



PLANNING AND BUDGET OFFICE TRAVIS COUNTY, TEXAS

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December 1, 2003

To: Members of the Commissioners Court, Travis County
Elected Officials, Appointed Officials, employees and constituents

From: Christian R. Smith, Executive Manager, Planning and Budget
Leroy Nellis, Budget Manager

Re: Fiscal Year 2004 Adopted Budget

Enclosed is the Travis County Adopted Budget for Fiscal Year 2004. It was adopted by the Commissioners Court on Tuesday, September 30, 2003 and will serve as the County's budget plan from October 1, 2003 through September 30, 2004.

Travis County is in reasonably good financial shape. This positive situation is due to preparations made by the Commissioners Court during better economic times to increase reserves and fund balances in anticipation of an eventual economic downturn. These preparations, along with historically careful spending, low reliance on fluctuating income sources (such as sales taxes), adherence to a set of adopted "Financial and Budgeting Guidelines", and avoiding the use of one-time revenue for ongoing costs have all paved the way for a fundamentally sound FY 04 budget.

However, the County still faces budgetary challenges in FY 04. As such, budget reductions have been identified County-wide, and there are minimal opportunities for programmatic growth. Moreover, the Commissioners Court needs to anticipate that the additional revenue associated with new construction in FY 05 may be lower than the amount generated in FY 04 due to current economic conditions and that the value of the property tax base may again decrease.

Background

Since 1992, Travis County has experienced annual growth in its property tax base. After annual decreases between FY 87 and FY 92, the certified property tax base steadily increased from \$21.2 billion in FY 93 to \$62.4 billion in FY 03. As is the case throughout the nation, this period of economic growth has now ended. The national economic recession has reversed the trend of appreciating property tax values in Travis County. The Travis Central Appraisal District has determined that the value of the County's overall property tax base will decrease from the \$62.4 billion that was certified in the FY 03 budget to \$60.2 billion for FY 04. This decrease is largely caused by a decline in the non-residential, commercial property sector, and has been partially offset by an increase in the taxable values of the average single-family homestead. The net result of these valuation changes equals a 3.5% decrease in the total property value in Travis

County, which is the first such decrease in a decade. It is likely that the real estate market could take several years to recover, and further declines in the property tax base will continue to occur in the near term.

In recognition of this economic downturn, the Commissioners Court froze transfers from the Allocated Reserve and Emergency Reserve during the first six months of FY 03. The only transfers the Court indicated it would consider were those directly related to the jail overcrowding problem or for any emergency that placed public safety at jeopardy. In addition, the Court delayed any decision on FY 03 compensation increases for County employees until April 1, 2003 to maintain maximum flexibility among a wide variety of fiscal unknowns at the time the FY 03 budget was adopted. This caution resulted in the ability to use the compensation reserve mid-year to internally fund an unanticipated FY 03 increase in employee health benefit costs.

Due to the drop in the tax base, the Commissioners Court asked departments to identify cuts in the event that up to 5% of their Target Budget was unable to be funded, along with the impact of such cuts. Departments were also advised they needed to reprioritize within their existing resources if they wanted to fund new needs. Departments were provided flexibility to create additional staff if they could find the permanent resources internally or sufficient new revenue to be certified. Departments were urged to focus on efficiencies and increased productivity in FY 04 rather than on budget requests for increased resources.

Thus, it should come as no surprise that the predominant themes of this FY 04 Adopted Budget are restraint, caution, vigilance, the use of existing resources to meet new needs, and the absence of funding for new expenditures except for those that are either necessary to meet contractual, statutory or programmatic obligations or that have new non-tax revenue tied to them.

Bond Rating

Travis County continues to receive the highest bond rating from both Moody's (Aaa) and Standard and Poor's (AAA). Only two other counties in Texas (Dallas and Tarrant counties) have been awarded these bond ratings. These ratings provide an external validation that the County's underlying financial policies and practices are sound. Since the Commissioners Court is committed to its high bond rating, this Adopted Budget has maintained a prudent approach toward future debt and living within existing fiscal constraints.

Budget Reductions

This Adopted Budget includes \$7.6 million of budget reductions. The largest single reduction, totaling \$3,149,122, is in the Sheriff's Office. This reduction is driven by a decrease in the number of inmates in the County Jail system that in turn has reduced the workload of the Sheriff's Office. The jail population decreased during the first 11 months of FY 03. In September 2003 there were an average of 2,297 inmates housed a day compared to 2,734 inmates in September 2002. The Adopted Budget anticipates that an average annual inmate count of 2,175 can be reasonably sustained in FY 04.

The average inmate count for all of FY 03 was 2,263, and the annual average inmate count in FY 02 was 2,721 (peaking at an average monthly high of 2,855 inmates during August 2002). A total of 38 FTE are reduced from the Sheriff's Office Corrections program in this Adopted Budget related to the inmate decrease. Another eight FTE were eliminated mid-year due to the loss of State reimbursement resources (totaling \$345,782). All FTEs will be eliminated through attrition, without the need for involuntary layoffs.

These decreases are due primarily to officials in numerous offices implementing various initiatives throughout the criminal justice system to reduce inmates in the County jail. The work of the Jail Overcrowding Task Force has been extraordinarily successful in helping to reduce the inmate count. A variety of significant efficiencies have been implemented in the way in which the complex criminal justice system handles offenders. Each elected and appointed official involved in this effort should be proud of these outcomes.

Other large reductions included in the Adopted Budget include eliminating rental expenses for certain county departments (totaling \$570,728), certain departmental base budgets being submitted below their Budget Target (saving \$436,232), reorganizing the Justice and Public Safety area (saving \$274,831), and keeping certain vacant positions open (totaling \$190,930). Further savings totaling \$1,111,364 are spread among literally dozens of other County departments, along with another \$570,702 in lease reductions incorporated into the original departmental Budget Targets.

The other savings included in this Adopted Budget are from reducing the Allocated Reserve by \$1.4 million from the FY 03 level (to \$1.9 million), and reducing the Emergency Reserve by \$500,000 (to \$1.8 million).

Maintenance of Current Effort

This Adopted Budget includes new General Fund resources to address contractual and programmatic requirements or prior commitments made by the Commissioners Court. These requirements include interlocal agreements, insurance requirements, postage, indigent attorneys' fees, cost increases in other critical operating expenses, and various other contracts and obligations. The largest increases are Health and Human Services obligations (\$1,409,060), the County's obligation to support the operations of the Combined Transportation and Emergency Communications Center and new radio system (\$1,382,357), additional indigent attorneys' fees (\$1,100,000), and an increased transfer to the Balcones Canyonland Preservation Fund (\$1,027,586). Smaller, but still substantial increases were for salary savings adjustments in various departments (\$965,731), additional resources for Juvenile Court to partially replace the loss of State funding (\$345,886), funding of Visiting Judge days no longer funded by the State (\$279,170), postage and offsite storage requirements (\$261,444), establishing a new Mental Health Information Network (\$250,000), the financial system supporting Community Supervision and Corrections Department (\$208,000), and EMS base contract increases with the City of Austin (\$171,888).

The opening of new buildings has resulted in an additional \$609,501 for maintenance and operation and moves related to the new facilities. The expansion of two parks resulted in \$583,555 being added for ongoing maintenance and operations requirements.

A total of 39.5 new FTE have been added to the General Fund Budget compared to FY 03. Most of these new FTE have new revenue associated with them. Another 10.1 FTE have been added through the internal reallocation of resources within existing departmental budgets. These increases totaling 49.6 FTE have been offset by 55.25 FTE being reduced from the General Fund. Most of these eliminated positions are in the Sheriff's Office and are related to the decrease in inmates.

Employee Compensation and Benefits

The County has three major types of employee groups: one is elected officials, the second is peace officers (paid on the Peace Officer Pay Scale, or POPS) and the third (and largest) group is rank and file employees. While the County has been relatively responsive in recent years to employee compensation issues, the spiraling employee health insurance costs along with the current extremely challenging fiscal circumstances make a continuation of compensation growth more and more difficult.

For FY 03, the Commissioners Court made a decision in April 2003 to utilize the \$2.3 million FY 03 Compensation Reserve to fully fund the employee health benefit increases that were necessary due to unanticipated health care cost increases in FY 03. As was explained in a letter to all employees from the Court members, "We believe that this decision is the most fair and equitable alternative to distribute limited resources among our employees." A similar circumstance exists in FY 04. Due to current economic conditions, the FY 04 Adopted Budget does not include additional resources for rank and file employee compensation increases. However, the budget does contain an additional \$5.75 million for employee health benefits in the General Fund and an additional \$1.1 million in other funds for health increases.

Tax Rate and Impact on Homestead Owner

The Adopted Budget is balanced at a tax rate of \$.4918, which is slightly below the Effective Tax Rate of \$.4964. The Effective Tax Rate is defined in the Truth-In-Taxation regulations and is the tax rate necessary to generate the same amount of revenue from the same property as the year before. Property values from new properties that have not been on the tax rolls before are excluded. This adopted tax rate totals \$.4918 per hundred dollars of appraised value, and represents a \$.0258 increase in the current tax rate of \$.4660 (an increase of 5.5%).

According to the Travis Central Appraisal District, the average appraised value of a homestead in Travis County is increasing from \$189,796 to \$191,240. As a result, an average homestead will see a \$44.85 per year (or about \$3.74 per month) increase in their County tax payments (from \$707.56 to \$752.41 annually). This represents a 6.3% increase.

Reserves

The County's Unallocated Reserve has been established at 11% of expenditures (a percentage that has remained stable since FY 95). This amount totals \$33.9 million in FY 04. The Allocated Reserve has been established at \$1.9 million, which is a \$1.4 million reduction from the level adopted in FY 03. The FY 03 Allocated Reserve was funded at a higher level due to the jail overcrowding problem. However, as that is no longer an issue, the Allocated Reserve is at approximately the same level as in FY 02. The Emergency Allocated Reserve that was first established in FY 02 for unanticipated emergencies will be continued in FY 04 at \$1,786,554, equaling \$500,000 less than in FY 03. The Emergency Reserve is intended to allow for new legislative impacts, provide a source of funds in the event the inmate population exceeds expectations, and allow for potential FY 05 revenue shortfalls.

The identification and certification of one-time revenue during the FY 04 budget process allowed the Commissioners Court to establish a set of special reserves to anticipate a continued set of fiscal challenges throughout FY 04 and into FY 05. These reserves are in addition to the Emergency Reserve and should assist with an expected continuation of a decreasing tax base over the next few years. The special reserves are a FY 05 Capital Reserve (\$791,138), a Health and Human Services Reserve (\$500,000), a Utilities Reserve (\$500,000), a Judiciary Reserve (\$472,506), an Annualization Reserve for the opening of new buildings (\$107,025), and a Solid Waste Management Reserve (\$100,000).

Capital Requirements

To meet the County's on-going capital needs, a total of \$32,101,925 is included in the Adopted Budget from six basic sources - the General Fund Capital Acquisition Resources (CAR) account (\$10,830,126), debt from short-term Certificates of Obligation to be issued in FY 04 (\$1,900,000), the Road and Bridge Fund (\$6,511,008), debt from long-term bonds authorized by the voters (\$11,920,000), projects funded from existing Certificates of Obligation (\$913,206), and projects funded from the Justice Court Technology Fund (\$27,585).

The Capital Acquisition Resources (CAR) account funds capital expenses in the General Fund and is established at \$10,830,126. This level is \$4.3 million more than in FY 03 and represents a decision to utilize one-time revenue derived through the budget process for one-time capital needs. The largest needs funded through this account are upgrades or replacements to the County's technology infrastructure (\$3,497,735), various facilities modifications and new equipment including remodeling the Courthouse (\$2,913,859), Sheriff's Office projects at the Correctional Complex, Travis County Jail and other equipment (\$1,461,486), and \$1,052,550 for County-wide replacement vehicles and heavy equipment.

