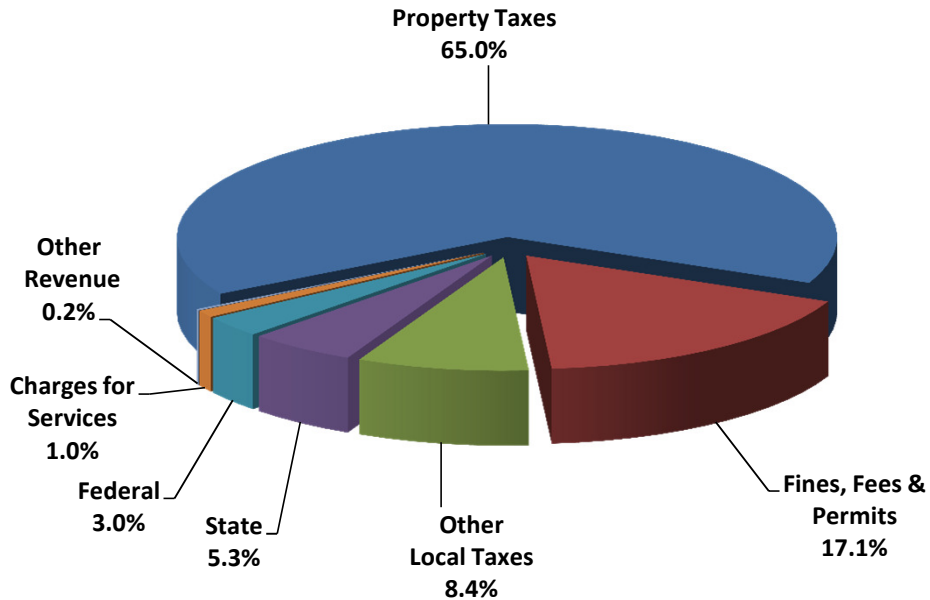


GENERAL FUND SUMMARY



FY14 ADOPTED BUDGET

Where the Money Comes From....

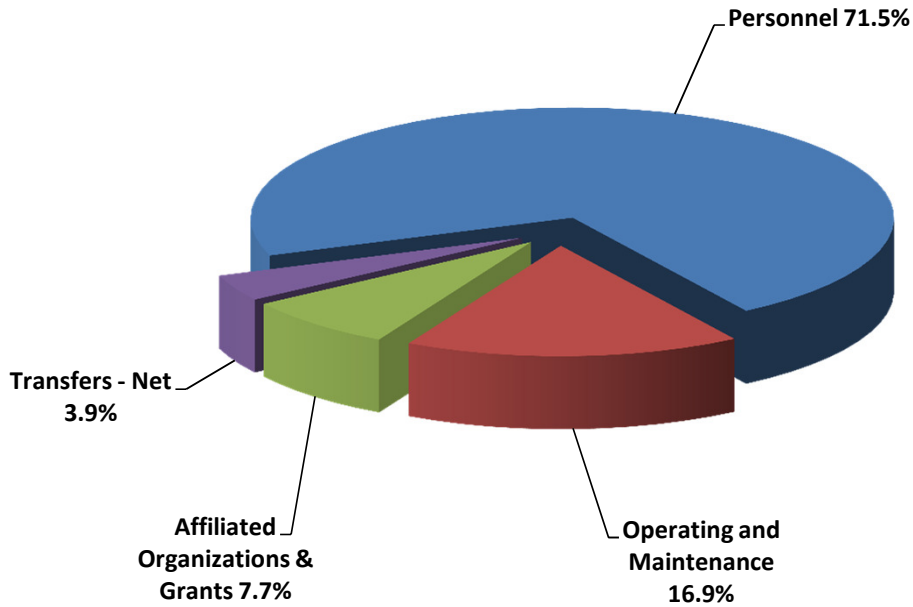


Property taxes are the largest single source of revenue for General Fund operations.

REVENUE SOURCES:

Property Taxes	\$	243,356,000
Fines, Fees & Permits		64,210,041
Other Local Taxes		31,426,000
Intergovernmental-State		19,721,659
Intergovernmental-Federal		11,286,217
Charges for Services		3,842,441
Other Revenue		762,471
Total Revenue	\$	<u><u>374,604,828</u></u>

....and Where the Money Goes



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

USE OF FUNDS:

Personnel	\$	267,818,516
Operating, Maintenance, Other		63,200,259
Affiliated Organizations & Grants		29,011,848
Transfers - Net		14,574,205
Total Expenditures	\$	374,604,828

