

# FY16-17 Budget Work Session

## Priority Setting

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# Agenda

1. Outstanding Debt & Debt Capacity
2. Revenue Discussion
3. Fund Balance
4. Looking Ahead
5. Discussion of Board Priorities
6. Timing & Next Steps

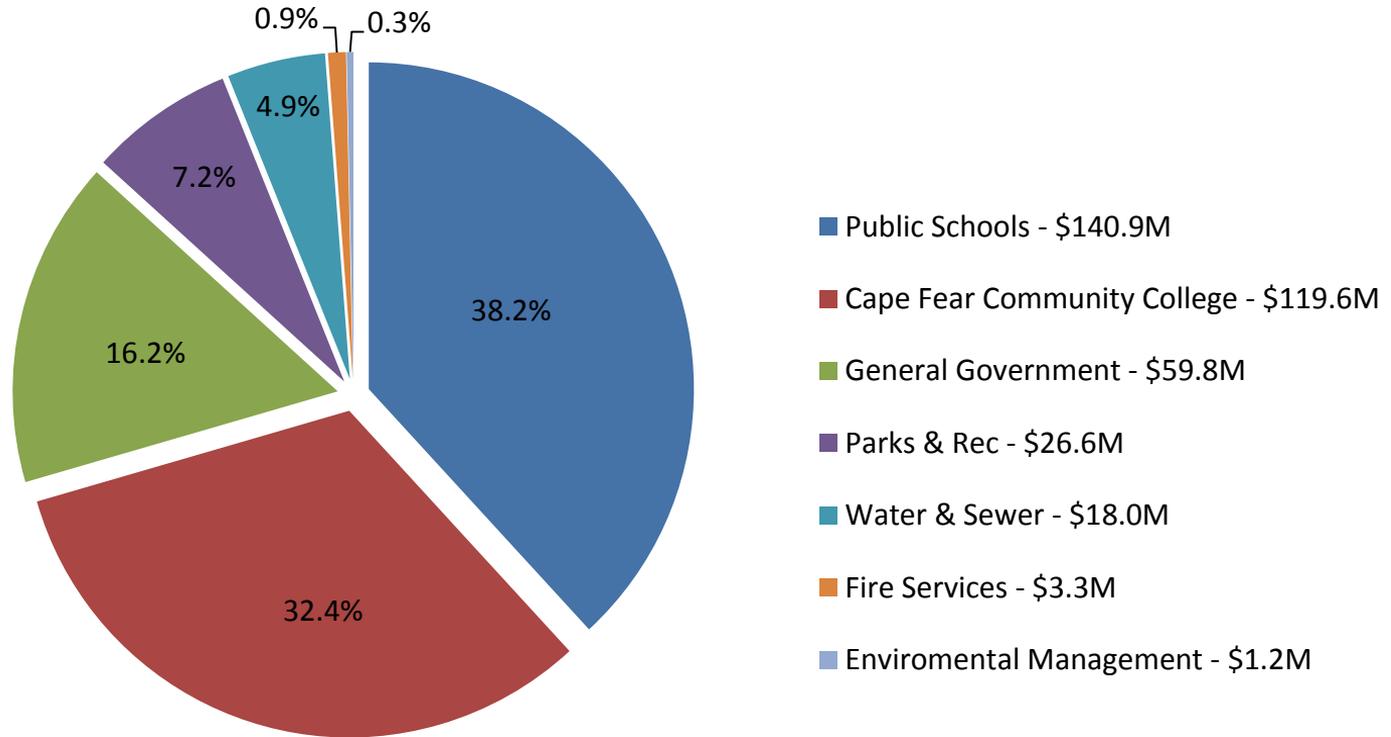


# Outstanding Debt – June 30, 2015

	Outstanding Principal
General Fund	\$ 92,761,454
Debt Service Fund	131,170,000
Public Schools Fund	140,931,197
Fire Service Fund	<u>3,281,779</u>
Total Governmental Activities	368,144,430
Total Business-Type Activities	<u>1,235,410</u>
Total Outstanding	\$ 369,379,840



# Purpose of Outstanding Debt



# Five Year Debt Issuance Pending

- New Hanover County Schools:
  - \$37 million in fiscal year 2018
  - Remaining \$71 million issued through fiscal year 2020
- 421 Water/Sewer:
  - \$12.6 million general fund and \$4.1 million fire services fund
  - Planned issuance fiscal year 2018
- Other planned debt:
  - Ogden Fire Station rebuild and fire service equipment
  - Myrtle Grove Library replacement
- Other possible debt:
  - General obligation bond authorization ask in 2020
  - Various needs for capital asset and projects