A total of \$6,511,008 in road and bridge projects and equipment will be funded from the Road and Bridge Fund. The largest of these projects include new and replacement vehicles and heavy equipment (\$3,326,900), Hot Mix Overlay (\$1.5 million), new and upgraded traffic signals (\$769,210), and F-mix road repairs (\$500,000).

A total of \$11,920,000 of long-term voter approved bonds authorized by the voters in November 2001 are approved to be issued in FY04. This issuance is to be composed of \$7,830,000 in local roads, drainage, bridges and pedestrian access projects, and \$4,090,000 for parks projects.

A total of \$1,900,000 in five-year Certificates of Obligation (CO's) is approved to be issued to fund the more expensive capital needs in FY 04. The largest project funded from this CO issuance is the radios for the 911/RDMT project (\$1,300,000). The remainder of the CO will be used for furniture, fixtures, equipment (FFE) and cabling for new facilities at the West Rural Community Center, remodeling the Holt Building, replacing the roof at the Granger Building, and installing an intercom system at the Correctional Complex.

This Adopted Budget represents a sound financial plan for FY 04. The budget has been filed with the County Clerk for the public's review. Additional copies are available in the Planning and Budget Office in the Ned Granger Administration Building, 314 W 11th Street, Suite 540. It is also posted on Travis County's web site, www.co.travis.tx.us.

FY 2004 ADOPTED BUDGET
TRAVIS COUNTY, TEXAS

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**PREFACE FOR READERS UNFAMILIAR WITH THE STRUCTURE AND ROLE OF
TEXAS COUNTY GOVERNMENT**

Texas County government focuses primarily on the judicial system, health and social service delivery, law enforcement, and upkeep of County maintained roads. In contrast to other parts of the country, Texas counties seldom have responsibility for schools, water and sewer systems, electric utilities, and commercial airports. County governments in Texas have no ordinance-making powers other than those explicitly granted by state legislative action.

The state's 254 counties have similar organizational features: a governing body (the Commissioners Court) consisting of one member elected County-wide (the County Judge), and four Commissioners elected from geographically unique precincts. The County Judge is so named because he or she often has actual judicial responsibility. In urban counties, the County Judge is primarily an executive and administrator, in addition to being the presiding officer of the Commissioners Court. Other elected officials in each county are the County and District Clerks, the County Tax Assessor-Collector, the County Sheriff, a District and/or a County Attorney, the County Treasurer, and one or more Constables. All judges (District Judges, County Court-at-Law Judges, and Justices of the Peace) are also elected. The State District Judges in each county select the County Auditor, who serves as the chief financial officer for the County.

The Commissioners Court serves as both the legislative and executive branch of county government, and exercises budgetary authority over virtually all county departments, including those headed by other elected officials. The high number of elected officials, including many with judicial authority, creates an organizational structure unlike more familiar public sector designs, which usually contain a Chief Executive or Operating Officer and a Board that focus on broad policy matters.

County services in Texas are financed primarily by (a) an ad valorem tax on real property and business inventory, and (b) a complex array of fees, fines, service charges and state payments. The County Commissioners Court sets the property tax rate annually, subject to a public hearing. Most of the other revenue sources are established in state law and may be changed only through legislative action.

THE ORGANIZATIONAL STRUCTURE OF TRAVIS COUNTY

This Fiscal Year 04 Adopted Budget is organized around the following four basic program areas:

- **Justice and Public Safety**
- **Health, Human and Veterans Services**
- **Transportation and Natural Resources**
- **General Government and Support Services**

The next page shows the approved organization chart for Travis County as of the adoption of this budget.

THE VISION, VALUES AND MISSION OF TRAVIS COUNTY

The following statements have been developed by the Commissioners Court in an effort to describe Travis County's vision, values and mission.

A. The Vision for Travis County

We envision an open, diverse community where all people are safe and healthy and can fulfill their hopes and dreams; one which provides a good quality of life and protects our natural resources for ourselves and future generations.

B. The Values that Guide Travis County Government

Taking responsibility, public trust and accountability, good customer service, excellence in performance, sound fiscal policy, respect for the individual, honesty and openness, caring, collaboration and cooperation.

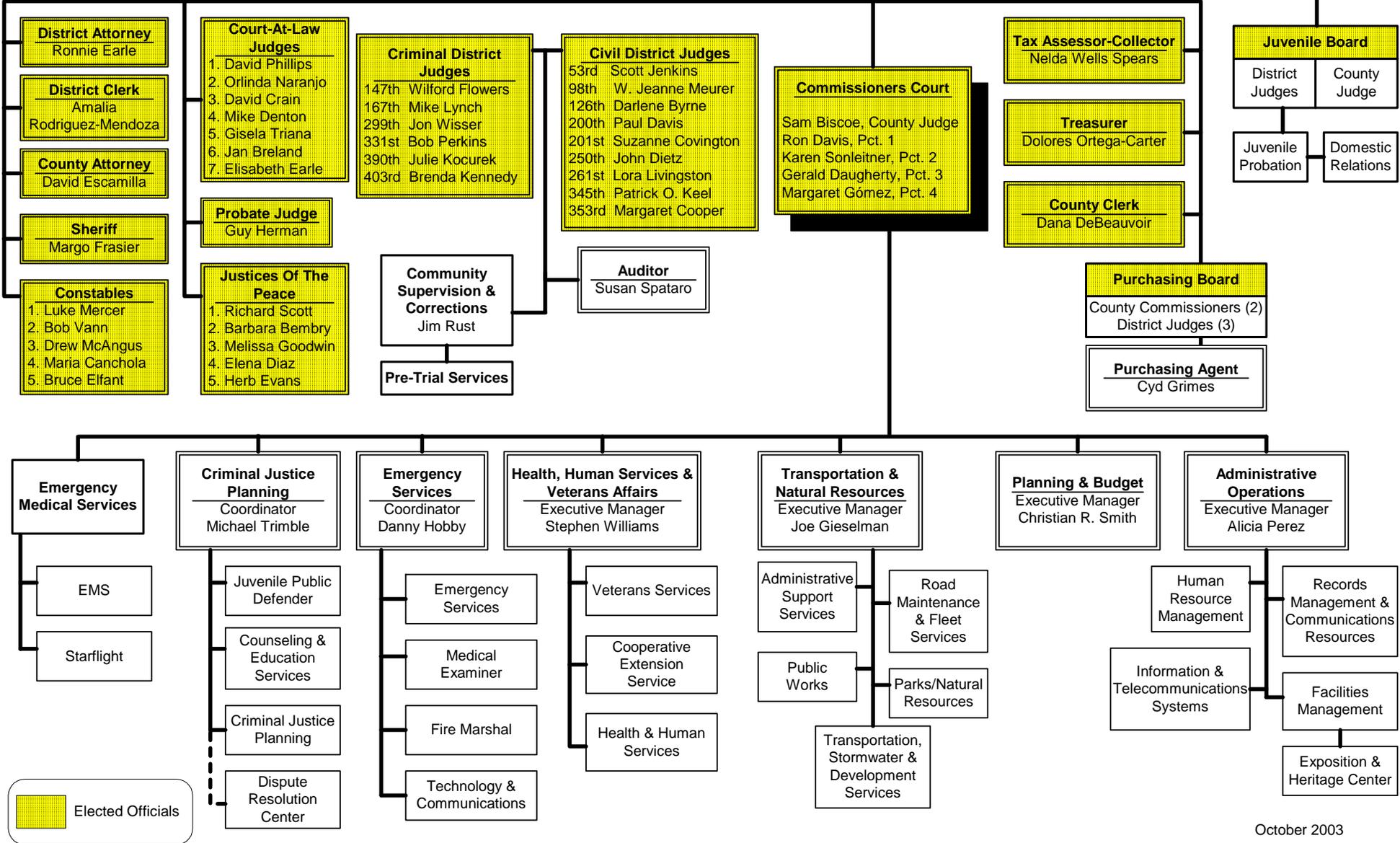
C. The Mission of Travis County

For the people of Travis County, our mission is to preserve health, provide a safety net for the needy, ensure the public safety, facilitate the resolution of disputes, foster an efficient transportation system, promote recreational opportunities, and manage county resources in order to meet the changing needs of the community in an effective manner.



TRAVIS COUNTY

Travis County Voters

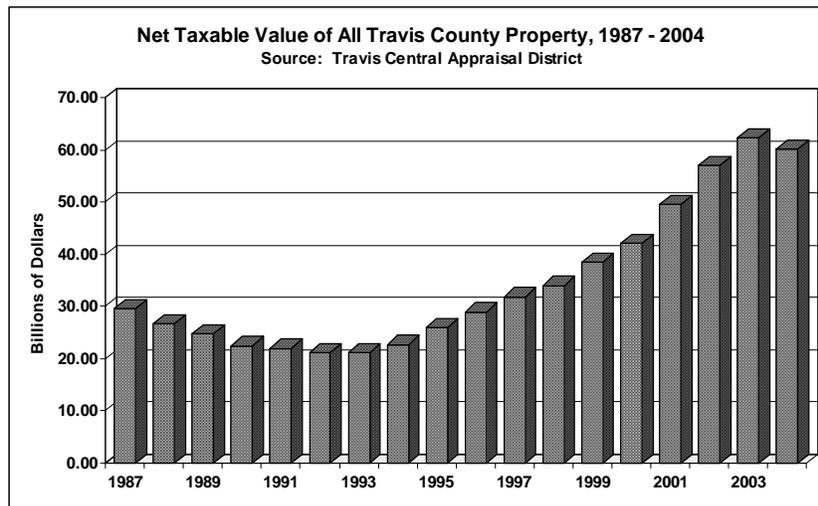


Elected Officials

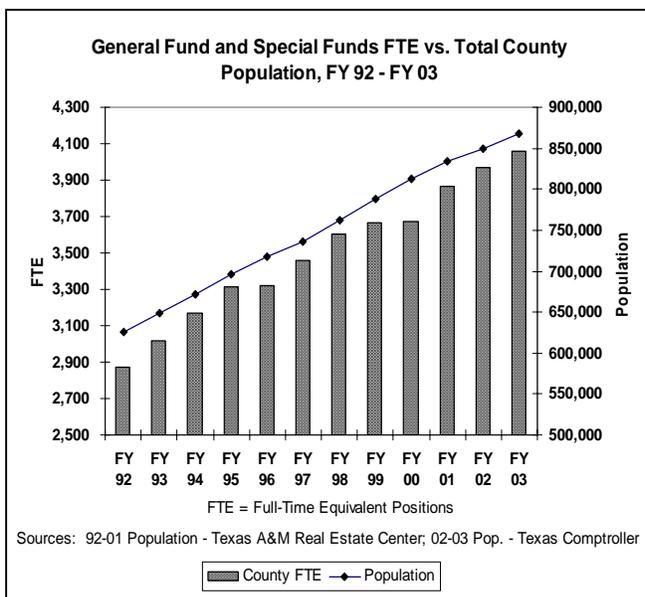
FY 2004 ADOPTED BUDGET
EXECUTIVE SUMMARY

I. BACKGROUND TO THE BUDGET SETTING PROCESS

Since 1992, Travis County has experienced annual growth in its property tax base. After annual decreases between FY 87 and FY 92, the certified property tax base has steadily increased from \$21.2 billion in FY 92 to \$62.4 billion in FY 03, as shown in the chart below. However, this chart also shows that the trend of an increasing tax base has started to decline with a decrease between FY 03 and FY 04. Given the current economic situation, this declining trend is likely to continue in the short term.



