

Revenues

Board Retreat

February 12, 2009



Revenue Committee

Randy Treacher	Administrator/Controller
Adam Brown	Deputy Administrator
Gerard Cyrocki	Finance Officer
Karen Coffman	Treasurer
Juli Kolbe	Director of Equalization
Dianne Donaldson	Deputy Treasurer
Joanna Lagow	Deputy Director Equalization

Key Indicators

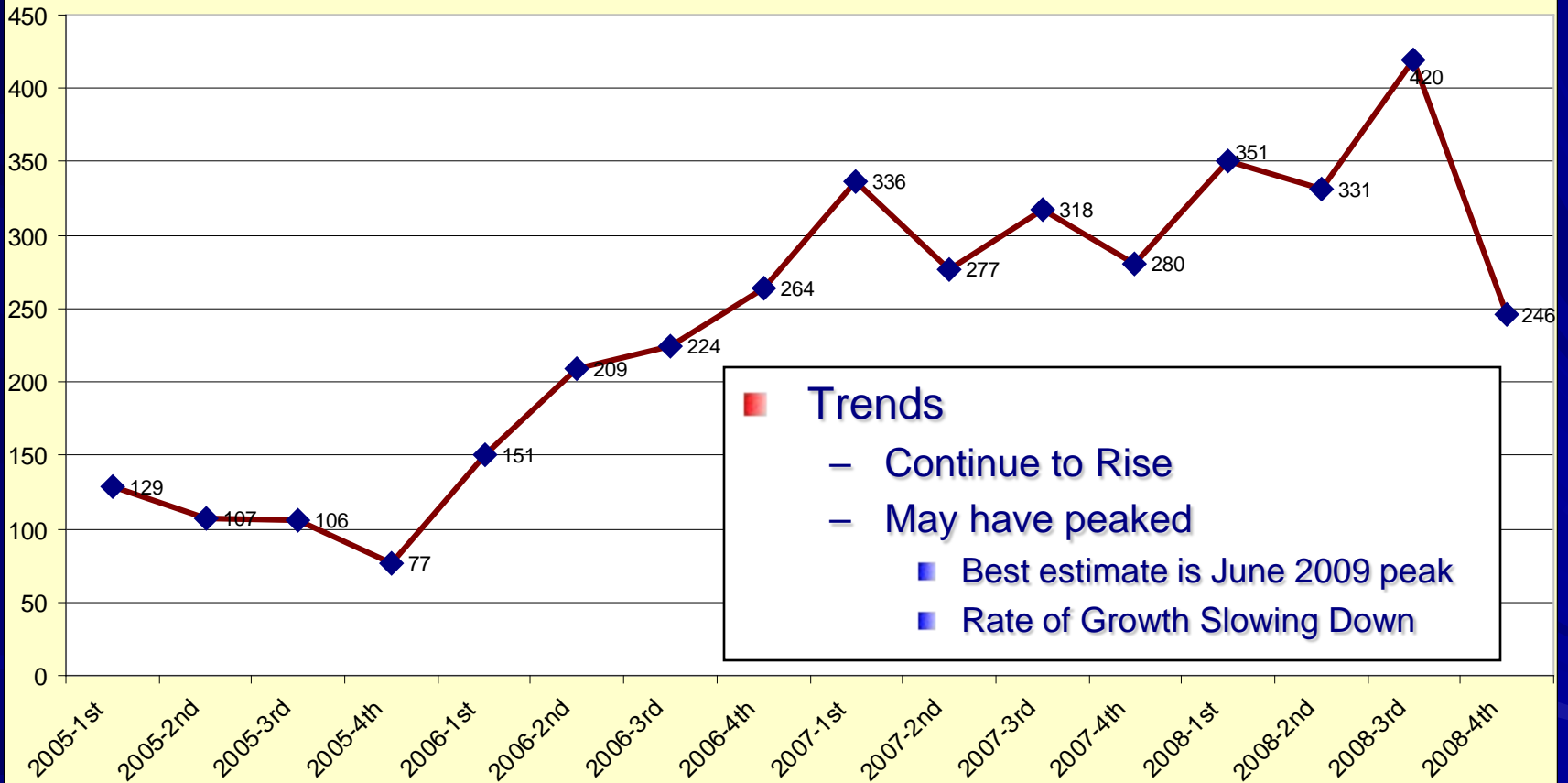
Primary

- Foreclosures
- Property Values
- Housing
- Inflation/Deflation
- New Construction
- Tax Captures / Giveaways
- Population

Secondary

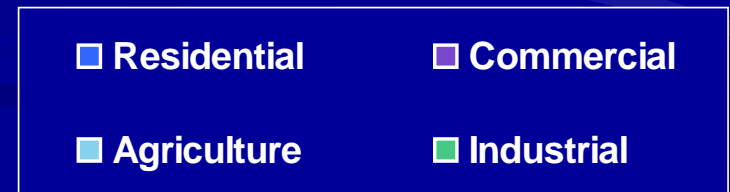
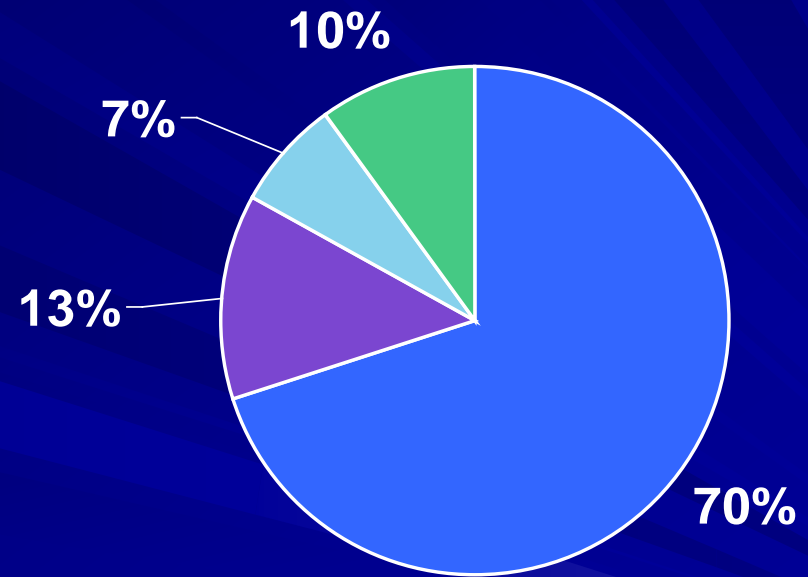
- School Enrollment
- Business Start Up/Closure
- Unemployment
- Delinquency Rate

Sheriff's Deeds/Foreclosure



Property Values

Residential	-7%
Commercial	-5%
Agriculture	-1%
<u>Industrial</u>	<u>-4%</u>
Total Depreciation	-6%



Housing

Trends

■ Home Sales

- Jackson Association of Realtors Report 1% Increase from 2007 to 2008 (includes home foreclosures)
- Despite increase in sales values are down 7%

