

FY 10/11 BUDGET WORK SESSION

Agenda

1. Review of Budget Highlights by County Manager
2. Financial Review by Dave McCole, Finance Officer
3. Public Utility Review by Michael Mack, Utilities Director
4. Open Discussion of Budget Issues/Questions
5. Confirm Time of May 17 Work Session
6. Adjourn

FY 10/11 BUDGET HIGHLIGHTS

	<u>FY 08/09</u>	<u>FY 09/10</u>	<u>FY 10/11</u>
▪ Total Budget:	\$77,173,529	\$75,238,188	\$74,334,261 (-1.2%)
▪ Total GF Budget:	\$49,574,246	\$49,261,230	\$47,949,148 (-2.7%)

WHAT'S GOOD

- **Maintains .65 cent tax rate** for sixth straight year
- **Maintains current water/sewer/solid waste rates & fees**
- Appropriates **no excess fund balance for recurring expenditures**
- Appropriates \$1,972,252 in **excess fund balance for one-time capital expenditures**
- **Maintains in excess of 30% fund balance threshold** (\$14,384,744)
- **Funds Board priorities** identified in January, 2010 Summit:

(Parks/Recreation Capital-\$250,000; Drainage Management Capital-\$150,000; Industrial Property Development-\$250,000; Multi-Year CIP Plan-\$35,000; Multi-Year W/S Rate Study-\$75,000; Strategic Planning Implementation-\$25,000; and Public Event/Visitor's Center Planning-\$4,600)

FY 10/11 BUDGET HIGHLIGHTS

WHAT'S NOT

- General Fund departments 4.4% **below** FY 09/10 level
- Total General Fund 2.7% **below** FY 09/10 level
- **Fails to provide** sufficient funds for departmental capital outlay needs
- **Cuts funding** for 7 more positions (6 filled)
- **Reduces** funding for public schools (% remains same)
- **Reduces** funding for outside agencies
- Depreciation still **not funded** in enterprise funds
- **Tax Base Growth @ -.05%** vs. 5.9% annual average 2006-2009

