

**Catawba County Board of Commissioners
FY23 Budget Workshop
Monday, March 14, 2022 – 8:00 a.m.
Government Center
2nd Floor Meeting Room
Newton, North Carolina 28658**

1. Budget Workshop

- RY22-23 Preview

Presenters:

Mick Berry, County Manager

Mary Furtado, Deputy Manager



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FY2022-23 Budget Preview

March 14, 2022

Overview of Agenda

- Revenue Outlook
- Education - Current Expense and Annual Capital
- Public Safety
- Public Health
- Next Steps





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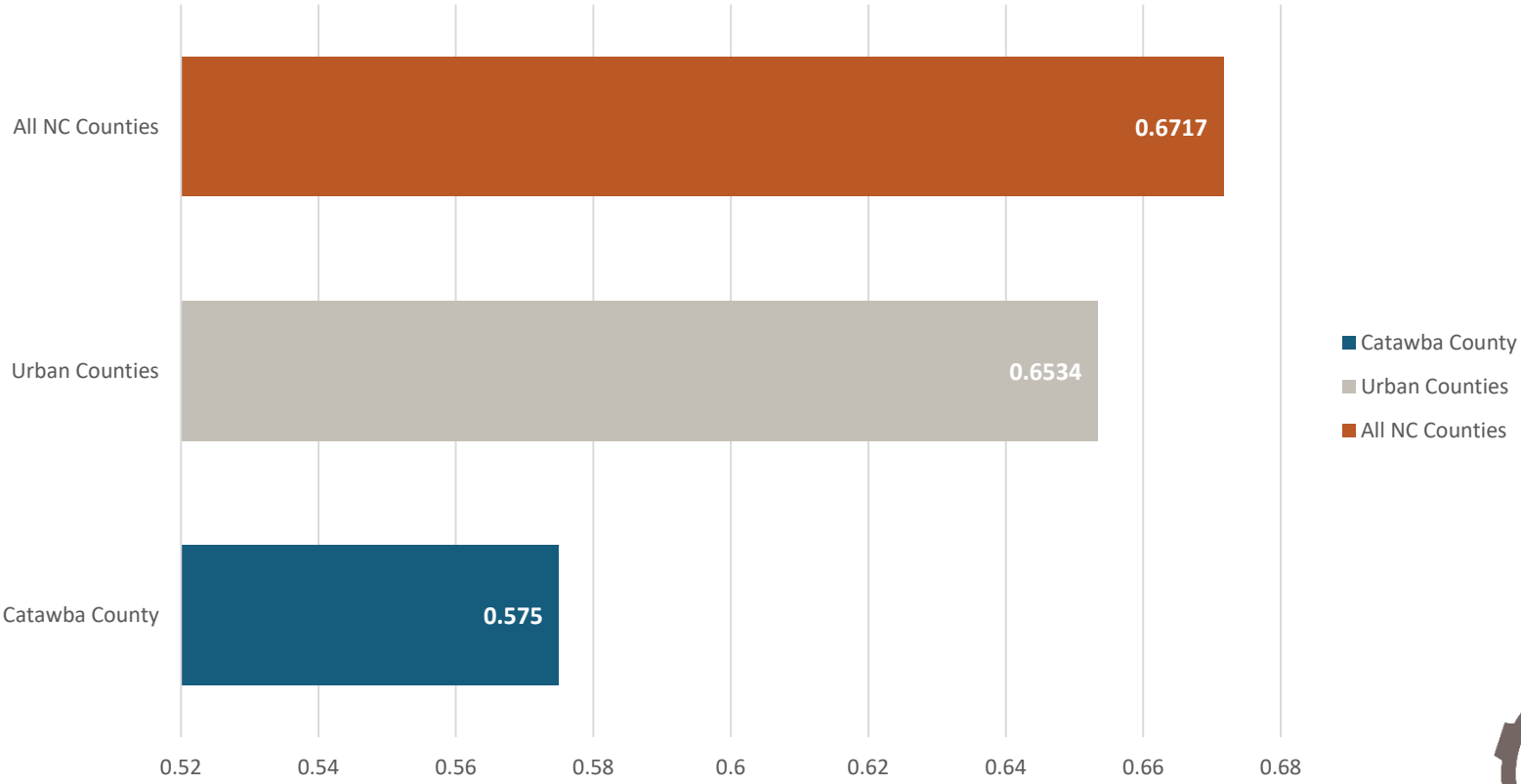
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Revenue Outlook

Maintaining low cost of government, competitive tax rate



Catawba County's tax rate is lower than the average of both all NC counties and those over 100,000 population, at 1/3 of legally allowable tax rate.



