



# FY2014 Recommended Budget

May 21, 2013

*250*  
MECKLENBURG COUNTY  
SINCE 1763



# Today's Objectives

- FY2014 Recommended Operating Budget
  - Revenue Changes
  - Expenditure Changes
  - Critical Considerations
  - Other Operating Budget Information
- Law Enforcement Service District
- Fire Protection Service Districts



# Recap: March 19 Update

| Item                                   | Revised Projection    |
|--|-----------------------|
| Planned Investments                    | \$19,736,084          |
| Efficiency Reduction - CJS             | (500,000)             |
| <b>Expense Growth Total</b>            | <b>\$19,236,084</b>   |
| <hr/>                                  |                       |
| Revenue Growth Total                   | -                     |
| Reduction in Property Tax Revenue      | (\$24,957,437)        |
| Surplus/ <b>Deficit (20% scenario)</b> | <b>(\$44,193,521)</b> |



# Recap: March 19 Update

| Reduction Percentage | Reduction in Value | Reduction in Property Taxes Revenue |
|----------------------|--------------------|-------------------------------------|
| Reduced by 5%        | (807,793,856)      | (6,239,359)                         |
| Reduced by 10%       | (1,615,587,712)    | (12,478,719)                        |
| Reduced by 15%       | (2,423,381,568)    | (18,718,078)                        |
| Reduced by 20%       | (3,231,175,424)    | (24,957,437)                        |

FY2013 Adopted Budget Assessed Value = \$116.2B



# FY2014 Assessed Valuation

|                                       | Value                  | % Change     |
|---------------------------------------|------------------------|--------------|
| FY13 Adopted Total Value              | 116,200,000,000        |              |
| FY13 Billed Value                     | 115,685,333,524        | -0.4%        |
| 2012 and 2013 Appeals Loss & Releases | (1,202,680,644)        | -1.0%        |
| <b>Pearson's Adjustment</b>           | <b>(1,914,243,325)</b> | <b>-1.6%</b> |
| FY14 Projected Base Value             | 112,568,409,555        | -3.1%        |
| FY14 Projected Growth Value           | 1,722,559,891          | 1.5%         |
| FY14 Projected Total Value            | 114,290,969,446        | -1.6%        |



# FY2014 Budget Summary

|                        | FY2013<br>Adopted      | FY2014<br>Recommended  | \$ Change from<br>FY2013 | %<br>Change  |
|------------------------|------------------------|------------------------|--------------------------|--------------|
| County Revenues        | \$1,064,342,881        | \$1,086,172,350        | \$21,829,469             | 2.1%         |
| Other Revenue          | 368,403,021            | 593,564,735            | 225,161,714              | 61.1%        |
| <b>Total Revenue</b>   | <b>\$1,432,745,902</b> | <b>\$1,679,737,085</b> | <b>\$246,991,183</b>     | <b>17.2%</b> |
|                        |                        |                        |                          |              |
| County Expense         | \$1,064,342,881        | \$1,086,172,350        | \$21,829,469             | 2.1%         |
| Non-County<br>Expense* | 368,403,021            | 536,548,271            | 225,161,714              | 61.1%        |
| <b>Total Expense</b>   | <b>\$1,432,745,902</b> | <b>\$1,679,737,085</b> | <b>\$246,991,183</b>     | <b>17.2%</b> |

\*Increase to overall budget is due primarily to MeckLINK.



# FY2014 Budget Summary

|                      | FY2013<br>Adopted | FY2014<br>Recommended | Dollar<br>Change | Percent<br>Change |
|----------------------|-------------------|-----------------------|------------------|-------------------|
| Value of a Penny     | 11,329,500        | 11,144,250            | (185,250)        | -1.6%             |
| Property Tax<br>Base | 116.27 Billion    | 114.3 Billion         | (1.9 Billion)    | -1.6%             |
| Property Tax<br>Rate | 79.22¢            | 81.72¢                | 2.5¢             | 3.2%              |



# FY2014 Projected Revenue

| Source                     | FY13 Adopted         | FY14 Recommended     | Change from FY13   | % Change     |
|----------------------------|----------------------|----------------------|--------------------|--------------|
| Net Property Taxes         | 897,522,990          | 910,708,110          | 13,185,120         | 1.5%         |
| Prior Year's Taxes         | 14,827,500           | 14,826,000           | (1,500)            | 0.0%         |
| Sales Tax – County         | 127,958,000          | 131,800,000          | 3,842,000          | 3.0%         |
| Other County Revenues      | 21,354,391           | 26,088,240           | 4,733,849          | 22.2%        |
| Interest on Investments    | 2,680,000            | 2,750,000            | 70,000             | 2.6%         |
| <b>County Sub-Total</b>    | <b>1,604,342,881</b> | <b>1,086,172,350</b> | <b>21,829,469</b>  | <b>2.1%</b>  |
| <b>Total Other Revenue</b> | <b>368,403,021</b>   | <b>593,564,735</b>   | <b>225,161,714</b> | <b>61.1%</b> |
| <b>Total Revenue</b>       | <b>1,432,745,902</b> | <b>1,679,737,085</b> | <b>246,991,183</b> | <b>17.2%</b> |





