



May 15, 2014

I. Introduction to Budget Message:

The proposed County budget for fiscal year FY15 has been prepared in accordance with the North Carolina Local Government Commission and Fiscal Control Act and General Statute 153A-82. The proposed budget is balanced with a property tax rate of fifty-seven (57) cents per \$100 of property value. The budget will be available for public inspection on May 15th.

A formal presentation of the budget to the Board will be conducted at the regularly scheduled May Board of Commissioners meeting, May 20th. A public hearing will be scheduled during the same meeting for public comment. The Board will be presented with a budget ordinance, making appropriations and levying taxes, at its regularly scheduled June meeting, June 17th. A second public hearing will precede the vote for adoption of the budget ordinance.

II. Goals for the Upcoming Fiscal Year:

Through sound, practical governance and the daily efforts of dedicated, caring employees our County government is committed to meeting the needs of our residents, improving the level of services, and controlling costs. Our employee leadership team embraces the philosophy of holistic government and works toward cohesive, supportive government functions.

It has been my pleasure over the past thirty-one months to work with the fifteen departments under County administration. Their willingness to work together, to embrace change, to raise the level of expectations for employees, and to put forth the efforts necessary to bring about change is commendable.

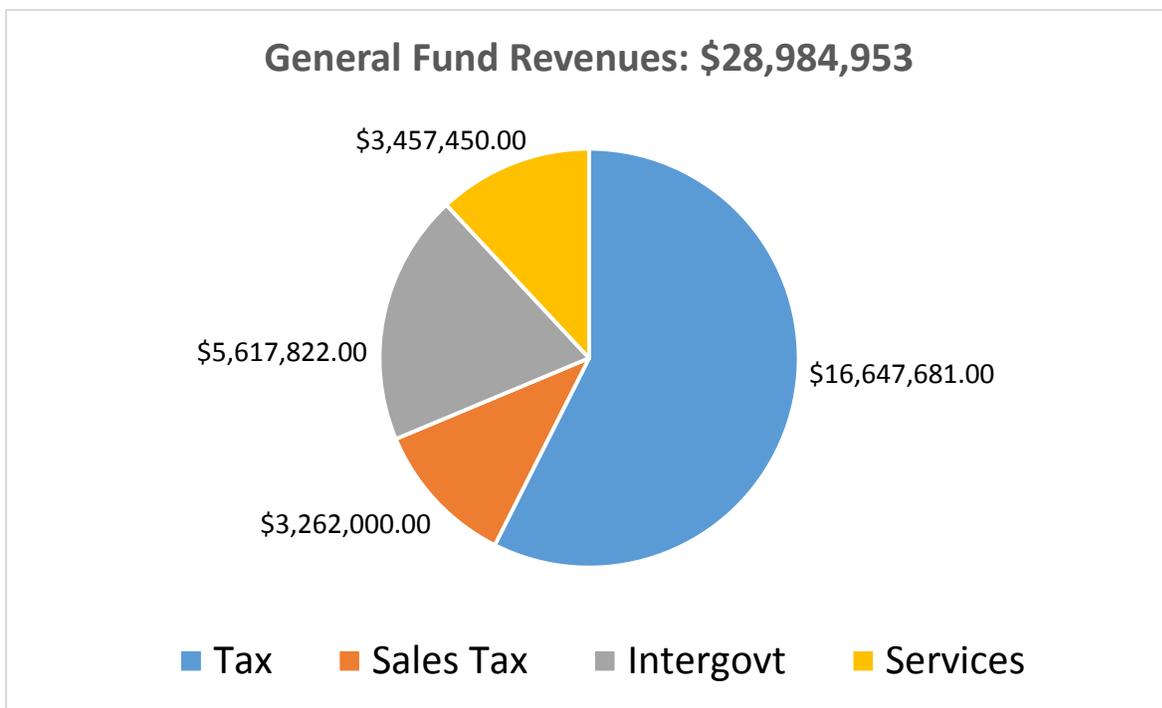
We have made steady strides. Not the least of which was the Board's decision to bring the departments of Social Services and Health together with County administration. The communication necessary to improve services, reduce costs, and coordinate efforts now flows openly between those departments, County finance, and administration.

For the upcoming fiscal year, all of County government recognizes the necessity to work cooperatively to enhance services, streamline services, capitalize on intergovernmental

funding, and to promote efficiencies. Our goal is to serve the public and to do so in the most streamlined and cost-maintained method.

III. General Fund Revenues:

The General Fund Revenue projections for FY15, including the two cent fire tax and the quarter cent sales tax (currently allocated for the school/college capital fund), is \$28,984,953. Fifty-seven percent of the projected revenue will come from property tax; eleven percent from sales tax; twelve percent from sales and services; and the remaining nineteen percent from intergovernmental revenue.



