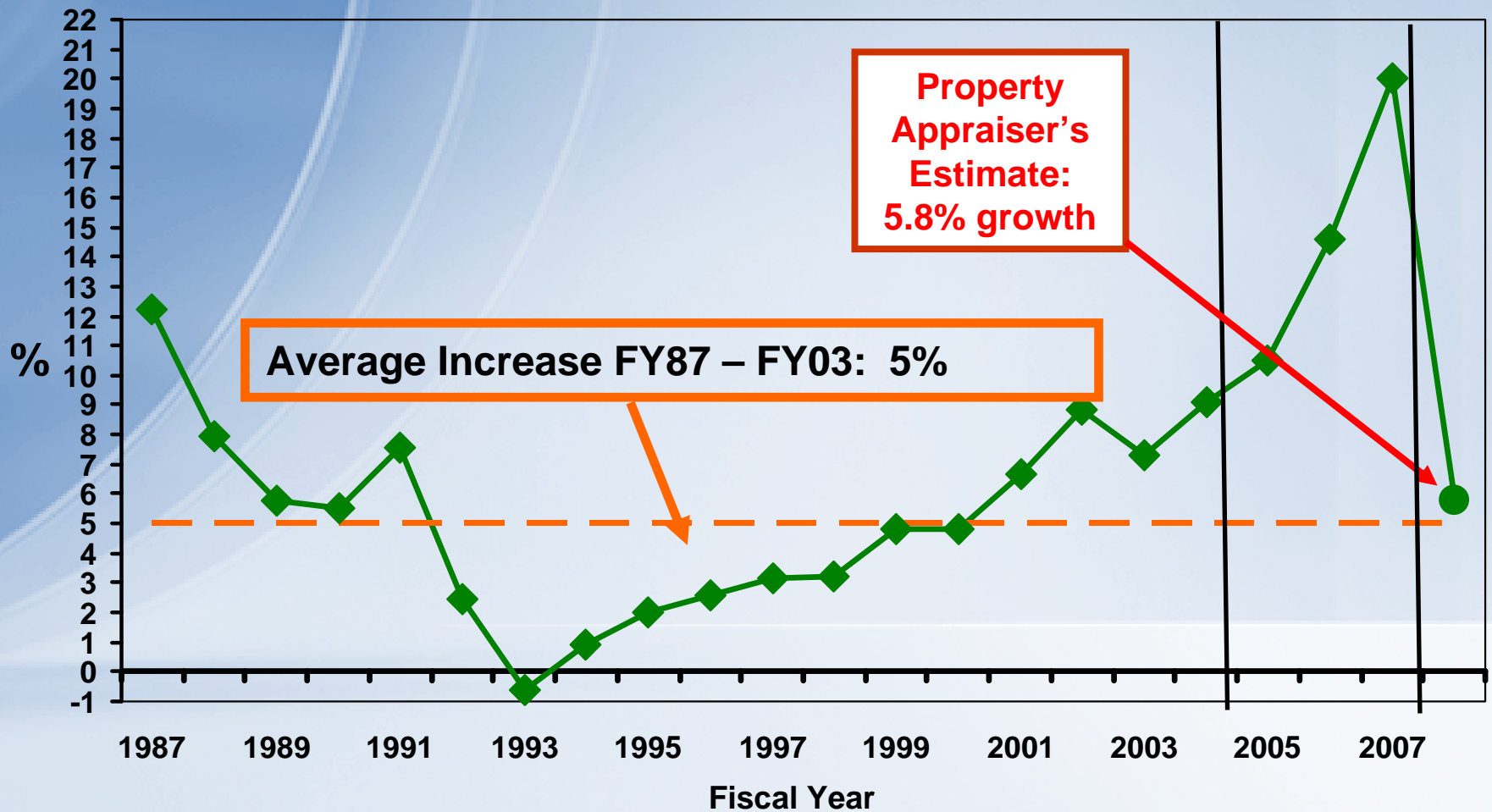




**Fiscal Year 2008
Budget Update
June 7, 2007**

Countywide Taxable Values Annual Rate of Change





Changes in the Fiscal Year 2008 Budget Outlook since May 8 (\$ millions)

