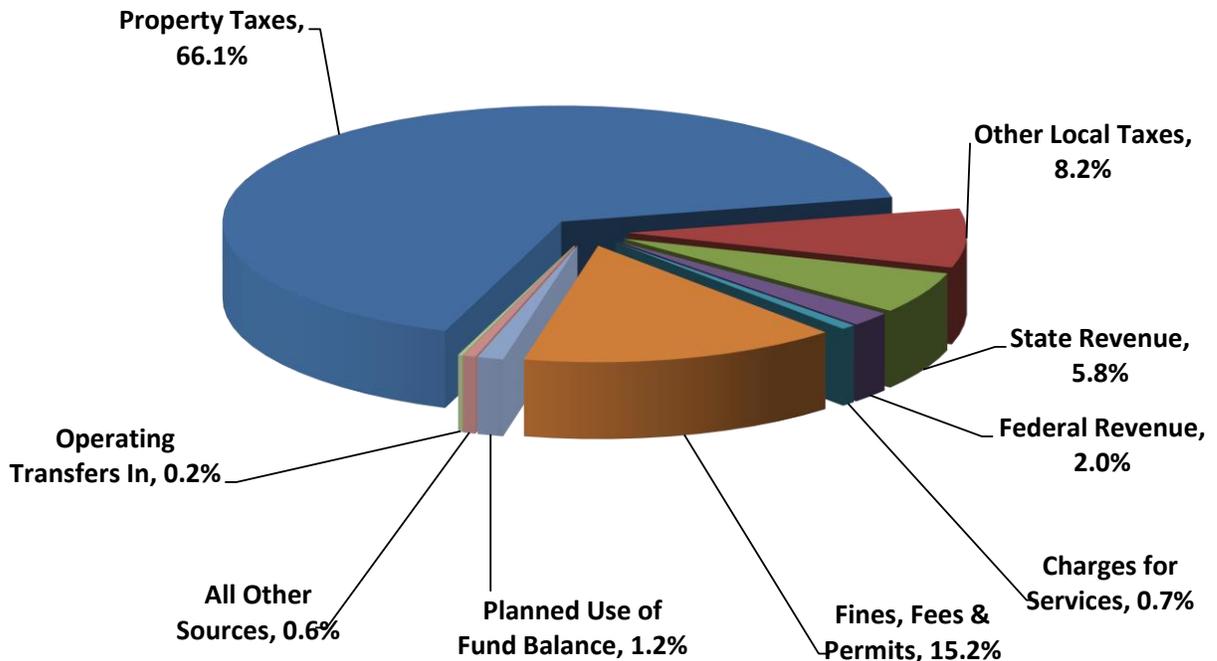


# **GENERAL FUND SUMMARY**



## **FY 2020 PROPOSED BUDGET**

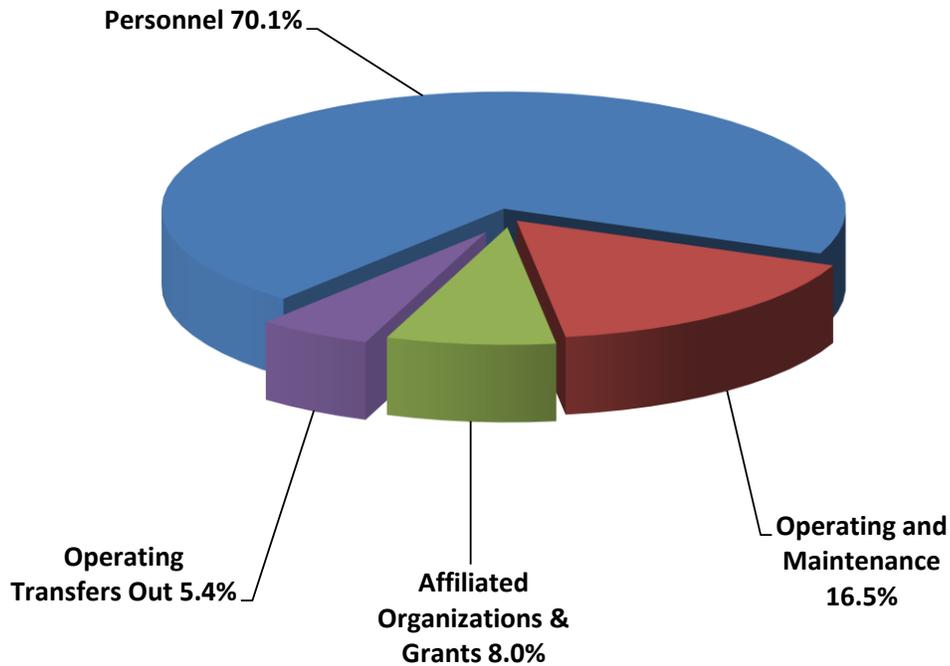
**Where the Money Comes From....**



**SOURCES OF FUNDS:**

	<u>FY20 Proposed</u>	<u>FY19 Amended</u>
<b><u>Revenue:</u></b>		
Property Taxes	\$ 292,568,973	\$ 295,445,000
Fines, Fees & Permits	67,448,000	68,400,853
Other Local Taxes	36,242,967	34,475,000
Intergovernmental-State	25,460,163	24,180,762
Intergovernmental-Federal	8,880,092	6,986,833
Charges for Services	2,948,307	3,197,289
Other Revenue/Interest Income	2,549,381	2,257,000
Subtotal	<u>436,097,883</u>	<u>434,942,737</u>
<b><u>Other Sources:</u></b>		
Planned Use of Fund Balance	1,250,000	8,689,448
Operating Transfers In	1,028,555	1,049,824
Other Financial Sources	100,000	200,000
Subtotal	<u>2,378,555</u>	<u>9,939,272</u>
<b>Total Appropriation Sources</b>	<b><u>\$ 438,476,438</u></b>	<b><u>\$ 444,882,009</u></b>

**....and Where the Money Goes**



**USE OF FUNDS:**

	<u>FY20 Proposed</u>	<u>FY19 Amended</u>
Personnel	\$ 307,549,796	\$ 308,404,668
Operating and Maintenance *	72,230,827	77,389,099
Affiliated Organizations & Grants	34,900,857	40,844,230
Operating Transfers Out	23,794,958	18,244,012
<b>Total Appropriation Uses</b>	<b><u>\$ 438,476,438</u></b>	<b><u>\$ 444,882,009</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***

