

Introduction Table of Contents

Commissioners' Page	2
GFOA Award	3
FY15-16 Distinguished Budget Presentation Award	4
Reader's Guide	5
Budget Preparation Calendar	7
Process for Preparing, Reviewing and Adopting the Annual Budget	8
Glossary of Budget-Related Terms & Acronyms	10
Manager's Message	16

2016 – 2017 Annual Budget Forsyth County, North Carolina

BOARD OF COUNTY COMMISSIONERS



David R. Plyer, Chairman
Kernersville, N.C.

Don Martin, Vice Chair
Tobaccoville, N.C.

Gloria Whisenhunt
Winston-Salem, N.C.

Ted Kaplan
Lewisville, N.C.

Walter Marshall
Winston-Salem, N.C.

Everette Witherspoon
Winston-Salem, N.C.

Richard Linville
Kernersville, N.C.

COUNTY OFFICIALS:

J. Dudley Watts, Jr., County Manager
Damon Sanders-Pratt, Deputy County Manager
Ronda D. Tatum, Assistant County Manager
Jane F. Cole, Director, External Communications
Carla D. Holt, Clerk to Board
Paul L. Fulton, Jr., Chief Financial Officer
William T. Schatzman, Sheriff
Norman Holleman, Register of Deeds
Davida Martin, County Attorney

BUDGET & MANAGEMENT STAFF:

Kyle W. Wolf, Director
Patrice Y. Toney, Senior Analyst
R. Carr Boyd, Analyst
J. Kyle Haney, Analyst
D. Adam Pendlebury, Analyst
R. Lyden Williams, Analyst

G.F.O.A. Distinguished Budget Presentation Award

The Government Finance Officers Association of the United States and Canada (GFOA) presented an Award for Distinguished Budget Presentation to Forsyth County for its annual budget for the fiscal year beginning July 1, 2015.

In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operating guide, as a financial plan, and as a communications device.

The award is valid for a period of one year only. We believe our current budget continues to conform to program requirements, and we are submitting it to GFOA to determine its eligibility for another award.

This award, along with the Certificate of Achievement for Excellence in Financial Reporting, helps Forsyth County present a quality image to bond rating agencies and their outside organizations.



GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished
Budget Presentation
Award*

PRESENTED TO

**Forsyth County
North Carolina**

For the Fiscal Year Beginning

July 1, 2015

Executive Director

READER'S GUIDE

The Annual Budget Document for Forsyth County is grouped into nine sections, each with a specific theme & purpose. Taken together they comprise a document designed to meet the information needs of all users - from the casual reader to those appraising the financial stability of the County.

Manager's Message

The Manager's message describes the objectives for the County based on priorities previously agreed upon by the Board of Commissioners. It covers important issues such as tax rate, budget issues and objectives, changes to the budget, changes in services, fund balance, personnel, schools, and other operating improvements and capital improvements when they are incorporated into the annual budget. Also included are future considerations for issues to be addressed in subsequent budget years.

Policies and Goals

In this section the reader will find the following:

- Policies, Goals & Basis for Future General Fund Budget Projections
- Summary sheet and detailed data for Future General Fund Budget Projections
- County's Mission Statement
- Information on county government in North Carolina
- Operating Policies and Goals
- Financial Policies and Goals
- Basis of budgeting and budgetary amendments
- Debt Management Policies
- Balanced Budget definition
- Fund Balance definition

Financial Section

This section starts with a summary of annually budgeted funds, followed by a combined summary of all funds. In addition to the General Fund, the County has four annually budgeted special revenue funds.

The Summary of Annually Budgeted Funds provides summary totals for expenditures, revenues and fund balances appropriated for the upcoming budget year. The combined summary of all funds shows revenues by source, expenditures by service area and total commitments and fund balances. This summary sheet is followed by separate sheets for each fund in the same format as the summary.

The next section begins with a one-page summary of revenue sources and expenditure uses. It is followed by descriptions of revenue sources that show history, trends and projections for the upcoming fiscal year. This is followed by descriptions and trends for expenditure uses.

In order to ensure a consistent format, and to provide a crosswalk between revenues and expenditures, the following reports are also included in this section:

1. General Fund expenditures and revenues by Service Area/Department
2. General Fund expenditures and revenues by Object Level 1/Department

General Fund

An organization chart shows the relationships between the Board of Commissioners, other related Boards, the County Manager and operating departments in the General Fund.

Data on personnel positions by service area follows trends in staffing from prior year actual through the adopted budget for the new fiscal year.

Summary sheets are included at the beginning of each service area (for example, Public Safety) that show the relative costs for the function compared to the total budget. Overall goals and objectives for the service area are also shown. Service area organization charts and personnel position data are also shown in the summaries.

READER'S GUIDE

Sheets are then provided for each County department and joint City-County department. There are separate sheets for thirty-four County departments and three joint City-County departments administered by the City of Winston-Salem (Emergency Management, Inspections, Planning & Development, and Purchasing). The sheets for each department include: a mission statement, budget highlights, performance and workload measures, a program summary, expenditure and revenue data and (with the exception of joint City-County departments) trends for budgeted positions from Prior Year Actual through Adopted.

Special Revenue Funds

The **Emergency Telephone System Special Revenue Fund** is used to account for the sixty-cents per month E911 surcharge. The funds are to be used exclusively for costs associated with the Emergency Telephone System.

The **Law Enforcement Equitable Distribution Fund** is used to provide funds from drug seizure revenue for the eradication of drug trafficking in Forsyth County. These monies are to be used exclusively for equipment, personnel, and training as designated by the Sheriff in accordance with Federal law.

One of the County's multi-year special revenue funds is school-related. The sheets for these funds show the projected flow of state and county funds for these projects. The County's match for the **State Public School Building Capital Fund** comes from bond funds and ADM funds rather than the General Fund.

The **Housing GPOs** include transfers from the General Fund for local matching funds, plus expenditures and revenues from various grant-funded housing programs.

The **Justice Assistance Trust Grant Funds** are used to account for the Federal Justice Assistance Grant shared with the City of Winston-Salem and/or the Town of Kernersville.

The **Special Fire Tax District Fund** is used to account for property tax collections and other revenue sources for distribution to the County's twenty-two fire tax districts & three service districts. Information is included for each district on the appropriation, fund balance and tax rate for the current year; the requested and recommended tax rate; and the tax rate revenue, fund balance appropriation and total appropriation for the new fiscal year.

The **O. Moser Special Revenue Fund** was provided from the estate of Odis Moser to provide assistance and special requests from the elderly population of Forsyth County.

Capital Project Ordinances

These are described in detail, showing all revenue sources, the original and current budgets and projected activity for the current year, upcoming year and further into the future. This section concludes the currently established funds in our document. The next section describes projects that are in the planning stages.

Capital Improvements Plan

This section describes projects that are in the **planning** stage. The Capital Improvements Plan is the result of an ongoing process by County officials to assess the need for major capital expenditures, assess the feasibility of funding these projects, and establish an orderly plan for implementation. Operating expenses for the General Fund are also shown by project and year on the Annual General Fund Requirements by project and Annual General Fund Requirements by Department sheets.

