

Preliminary Budget Development



**Worksession
March 6, 2012**

Fiscal Year 2012/2013

AGENDA

March 6, 2012 (9am to Noon)

- Introduction
- Financial Overview: Presentation of financial status, fund forecasts, and summary of future challenges.
 - *Property Appraiser Update*
 - *General Revenue*
 - *Self Insurance Programs*
 - *Transportation Funding / Sales Tax Program*
- Board Discussion / Direction

AGENDA

March 20, 2012 (9am to Noon)

- Financial Overview: Presentation of financial status, fund forecasts, and summary of future challenges.
 - *Water & Sewer Fund*
 - *Solid Waste Fund*
 - *Fire Fund*
- FY2012/13 Budget Development Goals
- Review Financial Challenges and Special Issues
- Board Discussion / Direction

Financial Overview

Seminole County Property Appraiser, David Johnson Presentation of Property Valuation

Financial Overview

General Revenue Major Revenue Sources

Countywide Ad Valorem Taxes

Fiscal Year	Valuation	Legislative / Economic	Tax Rate	Revenue
FY2006/07	+23.9%	Market High	4.9989	\$143.2M
FY2007/08	+12.8%	HBIB	4.3578	\$140.3M
FY2008/09	-5.6%	Amendment I	4.5153	\$137.7M
FY2009/10	-11.3%	Market Decline	4.9000	\$132.4M
FY2010/11	-9.5%	Market Decline	4.8751	\$119.9M
FY2011/12	-5.3%	Market Decline	4.8751	\$112.3M
FY2012/13	-3.0%	Market Decline	4.8751	\$108.9M

Revenue Impact:

FY07 to FY12 = \$30.9M Decline

FY13 Estimated \$3.4M Decline



Countywide Ad Valorem



State Shared Sales Tax

FY2005/06	FY2006/07	FY2007/08	FY2008/09	FY2009/10	FY2010/11
\$27.2M	\$24.9M	\$22.8M	\$19.5M	\$19.0M	\$19.2M
6%	-8%	-8%	-15%	-2.5%	+1.0%
\$9.2M	\$9.0M	\$8.4M	\$7.3M	\$7.2M	\$7.3M

- **Half-cent Sales tax down \$8.2M or -30%**
- **FY00 collections = \$19.3M**
- **State Revenue Sharing down \$2M**
- **Good News: Up 1% in FY11**



Gas Taxes

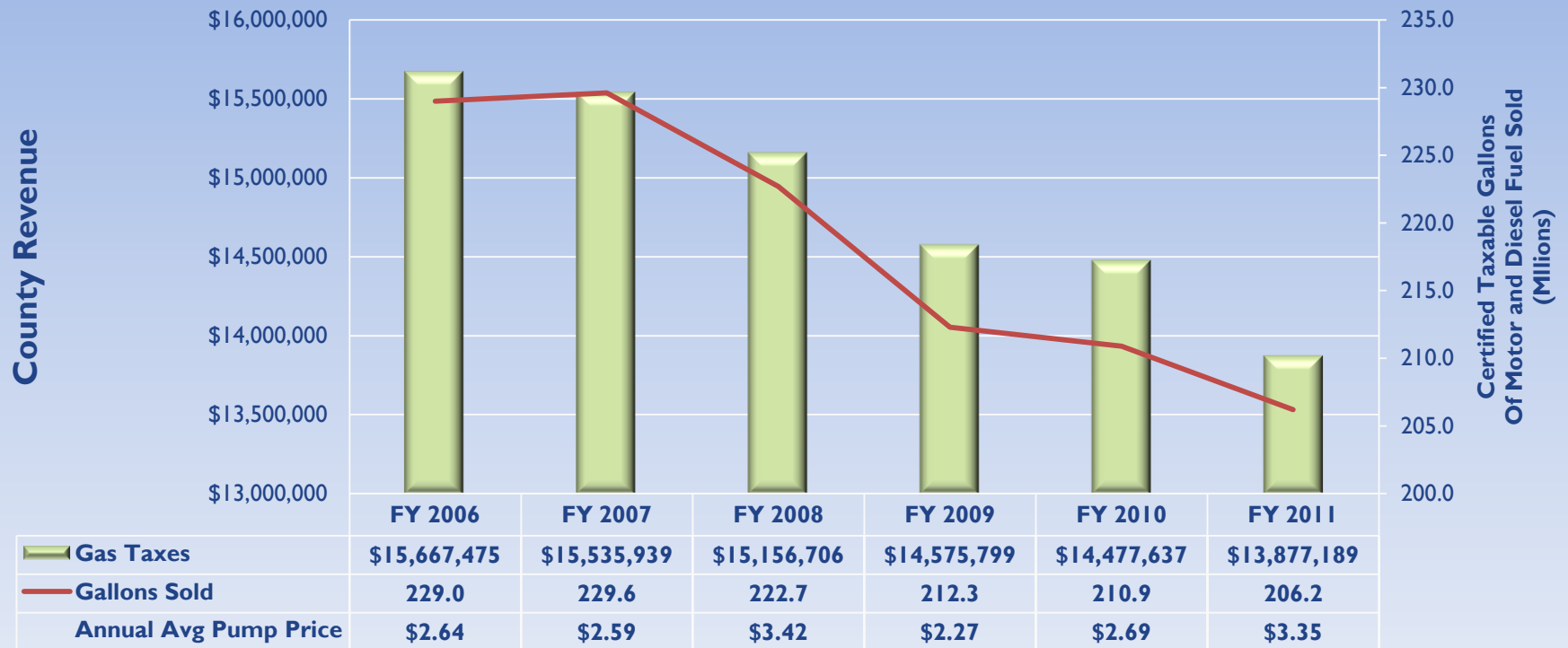
FY2005/06	FY2006/07	FY2007/08	FY2008/09	FY2009/10	FY2010/11
\$15.7M	\$15.5M	\$15.2M	\$14.6M	\$14.5M	\$13.9M

