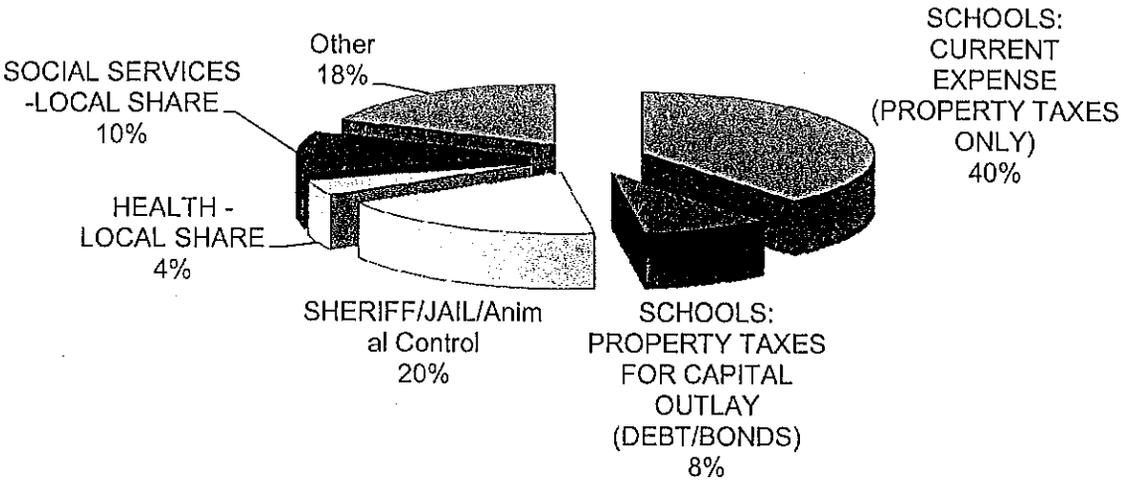


# GENERAL FUND REVENUES

The General Fund is used to account for resources traditionally associated with government which are not required legally or by sound financial management principles to be accounted for in another fund. General Fund revenues include property taxes, sales taxes, intergovernmental revenues, and fees charged to offset costs of general governmental services.