# GENERAL FUND SUMMARY

# Prime Account Summary

ACCT DESCRIPTION	FY16 ACTUAL	FY17 ACTUAL	FY18 ACTUAL	FY19 AMENDED	FY20 PROPOSED
40 - Property Taxes	(250,976,507)	(253,574,154)	(276,604,440)	(295,445,000)	(292,568,973)
41 - Other Local Taxes	(32,673,591)	(32,530,120)	(31,430,273)	(34,475,000)	(36,242,967)
43 - Intergovernmental - State	(23,143,769)	(23,874,375)	(22,424,187)	(24,180,762)	(25,460,163)
44 - Intergovernmental - Federal & Local	(8,876,513)	(7,650,925)	(9,963,935)	(6,986,833)	(8,880,092)
45 - Charges for Services	(3,408,401)	(2,752,322)	(2,335,215)	(3,197,289)	(2,948,307)
46 - Fines, Fees & Permits	(65,979,565)	(64,529,687)	(61,188,448)	(68,400,853)	(67,448,000)
47 - Other Revenue	(1,582,431)	(1,460,135)	(684,517)	(949,500)	(636,858)
48 - Investment Income	(858,905)	(1,098,719)	(2,190,484)	(1,307,500)	(1,912,523)
<b>TOTAL REVENUE</b>	<b>(387,499,683)</b>	<b>(387,470,436)</b>	<b>(406,821,499)</b>	<b>(434,942,737)</b>	<b>(436,097,883)</b>
51 - Salaries-Regular Pay	183,722,958	185,292,971	189,650,832	225,110,949	228,753,750
52 - Salaries-Other Compensation	13,934,316	16,072,889	20,558,497	15,475,242	16,048,707
55 - Fringe Benefits	69,108,034	71,916,798	79,200,247	92,651,724	88,239,810
56 - Vacancy Savings	-	-	-	(24,833,246)	(25,492,472)
<b>TOTAL SALARIES</b>	<b>266,765,308</b>	<b>273,282,657</b>	<b>289,409,576</b>	<b>308,404,668</b>	<b>307,549,796</b>
60 - Supplies & Materials	8,203,008	7,894,886	9,350,990	9,772,380	8,893,436
64 - Services & Other Expenses	9,372,490	9,594,063	9,799,584	12,013,888	12,116,813
66 - Professional & Contracted Services	31,521,620	31,716,015	32,232,667	38,798,318	36,757,124
67 - Rent, Utilities & Maintenance	14,087,251	14,587,034	15,150,457	17,931,642	17,061,087
68 - Interfund Services	(1,990,825)	(1,538,377)	(891,142)	(193,728)	(658,406)
70 - Capital Asset Acquisitions	1,519,673	3,346,047	3,258,479	5,597,842	2,710,773
<b>TOTAL OPERATING &amp; MAINT</b>	<b>62,713,218</b>	<b>65,599,668</b>	<b>68,901,037</b>	<b>83,920,342</b>	<b>76,880,827</b>
<b>89 - AFFILIATED ORGANIZATIONS</b>	<b>29,155,953</b>	<b>30,178,843</b>	<b>30,441,104</b>	<b>31,600,857</b>	<b>31,700,857</b>
<b>90 - GRANTS</b>	<b>4,764,000</b>	<b>4,299,500</b>	<b>6,155,280</b>	<b>9,243,373</b>	<b>3,200,000</b>
<b>95 - CONTINGENCIES &amp; RESTRICTIONS</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(6,531,243)</b>	<b>(4,650,000)</b>
<b>94 - OTHER SOURCES &amp; USES</b>	<b>(183,638)</b>	<b>(113,977)</b>	<b>(112,148)</b>	<b>(200,000)</b>	<b>(100,000)</b>
<b>TOTAL EXPENDITURES</b>	<b>363,214,840</b>	<b>373,246,691</b>	<b>394,794,849</b>	<b>426,437,997</b>	<b>414,581,480</b>
<b>99 - PLANNED FUND BALANCE CHANGE</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(8,689,448)</b>	<b>(1,250,000)</b>
96 - Operating Transfers In	(1,458,073)	(1,521,066)	(857,931)	(1,049,824)	(1,028,555)
98 - Operating Transfers Out	18,889,791	15,735,000	16,527,693	18,244,012	23,794,958
<b>NET TRANSFERS</b>	<b>17,431,718</b>	<b>14,213,934</b>	<b>15,669,762</b>	<b>17,194,188</b>	<b>22,766,403</b>
<b>TOTAL GENERAL FUND</b>	<b>(6,853,125)</b>	<b>(9,811)</b>	<b>3,643,112</b>	<b>-</b>	<b>-</b>