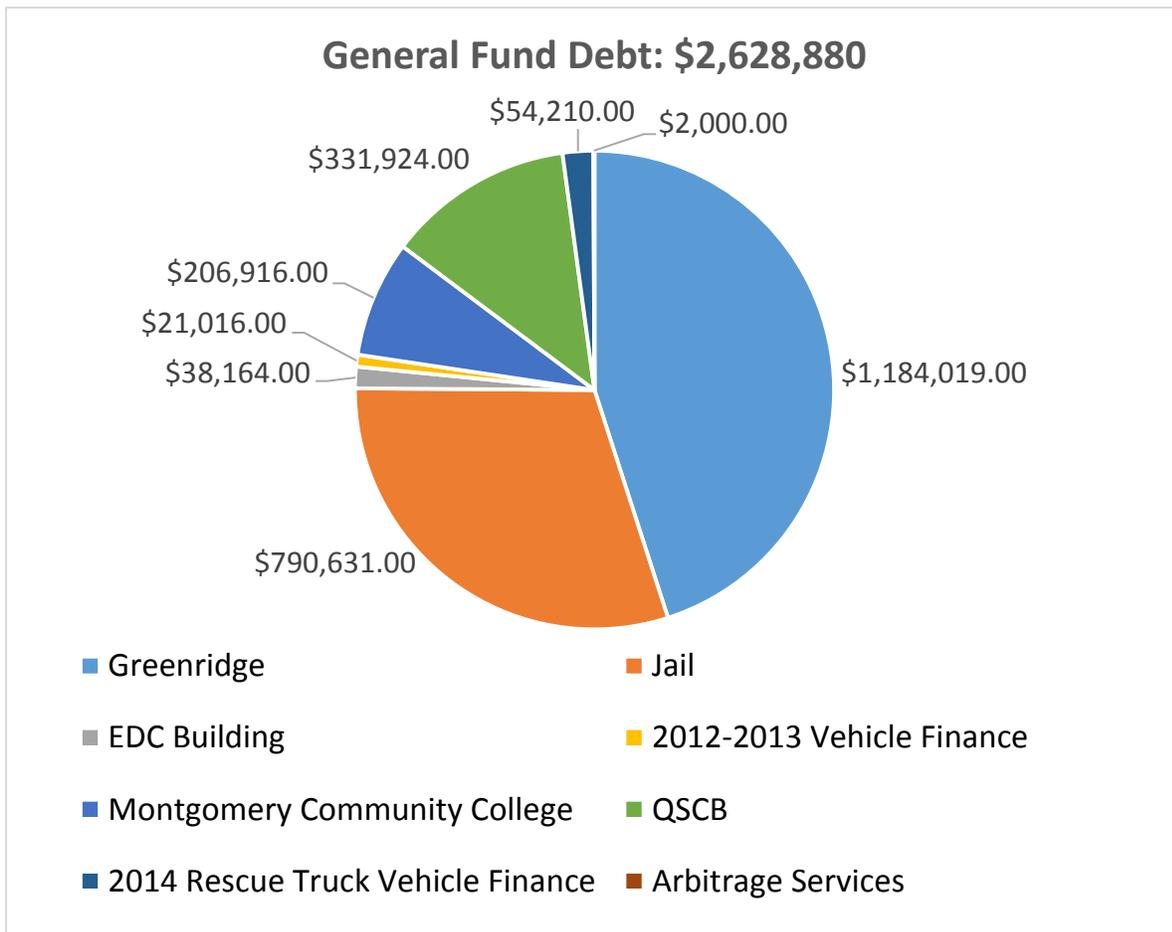
Included in the sales and services portion are the receipts from the County's regional landfill. The FY15 revenue projections for host fees, tipping fees, and methane gas production are \$2,350,000. The landfill also provides a recreational fund allotment in the amount of \$86,303 for FY15.

IV. Debt Service:

The FY15 debt service amount is \$2,628,880. The County's overall debt ratio is relatively high for our property valuation and population. Greenridge Elementary and the County Jail comprise most of our long term debt. The certificates of participation for Greenridge and the Jail will not mature until fiscal year 2031.

The debt for the Business Technology Center at Montgomery Community College (Bldg. 200) will be paid off in FY16. The vehicle loans and the EDC building loans will be paid by FY18.

The QSCB debt issuance has the quarter cent sales tax as a secure, dedicated funding source to cover that debt obligation (coupled with the current reimbursement of 92% of the interest paid on the QSCB debt refunded by the federal government).



In total, the current debt load and the revenue sources allocated to debt will allow the County the flexibility to meet prioritized needs through either pay-go financing or short term additional, moderate debt issuance. However, a large debt issuance is not foreseeable without a tax increase.

V. Contractual Expense:

The County contracts out emergency medical services (EMS) for ambulance response and transport. The County is currently in a three year contract with the provider; FY15 is the final year of that agreement. The contracted price for the upcoming fiscal year is \$1,341,659; this contracted price pays the provider a three percent increase over the current FY14 allocation, which in itself was a two percent increase over the FY13 price. The contract assumes a minimum level of thirty-four hundred billable transports per year. Transports fell short of quarterly projections during the last months of calendar year 2013, but have since rebounded.

The other largest contractual expenses for the upcoming fiscal year are for landfill charges (for residential waste) and for security personnel to staff the County's convenient sites. These two expenses collectively are projected to be \$760,000 for FY15, but are consistent with FY14 expenses.

Rural transportation contracted services will remain with Randolph County for FY15. The County's allotment for next year is \$234,590 plus a County match of \$10,000. Mental Health Services will remain with the Sandhills Center. The County's share of the cost is \$60,775.

General Liability Insurance, property and cyber insurance, and workers compensation insurance expense for FY15 totals \$422,000.

