



FY2013/14 Preliminary Budget Worksession Presentation

April 2013

Financial Overview

- **Presentation of Fiscal Status, fund forecasts, and summary of future challenges**
 - *Property Appraiser*
 - *General Fund, Transportation Trust Fund, Fire Fund*
 - *Self Insurance Funds*
- **Budget Development Goals**
- **Board Discussion/Direction**



Financial Overview

Property Valuation Update

David Johnson
Seminole County Property Appraiser





**Budget Workshop
Seminole County Board of County Commissioners**

April 9th, 2013

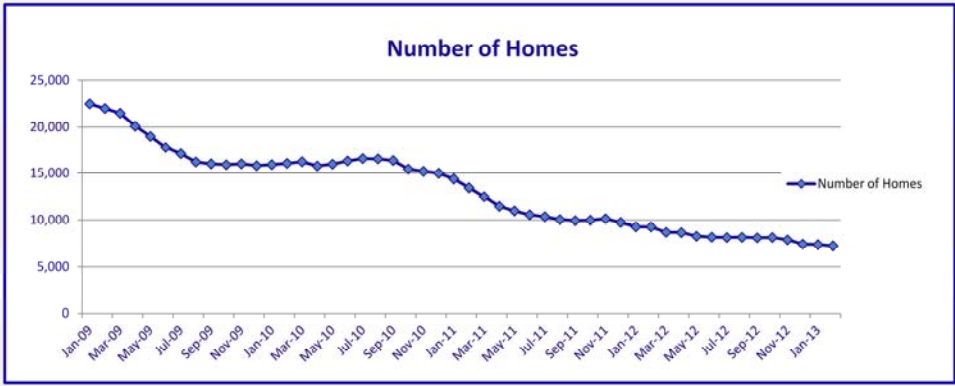


Why is January 1 Important?

JANUARY 2011						
SUN	MON	TUES	WED	THURS	FRI	SAT
30	31					1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29



Inventory of Homes on the Market in the Orlando Metro Area 2009 - 2012





Single Family Home Supply in the Orlando MSA

- Number of homes for sale is at a 3.5 month supply, a 6 month supply is considered a healthy market.

- Two years ago supply of homes for sale was 33 months.





Median Price of Single Family Home



- Median prices continue to increase due to the percentage of “normal” sales steadily rising.
- Approximately 60% of all sales are now considered “normal” compared to 48% last year.



**Single Family Homes Median Sales Price
And Number of Sales
For Seminole County**

Year	Median Sales Price	Number of Sales
2006	\$270,000	8,567
2009	\$175,000	4,723
2010	\$165,500	5,971
2011	\$171,600	2,910
2012	\$184,250	3,590

Qualified sales only, does not include foreclosures.

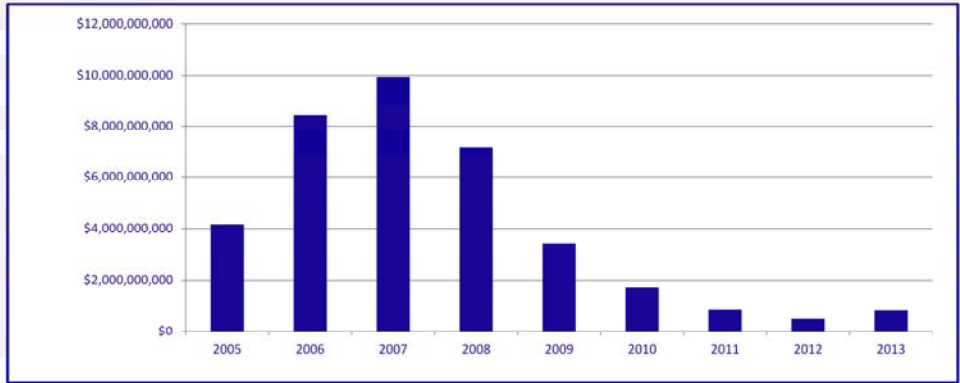


Save Our Homes Cap Percentage
2005 - 2013

Year	SOH CAP
2005	3.0%
2006	3.0%
2007	2.5%
2008	3.0%
2009	.1%
2010	2.7%
2011	1.5%
2012	3.0%
2013	1.7%

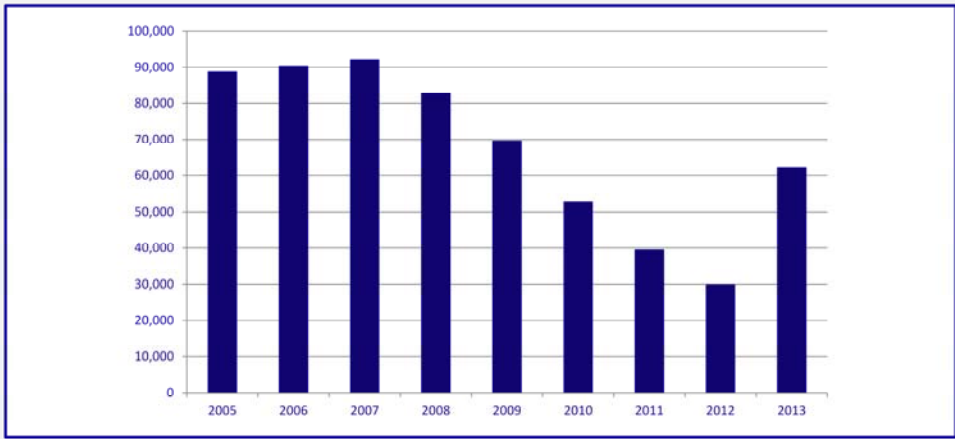


Value of Save Our Homes Savings
2005 - 2013





**Number of Homes With a Save Our Homes Cap
2005 - 2013**





Commercial Market Update

- Non-Anchored Retail Shopping Centers, Warehouses, Class B & C Office appear to be stabilizing.





Commercial Market Update

- Anchored Shopping Centers, Class A Office, small positive increases.





Commercial Market Update

- Values appear to have stabilized and are actually increasing for Apartments and Hotels/Motels
- Apartment Complexes have seen increase in sales activity, rents and lower vacancies in the last 12 months.





