

# Preliminary FY10 General Fund Forecast

January 13, 2009

# Outline

- **FY10 Budget challenges & strategy**
- **FY09 Beginning Fund Balance**
- **Property Tax Revenue forecast**
- **Other Revenues forecast**
- **Expenditures forecast**
- **Proposed budget strategy**
- **Proposed FY10 budget process**
- **Next steps**

# FY10 Budget Challenges & Strategy

- **Budget pressure has impacted the organization over the last three fiscal years**
- **Non-mandatory program areas and administrative support capability have taken the bulk of the impact**
- **Economic forecasts show further economic weakness through 2010 with a modest recovery in 2011**
- **Existing and potential new caps on property taxes will blunt the recovery for local governments**

# FY10 Budget Challenges & Strategy

- **GOAL:** Resize government to deliver a sustainable basket of quality services in a consistent, predictable, and reliable manner.
- Plan the budget based upon two, three year funding cycles (FY10-12 and FY13-15)
  - The funding cycles are independent, yet linked together and are adjusted going forward
- Transform the organization while limiting disruption and potential negative impacts
  - Productivity and commitment of employees
  - Quality of remaining programs and services

# FY09 Beginning Fund Balance

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- **On a net basis, \$12M higher than estimated**
  - ▣ **Expenditures held to 96% of budget vs. target of 97%**
  - ▣ **Revenues included additional \$5.2M excess fees from Constitutional Officers**

