City of Orlando, Florida

*Budget Workshop – Fiscal Year 2014 Budget*

July 22, 2013
Agenda

• Our Financial Condition – Where are we

• Our Financial Condition – How did we get here

• Our 2013-2014 Budget

• Next Steps / Key Dates
Budget Workshop – Fiscal Year 2014 Budget

Our Financial Position

Financially, where are we?

July 22, 2013
## 2011-2012 Year End Results

<table>
<thead>
<tr>
<th></th>
<th><strong>Final Budget</strong></th>
<th><strong>Actual Amounts</strong></th>
<th><strong>Variance</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenues</strong></td>
<td>$ 344,252,585</td>
<td>$ 356,651,956</td>
<td>$ 12,399,371</td>
</tr>
<tr>
<td><strong>Expenditures</strong></td>
<td>368,342,563</td>
<td>349,421,675</td>
<td>18,920,688</td>
</tr>
<tr>
<td><strong>Excess (Deficiency)</strong></td>
<td>$ (24,089,978)</td>
<td>$ 7,230,281</td>
<td>$ 31,320,359</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
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<th><strong>Actual Amounts</strong></th>
<th><strong>Variance</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Rollover – P/Y Unspent Revenues</strong></td>
<td>24,089,978</td>
<td></td>
<td>0</td>
</tr>
<tr>
<td><strong>Fund Balance Contribution</strong></td>
<td>0</td>
<td>$ 7,230,281</td>
<td></td>
</tr>
<tr>
<td><strong>Unused P/Y Unspent Revenues</strong></td>
<td>N/A</td>
<td>$ 24,089,978</td>
<td></td>
</tr>
<tr>
<td><strong>Positive Budget Performance</strong></td>
<td>N/A</td>
<td>$ 31,320,359</td>
<td></td>
</tr>
</tbody>
</table>
## Our Financial Position – Where are we?

### Sources of 2012 Unspent Revenues

<table>
<thead>
<tr>
<th>Source</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenues</strong></td>
<td></td>
</tr>
<tr>
<td>Income on Investments</td>
<td>$3,871,710</td>
</tr>
<tr>
<td>Licenses, Permits and Fees</td>
<td>7,580,074</td>
</tr>
<tr>
<td>Other</td>
<td>947,587</td>
</tr>
<tr>
<td><strong>Total Positive Revenue Performance</strong></td>
<td>$12,399,371</td>
</tr>
<tr>
<td><strong>Expenditures</strong></td>
<td></td>
</tr>
<tr>
<td>Departmental Spending Control</td>
<td>$14,451,258</td>
</tr>
<tr>
<td>Unspent Contingency</td>
<td>4,000,000</td>
</tr>
<tr>
<td>Other</td>
<td>469,630</td>
</tr>
<tr>
<td><strong>Total Positive Spending Performance</strong></td>
<td>$18,920,888</td>
</tr>
<tr>
<td><strong>Unspent Revenues Produced in 2012</strong></td>
<td>$31,320,259</td>
</tr>
</tbody>
</table>
## Status of Year End Reserves

<table>
<thead>
<tr>
<th>Description</th>
<th>End of 2011-12</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Fund Balance (General Fund &amp; Utility Tax Fund)</td>
<td>$ 137,431,343</td>
</tr>
<tr>
<td>Less: Non-expendable amounts</td>
<td>1,081,162</td>
</tr>
<tr>
<td>Restricted</td>
<td>2,543,776</td>
</tr>
<tr>
<td>P/Y Unspent Revs Appropriated for Next Year</td>
<td>29,500,000</td>
</tr>
<tr>
<td>Undesignated Fund Balance</td>
<td>$ 104,306,405</td>
</tr>
<tr>
<td>Less: Designated as Reserve Maximum</td>
<td>89,733,897</td>
</tr>
<tr>
<td>Unappropriated P/Y Unspent Revenues (available for subsequent year’s budgets)</td>
<td>$ 14,572,508</td>
</tr>
</tbody>
</table>
Our Financial Position – Where are we?

