



FY 2015-16 Budget Retreat

March 16, 2015

George Quick, CFO

Kim Simpson, Tax Administrator

Claudia Hager, Budget Director

Current County Financial Condition

George K. Quick, CFO



SWAP HISTORY

FY2005	\$	327,068.54	
FY2006		541,750.02	
FY2007		835,799.97	
FY2008		1,253,817.28	
FY2009		1,205,274.48	
FY2010		2,643,434.60	
FY2011		2,071,848.59	
FY2012		1,986,871.55	
FY2013		3,430,234.19	
FY2014		3,065,035.87	
FY2015		<u>1,466,805.10</u>	1st payment received for FY2015

Total SWAP funds
received to date \$ 18,827,940.19

\$ 1,450,000.00 Estimated amount to receive for 2nd payment
for FY2015 (March 15th; payment to be received)

\$ 4,535,967.50 Total fund balance as of June 30, 2014



HEALTH TRUST FUND

Estimated as of June 30, 2015

Estimated total fund

balance as of June 30, 2015 \$ 8,864,407

Less:

Debt Service FY16 \$ 2,350,000

School Nurses FY16 \$ 59,601

\$ 2,409,601

Estimated available fund

balance as of June 30, 2015 \$ 6,454,806



Fund Balance Expressed as a % of expenditures:

	<u>Audited FY2013</u>	<u>Audited FY2014</u>	<u>Variance</u>
LGC recommended 8% minimum expressed as a % of expenditures	<u>27.24%</u>	<u>30.43%</u>	<u>3.19%</u>
Unassigned fund balance expressed as a % of expenditures	<u>9.25%</u>	<u>10.91%</u>	<u>1.66%</u>



FY2010 – FY2014 Annual Revenues & Expenditures as a % of Budget



North Carolina Financial Condition Analysis

Key: DURHAM COUNTY

■ Benchmark —

Benchmark peers selected:
 FORSYTH COUNTY, GUILFORD COUNTY,
 MECKLENBURG COUNTY, WAKE COUNTY

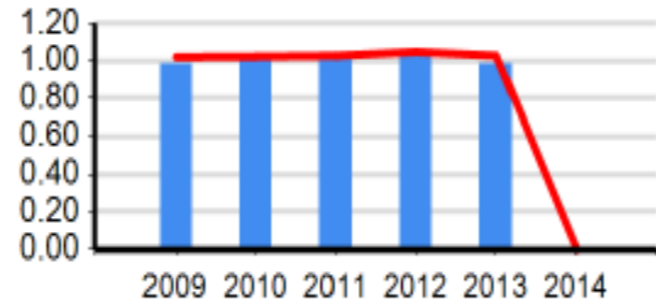
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General Fund

Resource Flow

Service Obligation

Operations ratio

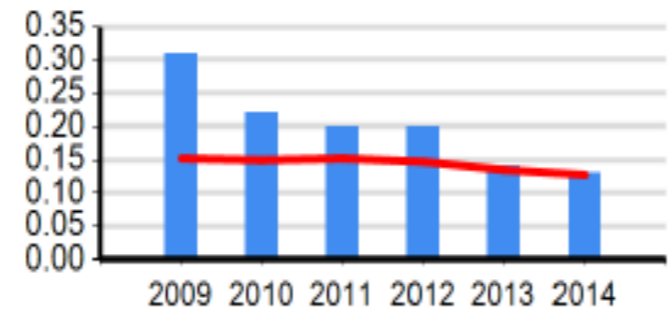


DURHAM COUNTY = , Benchmark = 0.00

Service obligation measures whether or not a government's annual revenues were sufficient to pay for annual operations. The operations ratio is calculated as total revenues divided by total expenditures (plus transfers to debt service fund).

Dependency

Intergovernmental ratio

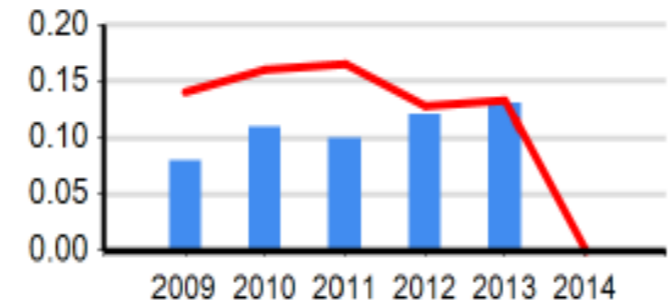


DURHAM COUNTY = 0.13, Benchmark = 0.13

Dependency measures the extent to which a government relies on other governments for resources. The intergovernmental ratio is calculated as total intergovernmental revenue divided by total revenue.

