



**FY2011/12 Preliminary
Budget Development Worksession
Financial Overview**

Financial Overview: Agenda

- **Budget Development**
- **Financial Forecasts**
- **Major Revenue Sources**
- **Reserves / Operating Contingencies**
- **Appropriated Projects**
- **Financial Recap**

February 8, 2011



Financial Overview: Agenda

- **Financial Overview – February 8th**
- **Transportation Funding - February 8th**
- **Water & Sewer System – March 1st**
- **Solid Waste System – March 1st**
- **Fire / Rescue District – March 1st**
- **Other Services – February 22nd & March 8th**
- **Summary / Board Discussion March 22nd**

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County Property Valuations

Seminole County Property Appraiser, David Johnson Presentation of Property Valuation

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Financial Overview

Major Revenue Sources

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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%	HB1B	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	\$119.2M
FY2011/12	-7.0%	Market Decline	4.8751	\$110.8M

Revenue Impact:

FY07 to FY11 = \$24.0M Decline

FY12 Estimated Additional \$8.4M Decline



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Fire District Ad Valorem Taxes

FY2006/07	FY2007/08	FY2008/09	FY2009/10	FY2010/11	FY2011/12
\$46.3M	\$46.0M	\$48.0M	\$42.3M	\$38.6M	\$35.9M
2.6334	2.3299	2.3299	2.3299	2.3299	2.3299



Fire/EMS District Property Tax

- FY08 - HB1B 12% Millage Rate Reduction
- FY09 – Amendment 1 and Winter Springs Merger into District

Revenue Decrease FY07 to FY12 30%

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	\$18.5M
6%	-8%	-8%	-15%	-2.5%	-2.5%
\$9.2M	\$9.0M	\$8.4M	\$7.3M	\$7.2M	\$7.0M

- **Half-cent Sales tax down \$8.2M or -30%**
- **FY00 collections = \$19.3M**
- **State Revenue Sharing down \$2M**
- **Total Sales Tax Decline \$10.2M**



Gas Taxes

FY2005/06	FY2006/07	FY2007/08	FY2008/09	FY2009/10	FY2010/11
\$15.7M	\$15.5M	\$15.2M	\$14.6M	\$14.5M	\$13.8M

- **Gas Taxes down -8%**
 - **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**



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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	\$5.6M
FY2009/10	\$8.2M	\$6.5M
FY2010/11	\$8.5M	\$6.1M



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Tourism Tax

FY2005/06	FY2006/07	FY2007/08	FY2008/09	FY2009/10	FY2010/11
\$2.6M	\$2.4M	\$2.3M	\$2.7M	\$2.9M	\$3.0M
\$876K	\$810K	\$772K	\$603M	\$587K	\$600K
11%	-8%	-5%	-22%	-0%	-0%

- **Value of 1 Cent Down -33%**

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%.



Other Revenue Sources

- Interest Income
- Building Fees
- Court Technology Fee
- E911 Fees
- Impact Fees / Connection Fees
- User Fees



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Financial Overview

General Revenue Funds FY10 Results

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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
- Economic Development Fund
- Facilities Maintenance Fund



General Revenue Funds

Dependant Special Revenue Funds:

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

General Revenue Funds

FY2009/10

Year End Results:

- **+ Operating Balance**
- **Revenue +\$2.8M**
- **Appropriations \$10.2M**
 - *Eliminated 9 Vacant FTE*
 - *Mid-year Reduction*



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GRF FY2009/10 Results (Unaudited)	
Operating Revenue	\$218.2M
Operating Expenditures	<u>\$205.2M</u>
Operating Balance	\$13.0M
Beginning Fund Balance 10/1	<u>\$85.2M</u>
Ending Fund Balance 9/30	\$98.2M

General Revenue Funds

GRFs Fund Balance Reconciliation	
Actual Ending FB 9/30/10	\$98.2M
Projects Carried Forward	<u>\$13.6M</u>
Uncommitted Balance	\$84.4M
Budget Beg. FB 10/1/10	<u>\$82.0M</u>
Reserve Adjustment	\$2.4M

Preliminary Close Positive Adjustment

+\$2.4M

- **Revenue**
 - *Sales Tax*
 - *Gas Tax*
- **Lapsed Appropriations**
 - *Sheriff*
 - *Supervisor*



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General Revenue Funds

Projects Carried Forward \$13.6

1. Land Account = \$6.3M
2. Communication Towers = \$3.4M
3. Community Assistance = \$0.9M



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General Revenue Funds

GRF FY2010/11 Budget	
Operating Expenditures	<u>\$206.9M</u>
Operating Revenues	\$196.7M
Reserves Used	<u>\$10.2M</u>
Balanced FY11 Budget	<u>\$206.9M</u>

