



Budget Consensus Worksession FY 2008/09

April 24, 2008

Purpose



- Establish Foundation for Decision Making Process
- Provide Overview of Use of Property Taxes
- Review Implications of Property Tax Reform
 - FY 2007/08 Budget
 - FY 2008/09 Budget

Purpose



- Review FY 2008/09 Budget Preparation
 - Service Inventory Evaluation
 - Results Team Objectives
 - Executive Team Objectives
- Review Financial Status and Three-Year Financial Projection
- Discuss Next Steps

Schedule



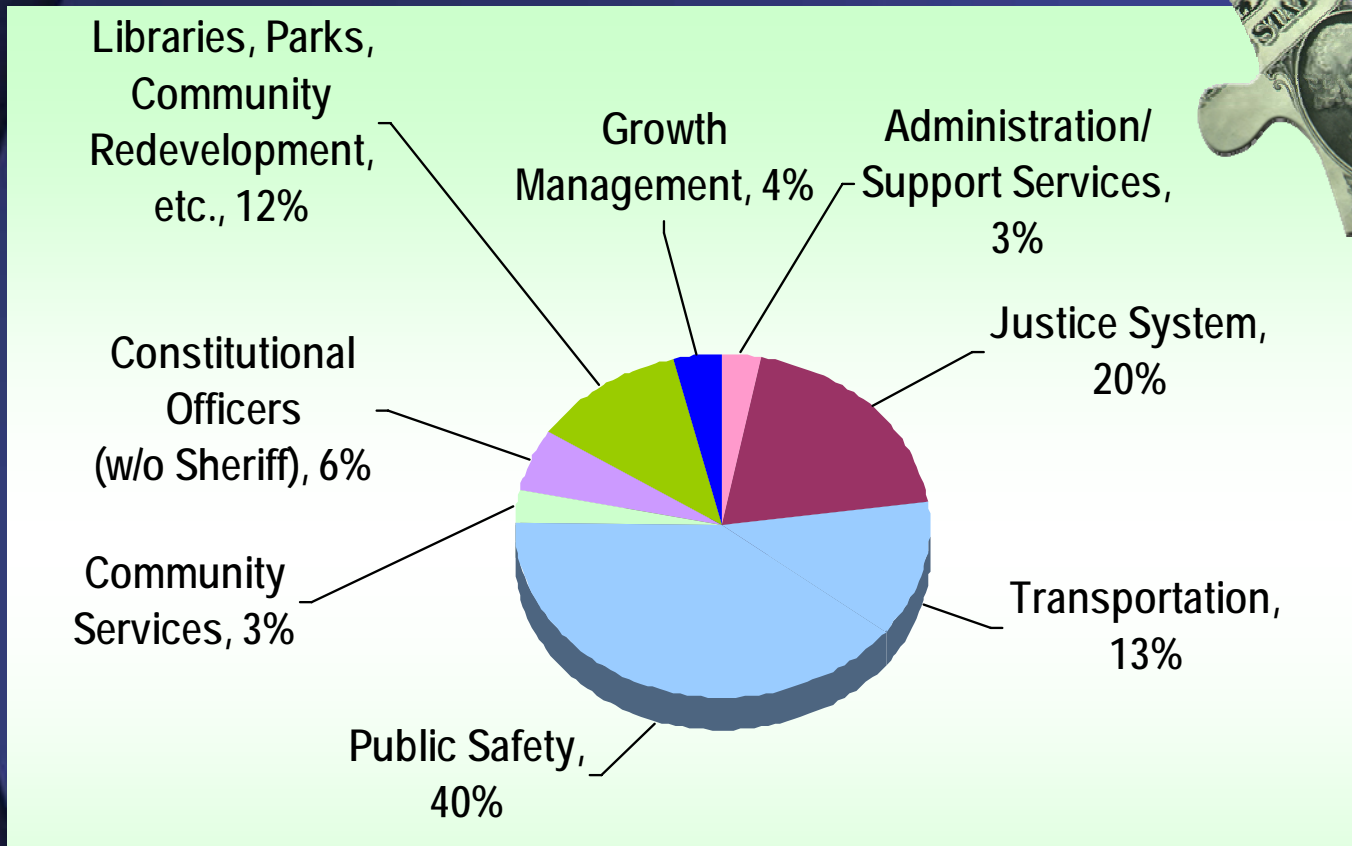
- **May 1st Special Meeting of the BCC**
 - Recommendations by the County Manager
- **May & June – Final Development of County Manager's Recommended Budget FY2008/09**
- **July - Presentation to BCC**
- **July & August – Hold Budget Worksessions**
- **September – Public Hearings for Final Adoption**

