



LAKE COUNTY
FLORIDA

FY 2015
Budget Worksession

January 28, 2014

Budget Worksession



Purpose

- The purpose of this Budget Worksession is to begin the planning and discussion of the FY 2015 Budget.

Presentation Outline



- **Overview**
- **FY 2015 Millage Outlook**
- **Parks and Stormwater MSTU Outlook**
- **General Fund Outlook**
- **General Funding Strategies**
- **Proposed Budget Strategy**
- **Budget Calendar**
- **Requested Action**

Presentation Outline



Overview

Overview



FY 2014 Adopted Budget

- **FY 2014 Countywide Budget – \$351.2 million**
- **General Fund Budget – \$124.0 million**
- **General Fund Reserves – \$8.8 million**
– 7.6% of operating expenses
- **Millage rates were kept at FY 2013 levels**

Overview



FY 2014 Millage Rates

Lake County General Fund Countywide Millage	4.7309 mills
Lake County Ambulance MSTU	0.3853 mills
Lake County Stormwater, Roads, Parks MSTU	0.4984 mills
Lake County Fire Rescue EMS	0.3222 mills
Total Millage	5.9368 mills
Lake County Public Lands-Voted Debt	0.1900 mills

Overview



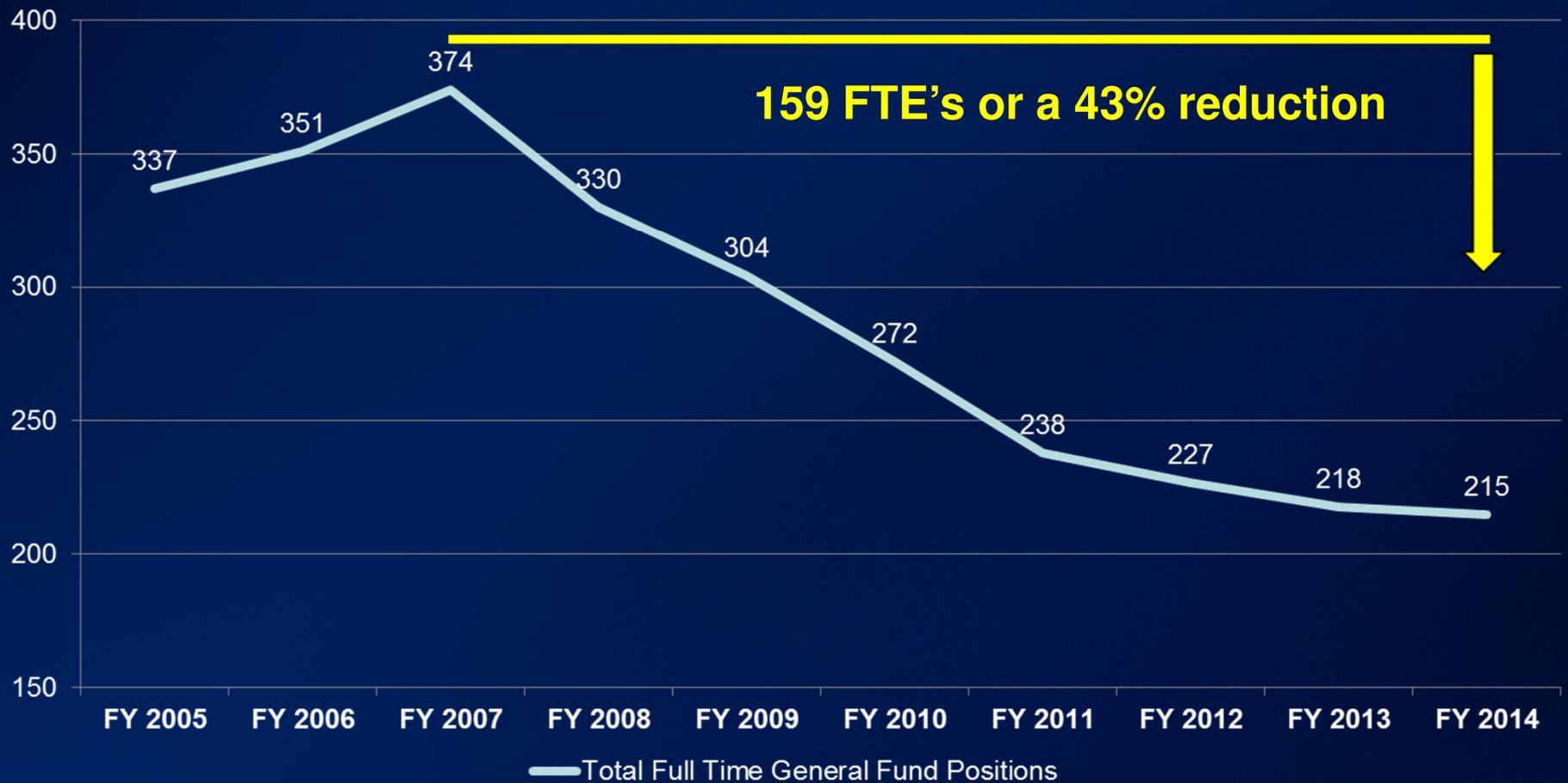
Gross Taxable Value (General Fund)



