

FY14-15

Recommended Budget



NEW HANOVER COUNTY



the model of good governance

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NHC Public Affairs





NEW HANOVER COUNTY RECOMMENDED BUDGET

FISCAL YEAR 2014-2015

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OUR VISION for NEW HANOVER COUNTY

*A vibrant, prosperous, diverse coastal community
committed to building a sustainable future for
generations to come.*

MISSION STATEMENT

*New Hanover County is committed to progressive
public policy, superior service, courteous contact,
judicious exercise of authority, and sound fiscal
management to meet the needs and concerns
of our citizens today and tomorrow.*

The New Hanover County
Board of Commissioners

June 2011



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NEW HANOVER COUNTY

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May 16, 2014

To the New Hanover County Board of Commissioners:

I am pleased to present my recommended budget for FY14-15. The themes for the budget are: 1) focusing on advancing the County's overall strategy, 2) aligning resources to meet strategic priorities, and 3) planning for long term County sustainability.

Total FY14-15 recommended spending is as follows:

- 1) General Fund: \$295 million – increase of 2.1% from the FY13-14 revised budget
- 2) Fire Service District Fund: \$12.8 million – increase of 8.4% from the FY13-14 revised budget
- 3) Environmental Management Fund: \$15.3 million – decrease of 4.1% from FY13-14 revised budget
- 4) All funds: \$327.2 million – increase of 1%

ECONOMIC CONDITIONS

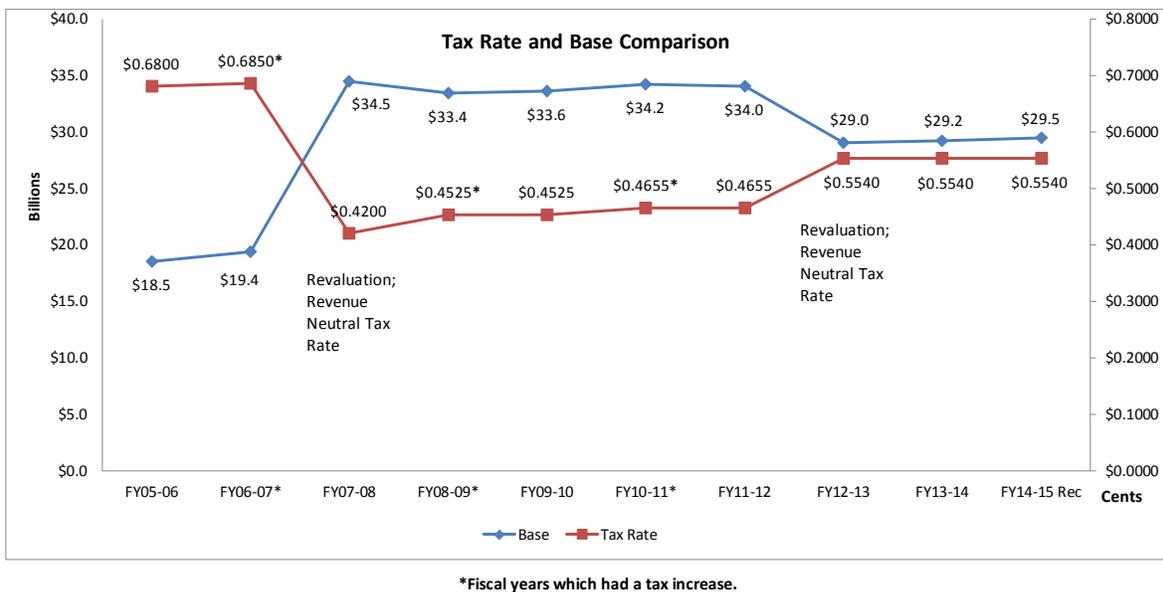
The local economy is showing signs of recovery. The unemployment rate has dropped to 6.7% as reported in March 2014. The Register of Deeds' monthly collections have shown an increasing trend, the current year's collections as compared to last year's at the same time are up 1%. Building permit activity in FY12-13 remained strong with an increase in both the numbers of permits issued and the estimated value of construction. The Port of Wilmington is a mainstay in the area economy and the tonnage processed for 2013 increased 21% over 2012 amounts. Tourism, one of the major industries in New Hanover County, was estimated at \$460 million in 2012 which was an 8% increase over 2011. Figures for 2013 have not been released yet. These are small but positive steps forward. New Hanover County is experiencing population growth at a slower rate than the rate experienced prior to the recession. Therefore, we should not expect increases in the ad valorem tax base or sales tax revenues that we had prior to the economic recession.

At the national level *Kiplinger's Economic Outlooks* for May 2014, anticipated growth in GDP is projected at 2.4% to 3%. Short term interest rates are expected to stay low. Business spending is anticipated to be up 4.5% to 5%. New housing sales projected at a 10% growth. The trade deficit is narrowing and the unemployment rate is dropping. Inflation of 1.8% projected for 2014 and a 5% growth in retail sales.

The North Carolina Association of County Commissioners’ (NCACC) Center for County Research states, “North Carolina is finally poised for solid, albeit modest, economic growth.” Dr. John Connaughton, UNCC’s Babson Capital Professor of Financial Economics, concurs estimating a 2.5% growth in state GSP in 2013 and projects even stronger growth in 2014. “Factors contributing to this growth include a stable federal budget picture, ending threats of sequestration, stronger consumer confidence, and sustained increases in housing prices. All 15 economic sectors for the State of North Carolina are expected to grow, led by agriculture at 11.9% and construction at 4.2%. Job growth should lead to further decreases in the state’s unemployment rate, projected at 6% by year’s end.”

REVENUES

This spending plan is balanced with a 55.4 cent tax rate, which is the same as FY13-14 (no countywide tax increase since FY10-11).



The increase in the tax base for FY14-15 is less than 1%. There has been an increase in the number of building permits, however, many of them were not completed by January 1 and only partial values apply. In addition, the North Carolina Department of Revenue recommended a 6% reduction in the state appraised values, primarily in the Sutton Plant with the change over from coal to natural gas and solar.

The base for the General Fund is estimated at \$29.5 billion. With a 98.5% collection rate, the value of a penny is \$2.9 million.

The base for the Fire Service District is \$11.3 billion. With a 98.5% collection rate, the value of a penny is \$1.1 million.

The next revaluation will be effective January 1, 2017 and will provide the base for the FY17-18 budget.

Fund balance in the General Fund is recommended to be appropriated in the amount of \$9 million, the same amount that was recommended to be appropriated for FY13-14. Current projections of expenditures and revenues indicate appropriating fund balance at the \$9 million level will comply with the County's fund balance policy and is reasonable action to take. The FY14-15 level of appropriation is necessary to balance the budget without a tax increase or deep reductions in current services. Appropriation of fund balance at this level is possible due to the County's strong financial position.

Fund balance will be appropriated in the Register of Deeds (ROD) Automation Enhancement and Preservation Fund in the amount of \$431,000 for automation, and the Schools Fund in the amount of \$1 million. The ROD Automation and Enhancement Fund was established in accordance with state statute to account for the required 10% of ROD revenues set aside to be expended on computer or imaging technology and needs associated with the preservation and storage of public records. The School Fund is used to account for revenues from the one-half cent sales tax, North Carolina Public Schools Building Fund, and transfers from the General Fund to support New Hanover County Public Schools' operations, debt service, and building renovation and construction.

Sales tax is projected to increase 3.2% over the FY13-14 amount. The increase is based on the expectation of continued economic recovery.

Because of continued economic recovery, an increase in charges for services and fees is projected at 11.2%, which impacts Planning and Inspections' and Register of Deeds' fees positively and reflects the overall financial success of Animal Services.

There are several departments that are requesting changes to their fee structure. The changes are provided in a spreadsheet as part of the Recommended Budget. Also included is wording delegating to the County Manager the ability to approve minor variations or new fees. This will enable the Manager to efficiently process the requests without requiring Board action on the minor items.

FY14-15 will be the first full year of the planning permit and inspections fee schedule implemented in conjunction with the new One Solution software which will assist economic development by streamlining development fees. During FY14-15, pre-One Solution projects will still be assessed inspection fees, while new projects will be assessed the up front development fee. This will result in an increase in inspections revenue. As the One Solution implementation continues, revenues will be analyzed to ensure the fee schedule has no unintended consequences.

NEW HANOVER COUNTY STRATEGIC PLAN

In 2011 the New Hanover County Board of Commissioners adopted a strategic plan to guide decision making and budget allocation. Each of the two budgets that I have recommended to the Board places this strategy at the center and have informed the initiatives outlined over the past two years – with the singular aim of advancing our community along the strategy's continuum.

The strategic plan identified areas of policy focus that lead toward:

- 1) Economic Development and Intelligent Growth
- 2) Superior Public Education

- 3) Superior Public Health and Safety
- 4) Effective County Management

I am making a series of recommendations that help the County make substantive advancement with its strategic plan and define the evidences (metrics) of success over the coming years.

EXPENDITURES

The challenge in crafting this budget was determining how best to allocate limited dollars to strategic requests that exceed available resources and how to fund debt service that is outpacing natural growth in the tax base.

Increased spending in this plan is directly linked to economic development, public education, public health and safety, and effective County management.

Economic Development and Intelligent Growth

Strategic measures of success over the next five years include 1) creating a policy environment that encourages private investment of at least \$1 billion, 2) target industry and business clusters that will spur creation of 6,000 new jobs locally, and 3) help the average weekly wage rise by 10%.

To aid in meeting these measures of success, I am recommending that New Hanover County:

- 1) Remain aggressive in FY14-15 with a rollover of \$250,000 of funds FY13-14 appropriated funds, and \$350,000 budgeted in FY14-15
- 2) Increase funding by \$50,000 above the contracted amount for Wilmington Business Development to advance recommendations from the Garner Economics report – Pathways to Prosperity
- 3) Fully fund incentives in FY14-15 for PPD, GE, Castle Branch, Fortron, and Live Oak

Additionally, the Board directed a \$293,000 increase in funding for Cape Fear Public Transportation Authority/WAVE. Funding in the amount of \$158,000 is designated as the first of two annual payments to build the WAVE fund balance and \$275,000 is intended to support operating expenses of countywide WAVE fixed routes. In addition to the direct County contribution of \$433,000, the FY14-15 budget includes over \$1.6 million in estimated payment to WAVE to support medical and independent life transport for County residents.

Superior Public Education

Education is a critical component of our community's success, and the County is committed to ensuring superior public education through meaningful funding to the New Hanover Public School System and Cape Fear Community College.

The Board of Education and Cape Fear Community College (CFCC) made significant increase requests for next fiscal year. While the recommendation includes a robust increase, the requests of both governing bodies are not fully funded. However, the increased funding recommended for the New Hanover County Public Schools and CFCC is \$9 million, which is equivalent to 3 cents on the tax rate.

New Hanover County Public Schools

Funding for the Schools provides \$70.7 million for current expense and capital. This is an increase of \$3.2 million for current expense and \$625,000 for capital. This totals a \$3.8 million increase or 6% from FY13-14 revised amount.

In addition to direct school system funding, the County also provides \$700,000 of maintenance service through the Parks and Gardens Department for landscaping and field repairs and more than \$500,000 in local funding support for School Resource Officers (SROs) to augment the \$600,000 in state-funded SROs.

The increase in expenditures are driven by increased school system enrollment and movement toward a defined per pupil allocation that will enhance school performance and facilitate more defined school planning.

My proposed plan is to increase funding per-pupil to \$2,700 by FY16-17 and capital funding to \$3 million by FY15-16. The per-pupil funding model will provide the school system with certainty and predictability in local funding, which will translate to better overall planning and performance. The FY14-15 recommended funding per student is \$2,575 and capital is \$2.75 million.

At the time of publication, the Board of Education has not received final notice of its state funding.

