



**NORTH CAROLINA ASSOCIATION
OF COUNTY COMMISSIONERS**



Springsted

Public Sector Advisors

Building Sustainability- Financial Strategies That Go the Distance

Presentation to the 102nd Annual
Conference of the North Carolina
Association of County Commissioners



NORTH CAROLINA ASSOCIATION OF COUNTY COMMISSIONERS

**Please come by the Springsted Booth
(Booth 209 located near the NCACC
Booth) to register for a prize and for a
demonstration of the model prior to

Friday afternoon's presentation.**

Building Sustainability - Financial Strategies That Go the Distance

- NCACC elected to partner with Springsted Incorporated
 - Develop a long-term financial planning tool
 - Easy to use
 - General projections of long-term financial position
 - Low cost

Signs of Our Times-FY 2010

“Counties took a variety of approaches to balancing their budgets. Some reduced services or expenditures, while others appropriated fund balance to avoid making significant cuts. Many counties took steps to reduce personnel costs by instituting mandatory furloughs for employees, eliminating cost-of-living pay adjustments, freezing employee pay, eliminating vacant positions or laying off employees, while others cut hours in various departments or at public libraries.”
(Source: NCACC)

Signs of Our Times - FY 2010

“The other states where unemployment topped 10 percent last month were: Alabama, California, Florida, Georgia, Illinois, Indiana, Kentucky, Nevada, North Carolina, Ohio, Oregon, Rhode Island, South Carolina and Tennessee. In May, 13 states plus the District of Columbia watched their surpass 10 percent. Alabama and Georgia joined the list in June” (Source: Associated Press, June,2009).”

Signs of Our Times – FY 2011

“The recession will eventually end. Most economists now think the downturn will stop at the end of this year or the beginning of 2010. However, a recession's ending doesn't mean everything immediately returns to where it was before the recession began. It simply means the economy stops going in reverse and begins moving forward. But the time it takes to get back to where we were may be long – some have said two years or more.” Professor Michael Walden-NCSU, July, 2009

Signs of Our Times-Moving Ahead

- FY 2011 Budget planning begins
 - *“What can be better than the beginning of the budget season? A root canal?”*

Signs of Our Times-Moving Ahead

- Fees give county budget vital boost
 - *“When the Finance and Personnel Committee proposed the increases, they were one measure to curb property tax increases”*
 - *Department heads need to indicate where they would eliminate positions or reduce time”*

Signs of Our Times-Moving Ahead

- Look for further county budget reductions
 - *“The standard for budget reductions should be whether the service is essential and if county taxpayers are willing to put up with fewer services”*
 - *“County officials need to look hard to see whether there are other areas that they could reduce or eliminate”*

Traditional Planning



New Paradigm



Sustainable Financial Strategies

- Over a number of future budget cycles
- Provides a broad perspective
- Applies equally to high-growth and mature organizations

Sustainable Financial Strategies

- **Provide a realistic basis for the discussion of the county's financial future**
- **Provide a better understanding of the relationships among the factors contributing to revenues and expenditures**

Sustainable Financial Strategies: Framework

- Establish goals to guide county decision making
- Develop strategies to achieve goals
- Develop a long-term financial plan consistent with the county's strategies to achieve goals

Sustainable Financial Strategies: Framework

- Evaluate financial performance against goals, make adjustments and update plan each year

Sustainable Financial Strategies: Principles

- **Process should be open**
- **Link resource allocation with the county's visions and values**
- **Guided by policies communicated and understood by everyone**
- **Creates accountability for decisions**
- **Responsive to change**

Sustainable Financial Strategies: Process

- Conduct a comprehensive analysis of current services
 - Mandatory/discretionary
 - Service level
 - Net cost
 - Results
 - Value added

Sustainable Financial Strategies: Process

- Evaluate what services your citizens value
 - Customer surveys
 - Focus groups
 - Current utilization
 - Other

Sustainable Financial Strategies: Process

- **Align available financial resources with county mission, goals, visions and values to provide services your citizens value**
- **Develop benchmarks to measure performance both internally and externally**

Sustainable Financial Strategies: Process

- Link performance to financial resource allocation
- Remember sustainable financial planning is a process that repeats itself annually!

Sustainable Financial Strategies - Process

Link Performance of Performance



Measure Performance Customer Values



Align Resources

A Long-Range and Sustainable Financial Tool

- **Predictive computer model built in Microsoft[®] Excel**
 - **General Fund**
 - **Special Revenue funds**
 - **Enterprise funds**
 - **Capital Improvements Fund**

A Long-Range and Sustainable Financial Tool



**NORTH CAROLINA ASSOCIATION
OF COUNTY COMMISSIONERS**

**NORTH CAROLINA COUNTIES
FINANCIAL PLANNING TOOL**

DEVELOPED BY SPRINGSTED INCORPORATED

**FOR THE NORTH CAROLINA ASSOCIATION OF
COUNTY COMMISSIONERS**

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A Long-Range and Sustainable Financial Tool

- Model enables integration of
 - Changes in tax base
 - Changes in revenues and expenditures
 - Inflation
 - Growth
 - Changes in population

A Long-Range and Sustainable Financial Tool

- Model projects revenues
 - Property taxes
 - Other taxes
 - Sales tax
 - Sales & Service
 - Intergovernmental
 - Debt proceeds
 - Miscellaneous

A Long-Range and Sustainable Financial Tool

- Model projects expenditures
 - Operating expenditures
 - Personnel related
 - Operating supplies
 - Professional services
 - Other/miscellaneous
 - Capital outlay

A Long-Range and Sustainable Financial Tool

- Model debt projections
 - Tax supported
 - Revenue supported
 - Impact on credit rating indicators

A Long-Range and Sustainable Financial Tool

- Model population projections
 - Changes in population
 - Changes in number of housing units

A Long-Range and Sustainable Financial Tool

- Model
 - Projects fund balances
 - Projects ending cash balances
 - Projects personnel
 - Evaluates performance measure achievement
 - Evaluates impact on adopted fiscal policies