■ Rental Market

- 20-40% Vacancy Rate



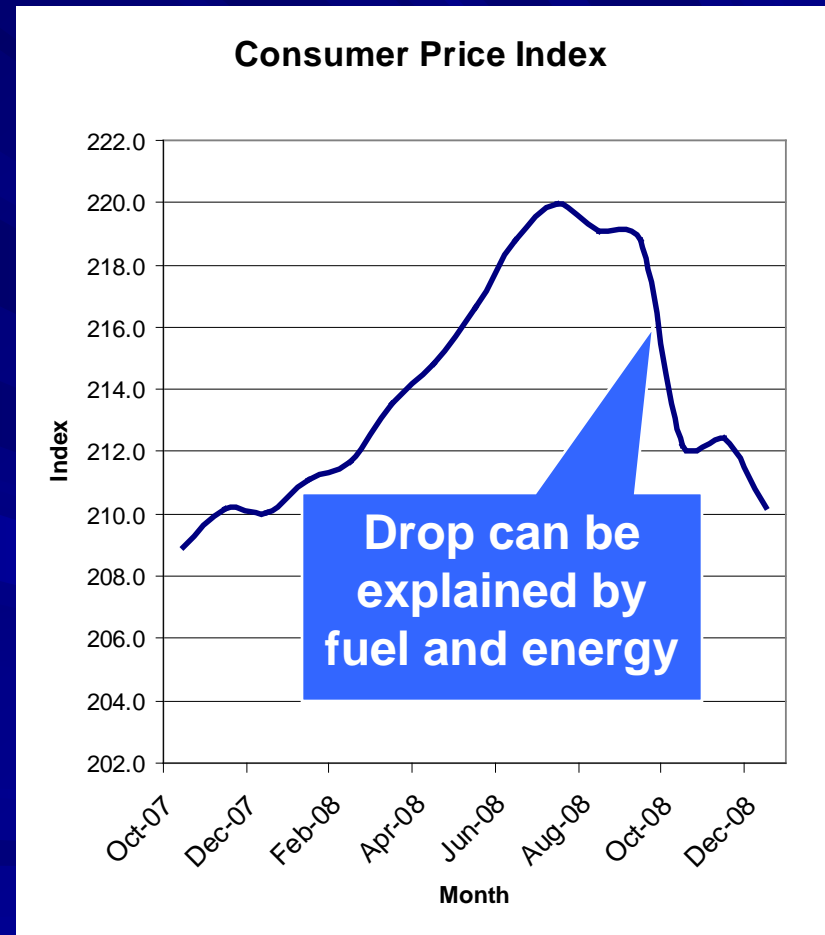
Inflation / Deflation

■ Implications

- Will not be able to capture depreciation
- Due to fuel prices – will not likely be a sustained drop.
- Small CPI=Less Revenue