Finished FY 20-21 Strong



- General Fund: +\$15.8M net position
- Business-Type Activities: +\$1.3M net position
- Outstanding Debt Reduction: +\$2M
- General Fund Balance: +\$14.7M
 - \$16.9M Under Expenditure (8.3%)
 - Property Tax Collections +5%
- Sales tax collections strong

FY21-22 Year to Date Revenues: Optimistic



Major Year-to-Date Revenue Summary				
Revenue Source	FY 2021/22 Current Budget	FY2021/22 Revenue to Date	% Collected through 3/9/22	Status
Property Tax	108,699,000	108,448,003	99.77%	●
Sales tax	33,706,181	20,719,516	61.47%	●
Other Taxes	785,500	1,722,509	219.29%	●
Federal	17,115,597	9,758,617	57.02%	● *
State	9,172,057	3,643,048	39.72%	● *
Federal & State	6,491,767	3,368,126	51.88%	● *
Local	5,749,407	4,610,315	80.19%	●
Permit fees	13,201,486	9,776,848	74.06%	●
Miscellaneous	2,327,662	1,444,916	62.08%	●



FY 22-23 Mid-Year Revenue Projections: Positive

Revenue Source	FY 2021/22 Adopted Budget	FY2022/23 Forecast	Year-to-Year Change	Status
Property Tax	108,699,000	111,521,000	2,822,000	●
Sales tax	33,706,181	38,625,581	4,919,400	●
Other Taxes	785,500	1,473,000	687,500	●
Federal	15,352,974	16,486,160	1,133,186	●
State	5,402,064	6,451,238	1,049,174	●
Federal & State	6,491,767	6,487,564	(4,203)	●
Local	5,699,407	4,985,749	(713,658)	●
Permit fees	13,043,464	13,727,489	684,025	●
Miscellaneous	2,265,663	2,376,048	110,385	●
TOTAL	191,446,020	202,133,829	10,687,809	5.6%
FY 2021			11,445,170	



FY 2022-23 Planned Commitments

	10,687,809	5.6%
Annualizing HR Costs	1,596,000	
End of 2 year WS Diversion	3,021,396	
	6,070,413	3.2%



Macro-Economic Considerations



CONSUMER PRICE INDEX

February 2022



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For release: Thursday, March 10, 2022

Group	All urban consumers			Wage earners & clerical workers		
	Index	Percent change		Index	Percent change	
		Feb 21 to Feb 22	Jan 22 to Feb 22		Feb 21 to Feb 22	Jan 22 to Feb 22
U.S. City Average¹						
All items (1982-84=100)	283.716	7.9	0.9	278.943	8.6	1.0
All items (1967=100)	849.887	-	-	830.885	-	-
Food and beverages	291.244	7.6	1.0	290.640	7.7	1.0
Housing	291.504	5.9	0.6	287.639	6.0	0.5
Apparel	127.868	6.6	3.1	127.707	6.7	3.0
Transportation	253.150	21.1	1.9	258.371	23.1	1.9
Medical care	536.932	2.4	0.4	545.306	2.5	0.4
Recreation ²	129.116	5.0	0.9	123.400	4.9	0.9
Education & communication ²	143.913	1.6	0.0	130.669	0.9	-0.1
Other goods and services	496.045	5.6	1.1	547.005	5.7	1.0
South¹						
All items (1982-84=100)	274.688	8.4	1.1	271.367	9.1	1.2
All items (1977=100)	445.582	-	-	439.509	-	-
Food and beverages	286.289	7.2	1.1	285.414	7.3	1.1
Housing	268.728	6.4	0.8	268.776	6.3	0.8
Apparel	136.479	7.5	2.5	136.094	8.4	2.5
Transportation	256.401	22.2	2.5	257.834	23.9	2.6
Medical care	509.264	2.7	0.3	522.844	3.1	0.4
Recreation ²	129.388	4.5	1.7	123.667	4.1	1.4
Education & communication ²	138.857	1.9	-0.6	123.027	1.0	-0.7
Other goods and services	476.452	5.7	1.0	519.004	5.9	1.0



Macro-Economic Considerations

- Direct inflation exposure:
 - Fuel: \$1M
 - Electricity: \$1.7M
 - General Supplies
- Indirect inflation exposure:
 - Turnover/Retention
 - Compensation
- Supply chain exposure:
 - Ambulances backordered
 - Patrol Vehicles delayed



Inflation Reaches Four-Decade High of 7.9%

Rising energy, food and services prices pushed U.S. inflation to a 7.9% annual rate last month with oil and commodity market disruptions from the Ukraine crisis expected to add more cost pressures.