The Board of Education and the Board of Commissioners are determining the feasibility of a school bond referendum in November 2014.

The General Fund and School Fund have been combined in the Recommended Budget document to indicate a clearer statement of recommended funding.

A strategic measure of success over the next five years is helping to ensure that at least 80% of our children entering kindergarten – be in public, private, or home-school settings – are ready for kindergarten. A recommended initiative outside of the school system but included in the budget is increasing hours of three part-time library associates to support and expand the County’s early literacy program – Every Child Ready to Read. By developing enhanced ready to read programs and growing parent/teacher training in early literacy skills countywide, children, in general, have a better opportunity to be “ready to learn.” Multiple studies confirm early childhood education is the most effective way to prepare students for kindergarten success and the overall success of the K-12 experience.

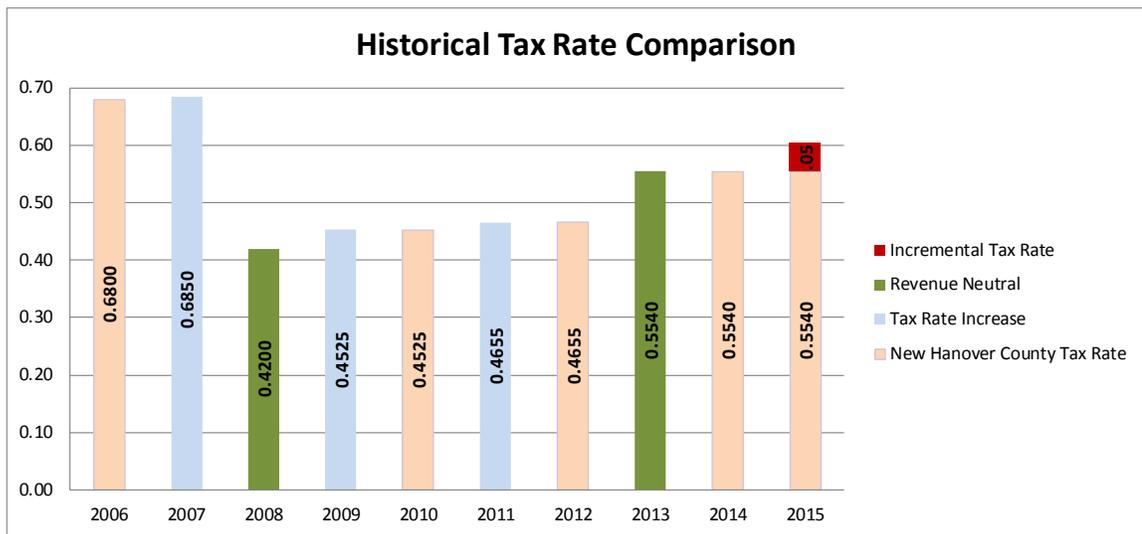
Cape Fear Community College

As proposed, funding for Cape Fear Community College (CFCC) provides \$11 million for current operations and \$15.3 million for debt service. This is a combined increase of \$6 million or 30% from the FY13-14 revised budget.

The increase is due to debt service maintenance and operating cost related to new facilities built with voter-approved bonds, and addressing deferred maintenance with existing CFCC buildings.

In FY14-15 the Humanities and Fine Arts building will be operational for five months and the Union Station building, which opened early in the current fiscal year, will experience a full year of operations.

The tax rate has not been sufficiently adjusted to fund the increased debt service or increased operating expenses for facilities funded by the voter-approved CFCC bonds. A five cents tax increase would be necessary to fully fund debt service related to the parks bonds approved in 2006 (\$18 million issued and serviced by the County) and the CFCC bonds in 2008 (\$164 million approved, \$124 million issued and service, and the assumption that the remaining \$40 million is issued and serviced in the next fiscal year).



Superior Public Health and Safety

Public Safety

New Hanover County Sheriff’s Office and the City of Wilmington began a collaborative effort to focus on crime in public housing communities and gang-related violence. I am recommending the continued funding for seven deputy positions in the Sheriff’s Office that the Board approved during the current fiscal year, which are dedicated solely to the effort of public housing safety and gang violence intervention.

A strategic measure of success over the next five years is reducing juvenile recidivism by 5%. To help ensure we reach this goal, I am recommending that we fund prevention and intervention programs aimed toward at-risk youth. Specifically, I am endorsing:

- 1) Expanded prevention programs managed by the County’s department of Youth Empowerment Services targeted to public housing communities in high-victim areas
- 2) Outside agency funding to Communities in Schools, Dreams, Kids Making It, Wilmington’s Residential Adolescent Achievement Place and the One Love Tennis program which is done through a direct partnership with the Parks and Gardens department (Each of these programs offers direct service to at-risk youth throughout the County)

Fire Services District

The Fire Services Fund is balanced with no change to the Fire Service District tax rate, which remains at 7.9 cents per \$100.

FY14-15 funding supports effective fire service operations as well as capital improvements and the addition of nine positions.

Capital improvements include the continued expansion of fire hydrants in unincorporated areas and replacement of equipment that has reached the end of its useful life. Fire hydrant expansion is a priority because it increases the efficiency and effectiveness of fire operations by decreasing the need for tenders which in turn increases the number of fire personnel that can respond on fire engines. In addition, fire hydrants improve insurance rates for both residential and business owners which can assist with economic development efforts. Replacing equipment that has reached the end of its useful life ensures fire personnel have the best tools possible to accomplish their mission in the most safe, effective and efficient manner. The most significant equipment improvement is replacing a ladder truck with a “Quint” which serves as a pumper, water tank, fire hose, aerial device, and ground ladder which gives it the capability of responding effectively to almost any fire situation.

The addition of nine positions completes a long-term effort to fully staff all Fire Services equipment. The three lieutenants will add a supervisor on each shift for Rescue 11 to provide crew supervision and increase company effectiveness and efficiency. The addition of six firefighter apparatus operator positions will provide the capacity to cover any time a firefighter is absent from their assigned shift position due to training, callouts, leave, or attrition. These positions are targeted at controlling costs by reducing overtime worked to meet minimum staffing requirements.

Public Health

With the ongoing conversion at state direction of local food, nutrition and Medicaid clients to NC FAST, eight new positions are recommended to continue implementation of NC FAST and its associated linkage to the Affordable Care Act. The need for this additional staff is anticipated to continue for at least three years.

Steps will be taken to begin the health and human service functional collaboration action plan approved by the County Commissioners in May 2014.

A strategic measure of success over the next five years is to reduce obesity by an average of 6.5% – 8% in children and 5% in adults. To help ensure we meet this goal, I am recommending funds to expand County greenways to help improve the overall health of our community by providing safe and accessible areas for active living. Specifically, I am recommending a trail match for the Middle Sound Loop road widening project, and a trail match for the south Smith Creek trail, which will provide active recreation and physical fitness opportunities to at least 4,800 residents in the greater Gordon Road area. I am also recommending funding for construction of the Ogden Skate Park and Hugh MacRae trail widening.

Environmental Management

The Environmental Management Fund is balanced with a 6.78% reduction in the tip fee to \$55 per ton and a projected fixed rate at \$55 per ton through FY18-19. I am able to recommend a reduced fee without compromising on policy action initiated in the current budget by continuing to refine landfill, recycling, and administrative expenses. Tip fees of \$11.4 million are based on collection of approximately 208,000 tons in FY14-15 – the entire operating budget for the year is \$15.3 million.

The 6.78% reduction saves the City of Wilmington \$110,000 in tip fees next year, and may be as much as a \$1 per month savings for unincorporated households that contract with a private hauler for municipal solid waste (MSW) collection.

This recommended budget does assume an aggressive modification to the disposal and management of construction and demolition (C&D) materials. I am recommending the County modify the operation by improving processing equipment and expanding the C&D concrete pad to divert 30% of the MSW stream to the C&D operation. The capital cost for the C&D modifications are included in the recommended budget, and the maintenance for the expanded operation is planned for in the fixed-rate tip fee through FY18-19. Diversion created by the C&D expanded operation adds 16 years of life to the County's landfill bringing total life at the site to 73 years.

A \$55 tip fee allows the County to continue to do the following:

- 1) Fund its operating obligations for landfill management, recycling, and administration
- 2) Add \$800,000 per year to the Environmental Management fund balance for emergency and disaster operations
- 3) Fund closure and post closure responsibilities by \$1.15 million annually
- 4) Fund the capital reserve by \$250,000 annually
- 5) Fund approximately \$1.9 million in FY15-16 through FY18-19 for future cell construction on the southern property

Effective County Management: The Model of Good Governance

I have articulated an administrative goal of ensuring that New Hanover County establishes itself as *The Model of Good Governance*. A goal needs measures, and I assess our good governance successes by embedding our organizational values of Professionalism, Integrity, Innovation, Stewardship, and Accountability throughout the organization and asking that each County employee manage themselves by these basic business principles:

- 1) Ensure New Hanover County government is effective in meeting the outcomes expected by the board of commissioners and our citizens, but efficient in how we manage business and deliver results
- 2) Ensure New Hanover County government is easy to do business with and consistent in how we do business
- 3) Ensure New Hanover County government is responsive to its end users, that is understand and act on their needs, and professional in all that we do as an organization

Part of advancing the goal of being *The Model of Good Governance* is investing in our team. As such, I am recommending the following:

- 1) 2% market adjustment effective with the first pay period in the second quarter of the fiscal year, which follows a modified, organization-wide performance assessment tool
- 2) Strategic implementation, effective July 1, 2014, of the pay and classification system as recommended by Evergreen – the cost of implementation is planned for and included within the 2% market value
- 3) Modified health insurance plan that maintains cost for County employees but lowers the overall rate of renewal to the County by \$1 million. The plan modifications keep the overall health insurance plan competitive with our peer organizations, and it maintains compliance with the Affordable Care Act
- 4) Continued emphasis on County staff wellness through health incentives, education, and fitness

Identifying the right-sized staffing model is also critical to our success to deliver on *The Model of Good Governance*. I am recommending as previously noted new positions to achieve right-sized operations.

The following is a summary of requested and recommended positions:

	<u>Requested</u>	<u>Recommended</u>	<u>Recommended Positions</u>
General Fund	22	8	DSS NC FAST
Fire Service District	11	9	Fire Fighters, Lieutenants

The DSS Universal Worker positions are necessary due to the continuation of the NC FAST program. While it is believed that system enhancements will eventually deliver the efficiencies promised by NC FAST, counties will continue to face pressures for additional staffing and/or overtime for the foreseeable future.

The addition of the Fire Services positions completes the staffing model that started with the transition of temporary positions to full-time in FY13-14. Once completed, this is expected to stabilize the use of overtime in the Fire Services fund.

A negative salary adjustment factor of \$1.7 million is budgeted in the General Fund to account for the fact that not all positions are filled for the entire fiscal year. This is \$700,000 more than the amount budgeted in FY13-14. This management tactic will require careful monitoring and control of positions by the Executive Leadership Team.

Capital (via short term financing)

A total of \$9.9 million of capital is recommended to be financed in this budget. This will reduce FY14-15 cost by \$8.7 million, but will require installment debt service over three to five years, which is determined by the depreciation schedule for each piece of capital. Capital being financed is for New Hanover County Public School System, CFCC, Fire Service District, County facilities and the County's capital improvement program.

Financing capital in this manner represents a new County policy approach as historically these types of expenditures have been allocated via pay as you go. However, it is necessary to depart

from customary practice and suggest a new policy course if we are to maintain a tax rate of 55.4 cents and not defer or postpone critical capital and maintenance needs.

Listed below are projects recommended for funding in this budget. (List is not all-inclusive).

