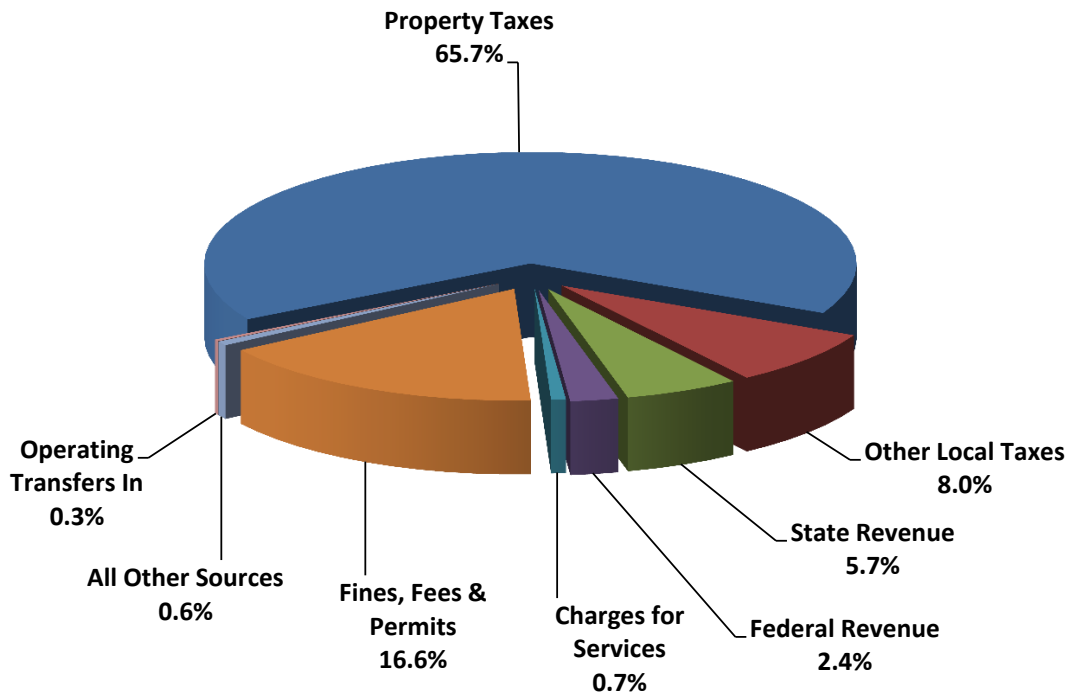


GENERAL FUND SUMMARY



FY18 ADOPTED BUDGET

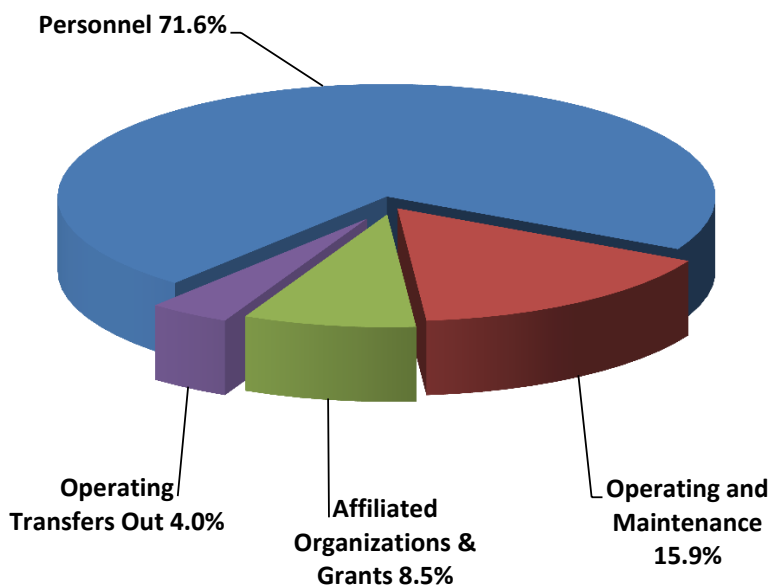
Where the Money Comes From....



SOURCES OF FUNDS:

	<u>FY18 Adopted</u>	<u>FY17 Amended</u>
Revenue:		
Property Taxes	\$ 270,997,000	\$ 254,753,000
Intergovernmental-State	23,426,820	22,047,200
Other Local Taxes	33,349,000	34,069,000
Fines, Fees & Permits	68,350,400	64,336,031
Intergovernmental-Federal	9,802,419	7,619,417
Charges for Services	3,025,622	3,322,966
Other Revenue/Interest Income	2,433,000	701,700
Subtotal	<u>411,384,261</u>	<u>386,849,314</u>
Other Sources:		
Planned Use of Fund Balance	3,338,759	9,407,447
Operating Transfers In	1,136,514	1,721,857
Other Financial Sources	200,000	700,000
Subtotal	<u>4,675,273</u>	<u>11,829,304</u>
Total Appropriation Sources	<u>\$ 416,059,534</u>	<u>\$ 398,678,618</u>

....and Where the Money Goes



USE OF FUNDS:

	<u>FY18 Adopted</u>	<u>FY17 Amended</u>
Personnel	\$ 297,946,118	\$ 280,468,711
Operating and Maintenance *	66,036,227	67,616,954
Affiliated Organizations & Grants	35,308,729	34,408,729
Operating Transfers Out	16,768,461	16,184,224
Total Appropriation Uses	<u>\$ 416,059,534</u>	<u>\$ 398,678,618</u>

