

FY16 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 to recurring programs, capital projects, or to mandatory debt service reserves. 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, 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, the port, and water/wastewater) 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 FY16 budget is supported by \$862.3 million in County-wide property taxes, or 20 percent of the total budget.

Property Taxes

In FY16, "overall" Countywide property tax revenue increases \$55.4 million when compared to the FY15 adopted budget and \$64.4 million when compared to the final amount of taxes levied in FY15 due to declines in the tax roll that have occurred since last July. These taxes are allocated to three separate funds:

<i>Fund</i>	<i>FY 15 Adopted Taxes</i>	<i>FY 15 Actual Taxes Levied</i>	<i>FY 16 Recommended Taxes</i>
	<i>(dollars in millions)</i>		
General Fund	\$753.50	\$745.10	\$805.30
Voter Approved Debt Service	\$37.30	\$36.90	\$37.50
Capital Outlay Fund	<u>\$16.10</u>	<u>\$15.90</u>	<u>\$19.50</u>
Total	\$806.90	\$797.90	\$862.30

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?" The majority of properties are homestead

properties with “Save Our Homes” differentials. Properties with an average taxable value of \$128,000 will experience an estimated increase in taxes of \$6. Other residential properties, primarily non-homesteaded residential properties with an average taxable value of \$153,000, will experience an estimated increase of \$63. The charts below depict changes in taxable value for residential properties and a comparison of County taxes based on the FY16 total millage rate of 5.723, which is the same rate as FY15.

Homestead Property with “Save Our Homes” Differential (based on the State-mandated 8/10th of one percent maximum increase in assessed value)

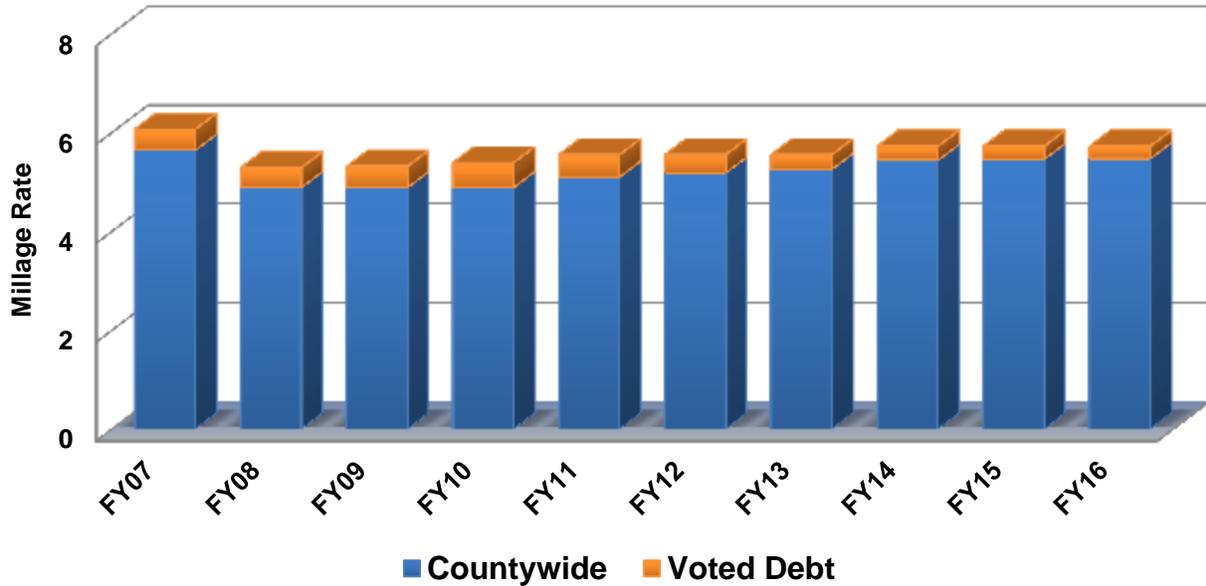
	<u>FY15</u>	<u>FY16</u>
Taxable Value	\$127,000	\$128,000
Property Taxes	\$727	\$733
Change FY15 to FY16		\$6