- 1) Clerk of Court funding of \$50,000 is recommended to complete a highly-functional, audio visual system in the courtrooms.
- 2) Funding in the amount of \$315,000 is recommended to continue the County's computer replacement program.
- 3) Funding for the County's motor vehicle fleet as determined by the vehicle appraisal system. A total of 17 vehicles (10 for the Sheriff's Office, 5 for other General Fund Departments and 2 for DSS) are identified for replacement. Additionally, 21 non-replacement vehicles for DSS and 1 non-replacement vehicle for the Sheriff's Office are suggested. Because of a 50% reimbursement for DSS it is more cost effective to purchase vehicles rather than pay mileage reimbursement to agency employees. The new vehicle for the Sheriff's Office is being purchased with ABC funds.

Funding in the amount of \$1.2 million is included to fund capital projects in FY14-15:

- 1) Expansion of the law enforcement evidence room – \$400,000
- 2) Widening of the Hugh MacRae trails – \$200,000
- 3) Construction of Ogden Skate Park – \$300,000
- 4) Matching grants for the Middle Sound Loop and south Smith Creek trails as noted above – \$120,000

Short term financing is possible, and this financing model securely aligns with the County's debt management policy. As such the County fully expects to maintain its double, triple A bond ratings. The debt management policy and the double, triple A ratings translate to a lower cost of capital for County, school system, and community college facilities.

CONCLUSION

There are a number of unknowns that remain on the horizon as I present the FY14-15 Recommended Budget:

- 1) Strength of the economic recovery statewide and locally
- 2) Policy Action by the North Carolina General Assembly, especially with mandated programs and more potential changes with tax reform
- 3) State budget deficit faced by the General Assembly when it returned to session May 14, 2014

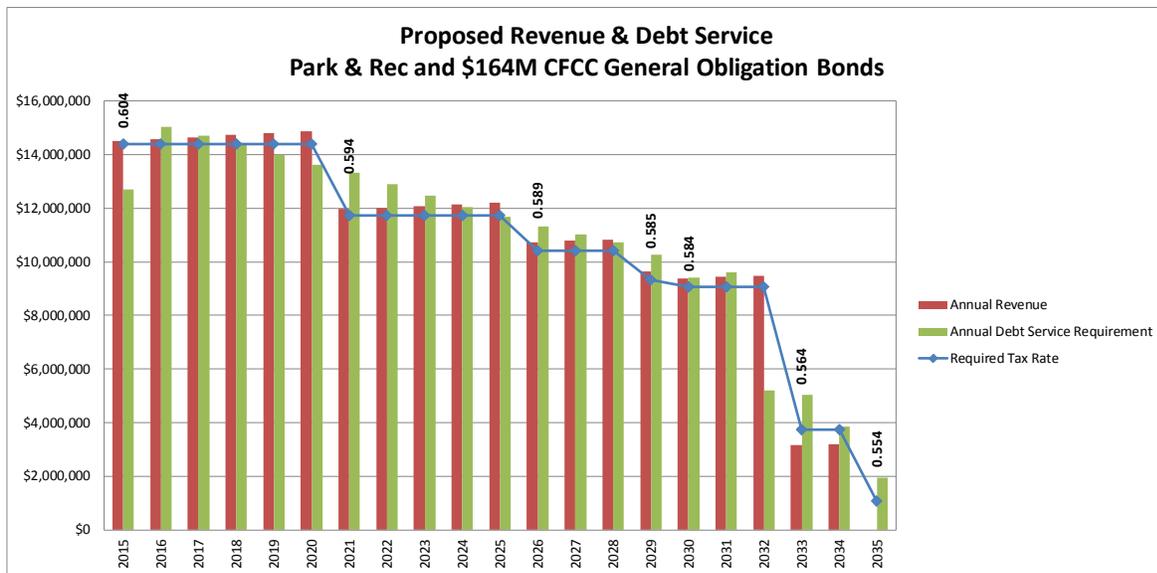
In addition to the unknowns that are beyond the County's control, I know without question the revenue side of the budget equation needs to be addressed no later than next fiscal year (FY 15-16) or deep reductions will be necessary in discretionary programs and mandated programs with discretionary funding levels.

The two primary sources of revenue are the sales tax, which is limited by state statute, and the ad valorem tax. It is unlikely there will be significant increases in the tax base until the revaluation

is complete for FY17-18, so the tax rate must be set to generate the revenue necessary to fund past, current, and future policy choices.

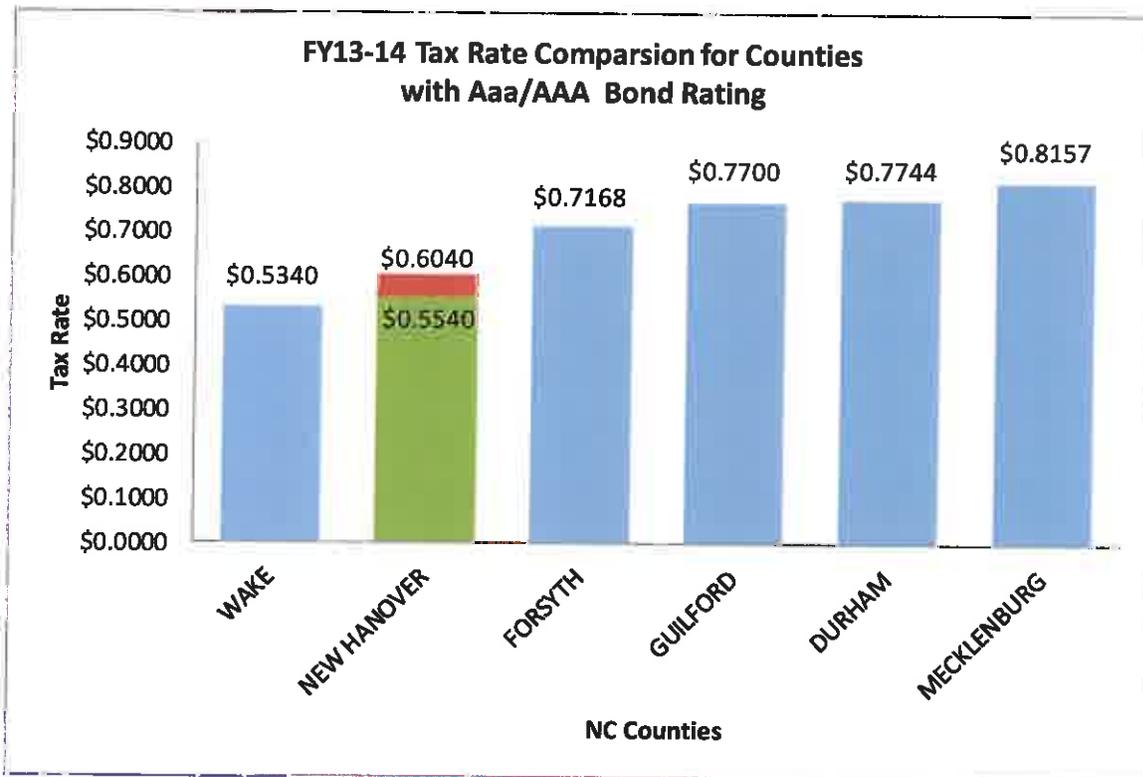
To be responsible stewards, I am of the opinion that we need to consider raising revenue to cover increased voter-approved debt service and the operating expenses of those voter-approved facilities. That action, quite candidly, is better done with the FY 14-15 budget rather than FY 15-16.

As a budget team, we have reviewed all expenditures in the recommended budget and will continue to find more efficient ways to deliver services, but I do not believe those savings alone in future years will be sufficient to balance the budget with a 55.4 cent tax rate when considering voter-approved debt service and other capital and deferred maintenance needs funded by County tax dollars. The rate of growth in already-voter-approved debt over the next five years is outpacing County-managed programs and real growth in the ad valorem tax base. As we look to the future and consider prior obligations made by the County, the most effective tax rate to fund increasing, voter-approved debt service is 60.4 cents, which meets the known and predictable debt service obligations through FY20-21.



The growth in County spending is not driven by the functions of County government, i.e., personnel, public safety, health and human services, etc. but is affected the most by debt service obligations (and the associated operating expenses) for voter-approved debt since 2006, and that debt service is not fully satisfied until 2035.

The policy objectives of providing public service and meeting County obligations while maintaining competitive tax rates and fee structures are not mutually exclusive – in fact, New Hanover County has excelled at striking this balance. This need not change in the future even as the Board makes the necessary adjustments to the ad valorem rate. At the current tax rate of 55.4 cents or at 60.4 cents, the County is more than competitive when compared to other double, triple A rated counties in North Carolina.



If the Board elects to modify the tax rate to account for voter-approved debt beginning July 1, 2014, I would recommend those dollars be assigned to a debt reserve fund so that all additional revenues be limited to debt service and not absorbed by the general fund for County government operations. All new revenues will be used only to pay for the voter-approved debt obligations.

While the responsibility falls upon me, as County Manager, to recommend a balanced budget, as a governing body, you would not be in position to consider a strategic and balanced budget for fiscal year 14-15 without tireless work from the Budget office, to whom I am greatly indebted, the County's Executive Leadership Team, and our department directors.

I look forward to working with you toward the adoption of the FY14-15 Budget for New Hanover County.