New Construction

- New construction of Apartment Complexes.
- Purchase of platted lots by developers are up over the last 12 months.
- New subdivisions being proposed have also seen an increase.





Value of New Construction
2005 - 2013





Taxable Value History & Projections
2006 - 2015

Year	% Change in Taxable Value
2006	23.90%
2007	12.77%
2008	-5.58%
2009	-11.30%
2010	-9.69%
2011	-5.66%
2012	-1.00%
2013	2.75% - 3.00%
2014	3.00%
2015	3.00%
2016	3.00%



Constitutional Amendment 11

Additional Homestead Exemption; Low-Income Seniors Who Maintain Long-Term Residency on Property

- 65 years or older
- Household Income no more than \$27,590
- Market Value of Home less than \$250,000
- Maintain Permanent Residency for 25 years
- Local Option (Seminole County must pass an ordinance to implement)



Constitutional Amendment 11

Additional Homestead Exemption; Low-Income Seniors Who Maintain Long-Term Residency on Property

- Approved by 67% of the voters on the November 2012 Ballot
- There are a total of 6,865 Senior Exemptions in Seminole County
- Based on preliminary analysis; **potentially** 3,046 Seniors could qualify in Seminole County
- Taxable Value loss to Seminole County **potentially** \$52,485,000
- **Potential** tax impact to Seminole County's General Fund \$255,870



QUESTIONS?

Visit Our Website at:
www.scpafl.org
For Customer Service:
407-665-7506

Financial Overview

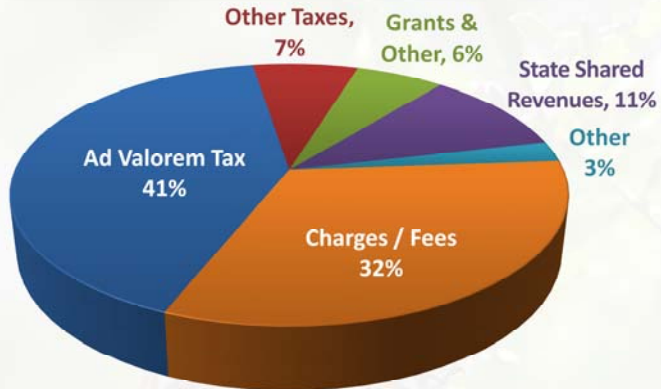
Status: Major Revenue Sources

- Ad Valorem Taxes
- Sales Taxes
- Utility Taxes
- Gas Taxes
- Tourist Development Taxes



Countywide Revenue By Type

Fiscal Year 2012/13 - \$369.2 Million





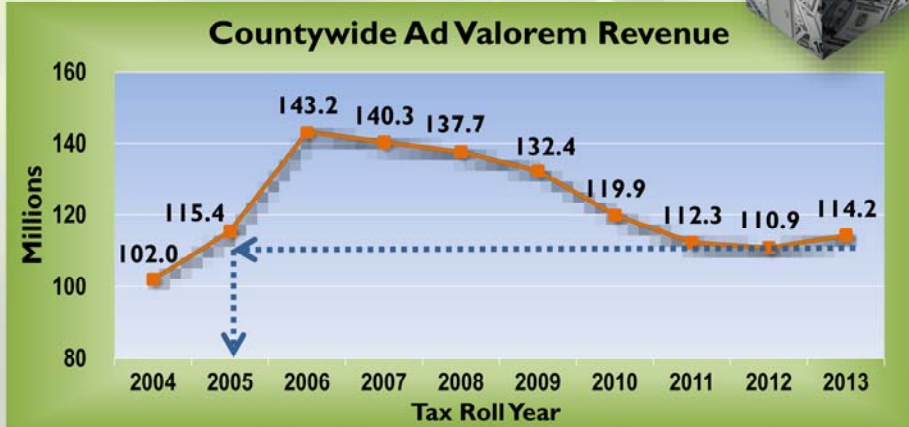
Countywide Ad Valorem Revenue

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 1	4.5153	\$137.7M
FY2009/10	-11.3%	Market Decline	4.9000	\$132.4M
FY2010/11	-9.7%	Market Decline	4.8751	\$119.9M
FY2011/12	-5.7%	Market Decline	4.8751	\$112.3M
FY2012/13	-1.0%	Market Decline	4.8751	\$110.9M
FY2013/14	3.0%	Stabilization	4.8751	\$114.2M

Market Growth and Stabilization: FY14 Estimated \$3.3M Increase



Countywide Ad Valorem Revenue



Fire District Ad Valorem Taxes

FY06/07	FY07/08	FY08/09	FY09/10	FY10/11	FY11/12	FY12/13	FY13/14
\$46.3M	\$46.0M	\$48.0M	\$42.3M	\$38.9M	\$36.2M	\$36.0M	\$36.9M
2.6334	2.3299	2.3299	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

FY 2013/14 Growth - 3% = \$900K



State Shared Sales Tax

FY05/06	FY06/07	FY07/08	FY08/09	FY09/10	FY10/11	FY11/12	FY12/13
\$27.2M	\$24.9M	\$22.8M	\$19.5M	\$19.0M	\$19.2M	\$20.4M	\$21.0M
6%	-8%	-8%	-15%	-2.2%	+1.0%	+6.4%	+3.0%
\$9.2M	\$9.0M	\$8.4M	\$7.3M	\$7.2M	\$7.1M	\$7.6M	\$7.8M



- Half Cent Sales Tax \$21.0M – up \$600K
- State Revenue Sharing increase \$200K

Return to Growth: Up 3% in FY13





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)
FY2011/12	\$7.6M	\$5.9M (3)
FY2012/13	\$7.6M	\$6.2M



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





Gas Taxes

FY05/06	FY06/07	FY07/08	FY08/09	FY09/10	FY10/11	FY11/12	FY12/13
\$15.7M	\$15.5M	\$15.2M	\$14.6M	\$14.5M	\$13.9M	\$14.2M	\$14.0M

Gas Taxes Are Flat:

- Two State Shared Sources
- Two Local Levied Sources
 1. Ninth Cent (Mass Transit)
 2. 6 Cent Local Option
 - Renewed March 26, 2013





Gas Taxes

Revenue to Gallons Sold



Gas Taxes	15667475	15535939	15156706	14575799	14477637	14087189	13977711	13950000
Gallons Sold	229	229.6	222.7	212.3	210.9	206.2	200.1	204
Annual Avg Pump Price	2.64	2.59	3.42	2.27	2.69	3.3525	3.51848718	3.35

Special Revenue: Tourism Tax

2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
\$2.6M	\$2.4M	\$2.3M	\$2.7M	\$2.9M	\$3.2M	\$3.4M	\$3.5M
\$876K	\$810K	\$772K	\$603M	\$587K	\$649K	\$686K	\$700K
1%	-8%	-5%	-22%	-2.7%	+10.5%	+10.6%	+2.1%

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%.

