

Shelby County Government

A C Wharton, Jr.
Mayor

July 16, 2007

Deidre Malone, Budget Committee Chairman
Joe Ford, Commission Chairman
All Commissioners

I am pleased to present to you the Shelby County Comprehensive Annual Budget for Fiscal 2008. The format of the budget this year places an emphasis on programs. I thank you for supporting a number of initiatives that will support our efforts to ensure economic development and independence. "Economic Development" refers not only to our present efforts to bring businesses to our county and to support existing businesses, but also the incorporation of proven strategies to enable all local citizens to share in the creation of renewed prosperity. For each program there is a program description, including legal mandates, goals and objectives, service levels, financial data and permanent staffing levels.

Countywide

The total budget for fiscal 2008 is \$1,122,195,609, an increase of \$36,765,217 or 3% over fiscal 2007. Property taxes account for 61% of total revenue. State revenue provides the next largest amount at 14% of the total budget. Other local taxes, which include the Wheel Tax, Sales Tax, Business Tax, Hotel Motel tax and Payments In Lieu of Property Taxes provide 7%.

Countywide expenditures consist of:

Education	32%
Criminal Justice	25%
Debt Service	16%
Health	8%
Remainder	<u>19%</u>
Total	<u>100%</u>

Including debt service for schools, Education is 41% of total expenditures.

Property Taxes

The current property tax budget is based on a penny value of \$1,618,000 and provides a 3.7% increase over the fiscal 2007 budget. Property Tax uses are:

Education	49%
Debt Service – Schools	10%
Debt Service – Other	10%
General Fund:	
Criminal Justice	22%
Health	5%
Remainder	<u>4%</u>
Total	<u>100%</u>

Education

Education is clearly our number one priority. Including schools debt service, Education receives 59% of our property taxes and is 41% of total countywide expenditures. In addition to property taxes, 50% of the wheel tax is given to the schools for their operating costs. The remainder of the wheel tax is used to pay debt service for schools. The 2008 adopted budget provides an increase to Education of \$1.2 million, a .035% increase.

General Fund

The General Fund accounts for the general operations of County Government. The primary functions in the General Fund are:

Law Enforcement	61.0%
Judicial	13.8%
Health	<u>16.1%</u>
Total	<u>90.90%</u>

Personnel costs account for 70% of total General Fund Expenditures.

Property taxes provide almost 60% of the revenue for these services. Elected officials revenue provides an additional 17%. Local revenue is the third largest revenue at 8% and it includes reimbursement from Memphis for 50% of the Health Department and for services provided to the City.

Capital Improvement Plan

The Capital Improvement Plan has been submitted to you in a separate book. The Capital Improvement Plan is the adopted Capital Improvement Budget for 2008 and a funding level commitment for the next four years. This plan provides for County allocations of approximately \$75 million per year. County allocations include the use of bonded debt, swap proceeds and pay-as-you-go funds. As long as we keep the County allocation at approximately \$75 million, our outstanding debt will slowly decrease.

Debt

The County's outstanding bonded debt peaked at slightly over \$1.8 billion in December 2006. In addition, there is \$50 million outstanding in Tax Anticipation Notes (TAN's). Bonded debt will decrease to just under \$1.8 billion at June 30, 2007 and slowly decline thereafter based on the Capital Improvement Plan to limit County Allocations for CIP to approximately \$75 million per year. Any increase in the County allocation, such as for a new jail, will increase the County's outstanding debt.

Although the largest increases are now behind us, we still face increased debt service requirements for the next three years. A graph in the Debt Service Fund section shows debt service requirements from 2003 through 2014. Debt service for 2008 will be \$168 million and will peak at \$185 million (including \$2 million for the Rural School Bonds). We have accumulated funds in the Debt Service Fund to provide for the debt service increases through 2009. Reappraisal in 2010 will provide the opportunity to keep the tax rate the same and provide the additional revenue required for debt service. Once revenue in the Debt Service Fund reaches \$185 million, as long as County CIP allocations are held to \$80 million, the County will never need to raise additional revenue for debt service.