Financing Obligation

Debt service ratio



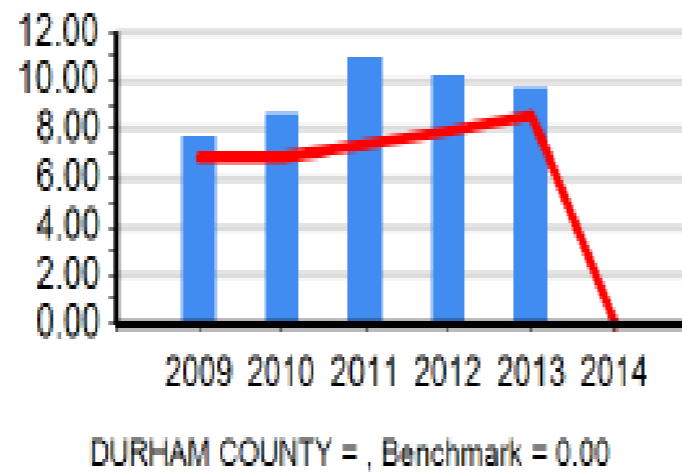
DURHAM COUNTY = , Benchmark = 0.00

Financing obligation addresses service flexibility or the amount of expenditures committed to annual debt service. The debt service ratio is calculated as debt service divided by total expenditures (plus transfers to debt service fund).

Resource Stock

Liquidity

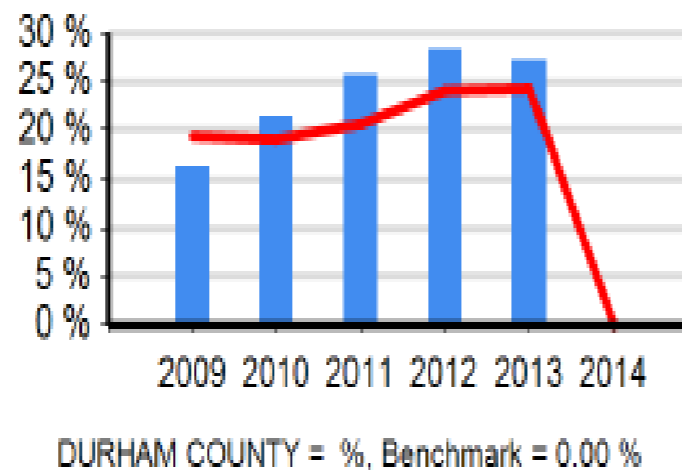
Quick ratio



Liquidity measures a government's ability to meet its short-term obligations. The quick ratio is calculated as cash & investments divided by current liabilities.

Solvency

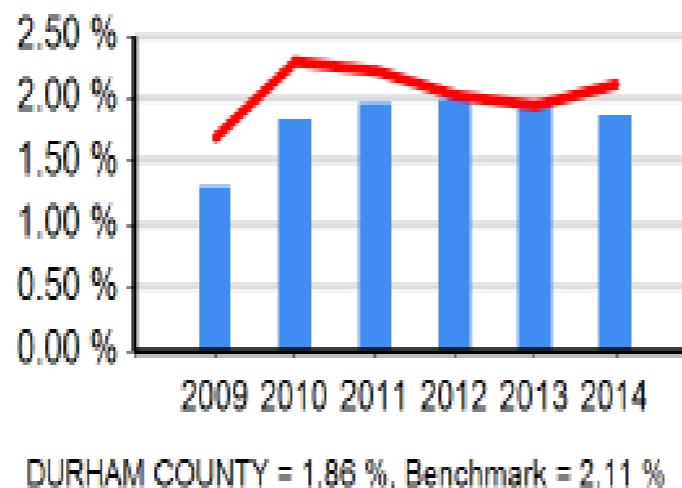
Fund balance available as percentage of expenditures



Solvency measures a government's ability to meet long-term obligations. Fund balance as a percentage of expenditures is calculated as available fund balance divided by expenditures plus transfers out.

Leverage

Debt as percentage of assessed value



Leverage measures the extent to which a government relies on tax-supported debt. The ratio of debt as a percentage of assessed value is calculated as tax-supported, long-term debt divided by assessed value.

