



September 27, 2016

Honorable Members of the Board of County Commissioners,

I submit to you the Adopted Budget for Fiscal Year 2017, totaling \$362,918,352, which includes an operating budget of \$292,850,877. The operating budget differs from the total adopted budget, as it does not include interfund transfers, capital project funds and internal service funds. By comparison, the Fiscal Year 2016 adopted budget totaled \$349,526,646, with \$276,162,467 for operating.

In an effort to keep both the Board and the public informed throughout the budget planning process, beginning in January 2016, and continuing through to July, County staff presented a series of 20 budget workshops. The workshops covered a number of different topics, such as the economic, millage and revenue outlooks; department-level operational needs; employee benefits and compensation; and fire assessments.

Property values continue to trend upward as we have seen over the past couple of years. The increased values, as well as new construction of both residential and commercial properties being added to the tax roll, is reflected in the 5.83 percent increase over the Fiscal Year 2016 values as certified by the Property Appraiser. Stormwater and fire values also experienced an increase of 3.64 percent and 3.66 percent respectively.

Due to the positive growth in property values and increased construction, the General Fund millage was adopted at the rollback rate of 5.1180 mills to limit the increase of revenues to only new construction. Adopting the rollback rate follows the Board's direction to keep taxes and fees at the lowest possible levels for County residents and businesses, while still maintaining a sufficient level of service. The rollback rate of 5.1180 is a decrease of 3.5 percent from the Fiscal Year 2016 adopted General Fund millage of 5.3051.

While the General Fund millage was being reduced by .19 mills, every effort has been made to adequately provide for the goals outlined by the Board, and to meet the requests of the Constitutional Officers. As a result, all expenditures throughout the organization were scrutinized to ensure the most efficient use of resources, which allowed most departments and programs to be able to maintain a status quo operational budget. Some key services and programs, however, did require a slight increase.

The adopted budget addresses the issues the County has been challenged with over the past several years in regards to employee health insurance costs by including funding for a new employee healthcare center. Financial support for social services functions increased by way of additional funding for both Health and Human Services grants and Lifestream Behavioral Center, funding for a new Judicial position to support the Veterans Diversion Program and funding for VA handbooks. A new position and funding for a pilot program to address littered areas throughout the County have been included in the final budget in support of the Keep Lake Beautiful program.

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The adopted budget includes the use of Infrastructure Sales Tax and reflects the commitment of the Board towards public safety and quality of life. This funding source will be used for the purchase of Sheriff's vehicles; support continued development of the South Lake Regional Park, funding for the expansion of sports lighting at the East Lake and North Lake Community Parks; funding to acquire and develop two locations (Clermont and Golden Triangle), that will allow the Tax Collector to integrate the current responsibilities of the office with the additional state-mandated driver license function; a multi-purpose sports field in Fruitland Park; the final phase of renovations of the Judicial Center; and for debt service.

Impact fee funding for the development of two new fire stations (Lake Yale and Seminole Springs) as well as the continued construction of the new Altoona Fire Station have been included in the final budget. On September 13, 2016, the Board accepted the award of the federal SAFER grant to enhance the Public Safety Department's ability to comply with staffing, response and operational standards established by the National Fire Protection Association. 15 additional firefighter positions funded by the grant have been included in the adopted budget.

In Fiscal Year 2017, 10 new full-time positions are being created. In contrast, a total of eight full-time positions are either being transferred or eliminated for a total net increase of two positions. Six positions in the Public Defender's office are being transferred to the state, one position in Human Resources is being transferred to Lake EMS and one unfilled position in Solid Waste is being eliminated. Other items being addressed include salary adjustments; medical insurance funding; and Florida Retirement System (FRS) changes as mandated by the state.

General Fund Reserves

The adopted budget for Fiscal Year 2017 is in keeping with the Economic Stabilization Reserve Policy set forth by the Board. The policy states a goal for an unreserved General Fund balance of 7 to 12 percent of the total operating budget. A reserve of \$9.2 million is included as part of the budget, which equates to 7 percent of operating expenditures for Fiscal Year 2017. The reserve for the purchase order carry-forward totals \$514,000, for a total reserve of \$9.7 million.

Stormwater, Parks and Roads MSTU

The budget for projects that utilize funding from the Stormwater, Parks and Roads MSTU has been adopted using an unchanged millage of 0.4957. The funding for this special millage is currently split between stormwater and parks projects, with no funding currently allocated to roads. The MSTU is the main funding source for operations and maintenance in both the County's stormwater program, managed by the Engineering Division, and for the Parks and Trails Division. In recent years, the Parks and Trails Division has been receiving an increasingly larger allocation due to the addition of new active recreation parks, leaving no funding for new stormwater projects. The budget as prepared includes a \$1.5 million transfer from the General Fund for public lands and parks, to address the immediate basic maintenance activities at various County parks and trails; however, there are a few major unfunded needs, such as inspections and safety repairs to the Phase II Hancock/South Lake Trail System and basic repairs and maintenance services at various Public Lands properties. These issues will be addressed in a future budget, as funds become available.

Fire Rescue MSTU

The County Fire Rescue Division provides fire protection and emergency medical services to residents and businesses for not only the unincorporated areas of the County, but also to the Town of Astatula, Town of Howey-in-the-Hills and a portion of Lady Lake. Over the past few years, the operations for the Fire Rescue Division have increased, such as the management of six Interlocal Service Boundary Automatic Aid Agreements with municipalities. The budget, as adopted, reflects an unchanged millage of 0.4704 in the Fire MSTU.

Ambulance MSTU

The adopted budget for the Ambulance MSTU uses an unchanged millage of 0.4629 to provide the necessary funding needed for the operations of Lake EMS.

Public Lands Voted Debt Millage

The adopted budget for Public Lands Voted Debt includes a slight decrease in the millage from 0.1600 mills to 0.1524 mills. With the rise of property values, the annual debt obligations will be met. The fund is structurally balanced with adequate reserves to mitigate any fluctuations in revenues.

Conclusion

I wish to thank the Board of County Commissioners for their input, direction and dedication. I would also like to thank the Constitutional Officers for their willingness to meet and work with me, and the Board, during this year's budget process. In addition, the efforts of the Budget staff in compiling this document and reflecting the numerous funding changes are noteworthy and appreciated.

The staff and I are available to respond to questions, or to provide more in-depth information if needed regarding the Adopted Budget for Fiscal Year 2017.

Sincerely,



David C. Heath
County Manager