

May 22, 2023

Honorable Vernon J. Bryant, Chairman
Halifax County Board of Commissioners

Dear Chairman Bryant and Board of Commissioners:

In accordance with North Carolina's Local Government Budget & Fiscal Control Act, I am honored to present my proposed comprehensive spending plan for Halifax County Government for the upcoming fiscal year (FY) beginning July 1, 2023, and ending June 30, 2024. Further, it fulfills my statutory obligation to present a balanced budget to you and the citizens of Halifax County. With your insight, direction and support, this document represents a continuation of county services provided in the most cost-effective manner possible.

As we emerge from the COVID-19 pandemic, we continue to evolve and adapt to a new normal, a changed working environment, but with no decrease in service demand. County staff continue to show great courage and dedication in providing services to our citizens.

Each year, we begin our budget process much earlier than most other local governments. Staff began working on this budget in September 2022, analyzing our many operational, capital and educational needs. This process included detailed capital planning, as well as input from the Board of County Commissioners during its retreat in December 2022, which culminated with the Commissioners' direction during our lone April 2023 budget work session. I would like to extend a special thanks to the management team, elected officials, department/agency directors, and our educational partners for their continued dedication to a conservative and fiscally responsible approach in this budget process. As always, this budget strives to meet the Board of Commissioners' mission, to ***“provide leadership and support for an effective county government that seeks to enhance the quality of life for all the people of Halifax County.”***

As with most local governments in North Carolina, we are experiencing increasing expenses in every aspect of service delivery. Thankfully, here in Halifax County, we have experienced enough growth to fund recurring expenses. I remain optimistic about the County's overall fiscal and economic outlook. We have a 64.79% (\$51,331,513) Fund Balance, which is well above the 8% suggested by the North Carolina Local Government Commission (LGC). A majority of that amount is not available for general use (e.g. Restricted, Assigned, Committed, etc.), thus, limiting our cash-on-hand (Unassigned) funds to \$22,094,226 to address any additional non-recurring needs in this budget. Again, I compliment staff, with direction from the Halifax County Board of Commissioners, for creating the environment to allow us to have this healthy Unassigned Fund Balance, which also helps us be prepared for emergencies and disasters. Unlike the federal government, we are required to balance our budget and maintain additional funds to cover any major unexpected events.

We continue to use our same successful revenue-based budgeting process, which has served us well for more than 20 years. This process has allowed us to proactively manage our budget and to

be able to weather past economic challenges and to be prepared for any future challenges. Our conservative projections and fiscally responsible approach have allowed Halifax County to maintain a healthy overall General Fund Balance.

Halifax County has always had challenges in being able to provide services to our citizens while keeping the property tax rate low. Compared to other rural North Carolina counties, we continue to have one of the lowest property tax rates.

I again commend not only this Board of Commissioners on your budget oversight but also our staff in each department for their ability to adapt to ever-changing economic conditions, especially as we emerge from the COVID-19 pandemic. Staff remain committed to providing efficient and effective services to our citizens at the lowest cost possible to all taxpayers. Many county employees are also taxpayers, and we, too, wish to keep our tax burden low.

We have experienced growth in our major revenue streams. Even with gas prices and inflation remaining high, I am happy to report that our sales tax revenues have remained strong, even increasing by 9% from last year which is trending along with the current inflation rate. Based on the economic challenges we continue to face, I am impressed that we are able to maintain a good collection rate at an impressive 97.5%. With our conservative projections and healthy Fund Balance, I am confident we will have the ability to absorb any potential shortfalls in the budget should the economy take a severe downturn.

Despite Halifax County's Tier 1 designation, we maintain a strong budget. I pay tribute to our talented team in making this success happen. In addition to the Tax Department, I commend County Attorney Glynn Rollins and his staff, as well as the Sheriff's Office, in going above and beyond to work with taxpayers in establishing payment plans to aid citizens and minimize hardships. We are not required to establish payment plans, but we do so in order to support our citizens while respecting the challenges they face in this current uncertain economy.

The backbone of the budget lies in the Finance Department. Our Finance Department has been the recipient of the Annual Comprehensive Financial Report (ACFR) award for the past 23 years in a row, which continues to show the professional and exceptional level of service we strive to provide to our citizens for a reasonable property tax rate. Our citizens are fortunate to have such dedicated county staff whose commitment is proven on a daily basis.