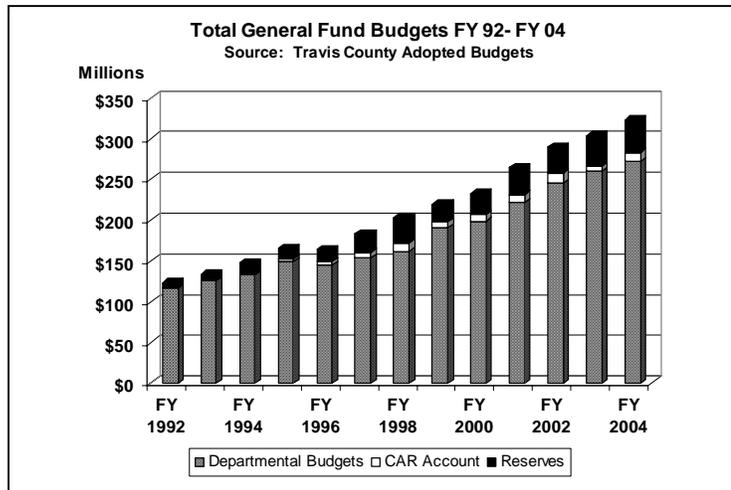
In the last 10 years, the General Fund budget has increased over \$170 million (from \$133.6 million in FY 93 to \$303.8 million in FY 03), representing an increase of 127%. During this same time frame, the County’s tax rate decreased from \$.5762 to \$.4660. The following two charts show the changes in the General Fund, total FTE, and County population each year between FY 92 and FY 03.



Since FY 92, the County’s workforce has increased from 2,870 FTE to 4,055 FTE in FY 03, or about 41%. This is a 3.2% annual increase each year, and essentially matches the annual increase in the County’s population since that time (at about 39%). While County staffing levels have increased proportionately with population growth, County budgets have increased at much higher rates. This reflects increases in personnel costs and programmatic growth.

This growth has now ended, as is the case throughout the nation. The national economic recession has

reversed the trend of appreciating property tax values in Travis County. The Travis Central Appraisal District (TCAD) has certified that the overall Travis County property tax base will decrease from \$62.38 billion certified in the FY 03 Adopted Budget to \$60.19 billion certified for FY 04. This decrease is largely caused by a decline of about 10% in the non-residential commercial property sector. This decrease is partially offset by an increase in the taxable values of the average single-family homestead. The net result of these valuation changes equals a 3.5% decrease in the total property value in Travis County, which is the first such decrease in a decade. The Chief Appraiser has also indicated that “it could take several years for the real estate market to recover, and we could see a further decline in the tax base during that time.” The average individual homestead has increased 0.8% according to the TCAD, going from \$189,796 in FY 03 to \$191,240 in FY 04.



The development of the FY 04 Travis County Adopted Budget has been driven in large part by external financial conditions. As such, this Adopted Budget is based on flexibility and caution, since the County remains in an economic downturn, the full impact of legislative changes remains unclear, and the fiscal challenges in FY 05 may be even greater than those presently faced. A very prudent approach has been taken toward both funding increases and decreases, along with ensuring that one-time savings are not applied toward ongoing commitments. While the County is not in a fiscal crisis, this Adopted Budget is predicated on the belief that it is in the County’s best interest to ensure that there are appropriate “shock absorbers” to provide flexibility for future conditions.

II. BASIC COMPONENTS OF THE FY 04 ADOPTED BUDGET

A. All Funds

FY 04 ADOPTED BUDGET - ALL FUNDS

	<u>Adopted FY 03 Budget</u>	<u>Adopted FY04 Budget</u>	<u>\$ Change</u>	<u>% Change</u>
General Fund	\$303,794,476	322,883,952	\$19,089,476	6.3%
Road and Bridge Fund	22,050,359	24,665,226	2,614,867	11.9%
Debt Service Fund	74,971,444	70,354,719	(4,616,725)	(6.2%)
Internal Service Funds:				
Risk Management Fund	11,212,259	10,961,555	(250,704)	(2.2%)
Employee Insurance Fund	22,162,255	31,585,857	9,423,602	42.5%
Other Funds (1)	20,981,692	32,514,439	11,532,747	55.0%
Less Transfers	(5,708,035)	(6,736,431)	(1,028,396)	(18.0%)
Total	\$449,464,450	\$486,229,317	\$36,764,867	8.2%

(1) Excludes the two internal service funds (Risk Management Fund and Employee's Insurance Fund) but includes Other Funds Not Approved by Commissioners Court and Capital Projects Fund.

A recapitulation of the FY 04 Adopted Budget is found in Appendix I. The FY 04 Adopted Budget total for all funds is \$486,229,317, compared to the previous year's FY 03 Adopted Operating Budget for all funds of \$449,464,450.

B. General Fund

The remainder of this Executive Summary focuses on the General Fund budget, which is the primary platform for operational and policy decision making in the County.

The FY 04 Adopted Budget contains General Fund expenditures and reserves totaling \$322,883,952. This represents a \$19,089,476 increase, or 6.3% above the FY 03 General Fund Adopted Budget of \$303,794,476. General Fund revenue is based on the Auditor's Sixth Revenue Estimate, which has incorporated a tax rate of \$.4918. This tax rate is \$.0046 below the Effective Tax Rate of \$.4964 and represents an increase of \$.0258 from the FY 03 tax rate of \$.4660.

1. Departmental Budgets in the Adopted Budget

Appendix I contains a comparison of General Fund departmental budgets from FY 02 through the FY 04 Adopted Budget. The Adopted Budgets for all departments increased from \$257,048,769 in FY 02 to \$265,720,849 in FY 03. The FY 04 Adopted Budgets for all departments total \$282,289,937 (this figure includes \$10,347,458 of CAR amounts, which are also included in the FY 03 adopted amounts).

The following table summarizes the major components of the General Fund budget.

	Adopted Budget FY 03	Adopted Budget FY 04
Beginning Fund Balance	\$36,528,725	\$43,746,885
Property Taxes	223,100,326	231,624,223
Other Revenue	44,165,425	47,512,844
6th Revenue Estimate	\$303,794,476	322,883,952
Reserves: Unallocated Reserves	29,217,120	33,912,751
Capital Acquisition Resources (CAR) Account	6,534,900	10,830,126
Emergency Reserve	2,286,554	1,786,554
Allocated Reserve	3,318,131	1,941,373
FY 05 Capital Reserve, HHS Reserve, Utilities Reserve, Solid Waste Mgt. Reserve, Judiciary Reserve, Annualization Reserve	0	2,470,669
Tobacco Settlement Reserve	150,000	0
Combined Emergency Comm. Center Reserve	280,717	0
Sub-Total, Reserves	41,787,422	50,941,473
Departmental Base Budgets	255,932,209	259,458,879
Wage Requirements: Health Benefits Increases	2,291,655	5,750,000
Compensation Reserve	2,275,444	0
POPS Sheriff's Law Enforcement & skill based pay, career ladders, & retiree COLA	1,138,248	0
Elected officials' salaries	17,184	273,327
Increase in retirement contribution	352,314	355,820
Sub-Total, Wages and Benefits	6,074,845	6,379,147
Reductions: Sheriff's Office Corrections Division reductions		(3,149,122)
Lease reductions		(570,728)
Budgets submitted below target level		(436,232)
Justice and Public Safety reorganization		(274,831)
Keeping vacant positions open		(190,930)
County Clerk Records Mgt. funding records-related expenses		(188,527)
CAPCO reduction related to 911 addresses		(170,000)
Other Reductions among 15 different depts.		(752,837)
Sub-Total, Reductions		(5,733,207)
Major Highlights: Indigent Health and Other Human Services		1,409,060
Combined Communications Center and Radio System		1,382,357
Indigent Attorneys' Fees		1,100,000
Balcones Canyonland TIF		1,027,586
Salary Savings Adjustment		965,731
Opening New Facilities		609,501
Opening New Parks		583,555
Juvenile Court Increases Replacing Lost State Funds		345,886
Visiting Judges		279,170
Records Management Postage and Storage Costs		261,444
Mental Health Information Network		250,000
Financial System for Community Supervision & Corrections		208,000
EMS Base Contract with City of Austin		171,888
Temporary Staff for E filing		158,334
TNR inspection services to meet HB 1445		153,623
Other increases among various depts.		2,931,525
Sub-Total, Major Highlights		11,837,660
Total Expense	\$303,794,476	322,883,952
Net	0	0

2. Personnel Changes

A total of 39.5 new FTE have been added to the General Fund Budget compared to FY 03. Most of these new FTE have new revenue associated with them. Another 10.1 FTE have been added through the internal reallocation of resources within existing departmental budgets. These increases totaling 49.6 FTE have been offset by 55.25 FTE being reduced from the General Fund. Most of these eliminated positions are in the Sheriff's Office and are related to the decrease in inmates.

New Positions in the Adopted Budget

NEW FTE WITH ASSOCIATED REVENUE:		
Department	FTE	Purpose
Tax Assessor-Collector	4	Expanded County-wide fine and fee collections program
Medical Examiner	1	To support new statutorily required certification program with associated revenue from increased autopsy fees
County Clerk	1	Court Clerk to support increase Bond Forfeiture collection efforts
Constable Precinct 1	1	Warrant Clerk
Justice of Peace Pct. 3	1	Court Clerk to address active criminal cases
Constable Precinct 4	1.5	Increased security at Pct. 4 Office Building funded through transfer from CSCD budget
District Clerk	1	Court Clerk for increased delinquent tax collections
County Attorney	2	To support increased delinquent tax collections
Sheriff's Office	4	Combined Transportation & Emergency Communications Center Security Staff (included within interlocal requirements and partially funded from other jurisdictions)
Transportation & Nat'l Resources	15	12 New park maintenance staff for opening new parks and 3 new inspections staff to implement HB 1445
Sub-Total, FTE With New Revenue	31.5	
NEW FTE REQUIRING NEW GENERAL FUND RESOURCES:		
County Clerk	2	Court Clerks to support additional data entry workload related to new cases and bonds
District Attorney	1	New Attorney to provide additional representation to Texas Dept. of Protective and Regulatory Services in civil cases involving the protection of abused and neglected children
Juvenile Court	5	Two half-time Chemical Dependency Counselors, 3 Juvenile Probation Officers and a Casework Mgr. to replace State-funded positions eliminated due to State cutbacks
Sub-Total, FTE With More General Funds	8	
Grand Total, all FTE	39.5	

New or Changed FTE Internally Funded

Department	FTE	Purpose
Sheriff's Office	1	Fixed Asset Manager to continue meeting accounting requirements of GASB 34
Sheriff's Office	1	Inmate Services Office Supervisor
Sheriff's Office	2	Mental Health Unit Officer and Transportation Officer due to higher workload in these two units
Sheriff's Office	.5	Conversion of existing accounting position from half time to full time due to loss of grant
Juvenile Probation	1.6	Grant FTE moved to the General Fund
District Clerk	4	3 Sr. Office Assistants & 1 Administrative Specialist in support of reorganization to conduct case filing & accounting (using existing temp funds)
Total	10.1	

A total of 51.25 FTE positions have been removed from the General Fund Adopted Budget, as outlined in the following table. In addition, a total of 5 FTE custodial staff were moved from the Exposition Center (resulting from a new private cleaning contract) to the new Airport Boulevard Office Building.

General Fund Positions Removed from the Adopted Budget

Department	FTE	Purpose
Cooperative Extension	(.5)	Office Assistant changed from full time to part time
Constable Precinct 5	(.5)	JAWS grant match to be internally funded
Sheriff's Office	(54)	Decreased Corrections Officer positions due to reduced inmate count and other reductions
HHS	(.25)	Veterinarian position changed from permanent to temporary
Total	(55.25)	

The FTE shown in the above tables represent changes in regular personnel funded through the General Fund (and exclude any temporary positions). All FTE changes are shown in the table in Appendix I entitled, "New Positions List". These changes include internally funded FTE along with positions to be funded in FY 04 from a different funding source than in FY 03.

