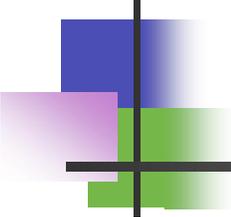


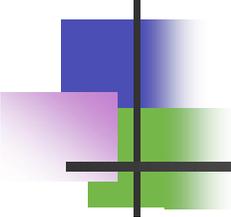
County Manager's Recommended
2008-09 Annual Operating Budget

Public Hearings
May 27 and 29, 2008



Guiding Principles

- Balance increasing service demands and sluggish revenue growth while keeping our community affordable for all residents.
- Balance the Board of Commissioners' historic commitment to schools as the County's top funding priority with other community needs.
- Provide a safe and healthy community for our growing populations including multi-cultural and economically stressed residents.
- Fund staffing, operational and capital costs associated with new County facilities that will come on-line during the next fiscal year.
- Offer a competitive pay and benefits package for our current permanent employees to enable them to deal with financial strains caused by rising gas, food, health care and housing costs



Recommended General Fund Budget

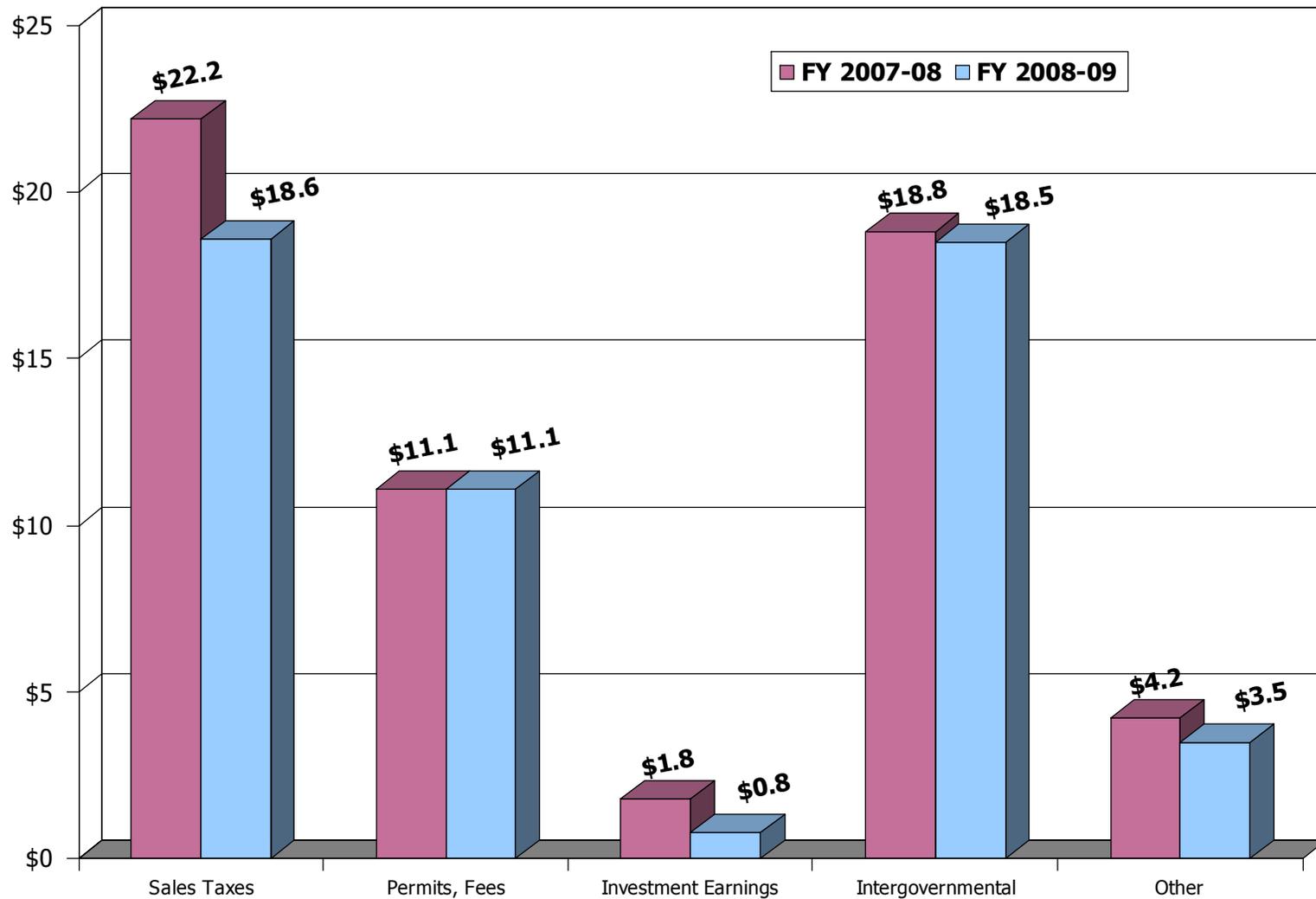
- General Fund Budget totals \$188.3 million
 - Original fiscal year 2007-08 budget totaled \$173.6 million
 - Recommendation represents an 8.4 percent increase over previous year original budget

