

## Expenditure Summary & Long-term Financial Goals

### Summary of Changes to the Recommended Budget

As state law requires, the County Manager develops a “recommended” budget that is presented to Commissioners in early May. Commissioners hold public hearings and work sessions to review the recommended budget in depth, then make changes to the recommended budget before the final budget is approved. Overall, Commissioners reduced the

general fund budget by \$500,300 and reduced the tax rate by 0.1 cents. Below is a list of the changes Commissioners made to the FY 2009-2010 budgeted expenditures by fund. (Note that an offsetting reduction in revenue was also made. Please see the Revenue Assumptions section for an explanation.)

#### General Fund:

| Action   | Addition/<br>(Reduction) |
|--|--------------------------|
| Reduce retirement percentage (software problems)           | (2,279)                  |
| Reduce Triangle J dues                                     | (935)                    |
| Reduce RPO allocation                                      | (2,500)                  |
| Add management analyst benefits                            | 12,401                   |
| Reduce Cooperative Extension budget for director's vacancy | (14,380)                 |
| Increase hours for CCCC sustainable instructor             | 18,344                   |
| Reduce allocations to nonprofits                           | (7,495)                  |
| Reduce funds budgeted for Chapel Hill-Pittsboro bus        | (87,000)                 |
| Reduce contingency   | (50,000)                 |
| Increase emergency assistance                              | 6,000                    |
| Reduce recreation grants to organizations                  | (5,000)                  |
| Reduce parks capital reserve                               | (22,266)                 |
| Reduce transfer to debt reserve                            | (80,000)                 |
| Reduce transfer to debt reserve (to balance the budget)    | (45,190)                 |
| Move expense for satellite backup to 911 Fund              | (220,000)                |
| <b>Total Changes</b>                                       | <b>(500,300)</b>         |

#### Water Fund Expenditures:

| Action                               | Addition/<br>(Reduction) |
|--------------------------------------|--------------------------|
| Reduce retirement (software problem) | (173)                    |

#### Waste Management Fund Expenditures:

| Action                               | Addition/<br>(Reduction) |
|--------------------------------------|--------------------------|
| Reduce retirement (software problem) | (94)                     |

#### Facility Reserve Expenditures:

| Action                    | Addition/<br>(Reduction) |
|---------------------------|--------------------------|
| Reduce facilities reserve | (125,190)                |
| Reduce Parks future use   | (22,266)                 |
| <b>Total</b>              | <b>(147,456)</b>         |

## Budget Reductions:

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In order to balance the budget without a tax increase, significant cuts were needed. Consistent with commissioners' direction, all departments were asked to submit a continuation budget with a zero percent increase. In addition, departments were asked to identify further cuts. Most of these cuts appear as negative amounts in the "expansion column" and are explained

briefly in each department. Some departments simply cut their continuation budget, so these cuts are not as apparent. Overall, the General Fund was reduced by 3% from FY 2009. When the 73% increase in debt service is considered, the General Fund budget decreased by 7.5%.

## Board of Commissioners Goals:

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At their annual Budget Summit, commissioners adopted goals for the FY 2009-2010 budget. Below is a summary of the goals and how the FY 2010 Recommended Budget addresses them. Please see Appendix D for a complete list of goals and strategies.

**Open Government:** Increase constructive citizen engagement and promote greater citizen understanding of county government's decision-making and operations.

*Staff is working to make commissioners meetings more citizen friendly, including dual projection screens and public wireless access in meeting rooms. Though not specifically budgeted, county staff will make arrangements to hold commissioners meetings in different locations throughout the county, develop a comprehensive legislative goals process, and look for ways to reward innovation and efficiency.*

*The budget document includes a number of changes made to make it a more effective tool for decision makers and citizens, including:*

- *A more detailed table of contents*
- *Organizational charts for each department*
- *A list of major responsibilities for each department*

- *An explanation of each budget*
- *A revenue and expenditure summary of operating funds*
- *Flow charts on transfers in and out of operating funds and*
- *Updated work plans that, for the most part, have meaningful goals, objectives, and performance measures.*
- *Total budget for agencies funded from other sources (schools, community college, mental health, etc.)*
- *Total budgets for large departments (health, sustainable communities, sheriff, etc.) in Appendix E.*

**Land Use Planning:** Land use decisions are to be made consistent with the Land Conservation and Development Plan including (1) Preserving both form and function of rural character; (2) Encouraging compact communities with a mix of activities; (3) Designating economic development centers to promote a diversified, sustainable business community; (4) Developing an integrated approach to protecting and promoting high-quality open space, recreation, historical and tourism locations; (5) Ensuring long-term quality and availability of groundwater and surface water resources; and (6) Providing

infrastructure in ways that support land use, economic development and environmental objectives regarding water supply, wastewater and transportation.

