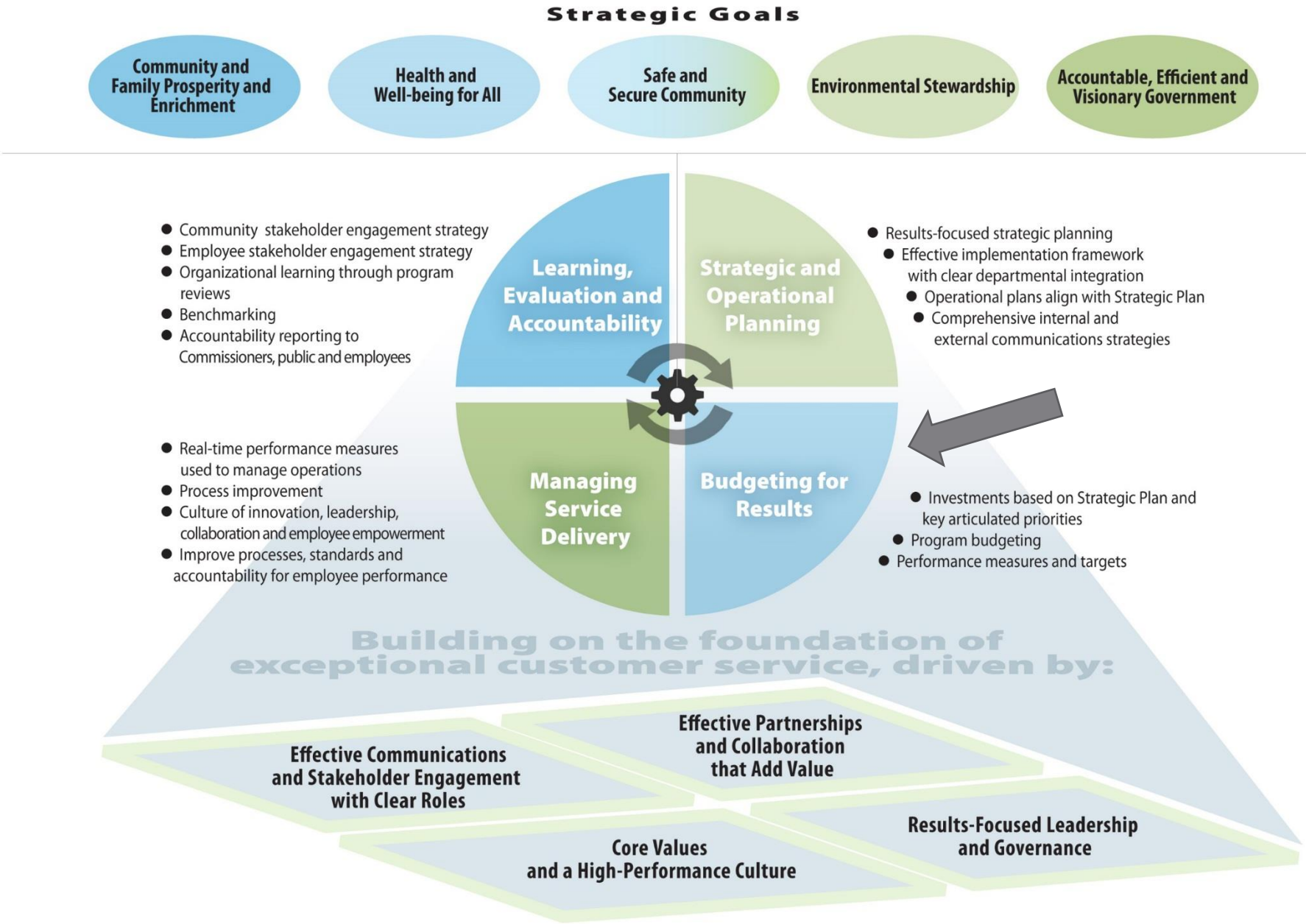
2015-16 County Manager's Recommended Budget

Presented by

Wendell M. Davis, County Manager

May 26, 2015

Managing for Results Model



FY 2015-16 Manager's Recommended Budget

- **Maintenance Budget**
  - **Meets debt obligations**
  - Increases net funding for Durham Public Schools
    - Per pupil funding remains constant
  - Operational increases for public safety
    - Emergency Medical Services
    - Fire District operations
    - Sheriff's Office
  - **Supports "human capital"**
    - Compensation study implementation
  - **Replace and update vital equipment and vehicles**

FY 2015-16 Budget Process

January 2015	Nonprofit budget process started
February 2015	Departmental budget process started
March 2015	BOCC and department budget retreat
March-May 2015	Recommended Budget development
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June 1, 3, and 4, 2015	Budget work sessions
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FY 2015-16 Property Tax

- Tax base valuation increase of $655.8 million (budget to budget) or **2.09%**
- Collection rate remains constant at 99.30%
- Total: an additional **$4.7 million** due to natural growth for General Fund operating and Capital Finance Fund

Tax Base Variances

Category	FY 2014-15 Original Budget	FY 2015-16 Budget Estimate	% Change FY16 from FY15 Budget
Real Property	$ 25,708,434,347	$ 26,152,065,688	**1.73%**
Auto Value	$ 1,799,900,000	$ 1,894,000,000	**5.23%**
Personal Value	$ 3,373,609,112	$ 3,440,862,642	**1.99%**
Public Service	$ 489,915,862	$ 540,732,429	**10.37%**
Total	**$31,371,859,321**	**$32,027,660,759**	**2.09%**

FY 2015-16 Property Tax by Fund

Property Tax	FY 2014-15 Original Budget	FY 14-15 Tax Rate	FY 2015-16 Recommended	FY 15-16 Recommended Tax Rate
General Fund	$218,034,642	69.99	$223,641,981	**70.32**
Capital Financing Fund	$29,033,903	9.32	$28,591,317	**8.99**
Total	**$247,068,545**	**79.31**	**$252,233,298***	**79.31**

*Prior year tax collection decreases $475,000

FY 2015-16 Property Tax

- No net property tax rate increase for FY 2015-16
- 0.33 cents will be moved from the Capital Financing Fund to the General Fund

Debt Service: Education

Debt Areas	Debt Service
Durham Public Schools	$30,160,166
Durham Tech Community College	$1,078,752
NC Museum of Life and Science	$1,495,845
County-Related	$25,482,361
Total Debt Service	**$58,217,124**

Fire Districts

District	FY 2014-15 Original Budget Tax Rate	FY 2015-16 Requested Tax Rate	FY 2015-16 Recommended Tax Rate	Change from FY 2014-15
Lebanon	0.1065	0.1065	0.1065	-
Parkwood	0.1135	0.0000	0.0000	**(0.1135)**
Redwood	0.1386	0.1386	0.1386	-
New Hope*	0.0995	0.0995	0.0995	-
Eno*	0.0799	0.0799	0.0799	-
Bahama	0.0987	0.0987	0.0987	-
Bethesda Service	0.1350	0.0000	0.0000	**(0.1350)**
Durham County Fire & Rescue Service	0.0000	0.1300	0.1300	**0.1300**

*The New Hope and Eno fire tax district rates are established by neighboring Orange County through an inter-local agreement.