Consumer-price index, change from a year earlier



Overall Budget Strategies

- Take care of our people
- Invest in capital and infrastructure
- Take care of existing commitments, limit new ongoing costs
- Set funds aside to hedge inflation





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Education

Overview of County Funding Responsibility

- State primarily responsible for current expense
- Statutory Funding Responsibility of Counties:
 - Supplementing state current expense; must fund all three systems on equal per pupil basis
 - Primarily responsible for capital and construction
 - Portion of local non-food sales tax restricted for school capital, construction, or debt
 - Fines and forfeitures



Current Funding Levels / Existing Commitments

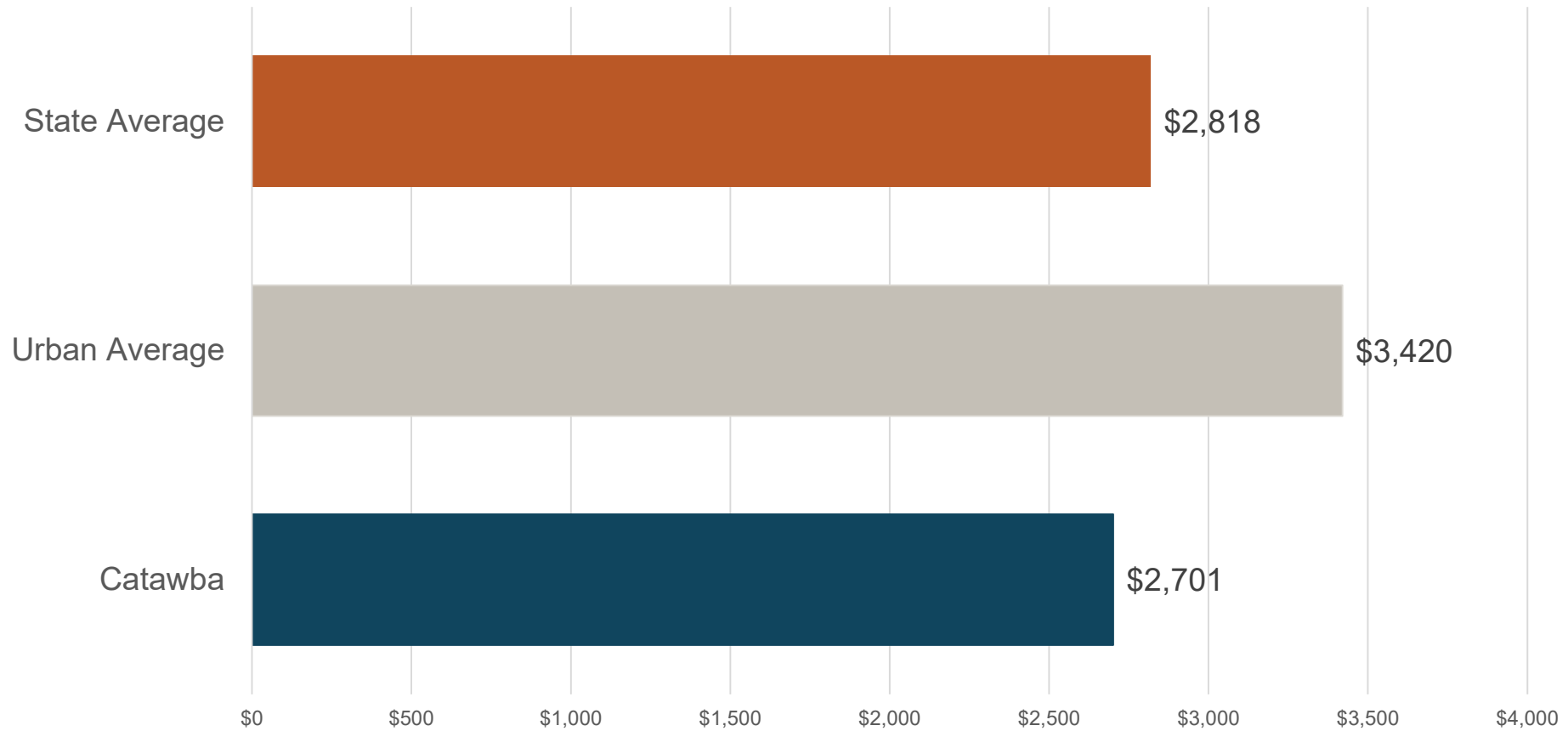
- Current Expense FY21/22
 - Public Schools \$1,798 per pupil, \$40.9M total
 - CVCC \$4.84M
- K-64 \$1.3M per year for 5 years (in year 5 of 5)
- Annual Capital \$7M - \$8M per year
- School debt service
 - \$15M per year plus reserves
 - Approved \$48M in school projects this 4-year cycle (projected)
 - 4-year plan developed in conjunction with revaluation;
in last year of current plan