*The budget addresses this goal in the following ways:*

- *Includes funding for the Sustainable Communities Department*
- *Provides for funds to update the Land Development and Conservation Plan*
- *Includes as expansion a transportation planner position in the Planning Department.*
- *Allocates funds to subsidize bus service between Pittsboro and Chapel Hill*

**Fiscal Management:**

- Maintain bond rating by ensuring the county's credit-worthiness by managing the use of debt and using best practices to manage Chatham's operational resources.
- Maintain an affordable and competitive tax rate.
- Promote greater efficiencies through innovative solutions.

*The budget addresses this goal in the following ways:*

- *Consistent with direction from commissioners, the Recommended Budget is based on a revenue-neutral tax rate. In addition, departments have identified significant savings.*
- *The budget does provide for sharing of personnel. Central Permitting staff will provide administrative support for the Sustainable Communities Director, allowing an unfilled position to be eliminated from that department. The manager envisions additional job-sharing opportunities, particularly in departments that provide development-related services.*
- *Two unfilled building inspection positions are zeroed out. A position in central permitting is zeroed and the*

*person filling it will be transferred to another department (social services).*

- *Staff is currently finalizing the Impact Fee Report and a report on moving school nurses from the school system to the health department. These documents will be presented at a budget work session.*
- *The budget does not present options for implementing the pay study, as that is not considered financially feasible at this time.*
- *The budget continues to devote five cents on the property tax rate to the debt model. Slowing development fees and more rigid financing terms make this necessary.*
- *The Manager's Office budget includes funds for a temporary employee to assist in implementing a comprehensive review of all departments on a regular cycle.*
- *Funding for nonprofit agencies has been increased proportional to the increase in property tax revenue.*

**Conservation:** Improve the quality of our water and our air by permitting and enforcing ordinances and regulations, which involves ongoing testing and monitoring of environmental conditions.

*Aside from bus service mentioned above, the budget includes no specific funding for these items, but ongoing efforts include a performance contract to increase the energy efficiency of county buildings, a telecommuting policy, submission of a grant for fuel-efficient vehicles, options for effective waste management, etc.*

**Public Safety:**

- Create a state of readiness to respond to community disasters/situations.

- Provide efficient criminal justice system, supporting the court system.
- Operate a secure jail.

*The Recommended Budget addresses this goal in the following ways:*

- *Funds to hire two temporary staff to ensure four persons per shift in emergency dispatch.*
- *County funds to retain two previously grant-funded positions in the Sheriff's Office. Both positions are partially funded by grants in FY 2010.*
- *Fire department budgets have been reviewed thoroughly by the Finance Officer and Fire Marshal. In addition, at the start of the budget process, Fire Departments were provided their "revenue-neutral" tax rate.*

**Personnel/Hiring/Staffing:**

- Promote a high-quality, well-trained workforce that performs in a citizen-friendly environment.
- Promote respect and appreciation for cultural and ethnic diversity.
- Provide market-driven competitive pay.
- Ensure diversity within county employment.
- Ensure adequate staff development and training.

*The Recommended Budget addresses this goal in the following ways:*

- *Funds are provided for a cultural competency survey, the first step in providing cultural competency training for employees.*
- *All filled positions are retained (one position will be transferred) to ensure the county is ready to meet future service needs.*
- *Unfortunately, because of economic circumstances, market-driven pay is not addressed.*

**Economic Development:** Chatham County's growth is out of balance. Our residential growth has been rapid, yet our economic and job growth has been weak. Almost 60% of Chatham residents who hold jobs work outside the county. Moreover, the jobs outside the county are higher paying than those inside the county. In the last year, we have restructured the Economic Development Corporation (EDC) and completed a strategic plan for economic development. Now is the time for the Board of Commissioners and EDC to implement that plan. We need to recognize where we have competitive advantages; identify clustering opportunities; work with Central Carolina Community College (CCCC) to provide relevant job training; work with all parts of the county in a way that recognizes economic development needs are different in different parts of the county; and work with the municipal governments and improve our infrastructure resources, such as water, sewer and broadband. We also need to recognize that quality of life issues are critical for attracting, retaining and growing businesses and that our economic growth and stability will depend on small businesses.

