

FISCAL YEAR 2009 REVENUES

Overview

County services are funded with a variety of revenue sources. These sources include the following: property taxes, miscellaneous taxes and assessments, federal and state grants, fees and charges, interest income, fund balance, and other miscellaneous revenue sources. The majority of these revenue sources are either committed (i.e., for a capital project), or are required as a mandatory debt service reserve. This means that these "committed" revenues represent "inflexible" resources. In other words, these are funding sources that must, by law, be expended for specific designated purposes.

Generally, federal and state revenues have significant "inflexible components." A considerable portion of these funds represent revenue sources designated for various capital improvements, such as community development projects, beach renourishment projects, airport expansion, port expansion, and mass transit. The remaining portion represents federal and state revenue sources which are used for operating budget purposes.

Historically, the most flexible resource available to local governments has been the property tax. Enterprise funds, which support some of the most expensive county services (such as the airport and the port, water/wastewater, and waste management) are funded by their own designated revenues, while some of the most visible County services (such as law enforcement, libraries and parks) are funded primarily with property taxes. The fiscal year 2009 budget is supported by \$890.3 million in County-wide property taxes, or 25 percent of the total budget.

Property Taxes

In fiscal year 2009, "overall" County-wide property tax revenue decreases \$39.8 million compared to the final amount of taxes levied and is allocated to three separate funds:

<u>Fund</u>	<i>Amount of Taxes Levied (millions of dollars)</i>	
	<u>FY 2008</u>	<u>FY 2009</u>
General Fund	\$835.2	\$795.2
Voter Approved Debt Service	\$70.0	\$71.3
Capital Outlay Fund	\$24.9	\$23.8
Total	\$930.1	\$890.3

From the taxpayer's perspective, the County is obligated to answer two basic questions: "How much does it cost me?" and "What do I receive in return?" In fiscal year 2009, the average homestead property owner will pay approximately \$96 less to Broward County for County-wide services excluding voted debt compared to fiscal year 2008, assuming the taxable value of their home goes up by 3.0%, which is the maximum increase for homes with homestead exemptions.

	<u><i>FY 2008</i></u>	<u><i>FY 2009</i></u>
Assessed Value*	\$181,020	\$186,450
Less Homestead Exemption	\$(25,000)	\$(50,000)
Taxable Value	\$156,020	\$136,450
County Millage Rate (excluding voted debt)	4.8889	4.8889
Property Taxes	\$763	\$667

* Based on FY2009 average value for all homestead properties.

The following chart shows where property tax dollars are allocated in fiscal year 2009, and the programs they support:

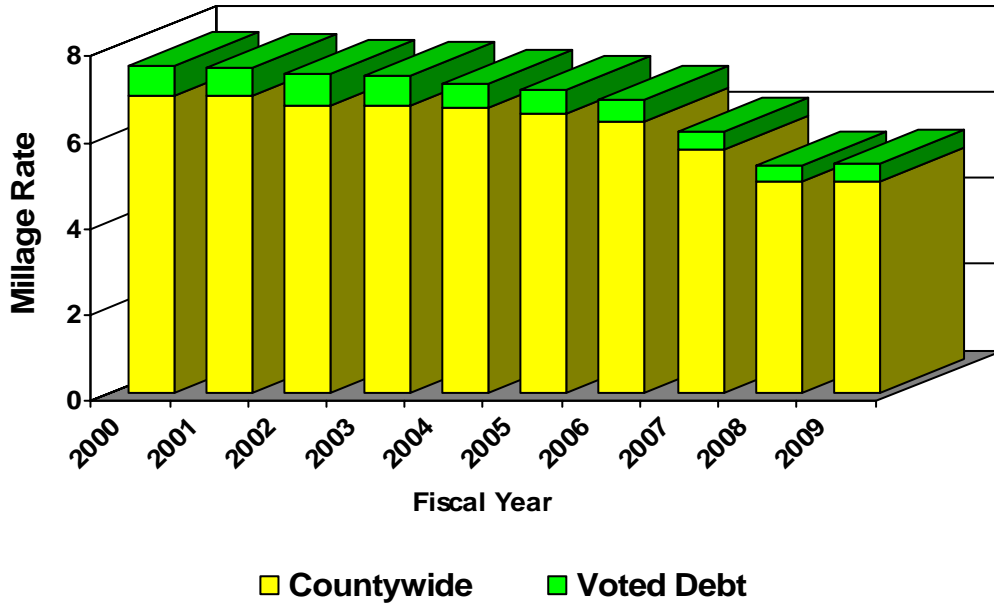
<i>Service Category</i>	<i>Cost to Taxpayer*</i>
Law Enforcement	\$267
Other Elected Officials	\$18
Judicial	\$6
Community Services	\$128
Human Services	\$54
Public Works	\$22
Public Safety	\$16
General Government	\$137
General Capital Projects	<u>\$19</u>
	\$667

