

County Manager's Recommended FY 2014-15 Annual Operating Budget and Capital Investment Plan



ORANGE COUNTY NORTH CAROLINA

Presentation

Southern Human Services Center, Chapel Hill

Orange County, NC

May 20, 2014

Guiding Principles

- Balances County's operating budget without a property tax rate increase – 6th Consecutive Year
- Provides funding for County services at current levels
- Funds local school districts enrollment growth, operational funding and debt service.

Recommended General Fund Budget

- Totals \$195.6 million
 - Represents an increase of \$7.9 million from original current year budget of \$187.7 million, which is a 4.21 percent increase from previous year original budget
 - Represents a \$2.1 million decrease in the current year's amended budget

Components of General Fund Budget

General Fund Revenues.....	\$ 187,131,286
General Fund Unassigned Fund Balance.....	\$ 8,507,219
General Fund Expenditures.....	<u>\$ (195,638,505)</u>
Net.....	<u><u>\$ -</u></u>

Tax Savings Generated By the Use of Fund Balance

Fiscal Year	Fund Balance Utilized	Property Tax Rate Effect
2009-2010	\$0	0
2010-2011	\$401,673	.26
2011-2012	\$1,131,417	.74
2012-2013	\$2,187,872	1.39
2013-2014	\$5,190,118	3.23
2014-2015	\$8,507,219	5.19

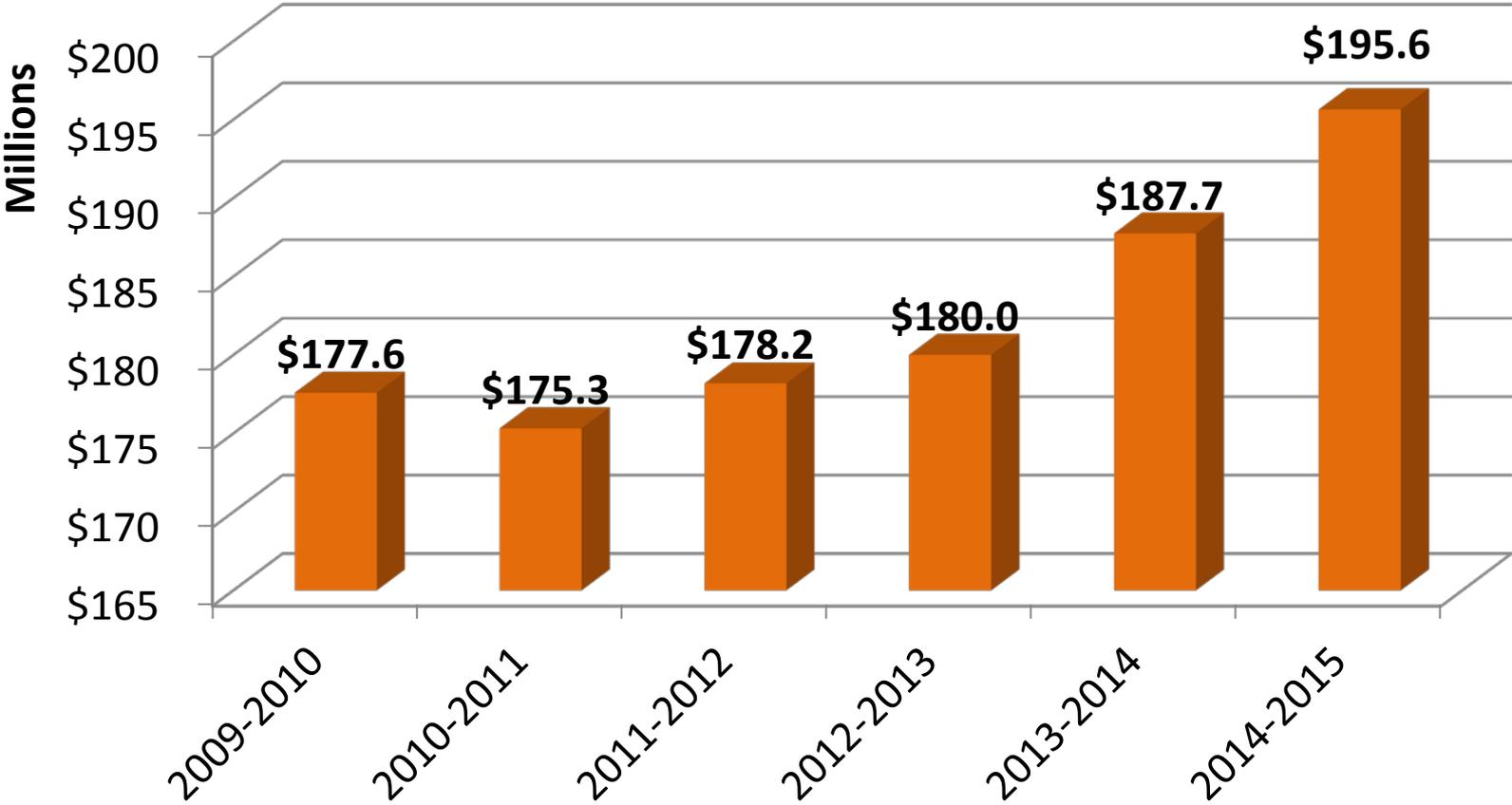
The cumulative tax effect of utilizing fund balance to balance the budget totals 10.81 cents.