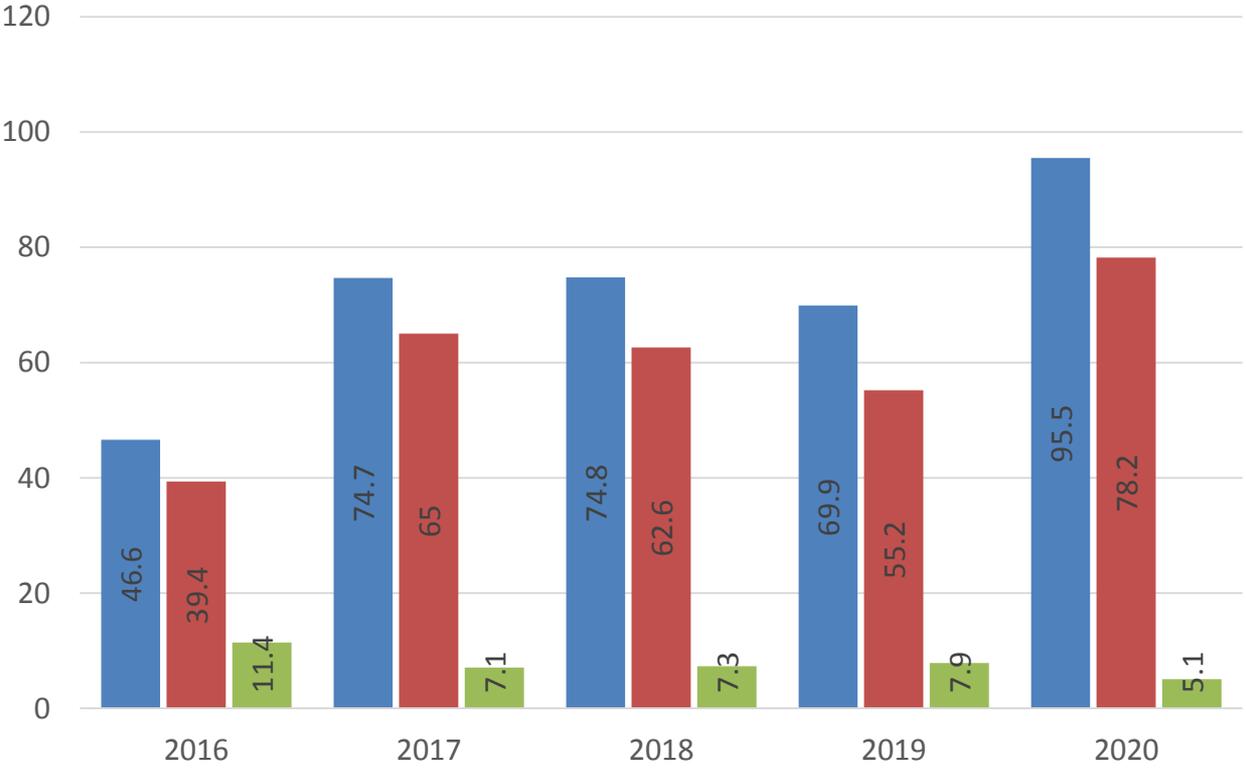


# Debt Policy Limits

		Projected				
	NHC Goal	2016	2017	2018	2019	2020
Governmental Debt		438,957,946	415,658,436	420,471,613	430,304,750	409,719,186
Governmental Debt per Capita (\$)	2,200	1,989	1,865	1,868	1,892	1,784
Governmental Debt/Assessed Value (%)	1.60%	1.47%	1.38%	1.39%	1.42%	1.34%
General Fund Debt Service/Operational Expense (%)	20.00%	16.10%	17.60%	17.50%	17.30%	18.30%



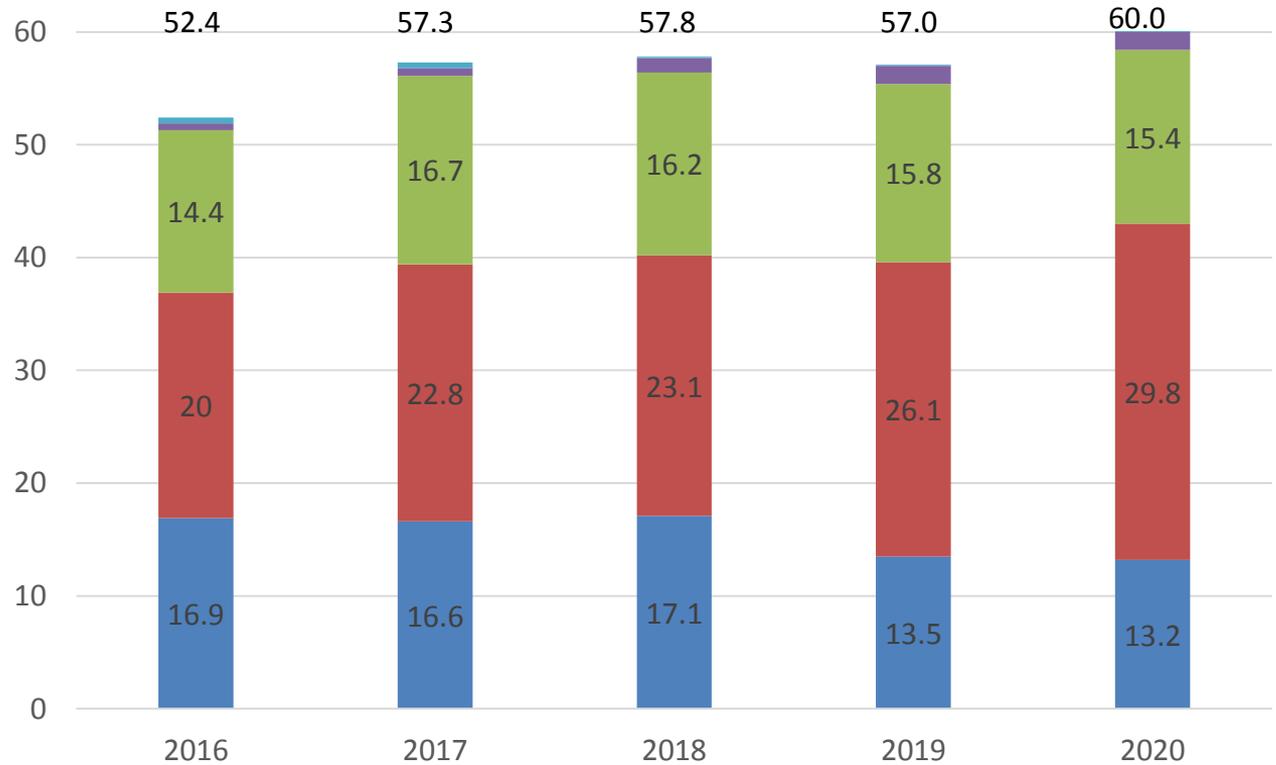
# Projected Available Capacity Per Debt Policy (shown in millions)



