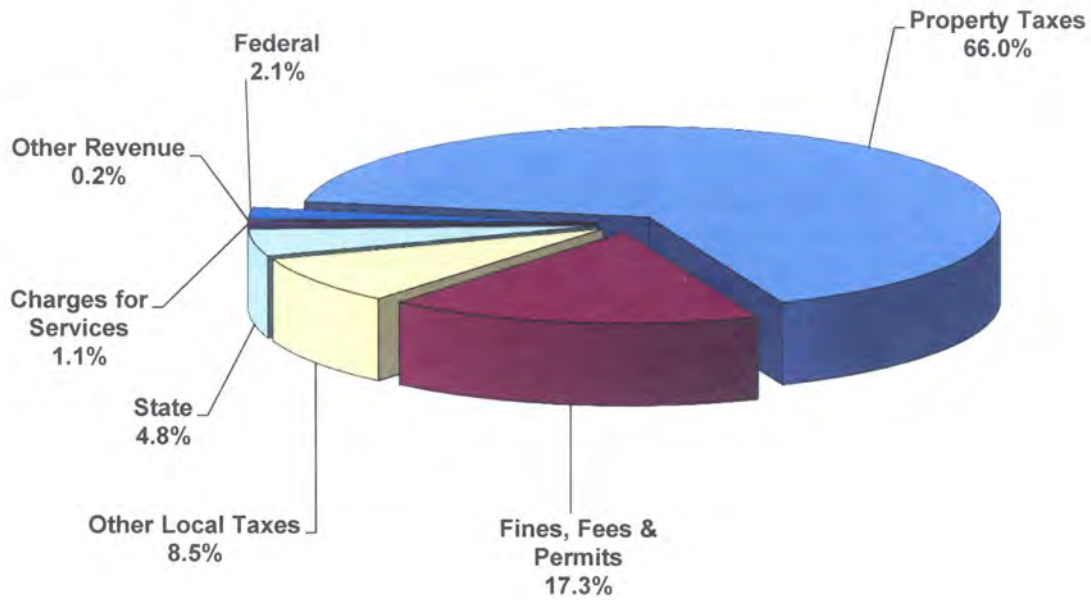


GENERAL FUND SUMMARY



FY13 ADOPTED BUDGET

Where the Money Comes From....

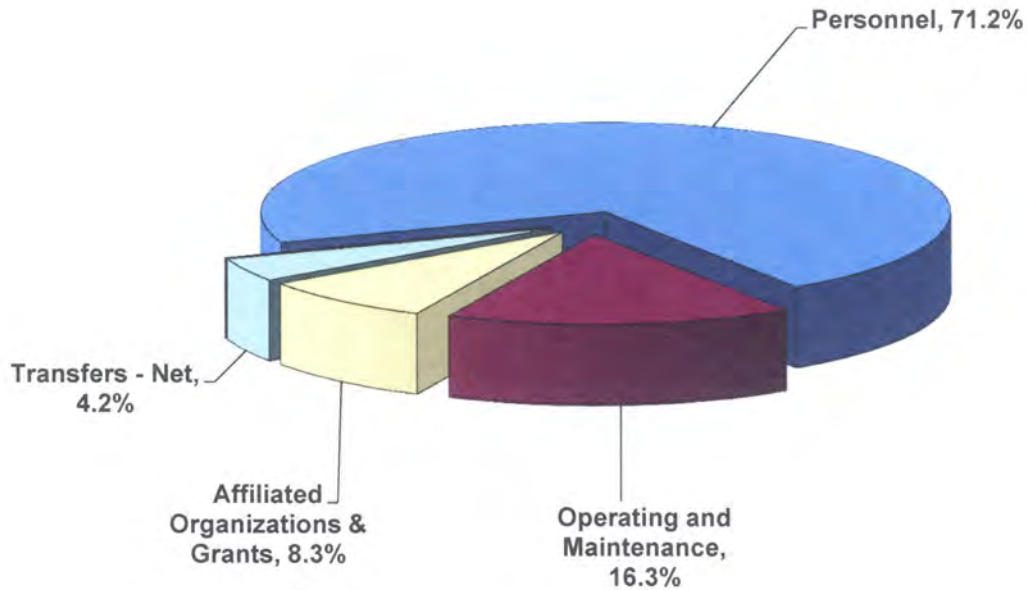


Property taxes are the largest single source of revenue for General Fund operations.