*The Recommended Budget addresses this goal in the following way:*

- *Funds are provided for a position in the Economic Development Corporation to provide consistent administrative support and ensure that the office is open during business hours. (The Economic Development Corporation was able to fund this position, while still reducing the county's appropriation.)*
- *The NC Small Business Technology Development Center (SBTDC) has just completed a study which found that a physical incubator is not yet viable, because the county does not form enough new*

*businesses each year. The study recommends instead that the Economic Development Corporation develop a nurturing culture for entrepreneurship by becoming the central point for support and referral for new businesses and that the physical incubator idea be revisited within the next three years. The EDC will be reviewing the study recommendations over the next few months.*

**Schools:** The commissioners are committed to working with the Board of Education (BOE) and school administration to improve public education in Chatham County. Our children are our future and that future will be a lot brighter with a strong school system. Moreover, economic development benefits greatly when local governments have a high-quality school system. We are fortunate in Chatham County to have a Board of Education, county school system, and Board of Commissioners who work well together with common purpose. We are all committed to developing a forward-looking school construction program, renovating and maintaining our current schools, providing a safe environment for our students, and recruiting and retaining good teachers. We also recognize the

importance of the community college system in providing educational opportunities for our citizens and we will support it. Central Carolina Community College (CCCC) will be covered in both economic development and schools.

**Other Goals/Issues:**

- Coordinate efforts focused on obesity, linking Health Department, Cooperative Extension, Recreation, Schools, and others concerned about this issue.
- Coordinate promotions to buy locally produced agriculture products.
- Increase public access to computer/internet, especially for job hunting (libraries, CCCC, and schools should work together on this issue).
- Work closely with municipalities to help resolve common problems and attain greater efficiencies.

**Tax Rate/Budget Direction:** Prepare a revenue-neutral budget with additional items “packaged” in terms of their effect on the tax rate.

*The Recommended Budget meets this directive.*

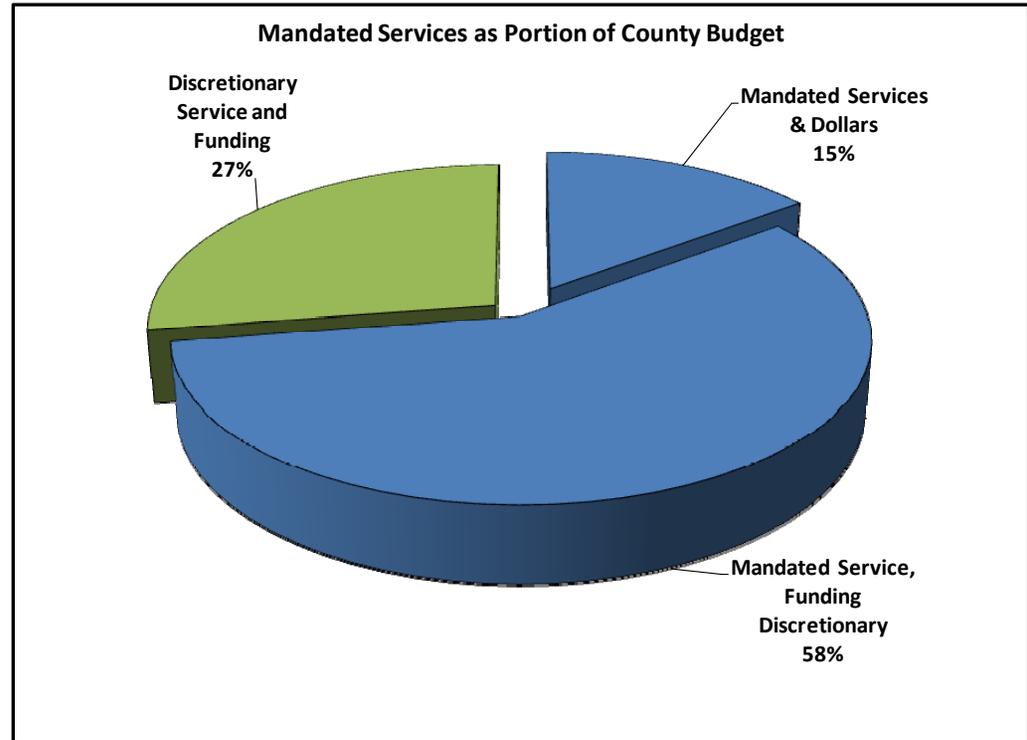
## Mandated Services:

County staff has determined that 73% of the county budget is mandated by state and federal government. This is up from 70% in FY 2009. Using a model created by Cabarrus County, staff estimated mandated services as follows:

**Mandated Services and Funding:** 15% of the county budget consists of spending that the county does not control. The state and federal government mandate that the county provides certain services and also mandate how much the county must fund those services. Most of these services are provided by Social Services. Debt service is also included in this category and is the main reason for the increase.