■ Per Capita Capacity   ■ Assessed Value Capacity   ■ Debt Service Capacity



# Projected Debt Service (shown in millions)

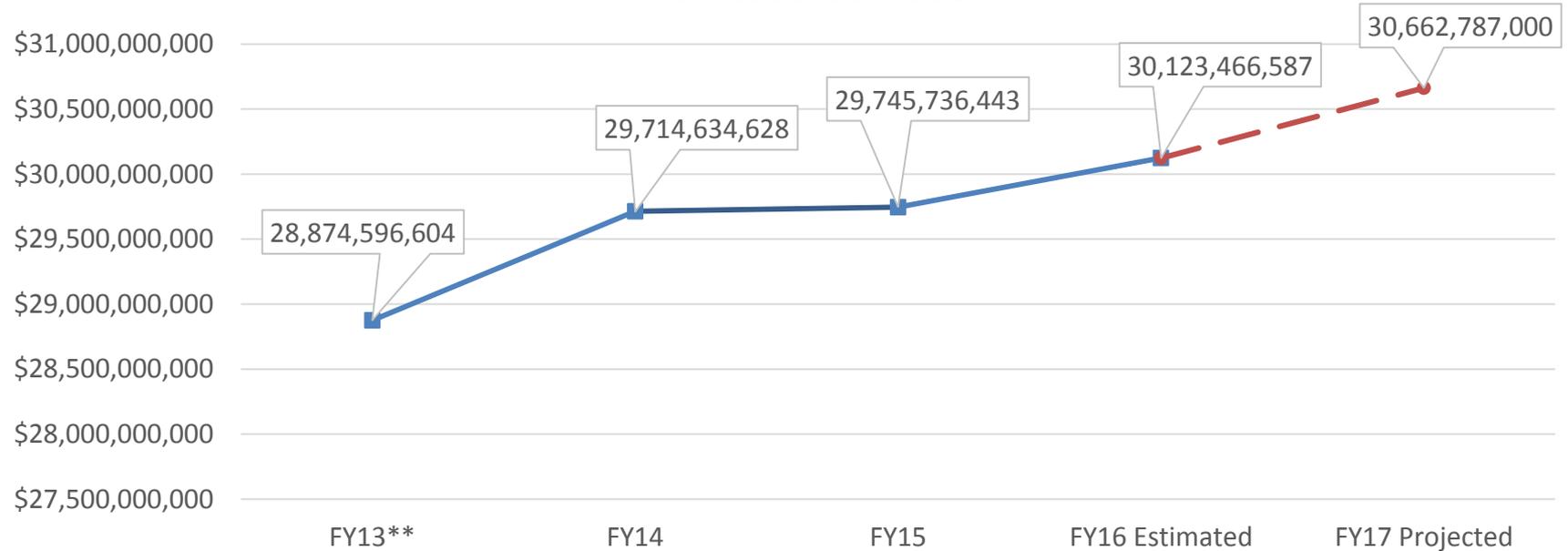


- Environmental Management Fund
- Fire District Fund
- Debt Service Fund
- Public School Fund
- General Fund