Prime Accounts

General Fund

ACCT	DESCRIPTION	FY10 ACTUAL	FY11 ACTUAL	FY12 ACTUAL	FY13 AMENDED	FY14 ADOPTED
40	Property Taxes	(224,297,857)	(240,027,270)	(242,951,329)	(240,376,000)	(243,356,000)
41	Other Local Taxes	(32,278,260)	(36,481,925)	(28,298,234)	(30,732,000)	(31,426,000)
43	Intergovernmental - State	(21,144,826)	(17,585,647)	(17,552,358)	(17,592,992)	(19,721,659)
44	Intergovernmental - Federal & Local	(13,568,726)	(4,508,065)	(3,962,130)	(8,396,440)	(11,286,217)
45	Charges for Services	(4,277,591)	(3,719,872)	(3,689,453)	(3,958,030)	(3,842,441)
46	Fines, Fees & Permits	(62,044,012)	(64,374,244)	(65,071,272)	(62,704,319)	(64,210,041)
47	Other Revenue	(293,240)	(1,067,864)	(347,713)	(251,671)	(297,271)
48	Investment Income	(528,661)	(407,727)	(477,789)	(547,316)	(465,200)
	TOTAL REVENUE	(358,433,172)	(368,172,614)	(362,350,277)	(364,558,768)	(374,604,828)
51	Salaries-Regular Pay	176,253,506	176,881,428	174,124,897	190,130,350	191,236,765
52	Salaries-Other Compensation	12,064,358	11,912,964	15,620,556	12,462,051	12,315,645
55	Fringe Benefits	56,233,918	56,951,897	64,758,149	76,416,341	81,225,891
56	Salary Restriction	-	0	-	(19,051,015)	(16,959,785)
	TOTAL SALARIES	244,551,783	245,746,290	254,503,602	259,957,727	267,818,516
60	Supplies & Materials	8,978,881	8,717,023	9,126,365	10,515,292	9,568,754
64	Services & Other Expenses	5,259,098	6,077,443	6,879,464	8,400,182	8,164,097
66	Professional & Contracted Services	29,103,414	27,679,158	27,509,909	30,546,200	33,025,194
67	Rent, Utilities & Maintenance	14,053,334	14,442,257	13,549,430	14,182,628	14,238,139
68	Interfund Services	(627,315)	293,118	1,656,565	614,290	96,669
70	Capital Asset Acquisitions	2,885,381	872,036	1,258,538	2,477,590	1,221,540
	TOTAL OPERATING & MAINT	59,652,792	58,081,035	59,980,272	66,736,182	66,314,392
	80 - DEBT SERVICES	-	-	-	50,000	-
	89 - AFFILIATED ORGANIZATIONS	41,699,413	40,514,884	29,253,673	28,480,299	28,376,848
	90 - GRANTS	306,000	1,457,520	1,692,000	1,337,000	635,000
	95 - CONTINGENCIES & RESTRICTIONS	-	-	-	(2,563,533)	(2,789,073)
	94 - OTHER SOURCES & USES	(158,322)	628,350	(1,636,758)	(335,060)	(325,060)
	TOTAL EXPENDITURES	346,051,667	346,428,079	343,792,788	353,662,615	360,030,623
	99 - PLANNED FUND BALANCE CHANGE	-	-	-	(4,612,091)	-
96	Operating Transfers In	(3,989,297)	(1,373,180)	(1,316,667)	(2,100,654)	(2,130,608)
98	Operating Transfers Out	13,693,197	14,517,504	13,841,465	17,608,898	16,704,813
	NET TRANSFERS	9,703,899	13,144,324	12,524,798	15,508,244	14,574,205
	TOTAL GENERAL FUND	(2,677,606)	(8,600,211)	(6,032,691)	-	-