REVENUE SOURCES:

Property Taxes	\$ 240,376,000
Fines, Fees & Permits	62,789,639
Other Local Taxes	30,732,000
Intergovernmental-State	17,509,392
Intergovernmental-Federal	7,466,503
Charges for Services	3,865,510
Other Revenue	798,987
Total Revenue	\$ 363,538,031

....and Where the Money Goes



Personnel expenses represent the largest expenditure category for General Fund Operations.

USE OF FUNDS:

Personnel	\$	258,700,080
Operating, Maintenance, Other		59,334,068
Affiliated Organizations & Grants		30,039,048
Transfers - Net		15,464,835
Total Expenditures	\$	363,538,031

Prime Accounts

General Fund

ACCT	DESCRIPTION	FY09 ACTUAL	FY10 ACTUAL	FY11 ACTUAL	FY12 AMENDED	FY13 ADOPTED
40	Property Taxes	(209,296,318)	(224,297,857)	(240,027,270)	(239,361,000)	(240,376,000)
41	Other Local Taxes	(25,926,056)	(32,278,260)	(36,481,925)	(26,867,000)	(30,732,000)
43	Intergovernmental - State	(31,783,862)	(21,144,826)	(17,585,647)	(20,242,492)	(17,509,392)
44	Intergovernmental - Federal & Local	(15,064,117)	(13,568,726)	(4,508,065)	(5,539,193)	(7,466,503)
45	Charges for Services	(3,961,974)	(4,277,591)	(3,719,872)	(4,110,471)	(3,865,510)
46	Fines, Fees & Permits	(65,702,203)	(62,044,012)	(64,374,244)	(62,025,700)	(62,789,639)
47	Other Revenue	(2,942,212)	(293,240)	(1,067,864)	(237,400)	(251,671)
48	Investment Income	(2,271,856)	(528,661)	(407,727)	(627,022)	(547,316)
	TOTAL REVENUE	(356,948,598)	(358,433,172)	(368,172,614)	(359,010,278)	(363,538,031)
51	Salaries-Regular Pay	177,011,558	176,253,506	176,881,428	188,485,249	188,903,415
52	Salaries-Other Compensation	13,085,431	12,064,358	11,912,964	14,685,062	12,233,749
55	Fringe Benefits	53,639,005	56,233,918	56,951,897	71,478,881	75,822,414
56	Salary Restriction	-	-	-	(18,559,662)	(18,259,497)
	TOTAL SALARIES	243,735,994	244,551,783	245,746,290	256,089,530	258,700,080
60	Supplies & Materials	8,190,161	8,978,881	8,717,023	10,341,745	9,585,357
64	Services & Other Expenses	5,280,029	5,259,098	6,077,443	7,798,885	7,424,912
66	Professional & Contracted Services	31,748,552	29,103,414	27,679,158	28,998,616	30,075,762
67	Rent, Utilities & Maintenance	15,689,865	14,053,334	14,442,257	14,669,436	13,814,967
68	Interfund Services	4,193,310	(627,315)	293,118	1,743,352	1,134,311
70	Capital Asset Acquisitions	2,235,799	2,885,381	872,036	1,335,022	944,910
	TOTAL OPERATING & MAINT	67,337,716	59,652,792	58,081,035	64,887,056	62,980,219
80	DEBT SERVICES	6,253	-	-	50,000	50,000
89	AFFILIATED ORGANIZATIONS	29,398,462	41,699,413	40,514,884	30,410,597	28,679,048
90	GRANTS	706,000	306,000	1,457,520	1,692,000	1,360,000
95	CONTINGENCIES & RESTRICTIONS	-	-	-	(2,639,812)	(2,382,156)
94	OTHER SOURCES & USES	(688,049)	(158,322)	628,350	(575,490)	(335,060)
	TOTAL EXPENDITURES	340,496,376	346,051,667	346,428,079	349,913,881	349,052,131
99	PLANNED FUND BALANCE CHANGE	-	-	-	(3,119,880)	(978,935)
96	Operating Transfers In	(10,930,745)	(3,989,297)	(1,373,180)	(2,170,936)	(2,000,334)
98	Operating Transfers Out	17,994,878	13,693,197	14,517,504	14,387,213	17,465,169
	NET TRANSFERS	7,064,133	9,703,899	13,144,324	12,216,277	15,464,835
	TOTAL GENERAL FUND	(9,388,089)	(2,677,606)	(8,600,211)	-	-