# Assessed Tax Base

NHC Assessed Base



\*\* Revaluation year



# Sales Tax – A Quick Refresher

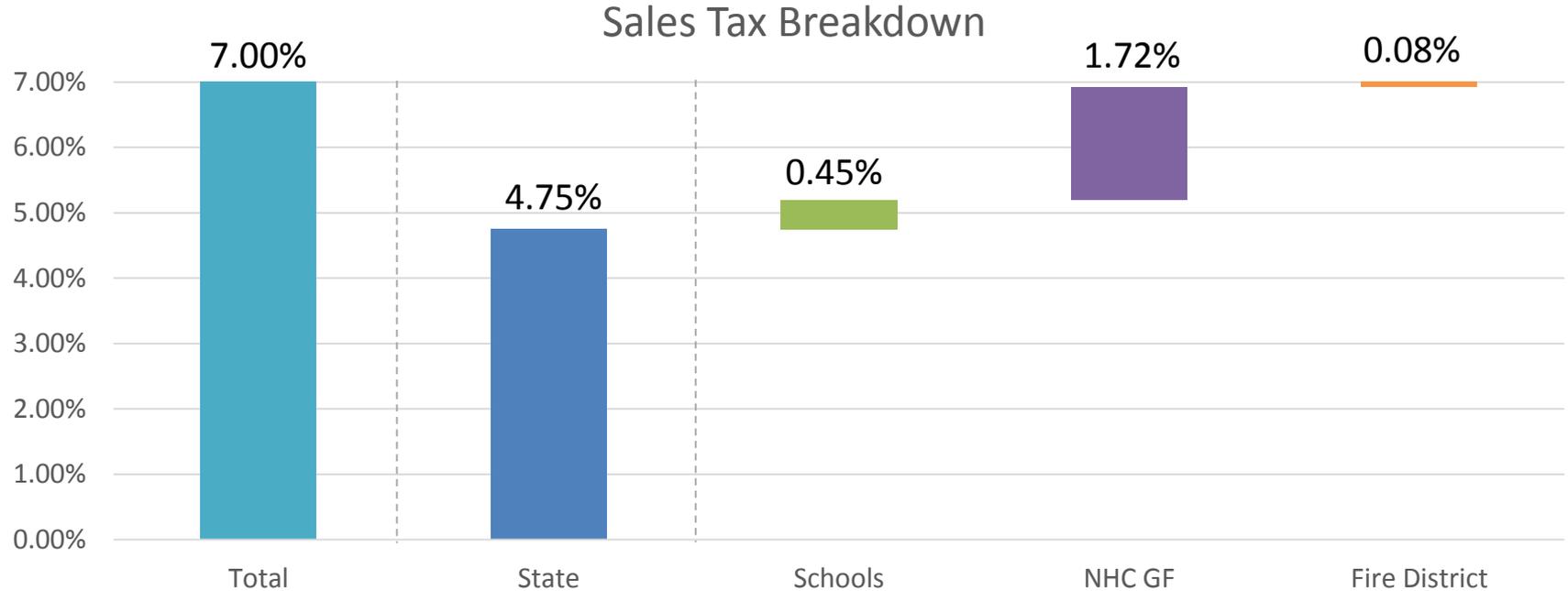
- Sales Tax Distribution Lag

Purchase Made In	Collected by State	Distributed to NHC
December	January	March

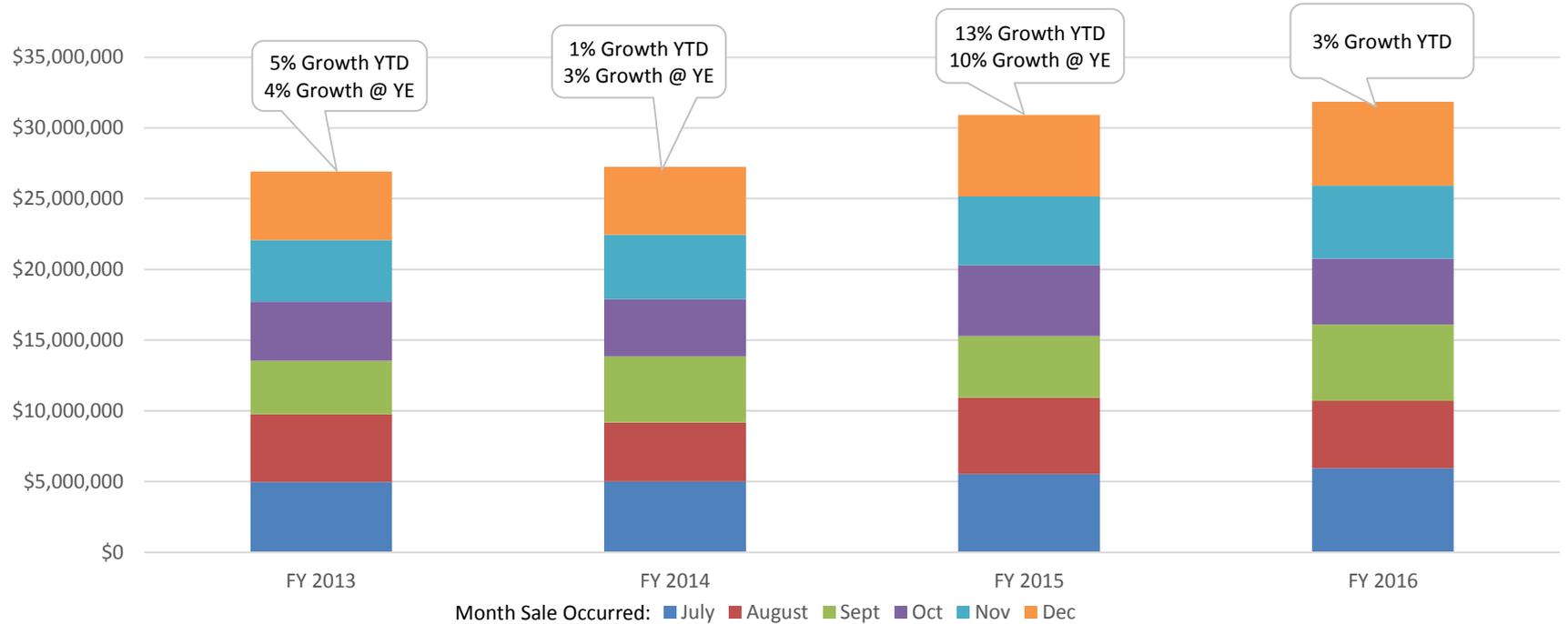
- Modified Sales Tax (Effective 3/1/16)
  - Expanded base to include some services
  - NHC benefit only accrues for Art. 46 (1/4 cent)
- Not all tax collected is returned to NHC