* Includes any spending contingencies or restrictions

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

Prime Accounts Summary

General Fund

Acct	Description	FY14 Actual	FY15 Actual	FY16 Actual	FY17 Amended	FY18 Adopted
40 -	Property Taxes	(246,889,606)	(252,504,708)	(250,976,507)	(254,753,000)	(270,997,000)
41 -	Other Local Taxes	(34,092,949)	(32,414,949)	(32,673,591)	(34,069,000)	(33,349,000)
43 -	Intergovernmental Revenues-State of	(19,588,987)	(20,557,391)	(23,143,769)	(22,047,200)	(23,426,820)
44 -	Intergovernmental Revenues-Federal &	(11,270,945)	(7,258,450)	(8,876,513)	(7,619,417)	(9,802,419)
45 -	Charges for Services	(3,360,557)	(3,753,190)	(3,408,401)	(3,322,966)	(3,025,622)
46 -	Fines, Fees & Permits	(64,612,993)	(64,200,149)	(65,979,565)	(64,336,031)	(68,350,400)
47 -	Other Revenue	(272,660)	(815,237)	(1,582,431)	(303,200)	(1,214,500)
48 -	Investment Income	(371,433)	(382,754)	(858,905)	(398,500)	(1,218,500)
	Revenue	(380,460,129)	(381,886,828)	(387,499,683)	(386,849,314)	(411,384,261)
51 -	Salaries-Regular Pay	175,798,253	180,675,683	183,722,958	206,880,272	213,938,727
52 -	Salaries-Other Compensation	12,390,954	13,061,781	13,934,316	15,191,568	17,513,312
55 -	Fringe Benefits	76,667,703	73,249,798	69,108,034	78,707,675	89,464,509
56 -	Vacancy Savings	0	0	0	(20,310,804)	(22,970,430)
	Salaries & Fringe Benefits	264,856,910	266,987,262	266,765,308	280,468,711	297,946,118
60 -	Supplies & Materials	9,440,639	8,642,828	8,203,008	9,149,774	8,986,680
64 -	Services & Other Expenses	7,434,157	7,280,512	9,372,490	11,155,723	10,513,580
66 -	Professional & Contracted Services	29,825,253	30,412,379	31,521,620	33,924,444	35,166,672
67 -	Rent, Utilities & Maintenance	13,203,826	13,231,479	14,087,251	16,598,552	17,472,222
68 -	Interfund Services	232,916	300,527	(1,990,825)	(811,741)	(991,571)
70 -	Capital Asset Acquisitions	1,275,601	1,335,865	1,519,673	4,017,265	2,721,417
	Operating & Maintenance	61,412,393	61,203,591	62,713,218	74,034,017	73,869,000
89 -	Affiliated Organizations	28,461,078	28,476,256	29,155,953	30,108,729	30,358,729
	Affiliated Organizations	28,461,078	28,476,256	29,155,953	30,108,729	30,358,729
90 -	Grants	635,000	3,050,000	4,764,000	4,300,000	4,950,000
	Grants	635,000	3,050,000	4,764,000	4,300,000	4,950,000
95 -	Contingencies & Restrictions	0	0	0	(6,417,063)	(7,832,774)
	Contingencies & Restrictions	0	0	0	(6,417,063)	(7,832,774)
94 -	Other Sources & Uses	(1,407,972)	(800,165)	(183,638)	(700,000)	(200,000)
	Other Financing Sources	(1,407,972)	(800,165)	(183,638)	(700,000)	(200,000)
	Expenditures	353,957,409	358,916,944	363,214,840	381,794,394	399,091,073
99 -	Planned Use of Fund Balances	0	0	0	(9,407,447)	(3,338,759)
	Planned Fund Balance Change	0	0	0	(9,407,447)	(3,338,759)
	Planned Fund Balance Change	0	0	0	(9,407,447)	(3,338,759)
96 -	Operating Transfers In	(1,670,050)	(1,761,343)	(1,458,073)	(1,721,857)	(1,136,514)
	Operating Transfers In	(1,670,050)	(1,761,343)	(1,458,073)	(1,721,857)	(1,136,514)
98 -	Operating Transfers Out	20,545,056	19,375,573	18,889,791	16,184,224	16,768,461
	Operating Transfers Out	20,545,056	19,375,573	18,889,791	16,184,224	16,768,461
	Net Transfers	18,875,007	17,614,230	17,431,718	14,462,367	15,631,947
	SUMMARY TOTAL	(7,627,714)	(5,355,654)	(6,853,125)	0	0

Net Expenditures by Division *

General Fund

DIVISION/DEPARTMENT	FY14 ACTUAL	FY15 ACTUAL	FY16 ACTUAL	FY17 AMENDED	FY18 ADOPTED
MAYOR'S ADMINISTRATION:					
Administration & Finance	(237,305,438)	(241,753,199)	(240,400,292)	(260,358,658)	(271,914,923)
Information Technology	8,606,042	8,566,186	8,732,302	9,479,305	10,175,958
Planning & Development	386,414	401,810	380,159	423,746	450,941
Public Works	15,368,250	16,066,711	17,417,992	20,675,501	22,504,148
Health Services	21,253,234	21,747,123	21,348,964	24,638,351	26,084,611
Community Services	7,903,074	7,520,349	7,737,210	8,051,570	8,400,822
SUBTOTAL	(183,788,424)	(187,451,020)	(184,783,665)	(197,090,187)	(204,298,443)
SHERIFF:					
Sheriff Administration	17,927,676	17,307,260	16,960,646	11,408,451	19,930,627
Law Enforcement	58,610,673	59,492,690	61,853,154	66,893,855	70,472,661
Jail	73,345,895	73,810,666	75,566,089	85,863,651	81,780,598
SUBTOTAL	149,884,243	150,610,616	154,379,889	164,165,957	172,183,886
JUDICIAL:					
Chancery Court	(2,623,959)	(2,064,166)	(1,876,148)	(1,234,882)	(1,708,431)
Circuit Court	(317,708)	(147,095)	(347,482)	22,412	(148,877)
Criminal Court	1,099,531	371,910	663,496	891,240	855,163
General Sessions Court	3,568,645	3,954,624	4,622,950	5,112,415	6,604,945
Probate Court	591,883	598,996	584,196	700,351	754,815
Juvenile Court	19,643,095	19,949,168	13,551,008	13,530,215	13,913,664
Attorney General	9,742,400	9,734,892	9,587,590	10,668,127	11,505,848
Public Defender	5,674,399	6,551,047	6,618,729	7,704,050	8,641,600
Divorce Ref. / Jury Comm.	1,311,996	1,128,224	1,034,402	1,253,796	1,325,085
SUBTOTAL	38,690,284	40,077,599	34,438,741	38,647,725	41,743,812
OTHER ELECTED OFFICIALS:					
Legislative Operations	2,167,935	2,132,253	2,325,449	2,683,096	2,859,135
Equal Opportunity	633,838	667,364	671,355	832,945	1,174,748
Assessor	6,823,543	9,541,739	9,813,079	10,614,943	8,066,875
County Clerk	(5,486,922)	(5,843,779)	(6,225,878)	(5,547,660)	(6,125,039)
Register	(2,031,672)	(1,707,763)	(2,057,879)	(1,795,900)	(2,102,295)
Trustee	(16,723,809)	(17,084,707)	(17,222,818)	(16,740,298)	(16,625,868)
Election Commission	2,203,270	3,702,042	1,808,601	4,229,378	3,123,189
SUBTOTAL	(12,413,816)	(8,592,850)	(10,888,090)	(5,723,496)	(9,629,255)
TOTAL GENERAL FUND	(7,627,715)	(5,355,654)	(6,853,125)	-	-