Property Tax Reform Implications – FY2007/08 Budget



- **HB 1B**
 - Revenue *Impact* = \$26.9M
 - General Fund = \$20.6M (9%)
 - Roads MSTU = \$.3M
 - Fire Fund = \$6M (11%)

Where the Money Goes



Property Tax Reform Implications – FY2007/08 Budget



- **\$15M in Budget Cuts**
 - Capitalization of Positions
 - Froze Vacant Positions
 - Reduced Operating Budgets
 - Reduced Funding to Outside Agencies
 - Reduced Service Levels

Property Tax Reform Implications – FY2007/08 Budget



– Service Level Reductions

- Janitorial/Security Guards
- Books by Mail Program
- Right-of-Way & Median Maintenance
- LYNX Route 33
- Road Resurfacing Program
- Subdivision Retrofit Program

Property Tax Reform Implications – FY2008/09 Budget



- **Passage of Amendment 1**
 - Additional Revenue Impact = \$20M
 - General Fund = \$15M
 - Fire Fund = \$5M
- **Additional Challenges**
 - Decline in Other Major Revenue Sources
 - Continued Increase in Certain Operating Costs
 - Fiscal Sustainability: Structural Balancing

FY2008/09 Budget Development



Approach Focused on the Following
Perspectives...

- Community / Customer
- Government Business
- Evaluation & Delivery of Competitive Services
- Fiscal Sustainability

FY2008/09 Budget Development



- Service Inventory Approach
- Functional Areas:
 - Transportation/Physical Environment
 - Public Safety
 - Economic Environment/Human Services
 - Cultural & Recreation
 - Internal Support Services
 - Planning & Development

FY2008/09 Budget Development



■ Results Team Objectives

- Ensure service descriptions were self-explanatory
- Assess demand for services (regulatory, essential and discretionary)
- Evaluate alternative service and funding options
- Evaluate overall cost/benefit to citizens

FY2008/09 Budget Development



■ Executive Team Objectives

- Review results team evaluations of services
- Discuss findings and identify areas to address
- Establish service level reductions
 - Department / County Manager Discussion
 - Further Evaluation
 - Final Recommendations

Financial Status / Projection



- General Revenue
- Major Revenue
- Reserves
- Fiscal Sustainability

General Revenue



- General Revenue Dependant Funds
- Operating Revenue
 - Historical Trend
 - 3Year Projection
- Operating Expenditures

General Revenue: General Revenue Dependant Funds



- General Fund
- Stormwater
- Transportation Trust
- Ninth Cent Gas Tax (Mass Transit)

General Revenue: Operating Revenue Historical Trend



■ FY05	\$207.0M	\$15.7M	8%
■ FY06	\$225.1M	\$18.1M	9%
■ FY07	\$253.0M	\$27.9M	12%
■ FY08 (est.)	\$236.9M	(\$16.1M)	(7%)

General Revenue: Operating Revenue 3 Year Projection



■ FY08 (est.)	\$236.9M	(\$16.1M)	(7%)
■ FY09	\$230.3M	(\$6.6M)	(3%)
■ FY10	\$238.1M	\$7.8	3%
■ FY11	\$246.4M	\$8.3	3%

General Revenue: Operating Expenditures



■ Personal Services*	\$143.1M	56%
■ Operating Expenditures	\$112.5M	44%
■ Total Operating	\$255.6M	100%
■ Constitutional Officers	\$88-108M	40 - 47%

*Annual increase approximately \$7.5M to maintain existing FTE

Major Revenue: Types



■ Ad Valorem Taxes	\$141.8M	60%
■ Sales Tax (State Shared Half-Cent)	\$23.5M	10%
■ County Revenue Sharing (State)	\$8.5M	4%
■ Gas Taxes (State Shared)	\$5.4M	2%
■ Gas Taxes (Local Levy 7 Cents)	\$9.8M	4%
■ Public Service Taxes (Utilities)	\$15.9M	7%
■ Other Sources	\$32.0M	13%
■ Total General Revenue FY08	\$236.9M	100%

