

# Levy County FY 20-21

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Budget Workshop 8-04-20

# General Scheduling Notes

- TODAY - 8/4/20 Final Workshop – Required to receive Tentative Budget and set Proposed Millage. Full balancing with Anticipated Reserves here. All 87 Funds
- 9/8/20 – Tentative Hearings
- 9/22/20 – Final Hearings
- NOTE: Crucial Assessment discussions/decisions will need to take place throughout the summer – coordinated by County Attorney & NGN with County Staff



# Things for today:

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- Set Proposed Millage
- Receive Tentative Budget
- Consider Updates and Overall Funding Picture

# Features of this Budget:

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- Budget is balanced at \$98,838,044.
- General Fund budget is \$40,283,374.
- Tentative General Fund Operating Budget Deficit is \$685K.
- Contingency and Cash Forward Operating Reserves for General and Road Funds are sufficiently recovered to weather small operating deficits and begin addressing capital planning for these funds and General Fund-supported functions.
- EMS Fund Deficit is the most urgent concern.

# General Updates:

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- Net adjustments in General Fund expenses have increased \$36K
- No further change in GF revenue estimates.
- \$43K of expected Tax Collector Fee costs hit GF (\$25K) and EMS (\$18K)



# General Fund Operating Subsidy of Other Funds - Discussion

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General Fund subsidy of operations via direct transfers (does not include department-specific Capital Funding allocations in Capital Projects Funds):

1. Road \$600K (\$1.064M also already allocated to be paid from General Capital Fund)
2. ~~Transit \$50K (safety net only)~~ ROBUST GRANT FUNDING
3. Fire \$221K (required for exempt properties)
4. Utilities \$82K
5. Intergovernmental Radio Communications \$15K
6. Building Inspections \$135K – Monitoring for potential reduction/elimination of subsidy depending on economic environment.

Tentative Budget True Surplus/(Deficit) Calculation

FY 2021

General Fund

Sources \$ 40,283,374.00

Uses \$ (40,283,374.00)

Balance including Non-Recurring Sources \$ -

Less Non-Recurring Sources:

Beginning Reserves \$ (11,300,000.00) Expected Carryforward at 10/1/17

Transfer from Other Funds \$ - Excess Debt Service Reserve Elimination

Total Non-Recurring Sources \$ (11,300,000.00)

Add Back Amounts Allocated to Reserves

Reserve for Contingency \$ 3,000,000.00

Reserve - Cash Forward \$ 6,000,000.00

Reserve for Capital Outlay (GF) \$ -

General Fund Transfer to Capital

Projects Funds \$ 2,565,492.00

Less Recurring Capital Replacement

Components Estimate \$ (950,000.00) \*Includes \$300K of Road Project Subsidy Planned for FY 21 Only

Total Allocations to Reserve Funds by Year-End \$ 10,615,492.00 Expected Carryforward at 10/1/18

Adjusted Budget Surplus/Deficit Number \$ (684,508.00) NET OPERATING SURPLUS (DEFICIT)

# Updates (EMS, Fire, & Landfill):

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## Major Assessment Funds:

- Adjustments to Parcel-driven data by GSG:
  - EMS Assessments upward by \$41K,
  - Fire up by \$48K,
  - Landfill up by \$14K
- Fire Costs increased by \$119K as a result of the Municipal Appropriations from last meeting.



# Major Assessment Fund Updates/Concerns:

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- Fire and Landfill funding models appear to be sufficient to address *current* operations and modest capital replacement needs
- We will continue monitoring Road MSBU's on the other side of the new rate implementations

# EMS Fund Updates/Concerns:

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- EMS Fund Deficit is at \$759K, budgeted at current Assessment levels until BOCC is more certain about commitment level. That's a deficit of 56% of anticipated reserves at 10/1/2020, which are lowest since 10/1/2015.
- Would anticipate an actual loss of 30% of fund reserves by 9/30/2021.
- No General Fund Transfer at this time. Will absolutely need to happen next year unless assessments are adjusted. Not much of a "well" for contingencies to go into, however, in the EMS Fund, without a GF Transfer.
- Excessive OT policy is also a driver of cost without service level benefit





