

County Manager's Recommended 2010-11 Annual Operating Budget

*Presentation
Southern Human Services Center, Chapel Hill
Orange County, NC
May 18, 2010*

Recommended General Fund Budget

- Totals \$174.9 million
 - Decrease of \$2.7 million from original current year budget of \$177.6 million. Represents a \$8.9 decrease from the current year amended budget.
 - Represents 1.5 percent decrease from previous year original budget.

 - Budget decreases means everyone – schools, non-profit agencies, and county departments - receive less money next year than they received this year
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Guiding Principles

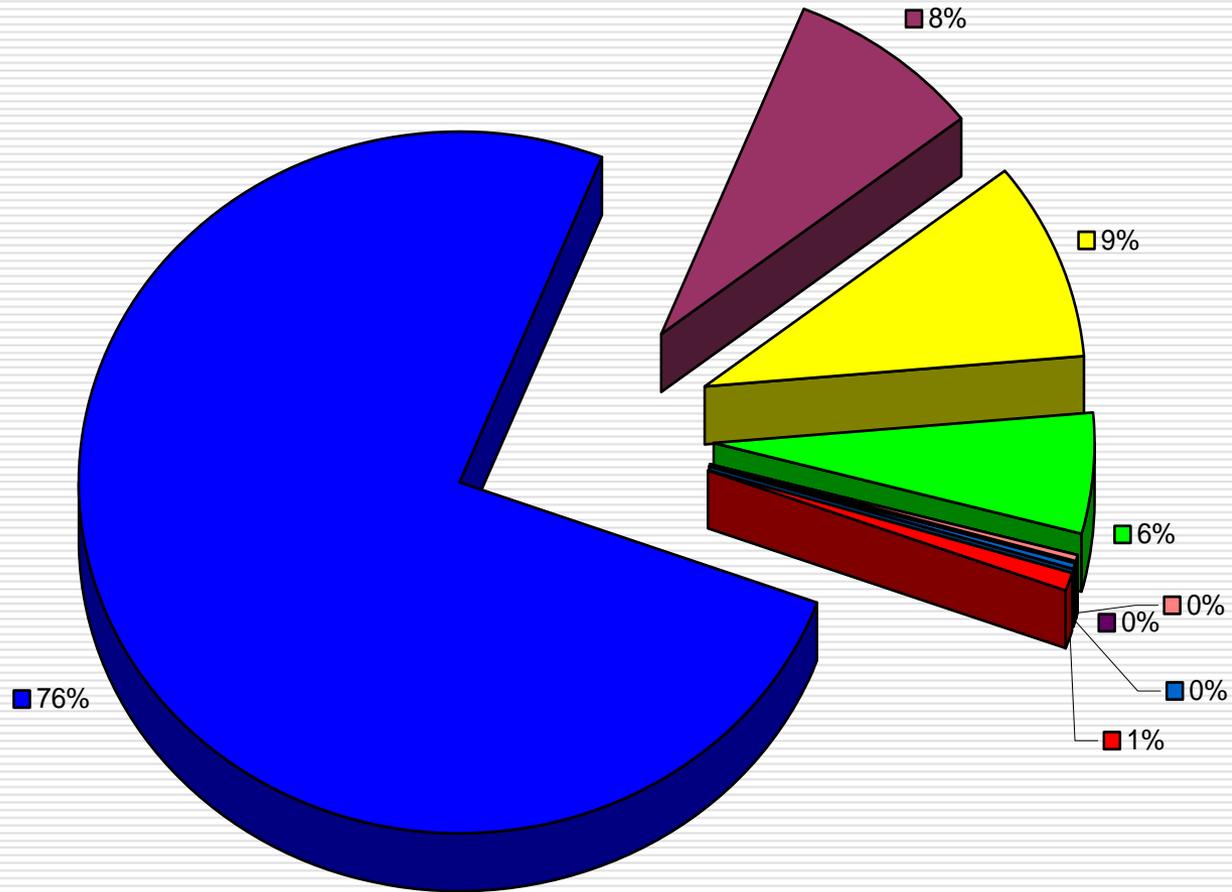
- Meets Board directives
 - Balances County's operating budget without a property tax rate increase
 - Fund local school districts at 48.1% of the County's General Fund
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Proposed Ad Valorem Tax Rate Effective July 1, 2010

