

Board of Commissioners Changes to the Manager's Recommended Budget

June 5, 2023

To the Catawba County Board of Commissioners and Citizens:

I am pleased to present to you the proposed budget for adoption. On May 15, 2023, I presented my recommended budget. Budget hearings were held on May 24, 2023, with a public hearing and wrap-up session on May 31, 2023. During deliberations the Board made changes to the budget as follows:

- Funding for the Historical Association was increased by \$10,000 to address HVAC and maintenance needs.
- \$20,454 was added to the Technology Department budget to fund hourly staffing.

The final budget is \$299,776,474.

Sincerely,

A handwritten signature in black ink, reading "Mary Furtado". The signature is written in a cursive, flowing style.

Mary Furtado
County Manager





Message from the County Manager

May 15, 2023

To the Catawba County Board of Commissioners and Citizens:

I am pleased to present to you the recommended Catawba County budget for Fiscal Year 2023/24 in the amount of \$299,746,020, reflecting a tax rate of 39.85 cents per \$100 in valuation and an overall 2.1 percent decrease in the total budget. The recommended property tax rate, a reduction of 30 percent from the current rate, is below the revenue neutral tax rate of 39.95 cents. The General Fund comprises \$241,646,255 of this total, a 6.1 percent increase over the current year driven by significant inflationary pressures across all areas of operations. The budget is balanced and prepared in accordance with the Local Government Budget and Fiscal Control Act and Generally Accepted Accounting Principles.

Fostering a positive business climate has been central to the Commissioners' Countywide strategic plan for several years. In 2023, Catawba County conducted a statutorily required property revaluation of all real property, with market-driven real estate values increasing significantly more than anything previously experienced in our community. These increased property values reflect strong economic activity encouraged by the County's positive business climate, which drives our economic competitiveness and is linked to our low cost of doing business and overall quality of life. The recommended Fiscal Year 2023/24 budget reduces the tax rate below the revenue neutral rate to demonstrate our ongoing commitment to fiscal responsibility with taxpayer dollars, do our part to ease the impacts of the inflation facing our citizens and businesses, and reinforce the positive business climate that has contributed to our economic success.

The recommended Fiscal Year 2023/24 Budget invests in the Board of Commissioners' Strategic Plan, centered on growing jobs and tax base while continuing to amplify the County's strong quality of life. In a time marked by a cloudy economic outlook, this year's budget focuses on taking care of existing commitments, limiting new ongoing costs, and building in resiliency and agility as operating principles so the County is well-positioned to respond to changing economic conditions as necessary. This budget represents Catawba County's continued commitment to delivering high quality government services supported by a low, stable property tax rate anticipated to sustain the County's operating needs until the next revaluation.

In addition to this budget message, the Budget Highlights section provides a more detailed executive summary of the coming year's financial plan. Details on each department's budget, school capital and current expense funding, long-term capital improvement plans and other future looking data and analysis are also included.

Sincerely,

Mary Furtado

County Manager





catawba county

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FY2023-24 Manager's Recommended Budget

Mary Furtado

May 15, 2023

FY2023-24 Budget: The Bottom Line


- Property tax rate: 39.85 cents per \$100 valuation
 - 30.7% reduction from current rate (57.5 cents / \$100)
 - 0.10 cents below revenue neutral rate (39.95 cents / \$100)
 - Anticipated to meet needs across 4-year cycle (stable, predictable)
- Total Budget: \$299,746,020 (-2.1% from FY23)
- Total General Fund Budget: \$241,646,255 (+6.1% from FY 23)
- Staffing: 1,204.3 full-time equivalents (net decrease of 3)



Quick Review: Components of Revenue Neutral Rate



- Historical basis: audited figures for assessed valuation of all property types (FY20, FY21, FY22)
- Current year: actual real and personal property billed valuation and projected year-end motor vehicle values (FY23)
- Revenue Neutral formula excludes tax base growth due to revaluation, allows for natural growth based on historical performance

Fiscal Year	Assessed Valuation	Valuation Change	% Change
2019-20	18,456,695,118		
2020-21	19,134,815,417	678,120,299	3.67%
2021-22	19,836,704,600	701,889,183	3.67%
2022-23	20,302,311,351	465,606,751	2.35%
		Average growth %	3.23% 

