

Flagler County

Board of County Commissioners



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October 1, 2007

The Honorable Chairman and Members of the
Board of County Commissioners:

In accordance with my statutory responsibilities, I am pleased to present the proposed **Fiscal Year 2008 Annual Operating and Capital Budget**. The total budget is \$152,416,316 reflecting a decrease of over 4.2%. The annual budget contains 55 funds for Fiscal Year 2008 which continues the tradition of conservative fiscal management and responsive public services. It reflects our continued goal to provide a high quality of service at a reasonable cost to the community. The General Fund is presented at \$65,693,271, a 1.7% decrease over the current year's total of \$66,882,844.

The proposed budget provides for a significant reduction in the property tax rate. The FY2007/2008 rate is 4.0762 mills, this compares to last year's rate of 4.6655 mills for the general fund, as depicted in the following chart:

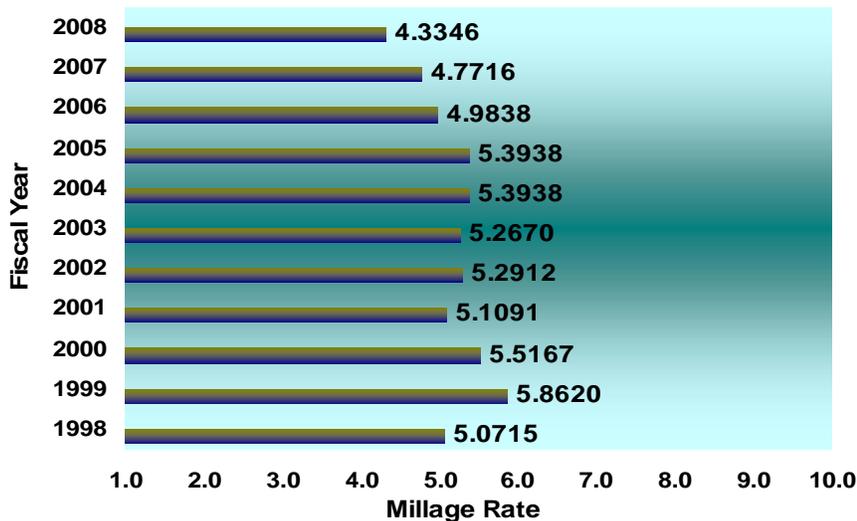
	FY07	FY08
Total Budget	159,231,587	152,416,316
General Fund Budget	66,882,844	65,693,271
Millage Rate General Fund	4.6655	4.0762
Debt Service	0.1061	0.2584
Millage Rate Combined	4.7716	4.3346
Rolled Back Rate		4.4793
% change over rolled back		-9.00%

Property Tax Relief

All counties were required to cut taxes in the upcoming 2007-2008 fiscal year to the same level as 2006-2007, also known as the rolled back millage rate. From the rolled-back rate an additional cut of 9% was required based upon a formula that analyzed our taxing performance over the past five years.

The impact to the property tax millage for FY2008 is approximately a reduction of \$1 million. The property tax rate reduction is the most significant in Flagler County's recent history as demonstrated in the following graph:

Combined Millage Rate

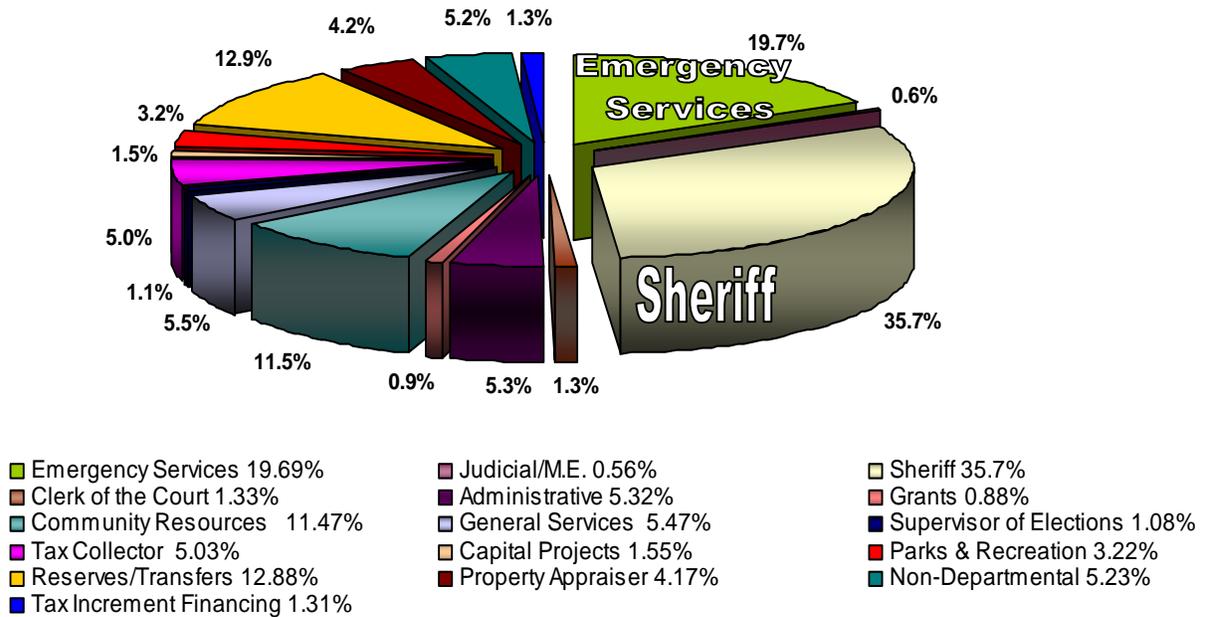


The primary reduction in expenditures was accomplished with a reduction in each department's operating costs, a freeze in rolling stock and information technology replacements, a reduction in pay adjustments of 3% and a reduction in the workforce. The total adjustment to your workforce for this budget submittal is an increase during this fiscal year of 4 positions and a reduction in FY2007/2008 budget submittal of 10 positions for a net change of 6 positions. A detailed listing of all position changes is located in Section 7 Personnel Services.

As we begin to plan for future legislative tax reform impacts, a review of all operations will be performed and compared to the level of service offered to the taxpayers. The voters of Florida will have the opportunity in January 2008 to choose to pass future tax relief amendments.

The method of allocation of the General Fund is depicted on page 3-75, along with the pie graph on the following page of this letter. The Board of County Commission Departments has a reduction of \$6.5 million from the FY2006/2007 approved budget. From the total General Fund appropriation, 53% of the fund is allocated towards Public Safety functions.

General Fund Expenditures FY08



Outside Agencies

The County provides funding to a variety of outside agencies that are generally grouped into the following categories: recreational services, children services, public assistance, adult/family services, and community based organizations. A listing of funding allocations to Outside Agencies is located on pages 1–36 and 1-37 for all funds. The FY2007/2008 allocation decreased \$587,208 or 27.8%. Essential activities have been maintained with some at a reduced allocation.

Parks and Recreation

The Parks & Recreation Department will concentrate on completing capital projects next fiscal year. Capital projects totaling \$1.5 million slated for completion next year include bridge replacements at Princess Place Preserve, parking and drainage improvements and tennis courts at the Adult Education Center on A1A, expansion of Varn Park parking lot, and commencement of the construction phase of the A1A Scenic Byways project.

Construction

A detailed listing of all capital construction and maintenance projects is located on pages 1-28 to 1-30. Included are various grant funded projects including: phase one of the Lehigh Rail construction, CR305 Bridge replacement, Roberts Road, and the carry forward of monies for construction of an extension to Taxiway E, design for an Air Traffic Control Tower and Airpark Phase B projects at the Flagler County Airport. Included in the General Fund is funding for the construction of a concrete structure to accommodate the booking area of the Sheriff's Inmate Facility.

New Building Costs

Operating costs directly related to the new Kim C. Hammond Judicial Center have a bearing on the general fund budget. Adjustments to current operations were made to counterbalance these increased costs. Two employees are being realigned from Fleet and Parks & Recreation to attend to maintenance issues within the complex. Six Custodial and one Tradesworker III staff have been added to maintain the 136,020 square foot building during the workday. The courthouse facility will house the judicial branch of Flagler County, Clerk of the Court, Public Defender, State Attorney and the Teen Court Program. A detailed listing of all associated costs related to this center is located on page 1-25 for a total budget impact of \$1,265,779.

Enterprise Funds

Included within the Utility Fund is the anticipated addition of the rural development grant funding and loan proceeds in order to complete the Beverly Beach wastewater plant. The bid process is currently underway.

Flagler County Airport shows a reduction in their budget request due to the decision to hold off in obtaining a loan for capital construction projects.

The monies remaining within the Solid Waste Fund are placed into reserves for future closure costs and/or future landfill needs. Grant funds are used for hazardous waste disposal.

Constitutional Officers

This budget proposal includes an increase in funding, as requested by the constitutional officers, which is depicted in the following chart:

	FY 2007 Allocation	FY 2008 Allocation	Dollar Change	% Change
Sheriff	18,725,832	20,415,692	1,689,860	9.0%
Clerk	550,000	761,000	211,000	38.4%
Tax Collector	2,861,247	2,874,418	13,171	0.5%
Supervisor of Elections	553,373	617,969	64,596	11.7%
Property Appraiser	2,461,125	2,385,878	(75,247)	-3.1%
Total	25,151,577	27,054,957	1,903,380	7.6%

