

BUDGET WORKSESSION  
DARLINGTON COUNTY COUNCIL  
DARLINGTON, SC

April 4, 2017

A Budget Worksession of the County Council of Darlington County was held this 4<sup>th</sup> day of April 2017, at 10 a.m., Darlington Raceway Media Center, 1301 Harry Byrd Highway (Highway 151), Darlington, South Carolina.

NOTICE OF MEETING

In compliance with the Freedom of Information Act, a copy of the meeting notice providing the date, time, and place of the meeting was emailed to the local newspapers, persons requesting notification, and posted on the county's website and the bulletin board in the lobby of the courthouse.

COUNCIL MEMBERS PRESENT

Chairman Bobby Hudson, Chaplain Dannie Douglas, Jr., Mr. J. Lewis Brown, Mr. David Coker, Mr. Robert L. Kilgo, Jr., Ms. Mozella Nicholson, and Ms. Joyce W. Thomas.

COUNCIL MEMBERS PRESENT

Vice Chairman Marvin Le Flowers.

ALSO PRESENT

County Administrator Marion Charles Stewart, III, Clerk to Council J. JaNet Bishop, Finance Director Sherman Dibble, Human Resources Manager Ginger Winburn, and others.

REPORTERS PRESENT

Ms. Samantha Lyles of the News and Press, Mr. Jim Faile of the Hartsville Messenger, and Mrs. Tonya Brown of WPDE TV 15.

Budget Summary

Fund Balance. Mr. Stewart reported that Council previously adopted a policy indicating that the unassigned Fund Balance as of June 30<sup>th</sup> each year would not drop below 35 percent of the fiscal year's expenses. Therefore, the unassigned Fund Balance does not need to drop below approximately \$8.5 million. Mr. Stewart talked about changes in the Fund Balance over the past several years. The unassigned Fund Balance dropped in FY11/12 and has continued to slowly decrease, of which some of the funds were used for capital equipment payments. However, until the county receives the certified audit for FY15/16 and FY16/17, the staff will not know whether the county is as secure as it wants to be. Therefore, he suggested that the county stops spending from Fund Balance for at least a couple years. Mr. Stewart also talked about excess or deficiency of revenue versus expenditures. Over the past few years, there has been an excess of expenses to revenue. He recommended that Council stops budgeting from Fund Balance so that it can rebound over the next two to three years. However, the county would need to be prepared to pay for capital equipment/vehicles

from another source. Mr. Stewart noted that the county will have a better evaluation of Fund Balance after receipt of the FY15/16 and FY16/17 certified audits.

Employee Compensation. Mr. Stewart pointed out that the proposed FY17/18 budget includes a 2.5 percent cost of living adjustment or loss of living adjustment since the employees have had an increase in health insurance premiums and mandatory retirement contributions, and five years without a cost of living increase. However, during last year, the employees received a one-time one percent additional bonus. Therefore, a 2.5 percent across the board raise would only restore the pay the employees have had to give to the South Carolina Retirement System over the last six years, including the increase this July. Employees will see no more money taken home since July 1, 2012. Employees received a raise in FY06/07, FY07/08, and FY08/09, nothing for three consecutive years, a two percent raise in FY12/13, nothing for the following two years, a one-time one percent bonus in FY15/16 which did not contribute towards employees' retirement, nothing this fiscal year, and 2.5 percent proposed raise for FY17/18.

Mr. Stewart also talked about the increase in the employer retirement contribution which will require approximately \$265,000 for all funds. An increase in taxes by the CPI (1.26 percent) would only generate approximately \$200,000, which would not cover the retirement contribution increase. He also pointed out that after FY17/18, the employer retirement contribution will increase an additional one percent annually for five additional years. The effect of the increased retirement contribution was presented.

Emergency Services Fund. Mr. Stewart reported that South Carolina Code of Laws, Section 6-1-330(B), states that if the county derives revenue from a user fee, such as the ambulance service fees, if the total of the revenue from the user fee is more than five percent of the previous fiscal year's total budget, the proceeds must be kept in a segregated and separate fund. The county's ambulance service fee revenue has been above five percent of the total prior fiscal year's budget since FY12/13. The auditors have separated the funds beginning with FY14/15.

Mr. Stewart suggested removing 911 Central Communication and Emergency Preparedness from the General Fund to the Emergency Services Fund along with EMS since they are related, and there is no requirement that EMS must be in a fund alone. This fund will be similar to the Environmental Services Fund and the Fire District Fund. Mr. Stewart explained that creating the Emergency Services Fund creates an appropriate and timely way for assessing new fees in order to meet the county's funding needs. Once this fund is established, there will be a shortfall of revenue to expenses of about \$1.4 million. The deficit for these departments last year was \$1.6 million and about \$1.5 million for the current budget. He noted that the proposed new fees will create revenue to balance this Fund and free up money in the General Fund which would be used towards the employees' pay raise, the increased employer retirement contribution, etc.

The new fees proposed for the Emergency Services Fund include a \$15 per vehicle fee and a \$20 per residence fee which should generate about \$1.4 million; the amount needed to balance the Emergency Services Fund. The fees would have the same exemptions as the vehicle fee for Roads and Bridges and the residential fee for household waste.