Projects are distributed through the multi-year plan based on need, and in keeping with the County's debt-ceiling policy. As mentioned above, this section describes projects that are in the **planning** stages while the previous sections describe established funds.

Appendices

Historic, financial, demographic and statistical information is included in this section to allow the reader to become more familiar with the assets of Forsyth County. A list of acronyms is included in the glossary.

READER'S GUIDE

Budget Ordinance.

A copy of the newly adopted budget ordinance for the County includes revenue and expenditure information for the General Fund, and the four annually-budgeted special revenue funds. The ordinance also delineates the authority of the County Manager and Clerk to the Board to enter into certain agreements and perform specific other functions related to the annual budget.

The Ordinance establishes the ad valorem tax levy and license tax levies. Other provisions cover restrictions on contingency funds, compensation/allowances of the County Commissioners, and concerns/restrictions related to Contingency and grantee agencies.

Budget Preparation Calendar For FY 2016-17

November

- ◆ Budget & Management Department prepares budget guidelines and preparation package.
- ◆ Schedule for budget preparation process approved by Manager.

December

- ◆ Budget & Management Department distributes Budget Preparation Package to departments.

January

- ◆ New position requests & other requests for additional resources submitted from departments.
- ◆ Budget & Management and Finance Departments prepare County Mid-Year Report on the first six months of operation (expenditures, revenues and projects) and projections for year-end.
- ◆ Capital Improvements Program prepared for Winter Work Session with Board of County Commissioners.
- ◆ Current Year Estimates (thru 6/30) & Budget Requests (Continuation & Alternate Service Level) submitted from departments.

February

- ◆ Winter Work Session for County Commissioners, County Manager, and Management staff.

March-April

- ◆ Staff reviews budget estimates and requests from departments and prepares work papers.
- ◆ Current year estimates and preliminary request totals to County Manager from Budget & Management Department.
- ◆ County Manager's meetings with Budget staff and departments regarding budget requests.

April/May

- ◆ Winston-Salem/Forsyth County Schools & Forsyth Technical Community College's presentations of budget requests to Board of County Commissioners.
- ◆ County Manager and Budget staff finalize preliminary budget document.

May

- ◆ Preliminary budget document presented to Board of Commissioners by County Manager.
- ◆ Public Hearing on proposed budget.
- ◆ Board of Commissioners holds work sessions on budget proposals.
- ◆ Budget Ordinance adopted by Board of County Commissioners.

June

- ◆ Adopted budget ordinance finalized, printed and distributed.

July

- ◆ New fiscal year begins.
- ◆ Budget implementation.

READER'S GUIDE

Process For Preparing, Reviewing and Adopting the Annual Budget

November/December

The Budget & Management Department prepares budget guidelines and the preparation package that is sent to the departments. The packages are sent to the departments in December and include:

1. Cover letter from the County Manager describing the fiscal climate, priorities, major funding issues and budget guidelines for the coming year;
2. Percentage changes for utility and telephone costs;
3. Vehicle mileage rates;
4. Schedule showing the dates by which the estimated and requested figures are to be entered into the budget system;
5. Space costs for Hall of Justice and Forsyth County Government Center.

January

Departments prepare their requests for new positions and other additional resources and submit these requests to the Budget and Management Department. The Position Classification Distribution (PCD) report is sent to the departments and is updated to show any changes in the distribution of salaries among the department's cost centers. Requested new positions are given position control numbers (PCN) and are added to the requested version of the Position Classification Distribution report, only if they will be a part of the Continuation budget.

Budget & Management staff reviews the requests from their assigned departments, asks for additional information as needed, and begins the preliminary recommendation process. Staff frequently does statistical analysis independent of the departments to clarify the need for the additional resources.

The Budget System is updated to show the six month's amended budget, and six month's actual to date figures. The departments order reports with the updated figures and begin the process of entering their estimates into the Budget system.

The Capital Improvements Program is prepared for the Winter Work Session with the Board of County Commissioners. Forms are requested from the departments for major improvements/additions to their facilities or equipment. These requests are discussed by management staff, and if approved, are put in priority order. The projects are then included in the Capital Improvements Plan by year, along with anticipated operating costs and potential debt service implications, if applicable.

February - March

Current Year Estimates (through 6/30) and Budget Requests (Continuation and Alternate Service Level) are entered into the Budget system by the departments. Supplemental data detailing descriptions and amounts for each Object Level 3 are submitted to the Budget & Management Department.

The Planning Work Session is held with the County Commissioners, County Manager and management staff. Expenditure and revenue projections and the Capital Improvements Plan are presented for consideration by the Board. Major factors driving the budget are discussed. The Commissioners provide feedback and direction to the County Manager and Staff related to the Board's priorities and preferences for the upcoming budget.

The Budget & Management Staff checks the estimates provided by their assigned departments and makes adjustments as needed. Staff enters estimates and requests for Non-Departmental, Community Grants, Debt Service, Economic Development, joint County/City departments and other outside agencies. Staff also enters salary and fringe benefit figures for each cost center using data from the updated Position Classification Distribution report and the fringe benefit ratios calculated in December.

Budget requests are discussed with the departments, and the Budget staff begins to formulate and enter preliminary recommendations into the Budget System.

Community agencies submit application for county funding. These are due by the end of January.

READER'S GUIDE

Process For Preparing, Reviewing and Adopting The Annual Budget (continued)

March/April

The Budget & Management Staff completes preliminary recommendations for their assigned departments. Document sheets, an explanation of issues and selected reports and back up material are sent to the County Manager, the Deputy County Manager assigned to the affected department, the Budget Director and the Department Manager in preparation for scheduled budget meetings. Meetings are then held with the County Manager, a Deputy County Manager, the Department Manager and key staff, the Budget Director and the Budget Analyst responsible for the given department's preliminary budget recommendations. Issues are discussed and changes made by the County Manager are entered into the system by Budget Staff.

April/May

Winston-Salem/Forsyth County Schools and Forsyth Technical Community College make their budget presentations to the Board of County Commissioners. Detail is provided on their requested funding levels and programs and both respond to questions from the Commissioners on any issues that need clarification.

Final decisions are made for the Continuation Recommended budget and the Manager makes recommendations regarding Alternate Service Level requests. Revenue sources and expenditures are rechecked for accuracy. The recommended tax rate is calculated for the upcoming year. The budget is balanced in the system. Pages for the document are updated through the Continuation Recommend column. Sheets with supporting data are finalized and both the Preliminary document is sent to the Print Shop.

May

The Preliminary and Alternate Service Level Documents are formally presented to the Board of Commissioners at their regularly scheduled Thursday afternoon briefing. The County Manager goes over highlights of the recommended budget and responds to questions by the Commissioners. The Budget Staff attends this briefing to provide backup information if necessary.