Overview



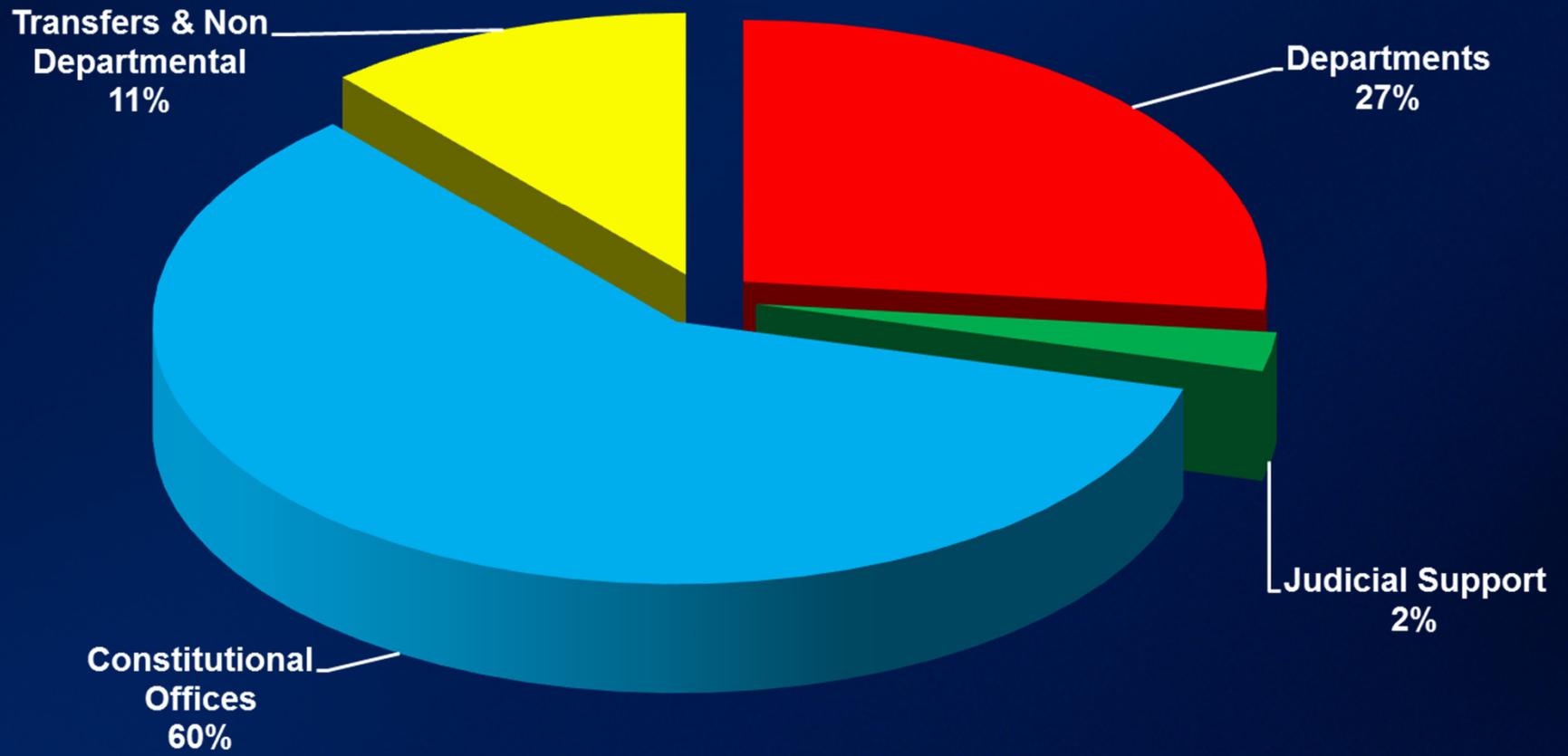
Changes in Number of General Fund Positions