A Long-Range and Sustainable Financial Tool

| | Fiscal Year Beginning July 1 Budget | Fiscal Year Beginning July 1 Budget | Fiscal Year Beginning July 1 Budget | Fiscal Year Beginning July 1 Budget | Fiscal Year Beginning July 1 Budget | Fiscal Year Beginning July 1 Budget |
|--|---|---|---|---|---|---|
| General Government Expenditures | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
| Governing Body | 8,226,265 | 244,099 | 491,476 | 249,084 | 356,912 | 264,984 |
| Administration | 370,938 | 383,426 | 395,283 | 407,505 | 420,085 | 433,053 |
| Elections | 115,264 | 120,082 | 124,038 | 128,123 | 132,322 | 136,657 |
| Finance | 370,938 | 383,426 | 395,283 | 407,505 | 420,085 | 433,053 |
| Taxes | 265,489 | 274,814 | 283,412 | 292,278 | 301,401 | 310,809 |
| Legal | 170,504 | 176,979 | 182,642 | 188,486 | 194,495 | 200,695 |
| Register of Deeds | 417,779 | 431,672 | 444,976 | 458,690 | 472,805 | 487,355 |
| Public Buildings | 579,599 | 598,347 | 616,651 | 635,515 | 654,935 | 674,948 |
| Court Facilities | 486,623 | 502,582 | 518,013 | 533,917 | 550,290 | 567,164 |
| Central Services | 721,374 | 744,375 | 767,060 | 790,436 | 814,504 | 839,304 |
| Other General Government | 370,938 | 383,426 | 395,283 | 407,505 | 420,085 | 433,053 |
| Total General Government Expenditures | 12,095,712 | 4,243,228 | 4,614,116 | 4,499,047 | 4,737,920 | 4,781,076 |

A Long-Range and Sustainable Financial Tool

| | Fiscal Year Beginning July 1 Budget | Fiscal Year Beginning July 1 Budget | Fiscal Year Beginning July 1 Budget | Fiscal Year Beginning July 1 Budget | Fiscal Year Beginning July 1 Budget | Fiscal Year Beginning July 1 Budget |
|--------------------------------------|---|---|---|---|---|---|
| Expenditures | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
| Personnel Related Costs | | | | | | |
| Salaries & Wages Full-Time | 281,104 | 289,537 | 298,223 | 307,170 | 316,385 | 325,877 |
| Salaries & Wages Part-Time | 9,876 | 9,876 | 10,172 | 10,477 | 10,792 | 11,116 |
| Insurance Benefits | 9,265 | 9,728 | 10,020 | 10,321 | 10,630 | 10,949 |
| Other Personnel Expenditures | | - | - | - | - | - |
| Other Personnel Expenditures | | - | - | - | - | - |
| Employer Paid Retirement | 14,005 | 14,425 | 14,858 | 15,304 | 15,763 | 16,236 |
| Other Personnel Related Costs | | - | - | - | - | - |
| Total Personnel Related Costs | 314,250 | 323,567 | 333,274 | 343,272 | 353,570 | 364,177 |

A Long-Range and Sustainable Financial Tool

| | Fiscal Year Beginning July 1 Budget | Fiscal Year Beginning July 1 Budget | Fiscal Year Beginning July 1 Budget | Fiscal Year Beginning July 1 Budget | Fiscal Year Beginning July 1 Budget | Fiscal Year Beginning July 1 Budget |
|---|---|---|---|---|---|---|
| Expenditures | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
| Supplies, Materials and Services | | | | | | |
| Office Supplies | 1,614 | 1,704 | 1,766 | 1,829 | 1,894 | 1,961 |
| Operating Supplies | 473 | 499 | 517 | 536 | 555 | 574 |
| Utilities | 1,337 | 1,412 | 1,462 | 1,515 | 1,569 | 1,624 |
| Motor Fuels | 2,572 | 2,716 | 2,813 | 2,914 | 3,018 | 3,125 |
| Uniforms | - | - | - | - | - | - |
| Other materials and supplies | - | - | - | - | - | - |
| Other materials and supplies | - | - | - | - | - | - |
| Legal Services | 6,110 | 6,452 | 6,683 | 6,923 | 7,169 | 7,424 |
| Engineering Services | - | - | - | - | - | - |
| Planning Services | 7,837 | 8,276 | 8,573 | 8,880 | 9,196 | 9,522 |
| Other Services | 13,125 | 13,860 | 14,357 | 14,872 | 15,401 | 15,947 |
| Telephone and Communications | 2,532 | 2,673 | 2,769 | 2,869 | 2,971 | 3,076 |
| Insurances | 2,021 | 2,134 | 2,211 | 2,290 | 2,371 | 2,455 |
| Legal Notices Published | 6,069 | 6,408 | 6,638 | 6,877 | 7,121 | 7,374 |
| Repairs and Maintenance | - | - | - | - | - | - |
| Equipment Rentals/Leases | 572 | 604 | 625 | 648 | 671 | 695 |
| Travel and Meeting Reimbursements | 6,923 | 7,310 | 7,572 | 7,844 | 8,123 | 8,411 |
| Dues and Subscriptions | 3,915 | 4,134 | 4,283 | 4,436 | 4,594 | 4,757 |
| Miscellaneous | 1,589 | 1,678 | 1,738 | 1,801 | 1,865 | 1,931 |
| Capital Outlay | - | - | - | - | - | - |
| Total Supplies, Materials and Services | 56,688 | 59,860 | 62,009 | 64,234 | 66,515 | 68,876 |
| Total Administration | 370,938 | 383,426 | 395,283 | 407,505 | 420,085 | 433,053 |

