

# 2017 – 2018 Annual Budget Forsyth County, North Carolina

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**Phyllis E. Russell**, Analyst  
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**G.F.O.A. Distinguished Budget Presentation Award**

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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, 2016.

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 (CAFR), 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, 2016**

Executive Director

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# READER'S GUIDE

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The Annual Budget Document for Forsyth County is grouped into nine sections, each with a specific theme and 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. This Reader's Guide includes a glossary of terms and acronyms used throughout the document.

## **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 and Basis for Future General Fund Budget Projections
- Summary Sheet and Detailed Data for Future General Fund Budget Projections
- County's Mission Statement
- County's Vision Statement
- Overall County Goals
- Guiding Principles of WeCare
- 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.



# READER'S GUIDE

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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.

Sheets are then provided for each County department and joint City-County department. There are separate sheets for thirty-three County departments and three joint City-County departments administered by the City of Winston-Salem (Emergency Management, Inspections/Planning, 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 and 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. Glossary and Acronyms begin on page 6 of the Reader's Guide.

# READER'S GUIDE

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## **Budget Ordinance**

The 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.

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## **Budget Preparation Calendar For FY 2017-18**

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### **November**

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

### **December**

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

### **January**

- ◆ New position requests and other requests for additional resources submitted from departments.
- ◆ Budget and 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.

### **February**

- ◆ Current Year Estimates (thru 6/30) and Budget Requests (Continuation and Alternate Service Level) submitted from departments.
- ◆ 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 and Management Department.
- ◆ County Manager's meetings with Budget staff and departments regarding budget requests.

### **April/May**

- ◆ Winston-Salem/Forsyth County Schools and 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

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## Preparing, Reviewing and Adopting the Annual Budget

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### November/December

The Budget and 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 and 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 and 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 and 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

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

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### **March/April**

The Budget and 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, Deputy and/or Assistant 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. Pages for the document are updated through the Continuation Recommend column. Sheets with supporting data are finalized and 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 highlights the recommended budget and responds to questions by the Commissioners. The Budget Staff attends this meeting 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 will have access to online versions of the document for public viewing.

A Public Hearing is held on a Monday (or Tuesday if a holiday) at a regularly scheduled 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 at their continued meeting.

### **June**

The adopted Budget Document is finalized, printed and distributed.

# GLOSSARY OF BUDGET-RELATED TERMS ACRONYMS

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## **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; 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

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## 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  
**CANVAS** - Community Animal Nuisance Viable Abatement Services  
**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  
**FAIR** - Feline Assistance Initiatives Response  
**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

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# GLOSSARY OF BUDGET-RELATED TERMS ACRONYMS

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## Acronyms (Contd.)

**HOJ** - Hall of Justice  
**HUD** - Housing and Urban Development  
**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  
**LEAF** - Let's End Animal Fighting  
**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 Tax 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

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# **GLOSSARY OF BUDGET-RELATED TERMS ACRONYMS**

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## **Budget-Related Terms**

### **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**

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## **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.

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.

# **GLOSSARY OF BUDGET-RELATED TERMS ACRONYMS**

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## **Modified Accrual (Contd.)**

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.

## **Service Area**

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

## **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.

# FORSYTH COUNTY, NORTH CAROLINA 2017 - 2018 ADOPTED BUDGET

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July 2017

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

I am pleased to present the FY 2017-2018 Adopted Budget for Forsyth County. The Manager's Recommended Budget was presented on May 11th, a Detailed Presentation on the budget was held on May 18th, a Public Hearing was held on May 22nd, and Budget Deliberations were held on May 23rd and May 24th. The Budget Ordinance was adopted on May 25, 2017 on a 7-0 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 2017-2018 is 72.35¢, which is the revenue-neutral rate plus 2.9¢ for the Public Improvement Bonds Debt Leveling Plan. In fact, of the 72.35¢, a total of 7.98¢ is included for Debt Service - 4.51¢ is set aside for the Education Debt Leveling Plans implemented to level out the debt associated with voter approved education bonds from November 2006 and November 2008; 0.57¢ is set aside for the Debt Leveling Plan implemented to level out the debt associated with voter approved library bonds from November 2010; and again, 2.9¢ for the most recent voter approved bonds.

The Budget Ordinance was changed slightly to highlight the County appropriations for Behavioral Health Services in Section 2 – Appropriations. Additionally, Section 5 was changed to reflect the number of employees the Sheriff and Register of Deeds may employ throughout the fiscal year. This was previously included in Section 2. The last change made to the Budget Ordinance involved the deletion of a section on teacher supplements as these are no longer specified due to the use of the Funding Formula.