■ State will not use negative inflation

- 1% will be used if inflation is negative



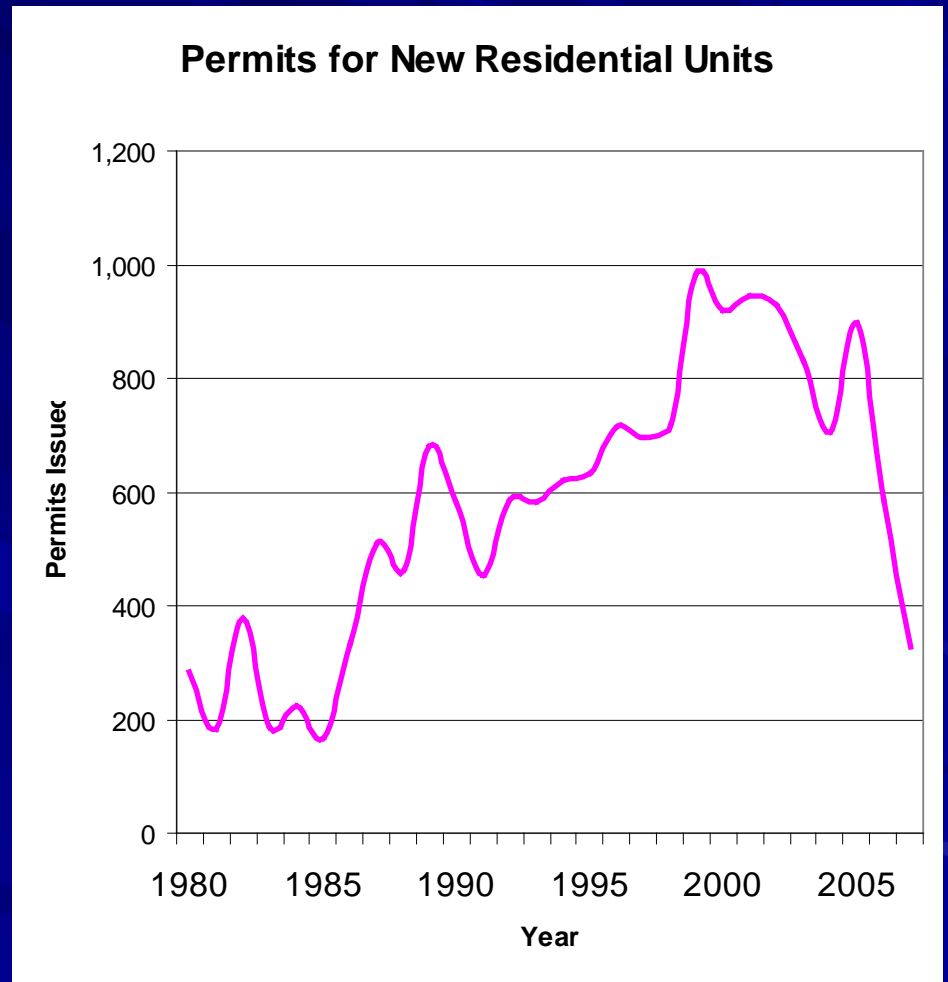
New Construction

■ Trends

- Average 2-5% over last 20 years
- 2008 - .8 %
- 2009 (est.) < 1/2%

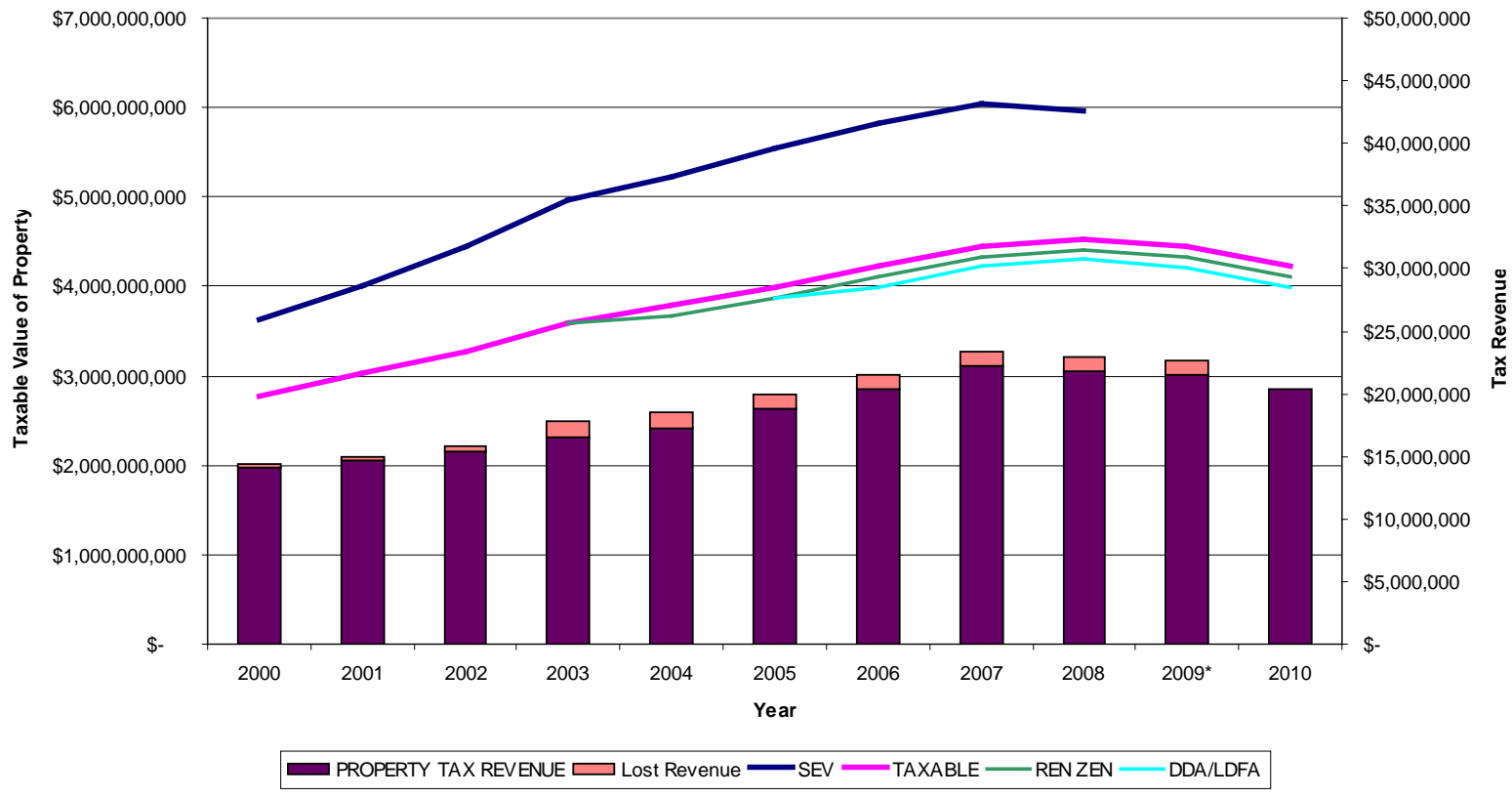
■ Implications

- No additional impact beyond what we are already feeling