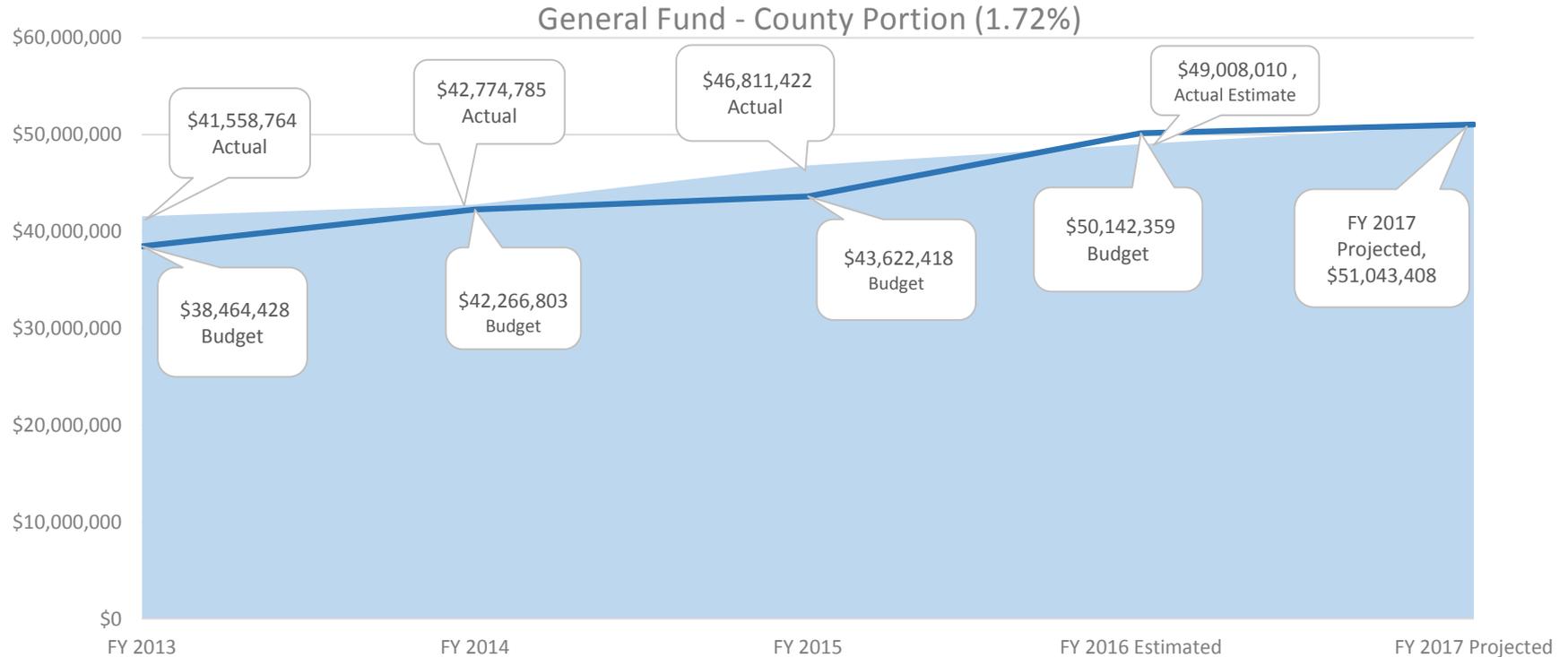
# Sales Tax – A Quick Refresher



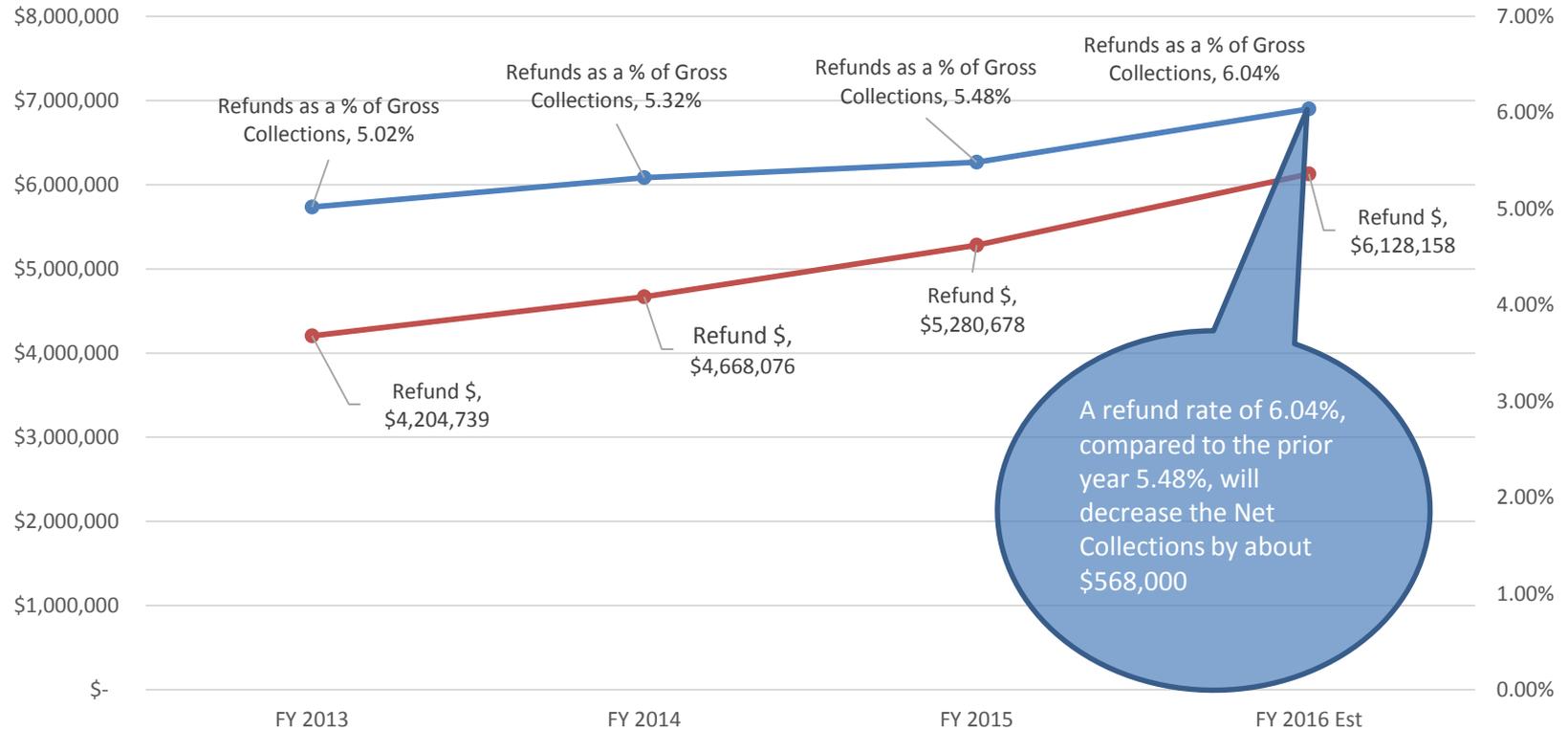
# Sales Tax – Year to Date Comparison



# Sales Tax – 5 Year Budget to Actual



# Sales Tax - Refunds



# General Fund Balance – June 30, 2015



Designation	2015 Balance
