

OTHER FUNDS RECEIVING GENERAL FUND CONTRIBUTION

This section contains the budget summary for those funds which receive a General Fund contribution (transfer), such as the Automation Enhancement and Preservation Fund, Revaluation (or Reassessment) Fund, the Vehicle Replacement Fund, and the Public School Capital Fund.

SPECIAL REVENUE FUNDS are used to account for the proceeds of specific revenue sources that are restricted to expenditures for specified purposes.

REVALUATION RESERVE FUND – This fund accounts for the revenues/expenditures related to the quadrennial county-wide revaluation of real property.

PUBLIC SCHOOL CAPITAL FUND – This fund uses all revenues for designated Public School Capital Improvements.

INSURANCE FUND – This fund operates as an internal service fund for employee health and life insurance, their dependents, and families.

FY 12/13 Budget Summary

DEPARTMENT: Revaluation Reserve Fund (29)

Description: North Carolina General Statutes (NCGS 153a-150) mandate that counties maintain and use a separate fund (a revaluation fund) to make certain sufficient revenues are saved to pay for the octennial reappraisal of real property. Each year between reappraisals, counties must appropriate sufficient monies to their reappraisal reserve fund to accumulate the level of funding required to perform the eight-year (octennial) reappraisal of real property. Once placed in the revaluation fund, monies are earmarked for this purpose....and cannot be used elsewhere.

FY 11/12 Program Highlights: According to NC General Statutes, the Pender County reassessment must be complete and effective for January 1, 2011. During the 08/09 fiscal year, Pender County entered into a contract with Assessment Solutions, Inc. to perform the 2011 Revaluation. Assessment Solutions, Inc. began neighborhood analyses and preliminary work to begin the two-year appraisal process during the fall of 2008. Field canvassing began in 2009 and the appraisal team has reviewed approximately 100 percent of the 45,622 parcels as of February 1, 2010. All of the changes have been made to the Keystone CAMA software to accommodate the revaluation, and we are progressing towards the formal appeal process. The BOER completed its formal appeal process sending out decisions in August 2011.

FY 12/13 Program Objectives: This fund needs to be replenished in preparation for the next County revaluation, which is currently scheduled for January 1, 2019. There are no expected expenditures for FY 12/13.

| <u>Revenues</u> | <u>Budget</u> | <u>Department Request</u> | <u>Manager Recommendation</u> |
|----------------------------|-----------------|---------------------------|-------------------------------|
| | <u>FY 11/12</u> | <u>FY 12/13</u> | <u>FY 12/13</u> |
| General Fund Contributions | \$ 125,000.00 | \$ 125,000.00 | \$ 125,000.00 |
| | - | | |

| <u>Expenditures</u> | <u>Budget</u> | <u>Department Request</u> | <u>Manager Recommendation</u> |
|---------------------|-----------------|---------------------------|-------------------------------|
| | <u>FY 11/12</u> | <u>FY 12/13</u> | <u>FY 12/13</u> |
| Salary & Benefits | \$ 21,530 | 21,530 | 21,530 |
| Reserves | \$ 103,470 | \$ 103,470 | \$ 103,470 |
| | | | |
| Total: | \$ 125,000 | \$ 125,000 | \$ 125,000 |

FY 12/13 Budget Summary

PUBLIC SCHOOL CAPITAL FUND (28)

The Public School Capital Fund exists to report the on-going capital costs of facility improvements and debt service for the Pender County Board of Education. These expenditures include **annual funding** for improvements to existing facilities on capital purchases (\$1,110,000) and **debt service expenditures** to fund projects built with proceeds from the 1996, 1997, 2001, 2005 and 2007 School Bonds. This is not a capital project fund, rather, it accounts for the annual revenues earmarked for specific school construction projects promised to voters in the bond referenda held on May 7, 1996 and May 3, 2005. The Pender County Commissioners identified specific revenue sources to fund the proposed projects. By accounting for these revenues and expenditures in a special revenue fund, any unused monies will carry over to the next year, funding deficits in some years, and building a positive fund balance in others. The intent of this fund is to report on an annual basis that the promise of earmarked funding for schools has been kept.

PROJECTED REVENUES FOR FY 12-13:

Revenues earmarked for the expressed purpose of repayment of the debt service on the school projects include the portion of sales tax revenues legally restricted for school facilities (30% of the Article 40, ½ cent sales tax, and 60% of the Article 42, additional ½ cent sales tax). In addition, the County has pledged the entire non-mandatory portion of the Article 42 sales tax to fund school improvements. Other revenues include the annual allotment from the State-funded Public School Building Capital Fund (PSBCF), which is based on the entire County School's average daily membership (ADM) and redistribution of State collections, and an annual transfer from the General Fund of property tax revenue required to fund debt service.

