

LEE COUNTY GOVERNMENT'S BUDGET AND RESERVES  
Guest Opinion by Commissioner Ray Judah

Lee County government's challenge during these last couple years of economic downturn has been to maintain services to residents without burdening residents with additional taxes and fees.

That is being accomplished through a combination of cutbacks, employee attrition, and using reserves to contain tax rates and soften the landing.

The county's combined reserves accurately described as "fund balance," is a combination of working capital (to pay expenses before the property tax revenues are received), restricted monies (that can only be used for utilities, roads, grants, etc.), encumbered funds (primarily for capital projects), and undesignated reserves.

The most discretionary of these fund balances is the general fund reserve, which can be spent on any public program (as opposed to, say, utilities reserves from fees or solid waste reserves from garbage rates). The county has about \$170 million of undesignated general fund reserves, and an additional \$100 million with designations (such as the \$25 million for economic development incentives).

Even though the county has cut \$150 million from its budgets the last two years, and already has cut an additional \$37 million in next year's operating budget, we expect to use about \$65 million of general fund reserves in the next year to keep the tax rate stable and continue to provide essential services without wholesale layoffs and elimination of programs and services.

The county tries to maintain a stable tax rate and, in fact, has not increased *any* of its tax rates since 2000. Since that time, the combined general fund/capital tax rate has been reduced from 4.99 to 3.65 mils. The library tax rate has dropped from 0.96 to 0.28 mils. The unincorporated MSTU tax rate has been reduced from 1.21 to 0.84 mils.

The county did not increase any of its tax rates this year. It reduced its garbage rates. It held its utility rates steady. It delayed any fee increases for one more year for summer camps. It has not adjusted any of its impact fees.

All of these decisions were made so as not to further burden taxpayers during the recession. With that said, other cost cutting decisions include:

- Deleting or holding vacant nearly 400 positions (100 through layoffs) in the last two years.
- Cutting ***\$150 million*** from operating and capital budgets over the last two years.
- Reducing tax rates by 30 percent in the last five years and holding all rates steady for next year (meaning a tax decrease from the county for a majority of homeowners).
- Freezing county wages for two years.
- Reducing leases and consolidating operations in owned space.
- Suspending bonuses and travel.
- Recommending suspending sick-leave buyback program.

Fund balance is accumulated in a variety of ways. One important way, however, is significant savings through cutting back in any one year, and that adds to reserves at the end of the year. This has been a trend over the last three years.

The county's reserves are coming down. They will be much lower next year, and the year after. We will continue to cut expenses throughout the year so the use of reserves is less each of those years. But

it is the availability of those reserves now that is allowing us to make reductions in a measured way and protect the service levels that citizens demand and rightly expect.