



This PowerPoint Presentation intends to show Lake County residents how local tax dollars are spent.

The first two slides show that the great majority of local dollars, including property tax, sales tax and gas tax, are dedicated to the most essential public services in our community, our “essential core services.”

Other County services are self-funded, some by fees, and others through special funding from the state & federal government that is restricted for only those purposes. (Such as Water Resources, Health Services, Social Services, Air Quality and the Building and Safety).

These slides primarily focus upon the essential core service departments which rely on property tax, sales tax and gas tax.

CORE SERVICE DEPARTMENTS

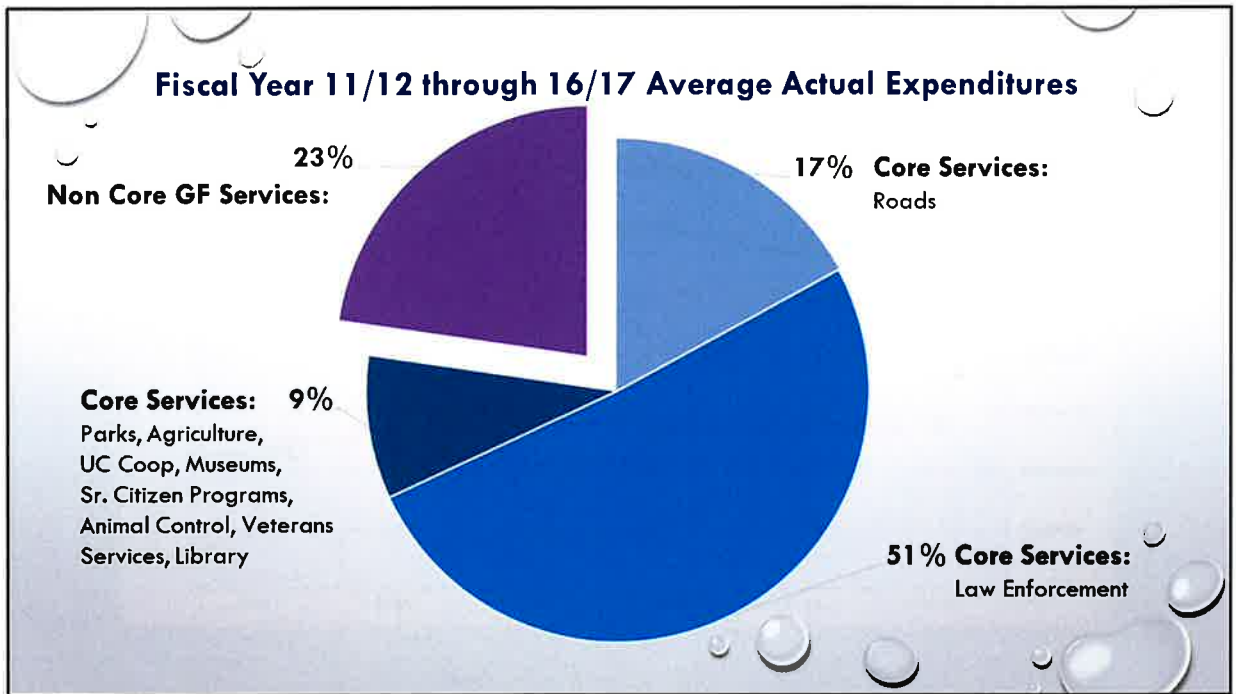
PRIMARILY FUNDED WITH PROPERTY TAX, GAS TAX, AND SALES TAX

- LAW ENFORCEMENT
 - DISTRICT ATTORNEY
 - DA / VICTIM WITNESS
 - PUBLIC DEFENDER
 - SHERIFF-CORONER
 - SHERIFF-CENTRAL DISPATCH
 - SHERIFF-MARINE PATROL
 - SHERIFF-JAIL FACILITIES
 - PROBATION
 - JUVENILE HOME
 - JAIL-MEDICAL SERVICES
- AGRICULTURAL COMMISSIONER
- UC COOPERATIVE EXTENSION
- SENIOR CITIZENS PROGRAMS
- VETERANS SERVICES
- ANIMAL CONTROL
- PARKS AND RECREATION
- MUSEUM
- LIBRARY
- ROAD

Listed on this slide are our core service departments, Law Enforcement on the left, other departments on the right. These are reliant on property tax, sales tax and gas tax.