| | | |
|--|----|---------------|
| Resources (from \$764.5M to \$767.7M) | | |
| Increase Beginning Fund Balance based on FY07 year-to-date data | \$ | 3.0 |
| Adjust Property Tax revenue to new tax roll estimates | | (0.5) |
| Other revenues - net increase | | 0.7 |
| Net Increase in Revenue Estimate | | 3.2 |
| | | |
| Expenditures (from \$690.6 M to \$679.8 M) | | |
| Adjust partial funding for Supervisor of Elections building | | 1.5 |
| Add State-mandated funding for Voting Equipment (2007 legislation) | | 2.6 |
| Recalculate Tax Increment payments to cities (new tax roll data) | | 0.4 |
| Reduce FRS Pension contribution formula (2007 Legislation) | | (0.6) |
| Recalculate Employee Health Contribution cost | | (0.7) |
| Sheriff's budget request reduction | | (14.0) |
| Net Decrease in Expenditure Estimate | | (10.8) |



Fiscal Year 2008 General Fund BUDGET ESTIMATES UPDATE (\$ millions) *

| | <u>May 8 Outlook</u> | <u>June 7 Update</u> | <u>Difference</u> |
|--|--------------------------|--------------------------|-------------------|
| RESOURCES | | | |
| Beginning Fund Balance | 137.2 | 140.2 | 3.0 |
| Revenues | | | |
| Property Taxes ** | 451.7 | 451.2 | (0.5) |
| All Other Revenues | 175.6 | 176.3 | 0.7 |
| <i>subtotal - Revenues</i> | <u>627.3</u> | <u>627.5</u> | <u>0.2</u> |
| TOTAL RESOURCES | 764.5 | 767.7 | 3.2 |
| LESS: EXPENDITURES * | (690.6) | (679.8) | 10.8 |
| Estimated Ending Balance | 73.9 | 87.9 | 14.0 |
| <i>Revenue minus Expenditures</i> | (63.3) | (52.3) | 11.0 |

Unfavorable = ()

* Includes Issues and ALL Requests received to date

** General Fund county-wide and MSTU property taxes only



Projected Fiscal Year 2008 General Fund Budget Gap (\$ millions)

| | <u>May 8 Outlook</u> | <u>June 7 Update</u> |
|---------------------------------|--------------------------|--------------------------|
| Revenue minus Expenditures: | \$ 63.3 | \$ 52.3 |
| <u>Use of Reserves:</u> | | |
| Beginning Fund Balance | \$ 137.2 | \$ 140.2 |
| Target Ending Fund Balance | \$ 116.6 | \$ 116.6 |
| <i>(15% of Total Resources)</i> | | |
| Target use of Reserves: | <u>\$ 20.6</u> | <u>\$ 23.6</u> |
| Projected Budget Gap * | \$ 42.7 | \$ 28.7 |

* BEFORE LEGISLATIVE ACTION

Fiscal Year 2008 General Fund

PROPOSED PROGRAM CHANGES

| | <u>Requested Change (a)</u> | <u>Proposed Funding</u> | <u>Difference</u> |
|----------------------------------|---------------------------------|-----------------------------|-------------------|
| Recurring costs: | | | |
| Facilities maintenance - Jail | 1.2 | 0.7 | (0.5) |
| Facilities maintenance - other | 0.9 | - | (0.9) |
| Medical Examiner DNA Lab (net) | 0.2 | 0.2 <i>b</i> | - |
| Ridgecrest YMCA | 0.4 | 0.4 | - |
| Other BCC departments | 0.2 | - | (0.2) |
| Judiciary | 0.1 | - | (0.1) |
| Begin funding OPEB Liability | 22.0 | - <i>c</i> | (22.0) |
| Non-Recurring Costs: | | | |
| Housing Trust Fund (year 2 of 3) | 10.0 | 5.0 | (5.0) |
| State Mandated Voting Equipment | 2.6 | 2.6 | - |
| SRI Project (year 1 of 2) | 3.0 | 3.0 | - |
| TOTAL | 40.6 | 11.9 | (28.7) |

(a) March Outlook assumed \$42.5M for issues, including OPEB \$22M, Housing Trust Fund \$10M, and SRI project \$4M