Orange County Projected Cash flows for FY2014-15

	<u>Budget</u>	<u>Otr1</u>	<u>Qtr2</u>	<u>Qtr3</u>	<u>Qtr4</u>	<u>Total</u>
REVENUES						
PROPERTY TAXES	\$ 142,438,168	\$ 14,449,976	\$ 97,829,076	\$ 26,280,457	\$ 3,878,657	\$ 142,438,166
SALES TAXES	\$ 19,001,962	\$ 4,750,491	\$ 4,750,491	\$ 4,750,491	\$ 4,750,495	\$ 19,001,968
INTERGOVERNMENTAL	\$ 13,575,486	\$ 2,192,800	\$ 3,078,227	\$ 2,456,913	\$ 5,847,544	\$ 13,575,484
CHARGES FOR SERVICES	\$ 9,799,005	\$ 1,795,975	\$ 2,310,758	\$ 1,801,893	\$ 3,890,377	\$ 9,799,003
INVESTMENT EARNINGS	\$ 105,000	\$ 26,250	\$ 26,250	\$ 26,250	\$ 26,250	\$ 105,000
MISCELLANEOUS	\$ 1,159,065	\$ 64,898	\$ 583,322	\$ 316,555	\$ 194,291	\$ 1,159,066
TRANSFERS FROM OTHER FUNDS	\$ 1,052,600	\$ -	\$ -	\$ 1,052,600	\$ -	\$ 1,052,600
APPROPRIATED FUND BALANCE	\$ 8,507,219	\$ 2,126,805	\$ 2,126,805	\$ 2,126,805	\$ 2,126,803	\$ 8,507,218
TOTAL REVENUES	\$ 195,638,505	\$ 25,407,195	\$ 110,704,929	\$ 38,811,964	\$ 20,714,417	\$ 195,638,505
EXPENDITURES						
GOVERNING & MANAGEMENT	\$ 17,478,872	\$ 5,540,381	\$ 3,656,095	\$ 3,927,582	\$ 4,354,814	\$ 17,478,872
GENERAL SERVICES	\$ 9,451,951	\$ 2,451,916	\$ 2,381,596	\$ 2,363,377	\$ 2,255,062	\$ 9,451,951
HUMAN SERVICES	\$ 31,799,619	\$ 7,463,495	\$ 7,002,510	\$ 8,645,058	\$ 8,688,556	\$ 31,799,619
CULTURE & RECREATION	\$ 2,696,035	\$ 773,459	\$ 481,239	\$ 663,831	\$ 777,506	\$ 2,696,035
COMMUNITY & ENVIRONMENT	\$ 7,461,538	\$ 1,809,403	\$ 1,747,820	\$ 1,891,326	\$ 2,012,989	\$ 7,461,538
PUBLIC SAFETY	\$ 22,382,107	\$ 4,955,338	\$ 5,359,536	\$ 5,946,367	\$ 6,120,866	\$ 22,382,107
EDUCATION	\$ 72,659,808	\$ 17,896,875	\$ 17,896,875	\$ 18,517,987	\$ 18,348,071	\$ 72,659,808
EDUCATION DEBT SERVICE	\$ 16,608,984	\$ 3,667,089	\$ 773,122	\$ 7,342,816	\$ 4,825,957	\$ 16,608,984
COUNTY DEBT SERVICE	\$ 9,920,322	\$ 5,119,477	\$ 367,100	\$ 1,913,650	\$ 2,520,095	\$ 9,920,322
TRANSFERS	\$ 5,179,269	\$ -	\$ 1,232,757	\$ 3,256,707	\$ 689,805	\$ 5,179,269
TOTAL EXPENDITURES	\$ 195,638,505	\$ 49,677,433	\$ 40,898,650	\$ 54,468,701	\$ 50,593,721	\$ 195,638,505
NET REVENUES OVER (UNDER) EXPENDITURES	\$ -	\$ (24,270,238)	\$69,806,279	(\$15,656,737)	(\$29,879,304)	\$ -