Education: How Our Local Funding Stacks Up



Total Funding Per ADM



Education Funding Considerations

- Continued student loss
- School class size reduction to address COVID learning loss
- Competitive teacher pay
- Inflationary pressures
- State unfunded mandates (\$15 minimum wage, retirement, and health)
- Discontinuation of universal free and reduced lunch
- Greater socio-emotional needs among students post-COVID



Education: Student Loss



Schools - Certified ADM	Catawba	Hickory	Newton	Total ADM
FY 2022/23	15,471	3,761	2,840	22,072
FY2021/22	15,833	4,011	2,899	22,743
Increase/Decrease	(362)	(250)	(59)	(671)
% Change	-2.3%	-6.2%	-2.0%	-3.0%



Education: Current Expense Requests

- Each school system requests a total current expense (operating) budget

Schools - Requested Budgets	Catawba	Hickory	Newton	Total ADM
FY 2022/23	29,957,271	7,211,778	5,679,679	42,848,728
FY 2021/22	28,467,734	7,211,778	5,212,402	40,891,914
Increase/Decrease	1,489,537	(0)	467,277	1,956,814
% Change	5.2%	0.0%	9.0%	4.8%

- This request is then converted into a per-pupil request

Schools - Requested Per Pupil	Catawba	Hickory	Newton	Total ADM
FY 2022/23	1,936	1,918	2,000	1,951
FY 2021/22	1,798	1,798	1,798	1,798
Increase/Decrease	138	120	202	153
% Change	7.7%	6.6%	11.2%	8.5%



Planful Approach to Current Expense Moving Forward

- Allocate funding tied to dedicated sales tax increase to Current Expense with FY23 budget adoption -- \$1,900 per pupil or \$1.04M

	Catawba	Hickory	Newton	Total ADM
FY 2022/23	1,900	1,900	1,900	1,900
FY 2021/22	1,798	1,798	1,798	1,798
Increase/Decrease	102	102	102	102
% Change	5.7%	5.7%	5.7%	5.7%
	Catawba	Hickory	Newton	Total ADM
FY 2022/23	29,394,900	7,145,900	5,396,000	41,936,800
FY 2021/22	28,467,734	7,211,778	5,212,402	40,891,914
Increase/Decrease	927,166	(65,878)	183,598	1,044,886
% Change	3.2%	-0.9%	3.4%	2.6%

- Set aside additional funding for possible allocation to school systems, depending upon how the many variables play out



Education: Catawba Valley Community College

- Total Operating Request: \$5,058,230 (3.8% increase)
 - Driven by increases in projected utility costs, supplies and materials, and salary adjustments



Education: Annual Capital

- \$11.8M in total requests, submitted by each system in order of priority
 - Catawba County Schools = \$7.17M
 - Hickory Public Schools = \$1.845M
 - Newton-Conover City Schools = \$1.388M
 - Catawba Valley Community College = \$1.375M
- Typical budget funds between \$7M and \$8M in annual capital projects
 - May be able to fund a little more this year, based on sales tax growth
 - Specific project evaluation still underway





