



Fulton County Budget Work Session

November 19, 2009

Zachary Williams, County Manager

Current Budget Status

- At present, FY2010 projections indicate a need for a 20.1% reduction from FY2010 core budget in the General Fund expenditures budget (\$130.1 million) and a 22.7% reduction in the South Fulton Tax District (\$10.7 million)
- Projections are based on the assumption of a 14.5% decline in the tax digest and a conservative 88% tax collection rate
- The expenditure core budget is reduced by \$130.1 million
- In order to be as equitable as possible, the reduction was prorated across departments after excluding some items that were considered unavoidable in the amount of \$116 million

Recommendation from Budget Commission

- Utilizing very conservative assumptions and factors, budget reflects the need for an estimated \$130 million in reductions
- The Budget Commission recommended an option that would lessen the overall impact to citizens and employees; however there will be some degree of impact on program delivery and staff
- The Budget Commission's recommendation includes \$44 million in alternative actions along with additional budget reduction options

Summary of FY2010 Budget Scenarios

Scenario A (current Proposed Budget)

Agency reductions from the core budget: \$130.1 million

Necessary actions:

- Maintain fund balance at 8.33%
- Maintain millage rate at 10.281 mills
- Reserve \$6 million for compensated absences payouts
- Reserve \$10.8 million for priority program buyback

Impact:

- Significant reduction of programs & services (20% to 25% for most departments)
- Eliminate over 500 positions

Summary of FY2010 Budget Scenarios

Scenario B : Agency reductions from core budget: \$86 million
Alternative actions: \$44 million

Alternative necessary actions:

- Reduce fund balance to 5%
- Maintain millage rate at 10.281 mills
- Reserve \$4.2 million for compensated absences payouts
- Convert 10 paid holidays to unpaid
- Refinance 2011 Grady debt maturity of \$17 million
 - Requires assistance/agreement of the hospital authority
 - Increases annual debt service by \$700,000 thru 2020
 - The refinanced amount of \$17,000,000 will be paid in 2021
- Increase miscellaneous fees

Impact:

- Significant reduction of programs & services
- Eliminate over 300 positions

Summary of FY2010 Budget Scenarios

Scenario C : Agency reductions from core budget: \$26 million
Alternative actions: \$104 million

Alternative necessary actions:

- Reduce fund balance to 5%
- Maintain millage rate at 10.281 mills
- Reserve \$3.6 million for compensated absences payouts
- Convert 10 paid holidays to unpaid
- Refinance Grady debt service of \$17 million
- Finance Grady operations budget of \$60 million
- Increase miscellaneous fees

Impact:

- Limited reduction of programs & services
- Eliminate over 100 positions

Financing Grady Payments

Debt Service Payment

- The county makes monthly deposits to the debt service fund
- Refinance the 1/1/2011 maturity thru a current refunding in Oct 2010
- The refinancing would require the assistance of the Hospital Authority to obtain a short term bank loan to cover the monthly deposits Jan – Oct and to issue a long term note in Oct to effect the current refunding
- The refinanced maturity would be due in 2021
- Increases annual debt service by approximately \$700,000 thru 2020 and adds a \$17.6 million payment in 2021.

Financing Grady Payments

Grady Operations

- The Authority can issue tax-exempt bonds to fund the County's 2010 contract, excluding debt service.
- The contract with the Authority would need to be amended to provide for the debt service.
- The borrowing would be considered a working capital borrowing per tax regulations and would require that the county following working capital tax rules.
- These rules require that future surpluses in excess of 5% of revenues be used to redeem the bonds early or the County must invest the excess in tax-exempt bonds.
- Annual costs would include annual interest of \$2.9 million thru 2020 and 3 payments of \$21.9 million beginning in 2021.

Assumptions Used For FY2010 Revenues

- No revenue is recognized in FY2010 from the unbilled portion (15%) of the remaining 65,000 parcels under temporary collection order
- Tax collection rate of 88%
- Decline in tax digest of 14.54% based on a weighted average of 10% decline in residential properties and 20% decline in commercial properties
- Increase in basic homestead exemption from \$20,000 to \$25,000
- Flat local option sales tax
- Loss of homeowners tax relief grant

Summary of Revenues & Expenditures Under Different Scenarios

Scenarios	A	B	C
Total Revenues	529,704,852	529,704,852	529,704,852
Total Expenditures	<u>517,609,175</u>	<u>536,729,572</u>	<u>537,229,572</u>
Revenues > Expenditures	11,095,677	(7,024,720)	(7,524,720)
Fund Bal-Beginning	38,021,168	38,021,168	38,021,168
Fund Bal-Ending	49,116,844	30,996,447	30,496,447
Reserve for Comp Abs	6,000,000	4,159,969	3,634,969
Fund Bal Reserve at 8.33%	43,116,844		
Fund Bal Reserve at 5%		26,836,479	26,861,479

