

**FISCAL YEAR 2012 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 (e.g., 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 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 solid waste) 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 2012 budget is supported by \$702 million in County-wide property taxes, or 22 percent of the total budget.

**Property Taxes**

In fiscal year 2012, "overall" County-wide property tax revenue decreases \$11.3 million compared to the final amount of taxes levied in FY11 and is allocated to three separate funds:

<b><u>Fund</u></b>	<b><i>Amount of Taxes Levied (millions of dollars)</i></b>	
	<b><u>FY 2011</u></b>	<b><u>FY 2012</u></b>
General Fund	\$647.4	\$647.5
Voter Approved Debt Service	\$57.9	\$46.4
Capital Outlay Fund	<u>\$8.0</u>	<u>\$8.1</u>
Total	\$713.3	\$702.0

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?" For FY12, the amount of taxes a residential property owner will pay for County-wide regional services depends on whether the property has a homestead exemption and whether there is a differential between the property's "Save Our Homes" assessed value and the "market value" of the property on the Property Appraiser's certified tax roll. Those property owners with a "Save Our Homes" differential will pay more for FY12 even though the

recommended millage rate remains the same due to the ‘Save Our Homes’ recapture provision. Property owners without a “Save Our Homes” differential including properties without a homestead exemption can experience either an increase or a decrease in their County property taxes depending on the change in the taxable value of the property. Approximately 48% of all property owners (including both residential and non-residential) are expected to pay higher taxes and 52% are expected to pay the same or less County property taxes in FY12. Of these experiencing an increase, the vast majority are homestead property owners who enjoy a difference between their market and taxable value and are subject to the state “recapture rule”. The recapture rule will cap the increase in their taxable value to 1.5%. The charts below depict changes in taxable value for residential properties and a comparison of County taxes based on the FY12 proposed total millage rate of 5.553, which is the same rate as FY11.

**Homestead Property with “Save Our Homes” Differential**

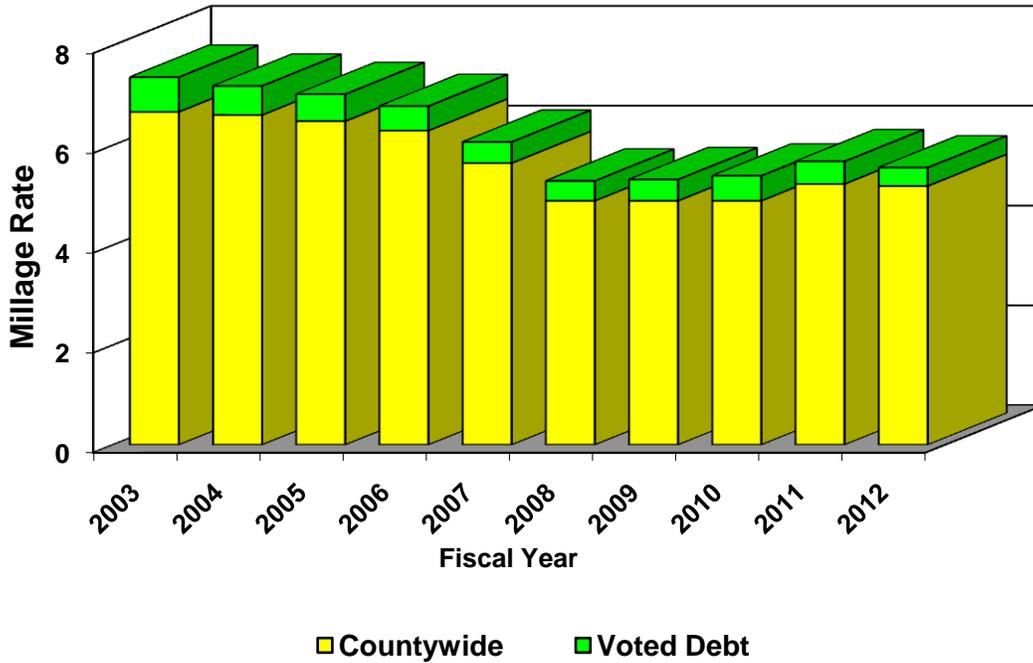
	<u><i>FY 2011</i></u>	<u><i>FY 2012</i></u>
Taxable Value	\$114,000	\$116,000
Property Taxes	\$633	\$645
Change FY11 to FY12		\$12