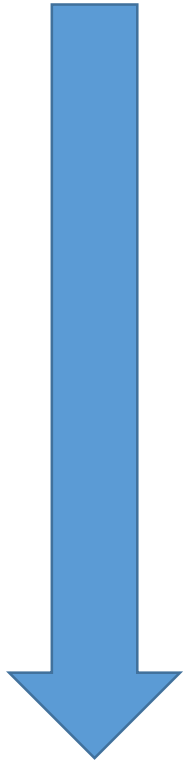
2023 Reappraisal Realigns Real Property Values with Market

PROPERTY VALUES				
	22/23 Actual	23/24 Reval	\$ Change	% Change
Real Property	\$13,864,056,900	\$23,102,300,000	\$9,238,243,100	66.63%
Personal Property	\$3,381,284,420	\$3,903,128,751	\$521,844,331	15.43%
Public Utilities	\$1,177,970,031	\$1,216,000,000	\$38,029,969	3.23%
Motor Vehicles	\$1,879,000,000	\$1,939,700,000	\$60,700,000	3.23%
TOTAL	\$20,302,311,351	\$30,161,128,751	\$9,858,817,400	48.56%

- Values for motor vehicles, personal property, public utilities established annually
- Values for real property established with cyclical reval (every 4 years)
- Revaluation re-establishes a fair and equitable distribution of tax burden among various components of the property tax base



Recommended Tax Rate Supports Positive Business Climate



Current:

\$0.575

Revenue Neutral:

\$0.3995

Recommended:

\$0.3985



How Will This Impact Citizens' Tax Bills?

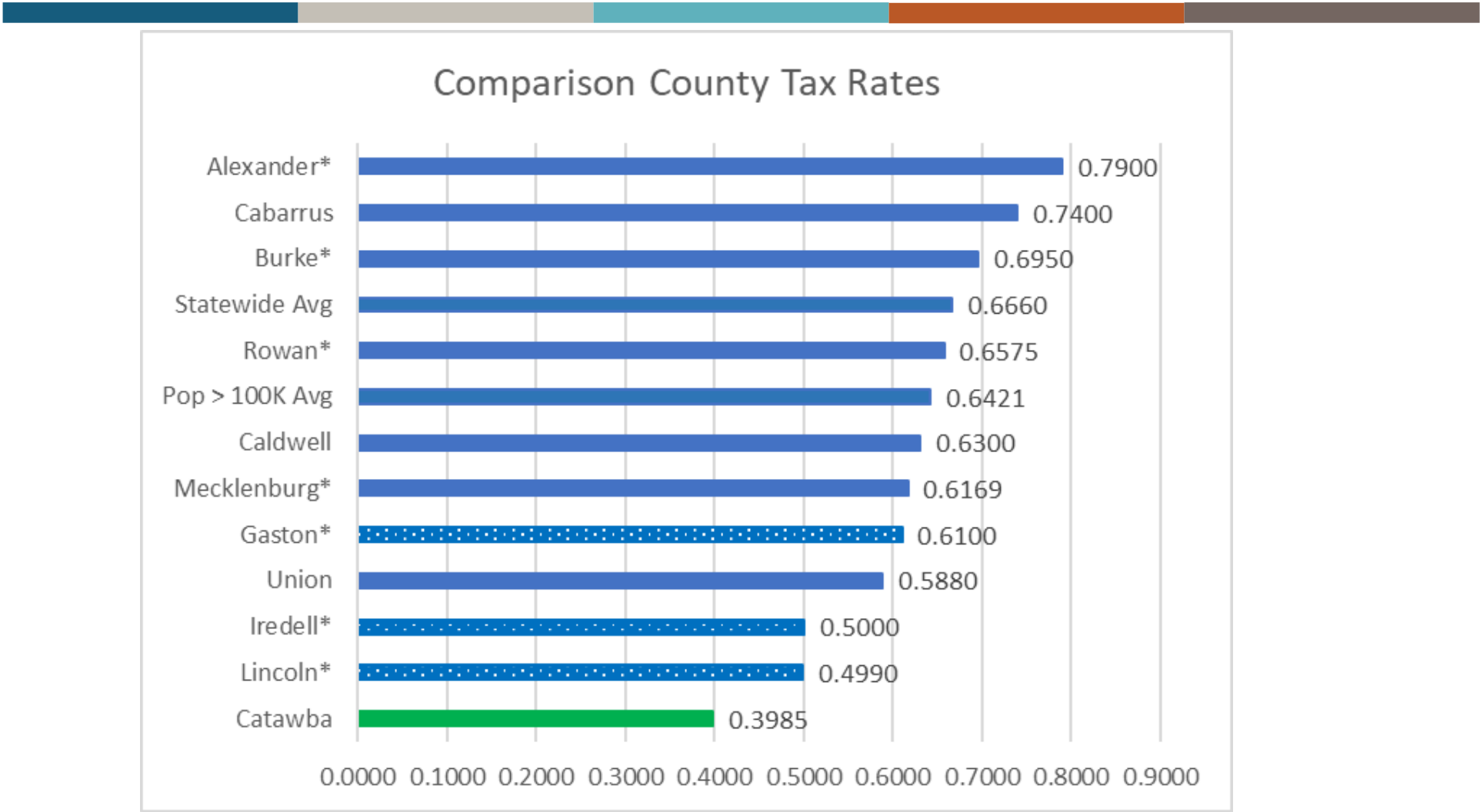
REAL PROPERTY				
	Before Reval	After Reval	\$ Change	% Change
Home Value	\$183,317	\$305,469	\$122,152	66.63%
Tax Rate	\$0.5750	\$0.3985	-\$0.1765	-30.70%
Homeowner Tax Bill	\$1,054	\$1,217	\$163	15.48%
Homeowner Monthly Expense	\$87.84	\$101	\$14	15.48%