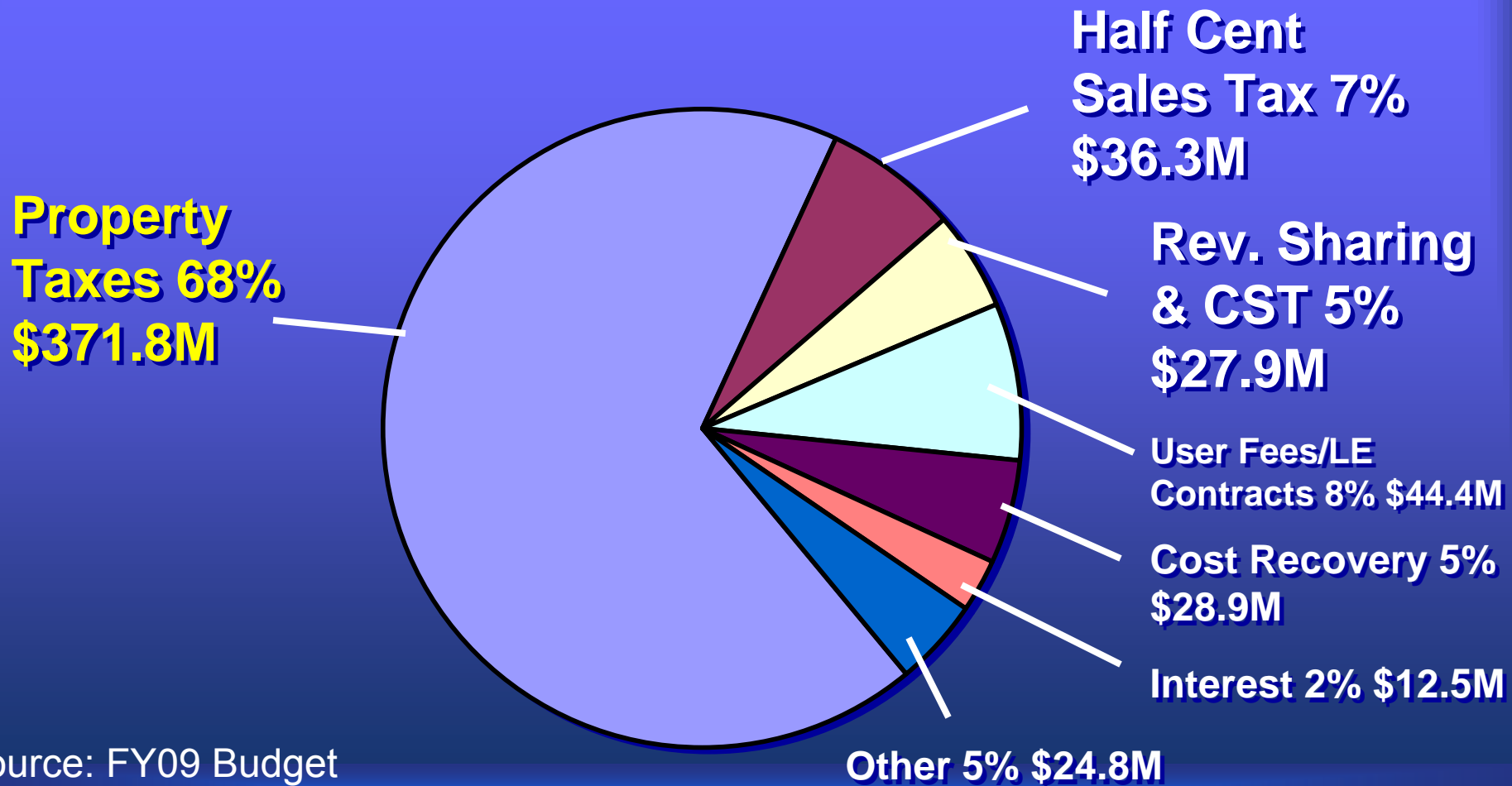
# Property Tax Revenue Forecast

# FY08 & FY09 Background

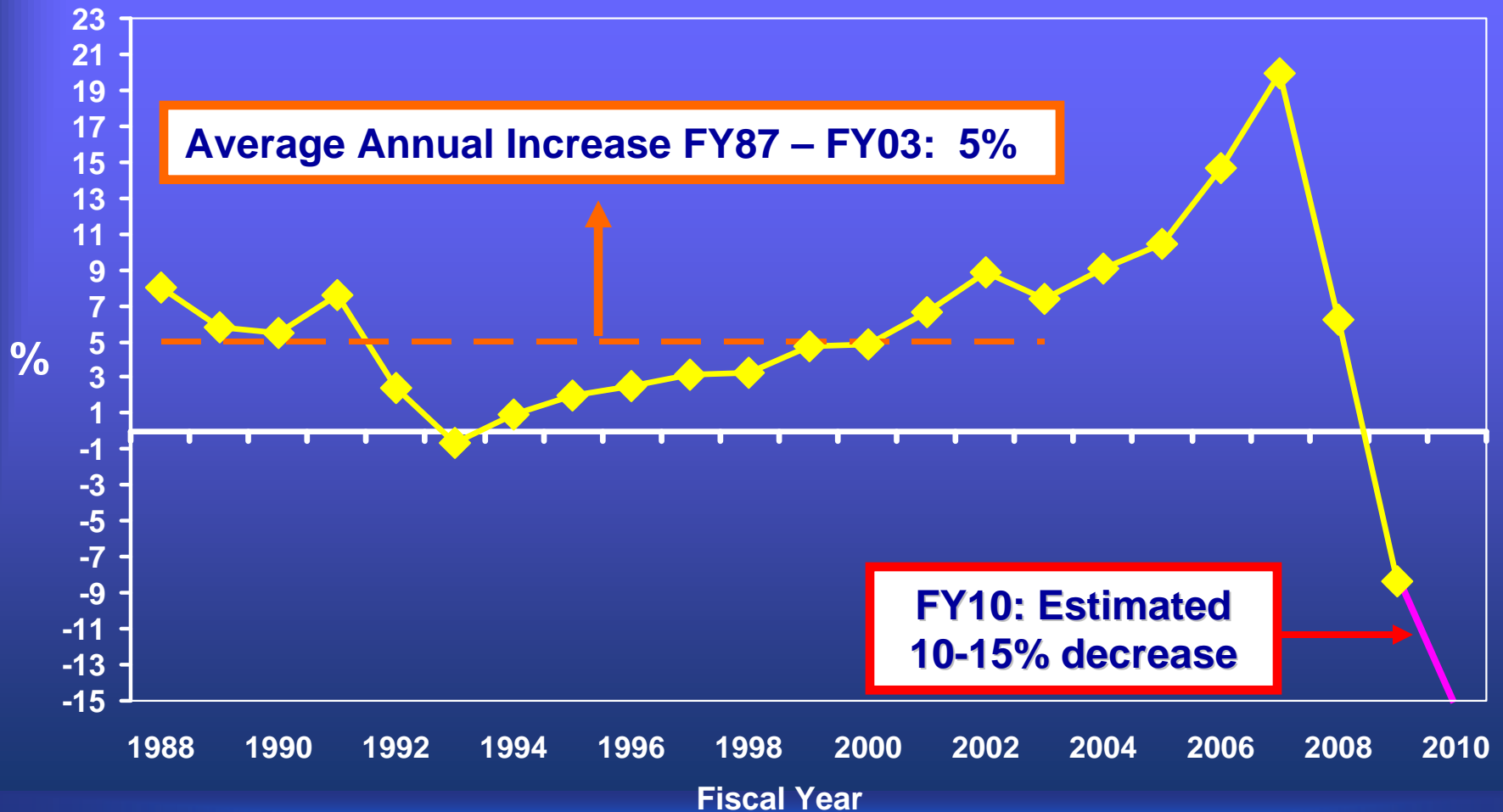
- **In FY08 property tax revenues decreased 4.6% or \$19.9M due to:**
  - ▣ **Legislature required Pinellas County to set property tax rate at 7% below rolled-back rate**
  - ▣ **Implemented property tax cap of new construction and avg. percentage growth in personal income**
- **In FY09 property tax revenues decreased 8.7% or \$35.4M due to:**
  - ▣ **“Doubling” the homestead exemption (school taxes exempt)**
  - ▣ **Decline of the real estate market**



