

## Overview of Changes in Revenues, Expenditures, and County Dollars

(All the numbers referenced in this section pertain to the recommended budget. The difference between the Recommended and Adopted budgets was a dramatic reduction in expenditures to allow no increase in the property tax rate. Details of each department's Adopted budget can be found in their section.)

The overall Recommended budget for Forsyth County for FY 2008-2009 increases by \$14.2 million or 3.7%.

FY 2008 – 2009 Continuation Budget	\$399,697,290
FY 2007 – 2008 Adopted Budget	\$385,453,076
Difference	\$14,244,214
Percent Change	3.7%

A summary of changes is as follows:

### County Dollars Change FY 08 to FY 09

(dollars potentially affecting property tax rate)

	<u>Expenditure</u>	<u>Revenue</u>	<u>Net</u>
WS/FC Schools (Revenue shown is from Interest Earnings within CPO to be used for capital outlay)	6,342,982	2,400,000	3,942,982
Social Services w/o Medicaid	2,662,329	(353,174)	3,015,503
Sheriff	2,160,458	(621,979)	2,782,437
Compensation for employees	1,805,709	-	1,805,709
Post Employment Benefits	1,600,000	-	1,600,000
Health Insurance - employees	1,300,000	-	1,300,000
Economic Development Projects	559,790		559,790
Annualize EMS positions budgeted for partial year FY 2008	518,037		518,037
FTCC (Revenue shown is from Interest Earnings within CPO to be used for capital outlay)	533,962	100,000	433,962
Medicaid/Sales Tax swap	(6,823,173)	(7,107,386)	284,213
Contract for countywide communications system	482,000	241,000	241,000
Additional or deleted Positions	515,865	336,039	179,826
Health Insurance - retirees	215,647	59,693	155,954
Debt Service	3,712,422	3,776,205	(63,783)
Vehicles	(560,780)		(560,780)
Increase in EMS Revenue		1,717,126	(1,717,126)
Sales Taxes other than Medicaid/Sales Tax Swap	-	1,789,875	(1,789,875)
Growth in Property Tax Base (no change in rate)	-	4,519,807	(4,519,807)
Increase in property tax revenue from 2.7 cent rate change		8,255,109	(8,255,109)
All Other	(781,034)	(868,101)	87,067
<b>Total</b>	<b>14,244,214</b>	<b>14,244,214</b>	<b>-</b>

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

### Winston-Salem/Forsyth County Schools

The expenditure increase of \$ 6,342,982 for the Schools shown on the previous page is somewhat misleading because the Adopted Budget for FY 2007-2008 included \$1,000,000 in one time capital outlay. Consequently, the FY 2008-2009 Continuation Budget represents an increase of \$7,342,982 million, or a 6.8% increase over their "normal" appropriation for FY 2007- 2008.

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To formulate the Recommended budget for the School system, their current year "normal" appropriation was adjusted for student growth (anticipated to be 555), then adjusted for inflation (4.1%). In addition, \$720,000 was added for the additional three quarters of supplements approved by County Commissioners mid-year, as well as an increase of \$473,670 for fuel.

The current year per pupil expenditure (not considering the one-time \$1 million appropriation) is \$2,098. The Recommended budget would increase the per pupil expenditure to \$2,217 (5.7%).

The revenue shown is from the 2007 Schools CPO and is used to offset Capital Outlay expense.

### **Social Services Department without Medicaid**

- Personal Services
  - Reflects an increase of \$ 1 million, which includes funds for seven (7) additional positions to continue to provide the same level of service as is currently provided. These appear in Child Protective Services (4), Food Stamps (2), and Medicaid/TANF(1). The total expense for all of these positions is \$294,964 with offsetting revenues of \$147,482 for a net cost to the County of \$147,482. Outside of Personal Services, \$5,075 per position is included for supplies/equipment.
- Foster Care and Adoptions
  - State imposed changes in Foster Care and Adoptions will result in additional expense of \$1.6 million
- Revenue
  - Revenue is down \$353,000 despite the above mentioned mandated changes.

### **Sheriff's Department**

- Personal Services
  - Up \$2.2 million due to market rate and performance adjustments.
- Jail Medical and Food Contracts
  - A continuing rise in the population of the jail, coupled with increasing costs of medical care, contribute to the increase of \$265,000. The food contract remains unchanged.
- Federal and State Revenue for Keeping Prisoners
  - Decrease of \$828,000 due primarily to fewer federal prisoners being kept.

### **Compensation for Employees**

- Performance Adjustments
  - The budget assumes average performance adjustments of roughly 3.6%, with a range of 2% to 5%. The estimated cost is \$ 1.8 million.

### **Post Employment Benefits**

- As required by the Governmental Standards Board (GASB), the FY 2008-2009 budget contains \$1.6 million for post employment benefits. This contribution is an estimate and will continue into the future and be adjusted periodically as a result of actuarial studies.

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## **Health Insurance**

- Employees
  - We plan to convert to self insured for FY 2008-2009. To adequately cover claims and begin to build our reserve, an increase is required. The increase represents the same percentage increase for employees and the County (13.8%). It is hoped the planned new 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.

