

# Budget Analysis and Recommendations

## Current Budget Analysis

### Overall Budget

The overall budget for Pender County Parks and Recreation has risen gradually since the 2007-2008 fiscal year. Table 7.1 below shows the actual budgets from fiscal years 2007-2008 and 2008-2009, as well as the proposed budget for the 2009-2010 fiscal year, all of which include funding allocations for operations, maintenance, and capital development. The 16% increase in the appropriated budget from '07-'08 to '08-'09 fiscal years can be attributed to significant capital improvement projects undertaken during the 2007-2008 fiscal year, as well as an increase in the allocation for salaries for the department due to a county-wide pay study that occurred during that year. The appropriated budget for 2009-2010 increased nearly 5% over the prior year's actual operating budget.

'07-'08 Actual	'08-'09 Actual	% Change '07-'08 to '08-'09	'09-'10 Proposed	% Change '08-'09 to '09-'10
\$268,647	\$312,355	16.27%	\$327,668	4.90%
<i>Source: Pender County Finance Department</i>				

### Budget Comparisons

Analyzing the funding committed to a community's parks and recreation department serves as a valuable method to observe how a community values its parks and recreation services. For the purposes of this section, several comparison communities were also observed to compare how the funding contributed to Pender County parks and recreation stacks up against counties and municipalities in North Carolina of similar population size, as well as the counties surrounding Pender County. These communities, as well as statewide averages, are overviewed in more detail below.

### North Carolina Statewide Comparison Data

Each year, the Recreation Resources Services at North Carolina State University along with North Carolina State Parks publishes the *North Carolina Municipal and County Parks and Recreation Services Study* (MCPRSS). The study provides a comparison of North Carolina's county and municipal parks and recreation departments, with a study focus on different areas each year. The study classifies each community based on population estimates calculated by the North Carolina State Treasurer's Office. Prior to 2010 and for the purposes of budget data comparison in this section, Pender County falls into "Class C," or a department that serves a population between 25,000 and 49,999 residents. However, in 2010 Pender County's population will increase to over 50,000, and the county will be classified as a "Class B" county.

Counties	\$1,995,296
Municipalities	\$2,935,311
Class C Counties	\$1,470,163
Class C Municipalities	\$4,006,235
Pender County	\$265,072
<i>Source: MCPRSS (FY 2008-2009), Executive Report</i>	

Table 7.2 overviews the average operation and capital expenditures for parks and recreation departments across the state as well as for Pender County. During the 2006-2007 fiscal year, the counties in North Carolina spent an average of nearly \$2 million in parks and recreation operating and capital expenditures, while municipalities across the state averaged spending nearly \$3 million. Class C counties in North Carolina spent less than the statewide county expenditure average, while Class C municipalities averaged nearly \$1 million more than the state average for municipality expenditures on parks and recreation. Pender County reported spending \$265,072 during this fiscal year, including \$95,019 on salaries, \$108,451 on all

other direct spending, \$59,808 on construction, and \$1,794 on land, equipment, and existing structures. Pender County's reported operation and capital expenditures for 2006-2007 were significantly less than the average for Class C counties and Class C municipalities, as well as the averages of all counties and municipalities in North Carolina.

An additional method to gauge how Pender County compares in overall spending is to review per capita spending. Table 7.3 displays the actual total funding for the 2007-2008 and 2008-2009 fiscal years, as well as the proposed funding for FY 2009-2010. By dividing the total department spending by the county's population, we can observe the dollars spent on parks and recreation by the county per resident. According to the M CPRSS (FY2008-09), the per capita spending statewide for FY 2007-2008 was \$64.41, or \$59.06 higher than the per capita spending in Pender County. The statewide average of \$64.41 was calculated by dividing the total statewide spending by the state population. Comparing the per capita spending on parks and recreation in Pender County to the statewide average, it is clear that the County is not devoting the same level of resources to parks and recreation as other departments in the state. The state average per capita spending for is over 12 times the Pender County per capita spending for FY 2007-08. There is clearly room for improvement in this area, and such an improvement would result from an overall increase in the amount allocated to parks and recreation from the general fund.