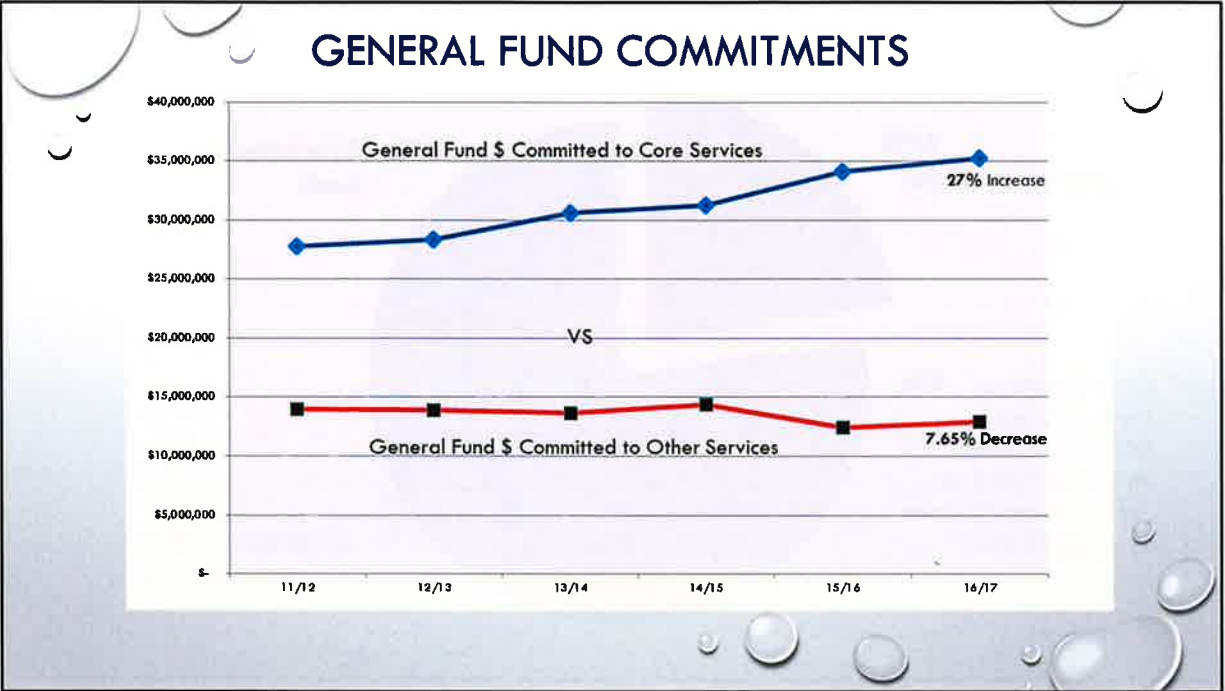
A number of other departments are funded by these same local tax dollars. For the most part, the "non-core" departments provide internal support to the core; the Auditor-Controller, Treasurer, HR, County Counsel and IT.

As you will see on the next side, non-core services receive substantially fewer local tax dollars than core services.



Not only do the core services receive the majority of funding, in recent years the Board of Supervisors has made sure that funding for these core services is given highest priority.

77% of all General Fund dollars are designated to core services, leaving just 23% to non-core services - the departments that, for the most part, provide internal support services to enable the core service departments to operate.

