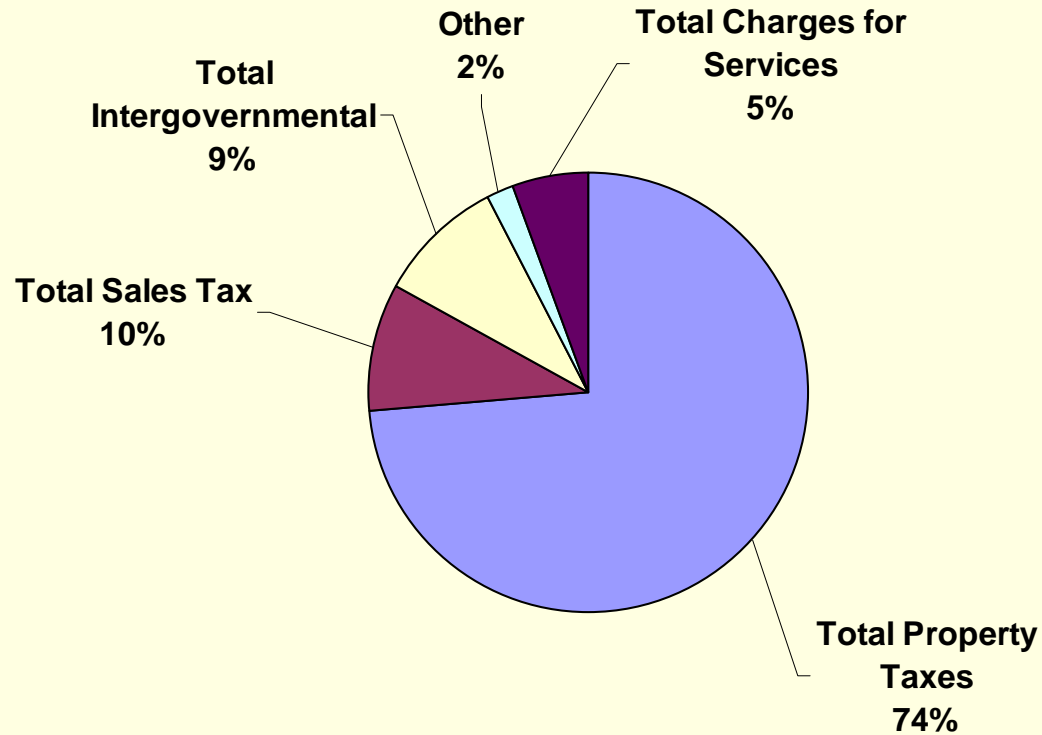


# **Board of County Commissioners**

**Budget Work Session  
February 11, 2010**

# General Fund Revenue by Category



# Revenues

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- Property Taxes - Little Growth in Tax Base
- Sales Taxes – Flat 2010 & Little growth expected in 2010/2011
- State Budget & Shared Revenues - Uncertain

