

Board of County Commissioners

Agenda Request

Date of Meeting: June 2, 2009

Date Submitted: May 21, 2009

To: Honorable Chairman and Members of the Board

From: Benjamin H. Pingree, County Administrator
Timothy P. Barden, Assistant County Administrator

Subject: Request Board Consideration and Approval of the Mid-Year Report and Recommended Adjustments to the FY2008-2009 Budget

Statement of Issue:

This agenda item requests Board approval of the mid-year report adjustments to the FY 2008-2009 Budget.

Background:

On September 22, 2008, the Board of County Commissioners approved the Budget for FY 2008-2009 presented by the County Administrator per Florida Law. As part of the budget process that is included in the Board's budgeting policies as well as included in your current budget calendar that was approved by the Board, staff has prepared a mid-year report. Staff annually reviews program operating budgets during the mid-point of the fiscal year to ensure sufficient program operating budgets. The Office of Management and Budget and program staff review the budgets to identify issues which would cause insufficient funding through the remainder of the fiscal year. The mid-year report is to enable the Board to take an opportunity to look at the current state of the budget and make any adjustments deemed necessary based on the latest revenue projections or unforeseen expenditures not anticipated when the budget was adopted. These adjustments will be done by budget amendment and resolution (Attachments #1 and #2).

Analysis:

Included in the Mid-Year Financial Report are the following sections:

Revenues

The Revenue section summarized in Table #1, describes the County's major revenue sources and receipts for those revenues to-date for the current fiscal year. The table compares the FY08/09 approved budget versus actual receipts received to-date and outlines overages or shortfalls as compared to the FY08/09 budget.

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Table #1- Major Revenues

Revenue	FY08/09 Budget	FY08/09 Actual YTD	Amount Over/Under FY08/09 Budget	% of FY08/09 Budget
Fund-001-General				
Ad-Valorem	10,986,391	8,635,419	-2,350,971	78.6%
Communications Service Tax	358,938	137,127	-211,811	38.2%
State Revenue Sharing	557,994	273,698	-284,295	49.1%
Half Cent Sales Tax	860,966	269,586	-591,379	31.3%
Half Cent Sales Tax Supplement	772,143	299,467	-472,675	38.8%
Fiscally Constrained Legislative Off-set	400,447	424,975	24,498	106.25%
Fiscally Constrained Counties Funding	416,034	179,842	-236,191	43.2%
Planning & Zoning Fees	100,000	21,000	-79,000	21%
Housing Prisoner Revenue	3,114,795	654,128	-2,460,666	21%
Ambulance Fees	750,000	313,833	-436,166	41.8%
Tax Collector Fee	200,000	58,463	-141,536	29.2%
Probation Fees	122,000	59,217	-62,782	48.5%
Total Other Misc. Sources	2,513,284	642,681	-1,870,603	
Total:	21,152,992	11,969,510	-9,173,577	56.6%
010-Building	677,609	107,303	-507,305	21%
Fund 160-Gas Taxes	1,998,349	795,547	-1,202,801	39.8%
Fund 180-Fire MSBU	1,042,857	667,057	-375,799	64%
Fund 317-One Cent Sales Tax	2,105,001	770,653	-1,334,347	36.6%
Fund 435-Wastewater-Sewer Fees and Access Fees	2,110,909	326,883	-1,784,026	15.5%
Fund 440-Solid Waste	878,096	370,163	-507,932	42.%

Revenue Analysis:

Ad Valorem:

Ad Valorem is approximately at 78.6% of anticipated receipts with 6 months left for collections. This revenue appears to be in line with the previous fiscal year –end wherein collections were at 78.7% at mid-year on pace to receipt 100% total.

Communication Services Tax:

The Communication Services Tax is at approximately 38% of state revenue estimates. In the previous fiscal year-end, this revenue received 95% of the estimated revenue. Since receipts for state revenue run a month behind, revenue should be at least 41% for 5 months.

Fiscally Constrained Funding:

Fiscally Constrained funding from the Legislative Off-set of Amendment 1 actually has exceeded the project revenue by 6.25 percent. The Counties other annual fiscally constrained funding is less than 50% at mid-year. The total receipted in the previous fiscal year from this revenue was 85%. This revenue appears to be on pace to be below State estimates.

State Revenue Sharing:

State Revenue Sharing is at approximately 49% of estimates even with the decline in taxable sales transactions. However, it currently appears to be on pace to either meet or exceed State estimates. In the previous fiscal year-end, this revenue exceeded State estimates by 22%.

Half Cent Sales Tax:

Half Cent Sales Tax revenue is only approximately at 1/3 or 33% of the state revenue estimates. This could be a result of declining sales transaction from the slow down in the economy. The summer months are still forthcoming and could produce an increase in receipts of this revenue.

