

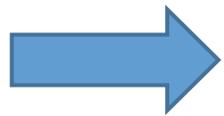


**HERTFORD COUNTY ANNUAL BUDGET PRESENTATION
FISCAL YEAR 2012-2013**

Loria D. Williams, County Manager



BUDGET COMPOSITION



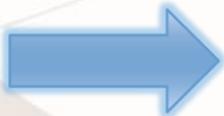
Revenues



Expenditures



**Enterprise Funds – Solid Waste,
Northern & Southern Water Districts**



E-911 Fund



Register of Deeds Enhancement Fund



**Capital Reserve Funds – Schools &
County**

In accordance with G.S.
153A-82 that requires
counties to have a balanced
budget by June 30th



THE CHALLENGE

Attempting to keep today's solutions from becoming tomorrow's problems!

- To continue to provide federal and state mandated programs, while attempting to address the county's short and long term capital improvement needs via structured revenue policies; capital reserve funds and debt retirement set asides – all during one of the worst economies that this country has witnessed in decades.

Public Health,
Education
Human
Services.

Courthouse
E911 Center
Roof
Replacement

Telephone
system
replacement

• STATE AND FEDERAL MANDATES AND THE NEED FOR SERVICES IS A CONSTANT REGARDLESS OF

• THE ECONOMY



BUDGET DRIVERS

State and National Outlook

COMPARISON -- FY 2012

- Insurances (GL, WC, Health) costs ~ \$2,065, 530
- Utilities & Fuel Costs
- Economy -- Sales Taxes (slow incline) ~ \$3,165,000
- Capital Projects --\$592,900

Cost of doing business increases on an annual basis

COMPARISON -- FY 2013

- Insurances (GL, WC, Health) costs ~ \$2,219,230
- Utilities & Fuel Costs
- Economy -- Sales Taxes (slow incline) ~ \$3,275,000
- Capital Projects --\$517,510

All of the above is driven by external factors



VALUE AND GROWTH FACTORS

Values dictate Tax Rate

The Revenue-Neutral Debate

- Prior to the downturn and thereafter, the county's growth rate was minimal.
- In a revaluation year, should a jurisdiction set a neutral rate on valuations that grow on average less than one percent per year.
- Represents growth resulting from revaluation required by state law every eight years.
- Represents business and industry recruitment efforts by county EDC and Director.

Fiscal Year	Assessed Value	Growth Factor
2007	1,159,230,362	Loss value
2008	1,186,007,557	2.31%
2009	1,203,330,247	1.46%
2010	1,203,017,301	Loss value
2011	1,225,174,825	2.00%
2012*	1,389,428,276	13%
2013**	1,468,387,603	6%

Set a tax rate that can maintain services through the lean years

Note 2003 revaluation growth factor was 23%



RECOMMENDED BUDGET



Reflects a General Fund Budget of \$23,585,288 maintaining the tax rate of \$0.84/100 valuation. This rate is based upon an estimated valuation of real and personal property of \$1,468,387,603 and a collection rate of 94 percent.



Reflects an appropriated fund balance of \$1,499,662 of which is six percent (6%) of the operational budget. Fund balance appropriated represents the difference between revenues and expenditures. Non-recurring capital projects in the amount of \$395,000 account for the increase in fund balance appropriated.



One cent is equivalent to \$138,028 in comparison to last planning year's one cent equivalent of \$131,996.



This budget continues to earmark (set aside) the new ¼ cents sales tax (an estimated \$435,000) for capital projects only, and further earmarks an additional 15% percent (\$200,000) of the one cent sales tax for future capital projects and/or operations.



This budget provides for a three percent (3%) COLA for county employees, bringing payroll to an estimated \$7,077,233 (includes FICA/RET/Health).

