

NEWBERRY COUNTY COUNCIL WORK SESSION
MINUTES
March 25, 2025

Newberry County Council met on Wednesday, March 25, 2025, at 4:00 p.m. in Council Chambers at the Courthouse Annex, 1309 College Street, Newberry, SC, for a Work Session.

Notice of the meeting was duly advertised, as required by law.

PRESENT: Robert Shealy, Chairman
Karl Sease, Vice-Chairman
Leon Fulmer, Council Member
Todd Johnson, Council Member
Travis Reeder, Council Member
Stuart Smith, Council Member
Jeff Shacker, County Administrator
Karen Brehmer, Deputy County Administrator
Debbie Cromer, Finance Director
Sheriff Lee Foster, NCSO
Eric Nieto, I.T. Director
Andrew Wigger, Clerk to Council/PIO

ABSENT: Johnny Mack Scurry, Council Member

Mr. Shealy called the meeting to order at 4:00 p.m.

Mr. Shealy led the invocation and Pledge of Allegiance.

1. Presentation and discussion of proposed FY 2025-2026 Budget.

- Mr. Shacker recapped the previous meeting where Newberry County Council reviewed the Capital Projects Funds.

- Mr. Shacker discussed the details of the General Fund Summary, which is proposed at \$39.9 million, with revenue recommended at a little over \$39.4 million. This is a decrease of about \$9,700 or .025%
- Mr. Shacker reviewed a detailed memo, as provided to the Newberry County Council. A copy of the memo is attached with these minutes.
- Mr. Johnson said he appreciated Mr. Shacker explaining the 26% increase in fines (under Revenue) being associated with fines with Magistrate's Court because that was bucking a statewide trend with fines going down, due to court rulings.
- Mr. Sease asked, regarding the purchase of two new EMS vehicles, if they would replace existing vehicles or would they be added to the fleet. Mr. Shacker said they would be replacing two vehicles. Mr. Shacker said, regarding the two EMS vehicles being replaced, it looks like there is one that is not suitable to continue using but there is one they think there is one that could be repurposed for Newberry County Rescue.
- Mr. Johnson asked if the proposed budget figures for employee raises this year; Mr. Shacker said that the proposed budget does, and based on the practice in the past, the employee raises are shown in non-personnel.
- Mr. Johnson asked Mr. Shacker to go into details about the insurance portion of the employee salaries. Mr. Shacker said the county has requirements with PEBA in order to participate in the program and the county has to meet minimum funding levels. That being said, the all-in cost for employee only is \$8,900, the minimum requirement for employee family is \$21,000.
- Mr. Johnson added that, from being on the other side, the workers' comp rates are different, as well. Mr. Johnson said that is calculated by the county's rate for each class of employee, multiplied by the salary of the employee.
- Mr. Johnson requested not only doing the 3% cost of living increase across the board for all employees, but some of those positions they cannot keep employees, like Public Works, and law enforcement, where the county cannot compete, to do more there. He also wants to make sure the recycling folks are included, as well.
 - Mr. Shacker said they do have an adjustment in the budget for Council on Aging to be distributed to their recycling employees.