(b) DNA Lab net cost assumes approval of new fees, including cremation fee

(c) use \$15M of Employee Benefits Fund Balance to partially fund first year



Recommendations to Close the Fiscal Year 2008 General Fund Budget Gap (\$ millions)

| | | | | |
|----------------------------------|--|--|-----------|--|
| Projected Budget Gap | | | \$ (28.7) | |
| | | | | |
| | | | | |
| Proposed Program Changes | | | 28.7 | |
| | | | | |
| | | | | |
| Remaining (Gap) / Surplus | | | \$ - | |
| | | | | |
| | | | | |
| | | | | |
| Points to consider: | | | | |
| | ● OPEB funding will need to be increased in future years | | | |
| | ● Mandated Voting Equipment costs may be higher than estimated | | | |



Legislative Update

- Joint Select Committee on Property Tax Relief and Reform met on June 4
- Another Joint Committee meeting may be held on June 11
- Special Session scheduled to begin June 12
- **No consensus, formal action, or details yet**
- House Speaker / Senate President Proposal announced June 1
 - No cuts for School taxes set by State (40% of total)
 - Not clear if or how cuts will also be required for Special Districts



Legislative Update

- **Fiscal Year 2008: Property Tax Revenue Caps** (statutory)
 - Mandated cuts for County (and Cities)
 - Optional cuts: Formula based on percentage of revenue increase in last 5 years
 - Optional cuts can be overridden by supermajority vote of Board



Legislative Update

- **Fiscal Year 2009 and later: Property Tax Revenue Caps** (statutory) for County (and Cities)
 - Limit growth in revenues to growth in Personal Income
 - Caps can be overridden by supermajority vote of Board



Legislative Update

- **Fiscal Year 2009 and later: Homestead Exemption Changes** (require Constitutional Amendment)
 - Save Our Homes replaced with new Homestead Exemption **based on a percentage of the property's value**
 - Percentages will be “tiered”
 - Save Our Homes exemptions that exceed the new formula will be “grandfathered” in



Legislative Update

- **Fiscal Year 2009 and later: Other Possible Exemption Changes** (require Constitutional Amendment)
 - Non-Homestead Residential
 - Commercial
 - Low-Income Seniors
 - Working Waterfronts
 - Affordable Housing



Additional Fiscal Year 2008 Reductions for Potential Legislative Actions (\$ millions)

| | | | | | Cumulative |
|--|--|---|--|------------------|------------------|
| | | | | <u>Reduction</u> | <u>Reduction</u> |
| | | | | | |
| | | Reduce FY08 Property Tax Revenue to FY07 amount | | \$ (19.7) | \$ (19.7) |
| | | plus new construction (Roll-Back Rate) | | | |
| | | | | | |
| | | Reduce Property Tax Revenue by 5% from Roll-Back | | \$ (22.8) | \$ (42.5) |
| | | | | | |
| | | Reduce Property Tax Revenue by 10% from Roll-Back | | \$ (22.8) | \$ (65.3) |
| | | | | | |
| | | Reduce Property Tax Revenue by 15% from Roll-Back | | \$ (22.8) | \$ (88.1) |
| | | | | | |
| | | | | | |
| | | | | | |



Recommendations to Reduce General Fund Property Taxes to the Roll-back Rate (\$ millions)

| | | | | | |
|---------------------------------|--|---|-----------|---------------|--|
| Reductions Needed | | | \$ | 19.7 | |
| | | | | | |
| Proposed Program Changes | | | | | |
| | | Reserves adjustment | | (0.6) | |
| | | Tax Increment Financing payments adjustment | | (0.4) | |
| | | User fee increases (approx. 10% increase in revenues) | | (1.0) | |
| | | Wage adjustment - classifieds - all but Sheriff (0% - 3%) | | (2.0) | |
| | | Wage adjustment - exempts - all but Const'ls (0% - 3%) | | (0.5) | |
| | | 2% decrease in constitutionals and independents | | (6.5) | |
| | | BCC non-direct service reductions | | (8.2) | |
| | | Consolidation Efficiencies Target | | (0.5) | |
| Total | | | \$ | (19.7) | |
| | | | | | |
| | | | | | |
| | | | | | |



