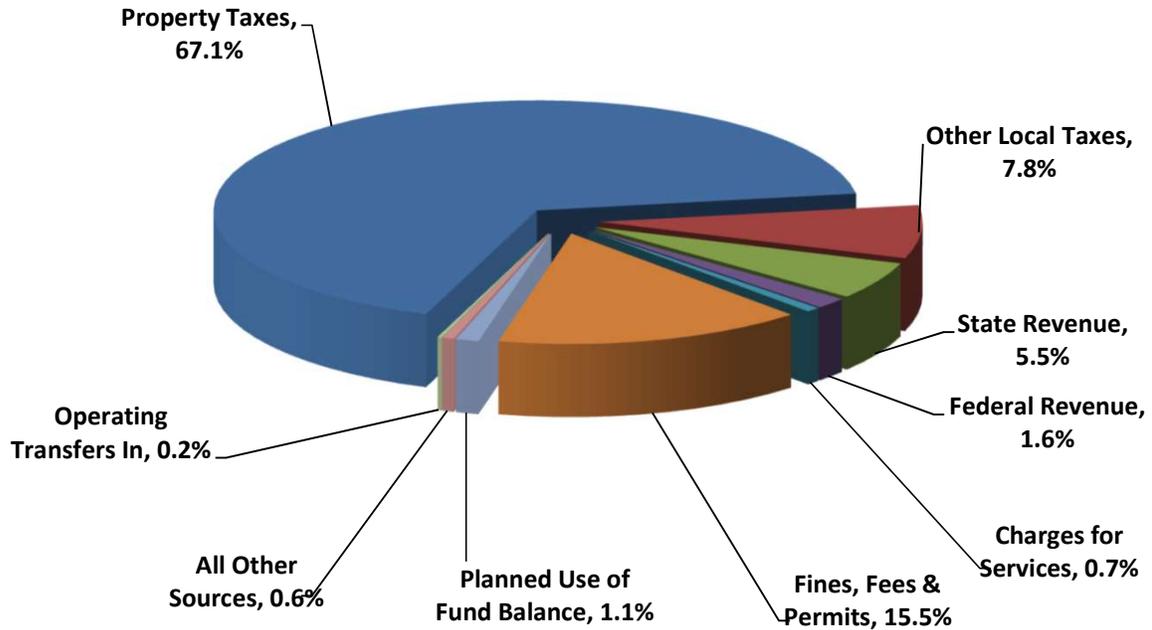


# GENERAL FUND SUMMARY



# FY19 ADOPTED BUDGET

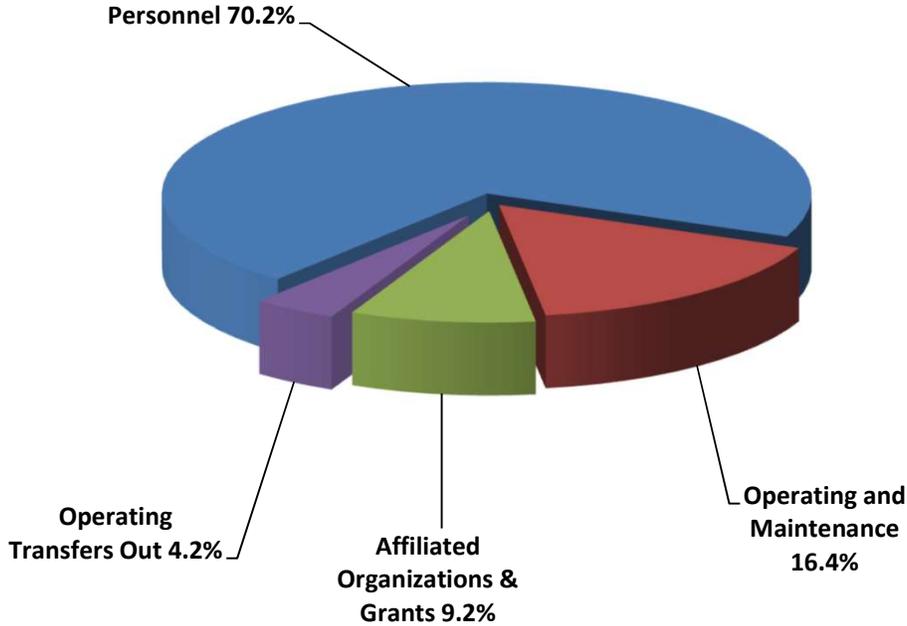
Where the Money Comes From....



SOURCES OF FUNDS:

	<u>FY19 Adopted</u>	<u>FY18 Amended</u>
<b>Revenue:</b>		
Property Taxes	\$ 295,445,000	\$ 270,997,000
Fines, Fees & Permits	68,382,520	68,350,400
Other Local Taxes	34,475,000	33,349,000
Intergovernmental-State	23,718,452	23,426,820
Intergovernmental-Federal	6,986,833	9,802,419
Charges for Services	3,017,995	3,079,916
Other Revenue/Interest Income	2,256,000	2,433,000
Subtotal	<u>434,281,800</u>	<u>411,438,555</u>
<b>Other Sources:</b>		
Planned Use of Fund Balance	5,064,782	8,476,141
Operating Transfers In	1,049,824	1,136,514
Other Financial Sources	200,000	200,000
Subtotal	<u>6,314,606</u>	<u>9,812,655</u>
<b>Total Appropriation Sources</b>	<b><u>\$ 440,596,406</u></b>	<b><u>\$ 421,251,210</u></b>

.....and Where the Money Goes



USE OF FUNDS:

	<u>FY19 Adopted</u>	<u>FY18 Amended</u>
Personnel	\$ 309,139,601	\$ 296,377,785
Operating and Maintenance *	72,441,446	71,139,660
Affiliated Organizations & Grants	40,690,857	37,014,009
Operating Transfers Out	18,324,502	16,719,756
<b>Total Appropriation Uses</b>	<b><u>\$ 440,596,406</u></b>	<b><u>\$ 421,251,210</u></b>

\* Includes any spending contingencies, restrictions or cost savings from other sources

