

Definitions of Categories & Assumptions Used for Future Budget Projections

EXPENDITURES

1. **Personal Services** - County employees' salary & benefits. It also includes retirees' health insurance.

Assumptions: Except as noted below, 4% per year for salaries and wages, 10% for health insurance.

- ▶ FY 2007 includes a 3.4% compensation adjustment (\$3.1 million). Approximately ½ is intended for a 3.4% average merit increase, and ½ will be used to implement a market survey to be done by the Human Resources Department.
- ▶ FY 2007 includes a 8.9% health insurance adjustment (\$ 1 million).
- ▶ FY 2007 includes a recommendation of 66 additional fulltime (of which 1 is grant funded) and 5 part-time positions (of which 1 is grant funded). In addition, 2 existing grant funded positions are recommended to be County funded for FY 2007. Of the 71 additional positions, 39 are in Public Safety, 17 in Social Services, and 10 in Public Health. The total cost of these changes is \$3.8 million (including related costs such as vehicles), of which \$2.7 million is in Personal Services. This expense is partially offset by \$350,000 in revenue.
- ▶ FY 2008 includes \$750,000 to open the remaining floor in the South tower at the LEDC.

2. **Professional & Technical Services** – Fees paid to acquire medical services at the LEDC, hire security for County facilities, acquire temporary help as needed, and other professional and technical services.

Assumptions: 2.0% per year for all years except as noted below.

- ▶ FY 2007 includes an additional \$621,000 in the Sheriff's Department, most of which is for an increase in the jail medical contract.
- ▶ FY 2007 includes \$90,000 in the Tax Department for contracted auditing services.

3. **Purchased Property Services** – Includes space and equipment rental, and services such as building and equipment repair, communication equipment maintenance, elevator maintenance, water and sewer, and solid waste disposal.

Assumptions: 2.0% per year for all years except as noted below.

- ▶ FY 2007 includes a combined increase of \$933,000. This is found in Tanglewood Park (\$371,000), General Services(\$175,000), Public Health (\$63,000), and Parks and Recreation (\$53,000).
- ▶ FY 2008 includes an additional \$650,000 for 6 months of maintenance for the Public Safety Communications System being installed now. FY 2009 reflects a full year (\$1,300,000) for the same purpose. This expense will be offset 50% by the City of Winston-Salem and other users of the system.
- ▶ FY 2008 includes a reduction of about \$110,000 related to the Register of Deeds terminating their space lease at mid year.
- ▶ FY 2009 includes the remainder of the reduction related to the Register of Deeds terminating their space lease during FY 2008.

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Expenditures - Contd.

4. **Other Purchased Services** – Phone services, software licenses, food service contracts (LEDC and Youth Detention), Downtown Health Plaza agreement, Risk Management, insurance premiums, and various other County contractual arrangements.

Assumptions: 2.0% per year for all years except as noted below.

- ▶ FY 2007 includes no change for the Downtown Health Plaza.
- ▶ FY 2007 includes an overall increase of \$933,000. Most of this (\$611,000) is found in Tax for a digital imagery system. Winston-Salem and Kernersville will help pay for this system. (\$210,000).
- ▶ FY 2008 includes a **reduction** of **\$40,000** for the new email system begun in FY 2005.

5. **Travel** – Training & Conference and mileage reimbursements.

Assumptions: 2.0% per year for all years, except as noted below.

- ▶ FY 2007 includes an overall increase of \$78,000. Much of this is for recertification required for employees in various departments.

6. **Materials and Supplies** – Pharmacy inventory purchases, electricity, gasoline, natural gas, fuel oil, small equipment (including personal computers), library books, repair and janitorial supplies, and general office support supplies.

Assumptions: 2.0% per year for all years except as noted below.

- ▶ FY 2007 includes an overall increase of \$1.8 million. The largest part of this is attributed to rising energy costs (\$659,000). \$490,000 is attributed to costs associated with recommended new positions.

7. **Other Operating Costs** – Apart from countywide insurance claims, this category is dominated by expenditures in Social Services (child custody, child daycare, adult services, WorkFirst program), some of which are offset by revenue.

Assumptions: 2.0% per year for all years after FY 2006.

- ▶ FY 2007 reflects a \$389,000 increase due to increases in Special Assistance to Adults (\$170,000) and insurance claims (\$291,000). Within this overall increase is a significant **decrease** in Foster Care (**\$450,000**).