Orange County Budget Past 6 Fiscal Years

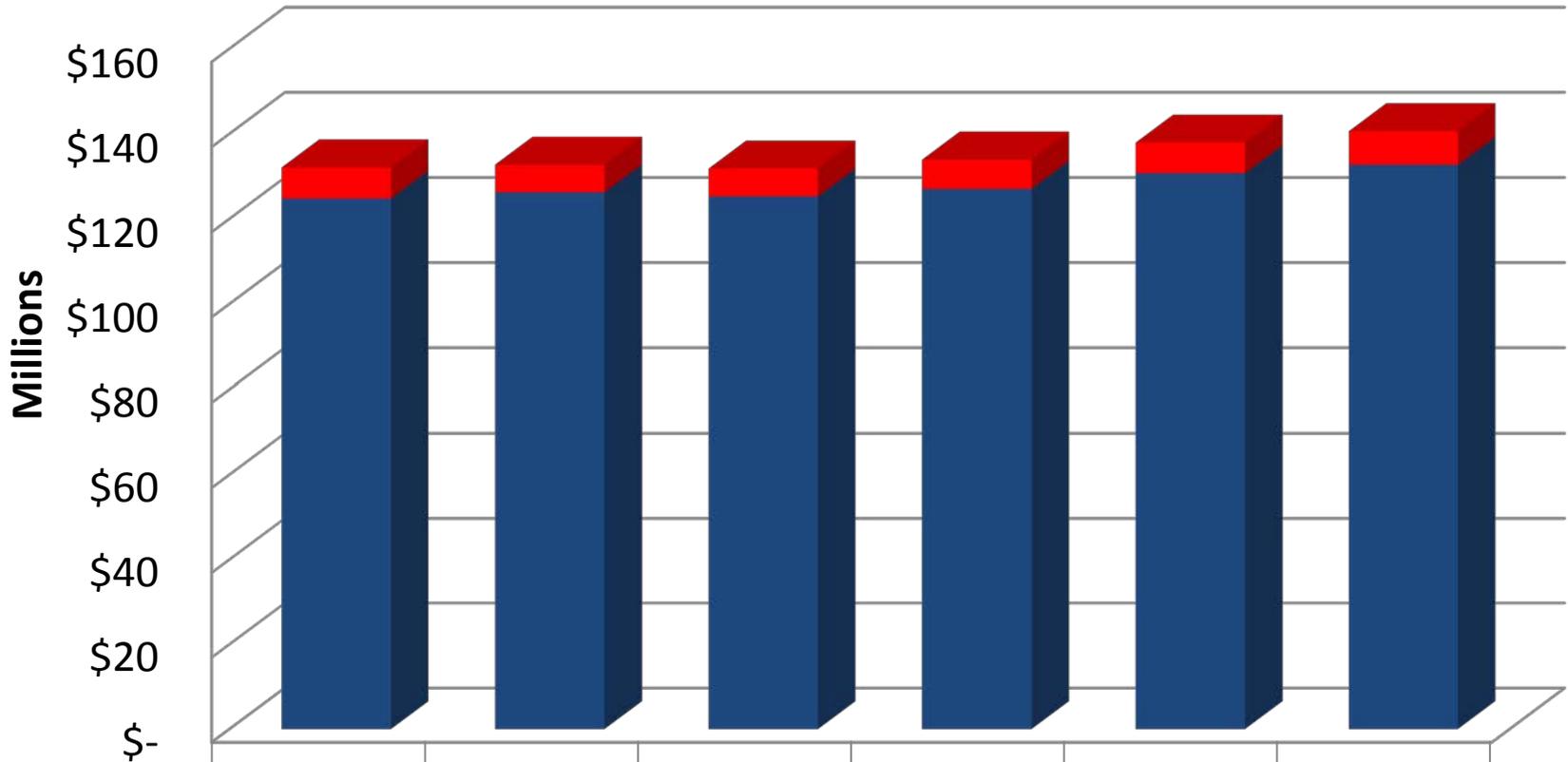
Original Budget



Proposed Ad Valorem Tax Rate Effective July 1, 2014

- Proposed tax rate of 85.8 cents per \$100 of assessed valuation
 - This rate produces \$140.6 million in property tax revenues for FY 2014 - 15
 - Overall Real Property Valuation increased 1.9%
- One cent on property tax estimated to generate \$1,638,241