Unspendable	130,094
Restricted	27,556,288
Assigned	11,738,867
Unassigned*	<u>55,123,865</u>
<b>Total</b>	<b>94,549,114</b>

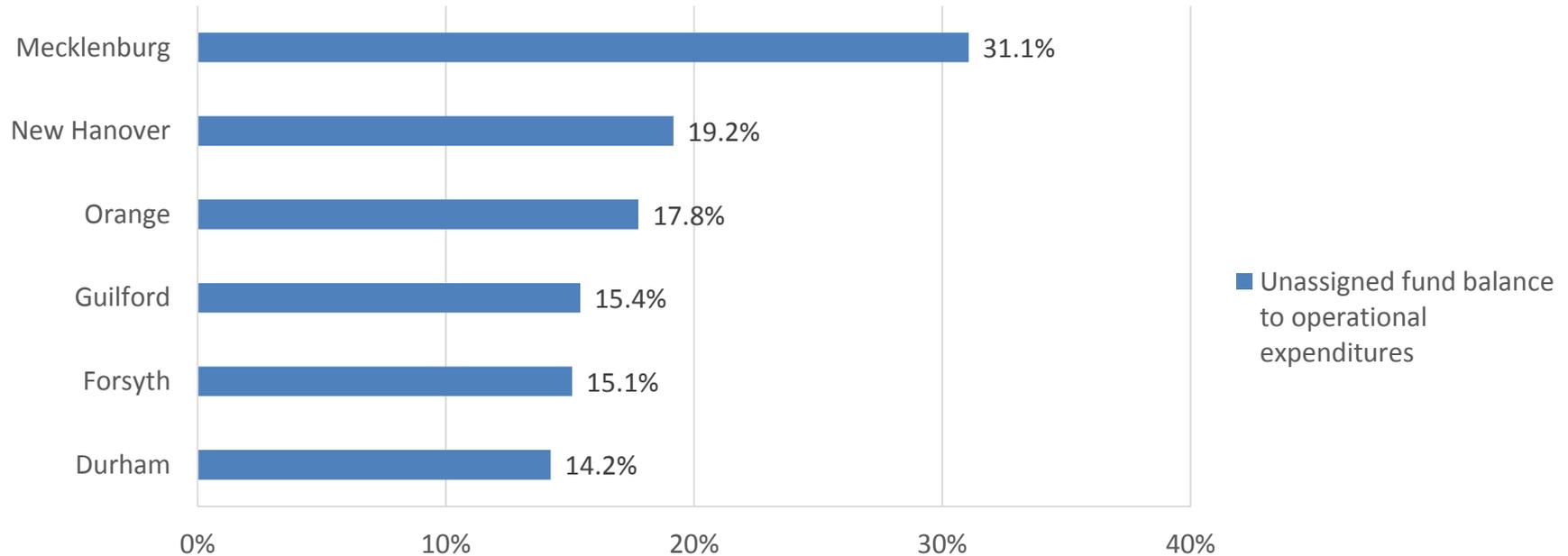
\* 2015 unassigned fund balance represented approximately 19.2% of general fund expenditures and transfers to other funds.



