

Purpose



To discuss possible changes to the budget since July 22, 2014 and millage rate options prior to the September 9, 2014 Budget Public Hearing.

Presentation Outline



- **Budget Process Overview**
- **Summary of Recommended Budget**
- **Statement of Changes**
- **Feasibility of Using Nonrecurring Funding Sources for Millage Reduction**
- **Millage Options Using Nonrecurring Funding Sources**
- **Conclusions**
- **Next Steps**
- **Requested Action**

Presentation Outline



Budget Process Overview

Budget Process Overview



Gross Taxable Value (General Fund)



Budget Process Overview



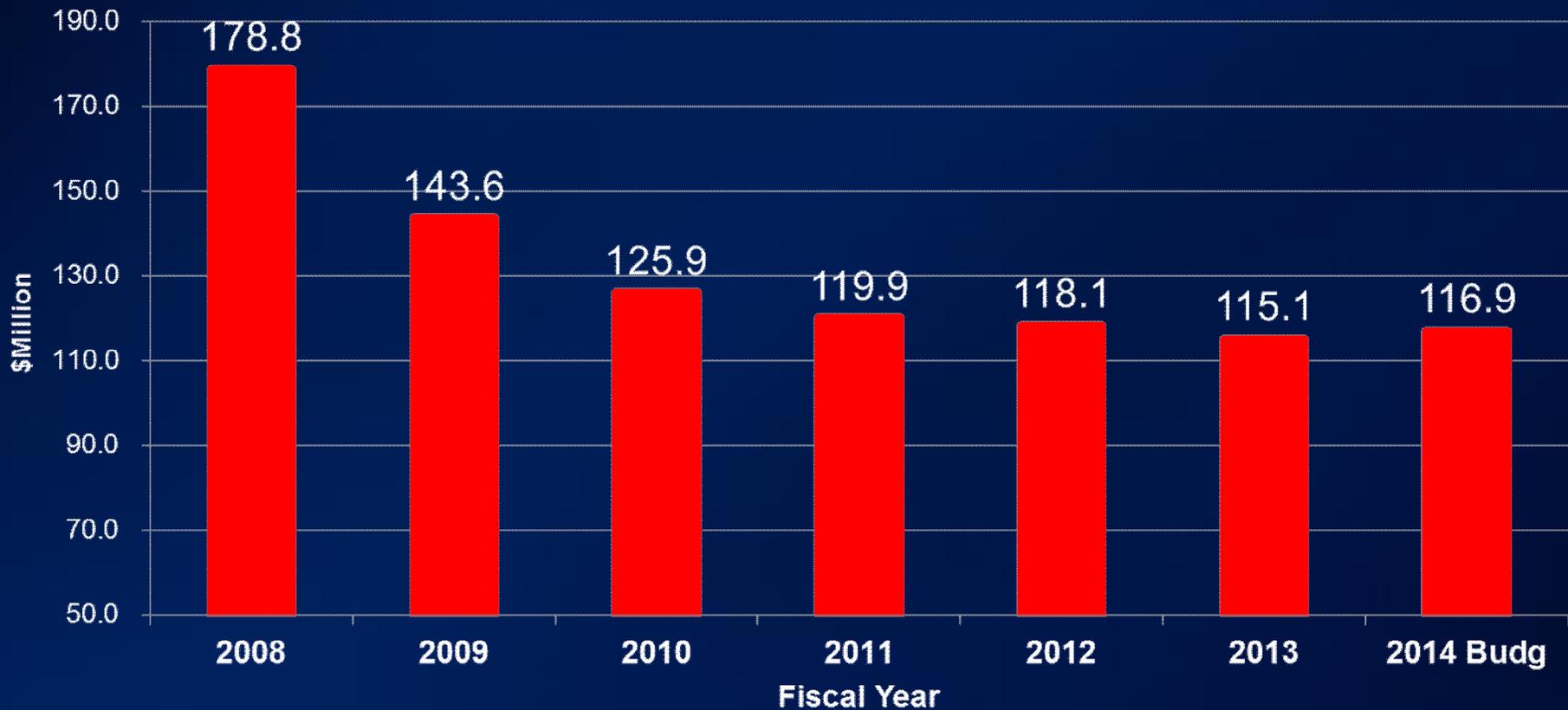
General Fund Revenues



Budget Process Overview



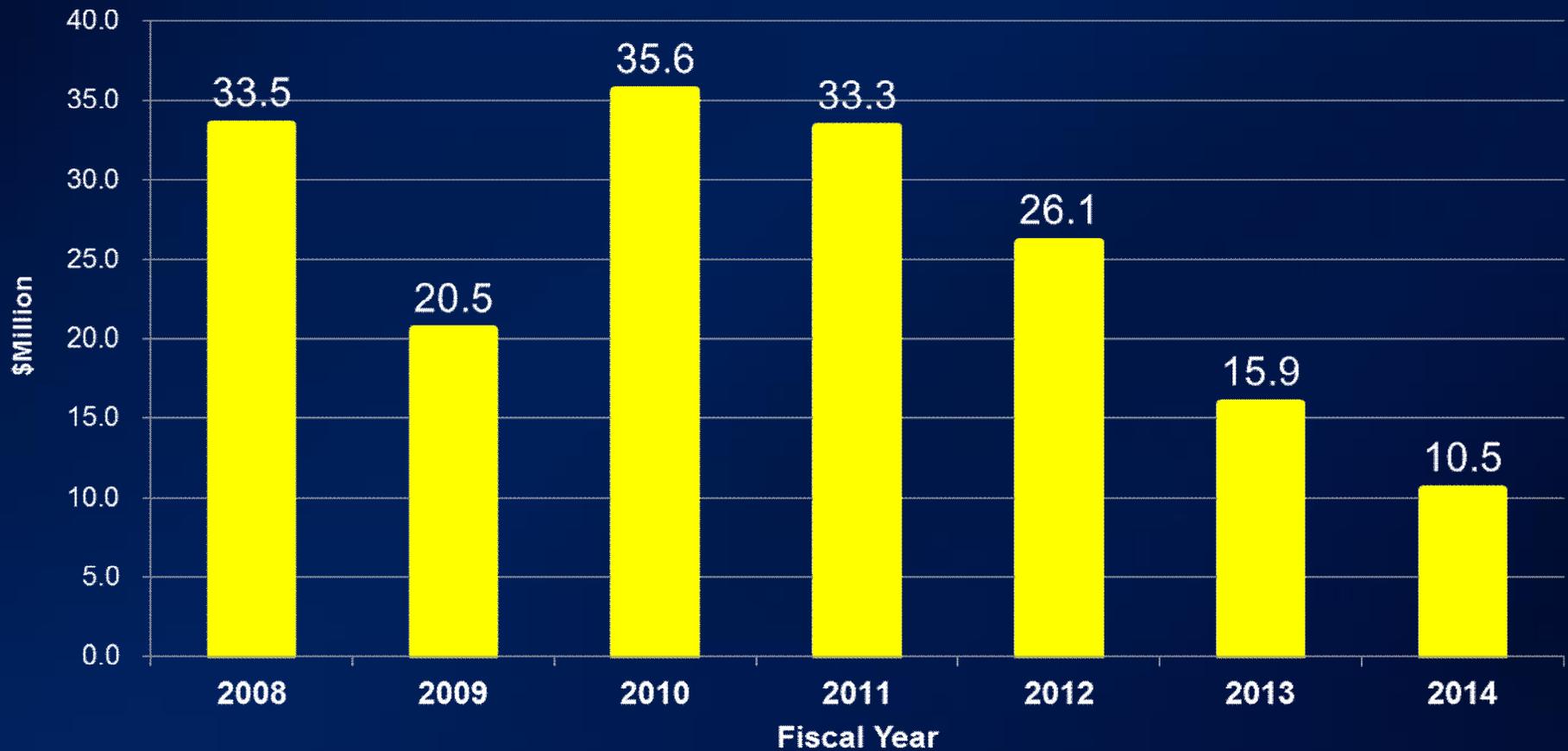
General Fund Expenses



Budget Process Overview



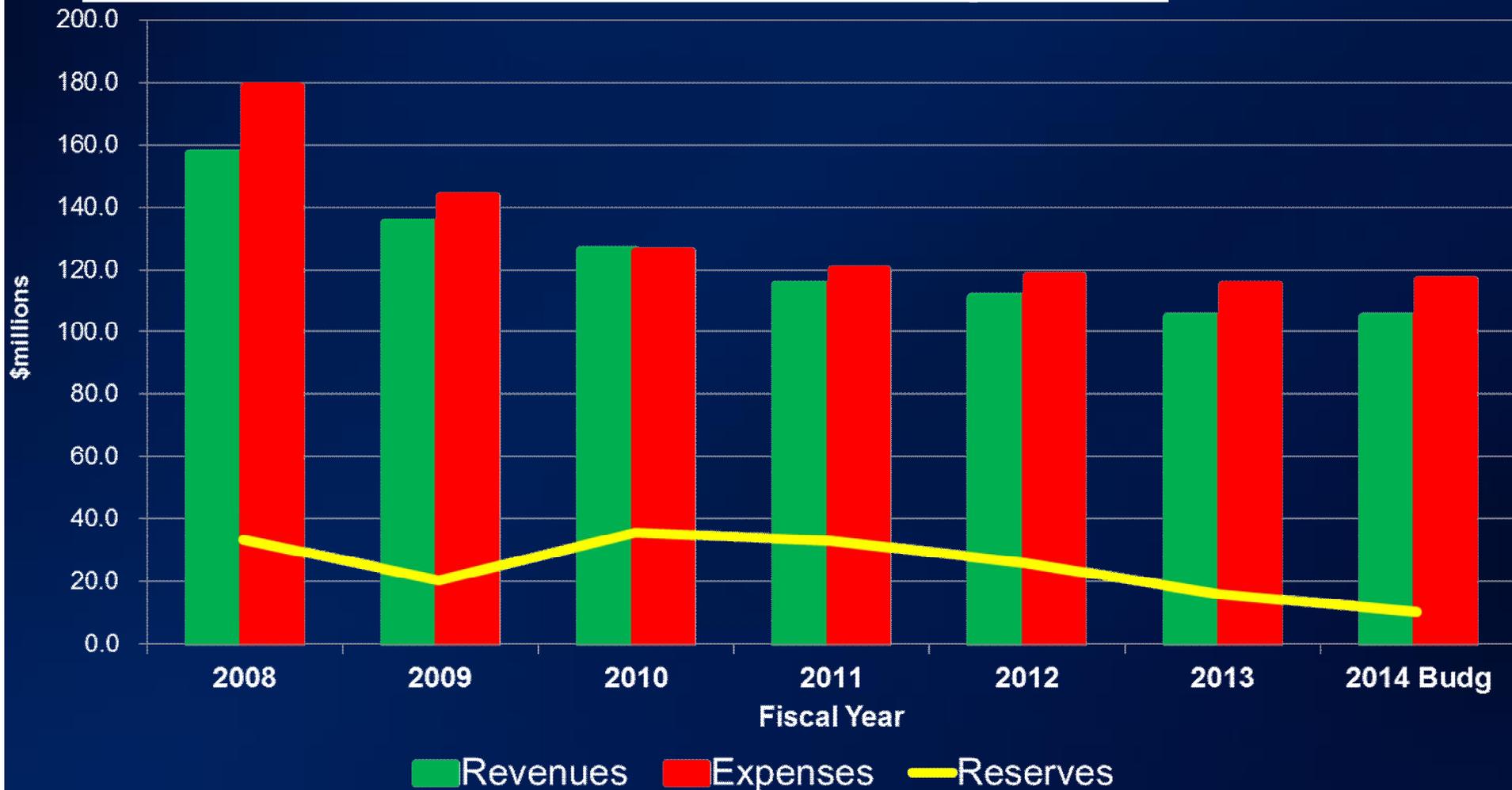
General Fund Reserves



Budget Process Overview



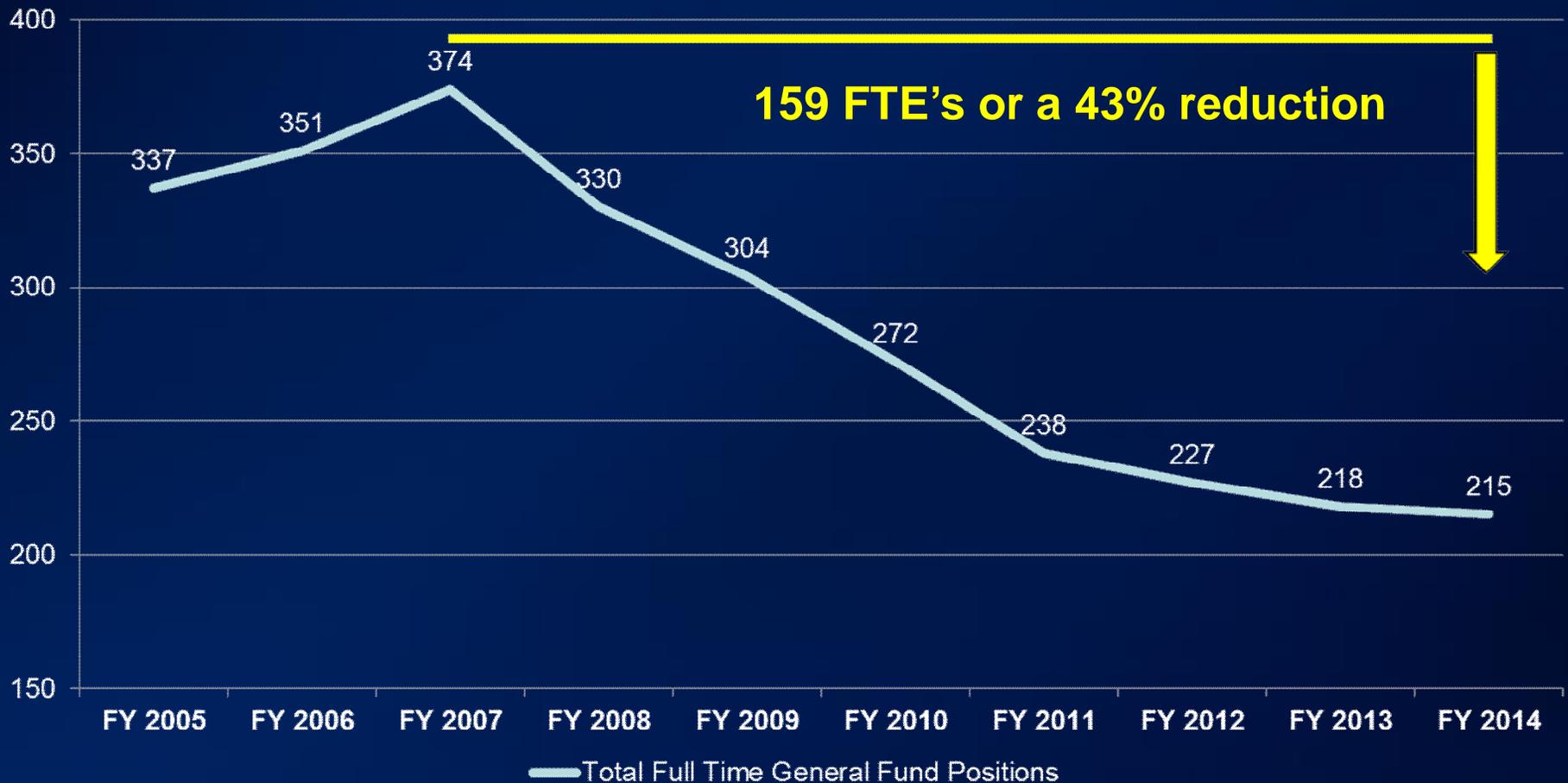
General Fund Revenues and Expenses



Budget Process Overview



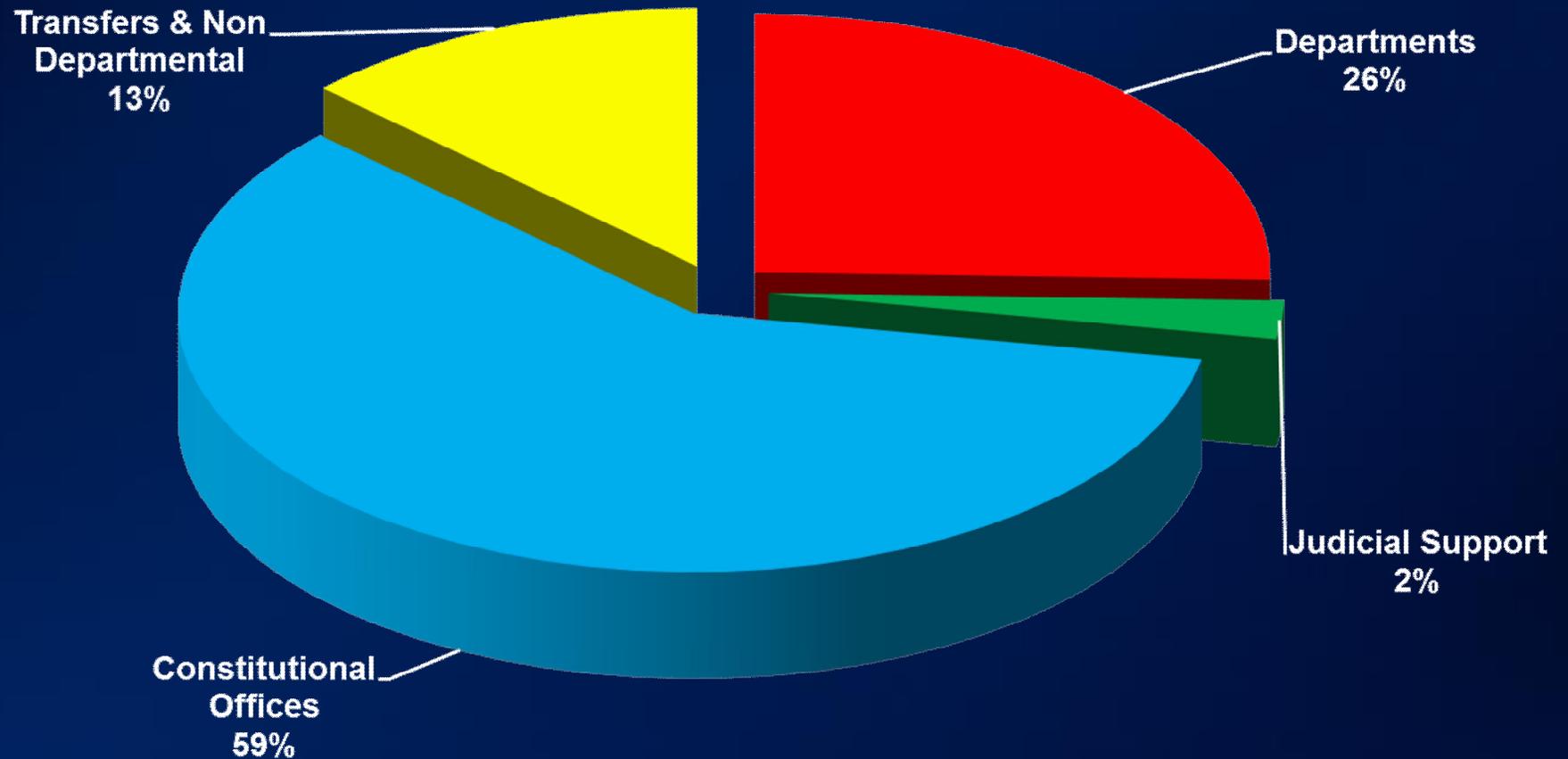
Changes in Number of General Fund Positions



Budget Process Overview



Components of the General Fund



Budget Process Overview



January 28, 2014 Workshop

(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>

Budget Process Overview



Approved FY 2015 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

Budget Process Overview



FY 2015 Revenue Changes Since January

(Millions)

Estimated FY 2015 Revenues **\$0.7**

Purchase Order Carryforward **\$1.4**

Decrease in Estimated FY 2014 Ending Fund Balance **(\$1.1)**

Decrease in Constitutional Excess Fees

Better projection of expenses

Conservative revenue projection

Total Revenue Change ***\$1.0***

Budget Process Overview



FY 2015 Expense Changes Since January

(Millions)

Increase to Motorola Contract	(\$0.2)