*Includes all Sources and Uses of Funds

Fund Balance Analysis

General Fund

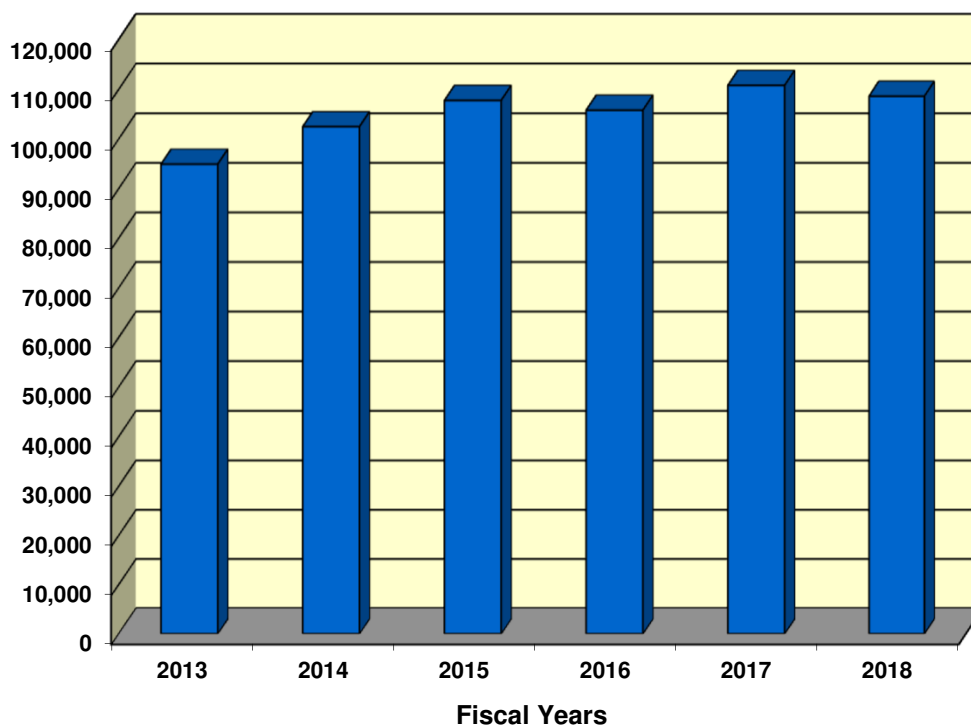
Fund Balance is a term used to express equity - the excess of what the County owns (assets) over what the County owes (liabilities) for a single fund. A healthy fund balance is important to financial planning and budgeting for the following reasons:

- 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 steadily increased General Fund balance as a percentage of revenue over the past five years to a level within the 20-30% range specified by current Shelby County policy.

Summary of General Fund Balance

Fiscal Years 2013 - 2018 at June 30
(in thousands)



	2013 Actual	2014 Actual	2015 Actual	2016 Actual	2017 Projection	2018 Budget
Beginning Fund Balance at July 1	92,899	95,760	103,388	108,743	115,597	115,542
Revenue/Sources of Funds	368,929	380,460	381,887	387,500	387,503	411,384
Uses of Funds	-366,068	-372,832	-376,531	-380,647	-387,558	-414,723
Net Operations	2,861	7,628	5,356	6,853	-55	-3,339
Ending Fund Balance at June 30	95,760	103,388	108,743	115,597	115,542	112,203
Unassigned Ending Fund Balance	94,913	102,470	107,773	105,793	110,800	108,611
Unassigned as a % of Revenue	25.7%	26.9%	28.2%	27.3%	28.6%	26.4%

Unassigned balance allows for carryforwards to next year.