# GENERAL FUND SUMMARY

# Net Expenditures by Division

DIVISION/DEPARTMENT	FY16 ACTUAL	FY17 ACTUAL	FY18 ACTUAL	FY19 AMENDED	FY20 PROPOSED
<b>MAYOR'S ADMINISTRATION:</b>					
Administration & Finance	(240,400,292)	(245,662,747)	(264,345,656)	(292,108,666)	(285,138,578)
Information Technology	8,732,302	9,149,464	9,367,294	9,913,078	10,292,390
Planning & Development	380,159	359,233	401,359	403,537	401,765
Public Works	17,417,992	17,970,521	20,648,773	23,221,075	23,196,682
Health Services	21,348,964	22,597,570	26,163,910	28,136,548	28,522,215
Community Services	7,737,210	7,367,785	8,410,826	9,852,979	9,546,760
<b>SUBTOTAL</b>	<b>(184,783,665)</b>	<b>(188,218,174)</b>	<b>(199,353,495)</b>	<b>(220,581,450)</b>	<b>(213,178,765)</b>
<b>SHERIFF:</b>					
Sheriff Administration	16,960,646	20,540,370	21,812,899	23,827,672	21,146,705
Law Enforcement	61,853,154	64,240,824	69,200,019	74,781,912	75,138,747
Jail	75,566,089	73,620,266	79,495,337	81,877,310	81,034,689
<b>SUBTOTAL</b>	<b>154,379,889</b>	<b>158,401,459</b>	<b>170,508,255</b>	<b>180,486,894</b>	<b>177,320,142</b>
<b>JUDICIAL:</b>					
Chancery Court	(1,876,148)	(1,675,673)	(2,081,543)	(2,732,677)	(3,154,624)
Circuit Court	(347,482)	(138,261)	330,010	941,323	829,592
Criminal Court	663,496	1,824,287	4,097,969	962,161	1,025,936
General Sessions Court	4,622,950	6,289,644	7,551,136	7,371,691	7,963,390
Probate Court	584,196	621,560	660,614	764,033	759,714
Juvenile Court	13,551,008	12,837,589	13,457,596	14,129,611	14,291,811
Attorney General	9,587,590	10,224,439	11,061,803	11,884,296	11,766,914
Public Defender	6,618,729	7,286,526	9,137,314	9,265,152	9,150,643
Divorce Ref. / Jury Comm.	1,034,402	1,092,812	1,138,035	1,345,327	1,315,762
<b>SUBTOTAL</b>	<b>34,438,741</b>	<b>38,362,923</b>	<b>45,352,933</b>	<b>43,930,918</b>	<b>43,949,137</b>
<b>OTHER ELECTED OFFICIALS:</b>					
Legislative Operations	2,325,449	2,437,160	2,516,259	4,289,108	3,689,484
Equal Opportunity	671,355	706,675	942,955	1,699,711	1,180,624
Assessor	9,813,079	10,189,162	7,141,400	11,185,191	10,792,172
County Clerk	(6,225,878)	(6,452,201)	(6,404,464)	(6,257,635)	(6,792,553)
Register	(2,057,879)	(2,213,541)	(1,974,348)	(2,257,884)	(2,129,196)
Trustee	(17,222,818)	(17,265,923)	(17,748,407)	(16,794,259)	(16,874,653)
Election Commission	1,808,601	4,042,650	2,662,024	4,299,405	2,043,608
<b>SUBTOTAL</b>	<b>(10,888,090)</b>	<b>(8,556,019)</b>	<b>(12,864,581)</b>	<b>(3,836,362)</b>	<b>(8,090,514)</b>
<b>TOTAL GENERAL FUND</b>	<b>(6,853,125)</b>	<b>(9,811)</b>	<b>3,643,112</b>	<b>0</b>	<b>0</b>

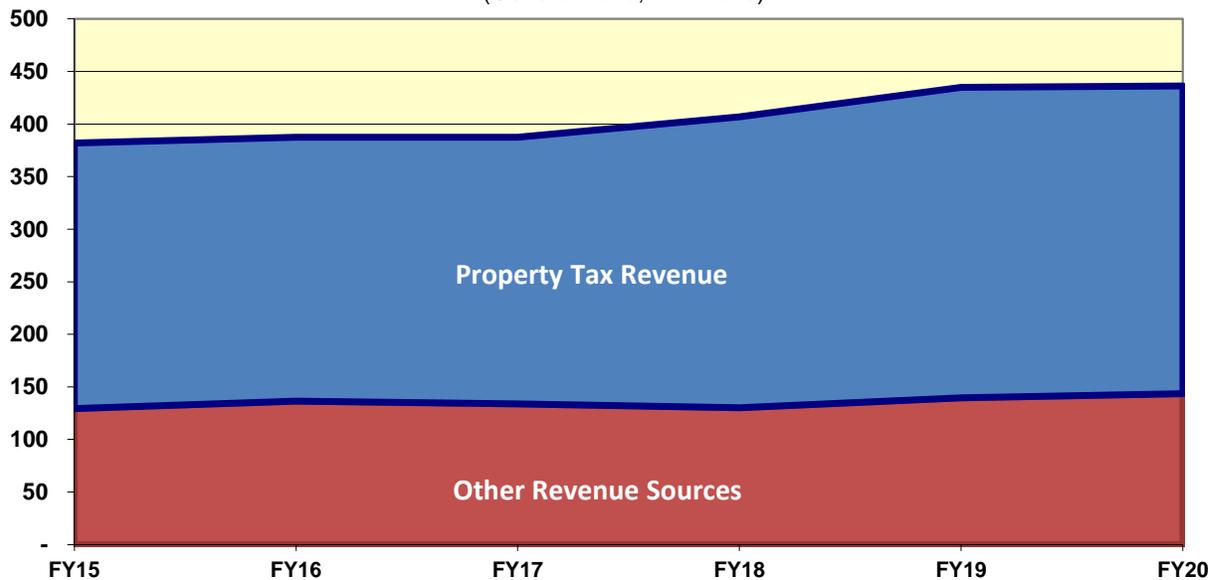
*\*Includes all Sources and Uses of Funds*

# GENERAL FUND SUMMARY

# Revenue Overview

REVENUE SOURCE	FY16 Actual	FY17 Actual	FY18 Actual	FY19 Amended	FY20 Proposed
<b>Property Taxes</b>	250,976,507	253,574,154	276,604,440	295,445,000	292,568,973
% of Total	64.8%	65.4%	68.0%	67.9%	67.1%
<b>Fines, Fees &amp; Permits</b>	65,979,565	64,529,687	61,188,448	68,400,853	67,448,000
% of Total	17.0%	16.7%	15.0%	15.7%	15.5%
<b>Other Local Taxes</b>	32,673,591	32,530,120	31,430,273	34,475,000	36,242,967
% of Total	8.4%	8.4%	7.7%	7.9%	8.3%
<b>Intergovernmental-State</b>	23,143,769	23,874,375	22,424,187	24,180,762	25,460,163
% of Total	6.0%	6.2%	5.5%	5.6%	5.8%
<b>Intergovernmental-Fed&amp;Local</b>	8,876,513	7,650,925	9,963,935	6,986,833	8,880,092
% of Total	2.3%	2.0%	2.4%	1.6%	2.0%
<b>Charges for Services</b>	3,408,401	2,752,322	2,335,215	3,197,289	2,948,307
% of Total	0.9%	0.7%	0.6%	0.7%	0.7%
<b>Other Revenue</b>	1,582,431	1,460,135	684,517	949,500	636,858
% of Total	0.4%	0.4%	0.2%	0.2%	0.1%
<b>Interest Income</b>	858,905	1,098,719	2,190,484	1,307,500	1,912,523
% of Total	0.2%	0.3%	0.5%	0.3%	0.4%
<b>Total General Fund Revenue</b>	<b>387,499,683</b>	<b>387,470,436</b>	<b>406,821,499</b>	<b>434,942,737</b>	<b>436,097,883</b>
<b>% Change from Prior Year</b>	<b>0.4%</b>	<b>0.0%</b>	<b>5.0%</b>	<b>6.9%</b>	<b>0.3%</b>
<b>\$ Change from Prior Year (Decrease)</b>		<b>(29,246)</b>	<b>19,351,063</b>	<b>28,121,238</b>	<b>1,155,146</b>