Orange County Property Tax Revenues Past 6 Fiscal Years

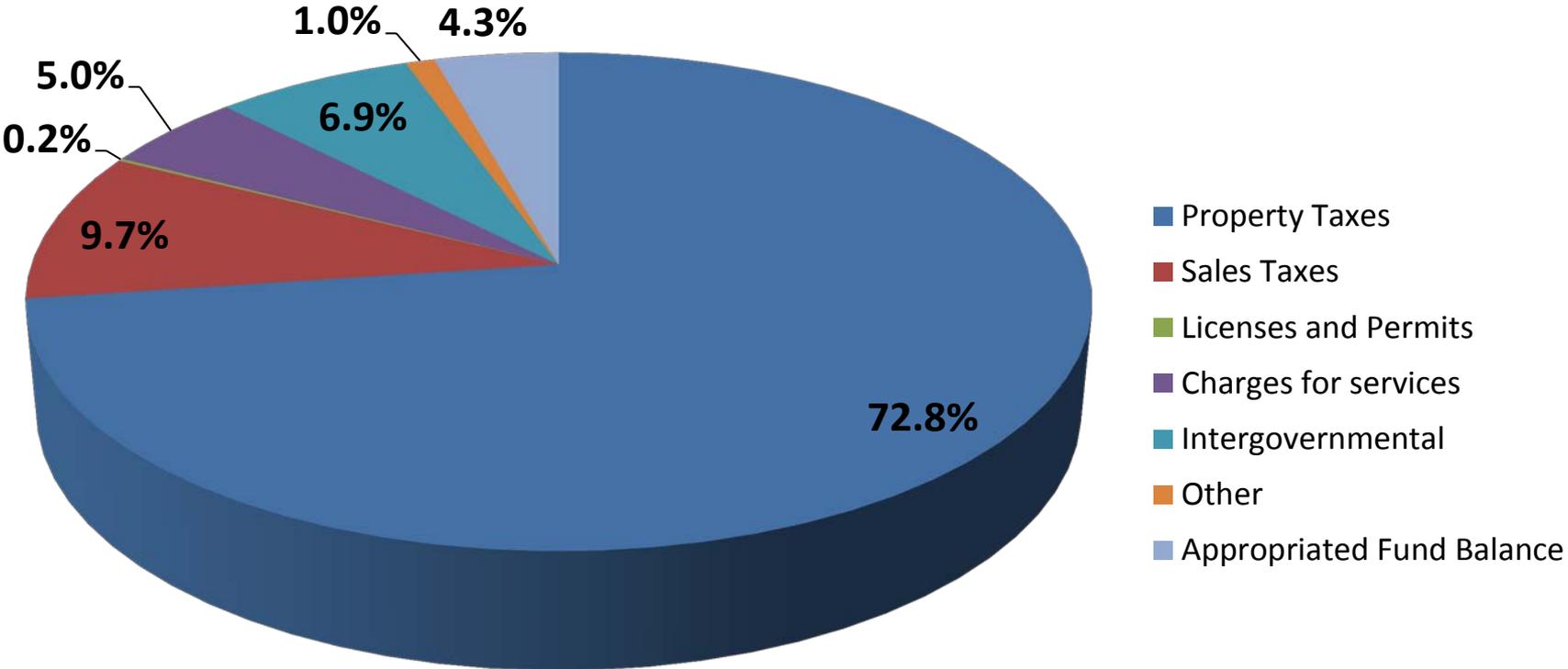


	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014	2014-2015
■ Motor Vehicles	\$7,284,357	\$6,500,000	\$6,557,813	\$6,875,000	\$7,186,300	\$7,917,709
■ Real Property	\$124,753,371	\$126,200,000	\$125,227,516	\$127,000,000	\$130,682,492	\$132,642,729