# Property Tax

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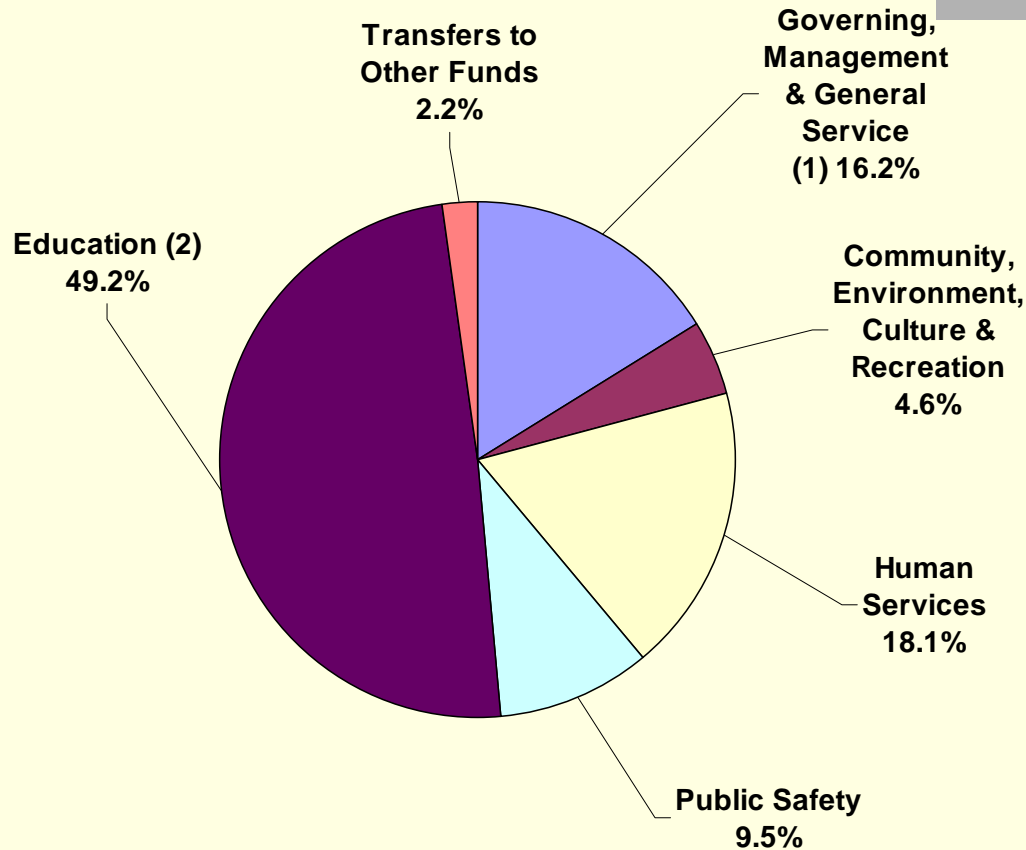
- 74% of the General Fund
- 99% Historical High Collection Rate
- 2009/2010  
Real Property Collection = \$123 million  
Vehicles (\$8.2 million 2009) est \$ 7 million

# Sales Tax

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- Everything Has Changed
  - Counties Hold Harmless for Medicaid
  - Hold Harmless for Cities
  - Article 44 eliminated
  - Distribution of Article 42 - Point of Delivery
- Impact
  - Retail Sales Down State Wide
  - Budgeted Revenues \$2.5 Million less than 2008/2009
  - Hold Harmless from State +\$2.6 Million

# General Fund Appropriation by Function



(1) Includes debt service.

(2) Includes debt service, current expenses, short and long range capital, fair funding, and health and safety resources.

# FUND BALANCE POLICY

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## Undesignated Fund Balance

**The County will strive to maintain undesignated balance in the general fund at a level sufficient to meet its budgeted goals, to be determined annually. The amount of undesignated fund balance maintained during each fiscal year should not be less than eight percent of budgeted general fund operating expenditures that fiscal year.**

**To the extent that undesignated fund balance exceeds the budgeted goals, the County could consider drawing upon fund balance to fund major equipment purchases or one time on a pay-as-you-go basis.**