Net Expenditures by Division

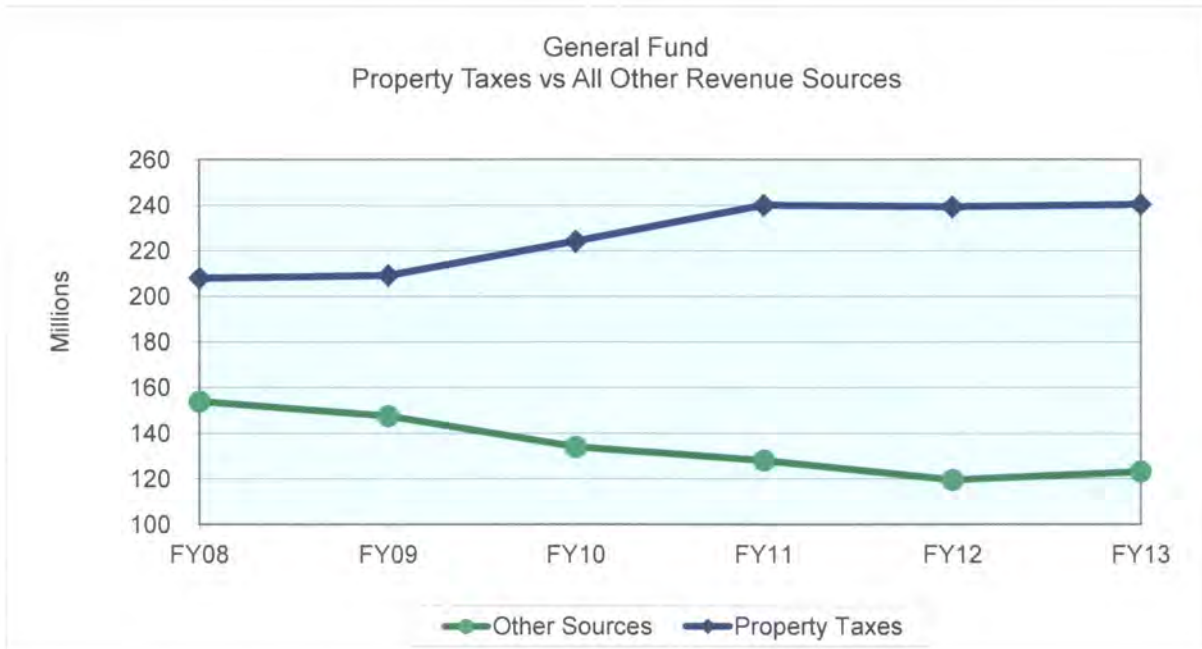
General Fund

Description	FY09 ACTUAL	FY10 ACTUAL	FY11 ACTUAL	FY12 AMENDED	FY13 ADOPTED
MAYOR'S ADMINISTRATION:					
Administration & Finance	(201,082,077)	(202,358,351)	(211,682,928)	(222,017,153)	(220,430,765)
Planning & Development	497,451	472,751	412,247	433,760	388,020
Public Works	15,280,808	14,758,119	16,155,134	16,753,231	16,619,542
Health Services	14,745,914	19,679,916	20,251,369	20,683,309	21,075,638
Community Services	4,963,024	6,618,401	7,575,397	7,639,442	7,748,478
SUBTOTAL	(165,594,878)	(160,829,164)	(167,288,781)	(176,507,411)	(174,599,086)
SHERIFF:					
Sheriff Administration	17,439,903	17,718,063	15,705,105	10,261,205	8,558,177
Law Enforcement	46,148,652	47,778,354	50,047,428	55,039,718	56,071,047
Jail	72,035,431	71,810,675	70,701,363	80,219,505	79,988,240
SUBTOTAL	135,623,986	137,307,092	136,453,896	145,520,427	144,617,464
JUDICIAL:					
Chancery Court	(2,212,253)	(1,851,749)	(2,761,929)	(1,890,021)	(1,886,731)
Circuit Court	(262,829)	(531,473)	(618,608)	(229,892)	(298,365)
Criminal Court	147,420	(21,084)	(675,219)	(175,334)	(70,574)
General Sessions Court	944,529	1,662,289	2,381,836	3,593,717	3,752,522
Probate Court	531,548	550,865	543,122	631,973	640,877
Juvenile Court	16,278,362	18,242,936	17,570,456	19,547,525	19,416,719
Attorney General	7,843,896	8,423,993	9,069,267	9,642,429	9,613,523
Other Judicial	5,617,455	6,103,024	6,393,384	7,074,650	7,120,693
SUBTOTAL	28,888,126	32,578,802	31,902,310	38,195,048	38,288,664
OTHER ELECTED OFFICIALS:					
Legislative Operations	1,609,080	1,719,477	1,759,730	1,851,688	1,741,426
Equal Opportunity	709,865	727,793	681,864	842,402	939,362