Overview



Components of the General Fund



Overview



FY 2014 General Fund Budget Challenges

- **Expenses continue to exceed Revenues causing a decline in Cash Brought Forward (CBF) from year to year**
- **Increase in FRS contribution rates**
- **Increase in Medicaid expenses**
- **One-time incentive for employees, but no raises**

Overview



Balanced General Fund Budget with:

- **5.3% decrease in County Department budgets**
- **0.8% decrease in Constitutional budgets**
- **Eliminated the Law Library**
- **Eliminated Lynx bus routes from General Fund**
- **\$1.1 million from Infrastructure Sales Tax for Debt Service**
- **Savings in Department of Juvenile Justice (DJJ) costs**

Overview



Projected General Fund Mid Year Adjustment

- **Cash Brought Forward (CBF) exceeded estimate by close to \$2.5 million**
- **After audit is completed excess CBF will be primarily applied to Reserves, Facility Maintenance, and Information Technology**
- **Revised Reserves estimated at \$10.5 million or 9.0%**

Presentation Outline



FY 2015 Millage Outlook

FY 2015 Millage Outlook



Public Lands Voted Debt Millage

- **Millage Rate – 0.1900**
- **Countywide values estimated to increase 3%**
- **Estimated revenues – \$2.9 million**
 - \$85,000 increase from FY 2014
- **Estimated expenses – \$2.7 million (debt service)**
- **FY 2014 Reserves – \$969,000**
- **Summary – Revenues meet expenses and any excess would be added to reserves**

FY 2015 Millage Outlook



Lake County Ambulance MSTU

- **Millage Rate – 0.3853**
- **Countywide values estimated to increase 3%**
- **Estimated revenues – \$5.9 million**
 - \$171,000 increase from FY 2014
- **Estimated expenses – \$6.5 million**
 - Subsidy \$5.3 million
 - Other expenses \$1.2 million
- **FY 2014 Reserves - \$365,000**

FY 2015 Millage Outlook



Lake County Ambulance

- **Summary**
 - **Expenses exceed revenues**
 - **Reserves supported the \$5.3 million subsidy for FY 2014**
 - **Subsidy would need to be reduced in FY 2015**
 - **Lake EMS is experiencing fewer transports and reduced revenue from operations**

FY 2015 Millage Outlook



Lake County Fire EMS MSTU

- Millage Rate – 0.3222
- Unincorporated values estimated to increase 2.2%
- Estimated ad valorem revenues – \$2.7 million
 - \$59,000 increase from FY 2014
- Total estimated revenues – \$19.5 million
 - Includes Fire Assessment revenues of \$16.4 million
- Updating Fire Assessment study
- Additional discussion at MYA and when study is completed

Presentation Outline



Parks & Stormwater MSTU Outlook

Parks & Stormwater MSTU Outlook



Revenues

- **Millage Rate – 0.4984**
- **Unincorporated values estimated to increase 2.3%**
- **Estimated revenues – \$3.9 million**
 - \$87,000 increase from FY 2014
- **Revenues are shared:**
 - **Parks – 87%**
 - **Stormwater – 13%**