VI. Information Technology (I.T.):

Technology plays a pivotal role in the delivery of services and the interconnectivity between departments. July 7, 2015 is the go-live date for the new tax collection and valuation software. The enhancements available to taxpayers, the accessibility of information, and the integration of the software with other departments, including finance, will be a much needed improvement.

FY2015 will also be the first full year for software in the inspections and planning departments. Having this additional tool will improve customer relations and will interface with the tax office to ensure real property improvements are properly recorded.

The shift in technology towards outsourcing, integrated software, and offsite hosting continues to change the role of our County I.T. department. The annual expense of cloud based hosting and maintenance contracts, however, is cheaper than the costs of building and maintaining systems onsite, especially with the staff required to upkeep the equipment.

Security has become the highest priority in the I.T. department and our liabilities are minimized by using vendors and outsourcing. Not only does the County face a significant liability at the hands of internet hackers, but the risk of onsite abuse is even greater. Protecting the County by using contracted providers and by utilizing virtual desktops minimizes the overall risk. These areas are of high priority for the upcoming fiscal year.

Starting in FY14, and continuing in FY15, all software and hardware maintenance agreements are assigned to the I.T. budget. The role of the I.T. director is to not only ensure that all of the County's information is being properly handled, but also to centralize all licensing to ensure that the County is not paying for duplicate services.

The FY15 I.T. budget is the largest departmental budget increase from FY14. This is due to many factors, including the addition of cloud based solutions and new software in Tax, Finance, Planning, Inspections, and for the County Clerk. The I.T. budget also includes the funds necessary to convert three more departments to thin clients and virtual desktops, providing additional security for the County. I.T. must also deal with the deadline for Windows XP and the required hardware conversions resulting from that expiration. Most notably, the laptops in the Sheriff vehicles must be replaced.

As all other County department budgets remain virtually unchanged for FY15, the I.T. budget is the only department budget being detailed specifically for its non-salary projected expenditures in this budget summary:

<u>I.T. FY15 Budget Detail</u>	<u>Costs</u>
911 Server Room Monitor	\$300.00
Network Switch upgrades	\$4,800.00
Cable Management for Health Rack	\$600.00
UPS batteries	\$1,500.00
Phone system expansion: Admin/Comm Service Bldg	\$27,000.00
Wireless Updates	\$5,000.00
Admin Firewall upgrade	\$5,000.00
PRI lines: Admin/Comm Service Bldg	\$12,000.00
Cabarrus Health Alliance: Internet	\$20,152.00
911/Sheriff/Jail Internet	\$1,560.00
Southern Software	\$8,000.00
IQM2	\$12,000.00
Citrix	\$6,000.00
E.S.R.I.	\$3,000.00
Ipswitch Messaging: email	\$1,700.00
iWorq	\$4,050.00
Kronos	\$9,500.00
Municode	\$995.00
NC State University (Co-op Ext)	\$555.00
OneTax	\$40,000.00
OpenDNS	\$3,500.00
PHD Virtual	\$1,500.00

QS1 (Water/Finance)	\$28,860.00
Seamless Mobility Technologies	\$2,123.00
Sterling Solutions Inc.	\$450.00
HP Extended Server Warranty	\$2,100.00
Google Sites	\$250.00
Zoho	\$300.00
Anti-SPAM service	\$300.00
Domain Renewal	\$20.00
GIS Website (plus add layers)	\$5,000.00
PCs	\$8,000.00
Laptops for Sheriff Office (due to Windows XP)	\$30,000.00
Thin Clients (Health, Tax, Deeds)	\$10,800.00
MS Office Standard license	\$20,000.00
Trend AV Renewal	\$3,000.00
Encryption Software for Sheriff Office laptops	\$5,000.00
Citrix for Thin Clients	\$9,720.00
Register of Deeds Wiring	\$2,000.00
Jail I.T. Maintenance	\$10,000.00
Tax GIS integration	\$5,000.00
Document Imaging (DSS)	\$30,000.00
Office Supplies	\$475.00
Copier Fees	\$475.00
Cell Phone Expense	\$1,560.00
Training	\$1,000.00
Total	\$345,145

Brian Helms, I.T. Director, does an excellent job with a staff of one employee to provide all County departments with the hardware and software needed to perform their duties. Aside from connecting employees with technology, Brian's focus has always been on making those connections in the most cost effective manner. Brian's manner of finding the best solution at an affordable price is commendable.

VII. Capital Projects:

In priority, after the needs of our community, our employees, and the tools they use (like technology), is our County facilities. Continuing with the recent course of addressing our infrastructure needs, the FY15 budget addresses prioritized needs to ensure services to the public are not interrupted, are done in safe and secure environments, and that larger costs are avoided through proper and timely maintenance and repair.

The following is a list of planned capital improvements for the upcoming fiscal year:

FY15 Capital Bldg. Improvements/Projects:

- 1) Courthouse Roof Replacement
- 2) Courtroom A Renovations
- 3) Animal Shelter Construction
- 4) Rehab Old Troy Town Hall for the One-Stop Shop
- 5) Jail Building Automation System

As a result of implementing a preventive maintenance program in FY13, the County has realized costs savings, both in utility costs and by prolonging the life of existing equipment. Facilities Supervisor Kevin McNeill has done a commendable job with facility improvements. In addition to capital expenditures for facilities, the County will purchase two new vehicles (one for DSS and one for Inspections) and will make an allocation of \$270,000 to the Sheriff fleet budget, which will allow for three new vehicles.