Return to Growth: 3 Year Avg. 7.7%



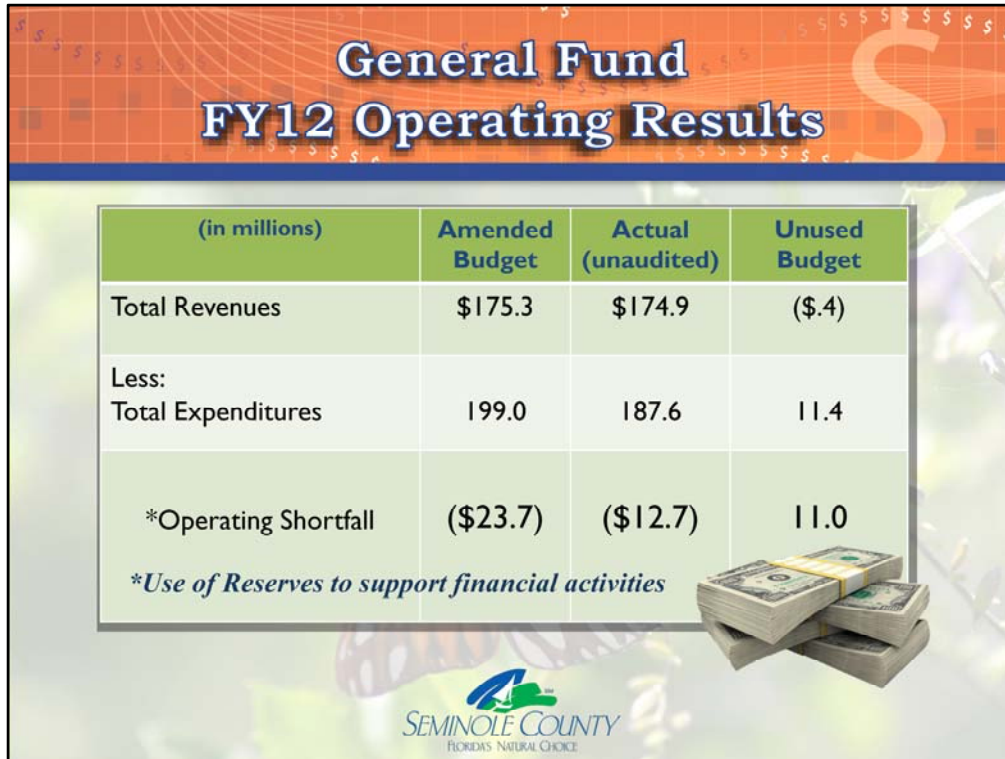

SEMINOLE COUNTY
 FLORIDA'S NATURAL CHOICE

Financial Overview

General Fund / General Revenue Funds FY2011/12 Results

- *Operating Results*
- *Reserve Utilization*
- *Lapse Appropriations*
- *Fund Balance*





Comparison of Budget to Actual /Operating Results

- Revenues less Expenditures reflect the amount of reserves used to support financial activities
- Amended Budget is net of Carryforwards \$8.4M and \$20M transfer for P25/Tower
- Expenditures are net of Actual Transfer of \$9.9 (which is being reimbursed in FY13)
- Revenues realized a (\$.4M) shortage (less than 1%)
- Unused Expenditure budget of \$11.4M (explained on future slide)
- Operating Shortfall = (\$12.7M)

Calculation of Operating Shortfall:

Financial Reports as of 9/30/12 - FY12 Structural Imbalance / Amended Budget = (\$44.6) / Actual = (\$22.6)

Bond Issue Transfer of Budget = \$20.9M / Actual = \$9.9M is removed to show Operational Results

Operating Shortfall = (\$22.6) less refund of \$9.9 =(\$12.7)

General Fund FY12 Operating Results

Total Expenditures \$ 187.6 M



Amended Budget	Actual	Unused
\$ 199.0	\$ 187.6	\$ 11.4M

April 5, 2013



34

BCC Programs are 43% of total General Fund expenditures

General Fund FY12 Lapsed Appropriations

Unused Operating Expenditures \$11.4M

✓ **BCC Programs \$7.9M** (9% of budget)

- *Personal Services* = \$1.9M
- *Operating Expenses* = \$3.0M
- *Interfund Transfers* = \$3.0M