- Recommended tax rate of 85.8 cents per \$100 of assessed valuation
 - This is the rate that produces \$132 million in property tax revenues for FY2010-11
 - Overall Property valuation increased 1.1%

 - One cent on property tax estimated to generate \$1,521,612
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FY2010-11 Revenues By Source



■ Property taxes	■ Sales Taxes	■ Intergovernmental Revenues	■ Charges for Services
■ Licenses and Permits	■ Investment earnings	■ Miscellaneous	■ Transfers

Property Taxes as a Percentage of General Fund Revenues

	<u>Property taxes</u>	<u>General Fund Revenues</u>	<u>Percentage</u>
2006	100,585,187	152,363,379	66.0%
2007	111,485,798	169,542,345	65.8%
2008	119,226,742	174,700,811	68.2%
2009	127,813,347	175,697,139	72.7%
2010	132,047,738	174,912,247	75.5%

Sales Tax Revenues

- Recommended Sales Tax Revenues of \$14.4 million is 14.3% less than the \$16.8 million budgeted in 2009-10
 - Actual sales tax revenues are down over 30% since the peak of \$22.5 million in fiscal 2007-08
 - The Medicaid - Sales Tax swap will limit future growth of Sales Tax Revenues
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Medicaid - Sales Tax Swap Formula Fiscal 2009-2010

County Estimated Revenues	\$15.7 million	
Less Cities Hold Harmless	<u>\$2.0 million</u>	
County Revenues		\$13.7 million
County's Hold Harmless	\$3.2 million	
Plus Cities Hold Harmless	<u>\$2.0 million</u>	
County Lost Revenues		\$5.2 million
Less Estimated Medicaid		<u>\$5.0 million</u>
Hold Harmless Threshold		\$.2 million

Medicaid - Sales Tax Swap Formula

Hold Harmless Threshold	\$.2 million
Plus \$.5 million Guaranteed by state	<u>\$.5 million</u>
Estimated County Hold Harmless	\$.7 million
Total Sales Tax Revenues (13.7 million + \$.7 million)	\$14.4 million
Sales Tax before Medicaid Swap	\$15.7 million
Net Hold Harmless Revenue Loss	\$ 1.3 million

Medicaid - Sales Tax Swap Summary

Estimated Medicaid Now paid by the State	\$5 million
Sales Tax Revenues lost Due to Medicaid Swap	<u>\$1.3 million</u>
County Benefit of Medicaid Swap	\$ 3.7 million

Sales Tax Revenues Summary

- ❑ 2010-2011 Sales Tax Revenues estimated to grow by 2%
 - ❑ 2010-2011 Medicaid Expense estimated to grow by 8-10%
 - ❑ The County will continue to benefit from the Medicaid - Sales Tax swap but future growth of Sales Tax Revenues will be limited.
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Proposed Chapel Hill Carrboro City Schools District Tax Rate Effective July 1, 2010

- Recommended tax rate of 18.84 cents per \$100 of assessed valuation
 - Represents no increase in the property tax rate for the District
 - Recommended tax rate will generate \$18.6 million
 - In addition to funds district will receive from Countywide property taxes
 - One cent on district tax estimated to generate \$987,247
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Recommended Funding for Chapel Hill Carrboro City and Orange County Schools

- Total General Fund appropriation totals \$84.1 million
 - These funds will fund day-to-day operations, repayment of school related debt, and capital
 - Appropriation equals 48.1 percent of total General Fund
 - Reflects \$1.3 million decrease from current year General Fund appropriation
 - Equates to \$3,096 per student for each of the 19,177 students in both districts for day-to-day operating funds
 - In addition, Chapel Hill Carrboro City Schools will receive additional \$18.6 million from special district tax
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Additional Funding for Local Schools