Planning and Zoning and Building

Planning and Zoning and Building revenue are both at approximately at 21% for mid-year. This is a direct result of the slowdown in the building sector of the economy.

Housing Prisoners:

The Prisoner Housing revenue is currently at 21%. Receipt of this revenue is usually 30-90 days after the billing cycle, therefore mid-year receipts do not reflect into account outstanding invoices to be received. In the previous fiscal year-end, this revenue receipted 83% of estimated receipts.

Fund 160-Gas Taxes

Gas Tax receipts are at approximately 38% of State revenue estimates. The State revised their

estimates in February 2009, and reduced their estimates by approximately 6.5%. This is directly related to the decline gas sales transactions related to the slowdown in the economy.

Fund 180-Fire MSBU

This revenue is currently at 64% for mid-year. In the previous fiscal year, 97% of estimate revenue was received. It is anticipated that this revenue will reach at least 97% of the estimated revenue as in previous years.

Fund 307-Impact Fees

Currently there is moratorium on the collection of impact fees that is set to expire on September 9, 2009. Since the moratorium was in place prior to the start of the current fiscal year, there was never a new revenue estimate established for this fund for FY08/09. The only budgeted revenue is this fund currently is cash that was on-hand at the beginning of the current fiscal year.

Fund 317-One Cent Sales Tax

One Cent Sales Tax revenue receipts are currently at 36.6% for mid-year. The summer months are still forthcoming and could see increase in sales transactions. In the previous fiscal year, year-end receipts for the revenue totaled 149% of estimates.

Fund-435 Waste Water Fund

The current revenue for this fund for sewer fees and access fees is at approximately 15%, with access fees at 8% of estimated receipts. The decline in this revenue versus the estimate is directly related to slowdown in the building sector as well as no current movement on implementing the facilities plan that would add new customers onto the system. However, in March 2009, the Board approved an increase in sewer rates that should produce an increase in sewer fee revenue.

Fund 440-Solid Waste

Solid Waste revenue at mid-year is at 42%. Recycling receipts are underperforming and currently at 9%. The County signed a deal with Marpan Recycling this year and should realize increased revenue to offset this shortfall. This fund is currently on pace to receipt 100% of estimated revenue. In the previous fiscal year-end, this revenue exceeded estimates by 9%.

Grant Funds

All current grant funds, including housing, weatherization and S.H.I.P. appear to be in line with current funding levels. Most of the grants are either reimbursable based, which revenue is received after the expenditure has been made, or funding is released based on a schedule in accordance with the grant agreement.

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Expenditures

The list of expenditures by department and fund is attached in the Office of Management and Budget's Monthly Expenditure Report. (Attachment #3). This report looks at the expenditure level for each department or fund as compared to the percentage of expenditure each department or fund should be at mid-point in the current fiscal year. As you can see, most all departments and funds are at or below the 50% level at mid-year. The few that are above the 50% level are addressed in the recommended actions section of this agenda item below. These overages are a result of unforeseen expenditures directly related to their programs that require additional funding to off-set increased expenditures.

Recommended Actions

The recommended mid-year adjustments to the FY 2008-2009 Budget are listed by fund and are as follows:

General Fund-001:

As provided in the attached budget amendment documents, reallocate funding for the following:

- 1) Allocate \$14,000 to the Planning and Zoning department for the Code Enforcement activities.
- 2) Allocate \$25,000 to the Facilities Management Department for continued maintenance and repair costs.
- 3) Allocate \$24,000 to the line item Capital Outlay-General in General Administration for new Commissioner office renovations and computer purchases.
- 4) Allocate 2,500 to the Board of Commissioner Budget for travel.
- 5) Reduce the Planning and Zoning budget \$2,714 (\$5,428 annually) due to the reclassification (downward) of one Planner II to a Planning Technician.
- 6) Reduce the County Administration Budget \$2,684 (\$8,054 annually) due to the elimination of 0.5 FTE for an Administrative Assistant. This position is OPS position previously filled by part-time high school interns. This position is currently vacant. Current staff will absorb duties previously performed by this position.
- 7) Increase the Library Services Budget \$2,424 (\$7,272 annually) due to the reclassification of Mr. Doug Jones from Library Services Director to Public Services Director. (Additional information on this reclassification in the Analysis Section, below).

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- 8) Reduce the Probation Budget \$18,773 (\$56,320 annually) due to the elimination of 1 FTE Director of Probation position. The current Director of Probation is retiring after 15 dedicated years of service with the County. While certainly a challenge, the workload of this division is such that this position can be absorbed by current staff and administrative oversight will be provided by the position of the Director of Public Services.
- 9) Reduce the Building Department Budget \$31,087 (\$93,264 annually) due to the elimination of 2 FTE (vacant) Assistant Inspector and Plans Examiner positions.