FY 2015-16 Sales Tax

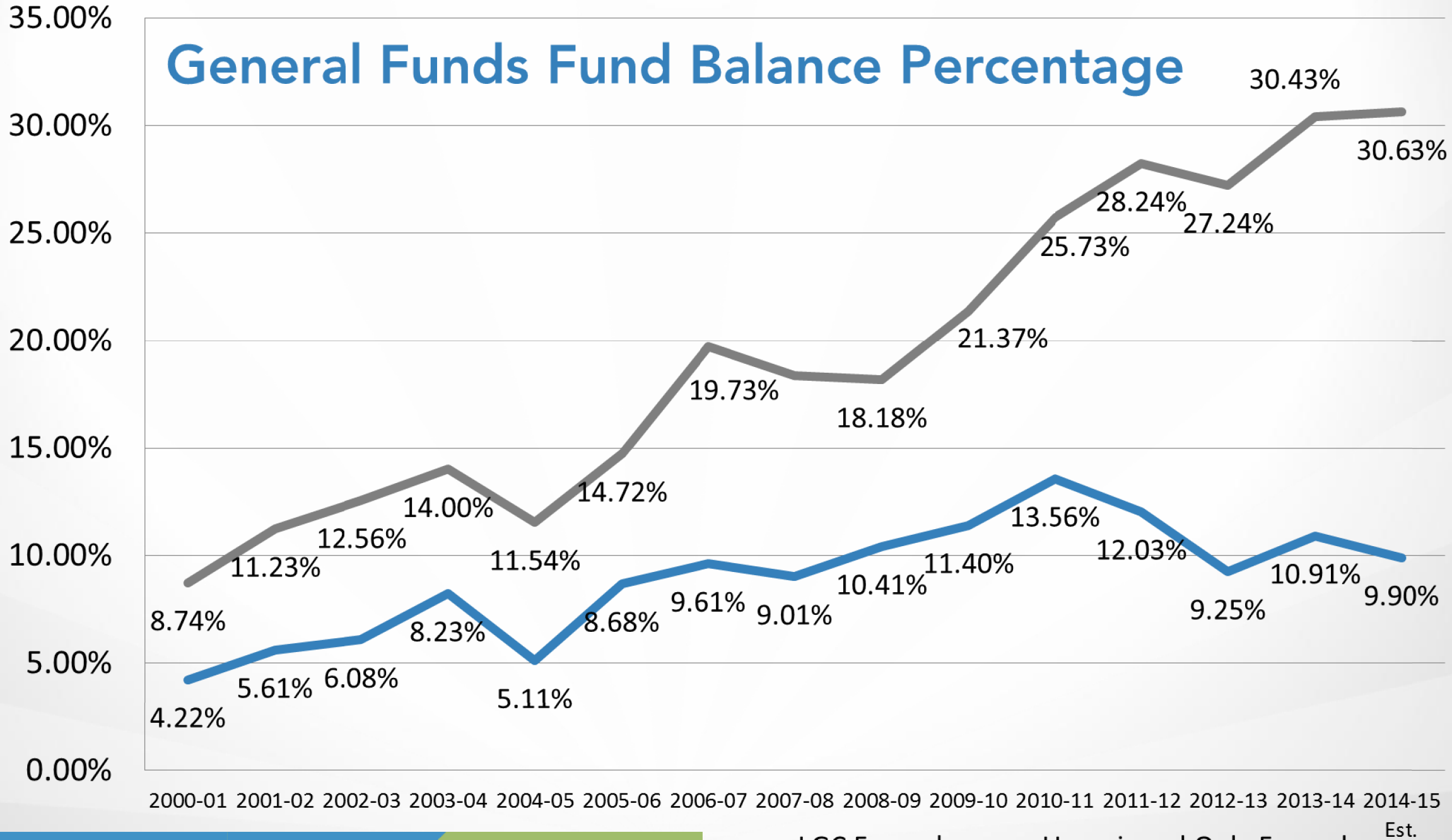
- Durham County has estimated an overall 15.09% increase in all local sales taxes for FY 2015-16

Sales Tax Article	FY 2014-15 Original Budget	FY 2014-15 12 Month Estimate	% from FY 2014-15 Budget	FY 2015-16 Manager Recommended	% from FY 2014-15 Budget
Article 39	$17,899,671	$20,891,544	16.71%	$21,357,953	19.32%
Article 40	$10,137,717	$10,937,909	7.89%	$11,375,429	12.21%
Article 42	$12,211,133	$13,849,730	13.42%	$14,233,465	16.56%
Article 44	$0	$1,789	N/A	$0	N/A
Article 46	$10,300,000	$11,692,495	13.52%	$11,800,000	14.56%
Inter-local	$9,976,851	$10,445,533	4.70%	$10,894,599	9.20%
Total	**$60,525,372**	**$67,819,000**	**12.05%**	**$69,611,446**	**15.09%**

Revenue Highlights

Other Key Revenues	FY 2013-14 Actual Revenues	FY 2014-15 Original Budget	FY 2014-15 12 Month Estimate	FY 2015-16 Manager Recommended
ABC Profit Distribution	$1,500,000	$1,500,000	$1,500,000	$1,500,000
Register of Deeds Fees	$2,146,408	$2,550,000	$1,669,524	$1,750,000
Investment Income	$133,785	$130,000	$152,672	$140,000
EMS Patient Income	$5,775,768	$7,020,900	$7,020,900	$8,074,035
Solid Waste Management Fee	$1,732,735	$1,945,957	$1,896,294	$1,896,294