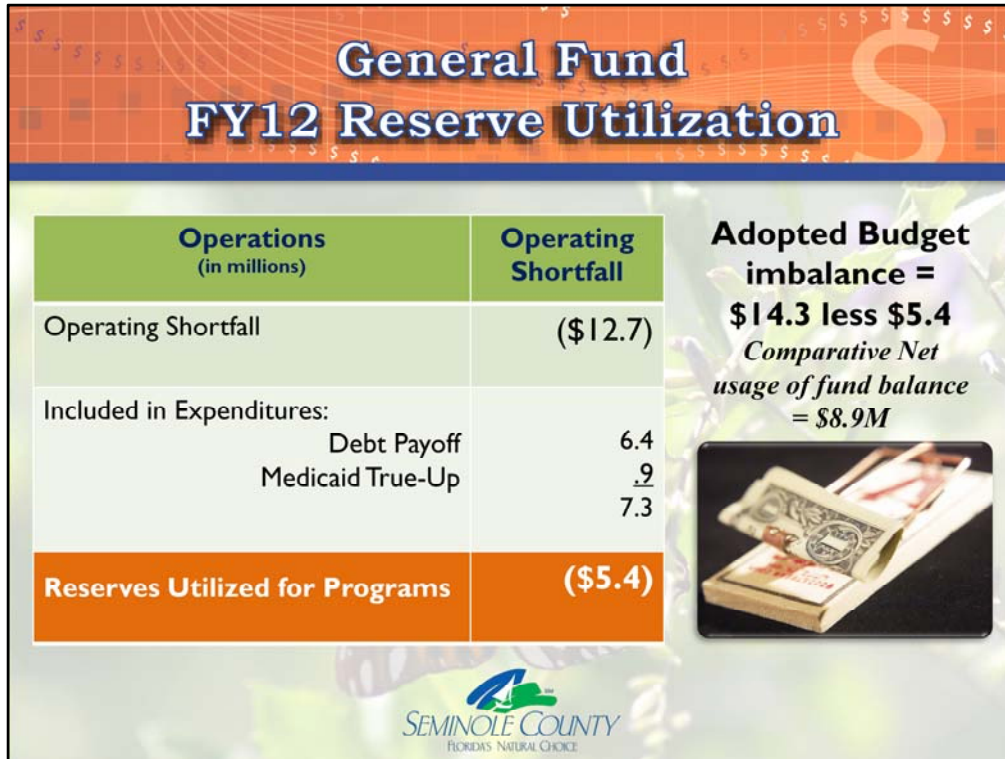


✓ **Constitutional Officers \$3.5M**

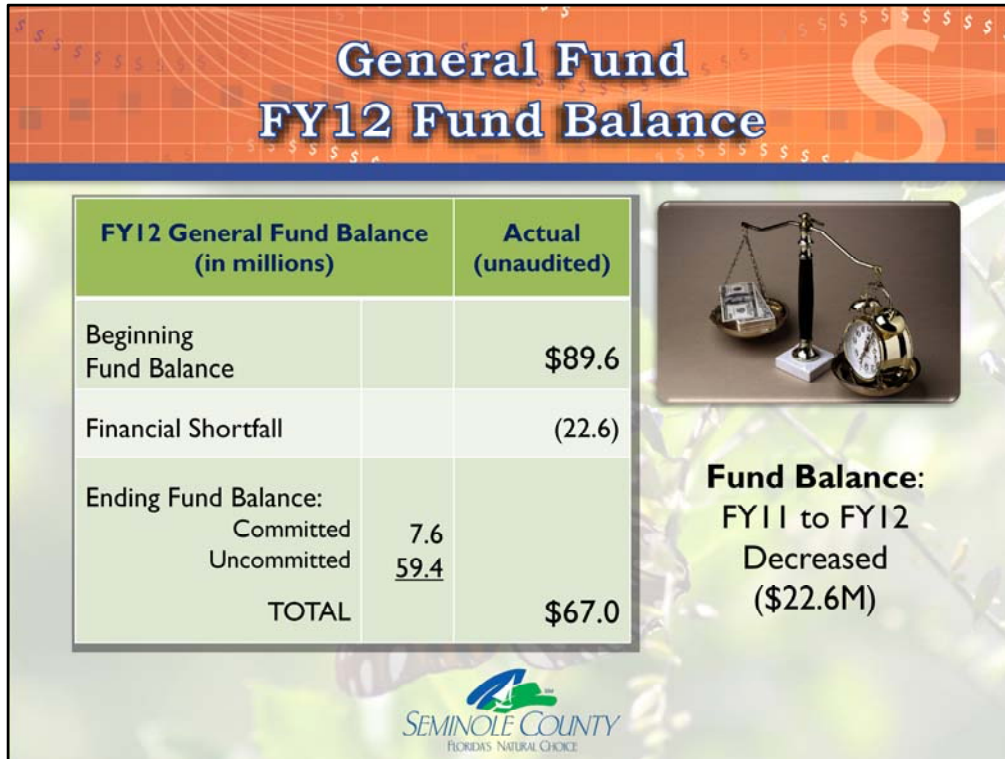


BCC Programs

- Unspent Personal Services = \$1.9M due to vacancies
- Unspent Operating = \$3.0M due to Repair & Maintenance, Contractual Svcs, Fuel, Utilities
- Transfers = \$3.0M not needed by Transportation Trust Fund (capitalized labor cost charged to Sales Tax funds)



- Expenditures include one time priorities for Debt Payoff \$6.4M & Medicaid True-Up \$.9M
- Actual use of fund balance for planned Program operations = \$5.4M
- Adopted Budget shortfall = \$14.3
Comparative Net usage of fund balance = \$8.9M



Ending Fund Balance Reconciliation

- The Beginning Fund Balance is the Ending Fund Balance for the prior year; fund balance decrease from FY2010/11 to the end of FY2011/12 by \$22.26M
 - An actual use of reserves
 - Reflects a revenue shortfall of \$22.6M
 - \$9.9M will be reimbursed in FY2012/13 for the Bond Issuance Transfer made for P25/Tower costs

- Ending Fund Balance -\$67.0M includes committed funds of \$7.6M carried forward into the next fiscal year and uncommitted funds \$59.M

- Uncommitted Fund Balance is available for Board directed general Use

General Revenue Funds FY12 Summary of Fund Balance

As of 9/30/2012 (in millions)	Actual Fund Balance	Committed/ Carryforward	Uncommitted (Unaudited)
General Fund	\$67.0	\$7.6	\$59.4
Sub-Funds	<u>7.6</u>	<u>1.6</u>	<u>6.0</u>
Total General Revenue Funds	\$74.6	\$9.2	\$65.4
Transportation Trust Fund	\$8.0	3.0	5.0
TOTAL	\$82.6	12.2	\$70.4



Fund Balance for General Revenue Funds (use of General Fund sources for specified activities)

➤ General Fund = \$59.4M in uncommitted fund balance

➤ Sub-Funds of the General Fund

\$6M in uncommitted reserves for subfunds have been designated for Facility, Fleet, IT renewal and replacement