Budget Year	Total Funding*	Per Capita
09-10	\$327,668**	\$6.12**
08-09	\$312,355	\$6.06
07-08	\$268,647	\$5.34

*Source: Pender County Finance Department and North Carolina Office of State Budget and Management*

*\*These figures include revenue generated by the department  
\*\*Proposed*

Budget Year	Total Operating	Revenue	% Recovery
09-10	\$299,668*	\$28,000*	9.34%*
08-09	287,488	24,867	8.65%
07-08	234,035	34,612	14.79%
3-Year Average	273,730	29,160	10.93%
FY 2007-08 Statewide Average			13%

*Source: Pender County Finance Department and M CPRSS (FY 2008-2009), Executive Report*

*\*Proposed*

A method to evaluate the department's overall operating cost burden is to evaluate the revenue generated by the department by user fees, and how the revenue generation compares to the total operating budget. Table 7.4 shows the actual operating budgets for the 2007-08 and 2008-09 fiscal years, as well as the proposed 2009-10 fiscal year operating budget. Additionally, Table 7.4 displays the revenue generated during these fiscal years, with a projected revenue generation for FY 2009-10 of \$28,000. The percent recovery is calculated by dividing the revenue generated by the total operating budget for each year.

Pender County remains below the statewide average for cost recovery, as highlighted in Table 7.4. Lower cost recovery percentages directly correlate with increased operating costs for the department, and this trend can be attributed to a lack of revenue generating programs and facilities in the county. The operating costs for the department have increased, but the revenue generated from fees and charges has not increased, partially attributed to a decrease in revenue generating programs available. When evaluating the budgets obtained from the Pender County Finance Department, there was no increase in projected revenues for the department for each fiscal year available; the original appropriation for each fiscal year for revenue generation was \$28,000. Focus should be given to increasing the amount of revenue generated by the department each year, and the addition of new fee-based programs and facilities should lead to an improvement in cost recovery for the department. The department should concentrate on evaluating existing pricing policies and develop a cost recovery strategy to bring the department's percentage of cost recovery up to the state average and beyond. According to Dr. John Crompton of Texas A & M University, the national average for cost recovery of parks and recreation departments is approximately 34%. Increasing the percentage of cost recovered by the department through user fees and charges will ultimately lead to an increased economic sustainability for the department.

### **Comparison Community Departments**

In an effort to observe how Pender County's parks and recreation funding compares to other counties and municipalities, data was gathered on funding for other Class C counties and municipalities, as well as the seven counties that surround Pender County. Table 7.5 below compares the total funding for Pender County with three counties and two municipalities in North Carolina with similar population sizes for the fiscal years 2004-2005, 2005-2006, and 2006-2007. Table 7.5 displays the total budget, population estimate at the beginning of each fiscal year, and the per capita

spending for each community. By comparing this data, we can observe that Pender County's reported spending is significantly less than communities of similar population sizes. Per capita spending is calculated by dividing the budget amount by the population estimate. Pender County's parks and recreation spending per resident has been very low compared to each comparison community, as well as the averages of the selected comparison communities.

**Table 7.5: Comparison "Class C" Community Departments' Total Funding**

Community	2006-2007			2005-2006			2004-2005			
	2006-2007 Budget	Pop.	Per Capita	2005-2006 Budget	Pop.	Per Capita	2004-2005 Budget	Pop.	Per Capita	
Burlington	\$5,498,932	47,692	\$115.30	\$5,339,318	47,295	\$112.89	\$5,273,858	47,295	\$111.51	
Wilson	\$4,478,801	48,562	\$92.23	\$4,324,914	47,911	\$90.27	\$4,891,596	47,815*	\$102.30	
Henderson-Vance	\$2,121,990	43,920	\$48.31	\$1,630,853	43,624	\$37.38	\$1,236,537	43,624	\$28.35	
Watuga County	\$827,518	43,410	\$19.06	\$818,292	42,934	\$19.06	\$758,113	42,934	\$17.66	
Hoke County	\$569,372	42,202	\$13.49	\$429,406	40,696	\$10.55	\$281,868	39,709*	\$7.10	
McDowell County	\$345,679	43,410	\$7.96	\$522,785	43,175	\$12.11	\$932,475	43,175	\$21.60	
Average Spending Per Capita			\$49.39				\$47.04			
Pender County	\$265,072	48,724	\$5.44	\$380,097	46,538	\$8.17	\$442,263	45,823*	\$9.65	
<i>Source: M CPRSS (FY 2008-09), Executive Report</i>				<i>Source: M CPRSS (FY 2007-08), Executive Report</i>			<i>Source: M CPRSS (FY 2006-07), Executive Report</i>			
<i>*Population Data from US Census Bureau</i>										

To ascertain how Pender County's parks and recreation spending compares to other counties in the area, Table 7.6 displays similar data as Table 7.5 above, but compares the seven counties that surround Pender County. While the populations are significantly less among the counties, this comparison shows that Pender County parks and recreation spending per capita is similar to Columbus, Bladen, Onslow, and Duplin counties. However, Pender County's per capita spending remains significantly lower than the average of the seven surrounding counties' per capita parks and recreation spending.

