

## B. Financial Analysis of County Budget

- The budget is a tool to assure that resources necessary to accomplish policy decisions and deliver services are available
- Components of budget need to be in line with community goals and managed in order to accomplish broad initiatives – from mandated services to meeting demands of changing demographics
- Presentation will look at service delivery demands alongside changes in budgetary spending and revenue generation to open discussion amongst Commissioners on fiscal policy

## Budget is not a bad word

- Examining Revenue Growth and Expenditure Growth is important to make sure that decisions are not driving future tax increases and develop fiscal policies
- Compare to peer counties to see what categories they prioritize by % of budget and spending per capita
  - Gives areas to explore further
  - Compare services in each to look for best practices, reasons for variances like demographics
- Understanding the service needs, mandates and citizen priorities for the county help to prioritize strategic plan and budget growth areas to make the budget a resource for accomplishing results



## Study Summary

- After the education funding analysis, charged the Management Analyst with comparing to peer counties for county funds for 2016 to see how Transylvania County compared. Re-evaluated Scotland County and they have a higher weekly wage reflecting working population bringing home more income. Utilized the base economic peer counties used previously adding in Ashe County
  - Other jurisdictions should be dealing with same cost driving measures except for demographic differences
- Requested known data tracking measures from 2003 to compare to 2017 where possible. Some dates varied so factored an average annual increase to level the playing field and smooth short term increases or decreases (ie. Building permits during housing crisis)
- Asked Finance Director to compare Transylvania County spending patterns from 2007 to 2017 with average annual increases using audits and the spending categories required by the state.
- Compared known service data to spending patterns over the last 10 years on a per annual % increase basis for comparison
  - Does not take into account changing in the cost of services due to changing legislative requirements, mandates, increase in cost to provide service (impact of fuel, competitive wages, etc)

County	County Population June 30th, 2016	General Governme nt Per Capita	Public Safety Per Capita	Economic and Communit y Developme nt Per Capita	Human Services Per Capita	Culture and Recreation Per Capita	Education Per Capita	Debt Service Per Capita	Total Spending Per Capita
Dare	35,495	\$256.93	\$666.83	\$30.18	\$446.21	\$136.60	\$607.76	\$502.62	\$2,873
<u>Transylvania</u>	<u>33,749</u>	<u>\$153.46</u>	<u>\$350.91</u>	<u>\$34.93</u>	<u>\$277.56</u>	<u>\$67.29</u>	<u>\$390.88</u>	<u>\$73.37</u>	<u>\$1,403</u>
Scotland	35,806	\$60.80	\$228.15	\$45.09	\$313.92	\$30.49	\$335.16	\$42.85	\$1,128
Jackson	41,268	\$219.74	\$274.18	\$16.83	\$326.74	\$71.52	\$269.75	\$95.39	\$1,363
Macon	34,855	\$200.56	\$333.23	\$17.00	\$330.55	\$69.38	\$246.91	\$125.78	\$1,338
Bladen	35,152	\$141.23	\$282.11	\$26.01	\$374.47	\$23.17	\$240.69	\$82.15	\$1,165
Montgomery	27,839	\$137.82	\$221.56	\$19.97	\$265.76	\$15.58	\$212.36	\$77.79	\$1,092
Ashe	27,482	\$144.68	\$248.29	\$54.99	\$389.67	\$43.95	\$196.25	\$117.71	\$1,246
AVERAGE	33,736	\$151.18	\$276.92	\$30.69	\$325.53	\$45.91	\$270.28	\$87.86	
MINIMUM	27,482	\$60.80	\$221.56	\$16.83	\$265.76	\$15.58	\$196.25	\$42.85	
MAXIMUM	41,268	\$219.74	\$350.91	\$54.99	\$389.67	\$71.52	\$390.88	\$125.78	

## Peer County Summary Results (least to greatest ranking)

General Government: Spending in Transylvania County is 3<sup>rd</sup> of 8 ranking least to greatest for % of the budget spent on general government and below the average of the dataset. This category is 5<sup>th</sup> in per capita spending and below the average.

Public Safety: Spending in Transylvania County is 7<sup>th</sup> of 8 ranking least to greatest for % of the budget spent on public safety and above the average. Spending per capita for public safety ranking is 7<sup>th</sup> and above the average.

Economic Development: Spending in Transylvania County is 6<sup>th</sup> of 8 ranking least to greatest for % of the budget spent and at average for the dataset. Spending per capita ranks 5<sup>th</sup> and is above the average.