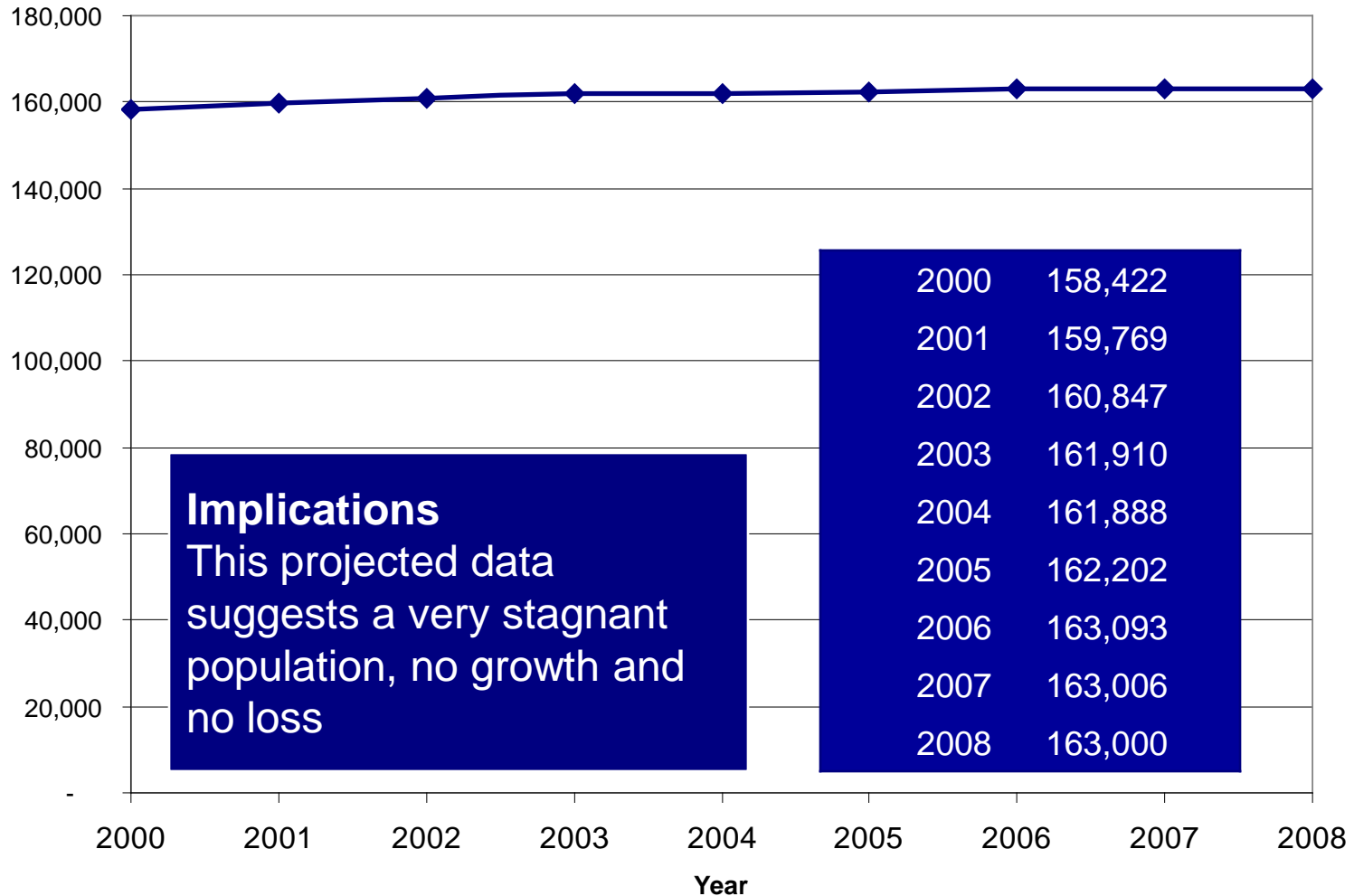


Tax Captures / Giveaways

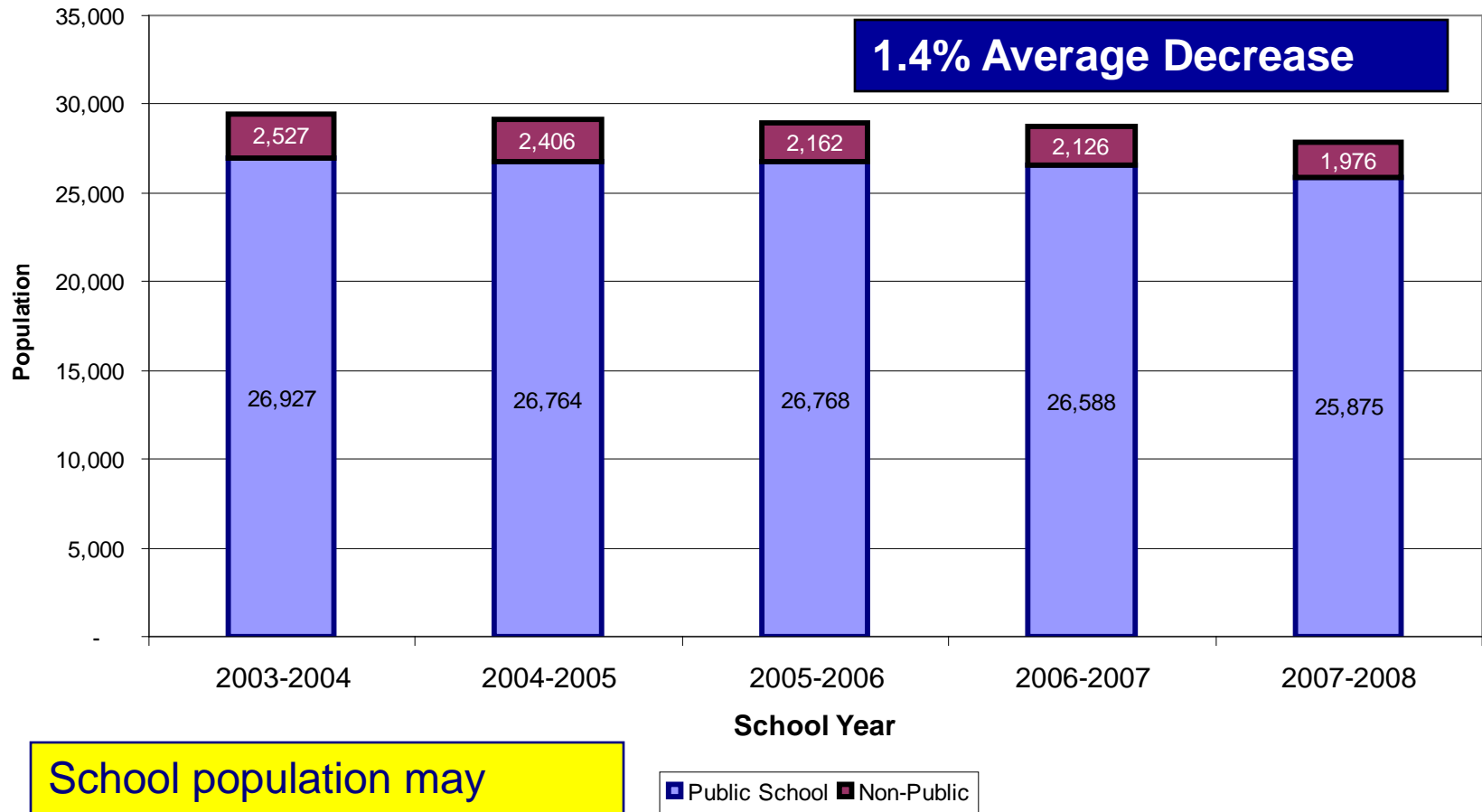
Impact of Tax Give-Aways on General Fund Property Tax Revenue



Jackson County Population



School Enrollment



School population may indicate that county population is decreasing faster than the data shows.