FY2010/11

Budget:

- **Used \$10.2M Economic Stabilization Reserves**
- **Continued reductions will make the actual amount less.**

General Revenue Funds

Reserves



- **Base Reserve 10%**
- **Economic Stabilization**
 - *Mitigate Losses*
 - *25% of Expenditures*
 - *3 months operations*
 - *Establish Strategy / Policy For Use*

GRF Ending Reserves	
Uncommitted FB 10/1/2010	\$84.4M
FY11 Budget Reserves Used	-10.2M
Library Renovations	<u>-0.5M</u>
FY11 Adjusted Reserves	\$73.7M

Financial Overview

Budget Development Historical Recap

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Major Impacts

- **2004 – Growth / Hurricanes**
- **2005/2006 – Market Bubble Peaks**
- **2007 –**
 - ***Slowing Economy***
 - ***Financial Crisis Begins***
 - ***Florida Legislature Passes HB 1B Property Tax Reform***

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FY2007/08 Budget Development

2007 INSTITUTED

- **Reorganization**
- **Programmatic Budgeting**
- **Internal Service Charges**
- **Capitalized Engineering**
- **Hiring Freeze**
- **Operating Reductions**

REVIEWED

- **Capital Projects / Operational Impacts**
- **Potential Revenue Sources**
- **Service Level Options**

Major Impacts

- **2008**
 - ***Amendment I Passed***
 - ***Great Recession (Dec 2007-Jun 2009)***
 - ***Global Market Crisis (Sept/Oct 2008)***
 - ***Revenues Decline***

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FY2008/09 Budget Development

2008 INSTITUTED

- ***Program /Service Inventory Review***
- ***Workforce Reduction***
- ***Reduced Pay for Performance***
- ***Service Reductions***
- ***Operating Reductions***
- ***Full Cost Recovery***
- ***Cancelled / Deferred Capital Projects***

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Major Impacts

- **2009**
 - ***Great Recession Continues (June 2009)***
 - ***January 1, 2009 – Property Valuation Decline***
 - ***Revenues Decline***

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FY2009/10 Budget Development

2009 INSTITUTED

- ***Zero-based Budget***
- ***Service Prioritization***
- ***Community Survey***
- ***Employee Focus Groups***
- ***Operating Reductions***
- ***Workforce Reduction***
- ***Suspended Pay for Performance***
- ***Full Cost Allocation***

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Major Impacts

- **2010**
 - ***Great Recession Declared over June 2009***
 - ***January 1, 2010 – Property Valuation Decline***
 - ***Other Tax Revenues begin to stabilize***

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FY2010/11 Budget Development

Foundation for Preparation

- **No new taxes or discretionary increases to tax rates**
- **Continued Suspension of pay adjustments for all employees**
- **Continued rightsizing of workforce, primarily through natural attrition**

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FY2010/11 Budget Development

Foundation for Preparation

- **Continued reduction of operating costs where possible**
- **Maintain operating reserve levels, using only as needed in a responsible manner**
- **Delayed capital projects with increased tax burden**

FY2010/11 Budget Development

2010 INSTITUTED

- ***Continued focus on Zero-based Budget***
- ***Mid-year Operating Reductions***
- ***Elimination of Vacant Positions***
- ***2nd Year Suspended Pay for Performance***
- ***Operating Reductions***

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Budget Development

Proactive Financial Planning

- **Expenditure Reductions**
 - *Streamlining Operations*
 - *Service Reductions*
- **Revenue Stabilization Measures**
- **Economic Stabilization Reserve**



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General Revenue Impacts



Revenue Impact over the last 4 Years (In Millions)

Property Tax Impact		-\$55.2
HBIB (reduction in millage)	-16.3	
Amendment I (exemptions)	-10.7	
Valuation Decline	-28.2	
Sales Taxes (State Shared)		-10.9
Gas Taxes (State Shared and Local)		-1.9
Other Fees and Revenue		-7.8
General Revenue Total Impact		-\$75.8

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General Revenue Funds



Summary of Budget Status

Revenue (5 year Impact)		-\$75.8M
Property Tax Reform	-27.0M	
Economic Conditions	-48.8M	
Millage Adjustment (4.3578 to 4.8751)		+13.1M
Net Operating Reductions		+52.3M
Budgetary Status *		-\$10.2M

*Budgetary basis is conservative with all expenditures at 100%, actual results are anticipated to achieve a closer balance between operational revenues and expenditures.