**Personnel expenses represent the largest use of funds for General Fund Operations**

**Prime Accounts**

**General Fund**

<b>ACCT DESCRIPTION</b>	<b>FY15 ACTUAL</b>	<b>FY16 ACTUAL</b>	<b>FY17 ACTUAL</b>	<b>FY18 AMENDED</b>	<b>FY19 ADOPTED</b>
40 - Property Taxes	(252,504,708)	(250,976,507)	(253,574,154)	(270,997,000)	(295,445,000)
41 - Other Local Taxes	(32,414,949)	(32,673,591)	(32,530,120)	(33,349,000)	(34,475,000)
43 - Intergovernmental - State	(20,557,391)	(23,143,769)	(23,874,375)	(23,426,820)	(23,718,452)
44 - Intergovernmental - Federal & Local	(7,258,450)	(8,876,513)	(7,650,925)	(9,802,419)	(6,986,833)
45 - Charges for Services	(3,753,190)	(3,408,401)	(2,752,322)	(3,079,916)	(3,017,995)
46 - Fines, Fees & Permits	(64,200,149)	(65,979,565)	(64,529,687)	(68,350,400)	(68,382,520)
47 - Other Revenue	(815,237)	(1,582,431)	(1,460,135)	(1,214,500)	(948,500)
48 - Investment Income	(382,754)	(858,905)	(1,098,719)	(1,218,500)	(1,307,500)
<b>TOTAL REVENUE</b>	<b>(381,886,828)</b>	<b>(387,499,683)</b>	<b>(387,470,436)</b>	<b>(411,438,555)</b>	<b>(434,281,800)</b>
51 - Salaries-Regular Pay	180,675,683	183,722,958	185,292,971	215,629,626	223,898,608
52 - Salaries-Other Compensation	13,061,781	13,934,316	16,072,889	14,520,339	16,168,217
55 - Fringe Benefits	73,249,798	69,108,034	71,916,798	90,067,398	92,341,722
56 - Vacancy Savings	-	-	-	(23,839,578)	(23,268,946)
<b>TOTAL SALARIES</b>	<b>266,987,262</b>	<b>266,765,308</b>	<b>273,282,657</b>	<b>296,377,785</b>	<b>309,139,601</b>
60 - Supplies & Materials	8,642,828	8,203,008	7,894,886	9,493,553	9,700,078
64 - Services & Other Expenses	7,280,512	9,372,490	9,594,063	11,450,703	10,607,415
66 - Professional & Contracted Services	30,412,379	31,521,620	31,716,015	36,430,498	36,699,969
67 - Rent, Utilities & Maintenance	13,231,479	14,087,251	14,587,034	18,564,991	18,317,388
68 - Interfund Services	300,527	(1,990,825)	(1,538,377)	(995,264)	(332,628)
70 - Capital Asset Acquisitions	1,335,865	1,519,673	3,346,047	4,639,300	3,384,332
<b>TOTAL OPERATING &amp; MAINT</b>	<b>61,203,591</b>	<b>62,713,218</b>	<b>65,599,668</b>	<b>79,583,781</b>	<b>78,376,554</b>
<b>89 - AFFILIATED ORGANIZATIONS</b>	<b>28,476,256</b>	<b>29,155,953</b>	<b>30,178,843</b>	<b>30,358,729</b>	<b>31,600,857</b>
<b>90 - GRANTS</b>	<b>3,050,000</b>	<b>4,764,000</b>	<b>4,299,500</b>	<b>6,655,280</b>	<b>9,090,000</b>
<b>95 - CONTINGENCIES &amp; RESTRICTIONS</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(8,444,122)</b>	<b>(5,935,108)</b>
<b>94 - OTHER SOURCES &amp; USES</b>	<b>(800,165)</b>	<b>(183,638)</b>	<b>(113,977)</b>	<b>(200,000)</b>	<b>(200,000)</b>
<b>TOTAL EXPENDITURES</b>	<b>358,916,944</b>	<b>363,214,840</b>	<b>373,246,691</b>	<b>404,331,454</b>	<b>422,071,904</b>
<b>99 - PLANNED FUND BALANCE CHANGE</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(8,476,141)</b>	<b>(5,064,782)</b>
96 - Operating Transfers In	(1,761,343)	(1,458,073)	(1,521,066)	(1,136,514)	(1,049,824)
98 - Operating Transfers Out	19,375,573	18,889,791	15,735,000	16,719,756	18,324,502
<b>NET TRANSFERS</b>	<b>17,614,230</b>	<b>17,431,718</b>	<b>14,213,934</b>	<b>15,583,242</b>	<b>17,274,678</b>
<b>TOTAL GENERAL FUND</b>	<b>(5,355,654)</b>	<b>(6,853,125)</b>	<b>(9,811)</b>	<b>-</b>	<b>-</b>

## Net Expenditures by Division \*

## General Fund

DIVISION/DEPARTMENT	FY15 ACTUAL	FY16 ACTUAL	FY17 ACTUAL	FY18 AMENDED	FY19 ADOPTED
<b>MAYOR'S ADMINISTRATION:</b>					
Administration & Finance	(241,753,199)	(240,400,292)	(245,662,747)	(274,641,322)	(289,199,513)
Information Technology	8,566,186	8,732,302	9,149,464	10,163,377	9,807,782
Planning & Development	401,810	380,159	359,233	450,941	403,537
Public Works	16,066,711	17,417,992	17,970,521	22,530,738	23,045,725
Health Services	21,747,123	21,348,964	22,597,570	28,646,318	27,358,490
Community Services	7,520,349	7,737,210	7,367,785	8,619,949	9,543,979
<b>SUBTOTAL</b>	<b>(187,451,020)</b>	<b>(184,783,665)</b>	<b>(188,218,174)</b>	<b>(204,230,000)</b>	<b>(219,040,000)</b>
<b>SHERIFF:</b>					
Sheriff Administration	17,307,260	16,960,646	20,540,370	21,702,932	21,905,419
Law Enforcement	59,492,690	61,853,154	64,240,824	69,923,417	76,585,803
Jail	73,810,666	75,566,089	73,620,266	80,557,538	81,488,659
<b>SUBTOTAL</b>	<b>150,610,616</b>	<b>154,379,889</b>	<b>158,401,459</b>	<b>172,183,887</b>	<b>179,979,881</b>
<b>JUDICIAL:</b>					
Chancery Court	(2,064,166)	(1,876,148)	(1,675,673)	(1,726,871)	(2,749,597)
Circuit Court	(147,095)	(347,482)	(138,261)	(167,317)	905,624
Criminal Court	371,910	663,496	1,824,287	855,163	930,383
General Sessions Court	3,954,624	4,622,950	6,289,644	6,647,771	7,232,481
Probate Court	598,996	584,196	621,560	754,815	728,816
Juvenile Court	19,949,168	13,551,008	12,837,589	13,913,664	14,190,846
Attorney General	9,734,892	9,587,590	10,224,439	11,505,848	11,884,297
Public Defender	6,551,047	6,618,729	7,286,526	8,641,600	9,265,152
Divorce Ref. / Jury Comm.	1,128,224	1,034,402	1,092,812	1,335,159	1,337,003
<b>SUBTOTAL</b>	<b>40,077,599</b>	<b>34,438,741</b>	<b>38,362,923</b>	<b>41,759,831</b>	<b>43,725,007</b>
<b>OTHER ELECTED OFFICIALS:</b>					
Legislative Operations	2,132,253	2,325,449	2,437,160	2,809,135	4,129,108
Equal Opportunity	667,364	671,355	706,675	1,224,748	1,199,711
Assessor	9,541,739	9,813,079	10,189,162	8,066,875	11,185,191
County Clerk	(5,843,779)	(6,225,878)	(6,452,201)	(6,125,039)	(6,402,055)
Register	(1,707,763)	(2,057,879)	(2,213,541)	(2,216,759)	(2,281,989)
Trustee	(17,084,707)	(17,222,818)	(17,265,923)	(16,625,868)	(16,794,259)
Election Commission	3,702,042	1,808,601	4,042,650	3,153,189	4,299,405
<b>SUBTOTAL</b>	<b>(8,592,850)</b>	<b>(10,888,090)</b>	<b>(8,556,019)</b>	<b>(9,713,718)</b>	<b>(4,664,888)</b>
<b>TOTAL GENERAL FUND</b>	<b>(5,355,654)</b>	<b>(6,853,125)</b>	<b>(9,811)</b>	<b>-</b>	<b>-</b>

