

Budget Policy Overview FY 2013 – 2014

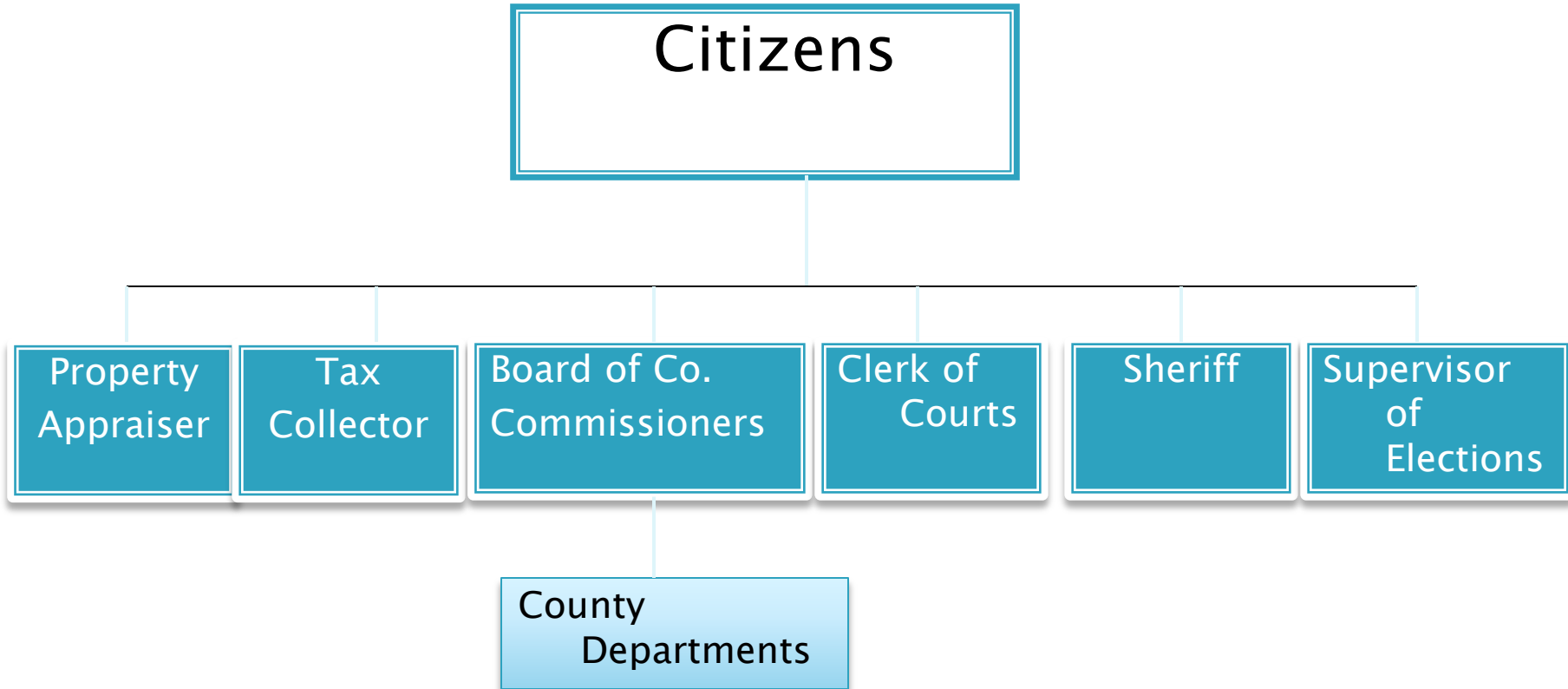
April 9, 2013



Areas of Discussion

- ▶ Fiscal Approval Responsibilities
- ▶ Economic Information
- ▶ Revenue & Policies
- ▶ Expenditures & Policies
- ▶ Fiscal Challenges
- ▶ Potential Reduction
 - The Big Picture
 - Reduction Methodologies
 - Services & Staffing Philosophies
- ▶ Conclusion
- ▶ Budget Review Schedule

Okaloosa County Organizational Chart



Fiscal Approval Responsibilities

▶ Property Appraiser F.S. 195.087

- Submits budget to the State of Florida Department of Revenue (DOR) by June 1st with copy to BCC
- By July 15, the DOR shall notify the Property Appraiser and the BCC of any tentative budget amendments
- By August 15, additional information/testimony to DOR from the Property Appraiser or the BCC
- DOR makes final decision on or before August 15th
- Final decisions by DOR can be appealed to the Governor and Cabinet, sitting as the Administration Commission
- Post final budget to website within 30 days after adoption

Fiscal Approval Responsibilities

- ▶ **Tax Collector F.S. 129.03 (2) & 195.087 (2)**
 - Tax Collector submits budget for approval to the State of Florida Department of Revenue (DOR) by August 1st (copy to BCC)
 - DOR reviews and returns with modifications or approves and certifies it to Tax Collector
 - No appeal mechanism provided by statutes
 - Post final budget to website within 30 days after adoption

Fiscal Approval Responsibilities

- ▶ **Board of County Commissioners – F. S. 129 & 200.065**
 - Certified taxable values received from Property Appraiser by July 1st
 - Budget Officer (County Administrator) submits tentative budget to BCC 15 days after certification – July 15th
 - Public Hearings conducted and advertise budget and proposed millage rate
 - Adoption of final millage rate and budget, by resolution
 - Post final budget to website within 30 days after adoption

Fiscal Approval Responsibilities

- ▶ **Clerk of Circuit Court – F. S. 129.03 (2), 28.12 & 28.36**
 - By June 1st submits tentative budget request to the Board of County Commissioners (BCC)
 - The Clerk submits to the BCC budget requests for BCC functions, clerk to BCC and County accountant
 - BCC may increase or decrease budget request
 - The Clerk submits Clerk of Court functions budget to Clerk of Court Operation Corporation for approval

