

Overview of Changes in Revenues, Expenditures, and County Dollars

The overall Recommended budget for Forsyth County for FY 2009-2010 decreased by \$906,252 or .2%.

FY 2009 – 2010 Continuation Budget	\$390,821,079
FY 2008 - 2009 Adopted Budget	\$391,727,113
Difference	(\$906,252)
Percent Change	(.2%)

A summary of changes is as follows:

County Dollars Change FY 09 to FY 10

(dollars potentially affecting property tax rate)

	<u>Expenditure</u>	<u>Revenue</u>	<u>Net County Dollars</u>
Sales Taxes other than Medicaid/Sales Tax Swap	-	(7,059,183)	7,059,183
Medicaid/Sales Tax swap	(9,643,069)	(8,168,987)	(1,474,082)
Interest Earnings	-	(2,091,000)	2,091,000
Property Taxes Normal Growth calculated per statute	-	9,271,768	(9,271,768)
Debt Service other than for the November 2008 referendum	2,981,861	2,560,509	421,352
Debt Service for the November 2008 referendum	1,147,917		1,147,917
Increase in property tax revenue .34 cent rate to cover November 2008 Bond Referendum Debt Service		1,147,917	(1,147,917)
Increase Fund Balance Appropriated (Non-Departmental)		1,942,669	(1,942,669)
Increase Salary Savings due to vacancy review Process	(500,000)		(500,000)
Performance Increase for employees (average 1.3%)	669,002	-	669,002
Health Insurance (3% increase)	445,000	-	445,000
WS/FC Schools (Revenue shown is from Interest Earnings within CPO to be used for capital outlay in Schools budget)	2,502,000	(900,000)	3,402,000
Social Services w/o Medicaid	1,366,878	3,354,532	(1,987,654)
Jail Medical	(420,000)		(420,000)
Sheriff without Jail Medical	1,466,999	697,647	769,352
Parks and Recreation/Tanglewood	(611,456)	(440,674)	(170,782)
Public Health	695,276	563,720	131,556
Board of Elections	289,357	282,629	6,728
Emergency Medical Services	805,078	590,086	214,992
Register of Deeds	(3,038)	(1,488,799)	1,485,761
Management Information Services	(526,116)	(6,400)	(519,716)
General Services other than vehicles	(715,893)	(37,000)	(678,893)
Vehicles	497,850		497,850
Special Appropriations/Economic Development	(124,707)	(35,934)	(88,773)
FTCC (Revenue shown is from Interest Earnings within CPO to be used for capital outlay)	(145,000)	(100,000)	(45,000)
All Other	(1,084,191)	(989,752)	(94,439)
Total	<u>(906,252)</u>	<u>(906,252)</u>	<u>-</u>

A discussion of each of the above referenced items continues on the following pages.

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Sales Taxes Other Than the Medicaid/Sales Tax Swap

- As we have discussed over the past few months, Sales Taxes for most counties in the State for FY 2008-2009 have been dreadful, and Forsyth County so far is looking worse than the other urban counties. We still have several months to go for the current year and have assumed they will mirror the preceding months.
- For next year, we have assumed zero growth. This equates to a budget to budget decrease of \$7.1 million for the non-Medicaid Swap part of our Sales Taxes. Hopefully actual results will exceed these expectations. However, we feel the prudent approach is to budget conservatively rather than speculate on more optimistic scenarios.

Medicaid/Sales Tax Swap

- In the third year of the phase in of the Medicaid/Sales tax swap, the County comes out to the good by \$ 1.5 million. Along with the State taking over Medicaid expenses, they are also taking some of the Sales Taxes of counties and municipalities, and the County is expected to hold the municipalities harmless.
- The FY 2009 County Medicaid budget was \$9.6 million and drops to \$0 for FY 2010. Although Counties continue to give up some of our Sales Taxes as well as hold the towns harmless for FY 2010, the equation works to our benefit for FY 2010.

Property Taxes

- The statutes dictate how to compute the revenue neutral rate. The following chart demonstrates our calculation. The statute defines what normal growth in Property Taxes will be.