Net Expenditures by Division

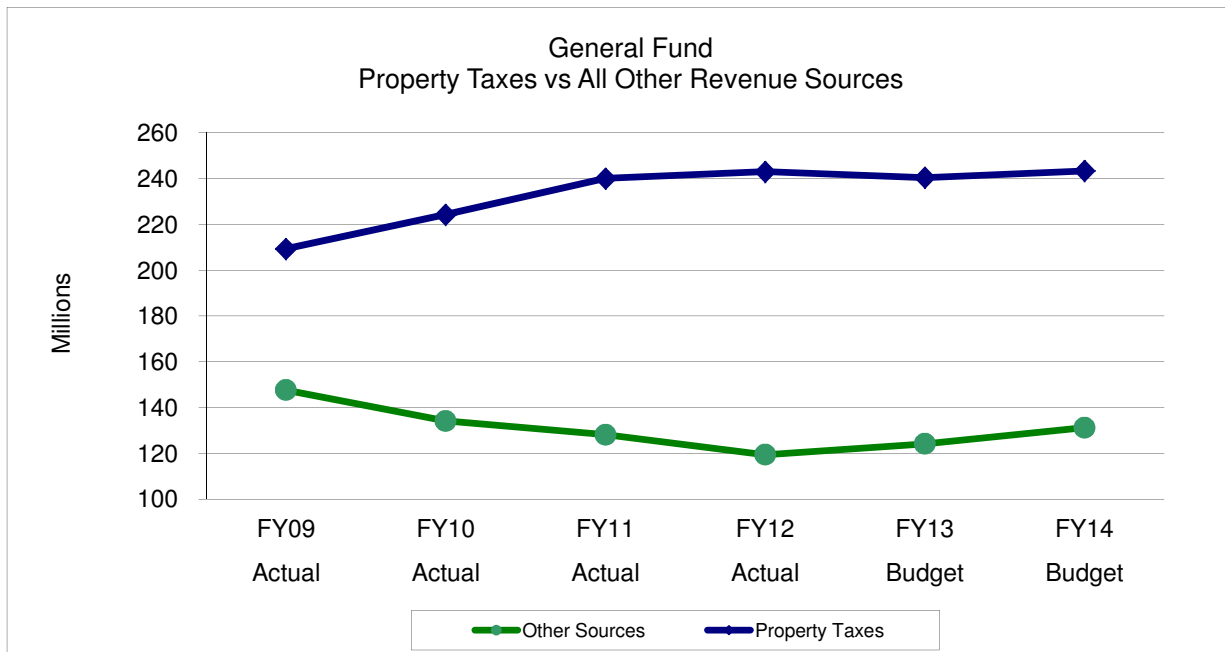
General Fund

	FY10 ACTUAL	FY11 ACTUAL	FY12 ACTUAL	FY13 AMENDED	FY14 ADOPTED
MAYOR'S ADMINISTRATION:					
Administration & Finance	(209,543,579)	(218,630,982)	(226,711,482)	(232,047,372)	(233,819,451)
Information Technology	7,185,227	6,948,054	7,502,145	8,493,394	8,575,755
Planning & Development	472,751	412,247	384,117	399,545	405,287
Public Works	14,758,119	14,956,972	16,336,233	16,631,278	16,765,310
Health Services	19,679,916	21,449,530	20,656,753	20,583,077	21,680,099
Community Services	6,618,401	7,575,397	8,131,192	7,748,478	7,576,344
SUBTOTAL	(160,829,164)	(167,288,781)	(173,701,040)	(178,191,600)	(178,816,656)
SHERIFF:					
Sheriff Administration	17,718,063	15,700,129	16,874,436	10,506,438	9,297,484
Law Enforcement	47,778,354	50,052,404	52,992,077	57,204,564	60,079,459
Jail	71,810,675	70,701,363	73,181,715	78,953,497	80,419,930
SUBTOTAL	137,307,092	136,453,896	143,048,228	146,664,499	149,796,873
JUDICIAL:					
Chancery Court	(1,851,749)	(2,761,929)	(2,585,180)	(1,884,561)	(2,089,153)
Circuit Court	(531,473)	(618,608)	(544,705)	(296,078)	(225,008)
Criminal Court	(21,084)	(675,219)	(339,279)	(68,404)	82,292
General Sessions Court	1,662,289	2,381,836	2,631,621	3,754,693	3,700,929
Probate Court	550,865	543,122	576,866	643,048	670,980
Juvenile Court	18,242,936	17,570,456	18,422,077	19,418,890	20,098,995
Attorney General	8,423,993	9,069,267	9,447,823	9,613,523	9,750,135
Public Defender	5,098,520	5,348,453	5,753,620	6,352,660	7,404,060
Divorce Ref. / Jury Comm.	1,004,504	1,044,931	1,062,021	1,194,010	1,203,316
SUBTOTAL	32,578,802	31,902,310	34,424,864	38,727,783	40,596,546
OTHER ELECTED OFFICIALS:					
Legislative Operations	1,719,475	1,759,730	1,704,463	3,041,426	2,454,898
Equal Opportunity	727,793	681,864	597,471	739,362	750,745
Assessor	6,720,714	9,601,197	9,650,697	10,355,432	7,692,618
County Clerk	(4,908,431)	(4,725,968)	(4,535,555)	(4,438,045)	(4,649,349)
Register	(1,459,066)	(1,637,276)	(1,743,026)	(1,579,764)	(2,098,829)
Trustee	(14,534,822)	(15,347,183)	(15,478,794)	(15,319,097)	(15,726,845)
SUBTOTAL	(11,734,335)	(9,667,636)	(9,804,743)	(7,200,685)	(11,576,763)
TOTAL GENERAL FUND	(2,677,606)	(8,600,211)	(6,032,691)	-	-