Segregated general revenue funding assigned for specified activities:

- ✓ Facilities Maintenance
- ✓ Fleet Renewal & Replacement
- ✓ Technology Renewal & Replacement
- ✓ Capital Projects
- ✓ Debt Service
- ✓ Stormwater
- ✓ Economic Development

➤ General Revenue Supported Funds

\$5.0M maintained in Transportation Trust Fund for BCC designated Transportation activities

Special Revenue Funds dependent on Countywide general use revenue:

- ✓ Transportation Trust Fund (TTF)
- ✓ Ninth Cent Gas Tax Fund (used for Lynx)
- ✓ Building Fund
- ✓ Court Technology Fee Fund

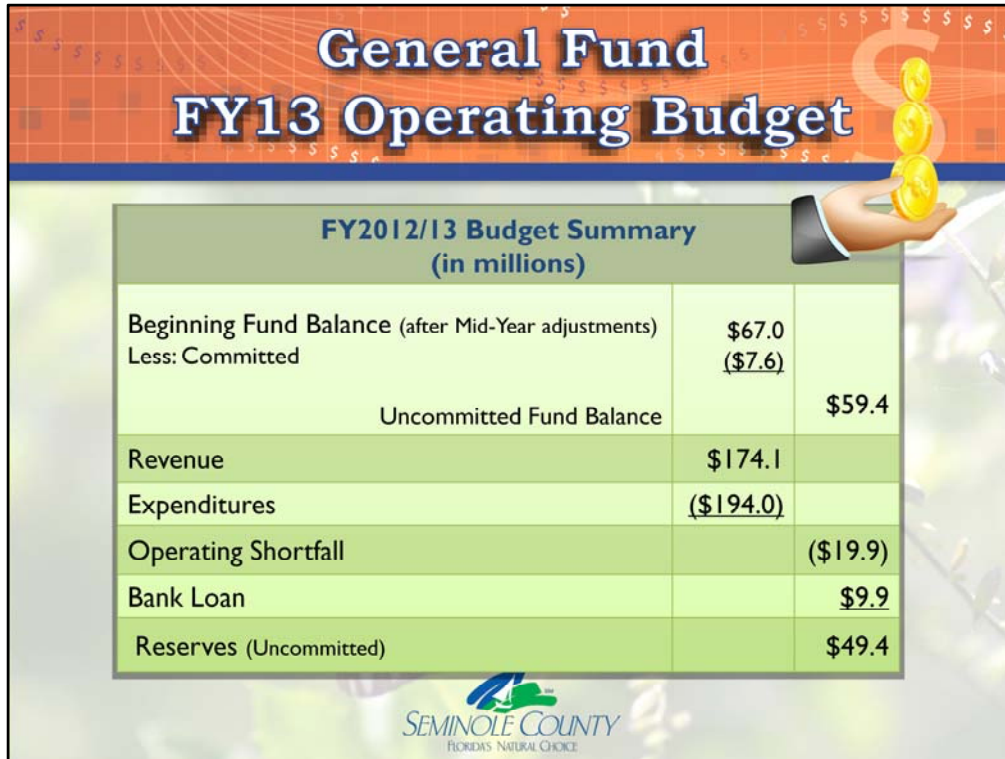
These Funds are included in the General Fund's transfer appropriations and are allocated based on actual expenditures for support purposes only.

Financial Overview

General Fund FY2012/13 Budget

- *Operating Budget*
- *Reserve Allocation*






Fund Balance Reconciliation (as of 9/30/12)


- FY13 Beginning Fund Balance = FY2011/12 Ending \$67.0M
 - After Mid-Year Adjustment \$8.4M & less prior year commitments of \$7.6M carried forward = \$59.4M
- Revenue of \$174.1M excludes \$9.9M reserve reimbursement for Bank Loan (P25/Tower Project)
- Expenditures of \$194.0 excludes \$7.6M prior year commitment carried forward
- Shortfall presented from operational view: \$19.9M of uncommitted fund balance is budgeted to be used for Operations
- Presentation from the amended budgetary basis would reflect a \$10M shortfall/use reserves

General Fund FY13 Reserves

Reserve Allocation (Uncommitted)	
Contingency 10%	\$19.0
Operational Reserve	<u>\$33.9</u>
Reserves	\$49.4

- **Contingency Reserves**
 - ✓ 10% of Expenditures
 - ✓ Use - Disaster Related Emergencies & BCC Priorities
- **Operational Reserve**
 - ✓ Economic Recovery





 SEMINOLE COUNTY
FLORIDA'S NATURAL CHOICE

Operational Reserve

- Formally classified as “Economic Stabilization”
- Purpose – to fund expenditures while revenues are recovering (economy is stabilizing)
- \$33.9M would potentially cover the next 2 years of revenue shortfall
- \$33.9M equates 2 months of Operating expenditures