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



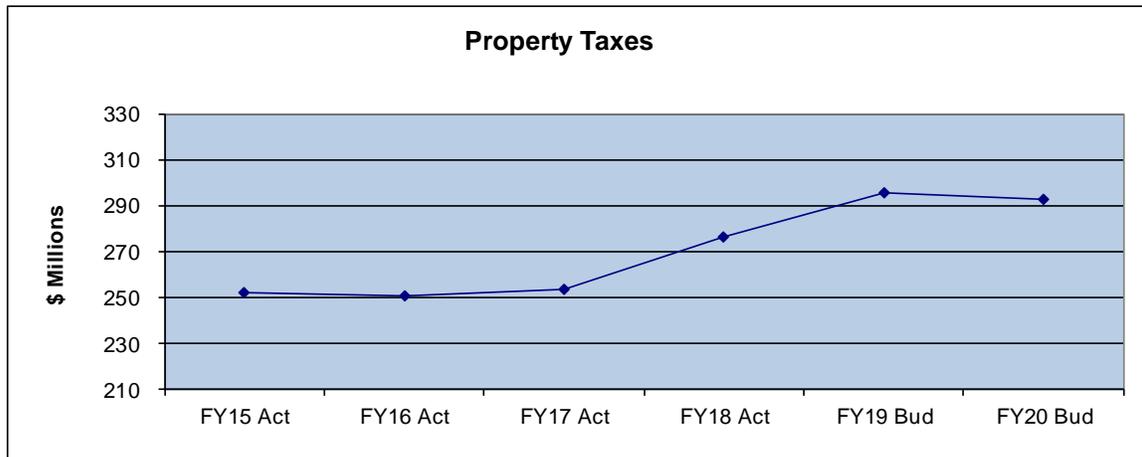
Property tax revenue has remained relatively stable as a percentage of total revenues that support General Fund operations.

# GENERAL FUND SUMMARY

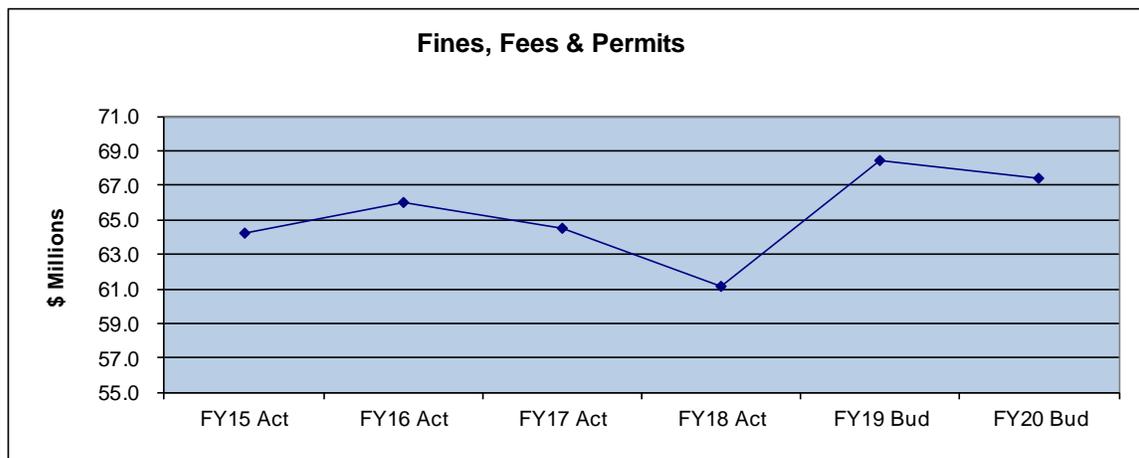
# Revenue Overview

## GENERAL FUND REVENUE TRENDS AND ASSUMPTIONS

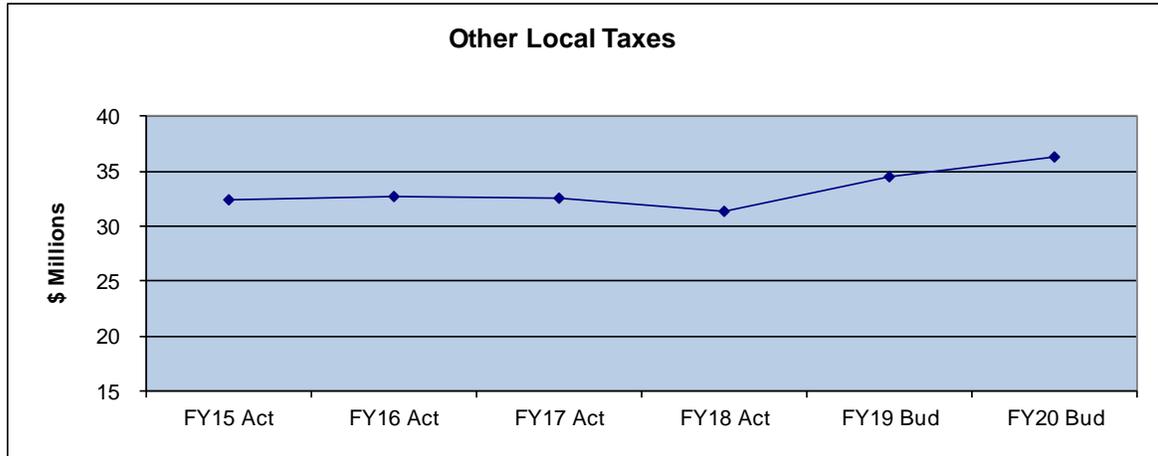
**Property Tax Revenues** continue to provide the primary source of operating funds for Shelby County, accounting for 67.1% of total General Fund revenues. Delinquent taxes represent only \$7.7 million (or 1.8%) of total property tax collections. Property tax revenue collections are projected to decline by \$2.9 million as result of current year collection trends, current assessed property values, along with the impact of expiring PILOT. The current tax rate allocation to the General Fund remains unchanged from the prior fiscal year at \$1.49. Further discussion of property taxes is provided in the "All Funds Summary" section.