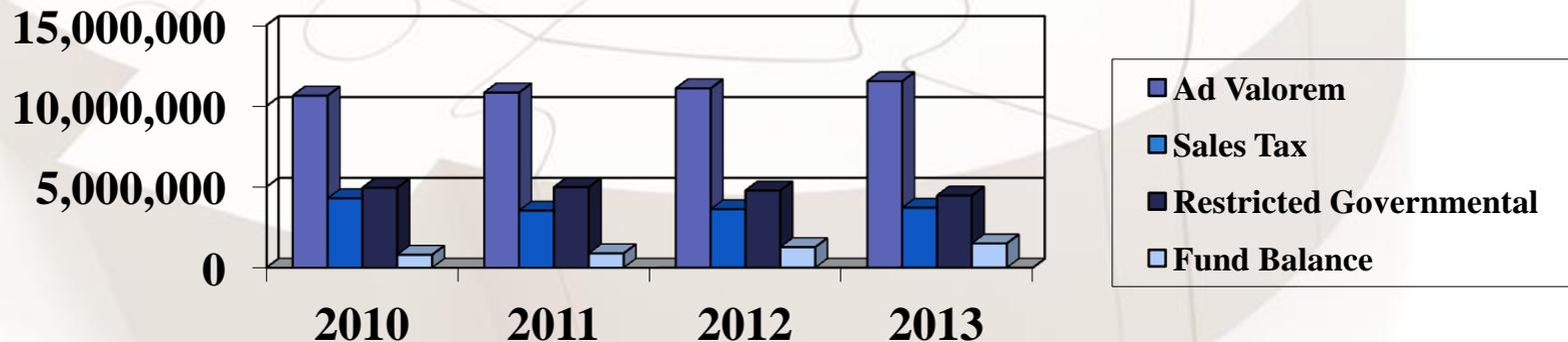
REVENUE FACTORS

Ad Valorem Taxes – This year’s increased values will generate an additional \$443,506 in the tax levy, representing a four percent increase compared to last year. Ad valorem taxes makeup 51% of the county’s revenue stream.

Restricted Intergovernmental Funds – Offsetting federal and state revenues account for 19% of the revenue stream. This year’s budget reflects a 7% reduction in this fund due to federal cuts in human services programming, namely Social Service Block Grant (SSBG).

Sales Tax – Due to slow recovery in the economy, sales tax (which use to account for as much as 22% of the revenue stream) make up 14% of the revenue stream and is up only 3% from last fiscal year.

Fund Balance Appropriated – This year’s appropriation includes two major, non-recurring projects (telephone system and roof replacement). Thereby, the gap between revenue and expenditures is less this year even though the appropriation remains basically the same.



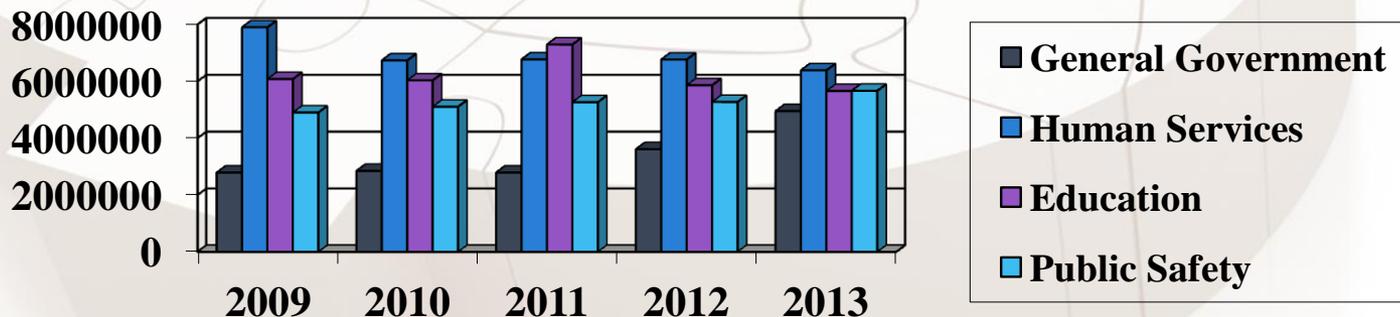
EXPENDITURE FACTORS

General Government – The sizeable increase is due to \$360,000 in capital projects (non-recurring) and earmarked sales tax funds in the amount of \$200,000 diverted to the capital reserve fund which is included in this function.

Human Services – The reduction in this function is due to federal cuts in the SSBG Block Grant that funds TANF and Work First and similar programming in DSS.

Education – Reduction in one time appropriation to public schools and community college and slow growth in the portion of sales tax earmarked for schools is a factor in the reduction in education.