Eliminating Confusion Regarding Reserves

- Total actual revenues less actual expenditures
- Remaining amount after filling Reserves to Maximum level
- Use of this bucket does not constitute use of Reserves

GENERAL FUND RESERVES

PRIOR YEAR UNSPENT REVENUES
## Our Financial Position – Where are we?

### Debt Levels (000’s)

<table>
<thead>
<tr>
<th></th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Covenant Revenues</td>
<td>$ 235,413</td>
<td>$ 232,243</td>
<td>$ 234,787</td>
<td>$ 252,281</td>
</tr>
<tr>
<td>25% Debt Limitation</td>
<td>$ 58,853</td>
<td>$ 58,061</td>
<td>$ 58,697</td>
<td>$ 63,070</td>
</tr>
<tr>
<td>Maximum Annual Debt Svc</td>
<td>$ 30,475</td>
<td>$ 36,003</td>
<td>$ 33,005</td>
<td>$ 32,595</td>
</tr>
<tr>
<td>% of Debt Limit</td>
<td>51.78%</td>
<td>62.01%</td>
<td>56.23%</td>
<td>51.68%</td>
</tr>
<tr>
<td>% of Covenant Revenues</td>
<td>12.95%</td>
<td>15.50%</td>
<td>14.06%</td>
<td>12.92%</td>
</tr>
</tbody>
</table>
## Our Financial Position – Where are we?

### Credit Ratings

<table>
<thead>
<tr>
<th>Rating Agency</th>
<th>Rating</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fitch Ratings</td>
<td>AAA</td>
</tr>
<tr>
<td>Moody’s</td>
<td>Aa1</td>
</tr>
<tr>
<td>Standard &amp; Poor’s</td>
<td>AA</td>
</tr>
</tbody>
</table>
Our Financial Position – Where are we?

How do our Credit Ratings Compare to other Florida Governments?

**AAA/Aaa/AAA**

- Orlando
- Tampa
- Fort Lauderdale
- Jacksonville
- Miami
- Tallahassee
- Orange Co

**AA/AA1/AA**

**A/A/A**

Bar chart showing credit ratings for various cities in Florida.
Budget Workshop – Fiscal Year 2014 Budget

Our Financial Position

How have we managed our finances?

July 22, 2013
How have we managed our finances?

Changing the spending culture

Spending Management Performance

FYs 2007-2008 and 2008-2009 included significant Attrition Allowances
How have we managed our finances?

Overcoming revenue challenges
How have we managed our finances?

## Impacts of Property Tax Reform

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>Cumulative Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Portability</td>
<td>$21,655,836</td>
<td>$29,799,273</td>
<td>$33,683,377</td>
<td>$36,517,096</td>
<td>$39,262,294</td>
<td></td>
</tr>
<tr>
<td>Doubling Homestead Exemption</td>
<td>779,677,344</td>
<td>669,091,279</td>
<td>637,219,608</td>
<td>618,321,533</td>
<td>612,706,443</td>
<td></td>
</tr>
<tr>
<td>Non-Homestead 20% Cap</td>
<td>72,811,928</td>
<td>75,738,273</td>
<td>108,044,584</td>
<td>278,532,183</td>
<td>475,632,950</td>
<td></td>
</tr>
<tr>
<td>$25K Tangible Personal Property</td>
<td>165,996,966</td>
<td>162,375,416</td>
<td>158,938,041</td>
<td>158,502,271</td>
<td>160,405,170</td>
<td></td>
</tr>
<tr>
<td>Total Value Removed</td>
<td>$1,040,142,074</td>
<td>$937,004,241</td>
<td>$937,885,610</td>
<td>$1,091,873,083</td>
<td>$1,288,006,857</td>
<td></td>
</tr>
<tr>
<td>Property Tax Equivalent</td>
<td>$5,876,803</td>
<td>$5,294,074</td>
<td>$5,299,054</td>
<td>$6,169,083</td>
<td>$7,277,239</td>
<td>$29,916,252</td>
</tr>
<tr>
<td>Homestead</td>
<td>$4,527,532</td>
<td>$3,948,732</td>
<td>$3,790,602</td>
<td>$3,699,838</td>
<td>$3,683,623</td>
<td>$19,650,328</td>
</tr>
<tr>
<td>Commercial/Non-Homestead</td>
<td>$1,349,270</td>
<td>$1,345,342</td>
<td>$1,508,452</td>
<td>$2,469,245</td>
<td>$3,593,615</td>
<td>$10,265,924</td>
</tr>
</tbody>
</table>
How have we managed our finances?