Motor Vehicle Value				
	Before Reval	After Reval	\$ Change	% Change
Motor Vehicle Value	\$15,000	\$15,000	\$0	0.00%
Tax Rate	\$0.5750	\$0.3985	-\$0.1765	-30.70%
Annual Vehicle Tax Bill	\$86	\$60	-\$26	-30.70%
Monthly Vehicle Tax Expense	\$7	\$5	-\$2	-30.70%

COUNTY-WIDE PROPERTY TAX REVENUE				
	Before Reval	After Reval	\$ Change	% Change
County Revenue (LEVY)	\$116,738,290	\$120,192,098	\$3,453,808	2.96%



Lowest Tax Rate in Region, Below State-wide and Peer County Average



* = undergoing 2023 revaluation

Patterned bars = FY24 rates



FY2023-24 Budget – Guiding Principles

- Maintain positive business climate – *stable, predictable tax rate*
- Take care of existing commitments, limit new ongoing costs
- Take care of our people – *“Retention is the new recruitment”*
- Invest in capital and infrastructure - Tap the brakes vs. hard stop
 - Having funds to invest strategically amidst uncertainty can be our competitive advantage
- Build plans for resilience and adaptability



FY23-24 Total Budget Down 2.1%, Due to Non-Local Funding Change

FY2023/24 -- Major Revenue Summary					
Revenue by Source	FY 2022/23 Adopted Budget	FY 2023/24 Requested Budget	FY 2023/24 Recommended Budget	Rec \$ Change	Rec % Change
All Funds					
Property Tax	\$112,484,970	\$119,531,000	\$119,257,970	\$6,773,000	6.0%
Fire Prot. Service District	\$9,873,341	\$12,695,243	\$11,276,519	\$1,403,178	14.2%
Sales Tax	\$47,960,000	\$52,760,000	\$54,214,000	\$6,254,000	13.0%
Other Taxes	\$2,283,000	\$2,367,500	\$3,367,500	\$1,084,500	47.5%
Federal	\$17,905,260	\$19,771,795	\$20,135,166	\$2,229,906	12.5%
State	\$33,137,068	\$8,582,480	\$8,408,624	(\$24,728,444)	-74.6%
Federal & State	\$6,887,564	\$6,676,780	\$6,676,780	(\$210,784)	-3.1%
Local	\$5,350,684	\$5,438,848	\$5,565,533	\$214,849	4.0%
Permits & Fees	\$23,282,077	\$26,004,441	\$25,988,815	\$2,706,738	11.6%
Miscellaneous	\$2,559,068	\$2,990,463	\$2,965,458	\$406,390	15.9%
Transfers	\$11,330,578	\$18,639,716	\$13,324,716	\$1,994,138	17.6%
Fines & Forfeitures	\$514,441	\$490,635	\$512,647	(\$1,794)	-0.3%
Other Sources	\$17,192,480	\$14,629,756	\$14,829,756	(\$2,362,724)	-13.7%
Fund Balance	\$15,486,693	\$31,085,989	\$13,222,536	(\$2,264,157)	-14.6%
Total Revenue All Funds	\$306,247,224	\$321,664,646	\$299,746,020	(\$6,501,204)	-2.1%