FY18 Adopted Budget includes \$3.3 million Use of Fund Balance

FY18 Use of Fund Balance for Non-Recurring Expenditures

Administration & Finance:

\$ 100,000	Temps for post-reappraisal appeals (Board of Equalization)
60,000	County Attorney Document Management System
<u>65,000</u>	HR Performance Appraisal System
225,000	Administration & Finance Total

Information Technology Services:

250,000	Enterprise Content Management System
250,000	HIPPA/HITECH system security project
<u>143,810</u>	Disaster Recovery Initiative
643,810	Information Technology Services Total

Public Works:

75,000	Cemetery Improvements to enhance location services of decedents
75,000	MATA transit route to Shelby Farms
250,000	Park renovations-paving, shelter repairs, gate
<u>52,450</u>	Heavy Equipment purchase for Orgill Golf Course (Restricted Fund)
452,450	Public Works Total

Health Services:

21,200	Car seats
78,082	Galloway Clinic relocation for nonrenewal of lease by lessor
9,900	Computer and Software purchase for Epidemiology data analysis
35,000	Conversion of new van for animal transport
<u>10,000</u>	Central Laboratory refrigerator for medications
154,182	Health Services Total

Judicial:

28,145	Temps for Criminal Court Clerk to complete iCJIS implementation
<u>5,840</u>	Furniture for Probate Court staff
33,985	Judicial Total

Other Elected Officials:

175,000	Election Commission Pollpad Replacement (check-in computers)
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\$ 1,684,427 **Total Use of Fund Balance for Non-Recurring Expenditures**

FY18 Use of Fund Balance for Recurring Expenditures

1,004,332	Portion of 3% salary increase not covered by budgeted reserve for Compensation study
650,000	Increase to Commissioner's Community Enhancement Grants

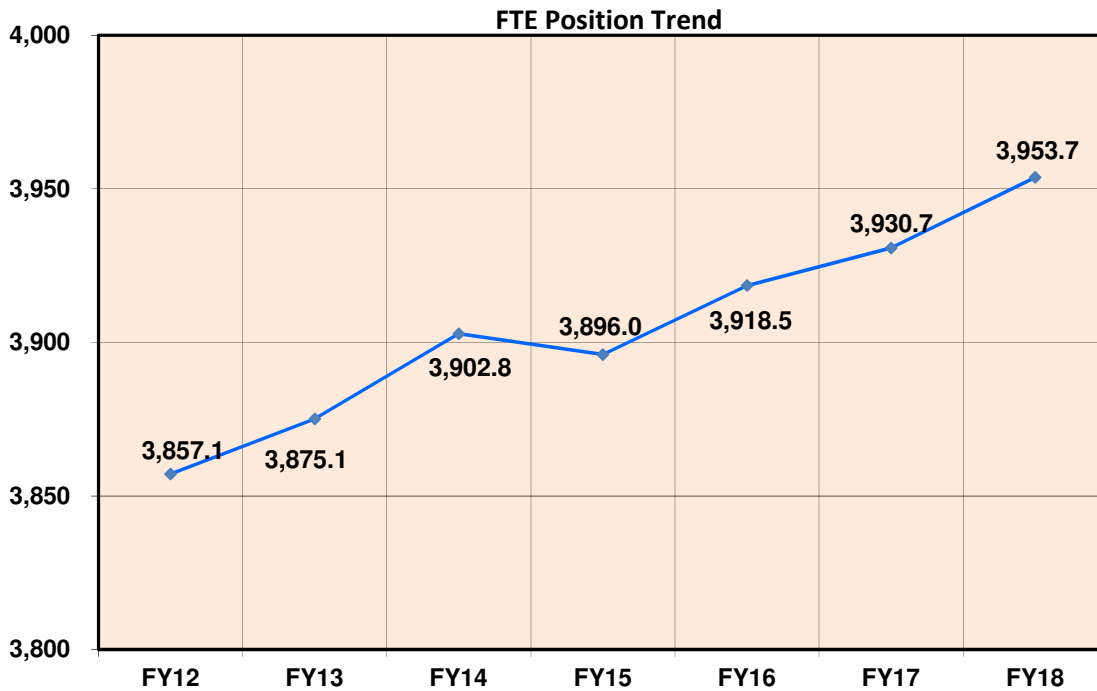
\$ 1,654,332 **Total Use of Fund Balance for Recurring Expenditures**

\$ 3,338,759 **Total Use of Fund Balance**

Position Control Budget

General Fund Trends

DIVISION	FY12	FY13	FY14	FY15	FY16	FY17	FY18	17-18 Change
MAYOR'S ADMINISTRATION:								
Administration & Finance	177.0	184.0	187.5	180.5	174.4	173.4	173.4	-
Information Technology	75.0	82.0	85.0	87.0	87.0	84.0	83.0	(1.0)
Planning & Development	5.7	5.0	5.0	5.0	5.0	4.0	4.0	-
Public Works	146.0	139.0	143.0	142.0	156.0	161.0	162.0	1.0
Health Services	156.8	146.6	146.5	146.0	147.0	148.1	155.1	7.0
Community Services	97.1	96.0	96.0	94.0	95.0	95.0	96.0	1.0
TOTAL	657.6	652.6	663.0	654.5	664.4	665.5	673.5	8.0
SHERIFF:								
Sheriff Administration	196.0	193.0	190.0	191.0	186.0	186.0	184.0	(2.0)
Law Enforcement	650.8	689.8	690.3	691.0	732.0	731.0	751.0	20.0
Jail	1,117.0	1,105.0	1,097.0	1,083.0	1,162.0	1,155.0	1,137.0	(18.0)
TOTAL	1,963.8	1,987.8	1,977.3	1,965.0	2,080.0	2,072.0	2,072.0	-
JUDICIAL	852.7	851.7	881.5	892.0	792.0	806.2	817.2	11.0
OTHER ELECTED OFFICIALS	383.0	383.0	381.0	384.5	382.0	387.0	391.0	4.0
TOTAL FTE - GENERAL FUND	3,857.1	3,875.1	3,902.8	3,896.0	3,918.5	3,930.7	3,953.7	23.0
Change from prior year		18.0	27.7	(6.8)	22.4	12.3	23.0	
Cumulative Change since FY12		18.0	45.7	38.9	61.4	73.6	96.6	



The FTE Position count declined annually between 2004-2012. Since then, several increases have been necessary to support core functions of public safety, judicial operations, and health.