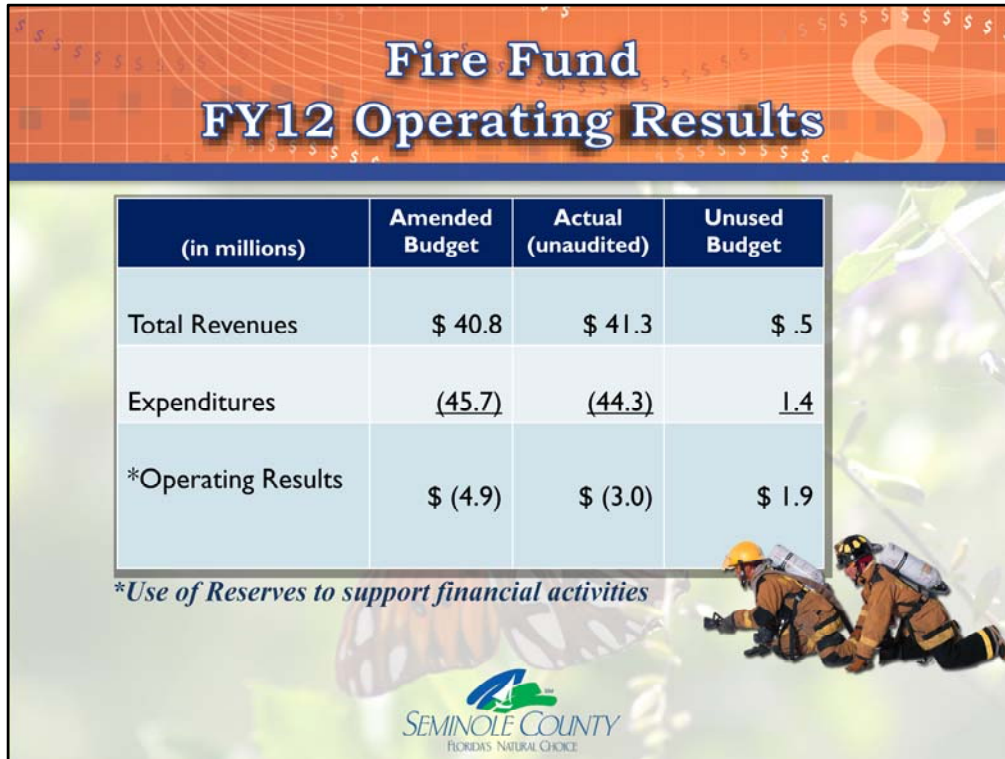
Financial Overview

Fire Fund

FY2011/12 Results

- *Operating Results*
- *Fund Balance*





Comparison of Budget to Actual /Operating Results

- Revenues realized a \$.4M increase
- Amended Budget is net of Carryforwards of \$.8M
- Unused Operating Expenditures = \$1.4M
- Operating Shortfall = (\$3.1M)

Fire Fund FY12 Fund Balance

FY12 Fire Fund Balance (in millions)		Actual
Beginning Fund Balance		\$39.4
Financial Shortfall		(3.0)
Ending Fund Balance:		
Committed	.8	
Uncommitted	<u>\$35.6</u>	
TOTAL		\$36.4



Fund Balance Reconciliation (as of 9/30/12)

- Beginning Fund Balance as of 10/1/11
- Financial Shortfall Represents Revenue less Expenditure & Transfers shortfall
- Ending Fund Balance for 9/30/12 Totals \$36.4M
- \$35.6M of uncommitted reserves designated for other uses