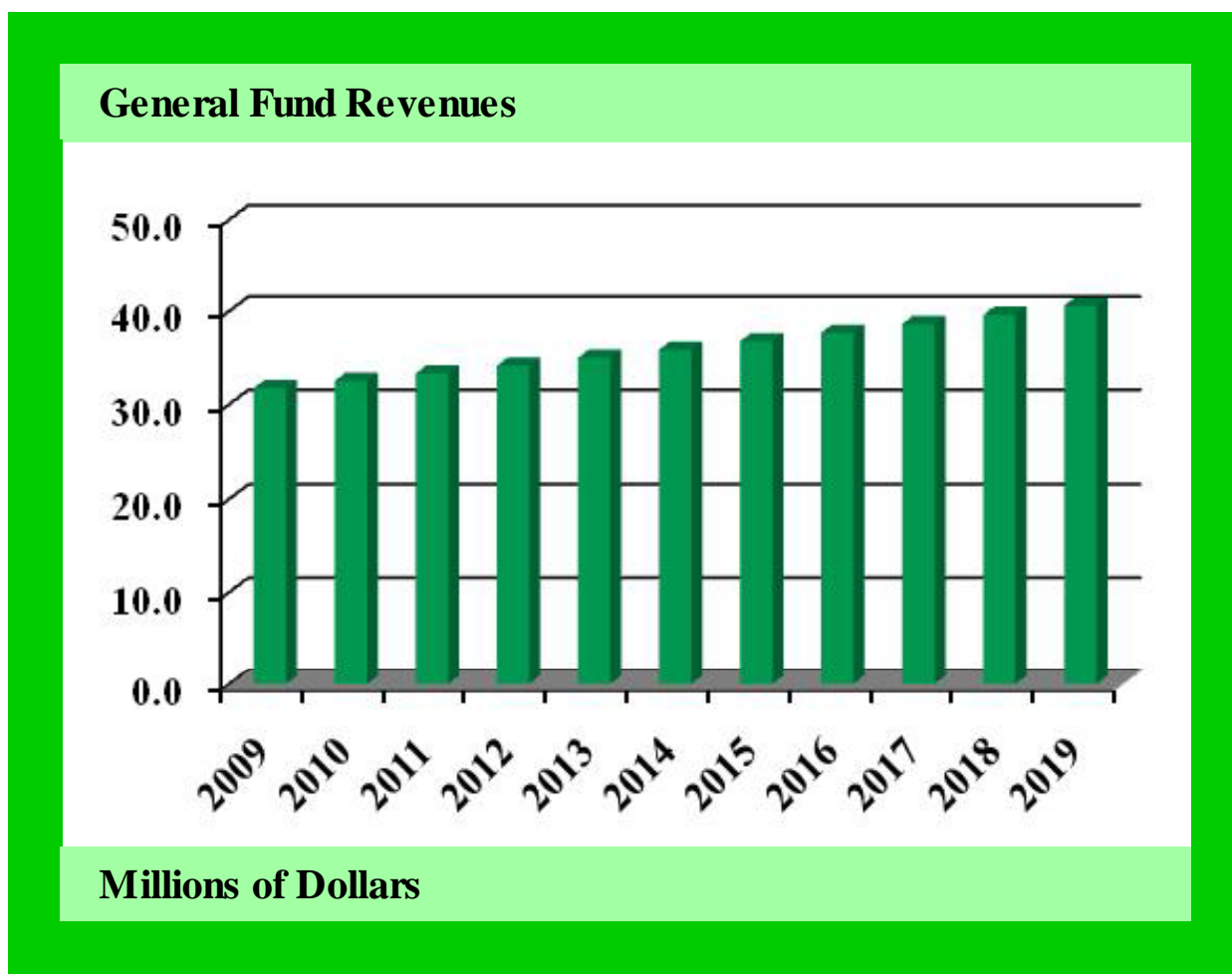
A Long-Range and Sustainable Financial Tool

| | Fiscal Year Beginning July 1 Budget | Fiscal Year Beginning July 1 Budget | Fiscal Year Beginning July 1 Budget | Fiscal Year Beginning July 1 Budget | Fiscal Year Beginning July 1 Budget | Fiscal Year Beginning July 1 Budget |
|---|---|---|---|---|---|---|
| Expenditures | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
| Total Personnel Related Costs | 314,250 | 323,567 | 333,274 | 343,272 | 353,570 | 364,177 |
| Percentage of Department Expenditures | 84.72% | 84.39% | 84.31% | 84.24% | 84.17% | 84.10% |
| Sheriff & Communications Percentage of Total Budget | 1.04% | 1.35% | 1.34% | 1.35% | 1.10% | 1.32% |
| Sheriff & Communications Cost/Capita | 10.02 | 10.30 | 10.56 | 10.82 | 11.09 | 11.37 |
| Miles Patrolled | 124.00 | 124.00 | 124.00 | 124.00 | 124.00 | 124.00 |
| Cost Per Mile Patrolled | 2,991.44 | 3,092.15 | 3,187.76 | 3,286.33 | 3,387.78 | 3,492.36 |
| Arrests Made | 1,600.00 | 1,600.00 | 1,600.00 | 1,600.00 | 1,600.00 | 1,600.00 |
| Cost Per Arrest Made | 231.84 | 239.64 | 247.05 | 254.69 | 262.55 | 270.66 |