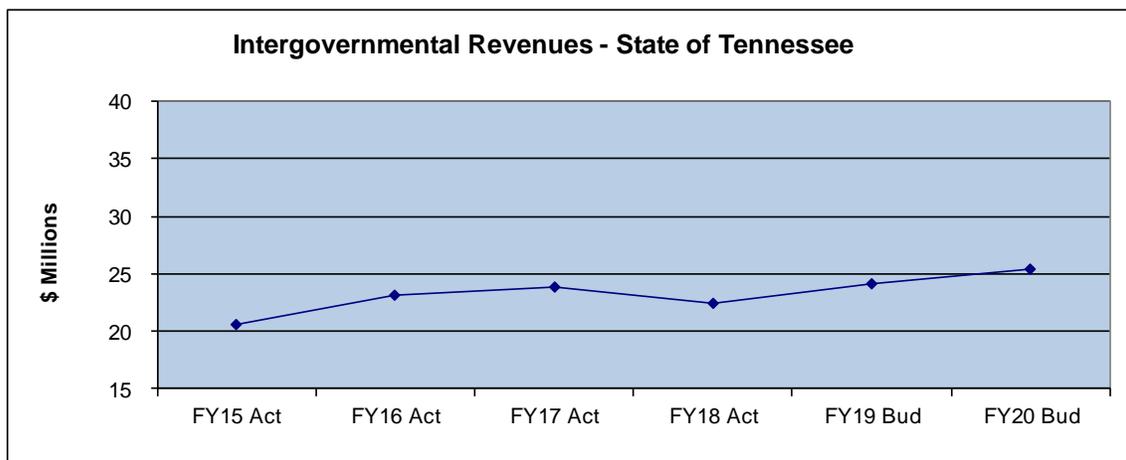
**Fines, Fees & Permits** represent the second largest source of General Fund income at 15.5% of total revenue. This category includes fees collected by the Courts and Other Elected Officials such as the County Clerk, Register and Trustee. The budgeted amount for FY20 reflects a projected decrease in revenue as a result of issues with the computer collections system in General Sessions Court.



**Other Local Taxes** account for about 8.3% of all General Fund revenue. The largest single revenue source in this category is from Business Taxes (\$16.8 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. Included in FY20 is \$1.8 million of local sales tax that was reallocated to General Fund from the Road and Bridges Fund.



**Intergovernmental Revenue collected from the State of Tennessee** accounts for 5.8% of all General Fund revenue. State revenue includes the County share of the State Income Tax (\$425,600), the TVA Replacement Tax (\$7.5 million), State of Tennessee reimbursements (\$10.8 million), bank excise tax (\$2.5 million), cost reimbursements related to the Public Defender (\$5.4 million), the Jail (\$2.7 million) as well as various grant programs. Increased revenues are due to higher reimbursements from the State of Tennessee for elections offset by the reduction in the Hall Income Tax.



**Intergovernmental Revenue - Federal & Local Sources** contribute only 2.0% to the County General Fund. The largest contributor to this source is the Federal reimbursement for the Qualified School Construction Bond (QSCB) payments (\$3.0 million). This revenue source is projected to increase by \$1.9 million related to reimbursements from the City of Memphis for its November 2020 election.

**Charges for Services, Other Revenue Sources and Interest Income** account for only about 1.3% 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).

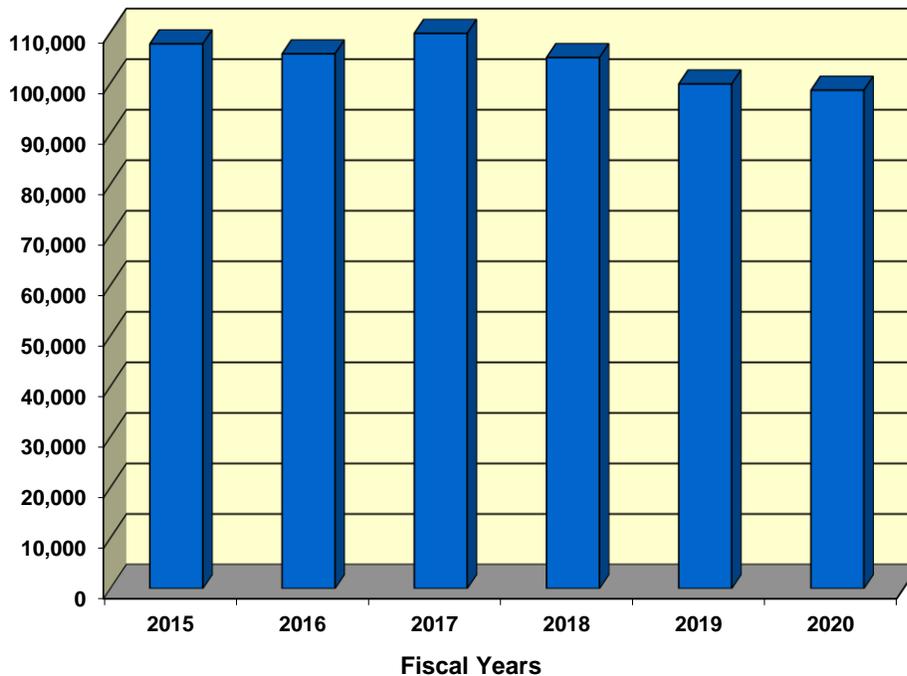
Fund Balance is a term used to express equity - the excess of what the County owns (assets) over what the County owes (liabilities) for a single fund. A healthy fund balance is important to financial planning and budgeting for the following reasons:

- 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 consistently maintained its General Fund Balance as a percentage of revenue within the approved Fund Balance Policy range of 20% to 30%.