- Regarding the purchase of air packs, Mr. Sease noticed 10 were listed and asked where those would be distributed. Mr. Shacker said Mr. Tommy Long will work with the stations on that and make there is, at least, at every department, the minimum amount needed. He added this purchase will be continuous for the county for one more year, and then it will be scaled back and buy the same amount every year and avoid a circumstance of being behind.
- Not discussed in the memo, Mr. Shacker went on to review the Debt Service Fund with the funds generated by the current debt levy and at this time, that levy is at 2.2%, but it could go down as a result of reassessment. On the expenditure side, they have proposed three existing bonds and the proposed 2025 General Obligation Bond, which would immediately be paid off with cash on hand and be used to purchase equipment for Public Works. When you total the bonds together, that number equals \$810,631 in estimated amortizations or payments in the upcoming fiscal year.
- Mr. Sease asked regarding revenue, that there is a line for the sale of the Kavanaugh Property, but there is nothing listed across the board. Mr. Shacker said it sold in a prior year, he said it probably should have been taken off but there was activity last year and they kept the line item on there to show the past activity.
- Mr. Reeder asked how many months the county currently has in fund balance (General Fund); Mr. Shacker said they are at about six months.
- Mr. Shacker began reviewing the Special Revenue Funds, which includes 13 distinct entities. They are proposed at a total of about \$4.6 million in the upcoming fiscal year. That is an increase of \$1.43 million (or 45.3%) compared to the current year. Changes this year included:
 - The Victim Assistance Fund decreased by \$54,232, this is due to a vehicle being purchased in this year's budget and one is not being purchased this year.
 - The Jail Fees Fund increased by \$37,500 and that relates to the purchase of a transport vehicle.
 - The Rescue Squad Grant fund is proposed to total \$8,000, a decrease of \$16,000. This grant is used for equipment for EMS, but

a declining source of revenue and staff anticipates it will be around \$8,000.

- The Public Works Grant Fund, an increase of \$1,614,722, is where staff budgets the C Funds (gas tax money through the CTC). This is used for paving, and proposing in next year's budget, gravel for the gravel roads.
- The Collection Grant fund is proposed at \$40,000, an increase of \$1,186. This is for environmental services for upgrades to solid waste collections.
- The 911 Telephone Reporting Fund is proposed to increase by \$113,220. This is where the 911 subscriber fee goes, which is collected through phone bills.
- The Newberry County Airport fund is recommended at \$798,976, an increase of \$417,073. This is where the grants are listed, and they are providing grant matches for recent grants.

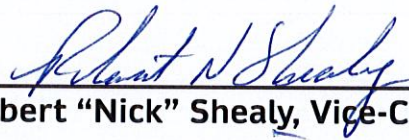
2. Comments/Requests from Council.

- Mr. Fulmer mentioned that paving costs have exploded in the past couple of years and mentioned that cost could impact a few of their paving projects.
- Mr. Sease said great job putting everything together. Mr. Sease then excused himself to go to another meeting.
- Mr. Smith thanked staff for their hard work putting the budget together.
- Mr. Fulmer thanked staff for walking them through the budget and appreciated everyone's efforts.
- Mr. Johnson thanked staff for doing this, he said as a council they know reassessment will be a challenging time and cannot imagine how hard it was to come up with the budget without an increase.
- Mr. Reeder said he appreciated everything that was done as he knows it was many late nights. He said everything is truly done professionally and done well.
- Mr. Shealy said there are a lot of things they need, and he wishes they could afford everything, but they will get there.

3. Adjournment.

- Mr. Johnson made a motion to adjourn; Mr. Reeder provided the second and the motion carried 5-0. The meeting adjourned at 5:45 p.m.

NEWBERRY COUNTY COUNCIL

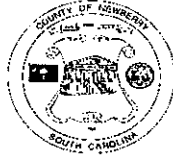


Robert "Nick" Shealy, Vice-Chairman



Andrew Wigger, Clerk to Council

Minutes Approved: 5-7-2025



COUNTY OF NEWBERRY

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STUART SMITH

JEFF SHACKER,
COUNTY ADMINISTRATOR
JOANIE WINTERS
COUNTY ATTORNEY
ANDREW WIGGER,
CLERK TO COUNCIL

MEMORANDUM

TO: Newberry County Council

FROM: County Administration

DATE: March 21, 2025

SUBJECT: Recommended FY2025–2026 General Fund Budget

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Enclosed please find staff recommendations for the FY2025-2026 General Fund budget. Staff respectfully recommends that Council use the same process for reviewing the draft budget as has been used in previous years. Council's initial budget work sessions are scheduled for the evenings of **Tuesday, March 25th** and **Wednesday, March 26th** and will begin at 4:00 P.M. In addition to those two meetings, there will be other opportunities for Council to review the draft budget. Those meetings are listed as *optional* on Council's adopted budget calendar to give Council flexibility with the budget process.