A notice for the Public Hearing on the Recommended Budget is printed in local newspapers showing the date, time and location for the meeting.

The Preliminary Budget and Alternate Service Level Documents are placed on the County's website for the public and departments. All Library locations receive CD versions of the document for public viewing.

A Public Hearing is held on a Monday (or Tuesday if a holiday) night at a regularly held meeting of the County Commissioners for public comment on the upcoming budget. Agencies and individuals express their concerns on issues related to the budget. The Commissioners do not respond to questions or debate the issues at this meeting, but listen to the input provided by the community. The Commissioners continue this meeting to the following Thursday in order to adopt the budget.

Workshops are held with the County Commissioners, County Manager, Management Staff, and Budget Staff to discuss the recommended budget. These workshops are on the Tuesday and Wednesday (or Wednesday/Thursday morning if Memorial Day holiday disrupts schedule) following the Public Hearing. The Commissioners make their desired adjustments and these changes are entered into the budget system. A new tax rate is calculated and the adopted budget is balanced. A Budget Ordinance is prepared for adoption by the Commissioners on Thursday at their continued meeting.

June

The adopted Budget Document is finalized, printed and distributed.

GLOSSARY OF BUDGET-RELATED TERMS & ACRONYMS

ABC Funds

County share of "profits" received from the local Alcoholic Beverage Control Commission.

Ad Valorem Tax

A tax levied on the assessed value of real estate or personal property also known as the "property tax"

Accounts

County expenditure accounts listed on departmental sheets:

Salaries & Wages

(FT, PT and temporary salaries; overtime; longevity; general adjustments; step adjustments, reclassifications)

Employee Benefits

(life/health/dental insurance; retirement; FICA; separation allowance contribution, employer share of 401K and deferred compensation; unemployment; retiree hospitalization; LEO separation allowance)

Professional Fees

(medical fees; autopsies; laboratory fees; physical, speech & occupational therapist fees; legal, audit and engineering fees; security service & veterinary fees; temporary help-outside agency fees)

Maintenance Service

(elevator maintenance; janitorial, linen/laundry and exterminating service; solid waste disposal; equipment and auto repair; software and communication equipment maintenance)

Rent

(space, equipment, auto and software rental)

Utility Services

(water and sewer)

Construction Services

(contracted buildings and building improvements)

Communications

(telephone and teleprocessing; communication circuits)

Travel

(training & conference; registration & course fees; required travel; personal mileage and parking)

Other Purchased Services

(contract printing; collection costs and book processing; ordinance codification; food services; software licensing fees; food stamp and bank service charges; inmate housing; towing charges; advertising; client transportation)

General Supplies

(miscellaneous office supplies; postage; small equipment; janitorial supplies; construction supplies; uniforms; books and subscriptions)

Energy

(electricity; fuel oil; natural gas; gasoline)

Operating Supplies

(auto repair parts; tires; library books and periodicals; audio-visual, software, medical and microfilm supplies)

Inventory Purchases

(merchandise for resale and pharmacy inventory)

Support & Assistance

(public assistance such as Food & Nutrition Services; Work First Assistance; aid to the blind; family planning medical services; adoption assistance payments; emergency assistance; food stamp refunds; court ordered payments; pauper burials; special service expense; JOBS training, support, work-related expense & transportation; foster care payments; special service expense; adult day care; Work First transportation and vendor payments; Child Care Development Fund (CCDF) child care; KBR Trust & Title XX vendor payments; crisis intervention energy assistance)

Other General & Administration

(memberships & dues; refunds & releases; informants pay; survivor benefits; legal and costs; rewards and incentives; tuition reimbursement; housing acquisition, construction, deferred payment loans & rehabilitation costs; assessments and property tax; document recording costs; interlibrary loan costs; non-employee expense reimbursements; deferred payment loans; fines & penalties; LSCA, Kiger Fund, Chatham Fund & special gift budget-only accounts)

Vehicles

(trucks & autos; emergency vehicles; motive equipment)

Equipment

(equipment and computer software)

GLOSSARY OF BUDGET-RELATED TERMS & ACRONYMS

Acronyms

ABC - Alcoholic Beverage Control
ACA - Affordable Care Act
ACE - Adult Continuing Education
ADA - Americans with Disabilities Act
ADM - Average Daily Membership
AHEC-NC - Area Health Education Center-North Carolina
AIDS - Acquired Immune Deficiency Syndrome
ARCA - Addiction Recovery Care Association
AVL - Automated Vehicle Locator
BABS - Build America Bonds
BCCCP - Breast & Cervical Cancer Control Program
BOCC - Board of County Commissioners
CAD - Computer Aided Dispatch
CBA - Community Based Alternatives
CCDF - Child Care Development Fund
CDBG - Community Development Block Grant
CDC - Center for Disease Control
CFR - Crash/Fire/Rescue
CIP - Capital Improvements Program
COLA - Cost of Living Adjustment
COPS - Certificates of Participation/ or Community Oriented Policing Services
CPI - Consumer Price Index
CPO - Capital Project Ordinance
CRP - Capital Repair Plan
CPS - Child Protective Services
CRS - Community Rating System
CSHS - Children's Special Health Services
CYO - Current Year Original
DA - District Attorney
DEA - Drug Enforcement Agency
DENR - Department of Environment & Natural Resources
DOJ - Department of Justice
DOT - Department of Transportation
DP - Data Processing
DSS - Department of Social Services
EDLP - Education Debt Leveling Plan
EMS - Emergency Medical Services Department
EMT - Emergency Medical Technician
EPA - Environmental Protection Act
ESC - Employment Security Commission
FAMIS - Financial and Management Information System
FDIC - Federal Deposit Insurance Corporation
FLSA - Fair Labor Standards Act
FT - Full time
FTCC - Forsyth Technical Community College
FY - Fiscal Year
GCC - Governor's Crime Commission
GFOA - Government Finance Officers Association
GHSP - Governor's Highway Safety Program
GIS - Geographic Information System
GPO - Grant Project Ordinance
GS - General Statute
HAVA - Help America Vote Act
HAZMAT - Hazardous Material
HCFA - Health Care Financing Agency
HOJ - Hall of Justice
HUD - Housing and Urban Development

GLOSSARY OF BUDGET-RELATED TERMS & ACRONYMS

Acronyms (Contd.)