# Summary of Sales Tax Revenue

|                     | FY2013 Final Estimate | FY2014 Recommended Budget | Dollar Change      | Percent Change |
|---------------------|-----------------------|---------------------------|--------------------|----------------|
| County Unclassified | \$127,958,000         | \$131,800,000             | \$3,842,000        | 3.0%           |
| CMS Debt Service    | 37,800,000            | 38,930,000                | 1,130,000          | 3.0%           |
| Transit ½ cent      | 34,000,000            | 35,100,000                | 1,100,000          | 3.2%           |
| <b>Grand Total</b>  | <b>\$199,758,000</b>  | <b>\$205,830,000</b>      | <b>\$6,072,000</b> | <b>3.0%</b>    |



# FY2014 Expenditure Changes

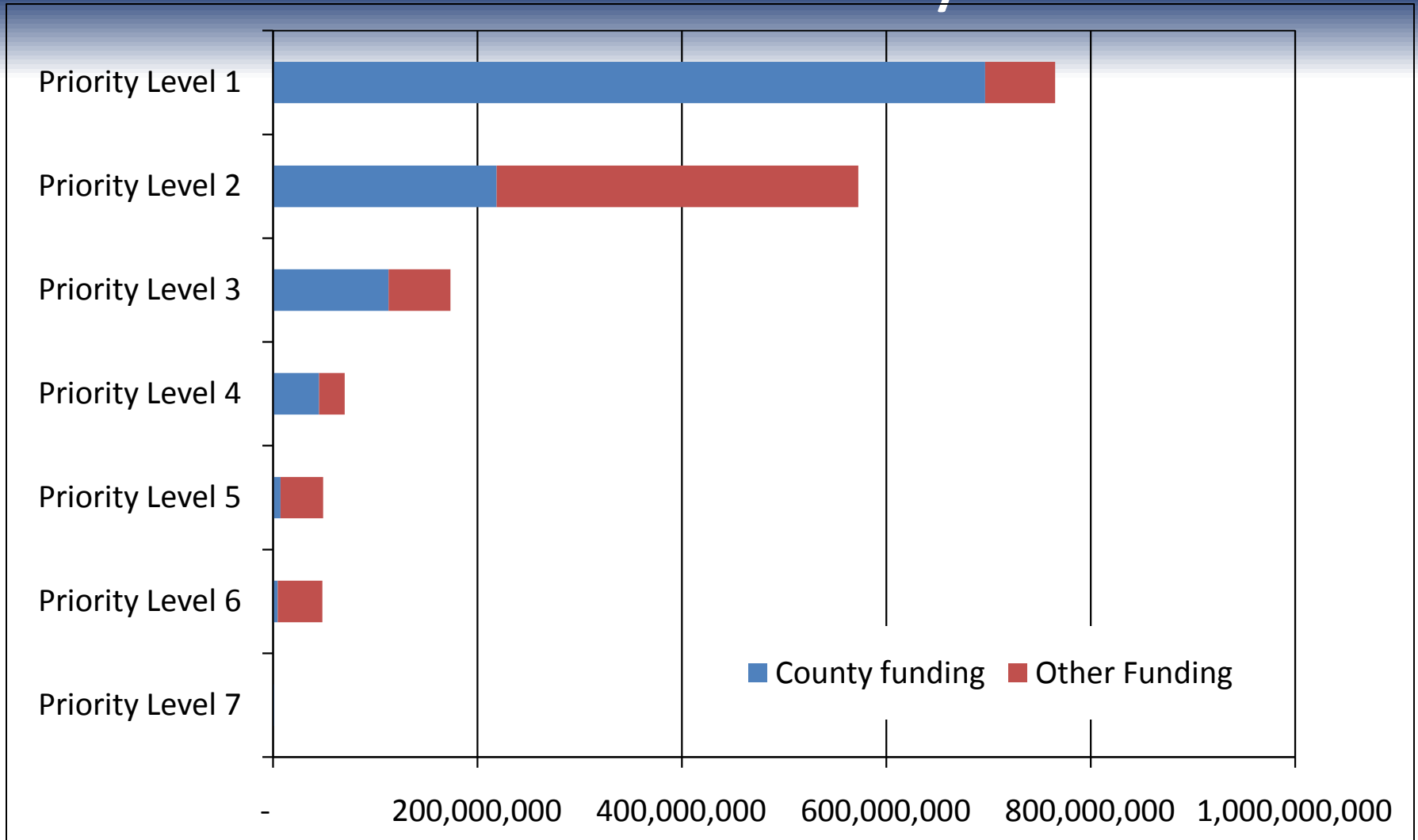
## County Funds Only

|                              | FY2013                 | FY2014                 | Dollar Change         | % Change     |
|------------------------------|------------------------|------------------------|-----------------------|--------------|
| County Operating             | \$420,771,731          | \$429,229,051          | \$8,457,320           | 2.0%         |
| CPCO Operating*              | 27,099,486             | 30,133,974             | 3,034,488             | 11.2%        |
| CMS Operating*               | 340,092,664            | 361,418,019            | 21,325,355            | 6.3%         |
| <b>Total Operating</b>       | <b>\$787,963,881</b>   | <b>\$820,781,044</b>   | <b>\$32,817,163</b>   | <b>4.2%</b>  |
| <b>Debt Service / Pay Go</b> |                        |                        |                       |              |
| Debt Service / Pay Go        | \$156,348,465          | \$164,234,855          | \$7,886,390           | 5.0%         |
| CPCO Debt                    | 15,217,118             | 12,496,344             | (2,720,774)           | -17.9%       |
| CMS Debt                     | 104,813,417            | 88,660,107             | (16,153,310)          | -15.4%       |
| <b>Total Debt</b>            | <b>\$276,379,000</b>   | <b>\$265,391,306</b>   | <b>(\$10,987,694)</b> | <b>-4.0%</b> |
| <b>Total Budget</b>          |                        |                        |                       |              |
| <b>Total Budget</b>          | <b>\$1,064,342,881</b> | <b>\$1,086,172,350</b> | <b>\$21,829,469</b>   | <b>2.1%</b>  |

\*In this chart, the operating lines include \$4.96 million for CMS capital replacement and \$200,000 for CPCO/WTVI merger.



# FY2014 Budget by Board's Priority





# FY2014 Budget by Priority

| Priority Level   | County Funding         | % of County Funding | Total Funding          | % of Total Funding |
|------------------|------------------------|---------------------|------------------------|--------------------|