Planned Use of Fund Balance

In the Countywide Summary, there is a report of budgeted planned use of fund balance. There is also a report showing the actual unreserved fund balance at June 30, 2006 and the projected amount at June 30, 2007 for each fund. All funds are projected to have an appropriate fund balance as of June 30, 2007. The planned uses of fund balances represent intended and appropriate use of accumulated funds. The General Fund was balanced with a \$3 million planned use of fund balance to provide for special contingencies related primarily to Juvenile Court and grants to be considered by the County Commission.

Budget Issues

There are number of issues that impact our budget. Some of these issues are:

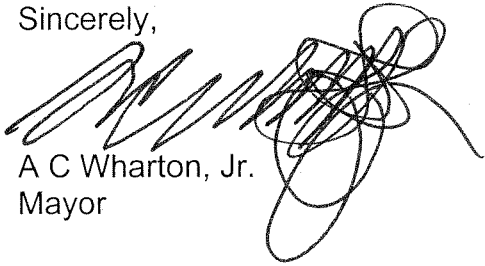
- The County has taken significant steps to address the cost of post employment benefits (OPEB), reducing our projected annual required contribution from \$49 million to \$28 million and increasing our annual funding to over \$16 million.
- The Sheriff has requested a new jail. This would affect both debt and operating budgets in future years.
- Inmate medical care remains an issue with the Department of Justice and a new system is needed to maintain medical records.
- Ambulance service improvements have been implemented with a performance based contract. The service provider is required to maintain a 9.5 minute response time in urban areas and 10.5 minute response time in Unincorporated Shelby County. This new contract increases the minimum required ambulances from six to 12.
- Health issues for our community require attention.

- Juvenile issues may require funding increases, and \$2.5 million has been set aside in the Commissioner's Contingency account.

Summary

The adopted budget provides the resources needed to continue to meet the needs of our citizenry within the limitations of our resources without increasing taxes.

Sincerely,

A handwritten signature in black ink, appearing to be "A C Wharton, Jr.", written over a circular stamp or seal.

A C Wharton, Jr.
Mayor

SHELBY COUNTY GOVERNMENT MISSION, VISION, VALUES AND STRATEGIES

MISSION:

Shelby County Government promotes economic growth, improves community health, supports education, enhances public safety, and protects natural resources. We achieve this mission through a dedicated workforce and open, efficient and ethical government that is fiscally responsible and responsive to Shelby County's diverse needs.

VISION:

Working Together, Moving Ahead

VALUES:

Integrity
Accountability
Respect
Innovative Service
Excellence

STRATEGIES:

Strategies to make Shelby County, Tennessee one of the best places to live in the U.S.:

Sound and Healthy Community

- Provide and support integrated healthcare services that focus on wellness, early intervention, and prevention.
- Provide and support programs that ensure a high quality of life and a safe environment for citizens.
- Develop and implement programs and policies that ensure "smart growth" in the region to protect natural resources, promote conservation, and meet housing and healthcare needs.
- Provide and support criminal justice services that increase the safety of the community and focus on prevention.

Education

- Provide adequate capital and operational funding for all public schools in a manner that is fiscally responsible.
- Provide and support programs that ensure children (0-5 years of age) receive care and training that prepares them to enter school ready to learn.

Economic Development

- Provide and support programs and policies that ensure aggressive growth for the region, promote high quality, high paying, and long-term job opportunities, and sustain revenue growth.

Government Efficiency

- Maintain a lean workforce that is highly trained, motivated, and competitively paid; and that efficiently provides services for the internal and external customer in a cost effective and ethical manner.
- Ensure financial stability through debt management, efficient operations and development of alternative revenue sources.