**FY14 General Fund
Fund Balance Comparison with
Forsyth, Guilford, Mecklenburg and Wake Counties**

	<u>Durham</u>	<u>Forsyth</u>	<u>Guilford</u>	<u>Mecklenburg</u>	<u>Wake</u>
Nonspendable	\$ 1,015,631	\$ 122,250	\$ 1,293,053	\$ -	\$ 1,147,817
Restricted					
Stabilization by state statute	28,602,747	33,377,279	39,820,397	100,046,250	81,561,725
Restricted for other purposes	1,976,454	1,093,916	6,346,127	-	402,853
Committed	59,573,800	33,141,288	16,630	15,222,605	143,562,983
Assigned	13,961,475	10,031,500	24,180,984	519,946	5,772,283
Unassigned	42,228,729	64,817,179	79,472,632	402,847,214	-
	<u>\$ 147,358,836</u>	<u>\$ 142,583,412</u>	<u>\$ 151,129,823</u>	<u>\$ 518,636,015</u>	<u>\$ 232,447,661</u>
Total expenditures and transfers out	<u>\$ 386,887,329</u>	<u>\$ 383,759,519</u>	<u>\$ 540,312,150</u>	<u>\$ 1,072,032,412</u>	<u>\$ 975,268,189</u>
Fund balance expressed as a % of expenditures	<u>30.43%</u>	<u>28.43%</u>	<u>20.36%</u>	<u>39.05%</u>	<u>15.35%</u>
Unassigned fund balance expressed as a % of expenditures	<u>10.91%</u>	<u>16.89%</u>	<u>14.71%</u>	<u>37.58%</u>	<u>0.00%</u>



Property Tax Overview



2015-2016 Value Projections

Assessed Value	
Real Property	\$26,152,065,688
Personal Property	\$3,440,862,642
Public Service	\$540,732,429
Registered Motor Vehicles	\$1,894,000,000
Total	\$32,027,660,759



Budget to Budget Growth

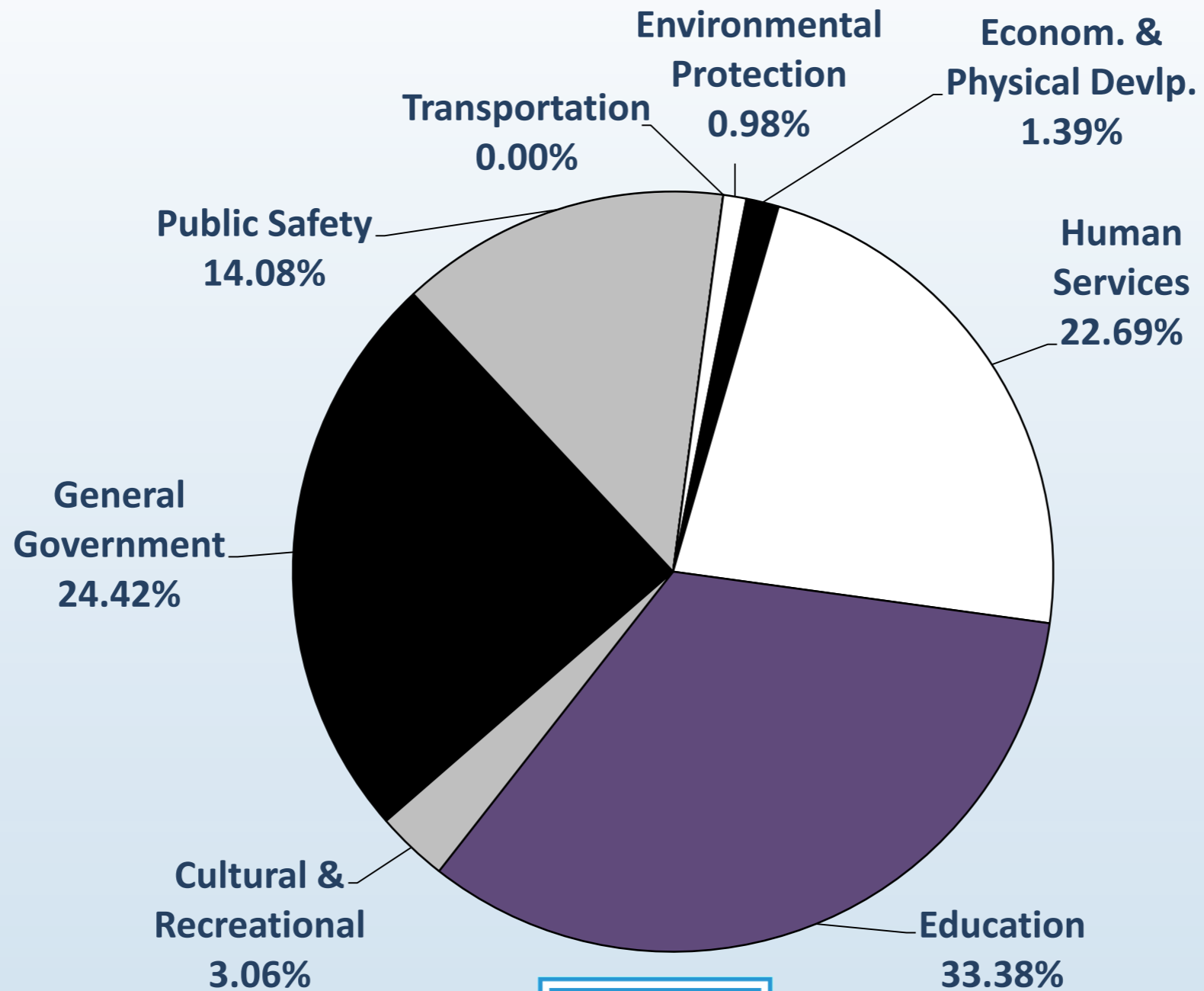
Assessed Value	FY 14-15 Budget	FY 15-16 Projections	Change in Base
Real Property	\$25,708,434,347	\$26,152,065,688	1.72%
Personal Property	\$3,373,609,112	\$3,440,862,642	1.99%
Public Service	\$489,915,862	\$540,732,429	10.37%
RGV	\$1,799,900,000	\$1,894,000,000	5.23%
Total	\$31,371,859,321	\$32,027,660,759	2.09%