VIII. Department of Social Services:

With revenue projections for FY15 substantially similar to the current year, the one department that has excelled in cutting County costs while maintaining services is the department of social services (DSS). Under the leadership of Dottie Robinson and Kevin Marino, DSS is well underway with a complete reorganization designed to reduce administrative overhead and to provide mutually supportive service units. DSS has embraced the opportunities that technology can provide toward reducing manual applications while providing better security for County data and client information.

The total number of DSS employees has been reduced to sixty, and even while the number of clients being served increases, the level of service has improved. DSS leadership is sensitive to the welfare of county residents, especially in the areas of child and adult protective services, and reductions in staff have been achieved without affecting the safety of clients. Streamlining was aimed at achieving a nimble work force, evaluating positions for relevance and productivity when vacancies occurred, and by empowering supervisors to identify efficiencies to be gained and to set quality standards.

Additionally, DSS employees and Finance staff have worked diligently to maximize federal and state reimbursements. While the reorganization has more work ahead, the successes to-date are impressive.

IX. Economic Development and Investment:

As County government works to serve the public, our actions must also be directed toward promoting growth and development in the private sector. Growth is essential for our long term sustainability. In FY14, we realized an increase in both real property improvement and also business personal property investment.

This reinvestment in residential and industrial areas, coupled with increases in employment at some of our larger, private employers signals an upturn in the local economy. The County must be proactive in facilitating growth by supporting and investing in the infrastructure needs associated with private investment.

Over the last eighteen months, the County has made significant investments in our water plant, to ensure the County's long term capability to provide water to industrial/commercial, as well as residential, customers. The last of the large plant improvements, in total close to six million dollars in infrastructure improvements, will be completed in FY15.

In addition to the water infrastructure investments, the County has made economic incentive grants to two employers, Wright Foods and Aberdeen Carolina Western. Providing an incentive based on the amount of ad valorem taxes paid, once new jobs and capital investments are proven, promotes growth and development. The County is also administering five million dollars in state grant incentives to the two companies.

As equally important as water and incentives, is an investment in education. Education is a key component to growth and development. While job development may be limited in the County due to a small workforce (less than 11,000), and while the lack of jobs may force residents to work outside of the County, a good educational system within the County will be essential to developing a bedroom community in Montgomery County for the Triad and Charlotte areas.

Montgomery County stands to gain from both its commutable distance to urban areas and the rich natural resources of the lakes and the national forest (both of which provide a quality of life unattainable in urban areas). "Live here, work here, play here" may not be available for all residents. However, having the ability to "live here, play here, have our children learn here" will be a great tool in the effort to grow our County through residential development.

X. Public Schools and Community College:

With the voter passage of the additional quarter cent sales tax in FY12, the County obtained a secure funding source for the public school system (MCS) to borrow \$3.2 million for school capital improvement on a QSCB loan. Projects were planned and undertaken at all of the County public schools. FY15 will see the completion of the last of these QSCB projects.

The revenue generated from the quarter cent sales tax has been split between the MCS and the community college (MCC). Eighty percent of the sales tax collected goes to MCS and twenty percent to MCC.

Even using the sales tax to meet its QSCB debt service obligation, the amount of sales tax revenue being collected still provides MCS an additional \$50,000 annually to invest in school improvements.

To this sales tax generated revenue of \$50,000 for MCS, the FY15 County budget includes an allocation of \$75,000 to the County maintained capital fund. MCS requested \$150,000 for technology upgrades. They will be able to cover most of the planned improvements through the County capital fund.

From the same capital fund, the Community College has submitted one small request since the quarter cent sales tax was first charged to merchants and taxpayers in April 2012. The College has an available balance of \$118,528. To this balance on-hand, the FY15 County budget allocates an additional \$75,000 to be used for capital needs. The College will have \$193,528 available on July 1, 2014 for capital needs and classroom/vocation space improvements in FY15. With their share of the projected revenue for FY15, MCC will have \$260,328 in capital funds for improvements in the upcoming fiscal year.

The College's current expense budget for FY15 will be the same as the FY14 allocation with three exceptions. The first is funds for security. The County had been providing funds for the College to pay off-duty deputies and probation officers for a part time security presence at the College. The College had requested additional funding for this purpose.

In order to provide a consistent level of security, the FY15 budget removes the County's allocation for off-duty officers from the College's budget and directs the funds, with the necessary additional funds, to create a full-time School Resource Officer for the College.

With the addition of one full-time position for security at the College, the Sheriff is being requested to adjust deputy schedules to provide a full-time presence at the College Monday through Thursday from 8 a.m. to 9 p.m. and on Friday from 8 a.m. to 3 p.m. on the days that curriculum classes are in session.

The second adjustment to the College's budget allocation is the exclusion of the County salary supplement for the College President. With the State's new salary scale for community college presidents, specifically designed and written for the purpose of providing equity for rural counties unable to provide supplemental salaries, the County feels that with the retirement of Dr. Kirk the salary funds should be directed toward facility needs. The County was providing \$35,809 in salary supplement. Those funds will be redirected in FY15 to the capital building fund (as part of the \$75,000 allocation discussed above).