\*Includes all Sources and Uses of Funds

## Fund Balance Analysis

## General Fund

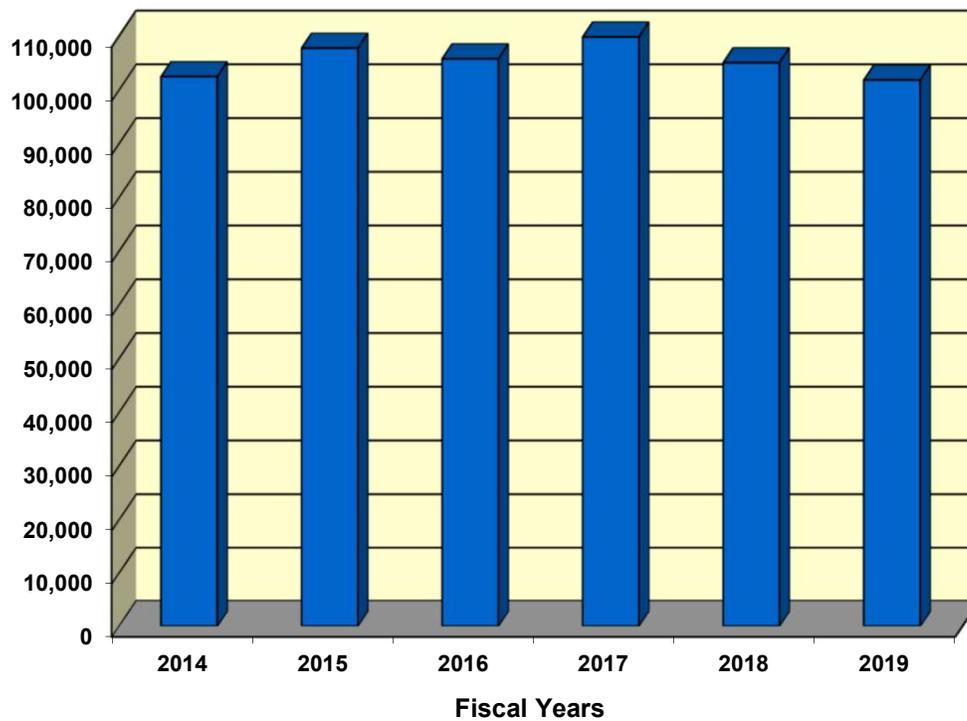
Fund Balance is a term used to express equity - the excess of what the County owns (assets) over what the County owes (liabilities) for a single fund. A healthy fund balance is important to financial planning and budgeting for the following reasons:

- To provide funds for unforeseen expenses or emergencies
- To ensure sufficient cash flow within the property tax collection cycle
- To demonstrate financial stability for higher bond ratings and lower cost of debt

Shelby County has gradually increased General Fund balance as a percentage of revenue to a level within the preferred 25-30% range specified by Shelby County policy adopted by Resolution on September 22, 2014, Item #3.

### Summary of General Fund Balance

Fiscal Years 2014 - 2019 at June 30  
(in thousands)



(\$ in thousands)	2014 Actual	2015 Actual	2016 Actual	2017 Actual	2018 Projection	2019 Budget
Beginning Fund Balance at July 1	95,760	103,388	108,744	115,597	115,606	115,677
Revenue/Sources of Funds	380,460	381,887	387,500	387,470	409,135	434,282
Uses of Funds	-372,832	-376,531	-380,647	-387,461	-409,064	-439,347
Net Operations	7,628	5,356	6,853	9	71	-5,065
Ending Fund Balance at June 30	103,388	108,744	115,597	115,606	115,677	110,612
Unassigned Ending Fund Balance *	102,470	107,773	105,793	109,850	105,062	101,844
Unassigned as a % of Revenue	26.9%	28.2%	27.3%	28.4%	25.7%	23.5%

**Note: Projected fund balance for FY19 will fall below the preferred 25% as set by County policy.**

\* Unassigned balance allows for carryforwards to next year.

**FY19 Planned Use of Fund Balance**

**General Fund**

The County Commission approved the following expenditures with the planned use of General Fund reserves. These items are non-recurring in nature with the exception of those that are noted as recurring personnel commitments.

**Public Works:**

\$ 249,382 Heavy Equipment purchase for Orgill Golf Course (Restricted Fund)

**Health Services:**

\$ 210,000 Health Svcs relocation/equipment expense (Galloway Clinic / Environmental Svcs)

**Community Services:**

\$ 300,000 1060 Madison relocation (furniture, telecom, security equipment)

**Legislative Operations**

100,000 Legislative Research Analyst (recurring expenditure)  
82,536 Specialist - Summer Youth Coordinator (recurring expenditure)  
404,914 Additional Summer Interns (recurring expenditure)  
500,000 EOC Outside Consultant  
660,000 Health Svcs RFQ - Consultant Study

**\$ 1,747,450 Legislative Ops Total**

**Judicial:**

\$ 267,000 General Sessions Digital Court Recorder System

**Sheriff:**

***Additional 30 Officers for School Security:***

1,539,300 Vehicles / Equipment / Uniforms  
2,304,669 Salaries (recurring expenditure)  
(3,678,669) Adj. for Jail personnel budgets/Other alignments/hire date timing

**\$ 165,300 Sheriff Office Total**

**County Grants:**

1,000,000 Clayborn Temple renovation  
1,000,000 University of Memphis Aquatic Center renovation  
500,000 800 Initiative - Minority Business Development  
400,000 Memphis Union Mission  
250,000 Lemoyne-Owen College Neighborhood Revitalization  
125,000 National Heritage & Tourism  
100,000 Good Samaritan  
90,000 Meritan - Elder Abuse - emergency housing