FY 2015-16 Budget Review and Assumptions

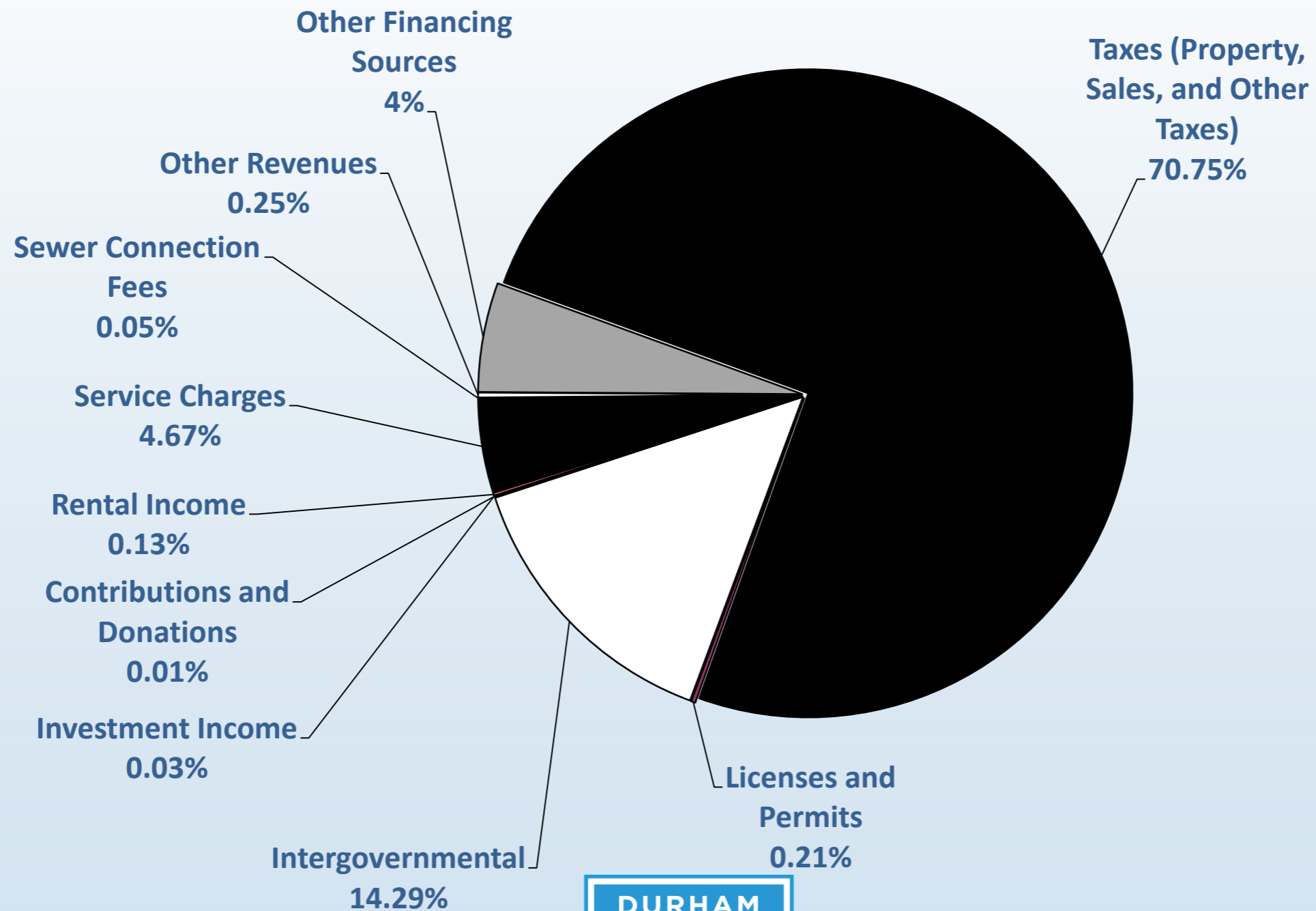


General Fund Expenditures - \$378,794,804