Section 9 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 2016-2017 rates for the following Fire Tax and Service Districts:

- *Beesons Cross Roads Fire Tax District & Beesons Cross Roads Service District* (.007¢ increase from .088¢ to .095¢);
- *Hornetown Fire Tax District* (.012¢ increase from .11¢ to .122¢)

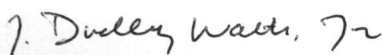
Section 13 of the Budget Ordinance outlines five Board-directed initiatives to be completed during FY 2017-2018:

- Conduct an internal study of the court services functions including a comparison of service provision methods used by other counties – specifically the Guilford model.
- Conduct an internal study of the vehicle and equipment maintenance activities in the General Services and Parks Department to identify opportunities for improved efficiencies.
- Develop a strategic approach to upgrading the public safety radio system and present to both the City Council and Board of Commissioner for consideration.
- Conduct a financial sustainability study of the Public Health Dental Clinic.
- Completion of Board-directed initiatives started in FY18 including Human Services Governance Options; Coordination of the fire study recommendations with volunteer departments; legal review of County ordinances; and implementation of structural changes to the franchise solid waste collection and recycling systems as directed by the Commissioners.

Finally, Section 14 of the Budget Ordinance includes a listing of three (3) 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

Adjustments to the Manager's Recommended FY 2017-2018 Budget		
	Expenditure	Revenue
<b>County Manager's FY 2018 Recommended Budget</b>	<b>420,382,090</b>	<b>420,382,090</b>
<b>Adjustments Post-Budget Presentation</b>		
Increase Revenue in Sheriff's Office for Jail Fees		300,000
Increase Revenue to Account for Full Debt Leveling Plan		3,701,253
Increase Budget Reserve in Debt Service for Full Debt Leveling Plan	3,701,253	
Increase Use of EDLP Reserves		700,838
Decrease Revenue based on WSFCS decision to eliminate two evening deputies		(124,167)
Decrease Expenditures based on WSFCS decision to eliminate two evening deputies	(133,369)	
City/County Adjustments	28,156	
Addition of 1 Corporal for Clemmons	122,665	83,932
Triad Air Awareness Program	32,500	32,500
Nurse Family Partnership Funding	338,000	
2 FT Environmental Health Specialists	187,396	4,000
2 FT Senior Social Workers for Child Protective Services	128,197	44,869
1 FT Senior Social Worker for Adult Protective Services	64,099	22,435
Programming Funds for Tanglewood and Triad Park	50,000	
Additional Funding for Micro Enterprise IDA Program	10,000	
1 FT Application Systems Analyst for Tax Administration	74,753	
Eliminate Reserve for ASLs	(190,261)	
Available for Appropriation	352,271	
<b>Adjusted Manager's Recommended Budget</b>	<b>425,147,750</b>	<b>425,147,750</b>
<b>Commissioners Adjustments at Budget Workshop</b>		
Add Cash Kiosk for Tax - Allows Taxpayers to pay tax bill with cash	25,600	
Additional Holiday Leave - One and a Half Days	148,858	
Fund Urban League - \$25k (NO BUDGET IMPACT - Funded out of Behavioral Health Funds)		
Fund Coalition for Prevention of Drug Abuse - \$60k (NO BUDGET IMPACT - Funded out of Behavioral Health Funds)		
Old Salem - Continuation of Current Year Funding	50,000	
Arts Council Operating and Programming Support - Continuation of Current Year Funding	75,000	
RiverRun Film Festival	15,000	
HARRY Vets	5,000	
Children's Law Center	25,000	
Work Family Resource Center	10,000	
Funding Formula Shifting Technology Funds to Starting Point	39,924	
Paralegal for DSS	48,180	24,090
Additional Funds for Four Paramedics - effective October 1st	167,049	
Increase Commissary Revenue		20,000
Increase Special Event Revenue		20,000
Reduce Amount Available for Appropriation	(352,271)	
Appropriate Additional Fund Balance		193,250
<b>Total Adjustments</b>	<b>257,340</b>	<b>257,340</b>
<b>Adjusted FY 2017-2018 Budget</b>	<b>425,405,090</b>	<b>425,405,090</b>

May 11, 2017

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

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

I am honored to submit the County Manager's recommended budget for the fiscal year beginning July 1, 2017 and ending June 30, 2018 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 45 alternate service levels that, if approved, would increase the budget by more than \$7 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 County has been awarded this honor over 25 consecutive years.