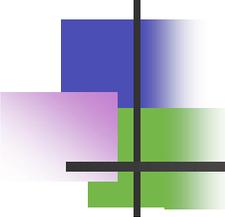
FY 2008-09 Budget Requests Compared to Recommended Budget
Ad Valorem and Chapel Hill Carrboro City Schools Special District Tax

	Requested Budget	Recommended Budget	% Funded
Education (includes Chapel Hill Carrboro City Schools and Orange County Schools funding for current expense, operating and long range capital, debt service, Fair Funding, School Health Nurses, Social Workers, School Resource Officers, and Orange County Satellite Campus of Durham Technical Community College current expense and debt service)	\$111,459,950	\$109,841,408	98.5%
County Departments and Outside Agencies (includes County related debt service)	\$100,760,803	\$97,052,832	96.3%

Little Growth Anticipated in Non-Property Tax Revenues for FY 2008-09

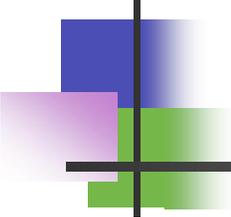
Millions of \$





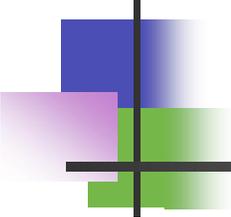
Balancing the Budget

- Natural growth in real property valuation produces about \$2.5 million in new property tax dollars
- That growth is offset by anticipated loss of \$2.5 million in sales tax revenues created by slowing consumer spending and State legislative actions
- Increased property taxes and use of fund balance (“rainy day” fund) recommended to fill the gap between revenues and expenditures
 - Appropriating \$2 million in fund balance to cover cost of purchasing vehicles and equipment for county departments
- Voter authorization of new local revenues such as Land Transfer Tax and additional sales tax would have helped to defray future tax rate increases
 - Projected proceeds from Land Transfer Tax about \$3.5 million or about 2.75 cents on FY 2008-09 tax rate
 - Projected proceeds from additional Sales Tax about \$3 million or about 2.36 cents on FY 2008-09 tax rate



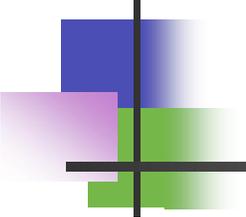
Proposed Ad Valorem Tax Rate

- Recommended tax rate of \$1.038 per \$100 of assessed valuation
 - Represents an increase of 8.8 cents over current rate of 95 cents
- One cent on property tax estimated to generate \$1,271,729
 - FY 2007-08 one cent equivalent = \$1,247,881