Public Safety – Increases in this function is due to the lion share of the uptick in workers' compensation insurance, purchase of new ambulance and the increase in fuel costs.



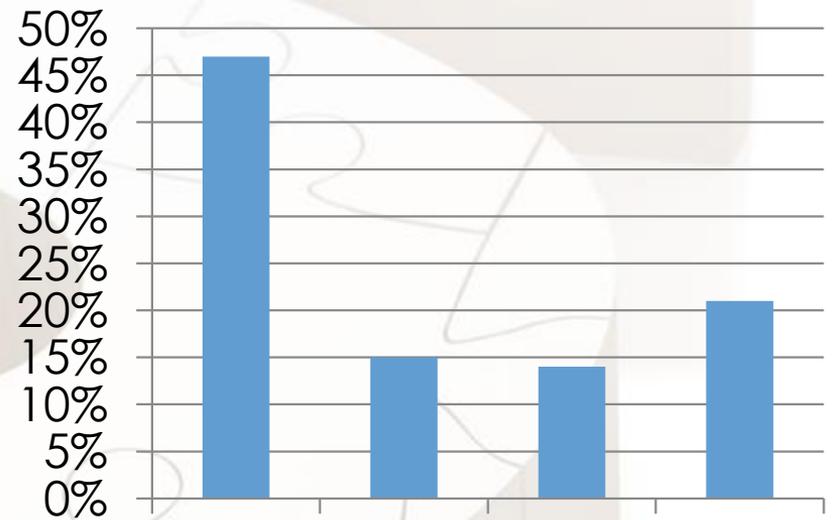
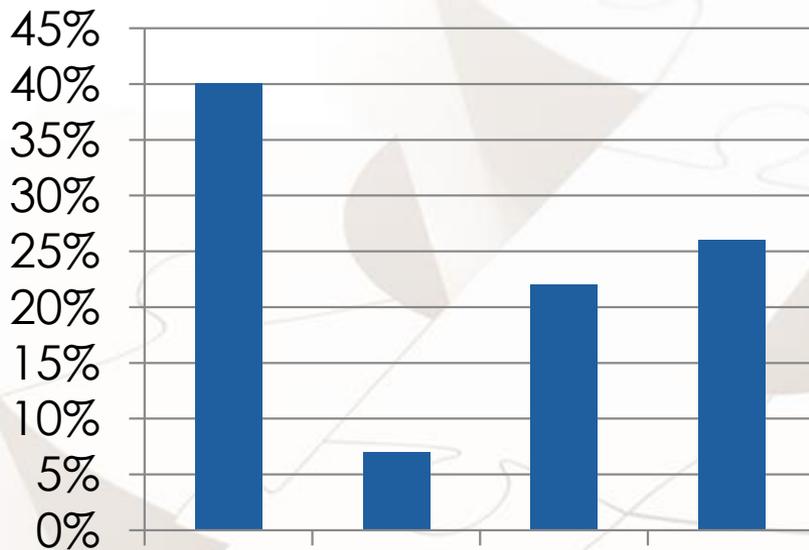


ARE WE MEASURING UP?

REVENUES

BERTIE

HERTFORD



Taxes
Sales Tax
Sales/Service
Intergovernmental

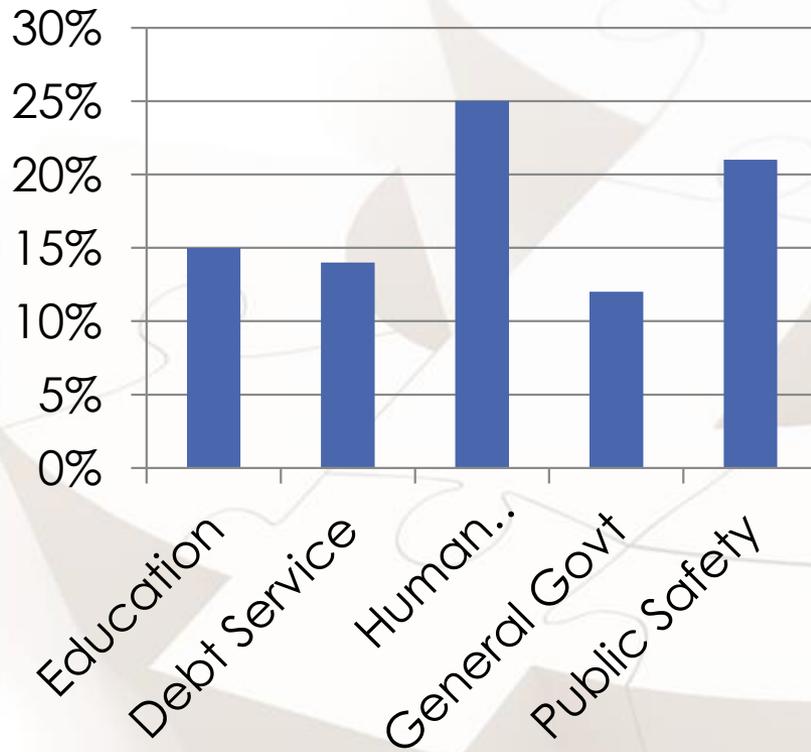
Taxes
Sales Tax
Sales/Service
Intergovernmental



