TRAVIS COUNTY
FY 2017 PRELIMINARY BUDGET

August 18, 2016

INTRODUCTION

- The FY 2017 Preliminary Budget is the Planning and Budget Office's recommendation for a balanced and responsible plan for the upcoming fiscal year that is in line with guidelines established by the Commissioners Court in February, keeping in mind the issues of efficiency, effectiveness, affordability and fairness.

- Black Book write-ups include complete analyses of departmental budget submissions as well as PBO's recommendations on all submitted budget requests.

- The Preliminary Budget will be used as a baseline budget for the Commissioners Court to receive public input and carefully build the final budget that is scheduled to be adopted on September 27.

- Preliminary Budget is balanced at a tax rate of 38.38 cents per $100 taxable value, resulting in the average taxable homesteaded property's County portion of the taxes for FY 2017 remaining essentially the same as the FY 2016 amount of $1,094. A tax rate of 38.38 cents would result in no County tax increase for the average taxable homestead for third consecutive year.

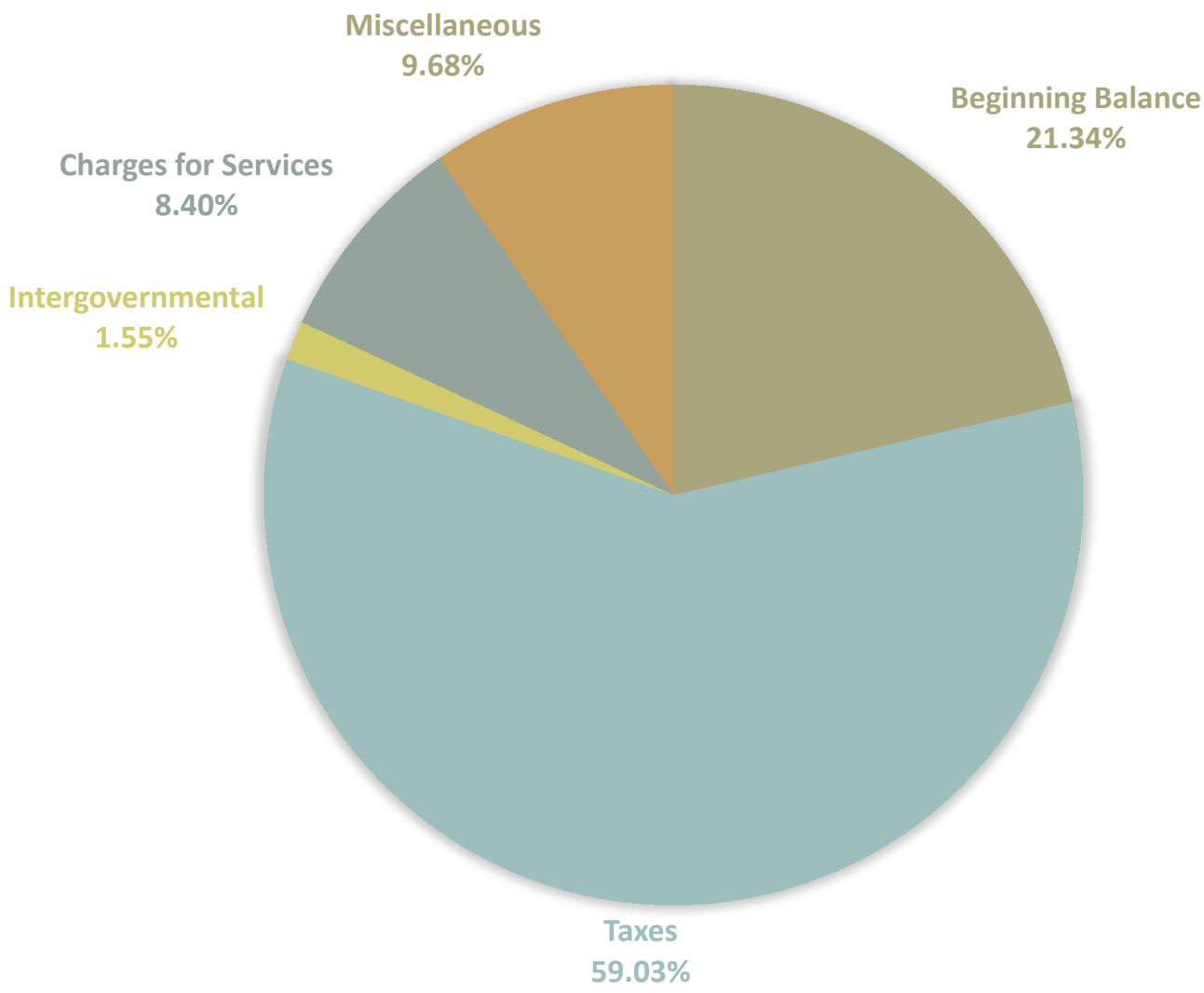
TODAY'S PRESENTATION

- County Auditor's Third Revenue Estimate
- Budget Development Process
- Preliminary Budget Highlights
  - General Fund Overview – Program Funding Priorities
  - Investments in the County Workforce
  - Capital Improvements and Outlays
  - Reserves
- Taxpayer Impact Statement
- Budget Calendar – August and September

ALL FUNDS
ESTIMATE OF AVAILABLE RESOURCES
(IN MILLIONS OF DOLLARS)

	2016 Adopted Budget	2017 Preliminary Budget	Change
Beginning Balance	$216.2	$208.4	-$7.8
Taxes	551.3	576.3	25.0
Intergovernmental	14.3	15.1	0.8
Charges for Services	81.4	82.0	0.6
Miscellaneous	87.6	93.9	6.3
Other Financing Sources	0.5	0.6	0.1
Total	$951.3	$976.3	$25.0

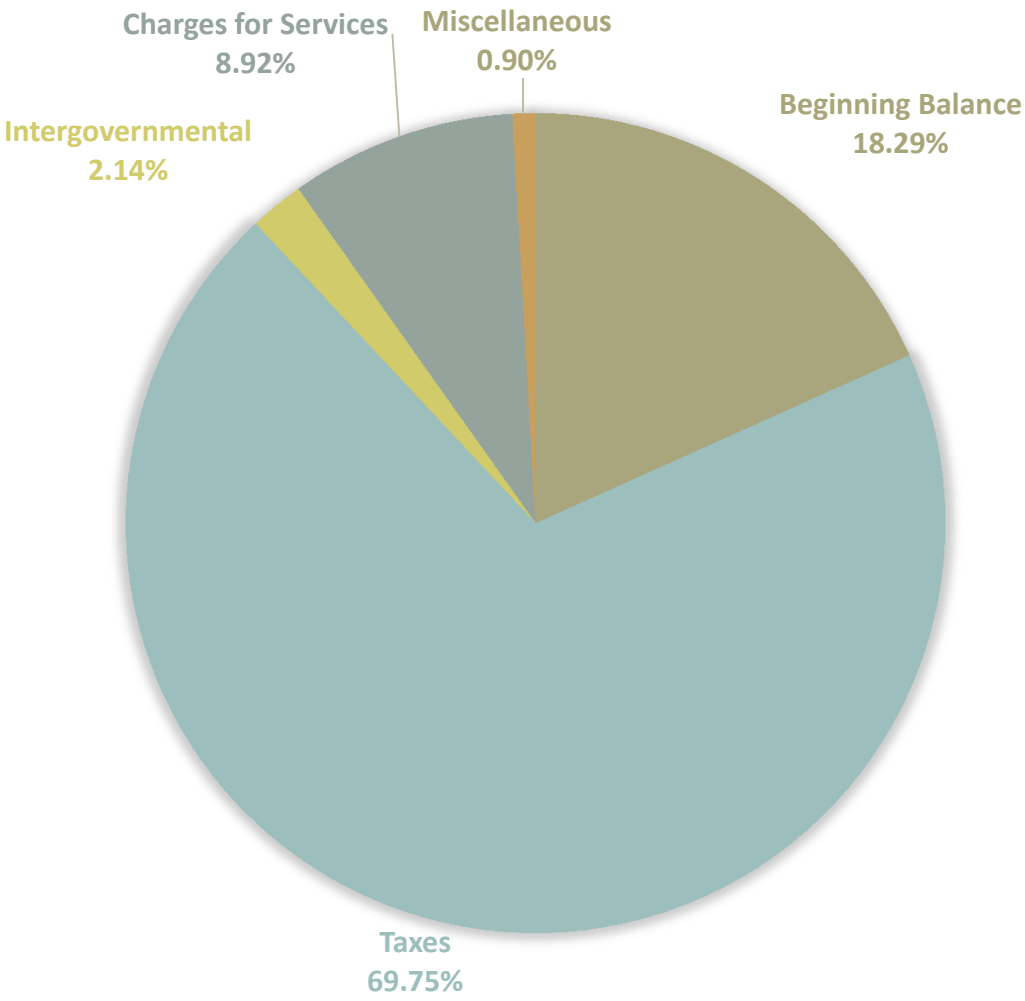
All Funds
FY 2017 Estimate of Available Resources
$976.3 Million