Human Services: Spending in Transylvania County is 2<sup>nd</sup> of 8 ranking least to greatest for % of the budget spent and below the average. Spending per capita ranks 2<sup>nd</sup> and below average.

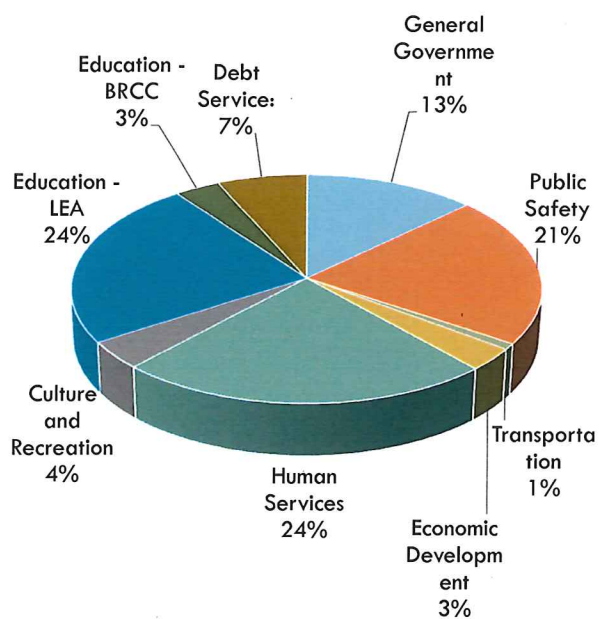
Culture and Recreation: Spending in Transylvania County is 5<sup>th</sup> of 8 ranking least to greatest for % of the budget spent and above the average. Spending per capita ranks 5<sup>th</sup> and is above average.

Education: Spending in Transylvania County is 7<sup>th</sup> of 8 ranking least to greatest for % of the budget spent and above the average. Spending per capita is ranked 7<sup>th</sup> and is above average.

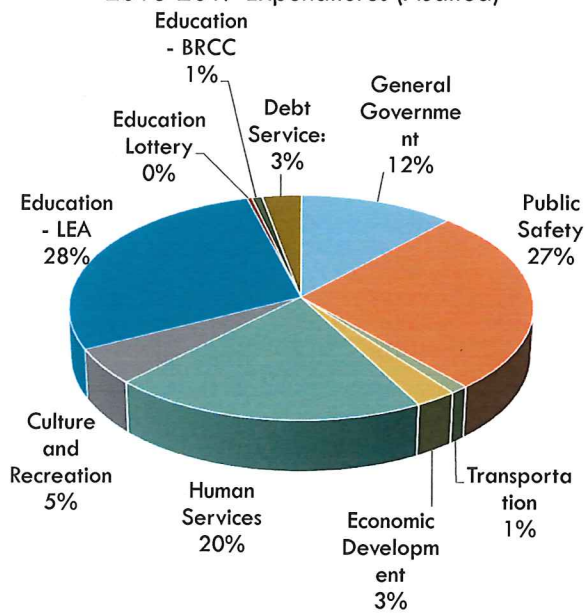
Debt Service: Spending in Transylvania County is ranked 2<sup>nd</sup> of 8 ranking least to greatest for % of the budget spent and far below average. Spending per capita is ranked 2<sup>nd</sup> and far below the average.

# GF Spending Category Changes- 08-17

2007-2008 Expenditures (Audited)



2016-2017 Expenditures (Audited)





## 2007-2017 Annual Spending Change (Audits)

Expenditures	5 Yr	9 Yr	Dollar Change 07-17	% Change 07-17
	Annual Avg Change	Annual Average Change		
General Government	1.14%	3.35%	\$373,919	7.24%
Public Safety	4.38%	5.67%	\$3,903,217	45.86%
Transportation	6.36%	5.69%	\$204,204	60.90%
Economic Development	2.37%	19.84%	-\$34,810	-2.72%
Human Services	0.09%	3.25%	-\$27,858	-0.30%
Culture and Recreation	5.12%	7.18%	\$837,371	52.59%
Education - LEA	3.83%	4.70%	\$3,710,383	38.99%
Education - Lottery	11.05%	4.50%	\$174,291	
Education - BRCC	-6.32%	7.07%	-\$1,013,040	-73.23%
Debt Service:			\$0	
Principal	-1.83%	-9.42%	-\$489,028	-28.66%
Interest	-16.23%	-21.11%	-\$736,000	-81.26%
Bond Issuance Cost			-\$86,843	
Total Expenditures, per audit	1.82%	3.81%	\$6,815,806	17.08%
% Change	1.82%	3.81%		
Expenditures, excluding Education LEA & Lottery				
% Change	1.10%	3.56%	2,931,132	9.64%