**Shelby County, Tennessee
County Officials
As of July 1, 2007**

Shelby County Board of Commissioners

**Joe Ford, Chairman
David Lillard, Chairman Pro Tempore**

**Joyce Avery
Mike Carpenter
J. W. Gibson
Steve Mulroy**

**Henri Brooks
Sidney Chism
James Harvey**

**Wyatt Bunker
George S. Flinn, Jr.
Deidre Malone
Mike Ritz**

A C Wharton, Jr., Mayor

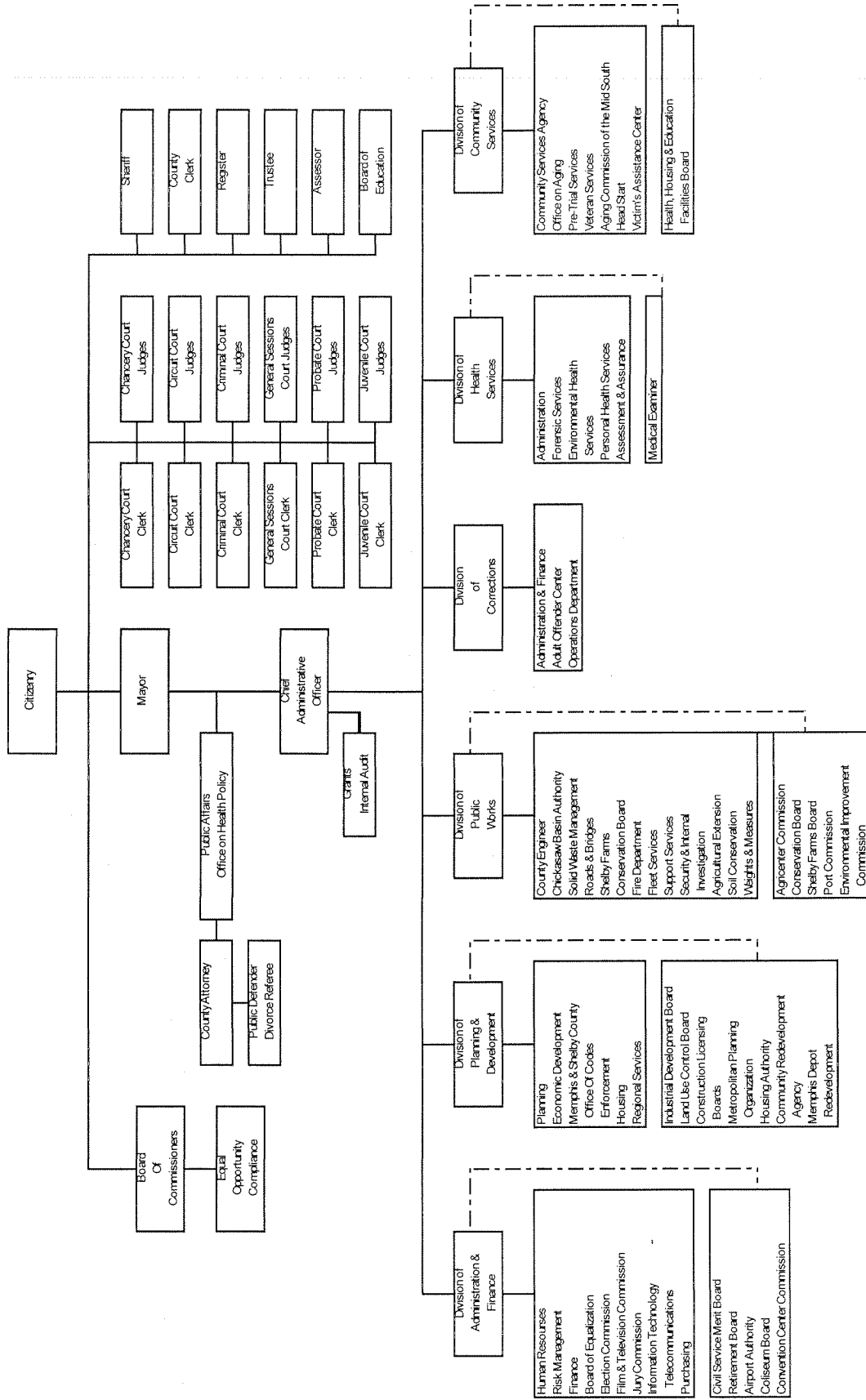
Other Publicly Elected Officials

Assessor of Property – Rita C. Clark	Chancery Court Clerk & Master –
Attorney General – William L. Gibbons	Dewun Settle (Appointed)
County Clerk – Debbie Stamson	Circuit Court Clerk – Jimmy Moore
Criminal Court Clerk – William R. Key	County Register – Tom Leatherwood
General Sessions Court Clerk – Chris Turner	County Trustee – Bob Patterson
Juvenile Court Clerk – Steve Stamson	Probate Court Clerk – Chris Thomas
	Sheriff – Mark H. Luttrell, Jr.

Shelby County Administrative Officials

**A C Wharton Jr. - Mayor
John Fowlkes - Chief Administrative Officer
Sybille Noble - Assistant Chief Administrative Officer
Brian Kuhn - County Attorney
James Huntzicker - Director of Administration and Finance
Richard Copeland - Director of Planning and Development
Theodore C. Fox III - Director of Public Works
Andrew Tabor, Jr. - Director of Corrections
Yvonne Smith-Madlock - Director of Health Services
Dottie Jones - Director of Community Services**

Shelby County Government Organizational Chart



How to Use this Book

Format and Organization

As the Table of Contents illustrates, this book divides the budget information into multiple sections with pages numbered consecutively within each section.

The first section, the **Introduction**, includes the Mayor's Letter of Transmittal and Statement of Priorities, a list of County Officials, and guidelines for use of the budget document.

The second section, the **Countywide Summary**, presents the overall budget of Shelby County with supplemental information.

The third section, the **General Fund Summary**, includes the Major Revenue Sources and Major Expenditures. It is followed by tabs for each division of the **General Fund** within the Mayor's Administration, Law Enforcement, Judicial and Other Elected Officials. Financial summaries are provided for each division, grouped by program and also by account. Where applicable, any **Increased or Reduced Funding** levels are included after these summaries.