* Based on the average homestead property value of \$186,450 (\$136,450 taxable value net of the \$50,000 homestead exemption)

Further detail on specific services can be found in the ***Operating Budget*** document.

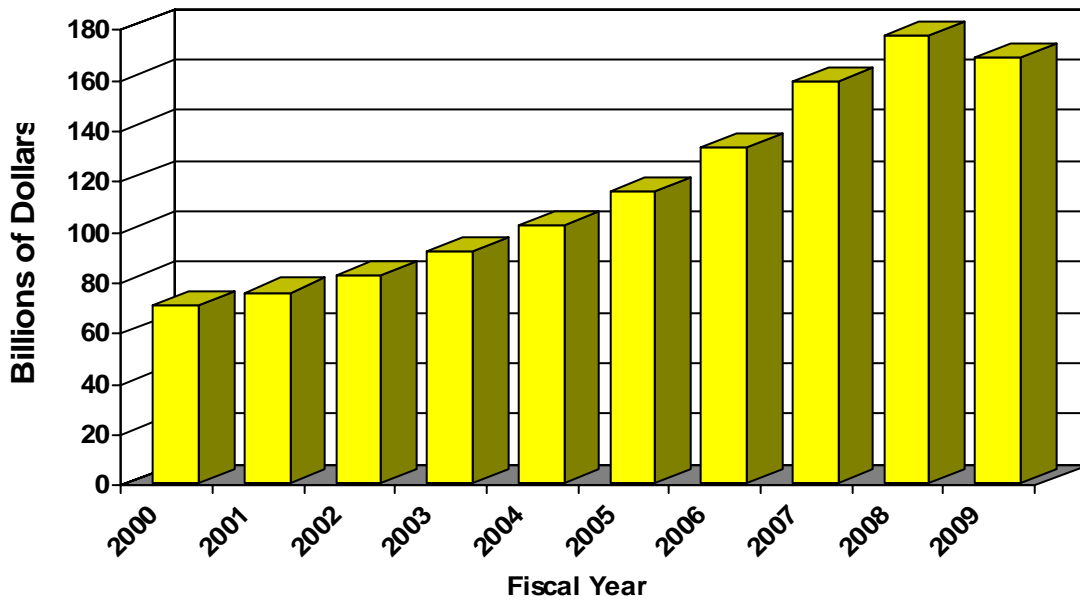
Once the amount of dollars needed to support the budget is determined, there are two factors that must be considered. The first factor is the millage rate or property tax rate that, when applied to the tax roll, generates the necessary tax dollars to support County operations. State law places a ten mill, or ten dollars per thousand dollars of taxable value, cap on local governments (excluding voted debt service). Broward County is at forty-nine percent (49%) of the state limit for fiscal year 2009. The following chart shows the voted debt service and County-wide operating millage rates since fiscal year 2000:

Millage Rates FY 2000 - FY 2009



The second factor is the tax roll which represents the total value of taxable property in Broward County. The tax roll is determined by the Property Appraiser. The following chart illustrates the growth in the tax roll since fiscal year 2000 and the five percent decline in FY09 as a result of Amendment 1:

Total Taxable Property Value FY 2000 - FY 2009



The Property Appraiser adjusts the tax roll for two basic reasons:

- Reassessments - increases (or decreases) in the assessed value of existing property. As a result of this year's reassessment, taxable property values decreased by approximately .9 percent exclusive of growth due to newly constructed buildings and improvements.
- Growth - increases due to the addition of newly constructed buildings and improvements to the tax roll. Growth represents a 1.8 percent increase in the fiscal year 2009 tax roll over the previous year.
- Due to the passage of Amendment 1 by voters in January, 2008, the tax roll went down 5.9 percent for a total decrease in the tax roll of five percent compared to the tax roll used in the FY08 adopted budget.