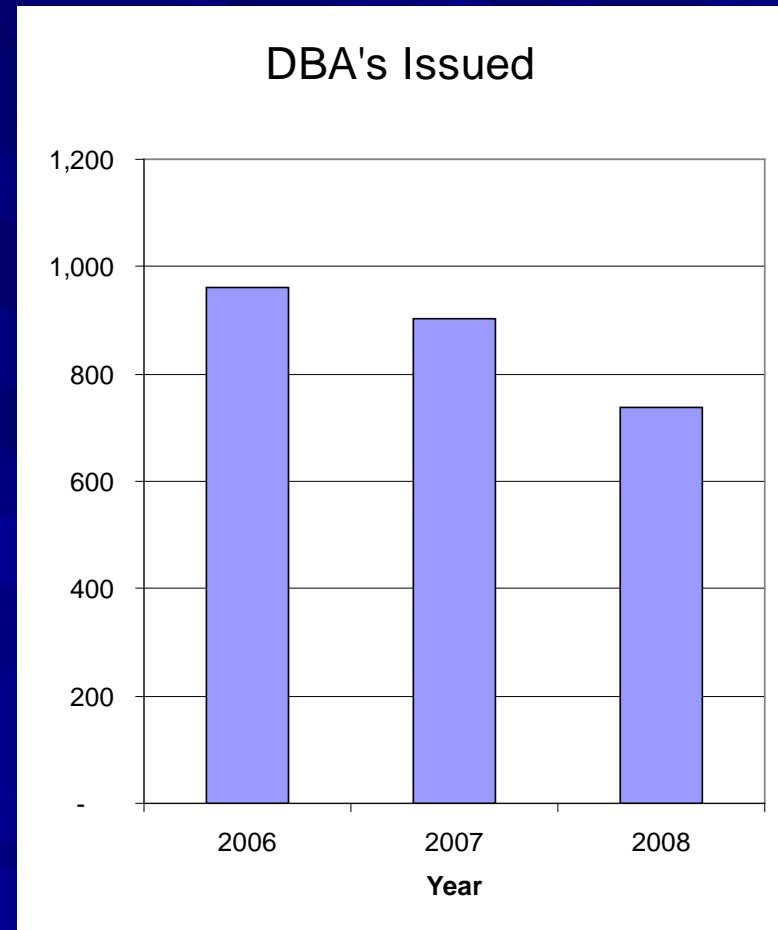
Business Start Ups / Closures

■ Trends

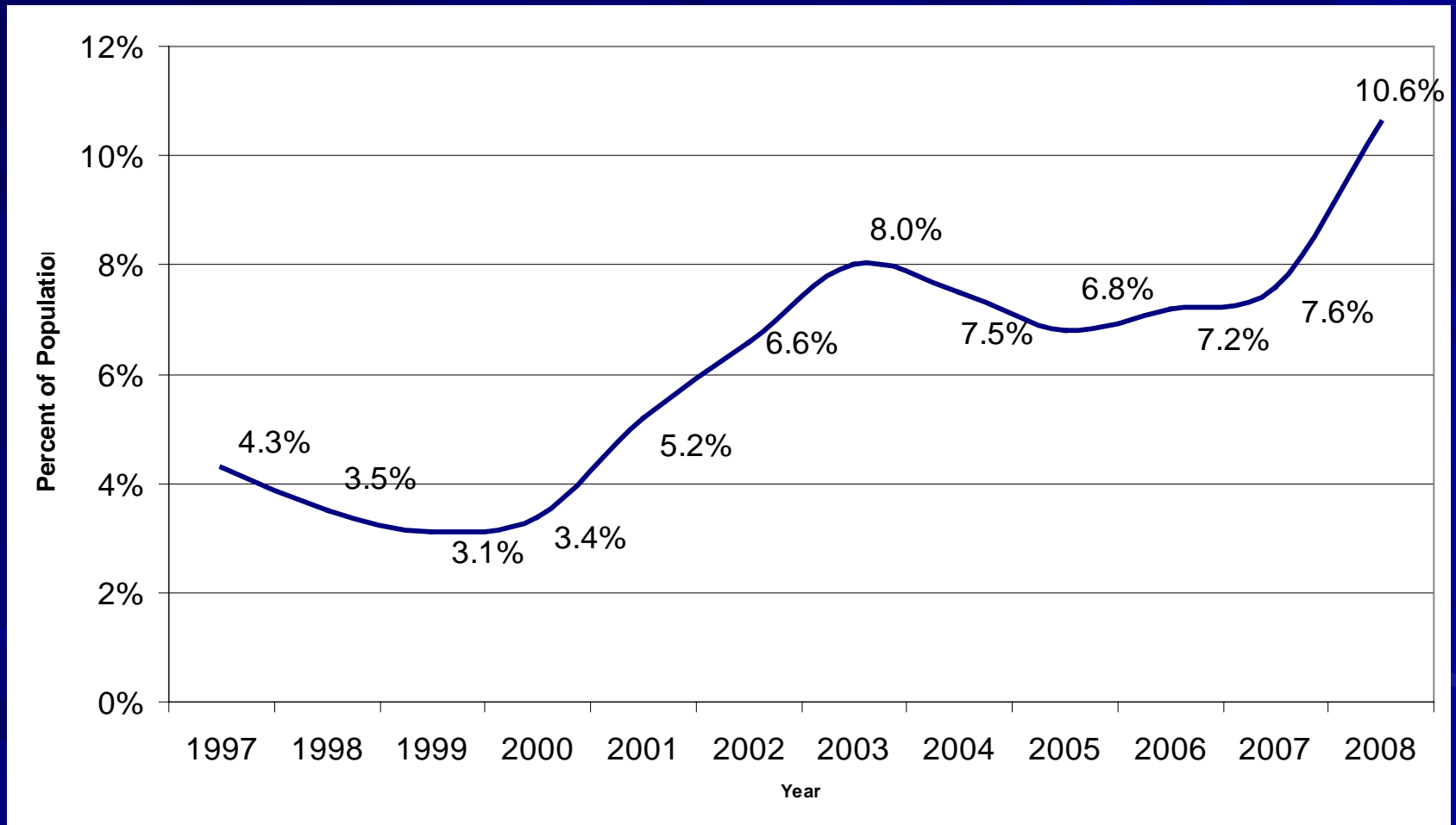
- Down 18% in 2008

■ Implications

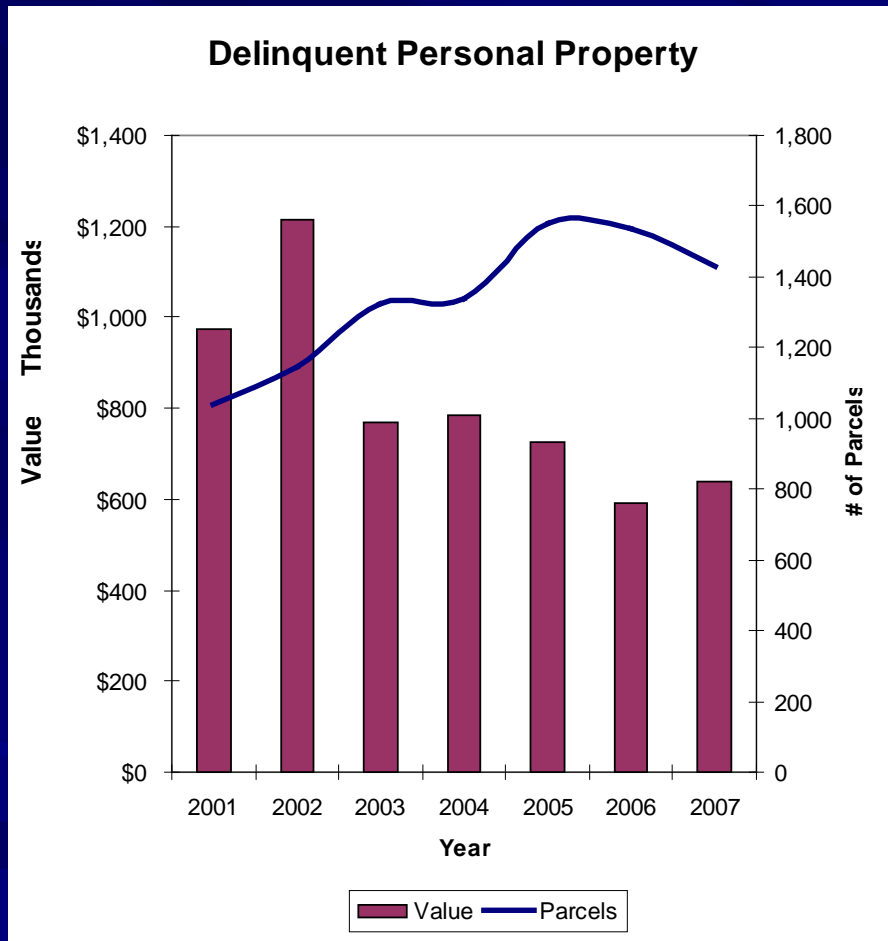
- Less new growth



Jackson County Unemployment



Delinquency Rate



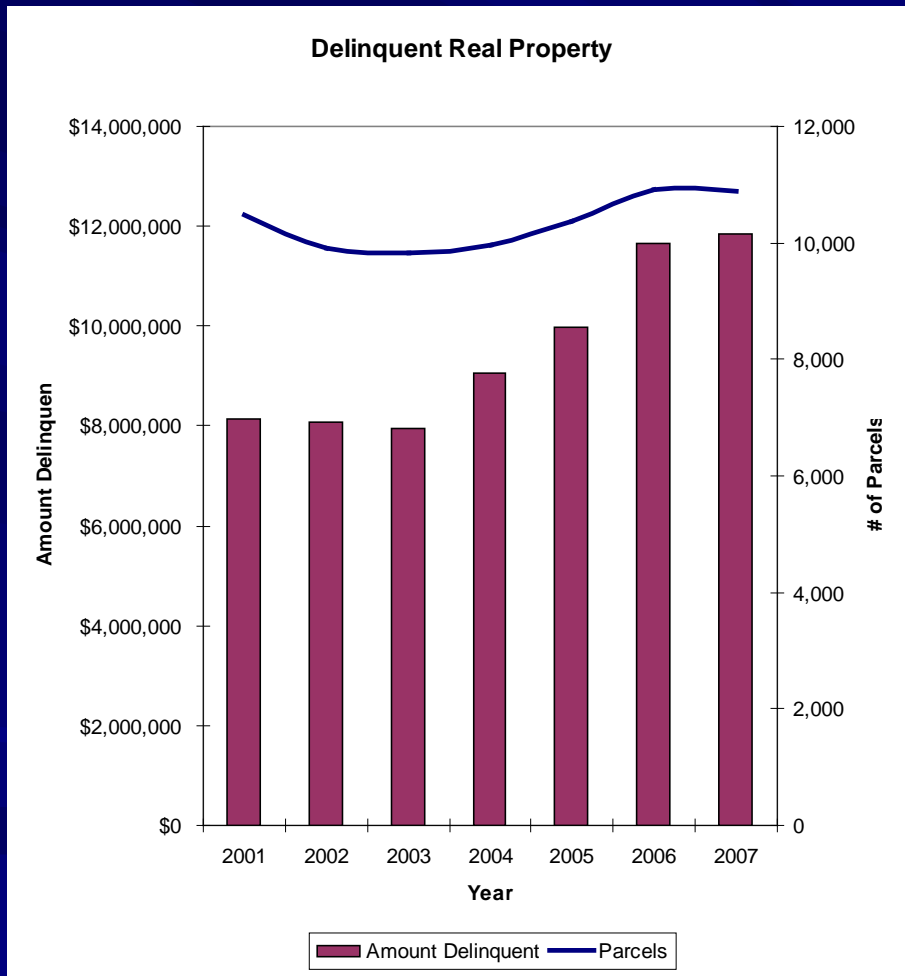
Trends

- Number up, value down
- More abatements

Implications

- No additional impact for 2010

Delinquency Rate



Trends

- Positive Relationship
- Plateauing in 2007

Implications

- More parcels forfeited
- Less interest income
- Less money for capital improvement

Primary Indicators

Primary

- Foreclosures
- Home Sales
- Inflation/Deflation
- New Construction
- Tax Captures
- Population

Additional 2010 Impacts

- ⇒ Flat
- ⇨ 1% Increase/Value Loss
- ⇨ 4.4 to 1%
- ⇩ Bottoming Out
- ⇒ Already Feeling It
- ⇨ Less than 1%

Secondary Indicators

Primary

- School Enrollment
- Business Start Up/Closure
- Unemployment
- Delinquency Rate

Trend

- ↘ 1.4% Decrease
- ↘ Down 18% in 2008
- ↘ Up 3% in 2008
- ↘ Still High - Plateau