**BUDGETED FY 12-13 PROPERTY TAXES \$32,243,274 (\*Projected)  
(Inclusive of Prior Year Taxes with Penalties)**

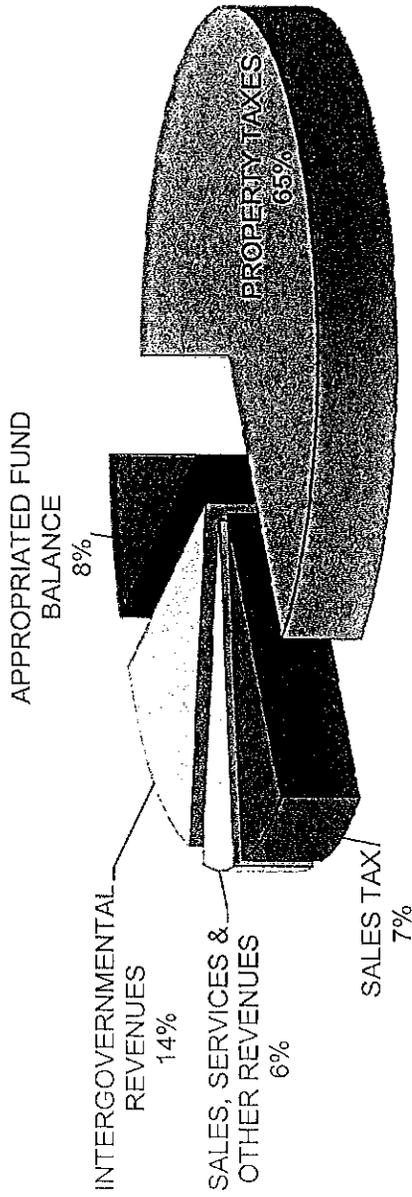


## SUMMARY OF REVENUES

### GENERAL FUND

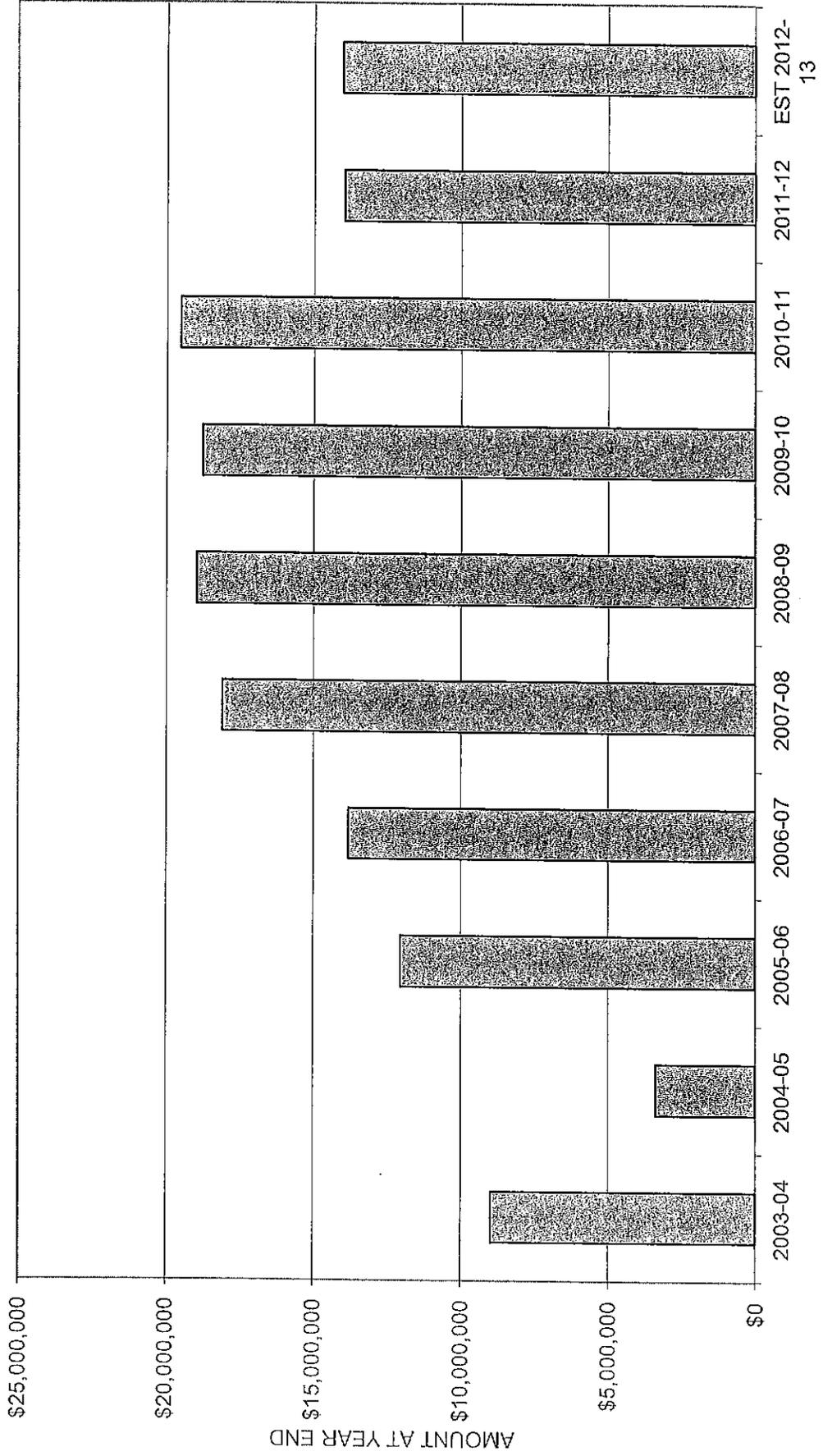
REVENUE SOURCES	ORIGINAL FISCAL YEAR 11-12 BUDGET	RECOMMENDED FISCAL YEAR 12-13 BUDGET
PROPERTY TAXES	\$31,738,402	\$32,243,274
SALES TAX	4,110,349	3,750,000
SALES, SERVICES & OTHER REVENUES	3,107,290	2,766,816
INTERGOVERNMENTAL REVENUES	7,046,632	7,001,191
APPROPRIATED FUND BALANCE	3,434,748	3,852,916
TOTAL REVENUES	\$49,437,421	\$49,614,197

FY 12-13 SUMMARY OF REVENUE - GENERAL FUND



TOTAL GENERAL FUND REVENUES = \$49,614,197

UNDESIGNATED FUND BALANCE (GENERAL FUND)



## PROPERTY TAXES

**Description:** Ad Valorem property taxes are those taxes assessed and collected on real and personal property, as well as motor vehicles.