We continue to have positive movement in our economic development efforts. I applaud the Board of Commissioners' forward-thinking and proactive approach in continuing to position the County to create more jobs that pay a living wage in the future. With the opening of the Premier Boulevard extension in Roanoke Rapids, that area is already experiencing growth with more planned in the near future. Along with support from our Economic Development Commission, Executive Director Cathy Scott and the County Commissioners' proactive approach, we are poised to have additional growth in our local economy.

Based on our sound approach to our budgets each year, the County's financial situation is stable and in line with the requirements dictated by the NC Local Government Commission. I am proud that we have had stable budgets in place for the last 20 years. This budget allocates \$3,856,950

from our Fund Balance to fund the next fiscal year’s approved capital for county departments. An additional \$1,504,700 of Fund Balance will cover the costs of additional one-time employee and capital expenses, funding to Halifax Community College to assist with ADA Compliance and funding to various non-profits in support of community needs. Despite the use of Fund Balance as mentioned earlier, our audited Total Fund Balance as of June 30, 2022, of 64.79% is still well above the NC Local Government Commission’s suggested 8% level.

One positive local impact of the pandemic is that Halifax County received \$9,713,856 provided by the American Rescue Plan Act/Coronavirus State and Local Fiscal Recovery funds. With this funding, \$7,213,856 supplanted personnel expenses, thereby, freeing up that amount in the general fund, and setting aside \$2,500,000 to address broadband accessibility, a top priority of this Board of Commissioners. As a result of freeing up those funds, the commissioners approved moving approximately \$5,900,000 to the capital reserve fund to address major capital needs. The majority of these funds will address water and sewer infrastructure upgrades, as well as other projects to enhance recreational opportunities in the county, renovate dilapidated meeting space, and upgrade an old facility to function as a county vehicle and bus maintenance garage to service fleets from all three local school systems. These “once in a generation” monies will truly move the needle for the benefit of all in Halifax County.

As required by the State of North Carolina, all counties with multiple graded school districts are required to support each district equally as to local current expense funding based on each district’s average daily membership (ADM). Counties must also provide funding for school capital needs. This year’s budget provides additional capital funding for our public schools and community college totaling \$780,000. The specific funding amounts are broken down as follows:

Halifax Community College.....	\$195,000
Halifax County Schools	\$195,000
Roanoke Rapids Graded School District	\$195,000
Weldon City Schools.....	\$195,000

This additional funding resulted from sales tax revenues collected and distributed to the County based on G.S. 105-524 (Article 44). The current allocation is the result of collections over the past year. Each fiscal year, the Halifax County Board of Commissioners determines how to appropriate these Article 44 funds, which are limited to economic development, public education or community college purposes. Historically, the funds have been directed toward education.

Halifax County provides both current expense and capital funds to each of the graded school districts. Thanks to the North Carolina General Assembly, Halifax County now has an additional tool to address school capital needs. The Needs-Based Public School Capital Fund provides grants to counties to partner with school systems to address major capital needs. County staff worked with both Halifax County Schools and Weldon City Schools to submit successful applications to build a new Pre-K through 8th grade school for Halifax County Schools and a grade 6-12 school for Weldon City Schools. We look forward to the continued progress on both projects. Halifax County will provide a 5% match for each project.

All three graded school systems will receive funding based on the supplemental school property tax rate within their respective districts. The following tax rates are anticipated for each of the school systems:

Halifax County Schools	\$.10/\$100 value
Roanoke Rapids Graded School District	\$.215/\$100 value
Weldon City Schools	\$.20/\$100 value

Because we distribute local sales and use taxes by the ad valorem method, all three districts will be receiving a portion of sales tax revenues.

Halifax County has many capital needs. This budget will continue to address our pressing capital needs by funding, among other things, debt service payments for Enfield-Inborden School, Manning Elementary School and the Social Services Building.

