



County Administrator's Budget Presentation September 8, 2011



- At the Board's special meeting on July 13th the Board set the tentative county-wide millage rate at 7.6995: an increase of .5114.
- However, at the Board's Budget Work Session on August 23rd, there was no consensus support for the tentative county-wide millage rate.
- Therefore, the proposed 2012 Budget is based on no millage increase.



**Fiscal Year 2011-2012 Tentative Budget
of
\$524,108,406**

**as compared to FY 11 amended budget
\$635,007,870**

**Tentative Countywide Millage Rate
of
7.1881**



Tentative FY11-12 Budget

\$524,108,406

Proposed Budget		\$536,534,802
Errata Changes		
•Carry Forward Funds*	\$ 1,098,911	
•Grant Funds	(\$ 6,299,848)	
•Other(tax revenue reduction & miscellaneous)	(\$ 7,225,459)	<u>(\$ 12,426,396)</u>
Tentative FY11-12 Budget		\$524,108,406

***Carry Forward Funds** are adjustments to the departments' operating budgets to fund purchase orders that will not be paid out before the end of FY 11.



Major Budget Highlights

Sustainable Reductions:

1. No new positions.
2. No cost of living increases: (5th year).
3. Across-the-board reduction in BOCC pension benefits due to mandated 3% FRS employee contribution.
4. Level and/or reduced funding for BOCC operations.
5. Substantial reduction in inmate hospital medical costs due to negotiated rate by PHS with Lawnwood Regional.



Sustainable Reductions:

6. Significant reduction in juvenile justice costs due to adopted change in State cost share formula and drop in usage.
7. Shift of maintenance improvement projects from operational funding to fund balance funding. Frees up \$1,000,000 in franchise fee revenue for the general fund.
8. Shift of coastal parks and preserves maintenance costs from general fund to Erosion control fund. Maintenance responsibility transferred to Mosquito Control & Coastal Management under realignment of operations in 2010.



Sustainable Reductions:

9. Reduction in health insurance costs.
10. Elimination of four vacant positions. The FY12 full time equivalent(FTE) count will be 650; 92-93 staffing level.
 - 64% of employees earns \$25,000 or less
 - 7 employees earns \$100,000+
11. Reduces Economic Development Council funding. Shifts funding from operational to fund balance funding.
12. Reduces Research & Education Park operational funding.



Sustainable Reductions:

13. Across-the-board reduction in funding for the Supervisor of Elections, Sheriff and Clerk of Court due to mandated 3% FRS employee contribution.
14. Level or flat operational funding for Judicial Agencies and Health Department.



Sustainable Revenue Measures:

1. Shifts \$700,000 in taxes from the storm water millage rate to general fund. The storm water millage rate is being reduced by 0.1234 mills and the general fund millage rate is being increased by 0.0514 mills.
2. Shifts \$600,000 of ½ cent sales tax revenue from Unincorporated services back to general fund.



Operating Funding Increase:

1. Modest increase (\$80,000) in Medical Examiner funding.



Fund Balance Funding:

1. Maintains Emergency Reserve (5% operating budget) and Fund Balance (5% GF operating budget) Funding.
2. Maintains Contingency Funding at \$ 1,723,856*.

*In FY 10, \$1,700,000 was transferred to cover inmate medical costs. \$309,473 of which was not spent and was returned to contingency; bringing the \$1,414,383 contingency balance to \$1,723,856.



Fund Balance Funding:

3. Maintains Budget Stabilization Fund. Funds needed to balance future budgets.
4. Maintains fund balance funding of nine non-profit agencies.
5. Maintains fund balance funding for legally required economic development obligation. Four-year funding obligation remaining.
6. One-time funding for Supervisor of Elections one-time mandated costs.
7. Maintains fund balance funding for job growth investment grants (incentives). No new funding.



Countywide Millage Rate

Millage FY 10/11	7.1367
Stormwater Millage Shift	<u>0.0514</u>
	7.1881
TRIM Millage FY 11/12 (next year)	7.6995
<u>Less: Errata Millage Change</u>	<u>(0.5114)</u>
Tentative Millage FY 11/12 (next year)*	7.1881

*Includes a \$700,000 shift in taxes from the Stormwater MSTU to the General Fund.