HVAC - Heating, Ventilating and Air Conditioning
IDA - Individual Development Account
INS - Immigration & Naturalization Services
IV-D - Child Support
IV-E - Public Assistance Eligible
JAG - Justice Assistance Grant
JCP - Juvenile Crime Prevention
K - Thousand
KBR - Kate Bitting Reynolds Foundation
KVL - Kernersville
LEDC - Law Enforcement Detention Center
LEED - Law Enforcement Equitable Distribution Fund
LIEAP - Low Income Energy Assistance Program
LLEBG - Local Law Enforcement Block Grant
LSCA - Library Services Construction Act
LSTA - Library Services Technology Act
LT - Long Term
M/WBE - Minority/Women Based Enterprises
MIS - Management Information Services
NACO - National Association of Counties
NC - North Carolina
NC A&T - North Carolina Agriculture & Technical State University
NC DOT W/F - North Carolina Department of Transportation Work First
NCACC - North Carolina Association of County Commissioners
NCEM WMD - North Carolina Emergency Management Weapons of Mass Destruction
NCGS - North Carolina General Statutes
NCHFA - North Carolina Housing Finance Act
NCPTS - NCACC Collaborative Property Tax System
NCVTS - North Carolina Vehicle System
NESHAP - National Emission Standards for Hazardous Air Pollution
PART - Piedmont Area Regional Transportation
OVW - Office of Violence Against Women
PC - Personal Computer
PT - Part time
PYA - Prior Year Actual
QSCBs - Qualified School Construction Bonds
RJR - R.J. Reynolds Tobacco Company
SMCP - State Misdemeanant Confinement Program
SORT - Special Operations Response Team
SOS - Safe on Seven
SSA - Social Services Administration
STD - Sexually Transmitted Disease
SWCD - Soil and Water Conservation District
T/O - "To outside" as in payments to outside agencies
TANF - Temporary Assistance to Needy Families
TANF/WFFA - Temporary Assistance to Needy Families/Work First Family Assistance
TB - Tuberculosis
TFR - Transfer
UCC - Uniform Commercial Code
USDA - United States Department of Agriculture
WFU - Wake Forest University
WIC - Women, Infants & Children Program
W-S - Winston-Salem
WS/FC - Winston-Salem/Forsyth County
WSSU - Winston-Salem State University
YWCA - Young Women's Christian Association

GLOSSARY OF BUDGET-RELATED TERMS & ACRONYMS

Appropriation

The legal authorization made by the Board of County Commissioners to departments and agencies of the County to expend certain funds and incur obligations for specific purposes. The appropriations are set for specific timelimits in which fund may be expended.

Assessed Valuation

An estimated value placed upon real and personal property by the County Tax Assessing Office as the basis for levying property taxes.

Arbitrage

The ability to invest proceeds from the sale of tax-exempt securities in high yielding taxable securities which results in interest revenue in excess of interest costs.

Budget Calendar

The schedule of key dates or milestones which the County follows in the preparation and adoption of the budget.

Budget Implementation

Adopted budget is rolled into the financial system so that appropriations are in place for the departments to conduct their operations.

Budget Message

The opening section of the budget document which provides the Board of County Commissioners and the public with a general summary of the most important aspects of the budget, changes from the current and previous fiscal years, and the views and recommendations of the County Manager.

Budget Ordinance

The official enactment by the Board of County Commissioners that makes appropriations and levies taxes for the budget year. The ordinance may be in any form that the Board considers most efficient in enabling it to make the fiscal policy decisions embodied therein, but it shall make appropriations by department, functions, or project and show revenues by major source. The Board shall adopt a budget ordinance no earlier than 10 days after the day the budget is presented to the Board and no later than July 1. (See Interim Budget)

Budget Preparation Package

The set of instructions and forms sent by the Budget & Management Office to the departments & agencies of the County for them to prepare their operating budget requests for the upcoming year.

Capital Improvement Program (CIP)

A plan for capital expenditures to be incurred each year over a fixed period of years that sets forth for each capital project; the total estimated cost, the expected beginning and ending date, the amount to be expended in each year, and the method of financing those expenditures, if appropriate. The Plan also provides for any related increased/decreased General Fund operating expenses which may be incurred as a result of implementing the project.

Capital Assets

Assets with an initial, individual cost of \$20,000 or more for buildings, building improvement and improvements other than buildings; and \$5,000 or more and an estimated useful life of more than three years for all other assets.

Capital Outlay

The cost for acquisition, construction, improvement, replacement, or renovation of land, structures and improvements thereon. (Expenditures to replace parts or otherwise to restore assets to their previously efficient operating condition, are regarded as repairs.) Equipment is physical property, other than land and buildings, having a useful life of more than three years and a cost of \$5,000 or more.

Contingency

A budgetary account set aside for emergencies or unforeseen expenditures.

GLOSSARY OF BUDGET-RELATED TERMS & ACRONYMS

Cost Sharing Data

Cost Sharing Data is used as a management tool to capture the value of labor, materials and overhead for services that are provided to County departments by other County departments. Examples are grounds maintenance & management information services. These entries do not constitute actual appropriations of funds.

Contra Expenses are the negative or offsetting entries that are included in the budget of the department that provides the service.

Cost Sharing Expenses are the entries shown in the budgets of the departments that receive the service, and are offset by negative entries in the provider department's budget as described above.

Current Year Estimates

Projected Estimates for amounts to be expended by the end of the fiscal year (June 30) made as of March 30.

Debt Service

The County's obligation to pay the principal, interest, and related fees on the indebtedness of the County for existing bonds, notes, or installment purchases according to a pre-determined payment schedule.

Encumbrance

An amount of money committed and set aside, but not yet expended, for the purchase of a specific good or service.

Fund Balance

The equity (excess of assets over liabilities) in a governmental fund.

General Fund

The fund used to account for all activities of a government except those required to be accounted for in another fund. It is the general operating fund of the County.

Grant

A contribution of assets (usually cash) by one governmental unit or other organization to another. Typically, these contributions are made to local governments from the State and Federal governments or local foundations. Grants are usually made for specified purposes.

Intangible Taxes

Taxes that were levied and collected by the State on certain personal property on behalf of local governments. The proceeds were distributed to the County and all municipalities within the County. Since the tax was repealed, the State payments in lieu of the taxes are shown.

Interfund Transfers

Amounts transferred from one fund to another.

Interim Budget

If the adoption of the budget ordinance is delayed until after July 1, the governing board shall make interim appropriations for the purpose of paying salaries, debt service, and the usual and ordinary expenses of the local government for the interval between the beginning of the budget year and the adoption of the budget ordinance.

Modified Accrual

The County follows the modified accrual basis of accounting for all funds, under which revenues are recorded as the amount becomes susceptible to accrual by becoming measurable and available to pay current period liabilities. Expenditures, other than interest on general long-term obligations and vacation pay are recorded when the liability is incurred, if measurable. Interest on general long-term obligations is recorded when due.

GLOSSARY OF BUDGET-RELATED TERMS & ACRONYMS

Modified Accrual (Contd.)

In applying the susceptible to accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance. There are, however, essentially two types of these revenues. In one, monies must be expended on the specific purpose or project before any amount will be reimbursed to the County; therefore, revenues are recognized based upon the expenditures recorded. In the other, monies are virtually unrestricted as to purpose of expenditure & are usually revocable only for failure to comply with prescribed compliance requirements. These resources are reflected as revenues at the time of receipt or earlier if the susceptible to accrual criteria are met.

Charges for services (other than health-related) and intangibles and sales taxes are recorded as revenues when received in cash because they are generally not measurable until actually received. Interest on investments is recorded as earned since it is both measurable and available.