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

The document also includes strategic workload and performance measures, as well capital planning documents as a communication tool. We hope it conveys our commitment to provide critical governmental services, effectively and efficiently, to you as policy makers and to our citizens.

## **Goals**

The recommended budget is my attempt to capture the Board's vision of what we will collectively 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:

- 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.
- 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 maintaining the County's strong financial position. If approved by the Board, the ratio of debt service to total General Fund expenditures would be 15.86%. Taking all annually budgeted funds into consideration, the ratio of debt service to total budgeted expenditures would be 15.44%.

Recent State policy changes add some additional pressure to the County's debt ceiling by reducing pass through funds from the Department of Health and Human Services. DHHS no longer sends the funds for Medicaid transportation and child care subsidies to the counties for payment to service providers, rather they will be paid directly from the State system. The revenue and offsetting expenditure reduction is approximately \$10 million.

While this change is positive, the debt as a percentage of the lower total expenditure number increases. Early projections suggest that debt levels may drift slightly over the 18% ceiling for a period of approximately four years if the Board moves forward with the projects outlined in the Capital Improvement Plan (CIP). On a positive note the County's capital maintenance plan is well-funded, avoiding long-term problems of deferred maintenance.

**14% Target Fund Balance** - The County maintains an adequate fund balance to meet 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. At year-end, funds in excess of the 14% target are earmarked for pay-go projects that are considered by the Board for funding on a case-by-case basis.

**Debt Leveling Plan** - The Board earmarks the equivalent of 7.98 cents of the tax rate to retire debt for voter-approved bonds for educational and library 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, the library debt authorized in November of 2010, and the first of two plans associated with the November 2016 referenda. A summary of the debt-leveling plans is shown below:

**Proposed Tax Rate (in cents) 72.35**

***Education Debt Leveling 4.51***

Set aside to offset debt service associated with the \$250m School Bonds approved in November 2006 and the \$62.6m of Educational Facilities Bonds approved in November 2008.

***Library Debt Leveling 0.57***

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.

***2016 Education/Parks Debt Leveling 2.90***

Set aside to offset debt service associated with the \$430m bonds approved in November 2016. Three referenda were approved as follows: \$350m to support WSFC School’s facilities, \$65m to support facilities for the Forsyth Technical Community College and \$15m to support Parks facilities throughout the County. The debt leveling plan assumes that four issuances will occur over eight years (every other year) in equal installments of \$107.5m, and that the tax rate supporting the debt service will increase by 2.9 cents in FY 2018 and 3.6 cents in FY 2022.

**School Funding Formula** – This is the sixth 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 seeks to avoid shifting additional costs into subsequent years.

**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 \$420,382,090. This reflects a decrease of \$2,384,938, or .56%, from the current year.
- The primary revenue sources, property and sales taxes, comprise 75.95% of the total general fund revenue that supports County services. The year-over-year property and sales tax growth is estimated to be \$13,935,205, the best year over year growth since before the “Great Recession”.
- Fiscal Year 2018 coincides with the first year of the quadrennial revaluation of all real property in Forsyth County. The effective rate, or revenue neutral rate, as calculated using the legislative formula, is 69.45 cents.
- The recommended budget includes the debt leveling strategy discussed during the 2016 bond referenda discussion. This strategy assumes two tax increases, one in Fiscal Year 2018 (2.9 cents) and one in Fiscal Year 2022 (3.6 cents). In Fiscal Year 2018, funds will be set aside from the 2.9 cent tax increase to offset the fluctuation in debt service payments over the life of the bonds.

- The breakdown of the recommended countywide ad-valorem tax rate of 72.35 cents is as follows:

Taxes required to fund County operations	64.37 cents
2006/2008 Education Debt Leveling	4.51 cents
2010 Library Debt Leveling	.57 cents
2016 Education/Parks Debt Leveling	<u>2.90 cents</u>
 Total	 72.35 cents

- The penny equivalent is \$3,525,547, up from \$3,290,409 in the current year.
- Budget and Management staff project sales taxes to grow by 5.1%, generating \$65,041,383 in operating revenue, or 15.5% of total general fund revenue. Factors negatively affecting sales taxes include actions by the North Carolina legislature, refunds claimed by non-profit organizations, and volatility associated with the local economy. Last year, the legislature changed the distribution methodology amount for counties across the State, redistributing a portion of some of the growth in urban counties to the rural areas. Several bills have been filed this year that could further impact our collections. The projected budget assumes continued growth, but is somewhat tempered by the potential impact of higher than normal refunds and continued redistribution of sales taxes generated locally.
- The projected revenue growth generates an additional \$3,165,773 to support the schools using the funding formula. This will be the sixth year in a row that the