Position Control Budget**FY18 FTE Changes**

Division/Position Descriptions	FTE	Total Cost
<u>MAYOR'S ADMINISTRATION</u>		
<u>Public Works</u>		
Senior Manager for Building Maintenance	1.0	\$ 122,118
<u>Information Technology</u> - Computer Operator B	(1.0)	(46,626)
<u>Health Department</u>		
Contract Manager	1.0	98,784
Medical Records Manager	1.0	111,747
Executive Secretary	1.0	57,301
Public Health Coordinator - Chronic Disease/Violence	2.0	159,246
Clerical Specialist	1.0	46,882
Clinical Services Evaluation Specialist	1.0	110,641
<i>Total Health Department</i>	<u>7.0</u>	<u>584,601</u>
<u>Community Services</u>		
Mental Health Coordinator	1.0	65,741
Net FTE Change - Mayor's Administration	<u>8.0</u>	<u>725,834</u>
<u>JUDICIAL/COURTS</u>		
<u>General Sessions - Civil Court Judges</u>		
Temp Position	-	13,649
Moved Peer Recovery Specialist from Drug Court	1.0	67,971
<i>Total General Sessions</i>	<u>1.0</u>	<u>81,620</u>
<u>Attorney General</u>		
Attorneys (3)	3.0	276,906
Full Time Counselor B positions (2) converted from Temps	2.0	-
Paralegal support for Attorneys converted from Temps	1.0	-
<i>Total Attorney General</i>	<u>6.0</u>	<u>276,906</u>
<u>Public Defender</u>		
75% equity match to Attorney General increase	2.0	207,680
Additional State Funding; 2 new Attorneys	2.0	239,500
<i>Total Public Defender</i>	<u>4.0</u>	<u>447,180</u>
Net FTE Change - Judicial/Courts	<u>11.0</u>	<u>805,706</u>
<u>ELECTED OFFICIALS</u>		
<u>County Clerk -</u>		
Title Exam Clerk	1.0	48,064
Admin Tech	1.0	46,627
Customer Service Rep II	2.0	84,309
<i>Total County Clerk</i>	<u>4.0</u>	<u>179,000</u>
<u>Trustee</u> - Accountant A (with offset to vacancy savings)	(1.0)	-
<u>Election Commission</u>		
Add Admin Tech for bi-partisan control	1.0	46,008
Net FTE Change - Elected Officials	<u>4.0</u>	<u>225,008</u>
Total FTE Changes to General Fund	<u>23.0</u>	<u>\$ 1,756,548</u>

Position Control Budget

General Fund Trends

Personnel costs account for 71.6% 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:
 - 2013 – Addition of 35 School Resource Officers as a result of the consolidation of City and County school systems.
 - 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 – Addition of 7 positions for Health programs, 6 positions for the Attorney General, 4 positions for Public Defender, 4 positions for County Clerk, 1 position added in Public Works, Election Commission, and Community Services, and 1 position transferred from Drug Court to General Sessions Judges.

2. **Average annual salary increases** have been limited to only 1.3% over the past 10 years. A 3% general increase has been included for the FY18 Adopted Budget. Employees have been provided with an increase in 6 of the past 10 years, as shown below:

	Increase	Stipend	Date
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	-		
FY09	-		

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**

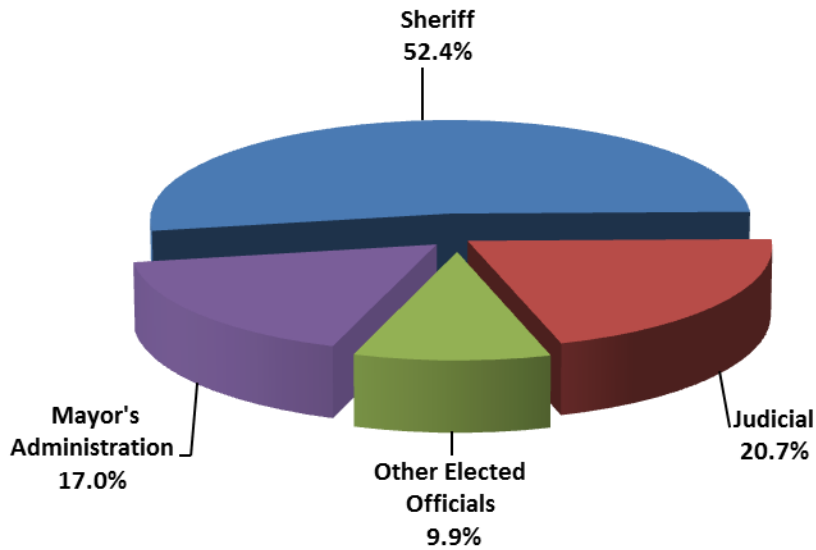
Committee reviews all requests to fill vacant positions or to reclassify positions with a resulting salary increase.