New Proposed Airport Fund. Mr. Stewart reported that according to South Carolina Code of Laws, Section 6-17-180(7), since the county obtained a revenue bond to build the hangar that Sonoco makes payment on as their lease (a revenue bond with a lease purchase), it must be separated from the General Fund. The auditors have included a note in the preliminary audit that this must be kept separate. The Airport Fund will be a proprietary fund just as the Environmental Services Fund. Mr. Stewart said \$113,000 would have to be transferred from the General Fund to the Airport Fund to balance this budget.

Highlights Of Changes In Proposed FY17/18 Budget. Mr. Stewart reiterated that the proposed budget includes an employee cost of living increase, employer retirement mandatory contribution rate increase, the establishment of the Airport Fund, the establishment of the Emergency Services Fund, the establishment of the \$15 per vehicle Emergency Services Vehicle Fee, the establishment of the \$20 per residence Emergency Services Residential Fee, an additional IT position, an additional Correctional Officer position to meet PREA requirement, two additional Correctional Officer positions approved in 2016 but never budgeted, an increase in the Contingency Fund and Fund Balance stabilization, an increase in property taxes, a decrease in revenue projection for Magistrate fees and federal inmate revenue based on current trends and information, a transfer of \$113,000 to balance the Airport Fund, removal of budgeting from Fund Balance, increases throughout departments for software maintenance, office supplies, employee training, etc., increases to upgrade internet service for the courthouse and E-911/EOC, and an increase in overtime for the Sheriff's Office.

Highlights of the Fire District Fund includes an additional Fire Marshal position that will be based in the Development Services Department to complete required new construction inspections for Certificate of Occupancy and to assist the Fire District improve the county's ISO rating. This position will not perform regular fire inspections. The funds for this position is within the Fire District's available revenue.

Environmental Services Fund. Mr. Stewart reported that the Environmental Services Fund will include two additional part-time attendants for a new convenience site/solid waste collection center to be located at the landfill. This site will allow residents to dump their waste (construction and demolition) at the site and the county staff transport it to the top of the "hill." Also, included in the Environmental Services Fund is the transition of the part-time mechanic/maintenance position to a full-time position with available revenue within this fund.

Emergency Services Fund. Also, included in the Emergency Services Fund are funds to return the Training/Compliance position that was previously removed. This position performs quality reviews and assessments on medical charts. Mr. Stewart pointed out that each year, for the past five years, the revenue has been underbudgeted for Emergency Services. Therefore, available revenue exists in this Fund for this expense.

Take Away Points. Mr. Stewart reviewed all the items he was proposing in the FY17/18 budget. He also mentioned that the \$200,000 Airport Runway Rehab Grant match

and \$132,000 for employer retirement contribution will reduce the Contingency to less than one-half percent of the total budget. However, as the Contingency decreases, Fund Balance should stabilize and increase. He also mentioned that Council could use funds from Contingency for a Strategic Plan to help better prepare the county to move forward and for repairs to various county facilities and unforeseen expenses. The proposed budget also included funds for an IT position and an additional \$13,000 for the Darlington County Humane Society.

Each Council member was given a booklet containing the Administrator's budget proposal, a letter to Council, the budget ordinance, and highlighted "big" number changes representing the Contingency Fund, 100 percent match grants (mostly CTC funds), miscellaneous revenue where Fund Balance was once budgeted as money coming in, funds to balance the Airport Fund, the new contingency line item, zero fund balance used as revenue, the transfer of funds to the Airport Fund, and the fee revenue in the Emergency Services Fund. He also pointed out the summary sheet for all the minor funds including the new Airport Fund and Emergency Services Fund. The Hospitality Tax fund information was included in the back of the budget booklet and will be added to the budget ordinance for second reading. Mr. Stewart briefly talked about possible uses for Hospitality Tax funds.

Mr. Kilgo clarified that with the proposed fee increases, the current \$60 per residence fee would increase to \$80 per residence and the current \$30 per vehicle fee would increase to \$45 per vehicle.

~ Councilwoman Nicholson arrived at 10:50 a.m. ~

Mr. Douglas presented concerns about the way the Maintenance Shop charges for repairs, labor, etc. Mr. Stewart stated that the staff could look to find out whether there is a better alternative for the county.

Ms. Nicholson stated that the county should not focus on receiving local government funds but look at other sources of revenue. She mentioned the need to retain law enforcement officers and suggested the formation of a Finance Committee to look at other sources of revenue. Mr. Stewart responded that the proposed budget includes \$1.47 million in revenue from new fees. He also noted that the proposed budget does not include a differential raise for deputies above the 2.5 percent across the board raise for all employees. Also, an additional \$10,000 was added to the Sheriff's Office budget for overtime.

Ms. Thomas asked about the payment for School Resource Officers. Mr. Stewart indicated that the Sheriff and he would meet with the School District Superintendent this evening regarding the School District's contribution for School Resource Officers.

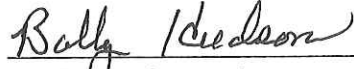
Mr. Stewart stated that the budget, as presented today, would be presented for second reading with the addition of the Hospitality Tax Fund. He welcomed comments and/or amendments to the proposed budget.

There being no further comments, the meeting was adjourned at 11:06 a.m.

Respectfully submitted,



J. Janet Bishop  
Clerk to Council



Bobby Hudson, Chairman  
Darlington County Council

Approved at meeting of May 1, 2017.