**All Other Residential Properties (except multi-family properties such as rental apartment buildings)**

	<u><i>FY 2011</i></u>	<u><i>FY 2012</i></u>
Taxable Value	\$124,000	\$124,000
Property Taxes	\$689	\$689
Change FY11 to FY12		\$0

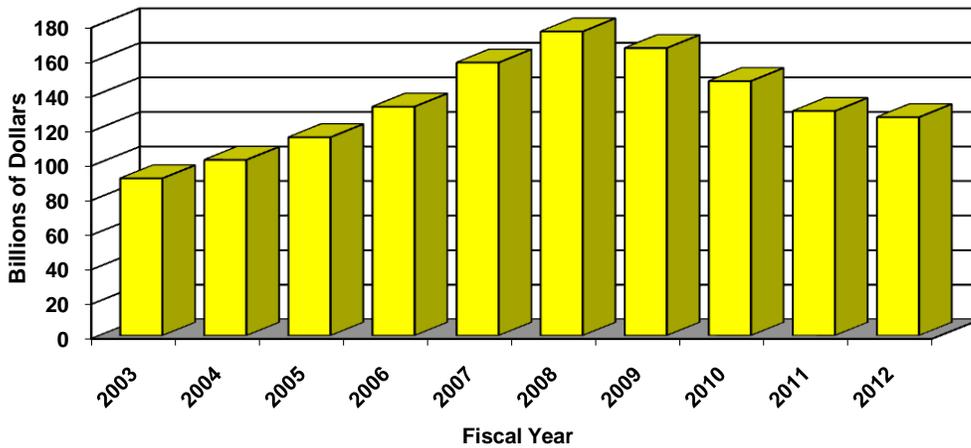
Once the amount of dollars needed to support the tax supported budget is determined, there are two factors that must be considered. The first factor is the millage rate or property tax rate that, when applied to the tax roll, generates the necessary tax dollars to support County operations. State law 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 fifty-two percent (52%) of the state limit for fiscal year 2012. The following chart shows the County-wide operating and voted debt service millage rates since fiscal year 2003:

**Millage Rates**  
FY 2003 - FY 2012



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 changes in the tax roll since fiscal year 2003 including the decline as a result of Amendment 1 and the economy:

**Total Taxable Property Value**  
FY 2003 - FY 2012



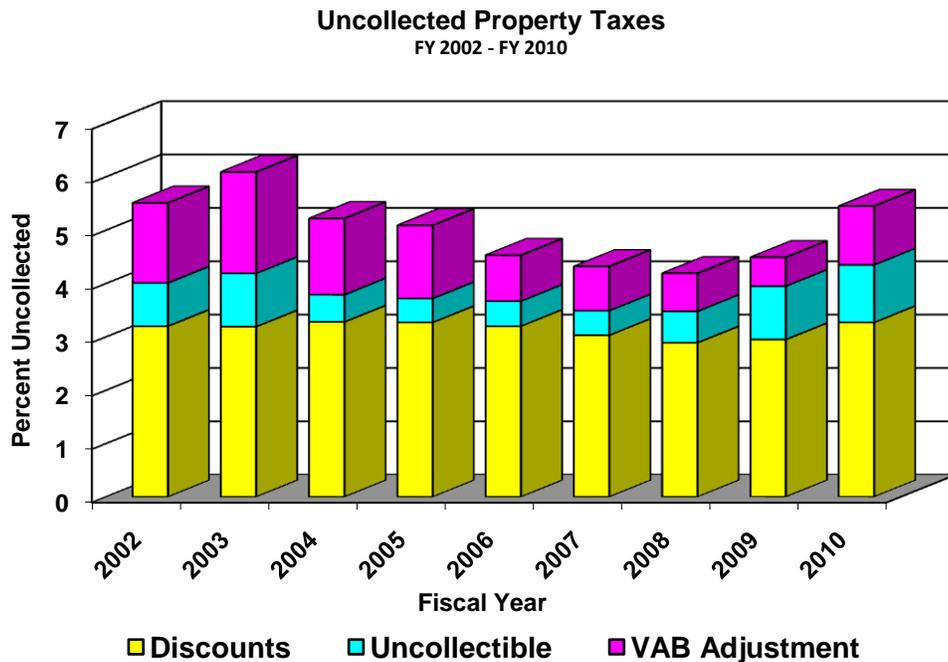
The Property Appraiser adjusts the tax roll for two basic reasons:

- Reassessments - increases (or decreases) in the assessed value of existing property. As a result of this year's reassessment, taxable property values decreased by 2.1% 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 0.5 percent increase in the fiscal year 2012 tax roll over the previous year.

The fact that we levy \$702 million in County-wide taxes in fiscal year 2012 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 governments 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.



**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.

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 2012, new library fees are anticipated to bring in approximately \$170,000 in additional revenues.

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.

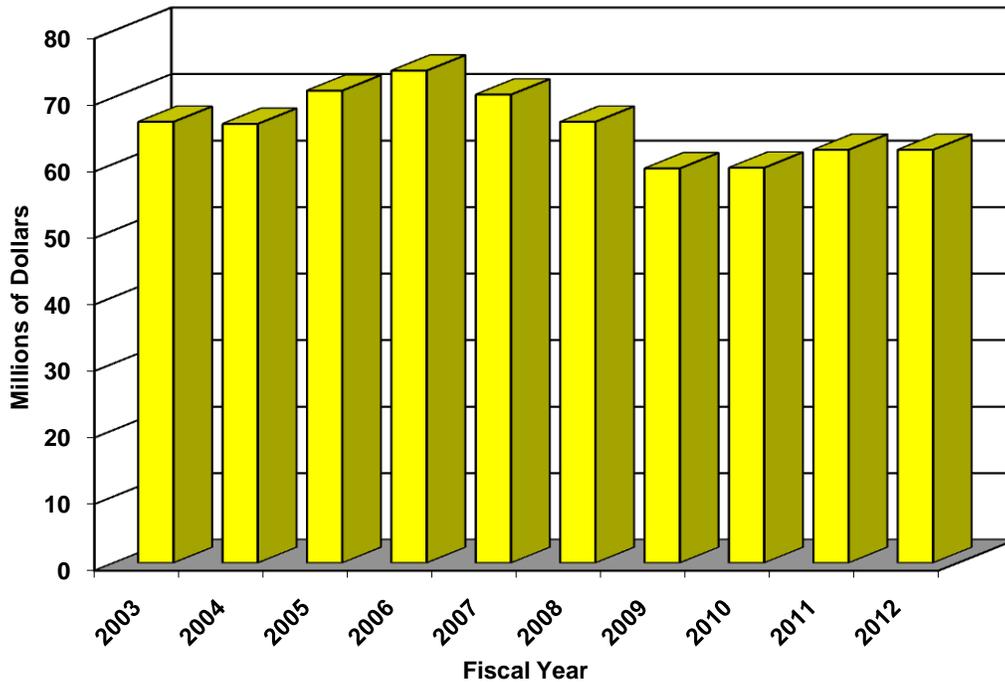
**Sales Tax**

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 (\$49.5 million); transportation operating divisions (\$12.0 million); and unincorporated emergency medical and fire protection services (\$0.6 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.