Revenue Overview

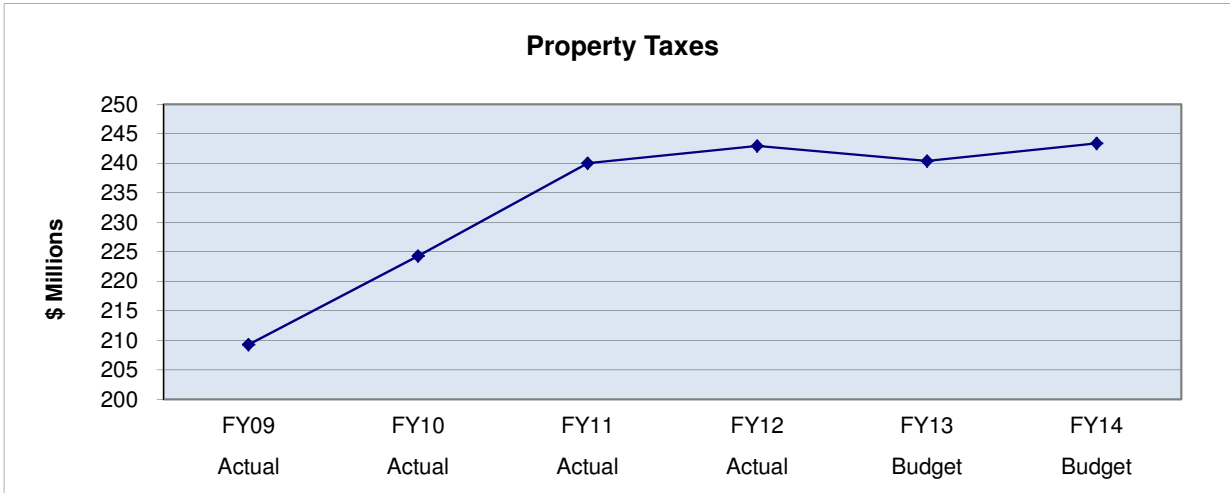
General Fund

REVENUE SOURCE	FY10 Actual	FY11 Actual	FY12 Actual	FY13 Amended	FY14 Adopted
Property Taxes	(224,297,857)	(240,027,270)	(242,951,329)	(240,376,000)	(243,356,000)
% of Total	62.6%	65.2%	67.0%	65.9%	65.0%
Fines, Fees & Permits	(62,044,012)	(64,374,244)	(65,071,272)	(62,704,319)	(64,210,041)
% of Total	17.3%	17.5%	18.0%	17.2%	17.1%
Other Local Taxes	(32,278,260)	(36,481,925)	(28,298,234)	(30,732,000)	(31,426,000)
% of Total	9.0%	9.9%	7.8%	8.4%	8.4%
Intergovernmental - State	(21,144,826)	(17,585,647)	(17,552,358)	(17,592,992)	(19,721,659)
% of Total	5.9%	4.8%	4.8%	4.8%	5.3%
Intergovernmental-Fed&Local	(13,568,726)	(4,508,065)	(3,962,130)	(8,396,440)	(11,286,217)
% of Total	3.8%	1.2%	1.1%	2.3%	3.0%
Charges for Services	(4,277,591)	(3,719,872)	(3,689,453)	(3,958,030)	(3,842,441)
% of Total	1.2%	1.0%	1.0%	1.1%	1.0%
Other Revenue	(293,240)	(1,067,864)	(347,713)	(251,671)	(297,271)
% of Total	0.1%	0.3%	0.1%	0.1%	0.1%
Interest Income	(528,661)	(407,727)	(477,789)	(547,316)	(465,200)
% of Total	0.1%	0.1%	0.1%	0.2%	0.1%
Total General Fund Revenue	(358,433,172)	(368,172,614)	(362,350,277)	(364,558,768)	(374,604,828)
% Change from Prior Year	2.8%	2.7%	-1.6%	0.6%	2.8%
\$ Change from Prior Year (Decrease)		9,739,442	-5,822,337	2,208,491	10,046,060