The third revision for the College allocation for FY15 is the inclusion of funds necessary to pay County funded employees (maintenance and housekeeping) a five hundred dollar bonus.

With the funding of a new full-time College resource officer and the allocation to the capital fund, the College realizes an increase of funding from \$814,000 in FY14 to \$842,949 for FY15. The public school system was allocated \$5,030,416 in FY14 (with projected timber receipts). The FY15 allocation (with timber receipts and the \$75,000 capital allocation) is \$5,323,616. This allocation includes timber receipts and an allocation of \$180,000 for new activity buses for East and West High Schools.

Including debt service, the County expenditures for the public school system and the college total \$8,048,128 or twenty-eight percent of the general fund budget for FY15.

XI. Transfers and Fund Balance:

The County maintains separate funds for restricted revenue. Most of these funds receive revenue directly from state sources and do not impact the County's general fund revenue. However, some special funds receive either all or a portion of their revenue from the County's general fund revenue.

The fund transfers from the general fund for the upcoming years are as follows:

FY15 General Fund Transfers:

1. Airport Fund (match requirement for federal entitlement funds): \$16,667
2. Revaluation Fund (for FY20 property revaluation): \$100,000
3. Summer Recreation Fund: \$86,303
4. VFD Fire Tax Fund: \$575,055
5. TDA Fund: \$25,000
6. School Capital Fund: \$150,000 (\$75,000 for MCS and \$75,000 for MCC)

The allocation to Fund Balance for FY15 is \$44,852. The County's fund balance is expected to exceed 30% at the end of FY14.

XII. General Fund Allocations:

The County partners with several agencies in the community to provide services and opportunities to our residents. Among the FY15 allocations, the County will contribute \$88,200 to the NC Forestry Service and \$82,800 to the Economic Development Corporation.

Senior programs have been of prime importance to the Board of Commissioners. For the upcoming fiscal year, the budget includes \$30,000 contribution to the Troy/Montgomery Senior Center, \$30,000 to the Council on Aging, and \$15,000 for Senior Outreach programs.

For FY15, the Council on Aging will assume the Outreach programs, and receive the County funding, as the number and locations of congregate feed sites coordinated by the Council has increased to sixteen county-wide. They now serve the largest number of seniors and are best suited to provide rural and municipal county programs for the elderly.

XIII. Employee Benefits:

Health Insurance was a much discussed issue during the winter and spring. Faced with annual high loss ratios, which resulted in premiums increasing and benefits decreasing, the Board of Commissioners considered a move to the Affordable Care Act (ACA) in lieu of continuing with a group health insurance policy.

Over eighty percent of County residents are projected to be eligible for federal subsidies. These upfront subsidies, which would also be available for qualifying County employees, would be inaccessible to our employees if the County continued offering a group plan.

The high costs for County employees to insure their spouses and dependents on the County's group policy had become apparent over the last couple of years, as all but a handful of employees had previously cancelled their spousal and dependent policies through the County's plan. Recognizing this trend, along with the escalating costs of covering employees, the Board held many discussions over the advantages and disadvantages of keeping a group policy for FY15.

In the end, the County chose to keep the group policy for at least one more year. The County policy provides major medical health protection, through an ACA compliant plan, at no cost to employees and eligible retirees. To provide this benefit, while capping the amount of funds expended on health benefits, the County plan for FY15 does not offer free dental and vision coverage. The ACA compliant plan has a vision component, however.

XIV. Salary and Position Schedule:

Entwined in the discussion over employee health benefits was a recognized need to address the existing County employee salary schedule. Recruitment and retention of quality employees has become increasingly more difficult and the disparity in employee salaries was troubling, all necessitating an evaluation of the County compensation plan. Instead of allocating additional dollars in FY15 aimed at maintaining the level of employee benefits in a group health plan, the Board wished to cap health insurance expenditures and begin the process of addressing salaries.

This work began with an examination of the existing salary and position chart. The adopted chart had thirty-nine grades and twenty pay step increases for each grade. The difference between the hiring rate and the step twenty pay rate for a single position varied as much as \$50,000.

Under the old system, new employees were often hired and paid in accordance with the salary that was being paid to the former employee whom they were replacing. New employees replacing a worker who had not served for a significant length of time may be offered a lower salary than a new employee replacing a worker who had worked many years for the County. In

essence, the amount of salary made available by the departing employee had more of an impact on the salary offered to a new employee than did qualifications or experience.

Obviously, this practice was inequitable and needed to be addressed. Another inherent flaw with the existing salary model was that the model was based on a belief that all employees would earn step increases due to the number of years of service provided. While the County continues to provide longevity payments in FY15 to reward years of service, the practicality of a government step program is beyond our financial capacity. A step program assumes a level of growth (tax base) within the County, and such has not been the case for years and is not foreseeable in the years ahead.

The intent for the new salary/position chart was to (1) narrow the salary range for each position in accordance with the overall scope and skill for that position and (2) to group positions across county government into a manageable and equitable number of levels. The groupings reflect a comparable measurement of County positions in relation to the duties, responsibilities, education required, the frequency for which the individual has to perform their highest responsibilities, and the impact and volume of work performed on a daily basis.