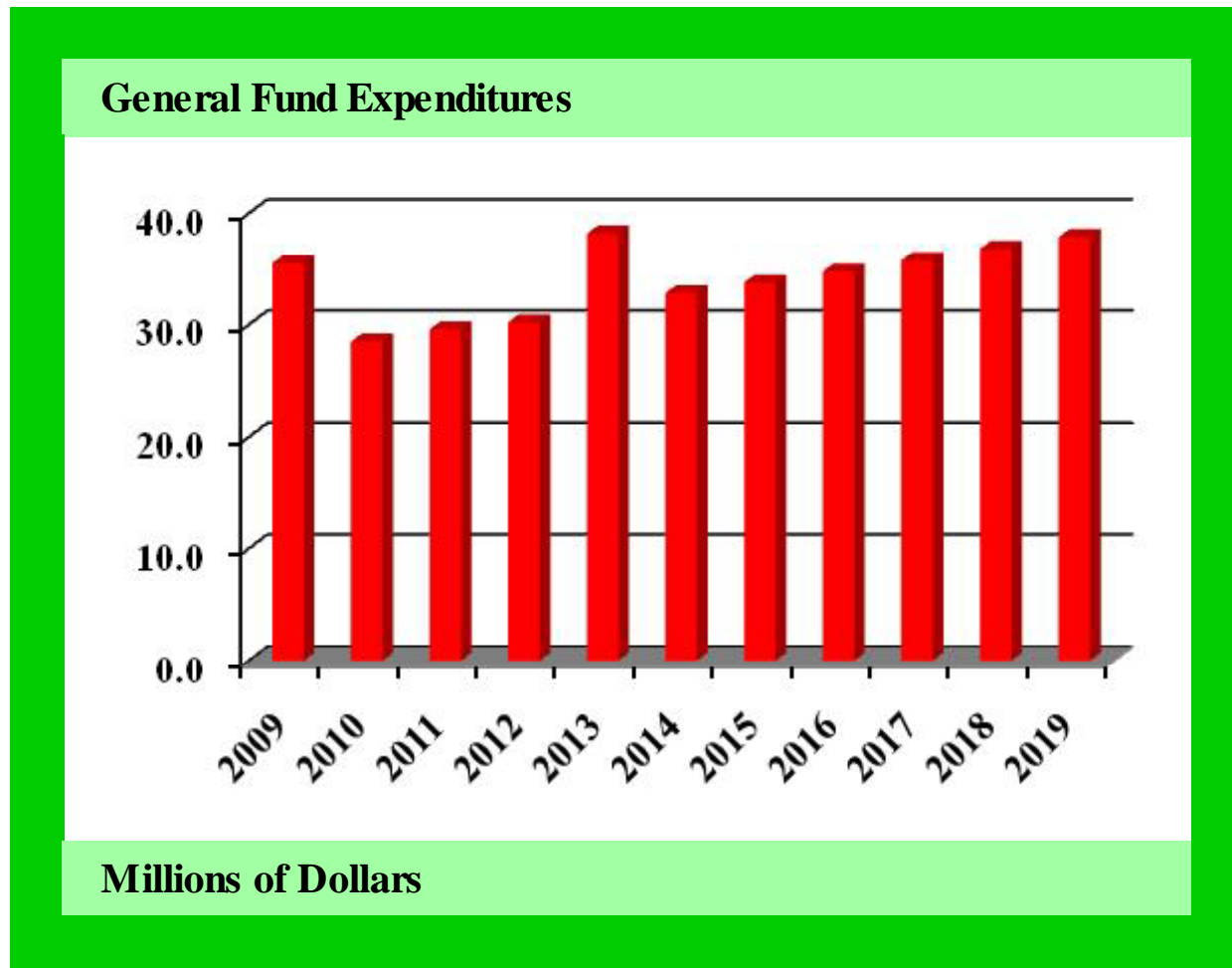
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| Fiscal Year Beginning July 1 | General Fund | G.O. Bonds | Revenue Bonds | Installment Purchase Agreements | Certificates of Participation | Capital Projects Fund | School Capital Fund |
|---|---------------------|-------------------|----------------------|--|--|----------------------------------|--------------------------------|
| 2009 | 8,000,000 | - | - | - | - | - | - |
| 2010 | 10,000 | - | - | - | - | - | - |
| 2011 | - | - | - | - | 1,250,000 | - | - |
| 2012 | - | 1,500,000 | - | 55,000 | - | - | - |
| 2013 | 965,000 | 1,235,975 | - | 5,750,000 | 600,000 | - | - |
| 2014 | - | 750,000 | - | 450,000 | - | - | - |
| 2015 | - | 2,450,000 | - | 500,000 | 1,875,000 | - | - |
| 2016 | - | - | - | - | - | - | - |
| 2017 | - | 150,000 | - | - | - | - | - |
| 2018 | - | - | - | - | - | - | - |
| 2019 | - | - | - | - | - | - | - |
| Total | 8,975,000 | 6,085,975 | - | 6,755,000 | 3,725,000 | - | - |

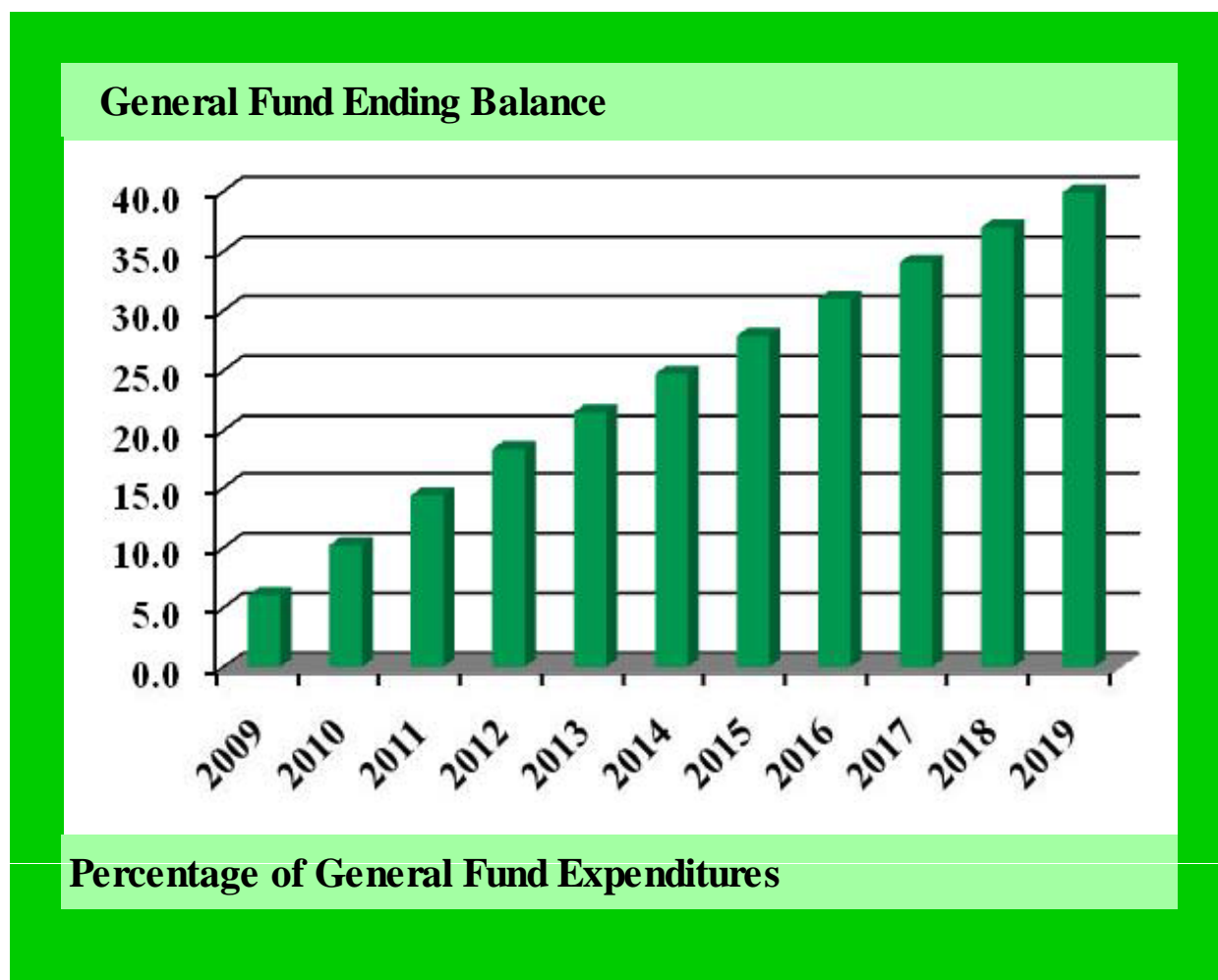
A Long-Range and Sustainable Financial Tool