GENERAL FUND
ESTIMATE OF AVAILABLE RESOURCES
(IN MILLIONS OF DOLLARS)

	2016 Adopted Budget	2017 Preliminary Budget	Change
Beginning Balance	$135.8	$126.6	-$9.2
Taxes	459.6	482.8	23.2
Intergovernmental	14.0	14.8	0.8
Charges for Services	61.9	61.7	-0.2
Miscellaneous	3.6	5.7	2.1
Other Financing Sources	0.5	0.6	0.1
Total	$675.4	$692.2	$16.8

General Fund
FY 2017 Estimate of Available Resources
$692.2 Million



BUDGET DEVELOPMENT PROCESS

- FY 2017 budget process continued an effort to focus on improving base performance measures with guidelines approved, keeping in mind the issues of efficiency, effectiveness, affordability and fairness.

- FY 2017 priorities included formulating a Preliminary Budget that provides tax revenue sufficient to pay for identified cost drivers as well as budget priorities such as compensation for employees.

- Affordability concerns continue and Commissioners Court has responded by keeping the tax rate as low as possible, increasing the exemption for homeowners 65 or older/disabled for second year in a row and has saved taxpayers money with recent refunding of debt saving taxpayers $12.7 million through Fiscal Year 2030.

PRELIMINARY BUDGET PROGRAM FUNDING HIGHLIGHTS

- Maintaining current service levels - $9.2 M
- Inmate Costs - $2.9 M
  - Correction Officers
  - Pretrial Officers
- Maintenance of Emergency Aircraft - $1.5 M
- Legally Mandated Fees - $1.2 M
- Elections - $1.0 M
- Other Highlights - $2.6 M
  - Critical Information Technology Support
  - Michael Morton Act Paralegals
  - Waller Creek TIF
  - Truant Conduct Prosecutor
  - Parks Operations

PRELIMINARY BUDGET PROGRAM FUNDING HIGHLIGHTS (CONTINUED)

- Mid-year Changes – $1.2 M
  - Security Enhancement
  - Behavioral Health
  - Conviction Integrity Unit DNA positions
  - Medical Examiner Toxicologist
  - Sheriff support of County Court at Law #9

- Transfers between Departments and Funds - $2.3 M

PRELIMINARY BUDGET PROGRAM FUNDING HIGHLIGHTS (CONTINUED)

- Pilot Programs – $1.4 M
  - Successful pilots transitioning to ongoing funding
  - New pilot programs – Pharmacy program in Sheriff's Office
  - Other pilots – Examples include the Parenting in Recovery Program, a collections program, and a mental health diversion initiative.
- Other Funding Priorities - $3.7 M
  - Revenue related increases
  - IJS replacement – OnBase Document Management System licenses and TechShare Prosecutor module maintenance costs
  - District Attorney interagency agreements and environmental attorney
  - Construction related costs
  - Transportation and Natural Resources flood related items

INVESTMENTS IN COUNTY WORKFORCE

- Health Benefits
  - Listed as primary cost driver in February.
  - Estimated at $4.3 M to $5.6 M; Preliminary Budget includes $4.8 M.
  - Benefits Committee recommended & Commissioners Court approved plan design changes resulting in County active employee increase of 4.69% (down from original estimate of 7.08% increase).
- Retirement
  - Preliminary Budget includes a $1.8 M or 4.75% increase to maintain the required contribution for retirement benefits for current and former employees of the County.

INVESTMENTS IN COUNTY WORKFORCE

- Compensation
  - Preliminary Budget includes a Compensation Reserve totaling $8.7 Million.
  - This Compensation Reserve includes funding for a recommended 2.5% pay increase for classified workers that meet specific criteria and a one-step increase for employees on the Peace Officer Pay Scale.
  - Compensation Reserve also includes funding to implement the costs associated with FLSA overtime rule changes and market adjustments related to a benchmark study conducted by HRMD.