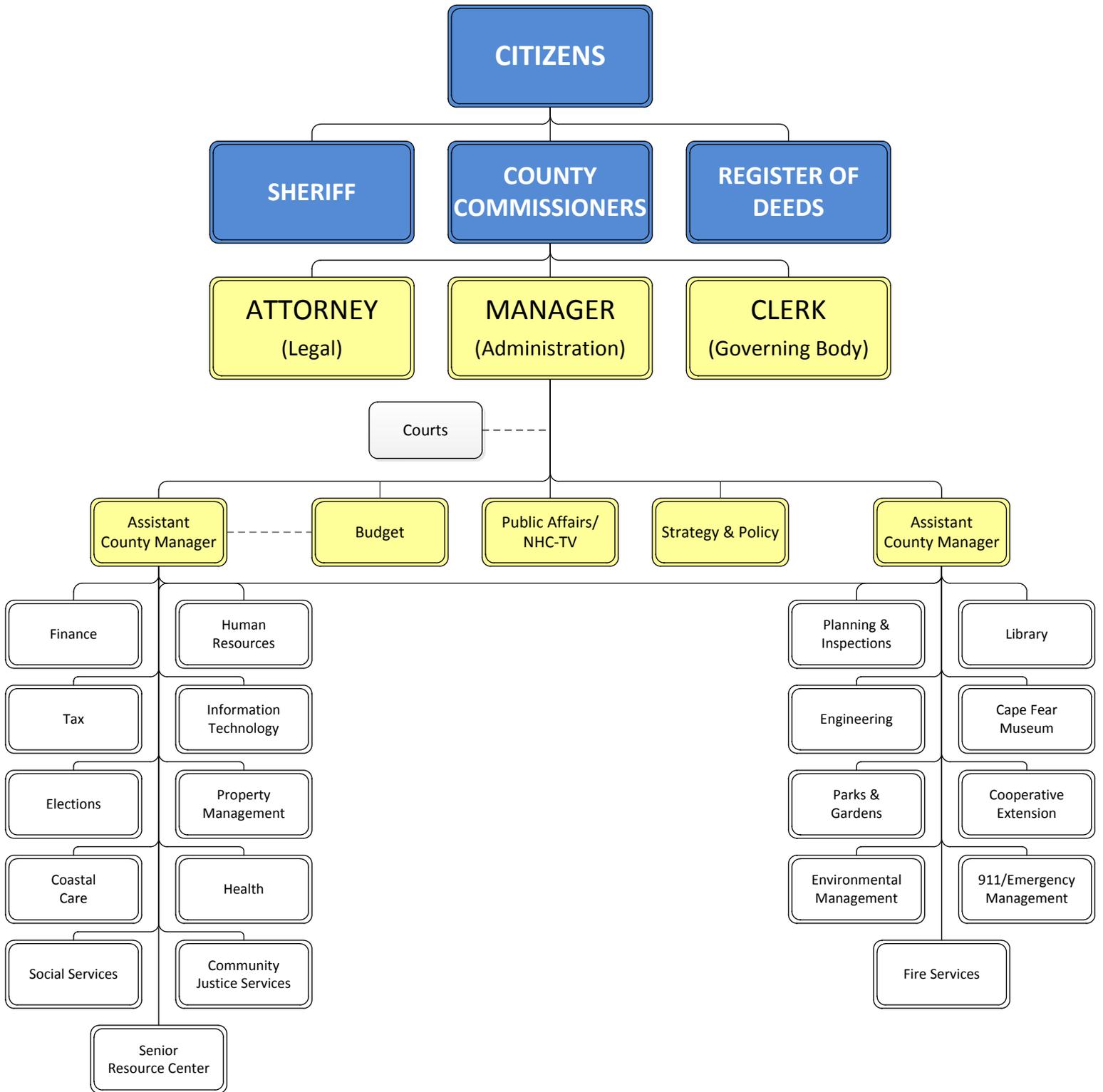
Sincerely,

Chris Coudriet
County Manager

MAJOR INITIATIVES

1. Stimulate, through business-friendly county policies and processes, at least \$1 billion of private investment to grow the county's tax base
 - Increase funding for our economic development partners-\$50,000 for Wilmington Business Development to implement recommendation from the Economic Garner Report
2. Create an environment that encourages the private sector to create at least 6,000 new, better jobs in targeted industry clusters
 - Increase Funding for WAVE from \$140,000 to \$432,822 so they can establish a fund balance and continue operations
 - Increase funding for Schools Current Operations \$3.8 million
 - Increase funding for CFCC Current Operations \$2.3 million and CFCC Debt Service \$3.8 million
 - New Hanover County's bond rating was upgraded from a AA+ to a AAA by Standard and Poor's Corporation
3. See a 10 percent increase in the average local weekly wage; a rising tide lifts all boats.
 - Fund incentives for General Electric, PPD, Castle Branch, Fortron and Live Oak
4. Ensure at least 80 percent of young ones entering kindergarten (public, private, or home-school systems) are ready to learn
 - Increased hours of three part time Library Associates to support and expand our major initiative of the early literacy program, Ready to Read, by developing enhanced preschool math and science programs and parent/teacher training in early literacy skills which help their children become ready for kindergarten
5. Reduce juvenile recidivism by at least 5 percent
 - Continue to fund Youth Empowerment Services which provides prevention and intervention programs targeted at preventing and reducing crime for the at-risk youth
 - Expansion of prevention programs to surrounding housing communities in the high need areas (Youth Empowerment Services)
 - Non-County agency contributions include Communities in Schools, Dreams, Kids Making It, Wilmington's Adolescent Achievement Place and One Love Tennis as programs that focus on youth at risk
6. Reduce obesity by an average of 6.5 percent
 - Provide funding for Ogden Skate Park-\$265,000 and Hugh MacRae Trail Widening-\$170,000
 - Expand Greenways to improve the health of community by providing safe and accessible areas for active living. Specifically, Middle Sound Loop Road Widening Project and South Smith Creek Trail which will provide active recreation/physical fitness opportunities to at least 4,800 residents
 - Health Department continues to offer many programs to address obesity and uses resources to support community obesity reduction efforts in the county that are carried out in partnership with various community groups
 - Promoting a wellness culture and environment with opportunities to engage in healthy behaviors at work, making healthier choices the norm
 - Gold level recipient of the American Heart Association's Fit-Friendly Worksites recognition program
 - Implementing at least nine criteria in the areas of physical activity, nutrition and culture, as outlined by the American Heart Association

NEW HANOVER COUNTY Organizational Chart



**NEW HANOVER COUNTY
POSITION SUMMARY BY FUNCTION**

	ADOPTED FY10-11	ADOPTED FY11-12	ADOPTED FY12-13	ADOPTED FY13-14	RECOMMENDED FY14-15
General Fund:					
Cultural & Recreational	123	126	127	136	136
General Government	268	268	265	263	255
Human Services	509	495	471	497	506
Public Safety	540	553	582	609	635
Total General Fund	1440	1442	1445	1505	1532
Other Funds:					
Environmental Mgmt	88	31	31	31	31
Fire Service	95	98	98	118	127
Total Other Funds	183	129	129	149	158
TOTALS	1623	1571	1574	1654	1690

GENERAL FUND: Number of positions increased by 27. (19 positions added during year, 8 new positions recommended).

FIRE SERVICES: Number of positions increased by 9. (6 Firefighters and 3 Lieutenants).

The decrease in positions between FY10-11 Adopted and FY11-12 Adopted in Environmental Management is due to the decision to lay up WASTEC.

BUDGET FUNCTIONS

The County's General Fund budget is comprised of nine functions, which are named in the table below. All General Fund expenditures are classified into one of these nine functions. This is the budgetary level of expenditure control as adopted in the budget ordinance. Following is an outline of the Budget Functions for FY14-15:

General Government	Human Services	Public Safety
Administration – County Manager Board of Elections Budget Engineering Finance Governing Body - Commissioners Human Resources Information Technology Legal – County Attorney NHC-TV & Public Affairs Property Management Register of Deeds Tax	CoastalCare Health Non-County Agencies Senior Resource Center Social Services	Community Justice Services Courts Emergency Management & 911 Communications Juvenile Services Non-County Agencies Planning & Inspections Sheriff's Office
Education	Cultural and Recreational	Economic and Physical Development
Cape Fear Community College New Hanover County Schools	Cooperative Extension Service Library Museum Non-County Agencies Parks and Gardens	Economic Development Non-County Agencies
Transfers	Other	Debt Service
Transfers Between Funds		Principal, Interest & Fees on Debt Installment Lease Payments

NEW HANOVER COUNTY
SUMMARY OF EXPENDITURES AND REVENUES - ALL FUNDS ¹

EXPENDITURE SUMMARY	FY12-13 ACTUAL	FY13-14 REVISED	FY14-15 RECOMMENDED	\$ Change	% Change
GENERAL & NEW HANOVER COUNTY SCHOOLS	\$ 267,909,173	\$ 288,495,219	\$ 294,578,567	\$ 6,083,348	2.11%
EMERGENCY TELEPHONE SYSTEM - ARTICLE 3 ²	367,560	672,151	413,215	(258,936)	-38.52%
ROOM OCCUPANCY TAX ³	14,905,868	6,768,175	4,118,144	(2,650,031)	-39.15%
REVOLVING LOAN PROGRAM	19,207	63,318	-	(63,318)	-
ENVIRONMENTAL MANAGEMENT ⁴	8,982,734	16,004,187	15,346,651	(657,536)	-4.11%
SPECIAL FIRE SERVICE DISTRICT ⁵	11,582,001	11,792,349	12,784,346	991,997	8.41%
TOTAL EXPENDITURE ALL FUNDS	\$ 303,766,543	\$ 323,795,399	\$ 327,240,923	\$ 3,445,524	1.06%

REVENUE SUMMARY	FY12-13 ACTUAL	FY13-14 REVISED	FY14-15 RECOMMENDED	\$ Change	% Change
GENERAL & NEW HANOVER COUNTY SCHOOLS	\$ (272,753,397)	\$ (288,495,219)	\$ (294,578,567)	\$ (6,083,348)	2.11%
EMERGENCY TELEPHONE SYSTEM - ARTICLE 3 ²	(562,161)	(672,151)	(413,215)	258,936	-38.52%
ROOM OCCUPANCY TAX ³	(10,978,651)	(6,768,175)	(4,118,144)	2,650,031	-39.15%
REVOLVING LOAN PROGRAM	(14,134)	(63,318)	-	63,318	-
ENVIRONMENTAL MANAGEMENT ⁴	(13,076,123)	(16,004,187)	(15,346,651)	657,536	-4.11%
SPECIAL FIRE SERVICE DISTRICT ⁵	(11,336,181)	(11,792,349)	(12,784,346)	(991,997)	8.41%
TOTAL REVENUE ALL FUNDS	\$ (308,720,647)	\$ (323,795,399)	\$ (327,240,923)	\$ (3,445,524)	1.06%

¹ This presentation shows the total budgets of the various funds. The General Fund and NHC Schools Funds have been combined. Transfers between the General Fund and other funds **have** been removed.

²Emergency Telephone System Fund was higher in FY13-14 due to a special project.

³Room Occupancy Tax FY12-13 Actual and FY12-14 Revised reflects the appropriation of funds to support beach renourishment and dredging capital projects.

⁴Environmental Management decrease is primarily due to the inclusion of storm debris removal costs (1.8 million) in the FY13-14 budget. FY14-15 budget is based on continuing landfill operations and increased recycling operations to divert construction and demolition waste from the landfill in order to extend the life of the landfill.

⁵Fire Services increase is due to the addition of nine positions and increased capital purchases. Three lieutenants will provide supervision to the northern rescue unit which currently has no supervisors assigned. Six fire fighter/apparatus operators will complete the process of fully staffing all Fire Services equipment. The capital purchases are necessary to replace outdated equipment.



**NEW HANOVER COUNTY
GENERAL FUND EXPENDITURE COMPARISON**

DEPARTMENTS:	FY12-13 ACTUAL EXPENSES	FY13-14 REVISED BUDGET	FY14-15 RECOMMENDED BUDGET	Difference Between FY13-14 Revised and FY14-15 Recommended	
				\$ Change	% Change
ADMINISTRATION - COUNTY MANAGER	\$1,216,202	\$918,684	\$928,578	\$ 9,894	1.1%
BOARD OF ELECTIONS ¹	810,854	799,595	737,172	(62,423)	-7.8%
BUDGET	481,157	497,722	501,709	3,987	0.8%
COASTALCARE	2,144,452	2,142,084	2,151,117	9,033	0.4%
COMMUNITY JUSTICE SERVICES	1,631,404	1,620,026	1,626,260	6,234	0.4%
COOPERATIVE EXTENSION ²	427,800	504,881	527,515	22,634	4.5%
COURTS ³	352,029	447,188	424,225	(22,963)	-5.1%
DEVELOPMENT SERVICES ⁴	497,979	491,680	-	(491,680)	-100.0%
EDUCATION:					
Cape Fear Community College ⁵	7,839,548	8,674,377	10,984,030	2,309,653	26.6%
Cape Fear Community College Debt	10,026,952	11,499,578	15,314,730	3,815,152	33.2%
New Hanover County Schools Operating ⁶	61,437,450	64,740,640	67,904,309	3,163,669	4.9%
New Hanover County Schools Capital ⁷	750,000	2,124,146	2,750,000	625,854	29.5%
New Hanover County Schools Debt	21,042,711	20,803,770	19,892,299	(911,471)	-4.4%
EMERGENCY MGMT & 911 COMMUNICATIONS	5,286,018	5,412,567	5,410,958	(1,609)	0.0%
ENGINEERING ⁸	1,276,891	1,130,501	715,154	(415,347)	-36.7%
FINANCE	1,772,878	499,443	390,306	(109,137)	-21.9%
Nondepartmental ⁹	3,798,243	4,951,330	3,107,585	(1,843,745)	-37.2%
Economic Development ¹⁰	317,519	1,050,336	351,230	(699,106)	-66.6%
Transfers	1,621,214	1,805,519	2,059,663	254,144	14.1%
Bonded Debt (Principal, Interest)	2,885,869	2,827,422	2,763,760	(63,662)	-2.3%
Fees Paid on Debt	183,567	123,610	79,361	(44,249)	-35.8%
Installment Debt Plus DSS Installment	10,816,562	11,498,526	11,949,853	451,327	3.9%
NHC-CFPUA Debt	2,381,476	2,637,550	2,580,880	(56,670)	-2.1%
GOVERNING BODY - COMMISSIONERS	454,910	487,882	501,547	13,665	2.8%
HEALTH DEPARTMENT ¹¹	15,135,781	13,931,096	13,307,803	(623,293)	-4.5%
HUMAN RESOURCES ¹²	714,272	713,785	784,477	70,692	9.9%
INFORMATION TECHNOLOGY ¹³	5,842,087	6,594,816	7,136,633	541,817	8.2%
JUVENILE SERVICES	175,853	194,968	207,874	12,906	6.6%
LEGAL - COUNTY ATTORNEY	982,664	1,038,687	1,048,372	9,685	0.9%
LIBRARY	3,774,813	4,109,991	4,147,073	37,082	0.9%
MUSEUM ¹⁴	951,968	1,080,566	1,209,655	129,089	11.9%
NHC-TV AND PUBLIC AFFAIRS ¹⁵	121,147	604,405	691,994	87,589	14.5%
NON-COUNTY AGENCIES ¹⁶	803,337	1,027,338	1,286,683	259,345	25.2%
PARKS AND GARDENS ¹⁷	5,330,650	5,590,691	6,021,676	430,985	7.7%
PLANNING AND INSPECTIONS ¹⁸	3,265,368	3,658,293	4,010,254	351,961	9.6%
PROPERTY MANAGEMENT ¹⁹	10,300,873	11,126,266	10,965,462	(160,804)	-1.4%
REGISTER OF DEEDS ²⁰	1,131,153	1,805,289	1,657,550	(147,739)	-8.2%
SENIOR RESOURCE CENTER ²¹	1,821,490	2,509,791	2,212,022	(297,769)	-11.9%
SHERIFF ²²	38,708,093	40,588,902	40,741,972	153,070	0.4%
SOCIAL SERVICES ²³	36,474,244	42,550,760	41,662,076	(888,684)	-2.1%
TAX ²⁴	2,921,697	3,680,518	3,834,750	154,232	4.2%
TOTAL	\$267,909,173	\$288,495,219	\$294,578,567	\$6,083,348	2.1%