**Summary of General Fund Balance**

Fiscal Years 2015 - 2020<sup>1</sup> at June 30  
(in thousands)



(\$ in thousands)	2015 Actual	2016 Actual	2017 Actual	2018 Actual	2019 Projection	2020 Budget
Beginning Fund Balance at July 1	103,388	108,744	115,597	115,606	115,677	108,612
Revenue/Sources of Funds	381,887	387,500	387,470	409,135	434,282	436,098
Uses of Funds	-376,531	-380,647	-387,461	-409,064	-441,347	-437,348
Net Operations	5,356	6,853	9	71	-7,065	-1,250
Ending Fund Balance at June 30 <sup>2</sup>	108,744	115,597	115,606	115,677	108,612	107,362
Unassigned Ending Fund Balance <sup>2</sup>	107,773	105,793	109,850	105,062	99,844	98,594
Unassigned as a % of Revenue	28.2%	27.3%	28.4%	25.7%	23.0%	22.6%

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

<sup>1</sup> Projected FY 2020 Fund Balance.

<sup>2</sup> Unassigned balance allows for carryforwards to next year.

# GENERAL FUND SUMMARY

# Five Year Projections

Acct	Description	FY20 Proposed	FY21 Projected	FY22 Projected	FY23 Projected	FY24 Projected
<b>Assumptions:</b>						
	Property Tax % Increase-Current	-1.00%	1.00%	2.50%	1.50%	1.00%
	Salary Increase	1.00%	1.75%	2.00%	1.75%	1.50%
	Pension % of Salaries (5102)	21.83%	21.42%	21.12%	21.22%	20.88%
	OPEB % of Salaries (5102)	2.34%	2.27%	2.22%	2.18%	2.15%
	Health Insurance % Increase	0.00%	3.00%	3.00%	3.00%	3.00%
	Operating and Maint % Increase	-6.70%	1.00%	1.00%	1.00%	1.00%
	Property Tax Rate	1.49	1.49	1.49	1.49	1.49
	Penny Value	\$ 1,911,587	\$ 1,930,000	\$ 1,980,000	\$ 2,010,000	\$ 2,030,000
40 -	Property Taxes	(292,568,973)	(295,313,000)	(302,763,000)	(307,233,000)	(310,213,000)
41 -	Other Local Taxes	(36,242,967)	(36,242,967)	(36,242,967)	(36,242,967)	(36,242,967)
43 -	State Revenues	(25,460,163)	(25,460,163)	(25,460,163)	(25,460,163)	(25,460,163)
44 -	Federal & Local Revenues	(8,880,092)	(7,880,092)	(8,880,092)	(7,880,092)	(9,630,092)
45 -	Charges for Services	(2,948,307)	(2,948,307)	(2,948,307)	(2,948,307)	(2,948,307)
46 -	Fines, Fees & Permits	(67,448,000)	(67,448,000)	(67,448,000)	(68,448,000)	(68,448,000)
47 -	Other Revenue	(636,858)	(636,858)	(636,858)	(636,858)	(636,858)
48 -	Investment Income	(1,912,523)	(2,062,523)	(2,112,523)	(2,162,523)	(2,212,523)
	<b>Revenue</b>	<b>(436,097,883)</b>	<b>(437,991,910)</b>	<b>(446,491,910)</b>	<b>(451,011,910)</b>	<b>(455,791,910)</b>
51 -	Salaries-Regular Pay	228,753,750	232,213,372	236,701,560	240,707,268	244,600,818
52 -	Salaries-Other Compensation	16,048,707	16,269,841	16,526,987	16,756,490	16,956,649
5510 -	Retirement Benefits - County	48,146,019	48,068,496	48,343,173	49,422,082	49,359,664
5511 -	OPEB Benefits	5,160,865	5,094,094	5,081,527	5,077,292	5,082,532
554x -	Group Health Insurance	27,358,787	28,179,551	29,024,938	29,895,686	30,792,557
55xx -	Other Fringe Benefits	7,574,139	7,696,490	7,838,766	7,965,747	8,076,492
56 -	Salary Restriction	(25,492,472)	(25,867,123)	(26,347,726)	(26,847,908)	(27,262,927)
	<b>Salaries &amp; Fringe Benefits</b>	<b>307,549,796</b>	<b>311,654,720</b>	<b>317,169,223</b>	<b>322,976,655</b>	<b>327,605,784</b>
60 -	Supplies & Materials	8,893,436	8,982,368	9,072,193	9,162,916	9,254,546
64 -	Services & Other Expenses	12,116,813	12,237,980	12,360,362	12,483,967	12,608,804
66 -	Prof & Contracted Svcs	36,757,124	37,408,327	38,074,551	38,756,203	39,453,697
67 -	Rent, Utilities & Maintenance	17,061,087	17,231,698	17,404,015	17,578,055	17,753,834
68 -	Interfund Services	(658,406)	(664,989)	(671,639)	(678,355)	(685,139)
70 -	Capital Asset Acquisitions	2,710,773	2,737,880	2,765,259	2,792,912	2,820,842
	<b>Operating &amp; Maintenance</b>	<b>76,880,827</b>	<b>77,933,264</b>	<b>79,004,741</b>	<b>80,095,698</b>	<b>81,206,584</b>
	<b>Affiliated Organizations</b>	<b>31,700,857</b>	<b>31,700,857</b>	<b>31,700,857</b>	<b>31,700,857</b>	<b>31,700,857</b>
	<b>Grants</b>	<b>3,200,000</b>	<b>(440,000)</b>	<b>(440,000)</b>	<b>(440,000)</b>	<b>(440,000)</b>
	<b>Contingencies &amp; Restrictions</b>	<b>(4,650,000)</b>	<b>(4,650,000)</b>	<b>(4,650,000)</b>	<b>(4,650,000)</b>	<b>(4,650,000)</b>
	<b>Other Financing Sources</b>	<b>(100,000)</b>	<b>(100,000)</b>	<b>(100,000)</b>	<b>(100,000)</b>	<b>(100,000)</b>
	<b>Expenditures</b>	<b>414,581,480</b>	<b>416,098,841</b>	<b>422,684,821</b>	<b>429,583,210</b>	<b>435,323,225</b>
	<b>Net Transfers</b>	<b>22,766,403</b>	<b>22,766,403</b>	<b>22,766,403</b>	<b>22,766,403</b>	<b>22,766,403</b>
	<b>Use of Fund Balance</b>	<b>(1,250,000)</b>	<b>(1,250,000)</b>	<b>(1,250,000)</b>	<b>(1,250,000)</b>	<b>-</b>
	<b>PROJECTED DEFICIT/(SURPLUS)</b>	<b>\$ -</b>	<b>\$ (376,666)</b>	<b>\$ (2,290,686)</b>	<b>\$ 87,703</b>	<b>\$ 2,297,719</b>
	<b>Change from Prior Year</b>		<b>\$ (376,666)</b>	<b>\$ (1,914,020)</b>	<b>\$ 2,378,389</b>	<b>\$ 2,210,016</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** in FY 20 is budgeted to decline by 1% with details for the decline outlined in the previous section. Starting in FY21, property taxes are projected to grow at 1% annually, with 2.5% growth for the next reappraisal year of FY22 and a 1.5% growth in FY21 in the recapture tax rate year. 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 the current allocation to the General Fund as proposed for FY20.
- **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** average 1.5% over the five-year period based on funding available in each year. Actual increases will vary based upon the federal Cost of Living Adjustment (COLA), Consumer Price Index (CPI) and other factors. 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 based on the most recent actuary report and the levels projected by year in that report. Actual costs will vary with the primary factor impacting the rate being that actual return on investments versus the 7.0% assumed annual rate of return. 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.
- **Health insurance** coverage is expected to increase by about 3% 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 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.