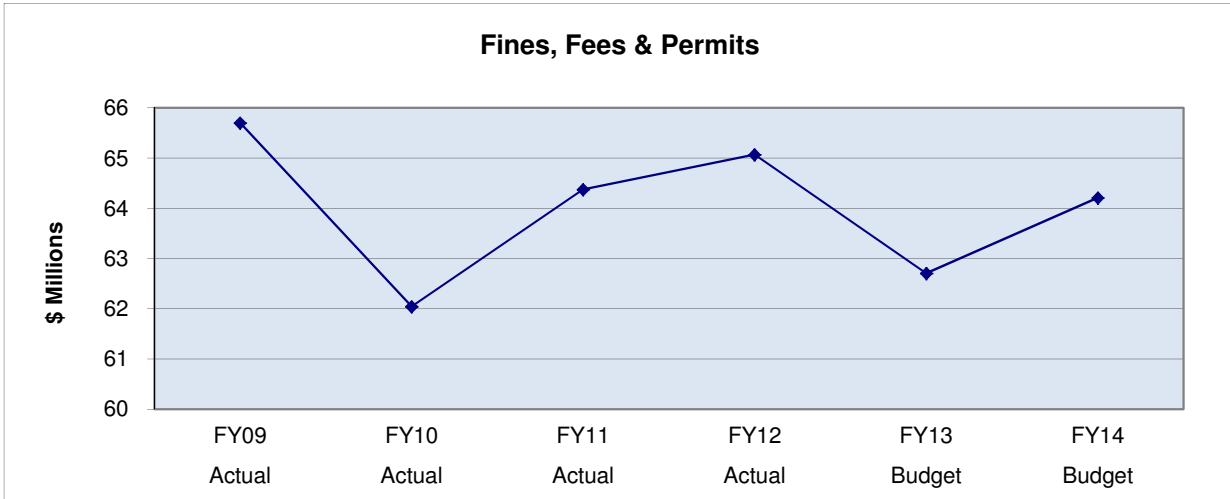


GENERAL FUND REVENUE TRENDS AND ASSUMPTIONS

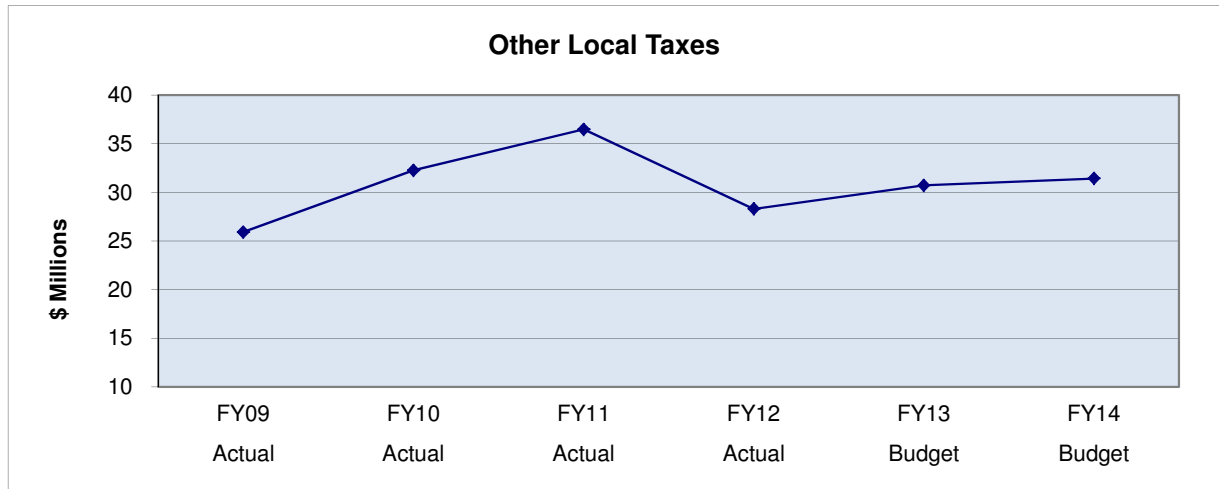
Property Tax Revenues continue to provide the primary source of operating funds for Shelby County, accounting for 65.0% of total General Fund revenues. An overall increase of \$2.1 million in current property tax revenue reflects an improved collection rate trend. The property tax basis was "equalized" for FY14 at the FY13 budget level through the certified tax rate calculation. An additional \$.9 million is included for delinquent tax collections. Prior year increases reflected a shift of three cents from Debt Service to the General Fund (FY12) and a shift of eight cents from Education to the General Fund (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 17.1% of total revenue. This category includes fees collected by the Courts and Other Elected Officials such as the County Clerk, Register and Trustee. The FY14 Adopted Budget amount is \$1.5 million higher than the current budget, although less than the actual collections for FY12. Court fees have been adjusted upward to match the current collection trends. In FY14, County Clerk fees are increasing almost \$300K due to a relicensing of Hertz rental vehicles. An increase of \$550K for the County Register fees reflects an increase in real estate transactions due to the improving housing market and refinance activity. Included in this category are commissions collected by the County Trustee (\$21.6 million).



Other Local Taxes contribute 8.4% of all General Fund revenues or 2.4% more than the FY13 budget. This increase is driven primarily by increased collections for Business Taxes (+\$2.0 million) since that function was assumed by the State. This category also includes Interest & Penalty on Taxes (\$9.2 million) and In-Lieu-of-Tax payments collected from MLG&W and the TVA. The Wholesale Beer Tax has been reduced by half due to recent annexations by the City of Memphis.



Intergovernmental Revenue collected from the State of Tennessee accounts for 5.3% of all General Fund revenue. State revenue includes the County share of the State Sales Tax, State Income Tax, the TVA Replacement Tax and various grant programs and reimbursements.