FY23-24 General Fund: Solid Revenue Outlook

Revenue by Fund /Type	FY 2022/23 Adopted Budget	FY 2023/24 Requested Budget	FY 2023/24 Recommended Budget	Rec \$ Change	Rec % Change
Property Tax	\$111,361,000	\$118,231,000	\$118,069,000	\$6,708,000	6.0%
Sales Tax	\$38,625,581	\$42,199,000	\$43,396,000	\$4,770,419	12.4%
Other Taxes	\$1,923,000	\$1,982,500	\$2,982,500	\$1,059,500	55.1%
Federal	\$16,986,160	\$17,781,193	\$18,144,564	\$1,158,404	6.8%
State	\$9,286,808	\$7,538,779	\$7,303,705	(\$1,983,103)	-21.4%
Federal & State	\$6,487,564	\$6,276,780	\$6,276,780	(\$210,784)	-3.2%
Local	\$5,013,752	\$5,102,548	\$5,229,233	\$215,481	4.3%
Permits & Fees	\$14,136,533	\$15,197,066	\$15,298,080	\$1,161,547	8.2%
Miscellaneous	\$2,358,048	\$2,790,352	\$2,765,347	\$407,299	17.3%
Transfers	\$919,100	\$1,954,289	\$1,954,289	\$1,035,189	112.6%
Other Sources	\$9,992,480	\$11,459,756	\$11,659,756	\$1,667,276	16.7%
Fund Balance	\$10,644,633	\$20,508,349	\$8,567,001	(\$2,077,632)	-19.5%
Total General Fund	\$227,734,659	\$251,021,612	\$241,646,255	\$13,911,596	6.1%



FY23-24 Budget Addresses Inflationary Pressures

FY2023/24 -- Departmental Expense Summary					
Expenses by Department/Fund	FY 2022/23 Adopted Budget	FY 2023/24 Requested Budget	FY 2023/24 Recommended Budget	Rec. \$ Change	Rec. % Change
General Government	\$11,384,690	\$11,866,809	\$11,659,409	\$274,719	2.41%
Public Safety	\$46,393,171	\$54,474,547	\$52,830,376	\$6,437,205	13.88%
Environmental Quality	\$1,104,552	\$1,298,534	\$912,894	(\$191,658)	-17.35%
Economic & Physical Dev	\$23,226,812	\$25,792,482	\$25,475,732	\$2,248,920	9.68%
Human Services	\$56,906,829	\$57,760,912	\$58,146,847	\$1,240,018	2.18%
Education - Current Exp	\$48,647,916	\$53,800,407	\$50,868,076	\$2,220,160	4.56%
Culture	\$4,048,274	\$4,227,038	\$4,217,038	\$168,764	4.17%
Debt	\$29,949,025	\$32,719,206	\$32,719,206	\$2,770,181	9.25%
Transfers	\$6,073,390	\$9,081,677	\$4,816,677	(\$1,256,713)	-20.69%
Total General Fund	\$227,734,659	\$251,021,612	\$241,646,255	\$13,911,596	6.11%
Self Insurance	\$6,086,850	\$6,331,900	\$6,331,900	\$245,050	4.03%
Reappraisal	\$760,862	\$1,007,327	\$1,007,327	\$246,465	32.39%
ROD Automation	\$100,000	\$112,300	\$112,300	\$12,300	12.30%
E-911	\$1,003,260	\$491,701	\$552,919	(\$450,341)	-44.89%
Federal Asset Forfeiture	\$80,608	\$215,000	\$215,000	\$134,392	166.72%
State Unauthorized Subst	\$70,000	\$15,000	\$15,000	(\$55,000)	-79%
Rescue Squads	\$1,217,623	\$1,413,207	\$1,188,970	(\$28,653)	-2.35%
American Rescue Plan ARP	\$919,100	\$1,990,602	\$1,990,602	\$1,071,502	116.58%
Fines & Forfeitures	\$514,441	\$490,635	\$512,647	(\$1,794)	-0.35%
Fire Districts	\$10,422,018	\$13,336,815	\$11,918,091	\$1,496,073	14.35%
General Capital Project	\$1,890,229	\$4,402,000	\$2,155,000	\$264,771	14.01%
School Capital	\$11,274,184	\$15,979,232	\$11,316,694	\$42,510	0.38%
School Construction	\$30,848,730	\$0	\$0	(\$30,848,730)	0%
Water & Sewer Capital	\$1,368,750	\$2,878,750	\$2,878,750	\$1,510,000	110.32%
Water & Sewer	\$2,625,346	\$5,471,000	\$3,422,000	\$796,654	30.34%
Solid Waste Capital	\$100,000	\$3,525,000	\$2,475,000	\$2,375,000	2375.00%
Solid Waste Management	\$8,169,064	\$11,921,565	\$10,871,565	\$2,702,501	33.08%
Grand Total	\$306,247,224	\$321,664,646	\$299,746,020	(\$6,501,204)	-2.1%