Impact of raises and FRS changes	(\$0.5)
Astatula Fuel Remediation	(\$0.5)
Judicial Support Changes	(\$0.3)
Tax Collector (In House Budget for leases)	(\$0.2)
Constitutional Budgets	(\$3.9)
Transfer to Parks and Trails	(\$1.1)
Miscellaneous Changes	(\$0.2)
<u>Transfer to Fire Rescue (FA for Government Buildings)</u>	<u>(\$0.6)</u>
<i>Total Expense Change</i>	<i>(\$7.5)</i>
<i><u>Increase to PO Carryforward and Reserves</u></i>	<i><u>(\$2.1)</u></i>
<i>Total Change Since January</i>	<i>(\$9.6)</i>

Budget Process Overview



FY 2015 Estimated General Fund Shortfall

	(Millions)	
	Jan. 28	No millage change
Estimated FY 2015 Revenues	\$107.2	\$107.9
PO Carry forward	\$0	\$1.4
<u>Estimated FY 2014 Ending Fund Balance</u>	<u>\$13.4</u>	<u>\$12.3</u>
Total Revenues	\$120.6	\$121.6
<u>Less Expenses</u>	<u>(\$116.8)</u>	<u>(\$124.3)</u>
Balance available for Reserves	\$3.8	(\$2.7)
Reserve for PO Carryforward	\$0	\$1.4
<u>7% Reserves equals</u>	<u>\$8.1</u>	<u>\$8.8</u>
<i>Estimated Shortfall</i>	<i>(\$4.3)</i>	<i>(\$12.9)</i>

Budget Process Overview



Summary of Funding Changes

	(Millions)	
	Gross Revenue	95% of Revenue
General Fund	\$13.51	\$12.87
- Millage increase 4.7309 to 5.6124		
Lake County Fire Rescue	\$1.26	\$1.20
- Millage Increase 0.3222 to 0.4730		
Lake County Ambulance	\$1.52	\$1.45
- Millage Increase 0.3853 to 0.4853		
Public Lands Voted Debt	(\$0.44)	(\$0.44)
- Millage Decrease 0.1900 to 0.1610		
<i>Total Funding to Address Shortfall</i>	<i>\$15.85</i>	<i>\$15.08</i>

Presentation Outline



Summary of Recommended Budget

Summary of Recommended Budget



- **General Fund**

- Addresses Constitutional Officer requests
- Maintains current levels of service
- Addresses employee compensation
- Budget is more structurally balanced
- Long term funding stability

- **Parks and Stormwater MSTU**