The fact that we levy \$890.3 million in County-wide taxes in fiscal year 2009 does not guarantee that we will collect the entire levy. Historically, Broward County has collected from 93 to 95 percent of the taxes levied. The factors that affect collections are the following:

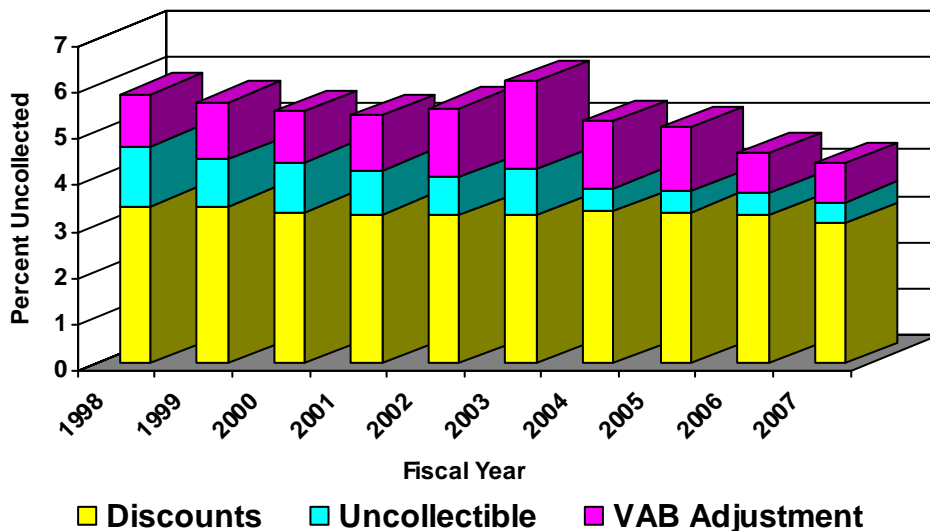
- Discounts - The early payment of tax bills allows taxpayers to receive up to a four percent discount.
- Non-payment - Some taxpayers choose not to pay at all. The health of the economy will influence this factor.
- Value Adjustment Board (VAB) - Taxpayers can appeal their assessments and exemptions to the VAB. Successful appeals will lower the tax roll after the budget is adopted.

These factors are partially offset by the fact that state law requires that local government's budget no more than 95 percent of expected revenues. Therefore, if we collect 95 percent we "break-even." As shown on the chart below, the percentage of uncollected property taxes in some years is greater than five percent.

The County adjusts for this situation by budgeting sufficient funds in a reserve for tax roll adjustments.

Uncollected Property Taxes

FY 1998 - FY 2007



OTHER MAJOR COUNTY REVENUE SOURCES**Fees and Charges**

Fees and charges represent another revenue source which is largely "inflexible" within broad categories for the County. Many of the fees which the County collects are determined by State Statutes. For example, tax collection fees and recording fees are set by state law.

The inflexibility of most user fees is well demonstrated by analyzing the General Fund's user fees. Analysis has revealed that only approximately 27 percent of fees in the General Fund are controlled by the County Commission.

User fees and charges are seen as equitable funding mechanisms because individuals pay for only those services used. Park entrance fees and bus fares are typical examples of these charges and fees. The County is continually striving to maximize the revenues generated by user fees and charges as a means to provide services yet minimize increases in property taxes. In the General Fund in fiscal year 2009, approximately \$2.3 million in additional revenue is budgeted as a result of proposed fee increases from County agencies and the Broward Sheriff's Office.

Primary fee increases in FY2009 are the following: the Environmental Protection and Growth Management Department is proposing fee increases relating to hazmat licenses, a new re-inspection fee for surface water management, and increases for the standard plat application fees for total new revenue of \$.4 million. The Community Services Department is proposing camping fee increases to bring in approximately \$.3 million of new revenue. In addition, the Broward Sheriff's Office is proposing to increase specific fees with the following resulting increases to general fund revenues: fee for housing federal inmates will be increased to bring in \$.4 million additional revenue; the special detail administrative fees will be increased to bring in \$.3 million of additional revenue; the School Board payment for school resource officers is increasing to bring in \$.4 million additional; and pre-trial supervision fees will be implemented to bring in an additional \$.5 million. In addition to fee increases, various other general fund revenue enhancements are included in this recommended budget. They include increasing the reimbursement for mainframe services from the Clerk of Court by \$100,000 due to a higher percentage of usage of mainframe resources, a new reimbursement from the Clerk of Court for \$168,000 for support enforcement related services that will be provided by the Enterprise Technology Division; and a new reimbursement from the Port and Aviation to Purchasing for support offered by this agency (\$187,690).