Financial data within each division is presented on a departmental level for prime account groupings. The departmental report is immediately followed by a **Program Budget** narrative for each section. A department may be subdivided into several sections for reporting purposes.

The program budgets are designed to give the reader relevant operational information about the sections within a department, such as a description of services provided, whether the program is legally mandated, and if so, the **Legal Reference**.

In addition, **Service Level Measurements** provide important information about what each department actually does. Fiscal Operations are provided for FY05, FY06, FY07 Actual as of December 31, 2006, the Current Amended Operating Budget and the FY08 Proposed Budget.

Staffing Levels indicate the number of budgeted permanent full-time employees

only, except the Sheriff Dept. includes 59 temporary positions. Some sections may have personnel expenses and not have any staffing levels indicated. This is attributable to the department having several part-time employees, as further described in their program budgets.

Organizational Charts are included as a visual guide to the structure of each division for financial reporting purposes only. These charts are not intended to reflect the reporting hierarchy of specific positions.

The **Appendix** includes relevant budget resolutions, a glossary of terms, and statistical/supplemental information about Shelby County and Shelby County Government.

The Chart of Accounts

The budget is organized according to Shelby County's **Chart of Accounts** – the financial accounting and coding structure used in both the budget ordinance and this book. The chart of accounts consists of funds, departments, sections and object accounts.

Funds are fiscal and accounting entities with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein that are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. The budget document is presented with all financial data organized according to the following fund types:

- General Fund
- Special Revenue
- Enterprise
- Internal Service
- Debt Service

Object accounts represent individual types and sources of revenues or uses of expenditures. The Finance Department maintains detailed financial information by fund, section, and object account.