Fiscal Approval Responsibilities

▶ Sheriff – F.S. 129.03 (2) & 30.49

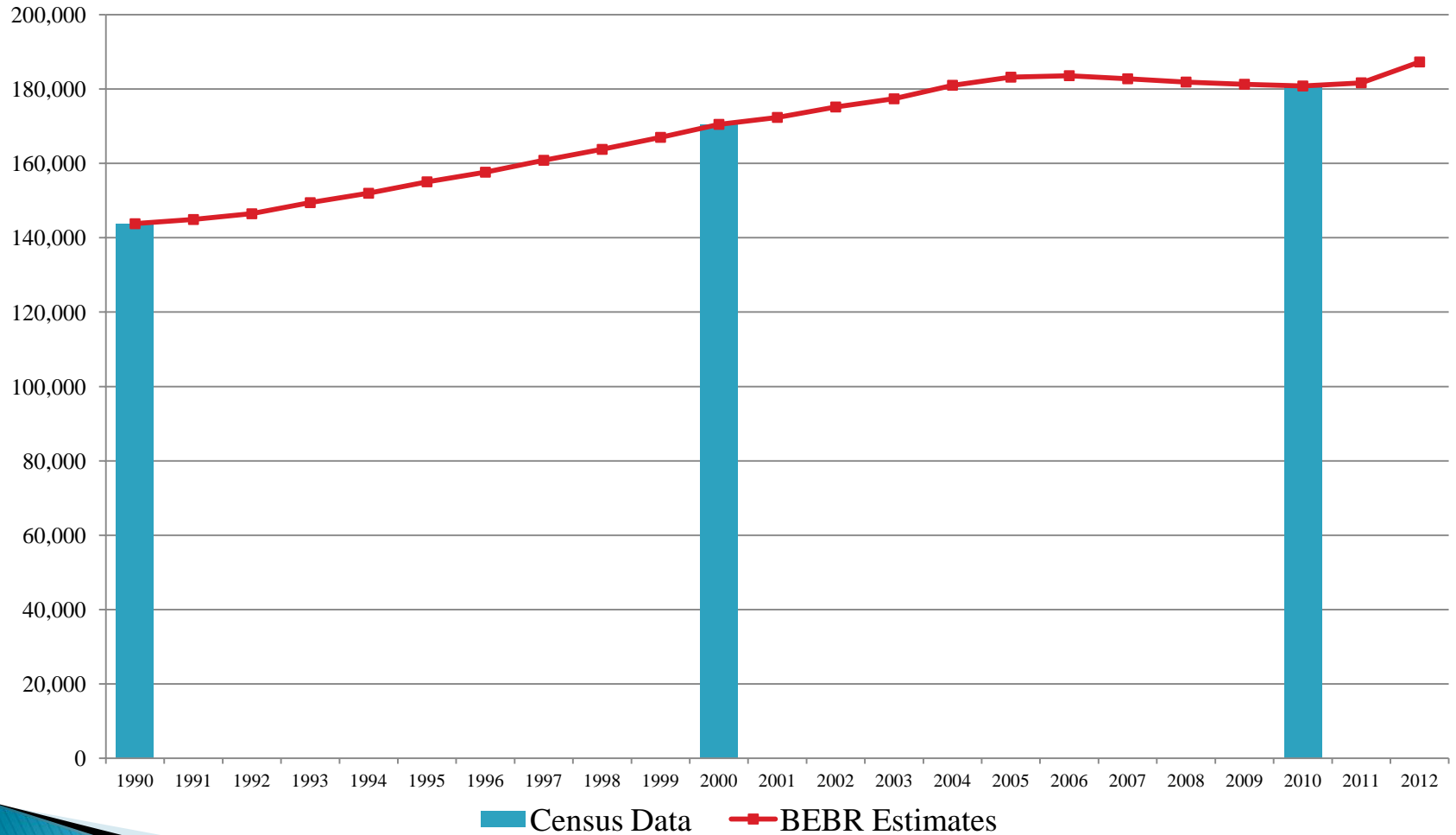
- By June 1st submits tentative budget request to the Board of County Commissioners (BCC) with sworn certificate of need
- Sheriff shall furnish to BCC relevant and pertinent info concerning expenditures from prior and proposed year
- BCC may amend, modify, increase or decrease any or all items of expenditure
- Final decisions by BCC can be appealed to the Governor and Cabinet, sitting as the Administration Commission

Fiscal Approval Responsibilities

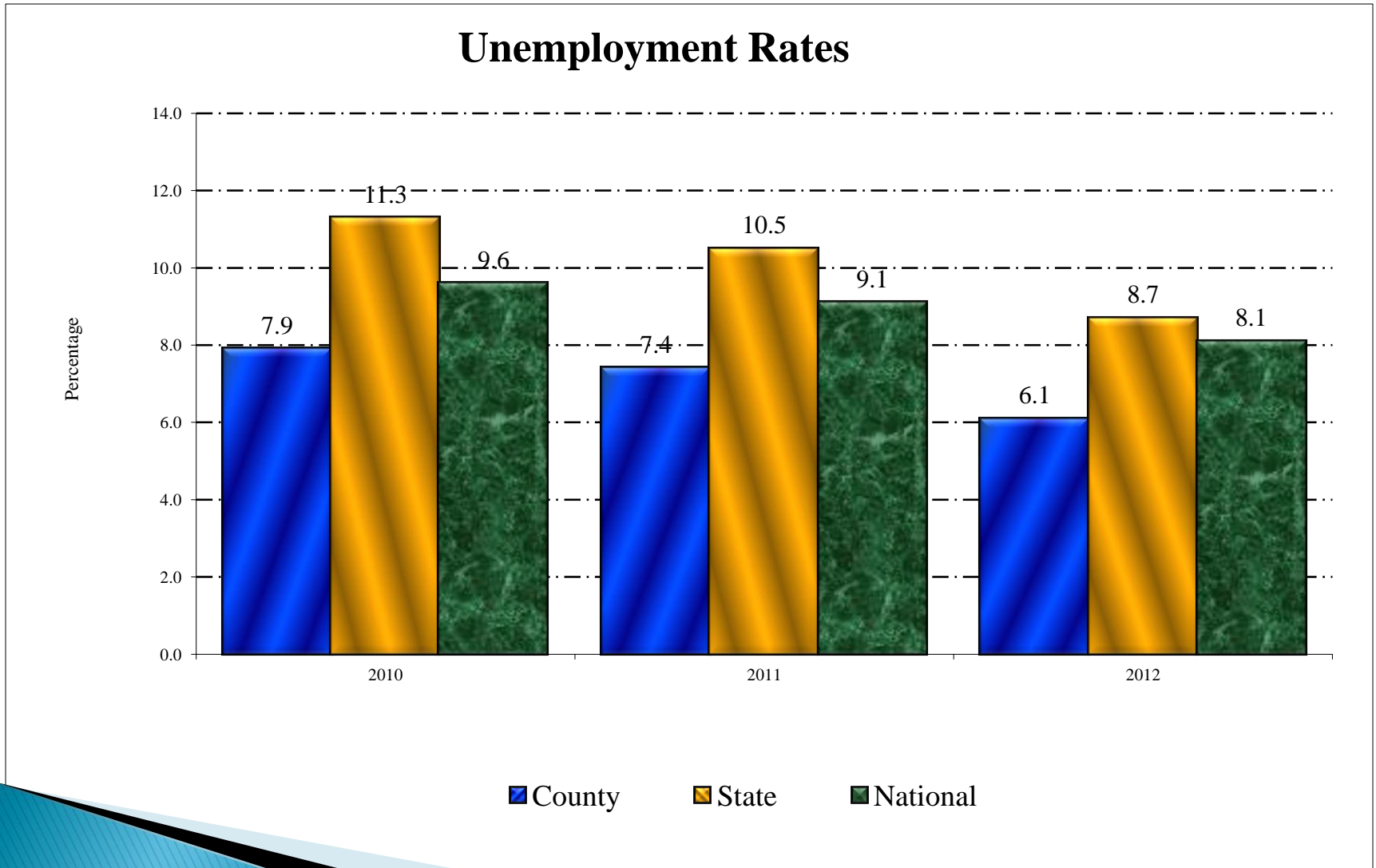
- ▶ **Supervisor of Elections – F.S. 129.03 (2) & 129.201**
 - By June 1st submits tentative budget request to the Board of County Commissioners (BCC)
 - SOE shall furnish to BCC relevant and pertinent info concerning expenditures from prior and proposed year
 - BCC may amend, modify, increase or decrease any or all items of expenditure