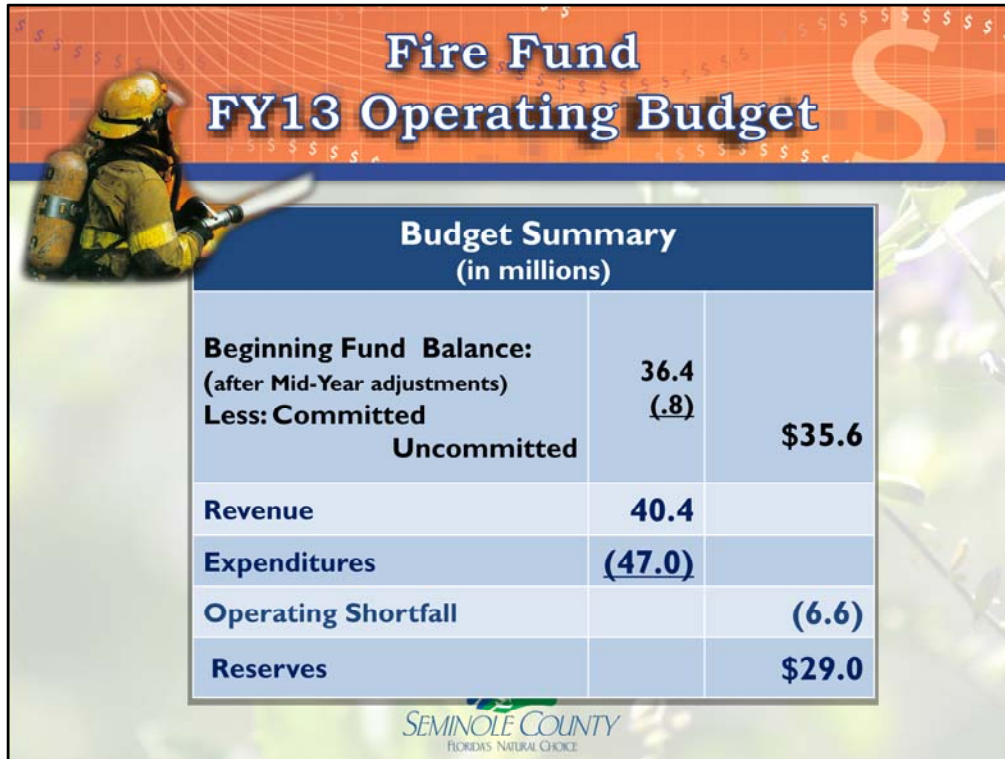
Financial Overview

Fire Fund

FY 2012/13 Budget

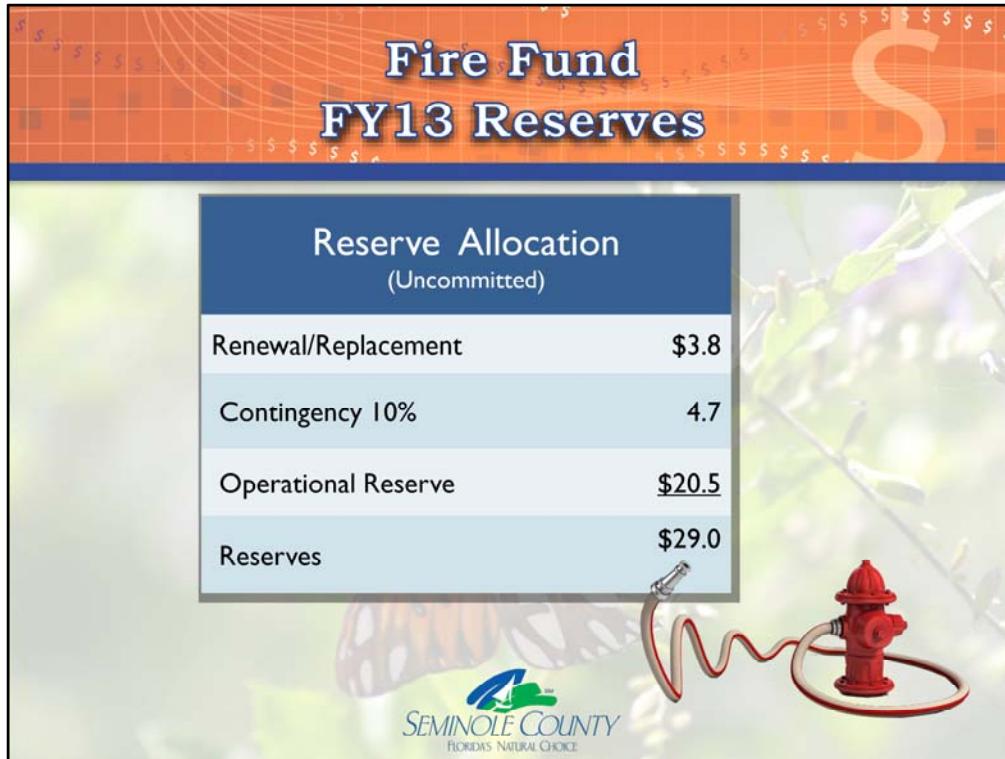
- *Operating Budget*
- *Reserve Allocation*





- Beginning Fund Balance:
 - ✓ After mid-year adjustment the FY13 Beginning Fund Balance = FY12 Ending \$36.4M
 - ✓ Deduct commitments of \$.8M carried forward from FY12
 - ✓ Uncommitted = \$35.6M

- Expenditures are net of commitments/carryforward of \$.8M



Reserve Allocation

➤ Renewal/Replacement

\$3.8M reserved annually for approximately \$19M of Facility, Fleet, Equipment needs over 5 years

- ✓ \$1.0M Equipment
- ✓ \$2.6M Fleet
- ✓ \$.2M Facilities

➤ Contingency

- ✓ 10% of Expenditures
- ✓ Use-Emergency Related

➤ Operational Reserve

- ✓ Formally classified as “Economic Stabilization”
- ✓ Purpose – to fund expenditures while revenues are recovering (economy is stabilizing)
- ✓ Equates to (5) Months Operations
- Required Reserves for Compensated Absences are included in this reserve

Financial Overview

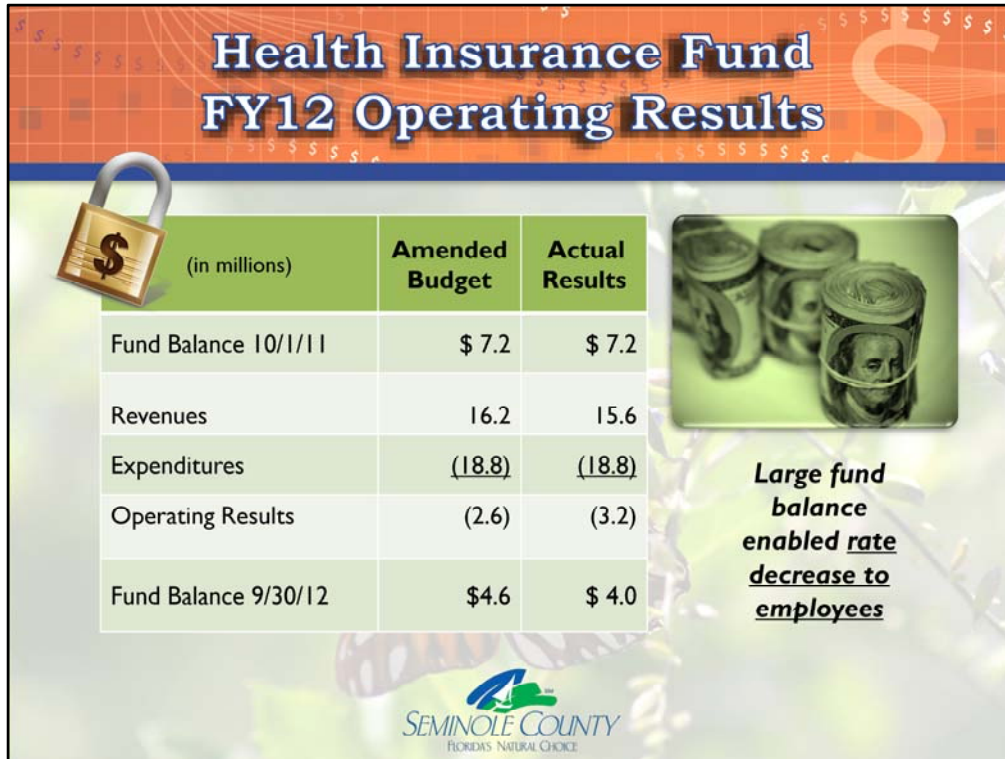


Self Insurance Funds

- *Health Insurance Fund*
- *Worker's Compensation Fund*



Insurance Funds impact the General Fund and other funds, as the Insurance Funds charge the other funds for costs associated with employee health benefits and workers' compensation claims. Therefore, if problems arise in the Insurance Funds, the impact is felt in the General Fund. If surplus starts to get built up in the Insurance Funds, the General Fund and other funds reek the benefit.



FY12 Operating Results

➤ Fund Balance 10/1/11:

-Large Fund Balance of \$7.2M was available at beginning of fiscal year

-Plan was to utilize portion of fund balance (reserves) if claims exceeded actuarial estimate of \$15.5M, in order to alleviate rate increase to employees and BCC's General Fund during economic downturn

➤ Revenues \$600K less primarily due to reducing rates for plans with children:

	Child(ren) Plan	Family Plan
2011 Rate – Employee	\$ 3,119	\$ 6,597
2012 Rate – Employee	\$ 1,919	\$ 5,277
2012 Annual Savings -Employee	\$(1,200)	\$(1,320)
2012 Rate Reduction	38.5%	20%

➤ Fund Balance 9/30/12:

-\$4M actual fund balance after reduction for unpaid claims (IBNR)

-Recommended surplus per actuary is:
2 months net claims (\$ 2.7M) plus IBNR (\$1.3M) = \$4M

-Industry Standard for reserves is
3 months of projected claims = \$4M (\$16M x .25)

Health Insurance Fund FY12 Operating Results

Claims paid increased 31% :

(in millions)	FY11	FY12	Increase
Claim Disbursements	\$12.4	\$ 16.3	\$3.9
Accrual Increase (IBNR)	-	.8	.8
Total Claim Expense	\$12.4	\$17.1	\$4.7



FY12 Claims


Claim costs increased 31%. We've been researching to identify the cause, but have been unable to obtain information due to HIPPA constraints.