- **Gas Taxes down -11.5%**
 - **Two State Shared Sources**
 - **Two Local Levied Sources**
 1. **Ninth Cent (Mass Transit)**
 2. **6 Cent Local Option Expires**
 - **4 Cents August 2013**
 - **2 Cents August 2015**



Gas Taxes

Revenue to Gallons Sold




Utility Taxes

Fiscal Year	Communication Service Tax	Public Service Tax
FY2005/06	\$9.2M	\$5.3M
FY2006/07	\$9.9M	\$5.5M
FY2007/08	\$9.7M	\$5.4M
FY2008/09	\$8.6M (1)	\$5.6M
FY2009/10	\$8.2M	\$6.5M (3)
FY2010/11	\$7.5M (2)	\$6.5M (3)



- 1) 3Year Audit Adjustment
- 2) Bundled Services Decision
- 3) Weather Patterns

Special Revenue: Tourism Tax

	FY2005/06	FY2006/07	FY2007/08	FY2008/09	FY2009/10	FY2010/11
	\$2.6M	\$2.4M	\$2.3M	\$2.7M	\$2.9M	\$3.2M
	\$876K	\$810K	\$772K	\$603M	\$587K	\$649K
	11%	-8%	-5%	-22%	-0%	+10.6%

- **Value of 1 Cent was Down -33%**
- **Good News: FY11 up 10.6%**

Note: Table reflects total annual collections and the value of 1 cent for the fiscal year. In February 2009, the County increased the tourism tax levy by 2% to a total of 5%.



Financial Overview

General Revenue Funds FY2010/11 Results

General Revenue Funds

What Makes up General Revenue Funds?

- **General Fund**
 - *Sub-Funds of General Fund*
- **Funds Dependant on General Revenue for Ongoing Support and Therefore Competing for Tax Revenue Funding**
 - *Special Revenue Funds*

General Revenue Funds



Dependant Sub-Funds:

- **Stormwater Fund (Water Quality)**
- **Economic Development Fund**
- **Facilities Maintenance Fund**
- **Fleet Renewal & Replacement**
- **Technology Renewal & Replacement**
- **Capital Projects**

General Revenue Funds

Dependant Special Revenue Funds:

- **Transportation Trust Fund**
- **Ninth Cent Gas Tax Fund**
- **Building Fund**
- **Court Technology Fee Fund**

General Revenue Funds

FY2010/11

Year End Results:

- + Operating Balance
- Revenue +\$85,000
- Lapsed Appropriations \$11 Million
 - \$2M Personnel
 - \$6M Operating
 - \$3M Constitutionals

FY2010/11 (Unaudited)	
Operating Revenue	\$199.3M
Operating Expenditures	<u>\$198.3M</u>
Operating Balance	\$1.1M
Beginning Fund Balance	<u>\$98.2M</u>
Ending Fund Balance	\$99.3M

General Revenue Funds

Fund Balance Reconciliation	
FY2011/12 Budget Beginning Fund Balance	\$82.7M
Project Balances Forward	\$16.6M
Mid-Year Adjustment	<u>\$ 0.0M</u>
Actual 9/30/2011 Ending Fund Balance	\$99.3M

Preliminary Close

- **Budget:
Balances Forward +
Projects Forward =**



- **Budget = Actual**
- **No Adjustment**

Financial Overview

General Revenue Funds FY2011/12 Budget

FY2011/12 Budget Development

Foundation for Preparation

- **No new taxes or increases to tax rates**
- **Continued rightsizing of workforce, primarily through natural attrition**
- **Continued suspension of pay adjustments and pay for performance system**

FY2011/12 Budget Development

Foundation for Preparation

- **Continued reduction of operating costs where possible**
- **Utilize reserves in a responsible manner, while maintaining appropriate balances**
- **Deferred capital projects to avoid additional resulting operating costs**

General Revenue Funds

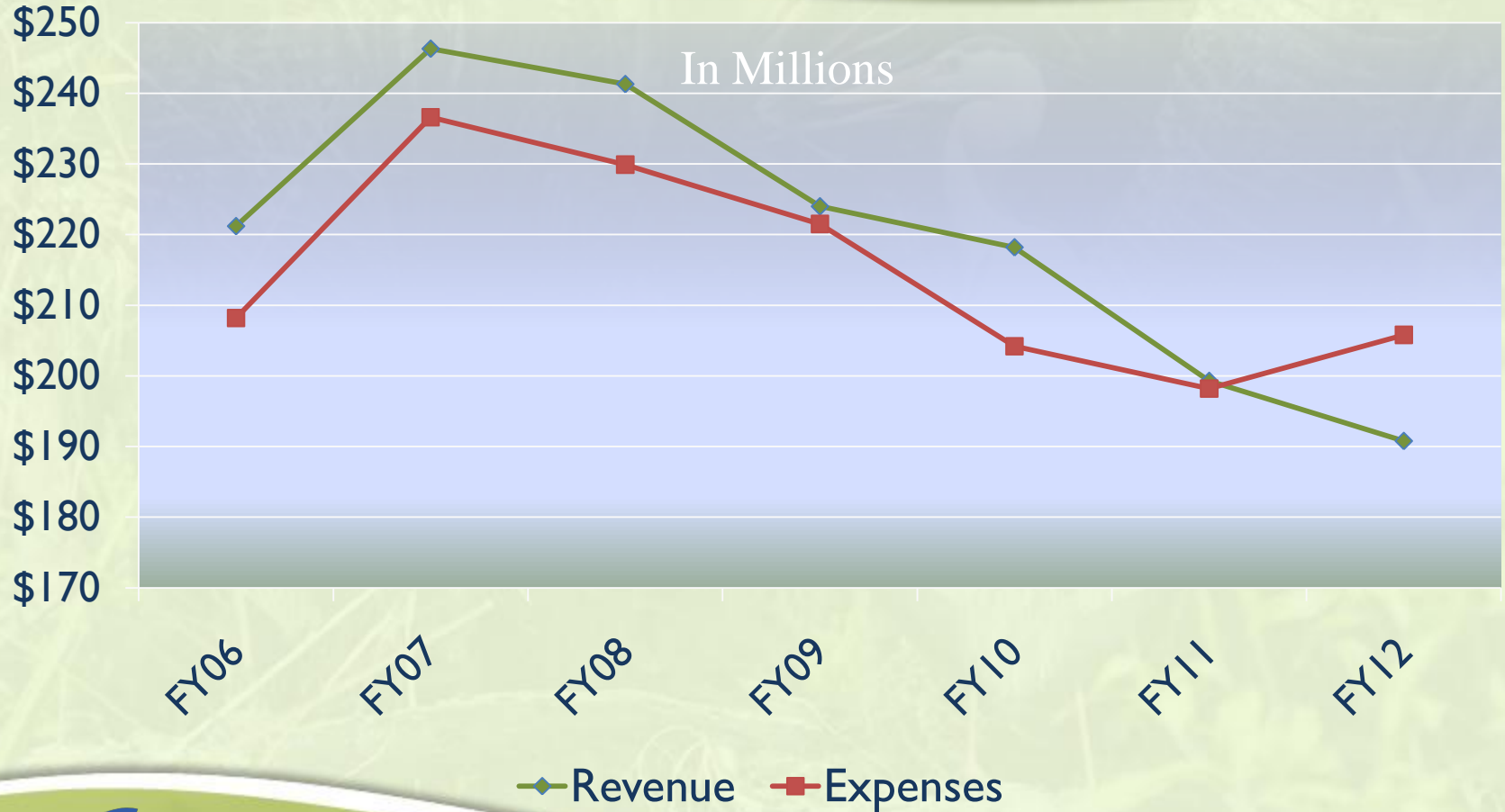
FY2011/12 Budget	
Appropriations for Expenditure	<u>\$205.9M</u>
<u>Sources:</u>	
Operating Revenues	\$190.8M
Reserves Used	<u>\$15.1M</u>
Balanced FY11 Budget	<u>\$205.9M</u>