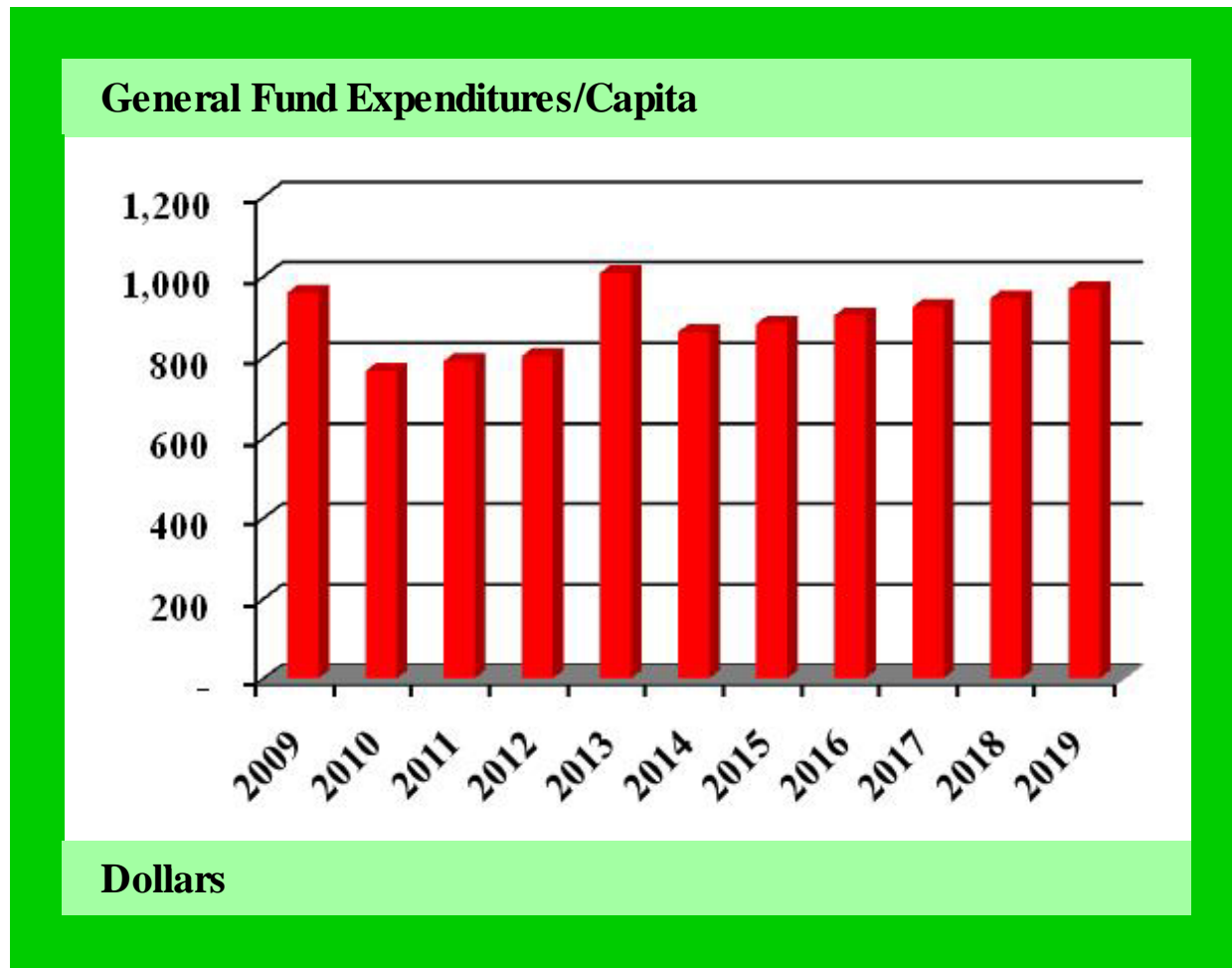
A Long-Range and Sustainable Financial Tool