**History:** Growth historically has averaged \$100 million in tax base annually. Hurricanes and tropical storms are the major events that have adversely affected the growth cycle in the past. From FY 11-12 to FY 12-13, the tax base is projected to increase by \$504,872. The new values take effect January 1, 2012.

**Outlook:** In FY 12-13, the tax base is based on property values calculated and estimated by the Tax Assessor. Implementation of a four (4) or six (6) year revaluation process will increase the tax base more quickly. There is no requested tax rate increase for fiscal year 12-13.

**Assumptions:** The estimated net taxable value for FY 12-13 is \$6,403,238,494. Therefore, with a tax rate of \$.5120 per \$100 of assessed valuation and a collection rate of 95.50%, the projected current year total property tax revenue is \$31,309,274 using the following formula:

\$6,403,238,494 divided by 100 multiplied by .5120 multiplied by .9550 equals \$31,309,274.

<b>FUNDING LEVELS</b>	Recommended	Adopted	Increase
	FY 12/13	FY 11/12	<u>(Decrease)</u>
Current Year	\$ 31,309,274.00	\$ 30,804,402.00	\$ 504,872.00
Prior Years	734,000.00	734,000.00	-
Penalties & Int	200,000.00	200,000.00	-
Total:	\$ 32,243,274.00	\$ 31,738,402.00	\$ 504,872.00

## SALES TAX REVENUE

**Description:** Sales tax revenues are received by the County from the State of North Carolina based on per capita distributions. The County 1% local sales tax is utilized in its entirety for general fund operations. Article 40 (commonly known as "schools 1/2 cent" funds) sales taxes were initiated in part to help fund local school capital projects, with a mandatory transfer of 30% of these revenues to the schools. Article 42 (commonly known as "schools additional 1/2 cent" fund) sales taxes were also initiated in part to help fund local school capital outlay projects, with a mandatory transfer of 60% of these revenues to the schools. Since its inception, Pender County has exceeded the mandatory percentage and given 100% of the Article 42 money to the schools, although some of the payments were originally deferred. The mandatory requirements for distribution of the sales tax for Article 40 and 42 have a "sunset" provision, meaning that after a certain period of time counties would not be required to use the funds for schools' capital outlay purposes; however, the schools' capital needs continue to grow with the expanding population and county leaders are using this revenue source - mandatory or not – to fund Schools' capital requirements. As a result of the Medicaid Relief Legislation that was passed in 2007, the Counties Article 39 allocation is reduced to hold the incorporated towns harmless & Article 42 has been converted from a per capita basis to point of delivery.

The Option 4 redistribution plan is a separate agreement that redistributes the sales tax receipts with the intent of providing an equitable means of distributing sales tax revenues to the beach communities. Pender County is unique in that much of the sales tax revenue is generated in the tourism-rich beach communities, which have a proportionally small year-round population. As a result, the beach communities received much less sales tax revenue using the per capita distribution than they do using the ad valorem method. The Option 4 redistribution results in the beach communities receiving more than they would using the per capita basis, but less than they would receive under the ad valorem distribution. The cost of the Option 4 redistribution is recorded as an expense and explained in more detail in the expenditure section of this budget.

**History:** In FY 1996-97, the Board earmarked the sales tax allocated for school capital purposes as the source of revenue to be used to repay the debt service issued to construct new schools. These funds are recorded directly in the Public School Capital Fund (PSCF), a special revenue fund designed to account for revenues and expenditures earmarked for repayment of the debt service on the \$25 million bond issue approved in 1996.

**Outlook:** This is a declining revenue source due to the slowdown in the economy; however, the impact on the General Fund is less, since a large portion is recorded into the Public School Capital Fund.