- Addresses countywide funding of Parks
- Maintains current level of service in Parks
- Includes funding to address growth in Park system
- Provides funding stability for Parks

Summary of Recommended Budget



- **Parks and Stormwater MSTU (Continued)**
 - Does not address long term capital maintenance
 - Maintains current operating levels of service for Stormwater Division
 - Does not address future stormwater needs and projects
- **Lake County Fire Rescue Budget**
 - Maintains current level of service
 - Addresses employee compensation
 - Provides for long term funding stability
 - Budget is more structurally balanced
 - Does not address salary compression

Summary of Recommended Budget



- **Public Lands Voted Debt Millage**
 - Property values have risen above expectations
 - Slight millage reduction
 - Funding will meet obligations with a reasonable reserve to mitigate any fluctuation in revenues
- **Lake County Ambulance**
 - Addresses Lake EMS funding request including capital
 - Maintains current levels of service
 - Provides long term funding stability
 - County MSTU fund is more structurally balanced

Budget Process Overview



- **Infrastructure Sales Tax**
 - Funding allocated to various projects and equipment
 - Estimated Reserves - \$320,000
 - No funding has been allocated for the debt service of the downtown projects

Summary of Recommended Budget



Millage Rate Comparison

	FY 2014 Adopted	FY 2015 June 24th	FY 2015 July 22nd	Percentage Change
Lake County General Fund Countywide Millage	4.7309	5.6124	5.6124	14.9%
Lake County Ambulance MSTU	0.3853	0.4853	0.4823	20.1%
Lake County Stormwater, Roads, Parks MSTU	0.4984	0.4984	0.4957	(0.5%)
Lake County Fire Rescue EMS	0.3222	0.4730	0.4704	46.0%
Total Millage	5.9368	7.0691	7.0608	18.9%
Lake County Public Lands- Voted Debt	0.1900	0.1610	0.1600	(15.8%)