**Mandated Services, Discretionary Funding:** 58% of the county budget consists of spending on mandated services. While state and federal governments do not tell us the amount to spend, they do require that the services be provided. The county can choose what level it wants to fund the service. For example, the state mandates that counties fund current expense for public education. The only requirement is that this funding be “adequate.”

**Discretionary Service and Funding:** 27% percent of the county budget consists of services that the county can choose to provide and fund. However, this category includes services that the public considers essential, such as the 911 center, animal control, and local supplements for teachers. It also



includes most administrative expenses of the county, which are required to provide mandated services, such as facilities management and fleet.

For a detailed list of services by category, see Appendix C.

## Expansion Requests:

“Expansion requests” represent new programs, new positions, new capital outlay, and requests for the county to take over programs that previously were grant funded. The County Manager received \$888,584 in expansion requests. The County Manager recommends that the following expansion

requests be funded. More detail can be found on these requests in each department’s budget. *All of these requests were approved by the Board of Commissioners.*

| Department                                  | Expansion Recommended  | Net Cost         | Tax Rate<br>Equivalency |
|---|--|------------------|-------------------------|
| Library                                     | Provide for library services needed because of separation from Alamance County   | (\$1,499)        | (0.00)                  |
| Sheriff’s Office                            | Provide county funding of Domestic Violence Investigator (previously grant funded)   | \$30,356         | 0.04                    |
| Sheriff’s Office                            | Provide county funding of Criminal Enforcement / K9 Team Field Supervisor (previously grant funded)                            | \$23,331         | 0.03                    |
| Planning Department                         | Land Conservation and Development Plan Update  | \$60,000         | 0.07                    |
| Planning Department                         | Transportation Planner Position  | \$59,634         | 0.07                    |
| Emergency Management—<br>Telecommunications | Increase temporary salaries for additional shift coverage in emergency dispatch.   | \$61,232         | 0.07                    |
| Management Information<br>Services          | Storage Area Network (SAN): Increase storage capacity and allow the county government to remain operational during a disaster. | \$0              | 0.00                    |
| Waste Management                            | Forklift and ramp for baling recyclables (partially grant funded)  | \$0              | 0.00                    |
|   | <b>Total</b>   | <b>\$234,553</b> | <b>0.28</b>             |

**Expansion Requests Not Recommended:** The following expansion requests were not recommended. Their tax-rate equivalency is also shown:

- Central Carolina Community College: Provide funds to expand the hours of the sustainable building and technologies position, in case state funding is not adequate. Since the position may be funded by the state, the manager recommends waiting and funding this request from contingency, if necessary. Net cost: \$18,344 (0.02 cents). *Commissioners approved this request.*
- County Manager’s Office -- Community Relations Division: Public Information Specialist. Net cost: \$49,319 (0.06 cents).
- Court-related Programs: Provide gap funding to continue Family Visitation Services of Chatham

County, which has been funded by a federal grant since its founding in 2003. Net cost: \$109,348 (0.13 cents).

- Elections Office: Assistant Deputy Director position. Net cost: \$46,290 (0.06 cents).
- Health – Preparedness and Surveillance: Public Health Nurse II Child Care Consultant. Because of a possible reduction of Smart Start funding, the department asked to increase the position from 70% to 75%. Net cost: \$10,996 (0.01 cents).
- Health – Preparedness and Surveillance: Social Worker II Community Alternative Program (CAP) Increase from 50% to 75%. Net cost: \$20,117 (0.02 cents).
- Sheriff’s Office: Provide county funding for a Domestic Violence Electronic Monitoring Officer/Investigator that was previously grant funded. A grant submitted by Family Violence and Rape Crisis, which is very likely to be funded, should cover this request. Net cost:

\$63,433 (0.08 cents). *Commissioners voted to fund this request from contingency if the Sheriff’s Office did not receive grant funds.*

- Sheriff’s Office: Provide county funding for a Gang Coordinator position that had previously been funded through a grant. A grant submitted by Chatham County Schools, which is very likely to be funded, should cover this request. Net cost: \$54,118 (0.07 cents).
- Recreation Department: Greenway master plan. Net cost: \$35,000 (0.04 cents).
- Soil & Water Conservation District: Part-time clerical assistance. Net cost: \$14,670 (0.02 cents).
- Soil & Water Conservation District: Soil Conservation Specialist Position. This issue may be addressed through possible job sharing with Sedimentation and Erosion Control. Net cost: \$37,110 (0.04 cents).