GENERAL FUND BUDGET

As with recent General Fund budgets, the process of reconciling general governmental revenues with expenditures was extremely difficult. However, the cooperation and assistance of the County's department heads made the process considerably smoother and easier than it otherwise would have been. They were asked to limit their expenditure requests to essentials for the delivery of their respective services and their efforts to do so are very much appreciated.

The enclosed recommended budget is designed to maintain the current quantity and quality of services we offer our citizens and does not propose to provide any new services. Staff is not proposing a property tax increase or that Council increase the number of permanent full-time or part-time positions funded with general government revenue. However, staff is proposing that Council give consideration to granting employee compensation increases as part of the budget process. The current draft budget includes funding equal to 3% of payroll for employee pay increases and is inclusive of the associated cost of fringe.

REVENUE

Staff respectfully recommends **\$39,426,180** in budgeted revenues for FY2025-2026. This represents a **decrease of \$9,767, or 0.025%**, when compared to the FY2024-2025 budget as adjusted. Staff proposes no tax, no fee and no uniform service charge increases in FY2025-2026.

The major components of the General Fund revenue budget for the upcoming fiscal year are as follows:

1. **Property Taxes** are projected to total **\$26,409,995 – an increase of \$494,382, or 1.9%**, when compared to FY2024-2025.

A countywide property tax reassessment and equalization program will be implemented in FY2025-2026. South Carolina state law mandates the process that the County must follow. It also requires that the process be conducted every five years unless postponed for no more than one year by County Council.

The process of reassessment will result in an increase in total assessed value in Newberry County, which is the value of property that is taxed. That value is then multiplied by the property tax rate (expressed in mills) for each taxing entity in Newberry County to determine the taxes levied on real, personal and business property in Newberry County.

State law requires that the process of reassessment be revenue neutral. Therefore, because the total assessed value of property in Newberry County will increase as a result of reassessment, Newberry County will be required to reduce its tax rate (referred to as rollback millage) so that the total property tax levied on real property in FY2025-2026 does not exceed the real property tax levied in the preceding year.

The rollback millage is calculated by dividing the total real property taxes levied for Tax Year 2024 by the total assessed value following reassessment for Tax Year 2025. This is very much like a seesaw. The taxable value of property will go up as a result of revaluing property in Newberry County. Therefore, the tax rate (i.e. the millage) must go down.

Newberry County must follow the process required by state law to update the taxable value of real property in the county and it must roll the millage back as required by state law. Newberry County Council has the option to roll the millage back as required by law and then increase the tax rate through the addition of mills. However, County Council has made very clear its desire to not take a tax increase in a reassessment year. Therefore, no property tax increase is included in the proposed FY2025-2026 general fund budget.

The anticipated \$494,382 increase in property tax revenue in FY2025-2026 is a product of important deductions in South Carolina law for the calculation of rollback millage during reassessment. The law directs counties to deduct from the total assessed value used to calculate rollback millage the value of new properties that were added during the five-year period between reassessments, the value of improvements made to properties during the five-year period, and the added value resulting from assessable transfers of interest (ATIs) during the five-year period. County staff has attempted to conservatively estimate these deductions and the additional property tax revenue that the deductions will generate. The property tax revenue projection included in the recommended FY2025-2026 general fund budget consists of a revenue-neutral implementation of reassessment plus a conservative estimate of the property tax revenue generated by the aforementioned deductions.