FY 10/11 BUDGET HIGHLIGHTS

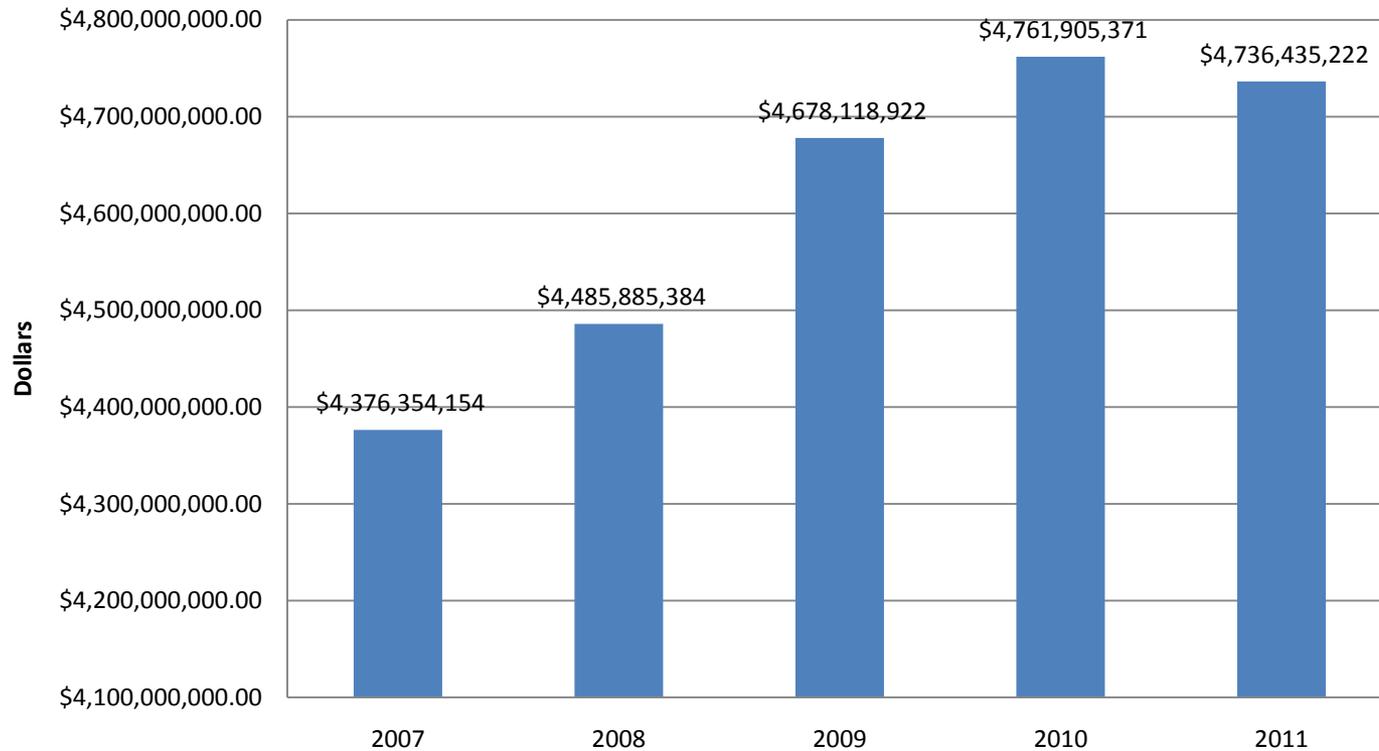
GENERAL FUND REVENUE COMPARISON

<u>Revenue Source</u>	<u>FY 07/08</u>	<u>FY 09/10</u>	<u>FY 10/11</u>
▪ Property Taxes:	\$28,103,313	\$30,238,766	\$30,081,488
▪ Sales Taxes:	\$ 5,348,968	\$ 3,888,106	\$ 4,025,541
▪ Sales, Services:	\$ 5,985,301	\$ 4,436,886	\$ 4,174,976
▪ Intergov. Rev.:	\$ 6,746,006	\$ 7,911,336	\$ 7,694,891
▪ Fund Balance:	\$ <u>2,068,000</u>	\$ <u>2,786,136</u>	\$ <u>1,972,252</u>
Total:	\$48,251,589	\$49,261,230	\$47,949,148 (-2.7%)

- Points:
- Property tax revenue less than current year
 - Sales taxes \$1.3 million less than three years ago
 - Sales, Services, etc. \$1.8 million less than three years ago
 - Overall \$1.3 million less revenue than current year revenue