General Funds Fund Balance Percentage

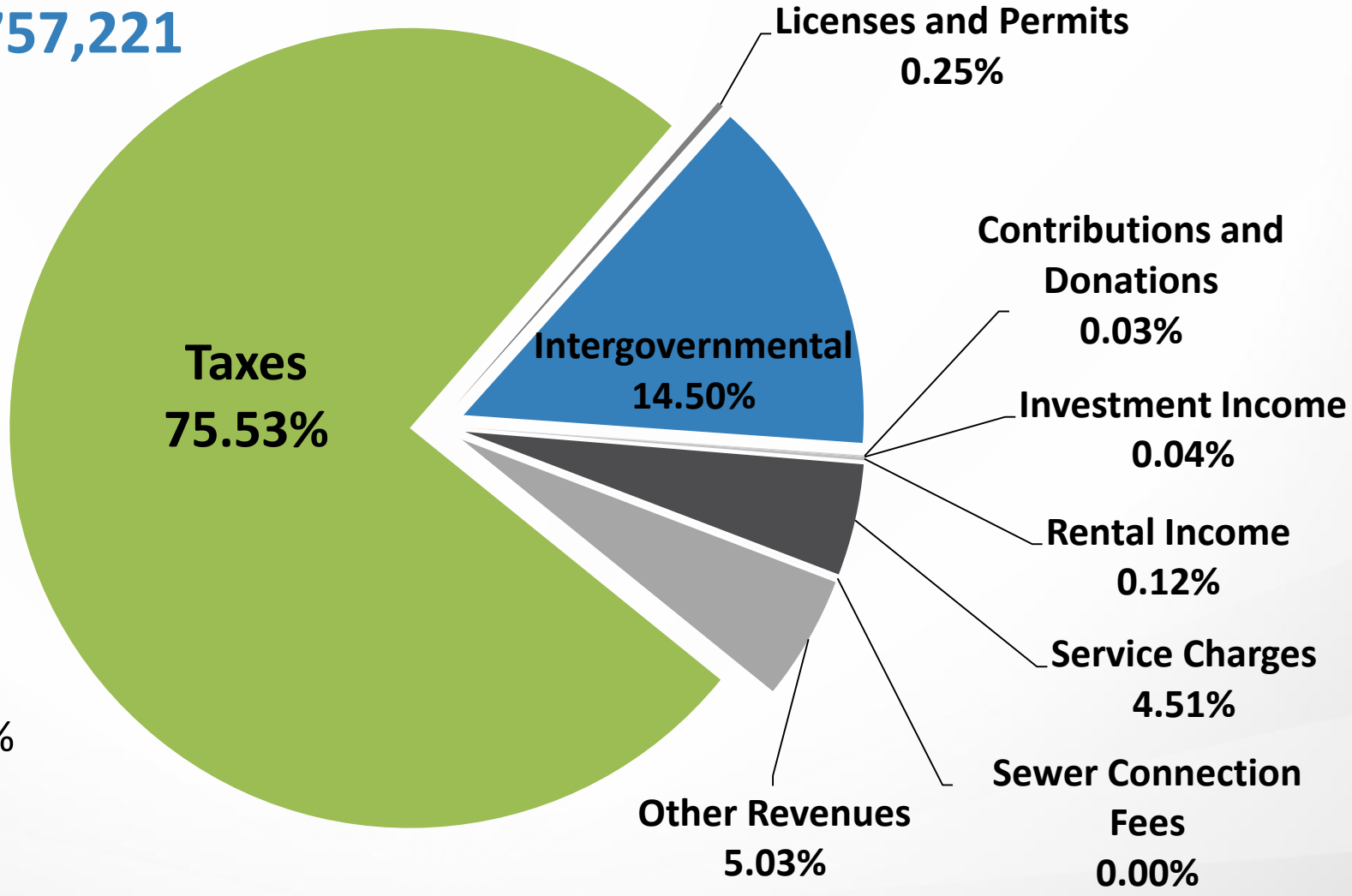


All Funds Summary

Fund	FY 2013-14 Actual Expenditures	FY 2014-15 Original Budget	FY 2014-15 12 Month Estimate	FY 2015-16 Manager Recommended	% Difference (Budget to Budget)
General	$349,244,979	$378,794,804	$369,523,757	$394,757,221	4.21%
Total All Funds	$557,501,806	$550,563,262	$540,034,855	$564,124,229	2.46%

General Fund Revenues

Total Amount = $394,757,221



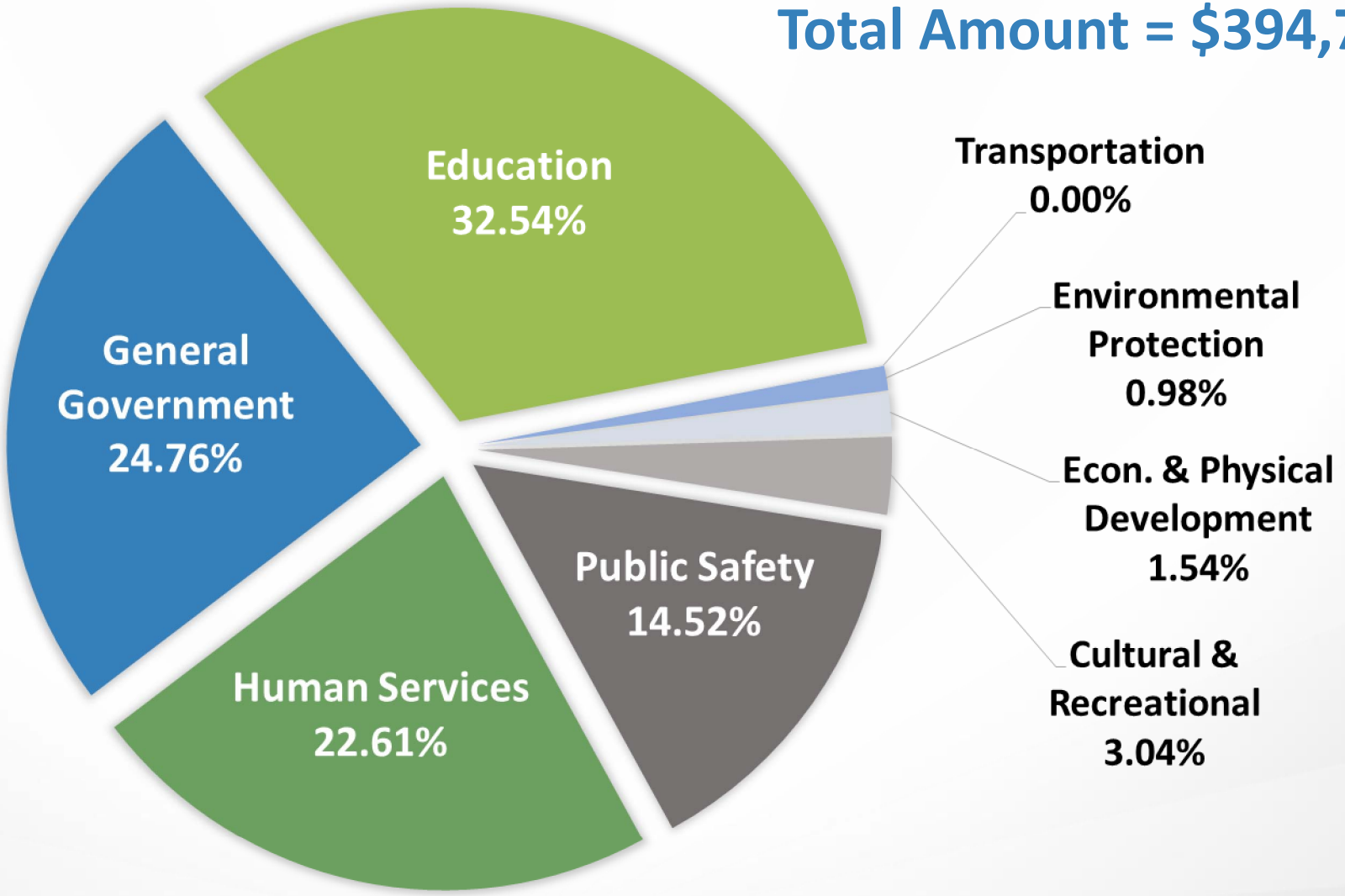
<u>Other Revenues</u>
Other Financing Sources = 4.90%
Other Revenues = 0.13%