## GENERAL FUND SUMMARY

## Position Control Budget

**Personnel costs account for 70.1% 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 over time 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, FTE increases have been necessary, primarily to support core functions of public safety, judicial operations, and health services. However, staffing levels remain below pre-recession levels. The increases include:
  - 2016 – Addition of 21 positions for 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. 3 positions for Register were added in FY19 via resolution effective for a partial year and the full impact of the addition is seen in FY20.
  - 2020 – Addition of 2 positions for Juvenile Court Judge, 2 positions for Attorney General and 1 new position each for Probate Court Clerk, Public Defender, and Juvenile Court Clerk. A position for Juvenile Court Judge that was previously funded partially by a grant is now wholly funded by the General Fund. 6 positions were transferred from the Assessor to IT. 1 position for Support Services was moved to Roads & Bridges Special Revenue Fund.
2. **Average annual salary increases** have been limited to only 1.7% over the past 10 years. Employees have been provided with an increase in 8 of the past 10 years, as shown below:

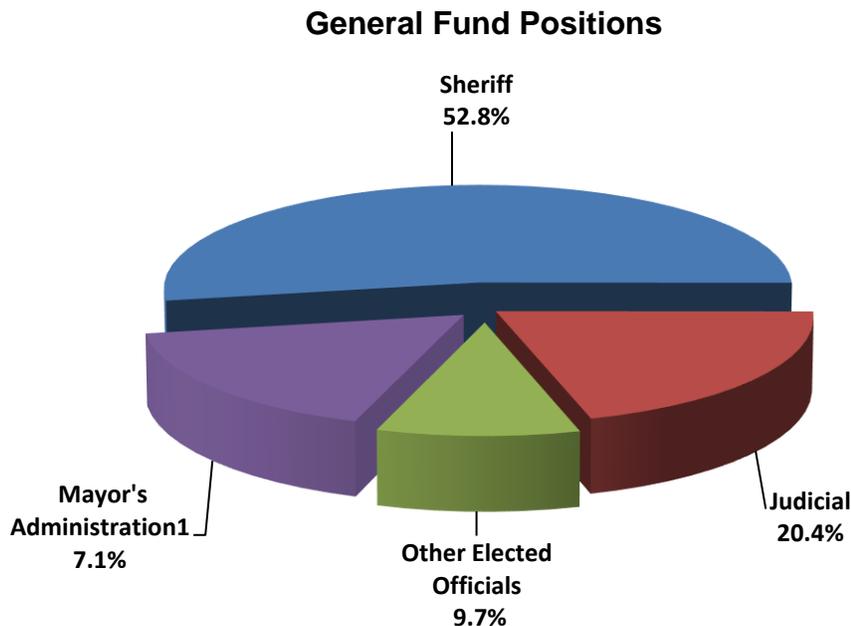
	Increase	Stipend	Date
FY20	See Note (1) Below		7/1/19
FY19	3.0%		7/1/18
FY18	3.0%		7/1/17
FY17	2.0%		7/1/16
FY16	1.7%		7/1/15
FY15	3.0%		7/1/14
FY14	-		
FY13	1.0%		7/1/12
FY12	-	\$650	1/1/12
FY11	2.0%		7/1/10

- (1) A general salary increase of \$2.5 million, including benefits, has been included in the FY 2020 proposed budget. (The cost across all funds is \$3.4 million.) The increase will be on a sliding scale with the lowest paid employees receiving the highest raise. Those employees earning \$50,000 or less will receive 1.5%, employees earning more than \$50,000 up to \$100,000 receiving 1.0%, and those earning over \$100,000 receiving 0.5%.

- 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 be a concern. 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. In FY 20 health costs for active employees are flat and actuarially determined contributions for retiree health declined.
- 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.