# Historical Fund Balance



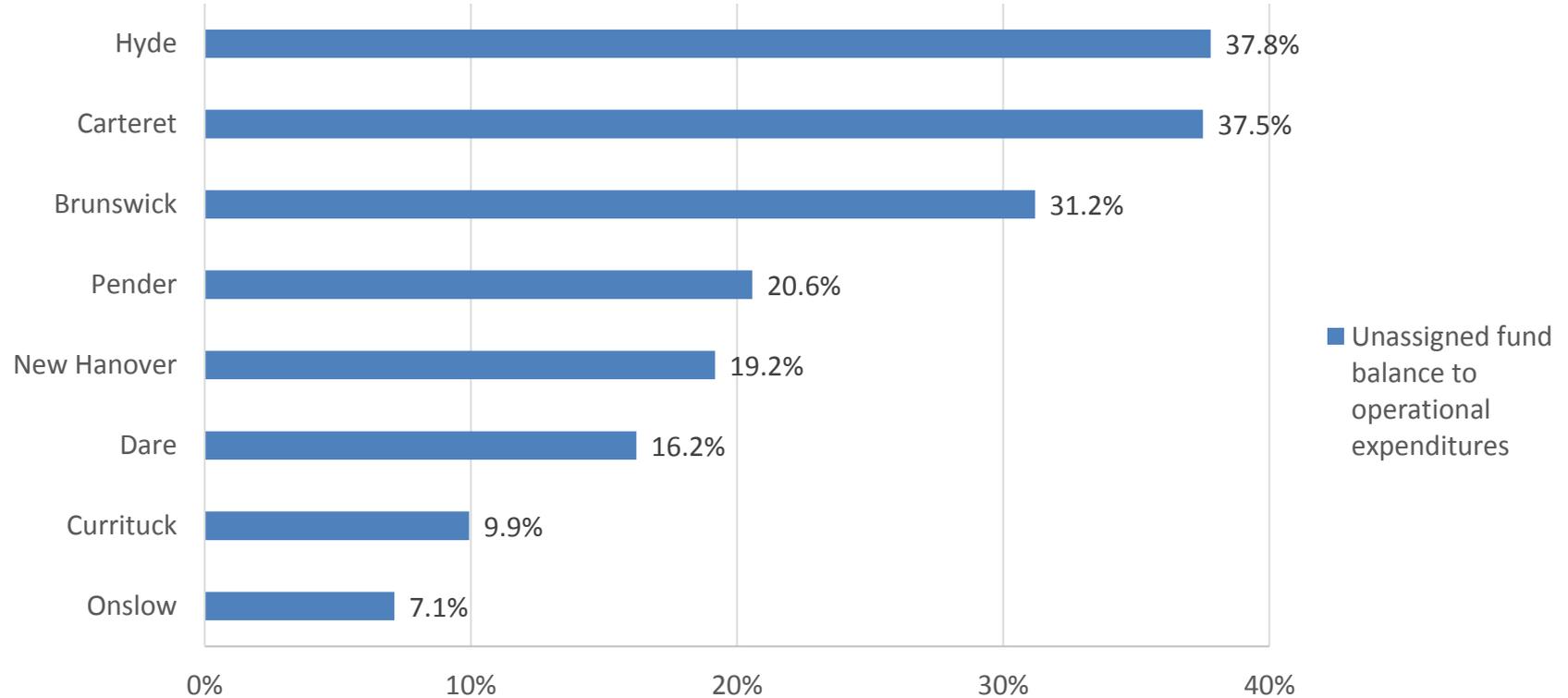
# County Comparison: Triple A Rated Counties\*



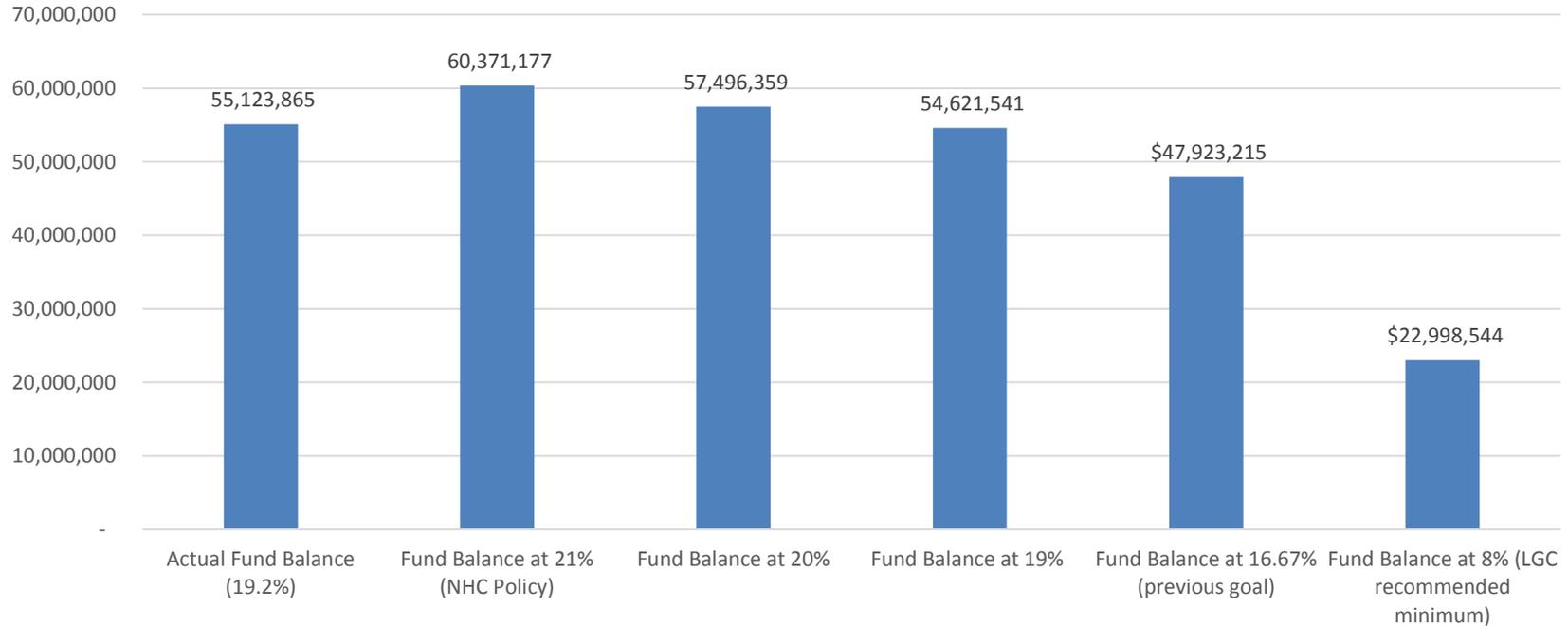
\* Wake County maintains a triple A rating from both Moody's and Standard & Poors, but is not included in this comparison. It maintains a reserve for working capital instead of an unassigned fund balance.