Occupancy Tax

A percentage tax levied by the Board of Commissioners on certain accommodations, the proceeds of which are appropriated to the Tourism Development Authority.

OPEB - Other Post Employment Benefit

Trust fund that accumulates resources to pay other post employment benefits for qualified retired County employees, primarily healthcare benefits. Forsyth County budgets \$1.6 million per year to transfer to this fund.

Preliminary Budget

The proposed recommended County budget is submitted by the County Manager to the Board of County Commissioners in late May each year.

Prior Year Encumbrance

Funds budgeted in the current fiscal year for items/services budgeted for and encumbered but not purchased in the previous fiscal year.

Property Tax

Property taxes are levied on both real and personal property according to the property's valuation and the tax rate.

Source Of Revenue

Revenues are classified according to their source or point of origin.

Special Revenue Fund

Accounts for the proceeds of specific revenue sources (other than expendable trusts or for major capital projects) that are legally restricted to expenditure for specific purposes.

Tax Collection Rate

The percentage of the tax levy that is expected to be collected in a fiscal year. The budgeted collection rate cannot exceed the actual collection rate for the previous year.

Tax Levy

The total amount to be raised by general property taxes for operating and debt service purposes specified in the annual budget ordinance.

Tax Rate

The amount of tax levied for each \$100 of assessed valuation.

Service Area

The major categories of County government: Public Safety, Environmental Management, Health, Social Services, Education, Community & Economic Development, Administration & Support, and General Government.

FORSYTH COUNTY, NORTH CAROLINA 2016 - 2017 ADOPTED BUDGET

July 2016

Dear Chairman Plyler, Vice Chairman Martin, Commissioner Kaplan, Commissioner Linville, Commissioner Marshall, Commissioner Whisenhunt, and Commissioner Witherspoon:

I am pleased to present the FY 2016-2017 Adopted Budget for Forsyth County. The Manager's Recommended Budget was presented on May 12th, a Detailed Presentation on the budget was held on May 19th, a Public Hearing was held on May 23rd, and Budget Deliberations were held on May 24th and May 25th. The Budget Ordinance was adopted on May 26, 2016 on a 5-2 vote. This document reflects all adjustments made to the Manager's Recommended Budget during budget deliberations and are adopted in the formal Budget Ordinance. A summary of these changes are outlined on the next page.

The Adopted Property Tax Rate for FY 2016-2017 is 73.10¢, of which 4.51¢ is set aside for the 2006 and 2008 Debt Leveling Plans implemented to level out the debt associated with voter approved education bonds from November 2006 and November 2008. Additionally, 0.6¢ is set aside for the Debt Leveling Plan implemented to level out the debt associated with voter approved library bonds from November 2010. The adopted tax rate is unchanged from FY 2015-2016.

A new section, Section 6, was added to the Budget Ordinance to formalize the Debt Leveling Plans that have been created by the Board as a fiscally responsible method of managing tax implications of approved debt issuances.

Section 8 of the Budget Ordinance includes the Property Tax Rates for the Fire and Fire/Rescue Protection Districts, which reflects tax rate changes (increases) per \$100 valuation from the FY 2015-2016 rates for the following Fire Tax and Service Districts:

- *Belews Creek Fire Tax District* (3.5¢ increase from .075¢ to .11¢);
- *City View & Talley's Crossing Fire Tax Districts* (1.5¢ increase from .09¢ to .105¢)
- *King of Forsyth County Fire Tax District* (1.0¢ increase from .065¢ to .075¢)
- *Mineral Springs Fire Tax District, Mineral Springs Service District, & Forest Hill Fire Tax District* (1.5¢ increase from .09¢ to .105¢)
- *Union Cross Fire Tax District* (2.0¢ increase from .10¢ to .12¢)
- *Walkertown Fire Tax District* (0.5¢ increase from .095¢ to .10¢)

Section 12 of the Budget Ordinance outlines five Board-directed initiatives to be completed during FY 2016-2017:

- Evaluate the potential merger of the County's In-Home Aide program in DSS with the program operated by Senior Services, Inc.
- Facilitate a policy-level discussion of consolidation of human services programs - Public Health and DSS.
- Complete a comprehensive study of service delivery options for animal shelters and enforcement operations in urban counties.
- Develop financial and operational performance measures for each department and compare them with similar counties. Submit to the Board in a separate report by January 31, 2017.
- Update the Law Enforcement Study - Review General Statutes for provision of law enforcement services. Review other jurisdictions to review how they went from the provision of rural to urban service levels.

Finally, Section 13 of the Budget Ordinance includes a listing of seven (7) potential Pay-Go funding projects if excess fund balance over the 14% fund balance policy is realized.

Collectively, this budget represents hours of work on the part of many people, particularly the Board, and my deepest appreciation is extended to all of them.

Sincerely,

J. Dudley Watts, Jr.
County Manager

Board of Commissioners Adjustments to the Manager's Recommended FY 2016-2017 Budget		
	Expenditure	Revenue
County Manager's FY 2017 Recommended Budget	422,783,307	422,783,307
Adjustments Post-Budget Presentation		
DSS/Attorney - Attorney can either be contracted out or a new position may be hired in January 2017	50,000	
Increase in Expenditures in City-County departments based on revised numbers from City of WS	24,620	
Increase in Expenditures for Airport Commission Incentive	150,000	
Increase in General Fund from Register of Deeds Automation Fund		22,619
Commissioners Adjustments at Budget Workshop		
Sheriff - Special Team Incentive Pay	80,000	
Sheriff - Clerical Gun Permits - <i>Two positions added, effective January 1, 2017</i>	34,294	
Public Health - Communicable Disease Nurse - <i>Effective January 1, 2017</i>	34,614	
Public Health - 1 School Nurse - <i>Effective January 1, 2017</i>	34,489	
DSS - Hearing Officer	20,000	10,000
DSS - HR Positions Deletion (1 Consultant and 1 Technician)	(137,327)	(68,664)
Human Resources - (1 Consultant) - <i>Effective January 1, 2017</i>	34,332	
Aging Services - Meals on Wheels	45,000	
Aging Services - Shepherds Center	50,000	
NC Cooperative Extension - Program Assistant	43,532	21,766
Community Grants - Arts Council	100,000	
Community Grants - National Black Theatre Festival	65,000	
Community Grants - Old Salem - Operating Support	50,000	
Community Grants - Northwest Child Development Center - 3 children	26,520	
Community Grants - Children's Law Center	25,000	
Reduce Debt Leveling Transfer	(744,353)	
Total Commissioner Adjustments	(238,899)	(36,898)
Adjusted FY 2016-2017 Budget	422,769,028	422,769,028

In addition to these adjustments, the Board of Commissioners discussed several other initiatives and Community Grant requests. Emergency Services had requested additional positions for its Mobile Integrated Health Paramedic project that was funded initially in FY 2016. The Board has recommended that through the merger of CenterPoint Human Services and Cardinal Innovations Healthcare, a portion of the County's funding allocation be used to expand this program. Cardinal Innovations Healthcare has agreed to this request, so this program will receive additional funding in order to expand the program in FY 2017.