General Fund Revenues

Funding Source	FY 2013-14 Actual Revenues	FY 2014-15 Original Budget	FY 2014-15 12 Month Estimate	FY 2015-16 Manager Recommended	% Change (Budget to Budget)
Taxes	$282,232,973	$283,741,515	$291,977,753	$298,158,424	5.08%
Licenses and Permits	$1,357,467	$791,500	$1,046,505	$976,000	23.31%
Intergovernmental	$50,723,858	$54,114,346	$53,084,066	$57,250,044	5.79%
Contributions and Donations	$248,393	$49,767	$40,682	$138,133	177.56%
Investment Income	$133,785	$130,000	$152,672	$140,000	7.69%
Rental Income	$627,872	$505,751	$497,956	$460,074	(9.03%)
Service Charges	$15,770,300	$17,683,185	$15,781,653	$17,785,041	0.58%
Sewer Connection Fees	$245,058	$201,000	$72,488	$1,000	(99.50%)
Other Revenues	$1,105,086	$929,062	$707,160	$506,991	(45.43%)
Other Financing Sources	$9,000,112	$20,648,678	$9,823,792	$19,341,514	(6.33%)
Total	**$361,444,904**	**$378,794,804**	**$373,184,725**	**$394,757,221**	**4.21%**

General Fund Expenditures

Total Amount = $394,757,221



General Fund Expenditures

Functional Area	FY 2013-14 Actual Expenditures	FY 2014-15 Original Budget	FY 2015-16 Requested	FY 2015-16 Manager Recommended	% Change (Budget to Budget)
General Government	$76,783,900	$92,496,650	$96,258,083	$97,731,645	5.66%
Public Safety	$48,919,291	$53,324,193	$72,309,391	$57,309,106	7.47%
Transportation	$12,500	$12,500	$12,500	$12,500	0.00%
Environmental Protection	$3,174,840	$3,720,399	$3,878,050	$3,886,750	4.47%
Econ. & Physical Development	$4,596,988	$5,269,761	$6,904,354	$6,082,940	15.43%
Human Services	$79,354,866	$85,939,210	$90,621,357	$89,258,670	3.86%
Education	$125,721,000	$126,454,721	$135,314,432	$128,465,669	1.59%
Cultural & Recreational	$10,681,595	$11,577,370	$13,000,241	$12,009,942	3.74%
Total	**$349,244,979**	**$378,794,804**	**$418,298,408**	**$394,757,221**	**4.21%**

Budget Highlights

Goal 1: Community and Family Prosperity and Enrichment

Durham Public Schools Funding

Category	FY 2013-14 Actual Expenditures	FY 2014-15 Original Budget	FY 2015-16 Requested	FY 2015-16 Manager Recommended	% Change (Budget to Budget)
Current Expense	$118,233,311	$118,863,146	$126,710,764	$120,685,356	1.53%
Capital Outlay	$1,370,000	$1,370,000	$1,370,000	$1,370,000	0.00%
Total	**$119,603,311**	**$120,233,146**	**$128,080,764**	**$122,055,356**	**1.52%**
School Debt Service	$26,820,112	$30,114,672	$30,160,166	$30,160,166	0.15%
Total Funding	**$146,423,423**	**$150,347,818**	**$158,240,930**	**$152,215,522**	**1.24%**