## **School Funding:**

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In order to provide a 0% increase in the continuation budget, as requested by the County Manager’s Office, the school system had to cut approximately \$2.4 million from its current expense budget. The reduction was caused by mandated increases, such as health insurance and energy costs. In addition, the school system appropriated \$791,769 in fund balance last year to cover additional, current expense items above the county allocation.

As requested by the Board of Commissioners, the school system provided a prioritized list of items to be restored, if funds are available. These items are shown below in terms of their tax-rate equivalency. More detail on these requests can be found in the Chatham County Schools budget.

*Through increased flexibility with county funds, Commissioners restored 18.5 teaching positions (allotment adjustment and curriculum coaches) and partially restored staff development funds. Commissioners also gave the school system increased flexibility with capital outlay.*

| Priority (in order)                             | Net Cost    | Tax Rate<br>Equivalency |
|---|-------------|-------------------------|
| 1. 11 Teaching Positions (Allotment Adjustment) | 613,978     | 0.74                    |
| 2. 7.5 Curriculum Coaches                       | 433,083     | 0.52                    |
| 3. 4 Curriculum Resource Teachers               | 285,980     | 0.35                    |
| 4. Maintenance                                  | 300,000     | 0.36                    |
| 5. Classroom Supplies and Materials (tied)      | 101,315     | 0.12                    |
| 5. Local Staff Development (tied)               | 50,000      | 0.06                    |
| Total   | \$1,784,356 | 2.16                    |

### **Capital Improvements Program (CIP):**

- During its budget summit, the Board also adopted a five-year capital improvements program (CIP). For projects that are not debt financed, such as new schools, the operating budget must appropriate funds for the upcoming year. Except where noted, these projects are funded from fund balance. The Recommended Budget includes funding for the following projects, per the schedule approved in the CIP. *Commissioners approved all of these requests.*
- **Replacement of Emergency Communications Equipment:** Replace Chatham County's communications equipment to comply with the Federal Communications Commission's (FCC) mandate that all equipment be capable of operating at 12.5 KHZ or less. Cost: \$382,143.
- **Satellite Backup for 911 System:** Purchase equipment and software to equip the mobile Emergency Operations Center with a satellite backup for receiving 911 calls. Cost: \$220,000. Funded from restricted E-911 funds.
- **Schools - Asbestos Ceiling Tile Replacement:** Abate and replace 21,677 square feet of asbestos ceiling tile in Chatham Central and Jordan-Matthews High Schools. Cost: \$187,480.
- **Schools - Asbestos Floor Tile Replacement:** Abate and replace 60,375 square feet of asbestos floor tile in five schools: Chatham Central High School, Pittsboro Elementary School, Moncure, Paul Braxton, and SAGE Academy. Cost: \$35,000.
- **Schools - Bleacher Replacements:** Remove unsafe bleachers and replace with aluminum bleachers that meet current safety codes. Bleachers would be replaced at Jordan Matthews High School, Silk Hope, and North Chatham. Cost: \$105,000.
- **Schools - Camera Systems for Schools:** Provide IP camera systems for all schools in the county. Camera systems would be installed at Horton Middle School, JS

Waters, North Chatham, Perry Harrison, Siler City Elementary, and Silk Hope. Cost: \$166,587.

- **Schools - Renovate High School Science Labs:** Renovate the science labs in all three high schools, including plumbing, cabinetry, etc. Cost: \$152,400.
- **Schools - Renovate Restrooms and Add Hot Water:** Renovate student restrooms and add hot water to schools across the district. Schools having the least hot water availability will be prioritized ahead of other schools. Cost: \$250,000.
- **Schools - Renovate Wastewater System at JS Waters:** Renovate the wastewater and sand filter system at JS Waters. Cost: \$100,000.