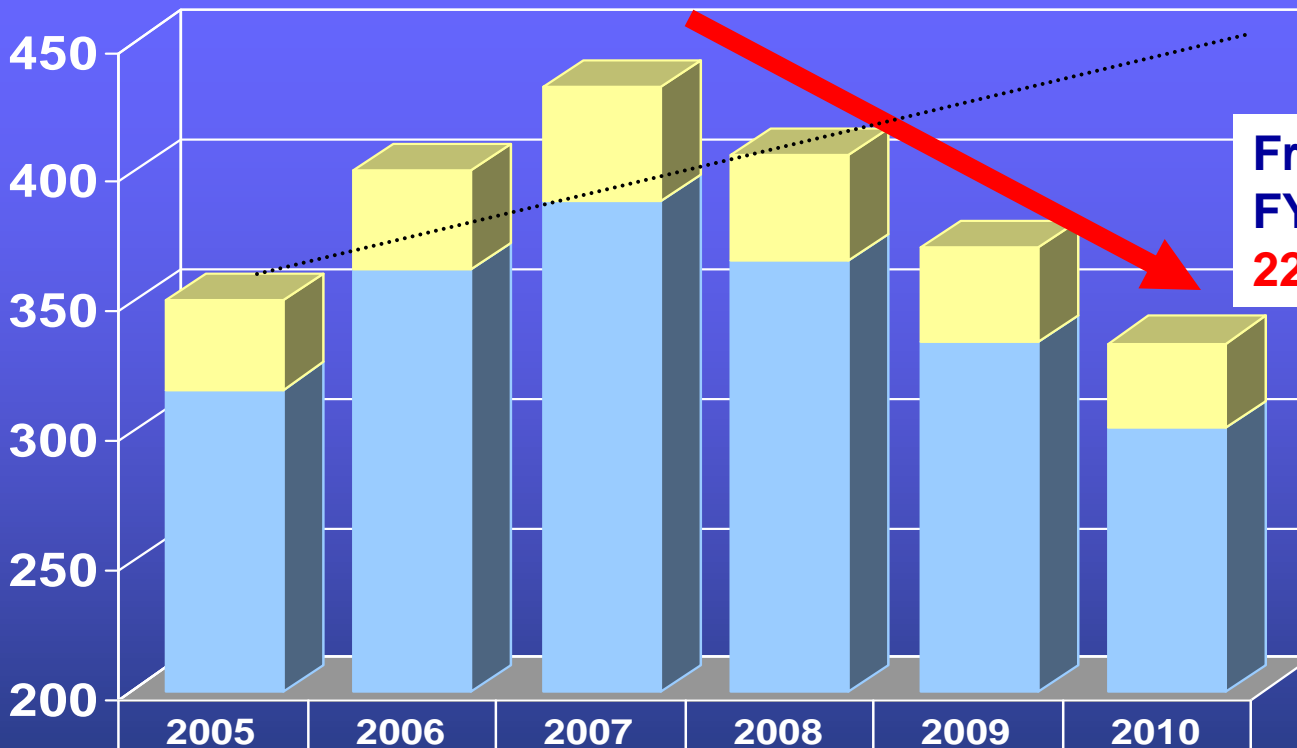
# Property taxes are the largest General Fund revenues source