8. **Medicaid** – The amount included in the County budget is the County's approximate 5% participation in the Medicaid program.

Assumptions: 9.5% increase per year for all years except as noted below. This is the average increase in what we've budgeted during the previous 10 years.

- ▶ For FY 2007, we are assuming Medicaid relief (budget to budget **decrease** of **\$1 million** as proposed by the Medicaid Subcommittee of the House Select Committee on Health Care.

9. **Prior Year Encumbrances** – Contractual obligations incurred during one fiscal year that are carried forward into the ensuing year.

Assumptions: 2.0% per year for all years except as noted below.

- ▶ FY 2007 reflects no change from FY 2006.

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Expenditures - Contd.

10. **Contingency** - Funds budgeted for any expenditures deemed essential which were unanticipated during the budget process. Also included in this category is pass through funds for special gifts received by the County.

Assumptions: After FY 2007, no increase for general contingency (\$562,000) for all years.

- ▶ FY 2007 includes a special contingency in the Sheriff's Department to use retired deputies on a part-time basis.

11. **Capital Outlay** - Vehicles, computer hardware & software purchases, & improvements other than buildings. Currently defined as expenditures for equipment which costs more than \$5,000 per item.

Assumptions: 2% increase for all years, except as noted below.

- ▶ FY 2007 includes a significant increase for capital outlay (\$2.1 million), some of which could be considered as "one time". Categories include Building Improvements at Social Services (\$610,000); Vehicles (\$800,000), & equipment (\$650,000). The building improvements at Social Services are 50% offset by revenues. Recommended vehicle replacements are up \$500,000; cost of vehicles related to additional positions is \$329,000; 2 additional ambulances are also included (\$273,000). The equipment category includes \$348,000 for the Register of Deeds Automation Project.
- ▶ FY 2008 reflects not including \$1.4 million of the "one-time" expenses from FY 2007. However, vehicle replacements are scheduled at the same level as FY 2007.
- ▶ FY 2009 reflects dropping back to the vehicle replacement level of FY 2006.

12. **Existing/Committed Debt Service** – Debt repayment of principal, interest, and related fees on school bond issues and various capital project financings.

Assumptions: per schedule

13. **Payments to Other Agencies** – County contribution to the W-S/FC Schools, Forsyth Tech, CenterPoint Human Services, Volunteer Fire and Rescue Departments, the City of Winston-Salem, and other non-County agencies, i.e., those in Economic Development and Special Appropriations.

Assumptions: 5% per year for all years except as noted below.

- ▶ FY 2007 includes a 6.2% increase (\$6 million) for the WS/FC Schools.
- ▶ FY 2006 includes a slight decrease for FTCC (\$128,000). This is a result of a significant decrease in capital maintenance of \$320,000.
- ▶ FY 2008 includes \$875,000 as the first year of a four year repayment plan to local hospitals for the expansion of Greene Hall at FTCC for the purpose of providing additional classroom space for nursing classes.
- ▶ FY 2008 includes \$500,000 for first year incentives for the Dell project. These payments are assumed to increase for 2 years, then begin decreasing.
- ▶ FY 2009 includes \$500,000 for first year non-recurring costs of new FTCC satellite campus in northern Forsyth County.
- ▶ FY 2009 includes \$185,000 as the first year of recurring costs at new FTCC satellite campus in northern Forsyth County.

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Expenditures - Contd.

14. **Other Financing Uses** - This is the amount of money flowing from the General Fund to other funds, primarily Capital Projects Ordinances.

Assumptions: After FY 2006, no change. However, in the past, it has fluctuated greatly from year to year. For example, over the last 7 years, it has fluctuated from a high of over \$1,000,000 to a low of \$0.

15. **Future Capital Improvements** - This is the net total required from the General Fund to support the proposed Capital Improvements Plan. Net total means all expenditures, including current outlay, debt service, and related operating costs, less any offsetting revenue.

Assumptions: Per schedule found under Capital Improvements Program tab.

Less: Capital Maintenance in previous year's budget - To avoid double counting, since capital maintenance expenses are spread into the appropriate accounts in the Recommended and Adopted Budgets.

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REVENUES

18. **Current Year Property Taxes** – Tax revenue on real and personal property. The amount required each year is determined by taking the difference between projected expenditures, less the total of all other revenues and appropriated fund balance. The tax rate is then determined by taking this amount, and dividing it by the amount per penny the tax base supports.

Assumptions: The amount of property taxes is determined by the formula above.