Parks & Stormwater MSTU Outlook



FY 2014 Challenges

- Parks and Stormwater had a shortfall of \$400,000
- Increase to millage rate was considered
- Due to a reduction in Department of Juvenile Justice (DJJ) costs \$400,000 was transferred to Parks and Stormwater
 - Parks - \$350,000
 - Stormwater - \$50,000

Parks & Stormwater MSTU Outlook



Parks & Trail Challenges

- **Small increase in revenues**
- **Current maintenance obligations**
 - East Lake Park, Minneola Athletic Complex, North Lake Park, and PEAR Park, etc.
- **Future Obligations**
 - South Lake Trail Phase IIIA and North Shore Overlook
- **Long-term capital repairs including trail resurfacing**

Parks & Stormwater MSTU Outlook



Stormwater Challenges

- **13% Share of MSTU funding supports:**
 - Oversight and administration of current projects
 - Ongoing maintenance of completed projects
 - Flood Plain activities
 - Stormwater permitting and inspection activities
 - Monitoring and compliance with TMDL and NPDES requirements
- **5 projects in various stages of development**
 - Wolfbranch Road, Lake Dora Basin, Lake Yale Basin, Upper PHA Basin, and Royal Trails flood study
 - No funding for new projects

Parks & Stormwater MSTU Outlook



FY 2015 Shortfall

Parks

- **Estimated shortfall – \$400,000**
 - **Would impact maintenance activities at North Lake Community Park, East Lake Community Park, Minneola Athletic Complex, PEAR Park, and the South Lake Trail**
 - **Does not address long term capital maintenance such as trail resurfacing**

Stormwater

- **Estimated shortfall – \$50,000**
 - **Would impact permitting and inspection activities**
 - **Could impact Flood Plain insurance**
- **Total Shortfall - \$450,000**

Presentation Outline



General Fund Outlook

General Fund Outlook



Revenues

- **Millage Rate – 4.7309**
- **Countywide values estimated to increase 3%**
- **Estimated ad valorem revenues – \$72.2 million**
 - \$2.1 million increase from FY 2014
- **Other Revenues**
 - State Sales Tax – \$12.6 million (2% increase)
 - State Revenue Sharing – \$5.3 million (2% increase)
- **Total projected revenues – \$107.2 million**

General Fund Outlook



FY 2015 Estimated Shortfall

	(Millions)
Estimated FY 2015 Revenues	\$107.2
<u>Estimated FY 2014 Ending Fund Balance</u>	<u>\$13.4</u>
Total Revenues	\$120.6
<u>Less Expenses (Status Quo FY 2014)</u>	<u>(\$116.8)</u>
Balance available for Reserves	\$3.8
<u>7% Reserves equals</u>	<u>\$8.1</u>
<i>Estimated Shortfall</i>	<i>(\$4.3)</i>

General Fund Outlook



FY 2015 Challenges

- **Increasing demand for services**
 - Probation caseload
 - Increasing development activity in Growth Management
- **Aging infrastructure**
 - Facility Management
 - Information Technology
- **State mandates/FRS contribution rates**
- **Astatula Fuel Remediation**