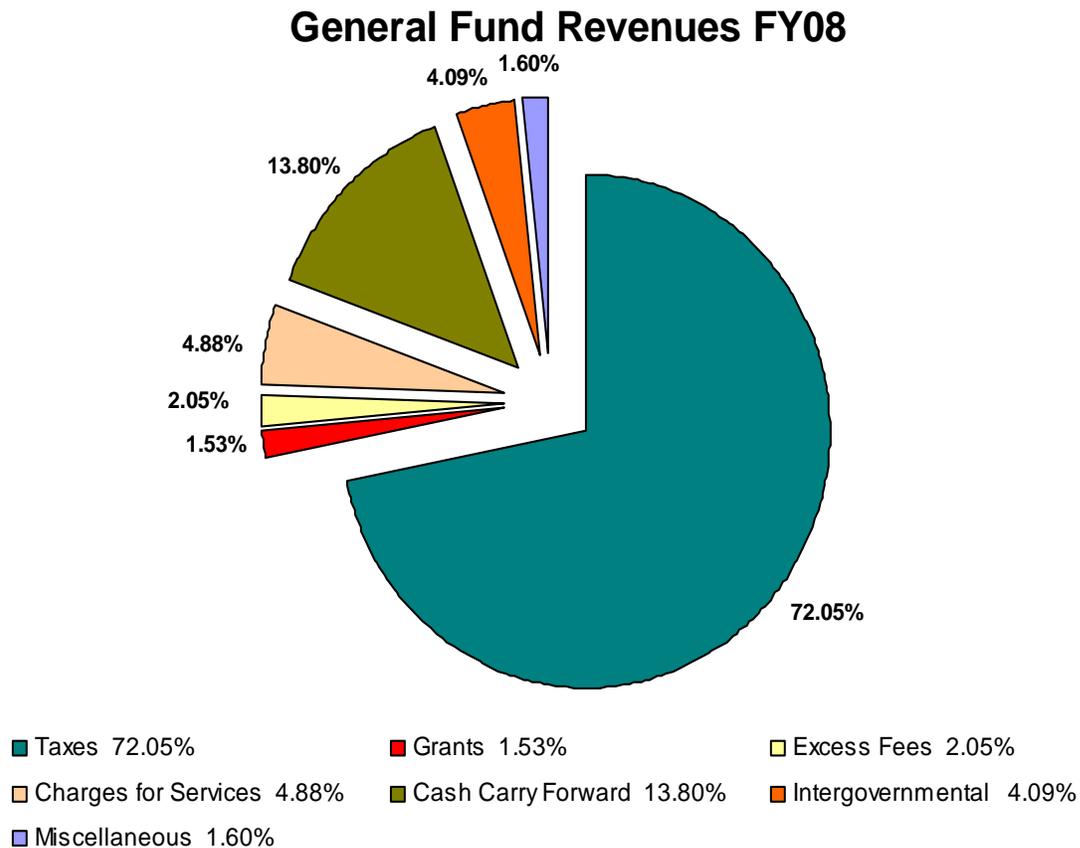
*OMB estimate in accordance Florida Statutes, Chapter 192

Reserves

As the County continues to grow, it is critical to maintain the County's financial strength. A reserve balance for all funds total in excess of \$23.0 million. A fair amount of these funds are restricted in nature, with over 65% set aside for a specific purpose. On October 23, 2006, a fund balance policy was established with the following guidelines: General Fund 15% reserve requirement over a two year term; and the Enterprise Funds (Airport, Utilities, and Transportation) has a 20% requirement over a three year term. The General Fund has unrestricted reserves in the amount of \$2,468,237 of the net total General Fund. The Airport, Utilities and Transportation Enterprise Funds have begun allocating monies towards this policy. The Solid Waste Fund is no longer considered, as it is no longer operational. For a detailed listing of all reserves see pages 1-14 to 1-17.

Revenues

The General Fund revenues are mainly supported by Ad Valorem Taxes to support countywide services with 72.05% of all revenues generated from this source.



Assessments

The chart below displays the rates for all special assessments for Flagler County. A new assessment has been created to replace the current method of monthly billing for garbage collection. This is the first year the assessment has been placed on the tax role.

Purpose	FY07	FY08
Daytona North	\$ 0.58	\$ 0.58
Waste Management		\$ 252.36
Colbert Lane	\$ 177.00	\$ 170.00
Rima Ridge Mosquito	\$ 14.62	\$ 14.62
Espanola Mosquito	\$ 11.76	\$ 11.76
Bimini Gardens	\$ 0.58	\$ 0.58

Conclusion

Given the extraordinary circumstances associated with this year’s Legislative property tax reform initiatives and the subsequent impact on the budget, a number of difficult decisions have been made in arriving at the budget proposal presented to you today. While a number of funding cuts were made to accommodate the property tax legislation, it is requested that the Board grant staff the flexibility during the course of the year to revisit items eliminated in the event funds become available during the next fiscal year. As always, these matters will come before the Board for final authorization.

Finally, I want to, again, express my appreciation to the Board for your support through these times of challenge and change. I look forward to working with you through a budget that meets the community’s rising expectations and preserves our financial strength.

Sincerely,

Jim Jarrell
Interim County Administrator