2. **Intergovernmental Revenue** is projected to total **\$2,871,748 – a decrease of \$4,639,940, or 61.8%**, when compared to FY2024-2025. This decrease is primarily attributable to the expenditure of the remainder of the County’s American Rescue Plan Act (ARPA) allocation, which totaled \$4,692,617, in FY2024-2025. Those funds were utilized to purchase and upgrade capital primarily within the areas of law enforcement, public safety, public works, and facilities maintenance and will be completely expended in FY2024-2025. That results in a significant decrease in intergovernmental revenue in FY2025-2026.
3. **Service Charges** totaling **\$2,885,178** are recommended in FY2025-2026, which amounts to a **12.0% (\$395,030) decrease** in comparison to FY2024-2025. While there are minor adjustments to many of the revenue line items within the Charges for Service category, the proposed decrease is largely the result of a scaled-down projection of tipping fees at the Transfer Station, which are estimated to total \$1,903,470 in FY2025-2026. That represents a \$367,011 decrease compared to the FY2024-2025 budget. The recommended decrease in tipping fees is a product of declining tonnage at the transfer station and is in line with year-to-date performance plus a projected 5% increase in FY2025-2026.
4. **Fines** are projected to total **\$1,002,820** in FY2025-2026 – **an increase of \$207,820, or 26.1%**, when compared to the current budget. The revenue line item for Central Court Fees and Fines is recommended to increase \$235,000 in FY2025-2026, which is in alignment with year-to-date collections in FY2024-2025.
5. **Interest Earnings** totaling **\$550,000** are proposed in the recommended general fund budget. This represents **a decrease of \$150,000, or 21.4%**, compared to the FY2024-2025 budget. This recommended decrease is attributable to two things. The first is the current trajectory of yield rates on investment accounts, which are trending down and are expected to continue falling. Secondly, staff incorporated in the proposed budget a conservative projection of the cash assets that the County Treasurer will be capable of maintaining on deposit in the South Carolina Local Government Investment Pool (LGIP). Staff is optimistic that actual interest earnings in FY2025-2026 will exceed the estimated interest earnings in the draft budget.
6. **Miscellaneous Revenue** is projected to total **\$476,516** in FY2025-2026 – **a decrease of \$77,789, or 14.0%**, compared to FY2024-2025. While there are minor proposed changes to revenue line items within the miscellaneous category, the recommended decrease in revenue from miscellaneous sources is mainly attributable to the completion of the HVAC replacements in county buildings, which were funded from a \$75,000 (\$100,064 actual) Energy Efficiency and

Conservation Block Grant (EECBG) in FY2024-2025. The EECBG project is nearing completion, will not carry-over into the next fiscal year, and results in a relatively notable decrease in miscellaneous revenue in FY2025-2026.

7. **Debt Proceeds and Capital Funding** is recommended to total **\$4,613,789**. This category is recommended to consist of four sources of revenue.
- i. The first is \$936,589 in special source revenues from the Capital Project Account of the Greenwood-Newberry Multi-County Industrial Park. This Capital Project Account was established through an amendment to the Master Park Agreement approved by County Council in 2023. Staff proposes that County Council appropriate a portion of the current stream of recurring special source revenues in the Capital Project Account to service a five-year Lease-Purchase to fund the acquisition of a fire engine and two EMS ambulances in FY2025-2026, to fund the final payment on the FY2022 Lease-Purchase, which is the only current Lease-Purchase agreement that the county has in place, and to fund the debt service on an Install-Purchase Revenue Bond that the county issued in 2014 to construct the Public Works Department's facility on SC Highway 34.
 - ii. Second, staff requests that Council appropriate \$1,181,200 of cash on hand originating from the debt service fund to fund one-time capital in FY2025-2026. This revenue is the proceeds of debt issued by the county in the past for capital purchases. The county's bond attorney recently advised staff to transfer these debt proceeds to General Fund. Staff recommends the prompt expenditure of these funds on one-time capital in FY2025-2026.
 - iii. Third, staff recommends that Council appropriates the proceeds of the proposed FY2026 Lease-Purchase, which is recommended to generate \$2,096,000, in the FY2025-2026 General Fund Budget to fund the purchase of a fire engine and two EMS ambulances.
 - iv. Fourth, staff requests that Council approve the issuance of a general obligation bond in FY2025-2026 generating \$390,000 in revenue to purchase a dump truck, trailer, and a 6500 series cab-chassis with interchangeable-body capabilities for utilization within the Public Works Department. Staff is proposing to issue the bond and pay it off in FY2025-2026 utilizing the remaining cash-on-hand in the debt service fund which is restricted to debt service, has been earmarked by the county auditor for capital purchases, and is surplus to current amortizations in the Debt Service Fund. The latter assumes a slight reduction in the debt service tax levy in FY2025-2026 following reassessment.