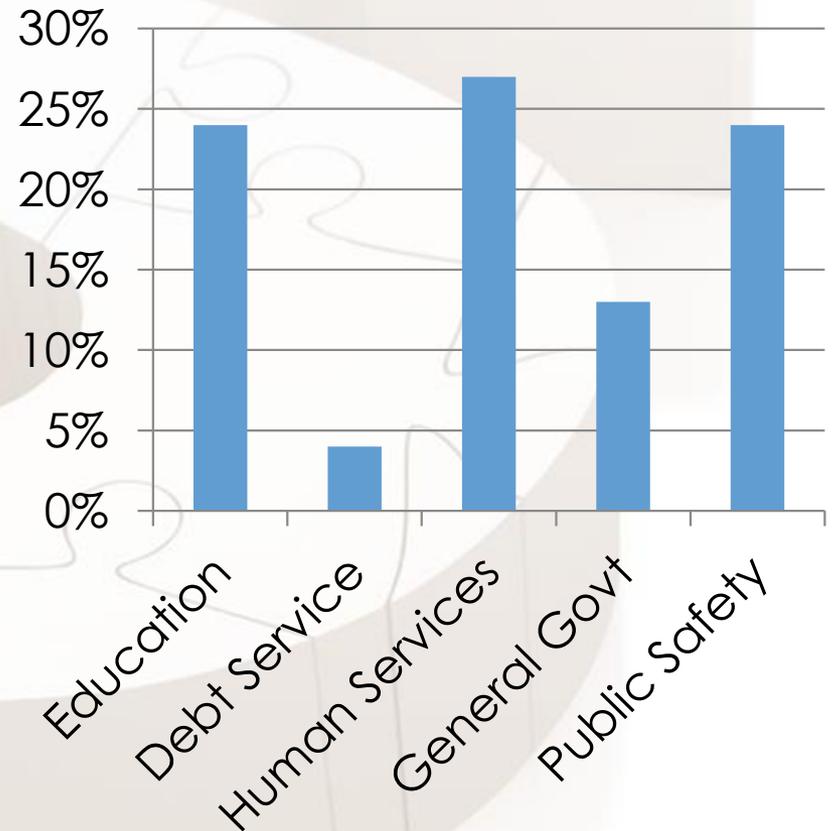
MEASURING...