| Priority Level 1 | \$696,699,579          | 64.1%               | \$765,206,122          | 45.6%              |
| Priority Level 2 | 218,619,696            | 20.1%               | 572,614,949            | 34.1%              |
| Priority Level 3 | 113,023,378            | 10.4%               | 173,616,156            | 10.3%              |
| Priority Level 4 | 45,041,927             | 4.2%                | 70,113,362             | 4.2%               |
| Priority Level 5 | 7,145,975              | 0.7%                | 49,047,816             | 2.9%               |
| Priority Level 6 | 4,608,743              | 0.4%                | 48,105,628             | 2.9%               |
| Priority Level 7 | 1,033,052              | 0.1%                | 1,033,052              | 0.1%               |
| <b>Total</b>     | <b>\$1,086,172,350</b> | <b>100.0%</b>       | <b>\$1,679,737,085</b> | <b>100.0%</b>      |



# Priority Level 1 Program Categories

| Program Category   | County Cost          | Total Cost           |
|--|----------------------|----------------------|
| Charlotte –Mecklenburg School Funding                      | \$450,078,126        | \$502,833,151        |
| CPC Education Funding                                      | 42,630,318           | 43,807,525           |
| General Debt Service                                       | 164,234,855          | 167,319,087          |
| Education Support Services                                 | 1,366,500            | 1,366,500            |
| Job Training/Employment Assistance                         | 5,570,054            | 6,429,558            |
| Non-Communicable Illness & Disease<br>Prevention/Treatment | 32,819,726           | 43,450,301           |
| <b>Priority Level 1 Total</b>                              | <b>\$696,699,579</b> | <b>\$765,206,122</b> |



# Debt Service Fund

| Source           | FY2013<br>Adopted    | FY2014<br>Recommended | Change from<br>FY2013 | %<br>Change  |
|------------------|----------------------|-----------------------|-----------------------|--------------|
| County Funds     | \$239,097,500        | \$232,158,666         | (\$7,008,834)         | -2.9%        |
| Non-County Funds | 50,778,990           | 51,632,232            | 853,242               | 1.7%         |
| <b>Total</b>     | <b>\$289,876,490</b> | <b>\$283,790,898</b>  | <b>(\$6,085,592)</b>  | <b>-2.1%</b> |



# Pay-As-You-Go Fund

|               | FY2013<br>Adopted | FY2014<br>Recommended | Change from<br>FY2013 | %<br>Change |
|---------------|-------------------|-----------------------|-----------------------|-------------|
| Pay-As-You-Go | \$33,988,500      | \$33,432,750          | (\$555,750)           | -1.6%       |

- Equivalent to 3¢ on the tax rate per Board policy.