Additionally, the Board identified two Alternate Service Level requests as potential Pay-Go items - \$60,000 for a Demolition Fund for Housing and Community Development and \$150,000 for a Community Grant for Creative Corridors. If Pay-Go funding is available at the end of the year, these projects will be brought back to the Board of Commissioners for final approval. Lastly, the Alternate Service Level request around additional Holiday Pay, specifically for Veterans Day, was identified as a request with merit but the Board of Commissioners postponed this request until FY 2018.

May 12, 2016

Forsyth County Board of Commissioners
Forsyth County Government Center
Winston-Salem, North Carolina

Dear Chairman Plyler, Vice-Chairman Martin, Commissioner Kaplan, Commissioner Linville, Commissioner Marshall, Commissioner Whisenhunt and Commissioner Witherspoon:

I am honored to submit the County Manager's recommended budget for the fiscal year beginning July 1, 2016 and ending June 30, 2017 for your consideration as required by North Carolina General Statute 159 and the Local Government Budget and Fiscal Control Act.

As in the past, two major sections comprise the budget. The first and most comprehensive section is the continuation budget necessary to continue providing services at the current level. This section contains both the financial information and narrative descriptions of each program currently funded by the Board. The second section is the detailed information on 50 alternate service levels that, if approved, would increase the budget by more than \$9 million dollars. The Alternate Service Levels are "new and different" activities that expand or contract the current level of service to Forsyth County citizens and taxpayers.

The recommended budget is balanced and prepared in accordance with the policies and procedures outlined in the Local Government Budget and Fiscal Control Act and will be submitted to the Government Finance Officers Association for peer review.

The budget document includes all funds - general, special revenue and capital project funds. Most of the discussion that follows will focus on the general fund, as the general fund accounts for a significant majority of the annual operating costs of this organization. The other funds are special purpose funds that support the governmental services accounted for in the general fund.

Goals

The recommended budget is my attempt to capture the Board's vision of what Forsyth County will strive for in the coming year. It is based on the values communicated to me in individual discussions, in weekly briefings and meetings, and in the winter work session. My understanding of your collective desire for this budget is as follows:

- Honor the fiscal policies approved by the Board. The financial strength of Forsyth County can be directly attributed to the discipline and forethought inherent in the following policies:

18% Debt Ceiling - The Board recognizes that the wise use of debt financing is critical to the County's ongoing financial condition. If approved by the Board, the ratio of debt service to total General Fund expenditures would be 13.86%. Taking all annually

budgeted funds into consideration, the ratio of debt service to total budgeted expenditures would be 13.52%.

14% Target Fund Balance - The County maintains an adequate fund balance to meet the cash flow demands throughout the year and to ensure that funds are available in the event of an emergency or other unforeseen circumstances. Funds available are sufficient to operate the County for roughly a month and a half, assuming a period of no revenue collections.

Education Debt Leveling Plan - The Board earmarks the equivalent of 5.11 cents of the tax rate to retire debt for educational facilities. This budget continues this set-aside to ensure that sufficient funds are available in future years for the purpose of retiring the debt service associated with the 2006 and 2008 education referendums and earmarks an additional .7 cents to retire the library debt authorized in November of 2010. A summary of the debt-leveling plans are shown below:

Proposed Tax Rate (in cents)	73.10
2006 Education Debt Leveling	3.30
Set aside to offset debt service associated with the \$250m School Bonds approved in November 2006.	
2008 Education Debt Leveling	1.21
Set aside to offset debt service associated with the \$62.6m of Educational Facilities Bonds approved in November 2008.	
Library Debt Leveling	0.60
Set aside to offset debt service associated with the \$40m of Library Bonds approved in November 2010 of which \$34m are expected to be issued. The current approach by the Board is to avoid the debt associated with issuance of the remaining \$6m and rely on paygo funds.	

School Funding Formula – This is the fifth year that this formula serves as the basis for the County Manager’s recommended funding level. The Board of Education’s requested funding level is consistent with the formula. Because of improved sales tax revenue and property tax base, the School System will receive a higher appropriation than seen in previous fiscal years. For each increase in property taxes (not associated with a debt leveling plan), the school system receives almost 40% of the new revenue.

Multi-Year Approach - As always, the Manager’s recommended budget takes into consideration projections of revenues and expenditures in the current fiscal year and challenges in the budget year and beyond. In addition, the Manager will execute the budget in a manner that avoids shifting additional costs into subsequent years.

- Conservatively estimate revenues and expenditures consistent with realistic expectations of performance and continue to improve efficiency & effectiveness of all County programs;

- Present a budget that maintains an acceptable level of service, but enables policy review of service level changes and provides for full disclosure of needs to the public.

General Overview

The Financial Section of this document provides a detailed overview of changes in the general fund revenues, expenditures and identifies the impact on net County dollars. The bullets below provide a high-level overview of the major drivers and management considerations in the recommended budget.

- The Budget is balanced as required by N.C.G.S. 159 and the Local Government Budget and Fiscal Control Act. Revenues and offsetting expenditures in the General Fund are \$422,783,307. This reflects an increase of \$8,219,836, or 1.9%, from the current year.
- The primary revenue sources, property and sales taxes, comprise 72% of the total revenue that funds County services. The year-over-year property and sales tax growth is estimated to be \$7,954,544, accounting for almost 97% of the total dollar change in the general fund operating budget.
- The Countywide ad-valorem tax rate is unchanged from the current year at 73.10 cents per \$100 valuation. The penny equivalent is \$3,290,409.
- Sales tax projections take into account the loss of revenue from House Bill 117 that was approved in the last session of General Assembly. This legislation redistributed approximately \$70 million of local sales taxes statewide. The portion redistributed from Forsyth County is estimated to be approximately \$2.2 million.
- The strong revenue growth generates an additional \$3,145,153 to support the schools using the funding formula. This will be the fifth year in a row that the formula has been in place and will increase the annual support for the operation of the system to \$121,401,074. This amount, combined with debt service payments for facilities, increases the total support for the system to \$161,738,381, or 38% of the total budget.
- This is the second year in a row where the continuation budget is balanced with an operational surplus. The amount of the surplus is \$2,760,182, up from \$2,084,970 in the current year. The entire surplus can be attributed to the impact of lower debt service payments. The net County impact of debt - either from refunding activities or payment of principal - is a reduction of \$3,031,484.
- Perhaps the most significant theme in the proposed budget involves the Capital Improvement Program (CIP). More than \$550 million dollars of projects have been

proposed, some that would be subject to a referendum of the voters and some that may be funded through other methods - such as 2/3rds bonds or limited obligation bonds. Given the Commissioners' support to meet at least the most critical needs, the budget earmarks the entire operational surplus for debt associated with the school bonds or for capital needs. This approach will reduce the future tax increases that will be required and could be placed in a debt-leveling plan early in the fiscal year.