- 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	FY18 Adopted	FY19 Projected	FY20 Projected	FY21 Projected	FY22 Projected
Assumptions:						
	Property Tax % increase-Current	7.0%	1.0%	1.0%	1.0%	3.0%
	Salary Increase	3.0%	2.0%	2.0%	2.0%	2.0%
	Pension % of Salaries (5102)	20.95%	22.98%	23.89%	23.58%	23.30%
	OPEB % of Salaries (5102)	5.61%	5.53%	5.43%	5.33%	5.23%
	Health Insurance % increase	3.7%	5.0%	5.0%	5.0%	5.0%
	Operating and Maint % Increase	1.0%	1.0%	1.0%	1.0%	1.0%
	Property Tax Rate	1.43	1.43	1.43	1.43	1.43
	Penny Value	\$ 1,844,336	\$ 1,860,000	\$ 1,880,000	\$ 1,900,000	\$ 1,960,000
40 -	Property Taxes	(270,997,000)	(273,237,000)	(276,097,000)	(278,957,000)	(287,537,000)
41 -	Other Local Taxes	(33,349,000)	(33,296,000)	(33,323,000)	(33,351,000)	(33,379,000)
43 -	State Revenues	(23,426,820)	(24,476,820)	(24,526,820)	(23,576,820)	(23,626,820)
44 -	Federal & Local Revenues	(9,802,419)	(6,802,419)	(8,402,419)	(8,402,419)	(7,802,419)
45 -	Charges for Services	(3,025,622)	(3,025,622)	(3,025,622)	(3,025,622)	(3,025,622)
46 -	Fines, Fees & Permits	(68,350,400)	(70,950,400)	(71,550,400)	(72,150,400)	(71,750,400)
47 -	Other Revenue	(1,214,500)	(1,614,500)	(1,614,500)	(1,614,500)	(1,614,500)
48 -	Investment Income	(1,218,500)	(2,068,500)	(2,318,500)	(2,568,500)	(2,018,500)
	Revenue	(411,384,261)	(415,471,261)	(420,858,261)	(423,646,261)	(430,754,261)
51 -	Salaries-Regular Pay	213,938,727	219,014,104	222,890,990	227,345,413	231,888,925
52 -	Salaries-Other Compensation	17,513,312	17,740,782	17,972,752	18,209,313	18,450,556
5510 -	Retirement Benefits - County	43,565,921	49,395,748	52,376,507	52,728,486	53,142,114
5511 -	OPEB Benefits*	11,666,101	11,886,792	11,904,748	11,918,695	11,928,466
554x -	Group Health Insurance	27,325,118	28,691,374	30,125,943	31,632,240	33,213,852
55xx -	Other Fringe Benefits	6,907,369	6,961,090	6,939,170	6,946,811	6,954,606
56 -	Salary Restriction	(22,970,430)	(22,970,430)	(22,970,430)	(22,970,430)	(22,970,430)
	Salaries & Fringe Benefits	297,946,118	310,719,460	319,239,680	325,810,529	332,608,089
60 -	Supplies & Materials	8,986,680	9,076,548	9,167,313	9,258,985	9,351,575
64 -	Services & Other Expenses	10,513,580	10,618,716	10,724,906	10,832,155	10,940,476
66 -	Prof & Contracted Svcs	35,166,672	35,785,826	36,419,194	37,067,164	37,730,126
67 -	Rent, Utilities & Maintenance	17,472,222	17,646,945	17,823,415	18,001,649	18,181,666
68 -	Interfund Services	(991,571)	(1,001,487)	(1,011,503)	(1,021,617)	(1,031,833)
70 -	Capital Asset Acquisitions	2,721,417	2,748,631	2,776,119	2,803,879	2,831,918
	Operating & Maintenance	73,869,000	74,875,179	75,899,444	76,942,215	78,003,928
	Affiliated Organizations	30,358,729	30,358,729	30,358,729	30,358,729	30,358,729
	Grants	4,950,000	4,950,000	4,950,000	4,950,000	4,950,000
	Contingencies & Restrictions	(7,832,774)	(7,832,774)	(7,832,774)	(7,832,774)	(7,832,774)
	Other Financing Sources	(200,000)	(200,000)	(200,000)	(200,000)	(200,000)
	Expenditures	399,091,073	412,870,595	422,415,079	430,028,699	437,887,972
	Net Transfers	15,631,947	15,631,947	15,631,947	15,631,947	15,631,947
	Use of Fund Balance	(3,338,759)	-	-	-	-
	PROJECTED DEFICIT/(SURPLUS)	\$ 0	\$ 13,031,280	\$ 17,188,765	\$ 22,014,384	\$ 22,765,658
	Change from Prior Year	\$ 0	\$ 13,031,280	\$ 4,157,485	\$ 4,825,619	\$ 751,273

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 show a more positive trend recently. 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 FY18.
- **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 FY18 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 are expected to 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.
- **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 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.

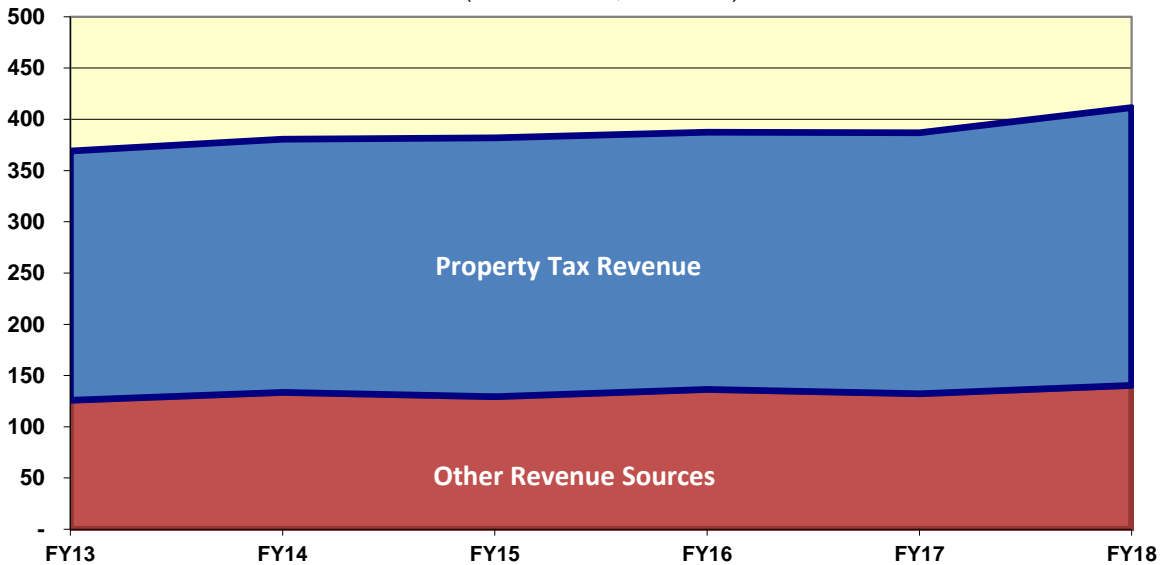
Actual revenue collections and expenditures are also forecasted on a monthly basis throughout the current fiscal year to ensure budget compliance and sufficient cash flow availability. Fund Balance policies have been adopted as guidance for maintaining adequate fund balance levels and making budget decisions 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	FY14 Actual	FY15 Actual	FY16 Actual	FY17 Amended	FY18 Adopted
Property Taxes % of Total	246,889,606 64.9%	252,504,708 66.1%	250,976,507 64.8%	254,753,000 65.9%	270,997,000 65.9%
Fines, Fees & Permits % of Total	64,612,993 17.0%	64,200,149 16.8%	65,979,565 17.0%	64,336,031 16.6%	68,350,400 16.6%
Other Local Taxes % of Total	34,092,949 9.0%	32,414,949 8.5%	32,673,591 8.4%	34,069,000 8.8%	33,349,000 8.1%
Intergovernmental-State % of Total	19,588,987 5.1%	20,557,391 5.4%	23,143,769 6.0%	22,047,200 5.7%	23,426,820 5.7%
Intergovernmental-Fed&Local % of Total	11,270,945 3.0%	7,258,450 1.9%	8,876,513 2.3%	7,619,417 2.0%	9,802,419 2.4%
Charges for Services % of Total	3,360,557 0.9%	3,753,190 1.0%	3,408,401 0.9%	3,322,966 0.9%	3,025,622 0.7%
Other Revenue % of Total	272,660 0.1%	815,237 0.2%	1,582,431 0.4%	303,200 0.1%	1,214,500 0.3%
Interest Income % of Total	371,433 0.1%	382,754 0.1%	858,905 0.2%	398,500 0.1%	1,218,500 0.3%
Total General Fund Revenue	380,460,129	381,886,828	387,499,683	386,849,314	411,384,261
% Change from Prior Year	3.1%	0.4%	1.5%	-0.2%	6.3%
\$ Change from Prior Year (Decrease)		1,426,699	5,612,855	(650,368)	24,534,947