| | Budget | Department Request | Manager Recommendation |
|--------------------------|------------------------|---------------------------|-------------------------------|
| REVENUE SOURCES | <u>FY 11/12</u> | <u>FY 12/13</u> | <u>FY 12/13</u> |
| 30% Article 40 Sales Tax | \$ 739,718 | \$ 765,300 | \$ 765,300 |
| 60% Article 42 Sales Tax | 878,302 | 960,300 | 960,300 |
| 40% Article 42 Sales Tax | 585,534 | 640,185 | 640,185 |
| TSFR From GF .0467 Tax | 2,858,695 | 2,858,695 | 2,858,695 |
| Rate Increase | | | |
| North Carolina PSBCF | | | |
| Fund Balance | 1,544,092 | 1,544,092 | 1,544,092 |
| Lottery Funds | 1,018,635 | 700,000 | 700,000 |
| School Held Harmless | | | |
| Total | \$ 7,624,976 | \$ 7,468,572 | \$ 7,468,572 |

PROJECTED EXPENDITURES FOR FY 12/13:

Expenditures include actual debt service payments on the \$10 million issued in February, 2001. The \$25 million approved was issued for *Phase One* projects. Expenditures also include debt service payments on \$35 million and \$20.875 million in bonds approved by voters on May 3, 2005 and sold on 9/1/2005 and 9/25/2007. The County also provides a stable level of funding for renovations and improvements to existing facilities.

| Expenditures | Budget | Department Request | Manager Recommendation |
|---------------------------------|---------------------|---------------------|------------------------|
| | FY 11/12 | FY 12/13 | FY 12/13 |
| Debt Service - 2007 Principal | \$ 900,000 | \$ 900,000 | \$ 900,000 |
| Debt Service - 2007 Interest | 801,000 | 762,750 | 762,750 |
| Refunding Debt - 2008 Principal | 390,000 | 385,000 | 385,000 |
| Refunding Debt - 2008 Interest | 81,648 | 68,544 | 68,544 |
| Debt Service - 2010 Principal | 540,000 | 530,000 | 530,000 |
| Debt Service - 2010 Interest | 138,550 | 127,750 | 127,750 |
| Programmed Capital Outlay | 1,110,000 | 1,110,000 | 1,110,000 |
| Option Four | 130,928 | 130,928 | 130,928 |
| Debt Service - 2001 Principal | | | |
| Debt Service - 2001 Interest | | | |
| Debt Service - 2004 Principal | 675,000 | 670,000 | 670,000 |
| Debt Service - 2004 Interest | 140,600 | 113,600 | 113,600 |
| Debt Service - 2005 Principal | 1,400,000 | 1,400,000 | 1,400,000 |
| Debt Service - 2005 Interest | 1,317,250 | 1,270,000 | 1,270,000 |
| Towns Held Harmless | | | |
| Total Expenditures | \$ 7,624,976 | \$ 7,468,572 | \$ 7,468,572 |

FY 12/13 Budget Summary

INSURANCE FUND (50)

Description: The Insurance Fund operates as an internal service fund for employee health and life insurance, their dependents, and families. The County is **self-insured**. Employers Direct Health, as the nationwide firm, and Group Benefit Services, as the local agency, under contract with the County, currently administers and pays claims. Expenditures include the claims made and paid related to medical costs and life insurance premiums. Revenues include employer (County) contributions and employee contributions. This fund was created July 1, 2005.

History/Trends: FY 11/12 claims history and the forecast for FY 12/13 indicates that the "claims cost growth rate" per year is projected to increase approximately 3.8% next fiscal year. Other local governments and private employers continue to experience a "double-digit" increase in health insurance costs. This situation might also occur in Pender County Government particularly because of the following factors: 1) an increasingly aging work force; 2) some significant medical claims, i.e., some very ill individuals; 3) increasingly high drug costs; and 4) very strong medical/hospitalization costs.

This fund is projected to have a small fund balance. To stem potential cost increases, in recent years the County has contracted out services and/or hired temporary employees. The County currently only offers employees one plan.

| | <u>FY 11/12</u> | <u>FY 12/13</u> | <u>FY 12/13</u> |
|------------------------|-----------------|-----------------|-----------------|
| Life Ins. Premiums | \$ 13,000.00 | \$ | \$ 15,000.00 |
| Health Ins. Deductions | 3,003,547.00 | | 3,133,000.00 |
| Total: | \$ 3,016,547.00 | \$ | \$ 3,148,000.00 |

| | <u>FY 11/12</u> | <u>FY 12/13</u> | <u>FY 12/13</u> |
|----------------------|-----------------|-----------------|-----------------|
| Life Ins. Premiums | \$ 13,000.00 | \$ | \$ 14,000.00 |
| Claims Paid | 2,584,178.00 | | 2,706,000.00 |
| Administrative Costs | 419,369.00 | | 428,000.00 |
| Total: | \$ 3,016,547.00 | \$ | \$ 3,148,000.00 |