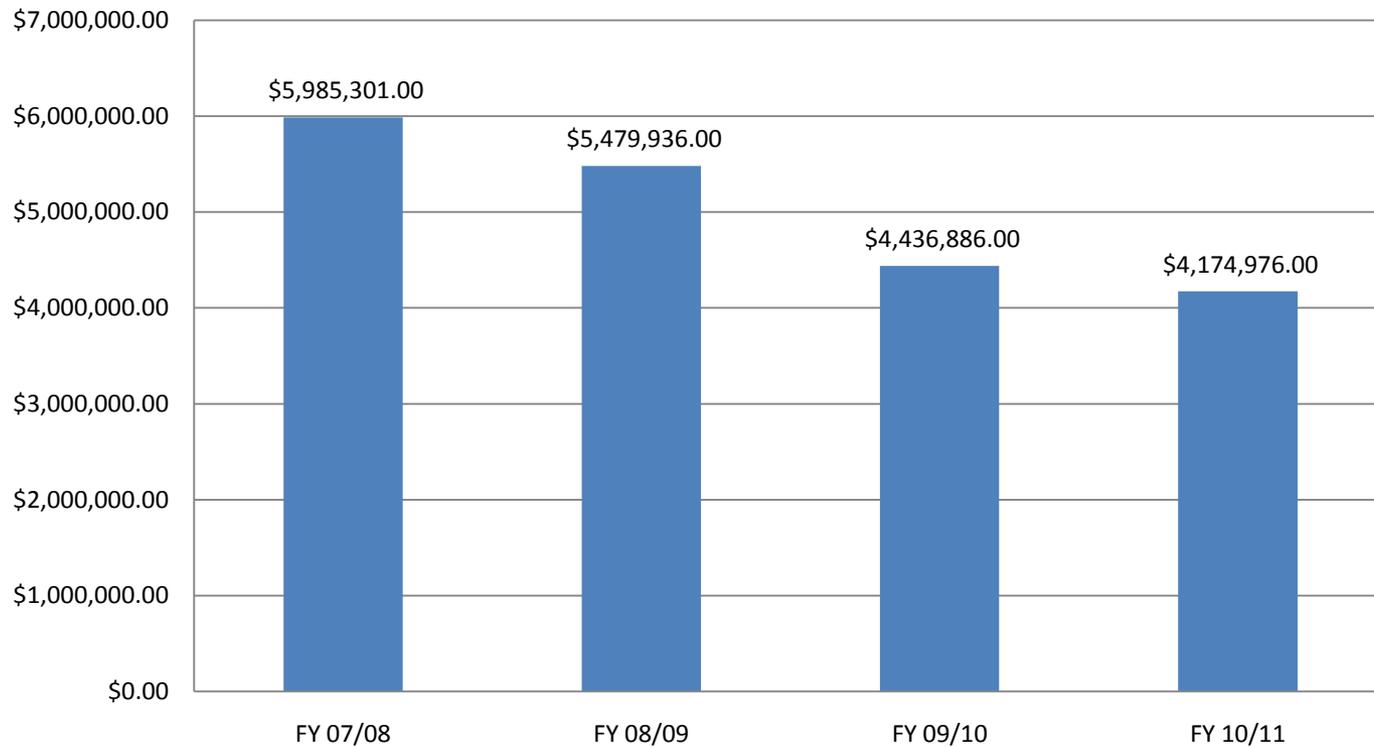
FY 10/11 BUDGET HIGHLIGHTS

Tax Base Growth



FY 10/11 BUDGET HIGHLIGHTS

Sales, Services Budgeted Revenue



FY 10/11 BUDGET HIGHLIGHTS

MAJOR IMPACTS FOR FY 10/11

- **County dollars for Public Health reduced** 12.8%; overall 5.8% budget decrease
- **County dollars for DSS reduced** 7.2%; overall 6% budget decrease
- **Public School funding (current expense and capital) reduced** 3.83%
- **Total Public School funding:** \$20,116,054 (annual appropriation plus debt service)
- **Library funding reduced 6.6 %;** hours reduced 4 hours on Saturday, 7 hours during week; reduced adult programming, subscriptions, data base purchases
- **Sheriff's Department-No Funding for 7 position requests** (3 Court,3 Patrol, 1 Detective) (2 grant positions expire with one unfunded)
- **Reduced funding for 11 of 21 general fund departments;** despite increased retirement costs; negligible increases for others
- **Outside Agency non-profits reduced** from \$57,750 to \$0 (subject to BOCC discretionary funds)

(continued)

FY 10/11 BUDGET HIGHLIGHTS

MAJOR IMPACTS FOR FY 10/11 (Continued)

- **No cost of living or other pay increases** other than mandated
- **7 reduction in force (\$311,157) but offset** by mandated 5 child support enforcement positions, 1 HR Director, and 1 Temp to FT due to 73% increase in park acreage (\$187,525)
- **Reduced across the board expenses** like travel, supplies, training, equipment
- **Deferred maintenance on buildings** (over \$400,000)
- **Deferred vehicle replacements**
- **Deferred technology and software** enhancements
- **No capital facility funding** (Topsail Township Library, Jail, DSS)
- **No funding for special items** such as Senior Painting/Crafts Programs, Employee Christmas Gift, Recreation League Tournament Travel
- **No Contingency Funding** -Unforeseen needs must come from excess FB