# Education Services

County Funds Only

|                        | FY13<br>Adopted      | FY14<br>Recommended  | Change from<br>FY13 | %<br>Change  |
|------------------------|----------------------|----------------------|---------------------|--------------|
| CMS Operating*         | \$335,132,664        | \$356,458,019        | \$21,325,355        | 6.4%         |
| Capital Replacement    | 4,960,000            | 4,960,000            | 0                   | 0.0%         |
| <b>Sub-Total CMS</b>   | <b>\$340,092,664</b> | <b>\$361,418,019</b> | <b>\$21,325,355</b> | <b>6.4%</b>  |
| <hr/>                  |                      |                      |                     |              |
| CPCC Operating**       | 27,099,486           | 30,133,974           | 3,034,488           | 11.2%        |
| <b>Sub-Total CPCC</b>  | <b>\$27,099,486</b>  | <b>\$30,133,974</b>  | <b>\$3,034,488</b>  | <b>11.2%</b> |
| <b>Education Total</b> | <b>\$367,192,150</b> | <b>\$391,551,993</b> | <b>\$24,359,843</b> | <b>6.6%</b>  |

\*Includes \$18.5 M in FY13 for CMS Employee Salary Increase.

\*\*Includes \$200,000 in FY13 for WTVI Merger.





# County Services

## County Funds Only

|                 | <b>FY13<br/>Adopted</b> | <b>FY14<br/>Recommended</b> | <b>Change from<br/>FY13</b> | <b>%<br/>Change</b> |
|-----------------|-------------------------|-----------------------------|-----------------------------|---------------------|
| County Services | \$420,771,731           | \$429,229,051               | \$8,457,320                 | 2.0%                |



# Key Themes

- Sustaining County Services
- Investing in County Employees
- Building Strong, Productive Relationships



# Efficiency Reductions/ Redirection of Funds

| Efficiency Reductions/Redirections              | Amount                |
|---|-----------------------|
| Behavioral Health Center Business Model Changes | (\$5,000,000)         |
| Retiree Insurance Funding Adjustment            | (1,700,000)           |
| Emergency Medical Services                      | (1,650,000)           |
| Fleet Reserve                                   | (1,100,000)           |
| CJS – Pretrial Services Operation Hours         | (500,000)             |
| Economic Development                            | (320,000)             |
| Employee Premiums                               | (280,000)             |
| Enterprise Training                             | (150,000)             |
| <b>Total</b>                                    | <b>(\$10,700,000)</b> |

\*Other efficiency reduction and redirections made by departments within their target budget may not be reflected here.



# From FY2009 to FY2013

- Service reductions totaling \$138.6 million
- Efficiency reductions totaling \$79.8 million
  - Those costs that are cut and/or redirected to other services, with no reduction in services or service level
- 60% of the Corporate Scorecard metrics show an improvement in results



# Fiscal Discipline

| Debt Service Fund    | Amount                |
|----------------------|-----------------------|
| CMS Debt Service     | (\$16,153,310)        |
| General Debt Service | 8,442,140             |
| CPCD Debt Service    | (2,720,774)           |
| Paygo Capital Fund   | (555,750)             |
| <b>Total</b>         | <b>(\$10,987,694)</b> |



# Sustaining County Services

| Sustaining Services & Addressing Growth | Amount             |
|---|--------------------|
| County Assessor's Office                | \$1,800,000        |
| Homelessness Services – CHA Contract    | 1,362,500          |
| School Health Nurses                    | 1,070,504          |
| Opening/Operating New Parks             | 966,000            |
| Business Investment Grants              | 935,000            |
| Microsoft Cloud and Enterprise License  | 900,000            |
| Enterprise Maintenance Contract         | 518,000            |
| Revaluation Preparation                 | 500,000            |
| Additional Elections                    | 483,400            |
| Procurement                             | 175,600            |
| <b>Total</b>                            | <b>\$8,711,004</b> |



# Investing in Employees

| Item  | Amount           |
|---|------------------|
| 2% Payroll Increase for Employee Merit Raises | 4,800,000        |
| Medical & Dental Claims Increases             | 2,320,000        |
| Market Adjustments                            | 1,500,000        |
| Annualized Salaries                           | 1,000,000        |
| <b>Total</b>                                  | <b>9,620,000</b> |