The position and salary chart for FY15 follows:

	Job Title	Requirement	Number of Positions	Department	Salary Min	Salary Max
Level I.	Housekeeper I		2	Housekeeping	\$21,800	\$24,000
	Library Asst.		3	Library		
Level II.	DSS I	HS Diploma	8	Social Services	\$22,000	\$24,000
	Tax Clerk I	HS Diploma	2	Tax		
	Deeds Clerk I	HS Diploma	1	Register of Deeds		
	Soil and Water Asst	HS Diploma	1	Soil and Water		
	Health Department Processing Assistant I	HS Diploma	3	Health Department		
Level III.	Tax Clerk II	HS Diploma	3	Tax	\$24,000	\$27,000
	Register of Deed II	HS Diploma	1	Register of Deeds		
	Board of Elections Asst.	HS Diploma	1	Elections		
	Library Asst. II	HS Diploma	1	Library		

	Animal Control Asst	HS Diploma	1	Animal Control		
	Jailer I	HS Diploma	14	Jail		
	Jail Transport	HS Diploma	1	Jail		
	Inspection Asst.	HS Diploma	1	Inspection		
	Housekeeper II	HS Diploma	1	Housekeeping		
	Facilities Technician	HS Diploma	1	Public Bldgs.		
	Utilities Technician I	HS Diploma	3			
	EH Asst.	HS Diploma	1	Environmental Health		
	Health Dept Process Asst II ESL required	HS Diploma	2	Health Department		
Level IV.	Deputy 1	HS +BLET COURSE	16	Sheriff Office	\$28,000	\$31,000
	911 Telecommunicator I	HS Diploma + Certifications	5	Communication Center		
	Water Plant Operator I	HS Diploma + Certifications	3	Water Plant		
	Sheriff Processing Asst	HS Diploma	3	Sheriff Office		
	Finance Technician	HS Diploma	2	Finance/Public Utilities		
	DSS II	Associate Degree	27	Social Services		
	Jailer II	HS Diploma	6	Jail		
	Deputy SRO	BLET COURSE	5	Sheriff Office		
	Housekeeping Supervisor	HS Diploma	1	Housekeeping		
	Quality Technician	HS Diploma	1	Public Utilities		
	Utilities Technician II		2	Public Utilities		
	Water Plant Tech.	HS Diploma	1	Public Utilities		
Level V.	Soil and Water Supervisor	Associate Degree	1	Soil and Water	\$32,000	\$35,000
	Finance Tech II	Associate Degree	2	Finance/Public Utilities		
	Sheriff Deputy II	BLET Course	3	Sheriff Office		

	Jail Nurse	Certifications or LPN	1	Jail		
	Detective	BLET Course	3	Sheriff Office		
	911 Telecommunicator II	HS Diploma+Certifications	2	Communication Center		
	Water Plant Operator II	Class B Surface	1	Water Plant		
	I.T. Systems Administrator	Associate Degree	1	I.T.		
	Library Supervisor	HS Diploma+Experience	1	Library		
	DSS Admin Support Supervisor	Associate Degree	1	Social Services		
	Health Dept. Finance Tech.	Associate Degree	1	Health Department		
	Health Dept Nurse	LPN	2	Health Department		
Level VI.	Jail Administrator	HS Diploma	1	Jail	\$35,000	\$38,000
	Tax Administrator III	Associates Degree	1	Tax		
	911 Supervisor	HS Diploma + Certifications	1	Communication Center		
	Animal Control Supervisor	HS Diploma	1	Animal Control		
	Sheriff Captain	BLET Course	2	Sheriff Office		
	Clerk to the Board	Appointed	1	Administration		
	Water Plant Operator III	Class A Surface	1	Public Utilities		
Level VII.	DSS III	Bachelor's Degree Required	13	Social Services	\$38,000	\$41,000
	Bldg. Inspector II	Level II in all 5 trades	1	Inspections		
	Utilities Supervisor	Certifications	1	Public Utilities		
	Elections Supervisor	Appointed Position	1	Elections		

	EH Specialist	Bachelor's Degree Required+certs.	1	Health Department		
	Health Educator	Bachelor's Degree in Education	1	Health Department		
	Nutritionist	Bachelor's Degree	1	Health Department		
	Lab Tech.	Certifications	1	Health Department		
Level VIII.	911 Systems Tech/911 Addressing	HS Diploma + Certifications	1	Communication Center	\$41,000	\$45,000
	Tax Assessor	Bachelor's Degree	1	Tax		
	DSS IV	Bachelor's Degree	2	Social Services		
Level IX.	Sheriff Major	HS Diploma	1	Sheriff Office	\$45,000	\$49,000
	DSS Unit Supervisor I	Bachelor's Degree Required	3	Social Services		
	EH Supervisor	Bachelor's Degree Required	1	EH		
	Nurse	RN	3	Health Department		
Level X.	Inspection Director	Level III in all 5 trades	1	Inspections	\$49,000	\$53,000
	EM Director/Fire Marshall	certifications/Bachelor's	1	Emergency and Safety		
	Accountant	Bachelor's Degree Required	1	Finance		
	Planner	Bachelor's Degree Required	1	Planning		