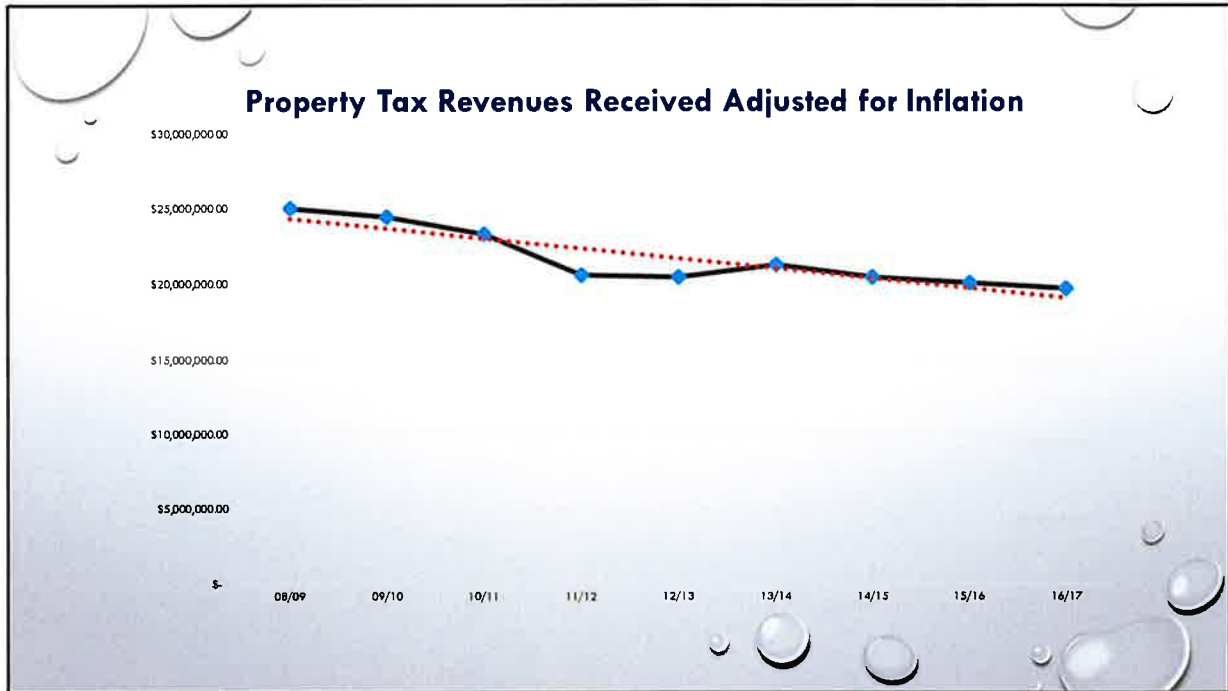


This slide consists of a graph which illustrates how, over the past 6 years, funding for the core services has increased - up 27% and still climbing.

Funding for non-core services has diminished by nearly 8%.

Despite the growth in core services spending, I'm certain each department head can make a compelling argument that they still lacking the staffing and resources needed.

