



CHOWAN COUNTY, NORTH CAROLINA

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May 18, 2020

Mrs. Patti F. Kersey, Chair
Chowan County Board of Commissioners
PO Box 1030
Edenton, NC 27932

Dear Honorable Chair Kersey and County Commissioners:

This FY 2020-2021 budget is presented to you in accordance with the *North Carolina Local Government Budget and Fiscal Control Act*. The proposed budget is presented subject to a public hearing and the Chowan County Board of Commissioners revisions and approval. This budget is balanced and identifies the estimated revenues and expenditures for the Fiscal Year 2020-2021.

The FY 2020-2021 proposed budgeted revenues and expenditures for the General Fund, including the Social Services Fund, are \$17,764,240 compared to the approved FY 2019-2020 budget of \$17,710,626.

As in years past, County Administration received budget requests, revenue estimates and other financial information from department heads and other various officials, officers, and agencies of Chowan County. The proposed budget is based on these budget requests, along with information provided by staff and input from the County Commissioners. Each department or agency presented an original budget request to the Finance Office. The Finance Officer and County Manager, upon receipt of individual departmental requests, developed a budget to be submitted to the Chowan County Board of Commissioners. Developing the budget this year has been a challenge due to the uncertain economic impact that we face due to the COVID-19 crisis. The financial effect of the COVID-19 crisis has not yet been determined and we have estimated revenues to the best of our abilities using guidance from multiple sources, including Local Government Commission, UNC School of Government, and our colleagues in other local governments.

The Budget Officer will publish a statement in the Chowan Herald that the budget has been submitted to the Chowan County Board of Commissioners and is available for public inspection in the office of the Clerk to the Board and on the Chowan County web site. The same published statement will also give notice of the time and place of the public hearing during which any person who may wish to comment on the budget may appear before the Board of Commissioners.

No earlier than ten days after the public hearing and not later than June 30, 2020, the Chowan County Board of Commissioners must adopt a budget ordinance making appropriations, estimating revenues and levying taxes for FY 2020-2021.

Proposed Tax Rate

The FY 2020-2021 budget, as recommended, does not include an Ad Valorem tax rate increase from the 2019-2020 budget. The property tax rate remains at \$0.755 per one hundred dollar (\$100.00) value on Real and Personal Property and Motor Vehicles listed as of January 1, 2020. The estimated tax base, which is provided to the County Manager by the Tax Administrator, is used in this budget to determine the amount of property tax revenue that will be available in the FY 2020-2021 budget. The amount of revenue that is expected to be collected in the coming year is determined by the tax base amount and the collection rate.

General Fund Revenues

Below is a summary of the proposed general fund revenues (excluding Social Services) by service for FY 2020-2021 followed by detail of each service:

Service	Proposed Revenue FY 2021	% of Gen Fund Budget
Ad Valorem Taxes	\$11,186,463	71%
Sales Tax	\$1,840,524	12%
Departmental	\$687,605	4%
Permits and Fees	\$362,410	2%
Miscellaneous	\$609,571	4%
Other Taxes	\$49,110	0%
Fund Balance	\$1,126,584	7%
Total Revenues	\$15,862,267	100%

Ad Valorem Taxes

- **Property Tax Collections** - Estimated property tax revenues for FY 2020-2021 are calculated based upon the audited tax collection rate for FY 2018-2019. According to the 2019 audit, the collection rate for real and personal property was 98.44% and the collection rate for motor vehicles was 100%. These rates are used to estimate next year's property tax revenues.

The Chowan County 2020 tax year valuation estimate provided by the Tax Administrator anticipates a total valuation for FY 2020-2021 of \$1,476,060,702. This valuation includes real and personal property, including public utilities, and motor vehicles. At 100% collection, each penny of the property tax rate assessed will produce \$147,606. Applying a collection rate of 98.44% to real and personal property and 100% to motor vehicles, each penny of the assessment will produce \$145,516.

With the proposed tax rate of \$0.755 per \$100.00 valuation, the 2020-2021 budget year projected revenues for real and personal properties and utilities are estimated at \$9,957,300. Revenues for motor vehicles are anticipated to be \$1,029,163.

The FY 2020-2021 budget also anticipates the collection of \$150,000 in prior years' delinquent real and personal property taxes as well as 50,000 in penalties, interest and other miscellaneous charges assessed upon delinquent taxes.

Therefore, the FY 2020-2021 budget anticipates the collection of \$11,186,463 in ad valorem and motor vehicle tax revenues, which represents 71% of General Fund Revenues.