Additional cost is for:


Claims under \$100K	\$ 2.0M
Claims \$100K - \$400K	.8M
Claims over \$400K	1.1M
Total Increase	\$ 3.9M

Health Insurance Fund FY13 Budget/Projection

(in millions)		Current Budget
Premiums	\$15.5	
Misc Revenue	1.0	
Revenue Budget		\$16.5
Claims	\$15.1	
Contingency	1.0	
Misc Expenses	1.8	
Expenditure Budget		\$17.9
FY13 Reserves Reduction - Planned		\$(1.4)



Plan for current year:
Use \$1.4M of reserves to implement smaller rate increase



SEMINOLE COUNTY
FLORIDA'S NATURAL CHOICE

➤ FY13 Budget built based on:

- ✓ Use of Reserves (\$1.4M)
- ✓ Maintaining sufficient fund balance of \$4M
- ✓ Small rate increase – 7% avg

➤ Claims Projection:

- ✓ Actuarial Estimate is \$16.3M for calendar year 2013

✓ Budget

\$15.1M Claims
+ 1.0M Contingency
\$16.1M Total Budget

Actual claims paid averaged \$1.2M monthly (Oct – Feb). If trend continued..... claims would total \$14.4M through Sept 2013.

Health Insurance Fund FY14 Budget Development



FY14 Budget Considerations



▪ Fund Balance at 9/30/13

- Projected under \$3M
(after reduction for unpaid claims –IBNR)
- Recommended is \$3.6M

▪ Increased Claim Costs (if health plan not changed)

- Actuary projection = \$1.5M (8.4% + 1% on 3/22/13)
- Stop loss insurer projection = \$1.7M (10% on 3/1/13)

▪ How to fund increased claims and restore reserves ?

- \$ 2.5M - Needed for increased claims/restoration of reserves
- (.4M) - Automatically receive (12 mths vs 9 mths- Jan rate increase)
- \$ 2.1M - Rate increase/reduce benefits



Financial Overview




Worker's Compensation Fund




Workers' Comp Insurance Fund

Fund Balance	Cash Basis
Actual 9/30/10	\$ 6.2M
FY11 Usage	(.7M)
FY12 Usage	(1.5M)
FY12 Transfer	<u>1.2M</u>
Actual 9/30/12	\$ 5.2M
FY13 Usage (projected)	<u>(.6M)</u>
Projected 9/30/13	\$ 4.6M
FY14 Usage (projected)	<u>(.2M)</u>
Projected 9/30/14	\$ 4.4M



Large fund balance on 9/30/10 allowed for reduced charges to the Other Funds during the economic recession.


SEMINOLE COUNTY
FLORIDA'S NATURAL CHOICE

Reserves Summary

- Fund Balance (excluding IBNR/ Incurred But Not Reported Unpaid Claims) had built up to \$6.2M on 9/30/10, allowing reserves to be used and charge other funds less during the economic recession.
- Transfer of cash in FY12 from Property/Liability Fund due to adjustment of IBNR Liability between funds
- Uncommitted Fund Balance of \$1.5M at 9/30/12 after reduction of \$3.7M for IBNR claims
- Reserves being used in FY13 to charge other funds less during the economic recession; Funds charged 88% of projected claims
- Reserves could continue to be used in FY14 in order to reduce charges to other funds slightly. Funds would be charged 100% of actuarial estimate of claim disbursements in 2014; projected cash reserves would be sufficient to cover IBNR.

Workers' Comp Insurance Fund

Impact of Workers' Comp Charges to Other Funds:

	Fire Fund	Transportation Fund	General Fund	Other Funds	TOTAL IMPACT
FY12	775K	132K	77K	100K	1.1M
FY13	853K	285K	169K	241K	1.5M
FY14	1150K	294K	178K	278K	1.9M
FY15					2.0M
FY16					2.1M

Impact increasing due to reduced Stabilization Reserves



Budget Development

Foundation for Budget Preparation

- *No new taxes or increases to tax rates*
- *Continued rightsizing of workforce, primarily through natural attrition & organizational realignment*
- *Reduction of operating costs where feasible*
- *Responsible use of reserves when needed*





Forecast Assumptions FY14 – FY18

Basic Forecast Assumptions

- *Maintaining current tax rates and fees*
- *Taxable Valuation Growth 3%*
- *Total Revenue increasing approximately 2%*
- *BCC Program Personal Services increasing 3%*
- *Budgeted reduction for lapse salaries (\$1M)*
- *BCC Program Operating Expenditures increasing 2%*



General Fund FY14 - FY18

Additional Forecast Assumptions

- *Renewal/Replacement initial funding decreasing over 5 years (chargeback to departments for Fleet/IT costs)*
- *Potential funding source for Transportation/Transit in FY15*
- *Constitutional Officers operations increasing 3%-5% based on priorities*

SEMINOLE COUNTY
FLORIDA'S NATURAL CHOICE

Transportation/Transit Funding FY15

- Transportation Operations \$1.4M
- Engineering Capitalization \$3.0M
- Road Resurfacing Program \$6.6M
- Lynx Funding \$3.5M
- Sunrail \$0.5M (during State subsidy period)

Financial Overview

Future Funding Challenges

- *Transportation/Transit Funding*
- *Fire Fund*
- *Communications Service Tax*
- *Health Insurance*



Budget Development

Board Discussion FY2013/14 Budget Development