Revenue Neutrality/Revaluation

<u>Revenue Neutral Rate</u>		<u>Property Tax Base</u>	
FY 05	\$	25,416,155,311	
FY 06		28,462,073,158	11.98%
FY 07		29,590,193,547	3.96%
FY 08		30,644,538,070	3.56%
FY 09 (per TR-1 for 2008)		31,438,005,763	2.59%
Average Property Tax Base Increase 07-09			3.372%
Total Property Tax Levy 08-09		\$	218,808,520
Increase Levy by 3.372% from above			226,186,751
Rate that gives you same levy (revenue neutral)			0.6632
Budget @ Collection Rate of 98.18%			222,070,152
Levy at 98.18%/66.32		1 ¢ = \$	3,348,464

We have proposed adding to this revenue neutral rate about 1/3rd of a cent to cover the debt service from the November 2008 bonds. This would bring the total rate to 66.7 cents.

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Growth in Property Tax Base

- This is a revaluation year, so you expect the base to grow more than in a normal year compared to the previous year. Our percentage increase for FY 2009-2010 compared to FY 2008-2009 is 8.5%. Here is a chart showing the three previous revaluation comparisons:

<u>Tax Base Revaluation History</u>			
Percent change versus previous year			
FY 2009-2010	\$	34,106,100,000	
FY 2008-2009		31,438,005,763	8.5%
FY 2005-2006	\$	28,462,073,158	
FY 2004-2005		25,416,155,311	12.0%
FY 2001-2002	\$	24,094,597,991	
FY 2000-2001		21,090,612,290	14.2%
FY 1997-1998	\$	19,286,028,490	
FY 1996-1997		16,575,577,489	16.4%

Interest Earnings

As a result of much lower interest rates, there is a dramatic drop in interest earnings \$2.1 million.

Debt Service

- Debt Service expense is up \$4.1 million, of which \$1.1 million is attributable to the bonds approved by voters in November of 2008.
 - The new debt from the November 2008 referendum is proposed to be covered by a property tax increase of roughly 1/3rd of a cent. We plan to separately present a 2nd Education Debt Leveling Plan for the life of this debt service. It would require a total of 1.1 cents on the property tax rate.
 - The remaining increase of roughly \$3 million is mostly covered by revenue from Lottery Proceeds dedicated to the Schools portion of the November 2006 referendum. Some revenue is assumed from the existing Education Debt Leveling Plan for the FTCC portion of the November 2006 bond referendum.

Fund Balance Appropriated

- There are actually two places in the Budget where we appropriate Fund Balance, in Non-Departmental (\$12 million), and also the Debt Department (\$600,000).

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Fund Balance Appropriated (Contd.)

- The appropriation in the Debt department relates solely to the debt service from the November 2006 referendum which is not covered by Lottery proceeds.
- The appropriation in Non-Departmental is the more traditional Fund Balance appropriated. For FY 2009-2010, we are recommending an increase of \$1.9 million to a total of almost \$12 million. We have discussed this strategy in the Fall, as well as during our Budget Planning Workshop in February. At that time, we discussed using up to \$4 million more. The various expenditure and revenue decreases and increases we have recommended to you allow us to use less than the amount we had discussed.
- We are a very healthy County fiscally speaking. However, we need to continue to monitor our fiscal situation as we go into and through FY 2009-2010, and be ready to take action if it seems prudent.

Compensation for Employees

- Performance Adjustments
 - The budget assumes average performance adjustments of roughly 1.3%, with a range of .5% to 2%. The estimated cost is \$ 670,000.
 - We have budgeted estimated savings of \$500,000 to be realized through the vacancy review process. Although this process is just now getting underway, we feel confident we can reach this goal.

Health Insurance

- Employees
 - We converted to self insured for FY 2008-2009. To adequately cover claims and begin to build our reserve, a substantial increase was required. Our history has been one of double digit increases. However, after the first year of being self insured, we are budgeting for a relatively modest increase of 3%. It is hoped the Wellness Program will result in lower health costs in the future than would otherwise be the case.
- Retirees
 - Retirees are treated the same as employees until they reach the age of 65. Revenue shown reflects the employee share the retirees pay to the County.

Winston-Salem/Forsyth County Schools

The recommended budget for the Winston-Salem/Forsyth County Schools is flat except for the inclusion of an increase of \$2.5 million in order to open three (3) new schools: Kimmel Farm, Caleb's Creek, and Flat Rock. At the time of this writing, it appears that state reductions to the Schools budget will be largely offset by Federal Stabilization and Stimulus Funds.

The current year per pupil expenditure based on the original budget is \$2,148. The Recommended budget would increase the per pupil expenditure to \$2,203 (2.6%).

The revenue shown is from the 2007 Schools CPO and is used to offset Capital Outlay expense. We are budgeting \$1,500,000 for FY 2010, which is a decrease of \$900,000 from FY 2009.