BUILT IN Major Changes to Deficit Summary	Integration	General Fund	R&B	SHIP	Court Technology	Transit	E911	Misc Grants	EMS	Fire	Tourism	Utility	Radio Comm	Building Inspections	Capital Projects	Road Improvement & Project Fund	Landfill	Total	Notes	
																		\$ -		
1 Adjustments to Assessment Data by GSG	Tentative Budget	\$ (11,286)							\$ 41,280	\$ 48,321								\$ 13,885	\$ 92,200	With all rates at current, includes GF Transfer to Fire for exempt properties adjustment
2 Municipal Fire Budgets Approved 7/21	Tentative Budget									\$ (119,134)									\$ (119,134)	
3 Reallocate Zoning Code Specialist to Proper Funding Source	Tentative Budget	\$ (65,000)												\$ 65,000					\$ -	Per Building Official's Assessment of Staff Functions
4 Reduction of GF Transfer to Building Fund	Tentative Budget	\$ 65,000												\$ (65,000)					\$ -	
5 Adjustments to TC Fee Budget	Tentative Budget	\$ (25,000)							\$ (18,000)										\$ (43,000)	Based on Ad Valorem Increase and Increase in EMS Assessment
																			\$ -	
Net Built-In Deficit Reduction/(Addition)		\$ (36,286)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 23,280	\$ (70,813)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 13,885	\$ (69,934)	

# Preemptive Explanatory Digression...

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- This budget appears to simply be \$9M higher than 2020's. (\$98M vs \$89M).
- The initial reaction is that you're rapidly growing the budget. This is exacerbated by the various oversimplified ways DOR's TRIM rules make us advertise and show things as "operating budget" that are really reserves.
- Some consideration of the facts provides an informed perspective...

# Preemptive Explanatory Digression...

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- We've included more of the common amendments up front in this 2020 Budget. **The FY 2020 Amended budget as of 7/29/19 is *already* \$96.2M.** That's only \$2.6M less than this 2021 proposal.
- This budget includes grant monies of \$15.8M. That's **\$4.6M in *additional grant funds*** alone. Grant Funds are up
- Anticipated Cash Carried Forward (Beginning Fund Balance) across ALL funds is \$4.266M higher.



# Preemptive Explanatory Digression...

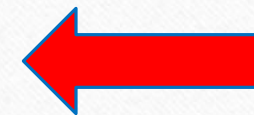
- FY 2020 Beg. Reserves for ALL Funds (including restricted): \$28.9M.
- FY 2021 Beg. Reserves for ALL Funds (including restricted): \$33.1M

<b>Total FY 2021 Original Budget Increase over FY 2020</b>	<b>\$8,939,044</b>	<b>9.9%</b>
Less: Increase in Grant Funding included in Original Budget	\$4,583,433	(5.1%)
Less: Increase in Beg. Reserves Estimates for ALL Funds	\$4,266,304	(4.7%)
<b>NET OF ALL OTHER INCREASES/DECREASES</b>	<b>\$89,307</b>	<b>0.1%</b>

# Stages of Fiscal Recovery – General Fund

1. Eliminate major fund operating deficits (defined as recurring payroll and operating expenses exceeding recurring revenues). Done.
2. Restore the necessary safety net reserves to weather future downturns in major funds. Done.
3. **Provide capital planning and replacement funding.**
4. Consider millage reduction if population growth and development is sufficient so that 1-3 can be maintained while doing so.