General Fund Outlook



FY 2015 Challenges

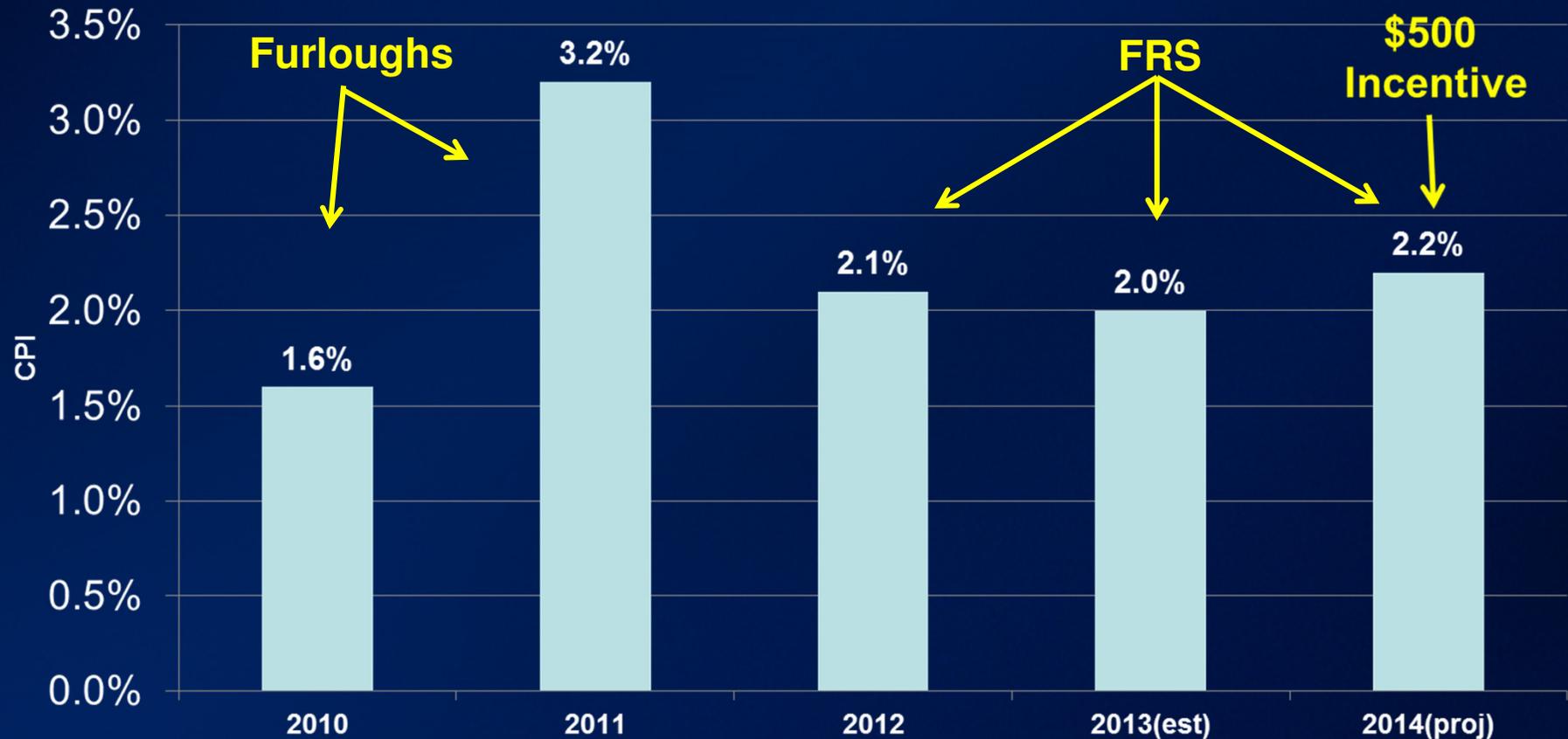
- **Employee Compensation**
 - No raises in 5 years
 - Employee turnover has increased in recent years
 - Multiple jurisdictions have given raises in FY 2014
 - A cost of living adjustment (COLA) has not been included