PRELIMINARY BUDGET
CAPITAL IMPROVEMENTS

Pay-as-you-go financing used to fund capital items and projects.

- Capital Acquisition Resources (CAR) - $19.9 M plus reserve
  - Additional Funding for the New Voting System
  - Funding IT, Security & FFE for South Community Center, Ronald Earle Building & new Medical Examiner facility
  - Funding for the construction of the new Sobriety Center
  - Replacement computers and IT equipment
  - Maintenance projects at Travis County Correctional Complex
  - Road maintenance materials
  - Final Payment to LCRA for Westside Service Center

- Other Funds – $1.0 M

PRELIMINARY BUDGET
CAPITAL IMPROVEMENTS

Debt financing used for larger projects that benefit County residents in the longer term.

- Certificates of Obligation - $27.5 M
  - Final funding for the construction of the new South Community Center
  - Bridge reconstruction
  - New and replacement vehicles and heavy equipment
  - HMAC, Recycling-in-Place, and Alternative Paving
  - Computed Tomography (CT) Scanner in the Medical Examiner's Office
  - Final funding for Ronald Earle Building (20-Year)
  - Final funding for Medical Examiner's Office Building (20-Year)
- 2011 Voter Authorized Bonds - $4.2 M

PRELIMINARY BUDGET
GENERAL PURPOSE RESERVES

- 11% Unallocated Reserve: $70.4 M

- Allocated Reserve: $12.2 M
  - Constructed with 1% goal in mind, plus earmarks
  - Proposed earmarks total $4.6 M

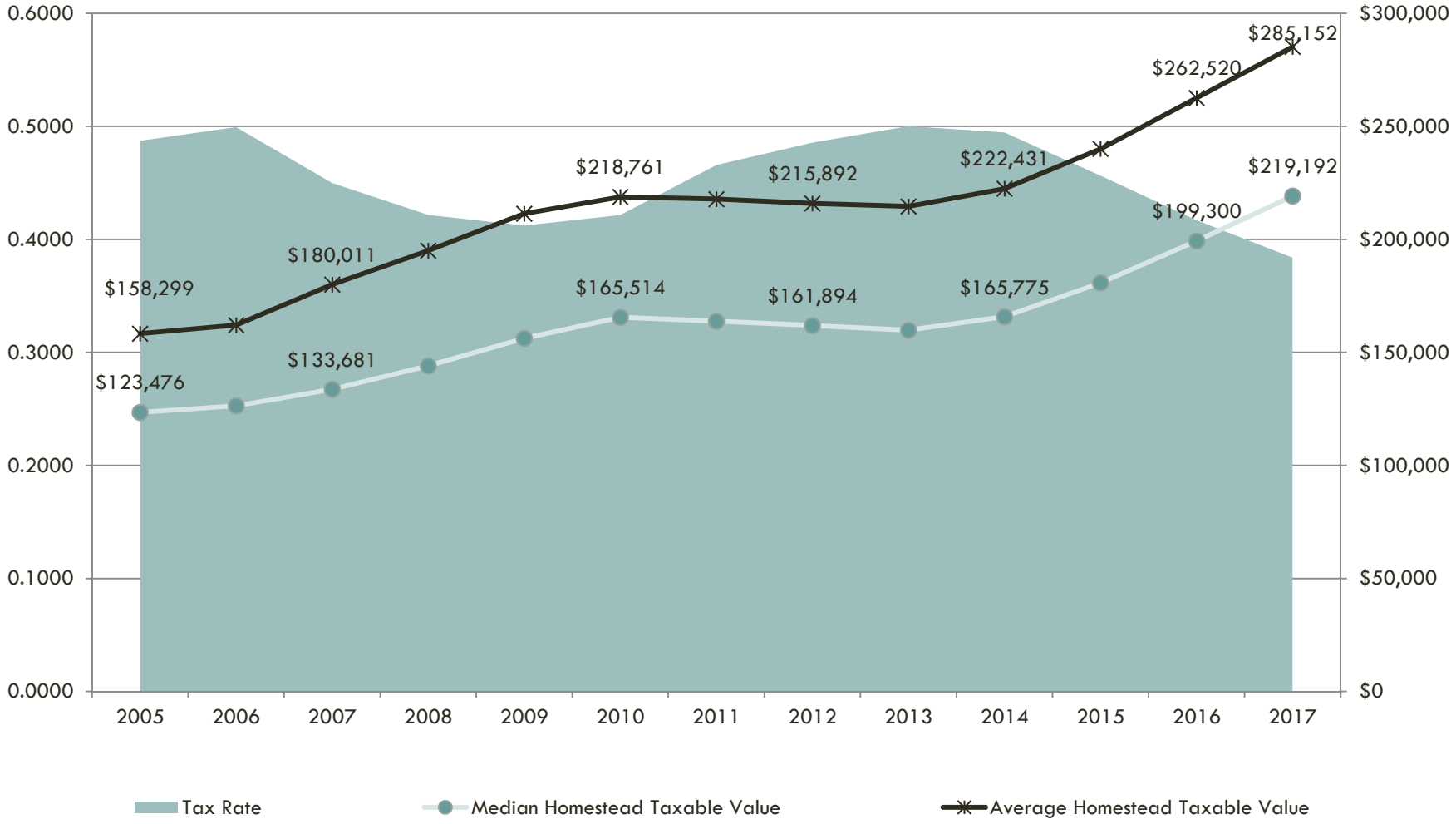
- Reserve for Emergencies and Contingencies: $5 M