Economic Information

Okaloosa Population

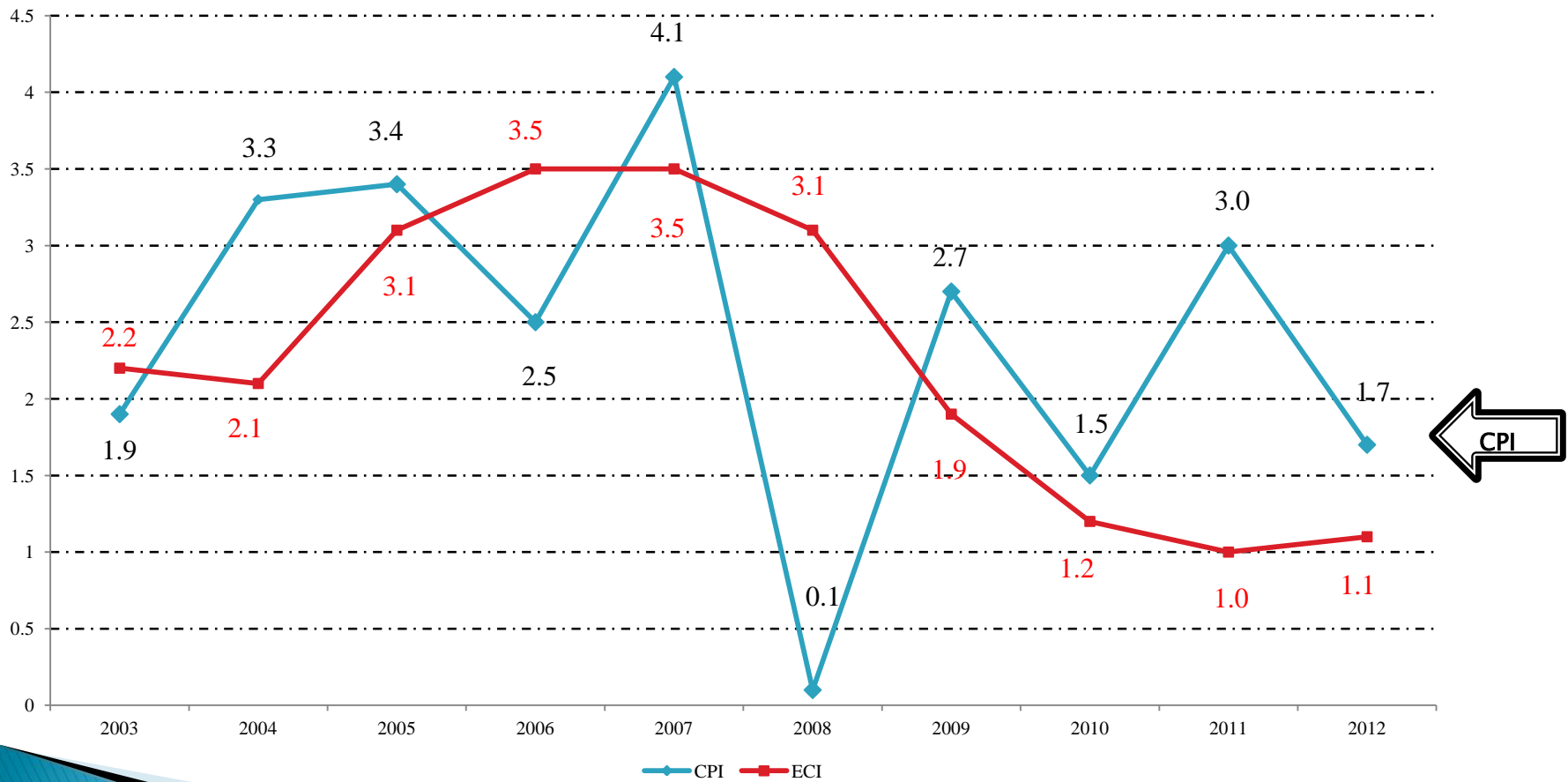


Economic Information



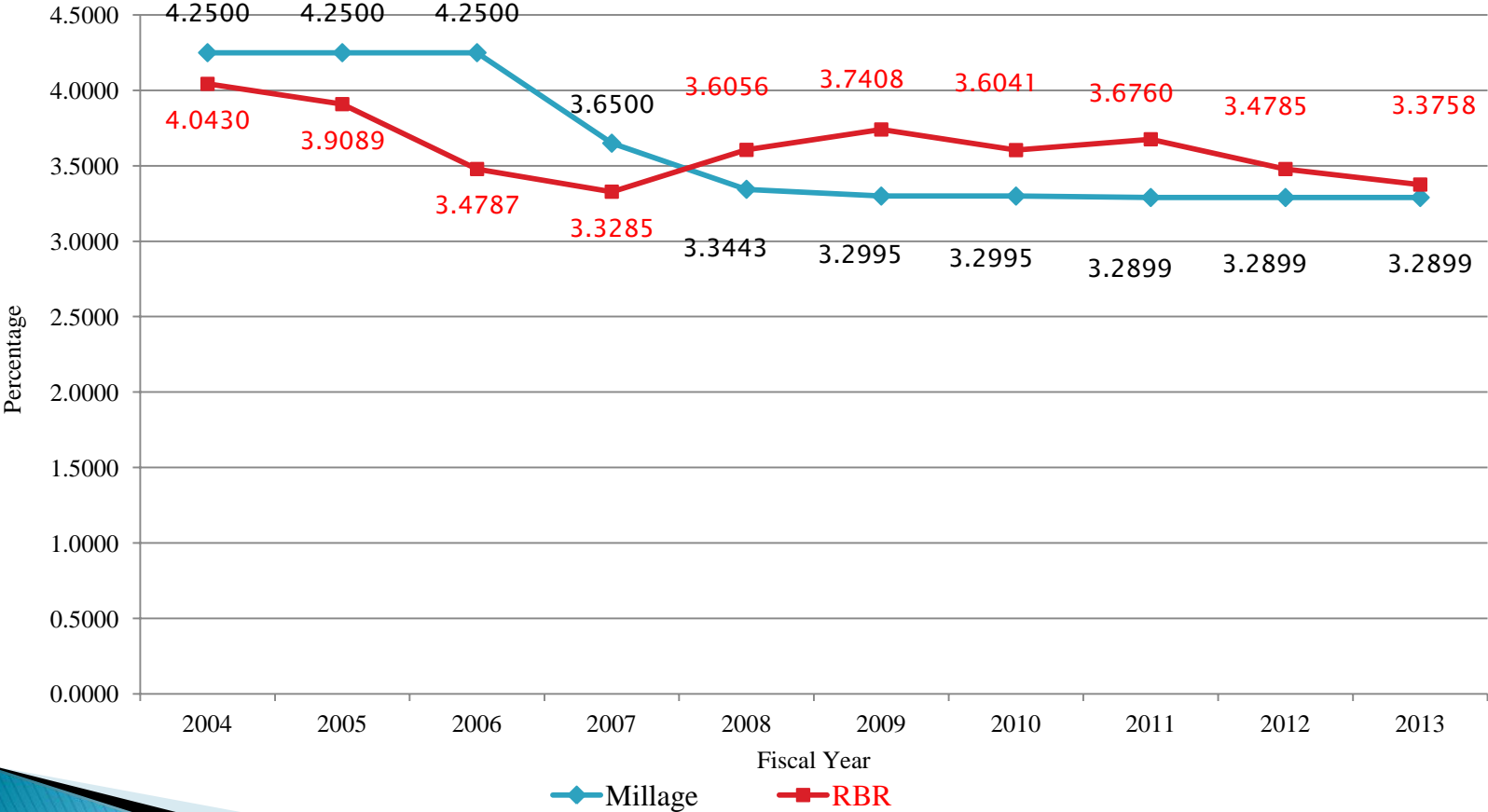
Economic Information

Economic Indices % Increase in Consumer & Employment Index



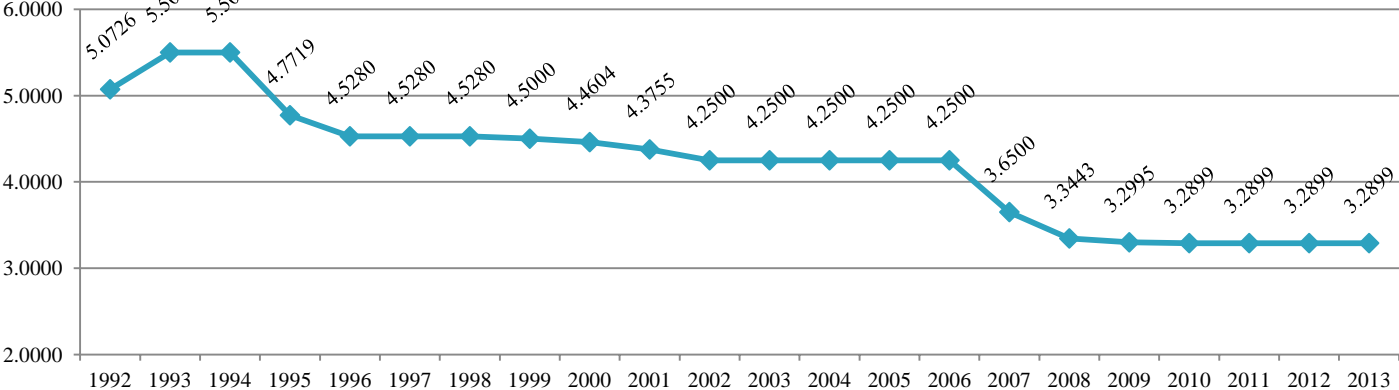
Revenue & Policies

Millage History County-wide Rate & Rolled-Back Rate

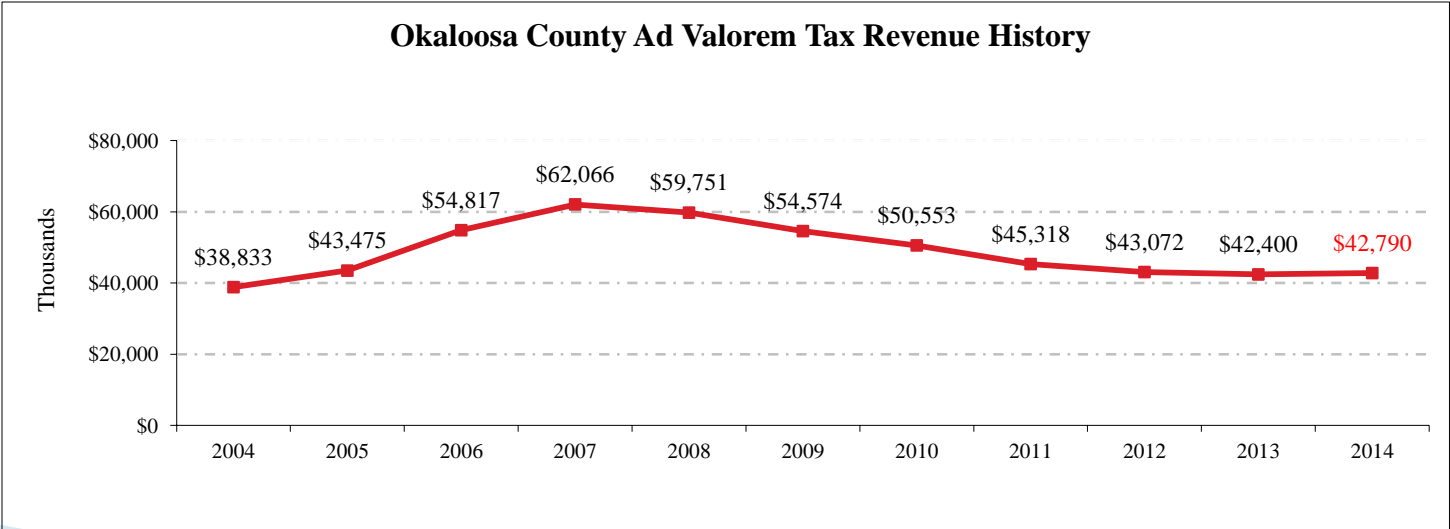


Revenue & Policies

Millage History Since Last Increase

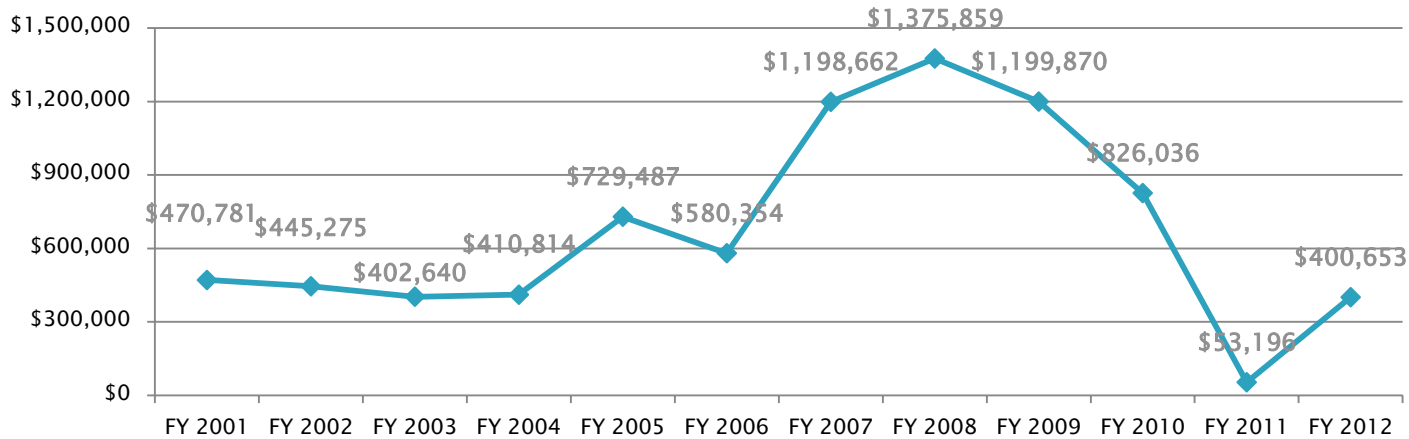


Okaloosa County Ad Valorem Tax Revenue History

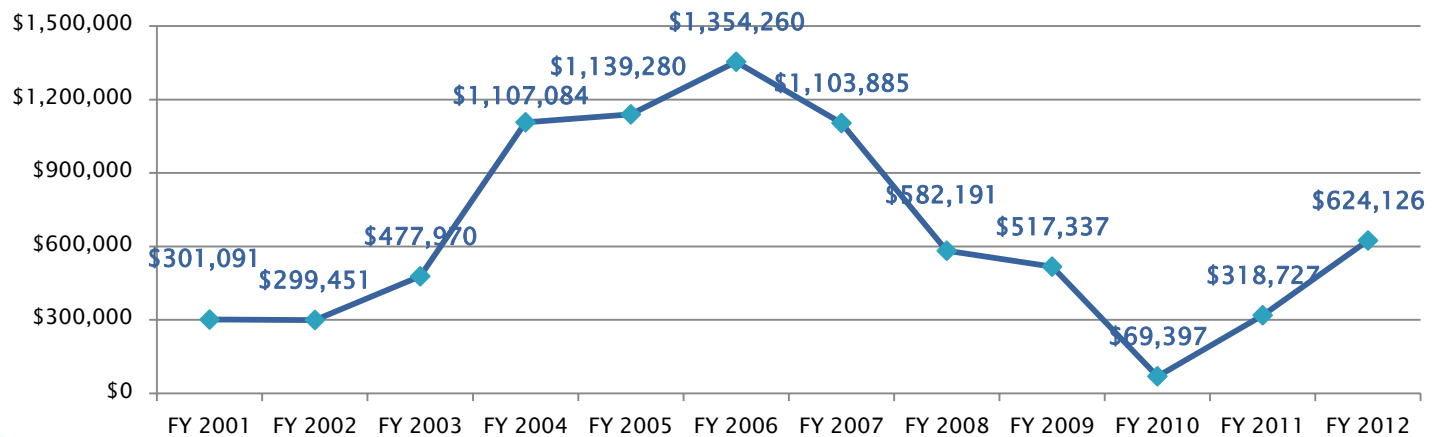


Revenue & Policies

Tax Collector Excess Fees



Clerk Excess Fee

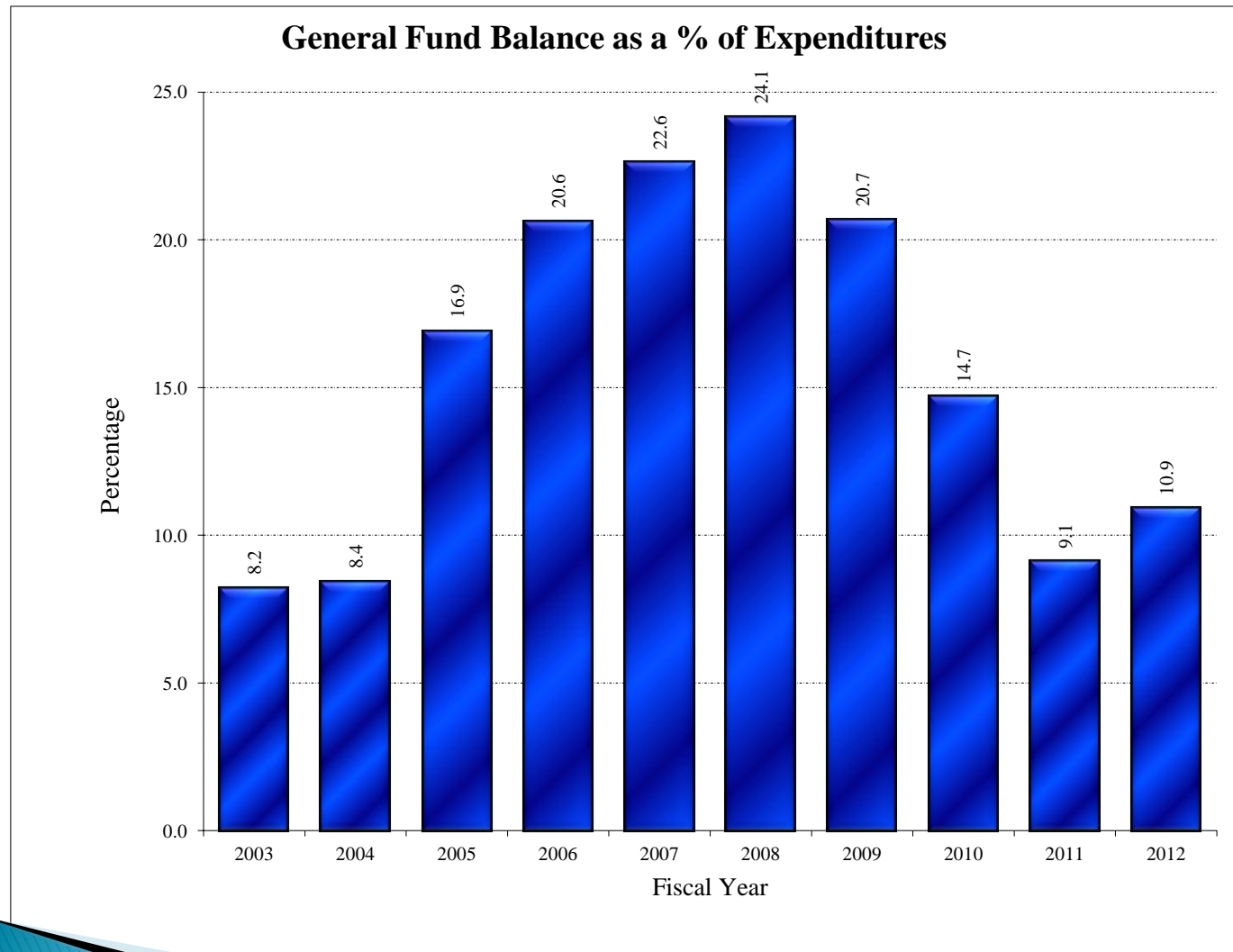


Revenue & Policies

- ▶ **Revenue Options & Recommendations**
 - Ad valorem/Millage increase
 - *Recommend an increase to the county wide assessment*
 - 1 to 5 cent fuel tax increase (county portion \$547,025 – \$2,735,125 annually)
 - *(Recommend the Board continue to consider additional revenue sources available to them, to include the Second Local Option Fuel Tax which is not currently levied.)*
 - Stormwater Utility Assessment
 - *(Recommend consideration)*

Expenditure & Policies

General Fund Balance



**2011 Fund Balance
percentage, lowest
percentage since
hurricane years