# Countywide Taxable Values Annual Rate of Change



# General Fund Property Tax Revenue (FY05-FY10) in millions



	2005	2006	2007	2008	2009	2010
■ MSTU	34.4	38.1	44.1	40.8	36.5	32.9
■ County-wide	317.0	363.3	389.6	366.4	335.3	301.8

Change: (\$'s Mill's)

+50.0

+32.3

-26.5

-35.4

-37.2

(%)

+ 14.2%

+ 8.0%

- 6.1%

- 8.7%

- 10.0%

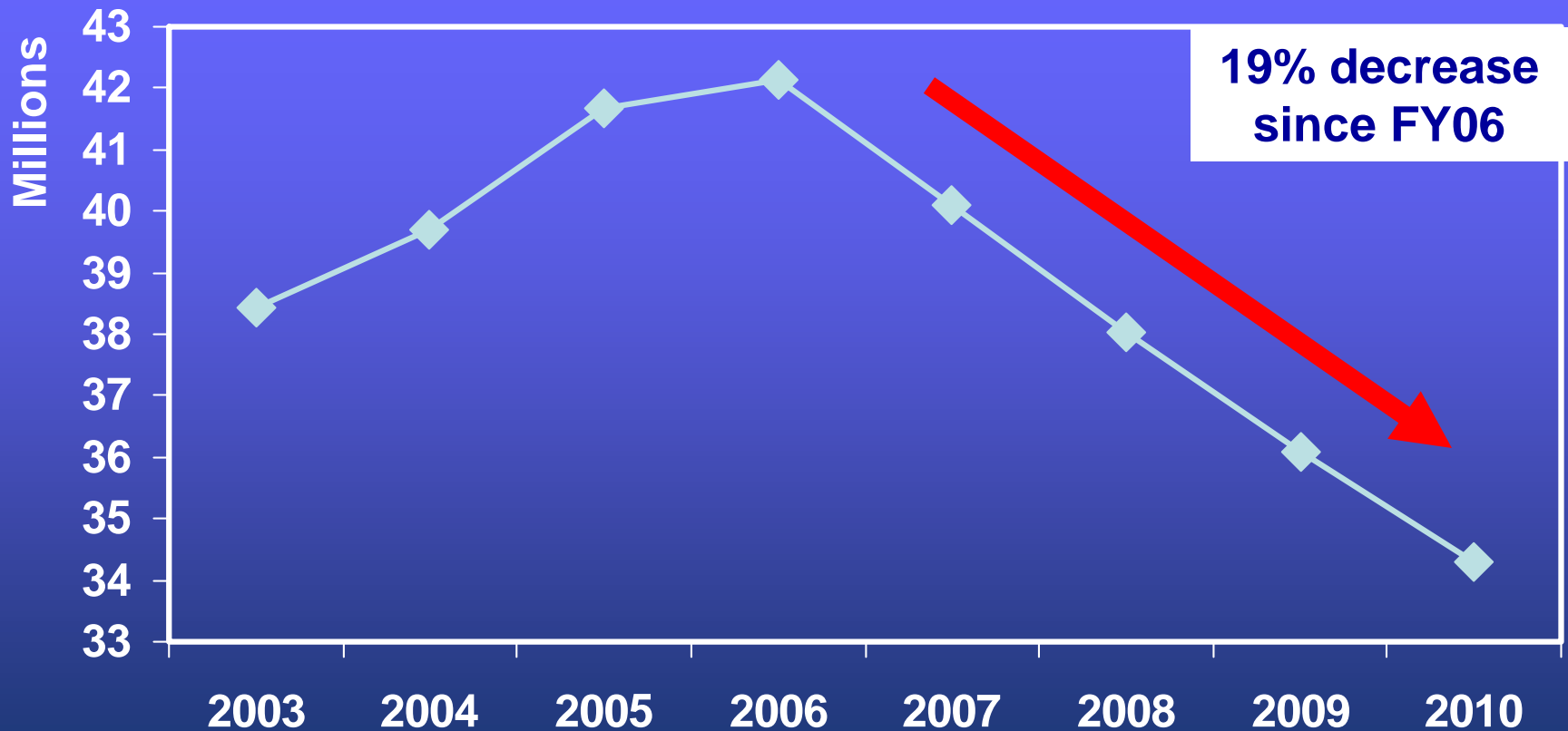
FY10 is preliminary estimate of -10-15%

# FY10 Property Tax Revenue

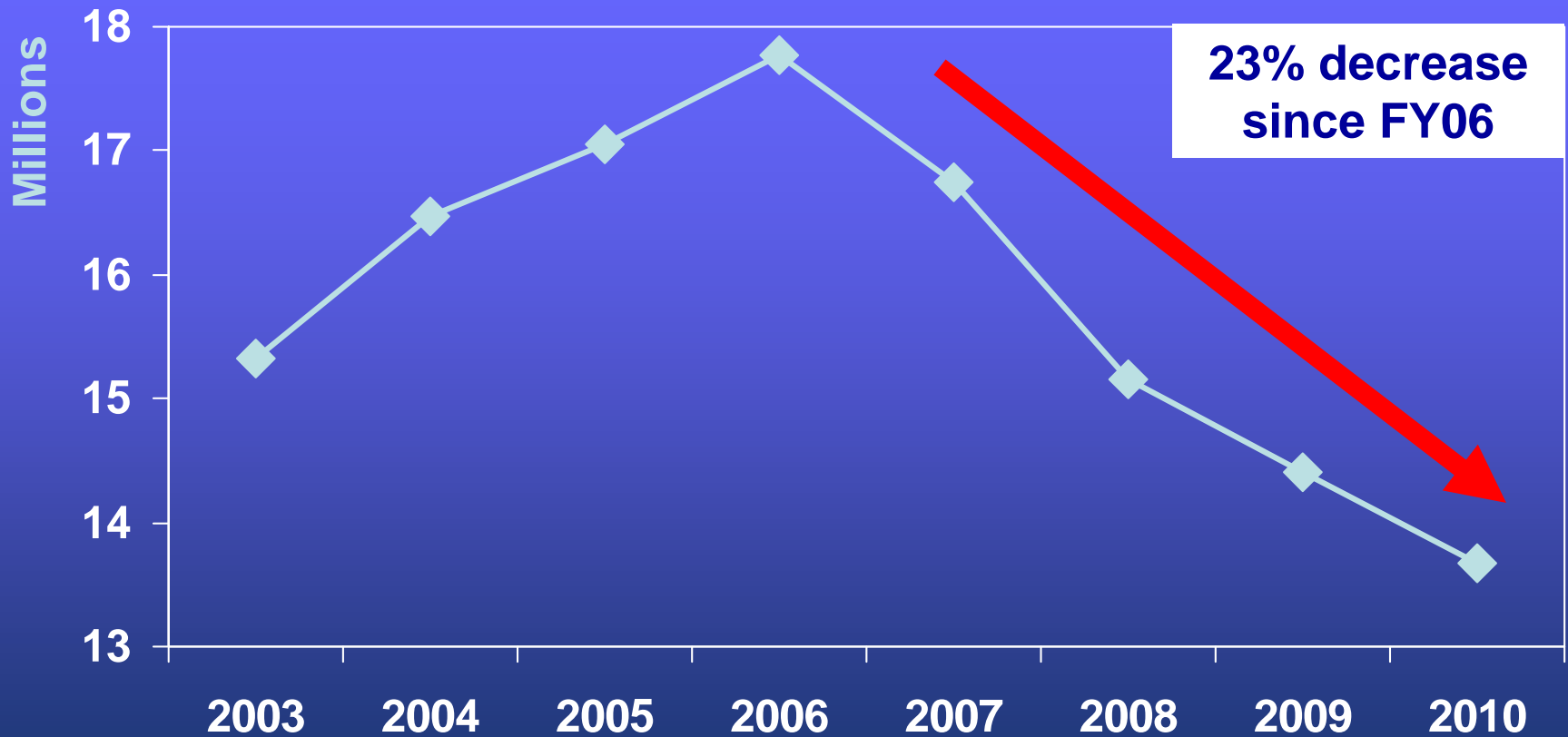
- **Continued decrease in taxable values**
  - ▣ **Impact of foreclosures on values not known at this time**
- **Forecast: -10% to -15% or  
\$37M to \$56M decrease**