The recommended budget makes changes to the approved CIP, as follows:

- **Electronic Document Management System (EDMS)/Imaging:** Purchase hardware and software to scan the county's historical files and provide file storage and retrieval. Cost: \$50,000. Project delayed and funds diverted to the Increase Capacity for Data Storage project.
- **Increase Capacity for Data Storage:** Provide a secure storage system for the county's increasing data storage needs. Cost: \$157,000 (a \$4,100 increase over what was approved in the CIP). This project was moved from

Year 2 (FY 2011) to Year 1 (FY 2010), because of the urgency in securing additional data storage. Funds are provided by a \$100,000 transfer from the EDMS/Imaging reserve and \$57,000 from fund balance.

- **Law Enforcement Center Site Improvements:** Provide additional parking and an access road for the Law Enforcement Center and Emergency Operations Center. Cost: \$18,698 for preliminary design services. Project delayed.
- **Library - Radio Frequency Identification (RFID):** Contingent upon funding from the state library and the Pittsboro Friends of the Library, purchase and implement technology for loss protection, inventory control, and self-checkout for the Chatham County Public Libraries. Cost: \$321,900. Project delayed due to the delay of the library building project.
- **Mobile Data Terminals Equipment and Software:** Purchase software and equipment to equip deputies with mobile data terminals (MDTs) and automatic vehicle locators (AVLs). Cost: \$70,100. Project delayed (staff recommends that equipment purchased in FY 2009 be tested before full-scale implementation).

## **Continuation Budget**

“Continuation” refers to the portion of the budget that assumes that the county will continue to do business as it does currently. In other words, what will it cost next year to continue the same services and service levels without adding people or programs?

The continuation budget decreased by 3% from FY 2009. **If debt service is taken out of this calculation, the continuation budget decreased by 7.5%.** Reasons for this decrease are as follows:

- **Salaries:** Continuation salaries decreased by 5% because of the following: 1) no pay raises are recommended; 2) positions that were approved in FY 2009, but still frozen, were zeroed out, meaning no salaries or benefits were budgeted for these position; and 3) four additional positions were zeroed out, including two building inspectors, an administrative support position for the Sustainable Communities Director, and a central permitting technician (who will be transferred). In ordinary economic times, county employees can contract to earn between a 2 and 6% salary increase, depending on performance. Because of economic conditions (local residents are experiencing job layoffs, reduced hours, and reduced salaries), the manager is recommending that no pay raises be given in FY 2010.
- **Other Personnel Costs/Benefits:** This category decreased 2%, because of the reduction in salaries. The county provides local government retirement (4.86% of salaries), a 401k contribution (4.5% of non-law enforcement salaries; 5% of law enforcement salaries), and health, life, and

dental insurance. No increase in health and dental insurance was budgeted (the county is self-insured).

- **Operating:** Operating expenses decreased 4% because of cuts made by departments (some departments identified cuts as “expansion.” Other departments cut their continuation budgets).
- **Debt:** The county’s debt service obligations are increasing by 73%. The increase is a result of debt payments for Briar Chapel Middle School, Northwood High School renovations, and purchase of the Performance Building. Debt service will continue to rise as the county borrows funds for additional capital needs.
- **Transfers:** Continuation transfers to capital reserves in the General Fund will decrease by 14%, because transfers are not recommended to the equipment and vehicle capital reserve. In addition, the transfer to the water capital reserve has been reduced from two cents on the tax rate to one.
- **Capital Outlay:** Expenditures for replacement capital outlay are decreasing 39%.