of 2004**

Expenditures & Policies

- ▶ **Employees salaries, benefits & recommendations**
 - Several years of no salary adjustments have resulted in employees having 10% less, due to inflation
 - Consider 3% salary increase or other compensation enhancements.
 - Health insurance cost anticipated to have a 10% decrease.

Expenditures & Policies

▶ **Staffing & Recommendations**

- Minimal staff considerations following six years of reductions
- Without enhanced revenues, General Fund operations may require further reduction.

Expenditures & Policies

▶ Operating Expenses & Recommendations

- Consider elimination or further reduction to social & community service funding, & museums
- After 7 years of limited vehicle replacement and overall shrinkage of fleet, recommend vehicle & equipment replacement schedule begin.

Expenditures & Policies

▶ Reserves & Recommendations

- Target a General Fund Reserve of 8% or approximately 30 days of “operating cash.” (excluding Constitutional Officers)
- General Fund Reserve approximate target:
\$3,015,000

Capital Projects

- ▶ Public Works (Parks, Transportation & Stormwater)
- ▶ Water & Sewer
- ▶ Airports (VPS & Bob Sikes)
- ▶ Tourist Development
- ▶ Court Facilities, Public Safety & Old FWB
Hospital

Fiscal Challenges

General Fund Revenue Considerations

▶ Ad Valorem Taxes(current millage)	\$390,000
▶ Communications Service Tax	(\$300,000)
▶ State Revenue Sharing Proceeds	\$175,000
▶ Local Government Half-Cent Sales Tax	\$ 25,000
▶ Constitutional Fuel Tax	\$ 55,000
▶ County Fuel Tax	\$ 25,000
▶ Local Option Fuel Taxes	\$100,000
▶ Total Projected	\$470,000

“Untapped” Revenue:

<i>Local Option Sales Tax</i>	<i>\$21,160,000</i>
<i>2nd LOGT(60% of maximum 5 Cents)</i>	<i>\$ 2,735,125</i>
<i>Franchise Fees, Impact Fees or Stormwater Assessments-various revenue amounts</i>	

Fiscal Challenges

Some anticipated General Fund impacts

▶ Sheriff Expanded SRO Program	\$1,742,561
▶ Vehicles & Equipment	\$1,253,500
▶ Salary Market Adjustments (3%)	\$1,458,623
▶ Health Insurance (10%)	(\$ 308,473)
▶ Capital Outlay	\$ 675,000
▶ Florida Retirement System (FRS)	Unknown
▶ Total	\$4,821,211

Fiscal Challenges

▶ Estimate of General Fund Revenue/Expense Deficit

\$ 4,821,211 (estimated GF increased expenses*)

\$ 470,000 (estimated GF revenue increases)

\$ 4,351,211

- Recommended target reductions/revenue enhancements of 3.3% or \$4,351,211 of Anticipated General Government Services.
-
- Based upon projected Assessed Valuation that would equate to .335 millage increase