**\$ 3,465,000 County Grants Total**

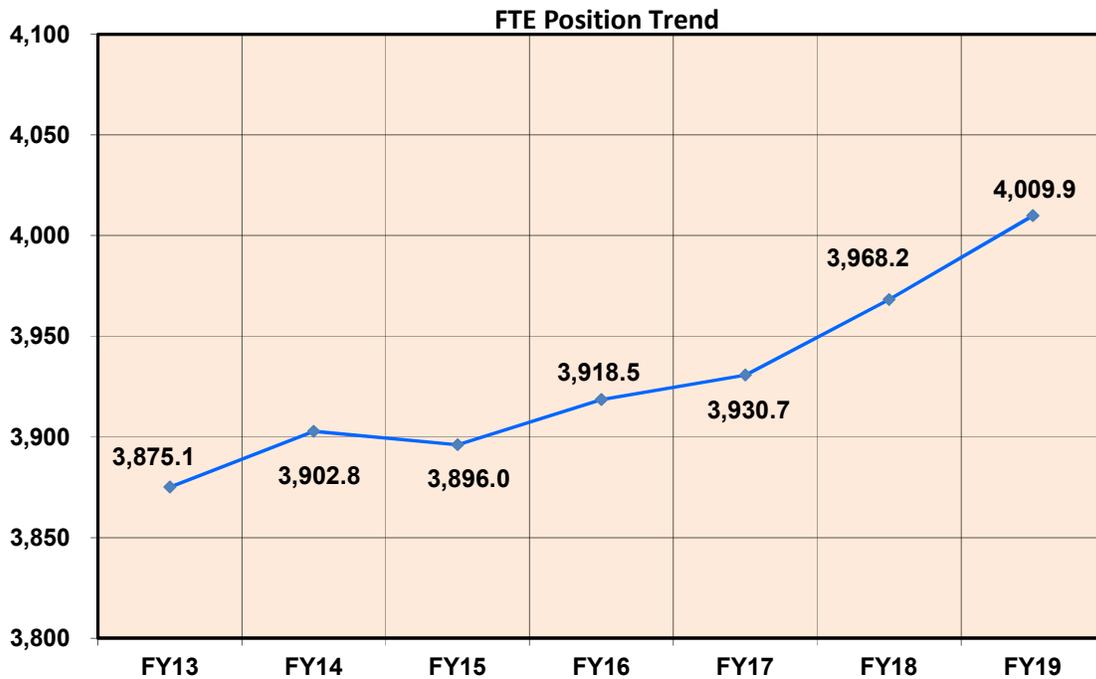
\$ (1,339,350) Adjust FY19 Budget for Opioid expenses appropriated in FY18

**\$ 5,064,782 Total Planned Use of Fund Balance**

## Position Control Budget

## General Fund Trends

DIVISION	FY13	FY14	FY15	FY16	FY17	FY18	FY19	18-19 Change
<b>MAYOR'S ADMINISTRATION:</b>								
Administration & Finance	184.0	187.5	180.5	174.4	173.4	174.4	174.6	0.2
Information Technology	82.0	85.0	87.0	87.0	84.0	83.0	84.0	1.0
Planning & Development	5.0	5.0	5.0	5.0	4.0	4.0	3.4	(0.6)
Public Works	139.0	143.0	142.0	156.0	161.0	162.0	162.0	-
Health Services	146.6	146.5	146.0	147.0	148.1	157.1	163.1	6.0
Community Services	96.0	96.0	94.0	95.0	95.0	96.0	97.0	1.0
<b>TOTAL</b>	<b>652.6</b>	<b>663.0</b>	<b>654.5</b>	<b>664.4</b>	<b>665.5</b>	<b>676.5</b>	<b>684.2</b>	<b>7.7</b>
<b>SHERIFF:</b>								
Sheriff Administration	193.0	190.0	191.0	186.0	186.0	183.0	183.0	-
Law Enforcement	689.8	690.3	691.0	732.0	731.0	776.0	806.0	30.0
Jail	1,105.0	1,097.0	1,083.0	1,162.0	1,155.0	1,129.0	1,129.0	-
<b>TOTAL</b>	<b>1,987.8</b>	<b>1,977.3</b>	<b>1,965.0</b>	<b>2,080.0</b>	<b>2,072.0</b>	<b>2,088.0</b>	<b>2,118.0</b>	<b>30.0</b>
<b>JUDICIAL</b>	<b>851.7</b>	<b>881.5</b>	<b>892.0</b>	<b>792.0</b>	<b>806.2</b>	<b>814.7</b>	<b>818.7</b>	<b>4.0</b>
<b>OTHER ELECTED OFFICIALS</b>	<b>383.0</b>	<b>381.0</b>	<b>384.5</b>	<b>382.0</b>	<b>387.0</b>	<b>389.0</b>	<b>389.0</b>	<b>-</b>
<b>TOTAL FTE - GENERAL FUND</b>	<b>3,875.1</b>	<b>3,902.8</b>	<b>3,896.0</b>	<b>3,918.5</b>	<b>3,930.7</b>	<b>3,968.2</b>	<b>4,009.9</b>	<b>41.7</b>
Change from prior year		27.7	(6.8)	22.4	12.3	37.5	41.7	
Cumulative Change since FY13		27.7	20.9	43.4	55.6	93.1	134.8	



*The FTE Position count declined annually between 2004-2012. Since then, 135 positions have been added, primarily to support core functions of public safety, judicial operations, and health.*

**Position Control Budget****FY19 General Fund FTE Changes**

<u>Division/Position Descriptions</u>	<u>FTE</u>	<u>Total Cost <sup>1</sup></u>
<b><u>MAYOR'S ADMINISTRATION</u></b>		
<b><u>Health Department</u></b>		
Clerical Specialist	1.0	\$ 43,008
Public Health Coordinators (2)	2.0	159,290
Epidemiologist	1.0	84,172
Public Health Data Analyst	1.0	98,943
Program Evaluation Specialist	1.0	101,405
<i>Total Health Department</i>	<u>6.0</u>	<u>486,818</u>
<b><u>Community Services</u></b>		
Manager A - Juvenile Assessment Program	1.0	88,178
<b><u>Planning &amp; Development</u></b>		
Manager A - Grant / Enterprise Fund reallocation	(0.6)	(55,232)
<b><u>Information Technology</u></b>		
Computer System Technician - transferred from General Session Court	1.0	87,934
<b><u>Administration &amp; Finance</u></b>		
Office of Preparedness Grant Reallocations	0.2	15,999
<b>Net FTE Change - Mayor's Administration</b>	<b><u>7.7</u></b>	<b><u>\$ 623,697</u></b>
<b><u>SHERIFF</u></b>		
<b><u>Law Enforcement (Funded from other internal reductions)</u></b>		
Sheriff Patrol Officer (27)	27.0	-
Sheriff Patrol Sergeant (3)	3.0	-
<b>Net FTE Change - Sheriff</b>	<b><u>30.0</u></b>	<b><u>-</u></b>
<b><u>JUDICIAL/COURTS</u></b>		
<b><u>Attorney General</u></b>		
Criminal Investigators (2)	2.0	145,754
Criminal Investigator (1) - funded with temporary position salaries	1.0	-
Digital Evidence Analysts (2)	2.0	112,038
<i>Total Attorney General</i>	<u>5.0</u>	<u>257,792</u>
<b><u>General Sessions Court</u></b>		
Computer System Technician - transferred to IT Admin	(1.0)	(87,934)
<b>Net FTE Change - Judicial/Courts</b>	<b><u>4.0</u></b>	<b><u>\$ 169,858</u></b>
<b><u>ELECTED OFFICIALS</u></b>		
<b><u>Legislative Operations</u></b>		
Legislative Research Analyst	1.0	100,005
Specialist - Summer Youth Coordinator	1.0	82,536
<i>Total Legislative Operations</i>	<u>2.0</u>	<u>182,541</u>
<b><u>Trustee</u></b>		
Accountant A - deleted	(1.0)	(88,681)
Supervisor B - deleted	(1.0)	(66,581)
<i>Total Trustee</i>	<u>(2.0)</u>	<u>(155,262)</u>
<b>Net FTE Change - Elected Officials</b>	<b><u>-</u></b>	<b><u>\$ 27,279</u></b>
<b>Total FTE Changes to General Fund</b>	<b><u>41.7</u></b>	<b><u>\$ 820,834</u></b>