Summary of Recommended Budget



Rollback Comparison

	FY 2014 Adopted	FY 2015 Rollback Rate	FY 2015 July 22nd	Percentage Change over R/B
Lake County General Fund Countywide Millage	4.7309	4.6337	5.6124	21.2%
Lake County Ambulance MSTU	0.3853	0.3774	0.4823	27.8%
Lake County Stormwater, Roads, Parks MSTU	0.4984	0.4903	0.4957	1.1%
Lake County Fire Rescue EMS	0.3222	0.3167	0.4704	48.5%
Total Millage	5.9368	5.8181	7.0608	21.4%
Lake County Public Lands- Voted Debt	0.1900	N/A	0.1600	N/A

Presentation Outline



Statement of Changes

Statement of Changes



Process

- **Recommended Budget published July 15th**
- **Budget review process from July 15 to September 9 (First Public Hearing):**
 - Review FY 2014 projected revenues and expenses and update projected ending fund balances
 - Review and update FY 2015 revenues and projections
 - Review and update Purchase Order Carry Forwards and Project Rebudgets
 - Any other changes that may be necessary including grants

Statement of Changes



- **General Fund Changes**
 - **Update Tax Collector budget per August 1, 2014 submittal**
 - **Update Animal Services budget as a \$1.5 million transfer to the Sheriff**
 - **Update of FY 2014 Ending Fund Balance that includes \$125,000 for FEMA payment**
 - **Monitoring FEMA closeouts**

Statement of Changes



- **General Fund Changes (cont.)**
 - **Include Mt. Plymouth Sorrento CRA**
 - **Property Appraiser's Office adjustment**
 - **Include funding for Public Defender's Office security**

Statement of Changes



- **Infrastructure Sales Tax projects**
 - Deletion of Umatilla Health Clinic Project (\$155,000)
- **Solid Waste Fund**
 - Adjustment to FY 2014 Fund Balance – \$850,000
 - Adjustment to disposal expenses – \$1.2 million
- **Grants**
 - SHIP funding confirmed and included at \$1.4 million
 - Section 8 funding decreased by \$800,000

Statement of Changes



- **Lake County EMS MSTU**
 - **Transports and the resulting revenues are exceeding projections**
 - **Approximately \$700,000 more than expected as of June 30, 2014**
 - **Reducing County MSTU contribution from \$1.4 million to \$1.1 million**
 - **Potential Impact to millage – (0.0194)**

Presentation Outline



Feasibility of Using Nonrecurring Funding Sources for Millage Reduction

Feasibility of Using Nonrecurring Funding Sources



Budget Options

- **Wolf Branch Stormwater Project**
- **Solid Waste Fund**
- **Solid Waste Long Term Care and Closure Fund**
- **Infrastructure Sales Tax**
- **Reserve Policy**

Feasibility of Using Nonrecurring Funding Sources



Wolf Branch Stormwater Project

Feasibility of Using Nonrecurring Funding Sources



Wolf Branch Stormwater Project

- **Last major project in Stormwater Program**
- **Funded for \$2.0 million for construction in MSTU**
- **Design complete, ROW in process**
- **No future funding for Stormwater Projects**

Feasibility of Using Nonrecurring Funding Sources



Wolf Branch Stormwater Project - Analysis

- Project could be deferred or delayed
- Would benefit Parks and Trails Operating Budget for 2 years (FY 2015 & FY 2016)
- Does not address Parks and Trails Countywide funding issues
- Possibly Reduce General Fund by **\$1.1 million**
- **Potential Impact to GF Millage – (0.0713)**

Feasibility of Using Nonrecurring Funding Sources



Solid Waste Fund

Feasibility of Using Nonrecurring Funding Sources



Solid Waste Fund

	(Millions)	
Revenues	Recommended Budget	Statement of Changes
Fund Balance (Cash Brought Forward)	\$3.77	\$4.62
SW Assessment Revenues	\$12.22	\$12.22
Other Revenues (tipping fees, etc)	\$0.47	\$0.47
General Fund Transfer	\$0.30	\$0.30
<u>5% Statutory Deduction</u>	<u>(\$0.63)</u>	<u>(\$0.63)</u>
<i>Total Revenues</i>	<i>\$16.13</i>	<i>\$16.98</i>

Feasibility of Using Nonrecurring Funding Sources



Solid Waste Fund

(Millions)

Expenses

SW Assessment Expenses (Curbside Service)

Recommended
Budget

Statement of
Changes

\$11.04

\$12.22

Convenience Centers

\$1.02

\$1.02

Household Hazardous Waste

\$0.53

\$0.53

Landfill Operations and Administration

\$2.21

\$2.21

Administration Fees (General Fund)

\$0.63

\$0.63

Reserves

\$0.70

\$0.37

Total Expenses

\$16.13

\$16.98

Feasibility of Using Nonrecurring Funding Sources



Solid Waste Fund - Analysis

- Cash Brought forward needed to fund Countywide operations
- Possibly Delete General Fund Transfer of **\$300,000**
- Reduces Reserves
- **Potential Impact to GF Millage – (0.0194)**
- Further Board discussion in September and November

Feasibility of Using Nonrecurring Funding Sources



Solid Waste Closure and LT Care Fund

Feasibility of Using Nonrecurring Funding Sources



Solid Waste Closure and LT Care Fund

Statement of
Changes

<u>Fund Balance (Cash Brought Forward)</u>	<u>\$1,474,000</u>
<i>Total Revenues</i>	<i>\$1,474,000</i>
Umatilla (Post Closure Care)	\$35,000
Lady Lake (Post Closure Care)	\$62,000
Landfill Phase I (Post Closure Care)	\$60,000
Loghouse (Post Closure Care)	\$8,000
<u>Reserves (Care and Closure of Landfill Phase II)</u>	<u>\$1,309,000</u>
<i>Total Expenses</i>	<i>\$1,474,000</i>

Feasibility of Using Nonrecurring Funding Sources



Solid Waste Closure and LT Care - Analysis

- \$100K to \$150K per year needed for LT Care costs
- Possible transfer of **\$1.0 million** to General Fund
- Funding of Phase II Closure will be needed in future
- **Potential Impact to GF Millage – (0.0648)**
- Further Board discussion in September and November

Feasibility of Using Nonrecurring Funding Sources



Infrastructure Sales Tax

Feasibility of Using Nonrecurring Funding Sources



Infrastructure Sales Tax

- Recommended General Fund Budget doesn't rely on Infrastructure Sales Tax
- Umatilla Health Clinic Project deleted
- Up to \$5.74 million can be used for debt service payment for downtown projects

Feasibility of Using Nonrecurring Funding Sources



FY 2015 Infrastructure Sales Tax Projects

(Millions)

Description	Project Funding	Total Funding
Estimated Beginning FY 2015 CBF		\$8.85
FY 2015 Revenues		\$6.24
FY 2014 Project Rebudgets		
Judicial Center Expansion (Area C)	(\$0.44)	
Judicial Center Completion (3 rd and 4 th Floors)	(\$5.00)	
Historic Courthouse Renovation	(\$0.43)	
ECOC Closeout	(\$0.02)	

Feasibility of Using Nonrecurring Funding Sources



FY 2015 Infrastructure Sales Tax Projects

(Millions)

Description	Project Funding	Total Funding
800Mhz Debt Service	(\$1.21)	
Parks and Trails Funding	(\$0.35)	
Sheriff Vehicles	(\$0.70)	
South Lake Regional Park	(\$1.29)	
Tax Collector Building – Clermont	(\$2.50)	
Lake EMS Capital Funding	(\$0.60)	

Feasibility of Using Nonrecurring Funding Sources



FY 2015 Infrastructure Sales Tax Projects

(Millions)

Description	Project Funding	Total Funding
Lake Idamere Miracle Field	(\$0.20)	
Lights for Woodlea Park	(\$0.20)	
Additional Funding for Sheriff(AS)	(\$0.20)	
East Lake Park adjacent property	(\$0.80)	
Umatilla Health Clinic	Deleted	
South Lake Park (MP and Fencing)	(\$0.50)	
Total Proposed Projects		<u>(\$14.44)</u>
Revised Ending Fund Balance		\$0.65