* Include a 3% employee salary adjustment

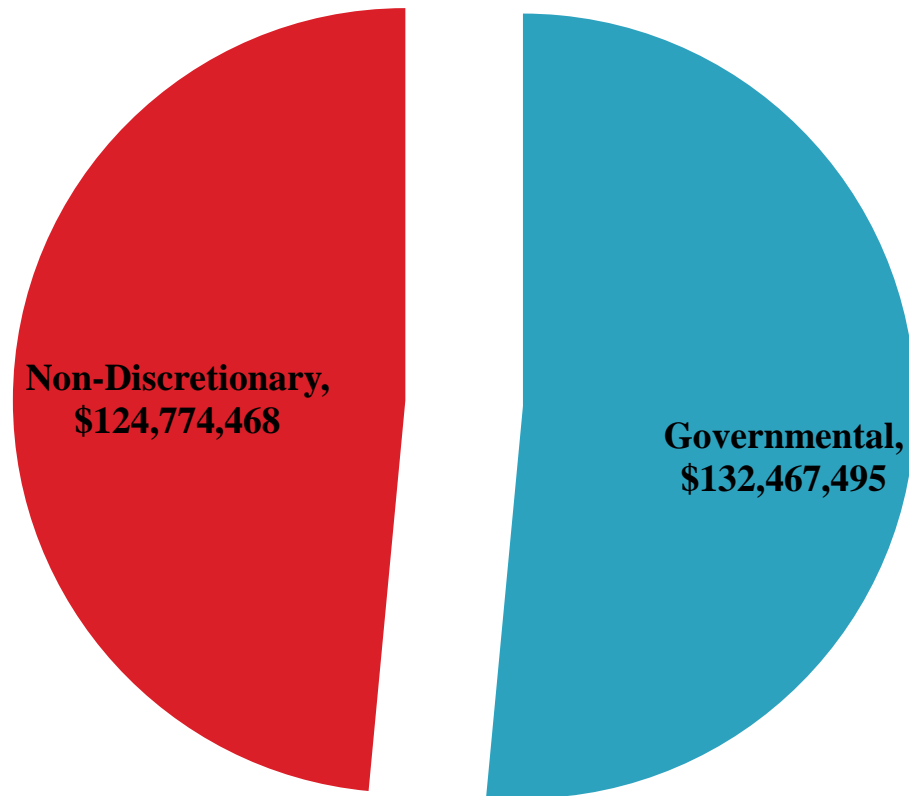
Recommendations to Balance the FY14 Budget

- ▶ Review Big Picture
- ▶ Considering Revenue Enhancements
- ▶ Guidance on Reduction Methodology
- ▶ Services & Staffing Philosophy