	HR Director	Bachelor's Degree	1	Human Resources		
	Water Plant ORC	Class A Surface/Phys. Chem I	1	Water Plant		
	Facilities Supervisor	certifications	1	Public Buildings		
	WIC Director	Bachelor's Degree Required	1	Health Department		
	Nurse	BSN	3	Health Department		
Level XI.	Tax Administrator	Bachelor's Degree	1	Tax	\$54,000	\$58,000
	DSS Unit Supervisor II	Bachelor's Degree	2	Social Services		
Level XII.	DSS Deputy Director	Bachelor's Degree	1	Social Services	\$59,000	\$63,000
	I.T. Director	certifications	1	I.T.		
	Nurse Clinic Supervisor	BSN	1	Health Department		
Level XIII.					\$64,000	\$68,000
Level XIV.	Health Director	Master's Degree Required	1	Health Department	\$69,000	\$73,000
	Public Utilities Director	Bachelor's (Engin/Science) + Cert.	1	Public Utilities		
Level XV.	DSS Director	Master's Degree Required	1	Social Services	\$74,000	\$78,000

Level XVI.	Finance Director	CPA Required	1	Finance	\$78,000	\$82,000
Level XVII.	County Manager	appointed	1	Administration	\$90,000	\$95,000
Level XVIII.					\$95,000	\$100,000
Level XIX	Attorney	J.D.	*	Administration	\$100,000	\$110,000
Level XX.	Medical Doctor	M.D.	*	Health	\$110,000	\$120,000
Level XXI.	Elected Officials					
	Register of Deeds		1		\$57,828	
	Sheriff		1		\$63,000	
	Commissioners		5		\$8,460	

In the process of classifying positions much emphasis was also placed on drafting new organizational charts for each County department. In FY2010 the County had two hundred and thirty-six (236) full time positions. The above chart lists the number of full time positions intended once the redesigned departmental organizational charts can be achieved through employee attrition and combining responsibilities into fewer positions. It is envisioned that the number of full time positions necessary will be between two hundred and five to two hundred and ten (210) employees.

In addition to utilizing technology and contracted outsourcing for labor intensive rote processes to reduce the number of employees required, department leaders also realize the need for higher quality, better trained employees. Recruiting and retaining quality employees is tied directly to compensation, as well as the ability for the employee to advance within the organization.

As evidenced above in the salary/position chart, each department is being restructured to have a tiered employee hierarchy. For example, the largest County Department, Social Services, has basically eight levels of progressively higher scope/skill positions. More importantly than just having a career ladder for employees, the focus of the restructuring efforts has been centered on clearly defining the responsibilities and educational requirements that differentiates the individual tiers.

While the Board will, in future years, adjust the salary ranges for the position levels in accordance with either cost of living factors or County fiscal ability, for the upcoming fiscal year the new position/salary provides a roadmap for both the restructuring process and for identifying and prioritizing positions for salary increases. It is not fiscally possible to move all employees into their appropriate salary ranges for their position during FY15, however, there are enough County funds being expended on salaries to-date to achieve the intended classifications and pay. Again, most of work will be done over the next couple of years, with employee attrition and the combining of duties, to allow the County to achieve the salary goals.

For the upcoming year, salary adjustments will be attainable for a significant portion of County employees. Of those adjustments, several affect large subsets of employees.

The FY15 budget raises the minimum salary for County jailers to \$24,500. This is an increase of approximately four thousand from the base salary of jailers in FY12. The budget also allocates funds necessary to raise the minimum salaries for Sheriff Deputies, 911 telecommunicators, and water plant operators (enterprise fund) to \$28,500. This also is an increase of approximately four thousand over the FY12 base salaries. Forty-six employees will receive pay increases through this adjustment.

In allowance for these increases to base salaries, it is necessary to eliminate Holiday Premium Pay. The overwhelming majority of employees receiving this benefit were deputies, telecommunicators, and water plant operators. While Holiday Premium Pay was both a benefit and a recognition to those working on holidays, the greater need of adjusting minimum salaries outweighs those advantages of the stipend.

Base salaries are also adjusted for the departments of Housekeeping, Tax, Register of Deeds, Animal Control, Facilities, I.T. and the Library. Fifteen employees will receive pay increases through this adjustment.

The FY15 budget includes adjustments for some employee position salaries in the Department of Social Services. The Board passed a new organizational chart for DSS in October 2012. The chart was part of the aforementioned model which has realized significant savings for the County. In conformity to that adopted reorganizational salary/position chart, sixteen DSS employees will receive pay increases through this adjustment.

Base salary adjustments will benefit over one-third of the County's employees. For those full-time employees not earning salary adjustments in FY15 through this reclassification process,

the County will provide a five hundred dollar (\$500) bonus in December 2014. The bonus will be considered earned by all employees who were employed prior to June 30, 2014 in active full-time status and who remained in that status as of the end of the first pay period in December 2014. The bonus will not be paid to employees who received pay increases in FY15 or to new hires after July 1, 2014.

XV. Enterprise Funds:

In FY14 the Board of Commissioners gave its approval for work to begin on a County-wide access fee to be effective July 1, 2014. The access fee applies to all developed (structure) properties and buildable lots that have direct access to County water but where water service has not been connected. North Carolina General Statute allows counties to equalize the costs of maintaining systems by charging fees for availability.

The County has seven bulk buyers (the five municipalities in Montgomery County, the Town of Robbins in Moore County, and a private distribution service on the river, Carolina Water) and approximately 5200 rural residential and commercial customers. The recent and ongoing upgrades and repairs to three of the main components of the treatment and transmission system (the intake at the river, the pumping system from the plant to initiate the movement of water through the 450 miles of lines, and a redesign of the plant itself) are cost shared amongst all of the water users.