Feasibility of Using Nonrecurring Funding Sources



Infrastructure Sales Tax

- **Projects to Consider Deferring**
 - **Courthouse Completion Project – 5.0 million**
 - Project estimated in FY 2010
 - Updated estimate – \$7.2 to \$8.6 million
 - **South Lake Park - \$1.29 million**
 - **Other Park Projects – \$1.7 million**
 - Woodlea Park lights, East Lake Park property acquisition, South Lake Park fencing and master plan, Lake Idamere Miracle Field

Feasibility of Using Nonrecurring Funding Sources



Infrastructure Sales Tax – Analysis

3 Options to consider

- *Option 1*

- Updated estimate means phasing courthouse over 2 to 3 years
- By phasing, a one time allocation of **\$2.0 million** to debt service is possible
- Project cost will increase over time
- **Potential Impact to GF Millage – (0.1296)**

Feasibility of Using Nonrecurring Funding Sources



Infrastructure Sales Tax – Analysis

- *Option 2*
 - Delete or defer the Courthouse completion project
 - Possible **\$5.0 million** would be available for debt service
 - **Potential Impact to GF Millage – (0.3240)**

Feasibility of Using Nonrecurring Funding Sources



Infrastructure Sales Tax – Analysis

- ***Option 3***
 - Consider possibly deleting or deferring other projects
 - South Lake Regional Park - **\$1.29 million**
 - **Potential Impact to GF Millage – (0.0829)**
 - Other Park Projects – **\$1.70 million**
 - **Potential Impact to GF Millage – (0.1102)**

Feasibility of Using Nonrecurring Funding Sources



Reserve Policy

Feasibility of Using Nonrecurring Funding Sources



Reserve Policy

- BCC Reserve Policy is 7% to 12% of Operating Expenditures
- Recommended Budget - Operating Expenditures – \$124.3 million
- 7% Reserves – \$8.70 million
- 5% Reserves – \$6.20 million
- Difference of \$2.5 million
- **Potential Impact to GF Millage – (0.1620)**

Feasibility of Using Nonrecurring Funding Sources



Summary of Using Nonrecurring Funding Sources for Millage Reduction

Feasibility of Using Nonrecurring Funding Sources



Summary

	Available (millions)	Millage Change
Wolf Branch Road Project-Parks Transfer	\$1.10	0.0713
Solid Waste Fund	\$0.30	0.0194
Solid Waste Care & Closure	\$1.00	0.0648
Reserve Policy	\$2.50	0.1620

Feasibility of Using Nonrecurring Funding Sources



Summary

	Available (millions)	Millage Change
Infrastructure Sales Tax		
Courthouse Completion (Phasing)	\$2.00	0.1296
Courthouse Completion (Defer)	\$5.00	0.3240
South Lake Park (Defer)	\$1.28	0.0829
Other Park Projects (Defer)	\$1.70	0.1102
• A combination of these items up to \$5.74 million (0.3720 mills) can be used for debt service		

Presentation Outline



Millage Options Using Nonrecurring Funding Sources

Millage Options Using Nonrecurring Funding Sources



- **General Fund Model Assumptions**
 - **Property value growth of 4%**
 - **No projected increases in Expenses in out years (FY 2016 through FY 2018)**
 - **No raises included**
 - **No changes to Constitutional Office or Judicial Support**
 - **Does not include funding for Parks and Trails**
 - **Includes Solid Waste funding for Countywide services**
 - **Deletes one time expenses (Fuel Rem. Ph. 2)**

Millage Options Using Nonrecurring Funding Sources



Option 1

**Total Millage Increase of
0.8996**

Millage Options Using Nonrecurring Funding Sources



Option 1 - Millage Rate Comparison

	FY 2014 Adopted	FY 2015 July 22nd	Millage Options
Lake County General Fund Countywide Millage	4.7309	5.6124	5.4374
Lake County Ambulance MSTU	0.3853	0.4823	0.4629
Lake County Stormwater, Roads, Parks MSTU	0.4984	0.4957	0.4957
Lake County Fire Rescue EMS	0.3222	0.4704	0.4704
Total Millage	5.9368	7.0608	6.8664
Lake County Public Lands-Voted Debt	0.1900	0.1600	0.1600
Total Change in Millage compared to FY 2014		1.0940	0.8996

Millage Options Using Nonrecurring Funding Sources



- **General Fund – \$2.7 million change or (0.1750) millage reduction**
 - **Defer Wolfbranch/delete Parks transfer- \$1.1 million**
 - **Delete Solid Waste Transfer - \$300,000**
 - **Transfer SW LT Care and Closure Reserve - \$1.0 million**
 - **Use Sales Tax for Debt Service - \$300,000**
 - **Option would be to use Infrastructure Sales Tax reserves**

Millage Options Using Nonrecurring Funding Sources

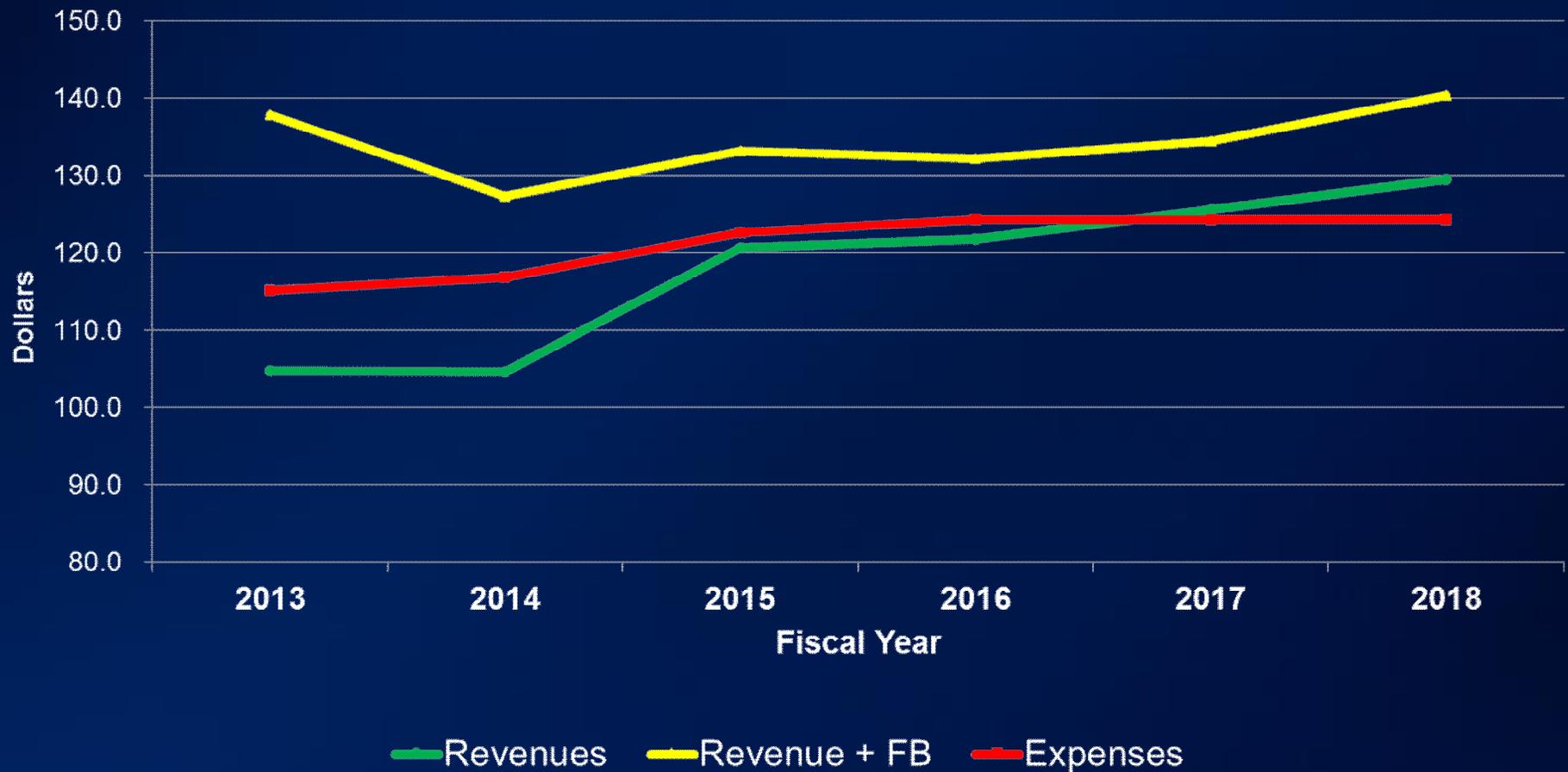


- **Includes small reduction to Lake EMS Millage – (0.0194)**
- **Total Millage change of 0.8996 or a 14.7% increase over FY 2014 millage rates**