The storm water millage rate is being reduced by 0.1234 mills and the general fund millage rate is being increased by 0.0514 mills.



Stormwater Millage Rate

Millage FY 10/11	0.4731
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Millage FY 11/12 (next year)*	0.3497
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*Includes a \$700,000 shift in taxes from the Stormwater MSTU to the General Fund.

The stormwater millage rate is being reduced by 0.1234 mills and the general fund millage rate is being increased by 0.0514 mills.



ESL Millage Rate

Millage FY 10/11	0.0459
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FY 11/12 (next year)	0.0000
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* This millage rate was the result of a referendum to issue bonds to acquire environmentally sensitive lands. These bonds will be paid off at the end of FY 11.



Tentative FY11-12 Budget

\$524,108,406

Property Tax Revenue	\$111,135,039
All Other Revenues	\$157,047,389
Fund Balance: One-Time Money*	<u>\$255,925,978</u>
Tentative FY11/12 Budget	\$524,108,406

*Includes \$54,374,139 in Budget Stabilization Funding



- The tentative 2011/12 budget is balanced:
\$524,108,406
 - Incoming Revenue 51%
 - Fund Balance Revenue 49%
- Tentative Countywide millage rate:
7.1181



FY 2011-12 Tentative Operating Budget General and Fine & Forfeiture \$133,009,797 Appropriations (Expenditures)

- BOCC Operations
- Constitutional Officers Operation:
 - Sheriff
 - Supervisor of Elections
 - Clerk of Circuit Court (Finance)
- Constitutional Officers Fee for Services:
 - Tax Collector
 - Property Appraiser
- State Mandated Agencies:
 - Medical Examiner
 - Court Administrator
 - State Attorney
 - Public Defender
 - Guardian Ad Litem
- State Non-Mandated Agencies:
 - Health Department
- CRAs: Fort Pierce and Port St. Lucie
- Other Agencies:
 - Economic Development
 - Research Park Authority



FY 2011-12 Tentative Operating Budget General and Fine & Forfeiture \$111,273,892 Revenues

Ad Valorem		\$94,577,999
-GF \$40M		
-FF \$54M		
State Shared Revenue (1/2 cent sales tax)		\$4,011,012
Miscellaneous (Interest, etc.)		\$5,613,531
Licenses & Permits		\$2,223,231
Charges for Services		\$1,395,532
Transfers from Other Funds		\$3,098,695
Fine & Forfeits (Library Fines)		\$168,642
Grants from Local Governments		\$152,000
Business Tax		\$33,250
<u>In Sum:</u>		
Tentative 2012 Operating Expenses		\$133,009,797
Tentative 2012 Operating Revenue		<u>\$111,273,982</u>
Tentative 2012 Operating Gap Filled With Fund Balance Money		\$21,735,815



- The tentative 2012 Operating Budget is an \$11.4M reduction from the amended FY 11 Operating Budget.
- The reduction to the BOCC operations is \$4.4M; from \$45,577,954 to \$41,129,621
- Since FY 08 BOCC operating budget (\$61.7M) has been reduced \$20.6M or 34%



- Property Tax Revenue is the main revenue stream for the operating budget.
- St. Lucie County has experienced major reductions in property tax revenues for the past five years; beginning in 2008.



Property Tax Revenue Loss

Since Fiscal Year 2008, the property taxes that the County collects has been reduced each year. This drop in property tax revenue was the result of:

- Tax Reform adopted in the June 2007 Legislature's Special Session.
- Amendment 1 approved by the voters in January 2008.
- Property value drops in FY 2009, 2010, 2011, and 2012.



Special Legislative Session: June 2007

- The State approved requirements for taxing authorities to reduce tax rates for FY 08.
- St. Lucie County was required to reduce the millage rate to 9% below the rolled-back rate.
- In FY 08, the property values increased by 4.67%. However, due to the mandated millage rate of 9% below the rolled-back rate, the County collected \$3.7 million less in taxes than in FY 07.



Special Legislative Session: June 2007

- Based on FY08 millage rate being the same as the FY07 millage rate, an additional \$13,047,871 in taxes would have been generated.
- Based on the rollback rate in FY 08, an additional \$19,277,316 in taxes would have been generated.
- Again, based on the mandated millage rate of 9% below the rollback rate, the County collected \$3.7M less in taxes in FY08 than in FY07.