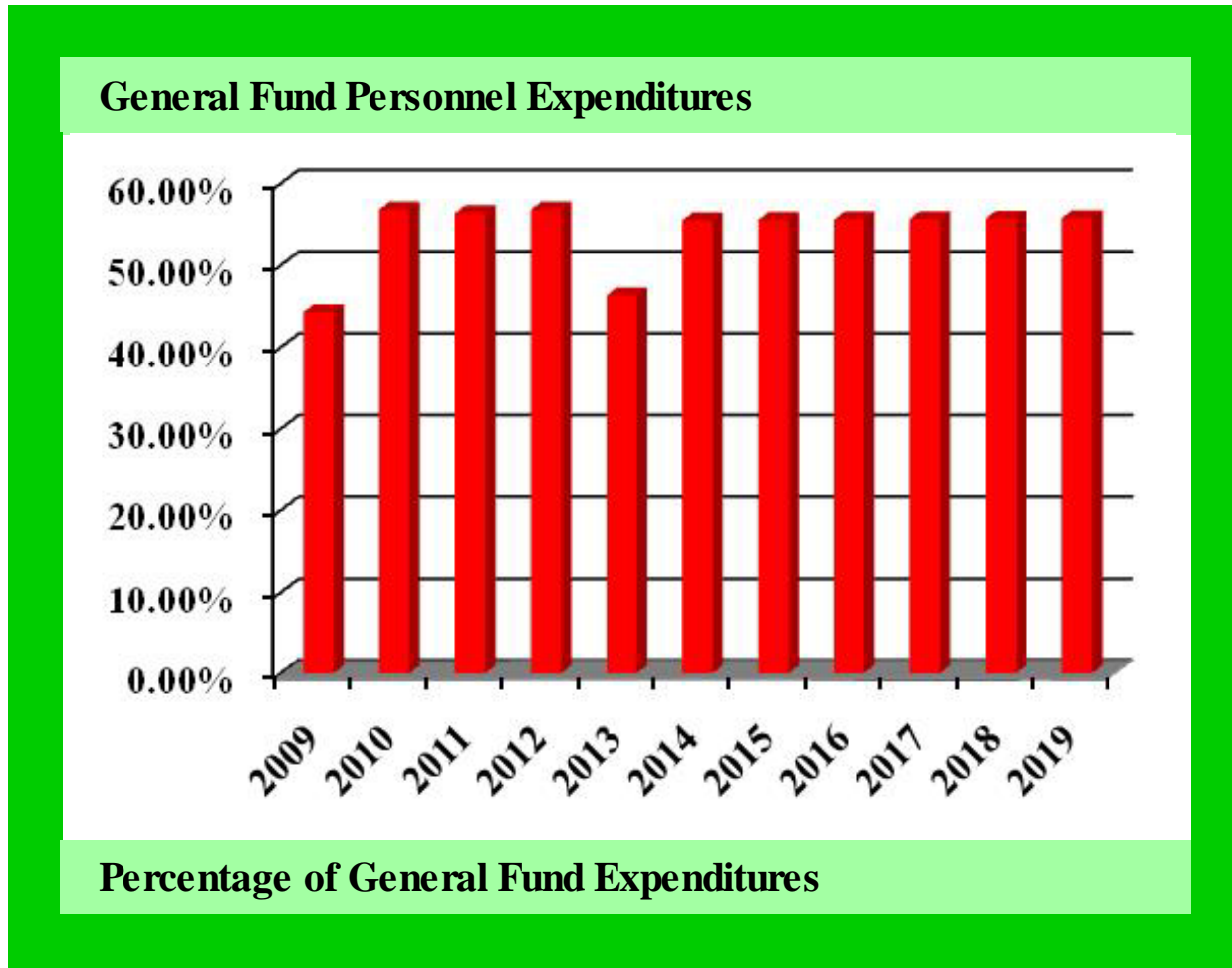
A Long-Range and Sustainable Financial Tool