From Last Year

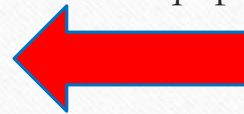


STILL AT THIS  
STAGE



# Capital Improvement Funding Considerations

- Budget includes the structuring and transfers for the first funded Capital Improvement Plan.
- **Sufficiency, however,** of funding for capital needs depends on some large looming items.
- The largest looming needs are:
  1. The Sheriff's Communication need. Depending on the ultimate cost of this project, we may be able to fund it from Capital Reserves, or it may require a debt instrument. **Recommendation** is to hire a consultant to determine options and costs as soon as possible for financial planning purposes
  2. Road Pit Operation needs with regard to real estate and equipment.
  3. **SHERIFF 911 DISPATCH CENTER**



**ADDED TO SLIDE**

**From Last Year**



# Capital Improvement Funding Considerations

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- Allocation recommendations will be presented in the coming weeks/months.
- Assessment-supported capital improvement plans *should be* funded by their respective funds. Ambulance replacement is devouring EMS Fund Balance.
- Requests are vastly higher than resources, recommendations will be considerably more modest than requests.
- A bond or a bank note may be advisable. Rates are very low.

# Other Considerations:

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- Most Major Fund Balances have peaked above 2013-14 levels. However, recurring expenditure commitments are also higher than they were then.
- Hopefully soon we should know what the ultimate cost of the Sheriff Communication needs will be, and have a clearer picture of our capital funding possibilities, and whether debt issuance will be necessary, or whether accumulated fund balance will be able to absorb the needs.
- If a 911/Dispatch Center is planned anytime sooner than FY 2024, you may want to go ahead and consider debt now while rates are low, because we cannot accumulate enough resources for that at this rate.



# Millage Considerations:

- You've changed the County's fiscal trajectory with sound decision-making, and just as some distant-past decisions had created a speeding downward slope that you reversed through a painful 3 years, we need to take care to not pull back too quickly to avoid repeating the past. A few major decisions can again reverse the trajectory.
- The Rolled-back Rate is designed for situations wherein new growth alone will keep up with basic inflation of costs, as well as new service requirements. Otherwise, you begin to lose ground as the cost of Constitutional Officer draws, Florida Retirement, Health Insurance, Wages, Fuel, Utilities, Materials, increase faster than you're adding new tax income.

From Last Year



# Millage Considerations:

- The RBR is essentially a statement to offset any value growth added by the Appraiser's Office, with the result being a design intended to fund current activity levels from last year's gross income. Any inflation or growth must be funded by new development or other revenue sources.
- The rolled-back rate adoption is a model that would work well in more densely-populated areas with more rapid migration. That's not an impossibility, but it's not quite yet a reality, here.
- The result is that the rolled-back rate is not a realistic option *consistently*, although it may be *occasionally*.

From Last Year

# Millage Considerations:

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- *Additionally: This year we are faced with the challenges of significant reductions in sales taxes, gas taxes, and shared revenues, without certainty about how long it will take them to fully recover back to prior trendlines.*

## MILLAGE CHANGE IMPACT ANALYSIS

		Current Millage	9.0000			
		Proposed Millage	9.0000			
		CK Increment Value	\$ 83,214,134	\$ 711,481	CK Pmt	
		Williston Increment Value	\$ 18,212,966	\$ 155,721	Williston Pmt	
		County	\$ 2,088,442,266	\$ 18,795,980	County Gross	
				\$ 17,856,181	County at 95%	
		Rolled Back Rate	8.5247			
		<b>NET REVENUE ABOVE (BELOW) CURRENT CURRENT PROPOSED MILLAGE</b>				
		0.0095	\$ 943,812.13			
		0.00925	\$ 471,906.06			
		0.00875	\$ (471,906.06)	Results in \$1.156M real operating budget deficit		
	Rolled Back	0.0085247	\$ (897,172.11)	Results in \$1.581M real operating budget deficit		
		<b>NET REVENUE ABOVE (BELOW) CURRENT MILLAGE</b>				
		0.008	\$ (1,887,624.26)			
		0.01	\$ 1,887,624.26			
		0.009	\$ -			
		0.009	\$ -			



# Action Needed – Set Proposed Millage:

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- Budget Office advice is that with the certainty of large outstanding needs, and the relative uncertainty with regard to what those amounts may be, that you hold the millage rate at 9.0000 for at least one more year.
- Anything below 9.0000, but above the Rolled Back Rate, still must be advertised as a tax increase by law.
- Recommend remaining at 9.0000 mills.

End of Budget Office Presentation

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