General Fund Outlook



FY 2015 Challenges

- Inflation and compensation changes



General Fund Outlook



Sheriff Budget

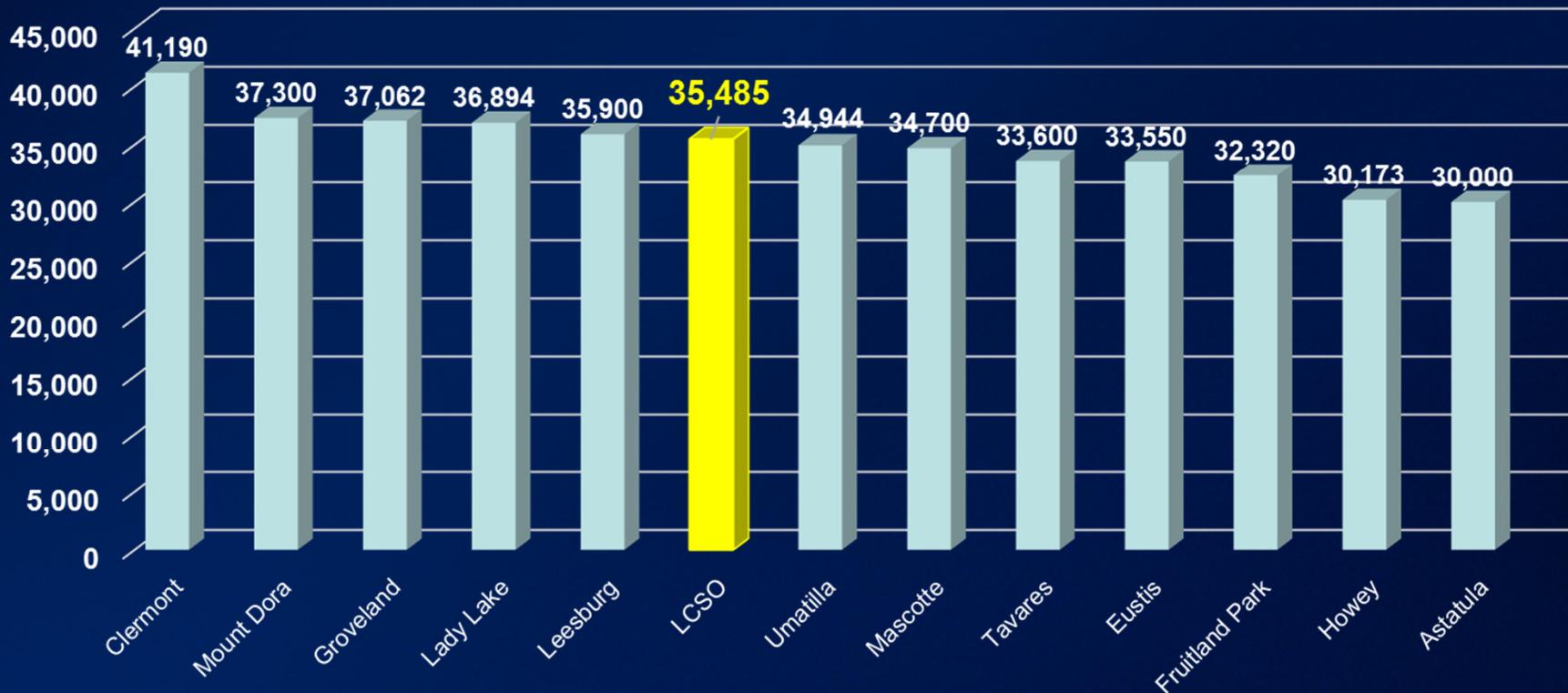
- **Vehicles**
 - 59 vehicles need replacement
 - Request to replace 25 per year
 - Funding for 9 included in FY 2014
- **Employee Compensation**
 - No raises in 5 years
 - Lake County Sheriff Deputy salaries are increasingly falling behind other jurisdictions