Expenditures

BERTIE



HERTFORD

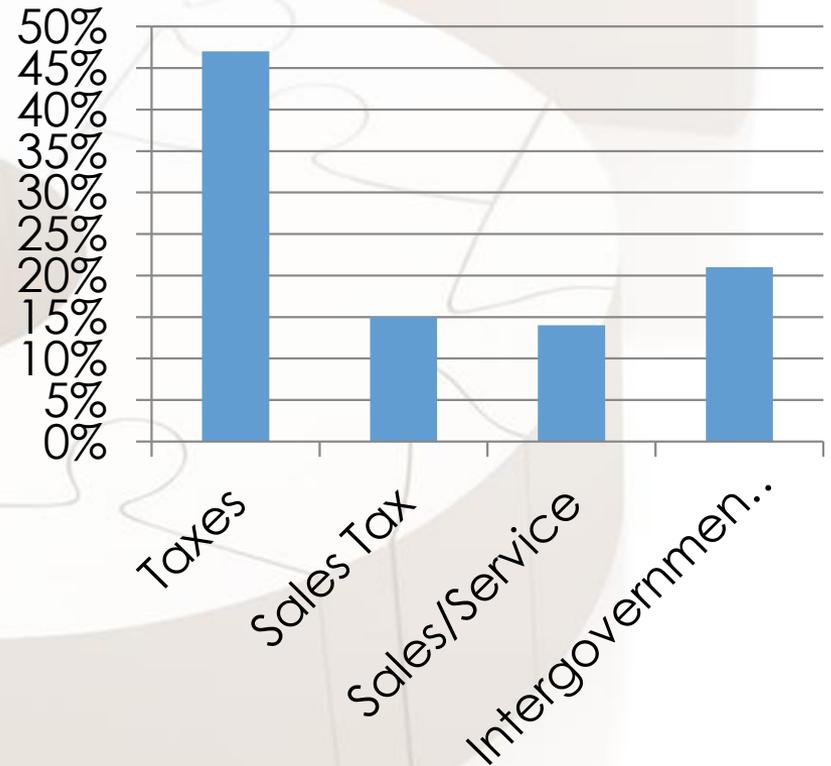
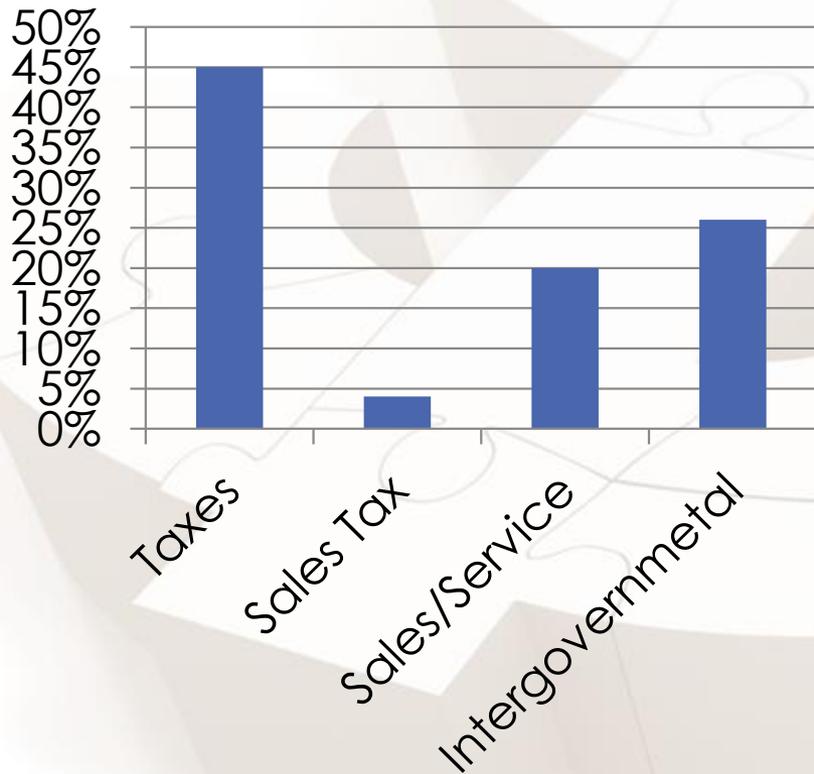


STILL MEASURING...