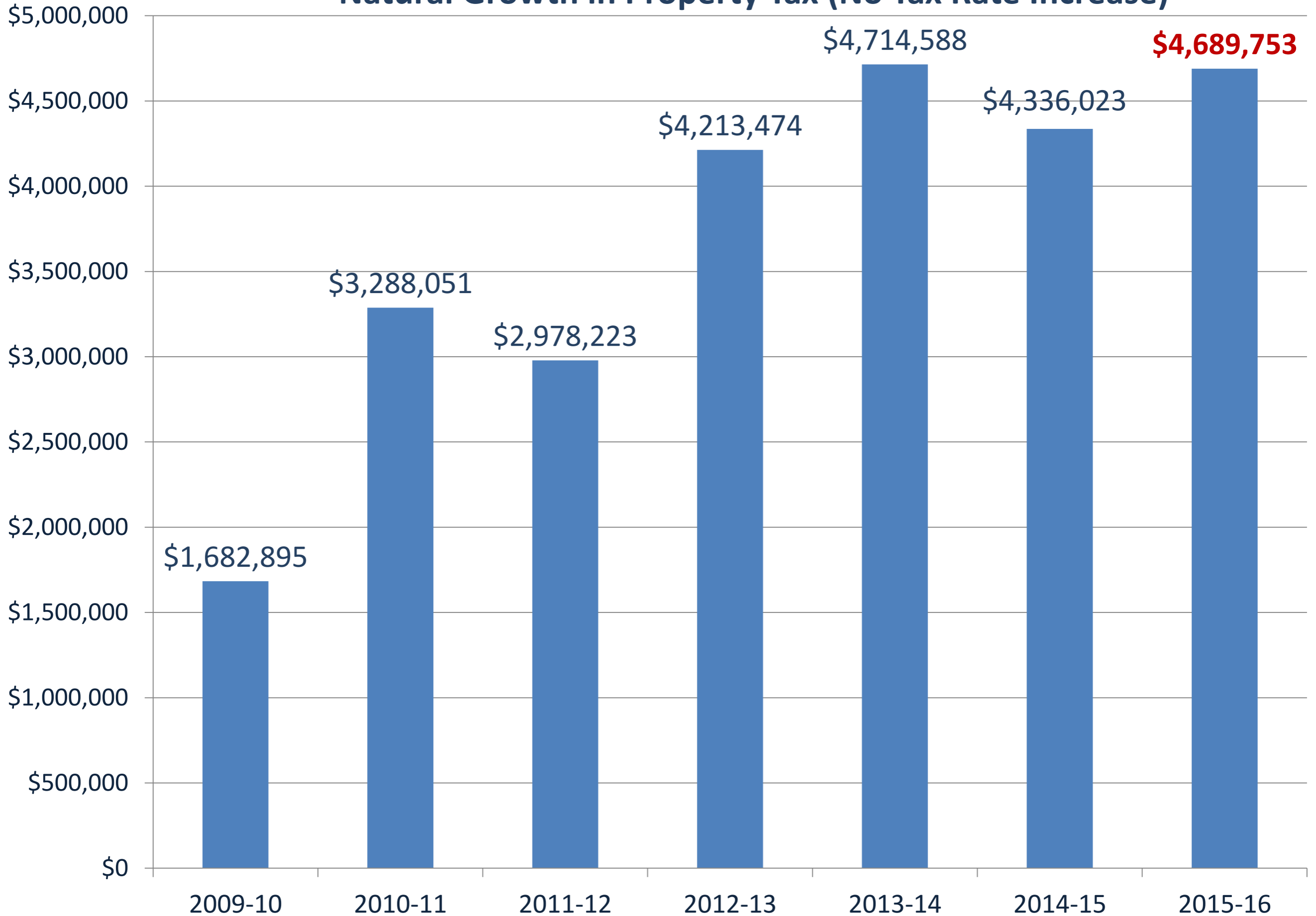
Fund 101

General Fund Revenues - \$378,794,804



Fund 101

Natural Growth in Property Tax (No Tax Rate Increase)