Sales Tax Revenues

- Recommended Sales Tax Revenues of \$19.0 million is \$1.8 million higher than the \$17.2 million budgeted in FY 2013-2014 due to increased in consumer spending , and current year projections
- Actual sales tax revenues are down over 16% since the peak of \$22.5 million in fiscal year 2007-2008

Orange County General Fund FY 2014-15 Revenues



Proposed Chapel Hill-Carrboro City Schools District Tax Rate Effective July 1, 2014

- Recommended tax rate of 20.84 cents per \$100 of assessed valuation
 - Represents no increase in the property tax rate for the District
- Recommended tax rate will generate \$21.8 million for the Chapel Hill – Carrboro City School District
 - This represents an additional \$1,764 per pupil above the County's allocation
- One cent on district tax is estimated to generate \$1,044,521.

Recommended Funding for Chapel Hill - Carrboro City and Orange County Schools

- Total General Fund appropriation totals \$92.3 million
 - Funds day-to-day operations, repayment of school related debt, and capital
 - Equals an appropriation of 49.3 percent of total General Fund Revenues
 - Reflects \$2.9 million increase from current year General Fund appropriation
 - Equates to a current expense allocation of \$3,364, a \$95 increase, per student for each of the 20,202 students in both districts for day-to-day operating funds and projected enrollment growth.

Components of the Education Funding

	Manager <u>Recommended</u>
Curent Expense.....	\$ 67,959,528
Recurring Capital.....	\$ 3,000,000
Long Range Capital.....	\$ 3,724,849
Debt Service.....	\$ 16,608,984
Fair Funding	\$ 988,000
Total Education Funding	<u>\$ 92,281,361</u>
General Fund Revenues.....	<u>\$ 187,131,286</u>
Percentage to General Fund Revenues.....	<u>49.3%</u>

The BOCC target is 48.1% of General Fund Revenues

County Education Funding

<u>Fiscal Year</u>	<u>Original Budget</u>	<u>% of Revenues</u>
2009-2010	\$ 86,378,040	48.6%
2010-2011	\$ 87,135,916	49.8%
2011-2012	\$ 84,175,033	47.5%
2012-2013	\$ 85,455,533	48.1%
2013-2014	\$ 89,424,651	49.0%
2014-2015	\$ 92,281,361	49.3%

Current Expense, Recurring and Long – Range Capital, Fair Funding and Debt Service