Assessor	9,418,991	6,720,714	9,601,197	10,251,710	10,353,261
County Clerk	(4,495,231)	(4,908,431)	(4,725,968)	(4,246,722)	(4,439,401)
Register	(1,818,425)	(1,459,066)	(1,637,276)	(1,714,267)	(1,581,120)
Trustee	(13,729,604)	(14,534,822)	(15,347,183)	(14,192,877)	(15,320,570)
SUBTOTAL	(8,305,324)	(11,734,335)	(9,667,636)	(7,208,066)	(8,307,042)
TOTAL GENERAL FUND	(9,388,089)	(2,677,606)	(8,600,211)	-	-

Revenue Overview

General Fund

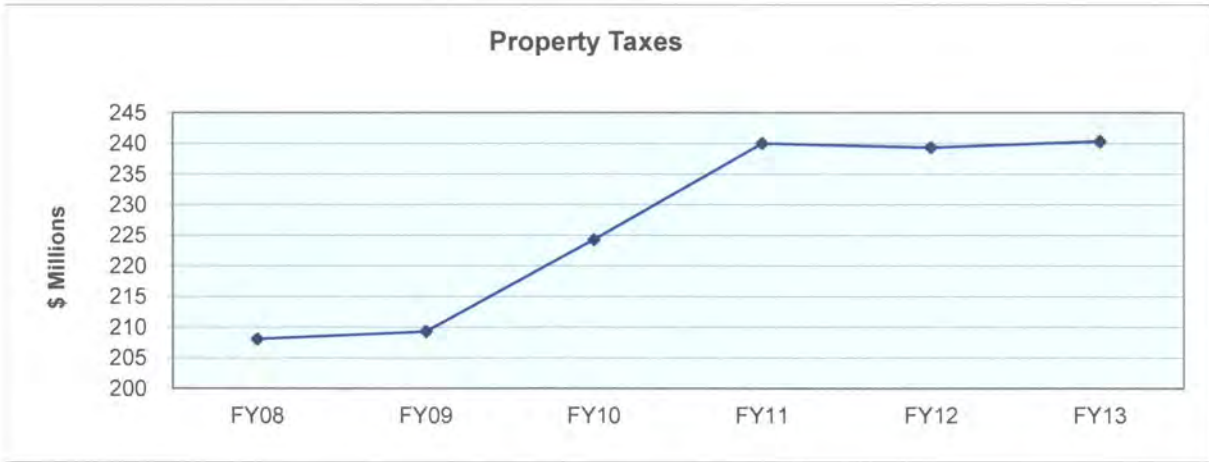
REVENUE SOURCE	FY09 Actual	FY10 Actual	FY11 Actual	FY12 Amended	FY13 Adopted
Property Taxes	(209,296,318)	(224,297,857)	(240,027,270)	(239,361,000)	(240,376,000)
% of Total	58.6%	62.6%	65.2%	66.7%	66.0%
Fines, Fees & Permits	(65,702,203)	(62,044,012)	(64,374,244)	(62,025,700)	(62,789,639)
% of Total	18.4%	17.3%	17.5%	17.3%	17.3%
Other Local Taxes	(25,926,056)	(32,278,260)	(36,481,925)	(26,867,000)	(30,732,000)
% of Total	7.3%	9.0%	9.9%	7.5%	8.5%
Intergovernmental - State	(31,783,862)	(21,144,826)	(17,585,647)	(20,242,492)	(17,509,392)
% of Total	8.9%	5.9%	4.8%	5.6%	4.8%
Intergovernmental-Fed&Local	(15,064,117)	(13,568,726)	(4,508,065)	(5,539,193)	(7,466,503)
% of Total	4.2%	3.8%	1.2%	1.5%	2.1%
Charges for Services	(3,961,974)	(4,277,591)	(3,719,872)	(4,110,471)	(3,865,510)
% of Total	1.1%	1.2%	1.0%	1.1%	1.1%
Other Revenue	(2,942,212)	(293,240)	(1,067,864)	(237,400)	(251,671)
% of Total	0.8%	0.1%	0.3%	0.1%	0.1%
Interest Income	(2,271,856)	(528,661)	(407,727)	(627,022)	(547,316)
% of Total	0.6%	0.1%	0.1%	0.2%	0.1%
Total General Fund Revenue	(356,948,598)	(358,433,172)	(368,172,614)	(359,010,278)	(363,538,031)
% Change from Prior Year	2.4%	0.4%	2.7%	-2.5%	1.3%
\$ Change from Prior Year (Decrease)		1,484,574	9,739,442	-9,162,336	4,527,753