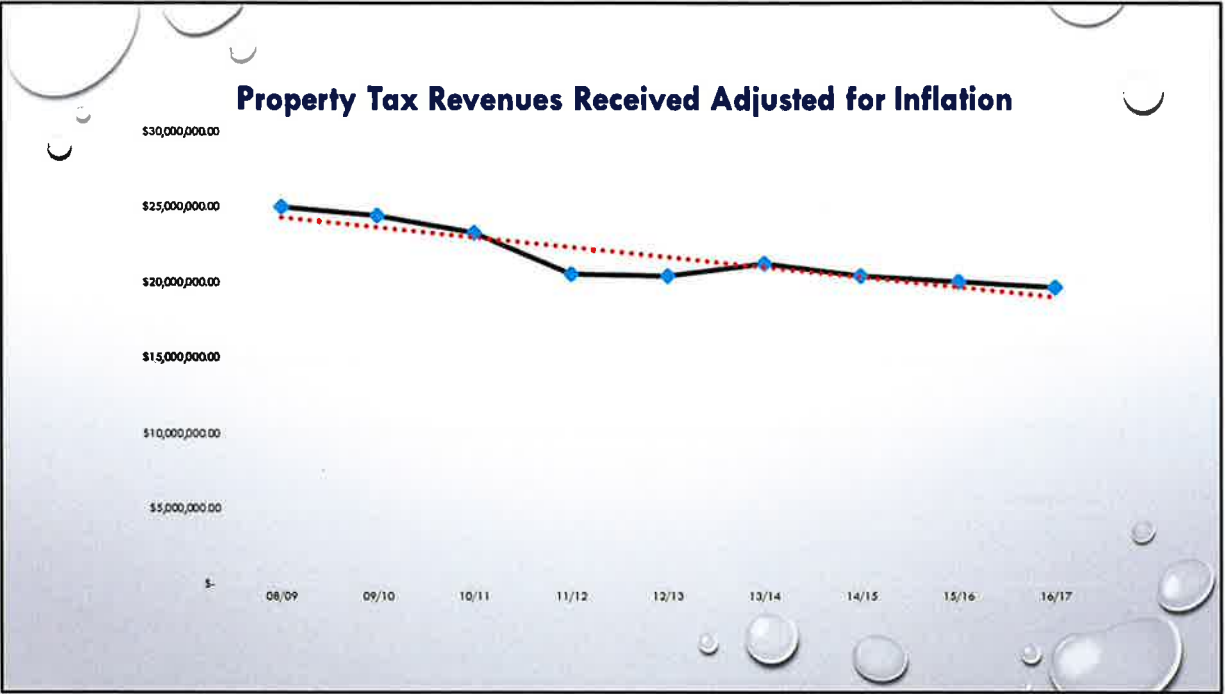
For the non core services departments, their financial circumstances are even worse.



As illustrated above, our efforts to fund core services have become increasing challenging in recent years, as there has been no real growth in **property** tax revenues since the great recession. For all property tax collected, the County government receives about 25 cents on the dollar, and this revenue source has declined considerably on an inflation adjusted basis.

In addition to our sluggish recovery from the great recession, Lake County’s property tax base has been decimated by the series of unprecedented fires. Recovery is a long-term process and rebuilding takes time. Using the Valley Fire as an example, the largest of all by far, 2.5 years out, just over 10% have been fully rebuilt. Many others are in progress, but some of the lost properties may never be rebuilt. For some survivors, the devastation was understandably just too much, and they were compelled to move on. Homes never rebuilt result in a permanent reduction of property tax revenue.

To date, cumulative **property** tax loss totals about \$3,500,000, with over a million more lost during subsequent years of recovery.



Because property tax represents about 50% of total General Fund revenue, the failure of it to recover has already resulted in staffing reductions and the loss of some important services, the details of which are reflected on the departmental reports posted at <http://www.lakecountycga.gov/vision/>. Approximately 11% of staffing in core departments has been eliminated since Fiscal Year 2008/09. The effects of the reductions departments have suffered to date, and consequences anticipated should the trend continue, are startling.

As you can see, we are down about \$5,000,000 since the Great Recession, and the red trend line illustrates a continuing decline.