Important features of the budget proposal for Halifax County for FY 2023-2024 are as follows:

- ❖ This budget continues County services at efficient and effective levels.
- ❖ This budget does not include a property tax increase.
- ❖ This budget is based on an estimated property tax base of \$3,668,421,053 and a tax collection rate of 97.5%. The tax rate of \$0.76 cents per \$100 value will be adequate to support the FY 2023-2024 budget.
- ❖ The County provides local funding to each graded school district based on Average Daily Membership allotments that are provided by North Carolina Department of Public Instruction, and the amount allocated will increase from \$780.60 per pupil to \$792.54 per pupil.
- ❖ To maintain a healthy workforce, this budget continues to provide a competitive benefits package, which includes 100% paid premiums for health coverage for each full-time employee who participates in the County’s Wellness Program. With increasing health costs, this budget had to absorb a 17% premium increase to maintain employee health coverage. County staff intend to explore options to improve health benefits coverage in the coming year.
- ❖ This budget maintains our Longevity Pay Program, which is a vital employee retention tool to reward our long-term full-time employees.
- ❖ This budget provides an 8% Market Adjustment (COLA) for full-time employees, as well as a bonus for full-time and regular part-time employees.
- ❖ This budget funds our Pay-for-Performance evaluation plan, a vital employee retention tool.

- ❖ Employees will receive a Floating Holiday this fiscal year.
- ❖ This budget continues our hiring freeze, previous staff reductions and travel restrictions, which will remain in effect throughout this budget year.
- ❖ This budget includes funds to support both economic development and contingency operations.
- ❖ This budget continues to require employees to use County vehicles, when available, for travel; this policy amounts to a savings of over 60% in travel costs versus paying mileage for use of personal vehicles.
- ❖ This budget funds needed capital outlay for County departments.
- ❖ This budget provides funding to our non-profit community partners in the amount of \$43,500.

Historically, we have been faced with making difficult budgeting decisions in Halifax County juggling a balance of needs and requests with available funds and forecasted revenues. The past few years of the budget planning process *and* implementation have been especially challenging in being able to complete projects. Even today, there are delays and long waits to receive vehicles, equipment and, occasionally, even basic items due to supply chain issues and shortages.

This proposed budget shows the County's commitment to providing excellent services to its citizens. However, it only addresses items over which we, the County, have full control. There will always be the potential for changes from both the Federal and State government as we adjust to the new normal as a result of the COVID-19 pandemic. Staff and I will continue to work diligently with the North Carolina Association of County Commissioners (NCACC), the North Carolina City & County Management Association (NCCCMA) and the National Association of Counties (NACo) in communicating our concerns to both our State and Federal legislators to ensure they are fully educated and aware of the potential implications of their decisions at the local level in Halifax County. I am proud of the positive working relationships we have with all of these agencies, as well as with our federal and state legislative officials.

As required by law, the budget will be available for public inspection in the Clerk to the Board's office and in all five County public libraries for the required ten (10) days. A public hearing will be held on Monday, June 5th at 9:30 a.m. with a final adoption scheduled for Monday, June 19th at 9:30 a.m. After today's presentation, the proposed budget will also be available on the County's website at www.halifaxnc.com.

I am grateful for the opportunity you have given me to continue serving this great county. I appreciate your support, guidance and encouragement, as staff and I continue to grow in our service to our citizens. I am proud to work with such dedicated staff who amaze me with their ability to do more with less while working hard to serve our citizens. I would especially like to thank the strong support that I receive from our core budget team: Deputy County Manager Renee Perry, Assistant County Manager Christina Wells, Finance Director Mary Duncan, and Assistant

Finance Director Teresa Mozingo. These team members are key pieces of the massive budget puzzle.

Finally, I would like to take this opportunity to thank all of our employees for their hard work and dedication. Knowing our challenges, our employees are mindful of budget constraints and continue to look for ways to improve service delivery; this strong sense of loyalty is proven daily in my interactions with staff. It will always be my desire to provide strong, stable leadership and to take a fiscally conservative approach to maintaining and improving the quality of life for our citizens. Our goals in Halifax County are to provide a better place to live, work, play and to improve life for all of our residents. Our informal motto over the last several years has been "Working Together Works," and I am honored to be part of a team that practices and lives out the meaning of these words every day. On behalf of our 566 citizen servants, I am honored to present this proposed budget to the Halifax County Board of Commissioners for FY 2023-2024 and stand ready to assist you in continuing to move the County forward.

Respectfully Submitted,

A handwritten signature in blue ink that reads "Dia H. Denton". The signature is fluid and cursive, with a large initial "D" and "H".

Dia H. Denton
County Manager