Sales Tax Revenue

- Chowan County anticipates collecting \$933,784 in FY 2020-2021 from the local 1-cent Article 39 sales tax. The County also predicts revenues of \$637,942 in the General Fund from the ½ cent Article 40 sales tax. An additional thirty (30) percent of the Article 40 sales tax by statute is restricted for school capital projects and is sent directly to the School Capital Reserve and is not reflected in the General Fund. The County further projects collecting from the ½ cent Article 42 sales tax a total of \$88,646. An additional sixty (60) percent of the Article 42 sales tax by statute is restricted for school capital projects and is sent directly to the School Capital reserve and is not reflected in the General Fund. Chowan County anticipates collecting \$180,152 from the ½ cent Article 44 sales tax. The budgeted sales tax revenue for 2020-2021 reflects a reduction of 25% from the current year projected revenue (2019-2020) due to the undetermined financial impact of COVID-19.

Therefore, the total amount of sales tax revenue anticipated in the General Fund budget is \$1,840,524, which represents 12% of General Fund Revenues.

Departmental Revenue

- **Register of Deeds Revenues** – The FY 2020-2021 budget projects revenues from real estate registration (recording fees), vital statistics and marriage licenses in the amount of \$189,920. This amount includes \$102,000 in excise tax (deed stamps) to be divided between Chowan County and the State of North Carolina.
- **Sheriff** – Chowan County anticipates revenues in the amount of \$150,757 from the School Resource Officer program and other miscellaneous fees for the FY 2020-2021 budget.
- **Tri-County Animal Shelter** – The FY 2020-2021 budget estimates revenues of \$138,616 from Gates and Perquimans Counties for operations, as well as miscellaneous revenues of \$8,400. Total anticipated revenues for the Animal Shelter are \$147,016.
- **Recreation** – The FY 2020-2021 budget estimates revenues of \$61,150 from registration fees, concessions, and special events.
- **Soil & Water** – The FY 2020-2021 budget estimates revenues for Soil and Water in the amount of \$45,774.

Permits and Fees

- **Planning and Inspections Office** – Planning and Inspections for FY 2020-2021 are anticipated to generate \$110,000 in building permit fees, \$5,000 in public nuisance fees and \$4,000 in planning fees.
- **Fines & Forfeitures** - The FY 2020-2021 budget anticipates \$90,000 in the receipt of fines and forfeitures, which are remitted to the Edenton-Chowan Board of Education.
- **Jail** – The FY 2020-2021 budget anticipates \$33,500 in jail fees.
- **Court Fees** – The FY 2020-2021 budget anticipates \$40,000 in court costs and \$12,500 in court facility fees which must be used to maintain the county courthouse.

- **Senior Center/Nutrition** – The FY 2020-2021 budget predicts revenues of \$12,800 from registration fees, other fees and from the Albemarle Commission for the Nutrition Program.

Miscellaneous

- **Building Rental** - The budget for FY 2020-2021 estimates revenues of \$157,574 in building rental fees.
- **ABC** - The FY 2020-2021 budget anticipates \$80,000 in profit distribution from the ABC Store.
- **Interest Earned** – The budget for FY 2020-2021 estimates \$37,500 in interest earned on investments.
- **Transfers In** – The budget for FY 2020-2021 projects revenue of \$100,000 from the Water Department fund for administrative services.
- **JCPC Grant** – Revenues of \$97,394 are estimated for the FY 2020-2021 budget from the Juvenile Justice programs, including the After School Program (\$43,562) and Intensive Supervision Program (\$53,832).
- **Town of Edenton** – The FY 2020-2021 budget projects \$100,387 in reimbursement from the Town of Edenton for Information Technology and \$42,578 for Building Inspections services.

Other Taxes

- The FY 2020-2021 budget projects \$49,110 in revenues for miscellaneous taxes.

Fund Balance

- The FY 2020-2021 budget anticipates using \$1,126,584 from Fund Balance. However, if revenues are better than projected, it will not be necessary to use the entire amount.

General Fund Expenditures

Below is a summary of Chowan County's proposed expenditures for the General Fund (excluding Social Services) for FY 2020-2021 by function:

Function	Proposed Funding FY 2021	% of Gen Fund Budget
Public Safety (Sheriff/SRO, 911, Jail, EMS, Animal Shelter)	\$6,009,820	38%
Public Education (ECPS, COA, Library)	\$4,323,528	27%
Government (Elections, ROD, Tax, Admin)	\$2,734,265	17%
Human Services (Rec, Health & Mental Health, Ag, SR Citizens)	\$2,486,177	16%
Other Services (Planning, Forestry)	\$308,477	2%
Total Expenditures	\$15,862,267	100%