- In addition to the \$84.1 million for operations, debt and capital, recommended budget allocates \$1.8 million to fund non-mandated safety net initiatives for both school districts. Some of these initiatives are:
 - School Health Nurses - \$610,729, a decrease of 7,003
 - School Resource Officers and Social Workers for - \$531,255, an increase of \$31,000.
 - School Social Workers - \$642,374, the same funding as the current year
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Funded County Initiatives

□ Major Changes in Services

■ **General Government**

- Realignment and reassignment of employees with the County Manager Office
- Elimination of County switchboard operation (relocation of staff)
- Ending the custodial contract with Orange Enterprises
- Cuts in utilities
- Reduced resources for in-house spay and neutering services provided by Animal Services
- Reduction in use of temporary personnel across departments

■ **General Services**

- Reduced information technology purchases
- Sanitation moved to Solid Waste
- Reduction of temporary personnel across departments
- Reduction in the number of available early voting sites from four to two.

■ **Community and Environment**

- Art Commission has been moved to the Visitors Bureau for funding purposes.
- Reduction of temporary personnel across departments

■ **Human Services**

- Discontinuing the Cooperative Extension Breast Feeding Program (Relocation of staff)
- Reduction of temporary personnel across departments

■ **Public Safety**

- Increased personnel and reassignment of existing personnel.
 - Add one new Emergency Medical Service (EMS) vehicle to decrease emergency response time.
 - Reduction of temporary personnel in the ES department
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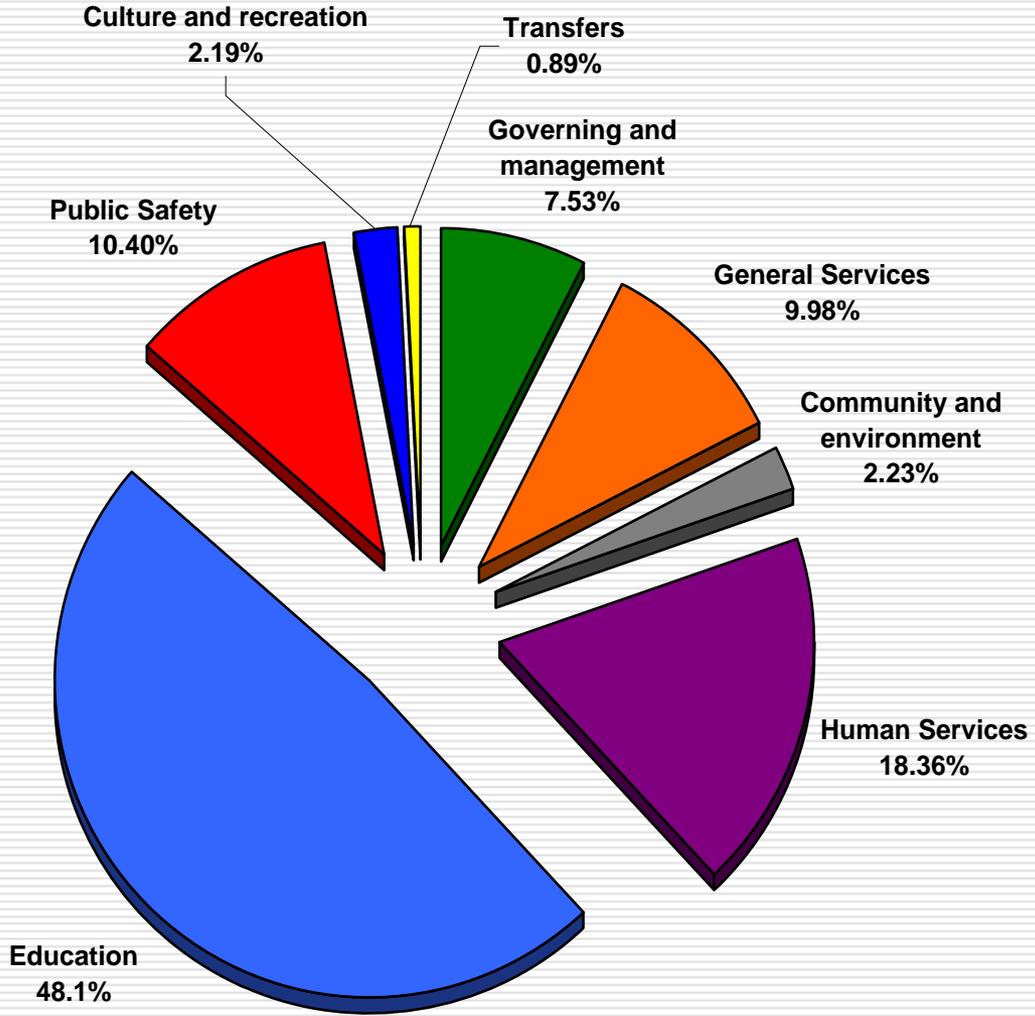
Examples of Recommended Changes in County Services