# Other Revenues Forecast

# Half-Cent Sales Tax (FY03-FY10)



# State Revenue Sharing (FY03-FY10)



# Other Revenues

## ■ Other revenues examples:

■ Interest earnings*	-\$5.1M (33%)
■ Fines & forfeits*	-\$1.0M (54%)
■ Recording fees**	-\$2.0M (58%)
■ Building permits**	-\$0.8M (20%)
■ Zoning fees***	-\$0.2M (33%)

\* *FY08 Actual vs. FY07 Actual*

\*\* *FY08 Actual vs. FY06 Actual*

\*\*\* *FY08 Actual vs. FY05 Actual*



# Other Revenues

- **Substantial decreases in Half-Cent Sales Tax, Revenue Sharing, and other revenues result in \$11M to \$14M impact in FY10**

# Revenue Summary

- **FY09 Projections**
  - ▣ **\$12M less than anticipated**
- **FY10 Estimate**
  - ▣ **Property Taxes: \$37M to \$56M decrease**
  - ▣ **Other Revenues: \$11M to \$14M decrease**
  - ▣ **Total impact: \$48M to \$70M decrease**
    - **Represents a 9% to 13% decrease in total General Fund revenue**
    - **FY09: 8% decrease in total GF revenue**

# Expenditure Forecast

# Expenditure Summary

- **FY10**
  - ▣ **Each 1% expenditure increase would add \$6M to budget shortfall**

# Proposed Budget Strategy

# Proposed FY09 Budget Strategy

- **Slow spending in FY09**
  - ▣ **Freeze hiring, operating equipment purchases, non-essential travel**
- **FY09 projection target of 97%**
  - ▣ **Estimated FY09 revenue loss = \$12M**
  - ▣ **2% expenditure savings over normal 1% will generate approximately \$12M**

# FY10 Budget Challenges & Strategy

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# FY10 Budget Challenges & Strategy

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# Proposed FY10 Budget Strategy

- Target of 15% to 20% less than the FY09 budget to close projected shortfall
  - ▣ Address funding cycle shortfall to ensure organizational sustainability
  - ▣ Provide stable platform for reliable, consistent service provision
  - ▣ Establish a Service Level Stabilization Account

# Proposed FY10 Budget Process

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- **Community outreach prior to budget development**
- **Focus on program-based budgeting and levels of service**
- **Evaluate new funding sources and cost savings**
- **Focus on ability to sustain programs given revenue decreases and ongoing property tax caps**
- **Constitutionals and Independents have individual Budget Work Sessions with the Board**

# Proposed FY10 Budget Process

- **BCC focus on policy decisions regarding:**
  - ▣ **Tax policy**
  - ▣ **Funding for constitutionals & independents**
  - ▣ **New revenue sources**
  - ▣ **Increases to existing fee schedule**
  - ▣ **Reduction packages of BCC department programs and levels of service**

Next Steps

# Next Steps

## January / February

- **Community outreach prior to budget development**
- **Finalize FY08 actual revenue and expenditures**
- **BCC budget priority setting**
- **Continue to refine property tax and other revenue estimates**
- **Set appropriate budget guidelines**
- **Kickoff the FY10 budget process**

# Questions & Answers