**Board of County Commissioners**

**Workshop**

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| Date of Meeting: | June 13, 2013 |
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| Date Submitted: | June 5, 2013 |
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| To: | Honorable Chairman and Members of the Board |
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| From: | J. David Edwards, County Administrator  Greg James, Finance Director  Brandy Price, Deputy Clerk, Budget Coordinator |
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| Subject: | Second Budget Development Workshop for FY2013/14 |

**Statement of Issue:**

This workshop is the second of three scheduled workshops in the development of the FY2013/14 Budget. This workshop is intended to provide the Board with an overview of the General Fund operating budgets.

**Background:**

On January 22, 2013 the FY2013/14 budget calendar was approved by the Wakulla County Board of County Commissioners. The following background information briefly recaps the history of Board action to date for the current budget cycle.

On March 7, 2013, the Board held the first of three scheduled workshops for FY2013/14 budget process. The following items were presented during the workshop:

1. Budget Calendar
2. Budget Directives
3. 5 Year Capital Plan
4. Legislative Impacts
5. Financial Overview of Fund Balances (Cash Position)
6. Review of 8 Key Funds
7. Review of Long Term Debt
8. Board Priorities

Following the first workshop the Board held a “Priorities Workshop” on April 1, 2013.

**Analysis:**

This workshop item will present to the Board the FY2013/14 draft budget for all County funds. The FY2013/14 Tentative Budget is due to the Board July 15th. Staff has met with each department and the Constitutionals to discuss their budgets in an effort to obtain a balanced budget. Although there are still some outstanding issues, the Budget Office has presented you with a balanced budget. The budget numbers presented are not final and are subject to change based on Board consideration of issues addressed in this workshop, subsequent estimate modifications, and any unanticipated events occurring in the remaining current year budget. The analysis section of this workshop item will be broken down by the following:

1. Budget Related Developments Since 1st Budget Workshop
2. General Fund Revenue Summary and Highlights
3. General Fund Expenditure Summary and Highlights

**Budget Related Developments since 1st Budget Workshop**

Following the first budget development workshop the Wakulla County Property Appraiser released the June 1, 2013 preliminary estimated gross taxable value including new construction based upon fair market value of locally assessed real estate and tangible personal property. The June 1st estimate (Attachment #1) was $1,023,003,677. Overall, this is a 4.57% decrease below FY2012/13 gross taxable value. Based on this estimate, maintaining a millage rate of 8.5000 will generate $8,260,755 a reduction in ad valorem of ($312,499) from the previous year*.*

Audit Report

On May 20th, 2013, County Auditor, Powell and Jones presented a review of the FY2011/12 audit. The audit report indicated the County had made significant progress towards achieving a more financially stable fund balance. Despite the progress made, the County’s fund balances still fall short of the County’s Fund Balance policy and recommended levels.

**General Fund Revenue Summary and Highlights**

A summary of the revenues and expenses of the General Fund by account category can be found in Attachment #2. Overall, the General Fund Budget is estimated to increase 3.9% over the previous year. The highlights of this overall increase are summarized below:

*Ad Valorem:*

The total decrease in estimate ad valorem revenue from FY2012/13 to FY2013/14 is projected to be 4.57% based on a millage rate of 8.5000 mills. This is the largest single revenue in the General Fund and equates to a total decrease in ad valorem revenue of ($312,499).

*Local Utility Taxes:*

We are anticipating a 7% increase, or $129,674, in the Public Service and Communication Service taxes. This estimate may be adjusted as the current year revenues are collected and reviewed.

*Appropriated Cash Forward*

There is $252,073 in cash forward appropriated in this budget. Of this total, $74,073 is for the Building Dept, $60,000 is from the State Library Grant, and $100,000 is from the General Fund Reserve for contamination cleanup and $18,000 is from the Extension Office reserve for air conditioner replacement. The reserves have been budgeted at a total of $293,681. Therefore, if all anticipated revenue is received in the next fiscal year, the General Fund Reserves should increase by $193,681 ($293k - $100k).

*Jail Bed Revenue*

Upon recommendation from the Sheriff’s Office, the agreement with Immigration & Customs Enforcement (ICE) that generates most of the revenue from housing prisoners is being reviewed. There is a proposal to “lock-in” a guaranteed revenue stream for the next five years. The current estimate is $2,700,000 per year which will be approximately $300,000 more than the current year estimate.

*State Revenue*

All the state revenue estimates have not been made public at this time by the Office of Economic and Demographic Research (EDR). It is anticipated that there will be an increase in all the state revenue for FY2013/2014 but the estimates will not be released until later this month. We currently have an estimated a 2% increase, or $80,439 in the State Revenue Sharing and Half Cent Sales Tax revenues.

**General Fund Expenditure Summary and Highlights**

In total, General Fund expenditures have increased by $366,059 or 3.9% for FY2013/14. A summary of these increases/decreases are listed below and are also provided in Attachment #3:

*Increases/(Decreases:*

1. Net Personnel Services increase of $292,013.
   1. Salaries & Wages increase by $91,745 – 3 additional positions: grant co-ordinator; code enforcement officer, and animal control officer.
   2. Retirement Benefits increase by $108,118 due to changes in the State retirement rates.
   3. Health Insurance increase by $78,947 – The actual increase has not been released by CHP but we have estimated a 5% increase.
   4. FICA Tax, Worker’s Compensation and Unemployment Compensation increase by $13,023.
2. Net Operating Cost decrease of $29,494.
3. Operating Equipment increase of $31,004.
4. Net Other Costs decrease of $141,753.
   1. Aid to other Governments and Agencies decrease of $8,159
   2. Inter-fund Transfers decrease of $133,594
5. Constitutional Officer funding decrease of $100,000.
   1. The Clerk’s budget remains $545,534.
   2. The Property Appraiser budget remains $945,644.
   3. The Sheriff’s budget remains at $10,110,056 with a reduction of $100,000 in their budgeted reserves from $250,000 to $150,000.
   4. The Supervisor of Election’s budget remains $339,703.
   5. The Tax Collector’s budget remains $673,622.

**Summary:**

On July 15th, the County Administrator will be presenting the Tentative Budget to the Board per Florida Statutes. Accordingly, staff is seeking direction from the Board on any modifications or changes to the currently proposed budget for FY13/14.

**Attachments:**

1. Property Appraiser’s June 1, 2012 Estimate Taxable Value.
2. General Fund Budget Summary
3. General Fund Expense Summary