- A number of studies and special circumstances impact this year's budget.

Merger of Centerpoint Human Services with Cardinal Human Services will not affect the amount of the local maintenance of effort; however, the merger enhances our role in how these local funds will be used. An interlocal agreement will be presented to the Board in June that will guide the specific uses of these funds.

The provision of pharmacy services by the Public Health department will be studied in conjunction with the January 2017 opening of the new mental health facility on Highland Avenue under construction. The study will be funded by the local maintenance of effort and will determine the appropriate role of the County pharmacy with the development of the new center.

The Fire Services study is underway and will be completed early in the fiscal year. Several of the volunteer departments requested tax increases and management is currently reviewing these requests and will make recommendations during the detailed review session to be held on May 19th.

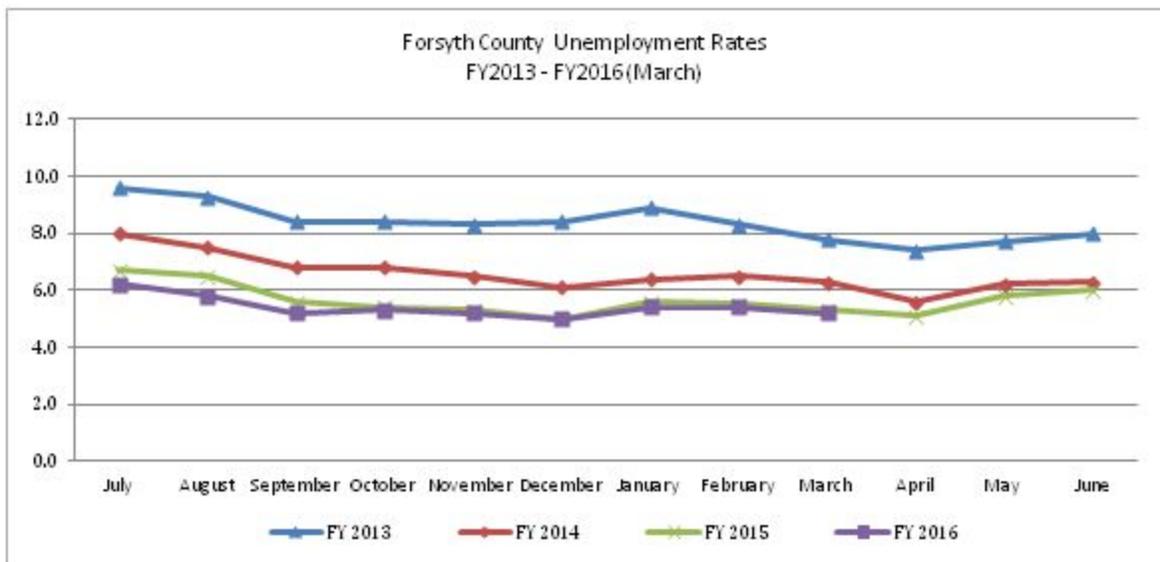
This budget assumes that the crime scene and forensics services functions of the Sheriff's department will be consolidated with the City of Winston-Salem. While there are some operational and capital savings that will be realized, the most important benefit of this cooperative agreement will be the benefits of a single agency working across jurisdictional boundaries with the law enforcement agencies and the District Attorney.

- The FY 2017 budget is complex and has many important elements that affect how citizens will continue to interact with County services in the coming year. This document attempts to present how each functional area proposes to continue services at the current level and how they hope to improve services through the alternate service level. The proposed budget lists 50 alternate service levels and describes each of them in detail. Funding each of them would require approximately \$9 million dollars of additional revenue.

- The recommended budget continues to address competitive elements of employee compensation in a strategic and fiscally responsible manner. Personnel-related costs are the second largest expenditure (behind support for the schools) and totals \$136,652,054 annually. The recommended budget includes continued funding of the performance pay plan and the accelerator to bring employees closer to the market rate of pay. The recommended budget includes performance adjustments at an average 2.58% with a range of 1%-4%. For those employees who are below their position’s Market Reference Point, an “accelerator” of up to 50% of the performance adjustment may be received. The accelerator is not to be applicable to employees whose salaries are above the market reference point. The recommended budget also funds benefit cost increases of 8%, continuation of longevity pay, pension contributions to the Local Government Employee Retirement Systems (LGRS), 401k contributions of 5% for law enforcement personnel and 2.5% for other full-time employees, and the second half of the implementation of a compensation study that was conducted last year. The recommended funding level for all personnel-related accounts reflects an increase of \$3,854,130 or 2.9% from the current fiscal year.

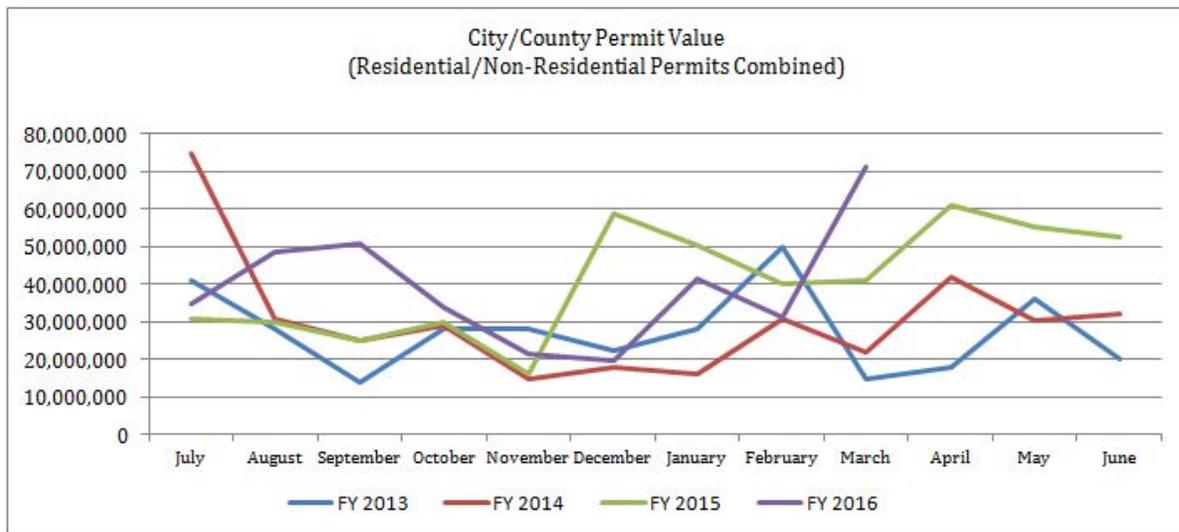
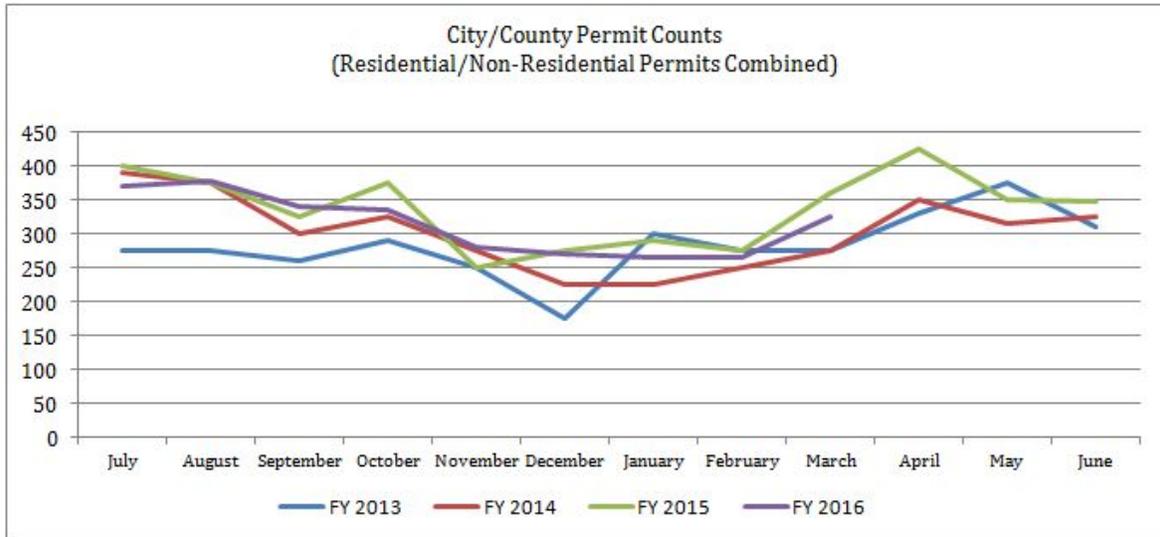
Overview of the Local Economy