## **Non-Profit Allocations**

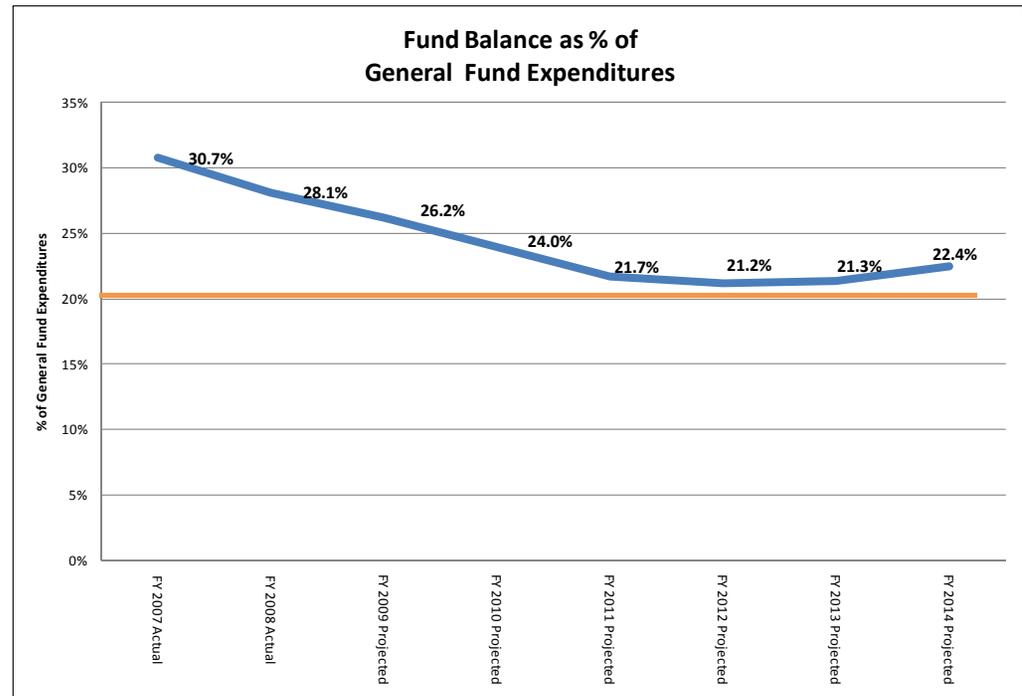
Historically, Chatham County has funded county non-profits that provide important services to our citizens. Commissioners voted two years ago to devote one-half of one cent on the tax rate to non-profit agencies. During the Summit, Commissioners clarified that the funding should be indexed to the increase in property tax revenues. For FY 2010, this is equivalent to \$385,000. In addition, county commissioners have reserved \$10,000 of this amount to allocate directly. *Commissioners made several changes to the Manager’s recommendation, but allocated only \$2,505 of the \$10,000 amount set aside.*

Non-profit agencies are able to use one application to apply jointly to United Way and Chatham County. The Board of Commissioners set funding priorities for non-profits and appointed citizens to review the applications, using a standardized scoring sheet also approved by the board. Following the numerical ranking, citizen evaluators discussed and reached consensus on funding recommendations. The County Manager made minor revisions to the recommendations, which are explained more fully in the Human Services Agencies budget.

## Long-term Goals:

Long-term goals include those adopted by the Board of Commissioners in its Financial Policy and goals used by the county manager to develop the recommended budget.

- Planning for capital projects and diversifying the sources from which these projects are financed, so that capital reserves and operating revenue balance reliance on debt. The recommended budget attempts to reduce reliance on debt by funding increased transfers to capital reserves.
- Meeting or exceeding revenue projections. In general, revenues are budgeted conservatively, in the hopes that projections will be exceeded. Additional revenues beyond projections increase the county's ability to provide services and add to the fund balance.
- Maintaining or enhancing the county's AA-/A+ bond rating. Current and future debt obligations, especially for school facilities, make it critical that the county receive the best possible interest rate to keep the cost of borrowing funds low.
- Developing self-supporting enterprise funds. One goal of establishing an enterprise fund is to eliminate the need for tax dollars to subsidize particular activities by paying for the activity through fees. An enterprise fund should support all costs, including depreciation, capital improvements, and equipment. The budget furthers this goal by continuing to fund operating costs in the enterprise funds from fees and other non-tax revenue sources.



- Maximizing investment opportunities. Through the Board of Commissioners, the county has adopted a cash management plan (within the adopted Financial Policy) for the receipt, deposit, and disbursement of funds designed to maximize investment opportunities.
- Fund balance. The stated goal of the Board of Commissioners (according to the adopted Financial Policy) is to reach and maintain a General Fund fund balance of 20 percent. A fund balance at this level allows the county to

meet its financial obligations, gives commissioners and staff an adequate reserve for emergencies and opportunities, and positively affects the county's bond rating. As of June 30, 2010, staff estimates our fund balance (including restricted amounts) will be 24% of FY 2011 budgeted expenditures, 4% above the level established by the Board of Commissioners. The table below shows the change in fund balance since FY 2007 and

the projected fund balance for the next five years. Because of the recommended reductions in the budget and the reduction in reliance on fund balance in FY 2010, fund balance as a percent of budgeted expenditures should perform better than previously projected, given the assumptions in the model. The model makes very conservative assumptions for FY 2010 and FY 2011.