- Merged services for recreation and parks
 - **Culture and Recreation**
 - Reduced and merged library hours for the McDougle and Cybrary branches in Carrboro.
 - Reduction of temporary personnel
 - Close Cedar Grove Branch Library
 - **Non Profit Organizations**
 - Reduce funding provided to non-profit organizations from \$1,043,742 for FY2009-10 to \$848,600.
 - **Long Range/Pay-as-you Go County Capital**
 - Long range/pay-as-you go county capital will be reduced to \$300,000 from \$2.6 million in FY2009-10. This represents a decrease of \$2.3 million.
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FY2010-11 Budget Impacts

	Manager's Recommended <u>2010-11</u>	Amended Budget <u>2009-10</u>	Increase <u>(Decrease)</u>
Governing and management	13,177,440	14,377,347	(1,199,907)
General Services	7,009,572	8,200,754	(1,191,182)
Human Services	32,109,085	36,368,569	(4,259,484)
Community and Environment	5,854,469	4,381,386	1,473,083
Culture and recreation	1,876,580	4,263,599	(2,387,019)
Public Safety	18,198,110	18,087,778	110,332
Education	63,912,513	63,048,729	863,784
Debt Service	28,632,445	25,730,218	2,902,227
Transfers	4,142,033	9,375,796	(5,233,763)
Total	<u>174,912,247</u>	<u>183,834,176</u>	<u>(8,921,929)</u>

Percentage of General Fund Budget



FY2010-11 Property Taxes By Function

Proposed Property Tax Rate	\$	0.858
		Cents on the Tax rate
Governing and management	\$	0.064
General Services	\$	0.034
Human Services	\$	0.158
Community and Environment	\$	0.028
Culture and recreation	\$	0.009
Public Safety	\$	0.089
Education	\$	0.313
Debt Service	\$	0.141
Transfers	\$	0.022
Total	\$	<u>0.858</u>

Where the Money Goes



Additional Funding Options

- Article 46 ¼ Sales Tax
 - Appropriated Fund Balance, if necessary
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Public Hearings and Work Sessions (*All Meetings Begin at 7:00 p.m.*)

Public Hearings	May 20	Department of Social Services, 113 Mayo Street, Hillsborough
	May 25	Southern Human Services Center, Homestead Road, Chapel Hill
Work Sessions	May 27	Southern Human Services Center, Homestead Road, Chapel Hill
	June 3	Southern Human Services Center, Homestead Road, Chapel Hill
Work Session/ Adoption	June 8	Southern Human Services Center, Homestead Road, Chapel Hill
Final Adoption	June 15	Southern Human Services Center, Homestead Road, Chapel Hill

Document Availability

- Clerk to Board of Commissioners
 - County Financial Services Office
 - Orange County Library
 - Chapel Hill Public Library
 - Carrboro/McDougle Branch Library
 - Cybrary, Carrboro
 - Cedar Grove Branch Library
 - Orange County Website
 - **www.co.orange.nc.us**
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