Intergovernmental Revenue - Federal & Local sources contribute 3.0% to the County General Fund. The increase in this category includes reimbursements from the City of Memphis and other County municipalities for the cost of the 2013 reappraisal (\$2.8 million) and reimbursements for services provides by the Trustee and the Retirement offices for other municipalities and for Elections.

Charges for Services, Other Revenue Sources and Interest Income account for only about 1.2% of all General Fund revenues. Over 60% of this revenue is derived from the Inmate Phone System, TennCare Revenue, Pretrial Program fees and concessions at the Edmund Orgill Golf Course.

Position Control Budget

General Fund

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 350 positions – about 8% of the workforce – over the past six years, without significant reduction in services.
- A **Hiring Oversight committee** was established to review all requests to fill vacant position or to reclassify positions with a resulting salary increase.
- General **salary increases have been limited to only 1.4% over the past 10 years**, as shown in the table below. Increases were deferred for fiscal years 2009, 2010, 2012 – and again for 2014.

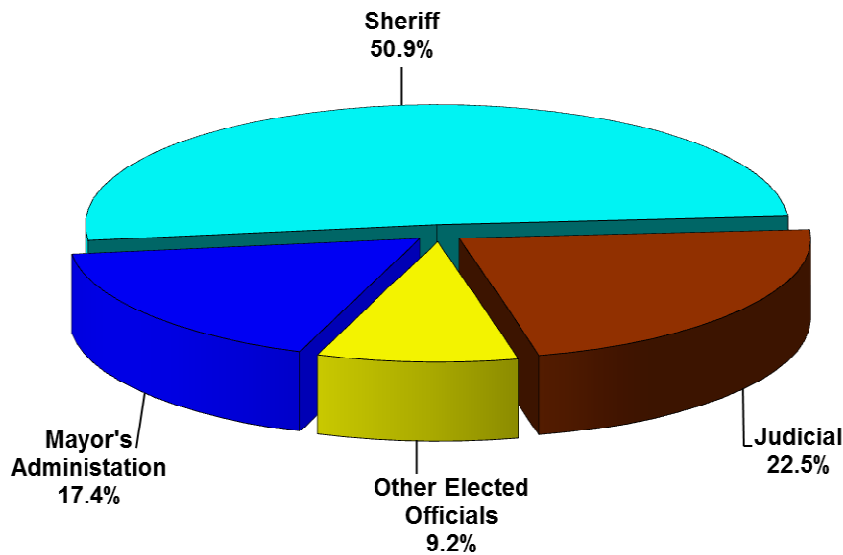
	Increase	Stipend	Date
FY14	-		
FY13	1%		7/1/12
FY12	-	\$650	1/1/12
FY11	2%		7/1/10
FY10	-		
FY09	-		
FY08	3%		10/1/07
FY07	3%		10/1/06
FY06	3%		9/1/05
FY05	2%		10/1/04
FY04	-		

- **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.

Even with these control factors in place, however, the County faces major obstacles to maintaining this trend in workforce reduction and cost containment. Some of those factors include:

1. **Public safety** remains a high priority for Shelby County, so reductions in this area are unpopular. About 51% of all General Fund employees are allocated to the Sheriff; therefore, administrative positions have been reduced at a proportionately higher rate than public safety positions. The feasibility of further staff reductions in non-public safety areas is limited by the need to maintain adequate staffing levels to continue to provide the required services.
2. **Escalating costs** for health insurance, pensions and other post-employment benefits continue to impact the total expense associated with base salaries. The total cost of salaries and benefits has continued to rise even as the workforce is reduced.
3. **Cost of living increases** and inflation (including health care costs passed on to employees and some reductions in benefits) necessitate some level of salary adjustments to retain quality employees.