<sup>1</sup> Salary and benefits

## Position Control Budget

## General Fund Trends

**Personnel costs account for 70.2% of all General Fund expenditures.** That factor makes Position Control the most significant single element for cost containment. Shelby County has implemented and maintained over the past decade several strategic efforts to control the impact of salaries and escalating fringe benefits, including:

1. **Workforce growth** has been controlled primarily through planned elimination of vacant positions and careful review of any additions. Between 2004 and 2012 a steady annual decline in funded positions was a significant factor in the County's financial stability through the recession. Since then some FTE increases have been necessary, primarily in Criminal Justice functions. However, staffing levels remain below pre-recession levels. The increases include:
  - 2014 – Addition of 27 Public Defender positions for juvenile defense in compliance with a Department of Justice ruling
  - 2015 – Expansion of the General Sessions Environmental Court
  - 2016 – Addition of 21 positions related to Juvenile Court security, defense and programs; transfer of 113 positions from Juvenile Court to the Sheriff
  - 2017 – Addition of 9 positions for Attorney General to manage caseload with 5 positions for the Public Defender per 75% match. General Sessions added 8 positions due to the implementation of the Driver Assistance Program and increased caseloads in Veteran's court and Criminal Court. 4 positions were added in Legislative Ops for the MWBE/LOSB program.
  - 2018 – Net addition of 16 positions for Sheriff, 9 positions for Health programs (2 repurposed from Register), and 6 positions for the Attorney General. 4 positions were added for County Clerk which was offset by a decrease of 2 positions in the Register's office. 2 positions added for Public Defender per 75% match. 1 position added in Public Works, Election Commission, and Community Services, and 1 position transferred from Drug Court to General Sessions Judges. Information Technology reduced by 1 position.
  - 2019 – Addition of 30 positions for Sheriff patrol, 6 positions for Health programs, 5 positions for the Attorney General, 2 positions for Legislative Operations, and 1 position in Community Services with a reduction of 2 positions in the Trustee's office and a partial position in Planning & Development that was moved to Codes Enforcement.
2. **Average annual salary increases** have been limited to only 1.6% over the past 10 years. A 3% general increase has been included for the FY19 Adopted Budget. Employees have been provided with an increase in 7 of the past 10 years, as shown below:

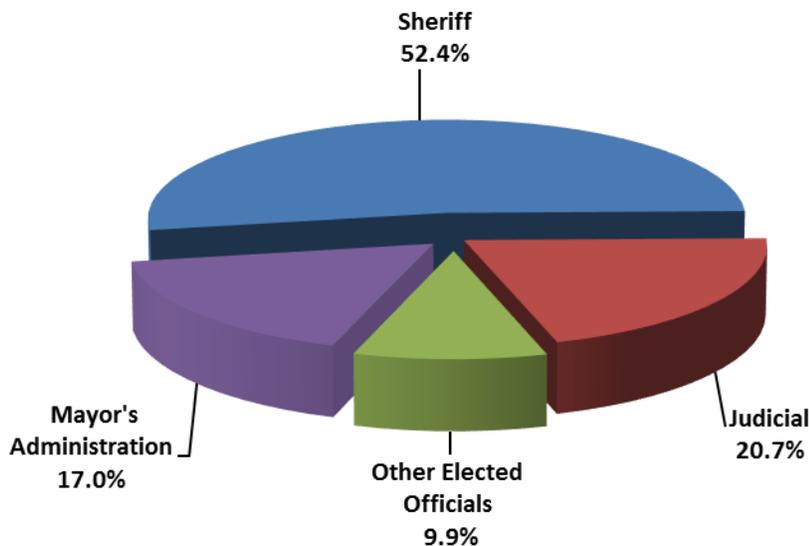
	Increase	Stipend	Date
FY19	3.0%		7/1/18
FY18	3.0%		7/1/17
FY17	2.0%		7/1/16
FY16	1.7%		7/1/15
FY15	3.0%		7/1/14
FY14	-		
FY13	1.0%		7/1/12
FY12	-	\$650	1/1/12
FY11	2.0%		7/1/10
FY10	-		

- 3. **Position control procedures** require that any salary increase requests for equity or approved reclassifications must be funded from reductions to other budgeted positions or funds reserved for this purpose. This policy ensures that the base budget does not grow at a rate that exceeds any approved general annual increases. A **Hiring Oversight Committee** reviews all requests to fill vacant positions or to reclassify positions with a resulting salary increase.
- 4. **Limitations to benefits** offered for retirement and health coverage have been evaluated on an annual basis, with some reductions applied to newly hired employees. Existing employees contribute more to specified pension plans and share the cost of health coverage rate increases.

Significant challenges exist to the ongoing containment of personnel costs, including:

- 1. **Escalating costs** for health insurance, pensions and other post-employment benefits continue to impact the total expense associated with base salaries. Compliance with the Affordable Care Act has had an impact on both the cost of health care programs and flexibility in the use of temporary labor.
- 2. **Increases for cost of living (COLA) adjustments and competitive market salary rates** are necessary to attract and retain productive employees.
- 3. **Feasibility of staffing reductions** is limited by the need to provide the required services at a level the citizens expect. Because public safety remains a high priority for Shelby County, reductions in this area are unpopular. With over 50% of all General Fund employees allocated to the Sheriff, options for reductions in other areas are limited.