Millage Options Using Nonrecurring Funding Sources



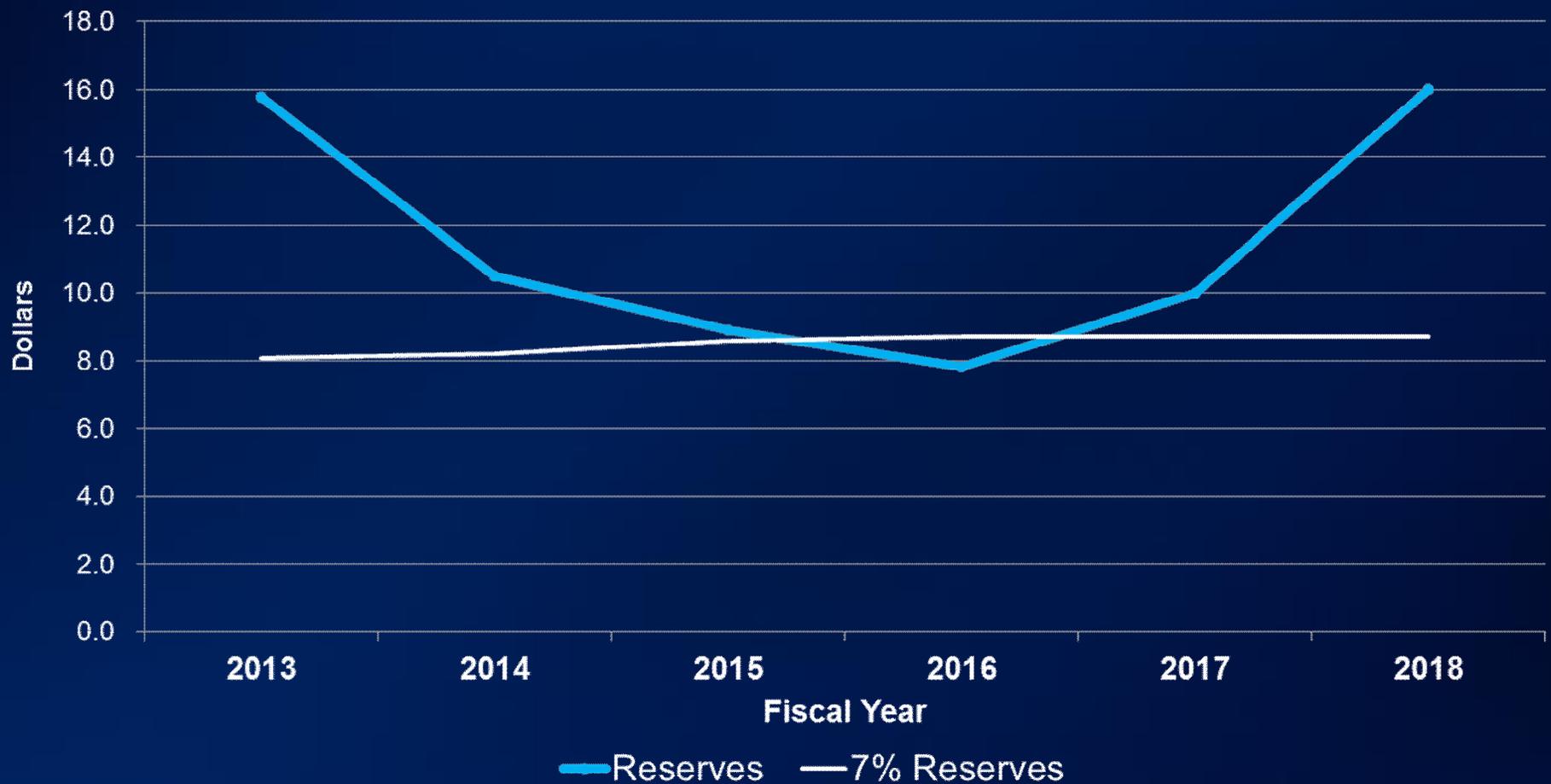
Option 1 – 5.4374 General Fund Millage



Millage Options Using Nonrecurring Funding Sources



Option 1 – 5.4374 General Fund Millage



*Does not Include FY 2015 PO Carryforward

Millage Options Using Nonrecurring Funding Sources



Option 2

**Total Millage Increase of
0.7506**

Millage Options Using Nonrecurring Funding Sources



Option 2 - Millage Rate Comparison

	FY 2014 Adopted	FY 2015 July 22nd	Millage Options
Lake County General Fund Countywide Millage	4.7309	5.6124	5.2884
Lake County Ambulance MSTU	0.3853	0.4823	0.4629
Lake County Stormwater, Roads, Parks MSTU	0.4984	0.4957	0.4957
Lake County Fire Rescue EMS	0.3222	0.4704	0.4704
Total Millage	5.9368	7.0608	6.7174
Lake County Public Lands-Voted Debt	0.1900	0.1600	0.1600
Total Change in Millage compared to FY 2014		1.0940	0.7506

Millage Options Using Nonrecurring Funding Sources



- **General Fund – \$5.0 million change or (0.3240) millage reduction**
 - Defer Wolfbranch/delete Parks transfer- \$1.1 million
 - Delete Solid Waste Transfer - \$300,000
 - Transfer SW LT Care and Closure Reserve - \$1.0 million
 - Use Sales Tax for Debt Service - **\$2,600,000**
 - Phase Courthouse Completion project – \$2,600,000