Potential Reductions

▶ The Big Picture

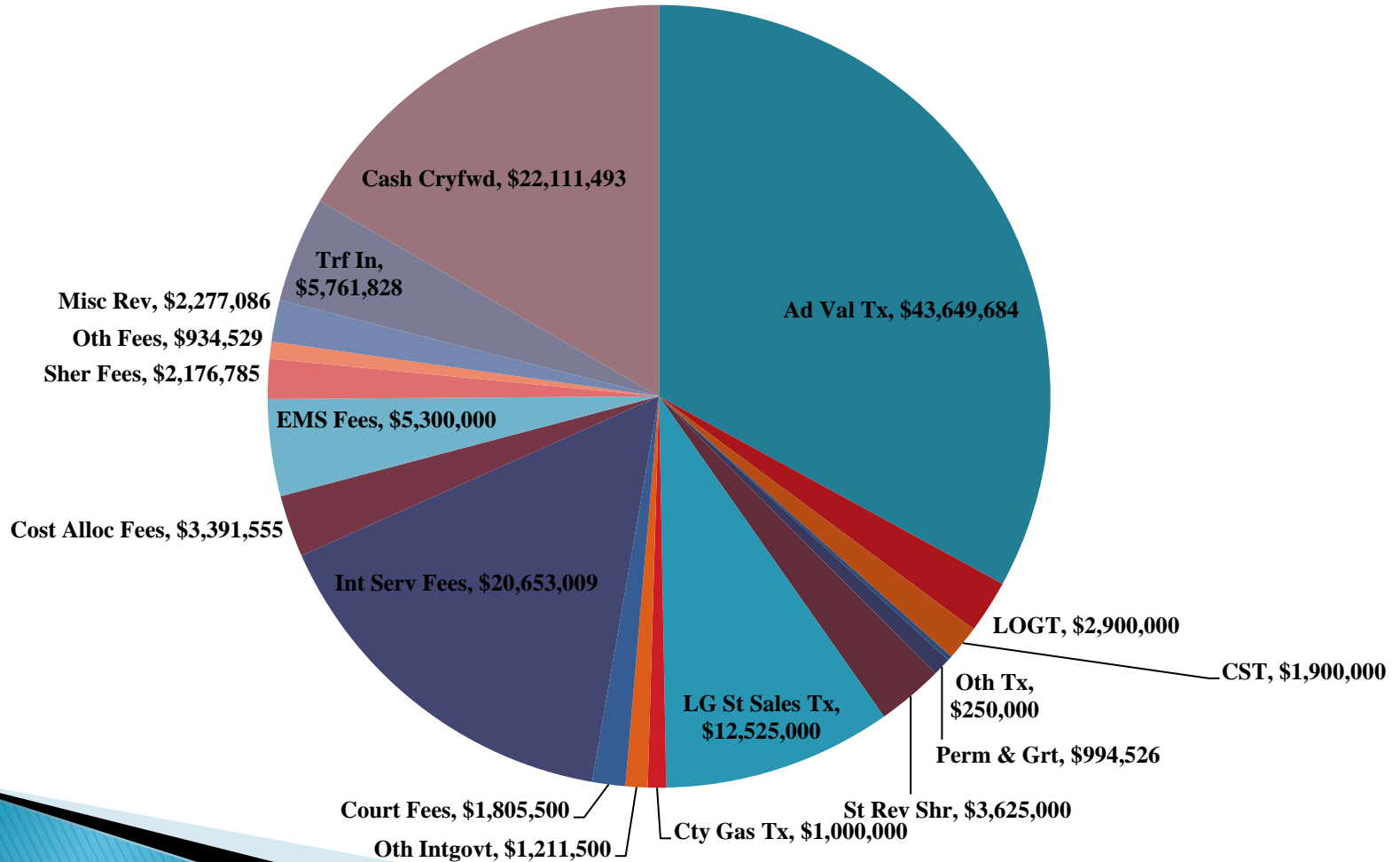
FY2013 Total Budget, \$257,241,963



Potential Reductions

► The Big Picture

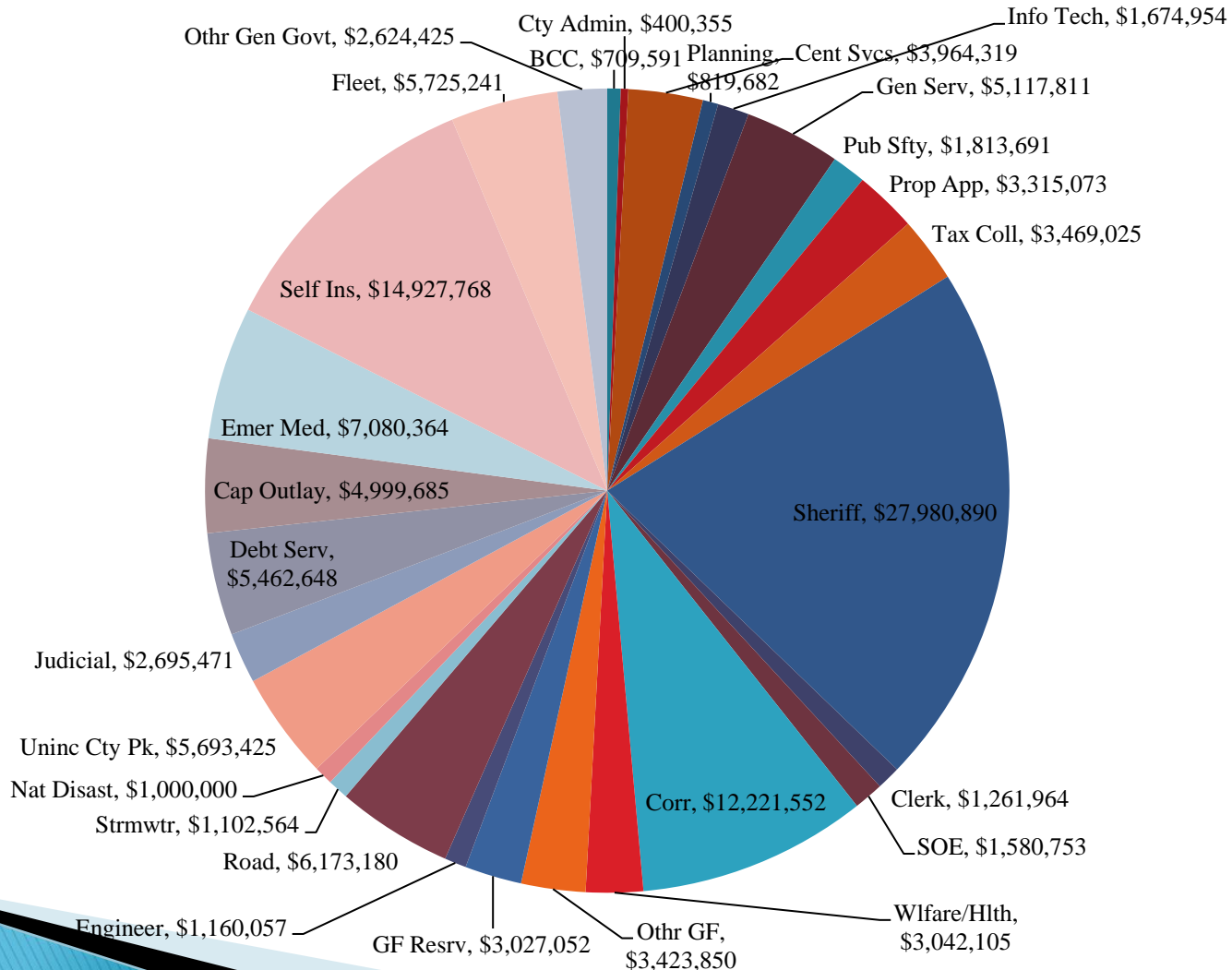
General Government Revenues, \$132,467,495



Potential Reductions

▶ The Big Picture *continued*

General Government Expenditures, \$132,467,495



Potential Reductions

▶ Methodology

◦ Reduction Options

- Across the board reduction
- Reductions based on category hierarchy
- Reductions based on prioritization of services
- Combination of all

Potential Reductions

▶ Reduction Based on Category Hierarchy

○ Public Safety

- Corrections
- Inspections
- EMS (Emergency Med. Svs.)
- Emergency Management
- Sheriff

○ Essential Services

- Airports
- Constitutional Offices
- Extension Services
- Facilities Maintenance
- Growth Management
- Information Systems
- Judicial Costs
- Health Dept.
- OCT-WAVE Bus
- Public Works
- Water & Sewer

○ Quality of Life

- Museums
- Libraries
- Parks
- Tourist Development Council
- Veterans Services

Potential Reductions

- ▶ **Reduction Based on Prioritization of Services**
 - Okaloosa County Citizen Survey 2009
 - Conducted in March/April by Data Collection – The Listening Group Market Research.
 - Tabulation & analysis – Haas Center for Business Research.

Okaloosa County Survey

	Service	Importance	General Fund Contribution \$
1	Ambulance/EMS	4.8	1,275,000
2	Emergency Management Services & Disaster Prep.	4.5	1,268,250