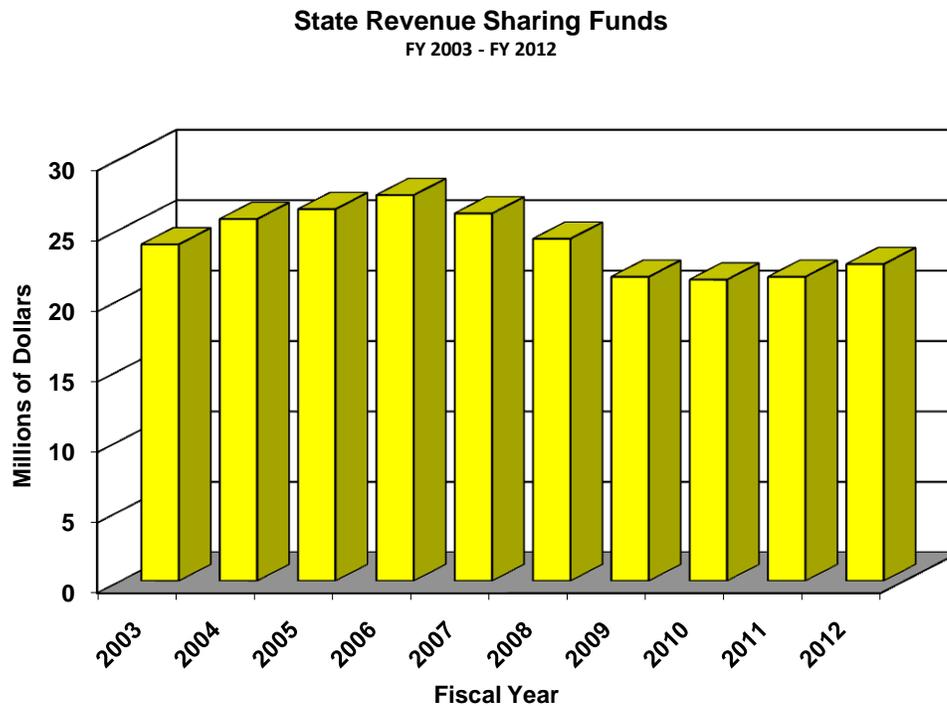
The County's share of sales tax revenues increased steadily for a four-year period from approximately \$66 million in fiscal year 2003 to approximately \$74 million in fiscal year 2006. Sales tax revenues have declined from fiscal year 2007 through fiscal year 2010 due to economic conditions and are expected to increase slightly in fiscal years 2011 and 2012. The chart illustrates the historical trend:

**Half Cent Sales Tax Revenue**  
FY 2003 - FY 2012



**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 2012, \$0.2 million of the County's share is allocated to the Municipal Service District Fund to support unincorporated area services. The remaining \$22.3 million will support General Fund County-wide programs. The following chart tracks State Revenue Sharing since fiscal year 2003:



In fiscal years 2003 through 2006, state revenue sharing funding steadily increased from \$23.9 million to \$27.4 million. State revenue sharing revenues then declined over the next three years to approximately \$21.4 million in fiscal year 2010. These revenues are anticipated to increase slightly in FY11. Fiscal year 2012 state revenue sharing revenues are expected to increase further and are budgeted at \$22.5 million based on the economic outlook for FY12.

**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 (\$6.4 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 (\$14.6 million) - This tax is allocated to road construction and maintenance projects.
- The Original Local Option Gas Tax (\$28.7 million) primarily supports Transit operations.
- The Ninth Cent Gas Tax (\$8.3 million) - This gas tax supports Transit operations.
- The 1994 Local Option Gas Tax (\$10.1 million) - These proceeds are allocated transit programs and capital projects.
- The 1998 Local Option Gas Tax (\$6.9 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 (\$5.1 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 \$136.3 million in fiscal year 2012. In the enterprise funds, the budgeted fund balance will be \$386.5 million.