3. Decreased Budgets

The Commissioners Court asked departments to include in their FY 04 budget submissions a list of proposed cuts in the event that up to 5% of the department's Target Budget was unable to be funded, along with explanations of the implications of such cuts. PBO and the Commissioners Court used a variety of perspectives, criteria,

and judgments balanced against the availability of FY 04 resources in determining whether or not to include budget decreases in the Adopted Budget. PBO and the Court exercised relative caution in recommending implementation of identified reductions and focused on reductions driven by a clear decrease in workload, changes in statutory requirements, or where there was an acceptably small impact on the department and County residents.

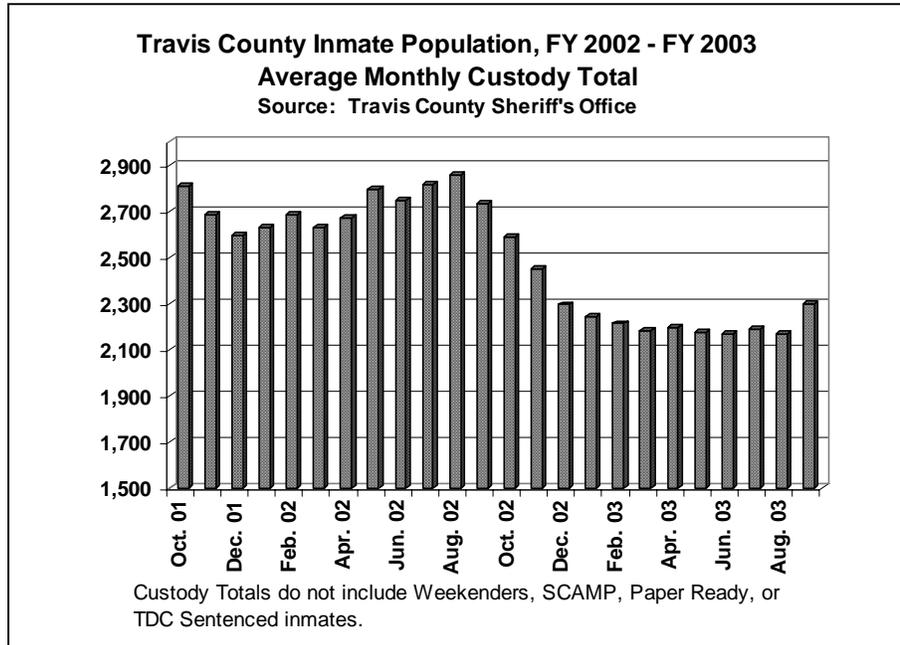
The most substantial circumstance leading to a recommended budget decrease was a reduction in workload or decreased demand for service. The best example of this situation was the reduced number of inmates in the County Jail. In addition, reductions were recommended when the likely impacts were minimal or negligible and the savings measurable. Temporary savings also have been recommended through freezing positions on a temporary basis in FY 04. This Adopted Budget does not include reductions if they might cause revenue decreases greater than the expenditure decrease, or when the negative impact was disproportionate to the savings. In addition, potential reductions that would have a significant negative impact on County programs that might be acceptable if there were a fiscal crisis were not included. However, it was recognized that any and all options for reductions might need to be reconsidered in future years if the financial outlook does not improve or continues to worsen.

Departments have indicated that the exercise of reviewing areas for potential reduction has, in many cases, been a beneficial one. Even though a reduction might not be included in the Budget, the process of review has allowed managers to find increased flexibility inside their budgets, identified future opportunities to reprioritize resources, and created a planning environment in the event economic conditions remain tepid into FY 05.

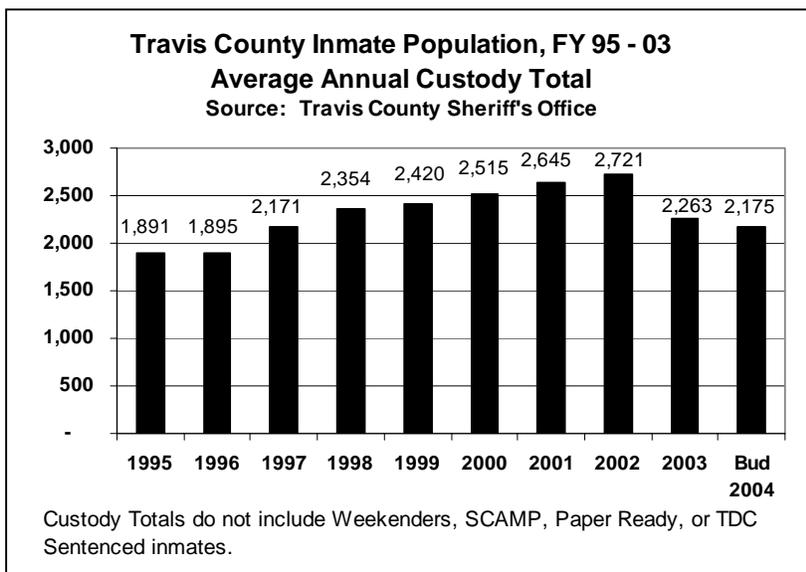
a. Sheriff's Office Corrections Division

The greatest savings occurred in the Sheriff's Office. These savings are driven by a decrease in the number of inmates in the County Jail that in turn has reduced the workload of the Sheriff's Office. The jail population decreased for the first 11 months of FY 03. As of September 2003 there were an average of 2,297 inmates housed per day in the jail, compared to 2,734 inmates a year earlier (using Average Daily Population figures for inmate counts). The Adopted Budget anticipates that an average annual inmate count of 2,175 can be sustained for FY 04. The average annual inmate count for FY 03 was 2,263, and the annual average inmate count for FY 02 was 2,721 (peaking at an average monthly high of 2,855 during August 2002). The graphs on the next page summarize these data.

These decreases are due primarily to officials in numerous offices implementing various initiatives throughout the criminal justice system to reduce the inmates in the County jail. The work of the Jail Overcrowding Task Force has been extraordinarily successful in helping to reduce the inmate count, and the significance of the substantial work of this



Task Force cannot be overemphasized. A variety of significant efficiencies have been implemented in the way in which the complex criminal justice system handles offenders. Each official involved in this effort should be proud of the outcomes.



The total reduction in the Sheriff's Office budget is \$3.1 million. The reduction of Corrections Officers due solely to the lower inmate count is 38 FTE with a total of \$1,872,352 in personnel costs. The decline in the jail population has also resulted in the ability to responsibly reduce other support service and operating costs, reduce training and background investigator officers, food service Corrections Officers (also related to improved efficiencies in the food

service operation), and various line items. These operating cost reductions total a net savings of \$930,988. In addition, the loss of State reimbursement funding for the Alcohol and Drug Offender unit resulted in a mid-year reduction of 8 FTE and \$345,782, which was approved by the Commissioners Court in April 2003.

The Sheriff's Office has been anticipating a decreased Corrections Officer staffing pattern for FY 04 and had not hired a new Corrections Officer since March 31st 2003. As

a result, the Sheriff's Office was able to eliminate 42 positions by the beginning of FY 04 without involuntary lay-offs.

The various component parts to the savings associated with budgeting for an average of 2,175 inmates in the Corrections Division during FY 04 are summarized in the table below.

Sheriff's Office Corrections Division Savings

Program or Function	FTE	Savings
Decreased Corrections Officers, related overtime and benefits	31	\$1,566,476
Food Service Corrections Officers	4	174,781
Various line item reductions (Net Department-Wide)	-	756,207
CORE Program elimination	7	305,876
Elimination of Alcohol and Drug Offender Unit due to loss of State reimbursement funding (approved in April 2003)	8	345,782
TOTAL	50	\$3,149,122

b. Other County-wide Departmental Reductions

There are a variety of other reductions in departmental budgets contained in this Adopted Budget. They fall into four basic categories:

- Temporary reductions and frozen positions
- Minimal impact with measurable savings
- Budgets submitted by the departments below their Budget Target
- Other Savings

The chart on the following page summarizes these departmental budget reductions. In addition, the Adopted Budget includes a \$1.4 million reduction in the Allocated Reserve and a \$500,000 reduction in the Emergency Reserve.

SUMMARY OF BUDGET REDUCTIONS

Department	FTE	Amount	Explanation
Temporary Reductions and Frozen Positions:			
TNR		-\$140,218	Five positions temporarily frozen in FY 04 (Gen. Fund)
Purchasing		-50,712	One position temporarily frozen in '03 continued in '04
Total		-\$190,930	
Minimal Impact with Measurable Savings:			
ITS		-\$30,000	Local directory assistance eliminated
Pretrial Services		-30,000	Remove underutilized expense budget
Constable 5	-0.5	-25,264	Grant Match to be internally funded
Crim'l Just. Plan.		-21,750	Remove underutilized budget & research intern
TNR		-21,500	Cell time and communications expense reductions
Various Depts.		-47,984	Various line item reductions in EMS, Med. Examiner, Facilities Mgt., District Clerk & County Attorney
Sub-Total	-0.5	-\$176,498	
Budgets Submitted Below Target:			
TNR		-\$161,899	Total budget submitted below Budget Target
Just. /Pub. Safety		-130,455	Total budget submitted below Budget Target
Admin. Ops.		-59,243	Total budget submitted below Budget Target
District Clerk		-29,200	Total budget submitted below Budget Target
Various Depts.		-55,435	Budgets below Budget Target from County Judge, Comm. Pct. 1, 3 & 4, Purchasing, HHS & 8 other depts.
Sub-Total		-\$436,232	
Other Savings:			
Sheriff's Office	-50.0	-\$3,149,122	See details in Executive Summary (Section IIB3)
Facilities Mgt.		-570,728	Depts. moving from leased space into new building
Just./Pub. Safety	-5.0	-274,831	FY 03 Mid-year Reorganization
ITS		- 133,223	Archival Fund (Fund 57) for records related expenses
Records Mgt.	-0.5	-55,304	Records Mgt. Fund (Fund 28) funding records related expenses
Emergency Serv.		-170,000	911 addressing costs centralized under City of Austin
County Clerk		-148,534	Moving election date to FY 03 and revisions to expenses
Sheriff		-111,205	Reduced transfer to Courthouse Security Fund
District Attorney		-98,709	Amended law, counties need not pay special comp.
Civil Courts	-1.3	-96,540	Moving additional Court Reporter expenses to Court Reporter Fund
HHS		-58,000	Reduction due to planned mid-year revenue certification
Various Depts.		-37,999	Cell phone expenditure reductions in various budgets
TNR	-0.7	-25,352	Eliminate CSR Supervisor and Sign Shop Supervisor
Sub-Total	-57.5	-\$4,929,547	
Grand Total	-58.0	-\$5,733,207	

4. Major FY 04 Funding Issues

The following major funding issues have been included in the FY 04 Adopted Budget. Most of these are essentially "Maintenance of Current Effort" requirements. They address contractual and programmatic requirements or prior commitments of the Commissioners Court, such as various interlocal agreements, unit cost increases in critical operating expenses, and other contractual and programmatic obligations. The largest of these increases are outlined below.

a. Indigent Attorneys' Fees

In 2001, the 77th Texas Legislature passed the Fair Defense Act (FDA) to reform the way court appointed legal counsel is provided to indigent defendants. Based on FDA requirements, the Criminal District and County Court-at-Law Judges adopted new fee schedules for attorneys representing indigents as well as standards to determine indigency, effective January 1, 2002. These changes standardized the way defendants are assigned County-paid defense.