- Capital Acquisition Resources (CAR) Reserve $4.6 M
  - Proposed earmarks total $3.1 M

Preliminary Budget
Special Purpose Reserves
(in millions of dollars)

Item	Amount
Compensation Reserve	$8.7
Replacement of Integrated Justice System	4.2
Interlocal Agreements	4.1
Security	1.9
State Cuts	1.0
Sheriff's Office Overtime	0.7
SMART Building Maintenance	0.5
Annualization Reserve	0.2

Tax Rate to Average & Median Homestead Taxable Values



Tax Rate Impact on Average and Median Valued Homesteads

	FY 2016 Adopted Tax Rate	FY 2017 Preliminary Tax Rate	$ Diff	% Diff
Average Taxable Value	$262,520	$285,152	$22,632	8.62%
Median Taxable Value	$199,300	$219,192	$19,892	9.98%
Tax Rate/$100 Taxable Value	41.69¢	38.38¢	(3.31¢)	(7.94%)
Taxes on Average	$1,094.45	$1,094.41	($0.04)	0.00%
Taxes on Median	$830.88	$841.26	$10.38	1.25%

Tax Rate Summary

	FY 2016 Adopted Tax Rate	FY 2017 Preliminary Tax Rate	$ Diff	% Diff
Maintenance & Operations (M&O)	34.86¢	32.22¢	(2.64¢)	(7.57%)
Debt Service	6.83¢	6.16¢	(0.67¢)	(9.81%)
Total	41.69¢	38.38¢	(3.31¢)	(7.94%)

- The FY 2017 Preliminary Budget tax rate of 38.38¢ per $100 of valuation is 2.43% above the effective tax rate.
- The FY 2017 Preliminary M&O rate of 32.22¢ per $100 of valuation is 2.87% above the effective maintenance and operations rate.
- The FY 2017 Preliminary tax rate is 1.6¢ below the rollback rate.

HOMESTEAD EXEMPTIONS

Exemptions lower the taxable value of a property and its associated tax liability.

The Travis County Commissioners Court has had a long standing practice of offering the maximum allowed Homestead Exemption of 20%.

The Commissioners Court increased the optional 65 and Older/Disabled Exemption from $75,000 to $80,000 for FY 2017. Second consecutive year of a $5,000 increase to this exemption.

The general deadline for filing an exemption application is April 30 annually. Applications can be found at http://www.traviscad.org/forms.html

Travis Central Appraisal District phone number is (512) 834-9317.

HOMESTEAD EXEMPTIONS BY JURISDICTION

Jurisdiction	Homestead*	Optional Homestead 65 and Older	Optional Homestead Disabled Person
Travis County	20%	$80,000	$80,000
City of Austin	8%	$80,000	$80,000
Austin ISD**	$25,000	$35,000	$25,000
Austin Community College	1%	$145,000	$145,000
Central Health	20%	$80,000	$80,000

* Minimum exemption is $5,000

** State law also automatically sets a tax ceiling that limits school property taxes to the amount the owner paid in the year they first qualified for the 65 and Older or Disabled Exemption