Proposed Chapel Hill Carrboro City Schools District Tax Rate

- Recommended tax rate of 23 cents per \$100 of assessed valuation
 - Covers the cost of opening new Morris Grove Elementary School and adding senior class at Carrboro High School
 - Represents an increase of 2.65 cents over current rate of 20.35 cents
- One cent on property tax estimated to generate \$808,738
 - FY 2007-08 one cent equivalent = \$802,246



Education Funding Overview

- 402 new students projected to attend Chapel Hill Carrboro City and Orange County Schools next year
 - 323 students in Chapel Hill Carrboro City Schools
 - 79 students in Orange County Schools
 - Brings total student membership for both districts to 18,932
- Total recommended funding for both School districts totals \$91.2 million
 - 48.5 percent of total General Fund appropriations
 - Increase of \$6.8 million from fiscal year 2007-08 approved budget for operations, fair funding, debt service and capital
- Per pupil allocation recommended at \$3,256
 - Increase of \$187 from FY 2007-08 of \$3,069

State Mandated Funding Formula General Fund Per Pupil Allocations to Each District

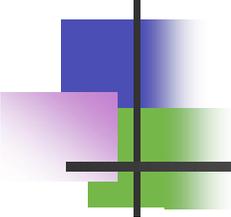
	CHCCS	OCS	Total
Total Projected Students (including charter students) for Fiscal Year 2008-09	11,705	7,227	18,932
<i>Multiplied By:</i> Recommended County Per Pupil Allocation for FY	3,256	3,256	3,256
<i>Equals:</i> Recommended Current Expense Funding for Fiscal Year 2008-09 (Ad Valorem Only)	\$38,111,480	\$23,531,112	\$61,642,592
FY 2008-09 Recommended Increase in Current Expense Funding from Previous Year (Ad Valorem Only)	\$3,176,097	\$1,591,373	\$4,767,470
Requested Current Expense Funding for FY 2008-09 (Ad Valorem Only)	\$35,922,645	\$23,771,912	\$59,694,557
Recommended Funding for FY 2008-09 (Ad Valorem and Special District Tax)	\$56,712,412	\$23,531,112	\$80,243,524
Requested Current Expense Funding (Ad Valorem and Special District Tax) for FY 2008-09	\$58,090,154	\$23,771,912	\$81,862,066

Per Pupil Appropriation (General Fund)

Historical Comparison

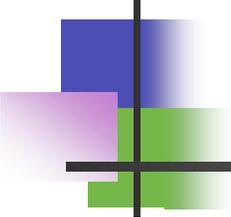
Fiscal Years 1983-84 through 2007-08 reflect Commissioner approved per pupil appropriations

Fiscal Year	Per Pupil Appropriation	Annual \$ Increase	Annual % Increase
83-84	\$603		
84-85	\$642	\$39	6.47%
85-86	\$773	\$131	20.40%
86-87	\$871	\$98	12.68%
87-88	\$870	(\$1)	-0.11%
88-89	\$967	\$97	11.15%
89-90	\$1,057	\$90	9.31%
90-91	\$1,175	\$118	11.16%
91-92	\$1,310	\$135	11.49%
92-93	\$1,310	\$0	0.00%
93-94	\$1,363	\$53	4.05%
94-95	\$1,451	\$88	6.46%
95-96	\$1,571	\$120	8.27%
96-97	\$1,782	\$211	13.43%
97-98	\$1,889	\$107	6.00%
98-99	\$2,040	\$151	7.99%
99-00	\$2,256	\$216	10.59%
00-01	\$2,395	\$139	6.16%
01-02	\$2,437	\$42	1.75%
02-03	\$2,516	\$79	3.24%
03-04	\$2,566	\$50	1.99%
04-05	\$2,623	\$57	2.22%
05-06	\$2,796	\$173	6.60%
06-07	\$2,957	\$161	5.76%
07-08	\$3,069	\$112	3.79%
08-09 Recommended	\$3,256	\$187	6.09%



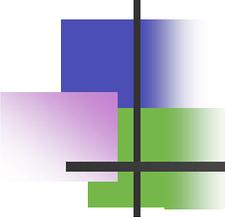
Construction and Renovation of Schools and County Facilities Has Required County to Borrow Money