General Revenue Funds

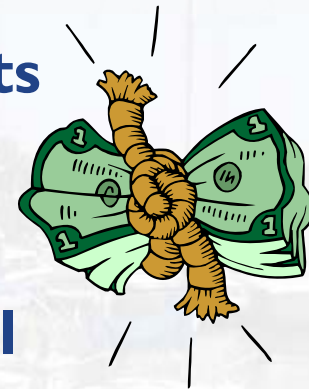
Net Budget Reductions FY07 to FY11

Personal: Eliminated 200FTE	\$13.0M
Operating Expenditures	\$24.0M
Grants-In Aid	\$3.0M
Cost Allocation	\$2.0M
Capital Improvements	\$10.0M

Reductions Total

\$52.4M

- Economic Requirements
- Operating Efficiencies
- Service Level Modifications



Financial Recovery

Preserving Quality
of Life...

STABILIZE

- Streamline Operations
- Reduce but Maintain Service
- Base Operating Budget

Planning for the
Future...

PLAN

- Fiscal Sustainability
- Financial Resiliency
- Long-term Financial Plan

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Financial Overview

General Revenue Funds Forecast

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Forecast: General Revenue Funds

Forecast Assumptions

Revenues	%	FY11	FY12	FY13	FY14	FY15	FY16
Ad Valorem	61%	\$ 120.5M	-7%	-3%	0%	2%	2%
Sales Taxes	11%	25.5M	1%	1%	2%	2%	2%
Gas Taxes	7%	13.8M	1%	1%	2%	2%	2%
PST	3%	6.1M	1%	1%	2%	2%	2%
CST	4%	8.5M	6%	2%	2%	2%	2%
Other	<u>12%</u>	<u>22.3M</u>	0%	1%	2%	2%	2%
Total	100%	\$196.7M	-4%	-2%	1%	2%	2%

February 9, 2010

Forecast: General Revenue Funds

Forecast Assumptions

Expenditures	%	FY11	FY12	FY13	FY14	FY15	FY16
Personnel	21%	\$ 43.8M	<1%	<1%	3%	3%	3%
Operating	18%	37.2M	0%	0%	2%	2%	2%
Constitutionals	51%	105.8M	<1%	<1%	3%	3%	3%
Grants & Aids	2%	4.7M	4.7M	4.7M	4.7M	4.7M	1.9M
Debt Service	4%	8.2M	8.2M	8.2M	8.2M	8.2M	8.2M
Op Transfers	1%	1.0M	1.9M	2.1M	2.1M	2.1M	2.1M
R&R	3%	<u>6.2M</u>	6.2M	8.0M	8.0M	8.0M	8.0M
Total	100%	\$206.9M	1%	2%	3%	3%	1%

February 9, 2010

Forecast: General Revenue Funds



Summary	FY11	FY12	FY13	FY14	FY15	FY16
Revenues	\$197M	\$189M	\$187M	\$188M	\$192M	\$196M
Expenditures	\$201M	\$203M	\$206M	\$212M	\$218M	\$221M
Balance	-\$4M	-\$14M	-\$19M	-\$24M	-\$26M	-\$25M
Capital Maintenance	<u>\$6M</u>	<u>\$6M</u>	<u>\$6M</u>	<u>\$6M</u>	<u>\$6M</u>	<u>\$6M</u>
Net Balance	-\$10M	-\$20M	-\$25M	-\$30M	-\$32M	-\$31M

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Forecast: General Revenue Funds

Projections FY12 & FY13 –

- Revenue Reduced \$10M
- No salary Increases
- Operating Expenditures Flat
- Stimulus Funding Offset for LYNX
- Minimal Renewal & Replacement