Property tax revenue has increased in relative share to other types of taxes and fees 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 66.0% of total General Fund revenues. The relative share of property taxes to all other revenue sources in the general fund has grown over the past five years, as shown in the graph on the previous page. This growth includes a shift of three cents from Debt Service to the General Fund for FY12 and a shift of eight cents from Education to the General Fund in FY11. Further details and discussion of property taxes are provided in the "All Funds Summary" section.



Fines, Fees & Permits represent the second largest source of General Fund income at 17.3% of total revenue. This category includes fees collected by the Courts and Other Elected Officials such as the County Clerk, Register and Trustee. While these collections have declined in total over the past four years, the FY13 Budget is 1.2% higher than FY12, primarily driven by the increase in the Trustee Commission based on property tax collections. Fees collected by the Courts continue to reflect the effects of the economic conditions due to unemployment and the associated inability to pay.



Other Local Taxes contribute 8.5% of all General Fund revenues, which is a 1.0% more than the current year budgeted level. This category includes Business and Alcohol Taxes, Interest & Penalty on Taxes, and In-Lieu-of-Tax payments collected from MLG&W and the TVA. The increase in FY13 is attributed primarily to the expectation of collecting partial payments from the City of Memphis for the MLGW in Lieu of Tax that has been in dispute for the past two years. Business taxes have also been increased by \$1M for FY13, based on actual collections in FY11.



Intergovernmental Revenue collected from the State of Tennessee accounts for 4.8% of all General Fund revenue. This amount has been adjusted downward from the FY12 amended budget to the actual level collected in the prior year. State revenue includes the County share of the State Sales Tax, the TVA Replacement Tax and various grant programs and reimbursements.

Intergovernmental Revenue - Federal & Local sources contribute 2.1% to the County General Fund. The reduction in this category compared to several years ago reflects the loss of reimbursements from the City of Memphis.

Charges for Services, Other Revenue Sources and Interest Income account for only about 1.3% of all General Fund revenues. The reduction in Other Revenue from prior years is the result primarily of reclassifying amounts previously budgeted in Miscellaneous Revenue to more specific accounts.