FY24 Recommended Investment: Maintaining Operations and Service



- Pay Plan Market Adjustment 4%, targeted increases beyond that (hard to recruit or farther behind based on market data)
- Competitive Performance Pay
 - 2.5% for effective performance
 - 3% for top performers
- \$2,000 retention bonus - 2 lump sum payments not added to base
- Maintain Health and Dental Plans
 - 4.5% county premium increase
- Maintain 401k, Longevity, and Service Award Programs



Investing in Education

- Current Expense: 5% increase in per pupil funding (\$1,988); total funding increase of \$1.969M (4.7%); CVCC: 5% increase (\$5.3M total)

	Catawba	Hickory	Newton	Total ADM
FY 2023/24	31,165,876	7,574,280	5,570,376	44,310,532
FY 2022/23	29,631,129	7,293,729	5,415,873	42,340,731
Increase/Decrease	1,534,747	280,551	154,503	1,969,801
% Change	5.2%	3.8%	2.9%	4.7%

- K-64:
 - \$200,000 matching funds for CVCC Scholars Program
 - \$1.1M set aside to maintain 1-to-1 technology
- Annual Capital: \$11.3M dedicated to schools annual capital needs



Investing in Education: Schools Construction

School Construction Projects 4-Year Plan	Fiscal Year 2023/24	Fiscal Year 2024/25	Fiscal Year 2025/26	Fiscal Year 2026/27	Total	Notes
CVCC - Challenger / Paap	0	6,500,000	0	0	6,500,000	former Engineering Bldg.; design already funded
Catawba County Schools - New Maiden Elementary School	12,500,000	0	0	0	12,500,000	funding advanced in prior cycle toward total project cost of \$31,996,808
Catawba County Schools - Maiden Middle Renos	1,400,000	0	0	0	1,400,000	FY24 funding for design services for phased project
Catawba County Schools - Rosenwald	0	3,000,000	0	0	3,000,000	
Newton-Conover City Schools: N-CHS Phase II and Drainage Pipe Repair	2,000,000	0	18,000,000	0	20,000,000	
Hickory Public Schools - Hickory High School Renos	0	0	0	18,000,000	18,000,000	total \$75M, have \$4.9M from prev. cycle
Totals	15,900,000	9,500,000	18,000,000	18,000,000	61,400,000	
Revenue						
Future Projects Reserve	3,400,000	3,000,000	0	0	6,400,000	
Installment Purchase	12,500,000	6,500,000	18,000,000	18,000,000	55,000,000	
Total Revenue	15,900,000	9,500,000	18,000,000	18,000,000	61,400,000	

- +\$17.8M in planned debt service payments



Investing in Healthy, Safe Community: Sheriff's Office

- Elementary School Resource Officers (4) to achieve 1 per school (\$341K operating; \$320K one-time capital; CCS contributes \$154K)
- \$1 increase night shift differential - patrol & detention (\$170K)
- Planned vehicle replacement: 23 vehicles (\$488K increase)
- Narcotics Digital Evidence Storage: \$100K
- Inflationary / Contractual Increases
 - Fuel: \$144K
 - Juvenile Housing: \$100K
 - Jail Door Maintenance: \$65K
 - Jail Medical Contract: \$44K
 - Safety Equipment: \$72.5K



Investing in Healthy, Safe Community: Emergency Services

- EMS Specialty Services Dispatcher Position (\$58K)
- EMS Extra Duty Pay (\$125,740)
- Veterans Services Office Support Specialist (\$50K)
- Inflationary increases:
 - Ambulance replacement: \$532K total increase (\$133K/unit)
 - Cardiac monitor replacement: \$40K
 - Fuel: \$121K
 - Medical supplies: \$50K
- Public Safety Capital Project Set-aside: \$150K



Investing in Healthy, Safe Community: Public Health

- Public Health Nurse (time-limited; non-local funding) – communicable disease focus (\$82K)
- Community Health Assessment (every 4 years) - \$26K
- Strategic Plan Update - \$30K