FY 10/11 BUDGET HIGHLIGHTS

Pender County Capital Investments Budget Plan

<u>Economic Development</u>	<u>FY 09/10</u>	<u>FY 10/11</u>	<u>FY 11/12</u>	<u>FY 12/13</u>	<u>FY 13/14</u>	<u>FY 14/15</u>
Industrial Development Fund	\$ 100,000.00	\$ 50,000.00	\$ 100,000.00	\$ 100,000.00	\$ 100,000.00	\$ 100,000.00
Industrial Shell Building-CDBG	\$ -	\$ 13,105.00	\$ 13,105.00	\$ 227,211.00	\$ 227,211.00	\$ 227,211.00
Industrial Shell Building-Four County EMC	\$ -	\$ -	\$ -	\$ -	\$ 71,428.00	\$ 71,428.00
Property Acquisition (FB Appropriations)	\$ -	\$ 250,000.00	\$ 200,000.00	\$ 200,000.00	\$ 200,000.00	\$ 200,000.00
Industrial Incentive Grants	\$ 73,000.00	\$ -	\$ 75,000.00	\$ 75,000.00	\$ 75,000.00	\$ 75,000.00
Subtotal Economic Development:	\$ 173,000.00	\$ 313,105.00	\$ 388,105.00	\$ 602,211.00	\$ 673,639.00	\$ 673,639.00
<u>Capital Buildings</u>	<u>FY 09/10</u>	<u>FY 10/11</u>	<u>FY 11/12</u>	<u>FY 12/13</u>	<u>FY 13/14</u>	<u>FY 14/15</u>
Courthouse Renovation Fund	\$ -	\$ -	\$ 50,000.00	\$ 50,000.00	\$ 50,000.00	\$ 50,000.00
Emergency Operations Center (FB Appropriation)	\$ -	\$ 350,000.00	\$ -	\$ -	\$ -	\$ -
Data Center Generator & Portable Generator	\$ -	\$ 160,000.00	\$ -	\$ -	\$ -	\$ -
Facilities Improvements	\$ 135,000.00	\$ 100,000.00	\$ 100,000.00	\$ 125,000.00	\$ 125,000.00	\$ 150,000.00
Campus Facility Plan	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Subtotal Capital Buildings:	\$ 135,000.00	\$ 610,000.00	\$ 150,000.00	\$ 175,000.00	\$ 175,000.00	\$ 200,000.00
<u>Parks and Community Investments</u>	<u>FY 09/10</u>	<u>FY 10/11</u>	<u>FY 11/12</u>	<u>FY 12/13</u>	<u>FY 13/14</u>	<u>FY 14/15</u>
Parks Capital Fund (\$250,000 FB Appr.)	\$ -	\$ 250,000.00	\$ 50,000.00	\$ 50,000.00	\$ 50,000.00	\$ 50,000.00
Miller's Pond Park	\$ 25,000.00	\$ 10,000.00	\$ 20,000.00	\$ 20,000.00	\$ 20,000.00	\$ 20,000.00
Pender Memorial Park	\$ 45,000.00	\$ 10,000.00	\$ 20,000.00	\$ 20,000.00	\$ 20,000.00	\$ 20,000.00
Hampstead Kiwanis Park	\$ 20,000.00	\$ 10,000.00	\$ 20,000.00	\$ 20,000.00	\$ 20,000.00	\$ 20,000.00
Drainage Management Fund (\$150,000 FB Appr.)	\$ 52,000.00	\$ 150,000.00	\$ 50,000.00	\$ 50,000.00	\$ 50,000.00	\$ 50,000.00
Beach Nourishment Annual Appropriation	\$ 225,000.00	\$ 225,000.00	\$ 270,000.00	\$ 292,500.00	\$ 315,000.00	\$ 337,500.00
Subtotal Parks and Community Investments:	\$ 367,000.00	\$ 655,000.00	\$ 430,000.00	\$ 452,500.00	\$ 475,000.00	\$ 497,500.00
Total Capital Improvements:	\$ 675,000.00	\$ 1,578,105.00	\$ 968,105.00	\$ 1,229,711.00	\$ 1,323,639.00	\$ 1,371,139.00

Note: 1) FY 10/11 column is the recommended CIP items for funding in the FY 10/11 General Fund Budget.