TAXPAYER IMPACT STATEMENT

TRAVIS COUNTY TAXPAYER IMPACT STATEMENT

Travis County offers a 20% homestead exemption, the maximum allowed by law. The Commissioners Court also increased the optional 65 and Older and Disabled Exemptions by $5,000, from $75,000 to $80,000. The average Travis County taxable homestead value increased 8.62% from $262,520 last year to $285,152 this year. The FY 2017 Preliminary Budget Tax Rate of 38.38 ¢ per $100 of taxable value results in essentially the same County property taxes (4 cent reduction) for the average taxable homestead for FY 2017 as compared to the FY 2016 property tax bill. The estimated FY 2017 County property taxes for other valued homesteads shown below as examples are based on assessed values appreciating 10% from the previous year because that is the maximum allowed in Texas for properties with a homestead exemption. The actual impact for FY 2017 for each property will vary depending on the taxable value, types of exemptions and appreciation and the adopted tax rate.

Fiscal Year 2016 Tax Information			Fiscal Year 2017 Preliminary Budget Estimated Property Tax Impact			
Assessed Value	Taxable Value	Property Taxes	Preliminary Budget Tax Rate	Change from Prior Yr	Effective Tax Rate	Rollback Tax Rate
Values as of	Reduced by	Taxable Value x Adopted	Taxes @Preliminary Budget	FY 2017 Preliminary Budget	Taxes @Effective	Taxes @ Rollback
January 1, 2015	20% Homestead Exemption	Rate of 0.4169 per $100	Rate of 0.3838 per $100	Taxes less FY 2016	Rate of 0.3747 per $100	Rate of 0.3998 per $100
$328,150 Avg HS	$262,520 Avg HS	$1,094.45 Avg HS	$1,094.41 Avg HS	-$0.04 Avg HS	$1,068.46 Avg HS	$1,140.03 Avg HS
$150,000	$120,000	$500.28	$506.62	$6.34	$494.60	$527.74
$250,000	$200,000	$833.80	$844.36	$10.56	$824.34	$879.56
$350,000	$280,000	$1,167.32	$1,182.10	$14.78	$1,154.08	$1,231.38
$450,000	$360,000	$1,500.84	$1,519.85	$19.01	$1,483.81	$1,583.21
$550,000	$440,000	$1,834.36	$1,857.59	$23.23	$1,813.55	$1,935.03
$650,000	$520,000	$2,167.88	$2,195.34	$27.46	$2,143.28	$2,286.86
$750,000	$600,000	$2,501.40	$2,533.08	$31.68	$2,473.02	$2,638.68
$850,000	$680,000	$2,834.92	$2,870.82	$35.90	$2,802.76	$2,990.50
$950,000	$760,000	$3,168.44	$3,208.57	$40.13	$3,132.49	$3,342.33

Definitions:

Preliminary Budget Tax Rate - FY 2017 Preliminary Budget Tax Rate 2.43% above the Effective Tax Rate (ETR) and 2.87% above Effective Maintenance & Operations rate plus debt service requirements. The FY 2017 Adopted Tax Rate is scheduled to be approved on September 27, 2016.

Effective Tax Rate (ETR) - A calculated rate that would provide the taxing unit with approximately the same amount of revenue it received in the previous year on properties taxed in both years. This tax rate calculation does not include the impact of additional tax revenue resulting from new construction.

Rollback Tax Rate - Tax rate level that allows the taxing jurisdiction to collect 8% more taxes, not including debt repayment, than the previous year. This is the maximum tax increase allowed by law without triggering an election to "rollback" the tax rate. This tax rate calculation does not include the impact of additional tax revenue resulting from new construction.

BUDGET CALENDAR HIGHLIGHTS

Budget Hearings	August 18 (Thursday)
Budget Agenda Worksheet Distributed	August 23 (Tuesday)
Budget Agenda Worksheet Due	August 31 (Wednesday)
Budget Mark-up	September 7-9 (Wed-Fri)
1st Public Hearing on Tax Rate	September 20 (Tuesday)
2nd Public Hearing on Tax Rate	September 23 (Friday)
Proposed Budget Filed	September 23 (Friday)
FY 2017 Budget and Tax Rate Adopted	September 27 (Tuesday)

Travis County

Fiscal Year 2017

Preliminary Budget

Travis County Planning and Budget Office

www.traviscountytx.gov/planning-budget

Copies available at:
Planning and Budget Office, 700 Lavaca Street, Suite 1560
Phone (512) 854-9106

Online at https://www.traviscountytx.gov/planning-budget/budget-development