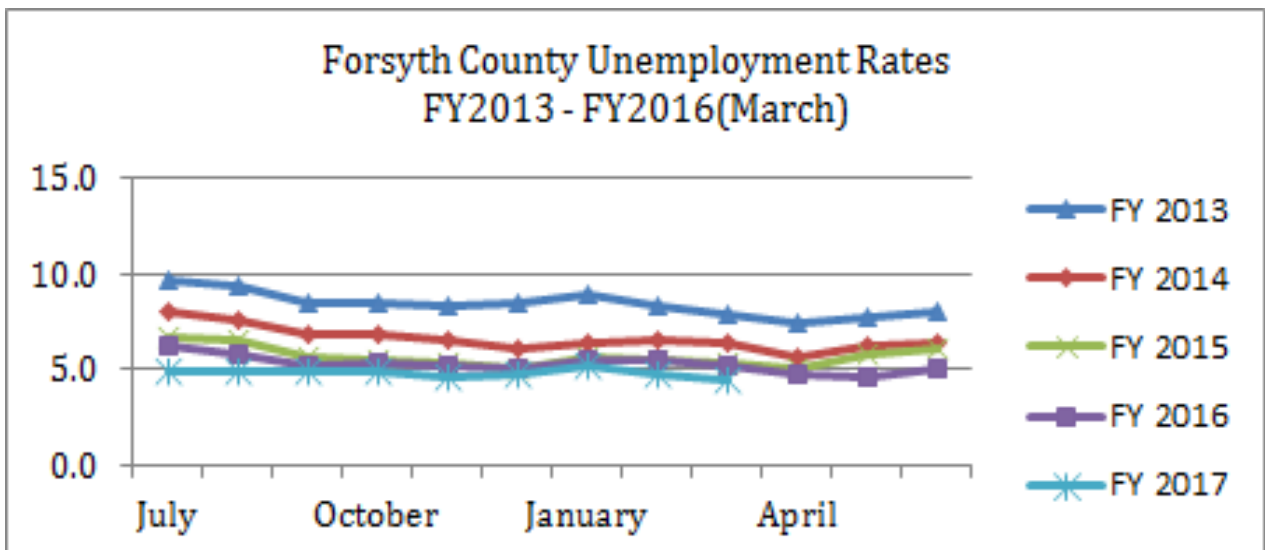


formula has been in place and will increase the annual support for the operation of the system to \$124,566,847. This amount, combined with debt service payments for facilities, increases the total support for the system to \$168,710,454, or 40.13% of the total budget.