How to Use this Book

How to Read the Financial Data

Each department's financial page presents a summary of all revenues, expenditures and transfers as categorized below:

Revenues include the following account categories:

Local Taxes – Real, personal, public utility, property, payments in lieu of property taxes, wheel tax, business tax, hotel/motel tax, and sales tax.

Local Revenue – Fees and permits, franchise fees, reimbursements from Memphis for 50% share of Health Department and other services provided to Memphis, expense recoveries, rental income and inmate phone revenue.

Federal Revenue – Grants, revenues and reimbursements that Shelby County receives directly from the Federal Government.

State Revenue – Grants, revenues and reimbursements that Shelby County receives directly from the State. Some grant revenues are received from the State, but originate with the Federal Government.

Operating Expenses include the following categories of **prime accounts**:

Salaries – includes basic salaries and wages, other forms of compensation, and overtime.

Fringe Benefits – includes benefits such as health, life, pension, and unemployment.

Supplies – consists of materials and supplies, employee apparel, medical supplies, membership dues & publications.

Services – include inside & outside printing, copy expense, education & training, travel, freight & storage.

Professional & Contracted Services – includes contracts with consultants, sub-recipient of grant awards, and the jail medical contract.

Rent, Utilities & Maintenance – includes Communication expenses, utilities, maintenance of equipment and maintenance of County buildings.

Interdepartmental Charges/Expenditures – charges or fees by one fund or department to another fund or department for the use of printing, copying, postage, fleet services, and repair of County vehicles.

Asset Acquisition – used for the procurement of capital expenditures, land, buildings, equipment, infrastructure and vehicles.

Transfers – Transfers are transfers between funds. Purposes of transfers include local match for grants, operating subsidies and indirect cost allocations.

Note: The financial data for each section within the department is presented at summary level only; prime account groupings are not reported.

January 2007

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February 2007

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March 2007

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April 2007

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May 2007

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June 2007

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Shelby County Government
Budget Calendar
FY08 Budget

January

- 1 Prepare Salary Data Table
- 10 Create Budget Forms, Instructions and Packets
- 22 Budget Kickoff – Distribute budget forms and instructions to departmental personnel.

February

- 16 Deadline for Departments to submit proposed budget to Finance Department for input and review

March

- 1 Meet with Administrator of Finance to discuss Changes to FY08 Operating and CIP Budgets
- 15 Submit Total Budget Request to Mayor and Director of Finance for review.

April

- 9 Submit Budget to Shelby County Board of Commissioners
- 18 Education Budget Hearing
- 25 Consolidated Budget Overview
Sheriff, District Attorney General, County Clerk
Chancery Court Clerk & Trustee Budget Hearings
- 30 Circuit Court Clerk, Criminal Court Clerk, Probate Court Clerk, Assessor, General Sessions Court Clerk, General Sessions Civil & Criminal Judges

May

- 9 Division of Public Works, Planning & Development, Community Services & Corrections Budget Hearings.
- 16 Juvenile Court Clerk, Juvenile Court and Register Budget Hearings.
- 23 Regional Medical Center, Administration & Finance, Debt Service, CIP & Central Operations Budget Hearings. Recap

June

- 11 First Reading Tax Rate Ordinance, FY08 Operating and CIP Budget Approved
- 20 Upload FY08 Operating Budget to Computer System
- 25 Second Reading Tax Rate Ordinance

July

- 1 Operating and CIP Budgets become effective
Upload Budget by position information
- 9 Third Reading Tax Rate Ordinance, Complete Comprehensive Annual Budget Report.
- 27 Send Budget Information to State of Tennessee Comptroller of the Treasury

August

- Strategic Planning FY09
- Monitoring of All Budgets

September

- Monitoring of All Budgets & Salary Projections

October

- Send out Personnel Components to Departments
- Monitoring of All Budgets

November

- Monitoring of All Budgets

December

- Monitoring of All Budgets

July 2007

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August 2007

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September 2007

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October 2007

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November 2007

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December 2007

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