Estimated Reduction by Indicators

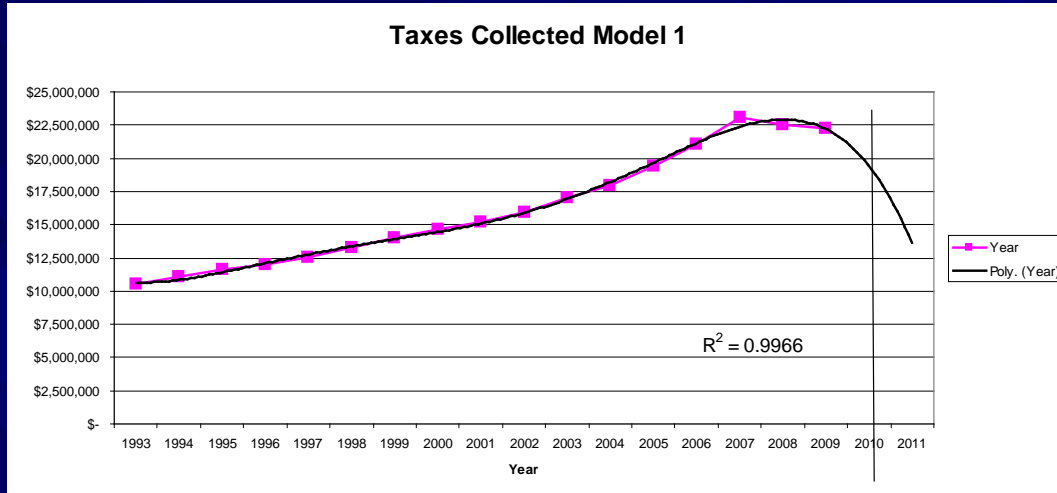
Reduction in Property Values 6%

Reduction in CPI 4.4% to 1% 3.4%

Additional Indicators .1%

Total Reduction in Property Tax Revenue 9.5%

Revenue History Trend Lines



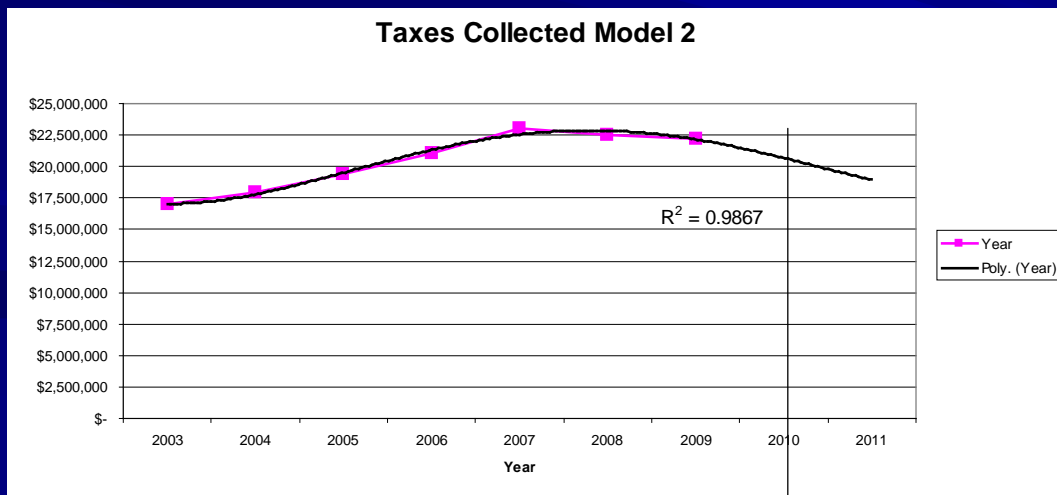
Model 1

15 Years

Accuracy – 99.6%

Decrease 11.8%

Estimate – 19.6 M



Model 2

7 Years

Accuracy – 98.7%

Decrease 7.8%

Estimate – 20.5 M

Revenue History Trending

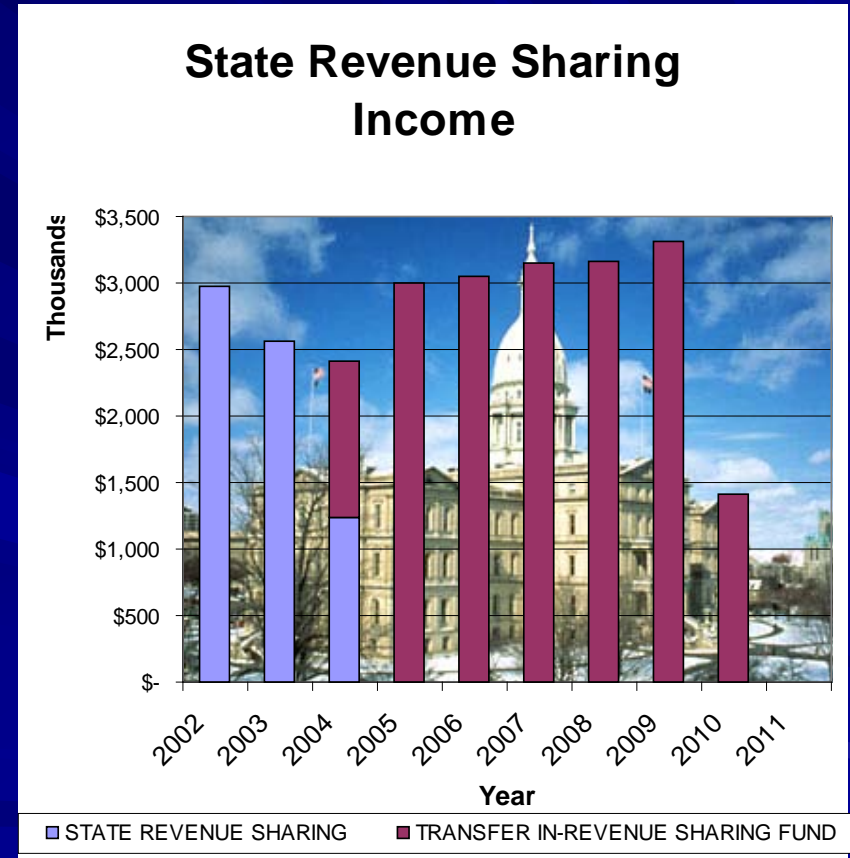
	Accuracy	Trend Lines	Percent Change
Poly 4 - 7 Years	0.9867	\$ 20,500,000	7.8%
Poly 5 - 15 Years	0.9966	\$ 19,600,000	11.8%
Average			9.8%

Property Tax Forecast

Projected Reduction	-9.5%
Tax Revenue Base	\$22,224,500
Projected Tax Revenue	\$20,113,173
<hr/> Loss of Tax Revenue	<hr/> \$2,111,328

Revenue Sharing

- 2010 Projected Loss - \$1,900,000
- 2011 Projected Loss - \$3,300,000
- Stimulus Package Impact
- Governor's Proposed Budget



Court Fees

Expecting Reduction in
Court Fees

- \$50,000
- Amnesty Program



Interest Income

- Best Investments are Being Called
- Availability of Sound Investment Options



Total Revenue Impact

Property Tax Reven	\$	(2,111,328)
Revenue Sharing	\$	(1,900,000)
Court Fees	\$	(50,000)
Interest Income	\$	(100,000)
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Total Revenue Loss	\$	(4,161,328)

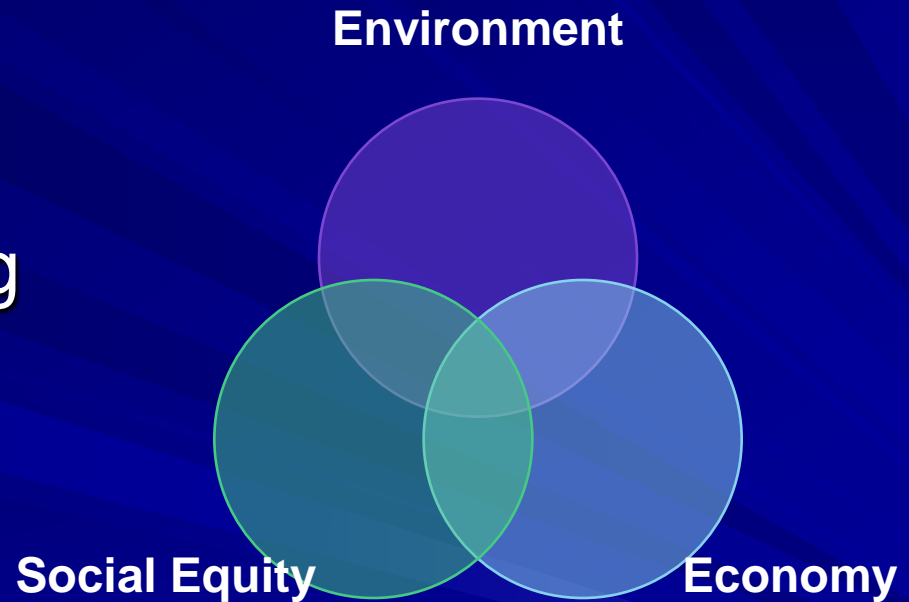
2010 Budget Net Impact

Expenditure Reduction	\$1,700,000
Revenue Loss	\$4,161,328
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Total Amount Need to Balance 2010 Budget	\$2,461,328

Sustainability

2010 Budget Issue

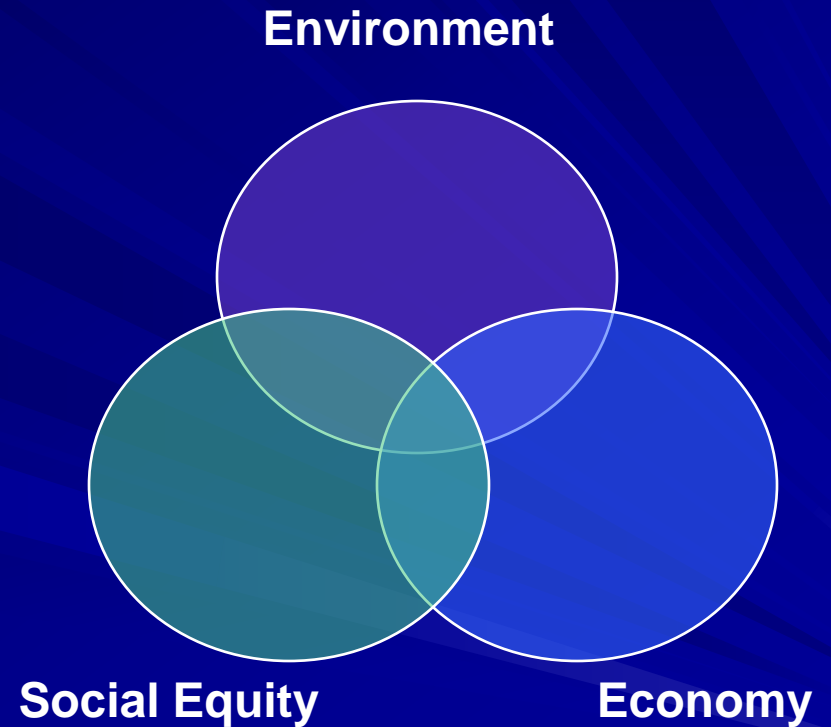
- How do we address current challenges without compromising resources for the future?