## **Economic Development Projects**

FY 2008 included the first year of annual payments on the economic incentive agreements with Dell and Lowe's. Both companies continue to meet investment and job creation goals set forth in the performance agreements. The table below shows that the payment to Dell will increase this year by \$105,200, while the payment to Lowe's will decrease by \$3,540.

In addition, there are four new economic incentive projects for FY 2009. The most notable of these projects is the Research Park being developed in conjunction with Wake Forest University Health Sciences. Our anticipated payment will be \$396,270 for FY 2009.

<b><u>Project</u></b>	<b><u>FY08 Original</u></b>	<b><u>FY09 Recommend</u></b>
Dell	\$532,800	\$638,000
Lowe's	\$188,328	\$184,788
Ken Garner Manufacturing	\$0	\$5,730
The Clearing House	\$0	\$55,740
Exhibit Works	\$0	\$19,000
Wake Forest University Health Sciences	<u>\$0</u>	<u>\$396,270</u>
TOTAL:	<u>\$1,501,288</u>	<u>\$2,153,008</u>

## **Annualize EMS positions funded for a partial year in FY 2007-2008.**

- 13 EMS positions were approved in the FY 2007 -2008 budget, with 12 to be funded in the last quarter of FY 2007-2008. These positions are being used in the transition from 24 hour to 12 hour shifts. The increase in the FY 2008-2009 budget is \$518,000.

## **FTCC**

- The increase for FTCC reflects normal increases, as well as the first year of expense for the new Northwest satellite campus. Roughly \$200,000 of the total increase is attributable to the new campus.
- An additional \$500,000 is shown as an Alternate Service Level to fully staff and operate this campus because State funds lag a year behind.,

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### Medicaid/Sales Tax Swap

Medicaid FY 2009 recommended County budget is approximately \$9.6 million, which is consistent with the State estimate. County dollars for Medicaid decrease by \$6.8 million. This decrease is primarily due to the 2<sup>nd</sup> year of the State's plan to assume the County's Medicaid costs. In FY 2010 the state will take the remaining Medicaid costs from counties.

Along with the State taking over Medicaid expenses, they are also taking some of our sales taxes and the municipalities. The County is expected to hold the municipalities harmless. Consequently, our Sales Taxes are \$7.2 million less than they would have been otherwise.

### Contract for Countywide Communications

The new communications system for the City and County has been under warranty. The warranty expired December 31, 2007. Consequently, we budgeted for the first 6 months of the maintenance contract in FY 07-08, with ½ of the expense being offset by revenue from the City of Winston-Salem. There is a similar increase in the FY 08-09 budget, \$482,000 in expense, offset by \$241,000 in revenue.

### Position Changes

Positions changes included in the Continuation budget are as follows:

#### Position changes Requested and Recommended by Service Area

	<u>Total Requested</u>		<u>Total Included In Continuation</u>	
	<u>FT</u>	<u>PT</u>	<u>FT</u>	<u>PT</u>
Public Safety	114	(3)	-	-
Environmental Management	-	-	-	-
Health	12	0	4	-
Social Services	13	3	7	-
Education	-	-	-	-
Culture & Recreation	3	3	-	-
Community & Economic Development	-	-	-	-
Administration & Support	3	-	-	-
General Government	-	-	-	-
Total	145	3	11	-

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Position Changes			
	Expenditure	Revenue	Net
Tanglewood Park: deleted 3PT positions (\$ moved to other purposes)	-	-	-
Parks & Recreation: Add 1PT Maintenance Tech for Triad Park	19,429	9,715	9,714
Public Health: Add 2FT for WIC	70,390	70,390	-
Public Health: Add 2FT Carolina Access Grant positions	108,452	108,452	-
Library: 1PT Library Page	8,270	0	8,270
Library 1PT Library Assistant	14,360	-	14,360
Social Services: 4FT Social Worker positions for CPS	191,836	95,918	95,918
Social Services: 2FT positions for Food Stamps	68,752	34,376	34,376
Social Services: 1Ft position for Medicaid/TANF	34,376	17,188	17,188
Grand Total Net: 11FT and 0PT	515,865	336,039	179,826
Add 11FT, 3PT. Delete 3PT			

Compared to the revised position count for FY 2007-2008, there were a total of additional 145 FT positions and additional 3 PT positions requested.

### Debt Service

- Although Debt Service expense is up \$3.7 million, revenue from Lottery Proceeds and the newly created Education Debt Leveling Plan, along with other changes, create a net decrease in County dollars.

### Vehicles

There is a decrease budgeted for vehicles for FY 2008 – 2009 of (\$561,000). This includes a decrease of (\$328,000) for replacement vehicles.

### Increase in EMS Revenue

The increase in EMS revenue of \$1.7 million is 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.