A Long-Range and Sustainable Financial Tool

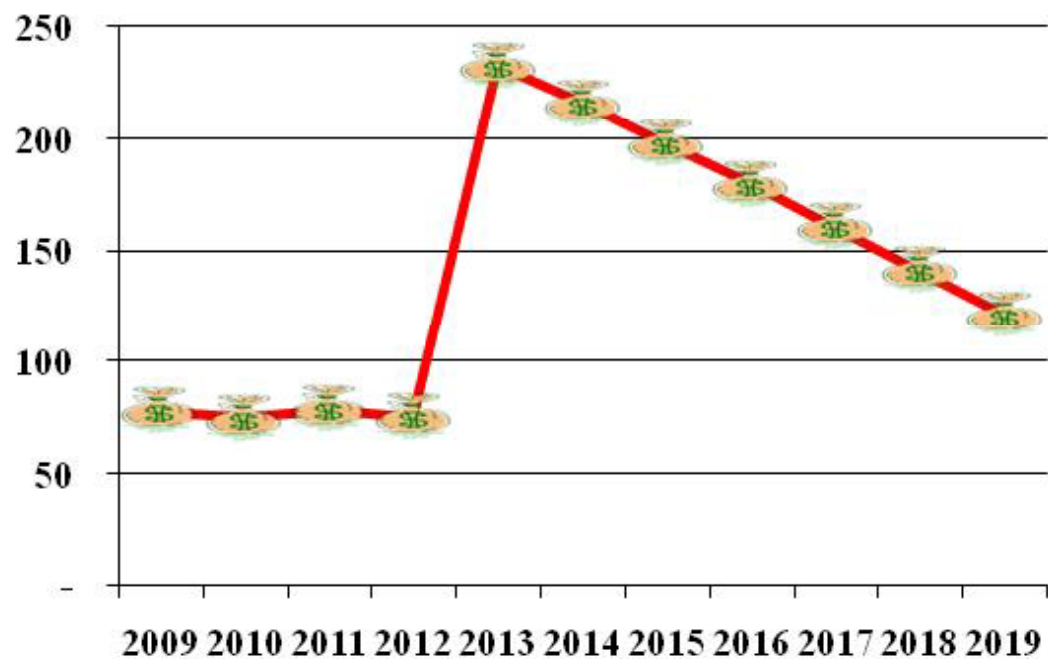


A Long-Range and Sustainable Financial Tool



A Long-Range and Sustainable Financial Tool

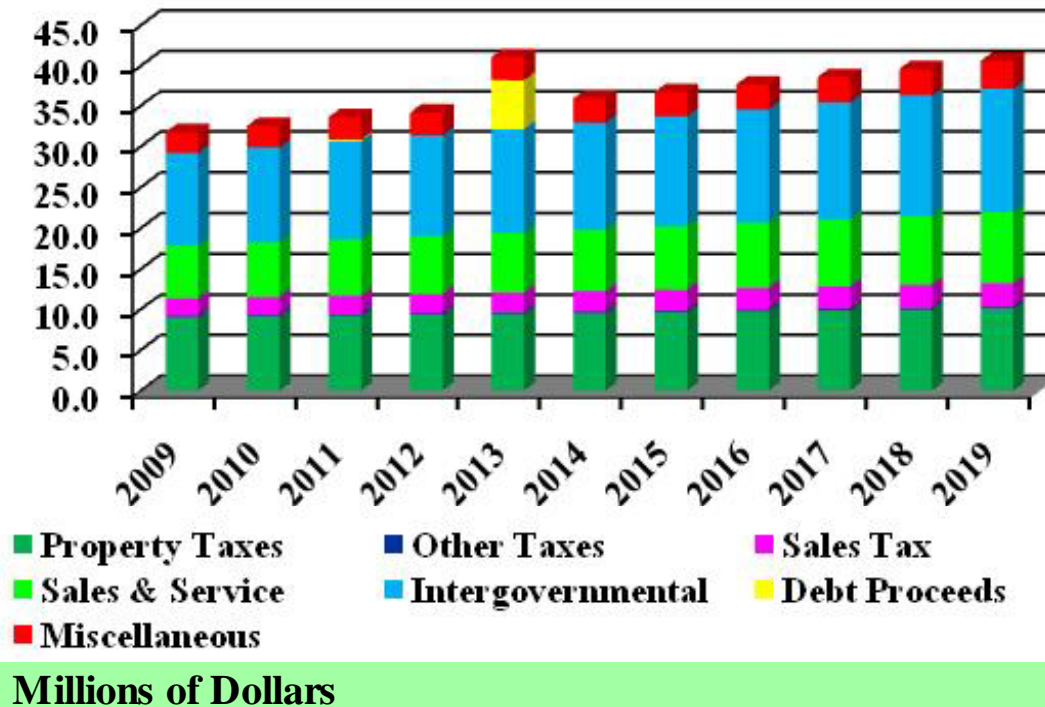
Debt Repaid by General Fund/Capita



Dollars

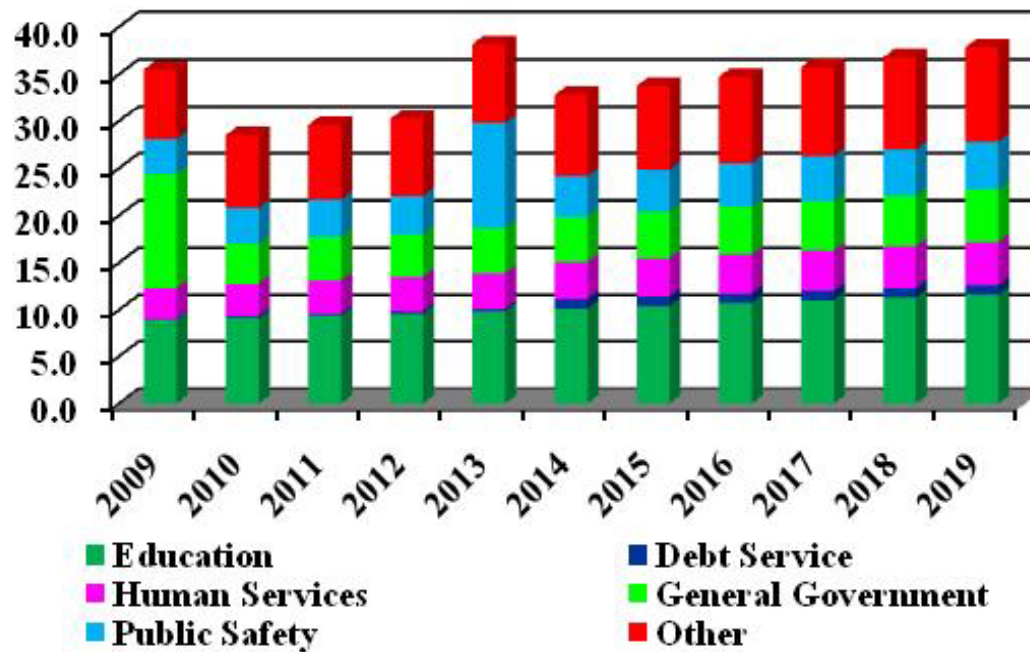
A Long-Range and Sustainable Financial Tool