Millage Options Using Nonrecurring Funding Sources

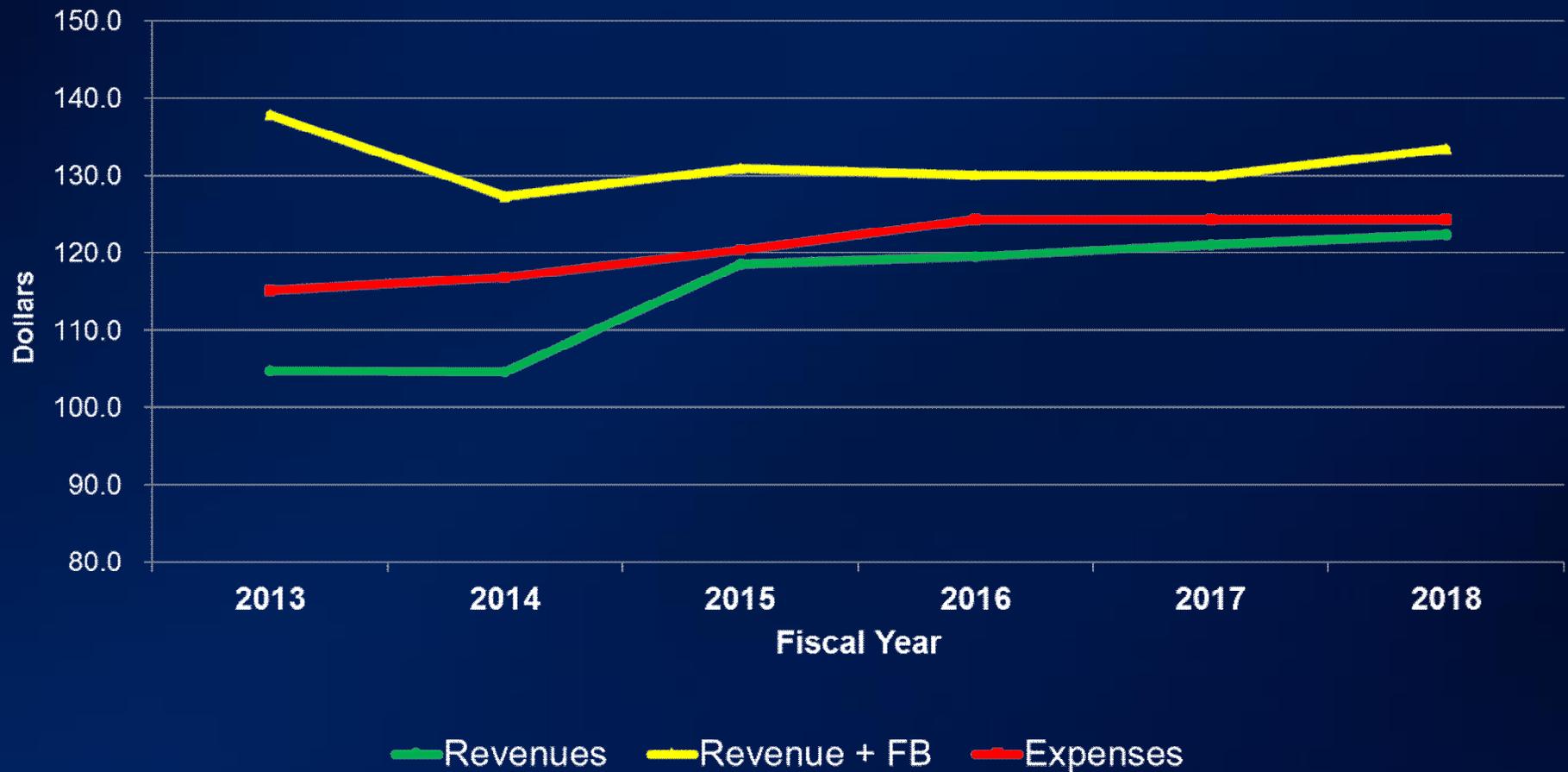


- **Includes small reduction to Lake EMS Millage – (0.0194)**
- **Total Millage change of 0.7506 or a 12.3% increase over FY 2014 millage rates**

Millage Options Using Nonrecurring Funding Sources



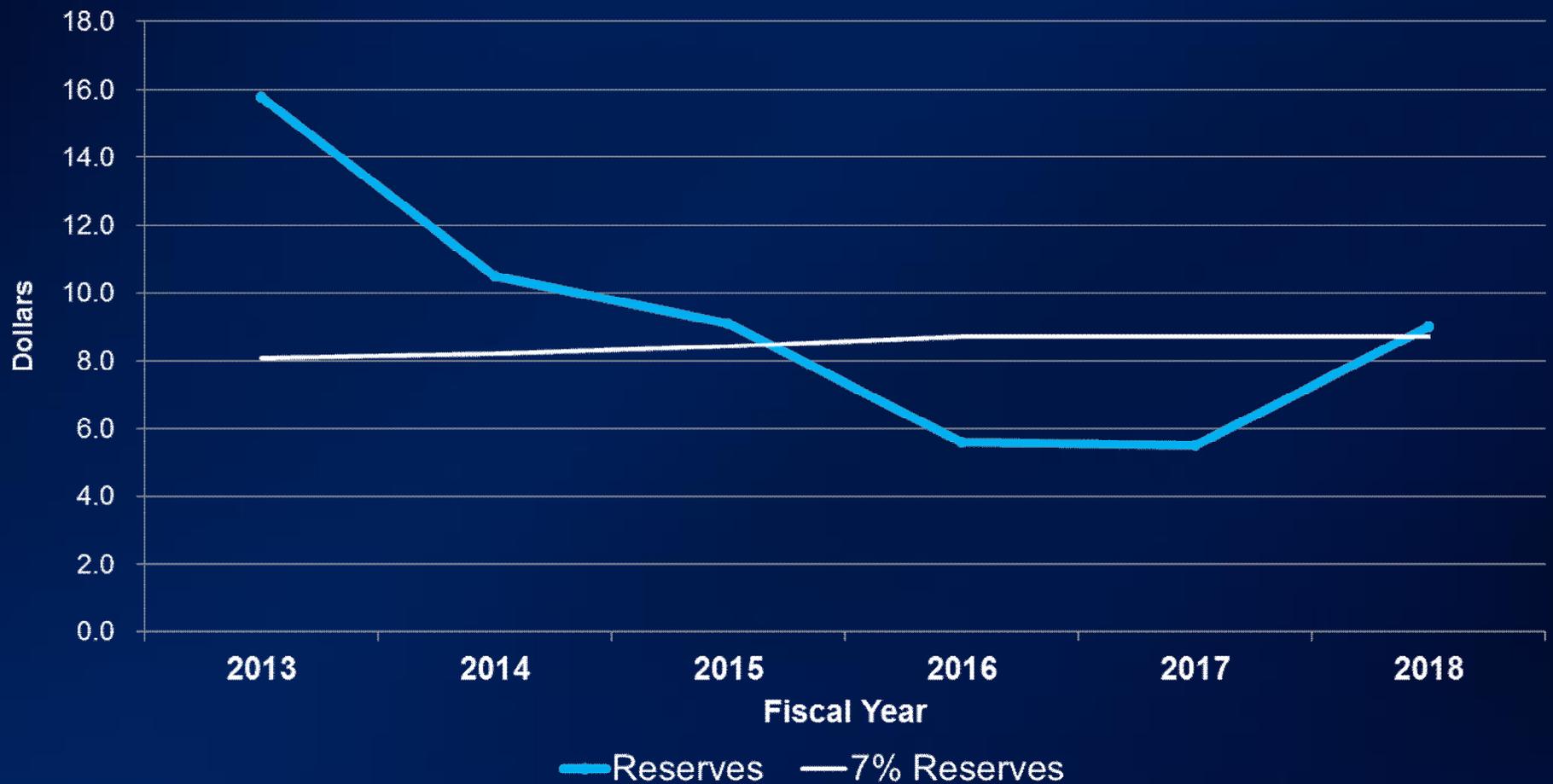
Option 2 – 5.2884 General Fund Millage



Millage Options Using Nonrecurring Funding Sources



Option 2 – 5.2884 General Fund Millage



*Does not Include FY 2015 PO Carryforward

Millage Options Using Nonrecurring Funding Sources



Option 3

Total Millage Change of
0.5471

Millage Options Using Nonrecurring Funding Sources



Option 3 - Millage Rate Comparison

	FY 2014 Adopted	FY 2015 July 22nd	Millage Options
Lake County General Fund Countywide Millage	4.7309	5.6124	5.0849
Lake County Ambulance MSTU	0.3853	0.4823	0.4629
Lake County Stormwater, Roads, Parks MSTU	0.4984	0.4957	0.4957
Lake County Fire Rescue EMS	0.3222	0.4704	0.4704
Total Millage	5.9368	7.0608	6.5139
Lake County Public Lands-Voted Debt	0.1900	0.1600	0.1600
Total Change in Millage compared to FY 2014		1.0940	0.5471

Millage Options Using Nonrecurring Funding Sources



- **General Fund – \$8.14 million change or (0.5275) millage reduction**
 - Defer Wolfbranch/delete Parks transfer- \$1.1 million
 - Delete Solid Waste Transfer - \$300,000
 - Transfer SW LT Care and Closure Reserve - \$1.0 million
 - Use Sales Tax for Debt Service - **\$5,740,000**
 - Delay or delete Courthouse Completion project – \$5,000,000
 - Defer or delay one or more Park projects – \$740,000