- ¹Board of Elections– Decrease due to the FY14-15 elections schedule requiring fewer temporary personnel and materials
- ²Cooperative Extension– Increase in temporary employee hours for efficient operation
- ³Courts– Revised FY13-14 budget included onetime contribution for DA’s office
- ⁴Development Services Department– Incorporated into Planning and Inspections during FY13-14
- ⁵CFCC– Increase for operating cost for new facilities and deferred maintenance of existing buildings
- ⁶NHC Schools increase to move towards a per capita formula- by FY 16-17- \$2,700 per student (FY14-15- \$2,575 per student)
- ⁷NHC Schools increase in capital moving towards \$3 million in FY15-16
- ⁸Engineering– Funds for a capital project were in FY13-14 revised budget
- ⁹Non-Departmental- Includes a salary lag of \$1.2 million; FY13-14 revised had funds for FY13-14 merit; No merit funds are included in FY14-15
- ¹⁰Economic Development –Funds will be carried over from FY13-14
- ¹¹Health Department – Funds for Health Department Expansion are included in FY13-14 revised
- ¹²Human Resources– Position increased from part time to full time; Funds are included in FY14-15 for three UNCW MPA interns to be assigned to County departments
- ¹³Information Technology– Replacement of network infrastructure and server and courtroom related expenses
- ¹⁴Museum– Budgeting for the Museum strategic plan in FY14-15
- ¹⁵NHC-TV –Increase due to capital outlay for Historic Courthouse digital conversion
- ¹⁶Non-County Agencies– Increase due to funding agencies that provide youth prevention services
- ¹⁷Parks and Gardens– Equipment and supplies related to opening the Castle Hayne/Northern Regional Park
- ¹⁸Planning and Inspections– Absorbed Development Services
- ¹⁹Property Management– Utility decreased to reflect results of energy saving program
- ²⁰Register of Deeds – Decrease due to cost saving efficiency measures
- ²¹Senior Resource Center– Decrease due to anticipated reduction in grants
- ²²Sheriff– Increase due to increase in inmates Health and meals contract
- ²³DSS– Change in approach to budgeting
- ²⁴Tax– Increase due to increase in transfer to revaluation fund

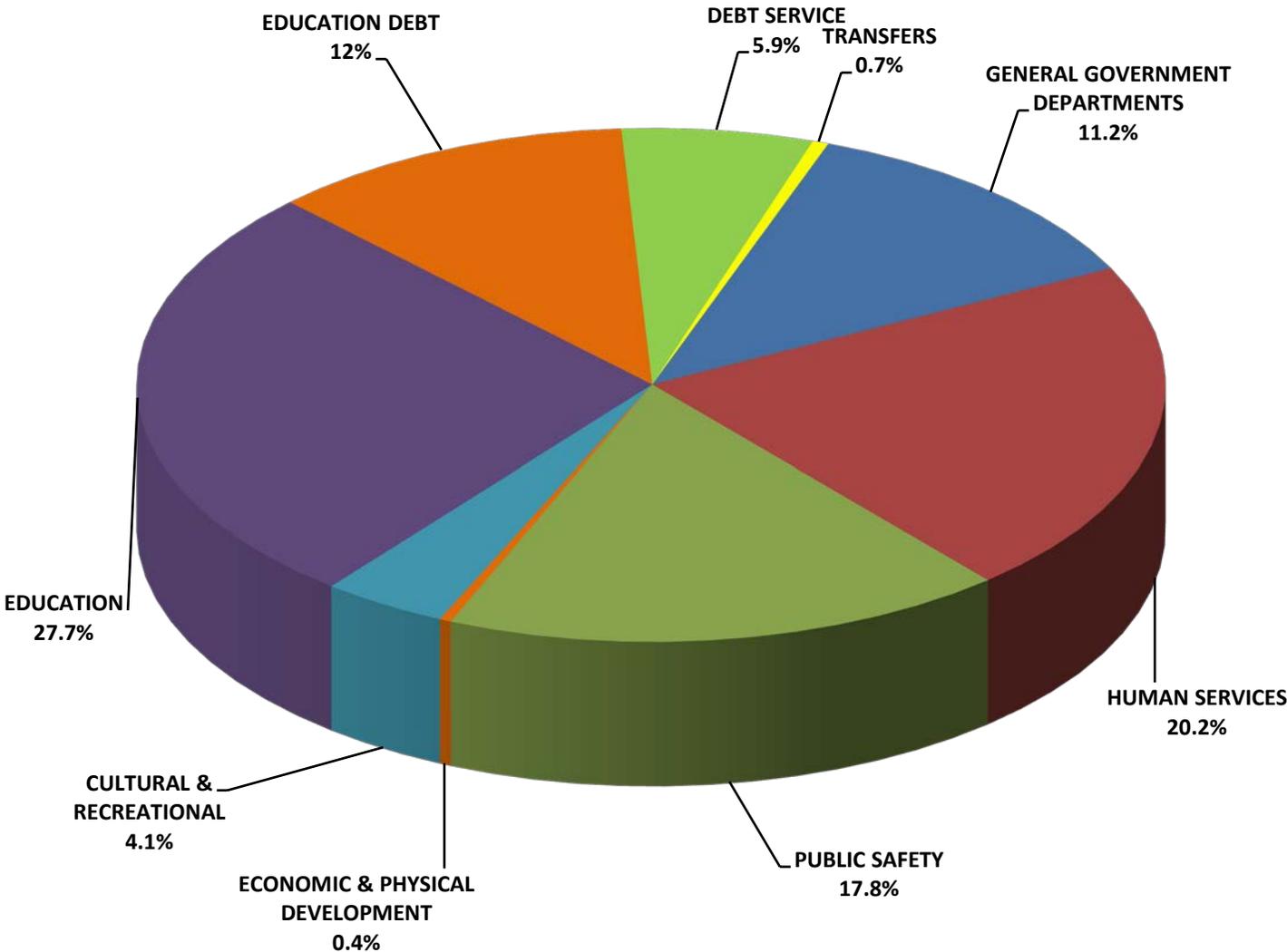
NEW HANOVER COUNTY
PERCENTAGE CHANGE OF BUDGETED EXPENDITURES BY ACTIVITY
GENERAL FUND

BUDGETED EXPENDITURES:	FY13-14 REVISED	FY14-15 RECOMMENDED	PERCENT DIFFERENCE
GENERAL GOVERNMENT DEPARTMENTS	\$ 35,340,603	\$ 33,001,289	-6.62%
HUMAN SERVICES	61,323,881	59,607,668	-2.80%
PUBLIC SAFETY	11,450,042	11,799,571	3.05%
Sheriff's Office	40,588,902	40,741,972	0.38%
ECONOMIC & PHYSICAL DEVELOPMENT	1,598,624	1,071,463	-32.98%
CULTURAL & RECREATIONAL	11,458,029	12,077,719	5.41%
EDUCATION	75,539,163	81,638,339	8.07%
EDUCATION DEBT	32,303,348	35,207,029	8.99%
DEBT SERVICE	17,087,108	17,373,854	1.68%
TRANSFERS	1,805,519	2,059,663	14.08%
TOTAL BUDGETED EXPENDITURES	\$ 288,495,219	\$ 294,578,567	2.11%

All departments were impacted by the 2% market adjustment of the salary schedule offset by an estimated 4% decrease in medical expenses.

- 1) **General Government Departments** decrease is primarily due to:
 - a) Development Services Center merged with Planning & Inspections in a different Function (Public Safety).
 - b) FY13-14 Budget contained costs for capital projects and contributions not repeated in FY14-15.
- 2) **Human Services** decrease is primarily due to change in budget approach. The budget for Department of Social Services includes a salary lag of \$500,000. The Health Department's budget meets State maintenance of effort requirement that counties continue to fund their Health Departments at FY10-11 levels.
- 3) **Public Safety** increase is primarily due to:
 - a) Development Services Center merging with Planning & Inspections from a different Function (Gen. Gov't).
 - b) Increases in Inmate Health Contract and Meals Contract.
- 4) **Economic and Physical Development** decrease is due to the expectation that funds designated for economic development will be carried over to the FY14-15 budget. Funding is recommended at \$50,000 above the contracted amount for Wilmington Business Development to advance recommendations from the Garner Economics report - Pathways to Prosperity.
- 5) **Cultural & Recreational** increase is primarily due to:
 - a) The opening of Castle Hayne/Northern Regional Park and related equipment and supplies.
 - b) Funding to develop a strategic plan for the Museum.
- 6) **Education** increase is due to:
 - a) Increase in CFCC funding (\$2.3 million) for deferred maintenance and operating costs related to new facilities built with voter-approved bond funds.
 - b) Increase in Public School funding (\$3.8 million) is due to a per capita formula (FY14-15 \$2,575/ADM) moving toward \$2,700/ADM by FY16-17. In addition, the County directly provides landscaping services (\$650,000) and over \$500,000 for locally funded SROs. The state also provides \$600,000 for SROs in the Schools.
- 7) **Transfers** increase is due to an increase in the Transfer to Capital Projects (\$210,000).

2014-2015 RECOMMENDED BUDGET EXPENDITURES



Expenditures for Education (27.7%) and Human Services (20.2%) continue to dominate the General Fund. For greater detail, please see facing page.