|  | FY 2007<br>Actual | FY 2008<br>Actual | FY 2009<br>Projected | FY 2010<br>Projected | FY 2011<br>Projected | FY 2012<br>Projected | FY 2013<br>Projected | FY 2014<br>Projected |
|--|-------------------|-------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Budgeted Revenues                      | 64,062,276        | 68,500,222        | 73,927,339           | 72,457,821           | 73,906,977           | 77,602,326           | 81,482,443           | 85,556,565           |
| Total Transfers In                     |                   | 0                 | 1,311,624            | 5,669,169            | 7,673,319            | 7,543,071            | 11,232,406           | 11,024,284           |
| Budgeted Expenditures                  | 66,087,465        | 70,989,858        | 77,182,910           | 75,541,174           | 82,302,227           | 83,508,052           | 91,642,185           | 94,121,323           |
| Transfers Out                          |                   | 6,854,010         | 6,178,133            | 5,454,365            | 5,727,083            | 7,104,853            | 7,460,096            | 7,833,100            |
| Projected Revenues                     | 69,357,487        | 72,086,457        | 74,425,796           | 72,457,821           | 75,385,117           | 80,706,419           | 84,741,740           | 88,978,827           |
| Projected Expenditures                 | 61,967,412        | 69,148,218        | 73,805,187           | 72,778,437           | 78,779,737           | 79,809,438           | 87,758,639           | 90,043,600           |
| Revenues over Expenditures             | 7,390,075         | 2,938,239         | 620,609              | (320,616)            | (3,394,620)          | 896,981              | (3,016,899)          | (1,064,773)          |
| Transfers/other financing sources/uses | (9,560,927)       | (3,073,617)       | (1,099,995)          | 214,804              | 1,946,236            | 438,218              | 3,772,311            | 3,191,183            |
| Fund Balance Beginning of Year         | 23,999,935        | 21,829,083        | 21,693,705           | 21,214,319           | 21,108,508           | 19,660,123           | 20,995,323           | 21,750,734           |
| Increase in Fund Balance               | (2,170,852)       | (135,378)         | (479,386)            | (105,812)            | (1,448,384)          | 1,335,200            | 755,412              | 2,126,410            |
| Fund Balance End of Year               | 21,829,083        | 21,693,705        | 21,214,319           | 21,108,508           | 19,660,123           | 20,995,323           | 21,750,734           | 23,877,144           |
| Revenue Variance                       | 5,295,211         | 3,586,235         | 498,457              | 0                    | 1,478,140            | 3,104,093            | 3,259,298            | 3,422,263            |
| Expenditure Variance                   | (4,120,053)       | (1,841,640)       | (3,377,723)          | (2,762,737)          | (3,522,490)          | (3,698,614)          | (3,883,545)          | (4,077,722)          |

|  | FY 2007<br>Actual | FY 2008<br>Actual | FY 2009<br>Projected | FY 2010<br>Projected | FY 2011<br>Projected | FY 2012<br>Projected | FY 2013<br>Projected | FY 2014<br>Projected |
|--|-------------------|-------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Revenue % over Budget                    | 108.27%           | 105.24%           | 100.67%              | 100.00%              | 102.00%              | 104.00%              | 104.00%              | 104.00%              |
| Expenditure % of Budget                  | 93.77%            | 97.41%            | 95.62%               | 96.34%               | 95.72%               | 95.57%               | 95.76%               | 95.67%               |
| <b>Fund Balance as % of Expenditures</b> | <b>30.75%</b>     | <b>28.11%</b>     | <b>26.19%</b>        | <b>23.98%</b>        | <b>21.70%</b>        | <b>21.19%</b>        | <b>21.33%</b>        | <b>22.45%</b>        |

The table below shows the amount of fund balance available for appropriation in FY 2010 in the three major operating funds. Note that this fund balance calculation differs from the fund balance model above. The fund balance available for appropriation considers only cash and investments. The

fund balance model above includes receivables, such as sales tax and federal reimbursements for social services that are due but not in hand. Staff believes the latter approach provides a more realistic picture of the county's financial condition.

| <b>Fund Balance available for appropriation:</b> | <b>General Fund</b> | <b>Utility Fund</b> | <b>Waste Management Fund</b> |
|--|---------------------|---------------------|------------------------------|
| 2009-2010 Cash and Investments                   | 18,881,680          | 4,238,481           | 2,529,529                    |
| Less:  |                     |                     |                              |
| Liabilities                                      | 1,871,728           | 533,887             | 111,152                      |
| Deferred revenues arising from cash receipts     | 257,574             | 0                   | 0                            |
| <b>Fund balance available for appropriation</b>  | <b>16,752,378</b>   | <b>3,704,594</b>    | <b>2,418,377</b>             |