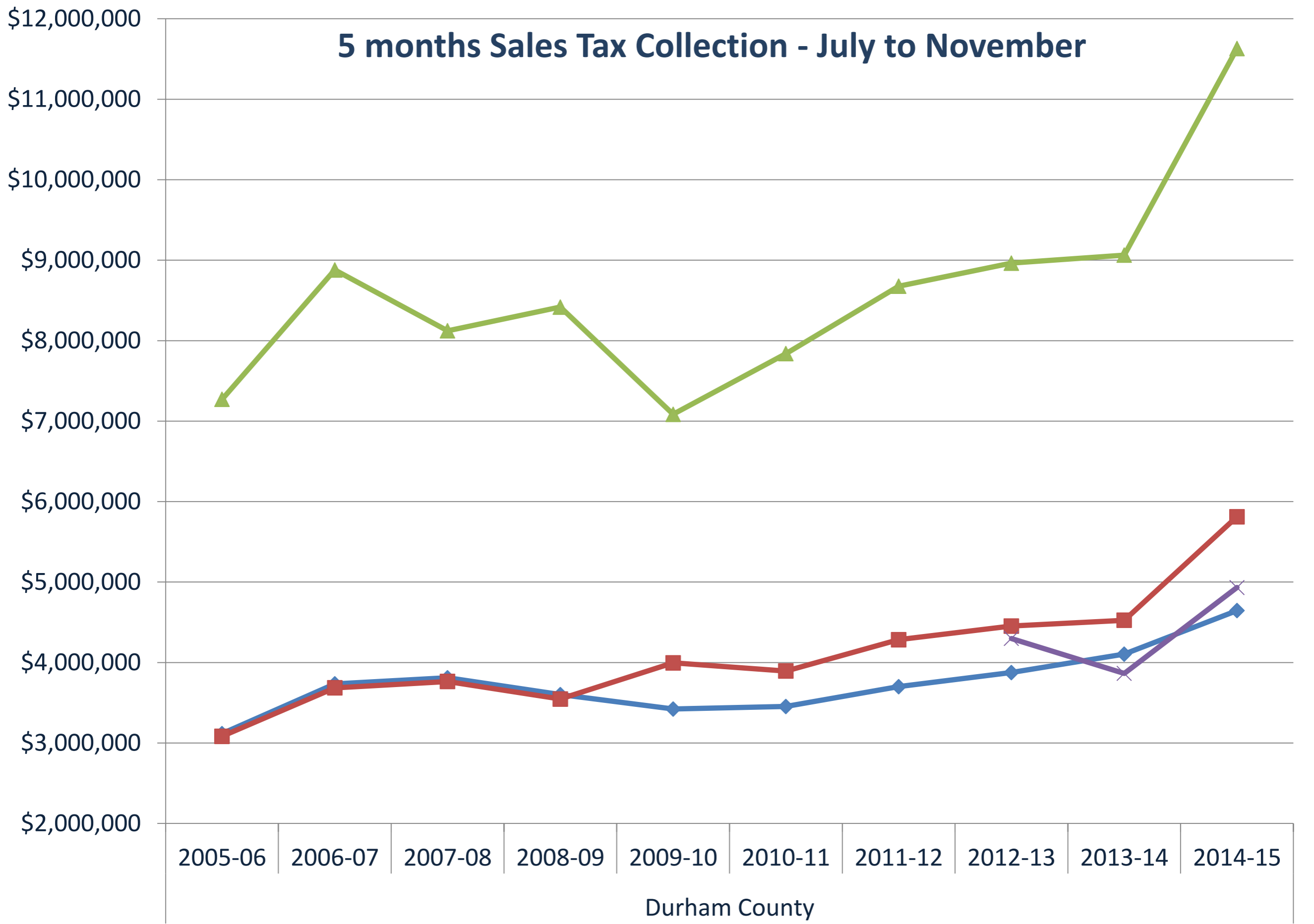


July-November (5 Months) Sales Tax Actual Collection

Sales Tax	2010-11	2011-12	2012-13	2013-14	2014-15	2015 % Inc. From 2014
1/2 Cent (40)	\$3,453,737	\$3,700,049	\$3,875,289	\$4,103,918	\$4,645,235	13.19%
1/2 Cent (42)	\$3,894,038	\$4,283,779	\$4,453,236	\$4,525,552	\$5,810,974	28.40%
1/4 Cent (46)	N/A	N/A	\$4,298,536	\$3,864,552	\$4,932,587	27.64%
1 Cent (39)	\$7,838,639	\$8,677,092	\$8,963,479	\$9,062,761	\$11,630,063	28.33%