FY2011/12

Budget:

- Revenues down \$7M
- Balanced using \$15M Reserves
- Includes funding :
 - \$4.5M for Renewal & Replacement
 - \$3M for Driver License Facility – Tax Collector

General Revenue Funds



General Revenue Funds

FY2011/12 Budget Reserve Reconciliation	
Actual Ending FB 9/30/11	\$99.3M
Project Balances	-\$32.2M
Budget Operating Deficit	<u>-\$15.1M</u>
Base Contingency 10%	\$20.0M
Economic Stabilization	\$32.0M

Reserves

- **Projects include \$19M that could be financed**
- **Operating Deficit will likely be \$7M**
- **10% Base Contingency of \$20M**
- **Projected Reserves \$58.6M**



General Revenue Funds

Total of Projects \$32.2M including:

- **\$ 6.3M Land Account**
- **\$ 900K Community Assistance**
- **\$ 500K Library Renovations**
- **\$ 3.7M Road/Stormwater Projects**
- **\$ 3.4M Communication Towers**
- **\$15.6M P25 Communications System**



General Revenue Funds

Reserves



■ Economic Stabilization

- *Mitigate Losses*
- *25% of Expenditures*
- *3 months operations*
- *Financial Strategy / For Continued Use*

Reserves	
Economic Stabilization Reserve 9/30/2012 Budget	\$32.0M
Towers/P25 System Financing Option	\$19.0M
1992 Gas Tax Bond Call 10/1/2012	<u>-\$6.4M</u>
Adj. Stabilization Reserve	\$44.6M
Base Contingency 10%	\$20.0M