**Assumption:** Sales tax revenue is projected to decrease by 8.77% over FY 2011-2012 budgeted.

FUNDING LEVELS	Recommended	Adopted	Increase
	FY 12/13	FY 11/12	(Decrease)
Article 39	\$ 2,050,000.00	\$ 2,384,340.00	\$ (334,340.00)
Article 40	1,700,000.00	1,726,009.00	(26,009.00)
Total:	\$ 3,750,000.00	\$ 4,110,349.00	\$ (360,349.00)

## SALES, SERVICES & OTHER REVENUES

**Description:** Revenues in the sales, services, and other category encompass a wide range of non-tax, local revenue sources. This category is important to the overall financial strength of the County because it includes revenue from self-supporting, general governmental activities, such as building inspections, register of deeds, health, and court facility functions. Some functions of Pender County Government are appropriately funded by fees because they apply to a certain group of citizens, such as development-related services (septic tank permits, building permits, etc). The philosophy of the Governing Body has been to have these services fund the direct cost of the provision of the services. In some cases, the fees may recover a portion of the indirect cost.

Other revenues include interest income resulting from the investment of the County's available fund balance. Some of the benefits of maintaining an adequate fund balance include the following: 1) ensures that sufficient operating funds are available in light of the County's erratic revenue cycle; 2) provides for adequate funds for immediate relief in case of natural disaster (i.e. hurricane/flood); 3) provides interest income through wise investments to help stabilize the tax rate; and 4) reduces the cost of debt issuance by establishing a strong financial history. Other revenues in this category are listed in the accompanying table.

**History:** Sales, services, and other revenues are projected to decrease 10% from the adopted FY 2011-12 budget. The County continues to feel the impact of the economic slowdown.

**Outlook:** Management will continue to look for opportunities to generate fees and other offsetting revenues to fund programs that benefit certain segments of the population or where demand exists to support fees. The five-year forecast uses a 1% growth factor throughout the planning years. This rate of growth is realistic.

**Assumptions:** Sales, services, and other revenues were forecast with input from department managers, grant sources, and historical data. The revenues were considered separately and forecast from a zero base.

**SALES, SERVICES & OTHER REVENUES**

	FY 2011-12	FY 2012-13	Increase
	Adopted Budget	Recommended	(Decrease)
<b>Sales and Services</b>			
Interest Income	\$ 100,000	\$ 25,000	\$ (75,000)
Inspection Fees	300,000	270,000	(30,000)
Cable TV Franchise Fees	250,000	175,000	(75,000)
Rental of County Facilities	43,320	34,600	(8,720)
Concession Sales	1,600	500	(1,100)
Civil License Revoked	7,000	6,000	(1,000)
Sale of Surplus Property	2,000	2,000	-
Planning Fees	40,000	40,000	-
Parks and Recreation	15,000	12,000	(3,000)
Court Facility Fees	110,000	94,000	(16,000)
ABC Revenues	200,000	200,000	-
Register of Deeds	453,161	464,000	10,839
Sheriff Fees	72,700	70,800	(1,900)
Sale of Seized Property			-
Officer/Jail Fees	70,000	70,000	-
Animal Fees	9,117		(9,117)
Miscellaneous	10,000	10,000	-
Library - Miscellaneous	37,500	32,000	(5,500)
Internet Fees	1,957		(1,957)
Health Fees	1,348,954	1,260,916	(88,038)
Health Choice Fees			
<b>Total</b>	<b>\$ 3,072,309</b>	<b>\$ 2,766,816</b>	<b>\$ (305,493)</b>

## INTERGOVERNMENTAL REVENUES

**Description:** Intergovernmental revenues consist of funds received from North Carolina for beer and wine tax distribution and various categorical and process (pass through) funds. Grant funds for general fund operations include such funds as mosquito control, emergency services, veterans, library, community-based alternatives, and home and community care block grant.

Separate funds are received by the Health and Public Assistance Departments from both State and federal sources - both detailed in the departmental expenditure budgets.

**History:** Intergovernmental revenues are difficult to budget from year-to-year. Grantee agencies, such as the state and federal governments, often tie funding to a certain match, or reduce the level of funding in the subsequent years in hopes that local governments will assume funding of the program.