Three Elements of Sustainable Community

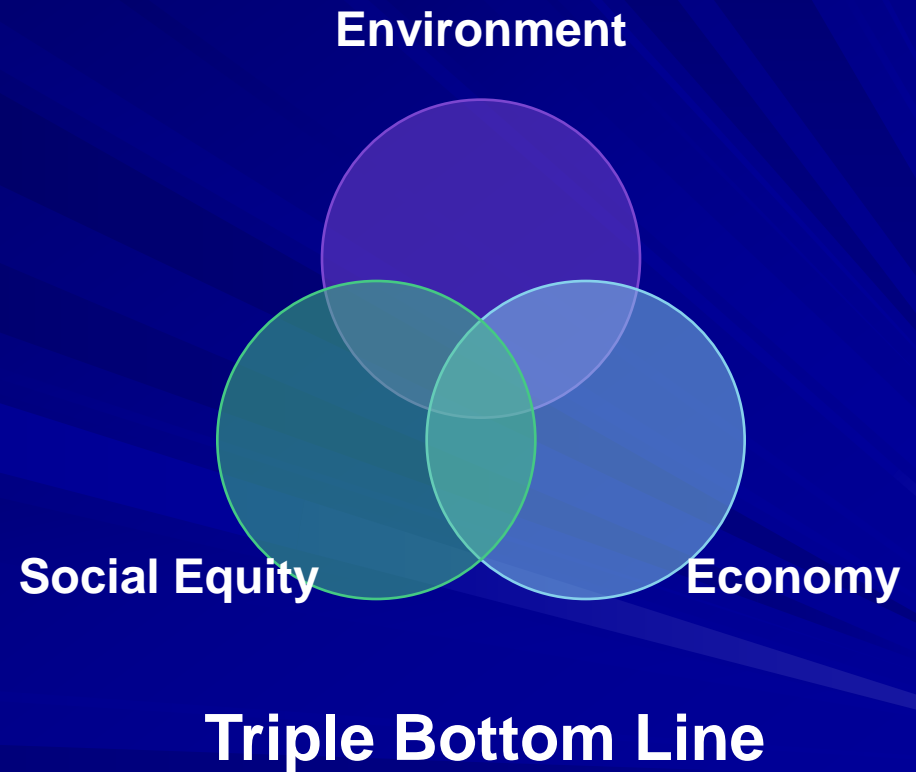
Current Challenges

Board's Strategic Plan



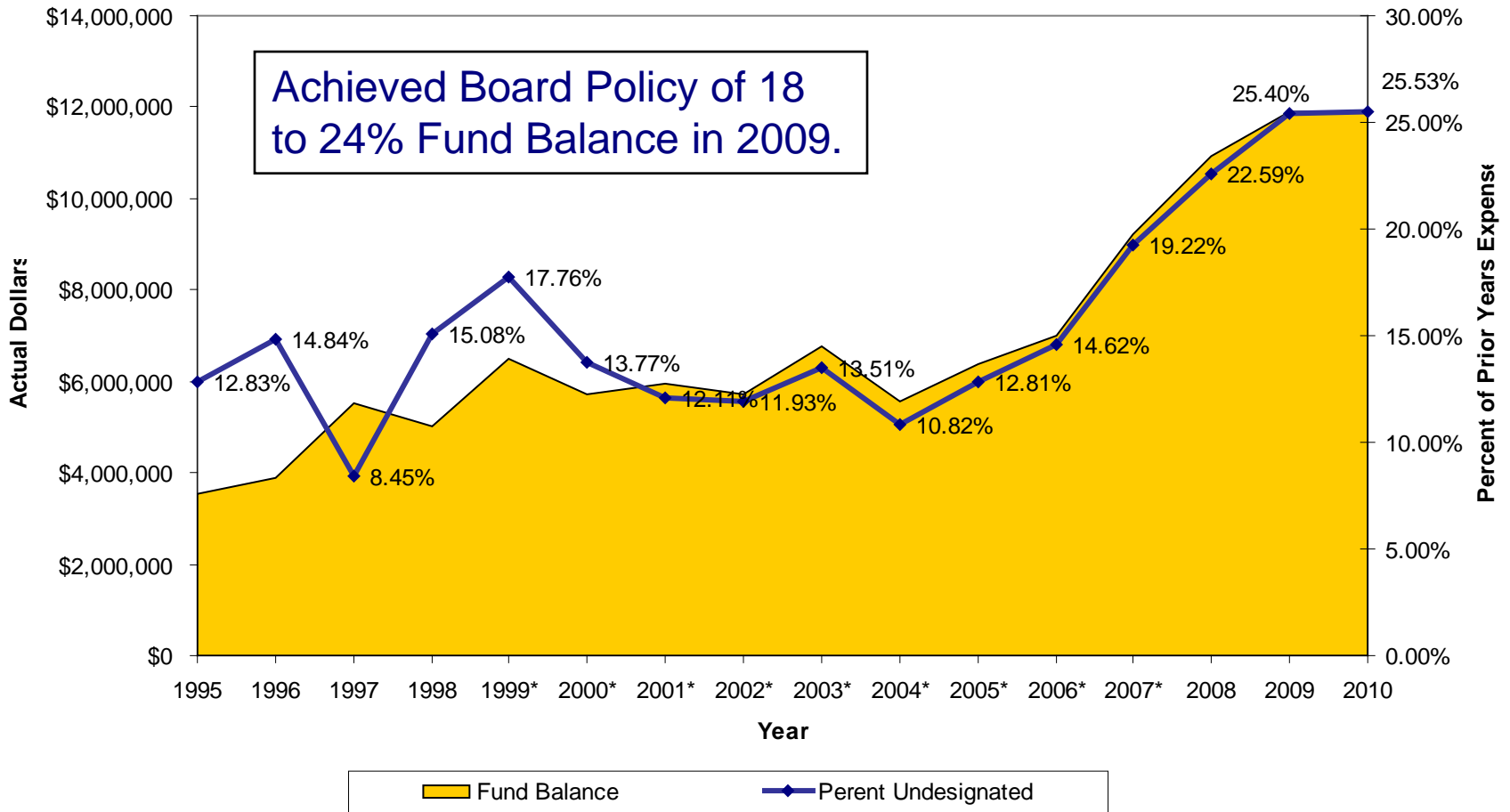
Fiscal Guidance for 2010

- Need a sustainable budget.
- We are providing you options which are economically sustainable.
- Board will have to balance out the other factors in the coming weeks.



Fund Balance

Undesignated Fund Reserve



Fund Balance Use

What do we do with the fund balance?

- Fund balance is a sign of fiscal stability.
- Have a policy and stick to it.

What will happen to the fund balance?

- Without adding to the fund balance in 2010 the percent reserved will grow next year because of expenditure reductions made in 2009.
- 1% of Fund Balance is = \$440,000