To incentivize residents to become customers, by keeping rates stabilized, the County fee schedule for FY15 includes an annual availability fee of \$48 for non-users who have access to County water.

In addition to operational costs for FY15, the enterprise fund budget includes a capital outlay expenditure in the amount of \$450,000. The planned projects for the upcoming year are a new meter vault in Biscoe, SCADA upgrades, Livingston Point water main upgrades, and the first stages of the GIS mapping project for all County lines.

Water rates for the Montgomery County bulk buyers and residential/commercial customers will remain unchanged in FY15. The contract with the Town of Robbins expires June 30, 2014. Negotiations are under way with the Town, which has expressed an interest in becoming long term partners with the County. The County strongly desires to not only treat Robbins on equal terms with Montgomery municipalities, in that the usage volume consumed by Robbins residents/businesses, helps maintain rates for our residents, but also in that the County recognizes the need to build regional relationships to address residential, commercial, and industrial development in the region.

XVI. Fire Districts:

The County has ten volunteer fire departments that are supported in part by the county-wide two cent ad valorem fire tax. The County tax provides each department, on a rotating basis, with two County owned fire trucks. One truck is purchased each year, so that each department has at least one truck no older than ten years.

The two cent tax also provides some additional funds to each department to upkeep the County owned trucks. For the upcoming fiscal year, the allocation to each department for upkeep expense is projected to be \$17,500.

Of the ten county departments, two are in districts which have an additional fire tax (Badin Lake and Lake Tillery). Each of the Districts have a governing committee and in accordance with general statute have held a public hearing on their proposed FY15 budget.

Badin Lake Fire District presented the following budget to the Board of Commissioners with a request that the fire tax remain at six cents per one hundred dollars of assessed valuation.

Ordinary Income/Expense

Income

4000 · Revenues

4100 · Montgomery County Revenue	426,625.00
4200 · Davidson County - Fire Tax	<u>32,650.00</u>
Total 4000 · Revenues	<u>459,275.00</u>

Total Income

459,275.00

Expense

5000 · Operating Expenses

5100 · Fuel	12,500.00
5200 · Expendable Safety Equipment	20,500.00
5300 · Fire Suppression Equipment	27,500.00
5400 · Insurance & Pensions	40,050.00
5500 · Maintenance	16,500.00
5600 · Materials & Supplies	2,100.00
5700 · Memberships, Dues & Subscriptions	3,175.00
5800 · Professional Services	3,500.00
5830 · Salaries & Compensation	50,500.00
5900 · Training, Conferences & Travel	10,800.00
6000 · Utilities & Contracted Services	39,350.00
6200 · Capital Reserve Accounts	<u>45,000.00</u>
Total 5000 · Operating Expenses	271,475.00

Boat Maintenance & Repair Exp	3,000.00
CP&L Lease	150.00
Property Insurance-Comm Package	7,500.00
Property Insurance-Comm Vehicle	6,000.00
Property Insurance-Umbrella Lia	0.00
Repairs & Maintenance-Equipment	9,000.00
Repairs & Maintenance-Lawn	3,500.00
Repairs & Maintenance-Property	3,000.00
Truck Fuel/Oil Expense	2,000.00
Truck Maintenance & Repair Exp	11,000.00
Truck License & Inspection Exp	0.00
Communication Batteries	1,000.00
Utilities - Electric	5,400.00
Utilities - Propane	1,500.00
Total Facilities and Equipment	54,050.00

Operations

Charitable Contributions	150.00
Dues-Firemen's & Resp Res Assn	800.00
Educational Expenses	300.00
Meals & Entertainment	2,000.00
Annual Public Meeting Expense	0.00
Misc Firefighters' Benefits	200.00
Miscellaneous Expenses	0.00
Office Equipment	500.00
Office Supplies	350.00
Pension Expense	2,800.00
Postage	150.00
Supplies	1,000.00
Telecommunications - Pagers	0.00
Telephone	2,200.00
Volunteers Accidental Insurance	5,500.00
Workman's Compensation Insuranc	2,200.00
Total Operations	18,150.00

Other Types of Expenses

Other Costs	0.00
Total Other Types of Expenses	0.00

Total Expenses 73,800.00

Capital Expenditures

Buildings & Land	1,000.00
Communications Equipment, New	1,000.00
Fire Equipment & Protective Gear	18,000.00
Furniture & Fixtures	0.00
Reserve for Equipment Replacement	113,800.00
Total Capital Expenditures	133,800.00
Total Expense	207,600.00

The County's projected revenue at four cents for the District is slightly less than the amount anticipated by the governing committee. The four cent fire tax is projected to yield \$188,326; the above budget is \$190,000. With the county-wide tax providing \$17,500 to the Department for upkeep on the County owned vehicles, the Tillery District would have access to \$205,826.

XVII. Conclusion:

Montgomery County is a golden opportunity! Growth and stability, however, will require forward thinking governance, dedicated employees, and a community supported effort behind turning our raw resources into productive assets. Speaking for the employees of County government, we look forward to the opportunities of FY15 and thank the Board of Commissioners for their service to the people of the County.