**General Fund Positions**



***Criminal Justice functions (including the Sheriff and Courts) account for 73% of all General Fund positions.***

# Five Year Projections

# General Fund

Acct	Description	FY19 Adopted	FY20 Projected	FY21 Projected	FY22 Projected	FY23 Projected
<b>Assumptions:</b>						
	Property Tax % Increase-Current	1.00%	1.00%	1.00%	3.00%	1.00%
	Salary Increase	3.00%	2.00%	2.00%	2.00%	2.00%
	Pension % of Salaries (5102)	22.75%	23.61%	23.03%	22.51%	22.39%
	OPEB % of Salaries (5102)	3.72%	3.62%	3.55%	3.48%	3.42%
	Health Insurance % Increase	0.00%	5.00%	5.00%	5.00%	5.00%
	Operating and Maint % Increase	1.00%	1.00%	1.00%	1.00%	1.00%
	Property Tax Rate	1.49	1.49	1.49	1.49	1.49
	Penny Value	\$ 1,931,000	\$ 1,950,000	\$ 1,970,000	\$ 2,030,000	\$ 2,050,000
40 -	Property Taxes	(295,445,000)	(298,276,000)	(301,256,000)	(310,196,000)	(313,176,000)
41 -	Other Local Taxes	(34,475,000)	(34,475,000)	(34,475,000)	(34,475,000)	(34,475,000)
43 -	State Revenues	(23,718,452)	(23,768,452)	(23,818,452)	(23,868,452)	(23,918,452)
44 -	Federal & Local Revenues	(6,986,833)	(8,586,833)	(9,186,833)	(12,686,833)	(9,686,833)
45 -	Charges for Services	(3,017,995)	(3,017,995)	(3,017,995)	(3,017,995)	(3,017,995)
46 -	Fines, Fees & Permits	(68,382,520)	(68,982,520)	(69,582,520)	(70,182,520)	(70,782,520)
47 -	Other Revenue	(948,500)	(948,500)	(948,500)	(948,500)	(948,500)
48 -	Investment Income	(1,307,500)	(1,457,500)	(1,507,500)	(1,557,500)	(1,607,500)
	<b>Revenue</b>	<b>(434,281,800)</b>	<b>(439,512,800)</b>	<b>(443,792,800)</b>	<b>(456,932,800)</b>	<b>(457,612,800)</b>
51 -	Salaries-Regular Pay	223,898,608	228,370,586	232,932,004	237,584,651	242,330,350
52 -	Salaries-Other Compensation	16,168,217	16,409,662	16,655,937	16,907,137	17,163,361
5510 -	Retirement Benefits - County	49,802,801	52,191,515	51,927,573	51,770,189	52,524,088
5511 -	OPEB Benefits	8,062,072	8,002,257	8,004,467	8,003,565	8,022,884
554x -	Group Health Insurance	27,468,913	28,842,360	30,284,478	31,798,701	33,388,637
55xx -	Other Fringe Benefits	7,007,936	7,148,047	7,290,960	7,436,731	7,585,418
56 -	Salary Restriction	(23,268,946)	(23,895,290)	(24,378,967)	(24,884,175)	(25,461,785)
	<b>Salaries &amp; Fringe Benefits</b>	<b>309,139,601</b>	<b>317,069,137</b>	<b>322,716,452</b>	<b>328,616,799</b>	<b>335,552,954</b>
60 -	Supplies & Materials	9,700,078	9,797,079	9,895,051	9,994,002	10,093,943
64 -	Services & Other Expenses	10,607,415	10,713,486	10,820,624	10,928,831	11,038,118
66 -	Prof & Contracted Svcs	36,699,969	37,334,456	37,983,310	38,646,919	39,325,678
67 -	Rent, Utilities & Maintenance	18,317,388	18,500,562	18,685,569	18,872,425	19,061,149
68 -	Interfund Services	(332,628)	(335,954)	(339,312)	(342,704)	(346,131)
70 -	Capital Asset Acquisitions	3,384,332	3,418,176	3,452,357	3,486,881	3,521,750
	<b>Operating &amp; Maintenance</b>	<b>78,376,554</b>	<b>79,427,805</b>	<b>80,497,599</b>	<b>81,586,354</b>	<b>82,694,507</b>
	<b>Affiliated Organizations</b>	<b>31,600,857</b>	<b>32,483,097</b>	<b>32,509,564</b>	<b>32,536,825</b>	<b>32,564,904</b>
	<b>Grants</b>	<b>9,090,000</b>	<b>5,450,000</b>	<b>5,450,000</b>	<b>5,450,000</b>	<b>5,450,000</b>
	<b>Contingencies &amp; Restrictions</b>	<b>(5,935,108)</b>	<b>(5,935,108)</b>	<b>(5,935,108)</b>	<b>(5,935,108)</b>	<b>(5,935,108)</b>
	<b>Other Financing Sources</b>	<b>(200,000)</b>	<b>(200,000)</b>	<b>(200,000)</b>	<b>(200,000)</b>	<b>(200,000)</b>
	<b>Expenditures</b>	<b>422,071,904</b>	<b>428,294,931</b>	<b>435,038,507</b>	<b>442,054,871</b>	<b>450,127,257</b>
	<b>Net Transfers</b>	<b>17,274,678</b>	<b>17,274,678</b>	<b>17,274,678</b>	<b>17,274,678</b>	<b>17,274,678</b>
	<b>Use of Fund Balance</b>	<b>(5,064,782)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>PROJECTED DEFICIT/(SURPLUS)</b>	<b>\$ -</b>	<b>\$ 6,056,808</b>	<b>\$ 8,520,385</b>	<b>\$ 2,396,749</b>	<b>\$ 9,789,135</b>
	<b>Change from Prior Year</b>		<b>\$ 6,056,808</b>	<b>\$ 2,463,577</b>	<b>\$ (6,123,636)</b>	<b>\$ 7,392,386</b>

A projection of General Fund revenue and expenditures is prepared annually as the first step in the budget process to forecast expected trends through the next five years. Initial projections are updated as necessary throughout the year to incorporate new information or major changes in assumptions. Long term projections allow the Administration and County Commission to make current decisions with a more informed awareness of the future impact of those decisions.

Assumptions included in the five year projections are listed below. Specific rates and amounts are shown in the schedule provided on the previous page.

- **Property tax revenue** has been projected at 1% annually, with 3.0% growth for the next reappraisal year of FY22. Realty values in Shelby County have stabilized with the economic recovery and currently show a more positive trend. Collection of delinquent taxes is expected to remain flat or decline for the next several years as the current collection rates continue at a high level. Because property taxes are the county's primary revenue source and the foundation for an accurate budget forecast, the Trustee and the Assessor provide extensive input for these projections each year.
- **Property tax rate** reflects continuation of a higher percentage allocation to the General Fund as adopted for FY19.
- **Other revenues** have been projected at current collection levels with adjustments for trending patterns. The impact of reimbursements for election cycles and reappraisals is also reflected in the appropriate years. A conservative but realistic approach to revenue forecasting has proven to be an effective predictor for future trends. Due to legal restrictions imposed by the State, the County does not have viable options for significant sources of new revenue.
- **Salary increase for employees** of 2% per year has been included as an average, although actual increases will vary based upon the federal Cost of Living Adjustment (COLA), Consumer Price Index (CPI) and other factors. A salary increase of 3% was included in the FY19 Adopted Budget. Providing adequate employee compensation to attract and retain a productive workforce remains a high priority for Shelby County.
- **Pension expense** as a percentage of salaries is projected to increase until FY20 and to decline annually thereafter. Actual investment returns may be less than the 7.0% assumed annual rate of return under current market conditions. This return assumption may need to be adjusted in the future as market conditions evolve.
- **OPEB expense** will continue to decline annually based on actuarial reports. Changes to post employment benefit plans implemented in prior years have allowed the County to contain the growth of these expenses. These projections assume continuation of current retiree benefits.
- **Health insurance** coverage is expected to increase by about 5% annually, with some uncertainty about the future status of the Affordable Care Act and insurance markets. The County has effectively managed this escalating cost factor through innovative changes to benefit plans and cost-sharing with employees.
- **Operating and maintenance** expenses have been inflated by 1% annually, primarily to allow for increases in major contractual obligations for services and technology. The County has implemented various efficiency measures and purchasing strategies to control rising costs of information technology, telephones, printing, and vehicle repairs.