Public Safety

- **Sheriff's Office** – The FY 2020-2021 budget appropriates \$1,493,826 for the Chowan County Sheriff's Office, which includes salaries and benefits for of \$1,200,421. The appropriation also includes \$58,738 for vehicle leases, \$86,500 for Supplies, \$34,500 for Maintenance & Repairs and \$45,667 for capital needs. The FY 2020-2021 budget also appropriates an additional \$200,561 for the School Resource Officer program.
- **Jail** – The FY 2020-2021 budget appropriates \$887,702 for the operation of the Chowan County Detention Center.
- **Central Communications** – The FY 2020-2021 provides \$560,332 for the operation of the 911 emergency communications system.
- **Emergency Medical Service** - The FY 2020-2021 budget appropriates \$962,917 to the EMS Enterprise Fund to cover a revenue shortfall in that amount.
- **Building Inspections** - The FY 2020-2021 budget appropriates \$231,279 for the Inspections Department.
- **Animal Shelter** – The FY 2020-2021 budget appropriates \$216,673 for Tri County Animal Shelter operations. The budget includes \$30,000 for parking lot repairs. It is estimated that \$138,616 will be reimbursed to Chowan County, as fiscal agent, from Gates (\$64,844) and Perquimans (\$73,772) Counties.
- **Animal Control** – The FY 2020-2021 budget appropriates \$70,693 for operations of the Animal Control Office.
- **Building Maintenance** – The FY 2020-2021 budget provides \$217,998 for maintenance needs and improvements for the Public Safety Center building, the Courthouse, and the Jail.

Public Education

- **Edenton – Chowan Public Schools** –The school current expense appropriation provided for in the FY 2020-2021 budget is \$3,500,000. The appropriation will be distributed in twelve (12) equal monthly payments.
- **Community Colleges** - The FY 2020-2021 budget appropriates \$200,000 to College of the Albemarle to be used for current expense for the Chowan Campus and \$25,000 for capital outlay. The current expense appropriation will be distributed in twelve (12) equal monthly payments, and capital outlay will be distributed to COA on a reimbursement basis, after prior approval and after consultation with the Board of Commissioners for capital outlay expenditures and projects. Reimbursable projects under \$5,000 shall not require Board of Commissioner approval.
- **Shepard Pruden Memorial Library** - The FY 2020-2021 budget appropriates \$193,000 for operating expenses and \$38,985 for building maintenance needs.

Government

- **Administration and Finance** – The budget for FY 2020-2021 provides \$464,751 for administrative and finance operations.
- **Maintenance** - The FY 2020-2021 budget provides \$425,170 for Maintenance Department operations.
- **Tax Collections** - The FY 2020-2021 budget appropriates \$389,677 for tax office operations.
- **Information Technology** – The FY 2020-2021 budget appropriates \$304,016 for County IT expenditures.
- **Register of Deeds**– The proposed FY 2020-2021 budget provides \$253,036 for the operation of the Register of Deeds Office.
- **Insurance** – The FY 2020-2021 budget provides \$221,764 for Worker’s Compensation and Professional Liability insurance.
- **Revaluation** – The FY 2020-2021 appropriates \$131,240 to the Revaluation Fund in preparation for the county-wide tax revaluation that is performed every eight (8) years. The next revaluation must be complete by January 1, 2022.
- **Land Records** – The FY 2020-2021 budget provides \$127,287 to the Land Records/GIS Department located in the Register of Deeds Office.
- **Elections** – The FY 2020-2021 budget appropriates \$117,299 for the operations of the Elections Office.

Human Services

- **Social Services**– The FY 2020-2021 budget appropriates \$939,493 in County funds to the Social Services fund. While all Social Services budgets were previously in Fund 11, they have been budgeted in Fund 12 since FY 2012-2013. However, for auditing purposes, Social Services remains part of the General Fund.
- **Recreation** – The FY 2020-2021 budget provides \$513,424 for the Recreation Department to operate community recreational programs. The budget also provides \$69,000 for maintenance needs, including an HVAC replacement, for the Northern Chowan Community Center (NCCC).
- **Senior Center/Nutrition** – The FY 2020-2021 budget provides \$156,881 to fund the Senior Center and Nutrition Program for Chowan County senior citizens. The budget also appropriates \$18,136 for maintenance needs for the Swain School building.
- **Public Health** – The FY 2020-2021 budget provides an appropriation in the amount of \$94,904 payable to Albemarle Regional Health Services for public health services.

- **Mental Health** - The FY 2020-2021 budget provides \$34,925 to Trillium Health Resources which includes the county's \$2.13 per capita contribution and the transfer of \$5,000 in bottle tax revenues.
- **Cooperative Extension** - The FY 2020-2021 budget appropriates \$209,271 to Cooperative Extension Services. The budget also provides \$31,050 for maintenance needs to the Agriculture building.
- **Veterans Affairs** - The FY 2020-2021 budget appropriates \$18,016 for Veterans Affairs services.