Indigent attorneys' fee expenditures in both the Criminal Courts and Civil Courts were in excess of the budgeted resources in FY 03, and additional resources were needed for FY 04. This is a direct result of the new fee schedule, new standards of indigency, increased dispositions and increased civil indigent claims. The FY 04 Adopted Budget includes \$1,100,000 in additional resources for Indigent Attorneys' Fees to address this need. Of this amount, \$700,000 has been included for the Criminal Courts and \$400,000 has been included for the Civil Courts.

b. Health and Human Service Needs

The downturn in the economy and the increase in health care expenses have had an impact on the programs provided by the Health and Human Services (HHS) Department. This has been especially true in the case of indigent health care costs as well as rent, utility and food assistance. In FY 03, HHS reprioritized internal funds of over \$500,000 through freezing vacant positions, redirecting operating expenses, and effectively using grant resources. The department used these existing funds, and another \$500,000 increase to the department's FY 03 Adopted Budget, to address cost overruns in the Rural Medical Assistance Program (RMAP) and Emergency Assistance budgets. During the fiscal year, the Commissioners Court approved the total transfer of \$890,000 from General Fund reserves to the HHS budget for these programs. At the same time, the Court affirmed current health eligibility and service provision guidelines.

In light of the Court's prior actions and the anticipated continued cost increases in these programs, the FY 04 Adopted Budget contains an additional \$950,000 for indigent health care and basic needs. In addition, another \$87,060 is included in the Adopted Budget to absorb the salary and benefit increases for City of Austin employees that are reimbursed by the County, as required by the existing interlocal agreement between the City of Austin and the County. In addition, another \$272,000 was added to the HHS budget to replace income lost from the Federally Qualified Health Center (FQHC) Fund. One-time funding of \$100,000 was also added to support a program for a local

foundation to provide medical care for area indigents, called Project Access. The total increase in the department's budget was \$1,409,060 for these purposes.

c. Emergency Medical Services Base Contract with the City of Austin

Travis County partners with the City of Austin for the provision of EMS services in the County. The County's cost to continue to provide this service will increase by \$171,888. These increases are largely due to an increase in the costs of health insurance and a 2% pay increase for paramedics by the City of Austin.

d. Combined Transportation & Emergency Communications Center (CTECC) & Radio System

The new Combined Transportation & Emergency Communications Center (CTECC) and the new 800 MHz Radio System will be fully operational in early FY 04. These new systems will provide a modern and consolidated emergency response system Countywide. The County's portion of this multi-agency project under the operational coordination of the City of Austin is \$22.6 million dollars that has largely been funded through capital and one-time resources. Each agency's share of the operating costs for the facility is based on the percentage of the CTECC/Radio system each user is expected to utilize. For the County, the FY 04 cost to operate the CTECC/Radio system is \$1,382,357. The Sheriff's Office is providing all security for this building (with an increase of \$240,000) and will be fully reimbursed by the CTECC governmental partners for these services (which include Travis County).

e. Insurance Premiums

The County's costs in unemployment insurance are forecasted to increase \$60,000 in the next fiscal year (from \$200,000 to \$260,000). In addition, purchased property insurance premiums will increase by \$93,400. The budget therefore contains a \$153,400 increase for these obligations.

f. Records Management Increases

Records Management and Communication Resources will require an additional \$261,444 for FY 04 countywide postage and offsite storage requirements that are centrally budgeted within this department. The additional FY 04 postage requirement of \$215,000 includes \$130,000 in one-time funding associated with the biennial mass mailing of voter registration cards, which will occur in FY 04. The Adopted Budget also includes an additional \$46,444 from the General Fund for FY 04 countywide offsite storage requirements.

g. Community Supervision and Corrections Department Financial System

The Adopted Budget includes a \$208,000 cost increase to the CSCD financial system. This software is specialized for CSCD operations and is vital to the department's ongoing ability to manage the payments received by individuals on probation. This system was put into place during FY 03 and the contract was renegotiated to extend into FY 04.

h. Visiting Judges

The FY 04 Adopted Budget includes an additional \$279,170 for visiting judges due to funding constraints at the state level where the FY 04 allocation of visiting judges will be reduced for the Travis County Courts. This amount includes an additional \$90,253 for the Civil Courts and \$188,917 for the Criminal Courts. The Criminal Courts' total also includes \$27,775 in one-time resources for 60 visiting judge days due to the anticipation that a Criminal Court judge will be away from the bench for an extended period in FY 04 and \$44,491 for visiting judges for the Jail Overcrowding Impact Courtroom.

This funding will allow each civil and criminal courtroom to have a total of 35 days of visiting judge resources and the Jail Overcrowding Impact Courtroom to have 150 days when the allocation from the state is considered. Visiting Judges for Travis County are assigned by the Third Administrative Region of the State of Texas to serve for a sitting judge when the judge is away from the bench due to illness, travel and training requirements, when a conflict of interest arises, and other valid reasons. The program enables individual courts to continue to hear cases while the sitting judge is temporarily away from the bench.

In addition to the \$44,491 provided for visiting judges for the Jail Overcrowding Impact Courtroom, an additional \$37,360 was provided for a temporary bailiff and temporary court reporter in order to staff this specialized courtroom for 150 days of operation in FY 04. This courtroom was a pilot project in FY 03 and has been dedicated toward helping reduce the jail population. The total increase for the courtroom included in the Criminal Courts' FY 04 Adopted Budget is \$81,851.

i. Collections Pilot Program

During FY 02, the Tax Office received \$100,000 to establish a pilot program to improve the amount of court fines and fees actually collected by the County. This pilot program could not be implemented due to complexities surrounding the ability to secure automated and detailed information on the amount and identity of individuals owing court-ordered fines and fees. These problems were partially overcome in FY 03 and a pilot program was implemented. Programs in other Texas counties have demonstrated that the creation of a centralized professional collections unit considerably increases the amounts collected.

The Adopted Budget includes 4 FTE dedicated to this effort in the Tax Assessor-Collector's Office, at a total cost of \$176,000. The current pilot funded two FTE in the Tax Office with one-time resources and the department utilized other internal resources to make the program operational in the County Criminal Courts. The plan for FY 04 is to continue the two pilot positions as regular positions and add an additional two FTE for the collections effort in the County Criminal Courts.

j. Risk Management Fund

The County Auditor's Office has reviewed the Risk Management Fund actuary report and the Sixth Revenue Estimate certified the FY 04 Fund at \$10,961,555. During the latter part of FY 03, Commissioners Court declared a surplus in the Risk Management

Fund and transferred \$1.2 million to the Employees Insurance Fund to provide a contingency claims reserve. The status of the Risk Management Fund will undoubtedly be an important component of balancing the FY 05 budget in order to ensure that there is no gap between ongoing revenues and estimated expenditures in this fund.

k. Transfer to Balcones Canyonland Preservation Fund

A total of \$1,027,586 has been added to the Transportation and Natural Resources (TNR) Adopted Budget for an increased transfer to the Balcones Canyonland Preservation (BCP) Fund from the General Fund. This amount represents the increased tax revenue in FY 04 from new construction on BCP lands as compared to prior year tax revenues. The additional valuation is largely due to an increase in new construction on BCP lands. The total FY 04 transfer from the General Fund is \$3,099,876.

I. Opening New Facilities

Travis County will open the following new or renovated facilities in FY 04 that will require new operating resources:

New Facilities:
Airport Boulevard Office Building
Precinct Four Office Building
Northeast Rural Community Center and Clinic
West Rural Community Center/Clinic and Precinct 3 offices
Renovated Facilities:
Precinct 1 Office Building Expansion
University Savings Building Renovation

Each of these facilities has its own schedule for completion and its own particular operational and maintenance needs. The Adopted Budget contains a total of \$609,501 in maintenance and operating funds to support the opening of these facilities, along with \$970,380 in capital resources, as summarized below:

Purpose	General Funds	Capital Resources
Utilities	\$252,095	-
Maintenance & security service	10,341	-
Custodial	227,065	-
Moves	120,000	-
ITS costs		636,680
Fixtures, Furniture and Equipment		333,700
Total	\$609,501 (1)	\$970,380

(1) In addition, \$67,751 will be transferred from CSCD’s existing budget to Constable 4 for security services (1.5 Deputy Constables) in the new Precinct 4 Office Building.

In addition, there is an annualization reserve totaling \$107,025 for the above increased maintenance costs based on schedules provided by Facilities Management. This reserve is intended to ensure that sufficient resources are available in FY 05 when each

of the new facilities is operated for a full twelve months. It should be noted that in addition to the \$570,728 lease savings derived from the acquisition of the Airport Boulevard Office Building, another \$570,702 in lease costs was removed from the Target Budget resulting from the construction of the Precinct Four Office Building. Furthermore, the County will be constructing an addition to the Forensic Center and remodeling the Holt Building that will not require additional operating resources in FY 04.

m. Park Expansions

Two new voter-approved park expansions opened in FY 03: the 309-acre Southeast Metro Park located east of the intersection of Highway 71 and FM 973, and the 420-acre Northeast Metro Park located east of I-35 off FM 1825.

The Adopted Budget includes \$583,555 for 12 FTE and associated operating costs as well as \$329,000 for supporting capital. Six of the additional staff are Maintenance Technicians (including two seniors) for the Southeast Metro Park and another six maintenance technicians (including two seniors) are for the Northeast Metro Park. Additional parks fees totaling \$985,212 were certified as new revenue in FY 04 to help support the entire parks program. In addition, the Commissioners Court approved a one-time operating contribution totaling \$25,000 for a new swimming pool being developed at the East Metro Park by the County and developers in that community. This pool will be operated by the YMCA.

n. County Clerk Increased Recording Revenue and Workload

Workload in the County Clerk's Recording Division has continued to increase through the economic downturn as evidenced by an additional \$1.123 million in recording fees being certified by the County Auditor for FY 04. Additional resources totaling \$246,749 were approved in June '03 by the Commissioners Court to fund one additional FTE, 10 temporary employees for hours actually worked, and \$35,342 in additional supplies to assist the department in meeting the increased workload. The total annualized budgeted increase for FY 04 is \$267,398.

o. TNR Inspectors

The Adopted Budget includes \$153,623 for three additional FTE necessitated by House Bill 1445. These positions include an Engineer, an Engineering Specialist and an Engineering Technician. This statute requires that the County become the jurisdiction for inspections inside the City's ETJ and outside of the City's three-year annexation plan.

p. Information Systems Support

A variety of professional service and maintenance agreement increases are included for information systems support requirements in the Information and Telecommunications System Department. These include professional services to support the second year of the e-filing program, including maintenance agreements for hardware and software (\$28,200), professional services for the installation and connection of an API link (\$33,102), and the rebudgeting of \$158,334 in temporary employee salaries and

benefits for the e-filing project due to a delayed project start. In addition, the department received increased funding for a maintenance agreement for creating a phone system firewall (\$17,475), a temporary part-time contract compliance position for the inmate telephone contract (\$25,000), additional telephone trunk line costs for the newly acquired building on Airport Boulevard (\$19,200), maintenance agreement costs for replacement file servers (\$16,500), and professional services for the conversion of the CABA System in Health and Human Services from a Dec Alpha platform to an NT platform (\$50,000).

The Commissioners Court also approved \$250,000 for professional services for the development of a Mental Health Information Network. This project will integrate the Travis County mental health incident information system and Austin Police Department incident information systems. The integrated network will allow officers to search the systems by name and combine records from the two systems to reflect more accurate history of the person involved in the incident as it occurs.

q. Juvenile Court

Juvenile Probation had its funding from the State of Texas reduced for FY 04. Juvenile Probation internally reallocated and/or terminated several programs as a result of the State reductions. However, four programs eliminated by the State were considered too valuable to terminate due to the funding cuts. The Commissioners Court continued funding for a Juvenile Drug Court program, a risk assessment center, a cooperation program with adult probation and Juvenile Probation known as Project Spotlight, as well as restoring child placement funding eliminated by the State. The combined impact of restoring these State reductions was \$345,886.

r. District Attorney Children's Protective Services Attorney

The Commissioners Court funded a new Attorney VI in the District Attorney's Office to provide additional representation to the Texas Department of Protective and Regulatory Services in civil cases involving the protection of abused and neglected children. The personnel cost is \$80,171, with \$6,335 in operating costs and \$2,879 for a PC and phone.

s. County Clerk Support to Integrated Justice System

Two additional FTE's were funded in the County Clerk's Misdemeanor Division to handle the additional workload related to implementation of the Integrated Justice System (IJS). While the IJS automates many tasks, it requires additional data entry in the County Clerk's Office to initiate new cases and new bonds in the system. The package is funded at \$63,822 for salaries and benefits and \$5,000 for supplies.

t. Exposition Center Operating Subsidy and Equipment

A transfer totaling \$138,690 was approved to assist with operating needs for the Exposition Center. The majority of this transfer (\$122,016) was budgeted in that Special Fund's utilities line item, while the remaining amount will help fund the operation's other day-to-day expenses in FY 04. In addition, a total of \$275,000 was approved in General

Fund CAR resources for new and replacement equipment for the Exposition Center, as well as upgrading the sound system at the Main Arena Building.

u. Other Maintenance of Current Effort Requests

There are a variety of other Maintenance of Current Effort Requests funded within the Adopted Budget. Those above \$15,000 are outlined in the table below.