NEW HANOVER COUNTY
PERCENTAGE CHANGE OF BUDGETED REVENUES BY CLASS
GENERAL FUND

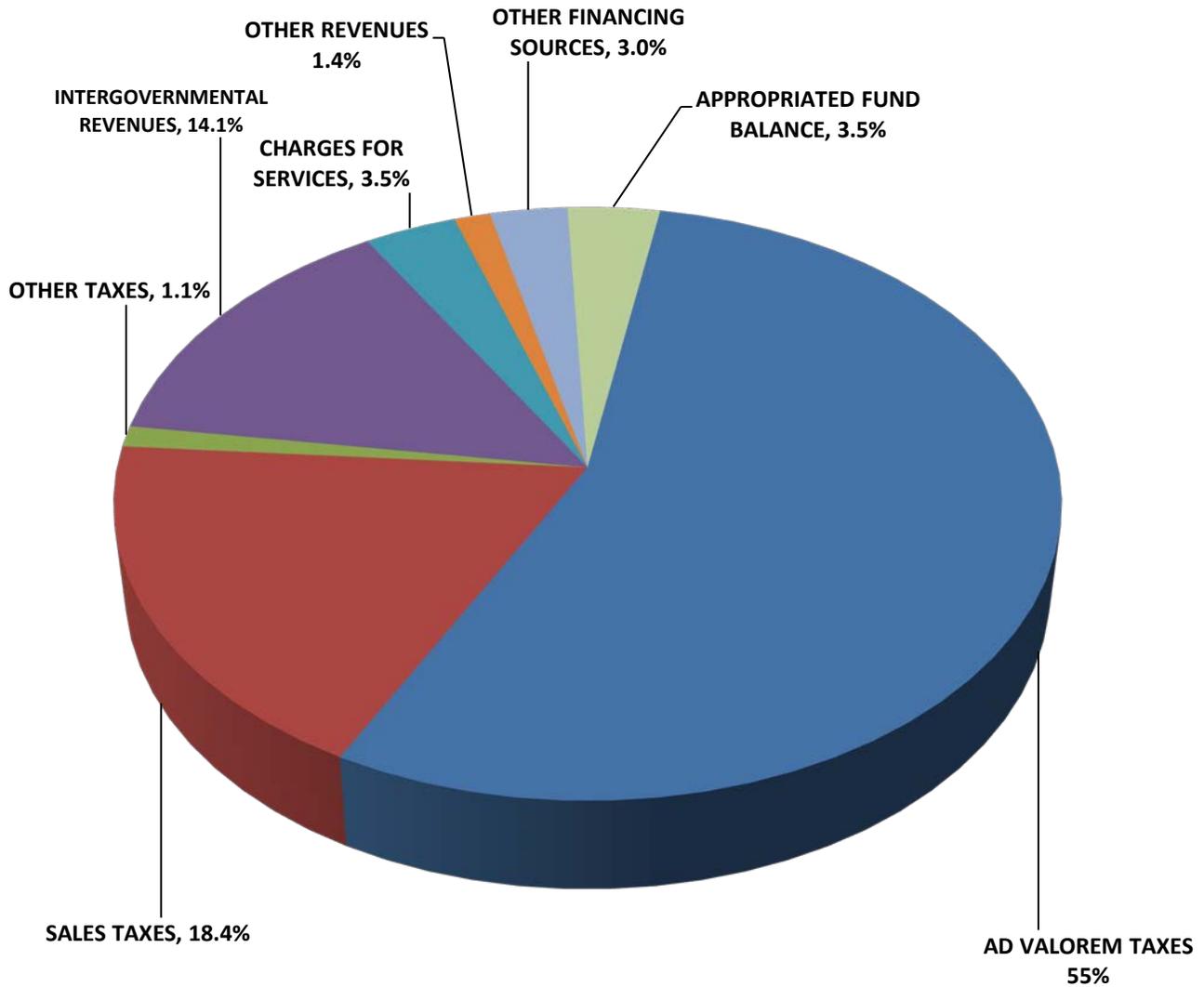
	FY13-14 REVISED	FY14-15 RECOMMENDED	PERCENT DIFFERENCE
BUDGETED REVENUES:			
AD VALOREM TAXES	\$ 161,641,517	\$ 161,986,984	0.21%
SALES TAXES	52,488,986	54,172,350	3.21%
OTHER TAXES	3,067,451	3,327,763	8.49%
INTERGOVERNMENTAL REVENUES	41,523,786	41,396,931	-0.31%
CHARGES FOR SERVICES	9,373,292	10,418,061	11.15%
OTHER REVENUES	4,605,854	4,084,719	-11.31%
TRANSFERS	1,090,836	0	-100.00%
OTHER FINANCING SOURCES	0	8,760,759	n/a
APPROPRIATED FUND BALANCE	14,703,497	10,431,000	-29.06%
TOTAL BUDGETED REVENUES	\$ 288,495,219	\$ 294,578,567	2.11%

EXPLANATION OF CHANGES:

- 1) **Ad Valorem Taxes** are based on a tax rate of 55.4 cents, an estimated base of \$29.5 billion with an estimated 98.5% collection rate.
- 2) **Sales Tax** is projected to increase 3.2% over the FY13-14 estimated amount.
- 3) **Other Taxes** increased due to increase in real property transfer tax.
- 4) **Intergovernmental Revenues** decreased slightly primarily due to adjustment in grants.
- 5) **Charges for Services** increased due to the success of Animal Services, Inspections and Register of Deeds fees revenue estimate increased based on historical trends and the anticipation that the housing industry is improving.
- 6) **Other Revenues** decreased primarily due to contributions from escrow Medicaid Maximization transferred from Health to the Health Department Renovations capital project fund. Other revenues also include Miscellaneous Revenue ¹.
- 7) **Transfers** in FY13-14 revised, Environmental Management had a transfer to repay fund for a land purchase loan, and Schools had a transfer from completed School capital project. No transfers to be budgeted for FY14-15.
- 8) **Appropriated Fund Balance** - \$9 million in General Fund is due to the County's strong financial health and desire to keep tax rate constant. Automation Enhancement Fund Balance is \$431,000 and the New Hanover County Schools Fund Balance is \$1 million. In FY13-14 the Appropriated Fund Balance was recommended at \$9 million.

¹ Miscellaneous revenue includes funds from escrow accounts, Airport repayment, reimbursement from Cape Fear Public Utility Authority, lost books, copies of health/legal records, admission fees from Museum, and any other revenue that does not meet standard revenue classification.

FY14-15 RECOMMENDED BUDGET REVENUES



Ad Valorem Taxes (55%) together with the Sales Taxes (18.4%) comprise 73.4% of total County revenues. For greater detail, please see facing page.

NEW HANOVER COUNTY
NET COUNTY COST HUMAN SERVICES DEPARTMENTS

DEPARTMENT	FY13-14 REVISED	FY14-15 RECOMMENDED	DOLLAR CHANGE	PERCENT CHANGE
HEALTH				
EXPENDITURES	\$ 13,931,096	\$ 13,307,803	\$ (623,293)	-4.5%
REVENUES	<u>8,225,061</u>	<u>7,474,734</u>	<u>(750,327)</u>	<u>-9.1%</u>
COUNTY \$ REQUIRED	\$ 5,706,035	\$ 5,833,069	\$ 127,034	2.2%
SOCIAL SERVICES				
EXPENDITURES	\$ 42,550,760	\$ 41,736,521	\$ (814,239)	-1.9%
REVENUES	<u>25,955,782</u>	<u>26,507,599</u>	<u>551,817</u>	<u>2.1%</u>
COUNTY \$ REQUIRED	\$ 16,594,978	\$ 15,228,922	\$ (1,366,056)	-8.2%
COASTALCARE				
EXPENDITURES	\$ 2,142,084	\$ 2,151,117	\$ 9,033	0.4%
REVENUES	<u>98,500</u>	<u>100,000</u>	<u>1,500</u>	<u>1.5%</u>
COUNTY \$ REQUIRED	\$ 2,043,584	\$ 2,051,117	\$ 7,533	0.4%
SENIOR RESOURCE CENTER				
EXPENDITURES	\$ 2,509,791	\$ 2,212,022	\$ (297,769)	-11.9%
REVENUES	<u>1,756,596</u>	<u>1,497,540</u>	<u>(259,056)</u>	<u>-14.7%</u>
COUNTY \$ REQUIRED	\$ 753,195	\$ 714,482	\$ (38,713)	-5.1%
TOTAL COUNTY COST	\$ 25,097,792	\$ 23,827,590	\$ (1,270,202)	-5.1%

EXPLANATION OF CHANGES:

- 1) HEALTH: FY13-14 includes funds for Health Department renovations that are not in the FY14-15 budget. The FY14-15 budget meets the State's maintenance of effort requirement that counties continue to fund their Health Departments at FY10-11 levels.
- 2) DSS: Decrease is based on prior year's actuals.
- 3) SENIOR RESOURCE CENTER: Decrease based on anticipated reduction in program revenue.

**NEW HANOVER COUNTY
NON-COUNTY AGENCY CONTRIBUTIONS**

	FY13-14 REVISED	FY14-15 REQUESTED	FY14-15 RECOMMENDED
HUMAN SERVICES:			
ADR Center, Inc. (Teen Court)	\$ 12,150	\$ 12,150	\$ 12,150
Blue Ribbon Commission (Youth Violence)	5,000	5,000	5,000
Cape Fear Literacy Council	5,000	9,500	9,500
Carousel Center	20,000	20,000	20,000
Coastal Horizons/Open House	30,000	33,000	30,000
Coastal Horizons/Rape Crisis Center	10,000	12,000	10,000
Communities in Schools of Cape Fear	0	25,000	25,000
Domestic Violence Shelter & Services, Inc.	15,000	25,000	15,000
Dreams	0	10,000	10,000
Elderhaus, Inc.	49,000	49,000	49,000
Food Bank of Central & Eastern NC	5,000	7,500	5,000
Good Shepherd Center	14,000	50,000	14,000
Kids Making It, Inc.	0	25,000	25,000
Leading Into New Communities	0	88,000	10,000
One Love Tennis ¹	0	25,000	25,000
Ten Year Plan to End Chronic Homelessness ²	25,000	20,000	20,000
Wilmington Area Rebuilding Ministry (WARM)	0	16,000	5,000
Wilmington's Residential Adolescent Achievement Place	0	20,000	10,000
TOTAL HUMAN SERVICES:	\$ 190,150	\$ 452,150	\$ 299,650
CULTURAL AND RECREATIONAL:			
Children's Museum	\$ 0	\$ 10,000	\$ 0
Cucalorus Film Foundation	0	6,000	0
Fort Fisher	0	5,000	5,000
TOTAL CULTURAL AND RECREATIONAL:	\$ 0	\$ 21,000	\$ 5,000
ECONOMIC AND PHYSICAL DEVELOPMENT:			
Highway 17 Association	\$ 0	\$ 10,000	\$ 0
New Hanover Soil & Water Conservation District	45,500	75,750	45,500
TOTAL ECONOMIC AND PHYSICAL DEVELOPMENT:	\$ 45,500	\$ 85,750	\$ 45,500
MEMBERSHIPS:			
Cape Fear Council of Government	\$ 25,788	\$ 36,629	\$ 29,408
TOTAL MEMBERSHIPS:	\$ 25,788	\$ 36,629	\$ 29,408
TOTAL:	\$ 261,438	\$ 595,529	\$ 379,558

¹ One Love Tennis- Program will be funded and coordinated in the Parks and Gardens Department.
² Ten Year Plan to End Chronic Homelessness will decrease \$5,000 per year over the next five years.

*Funding is determined once every two years using a formal 'Request for Proposals' process.
The amount adopted in FY14-15 will be the same amount allocated for FY15-16.*

NON-DEPARTMENTAL

A detailed explanation of the items funded in Non-Departmental is provided below. A table summarizing totals per account follows the detailed explanation.

Expenditures:

Salary Adjustment: The negative \$1,200,000 is for salary lag.

Medical Insurance Expense: Funds are included for administrative fees for Dental Insurance and the Flexible Spending account program, as well as the County's portion of retirees' medical expenses. Any consultant fees incurred related to these benefits are also included in this amount.