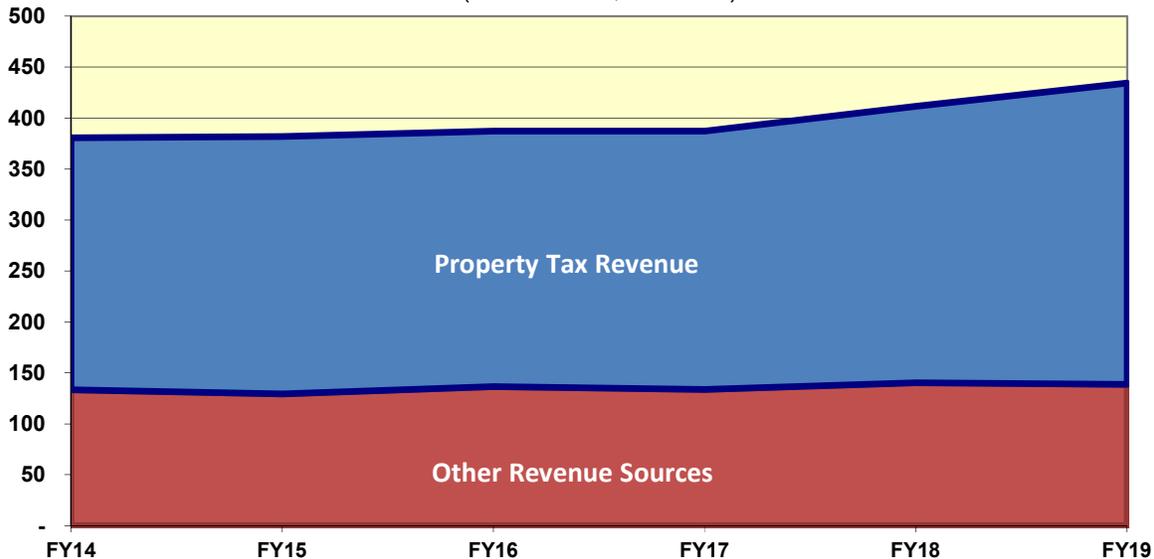
Actual revenue collections and expenditures are also forecasted on a monthly basis throughout the current fiscal year to ensure budget compliance and sufficient cash flow availability. Fund Balance policies have been adopted as guidance for maintaining adequate fund balance levels and making budget decisions concerning the use of fund balance and to establish strategies for replenishing or reducing the fund balance to target ranges. The General Fund does not absorb discontinued grant programs or cost increases from other funds.

## Revenue Overview

## General Fund

REVENUE SOURCE	FY15 Actual	FY16 Actual	FY17 Actual	FY18 Amended	FY19 Adopted
<b>Property Taxes</b>	252,504,708	250,976,507	253,574,154	270,997,000	295,445,000
% of Total	66.1%	64.8%	65.4%	65.9%	68.0%
<b>Fines, Fees &amp; Permits</b>	64,200,149	65,979,565	64,529,687	68,350,400	68,382,520
% of Total	16.8%	17.0%	16.7%	16.6%	15.7%
<b>Other Local Taxes</b>	32,414,949	32,673,591	32,530,120	33,349,000	34,475,000
% of Total	8.5%	8.4%	8.4%	8.1%	7.9%
<b>Intergovernmental-State</b>	20,557,391	23,143,769	23,874,375	23,426,820	23,718,452
% of Total	5.4%	6.0%	6.2%	5.7%	5.5%
<b>Intergovernmental-Fed&amp;Local</b>	7,258,450	8,876,513	7,650,925	9,802,419	6,986,833
% of Total	1.9%	2.3%	2.0%	2.4%	1.6%
<b>Charges for Services</b>	3,753,190	3,408,401	2,752,322	3,079,916	3,017,995
% of Total	1.0%	0.9%	0.7%	0.7%	0.7%
<b>Other Revenue</b>	815,237	1,582,431	1,460,135	1,214,500	948,500
% of Total	0.2%	0.4%	0.4%	0.3%	0.2%
<b>Interest Income</b>	382,754	858,905	1,098,719	1,218,500	1,307,500
% of Total	0.1%	0.2%	0.3%	0.3%	0.3%
<b>Total General Fund Revenue</b>	<b>381,886,828</b>	<b>387,499,683</b>	<b>387,470,436</b>	<b>411,438,555</b>	<b>434,281,800</b>
<b>% Change from Prior Year</b>	<b>0.4%</b>	<b>1.5%</b>	<b>0.0%</b>	<b>6.2%</b>	<b>5.6%</b>
<b>\$ Change from Prior Year (Decrease)</b>		<b>5,612,855</b>	<b>(29,246)</b>	<b>23,968,119</b>	<b>22,843,245</b>

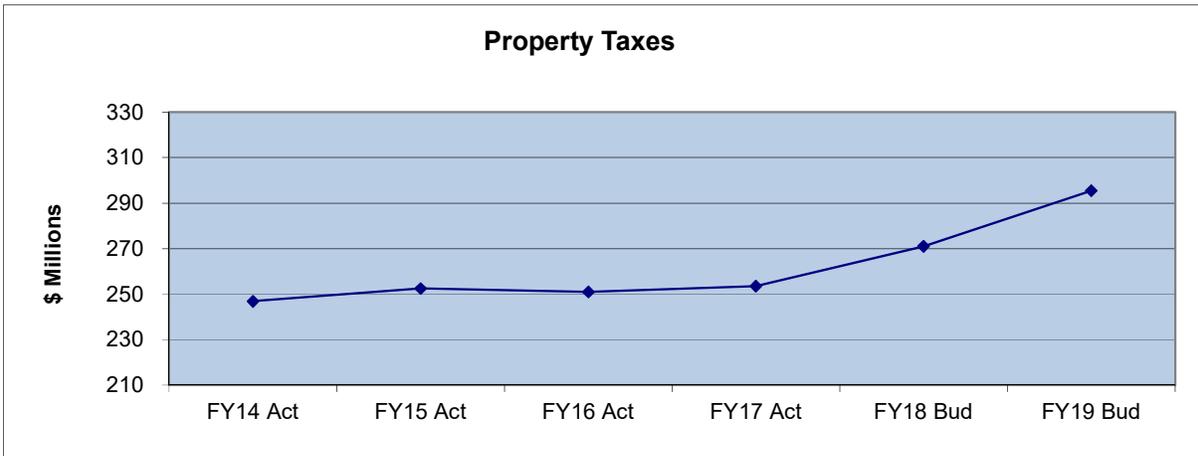
**Property Tax Revenue vs All Other Sources**  
(General Fund, in millions)



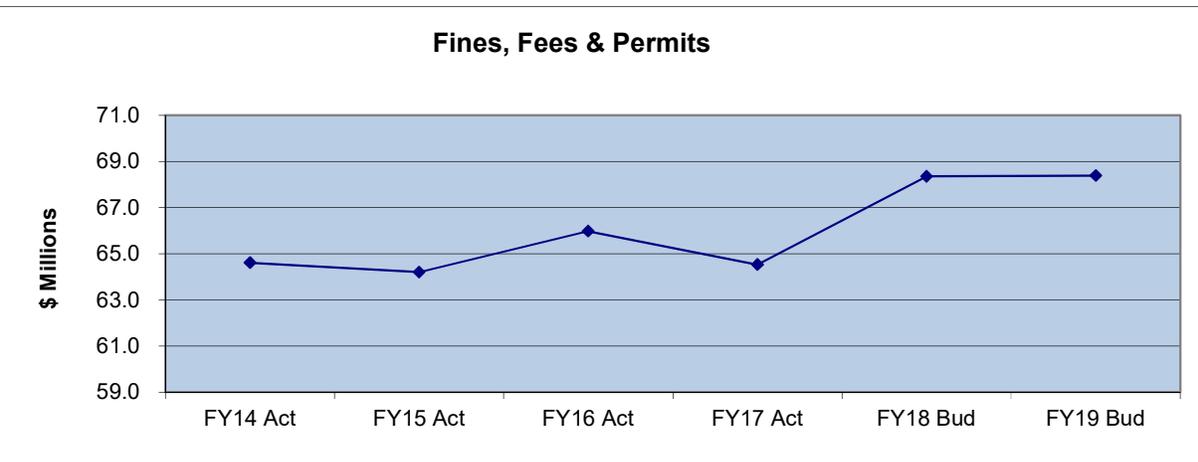
Property tax revenue has remained relatively stable as a percentage of total revenues that support General Fund operations.