Financial Overview

General Revenue Funds Five Year Forecast

Forecast: General Revenue Funds

Forecast Assumptions

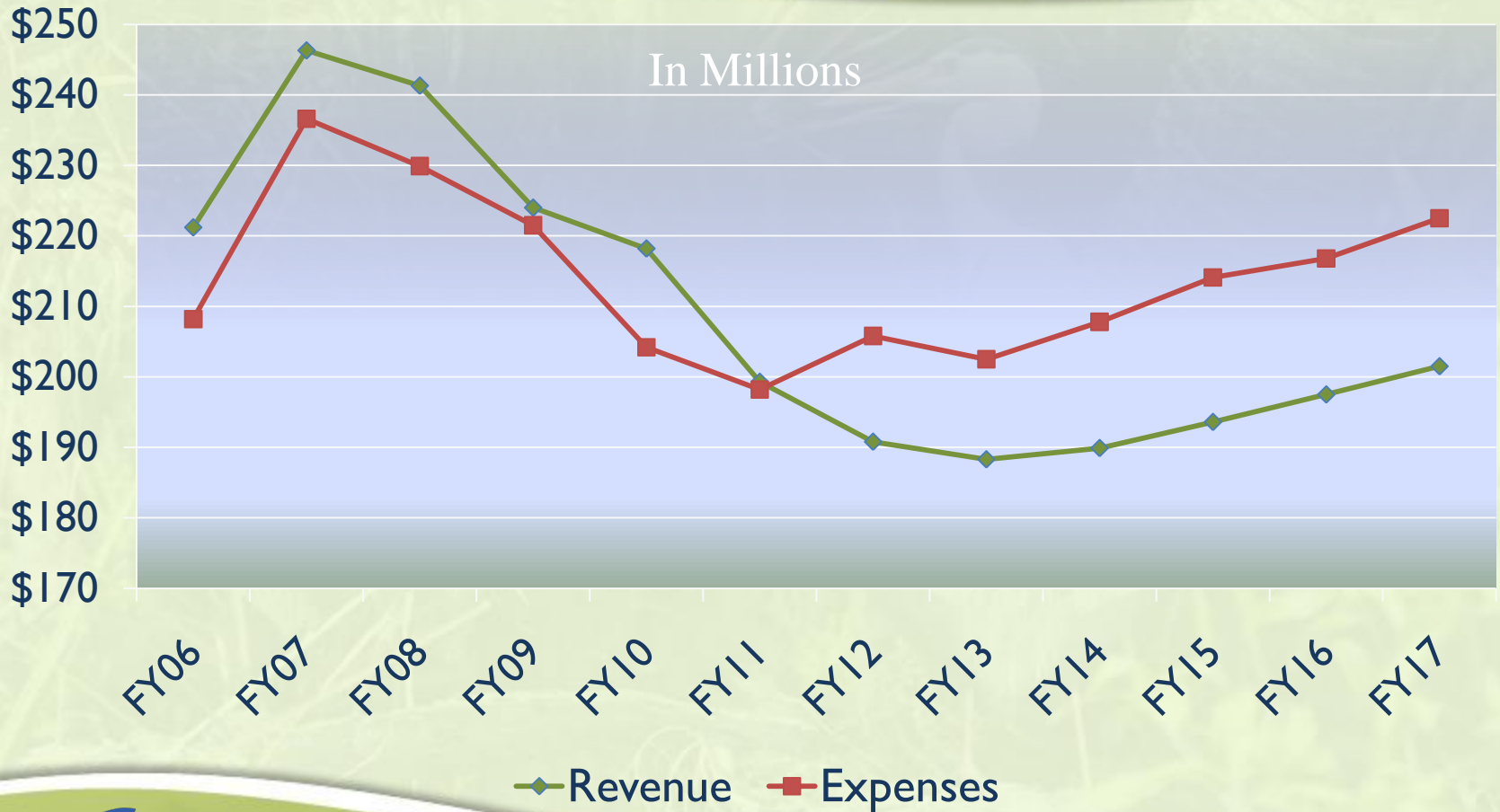
Revenues	%	FY12	FY13	FY14	FY15	FY16	FY17
Ad Valorem	60%	\$ 113.7M	-3%	0%	2%	2%	2%
Sales Taxes	14%	26.6M	1%	2%	2%	2%	2%
Gas Taxes	7%	14.3M	1%	2%	2%	2%	2%
PST	3%	6.4M	2%	2%	2%	2%	2%
CST	4%	7.9M	2%	2%	2%	2%	2%
Other	<u>12%</u>	<u>21.9M</u>	1%	2%	2%	2%	2%
Total	100%	\$190.8M	-1%	<1%	2%	2%	2%

Forecast: General Revenue Funds

Forecast Assumptions

Expenditures	%	FY12	FY13	FY14	FY15	FY16	FY17
Personnel	21%	\$ 42.2M	<1%	3%	3%	3%	3%
Operating	17%	35.1M	0%	2%	2%	2%	2%
Constitutionals	53%	109.1M	<1%	3%	4%	3%	3%
Grants & Aids	2%	4.4M	4.4M	4.4M	4.4M	1.6M	1.6M
Debt Service	4%	8.3M	8.8M	8.8M	8.8M	8.8M	8.8M
Op Transfers	1%	2.3M	2.5M	2.5M	2.6M	2.6M	2.6M
R&R	2%	<u>4.5M</u>	4.5M	4.5M	4.5M	4.5M	4.5M
Total	100%	\$205.9M	<1% -4%	3%	3%	1%	3%