2) The total recommended for FY 10/11 excluding one-time FB transfers is \$418,105; One-time FB transfers total \$1,160,000.

3) One-time transfers in FY 10/11 to Park Fund, Drainage Fund, and Industrial Development Fund intended to provide sufficient funds for grant matches/acquisitions or other opportunities for projects that come about in the next 1-5 years.

4) One-time FB transfer of \$160,000 to fund data center generator and portable generator.

FY 10/11 BUDGET HIGHLIGHTS

HUMAN RESOURCE ISSUES

Requested

▪ New Positions and Temp Wages Requested:	\$1,106,722
▪ New Position Reclassifications Requested:	\$ 44,512
▪ Mandated Salaries Required:	<u>\$ 109,342</u>
Total:	\$1,260,576

Recommended

▪ 5 Child Support Enforcement Positions:	\$ 96,844 (net)
▪ 1 Groundswoker (Temp to FT):	\$ 10,083
▪ 1 Human Resource Director:	\$ 80,598
▪ 8 Reclassifications (Mandated):	\$ 12,458 (net)
▪ New Temporary Wages:	<u>\$ 68,165</u>
Total:	\$ 268,148

Note: Position costs include wages, retirement, FICA, health insurance

FY 10/11 BUDGET HIGHLIGHTS

HUMAN RESOURCE ISSUES (Continued)

- Increase in Mandated Retirement Cont.: \$176,755 (26.5%)
- Child Support Enforcement Mandate: \$142,344

Full Program Cost: \$263,474

Less Federal Reimb: \$121,130

Net: **\$142,344**

FY 10/11 BUDGET HIGHLIGHTS

VEHICLE REPLACEMENT ISSUES

- **230 Total County Vehicles**
 - 176 >100,000 miles (**77%**)
- **Sheriff's Department**
 - 73 vehicles
 - 17 (100-124,999 miles); 11>(125,000-149,999 miles); 8>150,000 miles
 - 18 recommended for replacement in FY 10/11
- **CIP Recommendation: 78 replacements @ \$1,087,000**
- **FY 10/11 Recommendation: 35 replacements @ \$ 750,000**
- **One-Time \$812,252** (incl. tags, titles, etc.) Excess Fund Balance Appropriation
- EOC-1; PW-4; IT-1; Parks-1; Public Health-4; DSS-6; Sheriff-18
- Hereafter: **Commit to \$400,000-\$500,000 annually** to stay level

FY 10/11 BUDGET HIGHLIGHTS

MAJOR FACILITY MAINTENANCE FUNDING

■ York House:	\$20,000
■ Jail:	\$25,000
■ Roofs:	\$35,000
■ Mechanical:	\$20,000
■ Data Center Generator:	<u>\$120,000</u> (FB)

Total: \$220,000

FY 10/11 BUDGET HIGHLIGHTS

PUBLIC SCHOOLS RECOMMENDATION

- FY 08/09 Current Expense: \$12,489,100 (\$1,531.28/student)
- FY 09/10 Current Expense: \$13,389,690 (\$1,631.70/student)
- FY 10/11 Requested: \$13,627,199 (\$1,648.19/student)
- FY 10/11 Recommended: \$12,921,614 (\$1,562.85/student x 8268 students)(incl. SROs)
(3.5% funding decrease from current year)

- FY 07/08 Capital Outlay: \$1,288,000
- FY 08/09 Capital Outlay: \$2,677,590 (new school opening)
- FY 09/10 Capital Outlay: \$1,200,000
- FY 10/11 Requested: \$1,657,000
- FY 10/11 Recommended: \$1,110,000
(7.5% funding decrease from current year)

- Overall Funding Current Year: \$14,591,700
- Overall Funding Requested: \$15,248,199 (4.5% increase from current year)
- Overall Funding Recommended: \$14,031,614 (3.83 %decrease from current year; but same % (33) as current fiscal year)

