

Assumptions Used for Future Budget Projections

EXPENDITURES

For FY 2008, compensation increases for all service areas and the first year of the Education Debt Leveling Plan are included in General Government. For FY 2009 and beyond, compensation increases as well as health insurance and other benefits are shown in respective service areas.

- ◇ Personnel Related: Except as noted below, 4% per year for salaries and wages, and 10% for health insurance are assumed for FY 2009 and beyond..
- ◇ Non-Personnel Related for County Departments: Except as noted below, 2.5% per year for FY 2009 and beyond.
- ◇ Winston-Salem/Forsyth County Schools: Except as noted below, combined assumption of student population growing at 2.367% per year, coupled with 2.5% inflation. The student growth estimate comes from the School System.
- ◇ Capital Plan - per Plan as described elsewhere in this document.

Assumptions which differ from the above are as follows:

Assumptions for Public Safety Service Area

Sheriff

- FY 2009 Assumes 15 additional detention officers (\$650,000) for the 10th floor South level of the Detention Center.
- All Years Jail medical costs increase \$500,000 per year above inflationary increase of 2.5%

EMS

- FY 2009 \$ 450,000 is assumed for the annualization of 13 positions added in FY 2008, and an additional \$166,000 is assumed for 12 additional positions in the last quarter for the 2nd of the 3 year migration to 12 hour shifts.
- FY 2010 \$ 525,000 is assumed for the annualization of 13 positions added in FY 2009, and an additional \$171,000 is assumed for 12 additional positions in the last quarter for the 3rd of the 3 year migration to 12 hour shifts.
- FY 2011 \$ 485,000 is assumed for the annualization of 12 positions added in FY 2010.

Emergency Communications

- FY 2009 Additional \$600,000 for full year of maintenance of countywide communications system (offset 50% by revenue from City of Winston-Salem).

Assumptions for Social Services Service Area

Social Services

- FY 2009 State assumes 50% of Medicaid expense (estimated at \$9.5 million). The County gives up certain Sales Taxes which is explained in Revenue section below.
- FY 2010 State assumes 100% of Medicaid expense. The County gives up certain Sales Taxes which is explained in Revenue section below.

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Assumptions for Education Service Area

Forsyth Tech Community College

- FY 2009 A total of \$685,000 is included for the North Forsyth satellite campus. \$500,000 of this is a one time "good faith" expense, and the remainder is the first year of normal operating expense.
- FY 2010 \$98,000 - Greene Hall operating costs for 20,000 sq ft expansion for nurses.
- FY 2010 \$98,000 - from 06 bond - Operating costs for Woodruff and Swisher centers 20,000 sq. ft. expansion.
- FY 2010 \$400,000 - from 06 bond - Operating costs for 80,000 sq. ft. Transportation Center.
- FY 2010 \$285,000 for operating expenses for FTCC Downtown research park building being built with private donations.

Winston-Salem/Forsyth County Schools

- FY 2010 \$3,900,000 as a result of additional operational costs due to new schools opening (3 elementary, 1 middle, and 1 high).

Assumptions for Community and Economic Development Service Area

Economic Development

- FY 2009 \$105,200 as estimated increase for Dell incentives contract
- FY 2010 \$171,500 as estimated increase for Dell incentives contract
- FY 2011 <\$52,500> as estimated decrease for Dell incentives contract
- FY 2012 <\$57,400> as estimated decrease for Dell incentives contract
- FY 2013 <\$62,100> as estimated decrease for Dell incentives contract
- FY 2014 <\$62,200> as estimated decrease for Dell incentives contract
- FY 2015 <\$57,400> as estimated decrease for Dell incentives contract
- FY 2016 <\$4,700> as estimated decrease for Dell incentives contract
- FY 2017 <\$188,000> as estimated decrease for completion Lowes incentives contract

Assumptions for Special Appropriations Service Area

Special Appropriations

- FY 2009 \$105,200 as estimated increase for Dell incentives contract
- FY 2009 <\$50,000> decrease for Downtown Health Plaza. FY 2008 was to be 1 time funding.
- FY 2012 <\$875,000> decrease for payback to hospitals for Greene Hall. FY 2011 will be last year of 4 years.