Next Steps

1. Reduction in Force
 - 21-day notice requirement
 - Effective date of RIF
 - Leave payouts
2. Program Evaluation
 - Continue program review using indentified hierarchy
3. Tentative Budget Adoption
 - December 16, 2009

Fulton County FY 2010 Proposed Budget General Fund With Different Scenarios

	Scenario A 2010 Proposed Budget	Scenario B 2010 Proposed Budget	Scenario C 2010 Proposed Budget
REVENUES			
Property Taxes	421,747,588	421,747,588	421,747,588
Local Option Sales Taxes	32,000,000	32,000,000	32,000,000
All Other	74,957,264	75,957,264	75,957,264
Sub-Total of Revenues	\$528,704,852	\$529,704,852	\$529,704,852
Total Revenues	\$528,704,852	\$529,704,852	\$529,704,852
EXPENDITURES			
181 Arts Council	3,104,330	4,275,628	4,806,295
750 Behavioral Health	11,983,592	12,771,454	14,213,861
111 Board of Commissioners	3,341,198	2,864,383	3,182,417
110 Clerk to the Commission	1,080,647	908,335	1,010,458
630 Cooperative Extension	443,011	500,645	552,880
235 County Attorney	3,760,338	3,111,306	3,495,964
118 County Manager	8,597,731	9,609,692	10,762,098
419 County Marshal	4,496,430	4,967,126	5,503,146
480 District Attorney	16,716,267	18,687,081	20,931,411
260 Environ. & Comm. Dev. Svcs	977,869	1,094,837	1,223,082
620 Family & Children Services	4,513,872	7,908,027	8,571,644
210 Finance	5,099,704	5,641,539	6,258,571
520 General Services	26,246,919	29,247,031	32,663,509
730 Grady Hospital Transfer	60,342,581	48,969,348	-
720 Health Fund Transfer	11,247,406	11,624,407	13,105,939
121 Housing & Comm. Dev.	1,000,000	615,423	686,975
183 Human Services	19,823,174	24,385,238	27,416,294
185 Health and Human Services	7,099,990	6,222,053	6,997,012
220 Information Technology	19,301,219	21,723,806	24,379,980
405 Juvenile Court	11,853,835	13,108,054	14,536,339
650 Library	25,448,842	28,142,557	31,356,036
340 Medical Examiner	2,725,611	3,044,654	3,407,976
999 Non Agency	68,557,438	68,604,083	71,048,649
- Reserve for Re-funding of Priority Programs	10,828,611	0	-
215 Personnel	3,262,877	3,583,114	3,947,794
320 Police	3,690,569	4,056,828	4,473,917
410 Probate Court	2,134,141	2,363,361	2,624,394
490 Public Defender	8,879,049	9,939,756	11,147,672
540 Public Works	5,228,113	5,841,707	6,540,458
230 Purchasing	3,042,280	3,396,708	3,800,326
265 Registration & Elections	10,015,570	10,245,097	10,506,478
330 Sheriff	80,551,575	89,108,060	98,852,047
420 State Court - General	11,600,643	12,797,662	14,160,807
421 State Court - Judges	3,262,967	3,604,802	3,994,079
400 State Court - Solicitor General	4,897,289	5,423,537	6,022,820
470 Superior Court - Clerk	11,874,171	13,207,290	14,725,425
450 Superior Court - General	15,456,421	17,195,096	19,175,071
451 Superior Court - Judges	3,818,030	4,277,090	4,799,861
240 Tax Assessor	10,151,210	11,279,033	12,563,378
245 Tax Commissioner	11,153,654	12,383,724	13,784,507
Sub-Total of Expenditures	\$517,609,175	\$536,729,572	\$537,229,572
Total Expenditures	\$517,609,175	\$536,729,572	\$537,229,572
Revenues > Expenditures	11,095,677	-7,024,720	-7,524,720
Fund Balance - Beginning	\$38,021,168	\$38,021,168	\$38,021,168
Fund Balance - Ending	\$49,116,844	\$30,996,448	\$30,496,448
Reserve for Compensated Absences Payouts	\$6,000,000	\$4,159,969	\$3,634,969
Fund Balance Reserve at 8.33% reduced to 5%	\$43,116,844	\$26,836,479	\$26,861,479
Amount needed to get the fund balance to 8.33%	\$0	\$0	(\$0)