Finding efficiencies, cost savings and grant opportunities

- Orlando Police Department
  - 23 Efficiencies were generated in the Chief’s Office, Administrative Services, Support Services and Patrol, providing for more efficient service delivery and cost savings
  - $1,228,100 in grant awards received and and $823,677 Grants Opportunities have applications pending. Additionally over $3 million for the COPS grant was awarded for a two year period ending in 2012.

- Families, Parks and Recreation
  - Applied for and received over $2.5 million in grants over the past 2 years
  - 22 separate operational improvements, some having dramatic increases in efficiencies, effective service delivery and revenue production
  - Accommodated increase in service demand from existing resources
How have we managed our finances?

Finding efficiencies, cost savings and grant opportunities

• Orlando Fire Department
  – Implemented Fire Based EMS Transport Services which generates approximately $5 million per year and provides a higher level of service for our citizens
  – Obtained $6 million in SAFER Grants and are stepping up efforts to make application for other grant sources
  – Implemented several efficiency initiatives which save money and create greater accountability over the spending process
  – Absorbed an additional 1500 calls for service within the same resource level

• Public Works
  – Obtained and utilized over $6 million in grants for public works projects
  – Implemented 30 improvements to processes that resulted in efficiencies and cost savings
Budget Workshop – Fiscal Year 2014 Budget

Our 2013-2014 Budget

What are the numbers and how did we balance?

July 22, 2013
Our 2013-2014 Budget

Final Revenue Levels

- Ad Valorem Taxes: $102,111,148 (28%)
- Other Revenue: $67,935,523 (19%)
- Federal/State Revenue: $50,655,274 (14%)
- OUC Dividend: $48,600,000 (14%)
- Utilities Services Tax: $41,914,067 (12%)
- Franchise Fees: $27,784,000 (8%)
- Charges for Services: $10,500,548 (3%)
- Business Taxes: $7,897,000 (2%)

Total Revenue: $357,397,560
2013-2014 Expenditures by Department

- Police, $116,883,726, 33%
- Fire, $80,589,139, 23%
- Nondepartmental, $40,807,402, 11%
- Families, Parks & Rec, $27,379,024, 8%
- Business & Financial Svs, $23,146,644, 6%
- Public Works, $19,585,037, 6%
- Executive Offices, $19,363,624, 5%
- Economic Development, $14,774,978, 4%
- Debt Service, $14,572,696, 4%
- Housing & Community Development, $295,290, 0%

Total: $357,397,560
Our 2013-2014 Budget

How Did we Balance

• Proposed no tax rate increase. Millage remains at $5.65 per $1,000 of value
• Used the historical underspend of the City by incorporating a reduction to which Department Directors will manage
  – Creating efficiencies
  – Underspending supplies and service lines
  – Managing employee vacancies
• Incorporated Prior Year Unspent Revenues from 2011-2012 and projected Unspent Revenues from the current year
• Maintained current service levels, but with some dependency on effective reduction management outlined previously. Our track record shows that we are capable of managing both to service levels and budget reductions.
Budget Workshop – Fiscal Year 2014 Budget

Next Steps / Key Dates

July 22, 2013
Budget Development Calendar

- **July 22**
  - City Council Meeting
    - Approve Tentative Millage Rate
- **Week of July 22**
  - Detail Budget Notebooks Delivered
- **August, 2013**
  - Individual Budget Briefings with Commissioners
- **September 16**
  - Public Hearing and Adopt Tentative Millage Rate
- **September 23**
  - Public Hearing, Adopt Final Millage Rate, and Approve Budget
City of Orlando

Office of Business and Financial Services
Orlando City Hall – Fourth Floor
400 S. Orange Avenue
P.O. Box 4990
Orlando, Florida 32802-4990
407-246-2358