5% Scenario

GENERAL FUND REDUCTION TARGETS

estimated property tax revenue at current millage rates
451,200,000

| | |
|--|---------------------|
| DECREASE PROPERTY TAX REVENUE TO ROLL-BACK RATE | (19,700,000) |
| 5% DECREASE IN PROPERTY TAX REVENUE BELOW ROLL-BACK RATE | (22,800,000) * |
| TOTAL REDUCTIONS NEEDED | (42,500,000) |

| | | county-wide | | MSTU | Total | |
|---|-----------------------------------|-------------|-------|--------------|-------------|--------------|
| | | 89.4% | | 10.6% | 100.0% | |
| | | | | | | |
| GENERAL FUND REQUESTS AFTER CLOSING GAP | | 585,778,260 | | 69,780,000 | 655,558,260 | |
| Less: | TARGET BASE | Reductions | | | | |
| | Gen Govt Target (use of reserves) | | | | - | |
| | Mandatory Target | 108,098,120 | 4.0% | (3,863,670) | (460,250) | (4,323,920) |
| | Administrative Target | 22,416,040 | 5.0% | (1,001,500) | (119,300) | (1,120,800) |
| | Constitutionals & Independents | 360,519,280 | 4.0% | (12,885,770) | (1,535,000) | (14,420,770) |
| | Balance: Discretionary Target | 164,524,820 | 13.8% | (20,287,690) | (2,416,740) | (22,704,430) |
| | Total Reductions | | | (38,038,630) | (4,531,290) | (42,569,920) |
| | 655,558,260 | | | | | |
| | | | | | | |
| REVISED GENERAL FUND TOTAL | | 547,739,630 | | 65,248,710 | 612,988,340 | |
| FY07 Original Budget | | | | | 634,673,520 | |
| percentage reduction from FY07 Budget | | | | | -3.4% | |

* Decrease is calculated on FY07 budgeted property tax revenue

10% Scenario

GENERAL FUND REDUCTION TARGETS

estimated property tax revenue at current millage rates
451,200,000

DECREASE PROPERTY TAX REVENUE TO ROLL-BACK RATE

(19,700,000)

10% DECREASE IN PROPERTY TAX REVENUE BELOW ROLL-BACK RATE

(45,600,000) *

TOTAL REDUCTIONS NEEDED

(65,300,000)

GENERAL FUND REQUESTS AFTER CLOSING GAP

Less:

Gen Govt Target (use of reserves)

Mandatory Target

Administrative Target

Constitutionals & Independents

Balance: Discretionary Target

Total Reductions

REVISED GENERAL FUND TOTAL

FY07 Original Budget

percentage reduction from FY07 Budget

county-wide

MSTU

Total

89.4%

10.6%

100.0%

585,778,260

69,780,000

655,558,260

TARGET BASE

Reductions

-

108,098,120

8.0%

(7,727,340)

(920,510)

(8,647,850)

22,416,040

10.0%

(2,003,000)

(238,600)

(2,241,600)

360,519,280

8.0%

(25,771,540)

(3,070,000)

(28,841,540)

164,524,820

15.6%

(22,933,900)

(2,731,970)

(25,665,870)

(58,435,780)

(6,961,080)

(65,396,860)

655,558,260

527,342,480

62,818,920

590,161,400

634,673,520

-7.0%

* Decrease is calculated on FY07 budgeted property tax revenue

15% Scenario

GENERAL FUND REDUCTION TARGETS

estimated property tax revenue at current millage rates
451,200,000

DECREASE PROPERTY TAX REVENUE TO ROLL-BACK RATE

(19,700,000)

15% DECREASE IN PROPERTY TAX REVENUE BELOW ROLL-BACK RATE

(68,400,000) *

TOTAL REDUCTIONS NEEDED

(88,100,000)

GENERAL FUND REQUESTS AFTER CLOSING GAP

Less:

Gen Govt Target (use of reserves)

Mandatory Target

Administrative Target

Constitutionals & Independents

Balance: Discretionary Target

Total Reductions

REVISED GENERAL FUND TOTAL

FY07 Original Budget

percentage reduction from FY07 Budget

county-wide

MSTU

Total

89.4%

10.6%

100.0%

585,778,260

69,780,000

655,558,260

TARGET BASE

Reductions

-

108,098,120

10.0%

(9,659,170)

(1,150,640)

(10,809,810)

22,416,040

15.0%

(3,004,500)

(357,910)

(3,362,410)

360,519,280

10.0%

(32,214,430)

(3,837,500)

(36,051,930)

164,524,820

23.1%

(33,959,820)

(4,045,410)

(38,005,230)

(78,837,920)

(9,391,460)

(88,229,380)