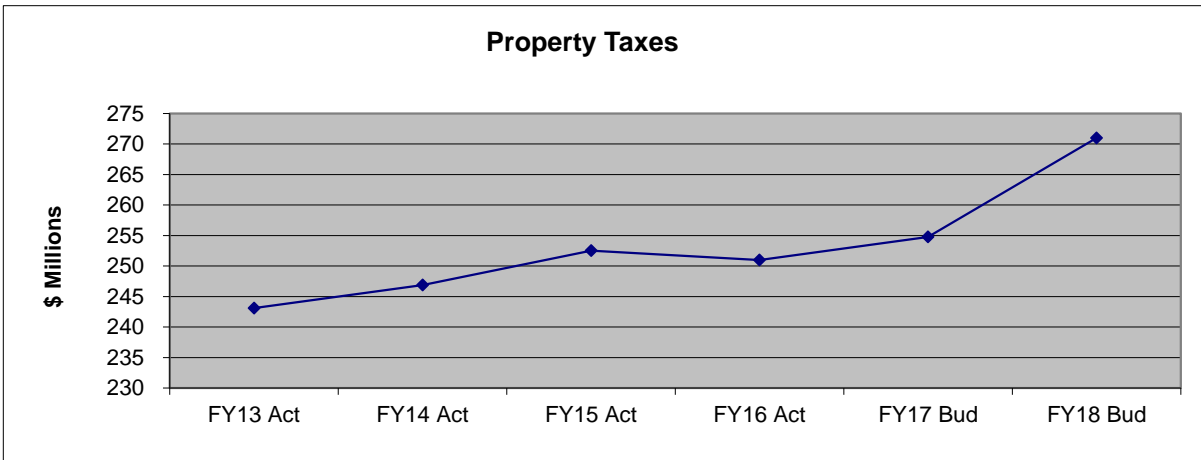
Property Tax Revenue vs All Other Sources
(General Fund, in millions)



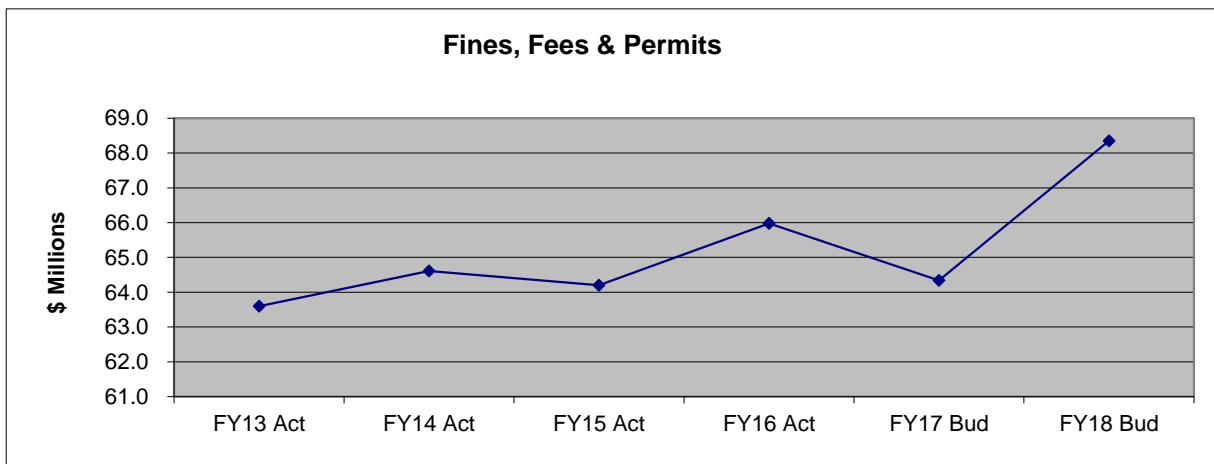
Property tax revenue has remained relatively stable as a percentage of total revenues that support General Fund operations.