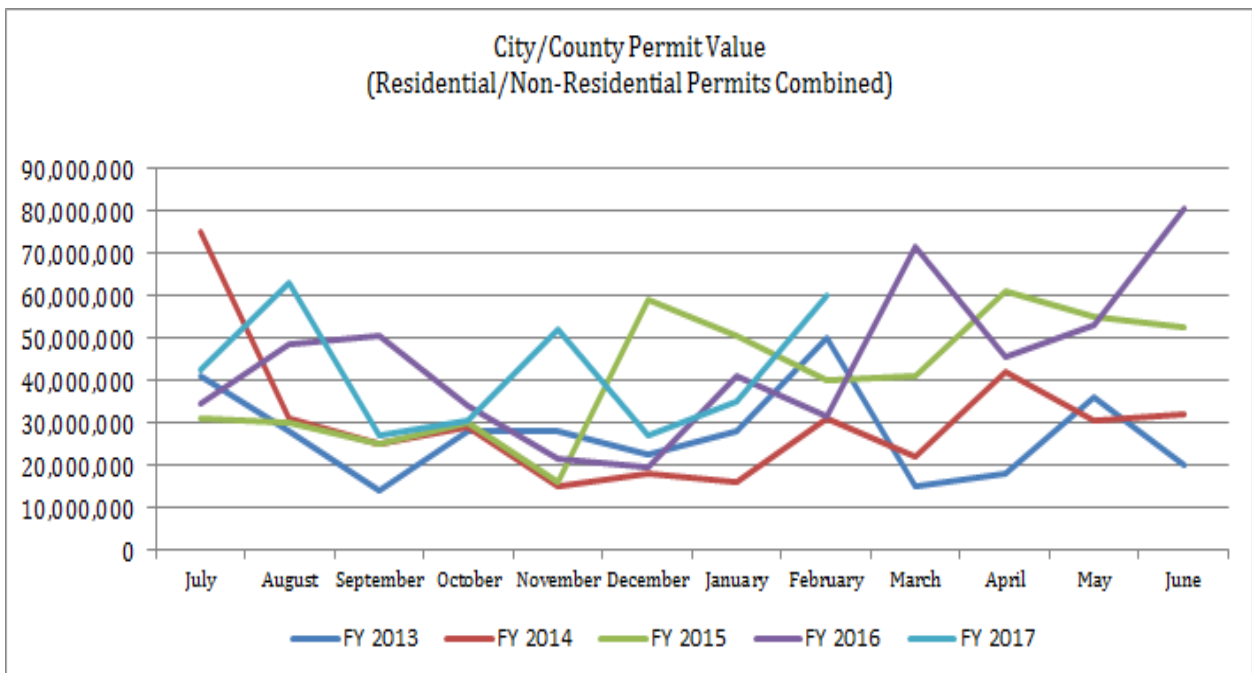
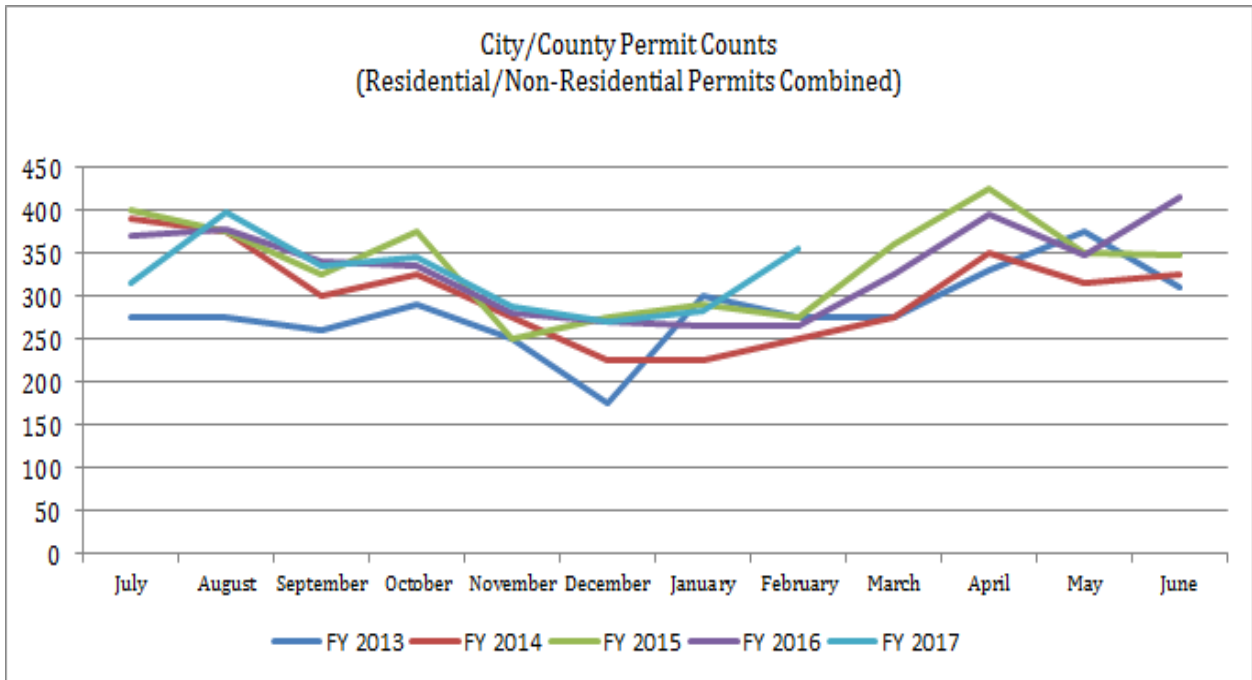
- This is the third year in a row where the continuation budget is balanced with an operational surplus of \$190,261. These funds are available for appropriation.
- The recommended budget continues to address competitive elements of employee compensation in a strategic and fiscally responsible manner. Personnel-related costs are the second largest expenditure (behind support for the schools) and totals \$139,828,942 annually. The recommended budget includes continued funding of the performance pay plan. The recommended budget includes performance adjustments at an average 3.11% with a range of 1% - 5%. The recommended budget also funds employee health and dental benefits, 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 an update of the compensation study that was completed last year. The recommended funding level for all personnel-related accounts reflects an increase of \$3,063,204 or 2.2% from the current fiscal year. Management believes this is sufficient to remain competitive despite the relatively low unemployment rate and other pressures on the human resources system.