Other Maintenance of Current Effort Increases (above \$15,000)

Department	Program or Function	Cost
Criminal Courts	Court Ordered Services for indigent cases	\$120,000
TNR	Additional fuel costs and utilization for fleet	109,156
StarFlight	One Time StarFlight costs	87,796
Treasurer	Armored Car Contract	62,804
Medical Examiner	Staffing and expenses for statutory accreditation	62,413
EMS	Revenue offset due to changes in delinquent collections practices	52,000
General Administration	Austin-San Antonio Intermunicipal Commuter Rail District dues	49,500
Juvenile Probation	Progressive Sanctions grant match	31,530
Probate Court	Court costs for indigent defense & other mandates	25,000
General Admin.	Increase MAXIMUS Contract - additional revenue	25,000
Records Mgt.	Refurbish 3 Commissioners Courtroom cameras and other ongoing media repairs	25,000
JP's & Constables	Annualizing accounting staff reorganization	22,009
Tax Office	Changing manner in which collections (shortages) are accounted, to be consistent with GASB 34	19,000
County Attorney	Public Health Educator one-time grant match	16,600

C. Workforce Investment

Each year, the Commissioners Court determines whether there are resources to fund a variety of employee pay adjustments. From FY 97 through FY 99, the Commissioners Court funded an appropriation of either 3% or 4% of overall salary costs for Performance Based Pay. The FY 00 Adopted Budget contained a 1.5% increase for all General Fund employees eligible to receive Performance Based Pay. For FY 01, the Adopted Budget contained a compensation reserve in the General Fund equal to 6% of each department's FY 00 Adopted Budget for salaries to meet a variety of compensation issues including Performance Based Pay. In FY 02 this amount was 5%. Throughout all of these years, various employee pay scales were adjusted upward to reflect market conditions. In FY 97, the average County salary was \$29,750. That average has increased to \$39,800 as of FY 03, reflecting an increase of 34% over the past 6 years. This is equal to an average annual increase of 5% per year, essentially reflecting market conditions.

For FY 03 the upward spiraling trend of health costs resulted in a need to dedicate the County's FY 03 Compensation Reserve totaling \$2.3 million to pay for the increased cost of employee health benefits.

The fiscal challenges currently facing Travis County do not allow for countywide compensation increases beyond funding FY 04 increased health benefit costs. Thus, there are no funds for rank and file increases, career ladders, or Peace Officer Pay Scale increases (including the Austin Police Department match). However, the Commissioners Court did provide for certain increases in a few specialized circumstances in the Sheriff's Office totaling \$129,417 (for crime scene investigator and dispatcher positions, and certain employees below the minimum of their pay grade). Similar specialized compensation circumstances existed in the District and County Attorney's Offices, Exposition Center and Facilities Management, Starflight and in ITS. The increases in these budgets totaled \$166,161.

Elected Officials also did not receive a pay raise, except for a \$10,000 increase for each District and County Court-at-Law Judge and the Probate Judge. The judges have not received a pay increase since FY 98, and a new statute allowed Travis County to adjust judicial salaries. Revenue from a specialized General Fund judiciary fee was used to fund these salary increases. This source of funding was previously unavailable for use due to litigation. The settlement of a lawsuit in late FY 03 made these funds available for expenditure to support the judiciary in FY 04 and beyond. The total cost for the General Fund portion of these increases is \$273,327.

1. Health Benefits

Travis County began a self-insured health benefits plan in FY 02. Under a self-insured program, the actual insurance claims made by employees are paid directly from County resources with an insurance carrier hired to administer claims processing. The primary benefits from being self-insured are that the plan can provide a better level of benefits for employees and provide more control over increasing health premiums for the County.

While being self-insured provides the County with increased control over the configuration of its insurance benefit plan, it does not necessarily reduce overall health care expenses. Due to rising medical and pharmaceutical costs being experienced nationally, along with the demographics of an aging population, the total actuarially estimated costs of the existing health care benefits for FY 04 were originally projected to cost an additional \$8 million. This estimated additional cost was reported to the Commissioners Court in spring, 2003. This amount was so large that an Employee Benefits Committee spent several intense months reviewing options, costs, and debating the affordability of different plans. After employees had an opportunity to voice their concerns, the Commissioners Court approved a three-option plan to allow employees to choose medical benefits in accordance with their medical needs, financial means and family situations. The revised plan allows employees to choose between two base plans which require no additional contribution for employee-only coverage or, at

an additional cost of \$40 per month to the employee, a third plan with a higher benefit level.

The Adopted Budget contains \$5,750,000 in the General Fund for the increased cost of health benefits, and \$1.1 million for this purpose in other funds. The Employee Health Insurance Fund increased from \$22,162,255 in FY 03 to \$31,585,857 in FY 04, an increase of \$9,423,602. The Fund totaled \$18,344,435 in FY 02, which means that employee health insurance costs have increased \$13.2 million in just two years, an increase of 72%, or an average of 31% each year. Even with approximately \$7.2 million in additional funds provided by the General Fund, Special Revenue Funds and Grant Funds, the Employee Health Insurance Fund still needed \$1.2 million to cover an estimated claims reserve. As outlined above, these funds were transferred from the Risk Management Fund at the end of FY 03.

2. Retirement Benefits

According to the Texas County and District Retirement System, Travis County's contribution rate per employee for retirement benefits must increase from 9.57% of salary to 9.82% of salary to maintain the same level of retirement benefits. The General Fund cost for this increase in FY 04 is \$355,820. These funds were included within departmental budgets in the Adopted Budget. These figures do not include any Cost of Living Adjustment for retirees.

3. Salary Savings

Salary savings are savings realized in departmental budgets due to employee turnover and vacancies. Each year the county budgets such savings. This results in a lower personnel budget to capture the salary savings that are expected to occur naturally through routine employee turnover and vacancies.

For FY 04, the county decreased the amount of salary savings budgeted countywide. This was done for two reasons. First, in FY 03, the Commissioners Court approved a Human Resources Management recommendation to modify the employee pay scales for various positions. The Court asked that departments internally fund any pay increases that were necessary for employees with pay below the new minimum pay scale. This will inevitably have an effect on the salary savings that departments will produce naturally in FY 04. Furthermore, due to current economic conditions in the Austin market, the vacancy and turnover rate in the County is lower than in prior years.

The Adopted Budget includes an additional expense totaling \$965,731 throughout a variety of departments to more accurately reflect the anticipated salary savings in FY 04.

III. CAPITAL FUNDING

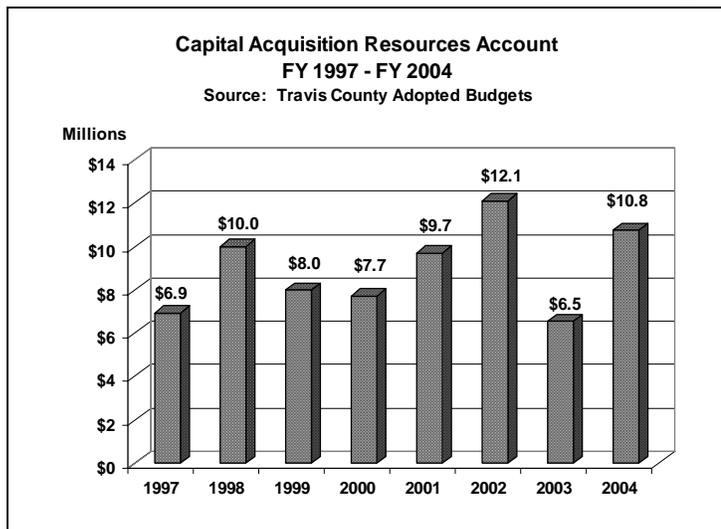
Capital equipment and facilities improvements are funded from four basic sources - either directly from the General Fund or the Road and Bridge Fund, or from short-term debt through Certificates of Obligation or long-term debt through voter approved bonds.

As is the case with on-going expenditures, the County is facing financial constraints on the availability of resources for capital expenditures. The Adopted Budget has addressed these limitations by including those capital projects and equipment for funding that meet the following criteria:

- Projects either in the middle or end of their multi-year phased implementation (such as Ethernet upgrades in ITS, the e-filing project, the energy efficiency program, or jail indoor air quality corrections);
- Projects where there is little choice but to fund them for health and safety purposes or to avoid future expenses that would be greater (such as roof restorations and replacements, or the refurbishment of elevators, door sliders and fire alarm equipment in the Travis County Jail);
- Equipment which needs replacement and is part of a replacement plan, (such as personal computers and vehicles);
- Equipment that continues the maintenance of County-wide information systems infrastructure (such as file servers);
- Projects which have already been partially funded by the Commissioners Court or have a contractual obligation to implement (such as the Onion Creek feasibility study);
- Projects which have revenue certified to cover their cost (such as the Forensic Center addition); or
- Projects that the Court has already provided direction to include for funding.

A. General Fund (CAR)

The General Fund has established a Capital Acquisition Resources (CAR) account for the purpose of funding capital equipment and facilities. In FY 98, the amount appropriated to CAR was \$10.0 million. The level of CAR was decreased in FY 99 to \$7.9 million, and then again decreased to \$7.7 million in FY 00. The level in the FY 01 Adopted Budget was increased to \$9.7 million, and the FY 02 Adopted Budget established the CAR account at \$12.1 million. However, the FY 03 Adopted Budget reduced CAR to only \$6.5 million in light of available resources that year. While the FY 04 Preliminary Budget again decreased CAR to \$5.5 million, due to a significant amount of one-time revenue identified during the budget process, the CAR account was established at \$10,830,126, which allowed Travis County to issue less short term debt in FY 04.



A summary of the equipment and facility projects funded from CAR is shown below. The detailed list of individual equipment items or facility projects for FY 04 is located in Appendix I.