In addition to proposed revenue categories, a **budgeted use of fund balance** totaling **\$486,599** and equaling **1.22%** of requested expenditures is proposed. It is a common practice for local governments to annually budget a modest use of fund balance but finish most years positively with a contribution to fund balance. Typically, this is a function of several things, including:

1. The use of conservative revenue projections and generous expenditure estimates during the budget process, and/or
2. The fact that many departments expend only a percentage of their personnel and non-personnel budgets (typically around 95%).

Newberry County has, in the past, balanced the general fund budget with a modest use of fund balance (typically 3% of budgeted expenditures or less) but has ended most years in positive territory with at least a small, but sometimes sizeable, contribution to fund balance.

Staff is proposing a \$581,122 decrease in budgeted use of fund balance in FY2025-2026 when compared to the current fiscal year budget. While staff anticipate that the county will finish FY2024-2025 with a contribution to fund balance as in years past, we are nonetheless pleased with the proposed decrease in FY2025-2026 and hope that Council is as well.

EXPENDITURES

Efforts were made by staff to hold expenditures at FY2024-2025 levels. A **\$39,912,779** General Fund budget is recommended in FY2025-2026. This is a **decrease of \$590,889, or 1.4%** compared to the current year. There are three major categories of expenditures in the General Fund budget – namely, personnel, non-personnel and capital. Following is a breakdown of the factors contributing to the proposed increase in expenditures within the fund by category.

Personnel Expenditures

Personnel expenditures totaling **\$17,894,769** are proposed in FY2025-2026. This represents an **increase of \$192,743, or 1.1%**, when compared to the budget for FY2024-2025. This increase is primarily attributable to the pay increases authorized by council in FY2024-2025 and modest projected increases in the cost of health insurance and workers' compensation insurance in FY2025-2026. The county participates in the State Health Plan, which is administered by the SC Public Employee Benefit Authority (PEBA), and in the S.C. Association of Counties' workers compensation insurance program. Like most risk pools, both insurance programs utilize experiencing rating. The concept is that participants with more and higher claims (aka experience) are charged a higher rate for premiums. In addition to the insurance expenditure increases incorporated within each departmental budget, staff proposes that council appropriate \$75,000 of additional funding within the Non-Departmental budget to fund greater-than-anticipated premium rate increases should they materialize in FY2025-2026.

Non-Personnel Expenditures

The Non-Personnel portion of the General Fund budget is recommended to total **\$17,522,614** in FY2025-2026, which is a **decrease of \$1,059,066, or 5.7%**, relative to the current budget. While there are a number of increases and decreases that counterbalance one another, the following expenditures had the most significant impact on the non-personnel category:

1. An **Interfund Transfer from General Fund to the Capital Projects Fund** in the amount of **\$2,000,000** was approved by council in FY2024-2025 for future capital improvements and projects as approved by Council, including the County's sponsored CPST projects, which may encounter cost overruns on bid-day. That transfer was made in FY2024-2025 and is not proposed again in FY2025-2026, which results in a \$2,000,000 decrease.