Other Residential Properties (based on the percent change in the average taxable value for all other residential properties)

	<u>FY15</u>	<u>FY16</u>
Taxable Value	\$142,000	\$153,000
Property Taxes	\$813	\$876
Change FY15 to FY16		\$63

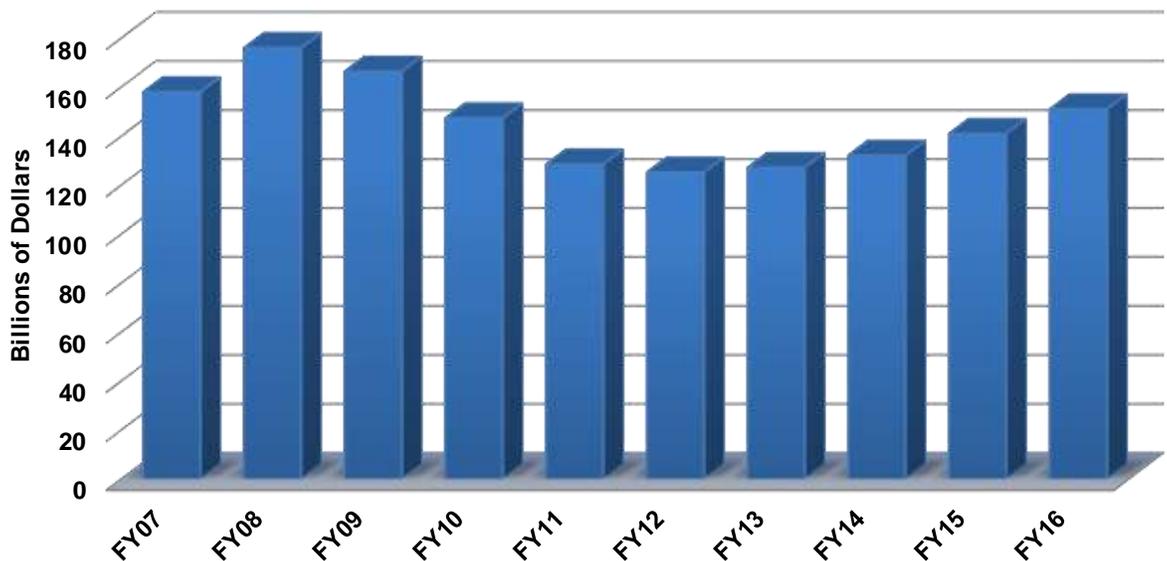
Once the amount of dollars needed to support the tax supported budget is determined, there are two factors that must be considered. The first factor is the millage rate or property tax rate that, when applied to the tax roll, generates the necessary tax dollars to support County operations. State law places a ten mill (ten dollars per thousand dollars of taxable value) cap on local governments excluding voted debt service. Broward County is at fifty-five percent (55%) of the state limit for FY16. The following chart shows the Countywide operating and voted debt service millage rates since FY07:

Millage Rates FY07-16



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 FY06 including the decline as a result of Amendment 1 and the economy:

Total Taxable Property Value FY07-16



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

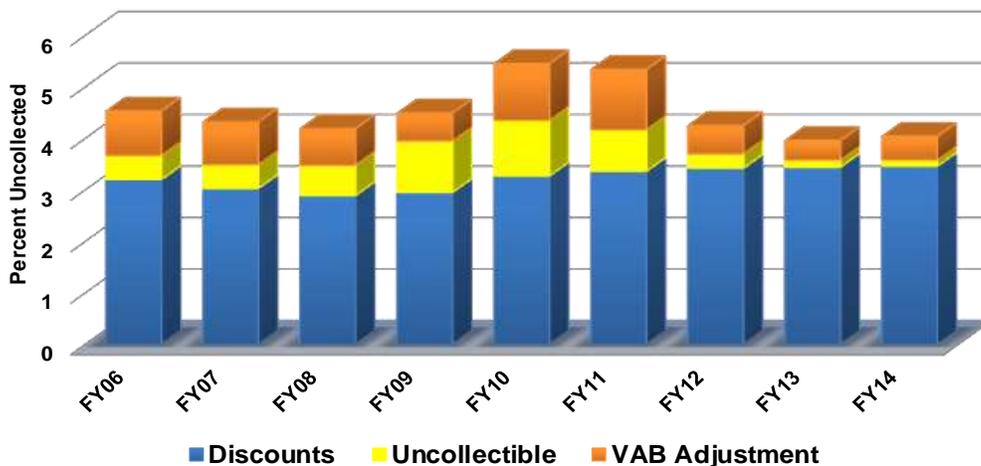
- Reassessments - increases (or decreases) in the assessed value of existing property. As a result of this year's reassessment, taxable property values increased approximately 5.9% compared to this year's budgeted roll excluding the addition of newly constructed buildings and improvements to the tax roll.
- Growth - increases due to the addition of newly constructed buildings and improvements to the tax roll. Growth represents a 9/10th of one percent increase in the FY16 tax roll over the current year.

The fact that we levy \$862.3 million in County-wide taxes in FY16 does not guarantee that we will collect the entire levy. Historically, Broward County has collected from 94 to 96 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 can be greater than five percent.

**Uncollected Property Taxes
FY06-14**



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

Fees and charges represent a 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.

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.

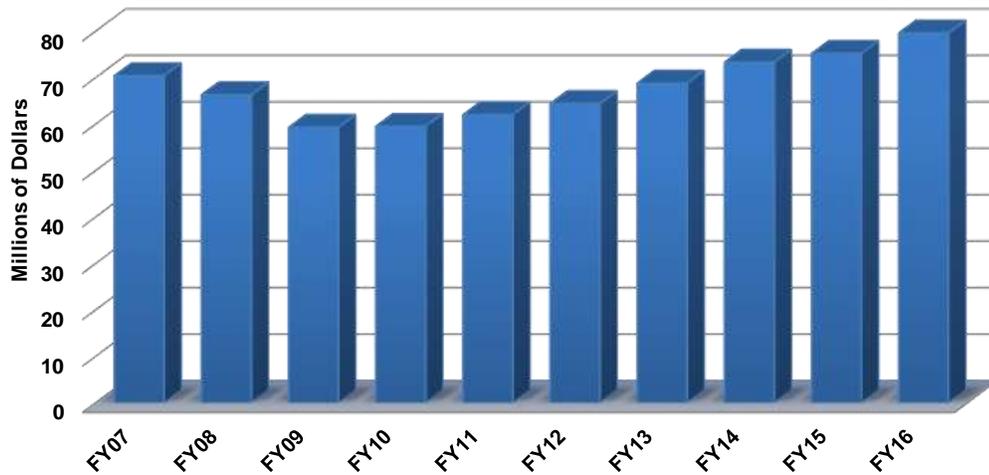
Sales Tax

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 generally requires voter approval.

Revenues from the County's portion of the half-cent sales tax are used to support the following in FY16: General Fund programs (\$63.7 million); transportation operations divisions (\$15.2 million); and Broward Municipal Services District (BMSD) emergency medical and fire protection services (\$.7 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 BMSD, formerly referred to as the unincorporated area.