General Revenue Funds



Forecast: General Revenue Funds



No Changes	Operational Balancing	Reserve Level
Fiscal Year 2011/12 (Assessments -3%)	-\$12.1M	\$53.4M
Fiscal Year 2012/13 (Assessments -0%)	-\$14.3M	\$40.5M
Fiscal Year 2013/14 (Assessments +2%)	-\$17.9M	\$23.8M
Fiscal Year 2014/15 (Assessments +2%)	-\$20.5M	\$4.7M
Fiscal Year 2015/16 (Assessments +2%)	-\$19.3M	---
Fiscal Year 2016/17 (Assessments +2%)	-\$21.1M	---

Forecast: General Revenue Funds



Bond Call and Issue 10/1/2012	Operational Balancing	Reserve Level
Fiscal Year 2011/12 (Assessments -3%)	-\$12.1M	\$66.0M
Fiscal Year 2012/13 (Assessments -0%)	-\$14.8M	\$52.5M
Fiscal Year 2013/14 (Assessments +2%)	-\$18.5M	\$35.3M
Fiscal Year 2014/15 (Assessments +2%)	-\$21.0M	\$15.7M
Fiscal Year 2015/16 (Assessments +2%)	-\$19.9M	-\$2.8M
Fiscal Year 2016/17 (Assessments +2%)	-\$21.6M	---