General Fund Positions



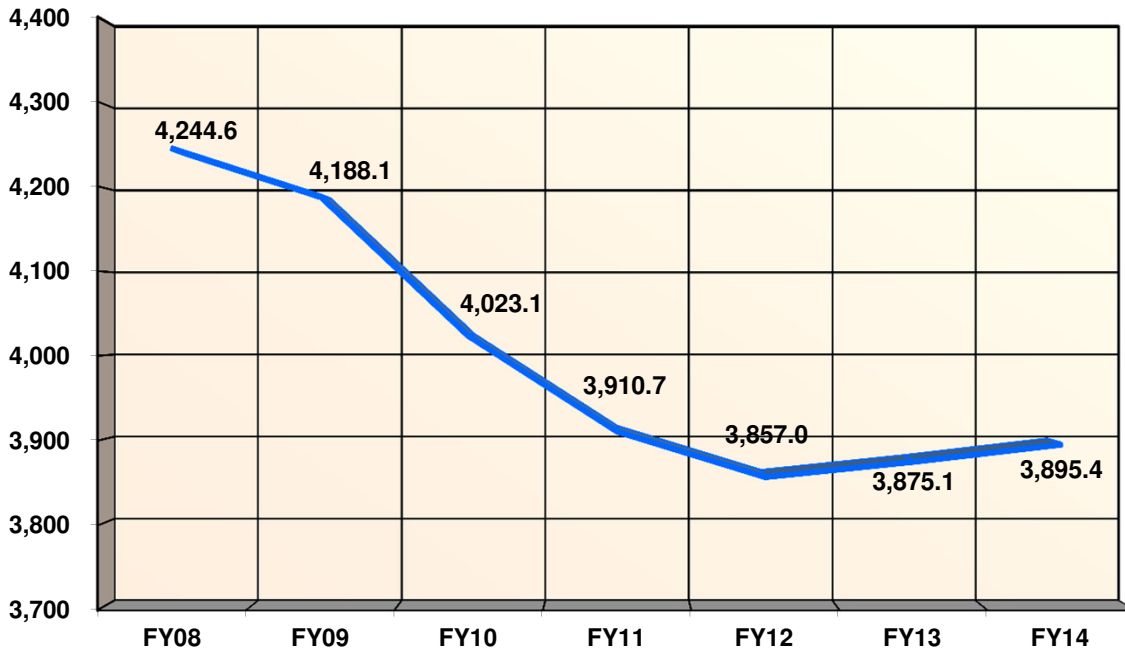
The Sheriff accounts for 50.9% of all General Fund positions.

FTE Position Trends

General Fund

DIVISION	FY08	FY09	FY10	FY11	FY12	FY13	FY14	13-14 Change
MAYOR'S ADMINISTRATION:								
Administration & Finance	308.0	223.0	206.0	204.0	201.0	208.0	210.5	2.5
Information Technology	-	90.0	84.0	78.0	75.0	82.0	80.0	(2.0)
Planning & Development	6.6	6.6	6.6	6.5	5.7	5.0	5.0	-
Public Works	175.0	169.0	145.0	157.0	146.0	139.0	139.0	-
Health Services	254.0	253.0	213.0	166.6	156.8	146.6	146.6	-
Community Services	89.0	87.0	97.0	102.1	97.1	96.0	96.0	-
TOTAL	832.6	828.6	751.6	714.2	681.6	676.6	677.1	0.5
SHERIFF:								
Sheriff Administration	211.0	207.0	202.0	197.0	196.0	193.0	192.0	(1.0)
Law Enforcement	652.0	646.0	646.8	647.8	650.8	689.8	690.8	1.0
Jail	1,223.0	1,198.0	1,164.0	1,128.0	1,117.0	1,105.0	1,101.0	(4.0)
TOTAL	2,086.0	2,051.0	2,012.8	1,972.8	1,963.8	1,987.8	1,983.8	(4.0)
JUDICIAL	923.0	912.5	883.7	854.7	852.7	851.7	875.5	23.8
OTHER ELECTED OFFICIALS	403.0	396.0	375.0	369.0	359.0	359.0	359.0	-
TOTAL FTE - GENERAL FUND	4,244.6	4,188.1	4,023.1	3,910.7	3,857.0	3,875.1	3,895.4	20.3
Change from prior year		(56.5)	(165.0)	(112.4)	(53.7)	18.0	20.3	
Annual % Change		-1.3%	-3.9%	-2.8%	-1.4%	0.5%	0.5%	

General Fund Positions Trend



General Fund positions have been reduced by 349 positions (8%) over the past six years.

*Note: FY13 increase reflects the addition of 35 School Resource Officers related to school consolidation
FY14 includes the addition of 27 positions for DOJ compliance.*