**Outlook:** In FY 2012-13, a .88% decrease from the FY 11-12 original budget is a result of decreased funding level from Public Assistance sources. In future fiscal planning years, we should expect intergovernmental revenues to only increase slightly, around (1%) per year in some years but overall to remain flat.

provides the County with prior information regarding the funding levels; therefore, further analysis is not required to determine the revenue to be received.

**INTERGOVERNMENTAL REVENUES**

	FY 2011-12	FY 2012-13	Increase
	Adopted Budget	Recommended	(Decrease)
<b>Intergovernmental</b>			
Tax Collection Fees	\$ 22,850	\$ 22,850	\$ -
Beer/Wine Tax	65,000	65,000	-
Emergency Management Grant			-
State Aid to Public Libraries	111,851	93,000	(18,851)
Veterans Service	2,000	1,700	(300)
SRO Grant	120,000	125,000	5,000
Golden Leaf Grant			-
Library - Gates Grant			-
LSTA Grant			-
Mosquito Control	8,000	4,000	(4,000)
Child Support Deputy			-
State Criminal Alien Assistance Program			-
BJA - SCAAP FUNDS			-
CAMA PERMITS - COASTAL MGM			-
Rural Internet Access Grant			-
DHS INTEROPERABILITY COM G			-
Section 8 Indirect Cost Reimbursement			-
Body Armor Grants			-
<b>Subtotal</b>	<b>\$ 329,701</b>	<b>\$ 311,550</b>	<b>\$ (18,151)</b>
<b>Process Funds</b>			
ABC Bottle Refund	\$ 10,000	\$ 10,000	-
Juvenile Crime Prevention Council	163,591	104,800	(58,791)
Home & Community Care Block Grant			-
Community Development Block Grant			-
Criminal Justice Partnership Program	74,614	57,900	(16,714)
ROAP	171,000	167,000	(4,000)
State Homeland Security Grants			-
Smart Start Partnership for Children			-
Gang Task Enforcement Grant	50,480		(50,480)
HRSA Bioterrorism Grant			-
<b>Process Funds Subtotal</b>	<b>\$ 469,685</b>	<b>\$ 339,700</b>	<b>\$ (129,985)</b>
<b>Health Intergovernmental</b>	<b>872,438</b>	<b>821,522</b>	<b>(50,916)</b>
<b>Social Service Intergovernmental</b>	<b>5,391,528</b>	<b>5,528,419</b>	<b>136,891</b>
<b>Total Intergovernmental</b>	<b>\$ 7,063,352</b>	<b>\$ 7,001,191</b>	<b>\$ (62,161)</b>

**GENERAL FUND APPROPRIATED FUND BALANCE**

Description: The FY 12-13 budget appropriates no percentage of the prior year fund balance. It is recommended that the FY 12/13 Undesignated/Unreserved Fund Balance remain at 28.32% of General Fund Revenues (the same percentage as approved by the Pender County Board of Commissioners for the previous Fiscal Year 11/12). The necessity of having a fund balance is to provide adequate cash flow, given the erratic revenue cycle of the County's operations. According to the North Carolina Local Government Commission staff, a local government entering a fiscal year with less than 8% undesignated, unreserved fund balance available will not have sufficient resources to meet its obligations until it begins receiving property taxes.

History: The following table shows the undesignated, unreserved fund balance over the last thirteen (13) years and the projected fund balance for fiscal year ending June 30, 2013

Year Ending	Undesignated/Unreserved Fund Balance	Percentage
June 30, 2001	\$9,207,041	29.40%
June 30, 2002	\$9,133,544	30.20%
June 30, 2003	\$8,218,857	25.10%
June 30, 2004	\$8,983,719	25.80%
June 30, 2005	\$3,383,235	9.8%
June 30, 2006	\$12,059,528	11.1%
June 30, 2007	\$13,824,542	31.71%
June 30, 2008	\$18,079,384	36.51%
June 30, 2009	\$18,968,337	38.51%
June 30, 2010	\$18,775,429	39.16%
June 30, 2011	\$19,525,631	38.82%
June 30, 2012	\$14,000,082	28.32%
June 30, 2013	*Projected \$14,050,740	28.32%

UNDESIGNATED FUND BALANCE - PERCENT OF CURRENT YEAR EXPENDITURES