Voter Approved Amendment 1: January 2008

- Amendment 1 included four sections:

Part 1: Portability

Part 2: Additional \$25,000 Homestead Exemption

Part 3: Tangible Personal Property Exemption

Part 4: 10% Non-Homestead Assessment CAP

- It is estimated that the approval of Amendment 1 resulted in a \$12.1 million revenue loss for St. Lucie County in FY 09, the first year it was in effect.



Countywide Property Values

Fiscal Year	Certified Value	Difference	Percent Difference
2007	\$24,412,809,790	\$6,880,952,727*	
2008	\$25,554,081,157	\$1,141,271,367	4.67%
2009	\$21,558,849,841	-\$3,995,231,316	-15.63%
2010	\$17,031,103,295	-\$4,527,746,546	-21.00%
2011	\$15,165,938,592	-\$1,865,164,703	-10.95%
2012	\$14,445,123,153	-\$720,815,439	-4.75%

*The certified value for FY 06 was \$17,531,857,063.



Property Values

- Property values peaked in FY 08 at: \$25,554,081,157
- Projected FY 12 property values: \$14,445,123,153

a reduction in value of

\$11,108,958,004

Or

43.5%

in a four-year period.



Property Taxes – All Funds

<u>Property Tax Budget*</u>		<u>Reduction</u>
FY 07 Budget	191,684,671	
FY 08 Budget	187,814,336	(3,870,335)
FY 09 Budget	158,613,120	(29,201,216)
FY 10 Budget	126,035,147	(32,577,973)
FY 11 Budget	123,738,681	(2,296,466)
FY 12 Budget	116,984,252	<u>(6,754,429)</u>
Tax Reduction Since FY 07		(74,700,419)

*We budget an offsetting 5% reduction due to discounts and uncollectible amounts.



Property Taxes - GF/FF

	<u>Property Tax Budget*</u>	<u>Reduction</u>
FY 07 Budget	161,021,221	
FY 08 Budget	157,526,906	(3,494,315)
FY 09 Budget	133,379,397	(24,147,509)
FY 10 Budget	105,501,912	(27,877,485)
FY 11 Budget**	103,891,893	(1,610,019)
FY 12 Budget	99,555,788	<u>(4,336,105)</u>
Tax Reduction Since FY 07		(61,465,433)

*We budget an offsetting 5% reduction due to discounts and uncollectible amounts.



Property Taxes - GF/FF

**In FY 11, the millage increase of .8558 generated \$9,746,225:

- General Fund \$1,461,573
- Fine & Forfeiture \$8,284,652

Without the millage increase, the 10.95% drop in values would have resulted in a \$13.1M tax revenue loss.



RECAP:

- The County's property taxes dropped from \$25.5B to \$14.4B as projected for FY12; reduction in value of \$11.1B or 43.5%.
- The County's property tax revenue for all funds dropped from \$192M to \$116M as projected for FY12; reduction of \$74M.
- The County's property tax revenue for the general-fine and forfeiture funds dropped from \$161M to \$99M as projected for FY12; reduction of \$62M (FY11 millage increase generated \$9.7M).



Looking Forward:

- Based on current level of projected operating fund balance money **and** property values remaining flat (no further drop) **and** state revenue sharing remaining flat **and** no increases in operating expenses

County's operating budget is projected to be balanced for 2013: (Oct. 2012 – Sept 2013),

and

substantially balanced for 2014: (Oct. 2013 – Sept. 2014).



- The Board and its funded agencies must continue to work together to resolve the operating budget gap before time and fund balance money run out.
- The resolution can be done through:
 - revenue increases
 - expenditure reductions
 - or a combination of the two



- The County Administrator's proposed 7-7-7 Plan has been scrapped.
- At the Board's September 13th informal meeting, the agenda includes a discussion on the process for the County to develop a Plan to resolve the operating budget gap before time and fund balance money run out.



- County Administration would like to thank the Board, Constitutional Officers, State Agencies, other outside agencies, Citizens Budget Committee, County staff, County residents and Stakeholders for your past, current and future cooperation.