### Sales Taxes Other Than the Medicaid/Sales Tax Swap

- We are assuming a 3.25% increase in Sales Taxes for FY 2008-2009. Excluding the Medicaid/Sales Tax Swap, the remaining Sales Taxes result in an increase of \$1.2 million. We have also included \$600,000 in expected “discoveries” by our audit contract. These discoveries assume a carryover of \$500,000 from FY 2007-2008, as well as \$100,000 in new discoveries. The new discoveries are offset by the same amount in sales tax audit fees expense.
- The annexation by the City of Winston-Salem in 2006 is causing us to have roughly \$2.2 million less than we otherwise would be collecting. As a result of the annexation becoming effective October 1 of that year, we are feeling the effect of 1 ¾ year’s of levy. For FY 2009-2010, roughly \$800,000 (the ¾ piece) of this will not be a factor.

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### Growth in Property Tax Base

- Growth in the base is assumed to be 2.2%, or \$670.4 million. This results in increased revenue of \$4.5 million. The collection rate used is the same as was actually realized in FY 2006-2007, the most recently completed full year (98.23%) at the current property tax rate of 69.6 cents per \$100 of valuation.

### Increase in the Property Tax Rate

An increase of 2.7 cents (3.8%) is needed to bring \$8.3 million in revenue to balance the budget. The following chart describes the primary sources of County Dollars in the Continuation Budget.

### Changes in Primary Sources of County Dollars

	<b>FY 2007-2008</b>	<b>FY 2008-2009</b>	<b>Difference</b>
Property Taxes – no change in rate	\$208,278,577	\$212,798,383	\$ 4,519,806
Sales Taxes	71,425,164	65,657,653	(5,767,511)
Interest Earnings	4,570,234	3,615,435	(954,799)
Hold Harmless	144,800	-	(144,800)
Unreserved Fund Balance Utilized (excluding EDLP)	9,785,900	10,014,900	229,000
Transfers In Not included in Debt Department	3,255,318	5,665,459	2,410,141
Subtotal	297,449,993	297,751,830	291,837
Debt Service Related (Transfers In, lottery proceeds, EDLP)	5,363,842	9,140,047	3,776,205
Property Taxes – 2.7 cent (3.9%) increase	0	8,255,109	8,255,109
Grand Total	\$302,823,835	\$315,146,986	\$12,323,151

Debt service related revenue changes include Transfers to the General Fund, Lottery Proceeds, and the first year's utilization of the Education Debt Leveling Plan (EDLP). There is a \$3,626,350 increase in Lottery Proceeds for FY 09 to cover the debt service on the November 2006 School Bonds. Also included in FY 09 is \$871,500 of Education Debt Leveling Plan (EDLP) funds to cover the debt service for the 2007 Forsyth Tech Bonds. There is a decrease in FY 09 of \$721,645 for Transfers to the General Fund. The utilization of Lottery Proceeds and EDLP funds have allowed for interest earnings to be used toward capital outlay in the Schools and FTCC rather than debt issuance costs as they have been in the past.

### Top Tens

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

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### **Top Ten Expenditure Increases, by Department**

Winston-Salem/Forsyth County Schools	6,342,982	5.8%
Debt	3,712,422	8.7%
Social Services (w/o Medicaid)	2,662,329	5.8%
Sheriff	2,160,458	5.6%
Emergency Medical Services	1,938,453	21.6%
Public Health	1,512,778	7.6%
Non-Departmental	599,828	3.7%
Forsyth Technical Comm. College	533,962	7.1%
Economic Development	515,842	26.6%
Interagency Communications	447,417	42.9%

### **Top Ten Revenue Increases, by Department**

Non-Departmental	6,003,337	2.0%
Debt	3,776,205	70.4%
Winston-Salem/Forsyth County Schools	2,400,000	100.0%
Emergency Medical Services	1,934,126	27.3%
Public Health	877,319	7.5%
Interagency Communications	032,558	77.8%
Tax Administration	117,269	11.5%
Fire Protection	114,766	12.0%
Forsyth Technical Community College	100,000	100.0%
Special Appropriations	90,352	10.1%

### **Top Ten County Dollars Change, by Department**

Winston-Salem/Forsyth County Schools	3,942,982	3.6%
Social Services (w/o Medicaid)	3,015,503	21.9%
Sheriff	2,782,437	8.9%
Public Health	635,459	7.8%
Economic Development	515,842	26.6%
Forsyth Technical Community College	433,962	5.8%
Tanglewood Park	202,677	10.9%
Interagency Communications	144,859	22.1%
Fire Protection	136,382	4.3%
Animal Control	129,483	8.9%

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### Bottom Ten County Dollars Change, by Department

Medicaid	(6,823,173)	(41.4%)
Parks & Recreation	(68,177)	(4.0%)
General Services	(64,633)	(0.5%)
Debt	(63,783)	(0.2%)
Inspections	(58,270)	(18.3%)
Tax Administration	(56,693)	(1.2%)
Purchasing	(23,450)	(17.0%)
County Commissioners & Manager	(20,848)	(1.8%)
Special Appropriations	(15,450)	(0.8%)
CenterPoint Human Services	(14,000)	(0.2%)