This budget has been prepared during a period of steady improvement in the local economy. Over the last twelve month period (March 2015 to March 2016), the local unemployment rate has fallen from 5.3% to 5.2% according to the Bureau of Labor Statistics (www.bls.gov). The improvement over the last three full fiscal years and through March 2015 is even more pronounced as shown in the chart below:

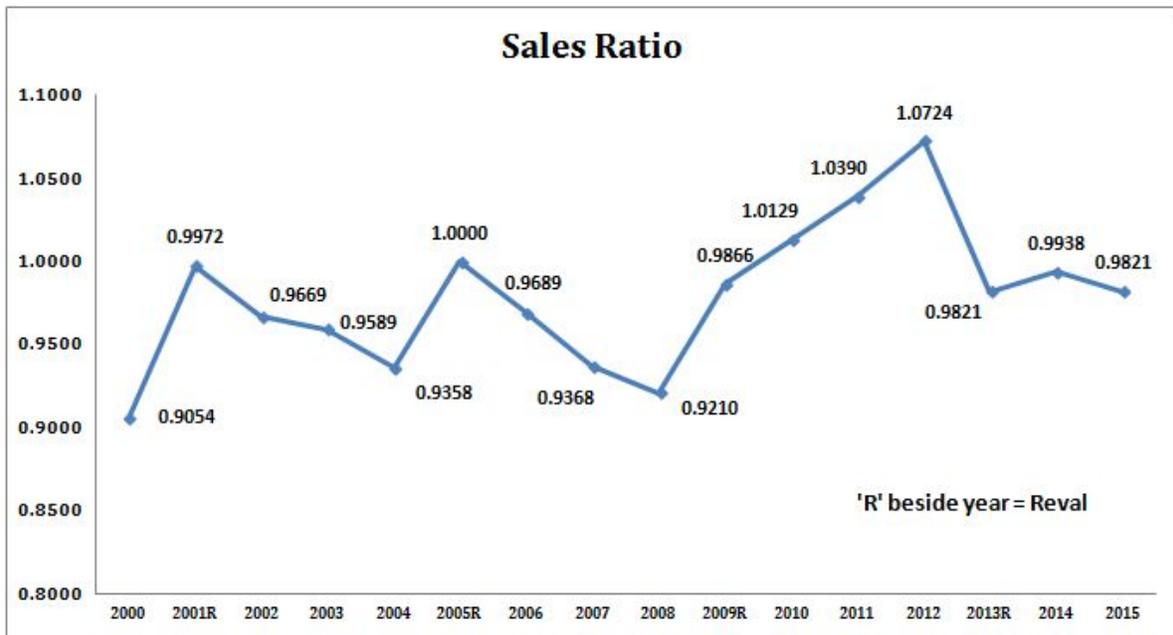


Through March, construction permits (city/county combined and residential/non-residential) have increased by 1% over the last 12 months while the total value of those construction permits increased 22.5%. The first chart below shows combined city/county permit counts for

residential and non-residential permits while the second chart shows the same city/county combined permit information in terms of total value of the permits.



Property values have begun to increase (as measured by the quarterly sales/assessment ratio) after the precipitous decline in property values during the last revaluation period. The following graph provides a look at the Sales Ratio from 2000 through 2015. As seen in the graph, the sales ratio is improving and with a revaluation scheduled for 2017, we hope to see continued improvement, albeit probably not as much particularly in residential property.



Overall, the County continues to experience economic growth that translates into additional resources that are necessary to fund the provision of governmental services, many of which are mandated by the State.

Summary

The proposed budget and work program for FY2016-2017 is presented for your consideration, debate, and eventual adoption. I look forward to the detailed review and examination that ensures that the budget, as a policy document, reflects your goals for this community.

Thank you for the opportunity you have given me to work for this great organization. I appreciate your support, guidance, and encouragement as I continue to grow in my service to this community. Putting together a budget is a tremendous effort. I need to thank all of the department managers, the Sheriff and the Register of Deeds, for sharing information and supporting data about their operations. We asked many questions, and departments responded in a timely and professional manner in every case.

I want to thank Kyle Wolf, Budget and Management Director, for an outstanding effort in his first solo effort leading the development of this year's budget. The experience he gained as the Senior Budget Analyst under Ronda Tatum's tutelage in prior years proved to be valuable. The budget staff of Senior Analyst Patrice Toney, Kyle Haney, Adam Pendlebury, and two newest team members - Lyden Williams and Carr Boyd - worked as a dedicated team throughout the process. I cannot thank each of you enough for your dedication and commitment. Your work is outstanding, and I appreciate your dedication in getting this monumental task completed.

To our CFO Paul Fulton, Deputy Manager Damon Sanders-Pratt and Assistant Manager Ronda Tatum, thanks for the wise counsel and the honest and frank discussions about Forsyth County

Government. You provide strong leadership to this organization, and I thank you for generously sharing your expertise and experience.

To the print shop staff, thanks for providing last minute heroics. You provide a great service and I appreciate your efforts to produce a quality document in a timely manner.

To Carla, Kim and Lily, thanks for treating every person who walks in the door with kindness and compassion. Also, thanks for the teamwork and can-do attitude that makes the demands of public service manageable.

Respectfully submitted,

J. Dudley Watts, Jr.
County Manager