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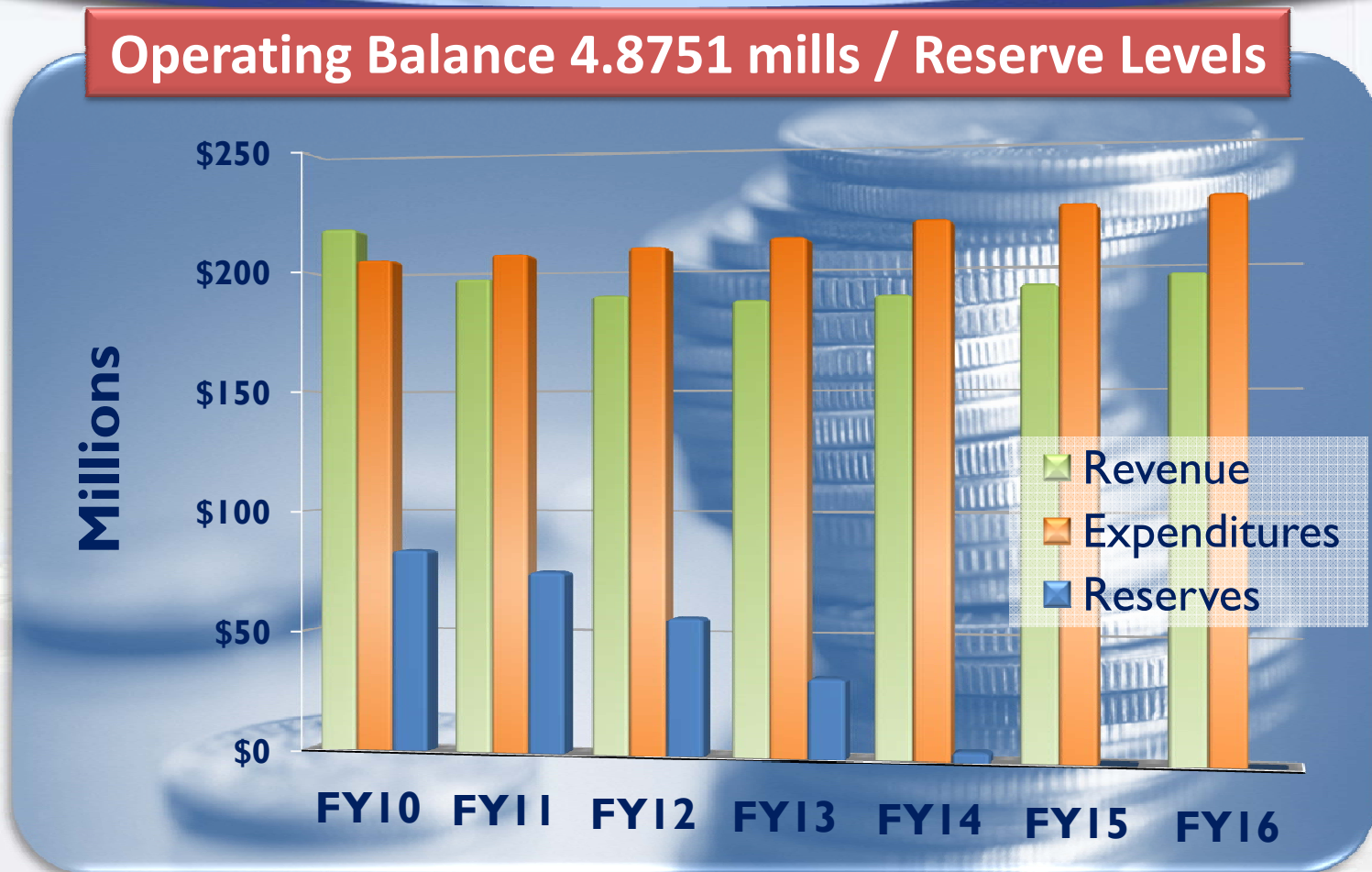
Forecast: General Revenue Funds



Forecast: 4.8751 mills General Revenue Funds	Operational Balancing	Reserve Level
Fiscal Year 2010/11 (Assessments -9.5%)	-\$8.7M	\$75.2M
Fiscal Year 2011/12 (Assessments -7%)	-\$18.3M	\$56.9M
Fiscal Year 2012/13 (Assessments -3%)	-\$23.9M	\$32.9M
Fiscal Year 2013/14 (Assessments 0%)	-\$28.7M	\$4.2M
Fiscal Year 2014/15 (Assessments +2%)	-\$30.4M	---
Fiscal Year 2015/16 (Assessments +2%)	-\$29.4M	---

Forecast: General Revenue Funds

Operating Balance 4.8751 mills / Reserve Levels



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General Revenue Funds



Forecast: 4.8751 mills General Revenue Funds	Operational Balancing	Reserve Level
Fiscal Year 2010/11 (Assessments -9.5%)	-\$8.7M	\$75.2M
Fiscal Year 2011/12 (Assessments -7%)	-\$12.3M	\$62.9M
Fiscal Year 2012/13 (Assessments -3%)	-\$17.9M	\$44.9M
Fiscal Year 2013/14 (Assessments +0%)	-\$22.7M	\$22.3M
Fiscal Year 2014/15 (Assessments +2%)	-\$24.4M	---
Fiscal Year 2015/16 (Assessments +2%)	-\$23.4M	---

Financial Overview: Conclusion

- **Economy is entering a “New Normal”**
 - *Former levels of revenue are not be expected to return*
- **Reserve Levels have bought us time**
 - *Cannot sustain operations indefinitely*
- **Financial Strategies**
 - *Established parameters for Service Plans*
- **Long-Term Financial Plan**
 - *Articulate Financial Policies and Service Objectives*

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