Additional Funding for Local Schools

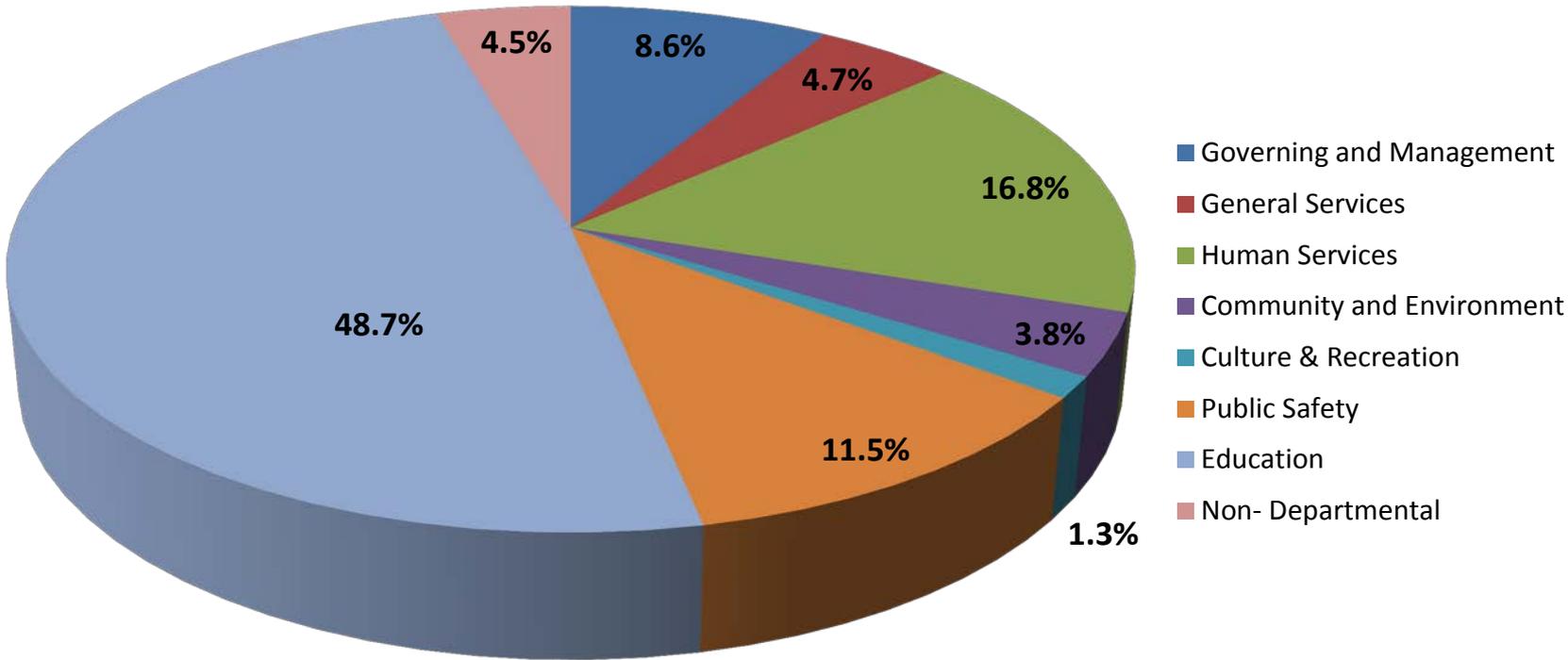
- In addition to the \$92.3 million for operations, debt and capital, recommended budget allocates \$1.25 million to fund non-mandated safety net initiatives for both school districts
Some of these initiatives are:
 - School Health Nurses - \$697,380
 - School Resource Officers - \$556,424
 - School Social Workers - \$0, due to the of loss State revenue
- With these additional non-mandated funding initiatives, the total funding for the local school districts total 49.9% of the General Fund Revenues

Major Funded County Initiatives

- Maintains all County services at current levels
- Funds the increase in medical insurance and fully funds the 401(k)/457 plans for non-sworn employees
- A cost of living and merit increase equating up to 2% in compensation for employees
- Provides for an increased funding for Emergency Services to address the recommendations of the Emergency Services Study and Work Group
- Provides funding to the Town of Chapel Hill Library totaling \$568,139
- Allocations provided to non-profit organizations total \$1,074,100 for FY 14-15.
- Long range/pay-as-you go County capital is \$464,800.
- Debt service for the General Fund will be \$26.5 million.

Orange County General Fund FY 2014-15 Expenditures

Expenditures



Education includes funding for local school districts and Durham Tech

Solid Waste Initiatives

- Provides for an increase in the Landfill Fees due to both an increase in tonnage and a \$2 increase (from \$42.50 to \$44.50) in the City of Durham's tipping fees.
- The closure of the landfill with public education and other related planning efforts. We expect to incur \$3.7 million in closure cost in FY 2013-14.
- Provides for \$1.36 million in Urban Curbside/Multi-Family Fees to fund the cost of recycling programs and operations for urban curbside collections. This is a new contract for urban curbside recycling, with a fee with a rate of \$59/unit. The program will transition from 18 gallon bins to 95 gallon roll carts.
- Provides for \$840,106 in Capital Outlay for the Recycling Division; \$462,106 of those funds are in the Vehicles account and are for the replacement of vehicles based on the replacement schedule, the remaining \$378,000 is in the Equipment account and will be used to purchase 7,000 roll carts for the rural roadside recycling program.
- The General Fund contribution to Sanitation in the FY14-15 Manager Recommended Budget is \$1.8 million; this equates to 1.13 cents on the current property tax rate.
- Provides for construction for the Eubanks Solid Waste Convenience Center improvement

Additional Funding Options

- Appropriate Fund Balance, if necessary; The Board may use up to \$650,000 without a negative impact on fund balance
- Property tax rate increase
- Increase in CHCCS Special District Tax