Capital Items Funded by the Capital Acquisition Resources Account (CAR)

Type of Project/Department	Amount
Technology and Computers	
Departmental computers, printers & telecomm. equip. – new & replacement	\$699,121
Migration to Tiburon Version 7 and Oracle database	383,000
Criminal Courts E-Courtroom project expansion	359,138
Token ring to Ethernet network infrastructure upgrade	353,000
Replace AS/400 Tape back-up system	300,000
File server replacements and upgrades	277,000
IJS projects	217,631
Carry-forward of ITS prioritized projects from FY 03	210,882
PBX replacement of Meridien Max and Voicemail systems	185,000
E-filing, electronic document management system	159,600
Various other IT projects (E govt. contingency, Voice communications, GAATN Expansion, Wireless pilot test equip., E-filing, Migration of platform for HHS CABA system, Firewall for phone network)	353,363
Sub-total - Technology and Computers	3,497,735
Facilities Modifications	
Courthouse remodeling – Floors 1, 2, & 3	908,796
Builders Square Building FF&E and ITS costs	695,000
Jail indoor air quality (budgeted in Facilities Mgt.)	303,175
Exposition Center equipment and improvements	275,000
Forensic Center addition	261,050
Precinct 3 Office Building FF&E and ITS costs	159,830
Disaster Recovery – minimum cold site	90,493
Misc. projects (Replace Collier heating boiler, replace heat pumps, new space moves, CJC emergency generator, HVAC test equipment, Starflight security, Energy efficiency improvements, & EOB Roof restoration)	220,515
Sub-total Facilities Modifications	2,913,859
Sheriff's Projects	
TCJ Elevator refurbishment	360,000
TCJ Slider door refurbishment	340,800
Lake Patrol boats and trailers	160,000
Various Sheriff's Office projects & equipment	600,686
Sub-total Sheriff's Office	1,461,486
Other Projects	
Replacement of County-wide vehicles & equipment (plus \$561,000 for vehicles is funded from the existing CO Fund 456 Allocated Reserve)	1,052,550
County parks expansion (includes new heavy equipment)	329,000
Gas Chromatograph/Mass Spectrometer	90,000
Brodie Lane Sidewalks	245,000
Additional E-Slate electronic election units	325,650
Various projects among 11 depts. (see appendix for details)	432,178
CAR Reserve	282,668
Departmental Reserve for FACTS interface	200,000
Total	\$10,830,126

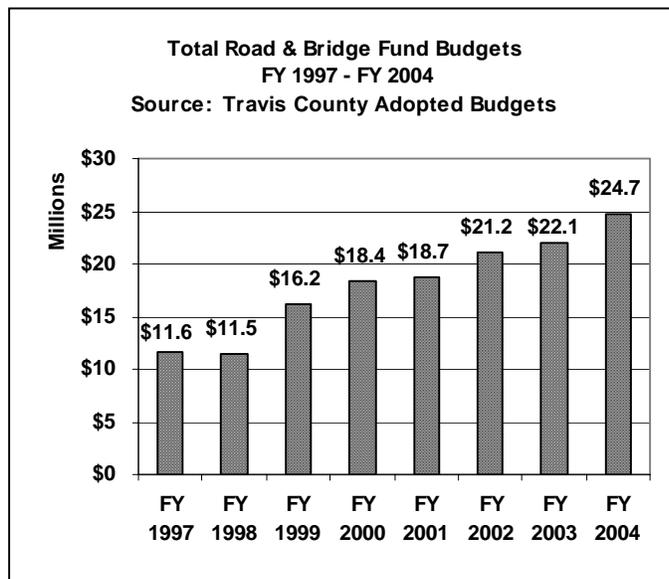
B. Road and Bridge Fund and LCRA Projects

In addition to the resources provided through the General Fund Capital Resources Acquisition (CAR) account, the Road and Bridge Fund has a total of \$6,511,008 for new Transportation and Natural Resources (TNR) capital needs, as summarized in the table below.

Road and Bridge Projects and Equipment Funded from Road and Bridge Fund

Replacement equipment, including vehicles and heavy equip.	\$3,326,900
Hot Mix Overlay	1,500,000
Type "F" Mix road projects	500,000
Traffic signals (new installations)	415,000
Traffic signals (upgrades – fiber optics)	354,210
Work order system	188,214
Sidewalks	100,000
Guardrails	80,000
Other projects (Doyle Eilers drainage, Springwillow claim, mobile radios, special copier)	46,684
Total	\$6,511,008

Furthermore, the Road and Bridge Fund has an Allocated Reserve of \$1,823,729. An Unallocated Reserve is established in the Road and Bridge Fund totaling \$916,306. The Commissioners Court also approved funding \$300,000 to support the Regional Mobility



Authority. The Road and Bridge Allocated Reserve will provide \$150,000 of this amount, and \$150,000 will come from the Transportation and Mobility Enhancement funds within the Regional Mobility and Transportation Fund.

Another \$80,000 in capital needs will be funded from the Lower Colorado River Authority (LCRA) Capital Improvement Program (CIP) Fund. These are for storage buildings and camp host sites. The funds for these projects are in the CIP Fund's Allocated Reserve pending review by

the LCRA. Appendix I contains a list of the road and bridge related equipment and capital recommended to be funded out of the Road and Bridge Fund along with the LCRA projects.

C. Justice Court Technology Fund

The Justice Court Technology Fund was established by statute in FY 02 to pay for technological enhancements for justice courts. Soon after its implementation, the use of the fund was stopped due to litigation. In late FY 03, the litigation was resolved, allowing for the budgeting of the fund in FY 04. A total of \$27,585 in personal computers, notebooks, printers, telecommunications equipment and software is centrally funded in the Information and Telecommunications Services Department for the five justice courts.

IV. DEBT POLICY

The Commissioners Court has established a debt limitation policy that is intended to maintain a prudent approach toward the issuance of debt. Among other things, this policy indicates that the Commissioners Court will not issue long-term debt (i.e., with a repayment period in excess of five years) without the approval of such a bond issue by the voters through an election except under the following circumstances:

1. The expenditure is legally required of the County, where penalties or fines could be imposed on the County if the expenditure is not made. Or,
2. When a financial analysis demonstrates that during a stipulated term Travis County would spend significantly less. Or,
3. The voters have previously approved the issuance of general obligation bonds but, for valid reasons, certificates of obligation must be substituted for such bonds in order to carry out the voters' authorization. Or,
4. When the expense is for necessary planning services or acquiring options for a future capital project that will be submitted to the voters.

A. Debt Financing

The final funding source for capital equipment and projects is using debt, either in the form of Bonds or Certificates of Obligation that are either 5 or 20 years in length.

1. November 2000 Bond Authorization

In November 2000, voters authorized the Commissioners Court to issue \$28 million in General Obligation bonds for the following projects:

Project	Original Authorization	Issued in '01	Issued in '02	Issued in '03	Remaining Authorization
State Highway 130	\$20,000,000	0	\$20,000,000	0	0
Loop 1 (MoPac) North	4,000,000	4,000,000	0	0	0
US 290 West *	2,000,000	0	0	0	2,000,000*
State Highway 45 North	2,000,000	0	2,000,000	0	0
Total Nov. 2000 Bonds	\$28,000,000	4,000,000	22,000,000	0	\$2,000,000

*Remaining authorization not scheduled to be issued in FY 04.

2. November 2001 Bond Authorization

A citizens committee was established during FY 01 by the Commissioners Court to provide advice and counsel on a roads and parks bond election in November 2001. A total of \$184,955,000 in projects was submitted to the voters in four separate propositions and every ballot proposition passed. The table below shows the amount of the original authorization and how much was issued through FY 03.

Project	Original Authorization	Issued Through FY 03	Amount For FY 04	Remaining Authorization
Local roads, drainage, bridges and pedestrian access	\$57,430,000	\$22,790,000	\$7,830,000	\$26,810,000
County park projects	28,600,000	17,335,000	4,090,000	7,175,000
State Hwy 45N and FM 1826 Right of Way	32,725,000	32,000,000	0	725,000
State Highway 130	66,200,000	66,200,000	0	0
Total for November 2001 Bonds	\$184,955,000	\$138,325,000	\$11,920,000	\$34,710,000

For FY 04, a total of \$11,920,000 in twenty-year debt of the \$46,630,000 remaining authorization is budgeted to be issued in order to continue the implementation of these projects. This will leave \$34,710,000 to be issued in future years.

3. FY 04 Certificates of Obligation

During the FY 04 budget process, the Commissioners Court identified a variety of one-time revenue sources. These funds are not expected to be available in FY 05; however, they will allow for a much smaller issuance of Certificates of Obligation than otherwise would have been the case. The total CO to be issued in FY 04 will be \$1.9 million in five-year debt and is summarized in the table below.

Projects Funded from FY 04 Certificates of Obligation

Radio equipment for 911/RDMT project	\$1,300,000
Holt Building remodel	179,036
Granger Building roof replacement	169,000
West Rural Community Center FF&E and ITS costs	115,550
Correctional Complex intercom systems (Building 2)	100,000
Sub-total	\$1,863,586
Issuance Cost	36,414
Total CO	\$1,900,000

4. Use of Existing Certificates of Obligation Funds

During every budget process, each of the various Certificate of Obligation Funds are reviewed to identify resources that might be available to fund other projects that are consistent with the original terms and conditions of the CO. Such resources are usually derived from interest revenue and savings within the fund's original projects. This review

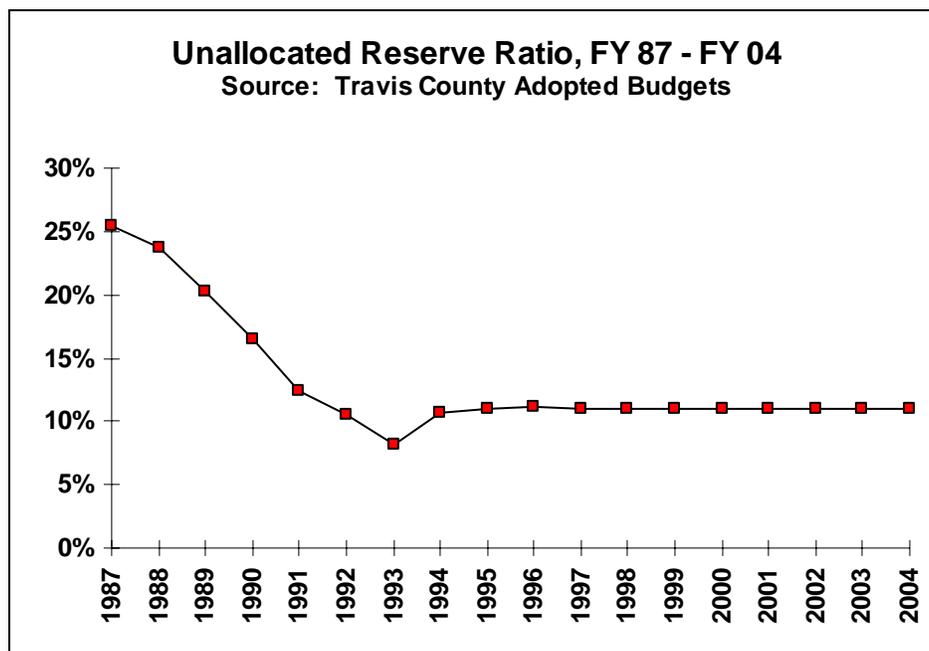
has led to \$913,206 in projects approved for funding from existing CO's. These projects and sources are as follows: Fund 456 CO (issued in FY 01) will be used to fund county-wide vehicles (\$561,000) and additional sidewalk projects (\$252,206); and Fund 463 CO issued in FY 03 will be used to fund the intercom system in the Correctional Complex Building 3 (\$100,000).

V. RESERVES

There are three types of regularly budgeted reserves: (1) Unallocated Reserve, (2) Allocated Reserve, and (3) the Capital Acquisition Resources (CAR) account Reserve. In addition, the Commissioners Court has established a number of one-time special reserves in anticipation of a continued set of fiscal challenges in FY 05. The purpose of these special reserves is to provide a financial cushion for an expected continuation of a decreasing tax base over the next few years. One-time revenue identified during the FY 04 budget process allowed these special reserves to be established.

A. Unallocated Reserve

The Unallocated Reserve is not dedicated for any specific expenditure and is not intended to be spent except in the case of a disaster or dire emergency. It sometimes is called "The Untouchable Reserve" and makes up much of the budgeted ending fund balance. The level of this reserve demonstrates the County's fiscal soundness, which in turn influences the County's bond rating. The County drew down its Unallocated Reserve during the late 1980's as a cushion to accommodate necessary programmatic requirements and economic conditions and to more closely match taxation with the timing of expenditures. Unallocated Reserve ratios declined significantly during that period.