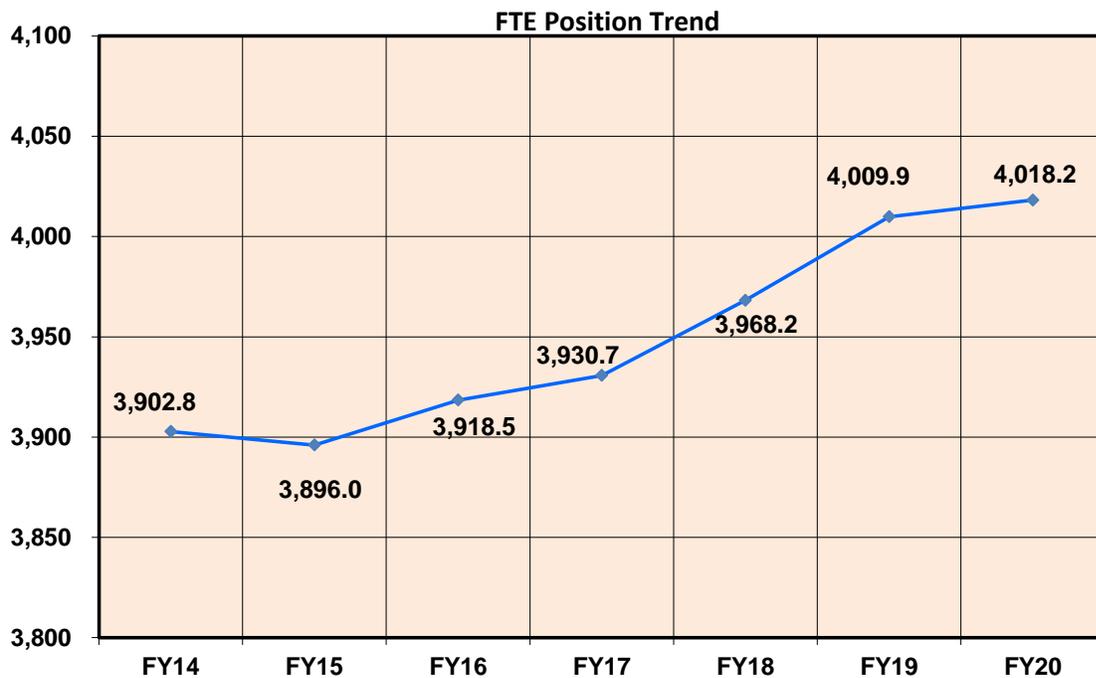


***Criminal Justice functions (including the Sheriff and Courts) account for 73% of all General Fund positions.***

# GENERAL FUND SUMMARY

# General Fund FTE Changes

DIVISION	FY14	FY15	FY16	FY17	FY18	FY19	FY20	19-20 Change
<b>MAYOR'S ADMINISTRATION:</b>								
Administration & Finance	187.5	180.5	174.4	173.4	174.4	177.6	177.6	-
Information Technology	85.0	87.0	87.0	84.0	83.0	85.0	91.0	6.0
Planning & Development	5.0	5.0	5.0	4.0	4.0	3.4	3.4	-
Public Works	143.0	142.0	156.0	161.0	162.0	162.0	161.0	(1.0)
Health Services	146.5	146.0	147.0	148.1	157.1	162.1	162.1	-
Community Services	96.0	94.0	95.0	95.0	96.0	97.0	97.0	-
<b>TOTAL</b>	<b>663.0</b>	<b>654.5</b>	<b>664.4</b>	<b>665.5</b>	<b>676.5</b>	<b>687.2</b>	<b>692.2</b>	<b>5.0</b>
<b>SHERIFF:</b>								
Sheriff Administration	190.0	191.0	186.0	186.0	183.0	183.0	184.0	1.0
Law Enforcement	690.3	691.0	732.0	731.0	776.0	805.0	805.0	-
Jail	1,097.0	1,083.0	1,162.0	1,155.0	1,129.0	1,127.0	1,126.0	(1.0)
<b>TOTAL</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>2,115.0</b>	<b>2,115.0</b>	<b>-</b>
<b>JUDICIAL</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>825.5</b>	<b>6.8</b>
<b>OTHER ELECTED OFFICIALS</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>385.5</b>	<b>(3.5)</b>
<b>TOTAL FTE - GENERAL FUND</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>4,018.2</b>	<b>8.3</b>
Change from prior year		(6.8)	22.4	12.3	37.5	41.7	8.3	
Cumulative Change since FY14		(6.8)	15.7	27.9	65.4	107.1	115.4	



*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.*

# GENERAL FUND SUMMARY

# 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>Information Technology</u></b>		
Clerical Specialist - transferred from Assessor	1.0	\$ 42,934
Geographic Map Technician (2) - transferred from Assessor	2.0	121,831
Office System Technician - transferred from Assessor	1.0	60,815
Programmer Analyst II (2) - transferred from Assessor	2.0	186,908
<i>Total Information Technology</i>	<u>6.0</u>	<u>412,488</u>
<b><u>Public Works</u></b>		
Manager A - transferred to Roads & Bridges	(1.0)	(98,012)
<b>Net FTE Change - Mayor's Administration</b>	<b><u>5.0</u></b>	<b><u>314,475</u></b>
<b><u>JUDICIAL/COURTS</u></b>		
<b><u>Attorney General</u></b>		
Administrative Services Specialist I - <i>funded from existing positions</i>	1.0	-
Criminal Secretary-AG - <i>funded from existing positions</i>	1.0	-
<i>Total Attorney General</i>	<u>2.0</u>	<u>-</u>
<b><u>Juvenile Court Clerk</u></b>		
Technology Coordinator	1.0	127,103
<b><u>Juvenile Court Judge</u></b>		
Judicial Clerk - <i>previous partial funding by grant</i>	0.3	16,769
Juvenile Services Counselor II	1.0	62,544
Executor Director	0.5	65,343
<i>Total Juvenile Court Judge</i>	<u>1.8</u>	<u>144,656</u>
<b><u>Probate Court Clerk</u></b>		
Principal Court Clerk	1.0	50,985
<b><u>Public Defender</u></b>		
Reentry Support Specialist	1.0	62,078
<b>Net FTE Change - Judicial/Courts</b>	<b><u>6.8</u></b>	<b><u>384,822</u></b>
<b><u>ELECTED OFFICIALS</u></b>		
<b><u>Register</u></b>		
Archives Deeds Technician - added FY19 via resolution for partial year	0.8	53,532
Deeds Community Specialist - added FY19 via resolution for partial year	0.8	61,881
Deeds Processing Clerk - added FY19 via resolution for partial year	0.8	48,085
<i>Total Register</i>	<u>2.5</u>	<u>163,499</u>
<b><u>Assessor</u></b>		
Clerical Specialist - transferred to IT	(1.0)	(42,934)
Geographic Map Technician (2) - transferred to IT	(2.0)	(121,831)
Office System Technician - transferred to IT	(1.0)	(60,815)
Programmer Analyst II (2) - transferred to IT	(2.0)	(186,908)
<i>Total Assessor</i>	<u>(6.0)</u>	<u>(412,488)</u>
<b>Net FTE Change - Elected Officials</b>	<b><u>(3.5)</u></b>	<b><u>(248,989)</u></b>
<b>Total FTE Changes to General Fund</b>	<b><u>8.3</u></b>	<b><u>\$ 450,309</u></b>

<sup>1</sup> Salary and benefits

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