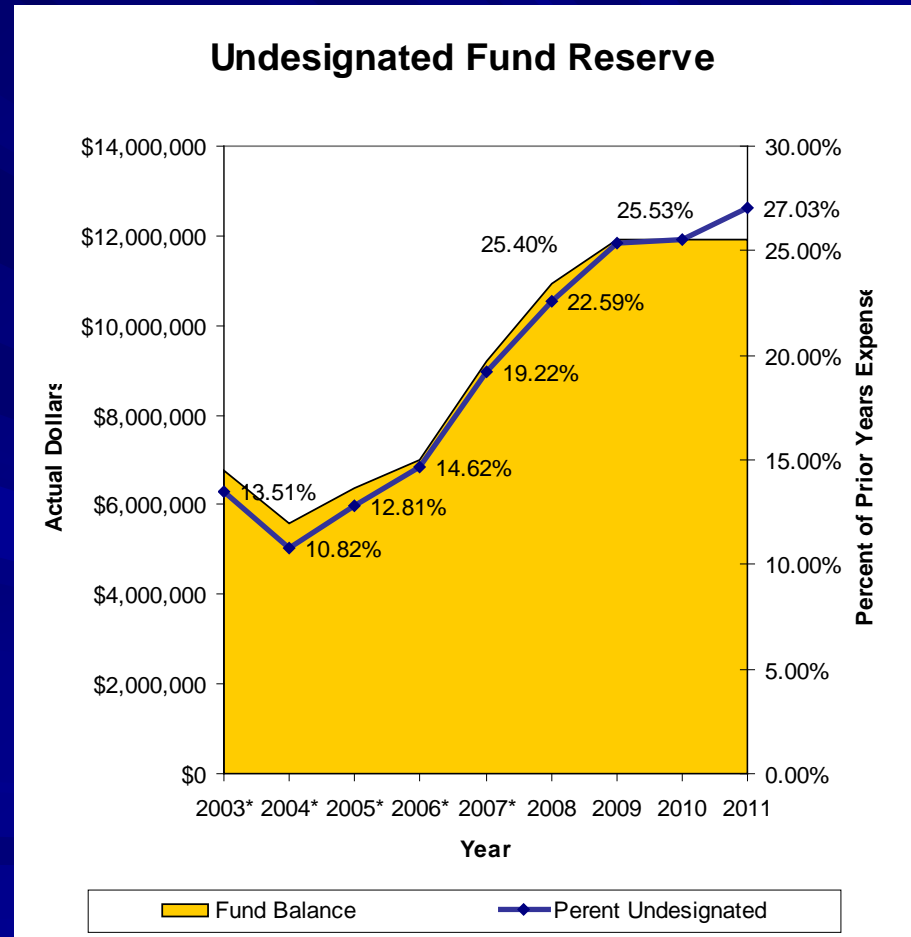
Option 1: Leave Fund Balance Alone

Assumption

- Revenue Sharing Cut

Implications

- Cut General Fund budget by \$2.5 Million
- Fund Balance grows as a percentage to 27% in 2011
- Exceed Board Policy of Undesignated Fund Reserve



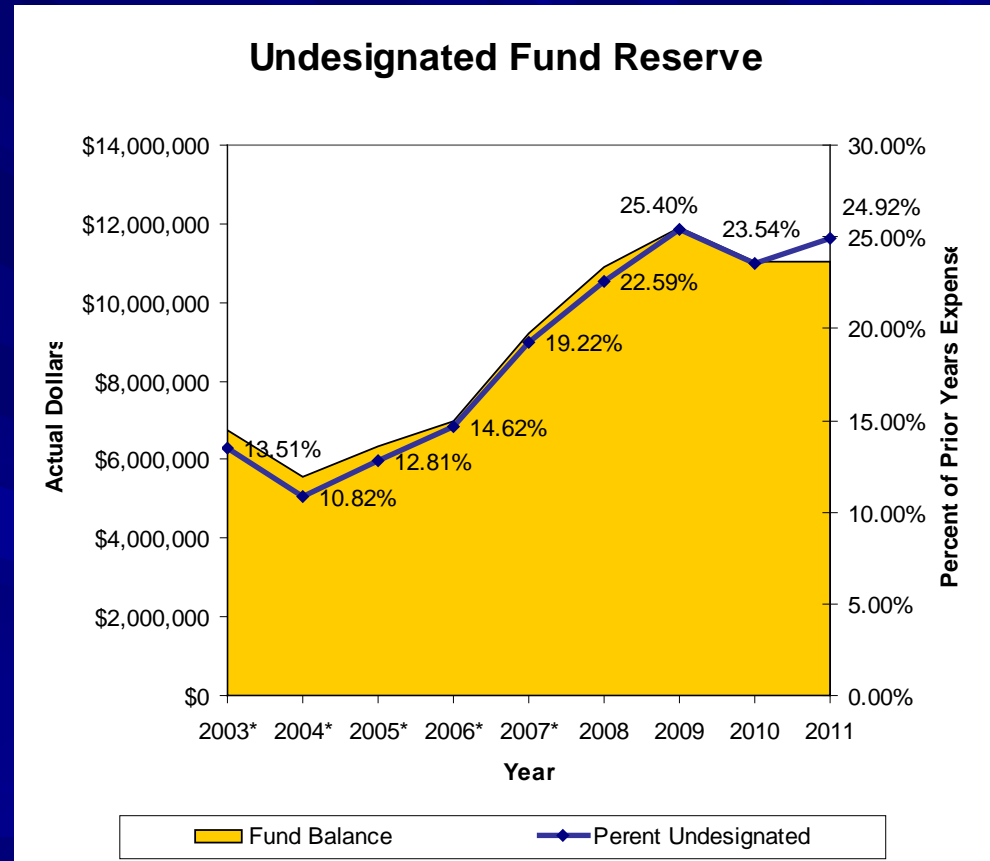
Option 2: Use 2% of Fund Balance

Assumption

- Revenue Sharing Cut

Implications

- Cut General Fund budget by \$1.6 Million
- Fund Balance goes to 25% in 2011.
- Exceeds Board Policy of Undesignated Fund Reserve



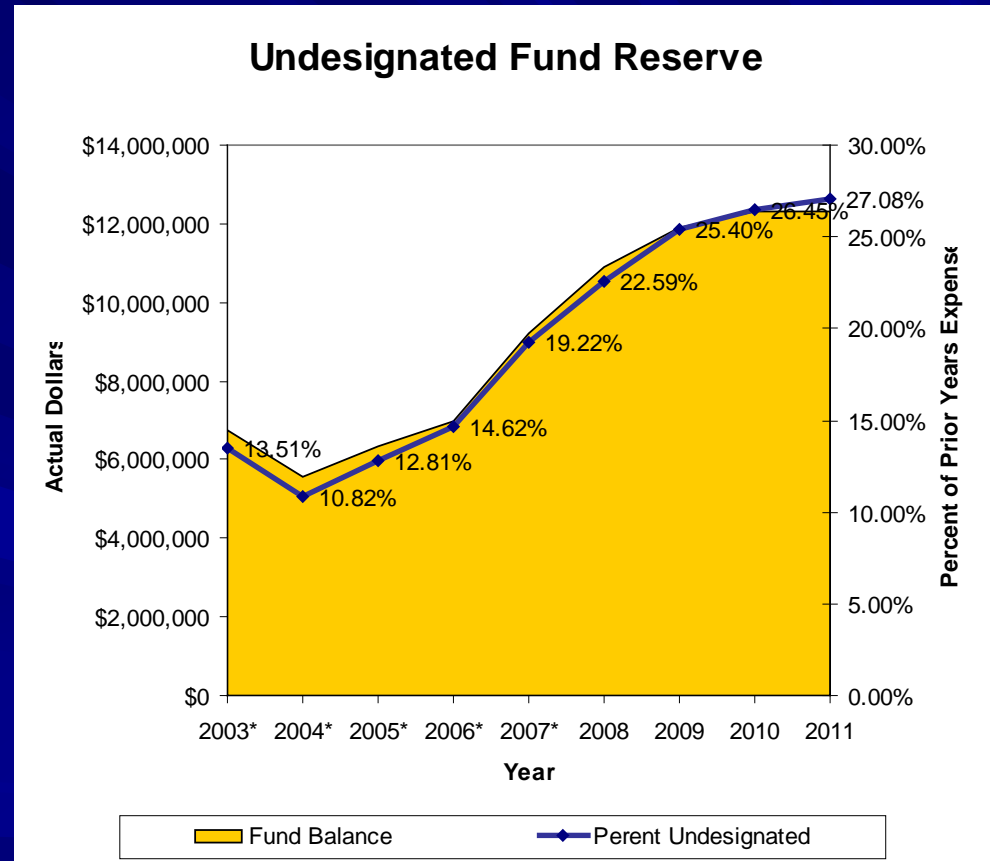
Option 3: Leave Fund Balance Alone

Assumption

- Receive Revenue Sharing in 2010
- Cut Revenue Sharing in 2011

Implications

- Cut General Fund budget by \$1 Million
- Fund Balance grows as a percentage to 26% in 2011
- Spend down in 2011



Recommendation

If Revenue Sharing is Reinstated

■ Option 3

- Increase Fund Balance
- Cut General Fund Budget by \$1,000,000

If Revenue Sharing is Cut

■ Option 2

- Use 2% of Fund Balance
- Cut General Fund Budget by \$1,600,000

Discussion