**Overview of the Local Economy**

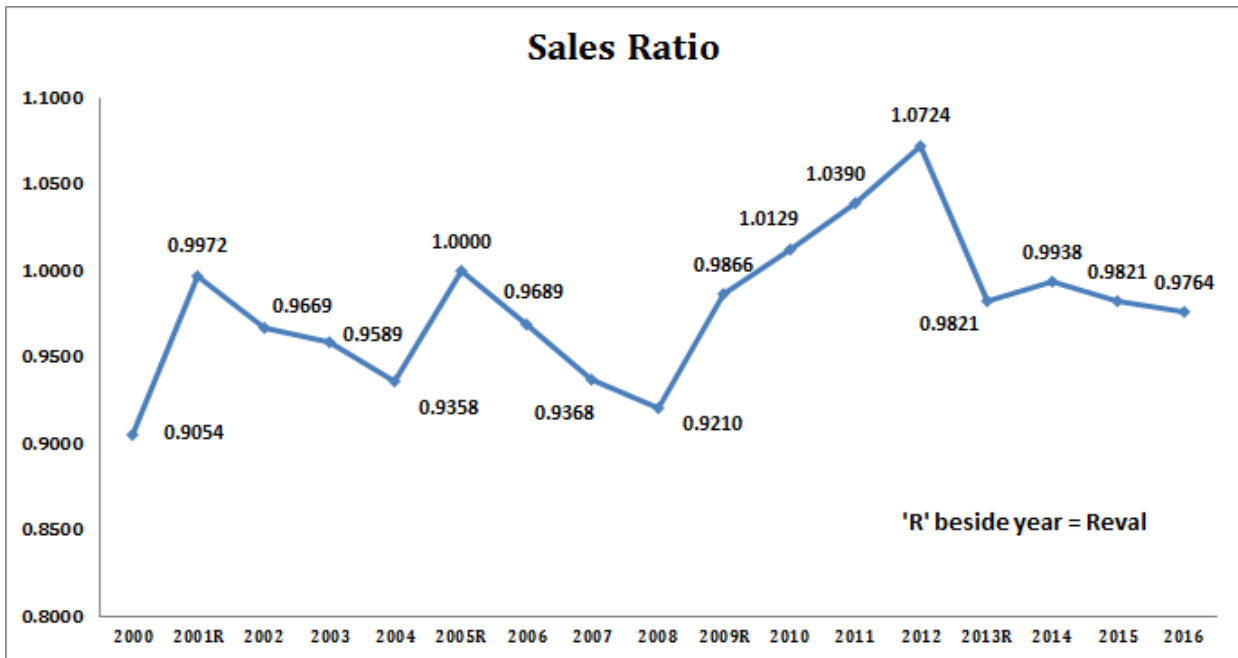
This budget has been prepared during a period of steady improvement in the local economy. Over the last twelve-month period (March 2016 to March 2017), the local unemployment rate has fallen from 5.2% to 4.5% according to the Bureau of Labor Statistics ([www.bls.gov](http://www.bls.gov)). The improvement over the last three full fiscal years and through March 2017 is even more pronounced as shown in the chart below:



Through March, construction permits (city/county combined and residential/non-residential) have increased by 92, or 3.67% over the last 12 months while the total value of those construction permits increased \$56,562,081, or 20.00%. 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 continue 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 2016.



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. While the County continues to experience economic growth, we must continue to monitor proposed State and Federal legislation which can have significant implications to services provided by the County particularly in Health and Human Services and Environmental Services.

**Summary**

The proposed budget and work program for FY 2017-2018 is presented for your consideration, discussion, 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, Sheriff Schatzman and the Register of Deeds, Lynne Johnson, 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 leading the development of this year's budget. Having Ronda Tatum, Assistant County Manager close by has been important and she provides terrific guidance after serving as

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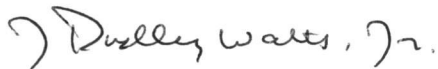
the Budget and Management Director for a number of years. The budget staff of Senior Analyst Christopher Ong, Carr Boyd, Adam Pendlebury, Rene Williams and the newest team member, Phyllis Russell, worked as a dedicated team throughout the process. I cannot thank each of you enough for your dedication and commitment. Your work is outstanding, and I appreciate your dedication in getting this monumental task completed.

To our CFO Paul Fulton and 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