GENERAL FUND REVENUE TRENDS AND ASSUMPTIONS

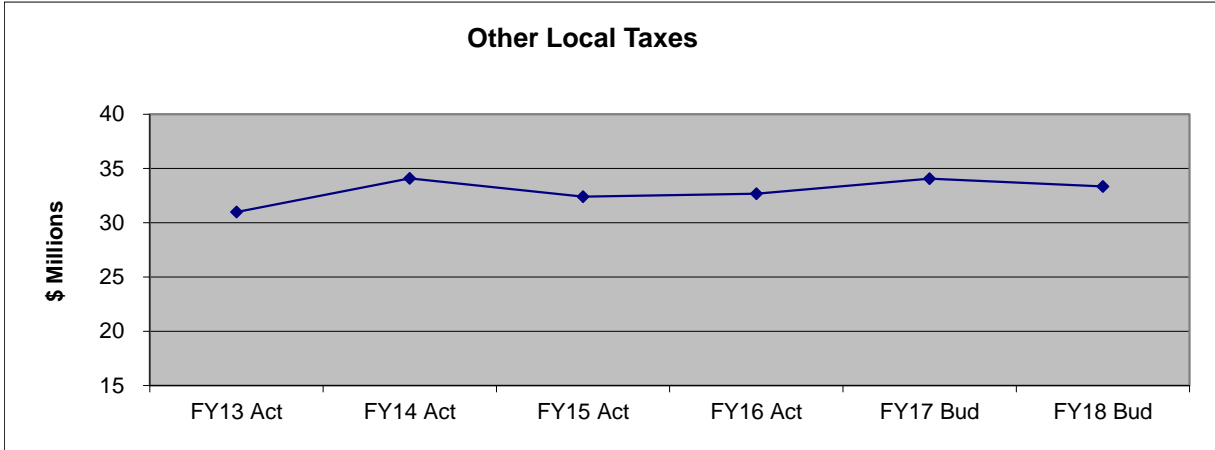
Property Tax Revenues continue to provide the primary source of operating funds for Shelby County, accounting for 66% of total General Fund revenues. Delinquent taxes represent \$7.3 million (or 2.7%) of total property tax collections. As a result of the certified tax rate established with the reappraisal and an elective tax reduction, the allocation to the General Fund is \$.02 less than prior year (from \$1.45 to \$1.43). However, this rate represents an increase in the percentage of property taxes allocated to the General Fund (from 33.2% to 34.8%). The gradual overall growth in property tax collections is proportionately reflected in share to the General Fund. Further discussion of property taxes is provided in the "All Funds Summary" section.



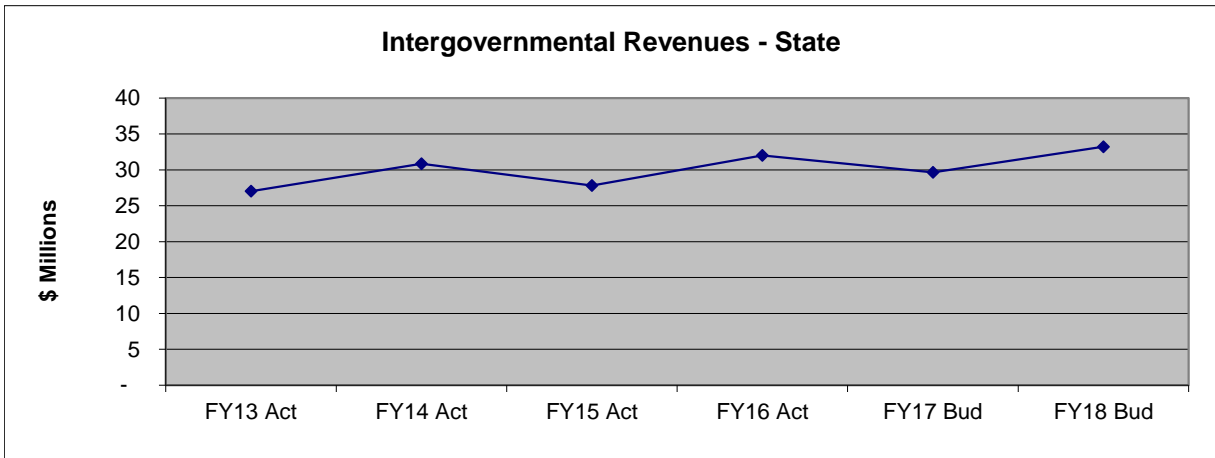
Fines, Fees & Permits represent the second largest source of General Fund income at 16.6% of total revenue. This category includes fees collected by the Courts and Other Elected Officials such as the County Clerk, Register and Trustee. The increase of \$4.0 million is primarily due to fees and permits collected by the County Clerk, Land Bank, Vital Records, and Judicial offices. The FY18 Budget was based on mid-year FY17 trends. The implementation of a new computer system interrupted FY17 collections. The higher level is expected to resume in FY18.



Other Local Taxes show a slight decline in FY18 (\$720,000) primarily due to a decrease in interest and penalties on delinquent taxes (\$1.5 million). A strong property tax collection effort has reduced outstanding delinquent taxes and the corresponding interest due on unpaid balances. Favorable trends in Business Taxes offset this decline to some extent.



Intergovernmental Revenue collected from the State of Tennessee accounts for 5.7% of all General Fund revenue. State revenue includes the County share of the State Income Tax (\$1.0 million), the TVA Replacement Tax (\$7.2 million), cost reimbursements related to the Public Defender (\$5.3 million), the Jail (\$2.4 million) as well as various grant programs. The increase of \$1.1 million is primarily due to Bank Excise Taxes which are projected to grow by \$900,000 based on current activity and market rates.



Intergovernmental Revenue - Federal & Local sources contribute 2.4% to the County General Fund - a \$2.2 million increase from the FY17 Budget. This increase is due to reimbursements received in FY18 from municipalities in Shelby County for the reappraisal conducted in FY17.

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 revenue, 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).