Fund Balance Analysis

General Fund

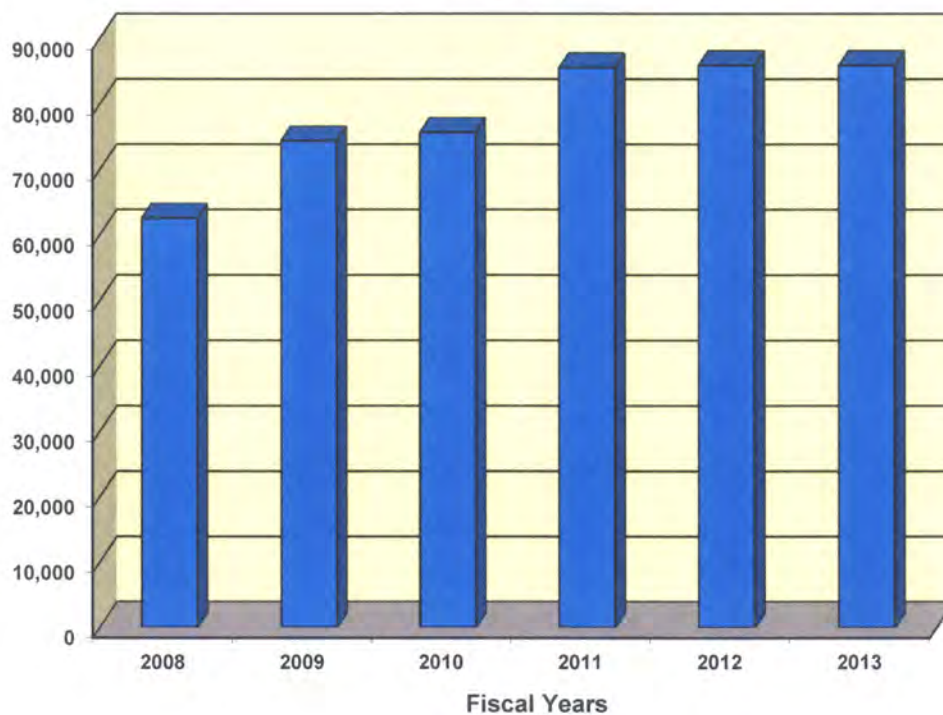
Fund Balance is a term used to express equity - the excess of what the County owns (assets) over what the County owes (liabilities) for a single fund. A healthy fund balance is important to financial planning and budgeting for the following reasons:

- To provide funds for unforeseen expenses or emergencies
- To reduce the need for short-term borrowing by ensuring that sufficient cash flow is available
- To demonstrate financial stability for higher bond ratings and lower cost of debt issuance

Shelby County has maintained an average fund balance of about 22% of revenues over the past six years. This is within the range of the 15-25% minimum specified by Shelby County policy.

Summary of General Fund Balance

Fiscal Years 2008 - 2013 at June 30
(in thousands)



	2008 Actual	2009 Actual	2010 Actual	2011 Actual	2012 Projected	2013 Budget
Beginning Fund Balance at July 1	51,298	65,504	75,165	78,158	86,867	88,617 ¹
Revenue	363,139	357,946	358,638	368,186	359,500	363,538
Expenditures and Transfers	-348,933	-348,285	-355,645	-359,477	-357,750	-364,517
Ending Fund Balance at June 30	65,504	75,165	78,158	86,867	88,617	87,638 ¹
Change from Prior Year		9,661	2,993	8,709	1,750	-979 ²
Unassigned Ending Fund Balance	62,563	74,393	75,694	85,635	86,217	86,138 ³
Unassigned as a % of Revenue	17.23%	20.78%	21.11%	23.26%	23.98%	23.69%