Other Services

- **Soil Conservation** - The FY 2020-2021 budget appropriates \$122,971 for the Soil and Water Conservation Program. This includes funds for Beaver Management, Water Quality Management, and Soil and Water Management.
- **Planning** – The FY 2020-2021 budget provides \$101,723 for the Planning Department.
- **Forestry** - The FY 2020-2021 budget provides an appropriation in the amount of \$82,783 to the Forestry program.

Social Services Fund

- The Social Services program anticipates a FY 2020-2021 budget of \$2,841,466 in revenues and expenditures. This includes an appropriation from the General Fund of \$939,493.

Fire Districts

- **Revenues** - The FY 2020-2021 Fire District Special Revenue Fund anticipates \$526,153 in ad valorem and motor vehicle tax revenues and \$38,908 in sales tax revenues for the benefit of fire departments in Chowan County. This fund uses \$152,157 in fund balance for a total budget of \$717,718.
- **Expenditures** - The FY 2020-2021 budget provides \$234,968 to the Center Hill Crossroads Volunteer Fire Department for operations and equipment. The budget further provides \$422,415 to the Town of Edenton for its fire services to the non-town residents of Chowan County. This amount is recalculated each year based upon a five year average of Edenton Fire Department calls outside of the town limits. The budget also appropriates \$45,335 in capital outlay for equipment.

The FY 2020-2021 budget provides \$15,000 for a tanker to the Belvidere Chappell-Hill Fire Department.

E911/Central Communications Fund

- The E-911 Special Revenue Fund anticipates \$261,498 in revenues and expenditures for the FY 2020-2021 budget. This fund is not projected to use any fund balance.

Re-Valuation Fund

- The Re-Valuation Fund anticipates a budget for FY 2020-2021 of \$231,240 which includes a transfer from the General Fund for \$131,240. The fund is projected to use \$100,000 in fund balance.

Debt Service

- The FY 2020-21 budget provides \$1,568,139 in principal and \$160,334 in interest toward the County's debt obligation, a total of \$1,728,473 for debt service.

Capital Reserve Fund

- The Capital Reserve Fund projects revenues and expenditures for the FY 2020-2021 budget of \$300,000. Revenues received for the Capital Reserve Fund are from Land Transfer tax.

School Capital Reserve Fund

- The FY 2020-2021 budget anticipates revenues from Article 40 and Article 42 sales tax in the amount of \$693,838 for the School Capital Fund. These revenues are designated specifically for capital outlay.

Lottery Fund

- The FY 2020-2021 budget provides \$103,573 for the sixteenth year for the debt payment due July 1, 2020 for the QZAB (Qualified Zone Academy Bonds) interest-free loan, which provided funds for renovations to John A. Holmes High School. Proceeds from lottery funds are designated for this debt payment.

Tourism Development Authority

- The budget for FY 2020-2021 for the Tourism Development Authority (TDA) Fund estimates revenue and expenditures at \$153,661. Revenues for TDA are received from Occupancy Tax and are projected to decrease by 20% due to the potential economic impact of COVID-19. The financial effect of the crisis to tourism is still uncertain at this time and will be monitored during the year.

Emergency Medical Service Fund

- The Emergency Medical Systems (EMS) Enterprise Fund revenues are estimated at \$900,000 for the FY 2020-2021 budget. A transfer from the General Fund of \$962,917 was budgeted to cover the revenue short-fall. Expenditures for FY 2020-2021 are projected at \$1,862,917, which include salaries and benefits of \$1,529,670, Worker's Comp and Liability insurance of \$53,335, maintenance needs of \$53,500 and equipment lease of \$47,312.

Water Fund

- The FY 2020-2021 recommended budget for the Water Department Enterprise Fund is \$1,701,088 in revenues and expenditures. Charges for utilities are estimated at \$1,600,000. Budgeted expenditures include salaries and benefits of \$493,636, professional fees of \$562,000, chemicals and supplies of \$146,000, capital outlay of \$114,000 and maintenance needs of \$84,000.

Solid Waste Fund

- The FY 2020-2021 proposed budget for the Solid Waste Enterprise Fund is \$1,176,300, which includes \$133,300 in fund balance for the year. Budgeted expenditures include \$124,000 for capital improvements to convenience sites.

Conclusion

This budget represents our best estimate of revenues and expenditures for the upcoming fiscal year. Due to the uncertainty we are facing in the economy, adjustments may be required during the year to amend the adopted budget. The Chowan County Board of Commissioners is required to approve any such budget adjustments, which increase or decrease a department's total expenditures during the course of the fiscal year.

I urge the Commissioners to carefully consider and study this proposed budget. If there are any questions or concerns, please do not hesitate to contact me.

On behalf of your County staff, we look forward to working with the Commissioners during the coming year to provide the best services possible at the most reasonable cost to the taxpayers of Chowan County.

Sincerely,

Kevin Howard
Chowan County Manager