655,558,260

506,940,340

60,388,540

567,328,880

634,673,520

-10.6%

* Decrease is calculated on FY07 budgeted property tax revenue



Cuts in Other Operations Would be Required if Property Taxes are Capped

| | | | TOTAL REDUCTIONS NEEDED | | | |
|----------------------------------|--|--|-------------------------|----------------------------|----------------------|----------------------|
| | | | to Roll Back | to below Roll-Back Rate by | | |
| | | | <u>Rate</u> | <u>5%</u> | <u>10%</u> | <u>15%</u> |
| Countywide Services | | | | | | |
| | Emergency Medical | | \$(2,165,000) | \$(4,435,000) | \$(6,705,000) | \$(8,975,000) |
| | Services (EMS) | | | | | |
| | <i>First responders asked for increases of \$9.2 M over the current \$31.8 M</i> | | | | | |
| | | | | | | |
| | Health Department | | \$ (231,000) | \$ (499,000) | \$ (767,000) | \$(1,035,000) |
| | | | | | | |
| | Mosquito Control | | \$ (198,000) | \$ (428,000) | \$ (657,000) | \$ (887,000) |
| | | | | | | |
| | Pinellas Planning Council | | \$ (64,000) | \$ (138,000) | \$ (213,000) | \$ (288,000) |
| | | | | | | |
| Other Districts (example) | | | | | | |
| | Public Library Cooperative | | \$ (341,000) | \$ (719,000) | \$(1,098,000) | \$(1,477,000) |
| | | | | | | |

The Palm Harbor and Feather Sound Community Services Districts would also be cut.

Cuts in Other Operations Would be Required if Property Taxes are Capped

| | | TOTAL REDUCTIONS NEEDED | | | |
|-----------------------|-----------------|-------------------------|----------------------------|-----------------------|-----------------------|
| | | to Roll Back | to below Roll-Back Rate by | | |
| | | <u>Rate</u> | <u>5%</u> | <u>10%</u> | <u>15%</u> |
| Fire Districts | | | | | |
| | Belleair Bluffs | \$ (18,000) | \$ (34,000) | \$ (50,000) | \$ (66,000) |
| | Clearwater | \$ (167,000) | \$ (304,000) | \$ (441,000) | \$ (578,000) |
| | Dunedin | \$ (27,000) | \$ (70,000) | \$ (113,000) | \$ (155,000) |
| | Gandy | \$ (2,000) | \$ (7,000) | \$ (11,000) | \$ (16,000) |
| | High Point | \$ (148,000) | \$ (293,000) | \$ (438,000) | \$ (582,000) |
| | Largo | \$ (75,000) | \$ (160,000) | \$ (246,000) | \$ (331,000) |
| | Pinellas Park | \$ (38,000) | \$ (83,000) | \$ (128,000) | \$ (173,000) |
| | Safety Harbor | \$ - | \$ (3,000) | \$ (14,000) | \$ (24,000) |
| | Seminole | \$ (357,000) | \$ (681,000) | \$ (1,004,000) | \$ (1,327,000) |
| | South Pasadena | \$ (25,000) | \$ (43,000) | \$ (61,000) | \$ (79,000) |
| | Tarpon Springs | \$ (17,000) | \$ (39,000) | \$ (61,000) | \$ (83,000) |
| | Tierra Verde | \$ (64,000) | \$ (138,000) | \$ (212,000) | \$ (287,000) |
| Total | | \$ (938,000) | \$ (1,855,000) | \$ (2,779,000) | \$ (3,701,000) |



Budget Development Process

- June 21st budget worksession (tentative)
 - Summarize budget impact from legislature
 - Assess FY08 vs. FY09 impact
- June 26th budget worksession
 - Discuss recommendations to develop FY08 tentative budget
- July 13th – Tentative budget distributed
 - Balanced budget that attempts to incorporate the impact of legislative changes



Budget Development Process

- July 13th to July 23rd - Make any changes to the tentative budget that impact the TRIM millage rates
- July 24th – TRIM information sent to Property Appraiser
- August 13th – TRIM notices sent out to property owners

Budget Development Process

- September 4th – 1st public hearing
 - BCC adopts tentative FY08 millage rates & budgets
- September 18th – 2nd public hearing
 - BCC adopts final FY08 millage rates & budgets



Next Steps

- Assess Options for Reductions below Roll-Back Rate in General Fund (countywide & MSTU)
- Continue to review other potential reductions
 - Other Property Tax Supported Funds
 - Other Funds
- Monitor Legislative Action



Citizens' Comments