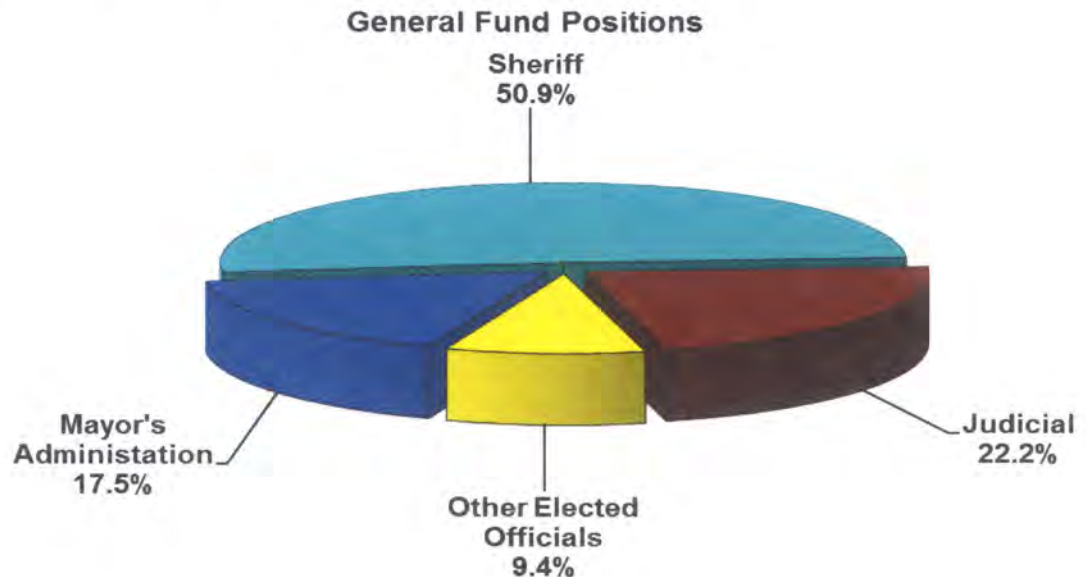
¹ Reflects Total Fund Balance including Restricted, Committed, Assigned and Unassigned

² Planned Use of Fund Balance in FY13 for contributions to several non-profit organizations.

³ Unassigned Fund Balance

Personnel costs account for about 71% of all General Fund expenditures. That factor makes Position Control the most significant single element for cost containment. To control the impact of escalating salaries and related fringe benefits, several measures have been implemented over the past several years:

- A gradual **workforce reduction** has been achieved primarily through planned elimination of vacant positions rather than layoffs. This strategy has resulted in the gradual elimination of over 400 positions – about 10% of the workforce – over the past five years, without a significant reduction in services.
- A **Hiring Oversight committee** was established to review all requests to fill vacant positions. Only those considered "essential" to operations are approved for hire.
- General **salary increases were deferred** for fiscal years 2009, 2010 and 2012. A general increase of 2% was approved for Fiscal 2011 and 1% for Fiscal 2013. A stipend of \$650 was paid to all employees in January 2012.
- **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.
- Transition of **permanent positions to temporary status** has been promoted when feasible to provide flexibility in seasonal staffing levels while reducing some benefit costs and future pension liability.
- **Limitations to benefits** offered for personal and sick leave, retirement, and health coverage have been considered, with some reductions applied to newly hired employees. Existing employees will contribute more to specified pension plans and share the cost of health coverage rate increases.



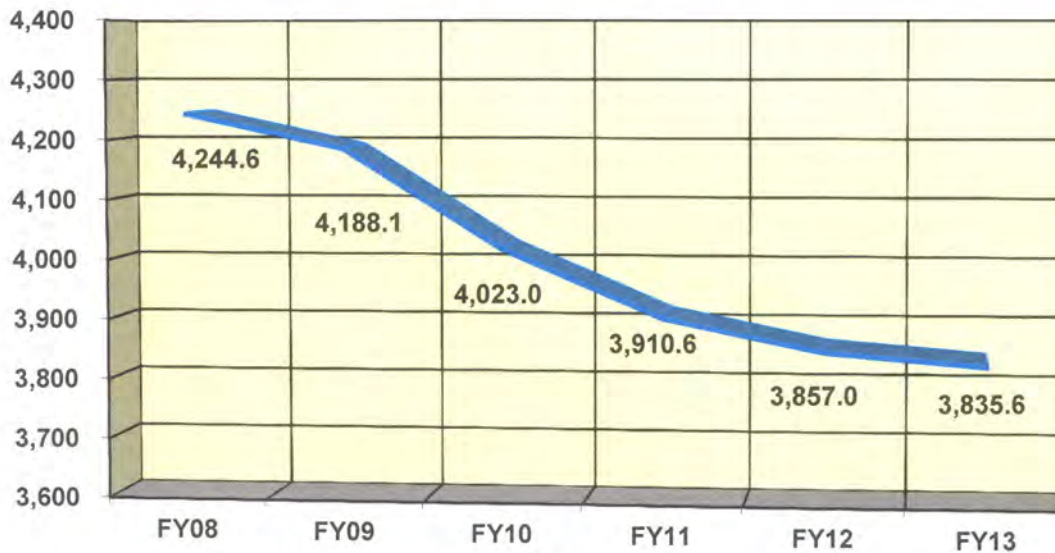
The Sheriff accounts for 50.9% of all General Fund positions.