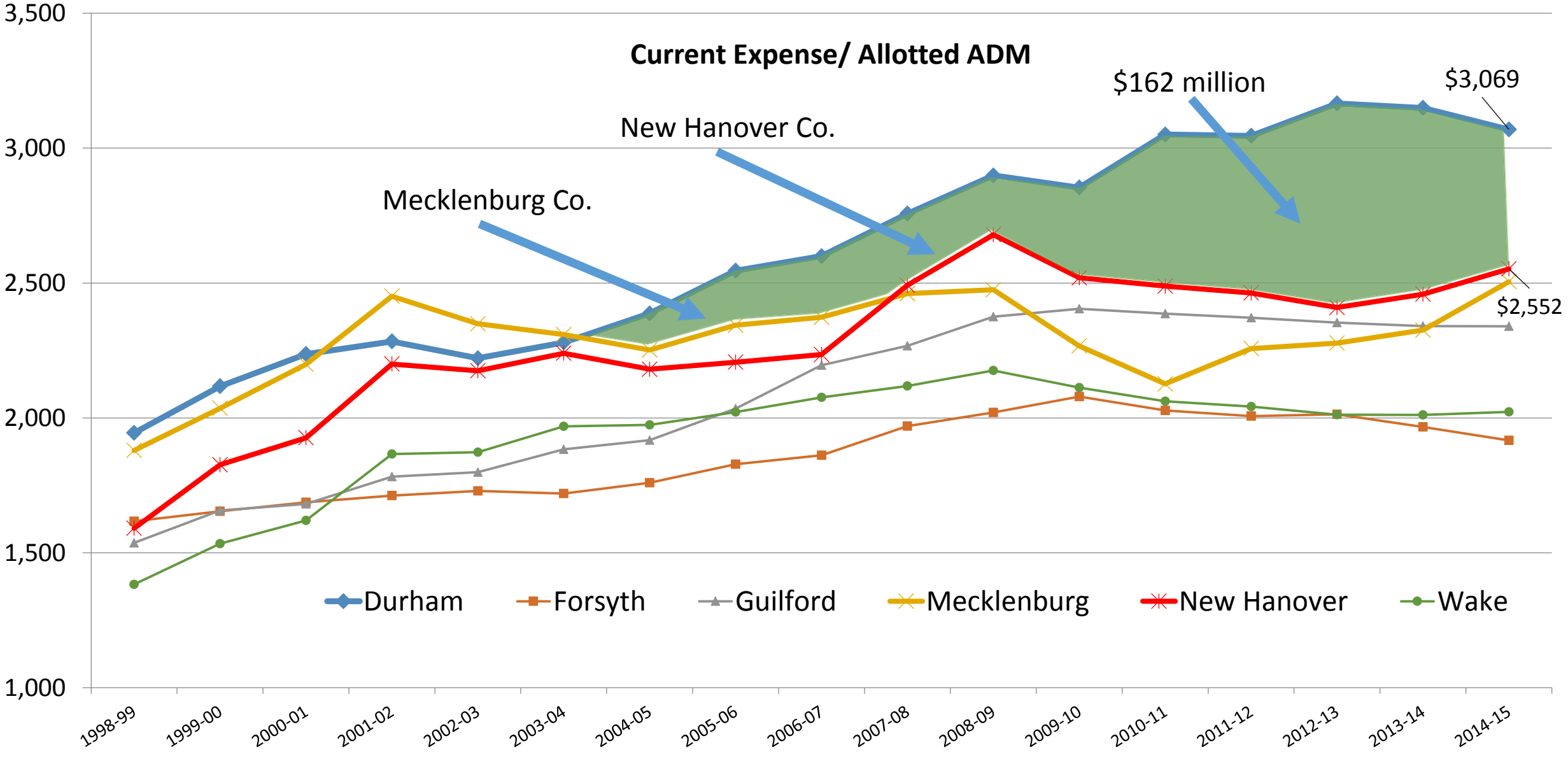
Durham Public Schools Funding

- **Current expense increase: $1,822,210**
- Article 46 sales tax growth
  - DPS: $1,472,891
  - Pre-K: $47,618
  - Additional General Fund support: $301,701

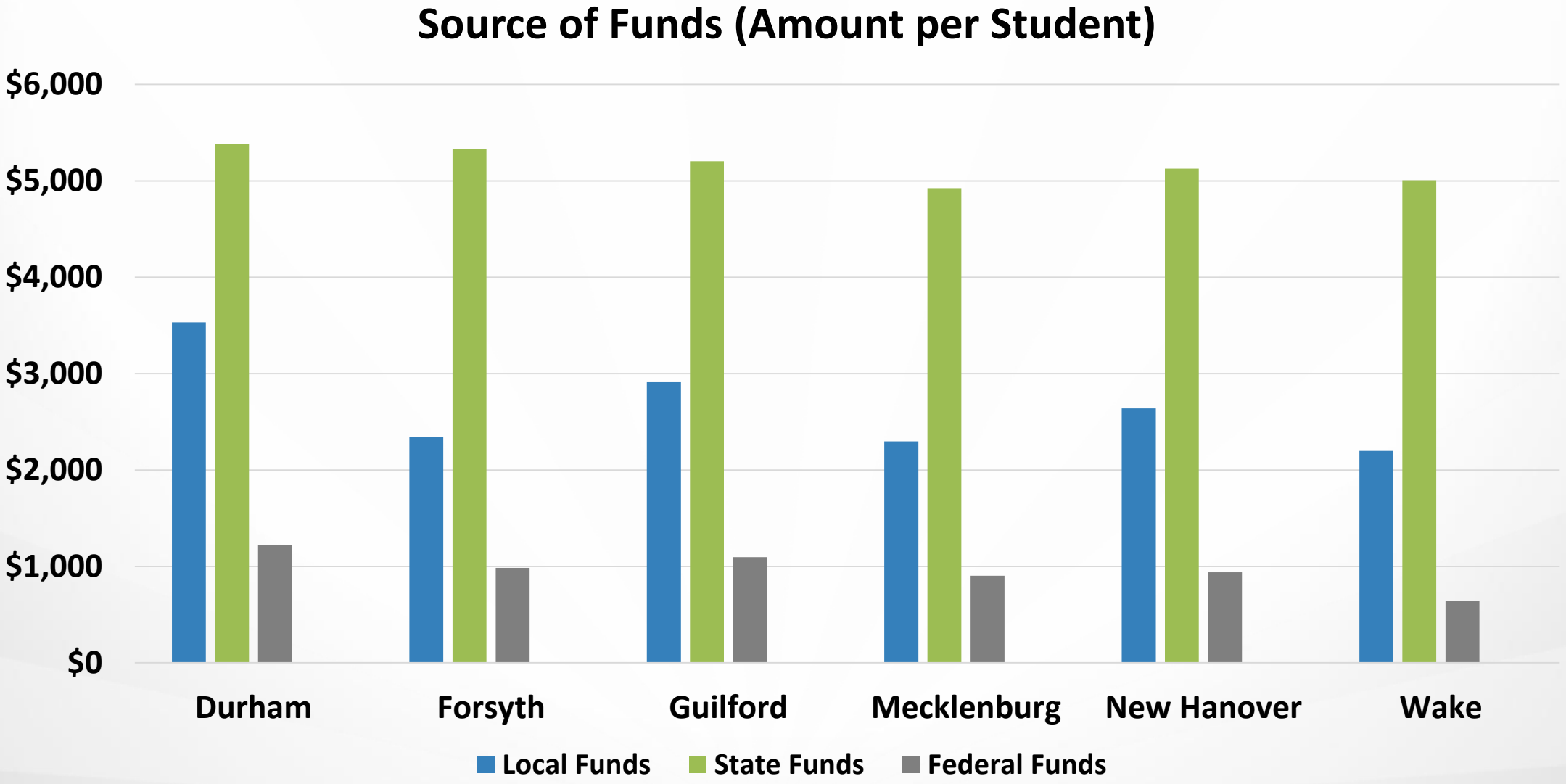
Durham Public Schools Funding

- Current expense: $120,685,356
  - DPS: $120,218,568
  - Pre-K: $466,788
- DPS student projections
  - DPS: 33,900 (250 expected growth)
  - Charter: 5,424 (340 expected growth)
  - Total: 39,324 (590 expected growth)
- **Per pupil funding: $3,069 per pupil**

Over 12 years, DPS has spent $162 million more than the next nearest peer county (per pupil funding).