3	Law Enforcement/Jail	4.5	39,970,450
4	Roads & Bridges	4.4	19,790,150
5	Veterans Services	4.3	139,250
6	Parks	4.2	578,150
7	Mosquito Control	4.2	471,000
8	Stormwater & Flood Management	4.2	1,102,500
9	Libraries	4.1	588,500
10	Public Health Services	4.1	677,000
11	Beach Safety Unit	3.9	492,000
12	Animal Control	3.8	466,000
13	Information Systems	3.8	1,675,000
14	Public Assistance	3.8	400,000
15	Code Enforcement	3.8	150,250
16	Building, Planning & Zoning	3.8	658,000
17	Extension Services	3.6	307,000
18	Museums	3.5	26,500
19	Public Transportation	3.5	25,000
			70,060,000

Potential Reductions

- ▶ **Combination of All**
 - Percentage reductions
 - Category hierarchy
 - Prioritization of services
- ▶ **Other approaches?**

Potential Reductions

▶ **Services & Staffing Philosophy**

- Attempt to keep services & staffing in place to weather out the economic downturn
 - Reduce compensation & benefits
 - Use of Reserves – not recommended
 - Additional staff layoffs – last resort

Conclusion

- ▶ Need Board direction early in budget process
- ▶ Hard decisions/choices to be made
- ▶ Close monitoring of revenue projections

Budget Review Schedule

- ▶ Workshops:

- April 9 – 6:00 PM – Fort Walton Beach

- ▶ July 17 – 6:00 PM – *Crestview*

- ▶ July 23 – 1:00 PM – FWB

- ▶ July 30 – 8:30 AM – FWB

- ▶ Aug. 6 – 1:00 PM – *Crestview*

- ▶ Aug. 8 – 6:00 PM – FWB

Sept. 5 Tentative Public Budget Hearing, 6 PM, Crestview

Sept. 16 Final Public Budget Hearing, 6 PM, FWB