FICA: FICA on Long Term Disability insurance.

Contracted Services:

\$17,000	Employment Background Checks
20,000	Pre-employment and Random Drug Screening for Employees
5,000	Employee Assistance Program (work related)
17,500	Special Insurance
786	American Society of Composers, Authors and Publishers
\$60,286	TOTAL

Contracted Services – WAY Clinic: Funds are included for operation of an on-site clinic to address minor health issues and preventive wellness program for County employees. The operation of the program is expected to reduce the cost of medical claims in FY14-15.

\$161,965	Practitioner
37,377	Medical Office Assistant
108,000	Program Administrative Fee
10,800	Reference Labs
83,250	Health Risk Assessments
6,900	PSA's
2,700	Miscellaneous Supplies
6,875	Flu Shots
\$417,867	TOTAL

Service/Retirement Awards: In FY13-14 the revised budget was \$11,713. The FY14-15 recommended amount is \$13,500.

Reach for the Stars: This is a new employee recognition program. Human Resources will implement this program in FY14-15.

Wellness and You Program: The Wellness and You (WAY) program was created in 2008 to encourage and motivate employees to make better lifestyle choices as it relates to physical activity, healthy diet, tobacco cessation, and preventive care. The WAY program has three main components: Health Risk Assessment, Physical Activity and Wellness Education. For FY14-15, \$15,000 is recommended.

Miscellaneous: Funds used to purchase small items that are needed during the fiscal year, such as meeting supplies and other items, which do not pertain to one department or function. An amount of \$122,663 is included in the recommended budget.

Countywide Training: Funds in the amount of \$43,113 are being recommended for in-house mandatory web-based training, optional core courses and supervisory training. Also includes table talk, miscellaneous meetings, team meetings and retreats.

NON-DEPARTMENTAL CONTINUED

Insurance and Bonds: Estimate of funds that will be required for insurance and bonds for County programs and operations.

\$1,645	Liquor Liability
6,640	Cyber Liability
233	Automobile
35,013	Law & Public Officials
120,488	Excess Workers' Compensation
\$164,019	TOTAL

Insurance Deductible: Estimate of funds that will be required for deductibles not covered by insurance.

Unemployment – Employment Security Commission: An annual estimate for FY14-15 is \$400,000.

Workers Compensation: Estimate of funds that will be required for Workers Compensation.

City of Wilmington: In accordance with the Commissioners' approval (December 2008), funding for 50% of the cost of the "Safe Light" program up to \$200,000 is included. In 2013 the agreement was amended to split 50/50 the cost of administration of the program. Assumption is that we will be rolling over \$20,000 from FY13-14. The remaining \$214,850 is budgeted for FY14-15.

Contribution to WAVE: Wave Transit was established by merging the Wilmington Transit Authority and New Hanover Transportation Services on July 1, 2004. The system provides efficient, affordable transportation services to residents of the County, meeting the special needs of the elderly, disabled, Work First and Medicaid participants, working poor, clients of human service agencies, and the general public. Funding is recommended in the amount of \$432,822.

Contribution to Airport: The County is recommending a \$100,000 contribution to the airport as a match for a grant. This was approved in FY13-14 by the Board of Commissioners.

Economic Development:

Total funds for FY14-15 for economic development in the recommended budgeted are \$351,000.

Transfers to Other Funds:

Funds are transferred from the General Fund to other funds or capital projects.

FY12-13 Actual

- Transfers Total \$1,621,214. Transfers to Trust and Agency Funds total \$918,335. The transfer of \$518,335 represents the County's cost of a special retirement fund required by the state for the Sheriff's Office. An amount of \$400,000 is budgeted as a transfer for Other Post-Employment Benefits (OPEB). Transfers to Capital projects are \$702,879.

FY13-14 Revised Budget

- Transfers Total \$1,805,519. Transfers to Trust and Agency Funds total \$1,068,386. The transfer of \$568,386 represents the County's cost of a special retirement fund required by the state for the Sheriff's Office. An amount of \$500,000 is budgeted as a transfer for Other Post-Employment Benefits (OPEB). Transfers to Capital projects are \$737,133.

NON-DEPARTMENTAL CONTINUED

FY14-15 Recommended Budget

- Transfers Total \$2,059,663. Transfers to Trust and Agency Funds total \$1,115,663. The transfer of \$615,663 represents the County's cost of a special retirement fund required by the state for the Sheriff's Office. An amount of \$500,000 is budgeted as a transfer for Other Post-Employment Benefits (OPEB). Transfers to Capital projects are \$944,000.

Debt Service:

Principal on Bonded Debt and Interest on Bonded Debt: Debt service consists of the principal and interest on bonded debt. The County may select what revenues are used to meet debt service obligations, but it must appropriate the whole amount estimated. General Fund payments of \$37,139,135 are budgeted.

Installment Debt: General Fund payments of \$15,362,387 are budgeted.

Bond Service Charges: Estimated costs related to issuance of bonds.

NON-DEPARTMENTAL CONTINUED

	FY12-13 ACTUAL	FY13-14 REVISED	FY14-15 RECOMMENDED	DIFFERENCE BETWEEN FY13-14 (REVISED) AND FY14-15 (RECOMMENDED)	
				Amount	%
EXPENDITURES:					
SALARY ADJUSTMENT	\$ 0	\$ 137,000	\$ -1,200,000	\$ -1,337,000	-975.91%
MEDICAL INSURANCE	1,388,305	1,431,852	1,450,000	18,148	1.27%
FICA	8,035	0	0	0	N/A
CONTRACTED SERVICES	65,894	281,131	60,286	-220,845	-78.56%
CONTRACTED SERVICES-WAY CLINIC	375,952	416,386	417,867	1,481	0.36%
SERVICE AND RETIREMENT AWARDS	10,619	11,713	13,500	1,787	15.26%
EMPLOYEE APPRECIATION	3,564	10,000	10,000	0	0.00%
REACH FOR THE STARS	0	0	13,465	13,465	N/A
WELLNESS PROGRAM	11,329	15,000	15,000	0	0.00%
MISCELLANEOUS	167,822	41,562	122,663	81,101	195.13%
COUNTYWIDE TRAINING ¹	53,672	43,500	43,113	-387	-0.89%
INSURANCE & BONDS	152,921	168,262	164,019	-4,243	-2.52%
INSURANCE DEDUCTIBLE REIMB	111,714	100,000	100,000	0	0.00%
UNEMPLOYMENT-EMPL SEC COMM	345,868	673,383	400,000	-273,383	-40.60%
WORKERS COMPENSATION	627,216	750,000	750,000	0	0.00%
CITY OF WILMINGTON	225,332	231,541	214,850	-16,691	-7.21%
CONTRIBUTION TO WAVE	250,000	140,000	432,822	292,822	209.16%
CONTRIBUTION TO CAROLINA BEACH	0	500,000	0	-500,000	-100.00%
CONTRIBUTION TO AIRPORT	0	0	100,000	100,000	N/A
TOTAL NON-DEPART EXPENSES:	\$ 3,798,243	\$ 4,951,330	\$ 3,107,585	\$ -1,843,745	-37.24%
ECONOMIC DEVELOPMENT					
ECONOMIC DEVELOPMENT	\$ 0	\$ 384,836	\$ 0	\$ -384,836	-100.00%
BRANDING WILMINGTON FOR FILM ²	0	25,000	0	-25,000	-100.00%
WILMINGTON BUSINESS DEVELOPMENT ²	134,160	136,977	189,032	52,055	38.00%
DOWNTOWN WILMINGTON INC ²	50,000	37,500	25,000	-12,500	-33.33%
ECONOMIC STRATEGY ²	0	7,290	0	-7,290	-100.00%
NC SE REG ECON DEVEL PRTRNSHIP	0	0	20,000	20,000	N/A
PUBLIC-PRIVATE PARTNERSHIP ²	0	323,000	0	-323,000	-100.00%
SE ECONOMIC DEVELOPMENT ²	20,267	20,267	0	-20,267	-100.00%
WILM REGIONAL FILM COMMISSION ²	113,092	115,466	117,198	1,732	1.50%
ECONOMIC DEVELOPMENT:	\$ 317,519	\$ 1,050,336	\$ 351,230	\$ -699,106	-66.56%
TRANSFERS TO OTHER FUNDS:					
TRANS. TO CAPITAL PROJECTS	702,879	737,133	944,000	206,867	28.06%
TRANS. TO TRUST/AGENCY	918,335	1,068,386	1,115,663	47,277	4.43%
TOTAL TRANSFERS:	\$ 1,621,214	\$ 1,805,519	\$ 2,059,663	\$ 254,144	14.08%
DEBT SERVICE:					
PRINCIPAL ON BONDED DEBT	\$ 21,075,000	\$ 21,040,002	\$ 24,590,000	\$ 3,549,998	16.87%
INTEREST ON BONDED DEBT	12,307,183	13,535,908	12,549,135	-986,773	-7.29%
INSTALLMENT LEASE	13,771,387	14,690,936	15,362,387	671,451	4.57%
BOND SERVICE CHARGES	183,567	123,610	79,361	-44,249	-35.80%
TOTAL DEBT SERVICE:	\$ 47,337,137	\$ 49,390,456	\$ 52,580,883	\$ 3,190,427	6.46%
TOTAL EXPENDITURES	\$ 53,074,113	\$ 57,197,641	\$ 58,099,361	\$ 901,720	1.58%

¹ Regular Training is combined with Countywide Training.

² In FY13-14, these items reclassified from outside agencies to economic development or are new economic development categories.

**NEW HANOVER COUNTY
EDUCATION
SUMMARY OF REVENUES & EXPENDITURES**

	FY13-14 REVISED	FY14-15 REQUESTED	FY14-15 RECOMMENDED	DOLLAR INCREASE	PERCENT INCREASE
New Hanover County Schools Fund					
EXPENDITURES:					
Current Operating	\$ 64,740,640	\$ 69,225,240	\$ 67,904,309	\$ 3,163,669	5%
Capital Outlay	<u>2,124,146</u>	<u>2,750,000</u>	<u>2,750,000</u>	<u>625,854</u>	29%
Total Current Expenditures	\$ 66,864,786	\$ 71,975,240	\$ 70,654,309	\$ 3,789,523	6%
NHC Schools Debt Service¹	\$ 20,803,770	\$ 19,597,017	\$ 19,892,299	\$ (911,471)	-4%
TOTAL EXPENDITURES	\$ 87,668,556	\$ 91,572,257	\$ 90,546,608	\$ 2,878,052	3%
General Fund					
Cape Fear Community College Expenditures					
CFCC - Contribution	\$ 8,674,377	12,269,782	10,984,030	\$ 2,309,653	27%
CFCC Debt Service ²	<u>11,499,578</u>	<u>15,314,730</u>	<u>15,314,730</u>	<u>3,815,152</u>	33%
Total CFCC	\$ 20,173,955	27,584,512	26,298,760	\$ 6,124,805	30%

Comparison columns are from FY13-14 revised to FY14-15 current

New Hanover County Schools

Increase is due to increased enrollment and attempting to begin restoring funding to pre-recession levels.

Cape Fear Community College

Increase is due to maintenance and operating costs related to new facilities built with voter-approved bond funds.

In addition to direct school system funding, the County also provides \$700,000 of maintenance service through the Parks and Gardens Department for landscaping and field repairs and more than \$500,000 in local funding support for School Resource Officers (SROs) to augment the \$600,000 in state funded SROs.

¹This amount does not include bond service charges.

²Does not include installment debt.