The County's bond and financial advisors have recommended that the County maintain an Unallocated Reserve level of between 8% and 12% for sound financial management. (The Commissioners Court's Financial and Budgeting Guidelines state a goal for this reserve to be between 10% and 12%). In FY 93, the reserve ratio was 8.12%. During the last nine years, the Commissioners Court maintained the Unallocated Reserve ratio at 11.0%. The total FY 04 General Fund Unallocated Reserve in the Adopted Budget is \$33,912,751. As has been done since FY 00, the General Fund Unallocated Reserve in the Adopted Budget for FY 04 carries the majority of reserve requirements for the Road and Bridge Fund. In FY 04 the Road and Bridge Fund budgeted a \$916,306 Unallocated Reserve, which partially offset the reserve requirement in the General Fund.

The County's Unallocated Reserves calculations are based on budgeted expenditures in three funds: the General Fund, the Debt Service Fund, and the Road and Bridge Fund. These are the County's three largest operating funds. While the Adopted Budget continues the practice of budgeting Unallocated Reserves at 11%, it represents the composite percentage for the total of all three funds. However, the individual ratios for the three funds when viewed independently have not all been at 11%. In particular, the Debt Service Reserve has been historically much higher than 11% (16.5% at the beginning of the FY 04 budget process), while the General Fund has been lower than 11% (at 9.8%). The Debt Service reserve has been higher in no small part due to interest income earned on balances in bond funds.

Reserves in the Debt Service Fund can only be used for debt-related expenditures, while the Reserves in the General Fund are not as restricted and may be used for any lawful purpose. Thus, in the event of an emergency, the Commissioners Court has more flexibility with its reserves in the General Fund than in the Debt Service Fund. It is therefore advantageous to equalize the reserve levels between these two funds. The Court's Financial and Budgeting Guidelines, first approved in July 1996 and reaffirmed in April 1999 and again in January 2001, indicate that "it is the intent of the Commissioners Court that each of these two funds will eventually have reserves that are more equalized between the two funds."

This Adopted Budget provides for \$4 million of the Debt Service Reserve to be utilized to make debt service payments, which results in a decrease of about two-thirds of a cent in the Interest and Sinking (I & S) tax rate (this is also known as the Debt Service Rate). The Effective Tax Rate calculation adds the same amount to the Maintenance & Operating (M & O) tax rate. The I & S component of the Effective Tax Rate goes down and the M & O component of the Effective Tax Rate goes up by the same amount. Therefore, the total combined tax rate does not change and there is no impact at all to the taxpayer from this shift. But the impact on the County's flexibility in the event of an emergency along with the strengthening of the General Fund reserves makes this a prudent action to take and was approved by the Commissioners Court in July 2003.

The reserve ratios (per Standard and Poor's formula) showing the relationship between the Unallocated Reserve for the General Fund, Road and Bridge Fund, and the Debt Service Funds and the adjusted expenses for these funds are contained in Appendix I.

B. Allocated Reserve

The Allocated Reserve is dedicated to known or potential expenditures, and some or all of the reserve is likely to be spent during the year. The FY 04 Adopted Budget includes an Allocated Reserve of \$1,941,373. The total of this reserve represents about .6% of the General Fund, and is approximately \$1.4 million less than the level adopted in FY 03. The FY 03 Allocated Reserve was funded at a higher level due to the jail-overcrowding problem. However, as the County has taken affirmative steps to reduce the inmate count, this reserve is proposed to be at essentially the same level as in FY 02.

There are potential claims against this Allocated Reserve. These potential claims are called "Earmarks" and are signals to the Commissioners Court that a department may have a justified need for a mid-year transfer of resources to their budget for a specific purpose. The Earmarks are not appropriations and departments should not consider them as departmental resources. These Earmarks total \$995,028. A listing and summary of these proposed Earmarks against the Allocated Reserve are listed in Appendix I.

C. Capital Acquisition Resources (CAR) account Reserve

The Capital Acquisition Resources account Reserve (CAR Reserve) is similar to the Allocated Reserve, but is instead used for one-time expenditures for capital items. It is for additional capital purchases or projects that are developed during the year or to pay for cost increases in already approved capital projects. The Adopted Budget includes a CAR reserve for general purposes of \$282,668, which is \$262,993 lower than the reserve size in FY 03. In addition, the CAR account contains a \$200,000 special reserve for the development of an interface with the new FACTS system. The total The Earmarks against this reserve total \$192,787, as outlined in Appendix I.

D. Emergency Reserve

In both FY 02, and in FY 03, the Commissioners Court established an "Emergency Reserve" in recognition that both the national and local economies had slowed down and showed signs of a potential downturn. This was a fortunate action, since this reserve provided an opportunity for the Court to meet a variety of unanticipated FY 02 mid-year needs. This Emergency Reserve is included again in the FY 04 Adopted Budget. The amount of this reserve is \$1,786,554, equal to \$500,000 lower than the level established in FY 03. The Emergency Reserve is intended to allow for new legislative impacts, provide a source of funds in the event the inmate population exceeds expectations, and allow for potential FY 05 revenue shortfalls. This reserve is not intended to be spent in FY 04 except under the most unusual of circumstances. However, if unspent, it will provide a "shock absorber" to meet what are likely to be equally challenging financial circumstances in FY 05.

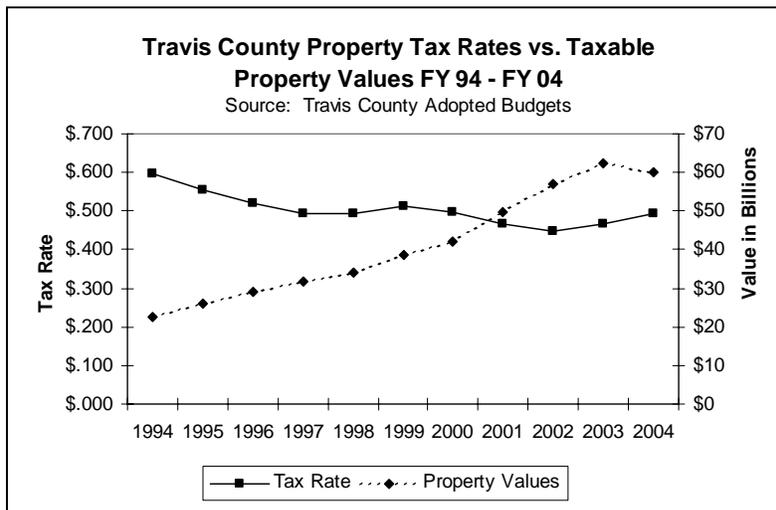
E. Other Special Reserves

The identification and certification of one-time revenue during the FY 04 budget process allowed the Commissioners Court to exercise caution as it anticipates a continued set of fiscal challenges throughout FY 04 and into FY 05. This caution resulted in the establishment of special reserves. These reserves are in addition to the Emergency Reserve summarized above and should provide a financial cushion for an expected continuation of a decreasing tax base over the next few years. The special reserves are listed in the following table.

Reserve	Purpose	Amount
FY 05 capital reserve	In anticipation of FY 05 capital requirements	\$791,138
HHS Reserve	Health and Human Service requirements	500,000
Utilities Reserve	For potential utilities cost increases	500,000
Judiciary Reserve	For increased judiciary costs in FY 05	472,506
Annualization Reserve	For the annualized cost of new facilities in FY 05	107,025
Solid Waste Management Reserve	For one-time Solid Waste Management expenditures	100,000

VI. PROPERTY TAX RATE

The total taxable value for all Travis County property has decreased from \$62.38 billion in the FY 03 Adopted Budget to \$60.195 billion for FY 04. This is the first total taxable property value drop seen in Travis County since 1992, when total values were \$21.21 billion. The new value is certified at \$2.147 billion, compared to new value of \$3.1 billion in FY 03.



The table on the following page depicts the impact of the adopted tax rate of \$.4918 per \$100 of taxable value on the average residential homeowner declaring his or her house as a homestead.

Impact on Average Homestead
(All homestead values per Travis Central Appraisal District certification)

	FY 03	FY 04	Difference	
Average Appraised Value of all homesteads	\$189,796	\$191,240	\$1,444	(0.8%)
Taxable Value after 20% exemption	\$151,837	\$152,992	\$1,155	(0.8%)
Tax Rate	\$.4660	\$.4918	\$.0258	5.5%
Tax reported in advertisement based on averages	\$707.56	\$752.41	\$44.85	6.3%

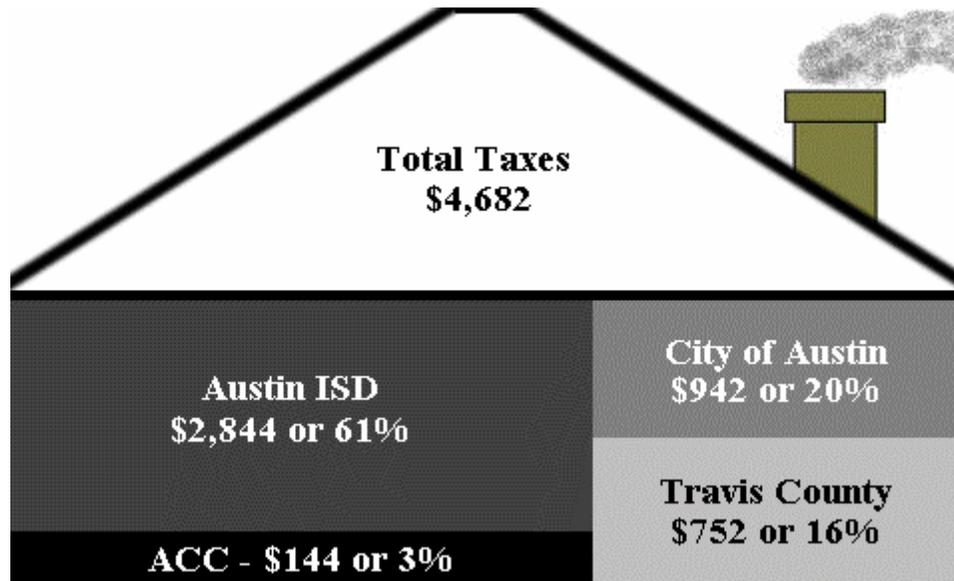
The figures in the table above represent the averages for all homesteads (which reflect an increase from \$189,796 to \$191,240). This means that the tax impact on this individual homestead at the tax rate of \$.4918 is an annual tax of \$752.41, versus \$707.56 the year before. This is an increase of \$44.85 (a 6.3% increase).

The FY 04 Adopted Budget is balanced at a \$.4918 tax rate. This represents an increase of \$.0258 in the Tax Rate from the current \$.4660 per hundred of taxable value, equaling a 5.5% increase.

ADOPTED BUDGET TAX RATES FOR TRAVIS COUNTY
(Cents per \$100 of Appraised Value)

	Adopted FY 03 Rate	Adopted FY 04 Rate	Difference	% Change
Operating Rate	\$.3627	\$.3926	\$.0299	8.2%
Debt Service Rate	.1033	.0992	(.0041)	(4.0%)
Total Tax Rate	\$.4660	\$.4918	\$.0258	5.5%

FY 04 Property Tax for Average Travis County Homestead Valued at \$191,240



Travis County taxes in FY 04 for the average homestead valued within Travis County at \$191,240 totaled \$752. This is based on the adopted tax rate of \$.4918 per \$100 of appraised value and the 20% homestead exemption provided by the County. The City of Austin tax rate is \$.4928, but since the City does not provide a homestead exemption, the City taxes on this average homestead would be \$942. The Austin Independent School District tax rate is \$1.6137 and with their homestead exemption of \$15,000, their taxes on this homestead would be \$2,844. ACC has a \$.0771 tax rate and their homestead exemption is \$5,000, resulting in an average tax of \$144. Travis County's portion of this tax bill (without reference to other taxing jurisdictions such as an Emergency Services District or a Water District) is 16% of the total.