Millage Options Using Nonrecurring Funding Sources

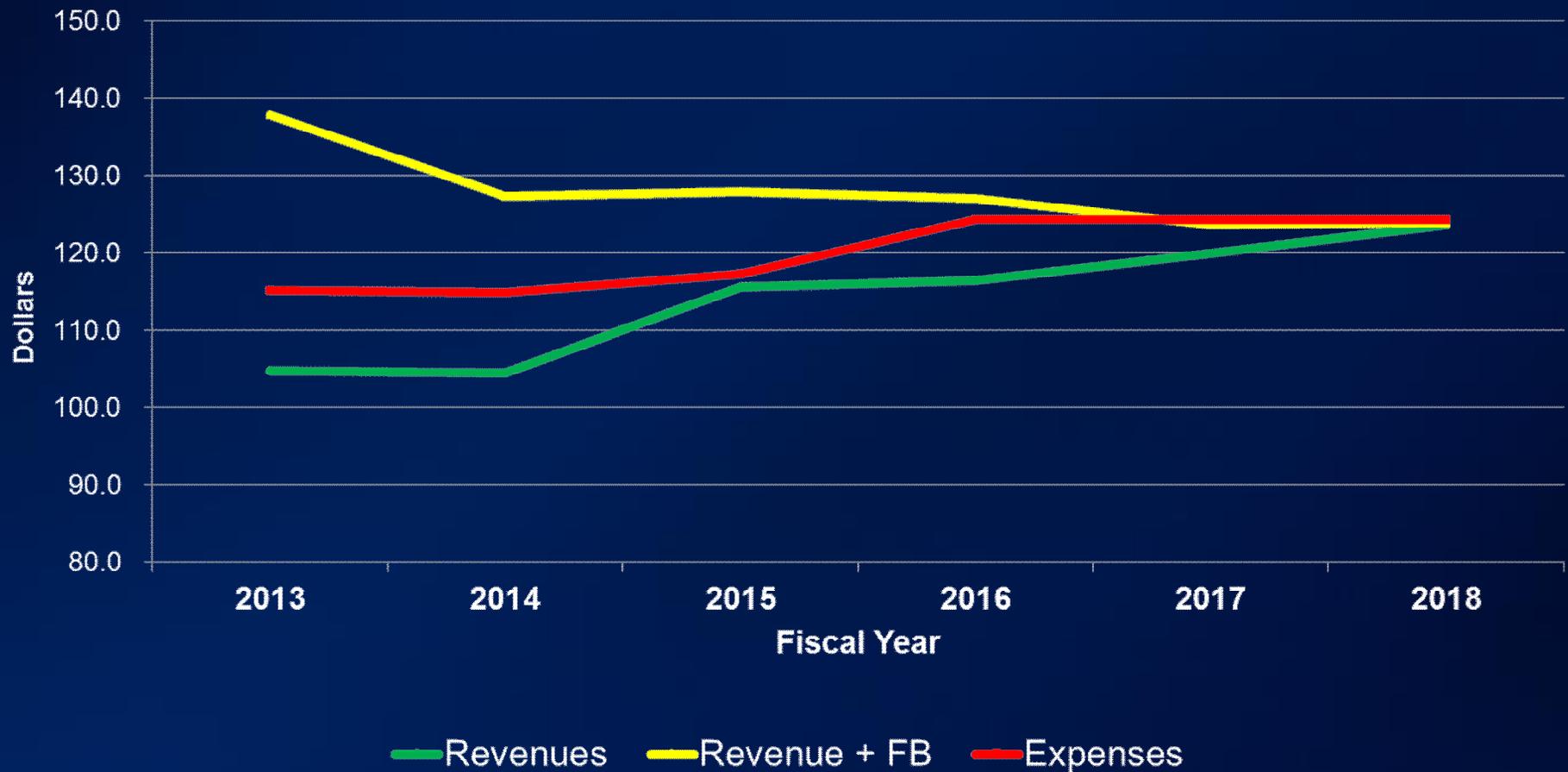


- **Includes small reduction to Lake EMS Millage – (0.0194)**
- **Total Millage change of 0.5471 or an 8.92% increase over FY 2014 millage rates**

Millage Options Using Nonrecurring Funding Sources



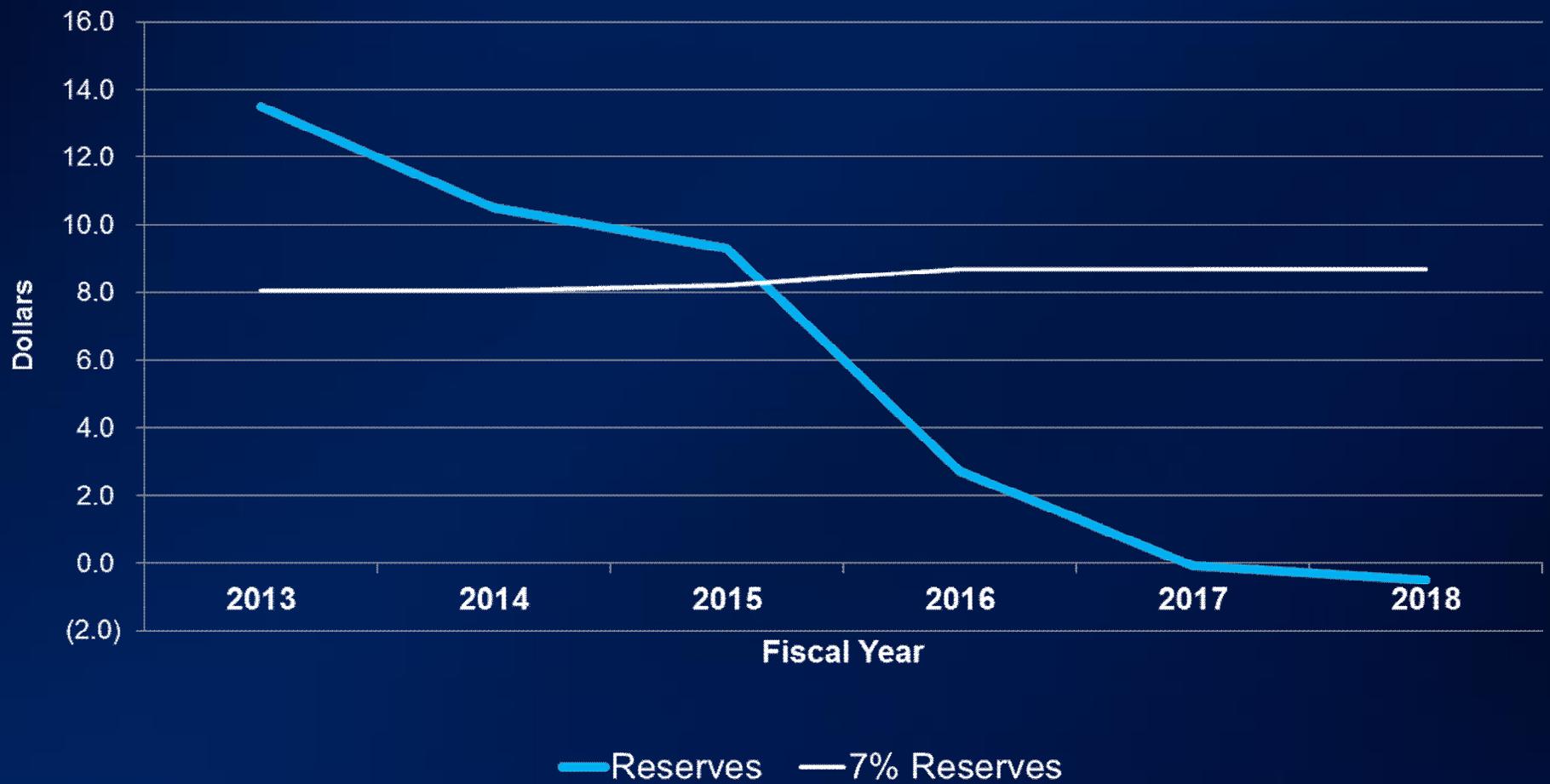
Option 3 – 5.0849 General Fund Millage



Millage Options Using Nonrecurring Funding Sources



Option 3 – 5.0849 General Fund Millage



*Does not Include FY 2015 PO Carryforward

Presentation Outline



Conclusions

Conclusions



- **Potential nonrecurring funding sources that can be used to lower the millage rates**
 - **Wolfbranch Project/Parks and Trails funding**
 - **Solid Waste Fund**
 - **Solid Waste LT Care and Closure**
 - **Infrastructure Sales Tax/Debt Service**
 - **Change in Reserve Policy**

Conclusions



- **Millage Options**
 - **Tentative Millages – 1.0940 increase**
 - **Option 1 – 0.8996 increase**
 - **Option 2 – 0.7506 increase**
 - **Option 3 – 0.5471 increase**
- **The lower the millage rate the bigger the funding gap for FY 2016**
- **Nonrecurring funding sources will not be available again for FY 2016**

Presentation Outline



Next Steps

Next Steps



- **September 9, 2014 – 1st Budget Public Hearing**
 - Approve Tentative Millage Rates
 - Approve Changes to Recommended Budget
 - Approve Tentative Budget
- **September 23, 2014 – 2nd Budget Public Hearing**

Presentation Outline



Requested Action

Requested Action



- **Board Direction on whether to use Nonrecurring items to reduce proposed millage rates and balance the budget**



LAKE COUNTY

FLORIDA

Thank you.