Social Services Department without Medicaid

- Expenditures
 - Overall, an increase of \$1.4 million.
 - Roughly 1/3rd is attributable to normal salary growth.

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Social Services Department without Medicaid (Contd.)

- 1/3rd to “Support and Assistance” categories such as Child Care funding, Transportation, Special Assistance for Adults, and Special Adoption funds for hard to place children. Foster Care and Adoptions budgets decrease related to a lower census of children in DSS’ custody.
- Lastly, various contractual services increase by \$300,000. The increase in contractual services is related to increasing demand for interpreting services, supervised visitations, and domestic violence services.
- Revenues
 - Overall, an increase of \$3.4 million.
 - Certain revenues increase by \$2,059,576 based on estimations from the State Department of Health and Human Services planning guide for county budgets.
 - Transportation related services are increasing due to greater demand. This results in a revenue increase of \$472,350 for FY 2010.
 - The Special Children Adoption Incentive fund and TANF Demonstration Grant program increase by a total of \$266,374. The recommended budget includes an increase of \$285,000 for revenues related to administrative costs and building security which is eligible for reimbursement from the state. All other revenues increase by a net of \$271,232.

Sheriff’s Department

- Overall, the Sheriff’s budget represents a \$1 million increase. Within the overall increase is a decrease for Jail Medical services of about \$420,000. Taking this decrease out of the equation, you get a \$1.5 million increase.
 - Personal Services represents \$1.3 million of the total increase. This includes the annualizing of performance increases awarded in FY 2009, as well as 2 additional positions to support the Sheriff’s bid for the School’s SRO program.
 - The remainder of accounts represents a net increase of about \$200,000, and includes funds to replace the electronic house arrest equipment.
 - Jail Medical represents a \$420,000 decrease because we are hopeful that the bidding process now underway will result in reduced costs.
 - Jail Medical and Food Contracts
 - As of this writing, the County is requesting bids for the provision of inmate medical services. Our costs per inmate have risen steadily, and do not compare well with the other urban counties. Anticipating a successful bid process, a budget to budget decrease of \$420,000 is assumed. The food contract remains virtually unchanged.
- Revenues
 - The overall increase of almost \$700,000 is primarily due to the category of Charges for Services. A large part of this increase is attributable to reconciling the Sheriff’s bid to provide SRO services for the School System. The status of the bid award is unfolding as of this writing.

Parks and Recreation/ Tanglewood

- We have combined these two departments for FY 2009-2010. It makes sense to have all of our parks budgeted within a single department. We continue our efforts to separate those operations at Tanglewood which are revenue producing in order to show whether or not they are achieving fiscal goals of at least breaking even. For FY 2009-2010, the newly combined department relies less on County dollars than in FY 2008-2009 (\$170,000).

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Public Health

- Public Health includes rising expenditures offset by slightly less rising revenues, for a net increase in County dollars of \$131,000.
- While there is an increase in budgeted positions, no additional County dollars are required.
- The Dental Clinic is doing well, and is budgeted to break even next year.

Board of Elections

- The Board of Elections budget for FY 2009-2010 reflects sharply rising expenditures offset by sharply rising revenues. This is a result of having three elections in FY 2010 vs. two during the current year. Of the three, two are municipal elections which are 100% reimbursed.

EMS

- The increase in EMS expenditures is partially attributable (\$226,000) to annualizing the 15 positions added for part of FY 2008-2009 for the purpose of continuing the migration from 24 hour shifts to 12 hour shifts.
 - We have not included any additional positions in the continuation budget for this purpose. However, there is an Alternate Service Level item for your consideration.
 - The revenue increase of \$590,000 continues to be attributable to efforts by the EMS Department to collect payment from past due accounts using the "Debt Set Off" program, as well as efforts by the company we contract with to collect current accounts.
 - It has only been 1 year since we increased fees for service. As we add more paramedics, we should remember to adjust fees appropriately in the future.

Register of Deeds

- The Register of Deeds budget for FY 2010 reflects the devastating effects of the economy. Although efforts were made to hold down expenses, the 34% drop in revenues, a decrease of \$1.5 million, was overwhelming.

Management Information Services

- This department worked hard at identifying places to save and reduced expenses by more than \$526,000. A large part of this is attributable to not replacing personal computers, printers, etc. on their normal schedule. Many reductions made during mid year FY 2008-2009 were carried into FY 2009-2010. Hopefully, future budgets will allow the County to return to their normal replacement cycles.