NEW HANOVER COUNTY DEBT SERVICE FOR NEXT FIVE YEARS

GENERAL FUND	Adopted					
	FY 13-14	FY 14-15	FY 15-16	FY 16-17	FY 17-18	FY 18-19
BONDED:						
CFCC 2004 General Obligation Bonds (Refunding)	1,181,305	0	0	0	0	0
CFCC 2005 General Obligation Bonds (Refunding)	1,192,389	1,146,329	1,100,613	1,530,244	1,460,425	0
CFCC 2009A General Obligation Bonds (Refunding)	1,252,778	1,208,309	1,163,062	774,901	746,647	717,526
CFCC 2010 General Obligation Bonds (\$70 million issued)	6,149,491	6,047,353	5,924,286	5,799,022	5,673,776	5,522,619
CFCC 2013A General Obligation Bonds (\$54 million issued)	1,723,616	5,130,000	4,992,500	4,882,500	4,745,000	4,607,500
CFCC 2013 General Obligation Bonds (Refunding)	0	1,037,827	989,586	1,254,605	1,232,671	1,483,856
CFCC General Obligation Bonds (\$40 million authorized) Sept 2014	P 0	744,913	3,375,775	3,337,675	3,290,050	3,232,900
Total Bonded Debt Service - General Fund-CFCC	11,499,578	15,314,730	17,545,821	17,578,947	17,148,569	15,564,401
Principal portion of General Fund Bonded Debt-CFCC	6,051,669	8,891,005	10,744,703	11,136,558	11,135,883	10,008,863
Interest portion of General Fund Bonded Debt-CFCC	5,447,909	6,423,725	6,801,118	6,442,389	6,012,686	5,555,538
	11,499,578	15,314,730	17,545,821	17,578,947	17,148,569	15,564,401
Parks and Recreation Bonds 2008 (\$18 million issued)	1,354,575	1,317,075	1,290,825	1,262,700	1,234,575	1,204,575
Parks and Recreation Bonds 2010 (\$17.5 million issued)	1,472,847	1,446,685	1,417,853	1,387,241	1,355,437	1,319,744
Total Bonded Debt Service - General Fund-Parks	2,827,422	2,763,760	2,708,678	2,649,941	2,590,012	2,524,319
Principal portion of General Fund Bonded Debt-Parks	1,565,000	1,565,000	1,565,000	1,565,000	1,565,000	1,565,000
Interest portion of General Fund Bonded Debt-Parks	1,262,422	1,198,760	1,143,678	1,084,941	1,025,012	959,319
	2,827,422	2,763,760	2,708,678	2,649,941	2,590,012	2,524,319
Total Bonded Debt Service - General Fund	\$14,327,001	\$18,078,490	\$20,254,499	\$20,228,888	\$19,738,581	\$18,088,720
Principal portion of General Fund Bonded Debt	7,616,669	10,456,005	12,309,703	12,701,558	12,700,883	11,573,863
Interest portion of General Fund Bonded Debt	6,710,333	7,622,485	7,944,796	7,527,329	7,037,698	6,514,857
	\$14,327,001	\$18,078,490	\$20,254,499	\$20,228,887	\$19,738,581	\$18,088,720
INSTALLMENT:						
2005A Certificates of Participation - Refunding-Library/Admin Bldg, LE Facility, School/Park Land Purchase	807,433	807,990	806,702	808,264	806,654	0
2005B Certificates of Participation - Refunding-Airline Gardens, Judicial Building, Wilmington-Hanby Beach	4,159,500	3,991,125	3,818,125	3,645,625	3,473,625	3,233,875
138 North Fourth Street	89,700	89,700	89,700	89,700	44,598	0
911 Equipment-Radios	186,048	0	0	0	0	0
2010 Refunding LOBS-2000 COPS-Airline Gardens, Judicial Building, Wilmington-Hanby Beach	1,399,070	1,343,925	1,288,624	1,221,711	1,159,812	1,094,053
2010 Refunding LOBS-2001 COPS-Jail, Parking Deck, Library	609,572	615,297	620,037	626,016	630,912	634,682
2010 Refunding LOBS-Airport Customs Building	264,511	255,776	246,815	235,328	224,874	213,690
2010 Refunding LOBS-Public Safety Training Center	157,177	152,396	147,474	141,152	135,395	129,212
2010 Refunding LOBS-Jail Expansion Land	437,666	425,720	413,360	397,476	382,982	367,331
2010 Refunding LOBS-Government Center	611,050	587,789	564,062	533,658	505,712	0
2010 Refunding LOBS-800 mhz System	906,263	870,526	834,158	50,194	0	0
2012 Refunding LOBS-COPS2003-Administration Annex Building	444,100	424,000	412,350	394,250	379,725	358,900
320 Chestnut Street Renovation	P 701,321	850,982	841,382	831,982	812,581	793,181
Cobb Judicial Annex Repair	P 459,664	338,569	334,769	334,069	326,269	318,469
Marquis Hills	P 0	0	0	0	861,459	769,695
Heritage Park	P 0	0	0	438,975	392,214	386,489
Airport Rental Car Facility	P 265,451	427,959	426,479	424,344	415,639	415,914
Capital Improvements and Equipment	P 0	768,100	1,536,199	1,536,199	1,216,386	896,573
2005A Certificates of Participation - Refunding-Sewer Projects ¹	912,750	913,380	911,924	913,689	911,869	0
2012 Refunding LOBS-COPS2003-Water/Sewer	1,724,800	1,667,500	1,610,050	1,557,800	1,500,775	1,439,350
Total Installment Debt Service - General Fund	\$14,136,076	\$14,530,733	\$14,902,212	\$14,180,431	\$13,931,481	\$11,051,414
Principal portion of General Fund Installment Debt	10,403,732	10,932,420	11,638,853	11,198,637	10,937,000	8,730,172
Interest portion of General Fund Installment Debt	3,732,344	3,598,314	3,263,359	2,981,795	2,994,481	2,321,242
	\$14,136,076	\$14,530,733	\$14,902,212	\$14,180,431	\$13,931,481	\$11,051,414
Total Debt Service - General Fund	\$28,463,076	\$32,609,222	\$35,156,710	\$34,409,319	\$33,670,062	\$29,140,135
PUBLIC SCHOOLS FUND						
BONDED:						
2004 General Obligation Bonds (Refunding)	4,157,521	0	0	0	0	0
2005 General Obligation Bonds (Refunding)	878,602	844,662	810,976	1,127,547	1,076,102	0
2006 General Obligation Bonds (\$15 million fixed issued)	1,148,064	810,000	780,000	0	0	0
2006 General Obligation Bonds (\$15 million variable issued)	1,130,000	1,100,000	1,070,000	1,040,000	1,010,000	980,000
2007 General Obligation Bonds (\$50 million fixed issue)	4,092,500	3,125,000	3,025,000	2,925,000	2,825,000	2,700,000
2009 General Obligation Bonds (Refunding)	5,797,222	5,591,441	5,382,063	5,585,849	5,455,103	5,320,349
2009 General Obligation Bonds (\$43 million issued)	3,045,000	3,000,000	2,955,000	2,910,000	2,865,000	2,820,000
2013 General Obligation Bonds (Refunding)	0	973,575	981,765	1,733,272	1,698,355	1,663,694
2013 General Obligation Bonds (Refunding)	0	3,615,967	3,450,172	4,561,957	4,624,584	5,976,205
2016 General Obligation Bonds (\$52 million) Issue 2016	P 0	0	824,154	4,261,102	4,234,458	4,202,039
2018 General Obligation Bonds (\$37 million) Issue 2018	P 0	0	0	0	652,854	3,163,739
2019 General Obligation Bonds (\$49 million) Issue 2019	P 0	0	0	0	0	888,004
2020 General Obligation Bonds (\$22 million) Issue 2020	P 0	0	0	0	0	0
Total Bonded Debt Service - Public Schools Fund	\$20,248,909	\$19,060,645	\$19,279,129	\$22,144,727	\$22,441,455	\$25,714,030
Principal portion of Public Schools Fund Bonded Debt	13,423,331	14,133,995	14,010,297	16,518,442	16,614,117	18,851,137
Interest portion of Public Schools Fund Bonded Debt	6,825,577	4,926,650	5,268,832	5,626,285	5,827,337	6,862,893
	\$20,248,909	\$19,060,645	\$19,279,129	\$22,144,727	\$22,441,455	\$25,714,030
INSTALLMENT:						
2010 QSCB's	\$554,860	\$536,372	\$517,885	\$499,397	\$480,909	\$462,421
Capital Improvements and Equipment	P \$554,860	\$295,282	\$590,564	\$590,564	\$590,564	\$590,564
Total Installment Debt Service - Public Schools Fund	\$554,860	\$831,654	\$1,108,449	\$1,089,961	\$1,071,473	\$1,052,985
Principal portion of Public Schools Fund Installment Debt	328,383	586,738	855,835	870,490	885,553	901,034
Interest portion of Public Schools Fund Installment Debt	226,477	244,917	252,614	219,470	185,920	151,951
	\$554,860	\$831,654	\$1,108,449	\$1,089,961	\$1,071,473	\$1,052,985
Total Debt Service - Public Schools Fund	\$20,803,770	\$19,892,299	\$20,387,578	\$23,234,688	\$23,512,928	\$26,767,015

NEW HANOVER COUNTY DEBT SERVICE FOR NEXT FIVE YEARS

SPECIAL FIRE DISTRICT

INSTALLMENT:

	FY 13-14	FY 14-15	FY 15-16	FY 16-17	FY 17-18	FY 18-19
2010 Refunding LOBS-Public Safety Training Center	157,177	152,396	147,474	141,152	135,395	129,212
2010 Refunding LOBS-Murrayville Fire Station	288,358	280,487	272,344	261,878	252,329	242,017
2012 Refunding LOBS-COPS2003	88,850	82,850	81,550	79,925	77,975	70,800
Fire Engine/Fire Tankers (2)	322,244	0	0	0	0	0
Capital Improvements and Equipment	0	135,303	270,606			
Total Debt Service - Special Fire District	\$856,629	\$651,036	\$771,974	\$482,955	\$465,698	\$442,030
Principal portion of Special Fire District Installment Debt	694,558	489,225	612,765	615,749	558,285	533,753
Interest portion of Special Fire District Installment Debt	162,071	161,811	159,210	137,812	117,607	98,331
	\$856,629	\$651,036	\$771,974	\$753,561	\$675,891	\$632,084

ENVIRONMENTAL MANAGEMENT

INSTALLMENT:

	FY 13-14	FY 14-15	FY 15-16	FY 16-17	FY 17-18	FY 18-19
2005A Certificates of Participation - Refunding - Scrapper Pan-Landfill	35,106	35,130	35,074	35,142	35,072	0
2010 Refunding LOBS-2000 COPS-Baghouses-WASTEC	78,457	75,364	72,263	68,511	65,040	61,352
Compactor 826G-Landfill	251,434	251,434	0	0	0	0
Articulated Dump Truck-Landfill	62,086	62,086	62,086	62,086	0	0
Bulldozer, Loader, and Roll-Off Truck	184,476	368,952	368,952	184,476	0	0
Total Installment Debt Service - Environmental Management Fund	\$611,559	\$792,966	\$538,375	\$350,215	\$100,112	\$61,352
Principal portion of Environmental Management Installment Debt	563,865	745,826	506,794	332,387	89,271	54,117
Interest portion of Environmental Management Installment Debt	47,694	47,140	31,581	17,827	10,841	7,235
	\$611,559	\$792,966	\$538,375	\$350,215	\$100,112	\$61,352

Total Debt Service - Environmental Management Fund

	\$611,559	\$792,966	\$538,375	\$350,215	\$100,112	\$61,352
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Total Debt Service - All Funds

	\$50,735,033	\$53,945,523	\$56,854,637	\$58,477,177	\$57,748,800	\$56,410,531
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P = Pending further action

1. On July 1, 2008, Water and Sewer Debt Service was transferred to General Fund as part of the change to the Cape Fear Public Utility Authority.





NEW HANOVER COUNTY

FY14-15