# Average Employee + Family

|  |          |
|--|----------|
| Average Salary                               | \$49,893 |
| Market Rate                                  | 50,000   |
| 3% Merit                                     | 1,500    |
|  |          |
| New Salary                                   | 51,393   |
|  |          |
| Annual Increase in Medical Insurance Premium | (521)    |
|  |          |
| New Net Salary                               | 50,872   |
| Net Salary Increase                          | 979      |
| Net Salary Increase %                        | 2.0%     |





# Partnership Funding

| Business Partners                | Amount              |
|----------------------------------|---------------------|
| CMS Operating                    | \$21,325,355        |
| CPCC Operating                   | 3,034,488           |
| Library Services                 | 471,200             |
| New (5) Community Service Grants | 200,000             |
| <b>Total</b>                     | <b>\$25,031,043</b> |



# Recommended Tax Rate Impact

- On a property valued at \$200,000, recommended tax rate increase would cost owner \$50 a year.



# Law Enforcement Service District

|                    | FY2013<br>Adopted   | FY2014<br>Recommended |
|--------------------|---------------------|-----------------------|
| Assessed Valuation | \$6,568,942,548     | \$6,496,000,000       |
| Total Net Tax Levy | 12,467,196          | 12,119,422            |
| Fund Balance       | 0                   | 1,000,000             |
| General Fund       | 680,000             | 680,000               |
| <b>Total</b>       | <b>\$13,147,196</b> | <b>\$13,799,422</b>   |
| Tax Rate           | 19.37¢              | 19.37¢                |



# Fire Protection Service Districts

|                               | Charlotte<br>ETJ | Cornelius<br>ETJ | Davidson<br>ETJ | Huntersville<br>ETJ | Mint Hill<br>ETJ |
|-------------------------------|------------------|------------------|-----------------|---------------------|------------------|
| Value of 1¢*                  | 457,746          | 8,564            | 20,432          | 122,797             | 40,220           |
| Tax Rate                      | 6¢               | 5¢               | 5¢              | 5¢                  | 7¢               |
| FY14<br>Projected<br>Revenue* | 2,636,617        | 41,107           | 98,074          | 589,424             | 270,278          |

\*At 96% collection rate



# FY14 Combined Tax Rates

In cents

|                 | Mecklenburg<br>County Tax Rate | Municipal Tax<br>Rate | Total  |
|-----------------|--------------------------------|-----------------------|--------|
| Charlotte       | 81.72                          | 46.87                 | 128.59 |
| Cornelius       | 81.72                          | 24.00                 | 105.72 |
| Davidson        | 81.72                          | 35.00                 | 116.72 |
| Huntersville    | 81.72                          | 28.25                 | 109.97 |
| Matthews        | 81.72                          | 32.25                 | 113.97 |
| Mint Hill       | 81.72                          | 27.00                 | 108.72 |
| Pineville       | 81.72                          | 32.00                 | 113.72 |
| Unincorp. Area* | 81.72                          | 24.37                 | 106.09 |

\*Includes both LESD and FPSD tax rates as the municipal rate. Residents in the Mint Hill ETJ will pay an additional 2 cents for Fire Protection Services.



# Next Steps

| Date       | Time           | Activity                        |
|------------|----------------|---------------------------------|
| May 23     | 3:00 – 5:00 PM | CMS/CPCC Budget Workshop        |
| May 28     | 3:00 – 5:00 PM | Budget Workshop                 |
| May 30     | 6:00 PM        | Budget Public Hearing           |
| June 4     | 6:00 PM        | Board Meeting                   |
| June 11-12 | 5:00 – 9:00 PM | Budget Straw Vote Workshops     |
| June 18    | 6:00 PM        | Board Meeting / Budget Adoption |

NOTE: Individual strawvote orientation sessions with commissioners will be scheduled at your convenience.



# Informal Meetings

- OMB will contact each commissioner to see if you want to meet to go over the budget
- Coordinate with Amber Snowden to schedule these meetings
- Cover
  - Recommended Budget
  - Strawvote spreadsheet and process



# For Additional Information

- On County Website: [www.charmeck.org](http://www.charmeck.org)
- Follow on Facebook and Twitter
- To speak at Budget Public Hearing
  - Call 704-336-2086 or go on-line





# Thank You

- Agency Directors
- Agency's Finance & Budget Staff
- Financial Services Department
- Business Support Services Agency
- Citizen Involvement
- Office of Management & Budget Staff
- County Manager and Assistant County Managers



# FY2014 Recommended Budget

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