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

Citizens

Property Appraiser  Tax Collector  Board of Co. Commissioners  Clerk of Courts  Sheriff  Supervisor of Elections

County Departments
Fiscal Approval Responsibilities

- Property Appraiser F.S. 195.087
  - Submits budget to the State of Florida Department of Revenue (DOR) by June 1\textsuperscript{st} 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 15\textsuperscript{th}
  - 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 1\textsuperscript{st} (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 1\textsuperscript{st} 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
Okaloosa Population

Census Data  BEBR Estimates
Unemployment Rates

<table>
<thead>
<tr>
<th>Year</th>
<th>County</th>
<th>State</th>
<th>National</th>
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<tbody>
<tr>
<td>2010</td>
<td>7.9</td>
<td>11.3</td>
<td>10.5</td>
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<tr>
<td>2011</td>
<td>7.4</td>
<td>9.1</td>
<td>8.7</td>
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<tr>
<td>2012</td>
<td>6.1</td>
<td>8.7</td>
<td>8.1</td>
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Economic Indices

% Increase in Consumer & Employment Index
Millage History
County-wide Rate & Rolled-Back Rate

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<thead>
<tr>
<th>Fiscal Year</th>
<th>Millage</th>
<th>RBR</th>
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<tr>
<td>2004</td>
<td>4.2500</td>
<td>4.0430</td>
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<td>2005</td>
<td>4.2500</td>
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<td>2006</td>
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<td>2007</td>
<td>3.6500</td>
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<td>2008</td>
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<td>3.7408</td>
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<td>2009</td>
<td>3.7408</td>
<td>3.6041</td>
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<tr>
<td>2010</td>
<td>3.6041</td>
<td>3.6760</td>
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<tr>
<td>2011</td>
<td>3.6760</td>
<td>3.4785</td>
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<td>2012</td>
<td>3.4785</td>
<td>3.3758</td>
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<tr>
<td>2013</td>
<td>3.3758</td>
<td>3.2899</td>
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Fiscal Year

Percentage

2. Millage History Since Last Increase

Okaloosa County Ad Valorem Tax Revenue History
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

General Fund Balance as a % of Expenditures

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

<table>
<thead>
<tr>
<th>Revenue Source</th>
<th>Amount</th>
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<tr>
<td>Ad Valorem Taxes (current millage)</td>
<td>$390,000</td>
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<tr>
<td>Communications Service Tax</td>
<td>($300,000)</td>
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<tr>
<td>State Revenue Sharing Proceeds</td>
<td>$175,000</td>
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<tr>
<td>Local Government Half-Cent Sales Tax</td>
<td>$25,000</td>
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<tr>
<td>Constitutional Fuel Tax</td>
<td>$55,000</td>
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<tr>
<td>County Fuel Tax</td>
<td>$25,000</td>
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<tr>
<td>Local Option Fuel Taxes</td>
<td>$100,000</td>
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<tr>
<td><strong>Total Projected</strong></td>
<td><strong>$470,000</strong></td>
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**“Untapped” Revenue:**

- **Local Option Sales Tax**                           | $21,160,000 |
- **2nd LOGT (60% of maximum 5 Cents)**                | $2,735,125  |

Franchise Fees, Impact Fees or Stormwater Assessments—various revenue amounts
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

- Governmental, $132,467,495
- Non-Discretionary, $124,774,468
Potential Reductions

The Big Picture

General Government Revenues, $132,467,495

- Ad Val Tx, $43,649,684
- LG St Sales Tx, $12,525,000
- St Rev Shr, $3,625,000
- Perm & Grt, $994,526
- Cty Gas Tx, $1,000,000
- Int Serv Fees, $20,653,009
- EMS Fees, $5,300,000
- Cost Alloc Fees, $3,391,555
- Int Serv Fees, $20,653,009
- Oth Intgovt, $1,211,500
- Court Fees, $1,805,500
- Oth Fees, $934,529
- Sher Fees, $2,176,785
- Misc Rev, $2,277,086
- Trf In, $5,761,828
- Cash Cryfwd, $22,111,493
Potential Reductions

The Big Picture continued

General Government Expenditures, $132,467,495

- Othr Gen Govt, $2,624,425
- Cty Admin, $400,355
- BCC, $709,591
- Cent Svcs, $3,964,319
- Planning, $819,682
- Gen Serv, $5,117,811
- Pub Sfty, $1,813,691
- Prop App, $3,315,073
- Tax Coll, $3,469,025
- Sheriff, $27,980,890
- Clerk, $1,261,964
- SOE, $1,580,753
- Corr, $12,221,552
- Wlfare/Hlth, $3,042,105
- Othr GF, $2,624,425
- GF Resrv, $3,027,052
- Othr Gen Govt, $2,624,425
- Road, $6,173,180
- Strmwtr, $1,102,564
- Nat Disast, $1,000,000
- Engineer, $1,160,057
- Uninc Cty Pk, $5,693,425
- Judicial, $2,695,471
- Debt Serv, $5,462,648
- Cap Outlay, $4,999,685
- Emer Med, $7,080,364
- Self Ins, $14,927,768
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.
<table>
<thead>
<tr>
<th>Service</th>
<th>Importance</th>
<th>General Fund Contribution $</th>
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<tbody>
<tr>
<td>Ambulance/EMS</td>
<td>4.8</td>
<td>1,275,000</td>
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<tr>
<td>Emergency Management Services &amp; Disaster Prep.</td>
<td>4.5</td>
<td>1,268,250</td>
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<td>Law Enforcement/Jail</td>
<td>4.5</td>
<td>39,970,450</td>
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<td>Roads &amp; Bridges</td>
<td>4.4</td>
<td>19,790,150</td>
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<td>Veterans Services</td>
<td>4.3</td>
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<td>Parks</td>
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<td>Mosquito Control</td>
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<td>Stormwater &amp; Flood Management</td>
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<td>Libraries</td>
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<td>Public Health Services</td>
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<td>Information Systems</td>
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<td>Public Assistance</td>
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<td>Code Enforcement</td>
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<td>150,250</td>
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<td>Building, Planning &amp; Zoning</td>
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<td>Extension Services</td>
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<td>Museums</td>
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<td>26,500</td>
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<td>Public Transportation</td>
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<tr>
<td>Total</td>
<td></td>
<td>70,060,000</td>
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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