General Services/Vehicles

- We have included a significant increase for emergency vehicles (\$557,000), but a small decrease (\$59,000) for non-emergency vehicles, for a combined increase of about \$500,000. Part of the current year solution to our budget situation was to hold off on replacing non-essential vehicles. More ambulances are scheduled for replacement next year than in previous years.
- Apart from vehicles, this department also worked hard at holding down costs, and this resulted in a budget to budget decrease of \$716,000. Many accounts were affected, from supplies to maintenance. Many reductions made during mid year FY 2008-2009 were carried into FY 2009-2010. As was the case in MIS, we hope we can return to normalcy in the near future.

Special Appropriations/Economic Development

- Agencies funded in these two departments saw their budgets reduced during the mid year reductions of FY 2008-2009, and these reductions were carried over into the new budget year.

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Forsyth Technical Community College (FTCC)

- Overall, there is a decrease for FTCC of \$145,000. This is due to the fact that the \$250,000 included in FY 2009 as a one time expense for the opening of the North Forsyth campus is not continued.
- Greene Hall Expansion – Within the overall decrease are new funds for the recently completed Greene Hall expansion which was built in order to increase the supply of nurses.

Position Changes

Compared to the revised position count for FY 2008-2009, there were a total of additional 125 FT positions and additional 8 PT positions requested. Positions changes included in the Continuation budget (compared to the current year estimate) are as follows:

Position Changes Requested and Recommended by Service Area – Continuation Budget

	<u>Total Requested</u>		<u>Total Included In Continuation</u>	
	<u>FT</u>	<u>PT</u>	<u>FT</u>	<u>PT</u>
Public Safety	99	-1	2	2
Environmental Management	-	-	-	-
Health	14	-	6	-
Social Services	10	3	-	-
Education	-	-1	-	-1
Culture & Recreation	2	7	-	1
Community & Economic Development	-	-	-	-
Administration & Support	-	-	-1	-
General Government	-	-	-	-
Total	125	8	7	2

Most positions in the Recommended Continuation budget do not require additional County dollars, but are either funded by grants, program revenue, or were switched from a contract position to a County position. A position for Triad Park does require partial funding from the County.

Top Tens

Some benefit can come from seeing a ranking of various categories.

Top Ten Expenditure Increases, by Department

	<u>Change 09 to 10</u>	
	<u>\$</u>	<u>%</u>
Debt	4,129,778	8.9%
Winston-Salem/Forsyth Schools	2,502,000	2.3%
Sheriff	1,046,999	2.6%
Emergency Medical Service	805,078	7.2%
Public Health	695,276	3.3%
Board of Elections	289,357	33.3%
Inspections	141,470	53.0%
Fire Protection	119,520	2.8%
Youth Services	66,640	5.4%
Planning	62,460	4.1%

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Top Ten Revenue Increases, by Department

	<u>Change 09 to 10</u>	
	<u>\$</u>	<u>%</u>
Social Services	3,354,532	10.5%
Debt	2,560,509	28.0%
Sheriff	697,647	10.2%
Emergency Medical Service	590,086	6.3%
Public Health	563,720	4.5%
Board of Elections	282,629	83.2%
Fire Protection	123,373	11.5%
Library	97,746	20.3%
Environmental Affairs	32,475	2.9%
Youth Services	21,500	4.9%

Top Ten County Dollars Change, by Department

	<u>Change 09 to 10</u>	
	<u>\$</u>	<u>%</u>
Winston-Salem/Forsyth Schools	3,402,000	3.1%
Debt	1,569,269	4.2%
Register of Deeds	1,485,761	56.0%
Sheriff	349,352	1.1%
Emergency Medical Service	214,992	11.7%
Inspections	160,090	64.5%
Public Health	131,556	1.5%
Housing	75,347	26.4%
Planning	62,460	4.1%
Attorney	52,353	4.5%

Bottom Ten County Dollars Change, by Department

	<u>Change 09 to 10</u>	
	<u>\$</u>	<u>%</u>
Medicaid	(9,643,069)	-100.0%
Social Services	(1,987,654)	-12.3%
Management Information Svcs	(519,716)	-6.1%
General Services	(181,043)	-1.4%
Parks/Tanglewood	(170,782)	-4.8%
Library	(69,473)	-1.0%
Economic Development	(55,047)	-2.3%
Forsyth Technical Com. College	(45,000)	-0.6%
Special Appropriations	(33,726)	-1.9%
Human Resources	(17,392)	-1.7%