Revenues

NORTHAMPTON

HERTFORD

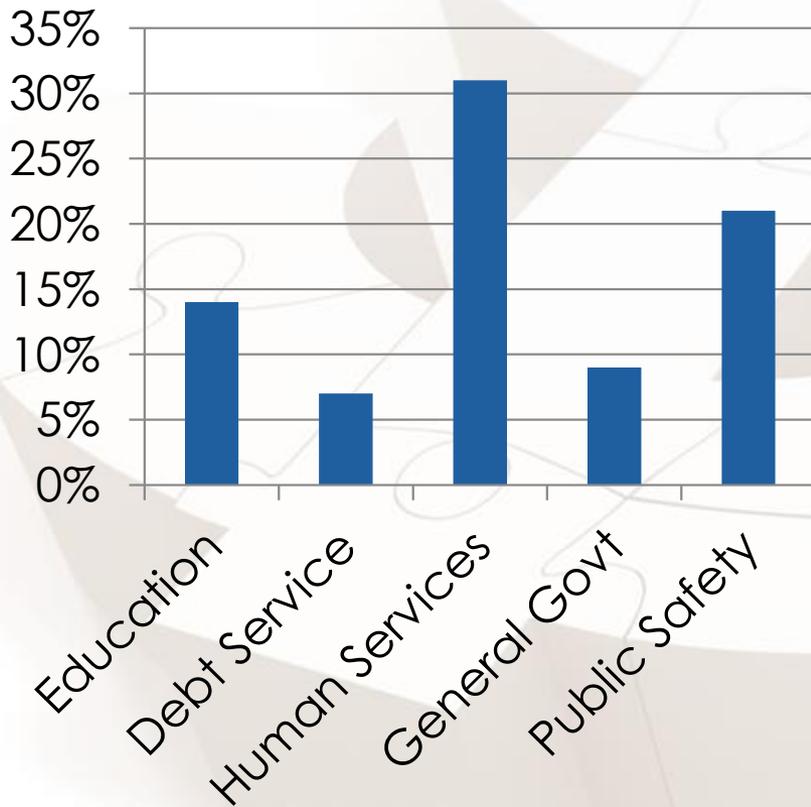




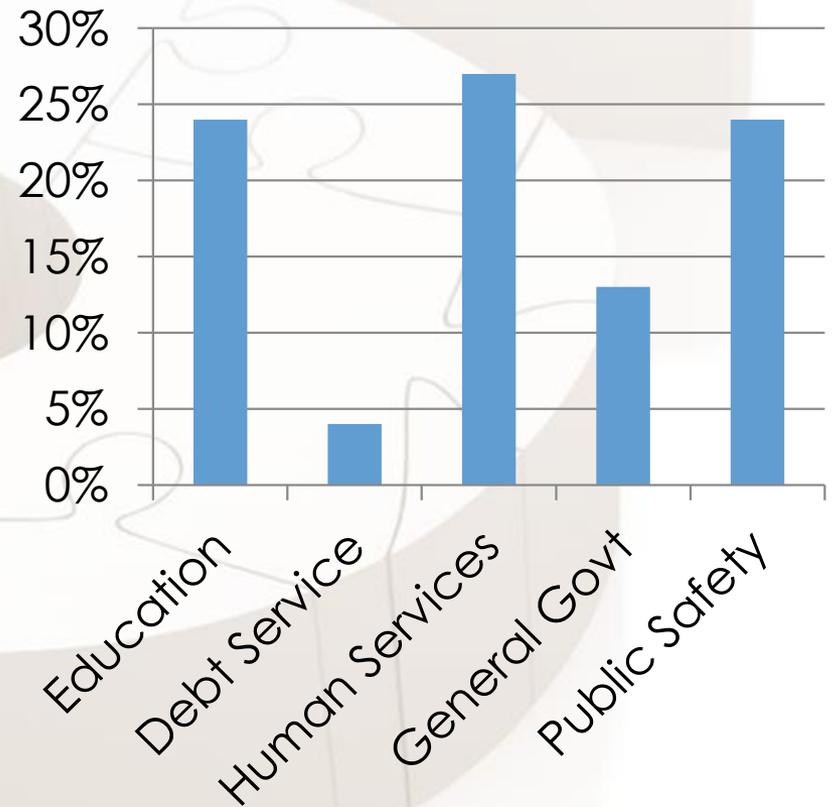
ALRIGHT -- ENOUGH!

Expenditures

NORTHAMPTON



HERTFORD



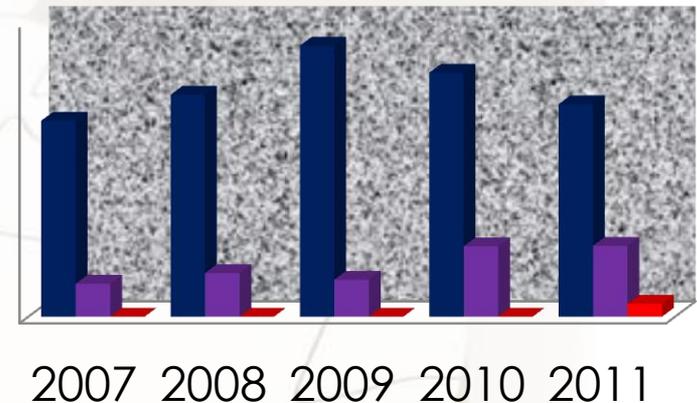
UNRESERVED FUND BALANCE

Fund balance is a measure of the financial resources available in a governmental fund, and is indicative of sound financial conditions within a fund.