# County Comparison: Coastal Counties



# Fund Balance Levels

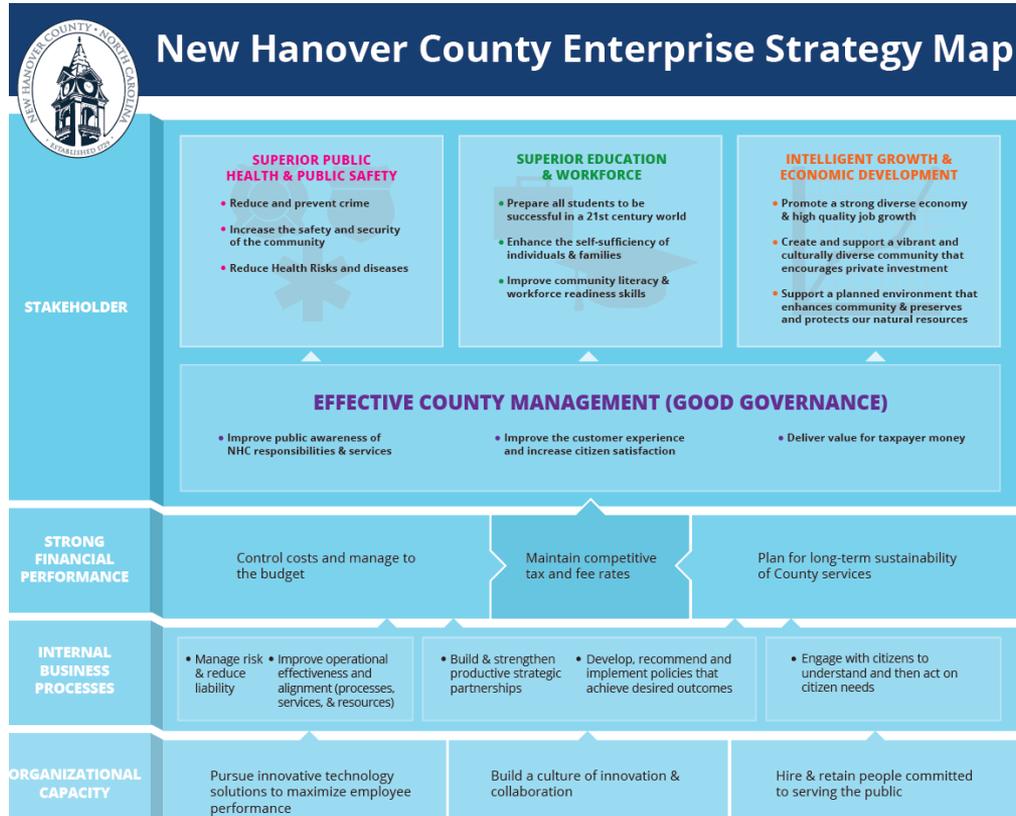


# Looking Ahead

Top 5 Revenue Sources	FY15-16 Amended (3/22)	FY16-17 Projected	Difference
Property Tax	\$172,375,642	\$174,730,336	\$ 2,354,694
Sales Tax (incl. schools)	62,267,210	63,323,482	1,056,272
Intergovernmental Revenues	44,605,892	44,623,974	18,082
Appropriated Fund Balance	10,728,223	0	(10,728,223)
Charges for Service	<u>10,524,322</u>	<u>9,573,012</u>	<u>( 951,310)</u>
	<b>\$300,501,289</b>	<b>\$292,250,804</b>	<b>(\$ 8,250,485)</b>
<i>Top 5 Sources as % of Budget</i>	97.7%	95.0%	



# Discussion of Board Priorities



March 23, 2016

Slide 21



# Timing & Next Steps

- April 28<sup>th</sup> – County Manager informally presents recommended budget
- May 2<sup>nd</sup> - County Manager formally presents recommended budget
- May 3<sup>rd</sup> through June 3<sup>rd</sup> – BOCC Work Sessions
- June 6<sup>th</sup> – Hold Public Hearings
- June 20<sup>th</sup> or 27<sup>th</sup> – Adopt Budget