Forecast: General Revenue Funds

Operating Balance / Reserve Levels



Financial Overview

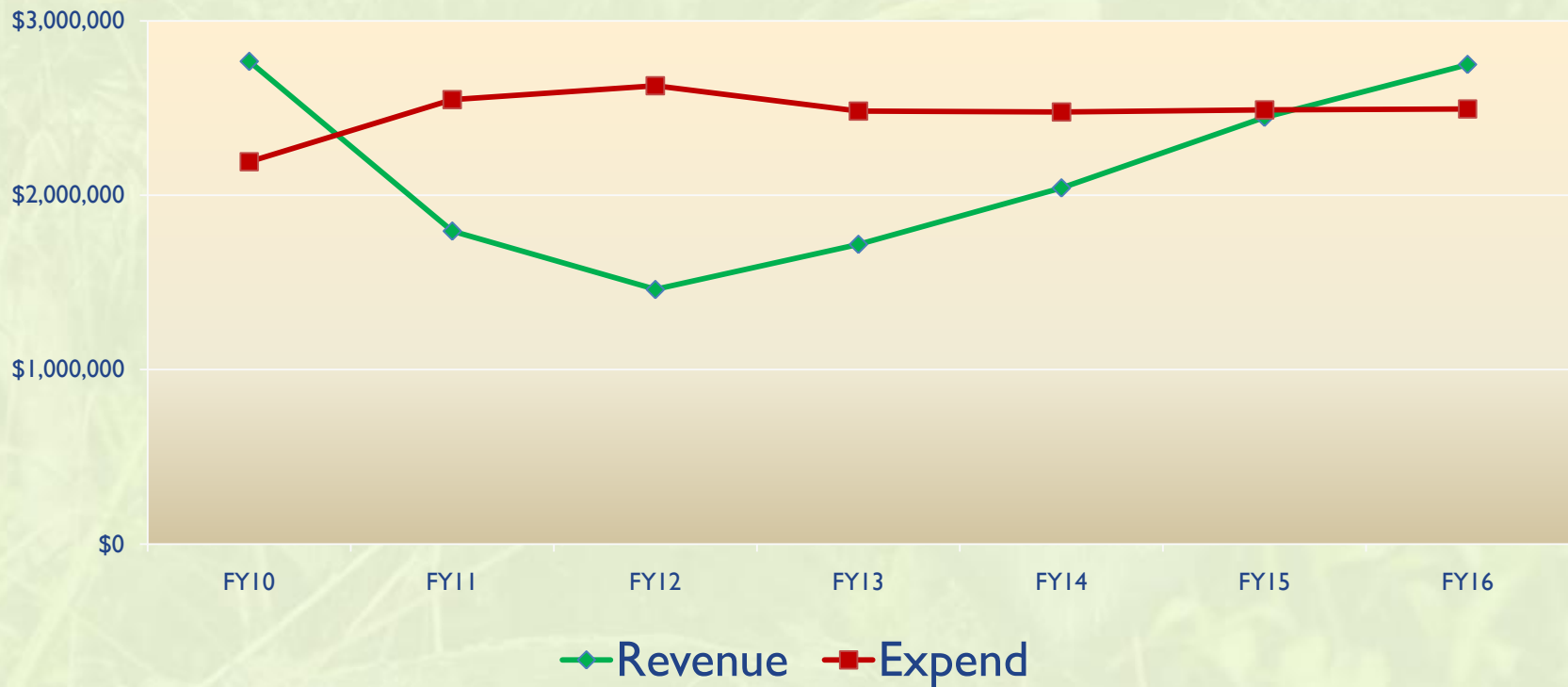
Self Insurance Funds

Workers Compensation Fund

- **Performance / Reserves**
 - *\$1.5M Annual Claims paid (net of settlements)*
 - *Actuarial Reserve (IBNR and Open Claims)*
 - *Excess Reserve*
- **Premium Methodology / Approach**
 - *Rates Based on:*
 - **Workers Classification Code**
 - **Claims Experience**
 - *Rate applied to Salary*