5 months Sales Tax Collection - July to November



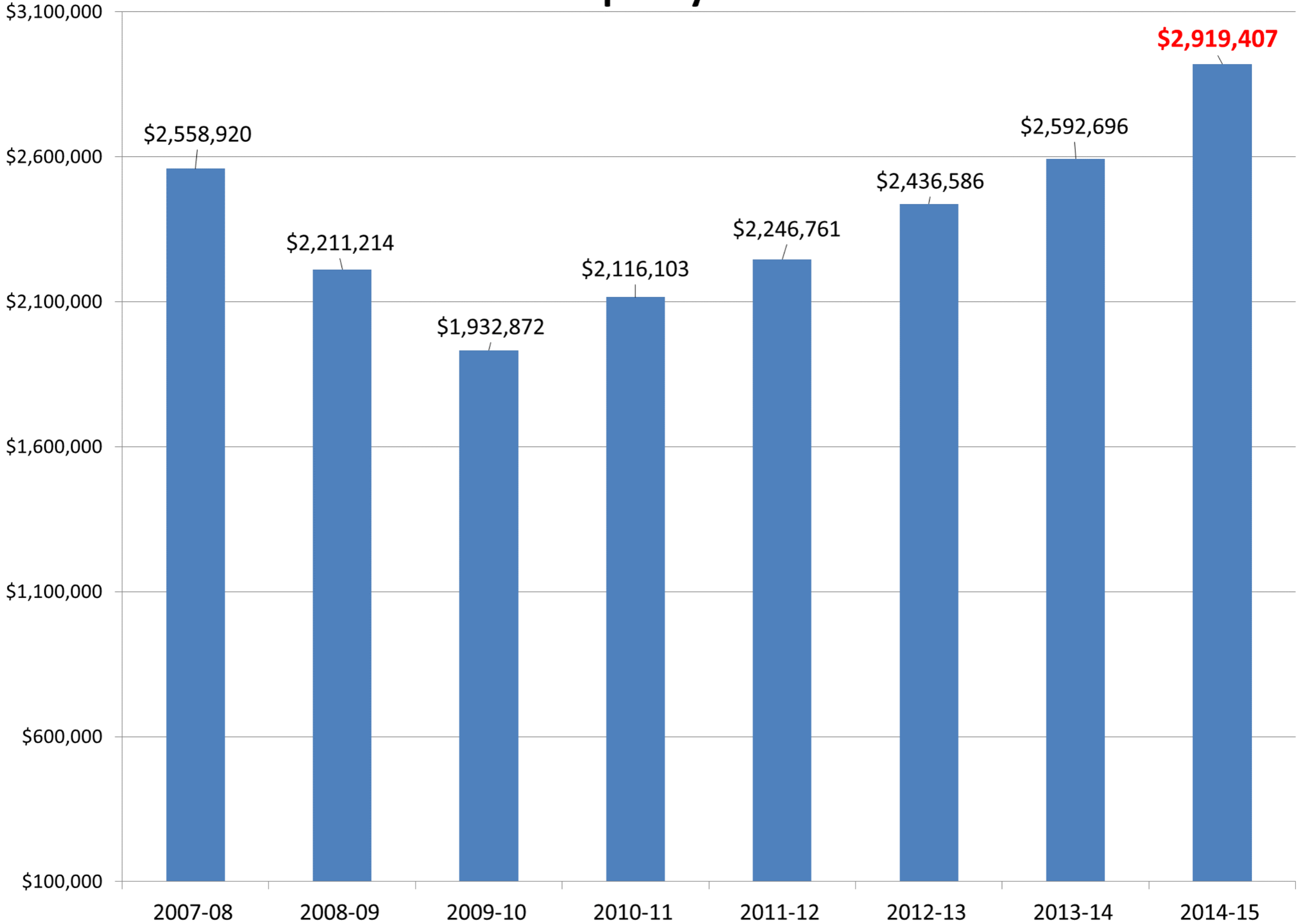
◆ 1/2 Cent (40) ■ 1/2 Cent (42) ▲ 1 Cent (39) ✕ 1/4 Cent (46)