Major Revenue: Four Sources Account for 87%



■ Ad Valorem Taxes	60%
■ Sales Tax	14%
■ Gas Taxes	6%
■ Public Service Taxes (Utilities)	7%
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Total	87%

Major Revenue: Ad valorem Taxes



■ FY05	\$103.3M	\$7.7	8%
■ FY06	\$116.9M	\$13.6	13%
■ FY07	\$144.9M	\$28.0	24%
■ FY08 (est.)	\$141.8M	(\$3.1)	(2%)

Major Revenue: Ad valorem Taxes



- **HB1B Effects FY08**
- **Established a “Maximum Millage Rate”**
 - Rolled-back rate less an additional 5%
- **12% Rate Reduction**
 - FY07 Rate of 4.9989
 - FY08 Rate of 4.3578

Major Revenue: Ad valorem Taxes



- Amendment 1 – FY09 Impact is \$15M to General Revenue
 - Additional \$25,000 Homestead Exemption
 - Portability of “Save Our Homes” Differential
 - \$25,000 Tangible Personal Property Exemption
 - 10% Annual Cap on Non-homesteaded Property

Major Revenue: Ad valorem Taxes



■	FY08 (est.)	4.3578	\$141.8M	(\$3.1)	(2%)
■	FY09	4.3578	\$137.3M	(\$4.5)	(3%)
■	FY10	MMR	\$142.8M	\$5.5	4%
■	FY11	MMR	\$148.5M	\$5.7	4%

Major Revenue: Historical Trend Sales Tax



■ FY05	\$34.1M	\$4.0	13%
■ FY06	\$36.3M	\$2.2	6%
■ FY07	\$33.9M	(\$2.4)	(7%)
■ FY08 (est.)	\$32.0M	(\$1.8)	(5%)

Major Revenue: Projected Trend Sales Tax



■ FY08 (est.)	\$32.0M	(\$1.8)	(5%)
■ FY09	\$32.0M	\$0.0	0%
■ FY10	\$32.6M	\$0.6	2%
■ FY11	\$33.6M	\$1.0	3%

Major Revenue: Historical Trend Gas Taxes



■ FY05	\$15.7M	\$1.2	8%
■ FY06	\$15.6M	(\$0.1)	(1%)
■ FY07	\$15.5M	(\$0.1)	(1%)
■ FY08 (est.)	\$15.2M	(\$0.3)	(2%)

Major Revenue: Projected Trend Gas Taxes



■ FY08 (est.)	\$15.2M	(\$0.3)	(2%)
■ FY09	\$15.2M	\$0.0	0%
■ FY10	\$15.5M	\$0.3	2%
■ FY11	\$16.0M	\$0.5	3%

Major Revenue: Historical Trend Public Service Taxes



■ FY05	\$14.2M	\$1.1	8%
■ FY06	\$14.5M	\$0.3	2%
■ FY07	\$15.4M	\$0.9	6%
■ FY08 (est.)	\$15.7M	\$0.3	2%

Major Revenue: Projected Trend Public Service Taxes



■ FY08 (est.)	\$15.7M	\$0.3	2%
■ FY09	\$16.1M	\$0.4	3%
■ FY10	\$16.6M	\$0.5	3%
■ FY11	\$17.1M	\$0.5	3%

General Revenue: Operating Revenue 3 Year Projection



■ FY08 (est.)	\$236.9M	(\$16.1M)	(7%)
■ FY09	\$230.3M	(\$6.6M)	(3%)
■ FY10	\$238.1M	\$7.8	3%
■ FY11	\$246.4M	\$8.3	3%

Fiscal Sustainability



- Structural Balancing – Ensuring ongoing operating revenues are sufficient to cover ongoing operating costs.
- Reserves – Used for one-time expenditure of capital, limited term programs or long-term replacements/renovations of current assets.

Fiscal Sustainability – 3 Year Projection



	Rev	Exp	Diff
■ FY08 budget	\$236.9	\$247.5	(\$10.6)
■ FY09 tentative	\$230.3	\$255.6	(\$25.3)
■ FY10	\$238.1	\$262.8	(\$24.7)
■ FY11	\$246.4	\$270.3	(\$23.9)

Summary



- May 1 Special Meeting on Budget
 - Manager Recommendations
 - Service Level Reductions
 - Outside Agencies Funding
 - Services to Municipalities
 - Policy Amendments
 - Alternative Revenue Sources
 - Commence Development of FY 08/09 Budget