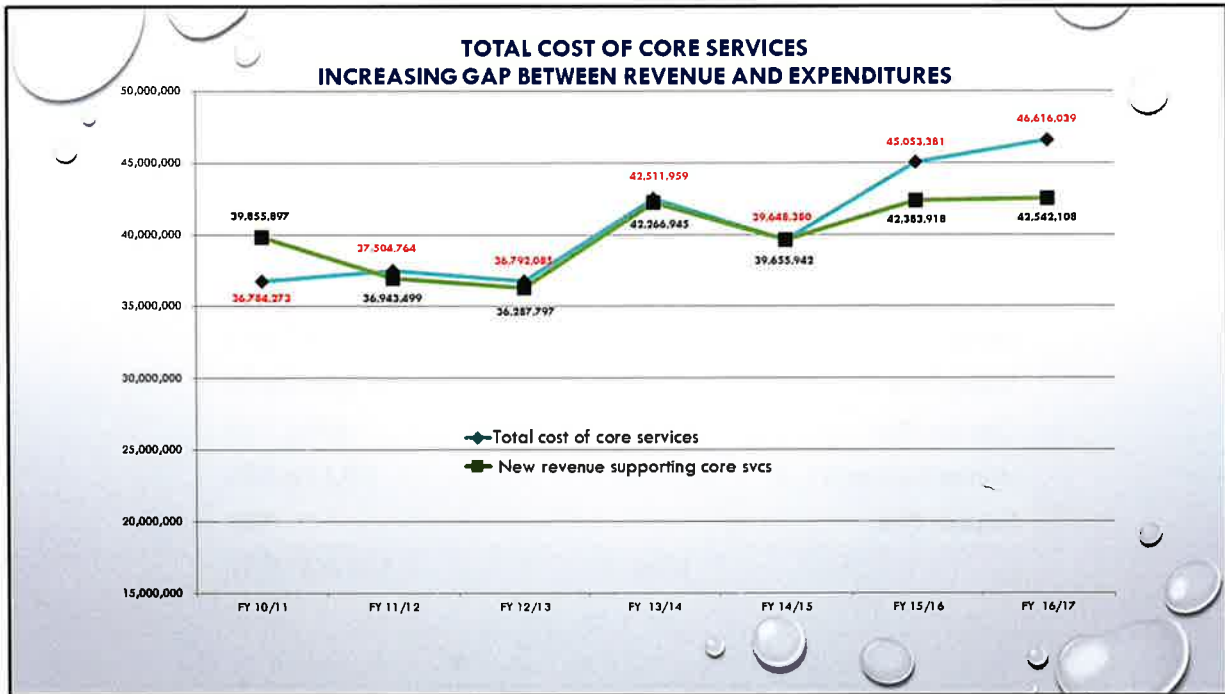
DISASTER RESPONSE AND RECOVERY

Based on actual costs incurred and estimated total project costs identified to date, the estimated costs for the recent disaster events is estimated as follows:

<u>DISASTER EVENT</u>	<u>COSTS</u>
Rocky / Jerusalem Fires	\$357,603
Valley Fire	\$16,371,670
Clayton Fire	\$395,722
Winter Storms #1-3	\$9,116,936
Sulphur Fire	TBD
Total	\$26,241,931

Not only has the reduced **property** tax challenged our ability to sustain core service levels, the cost of disaster response and recovery has exacerbated our financial challenges. As you can see from the above slide, the total cost of disaster response and recovery is over \$26,000,000.

Some of these costs are being reimbursed, but we will never be made whole. At this point, our best estimate, barring any further disasters, is that the County will bear as much as \$5,000,000 in disaster-related costs.



This last slide puts our financial challenge into perspective.

The cost of core services is exceeding the new revenues needed to support them each year. Looking back at Fiscal Year 2010/11, revenue actually exceeded expenses. Those funds were set aside in reserve, and in the subsequent years, with expenses exceeding revenue, gaps have been filled by these carried over funds.

By 2015/16, reserves were exhausted, and when you look at 2016/17, the unsustainable gap is evident.

So the bottom line is this: There is only so much money to go around, and it is less than it used to be. At our current trajectory, it will become less and less.

What we are seeking from you is a better understanding of what services are top priority to you. Where do you want to see limited funds allocated? We also want to hear your ideas for ways to save money or find new money.

The challenges are great, but we know Lake County residents will face and overcome them. Right now, you can help your County government by sharing your best ideas.



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