**GENERAL FUND REVENUE TRENDS AND ASSUMPTIONS**

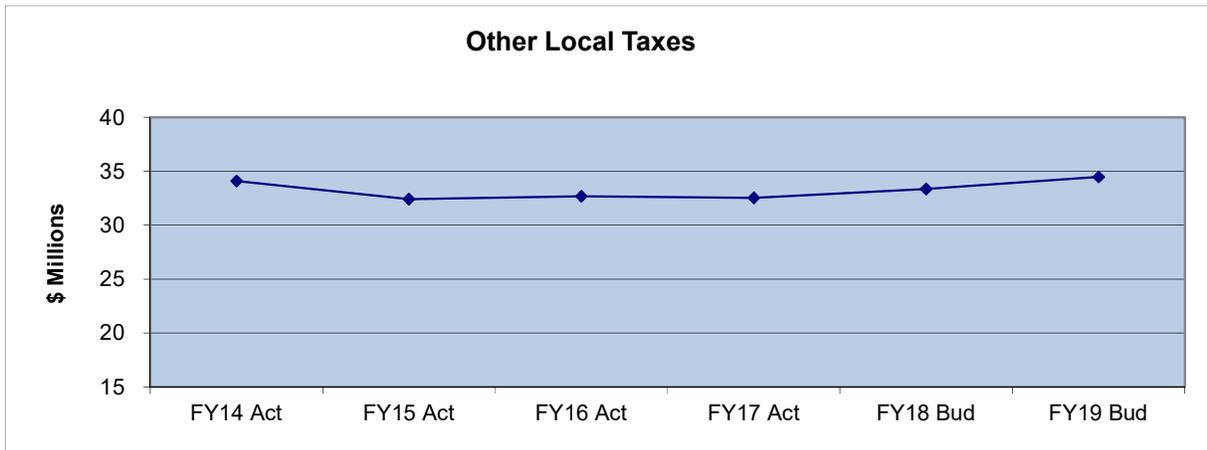
**Property Tax Revenues** continue to provide the primary source of operating funds for Shelby County, accounting for 68% of total General Fund revenues compared to 66% or less in prior years. Delinquent taxes represent only \$7.7 million (or 2.6%) of total property tax collections. Growth of \$24 million in property tax revenue reflects an increased tax rate allocation to the General Fund, stronger property tax values upheld through the appeals process and a higher collection rate by the Trustee. The tax rate allocation to the General Fund was set at \$0.06 more than the prior year (\$1.43 to \$1.49) which represents an increase in the percentage of total property taxes from 34.8% to 36.8%. Further discussion of property taxes is provided in the "All Funds Summary" section.



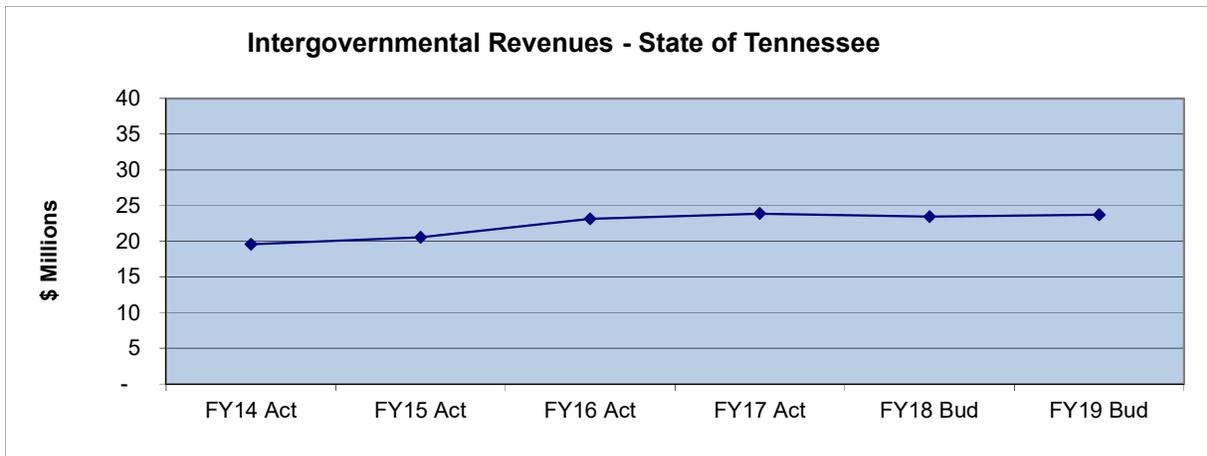
**Fines, Fees & Permits** represent the second largest source of General Fund income at 15.7% of total revenue. This category includes fees collected by the Courts and Other Elected Officials such as the County Clerk, Register and Trustee. The budgeted amount for FY19 remains essentially unchanged from FY18 based on mid-year trends. The implementation of a new computer system interrupted FY17 and FY18 collections, but the higher level is expected to resume in FY19.



**Other Local Taxes** account for about 8% of all General Fund revenue. The largest single revenue source in this category is from Business Taxes (\$16.5 million) which continues to reflect favorable economic trends. Also included are Interest/Penalty on Delinquent Taxes and In-Lieu of Tax agreements which are relatively stable.



**Intergovernmental Revenue collected from the State of Tennessee** accounts for 5.5% of all General Fund revenue. State revenue includes the County share of the State Income Tax (\$900,000), the TVA Replacement Tax (\$7.6 million), bank excise tax (\$2.5 million), cost reimbursements related to the Public Defender (\$5.3 million), the Jail (\$2.7 million) as well as various grant programs.



**Intergovernmental Revenue - Federal & Local** sources contribute only 1.6% to the County General Fund. The largest contributor to this source is the Federal reimbursement for the Qualified School Construction Bond (QSCB) payments (\$3.3 million). The decline in this category for FY19 is related to reimbursements from local municipalities for the property tax reappraisals that occur every four years. The most recent reappraisal was completed in FY17 with reimbursements to the County of \$2.9 million recorded in FY18.

**Charges for Services, Other Revenue Sources and Interest Income** account for only about 1.2% of all General Fund revenues. Most of this revenue is derived from TennCare fees, Health Department Patient Services, the Inmate Phone System, the Edmund Orgill Golf Course and charges for internal print and mail services (previously recorded in an Internal Service Fund).