Assumptions Used for Future Budget Projections

REVENUES

Assumptions for Public Safety Service Area

Emergency Communications

FY 2009 Additional \$300,000 for 50% of full year of maintenance for countywide communications system from City of Winston-Salem.

Emergency Medical Services

All Years EMS fees are adjusted regularly to reflect costs. With this in mind, revenues for EMS for all future years are figured at the same overall % of expenses as was the case in FY 2008 (82.6%).

Assumptions for Health Service Area

All Years For the most part, Public Health revenues are state and federal based to offset program expenses. With this in mind, revenues for Public Health for all future years are figured at the same overall % of expenses as was the case in FY 2008 (58.9%).

Assumptions for Social Services Service Area

All Years For the most part, Social Services revenues are state and federal based to offset program expenses. With this in mind, revenues for Social Services for all future years are figured at the same overall % of expenses as was the case in FY 2008 (70.2%).

Assumptions for Culture and Recreation Service Area

Tanglewood Park

All Years Beginning in FY 2008, County Management is expecting the enterprise activities of Tanglewood to at least cover costs. With this in mind, revenues for Tanglewood for all future years are figured at the same overall % of expenses as was the case in FY 2008 (71.5%).

Assumptions for General Government Service Area

Non-Departmental

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

All Years ***Other Ad Valorem Taxes - Prior year taxes, and interest on delinquent taxes. 2% per year.***

All Years ***Sales Taxes – County government's share of tax revenue on retail sales within Forsyth County. 3.5% per year except as noted below.***

FY 2009 Two factors reduce sales taxes compared to normal growth. The first is the effect of the City of Winston-Salem's annexation in FY 06 which reduces the County's sales taxes by \$2.4 million. The second is the effect of the Medicaid/Sales Tax swap approved by the NC legislature in 2007. This reduces further by \$5.9 million.

Assumptions Used for Future Budget Projections

Non-Departmental (Contd.)

- FY 2010 The effect of the Medicaid/Sales Tax swap continues, with sales taxes reduced further by an additional \$7.4 million (total of \$13.3 million compared to what they would have been).
- FY 2011 The effect of the Medicaid/Sales Tax swap continues, with sales taxes reduced further by an additional \$4.4 million(total of \$17.7 million compared to what they would have been).
- FY 2012 The effect of the Medicaid/Sales Tax swap continues, but incrementally, with sales taxes reduced further by an additional \$1.1 million(total of \$18.8 million compared to what they would have been).
- All Years ***Other Taxes - Occupancy tax and Vehicle Rental Gross Receipts tax. 2% per year.***
- All Years ***Earnings On Investments - Interest earned from our investments. Statutes strictly limit what investments are allowed. 2% per year.***
- All Years ***Other Financing Sources – Transfers from other County funds for use in the General Fund, primarily Capital Project Ordinances (CPO's), and transfers of sales taxes from the Fire Tax Districts.***
- All Years ***Fund Balance Appropriated - This is the amount of fund balance that we budget, which is only a portion of the total fund balance. This is determined each year based on the ratio of the estimated amount of total Unreserved Fund Balance that will remain at the end of a given year, as a % of the subsequent year's budget. Since our goal for this percentage is between 14% and 16%, as the budget grows, the unreserved fund balance also needs to grow. Each year, it is assumed we will collect 100% of revenue budgeted, & spend 96% of most expenditure accounts (excluding schools, FTCC, Debt, & Medicaid).***

Assumptions for Special Appropriations Service Area

- All Years The grant activities are estimated to grow at 2% per year.

Assumptions for Debt Service Service Area

- All Years Debt Service revenues include Lottery Proceeds and Transfers from a reserve set up to level out the education debt from the Fall 2006 Bond referendum for Schools (\$250 million) and Forsyth Technical Community College (\$25 million). Estimates assume these sources will be sufficient to cover all of this debt service through FY 2015.