General Fund Outlook



Sheriff Salary Comparison

Lake County Comparison

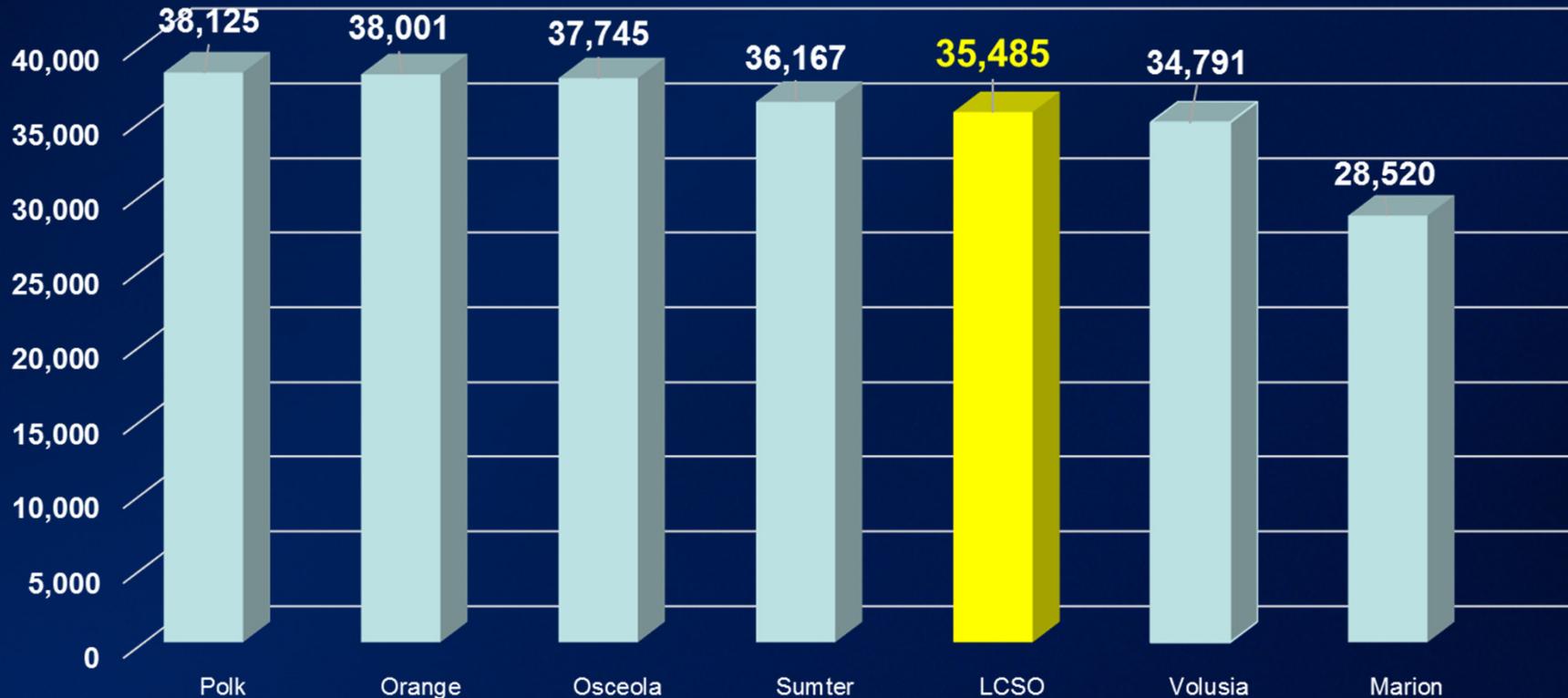


General Fund Outlook



Sheriff Salary Comparison

Surrounding County Comparison



General Fund Outlook



Summary

- **There is a significant shortfall of \$4.3 million needed to maintain a status quo expense budget and 7% reserves**
- **We will continue to work with the Sheriff to address the funding needs of the Sheriff's Office**
- **We will continue to monitor the State budget process for FRS changes and unexpected mandates**

Presentation Outline



General Fund Funding Strategies

Presentation Outline



Budget Reductions

GF Funding Strategies (Budget Reductions)



Mandatory-Critical

* In millions

Description		*Expenses	*Totals
Total General Fund Budget (Status Quo)			\$116.80
Constitutional Offices		\$67.28	
Debt Service		\$5.74	
Medicaid		\$4.42	
CRA's (Cities)		\$1.26	
Medical Examiner		\$0.82	
Juvenile Justice		\$0.33	
Inmate Medical		\$1.73	
Health Department & Lifestream		\$1.23	
Facility Mgmt, Information Tech, Probation		\$8.48	
Total Mandatory Critical			\$91.29
Balance			\$25.51

GF Funding Strategies (Budget Reductions)