- Since 1988, Commissioners have authorized \$325 million in debt
- Examples of Debt Funded Projects
 - Construction of New Schools and Renovations of Older Schools
 - Chapel Hill Carrboro City Schools
 - New Schools - Morris Grove Elementary, Carrboro High, Rashkis Elementary, Smith Middle School, Scroggs Elementary, McDougle Middle, McDougle Elementary
 - Orange County Schools
 - New Schools - Cedar Ridge High, Pathways Elementary, New Hope Elementary, Gravelly Hill Middle
 - New County Parks
 - Efland Cheeks, Fairview, Northern,
 - New County Buildings
 - Southern Human Services, Link Center, The Office and Library
 - Partner Projects
 - Homestead Aquatics Center, Southern Community Park



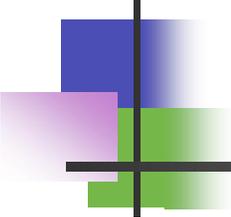
Cost of Repaying School and County Related Debt

- General Fund debt service in FY 2008-09 totals \$26.1 million
 - 75% of total repays school related debt and 25% repays county related debt
 - Equivalent of 20.5 cents on tax rate
 - Includes \$5 million for repayment of 2001 voter approved bonds
 - Equivalent of 3.9 cents on 2008-09 Tax Rate
- Funding level for FY 2008-09 is \$2 million more than current fiscal year or the equivalent of 1.6 cents on tax rate
 - \$1.2 million for school related projects
 - \$800,000 for county related projects



Additional Major Budget Elements

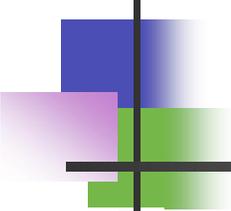
- Full year of operations for Orange County Campus of Durham Technical Community College
- Eleven new County facilities coming on line next fiscal year
 - Need for certain facilities such as Animal Services Facility and new space for Department of Social Services created by circumstances beyond County's control
 - Examples include parks, County Campus and Library, Animal Services Facility, and Justice Facility
 - Costs to staff and operate these new facilities \$3 million next fiscal year
- Addressing health, safety and well-being for growing populations
- Transitioning long-term temporary employees to permanent status with benefits



Public Hearings and Work Sessions

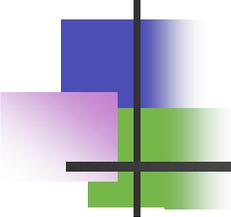
(All Meetings Begin at 7:30 p.m.)

Public Hearings	May 27	F. Gordon Battle Courtroom, Hillsborough
	May 29	Southern Human Services Center, Homestead Road, Chapel Hill
Work Sessions	June 5	Government Services Center, Cameron Street, Hillsborough
	June 12	Southern Human Services Center, Homestead Road, Chapel Hill
Work Session/ Adoption	June 17	Southern Human Services Center, Homestead Road, Chapel Hill
Final Adoption	June 24	Southern Human Services Center, Homestead Road, Chapel Hill



Work Sessions Offer Opportunities for Commissioners to Discuss Recommended Budget

- June 5
 - County Manager and staff to present recommendations for to possibly reduce recommended tax rate increase
 - To include reduction/elimination of non-core programs and services
 - Discussion of other elements of County budget such as cost of new facilities, new staff, and employee pay and compensation plan
- June 12
 - Joint Budget Meeting with Boards of Education and Durham Technical Community College
- June 17
 - Further discussion of Recommended Budget
 - Adoption of Resolution of Intent to Adopt FY 2008-09 Budget and Tax Rate
- June 24
 - Adoption of FY 2008-09 Budget Ordinance



Document Availability

- Clerk to Board of Commissioners
- County Budget Office
- Orange County Library
- Chapel Hill Public Library
- Carrboro Library
- Cedar Grove Library
- Orange County Website
 - **www.co.orange.nc.us/budget**