19. **Other Ad Valorem Taxes** - Prior year taxes, and interest on delinquent taxes.

Assumptions: 2% per year, except as noted below.

- ▶ FY 2007 reflects no change from FY 2006.

20. **Other Taxes** - Occupancy tax and Vehicle Rental Gross Receipts tax.

Assumptions: 2% per year.

21. **Sales Taxes** – County government's share of sales tax revenue on retail sales.

Assumptions: 3.5% per year except as noted below.

- ▶ FY 2007 reflects a budget to budget increase of \$5.6 million or 8.9% . Compared to the estimated actual for FY 2006 , the increase is \$4.2 million, or 6.5%.
- ▶ FY 2008 assumes the City of W-S proposed annexation is effective 7/1/06. The estimated impact is \$1.3 million less sales taxes for the County.

22. **Licenses and Permits** – Environmental health permits, as well as business, animal, marriage and other licenses.

Assumptions: 2% per year, except as noted below.

- ▶ FY 2007 reflects a **decrease** as a result of a reduction in cable franchise fees due to areas being annexed by the City of Winston-Salem and the final year of reductions in certain fees in the Environmental Affairs Department.

23. **Intergovernmental** – Federal, state, and local government payments to the County usually in the form of grants, program supplements, or payments for services.

Assumptions: 2% per year, except as noted below.

- ▶ FY 2007 reflects a decrease due to the continuing decline of "hold harmless" revenues from the State. Excluding the "hold harmless" revenue from the State, FY 2007 reflects a net increase of \$600,000.
- ▶ FY 2008 includes \$325,000 in additional revenue from the City of Winston-Salem for the increased maintenance costs of the Public Safety Communications system discussed in #3 above "Purchased Property Services".

Definitions of Categories & Assumptions Used for Future Budget Projections

Revenues - Contd.

23. *Intergovernmental (Contd.)*

- ▶ Because FY 2008 is assumed in the CIP to be the first year of debt for a successful bond referendum in the Fall of 2006, it is also assumed to be the first year of revenue from lottery proceeds (for the School bonds) & the City of Winston-Salem (for the Public Safety Training facility portion of the FTCC bonds). This continues for the 20-year life of the debt service on
- ▶ FY 2009 includes another \$325,000 in additional revenue from the City of Winston-Salem for the increased maintenance costs of the Public safety Communications system discussed in #3 above "Purchased Property Services".

24. **Charges for Services** – County department fee-for-service to record deeds, house inmates, collect taxes, conduct elections, provide EMS services, provide pharmacy services, play golf, etc.

Assumptions: 2% per year, except as noted below.

- ▶ FY 2007 includes an increase of \$800,000, most of which is in EMS revenues. No fee increases are assumed. The increase is due to increasing volume and better collections.

25. **Earnings On Investments** - Interest earned from our investments. Statutes strictly limit what investments are allowed.

Assumptions: 2% per year, except as noted below.

- ▶ FY 2007 includes a \$1 million increase, which is attributed to rising interest rates.

26. **Other Revenues** – Sale of various goods and services ranging from food, books, vehicles, and office space. Includes fines, foreclosures, refunds, insurance proceeds, and various gifts to the County.

Assumptions: 2% per year, except as noted below.

- ▶ FY 2007 includes an overall increase of \$969,000 due to: an increase of \$400,000 in EMS in the Medicaid cost settlement; \$200,000 in Public Health in drug sales; and \$300,000 in Tanglewood Park due to special events.

27. **Other Financing Sources** – Transfers from other County funds for use in the General Fund, primarily Capital Project Ordinances (CPO's), and transfers of sales taxes from the Fire Tax Districts.

Assumptions: 2% per year, except as noted below. This could change dramatically depending on number and size of additional CPO's.

- ▶ FY 2007 reflects an increase in the transfer of sales taxes from the Fire Tax Districts.

29. **Fund Balance Appropriated** - This is the amount of fund balance that we budget, which is only a portion of the total fund balance.

Assumptions: This is determined each year based on the ratio of the estimated amount of total Unreserved Fund Balance that will remain at the end of a given year, as a % of the subsequent year's budget. Since our goal for this percentage is between 14% and 16%, as the budget grows, the unreserved fund balance also needs to grow. Each year, it is assumed we will collect 100% of revenue budgeted, and spend 96% of most expenditure accounts (excluding schools, FTCC, Debt, & Medicaid).