The balance of the General Fund Reserve for Contingencies (note: this is not the emergency reserve account) will be reduced by \$38,905 for a remaining balance of \$243,601 after these adjustments.

Fund 010-Building:

Reduce the Building Department Budget \$31,087 (\$93,264 annually) due to the elimination of 2 FTE (vacant) Assistant Inspector and Plans Examiner. These positions are being recommended for elimination based on reduced workload and reduced revenues tied to the negative impact in the local housing economy.

FUND-180-MSBU-

Approve of the transfer of \$250,000 from the various reserves in the MSBU fund to pay-off an outstanding loan provided in 2005 for the purchase of 3 fire apparatus. This early payoff will save approximately \$60,000 in interest. There are no fees or penalties associated with the early termination of this loan agreement.

FUND 435-Wastewater

Reduce the sewer access fee revenue in the Waste Water Fund by \$1,000,000 with an off-setting reduction in the reserve in this fund by \$1,000,000. Currently, the revenue for access fees is at 8% of \$1.2 million dollar estimate. This estimate was based on standing Board direction to move forward with the facilities plan, which would have brought a potential 900 new customers onto the sewer system. In order to ensure that expenditures would not outpace revenue without first realizing those customers, a large reserve was established to off-set the potential revenue estimate. Since the passage of the FY08/09 budget, there has been no movement on implementing the facilities plan that would add new customers onto the system. As such, staff is requesting the revenue and reserve in this fund be reduced to meet current level of anticipated revenue.

Analysis:

These recommended mid-year adjustments to the FY2008/2009 Budget, are presented for your action. These recommended changes are routine in nature and ensure that the County's budget is in

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line with expenditures. We do not anticipate any further adjustments throughout the remainder of this fiscal year.

Board Confirmation of Position Reclassification:

Related to the related recommended actions to 1) trim costs to meet the reduced actual revenues and 2) reduce 3.5 FTE positions to trim recurring expenditures (and 3] in accordance with Section 125.74 (k), F.S., and the County's approved Administrative Code), the County Administrator is requesting Board confirmation of reclassifying the existing position held by Mr. Doug Jones from that of Library Services Division Director to Director of the Department of Public Services. As the Board and community are widely aware, Mr. Jones has served the County with distinction as the Library Services Division Director for the last 24 years.

In this expanded role, Mr. Jones brings his years of experience to a position that will benefit the county by providing leadership of not only the Library Services Division, but also that of a downsized Probation Division, as well as for Facilities Management, Airport, and the Parks and Recreation Divisions. Mr. Jones will also be able to provide staff leadership on pressing new facility construction coordination issues (such as for the Community Center and Airport Layout Plan). The Public Services Director will also be a key asset in seeking new grant funding for related activities and in assistance to Mr. Barden and the OMB/Grants Division.

Under the Florida Statutes Section 125.74(k), the Board must confirm department head classifications. The County Administrator is thereby requesting confirmation of this reclassification (Option #2, below). It is important to note that Mr. Jones' acceptance of these expanded reclassification responsibilities allows county government to continue services without the refilling of Division Director positions, those that are a higher administrative classification and pay scale. Truly, this allows for a reduction in staffing, while still attempting to maintain/improve program outcomes within a more limited budget and shrinking revenues.

It is also important to note that staff's utilization of the mid-year report opportunity to trim budgeted staff and expenditures IN THE CURRENT FISCAL YEAR, is indicative of the County's ongoing commitment to "live within our means," at every turn, and maintain excellent service provision for taxpayer investment. This action builds upon two years of cutting costs, reducing operating budgets and reducing staff to meet property tax reforms and related decreases in revenues.

Staff fully anticipates that additional reductions in program budgets and positions, across the entirety of county government (including BoCC programs and all constitutional offices), should be further expected during the development of the FY 09/10 budget development process. Simply stated, staff will continue to work with county partners across government and the community to identify additional opportunities to do more with less.

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Options:

1. Approve recommended adjustments for inclusion in the FY 2008/2009 Budget as Outlined in the Analysis Section Above and attached budget Amendment and Resolution
2. Approve the position reductions and reclassifications saving the county a cumulative \$52,834 in FY 08/09 and \$155,794 in expenditures annually thereafter (this includes confirmation of the reclassification of Doug Jones from Library Services Division to the Director of the Public Services Department.
3. Do not approve recommended adjustments to the FY 2008/2009 Budget.
4. Board Direction.

Recommendation:

Options #1 & #2

Attachments:

- 1) Budget Amendment
- 2) Resolution
- 3) Monthly Expenditure Report