In some cases, there are decreases in fee revenue in FY 2009. The most significant example is that recording fees are declining approximately \$8 million due to a decrease in existing home sales and new home starts. With the decrease in recording revenue, a corresponding decrease in State commission revenue occurred. Plus, the passage of legislation further reduced this revenue for a combined effect of a \$2.5 million decrease.

User fees are also the primary revenue source supporting operations and capital projects for our enterprise funds - the Airport, the Port, Solid Waste Management, and Water/Wastewater. Fees and charges for those operations are discussed in the Enterprise Operating portion of the Appropriations section of this document.

Sales Tax

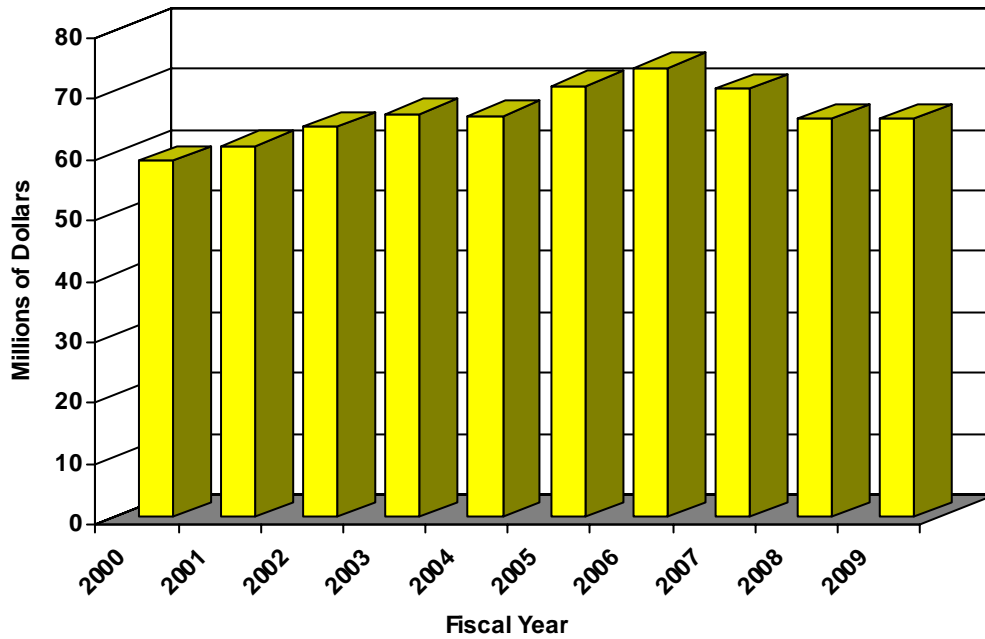
In 1983, the state dedicated one-half cent of additional sales taxes for local governments, of which approximately 40 percent is distributed to the County and 60 percent to the municipalities. Sales tax ranks only after property taxes as the most significant "flexible" revenue source available to the County in terms of the flexibility the County has to allocate the proceeds. However, the County's ability to levy additional sales taxes is extremely limited and requires a referendum.

Revenues from the County's portion of the half-cent sales tax are used to support: general fund programs (\$49.8 million); transportation operating divisions (\$15.1 million); and unincorporated emergency medical and fire protection services (\$.5 million). The amount used for emergency medical and fire protection services is based on the amount of sales tax that the County receives based on the population of the unincorporated area.