Due to annual tax billing, cash flow can become an issue. The County's fund balance must be sufficient to cover fluctuations in revenues and provide for liquidity during the 1st and 2nd quarter.

The LGC requires a minimum unreserved general fund balance of eight percent. It is further recommended for counties within our population group maintain between fifteen and twenty five percent. Hertford County's fund balance is 24.05 percent.

\$6,000,000.00
 \$4,000,000.00
 \$2,000,000.00
 \$0.00



- Fund Balance
- Fund Balance Appropriated
- Fund Balance Spent

Monthly expenditures average \$1.8 & \$2.2 million

July expenditures \$2,304,494 – Revenues - \$1,200,063



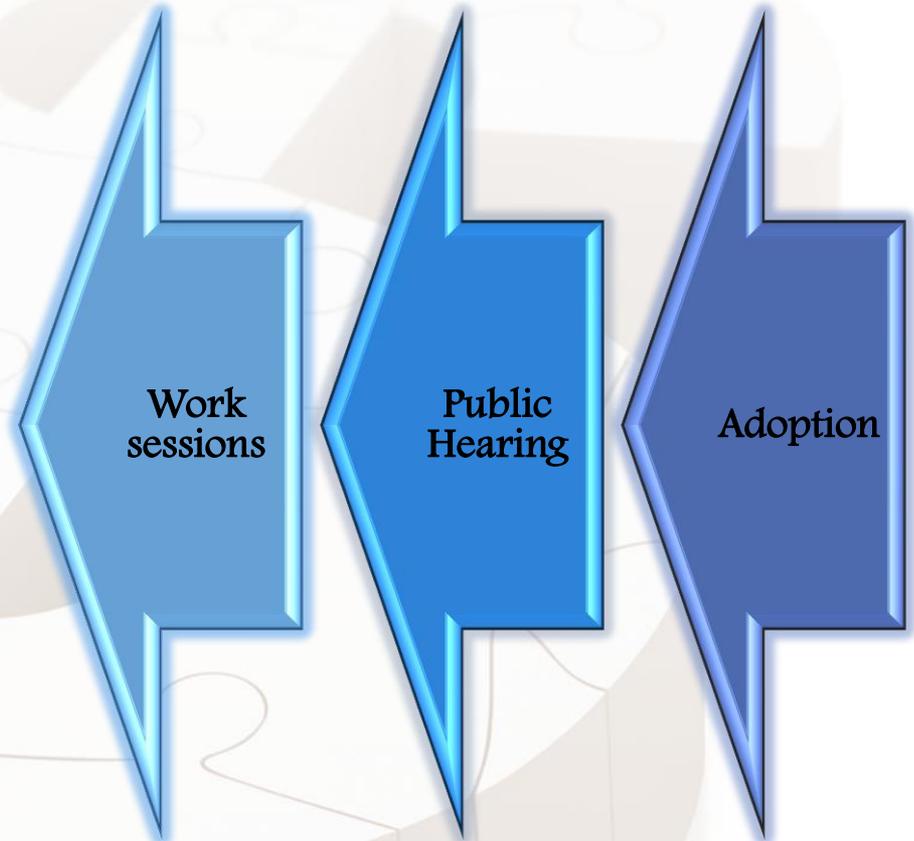
GENERAL FUND CONCLUSION

This recommended budget reflects a little more than a three percent increase in spending compared to last fiscal year. However, utilizing growth and fund balance appropriated, the tax rate remains the same.

This budget furthers the Board's commitment in planning for future capital project and operations in setting aside 15% of sales tax in a capital reserve fund. This amount is reflected in the budget as a transfer to other fund; however, is not being expended.

This budget restores some funding to non-profit and community based organizations that was suspended last fiscal year.