NC Report Card Data – Dept. of Public Instruction



Source: NC Department of Public Instruction, FY 2013-14 Report Cards

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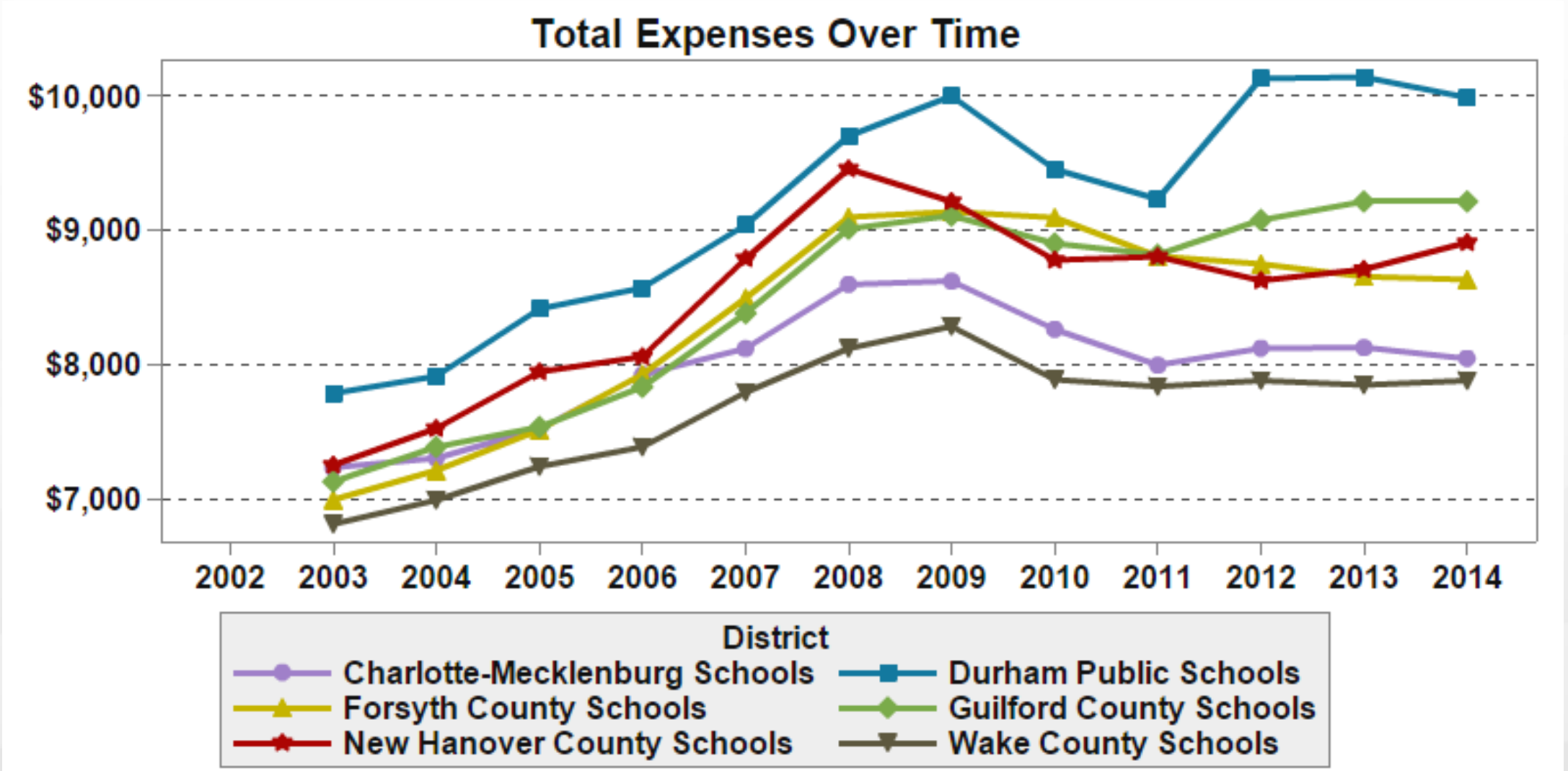
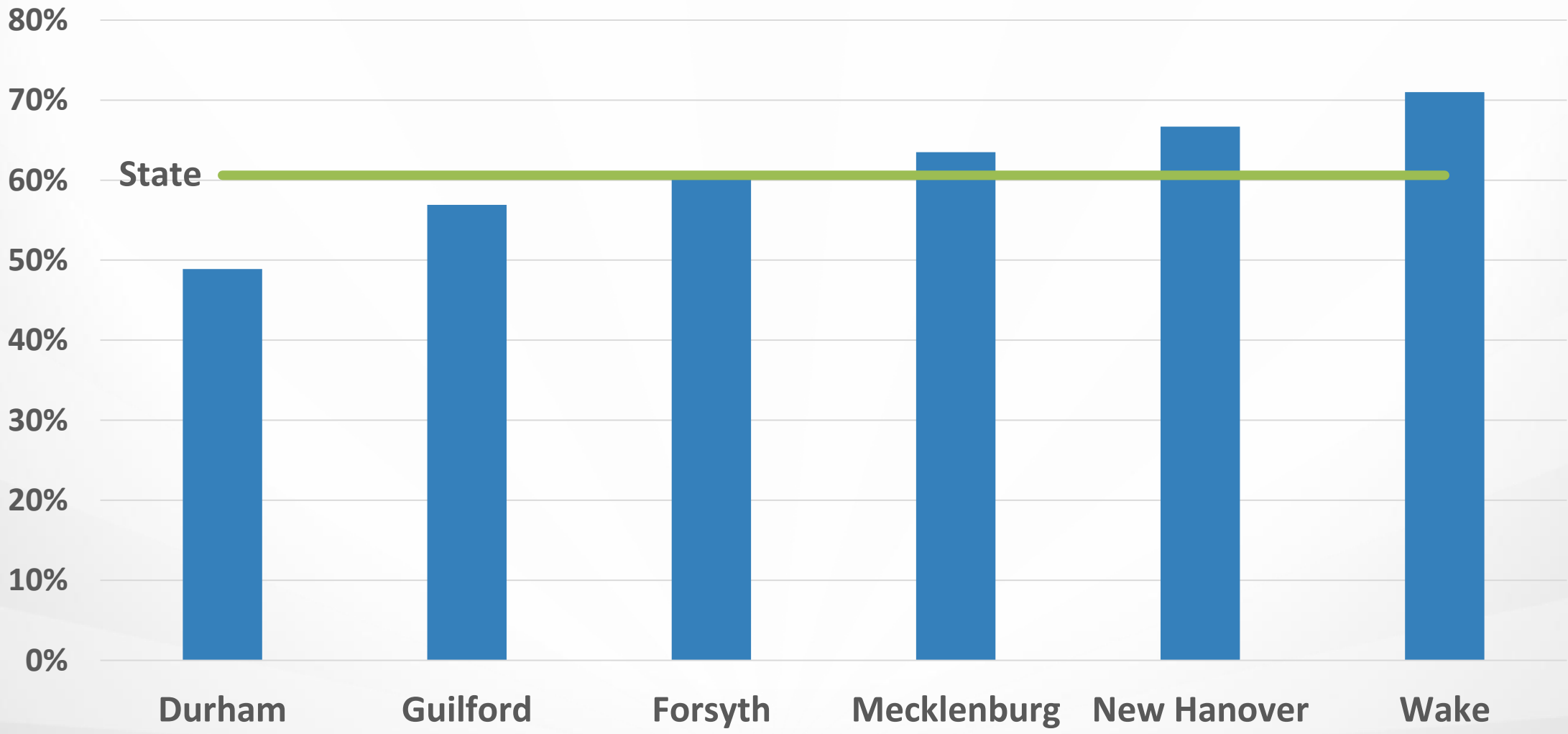