Fund Balance Analysis

General Fund

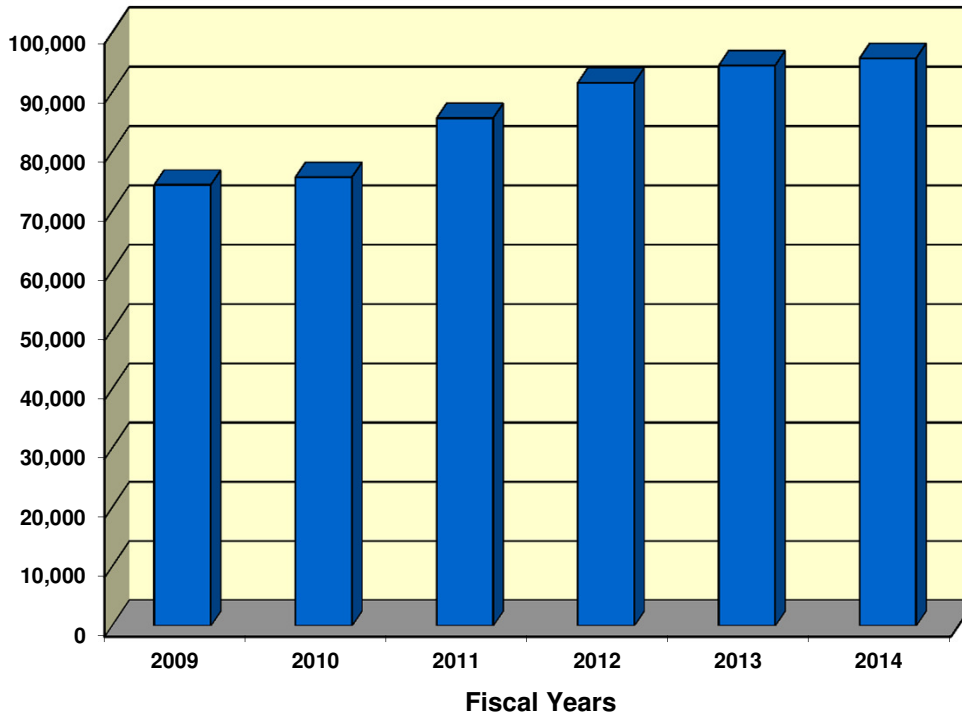
Fund Balance is a term used to express equity - the excess of what the County owns (assets) over what the County owes (liabilities) for a single fund. A healthy fund balance is important to financial planning and budgeting for the following reasons:

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

Shelby County has maintained an average fund balance of about 23% of revenues over the past five years. This is within the range of the 15-25% minimum specified by Shelby County policy. However, cash flow requirements due to the collection cycle of property taxes indicate that a fund balance of about 27% of revenue is needed.

Summary of General Fund Balance

Fiscal Years 2009 - 2014 at June 30
(in thousands)



	2009 Actual	2010 Actual	2011 Actual	2012 Actual	2013 Projected	2014 Budget
Beginning Fund Balance at July 1	65,504	75,165	78,158	86,867	92,899	96,717
Revenue	357,946	358,638	368,186	362,350	367,588	374,625
Expenditures and Transfers	-348,285	-355,645	-359,477	-356,318	-363,770	-374,625
Ending Fund Balance at June 30	75,165	78,158	86,867	92,899	96,717	96,717
Unassigned Ending Fund Balance	74,393	75,694	85,635	91,591	94,500	95,717
Unassigned as a % of Revenue	20.78%	21.11%	23.26%	25.28%	25.71%	25.55%

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 FY14 :

<u>Section</u>	<u>Organization or Program Name:</u>	<u>FY13 Amended</u>	<u>FY14 Adopted*</u>
201301	9002 - JIFF - Juvenile Intervention & Faith-based Follow-up	\$ -	\$ 50,000
201301	9003 - Memphis Cultural Arts Enrichment Center	-	35,000
201301	9006 - Exchange Club Family Center	138,000	115,000
201301	9008 - Penny Hardaway's Fast Break Courts	300,000	-
201301	9009 - Hattiloo Theatre	25,000	-
201301	9010 - Big Brothers/Big Sisters	100,000	50,000
201301	9017 - Map South Inc.	46,000	20,000
201301	9018 - Memphis Food Bank	37,000	15,000
201301	9020 - Family Safety Center	138,000	100,000
201301	9022 - Shelby County Books From Birth	35,000	10,000
201301	9070 - Community Alliance For The Homeless	45,000	220,000
201301	9071 - Community Alliance - Housing	200,000	-
201301	9072 - Community Alliance - Services	250,000	-
201301	9092 - CASA of Memphis & Shelby County	23,000	20,000
Total County Grants		<u>\$ 1,337,000</u>	<u>\$ 635,000</u>

*A short description of organizations receiving funding of at least \$50,000 in FY14 provided below:

JIFF - Juvenile Intervention & Faith-based Follow-up - Provides youth from the juvenile justice system with the skills, support and direction necessary to break the destructive cycle of criminal behavior.

The Exchange Club Family Center - The mission of the Exchange Club Family Center is to break the cycle of child abuse and neglect by replacing abusive and violent behavior with effective parenting skills. The Exchange Club offers 23 programs and has an annual budget of over \$2 million.

Big Brothers Big Sisters America - BBBS partners with individual donors, foundations, corporations, governments, and others to build the critical network of support that funds and enables the work of carefully matching children with caring adult mentors and providing ongoing support to the child, volunteer mentor and child's family.

Family Safety Center of Memphis and Shelby County - The mission of the Family Safety Center is to reduce domestic violence and strengthen families by combining civil, criminal, health and social services in order to help victims of family violence, including children.

Community Alliance for the Homeless, Inc. - The Community Alliance provides planning, technical assistance, and service coordination to public and private agencies working to end homelessness in Memphis and Shelby County.