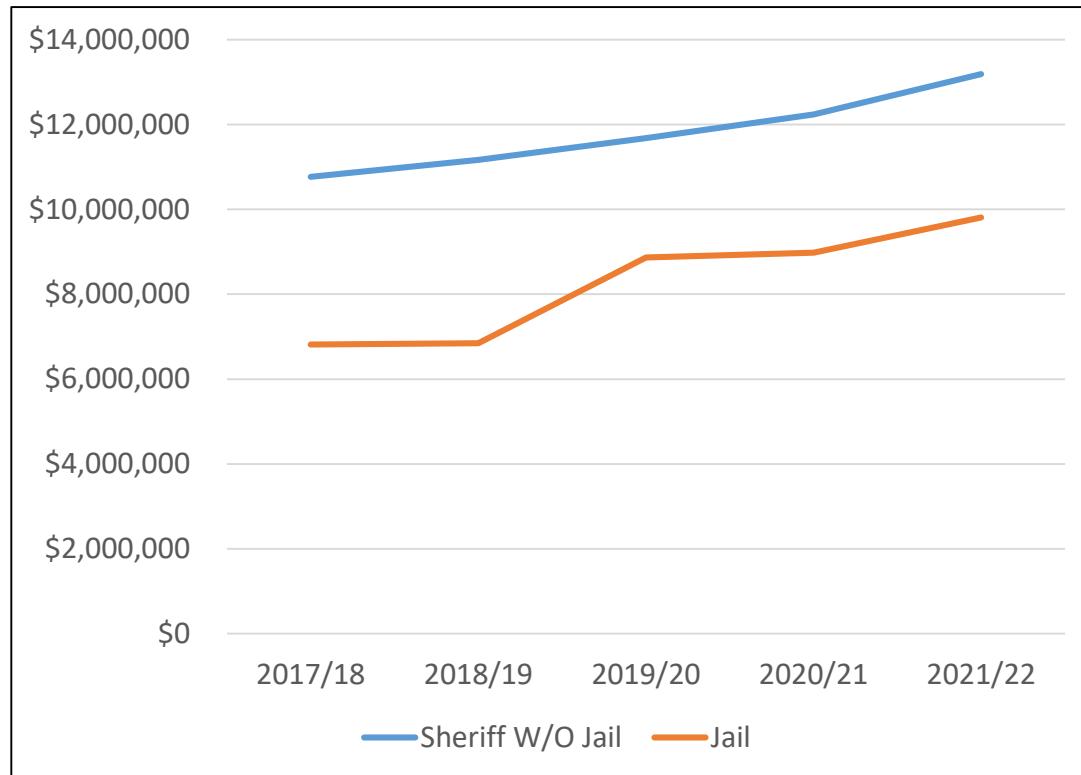
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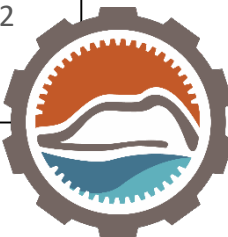
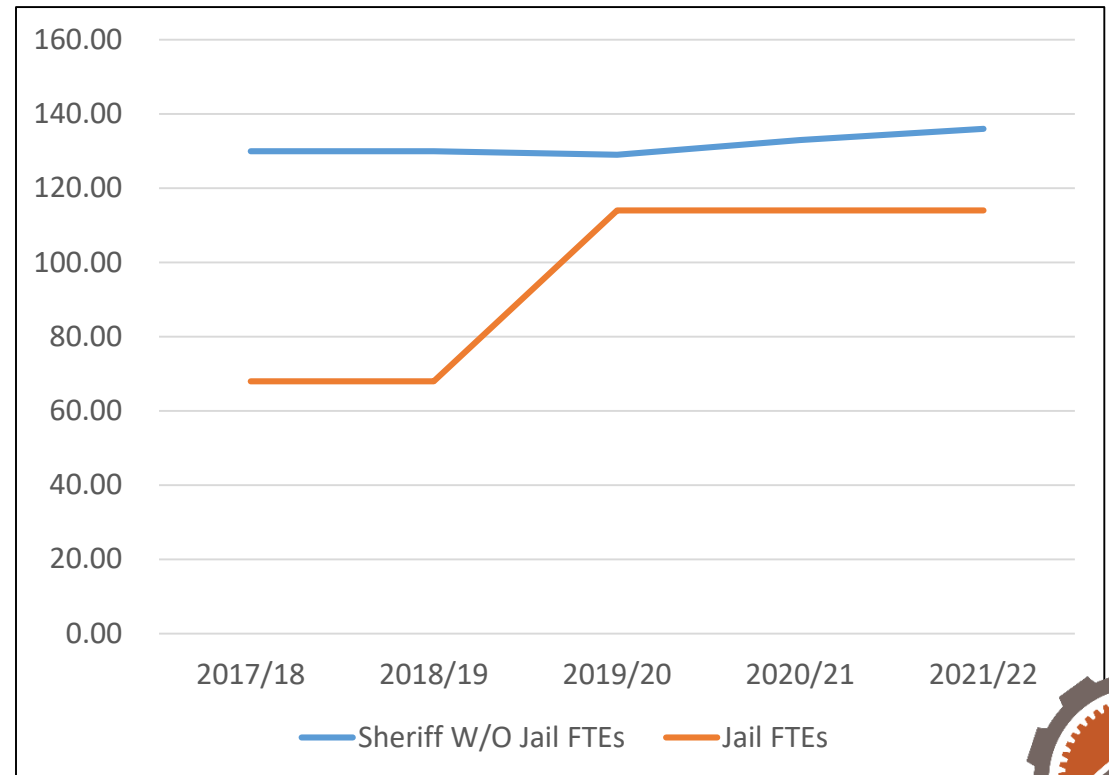
Public Safety