**Table 7.6: Surrounding County Departments' Total Funding**

County	2006-2007			2005-2006			2004-2005			
	2006-2007 Budget	Pop.	Per Capita	2005-2006 Budget	Pop.	Per Capita	2004-2005 Budget	Pop.	Per Capita	
New Hanover	\$9,597,517	184,120	\$52.13	\$3,039,000	180,358	\$16.85	\$5,327,713	180,358	\$29.54	
Brunswick	\$2,984,509	94,964	\$31.43	\$4,711,240	89,463	\$52.66	\$2,428,354	89,463	\$27.14	
Columbus	\$486,190	54,046*	\$9.00	\$401,949	54,524	\$7.37	\$419,772	53,848*	\$7.80	
Bladen	\$209,299	32,870	\$6.37	\$195,777	32,866	\$5.96	\$173,202	32,588*	\$5.31	
Sampson	\$860,191	64,057	\$13.43	\$912,191	63,566	\$14.35	\$959,695	63,566	\$15.10	
Onslow	\$1,587,184	161,212	\$9.85	\$1,035,448	157,748	\$6.56	\$954,486	157,748	\$6.05	
Duplin	\$220,837	52,979*	\$4.17	\$221,077	51,920	\$4.26	\$237,772	51,664*	\$4.60	
Average Spending Per Capita			\$19.42				\$16.91			
Pender County	\$265,072	48,724	\$5.44	\$380,097	46,538	\$8.17	\$442,263	45,823*	\$9.65	
<i>Source: M CPRSS (FY 2008-09), Executive Report</i>				<i>Source: M CPRSS (FY 2007-08), Executive Report</i>			<i>Source: M CPRSS (FY 2006-07), Executive Report</i>			
<i>*Population Data from US Census Bureau</i>										

In general, by comparing the spending allocated to parks and recreation in Pender County to counties of similar size, as well as the neighboring counties in the region, we can observe that the amount allocated to parks and recreation in Pender County has room for significant improvement. It should be a goal of Pender County to increase the per capita spending to at least the average of the counties in the region in the short term (1 to 5 years), and then focus on improving per capita spending to the Class B community average in the long term (6 to 10 years). Annual evaluation of these goals should be a priority of the county.

## **Budget Recommendations**

In summary, the amount of money allocated to parks and recreation in Pender County is in need of improvement. By observing the comparisons mentioned in this section, we can infer that Pender County falls short in every budget comparison area. The overall operation and capital expenditures for parks and recreation in Pender County is significantly lower than the statewide averages for all counties and municipalities, as well as the averages for Class C counties and municipalities. Additionally, the dollars spent per county resident, referred to as “per capita spending” is severely lower than counties across North Carolina with similar populations, as well as the seven counties that surround Pender. Finally, the amount of cost recovered through revenue generated from user fees and charges for Pender County parks facilities and recreation opportunities is slightly behind the statewide and significantly behind the national average.

In order to improve these figures, several issues should be addressed. First, parks and recreation spending within Pender County should be increased to bring the per capita spending figures more up to par with the averages for the counties in the region, and continuously increased to reach the goal of per capita spending in Pender County closer to the figures of what counties of similar populations are spending per capita. Secondly, the department should focus on improving the revenue generated from user fees and charges. This may be pursued through a two-pronged approach, including assessing whether the existing fees and charges for parks facilities and recreation opportunities have room for increases, and developing new facilities and programs that would improve revenue generation for the department. New programs such as arts and crafts classes, adult athletics, and senior programs are examples of programs that are currently lacking within Pender County and would be significant revenue generators for the department. New facilities such as recreation centers, aquatics facilities, golf courses, rental facilities, and other fee-based facilities would also contribute to improved cost recovery for the department.

It is imperative to realize that the development of new facilities and programs must have a perpetual and substantial commitment to funding of adequate maintenance, personnel, and long-term capital budgeting.

## **Recommendations Summary**

- Increase spending to bring per capita figures closer to those of the counties in the region and communities of similar populations.
- Ensure future capital improvement projects include a balance between revenue generation facilities and non-revenue generating facilities.
- Increase revenue generation within the department to bring the cost recovery closer to the state average.