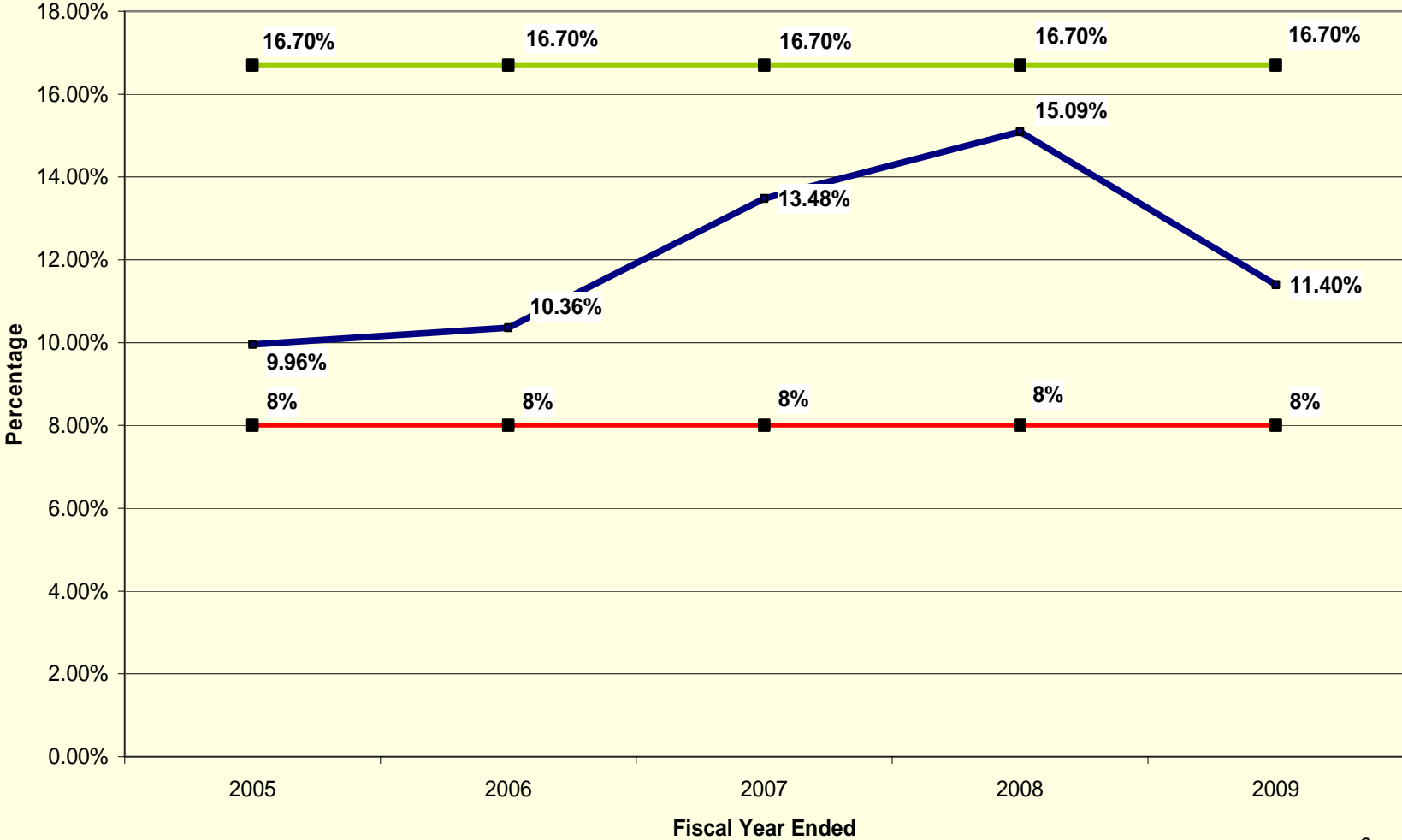
# Fund Balance

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## Undesignated Fund Balance – Available

		County	Pop Group
6/30/07	\$21,384,544	13.48%	19.24%
6/30/08	\$23,803,324	15.09%	18.26%
6/30/09	\$18,977,470	11.40%	
2004 & 2005	Below	10.00%	

# Undesignated Fund Balance As a Percentage of General Fund Expenditures



General Fund Balance    NC LGC Requirement    GFOA Recommended Best Practice

# References For Discussion

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## **April 2001 Letter from the State Treasurer**

Sets a level for **Available Fund Balance** at 8% of prior year expenditures, as a minimum, for cash flow purposes only.

Explains that additional amounts of Fund Balance should be available for other purposes.

## **GFOA Best Practice**

Recommends a minimum of unrestricted fund balance equal to two months (16.7%) of expenditures.

# New Funding Issues

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- Net New Debt Service                      \$2.5 million
- Salaries Budgeted at 100%                \$1.1 million
- Retirement Increase 1.55%                \$.7 million
- Rebuilding Fund Balance                    \$.4 million

## General Fund Cash Flows for the Fiscal Year Ended June 30, 2010

			Beg. Balance	\$26,470,354
	Revenue	Expenditures	Cash Increase (Decrease)	Cash Balance, End of the Month
July	2,500,918	17,499,636	(14,998,719)	\$11,471,635
August	2,525,677	12,047,814	(9,522,137)	\$1,949,498
September	10,015,226	14,183,034	(4,167,808)	\$(2,218,310)
October	12,749,001	14,269,127	(1,520,126)	\$(3,738,436)
November	45,704,007	10,677,482	35,026,525	\$31,288,089
December	53,845,976	12,195,398	41,650,578	\$72,938,667
January	27,479,931	21,283,411	6,196,520	\$79,135,187
<b>Total</b>	<b>154,820,736</b>	<b>102,155,903</b>		