General Fund Revenues by Source



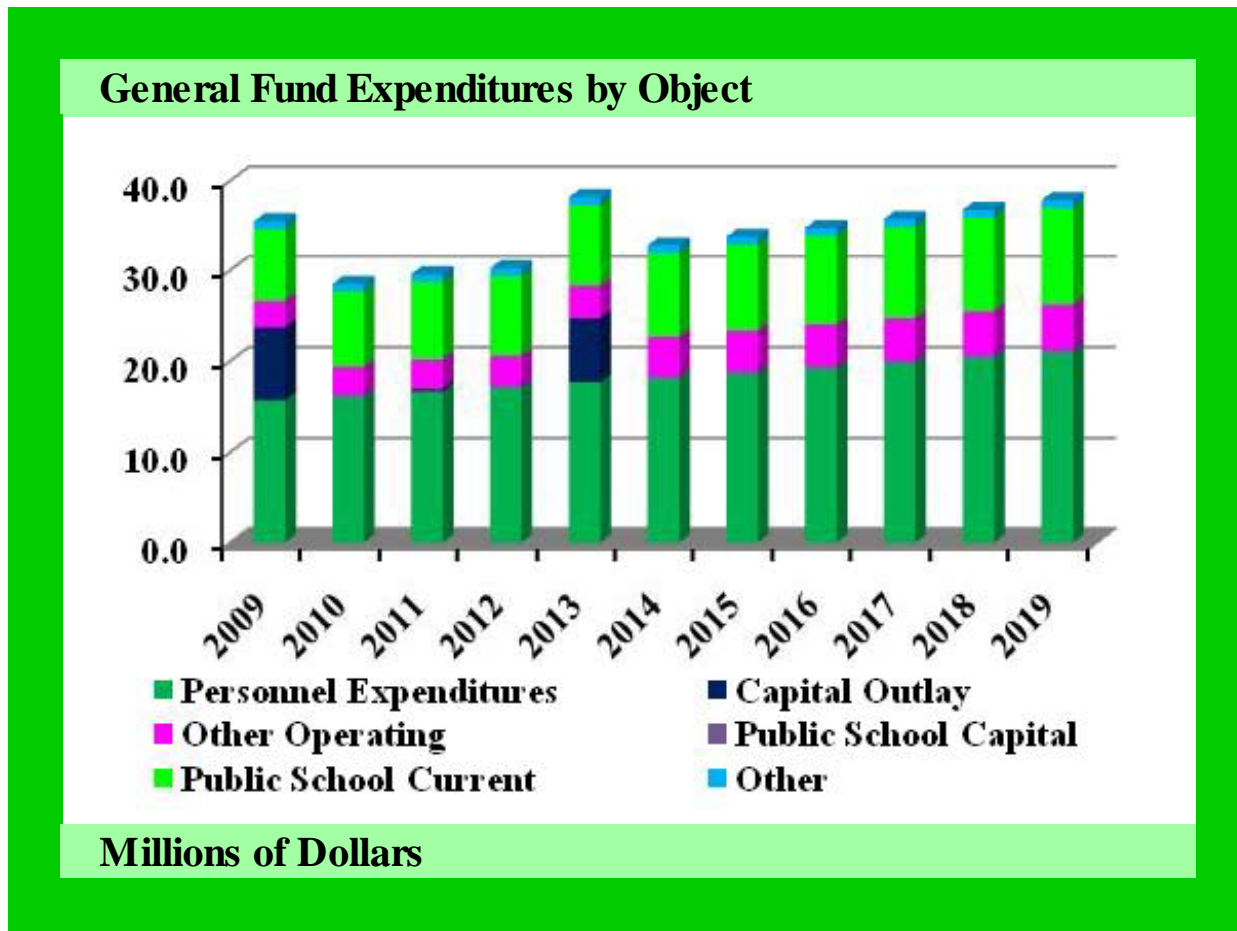
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General Fund Expenditure by Function

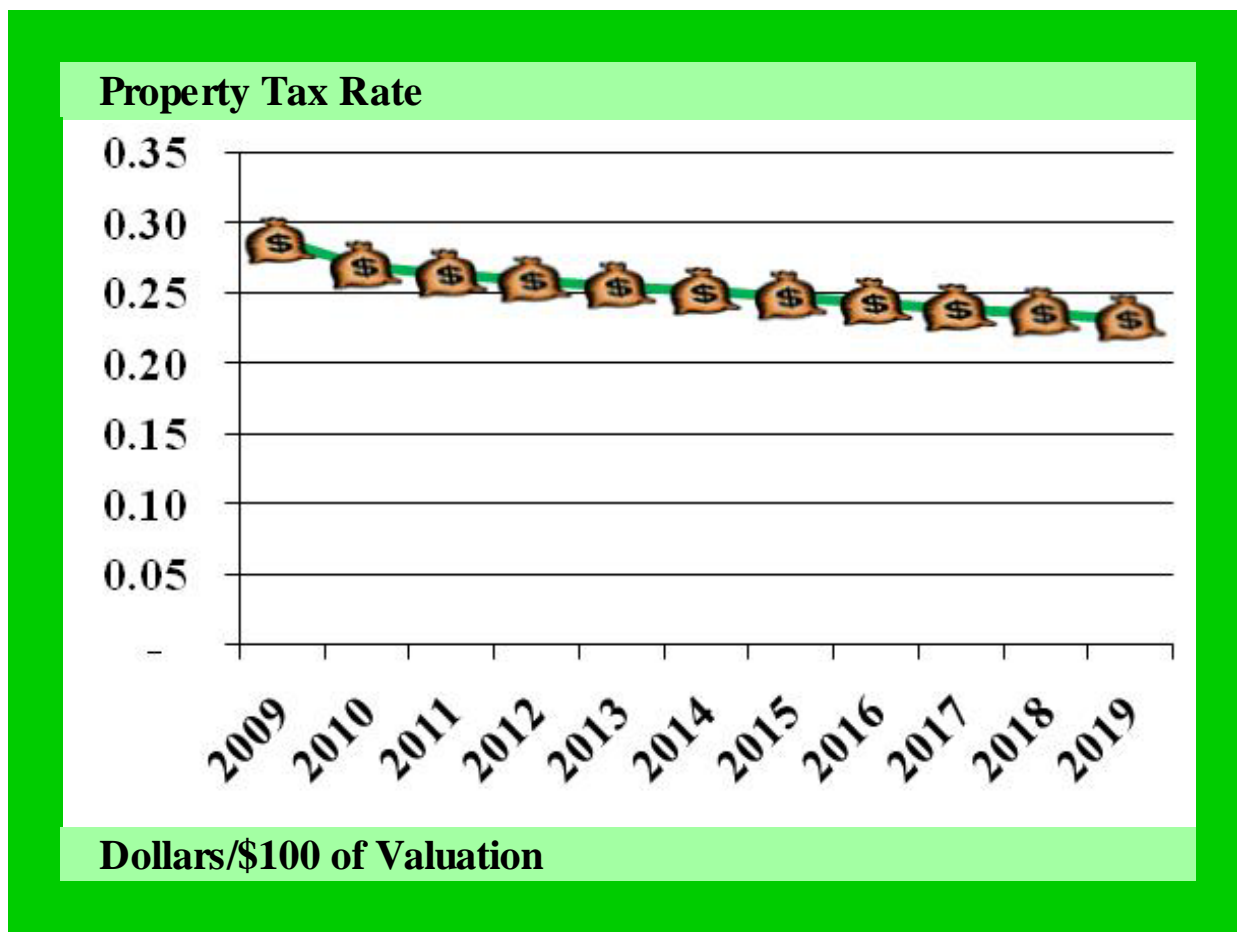


Millions of Dollars

A Long-Range and Sustainable Financial Tool



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If You Are Interested

- **Contact the North Carolina Association of County Commissioners**