Investing in Economic Development, Infrastructure

- U&E: Bldg Svcs Official III (added mid-yr) – annualized operating expense
- Economic Development Capital set-aside: \$647K
- W/S: Sherrills Ford Rd – Hwy 150 Booster Pump Station: \$500K
- Maiden Water Loop – improve pressure, provide expanded service: \$1.51M (ARPA)
- Technology:
 - GIS Technician position – \$60K (21% workload increase)
 - Contractual increases for repair, maintenance, svc contracts: \$308K
 - Planned equipment replacements: \$165K increase
 - Application Dev service contract: \$42K increase
 - Infrastructure updates, server replacements, etc.: \$1.035M



Other Significant Investments

- Cooperative Extension – Juntos Coordinator (\$62K County; \$11K from CCS)
- Tax: Real Estate Appraiser I position (\$63K)
- Soil & Water STRAP Program (stream debris removal): \$75K
- Library - Newton Branch set-aside: \$100K
- Facilities & Fleet Inflationary / Contractual Increases:
 - Auto Parts & Supplies : +\$100K
 - Janitorial, Building & Grounds Maintenance, Mowing: +\$63K
 - Natural Gas: +\$43K
 - General Renovations: \$100K



Investing in Quality of Life: Outside Agency Support

- Historical Assn: \$125K
- Hickory Public Libraries: \$237K
- Salt Block Fdn: \$100K
- United Arts Council: \$161,736
- Carolina Land & Lakes: \$10K
- Chamber of Commerce: \$19K
- Convention & Visitors Bureau: \$20K
- NC Wildlife Commission: \$6K
- WPCOG: \$89K + \$39K for MPO
- EDC: \$376K
- Court Svcs – Repay: \$198K
- Lake Norman Marine Commission: \$35K
- Conflict Resolution Ctr: \$14K



Solid Waste Enterprise Fund

- Landfill Scale Attendant: \$31.8K
- Closure Project Set-aside: \$650K
- Sherrills Ford Conv. Ctr: \$200K
- Subtitle D Cell Construction: \$500K
- Treatment & Grinding Processing Area: \$1M
- White Goods / Scrap Metal Pad: \$125K
- Drop-off Area Building: \$150K
- Air Curtain Burner: \$275K
- Diesel Storage Tank: \$130K
- Leachate Pump Wiring Replacement: \$75K
- Loaders: \$325K
- Fuel / Lube Svc Truck: \$250K
- Rotating Track Dump Truck: \$310K



Summary of Strategic Staffing Investments – FY2023/24

Position	Department	FTEs	Funding Source
Specialty Services Dispatcher	Emergency Services	1.00	Ambulance Rev
Veterans Services Office Support Specialist	Emergency Services	1.00	Local
Elementary School Resource Officers	Sheriff	4.00	CCS & Local
Tax Appraiser	Tax	1.00	Local
Juntos Coordinator	Cooperative Extension	1.00	CCS & Local
GIS Technician	Technology	1.00	Local
Scale Attendant	U&E/Solid Waste	1.00	Solid Waste Fund
Public Health Nurse	Public Health	1.00	State AA
School Health Assistants	Public Health	(15.00)	State AA
Total FY24 Changes		(4.00)	

+ 1.0 FTE added during FY23



Fire Service District Tax Rates

Fire District	FY23 Tax Rate	FY24 Revenue Neutral Rate	FY24 Requested Rate	FY24 Recommended Rate
Bandys	0.1150	0.0785	0.0820	0.0785
Catawba	0.1300	0.0870	0.1275	0.1070
Claremont	0.1300	0.0925	0.1182	0.0925
Conover	0.1150	0.0800	0.1150	0.0800
Cooksville	0.0750	0.0513	0.0542	0.0540
Hickory	0.1500	0.1063	0.1500	0.1250
Long View	0.1130	0.0755	0.0798	0.0755
Maiden	0.1053	0.0720	0.0890	0.0720
Mtn. View	0.0900	0.0615	0.0775	0.0730
Newton	0.1500	0.1010	0.1500	0.1010
Oxford	0.0650	0.0450	0.0650	0.0610
Propst	0.0770	0.0517	0.0625	0.0590
Sherrills Ford	0.1300	0.0840	0.1004	0.0840
St. Stephens	0.1200	0.0822	0.1200	0.1040



Next Steps

- May 24th BOC Hearings w/Depts., Schools, and Outside Agencies
- May 31st Public Hearing and Wrap-Up
- June 5th FY2023-24 Budget Adoption





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