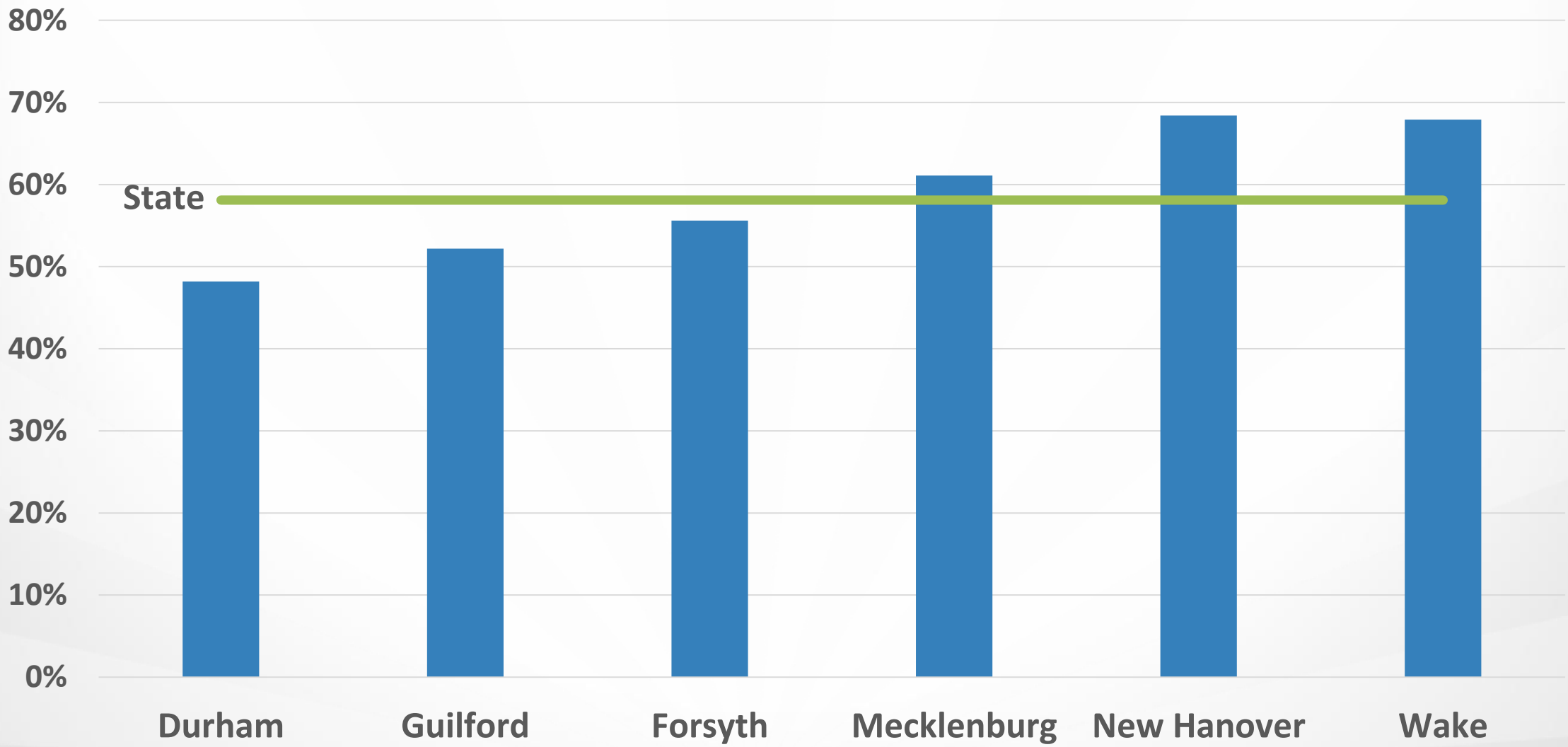
Source: NC Department of Public Instruction, FY 2013-14 Report Cards

Overall End of 3rd Grade Proficiency



Source: DPI Report Cards 13-14

Overall End of 5th Grade Proficiency



Source: DPI Report Cards 13-14

NC Report Card Data – Dept. of Public Instruction

Annual Measurable Objectives			
County	**Targets Met**	**Targets Assigned**	**% Met**
Durham	109	188	58.0%
Forsyth	133	188	70.7%
Guilford	135	208	64.9%
Mecklenburg	159	205	77.6%
New Hanover	144	169	85.2%
Wake	155	206	75.2%

Goal 1: Community and Family Prosperity and Enrichment

- **Durham Technical Community College**
  - **$196,430 increase in Article 46 sales tax revenue.**
- **Libraries**
  - **$210,000 technology van (mobile outreach)**
- **Museum of Life and Science**
  - **$88,997 to support operating expense increases**