- FY 10/11 Debt Service (\$6,084,440) + FY 10/11 Funding (\$14,031,614)=\$20,116,054
- Note: FY 11/12 Debt Service Increases to \$6,436,000; Question on Stimulus Funding

FY 10/11 BUDGET HIGHLIGHTS

OUTSIDE AGENCY FUNDING

	<u>FY 09/10</u>	<u>FY 10/11 Request</u>	<u>FY 10/11 Recom.</u>
▪ WID	\$ 92,000	\$ 94,300	\$ 92,000
▪ CFCC	\$255,926	\$185,711	\$185,711
▪ CFCC (SC Campus)	\$0	\$100,000	\$0
▪ SECMH	\$156,000	\$156,000	\$156,000
▪ Wallace Airport	\$ 30,000	\$ 30,000	\$ 30,000
▪ Soil/Water	\$ 72,874	\$ 82,563	\$ 72,874
▪ Pender Adult Ser.	\$ 75,928	\$120,000	\$ 75,928
▪ Cape Fear RC&D	\$ 6,750	\$ 9,000	\$ 6,750
▪ US 17 Association	\$ 6,000	\$ 7,500	\$ 6,000
▪ Masters Program	\$ 10,000	\$ 10,000	\$ 10,000
▪ MGTF	\$ 3,125	\$0	\$0
Total:	\$708,603	\$795,074	\$635,263

(next page)

FY 10/11 BUDGET HIGHLIGHTS

OUTSIDE AGENCY FUNDING (Continued)

	<u>FY 08/09</u>	<u>FY 09/10</u>	<u>FY 10/11 Request</u>	<u>FY 10/11 Recom.</u>
▪ Pender Pride	\$ 2,500	\$ 1,250	\$ 1,250	\$0
▪ Pender Museum	\$0	\$ 5,000	\$ 5,000	\$0
▪ CF River Program	\$ 8,000	\$ 4,000	\$ 4,000	\$0
▪ Caswell Center	\$ 270	\$ 150	\$ 225	\$0
▪ CFRIV ASMB	\$0	\$0	\$ 3,362	\$0
▪ Carousel Center	\$ 10,000	\$ 10,000	\$ 10,000	\$0
▪ Christian Care Ctr.	\$ 5,000	\$ 2,500	\$ 4,000	\$0
▪ Safe Haven	\$ 10,000	\$ 7,500	\$ 10,000	\$0
▪ Atkinson Library	\$ 2,687	\$0	\$ 2,500	\$0
▪ Penderlea Museum	\$ 20,000	\$0	\$ 20,000	\$0
▪ Outreach	\$ 3,000	\$ 1,000	\$0	\$0

(next page)

FY 10/11 BUDGET HIGHLIGHTS

OUTSIDE AGENCY FUNDING (Continued)

	<u>FY 08/09</u>	<u>FY 09/10</u>	<u>FY 10/11 Request</u>	<u>FY 10/11 Recom.</u>
▪ Youth Football	\$ 3,362	\$ 850	\$0	\$0
▪ Burgaw Depot	\$0	\$ 25,000	\$0	\$0
▪ Temple Ministry	\$0	\$ 500	\$0	\$0
▪ WARM	\$0	\$0	\$40,000	\$0
▪ N. Topsail PTA	\$0	\$0	\$10,000	\$0
▪ Canetuck CC	\$0	\$0	\$ 4,000	\$0
▪ Maple Hill CC	\$0	\$0	\$10,000	\$0
Total:	\$64,819	\$57,750	\$124,337	\$0

Note: \$50,000 reserved for BOCC discretionary funding.

FY 10/11 BUDGET HIGHLIGHTS

POTENTIAL ADDITIONAL BUDGET CUTS/REVENUE

- One Week **Employee Furlough** or 2% Salary Reduction (**\$264,000**)
- Delete **Employee Longevity** For FY 10/11 (**\$135,000**)
- Terminate **Hampstead Annex** Lease (**\$123,000**)
- **Employee Cost Share (\$25/monthly)** towards \$567 (est. monthly premium cost-\$6800/year) Health Insurance Premium-to be waived if participate at a certain level in the Employee Wellness Program-effective January 1, 2011. \$25 cost share x 320 employees =\$8,000/month x 6=\$48,000 in County savings if no employees participate in wellness and pay share.