\*Revenue 9 year avg 1.68%  
5 year avg 4.62%  
2007-2017 16.23%

\*Expenditures 9 year avg 1.82%  
5 year avg 3.81%  
07-17 17.08%

- Expenses outpacing revenues for 9 year look
- Largest % increases in Transportation, Culture/Rec, Public Safety and Public Schools
- Largest fiscal impact increases are Public Safety and Public Schools followed by Culture and Recreation

# Service demands snapshot

	Average		
	2003-2004	2016-2017	Annual Growth
Library Total circ	241,340	317,184	2.12%
Avg Daily Internet	69	205	8.74%
Avg Daily Visits	550	737	2.28%
Program attendance	9,396	18,261	5.24%

\*Average annual growth assumes a steady increase year to year  
 \*Revenue 9 year avg 1.68%  
 \*Took known datasets- more could be done here!

	Average		
	2003	2017	Annual Growth
Building Permits	1,324	1,868	2.49%
Communications- Total Dispatch	26,028	50,833	4.90%
EMS Total Calls	3,184	5,131	3.47%
Communications- Law Enforcement Dispatch	2,483	13,206	12.68%

Annual	
2007-2017 6 month snap shot	Growth Rates
CPS Reports	9.26%
CPS Screenouts	7.18%
Children in Custody	1.79%
DSS Total Calls	2.69%

	Average		
	2003-2004	2017-2018	Annual Growth
BRCC Summer	120	114	-0.37%
BRCC Fall	310	427	2.31%
BRCC Spring	338	408	1.35%

DSS Total Walkins 3.25%

	Average		
	2002-2003	2017-2018	Annual Growth
Public School ADM	3,770	3,398	-0.69%



## Compared Spending Patterns and Service Demands

	5 Yr Annual Avg Change	9 Yr Annual Average Change		Average Annual Growth
<b>Expenditures</b>			<u>Public Safety</u>	
General Government	1.14%	3.35%	Communications- Total	
Public Safety	4.38%	5.67%	Dispatch	4.90%
Transportation	6.36%	5.69%	EMS Total Calls	3.47%
Economic Development	2.37%	19.84%	Communications- Law	
Human Services	0.09%	3.25%	Enforcement Dispatch	12.68%
Culture and Recreation	5.12%	7.18%	<u>Economic Development</u>	
Education – LEA (Public Schools)	3.83%	4.70%	Building Permits	2.49%
Education - Lottery	11.05%	4.50%	<u>Human Services</u>	
Education - BRCC	-6.32%	7.07%	CPS Reports	9.26%
Debt Service:			CPS Screenouts	7.18%
Principal	-1.83%	-9.42%	Children in Custody	1.79%
Interest	-16.23%	-21.11%	DSS Total Calls	2.69%
Bond Issuance Cost			DSS Total Walkins	3.25%
Total Expenditures, per audit	1.82%	3.81%	Library Total circ	2.12%
% Change	1.82%	3.81%	Avg Daily Internet	8.74%
			Avg Daily Visits	2.28%
Expenditures, excluding			Program attendance	5.24%
Education LEA & Lottery			<u>Education</u>	
% Change	1.10%	3.56%	BRCC Summer	-0.37%
			BRCC Fall	2.31%
			BRCC Spring	1.35%
			Public School (LEA) ADM	-0.69%

## Comparison to Data Snapshot

- Transylvania County spending ranks high compared to peers on total spending per capita and specifically on both % and per capita spending for public safety, education, economic development, and culture and recreation in the 2016 comparison spending above the average of peer counties in those categories (removing Dare as an outlier).
- From 2007 to 2017 Transylvania County grew share of the total budget for categories substantially in Education and Public Safety with decreases in Human Services, Debt Services and Blue Ridge Community College. Even growth throughout the organization would have kept those percentages roughly stagnant so this is an indicator of areas of the budget growing faster than others as a funding priority for those years
- The Data Snapshot is limited in scope at this time, but this type of comparison does appear to show variances that warrant additional analysis to understand. It is also a strong reason to be tracking data year to year to see if growth in demand is consistent with growth in operational costs to provide services
  - DSS numbers show a high rate of service demands growing annually, but health and human services is among the lowest annual rate of growth in the budget
  - Education funding for operations has grown at one of the higher annual growth rates, but with a slightly declining number of students to serve
  - All indicate that further analysis is warranted to see where costs can be managed differently and meet service demands