time.
- Recommended budget includes supplemental funds for fire departments earmarked at last year's approved contract levels
- Recommended budget restores capital funding to replace vehicles and maintain assets
- Recommended budget includes establishing self sustaining fee schedule for solid waste fund

Solid Waste Enterprise Fund Summary

- Balanced budget of \$4,117,960
- Fall 2020 Commissioners approved moving forward with expansion of the landfill to keep solid waste disposition in county. Discussion centered around revenue to stop need for funding from property tax
 - Tipping rates are just under region with little room to gain revenue to self sustain
 - Pay as You Throw Sticker Program began over 20 years ago and hasn't increased \$1.50 per sticker price. To offset operations with same program would require over \$12 per bag.
 - No change in solid waste revenue results in \$1.2 million required from property tax not in recommended budget
 - Convenience Sites increase cost to provide, but are popular with residents
 - Improved parcel fee has become more common approach (Ashe, Cherokee, Clay, Dare, Haywood, Jackson, Macon, Rutherford, Scotland)
- Proposal would implement Improved Parcel fee in tax bill, provide disposal tag to all improved parcels allowing convenience site disposal for no additional fee, recycling free
- Stop sticker program January 1 - all others go to landfill and pay tipping fee

Fire Department Budgets

- ❑ Current budget has placeholder for last year's contracts. Currently \$.024 is needed in addition to a \$.05 district rate
 - ❑ Old funding method with last year's approved contracts results in four of eight districts with rates above \$.10 and would require those districts to see a tax increase of \$.045- \$.10 if return to that methodology
- ❑ Includes continuing to have an audit contract to audit all departments with county contract.
- ❑ Budget requests range from \$206k-\$1.5 million, increase from \$0-\$302k. Lower budget figures are actually the higher tax district if funded purely from district taxes due to property valuation spread.
- ❑ Requests include capital, personnel and operating expense increases.
- ❑ Commissioners have detail on requests and will plan to go over those in more detail during the budget workshop
- ❑ Commissioners will need to consider funding level for each district and adjust budget accordingly

Revenue Neutral Rates *State calculation and based on the levy so does not include supplement from GF

Sylvan Valley III \$.0418

Rosman \$.0462

Little River \$.0436

Connestee \$.0445

Cedar Mountain \$.0487

Lake Toxaway \$.0506

Balsam Grove \$.0480

North Transylvania \$.0436

Risks/Opportunities

- COVID-19- vaccination futures, variants and any future policy changes
- Fuel pricing and inflation impact to goods/services
- Training Opportunities may continue to offer remote options
- ARP funds at state level and possible funds available
- ARP County Funds and Treasury Guidance
- Construction costs are rising quickly. Economic predictions show supply costs should stabilize and possibly decrease again later this year unless there are further impacts unforeseen to supply chain
- Over 50% of the county is in state and national forests with additional lands in conservancy such as the sale of the rail line into rail line conservancy under the Conserving Carolina umbrella.
Decreasing tax base while county services are required across the entire mass requires costs to be higher for taxable parcels
- Health care cost national trends
 - County runs a self funded program and has health programs to help minimize costs
 - Experience in county plan under market experience

Discussion- *Be patient, be kind, be courteous and be cordial*

- Identify topics for the workshop May 10 that *do not* have consensus tonight either tonight or by Friday so that we can prepare information for discussion
 - ▣ Do you need additional data?
 - ▣ Do you need more detail on an area?

Proposed Workshop Format

- Facilitator- Jaime
- Present prior information and any known options for each item of discussion
- Open for commissioner discussion along with questions
 - Start with person who requested item
 - Opportunity for each to speak
- Once it appears there are 3 in agreement or when 15 minutes is reached I will call for a poll for consensus unless commissioners express interest in continuing discussion
- When consensus is reached, move to the next item
- Fire Department Contract Budgets on first workshop
- Public Hearing on Budget to be held at least on June 14 Board of Commissioner meeting with a second expected June 28

Discussion

- Questions?
- Discussion by BOC
- Workshop 1
 - Fire Department requests