Board Priorities

* In millions

Description		*Expenses	*Totals
Balance			\$25.51
Economic Development		\$1.76	
Animal Services		\$1.50	
Public Lands		\$0.45	
Library		\$3.76	
Public Transportation		\$1.01	
Solid Waste		\$0.30	
Trout Lake, Historical Society, We Care		\$0.14	
Social Service & Children Grants, Veterans		\$0.33	
Fire Assessment (Fee Waiver Institutional)		\$0.20	
Total Other Expenses			\$9.45
Balance			\$16.06

GF Funding Strategies (Budget Reductions)



Analysis

- **General Fund expenses – \$116.80 million**
- **Mandatory-Critical expenses – \$91.29 million**
- **Board Priorities – \$9.45 million**
- **General Government Funding left to consider for reduction – \$16.06 million**
- **Shortfall – \$4.3 million**
- **Reductions of 25% to 35%**

Presentation Outline



Infrastructure Sales Tax

GF Funding Strategies (Infrastructure Sales Tax)



FY 2014 Cash Flow

Description	*Project Funding	*Total Funding
Estimated Beginning FY 2014 CBF		\$8.28
FY 2014 Revenues		\$5.92
800Mhz Debt Service	(\$1.21)	
Capital Improvement Debt Service	(\$1.05)	
Lake EMS	(\$0.20)	
Parks and Trails Funding	(\$0.35)	
Judicial Center Expansion	(\$1.00)	
Judicial Center Renovation	(\$5.00)	

* In millions

GF Funding Strategies (Infrastructure Sales Tax)



FY 2014 Cash Flow (cont.)

Description	*Project Funding	*Total Funding
Animal Services	(\$0.15)	
Historic Courthouse Renovation	(\$1.58)	
Sheriff Vehicles	(\$0.29)	
ECOC Closeout	(\$0.19)	
Total Expense Budget		<u>(\$10.50)</u>
Estimated Ending Fund Balance		\$3.18

* In millions

GF Funding Strategies (Infrastructure Sales Tax)



FY 2015 Cash Flow

Description	*Project Funding	*Total Funding
Estimated Beginning FY 2015 CBF		\$3.18
FY 2015 Revenues		\$5.51
800Mhz Debt Service	(\$1.21)	
Parks and Trails Funding	(\$0.35)	
Sheriff Vehicles	(\$0.70)	
South Lake Regional Park	(\$1.29)	
Total Expense Budget		<u>(\$3.55)</u>
Estimated Ending Fund Balance		\$5.14

* In millions

GF Funding Strategies (Infrastructure Sales Tax)



Unfunded Needs

- Lake Idamere Miracle Field
- Tax Collector/DMV future space needs
- Replacement of aging HVAC in existing buildings
- Potential Fairgrounds relocation
- South Lake Regional Park
- Replacement of County equipment, vehicles, and other infrastructure
- Lake County/EMS Budget subsidy
- Estimated costs of \$20 - \$30 million

GF Funding Strategies



Analysis of Funding Strategies

- **Budget reductions**
 - Limited base of funding remaining to cut
 - Not realistic to cut remaining general government functions by 25% to 35%
- **Infrastructure Sales Tax**
 - Can legally use up to \$5.74 million (equal to total debt service for downtown projects)
 - If \$5.74 million is used (\$5.14 million available) would displace an existing project such as the South Lake Regional Park

Presentation Outline



Proposed Budget Strategy

Proposed Budget Strategy



- **General Fund**
 - Suggestions from BCC retreat have not been analyzed
 - Approve Budget Guidelines of a status quo operating budget plus address employee compensation
 - Explore funding solutions to Sheriff's personnel and vehicle needs
 - Monitor Legislature
 - Findings and recommendation back in May/June
- **Parks and Stormwater MSTU**
 - Analyze BCC retreat suggestions for funding parks/trails

Presentation Outline



Budget Calendar

Budget Calendar



- **February / March – budget development**
- **April / May – review, analyze and meetings with County Manager**
- **May / June – budget workshops**
- **June – property values from Property Appraiser**
- **July – set tentative millage rates**
- **September – public hearings and adoption**

Presentation Outline



Requested Action

Requested Action



- **Approve Proposed FY 2015 Budget Strategy**



LAKE COUNTY

FLORIDA

Thank you.