The County's share of sales tax revenues increased steadily for a six year period from approximately \$58 million in fiscal year 2000 to approximately \$74 million in fiscal year 2006. Fiscal year 2007 sales tax revenues declined to approximately \$70 million and sales tax revenues are anticipated to further decline in FY2008 to approximately \$65 million. Fiscal year 2009 sales tax revenues are budgeted at \$65 million based on a similar economic outlook for FY2009. The chart on the next page illustrates the historical trend:

Half Cent Sales Tax Revenue

FY 2000 - FY 2009

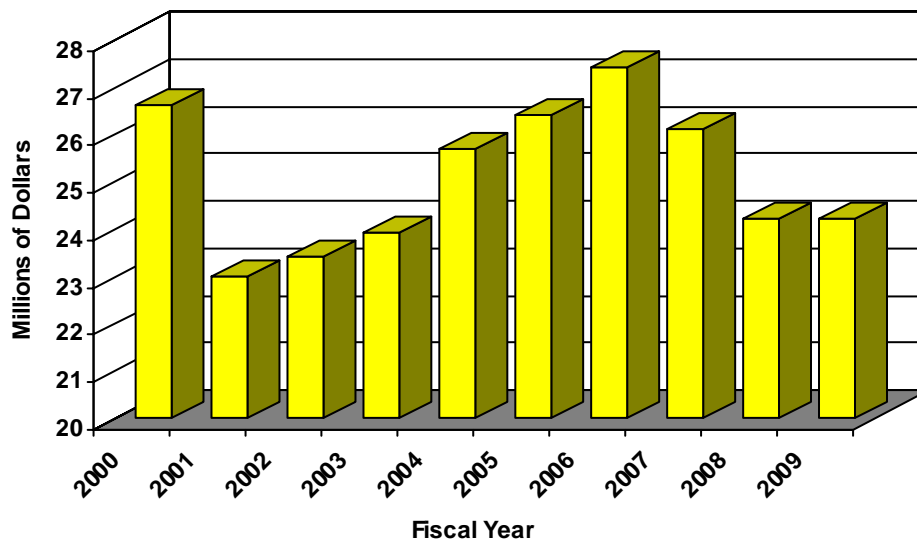


State Revenue Sharing

Another "flexible" resource available to Broward County is State Revenue Sharing. These funds are distributed to Counties based on a population formula. In fiscal year 2009, \$.2 million of the County's share is allocated to the Municipal Service District Fund to support unincorporated area services. The remaining \$24 million will support General Fund County-wide programs. The following chart tracks State Revenue Sharing since fiscal year 2000:

State Revenue Sharing Funds

FY 2000 - FY 2009



On July 1, 2000, the Legislature substituted sales tax for intangible taxes for the purpose of calculating revenue sharing payments to Counties. Due to these actions and annexations, there was a decline of approximately 12 percent and 13 percent respectively in fiscal years 2000 and 2001. In fiscal years 2002 through 2006, state revenue sharing funding steadily increased from \$23.4 million to \$27.4 million. In Fiscal year 2007, revenues decreased to \$26.1 million and state revenue sharing funding is anticipated to further decline in FY2008 to approximately \$24.5 million. Fiscal year 2009 state revenue sharing revenues are budgeted at \$24.2 million based on a similar economic outlook for FY2009.

Gas Taxes

The County's transportation programs are supported by seven different gas taxes.

These user-oriented taxes are summarized below:

- Seventh Cent (County) Gas Tax (\$6.6 million) - These revenues are used to fund transportation operations such as Highway Construction and Engineering, Traffic Engineering and Highway and Bridge Maintenance budgets.
- Constitutional Gas Tax (\$15.2 million) - This tax is allocated to road construction and maintenance projects.
- The Original Local Option Gas Tax (\$29.4 million) is pledged to support the debt service on gas tax bonds, and Transit operations.
- The Ninth Cent Gas Tax (\$8.5 million) - This gas tax is appropriated for Transit operations.
- The 1994 Local Option Gas Tax (\$10.5 million) - These proceeds are allocated primarily to major road construction projects, unincorporated area neighborhood improvement projects and transit programs.
- The 1998 Local Option Gas Tax (\$7.0 million) - When the tax was adopted, appropriating the additional gas taxes to support transportation expenditures enabled the reallocation of General Fund resources to support homeless programs.
- The 2000 Local Option Gas Tax (\$5.3 million) - This tax funds a portion of the Transit fixed route system and a portion of the community shuttle program costs.

Other Revenues

A significant proportion of the total County Budget is supported by fund balances. Most fund balances are restricted and obligated for a specific purpose. The budgeted fund balance in the General Fund will be \$142.0 million in fiscal year 2009. In the enterprise funds, the budgeted fund balance will be \$350.9 million.

Interest income is also an important revenue in many county funds and is decreasing significantly in most funds due to declining rates. In the general fund, the decline is \$11.5 million.