# Existing Funding Issues

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- Capital Investment Plan

Schools

\$4.3 million

County

\$2.6 million

- Rebuilding Fund Balance

\$ 400,000

- Operating Budget Growth

\$ 0

## Annual Debt Service Capacity and Tax Rate Impact - General Fund Only (Planned Financing Includes Financing for Hillsborough Commons)

*Based on County's Current Debt Management Policy of Annual Debt Service Being No More Than 15% of Total General Fund Budget*

A	B	C	D	E	G		H	J
Fiscal Year	Original General Fund Budget	Annual % Increase	Total Debt Service Capacity <i>(based on Debt Management Policy of 15% of total General Fund budget)</i>	General Fund Debt Service for Currently Issued Debt	Additional General Fund Debt Service for Currently Planned Debt Issuance			Value of One Cent (2)
					Projected Additional Debt Service By Fiscal Year with Hillsborough Commons	Total Projected Debt Including Planned Debt Issuance (3)	Remaining Debt Capacity	
2007-08	\$173,624,381	6.21%	\$26,043,657	\$24,270,286		\$24,270,286	\$1,773,371	
2008-09	\$183,005,580	5.40%	\$27,450,837	\$26,229,463		\$26,229,463	\$1,221,374	
2009-10	\$177,589,039	-2.96%	\$26,638,356	\$25,757,697		\$25,757,697	\$880,659	\$1,505,352
2010-11	\$177,724,539	0.08%	\$26,658,681	\$28,272,645	\$2,511,656	\$30,784,301	(\$4,125,620)	\$1,520,406
2011-12	\$183,605,550	1.16%	\$27,540,833	\$25,714,942	\$2,463,579	\$28,178,521	(\$637,688)	\$1,550,814
2012-13	\$182,744,575	2.00%	\$27,411,686	\$23,328,218	\$7,057,025	\$30,385,243	(\$2,973,557)	\$1,589,584
2013-14	\$186,399,467	2.00%	\$27,959,920	\$22,789,884	\$6,912,291	\$29,702,175	(\$1,742,255)	\$1,629,324
2014-15	\$190,127,456	2.00%	\$28,519,118	\$21,909,979	\$6,710,999	\$28,620,978	(\$101,860)	\$1,670,057
2015-16	\$193,930,005	2.00%	\$29,089,501	\$20,883,766	\$6,244,708	\$27,128,474	\$1,961,026	\$1,711,808
2016-17	\$197,808,605	2.00%	\$29,671,291	\$20,048,038	\$6,054,017	\$26,102,055	\$3,569,236	\$1,754,603
2017-18	\$201,764,777	2.00%	\$30,264,717	\$19,213,844	\$5,863,325	\$25,077,169	\$5,187,548	\$1,798,468
2018-19	\$205,800,073	2.50%	\$30,870,011	\$18,632,934	\$5,672,634	\$24,305,567	\$6,564,444	\$1,843,430
2019-20	\$210,945,075	2.50%	\$31,641,761	\$18,064,896	\$5,481,942	\$23,546,839	\$8,094,923	\$1,889,516

**Footnotes**

(1) Fiscal Years 2007-08 and 2008-09 are the actual % increase in the Original Adopted Budget from the previous years Original Adopted Budget

(2) Tax Rate Impact = Assumes .50% growth in 10-11, 1-1.33% in 11-12 and 2.0% 2012-13 through 2017-18

(3) Includes Property Information Mgt Sytem, Telephone System, Parks & Open Space, Carrboro High Arts Wing, Stanford Middle Auditorium, Efland Sewer, and Hillsborough Co

# Spending Strategies

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- Defer CIP funding - County
- Eliminate Vacant Positions
- Reduce funding to Outside Agencies

# Revenue Strategies

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- Increase Fees & Charges for Services
- Article 46 Sales Tax  $\frac{1}{4}$  cent – Voter Approval  
\$2.5 Million
- Increase Property Tax - 1 cent = \$1.5 Million

# Goals & Priorities

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## 2010-11 Board of County Commissioners Goals