The County's share of sales tax revenues were approximately \$70 million in FY07 and then steadily declined until it reached a low of \$59.3 million in FY09. Sales tax revenues have increased steadily since that time and are forecasted to reach approximately \$77 million in FY15. In FY16, \$79.6 million is budgeted in sales tax revenues. The following chart illustrates the historical trend:

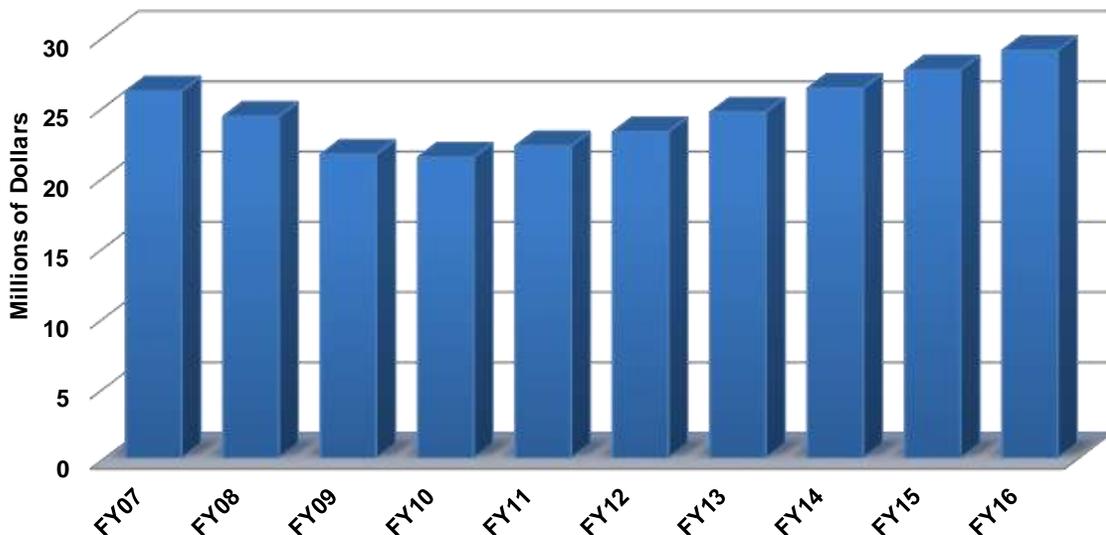
Half Cent Sales Tax Revenue FY07-16



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 FY16, \$28.8 million will support General Fund Countywide Programs. The remaining \$.2 million of the County's share is allocated to the Municipal Service District Fund to support BMSD area services. State Revenue Sharing revenue was approximately \$26 million in FY07 and then steadily declined until it reached a low of \$21.4 million in FY10. State Revenue Sharing revenues have increased steadily since that time and are forecasted to reach approximately \$27.6 million in FY15. In FY16, a total of \$29.0 million is budgeted in State Revenue Sharing revenues. The following chart illustrates the historical trend:

State Revenue Sharing Funds FY07-16



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 (\$6.3 million) – This one-cent gas tax is used to fund transportation operations such as Highway Construction and Engineering, Traffic Engineering and Highway and Bridge Maintenance programs.
- Constitutional Gas Tax (\$15 million) - This two-cent gas tax is allocated to road construction and maintenance projects.
- The Original Local Option Gas Tax (\$30.4 million) – This six-cent gas tax supports Transit operations.
- The Ninth Cent Gas Tax (\$8.7 million) - This one-cent gas tax supports Transit operations.
- The 1994 Local Option Gas Tax (\$10.8 million) – This three-cent gas tax is allocated for Transit operations.
- The 1998 Local Option Gas Tax (\$7.4 million) – This one-cent gas tax supports Transit operations. When the tax was adopted, appropriating the additional gas taxes to support transit operations enabled the reallocation of General Fund resources to support homeless programs.
- The 2000 Local Option Gas Tax (\$5.4 million) - This one-cent gas tax funds Transit services and a portion of Transit's community shuttle program.

Other Revenues

A significant proportion of the total County Budget is supported by fund balances. Fund balances are the funds remaining at the end of a fiscal year which are carried over to support the budget in the next fiscal year. Most fund balances are restricted and obligated for a specific purpose. The budgeted fund balance in the General Fund is \$167.2 million in FY16. In the enterprise funds, the budgeted fund balance is \$580.0 million in FY16.