Sheriff's Office – 5-year Trends (FY18 to FY22)

Total Budget



Total Staffing



Sheriff's Office Requested Budget

- Total Requested Budget = \$25.4M; 7.2% increase
- Four Zone 5 Deputies - \$578K (\$274K ongoing, \$304 initial equipment)
- Jail Medical Increase (3% contractual increase; addition of Mental Health Services) - \$224K
- Jail Food Services Increase - \$82K



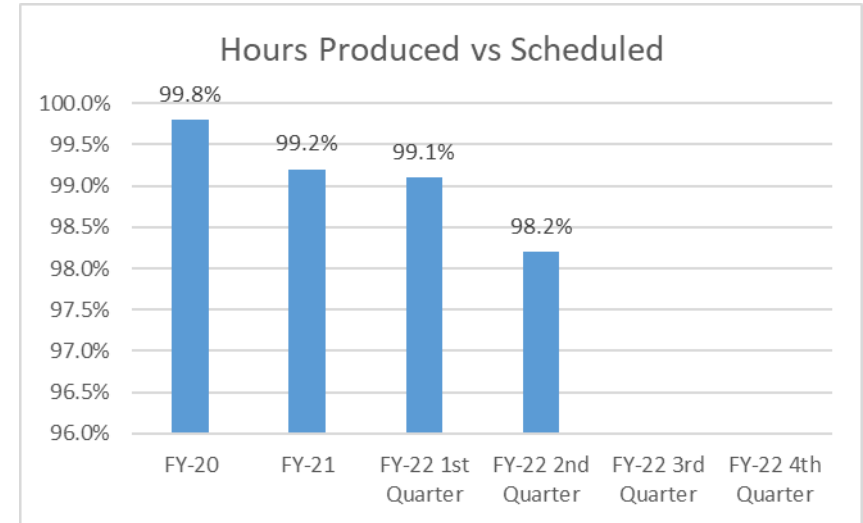
Sheriff's Office Requested Budget

- Extra Duty Pay Drone Team and Jail Transport Team - \$24,500
- Operating increases due to inflation - \$52.5K
- Additional Vehicle Replacements (9 vehicles) - \$477K
- Mobile and Port Radio Replacement - \$97K



Emergency Services – On the Front Lines of Recruitment War

- Challenge reaching full staffing in both EMS and 911 Center
- Have delayed recruitment of BOC-approved EMS Shift Supervisors



- Hot job market presents many options for health care professionals
- FY22-23 Requested Budget attempts to address this dynamic



Emergency Services Requested Budget

- Total Requested Budget = \$16.6M; 9.3% increase
- Significant EMS Requests
 - Overtime and Part-time Wages - \$274K
 - Extra Duty Pay (Field Training Officers and Night Shift) - \$274K
 - Operational Supplies/Fuel/etc. (Inflationary Increase) - \$188K
 - Additional Ambulance Replacement - \$555K
 - Equip. replacement (ventilator, base radios, IV pumps) - \$108K
- Significant 911 Center Request
 - Shift 18 Tele-communicators to 12-hour shifts - \$181K



Public Health Requests

- Total Requested Budget: \$12M; % local County share increase requested = ??
- 1 Environmental Health Technician - \$65K
- Questions surrounding continuation of COVID relief funding; focus on right-sizing for post-COVID operations
 - School Health Nurses
 - School Health Nurse Assistants
 - Communicable disease positions
- 1 School Charge Nurse - \$86K





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What's Next?

FY2022-23 Budget: Next Steps

- April 11th BOC subcommittee meetings
- May 2nd or 9th BOC subcommittee meetings or BOC Meeting (if needed)
- May 16th County Manager's budget presented to BOC
- May 25th BOC Hearings w/Departments, Schools, and Outside Agencies
- June 2nd Public Hearing and Wrap-Up
- June 6th FY2022-23 Budget Adoption





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