Sales Tax Historical Budget to Actuals

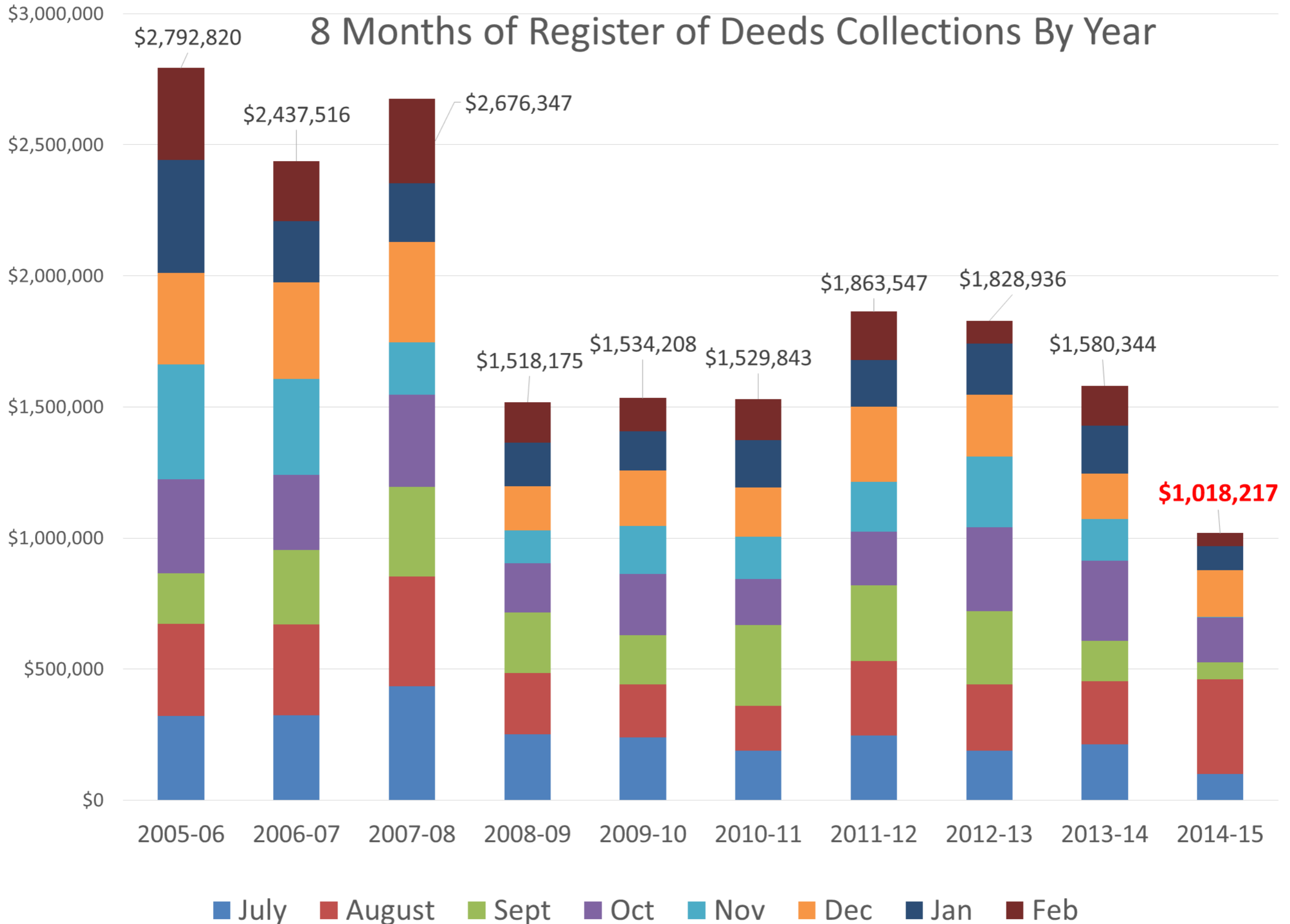
Total Sales Tax	2010-11	2011-12	2012-13	2013-14	2014-15 (YTD)	2015-16 (Projected)
Budgeted	\$39,570,595	\$44,291,087	\$57,788,234	\$57,730,067	\$60,525,372	\$69,827,931
Actuals	\$44,546,244	\$51,368,257	\$58,975,023	\$61,414,431	\$67,818,750	
Difference	\$4,975,649	\$7,077,170	\$1,186,789	\$3,684,364	\$7,293,378	



Local Occupancy Tax Collection



8 Months of Register of Deeds Collections By Year



FY 2015-16 Budget Development

- Assumes slow growth in key revenues (property values & sales taxes)
- Maintain service levels
- Operational budgets developed from base
- Continue to focus on departmental expenditure trends
- New programs or activities must show alignment with County's strategic plan goals
- Higher debt service



FY 2015-16 Estimated Shortfall

- **Revenues Assumptions**

- 2.0% estimated property valuation growth
- 2.9% (15.3% real) sales tax revenue growth
- Other key revenues – little real growth anticipated
- Continued use of lottery funds for school debt service

- **Expenditure Assumptions**

- Prepping for Revaluation
- Inflationary operating expenses
- Deferred maintenance and equipment replacement
- Insurance increases (Health and Dental)
- Continuation of pay for performance
- Compensation study implementation (Phase III)
- Managing For Results Infrastructure



Key Dates for BOCC

- | | |
|-------------------------|--|
| April 6, 2015 | Non-profit Public Comment Period at BOCC Work Session |
| May 26, 2015 | County Manager delivers Recommended Budget to Board of County Commissioners at BOCC Meeting |
| May 27 - June 12 | BOCC Budget Work Sessions |
| June 8, 2015 | Public Hearing on Recommended Budget |
| June 22, 2015 | Adoption of FY 2015-16 Annual Budget Ordinance |
| July 1, 2015 | Beginning of FY 2015-16 Fiscal Year |