FY 10/11 BUDGET HIGHLIGHTS

PROPOSED **ONE-TIME FUND BALANCE** EXPENDITURES

▪ Drainage Management Fund:	\$150,000 (Grant Match)
▪ Parks and Recreation Fund:	\$250,000 (Grant Match)
▪ Industrial Development Fund:	\$250,000 (P. Acquisition)
▪ EOC Facility Contribution:	\$350,000 (Cost Share)
▪ Data Center Generator:	\$120,000 (Estimated Cost)
▪ Portable Generator:	\$ 40,000 (Estimated Cost)
▪ One-Time Vehicle Replacement:	<u>\$812,252</u> (35 Vehicles)
TOTAL:	\$1,972,252

FY 10/11 BUDGET HIGHLIGHTS

FUND BALANCE POSITION

June 30, 2009 Balance:	\$18,968,337
Estimate of FB Growth:	(\$1,428,136)
Recommended FY 10/11 Budget:	\$47,949,148
One-Time FB Appropriation:	\$ 1,972,252
30% Policy Threshold:	\$14,384,744
Estimated June 30, 2010 Balance:	\$18,060,657
Projected Excess Fund Balance:	\$ 3,675,913

Fiscal policy requires Board to identify future funding source if excess balance is used for recurring operating expenses, or tax rate stabilization.

FY 10/11 BUDGET HIGHLIGHTS

FUND BALANCE IMPORTANCE

- To assure financial stability and integrity
- To protect bond rating and lower financing costs
- To provide savings and financial means for emergencies such as hurricanes and other natural disasters
- To assure available finances to operate county services while awaiting 12-24 or more months for FEMA reimbursement
- To provide financial security should the County's tax base be destroyed (67% of the assessed value is in Topsail Township)
- To provide investment income revenue to offset need for property tax revenues for annual budget
- 30% threshold equals $\$14,384,744 / \$2,200,000 = 6.5$ months of operating reserves

FY 10/11 BUDGET HIGHLIGHTS

ENTERPRISE FUNDS

Maple Hill Water System

- **Proposed Budget: \$133,676**
- No increase in rates or fees
- Financial and rate analysis to be conducted and presented by December 31
- Depreciation not currently funded by rates for budget
- Need to achieve rates-fees to sustain financial viability of system

Rocky Point-Topsail Water/Sewer System

- **Proposed Budget: Water System- \$2,628,459 Sewer System- \$131,400**
- No increase in rates or fees
- \$426,250 of sewer reserve funds used to balance budget (\$191,684 balance)
- Financial and rate analysis to be conducted and presented by December 31
- Depreciation not currently funded by rates for budget
- Need to achieve rates-fees to sustain financial viability of system

General

- Water System Seed Funds-exhausted after encumbrances for water plant construction and design
- Sewer System Seed Funds-\$1.2 million balance after US 117 project and WWTP encumbrances

FY 10/11 BUDGET HIGHLIGHTS

ENTERPRISE FUNDS (Continued)

Solid Waste Fund

- **Proposed Budget: \$3,548,351**
- 21% decrease in budget due to reduced tonnage
- No increase in rates or fees
- Study to be conducted to include assessment of efficiencies and opportunities for relocation of transfer station, convenience sites, services at convenience sites, future disposal opportunities, etc.
- Need for rates to fund depreciation/reserves

FY 10/11 BUDGET HIGHLIGHTS

Next:

- Financial review by Dave McCole, Finance Officer
- Public Utility review by Michael Mack, Utilities Director
- Open Discussion
- Recommended budget to be put on-line and at libraries May 4
- Upcoming work session May 17 at 12:00 noon
- Budget public hearing on May 17 at 7:00 p.m.
- Upcoming work session June 7 at 12:00 noon if needed
- Budget adoption on June 21 at 4:00 p.m.