Goal 1: Community and Family Prosperity and Enrichment

Nonprofit Funding

- **79 applications for funding = $1,926,233**
  - Of those 79 applicants, 46 were funded in FY 2014-15
- **42 agencies funded**
  - Three (3) funded in FY 2014-15 did not reapply
  - Senior PharmAssist is now funded by Public Health
- **Total: $640,038**, a 21.82% reduction from FY 2014-15
- No new funding recommended for nonprofits (currently funded and new applicants)

Budget Highlights

Goal 2: Health and Well-being for All

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Department of Social Services

- 11 part-time positions transitioned to full-time

  2.65 FTE impact, ($109,642)

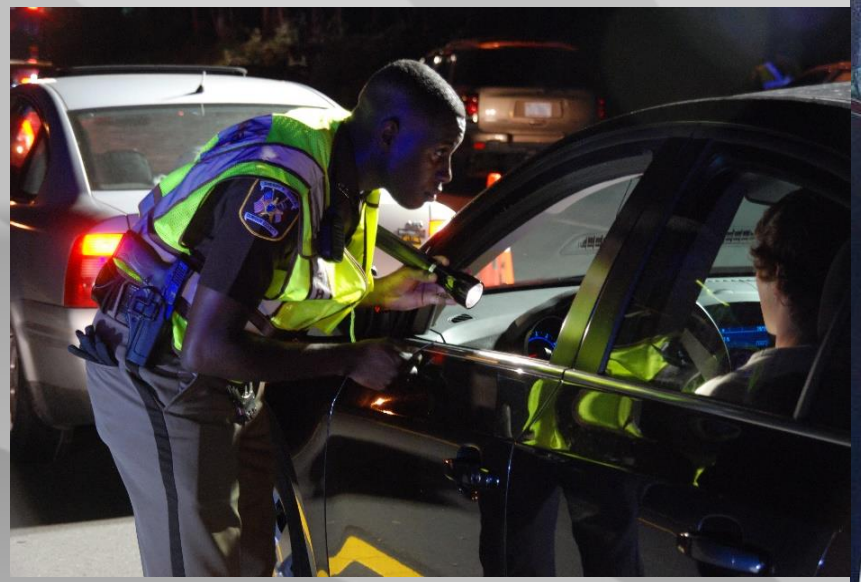
- Realignments support increased services for Child Support, Home-centered Care, Adult Services, and Durham Public Schools' social workers

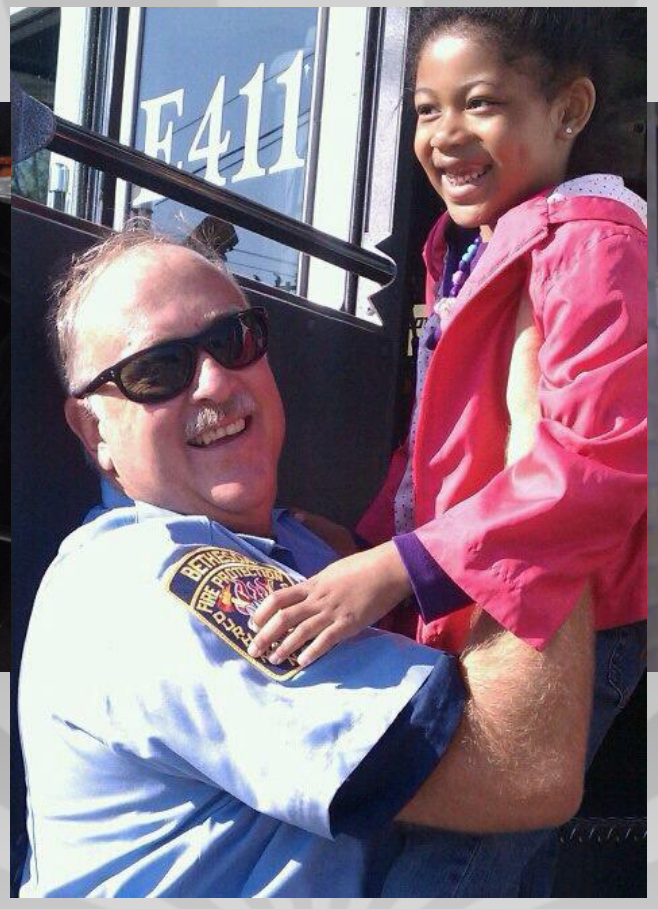
Goal 2: Health and Well-being for All

- **Public Health**
  - Funding allocated to support three (3) Public Health school nurses ($225,111) that were previously funded though the Community Health Trust Fund

Budget Highlights

Goal 3: Safe and Secure Community





Goal 3: Safe and Secure Community

- **Emergency Medical Services**
  - Funds eight (8) positions, equipment and vehicles for existing ambulance deployment; replacement equipment and vehicles
  - Changed billing approach to improve operational efficiencies
    - Projected to generate an additional $1 million due to process change
- **Sheriff**
  - Funds seven (7) positions; supports vehicle and equipment replacement

Budget Highlights

Goal 4: Environmental Stewardship

Goal 4: Environmental Stewardship

- **Soil and Water Conservation**
  - A Watershed Conservationist position is being created to develop a Local Nutrient Control Strategy to carry out the Falls Lake Watershed Rules mandate ($57,208)

Budget Highlights

Goal 5: Accountable, Efficient, and Visionary Government

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MFR Infrastructure Improvements

- Bolster organizational capacity to improve enterprise resource planning (ERP). Develop plan to integrate Systems Applications Product (SAP) and other platforms required for a successful data management system.
- In August 2015, staff will communicate action plan required for full MFR implementation ($400,000)

Goal 5: Accountable, Efficient, and Visionary Government

- **Elections**
  - During the FY 2015-16 budget year, the Board of Elections may be required to conduct 5 elections, including the newly mandated Presidential Preference Primary
- **Revaluation**
  - Tax Administration budget increased due to eight-year revaluation which occurs in FY 2015-16

Position Highlights

- Addition of 27.65 FTEs
- Elimination of 8 FTEs
- Net increase of 19.65 FTEs

Public Hearing for the FY 2015-16 Budget

Monday, June 8, 2015

7:00pm

Commissioners' Chambers

BOCC Budget Review

Monday, June 1	**2 pm – 5 pm**
Wednesday, June 3	**12 pm – 5 pm**
Thursday, June 4	**9 am – 2 pm**

Budget Document Available For Public Viewing

- Durham County Website

- Clerk To the Board of County Commissioners Office

  Second Floor, Administrative Complex

- Durham County Main Library

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Budget Adoption

Monday, June 22, 2015

7:00pm

Commissioners' Chambers