Revenues Generated By Property Tax Increase

<u>Tax Increase</u>	<u>Property Tax Revenues Generated</u>	<u>Per Pupil Equivalency</u>
1 cent	\$1,638,241	\$81.09
2 cents	\$3,276,482	\$162.19
2.4 cents	\$3,931,778	\$194.62
4 cents	\$6,552,964	\$324.37
5.5 cents	\$9,010,326	\$446.01

Based on 20,202 students

Revenues Generated By Increase in CHCCS Special District Tax

<u>Tax Increase</u>	<u>Property Tax Revenues Generated</u>	<u>Per Pupil Equivalency</u>
1 cent	\$1,044,521	\$84.56
2 cents	\$2,089,042	\$169.11
3.5 cents	\$3,655,824	\$295.95

Based on 12,353 projected students for the CHCCS School District

County Capital Investment Plan

	Fiscal Year 2014-19
<i>Appropriations</i>	
<i>County Capital Projects</i>	\$ 5,328,410
<i>Special Revenue Fund (Article 46 Sales Tax)</i>	
<i>Economic Development.....</i>	1,386,490
<i>Chapel Hill Carrboro City Schools.....</i>	852,690
<i>Orange County Schools.....</i>	533,800
<i>Proprietary Capital Projects</i>	
<i>Water & Sewer Utilities</i>	5,030,000
<i>Solid Waste</i>	3,449,286
<i>Sportsplex.....</i>	1,175,000
<i>Schools Capital Projects</i>	
<i>Chapel Hill Carrboro City Schools</i>	3,119,726
<i>Orange County Schools</i>	1,941,403
<i>Total</i>	<u>\$ 22,816,805</u>

Details of the Capital Investment Plan are included in the Budget

Concerns and Issues for FY 2015-2016

- Federal State Budget Issues
- Debt Service
- County Capital Projects
- School Capital Projects
- Health Insurance
- Post-employment Insurance benefit for retirees
- Economic Development
- Economy
- Revaluation
- General Fund Revenues

FY 2015 – 2016 Budget

	<u>2015/2016</u>
Revenues - Original Budget (FY2014-2015)	\$ 187,131,286
Expected adjustments	
Property Tax Growth (1.5% Growth).....	\$ 2,108,407
Sales Tax growth (2% to 3% Growth).....	\$ 570,059
Licenses and permits - Nomaterial change.....	\$ -
Charges for Services - No material change.....	\$ -
Charges for Services - Average collection rate	\$ -
Intergovernmental - No Material Change.....	\$ -
Investment Income - No Material change.....	\$ -
Miscellaneous Income - No Material change.....	\$ -
Fund Balance Applied Exces above 17% (est. 2013-14 results).....	\$ 4,500,000
Total expected adjustments to revenues	\$ <u>7,178,465</u>
 Estimated preliminary revenues for FY2014-2016	 \$ <u>194,309,751</u>
 Expenditures - Original Budget (FY2014-2015)	 \$ 195,638,505
Adjustments	
Health Insurance Increase (14.5%).....	\$ 525,000
Expenses for Employees budgeted only partially through year.....	\$ 638,348
Education Adjustment for Projected Growth.....	\$ 841,000
Net increase in debt service.....	\$ 601,083
Total expected adjustments to expenditures	\$ <u>2,605,431</u>
 Estimated preliminary expenses for FY2015-16	 \$ <u>198,243,936</u>
 Budget Over/(Short)	 \$ <u><u>(3,934,185)</u></u>
 Potential Property Tax Rate Impact to Balance Budget	 <u><u>(2.59)</u></u>
	Cents

Public Hearings and Work Sessions

(All Meetings Begin at 7:00 p.m.)

Public Hearings	May 22	Department of Social Services, 113 Mayo Street, Hillsborough
	May 29	Southern Human Services Center, Homestead Road, Chapel Hill
Work Sessions	June 5	Southern Human Services Center, Homestead Road, Chapel Hill
	June 10	Link Government Services Center, Hillsborough, NC
Work Session/ Adoption	June 12	Southern Human Services Center, Homestead Road, Chapel Hill
Final Adoption	June 17	Southern Human Services Center, Homestead Road, Chapel Hill

Document Availability

- Clerk to Board of Commissioners
- County Finance & Administrative Services Office
- Orange County Library
- Chapel Hill Public Library
- Carrboro/McDougle Branch Library
- Cybrary, Carrboro
- Orange County Website