FTE Position Trends

General Fund

DIVISION	FY08	FY09	FY10	FY11	FY12	FY13	12-13 Change
MAYOR'S ADMINISTRATION:							
Administration & Finance	308.0	313.0	290.0	282.0	276.0	277.5	1.5
Planning & Development	6.6	6.6	6.6	6.5	5.7	5.0	-0.7
Public Works	175.0	169.0	145.0	157.0	146.0	139.0	-7.0
Health Services	254.0	253.0	212.9	166.5	156.8	152.6	-4.2
Community Services	89.0	87.0	97.0	102.1	97.1	97.1	0.0
TOTAL	832.6	828.6	751.5	714.1	681.6	671.2	-10.4
SHERIFF:							
Sheriff Administration	211.0	207.0	202.0	197.0	196.0	192.0	-4.0
Law Enforcement	652.0	646.0	646.8	647.8	650.8	649.8	-1.0
Jail	1,223.0	1,198.0	1,164.0	1,128.0	1,117.0	1,111.0	-6.0
TOTAL	2,086.0	2,051.0	2,012.8	1,972.8	1,963.8	1,952.8	-11.0
JUDICIAL	923.0	912.5	883.7	854.7	852.7	852.7	0.0
OTHER ELECTED OFFICIALS	403.0	396.0	375.0	369.0	359.0	359.0	0.0
TOTAL POSITIONS - GENERAL FUND	4,244.6	4,188.1	4,023.0	3,910.6	3,857.0	3,835.6	-21.4
Change in Positions from previous year		(56.5)	(165.1)	(112.4)	(53.5)	(21.4)	
Annual % Change		-1.3%	-3.9%	-2.8%	-1.4%	-0.6%	
Cumulative Change						(409.0)	-10.0%

General Fund Positions Trend



General Fund positions have been reduced by 10% over the past five years.

COUNTY GRANTS

The County Grants section, within the Division of Administration and Finance, reports grants and subsidies to various 501(c)3 not-for-profit organizations as defined by State law. The following organizations will receive funding from Shelby County in FY13 (see Section 201301 Program Budget for more details about these organizations):

Section	Organization or Program Name:	FY11 Actual	FY12 Amended	FY13 Adopted
201301	9001 - Sickle Cell Anemia	\$ -	\$ 250,000	\$ -
201301	9006 - Exchange Club Family Center	138,000	138,000	138,000
201301	9008 - Penny Hardaway's Fast Break Courts*	-	-	300,000
201301	9009 - Hattiloo Theatre	-	-	25,000
201301	9010 - Big Brothers/Big Sisters	-	-	100,000
201301	9017 - Map South Inc.	46,000	46,000	46,000
201301	9018 - Memphis Food Bank	37,260	37,000	37,000
201301	9020 - Family Safety Center	138,000	138,000	138,000
201301	9021 - MIFA Parenting Institute	23,000	23,000	23,000
201301	9022 - Shelby County Books From Birth	-	-	35,000
201301	9025 - Fast Forward Program	1,000,000	1,000,000	-
201301	9070 - Community Alliance For The Homeless	37,260	37,000	45,000
201301	9071 - Community Alliance - Housing	-	-	200,000
201301	9072 - Community Alliance - Services	-	-	250,000
201301	9091 - Memphis Area Legal Services	15,000	-	-
201301	9092 - CASA of Memphis & Shelby County	23,000	23,000	23,000
Total County Grants		\$ 1,457,520	\$ 1,692,000	\$ 1,360,000

*Grant is contingent upon the selection of an inner city location for construction of the facility.