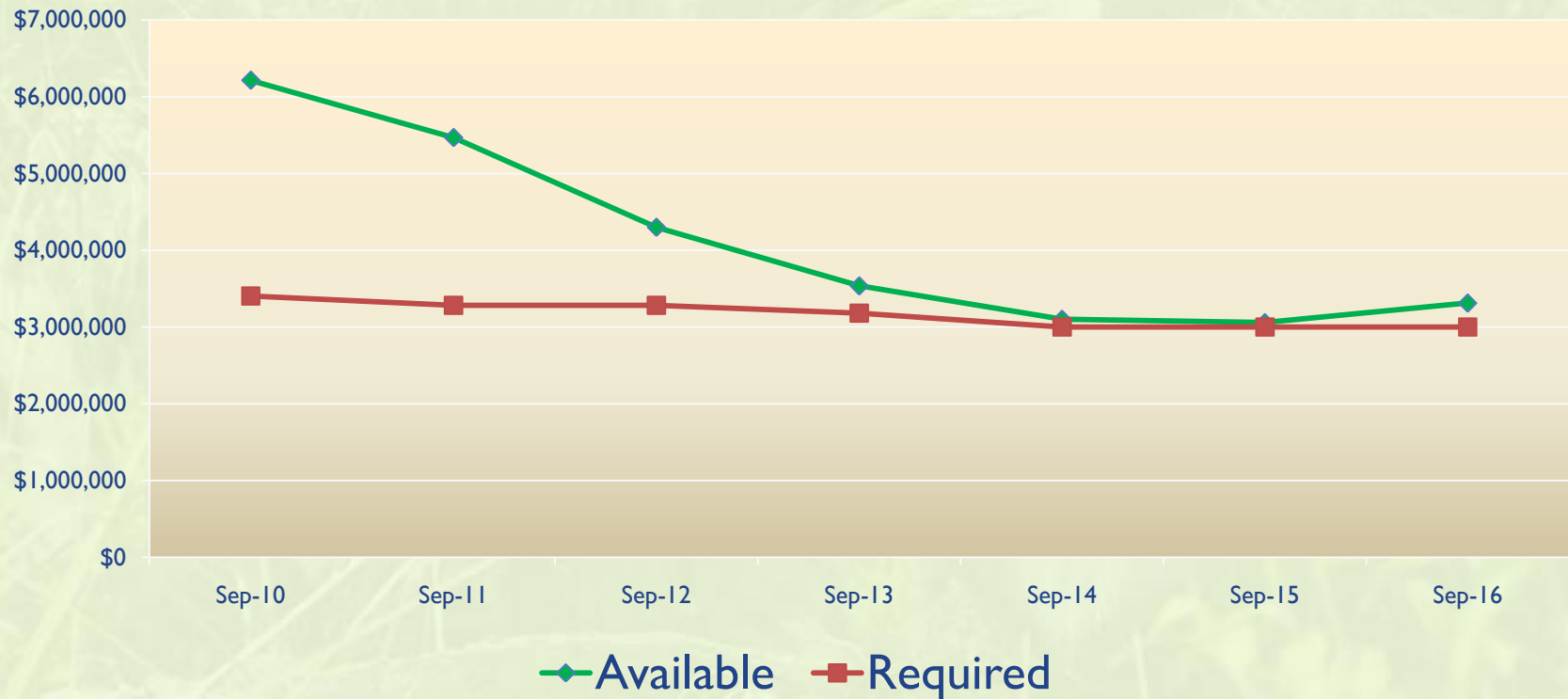
Workers' Compensation Fund

Revenue vs. Expenses



Workers' Compensation Fund

Fund Reserve



Health Benefits Fund

- **County Became Self-Insured January 2010**
 - *Transferred in \$5.8M to start the fund*
- **Two Year Performance**
 - *\$1.9M income over expenses*
 - *\$7.7M in Reserves (>50% of claims)*
- **Premium Methodology / Approach**
 - *Continued Analysis*
 - *Indexing to avoid spikes*

Property / Liability Fund

- **Performance / Reserves**
 - *\$2M Insurance Policies / Claims*
 - *\$5.5M in Reserves*
- **Premium Methodology / Approach**
 - *Value of the Assets*
 - *Claims Experience*

Financial Overview

Transportation Funding

1991 Infrastructure Sales Tax

- **Program Collections = \$360Million**
 - ***Voter Approved July 9, 1991***
 - ***100% Transportation***
 - ***\$463M Generated (Tax + Interest + Funding Agreements)***
 - ***Combined with Transportation Impact Fees \$160M***
 - ***Fronted Impact Fee Portion of Projects***
 - ***Loan Balance 9/30/2011 = \$70M***
 - ***Estimated Uncollectable = \$61M***
 - ***Wymore Road at \$15.3M***

2001 Infrastructure Sales Tax

- **Program Collections = \$590Million**
 - ***Voter Approved September 4, 2001***
 - ***75% Transportation – 60.8% County / 14.2% Cities***
 - ***County Portion \$358M***
 - ***\$467M Generated (Tax + Interest + Funding Agreements)***
 - ***Funding Committed to:***
 - ***Projects***
 - ***Capital Maintenance Items through FY2013/14***
 - ***Forecast allows for \$6M Contingency***

General Revenue Funds

Transportation	
Unincorporated Roads Millage	\$1.3M
Local Gas Taxes	\$9.0M
State Shared Gas Taxes	\$5.0M
Other Revenue	\$1.2M
Total Transportation Revenue	\$16.5M

O & M Base Costs \$25.5M

- Roads/Stormwater
- Traffic
- Median Maintenance
- LYNX / SunRail

General Revenue Funds
\$9.0M Annually

Charter County and Regional Transportation System Surtax

- **F.S. 212.055(1)**
- **Up to 1% sales surtax**
- **Ordinance of the Board**
- **And Approved by Voters Countywide**
- **Proceeds used for Planning, Development, Construction, Operations, and Maintenance**
- **Distribution to County or Interlocal with Cities**
- **No Term Required**

General Revenue Funds



General Revenue Funds Charter County <u>Sales Tax 2014</u>	Operational Balancing	Reserve Level
Fiscal Year 2011/12 (Assessments -3%)	-\$12.1M	\$66.0M
Fiscal Year 2012/13 (Assessments -0%)	-\$14.8M	\$52.1M
Fiscal Year 2013/14 (Assessments +2%)	-\$9.8M	\$43.2M
Fiscal Year 2014/15 (Assessments +2%)	-\$12.1M	\$32.0M
Fiscal Year 2015/16 (Assessments +2%)	-\$10.6M	\$22.4M
Fiscal Year 2016/17 (Assessments +2%)	-\$12.1M	\$11.3M

General Revenue Funds



General Revenue Funds Charter County <u>Sales Tax 2015</u>	Operational Balancing	Reserve Level
Fiscal Year 2011/12 (Assessments -3%)	-\$12.1M	\$66.0M
Fiscal Year 2012/13 (Assessments -0%)	-\$14.8M	\$52.5M
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Fiscal Year 2015/16 (Assessments +2%)	-\$10.6M	\$14.1M
Fiscal Year 2016/17 (Assessments +2%)	-\$12.1M	\$3.0M

Budget Development FY2012/13

Questions???
Board Discussion

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