COLA for employees was also restored this budget year.



To have funded all agencies and departments at the level requested would have required a tax rate of \$0.92



ENTERPRISE FUNDS

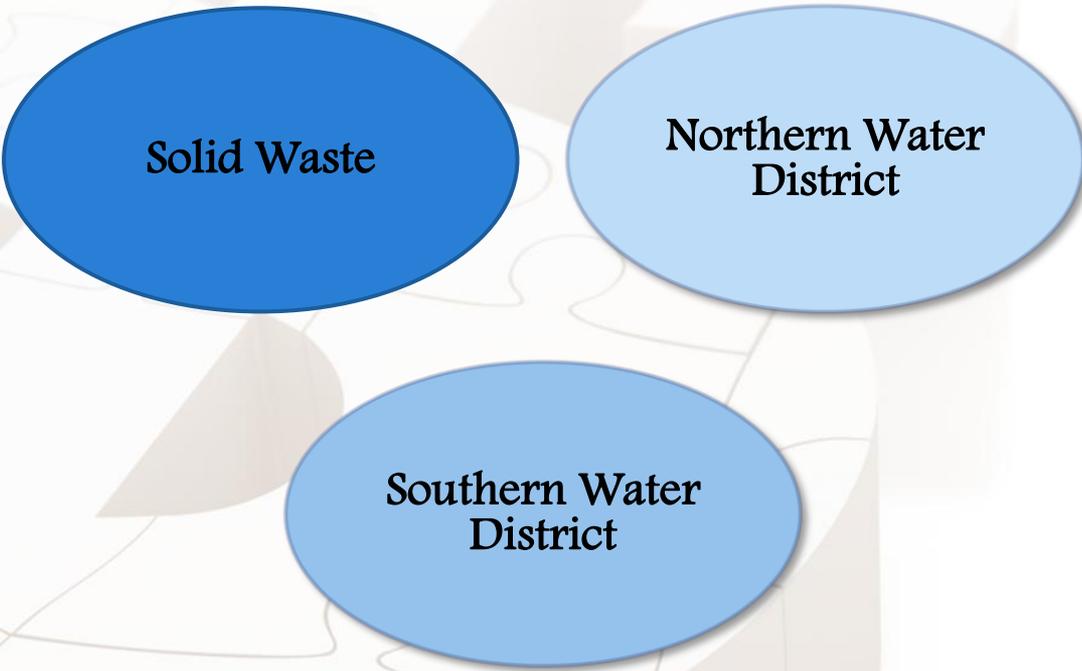
Self-Sustaining via User Fees

Hertford County uses enterprise funds to account for its water and solid waste activities and services. User fees are assessed annually and is the sole revenues source for each of these funds.

Current user fees are as follows:

- Solid Waste - \$115/Household
- Northern Water – \$25/2,000
- Southern Water -- \$25/2,000

There are no increases recommended for this fiscal year.



Solid Waste

Northern Water
District

Southern Water
District



NORTHERN WATER

	2011-12	2012-13
Revenues		
Sales & Services	468,578	471,890
Miscellaneous	500	3,000
Investment income	~0~	~0~
TOTAL REVENUES	\$469,078	\$474,890
Expenditures		
Salaries	93,725	99,793
Operating Expenses	375,353	375,097
TOTAL EXPENDITURES	\$469,078	\$474,890



SOUTHERN WATER

	2011-12	2012-13
Revenues		
Sales & Services	1,058,720	1,061,500
Miscellaneous	3,000	3,000
Investment income	-0-	-0-
TOTAL REVENUES	\$1,061,720	\$1,064,500
Expenditures		
Salaries	156,076	156,768
Operating Expenses	905,644	907,732
TOTAL EXPENDITURES	\$1,061,720	\$1,064,500



SOLID WASTE

	2011-12	2012-13
Revenues		
Taxes & Licenses	952,008	924,000
Miscellaneous	100	150
Investment income	1,000	500
Fund Balance Appropriated	-0-	62,666
TOTAL REVENUES	\$953,100	\$988,038
Expenditures		
Salaries	292,992	252,229
Operating Expenses	616,665	735,809
Fund Reserve	43,443	-0-
TOTAL EXPENDITURES	\$953,100	\$988,038