2. **Debt Service** expenditures totaling **\$1,214,783** are recommended, which is an increase of \$331,780 compared to the current year. This proposed increase is the net of the retirement of the FY2021 Lease-Purchase in FY2024-2025, which results in a decrease of \$180,517 in FY2025-2026, and the debt service requirements of the proposed FY2026 Lease-Purchase (fire engine and two ambulances), which results in an increase of \$512,336.
3. Funding has been included in the recommended General Fund budget for **Salary Adjustments** totaling **\$626,920**. This funding equals 3% of payroll, inclusive of the resulting increase in the cost of fringe, plus the all-inclusive cost of an additional 2% increase for county law enforcement and public works personnel. The base increase is in-line with the change in the Consumer Price Index in Calendar Year 2024, which increased 2.95% over the 12-month period. The objective of the additional 2% increase for law enforcement and public works personnel is to improve the county's competitiveness recruiting and retaining those positions. Staff budgeted the suggested increase in the Salary Adjustments line item within the non-personnel section of the Non-Departmental budget. It has been Council's practice in the past to get further into the budget process before finalizing both the total funding for pay increases and the methodology for distributing the increases.

Capital Expenditures

The final category of expenditures, capital purchases, is proposed to total **\$4,522,291** in FY2025-2026 - an **increase of \$270,329, or 5.9%**, compared to current year capital spending in General Fund. These recommended expenditures (with proposed offsetting revenue shown) include the following significant items:

<u>Request</u>	<u>Description</u>	<u>Funding Source</u>
\$1,000,000	Fire Engine (Fire)	Lease-Purchase
\$548,000	Ambulance & Equip (EMS)	Lease-Purchase
\$548,000	Ambulance & Equip (EMS)	Lease-Purchase
\$390,000	10 Air Packs (Fire)	Capital Reimbursement
\$330,000	6 Equipped Patrol Vehicles (Sheriff)	Capital Reimbursement
\$256,500	Building Upgrades (Facilities)	Recurring GF Rev / Cap Reimburse
\$220,000	Tri-Axel Dump Truck (PW)	1-Year GO Bond
\$180,000	Cisco Network Upgrades (Comm)	Recurring Gen Fund Revenue
\$158,000	PPE and Hurst Tools (Rescue)	Recurring GF Rev / Cap Reimburse
\$130,000	Utility Truck with Dump Body (PW)	1-Year GO Bond
\$112,000	Public Safety Buildings (Facilities)	Recurring GF Rev / Cap Reimburse

While significant, the proposed capital expenditures do not include \$12,410,000 of additional Department Head requested capital, which staff recommends be deferred in FY2025-2026 because of the resource limitations of the County.

SUMMARY

Following are highlights of the proposed FY2025-2026 General Fund Budget:

1. Staff proposes no property tax, no fee and no service charge increases in FY2025-2026.
2. Staff does not propose an increase in the number of employment positions within the General Fund budget. The number of full-time and part-time positions in the budget are proposed to remain the same.
3. Staff requests that Council budget 3% of payroll, inclusive of fringe, for employee pay increases. Plus an additional 2% for law enforcement and public works employees to improve our competitiveness for those difficult to fill positions. The funding for those increases is included within the Non-Departmental budget and totals \$626,920.
4. Staff anticipates modest increases in the cost of health and workers compensation insurance in FY2025-2026.
5. Staff recommends that Council approve \$4,522,291 of capital expenditures in the general fund budget. This is significant but is only a fraction of the \$16,932,291 requested by County Department Heads. The six major sources of funding for the capital expenditures proposed in FY2025-2026 are:

Lease-Purchase Financing:	\$ 2,096,000
Capital Reimbursement Account:	\$ 1,191,200
Capital Account Special Source Revenue:	\$ 936,589
General Fund Recurring Revenue:	\$ 556,722
General Obligation Bond:	\$ 390,000
Grants:	\$ 115,800

Staff will be prepared at the budget work sessions to provide Council with a more detailed presentation of revenues and expenditures in each department and division of the budget. If you have any questions or would like additional information during the budget process, please let us know. Thank you!